



FASHION UNLEASHED:

THE AGILE FASHION SUPPLY CHAIN

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This white paper is based on the 2013 Fashion Masterclass, an event organized by DHL that brought together senior executives from a cross section of the fashion industry. The event provided a forum to exchange ideas about the dynamics of this industry and their impact on supply chain management. The white paper is based on their input, as well as additional research conducted on behalf of DHL Supply Chain, which included a survey of fashion suppliers. Participants in this research included: Betty Barclay, Debenhams, Hunkemöller, IC Companys, Keen Footwear, Levi Strauss & Co and TOM TAILOR amongst others. The paper discusses the key trends shaping the fashion sector and how companies can use the supply chain not only to compete, but to unlock new value.



Rapidly changing and often unpredictable consumer buying behavior, enabled by the Internet, mobile communications and growing spending power, has made volatility and complexity the norm rather than the exception in the fashion sector. It has fragmented sales channels, escalated service demands, shortened product lifecycles, ratcheted up cost and margin pressures, and created production challenges. Add changing demographics, rapid growth in emerging markets, and the rise of the global middle class and you have the definition of uncertainty.

It goes without saying that the fashion market is fiercely competitive. The Internet has raised the stakes exponentially. Competition now comes from anywhere in the world, and observes no rules of time or place. Fashion companies must meet this environment head on – or risk the consequences. In an industry where some products are as perishable as strawberries, this is no easy task.

Not surprisingly, these forces are driving tremendous change in the fashion sector, particularly in supply chain networks and operations. The industry – including retailers, manufacturers and their logistics service providers - is re-thinking its supply chains with an eye toward building in appropriate speed, flexibility, responsiveness and control. Companies must create and manage a supply chain that is ‘fit for purpose’¹ in this environment, capable of serving multiple markets around the world – and doing so profitably.

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¹ Ernst & Young, New Consumer Products Companies Face Declining Margins, www.ey.com.

Part 1: Current state and driving trends

The fashion sector typically breaks down into five category types:

- Fast fashion (e.g., Inditex)
- Value (e.g., Matalan)
- Luxury (e.g., Gucci)
- Traditional (e.g., Gap)
- Department store (e.g., Macy's)

Supply chain requirements differ by fashion sector, by channel and by product. The name of the game is responsiveness, agility and flexibility – all with an optimally managed cost structure.

Best practice fashion supply chains are migrating toward a model in which participants operate as an interconnected web of trading partners, all aligned to deliver what the consumer wants, regardless of channel or product category. To understand this evolution, let us first discuss key trends that are shaping the fashion sector globally.

Trend #1: The digitally empowered consumer

To say consumers have power today is an understatement.

The age of the digital consumer has arrived, and it is revolutionizing sales channels for the fashion industry. The digital consumer can shop anytime and anywhere, is willing to endorse or condemn a product in real-time on social media, and enjoys access to any number of shopping 'channels'.²

Explosive growth in mobile technology adoption worldwide fuels this trend. By the end of 2012, there were 6.8 billion mobile subscriptions, according to the International Telecommunication Union. That's equivalent to 96% of the world population.

Globally, there are now more than one billion smartphones in the market. By 2016, smartphones used as a part of a shopping experience could influence

² PwC GMA report: 2013 Financial Performance Report: Growth Strategies: Unlocking the power of the consumer. Forward.



between 17 to 21% of retail sales in the United States alone, representing between \$627 billion and \$752 billion.³

“In the new world of consumer decision making, the customer calls far more of the shots... Buyers no longer enter a marketing or sales channel but are continuously in the channel. In this world, the consequences for the provider of an irrelevant customer experience can be dire.”⁴

In a recent Harvard Business Review article, Larry Downes and Paul Nunes, both with Accenture, observe, “Rather than sellers broadcasting select information to potential customers, consumers now pull information from other consumers on price, quality and customer service, whenever and wherever they are. That means... takeoff (of a new product) is immediate, and vertical.”

Getting it wrong – if the fashion supply chain fails to provide what the consumer wants – can carry a hefty

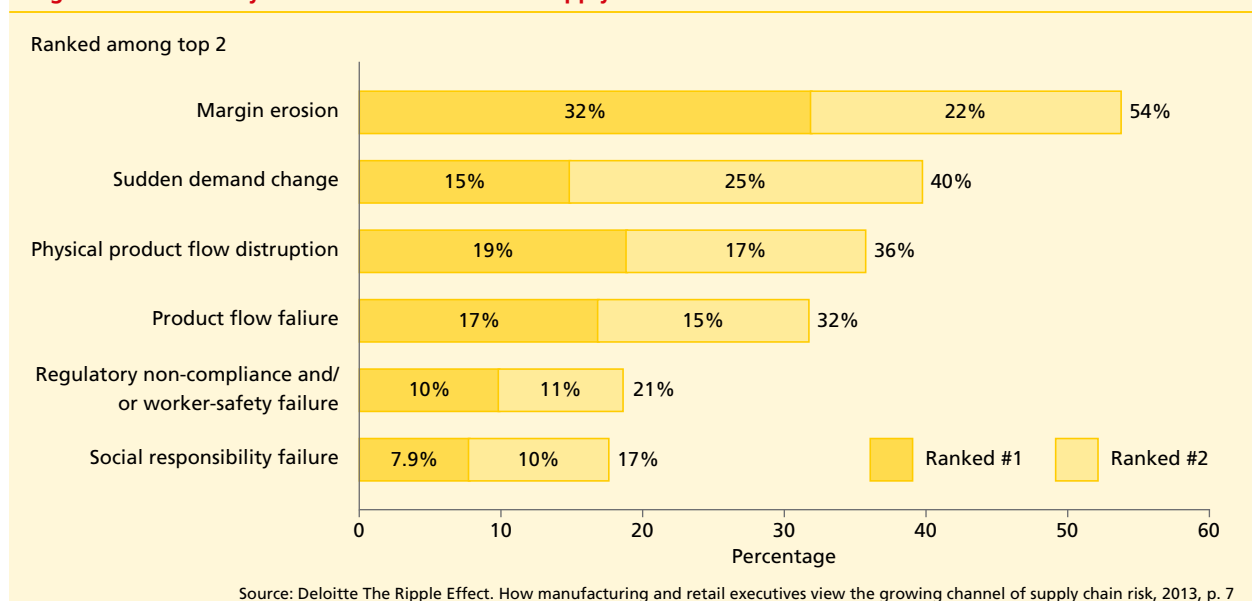
price tag. A 2012 Deloitte Consulting study of 600 executives from manufacturing and retail companies⁵, for example, found that the most costly outcome of poorly managing supply chain risk was margin erosion (Figure 1).

Not only are consumers constantly in the channel, but they care nothing about borders. In China, for example, shopping overseas via the Internet is now so common that it has a nickname – hai tao, or ‘ocean search’.

According to a study by PayPal, the total value of the online cross-border shopping market across the six major online shopping markets – the US, UK, Brazil, Germany, Australia and China – will increase from \$105 billion in 2013 to \$307 billion in 2018.⁶

This means channels continue to morph, which only serves to add more uncertainty and complexity to the fashion retail business model. The online channel, for example, has now bifurcated to include both pure and

Figure 1: Most costly outcomes of risks in the supply chain



³ Mobile Retailing: Are You Ready for Radical Change?, Deloitte Development LLC, 2011.

⁴ ACCENTURE. Corporate Agility: Six ways to make volatility your friend. By Walt Shill, John F. Engel, David Mann and Olaf Schatteman. 2012, No. 3 issue of Outlook Marketing Extraordinary relevance By Glen A. Hartman, Baiju Shah and Robert E. Wollan p.14.

⁵ The Ripple Effect: How manufacturing and retail executives view the growing channel of supply chain risk.

⁶ https://www.paypalobjects.com/webstatic/mktg/pdf/PayPal_ModernSpiceRoutes_FactSheet_Six-Markets.pdf.

hybrid solutions. In pure online, the consumer orders via the Internet and the product is delivered directly to the consumer's home. In hybrid online, however, the consumer orders online but goes to a location to physically collect the goods. This pick-up location, to further complicate matters, isn't limited to bricks and mortar stores. It can be anywhere – a storage locker in a train station, for example.

Initially, retailers' distribution networks and information systems were not equipped to manage this complexity within the four walls of a single facility. As a result, they operated with separate facilities dedicated to serving the traditional channel and the new e-commerce channel. Today, however, more sophisticated network capabilities and information systems enable companies to handle multiple channel types from a single facility and inventory pool.

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Today, thanks to more advanced inventory and warehouse management solutions, companies can combine many physical flows into core common flows regardless of channel. This enables a greater level of automation which, in turn, substantially reduces labor costs.

With the advent of quick response (QR) codes, consumers can not only explore and research products, but can comparison-shop for the best price-service option. Amazon is in the vanguard of this capability. It introduced the PriceCheck mobile app in 2011, enabling shoppers to scan the barcode of a product in a store and immediately see Amazon's price for the

product – and purchase it. The app caused some controversy in the retail sector, and gave Amazon access to something of incomparable value – competitor price information on a massive scale.⁷

As a result of this digital revolution, it has never been easier for a customer to walk away from an established retail or brand relationship.



⁷ Amazon, "Is That Deal Really a Deal? Use the Price Check by Amazon App to Make Sure," BusinessWire, December 6, 2011.

Trend #2: Rise of disruptive retailers

In the product world – especially high tech – there’s a phenomenon called ‘big bang disruptors.’ Big bang disruptors are quantum innovations (like Apple’s iPhone or iPad) that “create or destroy entire product lines and whole markets overnight”.⁸ Something similar exists in the fashion world, but it’s not a product. Rather it’s a business model: Zara’s fast fashion supply chain.

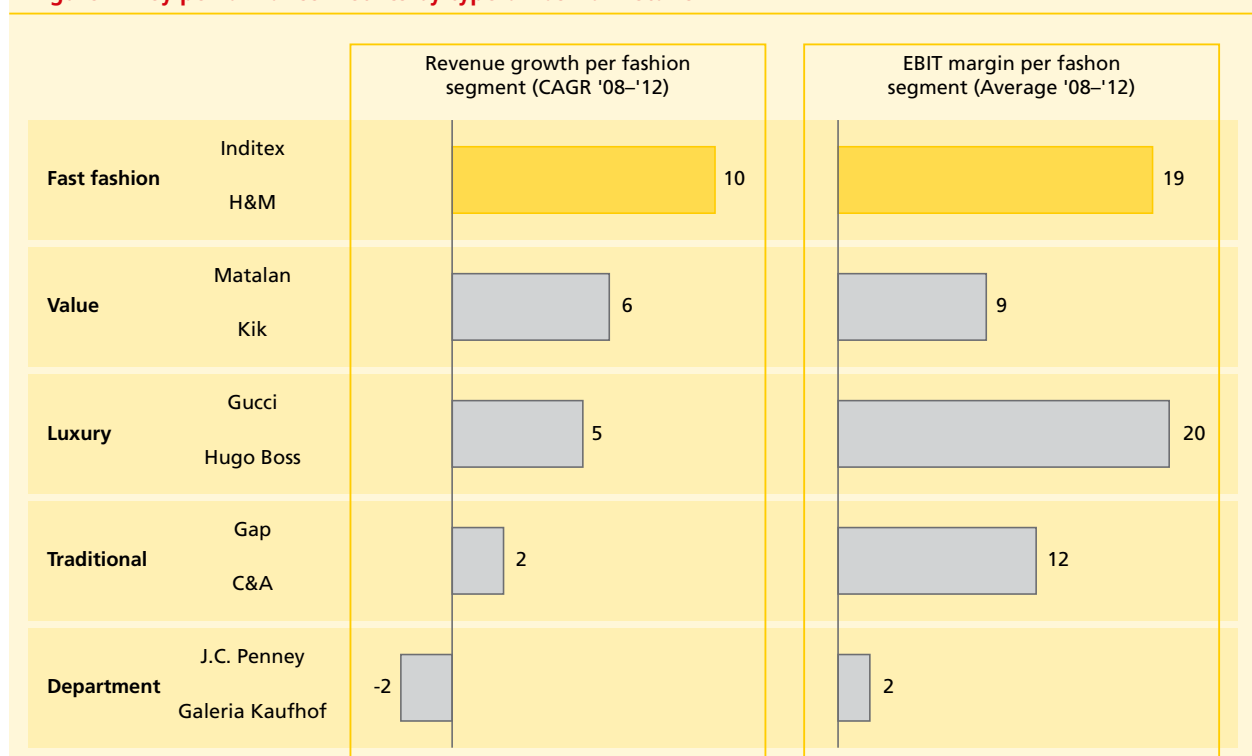
Zara essentially engineered a new supply chain model designed to speed up inventory turnover and eliminate or drastically reduce mark-downs - and in so doing redefined fast fashion. The Spanish retailer introduces new collections every few weeks, consumer uptake is immediate, and Zara then moves on to the next

collection. The customer, knowing there’s a continual flow of fresh, affordable merchandise arriving at the physical or virtual store, shops and buys more often. Zara’s collections, therefore, act like perishables and consumables simultaneously.

Having the ability to quickly launch new products, replenish and sell at full price, and drive a high volume of customers to the store – physical or virtual – is crucial in the fast fashion model. The success of the fast fashion companies such as Zara, H&M and Primark bear out this statement. Getting it right pays tremendous dividends from both a growth and margin perspective. As Figures 2 and 3 illustrate, fast fashion retail leaders outperform other sectors in revenue as well as margin.

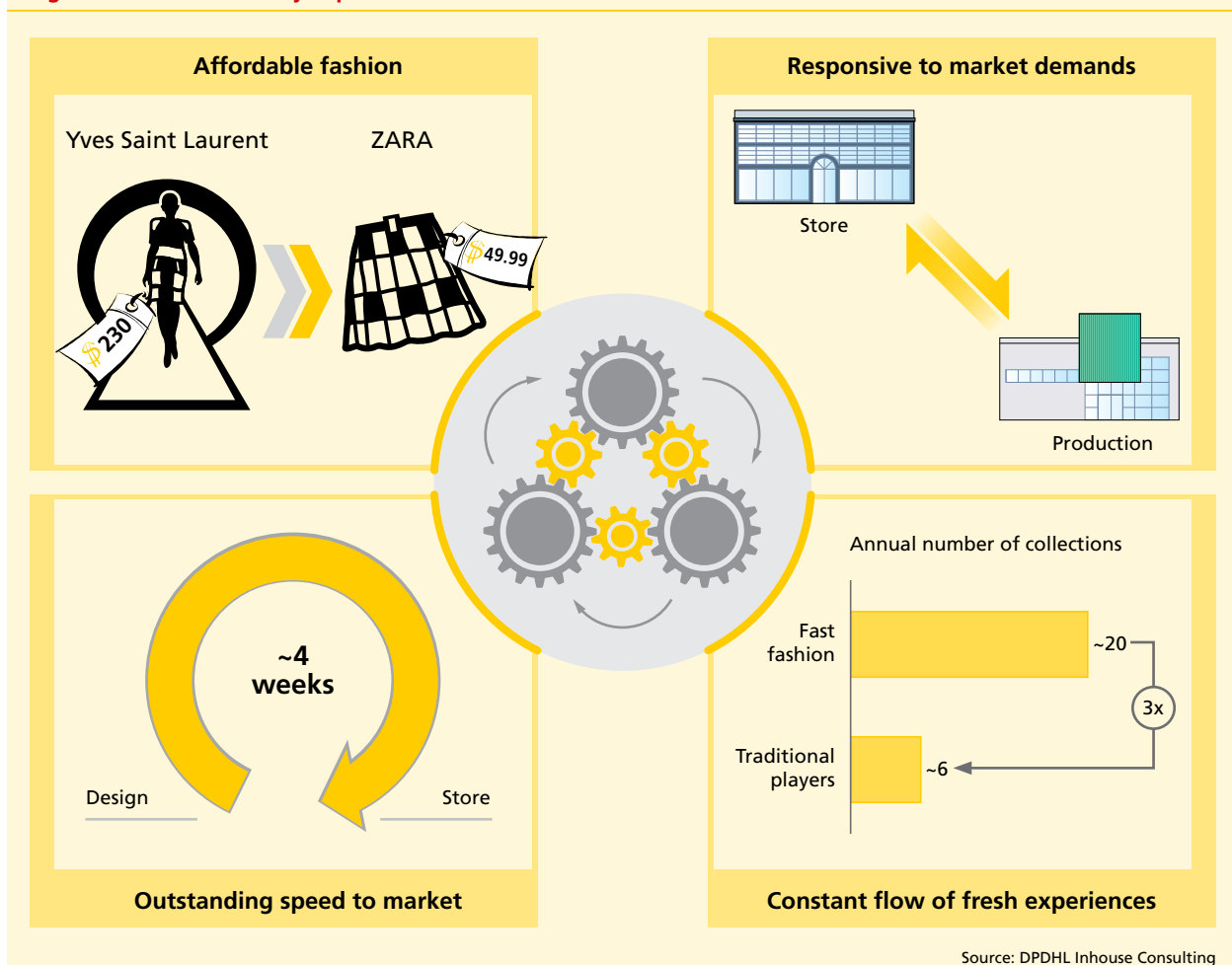
⁸ Larry Downes and Paul F. Nunes, "Big Bang Disruption," *Harvard Business Review*, March 2013.

Figure 2: Key performance metrics by type of fashion retailer



Source: DPDHL Inhouse Consulting, Company Annual Reports; Fast Fashion: Inditex, H&M, Mango; Value: T.J. Maxx, Kik, Matalan; Luxury: Gucci – PPR, Hugo Boss, Zegna Group; Mainstream: Gap, C&A, United Colors of Benetton; Department: J.C. Penney, Galeria Kaufhof, Macy's.

Figure 3: Fast fashion key capabilities



Zara for example, brings collections to market in about four weeks from design to store and average about 20 collections a year versus around six for traditional fashion players.

The success of the fast fashion players is based on a different operating model, which relies on an interrelated set of system capabilities. Key ingredients of the fresh and fast fashion concepts are:

- Affordable price points
- A pull-based supply chain based on demand signals from the store/customer

- Short cycle time from design to store
- A highly agile and responsive supply chain that includes local sourcing and production, and postponement of final product differentiation
- A large number of collections, which generate traffic through the physical and online store such that the frequency of consumers entering/buying products is much higher than with traditional retail
- Branding the freshness concept, meaning the customer knows the product might not be around next week.

Trend #3: Growth of the global middle class

In 2011, the world's population reached seven billion. By 2050, according to demographers at the United Nations Population Division, there will be 9.6 billion people on earth. Population growth will largely occur in developing countries, as birthrates in Europe, North America, and parts of Asia head toward parity with death rates.

People are migrating as well – choosing to live in urban centers where density offers greater economic opportunities. In 2009, the number of people living in urban areas surpassed the number living in rural areas for the first time. By 2050, the global level of urbanization is expected to reach 67%.⁹ Today there are 21 cities with more than 10 million inhabitants, most of them in developing countries.

As total population grows, so too does the size of the global middle class. The World Bank predicts that by 2030, more than one billion people in the developing world will belong to the middle class, more than twice the number fitting that description in 2005. Income levels in emerging markets increased 96% from 2000 to 2010, and are expected to grow 45% from 2010 to 2016, driving a wave of consumerism for all types of goods, from basics to luxury items.

Finally, the center of gravity for this burgeoning middle class is shifting from North America and Europe to Asia-Pacific, a trend that the fashion sector expects to capitalize on in a big way. For example, Tadashi Yanai, CEO of specialty retailer UNIQLO, a subsidiary of Japan's Fast Retailing Co. Ltd., recently commented that Asia represents a 'gold rush' opportunity for retail, driven by the rise in the number of middle income consumers from one billion to two billion over the next 10 years. Fast Retailing plans to open 200 to 300 UNIQLO stores annually over the next few years, primarily in the high-growth Asian economies.

The fashion sector is adopting a market model which balances demands for localization of offerings with the need for operating efficiency.

Luxury goods brands have pursued Asian customers for some time. "Although double-digit growth for luxury goods firms may be difficult to sustain by the turn of the decade, by 2022 a strong platform will exist in these new markets for luxury goods houses in large and mid-sized cities selling wares to a willing and wealthy consumer base."¹⁰

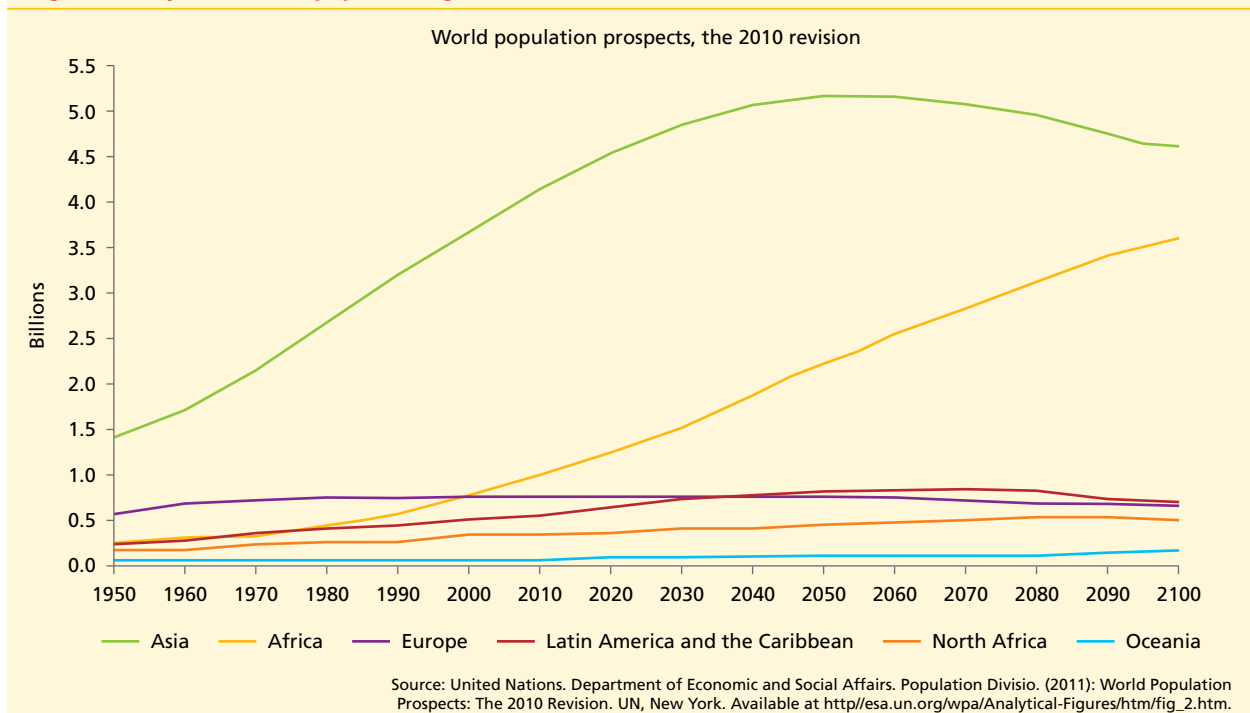
Hermès 2012 full-year sales in Asia rose by 28.6% overall and, excluding Japan, they rose by 36.2%, notably owing to demand in China. The company's strategy in Asia, as well as the rest of the world, remains one of consistency and exclusivity. The company opened just two new manufacturing workshops in 2012 and maintains waiting lists of over a year for some handbags. That helps it to keep control over pricing and prevents the brand dilution that threatens more available brands, such as Louis Vuitton.¹¹



⁹ *World Urbanization Prospects, the 2011 Revision*, United Nations, Department of Economic and Social Affairs, Population Division, March, 2012.

¹⁰ Economist Intelligence Unit, Rich Pickings: The Outlook for Luxury Goods in Asia, 2013.

¹¹ Ibid.

Figure 4: Projected world population growth 1950-2100 (billions)

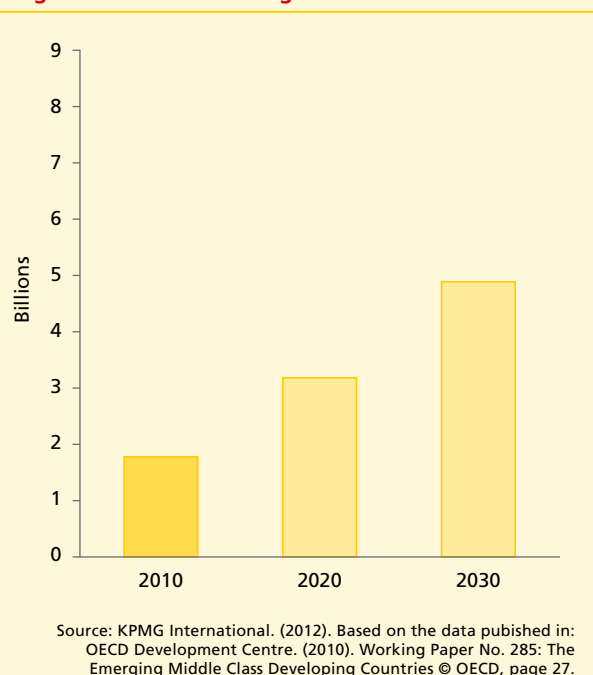
Burberry saw a 20% increase in China, with that country now accounting for 14% of Burberry's turnover.

Burberry's success over the past few years has come about through accelerating branded store openings. Going forward, however, the company plans to shift its focus to developing other channels to deliver growth – namely its online store. In 2012, Burberry's Chinese online store sales rose by 70%.¹²

Reacting to these demographic shifts, the fashion sector is adopting a market model which balances demands for localization of offerings with the need for operating efficiency. In other words, they are seeking to distribute and sell products in ways that meet local requirements while managing production and inventory with standardized processes and systems to deliver a globally consistent brand.¹³

¹² Ibid.

¹³ Managing volatility through smart inventory planning. IBM Corporation. 2012. P. 4.

Figure 5: Growth of the global middle class

Part 2: Tailoring the fashion supply chain

In the context of these trends, fashion manufacturers and retailers are looking to build consumer adaptive supply chains. Dynamic has become as critical as efficient.¹⁴

Certain best practices are characteristic of the adaptive fashion supply chain. These include:

- Flexible networks
- Segmented supply chains
- Tailored sourcing
- Postponement
- Shared distribution networks
- Accelerated product velocity

Flexible networks. Network and operational agility are key differentiators of best practice fashion supply chains. “In this sector, resiliency is all about being asset light, but having access to fully qualified contingent scale and capacity on an on-call basis,” observes Marcel Beelen,

Vice President, Business Development, Fashion and Lifestyle, DHL Supply Chain. Supply chains must be able to expand and contract at will, based on market conditions, fashion trends and consumer demands.

“Supply chain flexibility is increasingly important as it brings a strong competitive advantage in the highly volatile fashion market and can make the difference between being a ‘winner’ or a ‘loser’. Flexibility enables fashion companies to cope with increasing uncertainty because it facilitates a quick response to changing market needs.”

In high growth markets, for instance, fashion manufacturers and retailers need their supply chain capacity to be able to grow 20 to 30% a year upon market entry. On the flip side, as in some European countries, they need to be able to get out of supply chain capacity rapidly – to reduce the number of facilities and consolidate their network footprint for cost reduction. This means being asset light, resource light and contracting for supply chain capacity.

They also need to be able to adjust their supply chain networks to suit market and customer requirements more effectively. For example, one specialty apparel retailer was using a cross-border service provider to handle all of its international e-commerce fulfillment, but found it to be high cost, slow and brand damaging because it delivered a poor customer experience. Instead, the retailer put distribution centers in its key Asian markets to shorten up response time and position it to support corporate growth plans for expansion – which included adding eight countries to its market portfolio over the next five years.

Segmented supply chains. Supply chain segmentation tailors the supply chain to the customer segment. Under this model, products and/or customers with different



¹⁴ ACCENTURE. Corporate Agility: Six ways to make volatility your friend. By Walt Shill, John F. Engel, David Mann and Olaf Schatteman. 2012, No. 3 issue of Outlook. Operations Why “dynamic” is as crucial as “efficient” By Gary R. Godfrey and Mark H. Pearson.

characteristics are served through different supply chain processes, policies, and operational modes. The brand or retailer utilizes multiple product flow strategies through supply chains specifically designed to support those flow characteristics.

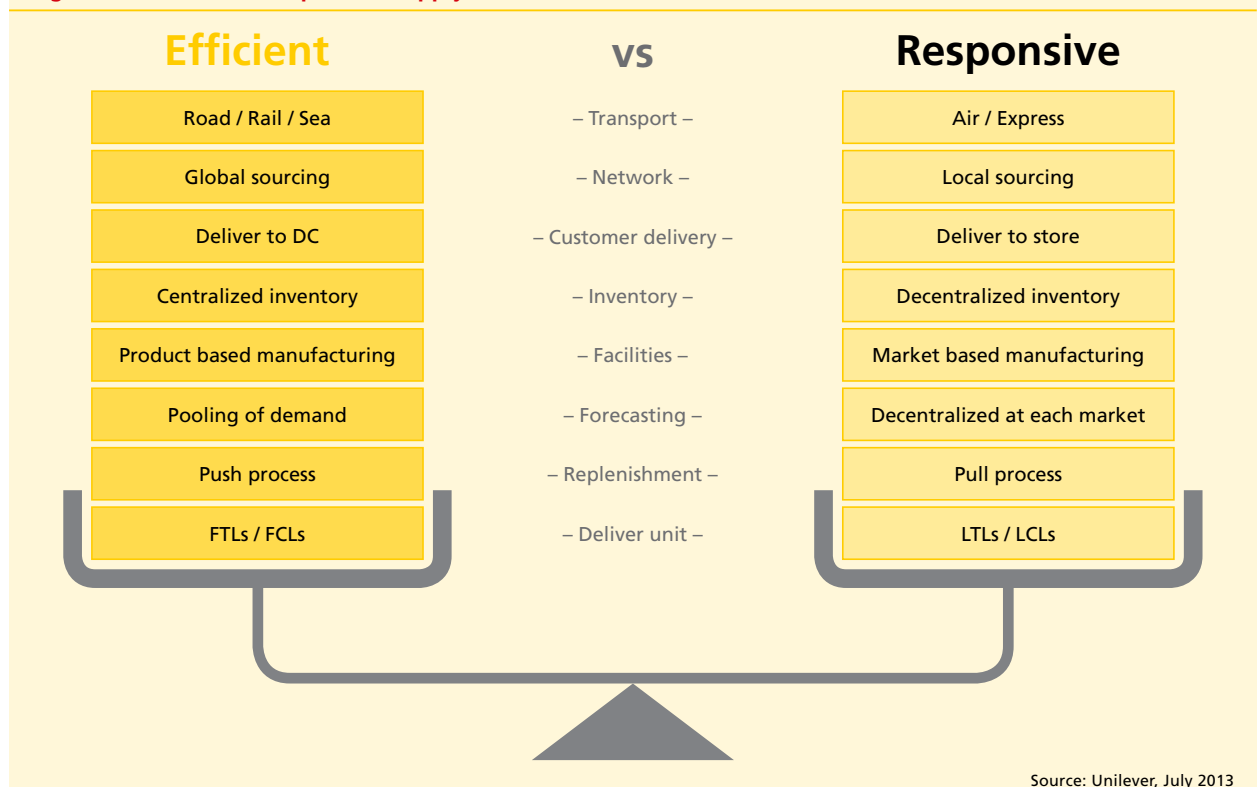
Fashion manufacturers and retailers are looking to build consumer adaptive supply chains. Dynamic has become as critical as efficient.¹⁴

For example, the supply chain for fast fashion is structured to support speed to market, high variability and rapid inventory turnover. This structure is very different from the supply chain for fashion staples, which have stable annual demand and longer product lifecycles.

In order to maximize sales and profits, some products within a portfolio could be served through an efficient supply chain (e.g., fashion staples) while others are served through a responsive supply chain (e.g., fast fashion/seasonal products). All supply chain drivers are aligned to deliver the overall objective of responsiveness or efficiency and avoid any conflict. For example, a responsive supply chain for a product group would incorporate market-based manufacturing and local sourcing, direct-to-store delivery, and a pull-based replenishment process driven by demand (see Figure 6).

The goal is to find the best supply chain processes and policies to serve each product or customer type at a given point in time while also maximizing service and profitability. Segmentation can help companies achieve this goal.

Figure 6: Efficient vs. responsive supply chain models



Based on the overall efficiency versus responsiveness trade off, companies choose the right approach and execution partners for each key driver – i.e. supply chain network, facilities, inventory, forecasting and replenishment and transportation. So rather than look at discrete products and build supply chains for product lines, this approach looks at commonalities along the efficiency and responsiveness spectrum. It then groups supply chain activities and products handled along the lines of these commonalities, and develops the optimal solution to get the desired result.

It is not uncommon for fashion companies to have a combination of both types of supply chains, depending on what type of product is moving through. A major European sports and lifestyle company for example operates:

- A traditional push supply chain for standard or basic items in which wholesalers provide large quantities purchased in advance, typically sourced in a low cost country

- A pull-based supply chain for in-season replenishment that respond directly to market needs – sourced close the European market, e.g. in Turkey or Portugal.

Fashion companies are reviewing their supply chain network design in order to support such segmentation. This means, in some cases, setting up a more regionalized distribution center network to reduce transit times to market. This strategy shortens up distance to market, thereby reducing transit time and improving responsiveness and agility.

Nike is pursuing this strategy in the broader European market, for example. Although its main distribution center is in Belgium, the company recently opened satellite distribution centers in Russia, Turkey and South Africa to support its retail, online and wholesale markets.



Figure 7: Tailored sourcing model

		Low cost efficient source	Flexible higher cost source
Certainty of demand	Predictable portion of demand	✓	
	Uncertain portion of demand		✓
Product category	High volume products with certain demand	✓	
	Low volume products with uncertain demand		✓
Product life cycle	Well established products	✓	
	New products with uncertain demand		✓

Tailored sourcing. Another practice being embraced by the fashion sector is tailored sourcing. This practice, a sub-component of supply chain segmentation, is based on elements such as certainty of demand, product category and product lifecycle. It is designed to support the need for a more responsive, regionalized network strategy. Under tailored sourcing, decisions would develop as depicted in Figure 7, tailored to demand and product characteristics.¹⁵

A low-cost, efficient source can be an outsourced or offshore facility. A flexible, higher cost source can be a local source closer to market or point of consumption.

In both scenarios, companies frequently turn to 3PLs to provide the high-capability logistics support required to manage the transportation and logistics services needed to execute tailored sourcing. By providing a ‘control tower’ view across the extended chain, 3PLs support visibility of goods in the pipeline, in the demand and production cycle, and in the delivery network. “One of the key benefits of having pre-booking ‘item level’ visibility in place, is that you can consider goods that are in the ‘pipeline’ as inventory, and can start selling them”, adds Marcel Beelen, Vice President, Business Development, Fashion and Lifestyle, DHL Supply Chain.

¹⁵ Sunil Chopra, Peter Meind, “Supply Chain Management,” second edition, 363.



Figure 8: Profitability comparison for fast fashion product

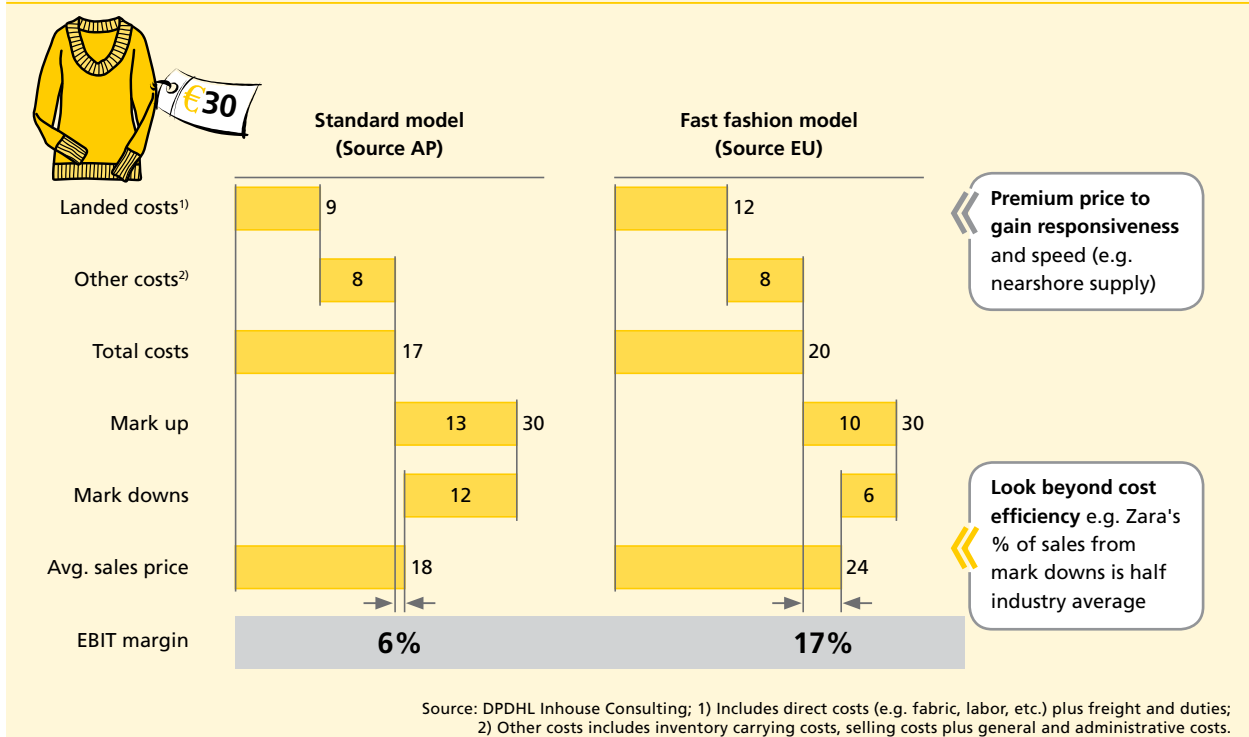


Figure 8 illustrates where a traditional company sourcing in Asia Pacific, is less responsive and needs to make significant mark downs in the store to clear out the inventory. The second model is a fast fashion European sourcing model, where the landed costs to manufacture and distribute the goods are higher, but the mark downs can be half the industry average.

Postponement. To create supply chain flexibility while reducing complexity, companies are utilizing more outsourced postponement in their supply chains. Postponement delays final product differentiation until closer to the point of sale. While not a new concept, postponement today helps companies quickly ramp up in fast-growing markets while at the same time optimizing production.

In the fashion sector, Benetton was a pioneer in product postponement, producing sweaters in generic grey and dyeing them the final color closer to the point of actual demand. Inditex also excels at this practice.

One area of particular growth in postponement is the use of customized/contract value-added services like labeling and tagging, garment processing and retail-ready display. In this approach, the fashion supplier uses a logistics service provider to customize product preparation and configuration for direct store delivery. These value added services are preferably performed upstream, close to the point of manufacture. Goods can then move direct to retail stores because they are 'floor ready'.

In the case of an extensive retail store network, companies use consolidation warehouses located close to the end market to receive goods and cross-dock them for rapid distribution to retail outlets. "Goods flow in one side of the facility, are sorted, organized and

sequenced for retail store delivery, and then moved out the other side in a cross-docking type of flow," says Wim Eringfeld, Vice President, Business Development, Germany and Alps, DHL Supply Chain. "The idea is to keep things moving."

Postponement delays final product differentiation until closer to the point of sale. Postponement today helps companies quickly ramp up in fast-growing markets while at the same time optimizing production.

By performing these value added activities closer to the point of actual consumer demand, postponement can significantly reduce overall inventory levels and obsolescence – savings that far outweigh any incremental postponement activity costs. Further, outsourcing such activities to a 3PL spreads the cost across multiple 3PL customers.



USING SOCIAL MEDIA AND CUSTOMER FEEDBACK TO DRIVE A LEANER SUPPLY CHAIN

Rather than buy hundreds of items months in advance and try to sell them as traditional retailers do, vintage-style online retailer ModCloth uses the information it gets from customers before and after it launches an item to predict supply, adjust inventory and understand what type of products will do well as quickly as possible.[†] This includes using social media to monitor the likes and dislikes of customers, and adjust demand planning, production and inventory accordingly.

“We have a very rapid supply chain,” says Chief Financial Officer Jeff Shotts, in a recent Wall Street Journal article. “We buy shallow quantities up front, and then, as customers purchase we think about doubling or tripling down on our inventory position for what’s selling well.”

The company’s analytics team closely tracks details such as how long it takes customers to receive shipments, as well as changes in customer trends, so it can channel that information back to its operations and supply chain. For example, the company knows that its plus-size customers buy 17% more items per order and are 66% more likely to talk about their purchases on social media. The aim, Mr. Shotts says, is to keep inventory both lean and responsive, and also make sure customers can react to products that are most popular.

The company goes one step further. In a program it calls ‘Be the Buyer’, ModCloth lets online shoppers vote on dresses and jewelry designs they would like to purchase, before the company places an order with a supplier. This keeps inventory lean while giving potential customers what they want.

[†] Emily Chasan, Building a Speedy Supply Chain for Fast Fashion, The Wall Street Journal, August 2, 2013.

Shared networks. A growing number of fashion manufacturers realize that, while delivery to the retailer is important, it is not the essential basis of their competitive model. Manufacturers compete on product and marketing. Thus, more and more are opting for a shared network delivery approach, outsourced to a 3PL.

“In this kind of shared network situation, we consolidate deliveries from multiple manufacturers and retail suppliers to make one mixed-load delivery to the retailer’s store or distribution center – instead of 50 trucks from 50 manufacturers,” explains Paul Eden Smith, Senior Vice President, Sector/Product Business Development, Europe, DHL Supply Chain. “Manufacturers and specialty brands realize that they can capitalize on shared synergies in supply chain execution – without compromising their brand.”

In the UK, for example, Boots and TJX have agreed to use a shared distribution network to handle movement of inventory to the retail stores. Both companies outsource their distribution to a third party logistics service provider. Analysis of their respective retail locations revealed that up to 88% of the two retailers’ stores are within one kilometer of each other. Delivery profiles are also similar.

Thus, the two companies agreed to share deliveries via shared transportation assets. This solution reduces costs by better utilizing transportation assets – i.e., reducing empty miles.

This shared asset/service model will only grow in usage, as urban centers expand and become more congested and space constrained. Urban logistics must become more efficient, and this shared logistics network model is an appropriate option. In the future, it will likely become unaffordable – and probably prohibitive – for high numbers of redundant delivery networks to serve the mega-cities. The pressure on infrastructure will simply overwhelm the system.

The shared logistics service model is also better for the environment. It reduces the number of trucks on the road, and ensures that those vehicles still travelling are fully loaded.

Accelerated inventory. Finally, one way to build responsiveness – without piling up inventory – is to accelerate inventory velocity. Logistics approaches such as a distribution center (DC) bypass solution do just that. Using this approach, product does not move from the factory to warehouse stock, but instead flows directly from manufacturer to a consolidation point operated by a 3PL. The goods are cross-docked and then delivered to the market/retailer. DC bypass programs not only increase speed to market, but strip out cost. They do so by eliminating the time and additional handling inherent with goods being stored for a time in a traditional warehouse.



Prospering in disruption

To prosper in this environment of light-speed change, market disruption and wide-ranging complexity, fashion retailers and manufacturers must create and manage supply chains that are 'fit for purpose'.¹⁶ This means being able to serve markets around the world with a supply chain that is resilient enough to withstand shocks, agile enough to respond quickly to sudden or unexpected change, flexible enough to customize products and efficient enough to protect margins.

The benefits of executing a successful multi-/omni-channel fashion supply chain include:

- Increased channel revenue
- Reduced costs
- Improved agility and market responsiveness
- Improved visibility of inventory in any state – in-transit, in-stock, at suppliers, in any echelon along the supply chain
- Reduced out of stocks
- Improved availability
- Reduced mark-downs
- Accelerated inventory turns
- Improved brand recognition/customer experience

Leaders hard-wire these supply chain best practices into their DNA. And they rely on their supply chain partners as key players in executing this strategy.



¹⁶ Ernst & Young, New Consumer products companies face declining margins, www.ey.com.

About the author

Strategic consultant, academic and co-author of three books, **Lisa Harrington** offers a global supply chain perspective.

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DHL is part of Deutsche Post DHL. The Group generated revenue of more than 55 billion euros in 2012.

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