

LCL SHIPPING: LESS-THAN-CONTAINER-LOAD ESSENTIALS

In this article, you will find information about one of the most popular types of transport: LCL, which stands for "less than container load". You will also learn about the greatest advantages of this shipping method in addition to the circumstances in which it is the most beneficial solution.

What is LCL?

Less than container load (LCL) describes ocean freight shipments of lower volume that do not require full-container capacity. Multiple shipments from different freight-paying parties are combined in order to consolidate space, thereby enabling cost advantages.

LCL shipments are delivered to a warehouse or a container freight station (CFS), where they are loaded into a container along with other customers' shipments. Once the consolidation process is complete, the container is handed over to an ocean carrier for sea transport to the relevant destination port. After arrival, the container is delivered to a destination warehouse, or CFS, where it is unloaded. Shipments are separated from one another and carefully examined in order to ensure that no cargo has been damaged or lost. Finally, the shipment can be delivered directly to the consignee.

Advantages of Using LCL:

	Best method for small volumes		Allows customers to keep their inventory low		Decreases purchase risk
	Decreases delivery time		More cost-effective compared with air freight		More options for direct trade lanes
	Lower environmental impact than air freight				

LCL vs FCL

LCL is most commonly compared with FCL, both of which are forms of maritime transport that are of great interest to many companies. FCL (Full Container Load) means that the whole container is used exclusively by one company, and the freight payer pays for the whole container, regardless of the actual loading space used. In LCL, on the other hand, the entire space is shared between several customers.





LCL Cost Benefit

As described above, a company that opts for an LCL solution pays for the container space they actually use rather than for the whole container. Therefore, the major cost-benefit of LCL shipments results from splitting container costs between several parties.

With LCL, the customer is able to place several smaller orders, which is a huge advantage for occasional or cyclical transports. LCL's cost-effectiveness is most often appreciated by retailers who plan weekly transport along intercontinental routes. By using LCL, many companies ship small quantities of new products to see whether there is demand for them. In this case, lower costs result from sharing space with other companies. Compared with air or rail transport modes, LCL is more cost-efficient because it generates much lower costs. However, it is important to bear in mind that LCL is also less suitable for time-sensitive cargo.



LCL Transit Times

Another important benefit of LCL – especially nowadays – is the fact that in the event of a shortage of container and shipping space, it is generally easier to get LCL capacity. As a result, the shipment will reach its final destination earlier than when using a dedicated FCL transport.

LCL prioritises direct transport and an optimal route that includes as few stops as possible, which leads to the most favourable transit time. Delivery times can range from a few days to several weeks. It is important to note that the estimated delivery time is affected by many operations related to the transport of the cargo, including:



Port Congestion



Equipment Imbalance



Trucker Shortage



Re-routing due to Unforeseen Events, such as Corona Outbreaks

Schedules that show transit times can be easily checked online. Deviations may occur due to the above-mentioned factors. Nonetheless, LCL is clearly reliable thanks to its preferential consideration by carriers.

LCL Cargo Structure

In general, there is no restriction to the size of LCL cargo as long as it fits into a standard container. However, if the shipment exceeds a certain chargeable volume, it no longer makes sense to use LCL because the method is then more expensive than FCL. As a simple rule of thumb, you can assume that LCL is very likely more cost-effective than FCL if the cargo volume is less than 20 CBM and the trade lane in question is served with direct LCL services.

There are limitations to the type of goods that can be shipped as LCL. If goods demand special equipment, they either result in higher costs or will not be accepted at all by the freight forwarder and/or carrier. A few examples include: perishable goods, live animals and plants, valuable items (e.g. jewellery and raw materials, such as gold and platinum) and personal belongings, currency and securities, tobacco and cigarettes vehicles, weapons, ammunition, and hazardous cargo.

