

Toy shippers in alliance with NVOCC

Plan is to bring in new services and new members

By Peter A. Buxbaum, AJOT

The Toy Shippers Association has things well in hand when it comes to importing containerloads of toys from China. The not-for-profit organization was formed in 1990 to negotiate favorable shipping rates for seven large toy manufacturers with the Asia-North America Eastbound Rate Agreement (ANERA).

Since that time ANERA disbanded but TOYSA is still going strong. It currently negotiates with 12 ocean carriers, many of them former ANERA members, on behalf of 91 members. Collectively, TOYSA members import 30,000 to 40,000 TEU per year, 90 percent of it from China.

But recently, TOYSA entered into a joint venture with an NVOCC to provide a whole new set of services to its members. The agreement with Laufer Group International, which was inaugurated last May, makes available to TOYSA members Laufer's extensive network in China, its consolidation services for less-than-containerload shipments, as well as Laufer's information systems, which allow users visibility into shipments down to the line-item level. The TOYSA-Laufer arrangement is also thought of as a recruitment tool for new TOYSA members.

"The companies that belong to this association are involved as manufacturers in toys, hobbies and other associated types of trades," said Dave Akers TOYSA's managing director.

China, including Hong Kong, still manufactures the lion's share of toys imported into the United States. Less than 10 percent of the total originate from other points such as Korea, Indonesia, Taiwan, and the Indian subcontinent. "Most toy companies use a limited number of facilities in China," said Akers. "You can walk into one of these places and see a Mattel toy being manufactured next to a Hasbro toy."

Akers sees toys as a "fashion type of industry." The normal life for a toy is three years," he explained. "Toys and styles are changing constantly."

This presents a challenge to manufacturers. "The challenge involves finding a facility that can do the kind of detail work and plastics work required for a particular product," said Akers. "There is also the question of the availability of raw materials. A manufacturer might use one facility for its line one year and another the next year."

Beyond that, there is also the issue of making sure that product is available for the peak shipping season. A good share of the volume of toys imported are associated with Christmas sales. Finding capacity for those volumes has not been a great challenge in recent years,

nor will it be this year, according to Akers.

TOYSA's relationship with its core group of ocean carriers is focused exclusively on full container moves. The association's new relationship with Laufer is designed in part to attract shippers who are already "using NVOCC operations and feel comfortable doing so," said Akers.

"The point is not to replace our carriers," he added. "We will continue to negotiate fairly large contracts with quite a few different carriers. Laufer may supplement those relationships."

TOYSA approached Laufer because the association was approached by companies interested in services that TOYSA was not provided."Some companies have LCL needs, others require air freight services or track and trace capabilities," said Akers. "We weren't designed to provide those services to them."

Laufer is a mid-sized NVOCC which was founded over 60 years ago as a customs broker. "In the 1980s Laufer was one of first U.S. companies to develop an NVO presence in China," said Bryan Martsching, the companies director of business development. Laufer Group International enjoys an affiliation through common ownership with a network of 25 offices in China, and several more in Thailand, Vietnam, and Taiwan.

"The nice thing about the network is that they are all on the same information technology platform," said Martsching. "They can sign on to the mainframe just like I do and view the status all of their purchase orders from origin to delivery. They can drill down to style numbers and line items. This is one capability we are providing TOYSA members."

Most toy manufacturers sell to big box stores which can make strenuous supply chain demands on their vendors. "With our IT system, users can find the status of any purchase order and communicate back to the retailer," said Martsching. "If the retailers require more of an item, the user can see if it is available and is in a position to promise its delivery."

The TOYSA-Laufer alliance is somewhat unusual, for Akers, in that "in the past NVOCCs and shippers associations, while not adversaries, were in some cases pursuing the same goals. When we signed with Laufer we felt we would be able to attract new members, companies that already deal with NVOs and that want a soup-to-nuts operation that puts everything on one bill.

"It is joint venture for both of us," Akers added. "We are not trying to reinvent things for them nor the other way around."

