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How drayage has evolved due to the pandemic

By Brian Kempisty, Port X Logistics

The coronavirus pandemic both created new problems and highlighted existing issues across the supply chain. This has been especially evident at the ports. Unrelenting port congestion — coupled with equipment shortages — has made importing goods an irritating headache at best and an expensive nightmare at worst.

Navigating today's supply chain woes is not impossible, but it does require a new approach. Companies that have historically treated drayage and other inland transportation services as an afterthought will need to shift this mindset in order to survive in the current maritime environment.

While all BCOs will have to work around shortages and strained capacity, a little bit of preplanning goes a long way in avoiding serious delays and staggering fees at the ports.

"Drayage, transloading and trucking has changed dramatically since we started our business in 2017," Port X Logistics founder Brian Kempisty said. "It is no longer an afterthought. If you're not planning drayage as part of your supply chain, you're cooked."

Port X helps its clients succeed in this cutthroat environment by communicating with them as soon as a container starts moving.

"Our state-of-the-art software allows us to track containers once loaded on vessels overseas all the way to the destination," Kempisty said.

Port X gets busy lining up all aspects of inland movement — including drayage drivers, chassis availability and yard space — long before the shipment arrives stateside. For transloading clients, that includes pallet sourcing and storing, which can be a time-consuming process thanks to current shortages.

"All these things are now incredibly important, and our success has been in proactively communicating the need to plan and coordinate these things with our clients," Port X Partner Jill Rice said. "There is a shortage of everything. We are still just trying to fill the void of all the shortages: chassis, container yard space, warehouse space, pallets, drivers, and warehouse labor shortages."

Many of the issues at the ports today can be attributed — at least in part — to rapid changes in consumer shopping patterns. The pandemic forced an unprecedented swell in e-commerce sales, and the supply chain was not prepared to meet those shifting demands.

Between the second quarter of 2019 and the same quarter of 2020, e-commerce sales soared from 10.8% to 16.1% of total retail sales. Consumer retail spending in the e-commerce space has been climbing for decades. Historically, however, e-commerce has experienced slow but steady growth. According to the U.S. Census Bureau, e-commerce spending tends to climb about 1% on a year-over-year basis. The dramatic results seen in 2020 were a pandemic-fueled outlier.

Now that most retailers have reopened their brick-and-mortar stores without restriction, e-commerce sales have dropped from their pandemic peaks. In the fourth quarter of 2021, e-commerce sales accounted for 14.5% of total retail sales, according to the U.S. Census Bureau. While this number is down about 1.5% from mid-2020, it is still significantly higher than would be expected without the pandemic's influence.

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Additionally, this trend toward online shopping also came with changing consumer expectations surrounding shipping times. Consumers now expect to get their goods quicker — and cheaper — than ever, whether they are ordering from massive retailers or mom-and-pop operations.

"The pandemic catapulted the 'Amazon effect' forward by three to five years. It is a different world, almost overnight," Kempisty said. "Inland point intermodal is going to be phased out and will never go back to where it was."

Prior to the pandemic, freight coming into the Port of Los Angeles would ride the rail all the way to a warehouse in Cincinnati. With this approach, containers could be stuck inland for up to 30 days before being sent back overseas. The pandemic-fueled combination of skyrocketing demand and equipment shortages has quickly made this model unsustainable.

"Ocean carriers are making so much money now; they're not going to let that happen. You're not railing these containers to your final destination anymore," Kempisty said. "If you haven't planned for drayage, transloading and trucking, you are going to be in trouble."

For BCOs that are planning ahead for drayage, the process will need to look significantly different than it did before the pandemic.

It would be a mistake to rely on pre-pandemic processes. A lot of the popular software was built so that it didn't alert the drayage trucker until the cargo had cleared U.S. Customs, which automatically puts companies behind because they cannot preplan. Failure to preplan in today's market will almost certainly result in thousands of dollars of congestion fees, port detention fees, per diem fees on containers and additional chassis fees.

"Nobody wants to hear it, but after they see the unintended consequences, people are starting to listen," Kempisty said. "I won't even say there is better software, but we're working around that. People are heeding the message, but the systems and software haven't caught up yet."

Ultimately, working with a partner like Port X to ensure preplanning is taken care of will allow BCOs to save both time and money as they navigate today's difficult market. Attempting to go it alone — or trying to circumvent preplanning in order to move a last-minute shipment — will only result in fees and delays.

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