

Air Cargo Use Case

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Context : an air cargo leader with a high level of pricing maturity

- **European Air Cargo global carrier. Revenue \$2bn**
- **90 destinations**
- **85 offices in over 50 countries supported by 500 Sales Agents**
- **Customers are Freight Forwarders booking through either Spot or Allocation bookings**
- **Pricing challenges**
 - Long Time to Quote
 - No streamlined quoting processes / error prone (emails, multiple apps)
 - Pricing / Discount discrepancies (lots of Approval Requests)
 - No unified surcharges and services offering

Project Milestones & Results

- **Milestones**

- **Spot Sales Go-Live:** August 2019
- **Contract Sales Go-Live:** September 2020
- **API Self-Service Go-Live:** March 2021
- **Portal Service Go-Live :** S2 2021

- **Results**

- **Time to Quote** reduced from **20 min down to 5 min**
- **Quote Approval** reduced from **80% down to 50%**
- **+800,000 Quotes** produced in 2020 (pics of +100 daily quotes per Agent)



How we infused Dynamic Pricing into the Quoting Process

Hurdle Rates

Segmentation

Group products & transactions into micro-segments of similar capacity levels

Optimization

Apply optimization algorithms to determine the minimal acceptable price (hurdle rate) at different capacity levels

Price Tier	Max Load Factor	Weight Hurdle Rate (€/kg)
1	33%	0.65
2	66%	0.95
3	100%	1.45

Willingness-To-Pay

Segmentation

Group customers, products & transactions into micro-segments of similar willingness-to-pay

Optimization

Apply optimization algorithms to target the 'sweet spot' in every segment

Customer / Origin / Destination / Commodity / Handling	World Shippers (DE)	Werner Shipping (CH)
Floor	0,81	0,89
Target	1,23	1,35
Expert	2,22	2,25

Using Method: Central Price Waterfall

Business Rules

$f(x,y,z)$

Math and Science Functions

Science

Price Lists and Lookups

Pricing Methods

Quoting



Browse Catalog Quote Approval Proposal Save & Close

Create Quote Header Spreadsheet

HOME TOTAL LIST PRICE \$661.00

Export XML Import Excel Quick Add

ACTIONS	DESCRIPTION	QTY	PRICE	NET PRICE	DISCOUNT	TOTAL NET PRICE	REFERENCE CODE	VALIDITY DATE	SCORE	WIN RATE
	Total		\$661.00	\$627.95	\$33.05	\$627.95	CG2450	09/18/2018	90	47.00 %
	Container	1	\$230.00	\$218.50	\$11.50	\$218.50			90	
	Frozen Fish Ins. LD-3					\$218.50				
	Frozen Fish Ins. LD-3 Pivot Weight Overage					\$0.00				
	LHR to LAX					\$222.30			90	
	FL424, 607 LHR to HUB to LAX					\$222.30				
	Services					\$187.15			90	
	Export Declaration					\$187.15				

Pricing Guidance [Ok] [X]

Expert
 Target
 Floor
 Hurdle Rate

Value (Amount)

Final Price

\$218.50

\$193.20

\$156.40

\$115.74

\$-38.40

\$115.74




Digital Sales & Self service: Use Case



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IAG Cargo adds IATA Net Rates to its digital offering


https://lnkd.in/dV2sr_9 ...see more



IAG Cargo adds IATA Net Rates to its digital offering
aircargonews.net • 2 min read


IAG Cargo has teamed up with IATA Net Rates, the association's air cargo rates distribution platform, to offer an additional digital platform to its

“The cargo airline group said that in June its online sales percentage reached 60% for the first time. In the US, its online sales percentage reached over 50%, an all-time record.”



Delta Cargo facilitates airfreight bookings with API interface
By Rachele Harry
29 / 09 / 2020

Delta Cargo has launched its new, free application programme interface (API) that enables its cargo customers to connect their own...



Turkish Cargo continues to invest in digitalisation
By Damian Brett
24 / 09 / 2020

Turkish Cargo has continued with the digitalisation of its operations with the integration of Robotic Process Automations (RPA) to minimise...

PRESS RELEASE - 11 NOVEMBER 2020 09:51

Lufthansa Cargo accelerates booking process

Three easy steps to booking: that is what the new online booking portal eBooking has been offering all Lufthansa Cargo customers since yesterday. All that is now required to make a booking is to define the shipment, choose the product and confirm the route. The system guides customers through the booking process with



Digital cargo bookings increase at Air France KLM
By Damian Brett
27 / 07 / 2020

Air France KLM Martin Air Cargo (AFKLM) has noted an increase in the use of its digital booking services since...



Cargo.one raises \$18.6m as it looks to triple in size
By Rachele Harry
27 / 07 / 2020

Digital booking platform cargo.one has raised \$18.6m in venture funding in its Series A round to help it achieve significant...


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At a time when digitization and worldwide context are transforming our business habits and activities, the new Bollore Logistics website is integrated into a digital ecosystem and offers an architecture designed to respond quickly & efficiently to the expectations of sectors and players in the economy: Bollore Logistics presentation, Offer Finder module, updates on geopolitical & sanitary situations (BREXIT, COVID-19), LINK platform, FAQ page & better management of the relationship...Design and ergonomics revisited, intuitive navigation: everything is designed for a better user experience.

Read more: www.bollore-logistics.com


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Digitalisation and partnerships key for Cathay Pacific's new head of cargo
16 / 10 / 2020
By Damian Brett

SIA deploys IBS Software's iCargo platform
By Rachele Harry
17 / 11 / 2020

Singapore Airlines (SIA) has deployed IBS Software's iCargo cargo management solution to streamline its cargo operations across its network. SIA...



Lufthansa Cargo launches new booking portal
By Damian Brett

It's not "IF", it's "WHEN". A digital sales channel will become more and more expected going forward

Digital Sales & Self-service: a shortcut to interact with customers

- **3 reasons why the air cargo company had to increase digital engagement with its customers:**
 - 1. Interacting digitally with Customers** is a key aspect of digital transformation
 - 2. Establishing a direct link to self-service** requests or transactions (quote, allotment, booking...)
 - 3. Requirement and cost of doing business**
 - Trend in the industry (and society)
 - Expected by customers
 - Already offered by some competitors
- **Benefits are both for the company and the customer:**
 - **Time saved** and avoid data entry from sales staff, reinvested in other activities with higher value
 - More revenue: Instant reply = **higher win rate**
 - More revenue: better engage with **smaller customers** / markets
 - Better service: **easy to deal with** customer experience and avoiding manual entries to customers as well

Digital Sales & Self-service: a shortcut to interact with customers

- **How we implemented: a recipe that works well**
 - **Consistency** across channels to avoid cannibalization
 - Managed at **local level**: quotes shall belong to corresponding booking office
 - **Gradually**: one step at a time: starting with 1 customer, 1 type of product (commodity)
 - **Take it or leave it** pricing: Online = 1 price (Target).
 - Not everything is eligible for online channels: “**eligibility workflow**”



Wrap Up

Lessons Learnt / Best Practices

- **Project sponsoring** from C-Level for alignment and execution efficiency
 - Cross-BUs Program (Sales, Revenue Management, IT)
 - IT support is crucial (data interfaces, system API-fication)
- **Change Management** is critical for project success
 - End-user champions onboarded since project kick-off and regular touchpoints (demos)
 - Local roadshows for education and training
- Clear definition of **Pricing Policy**
 - Identify key drivers / Adaptability to Market Dynamics
 - Strong maturity already existed in the organization