10 TIPS TO

Reduce Container Shipping Costs

Transportation and logistics-related expenses absorb about 9–14% of a company's revenue. Considering that 90% of globally traded goods move via ocean freight (Intl Chamber of Shipping), reducing container shipping costs is an obvious place for budget-conscious shippers to look for savings.

Here are 10 practical tips to save money and time on container shipping.

1 Explore Alternative Transportation Modes

Sometimes the best way to lower container shipping costs is by switching to a different mode of transport. Container shipping rates have been more volatile than ever in recent years, making it crucial to reevaluate your transportation options and consider multimodal transport alternatives you may not have previously explored.

2 Create Buyers Consolidation Loads

Smaller-volume shippers can collaborate with suppliers to build your own full containers and save. If you have a cluster of suppliers in one geographic area, work with a forwarder to consolidate multiple LCL loads into one inbound FCL, allowing you to ship at lower FCL rates and, at the same time, speed door-to-door shipping time to your end customers.

3 Stay Flexible with Shipping Time Requirements

During periods of lower demand, steamship lines offer more competitive rates to fill their vessels and make better use of capacity. Shippers with flexible sailing times also benefit from shorter wait times at ports and quicker overall transit, reducing costs associated with delays.

4 Transload Freight to Save Costs and Speed Up Delivery

If you're shipping containers from Asia to North America, transloading your cargo from containers to trailers for fast inland truck delivery to customers can:

Reduce costs – Three 40-foot containers can fit into just two 53-foot dry vans.

Avoid additional fees – Quickly returning containers to the port avoids demurrage, detention, and storage fees.

Speed delivery – Cut up to seven days of transit time vs. rail, as trucks depart immediately after loading and head directly to the consignee.

5 Reduce Detention and Demurrage Charges

If you don't collect your container within ocean carriers' allowable "free time," you'll be charged demurrage. If you return the container late, you'll face a detention fee. These charges range from USD $75–$300 per container per day.

To manage these costs 1) Know your free time limits; 2) Ensure all documentation and pickup arrangements are completed well in advance; 3) Have all customs-related paperwork accurate and prepared; 4) Store goods in a nearby warehouse if delays are anticipated; Or, 5) Partner with a reliable freight forwarder with the experience to avoid costly delays.

6 Use an FTZ at Destination to Defer Duty Payments

FTZs allow goods to be stored "duty-free" until they are sold or exported. Importers dealing with high-value products and high duty rates can defer millions of dollars in duty payments by keeping that inventory in an FTZ warehouse until it's shipped. One global camera and accessories manufacturer that imports 50-60 containers monthly into Southern CA uses this strategy to defer around $6 million in duty payments for several months – a huge cash flow benefit.

7 Use the Buying Leverage of NVOCCs

When arranging ocean freight, you can either contract directly with the steamship line or work with a non-vessel operating common carrier (NVOCC). While the largest container shippers often contract directly with carriers, most companies lack the leverage to do so effectively and benefit more from partnering with an NVOCC. An NVOCC negotiates carrier rates based on the combined freight volume of all their customers, bringing you significantly lower rates and greater scheduling flexibility through access to multiple carriers' capacity.

8 Negotiate an Incoterm that Maximizes Your Control Over Shipping Processes and Costs

CFR	CIF
CPT	CIP
DAP	DPU
DDP	

Incoterms are the commercial selling terms between buyer and seller. Many importers allow the seller to coordinate ocean shipments (CFR, CIF, CPT, CIP, DAP, DPU and DDP terms). Delegating responsibility for shipping in an international transaction can be tempting, particularly if you have a lean staff, but sellers often up-charge buyers for additional freight costs. It may be better to control your own destiny using EXW (Ex Works) or FOB (Free On Board) terms to save time, money and customer relationships.

9 Avoid Pallets by Floor Loading Containers or Using Slip Sheets

Eliminating pallets by floor loading products can free up as much as 15% of container space, delivering big reductions in container shipping costs, over time. NOTE: floor loading does add costs because people must destuff containers without forklifts, so you want to make sure shipping cost reductions outweigh any added labor costs.

Another options is using slip sheets, a pallet alternative that maximizes payload while avoiding a completely manual unload process. Slip sheets take up less space than pallets, but items they hold can be moved using a retractable push-pull forklift attachment.

10 Integrate with One 3PL for Door-To-Door Service to Simplify Global Freight Management

Managing international shipments involves juggling multiple service providers – truckers at origin, ocean carriers, customs brokers, truckers at destination, warehousing partners, insurance providers and others. To avoid the time and cost of having your small team manage these details, simplify your logistics operations with 3PL that offers global shipping, warehousing, and first- and final-mile delivery as part of a single-source solution. Integrating with one 3PL adds visibility and control, streamlines communication, and eliminates coordination headaches.

Check out Dimerco's full 20 tips to reduce container shipping costs at **dimerco.com/costs**.

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