



NFRN
Federation of Independent Retailers

Q&A Regarding Egmont Publishing Trial

Egmont Publishing is currently running a trial that changes the way in which two of its titles are sold at retail. The NFRN believes that if this pilot is extended it could result in a two tier system in which independents retailers are treated as second class yet are still bound by the same rules and costs structure.

Information regarding the trial is currently limited but the following should help answer your initial questions. Further updates and details of how the NFRN is campaigning to oppose this decision will follow in due course.

Which magazines are involved? Lego Star Wars and Toxic are the two magazines involved in this trial. While Egmont publishes other titles none of these are involved in the pilot at this stage.

Which retailers will be affected? Independent retailers supplied by Menzies Wakefield and Smiths News Newcastle.

How will this trial work? This is a pilot trial that launched on September 5. The current issue of both titles will come off sale as normal in multiple retailers but these will stay on sale for longer in independent stores. With the next edition, supplies will be sent exclusively to supermarkets and multiple retailers and any copies they do not sell will be returned and re-distributed to independent retailers. This will be some four to six weeks after the on sale date in multiples. This is creating an unwanted two-tier magazine distribution system.

How does this affect customers of affected retailers? For the first time in the trading of magazines, different editions of the same title will be on sale in the different stores that customers shop in.

What does this mean? It is highly likely that the customer will only shop where the latest edition is only available - in this case in multiple retailers.

Why is Egmont doing this? - Egmont, together with magazine distributor Seymour, believes this will grow sales and also help save the planet from a reduction in the use of plastics. The NFRN contest this and have raised concerns on both matters. We are also concerned that the many redistribution tasks involved will be both cumbersome and costly.

What will the cover price be for these second hand products? At this stage this has not been confirmed and our investigations continue.

Will I get an improved trading margin for selling out of date titles? The NFRN has requested that this be considered but the answer we received was no.

What is the returns deadline for the second hand copies? A new off sale date will be given when you receive these copies and the normal returns processes will be in place.

Will the trial be rolled out to other locations and other titles? At the moment this is being trialled in two locations but if deemed successful by the supplier the intention is to roll this out. The NFRN is also concerned that other publishers could follow suit.

The NFRN is totally against any roll out and will oppose any other titles being included.

Do I have to stock the titles? There is an abundance of titles in this sector that retailers can choose from.

Can the NFRN help me choose what titles I need to stock to satisfy my customers' needs? Yes. Members should contact the Connect team for advice or to be put in touch with one of the Newspro team.

Why have the independents been targeted like this? Publishers supporting 'the bigger retailers' whilst the 'little ones' suffer, backs up everything the NFRN have been campaigning about over the past 100 years. Their arguments that the consumer will be happy with this, that it will help save the planet through a reduction in the use of single use plastics and that sales will grow are unproven. The NFRN believes in a level playing field and opposes this discrimination to favour one group of retailers over another.

Will these used copies be in a good condition? This is doubtful, having gone through a wholesale pack, delivery to the supermarkets, placed on shelf, taken off shelf, returned to the wholesaler, unpacked from other returns, had a new barcode placed on them, re-packed at wholesaler, then delivered to your store. We estimate this would mean that they will be handled at least 10 times.

What if I have orders for these titles and cannot supply them? Along with your customer, you can raise this directly with Egmont.

Egmont UK Ltd
First Floor
The Yellow Building
1 Nicholas Road
London W11 4AN

Tel: +44 (0) 203 220 0400
Fax: +44 (0) 203 220 0401

Who else can I contact? You may also want to have your say on this discrimination against independent retailers with Seymour Press, the Press Distribution Forum, the Professional Publishers Association or the trade press.

Seymour Press – 020 7429 4000

Professional Publishers' Association - 0207 400 7500

Press Distribution Forum - 0843 289 3967

RN – Telephone 020 7689 0600 or email marcello.perricone@newtrade.co.uk or letters@newtrade.co.uk.

Please let NFRN Connect know of any action that you take by telephoning 0800 121 6376 or emailing connect@nfrn.org.uk or tell your RDM.

I thought my wholesaler was supposed to look after my interests? The NFRN has contacted wholesalers for a response and has expressed concerns that this has happened without your knowledge or consent. The NFRN believes this breaches the terms and conditions of supply that you are forced to operate under and we are disgusted that there has been no communication from them.

Is this change legal? The NFRN is taking legal advice and will be discussing this move with the Competitions Market Authority (CMA) as it is yet further evidence of unfairness within the supply chain. The NFRN will also be writing to brand owners to make them aware.

What has the NFRN done to date to resist this move? Representations have been made to both Egmont and Seymour and we are demanding face to face meetings with them. Protests have been made to Smiths News and Menzies Distribution and we will continue to challenge them. Concerns will be raised with the Professional Publishers Association, the Press Distribution Forum and the owners of the Toxic and Lego Star Wars brands. We will update the CMA on this development. On Friday August 1 a press release was sent to the retail and news trade press condemning Egmont's actions (see below). We will keep the trade press updated on any future actions.

Press Release

7th September 2018

NFRN condemns Egmont for game changer that reduces independent news stockists to second class retailers

Comic publisher Egmont has been accused of reducing independent news stockists to second class retailers after launching a pilot scheme that sees two of its titles supplied to supermarkets first.

This week, all retailers were due to receive copies of Lego Star Wars and pre teen title Toxic. But from the next edition, supermarkets and multiple retailers who are served out of Menzies in Wakefield and Smiths News in Newcastle will be exclusively supplied with copies of these two titles first. Independent retailers in those areas will only receive their supply four weeks later and the copies they receive will be ones that have not sold in the larger stores and have been returned.

This trial was condemned at the NFRN's national council meeting in Leicester this week (September 4 and 5).

Addressing national councillors, NFRN National President Mike Mitchelson denounced the move as "hare-brained", adding that it would reduce independent news stockists to "second class retailers".

"Egmont and Seymour are looking at an experiment of putting copies into supermarkets exclusively and following the recall after four weeks distributing the returns to independent outlets. This is wrong and ludicrous and we should not be treated as second class retailers", Mr Mitchelson said.

Both Egmont and Seymour, who distribute the two titles, had been challenged by the NFRN and it would continue to make forceful representations to get the companies to think again, Mr Mitchelson continued.

Remonstrations would also be made to the Professional Publishers Association (PPA) and to the Press Distribution Forum (PDF) as the pilot represented a major shift in the way that magazines are distributed.

NFRN Head of News Brian Murphy added: "This is a real game changer. Egmont is actually discriminating against independent retailers and that is totally unacceptable.

"It could also have repercussions for consumers too as it's a well known fact that many comics are bought by mums and their children at their local independent store. As a result of this trial, consumers could unwittingly, but easily, buy the same edition twice. The independent retailer will then be the one who has to refund them.

"I'm sure that the CMA will be interested to hear of our concerns, especially about the negative impact this will have on the consumer."

Ends