

The Future of Posts **2025**

FINDING PATHS TO PROFITABILITY

APPU



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escher

What You'll Find in Escher's **Future of Posts 2025** Survey:



Letter Mail Decline

A significant and ongoing decline in letter mail volumes is evident, with 99% of postal operators noting this as a major impact in 2024.



Revenue Performance

Despite improvements in revenue performance for many Posts, profitability remains a challenge, with 43% reporting declines in 2024.



Leveraging Technology

There is a strategic focus on leveraging technology to enhance operational capabilities and customer experience.



Parcel Volumes

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.



Sustainability

Although postal operators' commitment to hybrid/electric fleets and renewable energy has slightly declined, there is a growing focus on achieving carbon neutrality.



Cross Border E-commerce

E-commerce remains a strong driver of parcel volumes, but the industry faces challenges in managing cross-border shipments.



Customer Experience

Improving customer experience remains a critical focus – this emphasizes the ongoing need to enhance service quality and satisfaction in a competitive market.



Retail Networks

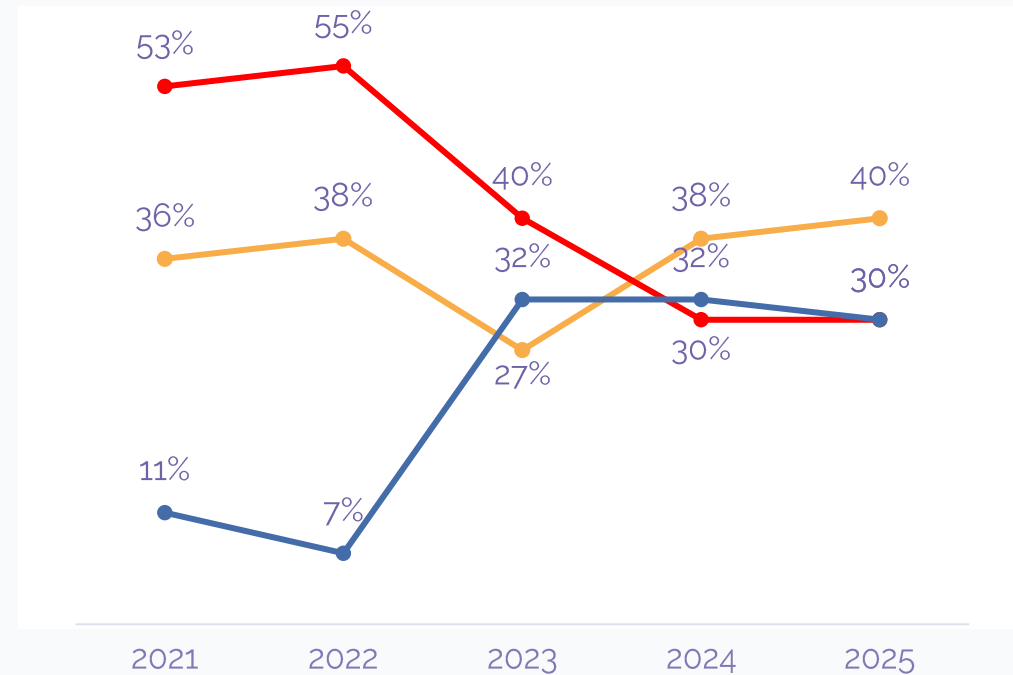
There is a notable shift towards expanding retail networks, with more operators accelerating their expansion plans in 2024.

New normal emerging volatility reducing



Revenue trend – 5 years

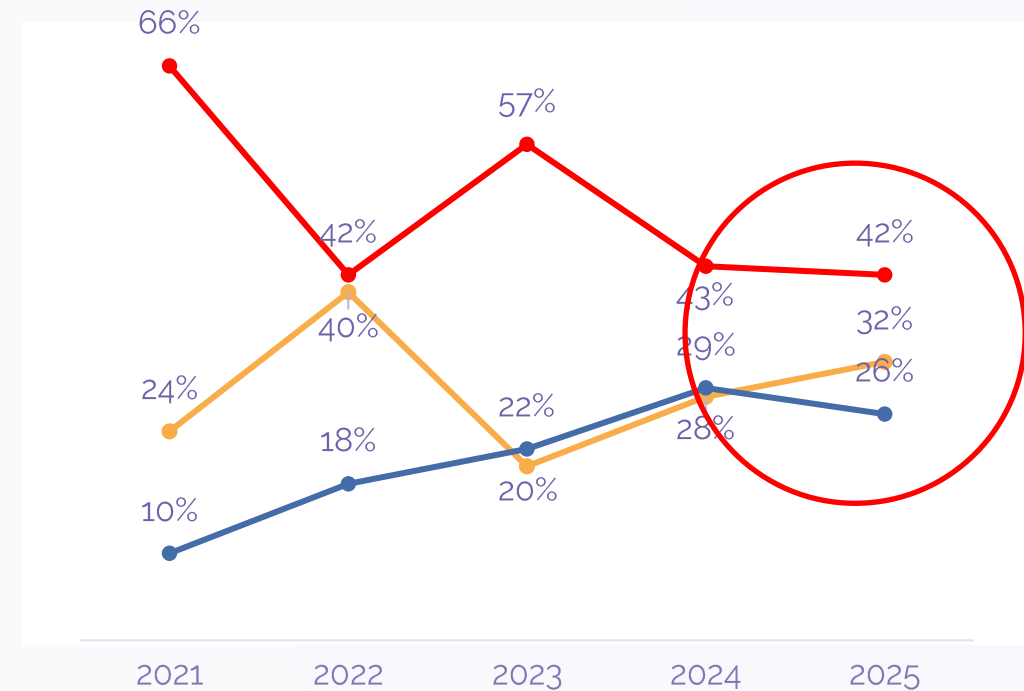
Percentage of postal operators



- Positive impact on revenue
- Negative impact on revenue
- No impact

Profitability trend – 5 years

Percentage of postal operators



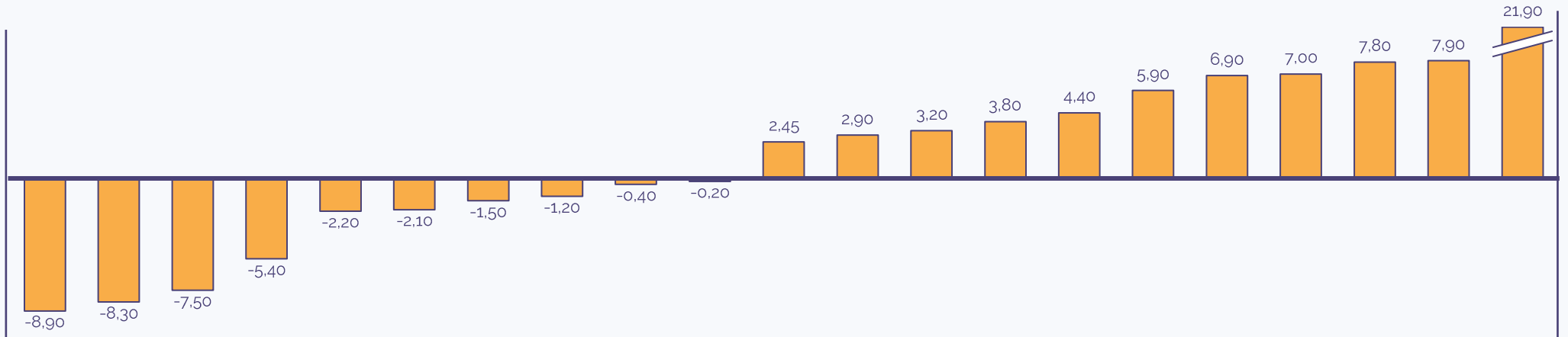
- Positive impact on profitability
- Negative impact on profitability
- No impact

Postal Profitability



What **makes** or **breaks** a postal operator.

Operating Profit Margin (EBIT) for Postal Operators, latest full year results (2023/2024)



	USPS	Correos	Polish Post	Canada Post	Australia Post	An Post	Correios	NZ Post	Posti	RMG/IDS	Posten Bring	Post NL	Post Nord	bPost	Swiss Post	Japan Post	Austria Post	Groupe La Poste	DPDHL	CTT	Poste Italiane
Privatized										Fully		Fully		Partially		Partially	Partially		Partially	Fully	Partially
Finance and Banking			Yes			Yes									Yes	Yes		Yes		Yes	Yes
International Activities										Yes				Yes		Yes	Yes	Yes	Yes	Yes	
Mail % of Revenues	52%	68%	62%	34%	20%	48%	28%	XX	40%	30%	22%	35%	37%	31%	25%	16%	43%	21%	10%	44%	18%
Presence of Marketplace	AMZ	AMZ		AMZ	AMZ	AMZ	AMZ, ML			AMZ			AMZ					AMZ	AMZ		AMZ

Analysis: **Pharand Advisors**
Sources: Annual reports

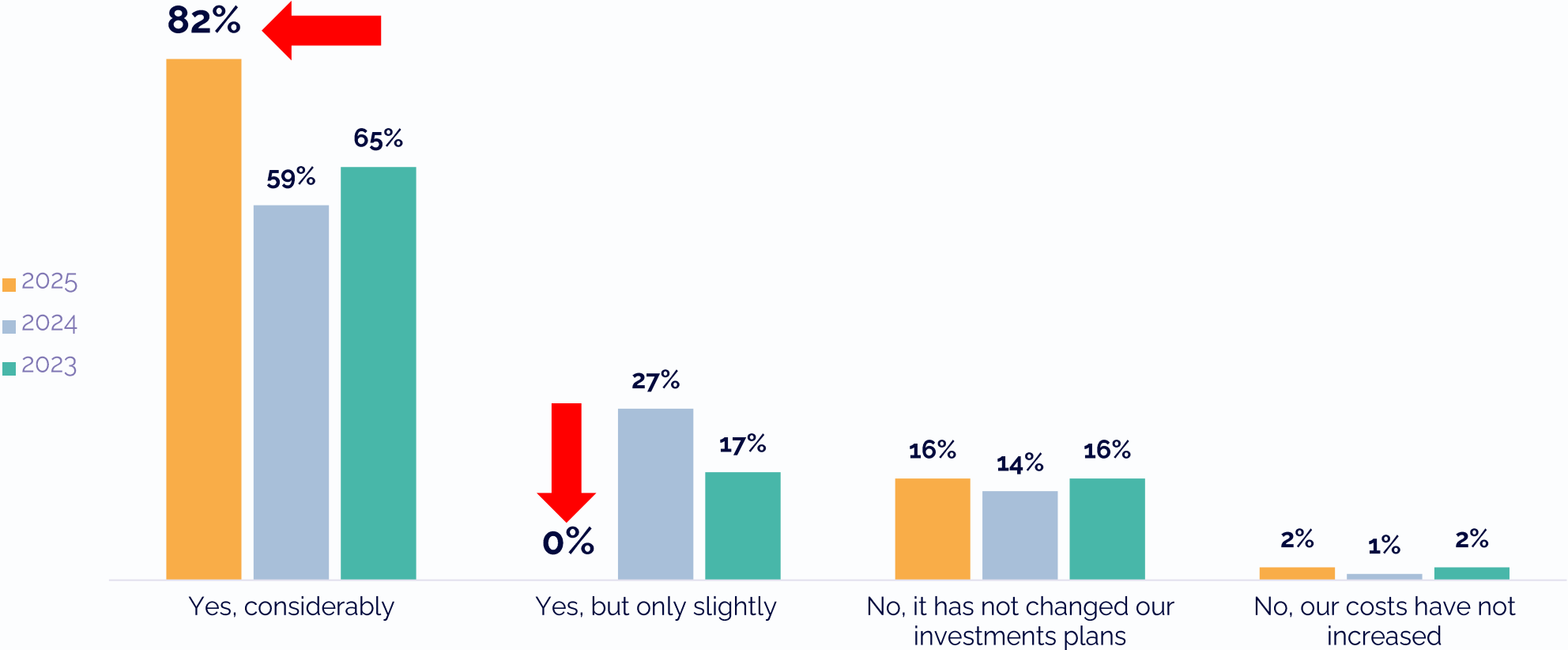
Posts Feeling the Pinch



Increased costs are undermining Post's ability to fund future investments.

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

Percentage of postal operators

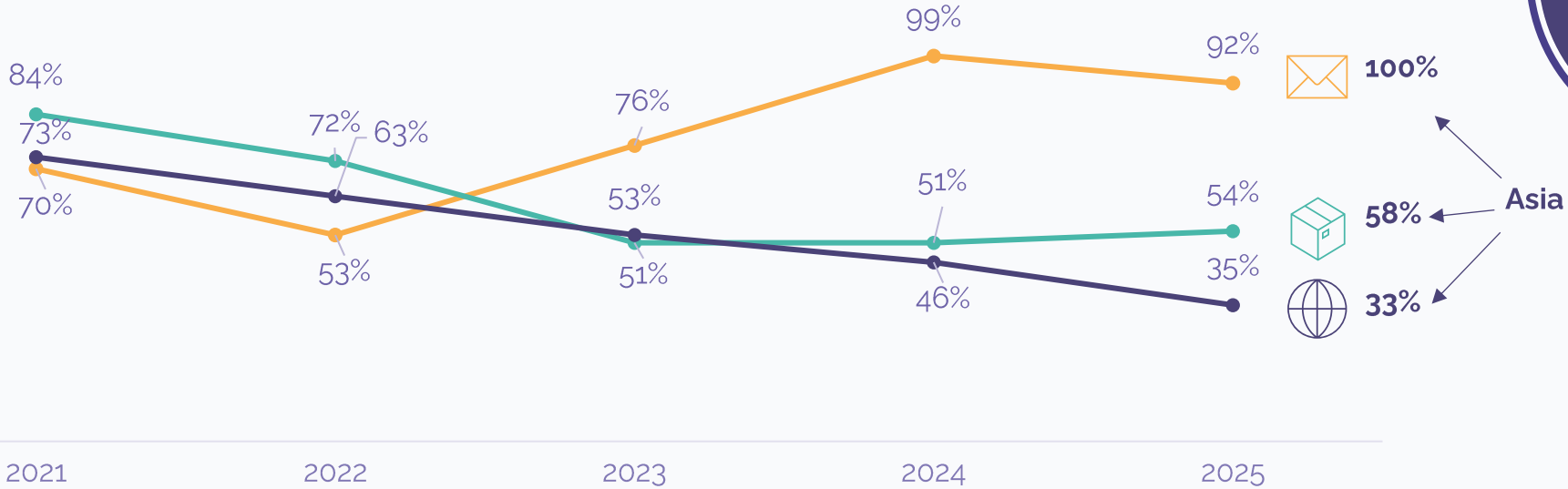


Top priority – fix mail

Despite consistently **shrinking volumes** the **mail business** is clearly getting **focus**.

Main impact trendline over five years

Percentage of postal operators



38%
Average percentage of mail revenue at **unprofitable** posts

27%
Average percentage of mail revenue at **profitable** posts

Too much capacity

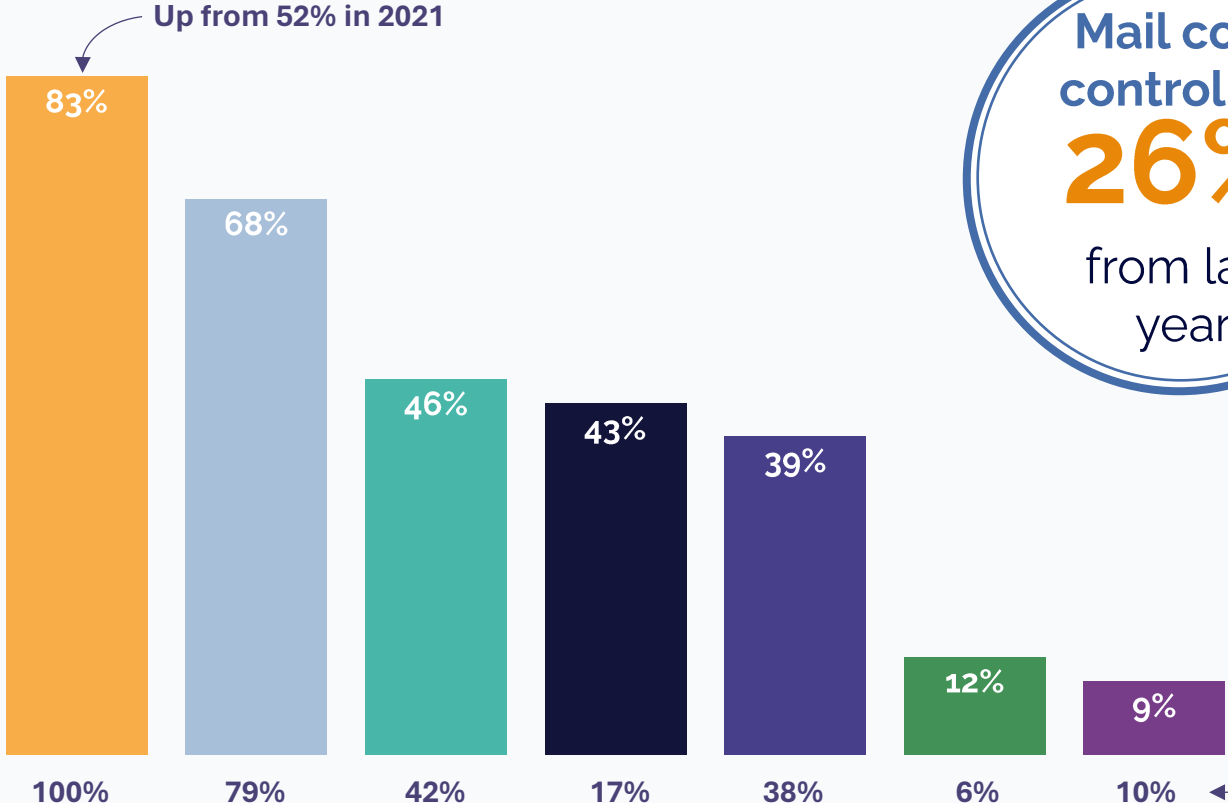


Excess capacity is hurting yields and profitability.

Which of these best describe your current **delivery network priority**?

Percentage of postal operators

- Grow parcel volumes with increased sales activity
- Reduce the cost of mail delivery by network rationalisation
- Reduce the cost of parcel delivery by increased automation
- Invest to Increase parcel delivery capacity
- Use technology to improve cross-border delivery capabilities
- Expand reverse-logistics capabilities and offerings
- Improve parcel address and label read rates



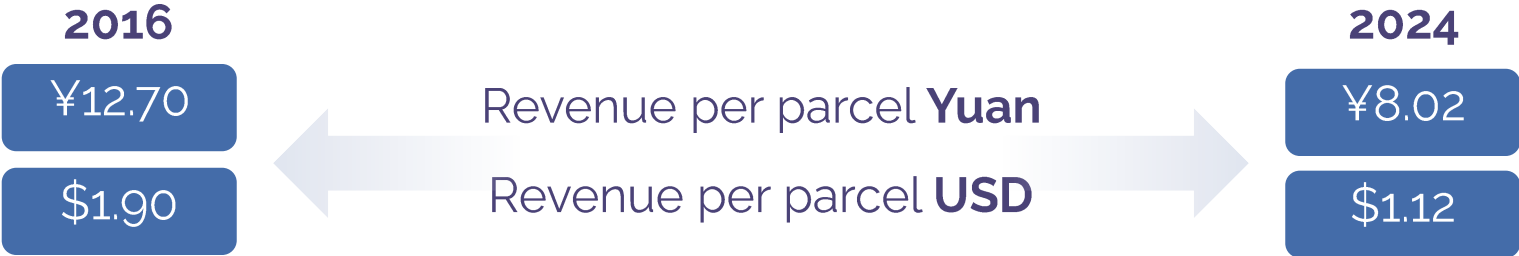
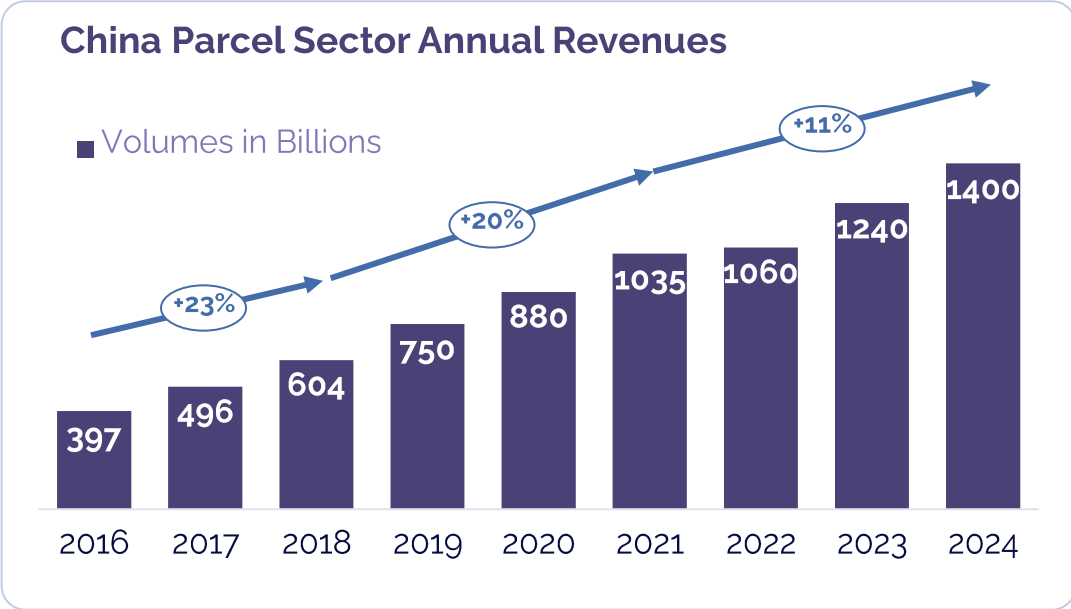
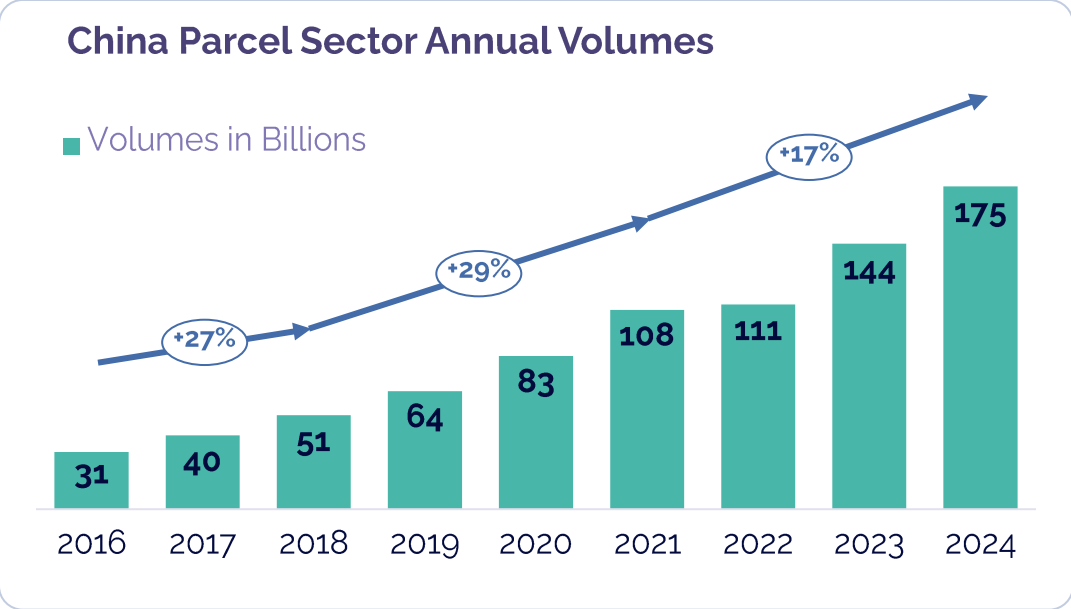
Mail cost control up **26%** from last year

Asia

Even China is Slowing



Overall, revenue and parcel volumes are **up**, but **revenue per parcel** is **declining**.



Analysis: **Pharand Advisors**
Sources: State Post Bureau, Xinhua and Statista

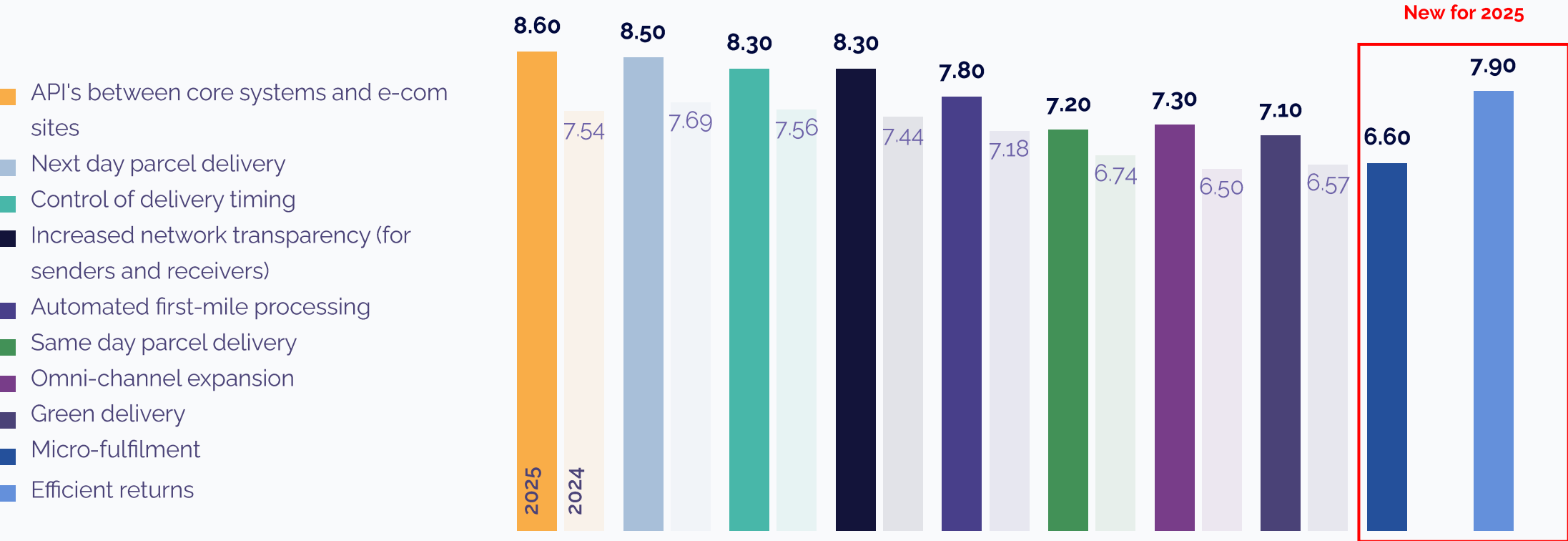
Capturing eCommerce Share



Integration is the new number 1.

How important are the following to the **e-commerce industry**?

Percentage of postal operators



Focus is shifting to the Last Mile

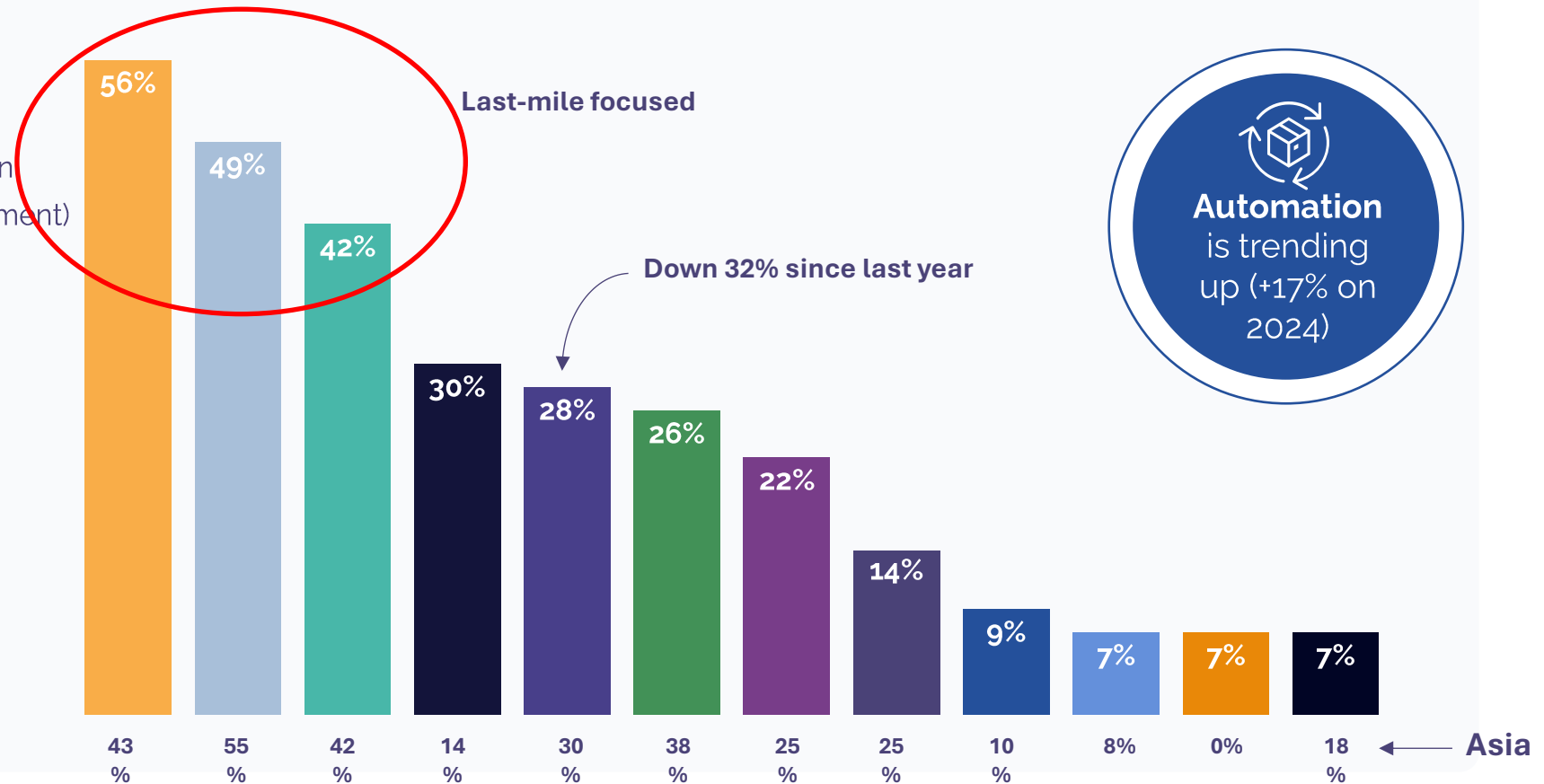


There are signals that the **focus** is shifting from the **middle** to the **last mile**.

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

Percentage of postal professionals

- Last-mile route optimization
- Workforce management and optimization
- Automation (parcel or mail sorting equipment)
- Increase locker locations
- Transportation optimization
- Network consolidation
- Analytics
- Staff Reduction
- Increase PUDO points
- No major changes
- Outsourcing
- Adjusting service standards



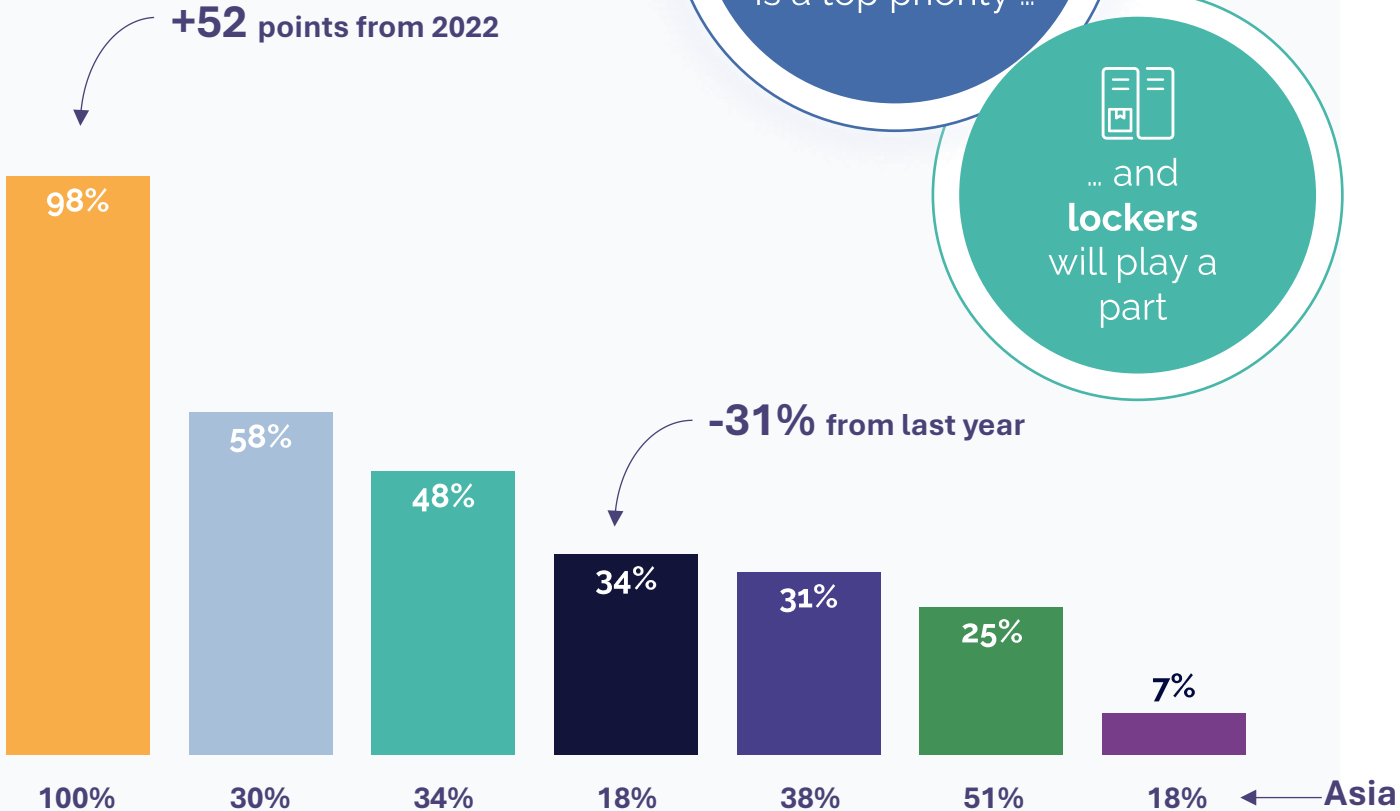
Transforming the branches

Transforming the branches is the **top priority**

Current retail priorities.

Percentage of postal operators

- Post-owned post office
- Smart Lockers
- 3rd party owned post offices
- PUDO (e.g. 3rd party retail, convenience petrol/gas station)
- We are not expanding our retail network
- Kiosk self-service terminals
- Other (please specify)



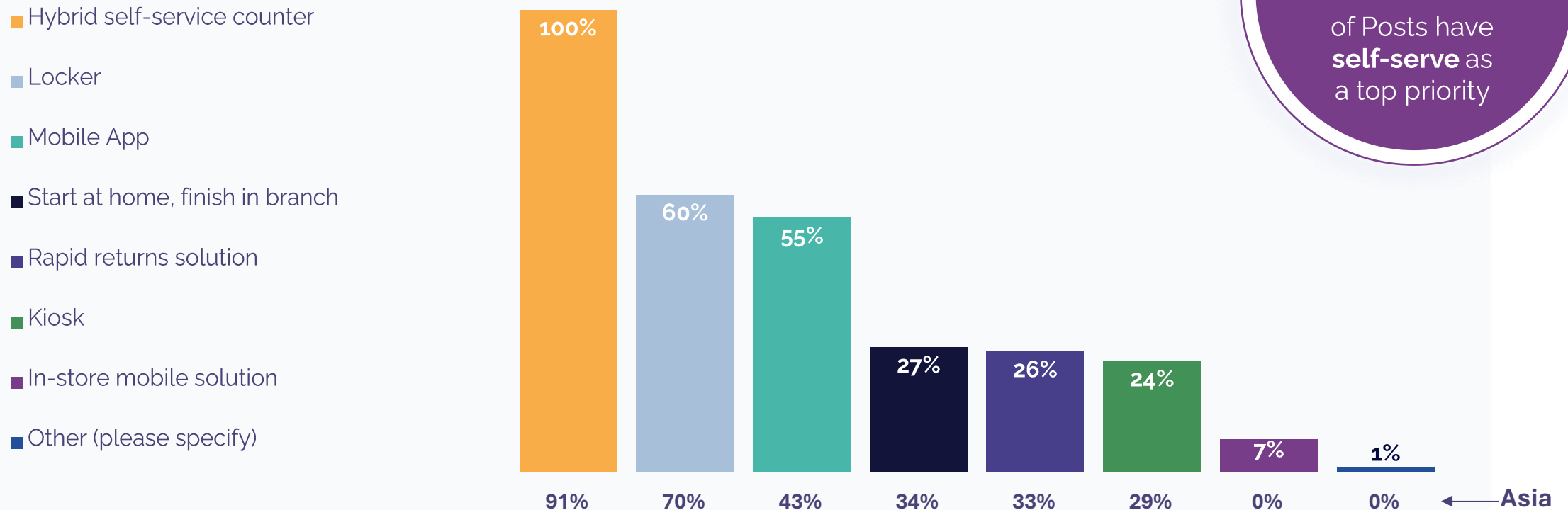
Extending the counter



Hybrid counters is a new focus in self-service.

Which of the following **self-service** technologies are key to executing on your **retail strategy**?

Percentage of postal operators



1/3
of Posts have **self-serve** as a top priority

Customer Experience Needs Work



The **top 3** are all about **remaking the experience** in a post office

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

Percentage of postal operators

- Improved Customer Experience
- Reduce queues and wait times for services
- Increased self-service
- Customer data analytics
- Increase physical locations
- Artificial intelligence
- New revenue from diversified offerings (NEW)
- Digital Wallet
- Capture customer feedback
- Agent performance analytics
- Increase footfall



AI 2X
as important as last year

96%
of Posts in Asia believe **Data Analytics** will create the most business value

Attention has shifted from **customer experience?**

Disappearing Returns

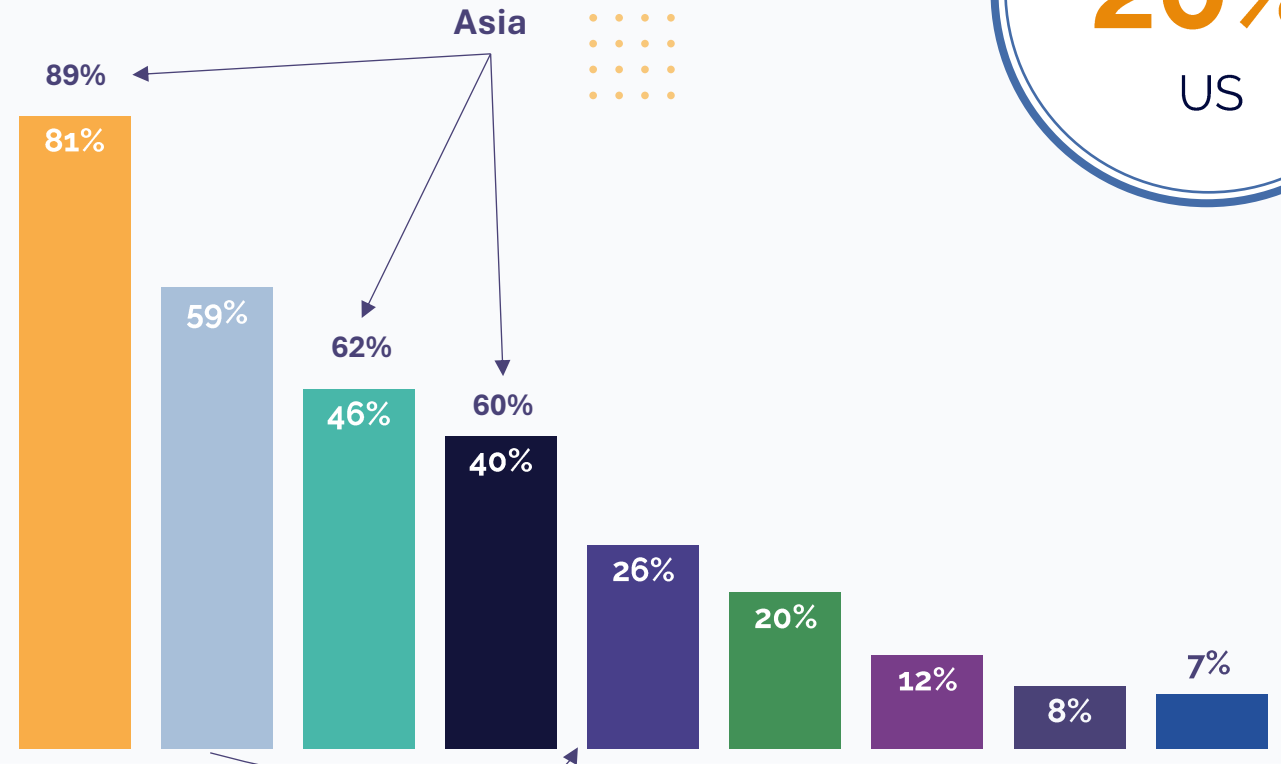


Returns are growing everywhere, **but for posts**

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

Percentage of postal operators

- We are not seeing rising reverse-logistics demand
- Offering alternative locations (ie lockers, PUDO)
- Home pick-up
- Start at home, finish in-branch (ie QR code)
- Dynamic rerouting of parcels in transit
- Loss prevention analysis
- Dedicated returns self-service kiosk
- Dynamic disposition
- Other (please specify)



Average
return rate
20%
US

Sources: National Retail Federation

Cross border maturing



Equal emphasis on **data** and **transit times**

What is the main obstacle to **cross-border e-commerce** growth?

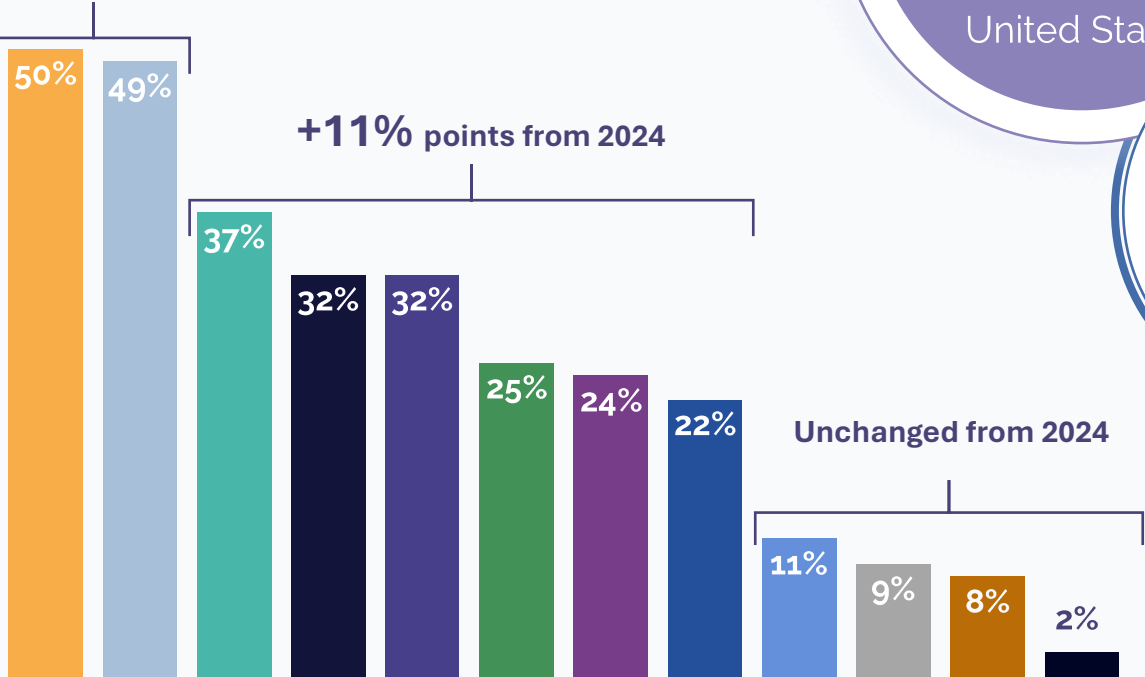
Percentage of postal operators

- Real-time tax and duty estimation 55% in Asia
- Transit Times
- Partial or incorrect electronic data
- New competitors
- Compliance new regulations
- Documentation difficulties
- Cost transparency 43% in Asia
- Manual processing
- Product restriction screening
- Product Classification
- Solutions for cross-border product repair
- Denied parties screening

-13% points from 2024

+11% points from 2024

Unchanged from 2024



88

Postal operators have suspended services to the United States

81%

decrease in postal traffic in the first week after the order

Sources: UPU

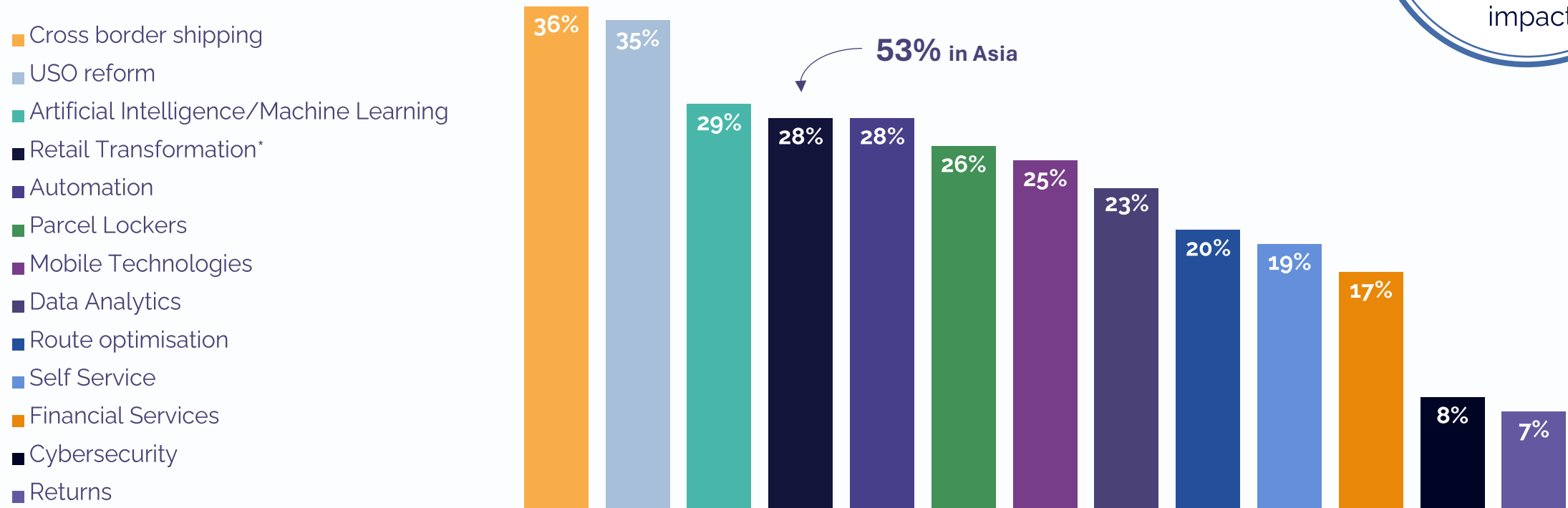
No clear priority

Beyond **e-commerce**, Posts are prioritizing **various growth initiatives**



Excluding e-commerce, what will have the **biggest impact** on Posts in the next five years?

Percentage of postal operators



72%
of Asian Posts believe **Cross-Border Shipping** will have the greatest impact

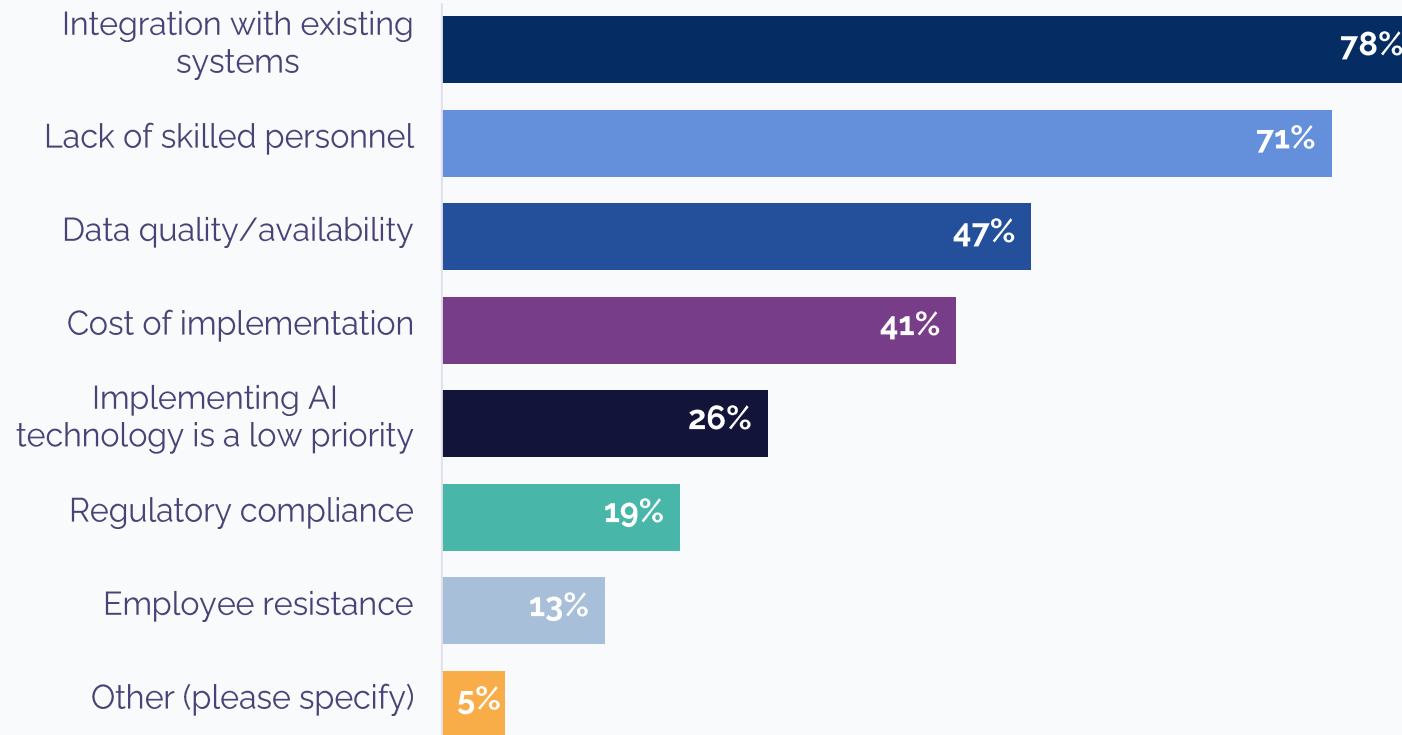
AI Implementation Lagging



Are **Posts** waiting too long to start using **AI**?

What are the **main challenges** you've faced in **implementing AI**?

Percentage of postal operators



Only **16%** of Posts have a formal and focused **Artificial Intelligence** implementation program

100% of Asian Posts believe a **lack of skilled personnel** is the greatest challenge

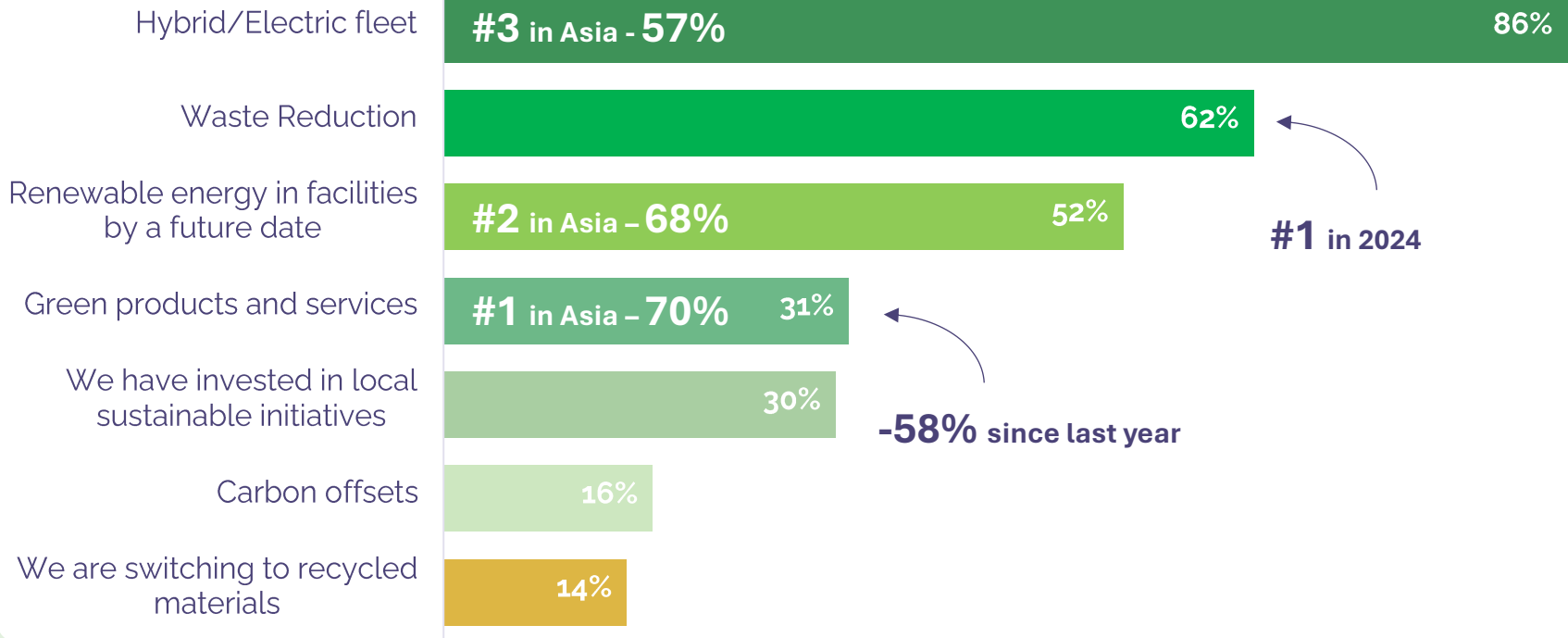
Nearly **50%** of Posts surveyed are not currently implementing **Artificial Intelligence**

A Similar Shade of Green

Post's **active** carbon goals are unchanged from last year, with **only 3%** reaching their goal

Active & Planned Green Initiatives for Posts

Percentage of postal operators



26%
more Posts are investing in Hybrid/Electric fleets since last year

Coming in 2026.



Two **webinars** exploring the link between **strategy** and **profitability**.



What growth strategies are the most profitable for postal operators?

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Escher Research

