Social networks, e-mail security and the future of posts

Jacob Johnsen
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Social media has become the new way of communicating. How does social dialogue affect the letter? Where do e-mails fit in? What are posts doing in response? Jacob Johnsen looks at these issues for Mail & Express Review

If Facebook was a country, its 750m users would be the third largest by population. YouTube attracts 490m users every month, Twitter has 200m accounts, and Qzone, a general site in simplified Chinese, has 470m users. And they DO communicate! The average Facebook user places three pieces of news per day on average: that is 30bn pieces of content added each month or the same as the number of letters sent globally!

One definition of social media is “a media which is used to build social networks and connections for sharing information via a mediated channel”. Letter mail can also do this, although much white mail is of a more transactional nature. Is this way of communicating taking business from the post, or can we learn from social media ways to develop and improve postal business?

From chit chat to massive marketing: letter mail’s declining role

Many see communication via Facebook, Twitter or other media as exchanges of simple information with not much importance: just some chit chat among people who know each other more or less. Not so, or at least not always so. Of course much of the information exchanged is of a very personal nature to be shared with more or less close friends, but social media is also being used in very professional ways. Companies are using data obtained from social media to get to know potential customers and dialogue with them. When you accept an invitation for an application on Facebook, the company behind may learn your name, age, city, mobile number, address, website, e-mail, education, interests, sports and much more, depending on what you have stored. Also your friends and all of their similar data may be known.

Based on all the acquired information, a carefully planned dialogue starts. MindFire Inc., a leading company in social media marketing, explains that
the process starts by sending potential customers a letter or a postcard, inviting them to join. Included is a link or a QR-code. However, once inside the social media, all future communication is done without using the post. One letter is all it takes.

This scenario is frightening in its impact on mail volumes that previously supported the entire commercial dialogue with dozens of letters and direct mails. All this is now reduced to one initiation letter. The good news is that the reality is somewhat more complex. People communicate using numerous channels, including phone (landline and mobile, voice and text), e-mail, Skype, Twitter, Facebook, online forums and, of course, letter mail. Surveys show that consumers in western countries are available, on average, in 7.2 channels, and mail is always one of them.

When asked how many communication channels companies are using to get in touch with customers, the response is that almost all use two or three channels. And usually mail is one of them! But given that we are communicating via more and more media channels, this may very well change in the future. Surveys show that communication will move to more channels, at the expense of physical mail.

Marketers are saying that they either are or will use social media as one of the ways to communicate. When asked what they then will reduce in order to pay for this, 40% would reduce direct mail, some 20-35% would reduce advertising in newspapers and magazines, whereas 12% and less would reduce television, yellow pages, outdoor, radio, telemarketing and other activities. This is a serious threat to mail volumes!

"The UPU is working on defining postal electronic registered mail delivery, providing all citizens with a secure identity tag"

Project, where you state what advertisements your .PostID will request and accept, and the post will communicate this to potential senders. This is perhaps one step into creating a social postal...
network for commercial mail. Posts are the ideal provider of digital mail delivery. They enjoy a high level of consumer trust, an instantly recognisable brand, and they already have systems to route and forward mail, track it, and receive confirmation of delivery. Plus, they can extend their current position as an official mail delivery organisation to the digital world. And there are likely to be synergistic opportunities to link digital documents to physical letters, flats, and parcels.

However, most posts have not yet taken any major steps in this direction. Escher, Zumbox, Doxo, Manilla, Pitney Bowes and others are instead fighting to be the chosen one to offer the predominant platform. Multiple providers will not be able to achieve the combined adoption rates that would be likely if a single, official digital postal delivery strategy is launched. One of the greatest values to the mail recipient, central mail consolidation, is greatly diminished in an environment of competing digital postal delivery solutions. But while the posts are considering, others are out there fighting for adoption!

**Posts and security: a real business opportunity?**

Much of the postal focus is on security. The post is not only a trusted service in most countries; it is also one of the few organisations which can have its agents verify the identity of the recipient before delivering an item. And this item may well be an electronic certificate, whereby citizens can identify themselves for login or for signature of documents. In the world of e-mail and letters, the post is omnipresent. Whether a service needs to send a letter or to receive by mail, the post has a role to play. This is indeed the posts’ unique position.

One question does, however, continue to be raised: if security is so important how come social media are so popular, based as they are on sharing information widely without much security at all? Many tell their lives on Twitter, place all their photos on Flickr, make friends on Habbo, give all job and contact information on LinkedIn. Social media is about sharing, not protecting.

The next question is obvious: is the posts’ focus on security therefore the right strategy? Having a secure access opens up a multitude of new services from the posts: secure electronic mailbox, e-addressing, translation of physical and electronic addresses, electronic signature, payments, hybrid mail services,
Professor Marshall Van Alstyne from MIT, which is working with IPC in this area, contends: “Posts should not develop standalone products, rather focus on designing integrated platforms on which multiple products can exist. To that end, one of the main issues facing posts in developing further in digital services is creating scale of uptake that will make these business lines viable.”

This statement is much in line with the UPU’s initiatives, but the issue remains: will the scale of uptake for these services be high enough to secure a viable commercial business? Success and failure can come overnight in the e-communication business. Yahoo! Mail has taken huge market shares from Hotmail. Facebook is enormous now, but challengers are popping up every week. Google has put all its power and prestige into an ever growing suite of interlinked solutions: Gmail, Google+, Picasa, Docs, Maps, translator and more, and done so only to be ahead. One cannot help but think that the UPU initiative is entering a war zone, perhaps even a minefield.

The posts of the future

With a brand as strong as the postal, one can predict that the posts will still have great value in coming years.

David Stubbs and Faisal Ahmed of Trova Consulting, who recently provided a valuation of Royal Mail, have clear views on this: “Estimations of the value of postal companies rely primarily on judgements about their potential for future cash flows. Drivers of profitability reflect their history as public service providers. Digitisation of services and increasing use of hybrid mail solutions may provide additional new revenues. Whilst revenues for traditional products may decline there is likely to be a continued growth in Internet retail distribution.”

Trova Consulting foresees that future profitability will depend on a complex interaction of market and regulatory developments and on how the posts themselves respond. Growth may come from cost base flexibility, modernisation, internet retailing growth and new revenue streams such as digitisation and archiving.

We are all customers of the posts. What do we want from the posts of the future? If posts are able to provide a widely acknowledged proof of identity and international services to receive, sign, send and track letters, and do so at competitive costs, much will be achieved. If this can be combined with secure e-trade, e-payments and other services, where authenticated identity is a must, even better. But posts must not miss the window of opportunity: the electronic market is moving fast.

Now it is all about Facebook, Twitter and social media; tomorrow it will have evolved to a new level. There is a need for a stable and secure messaging platform, run by the operators we trust the most. But for how long?”