

Carrier reliability: A day late and a dollar short

Carriers are beginning to look for solutions to container shipping's worsening service reliability. But will the remedy be worse than the disease?

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Efforts by Maersk and MSC to improve schedule reliability are to be applauded and can come none too soon for shippers



MSC AND MAERSK HAVE BOTH MOVED TO IMPROVE SCHEDULE RELIABILITY.

WHEN the two largest container lines in the world admit they are not doing their job properly, you can be pretty sure that all is not right in market.

In recent days, [Maersk and Mediterranean Shipping Co](#), the number one and two container lines by capacity, have conceded that service reliability has become such a problem that they need to do something about it.

The 2M alliance partners are beginning to address issues surrounding getting ships to arrive on time by adding more vessels to their strings, slowing them down and removing port calls, often the key point where ships get held up.

The moves come as shippers are becoming increasingly frustrated by the lack of schedule reliability in container shipping.

A recent [report](#) by SeaIntel found that in the first three months of this year only 66.5% of 37,475 vessel arrivals were on time, a record low. In 2017, the rate for the full year was only 74.5%.

The International Transport Forum at the Organisation of Economic Co-operation and Development has said that it will [investigate carrier schedule reliability](#) as part of a new report into the impact of container shipping alliances on the supply chain.

While delays may hit the lines, they hit their customers even harder.

Speaking at the Global Liner Shipping conference in Hamburg in May, Nestlé head of global logistics procurement Jochen Gutschmidt said inconsistent lead times were the [biggest problem](#) his company faced.

“Carrier reliability is in the mid-70%s, so 25% of our supply chain not executed as planned,” he said.

Kuehne+Nagel head of global trade Paulo Montrone, speaking at the same event, warned that large shippers, such as Amazon or Alibaba, could eventually launch their own shipping services to ensure the “extreme quality in service delivery” that they demand of carriers.

But the price of reliability could be slower service.

Neither Maersk nor MSC expects shippers to object if sailings take a few days longer than the former published times. Both say they believe customers would prefer transit times that were two or three days longer than be promised a voyage time that cannot be relied upon.

APL, however, has had success with its Eagle Express and Eagle Go Guaranteed products, which offer fast service times, equipment availability and specified vessel transits, albeit at a higher cost to shippers. It is now [extending that offer](#) to the Asia-Europe trade.

Moreover, this week alone has seen three [announcements](#) from rail operators offering to knock 20 days off the average Asia-Europe transit time for time-sensitive cargoes. Rail may be more expensive, but the containers don't get delayed in port.

Maersk says shippers wouldn't pay for additional services, but shippers say lowest-cost shipping is not what they want. Mr Gutschmidt said that the shipping rate was just one element of the total cost of transport and that the real cost was higher if delays and longer lead times were factored in.

Much of the problem has been of the lines' own making. The ultra-large ships they have deployed in order to reduce their slot costs are cumbersome to handle in ports, leading to delays. The reshuffling of alliances and trade routes has added another layer of frustration for shippers.

So while it is admirable that carriers are beginning to see there is a problem that needs fixing, it could well be in everyone's interest if they discuss the solutions with their customers first.