

# **The economic and social utility of the postal infrastructure: Above and beyond postal items delivery**

**Claire Borsenberger**

The opinion expressed in this paper are mine and do not necessarily reflect the position of La Poste



**LE GROUPE LA POSTE**

# Context and objectives of the paper

## Context:

- Postal operators have historically been a part of nations' vital infrastructure.
- Today, the digitalization of the economy leads to the decline of their historical core business – the delivery of letter mail – and the economic performance of postal industry is under pressure.

## Objectives:

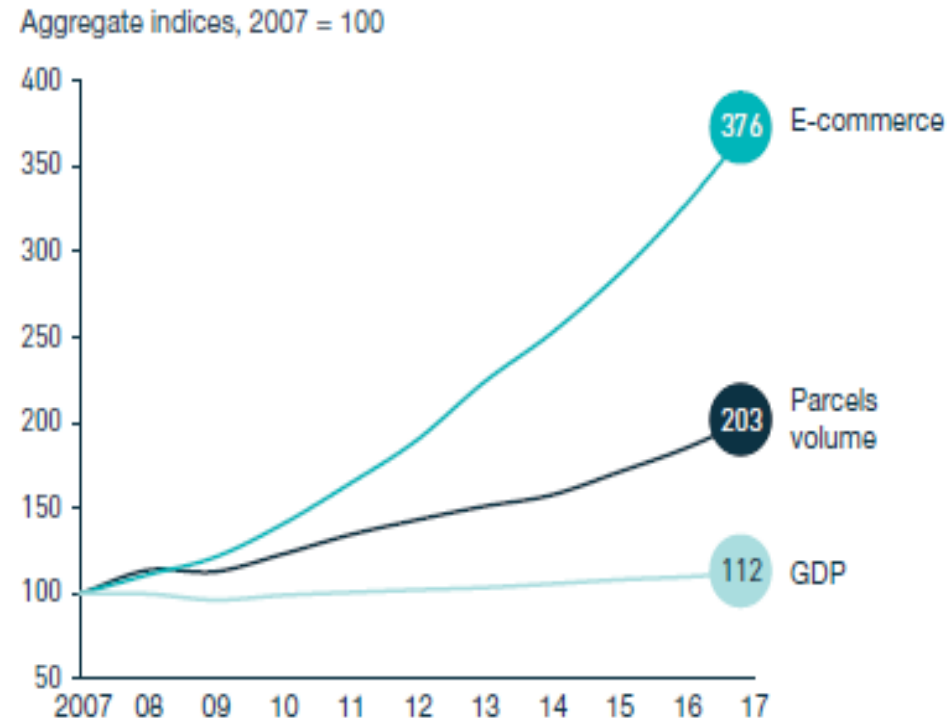
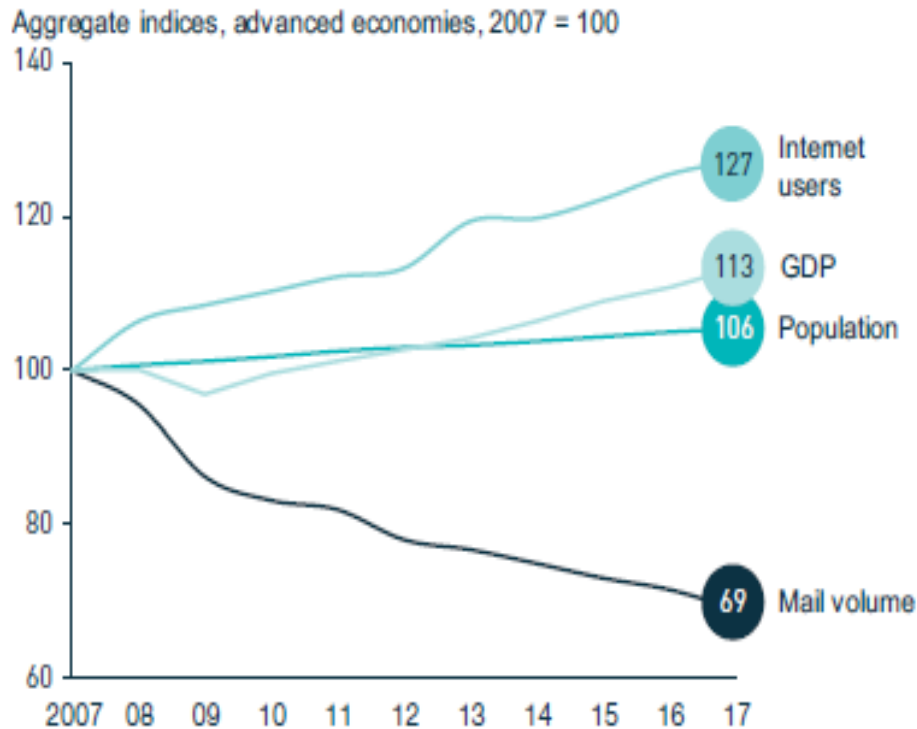
- Demonstrate that postal operators have never been “just” mail or parcel carriers.
- Emphasize that they still have valuable assets to contribute to an inclusive and sustainable economy for the benefit of the whole society in the digital era.
- Alert regulators and public authorities not to throw a spanner in postal operators' initiatives by setting inappropriate regulatory measures or imposing unbalanced obligations.

**The direct economic value of postal operators is negatively affected by the digital revolution**



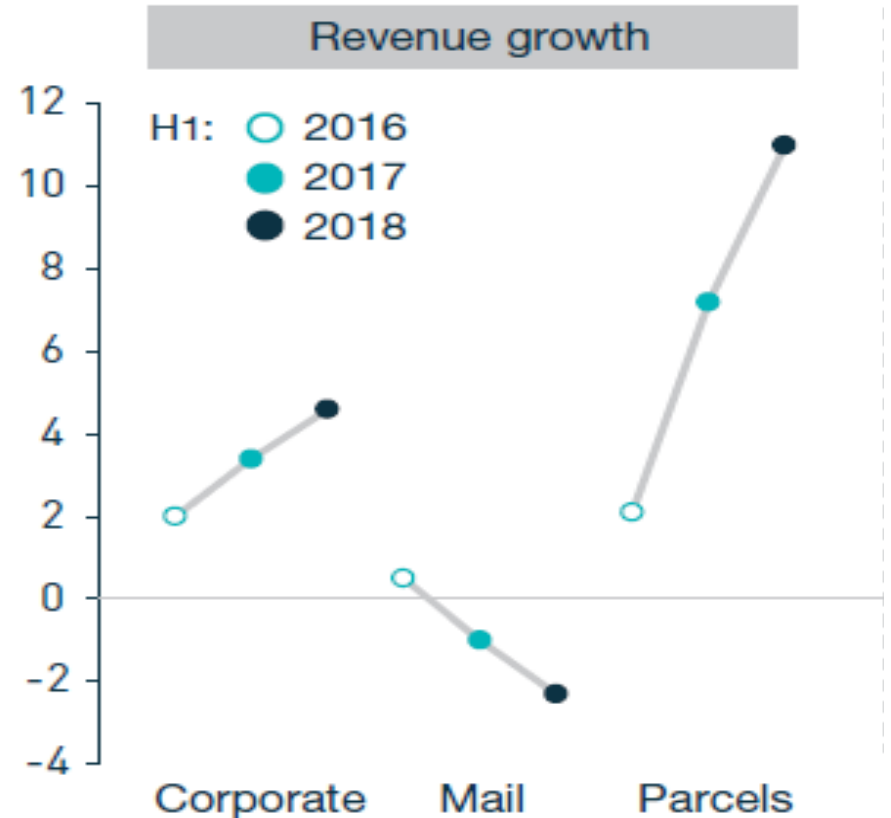
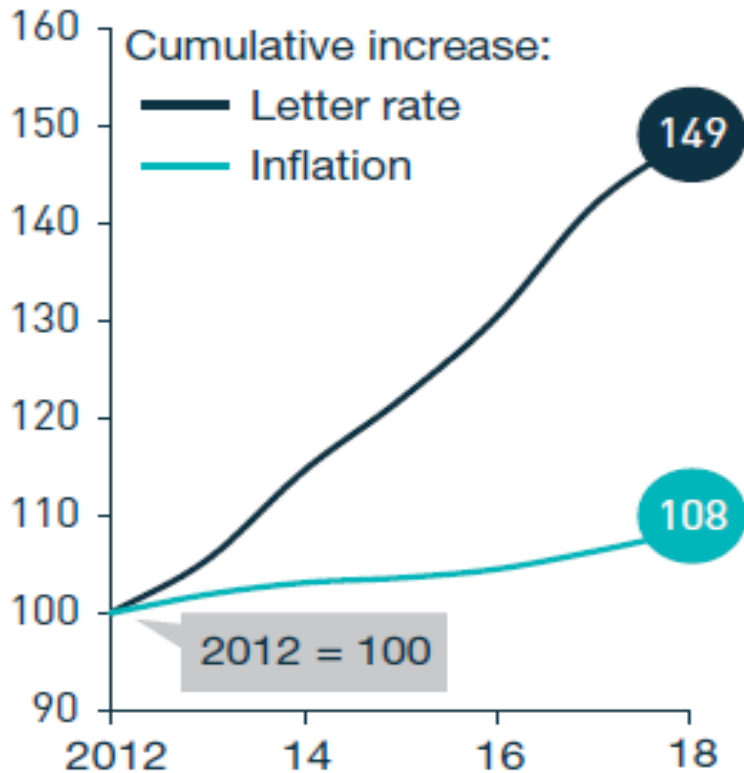
LE GROUPE LA POSTE

# Evolution of mail and parcels volume



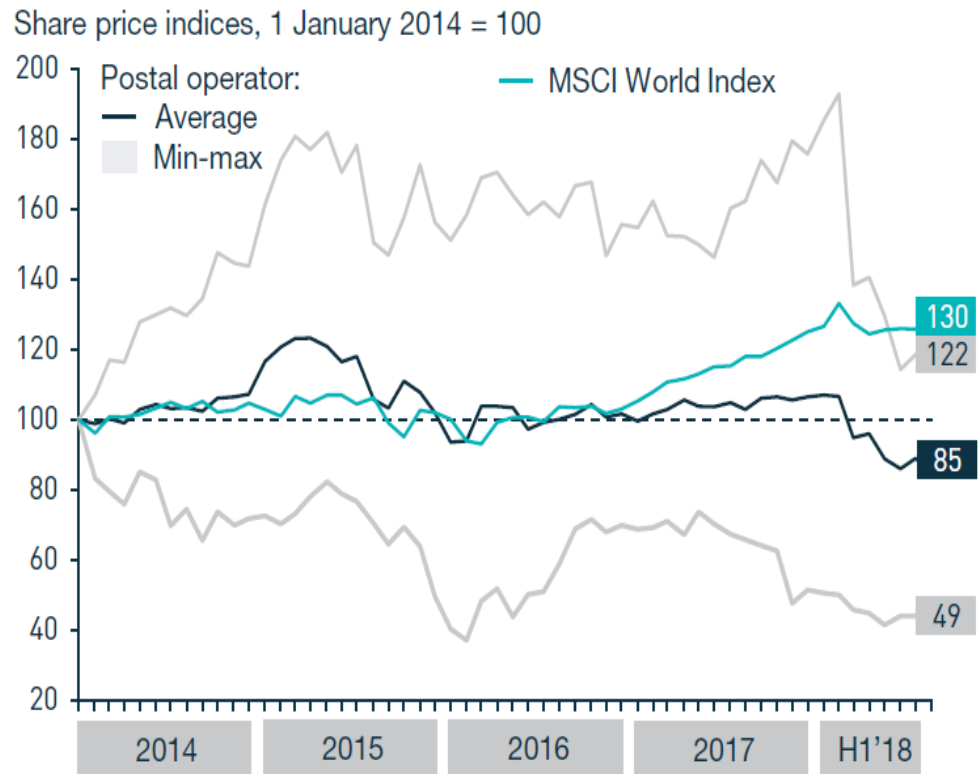
Source: IPC (2018), Global Postal Industry Report, November.

# Despite sometimes huge price increases, revenues from mail are decreasing



Source: IPC (2018), Global Postal Industry Report, November.

# Postal operators' performance is under pressure



Source: IPC (2018), Global Postal Industry Report, November.

# **The real value of Posts: far beyond purely economic performance indicators**



LE GROUPE LA POSTE

# The contribution of postal activities to growth and development (1/2)

Hristova et al. (2016) found a very strong correlation between postal connectivity and gross domestic product per capita:

- The more the Post of a country exchanges with other Posts, the greater the domestic economic growth.

Deloitte (2018) estimated the economic contribution of Australia

- \$3.2 billion directly (the value added by its own services) + \$2.8 billion indirectly (spillovers on other sectors) in 2017.
- On the employment level, in 2017, Australia Post directly employed around 26,500 full-time equivalent (FTE) workers and supported indirectly 24,800 FTEs in other sectors.



# The contribution of postal activities to growth and development (2/2)

Anson et al. (2008) found that in the Brazilian municipalities in which a Banco Postal agency was introduced (in comparison to the municipalities with no such agency),

- the creation of new businesses increased by 23%,
- job creation increased by 14%
- and the number of new banking agencies by 56%.

Rogowski et al. (2017) found evidence of a positive and long-term relationship between the establishment of post offices and economic growth.

- At the U.S. county-level, they found that a 10% increase in the number of post offices is associated with a 3% increase in farm values and a 6% increase in manufacturing outputs and capital investments (reflecting local economic performance).
- At the country-level, they found that a 20% increase in the number of post offices per capita in 1900 is associated with a 3% increase in GDP in 2000.

# The role of mail carriers and post offices network in social and territorial cohesion

According to MacConnell (2015), “*mail carriers (and women) always delivered much more than routine mail to their neighbors. (...) The country postman has been a social worker in real terms*”.

According to the Office of Inspector General of USPS (2014), “*for much of its first 200 years, [USPS] not only carried mail but also was deliberately used by the government to bind together and develop the nation*”.

An old-fashioned role? Clearly NO!

- Asher et al. (2011): USPS could **continue to “*bind the nation together*”** in the digital age by embracing technological development and digitalization.
- MacConnell (2015): “*as the rural population dwindles and ages, it is equally true that there are many isolated homes to whose doorstep the postman is the only daily caller. There are many recorded instances where their contacts with vulnerable persons led to the prevention of tragedies. They know their rounds, and they know the first names of the people behind the letter boxes. They are a crucial cog in the country wheel*”.



# **The “new” societal contribution of Posts: promoting a digital and ageing society both sustainable, inclusive and human**



LE GROUPE LA POSTE

# Post's involvement in an inclusive and human digital economy

## The facts:

- Quite paradoxically, the **need of human interactions** seems to grow with the digitalization of the society.
- As the number of services (including public services) available online is increasing, solving the **digital divide** become more and more crucial.
- In France,
  - 14 million people (23% of the French population above 15 years old) are “far from the digital technology”;
  - 11% of the population (40% of people aged 70 years or over and 46% of low-income people) have never connected to the Internet;
  - 40% of the population (87% of people aged 70 years or over) do not use social networks (Facebook, Twitter, etc.)
  - and a third of the population (70% of non-graduates) has never made an online administrative procedure

## An opportunity for postal operators:

- Several postal operators **give access to Internet** inside some of their post offices and **provide training** to the use online services.
- Postal operators continue to accompany the presence of the State on the territory by actively **participating to the e-government strategy** established in their country.
- Examples of le Groupe La Poste and Post Office Limited.

# Post's involvement in an inclusive and human digital economy



# Posts' involvement in an elderly society

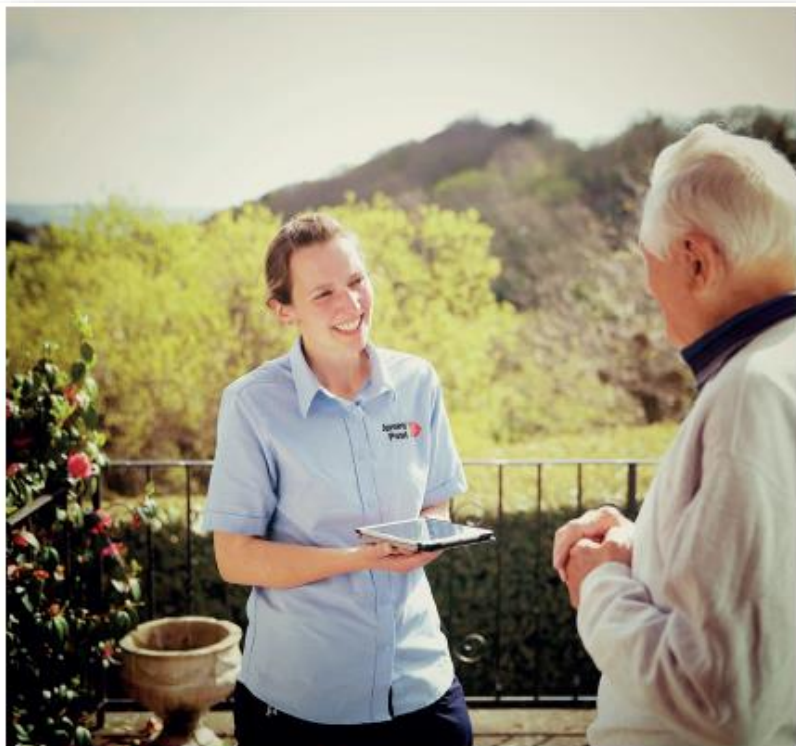
The facts:

- The global population aged 60 years or over (representing 13% of the global population in 2017) is expected to more than **double by 2050** and to more than **triple by 2100**, rising to 2.1 billion in 2050 and to 3.1 billion in 2100.
- The proportion of persons aged 60 or over who **live alone** is high, and even more pronounced in rural areas. Living alone is a **risk factor for social isolation**.
- Many want to 'age at home'.
- So, there is a **need to develop modern policies for care** as well as extending home-based services to enhance older persons' quality of life and overall well-being with care services tailored to their needs and to their desire to age at home.

An opportunity for postal operators:

- With their **extensive post office network** (especially in rural areas) and their **network of postmen**, postal operators have daily connections with everyone, even the most isolated and less mobile older people.
- Examples of Le Groupe La Poste, Jersey Post, Royal Mail.

# Posts' involvement in an elderly society



**Call & Check** *Providing support and care for all in the community*



# Posts' involvement in sustainable, circular and solidarity economy

## The facts

- If nothing is done, it will be necessary to consume the equivalent of at least two planets Earth to meet humanity's demand for materials.
- We need to come up with new economic models and new ways to consume.
- The **circular economy** is an economic system of exchange and production which, at all stages of the life cycle of products (goods and services), is designed to use resources more efficiently and reduce the environmental impact, while promoting well-being for individuals.
- Despite its benefits for the environment, economy and businesses, the circular model **has been growing slowly**.

## An opportunity for postal operators:

- The circular economy is a **source of production cost-reduction**.
- It is also a source of **revenues and intangible benefits** (image).
- Examples of Le Groupe La Poste, Lithuania Post, Bosnia-Herzegovina Post.



# Posts' involvement in sustainable, circular and solidarity economy



# Conclusion

# Postal operators, already on the evolution path, will succeed in a flexible regulatory environment

Once again postal operators can re-invent themselves provided that public authorities and regulators do not prevent these socially useful transformations with inappropriate regulation or constraints.

- Armed with a workforce that already visits citizens and businesses almost every day of the week, and that enjoys a good reputation and confidence from elderly people, postal operators have the opportunity to develop their position in the silver economy and to become natural partners and promoters of the circular economy.

They **need flexibility** to adapt their physical and human network to local needs.

- As emphasized by the OIG (2014), *“only an agile and adaptive infrastructure will be able to maintain self-sufficiency and serve the nation effectively”*.

It is **time to accept changes** in the postal service in order to guarantee the sustainability of postal operators.



***Thank you for your attention***