



Creating a Smart Post Office  
appealing to Millennials  
Insights from a Digital-native



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# Introduction

With their big demands and high expectations<sup>1</sup>, Millennials – also known as Generation Y - are one of the most important targets for brands as they have an increasingly higher purchase power and the capacity to influence their friends and families<sup>2</sup>. As we will see below, Millennials are generally not loyal to brands, but can become brand lovers if their high expectations are met. They are digital-natives, a fast-moving generation and ‘always-on’ customers. They want to have everything, at anytime, anywhere – and thanks to new technologies this is now possible<sup>3</sup>. The generations following Millennials will be even more rooted into the available technologies as they, in turn, will grow up with their eyes fixed on the screens of their devices. Businesses have to profit from this digital disruption and re-design their services to offer a positive user experience.

In this context, the challenge for postal organisations is significant. Their role is to act as a trusted third party facilitating omni-channel interactions and communication between people,

while minimising their ecological footprint. One way for postal operators to cope with this challenge, is to offer a personalised, safe and welcoming shopping experience in their own retail stores, connecting the offline and online worlds through mobile technologies. The digitalisation of post offices and the exploration of e-commerce solutions is a crucial step in order to attract Millennials. But, rather than launching a brand new digital post, the postal sector should focus on some key strategic priorities and leverage existing assets. This point of view will provide examples of this.

The next chapters will go deeper in these different areas, by first dealing with the reason why the postal service needs to re-invent itself to attract the young generations (back) into their stores. It will then address the main digital challenges and finally tackle some concrete solutions to answer the needs of the Millennials.

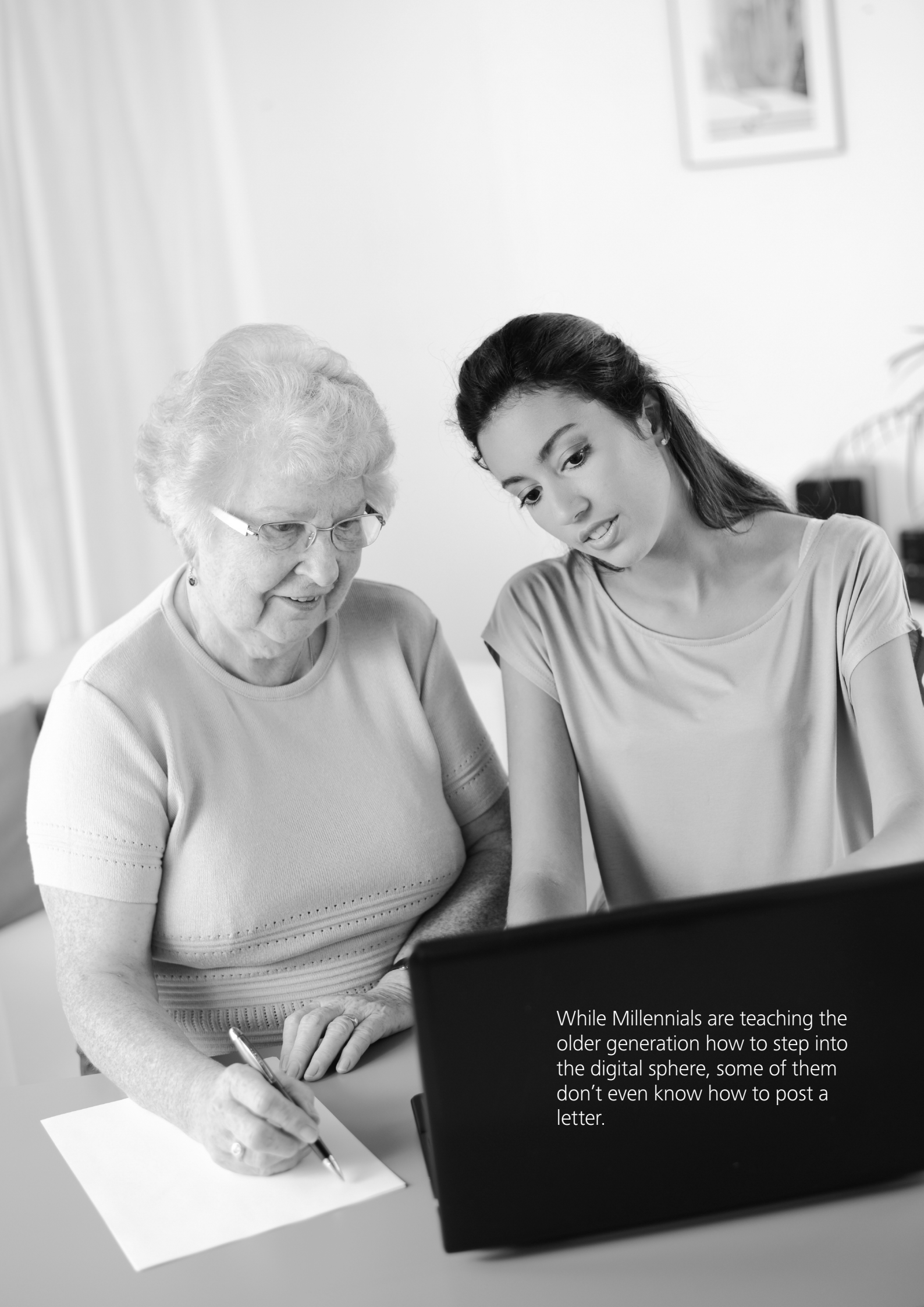
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<sup>1</sup> DELOITTE, “The Millennial Survey: Big demands and High expectations”, DTTL (2014), <http://www2.deloitte.com/al/en/pages/about-deloitte/articles/2014-millennial-survey-positive-impact.html>

<sup>2</sup> Dan Schawbel, “10 New Findings About the Millennial Consumer” FORBES (Jan 2015), <http://www.forbes.com/sites/danschawbel/2015/01/20/10-new-findings-about-the-millennial-consumer/>

<sup>3</sup> DELOITTE, “The omnichannel opportunity; Unlocking the power of the connected consumer” DTTL (Feb 2014), <http://www2.deloitte.com/content/dam/Deloitte/uk/Documents/consumer-business/unlocking-the-power-of-the-connected-consumer.pdf>



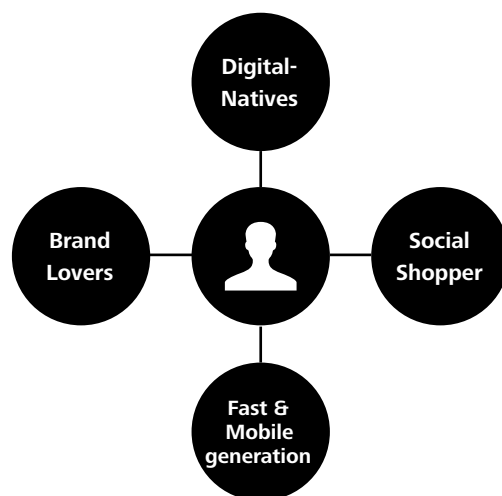


While Millennials are teaching the older generation how to step into the digital sphere, some of them don't even know how to post a letter.

# The Millennials

## An audience to consider

As a proud member of Generation Y, digital-savvy and communication-addict, it's a pleasure to describe my peers and their interaction with the brands. To structure this point- of view, I would like to tackle four key principles that characterise the Millennials and illustrate them with significant statistics and concrete examples.



### Digital-Natives

#### Who are we?

By definition, as a digital-native, we were born between 1980 and 1990, meaning that in 2015 we are around 25-35 years old. Our history has been marked by the arrival of the Internet, e-mail, Google, Facebook, Twitter, the mobile phone and then the smartphone, blogs, streaming and high-speed connections. For us, it is actually strange to imagine a world without any technology or Wi-Fi connection.

#### Living with technology

We will get frustrated if we work for an employer that doesn't provide any up-to-date devices, if we sleep in a hotel that doesn't have a good internet connection, if we shop in a supermarket that is missing self-scanning, if we attend an event that requires a printed ticket, if our financial statements are waiting for us at the bank, if we need to be available during office hours to pick-up a parcel... (and the list goes on).<sup>4</sup>

Living without the Internet and digital facilities is not possible for us. And brands that empower our virtual interaction and ease our online consumption are giving us a reason to be loyal as they simplify our day to day life. Furthermore, through online interaction, we will gladly give anonymous data which will contribute to enriching your knowledge of us as a consumer. In return, we expect companies to learn from this data and improve our customer experience.

### Social shopper:

#### We are naturally social and connected

The first thing we do when we wake up and the last thing before going to sleep is to go through our smartphone/ social media notifications. With the arrival of Instagram and Snapchat, the youngest generations have found other ways to socialise. Interacting virtually with our close environment is a common past-time and a natural step before any impactful action. Indeed, from dating through to buying an apartment, from buying clothes to booking our holiday, every single meaningful decision is shared and directly influenced by our communities.

#### Our comfort zone with social media

Either from our laptop on the company's website or through our mobile device while shopping in a physical point-of-sale (POS), we are always connected to social medias. The brands that enable an adapted social shopping experience have understood how to influence our purchasing behaviour while attracting new potential customers.

<sup>4</sup> DELOITTE, "The Deloitte Millennial Survey; Mind the Gaps" DTL (2015),

<http://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/gx-wef-2015-millennial-survey-executivesummary.pdf>.

<sup>5</sup> The Business strategy of Groupon mentions "Groupon finds the best deals for clients, but to be valid a minimum number of clients must buy the product, otherwise the transaction does not happen" The complete text is available at <https://www.groupon.com/press/about-groupon>

<sup>6</sup> Jon Schepke, "315 Business Boost rankings by optimising local pages", Search Engine Watch (Nov, 2013),

<http://searchenginewatch.com/sew/study/2305421/315-businesses-boost-rankings-by-optimizing-their-google-local-pages-study>

<sup>7</sup> McDonalds application available from the app store: <https://itunes.apple.com/us/app/mcdelivery-china/id875667428?mt=8>

### Modern Consumption

In that context, collective consumptions proposed by companies such as Groupon<sup>5</sup> have even brought the power of social media to a higher level. Recommending a product to a friend is a key functionality enabled by any social brand on their website or mobile application. But when this action actually has a direct impact on your own consumption, or could even decrease the price you pay, it becomes a considerable strength for companies and an exciting experience for customers. Above, we discussed the ease for Millennials to share their frustration or content and therefore it is important to consider the impact of the available (negative or positive) data concerning your services. Various studies have shown that our generation are more likely to trust friends than marketing campaigns and furthermore, Millennials are empowered consumers through their ease of access to information. In case of doubt, in a store they will be able to check the information given by a vendor directly online.

### From Ownership to Temporary Access

Lastly, the sharing economy gave birth to new business models and disruptive players are reinventing collaborative consumption through technologies. The shift in consumer values from ownership to temporary access is mostly happening in young generations and brands have to surf on this sharing trend.

## Fast & Mobile generation

### Empowered by Technology

As mentioned above, thanks to mobile devices and high-speed Wi-Fi, we are always connected. And with the arrival of the cloud solutions, we can store a lot of data (images, video, sounds, etc.) in our pocket and easily retrieve it. Ultimately, there is no reason for not using smartphones in our daily life as we consider them as a task-simplifying tool.

### High expectations

Consequently the need for accessibility (everything in one single place) and the digital urgency ("I want it now") has increased our level of expectation when consuming a product or a service.

The incredible power of micro-localisation integrated in our smartphones has allowed us to instantly find an available shared-bicycle, book a table in a restaurant, search for the closest cab or purchase a second-hand item close to our current location. Waiting is not in our vocabulary anymore.

### In search of easy experiences

According to the Search Engine Watch "50% of all mobile searches are conducted in hopes of finding local results, and 61% of those searches result in a purchase."<sup>6</sup> Therefore, a fast-food provider, for example, will get the highest return from his search engine investment when a potential client is browsing via his mobile phone close to his store and around lunch time. A good example is McDonald's<sup>7</sup> in China: in a few clicks, a check on the map, a mobile payment, your burger is ready by the time you get to the store. It's just a matter of facilitating the user experience. Indeed, we need things rapidly and the first brands able to meet our requirements will convince us. If, following our first encounter, the user experience is positive we'll definitely reduce the scope of our search... and maybe download their mobile application!

### A proof of trust

As we will see later, mobile technology is also the bridge between offline and online. More and more brands use it to communicate with their consumers when they're not in front of their computer, enabling them an omni-channel experience, more importantly, to access some services faster (micro-localisation, m-commerce, social networks, real-time information, and audio-visual content). Being present on Millennials' smartphones via a mobile application demonstrates a huge gain of trust. And being used on a regular basis is a first step towards brand love!

## Brand Lovers

### Looking for Added Value

It is said that we are not loyal to companies but in fact, we are loyal to brands. As explained earlier, we expect a lot from the supplier but if the experience is positively out of the ordinary, we'll definitely recommend it and come back. Simultaneously – and ridiculously – we are fans of many brands on social media and we keep on 'liking' and 'following' when the content has an added value for us.

### The Wow effect

More importantly, we'll be great ambassador's offline (where the major part of the word-of-mouth still happens) as long as the experience provides us with a 'wow' effect. This can be done with simple user experiences, but they need to be surprising. We are not looking for alternatives to fulfil our satisfaction, we are just in pursuit of innovative solutions. For example, if AirBnB and now Uber have become our main suppliers to discover new places and travel, it's not specifically related to their unconventional aspect but their capacity to modernise the consumption, enable the social connection through gamification, ease the access and make the experience user-friendly. We start to love the brand when a company takes these elements into consideration. A 100% mobile bank, a supermarket connected with iBeacons or an airport that accelerates our journey via technologies has every chance to conquer Generation Y... and the next generations.

### Social competition

To go further in the user experience, many articles show that brand love can be facilitated through gamification. Technology has enabled gamification, as it is now possible to easily compare our performance/habits/points, etc., to our (virtual) friends. Dominos' Pizza app which selects your toppings for you is only one example of applied gamification. We have seen gamification successfully applied to sectors such as banks<sup>8</sup>, learning<sup>9</sup>, employment<sup>10</sup>, and even libraries<sup>11</sup>.

### What does it mean for the Postal industry?

The web (and all digital technologies) is our current playground and we are used to its level of convenience and speed. With these new stakes, well established companies such as those in the Postal industry for example have great challenges to take on.

If Amazon is able to provide us the right item, at the right place and time, there is no reason for us to go for an alternative. Within seconds we have found the product we were looking for, logged in with a social media account, added a product to our cart, paid in three clicks and even shared our experience, without having to wait in a queue.

This simplicity and ease of experience imply that Millennials will be more inclined to purchase through e-commerce than previously. Indeed, online sales worldwide are expected to grow by 14%<sup>12</sup> from 2012 to 2016. With this in mind, the adapted delivery of online purchased products is becoming a real concern for the consumer. Today, we already have online control of our delivery through tracking and possibilities to opt for a locker pick-up and soon we expect to add additional services directly from our smartphones.

Technologies will keep on evolving and it is the Millennials belief that innovation is a must in order to survive<sup>13</sup>. Generation Y are constantly up to date with the latest technologies and expect organisations to do the same. In this regard, the postal sector can increase the user-centricity by digitalising some aspects of their services in combination with their significant competitive advantage that continues to seduce us: human interaction. The proximity to people is a key asset of the postal operators on which they can develop new innovative services. Stepping into the digital sphere does not necessarily mean that everything needs to be digitalised. It is about creating new opportunities and diversifying through digital transformation. The main challenge for posts in the coming years will therefore be to maintain their strong identity and visibility among citizens while continuing their successful diversification.

<sup>8</sup> Citi Bank has launched a credit card with social networking as key feature, this is explained in the following document at <http://www.citigroup.com/citi/press/2012/120308b.htm>

<sup>9</sup> Kaplan University used gamification to increase the engagement of students, this is explained in the following document at <http://www.kaplanuniversity.edu/information-technology/gamification.aspx>

<sup>10</sup> The U.S. Army uses retention tools based on gamification of rewards and recognition, this is explained in the following document at <http://www.jillianmichaels.com/fit/the-community/the-challenges>

<sup>11</sup> Pierce County Library, uses gamification to motivate young readers to read during the holidays, this is explained at <http://challengebeta.mypcls.org/>

<sup>12</sup> DELOITTE, "From bricks to clicks, generating growth through eCommerce expansion" DTTL (Nov. 2014).

<sup>13</sup> DELOITTE, "The Millennials Survey; Mind the Gaps" DTTL (2015).

# Reinventing the post

## Can we facilitate e-commerce for Millennials by being more mobile?

We believe being mobile is the first step to becoming 'Millennial-friendly'. Since Millennials are constantly connected to their mobile phone and interact with products and services through their devices it is crucial to enable customer mobile interaction with delivery and other postal services. Furthermore the potential advantages of digitalisation for connecting customers, receivers, operational centres and delivery workers has not been explored and exploited yet to its full potential in the sector.

The large network of physical point-of-contacts, and the army of postmen in the field differentiate the postal sector to most other package delivery companies. By combining the physical and digital channels as proposed in the next chapter of this article, the postal sector can really differentiate itself and create a great opportunity to attract new customers. From the parcel to the post office, not to mention the postman, the connection with online users can remain constant via the mobile technologies, offering them a personalised continuous customer experience in an omni-channel eco-system.

Using new technologies such as iBeacons and nearables, the magic of 'Phygital' is possible in any physical store, including the post office. At Deloitte Digital, we call it the 'Smart Post Office'.

# The Smart Post Office

## The 'Phygital' connection to Millennials

Thanks to new technologies – such as mobile devices, wearable computing, indoor positioning systems, NFC, augmented reality, etc. – service providers have access to a wealth of information that enables the smart POS of tomorrow to be built today. The retail industry was certainly one of the first exposed to these changing behaviours and technology. Some brands (Apple, Macy's, American Eagle, Old Navy, etc.)<sup>14</sup> were more innovative and successful in leveraging these opportunities and were able, by connecting a millennial's smartphone with the physical store hereby generating the insights needed, to offer both online and offline, the personalised and convenient customer experience expected by Millennials.

Connecting on- and offline has become a necessity for postal businesses as well to survive in this more and more connected mobile world. The following two fictional customer journeys show how the post office could directly interact with digital-natives through their mobile phones.

**David** is an active teacher with two children:

"With both my family and my work, I don't have time to waste in queues."



1 While waiting for the bus he receives a notification with a specific marketing offer on his smartphone: "Tomorrow is Mother's day! No idea yet? Benefit from our 10% discount on personalised stamps today." He selects the button 'more information'.



2 The closest post offices are located on a map based on his geo-localisation, with for each post office a real time estimate of waiting line in the queue.

3 When entering the post office, David receives a personal welcome message from the manager with information on the waiting time. This same message offers him reading material while waiting.



4 In the lounge David consults the products and services available and retrieves the stamps offer within the products menu.

5 David chooses his favourite picture of him and his mother and uploads it into the app before ordering 10 stamps.



6 After several minutes, David receives a push notification. He can pick up his stamps at the self-service machine.

7 Upon leaving the post office, David receives a notification on his smartphone asking him for feedback. He can easily and quickly rate his digital experience at the post office.



<sup>14</sup> What Beacon Technology does for retailers", Shopkick (2015), <https://www.shopkick.com/partners>

**Meg** is a young professional, keen on digital:

"I'm ultra-connected, my entire life is on my smartphone!"





### Gamification

Furthermore, in these journeys we can easily include gamification aspects linked to loyalty programs. Digital-natives that experience such compelling customer journeys are eager to come back and make that leap from casual to loyal customers. Correos<sup>15</sup> in Spain used gamification to get employees to work together in designing the new website. The French postal training centre Formaposte<sup>16</sup> have used game mechanics to reduce employee turnover as potential future postmen got a better understanding of the scope of their upcoming jobs. Gamification through mobile applications can also improve the client perception of the organisation when gamification is aimed at the digital-native allowing them to compare their achievements to those of their friends.

### Social Media

Posts have until now facilitated mainly one-to-one communications through mail delivery. However, with social media, Millennials are used to one-to-many or many-to-many communications. And thanks to their mobile devices, the customer is always connected to a wide range of people, who are probably clients of the postal service. In that context, it is important for post organisations to accompany these young generations on their journey and ensure a constant positive feeling, which will encourage them to reiterate their experience and influence their peers. In a nutshell, it is needed to make them come, stay and act. To create the initial demand, it is important to understand how to address their needs properly. Deutsche Post understood the importance of social media and launched “My Social Memories”<sup>17</sup> to collect information about clients.

Thanks to Big Data, it is now possible to predict the Millennials behaviour and therefore adapt the information accordingly. By offering them a user-friendly experience, the customer will show interest and stay longer. This in turn will provide them with opportunities to share the experience with friends.

All of this data can be collected to generate the action (a lead) corresponding to their needs and retain them by using persuasive and relevant content. With time, the collected data will also be the source of further insights on how to constantly improve the user experience. The millennial is fast adapting and intrigued by change.

The Smart Post Office, as described above, is the sequential combination of these steps, a mix of digital and physical assets, and a way to provide an omni-channel experience. But more importantly it is a first move toward digital transformation.

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<sup>14</sup> Correos Website redesign through employee crowd sourcing, the project website is available at <http://www.wonnova.com/casosde-exito>

<sup>16</sup> LA POSTE has created a gamification letting players experience a week in the life of a new postal recruit to help candidates make the right career choices, the project website is available at <http://formaposte-iledefrance.fr/jeu-facteur-academy/>

<sup>17</sup> Deutsche Post – DHL gives clients the possibilities to create a photo album from their facebook account.



# Think big, start small, scale fast

## A framework to disrupt

Many companies struggle to find the appropriate way to implement such a digital transformation. In this chapter we will discuss a methodology which can ensure the successful implementation of a technological innovation.

### Be Agile

Traditional technology implementation projects require time-consuming processes to eventually deliver a solution which no longer meets customers' expectations.

The digital world and technology are moving fast and Millennials are early adopters, ready for change. If the postal organisations can adapt quickly to the changing technological environment, they will achieve great benefits from this digital transformation.

However, in order to keep up with the pace of the digital evolution a different innovative approach is needed as the traditional 'waterfall' model will be inefficient due to its slow character rendering the end product obsolete by the time it is released.

The Agile methodology ensures a fast and efficient response to the environment through gradual releases and a great capacity to adapt quickly in response to the exposed failures. Trial and error is key to cutting edge innovation, which is why failing fast is the best opportunity for fine-tuning the project and elaborating a tailor-made solution for Millennials.





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