How Reliable Ocean Transport Enhances Inland and Intermodal Supply Chains

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In the ever-evolving landscape of global trade, businesses continually seek ways to enhance the reliability and efficiency of their supply chains. Combining ocean transport with inland and intermodal transportation has emerged as a powerful solution to achieve these goals. Enhanced reliability in ocean transport creates cascading positive impacts on inland and intermodal transportation, including more resilience and agility in the end-to-end routing of goods. Intermodal transport, particularly the integration of ocean and inland transportation, plays a crucial role in achieving these objectives.

To fully leverage these benefits, businesses must recognise that the journey of cargo rarely begins or ends at a port. By partnering with a logistics provider offering additional services beyond ocean booking, businesses can significantly enhance the reliability and efficiency of their supply chains. As the world continues to face geopolitical events and disruptions, the interrelated reliability between ocean shipping and intermodal transport is essential for maintaining a smooth and efficient supply chain.

The Importance of Inland and Intermodal Transportation

<u>Inland transportation</u> is the broader term covering all transport activities that go over land using various modes such as truck, rail or barge, but excludes air and ocean transport. This approach to land-based transportation ensures that goods can be efficiently moved across multiple countries and regions.

<u>Intermodal transportation</u> involves moving freight using two or more modes of transport, such as truck, rail, barge, air, and ocean, without handling the cargo itself when changing modes. This approach leverages the strengths of each mode to achieve cost-effective, efficient, and streamlined logistics solutions. Since many shippers or consignees do not have direct rail or barge terminal access,

often a combination of transport modes is used to leverage the strength of each one: e.g. rail combined or barge combined with truck services.

The <u>intermodal freight transportation market was valued</u> at USD 51.18 billion in 2023 and is projected to reach USD 103.78 billion by 2028, recording a compound annual growth rate (CAGR) of 15.2%. According to the International Maritime Organization, about 90% of the world's traded goods are transported by ocean, making inland transportation an indispensable complement to ocean transport. Integrating ocean and inland transportation has become one of the most common intermodal choices, significantly benefiting businesses and their supply chain.

Enhancing Intermodal Reliability and Efficiency

Strong reliability on ocean schedules creates space for more efficient planning and allocation of inland resources. When ocean shipping schedules are reliable, businesses can plan their inland transportation more effectively, ensuring that goods are handled with priority and delivered on time. This reliability is particularly important for industries with <u>just-in-time supply chains</u>, where timely delivery of components is critical to maintaining production schedules, <u>especially with seasonal demand</u>.

Competitive transit times and quick responses to disruptions and demand changes are crucial for efficient supply chains. Using <u>fewer stops and leaner loops</u> for mainliners, which connect smoothly with flexible shuttles at high-capacity hubs, can make shipping faster and more reliable. By partnering with logistics experts designing innovative logistics networks, businesses can improve supply chain reliability and efficiency.

Intermodal transportation requires careful coordination between different transport modes and stakeholders, which can lead to delays and increased costs if not managed effectively. Partnering with end-to-end logistics providers on intermodal transportation <u>provides many benefits</u>, including convenience through simplification of logistics, flexibility and consistent access to reliable transport options, better supply chain visibility (a key concern for businesses, <u>according to McKinsey</u>) with better data sharing and real-time cargo tracking, agility, and cost-effectiveness. Adding an intermodal option to ocean transport streamlines operations and improves efficiency. Keeping cargo moving minimises detention and demurrage charges, reducing handling time, labour costs, storage, and packing costs. This cost-effectiveness is maximized when one logistics partner supports the business.

Additional benefits include:

- Enhanced Storage Solutions: One of the key benefits of partnering with a logistics provider is the ability to store full containers within a depot network. This ensures that cargo is securely stored in the depot network and readily available for the next leg of its journey. By having access to a network of depots, businesses can optimise storage solutions and reduce the risk of delays caused by limited storage capacity at ports.
- Flexible Warehousing and Distribution: Flexible warehousing and distribution solutions, such as consolidation, deconsolidation, and fast fulfilment of goods, are key to maintaining a smooth supply chain. By consolidating shipments, businesses can reduce handling costs and improve efficiency. Deconsolidation allows for the quick distribution of goods to various destinations, ensuring that products reach their final destinations promptly. Fast fulfilment services enable businesses to meet customer demands quickly, enhancing customer satisfaction and loyalty.

Meeting Business and Customer Needs

Intermodal transportation, particularly the integration of ocean transport, is essential for modern supply chains. The increased reliability in ocean transport positively impacts inland and intermodal transportation, offering numerous benefits such as convenience, flexibility, visibility, agility, and cost-effectiveness.

Ocean delays can quickly create cargo overflow at ports, leading to inland transportation bottlenecks and disruptions in the supply chain. When transport providers can design end-to-end network with ocean and inland transportation in sync, they are able to provide smooth cargo handovers and maintain inland reliability. An integrated logistics provider with synchronized schedules and intermodal transport services yields an end-to-end solution that keeps cargo moving without delays, even in the face of unforeseen challenges.

By leveraging the strengths of different transportation modes and working with a trusted logistics partner, businesses can optimise their logistics operations, enhance supply chain resilience, and achieve sustainable growth.

As the global trade landscape continues to evolve, intermodal transportation will play a crucial role in meeting the demands of businesses and supporting their long-term priorities. By adopting best practices and continuously improving logistics network designs, businesses can ensure the reliability and efficiency of their intermodal transportation solutions, positioning themselves for success in an ever-changing world.

Be ready for faster and more reliable supply chain solutions! Read more about Maersk <u>depot and container services</u>, <u>inland services</u>, and <u>contract logistics</u>. You can also learn more about Maersk's commitment to strengthen your supply chain with resilience and flexibility on East West trades through the Maersk East-West network or listen to a recent broadcast from Maersk leaders.