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REBOOTING PERSPECTIVES ON DIGITAL TRANSFORMATION

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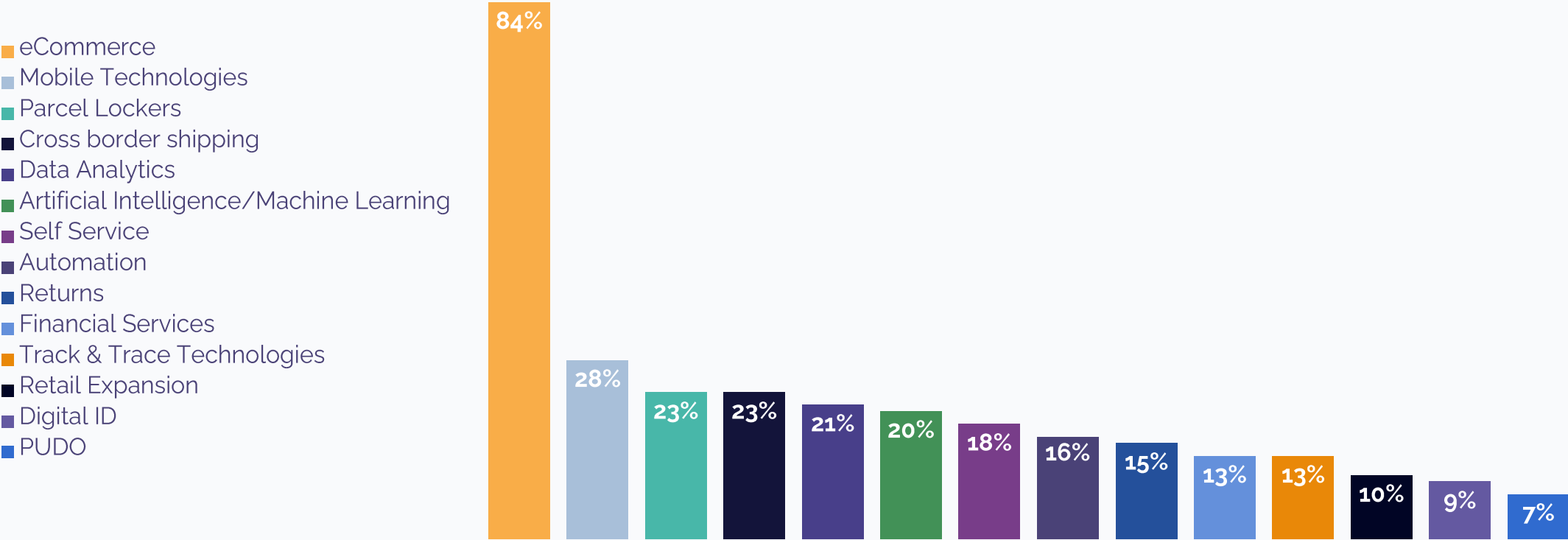
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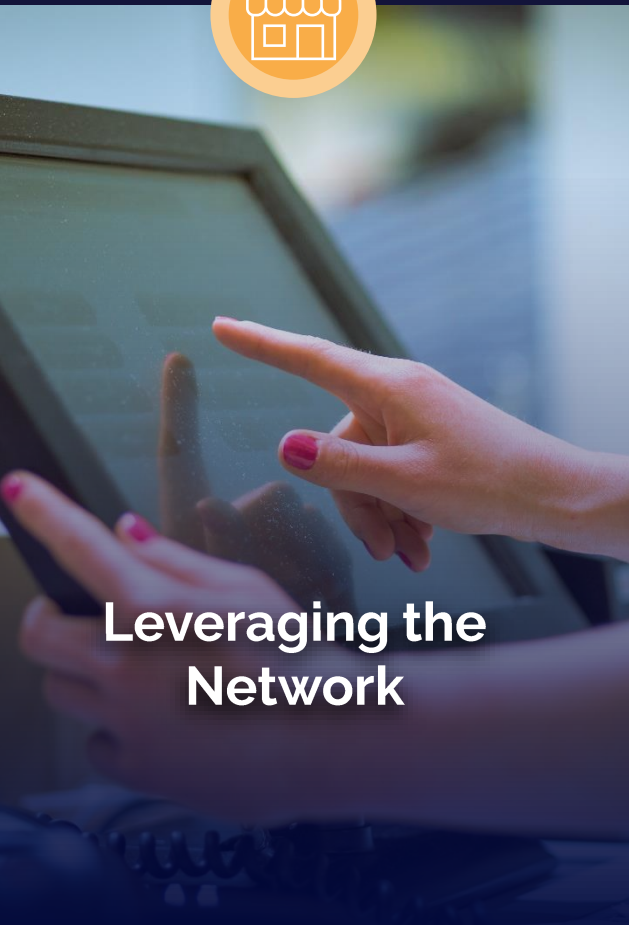
Ecommerce continues to exert an influence over the industry

Which of the following do you believe will have the greatest impact on Posts in the next five years?



ECOMMERCE MOVING QUICKLY

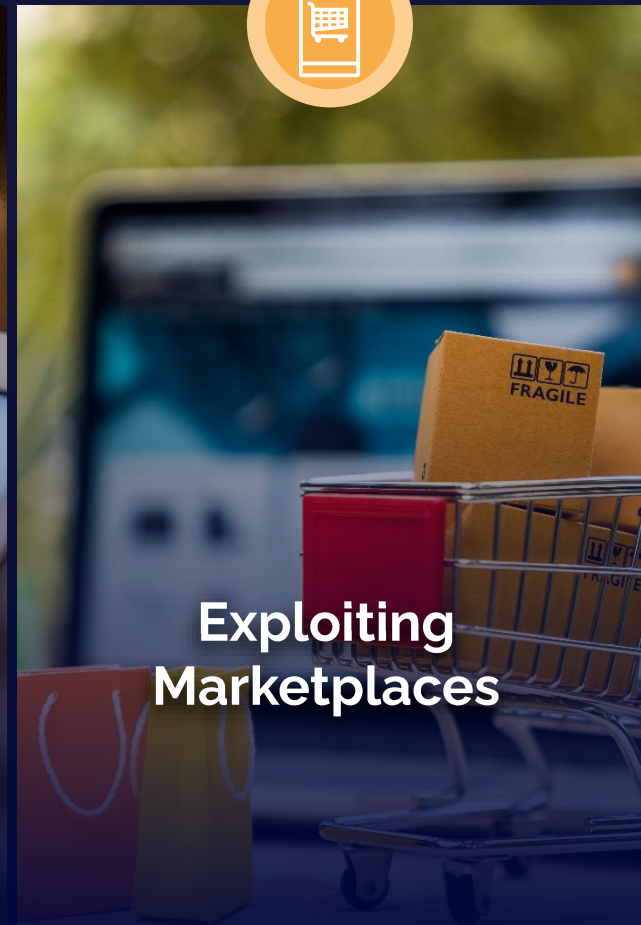
4 RETAIL TRENDS THAT MATTER



Leveraging the
Network



Investing in
Distributed Order
Management



Exploiting
Marketplaces



Moving Inventory
Closer

Leveraging the Network

Retailers are increasingly using their **physical presence** as critical **ecommerce infrastructure**.



Ship from Store

75% of Target's ecommerce sales are fulfilled from store



Click & Collect

19% CAGR growth of BOPIS from 2021-2026



Lockers

70% of Posts are investing in lockers in 2023



Delivery Service

67% of Amazon packages delivered on their own network



"We intend to **densify our inventory** at the first mile, make the **middle mile** as **efficient** as possible, and then **shorten the last mile**"

Doug McMillon
Walmart CEO

Investing in DOM's

Distributed order management systems simultaneously solve fulfillment and delivery.



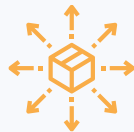
Inventory management, forecasting & reordering



Processing orders from multiple sales channels



Shipping



Synchronizing order routing & data



Global distributed order management (DOMs) is projected to reach **\$8.7 Billion** by **2027**.

Over 60% of retailers plan to implement a DOM system in the next two years.

Days Inventory Outstanding (DIO) **improved by 3%** in 2022.

Exploiting Marketplaces

The **proliferation of marketplaces** and their **sales dominance** changes the economics of retail.

20

major retailers have
launched marketplaces in the
past 5 years

Marketplaces
account for
67%
of **ecommerce**
sales by 2027

Advantages

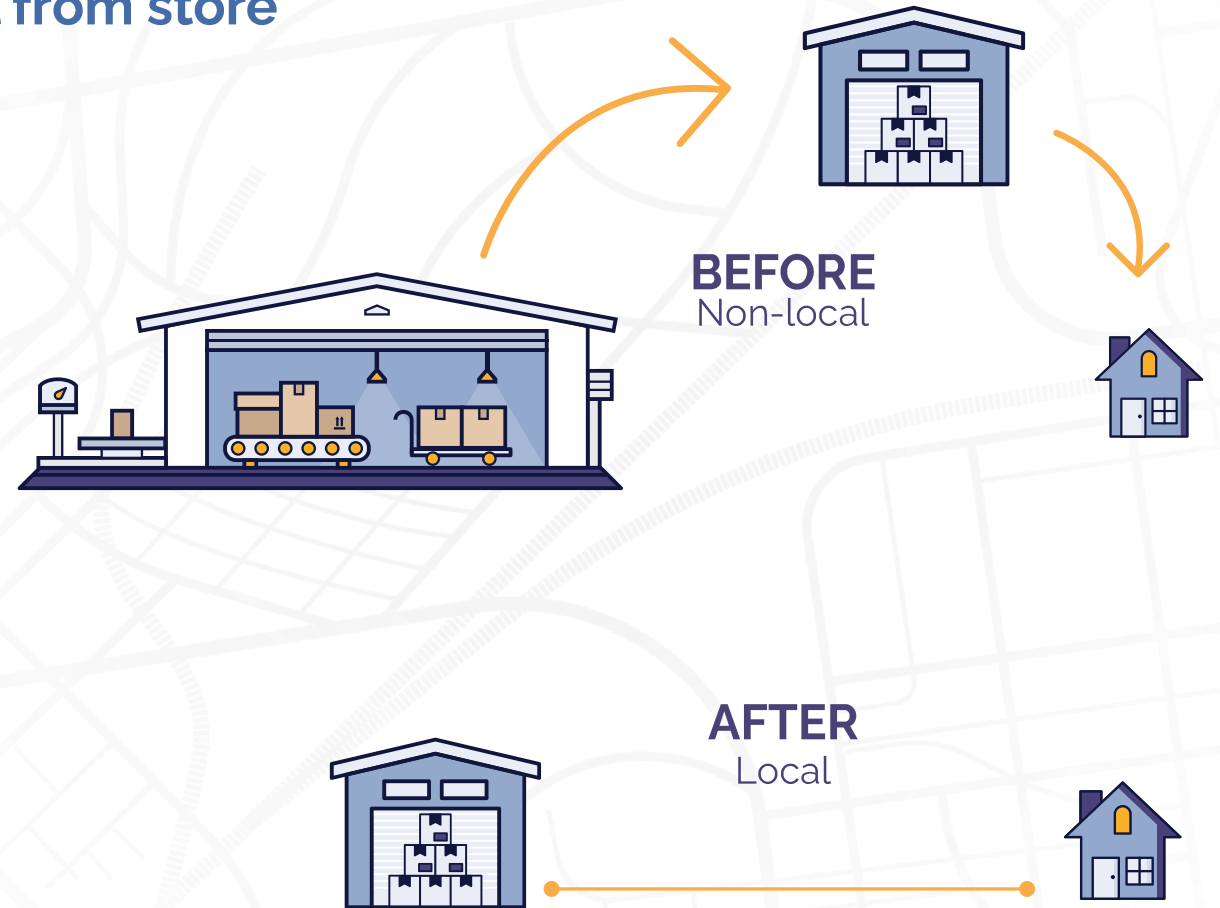
- Aggregated consumers = more views
- 3rd-party sellers = distributed inventory risk
- Marketplace scale = reduced ecommerce costs



Moving Inventory Closer

Retailers are using **microfulfillment** and **fulfill from store** to radically change the inventory distance.

- **7,300** automated micro-fulfillment centers (MFC's) predicted to be installed by 2030.
- **77%** of businesses renting last-mile logistics properties plan to expand their space in the next 12 months.
- Global Micro-fulfillment growing at **44% CAGR to 2028**

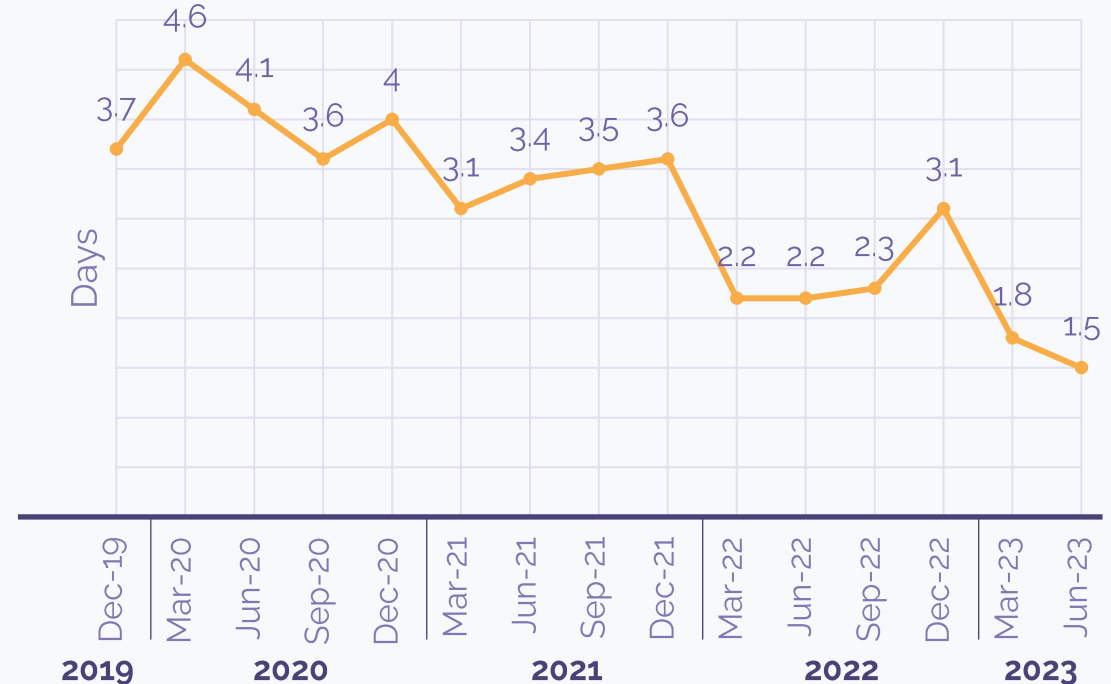


Ecommerce Economics Changing



- **Closer** inventory... *with*
- Re-purposed **local infrastructure** ... *and*
- Improved **inventory management** technology ... *means*
- the **cost of speed** is decreasing

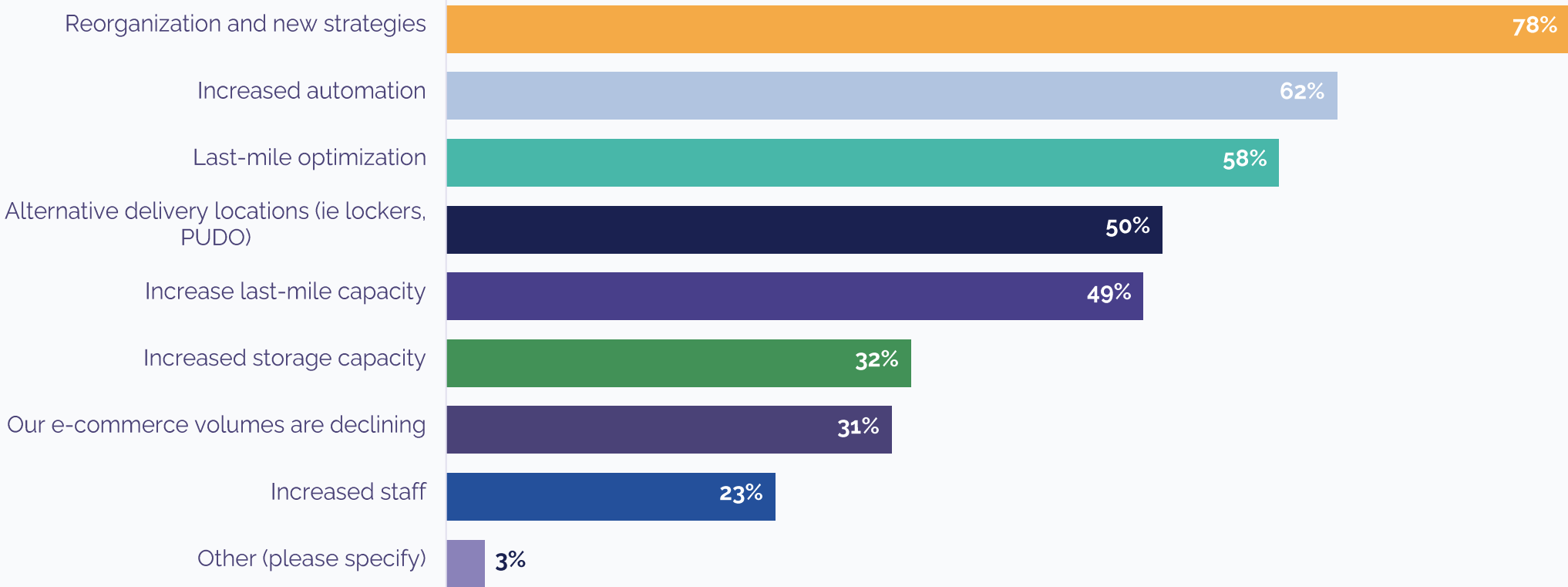
Click-to-Door Speed for US Digital Purchases Made on Amazon Dec '19 – Jun '23



Posts Adjusting



How is your organization dealing with fluctuations in e-commerce parcel volumes?

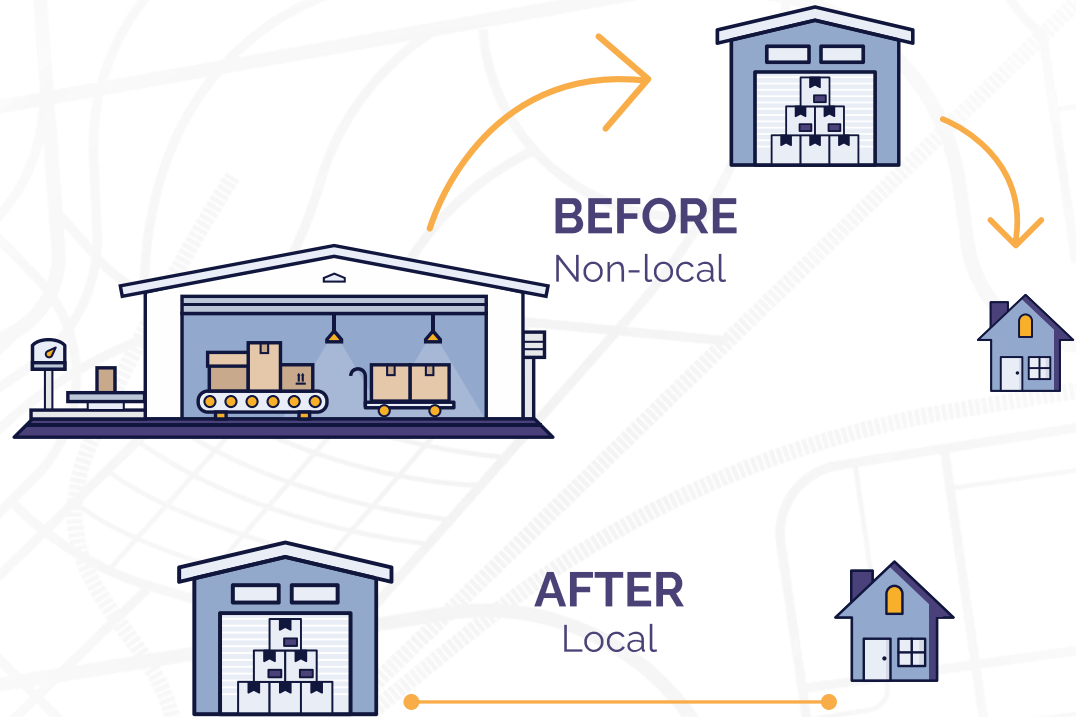
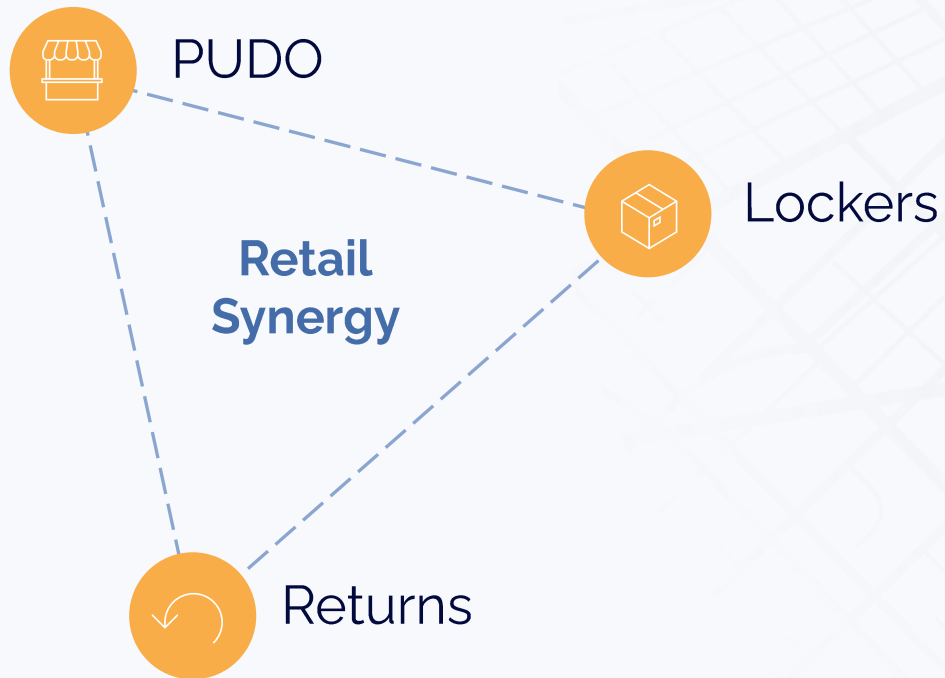


New Strategies to Drive More Value



Value from Retail Network

Existing retail network assets can be utilized to expand delivery capacity.

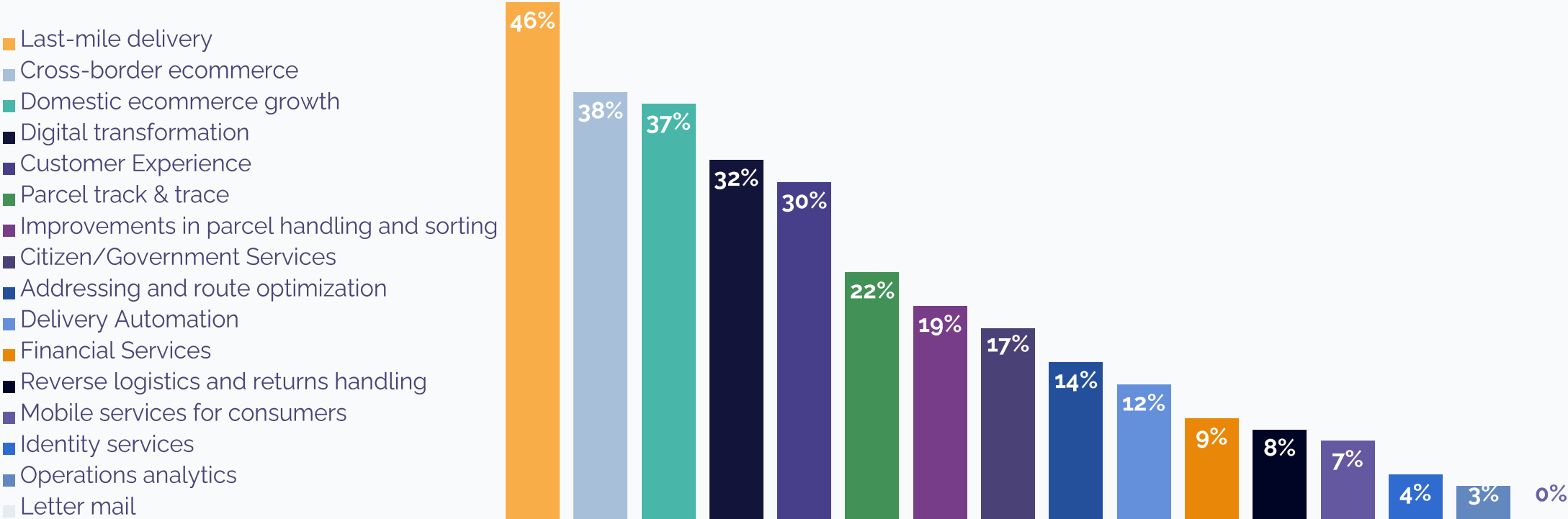


Value from Delivery Network

Repurpose existing real estate, which is already close to the consumer in prime locations, to offer market-setting fast, low-cost deliveries.

Investing in Last-Mile

What are the most important investment priorities for your organisation in the next 1-3 years?





A Crucial Extra Step



80%

of Posts say **regulatory changes** are necessary for growth or rationalization within their customer-facing networks

67%

of Posts are in **active discussions** with their regulators

Transform the Last Mile

New delivery models to **take advantage** of **ecommerce trends**.



Share of wallet



Basket size



Frequency of purchase



Sales Growth



Loyalty



NPS



The battle for last mile is just beginning and will be hyper-local

73% of consumers are likely to purchase items online because of **free** and **fast shipping**

3X Improvement in conversion rate when **free same-day** delivery offered

6X Increase in order volume when free **same-day delivery** offered

Connecting local inventory to consumers



In a world where more inventory is local, Postal last-mile networks are more relevant than ever.

They must act now—or risk losing business to new entrants.

"When the pace of change outside is greater than the pace of change inside then the end is near".

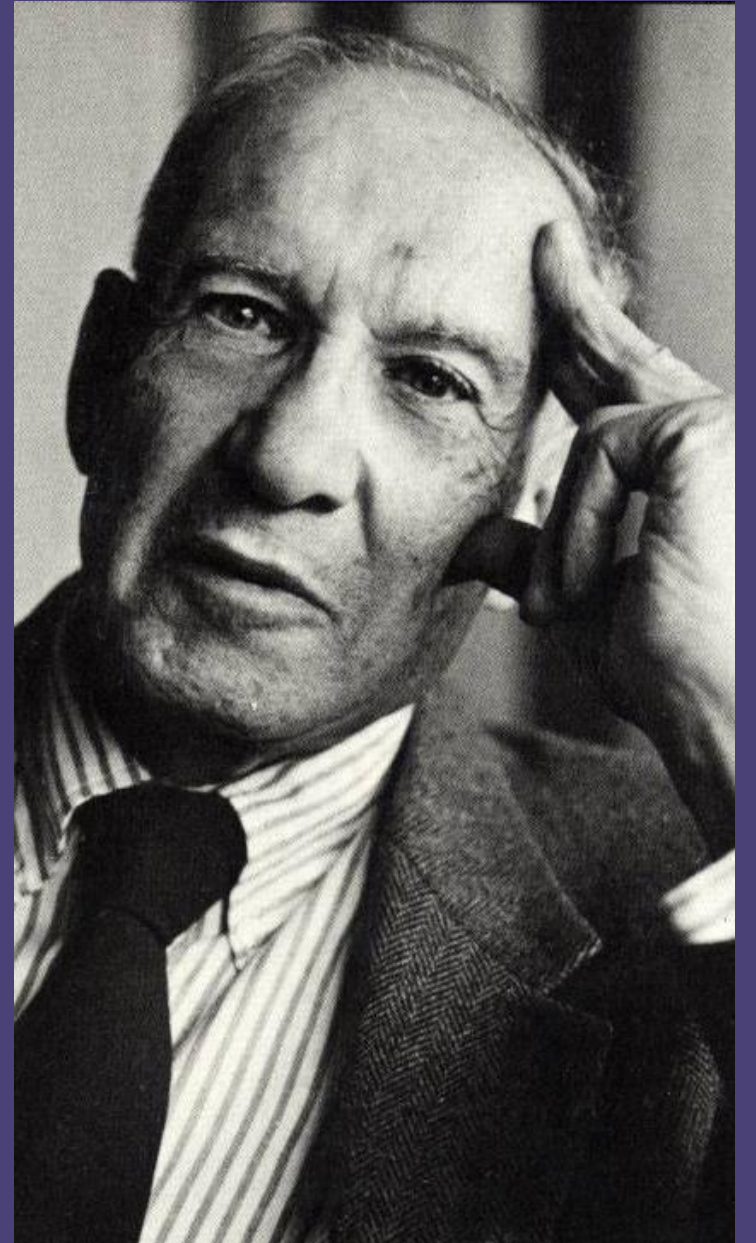
Jack Welch



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

”

Peter Drucker



Rebooting Growth Strategies

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The Future of Posts 2023

