



espace

Intelligent Freight

An Employee Owned Company

HOW TO...

Save Money on European Shipping



WANT TO SAVE...

£10,000s to £100,000s

ON YOUR EUROPEAN SHIPPING?

Space Europe specialises in European road freight, handling hundreds of thousands of shipments for a wide range of manufacturers, both big and small, including many of the UK's largest blue-chip logistics companies. And, with over 20 years' experience in the business, there's not much we don't know about saving money on European shipping.

So, here are our top five tips to help you reduce your European freight spend and get better value for money from it too.

1 THE 2% 'NO BRAINER'

With cost top of mind, many manufacturers routinely seek three quotes for each and every shipment - a time consuming process - and automatically go with the cheapest.

But is cheapest best?

Being known as a company who only buys on price isn't going to engender much loyalty when you need it. In our opinion, if you have reasonable freight volumes, there may be a better way.



Why not think about tendering your regular freight movements annually with a select number of providers?

tip Appoint a preferred carrier and introduce a 2% rebate system

Send them a rates template for your regular shipments and ask for transit times and scheduled departure days.

Ask them to also include their value proposition - what else can they offer you that would make your life easier?

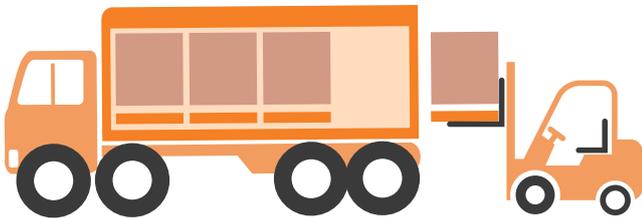
If, for example, the extra value that a more expensive carrier offers easily outweighs a 5 or 10% difference in price compared to the cheapest carriers, it would be unwise to exclude them outright on price.

tip Design a Service Level Agreement for your preferred carrier

Include KPIs and regular performance review meetings, where the carrier should be highlighting ways in which you can reduce your freight spend by analysing the shipment data.

2 DOUBLE UP

Could you double your customer's order size and half the frequency? If so, savings of at least 35% could be made on freight costs – more so on longer distance deliveries. For example, sending one full load to Romania, as opposed to two part-loads, could save in excess of £800.



tip

Think about offering your customers a small discount to encourage them to take larger orders

Ensure that the discount is less than the saving on the transport to give you a financial gain. The same applies to one and two pallet shipments. Simply double the number of pallets, half the frequency of delivery and see your freight costs plummet.

tip

Make the most of your space

If your pallets are 1.2 metres high and non-stackable, don't pay for the space above the pallet - build the pallet up to 2.4 metres - it won't cost any more to ship it.

3 LIABILITY MATTERS

Being under-insured, in the event of lost or damaged European shipments, could cost hundreds, maybe thousands of pounds each year and is best avoided.

Indemnity levels for lost or damaged European freight shipments are governed by the CMR Convention with limits on the carrier's liability. The level of indemnity is directly related to the gross weight of the damaged or lost goods. Standard Drawing Rights – SDRs - is the currency unit used under CMR to calculate liability.

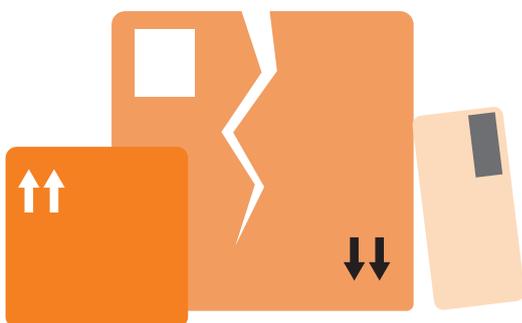
How is this calculated?

A carrier's liability for European freight is 8.33 SDRs per kilo, equating to approximately £9 per kilo (being a currency unit, an SDR's value will fluctuate). If your European shipment has a per kilo value greater than £9, there will be a shortfall if it is lost or damaged. As a comparison, liability for UK freight is £1.30 per kilo, £2.20 for sea freight and between £18 and £21 for air freight (approximate values only).

tip

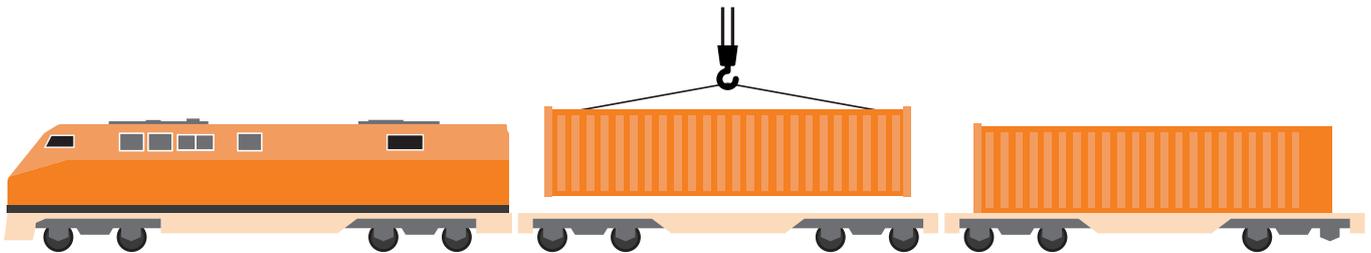
Make sure you're insured

Insure your shipment to its full value on an ad hoc basis with your carrier or take out your own annual Goods in Transit insurance policy to ensure you are fully covered.



4

LET THE TRAIN TAKE THE STRAIN



If you ship full loads to or from Europe, maybe consider intermodal transport.

The decision to use a combined truck/rail transport solution will very much depend on four factors.

1

Where is the delivery or collection point location?

Intermodal transport will generally be a cheaper option than driver-accompanied transport the longer the distance to be covered. Intermodal transport is therefore a viable option for deliveries to and from most Eastern European countries. In addition, its infrastructure is particularly well developed for full load movements to and from Italy and Spain.

2

Is the load time-sensitive?

Intermodal transport can take a day or two longer to get a full load delivered compared to a driver accompanied trailer. Being a much more involved transport movement, intermodal is not best suited to time-sensitive deliveries.

3

What is the weight of the shipment?

Intermodal trailers to some countries can take up to 27 tonnes of freight compared to 24-25 tonnes on most road freight vehicles. So, if you export or import heavy goods, there is a good chance that your cost per tonne will be lower by intermodal transport.

4

What type of vehicle can the shipment be loaded into?

There are many different types of trailers available to transport goods by rail - standard curtain-sided 2.50-2.70m high trailers, 3m high mega-trailers as well as box and temperature-controlled trailers. Note that some countries have a specific need for box or temperature-controlled trailers. If your goods can be loaded into a rigid sided trailer there could be some considerable cost savings available.

5 THE DEVIL IS IN THE DETAIL

Under CMR conditions, a carrier is not liable for any additional charges incurred as a result of a late delivery. Any claim for consequential loss for a late European freight delivery is limited to the value of the freight invoice.

Many exporters feel obliged to accept financial penalties imposed on them by their European customers for late deliveries. As consequential loss insurance is not available and the carrier's liability is limited to the value of the freight invoice, you could potentially be burdened with thousands of pounds worth of penalties for downtime and no recourse to your carrier.

tip **Communication is key**

If however, the extent of the potential consequential loss is communicated to the carrier prior to the shipment's collection and included on the driver's CMR/dispatch note, your case for claiming full consequential loss will be a lot stronger.



tip **Use dedicated freight**

It is always advisable to use dedicated or semi-dedicated freight vehicles to deliver time-sensitive freight as these vehicles can be monitored 24/7, they are driver-accompanied and the goods are not transhipped.

Carrying out these two simple actions will greatly improve your chances to recover these costs.



Tony Shally
Managing Director

ABOUT THE AUTHOR

We hope that these strategies, will be of use to you. If you would like to discuss any of them in more detail please contact our Managing Director Tony Shally.

Tony has over 30 years of experience handling freight so you're in safe hands.

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BY THE WAY, WE'RE UNIQUE



We offer a 100% Money Back Guarantee on all time-critical shipments

Contact us 24/7/365 with your time-critical freight shipments and if we're late, you won't pay the rate. Don't worry, we never let anybody down



We are the only employee-owned freight business in the UK

↳ Espace is owned by its 25 staff by way of an Employee Ownership Trust. We are 100% employee owned



We offer a 30-day Money back Guarantee

If you're not satisfied with the way we've handled one of your shipments during our first 30 days of trading, we will give you your money back for that shipment

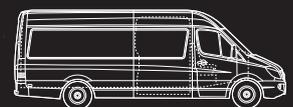
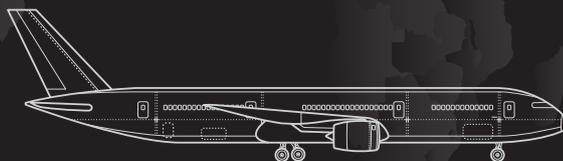


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