Container Consolidation Service – a quality product

Less than container load (LCL) services are an important segment of the seafreight activities. These services have been a firm part of the portfolio since 1967, and have undergone a continuous process of optimisation in order to meet the changing customer requirements.

Numbers and volumes loom large in the international seafreight business. Reports on the commissioning of new giant containerships and new capacity records follow each other in rapid succession. Even in times of reduced growth rates the numbers of containers transported each year are impressive: In 2012 the market leader Kuehne + Nagel alone moved roughly 3.5 million TEU (TEU = 20’ unit). Against this background, the 50,000 containers accounted for by the LCL segment appear relatively small at first sight. That, however, is far from the truth. Underlying this figure are 1.6 million cubic metres of cargo, more than 2,000 routes operated by the company itself (including 42 new lines inaugurated in 2012) and more than 7,200 weekly departures. “Thanks to the global Kuehne + Nagel network, we can reach every major business location in the world for our
LCL customers,” says Paul-Ulrich Strozny, Head of Global Sea freight LCL with Kuehne + Nagel. “Furthermore, we also cover countries with smaller trade volumes or niche markets by cooperating with partners with whom we have worked together for many years. This gives us a maximum of flexibility to adapt to changes in customers’ requirements.”

Diverse requirements and end-to-end monitoring

The LCL business is demanding and calls not only for a great deal of specialised knowledge but also a high degree of flexibility. It involves much more than booking, loading and shipping a container. Instead, it means to consolidate a number of consignments from different customers. In other words, the collection from many different addresses, different types of cargo including dangerous goods, as well as precise loading lists and reliable distribution to the places of destination. It is also necessary to manage a number of interfaces and to communicate with the many parties involved in the transport chain. In this connection individual customers vary very widely in their demands and needs.

From the booking process to the delivery of the goods, several steps are needed which are all set down in clearly defined procedures and ensure a maximum of reliability, speed and safety. During the whole transport process, from the moment of booking to the delivery of the goods at their destination, the consignment is monitored without interruption by Kuehne + Nagel. This is in line with the philosophy according to which the shipments are moved under the company’s own management and that it retains control of the flows of goods, transit times, costs and accuracy of information. The customer – who has a single contact person – can determine the status of his products round the clock through the online platform KN Login or by using an app on the mobile phone.

Multinational Gateways

Kuehne + Nagel’s strategy rests on a number of pillars. “Our fundamental aim is to operate direct services whenever possible, or in other words, to transport the consolidated container directly from A to B like an FCL, without the need to transship the goods once more,” Paul-Ulrich Strozny says. The company has reserved slots on the ships, and can therefore guarantee a planned dispatch schedule.
Direct connections are not always feasible. That is why the Kuehne + Nagel network has eight strategically positioned gateways where LCL shipments can be regrouped and consolidated. The gateway system was first established in 1990, since then it has undergone a steady process of further development. Kuehne + Nagel now operates multinational gateways in New York, Dubai, Panama, Santos, Singapore, Shanghai, Colombo and Miami. “The gateways are the backbone of our network,” Paul-Ulrich Strozny stresses. “They make it possible to concentrate the flow of goods and increase departure frequencies.” From New York Kuehne + Nagel serves more than 70 destinations in the USA, and from Dubai more than 25 countries in the Middle East. More than 15 stations in Central America are served via Panama, and various import and export services operate through Santos. Miami is the hub for ten locations in Latin America, while Colombo is the starting point for ten export services. In the Far East Singapore is the hub for roughly 70 incoming and 60 outgoing services, while more than 20 export lines pass through Shanghai.

For customers with shipments from different locations and for different consignees, Kuehne + Nagel offers “buyer’s consolidation” or “shipper’s consolidation” services. Here, Kuehne + Nagel consolidates a number of shipments belonging to the same customer, even if they originate from or are destined for a number of different countries. In this case, too, the gateways are excellently suited as transhipment locations.

**Environmentally friendly solutions for LCL shipments / Green Logistics**

Quality, Safety, Health & Environment (QSHE) is, as in all business segments, a firm element of all seafreight activities. A special focus has been put on environmental aspects and in this connection on the reduction of CO₂ and other emissions. “We are driving the development of innovative, sustainable and environmental-friendly logistics solutions forward. For the environment and for our customers,” explains Paul-Ulrich Strozny.

Among others, the following measures and processes have been introduced to ensure a sustainable, as carbon-neutral as possible handling of LCL shipments:

- **Reduction of CO₂ emissions – recycling of the stowage material used in the Container Freight Station, minimising of the mileage by making use of inland terminals and cooperating with environmentally compliant operating partners and shipping lines.**
- **LCL-CO₂ emission calculator – Full transparency of the CO₂ emissions on shipment level, web-based and internally as well as externally accessible.**
- **Ongoing reviews and assessments of environment-related measures taken by business partners and shipping lines as well as regular efficiency evaluations and progresses achieved.**

**Higher liability ceiling thanks to “LCL Plus”**

The liability for damages occurred during the transport is basically limited to a maximum amount according to the provisions of the Bill of Lading. However, with the new Kuehne + Nagel product “LCL Plus”, the freight payer benefits from a higher liability ceiling. Provided that Kuehne + Nagel is responsible for the damage occurred, the liability amounts to USD 10,000 for “LCL Plus” shipments. Furthermore, a claim can be filed by simply handing in a document by e-mail.
A European producer of car parts supplies components to the production line of its customer in Latin America. As low production costs are an essential factor, the transportation prize plays a significant role. This is why the individual consignments should not be shipped by airfreight. But the volume of the cargo is too small for a full container load. For reasons of time, and also because of the need to avoid high inventory costs, they also cannot be held back until their volume is sufficient. The Kuehne + Nagel account manager accordingly suggested the use of the LCL service. After the booking has been received from the customer, the goods are brought to the Container Freight Station (CFS) where they are checked by Kuehne + Nagel with regard to their integrity and completeness. A number of consignments are then consolidated to a FCL in accordance with the stowage plan that has been drawn up in advance. The Kuehne + Nagel containers are delivered to the shipping company and loaded onto the vessel. When the ship reaches its destination, the consignments are unloaded or deconsolidated by Kuehne + Nagel, placed on pallets, customs cleared and made ready for on-carriage or delivery.