



A mixed blessing, Wal-Mart Nexus report!



By now the word has reached directors about the Nexus partnership with Wal-Mart that moves to inside sales of newspapers at all Wal-Mart's. Even with the letter use caution as the Wal-Mart store managers will still have final decision regarding location. If the local is not on board you will quickly find out the difference between an up-front location and a GOOD up-front location.

Nexus and Wal-Mart are busy getting this program off the ground, but I was able to reach Nexus and get a few guidelines that could impact how your new relationship with Wal-Mart works and may help others who have not completed the process. This subject is getting a lot of attention and a lot of questions on web chat sites and here are answers that Nexus provided to many of the questions:

- The decision to remove racks nationwide from Wal-Mart property was their initiative, and nothing can be done about them being removed by Nexus.
- If you are not inside and want to be, get in touch with your local store manager. Then get in touch Nexus to get loaded into the Wal-Mart system and get set up to sell inside. This is currently being done every Friday at Wal-Mart.
- If you are currently doing sales inside but not on SBT (scan based trader) you need to get in touch with Nexus and let them know the local store manager has approved your paper for inside sales.
- If you are already doing business on SBT and expanding to new stores that managers have approved just let Nexus know which stores to add for your newspaper.
- The type of rack is up to the local store manager there is no "special rack".
- Nexus does not set any pricing, but Wal-Mart is now looking at newspapers just as it does other products (they are known for lowering prices).
- Nexus reports 500+ new locations selling inside since the beginning of this program.

Currently 3,100 of their 3,600 stores now have inside newspaper sales, so there is still room to grow.

I emailed several newspapers around the US and asked if the new move to inside sales from the Wal-Mart/Nexus program is having any effect on their operation? Specifically on having to move racks or remove them, did it improve sales position location, add locations, and effect volume?

The replies verify which proves the program has mixed blessings.

For some the program seems poorly thought out because it does not allow newspapers that are already inside to sell newspapers while waiting on Nexus to do the paperwork. For others the program has opened new doors for inside sales.

Comments from around the circulation world:

- We were already inside and had racks at their locations – moving the outside racks will cost us a few sales.
- Not sure of the net affect yet. We had to remove all racks, but added 19 new stores we didn't have. We just removed the racks a couple of weeks ago and my sense is that after a couple of months of cycling the change we will end up net positive.
- Our sales positions remained the same.....we have six locations in the metro Wal-Mart's and sale over 500 papers in each store on Sunday. Nexus has helped us get into several locations in the state area. The downside is that they ask everyone to remove racks before we could get them inside. Nexxus was flooded with phone calls and would only reply by email. It is a slow process but hopefully we will be in the majority of the Wal-Mart's in the next few months
- We were already inside of Wal-Mart within our DMA. Outside of the DMA, we had racks outside and we had to remove all of them. We are in the process of placing racks inside of those Wal-Mart's also. We believe it will improve our sales position and increase sales.
- We were already in Wal-Mart's on Sundays in city/metro area but not daily. It helped us go inside all Wal-Mart's daily and Sunday. There were a number of Wal-Mart's in the state area that we were not inside nor had an outside rack - we have now moved inside a lot of our State Wal-Mart's and have seen an increase in sales being inside on Sunday.
- We have two super Wal-Marts in our NDM and were forced to remove not only our paid racks but also our other racks where we distributed several niche publications as well as our TMC. That hurt sales for 5 weeks, the time frame it took Nexxus to get us set up as a SBT (scan based trader). Now we have magnetic wire newspaper holders at every checkout inside Wal-Mart and sales are just now starting to come-back. In the long run this will be a good thing - but was painful for a month or so to see those sales go away. Our next challenge is the free distribution aspect now that Wal-Mart has gone into the world of offering "free classifieds" on their web site - the world keeps throwing us lemons, we just have to be creative enough to continue to turn them into lemonade.
- Our Wal-Mart rack sales locations were no better on the average than our Wal-Mart in-store sales locations. I'd say it will be a wash or we will be a little ahead when all has settled down. We used to be at each check-out lane (in a couple of stores) we did much better but we haven't had that arrangement for some time. We were booted a couple of years ago from the check-outs to racks at each entrance. We were already at every store in some way or another so we won't gain any locations. Overall, I think it will be better this way.
- It actually allowed us to get inside on the daily side where we had a few stores holding out on us. In general this will affect revenue more than volume since it is all pay-by-scan.
- We made the move 3 months ago and have had no issues. We are receiving our checks every 2 weeks and have a good relationship with our local store manager. They moved all vending machines from the outside front of the stores to help eliminate clutter and control theft. We are still at each register inside.



Our mission is to simplify the way you manage and sell newspapers by providing a single access point between you and multiple newspaper vendors.

And reports on the negative side:

- We have had to move our outside racks. It might allow us to go into a couple that we are not in but who likes paying a 3rd party to do what we already do?
- We had both inside and outside locations but had to remove our racks from outside that were selling about 40% of the total volume. Our racks inside are selling good but have not picked up enough to make up for the losses we experienced when we removed the outside racks.
- We were informed on a Monday that we had to have our outside racks off the property by Friday and that inside sales would begin. We were not inside any of the 3 locations and had less than one day to get our barcode approved to start. Had we not been overly aggressive in this, we would have had to wait an additional 2 weeks to sell inside! We are preparing some POP (Point of purchase) material in an effort to increase rack visibility. We tried to get some locations in the pre-check out areas and that request stopped as soon as it was asked. Our DAILY sales have dropped 40% since this move and we don't see them improving, Sunday sales had increased slightly the first Sunday but have decreased since then. I appreciate Nexus' intervention in this move, but they certainly dropped the ball with location (if they in fact had anything to do with it).
- This program is a disaster. We must fight this kind of enemy to the newspaper business! Our rights and freedoms assured by the Constitution for access to the public is in question and it is not good for newspapers or readers! Nexus is not a friend to the newspaper business!

While some felt the Nexus group was part of the problem in getting the switch made in a timely manner, most felt in the long run the change would be good. Several mentioned concern over scan payments and ABC reporting. A quick look at the ABC website produced these guidelines for SBT and the item is not on the newspaper rules agenda:

Currently, there are two ways to account for net paid circulation from retailers using SBT. (scan based trader).

1. If traditional in and out reports are used to physically account for the draw and returns, a newspaper may claim the net (Draw - Returns) as paid circulation.

2. If the newspaper relies on the SBT results to determine the net sale, such a report may be used. There is no allowance for any SBT inaccuracies.

The number for ABC is 847-605-0909

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