

Your magazine at Retail

A Publisher's view

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Who are we?

- Steve – NZ GM - DAI Rubicon / DAI Post, ACP, NZ Magazines, G&G, Network Distributors.
- Paul – Commercial Manager - Fairfax Magazines, ACP, Haymarket UK
- Regular insights from retailers, publishers and distributors



Agenda

- Your distributor relationship
- Allocations – getting the basics right
- Getting the most from Analysis & Reporting
- The challenges facing your distributor – Retailer and general business pressures
- Promotional opportunities- Retail and Non-Retail
- Maximising promotional effectiveness
- Doing business outside of New Zealand
- Key Out-Takes



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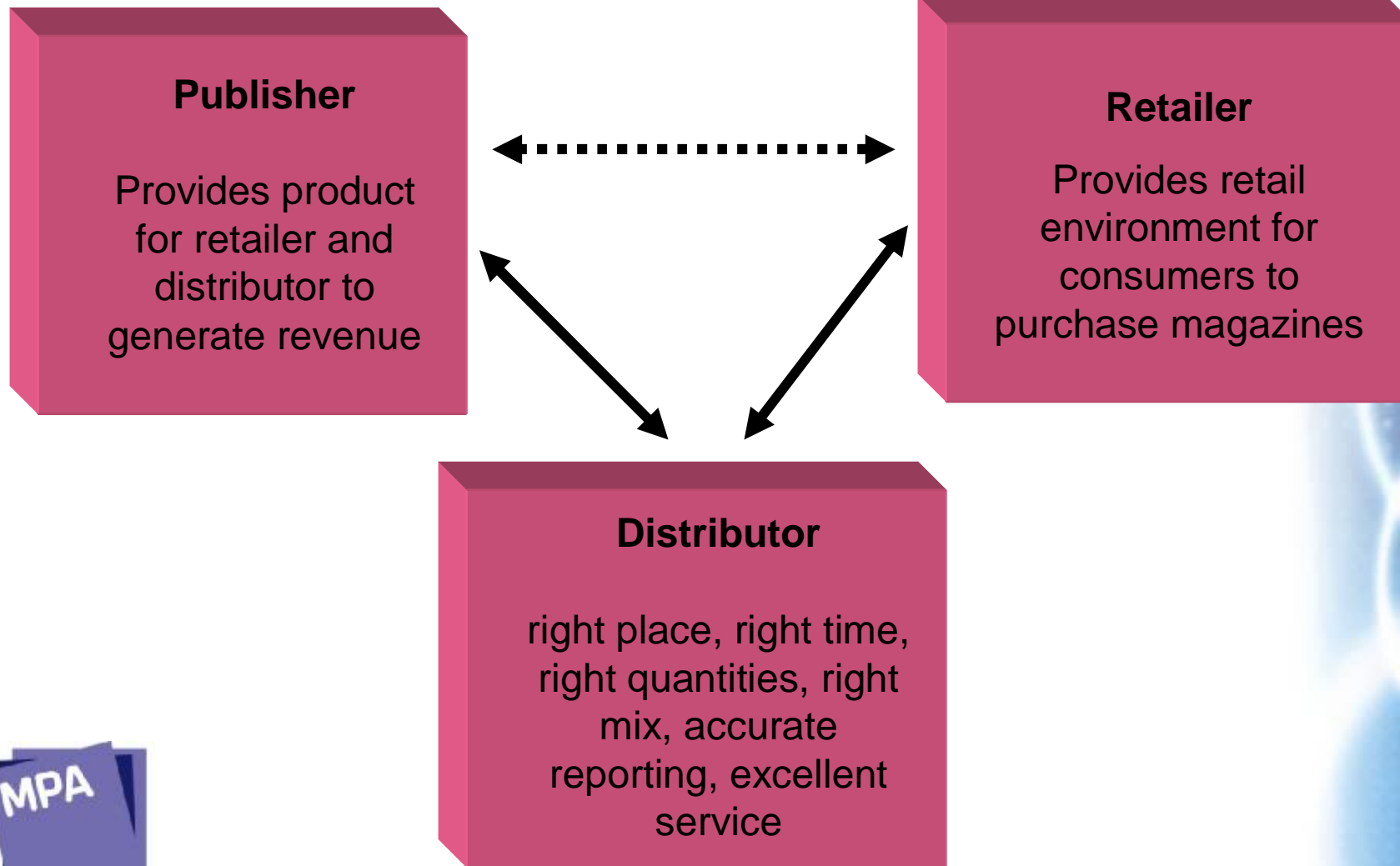
Getting the most from your distributor



Getting the most from your Distributor



Magazine distribution Partnership



Getting the most from your Distributor

Publishers obligations to distributor

- Communicate
 - Brand attributes
 - Reader vision
 - Role/position in retail category
 - Marketing and promotional plans
- Establish
 - Expectations of distributor
 - Distributor empowerment (funds)



Establish your KPI's

- Sales expectation
- Number of outlets you are distributed into
- Exposure in different channels
- Efficiency rates
- Stores that matter – close to advertisers etc/..



Be realistic



Distributors obligations to Publisher

- You have a requirement for **information** from your **distributor**.
- Some areas you will know from the outset;
 - Allocations profile
 - On-sale achievement, recall dates, payment dates
 - Merchandising
 - Market reaction
 - Sales estimates
- Some details you will not know you require until you are further into the publishing process;
 - Competitor information
 - Ranging / de-ranging
 - Promotional opportunities



Two way dialogue

- From the **outset** you need to establish a regular program of two way communication. Otherwise, both the publisher and distributor will be operating on the back foot, rather than being able to enhance the business.
- Have realistic expectations of retailer access



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Allocations

How much to put where ?



Retail - Allocations



Allocations

- Your distributor has two levels of retail information to work with – data from barcodes scanned by the 'key accounts', and data from returns made by individual stores.
- While you may see estimate reporting based on scanned data, this is generally not at store level detail, so is used for predicting the sale of an **issue**.



Allocations

- The allocations that a store receives will be based on their **returns history**. The average sale over recent issues will be used to calculate a supply number, with note taken of the highest sale, so that the supply allows a retailer to reach their maximum sale, with minimum wastage.
- Because the process is based on returns, the system is always one issue in arrears, and can only predict based on returns received.



Allocations

- Your distribution parameters will also affect the allocations.
- The tighter you want your efficiency, the more stores will occasionally sell out - the more outlets you require to be seen in, the harder it is to be efficient.
- If you are on checkouts, the distributor has to give more copies to each one of those stores, so individual checkouts are not empty in your last week of on-sale.



Allocations

- Different phases in your publishing will help determine your efficiency targets. If you are in launch or re-launch phase, then you need extra copies in circulation that allow visibility. You also have to allow for a differing sales pattern as you drive consumers to **their** regular store, rather than to where the magazine has most stock.
- If you are promoting, you need extra copies where you are directing the demand. If it is a single channel, then allow extra stock to take the best advantage of your activities.



Allocations

- Find out how your allocations are done. Is it fully computerised? Is there manual intervention?
- It is fundamental to your business, and it will save you a lot of angst if you know the potential and limitations of how many copies are delivered to a shop.



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Getting the most from Analysis & Reporting

What do you need ?

What can help ?



Getting the most from Analysis & Reporting



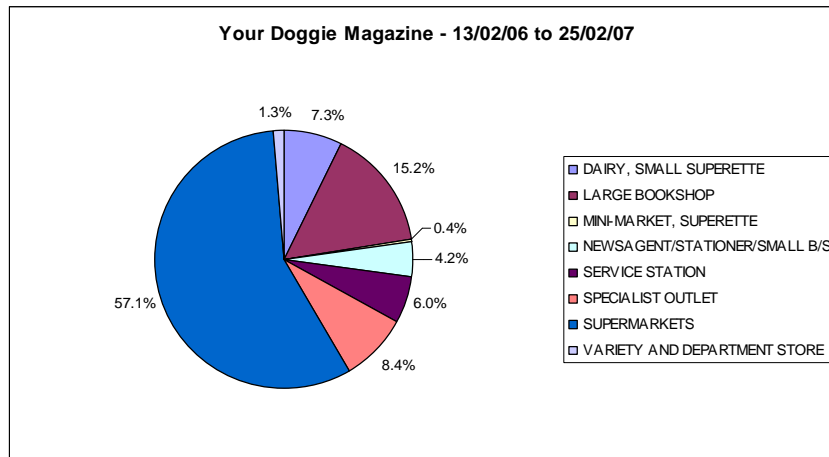
Analysis and reporting – what do you need ?

- Robust internal set-up that captures raw retail performance and enables you to manage the long-term flow of information on sales
- Basics from the distributor
 - Basic Publication reports
 - Sprint data
 - Retail footprint/store penetration
 - Category, retailer, and market intelligence



Basic Publication report - Closed issues sales and efficiency by retail channel and geographic area with some form of % growth indicator

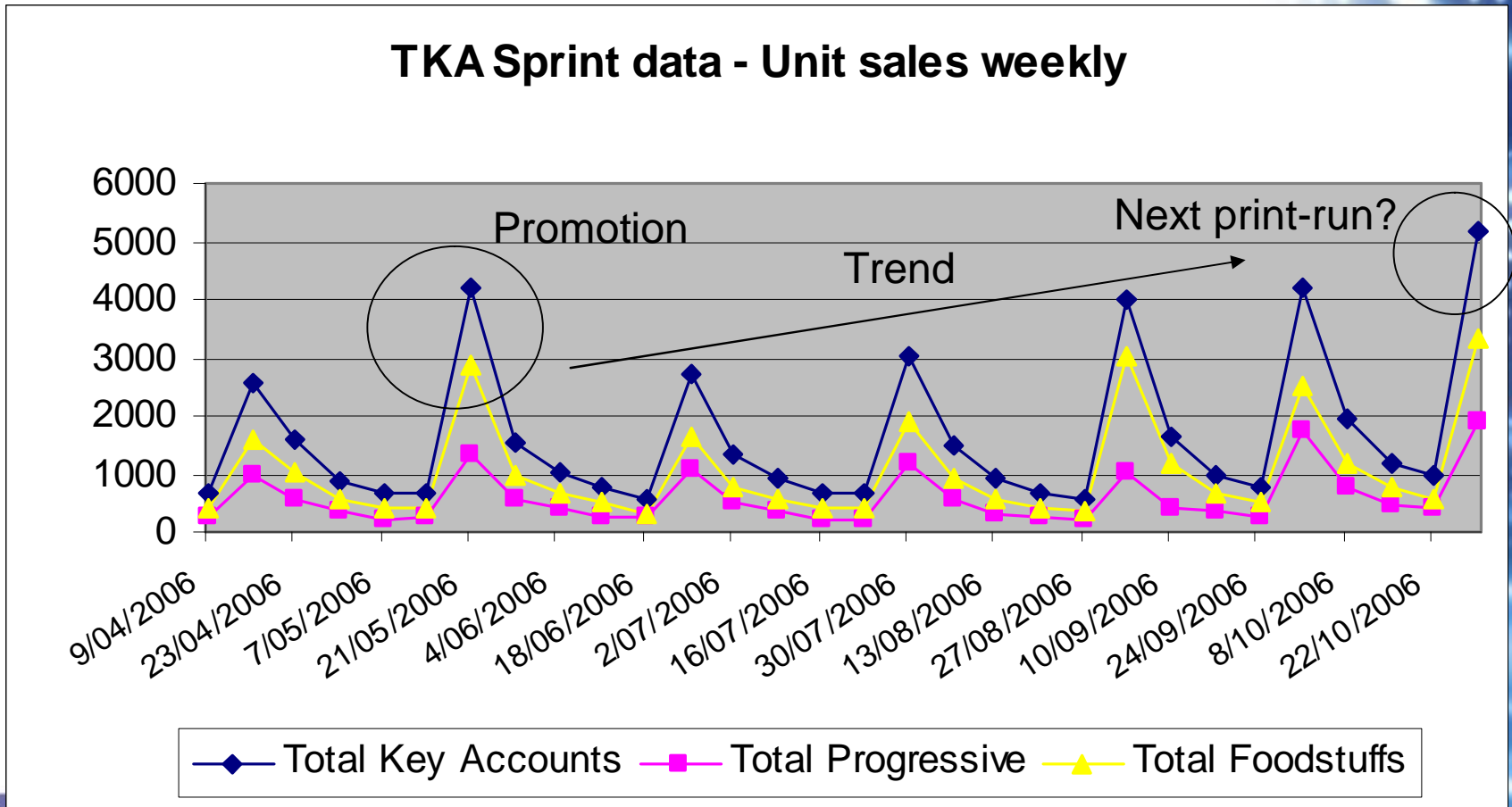
Outlet Class Desc	14/02/05 to 12/02/06	13/02/06 to 25/02/07	% Change
DAIRY, SMALL SUPERETTE	11,861	11,411	-3.79%
LARGE BOOKSHOP	23,553	23,900	1.47%
MINI-MARKET, SUPERETTE	636	648	1.89%
NEWSAGENT/STATIONER/SMALL B/S	6,861	6,656	-2.99%
SERVICE STATION	12,529	9,455	-24.54%
SPECIALIST OUTLET	13,113	13,197	0.64%
SUPERMARKETS	81,534	89,729	10.05%
VARIETY AND DEPARTMENT STORE	5,714	2,034	-64.40%



Getting the most from Analysis & Reporting

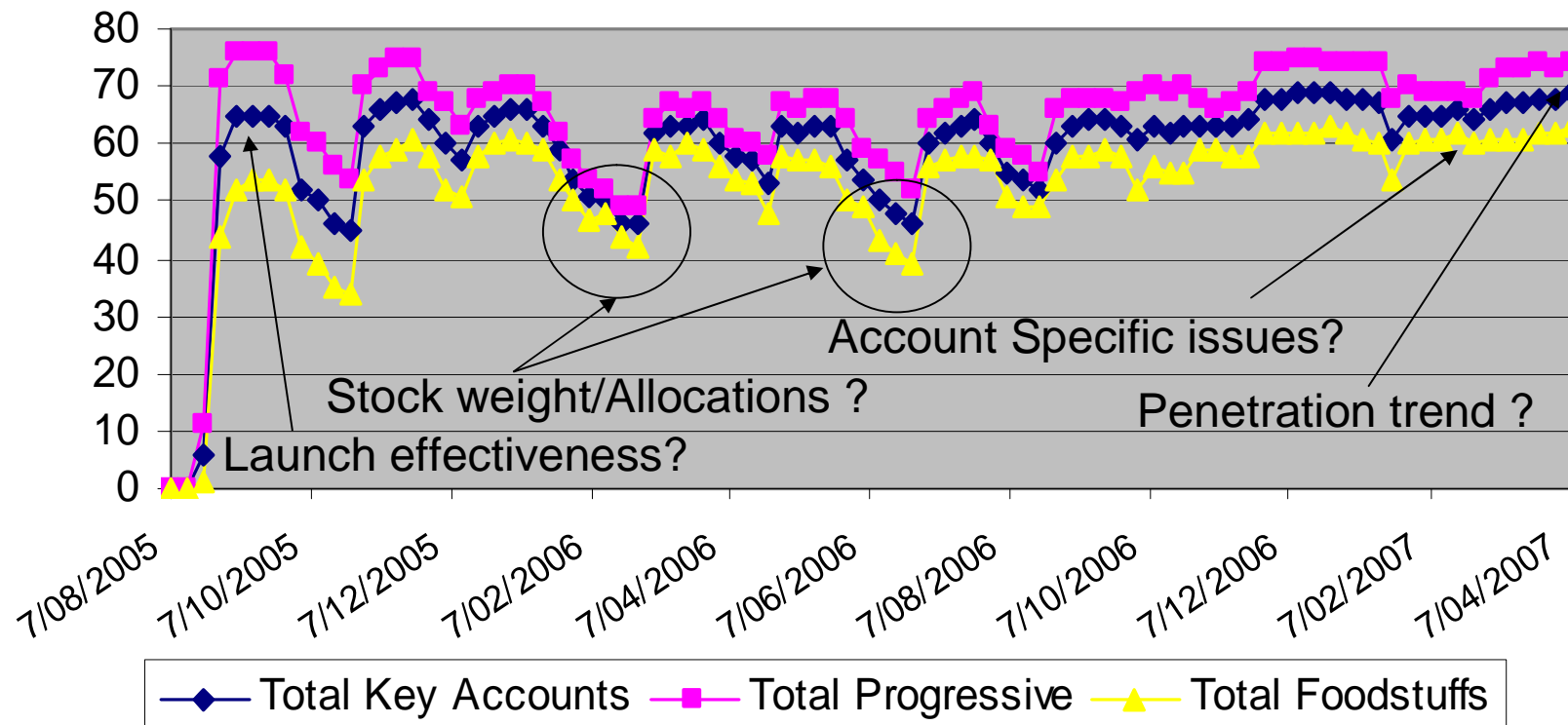
Sprint data – for supermarket sales only - provide first sight of sale within 2 weeks of on-sale, helps determine promo effectiveness and requirements as well as an input into print-runs

TKA Sprint data - Unit sales weekly



Retail footprint/store penetration - backed-up with numeric distribution measure from Supermarket or Oil company scan data

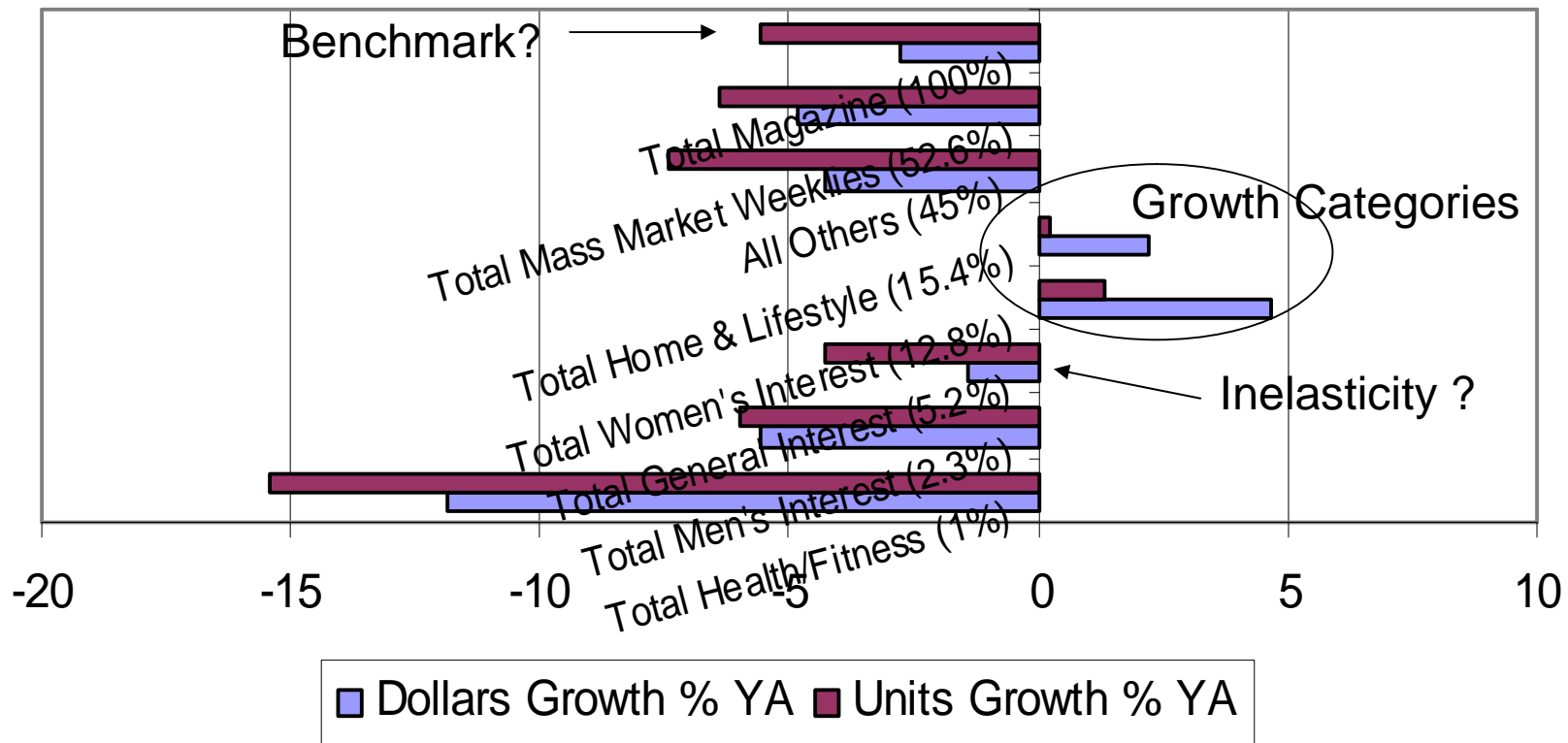
Supermarket Numeric distribution measurement



Category, retailer, competitive-set, promotion and individual product performance measurement

From scan data purchased by distributors (mostly Aztec)

Supermarkets - Sub-Category \$ and Unit Growth - MAT to 12 Sept 10 V's MAT YA



The challenges facing your Distributor

Retailer and general business
pressures



Retailers constantly challenge the resources they put into the magazine category

- Compete for mainline and off-location space with space with all other categories in the store (recently reduced in Australia)
- Compete for Supermarket and book-store check-out space with confectionery, Beverages, Ice cream, and promotional space (effecting Countdown, Pak 'N Save, Whitcoulls)
- Magazines seen as labour intensive through merchandising and returns processing -Real margin perceived and calculated as less than 25%
- 25% margin on volume lines is no longer a high margin and Sale or Return now commonplace business practice across many categories



Retailers constantly challenge the resources they put into the magazine category cont/..

- Pressure to reduce category costs - cost reduction methodologies such as reduced ranges, EDI, Pay on Scan, JIT delivery
- Pressure to enhance margin – Rebates, Co-Op, space payment
- Pressure to have high frequency channel specific promotional activity to enhance retailers brand credentials



Pressures on distributors cost lines

- Constant Technology development
- Greater category management costs and competition – Planogramms, range review methodologies, fight for small advantages
- More sophisticated publishers
- Rising freight costs



Promotional opportunities- Non-Retail and Retail

Non-Retail promotions that drive
retail

Retail Promotions



Non-Retail Promotions - How can it positively affect retail?

- PR - TV, radio, other media. Magazine launches are news! Create “special” issues to generate buzz
- Advertising – in your own magazines (and others!)
- Sampling (and response!)
- Billboards and Street posters
- Sponsorship and Events
- Online, email, text, social networking and viral campaigns



3 broad areas for retailer focused Promotions

1. Display

Bins
Isle-ends
Windows
Posters
Rack-cards

2. Display & offer

Store Loyalty programmes
Price discounts
2 for 1 bundles
Store specific tip-ons
Goodie Bags

3. Display & offer & Co-Op

Inclusion in flyers
Inclusion on retailer DM
Driver for fuller distribution

If you have a great idea that you can show will drive sales and specific retailer profits then talk to the retailer – in most cases they will want to talk to you !



Maximising your promotional effectiveness

- When undertaking a promotion at retail level, step back and think of the other possible **linkages** you can undertake. Some of the simple ones are...
 - **Advertisers** – can you incorporate an element into the promotion that helps one of your advertisers?
 - **Retail Partners** – Will this lead to better relationships and enhanced opportunities?
 - **On-Line** – drive to your site, capture and engage?
 - **Fit with overall plan?**
 - **How can I generate a subscriber ?**



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Maximising Promotional ROI



Maximising Promotional ROI



Maximising ROI

- Just as you plan the execution of a promotion, plan the investment, and what is required as a return.
- Look at the promotion **holistically**, so that you achieve as much as possible from your effort. Look at your ROI in the same way.
- For example, your ROI may well be...



Maximising ROI

- Costs;
 - Run on costs of extra magazines supplied, and any special processes
 - Promotional prize
 - Costs with retailer
 - Promotional advertising (outside retailer)
 - DM to subscribers
 - Text or social networking costs
 - On-line set-up
 - Re-contact costs for subscriptions, and acquisition costs



Maximising ROI

- Return;
(Tangible)
 - Revenue from extra sales in retail channel
 - Retained additional sales
 - Revenue from additional subscriptions
 - Advertising revenue (in-mag and on-line)



Maximising ROI

- Return;
(Semi Tangible)
 - Potential for increased readership and circulation
 - Opportunity to sell subscriptions
 - Lifetime value multiplier for subscriber revenue gained
 - Potential for better channel penetration
 - Increased relationship with retailer, advertiser, promo partner
 - Increased relationship with customers



The best ROI?

- Your accountant and publisher will look to see if you have an adequate ROI – did your investment return value in a financial sense.
- Your real opportunity is to work with the relationships you have established, and keep using the **learning's** from the promotion to increase the downstream benefits.



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Doing business outside of New Zealand

Thinking Global



Global thinking



Outside New Zealand

- Your publishing strategy for non-domestic sales may be quite different to the local market.
- Australia is our closest market, where a large number of New Zealand titles circulate, some with an Australian edition. There are two major distributors, and the retail 'challenges' are similar to here.



Outside New Zealand

- The publishing challenge is also similar – understanding the market, getting good reporting, and making a profit.
- This is further exacerbated as you go further afield, with the US, Asia and Europe. Generally, it is a case of using the best path to market, rather than a 'one stop shop'.



Outside New Zealand

- Your ROI from offshore markets may entail a mixture of revenue streams.
- Often subscriptions can be a more profitable form of overseas sale, so your retail sales may be a breakeven support for selling subscriptions, and underpinning advertising sales, (both in the magazine, and for e-commerce).



Outside New Zealand

- If you build sufficient quantities, there are a number of options open to you;
- Taking advantage of the best **freight options** to get your subs and retail copies to market
- **Postal lodgment** opportunities, often direct into the destination country, for both cost saving and speed to market
- Printing a **separate edition**, possibly offshore, with some pages changed to appeal to the market
- Specific **advertising** changeouts



Outside New Zealand

- A couple of relevant examples of publishers who have used their offshore markets as part of their strategy are **Fairfax Magazines** and **Trends Publishing**.



Outside New Zealand

- If you are distributing overseas, make sure it is part of your overall publishing strategy, not just a expansion for the sake of it. Treat it like every other part of your business, with expectations for costs and a return on your time and money investment.



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Key Out-takes



Key Out-takes



Key Out-Takes

- Be realistic with your distributor, treat them as a business partner, understand the retail market
- Remember the basics of allocations, your initial building blocks
- Use the data environment to gain insights for your business
- Maximise promotional elements
- Use external markets for revenue
- Know your true ROI
- Don't underestimate the importance of investing in help (MPA, publishers, distributors, external suppliers)



Key Out-Takes

