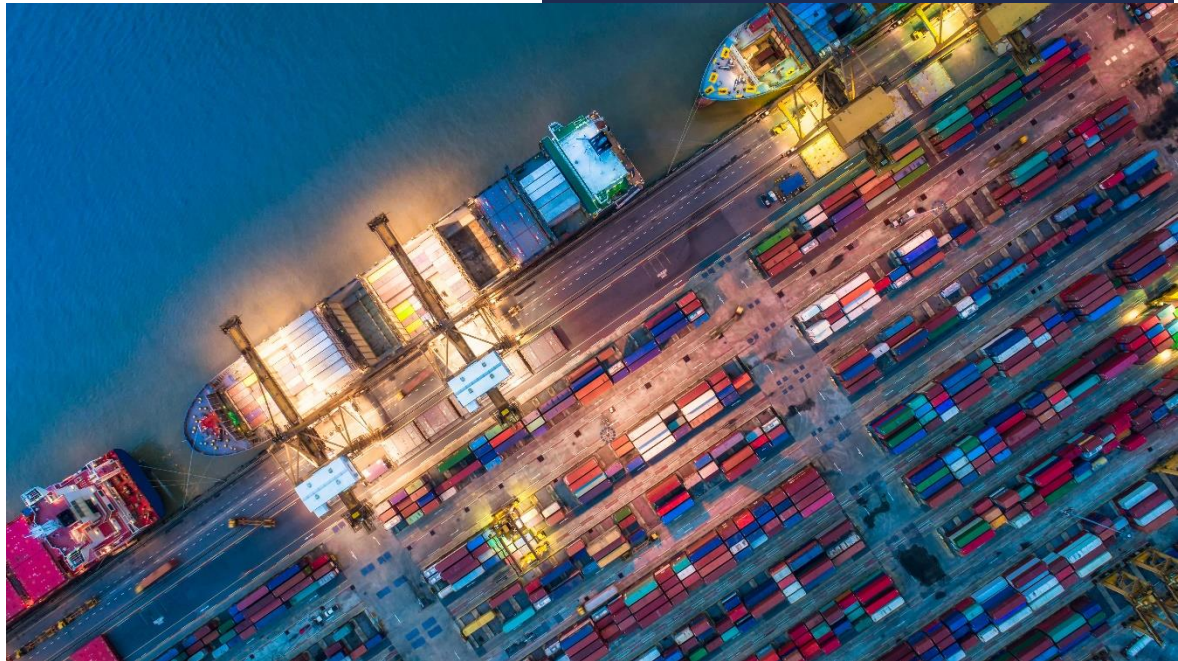


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GROUPAGE TRANSPORT SYSTEM



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GROUPAGE TRANSPORT

2 DEFINITION

Groupage transport, also known as consolidated shipping, is a freight transportation method that involves combining smaller shipments from multiple customers into a single larger shipment.

The middle-man of groupage is the **forwarder**, who will act as the mutual meeting point between the multiple different senders of goods. The forwarder has a key role in being the one in charge of assembling the shipment via grouping the collection of packages, whilst being responsible for any damages sustained whilst the cargo is under their supervision.

In a groupage transport system, there are several key personnel involved in the process. Here are some of the main roles and responsibilities:

- **Freight Forwarder:** The freight forwarder is responsible for arranging the transport of goods from the shipper to the consignee. They may handle all aspects of the shipment, including packing, documentation, customs clearance, and transportation.
- **Carrier:** The carrier is the company that physically transports the goods from the shipper to the consignee. This may include trucking companies, shipping lines, or air cargo carriers.
- **Consolidator:** The consolidator is responsible for consolidating multiple smaller shipments into a larger container or shipment, which can reduce costs and improve efficiency.
- **Customs Broker:** The customs broker is responsible for managing the customs clearance process, including ensuring that all necessary documentation is in order and paying any duties or taxes required by the importing country.
- **Warehouse Manager:** The warehouse manager is responsible for managing the storage and handling of goods at the warehouse, including receiving, storing, and shipping out goods.
- **Dispatcher:** The dispatcher is responsible for coordinating the movement of goods from the warehouse to the carrier, ensuring that all shipments are properly loaded and transported to their destination.
- **Customer Service Representative:** The customer service representative is responsible for managing customer relationships, answering questions, and providing updates on the status of shipments.

3 ADVANTAGES AND DISADVANTAGES

Potential advantages and disadvantages of using groupage transport:

Pros:

- Cost-effective: Groupage is often cheaper than other transportation options since the cost is shared among multiple customers.
- Environmentally friendly: Since groupage reduces the number of shipments and optimizes transportation routes, it can be an environmentally friendly way to transport goods.
- Efficient use of space: Groupage allows for the efficient use of transportation space, as multiple shipments are combined into one larger shipment.
- Increased flexibility: Groupage offers greater flexibility to customers since they can ship smaller quantities more frequently rather than having to wait until they have enough to fill an entire truck.

Cons:

- Longer transit times: Groupage shipments may take longer to arrive since they involve multiple stops and transfers.
- Potential for damage: When multiple shipments are combined into one larger shipment, there is a risk of damage occurring during loading and unloading.
- Limited control over shipping: Groupage shipping requires coordination among multiple parties, which can make it difficult for customers to have full control over their shipments.
- Risk of loss or theft: With groupage, there is a higher risk of loss or theft since multiple shipments are combined into one larger shipment.

In summary, groupage transport can be a cost-effective and flexible option for shipping smaller volumes of goods, but it requires coordination among multiple parties and may have longer transit times and a higher risk of damage to goods. Proper packaging and handling of goods are important to minimize this risk.

While groupage transport can offer several benefits, it's important to carefully evaluate your shipping needs and consider the potential risks and limitations before choosing this shipping method. In some cases, alternative shipping options may be a better choice to ensure that your goods arrive safely and on time.

4 INTERVIEW EXCERPT

This is a short excerpt of an interview conducted to Dr. Bernhard van Bonn, in which I chose the questions/answers that applied best to my research.

Dr. Bernhard van Bonn has been occupied with distribution planning for almost 30 years. As a scientist at the Fraunhofer Institute for Material Flow and Logistics (IML) and as a member of the management board and consultant at the logistics consultancy VCE Verkehrslogistik Consulting & Engineering GmbH, he combines the academic and the practice-oriented perspective. We interviewed him about groupage.

When is groupage useful?

Whenever the shipment quantities are below the partial load and use a standardized load carrier. So as soon as something is transported on pallets, in skeleton containers and so on. It is ideal for vehicle utilization and handling if only load carriers of the same type are used per truck. Long and bulky goods are rather unsuitable. The aim must be to bundle smaller transports on one vehicle. It is therefore also important that the forwarder is allowed to summarize reasonable relations.

How do groupage transports develop compared to other transport sectors?

There has been a long-standing trend towards smaller shipments in higher frequencies. At the same time, our infrastructure resources and the available drivers and vehicles are finite. The Corona crisis clearly shows how quickly we reach our limits in times of peak load. Therefore, any approach of bundling transports and carrying out transports together on the available means is probably future-oriented. This concerns also or especially groupage transport.

Is this mode of transport economically more or less lucrative than others?

There is no real answer to that. In principle, groupage transports have the potential for higher profit margins. However, the forwarder must also be able and allowed to control or manage them as required.

What are the obstacles?

The biggest problem is the exclusive thinking of the clients. Many shippers have a problem with their goods being on the same truck as those of other shippers. In some tenders, branding of the truck tarpaulins is even required. This way of thinking is counterproductive and also costs the customer money, as it offers the forwarder fewer opportunities for bundling. At the same time, however, the individual volumes of transport orders are constantly decreasing. Ultimately, shippers can be persuaded to use groupage transports if the information supply is right. Digital delivery notification, order procurement, tracking & tracing increase the reliability of the transports. However, digitization is not yet sufficiently advanced for this. Once it is, the forwarder can also use smart IT tools to support and dynamically plan groupage transports.

What possibilities are there to avoid tours?

Clearly: dynamic disposition. There are two stages: The first one is to move away from static (frame) tours, where the same areas are driven to every day. This has to be replaced by daily tours that are tailored to your needs and with the appropriate route guidance. This can save around ten percent of tours.

In the second step, dynamic tour and route guidance is conceivable while the vehicle is already on the road. Reactions to current traffic situations or the addition of new pick-up orders that have just come in become possible.

5 GROUPAGE FEATURE IDEAS

A new Groupage dedicated feature in Logichainge's SaaS platform could significantly affect the way personnel in this industry work. As such, we believe that this ideas could be the ideal concepts to help them:

- **Booking and Order Management:** A booking and order management system would enable the freight forwarder to manage all aspects of the shipment, including creating orders, managing bookings, and tracking shipments. This would reduce errors and save time, allowing personnel to focus on other aspects of the transportation process.
- **Consolidation and Warehouse Management:** A platform that can manage the consolidation and warehouse management process would enable consolidators and warehouse managers to efficiently manage the storage and handling of goods. This would help ensure that shipments are properly consolidated and prepared for transportation, reducing costs and improving efficiency.
- **Carrier Management:** A platform that can manage carrier relationships would enable carriers to more easily manage their transportation capacity, schedules, and rates. This would help ensure that shipments are transported efficiently and cost-effectively, and would also help carriers optimize their routes and reduce empty miles.
- **Customs Clearance Management:** A platform that can manage the customs clearance process would enable customs brokers to more efficiently manage the documentation and clearance process, reducing errors and delays and helping ensure that shipments are cleared quickly.
- **Customer Service and Communication:** A platform that includes a customer service and communication system would enable customer service representatives to more efficiently manage customer inquiries and requests, and would also enable real-time communication between all parties involved in the shipment, helping ensure that everyone is informed and up-to-date on the status of the shipment.

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