Standardisation in last mile delivery of single items to individuals

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e-Logistics: a pressing need for Integrated European / Global Solutions

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Digital Single Market

Building the next-generation eCommerce ecosystem: Digital infrastructure meets big data

In the past: Small data for handling big volumes  <>  The future: Big data for handling individual items
Key: align merchant service to customer experience

1. Lack of global playing field for service providers
2. Lack of standardized interface specification to exchange data and to harmonize labelling
3. Lack of information on differences in service and standards
4. [In some cases] Lack of track and trace services
5. Lengthy delivery times throughout Europe
6. Customs and VAT administration
7. Reverse logistics [for small volumes]
8. Lack of transparency in pricing
Driving regulation, shaping the market

The legal and regulatory framework conditions are set by the EU / UPU. The wider stakeholders can contribute, further specify and agree on the necessary technical and service oriented standards. This is done in technical committees, in a process based on consensus (CEN) or by the members of the UPU (192 countries).

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Sectorial separation: Content

**Postal items** (Const. art. 1bis1.6bis)
(Weight thresholds, dimensions and sizes are as defined in the Regulations: articles 17-103 to 17-105 inc. and 17-203)

**Documents**
- Non-priority
  - Letters (P, G, E)
  - Items for the blind
  - M bags
- Priority
  - Letters (P, G, E)
  - Items for the blind
  - Postcards
  - Printed paper
  - Aerogrammes
- Premium
  - EMS

**Goods**
- Non-priority
  - Small packets (E)
- Priority
  - Small packets (E)
- Premium
  - EMS

**Menu of value-added service feature options**
(details to be added after the results of the "Survey on mandatory and optional services" have been analyzed)

**Key:**
- Basic services (Conv. art. 17)
  - Letter-post items
  - Parcel-post items
- Optional service (Conv. art. 36)
  - EMS
Sectorial separation (cont.): Markets

**B2B Delivery Market** (Logistics and Transport)
Different legislation, regulation and documentation for:
- Road
- Sea
- Inland-water TRANSPORT
- Air
- Rail

**B2C Delivery Market** (delivery single items to individuals)
Highly regulated national, European and global “POSTAL” markets
- Postal Letter items (containing documents)
- Postal Parcel items (containing goods)
Postal: changes 2018

**Documents:**
a letter-post, parcel-post or EMS item consisting of any piece of written, drawn, printed or digital information, excluding objects of merchandise, whose physical specifications lie within the limits specified in the UPU Regulations;

**Goods:**
a letter-post, parcel-post or EMS item consisting of any tangible and movable object other than money, including objects of merchandise, which does not fall under the definition of "documents" as provided in paragraph 1.4 above and whose physical specifications lie within the limits specified in the Regulations
Postal: changes 2018 (cont.)

small letters (P) containing documents only, as in UPU articles

large letters (G) containing documents only, as in UPU articles

bulky letters (format E) containing documents only, i.e. items classified neither as small letters nor as large letters, with physical specifications as defined in article 17 of the UPU Convention and in articles

AND

small packets (format E) containing goods, with physical specifications as defined in article 17 of the UPU Convention

**Mandatory application of S10 barcode and CN 22 or CN 23 on small packets (E-format items) containing goods**
Postal: changes 2018 (cont.)

**New global cross-border postal rate system**

Compared to cross border letter post items, the access remuneration per item containing merchandise* to third party postal territories, will be increase by approx. 120% on Jan 1st, 2018.

The fee for registering letter post items without specified content will be increase by approx. 80%. Pure letter post items, containing transactional mail or correspondence will see an increase of 3% per annum.

*Merchandise: “anything that is bought or sold wholesale or retail), i.e. anything that is the object of trade and commerce, or an article of commerce”
Marrying parcel ID & parcel content
Harmonised “CEN” label: CEN/TS17073*

*CEN/TS 17073:2017 - Postal services - Interfaces for cross border parcels
GS1, the not-for-profit international organisation provides the necessary harmonised infrastructure.

Bottom-most Barcode is harmonised.
One size label, for all carriers & postal services

Driven by the senders (all carriers support)

Linked to the „First logistic Operator“

Multi-Carrier & Multi-Channel environment
The Item ID was the 1\textsuperscript{st} step ... 

Combining the closed Carrier / Postal parcel ID & open supply-chain licence plate functionalities
Collaboration in the Last Mile

- Last Mile is an extremely costly component in the end-to-end logistics supporting Value Networks.
- The Last Mile costs may exceed 50% of total end-to-end logistics costs.
- Over 50% of world population lives in (congested) urban areas today. Expectation is >70% by 2050.
- Delivery to these areas becomes increasingly unsustainable.
- Collaborations of various kinds are required to address the issues in Last Mile environment.
B2B2C leads to delivery chain management

- Ecommerce SMEs
- Ecommerce providers and platforms
- CEP operators
- Urban hub
- Customers

Customer demand-driven consolidation:
- Transparency
- Quality
- Speed
- Convenience
2nd step: Matching Item ID & Content

Requirements for electronic advanced data (EAD) in postal operations, in particular compliant to security and customs requirements*

*Mandated WI by the EC – kick-off in November 17
3rd step: Ecosystem

Requirements to connect, access, participate and further develop open global networks and systems, for postal operators & the wider postal sector players*

*Mandated WI by the EC – kick-off in November 17
Parcel Regulation

Based on: Council & European Parliament documents

Shift from „necessary universally available provision” to a „holistic“ market regulation: Instead of USPs, now all “providing parcel delivery services, employing not less than 25, unless that provider is established in more than one member state” in the EU common market. (even extended to the collaborative economy, e-commerce platforms and 3rd and 4th party logistics providers)

“TRADER” is a new subject of the Regulation. Pre-contractual Information and Quality of Service related obligations, lead to an obligation to directly offer access to digital tools available only via an extensive third-party (the physical delivery operators) integration for track and trace, the choice of individual delivery, pick-up, drop-off or collection times.

In principle:
We welcome that the parcel delivery market will be conducted by all market participants. However stopping halfway – extending the parcel delivery provision to ALL, without treating ALL equal, leads to a serious distortion of the market.
Thank you!

Questions?

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Ecommerce Europe: CO-Chair, e-Logistics WG

European Committee for Standardisation (CEN): TC 331, WG2 „New digital postal services“ Convenor & Secretary. Liaison officer of CEN to ETSI TC ESI

Universal Postal Union (UPU): Chairman of the Consultative Committee & Liaison officer of CEN to UPU