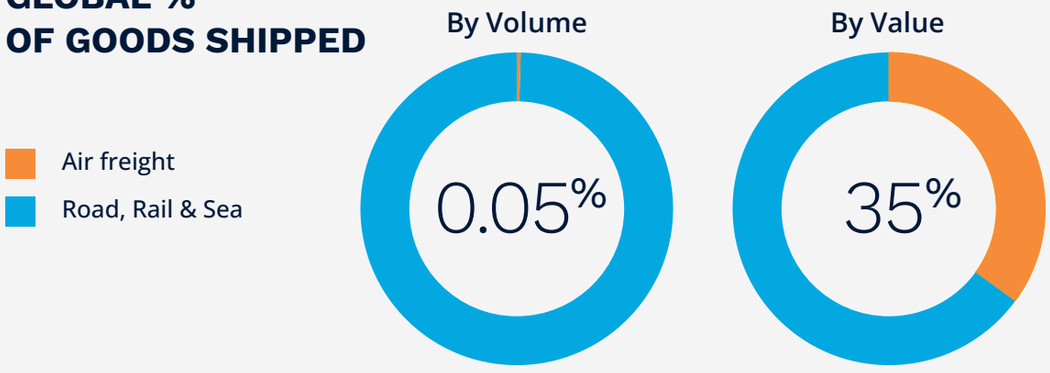
9 STRATEGIES TO

# Reduce International Air Freight Costs

Air freight is the fastest, most predictable mode of transport – and also the most expensive. Here are 9 profit-saving tips to reduce global air freight costs.

**GLOBAL % OF GOODS SHIPPED**




**Source:** International Civil Aviation Organization

Air freight is

**12-16 times**

more expensive than sea freight

Source: World Bank

## 1 Consider more flexible transit times

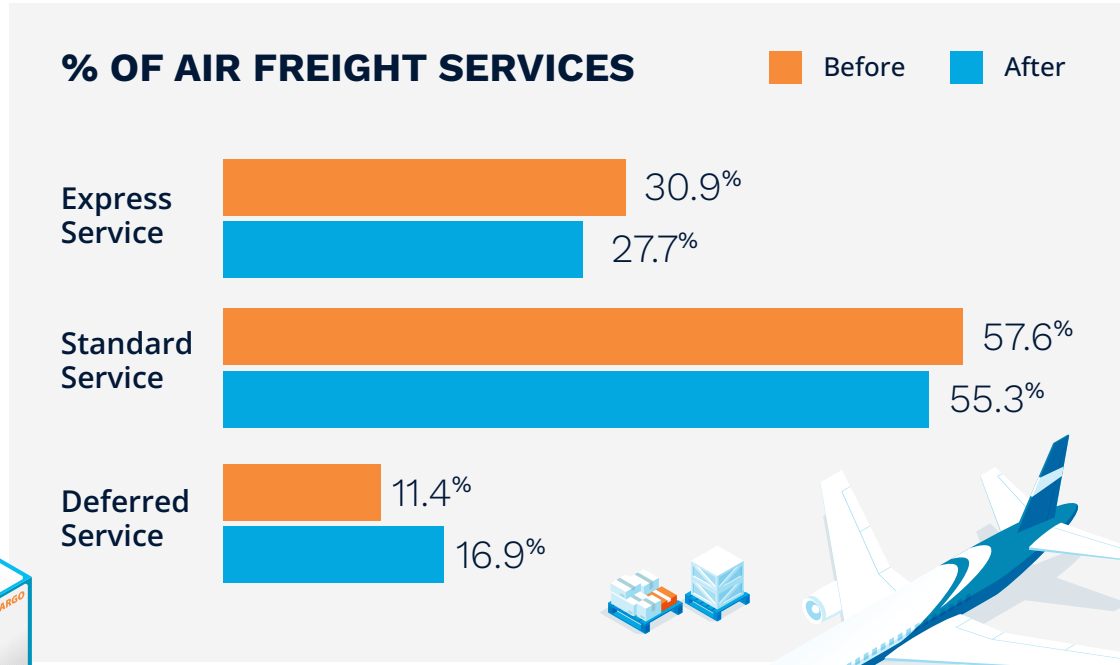
Shifting more of your air freight to deferred cargo allows more routing possibilities and consolidation opportunities. Savings potential: 10% to 30%.

**CASE STUDY**

**Semicon company saves**

# $1.5M

Simply by shifting a small percentage of its air freight from express and standard service to more economical deferred service. A large semiconductor company reduced its annual air freight shipping spend by more than $1.5 million USD.




## 2 Redesign upstream processes

How products are designed, packaged and sold can inflate shipping costs unnecessarily. Look backwards in your supply chain and confer with your colleagues on changes that could reduce shipping costs.

**DESIGN**

Can you consider ideal shipment dimensions as part of the design process?

**MANUFACTURING**

**PACKAGING**

Can you package equipment so that it can fit the smaller loading door dimensions of more economical passenger aircraft?

**SALES**

Can you dial back on delivery-time commitments to customers if rapid shipment is not required?

**DISTRIBUTION**

## 3 Control organizational abuse of expedited shipping

Clearly define the criteria for where and when Air Express can be used, and then police that policy.

Critical expedites cost

**5x more**

than a standard air shipment

## 4 Monitor use of temperature- and climate-controlled shipping services

Even though the engineering team may specify temperature controlled, it's worth reviewing the absolute necessity of the requirement with your team.

Air shipment costs are

**3-4x**

more expensive when there is a tight temperature control requirement.

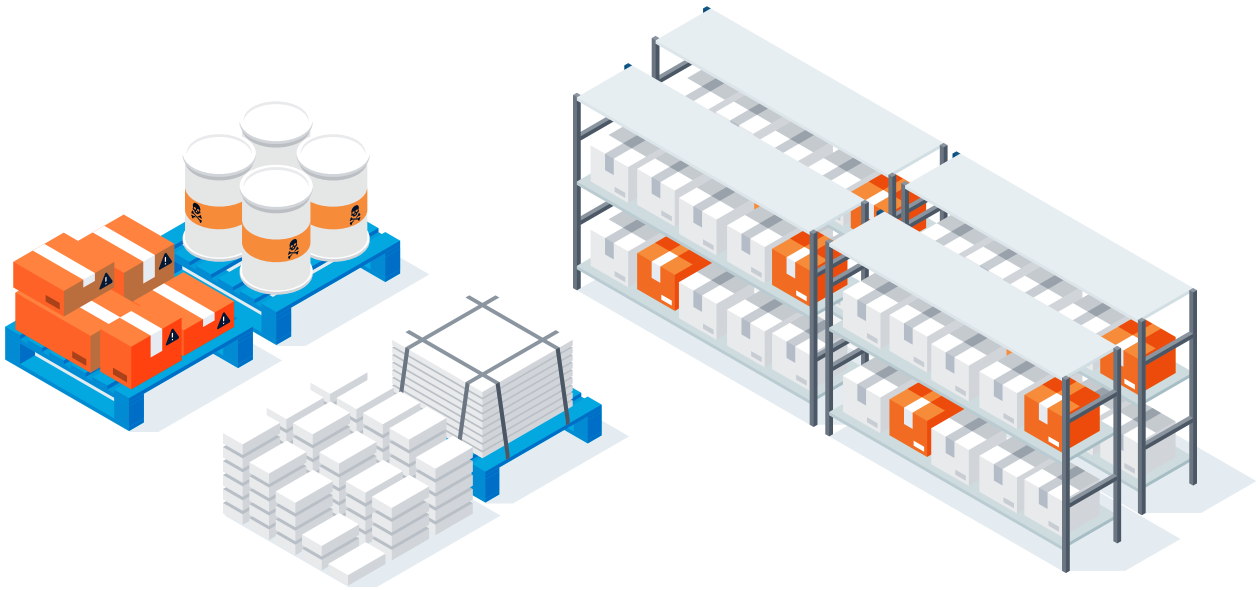
## 5 Separate dangerous goods from non-dangerous goods

When shipping mixed loads of dangerous goods (DG) and non-DG products, be careful not to combine them under one common invoice and packing list. Otherwise, the higher DG rate will apply to all pallets. Split the shipment to separate the DG goods.

Dangerous goods cost

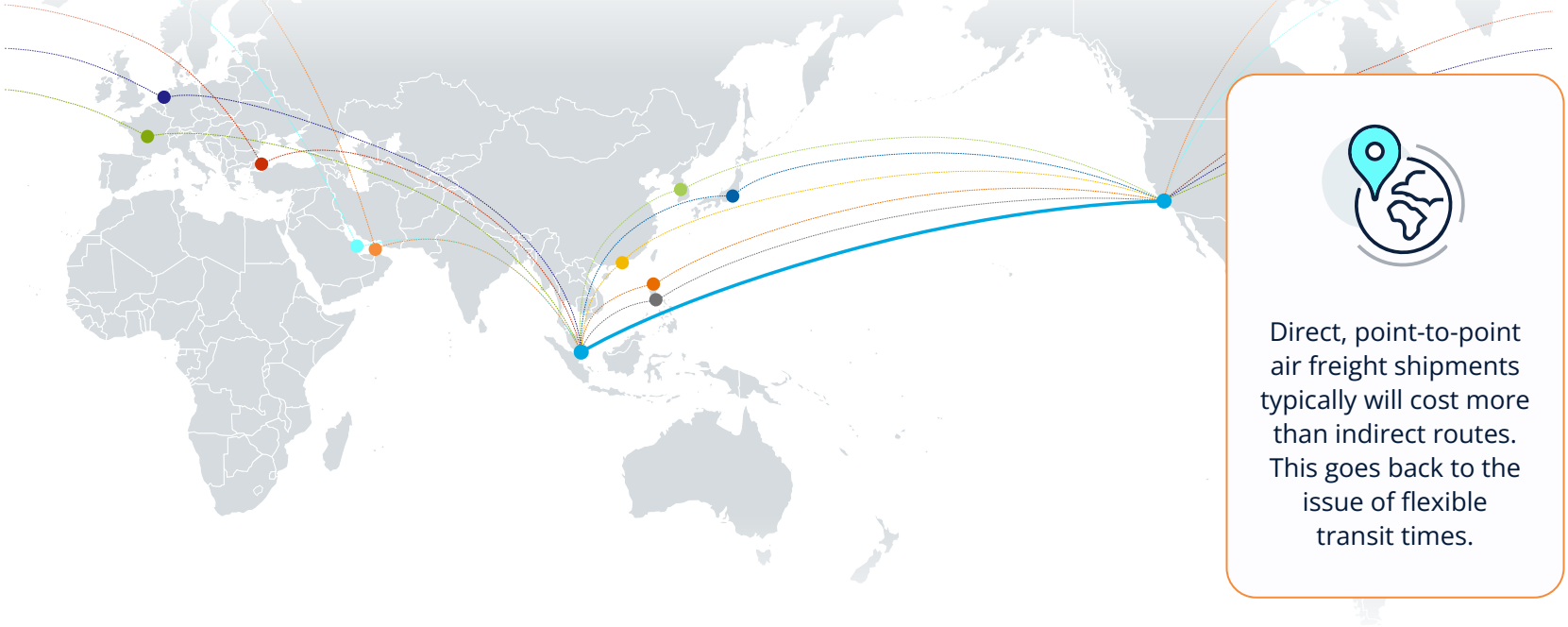
**3-4x higher**

to ship than standard air freight



## 6 Use indirect routing, when possible

Save up to 30% by extending your ship-time requirement to allow indirect, versus direct, routing.



Direct, point-to-point air freight shipments typically will cost more than indirect routes. This goes back to the issue of flexible transit times.

## 7 Build pallets to utilize lower-cost belly capacity in passenger aircraft

Use of passenger flights to ship cargo can save 10-20% on some lanes. But you must build pallets to fit the smaller loading door dimensions of passenger aircraft.

85%

of the world's aircraft are used to transport passengers versus cargo only

**Wide Body Cargo Door Size**

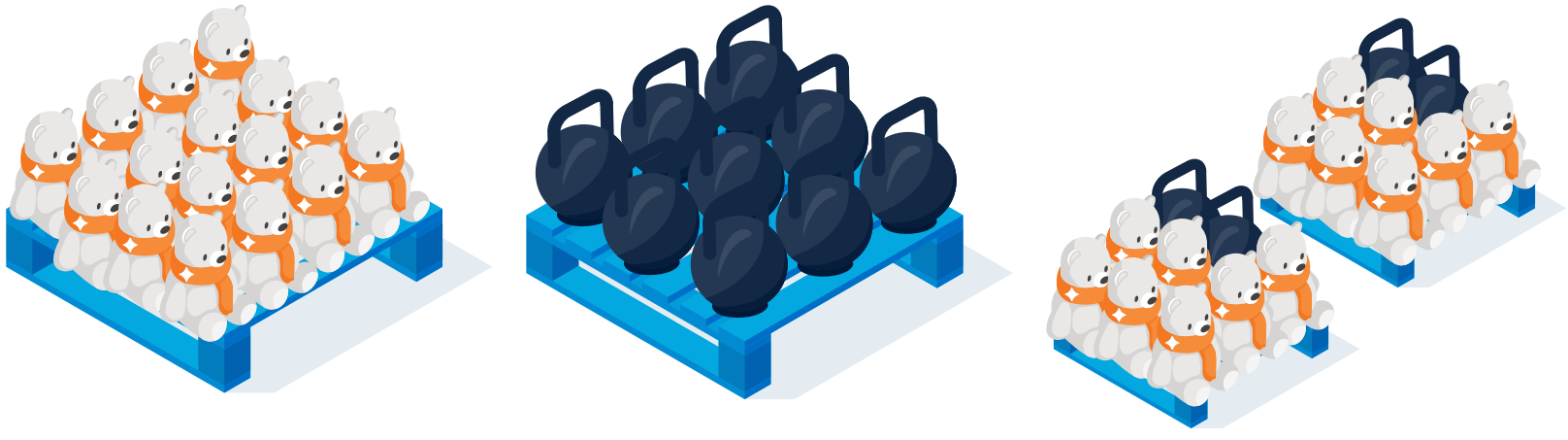
| LENGTH | WIDTH | HEIGHT |
|---|---|---|
| 125in (315cm) | 96in (240cm) | 63in (160cm) |

**Narrow Body Cargo Door Size**

| LENGTH | WIDTH | HEIGHT |
|---|---|---|
| 48in (120cm) | 40in (100cm) | 31in (80cm) |

## 8 Build pallets to minimize chargeable weight based on the load's dimensions

Air carriers will base your rate on either the shipment weight or its dimensions. It pays to build pallets that keep dimensional weight as close to gross weight as possible by mixing high- and low-density packages.



# 9 Issue an RFP to secure competing bids

More competition correlates to better, market-driven pricing. For air freight forwarders, the offered rates can differ greatly by lane, so make sure you secure rates by lane.

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