

SUNDAY SPOTLIGHT

18 SEPTEMBER 2011, ISSUE 26

SEAINTEL MARITIME ANALYSIS

DAILY MAERSK – HOW IS IT DONE?

Everything has changed – and nothing is changed.

“There is no spoon”

This week saw Maersk Line announce the establishment of daily services with a 100% on-time guarantee to back it up on the Asia to North Europe trade.

According to SeaIntel's reliability database, the industry has an on-time performance of 59% from Asia to North Europe and all providers have weekly services. It therefore begs the question – how will Maersk do this?

It must be noted that in terms of reliability Maersk Line already holds number 1 position with an on-time reliability of 82% from Asia to North Europe according to SeaIntel's reliability database, however it is quite a leap from 82% to 100%.

SeaIntel has taken an in-depth

some, as the conclusion is that Maersk Line has managed to change everything and nothing at the same time.

Looking at the design of the daily service, it also becomes clear that while it is still a difficult product to replicate by competitors, it will not be as difficult as one might imagine.

“There is no spoon”

In the movie “The Matrix” there is a scene of a boy holding a spoon, which he proceeds to bend merely by looking at it. The movie's protagonist is puzzled and the boy responds by saying “there is no spoon”.

What the boy is illustrating is that there is a fundamental difference between the reality our protagonist is experiencing, and the underlying operational reality.

This fundamental difference

THE STAKES JUST GOT HIGHER

The launch of the Daily Maersk sends a very clear signal to the market: Maersk seemingly has no intentions of pulling significant amounts of capacity from the depressed Asia-Europe market. With the imminent launch of their daily services they simply cannot pull very much capacity without jeopardizing their new concept. Other players in this market face a stark choice. Pull capacity in order to restore supply/demand balance and freight rates – and lose market share to Maersk in the process. Or protect your market share by maintaining the existing capacity – and continue to operate at negative base rates as is currently the case. The next few months are shaping up

This file is a preview provided by SeaIntel.com for users who are not subscribers. Click on the link to view subscription options for SeaIntel Sunday Spotlight. http://seaintel.com/index.php?option=com_virtuemart&view=productdetails&virtuemart_product_id=5