

THE SHIPPING STANDARD

OUR EXPERTISE YOUR ADVANTAGE

THE BEST PATH TO SUCCESS IS ADAPTING
TO NEW LOGISTICAL REALITIES

INTERVIEW WITH AN EXPERT

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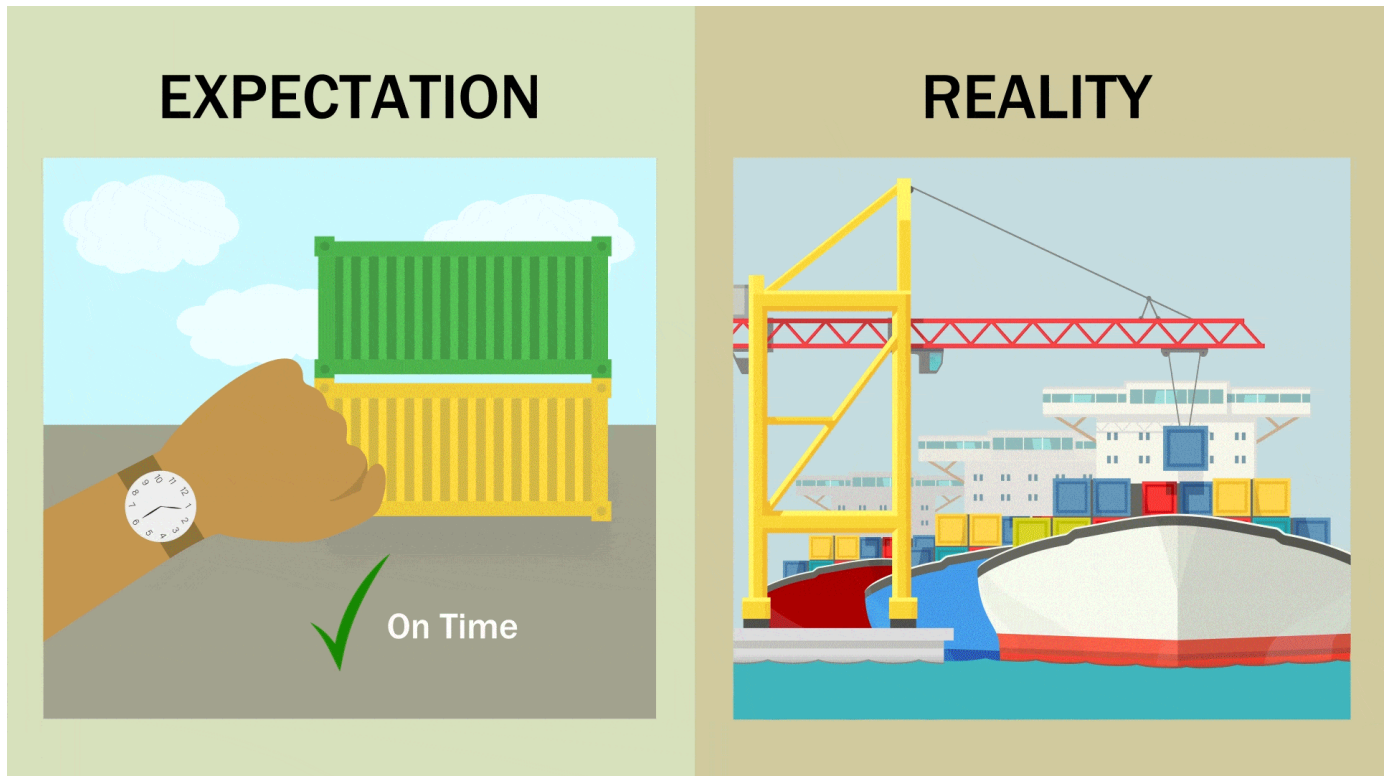
FUN FACTS

ABOUT
OEC GROUP

OEC  GROUP



THE BEST PATH TO SUCCESS IS ADAPTING TO NEW LOGISTICAL REALITIES



Accepting our current market is the best way for shippers to move forward and enjoy the same success of other companies that have already adapted to the new landscape.

Experts believe the most effective way for shippers to address both short-and-long-term needs is to adjust to the realities of the market and form strong collaborative bonds with supply chain experts. Doing so will allow organizations to hit delivery windows more consistently, minimize interruption, and keep their businesses competitive.

“What was normal in 2019 is no longer a part of our current market reality. Shippers need to adjust their mindset because this will help them progress and concentrate on other areas that will help them get ahead,” said Anthony Fullbrook, President of OEC Group’s Northeast Region. “Today, success will rely on space, equipment allocation, consistency, and secondary supply chain windows.”



The current market has absorbed two years of historically high demand and has forced shippers to contend with a brand-new set of variables, namely terminal backlogs, equipment shortages and imbalances, and continued blanked sailings that will not be bolstered by injections of newly manufactured containers or new vessel deliveries any time soon.

One of our clients was recently contending with these conditions as they struggled to get doors imported from South China into the US through Los Angeles. If that client stuck with traditional 2019 routing solutions, it would have been impossible to hit their delivery windows and their business would not have survived. Instead, by accepting the new shipping realities and adjusting their timetables and expectations, we were able to create and utilize alternate routes that avoided West Coast ports. While the costs were higher, the alternate routes proved much faster and more reliable. Our solutions saved that client's business.

"The secret to success in the current market is to adjust your pre-conceived notions of how the market should operate and instead accept the realities of how it is actually operating," said Steve Myers, Vice President of Operations for OEC Group's Northeast Region. "A change of mindset can go a long way. As we have already seen, companies that get caught up reminiscing about 'days gone by' and refuse to adjust to current market conditions will simply get left behind."



BEN CHESSER

Sales Supervisor with OEC Group's
St. Louis office

INTERVIEW WITH AN EXPERT

Ben Chesser, Sales Supervisor with OEC Group's St. Louis office gives insight into how shippers will be able to operate if the West Coast port labor unions strike or stage a slowdown later this year.

Q: What can OEC do for our clients if the ILWU stages a slowdown or strike?

A: There are a lot of different scenarios being discussed right now, and it really depends on what actually happens on the ground. OEC Group is uniquely positioned in this situation because our diverse book of business not only includes trade lanes from Asia to the U.S. West Coast, but also direct trade lanes from Asia to the U.S. Gulf and East Coasts. Therefore, if the West Coast ports are neutralized due to slowdowns and strikes, our team will be able to offer our clients a wide variety of alternative solutions with minimal disruption.

Q: Is there any chance that East and Gulf Coast ports would follow the lead of L.A.-Long Beach when it comes to strikes or slowdowns?

A: This is unlikely, based on past negotiations. Ports along the East and Gulf Coasts are looking to improve their contracts, as well, and this is an opportunity for them to step up and demonstrate their capabilities.

Q: What are some problems shippers may experience with a potential East Coast shift?

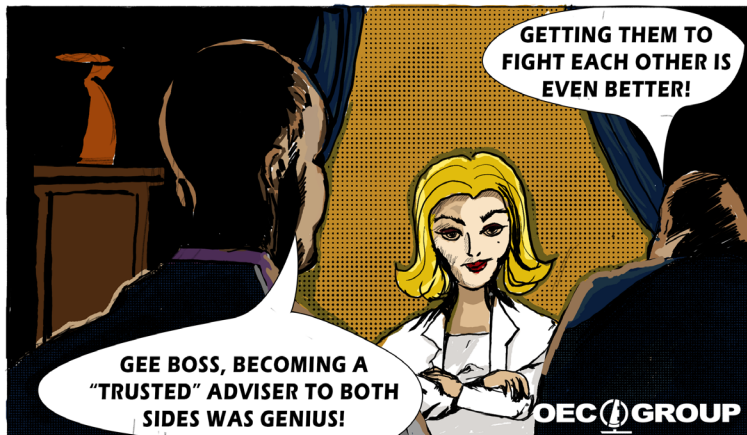
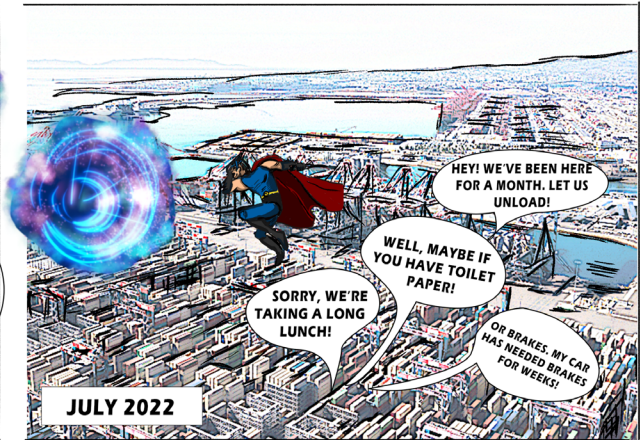
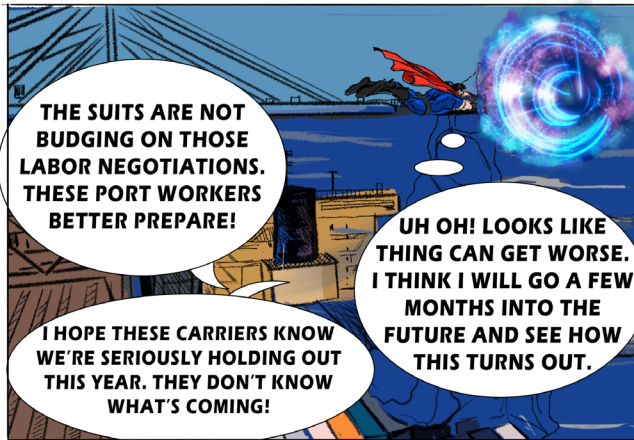
A: Large East Coast ports are going to have to battle a dramatic influx of containers, and they will have to contend with the fact that their infrastructure is slightly different than that of a port built to handle Trans-Pacific trade like L.A.-Long Beach. The time to process freight will increase, the time between vessel arrival and vessel berthing will be longer, and transporting cargo to other areas of the country will be more complex. Also, alternative ports with small footprints are going to see carriers terminating service at the gateway, and therefore, they may not offer inland services. In this situation, it'll be up to shippers and forwarders to organize the final portion of that move.

Q: Will there be any long-term repercussions if this situation does turn into a serious issue?

A: Most of the long-term repercussions that this may cause have already been put in motion due to the never-before-seen West Coast congestion that has been going on for months. Even if these labor negotiations go as smoothly as possible, there's still a backlog of ships waiting in San Pedro bay to be processed. There are still lines of trucks waiting to pick up freight at L.A.-Long Beach. Retailers have been trying to find warehouse space closer to the coasts, and some retailers are even considering moving away from the West Coast toward the Gulf and East Coasts. One major big box organization made the move to the Gulf a few years ago, and their supply chain has benefitted.

Q: What advice would you give to shippers as we move closer to negotiations?

A: Be cautious of anyone that says they have the one right answer for any impending issues. That's impossible. Congestion, slowdowns, or strikes have a similar effect to a car accident. Someone watches the news, they see there's a car accident along their normal route, and they change course. Everyone else that watches the news makes that same decision. Now, the next highway is clogged with traffic. People move onto the next roadway, and on and on. Shippers should be working with an experienced logistics expert to determine how agile their supply chain strategy is and whether or not they have planned far enough ahead to absorb necessary adjustments. Those that do will have nothing to worry about.



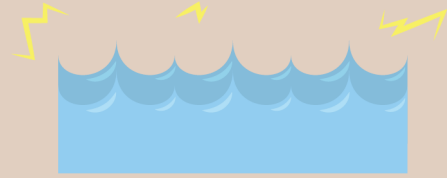
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Chocolate

FUN FACTS



Chocolate was regarded as an aphrodisiac by the Aztecs



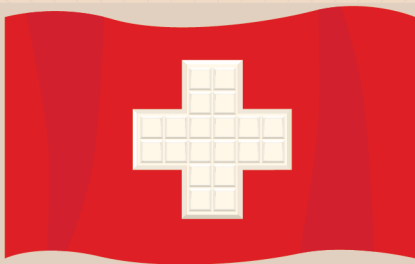
In the Aztec language the word chocolate means bitter water



Eating pure chocolate has been shown to prevent tooth decay



A single chocolate chip can provide enough energy for an adult human to walk 150 feet



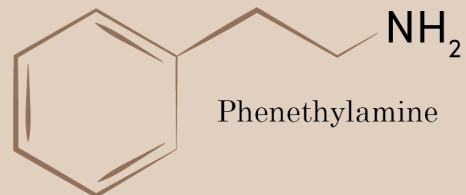
The Swiss consume the most chocolate per capita



In Mayan times, cacao beans were used as currency and considered to be worth more than gold dust



A Hasselt University study showed that when the scent of chocolate was diffused in bookstores, sales of books - especially those of romance novels - increased



Chocolate discharges the same chemical into your body that is produced when you start falling in love

ABOUT OEC GROUP

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.

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.