

INVESTOR RELATIONS SERIES

EXPERIENCE EXCELLENCE. SIMPLY DELIVERED.

John Pearson

CEO DHL Express

Michiel Greeven

Executive Vice President Sales Global & Europe, DHL Express

Leendert van Delft

Vice President Sales Programs & Digital Marketing, DHL Express

5 October 2020



VIRTUAL TUTORIAL
DHL Express
Profitable e-commerce Growth

INVESTOR RELATIONS SERIES: Experience Excellence. Simply Delivered.

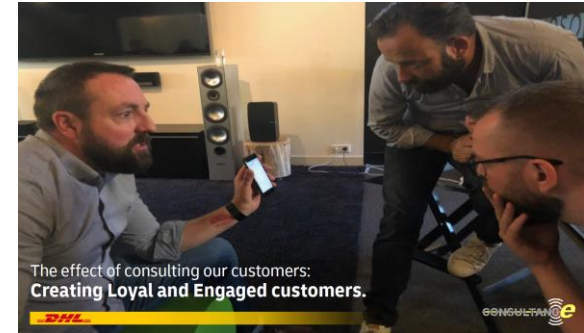
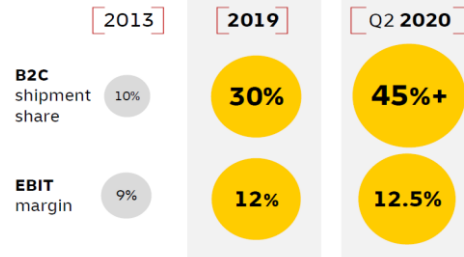


More to come ...

Key takeaways: Profitable growth in e-commerce at DHL Express

Network Characteristics	B2C Characteristics	Profitability Impact
Shipments per Day	Volume growth drives better utilization of existing network	↑
Weight per Shipment	Lower weight per shipment	→
Revenue per Kilo	Higher RpK related to lower WpS	↑
First mile	More pieces per stop at pickup	↑
Hub sort	Better utilization of existing infrastructure, with high degree	↑
Airlift	Better utilization of existing capacity, with lower WpS being advantageous	↑
Last Mile	Optimize Residential delivery via On Demand Delivery & Drop Off Locations and increased delivery density due to B2C Growth	→

DHL Express



Ideal fit for TDI network

e-commerce is just another vertical – with strong growth and an ideal fit to our existing TDI network

Driving profitable e-commerce growth

Through focus on profitable premium e-commerce – and proven network & yield management

Enable growth for customers


Facilitating and consulting customers to increase their international sales and customer conversion

Q&A

Please use the chat function to submit
questions...

Deutsche Post DHL Group

VIRTUAL TUTORIAL
September 3, 2020



00:00 02:46

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Ask a question Slides ?

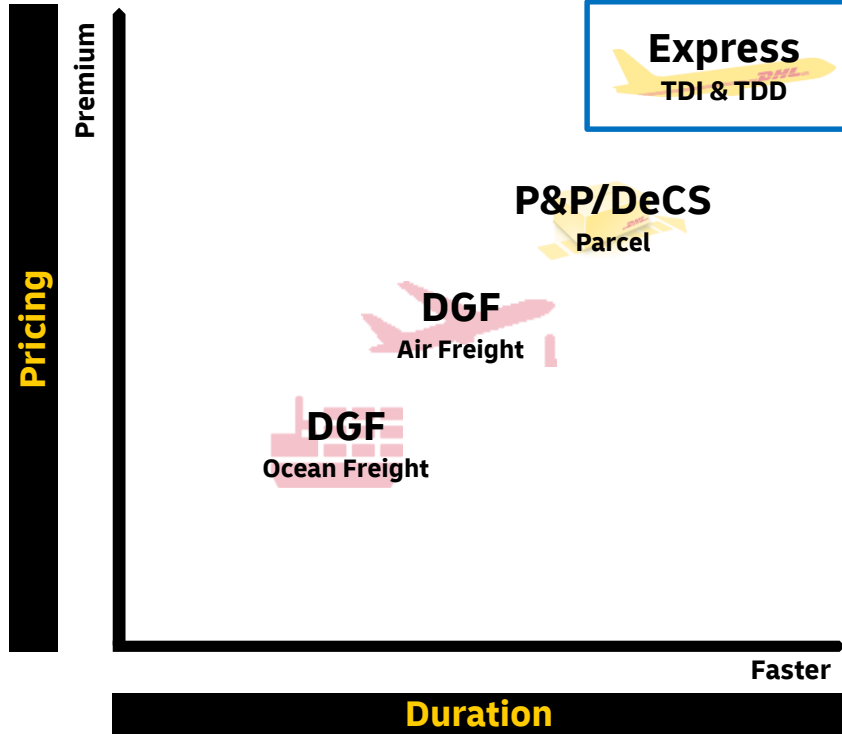
Email:

Question:

Data protection Marsthead

Enter your email and question here, then press submit.
Questions will not be posted or visible to all.

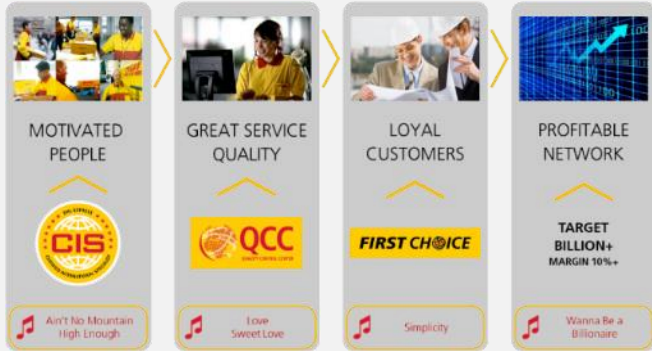
Express: Premium niche of logistics industry



Strategy 2025 builds on a proven track record in Express

FOCUS 2020

4 Pillars, 3 Letters, 1 Passport



P = GQ
People = Growth Quality



4 driving themes towards 2025

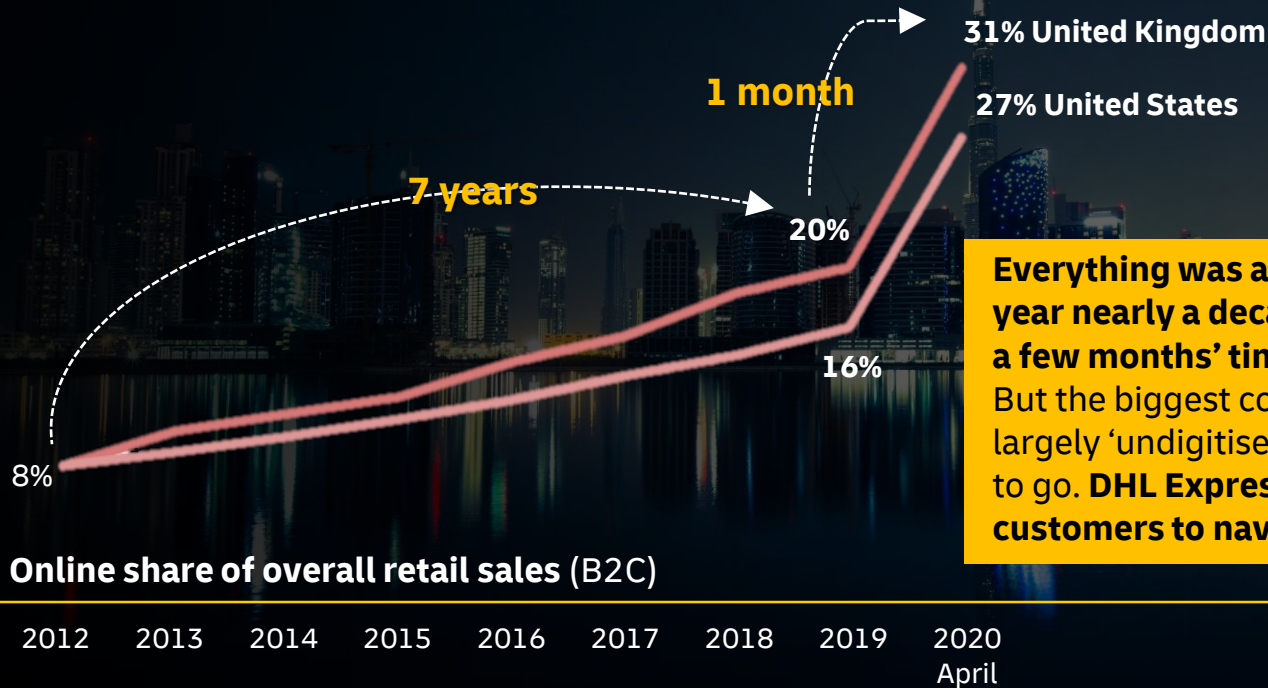
Supervisory
E-COMMERCE
Efficiency
Digitalization

FOCUS 2025



Digital adoption has been rapidly accelerated by covid-19 crisis

The big e-commerce wave is still ahead of us.



Everything was already moving online, and this year nearly a decade of change happened in just a few months' time.

But the biggest consumer categories are still largely 'undigitised' and B2B Sales still has a way to go. **DHL Express is well positioned to support customers to navigate through this journey.**

Source: Online Share of Retail Sales. ONS and US Department of Commerce for online share of retail 1. Stanford/GfK via Benedict Evans

We are experiencing the same trend e-commerce is an attractive TDI vertical, supporting Express' profitable growth

We manage e-commerce as a TDI vertical

- Continuously enhance TDI capabilities to meet e-commerce requirements
- Sell e-commerce to SME

Going forward we'll continue to:

- **Maintain disciplined approach to Sales and Pricing across the network**
- Explore and engage in **partnerships** that strengthen our position in this field
- Develop **TDI capabilities** to meet B2C and B2B demands
- Facilitate **growth for our customers** and consult them how to increase their crossborder sales

DHL Express

B2C
volume
Share

10%

EBIT
margin

9%

2013

2019

Q2 2020

30%

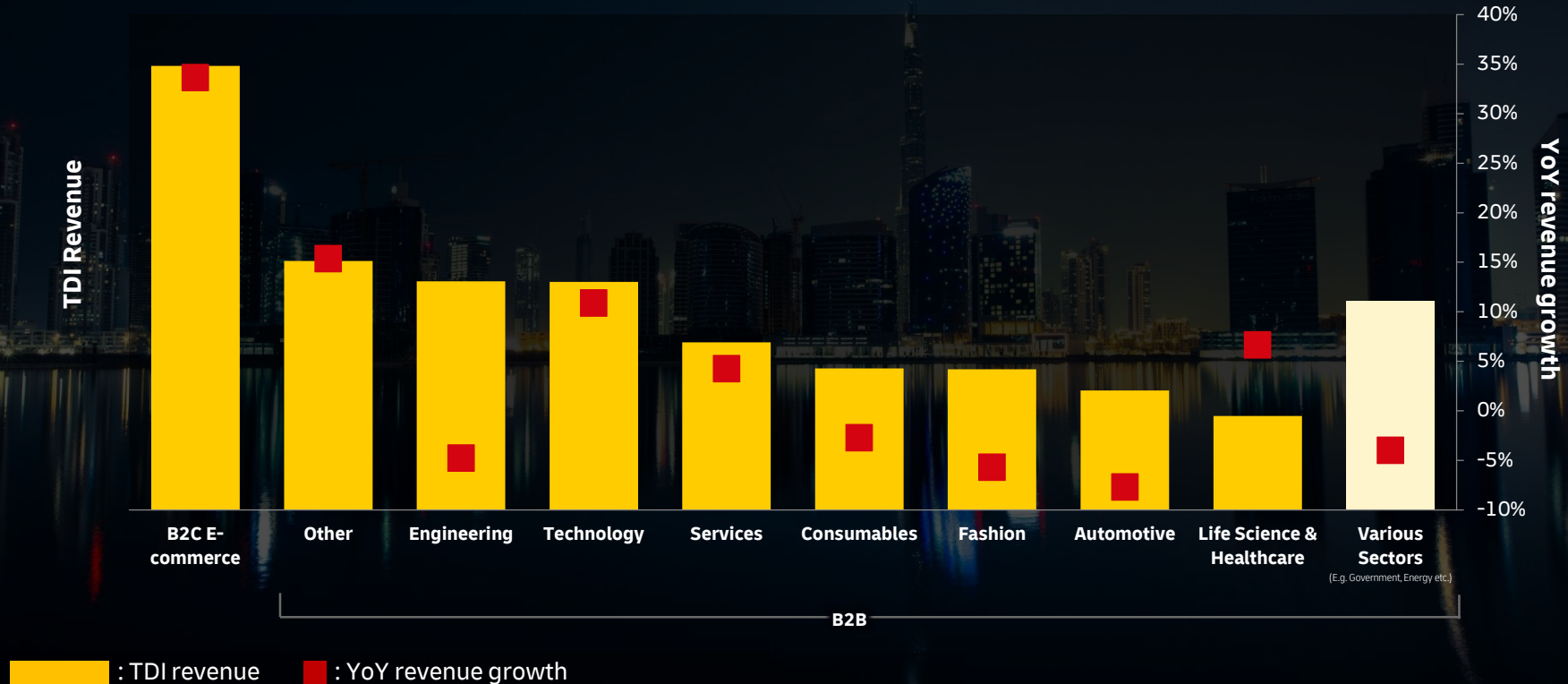
45%+

12%

12.5%

WE MANAGE B2C E-COMMERCE AS A VERTICAL, AND IT'S OUR BIGGEST AND FASTEST GROWING ONE

TDI revenue growth per Industry/Vertical. YTD August 2020



Customers in various segments are choosing DHL Express because we are their Trusted Advisor, provide Quality and improve their Customer Experience



**Luxury
& Fashion**



**Consumer Electronics
& Technology**



**Sporting Goods
& Supplements**

SALE



**Local Products
and Brands**



**Marketplaces
Platform Sellers**



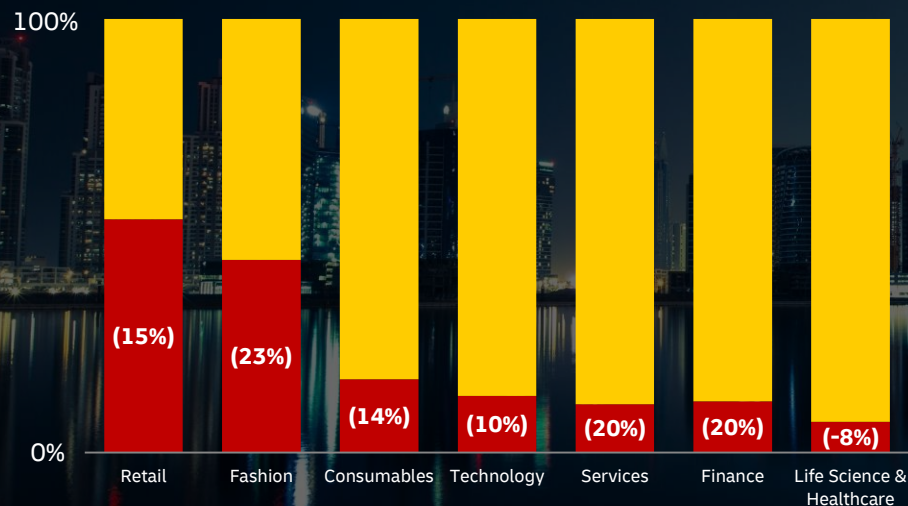
**Niche Customers
“Zero to Hero Customers”**

E-COMMERCE VOLUME IN ALL INDUSTRIES/SECTORS

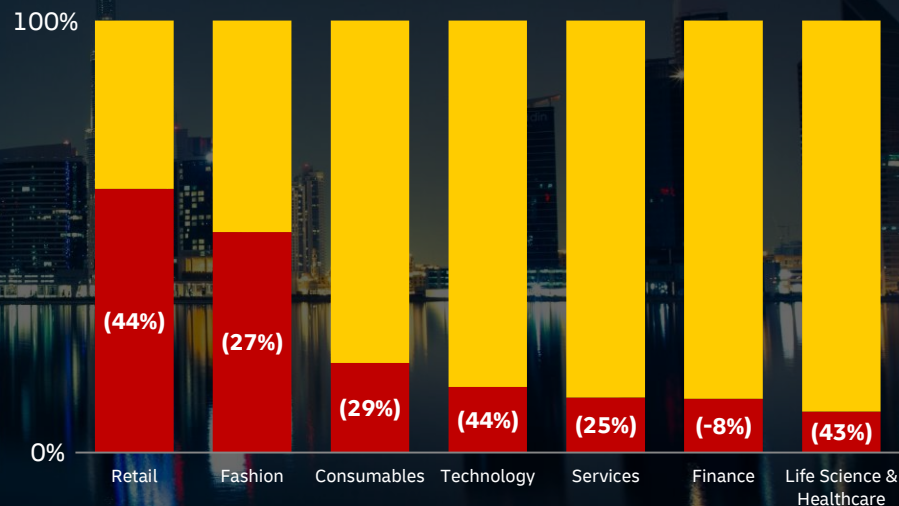
Share of B2C business (revenue) per selected Industry.

(In brackets: YoY YTD TDI revenue growth)

FULL YEAR 2019 - Pre-COVID-19



YTD AUGUST 2020 - Post-COVID-19



EXAMPLE
PRODUCTS &
CUSTOMERS

Global
stockX
ebay



: B2B



: B2C/e-commerce

... even those products less known to the masses.
which supports diversifying our customer base

Special Offer
ENJOY 25% OFF!

Share our post and the discount will be auto added to cart! [#Share](#)



Find Jeans That Fit!

Smart Leggings Measure Your Shape and Find Denim Brands, Models and Sizes to Fit You Best.

[Order Now](#)



BARREL BEER MUG
\$18

VIKING BEER MUG
\$18



DEVIL MASK, GLOWING EYES
\$18

DEVIL MASK, GLOWING EYES
\$18


DEVIL MASK, GLOWING EYES
\$18

FUNKYBOD
THE FASHION BEHIND THE FASHION


- ✓ FUNKYBOD TOPS SHIPPED WORLDWIDE.
- ✓ AVAILABLE IN WHITE, BLACK & GREY.
- ✓ ROUND NECK & HALF-SLEEVES
- ✓ SLEEVELESS VERSION NOW AVAILABLE.

PRICE: £29.99-10% DISCOUNT = £26.99


[SHOP NOW](#)



VIKING TUNIC, WOOL
\$70.60



VIKING SHAFED SHOES
\$95.00



VIKING BELT BAG, OILED LEATHER
\$39.90

In 2015 we shared how 90% of the e-commerce shipment characteristics fit with our existing TDI Network. And our e-commerce/B2C Strategy remains simple...

Network Characteristics	B2C Characteristics	Profitability Impact
Shipments per Day	Volume growth drives better utilization of existing network	↑
Weight per Shipment	Lower weight per shipment	→
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Last Mile	Optimize residential delivery via On Demand Delivery & Drop Off Locations and increased delivery density due to B2C Growth	→

DHL Express e-commerce Strategy

We treat B2C/e-commerce as a TDI vertical

- Applying the same yield discipline: **Profitable Premium e-commerce**
- Using B2C requirements to enhance the overall TDI service and capabilities
- Equipping our sales force to effectively sell to e-commerce customers
- Engaging in partnerships to grow cross-border e-commerce

Optimizing residential delivery via On Demand Delivery

- Consumers want proactive tracking notification and a choice of delivery options
- **On Demand Delivery** ensures customers get delivery on their terms
- Reduction of ' **WIZMO's** ' for our customers and reduced customer service queries
- Improvement of first delivery attempts and reduction of last mile costs

68% of millennials
would choose a retailer
based solely on its
delivery options



On Demand Delivery: **A global solution, now directly contacting over 20 million receivers every month, resulting in a 'Win – Win – Win' situation**

165

countries deployed
on ODD

5.5m+

shipments through
ODD per week

68%

of delivery request
are Signature Release

93%

of ODD requests are self-
service requests

93-95%

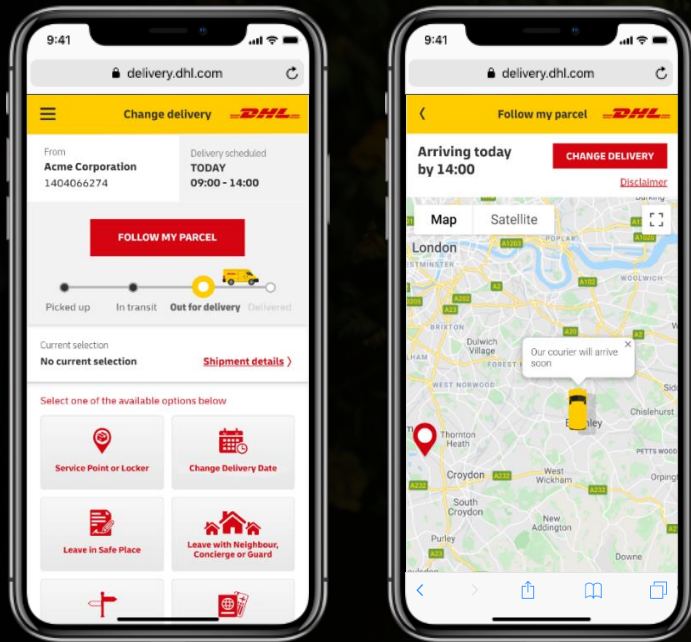
First-Time delivery
2015 B2C baseline 70-
75%

Not Home Rate
REDUCED

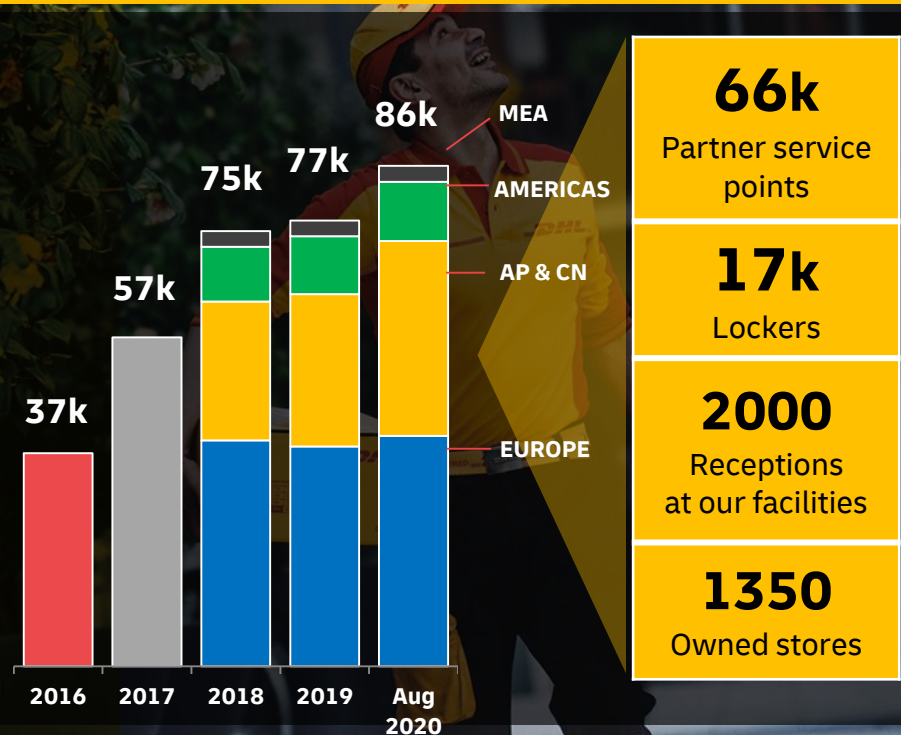
by 20%
since 2015

Continuous investments in ODD and drop off locations to **improve customer and receiver experience, reducing last mile costs and improve efficiency**

ODD Developments



Growth in DHL Express Service Points





FACILITATING GROWTH

FOR OUR CUSTOMERS



A network wide approach to sell profitable premium e-commerce

Our Power Up Your Potential (PUYP) roadmap

Pre-Phase

2013 - 2016

Country initiatives and analyzing position of DHL Express in e-commerce and profitability impact of B2C

Country Managed B2C Initiatives

- First e-commerce sales approached in countries
- Start of consultative sales approaches in e-commerce and supporting customers to take their (predominantly) domestic stores to a global stage

PUYP 1

2017 - 2018

A network wide approach to talk and sell profitable premium e-commerce

Cross-Border B2C Focus

- Training program to give all sales teams the skills to consult new and existing customers how to increase cross-border sales
- Introduction of **Website Health Check & SimilarWeb**, and the importance of adding an Express shipping option

PUYP 2

2018 - 2019

Launch of PUYP 2, to up skill the sales teams for our next phase of selling e-commerce

Predominantly B2C Focus

- Website Health Check Training, market insight packs, case studies, peak season webinar, selling on B2C marketplaces
- **Whitepaper:** The next industrial revolution (B2B) & B2B Marketplace Research (AMR)



Q1 2016

Creation of 6-point check list by DHL Express UK



January 2017

'The 21st Century SpiceTrade' study, which showed how cross-border e-commerce is one of the fastest growth opportunities and the importance of delivery options



February 2018

B2B e-commerce 'The Next Industrial Revolution' research which estimated that cross-border B2B e-commerce will reach \$1.2 trillion by 2021, forcing B2B companies to act more like B2C businesses

E-COMMERCE TRENDS: Where delivery became 'the new black' and **Fast** became the new 'Free'

91%

of online shoppers are looking for the available delivery options before reaching the check-out

45%

Have abandoned their cart because **delivery would take too long**

68%

of **millennials** will choose one retailer over another, purely by the **delivery options offered**

FREE vs. FAST

The trend is starting to reverse. Younger generations are willing to pay a **premium** for that convenience.



... and will leave a retail website if services like **FAST shipping** are not available!



Do you offer an express delivery option?



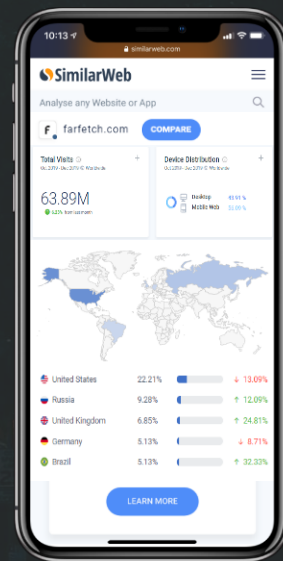
POWER UP
YOUR POTENTIAL

Facilitating growth for our customers via our Website Health Check and smart use of market intelligence data

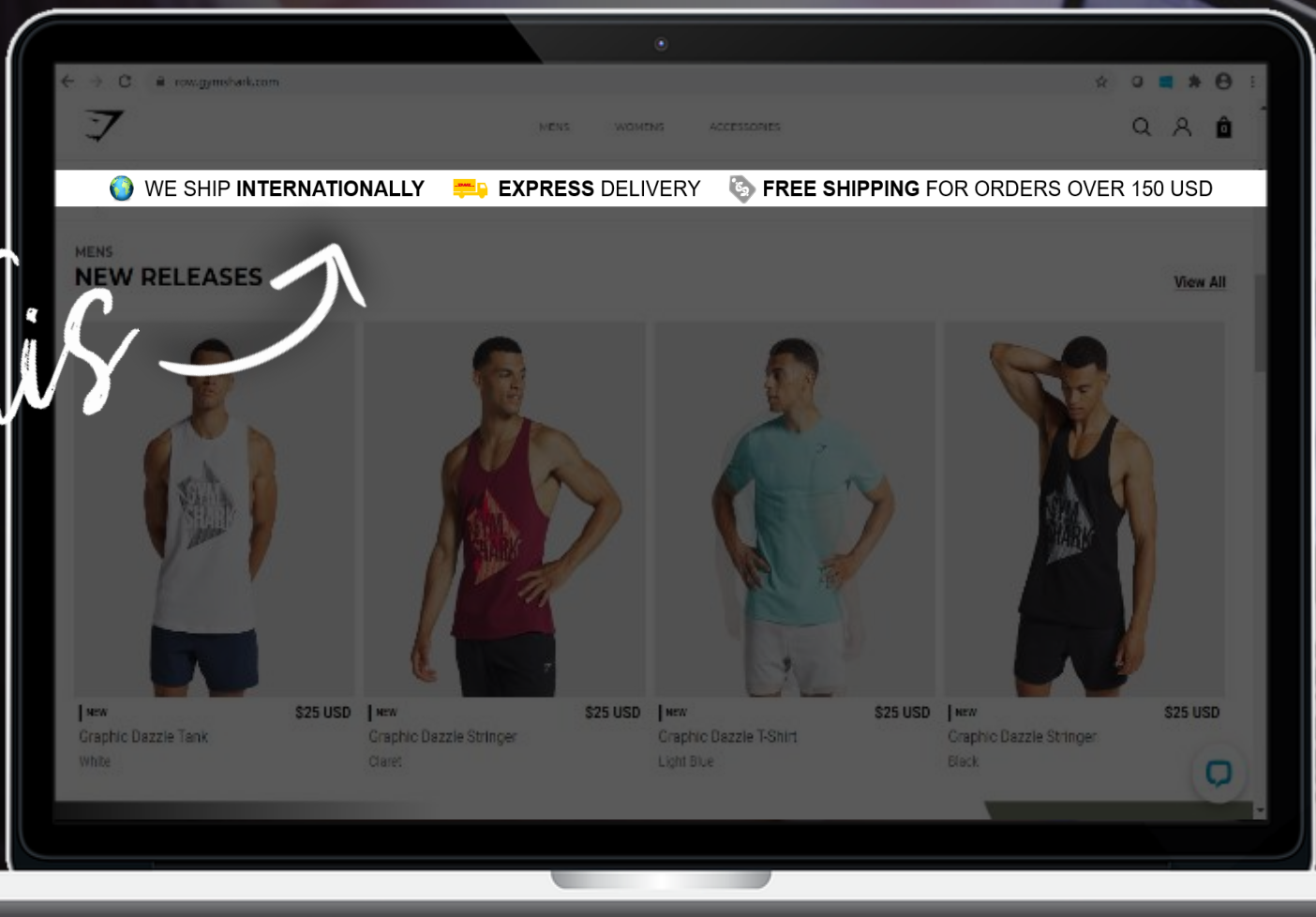
WEBSITE HEALTH CHECK

- ✓ Do you sell **internationally**?
- ✓ Do you state your **shipping options** on your home page and mentioned that you **sell internationally**?
- ✓ Do you offer an **express delivery** option?
- ✓ Are your **shipping charges** appropriate?
- ✓ Do you offer a **Duties & Taxes Paid** option?
- ✓ Do you offer an easy **returns** solution?
- ✓ Is your website available in multiple **languages**?
- ✓ Do you apply **currency** conversion?
- ✓ Do you offer localized **payment options**?
- ✓ Are **delivery notifications** mentioned on your website?

SimilarWeb



This ↗



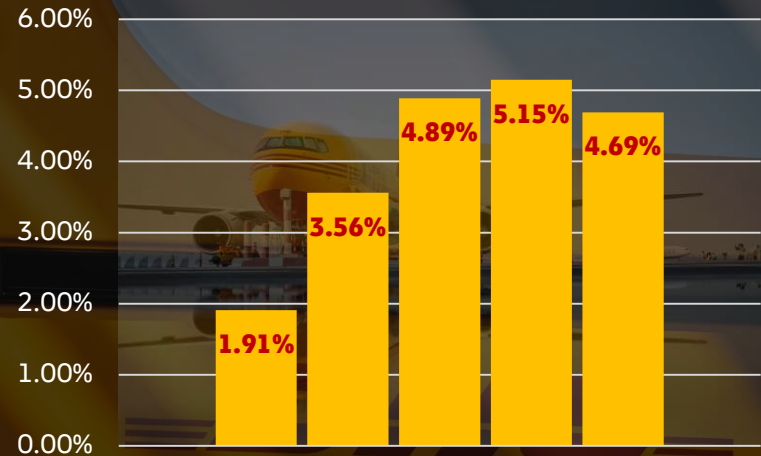
Consulting customers how to increase their sales: Offering more than one delivery method can significantly improve conversion rates for e-commerce sites. Both for B2C and B2B.

- Websites which offered only one delivery option converted at an average of 1.91%, while websites which offer e.g. 4 delivery options have an average of 5.15% conversion.

The data suggests that e-commerce sites could double their conversion rate by offering more than one delivery option.

US E-Commerce average conversion rates vs. number of delivery options available

US, desktop & mobile web, May 2020

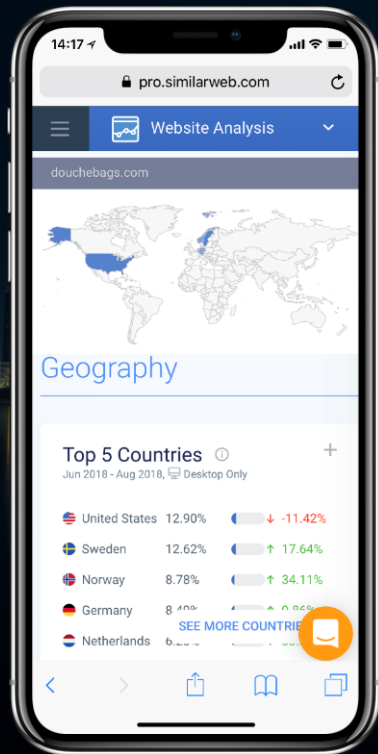


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Number of delivery options on e-commerce websites

* **SOURCE:** SimilarWeb, B2B & B2C e-commerce websites (Fashion Industry) – May 2020

Using **market intelligence data** to calculate the conversion of website traffic into potential sales



110,000

TOTAL
VISITS FROM
U.S.A.

2%
conversion
rate to
sales

2,200

ESTIMATED
INTERNATIONAL
SALES

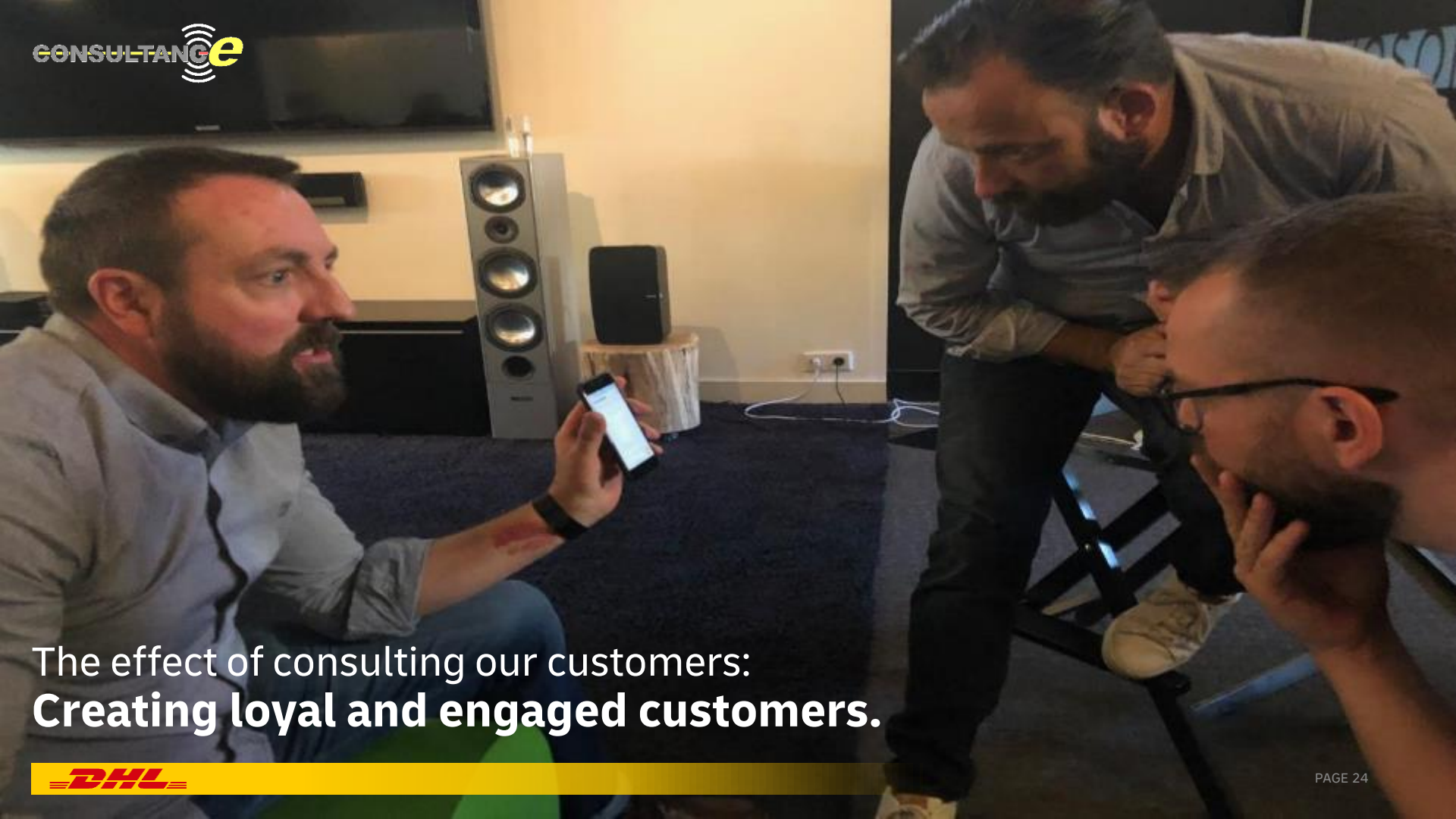
\$100
average
shopping
cart
value

\$220K

ESTIMATED
MONTHLY
SALES

\$2.6M

ESTIMATED
ANNUALIZED
SALES



The effect of consulting our customers:
Creating loyal and engaged customers.

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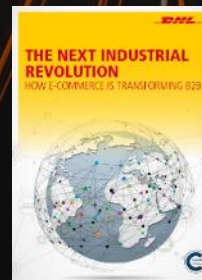
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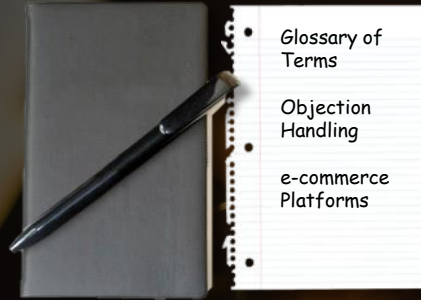
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B2B e-commerce 'The Next Industrial Revolution' research which estimated that cross-border B2B e-commerce will reach \$1.2 trillion by 2021, forcing B2B companies to act more like B2C businesses

Educating our sales forcing following our PUYP roadmap.
And continuous development of e-commerce insights to support our customers.



**Sales training and
e-commerce councils**



**Little Black Book
of e-commerce**



**e-commerce insights
and case-studies**

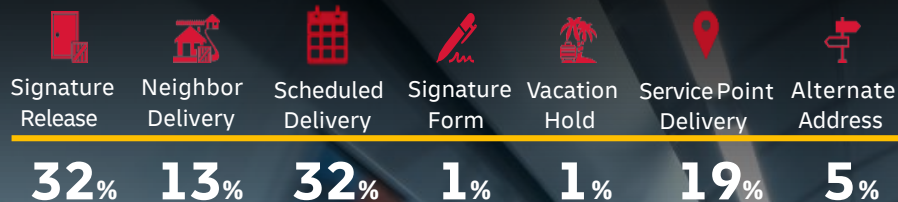


**Research & studies
B2B e-commerce**



Using external and internal data to share local market knowledge with our customers: creating opportunities for them to grow.

Example market insight pack: United Kingdom



SHIPPING TO THE UK

1-2 **2,363**

Days transit time DHL Service Points

US\$165

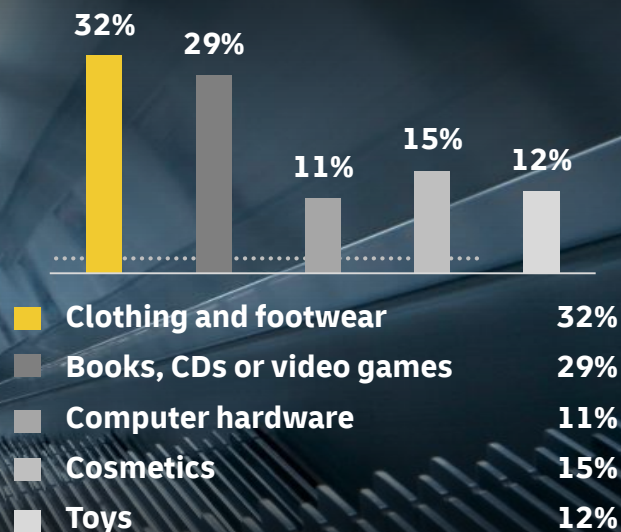
De minimis value

ON DEMAND DELIVERY

ODD options available

1. Signature release
2. Neighbor delivery
3. Scheduled delivery
4. Signature form
5. Vacation hold
6. Service Point delivery
7. Alternate address

MOST POPULAR PURCHASES FOR CROSS-BORDER SHOPPING



Our experience during this journey

“There is nothing basic about the basics” and our focus on **P = GQ**

MAKING **UNCOMFORTABLE**
PEOPLE **COMFORTABLE**
AND **COMFORTABLE**
PEOPLE **TRUE E-COMMERCE**
CONSULTANTS



**POWER UP
YOUR POTENTIAL**



**ON PROFITABLE
PREMIUM
E-COMMERCE**

**E-COMMERCE
MATURITY CURVE**



PEOPLE

=

GROWTH

■

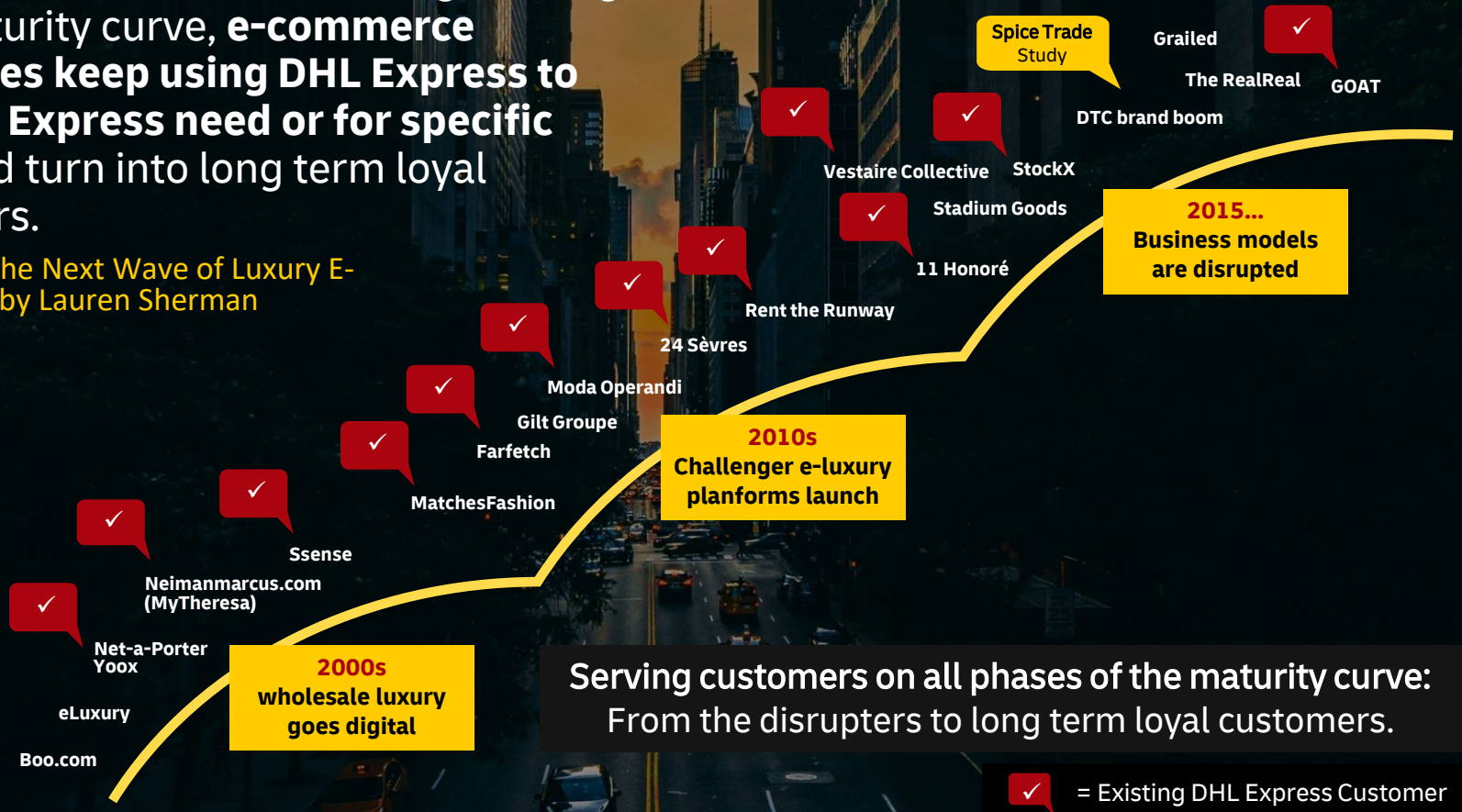
QUALITY



**POWER UP
YOUR POTENTIAL**

Despite the fact that customers go through their maturity curve, **e-commerce companies keep using DHL Express to fulfil the Express need or for specific lanes** and turn into long term loyal customers.

Research: 'The Next Wave of Luxury E-Commerce' by Lauren Sherman



Serving customers on all phases of the maturity curve:
From the disrupters to long term loyal customers.

THE NEXT PHASE OF PUYP **B2B E-COMMERCE**



THE TRADITIONAL B2B ENVIRONMENT...

The homepage of a typical B2B company often displays only the company details or resembles a static catalog with the need to become a customer first or speak to a sales person.

Resulting in a clunky user experience that sends people straight into the arms of a slicker, more responsive website.

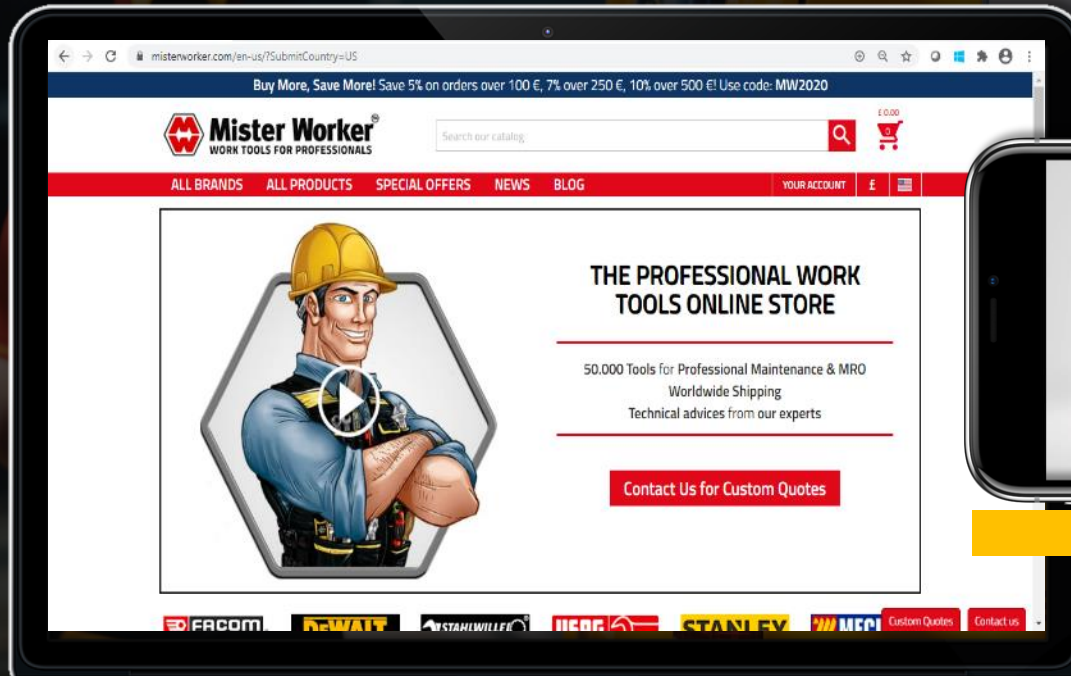
Are you looking for support or purchase information?

Contact us

Submit your inquiry and we will contact you

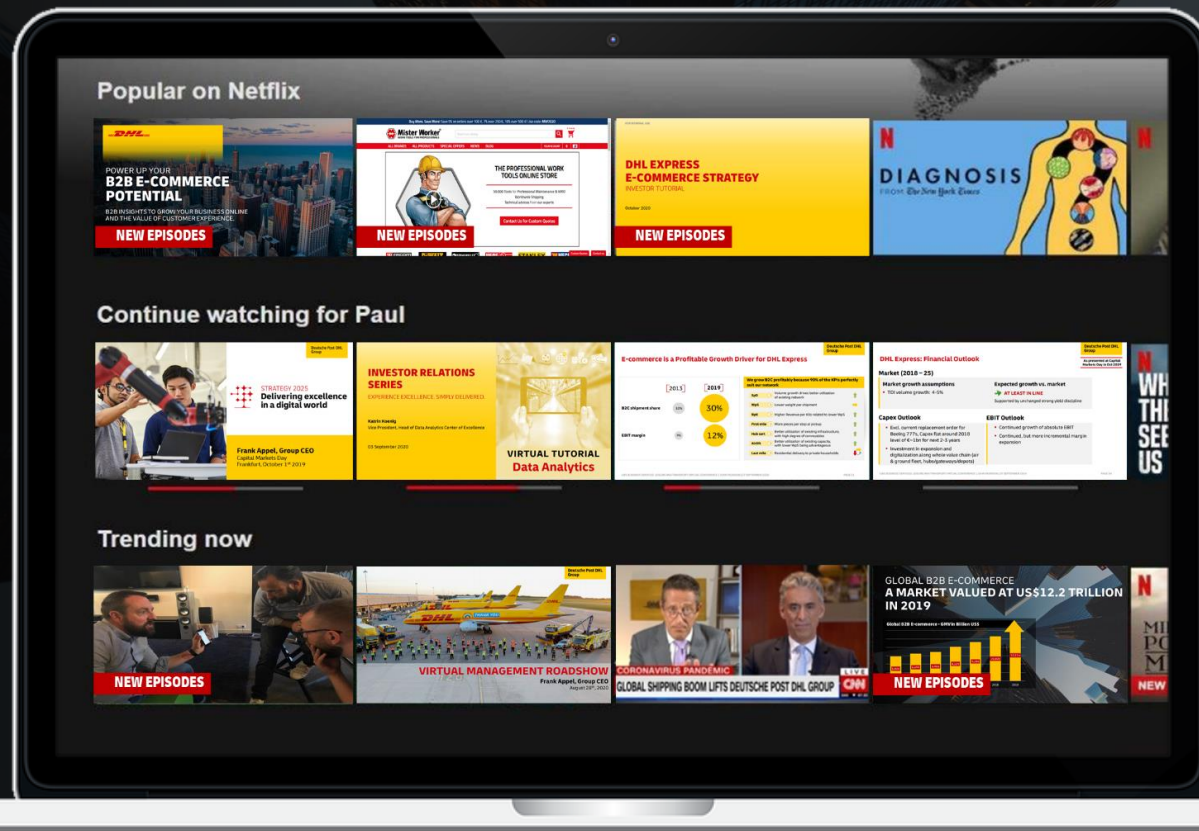
CONTACT US

We can consult B2B companies on the emerging world of B2B e-commerce and support them to optimize their e-commerce sales channel and their online presence to grow their online sales



MISTER WORKER TV COMMERCIAL

<https://www.misterworker.com/>



... and we have more seasons & episodes **COMING SOON!**

**As a closing we want
you to know what we
are telling our sales
teams...**



Our 5 key ingredients for long term success

Focus on the **Express Volume only**

Profitable premium e-commerce only, not the whole volume

Add **Value to our Customers**

Selling the value we can bring, PUYP, consulting customers

Sell at the **Right Price**

Selling at the right prices, MSP, letting the consumer pay

Always have a **Long Term View**

Think long term, maturity curve. Be aware of what is happening in the market.

Ask the question: “*Would you be happy if the customer grows big under these conditions ?*”

Use and sell our **e-commerce Innovations**


Using innovations to make customers more profitable




Q&A

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Group

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Ask a question
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Email:

Question:

Data protection
Mashead

Enter your email and question here, then press submit.
Questions will not be posted or visible to all.