



The e-Commerce Logistics Landscape

Strategic models for e-tailers' operations

The COVID-19 crisis has accelerated the expansion of e-Commerce towards new companies, customers, and product types. The pandemic has added diversity in a sector that was already very dynamic, with many different players, big and small, and various business models. How can the airline industry capitalize on the growth of e-Commerce and cater to a very diversified market?

Top-50 e-Commerce players

To know more about the needs and requirements of major e-Commerce players, IATA has identified the top-50 companies. The final objective was to better understand how air cargo can help in developing their logistics model, by aligning to e-Commerce businesses and ultimately offer customer-focused solutions.

For this reason, IATA has analyzed not only their e-shop or marketplace profiles but also their "air cargo potential." This calculation is based on the gross merchandise value (GMV), geographical coverage, and their remote shipping potential, a subjective and qualitative assessment of the categories shipped and the type of operations.

While e-shops sell their own products online, e-marketplaces serve as a platform to connect buyers and sellers. E-shops are usually in control of their supply chain, occasionally outsourcing parts of it. On the other hand, e-marketplaces outsource most of their transportation, allowing them to grow and / or scale-up

Top-50 e-commerce players

1 Taobao* 	2 TMall* 	3 Lazada & AliExpress 	4 Amazon 	5 JD.com 	6 ebay 	7 Pinduoduo 	8 Shopify 	9 Rakuten 	10 Apple
11 Yahoo JP 	12 Mercado Libre 	13 OTTO 	14 Wish 	15 Jumia 	16 1688* 	17 Suning 	18 Walmart 	19 Alibaba* 	20 vip.com
21 Snapdeal 	22 Shopee 	23 The Home Depot 	24 Zalando 	25 Lojas Americanas 	26 Wayfair 	27 macy's 	28 Flipkart 	29 Best Buy 	30 allegro
31 Target 	32 carousell 	33 Etsy 	34 Cnova 	35 Bukalapak 	36 MSH 	37 Bol.com 	38 Asos 	39 Yandex 	40 Newegg
41 Wildberries 	42 GFG 	43 Farfetch 	44 Cool Blue 	45 Naspers eMAG 	46 Digitec 	47 Citilink 	48 M.video 	49 Wehkamp 	50 Qoo10

* Part of the Alibaba Group

The four e-commerce logistic models



Owned and fully dedicated air transport capabilities

Firms reduce their dependence on 3rd party carriers, limiting risks and increasing margins.



Air freight shippers

These companies move the goods to fulfillment centers in freight format and perform local ground distribution in the destination country (owned or outsourced).



Hybrid model

There is a mixed-use of internal and external capabilities to move freight to fulfillment centers and also shipping of single parcels to consumers via air cargo.



Air parcel shippers

Firms rely on standard Courier-Express-Parcel & airmail. It is common for marketplaces due to their high dispatch fragmentation, as they are frequently used for individual orders.

exponentially by building sellers' networks. Two large companies are an exception to this rule: Amazon and JD.com. Both are pure marketplaces which control their own logistics.

Four logistics models

Through our research on the top-50 online retailers, we could develop a matrix and identify four unique e-Commerce logistic models. These models are distinguishable by variations in the level of owned versus outsourced capability and whether they ship single parcels or freight.

However, the e-commerce landscape is changing rapidly. E-Tailers everywhere are continuously assessing their level of control over their logistics operations. The efforts to counter the effects of the pandemic are bringing in new trends into e-Commerce logistics.

The focus on building more resilient supply chains is making

many companies consider re-localizing or multi-sourcing their productions. The number of e-commerce fulfillment centers is expected to increase to bring goods closer to the consumer.

These and other similar trends may negatively impact airlines by reducing the demand for high-speed air cargo offerings.

Adapting to e-Commerce needs

For airlines, transforming to capture e-Commerce volumes can represent a lifeline in an otherwise dire situation for air transport. IATA forecasts that air cargo will represent 36% percent of airline revenues in 2020. E-Commerce is the fastest-growing segment within cargo, and likely, their volumes have well exceeded the 15% of cross-border air cargo figure estimated before the pandemic.

In recent years, as many air cargo carriers finally realized the significant

impact of online retail on their business, they started designing products and services dedicated to this segment. Transforming to adapt to the different e-Commerce logistics models is critical for the industry and will be more so in the coming years.

Air cargo carriers will benefit heavily from technological advancements and data integration to unify, smoothen, and accelerate their services for e-Commerce. Creating new strategies to become more agile and embracing transformation trends will allow the industry to build a resilient supply chain with tailored solutions for this critical segment

Learn how IATA helps the air cargo industry to capitalize on the growth of e-commerce on www.iata.org/ecommerce

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e-commerce companies by model

