

A stack of rolled-up newspapers, with the top layers showing the masthead and some text. The stack is slightly out of focus, creating a sense of depth. A blue horizontal band is overlaid across the middle of the image, containing the main title text.

# Insights from 100 Mail Conversions

## September 2024

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# Set the stage

- Declining volume
- pandemic
- availability of labor
- cost of labor
- unprofitable delivery areas
- open route service impacts



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# Path to Mail

- 17** legacy mail sites
- 8** publications tested to benchmark impacts. 4 converted to daily mail with Sunday carrier delivery and another 4 were moved to 100% mail.
- 13** additional publications converted during Q1 and Q2 of 2023 to establish best practices
- 64** publications converted from late 2023 to Q1 2024

Today, the U.S.P.S. delivers 100% of more than 100 Gannett newspapers daily.



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# KEY PERFORMANCE INDICATORS

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## Service levels

2.0 CPM in month 2; CPMs better at the mail sites than the daily mail/Sunday carrier delivery

## Delivery cost/copy

improved nearly 60% to \$0.198; Sunday carrier delivery was 3-4X as expensive as mail

## Subscriber loss

realized incremental subscriber loss averaging 14%; subscriber retention slightly better for subscribers receiving daily mail/Sunday carrier delivery

## B2B revenue

loss of Obits tied to Sunday moving up 24 hours, Preprints tied to volumes, negligible retail

## Other expense

down ~40% (Excludes \$.198 Postal vs \$.476 HD). Payroll, Leases, Hauling, SC, Supplies, Utilities etc

\*64 Sites Converted October through March

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# Decision Model

- DDU Profitability
- Projected local impacts
  - Delivery expense
  - Consumer revenue
  - B2B impacts
  - Commercial delivery
  - Single copy locations
  - Obits
- EBITDA Improvement



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# DDU Profitability Model



| Outlying Areas | In or Out of County | Daily HD Draw | Sund | Daily | Sun Mail | DDU Rate | Main    | Weekly Postal Savings at DDU | Weekly SC Rev | Weekly Mail Rev | Total Rev in Area | Weekly Cost to Serve Area | DDU Postage  |                                    |         | Profit: Same Day with DDU | Profit: Next Day in Main Post Office (No SC, added HD loss) | Profit: Same Day in Main Post Office (No SC) |
|----------------|---------------------|---------------|------|-------|----------|----------|---------|------------------------------|---------------|-----------------|-------------------|---------------------------|--|------------------------------------|---------|---------------------------|---|--|
|                |                     |               | ay   | Mail  | Draw at  |          | PO Rate |                              |               |                 |                   |                           | Value of Savings + SC Rev = Value of Going to the Area | Value of Going Minus Cost to Serve |         |                           |   |  |
| Town A         | Out                 | 1024          | 226  | 901   | 199      | 0.214    | 0.51    | -\$320                       | \$506         | \$1,362         | \$1,868           | \$279                     | \$826  | \$547                              | \$1,353 | \$645                     | \$806   |  |
| Town B         | In                  | 1671          | 391  | 1470  | 344      | 0.156    | 0.2     | -\$87                        | \$573         | \$2,356         | \$2,929           | \$645                     | \$660  | \$15                               | \$2,001 | \$1,589                   | \$1,986   |  |
| Town C         | In                  | 474           | 110  | 417   | 97       | 0.156    | 0.2     | -\$25                        | \$134         | \$663           | \$797             | \$325                     | \$159  | -\$166                             | \$392   | \$446                     | \$558   |  |

What are the postal rates for DDU delivery (In County and Out of County) for outlying markets? What are the postal rates if entered at main PO in town?

What is the cost to get to that outlying area to make the DDU delivery?

How much SC revenue is retained by continuing to service the outlying area?

Is the retained SC revenue plus the postal savings from entering at a DDU, greater than the cost to get to that area and derive that benefit?

# Defined Project Tasks

- Sunday on Saturday
- USPS Periodicals permit
- Packaging & labeling
  - White space
- Communications
  - content/sales leaders
  - Consumers
- Consumer post-conversion marketing ops



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# Project Tasks

DDU analysis & selection (9 tasks)

Consumer communications (10 tasks)

| B   | C    | D                              | F   | G  | H   | I   |
|---|------|--------------------------------|---|--|---|---|
| Today-> 5/21/2024   |      |                                | Red = Late                                | Distribution   | Distribution  | Distribution  |
| Yellow field = < 7 days until due                             |      |                                |   | Days Out   | Days Out  |   |
| Enter the # days before launch action should be completed --> |      |                                |   | 70   | 70  | 70  |
| FOD   | Tier |                                | Approved Launch Dates Sept '23 to Jul '24 | Distribution Completes DDU Profitability Tab of DDU Profitability Analysis file. Replace date with Done when file is complete. | Complete DDU Selection Tab of DDU Profitability Analysis file. Copy and paste in the site info from your Interlink MEP mail entry plan. Insert columns for DDU selection and Same or Next day mail. Replace date with Done when complete. | Distribution Sends List of DDUs to be Opened to exceptionaldispatch@gannett.com Replace date with Done when complete. |
|   |      | Site Name                      |   |  |   |   |
| 6M-F+Su   | 3    | Battle Creek MI                | 9/25/2023                                 | Done   | Done  | Done  |
| 6Sun-F  | 3    | Anderson SC                    | 10/10/2023                                | Done   | Done  | Done  |
| 6Sun-F  | 2    | Greenville SC                  | 10/10/2023                                | Done   | Done  | Done  |
| 6Sun-F  | 2    | Spartanburg Herald-Journal Inc | 10/10/2023                                | Done   | Done  | Done  |
| 6M-F+Su   | 3    | Adrian                         | 10/16/2023                                | Done   | Done  | Done  |
| 6M-Sat  | 4    | Fremont OH                     | 10/16/2023                                | Done   | Done  | Done  |

| B   | C    | D                                 | F   | J  | K  | L  | M   |
|---|------|-----------------------------------|---|--|--|--|---|
| Today-> 5/21/2024   |      |                                   | Red = Late                                | Mark Kent  | Daily/Holley   | Mark Kent  | Mark Kent   |
| Yellow field = < 7 days until due                             |      |                                   |   | Days Out   | Days Out   | Days Out   | Days Out  |
| Enter the # days before launch action should be completed --> |      |                                   |   | 60   | 60   | 35   | 35  |
| FOD   | Tier |                                   | Approved Launch Dates Sept '23 to Jul '24 | Mark Kent requests subscriber lists from IT. Replace date with Done when request is submitted. | Notify Mather to stop processing. Mark Done when complete. | Mark Kent prepare and mail letters to subscribers converting to mail. Replace Date with Done when letters are sent to the printer and mail house. This is the date letters are mailed. | Mark Kent prepare and mail letters to "Other Core" subscribers converting to mail. Replace Date with Done when letters are sent to the printer and mail house. If there are none, replace date with None. |
|   |      | Site Name                         |   |  |  |  |   |
| 6M-F+Su   | 3    | Manitowac WI                      | 4/22/2024                                 | Done   | Done   | Done   | Done  |
| 6M-F+Su   | 3    | Sheboygan WI                      | 4/22/2024                                 | Done   | Done   | Done   | Done  |
| 6M-F+Su   | 3    | Redding CA                        | 6/24/2024                                 | Done   | Done   | 5/20/2024  | Done  |
| 6M-F+Su   | 2    | Reno NV                           | 6/24/2024                                 | Done   | Done   | 5/20/2024  | Done  |
| 6M-F+Su   | 2    | The Pueblo Chieftain - Pueblo, CO | 7/15/2024                                 | Done   | Done   | 6/10/2024  | 6/10/2024   |
| 6M-F+Su   | 2    | Evansville IN                     | 7/15/2024                                 | Done   | Done   | 6/10/2024  | 6/10/2024   |



# Scope of Project

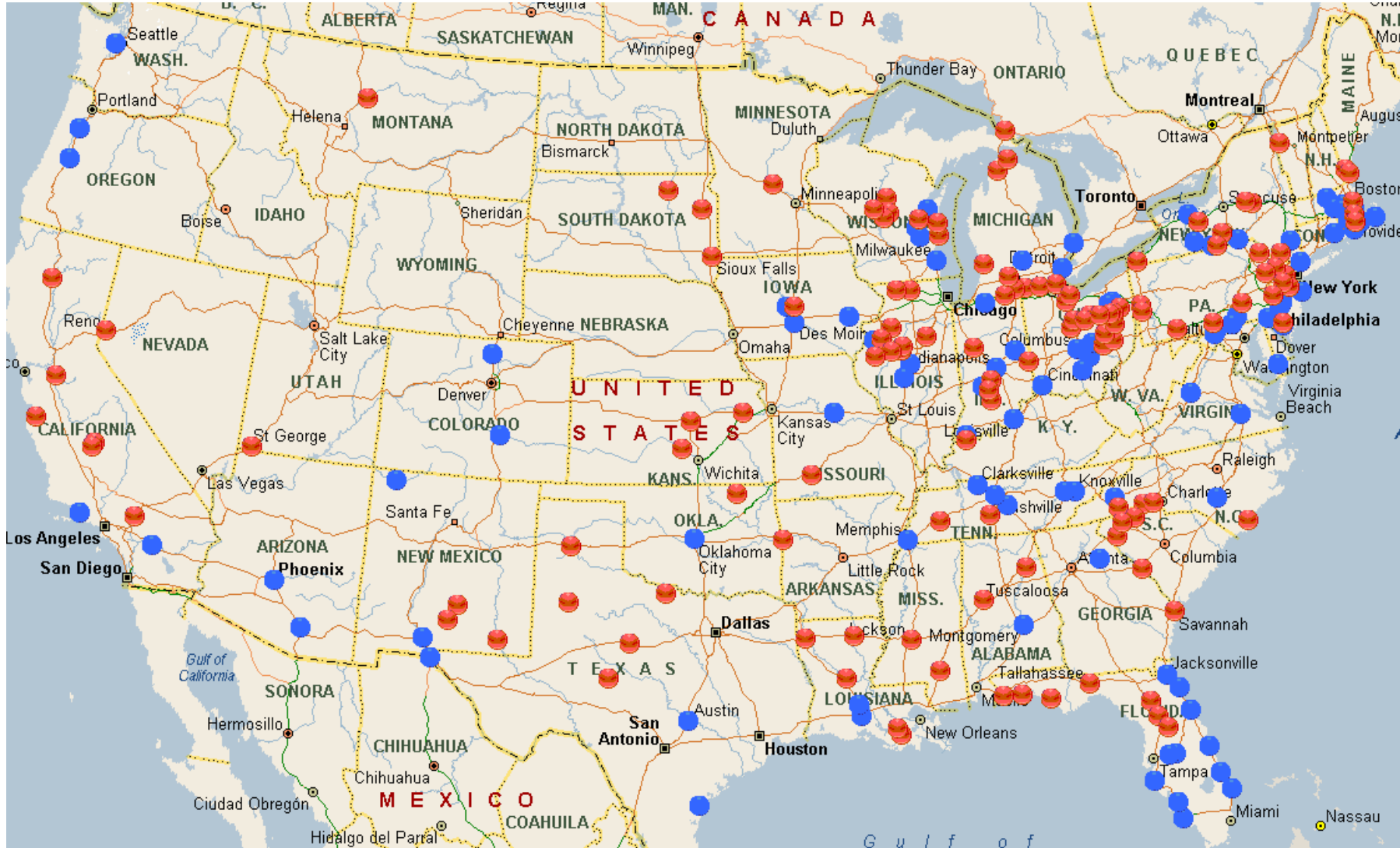
- Activities 13
- Tasks per conversion 117
- Publications converted 92
- Tasks tracked 10,764

**50+ people with access to tracking file or ownership of project tasks**



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# Carrier Delivery Versus Mail (today)



**Mail** represents  
**58% of Sites** and  
**26% of Subscribers**

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# Key Performance Indicators

- CPMs < 2.0
- Subscriber attrition ~ 14%
- B2B retail impacts (-6%) negligible
- Obit (-15%), preprints (-12%) tied to days & volume
- Expense impacts 40% - more significant than expected



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# Range of cost per copy:

| Site            | Cost per Copy | Site              | Cost per Copy | Site            | Cost per Copy | Site             | Cost per Copy |
|-----------------|---------------|-------------------|---------------|-----------------|---------------|------------------|---------------|
| Abilene TX      | \$0.26        | East Brunswick NJ | \$0.24        | Leesburg        | \$0.21        | Shreveport LA    | \$0.22        |
| Adrian, MI      | \$0.14        | Elmira NY         | \$0.19        | Lubbock, TX     | \$0.23        | Sioux Falls SD   | \$0.20        |
| Alamogordo NM   | \$0.16        | Erie, PA          | \$0.15        | Macomb, IL      | \$0.34        | Spartanburg      | \$0.18        |
| Alexandria      | \$0.23        | Fort Smith        | \$0.22        | Manitowac WI    | \$0.20        | Springfield MO   | \$0.21        |
| Alliance, OH    | \$0.18        | Fremont OH        | \$0.16        | Marion OH       | \$0.28        | St George UT     | \$0.20        |
| Amarillo, TX    | \$0.20        | Ft Walton         | \$0.19        | Marshfield WI   | \$0.18        | Stevens Point WI | \$0.27        |
| Anderson SC     | \$0.20        | Gadsden           | \$0.15        | Massillon       | \$0.16        | Stockton         | \$0.17        |
| Appleton WI     | \$0.17        | Gainesville       | \$0.19        | Middletown      | \$0.18        | Stroudsburg      | \$0.17        |
| Augusta, GA     | \$0.22        | Gastonia          | \$0.17        | Monroe LA       | \$0.27        | The Shelby Star  | \$0.17        |
| Beaver, PA      | \$0.16        | Greenville SC     | \$0.21        | Monroe MI       | \$0.14        | Tuscaloosa       | \$0.25        |
| Bloomington, IN | \$0.20        | Hattiesburg MS    | \$0.23        | Ocala           | \$0.16        | Utica            | \$0.19        |
| Bridgewater NJ  | \$0.26        | Henderson KY      | \$0.17        | Pekin           | \$0.23        | Victorville      | \$0.21        |
| Burlington VT   | \$0.19        | Hendersonville    | \$0.17        | Pensacola FL    | \$0.20        | Visalia CA       | \$0.16        |
| Cambridge, OH   | \$0.20        | Herkimer          | \$0.42        | Peoria IL       | \$0.19        | Wausau WI        | \$0.18        |
| Canandaigua, NY | \$0.20        | Holland MI        | \$0.13        | Port Clinton OH | \$0.45        | Wichita Falls TX | \$0.23        |
| Canton, IL      | \$0.24        | Hutchinson, KS    | \$0.21        | Richmond IN     | \$0.17        | Wilmington NC    | \$0.20        |
| Carlsbad NM     | \$0.13        | Jackson MS        | \$0.25        | Salinas CA      | \$0.17        | Wisconsin Rapids | \$0.19        |
| Chambersburg PA | \$0.15        | Jackson TN        | \$0.25        | San Angelo TX   | \$0.28        | Wooster, OH      | \$0.24        |
| Columbia TN     | \$0.23        | Lafayette IN      | \$0.19        | Savannah, GA    | \$0.23        | Zanesville OH    | \$0.19        |
| Dover           | \$0.25        | Lebanon PA        | \$0.15        | Sheboygan WI    | \$0.17        |                  |               |

Need In County permits for Herkimer/Port Clinton. Most other higher C.P.C. sites are tied to greater percentages of Out of County subscribers  
 Herkimer at 7K copies a month is \$1,500/month over normal postal costs, Port Clinton at 3,500 copies a month is \$875/month over  
 We are working on securing valid in county business addresses at those sites to secure In County rates lease costs below those savings



# Mail service mirrors carrier delivery

In Jackson MS, from March to May, we saw a third of the mail complaints come from 9 out of 254 zip codes.

Good tracking allows you to identify and address these areas.

| Zip Group      | Mar-May Draw   | Mar-May Complaints | Mar-May CPM |
|----------------|----------------|--------------------|-------------|
| 9 Zips         | 12,360         | 184                | 14.89       |
| 246 Other Zips | 318,069        | 379                | 1.19        |
| <b>Total</b>   | <b>330,429</b> | <b>563</b>         | <b>1.70</b> |

| Jackson MS March to May | Weekly Draw | Weekly Complaints | CPM Weekly |
|-------------------------|-------------|-------------------|------------|
| 39090                   | 2,417       | 21                | 8.69       |
| 39339                   | 1,985       | 14                | 7.05       |
| 39051                   | 1,974       | 22                | 11.14      |
| 39440                   | 1,284       | 42                | 32.71      |
| 39095                   | 1,232       | 10                | 8.12       |
| 39203                   | 1,115       | 10                | 8.97       |
| 39111                   | 984         | 36                | 36.59      |
| 39114                   | 843         | 14                | 16.61      |
| 39175                   | 526         | 15                | 28.52      |
| 39110                   | 39,127      | 42                | 1.07       |
| 39211                   | 29,571      | 15                | 0.51       |
| 39157                   | 20,666      | 21                | 1.02       |
| 39047                   | 17,988      | 30                | 1.67       |
| 39042                   | 16,291      | 13                | 0.80       |

# Do mail conversions reduce subscriber delivery complaints?

Oct '23 Mail Conversion Sites

HD ran 7.78 CPM Jan '23

Mail ran 1.73 CPM Jan '24

| Site             | 2023          | 2024         | Var            | % Var       | 1/8/2023    | 1/15/2023   | 1/22/2023   | 1/29/2023   | 1/7/2024   | 1/14/2024  | 1/21/2024  | 1/28/2024  |
|------------------|---------------|--------------|----------------|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|------------|
| Aberdeen         | 302           | 72           | (230)          | -76%        | 92          | 12          | 129         | 69          | 25         | 23         | 4          | 20         |
| Adrian           | 55            | 43           | (12)           | -22%        | 23          | 10          | 10          | 12          | 10         | 5          | 17         | 10         |
| Anderson         | 453           | 101          | (352)          | -78%        | 116         | 81          | 141         | 115         | 17         | 29         | 40         | 15         |
| Battle_Creek     | 38            | 27           | (11)           | -29%        | 17          | 12          | 6           | 3           | 6          | 0          | 11         | 11         |
| Fort_Walton      | 1,181         | 180          | (1,001)        | -85%        | 305         | 383         | 225         | 268         | 39         | 38         | 54         | 50         |
| Fremont          | 292           | 11           | (281)          | -96%        | 45          | 76          | 81          | 90          | 2          | 5          | 3          | 1          |
| Greenville       | 3,360         | 416          | (2,944)        | -88%        | 880         | 834         | 994         | 652         | 64         | 71         | 147        | 133        |
| Herkimer         | 82            | 5            | (77)           | -94%        | 13          | 35          | 18          | 16          | 2          | 1          | 2          | 0          |
| Lebanon          | 92            | 73           | (19)           | -21%        | 12          | 44          | 21          | 15          | 11         | 37         | 11         | 15         |
| Lubbock          | 283           | 110          | (173)          | -61%        | 99          | 40          | 66          | 78          | 19         | 32         | 25         | 34         |
| Marshfield       | 81            | 41           | (40)           | -49%        | 11          | 24          | 24          | 22          | 5          | 14         | 12         | 10         |
| Monroe_MI        | 155           | 116          | (39)           | -25%        | 61          | 27          | 22          | 45          | 32         | 18         | 42         | 24         |
| San_Angelo       | 100           | 25           | (75)           | -75%        | 19          | 34          | 28          | 19          | 8          | 10         | 4          | 3          |
| Shreveport       | 529           | 130          | (399)          | -75%        | 147         | 142         | 82          | 158         | 27         | 20         | 54         | 29         |
| Sioux_Falls      | 544           | 87           | (457)          | -84%        | 191         | 74          | 154         | 125         | 19         | 18         | 36         | 13         |
| Spartanburg      | 1,101         | 68           | (1,033)        | -94%        | 277         | 352         | 216         | 256         | 10         | 12         | 32         | 14         |
| Stevens_Point    | 296           | 50           | (246)          | -83%        | 80          | 140         | 42          | 34          | 8          | 16         | 13         | 13         |
| Utica            | 1,114         | 99           | (1,015)        | -91%        | 274         | 312         | 228         | 300         | 11         | 23         | 33         | 33         |
| Wausau           | 256           | 131          | (125)          | -49%        | 64          | 52          | 61          | 79          | 13         | 55         | 35         | 29         |
| Wisconsin_Rapids | 271           | 41           | (230)          | -85%        | 64          | 83          | 51          | 73          | 4          | 13         | 15         | 9          |
| <b>Total</b>     | <b>10,585</b> | <b>1,827</b> | <b>(8,758)</b> | <b>-83%</b> | <b>2790</b> | <b>2767</b> | <b>2599</b> | <b>2429</b> | <b>333</b> | <b>440</b> | <b>590</b> | <b>465</b> |





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