



DHL Freight Russia

Challenges in realising DHL Freight's business strategy in Russia.

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DHL Freight – our strategy for growth in the Russian market

DHL has prepared a market entry strategy based on analysis of market research and feedback from customers worldwide

Our strategy which includes considerable investment into the RU market is part of a plan to become the recognized leading logistics provider in the Region.

Our task has not been an easy one – we are in this market not because it is easy but because it is hard !

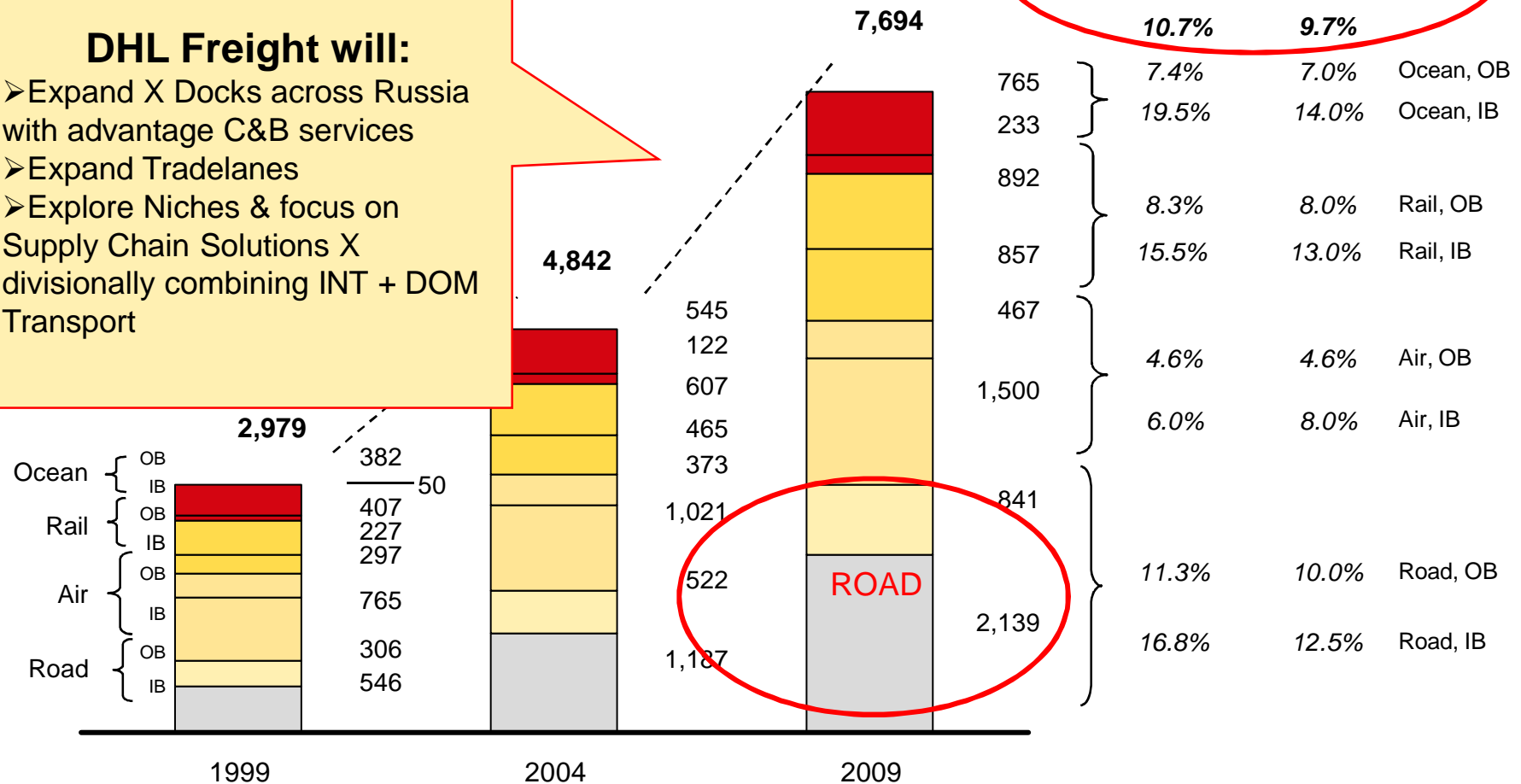
Initial market research identified strong potential growth for International traffic
 – in fact the market reality has outstripped these predictions !

Relevant International Freight Market Outlook¹⁾, 1999-2009

USD millions , Paid in Russia

DHL Freight will:

- Expand X Docks across Russia with advantage C&B services
- Expand Tradelanes
- Explore Niches & focus on Supply Chain Solutions X divisionally combining INT + DOM Transport



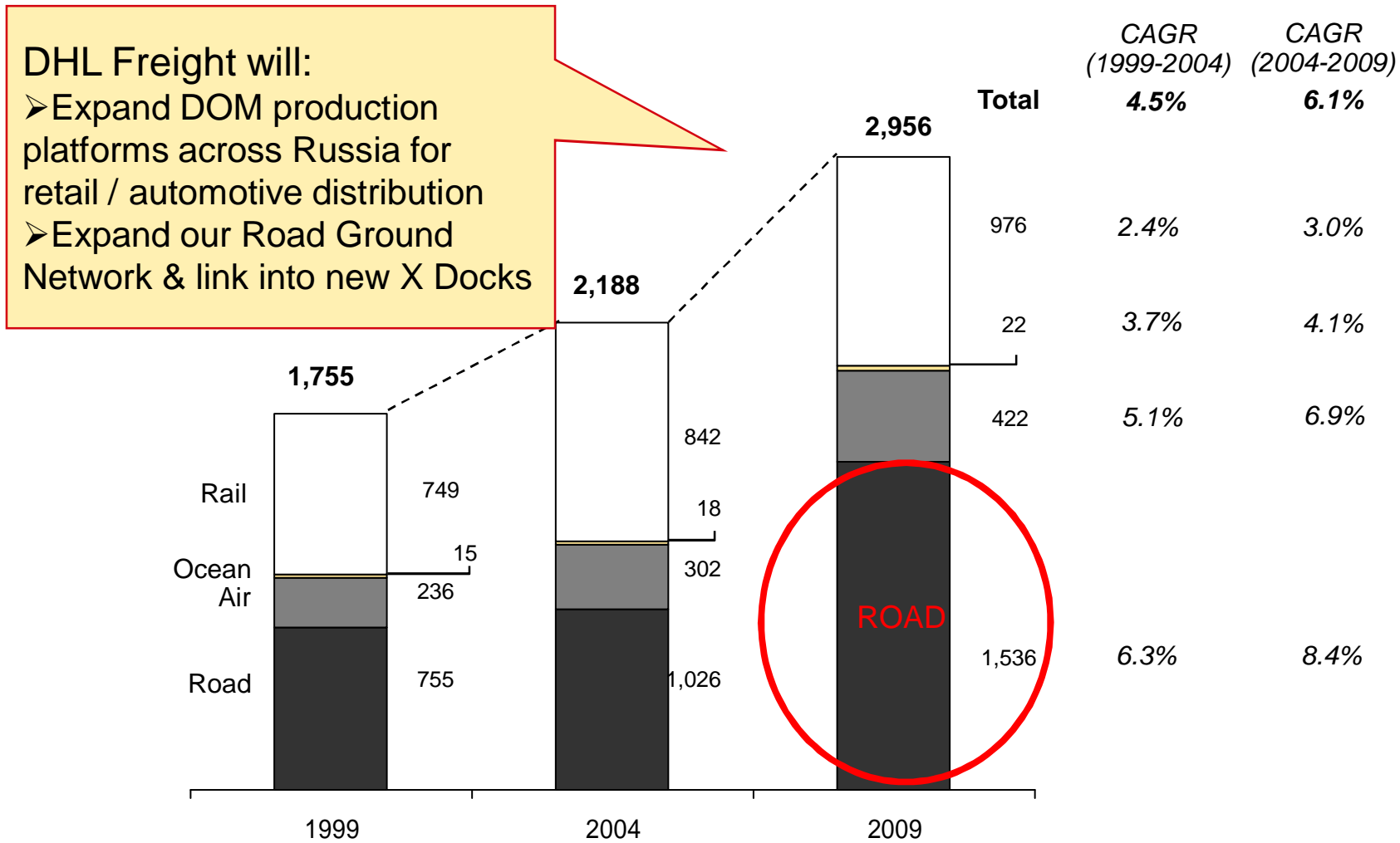
Source: Ministry of Transportation; Federal Statistics Service; interviews with industry experts and competitors (n= 7)

¹⁾ International river not shown in graph but included in overall calculation, Bonn Cube, and transportation


The Domestic market was also identified as a strong area for potential growth and influenced our decision to create a domestic Freight Network

Relevant Domestic Freight Market Outlook, 1999-2009

USD millions



Sources: Ministry of Transportation; Federal Statistics Services; Interviews (n = 6)

Our analysis of the market enabled us to create a clear strategy to build market leading Freight and Logistics solutions. 

The Russian Logistic Market was effective but not efficient

Main differences

Russian Logistic Market		Western Logistic Market
<ul style="list-style-type: none"> - Underdeveloped infrastructure - Huge geographical area 	Macro	<ul style="list-style-type: none"> - Well developed infrastructure - Small countries
<ul style="list-style-type: none"> - Very fragmented (only some single supplier) - Lack of Professionalism e.g. experience - Lower service standards 	Supply	<ul style="list-style-type: none"> - Multiple single supplier - Highly professional + experienced - Strong focus on quality + service levels
<ul style="list-style-type: none"> - Price intensive - Less professionalism / experience 	Demand	<ul style="list-style-type: none"> - Harmonized price / Quality - Highly competent partner / experienced



Growth, fast changes



Saturation, slow changes



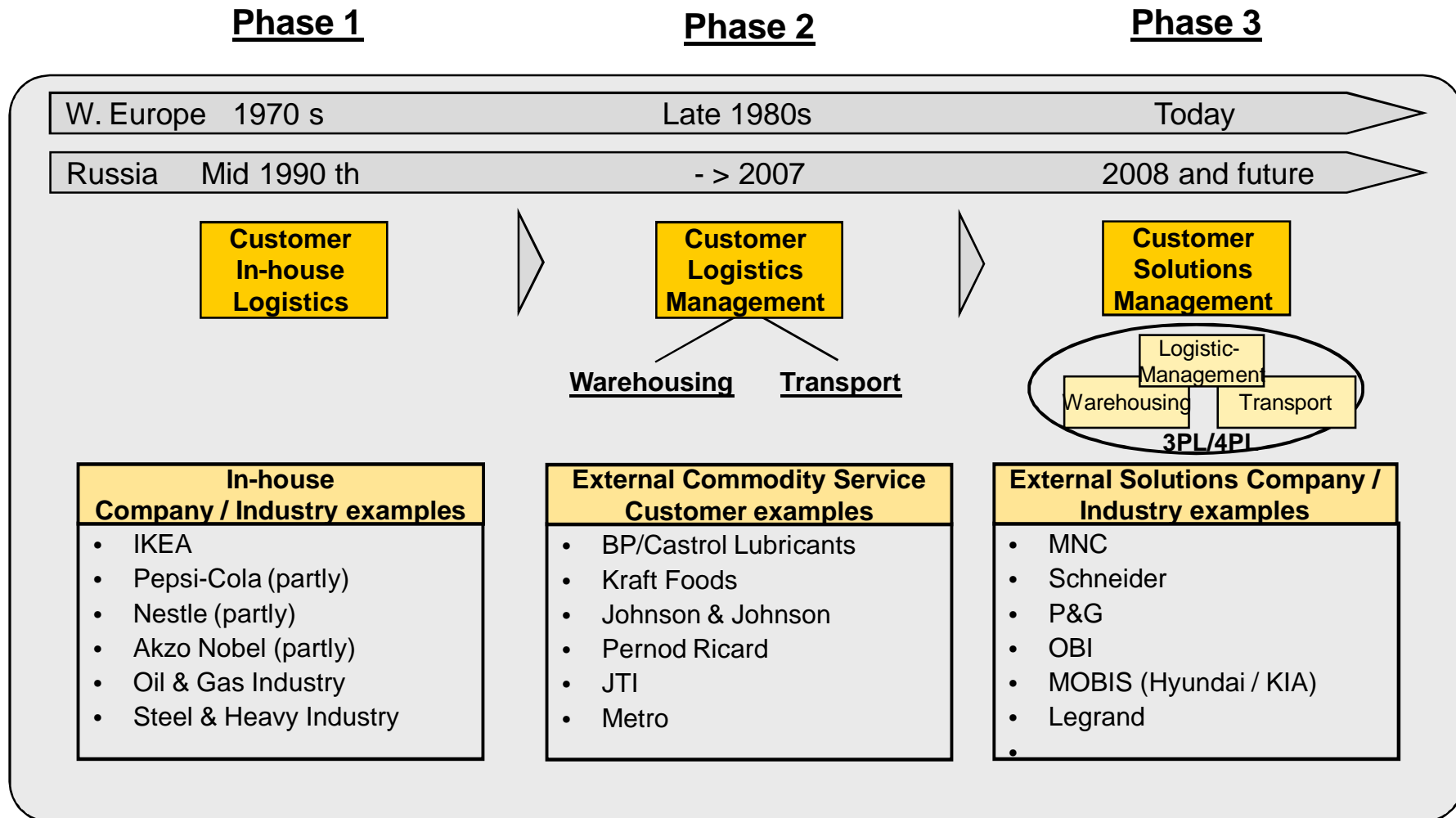
DHL 's strategy

Quelle: DHL Research, SMI Research

Our investment into infrastructure and staff has helped us to lead the change and modernization of the Logistics Landscape.



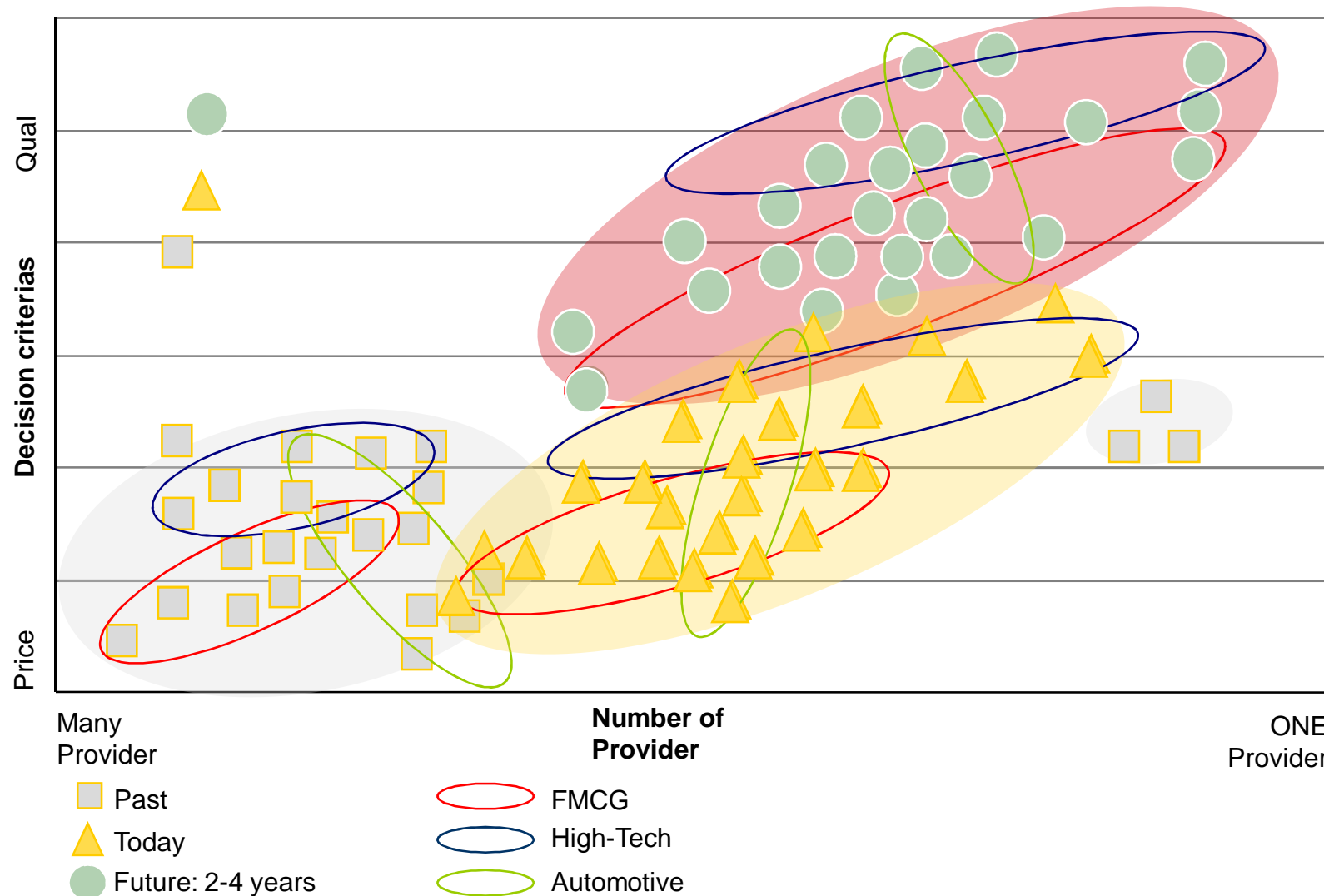
Russia a 2 PL Logistic market – moving into 3 PL



DHL has developed a full range of Logistics Services to enable us to offer one stop shop services for our local and multinational customers.

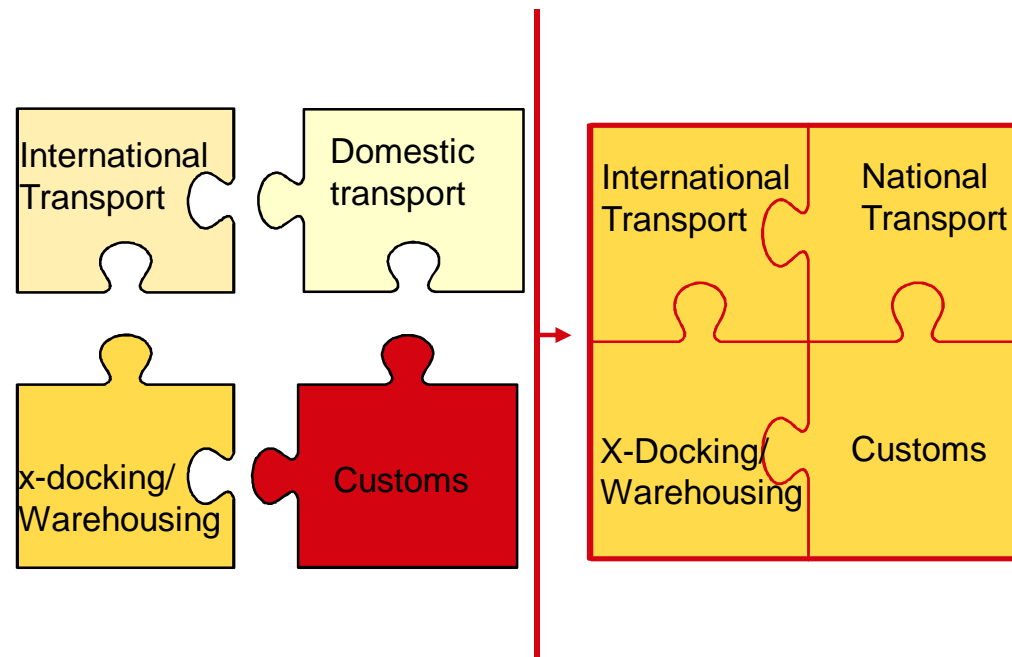


The Russian Logistics market is moving to a ONE provider philosophy



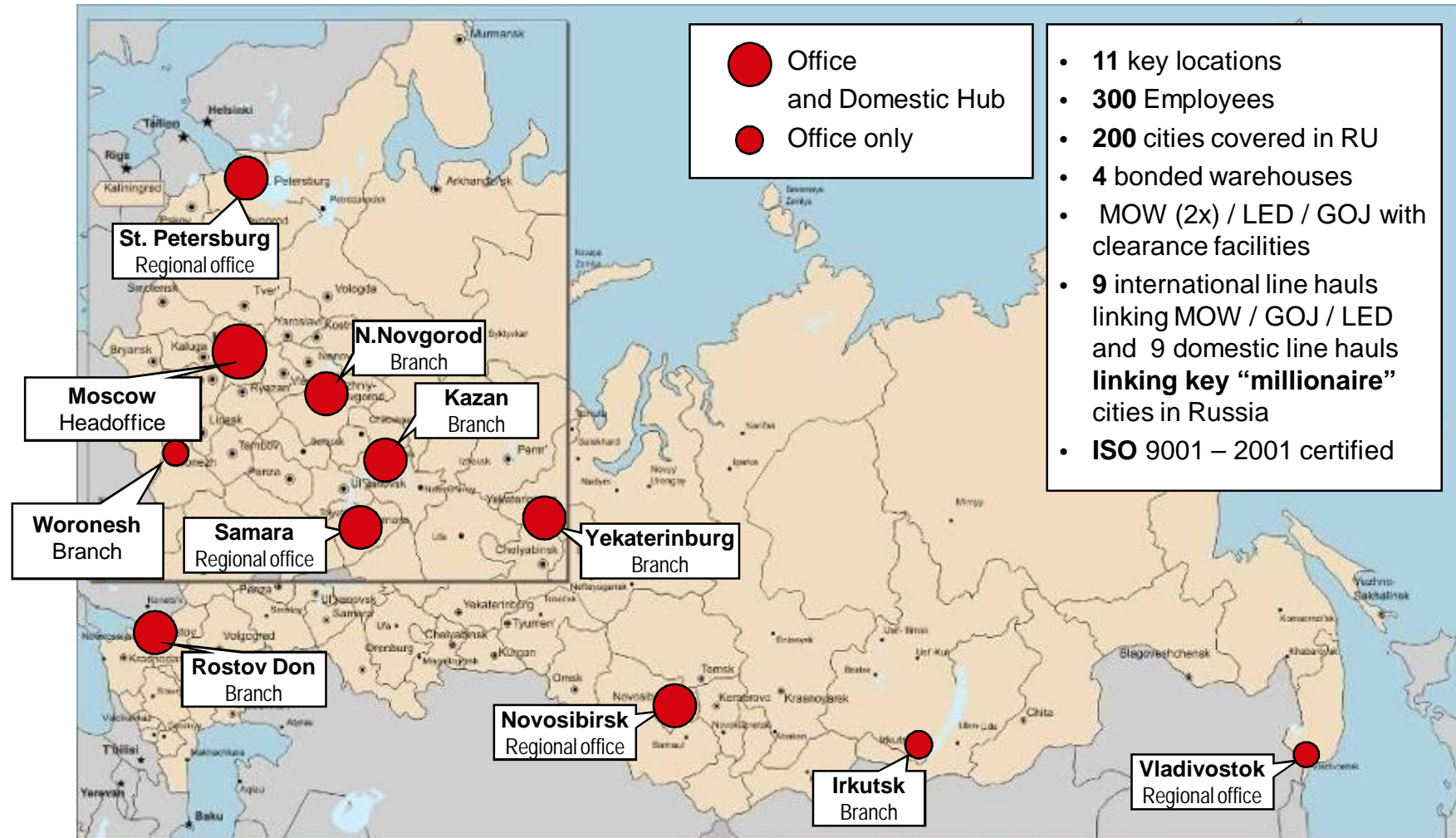
Quelle: DHL Research; SMI Research

The Russian Logistic Market moves to a ONE provider philosophy



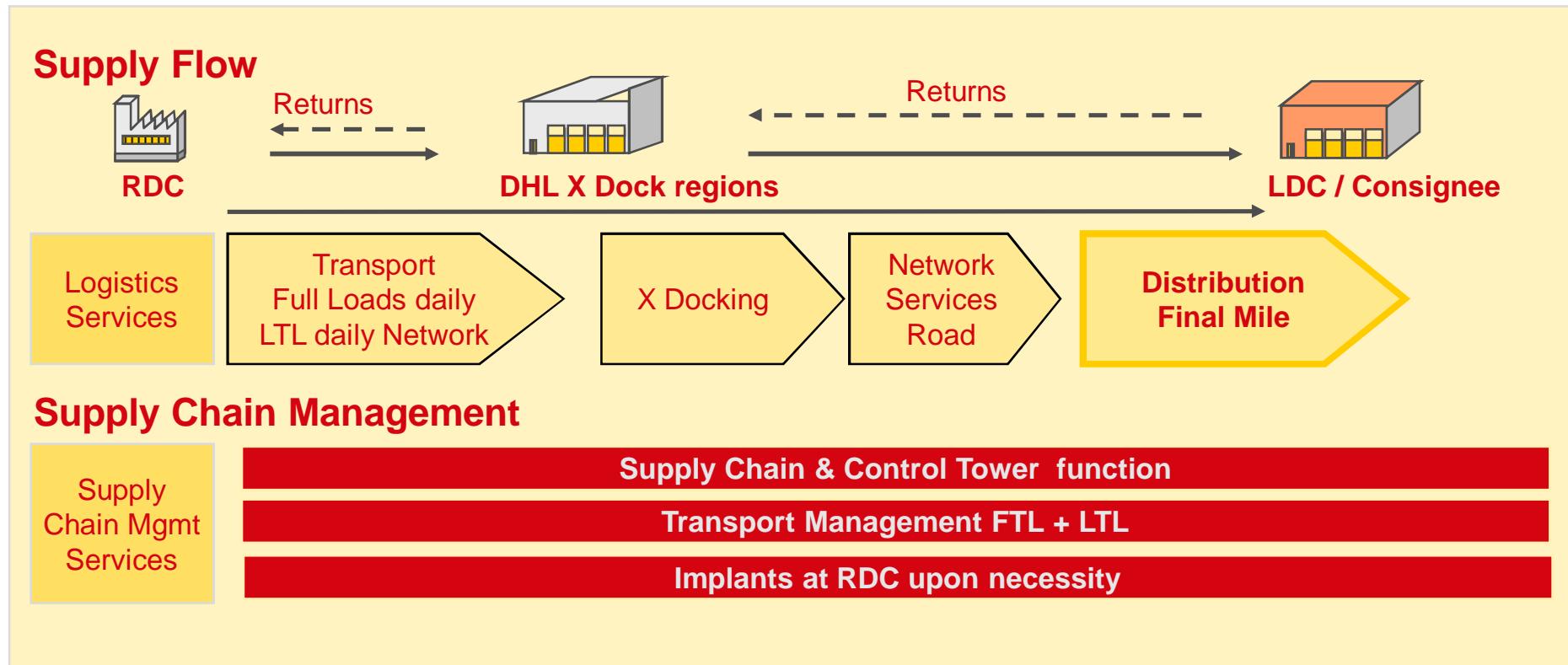
Our strategy to meet the challenges has enabled us to create the following infrastructure

DHL FREIGHT RUSSIA



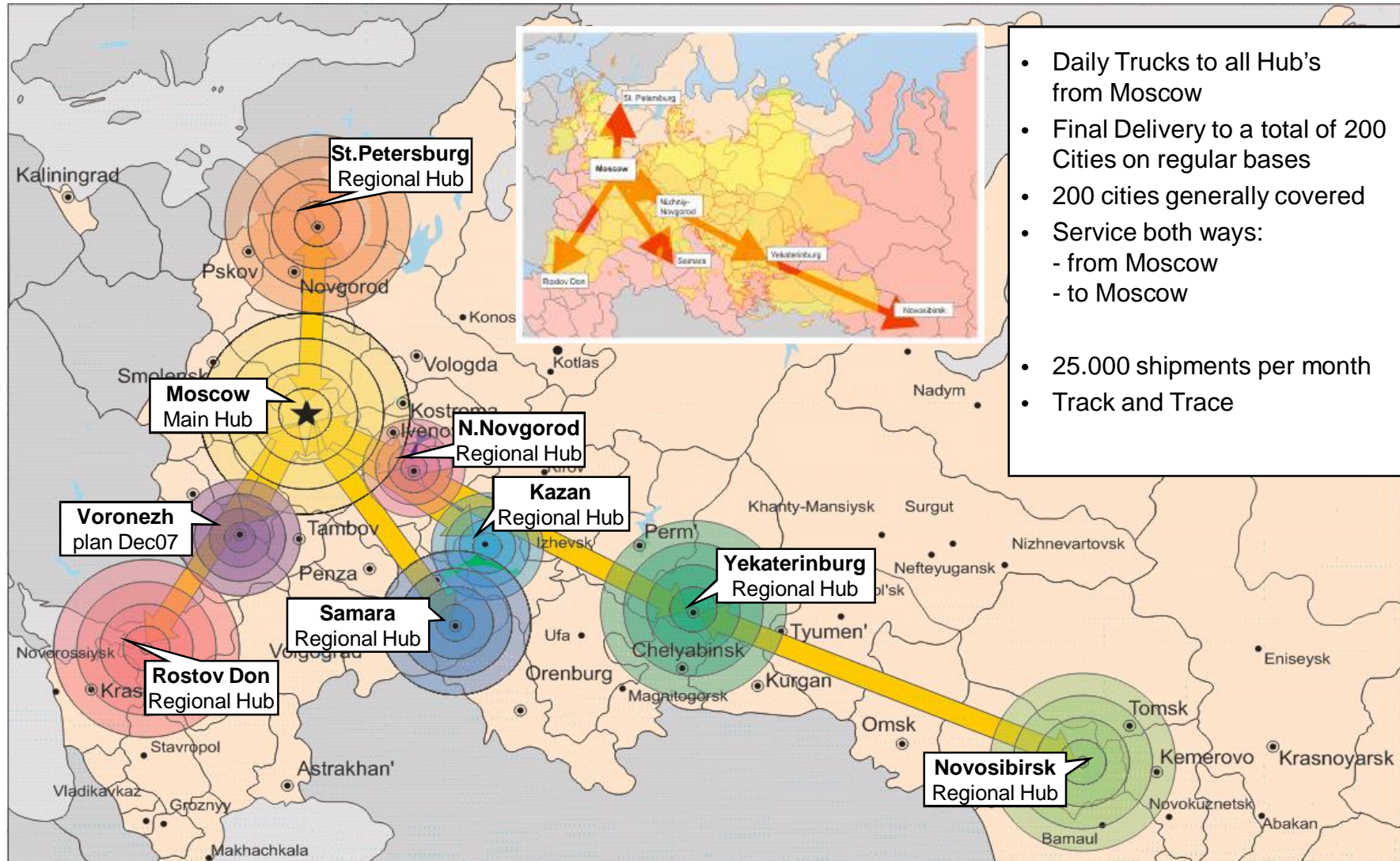
Our market strategy allows us to offer Full Service Supply Chain in Russia

Supply Chain & Distribution Chain in Russia



Our market leading Domestic Freight Network services both domestic and multinationals with timetable road services

DOMESTIC NETWORK



- Daily Trucks to all Hub's from Moscow
- Final Delivery to a total of 200 Cities on regular bases
- 200 cities generally covered
- Service both ways:
 - from Moscow
 - to Moscow
- 25.000 shipments per month
- Track and Trace

Challenges we faced when implementing our strategy

