

New Zealand Publisher Transforms Distribution from Cost Containment to Revenue Generation

THE COMPANY

New Zealand Media and Entertainment (NZME) comprises seven daily newspaper publications, including New Zealand's number one daily newspaper, The New Zealand Herald, as well as The Herald on Sunday and 23 community titles throughout the country. NZME maintains 2,000 delivery routes with news content reaching 2.2 million New Zealanders every month and sports and entertainment content reaching 1.1 million and 2.7 million, respectively.

THE CHALLENGE

Like most news organizations, NZME faces the challenges of managing printing and distribution costs while also working to maintain circulation levels. To distribute all of its publications, the company relies on 47 delivery contractors and thousands of drivers across New Zealand. In the previous business model, the contractors provided NZME with the number of hours required and the distance traveled, which was then used to determine the cents per copy delivery rates.

Prior to RouteSmart, NZME conducted an audit process to verify the accuracy of contractor submissions. However, the small sample sets were never entirely comprehensive enough to reassure NZME that the routes were the most economically designed and that the submissions were verified by the contractor. They really had no way to be sure.

“It wasn't very effective in terms of resource utilization, and we were pretty much forced to accept much of the information at face value,” said Chris McCarthy, Logistics Director at NZME.

THE SOLUTION

After examining the available solutions, NZME chose RouteSmart for its route optimization needs because of the company's expertise in the newspaper publishing industry. Initially, NZME implemented RouteSmart for ArcGIS, the industry-leading, global solution that leverages the latest geographic technologies to produce highly accurate, efficient delivery routes. NZME began by using the solution for route planning and restructuring across all 47 contractors.

Two years later, NZME began a second phase to streamline its operations: a two-year project to centralize distribution and optimize routing across their seven daily publications.

Where RouteSmart has placed us today is just exceptional. It's one of the most progressive initiatives that we've undertaken in route management and cost control. We are now transforming ourselves into a revenue generator.

— Chris McCarthy, Logistics Director, NZME



THE SOLUTION (continued)

Following that phase, NZME implemented RouteSmart Online, a cloud-based solution that enabled them to incorporate route information on third-party publications and provide it to NZME's delivery contractors.

Finally, after two successful phases, NZME extended its third-party distribution service to include two additional daily newspapers.

“RouteSmart has been the biggest enabler for change, in terms of time and money saved. If we didn't have a tool to model what an integrated network would look like, and what the cost would be, it would have been a nightmare. RouteSmart gave us the ability to model what the new route would look like, how many people we would need, the total delivery time required, what we would be paying, and what the savings would be,” McCarthy said.



NZME will continue to leverage RouteSmart to extend their distribution operations to other third-parties, which has the ability to increase revenues significantly.



THE WORLD'S
MOST INTELLIGENT
ROUTING SYSTEM

THE RESULTS

By resequencing their routes with RouteSmart for ArcGIS, NZME reduced overall route distance by 15%. In a country where, at that time, gasoline costs hovered around NZ \$2.09 per liter (\$7.91 USD per gallon), NZME achieved significant savings. “It was so successful – each time we rerouted we saw the gains,” McCarthy said.

The company continues to refine route sequencing on an ongoing basis. “The process is transparent. Contractors have the opportunity to examine the new routes, suggest changes, and validate the time and mileage provided,” said Stuart Durose, Network Optimization Manager at NZME. This method ensures the least resistance from contractors and a tacit acceptance on the new routes and related pricing.

By centralizing distribution of all seven daily publications, NZME further reduced overall costs in this area.

15% REDUCTION
IN DISTANCE TRAVELED

17% REDUCTION
IN DELIVERY HOURS

Fast Efficiency Gains

NZME uses RouteSmart for ArcGIS to develop new cost-effective logistics solutions, which were then uploaded into RouteSmart Online, enabling a smooth transition within a 24-hour window to new routes and sequences.

Additional Revenue Gains

NZME extended its printing capabilities to third-party publications, which ideally positioned NZME to integrate bulk transport and local distribution functions – something that would not have been possible without the use of RouteSmart.

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