

## PUDO Inc. (C.PDO): Giving back online purchases delivery control to consumers

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[Gaalén Engen](#),  
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Ever waited for a courier shipment all day and when you finally give up and leave the house, you return to find a pick-up sticker on your doorknob to go to a remote warehouse where you hope they actually sent your undelivered package?

Now that the Internet has remade the face of commerce, online purchases have become the modern mail order with North American e-commerce retail product and sales estimated to be \$376 billion in 2015. This rapidly increasing scale of online consumerism has exacerbated the old problem of convenient parcel delivery and is putting couriers and retailers in a position where something has to change.



PUDO Inc. (PDO:CNX)  
is North America's  
**e-commerce solution**  
for parcel **last mile delivery**  
and **returns**

PUDO Inc. (CSE: PDO, Forum), an innovative Canadian tech and consumer play, has moved to provide a definitive solution for this delivery dilemma. PUDO is the first courier-agnostic customizable shipment pick-up and drop-off service in North America. With over 2,200 locations, or PUDO Points, across Canada signed up and in training, and over 3,000 signed up in the U.S., consumers and businesses finally have the freedom to choose when and where they pick-up their deliveries, regardless of courier.



Frank Coccia, company CEO, explained the reasoning behind PUDO, “Essentially, we’re still far behind the European e-commerce delivery model. Right now, postal offices in Canada and worldwide dominate the residential delivery market, making them far more competitive in this space. So we needed a system that was courier-agnostic, which allowed retailers to have the same delivery access as they would with Canada Post; meaning that if you’re not at home, there is a more convenient location for

the end-user, or customer, to pick up their product. We built PUDO to respond to that need.”

Since the company was founded in 2013, it has been hard at work putting together a roster of PUDO Point locations through partnerships with over 5,000 community convenience stores, gas stations, grocery stores and other local retailers across North America. This strong organic growth continues unabated with 300-400 locations added each quarter. Back at the beginning of October, PUDO cemented its support for the PUDO Point network by announcing a transformative five-year sales and marketing deal with Canpar Courier, a leading North American courier service.

Why Canpar and not FedEx or UPS? Well, for a couple of reasons. One, Canpar covers 85% of Canada geographically. Any courier can do a good job in an urban centre; the winning strategy is to partner with a courier that can compete with Canada Post’s reach in rural communities. The reason that Canpar is a natural partner for PUDO is its established volumes when it comes to e-commerce shipment delivery. Mr. Coccia illustrated, today with our Canpar partnership, we finish training – which only takes about 15 minutes - and the local staff can expect their first package within two days.”

So how does the PUDO system work? Well, it’s fairly straight forward. You go to the PUDO website and sign up for a free membership. In return you will receive a membership number and the ability to use a PUDO Point address as your ship-to point based on a pay-as-you-go fee model. This process will become even simpler in the next few months when PUDO launches its check-out service, giving you, the consumer, the ability to select a ship-to location from a PUDO Point list as you’re checking out from sites like Amazon, Walmart and or Hudson’s Bay. This check-out process will be totally seamless for the end user, or consumer, and if the order is from any of the 18+ retailers listed on PUDO’s website, there is no extra charge as PUDO is being compensated by the retailer.

You may not know it, but an online retailer will have 5% to 20% of purchased products returned to them for a variety of reasons and consumers are typically faced with the headache of arranging shipment of these items. PUDO intends to capitalize on this opportunity as well and is gearing up to launch a reverse logistics program for retailers, providing a reliable, easily accessed and headache-free conduit for consumers to return their online purchases to subscribing retailers.

In 2016, PUDO will start giving its members the option of point-to-point shipping with relatively the same delivery speed as Canada Post, but at a definitely lower cost. Also, if members and affiliated retailers ship using PUDO's courier partners, they can take advantage of 20% to 25% in price discounts.

The real genius behind PUDO's offering, however, is that it benefits the whole delivery ecosystem, not just the consumer. All retailers will be able to take advantage of the reverse logistics program which offers up to 30% shipping cost reductions. Small and medium-sized retailers will now be able to access lower B2B shipping rates and, as a result, offer free shipping options to their customers. Couriers won't have to bear the extra cost and effort of re-delivery attempts and/or a warehousing infrastructure. Also, PUDO Point dealers get a commission on every shipment and the benefit of a value-added service that will ramp up foot traffic for their business – an all-around win-win.

So let's talk revenue. PUDO has it coming in from every direction. You have the pay-as-you-go fees from consumers taking advantage of the PUDO Point network for personal shipping and/or purchases from non-affiliated retailers. Then you have affiliated retailers and courier partners paying for the many conveniences of a commercial drop-off/pick-up location network as well as commissions on PUDO member generated courier business with partnered couriers. And last but not least, yearly administrative fees charged to PUDO Point dealers.

So who are these people at PUDO who think they've got the answer?

CEO Frank Coccia is a long-time entrepreneur who has both founded and developed national courier distribution systems in Canada, UK and Ireland. Douglas Baker, company CFO, is a certified public accountant (CPA) with an MBA, and has a successful track record in controlling the finances of both small private and large public companies. All told, PUDO's management team has over sixty years' of expert experience in logistics, finance, capital markets and business development. And I haven't even talked about the Board yet.

There's your snapshot, but PUDO isn't going to sit on its laurels. Investors can expect even more positive news over the next 12 months. Besides the roll out of the check-out and reverse logistics programs, management will focus on growing its PUDO Point network, as well as developing partnerships with even more retailers and courier services similar to what they have in place already with Winks, Canpar and TNT Express.

Competition? There isn't any yet on PUDO's level and even though there isn't a high barrier to entry, PUDO has at least three years on anybody wishing to join the space. If and when they do, Mr. Coccia isn't worried, "There's definitely room for competition because there are many open areas. People could set up at the laundromat or the grocery store. Our network partnerships are based on long-term contracts which are structured so that if a partner does decide to change, it's a gradual transition, so we have time to fill in. It's also worth noting that we don't give any big corporation a large portion of our network, so that sort of impact is minimal."

That said, this isn't going to be a cakewalk as Mr. Coccia explained, "One of the great challenges has been, and will be, surrounding ourselves with good people. We've been very fortunate so far. We have an awesome team that's extremely passionate about the business. But I guess the biggest challenge will be managing the growth of the company. I've always said running a business is like pushing a string up the hill. With PUDO, we're getting pulled up that hill throughout North America. So we'll have to continue to leverage our experience and people to ensure we can keep up with this amazing growth."

In short, PUDO plans to become the 'Uber of the e-commerce last mile delivery solution' in the next two years. So it's of little surprise that since the company went public this year, there's been a fairly pronounced uptick in SP. With PUDO's current growth, potential growth opportunities, extremely low overhead and expansive revenue model, it's not hard to see that vision coming true.

Mr. Coccia wrapped up, "PUDO's offering is ground-breaking. It's simple and so obvious – a tech and consumer play that everybody understands. Even though we're at \$1.20 per share, I think investors that are getting in now are going to see some amazing growth. Plus, later on we plan to be the type of company that pays dividends. What's not to like?" Indeed. Traders might find it prudent to take a closer look, before retail level investment becomes less accessible due to its rapidly increasing valuation. Of course this is my opinion. As always, do your own due diligence before making any investment decisions.

--Galen Engen

<http://twitter.com/galenengen>