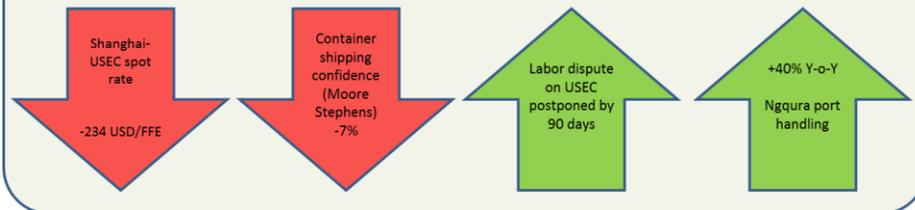


### Indicators from the week 17 Sep. – 23 Sep. 2012



Reliability from global vessels to the container at the country level:

### Performance in July 2012.

See page 15 for details.

## WHO ARE GETTING BIG VESSELS?

Significant pressure to be brought on by the two main alliances

We have previously in the SeaIntel Sunday Spotlight analyzed how a more elaborate version of the game-theory termed “Prisoner’s Dilemma” describes part of the pricing dynamics in the container trades.

Basically, this tells us that it can be in a carrier’s self-interest to lower prices slightly to obtain a short-term gain, whereas not doing so will put the carrier at a short-term disadvantage, if there is a risk that other carriers will be lowering their own prices.

Part of the equation in this game theory is the fact that carriers are to a large degree relying on scale-economics for the major trade lanes. It is easy to see how a larger vessel can generate lower unit costs, provided the daily vessel costs of the larger vessels grows proportionally less than the scale-up in container intake. It is equally clear that the scale advantage is only obtained if the larger vessel is actually filled – otherwise the carrier will experience a net cost increase.

These considerations are of course not surprising to anyone in the industry. We have chosen this week to take a look at the remainder of 2012 as well as 2013 and 2014 with the objective of analyzing how the various main

### Beyond control

Losing control is a frightening proposition – particularly if you are entrusted with a multi-billion dollar business. However, this appears to be the situation carrier CEOs are in. They cannot control the actions of the competitors’ attempts at phasing in large vessels. They cannot control customers moving their cargo according to where the rate is lowest any given week. They cannot control the flow of (negative) information customers and former employees place on social media about them. But perhaps that is the key. Strategy is not about how you (re)gain control – it is how you maneuver in the absence of control.

### Content

- 1...Big vessel influx
- 4...Wikipedia
- 8...Europe equipment flow

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