



Workshop 1: Prospective study on the future of the postal sector

13 February 2024

House rules (1/2)

- The workshop comprises discussions in the plenary and break-out groups.
- You will be automatically transferred between the plenary and your designated break out room.
- Our colleague Liam will be on hand in the plenary room to assist you should you not be transferred to your designated break out room.
- In case of problems with Teams, you can leave and rejoin the workshop.
- Opinions expressed by the consultants are their own, they do not represent the position of the European Commission.

House rules (2/2)

- Please raise your hand to alert the moderator when you want to contribute.
- Please introduce yourself with your name and organisation before speaking for the first time.
- There are many participants here today and it may not always be possible to give the floor to everyone. Please also make full use of the chat function to provide your opinions. All comments made in the chat will be considered in the study.
- We will also be sending out a post-workshop mini-survey and you will have the chance to provide further views or note anything that was missed during the discussions today.
- The workshop will be recorded for internal purposes only and the recording will not be made public.

Study objectives and approach (1/3)

- Study carried out by RPA and RAND for the European Commission
- The aim of the study is to support the European Commission in the development of a prospective assessment of the postal sector, including the potential need for and impacts of revisions to the EU postal services legal framework.
- The study builds on previous research and stakeholder engagement
- The specific objectives of the study are to:
 - Part 1 - Define several future scenarios for the development of the European postal sector over the next 10-20 years; and
 - Part 2: Develop and apply a framework to estimate the impacts of potential policy changes to the EU regulatory framework.

Study objectives and approach (2/3)

Part 1 – future scenarios:

- Developing five scenarios for the development of the European postal sector until 2040;
- Identifying the key challenges for the postal sector and market failures; and
- Mapping potential policy interventions to address the identified issues and market failures.

Part 2 – assessment model:

- Developing a framework for estimating the impact of policy changes on key variables of the postal sector;
- Collecting data to feed into the framework; and
- Applying the framework to potential policy interventions.

Study objectives and approach (3/3)

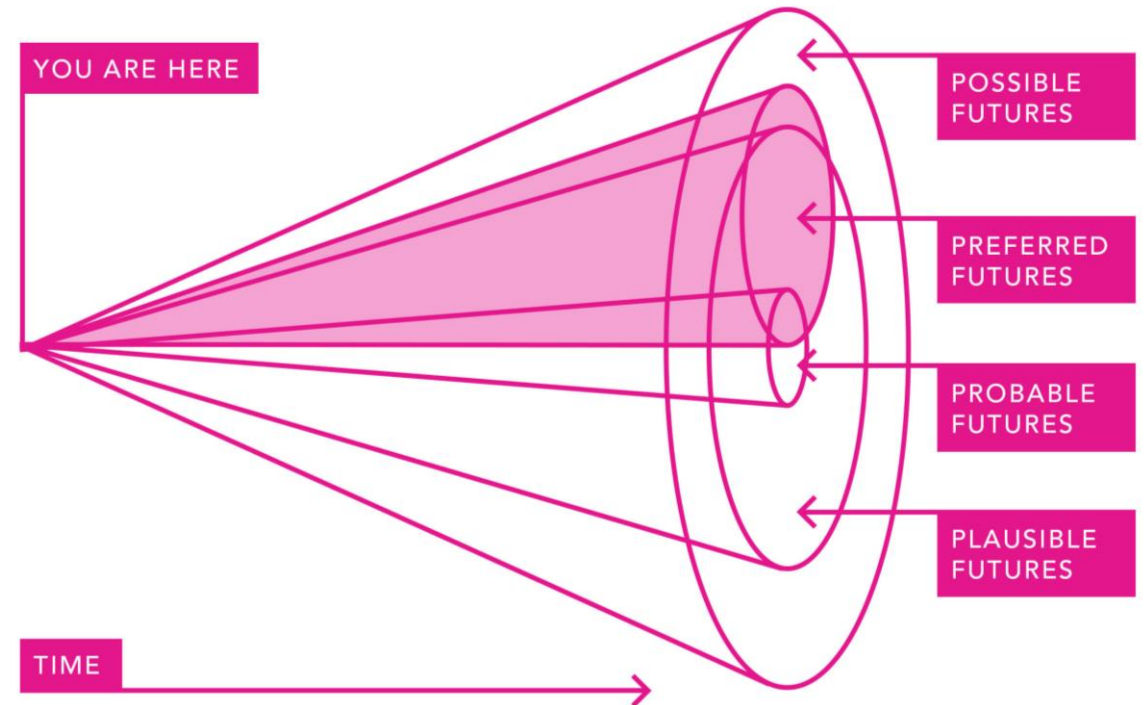
Stakeholder engagement:

- Three workshops:
 - Workshop 1 - to discuss the future scenarios (Part 1)
 - Workshop 2 - to discuss the assessment methodology and data collection (Part 2)
 - Workshop 3 - final validation workshop
- A survey to support the development of the assessment methodology and data collection (Part 2 of the study)
- Interviews with EU and national level stakeholders also to support Part 2 of the study
- **Brief post-workshop mini-survey for participants of Workshop 1**

Critical factors in future scenarios

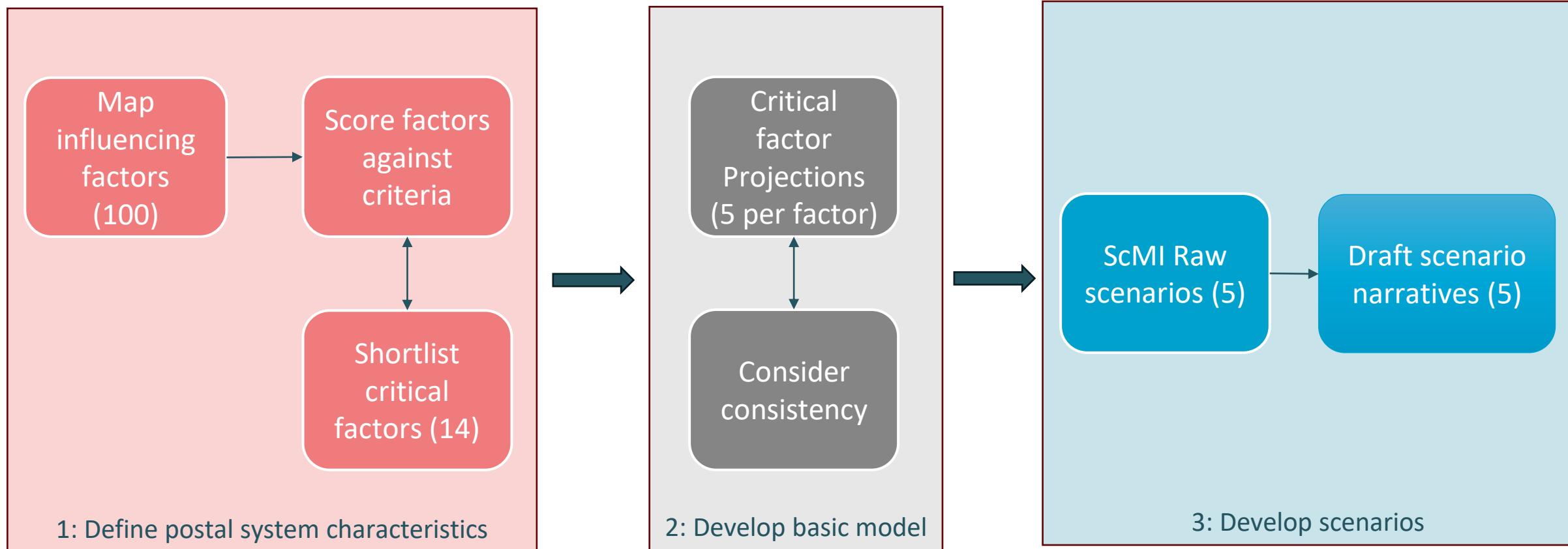
Scenario planning

- “Scenario planning” is a tool for navigating future uncertainty.
- Research and participation underpin the development of a range of visions of the future – scenarios.
- We develop five 2040 scenarios: a “probable” baseline, a “wild-card” challenge, and 3 further “possible” scenarios.



The Cone of Possibilities (Voros, J.; “A Generic Foresight Framework” 2023)

The scenario development process



Critical factors in future scenarios

- 14 factors spread evenly across “STEEPLV” dimensions.
- Identified through discussion and scoring on:
 - Systemic influence
 - Uncertainty
 - Impact (Depth and breadth)
- Refined through stakeholder interviews, DG GROW input, and scenario model testing.

Social	<p>Rates of personal vulnerability</p> <p>Socioeconomic inequalities</p>
Technology	<p>Automation and optimisation technologies</p> <p>Adoption of virtual spaces</p>
Economic	<p>Logistics and delivery models</p> <p>Internal postal market dynamics</p>
Environment	<p>Extreme weather and natural disasters</p> <p>Climate change adaptation and mitigation regulations</p>
Political	<p>Member state critical infrastructure strategy</p> <p>Digital government and public services</p>
Legal	<p>Postal worker collectivisation</p> <p>Financial instruments for postal providers</p>
Values	<p>Sociopolitical attitudes to regional equity</p> <p>Public attitudes towards consumption and production</p>

Break-out Session Format

1. Voting on critical factors for discussion, and additional factors (5 mins)
2. Discussion on voting results and insights (10 mins)
3. Discussion on three chosen critical factors (45 minutes)

Break out groups

Break-out Session Format

- Voting on critical factors for discussion, and additional factors (5 mins)
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Use the link in the chat channel to:

- *Rate each critical factor based on the potential impact on the 2040 postal sector*
- *Rate each factor based on how much uncertainty is associated with each factor?*
- *Are there any factors that you think are more critical than those on the current list of 14 critical factors?*

Group 1

- <https://forms.office.com/e/T3zcftTAm2>
- Scoring key:
 - 1 - Negligible impact
 - 2 - Minor impact
 - 3 - Reasonable impact
 - 4 - Significant impact
 - 5 - Major impact

Group 1 Shortlisting critical factors



Group 2

- <https://forms.office.com/e/sc3ViZau0K>
- Scoring key:
 - 1 - Negligible impact
 - 2 - Minor impact
 - 3 - Reasonable impact
 - 4 - Significant impact
 - 5 - Major impact

Group 2 Shortlisting critical factors



Group 3

- <https://forms.office.com/e/TDQ4Tc8cVf>
- Scoring key:
 - 1 - Negligible impact
 - 2 - Minor impact
 - 3 - Reasonable impact
 - 4 - Significant impact
 - 5 - Major impact

Group 3 Shortlisting critical factors



Group 4

- <https://forms.office.com/e/rE50XV7VY2>
- Scoring key:
 - 1 - Negligible impact
 - 2 - Minor impact
 - 3 - Reasonable impact
 - 4 - Significant impact
 - 5 - Major impact

Group 4 Shortlisting critical factors



Group 5

- <https://forms.office.com/e/dBrp3W60fk>
- Scoring key:
 - 1 - Negligible impact
 - 2 - Minor impact
 - 3 - Reasonable impact
 - 4 - Significant impact
 - 5 - Major impact

Group 5 Shortlisting critical factors



Social	Rates of personal vulnerability: The prevalence within European member states of vulnerable individuals, in relation to their health and wellbeing, social participation and ability to be self-reliant.
	Socioeconomic inequalities: The difference in levels of access to socioeconomic capital including economic capital, employment and digital technologies, between and within EU member states
Technology	Automation and optimisation technologies: The adoption within the postal sector of technologies focused on automation and optimisation of logistics (e.g. routing), including intelligent autonomous vehicles, warehouse robotics, and data analytics and AI for logistics.
	Adoption of virtual spaces: The adoption by businesses and consumers of digital analogues of offline spaces and services, including for remote work, social participation, and commerce.
Economic	Logistics and delivery models: Operating models, and degree of integration between, postal sector and other adjacent markets for delivering goods and services, for example including last-mile logistics, mutual-exchange and door-to-door delivery models.
	Internal postal market dynamics: The degree to which goods and services are exchanged between EU member states, and between the EU and other non-EU regions - influenced by considerations such as national industrial policy, customs regulations, and trade agreements.
Environment	Extreme weather and natural disasters: The frequency and intensity of situations triggered by natural phenomena that have a significant negative impact on the European postal sector - including through damage to relevant infrastructure and disaster response impact on postal service demand.
	Climate change adaptation and mitigation regulations: Policy and law intended to promote sustainability and mitigate climate changes including emissions regulations, carbon accounting, and urban planning.
Political	Member state critical infrastructure strategy: Member state policies and implementation strategies relating to state-managed infrastructure critical for the postal sector, including road and transport, energy, customs, and Information Technology and Communications.
	Digital government and public services: The use of digital technologies by EU member state governments and public sector organisations to deliver their functions (i.e. "E-government").
Legal	Postal worker collectivisation: The degree to which workers across European postal sectors operate as a collective or individuals legally, politically and economically - ranging from employment unionisation to freelance and gig economy contracts
	Financial instruments for postal providers: Instruments provided by EU member states and institutions to provide financial support to postal service providers under the Postal Services Directive.
Values	Sociopolitical attitudes to regional equity: Public attitudes, values and behaviours that relate to the perceived importance of regional equity - the differences in levels of development and quality of life between regions, across and within European member states.
	Public attitudes towards consumption and production: Public attitudes, values and behaviours that relate to how consumer goods are produced, purchased, shared and reused - including relating to local production and consumption, sharing economies, and sustainable consumerism.

Break-out Session Format

1. Voting on critical factors for discussion, and additional factors (5 mins)
2. Discussion on voting results and insights (10 mins)
3. Discussion on three chosen critical factors (45 minutes)

Why are alternative critical factor suggestions important?

Where are areas of consensus vs divergent opinions?

Anything else of interest in the results?

Break-out Session Format

1. Voting on critical factors for discussion, and additional factors (5 mins)
2. Discussion on voting results and insights (10 mins)
3. Discussion on three chosen critical factors (45 minutes)

What is the most likely development trajectory for this factor up to 2040?

In what other plausible ways could this factor develop up to 2040?

What would be the most challenging development for this factor up to 2040?

Time for a break

Critical factors in future scenarios – discussions summary

1	2	3

Group 1

- [key points to be recorded at the end of session]

What is the most likely development trajectory for this factor up to 2040?

In what other plausible ways could this factor develop up to 2040?

What would be the most challenging development for this factor up to 2040?

1	2	3

Group 2

- [key points to be recorded at the end of session]

What is the most likely development trajectory for this factor up to 2040?

In what other plausible ways could this factor develop up to 2040?

What would be the most challenging development for this factor up to 2040?

1	2	3

Group 3

- [key points to be recorded at the end of session]

What is the most likely development trajectory for this factor up to 2040?

In what other plausible ways could this factor develop up to 2040?

What would be the most challenging development for this factor up to 2040?

1	2	3

Group 4

- [key points to be recorded at the end of session]

What is the most likely development trajectory for this factor up to 2040?

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Group 5

- [key points to be recorded at the end of session]

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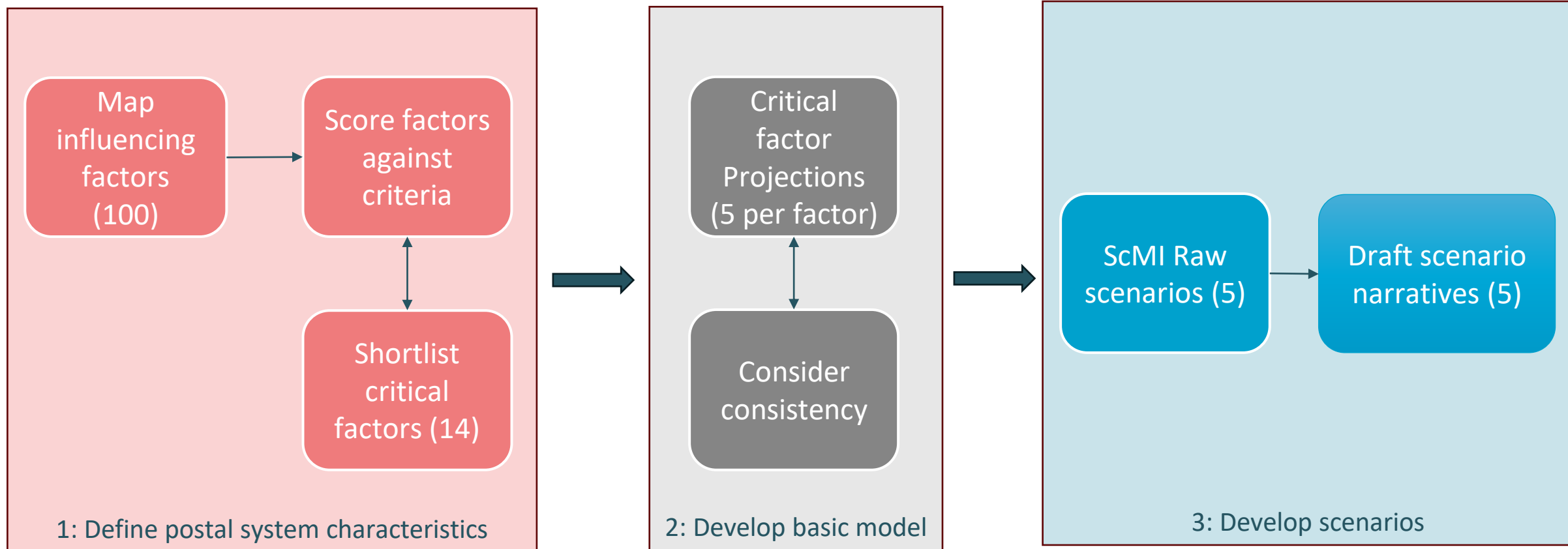
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2040 scenarios for the postal sector

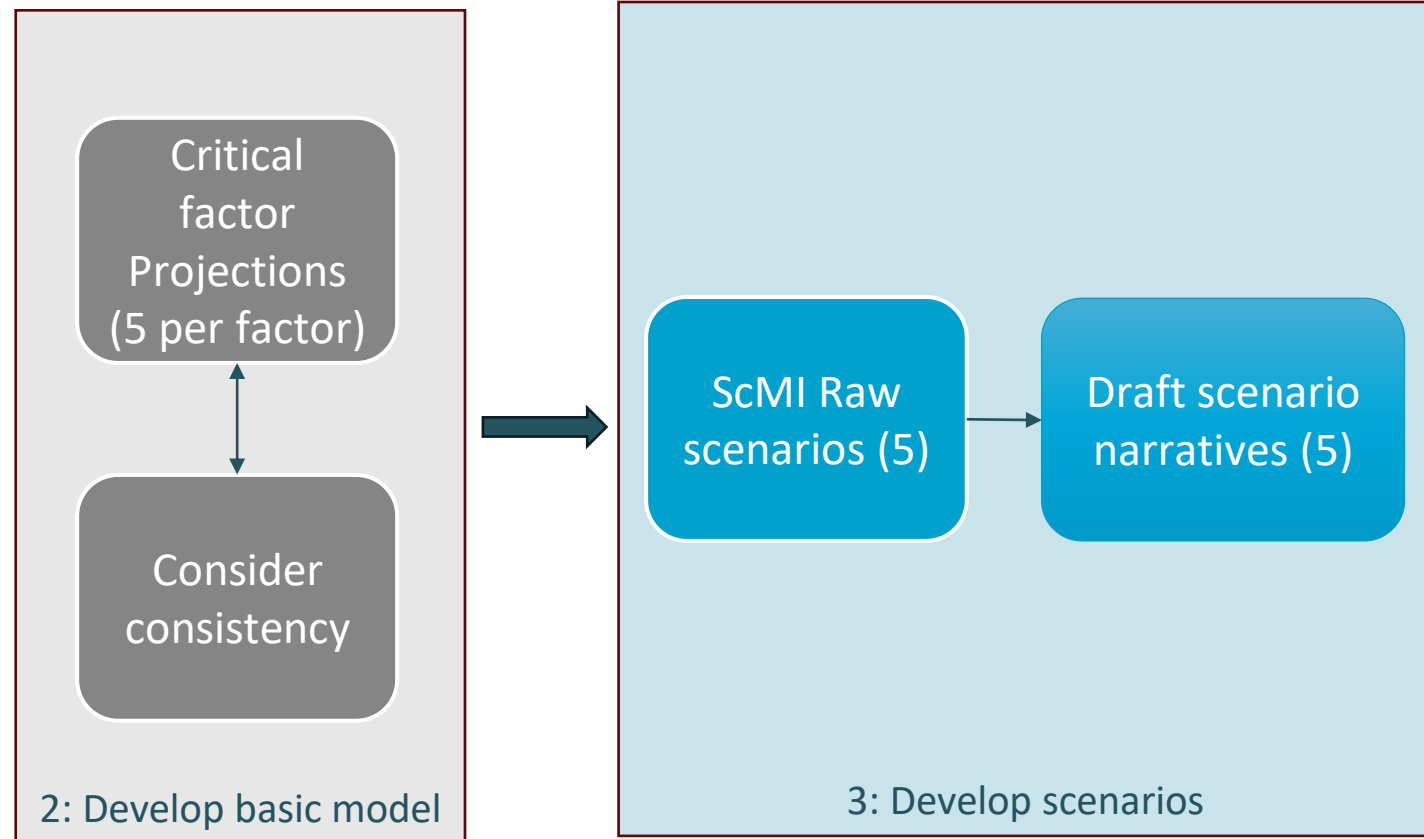
Baseline and challenge

The scenario development process



The scenario development process

- Each critical factor is given five projections based on a baseline and *Dator's Alternative futures framework*
- Consistency analysis on projections, from to *“highly inconsistent”* to *“highly consistent”*
- ScMI software generated “raw scenarios” clusters of logically-consistent projections
- Narratives were then developed and refined – adding appropriate “megatrends” and non-critical factors.



Scenario reader's guide

Scenario title



4.2.1 Scenario 1: New normal (the baseline scenario)

Summary tagline



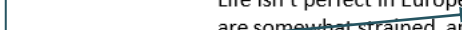
Progressive growth and innovation are common aims, but global mega risks and technical challenges mean change across national postal sectors is incremental at most.

The picture for core PSD objectives



The universal postal service	The net cost of financing the USO consistently rises in response to heightened operational costs, and some USPs consolidate into regional companies where feasible. Delivery speeds, frequency of deliveries and post office opening hours are gradually lowering – and in a smaller number of states no USPs are designated, with services instead provided through public procurement or market forces.
The internal postal market	Letters flows are down across Europe, with letter mail predominantly seen as a nostalgic premium service. Consumer parcel flows within member states are strong – but a cautious green transition means higher-emission B2C consumer parcel deliveries from outside Europe are more expensive, and volumes drop in this segment. The overall market for postal providers is slightly smaller as competitors across the value chain compete for revenue share. Providers are consolidating operations to improve resilience and sustainability.
Harmonised regulatory principles	There are varied approaches to Universal Service among member states. Most member states broadly support some form of universal service, but methods to facilitating it – and its scope – diverge. This diversity translates to the focus and approach of postal regulators, meaning progress is made on the development of postal technologies and accompanying adoption of technical standards is modest and incremental.

Bolded critical factor projections



Life isn't perfect in Europe: **extreme weather events are more common and intense**, social relations are somewhat strained, and most economies are feeling the squeeze. But communities, policymakers, and the postal sector, are making honest efforts to adapt in the interests of economic resilience and – to a degree – environmental sustainability.

The **postal sector is in a phase of integration** and “co-opetition”, where warehouses, multi-modal transport, and sprawling parcel collection lockers are collectively owned and shared by multiple postal operators. In regions where political relationships are strong, and markets and infrastructure are

- Non-critical factors may appear, but not necessarily in all scenarios
- Scenarios are illustrative, not predictive
- Scenarios suggest policy challenges and opportunities, don't describe them

1. New Normal (baseline)

Policymakers, citizens and the postal sector aspire to progressive growth and innovation, but global mega risks and technical challenges mean change across national postal sectors is incremental at most.

- A **cautious green transition** takes place against backdrop of increasingly **frequent extreme weather events** and general **economic strain**.
- The postal sector enters a phase of **integration and “co-opetition”**, including more transnational operators.
- **Parcel flows remain strong**, letter mail is mostly a **nostalgic premium service**.
- In some places rising net USO costs lead to **more public procurement for universal services**.

2. Poly-crises escalate (wild-card challenge)

Fracturing of the climate, markets and sociopolitical order put pressure on postal demand and operations from many angles.

- Climate tipping points trigger negative feed-back loops between **infrastructure degradation, economic shocks, and rising personal vulnerabilities.**
- Consumer caution punctuated by panic buying means **parcel demand is temperamental.** Letter services are maintained as “**last-resort**” **communication networks.**
- Attempts to manage costs through employment model change results in an **impasse between postal unions and operators.** **Fractured climate governance** approaches increase economic burdens.
- The USO shrinks to de-minimis in a majority of states, but **USP bail-outs** are still needed in the worst affected countries.

Primer on Mural

Break out groups

New Normal (baseline)

Policymakers, citizens and the postal sector aspire to progressive growth and innovation, but global mega risks and technical challenges mean change across national postal sectors is incremental at most.

On the Mural Whiteboard:

- Are details plausible and consistent?
- What narrative details are missing?
- What could the opportunities be?
- What could the challenges be?
- What could policy solutions for these risks and opportunities be?

Poly-crises escalate (challenge wild-card)

Fracturing of the climate, markets and sociopolitical order put pressure on postal demand and operations from many angles.

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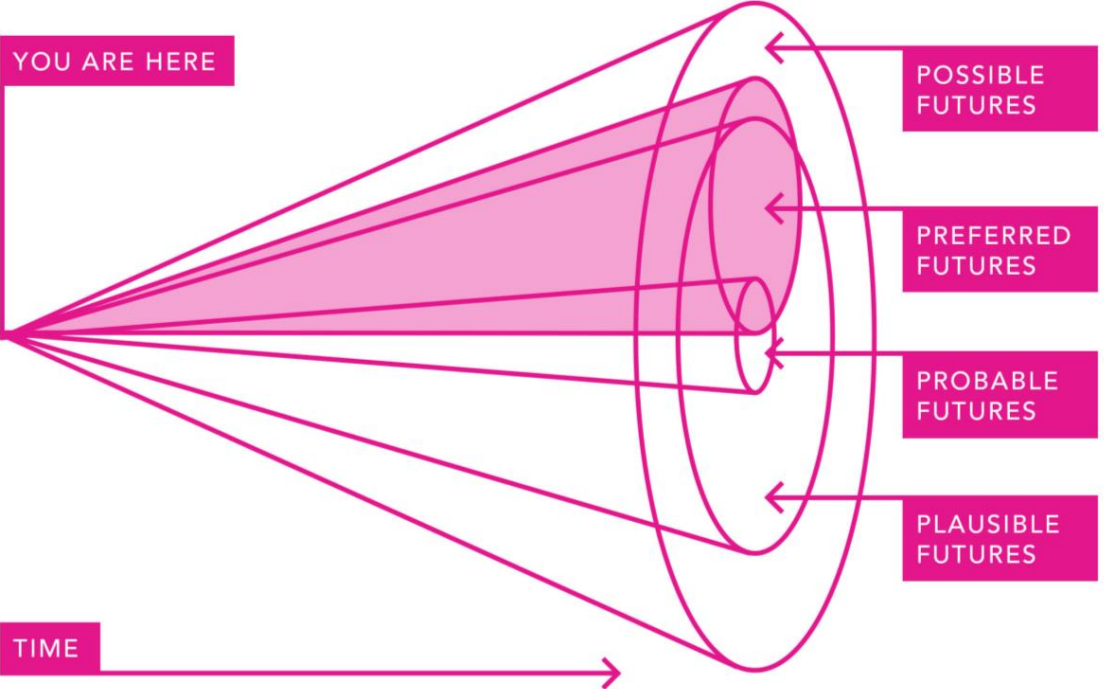
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Time for a break

2040 scenarios for the postal sector

Remaining scenarios

Scenarios 3 to 5



Remaining scenarios explore “plausible” and “possible” futures.

We aim to develop a diverse range of scenarios to minimise risks of future blind-spots.

The Cone of Possibilities (Voros, J.; “A Generic Foresight Framework” 2023)

3. Platforms drive technological revolution

Data-rich multinational tech platforms grow in size and scope, moving sideways into postal value chains. Government and postal operators follow suit to develop their own innovations.

- Multinational “**everything-as-a-service**” platforms move sideways into delivery and other parts of the postal value chain. Hyper-personalised delivery prices, optimised package sizes, and delivery times displace one-size-fits-all services.
- **Mature eGovernment** and **narrowing digital inequalities** all-but eliminate letter mail demand.
- Warehousing and routing optimisation, mobile self-service lockers, smart packaging, “reg-tech” such as cheap satellite observation, and novel sharing economy platforms transform parcel service standards.

4. Post-carbon discipline

Environmental concerns render zero-digit and negative economic growth palatable, resulting in step-changes in regulation, logistics, consumer norms and products.

- 2030 shocks **accelerate Green New Deal ambitions** – Europe on-shores markets, develops resilient infrastructure, and enhances carbon accounting and capping. GDP alternatives are common.
- Mutual exchange models, transport electrification, and new technical standards **transition postal operators towards sustainability.**
- Consumer-side measures – second delivery fees, eco-labels and broader rights to repair – **suppress B2C parcel demand.**
- **C2C parcel demand grows** through Do-It-Yourself maker movements and sharing economies. New parcel checking obligations arise from informal economy taxation and safety checks for prohibited items.

5. Public value innovations

The successes of Europe's Digital Decade lead to a new era of socially valuable innovations across the public sector, and state-supported postal providers. The growth of eCommerce platforms and other multinational tech companies is capped by regulations and consumer mistrust.

- Technological successes – broad roll out of digital identity and on-shoring of production of GPU chips- set the tone for a **new era of “public value tech”**. **Digital government is the norm** and only 3% of Europeans don't have internet.
- Technical standards, technologies and data trusts mature to **remove cross-border friction** for parcels, foster disaster resilience, and **promote sustainable operations**.
- Financial instruments support postal operators to take on **additional social value functions**: data centres, co-working spaces, technology recharge points and digital services and rights advice centres.

Break out groups

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Summary of the break-out groups

Group 1

New normal (baseline)	Poly-crises escalate (wild-card challenge)

Group 1

Platforms drive technological revolution	Post-carbon discipline	Public value innovations

Group 2

New normal (baseline)	Poly-crises escalate (wild-card challenge)

Group 2

Platforms drive technological revolution	Post-carbon discipline	Public value innovations

Group 3

New normal (baseline)	Poly-crises escalate (wild-card challenge)

Group 3

Platforms drive technological revolution	Post-carbon discipline	Public value innovations

Group 4

New normal (baseline)	Poly-crises escalate (wild-card challenge)

Group 4

Platforms drive technological revolution	Post-carbon discipline	Public value innovations

Group 5

New normal (baseline)	Poly-crises escalate (wild-card challenge)

Group 5

Platforms drive technological revolution	Post-carbon discipline	Public value innovations

Next steps

Next steps

- Thank you for participating today!
- We will be following this study up with a mini-survey. This will cover some of what we have discussed today, and you will be able to add further comments.
- We will be conducting a further survey, interviews and two workshops over the remainder of the study.
- For questions about the study, please contact us at PostalSectorStudy@rpaltd.co.uk

Thank You

postalsectorstudy@rpaltd.co.uk

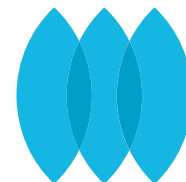
If you have any further questions or comments

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