



# How to build a winning Air Cargo Strategy

**A practical framework for  
driving solid cargo growth**

Successfully implementing a dedicated strategy for air cargo generates significant benefits for an airport. This has been demonstrated by Steven Polmans, Director Cargo & Logistics at Brussels Airport, who gained international acclaim with – amongst other - the BRUcloud success story. At the occasion of the Connected Air Cargo Masterclass, organized by TIACA, Air Cargo Belgium's Air Cargo Academy and data sharing specialist Nallian earlier this year, Polmans presented a practical framework for creating such a solid air cargo strategy. In this report we'll take a closer look at this framework and how it empowers airports to build a cargo profitability model that is tailored to their reality. Because 'even though we share many similar challenges, every airport should build its own model based on its own context.'

## Why build an air cargo strategy?

The need for developing an air cargo strategy goes hand in hand with the **changing role of the airport**. Using soccer analogy, Polmans explains: "As an airport we used to rent out the soccer stadium and didn't care about what was happening on the inside. Then we became a supporter of the team who played at the stadium and we grew interested in its performance. Today we are almost **part of the team** and we're actively contributing to its strategy and operations to increase its success."

In this changing role **the airport focuses on the bigger picture**, on taking up a **facilitating role** within the cargo hub. "If the air cargo market would be a cake, the individual stakeholders of the cargo chain are very much focused on growing their own slice of the cake. The airport's focus is to **grow the cake** as a whole – and making it look **more appetizing for all**".

## Think global, start local

To achieve this, airports should first and foremost **focus on their local cargo hub**. Mainly because the typical global approach of air cargo (such as thinking in terms of 'lanes') hinders rapid deployment. It also delays return on investment because benefits are only generated once all stakeholders are on board. Building a cargo strategy that **focuses on the local community**, on the contrary, **allows local benefits be generated rapidly**. The ultimate goal remains global, according to Polmans, who strives for the creation of a global "community of communities" in which different cargo communities efficiently communicate and interact with each other. Yet the starting point for this will always be the local hubs.

**"When building a cargo strategy that focuses on the local community, benefits can be generated rapidly."**



# Getting started: define & analyze the key ingredients of your air cargo strategy

Building your strategy starts by analyzing the following 7 parameters.

- 1 Market trends & evolutions**

You can't build an Air Cargo strategy in an ivory tower. It's crucial to know what's happening in the market, to talk to peers, monitor & analyze trends and evolutions.
- 2 Location**

An airport's location will impact its operations: a centrally located gateway airport won't have the same focus as a remotely located airport.
- 3 Airline customers**

Are you a low-cost airport? Do you have wide body belly capacity? Full freighters? Is it a mix of the above? This will influence what you will or can do as an airport.
- 4 Home carrier or not?**

Whether or not you have a home carrier will influence your strategy. Important note: don't consider not having a home carrier a blocking factor for building a cargo strategy – it gives you the liberty to take certain decisions more freely.
- 5 Growth potential**

Are endless plots of land available or is the airport located in a congested area? Growth potential often comes from digital rather than physical infrastructure, and this is even more so when real estate infrastructure is limited.
- 6 Airport restrictions**

Noise limits, runway length, operating hours, curfews, ... will all influence your strategy. If the airport is facing night flying restrictions, you may not want to focus your strategy on attracting integrators.
- 7 Stakeholders & strengths**

Are forwarders and/or integrators operating at your hub? Can you tap into the potential of nearby markets (e.g. Brussels benefits from the Amsterdam flower industry). What are the major export goods of your country? Have a deep look at your SWOT to understand your real situation. Take informed decisions based on this data. The main reason why strategies fail is because decisions are taken opportunistically.

**“We all share similar challenges,  
but every airport should build its own model.”**

# Build your model

While many airports share similar challenges, each airport should build its own model based on its own context. The output of the analysis above will be the ingredients for creating an air cargo profitability model based on the **4 principles** below.

1

## Lead with value, not volume

Air cargo typically talks “volumes”, while airport CEO’s & CFO’s talk “value”. Focus first (in particular in privately owned airports) on bottom line contribution and keep in mind the focus areas for the airport (e.g. long haul pax development). Then link those to the volumes.

2

## Define the key value generators for your airport

These could be landing/take off fees, real estate revenue, handling fees, ... They are driven by the volumes you generate.

3

## Define which strategic actions will help increase those volumes

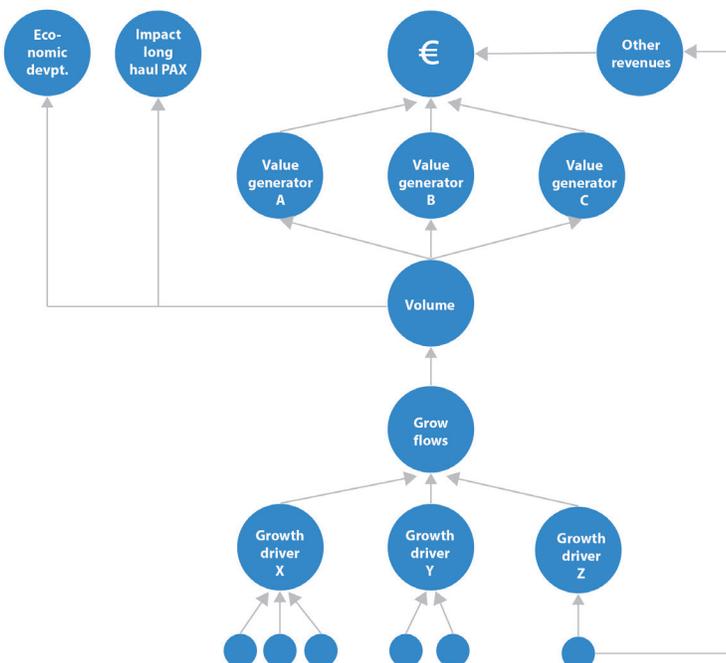
E.g. focus on specific commodities, geographic areas, driving operational efficiency, optimize governmental procedure (such as customs handling), create/combat gateways, ...

4

## Define what is required to facilitate this

E.g. digitization will drive operational efficiency, increasing real estate availability and installing dedicated key account management to work closely with carriers will empower you to combat existing gateways, ... Some of these (such as digitization) can generate additional revenue streams.

Air Cargo Profitability Model - Template



1 Lead with value, not volume. Define other key objectives e.g. Long haul pax belly

2 Define the key direct value generators for your airport. These could be: take off and landing fees, real estate revenue, handling fees, ...

Value generation will be driven by volume growth

3 Define what strategic actions will drive volume growth. This could be a focus on geographic areas, specific commodities, increasing operational efficiency, governmental procedures (such as customs, combatting/setting up gateways, ...

4 Define what's needed to achieve this. Developing gateways will require growing real estate availability and key account management, **digitisation** is an enabler for operational efficiency, etc. These enablers (such as digitisation) can generate additional revenue streams.

**“Never underestimate the importance of customs. Quality of customs services is one of the top 3 elements impacting the perceived quality of an airport.”**

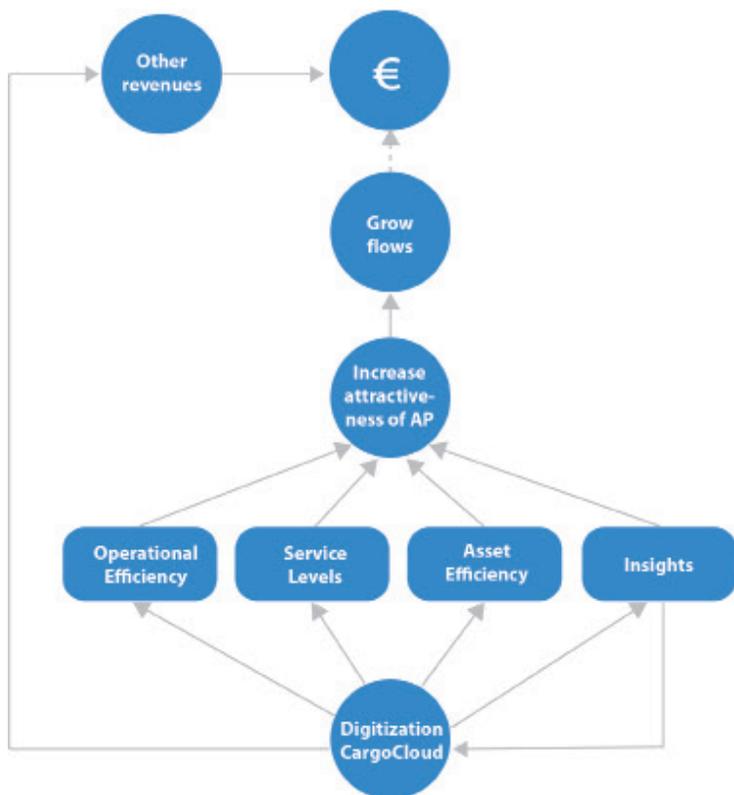
# Integrate in your operations

Building your model is not a one-off exercise. Polmans underlines: “Don’t ask approval for your strategy just once, but build an air cargo profitability model that shows the evolution of your cargo activity and use it to report on a regular basis to airport management.” Adding an important word of advice: “Don’t get sidetracked by short time opportunities. Keep your focus on the long term objective and stick to your model. The main reason why many strategies fail is because decisions are taken opportunistically.”

## Conclusion

While many airports are facing similar challenges, each airport should build its own air cargo strategy in view of its own, local context. Doing so requires a) a thorough analysis of the key factors that define this context, b) building a cargo revenue model that links value and volume generation, and specifies strategic growth driver and actions to support this growth and c) using this model as an operational tool to measure and share cargo evolution with airport management. Not as a nice to have, but as a firm guidance from which you don’t deviate – so you stay on track towards solid air cargo growth.

**“The main reason why many strategies fail is because decisions are taken opportunistically. Stick to your model.”**



## The power of digitization in an air cargo profitability model

Digitization has been defined as an important growth – and value – driver for Brussels Airport. The BRUcloud datasharing platform and ecosystem of collaborative applications, powered by Nallian, empowers the cargo community to truly operate as one. Efficient sharing and re-using of data in landside management, governmental processes, insights and end-to-end visibility empowers all stakeholder at the cargo hub with unparalleled levels of efficiency and transparency to drive growth and attract more business.

**Want to know more about how digitization could empower your air cargo strategy? Our specialists would be happy to advise you! Visit [www.nallian.com](http://www.nallian.com) or contact [we@nallian.com](mailto:we@nallian.com).**