Balancing strategies critical for importers in 2018

By Dr Greg Cline

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Globally in 2017, unsustainable low rates, bigger vessels, and soft demand dominated the import sector, particularly from a shipping perspective. This has resulted in industry consolidation and a race for dominance. This outlook is set to continue in 2018.

Greg Cline

The highly fragmented container market has given rise to freight trade volatility. And while the projection for world trade shipping volumes has improved, a full recovery is not expected in 2017/18.

> *This means that balancing strategies are critical for importers as they manage supply, demand, and shipping dynamics.*

As all sustainable import and export business understand, it is crucial to take note of shipment quantities (and lead-time) when planning business schedules to ensure cargo is delivered on time, without disruption. And this will be even more critical in 2018 and beyond.

Influencing factors

There are more influencing factors that need to be considered today than ever before. Importers need to take heed of economic changes and fluctuations, carrier cascading, port inefficiencies and congestion and even the weather. Just look at last year's heavy storm in Durban port which resulted in a container ship breaking from its mooring and lodging itself sideways, blocking the channel to shipping as a great example.

Holidays and production facilities shutdowns also need to be better managed. With the holiday season varying across the world, for any business that works with international countries, it becomes imperative to understand and manage these shutdown periods, along with the current dynamics, to ensure no risk to your business or production cycle.

Pre-planning for annual supplier shut-downs, holidays and bank days should include the understanding of the fact that cargo is shipped by full container load or less container load (FCL/LCL) and that this can have a cost and time implication. Factoring this in, along with current shipping trends, can go a long way to ensuring that containers are loaded in time and full loads are pre-planned, which reduces transportation costs and minimises any delays.

The role technology plays

The role technology plays in this environment cannot be overstated. Clients can track their parcels, provide instructions on when to ship, and make the necessary documentation available to expedite custom stops irrespective of their location. They are no longer passive respondents but are empowered to work closer with their logistics provider and manage any potential issues before stock lands.

Inbound supply chain management has many moving parts. Working with the right partner can deliver significant value-added insights. For example, how best to contain costs by driving distribution from specific ports and enabling multiple customers to consolidate orders efficiently and ship on a container basis.

As technology evolves so too are more mobile applications becoming available to further empower customers through the importing process. Some allow for the physical tracking of goods whilst others, like traditional banking apps, take care of the financing side. However, when these components are combined in a single offering, then users will have more control over all facets of their imports.

Combining financial and physical supply chain

By combining the financial and the physical supply chain in an integrated platform, customers do not have to log in to multiple environments. Instead, they have an integrated offering that gives them all the information they need in a convenient and user-friendly way. This is critical as the pieces on the chessboard move.

In 2018, margins will become thinner and there will more awareness around cost containment. However, by embracing a balancing strategy – one that includes technology, different financing models, and working with importers as partners, companies can mitigate a lot of the risks associated with the uncertainties that they will face this year.

ABOUT DR GREG CLINE

Greg Cline joined Investec Import Solutions is 2012 and is currently head of corporate accounts. His responsibilities include managing business operations and CRM for Investec Import Solutions' client base. Prior, Cline was business development director at Intel Corporation where he was responsible for regional enterprise sales, strategy and marketing operations. Cline graduated as a medical doctor and holds an MBA cum laude (University of Witwatersrand and University of Chicago).

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