

Differentiated logistics services providing competitive advantages for chemical companies

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Chemical companies who provide customers with differentiated logistics service solutions in addition to the products, could be tomorrow's leaders of a global industry expected to be worth EUR 5.6 trillion by 2035¹, according to a new study by DHL Global Forwarding. The whitepaper *Differentiated Logistics Services* - commissioned by DHL and developed by Kompetenzgruppe Chemielogistik together with global chemical company Evonik Industries - presents two tools to help chemical companies make the transition to a more customer- and service-centric approach to logistics.

Michael O'Hara, Global Head of Chemicals, DHL Global Forwarding, says "With B-to-B logistics becoming more service oriented and business customers demanding e-commerce-like experiences, competitive advantage is no longer being determined by the product alone but more by the package of logistics services wrapped around the product offering. As this trend grows, responsive logistics solutions become not just 'nice to have' but a deciding differentiating characteristic. Chemical producers who can strategically and quickly change their traditional view and offer differentiated logistics services will create competitive advantages, build customer loyalty and increase their bottom-line. To help chemical companies make this transition in a strategic

way, the whitepaper provides two tools to build differentiated business models for the chemical companies of tomorrow."

Developed by Kompetenzgruppe Chemielogistik, an independent team of experts in Chemical Logistics, and Evonik Industries, the two tools - Logistics Service Cube and the Cost-Benefit Scale - are designed to help chemical industry stakeholders make the best decisions whilst exploring a relatively new and untapped territory. The Logistics Service Cube enables a more systematic approach to identifying the right logistics service levels for the product, supply chain type and customer segment. To define effective logistics strategies requires that chemical companies, logistics providers and end-customers need to actively work together.

The Cost-Benefit Scale provides a methodology for action and implementation - a way to "quantify" the impact of differentiated logistics services before deciding which level to pursue. The ability to quantify the impact provides transparency and better risk assessment on such things as revenues, sales prices and logistics costs.

Thomas Nieszner, Global Chemical Sponsor, DHL Global Forwarding, said, "Differentiated logistics services make life easier for the customer and enable chemical companies to add tremendous value - it's a win-win situation. With customized logistics services,

chemical companies can deliver the right products in the right amounts to customers, at the right place and at the right time - every time."

Benefits of differentiated logistics services

For chemical companies, the benefits of differentiated logistics services include delivering the right quantities on time; ability to cover demand fluctuations in cyclical customer businesses without time delay; reasonable logistics costs and predictability and reliability of deliveries.

As a relatively new area of opportunity for chemical companies, 'first movers' can establish a real competitive advantage, especially when it comes to customer loyalty. More importantly, with the projected sector growth and the broader shift towards a service-orientated approach in B2B, this is a development that chemical companies cannot afford to ignore.

Angelos Orfanos, Global Head of Marketing & Sales, DHL Global Forwarding, said: "The immediate challenge facing chemical companies is finding the right strategy to meet the changes in demand and choosing

the appropriate service differentiation. This requires high-level collaboration from top management to production, supply chain to marketing and sales. The tools outlined in our new whitepaper will help management move forward in what is a very complex scenario."

DHL's whitepaper Differentiated Logistics Services is a continuation to DHL's Supply Chain In The Boardroom: 5 Levers to Boost a Chemical Company's Bottom Line (2015) which identified differentiated logistics services as one of the profit levers. In the new whitepaper, Kompetenzgruppe Chemielogistik together with Evonik Industries took a deeper look at how differentiated logistics services can create added value, the challenge to traditional logistics strategies and how to create new business models.

The new chemical whitepaper Differentiated Logistics Services can be downloaded under the following link: www.dhl.com/chemical-logistics

¹ <https://www.rolandberger.com/en/press/Global-chemicals-market-to-grow-to-5.6-trillion-euros-by-2035-%E2%80%93-Asia-will-play-a.html>

Source: [Deutsche Post DHL](http://www.dhl.com/chemical-logistics)