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Dr. S Cecily

Principal, Meenakshi Ammal
Arts and Science College,
Uthiramerur, Tamil Nadu,
India

Role of agents and subagents in the distribution of newspapers: A functional analysis

Dr. S Cecily

Abstract

The sale of newspaper is not a full time job and the agents and subagents do this for a commission. Thus the publisher achieve increased sale by appointing Distribution Agents and Agents & subagents derive some income by engaging themselves in the task. In this context, it is interesting to analyse the Role of Agents and subagents in the distribution of newspapers. For this study, sale of two English dailies and two Tamil dailies by the agents and the subagents in Chennai city in the State of Tamil Nadu was taken. The analysis shows that the relationship between the publisher & agent and agent & subagent is that of the principal and the agent but in practice the relationship of former is governed by a memorandum of agreement and there is no standard memorandum of agreement for the latter.

Keywords: Newspaper, agent, subagent, retailers, consumers

Introductions

From a little over 200 dailies published in the post-independence India, to over a 100,000 registered newspapers and periodicals as of 2019, the print media in India has matured to its full capacity. While the newspaper industry is dwindling worldwide, India is one of the few countries where print media is not only dominant, but also growing in all aspects including circulation, readership and sales. Print newspapers in India have witnessed a significant surge in revenue, making it the largest global market for the industry up to 2019.

Newspapers could not reach their customers without wholesalers and retailers and their staffs who work hard at unsocial hours to ensure that almost all the daily newspapers printed at night reach the people who buy them before they arrive at work in the morning. With a view to increase the sale of newspapers, the publishing houses appoint Agents for distribution of their produce. Agents in addition to retailing sell newspapers through subagents. Thus, all the three viz. publisher, agent and subagent play a major role in newspaper circulation. In the process publisher gets increased sale volume and Agents get commission for the sales done by him. The subagents work under the control of the agents. They get the supply of newspapers from the agents and not from the publishers. The subagents in turn through the line boys deliver the newspapers at the doors of the subscribers or sell them to the ultimate readers through the stalls. Thus the subagents act only as retailers under the agents and they can represent more than one newspaper or periodical.

Scope of the study

Role of agents in the distribution of newspapers is the subject of this study. The principal and agency relationship between the publisher and the agent and the agent and subagent is also examined in this study.

Objectives of the study

The research paper has the following objectives:

1. To study how newspapers are distributed to the ultimate consumer from the points of production.
2. To understand the principal and agency relationship between the publisher and the agent and agent and subagent.
3. To analyse the Role of agents and subagents in the distribution of newspapers in the regions.

Corresponding Author:

Dr. S Cecily

Principal, Meenakshi Ammal
Arts and Science College,
Uthiramerur, Tamil Nadu,
India

Research Methodology

The study is descriptive in nature and is an attempt for discovering the role of agents in the distribution of newspapers. Requisite data were sourced from books, journals, websites, research articles, governing bodies of newspapers and related sources.

Review of Literature

L. Hemalatha and Prof. C. Vani (2018) ^[1], Challenges in Distribution Network of Newspapers: A Study of Newspaper Distribution Agents in Tirupati. In their research paper they observed that newspaper has a life span of 24 hours. A newspaper organisation's growth and survival is dependent on effective distribution system.

Jacob Cherian (2015) ^[3], Emergence of Digital Publishing – A Great Challenge to the Print Publications. This study examines the consumer choice of print and online media with respect to demographics and preference of format.

Pradeep Tewari (2015) ^[4], The Habits of Online Newspaper Readers in India. As per his article, he did an online survey among 3,183 online news consumers of India. In that he observed that women prefer to read information related to entertainment, development, health, education, and features. Men prefer political, sports, crime, business and defence related news.

C Suresh and B Johnson (2017) ^[2], Financial Management Practices of Newspaper Agencies in Kerala. In their study, they observed that newspaper agents are not at all analyzing their accounts on a regular basis. 28% commission on cover price of newspaper is not sufficient. If collection of subscription from subscribers is not proper, there will be more chances of financial problems. Excess copy sent by publisher without informing the newsagent creates chaos in the business relations between newsagent and the publisher.

Circulation of Newspapers

As per ABC report, during July-December 2019 period Times of India witnessed all India daily sales of 2880144 newspapers. In the case of Hindu, the daily sales volume is 1415792, Dina Thanthi 1472948 and Dinamalar 768300. Out of these four newspapers, the first two are English dailies and the remaining two are Tamil dailies. The cover price of these dailies varies from State to State. Similar is the case for other newspapers having all India circulation. Making the paper a welcome daily visitor to every home is a task that requires careful supervision, a large staff and sustained work. In order to accomplish this purpose the publishers need a network of agents spread to various places. The agents receive the dailies directly from the circulation department of the publishing house in bulk.

The appointment of agent is subject to certain terms and conditions. The remuneration which is given to them in the form of commission is on the basis of volume of business done. The agent can carry on the operations relating to the distribution of newspapers subject to the terms and conditions of the publisher. A Memorandum of Agreement which binds both the parties (publisher and agent). The relationship exists between the publisher and the agent is that of the principal and agent. Subagents on the other hand, work under oral understanding with the Agents without payment of deposit. Of course, they have to remit the sale proceeds daily with the Agents.

Role of Circulation Department

In the newspaper industry the reader is the customer. The

main function of a circulation department is to sell and deliver the joint product comprising mainly the news and advertising. The circulation department has to direct and control the home delivery (subscriptions) and newsstand sales of the newspaper. The former is centered around the sale or delivery of newspapers to subscribers' homes through the agent or the mail. Handling the sale of single copies at newsstands and other outlets is the second marketing responsibility of a circulation department.

Selling by direct mail – People who move away from the centres of publication may approach the publisher to send the dailies at their destinations by mail. The circulation department may send the dailies to such customers after receiving the advance payment for a definite period as desired by the subscriber together with postal charges. Such subscribers are known as postal subscribers and their subscription is called as postal subscription. Here the publisher bills the customer at the published or marked price. In the case of publisher's distribution of newspapers by mail he himself gets the margin which would otherwise go to the agent. Here the publisher plays the role of the agent also. In this process he stands to get more.

Personal service – Making the paper a welcome daily visitor to every home is a task that requires careful supervision, a large staff and sustained work. In order to accomplish this purpose the publishers need a network of agents spread to various places. The agents receive the dailies directly from the circulation department of the publishing house in bulk. Of course, he has to deposit a fixed amount with the publisher as an advance for at least a period of two months. This account is balanced at the end of 45th day. It means the amount that lies with the publisher is only for next 15 days. Hence the agent should again pay the value of newspapers which he has procured for 45 days and thus recoup the advance amount.

Role of Agent

Agent is an independent sales or service representative paid on a commission basis. The person who is involved in delivering newspapers by getting the supply of newspaper from the publisher is also known as agent. He may also be known as newsagent and newsdealer or newsvendor.

Sales through newsstand - In order to promote sale of newspapers, agents organize newsstand sales. In some cases agents themselves do this business at busy thoroughfares. People purchase newspapers from the newsstands directly on cash and carry basis. There is no certainty in the newsstand sales as people will buy the daily if it happens to be convenient. Some people who make newsstand purchase may avoid to buy the daily at the end of the month and all due to shortage of money. Thus the sale volume of newspaper is not definite every day.

Home delivery sales – If the agent sells the newspaper to a subscriber he has to sell it on credit and wait for a month's period for collecting the dues thereto. The agent makes the home delivery in two ways - direct delivery to the subscribers through the line boys and delivery through the subagents.

Direct delivery to the subscribers through the line boys – Home subscribers are agent's regular customers and direct subscribers to the agents. They get their copies of newspaper through line boys working under the control of the agents. The agents have to pay for the services of the line boys. Of course, it may not be an exorbitant sum of

money as the line boy's work is only few hours in the morning. Moreover home delivery sale to the direct subscriber is certain unless and otherwise the subscriber change his attitude or vacate his place of residence.

Delivery through subagents – In many situations agents nominate subagents to carry on the task of distribution of the newspapers. The subagents deliver the newspapers at the door steps of the subscribers in different regions. Under this arrangement the margin of agents get reduced. In short, the subagents play the role of the agent as far as the distribution of newspapers is concerned.

At the Depot – To deliver newspapers at customer's doorstep at 6 am, the distribution process starts at 4 am. The newspapers get printed around 1 am. Once the paper is out, the distribution team will count the bundles, affix challan/receipt and dispatch them to various depots. The challan contains the name of the salesman, number of copies of each newspaper, depot name, etc. The newspaper van arrives at the depot between 3 and 4 am. At the depot, the driver and the support staff perform the task of unloading the bundles.

To Home – The agent sort out the papers and insert pamphlets if any (As per the law, it is prohibited to insert pamphlets). Each agent will have a team of delivery boys who in turn will deliver the papers to homes.

Income of the Agent – The Newspaper Agent will get around 20% -30% as commission. For example, he will get Re.1 for a cover price of Rs.5. Apart from the commission he also makes income on the paper insertions at Rs.15 to 20 per 100 pamphlets. (So, the newspaper won't make money in selling them. They earn through advertisements).

There are two kinds of income attached to newspaper agent. One is fixed and another is variable (sometimes he gets or sometimes not).

Role of Subagent

Subagent himself or through delivery boys distribute papers to the end customers. There is no fixed income for the subagent.

Relationship between the publisher and the agent

A publisher may publish more than one newspaper or periodical. But the publisher of each newspaper normally has one agent for his newspaper for a region or territory or area. He appoints agents and promotes sales through them. The appointment is subject to certain terms and conditions. The remuneration which is given to them in the form of commission is on the basis of volume of business done. The agent can carry on the operations relating to the distribution of newspapers subject to the terms and conditions of the publisher. A Memorandum of Agreement which binds both the parties (publisher and agent). The relationship exists between the publisher and the agent is that of the principal and agent.

The agent has certain responsibilities towards his principal (the publisher). He has to settle the monthly bills within the stated period. He should not make any secret profit. He should not also indulge in any malpractice.

The agent is entitled to certain rights. He has the right to collect the commission due from his principal. He can withdraw his agencyship as and when he wants to discontinue. He is free to select the distribution channel.

He may be held liable u/s 502 of the Indian Penal Code for defamation, obscenity and punishable along with the publisher.

Relationship between the agent and subagent

As per Sec.191 of the Contract Act, "a subagent is a person employed by and acting under the control of the original agent in the business of the agency." This means he is the agent of the original agent. The relationship between the agent and the subagent is that of the principal and the agent in general. But in practice, there is no standard memorandum of agreement between them. But the subagent is expected to effectively distribute the newspaper on behalf of the agent. On his discretion an agent can appoint as many subagents as he thinks fit. The subagents can leave the agent at any time as the transaction is on cash and carry terms.

Table 1: Distinction between role of Agents and Subagents of Newspaper

	Agents	Subagents
1	Agents get the dailies directly from the publishing house and at wholesale rate fixed by the publisher.	Subagents get the dailies directly from the Agents and at retail rate.
2	An Agent can represent only one publisher.	Subagent can be a subagent for more than one newspaper.
3	Agents do most of their sales only through the subagents who are not the final consumers.	Subagents always distribute the dailies to the final consumers, i.e., the readers.
4	Agents occupy the position of wholesalers and they may also act as retailers in addition to being wholesaler.	Subagents occupy the position of retailers and they are confined to act only as retailers.
5	Agents have to pay initial deposits to the publisher under legal agreement of contract.	Subagents work under oral understanding with the Agents without payment of deposit. Of course, they have to remit the sale proceeds daily with the Agents.

Conclusion

Satellites relay television signals around the globe. Magazines, newspapers, books, journals, radios and televisions bombard us with facts and opinions. Films offer both information and entertainment. As a source of information each medium has some distinct advantages over the others. Radio and television stations report the news more quickly than newspapers, but do not have enough time to go into the details. They report mainly the headlines. Newspaper, on the other hand, as a source of information is more convenient, since they can be read at any time or place. Even in this electronic era, people love reading

newspapers at places of their choice, be it at home, office or library. Newspapers also constitute a permanent source of record which can be preserved for long by the readers. Print newspapers in India have witnessed a significant surge in revenue, making it the largest global market for the industry up to 2019. Due to the impact of Covid-19 the print de-grew and metro & English language newspapers witnessed a more pronounced fall in 2020. As a result, the online platforms have increased their reach in 2020 as circulation of physical newspapers faltered and online news subscribes grew between December 2019 and 2020 to reach over 450 million across mobile and desktop users of news sites,

portals and aggregators. One shall hope the trend will reverse when once people go back to their normal living and restart reading newspapers at places of their choice and the print and circulation of the newspaper will gather momentum thereafter.

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