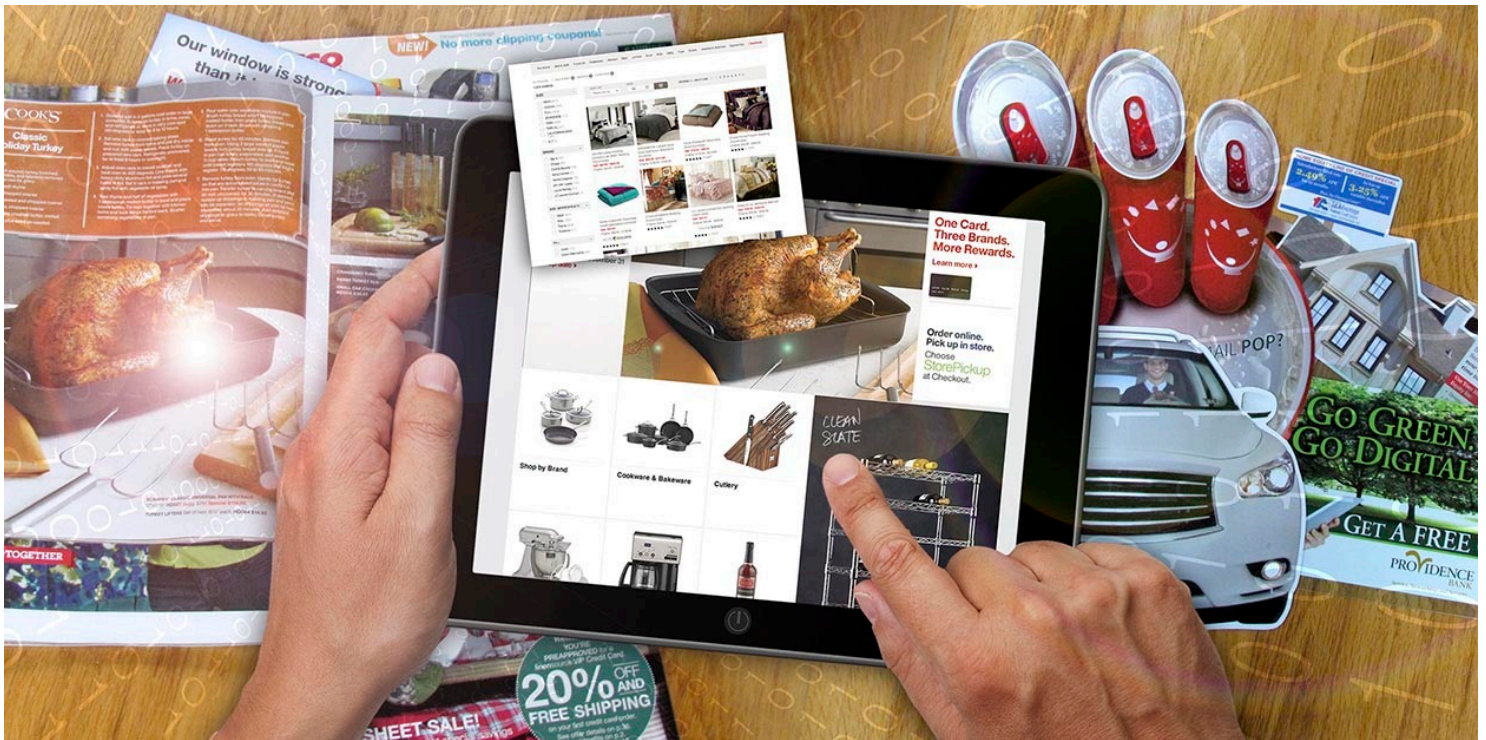




Enhancing Mail for Digital Natives

November 18, 2013





Enhancing Mail for Digital Natives

Digital Natives, who are generally born after 1980, are now the largest generational group in the United States. For this growing part of the population, communicating and conducting transactions and leisure activities online is an integral part of everyday life.

As Digital Natives move into their peak earning years, they will become the nation's dominant consumer group. It becomes increasingly important for the Postal Service and members of the mailing community to understand their unique communications expectations and needs. The postal industry cannot afford to ignore this demographic.

The U.S. Postal Service Office of Inspector General commissioned two focus groups of Digital Natives, aged 16–25, to gauge their current uses and perceptions of the mail, as well as their reactions to digitally interactive and well-designed mailpieces. The results of this project are based on these focus groups and secondary research. Although the results cannot be generalized, they shed some light on how the Postal Service and its stakeholders can enhance the value of mail for Digital Natives.

Key Findings about Digital Natives and the Mail

- **Mail still matters to Digital Natives.** Although they rely primarily on digital communications, the emotional connection and utility provided by physical mail generates a strong attachment. Moreover, Digital Natives said they feel that the Postal Service, as an institution, is important and that its disappearance would affect them adversely.
- **Parcels drive Digital Natives' interest in and anticipation of mail.** The possibility of receiving a parcel compels Digital Natives to check for and look at the mail they receive, replacing periodicals as the new mainstay to the mail. Their

Highlights

Digital Natives, born and raised in the age of the Internet, are now the largest segment of the U.S. population.

Digital Natives still see value in mail but have very low tolerance for receiving advertisements not directly relevant to them.

Parcels drive Digital Natives' interest in mail and are the new mainstay to the mail.

Digital Natives responded positively to well-designed mailpieces and interactive features and expected the content to be relevant to their needs and interests.

increased interest in receiving parcels leads them to look more often at all the other mailpieces they receive. Parcels matter most, as they are now a primary driver of the Mail Moment for Digital Natives.

- ***In the tradeoff between privacy and convenience, convenience wins.*** Despite their stated privacy concerns, Digital Natives revealed that the ease of a one-click purchase experience, which requires users to store personal information online, is more important than privacy. The ease of one-click purchase experiences helps facilitate more e-commerce transactions, which can lead to more parcels.
- ***Digital Natives responded positively to interactive and well-designed mailpieces.*** Digital Natives were interested in mailpieces enhanced with characteristics like color, high quality paper, and unique shapes, as well as mail that integrates interactive digital features, like augmented reality.
- ***Mail must be easy to use, relevant, and beneficial to prompt recipient action.*** The effectiveness of a mailpiece innovation depends on the user's ability to operate the digital features easily and quickly, without having to download new programs. Although the novelty of the innovative mailpiece may initially attract a wide range of Digital Natives, the content of the advertisement must be relevant to their needs to make a lasting impact. The mailpiece's digital feature must provide some sort of utility, such as providing additional information or allowing them to buy an item.
- ***Digital Natives responded well to physical-digital integration.*** Digital Natives are more likely to take notice of communications that present similar messages about the same information over different mediums. This type of multi-channel communication leverages the specific advantages of each channel to create a seamless user experience. Digital Natives found mailpieces with digital features more informative, efficient, and useful than mailpieces without them.

Implications for the Postal Service

The value of mail for Digital Natives could be enhanced through greater innovation in mailpieces — both by design and by incorporating interactive digital features. Digital Natives in the focus groups indicated they become frustrated when mail is not tailored or relevant to them, but said they would enjoy the ability to receive more information about a product using a tablet or phone if they so wished. The postal industry must listen to Digital Natives to make the mail more valuable for them. If the value of mail rises, marketers would use the mail channel more to communicate their message, increasing its volume. The Postal Service could help encourage mailers' use of such innovative designs and digitally interactive mailpieces through additional promotions or discount pricing, which it has already begun providing. Additionally, parcels drive Digital Natives' overall interest in the mail, raising the value of mail. The Postal Service could also capitalize on parcel ancillary services, such as flexible delivery, as the parcel market will continue to grow in size and importance.

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Enhancing Mail for Digital Natives

Introduction

Digital technologies and e-commerce have transformed the way people communicate, collect information, make purchases, and conduct business. This creates both challenges and opportunities for the Postal Service and other postal stakeholders. The decline in transactional mail, like bills and personal correspondence, primarily due to online alternatives, has driven a decline in First Class Mail that is expected to continue into the foreseeable future.¹ Technological advances are driving online and mobile marketing, which create more competition for Standard Mail, while the range of immediately available online resources, including news sources, blogs and eTailers, is leading to a steady decline in periodicals mail.² Yet the explosion in e-commerce is driving up the parcels business and creating a growing source of revenue for the Postal Service.³

As described above, these technological developments affect our communication habits. This is especially true for Digital Natives, who have grown up in a world where communicating and conducting transactions and leisure activities on the Internet is an integral part of everyday life.⁴ This group currently spans multiple generations, but is dominated by Millennials, generally born between 1980 and 2000. The Millennial generation is currently the largest generational group in America, even outnumbering Baby Boomers.

Digital Natives will soon move into their peak earning years, thereby driving the U.S. economy. Consequently, it is important for postal stakeholders to pay attention to the communications wants and needs of this segment of customers. Postal stakeholders can benefit from examining Digital Natives' current perceptions and uses of the mail to develop better ways to meet those wants and needs, both now and in the future.

This paper provides information about Digital Natives' current perceptions of the mail and their reactions to efforts to enhance its utility and effectiveness.

Background

The Postal Service — and the entire mailing industry — are shaped by the wants and needs of multiple segments of customers. Different segments of the population use the Postal Service in different ways and find value in different types of mail. Exploring the

¹ U.S. Postal Service, "Annual Report to Congress 2012," p. 22.

² Ibid.

³ U.S. Postal Service, "Annual Report to Congress 2012," p. 21.

⁴ This definition is in line with Marc Prensky, "Digital Natives, Digital Immigrants, Part I," *MCB University Press*, Vol. 9, No. 5, <http://marcprensky.com/writing/Prensky%20-%20Digital%20Natives,%20Digital%20Immigrants%20-%20Part1.pdf>, p.1.

evolving needs of various generations allows the Postal Service to adjust its business offerings to remain relevant and useful.

As the influence of Digital Natives' unique expectations grows, the Postal Service will need to make adjustments to its platform and operations in order to remain relevant to them. Ultimately, enhancing the value of mail for Digital Natives will benefit all members of the postal value chain — mailers, marketers, printers, distributors, and so forth — and could further increase the volume of mail.

Digital Natives can be distinguished from Digital Immigrants, older users who, as the name suggests, were born at a time when technology was not prevalent but have since adopted many aspects of new technologies. Digital Immigrants retain an “accent” that shapes the way they use technology. This group is more likely to print an email, call to make sure a message sent over the Internet went through, and think of the Internet as a resource only after exploring their hard copy options. As mentioned, Digital Natives are primarily Millennials but also include the younger Generation Z, born after 2000. Research shows that Digital Natives are more likely than Digital Immigrants to communicate through technology.⁵ The following table provides some generalizations about differences between Digital Natives and Digital Immigrants.⁶

Table 1: Digital Natives v. Digital Immigrants

Quality	Digital Natives	Digital Immigrants
Age	Born after 1980 <ul style="list-style-type: none"> • Millennials • Generation Z 	Born before 1980 <ul style="list-style-type: none"> • Generation X • Baby Boomers • Silent Generation • Greatest Generation
Technology use	Rely on technology for communication and transactions	Adopt new technology as necessary
Product Reviews	Come from friends, peer reviews, and social media outlets	Come from experts, advertisements
Social Networking Presence	75 percent adoption rate	Less than 50 percent have profiles

⁵ Ibid., and Paul Taylor and Scott Keeter, “Millennials: Confident. Connected. Open to Change,” *Pew Research Center*, Feb. 2010, <http://www.pewsocialtrends.org/files/2010/10/millennials-confident-connected-open-to-change.pdf> pp. 6, 25-27.

⁶ The chart is an OIG Analysis of Paul Taylor & Scott Keeter, “Millennials: Confident. Connected. Open to Change.,” *Pew Research Center*, Feb. 2010, <http://www.pewsocialtrends.org/files/2010/10/millennials-confident-connected-open-to-change.pdf>, and Barton, et al., “Millennial Passions: Food, Fashion and Friends,” *Boston Consulting Group*, Nov. 2012, <http://www.bcg.com/documents/file121010.pdf>. Social Networking Presence refers to the creation of a profile on at least one social networking website.

The Digital Native demographic has several key attributes that, while not unique, provide a useful starting point. Digital Natives tend to:

- Always be online and networked, expecting regular and immediate feedback,⁷
- Rely on user reviews, rather than corporate marketing or expert reports, when making purchases,⁸
- Use technology more often than older generations to connect with people,⁹
- Be much more likely than older generations to connect to the Internet wirelessly when away from home and work,¹⁰
- Be more likely to rely on only a cell phone for their communication needs, and more likely than older generations to communicate through texting,¹¹
- Be more educated than previous generations were at the same age,¹² and
- Learn well through digital games and experiences.¹³

The recession led Baby Boomers to work past the traditional retirement-age, which delayed some Digital Natives' ability to enter and progress in the workforce.¹⁴ While Digital Natives' economic growth was stunted temporarily, this group is now becoming more financially self-sufficient, as Baby Boomers are beginning to retire in larger numbers. With Digital Natives moving into their peak spending years, they are gaining more economic power.¹⁵

The emergence of a new generation dominating the marketplace creates a significant opportunity for many organizations, including retailers and the Postal Service. But, it requires a readjustment of outreach to best communicate with this group. The Postal Service should focus on understanding and meeting Digital Natives' needs and expectations so that this group develops an understanding and appreciation for physical mail. As the table below demonstrates, younger generations, including Millennials and Generation Xers, use technology more to communicate than older generations, such as Baby Boomers (ages 46–64) and the Silent Generation (over age 65). Introducing mail

⁷ Marc Prensky, "Digital Natives, Digital Immigrants, Part I," p. 2.

⁸ Christine Barton, et al., "The Millennial Consumer: Debunking Stereotypes," *Boston Consulting Group*, April 2012, p. 6.

⁹ Taylor & Keeter, "Millennials: Confident. Connected. Open to Change.," p. 25.

¹⁰ *Ibid.*, p. 31.

¹¹ *Ibid.*, pp. 32-33.

¹² *Ibid.*, p. 10

¹³ Marc Prensky, "Digital Natives, Digital Immigrants, Part II," *NCB University Press*, Vol. 9, No. 6, December 2001, <http://marcprensky.com/writing/Prensky%20-%20Digital%20Natives,%20Digital%20Immigrants%20-%20Part2.pdf>, p. 4.

¹⁴ Kelly Greene, "Baby Boomers Delay Retirement: Declines in Assets Forces a Generation to Face New Reality," *Wall Street Journal*, September 22, 2008, and Barton, et al., "The Millennial Consumer: Debunking Stereotypes," p. 3.

¹⁵ Barton, et al., "The Millennial Consumer: Debunking Stereotypes," p. 3.

and responding to Digital Natives' wants and needs for the mail medium could help the Postal Service establish itself with this population.

Table 2: Use of Technology, Millennials v. Older Americans

Millennials Outpace Older Americans in Technology Use				
	Millennial (18-29)	Gen X (30-45)	Boomer (46-64)	Silent (65+)
Internet behaviors				
	%	%	%	%
Created social networking profile	75	50	30	6
Wireless internet away from home	62	48	35	11
Posted video of themselves online	20	6	2	1
Use Twitter	14	10	6	1
Cell phones and texting				
Use cell to text	88	77	51	9
Texted in past 24 hours	80	63	35	4
Texted while driving	64	46	21	1
Have a cell phone/no landline	41	24	13	5
Median # texts in past 24 hours	20	12	5	--
Note: Median number of texts based on those who texted in past 24 hours.				

Source: Pew Research Center, February 2010.

Methodology

As part of its efforts to understand different groups of postal customers, the Postal Service Office of Inspector General (OIG) commissioned decision/analysis partners LLC, a postal consulting firm, to help study Digital Natives' use of the mail. Specifically, the OIG worked with decision/analysis partners to conduct two focus groups to understand (1) Digital Natives' current perceptions and uses of physical mail and (2) how their perceptions and uses of physical mail could be affected by well-designed and digitally interactive mailpieces.

To achieve these objectives, the moderator shared with focus group participants examples of mailpieces that had enhanced features, including those with unique sizes, shapes, and colors, as well as those with interactive digital features. Appendix A provides additional detail about the focus group methodology. The focus groups were comprised of Digital Natives between the ages of 16 and 25. Appendix B provides more information about the focus group participants.

This paper summarizes the major findings from the focus groups' discussions, and it suggests how the postal industry can use this information to better promote mail to Digital Natives.

Key Findings about Digital Natives and Mail

Mail Still Matters.

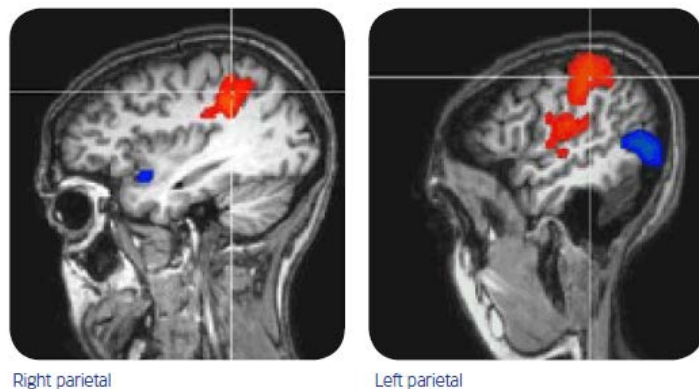
Although Digital Natives primarily rely on digital communications, physical mail still resonates with them because it provides a strong emotional connection and utility. Moreover, focus group participants indicated they feel the Postal Service, as an

institution, is important, and that they would be affected adversely if it disappeared in five years.

Emotional Appeal of Mail

Digital Natives indicated that they value receiving hard copy mail, and most stated that they both need and want physical mail. Digital Natives' appreciation of the emotional power of mail is supported by previous research.

Figure 1: Emotional Connections to Mail



The red areas represent greater oxygenated blood flow (and hence activation) stimulated by physical advertisements. The blue areas are regions activated more by virtual advertisements.

Source: "Using Neuroscience to Understand the Role of Direct Mail," Millward-Brown, p. 2, 2009.

Many studies demonstrate the emotional connection or reaction people have to physical mail. For example, the Postal Service has commissioned studies evaluating the "Mail Moment," the daily ritual of consumers bringing in their mail and discovering what it offers.¹⁶ In fact, the Mail Moment study reported that 56 percent of respondents said that receiving mail is a "real pleasure,"

55 percent "look forward" to discovering the mail they receive, and 67 percent feel mail is more personal than the Internet.¹⁷

Physical mail creates an impression on recipients of all ages, as well.

Neurological research by global market research firm Millward Brown demonstrates that the brain has a stronger physical reaction to hard copy mail than the same information presented electronically.¹⁸ The research, commissioned by Royal Mail, shows that physical material "leaves a greater footprint" on the brain because it has a meaning and a place.¹⁹ The study also found that physical material involves more emotional processing, which is also important for memory and brand associations.

The results of the focus groups in this project show that, from a sentimental standpoint, Digital Natives appreciate receiving personal mail, such as cards and letters, as well as relevant information, such as brochures and reminders from colleges. A few participants voiced that personal notes sent a stronger message than writing an email or sending a text message. Digital Natives do not

Research shows that physical mail creates a stronger reaction in the brain than electronic messages.

¹⁶ The Mail Moment, available at http://www.pb.com/docs/US/pdf/Microsite/Nonprofit/ed_np_getyourmailopened_05MailMoment.pdf.

¹⁷ United States Postal Service, *The Mail Moment*, 2005, <http://fnbr.com/resources/usps/pdfs/mailmoment.pdf>.

¹⁸ "Using Neuroscience to Understand the Role of Direct Mail," Millward-Brown, 2009, p. 2.

¹⁹ Ibid.

rely on the mail for most of their information, but they do have a stronger reaction to messages sent in hard copy. While participants held that the spam in their inboxes overwhelmed them, almost all participants still checked their physical mailbox daily.

Utility of Mail

Many of the Digital Natives in the focus groups thought that mail was most useful when receiving correspondence or packages they had requested. Digital Natives agreed that when they were expecting something in the mail, they were much more likely to check it daily. They were also more likely to open anything personalized.

While Digital Natives complete many transactions digitally, such as paying bills and banking online, the focus group participants all mentioned certain types of physical mail they find useful. One participant said that if he does not check his email for a few days,

Digital Natives appreciate when they receive important information in both electronic and hard copy.

he will have many messages to go through, most of them spam. He said of email, "I guess there was a point in time where I stopped reading . . . and just scrolled through." By contrast, he goes through each piece of physical mail to decide whether to keep it. Another participant agreed, saying the Internet can overwhelm her with advertisements.

Digital Natives agreed that receiving duplicative email and physical mail was important for time-sensitive communications. Some used the example of letters from colleges about upcoming events. They might read the email, but some Digital Natives said an event probably would not go on their calendar unless they received a hard copy reminder. Other Digital Natives saw value in bill statements sent through both the mail and email. A few Digital Natives said that the only type of mail they keep is billing statements.

Furthermore, coupons still have the ability to drive many Digital Natives to act. More than half of participants said they used and appreciated coupons they received in the mail. For example:

- A few said they were especially likely to use fast food coupons,
- Another said she had received a discount in the mail that prompted her to buy a car,
- A couple of Digital Natives said they appreciated when the coupons arrived in hard copy but could be scanned into their phone so they did not have to bring in the physical coupon.

Connection to the Institution of the Postal Service

Digital Natives have grown accustomed to the mail as a main channel of communication, which they depend on for certain information. Focus group participants unanimously agreed that if the Postal Service stopped operating, they would miss it.

Specifically, they said they would miss parcel delivery, the public service of mail, and the ability to communicate other than through digital technology.

Digital Natives said the hardest part about not having a Postal Service would be losing the ability to receive packages, and some were concerned about how they would receive magazines. This could mean that they were unaware of other carrier companies, that they only rely on the Postal Service for parcel delivery and shipping, or that they appreciate the competition between parcel delivery carriers.

Digital Natives also discussed their reliance on receiving mail in spite of an increasing use of the Internet. One pointed out that she had “grown accustomed to getting mail,” and that it would feel “odd” not to receive it. Two other focus group participants said they need the Postal Service because physical mail still serves as a way they communicate. Some Digital Natives also brought up concern about people without Internet access and their communication needs. Twenty percent of Americans do not have access to the Internet, and elimination of the Postal Service would severely limit their ability to communicate.²⁰

Moreover, Digital Natives still worried about the Internet and electricity going out, leaving them with no way to communicate. One worried that the Internet infrastructure was too fragile to be the only source of communication. Many Digital Natives agreed with this sentiment, concluding that physical mail was more dependable than online correspondence.

Most participants voiced strong concerns about adapting to a life without the Postal Service, and many also worried about the number of Americans who would lose their jobs if it were to close.

Parcels Drive Digital Natives’ Interest in and Anticipation of Physical Mail.

Participants in both focus groups did not differentiate between letter mail and packages when discussing the role of the Postal Service and mail in their lives. The growth of the Postal Service’s shipping business also reflects the increasing interest in parcels, with its parcel business growing more than 14 percent over the last two years.²¹ Parcels are becoming an important aspect of the Postal Service’s business, not only because of the revenue they generate, but also because they can drive customers to value the mail more. Customers checking the mail — even if motivated by anticipation of personal mail or parcels — can help drive volume. The more time people spend with their mail, the more likely it is to make them act, and that makes mail a strong choice of channels for senders — especially advertisers.

²⁰ “Fact of the Day # 94: Twenty Percent of American Households Don’t Have Internet Access,” *Huffington Post*, October 31, 2012, http://www.huffingtonpost.com/2012/10/31/internet-access-american-households_n_2049123.html.

²¹ “Fact Sheet: Improved Priority Mail,” *United States Postal Service*, August 1, 2013, p.2.

Digital Natives' passion about their parcels creates a unique opportunity for marketers, who can strategically use parcels, such as samples, to generate additional anticipation and excitement about checking the mail, potentially driving up visibility and value of other mailpieces. Additionally, samples have the potential to get customers to buy a product. During the course of the focus groups, Digital Natives expressed interest in receiving more free things in the mail in the next five years.

**For Digital Natives,
parcels drive the
Mail Moment.**

Some brand marketers consider samples as “the single most effective marketing tool there is.”²² The Postal Service has recognized this opportunity and offered a promotion giving sample mailers a 5 percent discount on qualifying Standard Mail and Nonprofit Marketing Parcels shipped between August 1 and September 30, 2013. This was the largest discount, by percentage, the Postal Service planned to offer in 2013.

Sample subscription companies have also popped up around the strong marketer and consumer interest in monthly sample boxes. These businesses send a box of “surprise” samples once monthly, and then offer full sizes of the products for sale on their website. One company reports that it now has more than 400,000 subscribers, half of whom have made full-size purchases online after receiving the sample.²³ Some of these samples report an 11 percent conversion rate, about ten times the industry standard.²⁴

Samples are also effective in generating interest and sales through word of mouth. Digital Natives are more likely to rely on the opinions of those around them and online consumer reviews than professional review websites.²⁵ Samples enhance this drive to share with others, as users are more likely to share their experience. As an example, one subscription sample company reports that 15 percent of all full-size product sales on their website come from people who have not subscribed to receive the monthly sample box.²⁶

Parcels can help generate more interest in physical mail, especially among Digital Natives. Using this knowledge, marketers can reach their audience and inspire a new excitement about advertising pieces.

In the Tradeoff Between Privacy and Convenience, Convenience Wins.

Although focus group participants stated concerns about protecting their privacy, they revealed that the ease of a one-click purchase trumps privacy when they want to act.

²² Sabri Ben-Achour, “U.S. Postal Service gets creative with samples discount program,” *Marketplace*, August 2013.

²³ Kim-Mai Cutler, “Birchbox Says its Subscription Model is Working, With 25% of Revenues Coming From E-Commerce Store,” *Techcrunch*, August 15, 2013.

²⁴ Meghan Casserly, “Birchbox Proves Try and Buy: Half of All Subscribers Make Full-Size Purchases,” *Forbes*, August 15, 2013.

²⁵ Christine Barton, et al., “The Millennial Consumer: Debunking Stereotypes,” *Boston Consulting Group*, April 2012, p. 6.

²⁶ Ibid, and “Birchbox,” *Birchbox*, www.birchbox.com.

Interestingly, focus group participants voiced a clear concern about protecting their privacy. They openly worried about the personal and financial information they keep online.

Focus group participants also wondered how advertisers got their names and addresses. Many Digital Natives especially worried about whom their address was

“I don’t know where [advertisements] come from. I didn’t sign up for this.”

provided to when they received physical mail that was not tailored to their needs and interests. The participants also worried about how much information advertisers had about their home addresses, but did not express similar concerns about tailored Internet advertisements. The discrepancy could be because of

the amount of information Digital Natives reveal on social media and networking websites about themselves in exchange for the service. Digital Natives are comfortable controlling their online privacy settings so viewers can only see a certain amount of information. They do not seem to have much concern for the information they are providing to the social network provider and what effect it has on their privacy.²⁷ This expectation of targeted advertisements may be an outgrowth of the well-tailored advertisements Digital Natives receive online based on past purchases, searches, and declared interests.

Focus group participants had varying perceptions of the role of government in protecting privacy. Many voiced concern about how much information the government already had about them. Some Digital Natives expressed the belief that the government had access to their Internet activity, including email and web browsing.²⁸ A few Digital Natives were concerned about downloading an app from the government for fear that would enable the government to gather more information about them.

After Digital Natives expressed their privacy concerns, all admitted to using online shopping and voiced no concern about giving their information to a retailer to complete a transaction. All but one participant expressed interest in the ability to scan part of an advertisement and immediately be able to purchase the product. They appreciated quick online shopping experiences where much of their information was automatically filled out.

Participants put a lot of emphasis on the ease of the buying experience. The fewer steps it took to go from seeing a product to owning it, the more likely they would be willing to purchase the item. For example, many focus group participants said that regular catalogs were not enough to push them to purchase an item because they require the shopper either to go to the store, find the product, and make a purchase, or go online, locate, and buy the product. If the second step was minimized by the ability to scan and immediately purchase an item without having to enter personal shipping and

²⁷ “How teens, parents struggle to share social media,” *Fox2now St. Louis*, September 2, 2013.

²⁸ The National Security Administration information leaks by Edward Snowden had broken a few days prior to the focus group, which may have had an effect on some respondents’ trust in government.

payment information, Digital Natives expressed that they would be more interested in buying the product.

In spite of stated privacy concerns, researchers have characterized Millennials, which include Digital Natives, as the most willing-to-share generation.²⁹ One study shows that Digital Natives are very receptive to an information tradeoff, where they provide a company with more personal information online in exchange for an exclusive coupon or relevant advertising.³⁰

While Digital Natives state that they worry about privacy and protecting their personal information, their actions reveal a different priority. Digital Natives are very interested in fast, personalized buying experiences and expect personalized advertisements.

Digital Natives Responded Positively to Interactive and Well-Designed Mailpieces.

Digital Natives generally liked mailpieces with features such as multiple colors, high quality paper, and unique shapes, as well as mail that integrated interactive, digital features, such as augmented reality and virtual experiences.

Dimensional Mail

Digital Natives responded positively to mail that incorporated unique or eye-catching features. The focus group moderator showed Digital Natives sample mailpieces printed on thick cardstock or thin, translucent plastic. (See Figure 2). The mailpieces also featured bright colors, pop-outs, stickers, cut-outs, and holograms.

“The better designed [mail] is, to me, tells me that they’re a better company.”

Initial reactions elicited responses like, “I would definitely look at [this];” “I never got mail like this before;” and “3D mail is cool.” Out of 14 participants, only one said she preferred regular mailpieces because she wanted mail “small and neat.”

The Digital Natives generally agreed that they were more likely to keep well-designed mail longer. Those participants that reported they usually throw away most advertising mail said that the innovative design would cause them to at least read the advertisement and, in some instances, view it for longer than traditional mail. That said, Digital Natives in both groups stated they would eventually throw away the mailpieces that did not contain messages relevant to them.

²⁹ Hadley Malcolm, “Millennials don’t worry about online privacy,” *USA Today*, April 21, 2013 (citing “Millennial Rift,” *USC Annenberg Center for the Digital Future & Bovitz, Inc.*, April 22, 2013).

³⁰ *Ibid.*

Figure 2: Some Innovatively Designed Mailpieces Shared During Focus Groups



Some focus group participants said that they would be more likely to keep this kind of mail than regular mail. A few participants even said they would share these unique mailpieces with friends. One Digital Native said he would be more likely to check the mail if it contained these types of pieces. A few participants said if they kept the mailpiece, it would be for the innovative features, not the content of the message.

When asked about the sender of innovative mail, focus group participants' reactions were split. Many Digital Natives thought that advertising pieces that contained innovative features were more effective than the traditional pieces they are accustomed to receiving. They responded that companies printing innovative pieces would be seen as "new age," "progressive," and "trying harder." Some Digital Natives, however, voiced concerns about the price of these

innovative pieces and questioned whether the expense would really be the best use of a company's money. Concerned participants felt that by spending more on mailpieces, the company was not prioritizing its spending correctly.

Digital Mail

Digital Natives responded well to mailpieces that integrated digital features into physical mail and appreciated the ability to receive additional information through multiple channels that interact seamlessly. The focus group moderator gave participants Android tablets to test the augmented reality features on the mailpieces. The moderator also demonstrated an advertisement using Near Field Communications (NFC) and explained a mailpiece that enabled scan-to-buy advertisements. The methodology section of this paper describes these advertisements in greater detail.

Presented with mailpieces containing digital features, Digital Natives initially responded very positively. Some Digital Natives agreed that these types of mailpieces were "way more our speed," while others said the applications were "really cool." The ability to instantly obtain more information about a product through digital features especially impressed participants in both focus groups.

Digital Natives noted that catalogs without digital features like augmented reality require too much “work” to get more information about products. The Digital Natives agreed that advertisements that include digital features were more informative, efficient, and useful.

Figure 3: Example of Augmented Reality Application with a Magazine



They appreciated that the mailpiece provided a source for more information or gave them the ability to purchase immediately.

It became clear that Digital Natives expect the Internet to hold more options and information than print media. Digital Natives said they enjoyed the power of deciding what advertisements piqued their interest enough to get more information about the product or company through digital features. Digital Natives, for the most part, agreed that they already have their phones out while looking at physical mail, so scanning advertisements to enable digital features would be quick and easy.

Some Digital Natives found the NFC-enabled advertisement to be somewhat intrusive because it brought up an advertisement without first asking permission of the device owner. Specifically, they were concerned that NFC-enabled devices would pull up various unwanted advertisements just because their phone or tablet was near an advertisement that contained an NFC feature on it. Other Digital Natives disagreed, pointing out that they were more likely to view the digital element of advertisements using NFC technology because they did not require the user to download an application (app). Some focus group participants said that they enjoyed the NFC-enabled advertisement more because it started playing automatically, rather than the advertisements that required the user to download an app, like augmented reality and Quick Response (QR) codes. Many said that downloading an app for a one-time experience would not be worth the effort. One participant felt that she would download an app only for “something that’s not a want but more of a need.”

Many Digital Natives agreed the digital advertisements were catchy, but only advertisements that really interested them would merit the extra time and effort it would take to get the interactive, digital experience. Digital Natives’ opinions of the different types of digital experiences varied. Some preferred NFC-enabled, automatic advertisements, while others preferred advertisements that gave them the choice of whether to access the interactive feature.

Mail Must be Relevant, Easy to Use, and Beneficial to Prompt Recipient Action.

The content of a mailpiece's message must be relevant to the recipient's needs in order for the mailpiece to be effective. Additionally, the effectiveness of a mailpiece innovation is dependent on its functionality and the user's ability to easily execute the enhanced features.

Relevance

Although the Digital Natives agreed that they would notice interactive and well-designed mail more than traditional mail, if the product or company was not relevant to their needs or interests, the participants said they would more than likely end up throwing away the mailpiece. The same went for their likelihood to scan mail with a digitally interactive feature. One participant said, "I think it's personal interest. If I'm looking at stuff sometimes, I'll scan it, but if I don't need [it], I'm not going to scan it."

Other participants emphasized that if they have to download an app to reach the interactive feature of a mailpiece, they would have to have a strong initial interest in the product and the added features the app would give them. Novelty might draw Digital Natives to try out a new technology once, but relevancy may lead them to keep and share the mailpiece. Digital Natives said that they would likely look at mail with interactive features as regular junk mail to be tossed, unless it was for a product or service relevant to them.

Ease of Use

In order for digital innovation on mailpieces to be effective, they must be easy to use. The Digital Natives in the focus groups gave up quickly on new technology that they did not know how to use or that did not work well on their first try.

Digital Natives agreed the mailpiece needed to include a clear signal that it contained a digital feature, or else they would not know the technology was an option. Additionally, they indicated the need for a mailpiece to prominently feature instructions on enabling the digital component. When shown black and white instructions in a catalog that included a digital feature, some Digital Natives said they would have skipped over that page entirely because it was less visually appealing. Many participants suggested that a universal symbol, similar to a QR code, would be an effective way to let people know the advertisement includes digital features.

Even though the Digital Natives initially appreciated the easy access to additional information that mailpieces with digital features provided, they soon realized that using this type of technology would require them to download an app. Advertisements from different companies require users to download separate apps, meaning Digital Natives would have to download multiple apps to receive the full interactive experience from multiple mailpieces. The Digital Natives all agreed that a universal app to access the digital feature would be better than a separate app for each company, as it would increase their likelihood of actually using digital features. One participant said, "if I

download an app I'm expecting to use it." She would not download an app for a one-time experience. All Digital Natives agreed that the technological features were interesting, but many of them could not envision using it themselves because downloading and opening apps takes up too much time.

Digital Natives Responded Well to Physical-Digital Integration.

Digital Natives responded positively to physical mailpieces with an interactive, digital component. Specifically, they found mailpieces with digital features more informative, efficient, and useful than mailpieces without them. The Digital Natives liked that the company recognized that they complete transactions and product research online. Many participants said that they did most of their shopping online and felt comfortable completing that type of transaction. This type of multi-channel communication leverages the specific advantages of each channel to create a seamless user experience.

The print element of the online shopping experience is still important to Digital Natives. Focus group participants talked about the fact that they valued being able to scan a catalog that would take them to additional information about a product. Many of the Digital Natives said they looked forward to receiving catalogs and flipped through them when they arrived, searching for new products. Some participants mentioned that although they might find something in a magazine they were interested in purchasing, they were unlikely to actually go online to find the product to make the purchase. Scanning a catalog to allow for a direct purchase can make the purchase easier by taking the user directly to a web page with more information about that specific product, not the store in general. The digital features on direct mail can help facilitate these multi-channel benefits and potentially help drive product sales.

Implications for the Postal Service

The Postal Service and its stakeholders could capitalize on Digital Natives' interest in innovative mailpieces and parcels to make physical mail more valuable. Parcels make physical mail more valuable because Digital Natives are more likely to check the mail when they are anticipating a package. As the value of mail rises due to increased parcel volume, marketers would likely use physical mail more to communicate their message, increasing its volume. Digital Natives would value the mail more if the technology integrated into mailpieces was easier to use, they received more packages, and they felt the mailpieces they received matched their preferences. The quality of the mailpiece and any interactive feature it provided was very important to the focus group participants. They said they become frustrated when mail is not tailored or relevant to them, but said they would enjoy the ability to receive more information about a product using a device if they so wished. One way the Postal Service could help mail more relevant — therefore, more valuable — to Digital Natives could be to create a voluntary system where customers could indicate their preferences on the types of mail they would like to receive. The Postal Service could provide this service either electronically or through a paper form.

The Postal Service Could Provide a Neutral Platform that Facilitates Access to New Technologies for Both Mail Senders and Recipients.

Digital Natives showed interest in the use of digital features in mailpieces, but they reported that these features had to be easy to use and access. Thus, marketers would benefit from ensuring that any new technology they incorporated into a mailpiece would be user-friendly. The Postal Service could help facilitate greater technology adoption in mailpieces — thereby making the mail more valuable and effective — by offering an open, industry-wide platform that could promote pertinent developments and best practices that would benefit all stakeholders. For example, the Postal Service could offer a software development kit and an application programming interface to help senders more easily create applications to interact with physical mail. These applications could run off the same software framework, providing a similar experience to consumers no matter which company they choose to interact with digitally.

Digital Natives agreed that they were less likely to access a digital feature if it required them to download a separate app for each company.

The Postal Service has recognized the need for a single app to access digital features on mailpieces by working with augmented reality platform Aurasma to develop its own app. During the Consumer Electronics Show in January 2013, the Postal Service demonstrated how its app could allow mailpieces to come alive when viewed through the Aurasma-powered app. The Postal Service announced at that time that the app was expected to be launched by the end of 2013, but it has not yet been released.

The Postal Service has an incentive to help facilitate the creation of such applications, as the easier it is for companies to create an online experience that interacts with a physical advertisement, the more likely the company is to create and promote the new technology. This platform could allow mail recipients to have one access point to the physical-digital integration provided by physical mail. Creating a dominant type of program would make it easier, and more likely, that recipients would take the time to access the interactive feature. When recipients access more information about a good or service, the probability of them buying it increases because they are taking the time to interact with the mailpiece. This benefits mailers and could increase the Postal Service's mail volume.

Parcels Are the New Mainstay to the Mail, as They Are Now a Primary Driver of the “Mail Moment.”

Online and mobile purchasing is helping to drive significant growth in parcels, and Digital Natives recognize the Postal Service as a primary and welcome vehicle for parcel delivery. The anticipation and excitement created by parcels drives Digital Natives to check the mail more frequently and helps them create an emotional connection to the mail. The “Mail Moment” is the daily ritual that consumers devote to bringing in their mail and discovering what it offers. While in previous generations the anticipation of receiving a personal note drove the Mail Moment, Digital Natives rely

more and more on Internet communications for messages. Digital Natives still enjoy receiving a personal note, but they rely on digital replacements, like email, more often.

The Mail Moment still exists today, and for Digital Natives, checking the mailbox is in large part due to the anticipation of receiving a parcel. They look forward to receiving packages they are expecting, in part, because there is no digital replacement. This connection to physical mail may not otherwise exist for Digital Natives in the absence of the chance of receiving a parcel. Parcels are the new mainstay to the mail for this generation.

The Postal Service has a number of opportunities to drive parcel growth, and the following are only a small number of them. The Postal Service could continue to help drive parcel growth by offering anywhere/anytime pickup (in an age of anywhere/anytime electronic and mobile commerce), giving control to the end-user to manage the when and where of the delivery process, and perfecting reverse logistics operations for returns processing.³¹

The Postal Service may want to consider carefully the effect of realignments and consolidations in the processing, transportation, and delivery networks on parcel volume growth. Parcels are an increasingly important area of competition for the Postal Service. To compete for Digital Natives' business, the Postal Service should look beyond competitive pricing and offer robust services that increase ease of use and the most efficient end point delivery.

The Postal Service ran a product samples promotion from August 1 to September 30, 2013, which is another valuable way to drive interest in the mail. Marketers may want to consider the impact sample-based advertising could have on their products' sales potential. Given that higher quality paper alone increased consumers' perceptions of the companies behind the advertisements, one can imagine what impact product samples could have. Product samples are unique in that they cannot be replicated by an online or mobile experience. This may be especially effective with Digital Natives. Delivery of product samples could enhance anticipation of the mail and drive greater consumer interest in mail more generally, thereby helping the mail to continue its relevance in the Digital Age.

The Postal Service Could Conduct Additional Research on Mail's Effectiveness and Expand Outreach to Parties Not Traditionally Considered Postal Stakeholders.

The Postal Service and its stakeholders would benefit from communicating and demonstrating the effectiveness of physical mail to other entities in the postal value chain that are not traditionally engaged in postal issues. These groups, like printers and advertising agencies, help influence the appearance and message of mailpieces.

³¹ The Postal Service is currently developing and testing a pilot program called MyPost, which would allow users to track shipments of all types of mail coming to them. This could create an opportunity for the Postal Service to provide more delivery options for consumers.

Through more research about the effectiveness of multi-channel communication strategies, advertisers could be shown new, effective ways to reach their audience with more information than has been possible before.

By producing information on the effectiveness and necessity of the print piece, as well as the possibilities with physical-digital integration, the Postal Service could cement its role as a pervasive communication channel, even in an increasingly Digital Age.

The Postal Service currently focuses on providing information to senders, but could do a better job encouraging printer or creative advertising groups. This is a missed opportunity, as these groups are also involved in what advertising looks like and over what medium it is sent. While some research currently exists about the effectiveness of physical communications, additional research could help strengthen the case and give advertisers clues as to how to maximize the effectiveness of multi-channel communications. This information could continue to improve the service provided by different stakeholders along the postal value chain. For example, printers could also benefit from this effort, as advertising agencies may increase their orders of premium prints if they learned about positive consumer reactions to print innovations.

Information sharing among all those in the postal value chain could allow for successful innovations to be widely used, increasing the worth of the mail to digital-savvy generations. As mail becomes more valuable to these groups, the amount of mail being sent to them will likely rise, which aids the Postal Service and other members of the postal value chain. Ultimately, collecting and sharing information about how the value of mail can be enhanced could lead to increased volume and use of the mail.

Conclusion

Digital Natives dominate the U.S. population, and the communications industry will soon have to adapt to their needs and expectations. Although Digital Natives are increasingly demanding greater speed and convenience in their communications modes, they still value physical mail. The Postal Service, however, must evolve with Digital Natives' changing wants and needs in order to stay relevant.

Mail matters to Digital Natives when it is relevant, personalized, and enjoyable; they expect it to serve as a gateway to their online experience. Digital Natives would likely respond more positively to messages they receive through multiple channels, as those messages tend to leverage the best attributes of both the physical and digital modes of communication. Postal stakeholders who understand these emotional triggers could better engage Digital Natives in the mail. To do so, they need to understand the complementary strengths of each medium and enhance the attributes of physical mail that can create a total positive experience for Digital Natives.

Understanding the needs and expectations of Digital Natives is important not just for the Postal Service — it is also important to all players within the postal value chain. In a world that is increasingly digital, the entire postal value chain needs to work together to better understand the value it provides to the younger generations.

Appendix A Focus Group Methodology

The Postal Service Office of Inspector General commissioned decision/analysis partners LLC, a postal consulting firm, to help study Digital Natives' use of the mail. The objective of the focus groups was to understand (1) Digital Natives' current perceptions and use of physical mail and (2) how their perceptions and uses of physical mail could be enhanced by well-designed and digitally interactive mailpieces.

To conduct the work, the contractor screened 20 Digital Natives for participation in one of two focus groups conducted the evening of July 2, 2013, in Washington, D.C. Fourteen Digital Natives participated. The groups were composed of participants from both genders and a variety of races and socioeconomic backgrounds. All participants except one in each group reported having a smart device like a phone or tablet.

Participants completed an entrance survey before the focus group, the results of which are included in Appendix B. During each 90-minute focus group, participants were asked about their current use and perception of the mail. Next, the moderator showed each focus group two types of innovative mailpieces. The first examples had unique design elements, such as:

- Bright colors,
- Original shapes and die cuts,
- Pop-out elements, and
- Stickers.

The second set of examples was technology driven. Participants used Android tablets to test some of the sample mailpieces, including:

- A furniture magazine that engaged an application (app) to display alternate uses for furniture, multiple storage options, and videos of products; and
- A food logo that allowed use of an app to bring up recipes featuring the food item.

The moderator explained a department store advertisement that, upon being scanned by an app, would give users a 360-degree view of clothing worn by a model and allow purchase of the clothing directly from the company's website. The moderator also demonstrated Near Field Communication (NFC) enabled advertisement for a luxury car. When placed near an NFC-enabled phone, the app automatically launched an interactive display that showed the electronic dashboard of the car advertised. This NFC-enabled advertisement was unique from the other examples because it did not require the user to download an app in order to activate the digital features.

Appendix B Participant Surveys

Table 3: Prescreening and Pre-Focus Group Questions for Digital Natives

Age	Gender	Race	Device	QR Code	Q1. Who picks up the mail most often in your home?	Q2. How often is your mail picked up?	Q3. When you get the mail what is the most important to you? (multiple answers allowed)			
17	M	W	Neither	No	You	Daily	Personal cards or notes	Catalogs	Charities or social issues	
24	F	AA	Smart Phone	Yes	You	Once a week	Bills	Advertising		
23	M	W	Smart Phone	Yes	You	Daily	Catalogs			
16	M	AA	Smart Phone & Tablet	Yes	You	Few times per week	Personal cards or notes	Advertising	Catalogs	
22	F	AA	Smart Phone & Tablet	No	No one	Less often than once per month	Bills			
23	F	AA	Smart Phone	Yes	You	Daily	Bills			
16	F	AA	Smart Phone & Tablet	Yes	You	Daily	Personal cards or notes	Catalogs		
24	M	AA	Smart Phone & Tablet	No	Parent or Guardian	Daily	Bills	Catalogs	Something else	College info
19	M	W	Smart Phone & Tablet	Yes	Parent or Guardian	Few times per week	Personal cards or notes	Bills	Advertising	
24	M	AA	Smart Phone & Tablet	No	You	Daily	Advertising	Advertising about local events	Catalogs	

Age	Gender	Race	Device	QR Code	Q1. Who picks up the mail most often in your home?	Q2. How often is your mail picked up?	Q3. When you get the mail what is the most important to you? (multiple answers allowed)			
23	F	AA	Smart Phone	No	You	Daily	Personal cards or notes	Bills	Advertising	
17	F	W	Neither	No	Parent or Guardian	Daily	Personal cards or notes	Catalogs	Something else	College Info
22	F	AA	Smart Phone & Tablet	No	You	Daily	Personal cards or notes	Bills	Catalogs	
21	M	AA	Smart Phone	N	You	Daily	Bills			

Table 4: Further Prescreening and Pre-Focus Group Questions for Digital Natives

Age	Gender	Race	Device	Q4. What do you do with the mail?	Q5. How long do you keep mail that you find interesting?	Q6. What prompts you to look at a piece of mail? (multiple answers allowed)			Q6d. What prompts you to look at a piece of mail?	Q7. How affected would you be if you stopped receiving the mail? (10 being most affected)
17	M	W	Neither	Keep all of it	More than a week	Visually appealing	Relevant	Personal	Important	8
24	F	AA	Smart Phone	Keep important docs	More than a week	Personal	Important			7
23	M	W	Smart Phone	Keep important docs	More than a week	Personal				6
16	M	AA	Smart Phone & Tablet	Keep important docs	More than a week	Visually appealing	Relevant	Personal	Important	3
22	F	AA	Smart Phone & Tablet	Keep important docs	Two days	Important				7
23	F	AA	Smart Phone	Keep all of it	Forever	Personal				10

Age	Gender	Race	Device	Q4. What do you do with the mail?	Q5. How long do you keep mail that you find interesting?	Q6. What prompts you to look at a piece of mail? (multiple answers allowed)			Q6d. What prompts you to look at a piece of mail?	Q7. How affected would you be if you stopped receiving the mail? (10 being most affected)
16	F	AA	Smart Phone & Tablet	Keep what interests you	More than a week	Visually appealing	Relevant			4
24	M	AA	Smart Phone & Tablet	Keep important docs	More than 2 days, less than a wk	Visually appealing	Relevant	Personal	Important	10
19	M	W	Smart Phone & Tablet	Keep important docs	Forever	Relevant				4
24	M	AA	Smart Phone & Tablet	Keep important docs	More than 2 days, less than a wk	Relevant				6
23	F	AA	Smart Phone	Nothing, it's sitting in a big pile at home	More than a week	Visually appealing	Relevant	Personal	Important	4

Age	Gender	Race	Device	Q4. What do you do with the mail?	Q5. How long do you keep mail that you find interesting?	Q6. What prompts you to look at a piece of mail? (multiple answers allowed)			Q6d. What prompts you to look at a piece of mail?	Q7. How affected would you be if you stopped receiving the mail? (10 being most affected)
17	F	W	Neither	Keep what interests you	More than a week	Personal	Important			5
22	F	AA	Smart Phone & Tablet	Keep important docs	More than 2 days, less than a wk	Visually appealing	Relevant	Personal	Important	8
21	M	AA	Smart Phone	Keep important docs	One day	Personal				7

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