

SECTION III - TRANSPORTATION AND SERVICE COST COMPARISONS

For many of the modal alternatives discussed in Section II it is impossible to obtain hypothetical rates without providing the transport organization or carrier with exact details of a specific movement. The ballpark figures and published tariffs obtained from some of the companies, however, can be used to illustrate how rates vary according to weight and distance shipped by mode for exports to the 13 Western states. Rate variations are described in tabular form for small quantity shipments and for single (or occasional) and large annual quantity full load shipments.

In cases where no data is provided for one of the above types of movement, it is because service is not available or is impractical - for example railways do not handle less than carload shipments - or because the rates of intermediaries will always vary depending on the shippers' requirements and the mode selected. Service companies and rate examples for the special cases of Hawaii and Alaska are individually provided. Rate data provided herein are not to be taken as firm rate quotations but as illustrations of relative costs provided by transportation suppliers surveyed in May 1985.

A. Shipments to the Mainland Western States

Small Shipment Rates

Organizations involved in small (less than 10,000 lb.) shipment service include airlines, air forwarders, motor carriers, and surface intermediaries (that is, freight forwarders, brokers, shippers' associations and shippers' agents). Rates for air transport (including air forwarders) are the highest among the modes. The best air freight rates are available from those air carriers offering direct flights between the shipper's city of origin and the market destination city. Therefore, if your service requirements as discussed in Section II indicate you should ship by air, you should review the schedules or otherwise determine which airlines offer direct service.

Although most airlines will quote rates between most city pairs, rates to cities not served directly by them will be very high. If attractive rates are offered to a city not served by an airline, it is because that airline plans to truck your goods to one of its terminals from which it offers direct service to the Western U.S. point in question or, it will act as an intermediary by turning your goods over to another airline offering direct service and earn a substantial commission for itself. If such is the case, you would be better off to seek out the air carrier offering the direct service yourself, or give the assignment to an air forwarder whose rates are similar to, but less complicated than, those of the airlines.

For many small shipments (e.g., 100 lb.) motor carrier rates are also very high but taper down quickly as shipment size increases. Transportation selection suggestions discussed in Section II indicate that a shipper offering less than full load shipments is better off to use an intermediary who can select from a wide range of options (including low-cost independent truckers seeking backhauls) to provide the best rate possible. The importance of trying to increase shipment size and of "shopping" for rates cannot be overemphasized.