



2022 IATA Global Shipper Survey

Focus on Customer Priorities



Key findings

- 6.48 / 10 is the level of satisfaction with air cargo services over the last 12 months (vs. 6.78/10 in 2019). Among the reasons are the costs, constrained capacity, fewer scheduled flights & lack of reliability, clear procedures, and slow digitalization progress.
- 25% of participants use air freight only, and 67% use air and other modes.
- General Cargo and Pharmaceuticals are the most common types of cargo shipped (the latter rose from 7th position in 2019 to 2nd in 2021).
- In 2021, 67% used cargo more than in 2020, and 49% expect to use it more in 2022 at the time of the survey.
- Speed continues to be the main advantage of shipping by air, followed by Meeting customer requirements and Reliability.
- 40% consider air cargo more competitive than other modes, and 18% see it as equally competitive (39% and 29%, respectively, in 2019).

Sustainability

- Sustainability considerations identified as important when choosing a logistics business partner (6.6/10)
- 63% see sustainability requirements having a high or medium impact on their supply chain
- Customers, business partners, and staff driving transformation on sustainability. 58% indicate that customer demands on sustainability increased in 2021.
- Waste reduction, access to sustainable packaging, and end-to-end traceability are identified as customer's top three priorities
- Humanitarian response, sustainable packaging & ULD, and CO2 emission visibility and offset are the most valued aspects of air cargo sustainability





Survey details

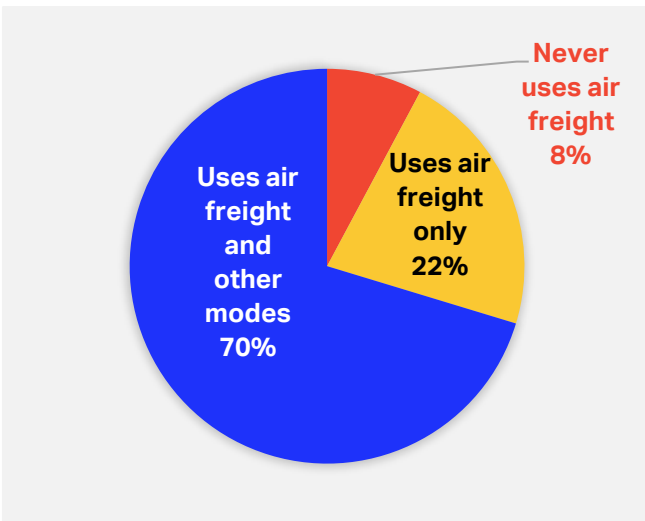
120
shippers

42% companies < 250 employees
18% companies 250-5000 empl.
40% companies >5000 empl.

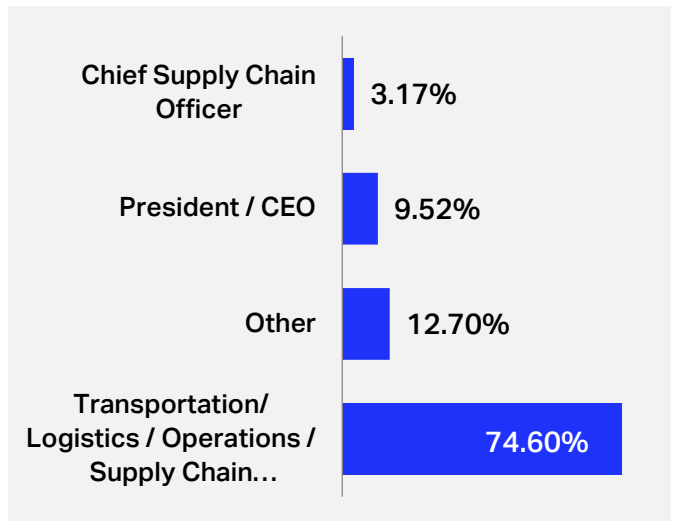
Survey period

June -
August 2022

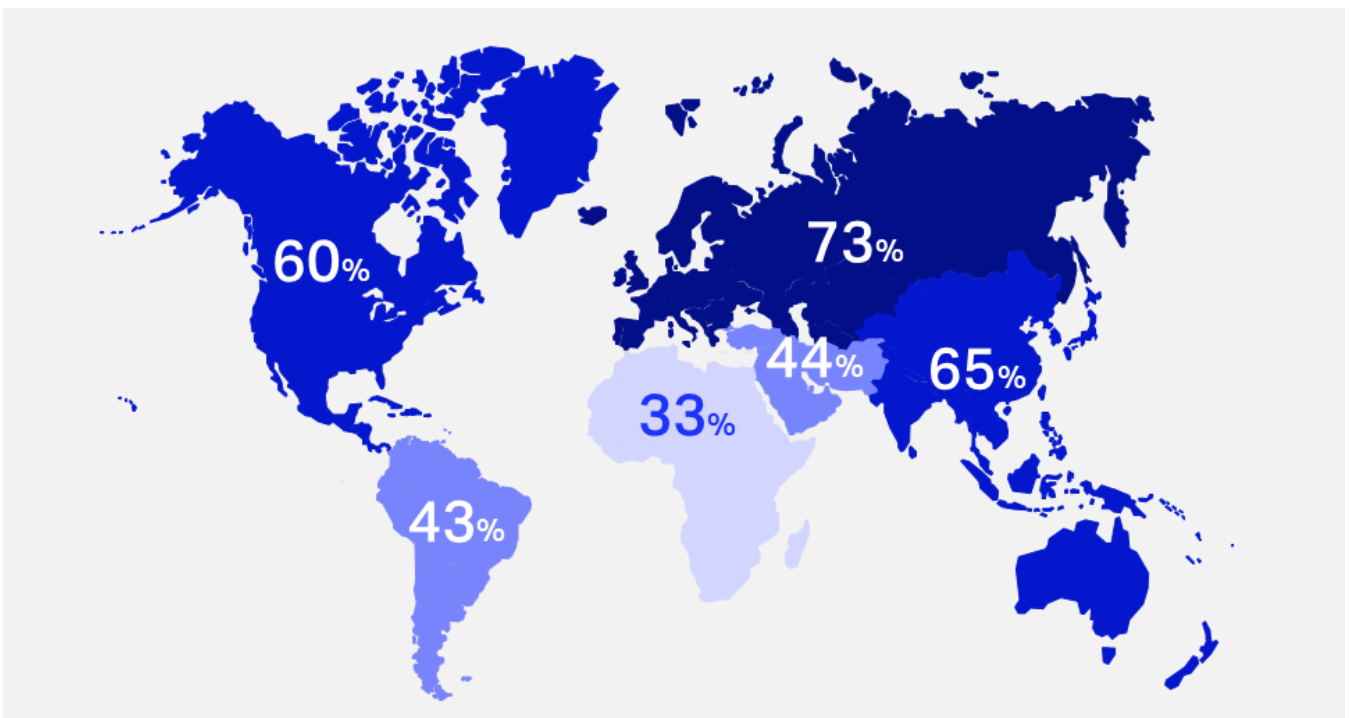
Use of air cargo



Participants job title



Areas of operation



1. State of the industry

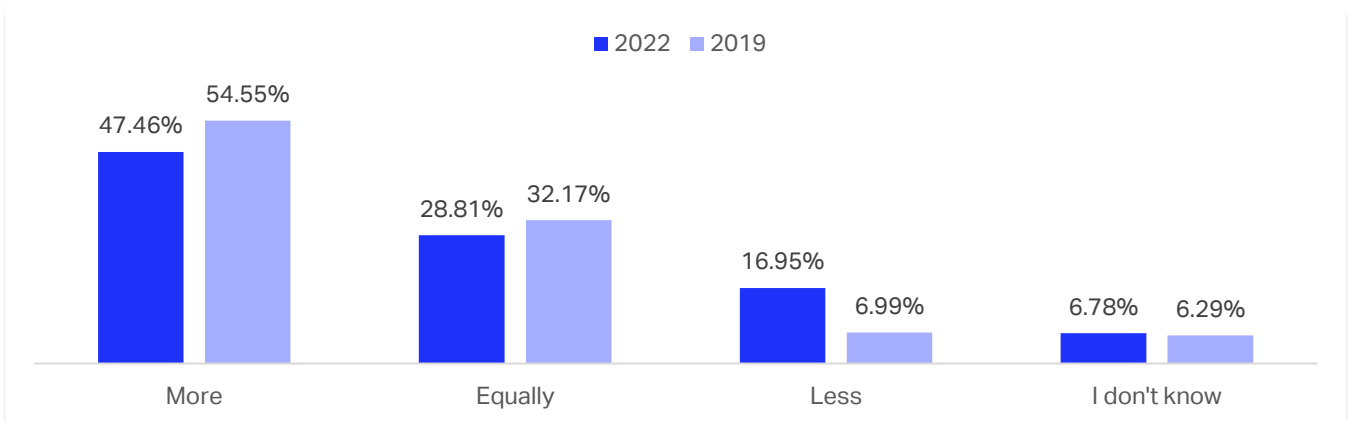
At the time of this survey (May-August 2022), almost half of the participants stated that they were using air cargo more in 2022 than the previous year, while 17% said they were using air cargo less often. As a comparison, 61% considered that in 2021 they used air cargo more than in 2020, with only 8% pointing out that they used air less than in the first year of the pandemic.

Among those that say they are using air cargo less in 2022, the main reasons reported are the improvements in the supply chain situation leading to not needing to transport items as fast, the cost of shipping by air, investments in nearshoring, and the lack of available capacity in air cargo.

On the other side, the 61% that is using air more in 2022 is doing so due to the unreliability and congestion in different transportation modes (mainly ocean), the expansion of their international business, and the need to transport goods speedily, with next-day and second-day deliveries becoming a requirement for some of their customers.

The urge to speed up the global supply chains as the world reopens, particularly those that suffered from congestion due to the pandemic / Russia sanctions/port congestion... is another of the main reasons why shippers are relying on air cargo in 2022.

Forecast for air cargo use in 2022 compared to the previous year



We forecast an increase in our use of air cargo due to...

- Higher overseas demand for our products in smaller quantities, requiring quicker shipments
- The unstable situation of ocean shipping and congestion in other modes
- Our sales have increased, particularly abroad
- Higher overseas demand for our products in smaller quantities, requiring quick shipment.
- As the world reopens, we need to supply late projects quickly
- "Our business is influenced by live fairs and events. In 2022 the relaxation of COVID rules means people are returning to in-person events"
- Increased demand for pharmaceutical products / clinical trials

We forecast an increase in our use of air cargo due to...

- Lack of flights is still an issue
- The non-local business will remain flat
- "Client base not as rushed, planning better now that covid concerns have subsided. our communications with clients for realistic lead times have helped better planning and less need for air shipping"

2. Why air cargo?

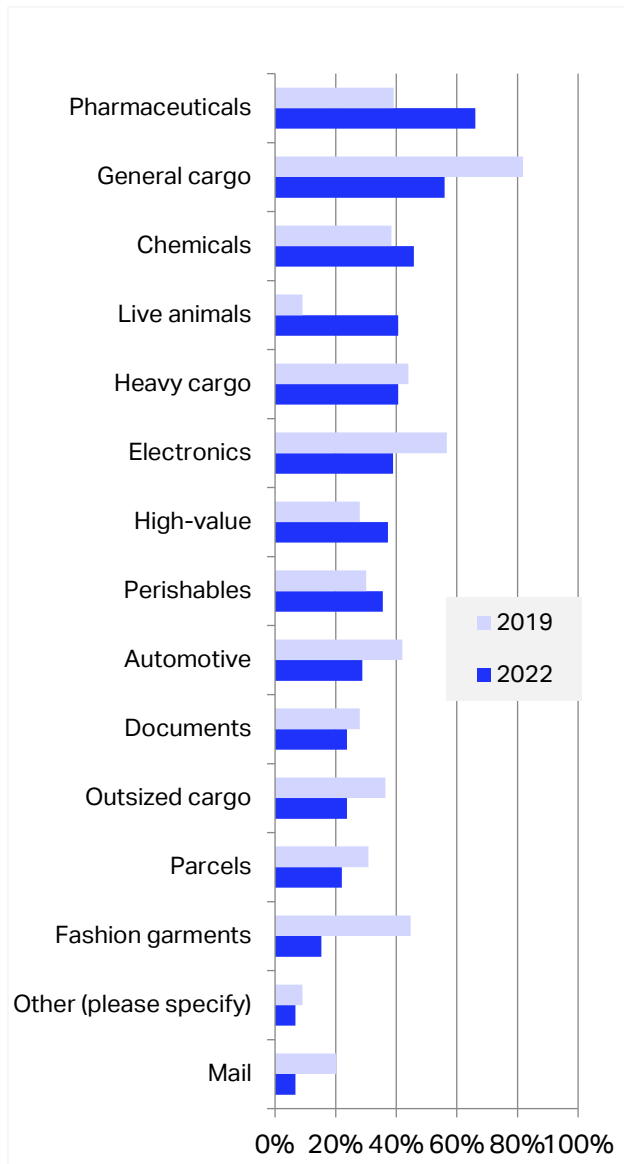
According to the survey, pharmaceuticals are the area with the highest growth in air cargo operations. When asked what types of goods they ship by air, 66% of the participants indicated that they transport pharma products versus 40% in 2019.

Pharmaceutical shippers have exceeded those moving general cargo, which this year is in second place with a 56% of the responses (vs. 81% in 2019). In general, the survey has received more participation from shippers of special cargoes in its 2022 edition, with Chemicals in 3rd position (vs. 7th in 2019) and Live Animals in 4th (vs. 14th).

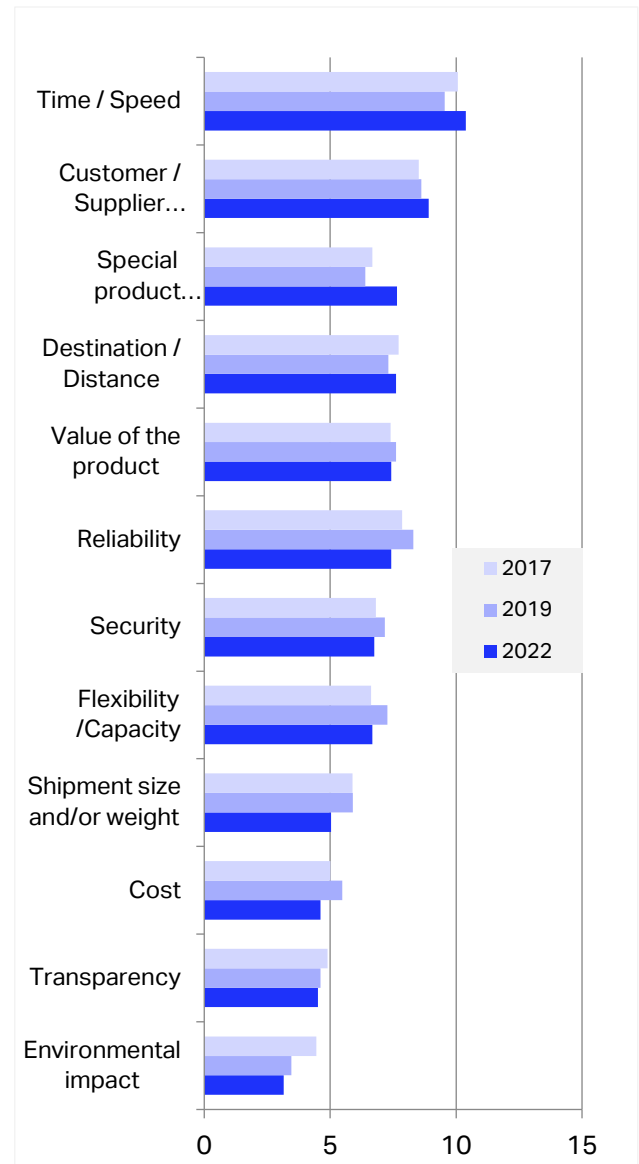
When asked about their reasons for choosing air cargo, most responders pointed out that they see fast deliveries as the main benefit of using air, as they did in 2019 and 2017. As in the previous two editions, the second main reason for using air cargo is to meet customer & supplier demands.

Due to the increase in highly sensitive pharmaceutical shipments, among other reasons, meeting special product requirements has passed from 8th to 3rd place in the list of perceived advantages of air cargo. In contrast, "Reliability" has fallen two positions in the ranking. Environmental impact, transparency, and cost remain among the least popular reasons for choosing air cargo.

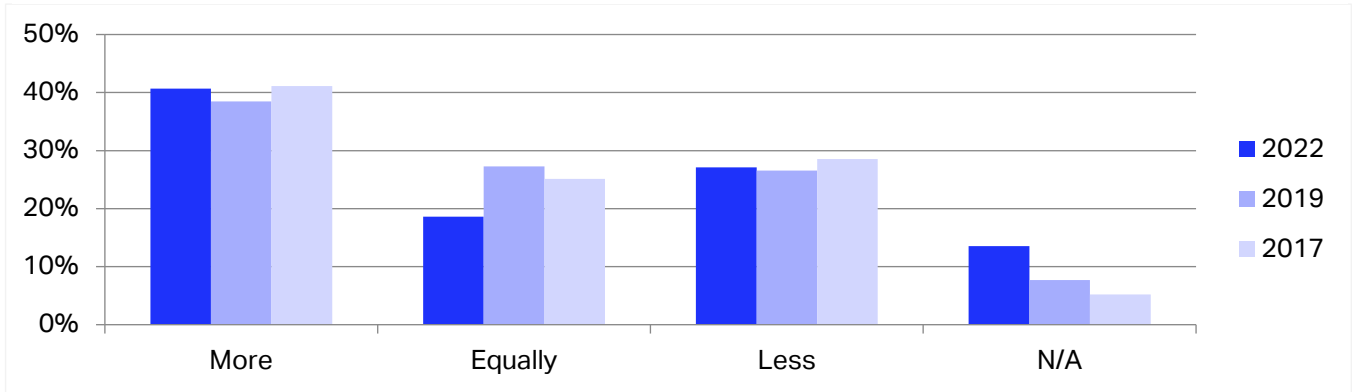
Types of cargo transported



Advantages of using air cargo



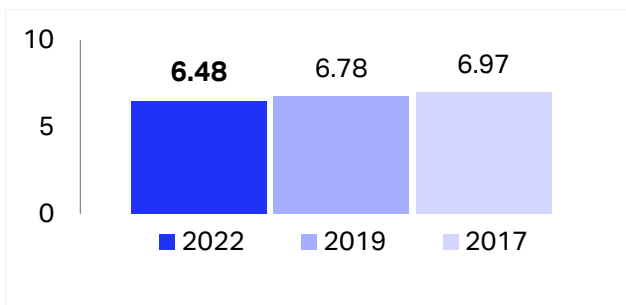
Air cargo competitiveness compared to other modes of transport



Level of satisfaction with air cargo services

Air cargo remains competitive compared with the other modes of transport our customers use, with a light increase from 2019 levels. However, when asked about their level of satisfaction with the services they have used in the last 12 months, the average score for the air cargo industry is 6.4 out of 10, the lowest rating since the survey started in 2017.

Satisfaction with the air cargo services received in the last 12 months



When asked to justify their rating, shippers point to the rising costs of shipping by air, the constrained capacity issues that the industry has experienced since the onset of the pandemic, and the decrease in scheduled flights. Among other reasons, they mention the lack of reliability and transparent procedures and the slow progress of the industry's digitalization efforts.

Advantages of air cargo

- "We are using only reliable carriers who certainly respect the bookings, and because rates are competitive"
- "Air cargo is fast and precise"
- "Great communication and service"
- "Reliable service"

Improvement areas

- "Unclear labeling instructions and conflicting standards between freight forwarders"
- "Our main concern is airline disinterest before and after handling: airlines walk away from service issues and blame the handlers"
- "We noticed that our shipments are offloaded on a regular basis, even when they are time & temperature sensitive"
- "Very high prices nowadays and more limited routing options"
- "Reduced and limited airfreight capacity"
- "Lack of Visibility. Less than 60% of all shipments are measured"
- "Capacity is severely constrained, and our shipments being offloaded has become a strain on our business"
- "Poor service, frequent offloads, and issues with booking"

3. What do shippers want from the industry?

When asked how the air cargo industry can improve its value proposition and customer experience, many respondents highlighted raising costs as the main issue to be addressed, as well as having more stable flight schedules and reducing offloads of confirmed bookings. Unclear procedures are one of the key issues highlighted. Many participants pointed out that the industry needs to work together to lower the entry barrier for those interested in shipping by air. Clearer acceptance procedures and more education regarding lithium batteries and other hazardous materials, as well as packaging & labeling instructions, are the main requests from shippers.

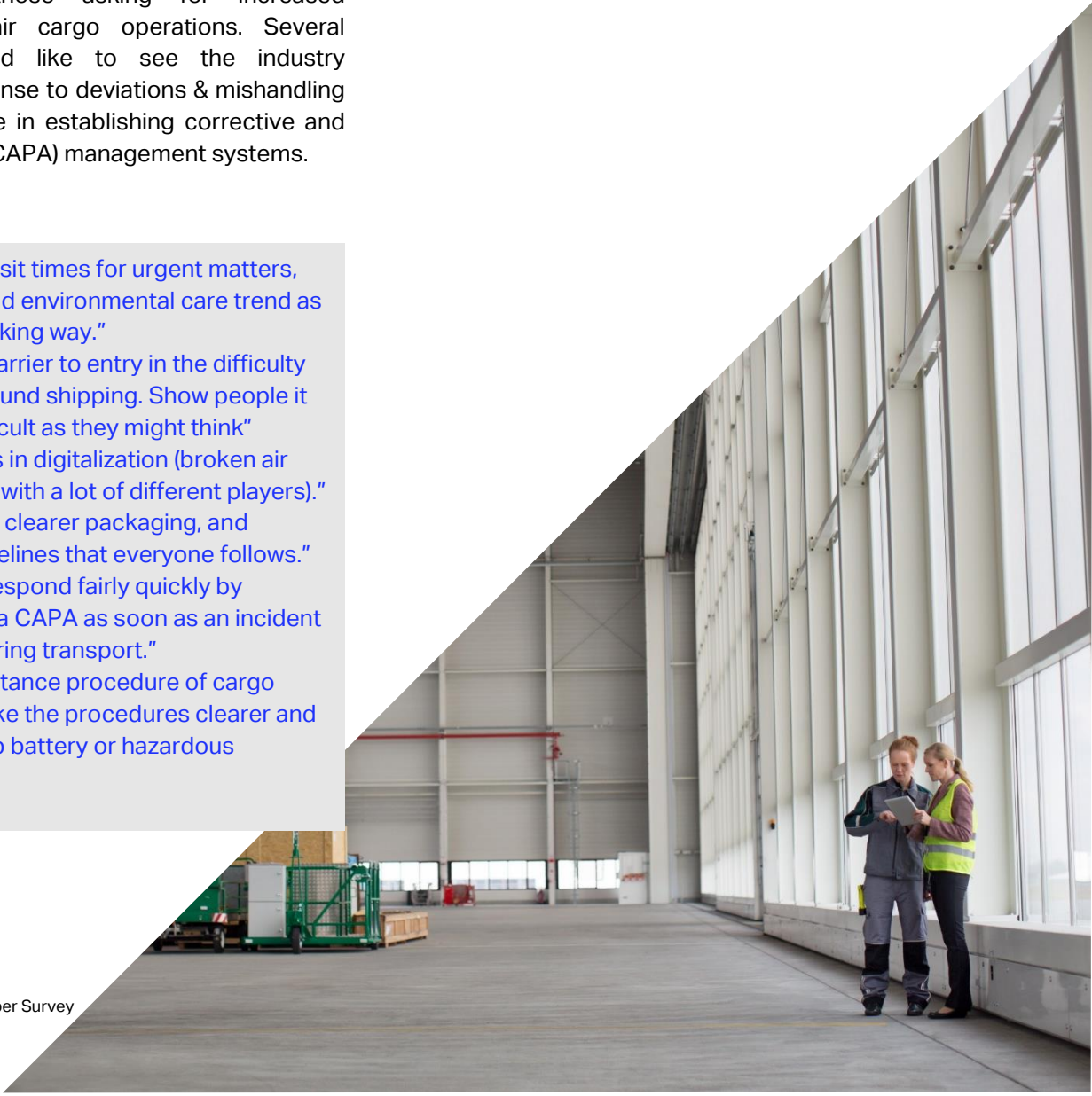
Effective communication, traceability, and data exchange along the supply chain are the main requests from those asking for increased digitalization of air cargo operations. Several respondents would like to see the industry improving its response to deviations & mishandling and more guidance in establishing corrective and preventive action (CAPA) management systems.

- "Shorter transit times for urgent matters, best rates and environmental care trend as a normal working way."
- "Lower the barrier to entry in the difficulty centered around shipping. Show people it is not as difficult as they might think"
- "More efforts in digitalization (broken air supply chain with a lot of different players)."
- "Ease of use, clearer packaging, and labeling guidelines that everyone follows."
- "Be able to respond fairly quickly by establishing a CAPA as soon as an incident is caused during transport."
- "Make acceptance procedure of cargo simpler - Make the procedures clearer and easier to ship battery or hazardous product."

What are shippers investing in?

Cost reduction, digitalization, and sustainability are the main topics shippers prioritize in their supply chain transformation activities. Many indicate that they are moving to other modes of transportation and have enhanced their logistics service providers' selection processes to lower costs. Some indicate that they are investing in better shipment consolidation as well.

Reducing the environmental impact of logistics is quoted by many participants as their key priority, with a focus on the decarbonization of their supply chains. Enabling real-time monitoring and more visibility and transparency along the chain is often mentioned as a critical activity. Many responders are investing heavily in improved production and supply chain planning solutions to reduce lead times.

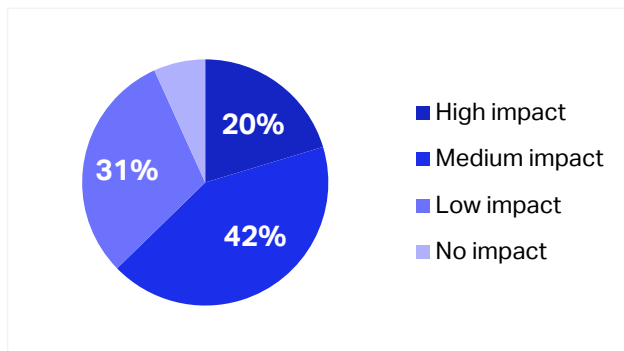


4. Focus on Sustainability

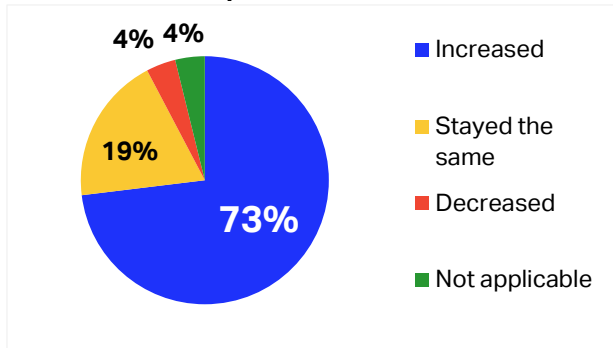
Sustainability is transforming the air cargo supply chain. Surveyed shippers indicated that sustainability considerations are important when choosing logistics business partners, grading this criterion with a 6.88 out of 10.

For 62% of the shippers surveyed, sustainability requirements have a high or medium impact on their supply chain. When asked about the evolution of their sustainability activities, 73% of the participants said that in 2021 their efforts increased compared with the previous year. Almost half of the responders consider sustainability as a priority for their organization, and 40% say that they see it as a critical part of the corporate strategy.

What is the impact of sustainability requirements on your supply chain?



Evolution of shippers' sustainability activities in 2021 compared with 2020

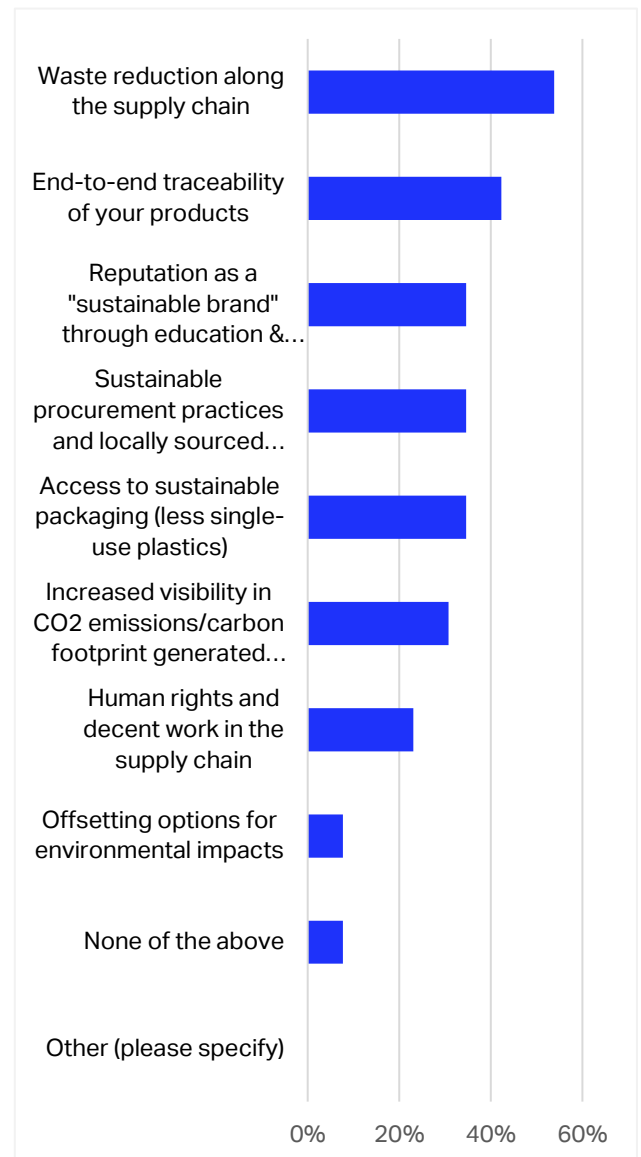


Developing long-term strategies and investments to achieve a sustainable industry is critical if the air cargo industry wants to meet its customers' expectations. More than 80% of the participants indicated that they have a sustainability strategy in

place, with the majority reporting on it and communicating externally.

Their clients and consumers are the stakeholders who demand more in terms of sustainability, with 80% of shippers indicating that they receive "a great deal," "a lot," or "moderate amount" of pressure from them, followed by business partners (68%) and their staff (69%). In addition to this, customer demands are increasing, with 62% of shippers detecting a rise in 2021.

End consumer top priorities



Responders have also indicated that they are particularly satisfied with how the air cargo industry contributes to humanitarian response and emergency relief, the efforts done in developing CO2 offsetting schemes, and the industry's effort in



adopting sustainable packaging and ULD materials. On the other side, they highlighted the issues with supply chain management and reverse logistics as their main sustainability concern when using air cargo, followed by waste reduction & disposal and the reduction of non-CO2 emissions.

When asked about what initiatives they are driving to transform their supply chain activities to make them more sustainable, they indicate that they are making efforts to reduce the use of raw materials and to shift to those that meet sustainability standards.

Waste and packaging reduction and enhanced recycling are also a priority for shippers, who are also investing in improving product traceability and investing in solutions such as electric vehicles and multi-use packaging. On the other side, they ask the air cargo industry to make more efforts to reduce CO2 emissions. At the same time, they also call for technological modernization, improved consolidation, and digitalization of air freight processes.

