



# HIGHWAY FEVER

HOW AIRFREIGHT  
AND TRUCKING  
ARE INCREASINGLY  
WORKING TOGETHER

By Linda Ball

**In** July 2014, U.S.-based Amerijet International launched what seemed to be a pretty good idea. The all-cargo carrier set up air hubs in Reno and Columbus with the idea that a road feeder service could serve the relatively short distances to and from four cities in the western United States out of Reno, and five cities to the east, out of Columbus. The idea, hatched by founder, president and CEO of Amerijet, Dave Bassett, was to provide less-than-five-day service by road at a price considerably lower than that of overnight air express.

Bassett discontinued the program a few months later.

"The way we proposed it didn't fit with the market," Bassett said. "We thought we approached it logically, but the market didn't work like we wanted it to."

He said trucking has its limitations. The benefit is that it's inexpensive compared to air. Amerijet looked for customers who wanted the price of trucking, yet the speed of an airplane. Without elaborating, Bassett said he learned a lot of lessons, and he's still reviewing what didn't work, and perhaps he'll give it another go.

Airfreight and trucking go together like peanut butter and jelly – sometimes it's smooth, sometimes it's a bit chunky. But trucks and planes need each other to arrive at the end result – a job well done, with a satisfied customer upon delivery of the cargo, on time and undamaged.

In the last 10 years, trucks and cargo aircraft have formed increasingly symbiotic relationships. As regional jet service grew more popular with airlines that relied on smaller aircraft, trucks became a more cost-effective mode of transporting bulk express cargo between cities and airports. Plus, forwarders preferred to avoid the increased hassle of airfreight security regulations in the wake of 9/11 and use road services whenever possible.

The trend shows no signs of slowing. According to a recent report by the U.S. Department of Transportation, there will be a 60 percent increase in truck traffic in the U.S. over the next 30 years, part of it fueled by the popularity of online shopping.

As Bassett found out, there are challenges to merging the two modes. But with new technology and improved communication between trucking companies and carriers, the system is more seamless than ever.

## The great American road trip

One of the more successful examples of this marriage of trucks and airfreight can be found at Forward Air Solutions, a U.S.-based ground provider with 87 freight terminals located strategically near airports across North America. The central purpose of the company is to provide scheduled, less-than-truckload (LTL) surface transportation services to most places across the continent for forwarders and other third-party logistics providers.

Once an aircraft lands at a U.S. or Canadian airport, the cargo is either driven by truck to its destination that day or sent to the closest of Forward's 11 regional hubs. At the regional facilities, the cargo is immediately unloaded, sorted, consolidated and reloaded onto delivery trucks ready to head to the destination, usually by the following morning.

"We transport air freight that must be delivered at a specific time, but is less time-sensitive than traditional integrated services," the company said.

The company also has a "final mile" service, called Forward Air Complete, which includes the bundled linehaul, pickup, delivery and handling services for airport-to-airport customers, reaching more than 41,000 ZIP codes in North America, or about 92 percent coverage.

Forward Air was created after Forward Air Corporation acquired USA Carriers in 2007, so growth is definitely in the company's DNA. In 2008, two additional acquisitions broadened Forward Air's reach, when Pinch Group and Service Express were added to the operation. Those acquisitions brought them to Texas, Georgia and Virginia. Last year, the company also purchased Central States Trucking Co.

Forward Air's expansion plans continue into 2015. At press time, Forward was in the process of acquiring Indiana-based Towne Air Freight, its largest competitor and the second largest player in the airport-to-airport market.

Because of the timing of the transaction, Forward's President and CEO Bruce A. Campbell was unable to go on the record about the Towne transaction. However, the addition of Towne is expected to give Forward more coverage across the Midwest. Towne had expanded into the East Coast in 2007 by acquiring Complete Transport, based in Missouri. Then, in 2008, it acquired Synergy Cargo Logistics, based in the Southwest.

Forward Air's acquisition of Towne is expected to close in the first quarter this year, which will give the company a coast-to-coast network.

## Forwarders in the loop

Freight forwarder and logistics firm CEVA is also heavily involved in the truck-airfreight interface. Recently, CEVA opened a new 208,000-square-foot logistics center at one of the world's busiest airports, Chicago O'Hare. The multi-use building has space for 30 dock doors and two van ramps.

At O'Hare, CEVA Chicago provides air and ground freight forwarding and consolidation, as well as customs brokerage, warehousing, residential delivery, and many other logistics tasks. Kay Hart, marketing and communications officer with CEVA, said expanding and enhancing CEVA's global network is a continuous process.

"The most common concern within the forwarding industry is how fast cargo can be offloaded and broken down to tender to a broker or freight forwarder," Hart said. "Responsiveness varies by air carrier and airport.

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## Easing cross-border traffic

The marriage of trucking and airfreight is not exclusive to North America, of course. One of the more successful examples of this partnership can actually be found on the other side of the world at Hong Kong International Airport (HKG). Hong Kong Air Cargo Industry Services Limited (Hacis), the road feeder arm of HKG operator Hong Kong Air Cargo Terminals Limited (Hactl), currently reaches 60 Chinese communities with its SuperLink China Direct. On average, Hacis operates around 16 container trucks each day, but has the ability to add further vehicles to meet additional demand.

The system reduces time-to-market from locations within the heavily populated Pearl River Delta Region. Activity increased in 2014 for Hacis, fueled both by increased road-feeder activity and the continuing underlying development of Hong Kong as Asia's preferred regional hub. All ramp-handling is carried out by Hactl using tugs and dollies, then the cargo is processed through a transit shed before being loaded onto Hacis road vehicles.

"SuperLink China Direct is designed to effectively extend the air service – shipments to be transported on one through master air waybill, to our IATA-coded, bonded warehouse at destinations in mainland China," said Vivien Lau, the executive director of Hactl. "This means airlines do not have to become involved in the air-road transition or any aspect of the RFS operation. Hacis will take care of the shipments all the way from Hong Kong to China. Like all Hacis services, SuperLink China Direct is offered to any airline, irrespective of whether they are handled by Hactl."

Making all of this possible is HEX, which stands for "Hacis E-logistics System." HEX is an advanced management system that tracks all of SuperLink China Direct's shipments, capturing all status data to include truck departure time, truck arrival time and final shipment collection time. The data

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is available to customers in real time through a user-friendly online platform that requires no software downloads, and is accessible from any device with Internet access – and it's free to Super-Link China Direct customers.

"What we cannot avoid is the necessity for security and checking processes," Lau said. "Once cargo has arrived at the terminal, it must go through checking procedures to make sure it is in good condition and acceptable for cross-border delivery."

After this procedure, Haxis is able to work with short connection times – as little as six hours from an aircraft landing at HKG to departing in trucks. Cross-border documentation, and liaison with customs and the destination terminal are dealt with in advance, so when the cargo arrives the handlers can focus on the physical work of loading the truck. Transit times to the six Haxis inland cargo depots range from two and one-half hours to Shenzhen Airport, to the longest sector, Beijing, which is 55 hours from the Hong Kong base.

But there are other ways to speed up the cumbersome customs process, Lau said. For instance, with China Customs' Quick Pass system, Haxis' trucks can use a fast lane at customs border posts without stopping, saving up to three hours at peak times. The trucks are set up with a customs GPS "E-seal," which enables the trucks to use the fast lane at the borders. The seal, which is approved by Hong Kong and China customs, is locked and unlocked only by customs at both ends, providing a tamper-proof seal and enabling customs to view and monitor shipments throughout the journey.

## Everyone at the same party

While Haxis must deal with the customs issues as its trucks cross into the vast Chinese mainland from Hong Kong, road service firms in Europe have many more borders to cross as they deliver cargo throughout the continent. To make sure everyone is on the same page in multiple countries, high-tech communication is a necessity.

At Jan de Rijk Logistics, based in the Netherlands, the trucking and logistics firm has a fleet of approximately 550 trucks of its own, with access to many others via subcontractors. The company's trucks can be seen on practically every street on the continent. Ever expanding its network, in January Jan de Rijk picked up the European trucking contract for IAG Cargo for its Iberian traffic.

Robert Kleppers, sales manager for the company, said Jan de Rijk does business with numerous airlines, providing transportation across the European continent. Kleppers emphasized that the key is transparency between all parties in the supply chain to keep things moving smoothly.

"For instance if we arrive and others in the supply chain aren't ready, if you look at it from the Lean perspective, it can affect the customer," Kleppers said, in this case, reducing wait time, which is waste. But he explained that with proper communication these become non-issues.

He said Jan de Rijk is in constant communication with ground handlers to make sure schedules are in sync so that cargo doesn't sit on a tarmac. The company uses GPS to track its trucks, so if a driver expects to arrive at the destination within an hour, the han-

dling company can be alerted as to the truck's estimated time of arrival. "We need to operate transparently," Kleppers said. "The ultimate goal is to give the customer insight. Their only care is when their cargo is going to arrive [or when it's going to be picked up]. It's about informing those in the supply chain."

For one of Jan de Rijk's partner carriers, Israel-based CAL Cargo Airlines, the attitude is the same. Rami Marom, CAL's chief operating officer and vice-president of ground operations, said trucks are there to feed flights, so it's crucial that trucks are on time. Obstacles that can get in the way are traffic and road construction. "So we have to be very, very accurate with timing," he said.

For instance, when an aircraft arrives with perishable cargo, it must be on a truck within four hours – eight hours for non-perishables. Marom said the beauty of CAL's operation at Liege is that their trucking fleet is parked right at the "waterline," 10 to 30 meters from the warehouse, so nothing ever sits on the tarmac.

Marom said a 125-ton freighter will be checked in less than seven hours, meaning all the pallets have been dismantled, the cargo is checked and, if need be, put into cold storage.

## Ready for anything. . .

With the mixture of trucks and air cargo in these hybrid operations, the watchword is flexibility. At CAL, which operates aircraft between Tel-Aviv, Liege and New York's JFK airport, the motto is "Challenge accepted."

The carrier manages road-feeder services and trucking partners throughout the U.S. and Europe, handling pharmaceuticals, oversize or overweight freight, live animals, dangerous goods, equipment for oil fields and perishables, to name a few.

"We specialize in ugly cargo – stuff other airlines don't deal with," said Marom. One thing that helps in this regard is that, at its European hub in Liege, CAL fully owns Liege Air Cargo Handling Service (LACHS) facility – a temperature-controlled space with high security.

Amerijet's Bassett has a similar attitude about unconventional loads. "Freight's going to move – it's just a matter of time and money," he said.

*Haxis trucks stand ready in Hong Kong, awaiting cargo that will be delivered to points as far away as Beijing.*



The Reno-Columbus dual-hub plan is currently on hold, but Bassett said his Nations Express trucking arm, with more than 100 trucks in its fleet, continues to move a wide range of over-size and unusual shipments. Currently, Amerijet also has five 727 freighters and five 767 freighters in its air arsenal.

"We had the belly skin of a 767 at Boeing and needed it in South America yesterday," he added. Bassett said Amerijet got it there in three days by truck and air, for far less cost than putting it on an overnight flight, by knowing they needed a 767 freighter to pull off that kind of a job. "The mast of a sailboat that has to go from San Diego to Maine is not going FedEx."

Bassett said freight is naturally going to have to spend some time on the ground, even in the best of circumstances, due to export and import restrictions and flight schedules, but it still reaches the end user faster than it would have by truck alone.

"We moved Shamu the whale," Bassett said. "If it's legal and sits in an airplane, we've done it. We're one of half-



*Amerijet and sister company Nations Express operate everything from vans to 767-200 freighters.*

a-dozen carriers in the world approved to carry explosives."

### ... just don't call them integrators

At first glance, these various road-feeder and airport-to-airport trucking operations may seem similar to services provided by the major integrators, like DHL, FedEx or UPS.

However, Bassett said he has no interest in competing with the large integrators, because Amerijet is not in the business of getting a package to Aunt Betty overnight. His business is to carry big freight – dutiable freight.

Echoing Bassett, Kleppers of Jar de Rijk said integrators are not competitors, because they have a different business model – one of controlling everything end to end. He said a supply chain with multiple parties can offer more flexibility because everyone is a specialist in their own field.

"With all the connectivity in the world, we can, in a very flexible way, create new solutions in the supply chain," Kleppers said. "[With] good cooperation and sharing information we can optimize our processes in the supply chain, reduce cost and better serve the customer."

Communication, transparency, technology and partnerships all lend themselves to this often-complicated relationship between airfreight and road transportation.

Trucks and air-cargo can't live without each other, but when they work together to maximize efficiency, they develop a harmonious symmetry that is usually greater than the sum of their parts.

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