

THE WEBINAR WILL BEGIN SHORTLY...



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WEBINARS

MOVING FORWARD IN RETAIL & FASHION

MANAGING CAPACITY & VISIBILITY DURING PEAK

16 OCTOBER 2020

#DHLRETAILYOURWAY





Benjamin Schwalm

Customer Engagement Manager
DHL Innovation Center



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**MOVING FORWARD IN
RETAIL & FASHION**

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SPEAKERS TODAY



Mirella Muller-Wuellenweber

President eRetail & Fashion
DHL Customer Solutions & Innovation



Tilmann Kempen

Head of Airfreight Gateways & Procurement
DHL Global Forwarding



Markus Panhauser

Head of Ocean Freight Europe
DHL Global Forwarding



Shehrina Kamal

Product Director, Risk Monitoring
Resilience360

AGENDA

INTRO

Peak season's impact on Supply Chains for Retailers

A

Global Airfreight – Market Development & Outlook

B

Global Ocean Freight – Market Development & Outlook

POLL

Capacity Constraints 2020

C

Predict, manage and mitigate risk with near real-time visibility

Peak Season 2020

48% of consumer
chose a new brand
because of availability

<300% growth in
eCommerce orders
2020 vs. 2019

75% of US population
are expected to shop
online in 2020

Where?

Local/Regional
demand shift due
to local lockdowns

How?

Ensure stock
availability for e-
commerce channels

What?

Focus on the right
product categories
to match demand

When?

Stretch promotions
activities to a
longer period



Mirella Muller-Wuollenweber
President eRetail & Fashion
DHL Customer Solutions &
Innovation

Peak Season 2020



Mirella Muller-Wuellenweber
President eRetail & Fashion
DHL Customer Solutions & Innovation

State of Airfreight



Tilmann Kempen
Head of Airfreight Gateways &
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DHL Global Forwarding



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Summary

Demand

- Global airfreight demand decreased by -14% YoY in July 2020
- In absolute terms the decrease in demand is mainly driven by Energy followed by Automotive
- Testing kits, swabs, screening material continue to move via airfreight
- Peak Season approaches and COVID-19 vaccines once launched will show an increase in cargo flows

Capacity

- PAX capacity is slowly recovering but still remains very low at -52% YoY.
- Aircraft still remain grounded.
- Total scheduled capacity decreased by -40% YoY in August.

Carriers

- Several carriers have declared bankruptcy (return of pre-COVID FC 2024)
- Carriers deploying passenger aircraft on cargo-only

Rates & Jet fuel

- Compared against 2019 baseline, freight rates are still +53% higher in July 2020
- The trend continues upwards from 19USD Apr. to 47 USD/barrel Aug. 2020.

Market Developments

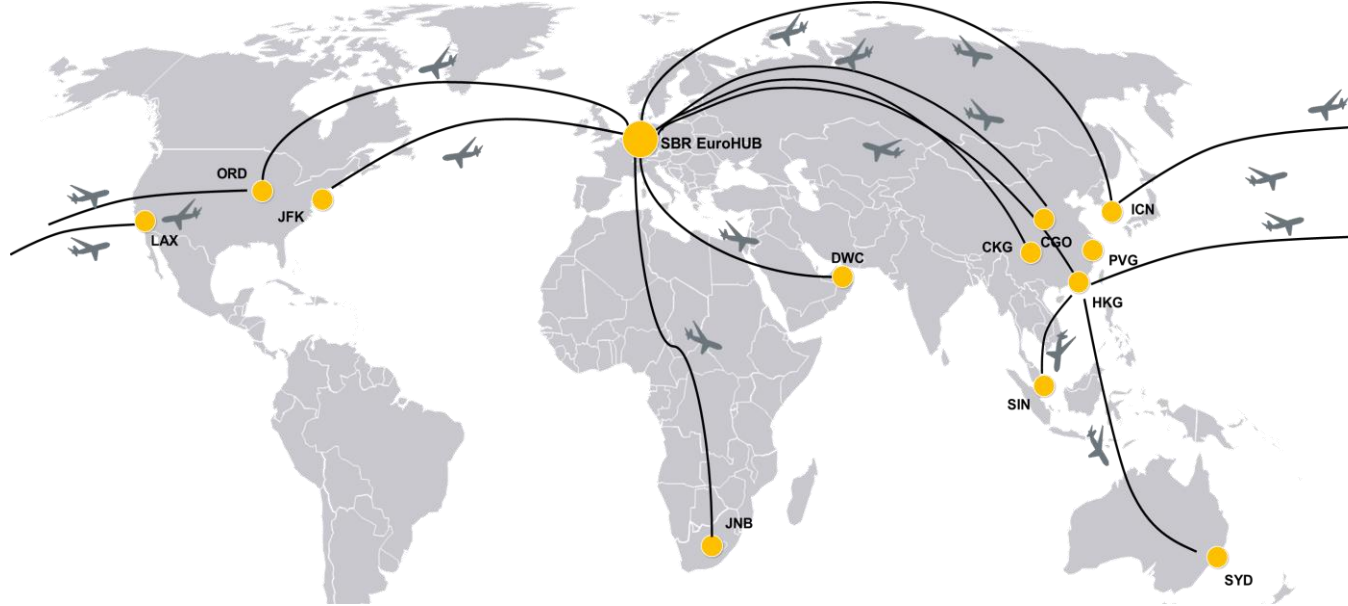


Global air trade change: -14%

- Asia Pacific outbound to North America and Europe shows strong growth rates, driven by PPE and work from
- Home products, while the Transatlantic is still ~30% below May – July last year
- Decrease in available capacity is still much higher than decrease in demand.
- Major factor for increased volumes are related to the consumer, retail sector, machinery

Source: Seabury Market Data, Seabury Capacity Data

Dedicated Global Flight Operations



- Dedicated flight operations connecting the world
- Interline model connecting on intact ULDs
- Peak Season flights starting 23rd SEP – end of NOV 2020
- Set-up for general cargo, pharma and DG cargo to provide solutions to the consumer & retail market
- 41 weekly flight rotations

State of Ocean Freight



Markus Panhauser

Head of Ocean Freight Europe
DHL Global Forwarding



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Container trade is expected to return to pre-COVID-19 levels by end of 2022

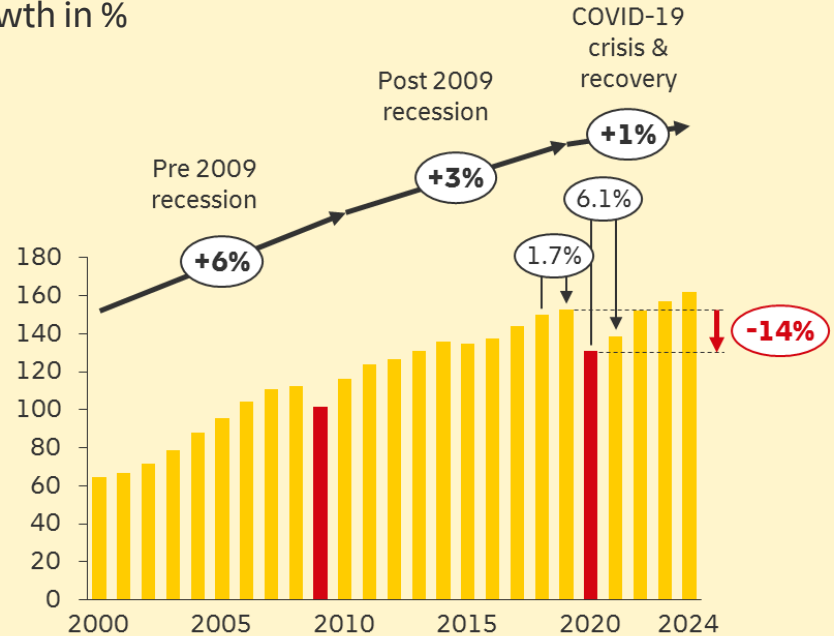
Containerized trade is expected to decline by **-14% this year**, the largest year-on-year decline on record.

In 2021 we will see a **recovery** toward pre-COVID-19 volumes with a predicted growth of 6.1%.

Container trade will almost be back at 2019 levels in 2022, and is estimated to **grow by ~3%** after 2022.

CONTAINERIZED TRADE

Growth in %



Source: ####

Covid19 and its impact on shipping in a nutshell

Initial Phase

- Carriers **withdraw >20% of capacity**
- **Blank sailings:** capacity & equipment challenges
- **Uncleared reefer shipments** clogging up terminals in China
- Concerns of **shipping lines financial health**

The New Normal

- Frequent new country lockdowns require **flexibility**
- Demand spikes have become **unpredictable**
- Carriers are **not chasing volumes** at the expense of profitability anymore
- **Digital solutions on the rise**

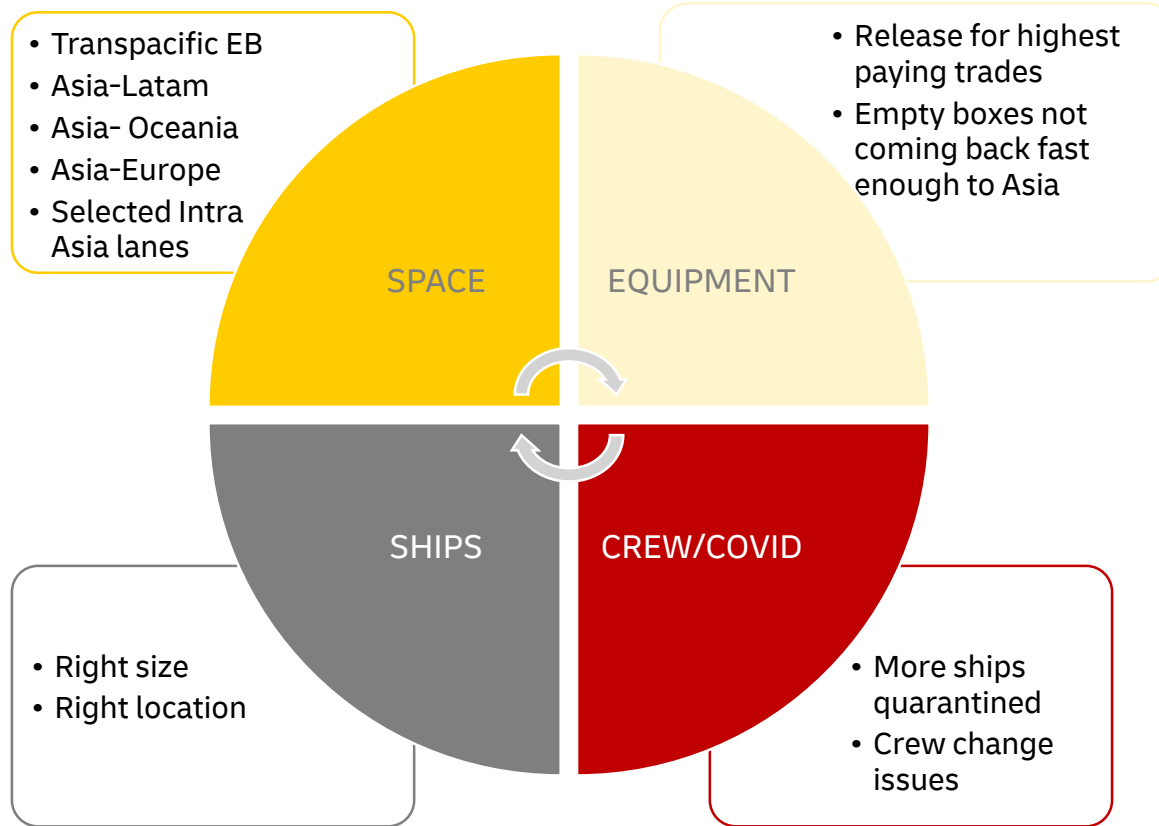
What do we see now

- Surprise from **strong rebound** of various trades
- **Equipment shortage**
- **Infrastructure meltdowns**
- Deteriorating on time performance and service quality
- Opportunistic carrier behavior - **a deal is not a deal anymore**

Future Trends

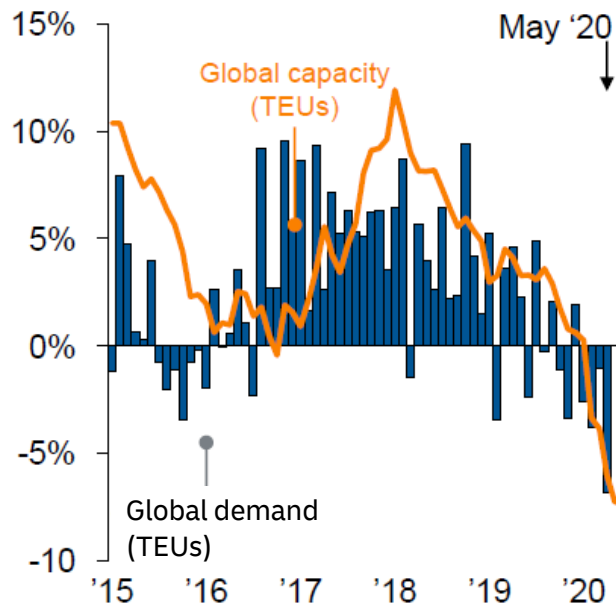
- Further **shift of production to South East Asia and India** at the expense of China
- Long haul trades to recover slower compared to Intra-Asia
- **Resilient supply chains** vs lowest cost
- Carriers are bringing back capacity slowly & will remain in the driver seat until 2023

Current challenges at hand

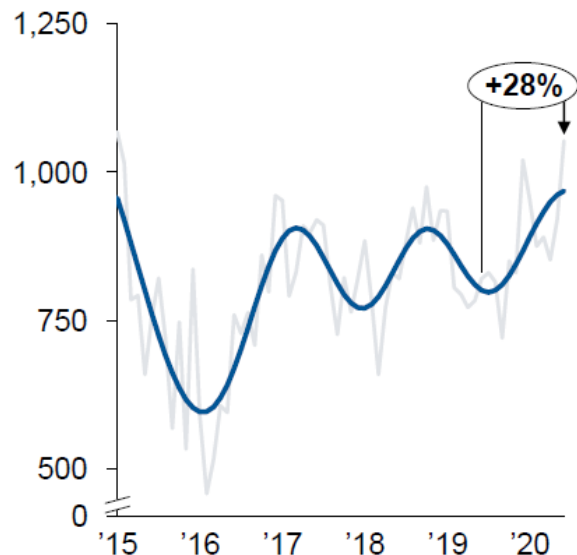


2020 freight rates have improved despite a decline in container trade

OCEAN TRADE & CAPACITY
YoY Growth (%)



CONTAINERIZED FREIGHT INDEX
SCFI, trend

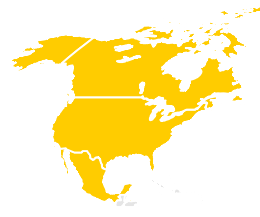


Market outlook October 2020 for major trades



EUROPE

Import region	Capacity	Rates
AMNO	=/-	=/+
AMLA	=	=
ASPA	=	=/-
MENAT	--	=/-
SSA	=	=



NORTH AMERICA

Import region	Capacity	Rates
EURO	-	=
AMLA	=	+
ASPA	=	=
MENAT	=	=
SSA	=	=



ASIA PACIFIC

Import region	Capacity	Rates
EURO	-	++
AMNO	-	++
AMLA	-	++
ASPA incl. ISC	-	++
MENAT	-	=/+
OCEANIA	+	++



SOUTH AMERICA

Import region	Capacity	Rates
EURO	=	=
AMNO	=	++
ASPA	=	=
MENAT	=	=
SSA	-	+

KEY

Strong increase	++	Moderate increase	+	No change	=	Moderate decline	-	Strong decline	--
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Trade ranking by revenue and nautical miles – status sep 4

Ranking by revenue per nautical mile	Ranking by nautical miles	TRADE	SCFI spot rate per feu	Distance in nautical miles	Revenue per nautical mile
1	7	Shanghai-Los Angeles	3,758	5,818	0.65
2	4	Shanghai-Lagos	5,874	10,174	0.58
3	9	Shanghai-Melbourne	2,500	5,184	0.48
4	3	Shanghai-New York	4,538	10,587	0.43
5	1	Shanghai-Santos	4,446	10,910	0.41
6	6	Shanghai-Durban	2,434	6,936	0.35
7	8	Shanghai-Jebel Ali	1,818	5,662	0.32
8	5	Shanghai-Genoa	2,164	8,685	0.25
9	2	Shanghai-Antwerp	2,084	10,624	0.20

Questions to be raised

**Do you have an
accurate forecast
for the timeframe
Nov 2021 – Feb
2021 ?**

**Do your
agreements cover
your projected
cargo flows ?**

**Do you have
agreements in
place to cover
excess volumes ?**

RESILIENCE360

*Predict, manage, and mitigate risk
with near real-time visibility*



Shehrina Kamal

Product Director, Risk
Monitoring Resilience360



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RETAIL SUPPLY CHAIN IMPACT

Supply base

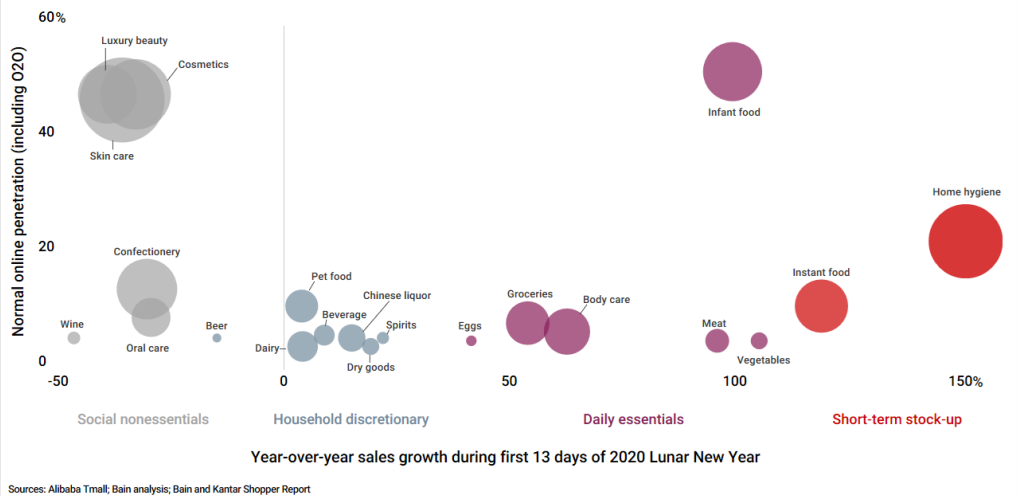
Network complexity

Product type

Network location

Inventory strategy

The outbreak caused dramatic shifts in online purchases of consumer goods



THE VALUE

RESILIENCE360 AMID THE COVID-19 PANDEMIC



PREDICT & ENSURE

Mapped complete supply network, with monitoring of virus impact on production facilities and transport networks.

Ongoing monitoring of supplier operational and financial stability.



MITIGATE DISRUPTIONS

Identification of alternative routes and modes to overcome severe logistics disruption on global and regional transport lanes.

Customized heat-map reports tracking the impact of the pandemic across the world.

R360 helps you visualize your network, minimize loss and maintain service levels - turning potential incidents into a competitive advantage.

RESILIENCE360



CASE STUDY

eCOMMERCE & RETAIL

One of the world's largest e-commerce companies leverages Resilience 360 to help with their supply chain security, brand loyalty and brand protection efforts.

CUSTOMER OBJECTIVES

The customer's Risk and Resilience team supports rapid business expansion across Europe by assessing risk at potential new warehouse locations, to understand for what risks exist in those areas.

RESILIENCE360 SOLUTION

Resilience360 allows for rapid assessment of physical and natural threats to locations as well as monitoring of transportation lanes for major disruptions (e.g. border closures, labor strikes, security threats, etc.).

RESULTS

85%

Increase in the speed of site risk assessments - from 3 weeks previously to 3 days today – through the provision of a single platform to analyze real-time and historic incident risk data along with forward-looking risk

RESILIENCE360

DHL

CASE STUDY

E&M – SCHNEIDER ELECTRIC

TRANSFORMING THE SUPPLY CHAIN WITH CONTROL TOWERS

Companies across the world rely on technologies from Schneider Electric to manage energy and run processes in ways that are safe, efficient, reliable and sustainable.

CUSTOMER OBJECTIVES

Visualize overall supply chain network

- Achieve complete performance visibility
- Establish proactive approach
- Improve response and communication

RESILIENCE360 SOLUTION

Visualize overall supply chain network

- Integrate dashboards with shipment status
- Achieve 24/7 incident monitoring
- Minimize customer efforts using DHL's existing network data

RESULTS

7

Regional control towers powered by R360 to provide E2E visibility

8K

Tracked daily shipments between internal sites

200

Factories, 98 DCs and dozens of supplier sites with end-to-end visibility

RESILIENCE360



ACTIONS TO TAKE

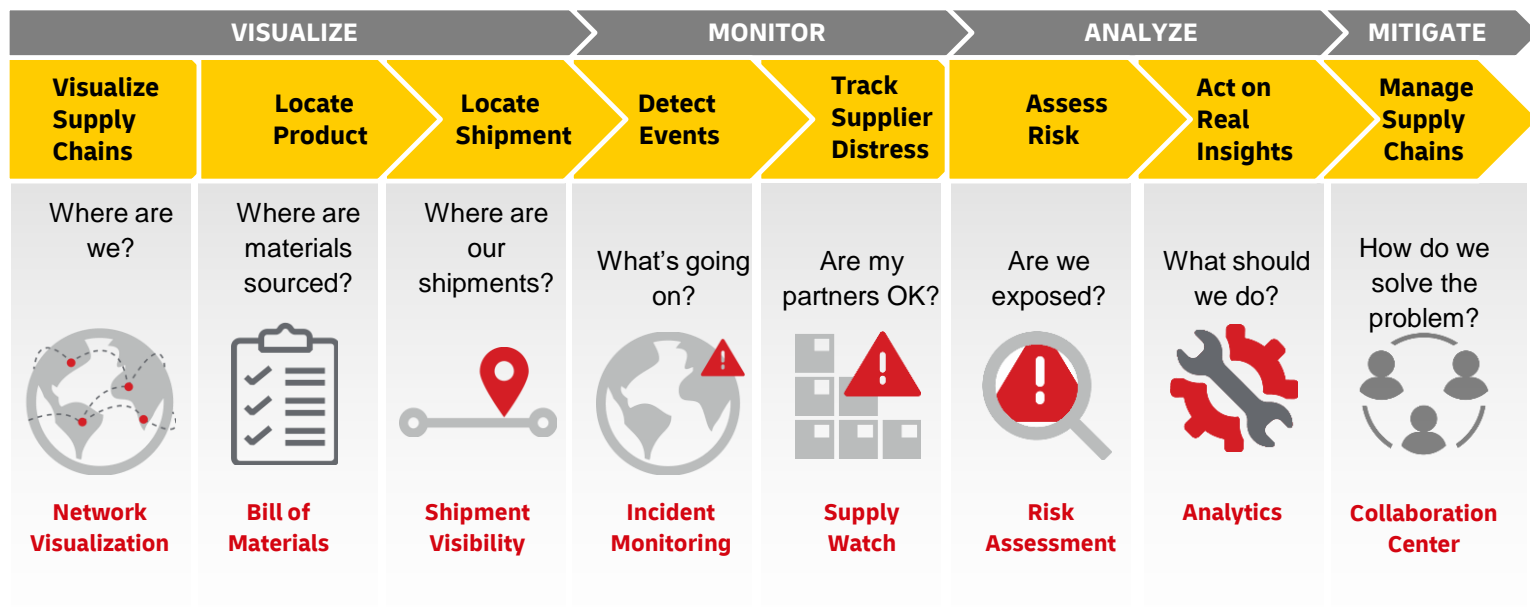
SHORT TERM

- Ensure safety of staff and partners
- Educate internal staff and key suppliers
- Communicate, communicate, communicate
- Identify key suppliers in affected areas
- Understand and monitor their status**
- Secure alternative sources
- Prioritize and increase inventory levels
- Secure alternate logistics capacity
- Seek local demand data**

LONGER TERM

- Map end to end supply chain**
- Risk-assess network (risk concentration)
- Adjust where necessary
- Monitor risk disruptive to supply chain
- Map to product/revenue/profit at risk**
- Design and test contingency plans
- Use omnichannel to 'balance' to demand risk**
- Resilience through Agility

THE JOURNEY TO RESILIENCY



THANK YOU & STAY RESILIENT!

Visit us at
resilience360.com



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