

# AGENTS OF CHANGE

— Twinkle  
Sahita

Cargo general sales and service agents (GSSAs) see opportunities amidst challenging air cargo market conditions. Accordingly, it's an opportunity for them to invest in technology, broaden their range of offerings and to build strengths for the benefit of their airline partners.

**T**here is a big difference between passengers and cargo. The passenger can go by himself/herself to the terminal and board a plane. It's not the case for cargo now. Cargo still needs assistance. Assistance from logisticians. Ergo, in order to manage the logistics of air cargo, the cargo general sales and services agents (GSSA) play a crucial role. They provide local market knowledge and market contacts to the airlines. They bring down the airlines costs for cargo activities.

As GSSA sector continues to consolidate, companies are facing increased service demands from their airline partners. Challenging economic times continue to place cost pressures on both. Thus, GSSAs specialising in air freight have responded to these challenges differently. They are meeting this challenge through acquisitions to broaden service areas and invest-

ing heavily in the much needed technology upgradation. In this era of investment flowing into technology, there could be new technology emerging and GSSAs need to be part of that change when it comes. The GSSA of yesterday has had to broaden its service and network spectrum to stay relevant in today's environment. Successful GSSAs know that sales will not be effective or sustainable without service. They need to up sell and grow market share in an environment with overcapacity. This is only possible with service.

Their business is evolving rapidly. Therefore, for an airline to operate in the wider global network, GSSA's are the key to the market.

For instance, Air Logistics Group represents a wide range of carriers across its worldwide network. They currently have a comprehensive global network of 81 fully owned offices spanning 48 countries.

Commenting on the integral role of GSSAs to the success of airlines, Vikram Singh, managing director Asia Pacific, Air Logistics Group, says, "When a GSSA works closely with an airline in several markets, it embraces the medium and long term objectives of its airline partner and is able to position the product effectively creating value for the airline. This takes vision and staying power on both sides. It boils down to people."

Another worldwide organisation, ECS Group, brings together a large number of individual GSSA subsidiaries within the strength of the combined concern, has continued to expand despite these challenging times and has embraced Total Cargo Management (TCM). ECS brings together well known GSSAs such as Aero Cargo, Gen-Air, Universal, Globe Air Cargo and has no less than 58 subsidiaries with 103 offices across 39 countries. It is





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Ingo Zimmer, ATC Aviation



## OTHER MAJOR PLAYERS

- Aero Sail Services
- Aero-Link Consulting
- Air Shagoon
- Airline Services International
- Allied Aviation
- AVIAREPS Group
- Aviation Solutions
- Global Aviation Services
- Group Concorde
- HAE Group
- MGH Group
- Network Airline Services
- Sharaf Cargo
- Sovika Aviation Services

sales, some want more service and some want total service.”

The partnership between GSSA and its airline customer should be based on such an agenda that achieves satisfactory outcome for both. It must prove to be rewarding for both. Not just the airline, the GSSAs also consider many factors before collaborating with an airline.

Considering the importance of mutual beneficial collaboration, Sandeep Datta, CEO, Atlantic Aviation, believes, “It is important that airline is also willing to cooperate with us to mutually think out of the box and be actively engaged to make it happen. This is definitely an important factor before collaborating with a new principal, their willingness to cooperate.” With a sizeable presence in the Indian domestic market, Atlantic Aviation aims to provide seamless service to airlines as their cargo and passenger GSSA.

The relationship between an airline and

witnessing a strong growth in India with the recent addition of managing cargo operations of AirAsia. It recently signed a three year contract to represent Meridiana, an Italian carrier. ECS said the cargo management contract would focus on prime routes to and from Mexico, the US and the Dominican Republic and expects to generate 4,000 tonnes of traffic per annum for the carrier.

Bertrand Schmolli, chairman and CEO, ECS Group, informs, “What I see recently is that more and more airlines are interested in the total cargo management. Total Cargo Management is to manage for them not only the sales but also all the agreement that they can have and even the claim. So it’s global service that we are providing more and more to the airline. So it depends, some airlines just want the

“Air cargo is still a people business. A GSSA’s ability to attract and retain high quality, qualified people is a key contributor to creating value.”

Vikram Singh, Air Logistics Group



GSSA is strengthening day by day. Thereby, airlines are integrating GSSAs in their sales and cargo strategy. Though, expectations from GSSAs vary from airline to airline. For some, the revenue standalone counts whereas others consider combination of service and revenue equally important.

Singh, adds, “The main objective is to achieve their revenue goals. The common factor for achieving this objective is having professional teams who have the ability to maximise the potential for their products. Special cargo is becoming a major

revenue contributor and therefore experience and knowledge of these products is appreciated by airlines.”

“I think they expect that we are at their service. We are there to serve them. We are there to respond to their request on any subject. Not only in the sales, but also service, tracking agreement, claim, handling management, all what is around the cargo business. And also, they expect from us some new ideas in the form of new routes to increase their sales performance,” argues Schmall.

For them to achieve the required goals of the airlines, best professionals in each country and well connected to the market is key. They think that if they have this connection, then they can provide a good service to the airline.

“In ATC the success comes from the team. We try to get the best specialists in our teams. The management is hand-picked,” states Ingo Zimmer, chief executive officer of ATC Aviation Services.

According to Singh, representing a few airline partners in key markets provides

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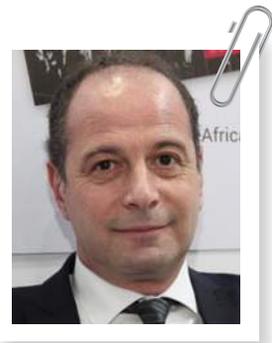
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PAYLOAD ASIA AWARDS 2015

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- ATLANTA
- AUCKLAND
- BANGKOK
- BARCELONA
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- BERLIN
- BRATISLAVA
- BRUNEI
- BRUSSELS
- BUDAPEST
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- DUBAI
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- MUNICH
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- OSAKA
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- PHNOM PENH
- PORTO
- PRAGUE
- ROME
- SAN FRANCISCO
- SEATTLE
- SEOUL
- SHANGHAI
- SINGAPORE
- SOFIA
- STOCKHOLM
- SURABAYA
- SYDNEY
- TAIPEI
- TALLINN
- TBILISI
- TEL AVIV
- TIANJIN
- TIRANA
- TOKYO
- VALENCIA
- WARSAW
- WASHINGTON
- YANGON
- ZURICH

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Bertrand Schmoll, ECS Group



a sound platform to scale up the quality of the operation through good people, information technology and customer service. "Air cargo is still a people business. A GSSA's ability to attract and retain high quality, qualified people is a key contributor to creating value."

In creating value for the airline, they do face some challenges. During tough economic times, airlines put pressure on GSSAs. Subsequently, as a result GSSAs have to take more risks and commitments.

Most GSSAs also do not benefit from lower fuel surcharges.

Changes in the air cargo industry mainly slow air freight growth are impacting the business of GSSAs, as on other links in the air freight supply chain. What really benefitted the GSSAs despite the current declining scenario is the expansion of routes network by airlines.

"Based on current trends, it seems that conditions will remain challenging which presents a lot of opportunities for us,"

hopes Singh of Air Logistics Group.

Against the backdrop of difficult carrier market, Zimmer of ATC Aviation Services finds the demand for cargo GSSAs is still strong. ATC Aviation Services gained a few new Cargo GSSA contracts. In France, its new customers are Air Tahiti, SAS and TAP. For India the Air Asia X contract has been awarded to them in February.

He continues, "We never have been busy with airline tenders as we are now. On the matured markets we are already in top positions. In Germany we are the number one Cargo GSSA with monthly 7,000 tonnes and with these cumulated tonnages among the top five air cargo capacity providers in the top league with Cargolux, Air France and others. In Switzerland and Spain with yearly tonnages each of them between 20,000 - 35,000 tonnes we are also among the top three national capacity providers. In the US with 10 offices and \$100million turnover we took the lead as well. So a strong focus is now to expand and grow in to Latin America, Asia and Africa."

Changes discussed at IATA WCS such as more and more of collaborations and introducing emerging technology to the sector will prove pivotal to air cargo sector's future success. The yield available on cargo will certainly have an impact on a GSSA's bottom line. If the sector maintains its pace, the GSSAs who are already optimistic about the current financial year can serve growing market requirements.

GSSAs are no more 'the missing link' in the air cargo supply chain. There is a need to assess the approaches that they have taken as they are central to the changing dynamics of the air cargo industry. So, being optimistic and focusing more on acquisitions and enhancing its existing services is the way forward. ■