

Choosing the right marketing group for your newsagency

By Graham Randall and Mark Fletcher, Directors, newsXpress Pty Ltd

Given the considerable different between newsagency marketing groups, making the right choice for you can be a challenge. Graham Randall and Mark Fletcher, Directors of the newsXpress newsagency marketing group, provide practical advice on how to choose the right marketing group for your newsagency.

The Lucky Charm, Nextra, Supanews, Newpower and newsXpress are the five newsagency franchise / marketing groups operating in Australia.

The Lucky Charm is primarily Western Australia based. Supanews is primarily Eastern Seaboard based. Nextra, Newpower and newsXpress are national.

National coverage is not the only differences between these groups.

Choosing a marketing group for your newsagency is a big decision, one your business may have to live with for years. Here are ways the decision can impact on your business:

1. Some groups lock you in for five years and refuse to release you.
2. Some groups take a head lease – meaning they control the lease over *your* business.
3. You may be forced to purchase specific product you do not want.
4. You may be forced to pay more for some product.
5. You may have to offer the newsagency to the marketing group once you have found a buyer for your business.
6. You may have to pay a franchise fee on turnover which you cannot afford.

While disciplines are important, some disciplines may not suit you. Hence our recommendation that you take your time to fully explore each group to find the right one for you. Not all groups lock you into these requirements and others listed in this document.

Unfortunately, the considerable differences in newsagency marketing groups are not as evident as they could be, thus making the choice challenging for newsagents contemplating joining a marketing group.

Too often, newsagents find out why a marketing group is not for them once they have signed an agreement and are locked in for years without any way out.

Over the next few pages we will share some thoughts on how you could evaluate the various marketing groups. While we are, naturally, biased to newsXpress because of our involvement with that group, the advice provided is fair and written with our newsXpress connection cast aside for the moment.

If you feel we can improve this document in any way, please let us know as we want to help newsagents make the right decision for their business and their family. Our contact details are on the last page.

There is a difference between a buying group and a marketing group

A buying group will primarily focus on buying, most likely importing and requiring you to purchase some categories of products only from their suppliers. Meetings will be about buying as will most communications from them.

A marketing group, a real marketing group, offers a more whole-of-business approach – offering better business practices, management training, support across multiple business categories as well as access to good buying opportunities.

Be sure that you understand which type of group you want to access for your business.

Why a marketing group?

Before we contemplate how to choose the marketing group for you, you need to ask whether you want to join a marketing group. This question goes to the heart of what you want from your business, how well you work with others and whether you are prepared to submit to the discipline which comes with a national brand.

While a newsagent can trade independently, the resources used to maintain a competitive presence are considerable. A good marketing group will provide these resources more cost effectively than you doing all of the work yourself. You will also have the benefit of being seen as part of a national group and not a stand-alone store.

If you like control, have excellent resources for creating your own marketing material and have the capacity to advertise and promote your business outside your four walls then it could be that trading as a true independent newsagent will work for you. You'll need deep pockets and great stamina to keep up and keep fresh.

If, on the other hand, you are stretched for time and resources and are happy to follow the advice from others in some areas of running and marketing your newsagency then it is likely that a marketing group will serve you well.

In today's marketplace of tough competition, margin pressure and rent pressure you need all the help you can get. This is where a good-fit newsagency marketing group can help regardless of the size and location of your newsagency.

Take some time to think about these issues and whether a marketing group, is appropriate for your business. While you consider this, be sure to talk with partners and employees. Take your time and this decision is very important.

What do marketing groups do?

While there are differences between the offers of the various marketing groups, essentially, these groups exist to enrich you and your business. If they do not do that, they are not doing their job.

The term marketing group is somewhat misleading since their services usually go beyond marketing. They include buying opportunities, staff training, product offers and back office services.

Marketing groups also provide you with a sounding board, a place you can go for advice and answers to questions which are not answered elsewhere.

The right marketing group for you

Choosing the right marketing group for you and for your newsagency is easy if you follow some simple steps:

- Be sure of what you and *your* business needs;
- Understand the financial value of this to *your* business;
- Focus on the business outcomes important to *you*.
- Trust only what is proven to be true.

The emphasis is deliberate as this process is about *YOU* and *YOUR* business.

The last point about trust is important. There is evidence of untruths being peddled to get newsagents to make a decision one way or another. A healthy dose of skepticism is important. If someone makes a claim about another marketing group, ask them to prove it. Be suspicious of those who talk negatively about their competition. Someone once said that the more a business talks down a competitor the more they hide about their own operation.

Working out what you need

The first step in considering the right marketing group for you and your newsagency is all about you contemplating your needs and preparing a document which outlines these. This is not something to do on a whim. Take your time. Think about your needs and the needs of your business carefully and over time.

Get yourself a single sheet of paper rule a line down the middle. There is a worksheet on the last page for your use if you wish.

Your aspirations

On the left side of the sheet, write down your aspirations for your business, taking time to consider the aspirations you feel that a marketing group will help you achieve. Be specific as this list should guide those representing marketing groups to answer what they have in their offer which will help you achieve these aspirations. You might consider aspirations like:

- **Being able to sell for a better price.** While you may not want to sell today, at some time you will. Who doesn't want the best sale price? When you want to sell is

important to know you are with a marketing group which truly adds value to your newsagency and which facilitates you getting a good price.

- **Help in running your business.** Some marketing groups provide marketing materials while others provide you with business experts who roll up their sleeves and work with you, in your shop, on improving your newsagency while others provide both – advice for you to follow *and* practical help to execute in your business.
- **Navigating change.** How much do you want to change your business? How important is change to you? Some marketing groups chase change while others stick with the traditional. It is important for you to know where you stand as this will guide your choice of marketing group.
- **Strategy.** Newsagencies are complex businesses if not run right. Some marketing groups, through their business management strategies and personal service, will help you better manage core departments so you have time to grow the business in new areas. If this is what you want to do, be sure to note it on the paper.
- **Do you sweat the small stuff?** If you like to worry about issues you cannot change or minor frustrations instead of bigger picture opportunities then be aware of that. Not all marketing groups sweat the small stuff.
- **More personal family time.** Everyone wants more personal and family time. A good marketing group will help you understand how they can help you achieve that.
- **Finding new customers.** Do you want regular marketing initiatives and advertising for your brand to drive new customers to your shop? While we would expect you to say yes to this because it makes sense, there is a sub question around whether you want to do this marketing or whether you want to be part of a group which does it for you. Some marketing groups do this for you while others do not.
- **Being part of a brand.** The word newsagent or newsagency has lost the value it had when hung above the door years ago. Visit one hundred newsagencies and you will see one hundred different levels of service, product mixes and price points. Consumers are confused about what a newsagency is. Some newsagency marketing groups are addressing this with discipline around what their brand stands for.

Shopping centre landlords like this as do major brand suppliers to the newsagency channel. They like consistency because this is what consumers like.

These ideas are to get you thinking. It is important to join a marketing group for the right reasons, your reasons. If you put in the effort to work out what is important to you then the decision as to the right group for you will be easier.

The deal breaker issues

On the right hand side, note down the deal-breaker issues in your choice of marketing group. These should be items which would take your focus off a marketing group. The idea of this list is to help you focus your attention on what is really important to you. Here are some ideas which you may find helpful in your consideration of this:

- **A locked in contract.** Some newsagency marketing groups lock you in for five years while others prefer to rely on the success you have with them to keep you with their group. One group stops you from joining another group for a year after you leave.
- **Restrictions on selling.** Check the proposed franchise agreement carefully. Does the group have first right of refusal to purchase your business? If so, this makes selling more difficult. At the very least it would frustrate the process and turn some prospects off.
- **Is there central billing and what is the cost of this.** Some franchise / marketing groups have central billing and take over billing for suppliers you may have dealt with for some time. We have seen instances where the price of product to the newsagents went up 10% and more as a result.
- **Investigate the strength of the team.** Take your time to fully assess the team behind the group. It is easy for a group to look strong if the person representing the group to you is strong. Go behind them and ensure that the group has the right people to maintain the kind of strength you want and need.
- **Marketing.** It is easy for a marketing group to support the usual seasons of Christmas, Valentine's Day, Mother's Day, Father's Day and Back To School. Smart marketing groups support the 'minor' seasons with proactive campaigns. They also create their own seasons.

Take time working on this sheet – this is not a one sitting exercise. Spend days going back to the sheet and refining your positions. Change priority. Clarify your language to make sure that your position is clear.

When you are done you should have a one page document against which you can compare the marketing groups.

This is important because you need to control the evaluation process. We have seen situations where this does not happen and where the marketing group drives the outcome they want and ignores the needs of the newsagent.

Once you have this sheet of paper you are almost ready to start engaging with the groups on your shortlist. Before you do that, consider these steps:

1. Look at the websites for the marketing groups which interest you. They will speak to the marketing skill of a marketing group and, more important, how they communicate. Websites which are hard to navigate mean the group could be hard to navigate. Websites which are out of date could mean the marketing group is out of date.
2. Look at the blog for the marketing groups which interest you. The blogs speak to their communication, evolution and their connection to the newsagency channel. Blogs which are not regularly updated or which ramble should raise concerns.
3. If there are documents at the website, download these and compare.
4. Talk to newsagents near you who are members of any group you are interested in but make it clear you don't want the group to contact you – this will test whether they are pushy.
5. Talk to key suppliers and ask their opinion about the groups.
6. Review the operations manual – what are you provided with to help you run your business.
7. Meet with the key contacts you would have should you join the group – can you work with them, are they supportive of newsagencies?

Review the material and make a short list. Invite each group on your shortlist to come to your business and make a presentation. Be sure to limit the amount of time you provide and explain that they must stick to this. Again this is a test of how much they may or may not pressure you.

At the presentation, be sure to find out their position in relation to your deal breaker issues and your aspirations. Don't let on your position, just ask for information. Make notes as you go. Ask for their comments about your business – assess these against what you know, watch out for smooth talking just to make you feel good. You want a relationship with a marketing group which will push you rather than smooth talk and ignore key issues.

Once they leave go back to your initial single sheet and make notes against this with information from the presentation.

The process we have outlined may seem time-consuming. The best fit marketing group could add anything from \$10,000 to \$100,000+ net a year to your business. This is serious money and therefore needs serious effort put in through the evaluation process.

Your relationship with the right marketing group will be long term and personally and financially rewarding. Take your time in making this decision.

Once you are certain of your decision, move quickly. Embrace all that the group you choose has to offer. Follow their lead and expect every promise to come true for you, your business partners and all who work in and rely on your newsagency.

Good luck. If you are well prepared you won't need luck.

About newsXpress

newsXpress began in 2002 when three newsagents got together to create a brand which their landlords would find acceptable. By 2005, newsXpress had grown to 35 members, all based in Queensland. By November 2008, newsXpress has grown to 150 members with these located in every state of Australia. newsXpress is a full service marketing group providing in-store face to face regular business building visits with members, exclusive product offers, seasonal marketing and a host of other services.

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ASPIRATIONS

DEAL BREAKERS

Benefits you could look for in a marketing group	Marketing Group A	Marketing Group B	Marketing Group C
	newsXpress		
Is this a full Marketing Group	Yes		
What is the monthly fee	\$450 + GST		
Are there any other other on-going fees?	No		
Does the group have a national footprint?	Yes		
National Conferences?	Yes		
Regular State Meetings?	Yes		
Does the group run its own trade shows?	Yes		
Is the group recognised by landlords?	Yes		
Are members forced to buy certain product?	No		
Regular business building communication?	Yes		
How many locations in the group so far?	160		
Is the website proactive in promoting the brand and each location?	Yes		
Is there a blog with regular updates on the point of differences of this group?	Yes		
Are you locked into the group for a long period?	No		
If you leave, are you stopped from joining another group?	No		
Access to good buying opportunities?	Yes		
Alignment with a key brand / supplier	Yes, Hallmark		
Are there disciplines on signage?	Yes		
Are there disciplines on uniforms?	Yes		
Does the group advertise in national media?	Yes		
Are regular in-store business building visits provided in the monthly fee?	Yes		
Is a lease consultant available?	Yes		
Is staff training available?	Yes		
Is strategic advice available?	Yes		
Are minor seasons supported with marketing? (St Patrick's Day, Chinese New Year etc)	Yes		
Is local marketing support provided?	Yes		
Is the group pursuing new product categories?	Yes		
Does the group offer access to low-cost product?	Yes		
Is there department specific specialist advice?	Yes		
Have the Directors taken a profit dividend?	No		
Is there magazine equity development strategy?	Yes		
Is there a brand-based loyalty program?	Yes		
Is there an online training program?	Yes		
How many times has the group run national TV campaigns in the last year?	Three		
Does the group offer a national direct mail marketing campaign?	Yes		

