



52%

of consumers bought more online during the COVID-19 crisis

74%

growth in global online retail sales average transaction volumes in March compared with the same period last year

200%

growth in online sales of home appliances, Personal Protection Equipment (PPE) and food and health products

An opportunity for transformation

Air cargo e-commerce and COVID-19 impact

Since early March, we have seen how COVID-19 has changed the world. It forced governments to close borders and take drastic measures to protect people and ensure essential services. The ban on social gatherings, the closing of stores, restaurants, grocery shops, gardening centers, theatres and concerts have led consumers to live their lives online, including shopping.

In September, IPC reported that more than half of consumers bought more online during the COVID-19 crisis. It is now sure that those consumers who suddenly discovered the benefits of e-commerce continue to go online for their shopping in the future. Sales of home appliances, Personal Protection Equipment (PPE) and food and health products grew by more than 200%.

In parallel to the rise of electronic retail and the changes to consumer behavior, the air cargo industry has suffered a severe capacity crunch. The reduction of 95% in the use of passenger aircraft made it also very difficult to ship cargo and mail in lower holds and kept doing so. Responding to the boost of cross-border e-Commerce has become a significant challenge for the industry.

e-Commerce: key for air cargo

In 2019, e-Commerce only represented 14% of the total retail sales. This means there is much room for growth as consumers continue to move online. In the last year, IATA studied whether the air cargo supply chain was ready for this tsunami of parcels and how airlines could adapt to benefit from this growth.

The annual value of global e-commerce sales of goods reached 2 trillion USD and was forecasted to exceed 4.4 trillion by 2025. e-Commerce air cargo was expected to grow at 10% annually from 2019 to 2025. However, during the pandemic, DHL eCommerce Solutions already observed a volume growth of more than 28% in cross-border volumes from February to March 2020. In fact, global online retail sales have risen dynamically in March, with a 74% growth in average transaction volumes compared with the same period last year.

Accelerating transformation

The current global crisis and the challenges faced by air cargo are contributing to magnify further the five forces transforming the industry:

- **Digitalization** of operational processes, as companies move to reduce manual labor.

- **Shifts on international trade**, as border restrictions place the focus on local purchasing.
- **Software-driven process changes**, including artificial intelligence (AI) and the internet of things (IoT), as social distancing and business-continuity needs accelerate their development.
- **Shifts in markets' domestic commerce**, driven by changing consumer behaviors and the growth of e-commerce.
- **Machine-driven process changes**, as the perception of investments in automation improves, speeding up its development.

Building supply chain resilience

With a forecasted delay and uncertainty in the global economy's recovery and a more prolonged impact on markets, teleworking and travel restrictions in existing and newly affected countries are lengthening supply chain disruptions.

As a counter effect, e-Commerce will be a resilience for manufacturers worldwide and a social relief for a locked-down population. ●

This is the first of a series of articles on how the air cargo supply chain can capitalize on e-commerce.

www.iata.org/ecommerce