

# The Journal of Commerce

BY WILLIAM ARMBRUSTER

**W**hen Kuehne & Nagel executive Rainer Wunn convenes a meeting of U.S. and Asia airfreight sales staff next month, trans-Pacific trade will be high on the agenda. The Swiss company is one of the world's top forwarders in sales but has less than 1 percent of the Asia-U.S. market.

Kuehne & Nagel is moving to plug that gap. The company has hired veteran airfreight executive Michael Tomasulo as corporate director of trans-Pacific pricing and operations,

## Kuehne & Nagel looks to the Pacific



Kuehne & Nagel

**Kuehne & Nagel hopes its ability to offer westbound trans-Pacific freight will encourage carriers to provide eastbound space during peak periods.**

with authority over eastbound and westbound business. Tomasulo said the ability to offer westbound freight will make it easier to obtain guaranteed eastbound space from Asia, particularly during the fall peak season.

Besides Tomasulo, Kuehne & Nagel has assigned 10 other newly hired U.S. employees to work exclusively on trans-Pacific operations and sales, said Wunn, the forwarder's senior vice president for airfreight in the U.S. To encourage sales executives to focus on both eastbound and westbound results, K&N has created a single profit-and-loss line for the trans-Pacific business.

Two years ago, Kuehne & Nagel acquired USCO Logistics, a U.S.-based provider of warehousing and distribution services. K&N also has a cross-ownership relationship with Singapore-based SembCorp Logistic. But bundling transportation with services such as warehousing and distribution can be a difficult sell. "The majority of our customers keep international transportation and U.S. distribution as separate decision-making centers," Wunn said. But he added, "It's always in

our interest to be much more deeply involved in the supply chain."

## Forwarder is trying to bolster its trans-Pacific airfreight business

The forwarder recognized its weakness in the trans-Pacific market years ago and tried to penetrate it back in the mid-1990s, but never gave it the attention and support that it needed, Wunn acknowledged. By eliminating internal hurdles and creating a clear chain of command, Kuehne & Nagel hopes to attract more business.

This time, K&N "will be selling very aggressively," promised Tomasulo, who spent the last two years at EGL after leaving Danzas AEI, where he was vice president for airfreight in the Americas. He insisted, however, that Kuehne & Nagel does not plan to operate at a loss in order to bolster its trans-Pacific market share.

Kuehne & Nagel's sales approach will be a combination of added-value and a good rate, Tomasulo said. "Our mix of cargo will allow us to do that."

To bolster its leverage with the carriers on rates, Kuehne & Nagel plans to give most of its business to five major airlines. Wunn wouldn't identify them until contracts are signed. Kuehne & Nagel will use other carriers when that's necessary to meet customer requirements.

Kuehne & Nagel will face tough competition in seeking to expand its trans-Pacific business. Most of Japan's trade is handled by big Japanese forwarders such as Nippon Express, Kintetsu and Yusen Air & Sea Service.

Much of the traffic from China, Hong Kong, South Korea, Singapore and other Asian markets is controlled by local forwarders based in those regions.

Expeditors International is the largest U.S. forwarder in the trans-Pacific trade, but numerous other companies, such as Target Logistics, are building up their presence. Danzas AEI also is a formidable competitor. ♦



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Reprinted from The Journal of Commerce, February 17-23, 2003 • www.joc.com

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