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Soar Above Demand

How Air Freight Helps Brands Keep Top SKUs in Stock



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In 1910, just seven years after the Wright brothers took flight at Kitty Hawk, Philip Parmelee made aviation history again.

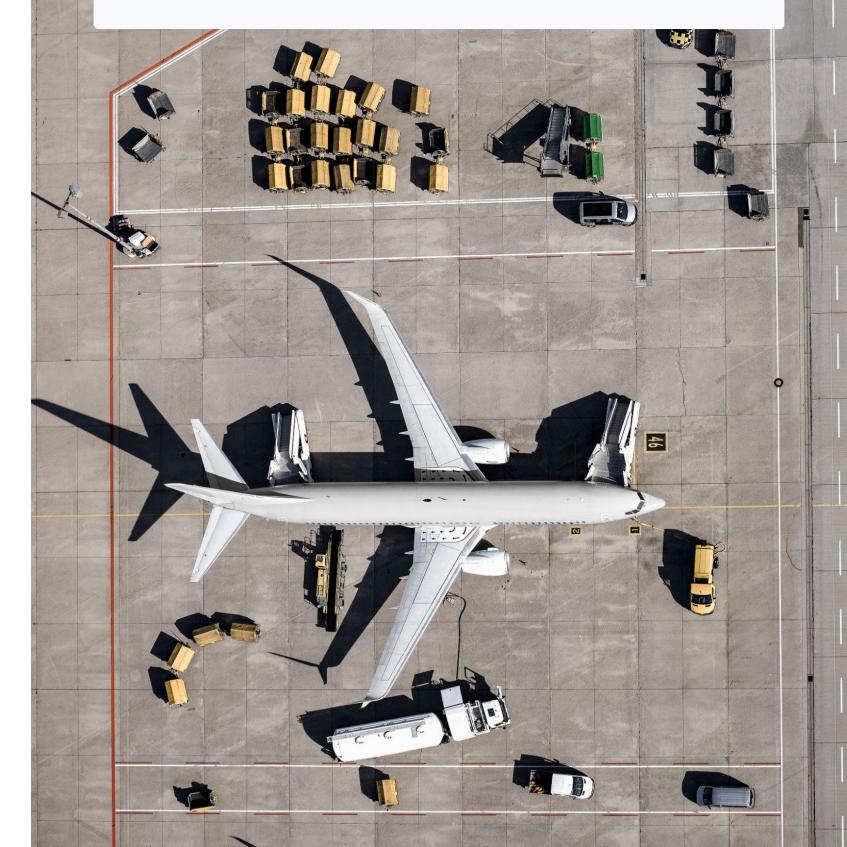
He may have only piloted his Wright Model B airplane a mere 65 miles from Dayton, Ohio to Columbus, Ohio, but it's what Parmelee transported that made his flight so important: 200 pounds of silk destined for the opening of a retail store, making his trip the first recorded use of air freight. The flight lasted only 57 minutes-setting a speed record for its time-but the impression it left was indelible.

Fast forward just over a century and, honestly, the landscape of air freight hasn't changed dramatically. If there's a common denominator between air freight in the early 1900s and 2022, it's time. The planes are bigger and faster, of course. Since many businesses still thrive on getting their goods from point A to point B - when timelines are tight, air is the way to go.

For some companies, air freight may be viewed as a last-minute solution, a fallback for when ocean capacity gets tight. With the glut of disruptions the global supply chain has seen over recent years - everything from tariffs to pandemics to rising inflation and more-one question is more salient than ever: "When and where should businesses leverage air freight?"

We'll take a look at a few common scenarios—and how air freight can offer an agile strategic advantage for businesses. Some industries revolve around getting goods to consumers as quickly as possible, to capitalize on trends, minimize handling of high-value items, or otherwise. In particular, fashion and consumer electronics rely heavily on air especially ahead of peak season. For "fast fashion" brands like H&M and Shein, seasonality and unexpected trend shifts precipitate a need to produce pieces and get them to points of sale as quickly as possible.

timing can make or break a business.





Air deliveries are the single fastest way to get goods delivered when speed is of the essence. In today's global supply chain landscape,

Priority Goods Require Priority Shipping

Consumer electronics brands operate on much more defined timelines. Once a product is announced, a commitment is made to that launch, and the brand may suffer in the public eye if the deadline is missed. These brands also have to consider the physical safety of their inventory in transit, so the shortened timeline and minimal human interaction involved in air freight dramatically reduce the possibility of something untoward happening.

While the fashion and consumer electronics industries depend heavily on air, other industries have typically leveraged air only when absolutely necessary.

The last two-plus years of pandemic shutdowns, ports congestion, and labor actions have driven home the volatility inherent in today's global supply chain. In response, many companies are now leveraging air to bypass disruptions.

Just as fashion and consumer technology brands lean on air freight's predictability and reliability, traditional ocean shippers are now taking advantage of air freight to minimize supply chain disruptions.

"Ocean shipping involves a significant number of touchpoints that can increase product exposure to tampering. Air not only provides the most direct route to get goods from point of origin to point of sale, it minimizes handling of fragile objects and reduces potential theft or damage." - Alexis Boutet, Sr. Director of Global Air Freight Strategy, Flexport.

There's a sense of opportunism that underlies many decisions to leverage air freight that supersedes industry or vertical. "At the end of the day, getting a shipment delivered on time can mean the difference between strong sales results and happy customers—or shuttering the doors. More businesses are using air as an alternative when ocean capacity or speed becomes questionable," says Beth Thorson, Head of Key Accounts at Flexport.

I know exactly when the goods are at the warehouse in Asia, on a ship and in flight. I know what airport it's going to land in before it gets on a train and the estimated delivery date. I know the names of Flexport employees who've helped along the way and will accept my ping on your platform, at any time of day.

Ali Peters Co-Founder, She's Birdie



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Trade regulations and tariffs have created a complex landscape for shippers. We are gradually beginning to see global brands realign their supply chains to avoid losing money. For example, the solar panel industry uses air freight to increase agility and speed, and minimize downtime.

Alexis Boutet, Sr. Director of Global Air Freight Strategy, Flexport



Variability in the Global Supply Chain is Driving Air Freight Growth

The supply chain and logistics as a whole have taken a beating over the last couple of years. Starting with the onset of the COVID pandemic in early 2020, continuing with the Ever Given incident, war in Ukraine, and now ongoing port congestion, labor issues, and economic uncertainty. The line between variability and volatility is blurring daily.

As a part of assessing their supply chain resilience, many organizations are realizing the benefits of the strategic use of air freight. The flexibility, speed, and regularity are all draws, especially with seasonal or other time-dependent SKUs. As airlines and dedicated freight carriers return to pre-COVID schedules, capacity is opening up all the time. For the agility to ensure you get your high-margin SKUs fast, air freight can't be beaten.

Tariffs introduce more unknowns into an already uncertain supply chain landscape

For many businesses, however, the challenge of rising tariffs may lie less in increasing costs and more in the potential for reducing shipment delays. With each tariff announcement, a surge of Chinese exports follows, as businesses aim to get their goods to the United States ahead of implementation, at a lower rate. In these instances, air freight can also help companies avoid make-or-break scenarios caused by the volatility discussed above. Unlike the expected crunches of peak season, increased congestion caused by tariffs is shaping up to be an unpredictable, long-term concern. With this in mind, more businesses are beginning to lean more heavily on air freight to keep things moving.

Nearshoring offers more opportunities for consolidation

As many companies seek to build footprints in emerging markets closer to home, air freight offers the opportunity to quickly and efficiently relocate equipment necessary for manufacturing, warehousing, or establishing distribution facilities. For companies weighing the costs of continued high tariffs against opening manufacturing facilities in an emerging market, air freight presents a compelling option.

Relocating an entire manufacturing production facility often requires moving heavy machinery and putting production on hold. Moving this equipment via ocean exposes a business to the common pitfalls of container shipping: port congestion, longer transit times, and more. More importantly, however, ocean transport puts a facility out of operation for weeks, if not months.

With air freight, however, the necessary equipment can be moved and back up and running in days. "Trade regulations and tariffs have created an intriguing landscape for companies worldwide," adds Boutet. "We are gradually beginning to see global companies realign their supply chains to avoid losing money. For these businesses, air freight delivers the agility to quickly complete these moves and minimize downtime."

Air freight may currently be viewed as a short-term opportunity to overcome supply chain obstacles, but with each new tariff announcement, and as more companies seek to change their international footprint, air freight may be the means to permanently realign logistics networks to unlock growth.



How Molekule Filters Out Inefficiency with Flexport Air Freight

Typical for a fast-growing brand, tech-led air purifier manufacturer Molekule faced the challenge of keeping inventory stocked to meet surging sales. They also faced a unique business problem—spikes in demand brought by natural disasters. "When something like a wildfire hits, having access to clean air becomes essential," explains Brad Audiss, Inventory Planner at Molekule. "Nobody wants to see sales increase because of a natural disaster, but in these moments it's critical to be able to fulfill customer orders."

When it comes to bridging the gap between stock-out and sales, Molekule turns to Flexport's air freight services. "For a product of our size, shipping by air isn't our first choice," says Audiss. "But I can't say enough positive things about Flexport's Private Air Service and what having it in our back pocket, at times when we need a quick uplift for a competitive price, has meant for our business."

Audiss says his Flexport account team also plays a huge role in moving Molekule's products quickly to avoid stock-outs. "Working with teammates in Shenzhen has been so helpful in ensuring we never missed a beat. They work with our suppliers to make sure we meet the dates we need to, so the clock never stops on getting our product in the hands of our customers."

Flexport Air Freight has helped Molekule achieve 92% on-time delivery.

For us, being able to secure space quickly, and knowing that a Thursday uplift means I receive my shipment on Friday, is huge from a supply perspective. With Flexport's air freight service, we're able to keep the engine running and keep fulfilling customer orders, which is the most important thing.

Brad Audiss Inventory Planner, Molekule

MOLEKULE



Keeping Businesses Moving at the Speed of Global Trade

Few industries rely entirely on air freight for their logistics needs and yet—to varying degrees—every industry lives or dies by the clock. Air freight presents the ideal intersection of speed and flexibility that can unlock profitability and new opportunities for businesses. From beating a competitor to market to shifting a global footprint to an emerging market in order to cut costs, incorporating air freight into a supply chain strategy can provide significant dividends.

"Speed will always be the hallmark promise of air freight," explains Thorson. "But as global trade continues to evolve, the focus of air will be less as a stop-gap for existing supply chains and more as a means to reimagine supply networks. As companies proactively plan for seasonality and other factors, air freight may deliver expected, as well as unforeseen, benefits."

Flexport Has Air Freight Options To Get Your SKUs To You, Fast



When speed is critical, Flexport takes you from order to uplift in no time. Track goods in transit and collaborate in context, all from the Flexport Platform. Free your supply chain from outdated turbulence.

Flexport offers a 3-tiered service model on most lanes (transit times will vary by lane):

Express

Fast solution, typically direct flights on premium carriers or our charters with reduced ground times at origin and destination

Standard

Freight moving consolidated on our allocations

Deferred

Most economical solution, typically longer routing and freight is held at origin/destination to fly on the most optimal flight/truck to save costs

9x weekly service via our dedicated freighters (see next page for details on our partnership with Atlas Air) from multiple hubs across Asia (HKG, BKK, ICN, PVG) plus smaller origins – direct service to LAX and ORD (with dedicated linehaul trucking to YYZ, JFK, ATL, DFW).

Dedicated service speeds up the ground portion of the journey by cutting the terminal stops. For example, at ORD, cargo goes straight from the plane to our CFS where it is loaded for local delivery or moved to trucks slated for direct trips to YYZ, JFK, ATL, or DFW).

The last few years have brought a paradigm shift to the freight industry. Air freight should now be a core strategic component of your supply chain. It's time to get out of the transactional mindset and improve outcomes for your customers, all at an attractive cost.

At Flexport we understand the concept of "it takes a village." It was with that in mind, and to bring premium air options to our customers, that we recently expanded our air offerings by partnering with leaders in the air cargo space: Atlas Air, Eastern Air, and JetOneX.

Atlas Air

Our partnership with Atlas Air includes 3 dedicated Boeing 747-400 air freighters on routes from multiple hubs in Asia to Los Angeles (LAX), Miami (MIA), and Chicago (ORD). Our recent expansion of this partnership was designed to enhance air freight accessibility for global shippers and enable them to design air freight networks that best serve their interests as part of strong, resilient multimodal supply chain strategies.

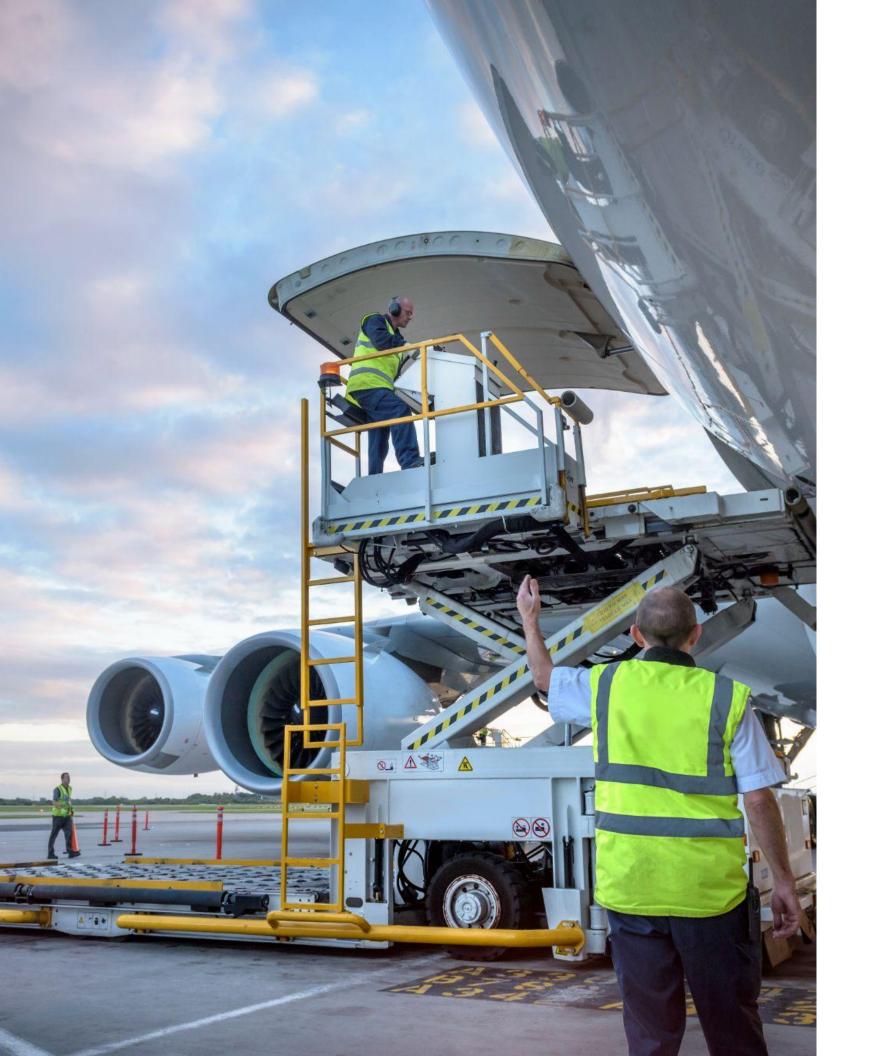
Eastern Air

Flexport and Eastern Air Cargo have teamed up to bring net-new capacity to the constricted air freight market by making use of dedicated space on Eastern's fleet of refurbished Boeing B777s. This partnership added the first ever non-stop cargo routes from Ho Chi Minh City (SGN) to Chicago's O'Hare Airport (ORD), along with new options from Hong Kong (HGK) to ORD. Customers shipping from Southeast Asia to the U.S. can use Flexport's platform to determine which SKUs would benefit the most from this service, and prioritize cargo allocation accordingly.

JetOneX

Flexport's partnership with JetOneX brings our customers premium air cargo service from Hong Kong (HKG) to Maastricht (MST) and Ho Chi Minh City (SGN) to MST, connecting Asia with Europe in 5-7 days transit time. Operating twice a week between HKG and MST, and once a week between SGN and MST—our partnership with JetOneX adds significant capacity on the Far East Westbound lane for fast and reliable air freight service between Asia and Europe to meet growing customer demand.





Stay in Stock & Propel Growth With Flexport Air Freight

Myriad factors are conspiring to make ocean freight less predictable, and approaching air freight with intent—and not as a safety net—can offer businesses strategic advantages. Knowing when and where to leverage the speed promised by air freight can insulate a supply chain from the global impacts, whether it's a simple capacity crunch, new tariffs, a global pandemic, or natural disasters that threaten to bring things to a screeching halt. However, as more companies begin to see air freight as a strategic tool, capacity may become more scarce. It's best to begin strategically planning for an air-enabled logistics network as soon as feasible for your business.

> I can't say enough positive things about Flexport's Dedicated Air Freight service and what having it in our back pocket, at times when we need a quick uplift for a competitive price, has meant for our business.

Brad Audiss Inventory Planner, Molekule

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The Flexport Air Freight Advantage

Stick to the Plan with Predictable Bookings

Seamless technology connects everyone on one centralized Platform. With stable capacity and robust planning tools, predictability is built into bookings. Now that's flying high.

Catch Issues in Time for Takeoff

When goods move at the speed of air, exceptions need to be fixed faster. The Flexport Platform flags the unexpected in real time, so your just-in-time supply chain can stay on time.

See Where Air Freight Really Lands on Value

The Flexport Platform helps compare costs across modes and determine landed costs down to the SKU. Pull analytics in just a few clicks to plan with your team or make decisions on the fly.

Call the Shots from Your Control Tower

View your entire supply chain directly in the Flexport Platform. With total digitization of all your documents, you can track everything, anywhere, all the time to keep you and your team in lock step.

Course Correct Exceptions in Real Time

The Flexport Platform is designed to limit the impact of exceptions. Get alerts with all the details as soon as an exception occurs. Course correct, alongside your Flexport team, to rebook or resolve and reduce delays further down the supply chain.

Drive Predictability with Dedicated Capacity from Asia

At Flexport, we supplement high-frequency commercial capacity with our own dedicated charters. It's just one more way to preserve on-time performance and ensure against offloads.

High Security for Goods on the Go

Important shipments get extraordinary care. Flexport offers shipment-level GPS tracking, in-person escorts, and geofencing to ensure high-value cargo is exactly where you expect. All Flexport warehouses are bonded and are TAPA and C-TPAT certified.

Streamline Orders from the Start

Start collaborating upfront. With Flexport Order Management, you can choose your SKUs, hit submit, and work with suppliers to ensure orders are accurate, approved, and runway ready.

Ready to Get Started? Talk to a supply chain solutions expert and see the Flexport Platform in action. Contact us <u>via this form</u> and someone from our team will get in touch.

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About Us

Through its Operating System for Global Trade, Flexport delivers a strategic model for global businesses that combines advanced technology and analytics, logistics infrastructure, and hands-on supply chain expertise. Delivered to customers and suppliers via a highly available and secure cloud software platform, Flexport's Operating System for Global Trade enables fast and reliable transit times, greater visibility and control, and low and predictable supply chain costs.

With its cloud software and data analytics platform, Flexport today serves almost 10,000 clients and suppliers across 109 countries. Its offerings span ocean, air, truck, and rail freight, drayage and cartage, warehousing, customs advisory, financing, and insurance.

Learn more at flexport.com

Start Shipping with Flexport

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