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From: Glenorchy Officesmart <admin@glenorchyofficesmart.com.au>
Sent: Tuesday, 31 March 2015 2:00 PM
To: Adjudication
Subject: A91472 - magazine publishers of Aust submission

Categories: Submission

Hello,

For the MPA to say and I quote “many Newsagents are engaging in indiscriminate early returns” displays a total lack of understanding of the magazine distribution system in Australia.

Distributors currently receive, regardless of the Point of Sale System, sales and returns figures via an industry standard platform (XchangeIT). All major distributors receive this data from newsagents.

All distributors choice to ignore this data.

Currently the distributors are paid on what they distribute, not what they sell. Newsagents are left to handle and process returns to the distributors. If early returns are not part of the model, we will be substantially worse off financially. Many magazines do not sell and would be taken off the shelves waiting to be returned. There is only so much space we can allocate to magazines, especially given the low margin on the product.

The majors have a financial incentive to send out as much stock as possible to as many newsagents as possible. Really, they don't care if it doesn't sell, they are paid by the publisher regardless – to distribute and handle any unsold copies.

I can see NO public benefit in the proposed Pilot.

The majors have the data, they know the sales but continue on the path to oblivion.

Why can't Newsagents set their supply requirements, as I believe does:

- 1 Coles
- 2 Woolworths
- 3 Coles Express P&C
- 4 Woolworths Petrol P&C
- 5 7 eleven
- 6 OTR stores
- 7 and probably many others

The simple reason is – the majors have setup separate divisions to handle non Newsagent clients, this is always their OUT clause – oh it's another division!

Early Returns.

Any decision along the lines of “a Distributor will not be required to accept Early Returns from Retailers” displays such lack of understanding of the market – as I said earlier we do not OWN the retail space allocated to magazines. The result of this will be to REDUCE the number of magazine outlets. In the simplest terms, when I

say to a retailer sorry the big company in Sydney said you can't early return – most likely result will be I am asked to remove all magazines and give a credit immediately and lose the client.

Where's the public benefit in that? BUT, what it will do, is concentrate the hold Coles etc have on the market.

If the majors used the data we send them, none of us would be wasting our time on this.

This saga really has been going on for 25 years plus.

This pilot in my opinion will do nothing to change the current situation to a fairer solution. If it were to go further, given a voluntary acceptance by newsagents I believe they would have a very low uptake.

A new model is needed, not a further return to the distributors being able to tell newsagents what they must stock and for how long.

Thanks, I am available for further discussion if needed.

Dean Young

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