

Postal Vision 2020 4.0

An In-Depth Look

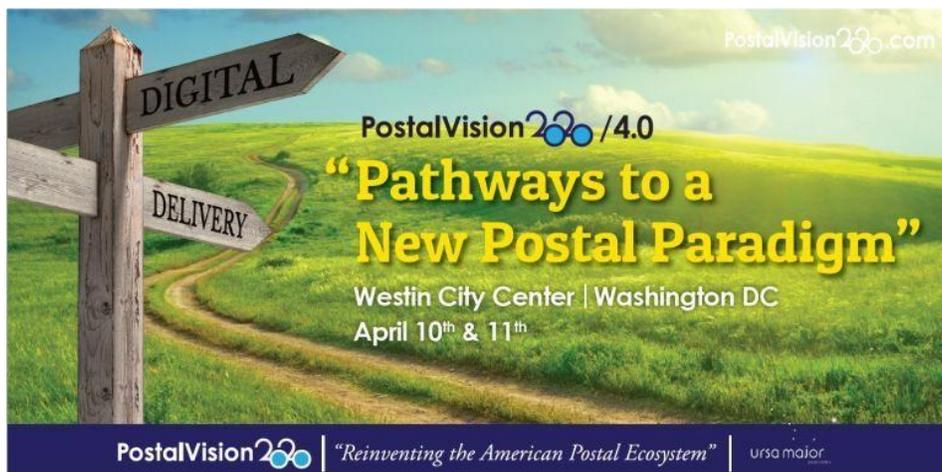
April 2014

PostalVision 2020 Kicks off with Drones, a New Twist on an Old Box, and the Future of Delivery

Attendees of PostalVision 2020/4.0, "Pathways to a New Postal Paradigm," not only heard about future delivery ideas and directions from the USPS, the PRC, the NALC, and esteemed panels, but also the latest innovations from a variety of new entrepreneurs as well as established innovators. We got a view of a new twist on the traditional cardboard box, heard about the challenges of global delivery, and discussed consumer delivery preferences. And yes, the drones were among us...

Day one of the conference focused on "Delivery Directions," and included presentations by USPS Chief Marketing and Sales Officer (CMSO) Nagisa Manabe, Postal Regulatory Commission Chair Ruth Goldway, the National Association of Letter Carriers (NALC), the USPS Office of the Inspector General (OIG), eBay, Accenture, and more.

Day two of the conference focused on "Digital Directions," and included presentations by InfoTrends on What America Wants and Needs from the Postal Service, Accenture on global perspectives about enabling consumer control, the USPS Office of Inspector General on enhancing the value of mail for digital natives, global mail hybrid solutions, digital data and direct mail, digital postal services for the 21st century, diversification and the digital value chain, posts in the digital world, and innovative opportunities for growth.





Nagisa Manabe, USPS CMSO

USPS MARKETING CHIEF ON FUTURE OF MAIL

USPS Chief Marketing & Sales Officer (CMSO) Nagisa Manabe spoke briefly at the PostalVision 2020 conference, about what the Postal Service sees for the future of mail and delivery. She said future opportunities include linking data and mail, same day delivery, grocery delivery, forward warehouse services, returns solutions, the mailbox of the future, new use of post office space/carriers, and a better mobile app.

Manabe said the USPS sees possibilities in the mail in terms of big data. She used the analogy of a consumer looking for a new car and debating on the differences between cars, and said at some point in the future data will be available with that information at which point direct marketers should send information to “close the deal.”

She said businesses and the USPS should be testing and exploring the concept of linking data and mail.

The USPS has been focusing efforts on same day order and delivery, Manabe said, clarifying that the USPS thinks ordering the night before and getting delivery the next day will be sufficient for most people for a long time so that is where the USPS is focusing. She said the USPS shut down its San Francisco same day delivery test because of a “lack of clarity over the customer base,” but has started a similar test in New York and is seeing better results there with an easier onboarding process.

The USPS is looking in earnest at grocery delivery, Manabe told the conference attendees, and said it will collaborate with grocery chains across the country to experiment. She also said the USPS is looking at its excess facility capacity and exploring forward warehouse services for its partners as a smart use of its existing infrastructure.

In terms of exploring “the mailbox of the future,” Manabe said very little has been done to innovate the mail receptacle, and the USPS thinks it is an interesting area going forward. She said collaboration is needed to see what the right size is, whether it should be heated/cooled, use of solar power, security, and other characteristics. “For some today, it is just fine,” she said, “but not sufficient for others.” She said the USPS estimates that about 25-30% of recipients need a different type of receptacle and its mission is to define and collaborate on solutions. In the area of returns, a new round trip label solution is in the works at the USPS and may be introduced in the next few months.

The USPS is looking in earnest at grocery delivery and will collaborate with grocery chains across the country to experiment.

The USPS has 33,000 locations and are “not doing a whole lot” with them, Manabe said. The USPS is looking at what it could be doing in post offices, which she said are a valuable asset for the USPS and for the public. The USPS needs to make better use of the space in post offices and collaborate with retailers and others. She said that PC Postage tripled in the last 5 years, which is a great example of giving consumers alternate access.

The notion of concierge services – other things its carriers could do besides delivering mail/packages – is one of the farthest out ideas, Manabe said, but could include activities as simple as alerting a family member if someone is not picking up mail. The USPS is deploying 70,000 new handheld devices in the next 3-4 months and to all carriers over the next 2 years, she said, which upgrades capabilities. When it comes to mobile, Manabe said the USPS’ mobile app needs upgrading so that anything you can do in a post office you could do on a mobile device.

In response to questions about what the USPS thinks prices will be like in 2020, Manabe said that “CPI increases from here on out is what we want to see.” Another conference attendee asked what she thinks about redesigning the existing mail classes, she said she has not heard of any such suggestion and could not think of a mail class the USPS would want to eliminate.

A New Take on an Old Box

Entrepreneurs from the Albert Nerken School of Engineering at Cooper Union introduced the “Rapid Packing Container,” which is a new design of a cardboard box that is easy to put together, easy to open, is reusable and uses 15-20% less cardboard.

The duo have had over 3.5 million views of their [YouTube video](#) and are in the process of obtaining a patent and moving toward manufacturing.



NALC Says Delivery Network is Asset that Should be Leveraged

Jim Sauber, Chief of Staff to the President, National Association of Letter Carriers (NALC) said that the NALC is adamantly opposed to threats to the USPS' transportation, delivery and sorting network. He said the last mile network is incredibly valuable to the USPS and to the country. “The ability to reach 150 million addresses six days a week is an asset to the Postal Service,” he told the PostalVision 2020 conference attendees. “Policy makers and the USPS leadership should stop thinking of the delivery network as a cost factor,” he said, “it is an asset that should be leveraged.” The NALC represents about 200,000 city letter carriers, 90% of whom belong voluntarily to the association, Sauber said.

“With the right technology and leadership, the network can be strengthened and expanded to seven day delivery, not just day but night, as the e-commerce revolution increases,” Sauber told the PV2020 group. He said carriers spend an average of seven years on a route, which brings powerful knowledge, relationships with small businesses, and knowledge of home-based and small businesses. He said that harnessing that knowledge to fuel growth is the key to the future of the USPS. Sauber said the recent success with Amazon and 7 days a week delivery could be expanded to other national retailers and local small businesses.

Letter carriers should be trained to make sales deals, Sauber said, to act as tens of thousands of sales reps on the street selling mail and the services the USPS provides. He said the CustomerConnect lead generation program has had great success and has brought new revenue to the USPS, so it should be expanded. The USPS should experiment with using carriers to talk about using direct mail to increase sales, he said. Carriers also could provide new services like others had suggested, connecting state and local agencies with people, or reading meters for electric and gas providers who spend enormous amounts of money to install smart meters when they could use postal employees for that purposes. Sauber said the NALC would like to test a premium version of the carrier alert program, which uses carriers to help keep an eye on elderly and shut in residents and alert local authorities if mail starts to build up or something else occurs. A premium version could be offered for a fee to family members who live far away and want to have someone check in or communicate with an elderly family member periodically, he said.

“The biggest obstacle we face,” Sauber told the conference group, “is the conventional wisdom that the USPS is doomed.” He said defeatism is in the air with proposals to dismantle the last mile network. The NALC hired Lazarus to help analyze the issues the USPS is facing and they dub it the “shrink to survive” strategy, which he said is doomed to fail. “It’s time to think ahead and invest in the network, not degrade it,” Sauber said. “The USPS’ survival depends on maintaining the most robust and efficient network possible.”



Ruth Goldway, Chair, Postal Regulatory Commission

PRC CHAIR SAYS POSTS MUST NOT FORGET THE CUSTOMER

Postal Regulatory Commission (PRC) Chair Ruth Goldway told the PostalVision 2020 conference attendees that the gathering was an example of how human beings like to gather to talk and socialize even in a technological age that

includes 3d printers and drones. “That is a fundamental principle that has to be included in any planning that involves digital,” she said.

Goldway said that the traditional business model of simplification and depersonalization of customers is a strategy that will ultimately lead to failure. She said the posts’ greatest asset is they are the only structural agency system/network in most countries that goes to every home 5-6 days a week. “Why move to cluster boxes and give up that personal connection?” “Why plan for multiple services to consumers at the same time you say you don’t want to go to their homes?” “Why reduce delivery network to fewer days a week if you are trying to develop one that is 7 days a week?” Goldway said these are contradictory strategies.

The PRC Chair noted that the USPS had announced changes to its delivery standards for certain kinds of mail, went through the regulatory process where it was determined most mailers wanted further study and had concerns. “On the 90th day,” she said, “the USPS announced it was going ahead with the program anyway.” “Is that being customer-friendly or customer-focused?” “We have to realize that satisfying current customers and making them part of the system is the only way to maintain it for future use,” she said, noting there are plenty of opportunities for exciting things to happen like integration of communications capabilities for letter carriers with mobile devices, access to data through the postal network, and more.

“Opportunities exist to have more communication levels with the ultimate customer through carriers, who know the route and system.”

Goldway said the opportunities exist to have more communication levels with the ultimate customer through carriers, who know the route and system. Carriers could issue passports to people at home if the data is secure and available through the network, she said, and have the appropriate data-enriched device to do transactions anywhere, not just in the office. All kinds of government and authentication transactions could be available everywhere, she said. Of the drone presentations at the conference, she said the concept could work but she tends to think of them more as toys for wealthy people than tools for delivery in the developed world.

Goldway closed her presentation noting a recent *New York Times* article on the found art of sending written thank you notes.

On Making Mail More Interactive

Marshall Van Alstyne, Boston University and MIT, told attendees of the PostalVision 2020 conference that industry can help save the USPS by creating whole new marketplaces. He shared one idea – using a QR code as a stamp – which he said would be a win-win for the USPS, customers, and businesses.

Mail volumes are continuing to decline, Van Alstyne said, but digital sales just crossed the \$10 billion mark and are have increased for the past 20 years. Google raked in more ad dollars in 2012, he said, than the total U.S. print media. When the user runs a Google search, that declares their interest. Google advertisers then bid for the user's attention and present them with more ads. Advertisers can refine those messages, and Google refines its matching algorithm.

Looking at the U.S. interactive marketing spend projections from Forrester's Interactive Advertising Models, the total spend for interactive marketing (mobile marketing, social media, email marketing, display marketing, search marketing) is projected to reach 21% of the total ad spend for 2014. Even broadcast is going interactive, he told PV2020 attendees, with a new technology to make ad overlays.

“We need to let mail recipients express their preferences, be interactive, provide feedback to drive improvement, and capture flows of data, mail and money,” Van Alstyne said. He asked the audience to consider a new kind of postage stamp using a QR code. When scanned by the USPS it could provide the data on the sender, targeted recipient, content, date, and an offer. Using an interactive app where the recipient could choose the option, it would ask if they want more information, stop sending, or “like it.”

What would this do for the postal ecosystem? Val Alstyne said it is a win for the recipients in that they get a voice about their preference, and can provide an on-demand retrieval of ad content, coupons, etc. It's environmentally friendly, it could provide a link to a buy-it-now option from print, authenticated so you know who it is. It's bi-directional, and a win for mailers in that they will learn what their customers' interests are, provide marketing opportunities, produce higher response rates by being permission-based advertising, and could reward the user for forwarding ads to friends/family, etc.

Ideas such as this would motivate behavior, Van Alstyne told the PV2020 audience, not just clamor for attention. And it would be a win for the post since it helps curtail drives for a Do Not Mail legislation, it could charge more for unwanted mail, it enables electronic commerce, could provide move update at the press of a button, could provide a source of revenue, and creates another data layer.



Matt Sweeny, Flirtey

Will UAVs (aka “Drones”) Transform Delivery?

While much of the recent press over Amazon’s announcement that it may use drones in the future for package delivery may have struck many as futuristic and absurd, attendees of the PostalVision 2020 conference learned enough about Unmanned Aerial Vehicles (UAVs), also called “drones,” to know they could transform delivery in the future.

Andreas Raptopoulos, Matternet (<http://matternet.us/>), told conference attendees that UAVs are the future of global

delivery. He noted that currently over one billion people – one seventh of the earth’s population – have no access to all-season roads, meaning they have no access to basic goods, health care services, or ways to bring their goods to market for sustainable income. Instead of waiting for developing countries to go through the same steps as the west, making tremendous investments in road infrastructure, Raptopoulos suggests that use of UAVs can “leapfrog” to use of technology that will bring a “paradigm shift.” The Matternet concept is development of a network for matter, he said, which is more than just developing the UAV machines.

Ratolopoulos said there are three distinct technology components in creating a UAV network – the flying vehicles, landing stations that the vehicles go in and out of, and a cloud operating system.

Noting that it would take something like 2000 UAVs in the air at any given time to cover a city the size of Los Angeles, Raptopoulos said that the operating system would need to be able to show air authorities what is flying at any given time, and the system would need the ability to ground all the UAVs in case of some kind of emergency or conditions such as weather.

And the Future is Already Here... While the mainstream public may only just be hearing about the idea of using drones for package delivery after all the recent Amazon hype, the UAV concept is not totally futuristic...it’s already in use in some other countries.

Matt Sweeny, Flirtey (<http://www.flirtey.com/>), told PostalVision 2020 conference attendees that Australia was one of the first countries to allow commercial use of UAVs, and has certified about 90 UAV companies since 2002.

Matternet is testing use of UAVs, such as setting up a system in the Dominican Republic to connect small clinics with hospital labs, transporting samples between the locations for testing. If successful, Raptopoulos said, it will have a transformational affect on how disease is handled in developing countries. A small application also has been tested in Canada for populations not well served by transportation, particularly in the winter, Raptopoulos said. “This new technology is more efficient than any vehicle ever invented,” he said.

Matternet also has conducted a UAV case study in an eastern European city, Raptopoulos said, comparing UAV use to a courier service for 4 weeks in July/August. Of the 68,630 packages delivered by the courier service, 90% were business deliveries and 10% residential, and 89% of the packages weighed under 2 kg. Using the 2 kg maximum payload, 400 UAVs would be needed with 130 landing stations, enabling up to 4,000 flights per day. A cloud operating system also would be needed with two-way communications to vehicles, stations and customers. Using all the parameters and looking at what would be needed for a UAV system to replace the existing courier system, Matternet estimates costs could be reduced by about 70%, with the UAV system costing 1/3 of what the courier system costs.

Hybrid Mail a Decade Later

Hybrid mail is alive and well in the U.S. and according to those providing the service, it's not new. Lee Garvey, Click2Mail, founded the business ten years ago with the idea of making mail more accessible and easier to use.

Charles Prescott, Global Address Data Association (GADA), told the PV2020 group that the Universal Postal Union (UPU) is trying to create a regulatory structure for hybrid mail and has formed a Global Hybrid Mail Coalition. He cautioned that the UPU project is likely to have a long time line as decisions are made deliberately. He asked those providing hybrid mail services to complete a [UPU survey](#). A pilot test of the technology likely will occur in June, he said, but then the hard part comes, setting up the regulatory framework for the system.

Garvey said that paper is still relevant and there will be a lot going on with paper mail for some time to come, particularly as new emerging technologies make it more interactive and reactive. Click2Mail offers hybrid mail services largely to small businesses who view the world as their market, he said, and want to be able to communicate to anyone, anywhere, any time. He said that posts should recognize that hybrid mail can provide a channel to their marketplace, that there is pent up demand for mail as a very effective communications tool.

"The ecosystems need to be enriched," Garvey said, noting he firmly believes in open source. He said that recent discussions with Google and others have resulted in new free add-ons for Google Docs to bring additional functionality as part of your office suite. Soon Click2Mail will be available as one of those add-ons, he said.

Both UAV manufacturers have given much thought to the obvious issues around commercial use of UAVs, and said safety/security are critical issues. In response to the question of how the UAVs would not run into each other or something else in an environment where thousands are in use, Sweeny said base stations with a human operator would be needed in the loop to override the UAV if necessary. He predicted that by 2017 in Australia and 2020 in the U.S., all UAVs would need miniature transponders to be able to "see" each other, commercial aircraft and work within traditional air space control.

Sweeny said that Flirtey's vision to deliver accurately is to use smartphone locations based on the GPS of the mobile device's location to deliver an order.

Two Different Business Models. Matternet and Flirtey represent two very different business models of how a UAV system could be implemented. Flirtey envisions a "plug and play" UAV delivery service, so anyone interested in purchasing it could deploy a system and businesses like Flirtey would provide the turnkey system, maintenance, training, etc. Matternet envisions that it would own the network and provide the service to anyone who wants delivery.

UAVs for Postal Delivery? In relation to postal/delivery services, Raptopoulos noted that increasing congestion and traffic in cities and move to mega-cities presents an opportunity to complement existing ground transportation services with a network of UAVs suited for lightweight parcel delivery, which would help to de-congest roads, and enable just-in-time delivery of items. He said that Matternet has calculated that when the UAV technology matures, each length of a trip would cost about 24-cents; considerably less expensive than shipping costs today from any of the delivery carriers. "Matternet will do for transportation what mobile did for communications," he said.

Sweeny said that operating costs will fall to under \$1 for UAV delivery, which he said compares to up to \$35 for same day delivery in Australia, the Middle East and the U.S. "Competitors deliver in 24 hours," he said, "and we can do it in one hour for 1/4 of the price."

One of the biggest stumbling blocks to implementing any UAV system in the U.S. is the fact that currently, commercial use of UAVs is not allowed. The FAA has been working since 2012 on a framework of rules around allowing commercial use of UAVs which was supposed to be completed by the fall of 2015, but is running very behind. The fact that Amazon now has announced its interest in using UAVs may force U.S. regulators to think about how to use UAVs in public air space. The USPS and other posts should be looking at this opportunity, Raptopoulos said.

Key Findings from OIG Study on What Americans Want from the USPS

Matt Swain, InfoTrends, reported highlights at the PostalVision 2020 conference on findings gained by InfoTrends from conducting focus groups for a USPS OIG (Office of the Inspector General) study titled, "What America Wants and Needs from the Postal Service." The focus groups included 101 Americans aged 19-92, representing 67 different ZIP Codes from 11 different states. Participants included those from urban, suburban and rural areas (about one third from each type), about even in terms of gender and with a range of incomes.

Swain reported on seven key findings from the focus group research. He noted that the **first** key finding was that the majority of participants did not realize the USPS is self-funded and receives no tax dollars. In the focus groups, participants said the USPS was both a business and a public service, if allowed to choose both answers, but said a public service if forced to pick one answer. In response to whether the USPS has a responsibility to provide mail to every American, respondents overwhelmingly said yes. Once educated about how the USPS operates and is funded, however, and then asked whether the USPS has a responsibility to provide mail to every American even if it is not profitable to do so, most said yes but there was more dynamic discussion and sympathy to the USPS' struggles.

The **second** key finding was that most participants valued the USPS as a community asset, and liked having a physical post office in their community, which brought a sense of identity for many. When asked how they would feel if the post office was co-located with other establishments, views were more mixed with some participants wanting to ensure mail was handled by postal employees for security purposes and others not caring who provided the service as long as the establishment was manned.

Third, participants felt that reducing hours of operations should not be a primary focus for cost savings efforts. When asked how satisfied they were with different elements of the USPS, the highest percentage of dissatisfaction was with wait times in local post offices, hours of local post offices, and location of post offices.

Residential delivery location and the number of delivery days represented the most likely areas for compromise, Swain reported, as the **fourth** key finding from the research. He said that while there was general acceptance with a move to cluster box delivery, some felt strongly about retaining a mailbox at the end of their drive and some were even willing to pay for that service. Others said they would not be willing to pay for such delivery and would go wherever the mail was to get it. By and large, Swain said, Americans were willing to compromise to go to a neighborhood cluster box. Mail security was an argument on both sides of the cluster box, and when asked how frequently they would go to a cluster box some said every day, others said once a week. In terms of reducing the number of delivery days, Swain noted that for letter mail only almost everyone who participated was willing to go from 6 days to 5 days, but from a package perspective the discussion was different and consumers want 6-7 days.

The **fifth** key finding Swain reported was that some participants saw value in the USPS introducing new products and services at post offices. There was interest in services such as bill payment, hunting/fishing licenses, self-serve kiosks, notary services, copy services, wrapping stations, gift cards, and public access computers. There was strong opposition to putting things like DMV services into post offices, however, with concerns voiced about lack of training in either area.

Most participants were hesitant about the USPS providing digital services, Swain said as the **sixth** key finding. In fairness, he noted, the focus groups were not dedicated to talking about digital services, and the appropriate set up for the questions was not included in terms of what types of services could be offered, their value, how they would be deployed, etc. There was a lot of push back at the thought of the government looking at their mail, with some respondents even voicing concerns about the USPS scanning the outside of envelopes and keeping the image,

Thanks to Our Sponsors

Platinum:

- Ursamajor Associates

Gold:

- DHL Global Mail
- Endicia

Silver:

- Pitney Bowes

Bronze:

- Accenture
- Click2Mail
- eBay Inc.
- FedEx
- GrayHair Advisors
- Ims Inc.
- KEBA
- Ship2MyID

Supporting Associations:

- PostCom *
- PSA
- GADA
- AMSP
- US IMAG

*A special thanks to PostCom for allowing us to reprint the articles contained in this publication, which were originally published in the *PostCom Bulletin*.

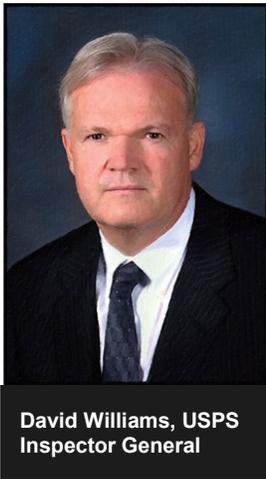
which they felt was an invasion of privacy. In general, there was skepticism about what the USPS would do in digital and the value to the participants.

Lastly, Swain reported that nearly every participant cited that they would be negatively affected if the USPS did not exist, but had a hard time articulating how they would be affected.

In conclusion, Swain said that the research shows that while change may not be comfortable or convenient, many participants recognized that the USPS faces trade-offs given its financial situation. Americans may want to retain existing service levels, but their actual needs for the USPS are more finite. Ensuring that citizens understand how the USPS is funded is key, he stressed, to their ability to provide informed insights into these tradeoffs.

Several of the conference attendees urged that similar surveys or focus groups should be held with senders of the mail, not just receivers of the mail, since senders are paying for the service. "The advertiser is missing from these discussions," one attendee said. Another noted that consumers respond to these questions without the full realization of what the cost to them may be, and the impact on the USPS if businesses move services online because of reduced capability to collect money from people through the mail if delivery days are reduced. Swain said that is true in that these particular groups were designed to get feedback from the recipient perspective, and he noted that many of the small business owners in the group were not open to the reduction in service days.

The OIG report, which was published in February 2014, can be found in its entirety on the OIG web site at http://usps.oig.gov/sites/default/files/document-library-files/2014/rarc-wp-14-009_1.pdf.



USPS IG on Enhancing Vale of Mail for Digital Natives

USPS Inspector General David Williams talked about enhancing the value of mail for digital natives. Accompanied by members of the OIG (Office of Inspector General) team, Williams talked about how the union of smart devices and social networking have allowed people to work, shop, research, and interact – and how that has had a profound impact on mail. “Don’t count out the mail side,” Williams told the PV2020 audience, “but we need to do things to infuse new value all along the supply chain.” He said the postal industry is starting to do that, and along with the OIG team members and Genna Sankin, Blippar, the panel talked about ways digital innovation helps reinvigorate mail and infuse digital features into physical mail pieces.

Williams said that marketing to digital natives (those aged 16-25) will become increasingly important since one day they will be the dominant buyers. The OIG in its [study on enhancing the value of mail for digital natives](#) worked with focus groups and found that they have emotional connections and appreciation for the utility of physical mail. “They are drawn to companies who respect them enough to send them a letter or catalog,” Williams said, “and their emotions are evoked by hardcopy.” He further noted that while brand loyalty is becoming challenging to build, it is becoming increasingly valuable.

Touching on the British research study using MRIs that looked at how the brain processes physical versus online marketing using the same ads, Williams said the brain activity is much deeper with physical mail and that other research also suggests greater emotional processing occurs which translates to a higher return on investment in that response rates for hardcopy mail exceed those for internet advertising. He also said that studies show 80% of citizens are ignoring the 2,500 digital ads they encounter every day.

Williams said that new studies are reversing some earlier thinking that email billing is less expensive than hardcopy because of faster payments coming from hardcopy and increased customer service support needed with e-bills, which could mean that hardcopy is cheaper overall than email. “That doesn’t mean we should abandon digital communications,” he said, “but we are trying to understand how integrated strategies are stronger and how to integrate mail into a larger customer experience.” “The key,” he told the PV2020 audience, “is to give each customer the individual experience they want, and physical and digital in combination is one of the best ways.” He gave the example of a customer getting a hardcopy ad that then connects through a smart phone to a discount coupon, video, or interactive experience.

The USPS IG said that the OIG’s research finds that digital natives respond positively to interactive, well-designed mailpieces, particularly those that integrate with technology. “Coupons and discounts are loved by digital natives,” he said, “but they don’t want to clip them – they want them in their smart devices.” He said the opportunities are exciting, noting that 65% of Americans now own smart phones. “But that’s not all it takes,” he said, “the novelty attracts them, but the content has to be relevant to their needs.” He noted that regular direct mail has an average 2% response rate, but that goes up to an average 6% when the mail is personalized. “In an era where they are mapping the entire internet to themselves,” he said, “they probably won’t respond to generic blasts of any sort – mail or digital.”

Kelly Fryberger, OIG, said that the OIG’s focus groups with digital natives talked about what mail means now and in the future. “It’s important to them that mail becomes valuable,” he said, “and one way is by enhancing it.” He said

the industry is at the tip of the iceberg in terms of print innovations, and shared some examples of how businesses are making mail more interactive and interesting for the consumer. “For the postal customer of the 21st century,” he said, “it needs to be more than just a static piece.” “They want advertising to be a conversation, they want to give feedback through social networks, they want to share their experience with the company,” he told the PV2020 group, “and they want the company to hear that feedback and respond.”

Fryberger shared some examples of mail innovations being used by the industry, including QR Codes, Augmented Reality, NFC-enabled ads, adding electronic elements to printed pages (such as the wifi connection that worked for 15 days that Microsoft included in some magazine ads, a rechargeable USB device in a magazine flap, etc.), stickers that change color when the packaging is too hot or too cold, different shaped mailpieces, etc. “Are these things worth the price?” he asked, “They are all more expensive but significantly boost response rates.” He said the industry is expected to explode in terms of these kinds of mail innovations. He said that AmeriShip is pioneering printed electronics field and has developed a piece that when the page is opened, it sings to you. In tests, 88% of recipients opened the page to experience it and 90% passed it to someone else. “This is the time to act,” he told the PV 2020 group, “Advertising mail is not dead – it just needs to evolve.”

Genna Sankin, Blippar (<http://www.blippar.com>), said that “relevancy is key.” Blippar is a platform with an application that works with partners to create interactive experiences from the physical world, she said. “It’s augmented reality but lots more,” she told the PV2020 group. The business started 3 years ago in the UK and did its first campaign with Cadbury. It started in the U.S. in August 2012, Sankin said, and now is working with 750 brands.

“We are in a technology revolution,” Sankin said, noting that everyone has 2-3 devices at this point, or at least many do, and understand how to use them from a young age. “There is some comfort with the physical world,” she said, noting that there is an overwhelming amount of information and online noise. “We need to put things from the physical world into context and enhance their value,” she said. Sankin said there are three best practices in terms of engaging audiences – the entertainment factor, the value, and the utility. “Think about your business goal,” she advised, “and construct a campaign that reaches that goal.” Sometimes the campaigns may seem “gimmicky” she said, but that is because they want users to have a brand experience.

She shared a postcard that the USPS sent out around the holiday season that used augmented reality to show a holiday scene around mail. The user can then download the app, watch a video, find out more about the digital and hardcopy mail connection. “The call to action is important,” she said, and the campaign needs to be interactive so customers engage with it. “You can put your video anywhere on the internet,” she said, “but that does not mean people will find it, so you might not get that engagement.” Linking the physical to the video leads people to engage in the campaign.

Other examples of the technology Sankin shared included linking recipes to the printed piece from businesses like Heinz, Ragu and Wrigley’s, a Cover Girl promotion that used augmented reality to help the user find their cosmetic colors through their smart device and camera showing the make up colors superimposed over their own skin color to find the best match, a Ralph Lauren clothing campaign, and more. “People are more likely to engage in the campaign when it is simple,” Sankin said, “and the call to action has to be compelling.” She said they advise clients not to make campaigns with too many features. Another benefit to this type of technology is that the augmented reality material the physical piece links to can be updated by the company as frequently as they want to do it.



**Randy Miskanic, USPS VP,
of Secure Digital Solutions**

USPS to Being Testing Identity Services for Federal Government

USPS Vice President of Secure Digital Solutions Randy Miskanic, and Jeremy Grant, NSTIC (National Strategy for Trusted Identities in Cyberspace) discussed the USPS' forays to date into the digital world. Miskanic said that the USPS soon will be going live with the FCCX (Federal Cloud Credential Exchange) initiative.

The NSTIC is a White House initiative to work collaboratively with the private sector, advocacy groups, public sector agencies, and other organizations to improve the privacy, security, and convenience of online transactions. Grant said that 10 near term action items have been identified by the group and the first 9 have already started efforts. The tenth item was that of identity issues which he said is the biggest problem in terms of cross-border breaches. "Reliance on the password is killing us," he told the PostalVision 2020 audience, noting that 76% of all network intrusions are

executed by exploiting different password weaknesses. Grant said it is hard to prove who you are online without using passwords, but there are answers out there.

Nearly every government agency has 2-3 big citizen-facing applications that should be able to be accessed online, Grant told the group, but there needs to be better identity proof than passwords. Creating some kind of trust mark for identity safeguard to enable consumers/businesses to have an easy way to log in securely is one of the things the NTISC group is working on, Grant said.

There needs to be a way to put someone through an identity proofing process to prove they are who they say they are, Grant said, which currently is done through credit agencies but they can't cover the entire population. "Imagine what the USPS could do with carriers going door to door," he said. The USPS is the entry for passport data already today, and through the NTISC FCCX (Federal Cloud Credential Exchange) initiative, the USPS is setting up a hub to be the entry point for credentials as well as for agency integration, Grant said.

USPS Vice President of Secure Digital Solutions Randy Miskanic told the PV2020 audience that the USPS FCCX technology solution has been developed and completed and will soon be going live, connecting senders and receivers in a manner that is privacy enhancing, secure, enabling, and reasonable from a cost center perspective, which is important in order to push it out to the American public to gain adoption, he said. It is designed for ease of use and to reduce the burden on the individual, and will facilitate the use of interoperable credentials across all government agencies. Having each agency issue and manage separate digital identities would not be cost effective, Miskanic said, noting that the USPS already manages 18 million digital identities on its usps.com web site.

The USPS being the brokerage solution in the middle to connect government agencies to the individuals that hold the credentials is privacy enhancing, Miskanic said. Consumers likely would not want private companies to know what government services they might be accessing. "This solution connects relying parties with identity service providers in a secure, inexpensive, consumer-choice fashion," he said, announcing that the USPS will be going live this summer with multiple offerings as a proof of concept to see what it can offer outside of government services. He said for the Postal Service, this is an opportunity to demonstrate the value of the USPS as one connection that all of the federal government can use.

Miskanic said the USPS is also looking at how it can better support postal customers. There are 18 million usps.com users and the USPS is looking at ways to offer a better mailing/shipping experience, provide granular

detail on visibility of parcels, give consumers the ability to manage their mail in terms of waiving signature, redirecting delivery, controlling address changes. "Digital identity is the core foundation to offer those services," he said.

On that note, the USPS plans to rename the MyPost service it has been piloting to MyUSPS.com. In order to access the service, the user will need to prove their identity and for most that could be done remotely, or at post offices in person to be issued digital credentials. As the USPS deploys its next generation mobile devices, it could use them to allow consumers to schedule a carrier to come to their residence to capture identity documents. "We can offer this in our current legislative framework," Miskanic said, "to other federal agencies." He said if the USPS had the ability to offer such services from a commercial perspective, it could enable partners to use it as well or perform functions on their behalf. "This is the start of a platform we would like to offer as a baseline to help bring a digital communications channel," he said.

Miskanic further said that the USPS has registered the .post top level domain name and hopes to have active testing by this fall of using it. He told the group that the USPS has several offers planned for this fiscal year which it hopes will please customers. He said the USPS is looking at some secure messaging solutions which it plans to pilot first with its employees

In response to concerns about the issues the USPS has had around its PostalOne and other customer-facing IT systems, Miskanic said there is a different team working on the FCCX and digital solutions. He said the USPS wants to be innovative from a technical hosting perspective and since there are efficiencies to be gained with external cloud hosting, its solutions will be that. It is a unique proposition for the USPS, he said, with rigorous security testing, which it is in the process of doing now with the federal government.

Miskanic said the USPS does not have any projects currently in development from a hybrid mail perspective, but it is open to discussing use of the .post domain. It is trying to understand the ability for it to issue sub-domains, he said, and is having discussions with its legal group on whether that would be considered postal or non-postal.

Posts Share Digital Strategies

Representatives from DeutschePost and Poste Italiane at the recent PostalVision 2020 conference shared the experiences and strategies of their posts in the digital arena. Peer Bentzen, DeutschePost, gave attendees of an overview of E-POST, which he said, in combination with DeutschePost's parcel strategy, stopped the downward spiral of the post's profits. Uliseo Del Gallo, Poste Italiane, said that mail volume in Italy is decreasing rapidly each year, but the post's BankPost and insurance businesses are huge, serving about 10% of the 60 million people in Italy and is the largest online bank in Italy.

Poste Italiane is a profit-making entity fully owned by the government which will be privatized later this year. Del Gallo said the post has been profitable since 2002, and is in a top position among Europe's leading major postal providers. Looking at its 2013 revenues, about 44% were from insurance services, 23% from postal services, 21% from financial services and 12% from other services.

Bentzen said DeutschePost's E-POST offering began as a digital letter on the internet which was the right thing to do at the right time, but not the right product for the end consumer. Between 2009 and 2011 the offering provided the post with a successful entry into digital communications, he said, and established the first market-driven solutions for enterprises. From 2012-2015, transformation is envisioned with the dynamic growth in the field of hybrid and digital communication, aggressive growth in private consumer space through attractive service and product portfolios, and development and establishment of a comprehensive partner eco-system.

Bentzen told the PV2020 audience that expansion of the offering is envisioned from 2016-2020, with DeutschePost acting as the leader in digital correspondence and standards in the market, a new infrastructure and networks, and global partnerships. "The key for our growth," he said, "is to develop an eco-system." "We did that as postal operators, but we are not there yet for digital," he noted. "We have to open our platform," he said.

Poste Italiane during its evolution process has created an ecosystem of specialized companies working and acting as a unique team to create innovation, Del Gallo said, as well as define state of the art solutions that add value to its traditional services and support country growth and digitization. The post has separate companies for express courier services, insurance, asset management, air company specializing in cargo and charter flights, mobile virtual network operator, a bank specializing in public guarantees and loan origination, web digital service and technologies, digital and paper document management, and sales of GDO products in post offices and online.

As a bridge between the electronic and physical communication, Poste Italiane operates as identity providers in the private space and is trying to push into the government space, Del Gallo told the PV2020 group. When the government has a problem issuing a service to a citizen because they don't have the reach or know-how to provide, they come to the post, she said, and it can leverage its infrastructure to find ways to provide that service to the public.

The recent downfall of Zumbox shows that just providing a single piece of software does not solve the equation, Bentzen said. Three things are needed to be successful, he told the PV2020 crowd – flows (content), the identity piece, and consumerization of IT. He said that DeutschePost this quarter established a unit to focus on being the identity broker in the German realm. As far as the consumerization of IT, he said the consumer has taken over again. "If we don't get consumers excited about it we could have the best flows on the back end and will make money, but if we don't get that to happen, there is not much chance in the long run," he said.

Hybrid solutions have to be the core in the transformation strategy, Bentzen said, because they are key to getting digitization of enterprise and small to medium companies. The consumer is the center for whom E-POST makes life

easier, he said, providing services such as one-click payments, legally binding contracts and transactions, archiving of all communication in a secure way, digitizing of documents and important information, having all correspondence in one place, and sending secure messages without leaving home.

Poste Italiane diversified its business moving along two axis, evaluating market needs and actively overcoming constraints. The main enabler of diversification to move Poste Italiane's offering into the digital space has been technology. One axis it has diversified along is leveraging its existing assets – the post offices and services offered – to go into the mobile services, insurance services and other value added services. The other axis is services that extend the value chain.

Services can't be built to one-size-fits-all, Bentzen said, using mail scanning as an example. "If you ask consumers they will say they won't want anyone to open their mail," he said. But in a pilot with people traveling and no one to open their mail, people used it and loved it. "It's not going to be a mass market," he said, "but great for people who travel a lot." He said they are now piloting a scan product where they take all the mail and scan it, digitizing the output and input.

Identity verification is another area for E-POST, Bentzen said, and German banks say they can't be responsible for identity verification because they need to be a neutral entity. One application for the service would be age verification for access to products/services restricted to those of at least a certain age. Bentzen noted four significant trends over the next 3-5 years: devices have outgrown PCs in terms of usage, and we will have micronetworks communicating with each other.

Poste Italiane's mobile business is more of a channel through which it offers its services, Del Gallo said. It operates the main payment transaction platform in Italy. "We move information, goods and money," she told the PV2020 group, through a set of subsidiaries, each of which operates in a specific sector. New business models the post is moving into include integrated notification services, work permits for immigrants, and social cards.

Accenture Study on High Performing Posts

Andre Pharand, Accenture, at the recent PostalVision 2020 conference provided key findings from Accenture's 2014 global postal industry research and insights, "Revitalization: The Success Of New Postal Models Achieving High Performance in the Postal Industry." He told the conference group there are some good success stories out there for some posts and said that while not all posts were "up to par," models do exist that can be successful in ensuring long term sustainability for postal organizations.

Accenture's research included looking at over 30 posts, Pharand said, including some integrators. In terms of the overall state of the postal industry, he reported that although mail volumes continue to decline at a rate of 4.7%, mail remains profitable, driving a higher EBIT (earnings before interest and tax) than non-mail. Some posts grew mail volume, he said, with a few doing so through organic growth and a couple doing it through inorganic acquisition outside their countries. "Volume declines vary considerably," Pharand reported, noting that Deutsche Post lost about 2.2% volume between 2011 and 2012, but several posts lost 9-12% of their mail volume. The USPS lost 5.3% during that time period as reported in the Accenture research. Pharand said that in some cases, additional volume decline was driven by competition in the local market.

Mail volume remains profitable, Pharand reported, **but that profitability has declined** from 7.9% in 2007 to 6.4% in 2012. He noted that time line includes the global economic crisis in 2008. In the long term, he said, non-mail EBIT is expected to surpass mail EBIT over time.

For the first time, Pharand said, **revenue from non-mail activities (parcels, retail, financial services, and logistics) exceeded mail revenue**, 52% to 48%. He noted that not all posts are less dependent on mail, there are some exceptions where the post depends more on mail now than in the past, which he said was attributed to less successful diversification growth strategy.

Pharand said that Accenture's research and insights conclude that the "high performing postal organization model," includes several actions, like a road map of what to do, in sequence. First, **defend the core business** by getting the basics right in terms of delivery consistency, visibility, technology and automation, right-sizing operations, managing prices, and promoting the universal service obligation). Second, **grow the parcels opportunity** by ensuring the basic value proposition works, then increase capacity, automate processes, offer delivery options, and build relationships with consumers and senders. Next, **diversify selectively**. High Performing postal organizations largely focus in three asset areas – retail, logistics and delivery.

Retail diversification areas noted include financial services, government services, authentication, and retail. Logistics areas noted include freight, warehousing, logistics, hybrid mail, inventory management, order management, and customs brokerage. Delivery areas included data collection, surveillance, local deliveries, home services and payments.

Pharand reported the following key findings from Accenture's 2014 research and insights:

- **High performers achieve core business excellence with diversification at scale.** Success in the mail business is driven both by cost control as well as adding value to mail through innovation. Pharand noted that the top performers consistently outperformed the other posts. "Mail drives income," he said, stressing that posts can't neglect mail. "If they don't do a good job with mail, the competitors will eat their lunch," he told the PV2020 audience. He said that non-mail diversification does drive revenue growth and shareholder value, noting that most of the revenue growth seen in the study has come from the non-mail sector, which offsets the mail revenue declines. "If not for diversification," he told the PV2020 audience, "the industry as a whole would be

smaller.” High performers diversify more than their peers and achieve scale in two market areas (scale defined as being a top player in the category), Pharand said.

- **High performers are evolving into digital business.** Pharand said that Accenture’s research shows that digital as a channel works, but digital as a product does not. “If you think you can offer and migrate mail that is going away over to a secured equivalent of hotmail or gmail,” he said, “we have found empirically that most posts have not been able to generate revenue from that, and we consider it dead.” He said that posts should exploit mobile as part of ecommerce, as well as using it to build consumer relationships, looking not only at the traditional models of who is paying for the package but also at the recipients. “If it’s not an excellent customer experience, meeting their preferences for delivery when they are not home, etc., it does not bode well for the retailer who made the sale,” he said.
- **High performers operate with a strong commercial focus** – are able to operate using a commercial vs. a political decision-making process. Pharand said that performance improves as there are less regulatory constraints around what to do.
- **High performers are transforming their parcel networks to seize market share.** Parcel volumes continue to climb and are a strong driver of growth, Pharand said. The study shows that high performers get more of their revenue from parcels as a percent of the total revenue and maintain a high market share domestically. He also noted that cross-border ecommerce is expected to grow 20%.

On the horizon, Pharand reported that while B2C ecommerce is growing at 17% globally, parcel volumes in the study have been growing at less than 5% because competitors are taking significant volumes. Large integrators are moving into domestic markets, he noted, going after the “easy stuff” in terms of density, urban areas, etc. Etailers and retailers are experimenting with click-and-collect/ship-to-store solutions, Pharand reported, as well as intending to own delivery in key markets and are aggressively pursuing alternatives.

Other areas on the horizon for posts include identity services, mobile commerce, and analytics, Pharand told the PV2020 group. Emerging technologies that could impact posts include drones, 3d printing, and robotics. “There are tremendous opportunities to leverage operations data,” he said, and for posts to move from using historical operations data to predictive workload and actual induction data.

Some performers have good strategies but implementation takes forever, Pharand said. Posts need to focus on talent transformation in terms of having the right people with the right skills – particularly for data and analytics. **Customer focus is also key, along with greater visibility.**

Global Ecommerce Growth Fuels Need for Shipping/Technology Solutions

Brian Bieron, executive director of eBay's Policy Lab, told attendees of the recent PostalVision 2020 conference that the largest internet mobile technology companies in the world are focused on enabling commerce by all sizes and types of businesses from individual home businesses up to large retailers. The reality is that the internet is global, he said, and commerce is evolving in a way it has not done before that includes global. Farah Abdallah, innovation expert, told the PV2020 group that the global delivery business presents opportunities for posts and new value propositions to enable international ecommerce.

"In the internet space," Bieron said, "commercial enterprises can go from tiny to becoming a truly global business with one billion users in no time at all." But the other side of that coin is that not every business will grow to that size and tiny businesses benefit from the effect in a different way. He said that a study of sellers in the U.S. and larger markets in other countries shows that while only about 4% of U.S. firms doing business offline are exporting products, over 90% of technology-enabled firms are. Further comparing technology-enabled small businesses with traditional businesses, a significantly higher percentage of technology-enabled firms export to a number of global destinations, represent a bigger market share of newcomers, have a significantly higher survival rate, and have a high concentration of sales. "Technology-enabled businesses are healthier," Bieron told the PV2020 group, and they do business on the average in about 25-35 different countries. "Wal-mart and Amazon are the only ones that truly operate in that many markets in big business," he said. In the fall eBay will put out a paper that looks at similar data for other countries, Bieron noted, where it found the same phenomenon. In most developing countries, entrepreneurs are exporting.

Bieron said a global empowerment network is the alternative path to participating in the global economy, based on access to the internet, services, and logistics (including postal services here and around the world as well as private shippers and other businesses involved in that industry). All these things are enabling small businesses to participate in the global economy, he said, but there are policy issues that "stand in the way of this type of global commerce spreading in the way we think technology is driving it to spread."

"We need to be able to move packages everywhere in the most efficient manner possible," Bieron told the PV2020 audience. He said the opportunities are there now and it is worth investing in from a business standpoint.

There are challenges with global ecommerce and shipping that industry needs to tackle, Abdallah said, such as locating parcels, identification of businesses to combat fraud, adapting services/payment options to customers, ease of use in returns and customer support systems to help resolve issues. What happens today if an item is purchased and not received? Different countries have different policies about how to deal with it. The process needs to be simplified and universal coverage is important, she said, noting that a significant percentage of users in 2015 will come from developing countries.

"We need to identify how we can better serve our customers and the value proposition for posts with some of these services," she said. "Customers need the basics – less costly, more reliable, speed of delivery, and we are not there yet," Abdallah told the PV2020 group.

Strategies moving forward need to focus on designing new customer-focused services, Abdallah said, enhancing the value of the international transaction. Restructuring of the operations network and acquiring new technical capabilities is also important, she said, as well as reorganizing governance and the corporate structure. Lastly, regional and global partnerships are key, and adapted regulation and interoperability standards are needed. Some of the

services that posts are providing today to support global ecommerce in general include access, payment, collection, transportation, delivery, and customer service.

Some areas the posts could become more involved with to help support global ecommerce include authentication (having the post verify that a business exists); market research and knowledge sharing about their country and consumer interests; payment of shipping costs, taxes, customs fees; collection innovations; fulfillment services; and innovation with delivery such to provide customer ease of use.

“How we get there is the challenge,” Abdallah told the PV2020 group. “We need to think differently, not about process innovation but about service innovation and how to design services for customers.”

Taking on Global Friction Points

A panel of global industry experts at the PostalVision 2020 conference discussed aspects of global ecommerce and cross-border shipping that represent friction points in the growth of the industry. Phil Warker, U.S. Department of Homeland Security (DHS), said that his agency is looking at ways to improve the postal supply chain internationally and is focusing on the customs area. Richard Li, 4PX-China, said his business is focused on cross-border ecommerce logistics, with the U.S. being the biggest market from China. Ty Bordner is with Amber Road, a leading global trade management provider, and Steve Rifai is from Endicia, which provides technical platforms to help providers and sellers perform shipping.

Mike Comstock, URSA Major Associates, re-capped the typical ecommerce transaction flow. The consumer finds the product, puts it in a cart, checks out, pays, the seller prepares the shipment, it gets transported and delivered. If the consumer doesn't like the item, there may be a returns label in the package and they get a returns authorization. Anyone can access a U.S.-based retailer catalog from anywhere in the world, Comstock noted, and put it in the shopping cart. But problems can occur. Products on the retailer's web site may be restricted from export from the U.S. or restricted from import by the destination country. There are commercial restrictions on retailer's distribution licenses. The shipping price does not include duties/tax so the consumer may not know what they ultimately are paying. There can be local language barriers. And those are just the friction points on product selection, he said.

In the check out process, credit cards are commonplace in the U.S. but not as much in many other countries. Duties/taxes may not be included in the check out so merchants may include a disclaimer on the web site to contact the local customs authority, which is not realistic. Many retailers offer only expensive shipping choices for international which then makes it not worth buying the item.

In the shipping preparation, in the U.S. there are requirements to file with customs and depending on the nature/value of the shipment, there may be a need to file with the U.S. government to export shipments. There is required documentation, commercial invoices to be properly prepared and more, depending on the export country. And for dangerous or hazardous goods, there are a host of restrictions and regulations. In terms of import compliance, some products are not allowed by the destination country, but how does the foreign retailer know that. Even residents of the country may not be aware of all the import restrictions.

On the delivery side, the carrier will show up, collect duties and taxes from the customer and then they may find it was not a great bargain after all. In some countries, e.g., Brazil, the duty rates are so high the customer often refuses the item, which means there then are a lot of products abandoned in warehouses.

Returns is another big friction point. Depending on the nature of the product, there can be as high as 30% return rate on ecommerce purchases. Some ecommerce retailers expect high return levels, such as continuity clubs. But when the items cross borders, the consumer pays duties and taxes on those products and then if they want to return it, they may want that money back, which is a challenge. In some cases, the administrative cost of securing the refund is greater than the amount being refunded.

Rifai said that some countries have better systems for returns, such as CanadaPost where the item can be identified as a return on the label and no duty/tax are assessed on the return trip. The technology platform allows returns to be easier for buyers and sellers, but two different posts are involved and cross-border trade has to support both carriers. Comstock pointed out that sometimes with large retailers, the return destination may be different than the country where the item originated which means three countries are involved. Li noted that some businesses will only sell lightweight and low cost items internationally and destroy return items because of the higher cost to get them back. Or they will set up as a local retailer in the other country but then have to comply with local policies,

establish warehouses, etc. Comstock said that there needs to be an allowable level of value for an item under which no duty/tax is charged, which some countries have in place already. U.S. retailers love the Australian market, for instance, he said, because that value level is \$1000, but other countries are lower, like Canada which is \$20 including the shipping cost. Retailers can pick and choose where it makes sense to offer their products.

These friction points have prevented ecommerce from exploding globally as much as it has domestically, the group said. Some of these steps can be simplified, the panel noted. Cross-border transactional flow can be streamlined, all document compliance and preparation steps could be automated and there are services that do this today, but not all are efficient. To accurately calculate duty, the system by which all products are classified is needed and today there is a very arcane process around that. Customs agents/brokers are available that know how to do it, but a typical business person can't manage it. Larger companies have the ability to store the classifications in a database and re-use them but it is a big challenge for smaller companies.

There are ideas to integrate the capability into web sites and offer it as a service, Bordner said, helping them store data so they can re-use it, and that concept could be facilitated by a back-end offered by a post or other business. Comstock said that large business such as Amazon use a listing with a unique number for the product which applies both to the inventory and fulfillment by customers, and they can classify that number for re-use by another customer.

In the area of global shipping, eBay has a new program in partnership with Pitney Bowes that allows a buyer to only see the items available to their country based on export/import restrictions. An online customs declaration system would be another way a customer could send a notification to customs and then get notification on whether they can export to the destination country and the cost.

The group agreed that another big problem posts have is getting data. The UPU has developed a customs declaration system, so the capability is out there now, but most countries have their own systems and their own laws on collecting advance data on mail. Use of a common system would help target shipments for inspection, duty, and security as well as for customs. Today mail is a very labor-intensive physical process because of the lack of data like is provided with other carriers.

Another issue that can challenge global ecommerce is the lack of addressing standards in destination countries, which can result in problems with delivery, lost shipments and returns.

Accenture Research on Consumer Control Preferences

Brody Buhler, Accenture, gave attendees of the recent PostalVision 2020 conference an overview of Accenture's findings in its recent Global Consumer Control research around consumers and the interactions between businesses and consumers. Whether you call it consumer control, preferences, profiles, etc. the research says it has to be more than that. The value of these services to the consumer is nice, Buhler said, but what really matters is how it impacts the senders of mail.

Buhler said that Accenture looked at a few industry trends as part of its research, and found the following:

Same Day Delivery. FedEx, UPS, Amazon, eBay, and Google are experimenting with same day delivery offerings, which has spurred posts to consider and experiment as well to find viable models. It is clear speed is becoming more and more important in an instant gratification environment.

Mail lockers. Amazon has bypassed traditional shipping by installing branded lockers in 7-11 stores. Almost 50% of Accenture survey respondents indicate they would use a secure location if it were very close their home, with less than 10% indicating that they would never want a package delivered to a secure location.

Ship to store. Retailers are leveraging their existing physical presence to offer new delivery solutions. Traditional brick and mortars only utilize ~75% warehouse space. Walmart, Macy's USA, and Best Buy have expanded their network of fulfillment centers to include brick and mortar locations.

Crowdsourcing. New crowdsourced delivery companies such as Runner, Zipments, Deliv and RideShip are experimenting in targeted markets. Retailers such as WalMart are starting to explore crowdsourced models, which enable same day delivery with little to no premium pricing.

Showrooming. Over 51% of consumers use their mobile device to compare prices in the store and 1 in 3 end up buying elsewhere. 45% of in-store shoppers will walk out and buy online for a discount as low as 2.5%. Free shipping and returns, back up sizes and short term trials are enabling consumers to "try" at home as they would in the store.

Etailer/Retailer as Shipper. E-tailers and retailers are entering last-mile, leveraging brick and mortar store network or existing access points to households. Amazon's recent announcement to enter and deliver to 40 US markets with their AmazonFresh product. eBay purchased Shufl to begin exploring alternate delivery models.

Subscription Model. Subscription commerce is used by up-and-coming internet companies such as Birchbox, Shoedazzle, Trunk Club and CakeStyle. Pre-paid shipping programs such as Amazon Prime, eBay Now, Google express promote steady annual revenue streams.

Work from Home. It is estimated that 1 in 4 workers now spends at least one day a week working from home. In the US, working from home grew at 74% from 2005 to 2012.

"Consumer preference to control is important," Buhler said, noting that Accenture looked at who is doing what in terms of the market, how they are branding/grouping services, and how they are monetizing those services. "We did not see a lot of models being very successful," he said, "so we decided to do consumer-focused research." Accenture surveyed 13,000 consumers in 12 countries as part of its research, he said, and is about half way

For More Information

Contact Us

Give us a call for more information about PostalVision 2020 or Ursa Major Associates

[John Callan](#)

Founder and Chairman
Postal Vision 2020

(555) 555-5555

Check out the Postal Vision 2020 web site (<http://www.postalvision2020.com>) for more information.

through the analysis. He presented some preliminary findings, noting that they are midstream in terms of the research. The following insights were shared which applied to all countries surveyed:

- High value does not necessarily mean consumers will pay for the feature
- Ecommerce is the main driver of package growth (64% packages received are from online shopping)
- 35% of people cite some difficulty with receiving packages.
- Of the people who have difficulty, 71% say it is related to inconvenient timing or scheduling
- Urban consumers are more willing to pay for services than suburban or rural customers
- While most people across all income levels receive 1 or fewer packages per month, high income people are more likely to receive more packages

In terms of looking at packages received, the U.S. gets more than many other countries, Buhler reported, and is on the higher end in terms of the frequency at which customers check their mail. Accenture looked at what things influence how often consumers check their mail, and it relates largely to convenience and value. When asked if they knew what was in the mail each day would the frequency change, many said yes and more often it was younger and more urban consumers that drove the percent that said they would check more frequently.

In looking at the source of incoming parcels, **ecommerce is largely the driver of parcel growth**, Buhler reported. Growth in business transactions was much smaller. In terms of where parcels are received, more receive them at home than at their business. In looking at the overall parcel experience, about 35% said they see it as difficult in the U.S. and the main reasons cited were all about control of the delivery.

Accenture looked at the combinations of value, frequency and willingness to pay in the U.S. and in the other countries surveyed of a variety of parcel services. **The U.S. had a higher willingness to pay for some services than other countries**, Buhler noted. Some services, such as delivery scheduling/instructions/secure returns, people are more willing to pay for globally.

Accenture is continuing to analyze the data, Buhler said, and is looking now at parcel features by segment. In response to the question of what the research says about the importance of speed of delivery to consumers versus subscriptions for free shipping, etc. Buhler said “free always trumps speed and free and fast wins every time,” with consumers. He said **the most important thing posts should be focused on is establishing relationship channels with their customers.**