

# Network Changes Stemming from the E-Commerce Revolution

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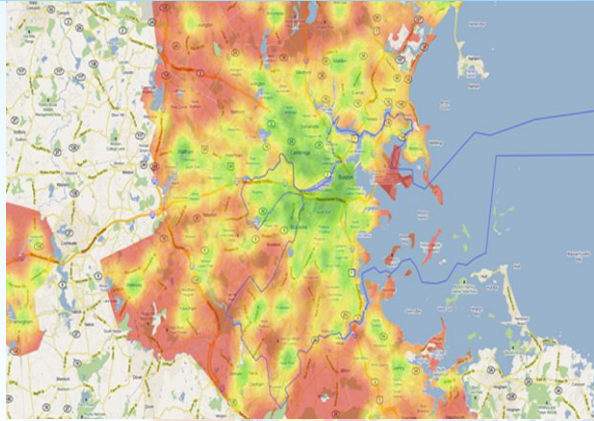
9<sup>th</sup> October 2018 | HPCLC, Chicago



**The Health and Personal Care**  
Logistics Conference, Inc.

# Enabling Customer-centric Innovation @ DHL

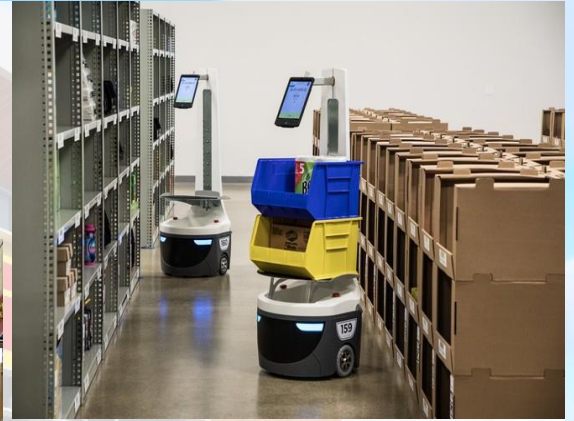
DHL Americas Innovation Center  
Chicago | Q2/3 2019



**DHL Resilience360 - Advanced Supply Chain Risk Analytics Platform**



**DHL StreetScooter - Electric Delivery Vehicles for the Last-mile**



**Latest Robotics Solutions Being Tested and Implemented in the Industry**



# Digitalization presents the greatest challenge & opportunity since globalization



**18**

...years taken to become world's largest and most valuable retailer with operations in over 200 countries

**8.6**

...billion USD in sales within the first hour of Singles Day

2017 天猫双十一全球狂欢节  
24:00:00  
2017.11.11  
Global Shopping Festival GMV is ¥ 168.2 Bn

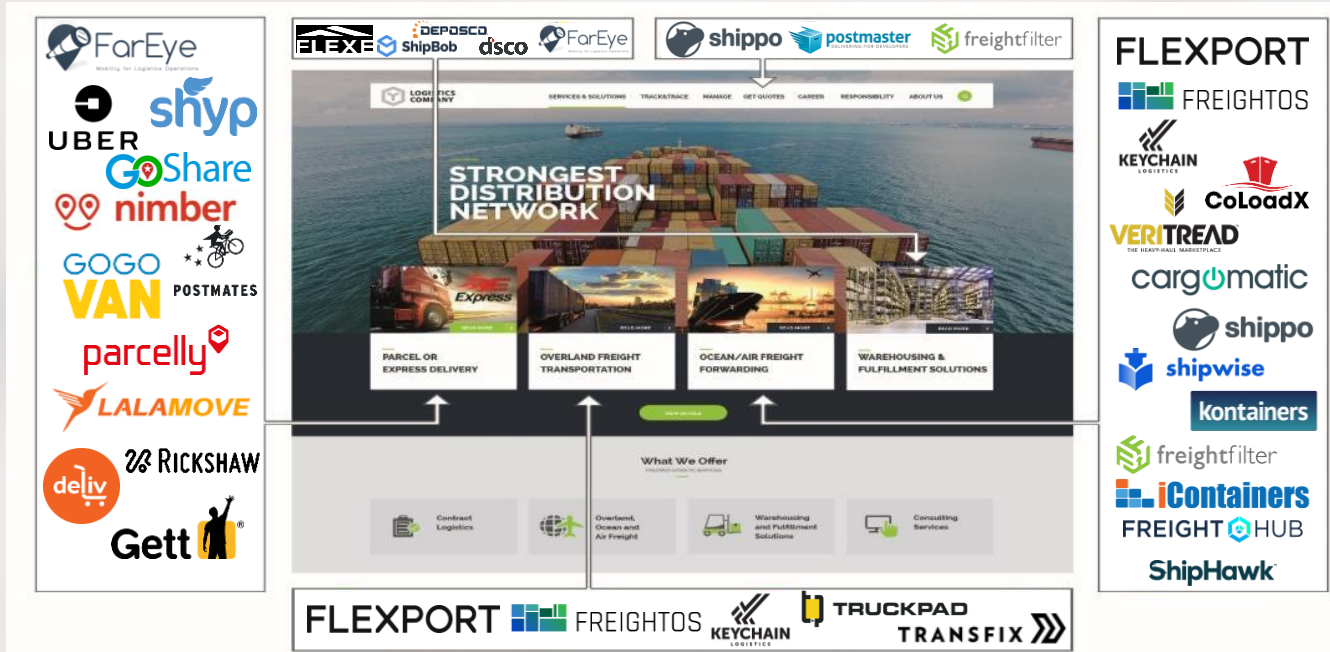


**12**

...minutes to deliver the first out of 812 million orders on Singles Day

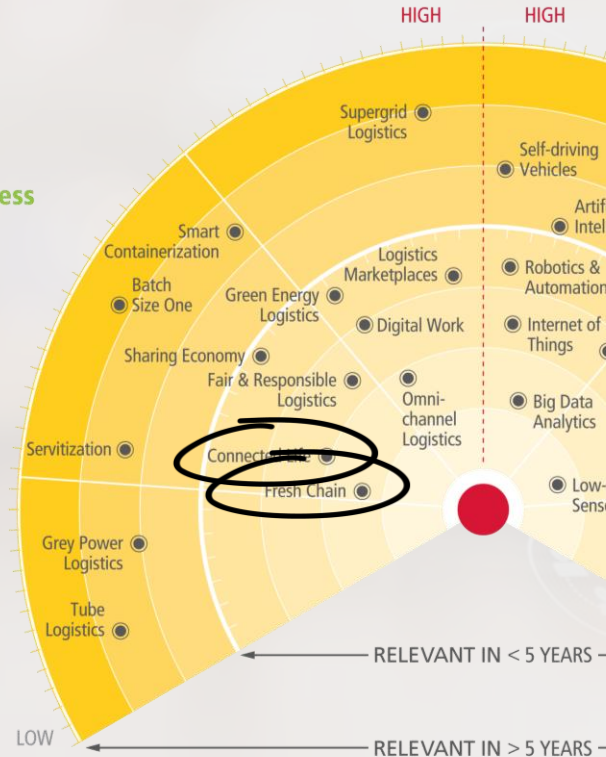
Alibaba.com™  
Singles Day 2017

# The opportunities in supply chain have already been recognized by the market



# DHL Logistics Trend Radar 2019

## Social & Business Trends



2018/19

## FRESH CHAIN



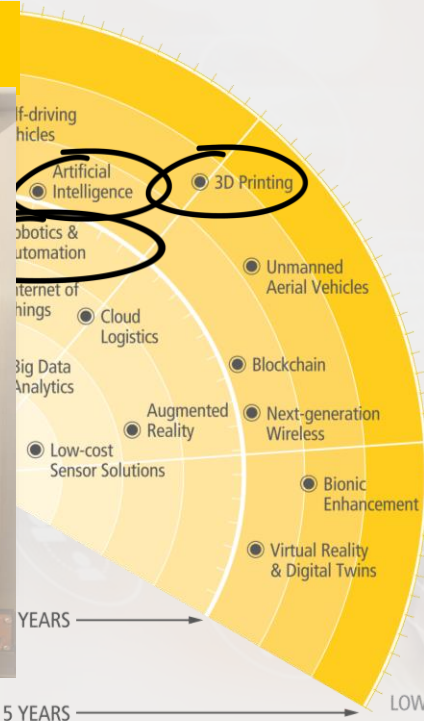
### KEY OPPORTUNITIES

- New business opportunities for **temperature-controlled** last-mile delivery
- **Increases collaboration** across the entire supply chain to achieve end-to-end cold chain networks
- Higher **product security** through packaging innovation and real-time monitoring

# DHL Logistics Trend Radar 2018

HIGH HIGH

## 3D PRINTING



### Technology Trends

↑ HIGH: Creates new (potentially disruptive) ways of doing business  
↓ LOW: Provides incremental improvement opportunities

2018/19

LOW

RELEVANT IN > 5 YEARS

LOW

# DHL Logistics Trend Radar 2018



# The modern customer is very demanding...

10 years ago...



Today...



# ...and supply chains need to delivery on the new customer experience: anytime, anywhere

**Choice**

**Speed**

**Flexibility**

**Convenience**



# Why is omni-channel logistics relevant?

## Top 5 Customer Expectations



Source: DHL-IDC Manufacturing Insights Survey, June 2015

# Fulfilling Profitability – Still a Challenge

Optimum facility count for required service levels in USA  
(to cover 90% of population)

Current trend: next day and same day delivery



Target service level

2-3 days

Next day

Same day

Radius covered by 1 facility

~650 miles

~150 miles

~90 miles

# of facilities needed

~5

40-50

80-100

Source: DHL Consulting



# Fulfilling Profitability – Still a Challenge

19%

of retailers say  
they can fulfill  
omni-channel  
demand profitably  
today



## High delivery and return cost

- Next-day/ same-day expectations
- Fragmented delivery modes



## Increased fulfillment complexity

- Piling up inventory
- Increase in SKUs
- Inventory required closer to demand



## High IT investment

- Full and accurate visibility across channels at all inventory locations (store, warehouses, etc.)
- Integration need to enable services like as T&T

Source: DHL Consulting, PWC, E&Y, Supply Chain Digest

# Executives Believe Supply Chain is Key to Improving Supply Chain Profitability

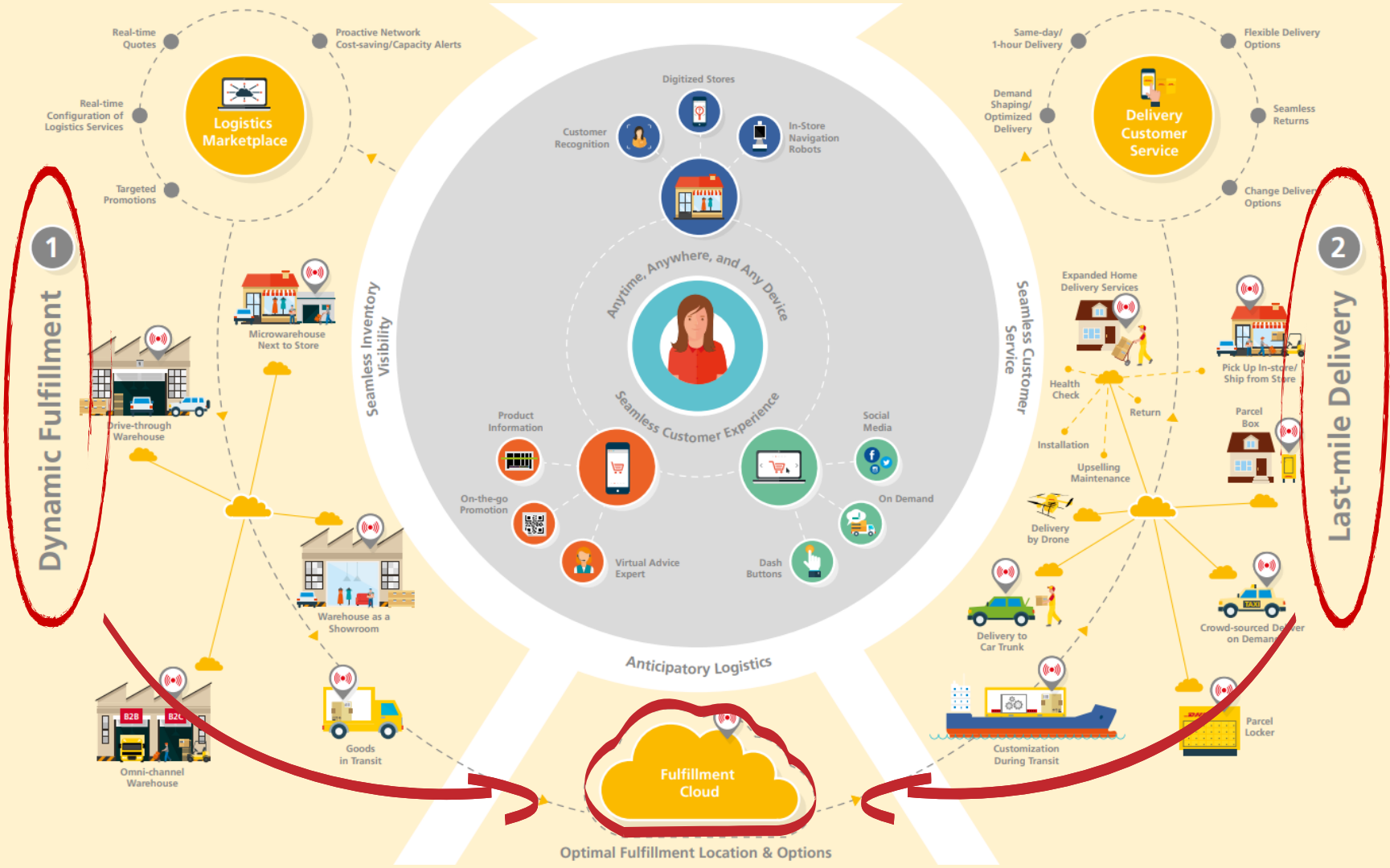
86%

Believe their current supply chains are **not fit for purpose** to deliver a successful omni-channel offering

81%

Believe supply chain **transformation rather than incremental** change is required to succeed in omni-channel

Source: E&Y Retail Executives Survey (2015)



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