

# SURVIVING THE PROFITABILITY PARADOX

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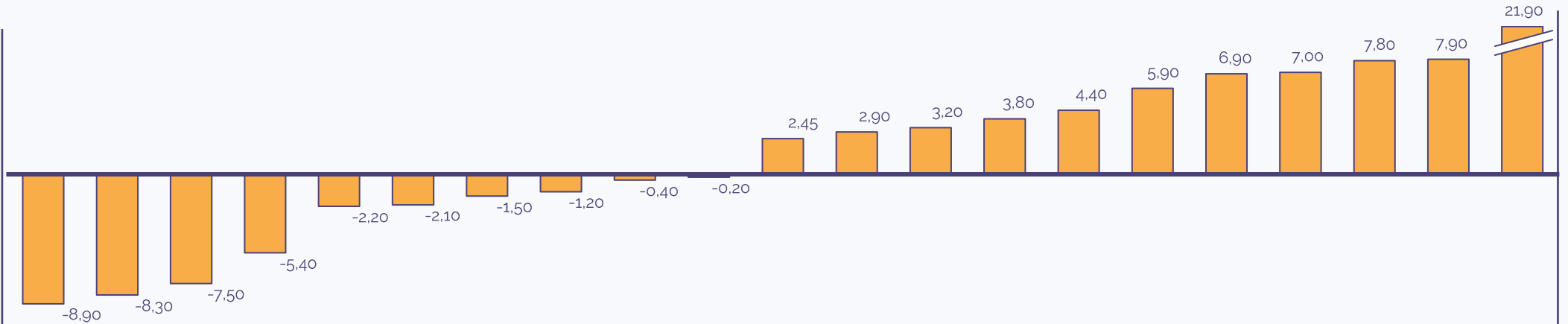
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# Postal Profitability



Several postal operators are delivering great results.

Operating Profit Margin (EBIT) for Postal Operators, latest full year results (2023/2024)



	USPS	Correos	Polish Post	Canada Post	Australia Post	An Post	Correios	NZ Post	Posti	RMG/IDS	Posten Bring	Post NL	Post Nord	bPost	Swiss Post	Japan Post	Austria Post	Groupe La Poste	DPDHL	CTT	Poste Italiane
Privatized										Fully		Fully		Partially		Partially	Partially		Partially	Fully	Partially
Finance and Banking			Yes			Yes									Yes	Yes		Yes		Yes	Yes
International Activities										Yes				Yes		Yes	Yes	Yes	Yes	Yes	
Mail % of Revenues	52%	68%	62%	34%	20%	48%	28%	XX	40%	30%	22%	35%	37%	31%	25%	16%	43%	21%	10%	44%	18%
Presence of Marketplace	AMZ	AMZ		AMZ	AMZ	AMZ	AMZ, ML			AMZ			AMZ					AMZ	AMZ		AMZ

Analysis: **Pharand Advisors**  
Sources: Annual reports

# Chapter One: New Game, New Rules

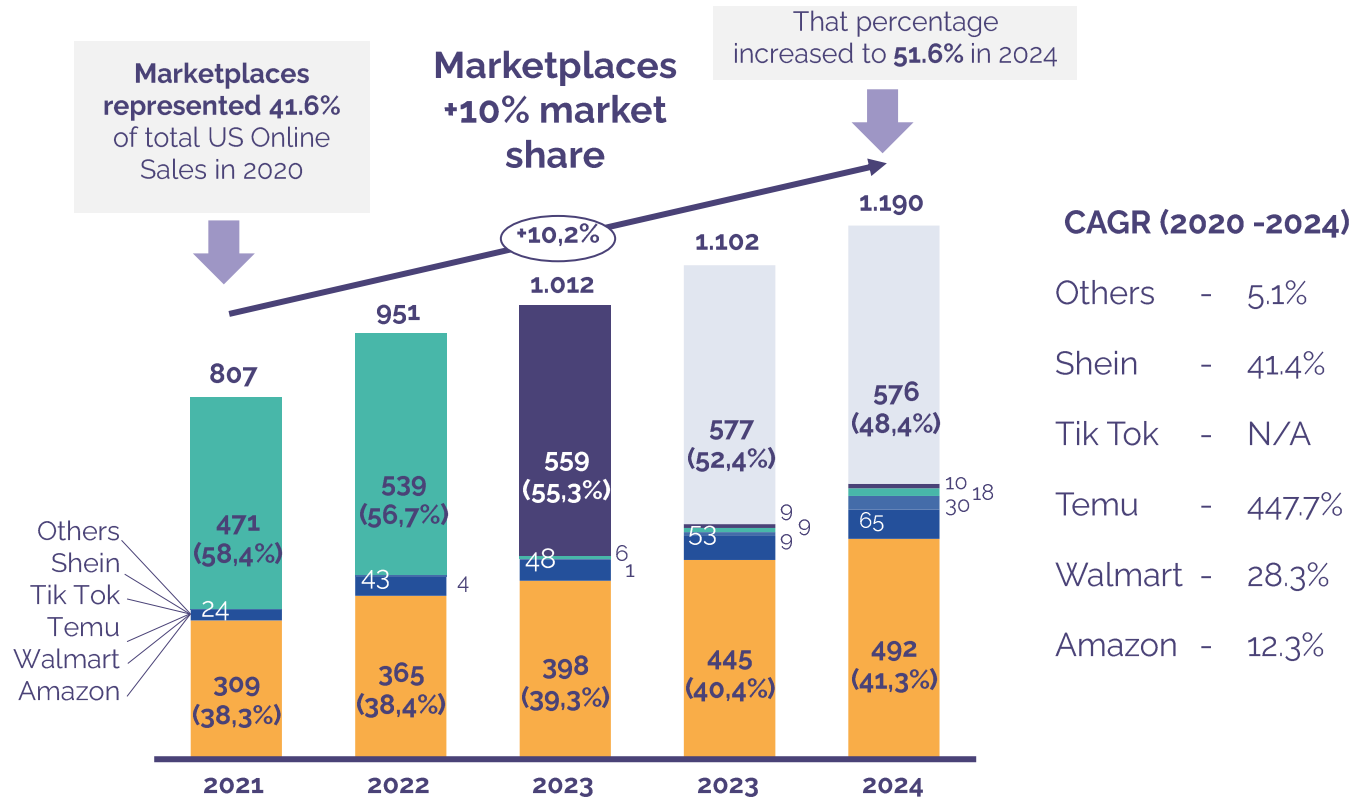


The Ultimate Delivery Strategy Game

# Marketplaces are deepening their positions



Online Sales & Market Share Top eCommerce Marketplaces, in the U.S. '20-'24



Walmart+ has seen a 4x increase in membership from 2021 to 2024.

## Which Retail Membership Services Do US Adults\* Pay For?

% of respondents, Feb 2021-Feb 2024

	Feb 2021	Feb 2022	Feb 2023	Feb 2024
Amazon Prime	68%	62%	65%	60%
Costco Wholesale	29%	23%	29%	24%
Walmart+	6%	5%	14%	23%
Sam's Club	26%	24%	26%	22%
DoorDash DashPass	-	10%	10%	12%
Instacart+	4%	6%	6%	9%
Best Buy	-	9%	9%	9%
Uber One	-	-	6%	7%
FreshDirect DeliveryPass	1%	2%	2%	2%
Sephora	na*	na*	na*	2%
Shipt	2%	3%	2%	2%
Other	5%	2%	3%	1%
None of the above	19%	18%	16%	19%

Note: ages 18-65; Sephora added in Feb 2024; \*or any member in the household  
Source: "The EMARKETER Ecommerce Survey" conducted in February 2024 by Bizrate Insights, Feb 29, 2024

285289 EMARKETER

Despite declining memberships, Amazon's Market Share of eCommerce keeps climbing

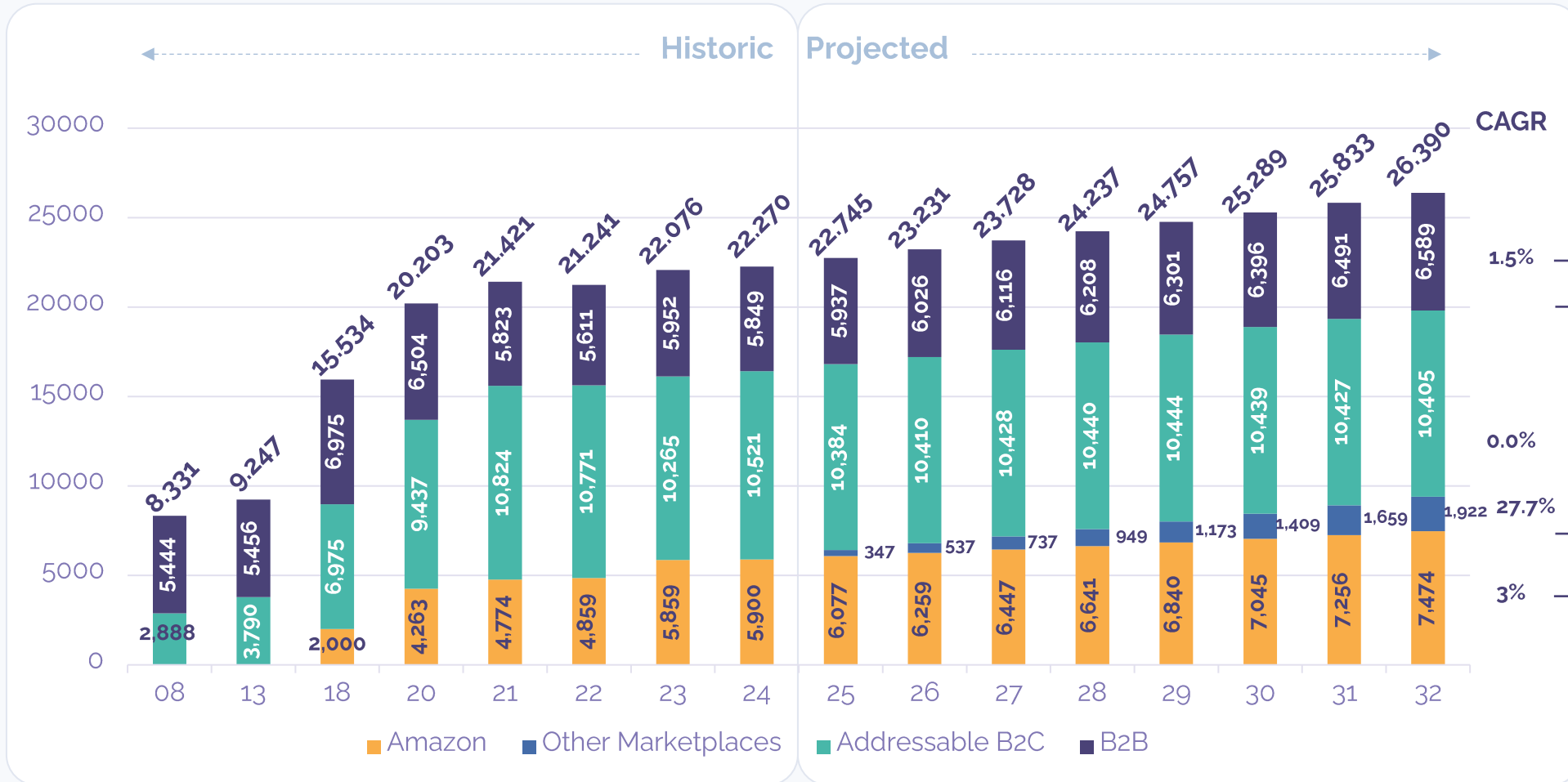
Analysis: Pharand Advisors

Sources: eMarketer, annual reports, revenue estimates for TikTok Shop, Temu and Shein for 2024

# Vertical Integration Squeezing the Market



The addressable parcel market will be **flat** to **down** over the next eight years.



The **B2B segment** is growing in line with GDP

The **B2C segment** is on course to reach 12.3B parcels by 2032 ...

... but this will depend on Marketplaces

**Amazon** is no longer part of the B2C market and will continue to capture market share.

Analysis: **Pharand Advisors**

Sources: Annual reports (incl estimates), US Census Bureau, Capital One Shopping Research

# Forces Shaping Last-Mile Delivery



**Marketplaces** and **low-cost delivery** are pulling ahead in the race to increase market share in the last-mile delivery.

## Incumbent Delivery Players

### Players focusing on:

- Speed and Convenience
- Focus on Revenues
- Targets the Consumer



### Players focusing on:

- OOH Delivery
- Focus on Costs
- Targets the Merchant

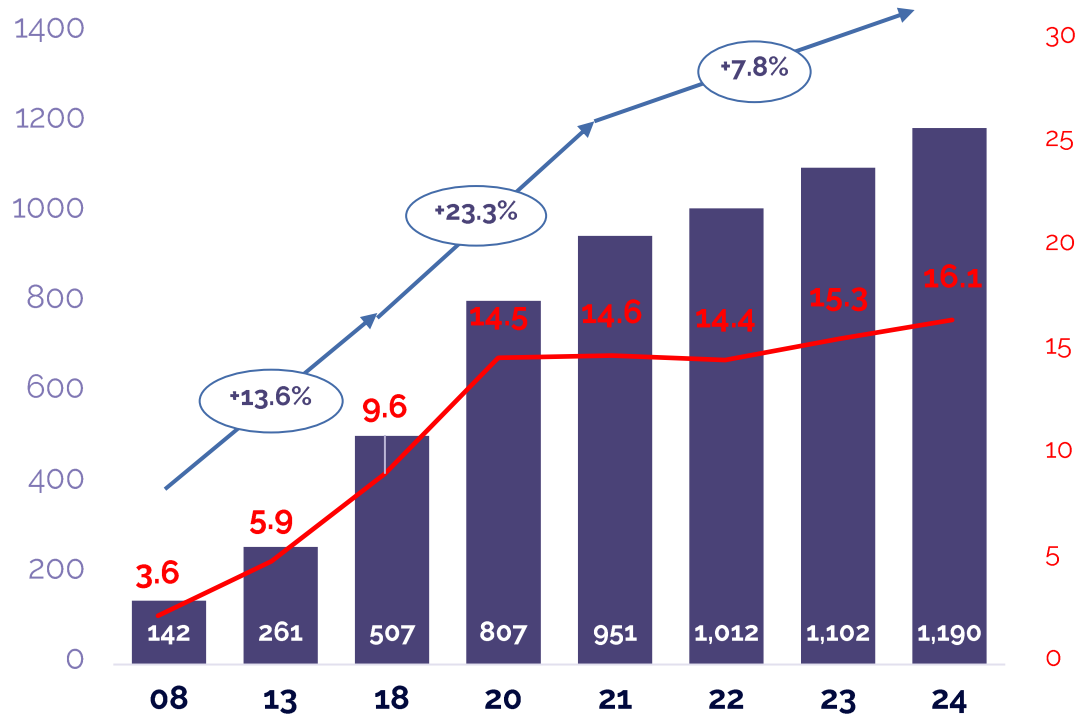
Both players capturing market share

# The Growth Divide

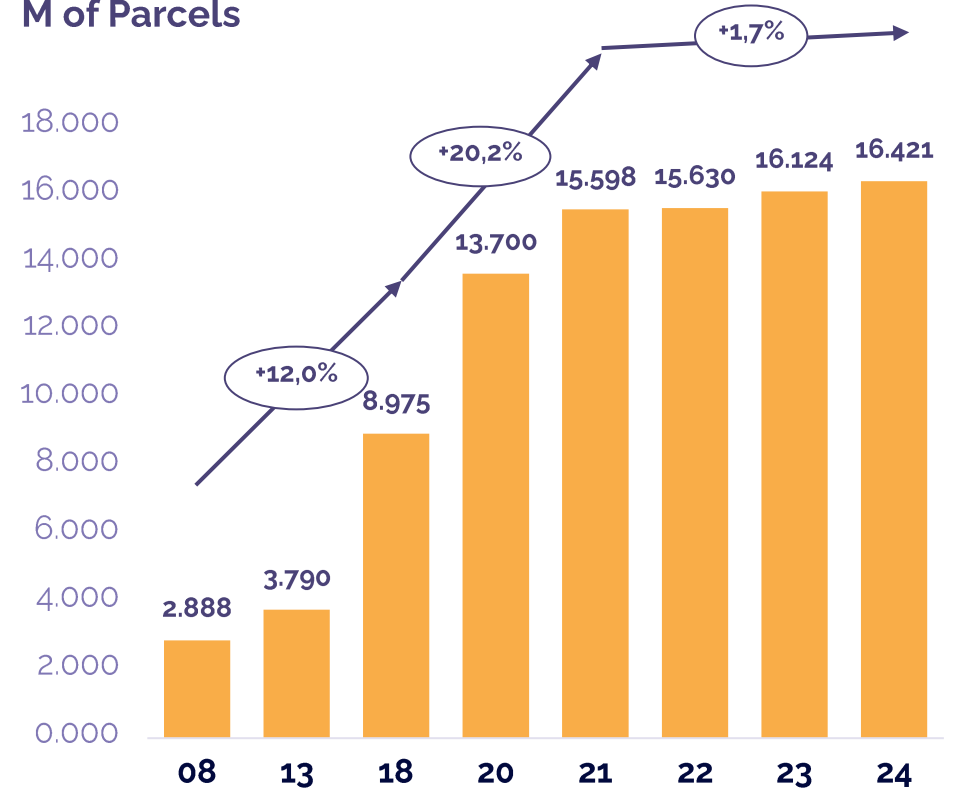


Parcel volumes are **no longer following** GMV growth.

Evolutions of eCommerce (online) sales as a percentage of total Retail



Total Annual B2C Delivery Volumes in US in M of Parcels



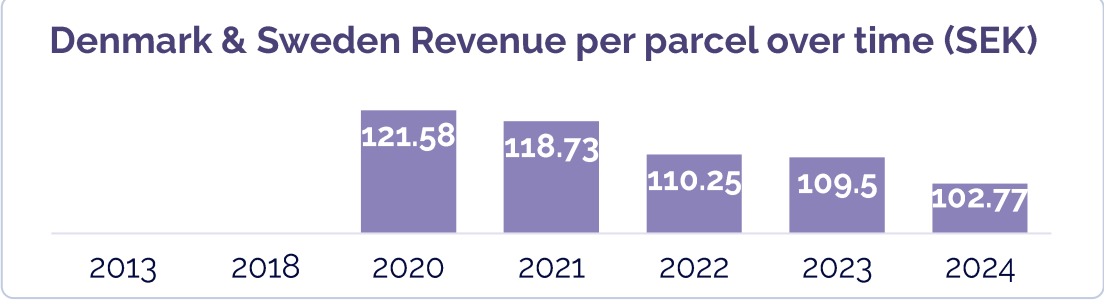
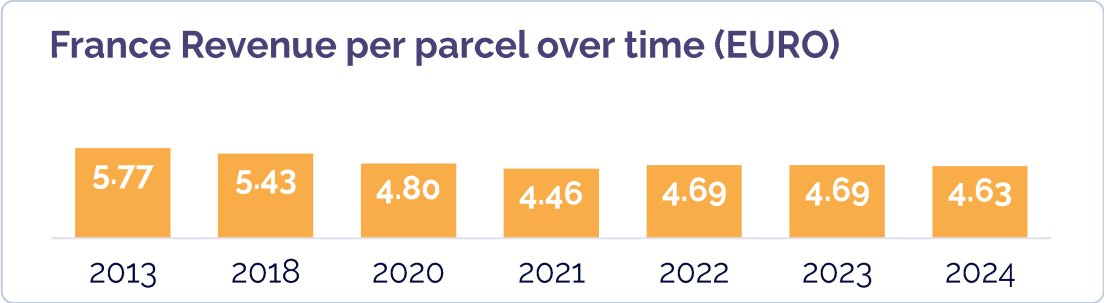
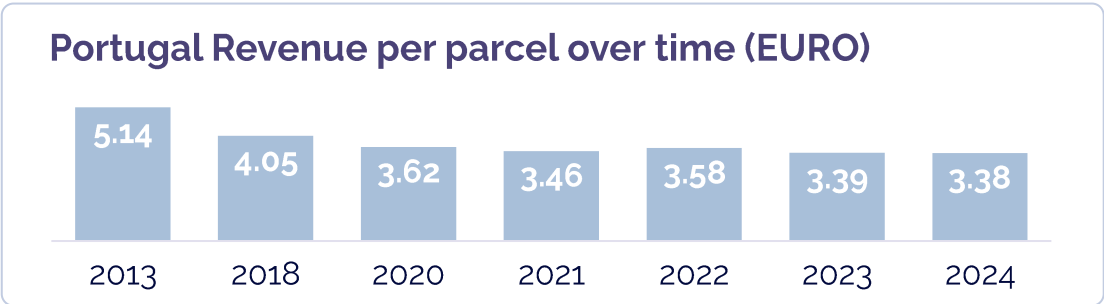
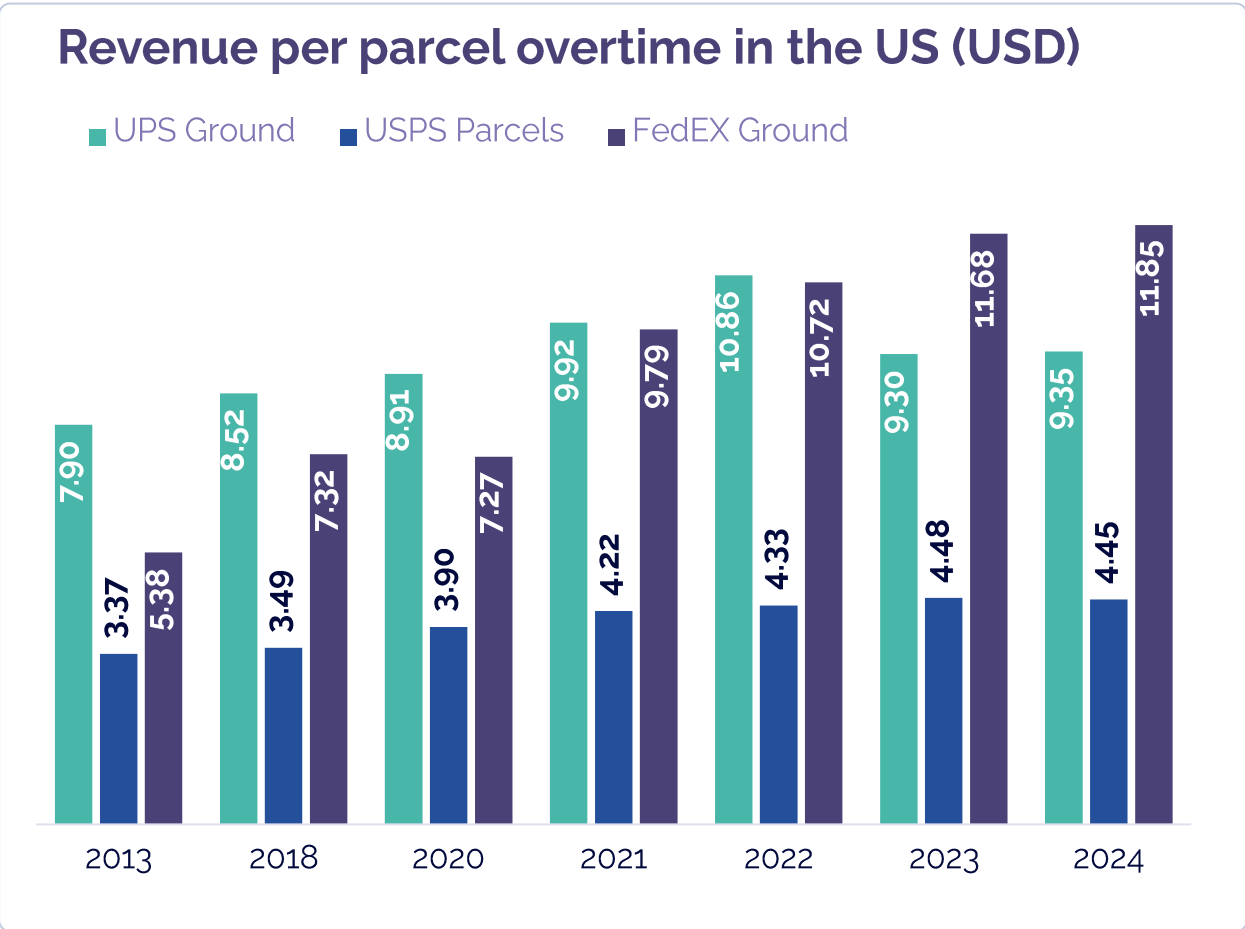
Analysis: **Pharand Advisors**

Sources: US Census Bureau, Volumes from annual reports, estimates and Capital One Shopping Research

# Yields are declining too



Global cost pressures are trending **up**, while revenue per parcel is trending **down**.



Analysis: **Pharand Advisors**  
Sources: Annual Reports

## Chapter Two: The Postal Growth Archetypes



# Postal Growth Archetypes



## The Traditionalist

- Focus on domestic mail and parcels



## The Regionalist

- Regional expansion, focus on logistics



## The Globalist

- Focus on global logistics



## The Diversifier

- Balanced portfolio of services and logistics



## The Retailer

- Heavy investment in banking and retail

# Postal Growth Archetypes



The Traditionalist



The Regionalist



The Globalist



The Diversifier



The Retailer

**Revenue CAGR**  
2022 - 2024

**1.1%**

**-1.0%**

**-4.5%**

**2.9%**

**5.7%**

**EBIT Margin (Avg)**  
2022 - 2024

**-5.1%**

**1.1%**

**6.9%**

**4.9%**

**8.3%**

# Diversification Plays



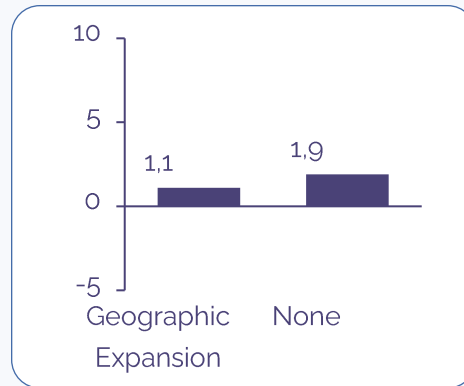
Which **diversification** plays are the **most successful** ones?

**Revenue Growth CAGR 2022-24**

**Diversification in Logistics**



**Geographic Diversification**



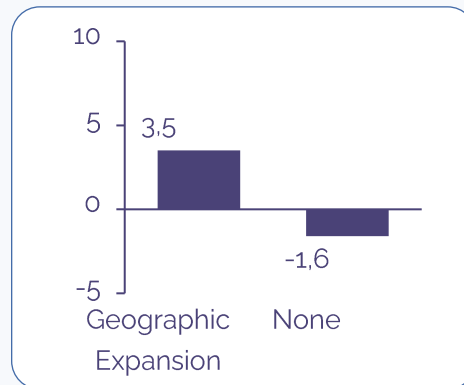
**Diversification in Retail Services**



**Diversification in Banking**

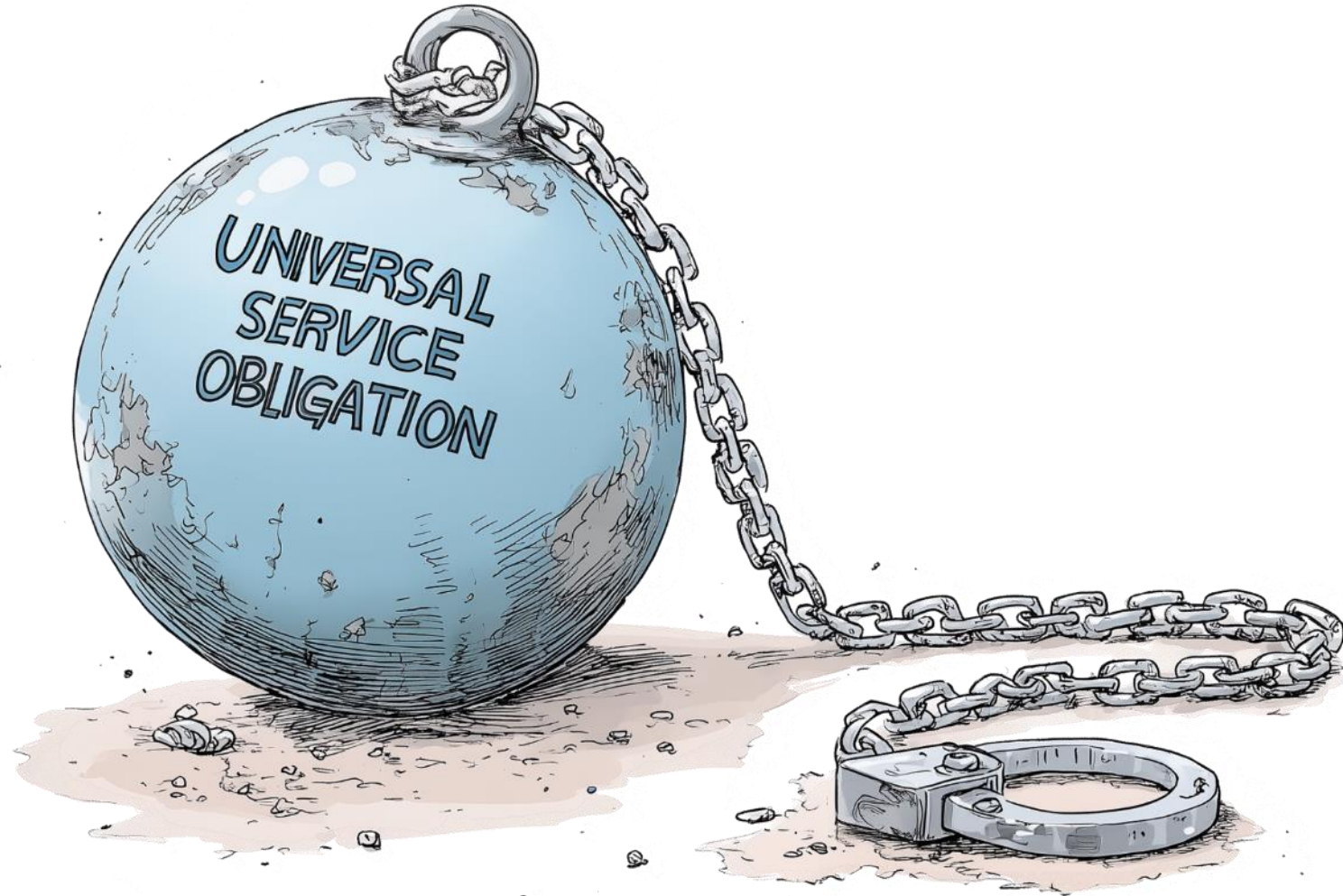


**EBIT Margin in 2024**



Analysis: **Pharand Advisors**  
Sources: Company Annual Reports

# Chapter Three: Breaking Free of Unprofitability

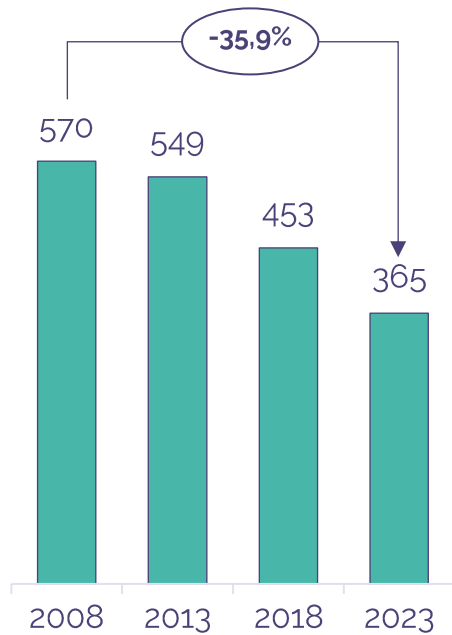


# Exploit the local last-mile squeeze



## REMEMBER ...

The average distance travelled by each parcel in the US has declined



As more inventory is placed closer ...

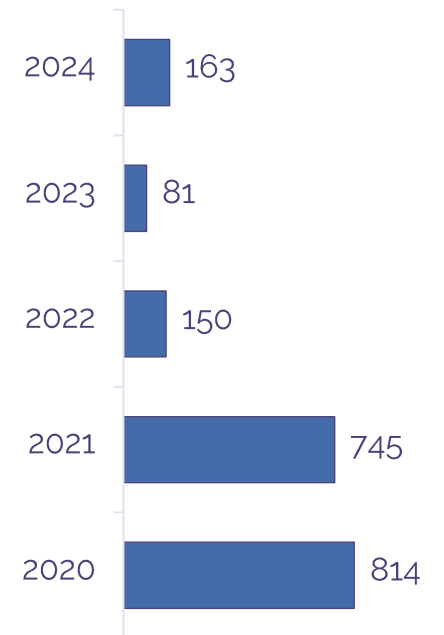
... and as the funding for local last mile startups runs out ...

there will be market share ...

# GRAB IT!!!

## LAST MILE

Total Funding in M USD



# Harvesting Value

Getting **more value** from the **post office network**.

- Margin expansion is driven by high margin offerings in the retail network – launch them and then expand
- Craft offerings for industries requiring a fractional, physical presence
- Make the transactions frictionless
- Expand access through partnerships
- Delivery node for returns, PUDO



# Reduce Headcount



The only path to **survival** is **fewer people**.



## Delivery

1. Automation at scale
2. Route optimization for delivery
3. Network optimization for middle mile



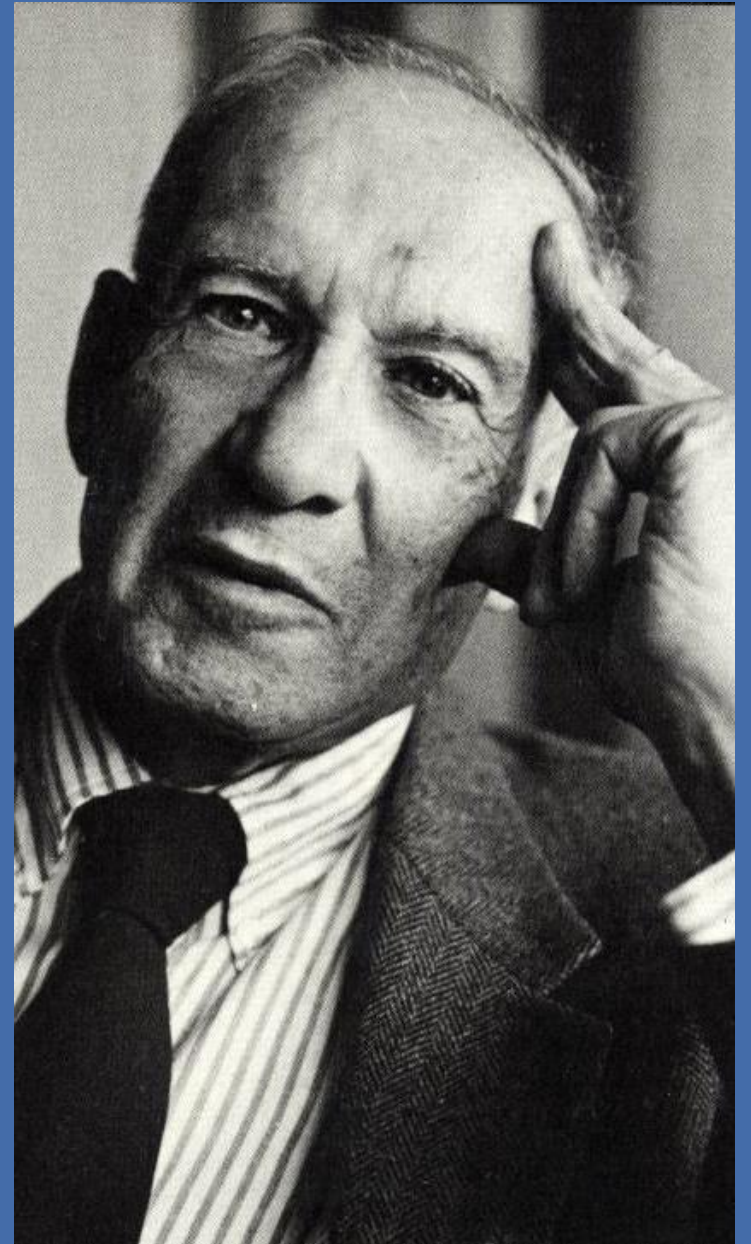
## Retail

1. Start at home, finish in branch
2. Intuitive, ubiquitous self serve that empowers new services
3. Shared footprint with partner labor

“The greatest danger in times of turbulence is not the turbulence; it is to act with yesterday's logic.

”

Peter Drucker



# New Research!



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