

# PARCELS & PAPERS:

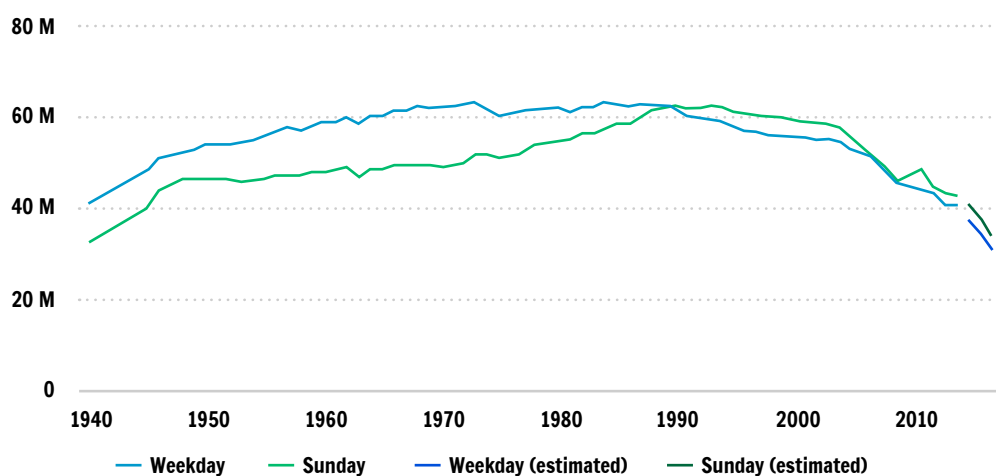
JOINED IN “DELIVERY NATION?”

 **FREIGHTWAVES**

**PCF**  
  
www.pcfcorp.com

“Necessity is the mother of invention” is an enduring cliché in business and life. In traditional newspapering, which is mired in the mother of market share declines, it has become a necessity to invent ways to compete in a world that is fast going digital. As Pew Research Center reports, in 2017 total U.S. daily newspaper circulation for print and digital combined was 31 million for weekday and 34 million for Sunday, a decline of 11 percent and 10 percent, respectively, from 2016. Declines were highest in print circulation: Weekday print circulation fell 11 percent, and Sunday circulation fell 10 percent.

Total estimated circulation of U.S. daily newspapers



Source: Pew Research Center

For the newsroom, this means shifting budgets and resources from print to digital content. For production, it means collaborating on processes such as printing to save money while maintaining reliable print runs. The *New York Daily News*, whose relatively modern presses are considered by many to be the best in the business, prints copies during the paper’s down times for many other publications.

For newspaper distributors who are the ecosystem’s final mile, staying relevant means utilizing their core asset—a physical infrastructure honed over many decades and during less digital times—to deliver items besides newspapers. Thanks to e-commerce demand, America is morphing into “delivery nation,” and according to Paul Conley, a newspaper consultant, newspaper delivery folks are well-suited to also carry parcels.

The idea that newspaper delivery operations evolve to incorporate parcels is one that is gaining traction within the newspaper distribution community. Mitchell Newman, who runs Mitchell’s NY, a prominent multi-title distributor in the New York City metro area, said the model is a frequent discussion topic among executives and at industry conferences.



In fact, it is already happening. The distributor of the venerable *Orange County Register* in California currently accepts parcels tendered by shippers and injects them into its delivery network. The same process is underway in Arizona with *The Arizona Republic*, the Gannett chain's largest newspaper in the state.

In the eastern U.S., Publishers Circulation Fulfillment, Inc. (PCF) is launching a similar service, and their efforts will be closely watched. PCF is the country's largest independent daily newspaper distributor, with an unparalleled existing network. It delivers about 1 million newspaper copies per day throughout such high-density geographies as New York, New Jersey and New England. It is the delivery face for more than 100 local, regional and national titles, with clients that include *The New York Times*, the *Wall Street Journal*, *USA Today*, *The Boston Globe* and the *Financial Times*. PCF operates approximately 50 sort centers and terminals in four states and manages a delivery network of roughly 6,000 couriers. It also leverages its proprietary, commercially sold, cloud-based software platform called Dart, which provides U.S. and Canadian newspaper distributors with an all-in-one complement of delivery, results and workforce management tools designed to help them "deliver smarter."




# HOW IT WORKS

PCF's parcel operation is a natural extension, in physical distribution and information technology, of its core paper-delivery process. At about midnight, bundles of papers leave their respective production facilities for distribution to PCF's sort centers and terminals. The bundles are broken down, and multiple titles are counted and dispatched to the drivers, who are assigned to specific routes. PCF's software guides drivers through their deliveries with a sophisticated GPS, providing what Tom Dressler, the company's Vice President of Growth and Development, called "turn-by-turn" visibility.

A difference between the two services is over-the-road transportation. Unlike the newspaper side, where publishers arrange for trucking of the newspaper bundles to each distribution terminal, PCF manages the transport of parcels from shippers to each of its sites. Dressler said the company has more than adequate resources and connections needed for a line haul trucking network. Parcels received at each terminal are sorted at a segregated location and tendered to couriers for delivery along with the papers. PCF blends parcel delivery characteristics into its existing software platform and integrates package tracking technology that will allow customers to monitor shipment status, Dressler said.

"Reliance on an intelligent software platform to configure daily routes is an important factor for distributors entering the 'no two days are the same' landscape of parcel deliveries," Dressler said. Varying subscriber needs is something the newspaper industry has been dealing with for years, with some getting a paper every day, others just on weekends, and still others three days a week or Sunday only. Subscribers sporadically stop service for vacations or specific days, and yes, even new subscribers are added. Each day's changes—all the puts and takes—have to make their way onto the courier's route in a logical, efficient delivery sequence. Also unknown to folks outside of the newspaper business, service-level agreement adherence is extremely rigorous. PCF's operational process and Dart technology have sophisticated capabilities to keep issues below four incidents per 1,000 deliveries, in addition to a "recovery" operation that resolves missed deliveries or customer service complaints within hours.



**"PCF's parcel operation is a natural extension, in physical distribution and information technology, of its core paper-delivery process."**

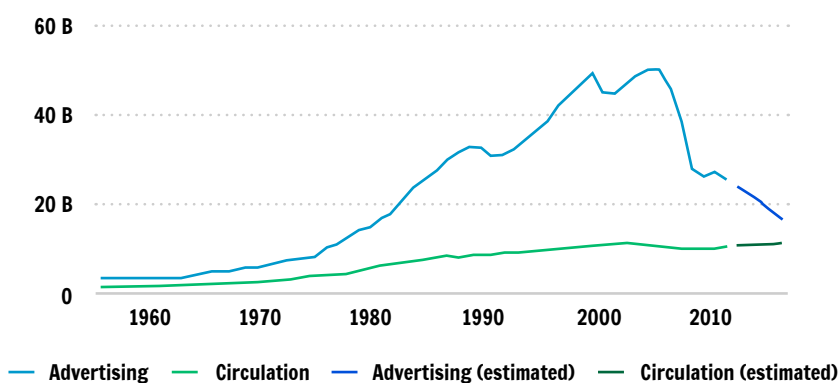
Leveraging the existing capacity and infrastructure—people, process and technology—to meet the growing needs of parcel delivery is the gateway to offering multiple delivery cycles, where some packages ride with the newspaper and others are delivered during more traditional periods, such as those requiring a signature. This type of operational expansion is expected in the evolution to a final mile delivery company serving both parcel and newspaper clients.

# SKIN IN THE GAME

Everyone has skin in this game, but for different reasons. A newspaper distribution operation leverages its sunk-cost infrastructure to broaden its revenue opportunities by entering a high-growth field like last-mile parcel delivery. Armed with a new revenue source, that distributor could maintain newspaper deliveries to low-density areas, a service that has become increasingly untenable as costs rise and fewer subscribers are available to offset those expenses. For newspapers, the revenue from parcel deliveries could serve as a buffer against distributors needing to raise rates to remain on low-density routes, or worse, being forced to discontinue some of them due to lack of profitability.

The prospect of making additional money from delivering parcels could minimize driver turnover and keep routes stable, a critical factor in a world where late or missed deliveries are cardinal sins. No newspaper wants to lose circulation revenue, which has held its own over the past two decades mainly because newsstand and subscription prices have risen even in the face of falling readership.

Estimated advertising and circulation revenue of the newspaper industry



Source: Pew Research Center

Newspapers contracting with distributors have no control over what those distributors can carry. The newspapers' only concern is that a distributor's parcel delivery load will interfere with its contractual obligation to deliver the newspapers on time. Mark Weitzel, Vice President of Circulation Operations for *The New York Times*, said it has encouraged distributors to pursue other revenue channels because the added revenue would help keep the newspaper's costs down and foster delivery workforce stability. "If someone is able to figure this out...everybody wins," he said.




# IN PRACTICE...

Theory only goes so far in determining the success of any transportation service. In practice, there are important challenges to be worked through in sustaining a commingled delivery operation. Newman says the idea has merit, but it is not without practical limitations such as geography and density. Even so, a newspaper distributor determined to move beyond the confines of their niche and embrace parcels in their pivot as a bona fide final mile delivery company must demonstrate the means and progressive mindset to boldly take the transformative steps necessary for success.

That includes addressing the different delivery characteristics between parcels and newspapers. Matthias Winkenbach, Director of the MIT Megacity Logistics Lab at the school's Center for Transportation and Logistics (CTL), points to a greater commonality among newspapers and greater diversity among parcels. Indeed, he suggests that the fact that each parcel has different weights, dimensions and value introduces complexity into an operation that's accustomed to delivering a uniform newspaper product. However, PCF's Chief Operating Officer, Kevin Daly, says that is an oversimplification. "Over the last 15 years, deliveries have gotten more sophisticated and complex, with multiple titles, varying delivery days, and zoned advertising packages of varying dimensions and weights blended into each route...and our delivery team is accountable to get it right regardless."



Part of getting it right with parcels is the compliance function, which is not as foreign a concept to newspaper distribution as one outside the industry might think. As the value of each precious subscriber has magnified in recent years, so too have client requests for proof of delivery. Verification technology is already in use for a variety of deliveries. These include, among others, deliveries to new subscribers, re-deliveries and non-subscribed promotional packages delivered to entire ZIP codes, a growing revenue stream for publishers, which require verification to satisfy advertisers reporting needs.



**“Over the last 15 years, deliveries have gotten more sophisticated and complex, with multiple titles, varying delivery days, and zoned advertising packages of varying dimensions and weights blended into each route.”**

**– Kevin Daly, PCF**

Package flow variability is another challenge, especially in a footprint like PCF’s, which includes 11.6 million households, reaching over 31 million consumers. Depending upon the mix of shippers, any given terminal could deal with thousands of parcels one day and multiples or fractions of that amount on another, all the while ensuring timely delivery of the newspapers. The variability burden flows quickly down to the delivery driver, making route configuration critical. This, again, is where

intelligent software and delivery expertise come in to play, applying time, volume and mileage parameters to ensure the day’s routes are sensible and manageable for each courier’s delivery commitment.

For PCF, the cultural challenge is just as important as the operational one. Drivers on newspaper routes typically throw papers out of the car window, targeting the recipient’s driveway or lawn as they ride by. Now, carrying a package to a front door, back door or even a garage door is a much different delivery type. “It’s a cultural shift for our workforce as we show them the standards and requirements for this type of delivery,” said Michael Giordana, PCF’s Executive Vice President of Strategic Business Integration, “but we’re resilient and have adapted to many changes over the years. This is a robust and reliable network of couriers we are talking about, eager to deliver and motivated to make money doing it.”

## THE TIME IS RIGHT

As manufacturers and retailers respond to customer demands, parcel shipping will continue to grow. Pitney Bowes’ recent parcel shipping index reports that global shipping volume will surpass 100 billion parcels in 2020. That is an awful lot of deliveries to make, which is transformational news for delivery operations serving the shrinking newspaper industry. “PCF and other traditional newspaper distributors are in a very unique position to leverage their networks in a rapidly evolving last mile/parcel delivery environment,” says Geoffrey Milsom, Senior Director with enVista, a consulting firm that provides end-to-end supply chain, technology and unified commerce solutions. “We traditionally see business model convergence with services plus technology, and here we have convergence of two types of home delivery—I think this will make for a substantial financial and service-level impact for their customers and the end consumer. This is one of the most exciting unlocks we have seen in logistics in recent years.”

For newspaper distributors, parcels represent a way to capitalize on and transform the fruits of their labor, experience and available capacity in a new, parallel and growing direction. In other words, the growing need for parcel delivery may very well be their future, and that sounds like a pretty good match for “delivery nation.”

**From Our Partners at PCF**

# **MAKE THE MOST OF OUR DELIVERY FOOTPRINT**



PCF is a final mile delivery company offering a unique combination of deep logistics expertise and state-of-the-art distribution technology, which enables clients to reduce costs, pursue growth and maximize the value of our reach.

## **Flexibility**

- Delivery 7 days a week/365 days a year
- 50+ sort centers and terminals within the Northeast corridor
- Early morning, afternoon and evening service available with no premium cost
- Footprint includes 11.6 million households, reaching over 31 million consumers

## **Experience**

- 30+ years in final mile delivery; tenured operational leadership and professional staff
- Established network of roughly 6,000 couriers
- In-house IT facilitates customer software integration, connectivity and stability
- Scalable operations deliver an average of 1 million units per day

## **Operational Excellence**

- Manage routine volume fluctuations, complex deliveries and service-level adherence
- Customer experience team provides comprehensive support and dedicated account management
- Proprietary software configures routes daily to align capacity with delivery commitment
- Mobile tools efficiently satisfy tracking, verification and reporting requisites

**Let's Start a Conversation!**

**1-877-PCF-6668**

**sales@pcfcorp.com**