

Package LTL Losing Weight

You can avoid the cost impact from dimensional weight pricing on ground parcels.

Dimensional pricing is likely to further fade the line between air express and ground parcel service. The new metric also could affect trucking operations and *alter freight classification standards* as the express and parcel carriers look to bring the disciplines of that side of the business into their growing less-than-truckload subsidiaries.

Whether they take a dim view of the changes or not, shippers are already adjusting their shipping patterns to pare down what could be large cost increases under older standards. In some cases shippers did take a fresh look at the way they are packaging various items. Many shippers want to take the excess cube out. That's not true of all shippers. For high-value items, there would be less cushion and an increased risk of claims. That is counter-productive.

UPS doesn't have specific numbers on oversized packages - those that are greater than three cubic feet, make up a small percentage of daily volume. Historically, UPS has estimated, oversized categories account for less than a million of the 11 million parcels its ground operations handle each day.

Space is a finite commodity, even on the ground. Density/Cube pricing is a way to take advantage of better packing methods to reduce shipping cost you can control.

Dimensional costing offers shippers something they've clamored for - **a simpler pricing method**. Dim-weight pricing more accurately reflects the true costs for handling and delivery.

Shippers should begin to feel the impact of the new volumetric pricing. Shippers have told us that they are looking to move more parcel packages via LTL to avoid the cost impact from dimensional weight pricing on ground parcels. Shippers are diverted as many hundredweight shipments as possible to LTL carriers until the parcel carriers are willing to give greater discounts.

The ripple effect over time may turn out to be greater than the immediate impact on shipping boxes this fall. It would help eliminate differences between express and ground services in pricing and accessorial, which could lead to a single parcel service without a distinction between ground and express.

How important is Cube v Weight?

* There are situations where a carrier may outright damage a pallet and the integrity of the shrink wrap and pallet gets compromised, and the pallet gets rewrapped on a carrier's dock, with no one the wiser.

We have seen this several times with our product that we ship to a major discount chain's stores. It's not so much a theft thing as it is what I call **cram and jam**. **Carriers call it loading high and tight**.

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What happens is the carrier will break down pallets to maximize freight of several vendors all shipping to the same stores in the area. We've seen numerous shortages and the claims get denied because the shrink wrap was delivered intact.

I made it a point to talk to several of the drivers from this carrier. That's when I found out the carrier was breaking down our pallets to maximize trailer loadings, and then rewrapping them prior to delivery. We brought some folks in from the carrier to discuss this, which they first denied and then later admitted.

I certainly don't fault you for wanting to drop the carrier. Its behavior is nothing short of shameful.

Despite your "cram and jam" remark, **I don't fault it for rewrapping to maximize its load factor. Carriers, as I've often said, bill by weight but sell by cube; that is, most shipments fill the cubic capacity of their trailers far short of weight limits. It behooves them therefore to maximize utilization of the available cube.**

* From a column by Consultant, author and educator Colin Barrett president of Barrett Transportation Consultants, Traffic World 2-15-2008.

Ask what you can do for your carriers, not what your carriers can do for you. Would this be a great time to talk about Density/Cube?

- By lane
- By delivery count
- By pickup count
- By delivery time
- By commodity density
- By stackable non stackable
- By claims/insurance
- For all shipments inbound and outbound.
- Carrier or consignees load/unload.

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Hank Mullen of the Visibility group is available for group instructions, and as a speaker.