

Dealing with the west coast BOOM

Courier companies boost services to trim delivery times

The courier industry has seen its share of change over the past several years. Perhaps most significant has been the gradual evolution of couriers into fully-integrated logistics providers.

Major players such as Purolator and FedEx are building on that foundation to further enhance supply chain visibility, manage border security issues, and adjust to changing economic conditions, such as the higher Canadian dollar.

Purolator, for instance, just launched a new global supply chain service to provide direct-to-store delivery for incoming container shipments. It was created in response to a dramatic increase in imports coming through Canada's west coast.

Imports from Asia have seen a compound annual growth rate of nearly 20 per cent since 1996, according to Canadian port statistics. Many of the shipments are retail goods, which are time-sensitive due to seasonality and promotions.

"Our ports and our rail networks have been struggling to keep up with the demand and it's leading to congestion," says Shakeel Bharmal, general manager of global supply chain services with Purolator Courier Ltd.

He cites statistics showing 85 per cent of container shipments coming into Canada are routed onto other modes of transport, such as rail and truck. The goods then move through a distribution centre (DC), causing more delays.

"In addition to that, you have challenges of visibility," Bharmal adds. "There are significant portions of times where a customer's goods are actually in a black box and they don't exactly know where they are."

Purolator's new service allows shippers to skip the warehouse, shaving days off lead times. "It's a direct-to-store DC bypass where containers aren't handled by a third party," explains Ryan Persad, national manager of global supply chain services. "You get that immediate visibility."

Once the shipment arrives in port, Purolator works with the customer to determine the best mode of delivery; for instance, via air for time-sensitive shipments to Newfoundland, or overnight truck for Calgary.

Purolator uses its own network of truckload, less-than-truckload and air carriers, so it can provide visibility throughout the whole journey, Persad adds.

The service also allows customers to respond to changing market conditions, such as the increasing consumer buying power in Calgary and Edmonton. Canadian importers often ship goods into the Port of Vancouver, haul them by rail or truck to a warehouse in central or eastern Canada, and then transport back a significant portion of the load to west coast stores. But the new service model will allow customers to ship to stores in Calgary and Vancouver directly,



From left: Captain Gordon Houston of Vancouver Fraser Port Authority, BC Minister Kevin Falcon, and Robert Johnson, president and CEO of Purolator, celebrate Purolator's first shipment through the new Richmond facility.

Bharmal adds. Purolator's flagship facility for the service is in Richmond, BC, reflecting the growing amount of trade in western Canada, though the service is national in scope.

For its part, FedEx Canada has also boosted service on the west coast, according to Patsy Bertoia, managing director of customer service. "We've added a new flight into Kelowna which is providing additional lift capacity to support the interior of BC."

Kelowna also has a new distribution facility, and the courier recently changed its Vancouver service to provide a direct flight from its major distribution hub in Memphis. Flight capacity has also increased in Calgary, Bertoia says.

This year, FedEx is also focusing heavily on helping customers demystify border security programs. "We found that exporters are still unaware of the upcoming changes to the government regulations," she explains. "So companies... really need to respond with technology and information infrastructure. Most importantly, they need to become known exporters to [Customs]."

The company has added border security experts to its staff to help shippers comply with the new requirements. Looking ahead, she says the stronger Canadian dollar will continue to shift the supply chain landscape in Canada. Companies are now able to import from markets traditionally deemed too expensive, such as the US.

As those trends unfold, courier companies will continue to evolve—adding services, capacity and expertise to respond to new challenges.

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