IMPROVE YOUR DIRECT TO DOOR DISTRIBUTION REVENUE

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Over eight years ago, as the VP of Advertising and a former GM of a large alternate delivery company, I was asked by my (then) newspaper publisher in Oklahoma City to suggest some ideas for monetizing our seven day a week carrier distribution system.

Newspaper companies all over the country were asking themselves the same question at the time. They at least recognized that leveraging the single most difficult part of their end-to-end marketing chain, the seven day a week carrier route and/or their direct to door distribution systems, would be a key to winning the battle that had been escalating due to the internet.

Fast forward ahead to the present and I consistently find that newspaper and direct to door distribution companies as well as still searching for ways to monetize their direct to the consumer resources which makes me think, with the fixation on how to monetize digital and the front-end has left the idea of monetizing the backend basically abandoned.

Sure, some newspapers and alternative distribution companies deliver publications such as *USA Today*, *New York Times*, etc, through their carriers and contractors but that didn't take a molecular physicist to think of that. Where are the real opportunities to diversify a client base that is currently all print?

The thinking years ago in that room I was called into was *we know print is in trouble so let's create some synergies among fellow publishers and eliminate overhead for them by offering them a way to outsource their distribution.* And, for a short period of time that worked okay and even a few national magazines set an experimental course to cut distribution costs using newspapers and alternate delivery companies, some using third party brokers to manage the process. Again, not molecular physics, but a step in the right direction.

Cost cutting in recent years has certainly saved media companies for the short term but as Ken Doctor said in a recent issue of *Outsell*, "You can cut costs for year; you can't do it for decades."

Print's inexorable decline is no longer an issue of debate. No longer do I have to spend column inches trying to convince someone whose business is tied almost entirely to print that they are the head pin and the internet is the bowling ball. But that doesn't mean it's time to *split* (get it? Ha! I'm cracking myself up!).

Simply put, you (meaning newspapers, alternate delivery companies, third-party delivery brokers, yellow page publishers, et al.) have to find enough new products and revenue streams to make up for print advertising loss. Especially once that sexy digital date everyone has been on dumps you.

Let's go back to where I started this. Things were changing eight years ago which called for round table discussion and subsequent research on how best to deal with them. Since that time, baby boomers have had eight more birthdays and so have Millennials.

What that means is, well you know what that means. Thanks to the Boomers the short-term future may still have 10 to 20 years where as the after that, the habits and purchasing proclivities of Millennials, roughly 77 million strong, will continue to turn business-as-usual upside down during that time. In other words, biologically speaking, print in its present form can't last.

There is plenty of rhetoric out there to educate yourself on marketing to the mindset of the Millennial (those born between 1982 and 1993, my wife and I are to blame for adding three of them to the throng!). I'd suggest you read up on the subject but I don't plan to digress from my original mission for this article, which is to throw a little hot coffee into your eyes (a method that wakes you up faster than drinking it!).

It's a different time now and companies that are tied to mostly to print truly have ways to emerge from the dark period by looking at their future with a more realistic set of expectations and goals.

Have you noticed that the United States Post Office is now delivering packages on Sunday? That Amazon is experimenting with same day delivery in several markets? How about groceries, yep, Amazon is experimenting with that as well. Yellow pages, major magazines, okay, they're print but they're still useful and valuable. Couldn't they benefit from 7-day a week delivery companies? How about pet supplies, home and personal items, small electronics and appliances? Are you laughing yet?

If you are, how about this, Amazon and Target both sold $75 billion in merchandise in 2014. Target employs 361,000 people and Amazon 117,300. Amazon has no retail outlets but has revenues twice that of big-box retailer Best Buy and its 1,142 stores. They actually own far more brick-and-mortar space than Best Buy, 85 million square feet of for distribution and data compared to Best Buy who has 13 million square feet in distribution centers. Once consumers decide to shop online, all those stores become somewhat inefficient.

The race is on for companies such as Amazon, Overstock.com, No More Rack, Drugstore.com to name only a scant few of online only retailers are changing the way American and the world shops. To tie that back to the 77 million Millennials coming along, research has shown that to them *time trumps money.*

If you're still scratching you head and wondering what all of this has to do with your print distribution company then it's best to quit reading now.

If you're with me, then consider this. If you have the storage facilities, the equipment, means of transportation and data capabilities already in place you are setting on a mountain of opportunity to plug into an emerging world of retain that is only going to continue to require more and swifter channels of storing and delivering the products they sell online. Amazon alone grew 22% per cent last year. The others had similar success.

With online retailers beginning to ramp up annual memberships (Amazon memberships grew 53% last year) that assure two-day (and soon to be same-day) delivery the future of storage and distribution is crystal clear. Will you be willing to take the time and give the effort necessary to transition your company to take advantage of the opportunities?

As much as I'd really like to leave the end of this piece on a rah-rah high note, I'm too much of a realist! Here's why.

Remember, I related my experiences of wanting to convert new distribution business to existing routes eight years ago? There were several reasons why those efforts failed to produce the diversity we had hoped for beyond just print products.

Number one, I believe the foremost of those were the lack of familiarity with other forms of delivery items, especially bulkier or heavier ones. A great amount of consideration has to be given to the proper storage and the timing of the delivery to the consumer as well as a myriad of other things.

Without going into details, here were others: (2) a trust factor by clients (3) work load levels (4) no clear strategy—goes back to the unfamiliarity of the timing (5) and perhaps most importantly, incentives to do the work.

Regarding the latter (#5), it's hard enough to pull off the logistics of a daily or weekly delivery to hundreds of thousands of households alone, layer in more work. However, it's amazing what can be accomplished when you give the proper amount of financial incentives to line and mid-managers who will be tasked with the going above and beyond just getting a newspaper or direct-to-door delivery items bagged and tossed or stuck on a door knob.

Newspaper are delivered by 5:00 a.m. most days and alternate delivery products are generally distributed over a couple of days so that begs the question, *have you given any thought with what to do with all of that time left on your hands?*