UNDERSTANDING GRIS.

A GRI, or General Rate Increase, is the average amount a less-than-truckload (LTL) carrier will increase their base shipping rates. Typically, industry leaders are the first to announce a GRI. When they do, others quickly follow.

Why GRIs happen.

The driving force behind recent GRIs is yield management. GRIs are intended to offset any increase in costs that carriers incur.

One cost area that has been a recent focus is the increased competition for drivers. In an effort to attract enough drivers to keep up with demand, carriers offer better pay and benefits, thus driving up their overhead. In turn, those costs get passed along to shippers through GRIs.

Equipment costs — particularly technology — have also increased dramatically in recent years. The electronic logging device (ELD) mandate, for example, means carriers have to install technology in every truck, averaging around $500 per rig.

Additionally, increases in fuel costs, maintenance, real-estate and other services can all be factors that play into a GRI.

The impact of GRIs.

In stable markets, GRIs typically happen only once a year in the fourth quarter. These annual rate increases typically fall between four and six percent, making them relatively easy for shippers to anticipate and plan for.

In volatile markets, however, GRIs can happen more often and with less notice. In recent years, multiple GRIs in a 12-month period have become standard. When such a GRI happens, shippers are left scrambling to adjust.

Further adding to the confusion for shippers is the fact that GRIs only represent the average amount rates will increase from a carrier. It's difficult for a shipper to decipher exactly how a GRI will impact their bottom line. The impacts of GRIs range from affecting *every* postal code a carrier covers to only a few. Other factors like class, weight and demand also come into play when determining a shipment's cost.

IN RECENT YEARS, MULTIPLE GRIS IN A 12-MONTH PERIOD HAVE BECOME STANDARD.

Avoiding the effects of GRIs.

While many large shippers often negotiate long-term contracts that are not subject to GRIs, carriers are rarely willing to enter such negotiations with small- and medium-sized shippers.

The easiest way for small players to avoid the headaches of a GRI is to work with a freight service provider. Freight service providers negotiate agreements with the major LTL carriers that are unaffected by GRIs (and often far lower than standard LTL rates) and can therefore offer shippers pricing predictability.

Freight service providers also have a wide range of carriers at their disposal which allows them to provide you with a breadth of options. While one carrier may increase rates on a specific shipping lane after a GRI, others may provide more competitive rates for the same route. Your freight service provider has all of this information at their disposal and their technology can offer the best option for your shipment.

Working with a freight service provider not only offers the greatest pricing predictability, it also offers other benefits like knowing you're working with vetted carriers and having bills of lading automatically (and correctly) completed for you. Additionally, many freight service providers offer multiple carriers to choose from and will provide guidance on selecting the LTL carrier that is the right solution for each shipment.

About us:

Based in Kansas City, MO, Freightquote by C.H. Robinson is a freight service provider that offers powerful yet easy-to-use online shipping tools, as well as a full-service team of highly responsive freight experts that deliver convenient, one-stop shopping for LTL, truckload and intermodal freight. Freightquote provides customers with streamlined and efficient capabilities to compare competitive rates from multiple contract carriers, book and track shipments and receive dedicated customer service. As a part of C.H. Robinson, Freightquote's stability and resources are strengthened by being part of one of the world's leading freight service providers.

901 W Carondelet Dr, Kansas City MO, 64114
800.323.5441 freightquote.com

FREIGHTQUOTE®
by C.H. ROBINSON