

DIGITAL — THE NEW ROUTE FOR TRADITIONAL COURIER AND PARCEL DELIVERY

July 2016

For the major traditional transport players, courier and parcel delivery was once seen as a margin saviour. Today, the digital offerings from companies such as Uber, Sherpa, Zoom2u and Sendle have eroded much of the margin, and brought a sobering reality check to the traditional parcel delivery market.

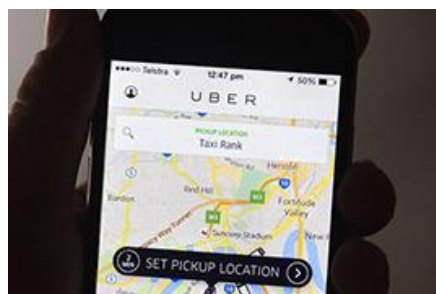
In 2014, UberRush was launched in New York City as a platform to allow bike messengers to deliver small items using Uber's established technology. In 2015, UberCargo was launched in Hong Kong to provide on-demand solutions but for larger items such as a mattress or even a beloved pet. Amazon Prime is a membership programme that gives its members and their families' unlimited one-day delivery for eligible purchases for an annual fee that is as little as about \$10 a month. The rate of development of the digital parcel delivery sector is staggering and the traditional players are being bypassed.

Unlike traditional courier and parcel delivery businesses, Uber is able to deliver passengers and parcels at the same time. It's the flexibility and potential volume of this model, together with the ability to hone the business further by analysing the data that is subsequently collected that will allow Uber to drive prices lower while improving speed and reliability, and ultimately increasing profitability.

What's more, these digital start-ups are now seeking to leverage the networks of our large institutions. For example, look at NAB's recent pairing with Sendle. The combination of Sendle's digital platform and NAB's physical property network will provide an efficient and cost effective parcel delivery offering for NAB customers without a traditional parcel delivery business anywhere to be seen.

So what does this mean for the traditional courier and parcel delivery businesses? For a start, they need to learn from companies like Uber and Sherpa. The new breed have adopted a digital model enabling customer transactions to occur faster and more securely, contrasting to the traditional players with convoluted systems and processes, pricing models that are both expensive and confusing, an experience that the customer cannot control or have any input to, and patchy service levels.

Traditional courier and parcel delivery businesses looking to change need to give customers the ability to book and pay online even if they have never used the service before, track the delivery in real-time and rate their experience. They need to investigate other distribution models and



The rate of development of the digital parcel delivery sector is staggering and the traditional players are being bypassed.

crowdsource their drivers. They need to analyse data to see where the pain points are and where the opportunities lie. They need to decide if they are in the warehousing/sorting business, or the delivery business and structure accordingly. Finally, they need management teams with a digital and logistics mindset.

There are many more global transportation start-ups that are providing immediate logistics solutions, with low cost bases driven by data. These start-ups are creative, financed and flexible, which allow them to easily adapt to any market. Those who operate with a traditional courier and parcel delivery model need to do the same, and need to do it quickly.

If you would like to discuss any of the issues raised in this Postcard, please contact one of the Ferrier Hodgson transport & logistics specialists listed below.



Brendan Richards
Partner, Melbourne
+61 3 9604 5143



Craig Morgan
Director, Melbourne
+61 3 9604 5652



Tim Michael
Partner, Brisbane
+61 7 3831 4228



Ryan Eagle
Partner, Sydney
+61 2 9286 9949



Martin Lewis
Partner, Adelaide
+61 8 8100 7657



Malcolm Field
Executive Director, Perth
+61 8 9214 1441

Ferrier Hodgson's transport and logistics specialists regularly send publications detailing the latest news and trends in the industry. If you know of someone who would be interested in receiving our transport and logistics publications, please send us their details. If you wish to see previous editions of the *Transport & Logistics Postcards* [click here](#).

To update your subscription details, go to our [website](#) and select '**SUBSCRIBE NOW**'.

For more information about our services, please contact one of our offices. Or find out more at: www.ferrierhodgson.com:



Sydney: Peter Gothard
+61 2 9286 9950
peter.gothard@fh.com.au

Adelaide: Martin Lewis
+61 8 8100 7657
martin.lewis@fh.com.au

Perth: Martin Jones
+61 8 9214 1405
martin.jones@fh.com.au

Malaysia: Andrew Heng
+60 3 2297 1150
aheng@fhmh.com.my

Melbourne: James Stewart
+61 3 9604 5642
james.stewart@fh.com.au

Brisbane: Will Colwell
+61 7 3834 9205
will.colwell@fh.com.au

Singapore: Tim Reid
+65 6416 1400
tim.reid@fh.com.sg