



magazine marketing company

MMC Newsletter

Wednesday 30th April 2008

WHS PLC announce interim results for the six months ended 29/2/2008

KEY POINTS

- Group profit before tax up 8%
- Profits from trading operations are £50m in High Street and £17m in Travel
- Group total sales up 2%, with like-for-like (LFL) sales down 2%
- Travel total sales up 14%, with LFL sales up 1%
- High Street total sales down 2%, with LFL sales down 3%

WHS were pleased to announce that in tough trading conditions they have achieved good profit growth. With like for like sales showing no signs of significant improvement, WHS will continue their strategy of improving margin, cost savings and rebalancing the mix of their business to achieve profitability targets.

The Travel division delivered a strong performance with profits up 13%. They have increased retail space significantly through acquisitions of further airport, motorway and hospital outlets. This has included the purchase of United News Hospital shops and Alpha Retail UK.

High Street sales were down as expected; however they managed to achieve their goal of £4m cost savings. News sales were down 2% with an improved RSV margin. Despite tough competition from the supermarkets, they have maintained market share which is approximately 14% share of sales by multiple group.

WHS High Street and Travel account for around 30% of MMC retail sales.

A full trading statement and presentation can be found on the WHS PLC website:

www.whsmithplc.co.uk/grp/Default.htm

Forthcoming Range Reviews

Our Retail team will be holding preparation meetings we call range surgeries for presentations to the following retailers for inclusion in their reviews.

- Range surgery for SPAR 7th May that goes live in July
- Range surgery for TESCO 7th May that goes live in July
- Range surgery for SAINSBURY 18th June that goes live in November
- Range surgery for BORDERS 2nd July that goes live in November

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Magazine advertising spend set to suffer

The latest Bellwether Report from the Institute of Practitioners in Advertising (IPA) has revised down estimates of marketing budgets for the second quarter in succession. Poor sales, subdued consumer spending and concern over the state of the economy have led to this decline, the report states. Total marketing expenditure is expected to be up in 2008, but well below original budgets.

This is bound to lead to pressure on magazine advertising spend, reports the TMB, with the Advertisers Association forecasting a 1.2% decline in ad spend. However, they add, budgets for events, PR, market research and sales promotion are expected to be worst hit.

In contrast, online spend increased by a massive 38% last year, according to the Internet Advertising Bureau (IAB), and is set to continue its upward trend. With tightening marketing budgets, the greater accountability and value for money that online channels offer makes it more attractive than other more traditional media, say the IAB.
(TMB Weekly 18th April)

But don't worry...

There is evidence that in times of recession, consumers go out less, but still spend money on affordable luxury items such as magazines (Retail Newsagent Vol.119 No.17 p.37, 25th April 2008). To maximize sales take advantage of local events and in store promotions to raise awareness and interest.

UK: Morrisons Appoints New Non-Food Executive

Morrisons has hired a new non-food executive as part of its plans to expand its non-food offering. Reported by *Retail Week*, the supermarket group has hired Gary Beattie, who was head of buying for electricals and seasonal at Otto UK, to be trading manager for home and leisure. The trade magazine said that Beattie's remit will be to increase sales of entertainment, books, electricals, **magazines** and news. (*our emphasis*)

(Namnews Daily News 22.04.08)

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