

Express Publications (EMG) announces increased newsagents commissions for trial period

EMG's recently announced initiative to have a maximum on sale period of 4 weeks for its titles and to schedule on sale dates for the first 2 weeks of the month where possible has been well received by newsagents. Feedback from a variety of sources has been very positive for our groundbreaking initiative which assists newsagents' cash flows.

As promised we have been working with Network Services to develop more initiatives to work closer with newsagents to seek positive outcomes for both sides. We will not be able to address and improve every issue simultaneously but by working together we believe we can start down the path towards a better model for all.

We are announcing today a range of initiatives aimed at forging a stronger link between EMG and newsagents.

1. A trial period of increased newsagents commissions (30% or 32.5%)
2. The appointment of a Director of Circulation.
3. A contact point to allow newsagents to communicate directly with EMG

1. Increased commission trial period

As an incentive which seeks to improve both newsagency, and our, profitability, we will be increasing newsagents commissions on all our titles for a trial period. Without an uplift in sales this will be a very expensive exercise for EMG however it is important for us to establish whether we have an issue with insufficient demand for our titles or an exposure / display issue. Coupled with our previously announced on sale period initiative our aim is to gain more support for our titles, increased display space, improved location of our titles where possible, and to increase copy sales. We are confident that we will obtain engagement from a majority of newsagents for this new groundbreaking initiative.

All EMG titles to be delivered to newsagents for on sale from 4th November 2011 to 30 December 2011 will have **increased commissions for newsagents.**

- Tier 1. The commission on our 16 top selling titles will be **increased from 25% to 30%** (equivalent to a 20% increase in commission)
- Tier 2. The commission on the remainder of our titles will be **increased from 25% to 32.5%** (equivalent to a 30% increase in commission)
- **We will not be automatically increasing supply quantities for these issues.** If a newsagent wishes to increase supply for any of our titles in those months they can go to netonline.com.au or contact us directly and we will process the increase. If a newsagent does not currently stock any of the titles they can also contact us and request supply.

- We will be **inserting a “Newsagent Put Away” request form** inside every increased commission title delivered in November and December to promote future sales, and traffic, at newsagents.
- We will not be increasing cover prices
- We will list all the titles to be delivered in November and December and the applicable increased commission for that title on our newsagent dedicated website, which will be launched next week.
- All titles delivered to newsagents in November and December will be clearly identified with the logos EMG30 or EMG32.5 to allow easy identification by newsagents of the higher commission titles

2. Director of Circulation

Keith Whittington, who has been with EMG for over 18 years, has been appointed Director of Circulation. His task will be to increase the opportunities for EMG titles in newsagents but also to work with the industry to build a sustainable model for the future.

3. Contact point for newsagents

We have set up a new email address for newsagents to contact EMG – circulation@emgroup.com.au This initiative will allow better communication and engagement with the newsagency channel particularly if newsagents wish to deal with EMG directly on any matter. Keith will ensure that a timely response will be given to all bona fide communications.

EMG has in recent times identified several disturbing trends in sales of our titles, in particular:

- some newsagents are carrying stock levels lower than their recent average sales
- we are experiencing high premature returns
- some newsagents have ceased stocking any of our titles.

We have been able to identify these trends because EMG has adopted a hands on approach to allocating supply of its titles.

To determine supply to newsagents **senior members of the EMG in house team have been conducting detailed analyses examining the allocation / sales history for every newsagent for every title** to set the allocation quantity for that newsagent for the next issue. We work closely with Network Services to ensure our titles are distributed efficiently Australia wide. It is not in our interest to oversupply agents because of the high cost of producing and distributing titles. **Our aim is to supply newsagents with sufficient quantities to achieve their average sales.**

During the trial period we will be monitoring supply, premature returns and sales results closely. Increased commissions across the full range of our titles are not sustainable unless we can evidence an uplift in the areas we will be monitoring. Evidence of significantly reduced premature returns and improved sales will allow us to roll out a permanent commission increase plan. We are committed to engaging with newsagents to improve the magazine category for both sides but we seek your support for the success of this trial.

After reviewing the results of the trial period we will share them with newsagents. We are hopeful that the results will be sufficiently positive to enable us to announce that these increases in commissions will be permanent and will be effective from March 2012 delivered titles.

In developing these new initiatives we have considered the challenges facing newsagents and the objectives we believe they wish to achieve as well as our own challenges and objectives. We acknowledge that newsagents' concerns include cash flow, oversupply, increasing costs (including rent) and too many titles. Our concerns include reduced display space for our titles, premature returns, reducing numbers of agents stocking our titles and declining sales.

You may not be aware that **EMG is the largest independent publisher of niche magazines in Australia**. We publish titles in 4WD, Caravanning, Craft, Homemaker, Gardening, Fishing, Motoring (cars) and Motorcycles. In the last financial year EMG titles sold over 4 million copies in newsagents.

EMG agrees with many in the newsagency sector who have identified that the availability of niche, special interest titles will be a major point of difference for newsagents to increase traffic into their stores. Our team at EMG is committed to continue publishing good value, quality, Australian magazines for newsagency buyers.

We look forward to your feedback at our new email address:
circulation@emgroup.com.au

Kind regards

Keith Whittington
Director of Circulation