//FREIGHT THINK

PARCEL CONTRACT

OPTIMIZATION

Small package delivery costs have a significant impact on profits across all industries. Companies who partner with experts to optimize their small package shipping costs, **win**.

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BENEFITS OF OPTIMIZING CONTRACTS

Cost Savings

Optimizing parcel shipping contracts allows businesses to secure better rates and discounts, resulting in significant cost savings on shipping expenses.

Customized Solutions

Businesses can tailor their shipping contracts to align with their specific needs, ensuring ideal service levels and operational efficiency.

Improved Service Quality

Companies can explore enhanced service offerings, such as faster delivery times, real-time tracking, and better customer support.

Leverage Competitive Landscape

Businesses benefit from changes in the competitive landscape, making the most of new market dynamics and pricing strategies.

Align with Evolving Business Needs

As businesses grow or shift their strategies, optimizing shipping contracts supports keeping the terms and conditions aligned with their evolving requirements.



CARRIERS REGULARLY INCREASE AND ADD NEW FEES AND SURCHARGES



- 🕨 January 2021 🛑
 - UPS and FedEx rates increase by an average of 4.9%
- November 2021 •
- FedEx increases surcharges for residential delivery and fuel
- January 2022
- UPS and FedEx rates increase by an average of 5.9%
- January 2024
- UPS and FedEx rates increase by an average of 5.9%
- December 2024
 - UPS announces 5.9% GRI, higher additional handling, and large package surcharges
- February 2025
- FedEx increases weekly fuel surcharge scale
- May 2025
 - UPS changes fuel scale to increase fuel recover rate

- April 2021
 - USPS implements a rate increase averaging 3.1%
- December 2021
- UPS implements peak surcharges for the holiday season
- January 2023
- UPS and FedEx rates increase by an average of 6.9%
- February 2024
- UPS adds more suburban zip codes to DAS surcharges
- January 2025
 - FedEx
 announces 5.9%
 GRI and adds
 zip codes to
 DAS fees

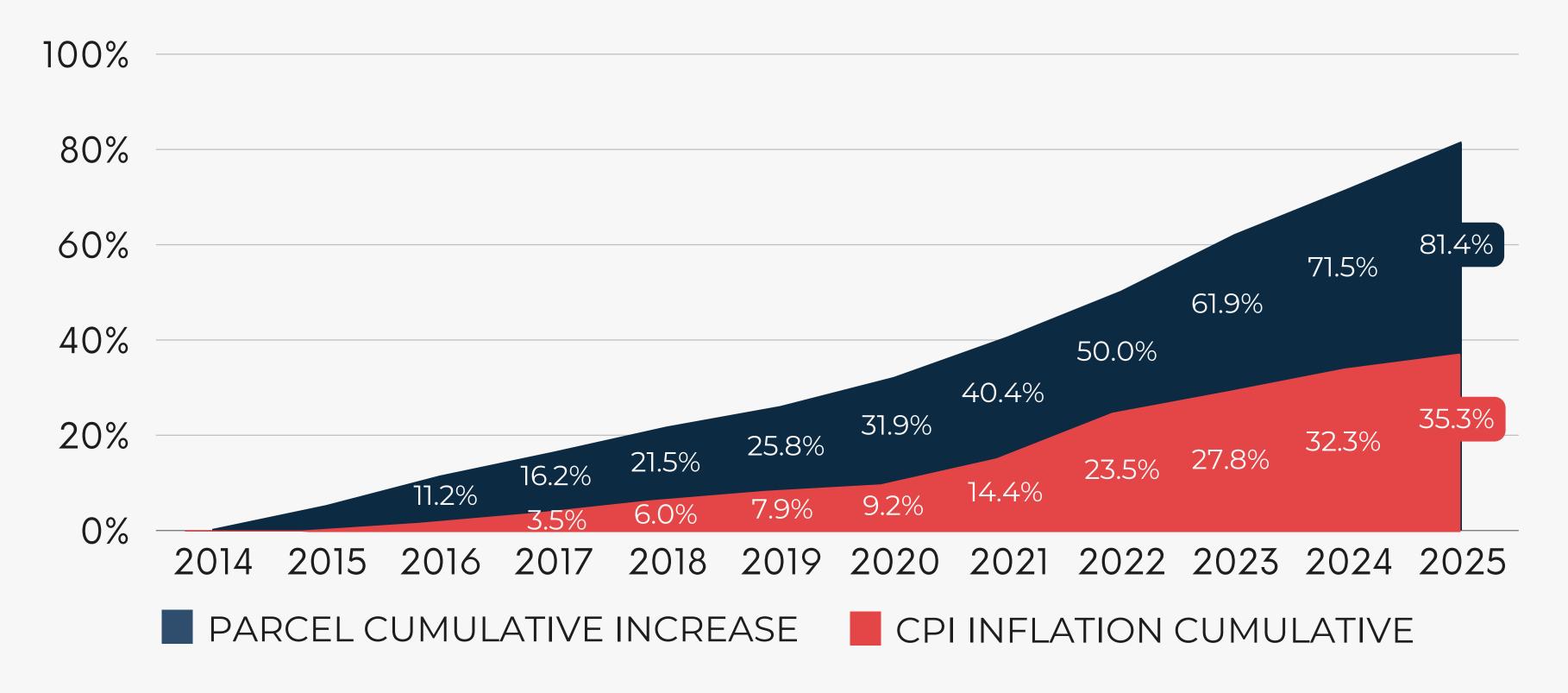
March 2025

UPS announces
late payment
fees and
changes for
certain origin
destination zip
codes

June 2025

More zip code changes coming for zones and area surcharges by UPS and FedEx

CUMULATIVE EFFECT OF RATE INCREASES





CUMULATIVE EFFECT OF RATE INCREASES

Rate increases outpacing inflation make existing discount structure obsolete

EXAMPLE	2020	2021	2022	2023	2024	2025
Annual Rate Increase*	4.90%	5.50%	6.5%	6.5%	5.9%	5.8%
Undiscounted Charge	\$13.27	\$14.00	\$14.91	\$15.88	\$16.83	\$17.59
Base Rate Discounts	60%, \$2 off Min					
Net Charge	\$6.23	\$6.76	\$7.36	\$8.10	\$8.70	\$9.32
Annual Inflation Rate (CPI)**	1.8%	1.2%	4.7 %	8.0%	3.2%	2.3%
"Inflation Adjusted" Net Charge	\$6.23	\$6.30	\$6.60	\$7.13	\$7.36	\$7.53

Net charges are at least 17.7% too high. Discounts need to increase regularly to offset this behavior.

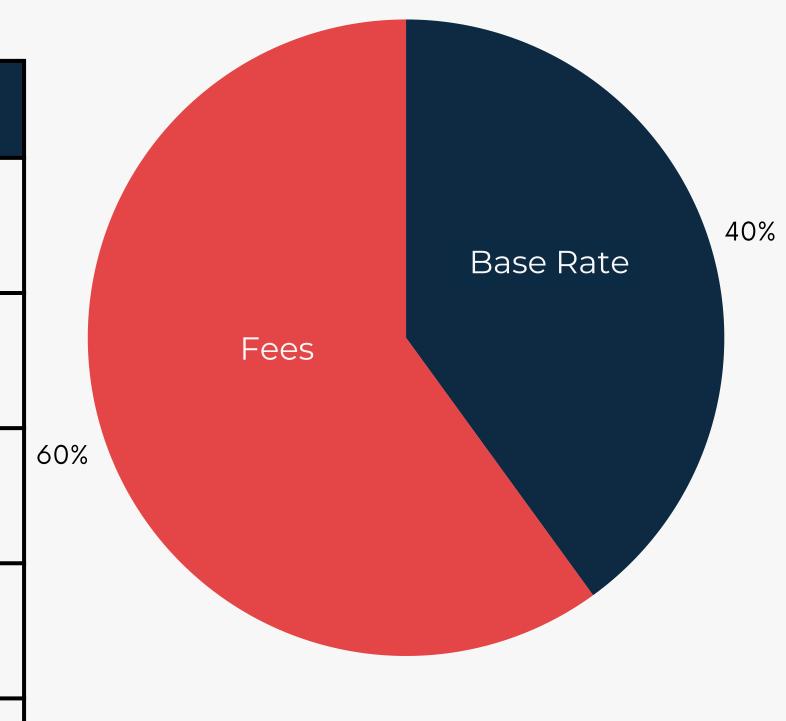


^{*}Average annual parcel rate increases based upon published tariff from major parcel carriers

^{**} CPI data as reported by the UD Dept. of Labor Statistics

BUT THAT'S NOT ALL. WHAT PERCENT OF YOUR COSTS ARE ACCESSORIALS?

Component	Description	Percentage	
Base Rate	The base cost for shipping a package based on weight and distance	40%	
Fuel Surcharge	An additional fee to account for fluctuating fuel prices	15%	
Residential Delivery	A fee for delivering to residential addresses	10%	
Peak Season Surcharge	An additional charge during high- volume shipping periods	20%	
Other Fees	Additional charges for special services or handling	15%	



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THE SHARP RISE IN FREIGHT COSTS, EXCEEDING THE INFLATION RATE, HAS A DISPROPORTIONATE IMPACT ON YOUR OVERALL PROFITABILITY!

EXAMPLE	2020	2025	
Revenue	\$100.00	\$122.99	add'l 23
Product Cost	(\$50.00)	(\$61.50)	add'l 23°
Labor / Other Expenses	(\$40.00)	(\$49.00)	add'l 239
Freight	(\$6.23)	(\$9.32)	add'l 33
Profit	\$3.77	\$3.17	_
Margin %	3.8%	2.6%	
		-16%	

^{*}Model assumes that revenue and non-freight expenses increase at rate of inflation (cumulative 23% per US Bureau of Labor Statistics). Freight expense increased at 33% (US parcel average published rates.)



WHY NOW?



RATES RISING for those who delay

- Annual rate increase 5-7%
- Hesitation to renegotiate mid-contract
- Worry that service might be impacted
- Too busy with other critical objectives

RATES FALLING for those who demand

- Parcel volumes flat post Covid highs
- Strong regional competition
- Volume shift prior to threat of UPS Teamster strike
- Amazon Parcel is now the largest parcel shipper





Other transport	Otio Company ("UPS"). Pricing, UPS will provide the pickup and delivery services ("Services") as a pricing, UPS will provide the incentives ("Incentives") as also set forth below. will be provided with the incentives ("Incentives") as also set forth below. munibers approved and identified in Addendam A. Account members agrees owned by Customer, may be added or deleted only by manual written agrees owned by Customer, may be added or deleted only by manual written agrees to become effective. Customer is probabled from resulting or offering in failure to comply with this probablishion may result in immediate cancellation of failure to comply with this probablishion may result in immediate cancellation.
Definition Facts Principal Agramment Accounts many	Customer acknowledges and agrees that the Incentives and the uncommon published UPS Duily Rates available at www.nps.com and are onlyect to published UPS Duily Rates available at www.nps.com and are onlyect for the te thipment) and accessorial will receive its applies be incentive for the te otherwise specified. Incentives shall be applied to prepaid outboand shape otherwise specified. Incentives shall be applied to prepaid outboand.
Package and Freig See the Declared Value **Statement Name************************************	
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If U.S. multiple-package shipm	Confidentiality, Customer and UPS agree to maintain in Information") unless disclosure is required by law. Customer agrees Information") unless disclosure is required by law. This offer is void if
AND THE RESERVE OF THE PARTY OF	CHIEF Expleadion down for the consequent to the con-
shipments processed together package with a declared value equivalent will automatically be applied to the experience of the contract of the c	providing a duly signed copy of this Agreement to Crowning a duly signed copy of this Agreement is beetly signed as UPS regarding these Services. This Agreement is hereby signed as UPS regarding these Services and a Agreement take effect whichever is later and continue until terminated by either party.
apply only to those packages within th	notice to the other. UPS
\$500. See FedEx Delivery Signature Option	United Parcel Service Inc.

Name of Surcharge	Application	Applicable Zones	
Additional Handling Surcharge - Packaging	Home Delivery US, Ground US	All Zones	UPS Next Day Air-Early UPS Next Day Air- PS Next Day Air- S 2nd Da
Additional Handling Surcharge - Dimension	Home Delivery US, Ground US	All Zones	
Additional Handling Surcharge - Weight	Home Delivery US, Ground US	All Zones	UPS WOULD WES WOULD WES WOULD WAS WOUND WAS
Adult Signature	Home Delivery US, Ground US	All Zones	
Indirect Signature	Home Delivery US, Ground US	All Zones	
Direct Signature	Home Delivery US, Ground US	All Zones	
Email Return Label	Home Delivery US, Ground US	All Zones	

WHY DO SHIPPERS NEED A SPECIALIST TO HELP WITH PARCEL STRATEGY?

- 1. Parcel carrier contracts are intentionally complicated
- 2. Dozens of accessorial and add-on fees
- 3. Constantly changing terms (fuel surcharge scale, new DAS zip codes)

- 4. New fees are being added (ex: Remote Area Surcharge, Demand, and Peak Season)
- 5. Typical parcel invoices are un-auditable file formats.



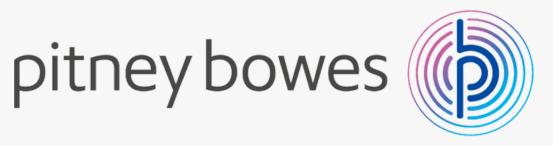
COMPETITION AMONG SMALL PACKAGE PARCEL CARRIERS IS CRITICAL AND PROMOTES BETTER SERVICE AND RATES FOR SHIPPERS



























WE DO THE HEAVY LIFTING TO ENSURE THAT YOU...

...gain insight into the latest market developments and the competitive landscape

...understand contracts and amendments that are intentionally complicated and confusing

...can fully evaluate competing offers in a detailed "side by side" manner

...gain a full grasp of the meaning of literally hundreds on columns of historical expense data provided by the carriers

...have a discount structure that addresses the latest charges and fees



FREIGHT THINK GETS RESULTS

Most companies are able to achieve substantial cost savings without having to change service providers

INDUSTRIAL GOODS

MEDICAL DEVICE RETAIL CHAIN

FOOD DISTRIBUTOR

APPAREL RETAIL CHAIN

HOME GOODS & DECOR



Annual Spend: \$500k

Domestic Ground and Express

50% COST REDUCTION



Annual Parcel Spend: \$3M

Mix of Ground Commercial, Express, and International

37% COST REDUCTION



Annual Parcel Spend: \$4M

Primarily Domestic
Ground

29% COST REDUCTION



Annual Parcel Spend: \$35M

Domestic Ground and Express

28% COST REDUCTION



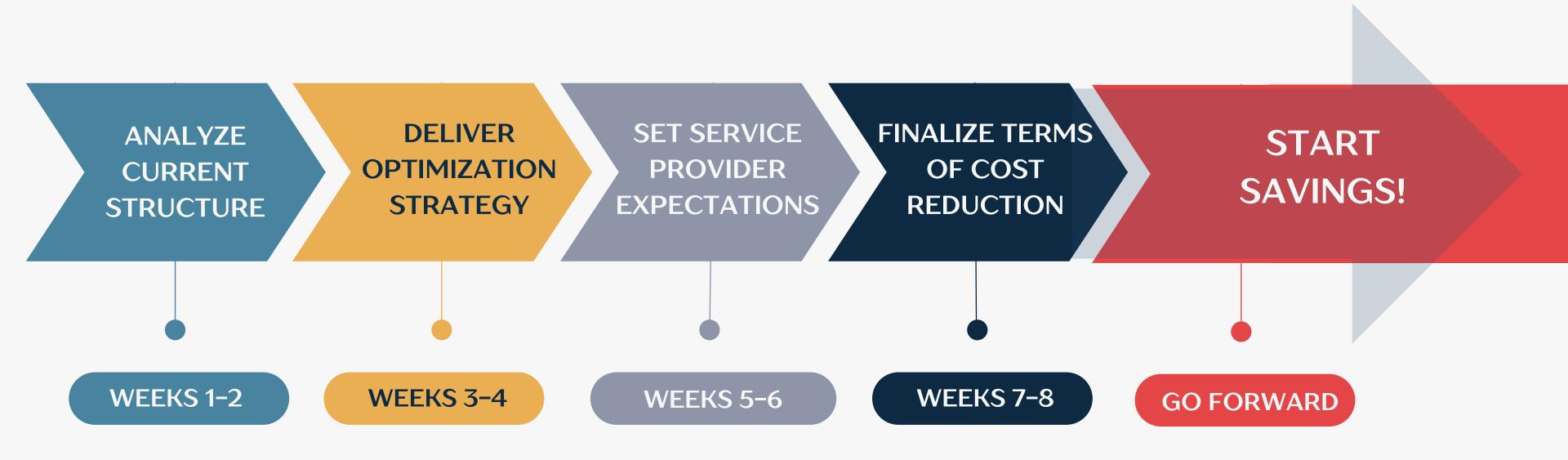
Annual Parcel Spend: \$350M

Mix of Ground Commercial, Express, and International

12% COST REDUCTION



SHORT TIMELINE TO SAVINGS





NEXT STEPS AT NO COST, NO COMMITMENT

Understand Current Shipping Profile and Objectives

Identify Potential Areas for Cost Savings

Prepare a Optimization Strategy and Timeline



//FREIGHT THINK THANKYOU

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