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Shipping Industry's Use of 'Smart' Containers Expected to Explode In Coming Years -Drewry

[Mike Schuler](#)

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June 24, 2022

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The number of “smart” containers in the global fleet is set to explode in the coming years as operators and cargo owners seek to increase cargo visibility amid disrupted supply chains and congestion, according to an analysis by Drewry.

In fact, the fleet of telematics enabled container equipment, aka smart containers, is forecast to grow 8-fold over the next 5 years and account for 25% of the global box fleet by 2026, says Drewry. The growth will primarily be driven by wider adoption of the technology across the dry container fleet.

According to Drewry, smart containers have increased in prominence following the onset of the Covid-19 pandemic and resulting supply chain disruption, which has highlighted the need for better cargo visibility to cope with longer and more volatile transit times. The pace of adoption is expected to accelerate rapidly in the years ahead.

A container becomes “smart” when fitted with a telematics device that provides real-time tracking and monitoring, enabling operators to increase turn time and improve equipment availability. It also allows beneficial cargo owners (BCOs) to understand the location and status of their cargo for greater visibility into their supply chains.

improve the efficiency of their operations through the deployment of smart containers.

In April, German ocean carrier Hapag-Lloyd [announced](#) that it intends to equip its entire dry box fleet with smart devices, making it a “first-mover” in the space. This will likely force other leading carriers to follow suit.

Drewry estimates that by the end of 2021, around 3.6% of the global container equipment fleet was fitted with smart technology devices, representing 30% growth from the year prior. However, the technology so far has been mainly reserved for reefer and intermodal containers, where smart containers represent approximately a third and 40% of the respective global fleets, according to Drewry.

But looking at dry containers, only 0.3% of the global fleet is currently considered “smart,” according to Drewry’s estimation.

Drewry forecasts that the number of smart containers in the global fleet to accelerate rapidly and reach over 8.7 million units in 2026, representing as much as 25% of worldwide box inventories.

Drewry says past initiatives to develop the dry smart fleet failed because they relied on BCO demand which was deterred by additional fees and lack of integration into carrier IoT service offerings. However, with the advancement of the technology lowering the cost of the devices and enhancing their value to both transport operators and BCOs, uptake is expected to hasten.

“Furthermore, digitising their container fleets will enable carriers to better control maritime supply chain information flows, enhancing their cargo visibility offering and so tethering BCO clients into longer term contractual commitments,” Drewry says. “They face increasing competition from alternative tracking solutions such as removable devices or predictive analytical tools. But to achieve this step change will require further investment to integrate smart containers into carrier IoT systems and collaboration among industry stakeholders to enable data sharing, particularly between carrier alliance and VSA partners.

“In the meantime shipping line focus will be on building critical mass of smart device installs to leverage operational benefits across their container fleets and cargo operations, while readying for the next step change in supply chain visibility service offerings.”

More on this will be published in Drewry’s latest [Container Census & Leasing Annual Review & Forecast 2022/23](#) report, to be published later this month.

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