

Distribution Factsheet 1: Glossary of Freight and Logistics Terms

Backhaul = process of a transportation vehicle (truck) returning from the original destination point to the point of origin. A backhaul can be with a full or partially loaded trailer.

Bill of Lading = transportation document (paper or electronic) that is the contract of carriage containing the terms and condition between shipper and carrier.

Bonded warehouse/bond = warehouse, distribution centre or consolidation centre that is authorized by customs to store goods; where duties and taxes are only payable once items are dispatched.

Broker = person whose business it is to prepare shipping and customs documents for international shipments. Brokers often have offices at major freight gateways, including border crossings, seaports, and airports.

Carrier = firm that transports goods or people via land, sea or air.

Common carrier = carrier engaged in the interstate transportation of persons or property on a regular schedule at published rates, whose services are for hire to the general public.

Contract carrier = carrier engaged in interstate transportation of persons/property by motor vehicle on a for-hire basis, but under continuing contract with one or a limited number of customers to meet specific needs. Carrier does not serve the general public, but provides transportation for hire for one or a limited number of shippers under a specific contract.

Consignee = receiver of a freight shipment, usually the buyer.

Consignor = sender of a freight shipment, usually the seller.

Consignment = one or more items that a carrier has accepted for shipment at a given time.

Consolidation = combination of two or more consignments to create a more economical freight solution.

Consolidation centre = warehouse or distribution centre in which goods are assembled into larger units for onward distribution.

Container = large, standard sized metal box into which cargo is packed for shipment by sea, rail or road; containers are designed to be moved with common handling equipment, functioning as the transfer unit between modes rather than the cargo itself.

Containerization = shipment method in which commodities are placed in containers, and after initial loading, the commodities per se are not re-handled in shipment until they are unloaded at destination.

Containerized cargo = cargo that is transported in containers that can be transferred easily from one transportation mode to another.

Contract logistics = process of outsourcing product flow management, storage and related information transfer services, usually under long-term contract, with the objective of increasing efficiency and control.

Co-Packing/Packing =. outsourced or contract packing is often known as co-packing. Packing is the process of placing a product or products in protective packaging.

Deadhead = return of an empty transportation container/trailer back to a terminal or facility (commonly-used description of an empty *backhaul*).

Direct to store = process of shipping direct from a manufacturer's plant or distribution center to the customer's retail store, thus bypassing the customer's distribution center.

Distribution = process of storing and transporting finished goods between the end of the production line and the final customer.

Distribution centre (DC) = warehouse facility that holds inventory from manufacturing pending distribution to the appropriate stores; accepts inbound consignments of raw materials, components or finished goods, divides and then recombines them in different ways into outbound shipments. (See also warehouse).

Expedited shipping = shipments that are outside the normal delivery cycle. For example, a courier may offer next-day service but delivery next-day before 9:00 am would be outside the normal pattern and would be classed as expedited shipping

Fourth-party logistics (4PL) provider = supplier of outsourced supply chain coordination and management services that generally does not own or operate the underlying logistical assets and resources.

Freight all kinds (FAK) = goods classified FAK are usually charged higher rates than those marked with a specific classification and are frequently in a container that includes various classes of cargo.

Freight forwarder = person or company involved in the collection, consolidation, shipping and distribution of goods, and acts as an agent on behalf of a shipper. A freight forwarder frequently consolidates shipments from several shippers and coordinates booking reservations, clears freight through customs, prepares documents and arranges shipping, warehousing and delivery.

Full-truck-load (FTL) = where goods being shipped occupy a complete truck.

Gross vehicle weight (GVW) = combined total weight of a vehicle and its freight.

Hub = common connection point for devices in a network. Often used as a reference in a transportation network such as in "hub and spoke" commonly used in the airline and trucking industry.

Inbound logistics = movement of raw materials and components from suppliers/vendors to production processes and storage facilities.

Inside services = specialized activities that are treated by transportation providers as ancillary to actual rates charged for moving items from origin to destination. These activities might include consolidation with other shippers, short-term storage, re-packing and labelling, etc.

Inventory = list of raw materials, components, work in progress, finished goods or other supplies held in a warehouse or distribution centre. The number of units and/or value of the stock of goods (raw materials, in-process, finished goods) a company holds.

Just-in-time (JIT) = inventory control system that controls material flow by coordinating demand and supply to the point where desired materials arrive just in time for use. A comprehensive stock and manufacturing control system in which materials are purchased, manufactured or supplied only when required. JIT uses *pull logistics* to ensure deliveries are completed at the right time in order to meet production and client schedules.

Lead-time = total time that elapses between an order's placement and its receipt. It includes the time required for order transmittal, order processing, order preparation, and transit.

Less-than-containerload/Less-than-truckload (LCL/LTL) = shipment that does not fill a truck. A container or trailer loaded with cargo from more than one shipper; loads that do not by themselves meet the container load or truckload requirements.

Lift-gate capabilities = ancillary service offered by carriers to shippers that require powered tail-gates to move product from grade- to truck-level and vice-versa.

Logistics = all activities involved in the management of product movement; delivering the right product from the right origin to the right destination, with the right quality and quantity, at the right schedule and price to satisfy consumer demand. The process of planning, implementing and controlling the efficient and cost-effective flow and storage of raw materials, in-process stocks, finished goods and related information from the point of origin to the point of consumption for customers. Logistics encompasses

warehousing, transport, added-value/pre-retailing services and IT solutions and covers inbound, outbound, internal, international and reverse product flows.

Outbound logistics = process related to the movement and storage of products from the end of the production line to the end user.

Over, short and damaged (OS&D) = report is issued at warehouse when goods are damaged; claim is usually filed with the carrier.

Packaging = materials used in packing and can be reusable.

Packing/ Co-packing = process of placing a product or products in protective packaging. Outsourced or contract packing is often known as co-packing.

Pallet = flat wooden or plastic tray used for transporting and storing goods that can be picked up by a fork-lift truck. Also defined as a platform with or without sides, on which a number of packages or pieces may be loaded to facilitate handling by a lift truck. Standard size is 48" x 48" (4'x4') and standard grocery pallet is 48" x 40". Note what may be "standard" to a shipper may not be industry standard size. Check what your shipper means by "standard".

Point of sale (POS) = time and place at which a sale occurs, such as a cash register in a retail operation, or the order confirmation screen in an on-line session. Supply chain partners are interested in capturing data at the POS because it is a true record of the sale rather than being derived from other information such as inventory movement.

Private carrier = carrier that provides transportation service to the firm that owns or leases the vehicles and does not charge a fee.

Private warehouse = company owned warehouse.

Prepaid = freight term, that indicates that charges are to be paid by the shipper. Prepaid shipping charges may be added to the customer invoice or the cost may be bundled into the pricing of the product.

Protective Service = services as outlined in the section titled "*temperature-controlled/temperature-assured*".

Proof of delivery = information supplied by the carrier containing the name of the person who signed for the shipment, the time and date of delivery, and other shipment delivery related information.

Pull logistics system = "Just in time" logistics system driven by customer demand and enabled by telecommunications and information systems rather than by manufacturing process and inventory stockpiling.

Push logistics system = inventory-based logistics system characterized by regularly scheduled flows of products and high inventory levels.

Reverse logistics = specialized segment of logistics focusing on the movement and management of products and resources after the sale and after delivery to the customer (includes product returns and repair for credit).

Purchase order (PO) = purchaser's authorization used to formalize a purchase transaction with a supplier. The physical form or electronic transaction a buyer uses when placing an order for merchandise.

Reefer trailer = refrigerated trailer that is commonly used for perishable goods.

Receiving = function encompassing the physical receipt of material, the inspection of the shipment for conformance with the purchase order (quantity and damage), the identification and delivery to destination, and the preparation of receiving reports.

Return to Vendor (RTV) = material that has been rejected by the customer or the buyer's inspection department and is awaiting shipment back to supplier for repair or replacement.

Radio frequency (RFID) smart labels = radio-frequency identification, a system that uses radio signals to locate and identify merchandise, batched products or transportation assets fitted with special electronic tags. The tags - also known as smart labels or intelligent tags - enable the automatic track-and-trace of merchandise/assets throughout the supply chain. When combined with a bar-code system for identifying inventory items, a radio-frequency system can relay data instantly, thus updating inventory records in so-called "real time".

Reverse logistics (upstream) = process of collecting, handling and transporting used, damaged, unwanted goods and/or packaging for the purposes of their disposal, recycling or recovery. Can also refer to the return of re-usable transit equipment, for example pallets and containers, to a point further up the supply chain (that is, upstream).

Routing = process of determining and arranging the optimal course of goods for transport.

Sales and marketing agency (SMA) = independent contractor that derives its livelihood from providing a varied menu of services to manufacturers, with a focus on sales.

Shipper = party that tenders goods for transportation.

Shipping manifest = document that lists the pieces in a shipment.

Stock keeping unit (SKU) = category of unit with unique combination of form, fit and function.

Stock outs = merchandise that is requested by a customer but is temporarily unavailable (also referred to as out-of-stock).

Stop off charge = charge associated with a load that has more than one drop off point. The first stop of a multi-stop load is free, and then the charge applies to the subsequent stops.

Supply chain = starting with unprocessed raw materials and ending with final customer using the finished goods.

Third-party logistics (3PL) provider = specialist in logistics who may provide a variety of transportation, warehousing, and logistics-related services to buyers or sellers. These tasks were previously performed in-house by the customer. Term is often used to describe a supplier of outsourced logistics services that primarily uses its own assets and resources.

Transit time = total time that elapses between a shipment's delivery and pick-up.

Trans-loading = transferring bulk shipments from the vehicle/container of one mode to that of another at a terminal interchange point.

Truckload (TL) = quantity of freight required to fill a truck, or at a minimum, the amount required to qualify for a truckload rate.

Temperature-controlled/temperature-assured = storage and distribution of goods within a certain temperature range as required by the product type; for example, chilled or frozen. Products can include pharmaceuticals as well as food.

Time-definite = freight or distribution service that specifies or guarantees delivery on a particular day or time of day.

Track-and-trace = process of recording the progress of a consignment through the supply chain, usually in or near real-time, in order to track its status or trace its movements. Sophisticated control tower systems function as a single point of control, delivering centralized command of the supply chain, with full visibility.

Unit cost = total cost of producing a single unit.

Vendor consolidation = process of managing various vendors in order to consolidate multiple LTL shipments into a single or smaller number of consignments to reduce costs and improve delivery efficiency.

Vendors = sellers of products and services.

Warehouse = covered place for the reception and storage of goods. Principal warehouse activities include receipt of product, storage, shipment and order picking. See also distribution centre.