



# Air Industry

(Package Express )

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# Outline

- International Air Services
- Small Package Express Industry
- Importance
- Major Players
- Air Cargo Equipment
- Current Events
- Conclusion
- Art of War Quote

# Air Service Provides

- Flexibility
- Fast and Speedy delivery
- Shipment Safety
  - Less damage
- Reduction in insurance cost
- Reduction in packaging



# Types of International Air Services

- Passenger-Cargo Schedules Service
  - All-Cargo Service
  - Air Express Service
    - Small package and letter express
  - Charter Service
  - Parcel Post Service
  - Freight Forwarding Service
- 
- The background of the slide is a blue-tinted photograph of an airport tarmac. In the foreground, the nose and cockpit windows of a white airplane are visible. In the background, there is a large cargo building with the 'Astral Cargo' logo on its side. Another airplane is parked at a gate in the distance.

# Small Package and Letter Express

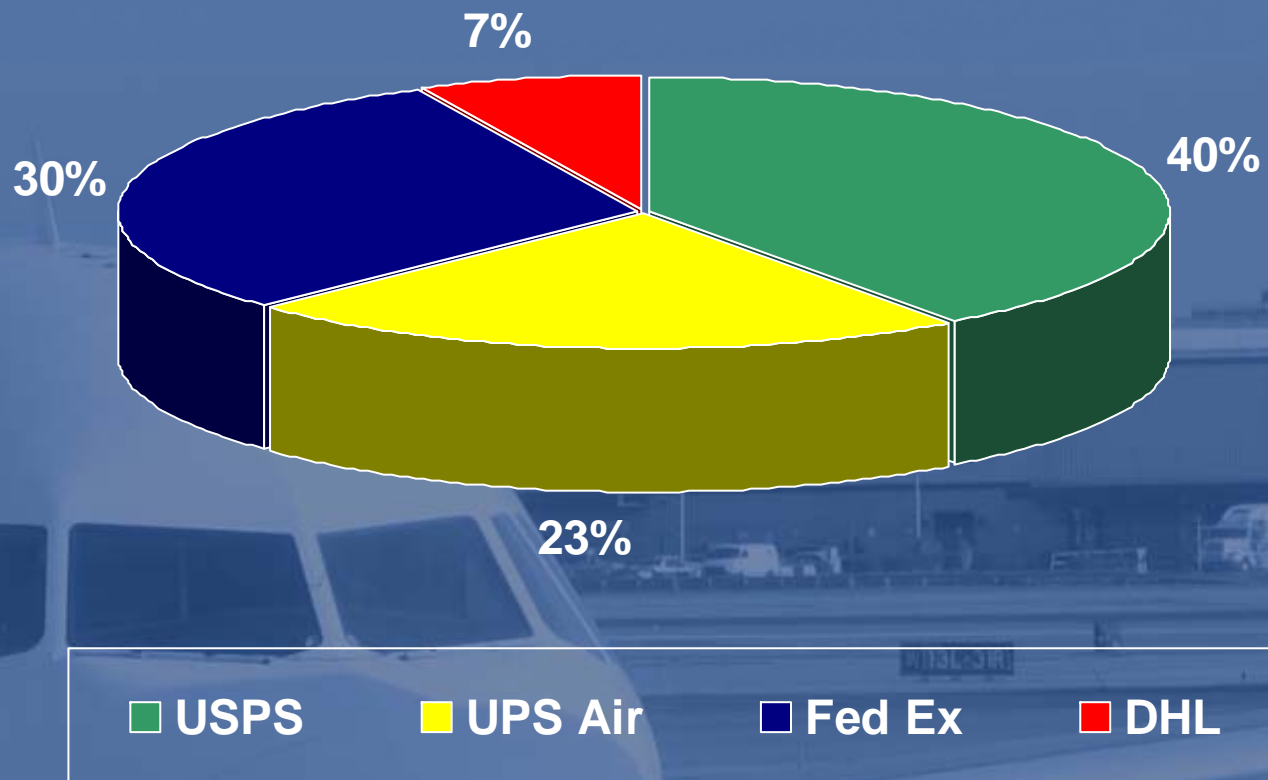
- Small package and express letter expedited shipments
- Integrated service carriers
  - Provide door to door service
  - Fed Ex, UPS, DHL
- Non-integrated service carriers
  - Provide airport to airport service
- Allowed for innovation in other industries
  - Dell
  - Amazon

# Importance of Package Express

- Change in the way goods are produced and distributed
  - Globalization
  - Rapid Customer Response
  - E-Commerce
  - Lean inventory management
- Transportation service modernization
  - Differentiated time-definite service options
  - Intermodal service
  - In transit visibility

# Domestic Industry Market Share

% of Express Letter Mail Market Share: 2003



# Federal Express



- “When it absolutely, positively has to be there overnight”
- 1965 – Fred Smith writes term paper on need for new airfreight system
- 1973 – FedEx opens operations in Memphis with hub system
- 1983 – First American company to reach \$1 billion in revenues in first ten years

# Federal Express



- World's #1 express transportation company
  - Delivers more than 3 million packages per day in 210 countries
  - USPS
- 2004 Sales: \$24.7 billion
- 640 aircraft fleet
- 47,000 motor vehicles
- 196,000 employees

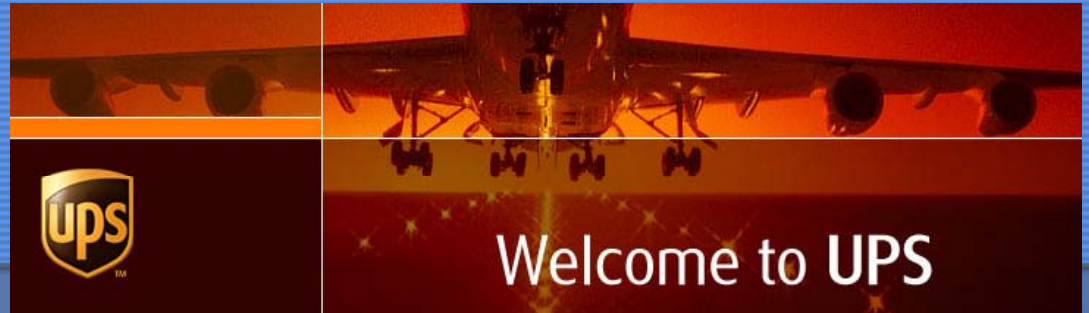
# Fed Ex Express Freight



- For operations driven by urgent deadlines shipping high-value palletized freight.
  - 1, 2 and 3 day domestic service
  - Overnight and deferred international services
- Global standardized movement of palletized freight supported by the largest All-Cargo airline.

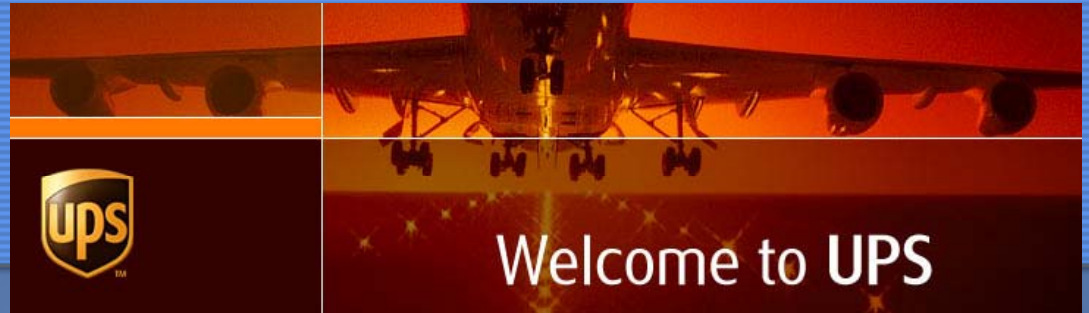


# UPS



- “Tightest ship in the shipping business”
- “What can brown do for you?”
- UPS History
  - 1907: American Messenger Company in Seattle
  - 1919: Expanded outside of Seattle to become UPS
  - 1975: First delivery company to serve every address in contiguous US

# UPS



- World's largest package delivery company
  - 13 million packages and documents per day in over 200 countries
- 2004 Sales: \$36.6 billion
- 600 aircraft fleet
- 88,000 motor vehicles
- 384,000 employees
- Recently Acquired Menlo Worldwide Forwarding

# UPS Air Cargo Services

- UPS Air Cargo Priority

- Priority boarding and handling
- A full, 100% money-back\* [guarantee](#)
- A means to move your most critical or time-sensitive shipments



- UPS Air Cargo Reserved

- Excellent service for your day-to-day freight needs
- A reservation tailored to fit your time-in-transit requirements



# DHL



- “A new choice in domestic shipping.”
- 1969 – Shuttling bills of lading between Honolulu and San Francisco
- 2002 – DHL and Deutsche Post (DP) join forces



# DHL



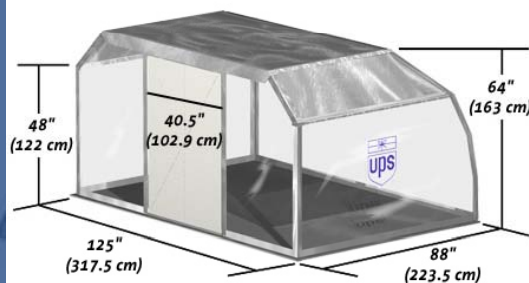
- World leader in cross border and express deliveries
  - Largest international air express network
  - Acquired Airborne Express
- 220 countries and territories
- Sales 2003: \$27.6 billion
  - (DHL exclusive)
- 75,000 vehicles
- 161,000 employees

# Air Cargo Equipment

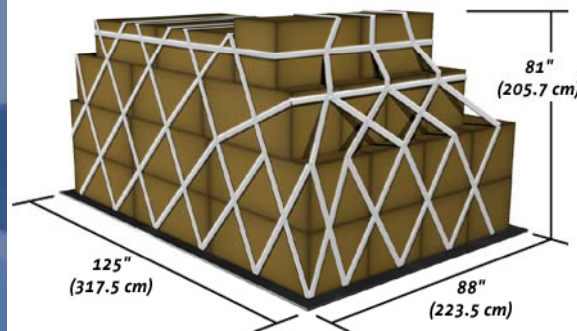
- Containers
  - Lightweight
  - Shaped to fit fuselage



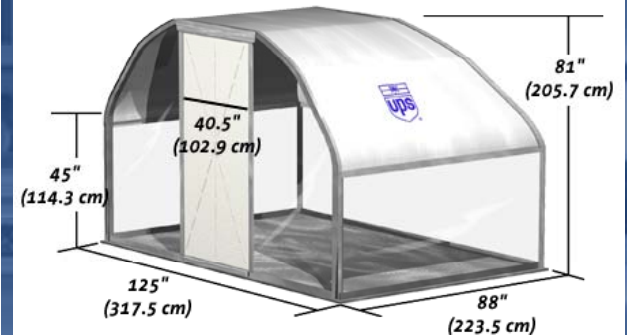
**L9N CONTAINER**



**A2N PALLET**

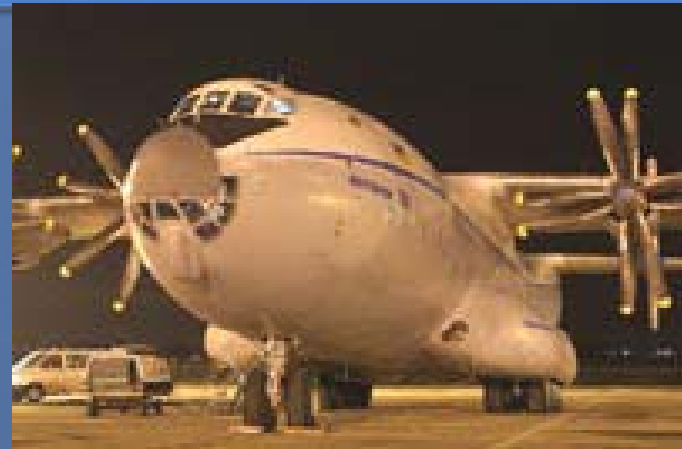


**A2N CONTAINER**



# Air Cargo Equipment

- Airplanes
  - Antonov AN 225
  - KLM 747-400ER
  - MD-11



# Current Events

- Cargo Carriers and increasing fuel prices
  - Fed Ex: \$570 million on fuel in its fiscal third quarter, up 42% from last year



# Current Events

- “EU Tries to Revive “Open Skies” Talks With U.S.”
- European Airlines
  - Rights to fly between U.S. cities
- U.S. Airlines
  - Rights to fly into Heathrow
- Would require changes to U.S. Trade Laws.

# Current Events

- “UPS Pilots Union to Vote on Strike After Long Talks”
  - 2,500 pilots
    - Half must approve a strike
    - Average Salary \$168,000 - \$172,000
  - Federal Mediation talks to resume May 16<sup>th</sup>.
- 1997 UPS Teamster Strike
  - Cost UPS \$750 million
  - Lost Customers

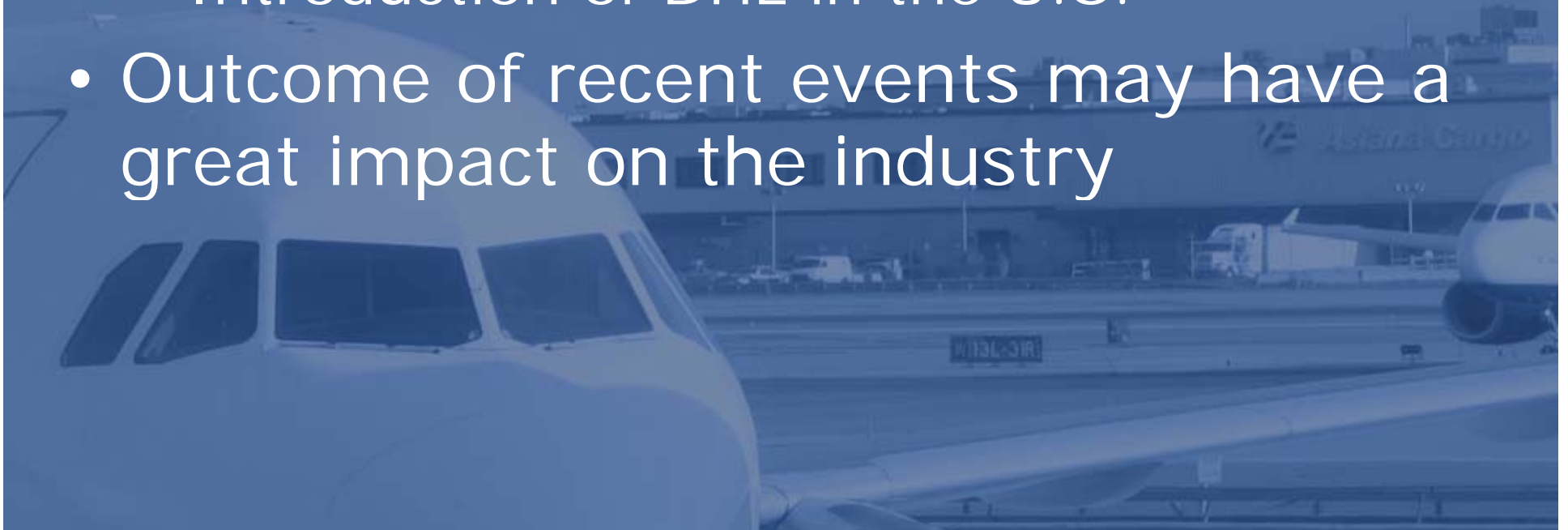
# Review

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- Importance
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- Current Events



# Conclusion

- Air express provide fast and accurate shipping around the world
- Becoming more competitive
  - Introduction of DHL in the U.S.
- Outcome of recent events may have a great impact on the industry



# Art of War

- Sun Tzu say.....

“Nothing is more difficult than the art of maneuver. What is difficult about maneuver is to make the devious route the most direct and to turn misfortune to advantage.”

# Sources

- Traffic World Magazine
- Wall Street Journal
  - Wsj.com
- Lecture Notes provided by Dr. Nowak and Dr. Rutner.
- UPS.com
- Fedex.com
- DHL.com
- Hoovers Online