JOC

IHS Markit

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JOC Benchmark Study

Rapid rise of ocean freight visibility

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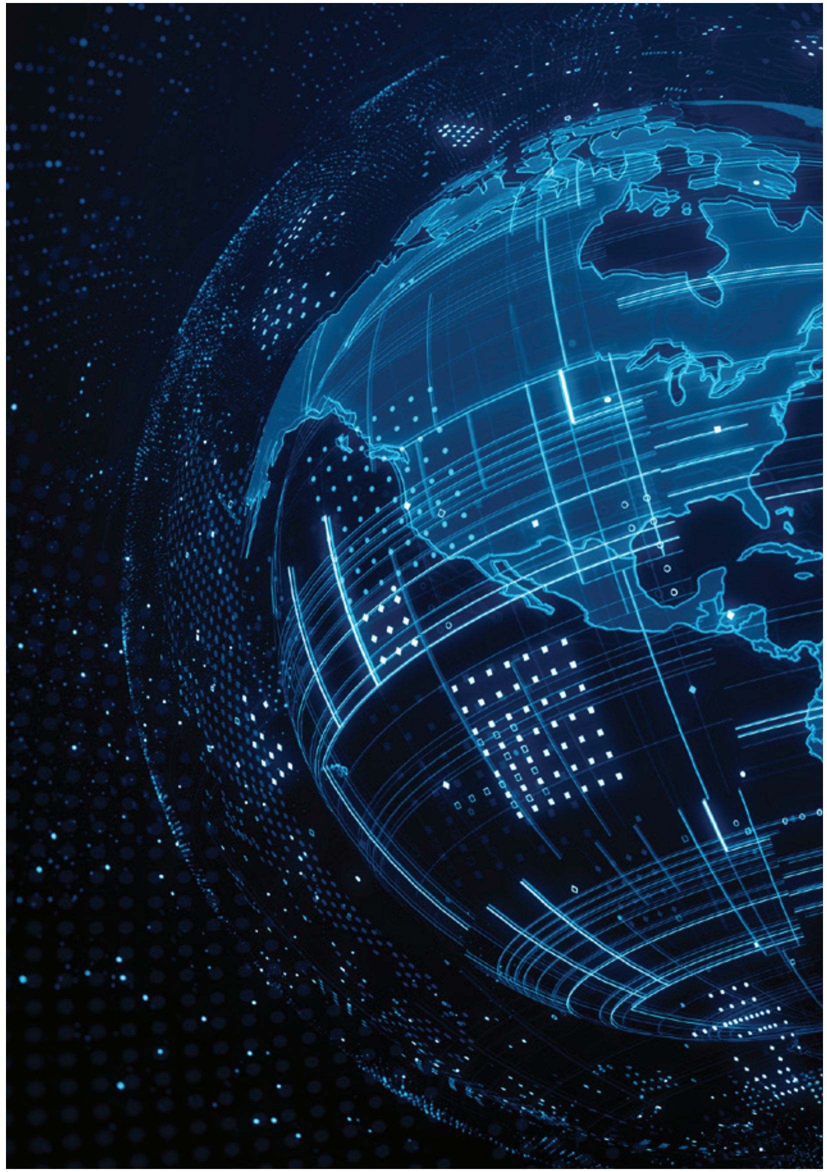
Introduction

Unprecedented levels of uncertainty and havoc in international supply chains over the past two years have driven many shippers to examine their approach to transportation visibility. A survey of industry stakeholders, conducted by The Journal of Commerce in January, revealed that even among those satisfied with their current ocean freight visibility, 83 percent have planned investments to expand their access and capabilities.

This is a clear sign that, despite decades of buzz and capital surrounding visibility solutions, achieving true end-to-end, real-time visibility across every mode remains a challenge for many. Legacy systems were limited by the scope of data collected and a lack of interoperatibility, and adoption of the multifaceted modern offerings of today's third-party visibility providers has been slow. The tendency of many companies to track and manage visibility data in house is compounded by confusion around a fragmented market of solutions.

And all visibility is not equal. The way in which a solution is delivered is an often overlooked, but important part of the decision to move forward. Overall, survey respondents currently find their ocean freight visibility mediocre, giving it an average grade of 3.2 out of 5. This dissatisfaction likely stems from an over reliance on in-



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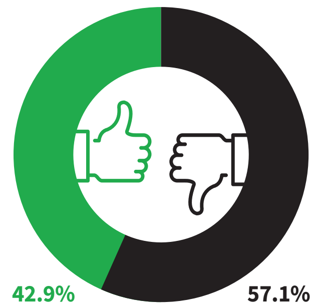
house managed visibility incorporating data from outside sources, with just 11 percent surveyed using a standalone third-party visibility system exclusively. Respondents were 41 percent more likely to use manual track and trace systems than visibility platforms, and 53 percent more likely to lean on data from 3PLs. Among those using a standalone solution, 10 percent are new to its adoption, with steep learning and application curves still ahead.

One can infer that satisfaction would be higher if more data was being gathered in a manner that cleaned and contextualized it, and the survey results underscore the limited adoption of the more modern third-party, real-time visibility solutions on the market.

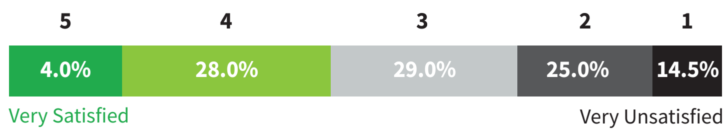
The JOC survey benchmarked industry sentiment around visibility and managing disruption, and the degree to which this has shifted since early 2020. This report is based on survey responses from 269 international and domestic cargo shippers, 3PLs, and carriers regarding their supply chain visibility status. In terms of size, around one-third of respondent businesses had revenues of between $100 million and $500 million, with more than 40 percent reporting revenues of more than $500 million (Chart 6). Thus, it represents a broad-spectrum perspective from supply chain stakeholders who together account for billions of dollars in freight activities.

Chart 1. Comparison of **shipper** visibility satisfaction: pre-2020 vs. current

Pre-2020
Were you satisfied with your level of ocean freight visibility?



Today
How satisfied are you with your ocean freight visibility?



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Section I: Visibility source matters

Pandemic-induced supply shocks highlighted the need shippers have for better in-transit and predictive visibility across modes. Yet, as noted, despite decades of progress on supply chain visibility, slow adoption and widespread dissatisfaction with the actual end result remain. When the satisfaction score was filtered for shipper response only, a full third gave their current ocean freight visibility the low grade of 1 or 2 (Chart 1).

Digging into the numbers, the market's historical dissatisfaction has likely been due to the nature in which shippers and 3PLs procure and manage their data. A majority of the dissatisfaction with current supply chain visibility can be tied to high use of in-house, manual track and trace methods, a pattern that the survey data bore out.

Looking at this connection from the positive side, of the respondents who indicated current use of a standalone third-party visibility system, the majority have a much more favorable view of their visibility overall (Chart 3).

It's an issue that pre-dates the pandemic as well, with only 26 percent surveyed receiving data at that time from a dedicated visibility platform provider (Chart 2). However, between the pandemic onset and now, the proportion

Chart 2. Pre-Covid ocean freight visibility access

Pre-2020, how did you gather visibility into location and arrival time of ocean freight? (Select all that apply.)

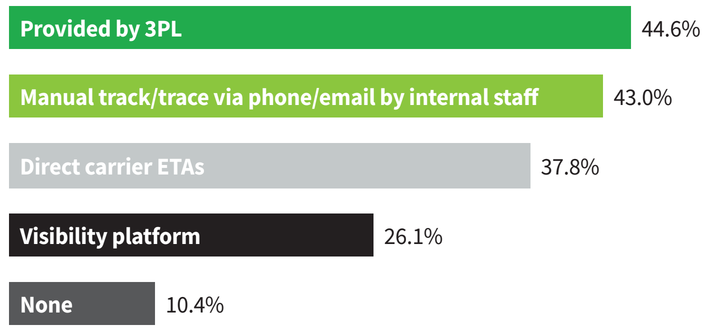

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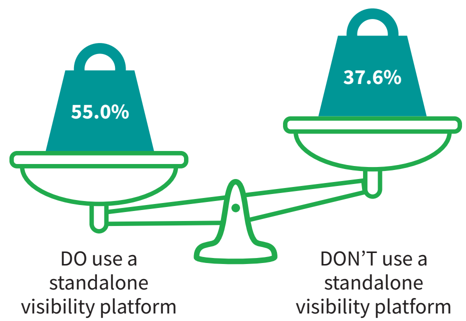
Chart 3. Standalone visibility use among highly satisfied

Respondents who rated satisfaction with current visibility efforts 4 or 5



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of respondents who have a dedicated visibility platform rose by 10 percent.

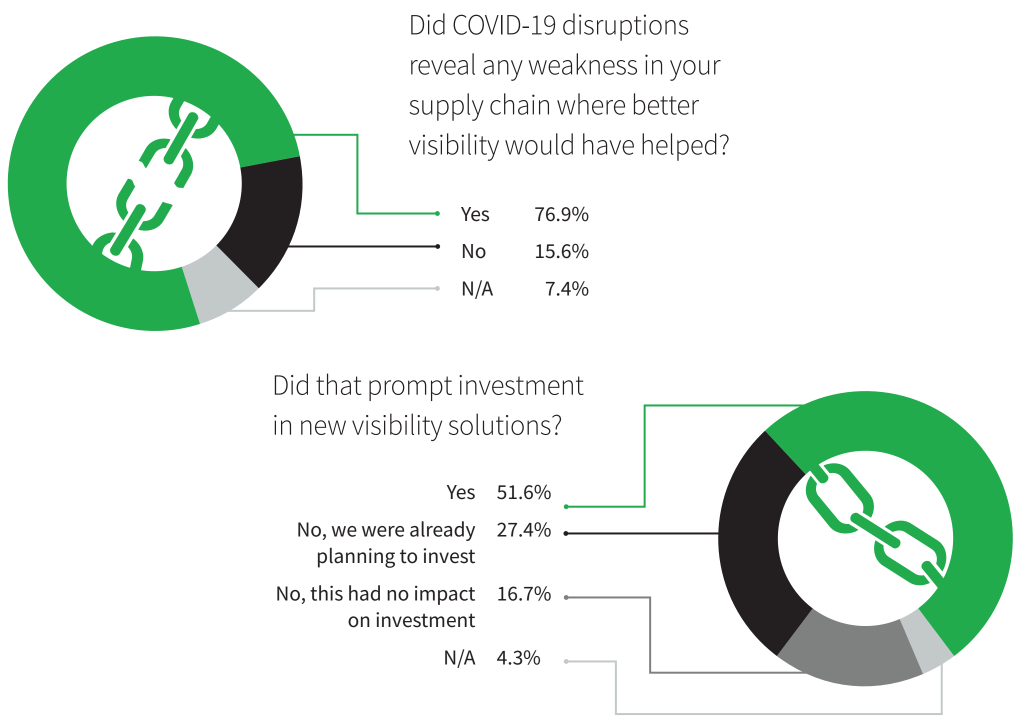
Section II: Expanding benefits

Global businesses are more aware than ever of the potential benefits of supply chain visibility beyond transportation operations and shipment location queries. Reflecting back, 50 percent of all respondents felt satisfied with their pre-2020 ocean visibility. However, nearly 80 percent agreed that better visibility would have helped with the weaknesses that COVID-19 disruptions revealed in their supply chains (Chart 4).

Further, the statistics clearly indicate that businesses are heeding this wake-up call. The disruptions caused more than half of survey respondents to invest in new visibility solutions, and a further 27 percent are implementing investments that were previously planned. For only 17 percent this had no impact on investment (Chart 4).

Customer service is the top driver for investment among all surveyed, with

Chart 4. Weaknesses revealed, investment prompted



Supply chain visibility investment plans for 2022

Yes!	Yes, soon	Not Yet	No	Other
Solution is already implemented 23.6%	Solution implementation is in process 25.7%	Increased visibility is planned in our 2022 budget 30.3%	Increased visibility is not a priority now 13.9%	5.6%

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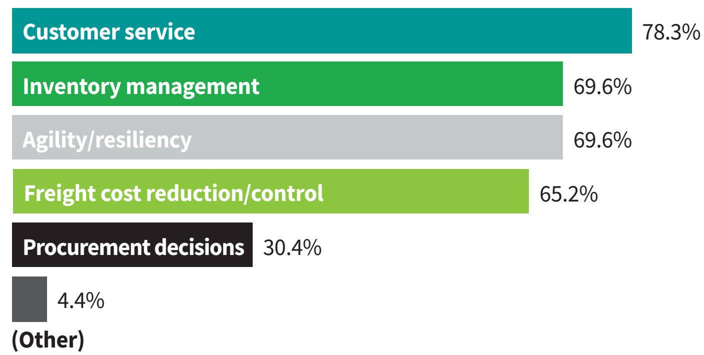
inventory management and freight-cost reduction/control tying for second place. Among shippers, agility was paired with inventory management in the No. 2 spot (Chart 5).

In addition, many businesses are discovering that just-in-time means "just-not-there" when a global event interrupts supply chains that are already stretched thin. Lean-and-mean is actually a high-risk supply chain strategy, and many are paying far more attention now to risk mitigation strategies. So, although an unsurprising 83 percent of shipper respondents identified freight capacity constraint mitigation as the top area where visibility might help, it was notable that materials shortage and manufacturer issues followed with 62 percent.

Chart 5. Priorities driving **shipper** investment in visibility

Which of the following challenges motivated your investment? (Select all that apply.)



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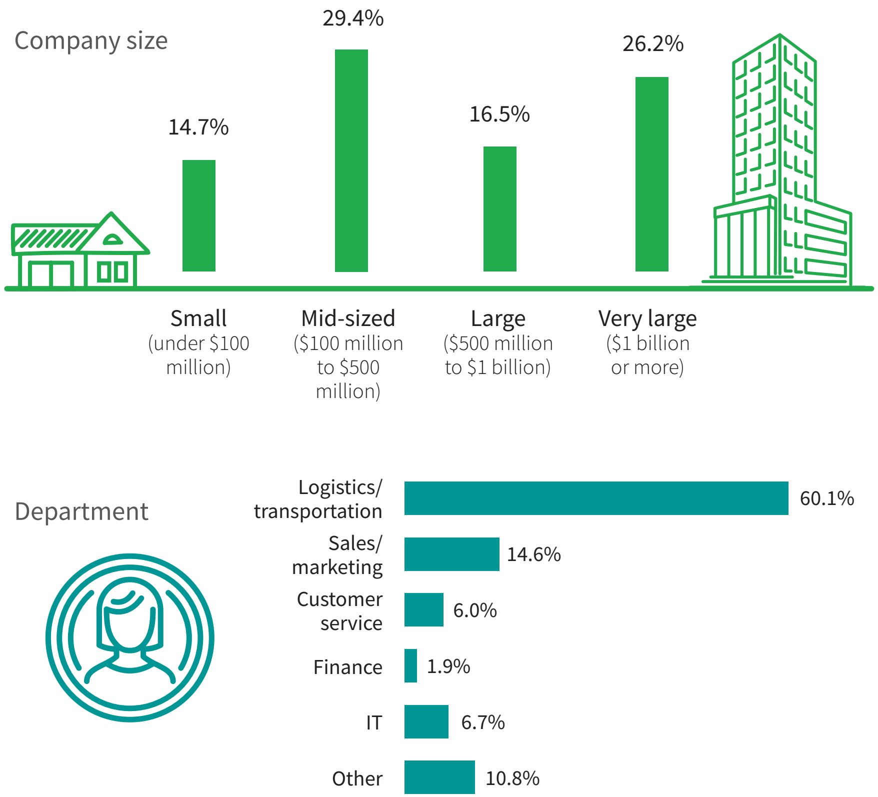
Section III: Takeaways

The pandemic highlighted the extent to which shippers must rethink the manner in which they get in-transit and predictive visibility data, with third-party vendors generally better suited to accounting for a fast-changing environment and being able to convey actionable insights. As the horizons of visibility expand, the possible risk mitigation and customer-service applications are significant.

The last two years have greatly increased awareness of the broader benefits, including — but by no means limited to — improved customer service and more agility in chasing scarce freight capacity. Within shipper and forwarder businesses, there is an increased appetite for widespread use of existing data aggregation systems that often need to consume visibility data or need to be configured to do so, creating a challenge but also an opportunity.

Providers of standalone visibility systems are paying attention, and continue to push the evolution of

Chart 6. Survey demographics



improved visibility, constantly augmenting the benefits it can bring. Instead of expending resources on collecting and managing visibility data, shippers and 3PLs should be focused on using neutrally sourced data to analyze and strategize.

Methodology

This study was based on an anonymous survey of 269 international and domestic cargo shippers, 3PLs, and carriers regarding their supply chain visibility status. Responses were collected during January 2022 (Chart 6). Analysis of the data was conducted solely by *The Journal of Commerce.*

About IHS Markit

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About JOC

The leading information and marketing services provider for the domestic and international containerized cargo community, the JOC delivers high-quality intelligence and expertise to help customers make better business decisions — in print, online and face-to-face at leading industry events. In addition, the JOC provides best-in-breed marketing channels to help companies reach their target audience. JOC.com is the foremost industry website covering international and domestic logistics issues on a daily basis, and *The Journal of Commerce* is, and has been since 1827, the source for authoritative editorial content relied on by international logistics executives around the world. The JOC organizes several leading industry events each year, including its flagship TPM Conference and TPM Tech in Long Beach; Breakbulk and Project Cargo Conference in New Orleans; Container Trade Europe Conference in Hamburg, Germany; and the JOC Inland Distribution Conference in Chicago.

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