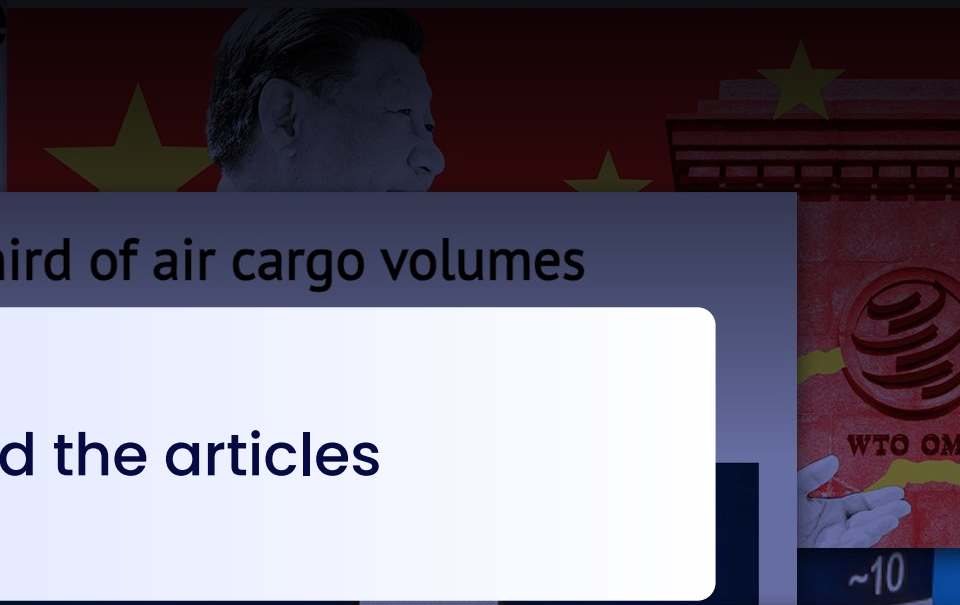




# Capturing Southeast Asia's Air Logistics Opportunities

# Cross-border Ecommerce in Southeast Asia



E-commerce to become a third of air cargo volumes

We've all read the articles

Hyphen  
10,952 f  
October 26, 2023

e-commerce

One of the st  
Southeast As  
commerce sa  
forecasts indi

Annual growth  
of cross-border  
e-commerce

## Southeast Asia's growing role in airfreight

By Edward Hardy - Nov 1, 2023



## Two key shouts that stand out to us

**1** eCommerce is the driver for air cargo growth

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**2** China now exports more to Southeast Asia than to the US

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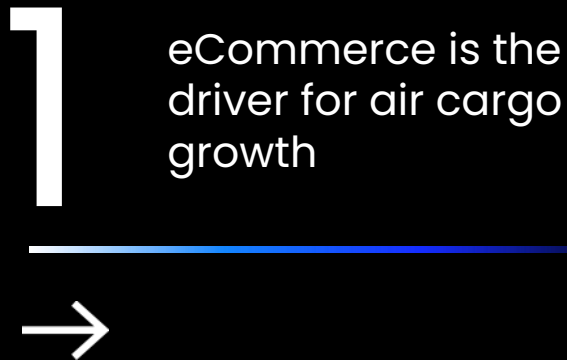


Source:

[1] [E-commerce to become a third of air cargo volumes](#)

[2] [China's plan to reshape world trade on its own terms](#)

**1** eCommerce is the driver for air cargo growth



### Cross border eCommerce volume by air

- In 2017: 10% total volume share
- In 2022: 20% total volume share
- Forecast for 2027: 20-25%

For 2022:

**8.2 bil**

Cross-border orders

**6 mil**

Air cargo tonnes related to cross-border eCommerce

Source:

[1] [E-commerce to become a third of air cargo volumes](#)

# 2

China now exports more to Southeast Asia than to the United States



In 2023, Southeast Asia emerged as China's largest export market with an annual value reaching \$523.7 billion

5 key eCommerce lanes  
China → SEA



Source:

[1] [Global trade realignment an opportunity for closer China-ASEAN cooperation](#)

[2] [Cross-border Ecommerce to Rise in Southeast Asia](#)

# eCommerce demands differ greatly from general freight

- eCommerce is a highly time-sensitive segment
  - SLA-driven with service failure consequences
  - It requires a highly-flexible flight schedule with multiple options
- eCommerce volumes are highly volatile and unpredictable
  - Loose parcels and gunnies vs skidded and palletised cargo
  - Inconsistent volume day in, day out
  - No visibility on cargo and declaration compared to general freight

# Key learning 1

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## Agile, predictive cargo and network planning models

- eCommerce volumes are highly volatile and unpredictable
- Customers expect flexibility from the logistics service provider
- Requires careful, predictive models to manage cargo efficiently

## Key learning 2

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**A flexible, wide flight network to meet on-demand speed and timing requirements**

- Critical to have a flexible and/or large flight network
- The demand for greater speed requires an optimised operating schedule with very specific flight timing
- Either control flight timing yourself, or have many options to choose from
- Gain control of entire eCommerce shipment journey, from first to last mile



## Key learning 3

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**Build redundancy in your operating model to secure reliability of service amidst volatility**

- The volatility and time sensitivity of eCommerce shipments calls for built-in backup plans
- Backup flights, third-party capacity and some buffer in your network are important in offering a reliable product

Agile, predictive cargo and network planning models

Build redundancy in your operating model to secure reliability of service amidst volatility

A flexible, wide flight network to meet on-demand speed and timing requirements

**These are anchored by an agile and robust air logistics network...  
how do we build one FAST?**

# Building an agile and robust air logistics network FAST...

Freighter

Passenger belly  
capacity



# Key eCommerce lanes out of China into Southeast Asia are at capacity



# Building an agile and robust air logistics network FAST...

Freighter

Passenger belly  
capacity



# Southeast Asia's air network is primarily dominated by passenger fleet



Connecting within SEA? Passenger belly network is your best option.



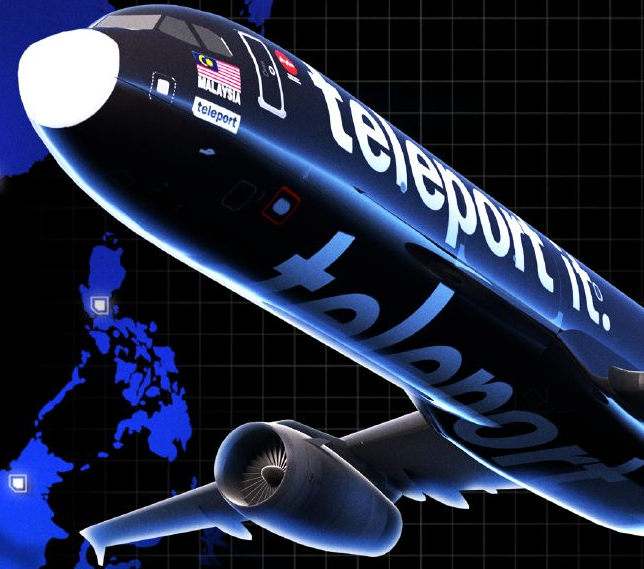
Passenger plane bellies are perfect to carry small, loose eCommerce parcels – but flight schedules, frequency and destinations are not always favourable to eCommerce cargo requirements.



**How can we optimise our passenger belly network for SEA's eCommerce demand?**

Industry average for  
capacity utilisation intra  
Southeast Asia:

40-50%



Let's deep dive into the passenger belly capacity situation in today's industry:

High-demand sectors in Southeast Asia = 44%

High-demand sectors utilisation

**70-80%**

Lean sectors utilisation

**20-25%**



An agile, robust network should reach secondary and tertiary destinations, to better serve eCommerce consumers outside key hubs.



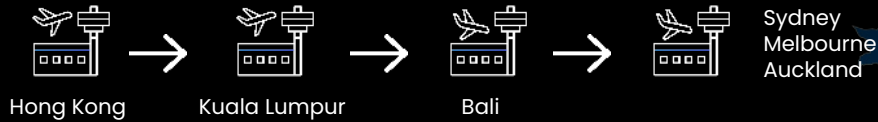
Key  
eCommerce  
hubs in SEA

Leisure  
destinations



# Bridging eCommerce routes by working together

## Passenger Airline 1



## Passenger Airline 2



Utilising a leisure destination (Bali) to bridge eCommerce routes (eg. Hong Kong→Sydney) through Kuala Lumpur, significantly boosting capacity utilisation on otherwise underfilled routes.

Routes going into Phuket



Routes going out of Phuket



China



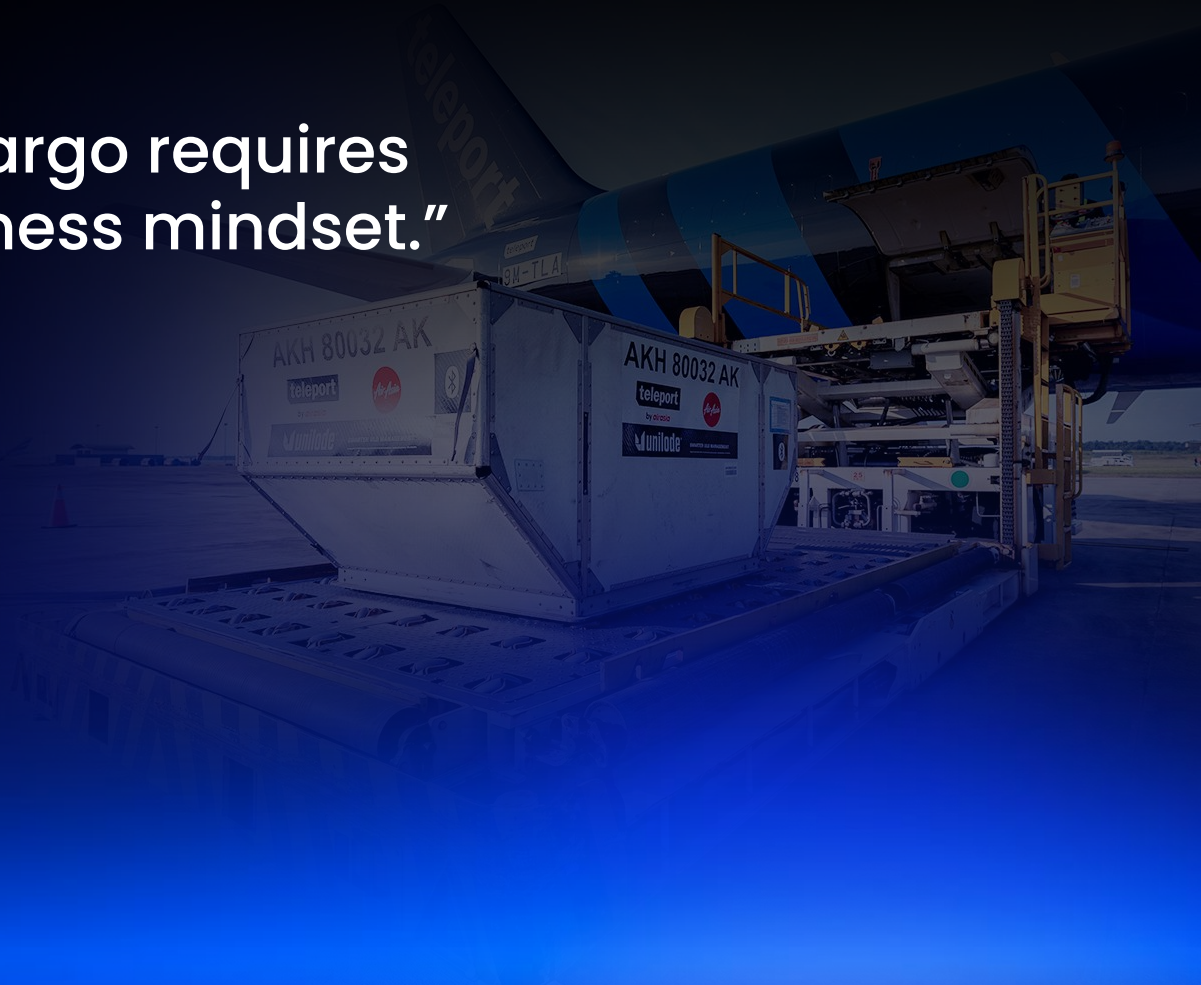
Phuket



Europe, Middle East, Americas, Africa

Ludwig Hausmann, McKinsey & Company

“eCommerce air cargo requires  
~~a bit of a~~ new business mindset.”  
**TOTALLY**





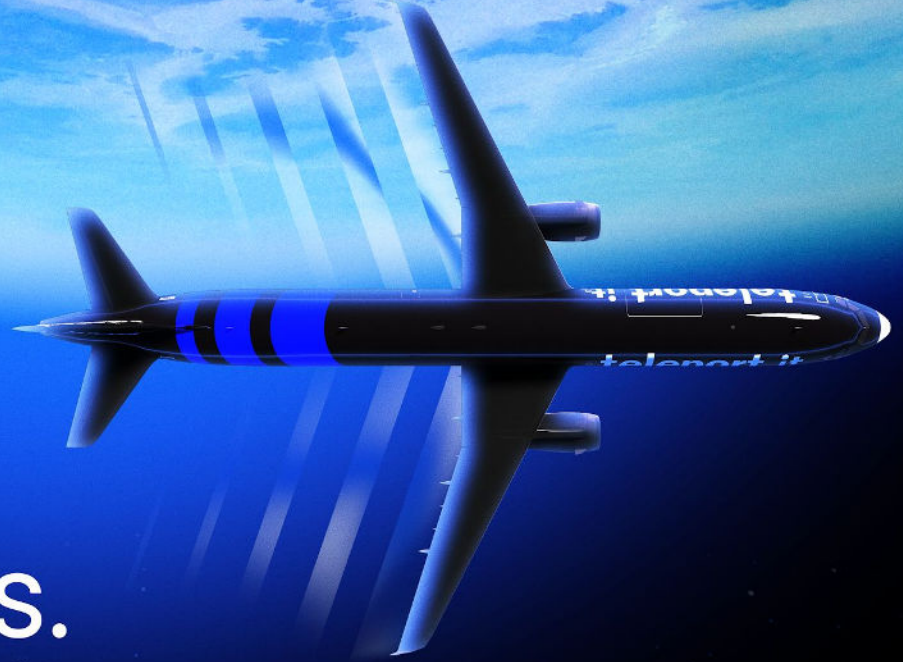
# teleport air partners

We've partnered  
with 30 airlines... with  
more to come.





teleport.asia



# Southeast Asia's Logistics.

**teleport it.**



# End Transmission.