

# CROSS BORDER ECOMMERCE

An operator's perspective




Königswinter | 10 February 2015

# Deutsche Post DHL - Strategy 2020

## eCommerce is a core element of Strategy 2020

### Focus.




We focus on what has made us successful ...

- 1 Logistics as our core 
- 2 Committed to the needs of our stakeholders & our planet 
- 3 A family of divisions 

... to further expand margins.

### Connect.




We connect across the organization ...

- 1 One global team 
- 2 Certified specialists for everything we do 
- 3 Connected approach in operations, commercial, green solutions and shared services 

... to achieve quality leadership & service excellence.

### Grow.

We expand in new segments ...

- 1 Leader in eCommerce related logistics 
- 2 Accelerate footprint shift towards emerging markets 
- 3 Tap new market opportunities for organic expansion 

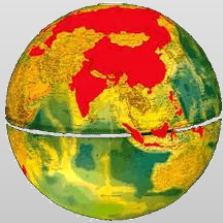
... to achieve sustainable above-market growth.



# Structural market trends

Market trends offer additional growth potential – 4 trends seem actionable for us

1



**Macroeconomic:  
Continued growth but shift in  
pattern**

- Growth in long-haul trade slowing down
- Continued importance of emerging markets

2



**Acceleration of eCommerce  
and increasing demand for  
last-mile solutions**

- More “fine distribution” and direct shipping, e.g., parcel
- Multi-channel delivery

3



**Accelerating impact  
of technology and automation**

- Automation drives efficiencies
- Importance of data leads to new business models

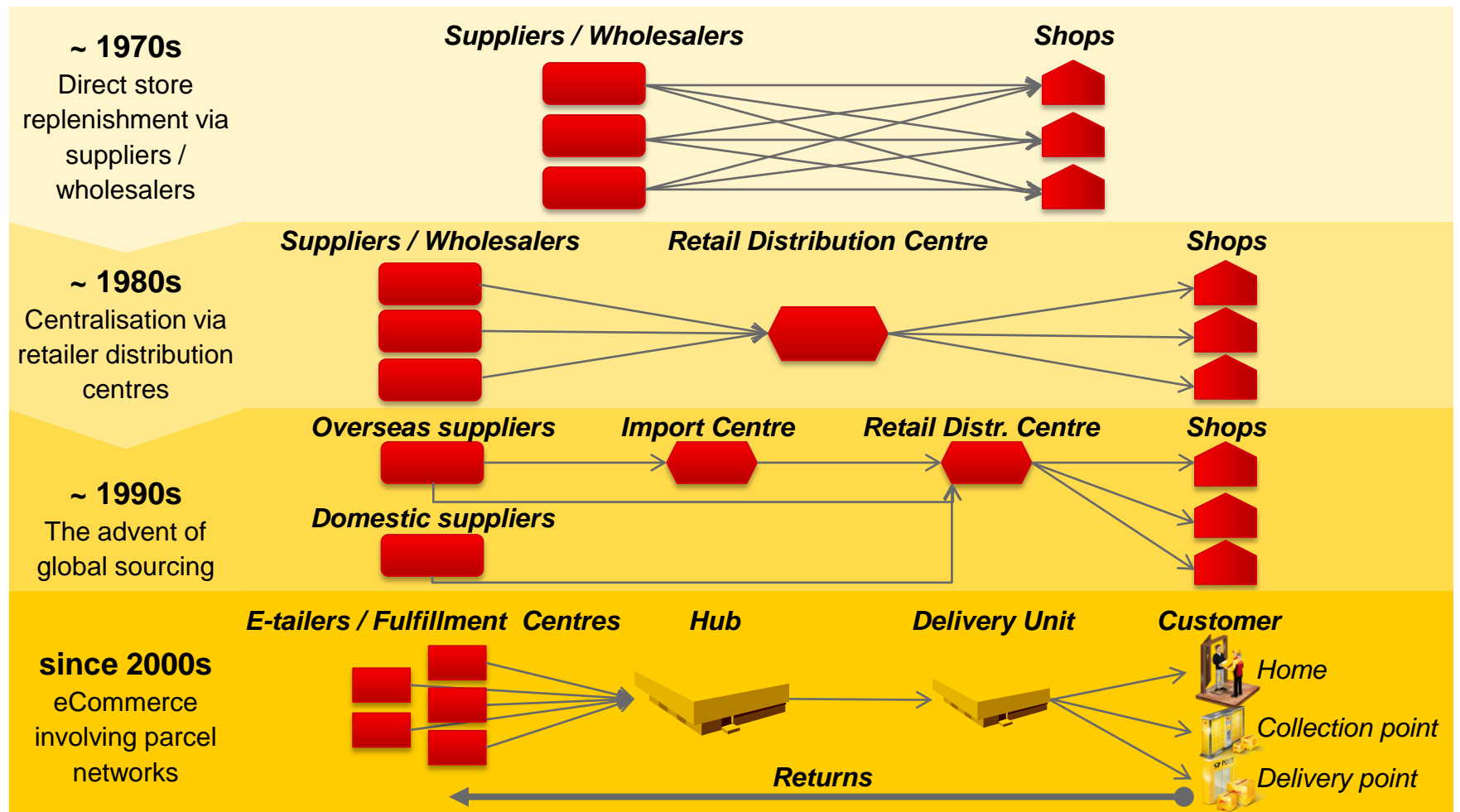
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**Increasing demands for  
responsible business**

- Growing need for green solutions
- Social awareness

# Evolution of (r)etail logistics

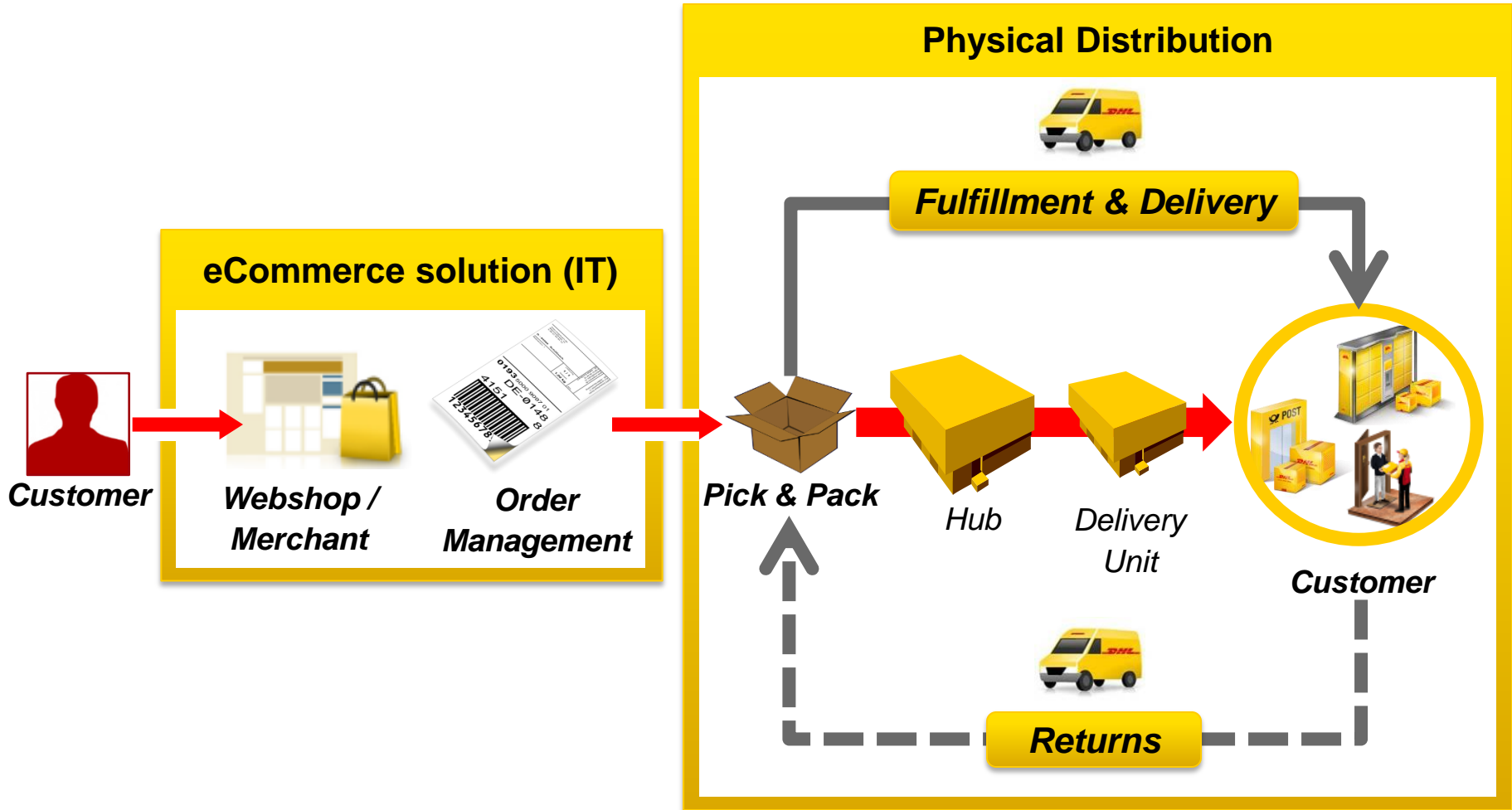


Source: Adapted from Jones Lang Lassalle (2013) "E-commerce boom triggers transformation in retail logistics"

# The distance selling customer journey: key questions

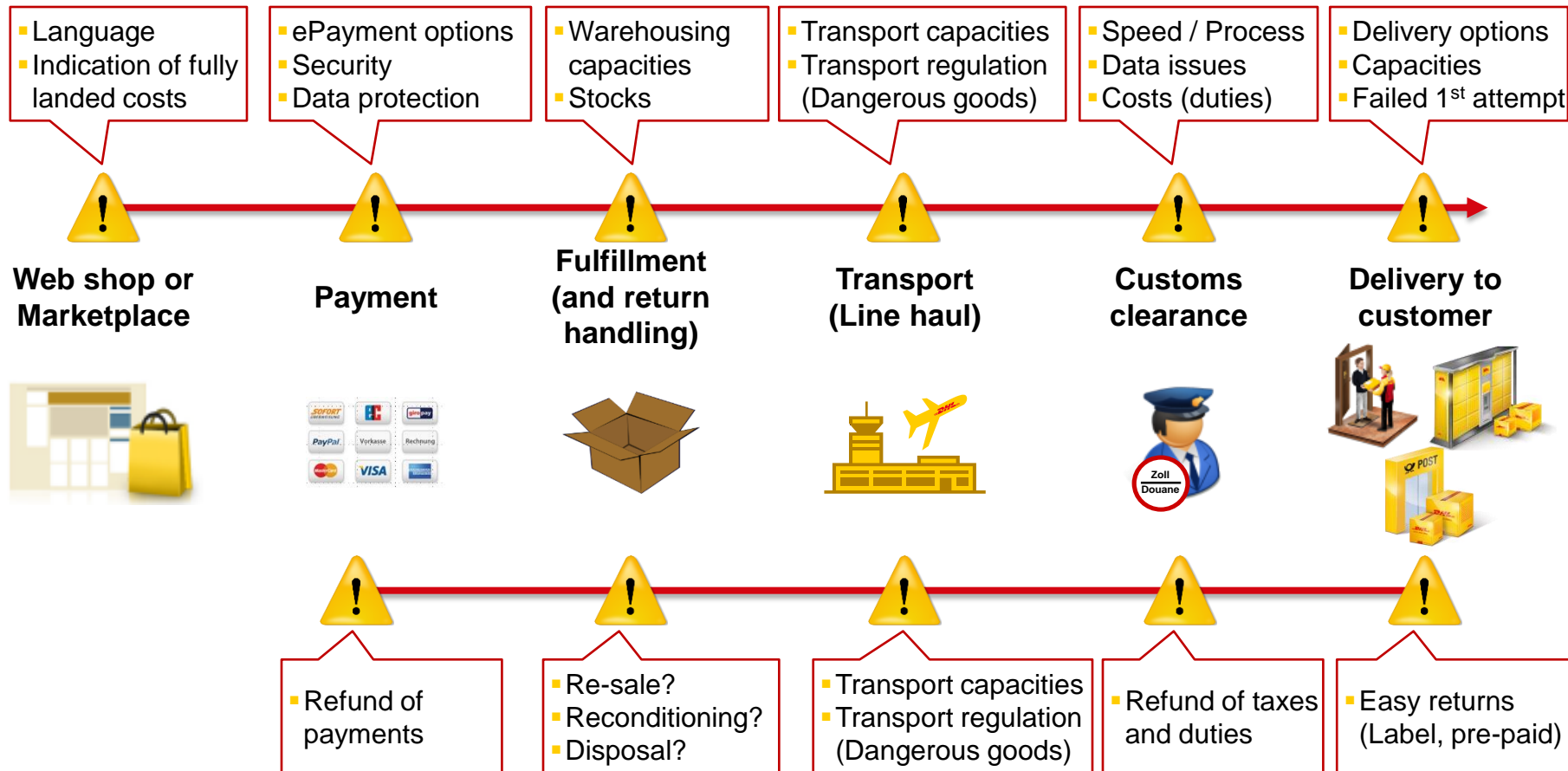


# Physical distribution as a core element of eCommerce



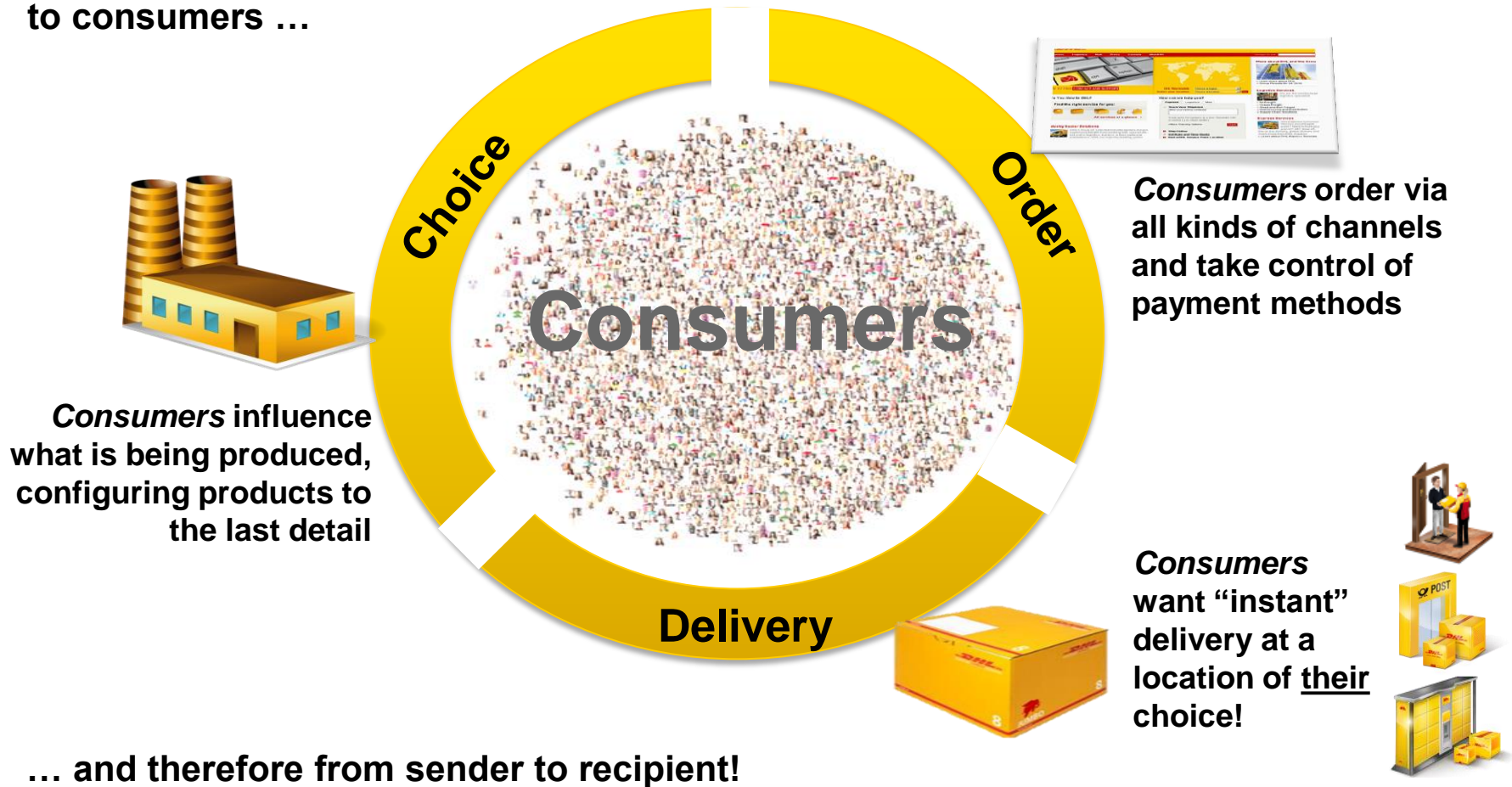
# Cross-border eCommerce: Bottlenecks and hurdles

## A seamless (cross-border) eCommerce process depends on numerous elements



# The eCommerce challenge: Consumers' decision power

In the world of eCommerce, decision power is switching from manufacturers to consumers ...





# Outlook I: eCommerce in emerging markets

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## ▣ Opportunities

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*Demographics:* India and China to provide >50% increase in global workforce with college education by 2030



*Continuing urbanization:* in China expected to reach 70% by 2030



*Growing consumer base:* global middle class set to grow 2.6 fold by 2030 with 90% coming from Asia Pacific



*Internet penetration:* continuous increase expected



*Smartphone utilization:* booming

## ▣ Challenges

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*Payment:* Although credit card usage on the rise, use of Cash-On-Delivery still disproportionately common



*Trust-building*



*Delivery:* In Russia and China courier has to wait until the recipient has checked whether fashion products ordered are the right size



*Infrastructure:* Although China and India are vast countries, acceptable time from online order to delivery 5-6 days only

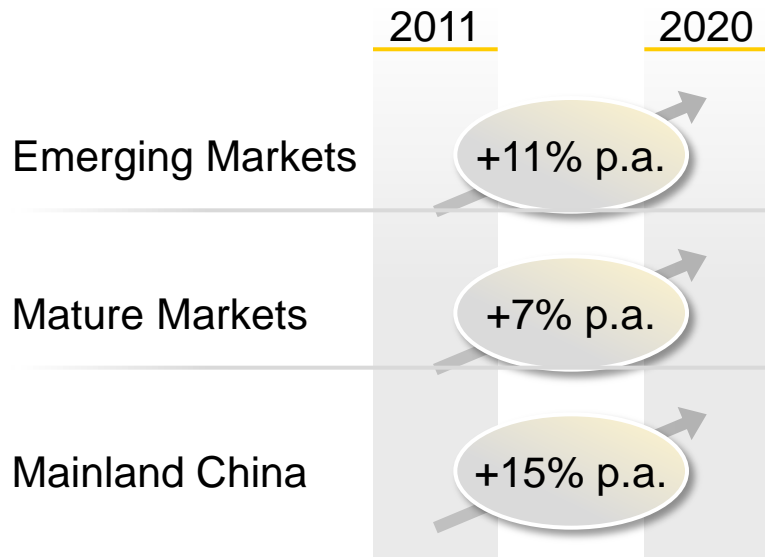


*Addressing:* Lack of comparable addressing systems

# Outlook II: Market dynamics

## Opportunity

### Parcel domestic market revenue



Global CAGR 2011–2020: **+8%**

## Challenge

amazon.com<sup>®</sup>

Alibaba Group  
阿里巴巴集团

Venture into  
logistics to  
**support**  
eCommerce

Venture into  
eCommerce to  
**support**  
logistics

ups  
Singapore  
POST

New competitors entering the market

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**Thank you.**