



## INTERNATIONAL SHIPPING BOOSTS USPS' BOTTOM LINE

**C**ontained in the doom-and-gloom Postal Service financial reports—which are skewed by the mandated \$5 billion retiree health care pre-funding payments—are signs of growth, most notably in package delivery. Many analysts attribute the growth to the e-commerce boom of Americans buying products over the Internet. But the Postal Service's numbers suggest that it's not just domestic shipping that is on the rise, but international shipping as well.

The Postal Service reports little about international shipping, with USPS' 10-K statement to the Securities and Exchange Commission even lumping international letters and parcels together, not showing a breakdown of the individual product lines. But, while the report shows a decline in total international volume of about 6 percent, revenue from the product lines as a whole went up 9 percent and increased per piece by 16 percent. If you compare that increase to a per-piece weight increase of 11 percent, the report suggests that while international letter volume is de-

clining, international package volume is growing sharply.

Officials from USPS' Office of the Inspector General (OIG) understand the opportunity that international e-commerce could hold for the Postal Service, and made a presentation on the possibilities at the PostalVision 2020 conference held in April in Washington, DC (for more on the PostalVision 2020 conference, see June's *Postal Record*). Prepared and presented by MIT professor and entrepreneur Shiva Ayyadurai for the OIG, the report shows how navigating the logistical challenges of international shipping could be an area for USPS to flourish.

Ayyadurai's full report, which is under review at the Postal Service, suggests a number of areas where USPS could offer assistance to e-commerce shoppers looking to expand overseas. Those areas could include language barriers, currency conversion, taxes, duties and customs regulations, which make international selling so difficult.

As another PostalVision presenter pointed out, in Brazil, duties and other fees commonly run about 100 percent of

the purchase price. Unaware buyers often abandon their packages when they realize the cost, leaving international sellers having to pay return shipping.

Ayyadurai envisions a cost calculator that would inform buyers, at the time of purchase, the "fully landed" cost of a transaction, including all taxes, duties and customs fees.

"This is something that can really enable e-commerce," he said. "If the Postal Service developed this, it's something that could be used on many other sites."

Those sites would then be more likely to use the Postal Service's products, helping USPS' bottom line in a competitive market where convenience and cost are key.

Companies already are positioning themselves to fill that role if the USPS doesn't do it first. Borderfree, formerly FiftyOne, is a company exclusively focused on helping online retailers navigate the process of selling overseas. Endicia, which we reported on in the June 2012 *Postal Record*, also is looking to make it easier for companies to ship their goods overseas.

Endicia is a PC-postage company that makes shipping with the Postal Service

easier for companies no matter their size, allowing them to print postage mailing labels, along with return labels. It also has given those companies the tools to ship globally. With integrated shipping/customs forms, Endicia's software pre-fills the information and prints the labels. The company even has an international mail advisor program to let sellers know of shipping restrictions to certain countries, such as saccharin to France or ground cocoa beans to Germany (see sidebar at right for more curious constraints).

Endicia's software has made it a popular service. According to Amine Khechfe, the company's CEO, it printed \$1.7 billion in postage in 2012. The company shows year-over-year growth of about 22 percent in international shipping, and in 2012, it was used for 16 percent of all USPS international mail.

"We are the largest provider of shipments to Canada," he said during an interview while in Washington for the PostalVision 2020 conference.

Khechfe says that he understands what his customers want, and how the Postal Service can provide it, with the help of entrepreneurs like him. "Take the friction points out," he said, referring to the various countries' customs and restrictions. "Our part in the world is to make it easier to use the Postal Service."

He is quick to promote the advantages of USPS international shipping, showing that the cost of shipping is cheaper with the Postal Service, and that it has more options than its competitors. The Postal Service has three tiers of international products, to UPS' and FedEx's two apiece. The Postal Service's tracking system on its premium products are just as good, and in some cases better, than the other shippers, as well.

Khechfe told a story about sending an Express Mail package to his parents in Egypt. He was able to know exactly when they signed for the package. "And this is Egypt, a country with issues," he said.

For another example of how it's making international business easier, Endicia

is working on a pilot program with Canada Post, creating return labels for packages sent from the United States. Say, for example, a buyer in Canada purchases some goods online from an American retailer. The package is sent via USPS to Canada where Canada Post finishes the delivery. The customer decides the item isn't what he or she wanted, doesn't fit, or isn't the right color, and uses the already-prepared return label from Canada Post to return the item back through the two mail streams to the retailer in the United States.

"We want to make it as easy as domestic," he said. Making the process seamless and as dependable for the consumer as possible will make for happy buyers and sellers.

As Khechfe said, customers will be more likely to buy online if they know they can return the items easily. For the Postal Service, which gets the business twice, returns are a win-win.

"It's no secret that package delivery is an area of growth for the Postal Service," NALC President Fredric Rolando said. "While the Internet is reducing First Class Mail volume, it's also driving more and more people to buy products online that have to be shipped. It's incumbent upon the Postal Service, and letter carriers, to make the most of the opportunities we have to foster that."

As part of the Customer Connect program, carriers are encouraged to generate leads from businesses on their routes they see using the Postal Service's competitors. It doesn't matter whether they're shipping domestic or international; the Postal Service needs to compete for that business.

"This is our company," Rolando said. "We have to take ownership of it and we have to take pride in it. It's up to us to not only be the first and last mile, but in many cases, to be the best sales force, too. When we generate more business, we help to cement our future."

That future could be starting to look a lot more global. **PR**

## CURIOUS CONSTRAINTS

Did you know that you can't send a deck of playing cards to Germany unless it is a complete deck and fully wrapped? Did you know you can't send measuring cups to France that aren't in units that comply with French law (i.e., in the metric system)? Did you know you can't send butter substitutes to Canada?

These are a few of the many interesting restrictions countries place on international mail shipments into their borders. Some countries have many prohibitions while others have few. The Postal Service's website has a section for international shippers, "Can you ship it internationally?" at [usps.com/ship/can-you-ship-it-internationally.htm](http://usps.com/ship/can-you-ship-it-internationally.htm).

### Here's a list of some of the odder exclusions:

**Albania**—extravagant clothes and "other articles contrary to Albanians' taste"

**Bulgaria**—greeting cards that play music when opened

**Costa Rica**—blank invoices

**Czech Republic**—chain letters

**Dominican Republic**—stiletto knives

**Ecuador**—maps showing incorrect borders of Ecuador

**France**—funeral urns

**Great Britain**—walkie-talkies and horror comics

**Guatemala**—police whistles

**Iran**—footballs (and anything else made of pig skin)

**Italy**—bells

**Mali**—rulers not in the metric system

**Paraguay**—suitcases

**Sri Lanka**—paper and writing products (envelopes, ink, pencils, pens, erasers, chalk)

**Syria**—soap

**Tunisia**—pencils