



PRESENT

SOLUTIONS WORKSHOP: EVOLVING SUPPLY CHAINS FOR NEW GLOBAL CHALLENGES

February 21, 2019

WELCOME TO THIS *journey*

The idea for this one of a kind milk began at our kitchen table over 20 years ago. It's the belief that sustainable farming, healthy, well-cared-for cows and the wholesome, powerful nutrition of milk can add vitality to people's lives and ensure a healthy planet. It's about believing in the future and always challenging the status quo and ourselves. It's about believing in better and then working diligently toward that.

This is a movement and an undertaking that relies on a trusted brand that's consistently innovating to best share our story and mission with the world.

Welcome to fairlife.

Mike & Sue McCoskey

fairlife co-founders, dairy farmers



ONE-OF-A-KIND

BRAND

CORE TENETS



BETTER
taste



BETTER
nutrition

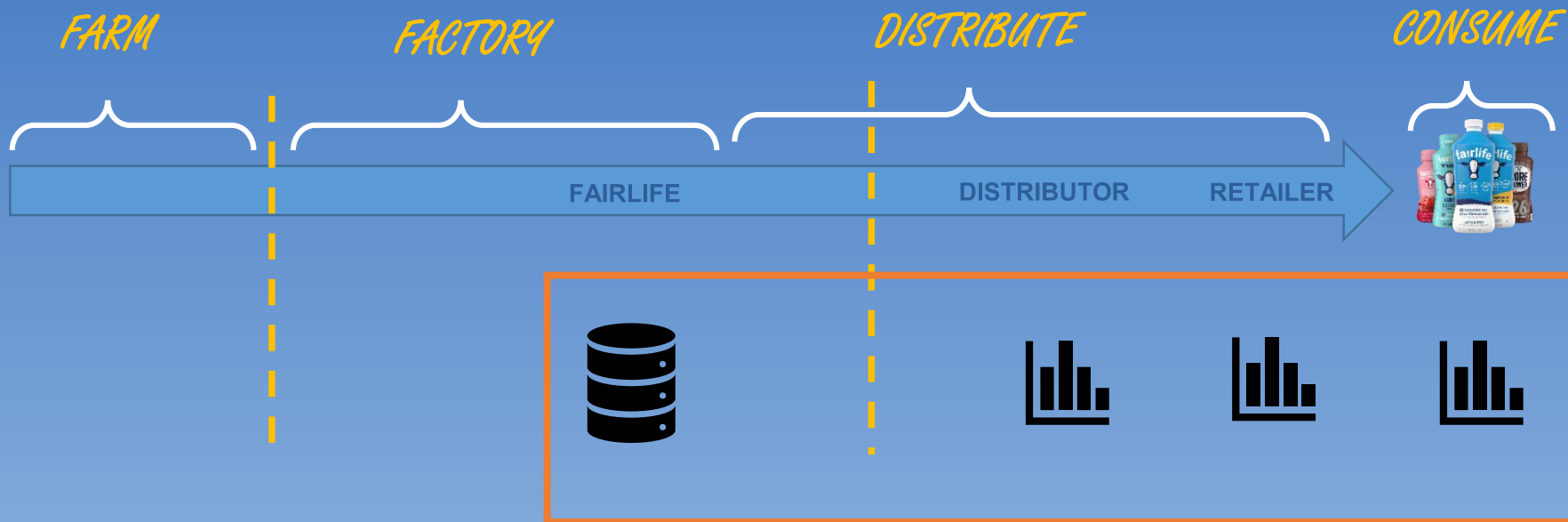


BETTER
values



LEVERAGING DATA

...FOR ADVANCED PLANNING



INTEGRATING E-COMMERCE INTO YOUR SUPPLY CHAIN

February 21, 2019



Consumer Spend



12.8%

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



1.6bn

Estimated number of people shopping online in 2018²⁾



USD 3.4 trillion

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



USD 1,582

Average annual online spend per e-shopper in 2016⁴⁾



USD 25.3 billion

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



6%

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



USD 192 billion

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



47%

Share of online shoppers who expect free shipping

Sources: 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) Alibaba's Singles Day (Bloomberg, 2017); 6) Global E-commerce Logistics 2016 (Transport Intelligence, 2016)

Consumer Expectations

Fast



- **3 day or faster** the new bar
- **2 of 3 consumers** want the option to have orders placed by 5 PM to be delivered next day¹⁾
- **3 of 5 consumers** want the option to have order placed by noon to be delivered same day

Free



- Shipping charges is a leading driver of **abandoned shopping carts**
- 8% consumers would be willing to pay up to \$9.00 for same day delivery²⁾

Flexible



The consumer wants options:

- For a specified time slot
- Rescheduled on demand
- At non-residential address
- After hours/weekend

Transparent



And access to **information real time and on their terms:**

- Mobile tracking
- Instant delivery alerts
- Online/on demand interaction with customer service/driver

Source: 1) e-Commerce Packaging Study 2016; 2) Internet Retailer Report

Looking Ahead

2010

The Past

- National orientation
- Few centralized DCs
- Tax efficient locations
- Nationwide shipping
- 3-day as best-in-class
- 5-day as average
- Incumbents dominate (USPS, FedEx, UPS)
- Static and rigid networks



2014

The Present

- Regional orientation
- East / West DCs
- Regional carriers play a role
- 2-day the new bar
- 3-day the new average
- Simple ship / pickup from store
- Rise of omnichannel technologies
- New distribution models pilot



2018

The Future

- Metro orientation
- Consumer proximity creates highly fragmented fulfillment landscape
- Small pickup lot sizes
- Short haul / last mile shipping
- Same-day, next-day
- Flexible on-demand networks



2020

DHL Supply Chain – E-Commerce Solution Summary

DHL Supply Chain offers several types of eCommerce fulfillment solutions to its customers. These include:

- **Dedicated Fulfillment** – designed for the specific requirements of a single customer
- **Membership Fulfillment** – offering customer contact and fulfillment services
- **Omnichannel Fulfillment** – facilitates that serve the wholesale, retail and B2C fulfillment requirements of customers
- **Shared Use Fulfillment** – a shared use network of fulfillment centers offering order management, fulfillment and transportation services
- **Fulfillment + Same and Next Day Delivery** – a national network of market based fulfillment centers that allow for same and or next day delivery for B2C customers; includes order management and final mile delivery

Supply Chain Principles that enable delivery of Company Performance:

- Advance operational excellence in Supply Chain and drive sustainable improvements in service, cost, and inventory performance
- Third Party Strategic Partnerships prove critical to evolving Supply Chain Capability and Execution
 - Evaluate Distribution and Transportation Services model through benchmarking with “best in class” third party logistics companies
 - Warehouse and Transportation Management Systems and Capability
 - Cutting Edge Technology for evolving customer needs (service, on-time delivery performance)
 - Elimination of Manual Processes
 - People and Resource Focus: Separation of Core versus Outside Expertise

Company



3PL Partnerships
in Transportation
and Warehousing



“Best in Class” Logistics



Modernizing E-Commerce

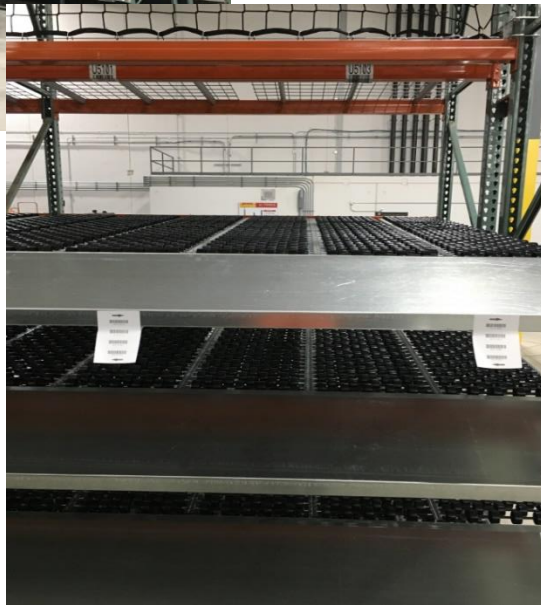


Increasing pick face locations & added storage for high velocity items



State of the art hands free picking equipment

Carton flow and trays for proper physical movement of cases



Installation of packing / weigh stations and leverage of WMS technology

