

Blanch, Belinda

From: Dennis Robertson <rosewater.na@bigpond.com>
Sent: Saturday, 28 March 2015 9:52 AM
To: Adjudication
Subject: A91472 - magazine publishers of Aust submission

Follow Up Flag: Forwarded to HR & DH - LP 30/3
Flag Status: Flagged

Categories: Submission

Dear Hannah Ransom,

As a South Australian Distribution Newsagent who has been heavily engaged in the magazine category over the past 12 years, I would like to make the following comments in relation to the Magazine Publishers of Australia's Application.

I have copied (in the form of an image) in some of the written application and then made my comments underneath each. I am hoping this will be an easy way for you to understand what I am saying.

in order to limit the cash flow issues associated with the 'sale or return' mode many newsagents are engaging in indiscriminate early returns, sometimes without even offering the product for sale. Optimising supply and addressing cash flow issues will enable newsagents to implement more effective marketing and sales techniques for the magazine category.

Newsagents becoming more engaged in the magazine category will result in better category management and improved access to titles for consumers.

It is utterly incorrect to say that I engage in indiscriminate early returns. The fact is I very carefully choose which magazines to early return.

The criteria I use is to identify magazines that I have previously cancelled orders for because I have tried many, many times to sell them, to the large number of subagents I service, to no avail.

What Bauer and Gordon & Gotch do then is to indiscriminately re-instate orders (that I have cancelled) after a small period of time has elapsed. It is those magazines that I return immediately upon receipt. I am compelled to do this because to not do so is to be completely overwhelmed in both unsaleable stock volumes and financial cash flow issues.

The fact is that I already supply sales based figures to the Publishers via Network and Gordon & Gotch on a daily basis, so they have the data under existing arrangements, but choose to ignore it to the detriment of my business. It is a non-sense for their application to say that as a result of the pilot study that Newsagents will be enabled to implement more effective marketing and sales techniques. That is not the issue at all. I already provide a huge variety of magazines to consumers in my area, the fact is there are some titles that just don't sell and some categories that struggle due to the demographics of the area. It is my business to know this and I have learnt the 'hard way' by putting all titles received 'out there' for consumers in my area to decide. Over the years, I have learnt which magazine titles just don't sell and I have cancelled orders for them. The problem is Bauer & Gotch ignore my expertise and electronic sales data provided to

them by continuing to supply me with magazines that consumers in my zone will not buy. My point here is that consumers are very well looked after in my area.

So what we have currently is an ongoing series of cycles of grossly inefficient and financially harmful practices that is perpetuated by the Distributors of magazines. The reason for doing this is of course as you are aware, because they are paid per copy distributed. I say ongoing, because I am constantly and actively working their orders website in a vain attempt to cancel unsellable magazines, and have to do so again and again for the very same magazines. That is what takes up my time, more so than sending the 'bloody things' back as early returns.

The really important point here is that there is no need for the unnecessary expense of a pilot study, the existing system of sales based data is available to the Distributors right now. Concerns are that they want to make it so that early returns are not possible so that they enjoy a further financial windfall (vastly increased positive cash-flow situation) to the detriment of Newsagents. Certainly the duopoly of Coles and Woolworths do not have to contend with such negative practices.

The MPA submits that the proposed Code of Conduct will result in improvement in the commercial viability of newsagencies, by reducing business costs while increasing magazine sales. It will also assist the consumer by helping to ensure that the magazines that they are seeking are being offered for sale at their local newsagent.

Arresting the current decline in the newsagency channel will assist magazine publishers by maintaining or increasing sales through this sales channel and therefore assist with maintaining the viability of hard copy magazine publications.

The MPA submits that the public benefits of the proposed Code of Conduct can only be realised if the Pilot is first conducted. Therefore the public benefits of the Code of Conduct apply equally to the Pilot.

I would submit that the reason for Distribution Newsagents handing back magazine deliveries to the major distributors and some Retail Newsagencies opting out of magazines and both early returning is because of the inefficient and financially harmful practices of the major distributors.

Therefore I would contend it is in the Public interest to have Major Distributors cease the practice of loading up Newsagents with unwanted and unsaleable magazine titles.

From Annexure B of their definition of the rules – Part 2
4. Early Returns

A Distributor will not be required to accept Early Returns from Retailers, except where such Early Return is made by a Retailer to correct an error in allocations quantity.

If it is the intention of Publishers to have no early returns included in their 'Code of Conduct', then that will have a devastating impact upon Newsagents and consumers as delivery rounds are handed back to the major distributors as magazines become even less viable. This would have a devastating impact upon Consumers.

7. Maximum shelf life

A Distributor will ensure that the On-sale Period for an Issue does not exceed twelve weeks unless at least two of the following are applied to the Issue:

a) Delayed billing, being a process whereby the distributor invoices the newsagent one month after the initial on sale date if the on sale period for that Issue exceeds 12 weeks. Invoicing would then be delayed a further month for each additional month the Issue is on sale;

Delayed billing is a non-sense and does not help the Newsagent nor the consumer. This is because delayed billing is almost always associated with highly specialised or niche titles. If it doesn't sell, then no amount of delayed billing will assist. I will point out that I will always on-sell a new title magazine to sub-agents if I am provided with it.

All delayed billing does is unnecessarily complicate the invoicing process. It doesn't help the Publisher, the Newsagent nor the Consumer, so why is it forced upon Newsagents.

Thanking you

Dennis Robertson

ROSEWATER NEWSAGENCY

Phone (08) 8240 4242

Fax (08) 8240 0580

Helen Mobile [REDACTED]

Dennis Mobile [REDACTED]

<mailto:rosewater.na@bigpond.com>