



## ***Convenience stores benefitting from PUDO partnerships through increased traffic and sales***

TORONTO, ONTARIO, August 28, 2018 — PUDO Inc. (CSE:PDO)(OTCQB:PDPTF) ("PUDO" or the "Company"), North America's first courier-neutral Pick-Up Drop-Off Network ("Network"), is pleased to announce that engaged convenience store operators of PUDOpoint locations are enjoying high ROI for joining the PUDO parcel pick-up and return Network, on no capital investment.

"It is gratifying to know that our PUDOpoint partners are benefitting tangibly from membership," says PUDO CEO Kurtis Arnold. "Convenience stores, particularly independent and family-run stores not affiliated with gas bars or large chains, have been struggling to overcome reduced sales and foot traffic associated with declining tobacco sales and neighbourhoods in transition. By flying the PUDO flag and becoming a community hub for receiving and returning e-commerce parcels, convenience store owners are growing both their customer base and their bottom line, without investing anything but a little time and training."

The convenience store sector in Canada is considerable, providing 165,000 jobs at 23,000 stores. The industry generates over 9.2% of all retail sector jobs and accounts for 8.6% of retail sales — or \$32B CAD annually, generating \$11.5B in tax revenue. In Western Canada, the convenience store sector employs more than 40,000 people at over 6,000 locations, generating more than \$1B in tax revenue\*. Approximately half of all convenience stores are independent and family-run businesses tied closely to their communities, to local economies, and to the evolving Canadian story. These one-of-a-kind stores are particularly suited to joining PUDO's coast-to-coast Network of community-based partners.

The A1 Market is a fixture in its southeast Vancouver, British Columbia neighbourhood, and has been a registered PUDOpoint for almost two years. For most independent convenience stores, soliciting new business is a near impossible task as operators cannot benefit from the shared brand and specials advertising enjoyed by franchisees and chain convenience store operators.



"The hardest part of this business is getting new people through the door," says A1 Market assistant manager Zaid Akberali. "We simply cannot advertise or spend enough money to attract new drop-ins on our own, but because we provide excellent service and a great selection of convenience store merchandise, we know we can convert them to loyal customers once they have visited that first time."



“PUDO brings people in, and we convert them at absolutely no cost to us. The partnership has increased our new customer foot traffic by about 15% and also sales by at least that because when customers come in to pick-up the courier parcel they missed while they were at work, they very often impulse purchase two or three high margin items.”

Neighbourhoods are changing and dual income families are not visiting convenience stores with the frequency they once did — children are at home with technology rather than out riding their bikes to the corner store for a visit and a soda; fewer people smoke tobacco products; and time-stressed consumers buy as much as they possibly can from weekly visits to greatly diversified grocery and super centres. “Decreased tobacco sales have hurt us sure, but even if more people smoked, the margins are controlled by the government, so the profit potential isn’t as great as we’d like to see. We have to be creative to survive and grow our business, and for sure PUDO has helped us do that.”

The A1 Market receives 6-10 e-commerce parcels per day (20-30 per day during the holiday season), from a courier company whose driver was unable to execute a residential delivery on the first attempt. The consignee is notified immediately via text that their parcel is being re-directed locally and will be available for pick-up at the A1 market, at their convenience. “Our customers appreciate our extended hours and that they can come by before or after work, or on weekends to pick-up their parcel, or drop-off a parcel for return. They don’t have to take time off to drive 45-minutes to the courier depot, then drive 45-minutes home again,” adds Zaid.

When A1 Market first signed on to become a PUDOpoint, 100% of the parcels they received for pick-up were what the Company calls failed-first-attempts — the consignee isn’t home when the courier attempts to deliver the parcel, so the courier takes the parcel to the nearest PUDOpoint for convenient consignee pick-up — but over time customers have chosen the direct-to-PUDO option, using A1’s street address as their default home-away-from-home address. Today 10% of parcels managed by A1 Market, arrive there directly because consignees loyal to Network convenience have chosen the direct-to-PUDO option in the shipping section of the participating e-retailer’s website.

“We love to hear from PUDOpoint operators like Zaid, and to know that as we grow our Network and our direct-to-PUDO membership, we are helping them grow their business as well. We pay a set per-parcel handling fee to all PUDOpoint operators, which more than covers their training and handling time, but the real opportunity lies with new traffic and increased sales,” adds Arnold.

“Our PUDO business model benefits all stakeholders in the e-commerce ecosystem. By diverting failed-first-attempts to our Network of conveniently located community-based stores, we are shortening the last mile and reducing costs significantly for couriers and fulfillment centres whose job it is to put parcels into consignee hands in a rapidly changing world in which consumers can’t or won’t stay home to wait for delivery (+30% of the time) and doorstep-dropped parcels left outside empty homes account for over \$5B USD annually in merchandise theft.”



Currently, the average last-mile cost of e-commerce delivery represents 53% of the total end-to-end delivery cost. “That’s an unsustainable number, generated by the explosive growth of e-commerce trying to fulfill its \$550B (USD annually in the Americas) promise, using delivery models designed originally for business-to-business and/or paper mail transit. PUDO has designed a disruptive new technology-driven parcel delivery and returns logistics Network to resolve

last-mile gridlock, lower costs, eliminate parcel theft, and benefit everyone.

Yet another PUDOpoint convenience store operator in Vancouver is using his PUDO collateral to increase the frequency of visits among existing customers. The busy Coastal Food Market located in the Little Italy section of Commercial Drive includes PUDO among many diversified offerings to its multi-ethnic neighbourhood. Window, awning, and counter signs promise everything from ATM services, scanning and faxing, film development, passport photos, slushies, long distance calling cards and lottery tickets, to internet by the minute.

Jubair Khalid and his brother who lives in Pakistan, purchased Coastal Market in March of this year, and spends consecutive long days behind the counter attending to a steady stream of customers from the eclectic ‘Drive’ neighbourhood. Unable to undertake meaningful chat with everyone who comes in, Jubair is using his PUDO counter mat to best advantage as an oversized mousepad, letting its message suggest that his internet cafe customers choose the direct-to-PUDO option as their home-away-from-home address.

Jubair wants to offer his internet customers something more than just online time, and believes that the PUDO message will inspire customers to come back to pick-up the goods they order while they are shopping online in his store. Currently, all of the 7-8 parcels per day that Coastal Food Market puts in customer hands on behalf of PUDO and its Networked couriers, are those re-directed from residences where nobody was home to answer the door. The market’s extended and weekend hours provide pick-up and return convenience for consumers, and impulse sales opportunities for Jubair.





“Jubair displays the PUDO window sign proudly and despite how busy the market was on the day we visited, he was eager to show us his cross-marketing ingenuity over at the computer station. Jubair’s passion, energy, and enthusiasm define the independent and family-owned convenience store sector, and we are very happy to be part of it. Every operator, community, neighbourhood, and situation is different and our activation team learns from all of them as we perfect our technology and Network,” concludes Arnold.

PUDO uses plug-and-play technology to link existing bricks-and-mortar locations like convenience stores, with consumers and retailers, to form a Network. By becoming part of the Company’s Network, these merchants act as Pick-Up, Drop-Off locations for e-commerce shipments. PUDO software provides consumers with a ‘clickable’ online check-out option to ship their e-commerce parcels to an, ‘at-home away from home’ PUDOPoint so they can pick it up at their convenience, and if return shipment is necessary for any reason, both the consumer and the retailer can be assured of a quick and frictionless transaction.

For more information, please visit: [www.pudoinc.com](http://www.pudoinc.com) or [www.pudopoint.com](http://www.pudopoint.com). Follow PUDO on Facebook and Twitter.

\*Western Convenience Store Association

## **About PUDO**

PUDO Inc. is developing North America's only courier-neutral parcel pick-up/drop-off technology and logistics network, as a means of solving the last-mile parcel-traffic-control gridlock that is crippling the \$550B e-commerce sector. E-commerce is faced with unprecedented cost control issues, based on disproportionately high last-mile delivery costs relating to undeliverable parcels, and parcels returning for refund or exchange. As labour and fuel costs increase in tandem with parcel traffic and volume, the problem worsens.

PUDO’s team of logistics and parcel traffic management experts have created a market intelligence and trends driven solution comprising courier-neutral plug-and-play technology for desktop and mobile, plus a strategically located network of parcel pick-up and drop-off PUDOPoints for pay-as-you-go use by all players within the e-commerce ecosystem.

Adopting PUDO technology shortens the last mile for the behemoths of e-commerce — fulfillment and distribution centers representing thousands of retailers and millions of consumers — by instantly extending their parcel staging and consolidation network and providing secure ‘near end of the line’ storage for the 30% of e-commerce parcels that are undeliverable on first attempt. PUDO’s technology and network virtually eliminate costs associated with second-attempt deliveries, un-attended parcel theft and spoilage, and mismanaged reverse logistics on returns, and provides couriers, retailers, and consumers with badly needed cost controls, choice, and convenience.

PUDO was founded in 2015 and was recently named one of the Top 20 most innovative public technology companies by the Canadian Innovation Exchange. After two years of industry and market research, and successful beta testing the technology and PUDOPoint geography and protocols with major logistics stakeholders, PUDO is ready to activate its network through



strategic partnerships. Activation will enable all stakeholders within the network to access and control scalable, fluid, strategic consolidation in real time when and where needed, to lower costs and satisfy customer expectations.

For more information, please visit [www.pudoinc.com](http://www.pudoinc.com) or [www.pudopoint.com](http://www.pudopoint.com).

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