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Air Freight Forwarding - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029

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Report description:

The Air Freight Forwarding Market size is estimated at USD 110.91 billion in 2024, and is expected to reach USD 147.35 billion by 2029, growing at a CAGR of 4% during the forecast period (2024-2029).

Although land and ship cargo transportation remain outstanding options, goods transport by air is considered the quickest and unhindered mode. Global air cargo demand, measured by cargo tonne-kilometers (CTKs), was 21.1 billion in October, increasing by 3.5% month-on-month (MoM). However, industry CTKs fell by 13.6% YoY compared to the same month in 2022 and were also 6.2% lower than the pre-pandemic levels in 2019. Seasonally adjusted (SA) air cargo demand softened slightly in October 2022, with a 2.3% MoM decline compared with September. Similar to the CTKs, SA CTKs contracted by 13.1% YoY and were 6.1% lower than in October 2019.

The air cargo industry persisted in October 2022, including high inflation rates in advanced economies, weak performance in the global flows of goods and services, the ongoing war in Ukraine, and the unusual strength of the US dollar. All of these factors put downward pressure on air cargo growth. The new export orders, historically a leading indicator for air cargo shipments, were still not buoyant. The global PMI remains below the critical 50 lines, suggesting continued contraction on average globally. China and Korea registered slightly higher new export orders in October 2022 than in September 2022, although they remained below 50. Other significant economies maintained a downward trend. Notably, Germany moved sideways at levels below 50 since March, signaling the continuous impact on the economy of the war in Eastern Europe.

Industry-wide air cargo capacity, measured by available cargo tonne-kilometers (ACTKs), increased by 2% compared with September. It produced an industry cargo load factor (CLF) of -7.4% in October, down from -7.0% in September. Industry SA ACTKs remained at about the same level compared with October 2021. Latin America achieved the highest YoY growth in SA

ACTKs, at 20.3%. North America follows this with 3% YoY and the Middle East with 1.1% on the same basis. In comparison, regions that saw negative YoY growth in SA ACTKs this October were Africa (-7.5%), Europe (-5%), and Asia Pacific (-2.1%).

Air Freight Forwarding Market Trends

The increase in E-Commerce is driving the Market

E-commerce is forecast to grow 14% globally over the next five years. It creates an excellent opportunity for the air cargo industry, which witnessed its worst year in a decade due to the US-China tariff war. The global e-commerce industry, which makes up 16% of the total air cargo business, is projected to increase from USD 3.5 trillion in goods in 2022 to USD 7 trillion by 2025.

Some global carriers are working to gain a more significant share of the door-to-door delivery market that online shopping giants such as Amazon, Alibaba, and JD.com dominate. Dubai-based Emirates launched Emirates Delivers, Lufthansa includes Heyday, and British Airways parent IAG includes Zenda. However, IATA pointed out that despite this decline, November's performance was the best in eight months, with the slowest year-on-year rate of contraction recorded since March 2019.

The air cargo industry is well-positioned to capitalize on the growth in e-commerce. Air cargo is built to handle e-commerce, and approximately 80% of business-to-consumer cross-border e-commerce is transported by air. Air cargo is the preferred way of shipment for electronics due to the relatively small volume or tonnage compared to high value.

Thus, e-commerce is expected to fuel the air cargo industry, as online shopping boosts the demand for parcel delivery services across the globe. Air cargo can serve customers' needs and deliver goods with speed, efficiency, and reliability. The fast-growing cross-border e-commerce market and the rising domestic volumes sent by large and small e-retailers are driving growth in the global air cargo market.

APAC Largest Contributor to Air Freight

Irrespective of a downfall in the airline sector during the COVID-19 pandemic due to travel restrictions imposed in many Asian-Pacific countries, air cargo demand held up relatively well. However, supply chain disruptions and weakening business and consumer confidence due to increased uncertainties and rising unemployment adversely affected the air cargo businesses.

The Association of Asia-Pacific Airlines (AAPA) states that the air cargo sector is active in transporting essential medical equipment and supplies. Many Asian-Pacific countries encouraged several airlines to modify their passenger aircraft for air freight transport temporarily. While a standard passenger ATR72-600 can only carry 1.7 metric tons of cargo, its freighter-modified model can carry up to 8 metric tons, making it suitable for Pacific Island countries, given the region's demand and operating conditions.

South Korea accounted for the fourth-largest market share in the Asia-Pacific air cargo market share in 2022. South Korea includes one of the world's most significant air cargo carrier industries. It benefitted from strong demand when the collapse of passenger traffic reduced available transport space. Cargo sales were underpinned by the airline's strategy to increase the cargo plane operation rate and utilize idle passenger planes for transport, the airline said in a statement. Korean Air and Asiana Airlines, South Korea's two largest airlines, increased their operational earnings significantly in 2021, harnessing surging demand for cargo transport to help offset low passenger traffic.

The need for COVID-19 diagnostic kits and auto parts increased, and the sea cargo demand transferred to air transport, driving air cargo sales. Therefore, this leads to significant air cargo market growth in South Korea. Further, in June 2022, as Korean Air continues to position itself for high cargo demand, it is considering a move for the new wide-body freighters released by Airbus and Boeing in recent months. Long-term strong cargo demand also prompted Airbus to launch its A350 freighter last year in 2021 and Boeing its 777X freighter in January 2022. Thus, increasing the number of aircraft in cargo service will boost the Asia-Pacific air cargo market during the forecast period.

Air Freight Forwarding Industry Overview

The Air Freight Forwarding Market is moderately concentrated with the presence of prominent international players. Most service providers offer bundled solutions, such as packaging, labeling, documentation, charter services, and freight transportation. Some of the existing major players in the market include - DHL Supply Chain & Global Forwarding, Kuehne + Nagel, DB Schenker Logistics, DSV Panalpina, UPS Supply Chain Solutions, Expeditors International, Nippon Express, Bollore Logistics, Hellmann Worldwide Logistics, and Kintetsu World Express.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

Table of Contents:

1 INTRODUCTION
1.1 Study Deliverables
1.2 Study Assumptions
1.3 Scope of the Study

2 RESEARCH METHODOLOGY
2.1 Analysis Methodology
2.2 Research Phases

3 EXECUTIVE SUMMARY

4 MARKET INSIGHTS
4.1 Current Market Scenario
4.2 Value Chain / Supply Chain Analysis
4.3 Technological Trends
4.4 Investment Scenarios
4.5 Government Regulations and Initiatives
4.6 Spotlight - Air Freight Transportation Costs/Freight Rates
4.7 Insights on the E-commerce Industry
4.8 Impact of Covid-19 on Air Freight Forwarding Market

5 MARKET DYNAMICS
5.1 Drivers
5.1.1 Increase in the demand for the Air Cargo Capacity
5.1.2 The Rise of E-commerce
5.2 Restraints
5.2.1 Cargo Restrictions
5.3 Opportunities
5.3.1 AI and Automation Integration
5.4 Industry Attractiveness - Porter's Five Forces Analysis

5.4.1 Bargaining Power of Suppliers
5.4.2 Bargaining Power of Consumers
5.4.3 Threat of New Entrants
5.4.4 Threat of Substitutes
5.4.5 Intensity of Competitive Rivalry

6 MARKET SEGMENTATION
6.1 By Service
6.1.1 Airlines
6.1.2 Mail
6.1.3 Other services
6.2 By Destination
6.2.1 Domestic
6.2.2 International
6.3 By Geography
6.3.1 North America
6.3.1.1 United States
6.3.1.2 Canada
6.3.1.3 Mexico
6.3.2 Europe
6.3.2.1 Germany
6.3.2.2 France
6.3.2.3 Netherlands
6.3.2.4 United Kingdom
6.3.2.5 Italy
6.3.2.6 Rest of Europe
6.3.3 Asia-Pacific
6.3.3.1 China
6.3.3.2 Japan
6.3.3.3 Australia
6.3.3.4 India
6.3.3.5 Singapore
6.3.3.6 Malaysia
6.3.3.7 Indonesia
6.3.3.8 South Korea
6.3.3.9 Rest of Asia-Pacific
6.3.4 Middle East & Africa
6.3.4.1 South Africa
6.3.4.2 Egypt
6.3.4.3 GCC Countries
6.3.4.4 Rest of Middle East & Africa
6.3.5 South America
6.3.5.1 Brazil
6.3.5.2 Chile
6.3.5.3 Rest of South America

7 COMPETITIVE LANDSCAPE

7.1 Market Concentration Overview
7.2 Company Profiles
7.2.1 DHL Supply Chain & Global Forwarding
7.2.2 Kuehne + Nagel
7.2.3 DB Schenker Logistics
7.2.4 DSV Panalpina
7.2.5 UPS Supply Chain Solutions
7.2.6 Expeditors International
7.2.7 Nippon Express
7.2.8 Bollore Logistics
7.2.9 Hellmann Worldwide Logistics
7.2.10 Kintetsu World Express*

8 MARKET OPPORTUNITIES AND FUTURE TRENDS

9 APPENDIX

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