



2025

Parcel GRIs

A Shipper's Guide to 2025 GRIs

For 2025, FedEx and UPS have announced a general rate increase (GRI) of 5.9%, the third time we've seen this number in the past four years.

GRIs have been elevated in recent years, up from 4.9% in 2021. They have mirrored inflation trends, with inflation peaking in 2022, followed by the highest-ever GRIs of 6.9% in 2023. The GRIs for 2025 remain unchanged from last year, but with inflation recently stabilizing, 2026 GRIs could bring a welcome change. For now, shippers should prepare for another year of significantly higher costs.

This is just one more challenge for shippers who continue to face the "Amazon effect," where customers expect fast shipping. The rise of Chinese eCommerce giants like Temu and SHEIN has created new waves of competition.

For 2025, carriers are clearly focused on strategies to improve their profitability. Surcharges are increasing in key areas, incentivizing shippers to ship smaller and lighter. As a result, shippers must thoroughly prepare for the upcoming rate increases to minimize the impact on their shipping budgets. Your ability to do this is directly correlated to the amount of data you have on past shipping and spend details.

To help you optimize your parcel spend, we're looking at:

- **An Overview of GRIs for 2025**
- **FedEx Rate Increases**
- **UPS Rate Increases**
- **How to Prepare for 2025**
- **Tools to Manage Parcel Spend Year-Round**

An Overview of GRIs for 2025

FedEx and UPS announce their general rate increases once per year. Although each carrier's announcement always states a single number — 5.9% for 2025 for both FedEx and UPS — the reality and the impact to shippers are far more complex.

Have you calculated the impact to your budget if you make no changes to your shipping practices?

A GRI is the **average base rate increase**. The actual impact on your base rates will depend on its unique shipping profile. Shippers will likely see a significantly higher total rate increase after accessorials or surcharges. Many surcharges increase by single digits, but others increase by over 25%.

Some of the most common surcharges include:

- Additional Handling (by Dimension, Packaging, or Weight)
- Address Correction Fee
- Delivery Area Surcharge
- Oversize Package
- Residential Delivery

An Overview of GRIs for 2025

	GRI	Effective Date
FedEx	5.9%	Jan. 6, 2025
UPS	5.9%	Dec. 23, 2024

Here is an example package showing the oversized impact of surcharge increases on the total shipping cost.

Shipping to Zone 5, this package is subject to an Additional Handling Surcharge due to the length of its longest side (over 48 inches) and a Delivery Area Surcharge due to the delivery ZIP code. It weighs less than 50 pounds and is shipped in a corrugated cardboard box, so only the Dimension charge applies.



After applying a base rate increase of 5.9%, the Additional Handling rate increase of **25.93%**, and the Delivery Area Surcharge rate increase of **6.33%**, the final cost went from \$70.90 to \$80.51, a **13.55%** increase.

The number of rates that change with the GRI is staggering, and it underscores how shippers must analyze every aspect of their shipping costs — from base rates to surcharges — to fully understand the financial impacts and identify opportunities to optimize their spend.



FedEx Rate Increases ↗

Like last year, FedEx was the first parcel carrier to announce its 2025 GRI, effective January 6, 2025.

Base Rates

The numbers across each service, zone, and weight reveal where FedEx is trying to incentivize shippers to choose a particular service over another and where they are trying to increase profitability.

Most notably, FedEx is using relatively lower Ground rate increases to encourage shippers to choose Ground shipping over Express. This is most apparent for Zones 2 and 3 as well as packages under 10 pounds for all zones, as FedEx could most easily deliver these packages with Ground in a similar time frame compared to Express.

The average base rate increase for Ground & Home Delivery across Zones 2-8 and all weights is 5.99%. The average base rate increase is higher across First Overnight, Priority Overnight, Standard Overnight, 2Day A.M., 2Day, and ExpressSaver, for Zones 2-8 and all weights, at 6.07%.

Overall, FedEx prefers smaller, lighter packages that can be moved more profitably. For example, FedEx Ground rates are increasing by 5.09% for a 1-10 lb package delivering to Zone 2, while an 11-25 lb package delivering to Zone 7 is increasing by 6.39%. A First Overnight 10-lb package delivering to Zone 2 is increasing only 3.82%, while a 40-lb package delivering to Zone 7 is increasing by 5.12%.

FedEx is trying to de-incentivize express shipping for large packages. Unfortunately, for customers who need this service, this category is increasingly expensive, even with other parcel carriers.

Average Rate Increase by Zone and Weight for FedEx Ground and FedEx Home Delivery

Weight	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	Average
1-10 lbs	5.09%	5.00%	4.85%	4.80%	5.10%	5.62%	5.30%	5.11%
11-25 lbs	5.79%	5.74%	5.93%	5.91%	6.39%	6.49%	6.59%	6.12%
26-50 lbs	5.68%	5.53%	5.84%	5.90%	6.41%	6.65%	6.63%	6.09%
51-100 lbs	5.47%	5.42%	6.23%	6.38%	6.85%	7.12%	6.85%	6.33%
101-150 lbs	5.63%	5.51%	6.10%	6.56%	6.83%	6.76%	6.69%	6.30%

Average Rate Increases Across All Zones, by Express Service and Weight

Weight	First Overnight	Priority Overnight	Standard Overnight	2 Day A.M.	2 Day	Express Saver	Average
1-10 lbs	4.32%	5.72%	5.79%	6.75%	6.59%	6.20%	5.90%
11-25 lbs	4.96%	5.90%	5.95%	6.75%	6.51%	6.21%	6.05%
26-50 lbs	5.11%	5.77%	5.71%	6.75%	6.81%	6.21%	6.06%
51-100 lbs	5.56%	5.94%	6.06%	6.75%	7.02%	6.46%	6.30%
101-150 lbs	5.36%	5.62%	5.31%	6.64%	6.89%	6.36%	6.03%
Average	5.06%	5.79%	5.76%	6.73%	6.76%	6.29%	6.07%

Surcharges

In addition to base rates, many surcharges will also significantly increase in 2025. Additional Handling across Dimension, Packaging, and Weight categories will increase between 25.93% and 28.21%, depending on the zone. Oversize charges will increase from 26.32% to 28.57%, depending on the zone and package service.

As a result of the Residential Delivery Surcharge — up 7.21% for Ground and Home Delivery and 6.50% for Express — residential deliveries are more expensive than commercial, especially if the address is also subject to the Delivery Area Surcharge.

In the past, the Delivery Area Surcharge has been associated with rural areas; however, in April 2024, the list of applicable DAS ZIP codes expanded, notably into certain metropolitan areas. These ZIP code changes added at least 2.7 million more people to the DAS list and removed roughly 15,000 people. Delivery Area Surcharges increased anywhere from 5.98% to 8.77%, with the largest increases being for Residential Ground and Home Delivery. This should be a major indicator to eCommerce businesses that they will need to be strategically prepared for these changes.

Zone-Based Surcharges – Additional Handling and Oversize

With every increase in this category topping 25%, FedEx is trying to de-incentivize shipping for heavy and large packages.

Zone-Based Surcharges

	2024	2025	% Increase
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Additional Handling (Dimension)

Zone 2	\$22.00	\$28.00	27.27%
Zone 3-4	\$24.50	\$31.00	26.53%
Zone 5-6	\$27.00	\$34.00	25.93%
Zone 7+	\$30.00	\$38.00	26.67%

Additional Handling (Packaging)

Zone 2	\$19.50	\$25.00	28.21%
Zone 3-4	\$23.00	\$29.00	26.09%
Zone 5-6	\$24.00	\$30.50	27.08%
Zone 7+	\$25.00	\$31.50	26.00%

Additional Handling (Weight)

Zone 2	\$34.50	\$43.50	26.09%
Zone 3-4	\$37.50	\$47.50	26.67%
Zone 5-6	\$40.00	\$50.50	26.25%
Zone 7+	\$43.50	\$55.00	26.44%

Oversize (Home Delivery)

Zone 2	\$190.00	\$240.00	26.32%
Zone 3-4	\$205.00	\$260.00	26.83%
Zone 5-6	\$230.00	\$290.00	26.09%
Zone 7+	\$240.00	\$305.00	27.08%

	2024	2025	% Increase
Oversize (US Express/Ground)			
Zone 2	\$160.00	\$205.00	28.13%
Zone 3-4	\$175.00	\$225.00	28.57%
Zone 5-6	\$190.00	\$240.00	26.32%
Zone 7+	\$205.00	\$260.00	26.83%
Other Surcharges			
Delivery Area Surcharge			
Express	\$3.95	\$4.20	6.33%
Express, Extended	\$4.90	\$5.25	7.14%
Express, Residential	\$5.85	\$6.20	5.98%
Express, Extended Residential	\$7.70	\$8.30	7.79%
Ground	\$3.95	\$4.20	6.33%
Ground, Extended	\$4.90	\$5.25	7.14%
Ground, Residential	\$5.70	\$6.20	8.77%
Ground, Extended Residential	\$7.70	\$8.30	7.79%
Home Delivery	\$5.70	\$6.20	8.77%
Home Delivery, Extended	\$7.70	\$8.30	7.79%
Remote Delivery Surcharge	\$14.25	\$15.50	8.77%
Residential Delivery Charge			
Express	\$6.15	\$6.55	6.50%
Ground	\$5.55	\$5.95	7.21%
Home Delivery	\$5.55	\$5.95	7.21%

	2024	2025	% Increase
Address Correction Fee	\$22.50	\$24.00	6.67%
Delivery Confirmation Signature (Adult)	\$8.15	\$8.65	6.13%
Delivery Confirmation Signature (Direct/Indirect)	\$6.75	\$7.15	5.93%



UPS Rate Increases ↗

UPS is mirroring 2024 with a 5.9% GRI effective December 23, 2024.

Base Rates

The average base rate increase for Ground across Zones 2-8 and all weights is 5.80%. Across Next Day Air Early, Next Day Air, Next Day Air Saver, 2nd Day Air A.M., 2nd Day Air, and 3 Day Select for Zones 2-8 and all weights, the average base rate increase is 6.00%.

Where FedEx is increasing base rates by relatively small percentages for certain weights and zones, for example 1-10 lb packages and Zones 2 and 3, UPS is not exactly following suit. UPS Ground Zones 2 and 3 are averaging 6.06% and 5.77% increases, respectively—greater average increases than that of Zones 4, 5, and 6. Another area of deviation from FedEx is for packages in the 101-150 lb range. Here, Zones 4-8 are increasing by some of the lowest percentages compared to other weights.

For Air services, UPS is implementing greater increases for 2nd Day Air services and lower increases for Next Day services, particularly Next Day Early. 2nd Day Air A.M. and 2nd Day Air are seeing the most substantial increases, with 6.46% and 6.52% averages, respectively. UPS is, in effect, incentivizing faster Air services in a similar move to FedEx. The difference is, compared to FedEx, UPS has a much narrower range between the smallest and largest increases.

These differences between FedEx and UPS are where shippers can find opportunities to save, depending on their unique shipping profiles.

Average Rate Increase by Zone and Weight for UPS Ground

Weight	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	Average
1-10 lbs	5.63%	5.31%	5.43%	5.20%	5.53%	5.92%	5.32%	5.48%
11-25 lbs	6.43%	5.82%	5.63%	5.83%	5.92%	6.12%	6.91%	6.09%
26-50 lbs	6.42%	5.82%	5.62%	5.81%	5.91%	6.11%	6.91%	6.09%
51-100 lbs	6.04%	5.53%	5.33%	5.53%	5.63%	5.83%	6.49%	5.77%
101-150 lbs	5.78%	6.36%	5.10%	5.31%	5.40%	5.60%	5.40%	5.57%

Average Rate Increases Across All Zones, by Air Service and Weight

Weight	Next Day Air Early	Next Day Air	Next Day Air Saver	2nd Day Air A.M.	2nd Day Air	3 Day Select	Average
1-10 lbs	4.55%	5.92%	5.80%	6.54%	6.35%	5.83%	5.83%
11-25 lbs	5.22%	6.12%	5.83%	6.65%	6.41%	6.05%	6.05%
26-50 lbs	5.53%	6.17%	5.80%	6.62%	6.61%	6.14%	6.14%
51-100 lbs	5.68%	6.04%	5.74%	6.27%	6.60%	6.07%	6.07%
101-150 lbs	5.61%	5.82%	5.34%	6.24%	6.62%	5.93%	5.93%
Average	5.32%	6.01%	5.70%	6.46%	6.52%	6.00%	6.00%

Surcharges

In 2024, UPS, like FedEx, expanded its list of Delivery Area Surcharge zip codes to cover more people. One major difference between the way these two carriers handle zone-based surcharges is that UPS does not make a distinction for Zones 7+, instead grouping Zones 5+. While the two carriers have identical Zone 2 and Zones 3-4 surcharges for both 2024 and 2025, UPS's Zone 5+ surcharge rates fall between FedEx's Zone 5-6 and Zone 7+ rates, as one would expect.

The distinction is an opportunity for shippers to try to lower costs. If they are subject to Additional Handling or Large Package surcharges and often ship to Zone 7+, UPS might suit the situation best; if they ship heavily to Zone 5, they will need to analyze the data more closely to guide their decision-making.

Zone-Based Surcharges

	2024	2025	% Increase
Additional Handling (Dimension)			
Zone 2	\$22.00	\$28.00	27.27%
Zone 3-4	\$24.50	\$31.00	26.53%
Zone 5+	\$28.25	\$36.00	27.43%

Additional Handling (Packaging)

Zone 2	\$19.50	\$25.00	28.21%
Zone 3-4	\$23.00	\$29.00	26.09%
Zone 5+	\$24.50	\$31.00	26.53%

Additional Handling (Weight)

Zone 2	\$34.50	\$43.50	26.09%
Zone 3-4	\$37.50	\$47.50	26.67%
Zone 5+	\$41.50	\$52.75	27.11%

Large Package (Residential)

Zone 2	\$190.00	\$240.00	26.32%
Zone 3-4	\$205.00	\$260.00	26.83%
Zone 5+	\$235.00	\$297.50	26.60%

Large Package (Commercial)

Zone 2	\$160.00	\$205.00	28.13%
Zone 3-4	\$175.00	\$225.00	28.57%
Zone 5+	\$197.50	\$250.00	26.58%

Other Surcharges

	2024	2025	% Increase
Delivery Area Surcharge			
Air Commercial	\$3.95	\$4.20	6.33%
Air Commercial Extended	\$4.90	\$5.35	9.18%
Air Residential	\$5.85	\$6.15	5.13%
Air Residential Extended	\$7.70	\$8.30	7.79%
Ground Commercial	\$3.95	\$4.20	6.33%
Ground Commercial Extended	\$4.90	\$5.35	9.18%
Ground, Residential	\$5.70	\$6.15	7.89%
Ground Residential Extended	\$7.70	\$8.30	7.79%
Remote Area Surcharge (Contiguous US)	\$14.15	\$15.35	8.48%
Residential Delivery Charge			
Air	\$6.20	\$6.55	5.65%
Ground	\$5.65	\$6.10	7.96%
Address Correction Fee	\$22.00	\$23.50	6.82%
Delivery Confirmation Signature (Adult)	\$8.15	\$8.70	6.75%
Delivery Confirmation Signature	\$6.75	\$7.20	6.67%

How to Prepare for 2025

It's easy to see the impact of these rate increases as something you have no control over. The mistake many shippers make is failing to analyze and adjust their approach to their parcel spending. To be fair, you may not have adequate data or staffing to do the analysis you would like. But, by seeking opportunities to optimize costs, evaluate carrier selections, and make decisions rooted in data, you can find a strategy unique to your needs to keep costs in check while ensuring quality service.



Forecast the Expected Impact

The number of rates that change with the GRI is staggering. We've only listed the highlights. Calculating the expected impact is a daunting process, but it must be done. Your cost for every package is going to change (with the possible exception of fixed rates in your contracts).

Do you have a parcel spend management partner? This is a solution provider that processes and audits your parcel invoices, plus provides detailed reporting on all aspects of your spend. They might be able to do this analysis for you and provide recommendations.



Check your Negotiated Surcharges

Surcharge discounts come two ways—a lower-than-list flat rate or a percentage off. If you have flat rates, chances are they will not change with the GRI (but you need to check). For a percent discount, you'll simply get the same percentage off the new rate.



Make Sure Your Rates Have Been Updated

This job is easier if you have a spend management partner who does this for you. If so, they are already getting your rates in place so your invoices process smoothly when the time comes. If you also happen to be planning other January 1 changes—such as changes in GL coding or data management—give your provider as much lead time as possible. They are busy this time of year.



Assess Delivery Performance

Looking at service delivery performance can help you make cost-cutting decisions. For example, if the increase in your Air services in Zone 2 is particularly high, consider your ground delivery performance in that area. If Ground in Zone 2 is delivering similarly to Air in Zone 2 (which is common), moving to ground might be a smart option.



Schedule Your Next Deep Dive Review

This is different than the first suggestion above (forecasting the impact), which is what you need to be doing now. Separately, and ideally not during the chaos of the GRI, you should be conducting a formal review of your parcel costs at least twice a year. As you well know, anytime you dig into your data you're going to find savings opportunities.

Conduct your first deep dive in the Spring. When you do it again in the Fall, the next GRI will be right around the corner and you'll feel good about getting ahead of it. The low-hanging fruit is always the controllable wasteful spending such as address corrections and closing unused accounts, but this is just the start. If you're capturing performance details from your invoice data, you can see where you're paying for Second Overnight, but if you switch to Ground, 96% of your packages would get there just as fast. ***The impact you make will be proportional to the quality and thoroughness of the data you have.***

During your deep dives is also the time to review internal SOPs and consider alternative shipping options, such as regional carriers or consolidation strategies. Schedule a semi-annual review with your carriers, as they could offer valuable advice.



Ensure Decisions are Rooted in Data

For data-driven decision-making, shippers should leverage a technology solution that lets them fully understand their paid costs. While the data in your shipping solution is crucial, ***you can only access data on your actual costs through solutions that process and audit invoices***, aggregating and normalizing data and providing powerful reporting. This empowers you to stay on top of your spending.

Parcel Spend Management for Year-Round Controls and Visibility

Cass's parcel spend management solution helps shippers gain visibility, improve processes, and optimize costs.



Cost Management and Optimization

The ability to effectively manage your parcel spend rests on the availability of actionable insights from the data behind every shipment. With Cass, shippers gain a database of parcel activity that grows over time, providing deep visibility and detailed insights into shipping costs. CassPort, our business intelligence tool, enables shippers to visualize and optimize their spend.

Our advisory services team can help you respond to the GRIs, analyze contracts, forecast the impact of service changes, and more.



Carrier Performance Analysis

Cass provides shippers powerful data for measuring carrier performance. These insights enable informed decisions regarding service level selection and can support contract negotiation efforts.



Invoice Auditing

Do you know when invoice audits are most valuable? Right after your rates change, whether due to the GRI or a new contract. Carriers often apply new rates or discounts incorrectly, so this is where a charge-level audit can make a real difference. But invoice audits go far beyond rates, also catching duplicate invoices, weight discrepancies, and more. This ensures that you only pay for the services you've received and helps protect your bottom line from unnecessary costs.



Custom Reporting and Analysis

Any spend management partner will give you an in-depth, multidimensional view of your parcel activity (package details including service selection and paid costs). They will offer any number of reports, dashboards, and analytical tools that highlight areas of waste and provide actionable insights to help you reduce costs and prepare for carrier negotiations.

Imagine gaining easy visibility to problem areas such as repeated address corrections, status of claims, damaged shipments, zip codes with the highest delivery area surcharges, and more.



Advanced Parcel Dashboards

Cass provides shippers advanced dashboards to track accessories, KPIs, audit savings, and more. Interactive analytical tools let you explore “what if” scenarios, such as how much you could save by switching from Air to Ground in a particular zone.



GRI Impact Analysis

Cass offers customized GRI impact analyses to help clients understand how upcoming rate increases will affect their shipping costs, and provides strategies you can use to minimize the impact of GRIs on their budgets.



Optimize Your Parcel Spend with Cass

Each year, as parcel carriers make their adjustments and try to influence shippers' service choices while also improving profitability, shippers are forced to reevaluate their strategies for optimizing their parcel spend.

Cass Information Systems provides the tools and support you need to handle this year after year, if you're a high-volume shipper.

Reach out to Cass to get started.



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