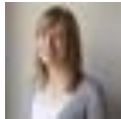


FINANCIAL POST

ENTREPRENEUR

Pudo Inc. hopes its network of pickup-dropoff spots will slay online shoppers' persistent delivery hassles



Kristine Owram | September 12, 2016 4:26 PM ET



Frank Coccia is CEO of Pudo Inc. a company that is building a network of pickup and drop-off points at convenience stores across Canada and the U.S. for online orders.

E-commerce sales jumped 15 per cent last year as an increasing number of Canadians chose to shift some (or all) of their shopping online. Convenience is the main selling point for a lot of online shoppers, but one hassle persists — the nuisance of missing your parcel delivery and having to trek out to some distant warehouse to pick it up.

Mississauga, Ont.-based Pudo Inc. is trying to minimize one of the few remaining pain points for online shoppers by creating a network of convenient locations where packages can be picked up and dropped off (hence the name “Pudo”).

Most of these so-called Pudo Points are located in convenience stores, allowing customers to choose a nearby location where they can grab their package on their lunch break or on their way home from work.

Pudo’s goal is ambitious — to offer just as much convenience as the post office, regardless of the courier company that delivers your package.

“With Canada Post’s monopoly of their postal counters, it makes it fairly difficult for (other) couriers to offer a competitive product to a retailer, because if you’re not at home when the package is delivered they don’t have a convenient retail counter nearby that you can go pick it up from,” said Frank Coccia, founder and chief executive of Pudo.

“We’re competing with post office counters, so wherever there’s a post office counter there’s going to be a Pudo point, but hopefully a little bit closer and open for longer hours.”

The company, which is publicly traded on the Canadian Securities Exchange, is only a year old but has already built a potential network of over 2,200 Pudo Points in Canada and 3,000 in the U.S. through partnerships with convenience-store chains like Winks in Western Canada, Hasty Market in the Greater Toronto Area and Quickie Convenience Stores in eastern Ontario and Quebec.

Pudo is now working to equip those locations and train their staff. As of May 31, it had approximately 750 operational Pudo Points.

Shoppers can sign up for a free Pudo membership, which allows them to use a local Pudo Point as their shipping address for a fee of \$3 to \$5, depending on the weight of the package.

Purchases made through a Pudo-affiliated online retailer allow customers to choose a Pudo Point as their delivery address free of charge, whether or not they’re members.

The list of affiliated retailers is set to grow through a recent partnership with Ottawa-based Shopify Inc., which makes software to help small- and medium-sized businesses run their online stores. Merchants who use Shopify’s platform can download Pudo’s app, which then gives shoppers on that merchant’s website the option of choosing a Pudo Point as their shipping address.

“The advantage is we’re getting in front of thousands of small- to medium-sized retailers,” Coccia said, adding that smaller online retailers often lose customers to industry giants like Amazon.com or Walmart if they don’t offer free shipping.

Shipping is a major pain point for all our Shopify merchants and other platforms have other solutions to this problem

From Shopify’s perspective, access to Pudo will give its 300,000-plus merchants the ability to compete with the Amazons of the world no matter how small they are.

“Pudo is a differentiating factor for us now,” said Blair Beckwith, head of Shopify’s developer relations team. “Shipping is a major pain point for all our Shopify merchants and other platforms have other solutions to this problem, but I haven’t found anything as seamless as this.”

The convenience stores that offer Pudo Points receive \$1 for every package that’s picked up or dropped off, and they also benefit from increased foot traffic to their stores, Coccia said. Meanwhile, couriers can reduce their costs by avoiding repeated delivery attempts to a customer’s home.

Pudo is still small — in the first quarter ended May 31 it reported revenue of \$144,932 and a loss of \$379,811. But Coccia said he expects to turn a profit by the first quarter of 2017 and plans to grow the number of operational Pudo Points to between 3,000 and 3,500 in Canada and 16,000 to 18,000 in the U.S. by the end of next year.

“I don’t know where it’s going to end because it has so many different uses and it’s so flexible for retailers and consumers. It’s just a win-win-win all the way around,” Coccia said.

“The only person that can damage this model would be ourselves in not providing the consumer with a smiling face and a signature at the end of the day.”

View the story online:

<http://business.financialpost.com/entrepreneur/pudo-inc-hopes-its-network-of-pickup-dropoff-locations-will-slay-one-persistent-hassle-for-online-shoppers-delivery>