



REDUCING COSTS AND IMPROVING QUALITY FOR BOTTLED-WATER BRANDS

New Heavy Weight Zone program addresses shipping challenges

CASE STUDY

The challenge



Our customer, a major bottled water brand was experiencing high shipping costs and quality issues caused by heavy cargo weights. In addition to facing high shipping costs due to underutilized containers, weight restrictions at destination meant that cargo loaded into containers at origin was reaching maximum weight before becoming full. Only 55-60 per cent of container space was being utilized.

Ineffective quality assurance was also leading to poor customer service performance. Containers being underutilized created void space, which meant cargo was more likely to move during transit and be damaged on arrival. As a result, customer orders were being short delivered, leading to dissatisfaction and loss of sales.

The customer additionally needed to establish better, more tailored quality monitoring. The different products within their portfolio each had specific warehousing requirements. The customer therefore needed a provider that could adopt different processes for each product to meet the necessary quality standards. Warehouses needed to embrace customer-owned systems within the global network, on top of satisfying high wholesaler and retailer fill rates.

The solution



Damco designed a 'Heavy Weight Zone' program allowing containers to exceed the general weight restriction. Cargo is moved by a special tri-axle truck from ports and terminals to a local warehouse for deconsolidation.

This approach allows suppliers and distribution centers to load more volume into containers to ensure a more secure transit.

Damco's high-quality warehouses offer tailor-made value-added services, delivering effective quality assurance to meet agreed performance indicators. Specific quality requirements were established and embedded for each brand.

The result



Maximizing the capacity of each container drove significant reductions in shipping costs and reduced ocean spend by approximately 30 per cent. The customer is now able to ship on average 21 pallets per container at 58,000 lbs. At freight standard the customer was previously only able to ship 14 pallets in each container.

As a result of the new warehouse protocols, damage was reduced by 8 per cent year on year, and fill rates to wholesale and retail consumers were increased.

The savings in annual shipment costs are equivalent to shipping 3,250 containers. In addition, the lower number of ocean shipments has reduced the carbon footprint in line with the customer's global sustainability goals.

The customer



The customer is one of the world's leading bottled water companies. With 95 production sites in 34 countries and more than 20,000 employees worldwide, they own a number of unique brands across Asia, Europe and the Americas.

About Damco

Damco is at the forefront of developing innovative supply chain solutions. We fuse our global network and depth of expertise with pioneering digital innovations to enable our customers to stay ahead. Our vision is to connect and simplify supply chains across the globe.

We are experts in the field of complex, rapidly changing markets such as Fashion, Retail, Chemical, FMCG and Technology. With a presence in over 100 countries, employing more than 10,000 people worldwide, we combine global reach with depth of local understanding. In 2017 we reached a turnover of 2.7 billion US dollars, managed 664 thousand TEUs (twenty-foot equivalent units) of ocean freight and 206 thousand tons of air freight.

We are proud to be a part of A.P. Moller – Maersk.