

26 April 2023

Dept of Infrastructure, Transport, Regional Development, Communications and the Arts
GPO Box 2154, Canberra ACT 2601
Attention: Director, Postal Policy-Communications Services Consumer Division
postalconsultation@infrastructure.gov.au

Dear Director, Postal Policy-Communications Services Consumer Division,

**Australia Post Modernisation Discussion Paper
for Public Consultation**

In reading the Australia Post Modernisation Discussion Paper, I wish to provide feedback on the following specific areas:

- Improving customer experience
- Refreshing post offices
- Helping small businesses, and supporting e-commerce and the digital economy

I am an e-commerce and omni-channel retailing and digital professional with media, marketing, business and fulfilment operations experience over the past 26 years. I have built and launched many e-commerce businesses such as bricks and clicks businesses, or online-only brands. This includes two department stores, several digital platforms, wholesale B2B sites and consumer brands verticals, a supermarket in Asia and my own distribution and retail company for 10 of those years. I have insight to postal and logistics issues in the Asia Pacific region, relative to Australia, and have undertaken a lot of research on trends, innovation, technology and the customer journey in my roles.

I have separately submitted comment on behalf of the Avalon Palm Beach Business Chamber Inc. of which I am a member, and actively support in my local neighbourhood, as a volunteer.

In my various roles, I have also used Australia Post's many services and products, as well as other courier services, international delivery providers and 3PL warehouse and fulfilment solutions and technology.

1.0 Improving customer experience

Like many Australians, I have stood in line at a physical post office, used post boxes and online services for many years. *Visitors to an Australia Post store are highly task-focussed.*

The Australia Post in-store experience is out-of-date. Retail spaces have evolved in the 21st century - everything from the counters, to the lights, to the dull carpet and the way customer service is delivered is overdue. Customers arrive, and they are 99% going to buy something, they are going to 'convert' to a paying customer, engage a service, or need to action a task. And they need to leave as quickly as they arrived.

Usually, people don't go to Australia Post to "browse" the way they might go to a fashion, homewares, electronics or beauty store. Therefore, making it quicker and easier to get postal tasks done should be the primary goal of the Australia Post in-store experience. The KPI for this space should be: how fast and easily a person can achieve their task and leave with a successful outcome, with minimum waiting times.

To modernise these experiences, Australia Post will no doubt transform to an innovation-based company. I would like to suggest considering the following observations and recommendations:

1.1 Removing retail merchandise. The non-post merchandise (especially in metro and suburban Australia Post-owned (CPO) stores) generates low levels of revenue compared to core delivery services and postal product sales. Yet, the retail merchandise takes up precious, expensive high-street floor space and squeezes small spaces. At our local post office, queues regularly snake around the shelves while no one actually "shops the shelves". More on why in section 2.0.

1.2 If retail merchandise is retained for rural and remote Australia Post CPO stores, the entire merchandise strategy should be reviewed to focus on quality, design, and the critical assortment needs for those communities. The assortments I have seen in many suburban Post Offices is pretty awful. (Not including LPOs which are often tightly squeezed newsagents). Perhaps they are aimed at grandmas from yesteryear, rather than Australians in 2023. By contrast, there are exceptional Australian-designed or made brands - small and large - that can be sourced all over the country. Yet, current stores seem to display a sort of 90s 'Australiana' that many people would be embarrassed to give as a gift, a strange mix of office items and odds and ends appealing mostly to impulse buys. There are a few decent books, and if the ABC Stores had not closed years ago, it would have been a perfect strategic partner for quality Australian products across

Australia Post's vast retail footprint while saving rent and gaining inventory synergies. But that ship has sailed, sadly.

The non-postal products currently sold inside Australia Post also include non-Australian knick-knacks like Made in China mugs, flash drives and widgets or cheap toys - none of which have much aesthetic appeal, little quality and just take up floor space. At the same time, staff are kept behind counters.

In major metropolitan areas, there are countless retail stores that people can go to for already for last-minute gifts, from large chains to small boutiques that truly understand merchandising. Good merchandising requires a creative eye for assortment planning, buying functions, ongoing forecasting and inventory management systems, newness each season, and visual merchandising, promotions and visibility via marketing to be worth investing in. There are many quality affordable e-commerce stores that would send gifts nationally (and gift wrapped) directly to recipients (via Australia Post!) which are of quality, beautiful and unique compared to what is sold in store now. It's important for Australia Post to consider how critical non-postal products are to the core business and the customer journey in metro and suburban areas and whether the organisation possesses core capabilities for merchandising even as it tries to improve the look of those products by offering them online.

2.0 Refreshing Post Offices

In place of non-postal merchandise inside Australia Post CPOs, the retail and service experience can and should be re-designed.

A task-focused visit to Australia Post will typically involve buying packaging, labelling, and sending. Plus, having a passport photo taken, or picking up a parcel.

In the first scenario, lining up to pay for packaging or stamps, labelling items and posting items seems to take the most time in-store, causes long lines, and impacts space and customer expectations. These days, people are busy. Waiting more than 10 minutes in a lunch hour is a lot, and I have seen lines take longer than this. As soon as someone needs a passport application processed, the line out of the post office can grind to a halt for simple sending and collection tasks.

A total re-design of Australia Post CPO spaces could consider:

2.1 Investing in self-checkout. Many Australians in metropolitan centres are familiar with performing complex tasks at groceries, airports, fast food outlets, petrol stations, shopping centres using technology for self-checkouts, directional signage, checking in luggage, or placing orders. Indeed, the latest Uniqlo technology even allows people to checkout without scanning the items as the machines simply detect and weigh the pile of items, you check it on screen and payment is contactless. These innovative self-serve options have the effect of providing a 'fast lane' in stores to customers in our time-poor world. They get the task done, and allow for extra capacity without increasing the store's floorspace size or number of personnel, even at the busiest times. Self checkouts reduce queues and make core tasks quicker, leaving staff free for more time-intensive services at the counter (such as passport photos or banking). A group of self-checkouts is a far better use of in-store space and (often) only requires one service associate to facilitate many customers simultaneously checking out at much faster speeds. To scan a parcel box, insert items and label, then weigh and pay - this is a far simpler process than checking-in baggage at the airport, or scanning groceries and yet many of us are very familiar with that and do it easily. Buying stamps, labelling letters and posting, even simpler using self-checkout. Buying other postal products should also be possible, hence leaving counter service for more complex services and oversized/large item collections. Customers needing assistance with new technology, can still be facilitated by a service associate to complete their task and rollouts can be staged with training and familiarisation for locals. It could be possible to install the same for LPOs that double as cramped newsagents and also have space and service constraints.

2.2 Providing generous bench spaces or pods for labelling and organising parcels, better lighting and larger waiting zones. Parcels are sometimes large and oddly shaped and need elbow room to pack, label and complete. Post Office bench spaces have not grown in line with the parcel business. They are still small desks more akin to letter writing. Improving lighting and waiting zones would be helpful. In addition, many stores are far too small for the now mostly-parcel based business. Investing in expanded sites for some locations would reflect the fact that parcels need more space to handle, and some communities have more parcel sending activity. The task of "right sizing" stores for their market, type of customer/community, activities/needs per location may deliver a customer experience which is more considered when based on data gathered from sales, store usage habits, time in motion studies, and public feedback.

2.3 Continuing to roll out parcel lockers to aid collection and sending. If anything, this option needs to be in every major suburb, and in remote areas.

2.4 Providing more consistent customer service and training. Using data and analysis of feedback (even the Google reviews for every post office) is often an illuminating way to uncover pain points in service delivery (both logistically and in store). These are voices of real customers and Australia Post does not currently reply to them, which suggests to many that maybe no one looks at them. Utilising publicly available consumer insights is cost effective and will light the way to where best to increase investment in training, when to deploy high potential leadership staff in certain roles to support better service, when stores are overburdened/understaffed, and how to formulate enhanced training programs. In store performance can be improved by studying best practice in other retail settings. For example, IKEA uses the Net Promoter Score in-store via a Happy/OK/Sad machine to provide instant feedback on good or poor experiences. They are a good example of designing service spaces that are efficient and seamless such as their Returns section, and their Click & Collect area. These are sometimes two steps in the customer journey that can lead to negative experiences for customers. In IKEA's case, they manage to provide very positive experiences despite this and it comes down to space design, waiting areas, returns and services policies and back room systems (warehousing for Click & Collect items and spare parts are well organised), plus service training among other things. Benchmarking the service expertise of other types of companies is critical to enhancing service capabilities and getting out of the "bubble" and setting customer experience goals.

2.5 Reducing menial tasks for Australia Post staff. Looking at a Post+ screen behind the counter, and reading out postal options to a customer, then stamping a parcel and saying "Next" seems like an incredibly menial job and a waste of the average Australian's talents. These are tasks most of us can do ourselves. Self-checkout and self-serve kiosks or solutions would free-up staff from behind the counter, enable them to move more actively in the space and answer questions, talk to community members, solve more complex problems customers may seek advice on, and deal with sudden peaks in in-store demand. Opening up the floor plan and decentralising from a counter-based linear old-school "queuing" layout can improve the way Australia Post is experienced in-store and how staff interact with customers. This type of decentralised design has already occurred in many retail settings such as all of our major banks, Service NSW, and tech stores such as Apple.

2.6 Make online Customs Forms available in-store via kiosks. If there is one thing more unproductive and inefficient, it's the triplicate form needed for sending parcels overseas. A lot of people don't know they can do this online, and it clogs up counter and bench space in-store if manual. Allow customers to generate this form using in-store kiosks with touch screen and print outs on the spot if they don't have printers at home.

3.0 Helping small businesses, and supporting e-commerce and the digital economy

In the context of my work in South East Asia, I see how lucky we are as Australians to have a relatively advanced Australia Post providing parcel services nationwide. Many countries in SE Asia lag behind us in e-commerce growth and much of it is to do with lack of delivery reliability, absence of cold chain logistics, payment trust and banking issues, and the lack of a reliable post office system. European experiences are not significantly better, although Spain does have post offices that stay open until 8pm. Fantastic. The heavy lifting for deliveries in SE Asian markets has fallen to ride-share and private courier companies, with varying results and equal amounts of frustration if you are building an e-commerce business and need to grow trust and reliability with customers.

One of many competitive advantages for Australia Post is their prepaid satchel business, which enables thousands of Australian small and large and businesses to send parcels quickly and easily. To me, this is one of the stand-out Australia Post products because everywhere else in the world provides boxes, plain mailers and stamps.

Improving access to pre-paid Australia Post products 24/7 is a great way to support small and micro businesses so they can do more. It's also important to students, and anyone engaging in resale platforms (Depop, Facebook Marketplace, Etsy, eBay) to reduce waste or save money and the statistics for these multi-billion dollar growth categories are well known.

For bricks and clicks retailers, prepaid parcel satchels are also sometimes used for sending inventory which is 'picked from store' and this was particularly obvious during Covid 19. Shoppers couldn't go to stores, but employees could pick and pack in empty stores for customers ordering online. Many large retailers and small stores continue to rely on pick from store processes and prepaid satchels allow them to dispatch orders on the same day, without the need to go to an actual Australia Post store or make a courier booking.

The store-as-warehouse is a key strategy used by multi-store retailers wishing to reduce central warehousing and increase capacity utilisation of their stores. And for small stores, this is often the default practice anyway - as they may not need warehouses but can easily prepare parcels on the counter or in the stock room. Hence, the satchel and box solutions are central to all types of e-commerce businesses, and prepaid ones are especially useful to small businesses.

With this in mind, the following options may enhance and support small businesses and e-commerce more:

3.1 Make Pre-Paid Products easy to obtain 24/7 via vending machines. Thursdays to Sundays are often high-sales days for many e-commerce owners. Running out of satchels on Saturday puts order processing behind until Monday. EBay and other platforms have maximum 2-day turnarounds for processing packages and no one wants a bad online review. Providing vending machines outside Australia Post CPOs and LPOs, and possibly other well-lit places like petrol stations if needed, would allow quick, secure purchasing of satchels which can be labelled and dropped into a post box right away, while offering an immediate tracking number that can be communicated to a customer without waiting for backlog processing to take place on Monday. People can also use this option if a post office store is really busy on certain days. It's all about saving time, sending faster, and using logistics reliability to build sales and trust.

3.2 Re-designing Street Posting Boxes, Post Office Back Rooms and Suburban Mailboxes for parcels. A lot of E-commerce parcels consist of multiple items or boxes larger than a shoe box. Existing Street Posting Boxes are totally inadequate for a shoe box and a large variety of e-commerce packages. Street Post Boxes seemed to have been last designed 20+ years ago, when letters and Christmas cards were still going strong. But when parcels can't fit into these Street Posting Boxes, it creates backlogs on several fronts. A small business's e-commerce processing timeframe is lengthened as they have to venture in-store, and wait in line just to hand over a parcel to a person who is simply going to place it in a large trolley behind them. Worse still, small business owners may have to wait till Monday if it's a weekend. Or they have to wait until next day if attempting to post in the evening. The opening slots of Street Post Boxes could be better designed for parcels, along with Post Office backrooms which need to be easier for staff to move through and find parcels for collection. It's not uncommon for back rooms to be overwhelmed at Christmas due to old, poorly designed back room spaces. I have seen staff madly trying to step over large boxes, and stuff just pouring out of some LPOs which are even smaller and not designed for parcel purposes at all. And, Australians need to upgrade their mailboxes. If letters are declining, why do so many of us have tiny old mailboxes? In my area, the suburb is full of crumbling, very small post boxes that haven't seen a postcard in decades. A fun public campaign on upgrading your post box to parcel boxes would give Australia Post delivery staff places to leave parcels more safely at residences and businesses, help small businesses reduce lost packages, and reduce emissions since delivery vans won't have to take deliveries back to the PO unless the parcel box is full or can't be located.

3.3 Sell practical postal-product add ons: Packing tape and black Sharpie Pens are the two most useful things anyone could need when sending parcels. These don't take up a lot of selling space and save customers pestering Australia Post staff to label and seal parcels for them. Small to large businesses will tend to organise packages before reaching the Post Office and will likely have that stationary available, but regular customers sometimes don't have these things on-hand.

3.4 Introduce the "double seal" on satchels and padded mailing bags, and reduce plastic. This is perhaps best known by customers who see parcels from The Iconic and other retailers. Their double-seal satchels cuts down on waste by allowing a satchel to be used twice. A customer receives a product, and if they need to return or exchange, they simply use the same satchel and the second seal to close it, then they affix a return label and send it back. It's a small design change to satchels which would make a big difference. Australia Post may wish to also offer non-plastic alternatives to bubble wrap and plastic-based padded mailers too.

Lastly, I wish to acknowledge that Australia Post's letter business is a complex issue. Letters will most likely never disappear, but reducing the frequency of delivery may reflect how our habits have changed, and allow for Australia Post to support parcel services as they grow. At a personal level, I have not sent a letter in at least a decade, and when I did - I used Express Post envelopes on the rare occasion.

The only letters our household receives now are: election campaign letters (an extreme waste of paper) and countless reminders of interest rate rises. When we asked the bank why we received them despite opting for e-statements, they said it was a government requirement to send interest rate notices by printed letter. Why? Anyone with a mortgage can't escape the news of their mortgage increasing, and the letter ironically arrives long after its announced.

I would support allowing banks to communicate interest rate rises in the same way opt-in electronic statements are communicated...online via the Inbox or alerts sent on most banking Apps.

I recognise, that not all Australians feel the same way, particularly seniors. In my parents' case, they too do not like receiving or sending letters. Now in their 80s, they have actually moved all post receiving to a PO box. Their view is that, if they are away or travelling, a clogged up mailbox is a safety risk. It tells burglars you're not home. They don't like junk mail, and have been using the Internet for 20 years. So, only the bare essentials in print letters need to be received via their PO box and none of it seems urgent.

I support the need to change the legislative framework that would allow more flexibility in the frequency with which letters can be delivered while supporting cost-recovery.

Thank you for considering my submission.

Yours faithfully,

Kathryn Franco