



THE FUTURE OF POSTS 2025

**FINDING
PATHS TO
PROFITABILITY**



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Escher would like to express its gratitude to all contributors, for sharing their insights, and helping make the Future of Posts survey an industry standard.

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Welcome to The Future of Posts

It is with great pride that we present the results of this ninth edition of Escher's annual **Future of Posts** report. This year's edition draws insights from 290 respondents representing 89 postal leaders across the globe. Thanks to their valuable input, we gain a clear and comprehensive picture of the trends, hurdles, and prospects driving change in the postal industry.

Postal operators face a dual reality: the structural decline of mail continues to erode traditional revenue models, while e-commerce remains a driver, having entered a phase of more measured, yet volatile growth. At the same time, rising costs, shifting customer expectations, and the urgent need for sustainability are accelerating the need for transformation.

And yet, optimism is not in short supply. Our findings reveal a sector responding with agility. 40% of operators reported revenue growth in 2025 - the highest in five years, while a growing number are improving profitability through diversification, digital investment, and operational efficiency. From reimagined retail networks to parcel-first delivery blueprints and bold moves into financial and government services, Posts are redefining their role in society and the broader logistics ecosystem.

What's clear is that the postal industry is not standing still. It is evolving; strategically, digitally, and purposefully. Leaders are not only addressing today's pressures but also laying the groundwork for a more resilient, digitally connected future. They are investing in smarter infrastructure, forging cross-border capabilities, and turning their trusted networks into platforms for civic and commercial innovation.

To all who contributed to this report, I extend my sincere thanks. Your insights have helped illuminate a path forward for postal operators worldwide. I also want to recognize the dedicated team behind this research, whose work ensures this report remains a vital resource for our industry.



Brody Buhler
CHIEF EXECUTIVE OFFICER OF ESCHER





Executive Summary

The postal sector stands at a pivotal crossroads. Confronted by accelerating mail decline and complex e-commerce dynamics, Posts must make decisive strategic shifts to remain viable and relevant. This year's Future of Posts 2025 report captures the most pressing priorities, risks, and innovations shaping the sector's evolution through 2028.

The data reveals a reshaped economic foundation. Letter mail volumes continue to decline steeply, selected by 92% of respondents as the top business impact, a structural trend that shows no signs of reversal. E-commerce parcel growth, once exponential, has tempered to a more sustainable pace, revealing new volatility and capacity pressures. Despite these headwinds, 40% of operators report revenue growth in 2025 (the highest in five years) while profitability shows gradual signs of stabilization.

Strategic reinvention is well underway. Operators are optimizing retail networks, with nearly one-third prioritizing self-service, hybrid counters, and digital experiences. Delivery infrastructure is being reconfigured to support a parcel-first model, with over half of respondents rethinking their network strategies entirely. Meanwhile, investment is flowing into cross-border capabilities, digital transformation, and public service diversification, underscoring the sector's pivot toward platform-based, digitally enabled growth.

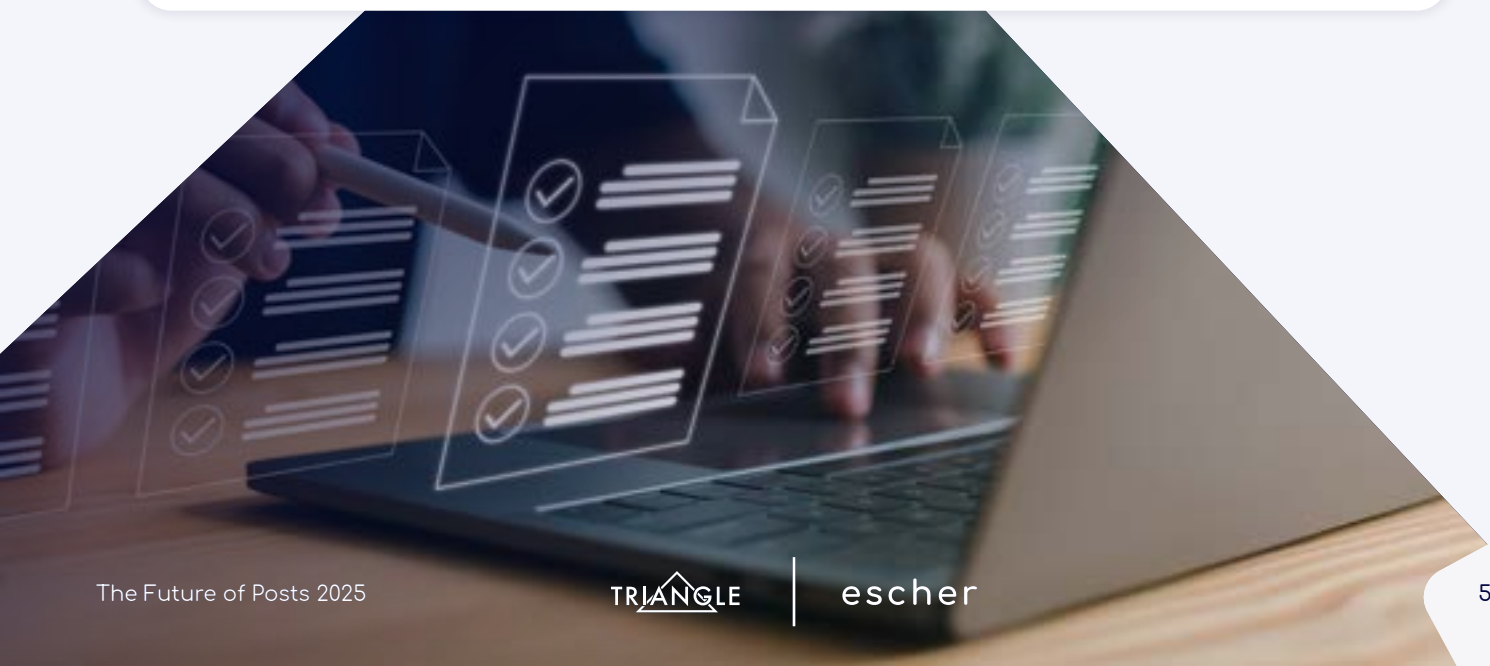
Sustainability has entered the strategic mainstream. Nearly half of operators now commit to future carbon reduction targets, with electric fleets, renewable energy, and emissions tracking becoming core operational priorities. However, a gap remains between ambition and implementation, signalling the need for stronger execution frameworks.

This report also highlights emerging growth frontiers. Posts are expanding into government and financial services, leveraging their trusted infrastructure to deliver high-utility, high-impact offerings. AI and analytics, while not yet fully deployed, are gaining traction as tools for predictive operations and customer insight. They are essential enablers for agile, cost-efficient delivery in an unpredictable market.



Escher's **Future of Posts 2025** survey highlights:

- ✔ Letter mail volumes continue to decline, with 92% of operators citing this as their top business impact, solidifying the shift away from traditional revenue models.
- ✔ Parcel growth has stabilized post-pandemic, prompting operators to focus less on capacity expansion and more on optimization and cost-efficiency.
- ✔ Cross-border e-commerce is now a top investment priority (50%), reflecting strategic bets on global trade routes, customs innovation, and international delivery competitiveness.
- ✔ Profitability remains a challenge: 42% of operators still report declines, despite growing momentum behind diversification and pricing strategies.
- ✔ Retail strategies have shifted from transformation to optimization, 34% now favour 'business as usual,' while self-service and network efficiency take precedence.
- ✔ Delivery network modernization is accelerating, with 53% rethinking their strategies to support parcel-first operations and last-mile agility.
- ✔ AI adoption is gaining ground but remains uneven, 42% have not yet begun implementation, while early adopters report tangible savings in routing and automation.
- ✔ Sustainability is becoming operational: 90% of operators are investing in electric or hybrid fleets, though most carbon targets remain aspirational.
- ✔ Customer experience remains a strategic differentiator and is driven by hybrid self-service models, real-time data, and personalization at scale.
- ✔ Postal operators are expanding their civic role, with 48% investing in government services and 37% in financial services to unlock new revenue and relevance.



The Trends Impacting Postal Operations

Understanding the Factors Shaping the Postal Sector

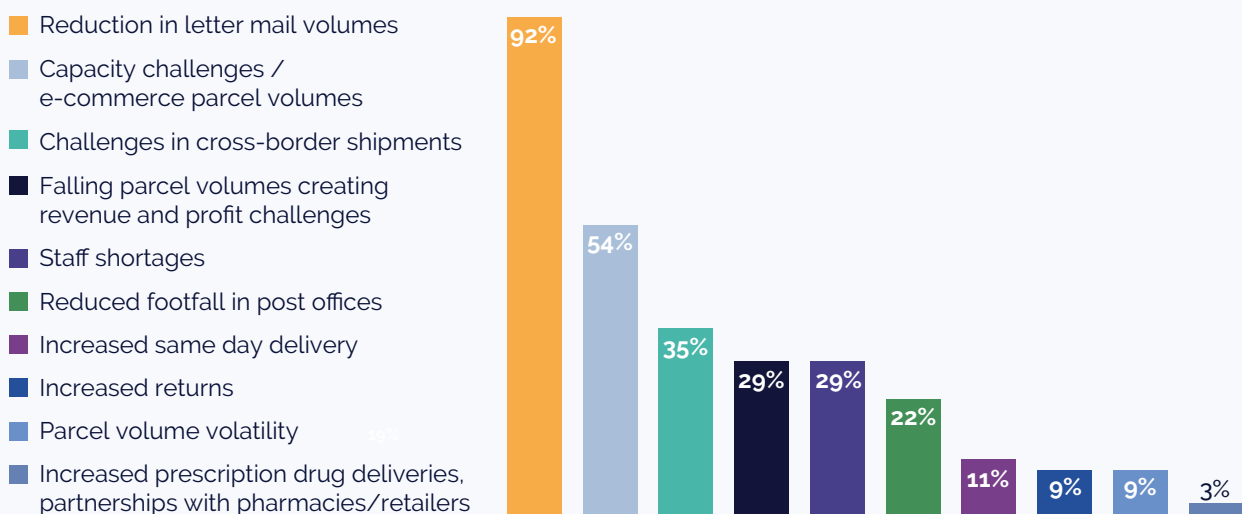
Over the past decade, the steady decline in letter mail volumes has transitioned from a trend to a defining challenge, eroding a once-reliable revenue stream that has supported postal operators for generations. This decline, however, has been met with an unprecedented surge in e-commerce, propelling 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.

Over the past five years, postal operators have consistently reported evolving operational challenges. In 2025, 92% of respondents cited the reduction in letter mail volumes as the top impact, which has been a trend that's grown in prominence since 2022. This reflects a structural shift away from traditional mail, consistent with global data showing annual volume declines of 7–9% in some countries. By 2023, letter mail made up less than 30% of global postal revenue, underscoring the permanence of digital substitution.

WHAT IMPACTS HAVE YOU NOTICED ON YOUR BUSINESS IN THE LAST 12 MONTHS?

Percentage of postal operators





32%

of Posts say their profits
have increased this year

Meanwhile, 54% of operators in 2025 reported increased e-commerce parcel volumes and related capacity challenges, down from 84% in 2021. This suggests a stabilization following the pandemic-era surge. Parcel growth has moderated to 6–9% annually since 2022. Cross-border shipment challenges were reported by 35% in 2025, continuing a decline from 73% in 2021. This drop reflects improvements such as harmonized international standards and adoption of advanced logistics technologies.

Falling parcel volumes, first tracked in 2023, were a concern for 29% in 2025, down from 53% in 2023. This shows the market adjusting after the e-commerce boom, as rising prices and steady demand led people to spend less on online shopping.

Less dominant yet consistent concerns include staff shortages (29%) and reduced post office footfall (22%), pointing to structural shifts in labour and customer behaviour. Emerging concerns such as same-day delivery (11%), returns (9%), and prescription drug services (3%) remain niche. Parcel volume volatility, a new concern for 9% in 2025, reflects efforts to balance capacity and cost.

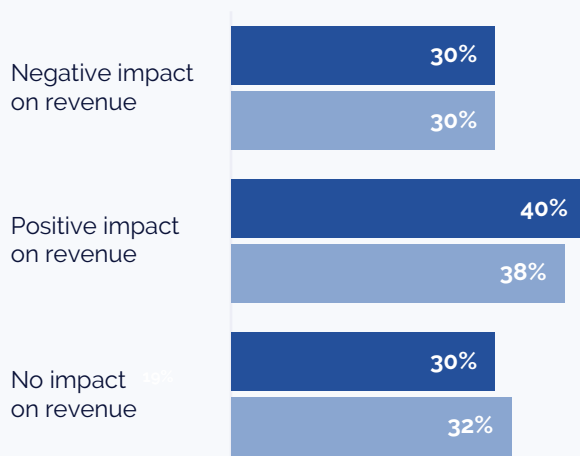
Postal operators have seen a shift in revenue dynamics over the past five years, with signs of gradual improvement. In 2025, 40% of respondents reported revenue growth, the highest in the five-year span and up from just 27% in 2023, suggesting a stabilizing trend. Operators who expanded into logistics and financial services, consistently outperformed.

Meanwhile, 30% of operators in 2025 reported flat revenues, reflecting stabilization for many, though some lack the scale or maturity for stronger growth. The share facing revenue declines fell from 55% in 2022 to 30% in 2025. Factors like automation, pricing optimization, and service consolidation helped posts reverse negative trends.

REVENUE

■ 2025 ■ 2024

Percentage of postal operators

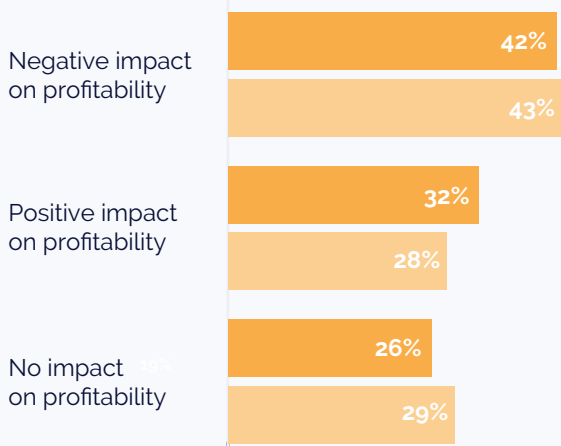


However, this recovery involves a shift from mail to parcels and services, bringing more volume but thinner margins. Profitability remains under pressure, though it's improving. In 2025, 42% reported declining profits, which is unchanged from 2022, but down from 66% in 2021.

PROFITABILITY

■ 2025 ■ 2024

Percentage of postal operators



Encouragingly, 32% reported profit growth in 2025, up from 20% in 2023, with leaders like Poste Italiane benefiting from diversification. Flat profitability also rose to 26%, indicating fewer extremes and maturing transformation efforts. As the business model shifts, those who innovate and adapt are navigating more sustainably. Meanwhile, others face widening performance gaps amid continued cost and competitive pressures.

40%

of respondents reported revenue growth

For a deeper discussion on *Postal Trends* click here



Network Challenges

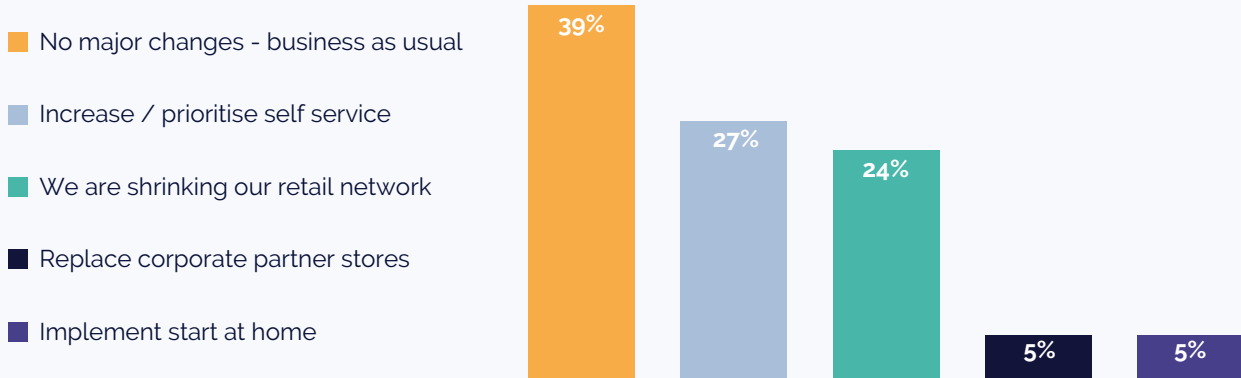
Meeting Evolving Demands

The post office is no longer just a place to send letters; it is a service hub, a brand experience, and increasingly, a digital interface. As customer expectations shift toward seamless, self-directed interactions, postal operators are reimagining what retail means in a parcel-first, digital world.

It starts with evolving retail strategies, ranging from network consolidation to self-service expansion. It then explores what services customers still want in-branch versus what's best delivered digitally. Operators also reveal where they're investing to enhance experience, how they're measuring satisfaction, and how they're designing journeys that meet customers where they are; online, in branch, or in between. These efforts aren't just about cost-efficiency, they're about relevance. And for Posts seeking to retain their societal role and commercial strength, retail reinvention is essential.

WHICH OF THE FOLLOWING BEST DESCRIBES YOUR RETAIL STRATEGY FOR THE NEXT 12 MONTHS?

Percentage of postal operators



Retail Strategies

Postal operators' retail strategies have shifted significantly over the past five years, reflecting changing customer expectations, cost dynamics, and digital transformation efforts. In 2025, 39% of respondents reported a "business as usual" approach, marking a reversal from 2023, when 56% prioritized rethinking the retail network. This may suggest that many have already modernized or are pausing major changes.

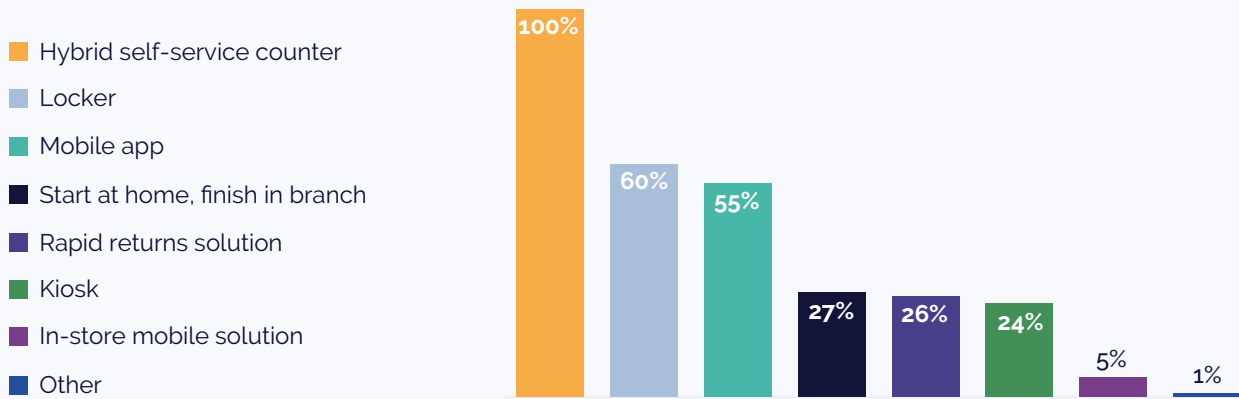
Retail transformation efforts such as streamlining branches, adopting digital tools, and using data analytics are now giving way to operational optimization. A clear trend in 2025 is the rise of self-service models, prioritized by 27% of respondents, highlighting a shift toward automation and customer-led experiences. Technologies like kiosks and mobile apps are central to this evolution.

Network shrinkage is also gaining momentum, selected by 24% in 2025 as posts aim to cut costs and align with digital usage patterns. Meanwhile, strategies such as “start at home” services and replacing partner stores scored modestly at 5% each, but nonetheless may be indicative of the sector’s pivot from growth to agility, signaling innovation in omnichannel customer journeys. Overall, postal operators are moving from transformation to execution by optimizing networks, embracing digital tools, and leveraging physical retail as strategic touchpoints.

100%
of Posts say **hybrid self-service counters** are key to their retail strategies

WHICH OF THE FOLLOWING SELF-SERVICE TECHNOLOGIES ARE KEY TO EXECUTING ON YOUR RETAIL STRATEGY?

Percentage of postal operators



Postal operators are increasingly making self-service technologies central to their retail strategies. The most widely adopted solution is the hybrid self-service counter, selected by 100% of respondents. This model combines automation with human assistance, offering efficiency without excluding customers who require support. Operators such as La Poste and Canada Post have introduced kiosks that facilitate smooth transitions between digital and in-person services, improving satisfaction and managing queues effectively.

Lockers, chosen by 60%, continue to grow in importance, enabling flexible, 24/7 parcel pickup and drop-off. Leaders like Deutsche Post DHL and Posti have expanded locker networks, achieving notable cost savings and enhanced urban delivery efficiency. Lockers are also vital for managing e-commerce returns.

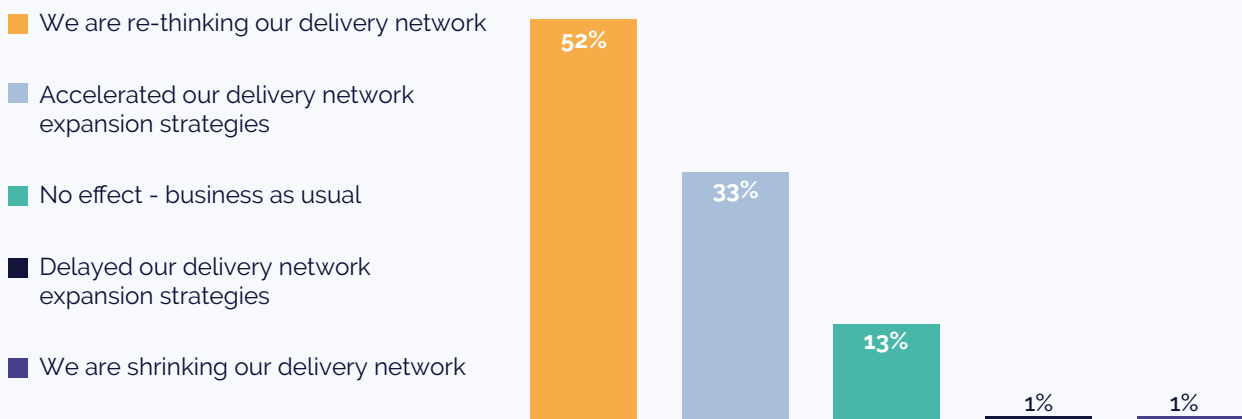
Mobile apps were cited by 55% as key to strategy, highlighting the shift to digital self-management. These apps now offer tracking, payments, identity verification, and return services.

Other rising priorities include “start at home, finish in branch” models (27%), kiosks (24%), and rapid returns (26%), all supporting higher throughput and customer flexibility. While in-store mobile tools (5%) and niche technologies (1%) are less common, they show promise in specific use cases. Overall, the sector is focused on scalable, customer-friendly digital transformation.



WHAT ARE YOUR PLANS FOR YOUR DELIVERY NETWORK THIS YEAR?

Percentage of postal operators



Delivery Strategies



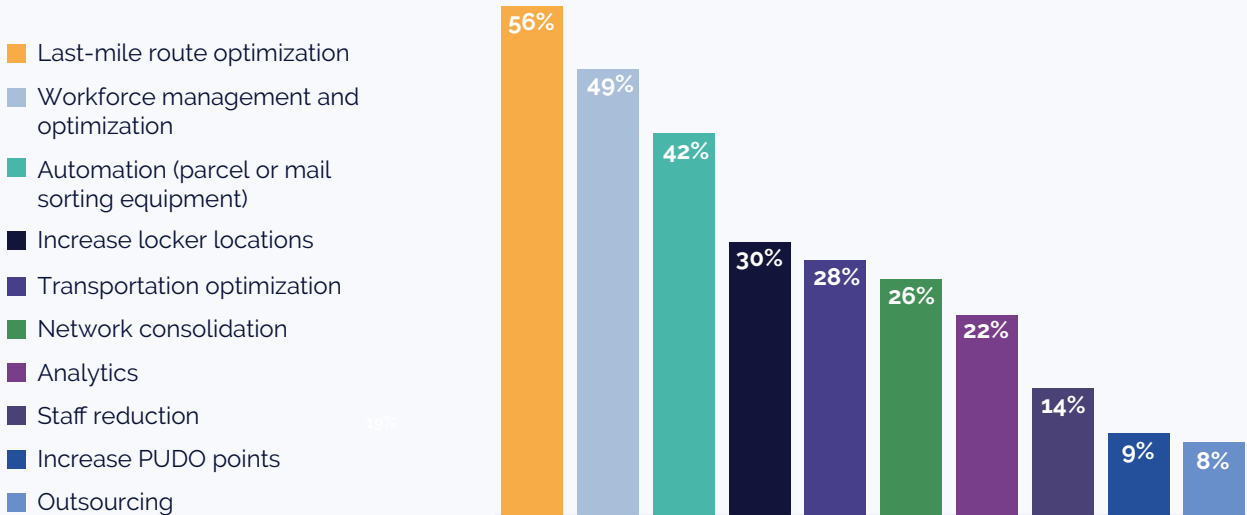
This year, postal operators are intensifying efforts to transform and modernize their delivery networks. Over half (52%) reported rethinking their delivery network strategy, the highest level in five years and a sharp rise from just 23% in 2021. This reflects an industry-wide shift in viewing delivery networks not merely as cost centers but as essential value drivers. Operators are redesigning their last-mile infrastructure by investing in automation, reconfiguring hubs, and exploring innovative delivery methods to support e-commerce growth while managing costs.

Simultaneously, 33% of respondents are accelerating network expansion, which is up significantly from 9% in 2023. This suggests renewed confidence and a response to growing logistics demand. Investments in parcel hubs, automated sorting centers, and urban micro-depots are rising to meet customer expectations and reduce delivery times.

Fewer operators now report maintaining "business as usual," with this share dropping to 13% in 2025. Plans to shrink or delay expansions have nearly disappeared, signalling momentum toward proactive growth.

WHAT COST REDUCTION FOR OPERATIONAL EFFICIENCY STRATEGIES DO YOU PLAN TO USE OVER THE NEXT 12 MONTHS IN YOUR DELIVERY NETWORK?

Percentage of postal operators



The most consistently prioritized tactic for reducing costs or improving operational efficiency is last-mile route optimization, selected by 56% of respondents. While this is down from a peak of 72% in 2021, it remains the top focus due to its impact on managing labour and fuel costs in the most resource-intensive delivery segment. Royal Mail, for example, cut multi-week planning to a single day across 4,000 routes using dynamic software, while other posts use predictive analytics to manage traffic, weather, and demand variability.

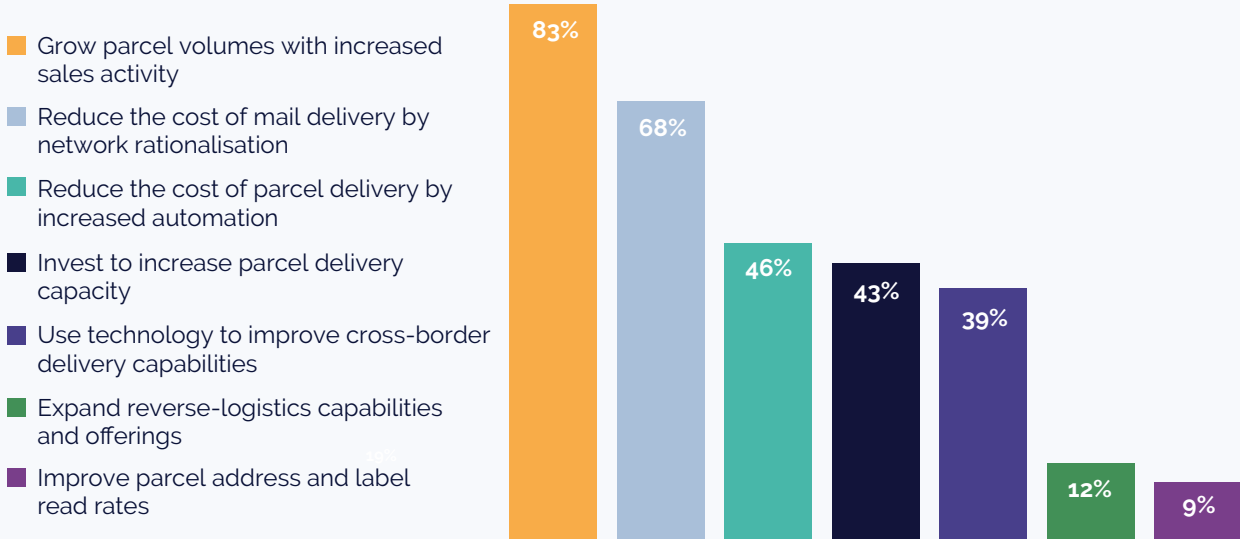
Workforce optimization ranks second at 49%, steady since 2022. With labour being the largest delivery cost, operators are deploying flexible scheduling, AI-assisted planning, and route consolidation to improve productivity amid labour constraints. Automation, such as mail and parcel sorting, was selected by 42% in 2025 which is down from 73% in 2021 but remains essential for scaling operations and reducing errors during peak periods.

56%
of Posts say **last-mile optimization** is key for reducing costs

Other key strategies include transportation optimization (28%, down from 41%), increasing locker locations (30%), and network consolidation (26%, new in 2025), reflecting growing interest in spatial reconfiguration. Use of analytics (22%) is rebounding after a decline, supporting better forecasting and asset utilization. Staff reduction has dropped significantly going from 43% in 2021 to 14% in 2025 as posts favour smarter productivity strategies over blunt cuts. Outsourcing (8%) and PUDO expansion (9%) are now lower priorities.

WHICH OF THESE BEST DESCRIBE YOUR CURRENT DELIVERY NETWORK PRIORITY?

Percentage of postal operators



In line with previous years, growing parcel volumes through increased sales activity remains the number one priority for the delivery network, up marginally from 82% last year to 83% this year. And while reducing costs of mail delivery through rationalization (68%) and reducing costs of parcel delivery with increased automation (46%) rank the same as last year, it is worth noting that mail delivery is up fourteen percentage points on last year, and twenty points from 2022 – which again highlights the pressure falling letter mail volumes is putting on networks.

Investing in parcel delivery capacity (43%) is up from last year but remains nearly thirty percent lower than the high watermark set in 2022, when it was the number one priority at 61%. However, considering the flattening of parcel volumes and presumably the investments Posts have made in this area, this decline is not surprising.

Also, not surprisingly, for similar reasons, the use of technology to improve cross-border delivery capabilities was cited by 39% of respondents. And while this number is down from last year, this priority has fluctuated in salience year-on-year with an average result of 39% since 2022. Expanding reverse logistics (12%) and improving read rates (9%) occupy familiar positions at the lower end of this chart, and continue to fall further behind the priorities above.

For a deeper discussion
on *Network Challenges*
click here



Future Growth

Investment Priorities and Technological Integration

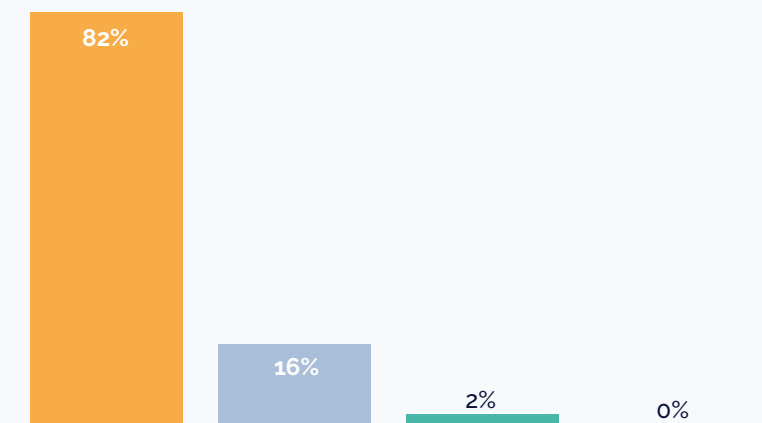
The postal industry is entering an era where financial resilience is becoming as critical as operational agility, with rising costs posing a serious challenge to future investment capabilities. These decisions now carry weighty consequences, not only for short-term financial health but also for the long-term sustainability of essential services.

Postal operators face a challenging balancing act: expanding and maintaining networks, adopting emerging technologies, and launching innovative offerings, all under mounting financial pressure. The data points to an industry at a pivotal juncture, where each investment must be justified by its potential to deliver growth and resilience in a fiercely competitive environment.

HAS THE INCREASE IN COSTS IMPACTED YOUR ABILITY TO FUND INVESTMENT FOR THE FUTURE YEARS?

Percentage of postal operators

- Yes, considerably
- No, it has not changed our investment plans
- No, our costs have not increased
- Yes, but only slightly



In 2025, 82% of respondents said cost increases significantly impacted investment plans, which is a significant increase from 59% in 2024 and 65% in 2023. Only 16% reported unchanged plans, 2% saw no cost increase, and none said they were only slightly impacted, highlighting growing financial pressure on transformation initiatives.

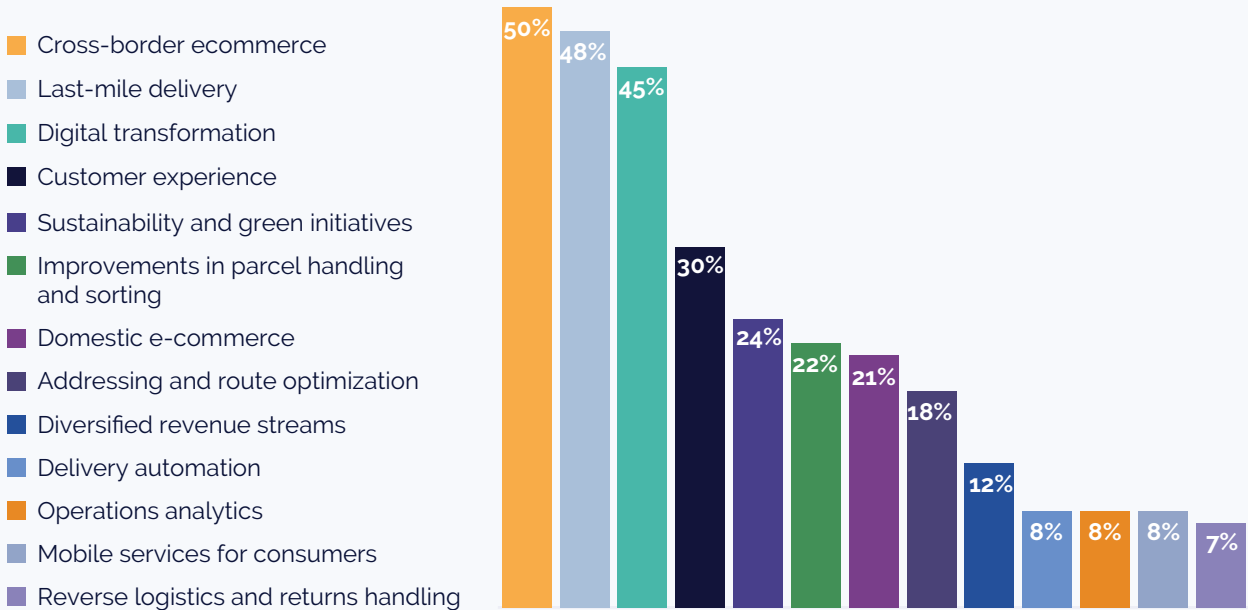
82%

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



INVESTMENT PRIORITIES NEXT 1-3 YEARS

Percentage of postal operators



The strategic investment priorities of postal operators have continued to evolve over the last five years, reflecting shifts in market conditions, customer expectations, and operational demands. As of 2025, a clear emphasis is placed on scaling cross-border capabilities, last-mile efficiency, and digital infrastructure.

Half of the Posts surveyed this year selected cross-border e-commerce as the top investment priority - steady from 2024 and nearly double the 26% reported in 2022. This reflects a strategic focus on international growth as global trade stabilizes and online shopping continues to expand. Successful Posts are leading with AI-driven customs processing and interoperable tracking to streamline international deliveries.

Close behind is last-mile delivery, chosen by 48%. With the last mile accounting for around 70% of total delivery costs, operators are investing in automation, route optimization, and network redesign. Posts have improved last-mile efficiency through smart routing and tracking.

77%
of Posts are planning
to invest in **domestic
e-commerce parcels**





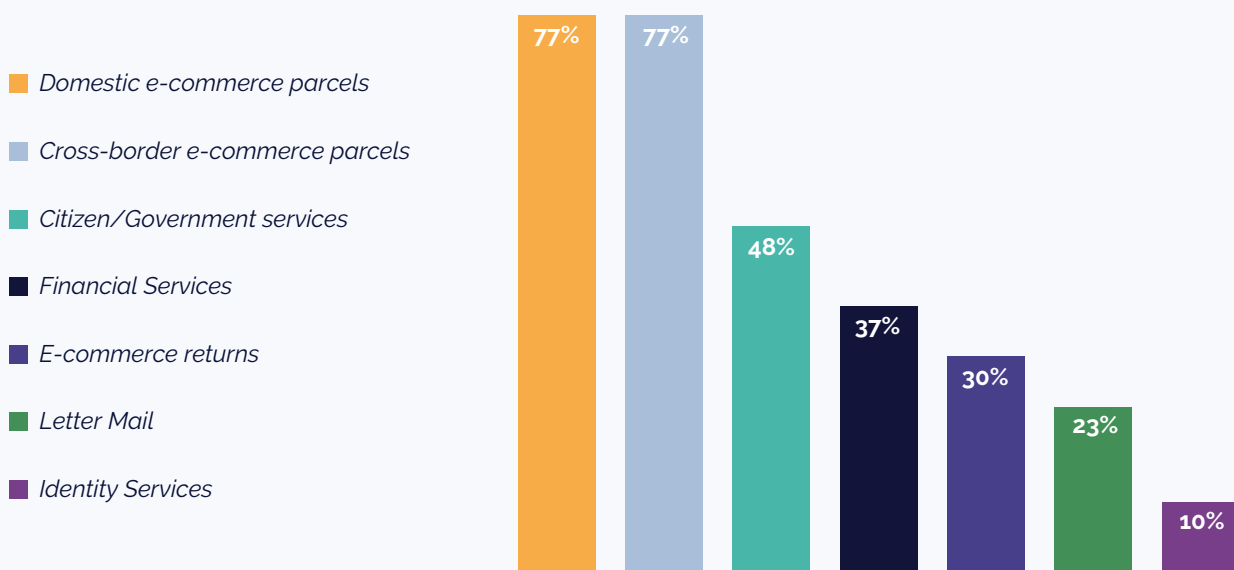
Digital transformation, previously the top priority (63% in 2021), has declined to 45% in 2025. This suggests that many foundational digital tools are already in place, and the focus is now on optimization and integration, particularly in backend systems and predictive analytics.

Other 2025 priorities include customer experience (30%), sustainability (24%), parcel handling (22%), and domestic e-commerce (21%). Sustainability appears for the first time, indicating growing regulatory and consumer pressure. Lower-tier priorities include address optimization (18%), revenue diversification (12%), and delivery automation (8%).

Overall, investment is shifting from internal digitization to external ecosystem growth, with strong emphasis on cross-border commerce, customer-centric infrastructure, and environmental responsibility. Postal operators are positioning themselves as platform players in a global, data-driven delivery landscape.

WHAT ARE THE MOST IMPORTANT PRODUCT INVESTMENTS OVER THE NEXT 1-3 YEARS

Percentage of postal operators



Postal operators are refocusing product investments to align with e-commerce growth, public service delivery, and financial inclusion. Domestic and cross-border e-commerce parcels were tied as the top product investment, selected by 77% of respondents, respectively, reflecting a continued focus on parcel logistics. Operators are enhancing fulfilment, customs automation, and cost transparency to compete globally. Citizen and government services surged to 48%, up from 9% in 2022, as posts integrate digital ID for services like voting and verification. Financial services rose to 37% (from 10% in 2022), with operators leveraging their retail reach for banking and bill payment. E-commerce returns (30%) also gained attention, while letter mail (23%) and identity services (10%) remain niche. Posts are evolving into platforms for commerce, finance, and civic access.



98%

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



Evolving Retail Networks

Postal operators have dramatically shifted their retail network priorities in recent years, showing a clear movement toward more centralized, technology-enabled, and diversified service models.

In 2025, the top retail network priority for postal operators is the post-owned post office, selected by 98% of respondents, up from 91% in 2024. This continued

increase reflects a strong return to directly controlled infrastructure, helping to ensure consistent service, branding, and operational efficiency. Posts use owned branches to launch digital ID services, banking, and hybrid models, reinforcing the value of full control for multi-service delivery.

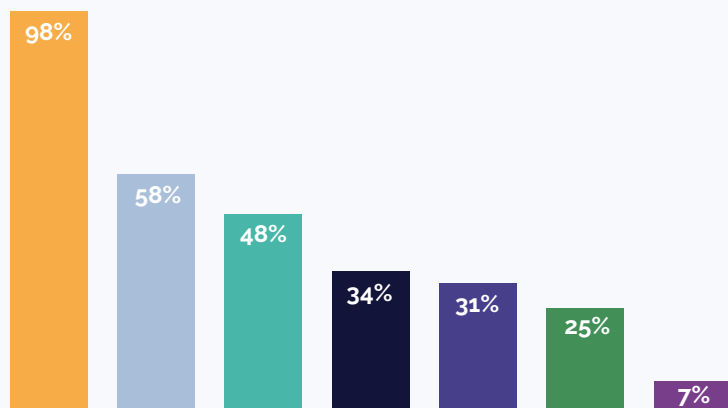
Smart lockers remain a key priority, selected by 58%, down from 70% in 2023. Still, they are widely seen as essential for 24/7 parcel access, reverse logistics, and digital customer experiences, particularly in urban and suburban areas. Interest in third-party owned post offices rose to 48%, showing support for hybrid models that extend reach without full ownership. Many posts now deploy tiered networks - owned locations in cities, partners in rural areas, and lockers for automation. PUDO points declined to 34% in 2025 (from 48% in 2023), signalling a shift away from loosely integrated retail partners. Meanwhile, 31% of respondents are not expanding their networks, reflecting market saturation or a shift toward digital investments. Kiosk self-service terminals held steady at 25%, filling niche roles in compact or temporary locations.

Overall, operators are consolidating and modernizing, focusing on infrastructure they own or tightly manage to support integrated, tech-enabled, multi-service platforms.

WHICH OF THESE BEST DESCRIBE YOUR CURRENT RETAIL NETWORK PRIORITY?

Percentage of postal operators

- Post owned post office
- Smart lockers
- 3rd party owned post offices
- PUDO
- We are not expanding our retail network
- Kiosk self-service terminals
- Other

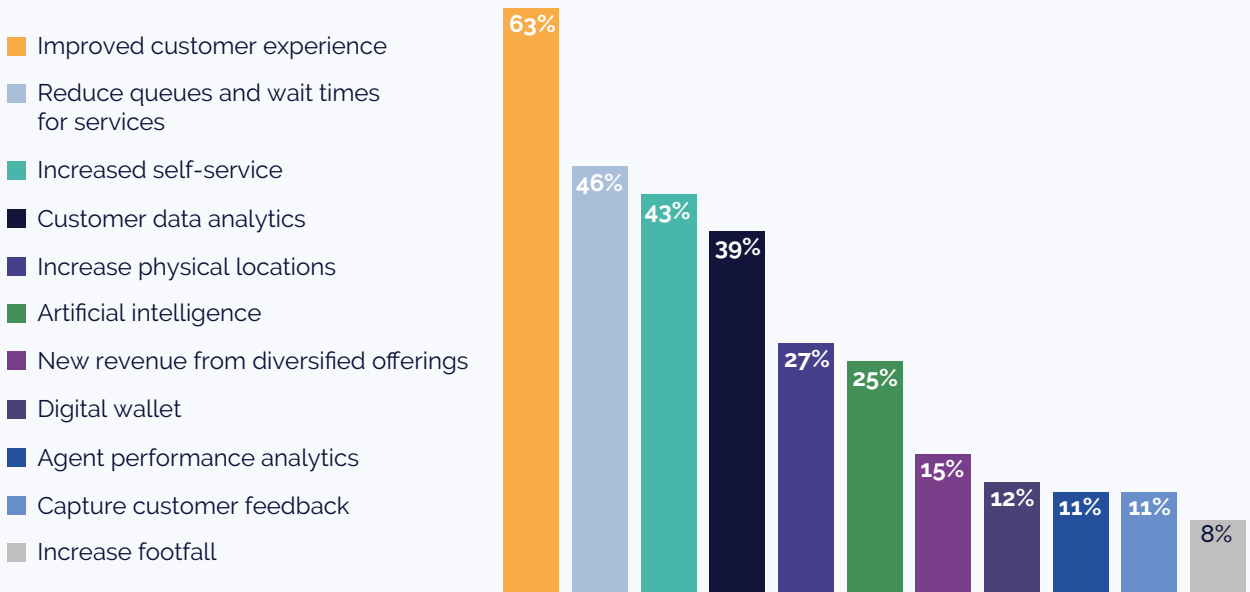


Postal operators increasingly view their retail channels as platforms for digital, customer-centric transformation. Although down from 96% in '23 and '24, which may indicate a shift from innovation to optimization, improving the customer experience remains the top priority. Reducing queues (46%) and increasing self-service (43%) are also key focuses, supporting the move toward frictionless, tech-enabled interactions via kiosks, lockers, and hybrid counters.

63% 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 postal operators



Customer data analytics surged to 39% in 2025, up from 14% in 2022, reflecting growing reliance on segmentation, behaviour tracking, and predictive models to personalize service and inform operational decisions. AI adoption reached 25% (from 5% in 2022), used for queue prediction, inventory, and routing.

Selective expansion of physical locations (27%) reflects strategic alignment with financial and government service integration, while digital wallet integration and agent performance analytics (both 12%) show continued retail digitization. Traditional priorities like customer feedback (11%) and increasing footfall (8%) have declined, indicating a shift toward experience quality over volume.

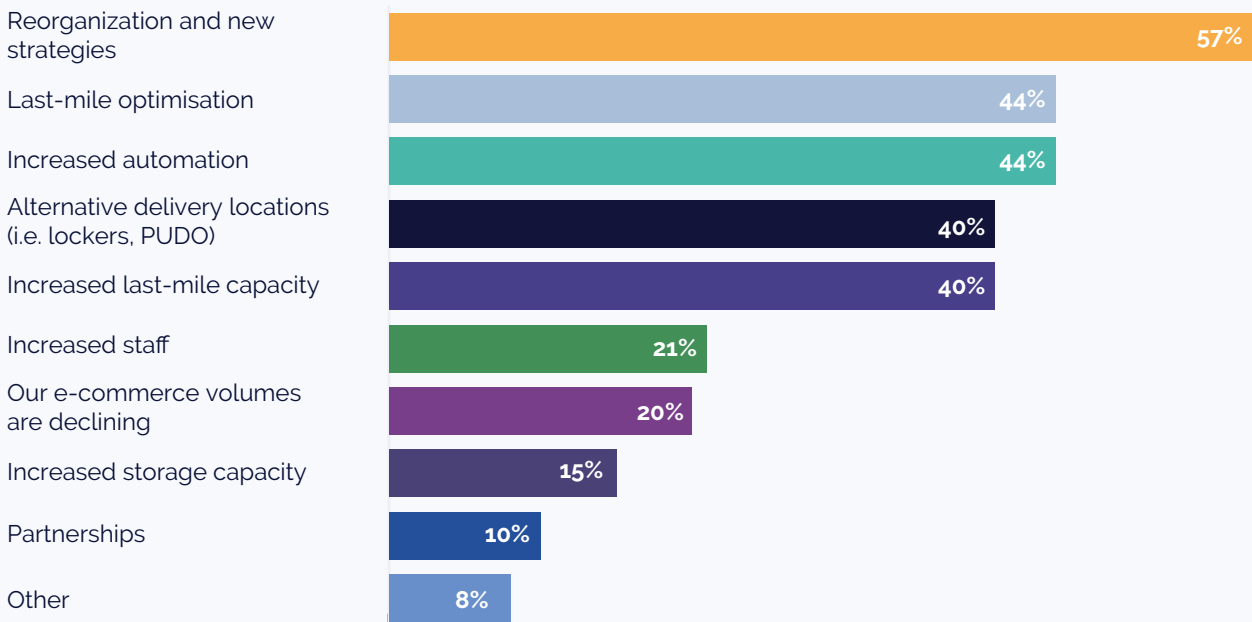
Notably, 15% of respondents cited revenue from diversified services, such as insurance, bill payments, and identity verification, which are highlighting the retail channel's evolution from cost center to value-generating service hub. Overall, postal retail is becoming a data-driven, multi-functional ecosystem focused on service integration, efficiency, and customer insight.

For a deeper discussion on Growth Strategies click here

E-Commerce and Cross-Border

DEALING WITH INCREASING E-COMMERCE POSTAL VOLUMES

Percentage of postal operators



As e-commerce becomes more dynamic, postal operators are adopting flexible strategies to manage parcel volume volatility. The most common strategy is reorganisation and new strategies, selected by 57% of respondents. This indicates a strong focus on structural and strategic adaptation, such as network redesign and flexible planning. Both increased automation and last-mile optimisation were cited by 44%, showing that operators are heavily investing in efficiency, technology, and delivery performance to manage variability.

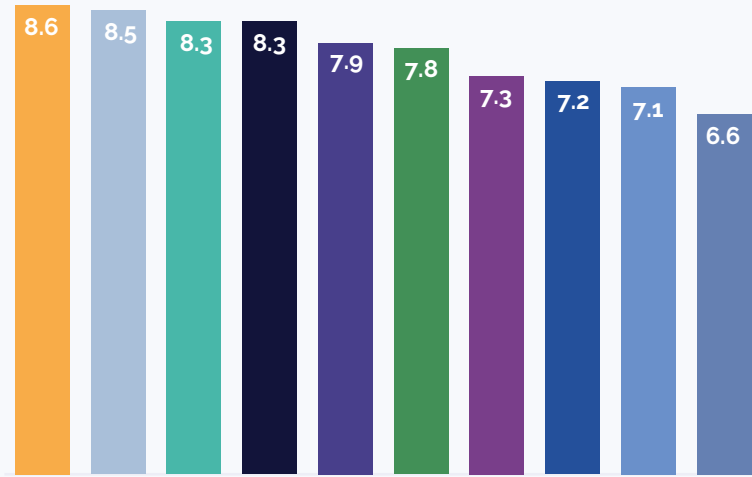
Alternative delivery options like lockers and PUDO points, as well as last-mile capacity increases, each received 40%, reflecting the importance of delivery flexibility and scalability. Only 21% of respondents increased staffing, suggesting a preference for automation over labour. Meanwhile, 20% reported declining e-commerce volumes, potentially indicating regional shifts in demand.

Less common measures include increasing storage capacity (15%), forming new partnerships (10%), and other tactics (8%). Overall, the data highlights a balanced approach combining technology, infrastructure flexibility, and new service models.

ON A SCALE OF 1-10, HOW IMPORTANT DO YOU THINK THE FOLLOWING ARE TO THE E-COMMERCE INDUSTRY?

Average importance scores from postal operators

- APIs between core systems and e-commerce sites
- Next day parcel delivery
- Control of delivery timing
- Increased network transparency (for senders and receivers)
- Efficient returns
- Automated first-mile processing
- Omni-channel expansion
- Same day parcel delivery
- Green delivery
- Microfulfillment



In 2025, postal operators are aligning transformation strategies with e-commerce priorities, focusing on integration, transparency, speed, and consumer control. The top-rated initiative is API integration with e-commerce platforms, scoring 8.6, the highest across all areas. APIs support order injection, tracking, address validation, and dynamic pricing, thereby enhancing interoperability and the overall customer experience.

Next-day parcel delivery follows closely with a score of 8.5. Although down from its 9.3 peak in 2021–2022, it remains vital in dense markets, suggesting a balance between speed, cost, and sustainability. Consumer control over delivery timing scores 8.3, highlighting demand for flexible, customer-driven logistics.

Network transparency (8.3) and automated first-mile processing (7.8) are also key priorities, enabling better shipment visibility and more efficient SME parcel onboarding. Lower priorities include same-day delivery and omnichannel expansion (7.2 and 7.3), as well as green delivery (7.1), which has declined from 8.2 in 2022, indicating that environmental practices are now expected rather than exceptional.

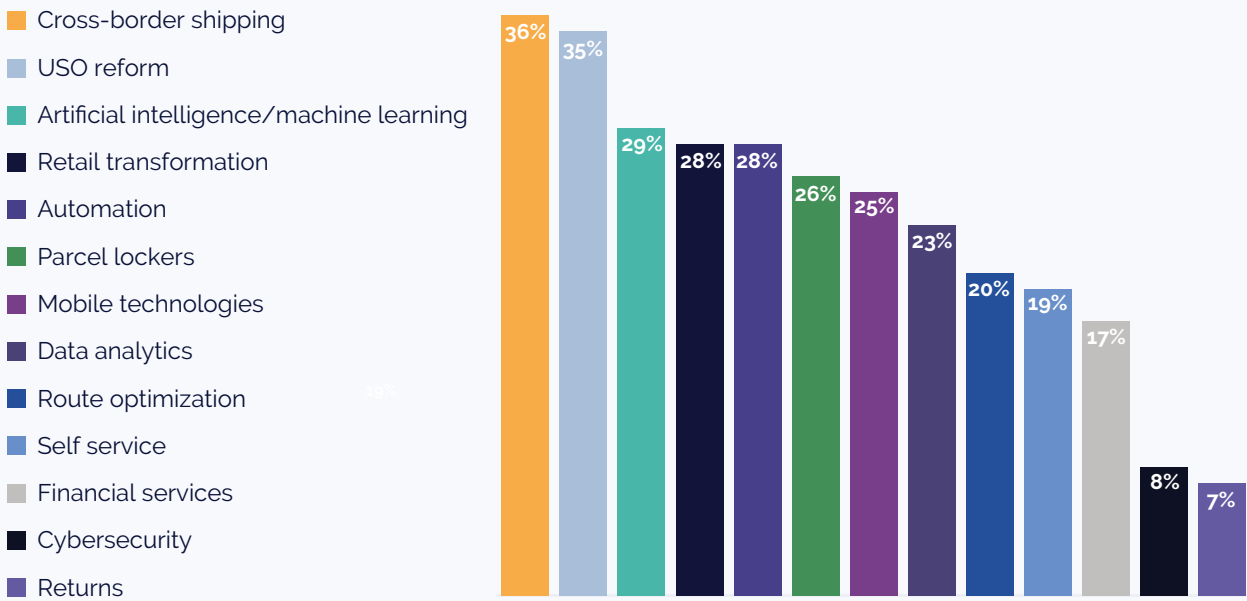
The industry is moving toward a flexible, digitally integrated fulfillment model.

USO Reform is increasingly impacting postal operators



IN ADDITION TO E-COMMERCE, WHICH OF THE FOLLOWING DO YOU BELIEVE WILL HAVE THE GREATEST IMPACT ON POSTS IN THE NEXT FIVE YEARS?

Percentage of postal operators



Postal operators see the next five years as a time of rapid technological change, regulatory shifts, and increasing cross-border complexity, all factors that are reshaping industry strategy. E-commerce has consistently topped the rankings in this area since 2021, peaking at 84% in 2023 and holding at 77% in 2024. With that expectation that it would once again dominate, and a consensus that e-commerce will remain central to infrastructure investment for the foreseeable future, it was removed as an option this year in favor of developing a more nuanced analysis of lesser factors impacting the postal sector.

With that said, in 2025, cross-border shipping jumped to 36%, highlighting the growing challenge of managing VAT reforms, digital customs, and rising customer expectations. Universal Service Obligation (USO) reform is cited by 35%, reflecting concerns about its future amid declining letter volumes and rising parcel demand.

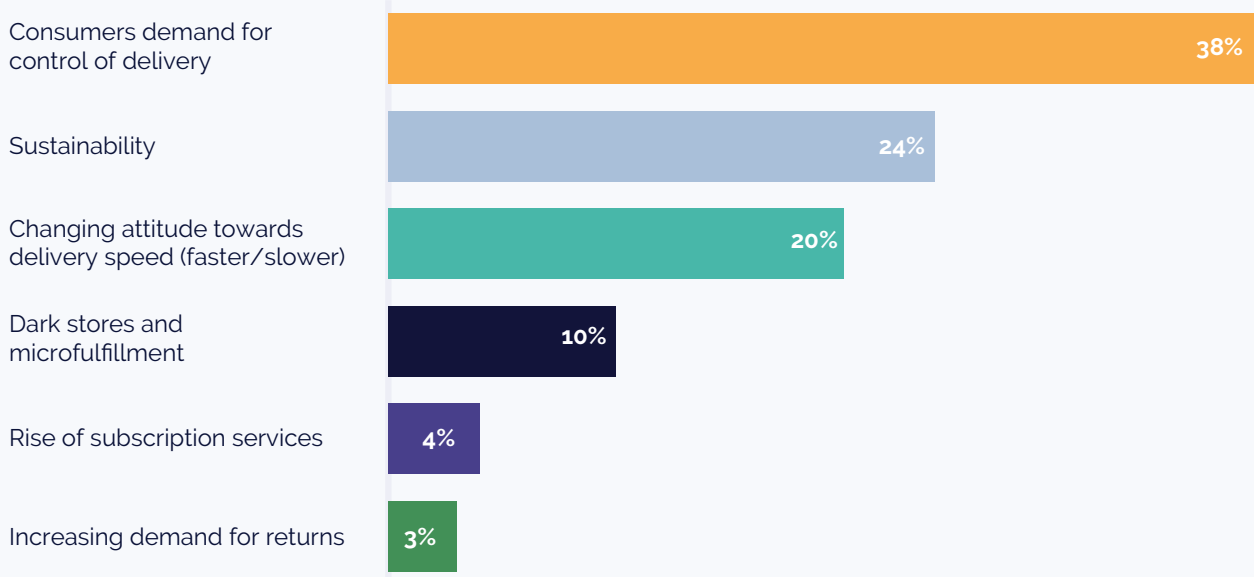
Technology priorities are rising sharply, and with AI/Machine Learning (29%), Retail Transformation (28%), and Automation (28%) all in close proximity, it's clear the impact these tools are having on driving structural change. Parcel Lockers (26%) and Data Analytics (23%), at are now essential for scalable, insight-driven logistics.

Sitting in between, Mobile technologies dropped to 25%, now considered baseline rather than innovative. Cybersecurity enters the top-impact list for the first time (8%), underscoring digital risk concerns. Lower scores for returns (7%), self-service (19%), and financial services (17%) suggest these are stabilizing or shifting roles. Route optimization features on this list for the first time, cited by 20%.

A closer look at e-commerce

WHICH OF THE FOLLOWING DO YOU BELIEVE WILL HAVE THE BIGGEST IMPACT ON E-COMMERCE IN THE NEXT 5 YEARS?

Percentage of postal operators



Domestic e-commerce parcels is the **number one product investment** for postal operators over the next 3 years

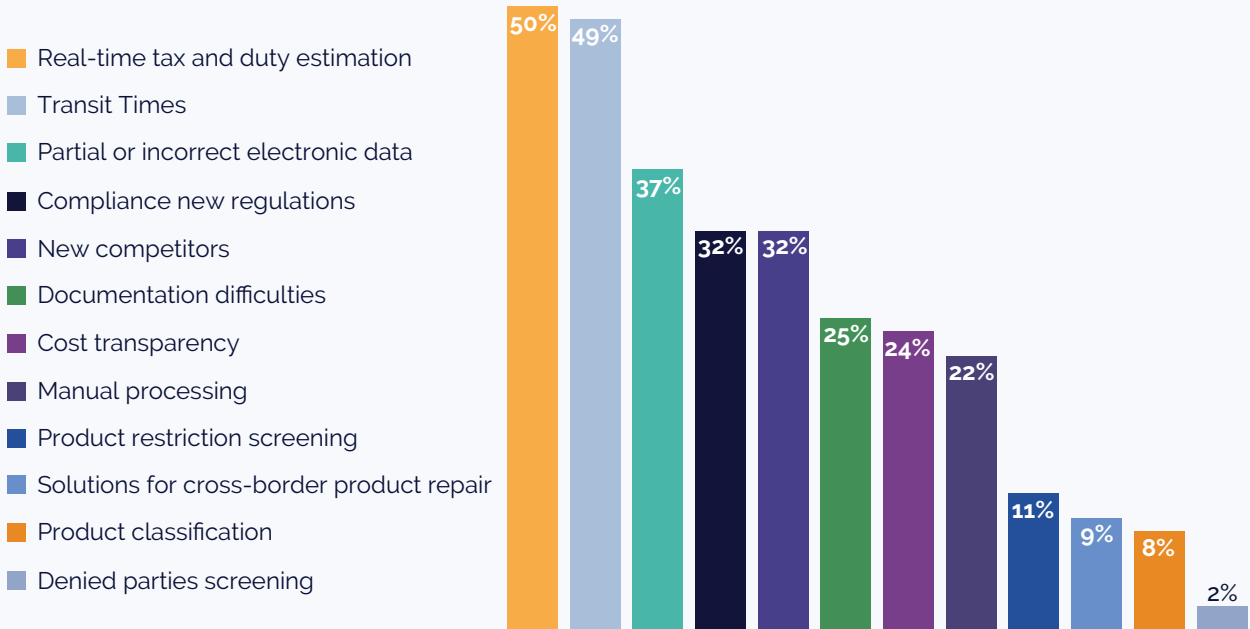
Leading the list of the biggest impacts for e-commerce in the next five years is consumer demand for delivery control, cited by 38% of respondents, underscoring the growing importance of flexibility and personalization in delivery options, such as time-slot selection, dynamic rerouting, and locker pick-up. Sustainability ranks second at 24%, reflecting rising environmental expectations from both regulators and consumers, and a shift toward greener delivery practices. Changing attitudes toward delivery speed follows at 20%, suggesting a move from “fastest” to “smartest” delivery, where reliability and cost-efficiency matter more than speed alone.

Dark stores and micro-fulfillment, cited by 10%, highlight a trend toward localized fulfillment to shorten delivery windows and reduce logistics costs. The rise of subscription services (4%) is seen as a niche factor, potentially offering steady revenue but with limited scale. Increasing demand for returns ranks lowest at 3%, which may indicate either stabilizing return behaviour or improvements in pre-purchase decision-making. Overall, the data reflects a shift toward consumer-driven logistics and sustainable, tech-enabled delivery models. Postal operators are prioritizing services that offer convenience, transparency, and environmental responsibility to stay competitive in an evolving e-commerce ecosystem.

As cross-border e-commerce becomes increasingly vital, postal operators face persistent operational, regulatory, and digital integration challenges that hinder scalable, efficient international delivery.

MAIN OBSTACLES TO CROSS-BORDER E-COMMERCE GROWTH

Percentage of postal operators



In 2025, the top barrier remains real-time tax and duty estimation, cited by 50% of respondents for the third consecutive year. Lack of landed cost transparency at checkout erodes consumer trust and dampens conversions. To address this, operators are investing in automated customs tools and harmonized HS code systems. Transit time uncertainty follows closely at 49%, driven by inconsistent handovers, customs delays, and infrastructure gaps. While regional hubs and digital platforms like ICS2 (EU) aim to improve reliability, many issues remain unresolved. Incomplete or incorrect electronic data, now cited by 37%, has grown in importance. With digital customs pre-clearance regimes expanding, poor merchant data leads to clearance delays. Posts are implementing validation tools and merchant training to improve upstream data accuracy.

Other key barriers include new competitors and regulatory compliance (both 32%), reflecting increased market complexity. Documentation issues (25%) and cost transparency (24%) also impact merchant onboarding and customer experience. Manual processing (22%), product screening (11%), product classification (9%) and denied parties screening (2%) are lesser but ongoing concerns. Additionally, product repairs (8%) highlight emerging challenges in circular commerce and reverse logistics.

Overall, the cross-border landscape is shifting from basic access to streamlining, compliance, and CX. Leading posts are focusing on digitization, data quality, and API integration to ensure seamless international e-commerce fulfilment.

For a deeper discussion on Cross-Border Ecom click here



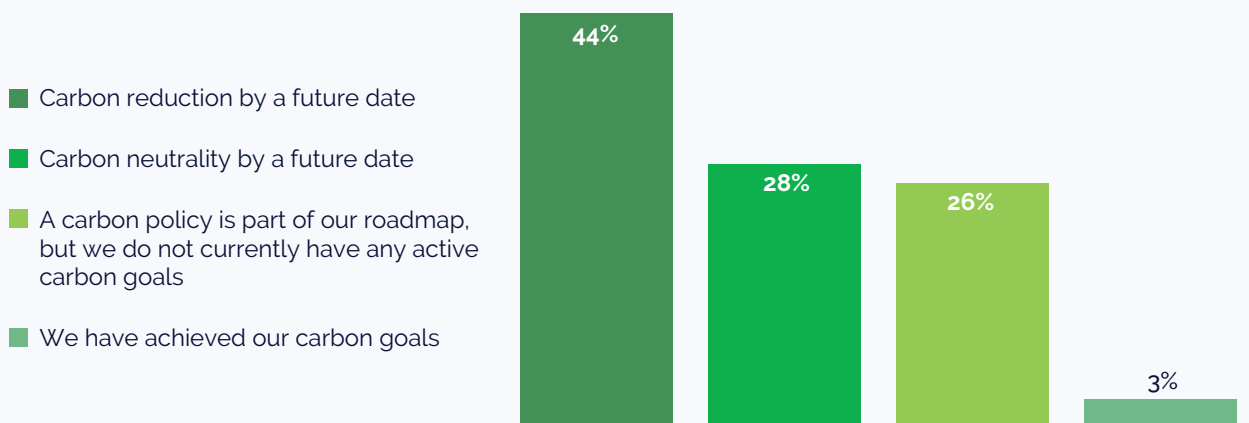
Environmental Responsibility

Balancing Growth with Sustainable Goals

In a time when environmental responsibility is imperative rather than optional, the postal industry stands at a defining crossroads. As operators of one of the world's most expansive networks, postal organizations hold both a significant opportunity and a clear duty to champion sustainability. However, achieving carbon neutrality while continuing to grow remains a complex and demanding challenge.

HOW WOULD YOU BEST DESCRIBE YOUR COMPANY'S CARBON POLICY?

Percentage of postal operators



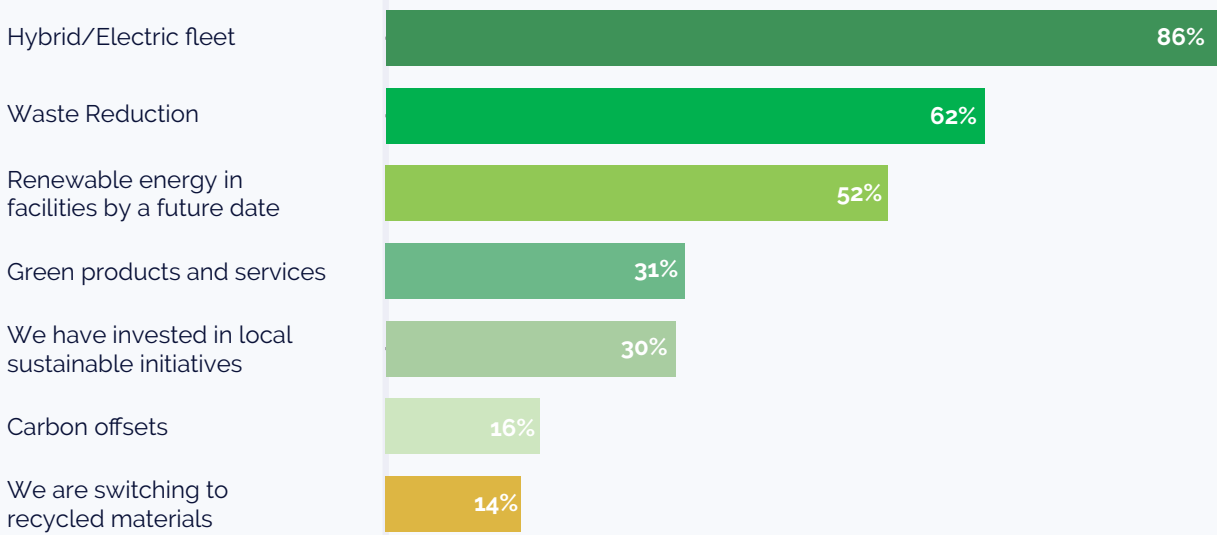
Postal operators are showing growing environmental ambition, but many still struggle to turn commitments into action. Between 2023 and 2025, more operators have pledged to cut carbon emissions (44% in 2025, up from 38% in 2023) yet few have achieved measurable progress. These commitments often involve plans to decarbonize fleets, boost energy efficiency, and optimize delivery routes, reflecting rising pressure from governments and customers.

28% of operators have committed to achieving carbon neutrality, a modest increase since 2023. This typically combines emissions reduction with offsetting efforts, such as reforestation or renewable energy credits. However, these strategies are complex and require long-term investment and clear verification. Despite growing ambition, 26% of respondents in 2025 still report that carbon policy remains on the roadmap but is not yet active, remaining unchanged from 2024. This suggests persistent challenges in funding, planning, and competing digital priorities. Only 3% say they've already met their carbon goals, down from 5% in 2023.

These findings reflect a broader industry trend: strong sustainability rhetoric but slower execution. Progress often hinges on defined milestones, cross-sector partnerships, and agile pilots. The key challenge remains: turning goals into auditable, scalable outcomes.

ACTIVE & PLANNED GREEN INITIATIVES FOR POSTS

Percentage of postal operators



Postal operators are advancing sustainability by focusing on high-impact, operationally integrated initiatives, while stepping back from symbolic or indirect efforts. The most widely adopted initiative is investment in hybrid or electric fleets, cited by 86% of respondents (up from 68% in 2024). This highlights clean mobility as the cornerstone of carbon reduction strategies. This shift is fuelled by lower EV costs, improved infrastructure, and policy incentives. Waste reduction (62%) and renewable energy use in facilities (52%) remain important, though both saw slight declines from prior years, reflecting a move from rollout to refinement. Other initiatives are losing momentum: green products and services dropped to 31% (from 49%), and local sustainability projects sit at 30%. Notably, recycled materials (14%, down from 38%) and carbon offsets (16%, down from 38%) declined sharply, presumably due to cost, complexity, or credibility concerns.

Overall, the focus is shifting toward measurable, infrastructure-driven sustainability, anchoring efforts in fleet electrification, energy efficiency, and waste minimization.

Only 3% of Posts have reached their carbon goals

For a deeper discussion on *Sustainability* click here



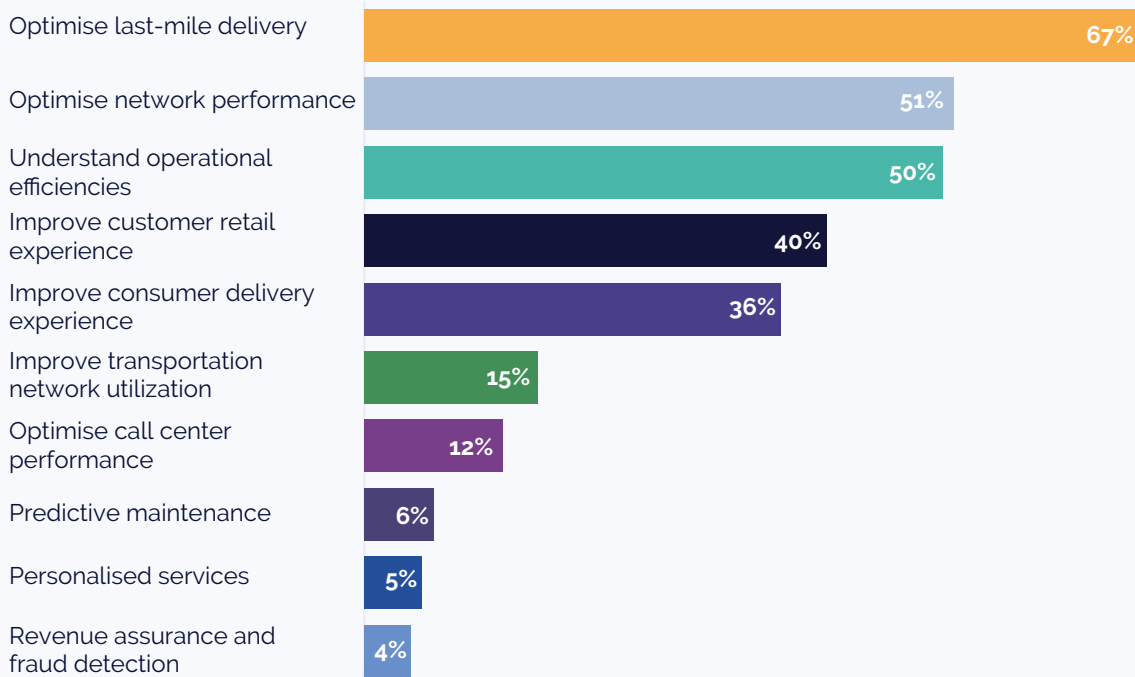
Operational Efficiency and Reverse Logistics

From Data to AI

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.

HOW ARE YOU USING DATA ANALYTICS?

Percentage of postal operators



Postal operators are embedding data analytics more deeply across operations and customer interfaces, evolving from traditional delivery models into intelligent, insight-driven platforms. Last-mile optimization remains the leading use case, cited by 67% of respondents, slightly down from 77% in 2023 but still vital for managing route efficiency, labour, and customer preferences. With last-mile costs being the highest, predictive and real-time analytics deliver strong ROI through faster routes, fuel savings, and improved delivery performance.

Analytics is also widely used for network performance (51%) and operational diagnostics (50%), reflecting a push for end-to-end visibility across logistics workflows. However, customer experience analytics has declined: retail CX enhancement dropped to 40% (from 70% in 2022), and delivery experience analytics to 36% (from 70% in 2023), suggesting a shift toward embedding insights operationally or reprioritizing amid cost pressures. Emerging uses include call center optimization (11%), transport utilization (15%), predictive maintenance (6%), personalized service design (5%), and fraud detection (4%), signalling exploration of AI-powered analytics. Only 15% report no real-time analytics plans, underlining its growing strategic role. Overall, the sector is moving from foundational analytics toward high-impact, targeted applications that enhance performance, reduce costs, and support innovation.

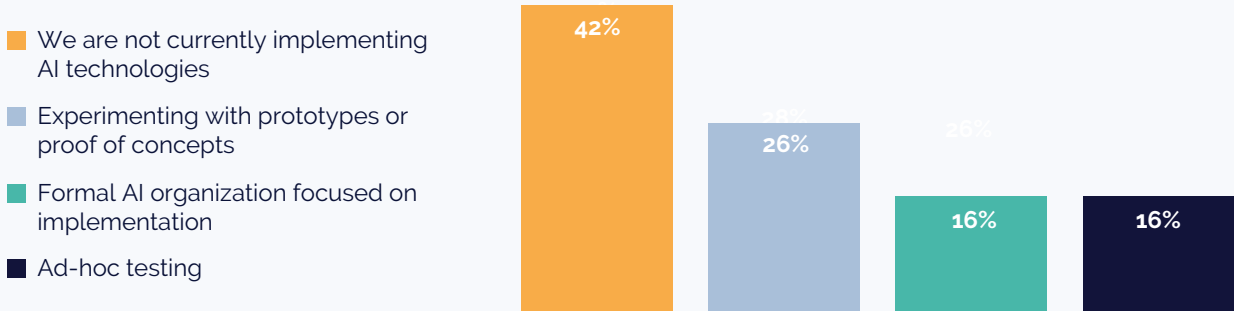
Approaches to Artificial Intelligence



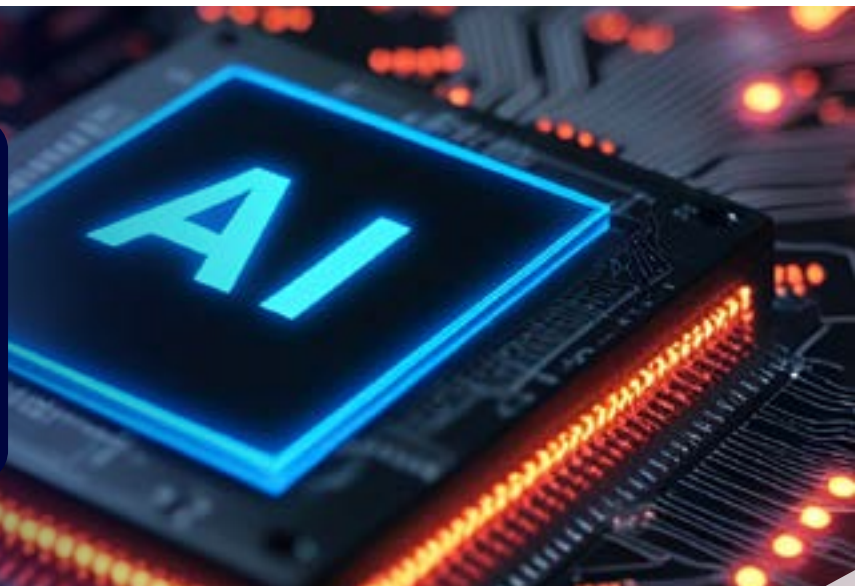
As of 2025, most postal operators remain in the early stages of AI adoption, with significant potential for growth and strategic alignment. The largest group (42% of respondents) reported no current AI implementation, pointing to persistent barriers such as cost, skills gaps, integration challenges, and uncertain returns on investment.

HOW WOULD YOU BEST DESCRIBE YOUR ORGANIZATIONS APPROACH TO AI TECHNOLOGIES?

Percentage of postal operators



42%
of Posts are currently
not testing or
implementing AI



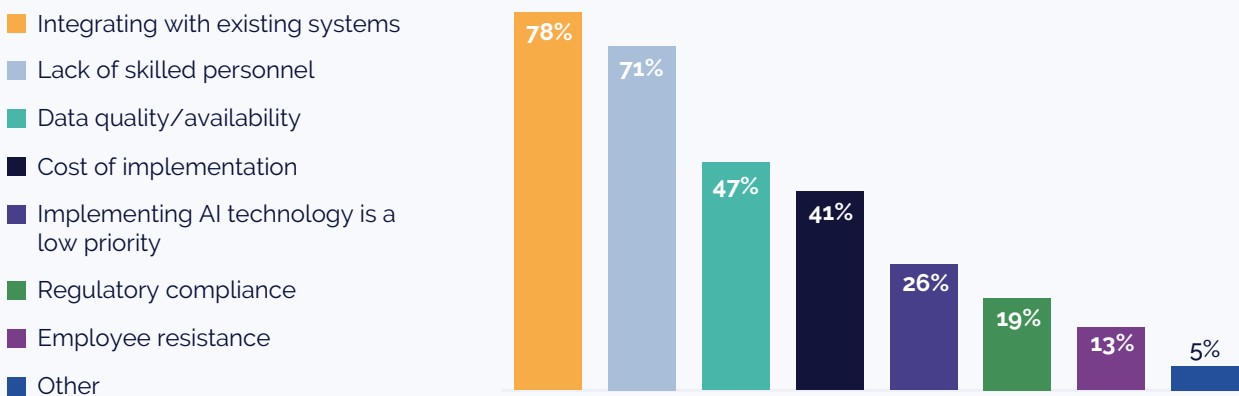
As AI takes root in postal logistics, operators are encountering a consistent set of challenges that are less about awareness and more about the complexity of execution, skills shortages, and infrastructure limitations.

In 2025, the top challenge is system integration, cited by 78% of respondents. This reflects the difficulty of embedding AI into legacy IT environments, which often rely on siloed data, rigid architectures, and limited interoperability. Without backend modernization or middleware solutions, integrating AI into core workflows remains a significant barrier.

The second most reported issue is the lack of skilled personnel, noted by 71%. The shortage of data scientists, machine learning engineers, and AI-literate managers slows both development and adoption. It also limits strategic planning, as many decision-makers lack the expertise to drive AI initiatives confidently.

WHAT ARE THE MAIN CHALLENGES YOU'VE FACED IMPLEMENTING AI?

Percentage of postal operators



Data quality and availability was selected by 47%, highlighting the need for clean, structured, and comprehensive datasets, something many postal systems struggle to maintain due to inconsistent tracking, low digitization, and decentralized operations.

Other barriers include implementation cost (41%), low prioritization (26%), regulatory compliance (19%), and employee resistance (13%). These underscore concerns around long-term investment, AI governance, and cultural change, especially in regulated or unionized environments.

Overall, AI adoption is hindered not by interest but by technical, organizational, and cultural complexity. Progress will depend on pairing AI with IT modernization, investing in talent, running low-risk pilots, and building robust governance for ethical, explainable AI.

71% of Posts
said **lack of skilled personnel** is a challenge
of implementing AI

Expected or realized cost savings from AI implementation

Despite a growing number of postal operators experimenting with AI, the ability to clearly measure and attribute cost savings remains limited and uneven across the sector in 2025.

When asked about cost savings from AI, 42% of respondents answered, "don't know," indicating a lack of maturity in implementation, insufficient baseline metrics, or projects too recent to assess. This highlights the need for better ROI tracking and performance measurement systems.

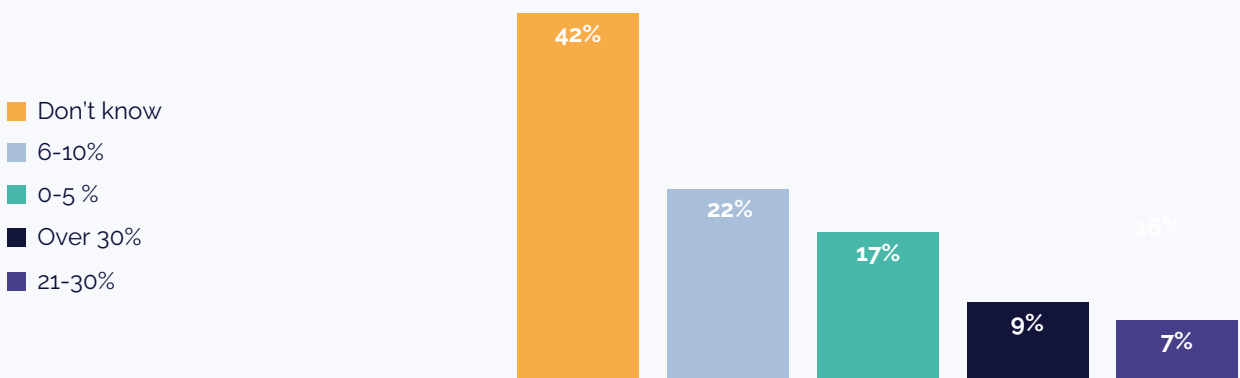
Among those able to quantify results, 22% reported savings between 6–10%, particularly in well-established use cases like route optimization, workforce planning, automated customer service, and demand forecasting. These areas offer consistent, modest gains where AI tools are more mature.

Another 17% saw savings of 0–5%, typically linked to early-stage or limited-scope pilots. Meanwhile, a smaller group reported substantial returns: 9% achieved over 30% in savings, and 7% realized 21–30%, likely driven by advanced AI applications such as autonomous sortation, fleet-wide predictive maintenance, or fraud detection via analytics.

Overall, the sector shows high interest but uneven execution. Success largely depends on AI maturity, talent, integration, and strategic alignment. To improve consistency, operators must adopt standardized performance frameworks, focus on proven use cases, invest in data readiness, and align AI efforts with clear, measurable business goals.

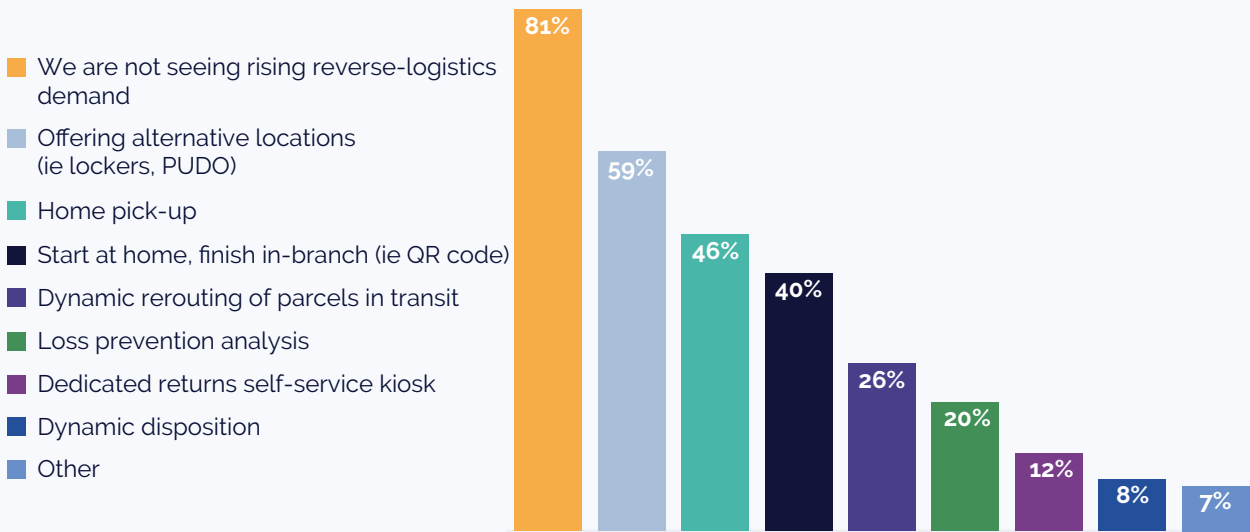
WHAT PERCENTAGE OF COST SAVINGS HAVE YOU ACHIEVED OR EXPECT TO ACHIEVE THROUGH AI IMPLEMENTATION?

Percentage of postal operators



HOW IS YOUR ORGANISATION DEALING WITH RISING REVERSE-LOGISTIC DEMANDS?

Percentage of postal operators



59% of Posts offer **alternative reverse logistic locations**

Postal operators are increasingly adopting flexible, customer-focused, and cost-effective strategies to manage reverse logistics. However, 2025 data reveals a shift: 81% of respondents report no increase in returns demand, a dramatic rise from just 5% in 2022. This may reflect evolving e-commerce behaviour, driven by better sizing tools, stricter return policies, or improved pre-sale decision support.

For those seeing returns growth, alternative drop-off points like lockers and PUDO locations are the leading strategy, selected by 59% of respondents. These decentralized, self-service models reduce pressure on retail counters and align with broader automation trends. Hybrid solutions such as "start at home, finish in branch" were chosen by 40%, allowing customers to initiate returns digitally and complete them in a physical site, combining convenience with control.

Home pickup, still used by 46%, has declined from 63% in 2022, possibly due to rising labour and fuel costs, and growing consumer comfort with self-service. Advanced tactics are emerging: 26% use dynamic rerouting in transit, and 20% employ loss prevention analytics, signalling increasing use of AI and data. Low adoption of returns kiosks (12%) and dynamic disposition logic (8%) suggests early-stage trials.

Overall, reverse logistics is shifting from expansion to optimization, with future focus on cost control, digital integration, and customer experience, especially in high-return sectors.

For a deeper discussion on AI & Operations click here



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 2025, our research partners, Triangle Management Services, conducted an online survey of postal leaders, worldwide. Responses from 290 participants across 89 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 2025



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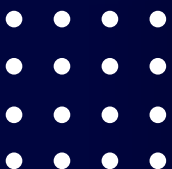
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