



MTAC

Mailers Technical Advisory Committee

Presentation
Last Mile Delivery
August 27, 2019

Introduction

- John Sheehy
 - President of NSRMCA (National Star Route Mail Contractors Association-2012)
 - Postal Transportation Supplier (Family Business since 1952)
- NSRMCA
 - Advocacy group for Transportation Suppliers.
 - Roughly 510 active members with approx. \$2B in Postal contracts from 2171 Contracts
 - Membership includes suppliers engaged in surface transportation
 - PNT (Process Network Transportation)-Long haul
 - LDT (Local Distribution Transportation)-Process facility – Administrative Offices
 - CDS (Last Mile Delivery)
 - Education
 - Legislation



Last Mile



Customers Expectations



Universal Service Obligation (USO)



Aging technology (Mail Box)



Free Shipping



Shipping choices



Applying Technology



Taking advantage of the Market Place

Changing Customer Expectations

- Consumers' expectations for shipping are rising: For example, a 2016 Deloitte study found that most consider "fast shipping" to be within two days, while just a year earlier most said it was within three or four days. Even as customers' expectations have increased, though, their willingness to pay for fast shipping has fallen, with 64 percent unwilling to pay *anything* extra for two-day shipping. And from the consumer's point of view, ***all miles—first, middle, last—are equal. They just want it NOW.***
- They also "want to know." Transparency about the status of their goods and control over delivery location and timing are both under increasing demand. In one recent survey, nearly half of online shoppers reported abandoning a seller due to poor order tracking and transparency
- It seems the customer does not understand the complexity of the supply chain nor do they care.
- Historically if a customer wanted it now the retail business built stores and inventory to get it to them, today the customer is unwilling to shop for it
- What is the last Mile then
 - Customer Door Step
 - Package locker or Parcel Pick up center
 - Retail/Distribution Center
 - Other

Focus on USPS

- Historically, the USPS has been the “go to” when it comes to delivery to the Home. Why?
 - Monopoly on the Mail box
 - It was the Nations Internet before the Internet
 - Trusted service
 - Convenient
 - Efficient
- Universal Service Obligation (USO)
 - A universal service obligation (USO) is a collection of requirements that ensure all users receive a minimum level of service at a reasonable price



Aging Delivery Technology

- Vehicles used to delivery
- Labor force and Delivery Requirements
 - Mail Box vs. Dismounted
 - Age and capacity of Mail Box
- High density areas vs. Low Density
 - High density areas have more options because commercial market can compete there
 - Low Density areas are not serviced by competition as well (USO requires USPS to deliver in areas where it might not be profitable)
 - How might USPS improve density?





FREE SHIPPING EVERY DAY

Free standard shipping with \$75 purchase.* No exclusions. No Promo Codes.

| ORDER TOTAL* | STANDARD 3-6 DAYS | 2 DAY | 1 DAY | SAME DAY DELIVERY BY 1 P.M.** |
|-----------------|----------------------|---------|---------|-------------------------------------|
| \$0-\$74.99 | \$8.95 | \$19.95 | \$29.95 | \$14.95 |
| \$75-\$99.99 | FREE | | | \$9.95 |
| \$100 & UP | | | | |
| GIFT CARDS | FREE | \$9.95 | \$14.95 | NOT AVAILABLE |

Free Shipping

- The cost of "Free"
 - E-tailers have offered Free Shipping
 - Now it is required to do ecommerce
 - Shipping has no value in most peoples minds
- "Free", "Low Cost" and "Premium"
- Speed vs. Cost

Last mile delivery services are a key differentiator

Consumers consider the variety of delivery options & perception of the quality of the delivery to be primary criteria for decision making



23%

23% are willing to pay a premium for same day or instant delivery

30% of younger consumers favor same day or instant delivery over standard delivery



70% of consumers are satisfied with the least expensive form of home delivery

McKinsey study of 4700 respondents in Germany, China and the US



FedEx®



Applying Technology

- **Uberization** - is a neo-euphemism for a property of a highly tele-networked **business** to hit peak efficiencies in operations, providing highly economical and efficient services. ... The model has different operating costs compared to a traditional **business**.
- **Crowdsourcing** - the practice of obtaining information or input into a task or project by enlisting the services of a large number of people, either paid or unpaid, typically via the Internet.
- **Gig economy** - a labor market characterized by the prevalence of short-term contracts or freelance work as opposed to permanent jobs.
- **Job-Sharing** – Where two or more employees fulfill one full time job
- **Autonomous** - denoting or performed by a device capable of operating without direct human control.



Applying Technology

- [Ford Robot Demo](#)
- [Starship](#)
- [Amazon Drone Delivery](#)



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Taking Advantage of Marketplace

- “Want it now” in a Static Delivery Network
- Dealing with Technology startups
- Incorporating the Right technology
- What about letters?
- Can we economically mix Packages in the Letter delivery network
- Current sortation methods
- Autonomy
 - How Fast?
 - How Effective?
 - Scope?
 - Security?



Assets Leverage

- Can we add new volume to Low density areas?
 - Groceries
 - Hardware or Equipment parts delivery
 - Local Pharmacy
- Can we deliver at different times?
- Opportunities to build or use existing property for package pickup centers
- Subscription Services?
 - Can delivery networks charge a flat fee subscription vs. Piece price
 - Partner with other delivery networks to fill capacity
- Adding Flexibility
 - Job share
 - Gig work
- Technology
 - What is the best, and how can some of this be deployed







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