



# Logistics Glossary

## **Shipper/consignor**

An individual or firm that sends freight.  
A freight originator.

## **Consignee**

An individual or firm to whom freight is shipped. A freight receiver.

## **Carrier**

A firm that provides transportation services, typically owning and operating transportation equipment. Examples include: trucking company, railroad, airline, steamship line, parcel/express company.

## **Freight bill-of-lading (freight bill)**

A document providing a binding contract between a shipper and a carrier for the transportation of freight, specifying the obligations of both parties. Serves as a receipt of freight by the carrier for the shipper. Usually designates the consignee, and the FOB point.

## **FOB (free-on-board) point**

Point at which ownership of freight changes hands from shipper to consignee. FOB- origin indicates that consignee owns the goods in transit; FOB-destination indicates that shipper owns goods in transit. Owner of goods in transit is liable for loss and damage to freight, and thus should provide insurance.

## **Freight FOB terms-of-sale**

Indicates (1) Who arranges for transport and carrier, (2) Who pays for transport, (3) Where/when does title (ownership) of goods transfer from seller to buyer (FOB point). Freight charges: collect, prepaid, prepaid and charged back. Collect: Buyer pays the freight charges. Prepaid: seller pays. Prepaid and charged back: seller prepays, bills buyer for the charges.

## **Loss and damage**

Loss or damage of freight shipments while in transit or in a carrier-operated warehouse. Terms for the handling of claims are usually stipulated in the freight bill. Shippers/consignees usually take out insurance against L&D with premiums a function of the value of goods shipped, and the likelihood of L&D.

**Private carrier**

Owned and operated by a shipper. Usually refers to private trucking fleets. Components include: vehicle fleet, drivers, maintenance equipment. Often more expensive than contracting out, but not always. Can serve special needs: fast, high-ontime-reliability delivery; special equipment; special handling; availability.

**Common carrier**

A for-hire carrier providing transportation services to the general public. Obligations: to serve, to deliver, to charge reasonable rates, to avoid discrimination. Previously regulated in the United States; most are now deregulated. Examples: Parcel/express carriers (United Parcel Service (UPS), FedEx), LTL trucking (Yellow, Consolidated Freightways, Roadway), TL trucking (Hunt, Schneider), Rail carrier (Norfolk Southern), Air carriers (Delta, Flying Tigers), Ocean carrier (SeaLand, American President Lines (APL)).

**Freight forwarder**

An agency that receives freight from a shipper and then arranges for transportation with one or more carriers for transport to the consignee. Often used for international shipping. Will usually consolidate freight from many shippers to obtain low, large-volume transportation rates from carriers (through a contract). Often owns some pickup and delivery

equipment; uses to transport freight to/from consolidation facilities. Also provide other shipping services: packaging, temporary freight storage, customs clearing.

**Transportation broker**

An agency that obtains negotiated large-volume transportation rates from carriers, and resells this capacity to shippers. Unlike freight forwarders, will not handle freight and owns no pickup/delivery equipment or storage facilities.

**NVOCC**

Nonvessel-operating common carrier. Owns no vessels (ships), but provides ocean shipping freight-forwarding services. Provides consolidated, negotiated-rate services for ocean and inland water carriers. Often will affiliate with freight forwarders to provide pickup/delivery, other services.

**Shippers association**

Not-for-profit association of shippers using collective bargaining and freight consolidation to obtain lower, high-volume transportation rates; similar to freight forwarding w/o profit motive. Avoids premium charges paid to forwarders. Only non-competitive shippers may associate, due to monopoly restrictions.

### **Integrators**

Companies that provide door-to-door domestic and international air freight service. Own and operate aircraft, as well as ground delivery fleets of trucks. In contrast, freight-hauling airlines (e.g., Delta) typically do not provide door-to-door service.

### **3PL**

A third-party, or contract, logistics company. A firm to which logistics services are outsourced. Typically handles many of the following tasks: purchasing, inventory management/warehousing, transportation management, order management.

### **Interline shipment**

Shipment moving from origin to destination via two or more carriers. Occurs frequently in rail transportation: for example, each rail container moving from Atlanta to Los Angeles is moved interline, using for example CSX and Union Pacific with an interline junction in New Orleans.

### **Consolidation**

Bringing together many small shipments, often from different shippers, into large shipment quantities, in order to take advantage of economies of scale in transportation costs. In-vehicle consolidation is when a vehicle makes pickups from many customers and consolidates freight inside the vehicle. Out-of-vehicle consolidation occurs at a terminal facility; shipments to a single customer/region are consolidated before shipment.

### **Hub-and-spoke**

A transportation system design in which large hub terminals are used for freight consolidation. Medium-volume services serve the spoke-to-hub collection and hub-to-spoke distribution tasks. Large-volume services are operated in the hub-to-hub markets. In most systems, all outbound/inbound freight for a spoke uses the same hub, and thus larger shipment sizes are realized. Many transportation systems oriented in this way. Examples: Delta airlines, FedEx, LTL, and now ocean shipping. Not TL, however.

**Cross-dock**

Transportation terminal in which received items transferred directly from inbound to the outbound shipping dock, with storage only occurring temporarily during unloading and loading. No long-term storage is provided. Usually used only for vehicle transfers. Often owned and operated by large shippers. Examples: Home Depot, food service companies, hub passenger airports.

**Freight size**

Freight is most often measured by its weight, and transportation vehicles of varying sizes typically have weight capacities that cannot be exceeded due to engineering or regulatory reasons. Freight may also be measured by cube, which generally refers to the volume of the freight. A vehicle is said to cube-out if it does not exceed its weight capacity, but its volume is completely full.

**FCL (full container-load)**

An ocean-shipping and intermodal industry term; a full container-load shipment is when a shipper contracts for the transportation of an entire container. The vast majority of intermodal and ocean freight is contracted in this manner. Historically, FCL also stands for full carload which is the primary business of all modern railroads, and is the railroad equivalent of TL trucking.

**LCL (less-than-container-load)**

An ocean-shipping and intermodal industry term; LTL equivalent in container shipping. Container freight stations at ports serve as consolidation and deconsolidation terminals. Historically, LCL also stands for less-than-carload. Before the prominence of interstate trucking, railroads offered less-than-carload (LCL) service but this business has largely disappeared.

**Dead-head**

A portion of a transportation trip in which no freight is conveyed; an empty move. Transportation equipment is often dead-headed because of imbalances in supply and demand. For example, many more containers are shipped from Asia to North America than in reverse; empty containers are therefore dead-headed back to Asia.

**Reefer**

A refrigerated container. For long storage in transit (or in ports) must be plugged into a ship's power system (or port's). Temporary power units can be attached that last for 18-36 hours.

**Switching**

Switching is a railroad term denoting the local movement of freight rail cars. Rail cars are switched from the private siding of a shipper to the terminal, or switched from the terminal to the private siding of the consignee. (Note: a siding is a section of rail line that runs from a railroad's line into an industrial facility. If an industry using rail shipping does not have a siding, they will likely use (1) intermodal containers, or (2) use a cartage service to transfer goods to/from a rail terminal.)

**Postponement**

A deliberate delay in committing inventory to shipment by a shipper. Usually, shippers utilize postponement in order to consolidate freight into larger shipments that have a lower unit transportation cost.

**Bulk cargo**

Cargo that is stowed loose on transportation vehicles, in a tank or hold without specific packaging, and handled by pump, scoop, conveyor, or shovel. Examples: grain, coal, petroleum, chemicals.

**Break-bulk cargo**

Cargo in-between bulk and containerized, that must be handled piece-by-piece by terminal workers (stevedores). Often stored in bags or boxes and stacked onto pallets. Smaller lift equipment (forklifts, small cranes) used than for containerized cargo, but more labor intensive.

**Dunnag**

Wood and packaging materials used to keep cargo in place inside a container or transportation vehicle.

**SKU**

Stock-keeping unit. A line-item of inventory, that is a different type or size of good.

**Hundredweight/CWT**

100 pounds. A common shipping weight unit.

**Freight weight measures**

Short ton (American) 2000 lbs. Long ton (English) 2240 lbs. Metric ton (1000 kg.) 2204.6 lbs.

**Deadweight**

The number of long tons that a vessel can transport of cargo, supplies and fuel. It is the difference between the number of tons of water a vessel displaces "light" (empty) and the number of tons it displaces when submerged to the "load line".

**TEU**

Twenty-foot equivalent unit. Method of measuring vessel load or capacity, in units of containers that are twenty feet long. A 40' long container measures 2 TEUs. Example: the maximum capacity for carrying 40' containers for a 3000 TEU vessel is 1500 containers; it actually might be less. Why?

**FEU**

Forty-foot equivalent unit. Method of measuring vessel load or capacity, in units of forty-foot long containers.

**Slot**

A place for a container onboard a container ship; typically, one TEU fits in a slot.

**Liner shipping**

Liners are vessels sailing between specified ports on a regular schedule; the schedule is published and available to the public. Most large container shipping companies operate liner services.

**Tramp shipping**

An ocean carrier company operating vessels not on regular runs or schedules. They call at any port where cargo may be available. Sometimes used for bulk cargo shipping.

**Ocean conference**

Cartel of vessel operators operating between specific trade areas. Set cargo rates for liners between ports.

**Alliance**

Group of airlines or ocean carriers who coordinate and cross list schedules, and sell capacity on each other's flights/voyages.

**Container leasing/railcar leasing**

Some companies specialize in the business of owning transportation equipment (containers or railcars), and renting them out to shippers or carriers. These companies often face significant equipment management problems.

**Lo-lo**

"Lift-on, lift-off" Conventional container or cargo ships, in which quay cranes are used to load and unload containers or generalized cargo.

**Ro-ro**

"Roll On/Roll Off" A method of ocean cargo service using a vessel with ramps which allows wheeled vehicles to be loaded and discharged without cranes.

**Hi-lo**

Container yard jargon for a forklift truck used for heavy lifting of containers.

**Straddle carrier**

Mobile truck equipment with the capacity for lifting a container within its own framework, and transporting containers around yards. Containers stacked in rows one across. Pros: Versatility, mobility, cost, labor. Cons: Maintenance, damage.

**Transtainer/RTG**

Rail or rubber-tired gantry crane. Large yard (ship or rail) container crane. Lifts from a stack of containers 5,6,7 wide, and deposits onto truck chassis or rail flatcar. Pros: Land utilization, maintenance. Cons: investment.

**Quay crane/portainer crane**

A quay is the dock. The portainer cranes are the large cranes used to lift containers from truck chassis (or rail flatcar, or from the quay) and load onto a ship.