



Town Hall Presentation

Federal Government Task Force on the Future of Canada Post

August 18, 2016

Good Evening Honourable Member of Parliament Alleslev, Jowhari and Shulte, members of the public, and my colleagues in sectors that rely on Canada Post service.

My name is Steve Falk, I'm a resident of Aurora and president of the Aurora-based, fast growing marketing technology firm, Prime Data. We depend entirely upon Canada Post as a partner for delivery of what we produce for our clients. I'm speaking at this Town Hall because our staff, our clients and our suppliers, have a keen interest in a strong and successful future for Canada Post. I want to thank the Task Force for giving us an opportunity to be heard.

Firstly, I'd like to dispel the idea that physical mail is on its last legs as a communication channel. I won't deny there has been a decline in volume but there remains a strong core. Our sector sees what is relevant about mail communication, how it supports commerce and connects people with people and people with business and organizations. Its physicality is its strength. People enjoy the mail more than many other options, they keep it longer, value its ease of use and it's proven to be an engaging communicator. Recipients of mail remember the content for longer and react to it more often. The results are measurable, which means that we rarely send mail that does not work. I'd like to dispel the view that mail is junk or has no value. The results tell a different story and advertisers invest where the results are positive. Physical mail has its special place among the many channels available these days from, radio, tv, newspapers, magazines, and the hundreds of digital channels on offer from Snapchat to Youtube.

At Prime Data we've been involved with mail production for nearly 20 years. But far from dwindling in this digital disruption, we recently won a national award for growth in the sector and a North American award for innovation, called a Benny, after Ben Franklin, an early innovator in print and the use of mail catalogue service. We also lead with our environmental best practices by using FSC paper from sustainable sources and through recent investments in a unique water-based inkjet press, built in Canada, that allowed us to stop releasing VOC's, reduce power usage and almost entirely eliminate toxic waste.

You may not realize it but York Region is home to dozens of companies like ours who are involved in the business of producing physical mail. Another leading company recently invested over 10 million dollars on a huge HP digital press that is only used for mail production. We employ marketing strategists, writers, graphic designers, sales people, production managers, print professionals, bindery staff, IT teams, paper companies, envelope companies and trucking firms all in our effort to produce mail that enters the postal system.

The National Association of Major Mail Users, of which I am a member, estimates that over 800,000 people are employed in the businesses that create and deliver mail in Canada. You

probably know someone who relies on it. These individuals and the companies, like Prime Data, depend upon a reliable delivery channel for their livelihood. Uncertainty and disruption is a threat to their well-being. Yes, there has been dramatic change in mail volumes in the past two decades because of digital innovation but there is a solid and critical mass of mail that relies upon it. Currently about 9 billion pieces of mail are carried by Canada Post to about 15 million points each year. Although the mix is changing from envelopes to parcels, as ecommerce explodes, the remaining volume contains critical communications that cannot be dismissed. They carry commerce, like cheques to pay people and businesses, promotions to drive business and information that is more transactional but critical to customer engagement, such as bills, statements and recall notices.

The economic spinoffs are not only related to these jobs but to the those companies that are supported by the marketing efforts in the mail. Once considered “junk mail” these paper communications are highly effective and even more so now in the age of overwhelming digital advertising. Who reads every email and Adblockers are now intruding on digital marketing.

Let's talk about mail and it's powerful use in advertising.

Paper mail helps bring business to these sectors: real estate, auto, retail, medical, home improvement and very important irreplaceable revenue to charities. If you or someone you know works in these sectors, they owe a thank you to the revenue created by paper mail. In some, cases, advertisers have tried many other channels but can't live without the mail, it just performs so much better than other channels. And let's not forget our bills and statements. Although many of us have started getting electronic bills, 90% of Canadians surveyed recently still prefer having a paper copy for their record keeping. This just confirms the convenience and appropriateness of paper as a communication media.

I'm a fairly informed commentator on the current state and future of mail as I've earned nearly every dollar in my professional life conducting business that uses the post office. At the age of fifteen I filled boxes and address labelled them in the warehouse of Scholastic Books in Richmond Hill, and more recently I've built a business that has adapted to changes in technology but still depends 100 % upon addressing physical mail and small parcels and having them delivered by our partner, Canada Post here and with other postal systems in other countries. And through our work with other postal systems, visiting Europe and speaking with colleagues in Latin America and Asia, we understand that many of the same issues facing our postal system are universal.

In our sector, we think of ourselves as partners with the postal system, not in the legally binding sense of ownership but fully and mutually dependent upon each other to succeed at our jobs. I'd like to ask you to try think like us, like someone who creates mail instead of someone who receives mail. Most of you only take items from your mailbox while we put things in there.

I challenge you to think of Canada Post as a “Delivery Platform”. In a modern sense that means that other businesses build their applications upon the set of services offered by the

platform. Think of Facebook, it's a platform of tools, services and products upon which third parties build apps, games, promotions and advertisements that are delivered to Facebook users.

Likewise, Canada Post, as a platform, provides a delivery channel that users can depend upon and application builders rely upon for effective and uninterrupted service for the apps they build - applications such as billing and statements, fundraising letters, notices from financial institutions, recall notices, coupons from retail, ebay shipping, ecommerce delivery or sending a birthday parcel or card. The postal system of today closely resembles the kinds of digital platforms that we image as our future.

You may not realize that massive computing technology and IT expertise that is put to bear to process the data that produces the 9 billion pieces of mail each year. It is segmented, corrected, split by language, purged of duplicates and enhanced with census data and demographics. This is no longer the business of typing up a sticky label and applying it to an envelope. Technology today can enable the sending of a "special offer" postcard to an ecommerce customer within hours of them leaving an item in their shopping cart online. Yes, your online browsing can automatically and immediately translate into a printed "old school" mail piece, we call it ResponsivePrint™. Without a doubt, working with the Canada Post platform is a technology business.

Here's where I wrap things up. The future of Canada Post will depend upon creating conditions whereby a completely reliable delivery platform can flourish. Regular delivery of mail is the foundation for the continuing adoption of mail as a communication channel. Mail delivery must be timely and predictable or else it is useless. It has to be extremely dependable or nobody will invest in the platform by building applications to use it. Unsettled and disrupted business conditions such as exist today, with the current contract negotiations, drastically weaken trust and give users one more reason to forget how to use mail and turn to less effective but uninterrupted digital solutions. It is poor stewardship of a vibrant infrastructure that Canadians have paid to build over the years.

There is no shortage of other channels popping up each day that are calling themselves the next big channel for communication. But over time physical mail has proven to be a powerful delivery platform. It provides jobs to hundreds of thousands, inspires commerce, delivers a physical product that many prefer over a digital screen and brings commerce to our very doorstep in brown boxes. I'm asking that Canadian's investment in the postal service be preserved and not allowed to slip away during a prolonged period of indecision. Also, that stable conditions be implemented that are agile enough to account for the fast-paced change in the industry, the volume and types of mail being carried. With these in place, there should be a strong future for physical mail delivery in Canada.

Thank you.