

# Shippers claim they prefer to pay for better service

Is it service or price that counts when it comes to buying freight? Shippers and forwarders weigh in.

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Credit: Maersk

Container shipping rates should be determined by how good a service rather than the supply and demand equation, but some question whether shippers and forwarders are ready to pay a premium for better services.

Significant changes to carrier alliances and the services that the major lines are offering will come about in February with the carriers preparing for months for a reshuffle of alliances, or in [MSC's](#) case to operate without an alliance partner.

In what is expected to be a test for the Gemini Cooperation lines, [Maersk](#) and [Hapag-Lloyd](#), the alliance will operate a hub and spoke system which they say will give over 90% certainty on scheduling.

"Increased voyage blanking and the early Chinese New Year, 28 January, have led to potential GRI launches in mid-December and pre-Lunar New Year in January," reported the Taiwan-based forwarder Dimerco.

Container lines' drive to raise rates have left freight forwarders' association Clecat director general Nicollette van der Jagt unimpressed: "CLECAT's members are mostly interested in the need for transparency and fair competition," she said.

In addition, van der Jagt agreed that: "Shippers and forwarders have consistently called for carriers to provide value-added services and differentiation of services. I think that while supporting initiatives like Gemini's for better reliability aligns with industry needs, shippers must weigh the cost implications against operational realities, particularly in sectors with thin margins."

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In effect van der Jagt said forwarders would like to support initiatives such as Gemini's because better reliability is what shippers and forwarders need.

Shippers must weigh, however, the cost implications against operational realities, particularly in sectors with thin margins. Also, while Gemini promise more reliability, it remains to be seen in practice."

Clecat is concerned that reductions in direct connections would undermine the competitiveness of ports, "for example the French ports of Marseille and Le Havre would not be served directly by Gemini on their Asia-Europe services."

In addition, Clecat believes that the hub and spoke model extra "operational complications", while also adding cost.

"Let's see how Gemini effectively operates but we have some reservations on the efficiency of their model," said van der Jagt.

Global Shippers' Forum (GSF) director James Hookham, who is a former Freight Transport Association worker, likened today's shipping market to the trucking industry 25 years ago.

Consolidation of the trucking industry saw some operators offering value-added services and warehousing for customers, while other companies bought trucking companies to grow their market share.

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MSC is similar to that latter version of the trucking industry said Hookham, "But the question is can they [MSC] get the profitability at scale that they envisage, with what is essentially a no frills, EasyJet service?"

At the other end of the scale Maersk is looking to offer a genuine door-to-door service, with their customers effectively sub-contracting their logistics services to the carrier, "They will need to take the worry out of the customer's logistics business," explained Hookham.

That will require the type of soft skills that is simply not a part of the container shipping tradition.

"They won't be able to say, 'oh there's a US East Coast strike sorry your cargo is delayed', customers will want to know what they are offering as a workaround, they want solutions," claimed Hookham, adding, "Shippers don't see shipping lines, they see 3PL's."

Nevertheless, Hookham believes volume shippers and owners of high value or time sensitive cargoes such as fashion houses, or Christmas goods would pay a premium for such a service if it was reliable.

In conclusion, van der Jagt said: "Differentiation among carriers is welcome, but it must be accompanied by clarity in pricing, adherence to fair competition principles, and a collaborative approach to industry-wide challenges."

Forwarders, broadly support measures that improve resilience and sustainability of maritime supply chains, but the carriers' customers also want balanced policies that consider the interests of all stakeholders.