Intermodal service improves, but shippers say problems remain

William B. Cassidy, Senior Editor

LONG BEACH, California — Intermodal service may have improved last year, but for some shippers, those improvements aren’t enough. “We’ve got a lot of issues in the Chicago area,” said Claudia Andersen, import/export manager of enterprise logistics at 1-800Flowers.com.

“It’s very slow getting the trains unloaded,” Andersen said during a panel discussion on whether improvements in intermodal service are sustainable at the 16th annual TPM Conference here. “It shouldn’t take three or four days to get cargo interchanged at Chicago going into Ohio.”

Perhaps it shouldn’t, but it often does, and that has led 1-800Flowers.com to lengthen production schedules to compensate for delays. “I give our cargo plenty of time to get from the West Coast to the Midwest, about two weeks, but sometimes we’re not meeting that,” she said.

Despite service issues, the shipper will increase its use of intermodal rail this year, Andersen said. “We’ve added a lot of inland locations we didn’t have before,” she said. And although truck rates are down, transferring freight to the highway “didn’t make sense to us,” she said.

Intermodal rail, long one of the fastest growing sectors of U.S. surface transportation, has faced several headwinds in the past two years, from weather-related disruptions to rapidly falling energy prices that make trucking a more
attractive alternative for many shippers.

Railroads have invested billions of dollars to improve their networks and speed trains in the past few years. Union Pacific alone will spend $1.8 billion on infrastructure in 2016, said Mark T. Simon, assistant vice president of marketing and sales for international intermodal.

“There were specific challenges in 2014,” Simon told the panel. Intermodal volume growth slowed to a near halt in 2015 as the U.S. economy slowed considerably from a faster-paced 2014. In the fourth quarter, intermodal volume rose only 0.3 percent year-over-year.

Lower freight demand and volumes have created additional problems, as railroads cancel or “annul” trains, said Ted Prince, chief operating officer of Tiger Cool Express. But intermodal service problems, and solutions, aren’t the responsibility of railroads alone, Prince said.

“To go after the railroads misses the point,” he said. “The problems in the business are pervasive.” Over the past 20 years, “the whole (international shipping) system has slowed down and degraded service,” from points overseas to the U.S. interior, said Prince.

At the same time, velocity is not a good measure of service, Prince said, a point with which UP’s Simon agreed. “Velocity is an indicator of network health,” Simon said. “It’s not the best indicator of how you’re performing.” Keeping a reliable, published schedule is more important, he said.

“All I care about is intermodal service that is truck plus one, not truck times two or plus three but truck plus one” Prince said, meaning one day longer than truck service. “I care about ramp-to-ramp service. Don’t tell me about train speed. It doesn’t mean anything.”

Andersen noted that many of the intermodal service delays that plague her company come from the drayage side. “We had problems with bad chassis, bad tires, bad this, bad that, we’ve had to wait for new equipment,” she said. “I can only say it’s better now because volumes are down.”

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