

Highlights of [GAO-11-282](#), a report to the Ranking Member, Subcommittee on Federal Workforce, U.S. Postal Service and Labor Policy, Committee on Oversight and Government Reform, House of Representatives

### Why GAO Did This Study

The foreign postal operators (foreign posts) in industrialized countries in GAO's review have been experiencing declining letter mail volumes and have modernized their delivery and retail networks to address this challenge. As requested, GAO reviewed the innovations and initiatives that foreign posts are using and the lessons the U.S. Postal Service (USPS) might learn to help it address plummeting mail volumes and record financial losses.

This report examines initiatives foreign posts have implemented to improve mail delivery and retail networks and related results, and modernization strategies used by foreign posts that can inform consideration of proposals to improve USPS's financial condition and customer service.

GAO selected foreign posts in Australia, Canada, Finland, Germany, Sweden, and Switzerland as case studies based on characteristics, such as delivery and retail changes and country size and location. GAO reviewed foreign posts' documents, including annual reports and strategic plans related to delivery and retail network changes and innovations. GAO met with foreign post officials, toured their retail facilities, received briefings on their delivery and retail networks and other areas, and met with regulators, labor unions, and mailers to obtain their views on the effects of their posts' modernization efforts. USPS generally agreed with GAO's findings and mentioned both its own modernization efforts and the barriers it faces.

View [GAO-11-282](#) or key components. For more information, contact Phillip Herr at (202) 512-2834 or [herrp@gao.gov](mailto:herrp@gao.gov)

## U.S. POSTAL SERVICE

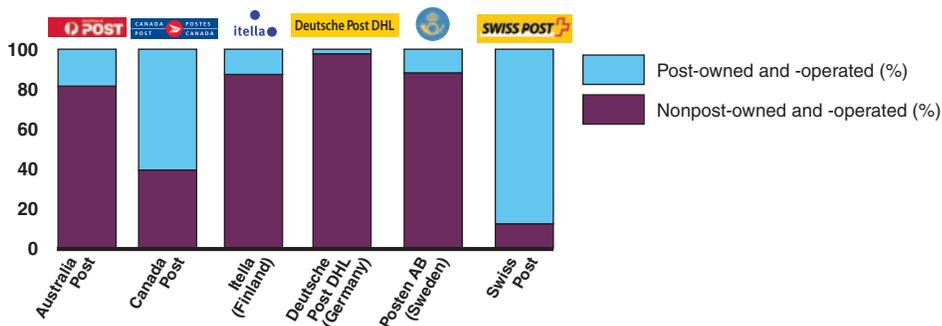
### Foreign Posts' Strategies Could Inform U.S. Postal Service's Efforts to Modernize

#### What GAO Found

The foreign posts GAO reviewed have developed alternative delivery choices for customers that, according to the posts, have reduced costs and improved customer satisfaction and service. All of these posts now offer digital (purely electronic) or hybrid mail (a blend of physical and digital) options. Some posts offer parcel pick up at retail facilities like grocery stores, which are open longer than post offices, and are often owned and operated by businesses that partner with the posts, thus reducing costs. One post allows customers to pick up parcels from a publicly-located machine, or parcel locker, that is available 24 hours a day.

The selected foreign posts have modernized their legacy brick and mortar retail networks in response to customers' changing use of the mail. For example, they have expanded retail access through alternatives such as Internet sales and partnerships with retail businesses such as grocery stores or pharmacies, while reducing the number of post-owned and -operated facilities (see figure). According to all of the posts, retail modernization has either (1) improved customer service, in some cases because the partner stays open longer, or (2) reduced operating and labor costs, by closing post-owned and -operated facilities, or both.

Foreign Posts' and Partner Retail Facilities in 2009



Sources: GAO analysis of foreign posts' data; logos used with permission from Australia Post, Canada Post, Itella, Deutsche Post DHL, Posten AB, and Swiss Post.

The foreign posts faced resistance to change and challenges similar to those USPS faces, and they have used strategies that could be helpful to USPS as it moves forward with plans to modernize its own delivery and retail networks. In particular, they relied on outreach and communication strategies to inform public officials and customers of increased access to products and services and help gain acceptance for retail network changes. A few posts also developed labor transition plans or strategies under which they provided training, relocation and job search services, and financial incentives to support employees who were negatively affected by the modernizations. While USPS has taken steps in the past year to generate ideas for modernizing its retail and delivery networks, the experiences of foreign posts suggest that it will be critically important for USPS to fully develop and implement similar outreach, communication, and labor transition strategies.