



GSC LOGISTICS
DELIVERING CERTAINTY

THE WORLD'S FOREMOST BEVERAGE ALCOHOL DISTRIBUTOR MODERNIZES ANTIQUATED SHIPPING PROGRAM, SAVES MILLIONS

The beverage industry is among the most resilient and recession-proof markets in the world. Throughout history, economic downturns have had little effect on the consumption of alcoholic beverages other than changes in demand allocation—either beer and wine sales increase while liquor sales decrease or vice versa.

In early 2020, the COVID-19 pandemic hit and everything changed. The national and global distribution patterns began to take on new shapes as the unpredictability of on- and off-premises sales caused detrimental highs and lows in material availability, exacerbating the volatile market.

Amidst this uncertain backdrop, one of America's largest beverage alcohol distributors began a bold initiative to revolutionize its entire shipping infrastructure. The distributor, which serves customers and suppliers throughout North America,

was stretching the limits and capabilities of its long-time shipping vendor, which was also closing its doors. Antiquated systems, lack of technology, and the inability to keep pace in the modern age were beginning to have an impact on operational flexibility, cost effectiveness, and scalability.

A REAL-WORLD, PERSONAL APPROACH TO FREIGHT MANAGEMENT

In April of 2020, the distributor decided to partner with **GSC Logistics (GSC)**, one of the nation's leading freight companies, to guide them to the next level in their freight transformation journey. GSC, which works with some of the largest brands and companies in the world, was chosen for its ability to provide consistent and predictable results, technological prowess, scalability, strategic locations, and unrivaled port experience.



“THEY CREATED AN INDIVIDUALIZED SHIPPING PROGRAM THAT WORKED SEAMLESSLY WITH THE UNIQUE EBB AND FLOW OF SUPPLY AND DEMAND IN THE BEVERAGE ALCOHOL MARKET.”

—SENIOR WAREHOUSE MANAGER

“Beyond GSC’s ability to successfully manage a high-volume flow of goods, what really impressed us was their enthusiasm, confidence, and personal approach to freight management,” said the Senior Warehouse Manager.

THE ONBOARDING PROCESS— DELIVERING AT EVERY TURN

During any onboarding process, time-to-first-value is the key to determining long-term success, and GSC’s approach was the finest the distributor had ever experienced. The typical fear of change, which is prevalent in most organizations, melted away as the distributor was led through each step of the transition, from planning to implementation.

To help maintain consistency and retain insider knowledge, GSC hired a team member from the distributor’s previous, now shuttered, freight vendor. GSC’s goal was to deliver value for the distributor at every turn through proactive communication, transparency, and white glove service. As a result,

the distributor felt that it was a true partnership from day one, and this set the stage for success on every level.

NEW, TECHNOLOGY-FORWARD SHIPPING PROGRAM RESULTS IN \$2M SAVINGS

Prior to working with GSC, the distributor’s shipping partner lacked the ability to quickly pivot and scale as its old-school shipping procedures were composed of paper-based billing and notifications, and communication was primarily conducted by mail, phone, or in person. The lack of modern technology and electronic communication began to have a detrimental effect on warehousing, customer service, ordering, and production.

As the distributor grew, this created a ripple effect, and detention and demurrage charges began to increase. It was a vicious cycle of feast or famine as fluctuations in demand spiked or fell due to the ever changing landscape.

Over time, a delayed container would cause issues that could still be felt a week later in production. As a national company with facilities across the U.S. and beyond, the impact on the bottom line was stark. Millions of dollars were being wasted in unnecessary and increasing fees. Furthermore, it was difficult for the distributor to determine exactly when or where there was an issue, but they knew they had one.

“When GSC came on board, they brought a dedicated team skilled at thinking outside the box,” said the Senior Warehouse Manager. **“From leading-edge technology to an intricate knowledge of the ports and drayage, they knew**



how to increase operational efficiency and maneuver around the market.”

From day one, everything worked as planned without service interruptions for customers or staff. GSC identified key pain points and built a customized program that included dedicated fleet management and multimodal shipping by port and rail. **As a result, waste and downtime were significantly reduced and efficiency was dramatically increased, leading to a \$2 million dollar savings in per diem charges with port detention fees dropping to zero within the first six months.**

STRONG PARTNERSHIP RESULTS IN A RECORD YEAR DESPITE PANDEMIC

As the impact of stay-at-home orders began to take its toll in the first quarter, the distributor experienced a drastic 98% decline in on-trade sales, which targets consumers directly via pubs and restaurants. The challenge at hand was to survive and transition as quickly as possible to off-trade sales, which are primarily aimed at liquor stores and big box retailers.

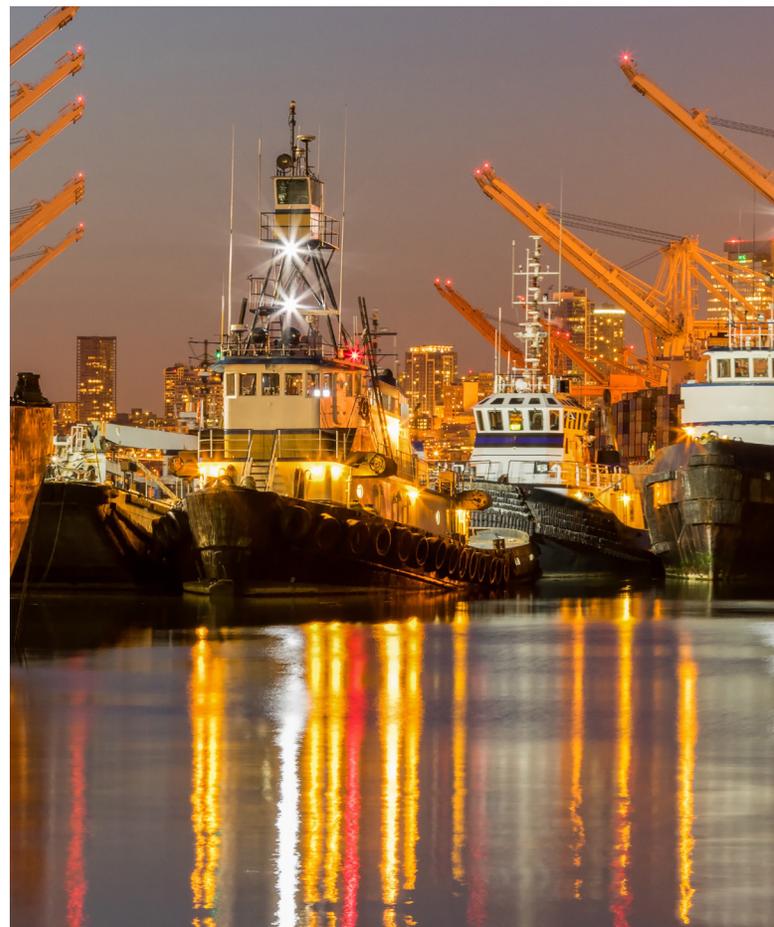
Cases of alcohol shifted in quantity, delivery method, and size as consumer demands changed. In the past, liters were more desirable, but in the new and uncertain climate, consumers wanted more bang for their buck with half gallons. The distributor, along with the industry as a whole, wasn't prepared for these tidal shifts.

“The timing couldn't have been more perfect to establish a partnership with GSC. They created an individualized shipping program that worked

seamlessly with the unique ebb and flow of supply and demand in the beverage alcohol market,” noted the Senior Warehouse Manager.

One such area was understanding how the distributor unloaded their containers. Historically, containers were received from two modes: port and railroad. Each rail container was dropped and then unloaded at a later date and time, but this resulted in high detention and demurrage fees. GSC and the distributor worked together to live unload containers to avoid the fees, and the effort was immensely successful.

In addition, hours for receiving inbound trucks into the warehouse were expanded. By having materials available on the floor, sales and customer service could sell and bill it. This created a larger time window that traditionally didn't exist in the



warehouse, while at the same time freeing up inventory and encouraging sales. With over 4,000 containers delivered per year, the operational impact was dramatic, and the distributor experienced a record year for their West Coast operations.

PROACTIVE, PERSONAL COMMUNICATION

With an eye for continuous improvement, GSC is laser-focused on helping its clients find ways to refine processes, reduce expenses, and increase profits. Biweekly conversations between GSC and the distributor center around how to consistently make things better. Staying in constant communication with front-end conversations ensures that any possible friction points in the flow of goods are resolved quickly and efficiently. Daily reports provide a lifeline of business intelligence for the warehouse and management teams.

“The value GSC provides at every level is phenomenal, and without their support, 2020 would have been very difficult,” said the Senior Warehouse Manager. **“They helped us maintain our business amidst the changing status quo, and we are now on par with today’s industry standards and poised for future growth and expansion.”**

CHALLENGES

- Rising detention and demurrage charges
- Antiquated shipping systems
- Operational inconsistencies in material requisition and acquisition
- Cycle of feast or famine with inbound containers
- Limited by manual and paper-based processes

VALUE CREATED

- Increased revenue and scalability
- Improved operational efficiency for maximum results
- Achieved consistency and confidence in processes
- Daily pulse reporting and dashboard
- Ability to maintain and succeed against changing status quo

SOLUTIONS

- Drayage and demurrage
- Dedicated program, management, and fleets for each situation
- EDI and API connectivity

