DISTRIPRESS
THE WORLD OF PRINT AND DIGITAL DISTRIBUTION

Presse-Grosso
Bundesverband Deutscher Buch-, Zeitungs- und Zeitschriften-Grossisten e.V.

International Publishing Distribution Association

THE PRESS DISTRIBUTION NETWORK AND THE RIGHT TO THE INFORMATION BY EUROPEAN CITIZENS

Situation and options for the future

European Parliament

European Parliament
Brussels, July 9th 2018

PARTICIPANTS

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THE PRESS MARKET
General Situation

Carine Nevejans

1. **<u>Distribution issues are common to all countries, though distinct distribution models per country</u>**

⬇ in sales on both magazines and newspapers

⬇ in the number of points of sale

⬆ Competition via digital

➡ Fixed costs

➡ Tight pressure on margins

2. **This phenomenon is affecting all the actors in the Press Supply Chain**

- Publishers :
  Decrease in sales + decrease in advertising generating pressure on revenue

- Distributors :
  Lower volumes + decrease in sales = pressure on revenue for distributors realised mainly on coverprice ie No purchase / No money

- Retailers : ⬇revenue generated by press products both on newspapers and magazines

- Printers : ⬇revenue because of tight price negotiations with publishers and lower efficiency per title

3. **<u>As a consequence, all actors in the supply chain are undertaking drastic moves:</u>**

a. <u>Trying to tame the decline in revenue</u> :

- Publishers : ↗ Coverprice / stop titles
  ↓ New titles launches
  ↓ Promotional investment

- Distributors : ↓ number of titles distributed
  ↑ Other product lines

- Retailers : ↓ Shelf space for news and mags in stores
  ↑ Entry/listing costs for publishers

- Printers : ↑ Cost to print

→ Less choice of press for the consumer

3. **As a consequence all actors of supply chain are undertaking drastic moves :**

b. Investing in vast restructuring plans :
   - Publishers :
     - Lagardère Active in France selling flagship titles
     - Time Inc sold to Meridith in US
     - Haymarket in UK sold off most of its port~~o~~folio
   - Distributors :
     - Belgium : BePost buying AMP
     - Luxembourg + Switzerland : 7 Days Media buying MPK + Naville
     - UK : COMAG closure
   - Retailers :
     - Relay + Smith News targeting international development
     - Maison de la Presse sold to NAP in France
     - Supermarket representing generally over 30% of sales of newspapers and magazines.
   - Printers :
     - Concentration : Riccobono remaining alone as newspaper~~s~~ printer in France

3. **As a consequence all actors of supply chain are undertaking drastic moves :**

c. As a result supplies of press product are under significant pressure and might end :

- More expensive
- Less choice in the shops
- More difficult to be found due to decline in shop numbers

This scenario will happen if the only trigger for all the press supply chain members is the bottom line

Ex: UK and US markets

4. **Should the Press Sector be considered as a classical business sector ?**

- If nothing is undertaken this is what we will end up with.
- If we consider this industry is not only a « business driven » industry but as well a contributor to democracy then we should claim for a European approach providing European regulations with a view to enhance democracy

5. **Examples : Local government subsidies**

- Belgium : postage
- France : hand delivery
  - Portage
  - Print
  - Distribution : native market + export

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The Press Distribution Sector in Europe

- Situation and data about the Europe Press Distribution Sector
- Arguments that we consider relevant for the EU institutions support to this economic and professional network
- Proposals that present the Association for the EU institutions support to the sector

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Situation an data about the Press Distribution Sector in Europe

- Around 300.000 press points of sales in Europe
- Around 300 press distribution companies
- More than 1 million people is working nowadays in the press distribution sector in Europe

COUNTRY	GERMANY	FRANCE	ITALY	SPAIN	BELGIUM	PORTUGAL
POPULATION	82.800.000	67.024.000	60.589.000	46.529.000	11.400.000	10.309.000
POINTS OF SALE	108.000	38.000	29.500	21.100	5.100	7.800
INHABITANTS / PoS	766	1.763	2.053	2.205	2.325	1.321
NATIONAL DISTRIBUTORS	4	2	4	5		1
LOCAL DISTRIBUTORS	49	66	69	87		

Source: IPDA – International Publishing Distribution Association

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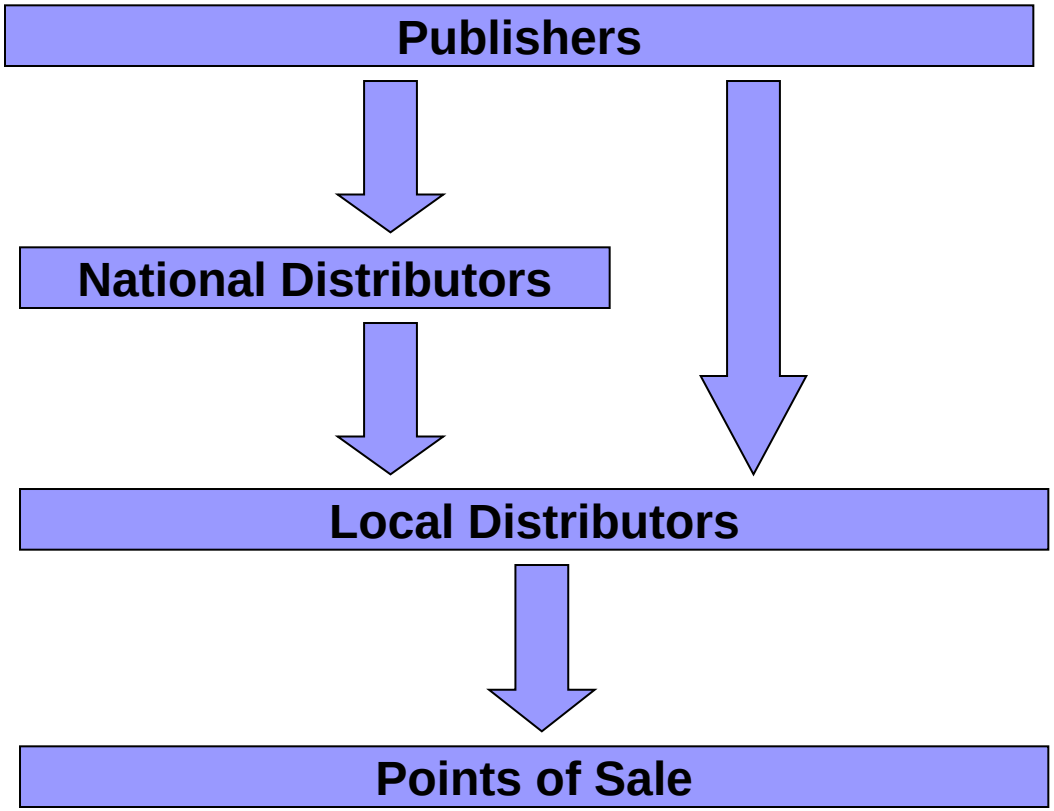
Structure of the Press Distribution Sector



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Situation an data about the Press Distribution Sector in Europe

- Reduction of the print press market, both magazines and newspapers (Around 45% in last 10 years)
- Reduction of National and Local Distributors number
- Process of concentration: closures, mergers and acquisitions..
- Reduction of PoS number (Around 30% in last 10 years)
- Changes in the PoS tipology (from professional PoS to convenience stores)

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SITUATION OF THE PRESS DISTRIBUTION MARKET: The German Case
Threats to Democracy in Germany

Michael H. Falter
Kai-Christian Albrecht

System Essentials

- In a democratic state it is the duty of the press to report comprehensively so that people can form opinions of their own.
- Press wholesalers guarantee a neutral supply and distribution function. Because of their market position they are required to offer their services equally, i.e. to all press publishers and press products.
- The press distribution system in Germany ensures that even titles with a small circulation find their way to the reader.

| Specific market roles

Term	Discription
Exclusive supply	Exclusive distribution rights mean that every wholesaler must only supply the retailers with magazines and newspapers in a sales region defined by the publishers.
Fixed prices	Publishers have the right to specifiy uniform prices for retailers and customers.
Return of unsolds	Retailers and wholesalers have the right to return the unsold copies to the publishers.
Disposition	Titles and amount of copys have to be determined by the market demand. Sell out has to be avoided or minimized.
Initial sales day	To ensure equal treatment of retailers, the publishers usually also make a strict specification of the initial date of sale for their products.
Neutrality	Exclusivity agreements involving individual press products or even publishers are not permitted.

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| Press Wholesaler in Figures 2017

600
Publisher/National Distributor

10%
of the titles make up for 90% of the Grosso-turnover

46
Press Wholesaler

1,28 €
Average selling price

104.438
Retailer

83 Mio.
Citizens

Press distribution is a service of general economic interest § 30 Abs. 2a GWB

~ 6.000
Titles

Number of titles in the assortiment ordered: ~ 6.000
∅ Average no. of distributed titles: ca. 1.850

1,6 Bill. Ex.
Copies sold

Copies sold: 1,546 Bill. Ex. (-9,38%)

2 Bill. €
Turnover

Turnover prices: 1,979 Mrd. € (-5,28%)

45%
Return

Return in terms of volume: 44,99%

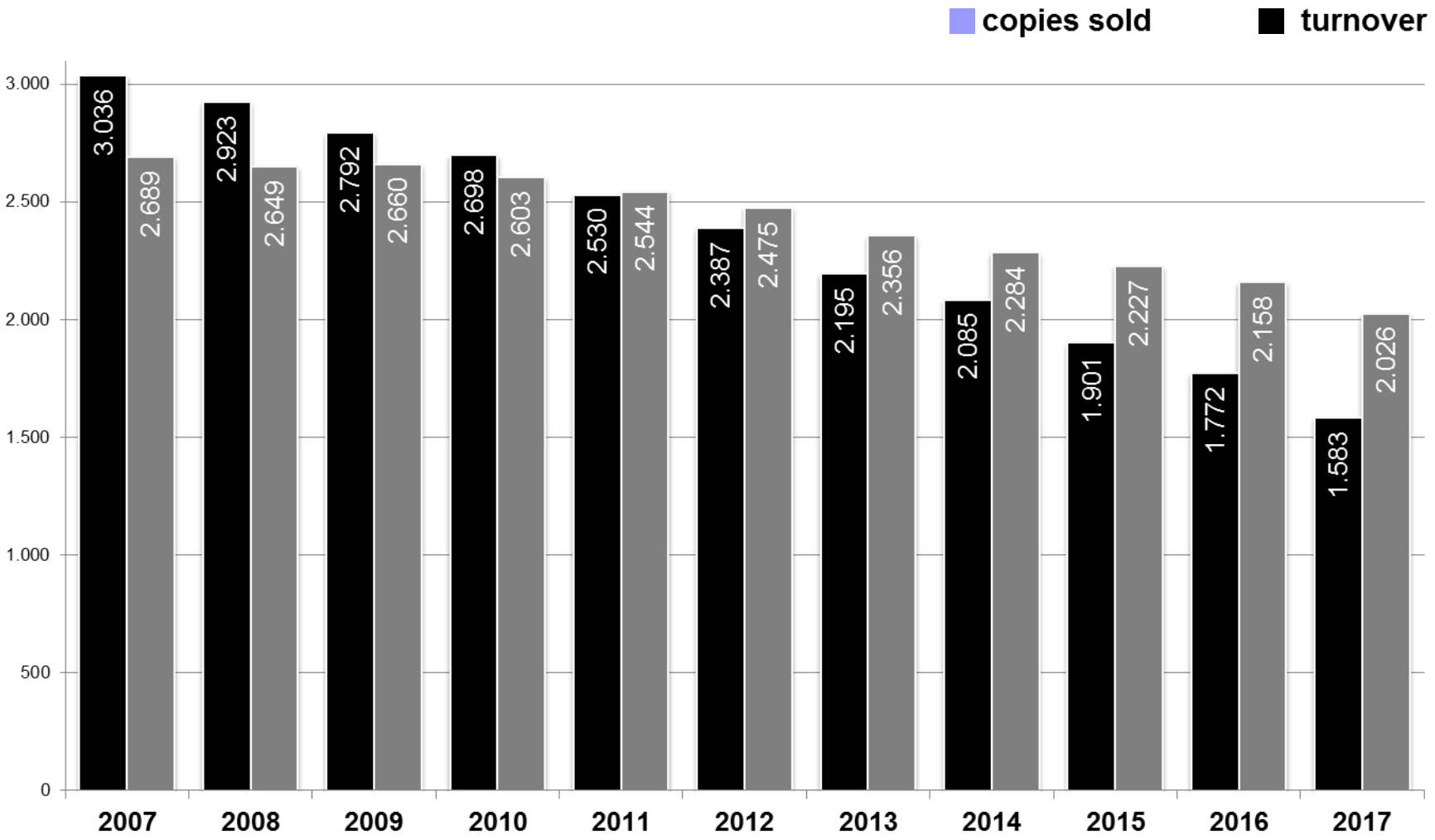
| Where is the reader? – Change of market

- Demand for printed press is in constant decline
- People do read less (True or false)
- **Information is broadcasted via different channels** – how reliable are the sources? Facebook vs. Wall Street Journal?
- **Change in retail market!** Small retail shops in city center vs. big supermarket chains outside city
- Country living vs. city – where are our customers and readers?
- Expensive costs of living in city center
- the industry has to face Environmental problems in cities
- **Advertisment** (which has been for many years main cash cow for publishers**) turns internet**
- **Who is paying for top-notch journalism**
- Increase in shelf-space war with food-/non-food-sector

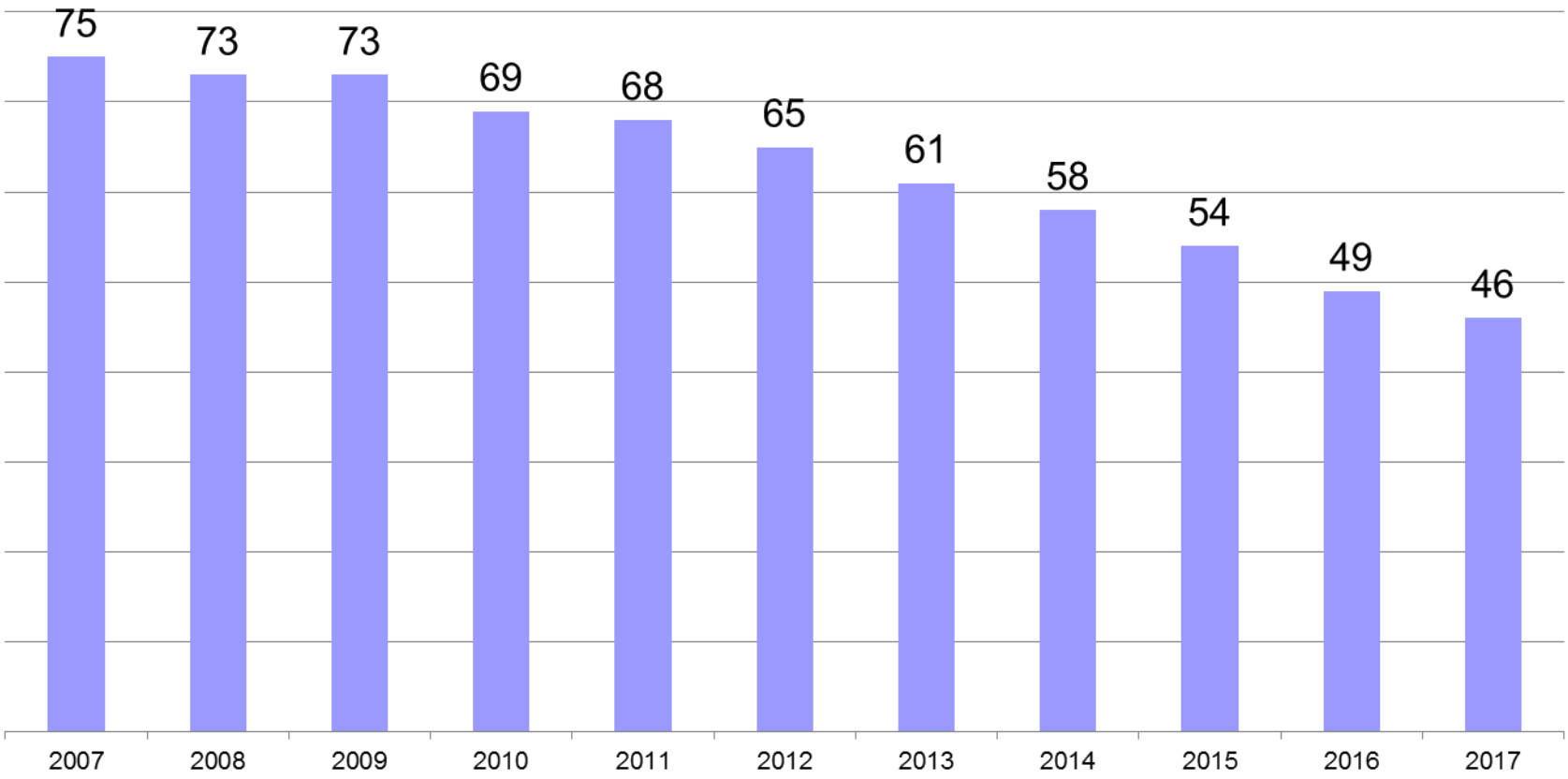
| Press Wholesaler in Figures 2007-2017

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Wholesale comp.	75	73	73	69	68	65	61	58	54	49	46
Member companys	61	58	58	54	56	79	46	43	40	36	33
Copies sold in Bill.	3,036	2,923	2,7923	2,698	2,530	2,387	2,195	2,085	1,901	1,772	1,583
Copies sold in %	=100%										-52,14%
Turnover prices to the retailer in Bill. €	2,689	2,649	2,660	2,604	2,544	2,301	2,356	2,284	2,227	2,158	2,026
Sales points p. 1.000 inhabitants	119.232	120.531	123.033	122.272	122.017	118.437	115,929	113,427	110,776	108.005	104,438
Sales points	1,45	1,47	1,50	1,50	1,50	1,46	1,42	1,39	1,36	1,32	1,26
Population in Mio.	82,113	81,974	81,830	81,528	81,373	81,318	81,466	81,511	81,515	81,893	82,879
Average selling price in €	0,89	0,91	0,95	0,96	1,01	1,04	1,07	1,10	1,17	1,22	1,28
Returns (volume)	36,49%	37,71%	37,98%	39,37%	39,93%	40,65%	41,07%	40,67%	41,36%	42,53%	44,99%

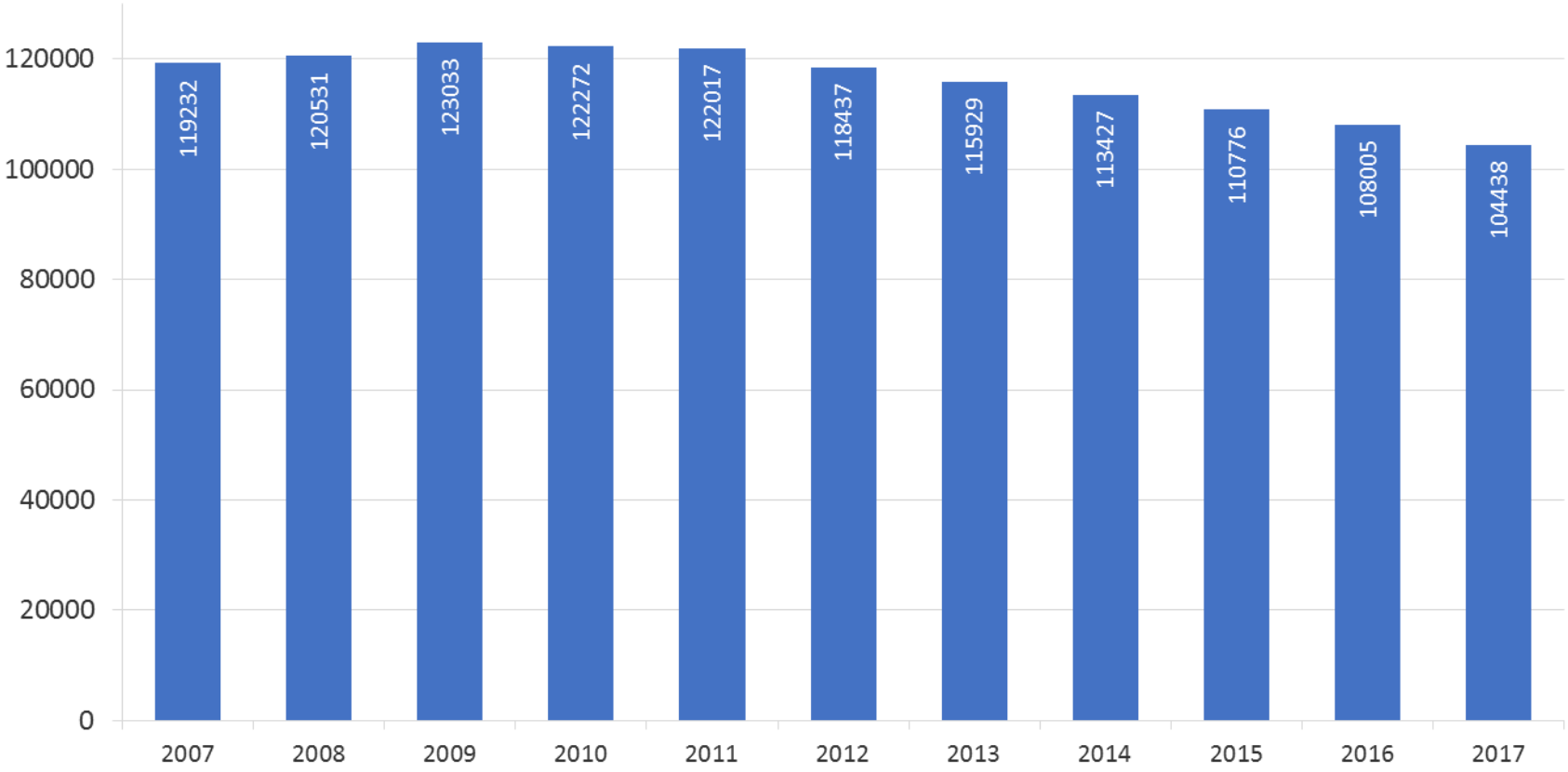
| Copies sold and turnover 2007-2017 (total) in Bill.



| Number of wholesale companies 2007-2017



| Number of sales points 2007-2017



Quality Initiative

Initiative of the press wholesaler to promote the press presentation

- Modern shelves and shop design
- Labeling
- „Lighthouse presentation“
- Connection to ECR
- Consulting and training

| Print is still relevant

- **“Press is the social link of our society“** – Richard-David Precht, Philosoph und Publizist
- Promoting the general awareness that a diverse press and free press distribution are relevant to society, e.g. **Nationale Initiative Print** or **Deutscher Buchhandelspreis**
- Promotion of media literacy in schools also for print!
- Reading promotion by example of **Zeitschriften in die Schulen**

| Fair conditions for Print

- Retention of **price maintenance** for books and press!
- Reduction of the reduced VAT rate especially for daily newspapers
- **Exceptions for the press logistics** of the minimum wage similar to the newspaper delivery
- better depreciation of investments in press shops
- unrestricted travel for press delivery vehicles into the inner cities
- (t.b.c.)

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Arguments for the EU institutions support

Tackling online disinformation: an European Approach (Communication from the European Commission, 26th April 2018)

Quality news media – including public media – and journalism play an important role in providing citizens high quality and diverse information. By ensuring a pluralistic and diverse media environment, they can uncover, counterbalance, and dilute disinformation.

*According to the Eurobarometer survey, **citizens perceive traditional media as the most trusted sources of news**: radio (70%), television (66%) and **print newspapers and news magazines (63%)**. The least trusted sources of news are video hosting websites (27%) and online social networks (26%).*

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Tackling online disinformation: an European Approach (Communication from the European Commission, 26th April 2018)

CONCLUSION

"A well-functioning, free, and pluralistic information ecosystem, based on high professional standards, is indispensable to a healthy democratic debate. The Commission is attentive to the threats posed by disinformation for our open and democratic societies.

This Communication presents a comprehensive approach that aims at responding to those serious threats, privileging high-quality information, empowering citizens against disinformation, and protecting our democracies and policy-making processes. ***The Commission calls on all relevant players to significantly step up their efforts to address the problem adequately****"*

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Arguments for the EU institutions support

Regarding this question, during last years, in several European countries (France, Italy, UK…), **some national initiatives have been launched in support of the Press Publishing and Distribution sector, as a formula to guarantee citizens access to all periodicals**, placing particular emphasis on the support to the Professional PoS network, as this network represents the main distribution channel of newspapers and magazines for Publishers.

If journalism is considered essential for Pluralism, Freedom of Expression and Democracy, as an essential service in front of the Fake News, its **supply distribution chain (distribution companies and professional PoS) must also be considered in public policies**.

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Proposals for the support

Considering the difficult situation of the sector, and the arguments that we underline first, the International Publishing Distribution Association (IPDA), as the representative association of distributors of publishing products, considers as priority to **urge the attention of the various European Institutions, in order to create a homogeneous support for the press distribution sector**, and more in general for the entire newspapers and magazines publishing industry.

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Proposals for the support

Economic support (tax reduction for POS, aid for transport costs…) for the Press Distribution in low GDP regions, islands, low population areas, or high unemployment geographical areas.

European legal and fiscal common framework that could helps to the Press Distribution support

Support to the PoS 2.0 (The new professional PoS as reference for the European Citizens as key players for the access to information and services)

The Press Distribution should be on the agenda of the Creative Europe Cultural Program 2021-2027

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THANK YOU VERY MUCH