

FedEx reorganises air network

-A Monitor Report

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Memphis : FedEx will reorganise its air network to better suit the demands of various shipment types as part of efforts to cut costs. The company revealed that it would divide its air network into three sections; purple orange and white.

The purple network will deliver high-priority, high-margin volumes through FedEx-owned aircraft operating under a hub and spoke model. Orange will build off-cycle FedEx flights into the network to build density, decongest hubs and connect with its global surface networks. Finally, white will use partner airline networks to add capacity when needed.

The move will allow the company to prioritise shipments such as e-commerce to meet demands for faster transits while shipments such as general freight can be shipped at less busy times and outside of the hub and spoke system.

Capacity can also be allocated to better meet the demand levels of the various segments.

FedEx president and chief executive Raj Subramaniam said that until now the air network has operated in hub and spoke system to support speed and global connectivity. However, a rise in less urgent deferred shipments led the company to re-examine its network.

The move is part of the company's DRIVE cost-cutting programme that aims to generate cost savings of USD 4bn.