

ADVANCING CROSS BORDER E-COMMERCE IN ASIA

DRIVING E-COMMERCE: OPPORTUNITIES AND RISKS

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By the numbers...



12.8%

Share of global retail e-commerce of total retail spend by 2019¹⁾



1.6bn

Estimated number of people shopping online in 2018²⁾



\$3.4 trillion

Value of domestic and cross-border e-commerce transactions worldwide by 2020³⁾



\$1,582

Average annual online spend per e-shopper in 2016⁴⁾



\$17.8 billion

One day sales revenue of Alibaba group on Singles' day⁵⁾



60%

Share of China and USA of global e-Commerce market in 2016⁴⁾



\$192 billion

Value of global e-commerce logistics industry incl. fulfillment in 2016⁶⁾

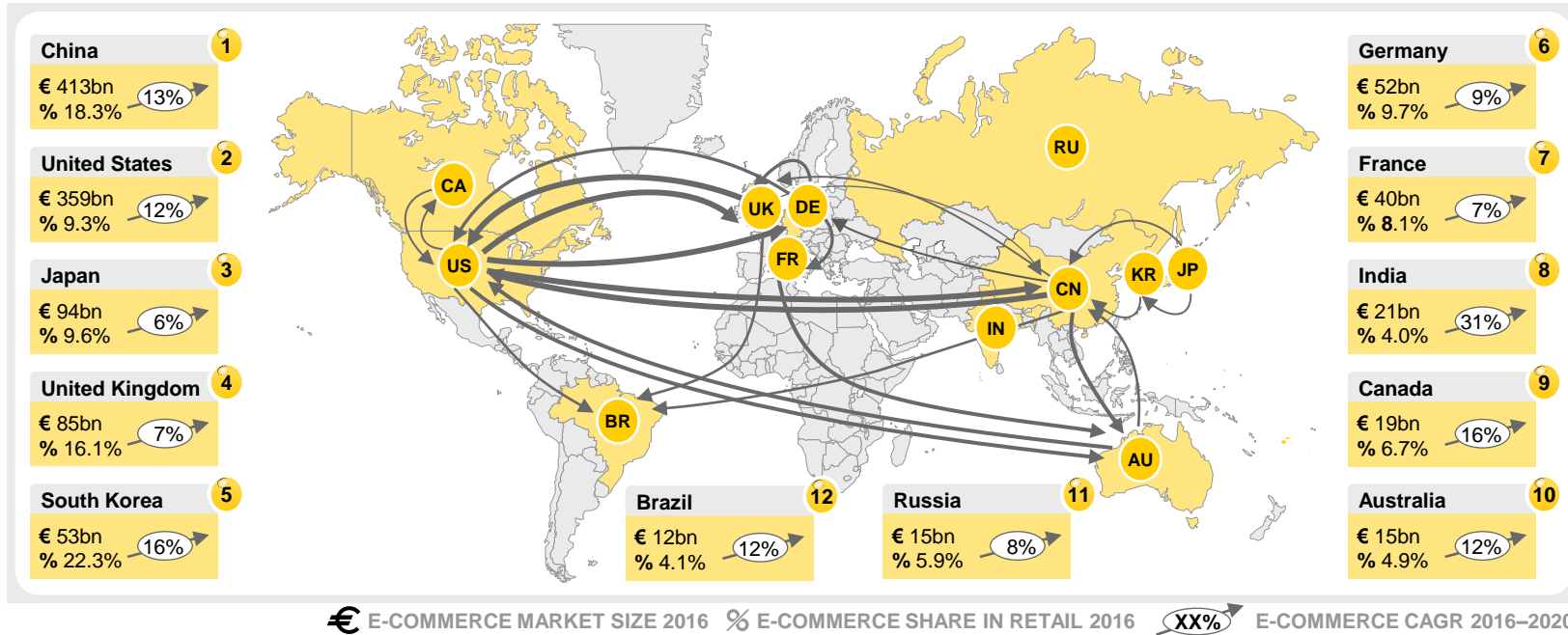


47%

Share of online shoppers who expect free shipping

1) Worldwide E-Commerce Report 2016 (eMarketer, 2016); 2) By 2018, a quarter of the world's population will be online shoppers (DHL, 2015); 3) Cross-border B2C E-commerce Market Trends (Accenture & AliResearch, 2016); 4) 'Global B2C E-commerce Report 2016' by e-commerce Foundation 5) Asia Singles' day sales scorecard (Forbes, 2016); 6) Global E-commerce Logistics 2016 (Transport Intelligence, 2016)

The largest markets and trade lanes



Source: Euromonitor International 2016; Modern Spice Route (PayPal, 2013)

Key trends

The digital age increases customer expectations of logistics



The right logistics solution is key to business success



Customer satisfaction highly depends on a convenient **last mile delivery** & returns experience



Direct-to-Consumer is on the rise and will affect both B2C and B2B commerce



True **Omni-channel** will become a reality



Customer expectations regarding ever faster delivery will also drive new ways of **B2C fulfillment**



Effective **eFacilitation** enhances the success of e-commerce business



Cross-border e-commerce enables access to new markets without major investments

What drives e-commerce sales

Availability



Better
Availability

31 %

Offering



Appealing
Offer

Better
Conditions

31 % **36** %

Trust



Recommendations
From others

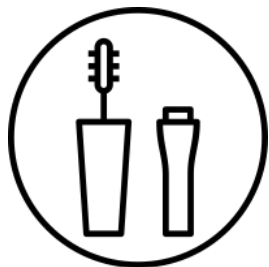
Trustworthiness
Of E-Tailer

14 % **11** %

Source: The 21st Century Spice Trade, DHL

And it isn't just electronics and apparel

Beauty



32%

Pet Care



30%

F&B



27%

Sporting Goods



26%

Source: The 21st Century Spice Trade, DHL

What's important for consumers in e-commerce delivery

Receiving delivery within an **agreed time frame**

82%

Full visibility on delivery process

82%

Electronic **notification** of delivery

82%

Receiving delivery on an exact day defined **at purchase moment**

68%

Source: IPC Online Shopper Survey

...but it isn't all plain sailing



Inadequate Physical
Addresses



Payment Methods



Customs Regulations and
Transport Infrastructure



Security of
Transactions



High-Speed/Secure
Connectivity



Language and diversity

Regulation Issues Affecting E-Commerce

July 2017

Trump Administration seeks to renegotiate NAFTA with objectives including a digital economy chapter.

January 2016

Mexican Peso declines 10% and has been linked to Trump Administration announcement that high tariffs will be imposed on Mexican Imports if NAFTA is not renegotiated.

July 2017

2019 Reevaluation of EU/UK Aviation agreements are leading EU airlines to take preemptive measures including planning redeployment of fleets, and reapplying for national licenses

June 2017

UAE cuts postal service to Qatar

May 2016

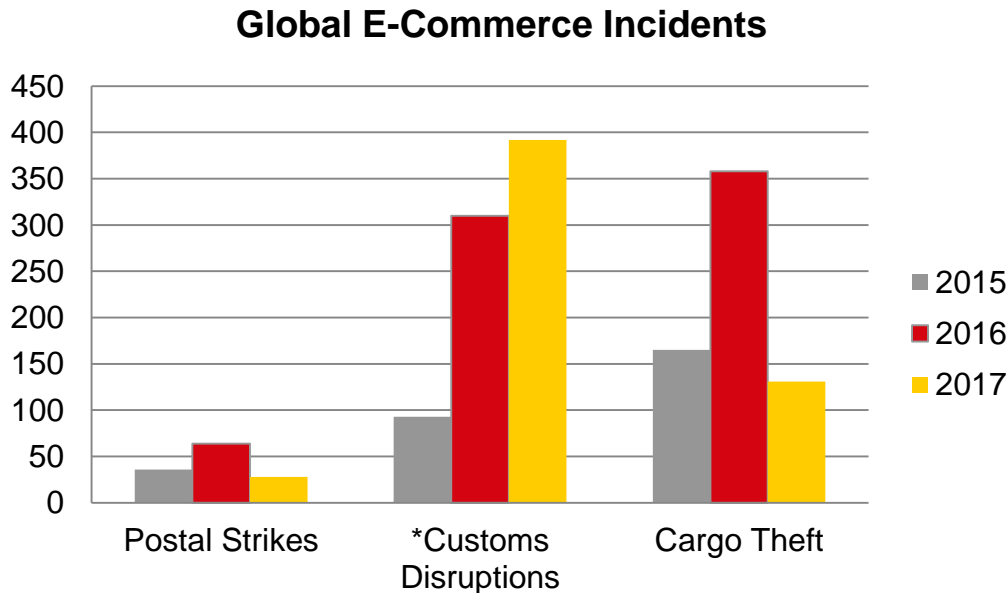
Indonesia sets foreign ownership cap of small e-commerce sites to 49%.

Jan. 2016

China announced it will set up more cross-border special e-commerce zones allowing relaxed market entry for foreign goods in these zones.

Sources: DHL Resilience360 and American Shipper

And so do postal strikes, cargo theft and customs disruptions



Source: DHL Resilience360



You can only manage what you know



*'We've considered every potential risk
except the risks of avoiding all risks.'*

And manage it well to deliver a great delivery experience for consumers



Car Drops



Parcel Lockers



Delivery to neighbour



Parcel Robots



Drones

KEEP
CALM
&
LOVE
E-COMMERCE



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