

January 8, 2007  
Volume XI, # 23

Editor: John Harrington Associate Editor: Eileen Harrington

## **MagNet To Build its Own Collection/Reporting System**

Magazine Information Network (MagNet), the mass market wholesaler partnership that provides magazine sales data to publishers and national distributors, has notified its clients that it is building its own proprietary collection and reporting system. When the system is completed, it plans to cease using the services of Management Science Associates (MSA), the collection and processing company that has been involved with MagNet since 2001. Gil Brechtel, president of MagNet, told *The New Single Copy* that they have contracted with Point Alliance, a Toronto, Ontario software developer, to build the data warehouse and reporting system. Brechtel said that Point Alliance, which designed the software for the Canadian national distributor, Coast-to-Coast, has begun work and expects to begin previewing the new system in the second quarter of this year. MagNet's current contract with MSA expires in March 2008.

MagNet is a partnership of 19 wholesalers, whose magazine sales represent a vast majority of the market. It was formed in 2000, initially for the purpose of consolidating the partners' transactional data. It began working with MSA the following year, delivering information to national distributors and publishers. In 2005, when MagNet hired David Parry as its president, it assumed the marketing responsibility for the data, and became more involved in the data collection process. A year later, Gil Brechtel took over the presidency from Parry, who left to become president of The News Group, LP, one of MagNet's partners. Brechtel says that, in the past year, MagNet has started to expand its initiatives to include the collection and sale of retailers' point-of-sale (POS) data, and the merchandising and delivery of other products to stores already supplied with magazines and books by the partners.

## **Bankruptcy of AMS Impacts Book Publishers**

Advanced Marketing Services (AMS), the primary book distributor to warehouse club stores, such as Costco and Sam's Club, filed for Chapter 11 Bankruptcy protection in late December. The company has been known to be financially troubled for several years, during which it has replaced its management and sought to restate past earnings reports. Among its liabilities of over \$100 million were debts of \$43.3 million to Random House, more than \$20 million each to Simon & Schuster, Penguin, and Hachette Book Group. At just under \$20 million was HarperCollins. Numerous smaller book publishers are owed amounts in the millions. At least one publisher, Simon & Schuster, was reported to have suspended shipments to AMS. Midway through last week, it was reported that Costco advised that publishers should operate "on a business as usual basis." AMS has received, from the bankruptcy court, approval of its request for \$75 million of "debtor-in-possession financing." One alternative supplier to the warehouse club markets is thought to be Levy Home Entertainment, which supplies books to many mass merchandiser retail chains. Levy also supplies books to The Source Interlink Companies for redistribution to its magazine accounts. Source Interlink, last year, began supplying magazines to Costco.

### **Around the Business**

## **The End for FHM, Shock. Price Increases for Economist, OK! New Titles. Personnel**

Two major publishers pulled the plug on two titles in late December. **Emap Consumer Media** said the current issue of *FHM* (*For Him Magazine*) would be the last. Although *FHM*'s newsstand sales had fallen

(Continued on page 2)

RETAIL CONFERENCE  
**March 4-6, 2007**

Omni Orlando Resort at ChampionsGate, Florida

For more information and to register, go to  
[www.magazine.org/retailconference](http://www.magazine.org/retailconference)

*Retail*  
The Marketing  
of Magazines  
and Books

*Category Magic*



## Around the Business (cont.)

6.6% to 375,000 during the most recently completed measuring period, its estimated \$10 million of annual sales ranked it among the top 30 magazines at retail. Just before Christmas, **Hachette Filipacchi Media U.S.** announced it would cease publication of *Shock* magazine, which had been launched only last May. The title, which was a U.S. version of Hachette's successful French publication, *Shoq*, had yet to be audited, so there were no available sales figures....*The Economist*, the news weekly, which has increased its retail dollar sales for more than 15 consecutive years, the longest streak on record according to figures compiled by Harrington Associates (*The New Single Copy*, 4/24/06), increased its cover price to \$5.99 from \$4.99, with its 12/23/06 issue....**OK!**, the celebrity weekly, raised its cover price in December by a dollar to \$2.99. The move puts it above the \$2.49-level that is reported to be unprofitable for mass market magazine wholesalers (*The New Single Copy*, 12/11/06)....**Hearst Magazines** was reported by *Advertising Age* (12/13/06) to be using heavier paper stock and a larger size for *Redbook* magazine, at a cost of more than \$1 million. The title's newsstand sales were down 20% in the first half of last year. The production changes will be accompanied by a price increase from the current \$2.99....**Curtis Circulation Company** will be the new national distributor for *Spin*, effective the May issue, on-sale 4/24/07. Curtis will also be the national distributor for *Signature Kitchens & Baths Presents*, quarterly frequency, on-sale 3/26/07, cover price \$12.99/\$14.99 Canada; *Preen*, six-times, 5/22/07, \$5.99/\$7.99; *Watch!*, six-times, 3/6/07, \$1.99/\$2.99 (introductory), \$2.99/\$3.99 (regular); *Wonka Vision*, six-times, 3/6/07; \$3.95/\$5.95; *Sand Addiction*, six-times, 5/1/07, \$4.99/\$6.99; *Side X Side Action*, six-times, 4/3/07, \$4.99/\$6.99; and *The Knot Weddings* and *The Knot Regional* magazines from The Knot Inc....**Kable Distribution Services** said that, in the spring, the titles of Montcalm Publishing - *Gallery*, *Fox*, and *Lollypops* - will feature sexually explicit DVD's packaged in each issue....**Personnel:** Jerry Britt has left *The duPont Registry*, where he was COO, to work in a different business, where he has an ownership stake....**Curtis Circulation Company** named Adam Constantino as manager, group agency sales, responsible for sales with The Source Interlink Companies. Curtis named Karen Chan marketing director and David Lopatynski associate account executive.

## New Name in France, Not Here

*MIN: Media Industry Newsletter* noted (1/1/07) that the France-based parent company of Hachette Filipacchi Media U.S. has combined its French publishing units and will be known as Lagardere

Active Media, but the U.S. division will not change its name.

## Retail News

### Tesco Locations. FMI Trade Show Move. BAM. Wild Oats

Through the examination of liquor license applications, *The Financial Times* reported that **Tesco**, the British supermarket operator that has announced it will be opening stores in the U.S. this year, has planned at least 30 locations. 18 stores will be in Arizona, four in Nevada, and nine in California. The stores are expected to use relatively small 15,000 square foot formats....**The Food Marketing Institute (FMI)** said its annual trade show, the largest for mass merchandisers, will move from Chicago to Las Vegas in 2008, and then the following year, begin alternating between exhibit and education-workshop formats....A survey conducted for the National Retail Federation and American Express, found that **Kroger Stores** was rated highest for customer service among food and drug retailers. Following, in order, were **Cub Foods**, **Shop n' Save**, **Wegman's**, **Food City**, **Hannaford Supermarkets**, **Walgreen's**, **CVS**, **Piggly-Wiggly**, and **Harris-Teeter**....Although sales increased 0.7% during the quarter ending December 30, **Books-A-Million**, the third largest bookstore chain, reported that they were below expectations. They were up 2.1% in the same period the year before....Another supermarket chain, **Wild Oats Markets**, has begun publishing its own lifestyle magazine, *Wild Oats*. It is distributed free on a six-times schedule.

### New Titles Slow, Fewer From Large Publishers

In its end-of-year review of magazine launches, *MIN: Media Industry Newsletter* (12/18/06) said there were around 850 new titles in 2006 (according to new magazine counter, Samir Husni). However, at the same time *MIN* also noted that only three "really" new ones were from major group publishers. They were *Blueprint*, from Martha Stewart Living Omnimedia, *Wondertime* from Disney, and *Shock* (see earlier item) from Hachette Filipacchi Media U.S. All other "new" titles from large publishers were spin-offs of existing magazines. In another year-end review, *MediaWeek* (1/1/07) noted, "Few new magazine launches are expected this year, partly due to [the] focus on brand-building. Conde Nast's long-awaited spring debut of *Portfolio* notwithstanding, magazines will tend to focus on extending their existing brands to other platforms," which translates as the Internet.