Blanch, Belinda

From: Ransom, Hannah
Sent: Thursday, 2 April 2015 1:38 PM
To: Ransom, Hannah
Subject: Attention Hannah Ransom - A91472 – magazine publishers of Aust submission [SEC=UNCLASSIFIED]

From: Bill Wareham [mailto:ttpnewsplus@adam.com.au]
Sent: Thursday, 2 April 2015 12:58 PM
To: Ransom, Hannah
Subject: RE: Attention Hannah Ransom - A91472 – magazine publishers of Aust submission [SEC=UNCLASSIFIED]

Hannah,
I would like to add to my previous submission by putting some facts behind the issue of over supply of magazines in my news agency.

In 2014 I was sent a total of 1,680 titles and 54,481 magazines from the 3 magazine distributors:
- The top 468 titles represented 90% of my sales at a sales efficiency rate of 67%.
- The bottom 10% of my sales were made up from 1,212 titles at a sales efficiency rate of 34%
- A total of 304 titles recorded zero sales.
- In total I returned over 21,000 magazines.

Quite simply the sales efficiency rates proposed are ridiculous, for example I can be sent 400% of my sales on these slow sellers under the new terms.

It is this long tail of inefficient selling magazines, many with lengthy shelf-lives, that is strangling the industries cash-flow. This cash-flow pressure is then felt across other suppliers in the industry with a blow out in the days outstanding of their terms. Talk with the greeting card companies and ask them if they are paid in the same timely fashion that the magazine distributors are paid. No, because there is no constant threat to stop supply.

My news agency has a total of 750 display pockets. The top titles have multiple pocket display facings. If our ability to early return is removed this unsolicited product would remain in my store at my cost for the shelf life of the product. For example many of the zero sales come from the Aust Womens Weekly cookbooks. These cookbooks are often found discounted in other outlets outside our channel, yet they are sent to us with a 2 year shelf life.

If the MPA were serious about this issue they would utilise two of the best assets at their disposal. Our daily scan data and our individual market intelligence. With the internet access now available we should have the final control on our allocations, if so desired within a set time frame.

When the magazine industry was deregulated in 1999, the cream of the sales were distributed among other retailers. I have no issue with that, I just have an issue that I am unable to compete on the same terms as the supermarkets and convenience outlets.

What we need is the ability to set our own range and our own level of supply, in return for forgoing the ability to early return.

The magazine category is does not compete with other categories in our stores. Every dollar diverted from over supply of magazines to greeting cards gives me an increase in return on investment of 262% per year.

I am happy to add this to the public record.

Regards
Bill Wareham.