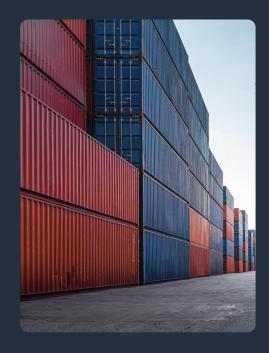
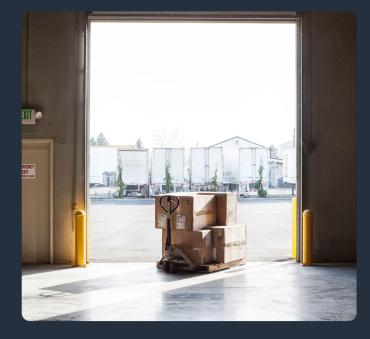
EGUIDE

How to Move LCL Ocean Freight

What's the difference between LCL and FCL shipments?











01 Booking



02 Trucking



03 Consolidation



04 Customs & Docs INTRODUCTION

What is an LCL shipment?

So, just what is a Less than Container Load (LCL) shipment and how does it differ from a Full Container Load (FCL) shipment?*

An LCL shipment is one where there aren't enough goods being moved to warrant paying for a whole shipping container, so cargo is consolidated, along with the goods of one or more additional shipper's, into a shared container.

Allow us to shed some light on a few of the key differences!

*Check out our <u>Ocean FCL 101</u> & <u>Ocean LCL 101</u> courses for deeper dives into both shipment lifecycles!



05 **Deconsolidation**

01

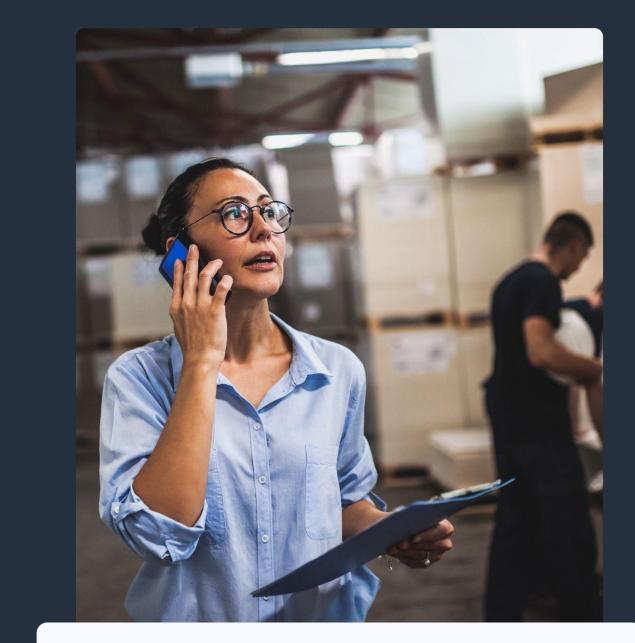
Booking

What's the difference between the booking requirements for LCL vs FCL?

The main difference in the information needed for booking an LCL shipment vs. an FCL shipment is the importance of providing the accurate weight and volume (in metric units) of the cargo being shipped, as well as advising whether or not the cargo will be palletized, at the time of booking.

For an FCL shipment, estimates for these metrics are typically acceptable since all the cargo being loaded into the container(s) belongs to the same shipper, and that shipper has paid for use of the entire shipping container regardless of how much (or little) is ultimately loaded into it. For an LCL shipment however, one shipper's cargo will be consolidated along with the cargo of one or more other shipper's into a shared container.

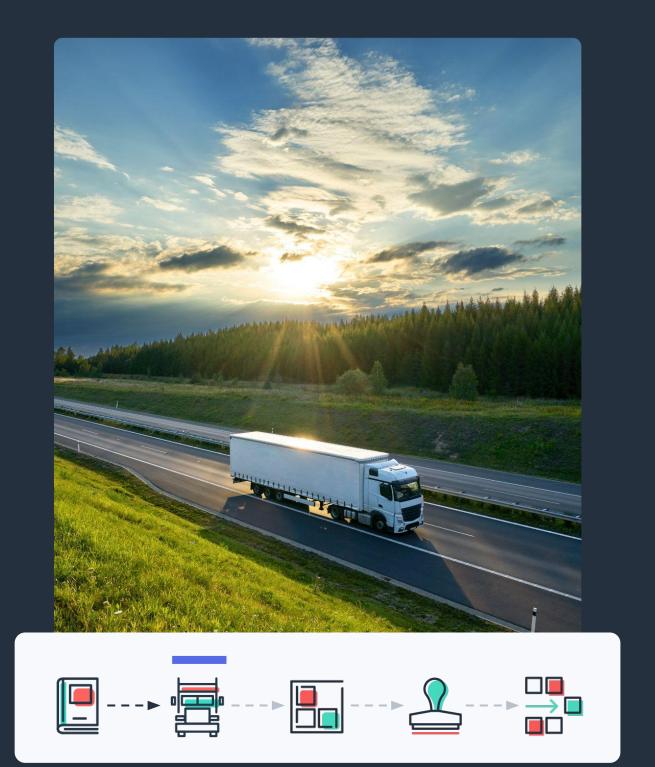
Because of this, the declared volume and palletization status must be accurate so that all planned cargo fits securely into the container during the consolidation process and also utilizes the container space to the fullest degree possible.





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02

Trucking

What trucking services are needed for an LCL shipment?

When it comes to LCL shipments, both <u>cartage</u> and <u>drayage</u> trucking services are used to transport the goods between the warehouse and ocean port at both origin and destination. This is because of the consolidation & deconsolidation processes.

In the context of LCL, **cartage** refers to the local, Less-than Truckload (LTL) move between the origin or destination location and the consolidation or deconsolidation warehouse (also known as a Container Freight Station or CFS). **Drayage** refers to the transportation of the consolidated cargo (loaded inside a shipping container) between the ocean port and the CFS.*

*Check out the FlexU Trucking 101 course to dive deeper into the various trucking types!

Is a Delivery Order (DO) needed for each trucking leg?

Short answer: Yes! A <u>DO</u> is needed for all cartage and drayage trucking legs at both origin and destination.

This means that for each shipper's cargo included in the same LCL shipment, a DO must be sent for the **origin location > origin CFS** trucking (cartage) leg. Then, after consolidation, an additional DO must be sent for the **origin CFS > Port of Loading (POL)** trucking (drayage) leg.

The same applies at destination. Once the moving vessel arrives at the Port of Discharge (POD), a DO will need to be sent for the **POD** > **destination CFS** trucking (drayage) leg. Then, additional DOs will need to be sent for each destination **CFS** > **destination location** trucking (cartage) leg.**

**The number of cartage DOs varies depending on the number of shipper's involved with the shipment.

Did you just get lost in all those words & acronyms? No worries! Let's make things clearer with an example. Say we have 3 shippers involved in an LCL shipment:

- 1. Shipper Sherry
- 2. Shipper Shannon
- 3. Shipper Shaun

Here's what the Delivery Order breakdown would look like at both origin and destination:

Origin Cartage (origin location > CFS) DOs*

- □ 1 X DO for Shipper Sherry's cargo
- 1 X DO for Shipper Shannon's cargo
- 1 X DO for Shipper Shaun's cargo

Origin Drayage (CFS > POL) DO

1 X DO for loaded LCL container

Destination Drayage (POD > CFS) DO

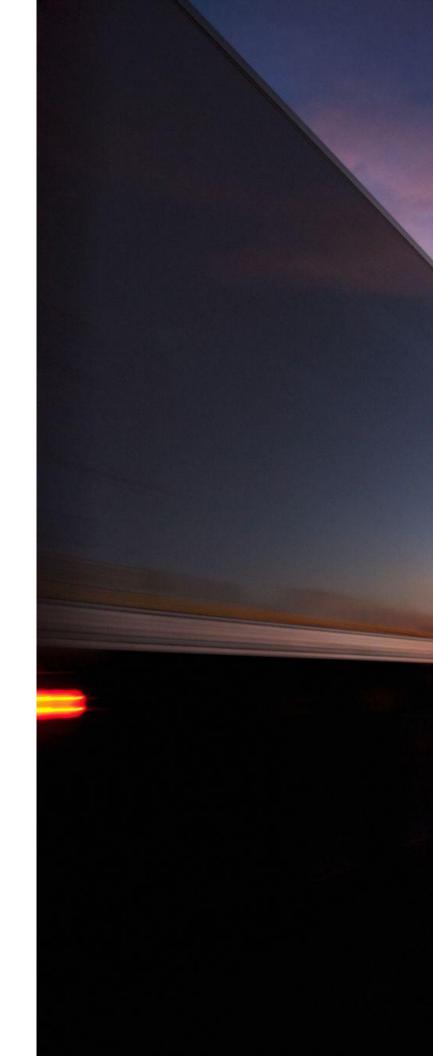
1 X DO for loaded LCL container

Destination Cartage (CFS > destination location) DOs

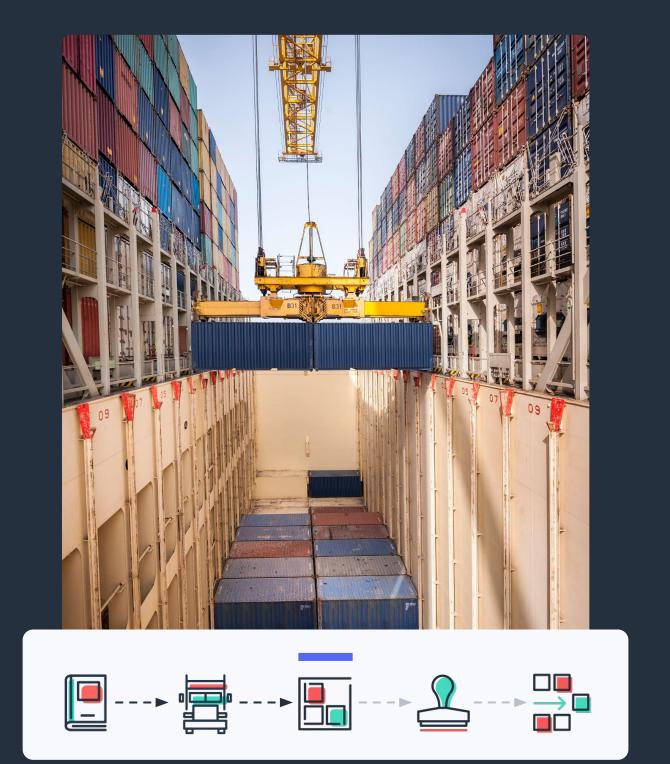
- 1 X DO for Shipper Sherry's cargo
- 1 X DO for Shipper Shannon's cargo
- 1 X DO for Shipper Shaun's cargo

Exactly who sends these DOs will vary depending on who's responsible for what parts of the shipment, but no matter what, your freight forwarder should ensure that your cargo gets to where it needs to be on time and in good condition!

*The number of cartage DOs varies depending on the number of shipper's involved with the shipment.







03

Consolidation

What is Freight Consolidation & what does it look like for LCL shipments?

Freight consolidation (used in LCL and Air shipment types) is when smaller quantities of multiple shipper's cargo are combined to fill the space in an ocean container (for FCL and LCL) or a Unit Load Device (ULD) for Air.

Instead of being loaded directly in a container and taken to the POL, LCL cargo is first taken to a CFS to be consolidated, along with other LCL cargo, into its intended shipping container. Once consolidated, the container is then taken to the POL to be gated in and loaded onto the moving vessel.

04

Customs & Docs

Are the documentation/customs requirements different for LCL shipments?

When it comes to the information needed for shipping instructions and customs clearance, the requirements are the same for FCL and LCL. However, because there are multiple shippers involved in any given LCL shipment, there are two main things we need to expand on as far as customs & doc requirements for LCL shipments:

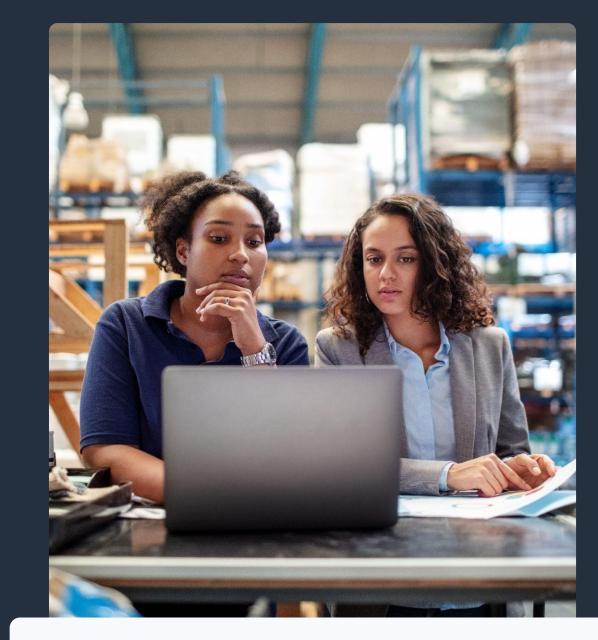
- 1. Bills of Lading
- 2. Importer Security Filing (ISF) requirements

Let's start with **Bills of Lading**. In a typical FCL shipment, you'll have one House Bill of Lading (HBL) and one Master Bill of Lading (MBL).* In an LCL shipment however, while there will still only be one MBL covering the overarching shipment (accounting for the legal responsibility for the movement of the goods), each batch of cargo tied to a different shipper will require its own HBL (accounting for the actual ownership of the goods).

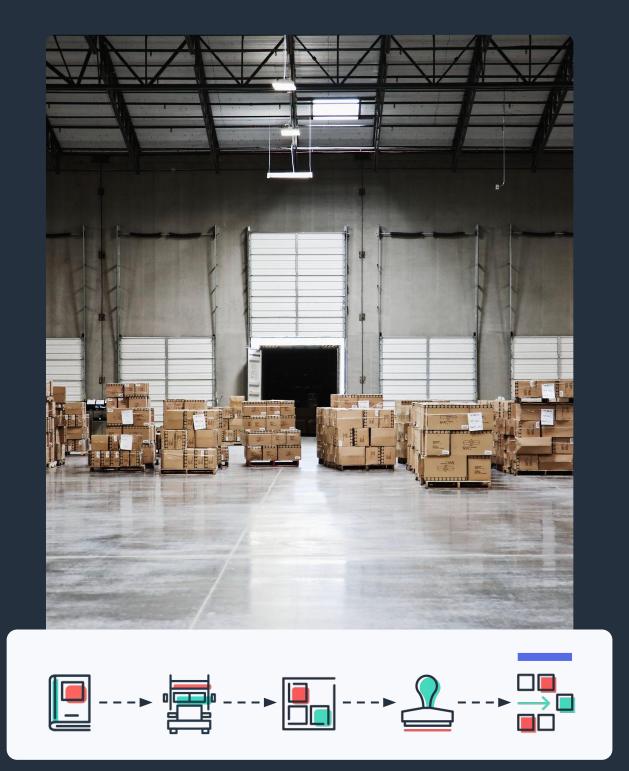
Second, **ISFs**. An ISF is required for each HBL tied to a shipment. For FCL shipping, this means just one ISF per shipment as there is never more than one HBL (or one shipper's cargo) involved in an FCL shipment. In an LCL shipment however, since there are multiple HBLs (or multiple shipper's cargo) involved, then the same number of ISFs will be required for the shipment.

To sum up, in the example from earlier, the individual cargo being moved for Shipper Sherry, Shipper Shannon, and Shipper Shaun will each require its own HBL and ISF, while the consolidated cargo in the single LCL container will move under one MBL.

*Check out our <u>Ocean FCL eGuide</u> or <u>Bills of Lading 101</u> course for a refresher on BLs and other doc/customs requirements!







05

Deconsolidation

What is Freight Deconsolidation & what does it look like for LCL shipments?

Once the consolidated cargo arrives at the destination port, before final delivery, it's taken to a CFS to be separated out by <u>consignee</u>/destination location. This is known as deconsolidation.

So, you're just taking the consolidation process and reversing it! A trucker will pick up the container from the Port of Discharge (POD) and take it to a CFS where it will be deconsolidated and distributed according to the final destination zone. Then, a trucker will load all the cargo being delivered to the same zone in a trailer and deliver from there!

US LCL Import Shipment Guide

FAQs

What are the pros and cons of shipping LCL?

Pros:

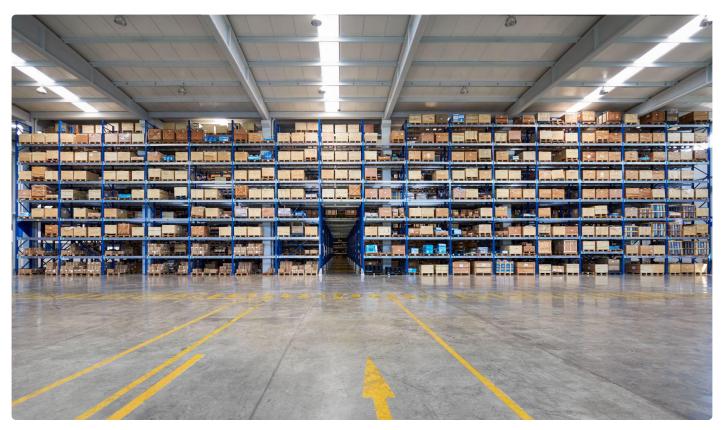
- Cost instead of paying a flat fee for the use of an entire shipping container, or premium prices to move via air, LCL offers the option to only pay for the space your cargo takes up in the moving ocean container.
- Flexibility LCL allows you to ship smaller quantities whenever cargo is ready rather than waiting for enough product to fill a full container.
- Delivery options LCL further allows for cargo to dynamically move to different warehouses rather than moving a full container to one warehouse and distributing further from there.
- Space availability When vessel capacity is limited (i.e. during peak shipping season), LCL space can be much easier to find than FCL.

Cons:

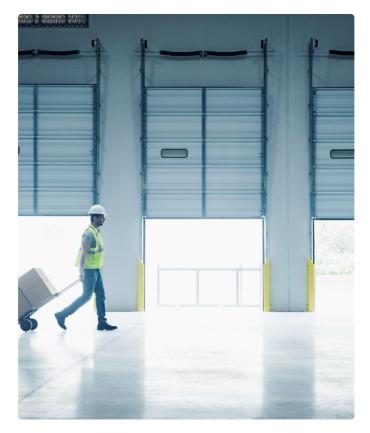
- **Transit time** Moving LCL can tack on a number of days (~4-6 days total in a stable market*) to your transit time due to the consolidation and deconsolidation processes.
- Dependency Since you're sharing a container with other shippers, if one batch of cargo gets flagged by customs, the entire container may be delayed depending on the type of exam needed.
- Damage/theft With different kinds of goods sharing the same container, and the added stops involved with LCL shipping, a higher risk of damage or theft exists.

*A great deal of variability should be considered in this estimate. Additional time could be added based on dependencies like port/terminal congestion, equipment supply, CFS appointment availability & congestion, etc. Stay up-to-date on the freight market by <u>subscribing</u> to Flexport's weekly <u>Freight Market Update</u>.





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