

CASE STUDY

Enabling Market Growth for Global Chemical Producer with a Strategic Hong Kong Hub

Reducing transit time and shortening time-to-market

Summary

A major producer of specialty chemicals with its main production plant in Germany, faced challenges with longer delivery times when shipping products from Germany to Asia. The PSA BDP team established a regional distribution center (RDC) in Hong Kong, reducing time-to-market significantly. This strategic move increased sales, improved competitiveness, and earned PSA BDP Hong Kong the 2024 Valued Partnership Award for their exceptional support.

The Challenge

With its main production plant in Germany and a global customer base (including key markets in China and the APAC region), the chemical producer faced significant challenges in maintaining a competitive edge in the international market. The company previously shipped products directly from Germany to customers in Asia, resulting in a lengthy transit time of up to 35 days. This prolonged delivery period caused the company to lose market share to competitors who could offer similar products with shorter lead times. Seeking a solution to reduce transit times and regain competitive advantage, they turned to PSA BDP for assistance.

The Solution

The client has been working with PSA BDP for the past 16 years, with the PSA BDP team providing import, export, warehousing, and delivery services. After learning of new market challenges that the company was experiencing, PSA BDP proposed the establishment of a regional distribution center (RDC) in Hong Kong to address the difficulties with time-to-market. By setting up this RDC, PSA BDP aimed to significantly shorten the time-to-market to the APAC region. The space managed by PSA BDP is flexible and can be scaled up based on the customers' business needs. PSA BDP Hong Kong efficiently manages the

company's inventory and coordinates shipments to ensure timely deliveries across Asia, leveraging the Hong Kong facility as a distribution hub for China and the broader APAC region. As chemical logistics specialists, PSA BDP ensures the safe storage and transportation of Class 9 dangerous goods (DG) cargo, while also handling non-DG cargo.

Services Used

- Supply chain analysis and optimization
- Contract Logistics
 - Warehousing
 - Value-added services such as packaging and labelling
- Distribution
 - Lead Logistics Partner (LLP) services



The Result

PSA BDP's analysis and solution contributed to the client achieving their business growth in 2023. The implementation of the RDC in Hong Kong has brought substantial benefits to the client; most notably, a 15% increase in sales. This strategic move also reduced the average transit time from 35 days to just 10 days, a third of the original duration. The significantly lessened transit time has enhanced the company's business competitiveness, improved order lead-time, and enabled the organization to swiftly adapt to market changes.

In June 2024, in recognition of the exceptional efforts and outstanding contributions of PSA BDP to support the client's Asia's business, PSA BDP Hong Kong was presented with the 2024 Valued Partnership Award.

This long-term partnership has fueled the company's growth trajectory, with expectations of continued steady expansion in 2025, by bringing supply chain efficiencies and cost savings.

Customer Benefits

Significantly lessened transit time

Enhanced business competitiveness

Improved order lead-time

Shortened time-to-market

15% increase in sales

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