



## **Shipping in the South**

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[Air Cargo World](#)

Atlanta has all the offerings to make a shipper content. Within 1,000 miles of a very high percentage of the U.S. population, the Southeastern gateway has representation from all of the major modes, each with significant and efficient infrastructure.

Not only are the options available, but also they are also interchangeable as Atlanta has a unique ability to interface and optimize the various modes of transport to balance speed with cost.

The ability to leverage its infrastructure advantage is heightened as the Southeast economy in general, and Georgia in particular, is growing in the face of broader economic decline as more goods, raw materials and sub-assemblies to service the demand are needed throughout the region.

That is a prescription for both competition and collaboration at Atlanta [Hartsfield-Jackson International Airport](#). The world's busiest passenger airport is no exception to the rule when it boils down to the law of supply and demand in the cargo arena. Time and money are of the essence, and a shipper bringing traffic into this Southeast gateway has a wide range of opportunities to distribute cargo within the region.

For the Southeast region, increasingly that means trucks. The region is a the center of a dramatic shift in domestic expedited transport, a field experts say is no longer focused on mode and more on finding the sweet spot between timely delivery and cost. For many shippers, that spot is on the road, and the infrastructure around the air cargo industry is scrambling to adjust.

"Close to 30 years after deregulation, we are seeing the fruits of that fundamental shift in the marketplace," said Theodore Scherk, president of the Georgia-based transportation consultancy The Colography Group. "It has been good for some modes and bad for others, but it has required all modes to change their approach to the market."

Expedited trucking has become an integral part of the air cargo shipping process, whether it emanates from Atlanta or elsewhere in the Southeast. "If we have freight going from the Atlanta area to South America, we are going to truck it to Miami hub first," said UPS spokeswoman Susan Rosenberg.

Mode irrelevance has shippers buying transit time rather than simply vehicle space, and generally speaking the expedited trucking industry is growing due to external forces that make it more difficult to ship cargo on airlines. Increased air security regulations, rising fuel surcharges and the use of smaller aircraft are among the major threats to the air cargo industry that push freight to highways.

"The old model where the cargo operations of an airport could be viewed in a vacuum, where it was really a siloed infrastructure in the U.S., is a thing of the past," Scherk said. "We can now set up an efficient operation to blend the ability to move over large distances that air provides with the lower cost that trucks provide as a better overall model."

It wasn't that long ago that air carriers were giving space away, but now the trucks feeding the cargo operation at Atlanta's sprawling airport are full.

The proliferation and development of time-definite surface capabilities from the major gateways has pulled traffic that previously might have flown down to the ground, allowing that traffic to be distributed intra-regionally with every bit of the time dependability of an air cargo move, at a fraction of the cost.

Several carriers that are doing very well are those that specialize in time-definite, overnight and second-day regional delivery. Although it has a national component, FedEx Freight's collection of regional hub and spoke operations is designed to provide predominantly overnight and second-day service within the regions for the less-than-truckload arm of [FedEx](#). UPS also is aggressively investing to meet the tremendous pressure from customers to expand product and service offerings.

Because of their full-service capabilities, the integrators are in a unique position to serve the Southeast or farther from Atlanta.

"You can cover a lot of territory out of Atlanta in one to two days, without a doubt," said Jason Frederick, director of operations for [FedEx Custom Critical](#). "Where Custom Critical comes into play, we have a unique position because we're obviously a part of [FedEx](#). Some solutions may be exclusive use of trucks. Others can involve using our Air Expedite Network that goes through FedEx Express."

Tennessee-based Forward Air has become the foremost expedited trucking company to serve the air freight business, with forwarders and airlines among the customers for the carrier's airport-to-airport service.

Many other LTL carriers now compete to serve the air freight industry, including Estes Air Forwarding. Capitalizing on its association with Estes, the sixth largest LTL carrier in the United States, Estes Air Forwarding Executive Vice President and Chief Operating Officer Scott P. Fisher said the company's hybrid model has business growing at a clip of between 30 and 40 percent a year.

"With 6,000 next-day lanes and 9,800 two-day lanes we can provide next-day service up to 1,000 miles and two-day service up to 2,000 miles between thousands of points without even leaving the Estes Air network," Fisher said. The carrier has 300 terminals, 10,000 trucks and more than 1,000 global partner carriers combine to provide complete global distribution solutions.

"Our customers depend on our ability to optimize our multi-modal capabilities to bring them business solutions, not just transportation services. That is why 150 other domestic and international forwarders use Estes Air to access the Estes high speed LTL network. In the past five years we have gained the trust of these forwarder customers who have learned they can tender their business to Estes Air without fear of back solicitation or compromised service. As a result, we are seeing a major shift from the traditional integrators to this new hybrid model," Fisher said.

Estes maintains relationships with all of the major airlines, and uses Atlanta-based [Delta Air Lines](#) more than any other carrier when flying freight out of Atlanta.

As ATL's largest hub, Delta has a stronghold on the market in terms of operations and passenger traffic, yet faces an uphill climb in cargo leadership.

Delta hopes to expand its cargo business to \$600 million in revenue this year, from \$482 million last year under the leadership of Neel Shah.

"Clearly from a domestic freight perspective, the expedited trucking industry is a huge competitive threat to the airlines," said Shah, vice president of Delta's cargo division. "The airlines have to continue to work hard to make ourselves relevant to freight customers."

In addition to adding new scanning technology in May, Delta recently invested \$2 million in coolers and infrastructure in Atlanta to store lucrative perishable shipments. The mid-July update to the Delta cargo facilities was by design to lure temperature-sensitive shipments to the Delta network.

This news is bound to please Chris Connell, president of perishables-only Commodity Forwarders, which in the past has avoided Atlanta, and by association the Southeast, because of the lack of a consistent cool chain at the airport.

There are other reasons to consider Atlanta and the Southeast for expedited trucking. "We have seen more expedited trucking [in the area] in the last 18 months to help offset the fuel surcharges on the air side of the business," said Connell. "The fuel surcharges in air freight is outpacing that of trucks. We have seen a trend that way."

Said Shah, "We all face the same challenges today. Costs are creeping way up there and a lot of the people who are shipping product domestically are finding it very difficult to ship, whether it is on a truck or on an airplane."

International freight is also at stake. As the dollar has cratered and as oil prices have gone up, there has been a fundamental shift in directional flows of international traffic at all gateways, Atlanta included. Export traffic is booming, and import traffic is lagging, creating a situation where there is limited air capacity out of the U.S.

Expedited trucking is becoming a powerful industry tool in the Southeast and elsewhere in the United States.

"The reality of domestic air freight shipping today includes the use of expedited trucking before, after or in lieu of an actual plane flight," said Brandon Fried, executive director of the **Airforwarders Association**. "As airlines reduce service frequency and aircraft size, trucking begins to play a more dominant role for forwarders, especially to and from Atlanta to access larger planes and a substantial amount of international flights."