

## Potential for new services at the door

In this section, we will discuss potential new services that Canada Post provides at the door and on the street. Underpinning the opportunities for new services is our belief that Canada Post's traditional strengths can be leveraged in the digital era with use of mobile technology.

### New services at the door:

For letter carriers and rural and suburban mail carriers (RSMC), the main tool for scanning parcels and other traceable items is the Personal Data Terminals (PDTs) which is a digital mobile device. The next generation on PDT will include a camera as well as mobile internet connectivity. We believe that this technology will more easily allow Canada Post to provide the services of other firms.<sup>1</sup> Examples of new types of home services leveraging next generation PDTs could include:

- Insurance claims: Instead of insurance companies sending adjustors for every claim, delivery employees could take pictures of damaged items at the home, which could then be sent to the insurance company directly from the PDT. Letter carriers and RSMCs would not be conducting the insurance appraisals, merely collecting information on behalf of the insurance company, who then makes the decision dealing with the claim.<sup>2</sup>
- Utility meter readings: While the need for meter readings is declining due to smart meters, there will always be some residual need for in-person meter readings. Utilities could contract the letter carriers and RSMCs on their routes to conduct readings as needed. The information could be sent to the utility directly through the PDT.<sup>3</sup>
- Collection of information on behalf of municipal building inspectors: Many municipalities face a shortage of inspectors to verify if landlords have conducted needed repairs to buildings (for instance due to leaking roofs, mould, etc.). Upon complaints being filed with the city, building inspectors could send simple requests for verification of issues, through the taking of photos, to the letter carrier. The information would then be transmitted to the city directly through the PDT.
- Verification of smoke alarm functionality: Delivery agents could verify that smoke alarms have working batteries in certain addresses. This service might be especially attractive in rural Canada where many municipalities rely on volunteer firefighters.

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<sup>1</sup> The French Post Office has introduced an Android-powered power smartphone to all letter carriers which enables the provision of new services.

<sup>2</sup> *La Poste* in France offers such a service.

<sup>3</sup> *La Poste* in France offers such a service.

- Delivery with Instructions: Carriers can provide deliveries while providing oral information on behalf of the sender interested in reducing their call centre volumes. BPost conducted such an exercise on behalf of a Belgian cable provider.

All the above types of services, which involve having the letter carrier or RSMC perform basic tasks as a contractor on behalf of a third party and sending information back to this party digitally have the potential to create new sources of revenue for Canada Post with minimal capital investment. They would also allow the ordering party to better allocate resources to areas of intervention requiring specialised expertise.

### **Eyes on the street**

Enhanced PDTs could also be used to better leverage the natural “eyes on the street” role of delivery agents. Examples of street-based new services include:

- Municipalities have a severe problem with potholes every spring, which involves resources every spring for municipalities. Canada Post could contract with interested municipalities to identify potholes. Through an app installed on the new Android-enabled PDTs, when the delivery employee sees a pothole, they could take a picture and add GPS information and any other relevant information through a message. This could then be transmitted to the city for a repair team to be dispatched. This could be especially useful for road maintenance in rural Canada, due to the large distances covered by rural municipalities with limited personnel but expansive RSMC routes.<sup>4</sup>
- Graffiti/broken windows: The PDT could also help in dealing with “broken window” type concerns. Delivery employees could document and transmit directly to the relevant party when they see damaged property, whether graffiti on a private business or a public bus shelter window that is broken. In France, *La Poste* provides such a service where Banks that are anxious to avoid graffiti on their branches have the letter carrier keep an eye out for graffiti.
- Canada Post currently provides a hold mail service for Canadians who are away. It could expand this service with an option for the letter carrier to also keep an eye on the property for signs of break and enter. This service could even be offered in partnership with insurers. This service might be particularly appealing to snowbirds that leave their homes vacant for several months at a time.

All of the above proposals are new, technically simple ways to create new sources of revenue.

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<sup>4</sup> There are 7,422 RSMC routes with delivery vehicles and every day RSMCs drive 438,700 km.

### **Smart cities and the largest fleet in the country:**

Taking this type of “smart city” infrastructure even further, Canada Post, as the largest fleet owner in the country, could also better leverage the physical presence of its fleet to gather data – and big data could represent a large potential revenue source. Through installing sensors and camera equipment on the outside of its fleet, Canada Post could: monitor road quality, the quality of bridges and tunnels, as well as assist in payment verification in a city were it to introduce congestion charging.

### **Expanded delivery times:**

As well as expanded services at the door, Canada Post should be expanding delivery times to provide senders and recipients with greater options.

Evening and weekend delivery would provide several advantages for Canada Post.

Every parcel which is successfully delivered to the door on its first attempt cuts the costs for Canada Post associated with “carding” the item back to a retail counter for pick up.

In a joint pilot conducted in Winnipeg in 2002-2004 between CUPW and CPC, 90% of all Sunday deliveries were successful, a success rate significantly higher than the rest of the week. Léger marketing found that customers commented to drivers that they were very pleased with weekend delivery, while 78% of drivers said that weekend delivery attempts was very or somewhat positive.

Secondly, expanded delivery windows would help to better spread out high volume periods. In the Winnipeg pilot, which delivered to shops in shopping malls on Sundays, this had the effect of alleviating the number of large parcels for Monday delivery.

Thirdly, during periods of lower volumes, evening and weekend deliveries could be made economical by offering the types of new letter carrier and RSMC services discussed in the above, potentially at a premium. An insurance company might want visits to the claimants when they are home in the evenings and might be willing to pay an additional fee for this “premium” service offering.

With evening and weekend deliveries, shippers could also benefit from increased options for specialised, pre-determined delivery times – possibility paying a premium for an item that is guaranteed for delivery on the weekend or an evening. This would represent a new revenue source for CPC.

Expanded delivery could also make Canada Post's same-day delivery service, "Delivered Tonight" more economical by mixing into this specialised evening service other parcels for evening delivery.

### **Pick-up service:**

Canada Post does not offer a pick-up service direct from the home of parcels without a pre-existing commercial contract relationship. Individuals can, however, use ship-in-a-click to print pre-paid parcel labels and drop their parcel off at street letter box or at a retail outlet.

*La Poste* offers a collection, direct from the customer's mailbox, of small parcel items, while Australia Post offers a pick-up service of parcels in pre-selected four-hour blocks, with a rate reduction for collection of parcels during off-peak times.<sup>5</sup>

Canada Post should launch from the door collection of parcel items. This could stimulate demand as well as incentivise more online shopping, as some consumers don't buy online (particularly clothing) because if they want to return the item, this represents a trip to the Post Office to return it.

The easy collection of parcels from the home could be subsequently diversified into new lines of business, such as collection and delivery of sports equipment and luggage shipped direct from the home to the destination, and vice versa. This type of service is today very popular in Japan, and is provided both by the Post Office<sup>6</sup> as well as private parcel firms such as the Yamato Transport Company, a major private-sector parcel firm.

### **Grocery deliveries:**

Seven day and evening delivery would also allow Canada Post to experiment with the delivery of perishable fresh and frozen grocery items. Postal operators are already moving into this field.

PostNord in Denmark conducts 200,000 grocery deliveries to 125,000 distinct addresses a month – an impressive figure for a country of less than 6 million inhabitants<sup>7</sup>. It conducts deliveries on behalf of 215 different retailers, ranging from large national grocery chains to

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<sup>5</sup> See: "Online postage (Click & send) service rates". url: <http://auspost.com.au/media/documents/Click-and-Send-service-rates-18Apr2016.pdf>. Last accessed: June 5<sup>th</sup> 2016.

<sup>6</sup> See: [http://www.post.japanpost.jp/service/you\\_pack/index\\_en.html](http://www.post.japanpost.jp/service/you_pack/index_en.html). Last accessed: June 8<sup>th</sup> 2016.

<sup>7</sup> Source: Conversation with PostNord (Denmark) official.

small speciality shops. It can deliver groceries in the evening in urban Denmark along with standard parcels, in one motorised route. In rural Denmark, delivery is conducted in the same vehicle alongside parcels and mail during the day.

The Swiss Post also delivers groceries through a partnership with the *Migros* chain, while Bpost provides deliveries on behalf of a large selection of retailers through its *combo* service – mixing orders from large retailers and small specialists into the same evening delivery visit.

We believe Canada Post should pilot a grocery delivery service, both as a potential new source of revenue as well as to gain a competitive foothold in this market before other entrants capture it.

There are several different models which Canada Post could examine for grocery delivery. One could be simply bundling the delivering of groceries from an assortment of different grocers.

Another approach could focus on the “back-end support and delivery” model. Here the delivery firm leverages its substantial in-house digital infrastructure to enable small retailers to sell online. The delivery firm earns a commission developing and/or maintaining the grocer’s website, as well as for deliveries. Yamato appears to have adopted such an approach.<sup>8</sup>

Because of its scale and effectiveness at sorting disparate items for last-mile delivery, CPC might be able to offer local shops the ability to ship items (competitively) at a much further distance throughout an urban area than new entrants targeting uniquely groceries and the last mile. This would be achieved by mixing evening grocery delivery with evening parcel delivery.

The Union is committed to piloting the delivery of grocery items.

### **Assisting farmers and local economies deliver**

A further service which Canada Post should research jointly with CUPW and small agricultural producers is the role which it could play – through avenues such as support in IT, payments, retail and delivery logistics – in enabling small producers to move their agricultural products to urban households at a reasonable cost and with simplicity. There exist variants of such services worldwide, with one example being Chronofresh in France. We recommend joint research, as this sector (and the technology enabling it) is moving quickly. It is worth noting that CPC does already permit the shipping of perishable items, such as fresh fruits.<sup>9</sup>

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<sup>8</sup> See: “Enabling Online Supermarkets to Set Up Operations Cheaply Quickly and Widely Regardless of Operational Scale,” URL: <https://www.yamatosolutions.com/english/solution/05/>. Last accessed: June 5<sup>th</sup> 2016.

<sup>9</sup> “ABCs of Mailing – Canada Postal Guide”, p. 5. Canada Post Corporation. May 2016.

## **CPC as the main player in a national intelligent and sustainable transportation and delivery network**

CPC should be tasked with reviewing how it can rationalize its contractors for moving mail on the highways and look for opportunities to combine routes and contract-in work. Close examination of space capacity along routes may reveal unused capacity and lead to savings.

With congestion increasing commuting times, air pollution and costs, CPC should also be researching how it could leverage its network for last mile delivery for the freight industry. In Belgium, BPost uses a depot at the edge of Antwerp to receive freight from across Europe and then uses smaller vehicles for inner city distribution of freight. Similarly, the rationalization of last mile delivery of as much as possible including parcels from other firms should be considered on a national level.

## **Technology and new services not yet contemplated here – the role of CUPW and joint committees**

Technological change is evolving quickly. At the same time as the emergence of digital alternatives has created challenges for post offices everywhere, it has also created massive opportunities – parcels and the ideas outlined in this submission could well be the tip of the iceberg of the work which letter carriers and RSMCs will be conducting in five years' time. We believe that the best way for Canada Post and its workforce to navigate these opportunities is through the joint exploration of new processes and technologies – both in Canada and internationally - and engaging in joint pilots which apply new technology so that it benefits the owners of Canada Post (the Canadian public), postal workers as well as the long-term financial sustainability of Canada Post.

Part of this is ensuring a culture of learning throughout Canada Post – and this should involve using CUPW members' knowledge of local issues and solutions which Canada Post can offer as new services. CUPW members need to be able to offer up proposals for new services to pilot in their communities which respond to the specific needs of their local communities. The Union proposes that Canada Post establish local joint Union/management innovation committees to pilot new services to the public and evaluate these.

## **Summary**

The letter carrier or RSMC of the future working an evening shift might be delivering fresh steaks to the Sanchez's home for dinner, a cell phone ordered online through Delivered Tonight next door to Mrs. Ryan who needs it for work the next morning while also picking up a returned pair of shoes purchased online, and will then be taking pictures of water leakage on behalf of

the municipality in Mme Tremblay's apartment building down the street. Parcels would also be delivered on the evening route. In this way, Canada Post can earn enhanced revenue sources through bundling a variety of new and existing services into one intelligent delivery system.

### **Summary of recommendations**

**Recommendation:** That Canada Post leverage the new PDTS functionality and offer new services in the home, and out on the street, on behalf of other public and private entities.

**Recommendation:** That as the largest fleet owner in the country, Canada Post should examine the business case in leveraging this fleet – as well as letter carriers and RSMCs - to collect big data for public purposes.

**Recommendation:** That Canada Post launch evening and weekend parcel delivery.

**Recommendation:** That Canada Post starts a parcel collection from the home service without contract.

**Recommendation:** That Canada Post develop a pilot to deliver perishable grocery items, including frozen items.

**Sub-recommendation:** In tandem with the above, Canada Post studies the provision of delivery options for farmers interested in delivering direct to households in urban Canada.

**Recommendation:** That CPC jointly research with CUPW becoming the default last mile delivery agent in order to reduce congestion.

**Recommendation:** That CPC and CUPW jointly follow international realities closely in order to map new opportunities created by the rapid change of technology which the postal sector will continue to face.

**Recommendation:** That Canada Post establishes with CUPW local joint innovation committees to pilot new services in local communities nationwide.