

From: [REDACTED]
Date: Thursday, November 19, 2020 at 4:33 PM
To: Bryan Van Suchtelen <bryan.v@lojistic.com>
Cc: [REDACTED]
Subject: FedEx Pricing Agreement

Hi Bryan –

Thanks for your help and input on trying to get our money back guarantee (MBG) reinstated, but my first attempt was a swing and a miss – see below.

In the last two conversations with our rep, [REDACTED], he has used the phrase “FedEx is in the driver’s seat right now” and indicated that they can basically do anything they want. He said that for him, it feels pretty good right now because all these years customers have beaten them up over pricing. FedEx and UPS are on fire right now due to COVID-19 with everyone delivering stuff to their homes. He said their business is setting records every week and that this summer was like Christmas volume when it should have been slow. They used to do 30% b2c and 70% b2b and now it’s exactly opposite and those b2c deliveries are expensive. Apparently we need to pay for that – my conclusion, not what he said.

He also mentioned that some customers hire these “big companies” to monitor their on time delivery and then they take advantage of FedEx when they are even 10 seconds late delivering. He said these companies are ruining the MBG for everyone. He said he did an analysis of our on time service and it’s really good. I suppose he saw evidence of the kind of audacious refund requests he referred to on our account.

[REDACTED] said that FedEx might never reinstate the MBG. We had a conversation about how difficult that is for us. I told him everyone knows that FedEx has a service guarantee. That put FedEx on the map. I told him if they are moving in another direction, they should provide us support on rebranding their “non-guaranteed” delivery. He said they don’t plan on rebranding, but agreed that it’s hard to explain to customers how they don’t get their money back for an early overnight priority shipment with an 8 am guaranteed delivery time. I told him our customers expect the refund and we end up having to give it to them even though we don’t get the money back from FedEx. No help or advice was offered for that.

[REDACTED] said my request for the MBG reinstatement resulted in a memo being sent out (gasp!) to all the reps in his group about the matter. He said we can try to get it reinstated, but advised me to be careful with that because his manager indicated it could lead to winning it back at a cost of worse discounts. He asked if I wanted him to forge ahead and try it; man that felt that a dirty tactic.

What a conversation! It’s amazing to me that they could increase their rates 5% year after year and feel “beat up”!

Lastly, [REDACTED] told me he’s been tapped to take management courses at FedEx and he is about to graduate and wants to lead a team of reps, so I think this is adding to his ego trip as well.

There’s no way we can raise our prices to keep up with their yearly increases and over time it makes freight look so pricey on customer invoices as compared to the product costs. When you factor in the whole Amazon consumer mindset of “freight should be free”, it’s tough to know how to respond to it. I have been concerned about this for the last decade frankly. I wish we could just raise our prices by 10-15% and offer “free shipping” but our customers wouldn’t go for that kind of increase. Any insight, ideas or advice you might have is appreciated.

All the best,

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]