



January 27, 2010

Dear Newsagent,

### **Australia Day Hats Promotion**

To all participating newsagents in last Saturday's *Australia Day Hat* promotion, HWT wishes to apologise for the difficulties we created for newsagents and their staff by our failure to supply adequate supplies of the hats to satisfy customer demand. We understand that whilst the promotion was incredibly successful, too many customers were disappointed and newsagents were caught in the unenviable position of having to placate these customers. We thank you and your staff for dealing with the situation to the best of your ability.

A number of newsagents have requested extra stock of the hats to satisfy customer orders. Due to the lengthy turnaround time to have additional stock manufactured and delivered, we have decided not to produce any more stock and will therefore not be able to supply you with extra hats. Customers who are dissatisfied with this decision should be referred to HWT.

This Saturday the *Herald Sun* will be offering readers a free pedometer. Newsagents will recall that this promotion was very successful when it ran last year although many newsagents also experienced a shortfall in stock. Based on the feedback provided by newsagents at the conclusion of that promotion, we have increased the quantity of pedometers this year and are confident it is sufficient to satisfy demand.

HWT is also reviewing its approach to assessing stock quantities for future promotions. Where we have historical data to use as a basis for our ordering, we have been able to accurately predict demand. For first-time promotions however, we have been less successful predicting demand than we would have hoped. Certainly the *Australia Day Hat* promotion falls into this latter category.

In an effort to minimize the potential for undersupply of product for future promotions, we will naturally look to increasing the amount of stock we order. We will however, also consider extending the promotion to other retail channels i.e. supermarkets, convenience chains in order to minimize the impact of customers wishing to redeem the promotional item from newsagents, having purchased their newspaper elsewhere. For particular promotions we will also consider applying a small charge per item instead of it being free.

Thank you to those newsagents who have faxed us information on the time of day they ran out of hats on Saturday and the estimated shortfall in stock. This information will be invaluable should we decide to run a similar promotion next year.

Thank you again for your support of HWT promotions.

Yours sincerely,

Stephen Kaye  
CIRCULATION DIRECTOR