EXPEDITORS DELIVERY MANAGEMENT

Reduce Demurrage and Detention Charges With Delivery Management

A Current, and sizable Expeditor's customer approached us in need of reducing their controllable spend while improving overall visibility. Our Delivery Management team accepted the challenge and has provided double digit cost savings to the customer by providing visibility, constant communication, and timely and accurate information.

Expeditors®

OPPORTUNITY

A sizable nationwide importing company wanted to dissolve port demurrage and detention. This company approached Expeditors to take over Delivery Management for one of their DCs with the goal of winning the rest of their DCs nationwide. The starting DC moves 100 containers a month but nationally they move just under 1,000 containers monthly. With the sheer amount of volume, it was too much for them to manage it in house.

CHALLENGES

The biggest obstacle is ensuring that no containers are left dwelling at the port accruing massive amounts of demurrage. The year before we took on this project, the customer paid over $1,600,000 in demurrage and detention in 2022. The primary goal the customer is tasking Expeditors with is to provide visibility to all the container's movements in order to reduce detention and demurrage fees.

OUR SOLUTION

A dedicated Delivery Management team was created to work alongside the customer to ensure there was accurate and timely information made visible to all parties involved. The team was actively managing trucker activity, coordinating with port terminals, and creating alignment with delivery locations, while closely monitoring key performance indicators. This collaboration created almost immediate success.

RESULTS

In just 6 months of our Delivery Management team providing visibility, we have eliminated over half of our customer's storage costs.
- In November of 2022 we had 285 containers that out gated for a total of $276,000 in demurrage fees or an average of $968.42 per container
- In April of 2022 we had 396 containers that out gated for a total of $29,000 in demurrage fees or an average of $68.18 per container.

This is a cost reduction of 89.5% for demurrage.

- In November of 2022 we had 285 containers that out gated for a total of $276,000 in demurrage fees or an average of $968.42 per container
- In November of 2022 we had 285 containers that had the empties returned to port for a total of $89,000 in detention fees or an average of $423.81 per container.

This is a cost reduction of 57.1% for detention.

The customer noted that the dedication and increased communication from the Expeditors team was the key to such a fast turnaround. With the immediate success they allowed the team to provide Delivery Management to two more of their DC's. As the volume of containers, the team is managing continues to rise, we expect storage costs to continue to decrease. This has become a true partnership with ongoing impact.