

AIR FREIGHT FORWARDING: MARKET DEMAND-SUPPLY MODEL

Client: Global Top 3 Shipping Company

THE QUESTION

“Should the client enter Air Freight Forwarding — and what is the demand, supply and yield outlook to 2030?”

i SCOPE

Workstream A

Build a defensible 2021–2030 outlook for the global Air Freight Forwarding market across three sub-models: **Demand** (per trade lane × commodity), **Supply** (belly + freighter), and **Yield** (derived from the supply–demand balance). Output: GP/ton and yield outlook *per trade lane* — engineered to inform the client's entry strategy and target operating model.

ii COMPLEXITY

the modelling challenge

Three independent markets had to be solved *simultaneously* — passenger aviation recovery, global freighter fleet evolution, and reshaping trade demand — each on its own dynamics. No off-the-shelf model spanned all three at lane × commodity granularity. Yield itself is not directly forecastable; it *emerges* from the balance. And the work ran mid-COVID — no precedent for how the dislocation would normalise, with belly and freighter capacity following different recovery laws.

iii APPROACH

where the rigour lived

Issue-tree-driven with ~30 leaf assumptions aligned with the client team before any number was built. **Belly:** PAX traffic recovery × RTK/RPK conversion × average route length. **Freighter:** bottom-up fleet (newbuilds + conversions – retirements) with *three alternative positioning logics* for new capacity (geographic / GDP-weighted / yield-chasing). **Demand:** three macro scenarios × four structural sensitivities. **Yield:** derived per lane from S/D balance, adjusted for commodity mix and mark-up / fuel / route economics.

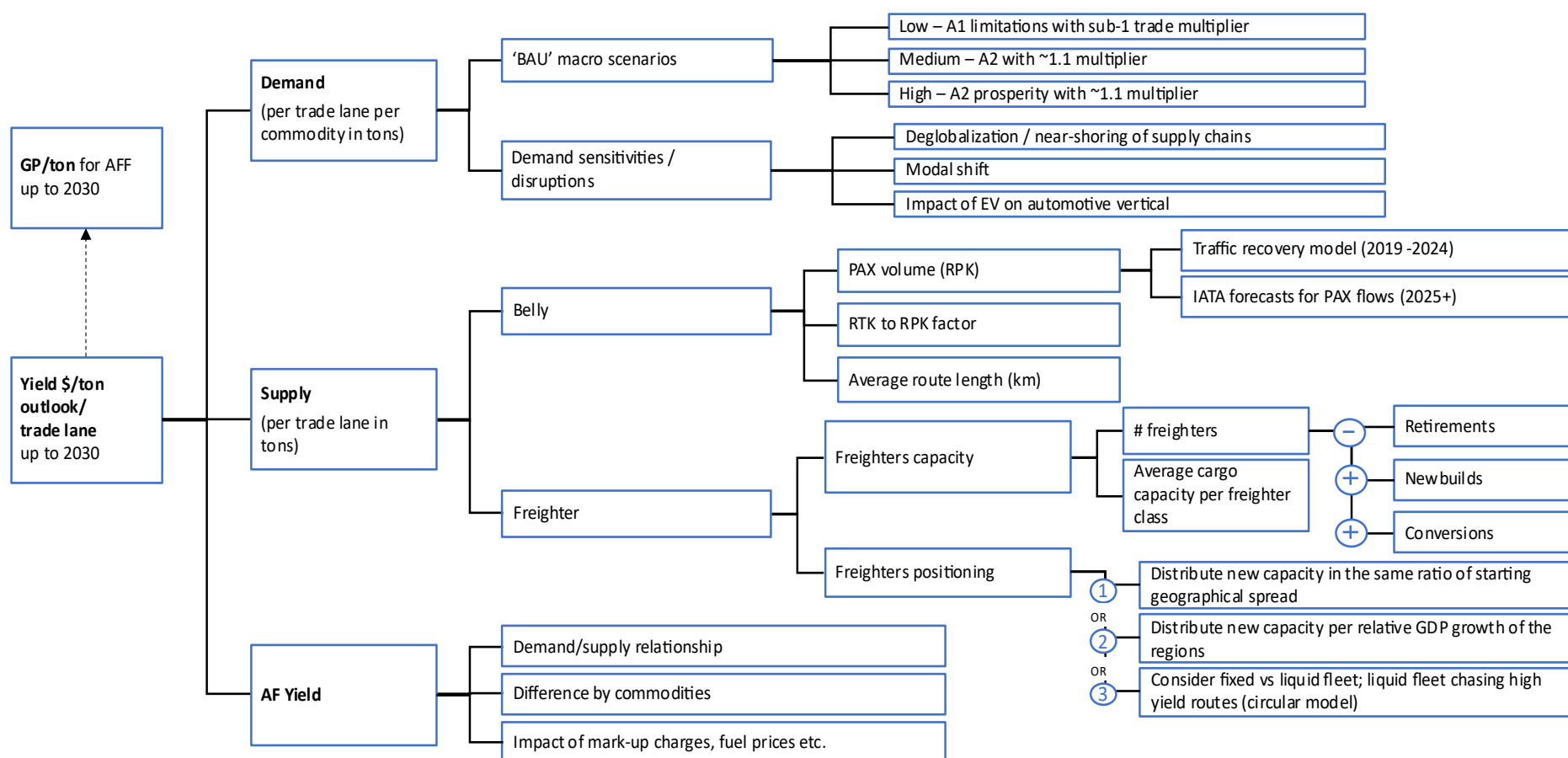
iv OUTPUT

the deliverable

A defensible 2021–2030 **yield and gross-profit outlook at trade-lane granularity delivered in 3 weeks.** — covering intra- and inter-regional flows across Europe, North America, South America, Africa, Asia and Middle East. Validated against 2019–20 actuals — no material variance at aggregate; ±30% lane-level variance flagged as inherent (driven by route length, competitive intensity, freighter repositioning). The model **underpinned the client's entry thesis** and operating-model design.

SIGNATURE ANALYSIS

Issue tree which guided the model development, defined granularity and anchored assumptions



HIGH-LEVEL SUMMARY

Output

2030 GP/ton outlook per trade lane, decomposed into three independently defensible models.

Three branches

Demand — macros × commodity × sensitivities

Supply — belly (PAX-driven) + freighter (fleet bottom-up)

Yield — per lane, from the S/D balance + mix + mark-ups

Why it mattered

The tree itself was the artefact the working team aligned on *before* any number was produced. Every dispute had a named home.

SIGNATURE ANALYSIS

Supply/Demand Ratio bounces back to pre-COVID levels by 2023

ILLUSTRATIVE SANITISED CONTENT

