



# OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

## The Postal Service Customers of the Future

### RARC Report

Report Number  
RARC-WP-14-014

September 29, 2014





# OFFICE OF INSPECTOR GENERAL

## UNITED STATES POSTAL SERVICE

## Executive Summary

Change used to be generational, driven by slow-moving and predictable forces like demographic shifts. Now, rapid technological innovation means that change is almost continuous and often unpredictable. For the U.S. Postal Service, this fast-paced environment requires positioning to meet the needs of its customers — small and medium businesses, large enterprises, the government, and the individual consumers they serve — as an uncertain future unfolds.

To that end, the U.S. Postal Service Office of Inspector General (OIG) partnered with consulting firm Monitor Deloitte, using scenario planning to understand the needs and expectations of the customers of the future, and how the Postal Service could effectively meet those changing needs. The team took a phased approach that included:

1. Researching trends — analyzing the potential paths of more than 80 emerging trends in technology, society, and industry.
2. Designing scenarios — based on hundreds of articles, projections for the more than 80 trends, and interviews with leading experts across Deloitte, constructing four scenarios to represent varying ways in which the future might unfold over the next 5 to 10 years. Scenario planning is a common methodology used to understand and explore possible futures by designing and evaluating hypothetical situations based on different combinations of trends.

3. Exploring needs and opportunities — identifying future customer needs and expectations, as well as potential opportunities for the Postal Service that could be further explored, based on the designed scenarios.

The team facilitated scenario planning sessions that resulted in key insights related to future customer needs and potential Postal Service opportunities. Individual consumers in the future will expect superior customer service (e.g., convenience, instant accessibility, and ease of use) tailored to their experiential preferences (e.g., personalization, collaborative goods and services, “smart” experiences). To maintain and expand their current customer base, businesses will need to be particularly responsive to customers — targeting individuals or groups with niche, tailored services that secure trust through, for example, responsible business practices and strategic partnerships.

The Postal Service is uniquely positioned to strategically grow in core and adjacent products and services based on the following five pivot points: 1) customer access, 2) brand permission, 3) core strengths, 4) infrastructure, and 5) supplier and partner synergies. Aligning these pivot points with the customer needs identified in the scenario exercise revealed dozens of new potential postal products and services that could facilitate communications and commerce. Specific opportunities include, for example, facilitating consumer-to-consumer transactions of shared goods and streamlining government services in post offices. The Postal Service could also become a trusted service provider to collect “anonymous,” or aggregated, data for businesses about consumers.

# Table of Contents

|                                |    |
|--------------------------------|----|
| Cover                          |    |
| Executive Summary.....         | 1  |
| Methodology .....              | 3  |
| Future Scenarios .....         | 10 |
| All Eyes on You .....          | 11 |
| A Personal Touch .....         | 16 |
| The In Crowd .....             | 21 |
| From Our Family to Yours.....  | 26 |
| Themes and Opportunities ..... | 31 |
| Contact Information .....      | 36 |

# Methodology

The team employed a three-phased approach to design scenarios which were used to determine potential future customer needs and expectations



- **Researched and collected** a list of potential trends from a variety of sources
- **Mapped trends to the STEEPI framework**  
*Social, Technological, Environmental, Economic, Political, and Industry*
- **Categorized trends based on level of certainty**  
Single-direction trends are driving forces while multidirectional are uncertainties

- **Uncovered macro themes** based on relationships highlighted during the trend mapping exercise
- **Prioritized critical uncertainties** from macro themes to develop four scenarios
- **Designed scenario narratives** weaving driving forces and critical uncertainties throughout

- **Facilitated a collaborative design workshop** where a cross-section of OIG leaders
  - i) immersed themselves in **trends**,
  - ii) anticipated emerging **customer needs**, and
  - iii) uncovered **opportunities for the Postal Service** to address customer needs and expectations
- **Organized and aggregated workshop outputs**

# An “outside-in” approach was used to research trends from primary source documents, industry literature, and interviews with subject matter experts



## Documentation Review

The team culled **hundreds** of articles, trend projections, and publications to build a comprehensive list of over **80** trends. Particular sources of interest include:

- ✓ **Deloitte Business, Human Capital and Technology Emerging Trends 2014**  
Deloitte annually conducts thorough trends research and conducts surveys of business leaders across government and Fortune 100 companies
- ✓ Articles from leading publications including **Harvard Business Review, Forbes, Fast Company, the Economist, the Atlantic, and Business Week**
- ✓ **United Nations and U.S. Census Bureau Databases**

## Interviews with Experts

The team conducted interviews with leading experts, including:

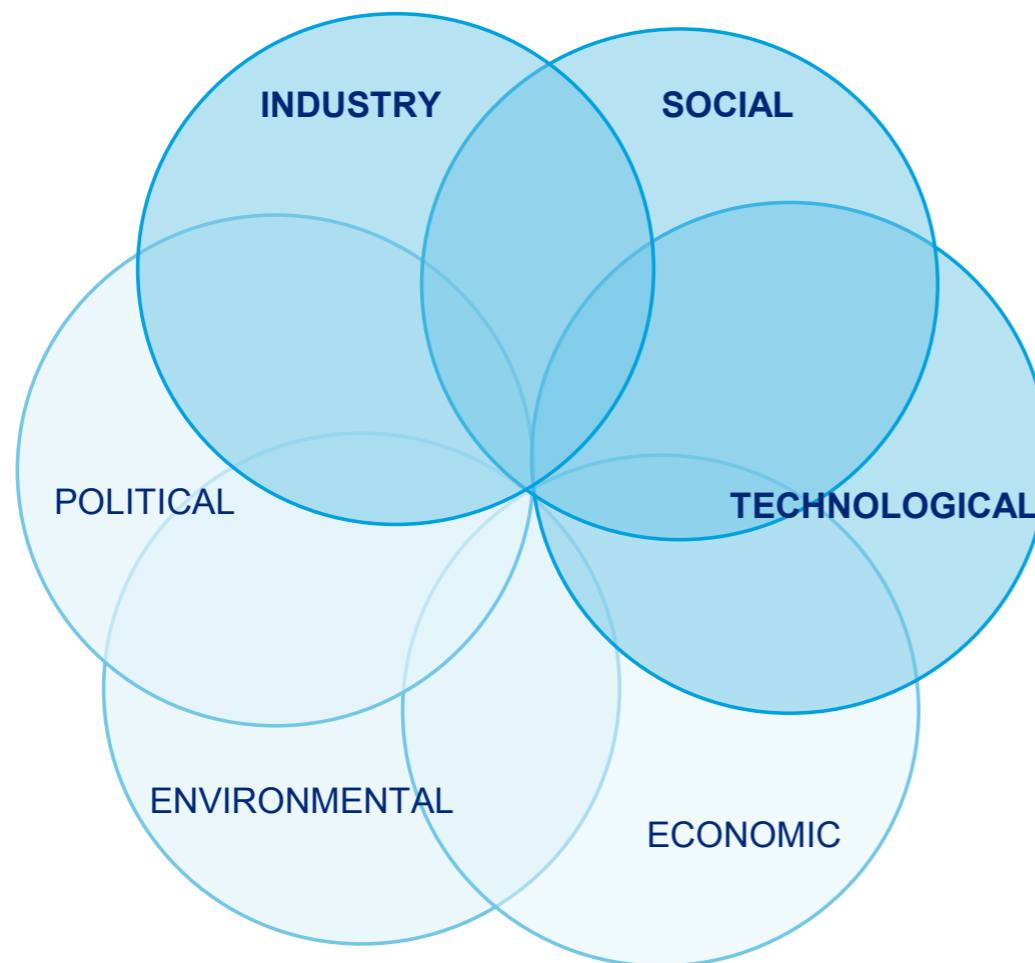
- ✓ **Peter Brown** – Postal Legislative Affairs Expert
- ✓ **Judy Cheng** – Scenario Planning Expert
- ✓ **Bruce Chew, Ph.D.** – Former Harvard Business School Professor and Strategy Expert
- ✓ **Jonathan Copulsky** – Author of *Brand Resilience* and contributor to *The Wall Street Journal* and *The Financial Times*
- ✓ **Jesse Goldhammer, Ph.D.** – Author of *Four Futures for China* and Scenario Planning Expert
- ✓ **Rod Sides** – Retail and Distribution Practice Expert
- ✓ **Mark Urbanczyk** – Technology and Crowdsourcing Expert
- ✓ **Stacy Wang** – Scenario Planning Expert

# Initial activities focused on collecting emerging trends as these often serve as indicators for consumer preferences in rapidly evolving environments



The **STEEPI** (Social, Technological, Environmental, Economic, Political, and Industry) **framework** was used to categorize and organize trends

**Industry, social, and technological trends** emerged as the primary factors impacting future consumer needs and expectations



## **INDUSTRY**

Industry trends are often responsive to social trends. **In a consumer-driven world, industry and social trends are more tightly integrated than ever before.**

## **SOCIAL**

Social trends include changes in demographics, cultural shifts, and, most notably, **how individuals and groups interact with each other, businesses, and government.** How these interactions evolve may be disruptive over the next 5 to 10 years.

## **TECHNOLOGICAL**

Technological advancements are disruptive by nature. They further fuel social and industry trends, often **determining the feasibility and speed at which industry and social trends become a reality.**

# An important part of the scenario planning process is categorizing trends into driving forces and critical uncertainties



## DRIVING FORCES

A trend that is evolving in a relatively certain, **single direction**

### *Implication*

Over the next 5 to 10 years, **these trends will likely continue along a distinct path**

Examples include:

- *Visual craving*
- *Luxury for more consumers*
- *Customization*
- *3D printing*

## CRITICAL UNCERTAINTIES

A trend that may evolve in **multiple directions**

### *Implication*

Over the next 5 to 10 years, **these trends could feasibly manifest in more than one direction**

Examples include:

- *Working from home*
- *Local sourcing*
- *Hiring locally*
- *Residual recession effects*
- *Eco-worriers*

# The team prioritized two critical uncertainty spectrums that form the basis for *plausible* and *relevant* scenarios



**Social Trend**

*Patterns of Mass Consumption*

*Growing sharing and collaboration*

*Does the power of many drive a change in how customers consume?*

Or

*Increasing customization and personalization*

*Does the demand for customization drive individual consumption behavior?*

“The pursuit for customization makes customers king in a marketplace dominated by innovation where personalization is now expected by everyone.”<sup>1</sup>

“We are already able to tell a consumer when he’s walking to the park — we know his location — on a hot day — we know what the weather is like there — where the nearest place is to buy a Magnum [ice cream] and send him a code for a discount. Just think of what we might be able to do in 5 years’ time.”<sup>2</sup>

**Industry Trend**

*Consumer Brand Preferences*

*Focus on established, trusted brands*

*Do known, trusted entities continue to build credibility and dominate the market place?*

Or

*Desire for new, untested brands*

*Do new, unknown brands rapidly build trust by filling new customer needs?*

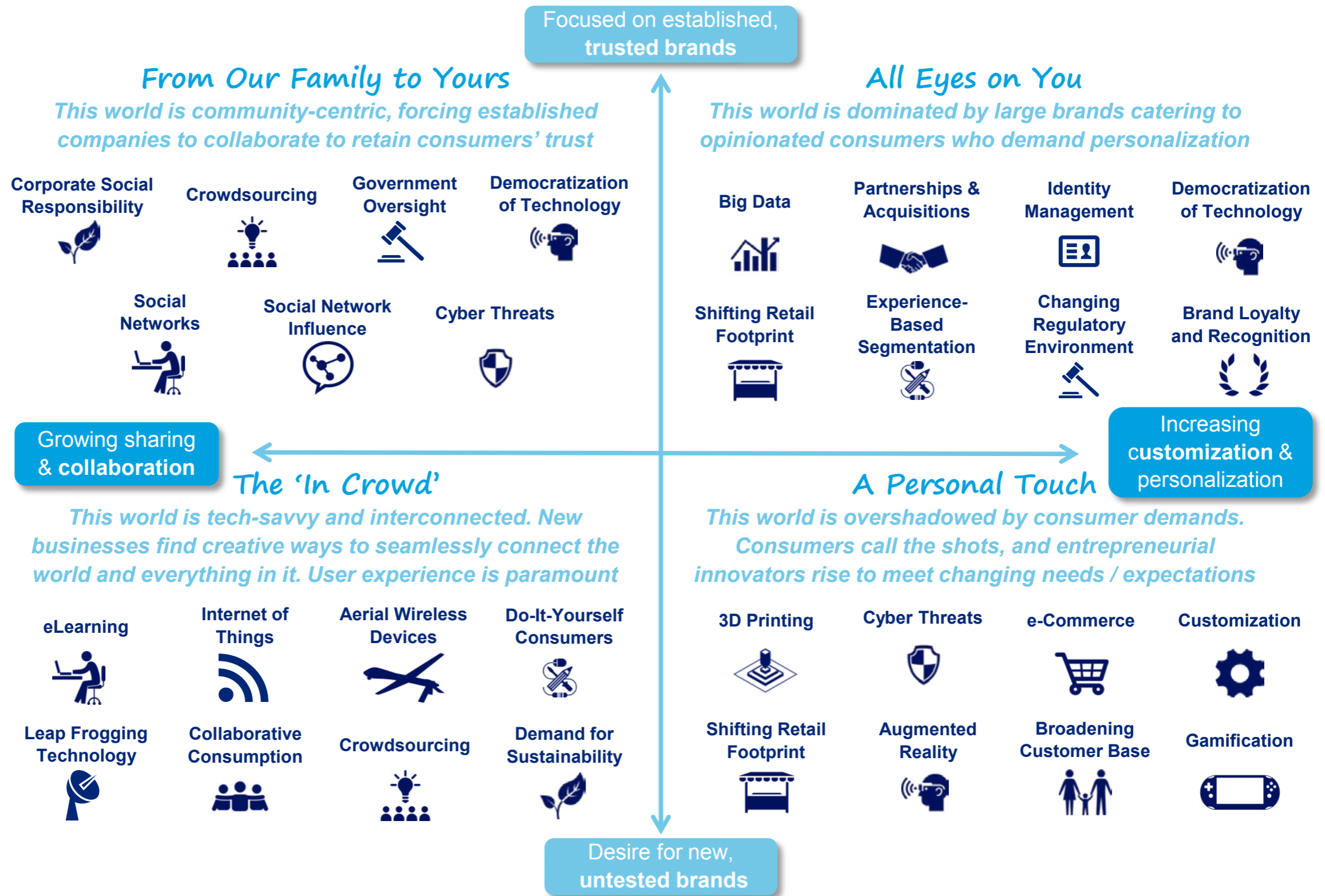
“As rivalry becomes more intense, both emerging giants and established players have much to learn from each other as they strive to become truly world-class global organizations.”<sup>3</sup>

“I don’t see brands going away. It will be harder for new brands to get started — for all the Googles and Facebooks, there are thousands of brands that have never taken off.”<sup>4</sup>

1. Monitor Deloitte SME, Bruce Chew
2. Unilever Chief Marketing and Communication Officer, Keith Weed
3. Deloitte Business Trends 2014
4. Monitor Deloitte SME and “Brand Resilience” Author, Jonathan Copulsky



# The team designed scenarios that pushed the boundaries of critical uncertainties, and wove in driving forces to provide further context and relevant nuances



## Finally, the team examined the future needs of postal customers and how the Postal Service could build on its existing strengths to meet these needs

---

**Pivot Points** have been designed to systematically brainstorm ideas for growth opportunities that are relevant to a company's business.

### Guiding Principles

Growth opportunities into adjacent and new spaces that are built off of competitive advantages of the existing business have the highest potential value because (1) projected cash flows are higher; and (2) business risk is lower. Growth opportunities built off of strengths (as opposed to those that mitigate weaknesses) also have a higher potential value.

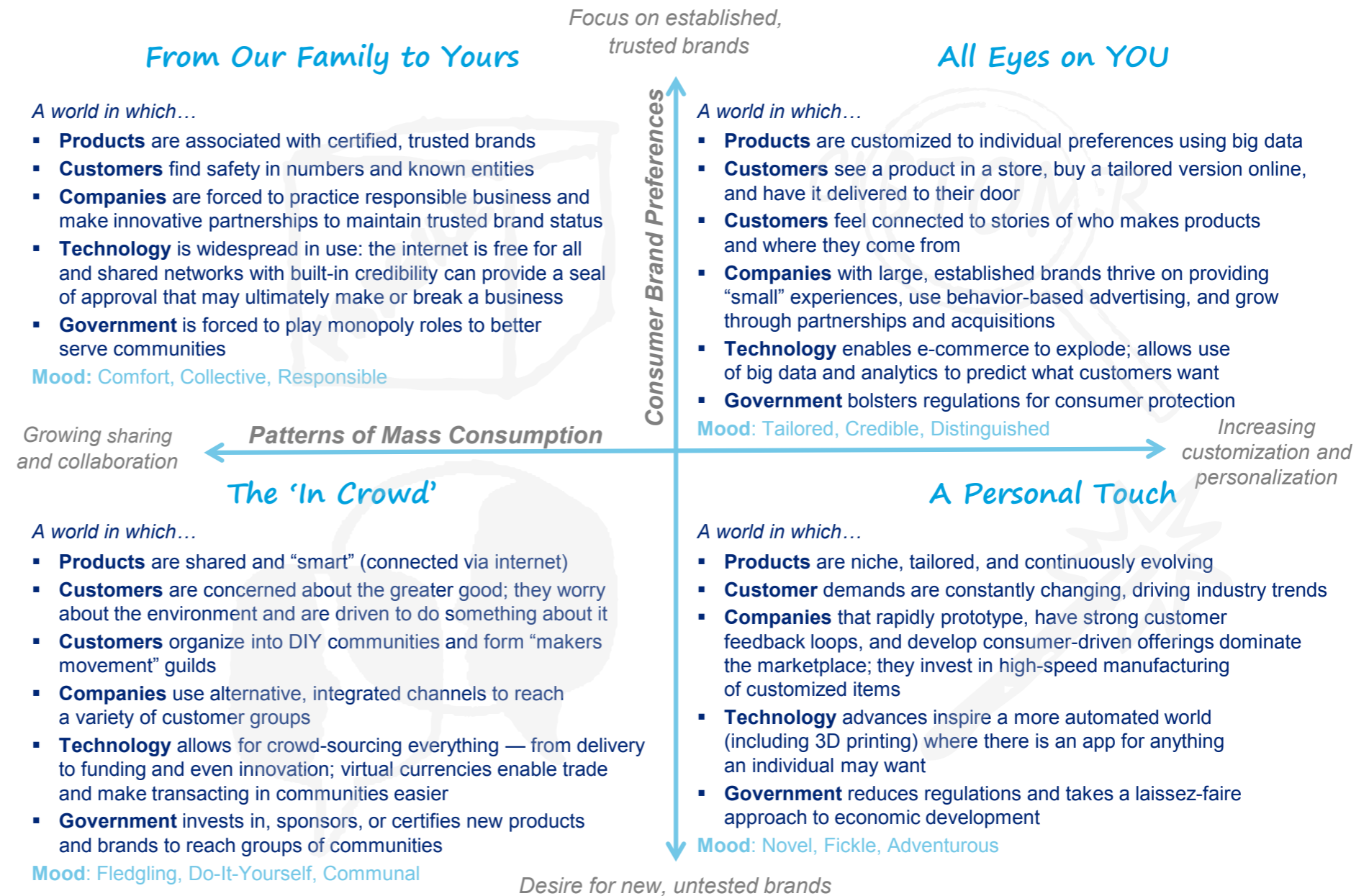
### Categories

There are generally five categories of competitive advantages from which a company grows:

1. *Customer access.* Use access to existing customers to provide more goods / services.  
e.g., Amazon's Marketplace, Kindle, and Zappos acquisitions
2. *Brand Permission.* Use the Postal Service's brand reputation to expand current boundaries.  
e.g., Best Buy's Geek Squad leveraged brand equity in electronics expertise
3. *Core Strengths.* Use core competencies (skills / technologies) and core assets (tangible and intangible) to give the organization a unique advantage and add value.  
e.g., Honda's competencies at small engine technology expanded into motor cars, motorcycles, and lawn machinery
4. *Infrastructure.* Utilize world class infrastructure unique to the Postal Service.  
e.g., McDonald's investment in Chipotle, scaling it quickly through real estate development infrastructure
5. *Supplier and Partner Synergies.* Strengthen supplier and partner relationships to pursue new customer channels / products.  
e.g., Staples acquisition of Corporate Express leveraged buying power

# Future Scenarios

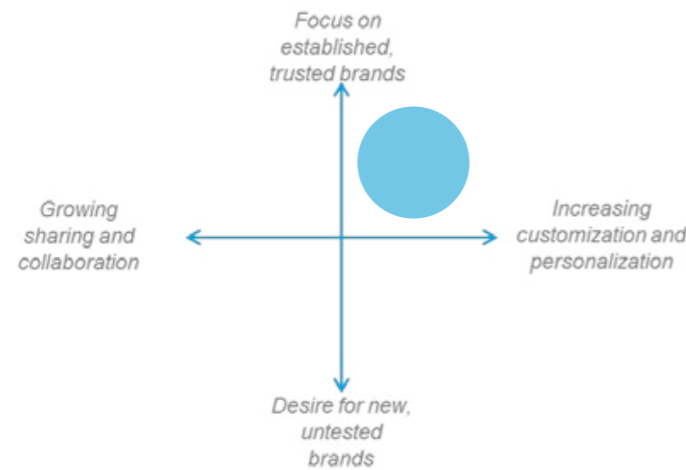
## Future Scenario Outlines





## Future Scenario | “All Eyes on You”

*MOOD: Tailored, Credible, Distinguished*



September 30, 2024 — this is a world in which established brands are thriving. They do so by continuing to renew and evolve their portfolios as tailoring to target segments. Companies evolve through strategic partnerships and acquisitions in order to strengthen their brand and offer niche, innovative goods and services. In 2016, financial analysts warned that the “acquisition bubble,” under which WhatsApp, Harry’s, and Birchbox were all acquired by established brands, would pop — but the acquisition market is stronger than ever, up 3 percent in Quarter 1 of 2024. For their part, consumers are willing to share data with businesses and government as it fuels the overarching desire for a more streamlined and personalized experience.

This has manifested itself in a variety of ways: from “smart sensors on baby’s clothes indicating health” for parents of newborns and toddlers to “smart-heart watches” to monitor senior citizen’s overall health and heart activity. Big business is thriving and working closely with government as the trusted source for data protection and identity validation. Gone are the days of multiple usernames and passwords as biometric identifiers have replaced disaggregated log-in systems and more basic two-factor authentication. This serves to increase the relevance of the Federal Government’s role in consumer needs and identity protection; regulations are continuously evolving and big business is being forced to adapt accordingly. Overall, businesses are aware of the desire for a unique and tailored experience from their consumers and are shifting their strategies from behavioral to experience oriented.

Brick and mortar stores have given way to a more interactive, multi-channel package that might include lifestyle blogs and updates, strategic kiosk or pop-up locations and personal-shopper recommendations. The demand for customization is not restricted to goods — services are very much included in the consumer expectation. ***Ultimately, this world is dominated by large brands catering to the opinionated consumer.***



# Deepen the Scenario

# All Eyes on You

In this scenario, what are the major trends across these dimensions?



## Social

- Changing retail footprint
- Strong brand loyalty and recognition
- Customization of goods and services
- Consumer driven



## Technological

- Spread of technology (democratization of technology)
- Intuitive login
- Biometric authentication
- Big data collection and analysis



## Scenario Overview Notes

- N/A



## Industry

- Omni-channel consumer engagement
- Changing retail footprint
- Customization of goods and services
- Partnerships and acquisitions
- Rapid response to changing regulations



## Government

- Government transparency required
- Government's enhanced role in data protection
- Government driving regulation
- Evolving regulation
- Depend on government to regulate, and adapt to regulation



## Other

- N/A

# Deepen the Scenario

# All Eyes on You

In this scenario, what are the impacts to the following customer groups?

## For individual customers...

...how are their needs the **same** (as 2014)?

- Customization
- Maintain “smart,” healthy lifestyle

...how have their needs **changed**?

- Consumer expectation around variety and access for goods and services
- Urgency related to delivery
- Belief that privacy and security needs will be addressed by governments
- Sense of community is missing

## For small business customers...

...how are their needs the **same** (as 2014)?

- How do they operate with big enterprise and government?
- Complexity
- Quest for stability

...how have their needs **changed**?

- Need for greater clarity regarding regulations and enterprise interaction
- Ward off acquisition; channel to work with other small and medium enterprises; collaborative
- Level playing field
- Need to understand consumer experience
- Greater customer expectations for security and privacy

## For enterprise customers...

...how are their needs the **same** (as 2014)?

- Need for some regulation and clarity
- Acquisitions are critical to survival

...how have their needs **changed**?

- Enhanced agility regarding policy / regulations
- Regulation is conceded to the government
- Support / align / acknowledge need for small business innovations
- Enterprises learn to work better with the government

# Implications to the Postal Service

## All Eyes on You

How would the Postal Service leverage its **customer access** in order to serve the needs identified?

- Link every physical address to an email address permanently (Need: variety of access and convenience)
- Work across government agencies to validate citizen identity — Postal Service, Internal Revenue Service, and Social Security Administration (Need: Enhanced security management)

How would the Postal Service leverage its **brand permission** in order to serve the needs identified?

- The Postal Service is associated with public trust to help facilitate data security service (Need: privacy and security)
- eLockbox (privacy and convenience)

How would the Postal Service leverage its **core competencies and assets** in order to serve the needs identified?

- Turn post office buildings into community centers / hubs (Need: sense of community)
- Subscription to house data for small customers (Need: small businesses lack resources to collect and manage big data)
- Leverage excess physical space (Need: small businesses need to decrease overhead)

How would the Postal Service leverage its **infrastructure** in order to serve the needs identified?

- Leverage core infrastructure in partnership with additive manufacturing (Need: customization and convenience)
- Fill empty delivery trucks with return cargo (Need: speed of delivery / convenience)
- Serve as a centralized location to meet, innovate, and work together (Need: small businesses to connect)
- Government access at local post office (Need: work better with government)

How would the Postal Service leverage its **supplier and partner synergies** in order to serve the needs identified?

- Seamless experience across the value chain (Need: tailored advertising)

### Transformational Ideas

- Driverless delivery (Need: convenience and immediacy)
- Centralized, shared service — e.g., mediate labor complaints (Need: coordinate government regulations)

## Future Customer Vignette — All Eyes on You

---

After seeing how popular his friend’s custom Kick sneakers were, Derrick logs into the company’s website to design his own pair. He spends about 30 minutes creating various designs through a sleek web interface. However, as a graduate student on a limited budget, he hesitates about the price.

Kick began offering fully customized products last month to shore up its market lead, taking advantage of reduced manufacturing costs and forming a division to design and monitor the consumer experience. The company’s new automated analytical software calculates that Derrick meets two key parameters: he is a loyal brand advocate and an “influencer” within his large social network online. Due to the time he spent designing shoes and his purchase history, the software concludes a personalized coupon could close the sale and potentially create more business.

Like Kick, the Postal Service has taken advantage of reduced costs in customization and automation, creating a cloud-based network linked to its in-house digital printers. The Kick website sends a one-time order to the Postal Service for a personalized mail piece: a two-dimensional rendering of the exact shoe Derrick designed online, with a coupon on the back. Within minutes, the custom mail piece — one of thousands the Postal Service will process this day — is printed and sorted for delivery.



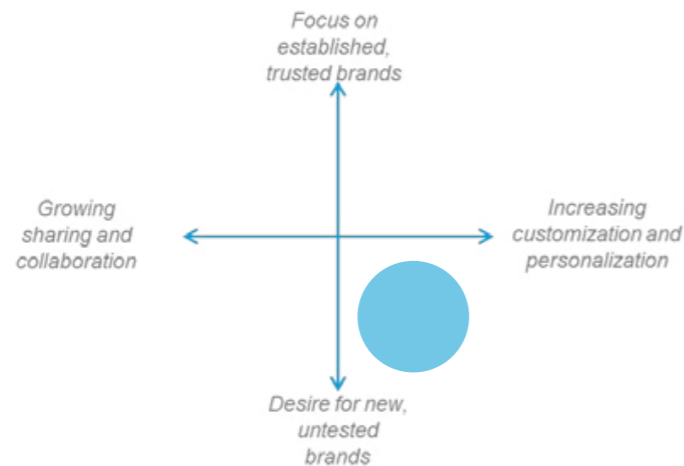
The next day, Derrick is surprised to find in his mail a picture of the very shoes he designed. Seeing a two-dimensional approximation of the shoe has a powerful effect, and the coupon convinces him to purchase the shoes. He scans the mail piece with his phone to make the purchase. Within a matter of days, Kick manufactures the shoes, the Postal Service delivers them, and Derrick is wearing his new Kicks.





## Future Scenario | “A Personal Touch”

### MOOD: Novel, Fickle, Adventurous



September 30, 2024 — this is a world in which automation enables e-commerce to explode. Seventy-eight percent of consumers are expected to do their holiday shopping virtually this December, up from 47 percent 10 years ago. New apps emerge every few hours and provide an increasingly customized consumer experience. With the rise of new, unknown brands, advertising content and even spam is on the rise. As a result, the government is forced to play a more active role in consumer protection, bolstering regulations and oversight activities.

New market entrants adopt a lean start-up mentality to meet constantly changing consumer preferences. In an effort to replicate the aura of a new brand, some established companies are unveiling sub-brands to capture customer’s attention with novel, unknown names.


As new brands and businesses compete for customers, content has become the differentiator in the market. Customization, on the other hand, is now relatively inexpensive due to established technologies such as 3D printing and is no longer a key differentiator for businesses. Lower and middle class segments can afford the customized experience, expanding companies’ customer base. Brick and mortar locations are either replaced by “pop-ups” — mobile, alternate channels — or transform each customer’s experience the moment they walk in the store by optimizing store layout and the way an individual interacts in it. What started as video game-based interactive tools such as the Wii have emerged into full-scale augmented reality experiences: consumers now don sensory suits which enable them to experience a retail store virtually from anywhere, walking the store, touching products uniquely assorted for them, and even tasting or smelling samples. **Ultimately, the consumer is king in this scenario. They call the shots. And entrepreneurs rise to meet ever-changing needs and expectations.**



# Deepen the Scenario


# A Personal Touch

In this scenario, what are the major trends across these dimensions?




*Social*

- Fickle customers
- Consumer empowerment




*Technological*

- Universal
- Mobile
- Next-generation
- Flexible
- Democratized manufacturing
- Omnichannel communication




*Scenario Overview Notes*

- N/A




*Industry*

- Consumer focus
- Nimble, agile
- Omnichannel communication



*Government*

- Development of new privacy standards / tools
- Consumer protection oriented



*Other*

- N/A

# Deepen the Scenario

# A Personal Touch

In this scenario, what are the impacts to the following customer groups?

For **individual customers**...

...how are their needs the **same** (as 2014)?

- Work-life integration
- Ease of use
- Comparison shopping and quality, price

...how have their needs **changed**?

- Expectation of customization
- Less brand loyalty
- Standardized transparent privacy
- Instant accessibility
- Less concerned about privacy (opt-in)

For **small business customers**...

...how are their needs the **same** (as 2014)?

- Work-life integration
- Ease of use
- Location still matters
- Understanding trends, niche needs
- Unburden some regulations

...how have their needs **changed**?

- Low fixed costs, scalable
- Short-lived business model
- More funding options
- Access to data aggregators

For **enterprise customers**...

...how are their needs the **same** (as 2014)?

- Work-life integration
- Ease of use
- Battle for talent
- Customer segmentation (behavior-based)
- Social media marketing
- Mobile, flexible work space

...how have their needs **changed**?

- Big data → focused analytics
- Flexible production models
- Optimizing the human and automated worlds
- Ability to exploit size / economies of scope

# Implications for the Postal Service

## A Personal Touch

How would the Postal Service leverage its **customer access** in order to serve the needs identified?

- Sampling feedback loop
- On-demand 3D printing

How would the Postal Service leverage its **brand permission** in order to serve the needs identified?

- Secure digital messaging
- Identity / anonymous preference management

How would the Postal Service leverage its **core competencies and assets** in order to serve the needs identified?

- Government concierge services
- Streamlined cross-border services
- Ease of use
- Small business / logistics concierge services

How would the Postal Service leverage its **infrastructure** in order to serve the needs identified?

- Innovation showrooms
- Streamlined returns processes / two-way flows
- Anytime, anywhere delivery
- Short-term leases for pop-up businesses and spin-offs
- Local crowdfunding
- Microloans

How would the Postal Service leverage its **supplier and partner synergies** in order to serve the needs identified?

- Temporary use businesses
- Microwarehousing
- Just-in-time printing and delivery
- Data analytics for small business
- Local crowdfunding
- Microloans

 **Transformational Ideas**

- N/A

## Future Customer Vignette — A Personal Touch

---

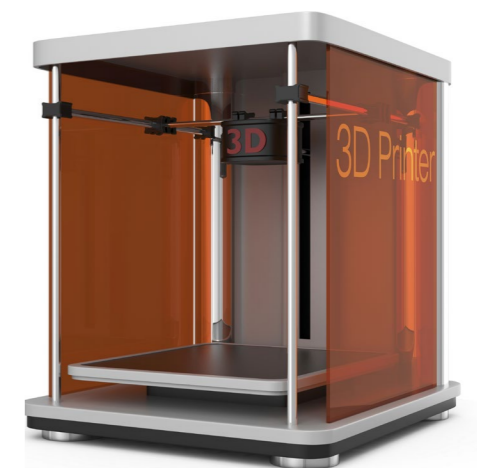


The Carlson brothers are looking to use their work experience in the music industry to start their own customized headphone company. They have found a way of designing earbuds and other headphones tailored to individual consumers using images of their heads and ears. The Carlson brothers do not have the capital to build a factory, and instead of contracting to an overseas plant, they have designed the products to be produced by advanced 3D printers.

To that end, they have joined Moving Makers, a program cosponsored by the Postal Service, the Small Business Administration, and a group of private venture capital firms aimed at helping individuals start small businesses. The program provides end-to-end support for small businesses, such as the Carlson brothers', where entrepreneurs can use equipment, access data, or interact face-to-face with federal and local officials in post offices to:

- Register their business in cooperation with state and local government.
- Produce products in limited quantities using 3D printers in post offices.
- Identify target markets through an aggregated data analytics subscription, including such factors as median income and prevailing interests by ZIP Code.
- Market to select segments with direct mail, including using digitally interactive features, and other channels.
- Use the Postal Service's e-commerce concierge suite to receive cost-effective, time-sensitive shipping logistics support, with an emphasis on supply-chain management, cross-border logistics, tracking, dynamic routing, reusable boxes, and two-way shipping labels to enable easy returns.

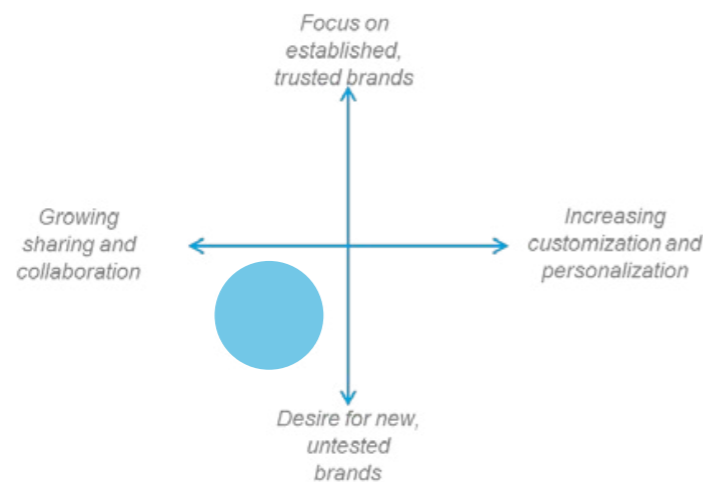
Moving Makers delivers different levels of infrastructure, providing basic marketing, manufacturing, and logistics needed to incubate startups. As an entry point for government interactions, it simplifies regulatory compliance with every level of government.





## Future Scenario | “The In Crowd”

### MOOD: Fledgling, Do-It-Yourself, Communal



September 30, 2024 — this is a world in which technology integrates communities’ experiences and preferences with new and untested businesses. What historically were community centers, strip malls, and even libraries are now “experience centers.” The centers, sponsored by state and local governments, allow communities to interact with new technologies, ideas, and businesses that cater to the respective communities’ needs and interests, such as 3D printers and Massive Open Online Courses. The “Internet of Things” is now a reality — so much so that the broadband infrastructure can’t keep up with the demand for smart, connected products and services.

Much like Korea before them, Brazil, Russia, India, China, and African countries have leap frogged into the digital age by leveraging aerial wireless connections as opposed to laying fiber optic cable. This inspires the use of truly global crowd-sourcing. Further, companies are relying on a digitally savvy workforce and alternate channels to reach a variety of customer groups. On the consumer side, there is an overarching sense of community and concern for the greater good.



This is an action oriented population that proactively engages businesses and government to support their campaign for wellbeing. For example, consumers not only worry about the environment, they do something about it — same goes for immigration issues, caring for the elderly, and improving the U.S. education system. This mentality fuels do-it-yourself communities that take care of their own by sharing resources — from power tools to camping equipment — thereby radically reducing the number of such goods while increasing the utilization of what is made. It has also inspired new groups, for example “Mom’s for Healthier School Snacks,” to emerge with a strong collective voice and lobby companies and governments to serve their cause.

“Smart Cities” are emerging where knowledge communities turn the traditional city set-up upside down to better use space and transform big data into smart data. ***Ultimately, this world is dominated by new businesses finding innovative ways to seamlessly connect the world and everything that’s in it.***

# Deepen the Scenario

# The 'In Crowd'

In this scenario, what are the major trends across these dimensions?



## Social

- Sharing economy and collaborative consumption
- Sustainability
- Crowdsourcing solutions
- Groupthink (may be trending towards "communes")



## Technological

- Global, enhanced technological connectivity (aerial wireless broadband)
- From big to smart data



## Scenario Overview Notes

- Everything is local
- Common good wins out over highly individualized goods and services



## Industry

- Do-it-yourself (DIY)
- Less customized products and services



## Government

- Citizen empowerment
- Open government



## Other

- Public-private partnerships
- Global boundaries are dissolving

# Deepen the Scenario

# The 'In Crowd'

In this scenario, what are the impacts to the following customer groups?

## For individual customers...

...how are their needs the **same** (as 2014)?

- Good government
- Security and safety
- Access to resources and infrastructure
- Education
- Cities that are designed to be more "communal" rather than individual

...how have their needs **changed**?

- Greater need for sustainability because the effects of climate change can be soon
- Sharing diminishes need for suppliers

## For small business customers...

...how are their needs the **same** (as 2014)?

- Less government (i.e., regulation that may stifle innovation)
- Small business customers still driven by demand

...how have their needs **changed**?

- More global as technology improves
- Community shapes the market and not vice versa

## For enterprise customers...

...how are their needs the **same** (as 2014)?

- More government (i.e., regulations that protect them from the unfair advantage posed by small business start-ups)

...how have their needs **changed**?

- Greater need to lure reluctant DIY consumers



How would the Postal Service leverage its **customer access** in order to serve the needs identified?

- Host the “ZIP Code Facebook” to enable community to share and talk on a common forum (trust)
- Leverage obligation to delivery everywhere to connect fragmented communities
- Market for enterprise customer on location-specific packaging

How would the Postal Service leverage its **brand permission** in order to serve the needs identified?

- Collect data for businesses about consumers using brand permission of trust
- Using augmented reality to understand how consumers interact with mail pieces and giving or selling data back to enterprise customers

How would the Postal Service leverage its **core competencies and assets** in order to serve the needs identified?

- Leverage consumer-to-consumer shipping network to facilitate sharing of resources
- Offer government services at post offices
- Leverage delivery network to “recycle for good” (old cell phones, ink cartridges)
- Use empty space on postal trucks to transport other things (e.g., contents of a moving truck)

How would the Postal Service leverage its **infrastructure** in order to serve the needs identified?

- Leverage physical post offices as community centers / places for sharing goods and services
- Use underutilized warehouse space to store and ship goods faster and to cut down on emissions — microwarehousing

How would the Postal Service leverage its **supplier and partner synergies** in order to serve the needs?

- Delivery in communal living centers: more collaboration and shared deliveries via big data (one truck not three – FedEx, DHL, Postal Service)

 **Transformational Ideas**

- N/A

## Future Customer Vignette — The In-Crowd

---

Min and Sarah created the perfect kitchen design with in-house consultants at KASE, a German furniture company. They are on a budget and want to complete the installation themselves. Unfortunately, they do not have a reciprocating saw that they will need to help demolish the existing structure. They know purchasing a reciprocating saw is an additional expense and do not foresee the need to use it again in the future. Upon checkout at KASE, they are offered the option to rent a number of tools for a low daily fee. They can pick up the tool in-store or at a local post office or parcel locker on their way home. If the tools are currently in use, then one can be shipped to them via the Postal Service when it becomes available. Upon completion of the project, users can affix a pre-printed return label to the tool and place it in a Postal Service parcel locker that is convenient to them. It will go back to KASE or directly to another consumer in the queue.



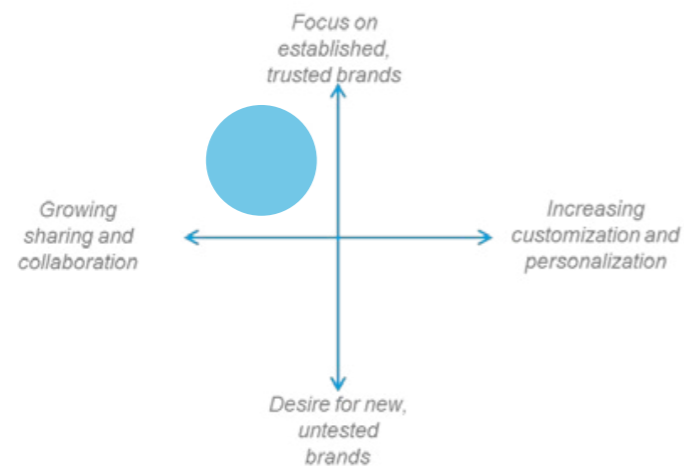
In an era in which technological and communications capabilities allow collaborative consumption of almost any item, retailers like KASE offer tool lending, allowing occasional do-it-yourself consumers to access a variety of tools, especially those necessary to install the very items they sell in their stores. The option appears automatically upon purchase of products, either online or in-store. Users pay either a subscription or a per-use fee. In the end, it allows the retailers, with the help of Postal Service logistics and infrastructure, to enable their customers to complete a wider variety of tasks and with it, purchase a broader range of products.





## Future Scenario | “From Our Family to Yours”

*MOOD: Comfort in the Collective, Responsible, Sharing is Caring*



September 30, 2024 — this is a world in which trusted brands are embraced by not just a single customer but by a group or “community.” Companies do not thrive without a social network seal of approval. In turn, consumers find safety in known groups of people and businesses they trust. All consumers — young, old, impoverished and privileged — are connected, but they only communicate with the people, social networks, and companies they trust. Governments and private companies are investing billions of dollars in cyber security, but hacker garages continue to pop up and privacy paranoia prevails. Congress extended the mandate of the Consumer Financial Protection Bureau (CFPB) to cover data security as consumer protection is threatened by cyber threats.



Technology is easier to use and more accessible and as a result is used by elderly and immigrant populations. Communities of people easily connect online and in-person to crowd-source ideas, share products and services, and collectively communicate with companies — forming the basis of a shared economy. The relevance of community is demonstrated by the fact that 30 of the Fortune 100 companies have credited their survival over the last 10 years to building lasting connections with communities. Companies practice responsible business to keep communities passionate about their brand. For example, companies have developed supply chain networks that provide value to all actors and make social and economic issues central to long-term strategies. Despite a rebounding economy, consumers demand low prices, higher quality products, and convenience — forcing businesses to innovate and collaborate to meet these needs. ***Ultimately, this world is community-centric, forcing established companies to collaborate to retain consumers’ trust.***

# Deepen the Scenario

# From Our Family to Yours

In this scenario, what are the major trends across these dimensions?



## Social

- Social “clans” develop
- Interest and affinity, not geography, define “community”
- Consumer collaboration
- Cultural fragmentation
- Self-selected clubs of interest groups
- Crowd-sourcing product design



## Technological

- Networks are ubiquitous
- DIY cottage industry fabrication
- Ease of communication



## Scenario Overview Notes

- Dramatic market changes
- Referral-based marketing model
- Challenge of making personalization meaningful to groups
- Price is still important
- Make good products



## Industry

- Consumer collaboration
- Part-time specialization / freelancing
- Disaggregated business function
- Social responsibility



## Government

- Government needs to protect individuals
- Government is a facilitator and an enabler



## Other

- Human power focus
- Privacy
- Information overload
- Fear of loss of control and over-information

# Deepen the Scenario

# From Our Family to Yours

In this scenario, what are the impacts to the following customer groups?

## For individual customers...

...how are their needs the **same** (as 2014)?

- Want products that meet a need
- Extreme personalization to group needed

...how have their needs **changed**?

- Want products that meet a group's needs
- Fewer deep relationships with select companies
- Team mentality
- Loss of individual importance

## For small business customers...

...how are their needs the **same** (as 2014)?

- Extreme personalization to group needed
- Respond to specialization request of the group
- In or out with new target groups
- Still portfolios of customers but now portfolios of specific groups

...how have their needs **changed**?

- Greater fear of reviews and customer opinions
- Small businesses are the same technology wise as big businesses
- Want to find influencers
- New intimacy with customers
- Keep focus on happiness as reviews are critical

## For enterprise customers...

...how are their needs the **same** (as 2014)?

- Still portfolios of customers but portfolios of many groups
- Want exclusive content for groups

...how have their needs **changed**?

- Fear erosion of brand
- Concerned with power of consumer
- Values are a part of branding
- Sub-brands and partnerships to cater to groups
- Rise of the virtual group
- "Tupperware" party by group
- Risk of consumer terrorism
- Keep focus on happiness

# Implications for the Postal Service **From Our Family to Yours**

How would the Postal Service leverage its **customer access** in order to serve the needs identified?

- Matching preference lists
- In-person identity enterprise
- Opt-in to marketing groups by subject or interest
- Certifying and identifying groups

How would the Postal Service leverage its **brand permission** in order to serve the needs identified in your scenario?

- Co-brand with large businesses to go to specific groups
- Postal Service-approved or -verified groups, businesses, or products
- Trustmark for companies

How would the Postal Service leverage its **core competencies and assets** in order to serve the needs identified?

- Go from moving things to moving trust between entities
- Physical element to digital community

How would the Postal Service leverage its **infrastructure** in order to serve the needs identified?

- Company representative at your door
- Microwarehouse for companies
- Physical access for government agencies
- Paper affiliation products for groups

How would the Postal Service leverage its **supplier and partner synergies** in order to serve the needs identified?

- Next-day print jobs for customers

## **Transformational Ideas**

- Identity for individuals on websites that rely on trust, such as Craigslist

## Future Customer Vignette — From Our Family to Yours



Alejandra wanted to order the Daffodil diaper bag made by Cosmo Products due to rave reviews from Fresno Moms Tell All (FMTA). This popular local website provides information for new mothers, lobbies local government on behalf of mothers and children, and reviews an array of products geared toward this segment. Receiving the coveted “four strollers” rating can mean a boom for local sales. When Cosmo sent the demo diaper bag out to the FMTA reviewer, they also sent fifty bags to a Fresno Postal Service microwarehouse, repurposed from unused local post office space. When Alejandra’s order came through, Cosmo then notified the Postal Service of the sale, a clerk attached a mailing label to one of the preboxed diaper bags, and it was on her doorstep later that day.

In a time when new startups are looking to create a foothold in the marketplace for their unknown products and services, established communities, either local or national, can serve a valuable role. An endorsement by a community entity like FMTA can provide a huge local boost for sales, but even more important in an age of interconnected communities, serve as a jumping-off point for sales nationally. The Postal Service can serve some of these young companies by providing logistical or communications infrastructure.



# Themes and Opportunities

## Key themes and insights from trends exercise across all scenarios

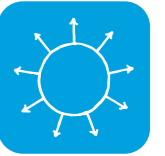
---



- Millennials impact across all trends, including technological / industry / social
- Shift of power to consumer
- Rise of collaboration and increased breadth of collaboration
- Increased relevance of public trust
- Evolution / response by government to social, industry, and technology trends
- Significance of brand and personal connection
- Employees still relevant in consumer-focused industries
- Need for industry to be proactive outside of core business
- Big data at the heart of evolution to “smart” (cities / phones / existence) → Internet of Things
- Face-to-face interaction still relevant and important in business
- Industry, as opposed to consumer, propelling some enhanced services (i.e., same-day delivery)
- “Phygital” blending the physical and digital through augmented reality and 3D printing
- Continuing tension between privacy and convenience



# Needs and expectations for future individual consumers, small businesses, and enterprises across the scenarios



| Customer Group                     | Needs Identified in the Workshop by Customer Group  |   |
|------------------------------------|---|---|
| <p><i>Individual Consumers</i></p> | <ul style="list-style-type: none"> <li>▪ Demand convenience in services and “experiences”</li> <li>▪ Require ease of use in products and services</li> <li>▪ Expect speed of delivery</li> <li>▪ Are concerned about personal / digital security and privacy</li> <li>▪ Expect to be instantly connected to access information, people, products, and services</li> <li>▪ Continue to need access to resources and infrastructure</li> <li>▪ Want to easily compare good / services (via price and quality)</li> </ul>                    | <ul style="list-style-type: none"> <li>▪ Request better work / life integration</li> <li>▪ Are interested in extreme personalization</li> <li>▪ Crave a synchronized user experience (e.g., “Internet of Things” or cloud technology)</li> <li>▪ Desire for shared and collaborative goods and services</li> <li>▪ Aspire for cities to be designed to meet communal and individual needs</li> <li>▪ Are devoted to a sense of community through sharing or belonging to interest groups</li> <li>▪ Have an appetite for “smart,” connected healthy lifestyles</li> </ul> |
| <p><i>Small Businesses</i></p>     | <ul style="list-style-type: none"> <li>▪ Maintain low fixed costs to grow new, innovative products / services at scale</li> <li>▪ Focus on serving niche groups of individuals</li> <li>▪ Provide stellar customer service and quality products otherwise online communities will post bad reviews — ultimately hampering small businesses’ ability to grow</li> <li>▪ Creatively compete with enterprises on incorporating analysis of big data in products / services</li> <li>▪ Require access to low-cost data aggregators</li> </ul> | <ul style="list-style-type: none"> <li>▪ Seek out “influencers” that will skyrocket / exponentially grow the business</li> <li>▪ Need amenable regulation that does not stifle innovation and easy to use government processes (a streamlined approach)</li> <li>▪ Grow through capital investments</li> <li>▪ Partner or co-brand with established service providers to appear as trusted and secure</li> </ul>  |
| <p><i>Enterprises</i></p>          | <ul style="list-style-type: none"> <li>▪ Rely on a more “do-it-yourself” culture to continue to make large profits while providing services that customers demand</li> <li>▪ Attract and develop flexible and adaptive talent through “work / life integration”</li> <li>▪ Foster culture of innovation within workforce to stay relevant and meet consumers’ needs</li> </ul>  | <ul style="list-style-type: none"> <li>▪ Place more emphasis on customer segmentation to target individuals or communities</li> <li>▪ Acquire niche companies to continue to provide a “big firm with a small feel”</li> </ul>  |

# A number of cross-cutting themes emerged from the workshop outputs related to customer needs and expectations



| <b>Individual Consumer Need(s)</b>  | <b>Small Business and Enterprise Needs<br/>Cross-Cutting Themes in Response to Individual Consumers</b>  |
|---|--|
| <b>Security and Privacy</b>   | <ul style="list-style-type: none"> <li>▪ Cobrand with trusted organizations to stay relevant and appeal to community / shared groups</li> </ul>  |
| <b>Convenience   Ease of Use  Speed of Delivery   Instant Accessibility</b> | <ul style="list-style-type: none"> <li>▪ Take advantage of falling costs of automation and customization by reorganizing supply chains / logistics</li> <li>▪ Differentiate products and services based on content</li> <li>▪ Become more globally focused</li> <li>▪ May need to rely on a “do-it-yourself” culture to continue to make profits while delivering on consumer needs</li> <li>▪ Foster innovation within workforce to be able to respond to consumer demands</li> <li>▪ Maintain low fixed costs to grow new, innovative products and services at scale</li> <li>▪ Simplify consumer interfaces for ease of use and to make it easy for consumers to differentiate between price and quality of goods and services</li> <li>▪ Be transparent with product or service information</li> </ul> |
| <b>Personalization</b>  | <ul style="list-style-type: none"> <li>▪ Use big data and technology to provide customized, personal experiences</li> <li>▪ Employ behavior-based advertising to customize marketing to individuals or groups</li> <li>▪ Place more emphasis on customer segmentation to target individuals or communities</li> </ul>  |
| <b>Sense of Community</b>   | <ul style="list-style-type: none"> <li>▪ Build trust with individual consumers and online review sites by taking social responsibility seriously</li> </ul>  |
| <b>Access to resources and infrastructure</b>                               | <ul style="list-style-type: none"> <li>▪ Establish partnerships to optimize retail footprint</li> </ul>  |
| <b>Work / Life Integration</b>  | <ul style="list-style-type: none"> <li>▪ Create flexible working environments</li> </ul>   |



# The Postal Service can leverage its assets to address future customer needs and expectations

**Pivot Points:** There are five categories of competitive advantage from which the Postal Service can meet future customer needs and expectations: 1) Customer Access; 2) Brand Permission; 3) Core Strengths; 4) Infrastructure; and 5) Supplier and Partner Synergies.

|  |  |  |
|--|--|--|
|  | <b>Need:</b> Two-way, trusted communication feedback loops | <ul style="list-style-type: none"><li>▪ Host the “ZIP CODE” Facebook to enable customers to share and communicate via a common forum</li><li>▪ Take advantage of the obligation to deliver <i>everywhere</i> to connect communities</li><li>▪ Deliver shared goods across households and communities</li></ul>   |
| <b>1. Customer Access</b><br>Use access to existing customers to provide more goods / services     | <b>Need:</b> Enhanced security management                  | <ul style="list-style-type: none"><li>▪ Work across government agencies to validate a citizen’s identity</li></ul>   |
|  | <b>Need:</b> Ease of access and convenience                | <ul style="list-style-type: none"><li>▪ Link physical address to an email address</li><li>▪ Provide on-demand 3D printing services</li><li>▪ Supply enterprise customers with on location-specific packaging</li><li>▪ Enable marketing groups to opt-in to targeted advertising by subject or interest</li></ul>  |
| <b>2. Brand Permission</b><br>Use the Postal Service brand reputation to expand current boundaries | <b>Need:</b> Security and Trust                            | <ul style="list-style-type: none"><li>▪ Provide secure digital messaging</li><li>▪ Facilitate data security service</li><li>▪ Be a third-party, trusted service provider to collect “anonymous” data for businesses about consumers</li><li>▪ Use augmented reality to understand how customers interact with mail pieces and sell information to enterprises</li><li>▪ Cobrand with trusted businesses to build customer loyalty with specific groups; this would enable a business to be “certified” and give the Postal Service credibility of working with impactful businesses</li><li>▪ Use Postal Service brand to approve / certify businesses or products</li></ul> |

# The Postal Service can leverage its assets to address future customer needs and expectations (continued)



## 3. Core Strengths

Use core competencies (skills / technologies) and core assets (tangible and intangible) to give the Postal Service a unique advantage and add value

**Need:** Streamlined services and ease of use

- Play the role of a government concierge in areas where the Postal Service is the only federal agency representative
- Offer government services at Point of Sale
- Provide seamless, easy to use cross-border mailing and shipping services
- Serve as a small business / logistics concierge

**Need:** Sense of community

- Turn post office buildings into community centers / hubs
- Be the “physical,” local element to a digital community

**Need:** Recycle for environmental sustainability

- Use first-mile intake network to offer recycling drop off services for old cell phones or ink cartridges

**Need:** Share goods across geographic areas and speed of delivery / convenience

- Facilitate a “consumer-to-consumer” shipping network to share goods and resources
- Use reverse logistics to take advantage of empty space on postal trucks to transport items on the back-end of a delivery

## 4. Infrastructure

Utilize world class infrastructure unique to the Postal Service

**Need:** Decrease overhead for small businesses

- Provide subscription service to house data for small businesses
- Take advantage of excess physical space to support small business ventures through “showrooms” or spaces to test products
- Give short-term leases to pop-up businesses
- Enable local crowd-funding platforms

**Need:** Customization and convenience

- Use postal hubs for microwarehousing and manufacturing

**Need:** Streamlined services and ease of access

- Provide easy returns services providing two-way flows of information
- Deliver mail to a customer anywhere, anytime

## 5. Supplier and Partner Synergies

Strengthen supplier and partner relationships to pursue new customer channels / products

**Need:** Reduce overhead costs for small businesses and non-profits

- Open excess physical space to “partners” (small businesses and nonprofits)
- Enable local crowdfunding platforms

**Need:** Speed of delivery, convenience and customization

- Provide “just-in-time” printing and delivery
- Deliver data analytics insights to small businesses
- Explore possibilities of driverless delivery (24/7 vehicles on road)
- Enable a seamless “experience” across the value chain through tailored advertising (partner with advertisers)



OFFICE OF  
**INSPECTOR  
GENERAL**  
UNITED STATES POSTAL SERVICE

U.S. Postal Service Office of Inspector General  
1735 N. Lynn Street  
Arlington, VA 22209

Telephone: 703-248-2100  
[www.uspsoig.gov](http://www.uspsoig.gov)

For media inquiries, contact Agapi Doulaveris  
Telephone: 703-248-2286  
[adoulaveris@uspsoig.gov](mailto:adoulaveris@uspsoig.gov)