

Dr. Wouter DEWULF (University of Antwerp, Belgium). 2017. **“Air Cargo Strategies”**. 3rd Istanbul Hub Seminar: Air Cargo & Logistic Strategies for Istanbul Hub

Summary

Dr. Wewulf introduced some cargo figures to demonstrate the importance of air cargo: It generates more than 60 million USD and represents around 10% of long haul airlines revenue, which is a very important figure for business with low profit margins.

He presented the findings of his research group at the University of Antwerp which aims to understand the air cargo strategies and its main drivers, as well as to assist airlines in defining strategy possibilities.

The air cargo business models can be splitted into four main categories: i) Non-integrated carriers (e.g Cargolux or MNG Airlines); ii) combination carriers (e.g. Turkish Airlines or Air France); iii) Freight forwarders (i.e. virtual cargo airlines; and iv) Integrated Freighter carriers (e.g. DHL or UPS).

Wouter defined the air cargo strategy as a process that includes purpose, context and content. The purpose could be to maximize profit or volumen. The context is a steady growth of around 5%, with segments as e-commerce growing much faster and where new aircraft (e.g. B787 or A350) have more belly capacity contributing to an overall increasing cargo capacity with pressure on yields. The content includes product strategy, market strategy, network strategy and specific stakeholder strategies.

The methodology used for the research was to select 47 airlines from all over the world, representing $\frac{3}{4}$ of total world cargo capacity and using cluster analysis to identify 7 different cargo strategies: 1) Cargos stars, 2) Large Pax wide-body operators, 3) Carpet sellers, 4) Premium air cargo operators, 5) Strong regionals, 6) Basic cargo operators and 7) Huge americans.

Dr. Wewulf completed his presentation highlighting product differentiation and capacity management as the two key success factors for profitable cargo strategy models. The recommendations given for Istanbul as a cargo hub were to have a strong long haul passenger home cargo carrier with cargo strategy in place, maximize size of the hub, focus on the growing parts of cargo as e-commerce and to achieve reliability and connectivity.