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TPM24 Academy

Air Freight for Maritime Shippers

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Today's Expert



Heidi AndersenHead of North America Air Export,
Flexport

OUR MISSION

Make global commerce so easy there will be more of it.

OUR VISION

To unite the world in a seamless web of commerce.



General Industry Update: 2024 Focus, Plans and Challenges



2024 Air Cargo Projections



Influencing Factors



Industry Reflection



Challenges and Strategies



Safety and Regulatory Updates



Sustainability

Air Market Basics

Key Terminology

AWB - Air Waybill

Bill of lading is used for airfreight Master AWB is between the airline and the forwarder House AWB is between the shipper and consignee

Dimensional Weight

The freight charge based on the dimensional weight or actual gross weight whichever comes out higher

Allotment

Blocked Space Agreements (BSA) with the airline, usually held by the freight forwarder

Loading Restrictions

Airfreight is more restrictive when it comes to size and commodity of cargo

Consolidations

Bundling shipments for better efficiency and more competitive pricing

ULD - Unit Load Device

The equipment used to load airfreight



Maximizing Space to Reduce Costs

163cm

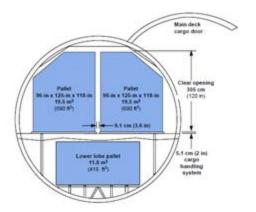
max height of lower deck pallet

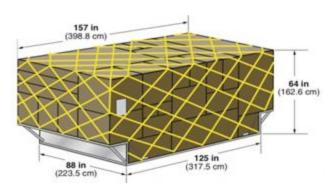
300cm

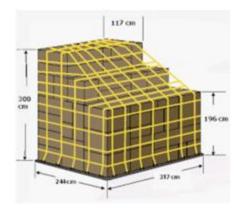
max height of 747 aircraft on main deck













Building an Airfreight Program

Factors to consider when choosing an airfreight strategy



What are you shipping

Commodity, DG, value, packaging



Budget

Budget allocation, end-to-end costs for air vs. ocean, product margins



Urgency

Product launch, production line down, service level, reliability

Sustainability



For 2 tonnes traveling 5k km, CO2 footprint:

Air: 6,605 KG

Ocean: 150 KG



Market Trends

Seasonality, Tradelanes

Dimensional Weight: Actual vs Chargeable Weight

How to calculate the chargeable weight of an airfreight shipment

Airfreight DIM Factor: 1:60001

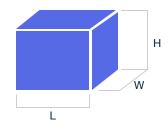
1 CBM is 167 KG

LxWxH/6000

1 skid / 250 KGS / 120x100x160 CM 120x100x160 = 1920000/6000 = 320 KG Chargeable

How will I get billed?

 $AGW \le CW \Rightarrow AGW$ $AGW > CW \Rightarrow CGW$



(Volumetric Weight in Pounds) = LxWxH

166

L = Length (inch)

W = Width (inch)

H = Height (inch)

(Volumetric Weight in Kilograms) = \underline{LxWxH}

6,000

L = Length (cm)

W = Width (cm)

H = Height (cm)

¹ Based on metric system calculation. AGW: Actual Gross Weight. CW: Chargeable Weight

Voluminous vs Dense Cargo

The impact and importance of cargo density

Voluminous Cargo

Clothing, eCommerce, sports goods, electronics



Dense Cargo

Steel, bricks, semiconductors, nutrition products



Air Consolidations and Pricing

How airfreight consolidations can help you drive down costs

SAMPLE RATE SHEET		
Origin - Dest	Weight Break	Rate / Ch. Kg
LAX - HKG	+ 100 kgs	\$ 1.20
LAX - HKG	+ 500 kgs	\$ 1.15
LAX - HKG	+ 1000 kgs	\$ 1.10
LAX - HKG	+ 2000 kgs	\$ 0.95

What a "Good" Air Program Looks Like

Regardless of complexity or size, a good air program has four core attributes

1

Accept that some percent of POs will be shipped air and align financially on what types of shipments and products the business will ship via air.

2

Dependable volume to support consistent rates from providers. Doesn't need to be perfect: +/- 30% to a quarterly forecast is enough.

3

Visibility into and live collaboration at the PO-level with suppliers to reduce communication issues, improve coordination, and keep alignment with the air freight provider.

4

High quality data and visibility for all shipment milestones. This powers origin consolidations and destination-based distribution.



Cost



Speed



Volume



Sustainability

Ship Priority Products with Priority Air Freight

Flexport has a blended network of BSAs on major lanes and dedicated freighters on key lanes globally

- Daily departures and fixed capacity to meet shipment needs
- Streamlined tarmac pickups in key hubs to avoid congestion
- High quality data for all shipment milestones
- Locate goods in a single click from departure to destination
- Added security measures to protect high value shipments

Our tech-enabled airfreight network, designed by 20+ year veterans with deep relationships across air cargo, allows our customers to scale while controlling costs.



Neel Jones Shah Senior Advisor



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A&Q