



YOUR GUIDE TO THE BASICS OF FREIGHT FORWARDING

Collective tips and tricks to help you manage your freight successfully

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WHAT IS A FREIGHT FORWARDER?

A freight forwarder provides cargo related services to support a client to move their goods in a timely, cost-effective and transparent manner. A freight forwarder may be involved in the freight forwarding from origin to destination, customs, insurance, stock consolidation and the final delivery of cargo.



How is freight forwarding different from transportation?

- **Transportation** is the movement of goods between points A and B – some of the modes involve trucking, rail or a combination of the two.
- **Freight forwarding** is the optimisation of that movement through an end-to-end process from the supplier to the customer's point of delivery. Freight forwarding also provides value add services such as customs clearance, consolidation and tracking services to suit each client's needs.

What is involved in each of these services?

If you're a business, you probably want to understand what parts of the supply chain freight forwarders engage in – freight forwarders use **INCO Terms** (International Commercial Terms) to determine the chain of responsibilities between the buyer and seller.

INCOTERMS:

Incoterm	Any mode of transport		Sea and inland waterway transport				Any mode of transport				
	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAP	DPU	DDP
	Ex Works (Place)	Free Carrier (Place)	Free Alongside Ship (Port)	Free On Board (Port)	Cost and Freight (Port)	Cost Insurance & Freight (Port)	Carriage Paid To (Place)	Carriage and Insurance Paid to (Place)	Delivered at Place (Place)	Delivered at Place Unloaded (Place)	Delivered Duty Paid (Place)
Export packaging	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading charges	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Delivery to port/place	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Export duty, taxes and customs clearance	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Origin terminal charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading on carriage	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Carriage charges	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Insurance	Negotiable	Negotiable	Negotiable	Negotiable	Negotiable	*Seller	Negotiable	**Seller	Negotiable	Negotiable	Negotiable
Destination terminal charges	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller
Delivery to destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller
Unloading at destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Buyer
Import duty, taxes, and customs clearance	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller

Transport & Freight Forwarding

Freight forwarders such as Whale will primarily contract the transport of goods through other enterprises, using a combination of road, air and sea freight transport organisation to complete the contracted services. In these cases, the forwarding unit takes on the prime responsibility for the entire transport operation specified in each contract for a charge that covers the total operation, and in turn pays the carriers for transport services rendered.

Customs Clearance & Brokerage

These services provided by freight forwards are those such as documentation preparation for imports/exports, cargo reporting, customs clearance, but exclude border control and surveillance. Having a dependable customs broker will allow the customer to save time and resolve problems quickly should they arise.

In summary, here's how freight forwarders can help your business:

- Obtain the best routes for your cargo/shipment including best transit time etc.
- Obtain competitive rates and options for the entire freight process.
- Arrange best transport modes (air, road, sea, rail).
- Comply with regulations and customs.
- Arrange delivery and clearance.
- Provide visibility and transparency on freight to allow for seamless operations.

DO YOU NEED A FREIGHT FORWARDER?

If you're a business and you're firstly considering how you are going to receive the commodities you need for manufacturing or sale. Then you'll consider how these products will get to the buyers. As you would have realised there are multiple ways to achieve this with different levels of efficiency, speed and costs.

The answer to these questions heavily relies on:

1) The type of products you sell:

Do you have a jewellery, clothing, toys, furniture, or even a phone case business? The type of product you sell will affect what suppliers you need and what lead times they have. Keeping lead time within your control is crucial to running an efficient supply chain for your business.

2) The customers you sell to:

Where are your customers located? Are they all within the same vicinity or spread out across multiple regions? Are they located internationally? If so, an efficient shipping method will be important.

3) The type and quantity of product you need to ship:

Going straight to a *courier* (e.g. Australia Post) can be a good idea if you ship more than 10 shipments a day. However, a courier usually specialises in a set of services, type of equipment and region. So, by signing a contract with just one courier, you are limited to the services and network that they can provide.

Using a *freight forwarder* is a good option if you import and export goods and need someone to arrange storage of your products or materials. A freight forwarder will negotiate prices with couriers, consolidate your freight, and ensure customs clearance for you. They are the middleman between your supplier (shipper) and various couriers. A freight forwarder is beneficial when you have large cargo, have a large quantity to transport, as they have extensive network and experience negotiating with local couriers to get you better rates.

Using a *3PL (Third Party Logistics)* is suitable if you need to combine a lot of services and types of products into one package. For example, if you need a warehouse to ship your products from, many logistics providers will combine this service with the shipping of your products from the warehouse to your customer.



So now you're ready to ship, and you know what type of product, the quantity and frequency of shipment you require. What shipping method do you need?

1. Regular Post: this is best used for small items. It will take 2-5 weeks to arrive, and only available for under 2KG. If you're willing to wait, this method is suitable for small to medium sized products (jewellery, clothing, small electronics). Regular post will set you back approximately \$USD 15/KG.

2. Express Courier (ship to your door): The most popular used method for sales sample and small quantity order (under 200KG). For example, DHL, UPS, FedEx and TNT are some of the commonly used Express Couriers. Most courier shipment takes 2-5 business days to regardless of where you are in the world. Of course, you get the trade-off in cost, which may be up to \$USD 50/KG.

3. Air Freight: If your product is in slightly larger than the prior category for a courier (over 200kg in volumetric weight), the fastest and most efficient option is air shipment. Compared to courier, the cost would be lower, approx. \$USD 5-10/KG (depending on the weight) and will take 2-10 days to arrival. However, you will then need to handle documentation and customs clearance upon arrival, which you may be able to outsource to a freight forwarder at an extra cost.

4. Sea Freight: The most economical way to ship large amount of goods, but ocean freight is the least efficient method. If your product is not sensitive to lead times or are seasonal, such as household goods, you may be able to benefit from lowered costs of shipping via full or loose container freight (Full Container Load (FCL) or Loose Container Load (LCL)).



Each come with unique benefits and it's often a combination of these shipping methods to get goods to your business. You should consider the *time frame* you require your products, the *security* of your shipment, and usually the biggest factor, the *cost*. With this always make sure to keep your customers in mind, determine what experience they expect and how you can deliver this.

HOW DO YOU CHOOSE A FREIGHT FORWARDER?

So, you're ready to choose a freight forwarder - but there are so many in the market offering so many value-added services at different prices. This next section will outline some tips to help you choose the right freight forwarder for your business.

List your requirements:

The first step to selecting the right freight forwarder is to know your own requirements. What business are you in? What sort of freight do you need to transport? What are the distances required? What mode of transport - sea, air, rail, road, or any other? What volume will you be shipping at? Determining these requirements will help you when engaging with *Whale Logistics* as we will be able to ascertain the specific requirements of your shipments and provide the best service possible.

Research your options:

When understanding the different services of freight forwarders, it is important to ask yourself a couple of questions to understand their capabilities. These include:

Do they have experience with your type of cargo?

There are many different types of cargo – everything from garment, machinery to chemicals or even hazardous waste. It's essential that your freight forwarder has experience with the type of goods that you're exporting. Once your cargo has sailed, it's out of your control. That's why you want your freight forwarder to know how to handle your products, and to be able to anticipate and address any potential problems along the way.

Can they handle multiple types of shipments?

You may be considering importing using ocean freight from China, USA or Canada using air freight, or export to UAE. Do they have the experience, know-how, and partners around the world to handle your variety of shipments?

How extensive is their network?

A robust international network is going to facilitate your cargo getting it to where it needs to go, on time and with the greatest efficiency. This may sound painfully obvious, but far too many inexperienced exporters don't stress the importance of networking with other agents to support their client's needs. Here at *Whale Logistics*, we are part of the *Panda Group*, which provides us extensive access to a global network of *200 offices and partner agents*.

Where do their services end?

Some freight forwarders only see to the air or sea portion of your cargo's journey. You might save a bit of money on their services in this case, but you'll quickly make up for that in extra

charges and headaches when you must arrange onward shipping once the shipments reach the destination country.

Don't be afraid to ask if they can arrange the final leg of your cargo's journey – be it by road or rail. This is where *Whale Logistics Transport* team comes in, Whale has a variety of partner transport providers for all your *rail or road* transport needs to post codes all over Australia, both rural and urban.

How do they manage their account?

This relates to who will be your point of contact / account manager for submitting documents, coordinating the shipment and who to ask for when there is a problem. It can be a dedicated person or a team that handles your account. Point of service is very important when irregularities exist - you want someone who you can trust to manage these problems for you.

For example, at *Whale Logistics*, each customer will have a dedicated *Account Manager* and *Customer Service Champion* to be their point of contact to support them directly with their individual needs.

What freight management systems are available to you?

Visibility is important - as an importer you may want to know where your cargo is at times. A highly visible freight management system will help you stay at ease about where your shipments are and help you plan for its arrival. Digital technology can provide excellent value added to the traditional methods of freight management.

Reach out for quotes and questions:



After you have made a checklist and narrowed down some options, it's time to reach out to some freight forwarders and ask them some questions. It's a personal business, so don't be alarmed if they ask for additional information, such as your company name or your type of shipments. Have a conversation, identify your needs, and assess each freight forwarder's suitability based on your requirements.

Whale Logistics pride themselves on *long-term relationships* developed throughout our soft skills, we work to understand your company's long-term needs and goals to give you the most suitable solutions.

THE PROCESS OF SEA (OCEAN) FREIGHT FORWARDING

Let's start with some definitions:

- *Shipper*: a person/company dealing with the shipment at the supplier's end.
- *Consignee*: a person/company dealing with the shipment at the receiving end.
- *Freight Forwarder*: the logistics provider (for road, air or transportation).
- *Shipping Line*: company carrying product related to cargo.

Step 1 - Export Haulage:



The first step in transportation process is export haulage. This process involves the movement of the cargo from the shipper's premises to the premise of the forwarder. At times when there is less than a container loads shipments, the forwarder's premises is an export consolidation centre where the forwarder will have their own nominated agents in their control. The goods would usually be transported by road, rail or a combination of the two. This is where **INCO Terms** are key, understanding the responsibilities of all parties involved at which points of the freighting process.

Step 2 - Export Customs Clearance:



Whenever a shipment leaves a country, customs formalities ought to take place to cater to the regulatory requirements. Customs clearance is a transaction where a declaration is drafted, and the documents are submitted to the authorities. This can be performed strictly by companies that have valid customs licenses. The export clearance can either be carried out by a freight forwarder who has a valid license or an agent who is hired by the freight forwarder. Alternatively, this can also be performed by an *in-house customs broker* like at *Whale*.

The entire process ought to be completed before the cargo leaves the origin country. In case this is not carried out by the freight forwarder, it must be completed before the cargo enters the origin port.

Step 3 - Origin Handling:



Origin handling is the process of receiving the inbound commodity at the Port of Origin, before it is loaded onto the vessel. This potentially covers the inspection of the cargo, planning its loading, consolidating it with other *FCX – Full Container Consolidated* cargo (if applicable) and loading it onto the vessel for departure.

When viewing your rate card these handling charges (if applicable) will come under ‘*Origin Charges*’, these are the fees charged by the terminal at the Port of Origin.

Step 4 - Ocean Freight:



Next, the freight forwarder decides on a shipping line to cater for the ocean freight from the origin to destination ports while adhering to the timeline in which the shipment is needed. The shipping line and the freight forwarder has a contract of carriage for the container. This charge would be viewed on the client’s rate card under ‘*Sea Freight*’ charges.

Step 5 – Import Customs Clearance:



This process will begin before your cargo reaches its destination port. The import customs clearance is handled by your freight forwarder – this can be with an in-house broker or an external contractor. For example, *Whale Logistics* have *multiple in-house customs brokers* to help with all our clients’ customs requirements. The customs process ensures all customs documents/declarations and other formalities are correct to allow the cargo to be released to the consignee. These charges would be seen within the ‘*Destination Service Charges*’ tab on the client’s rate card.

Step 6 – Destination Handling:



Cargo handling at the destination is where the cargo is loaded off the vessel to the shore. This process will be highlighted on the client's rate card under '*Port Service Charges*' and are the charges associated with this process. These will also include the terminal fees of the Destination Port and any other relevant charges to the unloading process.

Step 7 – Transportation:



The last step in the transportation is the delivery of the cargo to the consignee. This can be carried out freight forwarder through their associated transportation contacts, catering for any specialised needs of the client. The process involves the transportation to the requisite address, with the correct vehicle type to cater to the cargo and consignee's location (Side Loader, Drop Trailer etc.). Moreover, this process would be highlighted on the client's rate card under '*Destination Transport Charges*'.

UNDERSTANDING FREIGHT ECONOMICS

Have you ever considered why freight rates change? Why the availability of goods changes? And how this affects a business like yours? Well, this term is called **Transport Economics**, and this covers the variables that effect the pricing and lead time of your cargo shipments.

Supply and Demand:

The supply and demand of goods around certain times can be a major deterrence to international logistics. Port delays and traffic jams must be predicted and accounted for in any international logistics management system. In the recent months' supply of both containers and vessels has decreased due to increased transit times caused by the **Red Sea Crisis**. This has led to decreased supply, coupled with steady demand driving the price of freight upward.

Pricing/Cost:

Where the pricing comes in, other than your profitability, is the impact on firm performance, as well as ability to conform to governmental regulations in transport sectors. Having a well-rounded freight forwarder will go a long way in helping your international logistics supply chain be more efficient and compliant. Furthermore, through the contracts that a freight

forwarder like *Whale Logistics* can negotiate, you can know you're receive the service and pricing that is offered through their strong relationship with the shipping lines.

Market Conditions:

One of the largest concerns of most international logistics managers is managing unexpected events, perhaps more than anything else. The viability and flexibility of transport services and their operations in different market conditions and situations must be apparent - of course, freight forwarders again can help you with managing these day-to-day events in a quick and efficient manner to avoid any disruptions. An example of this could be seen through market shocks such as *COVID-19*, where *Whale Logistics* could effectively work with both its customers and suppliers to develop solutions to overcome the challenges market.

Economies of Weight:

When considering smaller shipments such as LCL, Air or Courier shipments the principal of **Economies of Weight** is key to understanding pricing. This is the principal of as the variable of weight increases, the variable costs per unit decrease. This is where working with *Whale Logistics* to develop a strong plan between the supplier and yourself to consolidate shipments into larger ones, achieving greater pricing and handling efficiency.

Here the costs decrease because the fixed cost of the carrier is allocated over a larger shipment weight.

Economies of Distance:

When considering the pricing of transportation destinations such as between distribution centres or between supplier and customers it is important to understand the principal of **Economies of Distance** and how this influences transport pricing. This tapering principle sees the cost per unit weight decrease as the distance increases. The longer the distance allows for the fixed costs of the carrier to be spread over more kilometres, lowering the per kilometre charge. This principal can help when consolidating out going product, managing cost and efficiency.

DIGITALISING FREIGHT FORWARDING – THE WHALE WAY

As a business owner/manager you would understand the drastic influence information technology can have when looking to enhance your businesses efficiency. At *Whale Logistics* we understand the power of *digitalising your freight and logistics*. In this section we will look at the drivers of technology within Supply Chain Management and how your business can utilise our services to become more efficient.

Key Customer Drivers for Technology Integration:

- **Visibility:** Customers desire real time tracking to plan for their warehousing and inbound goods receipt processes to ensure greater efficiency.
- **Automation:** Customers seek to automate tasks wherever possible, and this can be seen when processing cargo/customs documents and data entry.
- **Efficiency:** Customers more than ever demand efficiency from their resources and seek to streamline processes where possible.
- **Data Analysis:** Customers now demand insights to optimise routes, predict delays and keep their customers informed.

Whale Technology Integration:

Whale Logistics (Australia) Pty Ltd utilises various IT solutions to enhance its logistics services and more importantly to provide transparency of operation to its clients, including:

Expedient ERP:

Expedient equips Whale Logistics with an extensive ERP system featuring the following modules:

- Customs Clearance
- Forwarding
- Accounting
- Workflow
- Track and Trace
- Transport and Container Management

- Container Freight Station

These modules, complemented by EDI integrations with partners, streamline shipment processing and management. Through our E-commerce platform, clients benefit from real-time visibility of their orders and containers, enhancing tracking and planning capabilities.

Furthermore, within the Expedient ERP, Whale Logistics offers clients a [Partner Portal](#), which allows full transparency over customers freight, while allowing them to utilise the application for operational efficiency.

SQL Database – Proprietary Whale Logistics database:

Whale Logistics extracts the full data set from our Expedient ERP system each day to enable control, visibility and reportability of all freight forwarding data. This database system allows Whale Logistics to:

- Capture and integrate real-time information with suppliers, vendors, and clients.
- Generate comprehensive reports for internal and external stakeholders.
- Conduct data analytics to gain deeper insights into operations, facilitating informed commercial decisions.
- Interrogate the full transactional history of every shipment ever managed by Whale Logistics.

HubSpot:

The HubSpot system is an enterprise-grade CRM tool, enhances Whale Logistics' service capabilities to support:

- Management of client communications, activities, and interactions.
- Robust marketing tools for targeted client communications, such as Whale Logistics Monthly Snapshot and client notifications.
- Automation of workflows to ensure efficient handling of client tasks and projects.

Phocas:

Phocas serves as a Business Intelligence (BI) and Financial Planning & Analysis (FP&A) tool, integrated with the SQL Database, providing:

- Advanced reporting capabilities with dashboards and graphical representations.
- High-level overviews and drill-down capabilities for detailed analysis.

- Customisation to meet specific client requirements, potentially accessible via web browsers.

These integrated tools empower Whale Logistics clients to make informed commercial decisions by:

- Enhancing visibility and tracking of orders and their status.
- Providing a robust communication platform for staying updated on market trends.
- Offering client access to data through portals, the web, or direct channels.

If you found any of the above informative or want to enquire further about our services, please contact us below:

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