



PRESS RELEASE

NEWS INTERNATIONAL SHOWS ITS CONTEMPT FOR ITS NEWSAGENTS

The increase in the cover price of the Sunday Times from £2 to £2.20 on September 19th should have provided a chance for retailers as well as the publisher to help cover their rapidly rising costs. The paper's last increase in cover price was about four years ago, and since then newsagents have seen a continual increase in their costs such as staffing and electricity. However, the publisher has slashed retailer percentage margins from 25% to 23.5%. News International is pocketing 18.3p of the price increase and allowing retailers only an extra 1.7p, rather than the 5p it that should have been their due if their percentage margin had been maintained. In effect, retailers are losing out on by 3.3p for each copy they sell. It does not sound a lot but is a significant amount over a trading year.

This squeeze is part of an unhealthy trend, with both the Sun and Daily Star showing reduced cash margins in recent months. It is particularly galling for newsagents in those parts of the country where News International uses a different distributor from the rest of the industry, thus landing the retailer with two sets of delivery charges and making the paper even less profitable, particularly for small outlets.

There is nothing to stop retailers selling the paper for more than the recommended retail price provided it is made clear what is being charged. This would need careful explaining to customers and is not an action to undertake lightly, but it is an option. We do also wonder whether the Tesco's of this world have allowed News International to roll them over in the same way as smaller outlets?

Ken Parsons, Chief Executive of the RSA, said, "This cavalier approach provides another telling argument for the Office for Fair Trading to revisit the whole newspaper distribution industry. In September 2009 the OFT did indicate that it would consider looking at it again in 2011 - this seems a "no brainer" from where we sit".

Notes for editors:

The Rural Shops Alliance (RSA) was formed in April 2001 and now represents over 7,200 independent retail members, employing some 40,700 staff. The RSA – a trade association with a difference – exists to be the campaigning voice of the independent rural retailer and the source for practical support particularly in terms of retail best practice. Many 'blue chip' and 'retail service' suppliers sponsor and partner the work of the RSA and help the organisation with category management and best retail.

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