

A person in a dark suit stands with their back to the camera, looking at a large, glowing orange digital display. The display is filled with various data visualizations, including a donut chart, a bar chart, and several line graphs. The background is a dark, industrial-looking space with server racks and other equipment visible in the shadows.

Beyond the Headline Discount

The hidden economics of parcel contract negotiation — and how to break through pricing barriers to secure a best-in-class agreement with optimal pricing.

**Carriers negotiate with your data.
You should negotiate with theirs.**

INTRODUCTION

Parcel contracts from UPS and FedEx are more than simple rate cards. They are engineered pricing systems designed to optimize carrier yield.

Most organizations walk away from a negotiation confident they secured a strong deal. Then the invoices arrive. Costs run higher than expected despite headline discounts. Finance questions the savings. Operations questions the carrier's behavior. Procurement points to the agreed terms. Everyone is technically right — but the costs don't reflect the savings anyone anticipated.

The issue is that these agreements are **dynamic pricing systems, not static rate sheets**. Shipping profiles, surcharges, and carrier margin priorities all change. Negotiations capture a single moment in time; parcel economics are continuous.

While most logistics teams are experts at running their business, carriers are experts at turning complexity into profit.

So the real question becomes:

How much savings are you leaving on the table by **negotiating without a parcel expert?**

This playbook will help you understand parcel negotiations — and what separates expert-led negotiation from internal efforts.

WHAT YOU'LL LEARN



How carriers use **data** to their advantage



Why initial savings **erode** within months of signing



Why negotiation is only **half** the battle



How experts see carrier margin your data **never will**

00 INTRODUCTION

The reality behind parcel contracts

The discounts look aggressive. The contract is signed. Then the invoices arrive — and the savings aren't there.

Parcel contracts vs. rate sheets

A discount is one number in a system built from hundreds of moving parts — most of them working against you.

Parcel agreements are multi-variable pricing systems engineered to optimize carrier yield across millions of shipments. They are not designed to deliver savings to the buyer.

A parcel agreement is far more than a rate sheet. It is a complex contract of interconnected components that together determine what you pay — hundreds of accessorial charges layered on top of base transportation rates, plus fuel surcharges, peak season surcharges, and other fees.

9 out of 10 logistics and operations leaders now cite cost reduction as their top challenge — ahead of speed, reach, or customer experience.

Source: BCG, How Cost Intelligence Is Reshaping Parcel Logistics

THESE AGREEMENTS ALSO INCLUDE



DIM divisors that convert a package's cubic dimensions into a billable figure



Zone-based minimum charges that set what you pay regardless of weight



Service-level pricing that can push packages into higher-cost categories



Volume tier thresholds that gate access to specific discounts



Revenue commitments — the minimum levels you agree to maintain



Refund waivers & performance clauses that define what happens when carriers miss service guarantees

What's actually inside a parcel agreement

Small changes to any of these elements meaningfully shift the economics. That's why discounts mean very little in isolation. A **50% discount on Ground** can be quietly offset by minimum charges, residential surcharges, DIM rule adjustments, fuel escalators, or zone rebalancing.

SIDEBAR · THE MATH

A “50% discount” that's really 25%

List rate \$10 ground commercial parcel	Base	\$10.00
What you think you'll pay Headline discount applied	-50%	\$5.00
What you actually pay Minimum charge kicks in	-25%	\$7.50

The minimum service charge neutralizes half the headline discount.

The hidden truth

Carriers design agreements to protect revenue per piece and shipment-level profitability. Concessions given in one place are recovered in another — through off-cycle increases, surcharge changes, and time-limited concessions buried inside a multi-year deal.

You've seen one contract. They've seen every contract like yours. That's the gap — and Chapter Two is about closing it.

The information imbalance

Without market-level data, you're not negotiating on equal terms — and carriers know it.

Parcel carriers negotiate thousands of agreements every year. Most companies negotiate once every few years.

Two sides of the same table

Carriers

ADVANTAGE

- Command cross-industry pricing intelligence
- Understand profitability at the shipment level
- Know which concessions are cosmetic vs. material

Most companies

BLIND SPOTS

- Only see their own shipping data
- Lack visibility into carrier margin tolerance
- Accept “industry standard” claims without validation

The real challenge for most organizations is access to information. Carriers come to every negotiation armed with data from thousands of agreements and real-time pricing behavior across the entire market. Most internal teams bring only their own data.

That imbalance shapes the negotiation before it even begins. And in parcel shipping, the side with greater visibility holds the advantage.

Where AI helps — and where it stops

AI has earned a real place in supply chain and logistics operations. It can summarize a dense carrier agreement in seconds, surface patterns buried in your own shipping history, and model how a proposed rate change would ripple across your volume. For analysis that once tied up a team for days, it's genuinely useful — and worth having in the room before you sit down to negotiate.

But AI is only as informed as the data behind it. Public tools learn from what's openly available — articles, guides, general best practice — not the proprietary detail that decides a parcel negotiation: what the market is paying across thousands of anonymized agreements, where a carrier's margin has room to move, and which concessions are material rather than cosmetic.

THE HIDDEN COST OF THE INFORMATION GAP

- Concessions you didn't know to ask for
- Minimum charges that quietly cancel out discounts
- “Savings” that look good on paper but disappear in practice

The information gap costs you at the negotiating table. What happens after the negotiating table costs you just as much.

THE BOTTOM LINE ON AI

AI can sharpen how you **prepare. It can't put real market intelligence on your side of the table.**

And in parcel negotiations, that's the difference between a deal that looks good and one that holds up.

“You don't know what you didn't ask for. And that's exactly where margin is lost.”

— Louis DeJianne, VP of Operations, TransImpact

Every department in the building has a stake in parcel costs. Very few have the expertise to do anything about them.

Parcel negotiation is a specialized discipline — and carriers count on the fact that most internal teams are coming to the table underprepared.

Everyone owns it. No one specializes in it.



Procurement

Manages many categories at once — parcel is just one of them.



Supply chain

Protects service levels and throughput above all else.



Logistics

Keeps shipments moving on time, not tracking pricing changes.



Finance

Monitors overall performance, not line-item carrier behavior.

So despite capable teams, parcel contracts create **predictable limitations:**

- Parcel is only one category among many they manage
- Time is short to model complex pricing interactions
- Teams feel pressure to “get a deal done”
- Procedures to enforce the contract simply don't exist

03 CHAPTER THREE

The struggle for a long-term win

Negotiating a winning deal is an intelligent and skilled form of art. Making it perform for three years is where savings are won or lost.



04 CHAPTER FOUR

Understanding the contract lifecycle

Pricing doesn't stop at the signature. Most savings are won — or lost — after the ink dries.

Most organizations treat parcel negotiation as a one-time event: sign, book the savings, move on. But without oversight, even “great” deals lose value.

Carrier agreements move through three phases — and the last one demands the most sustained attention.

Three phases of a parcel agreement

Phase 1

Before the contract

Build leverage

- Shipment-level profitability modeling
- Margin tolerance assessment
- Network scenario planning
- Alternative carrier strategy

Phase 2

During negotiation

Convert leverage to language

- Data-backed concession targeting
- Scripted negotiation strategy
- Protection against refund waivers
- Volume tier risk mitigation

WHERE SAVINGS ARE WON

Phase 3

After the contract

Sustain and enforce

- Invoice audit & error recovery
- Contract compliance enforcement
- Pricing drift detection
- Market-based re-evaluation

The pre-contract phase builds leverage. The negotiation converts it into language. But the **post-contract phase is where most savings are won or lost** — and it's the phase that requires the most discipline.

Discipline is necessary. But it isn't sufficient. The teams that consistently outperform are working with a partner who knows what UPS and FedEx **actually give when pushed.**

That knowledge isn't built overnight. It's built across hundreds of contracts, billions in spend, and years of outcomes that no internal team has access to.

MARKET DATA INTELLIGENCE

Your shipping data is a necessary starting point — but far from sufficient on its own to drive meaningful outcomes. Expert-led negotiation is built on:

- 01 A foundation of **thousands of live carrier agreements**
- 02 Organization-level margins modeled with precision
- 03 Market-appropriate pricing intelligence calibrated to your footprint
- 04 Proprietary modeling that maps savings to your exact **package DNA**

When you understand carrier margin at the shipment level, you don't negotiate for “more discount.” You negotiate for **financially defensible savings** — modeled where carriers actually manage profitability.

WHAT YOU SHOULD EXPECT FROM YOUR PARTNER

Expert-led negotiation eliminates ambiguity. You will know exactly how much you'll save — **down to the penny.**

“Companies negotiate rates. We analyze carrier economics. These produce very different numbers.”

— Jey Yokeley, Executive VP of Sales and Parcel, TransImpact

05 CHAPTER FIVE

The science behind expert-led negotiation

Savings aren't estimated. They're quantified against your actual shipping behavior — down to the penny.



Shipment-level margin understanding

Experts understand exactly where the carrier makes money — so they ask for targeted concessions instead of broad discount fishing:

- Profitability by zone, weight, and service
- Which lanes are highly profitable
- Where margin elasticity exists
- Where carriers simply will not move



Continuous rate assessment

Most agreements are three-year contracts treated as “set it and forget it.” But parcel economics don't stay still. Shortly after signing, service-level distribution shifts, volume moves, residential parcels add up, DIM characteristics evolve, and carriers adjust surcharges to protect margin.

In parcel, best-in-class isn't a moment. It's sustained through ongoing intelligence, modeling, and disciplined execution.

The science of negotiation gives you the math. The art determines the result.

Understanding where savings exist is only the first step. Securing them requires knowing how carrier organizations evaluate, approve, and defend margin.

Insider knowledge

Experts who have worked inside carrier organizations know how pricing decisions actually get made:

- 01 Who to engage at each stage of the process
- 02 What to ask for — and in what sequence — to maximize the response
- 03 When *not* to concede in exchange for cosmetic gains that look impressive but deliver little

The result is a negotiation that moves efficiently through the carrier's internal decision dynamics — instead of getting stalled, watered down, or redirected toward concessions that protect the carrier's margin at your expense.

? DID YOU KNOW

Even with exceptional data, two companies can request the exact same concession — and only one receives it. The deciding factor isn't the ask. It's **how the negotiator executes the strategy.**

The art of negotiation

Two companies ask for the same concession. Only one gets it. The difference is execution.

Strategy execution

There is no single “correct” parcel strategy. The carrier you choose sets direction — but the agreement you build determines what you pay. A specialized partner doesn't dictate your strategy; **they optimize within it.**

SINGLE-CARRIER · COST-FOCUSED

Maximize a single relationship

- Maximize leverage within the existing relationship
- Protect against downside volume risk
- Ensure savings aren't neutralized

MULTI-CARRIER · BALANCED

Rebalance across carriers

- Model volume reallocation impact
- Rebalance margin across carriers
- Evaluate regional alternatives & network optimization

Pitfalls experts prevent

- 01 Signing refund waivers
- 02 Accepting unrealistic volume tiers
- 03 Minimum charges that neutralize discounts
- 04 Overlooking zone eligibility restrictions
- 05 Concessions that look meaningful but lack financial impact

**What you miss in the agreement
doesn't disappear.**

It shows up on your invoices.

\$470K recovered for a pharmaceutical reverse-logistics provider

\$250K invalid chargebacks
\$220K late fees recovered
28% reduction on agreements

For years, the company simply paid the bill. As a pharmaceutical reverse-logistics provider, it handled the essential work of returns, recalls, and safe disposal — and every year, its parcel rates crept higher. When the company finally asked about renegotiating, the carrier talked them out of it.

So the company brought in a partner. A closer look at years of accepted invoices surfaced **\$250,000 in invalid chargebacks** and **\$220,000 in late fees** — and sharper negotiation tactics secured a **28% reduction** on its agreements.

Nearly half a million dollars recovered. But what the company really regained was a clear view of its own spend, and the footing to keep optimizing on its own terms.

06 CASE STUDY

Hiding in plain sight

What a closer look at years of accepted invoices revealed.

Savings attainment rises when negotiation is approached as a disciplined economic system — not a periodic procurement event.

Results improve when every stage of the lifecycle is engineered for performance.

Engineered for performance, at every stage

01

Shipment-level DNA

Identifies your true savings potential, package by package.

02

Precision modeling

Shipment-level modeling informs every recommendation.

03

Insider expertise

Carrier-side knowledge strengthens negotiation execution.

04

Post-contract enforcement

Ensures negotiated savings are realized — and sustained.

When data, carrier expertise, and disciplined execution work together, savings are **materially higher** than when teams negotiate alone.

“Through utilizing TransImpact and their Parcel Negotiation Service, we achieved an annual net reduction of 17.34% in our parcel spend, without having to change service mix or carriers. They guaranteed the savings before we began and exceeded our expectations throughout the process.”

— Client in the industrial food cutting machines industry

07 CHAPTER SEVEN

Why savings attainment is higher with experts

The methodology is no longer the differentiator. Knowing where carriers make money — and where they'll move — is.

Negotiate without the full picture, and you leave margin on the table.

When you negotiate without these four things, the gaps don't show up in the contract. They show up on every invoice that follows.

The four things that decide the outcome

01

Market-level data

What comparable organizations are paying — not just what you've paid.

02

Shipment-level margin intelligence

Where carriers make money on your freight, and where they'll move.

03

Insider negotiation expertise

Who approves concessions, in what sequence, and what's actually achievable.

04

Ongoing compliance enforcement

Making sure negotiated savings don't quietly erode after the ink dries.

It's not just technology — it's carrier intelligence

Every analytics platform and AI tool in your organization starts from the same place: **your data**. A necessary starting point — but it only tells you what you've paid, not what the market is paying, where carrier margin tolerance sits, or which concessions are within reach. The intelligence that moves negotiations lives beyond your four walls — in thousands of live carrier agreements, shipment-level margin behavior, and concession patterns built across years of expert engagement.

That's the combination that changes outcomes. Not better tools alone. Not expertise alone. **Both — working together.**

08 CHAPTER EIGHT

The bottom line

The savings are there. Whether you capture them depends on who's at the table with you.

Get a partner that closes the gap

The organizations that win on parcel spend are the ones that stop negotiating alone. That gap doesn't close with better internal processes or more sophisticated tools — it closes when you bring a partner who operates on the other side of it.

THE FOUNDATION BEHIND EVERY NEGOTIATION WE LEAD

\$2B+

in hard-dollar parcel savings delivered to clients

2000+

years of collective parcel carrier & logistics experience

2008

founded by two parcel veterans with ~50 years combined at UPS

1,000s

of active agreements modeled & priced against live market intelligence annually

All powered by proprietary technology built on thousands of live carrier agreements, shipment-level margin modeling, and 17+ years of cross-client pricing intelligence.

GET IN TOUCH

**PURPLE OR BROWN — YOUR INVOICES
GO DOWN.**

Negotiate smarter than the system built to outpace you.

If you ship parcels at scale, the most financially responsible decision is to negotiate with experts who understand the system better than the system understands you.


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SCAN TO START

Book a parcel-spend
assessment.



TransImpact helps manufacturers and distributors reduce transportation costs and improve inventory accuracy — the two places supply chain margin is made or lost.

Smarter Supply Chains. Stronger Margins.