

Case study



SHIPMENT OPTIMIZATION THROUGH CONTAINER MIX AND UTILIZATION

HOW DAMCO'S SUPPLY-CHAIN EXPERTS' ANALYSIS AND PRACTICAL ADVICE HELPED IMPROVE A GLOBAL APPAREL COMPANY'S BUSINESS IN SEVERAL AREAS.

THE CHALLENGE

One of Damco's clients, a global apparel company, made use of four types of shipping containers: standard 20' and 40', and high cube 40' and 45'. Account Management observed that containers were being underutilised and the container-mix and container-split were far from optimum. For instance, more standard 20s and 40s were being used than needed, as compared to high cube 40s.

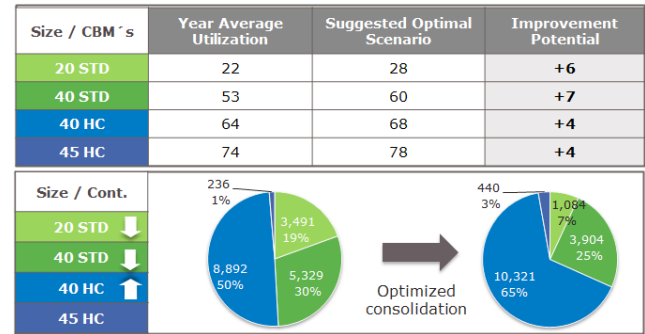
THE SOLUTION

Acting proactively, account management approached the client with a proposal to investigate the logistic situation and find a solution. Damco's supply-chain consultants deployed a three-step methodology in their study:

- Understanding the client's current network and cost drivers, and performing a 'health check'
- Identifying opportunities and areas of improvement by simulating various scenarios and performing sensitivity analysis
- And finally, sharing findings and recommendations.

THE RESULT

Analysis showed that improving the container-mix – by reducing the use of standard 20s and 40s and high cube 45s, and increasing the use of high cube 40s – and optimizing consolidation could produce significant benefits, as the following figure indicates:



In a nutshell, implementing Damco's recommendations resulted in an operational efficiency increase of 13% (through a decrease in the number of containers shipped); a cost-reduction of 6%; and a 5% reduction in CO2 emissions. Crucially, this project delivered total savings of USD 6 million.

THE CUSTOMER

A leading footwear & apparel brand, operating in over 150 countries and producing 500+ million products a year.

About Damco

Damco is one of the world's leading third party logistics providers specialising in customised freight forwarding and supply chain management services. For more than 100 years, we have been providing our customers with transportation and logistics solutions, wherever they are in the world. Our strategic approach and hands-on services are extensive. We tailor our solutions to meet our customers' every need, whether for a competitive shipment rate, or as a strategic partner who can identify and create short-term efficiencies and build up long-term competitiveness. For further information, please visit us at www.damco.com.

