



## A Guide To The Newstrade

## Introduction

In today's fast-moving and highly competitive world of magazine publishing, getting your magazines on the newsstand in the right place at the right time to maximise sales is an increasingly complex business.

Even before you can get the retailers' attention, there are numerous facets to the supply chain that you need to consider – and the all-important route to market requires an increasingly sophisticated and high-tech approach.

Which is where we can help you. Intermedia Brand Marketing Ltd is the UK's leading provider of fully integrated circulation marketing and distribution solutions. Our absolute dedication to quality of service has ensured continuous growth in size and reputation and our one-stop-shop business model offers everything you need to reach and grow your total audience.

Our expert team has a wealth of experience in the industry and provide comprehensive solutions tailored to your needs. We are a forward looking company who embrace the modern media landscape and deliver cost-effective solutions without compromising on quality.

## The Newstrade

To sell your magazine to the public via the newstrade, you need to secure the support of Wholesalers, Independent newsagents and Retail Multiple Group outlets. For the majority of publishers, particularly those new to our trade, it is not practical or advisable to attempt this without the help of a Distributor given the timescales and volumes of contacts involved.

Intermedia are specialists in this field, and in conjunction with our partnership with Time Inc UK, we have significant influence across both the wholesale and retail landscape. Put very simply, we allow our clients to do what they do best, which is publishing exciting and successful magazine brands. Our job is to connect those brands with consumers in the most efficient, reliable and cost-effective ways.

## The Magazine Market

The consumer magazine market consists of more than 3500 titles, generating approximately £1.9bn annual retail sales revenue. The market is both dynamic and fiercely competitive.

Every year, there are more than 1000 proposed new magazine launches of which as few as one in three makes it to publication and the newsstand. Launching a magazine is a highly competitive business, and sustaining it even more so: of approximately 350 new titles which are launched each year, only half become established magazines.

The pressure on shelf space for magazines at retail is a continuing challenge which has led to many retailers restricting their ranges to include only the most profitable titles for their customer base. Pressure on magazine space is also coming from other categories such as chilled drinks and confectionery. Our job as the circulation marketing arm of your business, is to ensure we understand your consumer and get the best possible fit with the right retail groups.

In addition to pressure on space, many retail groups also set stringent availability and unsolds targets and it is incumbent on us therefore to manage the balance between the supply levels required by the retailer to achieve optimum availability levels and the sales efficiencies of your product.

## The Trade

The magazine distribution chain consists of five levels from Publisher through Distributor, Wholesaler, Retailer and Consumer for UK and six levels for export.



## Wholesalers

There are two wholesale groups in the UK, who operate a network of branches (wholesale houses) around the United Kingdom, who in turn, supply retailers within specified postal code territories.

The wholesalers supply all retailers who sell magazines, of which there are circa 53,000 retailers in total, 25,000 owned by retail multiple chains with the remainder independently owned.



MD – 44.5% share of Marketforce Business  
\* Includes EMND

SN 55% share of Marketforce business

Independent 0.5% share of Marketforce Business

- Jersey Distribution
- Le Gallez -Guernsey
- G White – Isle of Man

- 28 depots, reduced from 72 in 2006
- Locations now service between 1000-10,000 retail outlets
- Simplification of primary distribution
- More marketing complexities

## Launch Planning

The more advance planning that you do for your launch, the better the chances are that it will be a successful one. It is useful to talk to us at an early stage in the planning for guidance and advice which may help prevent costly mistakes in the long run. Ideally, a well planned launch will take twelve weeks to implement, although dependent on the scale of the launch, this lead time can be considerably shorter. With a monthly title, your print order is normally confirmed three weeks prior to the on sale date. On a time sensitive weekly, this confirmation period is reduced to as little as one week.

## Target Market

It is extremely important that you have a clear idea of who the magazine is aimed at: age, sex, social class, and other distinguishing factors.

If you are planning a specialist magazine, you need to decide at what level the magazine will be pitched: beginners, intermediates, or experts. All of the sales people who represent your title must have this information to enable them to market your title effectively.

Your magazine is likely to be bought by a small percentage of your target market. If you are aiming at a very wide and general market (for example Women's Weeklies) it must be remembered that your expected handling take-up will be very small indeed.

## Retail Availability

As there are more than 53,000 retail outlets, it is not realistic for a magazine to be on sale in every outlet. This would merely result in unnecessary and costly waste. Also most of the multiple groups centrally plan their title range and will only allow their branches to handle a quota of the top-selling titles.

It is therefore our aim to get each magazine into the right outlets, in the optimum quantities, in time for the scheduled on-sale period – effectively managing the supply of copies to ensure optimum availability and penetration within the confinement of agreed sales efficiencies.

Our Retail Sales team start presenting to the major retail group buyers as soon as all the detail has been consolidated. Although no retail chain has a dominant share of the marketplace, a negative response from one of the key high street chains could present problems when sales activity commences with the wholesale head offices and affect future sales of both specialist and general interest titles.

## Retail Availability (Cont'd)

The Retail Sales team will negotiate with the retail multiple buyers to make sure that every magazine which meets its buying criteria is stocked by that retail multiple group. For example, a magazine may be accepted if it exceeds the minimum retail revenue set by the retailer. If not, it may be possible to prove that a magazine will sell particularly well in that group if its readership profile closely matches the retailer's customer profile.

Our team also make use of the extensive wholesale marketing systems to ensure that each magazine is distributed to those outlets where it has the best chance of selling. This is often achieved by profiling the title against comparable magazines in the same sector.

## Promotional Support

All magazines need to have some retail promotional support to give the title an extra boost during the launch period. There are many different promotional vehicles available and each retail group has its own special schemes.

Examples of these might be a preferred shelf position, a guaranteed number of facings, a specially mounted acrylic unit or a shelftalker – a long narrow card positioned under the display. Retail promotions are paid for by the publisher and prices vary enormously from group to group.

At peak times such as spring and autumn the most popular schemes can get booked up six months in advance, so forward planning is the key.

Buyers see many new products each day and it is vitally important that the information and materials that are supplied are of the very highest quality to make sure your title stands out.

In addition, provide details of:

- the target market
- cover price
- publishing frequency
- sales objectives and editorial positioning
- Promotional activity to support the launch

Intermedia will work with you to collate such information and ensure this is packaged appropriately to achieve the desired agreements with the retailers.

## Targeting the Wholesalers

Once the retail agreements have been secured, Intermedia will construct a target distribution figure for each wholesaler taking into account retail group allocations, the sales profiles of other publications aimed at a similar target audience and regional and seasonal variations.

Once the supply figure is set, the allocation process is run to ensure each wholesale branch has the relevant number of copies to supply the retailers within their respective postal coded territory. This is both a complex and sophisticated process, but one which is key to ensure that ultimately copies are distributed to those outlets to fulfil the agreements that have been reached whilst at the same time place copies in stores with the greatest propensity to sell.

The allocation process culminates in a print order that we will supply to you in order that you may liaise with your printer to place the final print order, taking into account subscription copies, and commence the print process.

The printer is required to pack in stock bundles (a fixed number of copies which should be agreed between the publisher, Intermedia and printer) and 'odds' parcels (parcels containing fewer copies than stock bundles). The inclusion of advertisement or editorial inserts or covermounted gifts may require extra time to be built into the printing schedule.

## Physical Distribution

Most publishers negotiate with their printers to ship copies to the distribution hub. Intermedia operates three hubs in the UK – Dunstable, Leeds and Gloucester. The receiving hub is typically the one closest to your printer. Thereafter Intermedia arranges for copies to be distributed to the wholesale network. Carriage costs from the warehouse to the wholesaler are calculated on a tonnage basis.

Magazines can go on sale on any day or date chosen by the publisher (with the exception of weekly titles which typically have a set day of the week as an on sale date) but it is wise to discuss and agree your choice with us prior to finalising. We liaise with the publisher and their printer, agreeing a distribution plan to make the magazine available for sale in accordance with the publisher's needs. Publishing schedules must be provided in advance and strictly adhered to. Late publishing can have a detrimental effect on both sales and cash flow.

## Launch promotion

The more effectively any target market is informed about a new magazine, the better the chance that a planned sales level will be achieved for the first issue, and, therefore, the higher the eventual sales level will be. A percentage of purchasers of the first issue will decide that the publication does not satisfy their needs and will not become regular readers. It is therefore important that the number of copies out in the marketplace is high enough to permit a satisfactory level of sampling.

As set out in the Retail Promotion section, expenditure on promotion should be considered a real investment for the future success of any new magazine. Large amounts of money have to be spent to reach mass audiences.

Promotion can still be effective at more modest levels and the amount that you need to spend is heavily dependent upon the market you are aiming to reach. It is worth bearing in mind that the newstrade is extremely unlikely to accept a title without a supporting consumer spend.

After launch, most titles need to promote regularly to stimulate sales growth and to compete with rival publications. As a guideline, a monthly title might promote between four and six issues each year.

## Monitoring sales

After all the time and effort put into launching a new magazine, the publisher will undoubtedly want to find out how sales are performing as soon as possible. Information on sales can be obtained in a variety of ways.

Epos (Electronic point of sale) information can be used to determine an early sales pattern. This is data gathered from a number of the retail multiple groups during the on sale group and, as long as the title is stocked within these groups, can be used as a sample of the national picture. Prior to off sale, forecasting mechanisms are used by our Marketing team to provide the Publisher with accurate sales estimates. Sales are usually final 28 days after off sale, providing all wholesalers have claimed for their unsold copies.

If sales of your publication are heavily dependent upon a particular outlet type, you may be wise to consider in-store merchandising as an additional means of safeguarding your title's performance.

This could involve setting up special displays, topping up outlets which have sold out or checking that retail schemes are in operation.



## Average performance of launch issues

Of those regular frequency titles that stay the course, the average net sale of the first issue is typically 50 per cent of the supply. 'One Shots' perform less well averaging a 45 per cent sell-through. The average settle down sale of a monthly magazine is 60 per cent of the net sale of issue one. Magazines normally establish a sales pattern within the first six issues.

## Sale or return

A new title can only be launched on a sale or return basis and most publications remain SoR for the duration of their lifecycle.

Unsold copies are not returned to the publisher. Sales are validated through the audit trail systems administered at wholesale and the returned copies are wasted. Sales are normally finalised 28 days after the off-sale of a magazine.

## Export

By the time a British publication reaches the export territory, its identity has changed. It is now an imported product and therefore more specialised.

Due to the various import costs, it will have a premium price compared to local product in the same sector. In order to test the price sensitivity, reduced local selling price tests can be set up to help the imported title compete head-to-head with local titles.

## Export (Cont'd)

Many territories operate to much lower sales efficiencies than in the UK and net sales of 30 per cent may be the norm. As a guide, an established export title would achieve an average of 50 per cent sales.

Copies reach their destination either by air or sea and this affects how quickly titles become available in each territory and also how quickly final sales figures can be provided. It can still take six months to get returns claims from Australia and New Zealand.

Some overseas agents have 'paid for' in-store promotions available to UK publishers costing as little as £50 or as much as £10,000. Tailor-made promotions using point of sale material can also be arranged. Agents occasionally arrange generic promotions in their markets which include a range of different titles.

## Terms, structures and payment

The cover price is split roughly as follows between the different links in the selling chain:

Retailer/Wholesaler .....	45%
Publisher/Distributor .....	55%

The distributor will negotiate with the publisher to determine the percentage of the cover price to be remitted. The following factors will influence the remit level:

- potential copy sales
- cover price
- frequency
- the cost of carriage

## Launch Countdown

Intermedia follows a step by step plan, based around the proposed on sale date of the new or re-launched magazine. This plan will be fully discussed and implemented by Intermedia and our publishing clients ideally 14 weeks before on sale:

- **14 weeks before on sale**

The Publisher provides Intermedia with a full briefing on the proposed new product, including the magazine's title, its position within the market, the budget available for retail activity, and the specifications (frequency, size, pagination).

- **13 weeks before on sale**

Intermedia discuss the detail of the launch and the product objectives with you, in order to create a selling-in document for the Retail Sales team.

The document identifies key retail groups appropriate for this title, the total budget available and wherever possible a dummy copy of the magazine. This will enable the supermarkets and major Retail Multiple Groups to make buying decisions about your new product, and determine where it will be available for sale to the public.

A similar document is also given to the International team if the new title is to be available for export from launch.

- **6 weeks before on sale**

Results of the retail sell-in process are fed back to you and plans finalised before the supply and copy allocation process begins.

- **4 weeks before on sale**

Intermedia will supply you with the newstrade print order in order that you can confirm the required volumes with your printer. The Print Order Statement will detail newstrade, export, frees and warehouse balance orders where appropriate.

- **4 working days before on sale**

Copies to arrive at the distribution hub no later than 8am for onward distribution to each wholesale branch. Wholesalers pack and distribute to each individual retailer to meet the day of sale.

## Publisher Checklist

To help the Intermedia do the best job it can, consider the following areas:

- target market
- comparative publications
- cover price
- frequency
- pagination
- format and size
- seasonality
- obtaining a barcode
- editorial/advertising ratio
- colour/mono ratio
- is the magazine time-sensitive?
- how many copies can you afford to print?
- how many copies do you need to sell?
- what promotional activity will support the launch?
- how saturated is the market?
- what segment of the market are you targeting?
- who is your target consumer?
- what market research have you conducted?

## Useful Websites

Intermedia - [www.inter-media.co.uk](http://www.inter-media.co.uk)

Intermedia Solutions – [www.inter-mediasolutions.co.uk](http://www.inter-mediasolutions.co.uk)

Periodical Publishers Association – [www.ppa.co.uk](http://www.ppa.co.uk)

Association of Newspaper and Magazine Wholesalers – [www.anmw.co.uk](http://www.anmw.co.uk)

ABC (Audited Bureau of Circulation) – [www.abc.org.uk](http://www.abc.org.uk)