

Subretailing plays an increasing part in the future of news

Is it a solution for you?

There are many retailers for whom the news category has reached an unprofitable level, and yet this proven footfall generating category can't simply be withdrawn because of the significant ancillary sales that may be lost as a result. If your news sales are below £150/week you **WILL** be losing money on the category

For many receiving a subretail supply is already the answer.

Subretailing could be right for you if?

1. **Your News sales are under £150 per week**
2. **You do not currently stock News but would like to**
3. **News is a very small part of your instore offer and you want it to be less onerous**

If you answer YES to any of the above, you should seriously consider going down the subretail route.

Even if your news supply is under £350 per week you may find moving to a sub retail supply , cheaper and less stressful than your current solution.

Benefits include:

- Retention of a must have footfall category
- A personal service
- Control over what you receive
- No more unwanted titles or goods
- Removal of administration tasks, releasing available time for other parts of your business
- Potentially greater profit

Approximately 5000 independent traders are thought to already receive news supply in this way.

Publishers and News Wholesalers have agreed to support subretailing



NFRN
Federation of Independent Retailers

Market conditions indicate a need for Subretailing

1. Retailers want the costs of distribution to be included in the cover price - suppliers continue to refuse to do this , yet continue to state that they are still below their cost recovery ceiling.
2. In a recent NFRN online survey 2,148 members expressed an interest in learning more about moving to a subretail solution.
3. Retailers remain incensed by annual carriage charges increases - These have increased 11% over the past 5 years.
4. The market continues to see significant copy sales decline, newspaper sales have fallen 39% in the last 5 years
5. High entry cost levels, onerous administration and deposit demands from wholesalers discourages new entrants to the News category
6. There are limited areas across the country where Passive selling opportunities are available, retailers in these areas have more than one supplier of news , paying a second if not a third carriage charge
7. Service standards are often less than desired, with no choice of news supplier, this is likely to further diminish



What should I expect ?

The beauty of a subretail supply is its adaptability. Whilst news wholesalers operate a rigid one size fits all approach for Independent traders, it is up to you to agree the terms of supply with your supplying retailer.

The table opposite shows a comparison of profit between a news wholesaler supply and a sub retail supply . NB this doesn't include staff time taken up in the administration of a traditional news supply which will be greatly reduced under a subretail solution.

Comparison of costs between Menzies Distribution supply and an average subretail supply						
	Weekly newspaper sales	approx profit	Weekly magazine sales	approx profit	*Weekly carriage charge	Weekly Profit /Loss
	£150.00	£32.00	£0.00	£0.00	£32.82	£0.82
Approximate Profit Based On Average Weekly Sub Retail Supply						
Weekly Newspaper sales	Discount (%)	approx profit	Your current Magazine sales	Discount (%)	approx profit	Profit/ Loss
£150.00	10	£15.00	£0.00	0	£0.00	£15.00

*Figures are based on 7 day supply, newspapers only and on assumptions of discounts offered by the supplying retailer. To insert your own figures you can access the table by following <https://nfrnonline.com/ready-reckoner-sub-retailing/>

What can I expect ?

- No deposit
- A timely delivery
- Only what you order
- Returns Collection
- Zero Delivery costs
- Approximately 10% discount off the RRP
- Full SOR
- Simple administration
- Mutually agreed payment terms

Solutions are varied and may include : vouchers redemption, pick up rather than drop off, a magazine and collectables supply.

A 10% discount off cover price model is commonplace

The supplying Retailer will usually offer a full SOR service



Interested ? –What you should do next.

Once you have decided that a sub retail supply is the direction you wish to take, you will need to locate a retailer who is willing to provide this service and reach an agreement with them on how it will work .

The most successful sub retail arrangements work best if you formalise this relationship with an agreement that both parties can call upon should there be a need.

An example of an agreement and more in depth advice on subretailing can be found at www.nfrnonline.com/subretailing

To locate a retailer offering this service

- Discuss with your colleagues who trade near to your store
- Use your local knowledge, approaching stores with larger news bills / news rounds
- Call NFRN Connect who via Store2Door may be able to locate somebody in your area



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CONNECT

Need more
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0800-121-6376



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