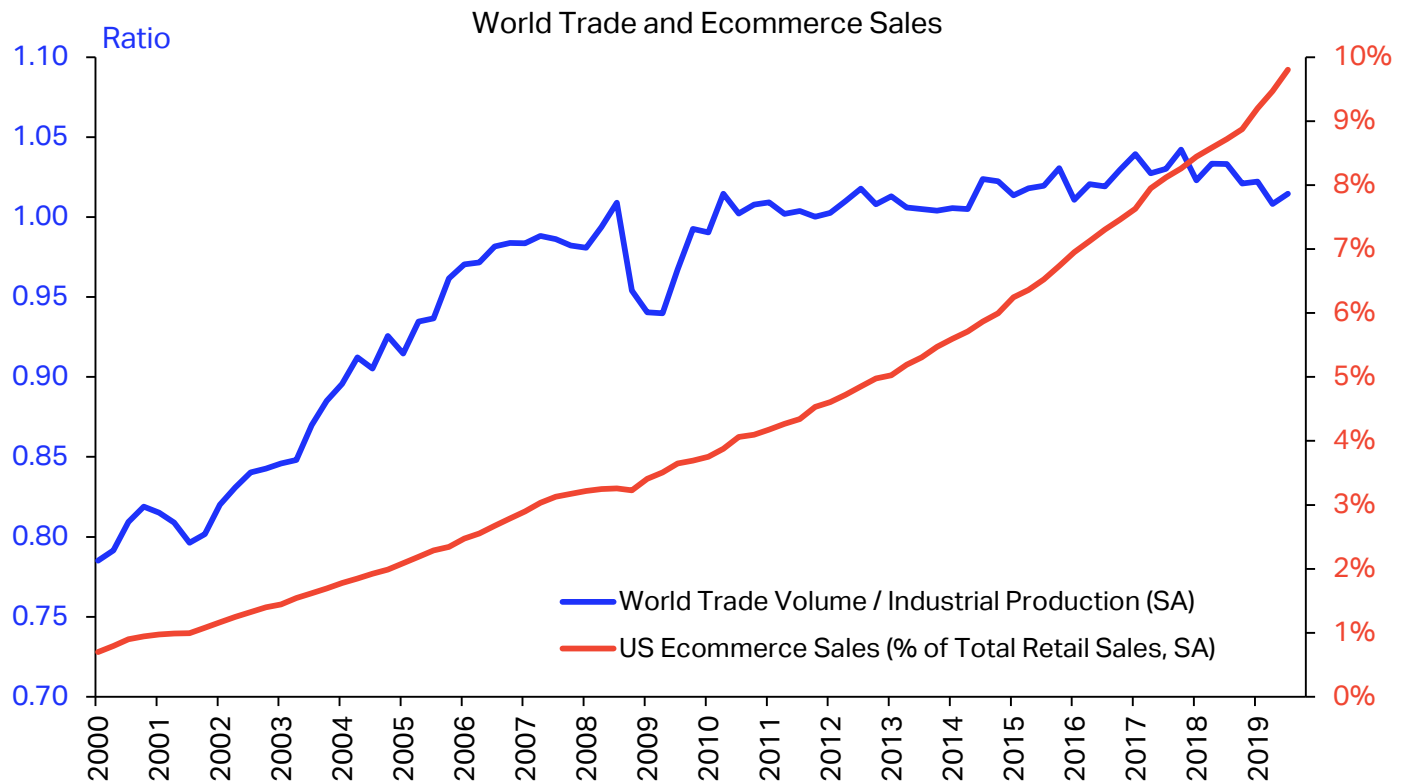


Can online sales boost the fortunes of air cargo operators?



Source: CPB Netherlands, Refinitiv Datastream, IATA Economics

- Today is the traditional Black Friday sales in the United States, which are quickly followed by the Cyber Monday sales at the start of next week. [Estimates](#) suggest that US consumers will spend around \$7.5 billion online (and plenty more in stores) on Black Friday and \$9.4 billion on Cyber Monday – both would be record highs. Even so, the Thanksgiving sales period in the US is surpassed by China's Singles Day sales held on 11 November, which generated an [estimated](#) \$38 billion this year. Combined with the growing prevalence of the Black Friday phenomenon in countries beyond just the US (including the UK, Argentina, Turkey, India and Australia), November is a key sales period for online retailers and shippers – including air cargo operators – alike.
- 2019 has been a challenging year for international trade and the air cargo market generally; both trade and air cargo volumes have been falling in year-on-year terms. Today's chart shows that the ratio of global trade to industrial production (blue line) has been trending sideways since the global financial crisis, after a sustained period where trade grew at around double the pace of production. At the same time, online sales have been rapidly increasing as a share of total retail sales (red line – note that the data are US only). In many cases, express shipping of the online purchases involves an air transport component.
- So can online sales help to reverse the fortunes of air cargo operators? E-commerce has been one of the key growth markets for air cargo operators over recent years and, partly due to the proliferation of sales at this time of year, Q4 is the peak time of the year for air cargo volumes. That's the good news. But the share of online sales remains relatively small, despite its rapid growth rate. E-commerce is certainly becoming an increasingly important part of the operations for many cargo carriers, but at this stage the volume of online sales simply isn't large enough to singlehandedly reverse the fortunes of the air cargo industry and overcome the current headwinds.