



# PROCEDURAL PROCESS OF LCL CONSOLIDATION

<sup>1</sup> Perumal S

Student – MBA (Logistics & Supply Chain Management), Department of Management Studies, VELs Institute of Science, Technology & Advanced Studies, Chennai – 117.

<sup>2</sup> Madhumita G

Professor – MBA, Department of Management Studies, VELs Institute of Science, Technology & Advanced Studies, Chennai – 117.

## Abstract

Due to the global nature of international business activities there is an increased need for effective logistics solutions to transport products from country to country in a fast and effective manner. One type of logistics solution available to companies exporting small quantities of products is LCL consolidation which is less expensive than other freight options. This study will examine the operational practices for LCL consolidation at A case company Specifically, this study will look into their cargo handling, shipping coordination, documentation, warehousing and customs practices as freight forwarders. Employees were asked to complete surveys to provide information for this research. The data collected was analyzed using SPSS software. The findings indicate that while the company uses established logistics processes, the overall efficiency of the company's operations is still affected by factors such as delayed documents, port congestion, and fluctuations in freight prices. In addition to emphasizing the importance of digital logistics solutions towards improving the delivery of goods via digital channels, it also highlights that both LCL consolidation's performance as well as operational reliability can be improved by coordinating more effectively and applying technology better.

## 1.Introduction

As the Size of International Trade has Grown, the Importance of Logistics & Freight Forwarding Services has Increased. Due to the Reliance of Import/Export Companies on Logistics Specialties to ensure on-time, Economical & Safe Delivery of Product - Logistics Management has become a Critical Success Faculty for International Supply Chain Operations. Freight Forwarders act as 'The Link' to Ensure the Uninterrupted Movement of Cargo between Manufacturers / Suppliers, Ports, & Customs Officers as well as to Customers. Transportation Companies are Important for the Economical, Safe and Efficient Movement of Product Shipment whether the Company is Importing or Exporting Product; consequently Logistics Management is Currently an Important Support Area for International Companies. Logistics companies are an integral part of the overall process of providing efficient freight forwarding services that facilitate trade among producers, suppliers, distributors and consumers as global markets continue to

expand.

Within the shipping industry, there are two major methods of transporting cargo: Full Container Loads (FCL) and Less than Container Loads (LCL). FCLs are designed for exporters who have enough inventory to fill an entire container while LCLs are designed primarily for companies with smaller amounts of cargo (less than a full container).

Through the process of LCL consolidating freight from different customers prior to shipment, companies with insufficient inventory to reserve an entire container can benefit from using this method of transportation. By sharing space in shipping containers, businesses can save money on shipping costs and use more of the space in the shipping container.

The importance of LCL consolidation has increased because it allows many small and medium size companies to participate in international trade without having to incur high costs associated with paying for an entire container. All aspects of the consolidation process, including collecting cargo, warehousing, documentation, customs clearance, planning shipments, and delivering to your facility, are managed by freight forwarders or non-vessel operating common carriers (NVOCC).

A case company offers LCL consolidation plus multimodal shipping to customers along with other logistics services including warehousing, cargo consolidation and customs clearing as well as ocean freight forwarding.

## **2. Importance of LCL Consolidation in International Trade**

The use of LCL (Less-than-Container Load) consolidation has become more helpful to small and medium businesses that export and import globally. Many businesses do not have enough inventory to fill an entire container with products for each shipment, so they typically send their products in smaller quantities. Many importers and exporters simply cannot afford to pay for the whole container each time they send a shipment. LCL services, by combining several shipments from different customers into one container, provide a less expensive and more effective alternative to this situation.

With the growth of international supply chain networks, e-commerce, and global sourcing, the demand for effective LCL services has inevitably increased. By sharing container space, companies can cut transportation costs while still maintaining a regular shipping schedule. The use of LCL (Less-than-Container Load) consolidation has become more helpful to small and medium businesses that export and import globally. Many businesses do not have enough inventory to fill an entire container with products for each shipment, so they typically send their products in smaller quantities. Many importers and exporters simply cannot afford to pay for the whole container each time they send a shipment. LCL services, by combining several shipments from different customers into one container, provide a less expensive and more effective alternative to this situation. With the growth of international supply chain networks, e-commerce, and global sourcing, the demand for effective LCL services has inevitably increased. By sharing container space, companies can cut transportation costs while still maintaining a regular shipping schedule.

### 3. Research Objective

The study aims to achieve these primary objectives:

1. To understand the concept and practical processes of LCL consolidation.
2. To Study the cargo consolidation procedure of A case company.
3. Investigate the roles of customs officials, warehouse managers and freight forwarders in logistics operations in relation to their roles.
4. Research the documentation and customs compliance processes involved in international freight forwarding.
5. Identify the operational challenges impacting LCL consolidation efforts.
6. Evaluate the influence of digital logistics solutions on customer service and operational efficiency.
7. Provide recommendations for improving LCL consolidation operation logistics performance and service quality.

### 3. Research Design

A descriptive research methodology was used to study the operational processes associated with LCL consolidation at A case company. The reason behind this methodology was that it will assist in assessing the existing logistical operations of A case company the flow of operations, and any potential issues that may exist, while not affecting the normal working environment of the company. The current practices of A case company in the areas of documentation practices, handling cargo, coordinating shipments with other companies, managing warehouses, and processing customs are the focus of this study. The reason for selecting this research design is that it allows for an accurate assessment of the company's existing logistics methods, the operational flow, and any operational issues that may be present, without changing or affecting the internal working conditions. This research methodology was selected because it would provide an in-depth understanding of the various procedural activities related to LCL consolidation. The research is concentrating on practical elements of operation within A case company such as how they handle their loads of cargo through unloading/loading processes, warehouse organization, coordination of shipments, customs clearance, and all documentation processes to support these activities. This research will also evaluate the performance of the business in terms of their operational efficiency, customer satisfaction, and the use of technology (specifically digital technologies) in providing freight forwarding services.

Data for this study were collected from employees involved in logistics and freight forwarding operations who completed questionnaires created by the researchers to collect primary data. Additionally, secondary data were collected through the use of various sources including business documents, books, articles, websites, and logistics related publications.

#### 4. Research Approach

This study employs a quantitative methodology to study the operational supply chain process of LCL (Less-than-container Load) shipment consolidation on a global scale. Fifty (50) respondents from various areas within an organization - operational, paper handling, warehouse handling, and freight coordination - participated in this research project; this population was solicited for their input using structured questionnaires and Google Forms.

All participants used were included in the research phase using the Census method. Data collected were subsequently analyzed for reliable detail and statistical validity by utilizing the data analysis package, SPSS.

A variety of statistical analyses were performed to understand the relationships between dependent and independent variables and for measure of logistical performance. Deductive approaches to statistics were used - by way of applying percentage analysis, descriptive statistics, Chi-square testing, correlation analysis, and ANOVA (Analysis of Variance).

#### 5. Review of Literature

Various researchers in logistics and supply chain management have noted the importance of LCL consolidation for reducing costs and maximizing container usage. Studies indicate adequate coordination among shipping companies, warehouse owners, freight forwards, and customs officials is necessary or will impede proper transportation of cargo efficiently. Poor communication and inefficient movements within the freight forwarding process have been found to have a chain reaction resulting in delays in shipment and reduced levels of satisfaction with customers. Furthermore, research has demonstrated that effective transit of cargo requires effective collaboration between logistics service providers and customs officials.

In studies of supply chain coordination, research indicates that coordination among freight forwarders, shipping companies, customs officials, and warehouse providers is critical to ensure efficient transit of cargo. Poor coordination will often result in delays, additional costs incurred, and lower levels of customer service. The growing enthusiasm over the development of logistics operations based on technology can be seen in many research papers. Automated documentation processes, warehouse management systems and digital based logistics systems have all added significant levels of operational efficiency, as well as increased system transparency for all parties involved. Through the use of real-time tracking systems, logistics companies and their customers are able to accurately track the movement of shipments from one location to another; thereby reducing uncertainty and improving service levels.

Many studies also show that port congestion, fluctuations in freight prices, delays in customs clearances, and issues with documentation are major operational issues impacting freight forwarding around the world. Due to this, logistics firms continue to place greater emphasis on standardising procedures, using technology, and improving operational planning to improve productivity and competitiveness.

In summary, authors of various studies have concluded that proper logistics management techniques, effective operational planning, utilisation of technology, and proper coordination between parties are critical to the success of LCL consolidation.

## 6. Data Analysis Tools

According to the comments gathered, many workers in logistics operations are between the ages of 25 and 35. This suggests that young professionals who actively participate in operational and coordination activities are the industry's primary source of support. Additionally, the majority of respondents said that because sea transportation is cost-effective for moving cargo internationally, it is frequently chosen.

## 7. Percentage Analysis

The data collected was simplified and made more accessible through percentage analysis. Examples of this include customer satisfaction, operational difficulties, cargo handling frequency, transport modes, and demographics.

From our analysis, it appears that most of our respondents were in their 20s and 30s, which suggests that younger workers are an important contributor to the logistics industry. Since there is a cost advantage for using sea transport in the international shipping industry, most respondents reported this as their preferred method of transport. The majority of respondents indicated that they depend on LCL cargo for freight forwarding.

## 8. Descriptive Statistics

The data collected through the employee surveys have been summarised via descriptive statistical analysis using mean and standard deviation. The overall average score for operational effectiveness, shipment delays, technology use, and customer satisfaction as measured through mean analysis was calculated.

The majority of respondents indicated that A case company is operating in an efficient manner. The majority of employees also agreed that Digital Logistics Solutions provided better communication and increased process transparency as well as improved tracking of shipments.

Standard deviation analysis also indicated that there was a fair amount of agreement amongst respondents regarding operational efficiencies and adoption of technology. However, there was greater variance among responses related to operational challenges and logistics delays.

## Chi-Square Test

Using the Chi-Square statistical test, the study determined that there were significant relationships between specific operational variables (technology utilization, operational effectiveness, customer satisfaction, and delivery delays). Although some of these variables had a strong relationship with one another, other operational variables were not statistically significant at all. The research showed that delays in operational activities and problems with communication have a direct impact on the quality of logistics performance and service. While some operational variables had strong statistical relationships with other variables, the other operational variables did not have a statistically significant relationship to one another.

## ANOVA

ANOVA was used to see if the responder groups had different results in terms of operational effectiveness and logistics procedures. It was found that workers in each of the departments had a similar viewpoint regarding the organization's procedural mechanisms.

## Correlation Analysis

The correlation between the operational factors such as technology used operationally, how happy customers are with the service received, and how quickly are shipments performed, was measured using a correlation analysis.

The research indicates that the use of digital solutions for logistics provides a positive influence on the overall customer satisfaction and increases productivity in the organisation's logistics process. However, the study found that when there are fluctuations to freight pricing, issues with overcapacity at ports, or complications with documentation caused by delays in receiving documents will negatively impact on the logistics organisation.

Overall, it was shown within this study that A case company have comparatively effective LCL consolidation procedures, utilise digital technology, and use systematic processes in the operation of their business.

## 9. Role of Technology in LCL Consolidation

Logistics has evolved to provide faster services with the help of technology. As a result, various technological support systems are available for use in logistics and freight moved throughout the world. At A case company digital technology is used for intra-departmental communications, printing of documents, tracking of cargo and moving freight. Many workers at A case company have stated that these automated systems provide them with decreased processing time and documentation errors as well as increased efficiency when moving cargo. At A case company technology is also used to communicate with customers, produce relevant documents and links to manage the transport of cargo, as well as provide timely tracking of freight. Finally, workers at A case company reported that automated technologies have provided an increase in the overall speed of conducting business operations, as well as reducing the amount of human error associated with conducting those operations. Automated systems have improved the ability to track shipments, provided greater visibility to shipments that are being transported, and improved operational efficiencies through the use of technology at A case company.

According to some respondents, customers expect more frequent communication with their carriers and more timely updates on their shipments than before. Technology such as Warehouse Management Systems (WMS) and Transportation Management Systems (TMS) can assist in enhancing route planning, coordinating cargo, and managing inventory. Also, automated documentation solutions can help to speed up the customs clearance process and reduce errors caused by paperwork.

Customers can track the shipment of their goods through the entire transportation process using real-time tracking systems. Increased communication between shipping lines, freight forwarders, customers, and customs agencies is achieved through the use of Electronic Data Interchange (EDI) and cloud-based logistics applications.

Study participants indicated a strong belief that technology implementation facilitates greater customer satisfaction, reduces delays, and improves operational efficiency. Therefore, continuous investment in technology systems is required to improve the efficiency of LCL consolidation.

## 10. Discussion

The LCL cargo consolidation benefit is defined extensively by this research article. The A case company has documented its operation to allow for managing cargo's movement through its customers. The information obtained will guide A case company development of internal procedures to assist in enhancing the efficiency of its operations to improve customer service.

Problems such as price fluctuations of freight, port congestion, and slow documentation can negatively impact the efficiency of A case company operations and delivery schedules during peak shipping periods, as noted by many of the employees who were surveyed as part of this research. Through the introduction of digital logistics technology, A case company has improved its ability to communicate with customers, improve operational transparency and provide better visibility of their cargo to the customer during the shipping process.

The research found multiple operational challenges impacting logistics performance; port congestion and documentation delays were identified as two major issues impacting shipping schedules and operational performance. Variations in freight rates and a lack of collaboration among parties also contribute to operational challenges.

Further research shows that the use of digital logistics technologies enhances operational visibility, communication and shipment tracking. Digital logistics technologies are viewed by many of the survey respondents as critically important to improving customer satisfaction and logistics performance.

This study clearly indicates that merely following established procedures is insufficient to ensure that LCL operations are conducted efficiently. Successful LCL operations also require effective inter-departmental cooperation, timely communication, and the use of digital tools to avoid delays and maintain service levels.

## 11. Findings

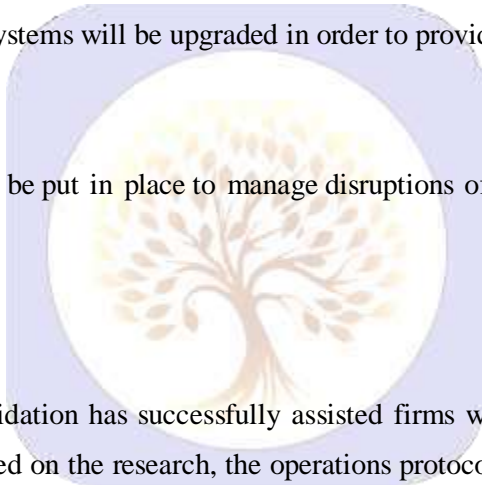
1. A high percentage of respondents participate in freight forwarding/logistics activities
2. Consolidation services (LCL) manage many smaller size cargos
3. Due to cost effectiveness, sea freight is still the most widely used mode of transport
4. A case company has relatively efficient consolidation/logistics processes compared to their competitors
5. Some of the top daily operational issues include poorly managed port congestion and delays caused by incorrect documentation
6. Employees indicated that working in collaboration with other departments is more difficult when volumes are peak
7. Changes to freight rates affect planning and the costs of logistics operations
8. Digital logistics systems enhance visibility of operations and shipments
9. The positive impact of using technology on customer satisfaction and logistics performance are undeniable
10. There are generally common opinions from different departments concerning the operational practices

of the logistics department

11. Increased coordination and advances in technology will greatly improve the efficiency of the logistics department.

## 12. Suggestions

1. The company will enhance shipment tracking and improve operational visibility through strengthening their digital Logistics systems.
2. Documentation processes will be automated / simplified to reduce paperwork errors and delays.
3. For improved operational flow, freight forwarders, customs agents and warehouse operators need to collaborate more efficiently.
4. Employees will participate in ongoing training sessions to improve their technical / operational skills.
5. Advanced cargo planning systems will be implemented in order to maximize container usage and reduce transportation costs.
6. Existing customer communication systems will be upgraded in order to provide increased frequency of shipment updates and increase service reliability.
7. Effective contingency planning will be put in place to manage disruptions of operations including port congestion and shipment delays.



## 13. Conclusion

According to the research, LCL consolidation has successfully assisted firms with lower volumes of international delivery in Global shipping Modal, Based on the research, the operations protocol utilized by A case company have been adapted to support the handling of cargo, coordinating deliveries and processing all documents. A case company has maintained an orderly operation of freight forwarding, despite operational problems such as compression and cancellation of service due to traffic and freight volume fluctuation. Further, the research indicated the impact of Digital Logistics Systems on ultimately supporting satisfaction with customers, enhanced cargo performance and increased communication capabilities. The potential for LCL consolidation operations to become more efficient and reliable depends on ongoing technological improvements and achieving improved coordination. LCL consolidation is becoming more efficient and reliable thanks to continued evolution in technology and cooperation among logistics providers. Problems associated with managing the coordination of shipments (e.g., traffic, delays, and fluctuations in freight) can create challenges for logistics service providers regardless of their operational effectiveness. By leveraging digital logistics systems through improved communication, visibility of shipments, and overall service performance, organizations will be able to capitalize on the opportunities presented by technological advancements in future LCL consolidation operations.

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