

# Gemini raises the stakes

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Shippers argue that they are willing to pay for a decent service and with the development of the Gemini Cooperation that claim will be put to the test, as Maersk and Hapag-Lloyd seek to offer a service that is very different to anything currently available.

Gemini said it will offer a hub and spoke system that not only delivers freight rapidly but on time between ports and terminals that will be managed and operated by the carriers themselves.

Stefan Verberckmoes, an analyst at Alphaliner, said, "A hub and spoke network is not an entirely new concept, but it has never been implemented in the way that Maersk and Hapag-Lloyd intend to do. They come with something new, completely different from the usual alliance networks."

A Hapag spokesperson told *Container News* that this approach will improve the lines' network and give shippers an option.

"Our network will centre around hubs where we aim to have the highest levels of productivity and flexibility, thereby ensuring competitive and highly reliable transit times across seven trades. Our joint ambition is to deliver a flexible and interconnected ocean network with industry-leading reliability, quality, and sustainability," said the German ocean carrier.

"It would be a welcome strategy," said James Hookham, director at Global Shippers' Forum, who argues that the key to better service is more subtle than simply gross market share, but points to on time deliveries, product availability to the end customer, and customer satisfaction as offering a clearer route to the more enduring and predictable contracted business of the sort that Maersk says it wants and Hapag has, in past, specialised in.

While the shippers have put a positive spin on the move, forwarders are more concerned about the nature of strategy.

Nicolette van der Jagt, director general at Clecat, noted, "Ultimately fewer port calls (simplification?) will maybe keep their [the carriers'] time schedules more intact but this is not to the service of connectivity. I have not heard shippers calling for more feeder services, but instead more direct services."

And while Gemini Cooperation openly states, "We are aiming for customers who decide to have a high-quality service," some are not convinced that shippers would pay the extra costs associated with the over 90% schedule reliability that Gemini is proposing.

"Tell me, when was the last time you saw a shipper that: 1) got the service level that was agreed upon and 2) was happy to pay more than the market average to get a perceived better service level?" asked Peter Sand, chief analyst at Xeneta.

According to Sand, the performance levels of the carriers have been poor for some years, but even when schedule reliability was at its best carriers were "never able to get a decent premium for it".

Nevertheless, Hookham is optimistic. "This will be of interest to European manufacturers reliant on delivery of components and sub-assemblies from Asia, where the cost of delivery failure is to shut-down the production line, or maybe retailers, where the cost is empty shelves or missed online orders," he said.

However, Hookham also cautions that ad hoc surcharges, such as the current empty box charge would not be acceptable.

"Running out of containers in Asia, the cause of another surcharge at the moment, would be the sort of problem customers would not expect to hear about, never mind get surcharged for. This may not be what Maersk has in

mind but it is the level of service other 3PLs and 4PLs strive to provide, based on their own core expertise (think DHL, Ceva, etc),” he pointed out.

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