

THE FUTURE OF POSTS 2024

BREAKING THE PROFITABILITY CODE



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Escher would like to express its gratitude to all contributors, for sharing their insights, and being a part in making our Future of Posts survey an industry standard.

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Welcome to The Future of Posts

It is with great pleasure that we present the results of this eighth edition of Escher's annual **Future of Posts** survey. This year's edition is built upon the insights and contributions of 179 respondents representing 78 postal operators worldwide. Their valuable perspectives provide a comprehensive view of the current trends, challenges, and opportunities within our rapidly evolving industry.

In 2024, the postal sector continues to navigate a complex landscape marked by the ongoing decline in letter mail volumes and the expanding influence of e-commerce. This dual dynamic presents both challenges and opportunities as operators strive to balance traditional services with the demands of the digital age. The decline in letter volumes has significantly impacted profitability, prompting operators to explore new revenue streams and optimize their networks to meet the shifting demands of consumers.

This year's findings highlight a cautious yet optimistic industry. Despite profitability pressures, 38% of operators reported positive revenue growth, indicating signs of recovery. Investment priorities are shifting towards digital transformation, cross-border e-commerce, and network optimization, reflecting a strategic focus on future-proofing operations in a competitive market.

What is clear is that postal organizations must continue to adapt swiftly to the changing environment. The path forward requires embracing new technologies, rethinking traditional strategies, and committing to sustainable practices that align with consumer expectations. The stakes are high, but so too are the opportunities for those willing to innovate and lead.

I would like to extend my sincere gratitude to all the participants for their generous contributions to this report. Their insights have been instrumental in shaping a forward-looking perspective on the future of the postal industry. I also wish to thank the dedicated team that has worked tirelessly to compile this report, ensuring that it remains an essential resource for postal operators worldwide.



Brody Buhler
CHIEF EXECUTIVE OFFICER OF ESCHER





Executive Summary

The postal industry in 2024 continues to navigate a complex landscape shaped by the ongoing decline in letter mail volumes and the evolving dynamics of e-commerce. Nearly all postal operators (99%) have reported significant impacts due to the reduction in letter mail volumes, directly affecting revenue and profitability. E-commerce, while a robust driver of parcel volumes, presents its own challenges, particularly in managing capacity and cross-border shipments.

Despite these hurdles, the sector is showing signs of recovery, with 38% of respondents reporting positive revenue growth, a marked improvement from the previous year. However, profitability remains a critical concern, with 43% of operators noting a decline, underscoring the ongoing pressures within the industry.

In response, postal operators are increasingly focusing on optimizing their retail and delivery networks. Retail network strategies are shifting towards expansion, with 14% accelerating their growth plans in 2024, reflecting a more optimistic outlook. Similarly, delivery network expansion is gaining momentum, with 36% of respondents pushing forward with these initiatives.

Investment priorities are also evolving, with a strong emphasis on digital transformation and cross-border e-commerce, as operators seek to enhance operational capabilities and meet the demands of a competitive market. However, rising operational costs continue to challenge the industry, impacting the ability to fund future investments.

Environmental sustainability remains a significant focus, though there is a noted decline in certain green initiatives such as hybrid/electric fleets. Despite these challenges, the commitment to achieving carbon neutrality is growing, with 28% of operators setting future carbon neutrality goals.

The report highlights a cautiously optimistic industry, adapting to new realities through strategic investment, network optimization, and a focus on sustainability, all while grappling with the ongoing decline in traditional mail services.



Escher's **Future of Posts 2024** survey highlights:

- ✔ A significant and ongoing decline in letter mail volumes is evident, with 99% of postal operators noting this as a major impact in 2024. This trend has direct implications on revenue and profitability, pushing postal services to adapt by exploring other revenue streams.
- ✔ E-commerce remains a strong driver of parcel volumes, but the industry faces significant capacity challenges, particularly in managing cross-border shipments and returns.
- ✔ Despite improvements in revenue performance for many Posts, profitability remains a challenge, with 43% reporting declines in 2024. This suggests that while the market is recovering, profitability pressures persist, particularly due to the declining letter volumes.
- ✔ There is a notable shift towards expanding retail networks, with more operators accelerating their expansion plans in 2024, reflecting improved confidence in market conditions.
- ✔ Delivery network strategies are also evolving, with a significant increase in Posts accelerating expansion in 2024. This is likely in response to the growing demands of the e-commerce sector.
- ✔ Digital transformation and cross-border e-commerce are emerging as top investment priorities, indicating a strategic focus on leveraging technology to enhance operational capabilities and customer experience.
- ✔ Improving customer experience remains a critical focus – a trend that emphasizes the ongoing need to enhance service quality and satisfaction in a competitive market.
- ✔ The ability to efficiently manage parcel volumes, particularly in cross-border contexts, will likely become a key differentiator for postal operators in the coming years.
- ✔ The move towards expanding retail and delivery networks suggests that operators are optimistic about future growth, driven by e-commerce trends and improved market conditions.
- ✔ Although postal operators' commitment to hybrid/electric fleets and renewable energy has slightly declined, there is a growing focus on achieving carbon neutrality and reducing environmental impact.



Impact of Market Trends on Postal Operations

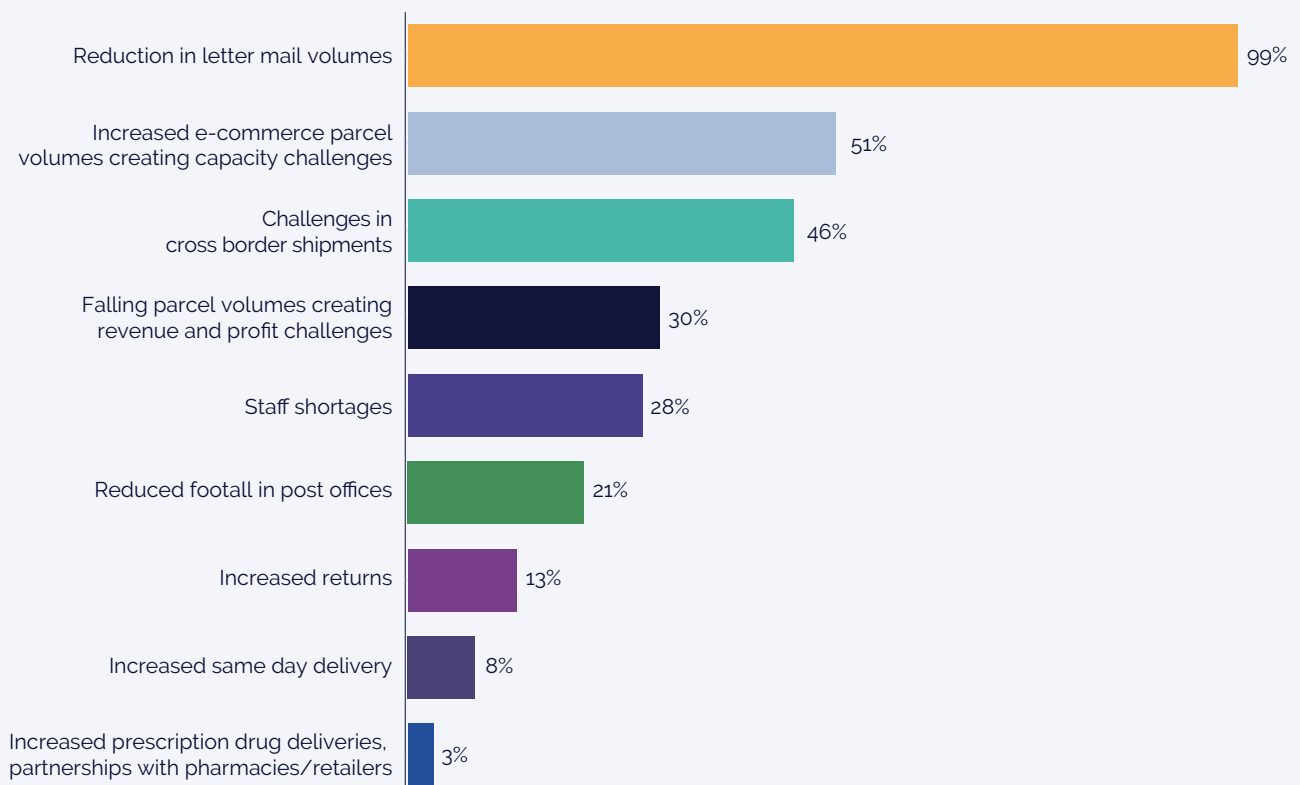
Navigating the Shifting Landscape of Mail and Parcel Volumes

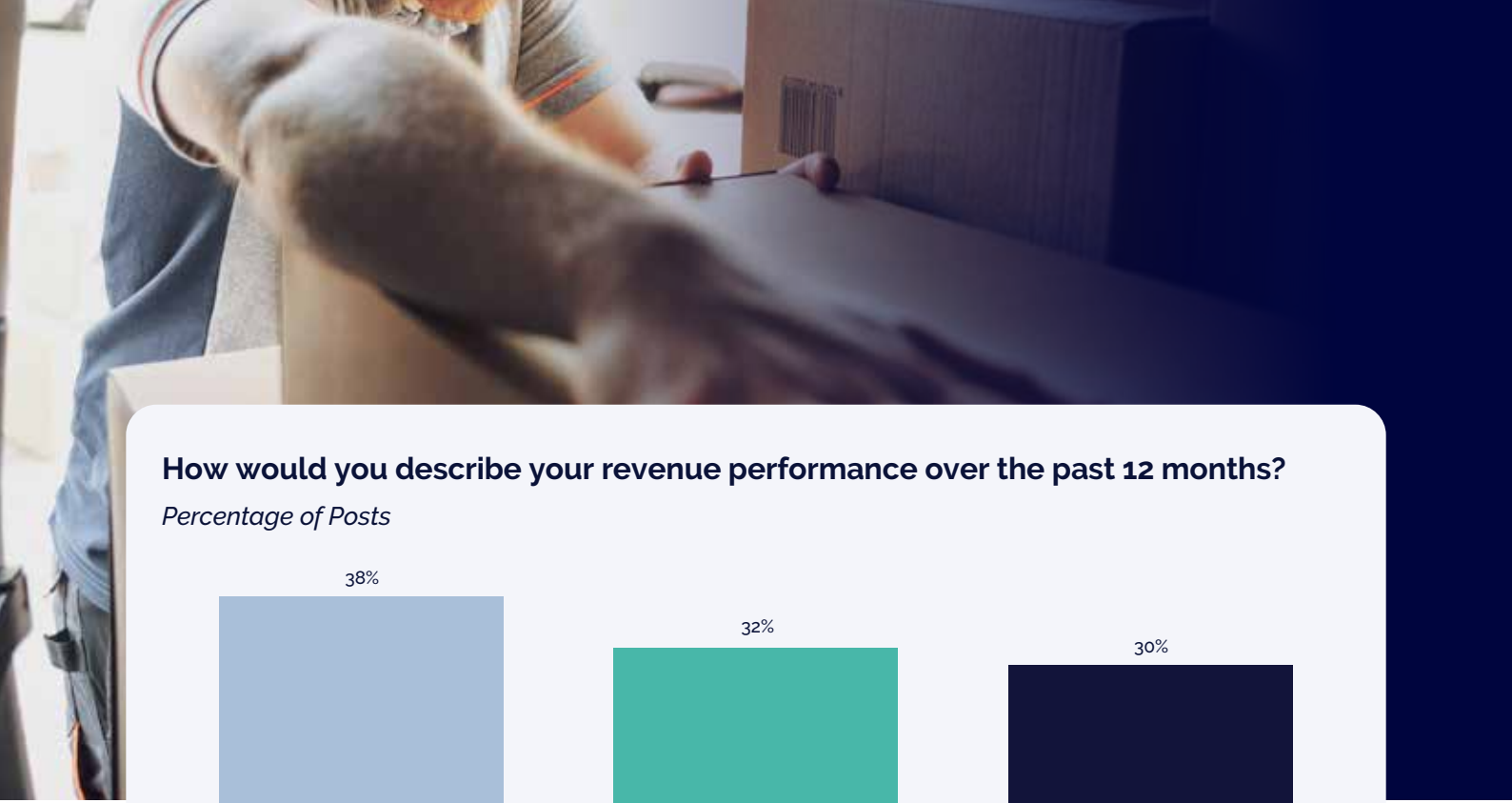
The postal industry stands at a pivotal crossroads, shaped by a confluence of market forces redefining its foundations. Over the past decade, the steady decline in letter mail volumes has transitioned from a trend to a defining challenge, eroding a once-reliable revenue stream that has supported postal operators for generations. This decline, however, has been met with an unprecedented surge in e-commerce, propelling parcel volumes to new heights and challenging operators to recalibrate their strategies.

As postal operators grapple with these dual forces, the industry finds itself in a delicate balancing act. The traditional lifeblood of the postal system—letter mail—is waning, while the booming e-commerce sector presents both opportunities and obstacles. Increased parcel volumes promise growth but also the pressure of capacity constraints and operational inefficiencies. The question that now looms large is whether the industry can successfully pivot to this new reality and sustain profitability in an era where the rules of engagement are rapidly evolving.

Main Impacts on the Postal Sector in the last 12 Months

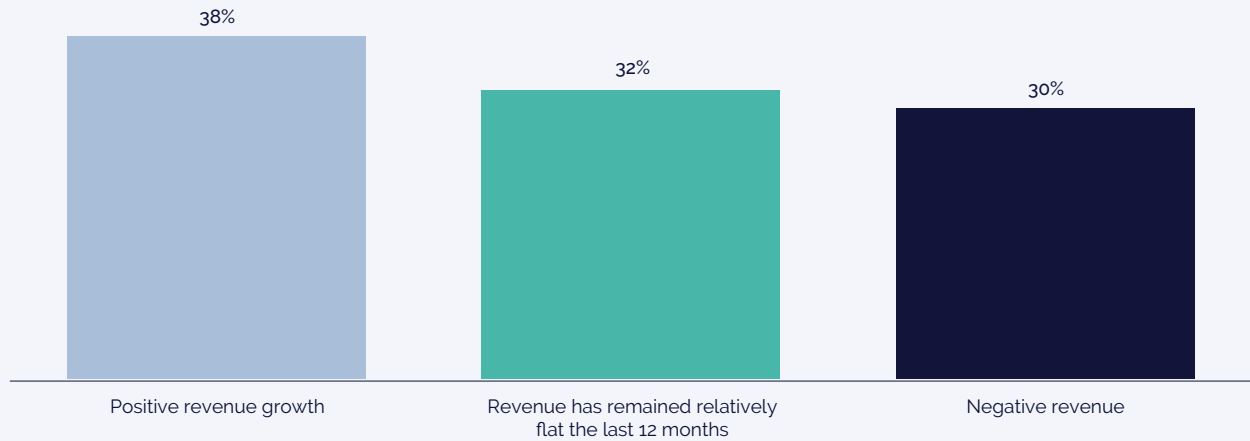
Percentage of Posts





How would you describe your revenue performance over the past 12 months?

Percentage of Posts



Over the past 12 months, the postal industry has experienced significant impacts, with the reduction in letter mail volumes emerging as the most pressing challenge, noted by 99% of businesses in 2024. This sharp decline follows a trend seen in previous years, with 76% in 2023 and 53% in 2022 reporting similar challenges. The continuous drop in letter volumes directly correlates with the overall profitability of postal operators, as letter mail has traditionally been a significant revenue source. With fewer letters being sent, postal services face decreased revenue from this stream, forcing them to adjust pricing strategies or reduce operational costs to maintain profitability.

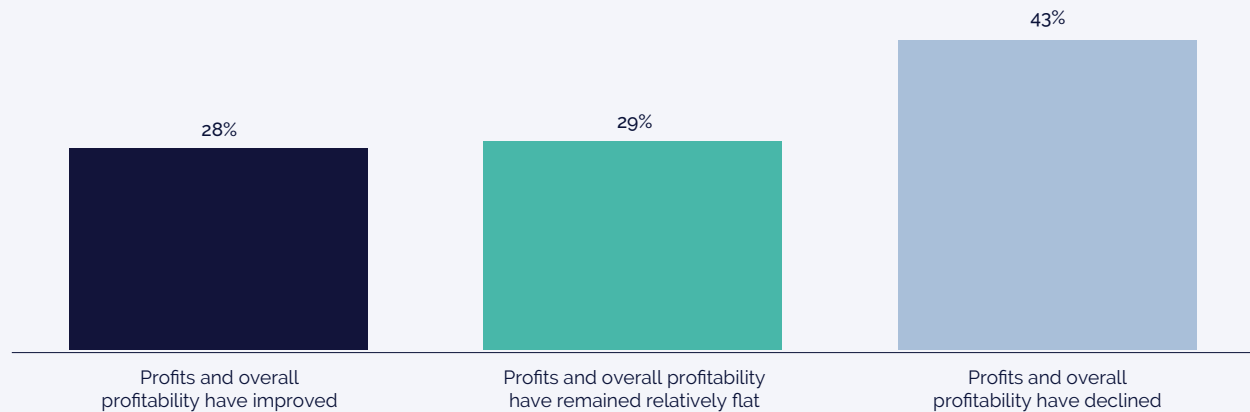
Alongside this, increased e-commerce parcel volumes creating capacity issues remain flat with 2023, at 51%, and down from 72% in 2022. Additionally, falling parcel volumes are beginning to create revenue and profit challenges, affecting 30% of businesses in 2024, a reduction from 53% in 2023. This shift may reflect a broader market correction following the pandemic-induced e-commerce boom.

Staff shortages (28%) and reduced footfall in post offices (21%) have also been persistent issues, though the delta between this year and last year is insignificant and leaves no room for further analysis – an assessment also applies to returns (13%), same-day delivery (8%) and prescription drug deliveries (3%). Although the slight uptick in returns as an impact might be worth keeping an eye on, as it is reasonable this will become more of an impact as parcel volumes continue to rise.



How has your profitability changed over the last 12 months?

Percentage of Posts



In 2024, 38% of respondents reported positive revenue growth, a notable improvement compared to 27% in 2023, indicating a recovery trend similar to that observed in 2022. However, the proportion of businesses reporting flat revenue performance remained consistent at 32% in both 2024 and 2023, showing a stabilization in the market that was not present in 2022, when only 7% reported flat growth. On the downside, nearly a third of respondents (30%) are tackling a negative revenue performance in 2024. However, this is a marked improvement from 40% in 2023 and even higher percentages in the previous years, reflecting a gradual improvement dating back to pandemic-related challenges.

Profitability trends also reflect the industry's slow recovery. In 2024, 28% of companies experienced improved profitability, slightly better than the 20% in 2023 but lower than the 40% peak in 2022. Additionally, 29% reported that profitability remained flat, a trend that has been increasing, which may indicate that the industry is adjusting to a new baseline of operational costs and market conditions. Despite these positive signs, 43% of respondents still reported a decline in profitability in 2024, though this is a significant decrease from the 57% who reported such in 2023. These results may suggest that while some Posts are steadily and incrementally growing their positions, transitioning into parcel-first business is an arduous task that will take some time – transformations that are no doubt harder because of the ubiquitous fall in letter volumes that for so long been the lifeblood of postal operators.

43%
of Posts in 2024 say their
profits have declined

Network Challenges

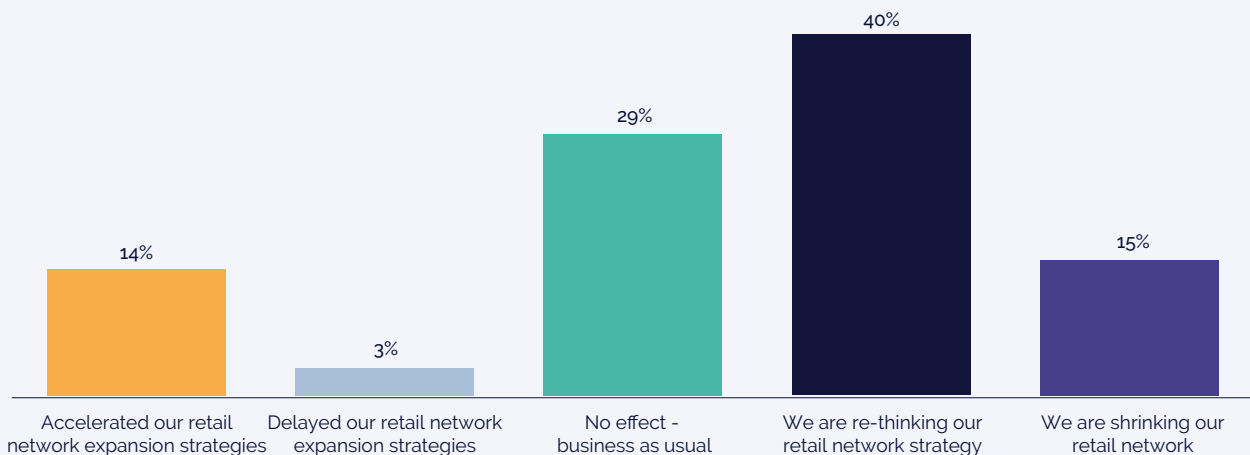
Meeting Evolving Demands

In an industry where change is the only constant, postal operators are under immense pressure to innovate and adapt their retail and delivery networks to keep pace with rapidly evolving market demands. As consumer expectations shift towards greater convenience and flexibility, the traditional post office is being reimagined, and delivery networks are being overhauled to meet the demands of the modern economy.

The challenges are multifaceted: shrinking foot traffic in retail branches, the rising importance of same-day and last-mile deliveries, and the growing complexity of cross-border shipments. Each of these factors drives postal operators to rethink their approach to retail and delivery strategies, balancing operational efficiency with the imperative to maintain customer satisfaction.

What are your plans for your retail branches this year?

Percentage of Posts



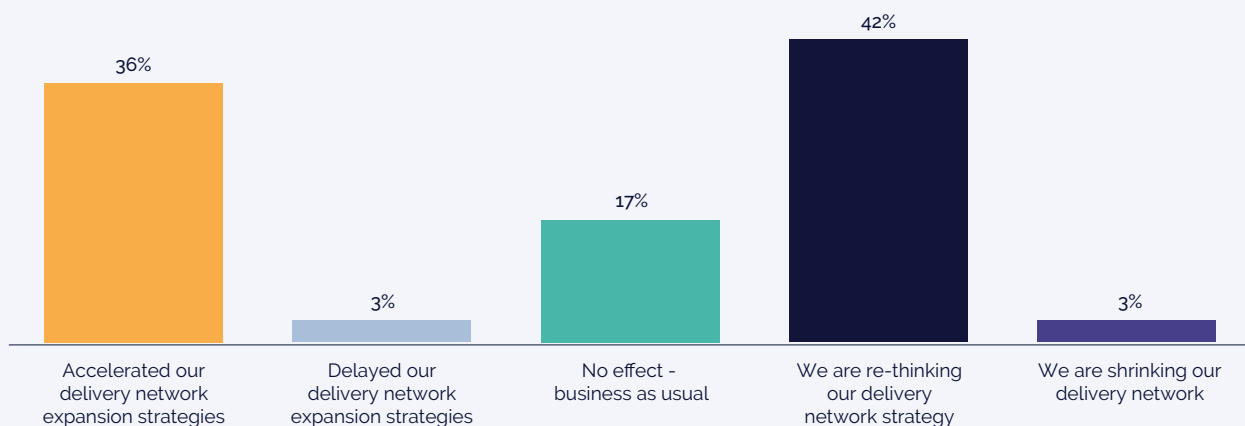
Retail Strategies

There has been a clear shift in retail strategies for 2024 compared to previous years, reflecting a more optimistic outlook in the industry. The percentage of retailers re-thinking their network strategy has decreased significantly from 56% in 2023 to 40% in 2024, signalling increased confidence and clarity in their strategic direction. This decline is complemented by a significant rise in the number of retailers accelerating their network expansion strategies, which jumped from just 5% in 2023 to 14% in 2024. This shift suggests that more businesses are moving forward with expansion plans after a period of uncertainty, likely driven by improved market conditions and consumer confidence. Meanwhile, the proportion of Posts maintaining a "business as usual" approach to retail has nearly doubled, from 15% in 2023 to 29% in 2024, further indicating stabilization in the sector. However, a consistent 15% are still shrinking their retail networks, reflecting ongoing challenges for some businesses. The overall trend points to a more defined and optimistic retail environment, where businesses are increasingly confident in pursuing growth and expansion.



What are your plans for your delivery network this year?

Percentage of Posts



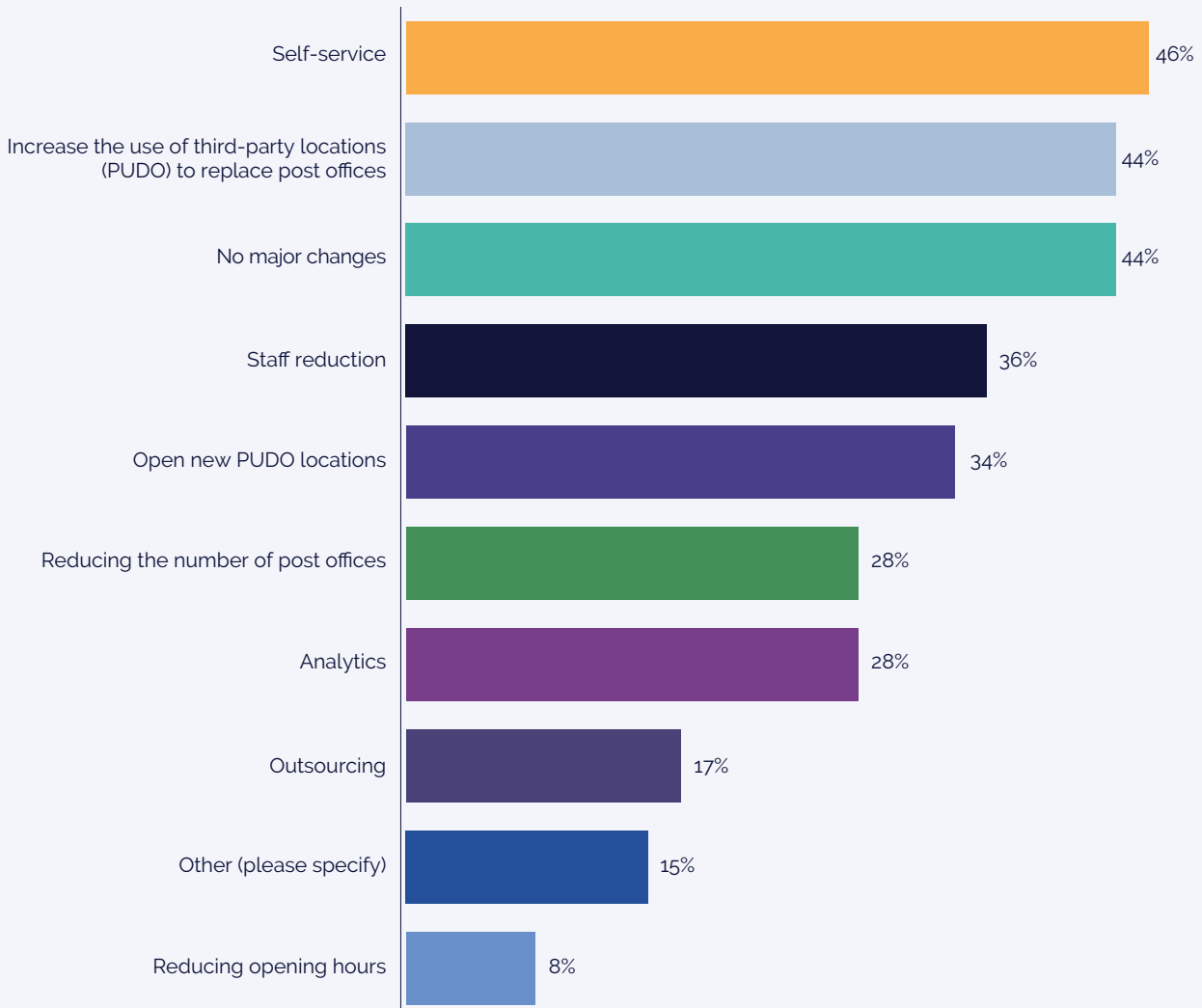
Delivery Strategies



A noticeable resurgence in the acceleration of delivery network expansion strategies among postal operators has been recorded this year, with 36% of respondents indicating they are pushing forward with expansion. This represents a significant increase from the 9% reported in 2023, indicating renewed confidence and perhaps a response to growing demand in the parcel delivery sector. However, 42% of respondents are still rethinking their delivery network strategy, a slight decrease from the 51% reported last year. This indicates that while many posts are confident they will expand delivery networks, many are still evaluating their approach to adapt to market conditions. The percentage of operators delaying their network expansion has dropped sharply to 3%, down from 14% in 2023, suggesting fewer posts are hesitant about growth. Meanwhile, those maintaining a "business as usual" approach and those shrinking their networks have remained relatively stable over the past few years, at 17% and 3%, respectively. The overall trends point to a cautiously optimistic sector, with many operators returning to growth strategies while others remain vigilant and continue to reassess their operations.

What cost reduction (or operational efficiency) strategies do you plan to use over the next 12 months in your retail network?

Percentage of Posts

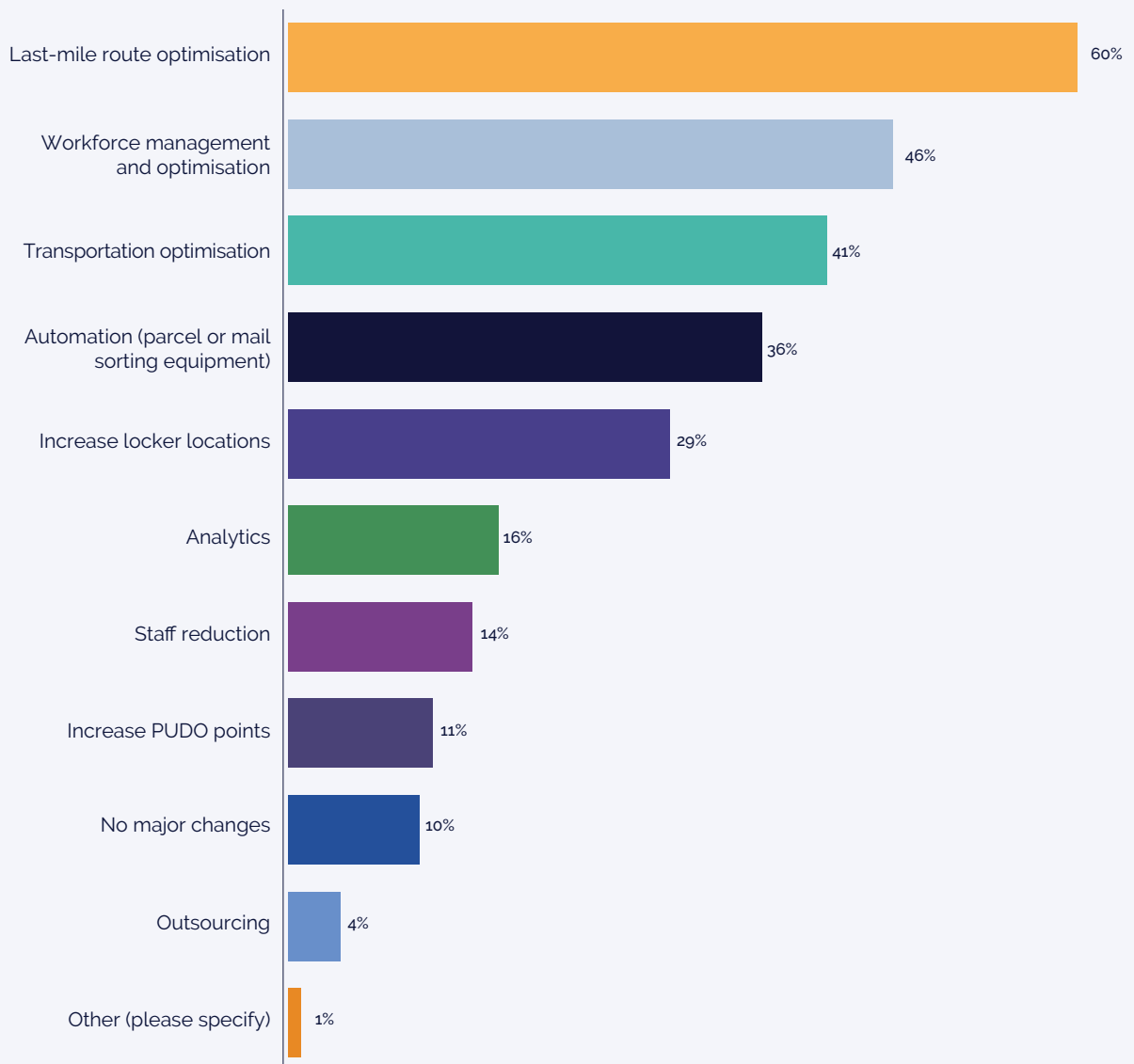


Postal retail is increasingly mirroring traditional retail by adopting similar cost reduction and operational efficiency strategies. The most popular approaches remain the implementation of self-service options and the increased use of third-party locations (PUDO) to replace traditional post offices, which saw significant gains. Self-service adoption has risen to 46%, up from 41% in 2023, reflecting a growing emphasis on customer convenience and cost-saving. Similarly, using PUDO locations surged from 31% in 2023 to 44% in 2024, indicating a strategic shift toward more flexible, decentralized service points. Another key trend is the opening of new PUDO locations, with 34% of operators planning to open more in 2024 – plus eight percentage points on last year. This strategy aligns with the broader move to optimize the retail network by reducing the reliance on traditional post offices, which 28% of respondents plan to decrease in number. Staff reduction also remains a significant strategy, with 36% of operators planning cuts, consistent with trends from previous years. Although the use of outsourcing has declined slightly to 17%, it still plays a role in streamlining operations. Overall, the data highlights a continued focus on modernization and efficiency in the postal retail sector.

Last-mile route optimization has cemented itself as the number one cost reduction strategy on the delivery side over the last four years. In 2024, 60% of operators will focus on this strategy, up from 52% in 2023 and 51% in 2022. Initially driven by pandemic-related challenges, this approach is now becoming a cornerstone of operational efficiency in the industry. This sustained emphasis highlights its effectiveness in reducing costs while maintaining service quality. Workforce management and transportation optimization continue to be critical, with 46% and 41% of respondents, respectively. These strategies have remained consistent over the years, underscoring their long-term value in improving efficiency. However, automation technologies, such as parcel or mail sorting equipment, have declined, dropping to 36% in 2024 from 73% in 2021. This decrease may reflect actions taken by operators in response to increased workloads brought on by the pandemic. Adding more automation may also tie into the downward trend of staffing reduction, at 14%, down from 23% last year, as many more Posts may be operating with more effective levels of automation and right-sized workforces.

What cost reduction (or operational efficiency) strategies do you plan to use over the next 12 months in your delivery network?

Percentage of Posts



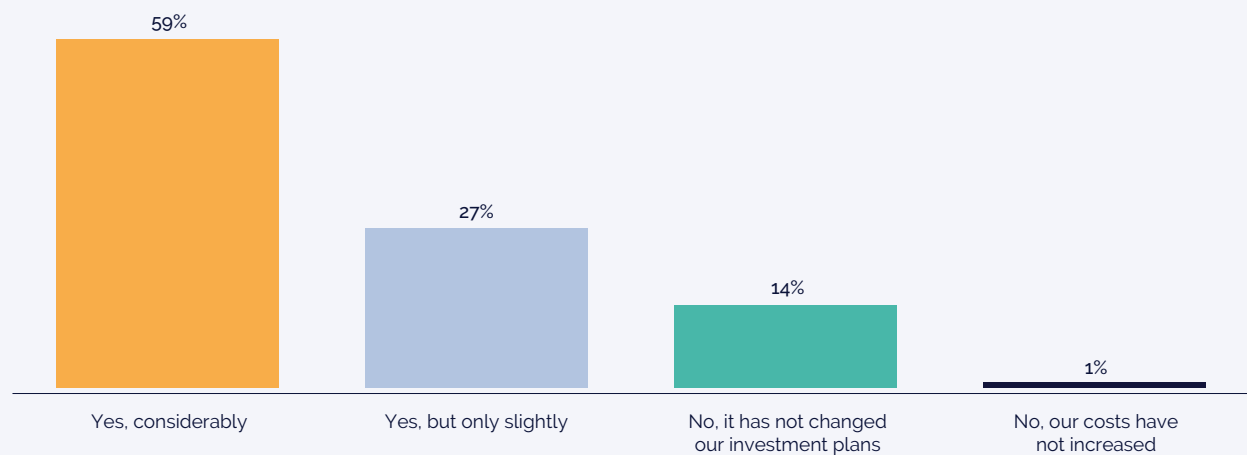
Future Growth

Investment Priorities and Technological Integration

As the postal industry navigates through an era of rapid transformation, the weight of investment decisions has never been more pronounced. Rising costs are impacting postal operators' ability to invest in their futures, intensifying the pressure to make strategic, forward-thinking choices. Each decision carries significant implications for immediate financial stability and the long-term viability of services that millions rely on daily.

Operators are caught in a delicate balancing act—striving to maintain and expand their networks, embrace new technologies, and introduce innovative products, all while managing the constraints imposed by escalating operational expenses. The statistics reveal a sector at a crossroads, where every investment must be carefully measured against its potential to drive growth in an increasingly competitive landscape.

Has the increase in costs impacted your ability to fund investment for the future years?



In this context, the stakes are high. The choices made now will determine whether postal operators can successfully adapt to new market realities, ensuring their relevance and sustainability in a future that demands both agility and foresight. The data not only highlights the challenges but also underscores the opportunities that lie ahead for those who can navigate these complexities with strategic clarity.

59%

of Posts say the increase in costs has **considerably impacted** their ability to fund investment



Although a slightly lower percentage of postal operators are considerably impacted by rising costs in 2024 (59%) compared to 2023 (65%), the impact of increased costs across the industry remains significant. Notably, a growing number of posts report slight impacts from rising costs, increasing from 17% in 2023 to 27% in 2024. Only a small portion of operators, 14% in 2024 compared to 16% in 2023, indicated that rising costs have not altered their investment plans.

What are the most important investment priorities for your organisation in the next 1-3 years?

Percentage of Posts



The percentage of operators who have not experienced increased costs remains very low, at just 1% in 2024, down from 2% in 2023. So, while the severity of the impact may have lessened for some, overall, rising costs continue to affect postal operators' ability to fund future investments.

Over the next 1-3 years, the most important investment priorities for organizations are clearly shifting towards digital transformation and cross-border e-commerce. Digital transformation saw a significant increase in focus, with 53% of organizations prioritizing it in 2024, up from 32% in 2023. Similarly, cross-border e-commerce has become a top priority for 50% of organizations, reflecting the growing importance of global online sales channels. Last-mile delivery remains a consistent priority, with 46% of organizations continuing to invest heavily in this area.

80%
of Posts are planning
to invest in **domestic
e-commerce parcels**

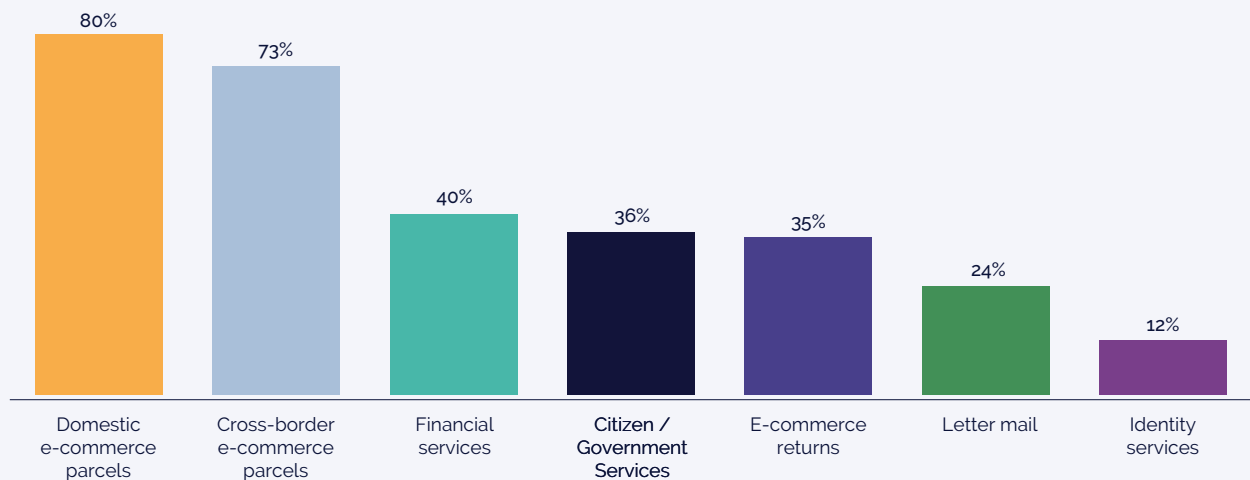


In terms of product investments, domestic e-commerce parcels are the leading focus, with 80% of organizations planning to invest in this area, highlighting the ongoing boom in online shopping. Cross-border e-commerce parcels are also a high priority, with 73% of organizations focusing on expanding these services. Financial services have seen the biggest gain, with 40% of organizations now prioritizing them, up from just 9% last year.

This suggests a broader diversification strategy within the industry. E-commerce returns, a new category for 2024, have also emerged as a significant area of investment, indicating that while only 13% of postal operators have noticed returns as an impact (page XX), over a third of Posts recognise the importance the returns process plays in customer experience, and thus are noted it as an area for investment in the short to medium term.

What are the most important product investments over the next 1-3 years?

Percentage of Posts



Evolving Retail Networks

Postal retail network priorities in 2024 are clearly shifting, with a dramatic increase in the focus on post-owned post offices. In 2024, 91% of respondents identified post-owned post offices as their priority, a substantial rise from 56% in 2023 and 46% in 2022. This shift suggests a renewed emphasis on consolidating operations and enhancing control over customer experience through directly managed facilities. Conversely, the popularity of smart lockers has dropped sharply, with only 49% of respondents prioritizing them in 2024, down from 70% in 2023 and 62% in 2022. This decline might indicate a strategic re-evaluation of their effectiveness or a pivot towards more traditional retail outlets as the primary customer touchpoints.

91%

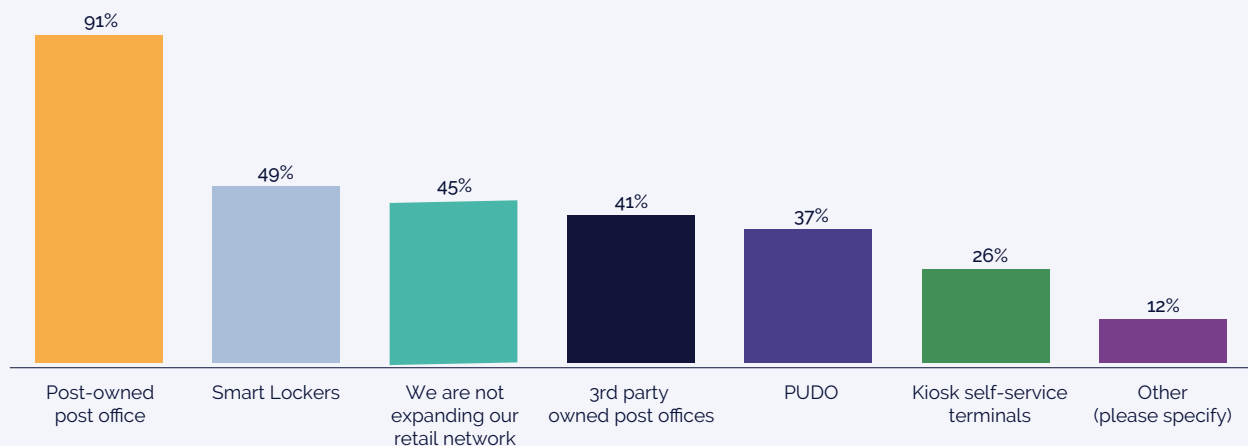
of Posts describe a Post-owned post office as their current retail network priority



Other strategies, such as relying on third-party-owned post offices and PUDO locations, have remained relatively stable, reflecting their continued relevance in the retail network. However, the percentage of respondents not planning to expand their retail network has slightly decreased to 45% in 2024, down from 51% in 2023. Overall, these numbers indicate a strong trend towards reinforcing traditional, post-owned retail channels, possibly to enhance brand control and service consistency, while the enthusiasm for smart lockers and self-service options appears to be waning.

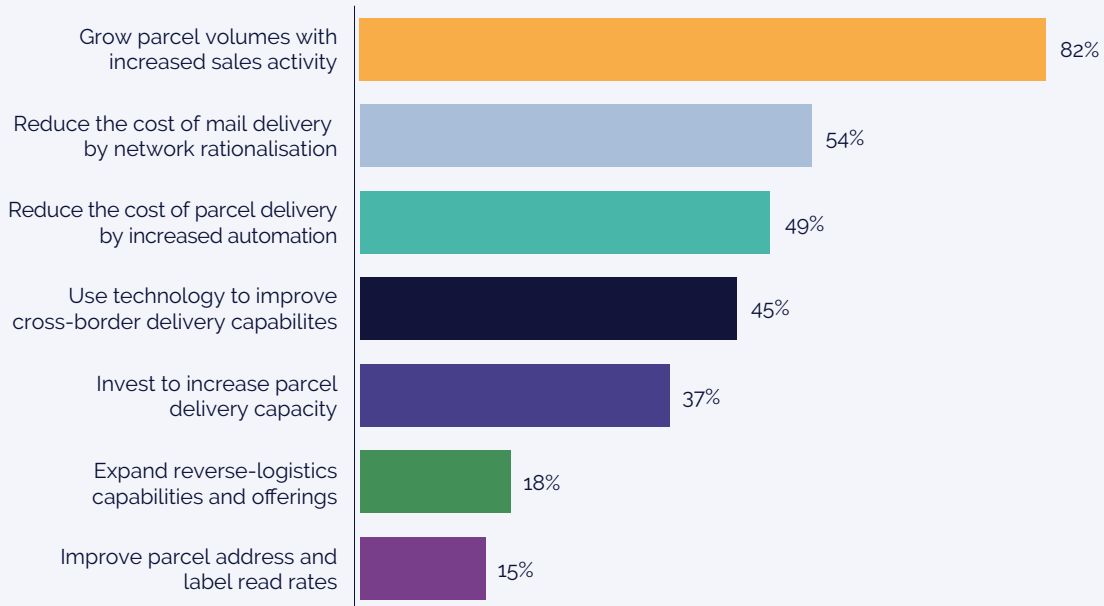
Postal retail network priorities are increasingly varied over the years. Which of these bests describe your current priority?

Percentage of Posts



Postal logistics network priorities are increasingly varied over the years. Which of these best describes your current priority?

Percentage of Posts

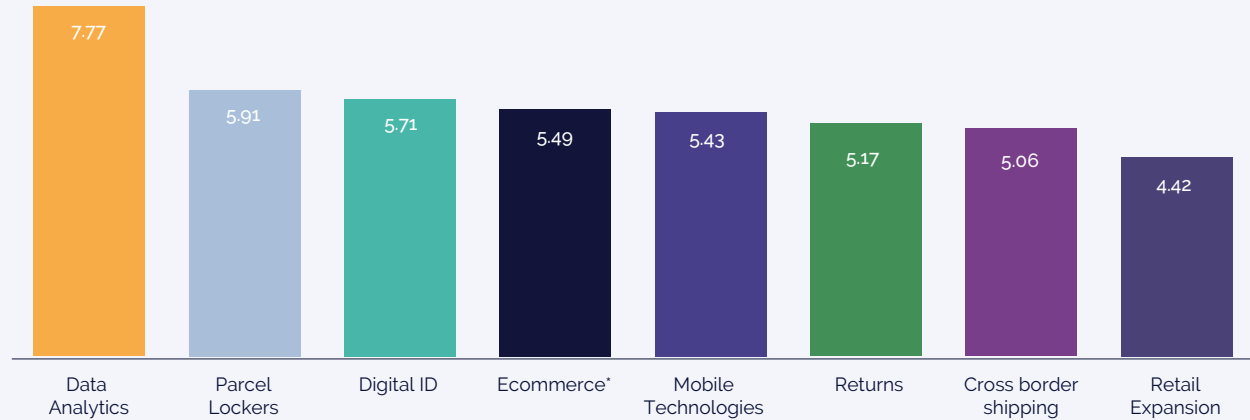


The top priority for 2024 is growing parcel volumes through increased sales activity, which has seen a notable rise, jumping 20 percentage points from 62% in 2023 to 82% in 2024. This is no doubt indicative of the industry's focus on capitalizing on the continued growth of e-commerce by driving parcel sales. Conversely, investment in increasing parcel delivery capacity continues to decline, dropping from 61% in 2022 to just 37% in 2024. This downward trend suggests that many postal operators may have already reached their desired capacity or are focusing on optimizing existing infrastructure rather than expanding it further. Cost reduction remains a critical focus, with 54% of respondents aiming to reduce the cost of mail delivery through network rationalization, though this has slightly decreased from 60% in 2023.

Similarly, efforts to reduce parcel delivery costs through automation have decreased, now prioritized by 49% of respondents, down from 59% last year – which, as previously stated, may reflect an increased saturation level of automated systems. Technological improvements in cross-border delivery capabilities have gained traction, rising from 33% in 2023 to 45% in 2024, underscoring the importance of global logistics in the current market. Lastly, while expanding reverse logistics capabilities and improving parcel address and label read rates remain lower priorities, they continue to receive consistent attention.

On a scale of 1 – 10, rate these initiatives in terms of their ability to increase revenue or expand services for postal operators in the future?

1 - Not much at all and 10 - Very much



Data Analytics emerges as the top-rated initiative for increasing revenue or expanding services for postal operators, with an average rating of 7.77, indicating strong confidence in its potential to drive growth. Parcel Lockers 5.91, closely followed by Digital ID at 5.71, round out the top three and reflect a growing demand for flexible delivery options and the importance of securing and streamlining digital transactions, respectively. E-commerce (5.49), and mobile technologies (5.43) are next, with a ranking that confirms their potential but also suggests a sense of saturation or maturity in these areas.

Returns and Cross-border shipping are slightly lower, rated at 5.17 and 5.06, suggesting a more measured expectation of their impact. Lastly, Retail Expansion is rated the lowest at 4.42, indicating that operators may see limited growth potential in traditional retail models compared to digital and data-driven initiatives. As this is the first time this question has been asked, it sets a baseline for future comparisons to track shifting priorities in the postal industry.

E-Commerce and Cross-Border Logistics

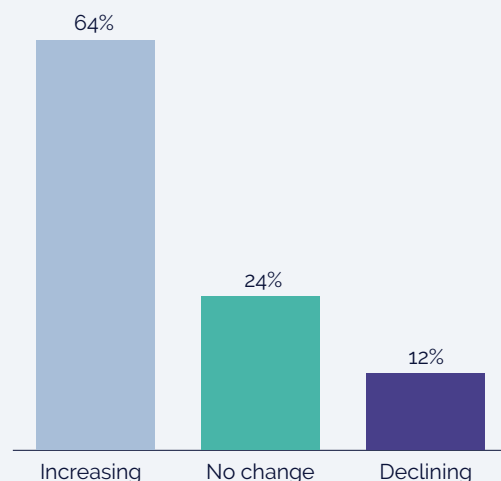
Addressing the Challenges and Opportunities in E-commerce Growth

E-commerce has become the driving force behind the transformation of the postal industry, propelling it into a new era where the speed, efficiency, and adaptability of logistics networks are paramount. The relentless growth of online shopping has ushered in a wave of both opportunities and challenges for postal operators, forcing them to constantly recalibrate their strategies to meet fluctuating parcel volumes and evolving customer expectations.

As operators strive to keep pace with this dynamic landscape, the importance of understanding key drivers and obstacles becomes clear. The data reveals not only the current trends in e-commerce volumes but also the strategies employed to manage these changes effectively. It highlights the critical factors expected to shape the future of postal services, from the anticipated impact of new technologies to the persistent challenges of cross-border logistics.

In this environment, where the stakes are increasingly high, postal operators must navigate a complex web of variables to capitalize on growth opportunities while mitigating risks. The insights provided by these statistics underscore the need for a strategic approach to e-commerce that balances innovation with practical considerations, ensuring long-term sustainability in an ever-competitive market.

Which of the following best describe current rate of e-commerce parcel volumes for your company?



Turn the volume up



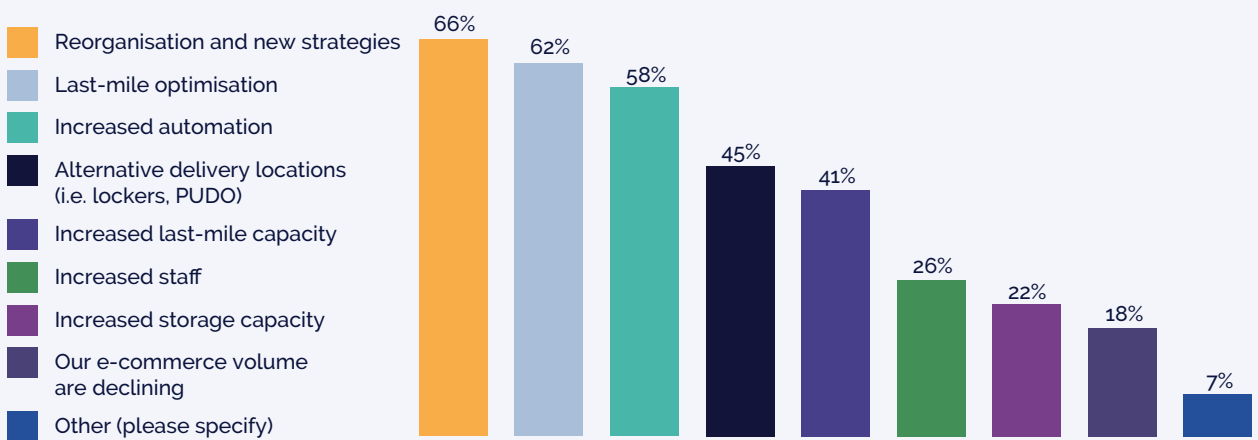
The majority of Posts are experiencing growth in e-commerce parcel volumes, with 64% reporting an increase in 2024, up from 52% in 2023. A smaller percentage (12%) reported a decline in parcel volumes, a significant improvement from the 29% who reported declines in 2023, which may have been influenced by the post-pandemic return to normalcy as industries and individuals resumed in-person activities.

Additionally, some of those who experienced declining parcel volumes 12 months ago, may now be part of the growing cohort of Posts who are experiencing flat parcel volumes this year, with 24% of operators stating that e-commerce parcel volumes have remained consistent over the last 12 months – a slight increase from the 19% in 2023. Overall, the data is consistent with other industry reports and research and reflects a positive trend in e-commerce parcel volumes, with most Posts seeing growth.

Postal organizations are increasingly focusing on reorganization and new strategies to manage fluctuations in e-commerce parcel volumes, with 66% adopting these approaches in 2024. This represents a slight decline from 78% in 2023 but remains consistent with 2022 levels. Last-mile optimization continues to be a key area of focus, with 62% of organizations investing in this area in 2024, showing a steady increase over the past three years.

Dealing with fluctuations in e-commerce parcel volumes

Percentage of Posts



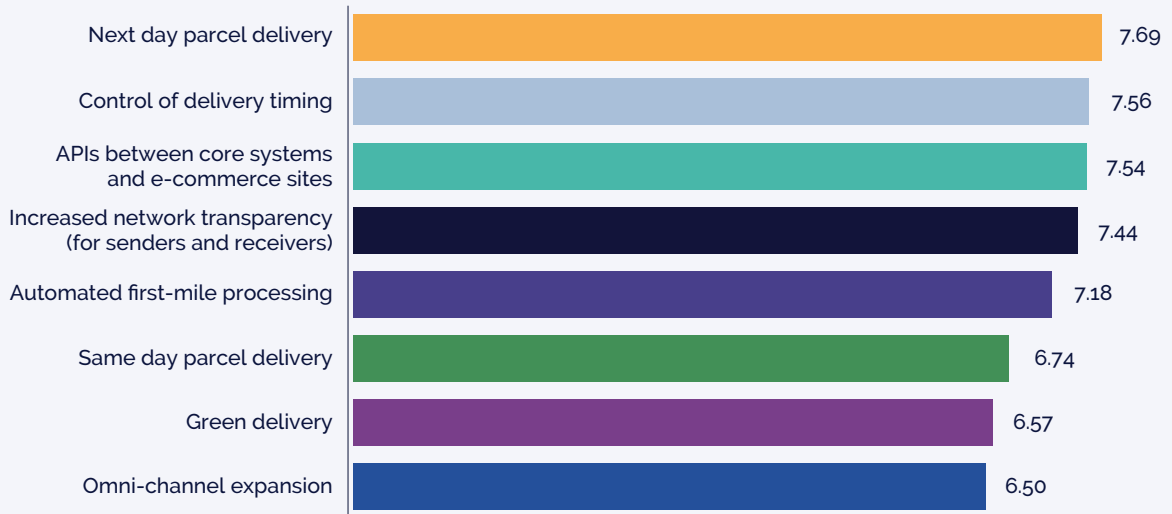
There is also a noticeable shift towards alternative delivery locations, such as lockers and PUDO points, though this has slightly decreased to 45% in 2024 from 50% in 2023. The use of automation has slightly decreased to 58% in 2024 from 62% in 2023, indicating a potential plateau in automation initiatives.

Additionally, fewer organizations are increasing last-mile capacity (41% in 2024, down from 49% in 2023) and storage capacity (22% in 2024, down from 32% in 2023), possibly reflecting a more cautious approach to scaling operations.

The percentage of organizations reporting declining e-commerce volumes has decreased significantly to 18% in 2024 from 31% in 2023, further evidence perhaps that e-commerce activity has stabilized.

Important E-commerce Factors

On a scale of 1 - 10



There was a decline across the board in the perceived importance of various factors related to the e-commerce industry in 2024 compared to previous years. The more conservative numbers this year may represent reduced confidence as a result of the high number of Posts rethinking strategies (pages 9 & 10). Despite this overall decline, the order of importance for these factors has remained consistent over time. Next-day parcel delivery remains the highest priority, though its importance has decreased to 7.69 in 2024 from 8.52 in 2023 and 9.3 in both 2022 and 2021. Control of delivery timing and API integrations between core systems and e-commerce sites are also viewed as critical, with ratings of 7.56 and 7.54, respectively, in 2024, both slightly down from 2023. Increased network transparency continues to be significant, albeit with a slight decline to 7.44 in 2024. Automated first-mile processing, same-day parcel delivery, and green delivery have also seen declines, with green delivery showing a noticeable drop from 7.49 in 2023 to 6.57 in 2024. Omni-channel expansion, while still important, has the lowest rating at 6.50 in 2024, down from 7.11 in 2023.

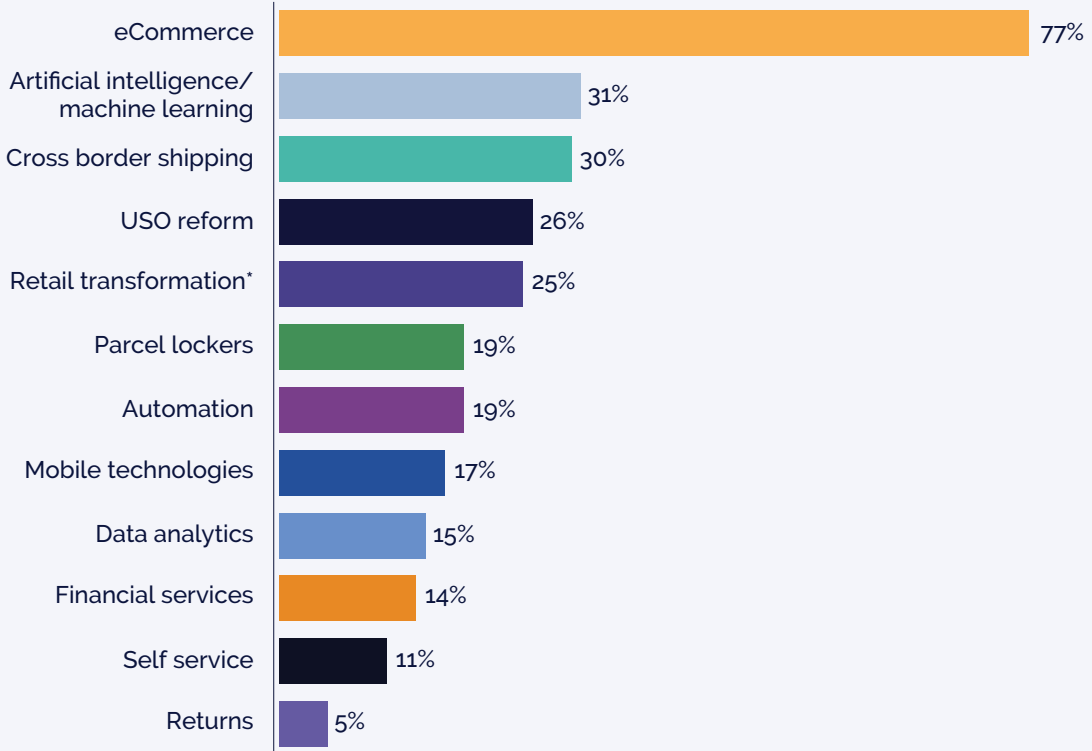
Finally, and most curiously, although sustainability is perceived to have a major impact on e-commerce over the next five years (page 23), when the focus is narrowed to the importance of green delivery, it ranks considerably lower, at just 6.57.

Sustainability is perceived to have a **major impact** on e-commerce over the next five years



Which of the following do you believe will have the greatest impact on Posts in the next five years?

Percentage of posts



E-commerce remains the dominant factor expected to impact Posts over the next five years. Though its influence has slightly decreased from 84% in 2023 to 77% in 2024, it has consistently been perceived as the top impact for a number of years. Notably, "Artificial Intelligence and Machine Learning" and "Cross Border Shipping" are gaining importance, with AI/ML seeing a significant rise from 20% in 2023 to 31% in 2024. These results most likely reflect the increasing adoption of AI technologies for optimizing logistics, customer experience, and operational efficiency across the industry.



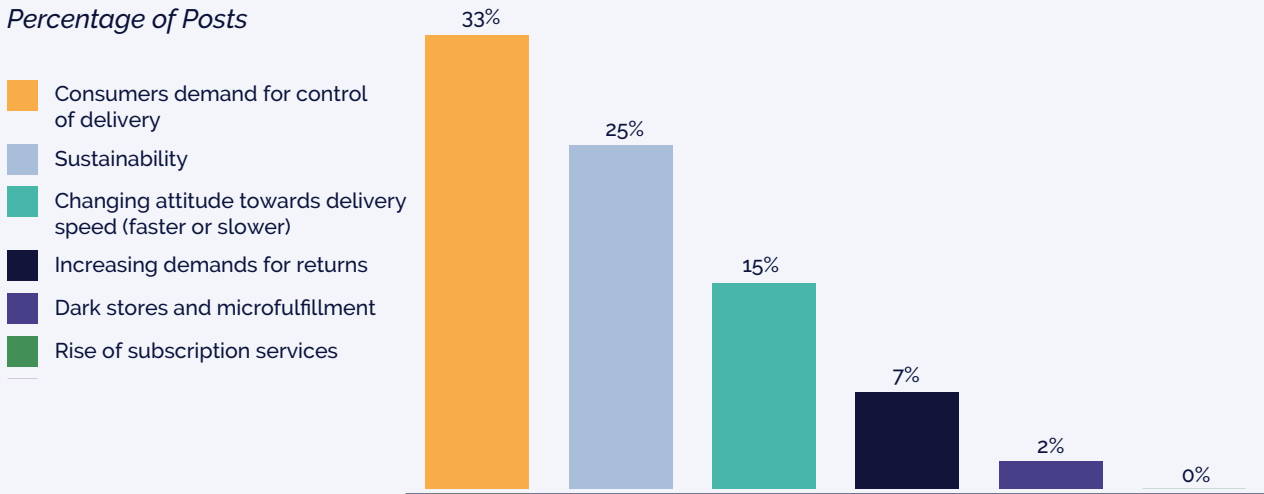
The introduction of USO (Universal Service Obligation) reform as a new option in 2024, marked by 26%, highlights its growing relevance as postal operators navigate regulatory changes to remain competitive. Retail Transformation also saw a marked increase, perhaps outlining a strategic shift towards evolving retail models and offerings rather than simply expanding upon existing infrastructure.



On the other hand, Mobile Technologies have seen the most substantial decline, dropping from 28% in 2023 to 17% in 2024, possibly due to the saturation of mobile solutions or a shift in focus towards other technological advancements like AI. Despite the rise in cross-border e-commerce, the expected impact of returns has surprisingly declined from 15% in 2023 to just 5% in 2024, which may suggest that many Posts are confident in their strategies to handle returns going forward.

Which will have the biggest impact on e-commerce in the next 5 years?

Percentage of Posts



A closer look at e-commerce

Of the 77% of Posts that selected e-commerce as the biggest impact, demand for control over delivery is expected to have the biggest impact on e-commerce over the next five years, with 33% of respondents highlighting it as the most influential factor. This reflects a growing trend where consumers prioritize flexibility and convenience in how and when their purchases are delivered. Sustainability follows closely behind, with 25% of respondents indicating its importance.

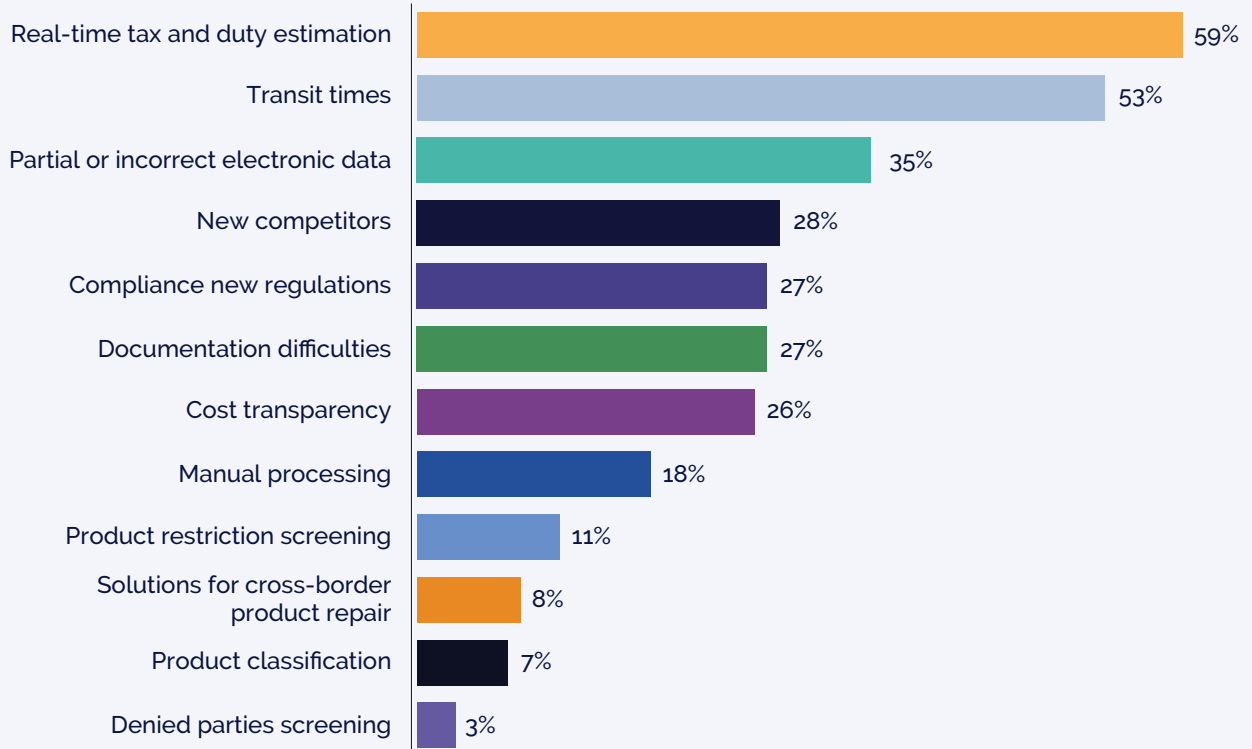
Interestingly, 15% of respondents noted a changing attitude towards delivery speed—whether faster or slower—suggesting a shift in consumer preferences around delivery timelines. While fast delivery has been a key competitive edge, there may be growing acceptance of slower, more sustainable delivery options. Although noted by only 7% of respondents, the increasing demand for returns remains a critical aspect of e-commerce that companies must continue to address effectively.

Less prominent but still notable are dark stores and microfulfillment centers, selected by 2% of respondents, which are emerging as strategies to enhance efficiency in urban deliveries. Surprisingly, the rise of subscription services was perceived to have zero impact, perhaps indicating that this model has reached a plateau in its influence on e-commerce growth. The impact of dark stores and subscription services is negligible, but as these are relatively new concepts to postal operators and this is the first time these factors have been surveyed, it will be interesting to monitor how perceptions evolve over time, especially as consumer behaviors and market dynamics continue to shift.

33%
of Posts are planning
to invest in **domestic**
e-commerce parcels

What do you see as the main obstacles to your organisation's cross-border e-commerce growth?

Percentage of posts



Regulatory changes in cross-border shipping have posed significant challenges for postal operators, increasing operational costs and complicating logistics. New customs rules and stricter tax enforcement have led to delivery delays and require better data management. Adapting to these changes is now essential for maintaining efficiency and competitiveness in the global market.



Real-time tax and duty estimation continues to be the most significant obstacle for organizations in cross-border e-commerce growth, with 59% of respondents highlighting it as a challenge, slightly down from 60% in 2023. Transit times are becoming a more pressing concern, rising from 44% in 2023 to 53% in 2024, indicating potential future challenges in this area. Partial or incorrect electronic data has also become a growing issue, increasing from 29% in 2023 to 35% in 2024. Other challenges, such as compliance with new regulations and documentation difficulties, have seen a slight decline but remain significant, with 27% of respondents noting them as obstacles. Overall, despite slight changes in the order of magnitude of these challenges, the degree to which these issues are impacting Posts is mostly unchanged. However, the rise in concerns over transit times and data accuracy is worth reviewing again, as it may suggest a shifting focus on these aspects in cross-border e-commerce.

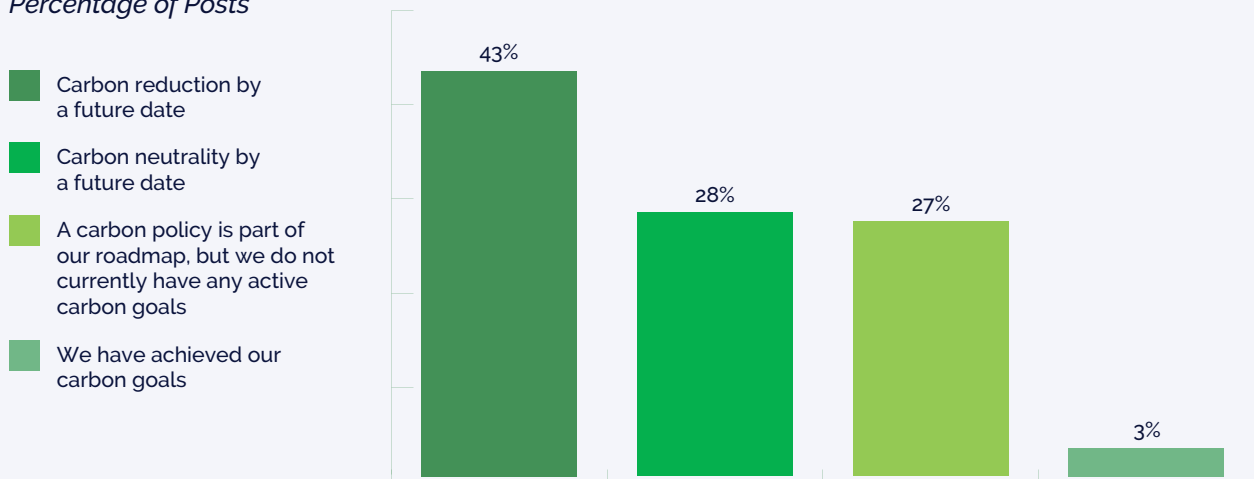
Sustainability and Environmental Responsibility

Balancing Growth with Environmental Goals

In an era where environmental responsibility is no longer a choice but a mandate, the postal industry finds itself at a critical juncture. As one of the most extensive global networks, postal operators have both a unique opportunity and a profound obligation to lead in sustainability initiatives. However, balancing the need for growth with the pursuit of carbon neutrality presents a complex challenge.

How would you best describe your company's carbon policy?

Percentage of Posts

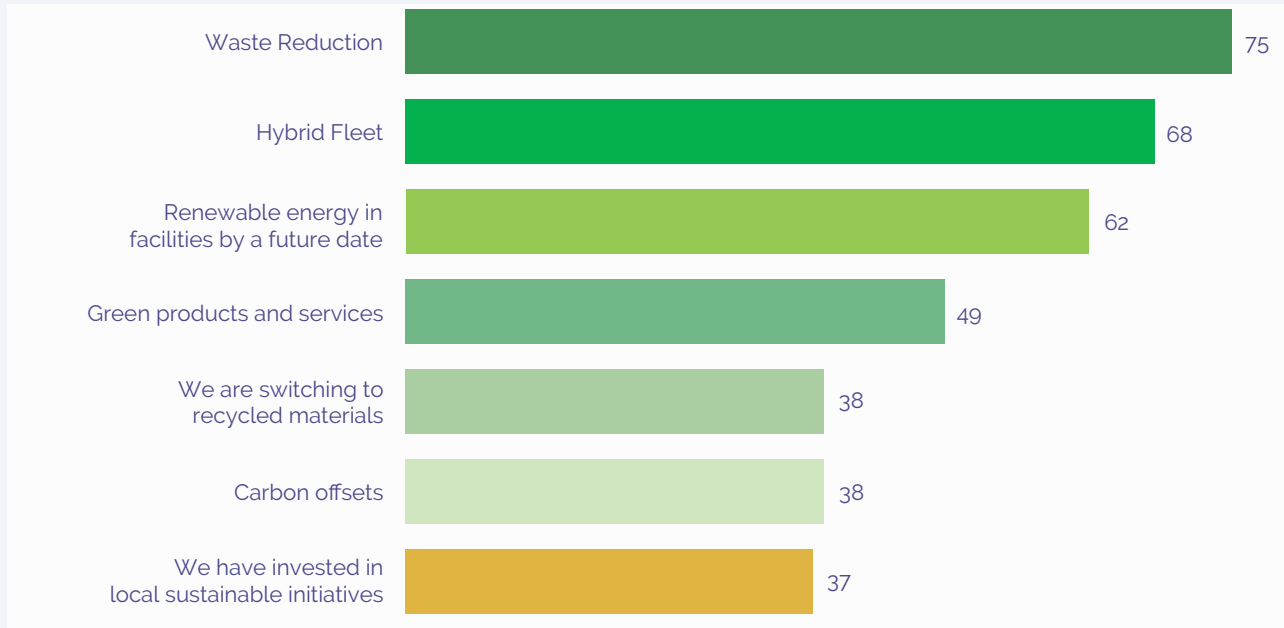


The journey towards sustainability is fraught with difficult decisions. Operators must weigh the benefits of hybrid and electric fleets, renewable energy investments, and carbon offset initiatives against the realities of cost and operational feasibility. At the same time, they must respond to growing consumer demand for greener products and services, all while ensuring that their environmental strategies align with broader business objectives.

Only 3% of Posts surveyed said that they have reached the carbon goals they had set for themselves (down 2% from 2023's 5%). 27% claimed that a carbon policy is part of their roadmap, but they currently don't have any active carbon goals (this has decreased from last year's 38%). 28% said that they plan to have carbon neutrality by a future date, which has seen an increase from last year's 19%, and 43% claimed to see a carbon reduction by a future date (down 5% from last year).

Green Initiatives to Be More Socially Responsible

Percentage of Posts



One year on, waste reduction remains a top green initiative for companies, with 75% of respondents continuing this practice, there has been a noticeable decline in other areas. Specifically, the use of hybrid or electric fleets has decreased from 77% in 2023 to 68% in 2024. Similarly, the commitment to renewable energy in facilities by a future date has dropped from 73% to 62%.

Interestingly, despite these declines, there is an increase in Posts setting carbon goals, as indicated by the rise in carbon offset initiatives from 34% to 38%. However, fewer Posts are integrating these carbon goals into a broader roadmap. Investment in local sustainable initiatives has also slightly decreased, from 39% in 2023 to 37% in 2024.

This suggests a shift in focus for some organizations, possibly due to evolving priorities or external factors impacting their sustainability strategies.

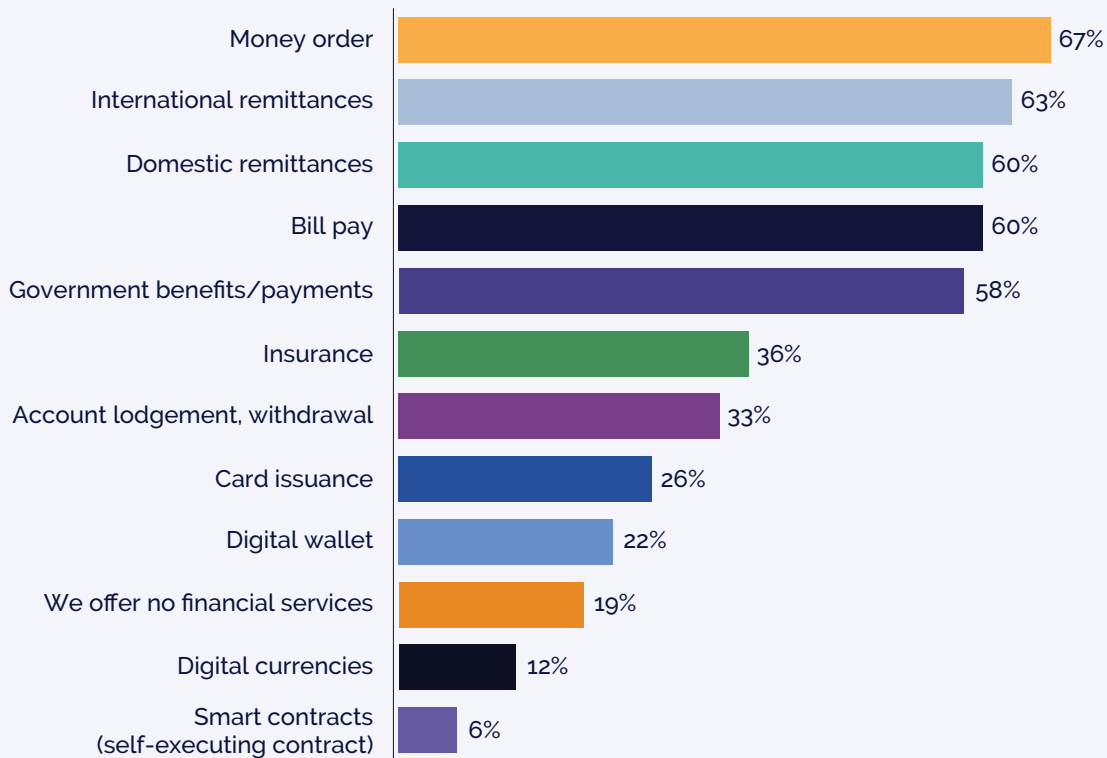
Only 3% of Posts
have reached the carbon goals
they **set for themselves**

Financial Services and New Business Models

Diversification and Innovation in Postal Offerings

What financial services does your organisation currently provide?

Percentage of posts



Diversification has emerged as a critical strategy for maintaining relevance and profitability as the postal industry evolves. Financial services have become a key avenue for expansion, allowing postal operators to tap into new revenue streams and deepen customer engagement. However, simply offering these services is not enough—operators must continually innovate and enhance their retail channels to maximize business value and meet consumers' changing needs.

The data reflects a strategic shift towards optimizing existing channels and investing in new ones that can better serve an increasingly digital-savvy customer base. Current POS (Point of Sale) channels are being evaluated for their utility and potential to drive future growth through targeted investments. The decisions made today in selecting and enhancing these channels will shape the customer experience and the financial health of postal operators in the years to come.



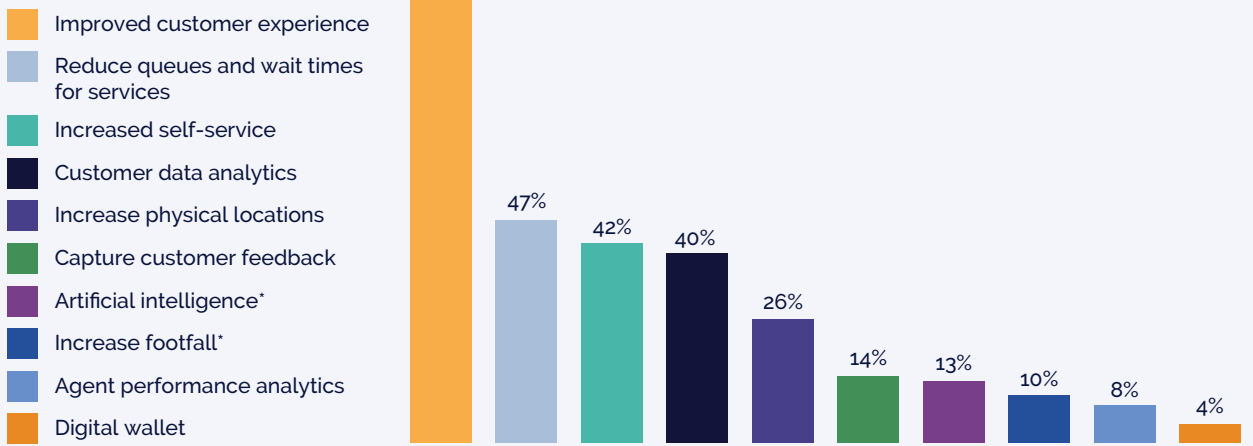
Premature, perhaps, but the financial services Posts offer may be changing order with a noticeable rise in more modern services. The provision of money orders and insurance services has slowly declined over time, with money orders dropping from 72% in 2022 to 67% in 2024, and insurance from 42% in 2022 to 36% in 2024. Conversely, there is a positive trend in international remittances, which have steadily increased from 52% in 2022 to 63% in 2024, reflecting growing demand for cross-border financial services. Similarly, digital wallets are gaining traction, with adoption increasing from 19% in 2022 to 22% in 2024.

Additionally, fewer Posts now offer no financial services at all, with a decrease from 25% in 2023 to 19% in 2024, suggesting a broader shift towards diversifying financial service offerings among Posts.

96%
of Posts believe
**improving customer
experience will create
value for their retail
channel**

Which enhancements will create the most business value from your retail channel?

Percentage of Posts



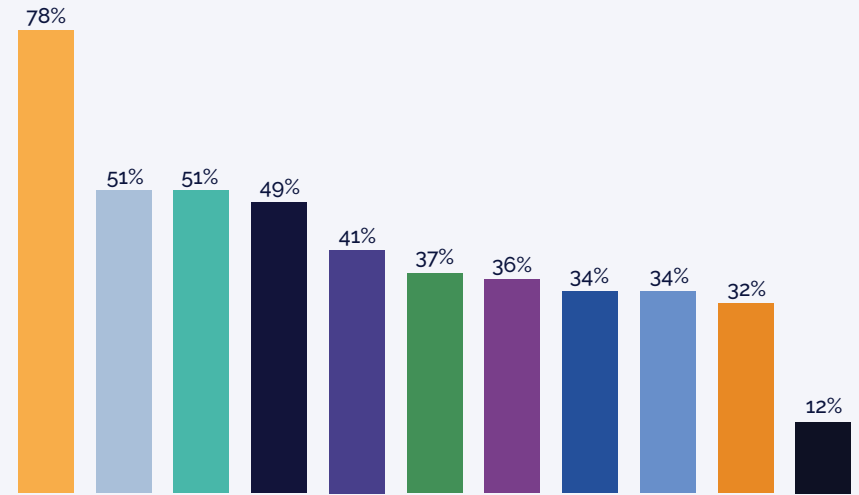
Improved Customer Experience remains the top priority for creating business value, consistently rated at 96% in both 2023 and 2024. This emphasizes the importance of customer satisfaction as a key driver of retail success. Somewhat contradictory, however, there are declines in both Customer Data Analytics (from 43% in 2023 to 40% in 2024) and Capturing Customer Feedback (from 21% in 2023 to 14% in 2024), which are critical tools for understanding and enhancing customer experiences. Interestingly, the importance of Increasing Physical Locations has risen significantly, from 11% in 2023 to 26% in 2024, suggesting that physical presence is being recognized more as a value driver in retail strategy. Meanwhile, Reducing Queues and Wait Times has also seen an increase, reflecting a growing focus on operational efficiency to improve customer satisfaction.

Point of Sale Today

What POS channels does your organisation currently use?

Percentage of Posts

- Countertop Retail POS
- 3rd party agencies/franchises
- PUDO (e.g. 3rd party retail, convenience, petrol station)
- Smart lockers
- Consumer web portals
- Start at home finish in branch
- Self-service returns
- Mobile postman
- Consumer mobile
- Self-service kiosks (SSKs)
- In store mobile



78%
of Posts currently
use **countertop retail
POS**



Countertop Retail POS remains the most widely used channel, though its usage, with the exception of a peak 2022 (85%) is declining overall since 2021, where 81% of Posts noted it as their top channel – results that may signal a gradual shift away from traditional POS systems. 3rd Party agencies/franchises continue to decrease in usage, dropping from 53% in 2023 to 51% in 2024.

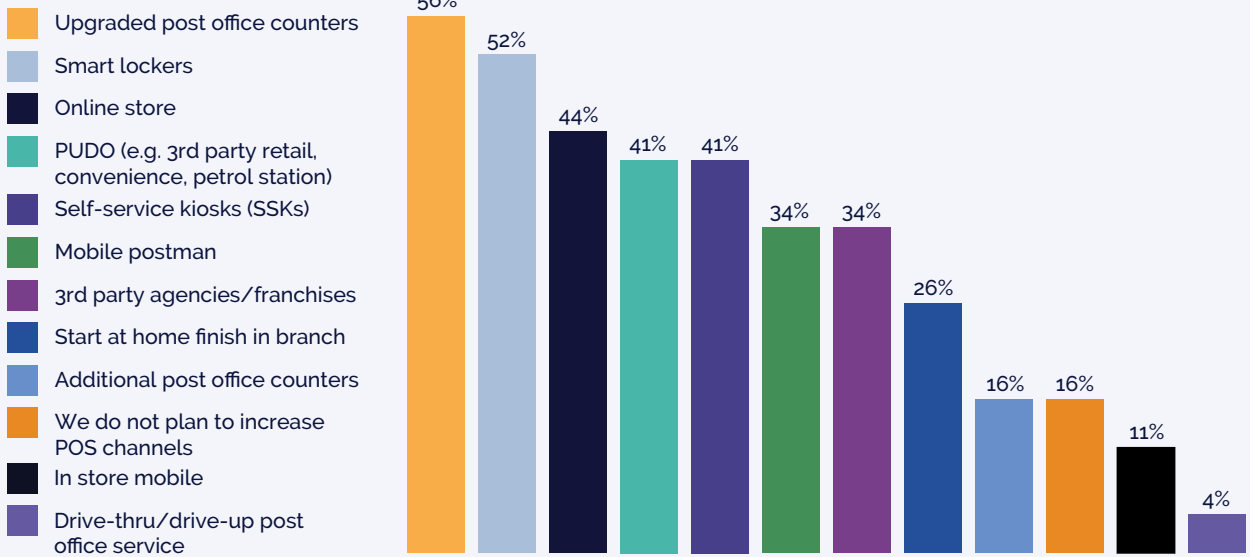
For the second year in a row, a little over half (51%) of the organizations surveyed now utilize PUDO (Pick-Up Drop-Off) locations, showing the increasing importance of flexible delivery options. Smart Lockers have seen a decline from 57% in 2023 to 49% in 2024, possibly due to the saturation of these services or shifting consumer preferences.

New options introduced this year, such as “Start at home finish in branch” and “Self-service returns,” have garnered significant interest, with 37% and 36% adoption respectively. These channels reflect a growing emphasis on enhancing customer convenience and streamlining the return process. Other channels like Consumer Web Portals and Consumer Mobile have seen slight declines. And while it may be too early to confirm these decreases as trends, it will be interesting to see how these channels are utilized within the broader POS ecosystem in the future. The overall trends indicate a diversification of POS strategies, with organizations exploring new ways to meet consumer demands while reducing reliance on traditional retail channels.

POS Channels Tomorrow

What POS channels will you invest in over the next 1-3 years?

Percentage of Posts



Though postal operators continue to rely on their counters, they continue to pursue a diverse mix of POS channels, to maintain customer engagement. Upgraded post office counters are the top investment priority for 56% of operators over the next 1-3 years, despite a slight decline from 64% in 2023. Smart Lockers are another key investment area, with 52% of Posts planning to invest, reflecting the ongoing demand for convenient parcel collection options. However, this has slightly decreased from previous years. Similarly, investments in Online Stores have dropped to 44% from 55% in 2023, suggesting that while digital channels remain important, they may be reaching maturity.

Interest in third-party agencies/franchises and Self-Service Kiosks (SSKs) also declined noticeably, dropping from 47% and 51% in 2023 to 34% and 41% in 2024, respectively. Results that may indicate a shift towards more integrated or direct service models. Interestingly, a new trend is emerging with Start at home, finish in branch, which 26% of operators plan to invest in. This reflects a growing interest in hybrid service models that begin online and conclude in physical locations. That said, while there is a trend towards expanding the mix of channels, the traditional post office counter remains a crucial focus.

It's also worth noting that the statistics around POS channel investments are down overall. These results may reflect the maturing of strategies around customer engagement, leading to more focused responses regarding POS channel investment.

Operational Efficiency and Reverse Logistics

Leveraging Data and Innovation for Streamlined Operations

In the current postal landscape, operational efficiency is not just an objective—it's a necessity. The ability to optimize processes, predict trends, and respond swiftly to market changes is crucial for maintaining competitiveness. Data analytics is at the heart of this efficiency, a tool that has transformed how postal operators manage everything from delivery routes to customer interactions. However, efficiency is not limited to front-end operations.



Reverse logistics — managing returns and undelivered parcels — presents its own challenges, demanding innovative solutions that minimize costs while maximizing customer satisfaction. The data reveals how postal operators are leveraging analytics to refine their operations and how they are tackling the complex demands of reverse logistics in an era where e-commerce continues to push return volumes upward.

How are you using data analytics?



Posts have remained consistent in their application of data analytics over the years. The primary uses include optimizing last-mile delivery (74% in 2024), understanding operational efficiencies (75% in 2024), and improving both consumer delivery (67%) and retail experiences (62%). However, there has been a slight decline in the use of data analytics for optimizing network performance (down to 67% in 2024 from 75% in 2023) and improving consumer experiences. Only 11% of postal operators stated that they do not plan to utilize real-time data analytics, which may reflect varying levels of digital maturity or differing strategic priorities across the industry. That said, the commitment to leveraging data for critical functions remains strong overall.



The Age of AI

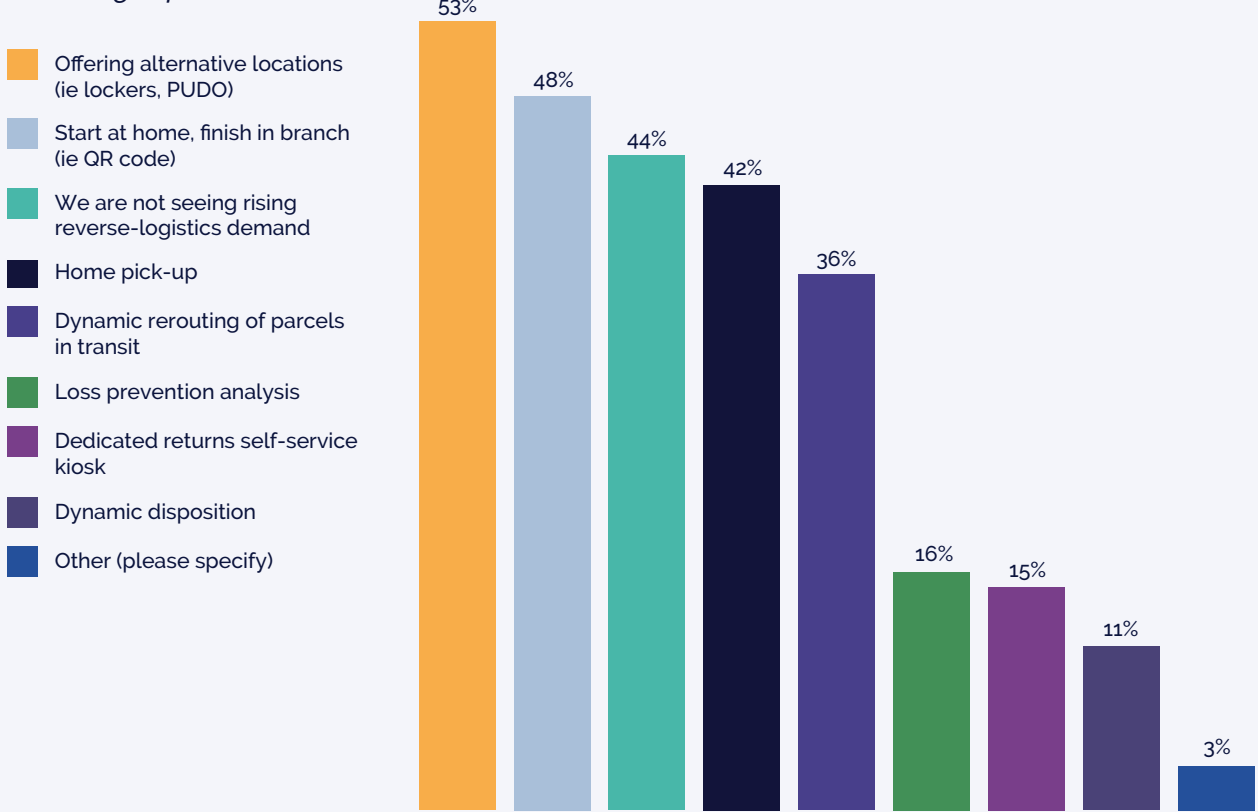
Artificial intelligence (AI) is poised to significantly impact data analytics in the future by enhancing the speed, accuracy, and scope of data processing. AI-driven data analytics will allow postal operators to extract deeper insights from vast datasets more efficiently, enabling more precise decision-making and predictive capabilities. For example, AI can help optimize last-mile delivery by analyzing real-time traffic and weather conditions, leading to more accurate delivery times and reduced operational costs.

Moreover, AI can refine consumer experiences by personalizing retail and delivery services based on predictive models that analyze customer behavior and preferences. This level of customization can lead to improved satisfaction and increased loyalty. Additionally, AI will enable a more dynamic optimization of network performance, adapting to fluctuations in demand and operational challenges in real-time.

As AI integrates further into data analytics, it will likely reduce the reliance on manual data interpretation, allowing human analysts to focus on strategic decision-making and innovation. The consistency in how Posts have used data analytics over the years will likely continue, but with enhanced capabilities and efficiencies brought about by AI, leading to a more agile and responsive postal network.

How is your organisation dealing with rising reverse-logistic demands?

Percentage of Posts



Offering alternative locations such as lockers and PUDO points remains a stable and popular strategy, to deal with rising reverse logistics demands, with 53% of organizations using this approach consistently over the past two years. However, there has been a notable decline in home pick-up services, dropping from 63% in 2022 to just 42% in 2024.

53%
of Posts offer
**alternative reverse
logistic locations**

Similarly, the adoption of dynamic rerouting of parcels in transit has decreased from 47% in 2023 to 36% in 2024. Interestingly, a growing percentage of organizations report not experiencing a rise in reverse logistics demand, increasing from just 5% in 2022 to 44% in 2024. This could indicate a shift in consumer behavior or improvements in initial delivery accuracy and satisfaction. Additionally, loss prevention analysis and dedicated returns self-service kiosks have also seen declines, reflecting possible shifts in priority or the effectiveness of other strategies.



Methodology

Escher is an international leader in providing solutions for the postal industry. As a partner to Posts, Escher is uniquely positioned to assess the current state of the postal industry and predict future trends.

Between February and March 2024, our research partners, Triangle Management Services, conducted an online survey of postal leaders, worldwide. Responses from 179 participants across 78 Posts were analysed to provide Escher with current and future growth plans for the global postal industry.



Calculation notes:

- ✔ **Weighted data:** When multiple responses came from the same post, an average response was calculated to avoid bias in the survey results. Average scores, per post, were used as a basis for developing the postal-industry average. For Yes and No answers to questions, where the question allowed, the average was applied across multiple respondents per post and displayed as the percent of responding posts.
- ✔ **Rounding:** In all instances, percentiles greater than .5 were rounded up; percentages less than .5 were rounded down.
- ✔ **Geographic segmentation:** Selected geographic analysis is shown for two regions: Europe, Middle East and Africa (EMEA) and North, Central and South America, plus Asia Pacific (Rest of World or ROW).

THE FUTURE OF POSTS 2024



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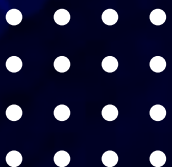
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