

SUPPLY CHAIN EXCELLENCE FOR EVERY RETAIL MARKET

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04

Supply chain challenges

In the new, global retail economy, retailers are under pressure to optimize supply chain efficiency and provide seamless service for customers via multiple channels.



Our supply chain offering

We provide secure, agile and sustainable solutions that enable you to expand internationally and reach every market that matters, now and in the future.

Our unique capabilities

DHL Supply Chain has a 40 year track-record of running world-class supply chains for many of the Retail industry's most innovative and successful businesses.



SUPPLY CHAIN CHALLENGES

In the new, global retail economy, retailers are under pressure to optimize supply chain efficiency and provide seamless service for customers via multiple channels. The multi-channel market landscape requires collaboration and optimization in order to deliver goods to all corners of the world. Consolidated and agile supply chains need to be designed from the perspective of your key supply chain challenges:

Achieving cost efficiency

Intense, global retail competition leads to constant price and margin pressure. This requires vigilant focus on reducing costs, from leveraging economies of scale, to rationalizing inventory levels and transportation.

Extending global reach

To achieve competitive advantage, retailers must be able to access global markets and source low-cost goods from around the world. This requires support from truly global supply chain partners with extensive global capabilities and resources, tried-and-tested supply chain solutions, and in-depth local knowledge and experience.

Multi-channel fulfillment

Retail supply chains must be capable of delivering excellent levels of service, irrespective of whether customers shop in store or online, choosing home delivery options or click and collect. According to Deloitte, this will require retailers to 'make fundamental changes across their organization in all functions.'

Rapid, agile delivery

Across all retail sectors, speed is of the essence. Whether you need to get chilled products to your stores fresh, or bring apparel items from the catwalk to the stores in record time, your supply chain must be fast and responsive. The need to be agile and serve customers when and how they choose is cited as a key priority for retail by retailers.

End-to-end security

Many retailers continue to suffer higher costs due to poor supply chain visibility and shrinkage. To maximize profitability and protect inventory, many retailers are working with supply chain partners to deploy new technology solutions such as GPS tracking and RFID.

Achieving sustainability

Consumers in developed markets are increasingly demanding 'greener' products with the smallest possible footprint, which are ethically sourced and generate minimal waste. Retailers can reduce carbon emissions and lower the cost of environmentally friendly products through shared facilities, green vehicles, and route-optimization programs.

→ **Retail is a diverse industry, with each sub-sector having its own distinct supply chain needs. The supply chain for a hotel is very different from that of a fashion retailer. By breaking the industry down into five sub-sectors with distinct value propositions, we help you stay on top of your game.**



RETAIL SUB-SECTORS AND THEIR SUPPLY CHAIN DYNAMICS

Hotels, restaurants and catering

This customer-centric sector has extremely specialized supply chain requirements. As well as managing products in high volumes, food and other perishable items must be transported in multi-temperature and humidity controlled environments. To increase efficiency, hotels and restaurants need to rationalize their stock and minimize inventory. In addition, they must optimize transportation and streamline sourcing and maximize the efficiency of repeat purchase processes.

General merchandize retailers

Department stores, supermarkets, convenience stores and other general merchandize retailers are investing in their supply chains to increase competitive advantage and expand into new geographies. Specifically, they are looking to win new market share by increasing efficiency, enhancing multi-channel delivery and offering a more personalized customer experience.



Specialty retailers

DIY stores, furniture stores, toy stores, office supply stores and others are facing intense competition globally, and customers are ever more demanding. To compete and thrive, stores need to improve demand forecasting and stock availability, reduce lead times, and maximize margins.

Luxury

Typically comprising jewelry, watches and leather goods, the luxury retail market is facing major changes, including globalization, consolidation and diversification. A raft of new brands is bringing luxury goods to market worldwide, and expertise and heritage are becoming key differentiators. Security also remains paramount due to the high value of individual products.

Fashion

The cost of raw materials is increasing, as is the demand for ethically produced clothing. To maximize profitability, retailers need quick, smart, cost-effective, responsible ways to get their garments to market, fulfilling orders rapidly and accurately across multiple sales channels. Effective reverse logistics is essential for managing returns and keeping the industry moving.

OUR SUPPLY CHAIN OFFERING

We provide secure, agile and sustainable solutions that enable you to expand internationally and reach every market that matters, now and in the future.

It's a complex task to achieve cost efficiency and provide multi-channel delivery, while ensuring consistent customer experience globally. That's why you need to do it in partnership with your logistics provider. For this reason, we have designed our offering to meet your needs. We consolidate and simplify supply chains so you can grow your business and minimize risk.

Our people understand the sector and local markets better than anyone else. They help you see the big picture and optimize your operations through supply chain consulting, and work in partnership with you to plan each step of your product's journey up until return or disposal.

We work for a wide variety of retailers, from hypermarkets to convenience stores, e-retailers to department stores; Do it Yourself, electrical and furniture retailers, to coffee shops.

With our global presence, more than 30 years of retail supply chain experience and continuous investments in best-in-class IT platforms, we make sure you have constant visibility, speed and exceptional customer service all around the world.

→ **From planning to sourcing, manufacturing to storage, distribution to returns, we offer solutions across your entire supply chain to help streamline your business, allowing you to stay one step ahead.**





SUPPLY CHAIN SOLUTIONS FOR EVERY RETAIL MARKET

PLAN
Laying the foundation



Supply Chain Planning

Supply Chain Consulting (SCC)

By understanding and anticipating your business and logistics needs in an ever-changing environment, our dedicated teams of supply chain consultants provide a reliable source of expertise. We provide you with advisory and/or consulting services, for example, an in-depth analysis of all network flows and supply chain processes across your organization in order to re-engineer and develop an optimized supply chain.

Lead Logistics Provider (LLP)

We build performance driven partnerships with our customers. As a single logistics partner, we take over responsibility and accountability for the design, management and optimization of end-to-end supply chains. We help our customers create competitive advantage and provide them with strategic, financial and commercial value by improving control, visibility and flexibility.

SOURCE
Getting the materials you need



Inbound Logistics

Procurement Services

We provide sourcing and procurement services, leveraging economies of scale to drive down costs and improve margins. We take care of all your procurement, from the initial consulting, to negotiation and buying.

MAKE
Manufacturing the products



Manufacturing Logistics

Inventory Management

We ensure that stock is available and maintained at agreed levels against forecast and help you to reduce complexity by outsourcing the management of your suppliers.

Pre-retail Services

All our pre-retail activities are designed to improve the way floor space is used, so your staff can spend more time doing what they are best at: selling. We are getting the products ready for distribution to a retail environment, make sure any waste packaging is removed and recycled and any consequent litter is cleared from the shop floor. We can pack the products, apply labels, and provide you with retail-ready Point of Sale displays.

DELIVER
Getting it where it needs to be



Distribution Logistics

e- Fulfillment

We fulfill orders from multiple electronic and mobile channels quickly and cost effectively. We support effective fulfillment of customer orders placed in-store or online, through websites, in-store kiosks or catalogues by web enabled systems, such as shipment track and trace; delivering the highest of customer service, efficiency and value.

Home Delivery

We combine your distribution center operations with our home and office delivery capabilities to bring your customers their orders on time, and in great condition.

Fashion Logistics

We provide fashion retailers with a quicker, better, smarter ways to satisfy consumer demand for quality, style and variety. To ensure your success, we support every stage of the product journey from design, to delivery to stores and consumers.

In-store Logistics

We support the preparation, planning, material set-up and take-down of in-store themed events and promotions; all this can be done overnight.

RETURN
Receiving support when it's needed



Aftermarket Logistics

Reverse Logistics

By managing returns effectively, we help to recapture value and reduce write-offs. We design, plan and implement reverse supply chains that leverage the latest technologies to maximize the value of returned assets and increase profitability.

Envirosolutions

We design and manage end-to-end waste recycling solutions, integrated with existing logistics flows, which consistently reduce cost and environmental impact. Efficient data and supplier management ensures that you are able to meet legislative requirements and fulfill compliance obligations in a cost-effective and environmentally efficient manner.



OUR SUPPLY CHAIN SOLUTION

Continuously evolving and improving, our wide-ranging solutions help organizations to address their most complex, pressing operational needs from transportation to management services.

WAREHOUSING SERVICES

Creating and operating customized warehouse solutions that deliver bottom-line benefits is at the heart of all our solutions. For example, sharing warehousing, equipment, labor and transportation with other organizations confers valuable business benefits. We are able to deal effectively with demand fluctuations by using our shared-user campuses and distribution networks.

Our services support inbound logistics, distribution and returns capabilities in ways that enhance inventory management, reduce total operating costs and improve cycle times. We offer ambient and temperature controlled distribution centers, cross-dock operations, automation and sortation, hanging garment operations and more.

TRANSPORTATION SERVICES

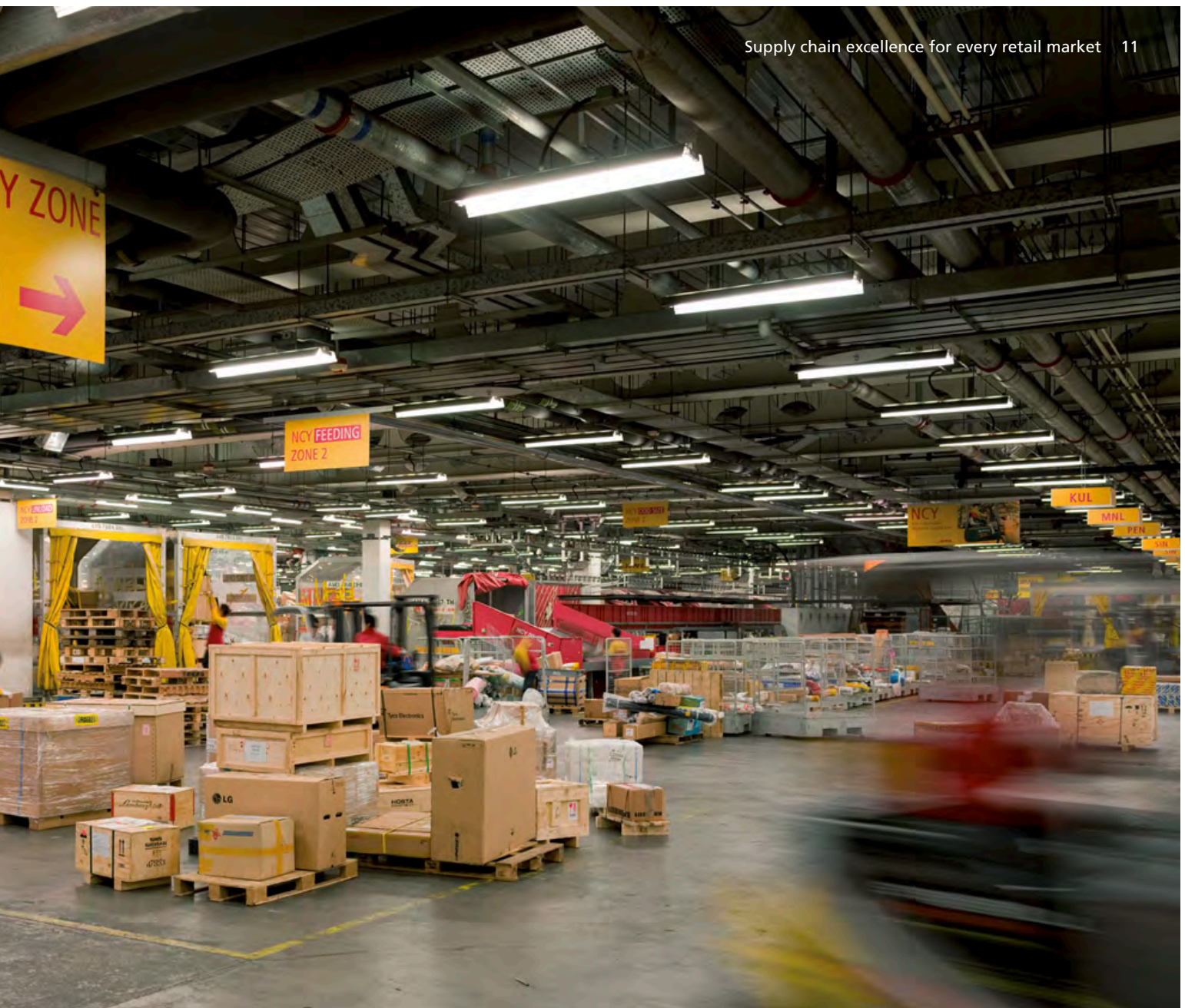
Product transportation can easily consume more than half of your total logistics costs. Don't let shipping and freight expenses compromise your profits. By increasing visibility and raising inventory accuracy, our solutions put you firmly back in control. DHL offers multi-modal access to emerging markets, including dedicated and shared-user solutions for domestic and international transportation. Using the most efficient mix of carriers and fleet resources, our management and administration optimize all movements, safeguarding service levels while minimizing costs.



We manage effective transport operations from your own distribution centers or cross-docks to your stores. By working with the "upstream" supply chain to deliver your products in a store-friendly format, we streamline your store backroom and shelf-replenishment operations.

VALUE ADDED SERVICES

From sub-assembly, packing, customization, postponement, kitting, sequencing to pre-retail activities, we help you reduce costs, lower inventories, and better match supply with demand. Co-locating these services alongside the storage of your products not only saves money but removes steps in the supply chain. We have considerable expertise in preparing products for distribution to stores. This service is ideal for our retail customers wishing to ensure a rapid response to changing market conditions.



MANAGEMENT SERVICES

Labor management – labor represents 50% to 60% of typical distribution costs. DHL Supply Chain's labor solutions help you manage these costs and improve the capabilities of your human capital. Our approach combines labor-management technology, engineered productivity standards, comprehensive operating practices and performance recognition. Our scale and expertise allows us to bring qualified resources to the task just when you need them most.

IT management – whether you require a new solution from scratch or integration into your existing system, we design and implement global IT and project management solutions to match your needs and bring consistent, high-quality, cost-effective IT services to your supply chain. Through experience working with the leading systems in the business (Oracle, Red Prairie, SAP, Manhattan etc.), we understand how to optimize IT solutions and consistently review and deploy new capabilities as they come on to the market.

Business continuity management – if your supply chain is disrupted by a natural disaster or other destructive events, that could have devastating consequences. We can help you create a robust, flexible and fully optimized business continuity management (BCM) strategy. By identifying the risks inherent in your supply chain and putting strong measures in place to mitigate them, you can be sure there is a backup plan for whatever may arise.

Real estate management – a well-executed real estate strategy can make significant contributions toward achieving your operational and financial budgets. Real estate plays a vital role in supply chain strategies, as nearly every warehousing or distribution center decision features a real estate component. Whatever and wherever your market, DHL Supply Chain bundles real estate and logistics services to offer a single-sourced comprehensive solution that reduces end-to-end supply chain cost, minimizes risks and improves efficiency.

OUR UNIQUE CAPABILITIES

DHL Supply Chain has a 40 year track-record of running world-class supply chains for many of the Retail industry's most innovative and successful businesses. Retail customers continue to partner with us for many reasons.

Industry expertise

For the best results in your volatile and competitive market, DHL works closely with you to develop flexible, efficient ways to cope with the short product life cycles, changing customer demands, new sales channels and global distribution challenges. Offering expertise across the range of retail sub-sectors, we also share best practice to drive further savings.

Simplification

Focusing on what you do best and outsourcing non-core functions reduce capital costs and simplify your operation, optimizing results by reducing complexity. As your lead logistics provider DHL can orchestrate multiple suppliers and operations across the supply chain, taking end-to-end ownership. Dashboard visibility and control enable you to make proactive and informed decisions. Supply chains are often complex and always time-critical. We understand you may need answers quickly. We always ensure you have a single point of contact who understands your program and the expert team supporting it.

Commitment to excellence

For DHL, Quality Assurance and Process Improvement are more than merely exceeding standards, regulations and directives. They're about seizing every possible opportunity to raise the bar. Through a structured and systematic approach, we continuously improve standards and customer satisfaction.

First Choice is our service optimization scheme to help us understand customers' needs more fully and adapt our processes to make their lives easier. Using Six Sigma and Lean methodologies, the DMAIC cycle (Define, Measure, Analyze, Improve and Control) is at the heart of our project management methods. Our relentless pursuit of excellence gives DHL customers a real and sustained competitive advantage.

Global footprint

With our unrivalled global capability and experience in emerging markets, we can help you access new growth opportunities and low cost operations with Supply Chain, Express, Freight and Global Forwarding. With local expertise in over 220 countries and territories, combined with our financial strength, we have the flexibility to scale up or down to meet requirements or overcome disruptions.

CASE STUDIES

DHL Supply Chain has built and deployed a new, state-of-the-art fulfillment facility for a global cash and carry retailer on a 39,000 square meter site in Sao Paulo, Brazil. With GoGreen features such as low-energy lighting and lean processes, the fully automated facility will deliver lower operating costs and comply with environmental targets.

DHL Supply Chain is operating the first Indian warehouse for one of the world's largest supermarkets. The 20,000 square meter facility is equipped with RF-enabled scanned in and scanned out operations, break bulk and carton labeling capabilities and a state-of-the-art Transport Management System (TMS).

DHL Supply Chain has delivered a new logistics center for a leading fashion retailer on a 40,000 square meter site in the western German city of Monchengladbach, supporting the company's expansion in Northern Europe. The facility will use energy-efficient and environmentally-friendly technologies to minimize carbon emissions.

**Innovative solutions**

To get you moving quickly, the DHL Innovation Center works hard to accelerate new solutions. Our Innovation team brings together dozens of dedicated academic, industrial and technological specialists to develop advances that have included DHL Smart Sensors for accurate geo-tracking, the use of RFID across the retail supply chain and solutions that provide real-time information on shipments.

Health and safety

We help you to meet high standards of health, safety and security through extensive training and timely monitoring. We offer consulting and advice on global safety

regulations accomplished by in-depth audit processes and regular inspections of our site. All this helps you achieve a lower frequency of workplace injuries, reduce time lost through accidents, reduce equipment failures and prevent business disruptions.

Green logistics

We can help you enhance your brand reputation and bottom line, while decreasing your impact on the environment. DHL was the first logistics company to set carbon efficiency targets and our GoGreen innovations enable customers to offset handling and transport costs against climate protection projects. We also provide product refurbishment and recycling solutions.





GLOBAL RETAIL SUCCESS

We have outlined the challenges facing the retail industry and detailed our portfolio of supply chain solutions and services. What makes us the perfect fit to address your challenges?

Reach every market that matters

We offer the broadest, most comprehensive support for global logistics operations with a 50,000-strong team of retail industry specialists, more than 400 international fulfillment centers, and a fleet of 10,000 low-carbon logistics vehicles. Our global network means our retail customers are supported in every market that matters.

Increase supply chain simplicity

To help our customers succeed, DHL Supply Chain delivers easily replicable solutions which take away the burden of implementing supply chain efficiencies, managing security, and integrating multiple electronic and mobile sales channels. We set up new facilities, partnerships and services where our customers need them, reducing costs and introducing lean logistics processes.

Maximize efficiency and value

A large number of retailers have increased supply chain efficiency and reduced operating costs with DHL Supply Chain. Specifically, our customers leverage our dedicated and shared transportation and warehousing resources worldwide to achieve new efficiencies and economies of scale.

Innovate faster

DHL Supply Chain is a leader in GPS, RFID and other key supply chain technologies, helping our customers minimize inventories and shrinkage. We also deliver leading technology solutions for multi-channel and just-in-time retailing that help retailers reduce costs and enhance customer service.

Reduce negative environmental impact

DHL Supply Chain helps retailers reduce their carbon footprint by delivering greenhouse gas reduction strategies and environmentally friendly vehicles and processes. We are also committed to reducing our own carbon footprint by 30%.

→ **We help retailers to grow their business and expand into new markets. Leveraging our global resources, we can also help retailers lower supply chain costs, fulfill orders seamlessly through multiple channels, and minimize carbon emissions.**



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