CARRIER CONTRACT

OPTIMIZATION

Your Guide to Getting the Best Carrier Rates



Lojistic®

How to Prepare for a Better Carrier Agreement

A practical guide for shippers preparing to renegotiate UPS or FedEx agreements

Many carrier negotiations start the same way. A shipper sees costs rising and asks for better rates. Or they bring a competing proposal to their incumbent carrier and ask them to match it.

That approach may produce movement, but it rarely produces the best possible agreement.

Strong carrier agreements are usually the result of preparation, data visibility, and a clear understanding of which pricing and contract levers matter most for a specific shipping profile. In parcel shipping, especially with UPS and FedEx, pricing structures are highly customized. Two businesses with similar volumes can still end up with very different outcomes depending on their shipment characteristics, agreement structure, and negotiation strategy.

Before opening a negotiation, focus on three fundamentals:

1 Know your shipping characteristics	2 Understand what is negotiable	3 Time the discussion with the future in mind

When those three pieces are in place, you can approach the carrier with more leverage, more clarity, and a much better chance of improving the total economics of the agreement.

1 Know Your Shipping Characteristics

Every carrier negotiation should start with a clear understanding of your shipping profile.

That means knowing more than just total spend. You should be able to answer questions like:

- Which services do you use most?
- What is your average cost per package?
- What are your average billed weights and zones?
- How does billed weight compare to actual weight?
- How much of total spend comes from accessorial fees and surcharges?
- Which characteristics of your shipping profile create leverage, and which create cost exposure?

This matters because carriers evaluate accounts using detailed data and profitability models. If you enter a negotiation without the same level of visibility, you are negotiating at a disadvantage.

The goal is not just to know your data. It is to understand which parts of your shipping profile matter most, which terms are most likely to affect cost, and where your best leverage may exist.

The more clearly you understand your shipping characteristics, the more precise your negotiation strategy can be.

2 More of the Agreement Is Negotiable Than Most Shippers Realize

Many shippers focus primarily on headline discounts. That is only part of the picture.

Carrier agreements often include multiple pricing terms, structural mechanics, and legal provisions that can be revised, improved, or clarified. Depending on the situation, these may include:

- Service-level discounts
- Minimum charges
- Accessorial fees and surcharges, including fuel
- Revenue tiers and incentive structures
- Dimensional weight language
- Payment terms
- Service guarantee provisions
- Early termination language
- Other contract terms that affect future flexibility

The key is not simply asking for more in every category. The strongest outcome usually comes from understanding which levers matter most for your business and how changes in one area may affect another.

For example, a fuel concession may sound attractive. But if service-level pricing, minimum charges, or dimensional-weight exposure are still misaligned, the larger opportunity may be elsewhere.

The best carrier agreement is not the one with the most aggressive-looking language on paper. It is the one that best fits your shipping profile, operating needs, and future business conditions.

3 Timing Matters, Prepare for the Future

Historical data is essential, but carrier negotiations should be shaped by future conditions, not just past activity.

Many shippers wait until cost increases become painful, then react. Others open discussions immediately after annual general rate increases because that is when pricing pressure feels most visible. In practice, that is not always the most effective time to negotiate.

Timing matters because carriers are managing their own priorities, market pressures, and internal pricing strategies. If you engage at the wrong moment, it can be harder to gain traction.

Just as important, your own business may be changing. A new product launch, packaging shift, fulfillment change, customer mix change, or service-level shift can all affect which contract terms matter most going forward. An agreement that looked acceptable based on last year's activity may not hold up well under next year's conditions.

Agreement structure matters too.

Some concessions lose value over time. A flat-dollar accessorial discount may become less meaningful as tariff rates rise. Some discounts may expire on timelines that no longer align with your operating reality. And restrictive termination language can reduce your flexibility if carrier pricing changes unexpectedly.

A better carrier agreement should not only improve current economics. It should also hold up under future operating realities.

Why Better Preparation Produces Better Outcomes



The difference between an average negotiation and a strong one usually comes down to clarity.

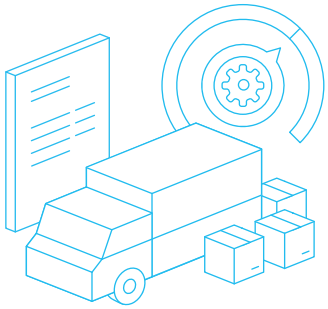
When you understand your shipping data, know where the real cost drivers are, and focus on the contract levers that matter most, you can stop making general requests for better rates and start having a much more strategic conversation.

That leads to better decisions in areas like:

- Which carrier to prioritize
- Which pricing terms to push on
- Which fees deserve the most attention
- Whether the current structure supports future changes in your business
- Whether a proposal is truly competitive once all cost drivers are considered

In short, the better your preparation, the better your negotiating position.

How Lojistic Supports Carrier Contract Optimization



Carrier agreements are full of hidden complexity. Savings opportunities are often buried in pricing structures, surcharge mechanics, minimum charges, dimensional-weight exposure, and agreement terms that are easy to overlook without the right data and experience.

Lojistic helps businesses approach contract optimization with greater precision by combining analytics, market analysis, cost modeling, and negotiation support.

That includes helping teams:

- Understand their shipping profile in detail
- Identify the most important cost drivers
- Compare carriers and pricing scenarios more effectively
- Rigorously pressure-test carrier proposals
- Improve contract terms that affect both current and future costs

The goal is not to make negotiations more complicated. It is to make them more informed.

Common Concerns Shippers Have

“We can negotiate our carrier agreement ourselves.”

Many companies do. The question is whether internal teams have the time, visibility, and modeling support to pressure-test every part of the agreement.

External support can help teams approach negotiations more strategically, identify opportunities they may not see internally, and avoid leaving value on the table.

“We already have strong rates.”

That may be true. But strong headline discounts do not always translate into the most competitive total cost structure.

Minimum charges, surcharge exposure, service mix, dimensional-weight impact, and agreement structure often determine whether rates are truly optimized.

“We do not want to jeopardize the carrier relationship.”

A well-run negotiation should improve decision quality, not damage the relationship.

The goal is not conflict. It is clarity: understanding your shipping profile, identifying the right priorities, and approaching the carrier with a more informed and credible strategy.

Why Companies Use Lojistic for Contract Optimization

Businesses use Lojistic because better carrier agreements require more than intuition.

Carrier-side experience

Our team includes professionals with decades of deep parcel pricing and carrier agreement experience, helping clients evaluate negotiations with a more complete view of how carriers think.

Data-backed strategy

We combine shipping analytics, market analysis, and cost modeling to identify where the most meaningful opportunities are likely to exist.

Realistic planning

We help clients understand likely outcomes, not just best-case scenarios, so they can make decisions with more confidence.

Ongoing optimization

Carrier contracts are not static. Shipping profiles, fee structures, and market conditions evolve. We help clients continue evaluating opportunities over time.

What the Process Typically Looks Like

1. **Discovery and analysis**

   Review shipping data, understand the current agreement, and identify the most important cost drivers and negotiation priorities.

2. **Strategy development**

   Model potential opportunities, define goals, and determine which carriers and contract levers should be part of the discussion.

3. **Negotiation support**

   Open discussions, review proposals, compare scenarios, and refine the ask through multiple rounds if needed.

4. **Selection and implementation**

   Finalize the best-fit agreement and support implementation.

5. **Ongoing monitoring**

   Track compliance, carrier performance, and future optimization opportunities over time.

   A strong process improves more than the initial negotiation. It creates a foundation for better visibility, better reporting, and better cost control going forward.

See What Your Shipping Data Reveals Before Your Next Carrier Negotiation

The fastest way to understand your opportunity is to start with your data.

Create a free Lojistic account to connect your carriers, analyze your shipping profile, and identify contract improvement opportunities before your next negotiation.

With the right visibility in one place, your team can evaluate current performance, quantify savings opportunities, and approach future carrier discussions with much more confidence.

