The Air Cargo Industry in Europe
Challenges and Opportunities

Interactive Workshop - Air Transport Colloquium 2014

TPR
Department of Transport and Regional Economics
University of Antwerp

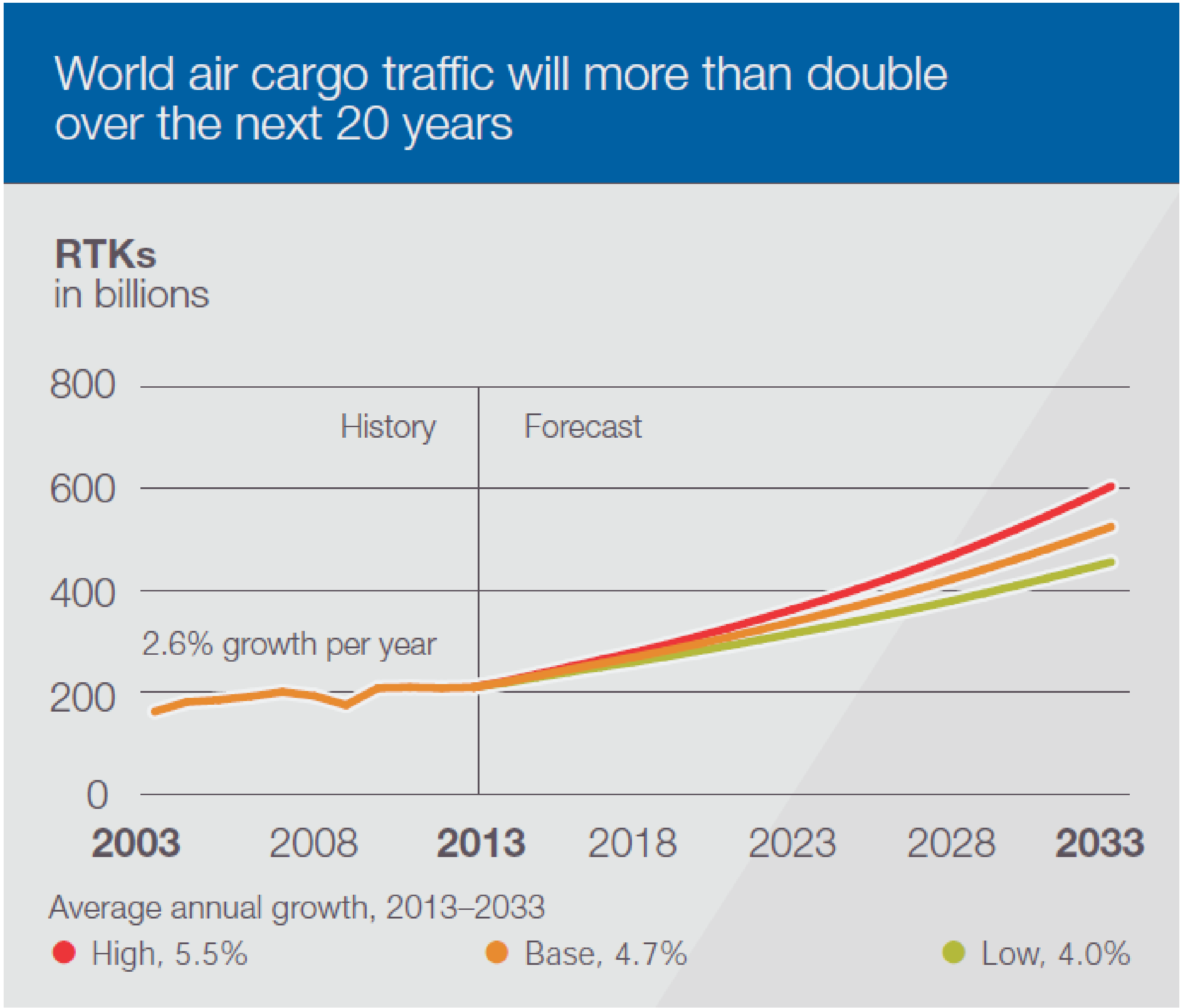
The Air Cargo Industry in Europe
Challenges and Opportunities

Moderator: **Dr. Wouter Dewulf** (University of Antwerp, TPR)

Workshop panel:

- **Philip Dekker** (General Manager, Expeditors Belux)
- **Dr. Evy Onghena** (University of Antwerp, TPR)
- **Steven Polmans** (Head of Cargo, Brussels Airport)
- **Dr. Hans-Joachim Schramm** (Wirtschaftsuniversität Wien)

Air Cargo growth forecast



Proposition 1

Boeing and Airbus are right. The Air Cargo volume will increase between 4 and 5.5% per year over the next 20 years…

Prepare to vote

Internet

1. Go to **shakeq.com**
2. Log in with **ATC**

This presentation has been loaded without the Shakespeak add-in.
Want to download the add-in for free? Go to
http://shakespeak.com/en/free-download/.

TXT

1. Text to **046 020 0616**
2. Type **ATC** <space> **your choice** (*e.g. ATC b*)

No additional charge per message

The Air Cargo volume will increase between 4 and 5.5% per year over the next 20 years…

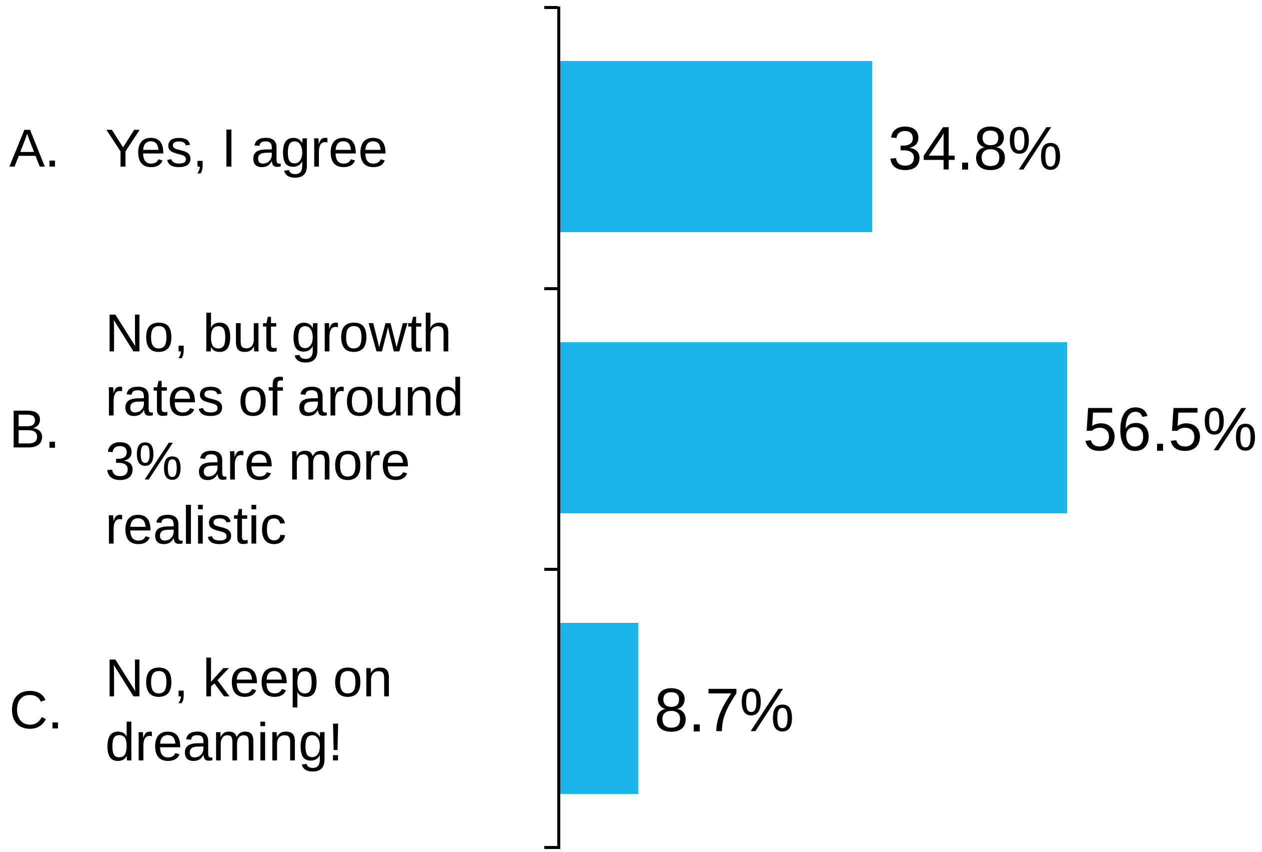
A. Yes, I agree
B. No, but growth rates of around 3% are more realistic
C. No, keep on dreaming!

The question will open when you start your session and slideshow.

\# votes: 23

Closed

The Air Cargo volume will increase between 4 and 5.5% per year over the next 20 years…



Closed

The Air Cargo Industry in Europe
Challenges and Opportunities

Moderator: **Dr. Wouter Dewulf** (University of Antwerp, TPR)

Workshop panel:

- **Philip Dekker** (General Manager, Expeditors Belux)
- **Dr. Evy Onghena** (University of Antwerp, TPR)
- **Steven Polmans** (Head of Cargo, Brussels Airport)
- **Dr. Hans-Joachim Schramm** (Wirtschaftsuniversität Wien)

Air Cargo Industry in "Global Crisis"

By: From Transport Intelligence/John Manners-Bell | Ma

Research

Two newly-published sets of
the slump in worldwide dem
last year has continued into

Press Release No.: 54
Date: 25 November 2010

Passenger Demand Strengthens - Freight at a Turning Point?

Geneva - The International Air Transport Association announced international traffic results for
ncrease in passenger demand and a 14.4%
eight.

in January this year,
ared with a 22.6%

Air France-KLM brengt aantal Full Freighter-toestellen met de helft terug, Martinair blijft

5 september 2014 | Redactie

JOC › Air Cargo › International Air Freight

Euro Crisis Could Reduce Global Air Cargo by $4 Billion

Bruce Barnard and Mike King, S

Press Release No.: 2
Date: 31 January 2013

Passenger Demand Grew as Air Cargo Declined in 2012

Geneva - The International Air Transport Association (IATA) announced full-year traffic data for 2012 showing a 5.3% year-on-year increase in passenger demand and a 1.5% fall for cargo.

Press Release No.: 4
Date: 29 January 2009

Cargo Plummets 22.6% in December

Geneva - The International Air Transport Association (IATA) released international scheduled traffic results for both December 2008 and the full-year.

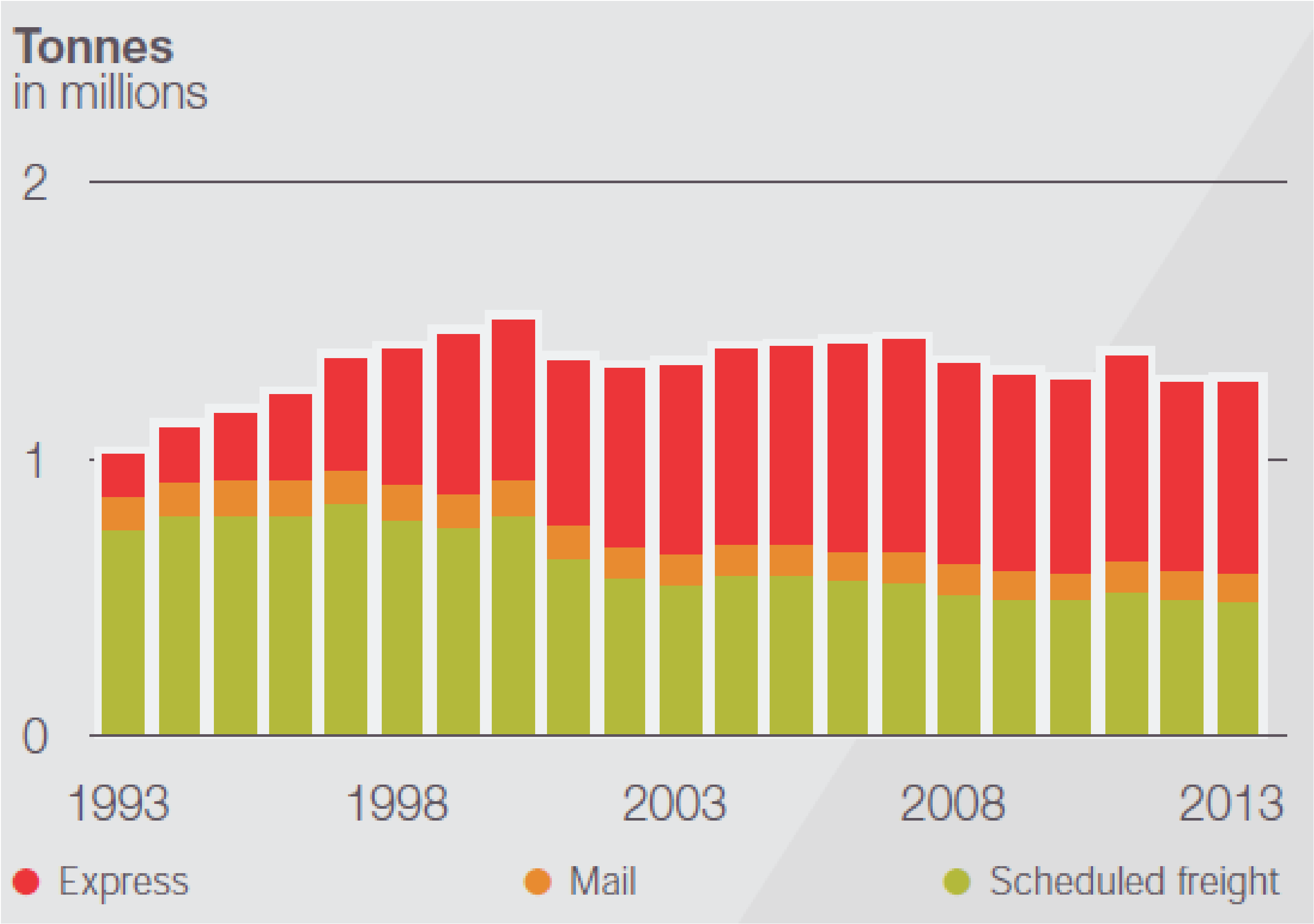
In the month of December global international cargo traffi
December 2007. The same comparison for international p
The international load factor stood at 73.8%.

Press Release No.: 33
Date: 2 August 2012

Slowing Passenger Growth Trend Continues - Cargo Markets Remain Weak

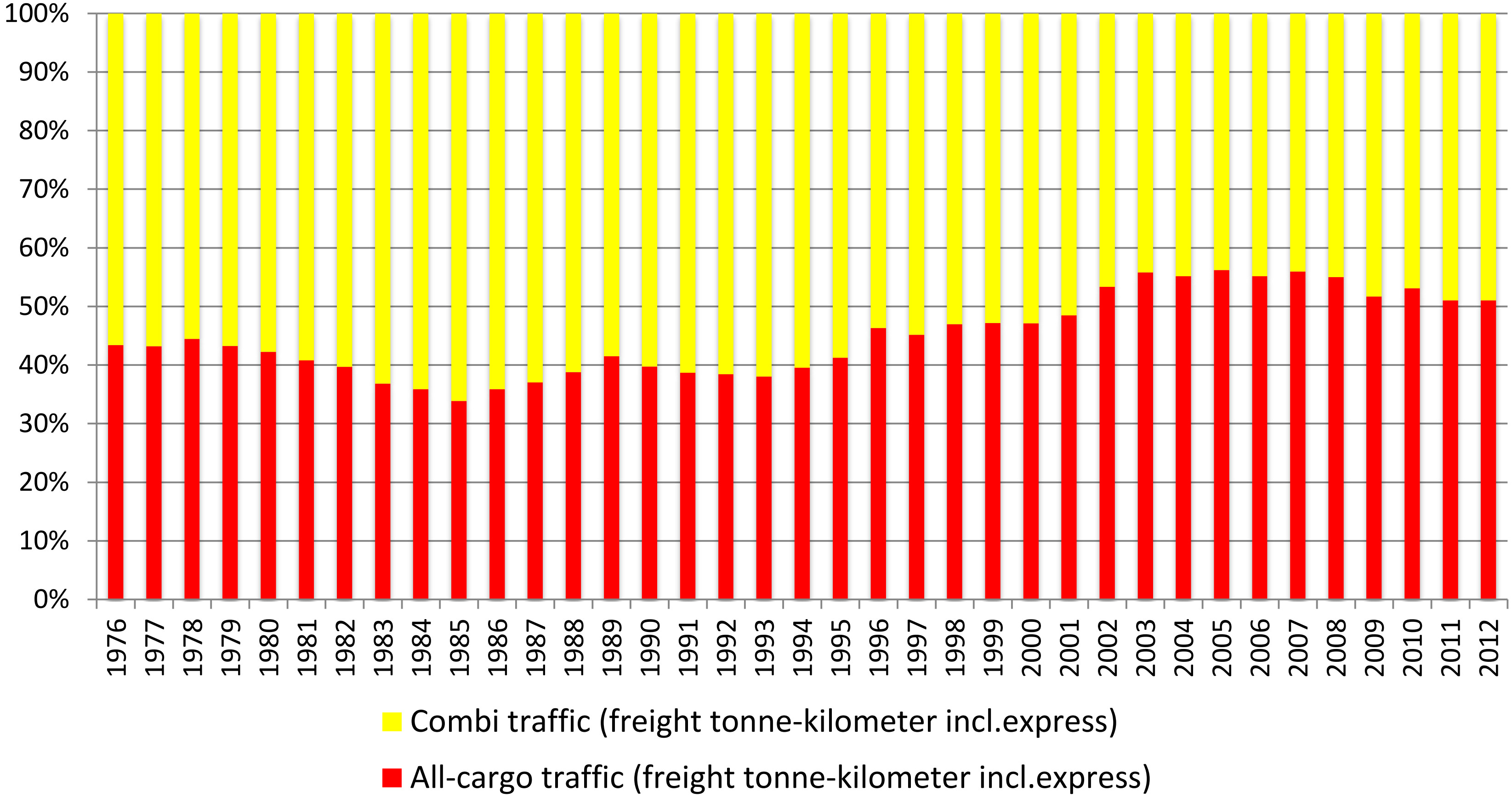
Geneva - The International Air Transport Association (IATA) announced global traffic results for June showing a continued slowing of growth in the demand for air transport. This is in line with weakness in business and consumer confidence.

Intra-European market is stagnating



Source: Boeing World Air Cargo Forecast, 2014/15

Cutting down all-cargo capacity



Proposition 3

Integrators will be the only successful full freighter-only operators of the future

Integrators will be the only successful full-freighter-only operators in the future

A. Agree

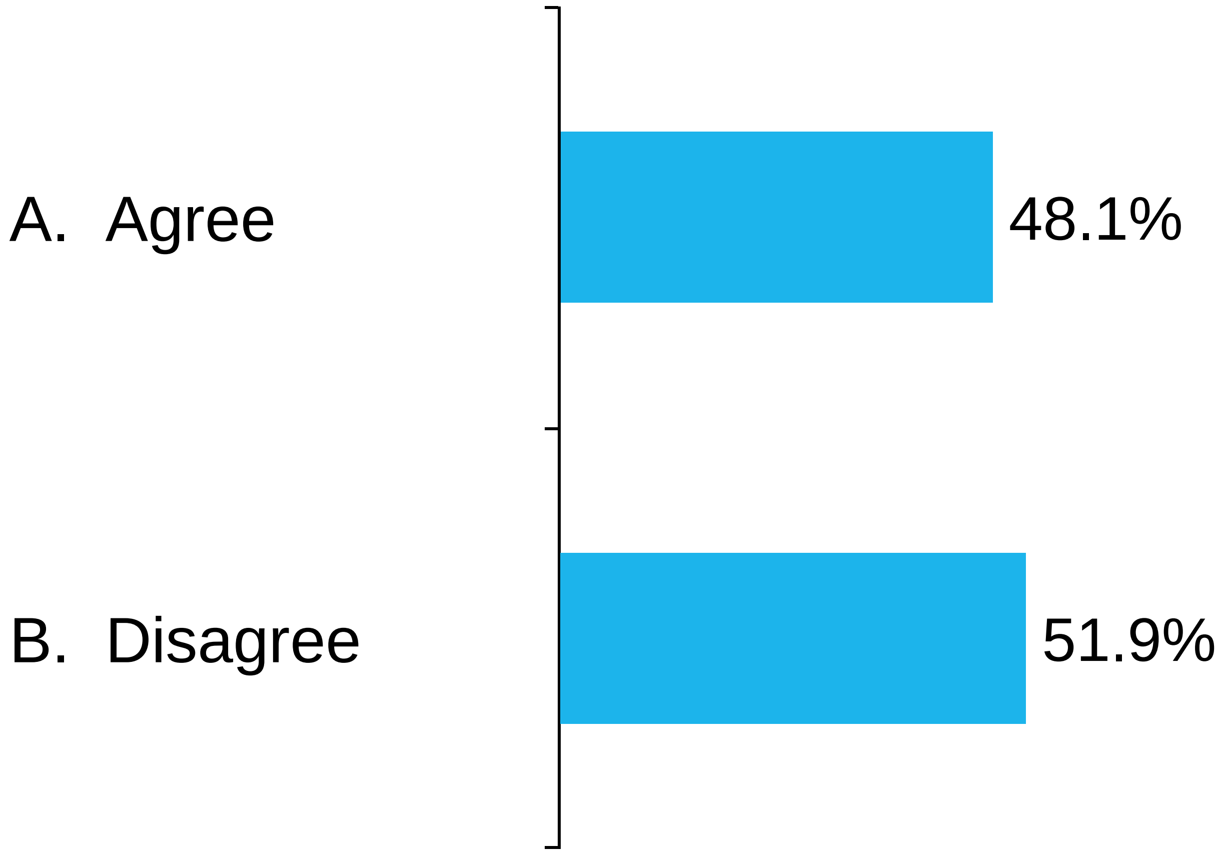
B. Disagree

The question will open when you start your session and slideshow.

votes: 27

Closed

Integrators will be the only successful full-freighter-only operators in the future



Closed

This presentation has been loaded without the Shakespeak add-in.
Want to download the add-in for free? Go to http://shakespeak.com/en/free-download/.

The Air Cargo Industry in Europe
Challenges and Opportunities

Moderator: **Dr. Wouter Dewulf** (University of Antwerp, TPR)

Workshop panel:

- **Philip Dekker** (General Manager, Expeditors Belux)
- **Dr. Evy Onghena** (University of Antwerp, TPR)
- **Steven Polmans** (Head of Cargo, Brussels Airport)
- **Dr. Hans-Joachim Schramm** (Wirtschaftsuniversität Wien)

Challenges

Nobody is interested in the “flying part” of the air cargo industry, nobody is leading…

- Most airlines focus on pax, not cargo
- External investors → air cargo market too small to make return
- Full cargo airlines → no margin to invest, too local: no real market leader covering the world
- Power is with the forwarders, not the airlines
- Integrators → no airline, but logistical companies (and closed systems)
- Middle East power
- Air cargo industry: divided and not managing to make it work
  - No big leaders that can set the tone
  - Niche market (only 0,5% of transport is done by air)
  - Different local regulations worldwide

Opportunities

Although the airlines struggle, the air cargo industry has some opportunities:

- Integrators are doing a good job and show the way forward
- Middle East growth offers more opportunities for logistical companies
- More than ever need and demand for those willing to make a difference → anybody in the logistical chain can do this
- Crisis is doing a “clean up” of the air cargo industry
- Not aiming for 48 transit of shipments should be the aim. Better integration should be the aim and this will result in a 48 hours transit time
- More customer tailored service is needed: 48 or 96hours, what the customer wants

Proposition 4

Air Cargo as a niche commodity in total transportation is not managing to structure the business

- **… due to the many different stakeholders, legislative differences in the world, regulations etc…**
- **but also internally they are not able to tackle the right problems**

IATA's new push to improve the business by cutting transit time to 48h is the way forward.

IATA's new push to improve the business by cutting transit time to 48h is the way forward.

A. Agree

B. Don't agree

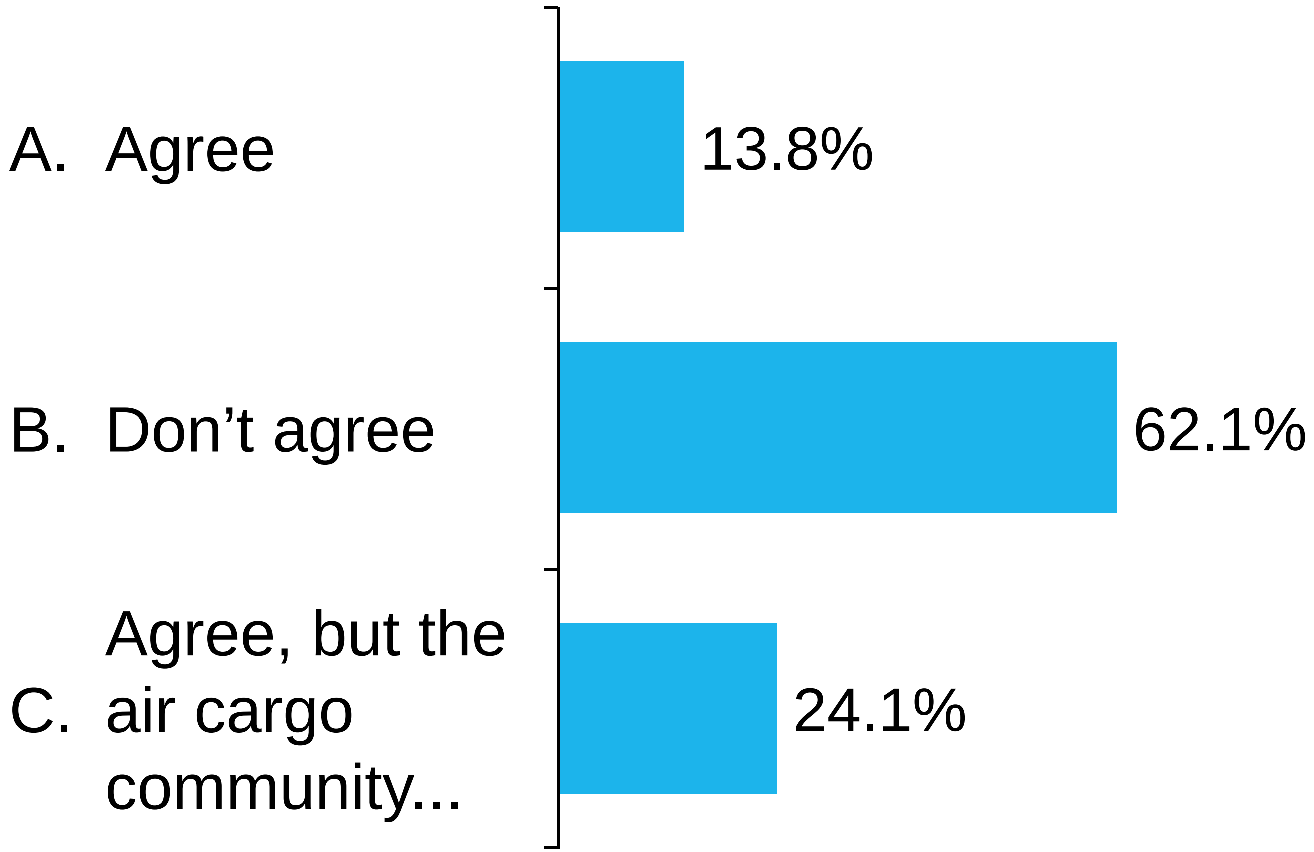
C. Agree, but the air cargo community will not be able to follow

The question will open when you start your session and slideshow.

votes: 29

Closed

IATA's new push to improve the business by cutting transit time to 48h is the way forward.



Closed

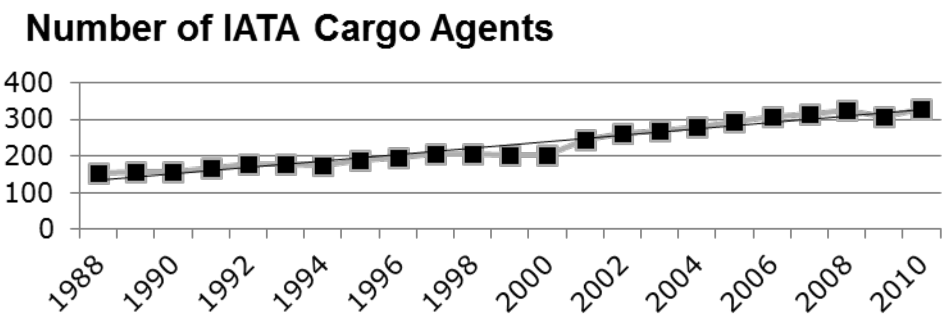
The Air Cargo Industry in Europe
Challenges and Opportunities

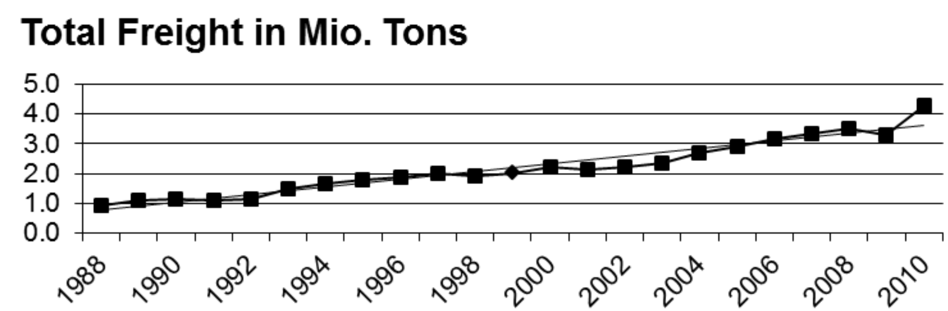
Moderator: **Dr. Wouter Dewulf** (University of Antwerp, TPR)

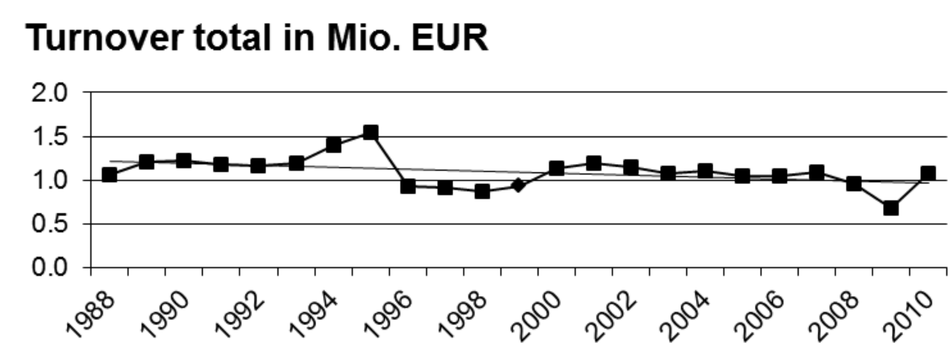
Workshop panel:

- **Philip Dekker** (General Manager, Expeditors Belux)
- **Dr. Evy Onghena** (University of Antwerp, TPR)
- **Steven Polmans** (Head of Cargo, Brussels Airport)
- **Dr. Hans-Joachim Schramm** (Wirtschaftsuniversität Wien)

Some Evidence from the German Market 1988-2010







Market got more concentrated
(in terms of annual turnover):
e.g. CR4: 30.8 % => 40.6%
or CR8: 44.9 % => 53.3%

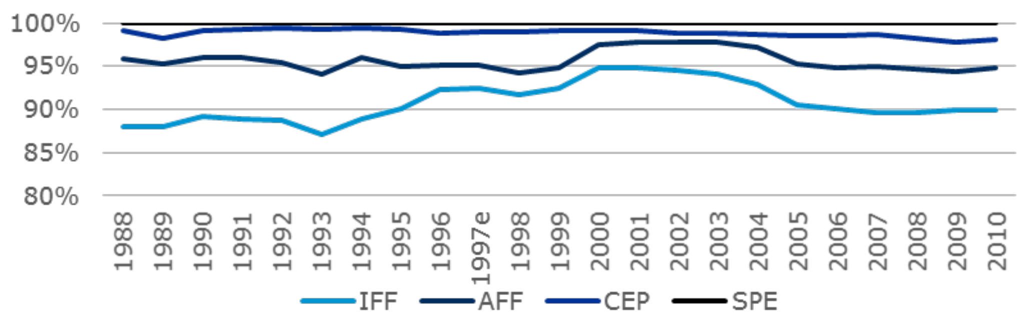
At the same time, number of agent in the market doubled:
154 => 329

Growing air cargo market by tonnage (w/o Post):
0.917 => 4.295 Mio. tons

But slightly decreasing total market turnover of agents:
1.057 => 1.083 Bio EUR p.a.

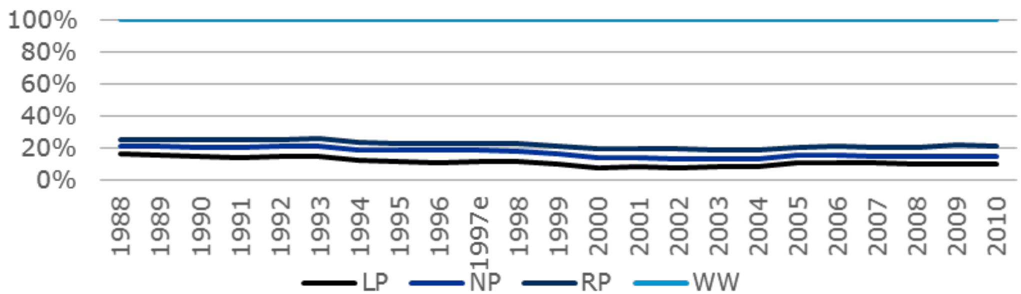
A Closer Look at the Market Segments

Turnover Share by Segment



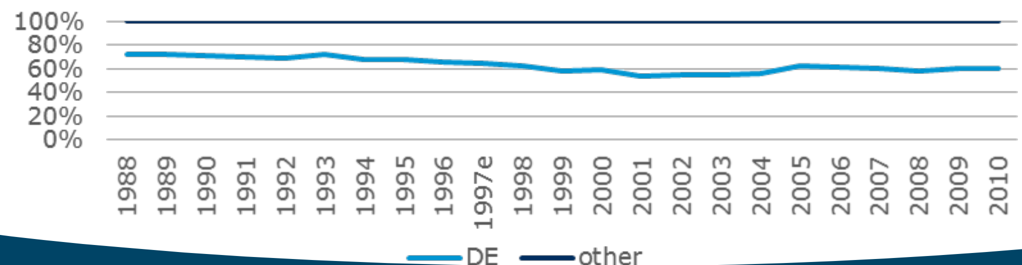
IFF: Int. freight forwarders
AFF: Air cargo agency focus
CEP: Courier-express-parcel
SPE: Specialists

Turnover Share by Range of Operations



LP: Local player
NP: National player
RP: Regional player (e.g countries)
WW: World-wide presence

Turnover by Nationality (Headquarter)



DE: Headquartered at Germany
Other: Headquarter somewhere else

Contacts:
Comments are Welcome!

VIENNA UNIVERSITY OF
ECONOMICS AND BUSINESS

Department for Global Business and Trade
Institute for Transport and Logistics Management
Welthandelsplatz 1, D1, 1020 Vienna, Austria

DR. HANS-JOACHIM SCHRAMM
Assistant Professor

T +43-1-313 36-5981
F +43-1-313 36-716
Hans-joachim.schramm@wu.ac.at
www.wu.ac.at/itl

Palais Festetics, Vienna, Berggasse – where the Imperial Export Academy was founded in 1898

Main building at Augasse 2-6, WU´s premises since 1982

New Campus since 2013

Proposition 5

Liberalization resulted in an overall increasing market concentration with global freight forwarding companies dominating the market.

Liberalization resulted in an overall increasing market concentration with global freight forwarding companies dominating the market.

A. Agree

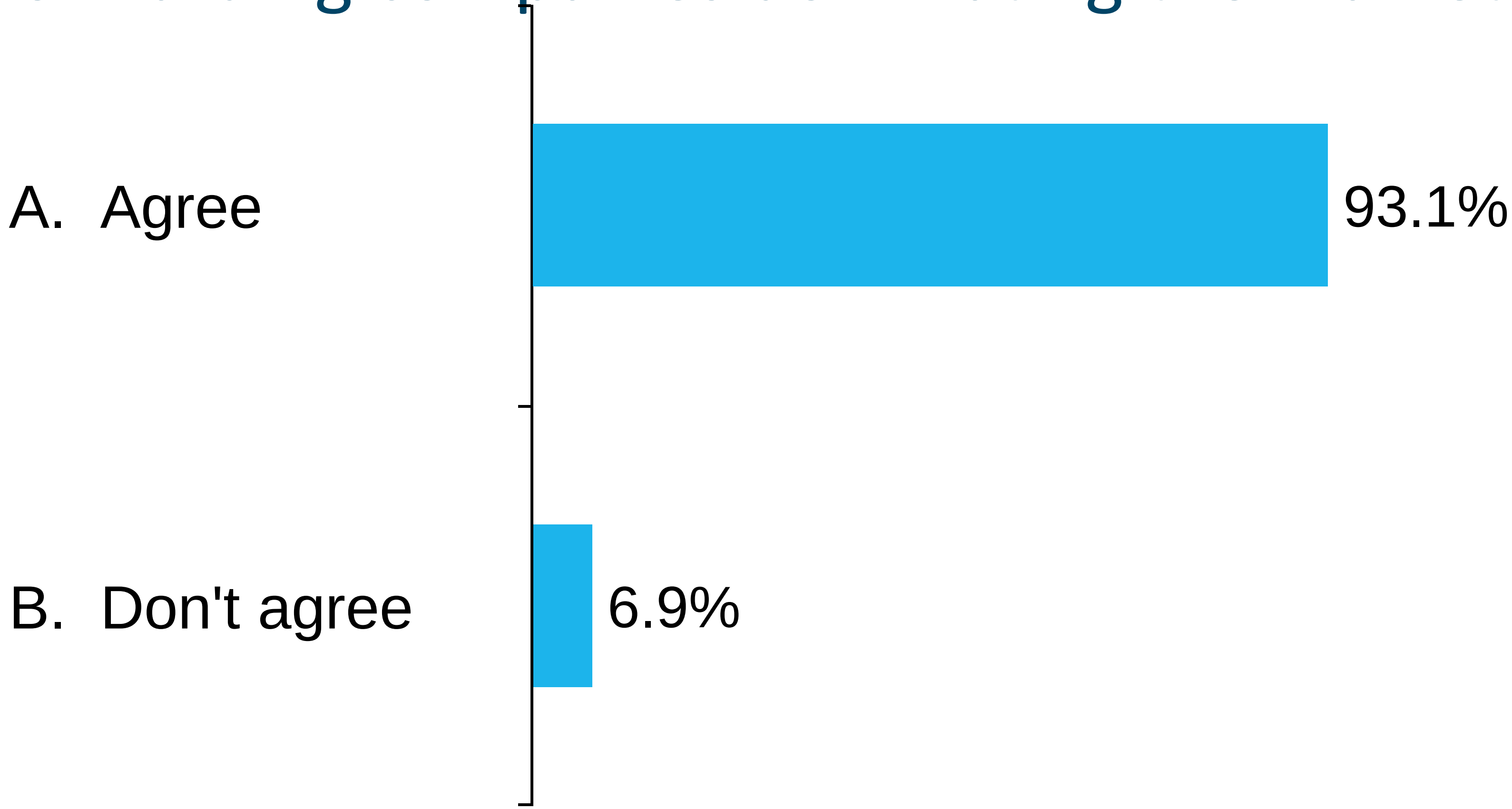
B. Don't agree

The question will open when you start your session and slideshow.

votes: 29

Closed

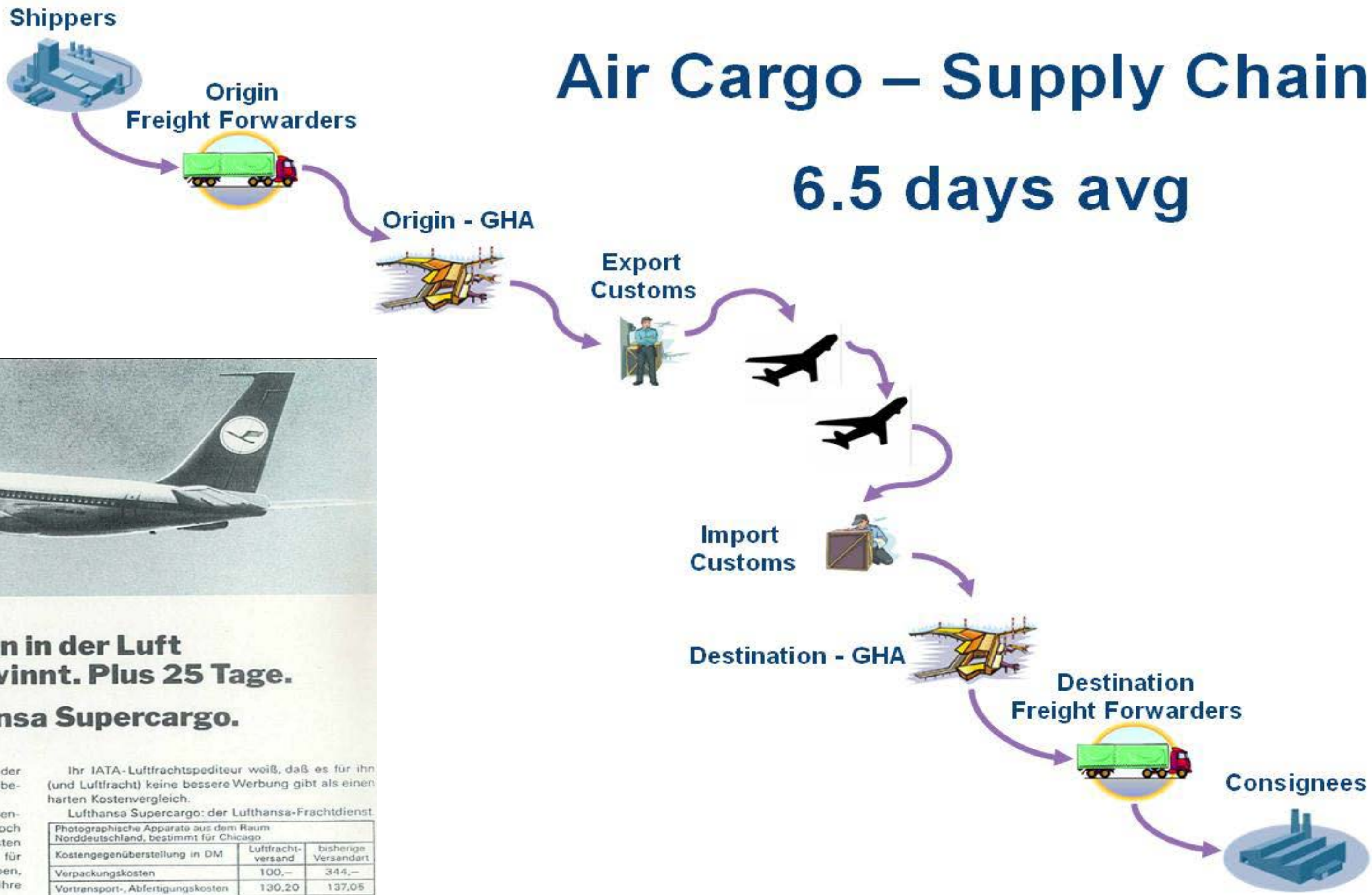
Liberalization resulted in an overall increasing market concentration with global freight forwarding companies dominating the market.



Closed

Air Cargo – Supply Chain

6.5 days avg



Wie man in der Luft 671,85 DM gewinnt. Plus 25 Tage.

Per Lufthansa Supercargo.

Es gilt umzulernen. Oder draufzuzahlen. Denn der Spruch „Luftfracht nur wenn's brennt" kann heute bereits bares Geld kosten.

Fliegen ist billiger geworden. Auch für Ihre Sendungen. Und selbst dann, wenn Luftfrachttarife noch etwas höher liegen, können niedrigere Nebenkosten ein Plus für Luftfracht ergeben. Denn die Kosten für Verpackung, Versicherung, Zinsen, Einfuhrabgaben, Vor- und Nachtransport sinken sehr oft, sobald Sie Ihre Waren fliegen lassen.

Wenn Sie auf Mark und Pfennig wissen wollen, ob und wieviel Luftfracht Ihnen bringt, verlangen Sie bei Ihrem Spediteur einen Kostenvergleich. Nach unserem Muster aus der Praxis.

Nur durch Rechnen sparte dieser Kunde bei einer einzigen Sendung 671,85 DM. Nebenbei stellte er seinen Kunden 25 Tage eher zufrieden. Vielleicht geht es Ihnen ähnlich?

Ihr IATA-Luftfrachtspediteur weiß, daß es für ihn (und Luftfracht) keine bessere Werbung gibt als einen harten Kostenvergleich.

Lufthansa Supercargo: der Lufthansa-Frachtdienst.

Photographische Apparate aus dem Raum Norddeutschland, bestimmt für Chicago		
Kostengegenüberstellung in DM	Luftfracht-versand	bisherige Versandart
Verpackungskosten	100,–	344,–
Vortransport-, Abfertigungskosten	130,20	137,05
Frachtkosten	2950,30	2223,–
Abfertigungs-, Nachtransportkosten	349,60	361,20
Einfuhrabgaben	10711,–	10758,–
Zinsen	59,40	556,30
Versicherung	114,10	706,90
	14414,60	15086,45
Differenz	[illegible],85	
Laufzeit von Haus zu Haus	3 Tage	[illegible]8 Tage

Lufthansa Supercargo

3 days in the 1960s

Proposition 6

Air Cargo’s Business Proposition is loosing ground in the battle against sea- and rail transport…

Air Cargo’s Business Proposition is loosing ground in the battle against sea- and rail transport…

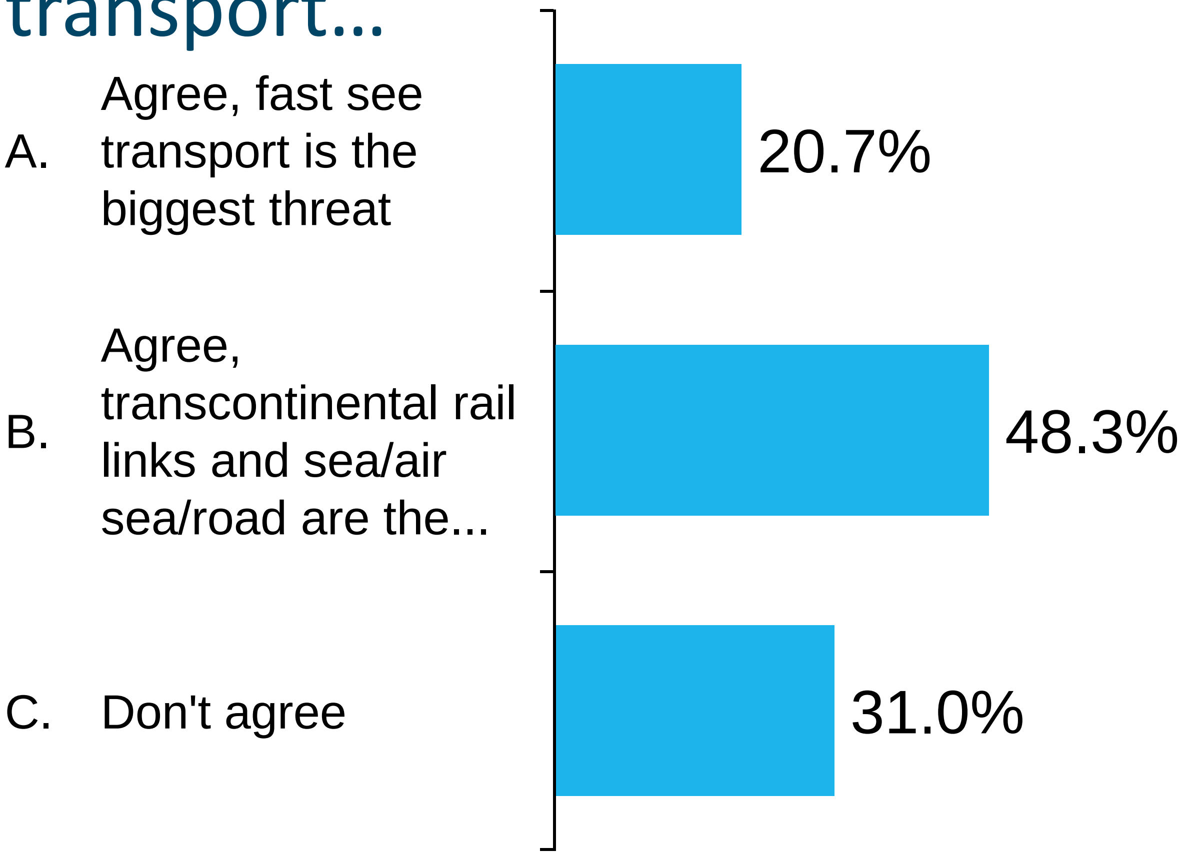
A. Agree, fast see transport is the biggest threat
B. Agree, transcontinental rail links and sea/air sea/road are the biggest threats
C. Don't agree

The question will open when you start your session and slideshow.

votes: 29

Closed

Air Cargo’s Business Proposition is loosing ground in the battle against sea- and rail transport...



Closed

This presentation has been loaded without the Shakespeak add-in.
Want to download the add-in for free? Go to http://shakespeak.com/en/free-download/.

Proposition 7

The biggest threat to the European Cargo Airlines are...

A. The Middle Eastern carriers

B. The slow economic growth in Europe

C. The alternatives to air cargo

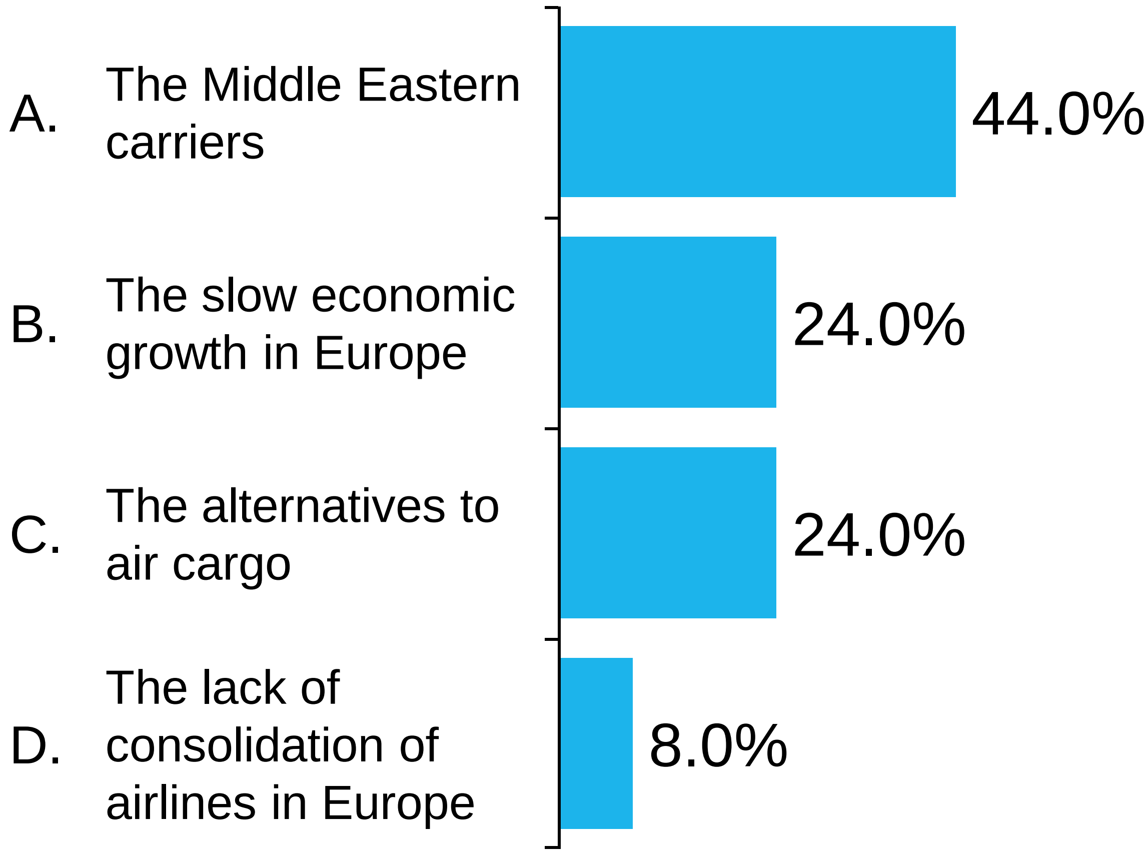
D. The lack of consolidation of airlines in Europe

The question will open when you start your session and slideshow.

votes: 25

Closed

Proposition 7
The biggest threat to the European Cargo Airlines are...



Closed

Air Cargo is still considered as a by-product by airline CEO's

A. Agree

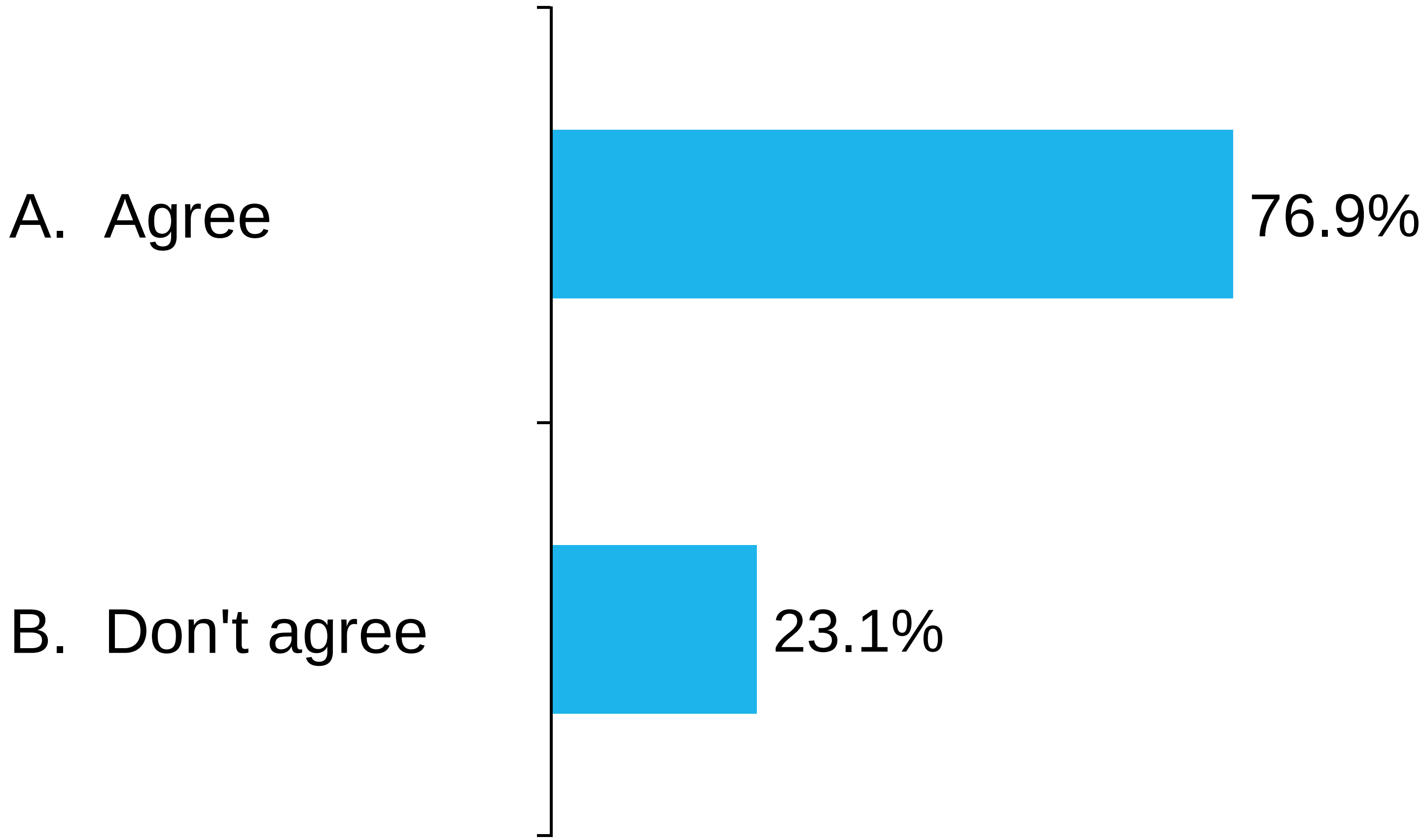
B. Don't agree

The question will open when you start your session and slideshow.

votes: 26

Closed

Air Cargo is still considered as a by-product by airline CEO's



Closed

Business Models are blurring... Southwest already is a cargo operator. Easyjet and Ryanair will follow soon...

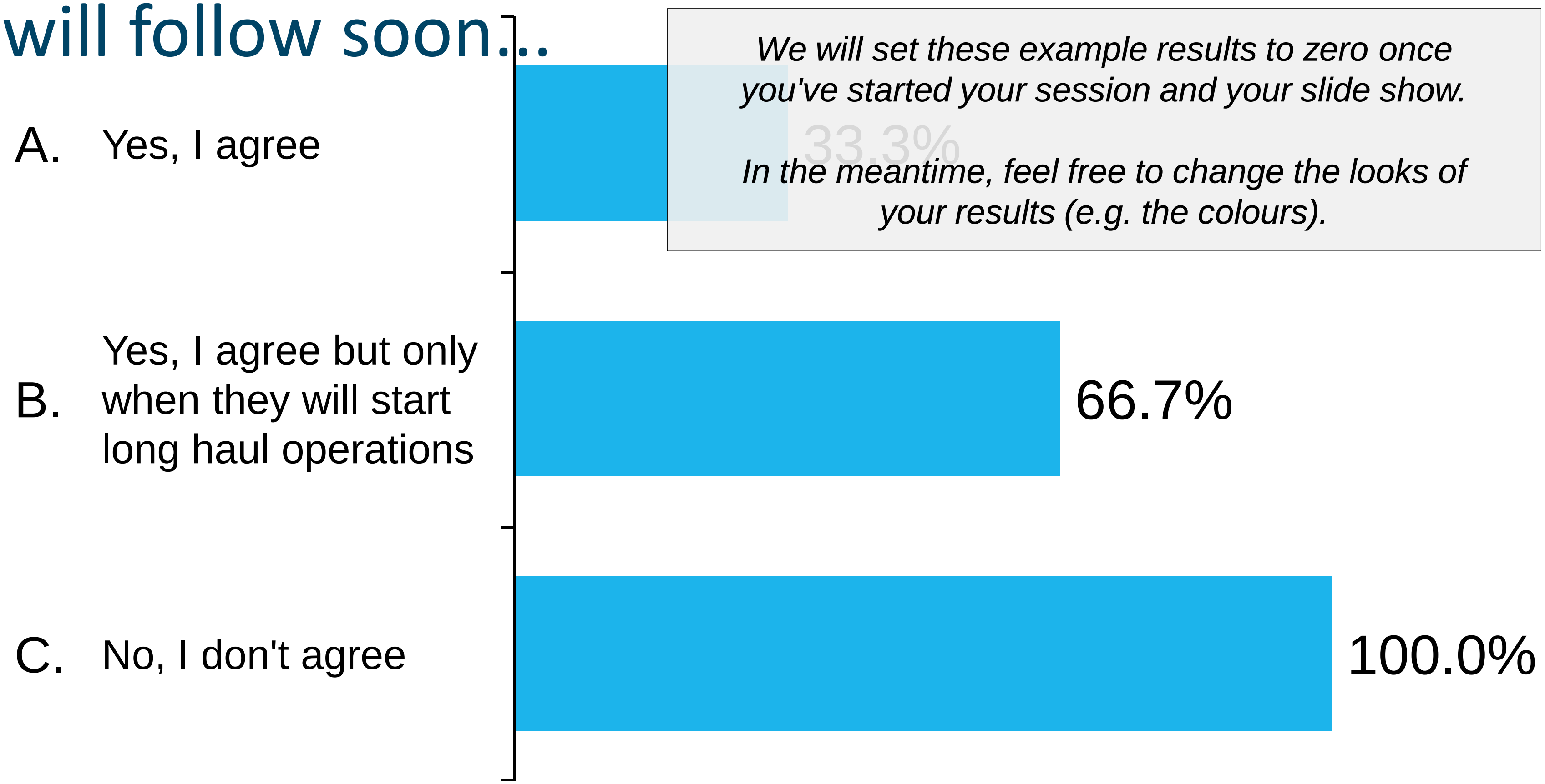
A. Yes, I agree
B. Yes, I agree but only when they will start long haul operations
C. No, I don't agree

The question will open when you start your session and slideshow.

votes: 0

Closed

Business Models are blurring... Southwest already is a cargo operator. Easyjet and Ryanair will follow soon...



Closed

This presentation has been loaded without the Shakespeak add-in.
Want to download the add-in for free? Go to http://shakespeak.com/en/free-download/.

TPR
Department of Transport and Regional Economics
University of Antwerp