

Uncovering Newsstand's Hidden Possibilities

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At MagNet, we see significant opportunities for publishers to improve their newsstand sales and profitability. We observe them every day in our data. From our perspective, newsstand is not dead or even on life support. Sure the current system that is in place to move the needle at retail is somewhat frustrating and not very efficient for either the suppliers or the wholesalers. In many cases, there can be plenty of

"MagNet data is a very important tool in Hearst's ongoing initiative to work together with wholesalers to optimize our distribution and sales, and is a staple in our efforts to improve efficiency."

*Doug Serafin, Director of Newsstand Planning,
Hearst Corporation*

effort but little results to show for it. Wholesalers and suppliers aren't always looking at the same data when discussing opportunities or suppliers may only analyze title data looking for sales prospects when scheduled to do so as part of their supplier agreements. Therefore, in many cases opportunities to increase sales or reduce the costs of wasted copies go unrecognized for many months at a time.

It is incredible how many copies are printed but never distributed, or copies placed in stores that will never sell them. Just managing that aspect of publisher profitability – PP&D costs – can quickly turn an unprofitable title at newsstand into a very profitable one. Unfortunately, in many cases neither publishers nor their national distributors have timely data at their disposal to quickly notice the wasted copies and make the necessary changes to reduce print orders on the next

issue, or move the copies and place them where they can be better utilized. The capability for circulators to manage their profitability from a bottom up approach, determining store allocations rolled up by wholesaler and then combined to establish publisher print orders using timely information exists through the MagNet system.

We are also amazed at the number of unrealized sales opportunities. We see countless titles selling in many retail locations in high quantities where better competitive titles, that are authorized, aren't even on distribution in the same stores! Of course, we have the advantage of looking at these opportunities in one central database that includes all of the Canadian wholesaler information and nearly 100% of the US wholesalers' informa-

tion. Since MagNet receives weekly feeds of data from all of these wholesalers, which is loaded nightly into our business intelligence and data mining tools, we see a timely global view of all of this information, which really magnifies the number of opportunities that truly exist. Overlaying this knowledge with other informational resources such as POS data, authorized lists, planograms, pocket counts, benchmarking reports, etc, all available in the MagNet systems, provides circulators who are interested in taking a proactive approach to improving their newsstand profitability with all of the tools they need to be successful.

The old model of wholesalers accepting all requests for distribution additions and

changes is transitioning to a more advanced wholesaler model using detailed analyses and a deeper review of industry trends.

Wholesalers have a better handle on title profitability than ever before and use more sophisticated category management tools to improve their bottom line. The major MagNet members, who represent about 90% of the US market, also utilize the MagNet system as part of their category management arsenal. We provide them with information and data mining tools that aren't available in their own computer systems. Working together, our clients and members can reinvent the current antiquated model of allocation and distribution negotiations by discussing problems and opportunities accessing the same eighty web based reports through the MagNet system that are available 24/7.

The single copy sales business is continually evolving, which in many cases makes it more difficult for profitability in this channel to be maximized. But by taking advantage of available resources... technology, data mining tools, advanced analyses and timely consolidated data, and using distribution guidelines negotiated with and acceptable to the wholesalers, circulators can discover the many hidden opportunities that exist at retail.

"The growth of our relationship with MagNet indicates our excitement to be among the first publishers to embrace all the industry resources available at MagNet – we look forward to working together to execute our key initiatives and strategically manage our business for the future." (Alpha Media recently signed an Enhanced Services Agreement with MagNet)

Ben Madden, Publisher, Alpha Media Group

Here are some examples of reports that provide critical information to suppliers in a timely manner to help them manage their business:

User: Ray Shaw - MagNet

Wholesaler Range of Sale - 1 Title - Totals

MAGNET

Bipad Title: Title Name (00000)

Issues Selected: 2010-04 (4 wks Offs)(OnS:03/16/2010), 2010-03 (8 wks Offs)(OnS:02/16/2010), 2010-02 (12 wks Offs)(OnS:01/19/2010)

Stock Account: Exclude

Issue Code	On Sale Date	Off Sale Date	Draw	Sale	Eff	Tot. Dealer
2010-02	1/19/10	2/16/10	274,582	93,343	34.0%	37,596
2010-03	2/16/10	3/16/10	283,877	105,727	37.2%	39,541
2010-04	3/16/10	4/13/10	280,356	125,042	44.6%	39,542
Summary			279,605	108,037	38.6%	42,582.0

Bucket Label	Draw	Sale	Sale Eff %	Tot. Dealers	Draw Share by Bucket	Sale Share by Bucket	Per Dealer Draw	Per Dealer Sale
<=0	4,528	-5,969	-131.8%	1,734	1.5%	-5.4%	2.6	-3.4
0 < 49	29,764	993	3.3%	7,080	10.1%	0.9%	4.2	0.1
5 <= 1	16,793	2,883	17.2%	4,575	5.7%	2.6%	3.7	0.8
<= 2	47,973	14,730	30.7%	11,490	16.4%	13.3%	4.2	1.3
<= 4	64,346	28,521	44.3%	10,906	21.9%	25.8%	5.9	2.6
<= 7	41,810	21,275	50.9%	4,289	14.3%	19.3%	9.7	5.0
<= 10	21,122	9,388	44.4%	1,167	7.2%	8.5%	18.1	8.0
<= 15	12,646	6,464	51.1%	551	4.3%	5.9%	23.0	11.7
<= 20	6,775	3,436	50.7%	202	2.3%	3.1%	33.5	17.0
20+	47,502	28,715	60.4%	588	16.2%	26.0%	80.8	48.8
Summary	293,260	110,435	37.7%	42,582				

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Bucket Report

This report provides a publisher with timely draw/sale information segmented by sales range to isolate copies that are being wasted. The information in this report is updated daily. In this example there are over 33,000 copies (over 11% of total draw) per issue being distributed that result in very few sales on average over three issues, across nearly 9,000 dealers. Also, this report depicts where high volume stores are potentially under allocated compared to the average sales efficiency.

Target Efficiency Report

Withholding and premature returns are a major source of unnecessary cost in any publisher's profit model. The Target Efficiency Report is a tool that has several values. Automating this report to run each week will allow a supplier to track both of these efficiency thieves. This report is at the title and issue level, but the user can drill down to the agency and store level to see where the premature returns are being produced. Note in this example that over 100,000 copies have been returned on an issue with still two weeks on sale. The second value to this report comes from its' name "Target Efficiency". The business intelligence on which this report is built allows the user to set an "efficiency trigger". If sales efficiency falls below the target the report will automatically run and be emailed to the user.

One Title Draw Sale - Target Efficiency

User: Ray Shaw - MagNet
 Title: Title Name (00000)
 Target Efficiency: .3
 Weeks Of Sale: Between -15 and 102
 Stock Accounts: Exclude



Title Name (00000)

Issue Code	On Sale Date	Wks Off Sale	Draw	Sale	Eff	Dealer Count	Agency Count
2010-05	4/20/10	-2	961,903	858,701	89.3%	77,046	73
2010-04	3/16/10	3	977,138	483,000	49.4%	77,054	73
2010-03	2/9/10	8	1,026,658	469,203	45.7%	76,162	73
2010-02	12/22/09	13	1,191,660	601,510	50.5%	77,422	68
2009-12	11/17/09	20	1,005,442	429,077	42.7%	76,814	72
2009-11	10/20/09	25	986,320	351,035	35.6%	78,557	73
2009-10	9/15/09	29	999,672	331,610	33.2%	78,873	73
2009-09	8/18/09	34	1,015,178	381,758	37.6%	78,947	73
2009-08	6/30/09	38	1,167,558	545,810	46.7%	79,273	72
2009-06	5/26/09	45	993,399	410,776	41.4%	76,773	72

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"MagNet data has reshaped our entire business and instantly paid for itself by reducing copy waste, increasing sales efficiencies and improving our execution with promotions. All of these improvements were expected however, the biggest surprise with MagNet is instant credibility in the marketplace and the improved working relationship with our newsstand partners, wholesalers, retailers and our national distributor."

Nick Singh, VP Circulation & Operations, Beckett Media, LLC

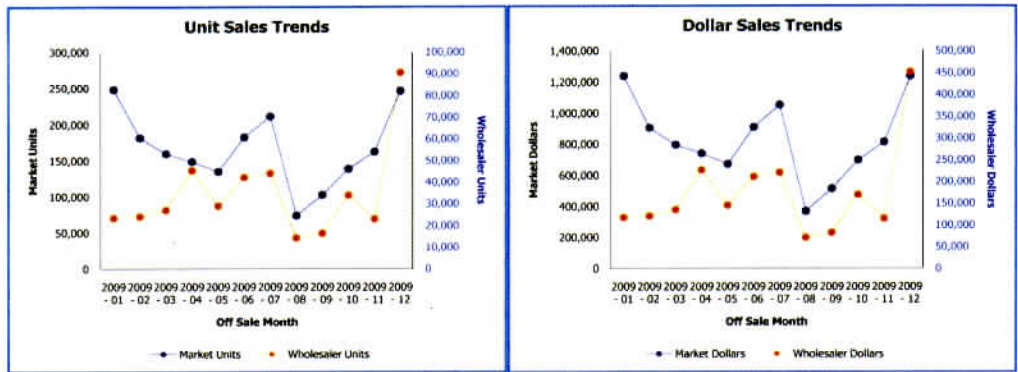
Benchmarking Reports

The MagNet benchmarking reports are a valuable measurement tool for suppliers to ascertain how their wholesalers are performing as well as how a publisher's titles are performing against their competition at the chain level. Our benchmarking reports provide the user with the opportunity to compare information across many dimensions.

Benchmark Report (Wholesaler)



Off Sale Months 2009 - 12, 2009 - 11, 2009 - 10, 2009 - 09, 2009 - 08, 2009 - 07, 2009 - 06, 2009 - 05, 2009 - 04, 2009 - 03, 2009 - 02, 2009 - 01
 Bipad: Title Name (00000)



Off Sale Month	Wholesaler Units	Wholesaler Dollars	Whislr \$ Sales %	Market Units	Market Dollars	Market \$ Sales %
2009 - 07	44,056	\$219,839	20.9%	210,998	\$1,052,880	79.1%
2009 - 08	14,145	\$70,584	19.2%	73,747	\$367,998	80.8%
2009 - 09	16,410	\$81,886	15.9%	102,386	\$514,172	84.1%
2009 - 10	33,965	\$169,485	24.3%	138,416	\$697,637	75.7%
2009 - 11	22,924	\$114,391	14.1%	161,942	\$813,701	85.9%
2009 - 12	90,418	\$451,186	36.4%	246,202	\$1,238,237	63.6%
Max	90,418	\$451,186	36.4%	246,202	\$1,238,237	63.6%
Min	14,145	\$70,584	9.4%	73,747	\$367,998	63.6%
Avg	36,986	\$184,562	20.5%	155,615	\$780,771	79.5%
% Δ	286.6%	286.6%		-0.8%	-0.1%	

* % Δ is the percent change between the first and last time periods.
 Note: Market Units/\$ includes selected Wholesaler(s) in the totals

User: Ray Shaw - MagNet

Distribution Opportunity - Wholesaler HQ



	Title	Min Avg	Selected Issues
Primary :	Target Title		2010-21 (0 wks Offs)(OnS:05/17/2010)
Comp 1 :	Title 1 (00000)	4	2010-17 (4 wks Offs)(OnS:04/19/2010), 2010-16 (5 wks Offs)(OnS:04/12/2010), 2010-15 (6 wks Offs)(OnS:04/05/2010)
Comp 2 :	Title 2 (00000)	5	2010-18 (4 wks Offs)(OnS:04/23/2010), 2010-17 (5 wks Offs)(OnS:04/16/2010), 2010-16 (6 wks Offs)(OnS:04/09/2010)
Comp 3 :	Title 3 (00000)	3	2010-04 (4 wks Offs)(OnS:03/30/2010), 2010-03 (8 wks Offs)(OnS:03/02/2010), 2010-02 (12 wks Offs)

Wholesaler Group	Store Cnt	Comp 1: Title 1 (00000)				Comp 2: Title 2 (00000)				Comp 3: Title 3 (00000)			
		Draw	Sale	Eff	Store Cnt	Draw	Sale	Eff	Store Cnt	Draw	Sale	Eff	Store Cnt
Benjamin News	19	296	99	33.7%	14	940	276	29.3%	19				0
Hudson HQ	856	9,512	4,861	51.1%	593	14,866	9,979	67.1%	756	6,597	2,239	33.9%	465
Independent - CAN	87	992	347	35.0%	51	2,020	940	46.5%	81				0
Independent - US	492	4,493	1,995	44.4%	342	6,681	2,556	38.3%	348	2,154	1,159	53.8%	198
Ingram Periodicals	40	104	61	58.8%	24	205	143	69.9%	29	193	140	72.4%	32
Media Solutions	44	430	134	31.2%	43	650	200	30.8%	44	213	139	65.3%	41
Select Media	17				0	133	116	87.2%	17				0
Source Interlink	1,576	21,629	6,239	28.8%	1,412	23,920	9,323	39.0%	1,479	19,659	10,854	55.2%	1,295
The News Group - LLP	1,434	15,307	3,826	25.0%	1,010	17,298	6,191	35.8%	1,192	10,129	4,576	45.2%	877
The News Group Canada	165	718	446	62.2%	113	1,816	1,166	64.2%	147				0
Summary	4,730	53,481	18,009	33.7%	3,602	68,528	30,890	45.1%	4,112	###	19,107	49.1%	2,908

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Opportunity Report

Today's circulator is challenged to quickly identify distribution opportunities that are real. The business intelligence surrounding the MagNet Opportunity Report identifies retail locations that sell competing titles with minimum sale requirements established by the supplier where the supplier's titles aren't even on distribution. MagNet members and our clients use this report regularly to identify distribution and sales opportunities.

"MagNet's data and systems are second to none. The ease to which you can build a report and generate the output is amazing. I use the system on a daily basis to retrieve information pertaining to the many aspects of my job, from promotional reviews to authorization decisions. We see more trading partners using the MagNet data and reports. We can easily download their distribution requests into our operational system with no manual intervention, making the entire process effortless. Having MagNet data at my fingertips has improved my analytic arsenal exponentially. I would recommend the data to anyone who wants to become more informed about their publication's performance at newsstand."

Ingrid Jakabcsin, Vice President National Purchasing, The News Group