

Stuck on repeat

Securing repeat business is crucial to success for yard crane manufacturers, as Joe Lo reports

If you talk to yard crane manufacturers about why customers have chosen their products over those of their competitors, they will often go into details about emissions, maintenance intervals, steering systems, sway prevention and the like. Nevertheless, the fact remains that terminal operators tend to go with companies they have bought from before, rather than switching suppliers based on the latest developments.

An example is provided by Colombian terminal Sociedad Portuaria Regional de Cartagena (SPRC), which in October 2015 chose Kalmar to deliver 23 rubber-tired gantry (RTG) cranes. SPRC's operations manager, Eduardo Bustamante, explained: "Our relationship with Kalmar dates back to 1997. With a proven record of true partnership and an order of this scale, there was no-one else we could rely on."

Similarly, when Abu Dhabi Terminals chose Konecranes to deliver 10 automated rail-mounted gantry (ARMG) cranes for Khalifa Port, its vice-president of operations, Abdulkareem Al Masabi, said that this was because the company "had proven to be an excellent partner".

Sometimes, it seems, a manufacturer does not even have to have impressed the terminal actually making the order, if it has already impressed at other terminals owned by the same company.

In November 2015, Manila International Container Terminal (MICT), operated by International Container Terminal Services Inc. (ICTSI), ordered four RTGs from Kalmar. When **CM** asked an ICTSI spokesperson why, she said: "We have had success with their RTGs in Poland, Mexico and Manila. They are providing us with high rates of efficiency and very good value for money." Kalmar's RTGs are used at ICTSI's Gdynia Container Terminal in Poland and its Contecon Manzanillo facility in Mexico.

On the other hand, DP World's senior manager of strategic equipment, Paul Jordaan, told **CM** that the company's terminals had recently bought yard cranes from Kalmar, Konecranes and Chinese manufacturer ZPMC. However, he did say that the existing fleet at each terminal was a factor in decisions of this kind, among other things.

A good impression made with other types of equipment is also likely to help a manufacturer's yard crane business. The Port of Koper in Slovenia, for example, recently purchased seven RTGs and two RMGs from Konecranes. It also currently operates Konecranes ship-to-shore (STS) cranes, grab unloaders and reachstackers. While it is possible that Koper chose Konecranes to supply each type of equipment individually on its own merits, it is likely that the existing relationship made the choice a lot easier.

Svend Videbaek, of Konecranes' port cranes product marketing department, told **CM**: "At a general level, it's certainly fair to say that container terminal operators will often stick with the same crane supplier that they have bought



ICTSI has ordered four Kalmar RTGs for MICT in Manila

cranes from before. They naturally want continuity in their container handling operations, a foundation for planning for the future, and the cranes are a central part of this.”

However, he said, repeat business is conditional on the customer being satisfied with the supplier’s delivery and service performance. He emphasised that this was a very significant condition.

A Kalmar spokesperson broadly agreed with Videbaek, adding: “This is not only a question of habits – having fewer brands in the terminal often helps to find savings, for example in maintenance costs.”

The spokesperson added that, when terminals do switch, common reasons include price, new technologies and innovations in the products and the supplier’s ability to offer complete systems, including equipment, automation, software and after-sales services.

WHAT CUSTOMERS WANT

A spokesperson for Terminal de Contenedores de Tenerife (TCT), which has eight Paceco hybrid RTGs, told **CM**: “Price is of course a key issue, but efficiency, cost-saving and environmental impact form a part of the overall decision-making process. Equally important are systems and machinery reliability, as well as easy maintenance. Last, but not least, is the fact that the yard crane is easy to handle for crane drivers.”

For TCT, which is part of the Spanish multinational OHL, speed of delivery was also an important factor. “Once the concession agreement was signed with the port authority, we wanted to start operations as soon as possible,” the spokesperson said. The terminal was inaugurated in July 2013. Manufacturers with smaller backlogs are often able to deliver a crane more quickly.

More specifically, TCT also stressed the importance of yard cranes having security sensors, in order to avoid collisions between yard machinery in busy and congested terminals. Videbaek said that this was an area in which Konecranes was strong. “We offer automation features for yard cranes such as stack collision prevention, adjacent bay collision prevention and truck lift prevention for both manned and automated yard crane operations,” he said.

A Kalmar spokesperson said that most terminals now want such technology for both manned and automated equipment. Kalmar’s system for automated stacking cranes (ASCs) is based on positional information being shared with all the cranes on the same block. It uses software algorithms to calculate dynamic obstacles and can also avoid fixed obstacles like reefer structures or light masts.

A spokesperson for Portek-operated Bejaia Mediterranean Terminal (BMT) in Algeria, which bought two Kalmar RTGs in April 2015, told **CM** that the terminal was looking for five things when it made its choice: the quality of the equipment (its technical department defined the required technical specifications), the price, the warranty, the after-sales service and the availability and quality of training.

For after-sales service, the Bejaia spokesperson said that any supplier must have a representative company in Algeria and available spare parts. The training for technical staff is so that staff can carry out preventative maintenance but also general maintenance after the cranes’ warranty has expired.

Marco Guiot, chief operations officer at the Brazilian Port of Itapoá, told **CM** that his terminal had chosen ZPMC because of a combination of operational pattern, quality and cost. DP

World’s Paul Jordaán agreed that quality of components, cost and operation mode were important and added the quality of local support to the list.

Although price was not over-emphasised by the terminal operators **CM** spoke to, it is clearly a key consideration. **CM** understands that, in this respect, Chinese manufacturer ZPMC is the clear best choice, as it is for speed of delivery.

A Kalmar spokesperson said: “Generally speaking, if there is a supplier which is much better than the others in all respects, it would mean that pretty soon all the other suppliers would be out of the market. We do not see this happening.”

The spokesperson continued: “Initial price and speed of delivery are not everything. Typically, the total operational and maintenance cost of the equipment over its entire life-cycle is a much bigger figure than the initial price. From this point of view, it makes sense to put more focus on evaluation of the operational and maintenance costs than on the initial price.”

AUTOMATION

Whether to automate their yard cranes is a question that all terminals are facing, if they have not already done so. For example, when SPRC in Cartagena ordered its latest RTGs, it specified that they should come prepared for future remote control and semi-automation features, which will be added in the near future.

Cartagena’s Bustamente said he chose Kalmar for this because the company is the leader in automation. A Kalmar spokesperson agreed, telling **CM**: “Automation is one of the biggest trends in our industry and Kalmar has been the pioneer in this field. Today, Kalmar and terminal software supplier Navis have a leading position in port automation.

“Kalmar has been responsible for the delivery of eight automated terminal projects globally; Navis has supplied the terminal operating system (TOS) to 11 automated terminal projects so far. Kalmar and Navis are both part of the Cargotec group, bringing significant synergies.”

Terex, on the other hand, has been struggling to sell automation solutions, according to the president of its material handling and port solutions segment, Steve Filipov. He said in August 2015 that demand for automation projects, like the purchase of ASCs, had been lower than expected.

In September 2015, the company received a US\$15m order for ASCs in Europe and, two months later, Filipov told investors that this order “[is] a small one but we’ll take anything we can get at this point”.

Despite this, in August 2015 Terex’s then CEO Ron DeFeo told investors that the company would be launching an automated RTG sometime in 2016, to tap into demand for automation. “Every time I go to visit a customer in port, they talk about automation and the plans they are making to move to more automation,” he said. “There’s over US\$1bn of opportunity out there to get through the next 5–6 years.”

By that point, Terex and Konecranes may well have merged into Konecranes-Terex. Although as a whole Terex is the bigger of the two companies, an industry source told **CM** that, in yard cranes, Konecranes has a larger market share, an opinion backed up by the number of orders announced over the past year. It is also telling that in August 2015, when then Konecranes CEO Pekka Lundmark was listing areas in which Terex was stronger than Konecranes, yard cranes were not on the list.