



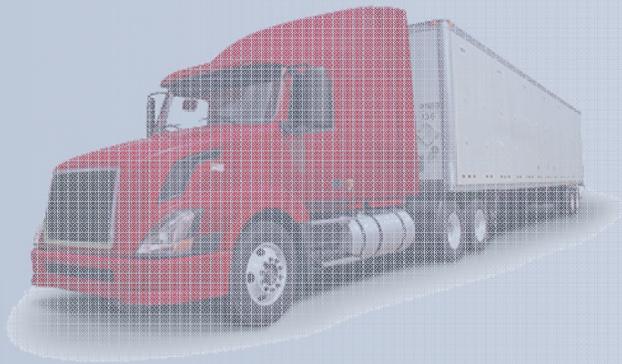
**INTERNATIONAL CIVIL AVIATION ORGANIZATION**

*A United Nations Specialized Agency*

# Air Cargo Development Forum – Zhengzhou, China

September 2014

## **SESSION 5 - *Multi-modal Logistics***



## **Analysing the AIR *EXPRESS* business in China**

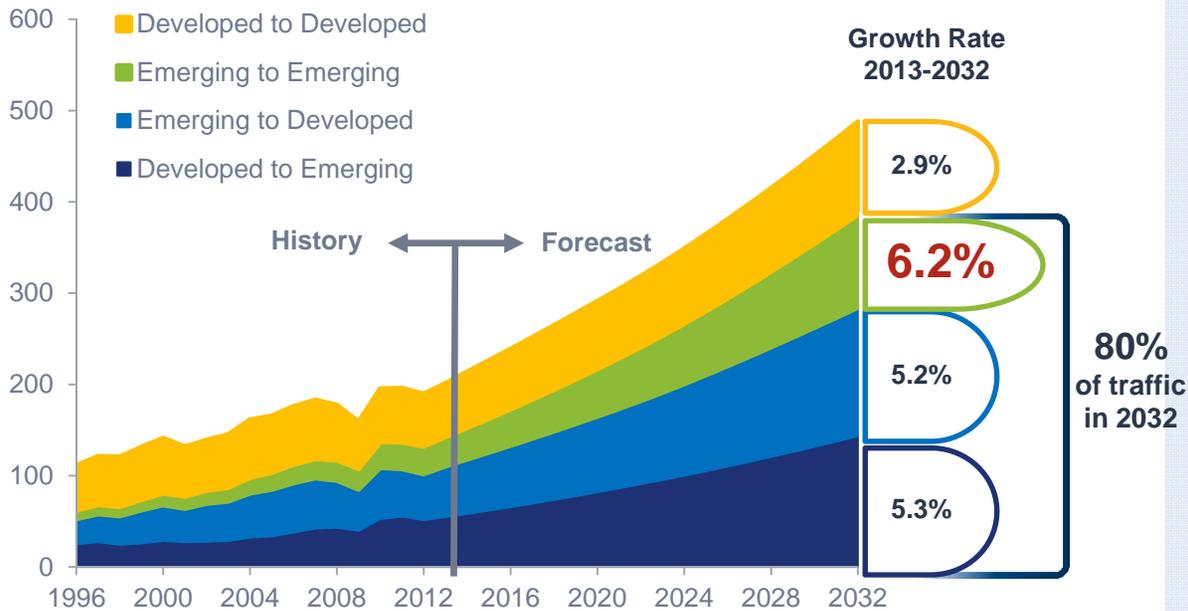
Prepared by D Lenormand  
HO Marketing – Freighters  
September 2014



# 4.8% world FTK growth, driven by the strong traffic growth of emerging countries

## Freight traffic growth

FTKs (billions)



20 year world  
annual FTK  
growth

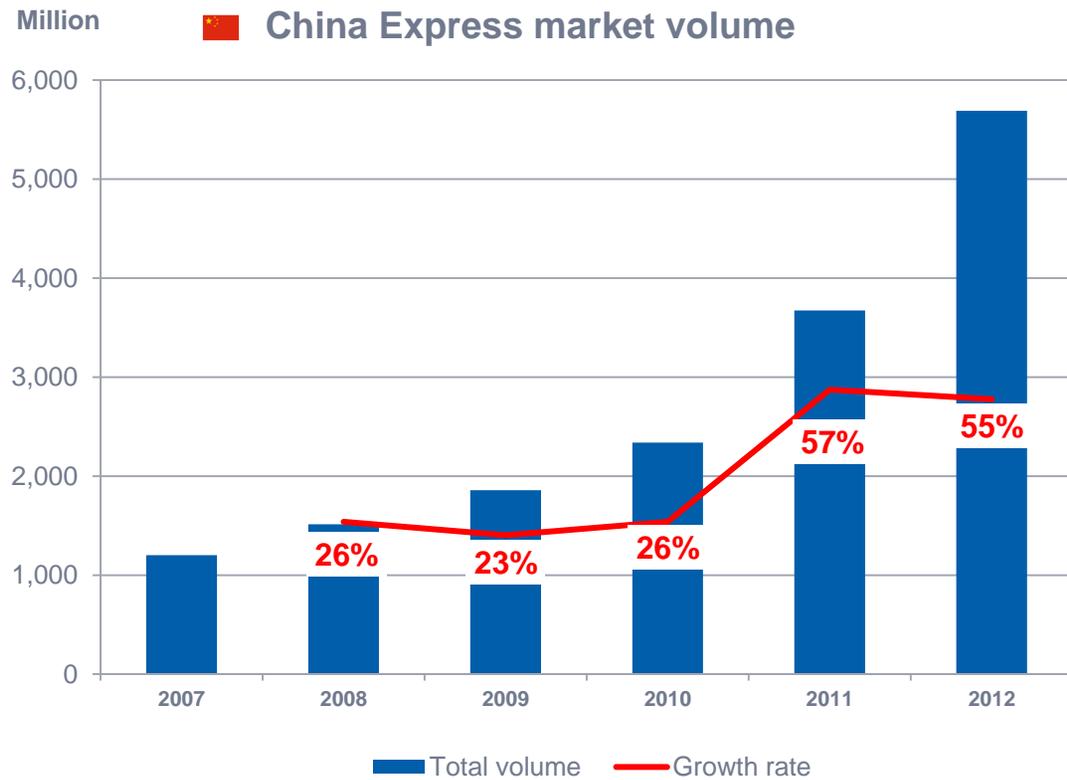
**4.8%**

80%  
of traffic  
in 2032

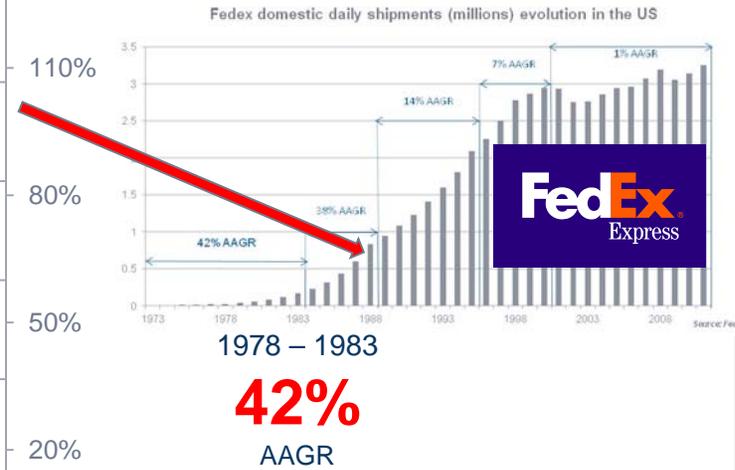
Total traffic  
growth includes  
main deck  
and belly  
capacity

Future traffic with emerging economies will alter today's freighter fleets and networks

# China express market is emerging very fast Air express freight traffic grew by 55% in 2012



## Mature US express market Example FedEx



Express traffic in China is at its early stages, equivalent to the 80s in the US

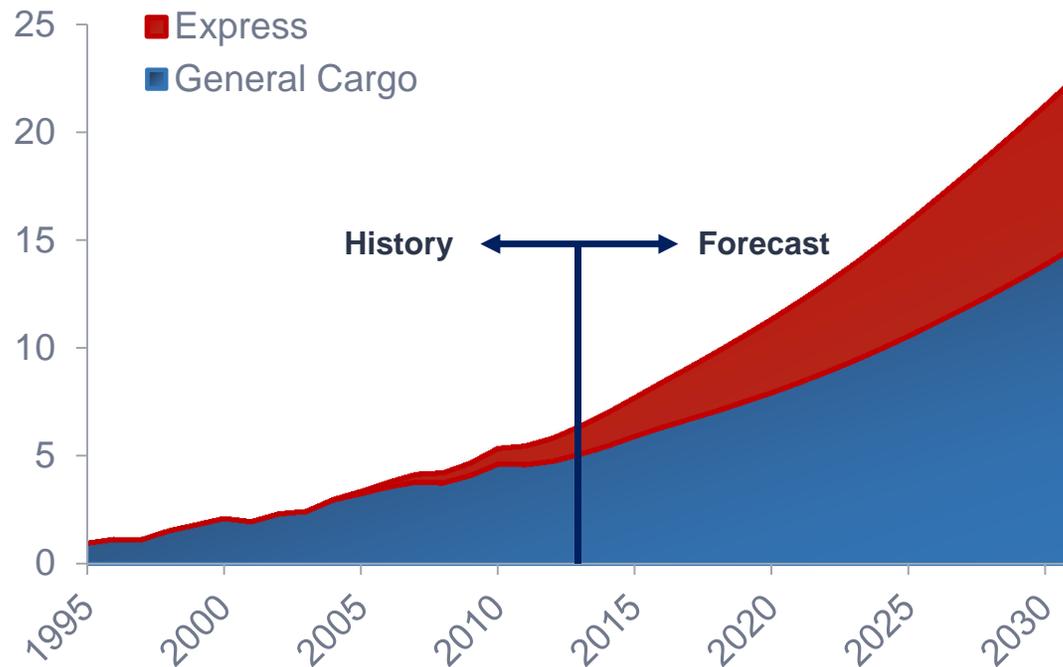
Chinese express market has been soaring in past years and is planned for significant growth in the future

\*2012 data only until November

# The Chinese domestic express market will boom

## PRC domestic air cargo traffic – 6.5% pa 2012 - 2032

(FTK billions)



A **booming** Chinese **express** market will create the demand for **small and mid-size freighters**

Chinese domestic **express** market will grow at **11%** year on year

Chinese domestic express will thrive like the US integrator markets of the 1980s and 1990s

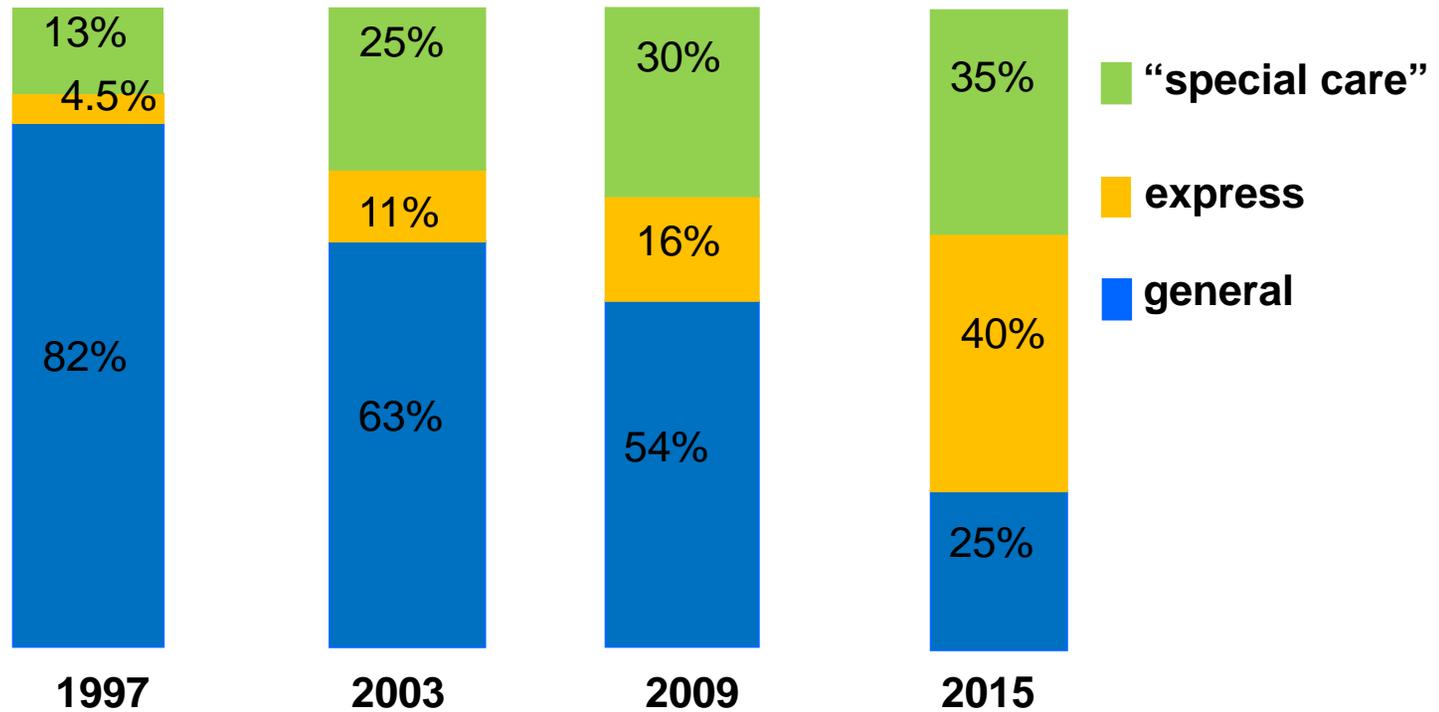
Source : Seabury, IATA, Airbus GMF

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# The increasing importance of express & “special care freight”: Logistics - B2B, B2C, E-commerce & C2C

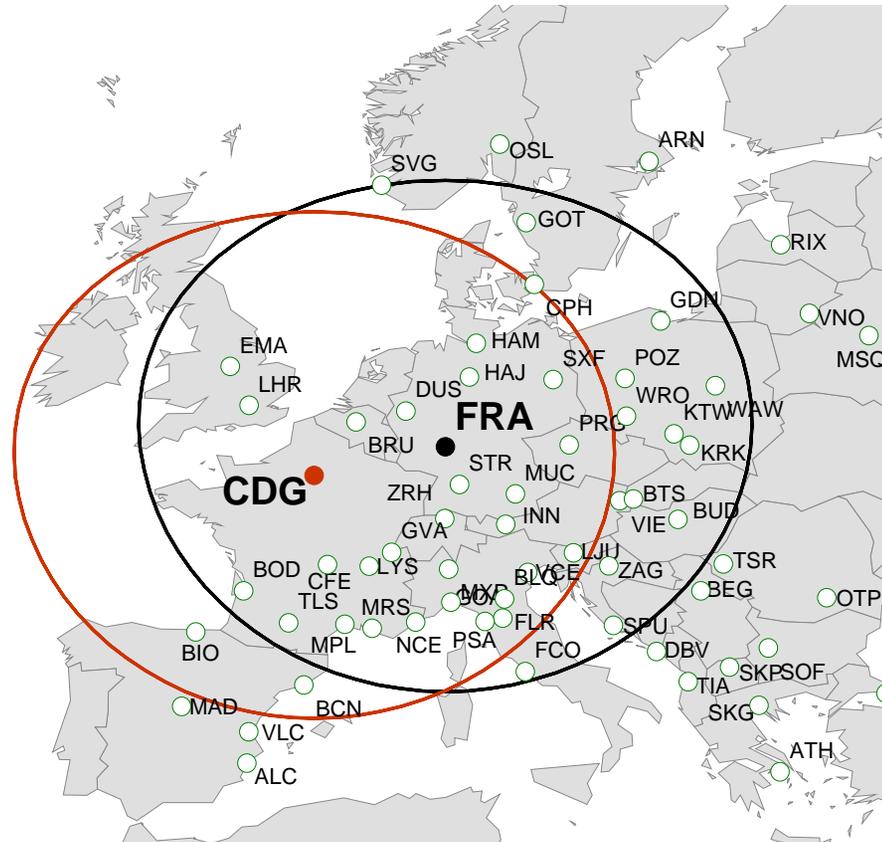
Proportion of special, express and general cargo



Data source: IATA

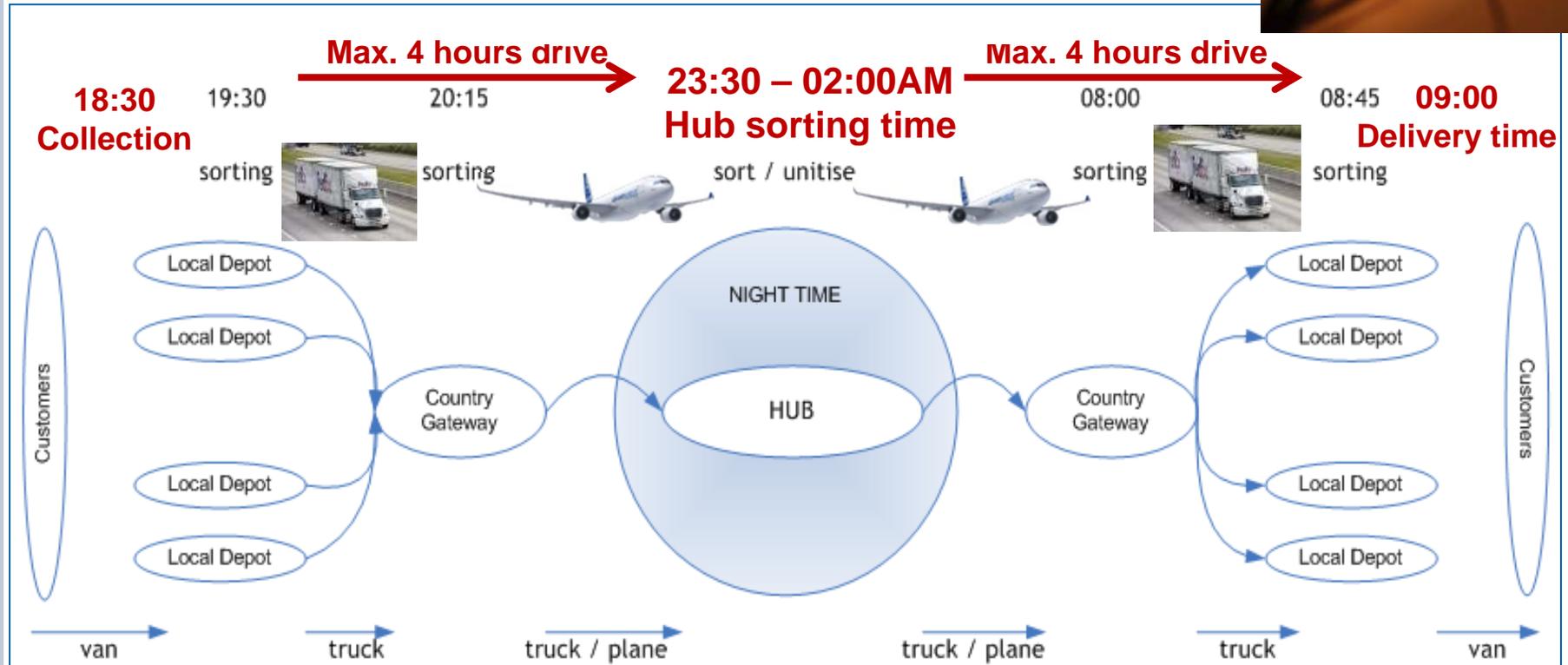
# Intermodal solutions may vary Road Feeder Services are popular in Europe

General cargo can cover long distance using trucks



Typical RFS for general cargo: **12H ~ 1 000Km**, to most of Europe

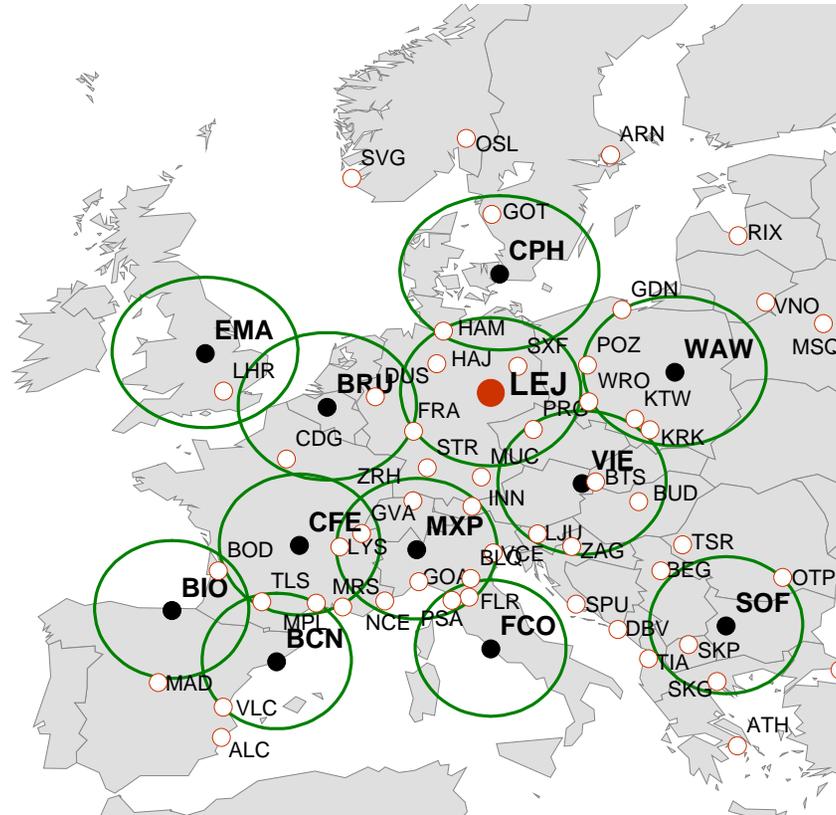
# Typical overnight express shipment cycle limits truck covering out of the hub



Ultimate pick-up time (latest collection) and morning delivery times limits the use of trucks for Express RFS services  
 Maximum road services is less that 4 hours drive ie @300km

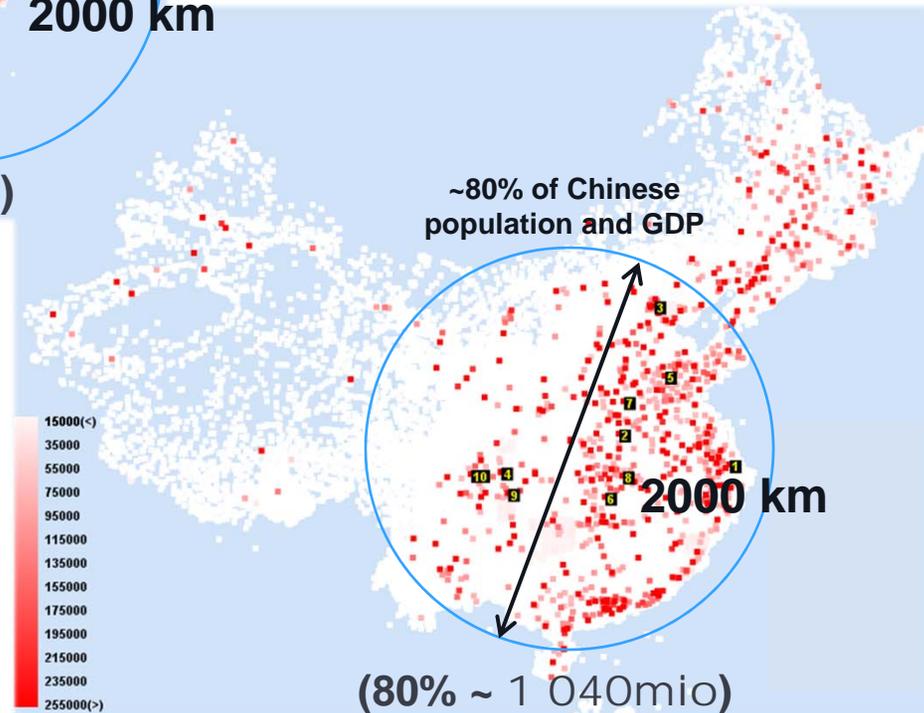
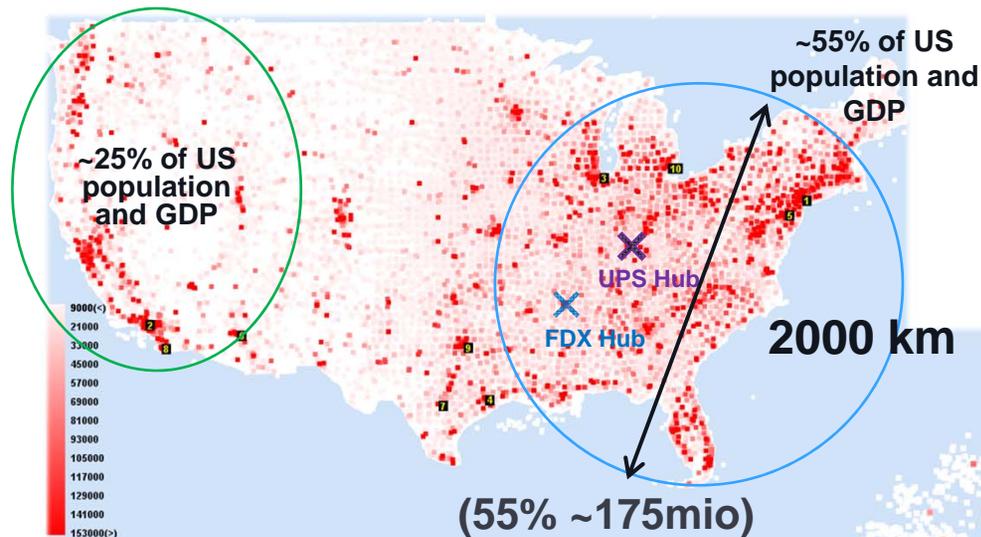
# Over night express trucking is less than 4 hours @300kilometers

Typical sub-hub express trucking operations for **next day delivery**



Aircraft remains a need to link the sub hubs to the main hub  
The DHL European sub hub system

# China and the US-East Coast: Similar size, similar population concentration



Trucks and aircraft are complementary to serve a concentrated population

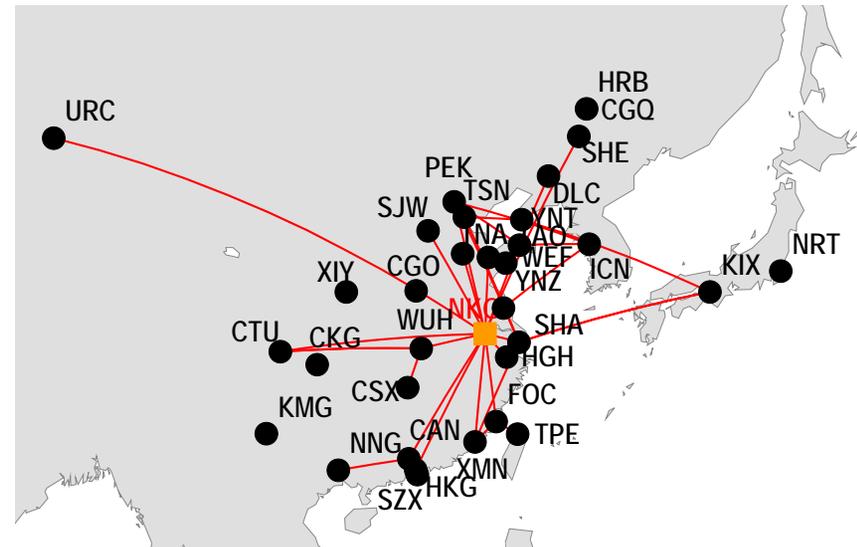
However air remains the only solution for longer distance services

# Air route structure: China Postal and SF Express, a need for a multi modal approach to cover the country

**SF Express network:  
Still a route network**



**China Postal network:  
A hub in NKG**



China Postal: A hub approach with a base in Nanjing  
SF Express (still) a route approach out of Shenzhen

# Optimising main deck volume usage with containers under time constraint – **Probably on board trucks as well**



**Express AAX container**  
88/96/125" side by side  
(A300-600F shown)



**Typical cargo pallet** built to best  
contour - 96/96/125" side by side  
(A330-200F shown)

# Matching *EXPRESS* market expectations



## **Total quality is the priority in *Express* markets**

- **On-time performance is the primary driver**
- **Continuity of service is a must to secure customer loyalty**
  - **Air links remain a prime player due to time constraints**
  - **However multi-modal is the way to ensure the ‘last mile’**
  - **Continuity in capacity (containers) as well to ensure quality**

Thank you!

谢谢各位!

