

# CO-LOAD

Co-Loader

## What is co-load?

Co-loading is a term used in export and import trade especially in the area of freight forwarding. What is co-loading? How does Co loading work? Is there any advantage in Co loading? What are the demerits in Co loading?

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The term co-loading means transferring cargo by a freight forwarder to another carrier either to a freight forwarder or consolidator. Co-loading is a common procedure in import-export trade especially for less container load – LCL transactions. Under LCL shipments, some of the freight forwarder co-load cargo to another freight forwarder final destination. The carrier who co-loads the cargo is called co-loader.

Co-loading with more than two freight forwarders is not a good practice as the destination delivery order charges and the formalities make shippers and consignees more complicated rather than monetary loss under destination delivery charges.

For example, if A accepts cargo from X and co-loads the cargo with B. B again transfer goods to C a main carrier of goods. At destination port, Z who is the representative of C delivers cargo to Y who is the representative of B at load port. At destination port, Z collects Delivery Order Charges from Y, Y collects Delivery Order Charges from X and in turn, X collects Delivery Order Charges from Y. See the Co-Load show in Figure 1.1.

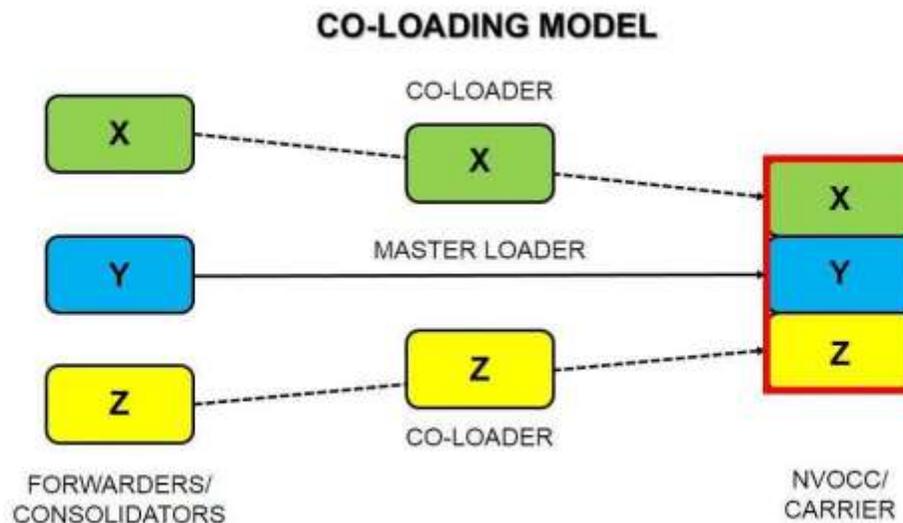


Figure 1.1.Co-Load

## **Advantage of co-loading**

Co-loading can result in several benefits for three groups involved.

### **For shippers:**

- Reduces transportation costs (up to 30 percent on certain lanes)
- Reduces lead times for LTL shipments
- Reduces probability of products getting lost or damaged for LTL shipments

### **For recipients:**

- Creates the opportunity to reduce inventory
- Creates the opportunity to reduce receiving costs

### **For the society:**

- Reduces CO2 emissions
- Reduces roadway congestion and depreciation

## **Drawbacks of Co-loading?**

Co-loading is not possible for every type of shipment. In fact, several criteria must align across multiple companies for it to happen. Products need to be compatible, they need to fit on the same truck, and timing should work.

## **Why Do Auto Transport Carriers Practice Co-loading?**

The reason why co-loading is so popular is that it allows auto transport carriers to cut on their expenses. That's because they will not have to spend money on gas and time by driving to different locations to pick up vehicles from different customers. By picking everything up from just a single location, it's a more efficient and cost-effective process for them.

They're not the only ones that benefit. You will also benefit since you will see some cost savings as a direct result. It also will mean a faster shipping time for you, since you don't have to wait for a full load to be picked up before the carrier can start its transport route. It's a fast process that is win-win for everyone, assuming that dropping off your vehicle at its pickup location is not too much of an inconvenience for you.

## **How is Co-Loading Different than LTL?**

Less-than-truckload (LTL) shipping is similar to co-loading in that multiple companies share space on the same truck. LTL shipping can also provide significant cost savings over full truckload, but the tradeoff is timing. Traditional LTL involves shipments being moved

through a carrier's hub and spoke network for consolidation, which can slow things down—especially since loads often sit waiting until enough products arrive to fill up the truck.

Co-loading is a way to bypass the hub and spoke network and move products directly to your customers and vendors. Shipments are consolidated using multi-stop truckloads instead of at distribution centers or terminals, thus reducing lead time. There is also less risk involved than with LTL due to fewer touches.

Consider the following scenario, and the benefits of co-loading.

While co-loading presents some distinct advantages over LTL, ride-sharing is typically only possible if the following criteria are met.

- Products must be compatible, or handled in the same way (for example, all palletized or all transported via dry van).
- Products must all fit on the same truck. This is easiest to do when you have a mix of large LTL shipments and small truckload shipments.
- From a geographical standpoint, origins and destinations should be in close proximity of each other.
- Delivery schedules should align.

It's also important to note that the more stops there are in a single transit, the higher the chance for delay. Companies should build multi-stop truckloads in a way that minimizes that risk, and work with third party logistics (3PL) providers and carriers that have a strong track record of handling co-loaded shipments.

Because there are so many factors involved, co-loading also requires robust technology that can comb through a large amount of shipment transaction data to identify the best opportunities. As more companies start to uncover the value behind big data, we'll likely see more adoption of this type of technology and an uptick in ride-sharing operations in the future.