

Back to the future of the post: **Diverging visions after the financial crisis**

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<https://kristiansund.dk/2022/02/framing-industry-change/>

Content of this talk

- State of the industry ca. 2010
- Competing frames ca. 2010



- Industry developments 2010 to 2030

Cognition and Framing

What is a frame?

- A perspective on an issue constructed through social interaction
- Frames are guides for sensemaking, interpretation and logics
- Some actors actively engage in framing activities, trying to share their frame of an issue, and influence the opinions of other actors

Frames help us think about an issue

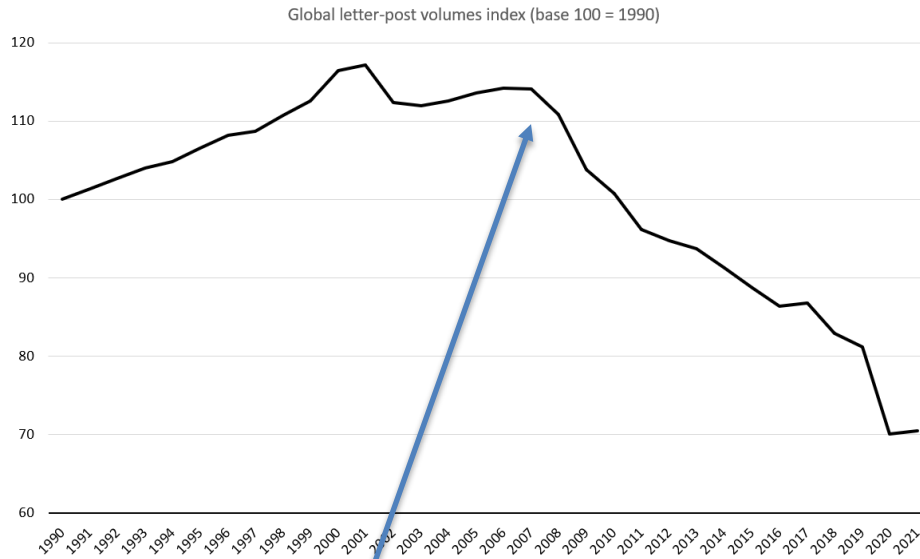


One issue, but multiple frames



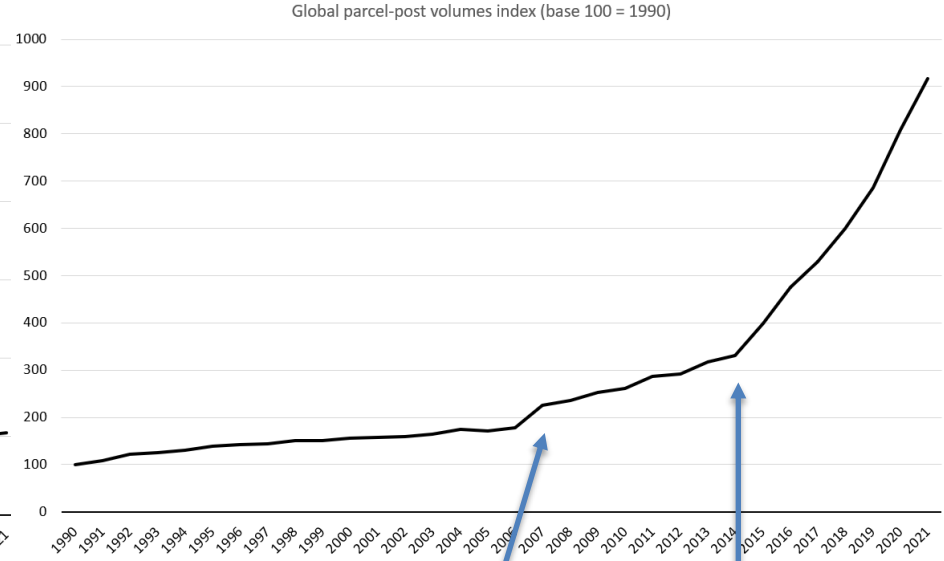
After the financial crisis, competing frames emerged that served to organize postal actors' discourse, aid sensemaking, and sell issues to decision-makers

Figure 1. Evolution of worldwide letter-post volumes



Financial Crisis
(2007-2009)

Figure 1. Evolution of worldwide parcel-post volumes



iPhone Launch
(2007)

4G Launch
(UK)

Three competing frames

- 3 frames: “Paper has a future”; “Diversify the trusted postal brand”; “Digitalize and differentiate with open innovation”.
- 7 dimensions/themes along which the frames are differentiated

Table 1. Three frames of the future of the Post

	“Paper has a Future” Frame	“Diversify the Trusted Postal Brand” Frame	“Digitalize and Differentiate with Open Innovation” Frame
Diagnosis of situation	Challenging period. Customers have moved into digital forms of communication, but still want physical mail and advertisement. Some Posts have been slow to modernize operations and are consequently suffering.	Customers are communicating digitally, and the decline of physical mail will not stop. Competition comes not just from postal sector, but also from digital space.	Communication has digitalized and gone mobile. Big increases in e-commerce. Current processes are outdated.
Role of the Post	The Posts are a vital national infrastructure tying the country together. They have a long and proud heritage and are among the oldest institutions in their country. Postal network is unique.	The Post should become a business organization delivering relevant services. Operators lack adaptability, but some are leading the way towards digital innovation.	Posts suffer from the weight of history, making it difficult to change. Universal service is a constraint.
Trust/Brand	National Posts are recognized and trusted by all citizens. The Post has an intimate relationship to customers that no other company has.	Posts remain a trusted brand, with a large customer base that could be exploited.	Postal brand is no longer an advantage.
Future of paper	Paper has a superior value to digital communication. Paper has been under attack before but always survived. Electronic services and e-commerce are complements to paper, rather than substitutes.	Paper communication is largely a thing of the past. The present business model around letter delivery is largely obsolete.	There is no viable future for paper.
Strategic orientation	Posts need to modernize operations and focus on what they are good at. Posts should be skeptic towards the digital space that does not offer profitable business models. Instead, they should focus on complementary areas such as hybrid mail.	Letter delivery is becoming less compelling. There is instead a big opportunity in e-commerce and parcel delivery. There is a need to innovate and diversify into electronic services. Posts should develop their capacity for innovation.	Posts must diversify but are slow to innovate internally. They need to adopt open innovation practices, for example to partner with start-ups, suppliers, universities. The aim should be to offer differentiated digital services. Posts should create the future.
Collaboration	Cross-border collaboration between postal operators and governments is important to improve quality of service.	Collaboration with channels and customers should be the focus in order to develop future electronic services.	Collaboration with, for example, digital start-ups, suppliers, universities. Explore license agreements, strategic digital acquisitions.
Regulatory concerns	Liberalization is a challenge. There is a need to redefine Universal Service Obligation for the last mile.	Liberalization and regulation is a fact of life.	Universal service definition and postal regulation is increasingly irrelevant, and a barrier for development.

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"Paper has a future"

- Physical mail and advertisement (direct mail and unaddressed) still valuable to customers.
- New opportunities exploring complementarities between digital and physical (e.g., hybrid) can create new growth -> Mail decline can be reversed.
- Online players are not seen as profitable.
- The Post is a critical national infrastructure.
- The logic of paper value, brand value, and trust in the Post also offers the solution for the future strategic orientation.
- Modernize operations and keep focusing on service quality.

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“Diversify the trusted postal brand”

- Physical mail has a limited future – substitution is irreversible.
- Digital communication trends and e-commerce developments are assumed to continue.
- Trusted brand can form the basis for future diversification strategies.
- Some emphasize mobile services, some emphasize financial services, and some value-added services related to e-commerce.
- New services are perceived to be best created inside the Post, but in collaboration with large mailers, including within e-commerce. Control over innovative processes and services is preferable to a more open model.

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“Digitalize and differentiate with open innovation”

- The traditional letter mail business model is in decline and digital communication trends will continue in the future.
- The postal brand has limited potential going forward, particularly in the eyes of younger generations.
- The future is to diversify into the digital space, developing for instance e-commerce solutions, customized marketing solutions, warehousing, logistics solutions...
- Operators will struggle to innovate alone, but must forge partnerships with external actors.
- Regulatory frameworks are restrictive and a constraint on operators and their ability to innovate and diversify.

Industry developments since 2010

How did frames shape future choices?

- There was an evolutionary race between the three main frames.
- The “paper has a future” has mutated into the “paper has a big problem”, particularly with the accelerated declines of mail volumes after Covid-19.
- There is still an on-going race between “diversify the trusted postal brand” and “digitalize and differentiate with open innovation” currently reflected by the debates around the opening up of the Universal Postal Union to a wider community of postal industry stakeholders as opposed to a UPU mostly led by designated operators’ (postal incumbents) institutional initiatives.



Industry developments: looking to 2030

What does the future hold now?

- The “diversify the trusted postal brand” and “digitalize and differentiate with open innovation” frames are most likely to mutate into new variants by 2030.
- Better diversification could be achieved through embedded rather than separated streams of digital, financial and physical services in response to innovations by main digital platforms.
- Regulation becomes an opportunity for enhanced collaboration rather than a threat for the evolution of the postal business model.
- Hyper-collaboration could turn out to be a more critical success factor than hyper-competition between different postal and delivery networks in their interaction with digital players globally.



Conclusions

Implications

- Our results illustrate how different actors may adopt different frames, without reaching consensus
- This can help explain why different actors adopt different strategies and courses of action
- The postal landscape is more diverse than ever

The Post “is in the future”

- A linchpin for a wider communication ecosystem in the 21st century
- The engine for sustainable logistics hyper-collaboration for the digital economy
- The need for regulations of digital trade to avoid a fragmented trading system

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Thank You