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POP-UP CARRIERS MAY BE TOO GOOD TO BE TRUE

As securing space continues to be a challenge, there are reports throughout the industry that a few shippers, in a desperate attempt to get their goods from Asia to the U.S., have been turning to pop-up carriers. These newcomers have chartered, or in some cases purchased, container ships to get products into the U.S. market.

This unconventional alternative is looking to capitalize on shippers who are fed up with low reliability and high rates. These pop-up carriers claim to be able to transport products with short lead times and strict on-time requirements.

"Using a pop-up carrier carries tremendous risk in this environment, because they do not have a known track record and we know very little about their operating standards," said Anthony Fullbrook, President of OEC Group's Northeast Region. "As the cost of transporting cargo continues to set records, now is not the time to experiment with an unknown entity. Clients should remember not every doctor holding a scalpel is qualified to be a surgeon and not everyone with a boat is qualified to be a carrier."

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The pop-up carrier option is currently being offered on the fringes of the industry. However, it is beginning to gain traction because they are not only promising they will have the space to transport products (at roughly the same going rate) but they are also claiming to be giving shippers a dedicated transportation solution in markets that are difficult to access.

"While necessity may be the mother of invention, it does not necessarily mean that everything that develops will have a positive effect, especially in this industry," said Peter Hsieh, Vice President of Sales and Marketing in OEC Group's New York Office. "If you want to do business successfully right now, it's smart to stick with trusted, well-established logistical partners, because at least you'll know what you are getting for your money."



INTERVIEW WITH AN EXPERT

Happy Chau, Director of Sales for OEC Group, discusses supply chain difficulties affecting the fashion industry and offers potential solutions for struggling shippers.

Q: What would you say is the biggest difficulty for shippers in the fashion industry right now?

A: It's the unknown. Specifically, unknown transit times. The fashion industry is acutely affected by this unpredictability because retailers rely on both classic and just-in-time logistical models. Just-in-time seasonal fashion and fast-moving high-fashion trends depend on a predictable supply chain. For example, simple t-shirts and slacks have a shelf life of years, but that Mandalorian sweatshirt will only be in-style for so long. If certain products don't hit the shelves within a certain window, it'll be an opportunity wasted.



Q: How has the fashion industry been reacting to the start of peak season?

A: Believe it or not, the industry seems to be having a more intense reaction to the start of school than the start of peak season as of right now. As children return to the classroom, demand for just-in-time clothing with popular prints has increased. Parents are also back to dealing with their children growing out of school clothing – creating a growing need for clothes. This growing need for clothes is compounding upon cyclical increases caused by peak season, tightening the market further.

Q: How has **OEC** been able to overcome these obstacles and secure space for fashion customers?

A: We are using our local network in the U.S., as well as extensive OEC contacts in China and Southeast Asia, to secure as much cargo space as possible. Our established connections let us communicate with factories, anticipate delays, and predict any pandemic-related shutdowns on the supply side to build more effective supply chains for our customers.

Q: What are your suggestions for shippers trying to transport product efficiently in this market?

A: We've been dealing with this market every day and these problems are not going away. First, make sure you have a logistical partner that has the experience, resources, connections, creativity, and agility to work in this market. Second, give them your shipping forecasts as far in advance as possible. The more time they have to prepare and comb the market for available capacity, the better your chances are of securing sufficient vessel space and equipment for your goods.





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At OEC Group, we have demonstrated our commitment to customer service in trans-Pacific trade for more than 35 years. Founded in 1981, OEC Group had a vision to provide comprehensive logistics services to clients. Today OEC Group serves destinations throughout the world and has grown into one of the leading logistics providers in North America. With over fifty offices worldwide, we take pride in being close to your cargo at all times.

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OEC Group is monitoring and adapting to the changing market. We are well positioned to make continuous improvements to your supply chain using the fastest, most efficient and cost-effective services available. We work tirelessly to stay on top of the ever-changing logistics industry with the goal of delivering the most current information and services to you, our customer.

Our business is making our logistics expertise, your competitive advantage.