



During its recently concluded Retailer Summit, Diamond discussed the possibility of delivering new releases to retailers the day before they go on sale. Also discussed was the possibility of changing new release day from Wednesday to Tuesday each week.

The following Q&A has been prepared in an effort to anticipate and answer questions retailers may have about these ideas. Please read the below and use the accompanying Survey to let us know what you think and/or to ask us any additional questions.

DAY-EARLY DELIVERY

▼ How might day-early delivery benefit retailers?

Day-early delivery might reduce the stress of new release day, and hopefully empower you to sell more by giving you more time to check in your shipments, process in-store subscriptions, merchandise your store, familiarize yourself with new comics, send marketing messages to your customers, interact more with your customers on new release day, etc.

It should also provide a buffer in the event of weather-related or other delivery delays. (I.E., In the event your shipment is a day late, you'd still have it on new release day.) If you currently drive to UPS to pick up shipments, you could save by electing to have them delivered instead. Depending on your situation, you might also benefit from reduced labor costs by spreading tasks out the day before, rather than needing extra staff to accomplish them quickly on new release day.

▼ How would a retailer sign up for day-early delivery?

If you wished to receive day-early shipments, you would need to sign an agreement promising not to place new products on sale before new release day. By doing so, you would also agree to abide by predetermined consequences/penalties for violating the new release day on-sale date (i.e., suspension/revocation of day-early privileges).

It should also be noted that this would be a completely voluntary program. If you chose not to participate, you would still get new product on new release day, so it would be "business as usual" – you'd receive and place product out for sale on the same day, as you do now.

▼ What's to prevent someone from putting new books on sale on early?

Diamond would contract with a third party provider – a company like www.secretshoppers.com, for example – to proactively visit stores on a rotating basis on the day before new release day to ensure compliance. We would also convey any specific complaints to this company to investigate. If a violation is confirmed, the retailer in question would lose their early release privileges for a specified amount of time. Multiple violations would result in permanent suspension.

▼ How would the costs associated with this third-party provider be funded?

In agreeing not to put out books received early until new release day, participating retailers would also agree to contribute to the cost of Diamond's "secret shopper". We anticipate this would entail a cost of no more than \$5 per week. (The exact cost will depend upon the number of retailers participating.)

▼ Would customers who currently qualify for day-early shipments now be required to pay the nominal weekly fee to get their books a day early?

Currently, we are considering waiving the fee for those retailers with multiple stores who continue to turn in a single order form.

▼ Retailers have been asking for early release for years. Why has Diamond changed its position?

Our position hasn't changed so much as it's evolved. We've always believed that early release would be a good thing for retailers, that it has the potential to improve their quality of life and help them sell more product. The sticking point for us was always the issue of monitoring compliance because we've been hesitant to put ourselves in that position. Next, Paul Stock, owner of the comic shop Librairie Astro in Montreal, suggested that retailers might contribute to a fund that could be used to employ a third party to monitor compliance. Then, when we observed how few problems occurred with the *Blackest Night* #6 early release program last Christmas, it spurred us to begin conversations with various industry leaders, which has brought us to this point.

Although it would require a significant juggling of Diamond's work schedules, and more expensive weekend work hours to accomplish day-early delivery, we think that the time is right to offer this service, if there is an industry-wide consensus to do so.

▼ Under this new scenario, would retailers be able to put new comics on sale at 12:01 a.m. on new release day?

No, that isn't the intent. We'd recommend an 10:00 a.m. on-sale time, with possible earlier exceptions for retailers in malls who might be required to open earlier, and for retailers within a 10-mile radius those located in malls.

▼ What effect would this proposal have on customers outside the U.S.?

Day-early release would be available to customers in the U.S. and Canada. International customers serviced by Diamond U.S. would receive shipments a day earlier than they do currently. Customers serviced by Diamond UK would receive products a day early for sale on new release day, putting them in sync with retailers in the U.S. & Canada.

▼ When would retailers report damages and shortages under the new scenario?

Retailers would report any damages and shortages on the day they receive their new shipments. Diamond would continue to hold inventory in reserve to cover those retailers not participating in the day-early delivery program.

▼ What effect would day-early delivery have on Reshipped Reorder Cut-Off times?

In general, it would lengthen the number of days between the cut-off day for reship (prepacked) reorders and when they arrive at stores.

| Location | Current Cutoff | Days Between Cut-off /Delivery | New Cutoff | New Days Between Cut-off /Delivery |
|--------------|------------------------|--------------------------------|-------------------------|------------------------------------|
| Plattsburgh | Sunday @ 5:00 p.m. ET | 8 business / 10 total | THURSDAY @ 5:00 p.m. ET | 7 business / 11 total |
| Los Angeles | Monday @ 5:00 p.m. ET | 7 business / 9 total | THURSDAY @ 8:00 p.m. ET | 7 business / 11 total |
| Olive Branch | Tuesday @ 5:00 p.m. ET | 6 business / 8 total | THURSDAY @ 6:00 p.m. ET | 7 business / 11 total |

Please Note: The transit time for direct ship reorders would **not** change.



▼ **What effect would day-early delivery have on the Final Order Cut-off (FOC) timetable?**

The current schedule has FOCs due on Thursday for titles arriving three Wednesdays later. (i.e., Titles with a FOC due date of Thursday, 4/15 arrive in stores 20 days later on Wednesday, 5/5.) Based on preliminary conversations with publishers, the FOC due date under a day-early delivery scenario will likely back-up to Monday, extending the amount of time between a title's FOC date and when it arrives in stores.

▼ **How would mail-order and Internet retailers be affected?**

They would be eligible to get books a day early, but would be required to delay shipping them until new release day.

▼ **If a consensus is achieved to move forward with day-early delivery, when would it take place?**

We anticipate the change could occur the first or second week of January 2011.

CHANGING NEW RELEASE DAY FROM WEDNESDAY TO TUESDAY

▼ **Why move new release day from Wednesday to Tuesday?**

Moving new release day earlier in the week would give retailers additional time to place direct-ship reorders and/or fix any major shortages or damages in time for weekend sales.

It would also get comics in-sync with other entertainment media – books, DVDs, and video games – which currently street on Tuesday.

Additionally, it should be noted that, logistically, with the current printing schedules, Diamond cannot reach every retailer on Tuesday for Wednesday release without a significant adjustment to those schedules.

▼ **Would moving new release day from Wednesday to Tuesday affect when new graphic novels go on sale in comic shops vis-à-vis the book market?**

This would likely vary by publisher and possibly even by title. Graphic novels currently go on sale in the book market on Tuesday. For some publishers, this is the Tuesday before the Wednesday they go on sale in comic shops. For others, it's the Tuesday after. If both markets release on Tuesday, some publishers might choose to synchronize release for some or all of their titles while others might choose to release in one market before the other.

▼ **How would Holidays impact day-early delivery new release days?**

Using the 2011 calendar as an example, here's how we currently envision the impact of Holidays on delivery and onsale days:

| Holiday | Current Schedule (Wednesday Delivery For Wednesday On-Sale) | If Monday Delivery For Tuesday On-Sale | If Tuesday Delivery For Wednesday On-Sale |
|--|--|---|---|
| Memorial Day Monday May 30 | New Releases Arrive: Thursday, June 2 New Releases On-Sale: Thursday June 2 | New Releases Arrive: Tuesday May 31 New Releases On-Sale: Tuesday May 31 | New Releases Arrive: Tuesday May 31 New Releases On-Sale: Wednesday June 1 |
| Independence Day (U.S.) Monday July 4 | New Releases Arrive: Thursday July 7 New Releases On-Sale: Thursday July 7 | New Releases Arrive: Tuesday July 5 New Releases On-Sale: Tuesday July 5 | New Releases Arrive: Tuesday July 5 New Releases On-Sale: Wednesday July 6 |
| Labor Day Monday Sept 5 | New Releases Arrive: Thursday Sept 8 New Releases On-Sale: Thursday Sept 8 | New Releases Arrive: Tuesday Sept 6 New Releases On-Sale: Tuesday Sept 6 | New Releases Arrive: Tuesday Sept 6 New Releases On-Sale: Wednesday Sept 7 |

▼ **Would customers who currently qualify for Tuesday release still get books a day early on weeks with Monday holidays?**

No. They, and other retailers, would all receive books on Tuesday.

▼ **If the proposal to change new release day to Tuesday moves forward, what would Diamond to do maximize consumer awareness of the change?**

Should the proposal be adopted, Diamond would use the resources at our command – including **PREVIEWS** and **PREVIEWSWorld.com** – to ensure that consumers have sufficient advance notice of the change. We would also support our suppliers' efforts to communicate the change to consumers via their respective publications, websites, and other venues. Of course, retailers would be in the best position to "retrain" their customers.

CONCLUSION

▼ **What's needed to make either or both of these proposals happen?**

Decisions like these aren't Diamond's alone to make. It will take a consensus with Publishers, who must be willing to work with printers to rearrange their publishing schedules and absorb some negative cash flow; and with Printers, who will need to adjust their printing and shipping schedules. After substantive dialogue with Publishers, we now bring the ideas to retailers, and we encourage you to give us your feedback by completing the accompanying Survey.

Thank You!



Again, if you have additional questions, or wish to provide Diamond with feedback, please contact your Diamond Customer Service Representative. Thank You!