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Pioneering Air Cargo Quality Survey Finds that Service Reliability and Speed Drive Shippers' Relationship with International Air Freight Providers

*Shipment Delays Begin to Cause Supply Chain Problems After Only 1-2 Days;
Eighty-Five Percent Say Air Freight Spend vs. Ocean Freight will Stay Same or Increase*

ARLINGTON, VA. – October 21, 2003 – The International Logistics Quality Institute (ILQI) has released initial findings from its 2003 International Air Cargo Quality Survey, which represents the first significant compilation of detailed, independent information on shipper satisfaction, issues and spending in the critical intercontinental air freight marketplace.

The results highlight the importance shippers place on speed and responsiveness in their global supply chains. Survey respondents indicate that air freight plays a critical role in meeting shipper needs every day. Air shipping is often a standard practice, with “emergencies” representing only 10 percent of shipments, and is projected to continue to grow, with eighty-five percent of shipping managers surveyed expecting to maintain or increase air freight’s share of intercontinental transportation spending next year.

Service reliability, competitive rates, and fast transit times are the three attributes that are most important to shippers in choosing and managing their air cargo providers. Seventy percent of shippers indicated they would incur significant supply chain issues if their intercontinental air freight shipments are even one or two days late. In addition, shippers said they are “most concerned about” security and customers regulations, followed by fuel prices, airline financial health and terrorism.

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In general, shipper satisfaction with intercontinental air freight providers is strong. About 45 percent of shippers are “very satisfied” with their providers; 38 percent are somewhat satisfied. Nearly half indicated they see on-time delivery levels of 98-plus percent, with only 10 percent receiving service levels below 90 percent.

“While shipper satisfaction is relatively high, it’s a razor’s edge proposition,” said Scott Elliff, co-founder of the ILQI. “Because air freight is such a critical cog in the machine of today’s global economy, the need for providers to continuously meet the expectations of intercontinental air shippers is paramount, especially given the tight tolerance times shippers have for on-time delivery. We expect that the level of attention devoted to provider performance measurement and management will continue to increase over the next several years.”

Additional findings from this groundbreaking survey, which included responses from more than 800 shipping managers who completed nearly 1,500 provider-specific assessments across a broad cross-section of users, will be released over the next two months and can be found at the ILQI website (www.logisticsquality.org). Added findings will include rankings of freight forwarders and integrated carriers that are based on a series of quality criteria; 77 percent of respondents indicated that having benchmarks of provider quality would benefit them.

The survey is one of several International Logistics Quality Institute initiatives supporting the Institute’s mission of being a leading resource on performance, trends and issues affecting both users and providers of air, ocean and ground freight transportation services.

The ILQI (www.logisticsquality.org) was founded earlier this year by consulting firms MergeGlobal, Inc. (www.mergeglobal.com), and Capital Consulting & Management, Inc. (www.ccmiservices.com). The McDonough School of Business at Georgetown University and *Air Cargo World* magazine provided additional support for the survey.