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DIALOGUE

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Steve's Corner



Greetings. As many of you know, this month marks Diamond's anniversary (in this case, our 16th). This year, instead of reviewing our past achievements, I'd like to take this opportunity to focus on the future, and comment on a couple of ideas being widely discussed in the retail community.

Last month's "Year-in-Review" issue of *Dialogue* generated a great deal of feedback from our retailers, particularly our column where industry nobles contributed their hopes for the year ahead. Two specific issues — street dates and returnability — were not new to our industry, but the ideas expressed in *Dialogue* triggered much discussion among readers. I'd like to take a few moments to talk about where Diamond stands on each of these topics.

Let's discuss street dates first. In his contribution to our annual "Q&A", PACER's George Zotti praised our Thanksgiving and Christmas alternative shipping options (where retailers could receive product early on those weeks, on the condition that the product did not go out for sale until Wednesday). However, while Diamond certainly appreciates the potential benefits of street dates — chiefly the extra time it affords retailers to process and merchandise their weekly shipments — the split shipments we orchestrated over the holidays were not intended as a street date "test run," as George indicated.

Implementing street dates for our industry would not be an easy task. First, a street date would have to be established by suppliers for their own products, not by Diamond. We compete with many other distributors for most of the products we distribute, and have no power to impose street dates on them. Second, suppliers would have to agree on the same street date for their products, otherwise Diamond and retailers would lose the economics of scale which result from shipping everything at once each week.

Assuming they were established, street dates would raise some tough questions: How would retailers be monitored to assure compliance? Should Diamond, or any distributor, be responsible for that kind of monitoring, or should that duty fall to suppliers? What's more, in a business where margins are already narrow, and maintaining positive cash flow is a challenge for many, we would ultimately be injuring ourselves by penalizing retailers who break street date with reduced discounts, withheld shipments, or other punitive measures.

Clearly, the notion of street dates will continue to be discussed in all corners of our industry, and Diamond will continue to solicit your feedback — and that of our suppliers — as we move forward.

Next, I'd like to turn to the proposal we received from Michael Pandolfo on behalf of Bay Area Comics Retailers (BACR), a program of partial returnability where publishers, distributors, and retailers would all share to some degree in the administrative costs involved.

To summarize the BACR proposal: Six weeks after a comic ships — any comic — retailers would be able to return up to 25% of their order for that title. Retailers would pay between 10%-15% of retail for the books being returned. This, in turn, would be divided between the distributor (1/3) and the publisher (2/3) to help offset administrative costs involved in processing the returns.

While the idea of partial returnability is certainly not new, the publication of BACR's proposal in *Dialogue* gener-

ated a great deal of feedback from retailers to our Customer Service Department, as well as a spirited discussion on CompuServe. In reviewing this feedback, I was particularly impressed by the fact that nearly every retailer recognized that such a program may benefit all segments of the industry — and that, consequently, every segment must be willing to share in the cost of the program.

In response to this topic, Diamond will be initiating discussions with our key suppliers to assess their impressions of the economic viability of partial returnability. We'll also be considering how we might be able to administer such a program from the standpoint of our Operations and MIS Departments, as well as giving consideration to some type of returnability for some of the non-comics lines we distribute.

In my own view, while I understand and appreciate the desire to find a way to get more comics product into the marketplace, returnability is not a step to be taken lightly. Financially, our current system is clearly the most efficient method of bringing comic books to market, while introducing returns into the equation opens the door to waste and potential abuse which must, ultimately, be paid for. Perhaps a cautious approach — experimenting with returnability on a small number of titles, or finding an alternative method of getting more product to market — is a reasonable first step.

In any case, we'll keep you posted as discussions with suppliers continue, and we invite you to provide us with further feedback on this topic.

I hope that all of you take advantage of this opportunity to let us know what you think. Your opinions and suggestions have played an important role in the way we've developed over the past 16 years. You've told us what services you needed and wanted, and we've worked to provide them — and we've kept working to make them better, and to make them flexible enough to respond to every situation.

For example: Our customers in the northeastern U.S. and eastern Canada were recently hit with some of the worst ice storms in history. Power lines were downed, roads were treacherous or impassable, and life was generally difficult for everyone. During this time, the employees at those Diamond Distribution Centers affected by the weather — and the Diamond Customer Service Reps at the Home Office who served retailers in those areas — worked tirelessly to process and deliver weekly shipments with little or no delay. While we're certainly grateful to the Diamond team for their efforts, we are equally grateful to the retailers we served under these adverse conditions. Their patience and understanding told us that they believed we would come through for them, even in the toughest circumstances. That's the kind of trust we've worked to earn since Diamond began in 1982, and you have my personal guarantee that we will continue working to keep it.

Thank you for letting us serve you. We look forward to doing so for many years to come.

Best,

Steve

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the specialty retailer's monthly

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