

2025



# FEDEX AND UPS RATE INCREASE PLAYBOOK

## KEY INSIGHTS AND COST-SAVING STRATEGIES

Navigating the 2025 FedEx and UPS rate and surcharge increases will require businesses to rethink their logistics strategies.

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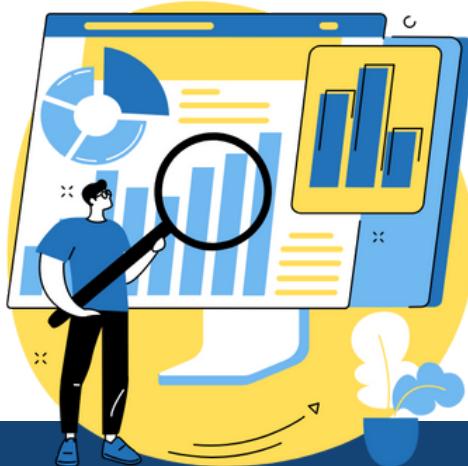


# Executive Summary

Navigating the 2025 FedEx and UPS rate and surcharge increases requires businesses to rethink their logistics strategies. General Rate Increases (GRIs) of **5.9%** conceal hidden complexities, including residential delivery surcharges, accessorial fees, and zone reclassifications. These changes can erode profits, disrupt operations, and challenge competitiveness.

This playbook outlines the wide-reaching implications of these Parcel Carrier increases for businesses across industries and provides proactive strategies to mitigate cost pressures. ICC Logistics has identified critical areas for cost control, including shipping audits, packaging optimization, and adjustments to distribution models to address rising expenses.

ICC Logistics specializes in uncovering hidden costs and delivering actionable solutions to help businesses thrive in the face of rising expenses. This playbook serves as your roadmap to navigate these challenges, turning potential obstacles into opportunities for growth and efficiency.



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## Key Takeaways Include:

- 1 A detailed breakdown of the 2025 rate and surcharge increases by FedEx and UPS.
- 2 Insights into the operational and financial impacts of hidden costs.
- 3 Actionable strategies to reduce expenses, such as leveraging regional carriers, optimizing fulfillment networks, and renegotiating contracts.
- 4 Visual data comparisons to quantify the changes and illustrate opportunities for savings.

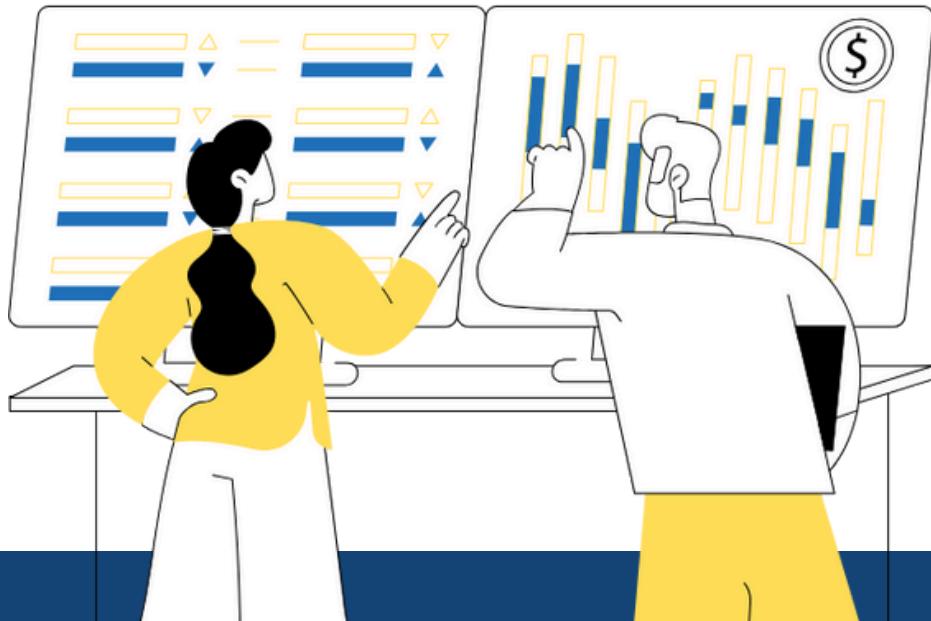
# Introduction

In 2025, businesses are navigating an increasingly complex logistics landscape. The latest rate and surcharge increases from FedEx and UPS extend far beyond the **5.9% General Rate Increases (GRIs)**, including hidden costs such as residential delivery surcharges, accessorial fees, and zone reclassifications. These adjustments are reshaping shipping strategies and putting shippers' profit margins under significant pressure.

Parcel shipping costs have already risen by over **35%** since 2020, driven by annual rate increases and surcharges. The compounding nature of these expenses underscores the urgency for businesses to rethink their logistics strategies to maintain competitiveness and protect profitability.

The real challenge lies in understanding and addressing the layered complexities of these changes. Beyond the direct costs, businesses must contend with ripple effects that disrupt supply chains, impact customer satisfaction, and hinder growth in an increasingly competitive market.

This playbook combines data-driven comparisons, insights into hidden costs, and actionable strategies to help businesses optimize shipping operations, reduce expenses, and sustain profitability in the face of rising challenges.



# Understanding the 2025 Rate Increases

Carrier rate increases are an annual expectation for shippers, but the 2025 changes introduced by FedEx and UPS carry unique challenges. While both carriers announced General Rate Increases (GRIs) of **5.9%**, these averages mask the real story. Depending on package characteristics, shipping zones, and service levels, the actual increases could be significantly higher.



## Breaking Down the Numbers: FedEx vs. UPS

### FedEx 2025 Rate Increases

FedEx's announced rate increases apply to services such as FedEx Express, FedEx Ground, and FedEx Home Delivery, effective January 6, 2025. While the headline GRI is **5.9%**, the following factors must be considered:

- The FedEx analysis that we have prepared for their Ground service shows a cell by cell increase that varied between **4.4%** to **7.2%** depending on weight and zone of the package(s).
- FedEx Air products shows increases varying from as low as **3%** to over **7.5%**.
- Accessorial rate changes can have a major impact on a shipper's increase in costs. Our analysis shows increases for Additional Handling and Oversize packages by more than **25%** across the board. **All Accessorial rate increases for FedEx exceeded the 5.9% GRI.**
- On February 10, 2025, FedEx is making changes to their Fuel Surcharge Index tables which will increase Fuel Surcharges for Ground **by 1.75%, and Express by 1.0 %.**

### UPS 2025 Rate Increases

UPS's rate adjustments took effect December 23, 2024, impacting UPS Ground, UPS Air, and international services. Beyond the average GRI of **5.9%**, UPS has introduced additional changes, including:

**New Surcharges for Large Packages:** The Large Package Surcharge has been restructured, with increases targeted at shipments exceeding specified dimensions.

**Additional Handling Surcharge:** Companies shipping packages qualifying for this surcharge will see increases of up to **28.2%**.

**Peak Season Adjustments:** Businesses operating during high-demand periods will face higher fees, making cost planning essential.

**Revised Zone Classifications:** In October 2024, UPS made changes to specific zip code pairs/zones. Details were not released publicly, but our analysis reveals significant regional shipping rate impacts.



**FedEx Additional Handling Fees increased by over 25%, and UPS's equivalent surcharges rose by 28.2%.**

# Understanding the 2025 Rate Increases

## Breakdown of Key Surcharges for FedEx and UPS in 2025

### FedEx Fee & Surcharge Rates 2025 vs 2024

| 2025 Rates                               |          | 2024 Rates | Percentage Increase |
|--|----------|------------|---------------------|
| Accessorial                              | Charge   | Charge     | % Of Increase       |
| Add'l Handling - Packaging - Zone 2      | \$25.00  | \$19.50    | 28.2%               |
| Add'l Handling - Packaging - Zone 3 - 4  | \$29.00  | \$23.00    | 26.1%               |
| Add'l Handling - Packaging - Zone 5 - 6  | \$30.50  | \$24.00    | 27.1%               |
| Add'l Handling - Packaging - Zone 7+     | \$31.50  | \$25.00    | 26.0%               |
| Add'l Handling - Dimensions - Zone 2     | \$28.00  | \$22.00    | 27.3%               |
| Add'l Handling - Dimensions - Zone 3 - 4 | \$31.00  | \$24.50    | 26.5%               |
| Add'l Handling - Dimensions - Zone 5 - 6 | \$34.00  | \$27.00    | 25.9%               |
| Add'l Handling - Dimensions - Zone 7+    | \$38.00  | \$30.00    | 26.7%               |
| Add'l Handling - Weight - Zone 2         | \$43.50  | \$34.50    | 26.1%               |
| Add'l Handling - Weight - Zone 3 - 4     | \$47.50  | \$37.50    | 26.7%               |
| Add'l Handling - Weight - Zone 5 - 6     | \$50.50  | \$40.00    | 26.3%               |
| Add'l Handling - Weight - Zone 7+        | \$55.00  | \$43.50    | 26.4%               |
| Oversize - Express/Ground - Zone 2       | \$205.00 | \$160.00   | 28.1%               |
| Oversize - Express/Ground - Zone 3 - 4   | \$225.00 | \$175.00   | 28.6%               |
| Oversize - Express/Ground - Zone 5 - 6   | \$240.00 | \$190.00   | 26.3%               |
| Oversize - Express/Ground - Zone 7+      | \$260.00 | \$205.00   | 26.8%               |
| Oversize - Home Delivery - Zone 2        | \$240.00 | \$190.00   | 26.3%               |
| Oversize - Home Delivery - Zone 3 - 4    | \$260.00 | \$205.00   | 26.8%               |
| Oversize - Home Delivery - Zone 5 - 6    | \$290.00 | \$230.00   | 26.1%               |
| Oversize - Home Delivery - Zone 7+       | \$305.00 | \$240.00   | 27.1%               |
| Residential Home Delivery Charge         | \$5.95   | \$5.55     | 7.2%                |
| Residential Ground Delivery Charge       | \$5.95   | \$5.55     | 7.2%                |
| Residential Express Delivery Charge      | \$6.55   | \$6.15     | 6.5%                |



# Understanding the 2025 Rate Increases

## UPS Fee & Surcharge Rates 2025 vs 2024

| 2025 Rates *                             |          | 2024 Rates | Percentage Increase |
|--|----------|------------|---------------------|
| Accessorial                              | Charge   | Charge     | % Of Increase       |
| Add'l Handling - Packaging - Zone 2      | \$25.00  | \$19.50    | 28.2%               |
| Add'l Handling - Packaging - Zone 3 - 4  | \$29.00  | \$23.00    | 26.1%               |
| Add'l Handling - Packaging - Zone 5+     | \$31.00  | \$24.50    | 26.5%               |
| Add'l Handling - Dimensions - Zone 2     | \$28.00  | \$22.00    | 27.3%               |
| Add'l Handling - Dimensions - Zone 3 - 4 | \$31.00  | \$24.50    | 26.5%               |
| Add'l Handling - Dimensions - Zone 5+    | \$36.00  | \$28.25    | 27.4%               |
| Add'l Handling - Weight - Zone 2         | \$43.50  | \$34.50    | 26.1%               |
| Add'l Handling - Weight - Zone 3 - 4     | \$47.50  | \$37.50    | 26.7%               |
| Add'l Handling - Weight - Zone 5+        | \$52.75  | \$41.50    | 27.1%               |
| Large Package - Commercial - Zone 2      | \$205.00 | \$160.00   | 28.1%               |
| Large Package - Commercial - Zone 3-4    | \$225.00 | \$175.00   | 28.6%               |
| Large Package - Commercial - Zone 5+     | \$250.00 | \$197.50   | 26.6%               |
| Large Package - Residential - Zone 2     | \$240.00 | \$190.00   | 26.3%               |
| Large Package - Residential - Zone 3-4   | \$260.00 | \$205.00   | 26.8%               |
| Large Package - Residential - Zone 5+    | \$297.50 | \$235.00   | 26.6%               |
| Residential Surcharges                   |          |            |                     |
| Ground                                   | \$6.10   | \$5.65     | 8.0%                |
| Air Services                             | \$6.55   | \$6.20     | 5.6%                |

\*2025 Rates effective December 23, 2024



## Rate Comparison: FedEx vs. UPS

To better understand how these changes impact businesses, here's a direct comparison of key rates for 2025:

### Key Rate Comparisons Between FedEx and UPS for 2025—Residential Delivery Fees, Additional Handling Fees, Large Package Surcharges, and Peak Season Surcharges.

| UPS 2025 Rates *                         |          | FedEx 2025 Rates | Percentage Difference |
|--|----------|------------------|-----------------------|
| Accessorial                              | Charge   | Charge           | % Of Difference       |
| Add'l Handling - Packaging - Zone 2      | \$25.00  | \$25.00          | 0.0%                  |
| Add'l Handling - Packaging - Zone 3 - 4  | \$29.00  | \$29.00          | 0.0%                  |
| Add'l Handling - Packaging - Zone 5 - 6  | \$31.00  | \$30.50          | 1.6%                  |
| Add'l Handling - Packaging - Zone 7+     | \$31.00  | \$31.50          | -1.6%                 |
| Add'l Handling - Dimensions - Zone 2     | \$28.00  | \$28.00          | 0.0%                  |
| Add'l Handling - Dimensions - Zone 3 - 4 | \$31.00  | \$31.00          | 0.0%                  |
| Add'l Handling - Dimensions - Zone 5 - 6 | \$36.00  | \$34.00          | 5.9%                  |
| Add'l Handling - Dimensions - Zone 7+    | \$36.00  | \$38.00          | -5.3%                 |
| Add'l Handling - Weight - Zone 2         | \$43.50  | \$43.50          | 0.0%                  |
| Add'l Handling - Weight - Zone 3 - 4     | \$47.50  | \$47.50          | 0.0%                  |
| Add'l Handling - Weight - Zone 5 - 6     | \$52.75  | \$50.50          | 4.5%                  |
| Add'l Handling - Weight - Zone 7+        | \$52.75  | \$55.00          | -4.1%                 |
| Large Package - Commercial - Zone 2      | \$205.00 | \$205.00         | 0.0%                  |
| Large Package - Commercial - Zone 3-4    | \$225.00 | \$225.00         | 0.0%                  |
| Large Package - Commercial - Zone 5-6    | \$250.00 | \$240.00         | 4.2%                  |
| Large Package - Commercial - Zone 7+     | \$250.00 | \$260.00         | -3.8%                 |
| Large Package - Residential - Zone 2     | \$240.00 | \$240.00         | 0.0%                  |
| Large Package - Residential - Zone 3-4   | \$260.00 | \$260.00         | 0.0%                  |
| Large Package - Residential - Zone 5-6   | \$297.50 | \$290.00         | 2.6%                  |
| Large Package - Residential - Zone 7+    | \$297.50 | \$305.00         | -2.5%                 |
| Residential Surcharges                   |          |                  |                       |
| Ground                                   | \$6.10   | \$5.95           | 2.5%                  |
| Air Services                             | \$6.55   | \$6.55           | 0.0%                  |

\* 2025 Rates effective December 23, 2024



Comparing FedEx and UPS rates side by side highlights the importance of optimizing your shipping strategy. Even small differences in fees can significantly impact your bottom line.

## Impact of Rate Increases

Both carriers' rate increases disproportionately affect certain types of businesses:

### E-commerce Retailers

With high volumes of residential deliveries, e-commerce businesses are particularly vulnerable to residential and peak season surcharge increases.

### Small and Mid-Sized Businesses

Without the negotiation power of larger organizations, these businesses will face higher percentage increases.

### Regional Distributors

Zone reclassifications may force businesses to reassess their distribution models, increasing costs for shipments to newly reclassified zones.

### Big and Bulky Shippers

*Furniture, Appliances, Home Goods, Sporting Goods etc.*

Both UPS and FedEx have continued to increase the cost of shipping for larger packages, as they attempt to recoup the costs of special handling and extra space that these packages take up in their systems.



**The 2025 rate increases require businesses to take proactive measures to adapt their shipping strategies. Absorbing these costs without action could result in significant profit erosion, particularly for high-volume shippers. While General Rate Increases (GRIs) dominate headlines, the real financial strain often lies in the hidden surcharges and additional fees.**

**In the next section, we'll uncover these complexities and share actionable strategies to help businesses mitigate their impact.**

# Key Comparison: FedEx vs. UPS Surcharges

Drawing from the UPS Fee & Surcharge Rates 2025 vs. FedEx Fee & Surcharge Rates 2025 Chart and additional analysis, here's how the surcharges compare across key categories:



## 1. Residential Delivery Fees

- **FedEx:** Residential surcharges increased by **6.8%**, with higher premiums applied to rural areas.
- **UPS:** Residential delivery fees rose by **7.2%**, reflecting a greater impact on shipments to suburban and rural regions.

## 2. Additional Handling Charges

- **FedEx:** Increased by **25%-28%**, targeting irregularly shaped, heavy, or non-conveyable packages.
- **UPS:** Fees rose by **28.2%**, heavily impacting weight-sensitive shipments and those requiring manual handling.

## 3. Large Package Surcharges (LPS)

- **FedEx:** Average increase of **26%-29%**, disproportionately affecting residential and rural deliveries.
- **UPS:** Restructured surcharge criteria with an average rise of **27%-30%**, targeting dimensional thresholds.

## 4. Peak Season Surcharges

- **FedEx:** Peak season surcharges increased by **10%-12%**, particularly for oversized and high-volume shipments.
- **UPS:** Tiered peak season surcharges escalated based on weekly shipment volumes, with increases reaching **15%** for the highest thresholds.

## 5. Delivery Area Surcharges (DAS)

- **FedEx:** Increased DAS by **6.5%-7%**, with additional premiums for extended areas.
- **UPS:** DAS rose by **7%-8%**, with the most significant cost increases for remote locations.
- **FedEx:** Increased SmartPost DAS by **63.2%** effective February 10, 2025.
- **UPS:** Increased SurePost DAS by **61.8%** and EDAS by **69.4%** Effective January 13th, 2025.



**Delivery area surcharges disproportionately affect shipments to rural and remote areas. Carriers are beginning to apply DAS to more populated urban areas. Leveraging regional carriers and optimizing routes can reduce costs.**



## 6. Zone Reclassifications and Population Impacts

- **FedEx:** Limited changes in 2025, maintaining stable zones for most areas.
- **UPS:** Introduced significant reclassifications in October 2024. It is important to note that this is the 2nd time that UPS made these types of changes (these types of changes also occurred in June of 2024) It is also important to note that an increase in Zone can increase shipping costs significantly for impacted Zip Code pairs.

Understanding the full impact of rate increases requires more than just looking at GRIs and surcharges—it's also about analyzing how zone reclassifications reshape shipping costs at a granular level. Recent adjustments by UPS have introduced significant shifts in zone classifications, disproportionately impacting shippers who rely on certain regions for distribution.

To quantify these changes, we conducted a comprehensive analysis of UPS zone charts to pinpoint the scope and scale of their impact. Here is a summary of our findings from this most recent Zone Chart Comparison:

We compared UPS zone charts from **75** different origin locations that were in effect in June 2024 to the new UPS zone charts released on October 21, 2024. Most of the zip codes we analyzed were popular locations for distribution centers. We found that the **75 zone charts** included a total of **811 zone changes**, of which **568 or 70%** were adjusted to higher zones.

The largest number of zone changes for any particular origin zip code we analyzed included locations such as Cleveland, OH; Harrisburg, PA; Chicago, IL; Louisville, KY; Indianapolis, IN; Nashville, TN; and Minneapolis, MN.

To gauge a more accurate assessment of the potential impacts on shippers, we prepared an analysis to determine the population of the destination zip codes affected by these zonal pair changes.

We focused on three specific origin points for our analysis and determined that there were a total of **61** changes to zip code pairs from these origins, with **39** of those changes reflecting an increase in zone and **22** reflecting a decrease.

The total population of all destination zip codes that experienced an increase in zone was **26.2 million**, while the population of destination zip codes that experienced a decrease in zone was only **5.8 million**.

The destinations seeing an increase in zone included places like the NY Metropolitan area and areas surrounding Los Angeles, CA; Boston, MA; and Atlanta, GA. The locations experiencing a decrease in zone were places like Havre and Butte, MT; Des Moines, IA; and Eugene, OR.

Our analysis showed that the population of all zip codes experiencing an increase in zone was **4.5** times greater than the population of the zip codes seeing a decrease. This suggests that these changes to zonal pairs could have a significant impact on shippers with a large volume of shipments going to major metropolitan areas.

These zone reclassifications highlight the need for businesses to closely monitor and adapt to shifting cost structures. The significant movement of zip code pairs into higher-cost zones can lead to unexpected expense increases, particularly for companies reliant on regional distribution hubs in affected areas.



**Zone reclassifications can subtly increase Ground shipping costs by as much as 25% and Air shipping rates by 50-100% in impacted areas.**



## Key Takeaway

Surcharges, while often overlooked, can account for up to **25%** or more of total shipping costs. By staying vigilant, optimizing shipping strategies, and leveraging the right insights, businesses can mitigate these financial impacts and maintain profitability.

**As we explore the broader implications of these surcharges, it's critical to understand how they affect overall operations and profitability.**

**In the next section, we'll dive into the Business Impact: Key Insights, where we break down the ripple effects of these changes and outline steps to stay competitive.**



# Business Impact: Key Insights

The 2025 FedEx and UPS rate and surcharge increases present significant challenges for shippers across all industries. By understanding the specific changes and their implications, businesses can better grasp the urgency of adapting their shipping strategies to safeguard profitability and operational efficiency.



## Additional Rate Increases That Occurred in 2024 That Will Impact 2025 Costs

It has become increasingly common for UPS and FedEx to make changes to rates and rules throughout the year. So, it is important for shippers to consider that annual General Rate Increases are not the only thing that will increase their costs.

Below is a summary of key changes that occurred earlier in 2024, and prior to 2025 GRI announcements, along with their implications.

### UPS Rate Increases (Effective August 18, 2024)

#### Address Correction Fee

- **Increase:** \$21.00 → \$22.00
- **Details:** Applies when incorrect address information is provided.

#### Chargeback Fee

- **Increase:** \$21.00 → \$22.00
- **Details:** Assessed when a consignee or third party refuses to pay for a shipment.

#### Missing PLD Fee

- **Increase:** \$3.85 → \$4.40
- **Details:** Charged when Package Level Detail (PLD) is not provided.

#### Shipping Charge Correction Audit Fee

- **Threshold:** Lowered from \$2.00 → \$1.00 per package.
- **Fee:** Increased from \$1.25 → \$1.65 per package or 8% of the correction amount (whichever is greater).
- **Impact:** More shippers are now subject to this fee due to the lowered threshold.

## Fuel Surcharge Increases (2023-2024)

### UPS Fuel Surcharge Timeline:

- December 4, 2023: **+0.5%**
- December 18, 2023: **+0.75%**
- April 29, 2024: **+0.5%**
- July 15, 2024: **+0.5%**
- August 26, 2024: **+0.75%**

### FedEx Fuel Surcharge Timeline:

- December 11, 2023: **+1.0%**
- May 6, 2024: **+1.0%**
- September 2, 2024: **+1.0%**

*Note: These increases are separate from weekly fuel price fluctuations and reflect adjustments to FSC Index tables. Increases in fuel prices can and have driven increases even higher!*

## Delivery Area Surcharge Changes (April 2024)

- **Additional ZIP Codes:** UPS introduced **82** new DAS Zip Codes primarily in urban areas.
- **New Costs: \$3.95 to \$5.85** per package for impacted ZIP codes.

**Key Impact:** Increased costs for deliveries in highly populated areas, affecting more packages. Shippers should expect to see an increase in the number of packages receiving these surcharges.

**Want more details?** Read our full [blog post on UPS & FedEx Delivery Area Surcharge Changes](#) to understand how these adjustments could impact your shipping costs and what you can do to mitigate them.



## Changes to UPS Zonal/Zip Code Pairs

June 2024 Zone Changes

We analyzed **75** Origin Zone Charts (for zip codes containing a large concentration of distribution centers) Here are our key findings:

- **Total Changes: 575**
- **Higher Zones: 436 (76%)**
- **Potential Impact:** Cost increases of up to **25%** per package for affected shipments.

## New Fuel Surcharges on Accessorial Services

UPS issued a new list of “Value Added Services” and Other Charges with Fuel Surcharge Application (*effective August 19, 2024*).

### FSC now applies to the following:

- Address Corrections
- Chargeback Fees
- Dangerous Goods (Hazardous Materials)

### Impact Examples:

- **Express Shipments with Address Correction:** **+\$3.41** (based on a **16.25%** Domestic Air FSC).
- **Domestic Ground Hazardous Materials Shipment:** **+\$8.54** (based on a **16.75%** Ground FSC).

**Key Takeaway:** These changes will significantly impact shippers, especially for high-volume or specialized shipments.



**By understanding and accounting for these changes, shippers can identify cost drivers and implement strategies to mitigate the financial impact.**

**In the next section, we explore How Rate Changes Impact Your Bottom Line, providing actionable insights to help you navigate these challenges effectively.**

## UPS Announces SurePost Changes

Major changes by the USPS will significantly impact UPS SurePost service (a popular economy ground service commonly used by e-commerce shippers).

Approximately 40% of UPS SurePost volume is delivered to end consumers by the USPS. As the USPS continues to seek ways to improve profitability, it appears they are making efforts to increase the end-to-end volume they receive from shippers. These changes include:



- The elimination of a postal workshare program that provided discounted shipping rates for packages under one pound.
- The elimination of Direct Delivery Unit (DDU) volume induction. UPS had previously utilized DDU induction (delivering packages to local Post Offices to allow for USPS delivery).
- The adjustment and elimination of NSA (Negotiated Service Agreements) that the USPS has with carriers (UPS SurePost is covered under an NSA agreement).



These changes leave UPS with limited options. UPS has already announced a **9.9%** rate increase for SurePost in 2025. Additionally, at the time of this document's release, it appears that UPS has failed to finalize a new NSA agreement with the USPS to cover SurePost service. Due to this, shippers have been unable to use UPS SurePost for shipments to P.O. boxes, APOs, or FPOs.

As a result, the future of UPS SurePost service remains uncertain. However, if the product does survive, shippers should expect continued significant rate increases and costly rule changes. Combined with broader changes across UPS and FedEx, these developments underscore the urgent need for businesses to evaluate how rate increases and surcharges are impacting their bottom line.

# How Rate Changes Impact Your Bottom Line



## Erosion of Profit Margins

The most immediate consequence of rising rates and surcharges is the erosion of profit margins:

- **Residential Deliveries:** Surcharges for residential shipments, now averaging increases of **7%** for both UPS and FedEx, have become a significant cost driver, especially for businesses handling high volumes of residential deliveries.
- **Dimensional Weight Pricing:** Adjustments in dimensional weight pricing penalize oversized packaging, with FedEx's and UPS's Accessorial charges increasing by over **25%**, particularly for Oversize and Additional Handling fees.



**Dimensional weight pricing changes can severely impact profit margins for businesses relying on oversized packaging.**

## Operational Inefficiencies

Rate increases and surcharges create layers of complexity that can lead to inefficiencies if left unaddressed:

- **Zone Reclassifications:** UPS's 2024 revisions to zip code pairings resulted in higher shipping costs for certain zones, forcing businesses to reassess distribution models and fulfillment strategies. Regional distributors may experience unexpected cost hikes from these changes.
- **Invoice Overcharges:** Errors in carrier billing often go unnoticed. Without routine audits, businesses risk overpaying for services they haven't used or for improperly applied charges.



**Regular shipping audits uncover errors and hidden overcharges, offering significant cost savings.**

## Competitive Pressures

Failing to adjust to rising rates can leave businesses vulnerable in a competitive market:

- **Pricing Pressure:** Shippers that cannot mitigate rising costs may have to pass them on to customers, potentially losing market share to competitors with more cost-efficient strategies.
- **Customer Retention:** Businesses offering free or discounted shipping will find it increasingly difficult to maintain these incentives without offsetting expenses in other areas.

## Strategic Takeaways

- **Understand the Nuances:** The **5.9%** General Rate Increase is only part of the story; hidden costs such as surcharges and accessorial fees often far exceed headline figures.
- **Reassess Distribution Models:** Businesses relying on centralized inventory should consider decentralizing to minimize the financial impact of zone reclassifications.
- **Conduct Regular Shipping Audits:** Many businesses remain unaware of excessive or incorrect surcharges. Routine audits can identify these issues and recover hidden savings.

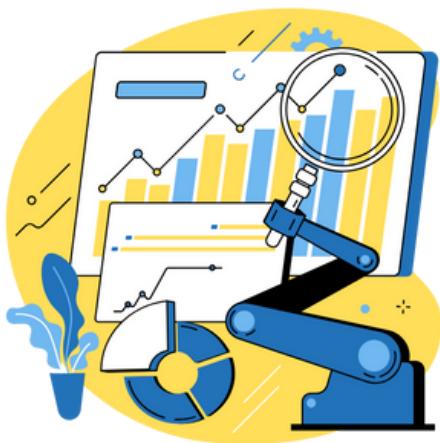


**Strategic audits and operational adjustments are essential for mitigating the long-term impact of rate and surcharge increases.**

## Unlock Actionable Insights with Comprehensive Data

Understanding rate increases is the first step, but seeing the data in detail can make all the difference. Download our full set of rate comparison charts to uncover key differences between FedEx and UPS rates and surcharges, identify hidden costs, and optimize your logistics strategy.

- [FedEx List Rates 2025 vs UPS List 2025 Chart](#)
- [UPS Fee & Surcharge Rates 2025 vs 2020 Chart](#)
- [UPS Fee & Surcharge Rates 2025 vs 2024 Chart](#)
- [UPS Fee & Surcharge Rates 2025 vs FedEx Fee & Surcharge](#)
- [UPS List Rates 2025 vs 2020 Chart](#)
- [UPS List Rates 2025 vs 2024 Chart](#)
- [FedEx Fee & Surcharge Rates 2025 vs 2020 Chart](#)
- [FedEx Fee & Surcharge Rates 2025 vs 2024 Chart](#)
- [FedEx List Rates 2025 vs 2020 Chart](#)
- [FedEx List Rates 2025 vs 2024 Chart](#)



**To navigate these challenges effectively, businesses must adopt practical, data-driven strategies that not only mitigate rising costs but also optimize overall operations.**

**The next section outlines actionable steps to help shippers adapt to the 2025 rate and surcharge increases, ensuring resilience and maintaining a competitive edge in an evolving logistics landscape.**

# Practical Strategies for Shippers

The 2025 FedEx and UPS rate increases underscore the importance of proactive planning to manage rising shipping costs. Leveraging ICC Logistics' expertise, businesses can implement targeted strategies to mitigate the financial burden and streamline their operations.



## Actionable Steps to Reduce Shipping Costs

### 1. Reassess Shipping Patterns

Zone reclassifications and rate increases have made it essential for businesses to reevaluate their shipping profiles. Carrier rate changes and zone reclassifications often penalize businesses shipping long distances from centralized warehouses.

- **Zone Adjustments:** UPS's zone changes, introduced without public details, could lead to higher costs for previously lower-cost zones.
- **Zone Reclassifications:** The October 2024 UPS zone updates necessitate a reevaluation of distribution models.



**Businesses reliant on centralized distribution hubs should review shipping lanes to identify zones with the most significant cost impact.**



**UPS's June and October 2024 zone reclassifications led to significant changes in shipping costs. Ground shipping rates increased by up to 25%, while Air shipments saw increases of 50% to 100%. These shifts primarily affected densely populated areas, with more zip codes experiencing cost increases than decreases.**

The regional impacts of UPS's zone reclassifications were profound, with certain regions facing up to a 25% increase in Ground shipping costs. The reclassification disproportionately affected high-density zip codes, amplifying cost pressures for businesses reliant on regional hubs.

## 2. Optimize Packaging and Shipment Criteria

Oversized or improperly packaged shipments are significant cost drivers under the updated rate structures.

- **Large Package Surcharge:** UPS introduced new rules for Large Package Surcharges, while FedEx increased fees for oversized packages by **25%** or more.



**UPS's Additional Handling Surcharge increased by 28.2%, and FedEx's Oversized Package Fees rose by 25% on average—optimize packaging to avoid these charges.**

- **Proactive Packaging Review:** Adjust packaging to meet dimensional and weight thresholds, minimizing the risk of surcharges.



**Oversized packaging can trigger surcharges—review your packaging strategy to cut costs.**



**Regional carriers may offer cost-effective options for newly impacted zones—explore alternatives.**

## 3. Proactively Address Peak Season Costs

Peak season surcharges are a growing expense for businesses during high-demand periods.

- **UPS's Tiered Fees:** Escalating surcharges are based on shipment volume thresholds. High-volume shippers are particularly impacted.



**Proactively plan to spread shipments over weeks to avoid higher tiered surcharges during peak season.**

- **Customer Communication:** Encourage early orders to minimize last-minute shipping surges.

UPS's peak season tiered surcharges increase proportionally with shipment volumes, placing high-volume shippers at a disadvantage without strategic planning.

## 4. Conduct Regular Audits

Invoice discrepancies and unnoticed surcharges can lead to substantial overpayments.

- **Billing Audits:** Regularly review invoices to identify errors or inconsistencies in surcharge applications.



**Billing audits uncover errors—don't leave money on the table.**

- **Policy Updates:** Stay informed about carrier policies to align with the latest surcharge structures and rates.



**Proactively auditing invoices can recover up to 10-15% of costs lost to billing errors in Residential Delivery Fees and Fuel Surcharges.**



**By implementing these strategies, your business can proactively address the challenges of 2025 rate and surcharge increases.**

**In the next section, we'll explore how ICC Logistics can partner with you to put these strategies into action and unlock hidden savings opportunities.**

# Take Control of Your Shipping Strategy

The 2025 rate and surcharge increases from FedEx and UPS pose significant challenges for businesses across industries. From steep surcharges to hidden costs embedded in reclassified zones, these changes demand proactive and strategic adjustments to safeguard profit margins.

The cost of inaction is clear: failing to address these changes can result in significant profit erosion, operational inefficiencies, and a loss of competitiveness in an increasingly challenging market. However, with the right strategies and insights, these challenges can become opportunities to streamline operations, reduce costs, and strengthen your bottom line.

## Act Now to Stay Ahead

Waiting to adapt can place your business at a disadvantage. By taking proactive steps to refine your shipping strategies and leveraging expert insights, you can turn logistical challenges into a competitive advantage. Don't let hidden costs erode your profits—take control of your shipping operations today.

Now is the time to act. By analyzing your shipping patterns, optimizing operations, and leveraging expert insights, you can unlock hidden savings and protect your bottom line. Let ICC Logistics guide you in optimizing your logistics strategy and unlocking hidden savings.

Ready to reduce your shipping costs and protect your bottom line? Contact ICC Logistics for a customized analysis today. Visit [www.icclogistics.com](http://www.icclogistics.com) or call **516-822-1183** to schedule a consultation.



**At ICC Logistics, our legacy speaks for itself. With decades of experience and an unparalleled track record of success, we've helped businesses achieve measurable savings and operational efficiency. The numbers say it all—explore how we can unlock hidden savings and drive impactful results for your business today.**

**50**

YEARS IN BUSINESS

**99%**

CLIENT SUCCESS RATE

**30%**

POSSIBLE SAVINGS

**0%**

RISK