

Apparel Customers '100 Percent Ecstatic' with Black Friday Results, DHL Supply Chain Exec Says

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"Consumer spending habits have led to muted expectations this holiday season. The National Retail Federation reported Tuesday that average shopper spend came in 1 percent lower than last year's Thanksgiving weekend. But the weekend's warehouse volume suggests that retailers may have seen a solid start to the peak season.

According to DHL Supply Chain, the contract logistics and outsourced warehousing wing of the transportation and shipping company, customers saw Black Friday sales growth climb more than 5 percent compared to last year.

The start to the five-day shopping weekend marked a positive sign for holiday. Drew Taranto, senior director, strategy, eCommerce at DHL Supply Chain, said that apparel and fashion customers were "100 percent ecstatic" with their sales and volume results.

"I would say the customer base that we have in that space was ecstatic with how Black Friday went and it was really materially above what they had forecasted, which is great," Taranto told Sourcing Journal. "That speaks to that kind of uneasiness that this peak season had in store for us. They were really pleased with where everything ended up."

The 5 percent outpaces the company's initial holiday season projections, and comes after a period of softer demand going into the season, according to Taranto. Scott Sureddin, CEO, North America of DHL Supply Chain, last month said he expects holiday sales to come in flat to last year. Inventory plans matched last year's, reflecting the outlook for a ho-hum season.

Taranto suggested that the cadence of shopping was similar to pre-pandemic buying trends, when "people were waiting as opposed to shopping earlier." He expected Cyber Monday sales to bring another positive surprise for retailers and brands.

"Black Friday gives us a really good indication that hopefully today's another good day," Taranto said on Cyber Monday. People hold out for the holiday weekend because they're hoping to score the best value, Taranto said.

"They're looking for discounts, and that tells you a little bit about the behavior and the mindset of the everyday shopper right now. How can I get the best bang for my buck and find the best deal possible? That to me, is kind of what we're seeing from that," said Taranto. "Obviously Black Friday, they showed up, and that's where they were spending their money, which tells you they were looking for the best deal they can get right now. And that's what's going to continue to this holiday season."

According to Taranto, the discounting efforts have mostly been consistent in the weeks leading into the Thanksgiving weekend, instead of ramping up heavily near the high-traffic shopping days.

“We foresee them continuing on that track over the next couple of weeks to really kind of close out this holiday season,” Taranto said. “We don’t foresee anything that’s going to be drastically different. Obviously, this is the big sales week. But those discounts that we’ve seen this week were here in prior weeks right leading up to it.”

Continuing the trend this year, Taranto said retailers are trying to their margins after spending most of it trying to get inventory bloat under control.

“Having their inventory at the right levels allowed them to pick and choose where they wanted the discounts, whereas in years prior, they have a lot of discounts across a wider product assortment,” said Taranto. “I think there was a lot better control this year compared to prior.”

DHL Supply Chain, which operates 529 locations in the U.S. covering 161 million square feet, was the lone bright spot for DHL in a third quarter which saw revenue declines at its Express expedited delivery business and its Global Forwarding business. Revenue at the contract logistics division rose 1.8 percent to \$4.5 billion, while earnings before interest and taxes (EBIT) increased 10.5 percent to \$258 million.

Beyond warehousing and fulfillment, delivery companies are giving insight into holiday demand as well.

Itamar Zur, CEO and co-founder of Veho, said the package delivery company is encouraged by Black Friday weekend results.

“In planning capacity, we have to plan for what happens if demand exceeds what we think is going to happen, but we also have to plan for a base,” Zur told Sourcing Journal. “What we found is that, in summary, the demand is exactly between [our bull and our bear forecast], which means we’ve played it perfectly. I guess it’s good news, because it means that there are no negative surprises to the economy. The economy is in line with what we’re seeing.”