



*AIT Worldwide Logistics is slowly recovering from the cyclical blow it was dealt during the downturn.*

## Barreling down the road to recovery

**A**s the economy rebounds and consumers loosen the vice grip on their pocket books, express trucking carriers are taking advantage of new market opportunities and expanding certain segments of their operations to better meet shippers' needs.

Brad Stoots, an audit partner with accounting firm Grant Thornton, said pricing is improving and carriers are investing in new equipment. "Anytime you see people buying equipment, it is a good sign that they think the industry is turning," he says. Stoots' clients include Dupre Logistics, USA Truck and PAM Transport.

While the rate of airfreight growth, which had been going strong

after a post-downturn rebound, slowed somewhat in late 2010, it is still progressing. This growth, it seems, has been more than a simple bump in activity due to the restocking of inventories.

"We seem to be slowly emerging from the recession and certainly moving in the right direction," says Aidan Oliver, director of corporate operations for AIT Worldwide Logistics in Itasca, Ill.

Carriers told *Air Cargo World* consumer spending is driving their growth. In the third quarter of 2010, the gross domestic product increased at an annual rate of 2.6 percent. The Bureau of Economic Analysts noted the role of personal computers and motor vehicle output in the increase.

Carriers also point to the automobiles and personal electronics as industries that are driving growth for the express trucking industry.

Technology products and electronics, such as flat panel televisions, continue to be popular with consumers, with new products coming to market all the time. "These are the products that tend to be very volatile in consumers' buying habits, so shippers turn to expedited carriers to meet the spikes in demand," says Max Pietsch, regional vice president for Green Bay, Wis.-based Schneider National.

To capitalize on the current market opportunities, AIT Worldwide Logistics has made home deliveries a strategic initiative during the last





18 months, and the efforts are paying off. Oliver says the carrier's year-over-year home delivery shipment counts increased to 219,047 in 2010 from 48,526 in 2009 — a 351 percent spike.

"We've invested a lot of operational, IT and financial resources to better serve the home delivery market, which has resulted in a majority of our domestic growth," Oliver says, noting that the deliveries are primarily for electronics.

AIT has added technology, so that customers awaiting deliveries can go online to schedule appointments and receive automated e-mail responses and real-time status updates about their deliveries.

Manko Delivery Systems in Tampa, Fla., is also getting a boost from increased demand for home delivery services, called threshold deliveries. "Three years ago we did absolutely no threshold deliveries because of the exposure that is associated with them. Now that is a space where we want to try to seek out additional business," says John Benko, Manko's president and a member of the board of directors of the Messenger Courier Association of America.

Oliver says the home delivery front gives smaller carriers an advantage over their competition. "UPS and FedEx will drop the product at your door — that is how their network works. We offer convenience and flexibility to our customers by giving them the opportunity to dic-

tate and decide which day and time works best for their home delivery appointment."

For years, carriers have tried to differentiate themselves by adding value for their customers. "[Shippers] want carriers that can solve their transportation problems along with providing information to them," Pietsch says.

To that end, Stoots says many carriers are beginning to tackle logistics for shippers. "More and more common carriers are dipping their toes into intermodal as a way to provide additional services to their customers."

Southeastern Freight Lines, a privately-owned regional less-than-truckload carrier in Lexington, S.C., recently launched Southeastern Logistics Solutions to provide expedited service and multi-modal transportation services through strategic capacity partnerships. Mike Moss, president of Southeastern Logistics Solutions, says, "Shippers have told me for years that they're looking to partner with companies that are positioned to say yes."

There was a time when shippers weren't comfortable with carriers that didn't own the truck and employ the driver, but that attitude has changed, Moss says. While Southeastern Freight Lines will still own the transaction, the carrier will now rely on partners to help move the freight. "The market has shifted to where the customers are interested

in quality at a low rate," he says.

During the economic downturn, shippers became more cost conscious, which continued the shift of cargo from air to ground that initially started after 9/11. "Once shippers find a way to manage their supply chain with longer transit times, they are less likely to revert and put their product back in the air," Oliver says.

Manko's on-demand component, which was made up mostly of smaller package deliveries, has been "decimated," Benko says. "I don't know that it is ever going to recover to what we had enjoyed three years ago and before." Manko also has seen a 30 to 35 percent constriction in the amount of airfreight the carrier hauls. "We've gone from eight trucks a day down to three," Benko says. The company's biggest customer, UPS Supply Chain Solutions, closed its Tampa facility earlier this year and moved into Manko's warehouse.

Oliver says domestically, a large percentage of airfreight is usually the result of a mistake. "There is a line down at a manufacturing plant or an automotive customer needs a just-in-time part, for example, versus having it as a planned part of their supply chain."

Schneider National has seen an uptick in demand for expedited services, particularly for seasonal freight, emergency orders and short-term projects. "Stores keep inventory so tight today that any blip in



demand presents an opportunity for expedited, as we can help get the product to store shelves quickly," Pietsch says.

Given the high value of goods carriers haul, security remains a concern. Those concerns coupled with new Transportation Safety Administration regulations requiring 100 percent passenger airline cargo screening that took effect last August have caused carriers to invest in employee training and technology such as improved alarms and cameras.

"There has been a stronger focus placed on the truck portion of the air cargo supply chain than in the past and how vitally important this piece is to the overall safety of air cargo," says Derek Leathers, COO of Werner Enterprises and president of Werner Global Logistics. Werner has nearly 3,000 TSA-certified associates, which includes both driv-

ers and office personnel. Leathers expects to see the demand for TSA-qualified ground providers to continue in 2011.

AIT Worldwide Logistics has invested its time and resources to make its locations large markets certified cargo screening facilities. Oliver says the benefits include "avoiding longer lockout times, delays and airline screening fees, and full control over our cargo until it is tendered to the airline."

That shift could become greater if the Department of Transportation's Pipeline and Hazardous Materials Safety Administration cracks down on the air shipment of lithium batteries inside of products. PHMSA already restricts the shipment of



Aidan Oliver of  
AIT Worldwide

loose lithium batteries, but a proposed rule could further limit shipment of the products.

Security will likely remain a focus of the 112th Congress. Committees in both the House and Senate are reviewing measures calling for 100 percent screening of all

freight on cargo airlines.

Despite regulatory requirements, carriers say they are cautiously optimistic about the future. "I think from a small business standpoint, people are exhaling and hoping that at least for two years there is room to grow," Benko says. "We feel like we have some momentum behind us." *ACW*

# STERLING TRANSPORTATION, INC.

CONNECTS THE COASTS®

Every Day  
**LAX**<sup>2</sup> **MIA**  
In 3 Days

- Expedited LTL Service
- Airport to Airport
- Door to Door
- US Customs Bonded
- Trans-Loading
- Truck Load services
- CFS Station at LAX
- Local Pick Up & Delivery

Direct with  
**No Cargo Re-Handling**

[www.SterlingTransportation.com](http://www.SterlingTransportation.com)

Los Angeles      Miami  
(310) 338-9333    (305) 591-1276