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Transloading to Maximize Cost Savings

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Transloading offers a cost-effective way to bring ocean containers inland to distribution centers. By transferring cargo without sorting the contents for shipment to a single destination, transloading services can reduce total landed costs, and—when combined with value-added services such as palletizing and shrink-wrapping—reduce handling at the destination. Jeff McCorstin, senior vice president of air and ocean products for UPS Global Freight Forwarding, offers these tips for maximizing savings with transloading services.

1. Understand general transloading rules. Transloading offers the greatest cost savings when ocean containers can be consolidated into fewer, larger domestic trailers. The cargo in three 40-foot ocean containers typically fits into two 53-foot domestic trailers.

2. Ensure overall transportation savings outweigh additional handling costs. Sometimes the savings are negated for destinations located farther east from the U.S. West Coast discharge port.

3. Consider palletizing cargo during transloading. To best use space in ocean containers, cargo is rarely palletized at the point of origin. Palletize during the transloading process to improve distribution center (DC) handling efficiency.

4. Factor transloading into transit time estimates. Unloading, handling, and reloading ocean container cargo near the port of discharge takes time. Allow up to three days to ensure customer delivery commitments are met.

5. Ensure your cargo fits the bill. Transload operators charge additional fees for containers with more than a certain number of cartons. The additional costs for containers with several thousand small cartons could offset any transportation savings.

6. Ensure handling flexibility by making Customs entry at the port. While it is a common practice to clear ocean containers at their final inland destinations, it is better to make entry at the port of discharge. This ensures maximum flexibility in handling cargo, and eliminates the need to move the shipment in-bond, saving additional costs.

7. Increase supply chain efficiency with merge-in-transit offerings. This type of deconsolidation allows importers to combine products arriving in containers from different origins/shippers by transloading near the port of arrival into domestic trailers. And if importers source from domestic suppliers—who may also have product arriving via container—this cargo can be merged in transit to arrive together at the designated DC.

8. Use transloading to expedite delivery to final destination. Transloading near the port of discharge provides the flexibility to bypass DCs and speed delivery to the end customer. The reduced DC handling charges and improved time in transit can help trim supply chain costs.

9. Avoid costly containers. Instead of shipping less-than-containerload, 20-foot, or light-loaded 40-foot containers from multiple overseas vendors to your inland DC, ship fully loaded/optimized containers to a single container freight station near the port of discharge. From there, they can be transloaded, merged in transit with other inbound cargo, and shipped to the final destination using the transport mode that best fits the importer's needs.

10. Set up transloading programs in advance. Having your service provider involved in coordinating with the origin forwarder translates into better service levels and reliability.