

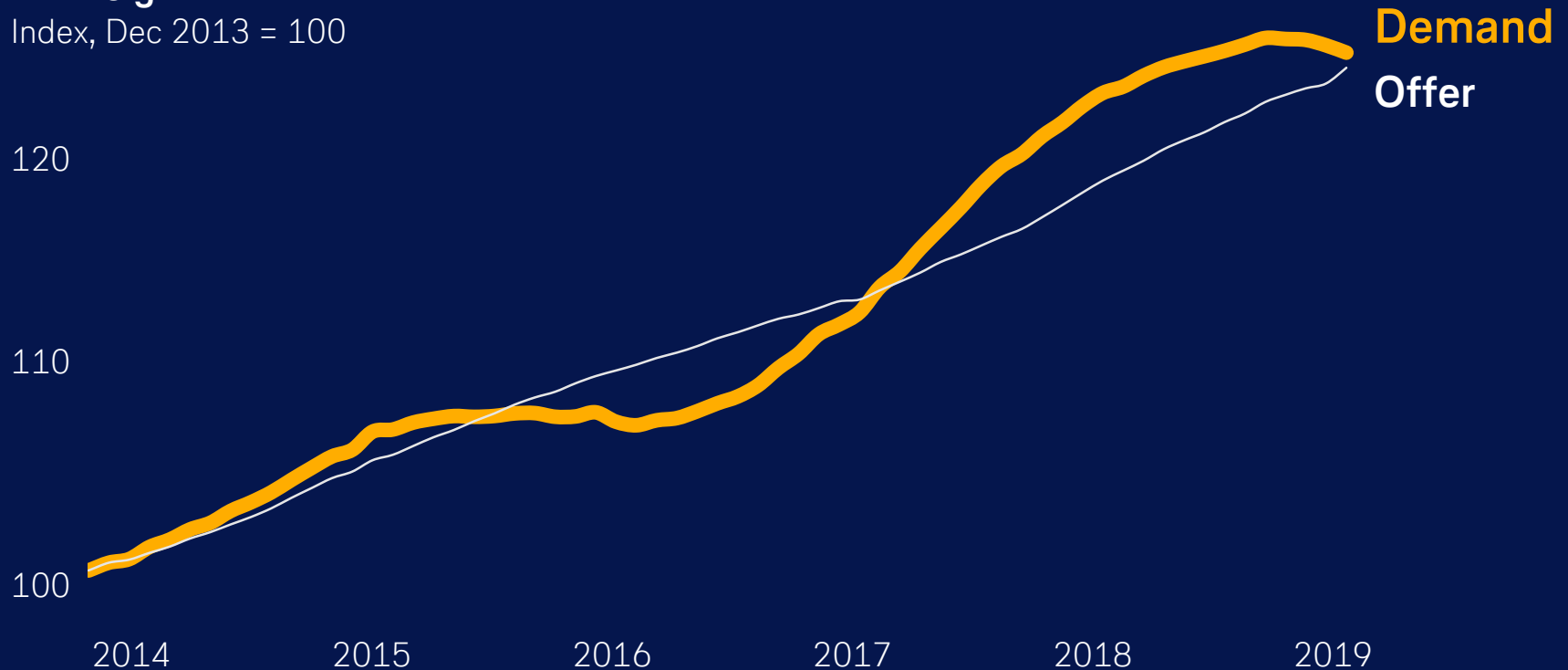
Keynote  
**Air Cargo News Conference**

# **Supply and Demand:** **the challenge of eCommerce for airlines**

# What will happen next?

## Air Freight

Index, Dec 2013 = 100

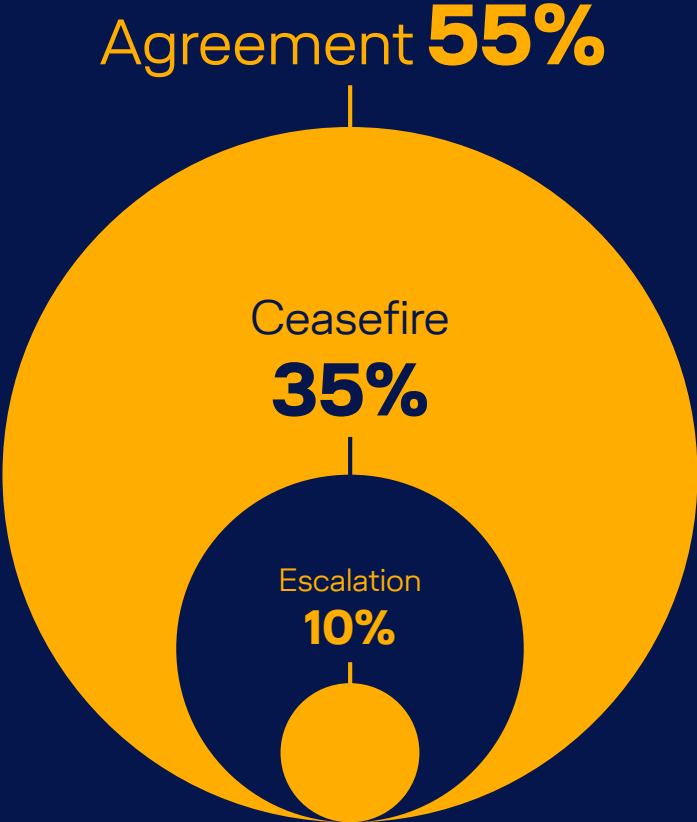


Note: numbers based on rolling 12-month average

Source: IATA Carrier Tracker

# US-China trade war enters the next round

Forecast for 2019



# Is the US on the brink of a recession?

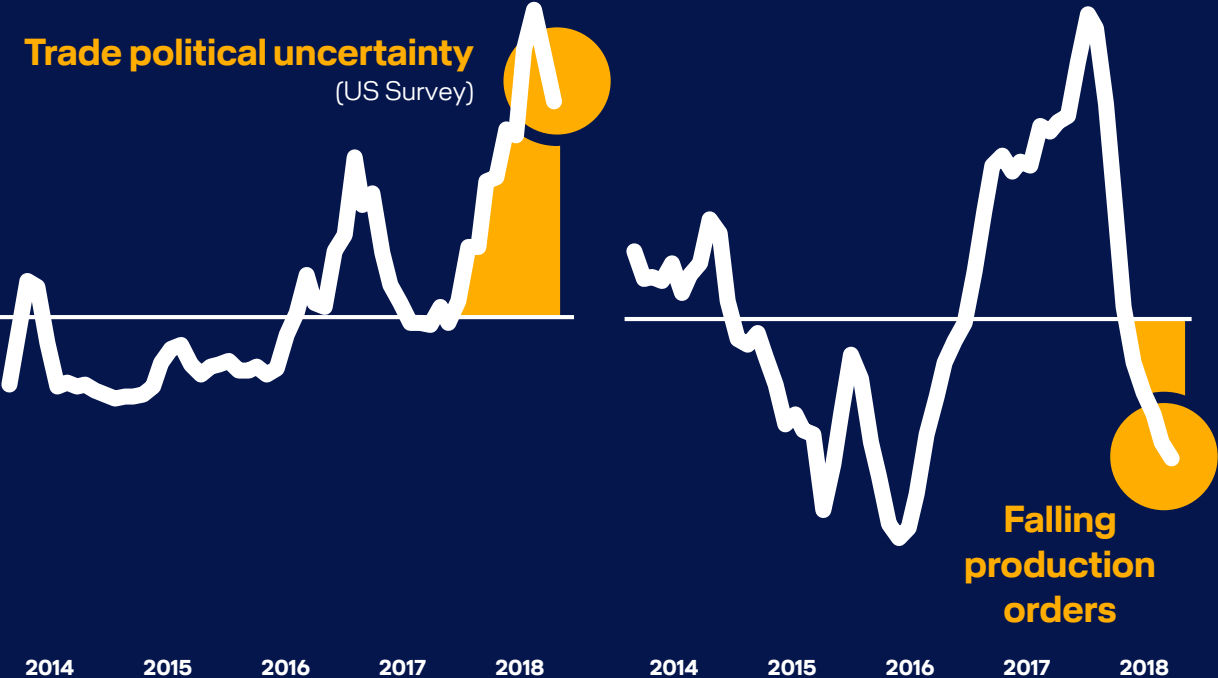
In reference to the  
**capital market**

⚡ **91%**

In reference to the  
**Economy**

⚡ **26%**

# Uncertainty clouds the business and investment climate



Source: OECD, [policyuncertainty.com](http://policyuncertainty.com), PMI

# Our challenge

Short-term  
uncertainty

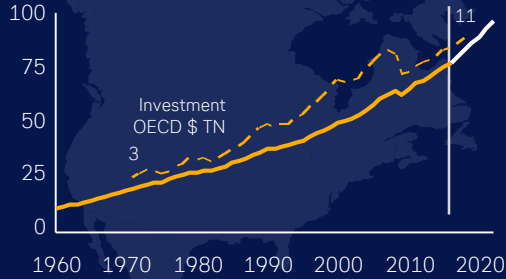


Long-term action

# Air freight is essential in an accelerating world

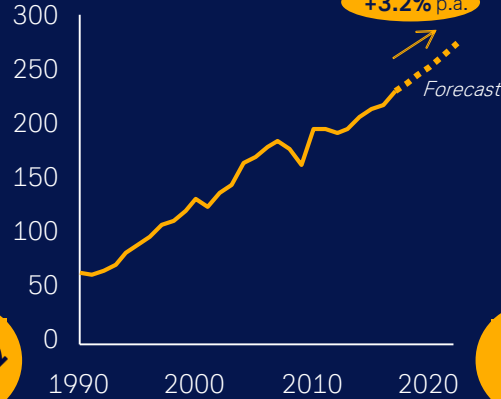
## Global economic growth

World GDP US\$ TN at constant 2010 prices



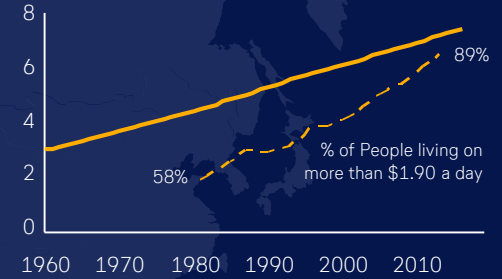
## Global freight and mail

IATA Global freight and mail, Mrd. TKT



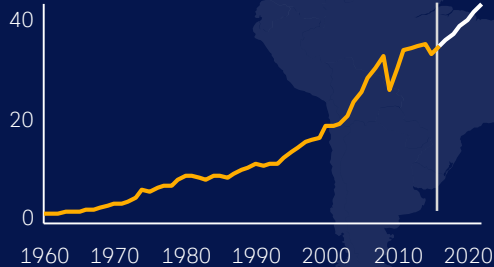
## Population growth and wealth

World Population Billion People



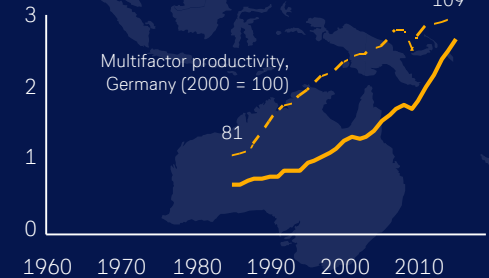
## World trade growth

Merchandise Trade US\$ TN at const. 2010 prices



## Technological progress

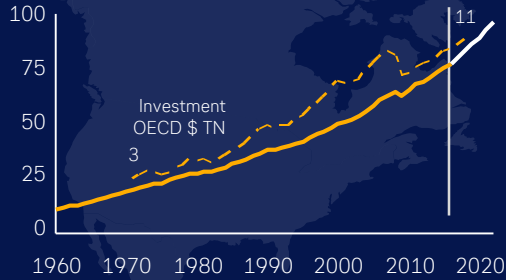
Patent Applications Million



# The potential of eCommerce is even bigger

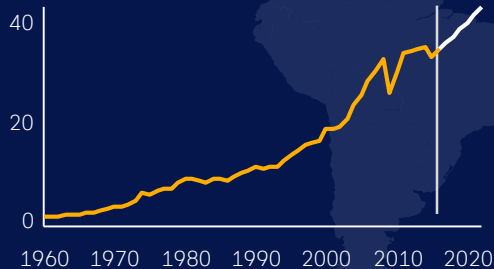
## Global economic growth

World GDP US\$ TN at constant 2010 prices



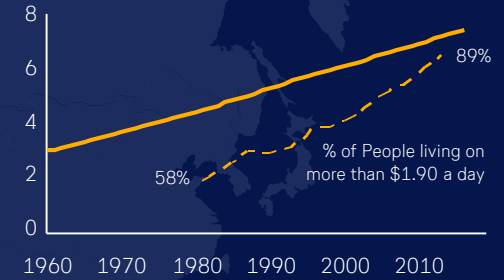
## World trade growth

Merchandise Trade US\$ TN at const. 2010 prices



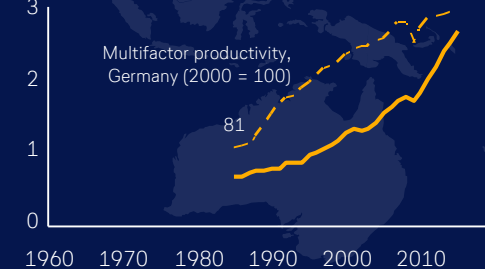
## Population growth and wealth

World Population Billion People



## Technological progress

Patent Applications Million

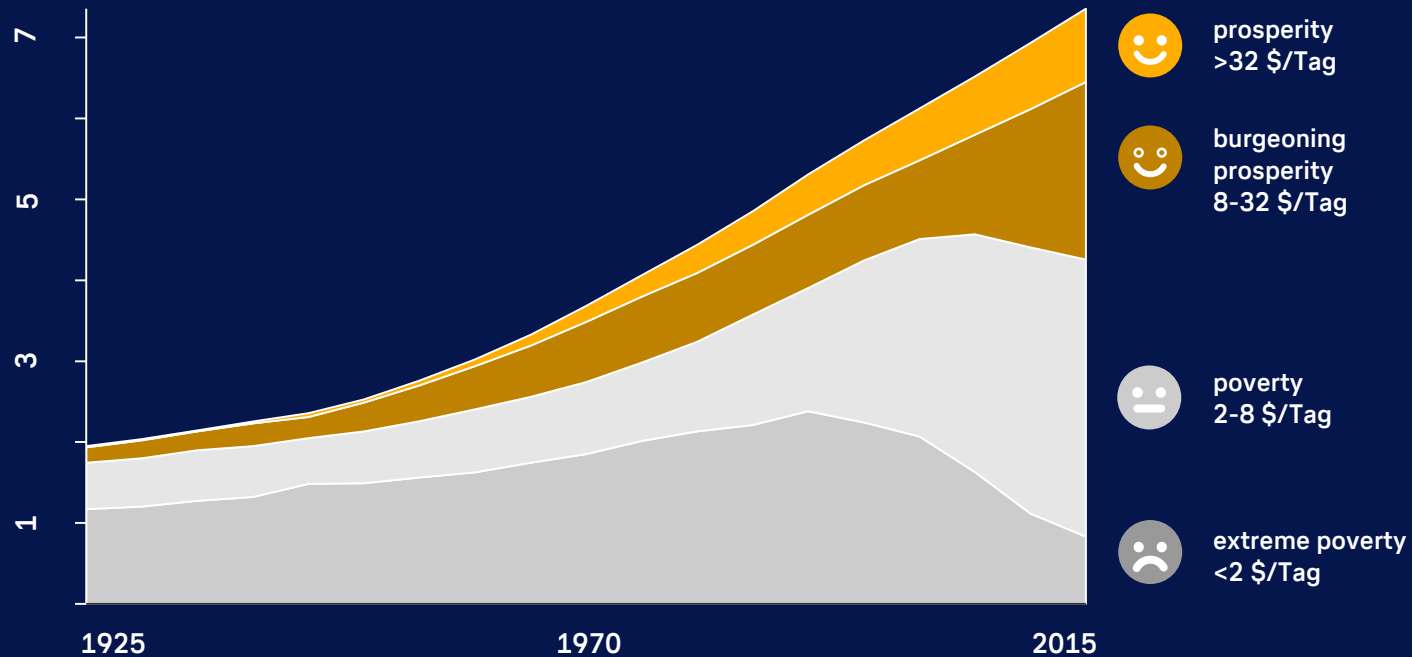




# A global consumer class emerged

## World population by income

in bn. people, \$/ Day



# Income determines our living environment

<2 \$ / day



photo: Luc Forsyth  
for Dollar Street (CC BY 4.0)

2-8 \$ / day



photo: Victrixia Montes  
for Dollar Street (CC BY 4.0)

8-32 \$ / day



photo: Lucia Rodriguez  
for Dollar Street (CC BY 4.0)

> 32\$ / day



photo: Moa Karlberg  
for Dollar Street (CC BY 4.0)

# Why do consumers buy abroad?

## Why are consumers buying from non-domestic websites?

Answer in %

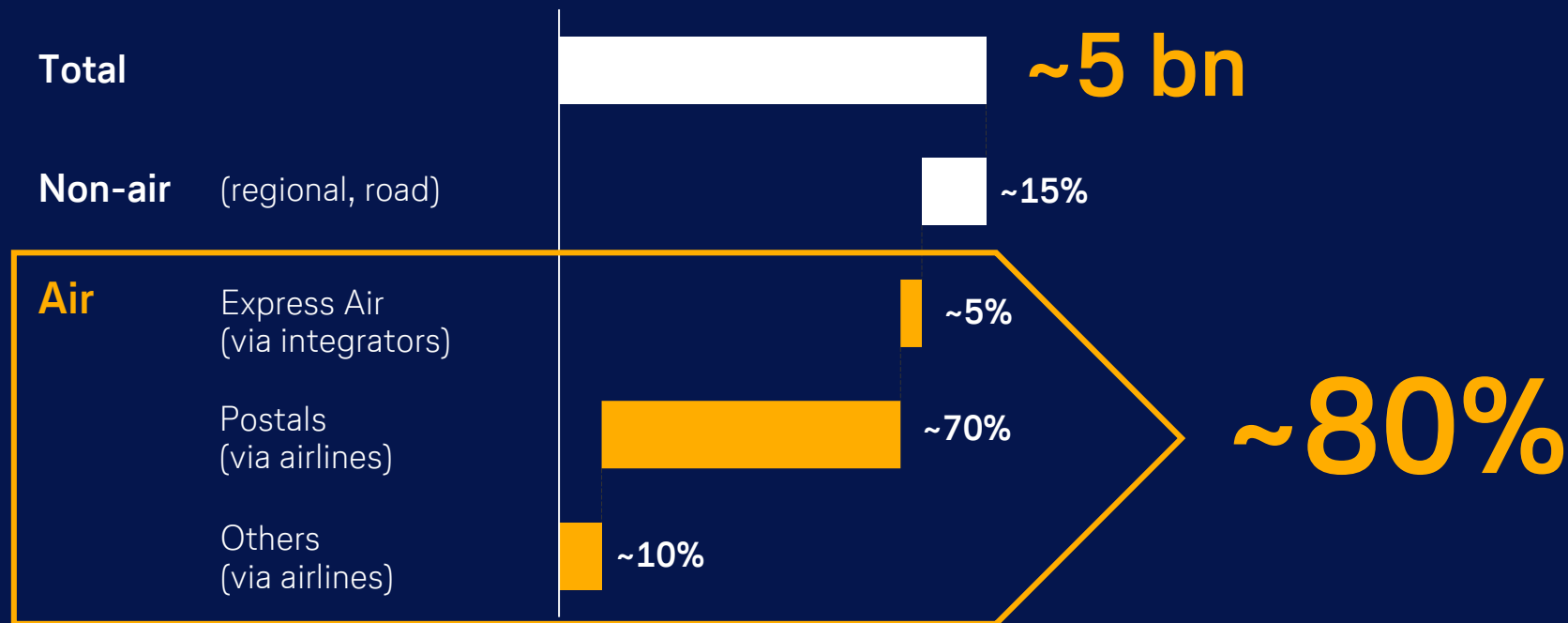


**75%**

of online shoppers buy online at least once a month

# Air Cargo is vital to cross-border eCommerce

Cross-border B2C shipment volume, 2017



# Cross-border eCommerce market brings new opportunities

BUSINESS NEWS JUNE 6, 2018 / 9:27 AM / 13 DAYS AGO

## Alibaba's Cainiao JV to invest \$1.53 billion in Hong Kong logistics hub



E-commerce and specialist products can 'cushion' air cargo in economic downturns

19 / 03 / 2019

Growing e-commerce volumes and specialist high value products such as pharma and perishables provide a "cushion" and "in-built resilience" for...

Alibaba's logistics group, Cainiao, has chosen Liège Airport (LGG) as one of its key European hubs, as it moves forward with the international expansion of its "delivery in 5 days" service.



UPS invests for surge in cross-border e-commerce

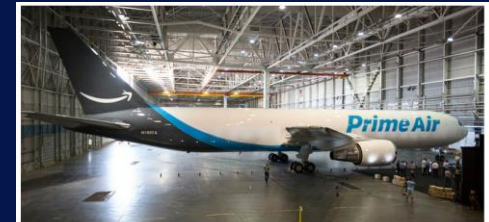
13 / 09 / 2018

UPS has unveiled a transformation strategy to handle a 40% surge in package revenues and a 28% increase in cross-border...

Canadian e-commerce boom helps fuel direct Vancouver freighter call

07 / 12 / 2018

Canada's rising tide of e-commerce was a key factor in the launch of a direct DHL Express flight into Vancouver...



BRIEF

**Amazon building \$1.5B global hub at Cincinnati-area airport**

# The challenge of eCommerce for airlines

**Vast  
eCommerce  
market**



**Legacy products &  
processes**

# Challenging cross-border requirements



# What we need to deliver

## Minimum requirements



**High  
Transparency**



**IT Integration**

## Differentiability



**World-wide  
Network**



**High  
Quality**

## Value-adding services



**Seamless and  
traceable  
supply-chain**



# The tasks for airlines to thrive cross-border eCommerce



**Respond to emerging consumer needs**



**Digitalize our industry core**



**Promote free markets and trade**



**Facilitate border effectiveness**



**Peter Gerber**  
CEO Lufthansa Cargo

**Thank you  
for your attention**