

India is very rewarding but sometimes you need to be patient: DHL Group CEO



Tobias Meyer, CEO, DHL Group, and Balfour Manuel, managing director, BlueDart Express; image credit: Taslima Khan

Synopsis

Global logistics major DHL is expanding its India business and making heavy investments. ET Prime spoke to the company's global CEO Tobias Meyer and Balfour Manuel, managing director, BlueDart Express, to understand their learnings from the Indian market, the road map for expansion in India, the focus on e-commerce, the emergence of quick commerce, and much more.

Germany-headquartered [DHL](#) Group, which has had a long presence in [India](#), is expanding in the country with a new fervour and heavy investments in infrastructure and capacity expansion. With a challenging business environment in several parts of the world including Europe, DHL has set its focus on new tradelines and business segments. The company this week launched its biggest-ever integrated, fully solar-powered multi-modal facility at [Bijwasan](#) in Delhi. DHL's global CEO [Tobias Meyer](#) says multiple such infrastructure investments are in the pipeline. ET Prime spoke to Meyer and Balfour Manuel, managing director, [BlueDart](#) Express, at their Bijwasan facility launch. Edited excerpts:

DHL has been in India for a very long time. What are your learnings?

Tobias Meyer: What I have learnt is that India is a very rewarding [market] but sometimes you need to be patient.

We have a long history here. I was part of the team as a consultant when DHL acquired BlueDart about 20 years ago. I still remember that in 2006, we were discussing that if the road infrastructure improves, we should play a big role in the surface-transport market. It took much longer than we thought at that time for the roads to really improve. But we have seen, particularly in the last five-six years, massive investments going into infrastructure. We are now fully on the path to take advantage of that and provide better services to our Indian customer base, leveraging the road infrastructure.

So, India may sometimes take longer but on the other hand, when that happens, we also need to be very quick. It is a dynamic market and I'm very glad that we have an experienced local team. One of the ambitions for us at DHL group is that we want to be globally local. I think that is

what we truly are in India. We are in many ways a global company, but we are also a very Indian company.

What is DHL's market share in the India market? What has worked for you here?

Meyer: We definitely want India to outgrow for DHL overall. I think the economy clearly has the potential to do so. We have a very successful track record in this market, BlueDart being one of the divisions through which we are present here. We are clearly leading here in [International Express](#) (air cargo), which we do under the DHL brand, by quality and also in [terms of] scale. As relates to the domestic market, BlueDart still leads in air express both from a market share as well as quality perspective.

Also, in supply chain, wherein we started a programme three years ago, we have been investing in infrastructure ahead of the curve, ahead of demand. (In September 2022, DHL supply chain announced a EUR500 million investment in India to expand its workforce, capacity, and sustainability initiatives.) This has really helped us to accelerate growth in this market.

We are currently doing something similar with BlueDart, heavily investing in infrastructure.

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— Tobias Meyer, DHL Group CEO

Globally, how challenging has 2024 been, and how are things looking like this year?

Meyer: This (2024) was a disappointing year in terms of macroeconomic growth. So, we see some parts of our business facing headwinds because of weak economic development in Europe. But other parts of our business have been growing.

We operationally had a year with quite some volatility. We look with confidence into 2025 because we do see opportunities to grow even in a tough environment. While trades between China and US for instance has been shrinking over the last five years, we see other tradelines that are significantly growing too.

We do see some further geopolitical challenges and that is something that we at DHL are prepared for. We want to help our customers to continue to participate in global trade.

There has been continued strife in the Middle East and Red Sea tensions have been protracted. How have you been impacted?

Meyer: We have seen the Red Sea issue for a while now. I think there is some hope that 2025 should bring change for the better. We have obviously seen a regime change in Syria. We have seen some very tragic and dramatic conflict in the Middle East. So that is the situation we have at the start of the year 2025. We have an ongoing Russia-Ukraine conflict, which is a big issue in Europe and is weighing in on consumer confidence. It is requiring expenditures that are not available for other purposes, infrastructure investment for instance.

We do see some developments that make trade more difficult which is not necessarily bad for DHL as a business, but it is very regrettable for nations and societies.

Think about pharmaceuticals, medical equipment, etc. It is pretty clear that not every nation will be able to develop such new technology, and not every nation would have the scale to produce it. This is why global trade is still very beneficial.

DHL has had the practice of strategy planning for the next few years. As per your Strategy 2030, you plan to grow your revenues by 50% by 2030. How would you achieve that?

Meyer: Yes, we have been doing this for many years. This helps give the organisation as well as external stakeholders some guidance around our priorities. What we did this time is that we said we want to accelerate growth. We want to leverage the opportunities we have. We are financially a very sound company. Even after the peaks of Covid-19, we have earnings level that is substantially higher than what we had in our longer history. We are going to leverage that position to grow fast and capture the opportunities in many markets that we are present.

First of all, we will continue to invest in the businesses that we have. And then there are five very specific things that we want to do, which is focus on specific sectors like life sciences and healthcare, new energy, etc. For instance, there are technological changes happening in medical devices which require a specialised type of logistical handling and support systems when it comes to spare parts and services.

We will be building our capabilities to enable cold chain across the globe. We see growth opportunities in what we call new energy, which is everything from wind turbines to batteries. So that is a priority. E-commerce continues to be a priority. We believe that e-commerce will outgrow the general gross domestic product for at least 15 years.

What are the high-growth businesses for you, and which are the most promising markets for you?

Meyer: We have specific geographic focus, but we also have focus on tradelines. There are certain Asian countries, China and India included, where we see growth. We also have a specific view on what sort of support do our customers need on those tradelines. We see, for instance, a big trend in Chinese electric vehicle (EV) manufacturers building up international supply chains, not only exporting finished products but also putting manufacturing sites globally which requires different logistical capabilities and support. We have industry verticals — life sciences and healthcare — which are extremely relevant for the India market. Also, new energy is a big topic here when it comes to EVs and also renewable energy.

Last year, you made an announcement of INR1,800 crore which DHL Express would invest in India for the next five years. What is the road map for expansion in India. And how much of that goes to BlueDart?

Meyer: India for us is a priority market. If more investment is needed, we would be willing to consider that. We clearly want to participate in the opportunities here. We have a leading position with DHL Express which we want to continue to defend and build. That requires top-notch infrastructure. So, we will continue to upgrade that. Also, it depends on the ability to do so because there are other parameters as well — like we need to have space at the airport, we need to have flying slots at the airport, landing and takeoff rights, etc. It is not only a matter of money.

For BlueDart, we see a fast-growing market, particularly the surface [transport] market. We have a presence as a quality provider which also means that not all parts of e-commerce are in our

preference and what we can do well. So, we want to play in the B2B market and then high quality B2C market. This is the focus BlueDart has and that's the investment we will make. Facilities like Bijwasan are what we will need in a much greater degree across the country.

We want to invest in modern vehicles. We also want to contribute to make logistics more sustainable. This is a global priority for us, and also in the Indian market, to ensure that logistics is not disturbing the ecosystem in terms of climate change and CO2 emissions.

What are the capacity-expansion plans you have for the India market this year?

Balfour Manuel: On the air side, we have already added capacity this year. We increased the fleet capacity by 25%, adding two Boeing 737 freighters. We opened up a new sector, which is Guwahati and the Northeast. So, now we are a 24-hour provider in the northeast region.

On the ground, we are opening multi-modal facilities like the one at Bijwasan in Delhi, which has solar power installations with a 600 KW capacity that will take care of all energy requirements at this facility. We are ready for the future because this site can take care of 8 to 10 years of growth. Bijwasan is only 12 km from the Indira Gandhi International (IGI) Airport and 20 minutes from the BlueDart's existing airside facility. We now have the unique expertise of taking palletised goods straight from the air site, right onto the aircraft at the IGI airport.

We are handling half a million parcels a day here and the site is equipped to process all sorts of e-commerce shipments, domestic express, international express, and ground-heavy shipments.

Similar expansion initiatives in terms of automated, multi-modal, integrated logistics are coming up.

DHL e-commerce made an announcement of an EUR250 million investment for growth in the India market. Does that mean that e-commerce is the fastest-growing segment for BlueDart?

Manuel: You are right. E-commerce from the perspective of CAGR, is the fastest-growing business for us in terms of volume. Ground express is also growing at a high CAGR and we continue to grow at the same rate and profitably. A big part of this investment will go into technology, ground infrastructure and capacity creation in our network.

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— Balfour Manuel, managing director, BlueDart Express

The growth of quick commerce in India is putting pressure on e-commerce logistics for faster delivery. How is BlueDart equipped to handle this pressure? Is quick commerce an area you will get into?

Meyer: I think, this (quick commerce) will be small segment in many other markets. This is a big hype and not much will happen afterwards. So that will be a small segment but it won't be a mature market because people are not willing to show the costs that go with this business.

Balfour: Quick commerce is only a small part of the big pie within logistics. We know that speed

is important, and we are rationally moving towards that. We are equipped to meet specific customer needs, largely B2B and B2C, delivering in an established window of four hours. So that's the kind of customer segment we want to cater to. We will stick to this as of now.

Though we are not into 10-minute delivery, we are definitely into quick commerce that can deliver in a few hours. Few hours are quick enough. Though we are not playing that play, we are watching this segment very closely.

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