



**Developing Innovative Solutions
for
Comic Industry Problems**

16 OCTOBER 2018

Dear Comic Industry Professional:

Since 2017, comic retailers have been extremely concerned about the health of the comic industry. Sales have slowed down dramatically; retailers are facing very strong headwinds.

ComicsPRO, the trade organization for comic retailers, polled comic retailers about their concerns. In February 2018, we brought those concerns to our Comic Industry Conference in Portland and brainstormed solutions.

This report highlights the results of that brainstorming session, as well as proposed solutions. It will take publishers, retailers, and distributors working together, to implement many of them.

This report also serves as a roadmap for ComicsPRO. ComicsPRO will base its retailer education, support, and resources, as well as its lobbying efforts with publishers and Diamond on these problems and solutions.

As a result of this report, ComicsPRO is committed to:

Improving education, support, and resources by:

- Developing www.ComicsPROgress.com as a central location for retailer resources.
- Refining our in-person educational resources and starting online education.
- Facilitating additional ways for retailers, distributors, and publishers to interact.
- Initiating an annual one-day educational conference to share retailer knowledge.

Prioritizing our lobbying efforts on these issues:

- More comic returnability.
- Elimination or reduction of fees, such as shipping fees and the 3% reorder fee.
- Elimination of Buying Club sales.
- Insuring retailers have all the information they need to make informed purchasing decisions.

ComicsPRO wants to thank all the retailers that were involved in the brainstorming process. Because of you, we've come up with many ways that we can work together to improve the comic industry. ComicsPRO would also like to encourage publishers and Diamond to join us as we continue the discussion on these issues.

Sincerely,

ComicsPRO Board of Directors

Peter Dolan, *Main Street Comics*, President

Jenn Haines, *The Dragon*, Vice-President

Ralph Mathieu, *Alternate Reality*, Treasurer

Colin McMahon, *Pittsburgh Comics*, Recording Secretary

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Tim Stolfus, *More Fun Comics and Games*, Director

ComicsPRO Executive Director

Marco Davanzo, *Alakazam Comics*

INTRODUCTION

In late 2017, ComicsPRO polled comic store-front retailers. We asked them

What has been slowing you down? What headwinds are you facing? What problems do you see other comic stores/companies having?

ComicsPRO categorized retailer answers into three overarching problems:

1. There are substantial roadblocks for retailers in sourcing items, especially new comics. Retailers carry a lot of burden and have very little control.
2. There is nothing exciting enough to (a) entice new customers or (b) create a sense of urgency for regular customers to come in every week.
3. There is a lack of retailer resources (time, money, technology) causing inefficiency at the store level.

At the ComicsPRO Industry Conference held in Portland, Oregon on February 22-24th, 2018, store-front retailers broke up into small groups to brainstorm proposed solutions for the three overarching problems. The goal was to develop innovative solutions and have a real, positive impact on the comic industry.

METHODOLOGY

Brainstorming was led by then Vice-President of the ComicsPRO Board of Directors, Jamye Foster. Dr. Foster is an expert in innovative problem-solving processes, brainstorming, and qualitative analysis.

Retailers broke into small groups of 5 or 6 people.

Tackling one problem at a time, each group first looked at the problems using creative thinking. Groups listed as many solutions as possible. There was no judgment or concern about how to implement the solutions. Participants were told to “just list all ideas that come to mind on the paper provided. Take advantage of everyone’s different perspectives, and have fun with it!”

Then, the process moved to critical thinking. Each group looked over the brainstorming results and worked together to identify themes or trends among them that they could combine into feasible solutions.

At the end of this process, all work was collected by ComicsPRO facilitators. The ideas were then analyzed using the “wisdom of crowds” philosophy of content analysis (i.e. the idea that large groups of people are collectively smarter than individual experts when it comes to problem solving). We were also interested in solutions that were mentioned less frequently but were still of concern for the comic industry.

RESULTS

PROBLEM 1

There are substantial roadblocks for retailers in sourcing items (especially new comics), and retailers carry a lot of burden and have very little control.

Solutions here are focused on lobbying distributors and publishers to adjust the ordering and distribution process.

Solution 1A: Work with distributors and publishers to offer more returnability.

As retailers stressed, returnability is rarely offered to retailers from distributors and publishers. This inhibits the LCS owner's ability to take a risk on ordering more of a certain title.

If publishers offer more returnability, comic retailers would be able to find the ceiling on new titles more quickly, have a healthier cash flow, not be burdened by unsold items taking up floor space, and reduce their overall risk. Some retailers recommended meeting in the middle and suggested that a percentage of unsold copies could be made returnable.

Supporting Quotes	Frequency
"Returnability as a standard for all publishers and titles."	28 (12%)
"Publishers - create returnability guidelines so retailers know what to expect."	
"Returnability - allow returns in trade paperbacks or other merch direct from publishers."	

*% Frequency is representative of the percentage of occurrence for supporting quotes of the solution present in the specific problem. Total Problem 1 suggestions = 242.

Alternative solutions for dealing with unsold copies were recommended by retailers, which could be useful while retailers, publishers, and distributors work to increase returnability.

1. Retailers could create comic book product "packages" with a best-selling title in the front accompanied by two or three additional unsold comics. (Quote: "Take 6 issue runs and package together."; "Back-stock into discounted bundles, grab bags, boxes, etc.")
2. Even though there are some comic trading forums set up for retailers, they are not well-known and those that are well-known don't have a lot of members. ComicsPRO could help create a trading forum where stores have to register first and have credentials checked. This forum could also involve a ratings system so buyer and seller could rate their transactions.

Solution 1B: Reduce the use of variant covers

Variant covers are becoming increasingly common, but the extensive presence of variants can lead to the roadblocks identified in the problem statement. Retailers suggest reducing the number of variant covers available for titles or eliminating the use of variants altogether. Gated variants are the most criticized type of variant.

Supporting Quotes	Frequency
“What if a publisher is only allowed one reprint cover for every 20,000 copies you expect to sell. Must be a limit on how many variants a given title can print.”	12 (5%)
“Data on how many retailers are ordering variants.”	
“Too many variants.”	

Solution 1C: Work with Diamond, other distributors, and the publishers to improve the comic and graphic novel distribution model.

DIAMOND

Retailers believe that, in general, Diamond does a good job with the distribution of periodicals and the thousands of other SKUs that they process. However, retailers pointed out several problems that they feel should be addressed:

- Extra fees being imposed by Diamond, some of which are not being charged by other distributors. Retailers feel that several fees should be reduced or eliminated, such as:
 - 3% graphic novel reorder fee
 - Shipping fees. Which are usually around 2% to 3%.
 - Day Early Delivery fee

- Shipping problems. Some retailers complain that they routinely have either damages or late shipments, which result in lost sales. While occasional damages and late shipments could be expected, there are some retailers who are experiencing these issues at a disproportionately high frequency.

- The need for an information system revamp. Retailers feel that they aren’t getting the information they need in a timely manner to make informed decisions. Retailers mentioned they would like:
 - Shipping fees broken down by box (i.e. how much does each box cost to ship).
 - Correct pricing on sale items.
 - A ticketing system to follow up on conversations with customer service reps. This would help in handling situations such as damaged or lost product, credit problems, shipper problems.
 - Clearer information regarding availability and estimated shipping dates on reorders.
 - Having a one-stop portal that has all the information needed to make informed decisions at the time of FOC.
 - Every FOC item to have pictures attached.
 - Each publisher “locking in” their FOC information, so retailers can see if the publisher’s FOC is valid, (see Exhibit 1: Sample Screen).
 - Links to email newsletter for each publisher, so retailers can access the most up-to-date information.
 - Links to backlist product that supports FOC items, so retailers can increase orders on items associated with new product.
 - Links to PDFs of books on FOC.

Exhibit 1: Sample Screen

PUBLISHER	LOCKED?	LINE COUNT	TIME STAMP	Link to email/newsletter
Dark Horse	Yes	12	1/13/2016 11:10	link
DC	Yes	29	1/13/2016 11:10	link
IDW	Yes	18	1/13/2016 11:10	link
Image	No	17	N/A	link
Marvel	No	32	N/A	link
Action Lab	No	8	N/A	link
Archie	Yes	3	1/13/2016 11:10	link
BOOM	No	5	N/A	link
Dynamite	Yes	7	1/13/2016 11:10	link
Oni	Yes	2	1/13/2016 11:10	link
Valiant	Yes	10	1/13/2016 11:10	link
Zenescope	Yes	12	1/13/2016 11:10	link
Other	Yes	2	1/13/2016 11:10	link

ALTERNATIVES TO DIAMOND

Retailers also mentioned that they want more information about alternative sources of distribution, (i.e. publishers who self-distribute, other distributors). Most retailers realize that it is easier to order through one source but they still want to have other choices as a back-up. Retailers asked ComicsPRO to compile a list of alternative sources of distribution.

Supporting Quotes	Frequency
“Buy direct from publishers/manufacturers.”	16 (7%)
“Multiple distributors/regional distributors.”	
“Rethink distribution model - order direct from publishers.”	

Additional Problem 1 Solutions

- Retailers need ways to piggy-back off publisher marketing and advertising. Also, retailers would like greater transparency from publishers regarding their marketing plans. Currently, many retailers feel that publishers spend a lot of effort marketing to them but not enough effort marketing to the public.
- Encourage Diamond and publishers to eliminate Buying Clubs from their current distribution. Currently, both Marvel and DC offer a 35% discount for re-sellers that order up to \$800 per month retail from their respective companies. Because of the ease of obtaining re-sellers permits in most states, ComicsPRO and many store-front retailers believe that this lower tier encourages Buying Clubs to purchase directly from Diamond.

Buying Clubs skirt the traditional distribution process. In doing so, buying clubs are potentially taking sales away from comic book retailers and also sales tax revenue from the states in which the Buying Clubs are domiciled, (assuming that the Buying Club is not paying sales tax).



MARVEL DISCOUNT PLATEAUS & CODES

Your Standard Marvel Discount is calculated on the Tuesday following the online due date for each month's Previews Order Form. This discount is based on the average retail dollar value of your invoiced Marvel orders for the previous 12 months and applies to your latest Initial Order and any Reorders placed between that date and the date when your discount is calculated for the following month. Net cost items (Discount Code J4) are excluded.

12-Month Average Invoiced Orders	Standard Discount
\$0-\$799	35%
\$800-\$1,199	45%
\$1,200-\$2,499	50%
\$2,500-\$3,999	53%



DC COMICS DISCOUNT PLATEAUS & CODES

Your Standard DC Discount is calculated on the Tuesday following the online due date for each month's Order Form.

This discount is based on the average retail dollar value of your DC COMICS™ invoiced DC Comics orders for the previous 6 months and applies to your latest initial order and any reorders placed between that date and the date when your discount is calculated for the following month. Net cost items (Discount Code J1) and liquidation items are excluded.

6 month Average Invoiced Orders	Standard Discount
\$0-\$999	35%
\$1,000-\$2,999	50%
\$3,000-\$4,499	53%
\$4,500-\$16,999	55%
\$17,000-\$34,999	56%
\$35,000+	57%

Discount Codes

B1.....	70% All Accounts
D1.....	Standard Discount
E1.....	Lower of 50% or Standard Discount
S1.....	Lower of 42.5% or Standard Discount
J1.....	Net Cost — Does not count towards DC Comics Plateaus
X1.....	45% for accounts with standard DC Discount of 50% or more; 35% for other accounts
Y1.....	45% for accounts with standard DC Discount of 50% or more; 35% for other accounts. Does not count towards DC Comics Plateaus
Z1.....	Net Cost — Does count towards DC Comics Plateaus

PROBLEM 2

There is nothing exciting enough to (a) entice new customers or (b) create a sense of urgency for regular customers to come in every week.

Solutions here require a collaboration between comic stores and the publishers and distributors.

Solution 2A: More curation needs to be done at both the distributor and publisher levels.

Comic retailers are frustrated about the high quantity of comic titles being released each week. Many retailers say that they have a hard time displaying and showcasing books because there are simply too many.

Additionally, retailers point out that even though more titles are out there, that doesn't mean they are getting more money out of their customers. By spreading customer funds over an increasing number of titles, publisher run the risk of titles having lower and lower print runs over time.

Retailers believe that both publishers and retailers should curate more

Supporting Quotes	Frequency
“Publishing fewer and better books.”	33 (14%)
“Eliminate bad product lines.”	
“Quality over quantity.”	

*% Frequency is representative of the percentage of occurrence for supporting quotes of the solution present in the specific problem. Total Problem 2 suggestions = 220.

Solution 2B: Involve comic creators or celebrity spokespeople in comic store events/giveaways to increase store and product publicity.

To create excitement about the Local Comic Shop's products, retailers recommend that stores ask comic creators or other celebrities to be involved in promotional activities. Two suggestions put forth were creator-signed copies of comics, and giveaways where customers can win a meet-and-greet with a comic creator or other celebrity. Emphasis was placed on the importance of incorporating a potential 'experience' with the tangible purchase of a comic. The challenge in implementing this solution is to find a way to include a larger number of retailers, not just stores in prime cities or locations.

Supporting Quotes	Frequency
“Comic book ambassadors "famous" people - or author position - like the poet laureate.”	11 (5%)
“Comics celebrity spokesperson.”	
“Have publishers pick a book and send us a percentage of them signed by the creators (like Chuck did for Fight Club) Signed bookplates! Have creators blast it out to their fans.”	

Solution 2C: Generate excitement through frequent and effective social media postings about product releases, events, etc.

Social media provides a predominately free outlet for comic stores to interact with customers and advertise events, product releases, etc. going on in-store. For this to be viable, stores need to understand how to use social media as a marketing tool, understand their target audience, and

develop a social media plan. Therefore, the main challenge for implementation is time involved and available resources. ComicsPRO needs to continue to create workshops at educational events to help retailers learn how best to use social media. Retailers would like both publishers and Diamond to provide more social media tools, such as event headers, memes, and more, which are tailored for different social media platforms.

Supporting Quotes	Frequency
“Better and more frequent social media content & assets.”	21 (10%)
“We need social media tools. Memes are helpful. Reminders that there are new comics every week.”	
“Weekly newsletters and daily social media posts: comics/email posts; graphic novels email/post; merch/gaming email/post.”	

Solution 2D: Discounts/loyalty programs that entice new and return visits.

Retailers focused on what we could do ourselves to create greater excitement and repeat visits among our customers. Suggestions included offering discounts/coupons, BOGO offers, and loyalty programs set up through a mobile app or card. Some suggested that a sense of urgency could be created if the discounts only last for a short period of time. So, although many focused on repeat purchase behavior, some called for the use of true loyalty program (includes behavioral AND emotional/social components). Members identified a key challenge – LCSs must somehow offer a better ‘deal’ or ‘experience’ than online retailers.

Supporting Quotes	Frequency
“Rewarding visit to LCS frequency.”	33 (15%)
“Value added content with free material only available at store.”	
“Digital purchases to in-store deals. Purchase a digital comic, get a discount or free comic. Publishers credit store.”	

Solution 2E: Be involved with the local community through partnerships with local groups or hosting in-store events. Be present and known in the area.

Hosting in-store events not only builds excitement among established customers, but helps develop a store’s brand in its area, which in turn will bring in new customers. LCSs can also seek out partnerships with charities, schools, and other local businesses, to demonstrate social responsibility, which will entice new customers who share the store’s values. Similar to the social media solution, this solution is limited by time and knowledge.

ComicsPRO can help facilitate in-store events by providing a list of national events that comic stores can take part in and providing some logistical support for those events.

Supporting Quotes	Frequency
“Community building: previews night? Ladies night? Creators night? Book club? Fandom night? Movie night, burger joint giveaway.”	21 (10%)
“Create more connections between stores & libraries. Libraries have public meeting spaces that shops need.”	
“Events in stores/tavern liquor license.”	

Additional Problem 2 Solutions

- Improve and invest in marketing and market research to better reach new and return customers. ComicsPRO could help teach stores how to do market research into their specific market.
- Ask publishers and distributors to offer comics exclusively to LCSs or with limited exclusivity before they are sent to mass market.
- Ask more publishers to offer Advertising Co-op programs. Retailers can use these funds to advertise that publisher's books in their local area, assisting in the marketing of those books.

PROBLEM 3

There is a lack of retailer resources (time, money, technology) causing inefficiency at the store level.

Solutions here are focused on sharing resources between retailers and making improvements at the individual store level.

Solution 3A: Introduce and/or improve employee training and empowerment at LCSs

While many LCSs may not have the necessary monetary resources to combat the aforementioned issues head-on, LCSs do have the ability to improve the quality of work in their own stores. By investing more in training and delegating in order to increase worker productivity, owners and managers can focus more on maximizing the business and increasing profitability. ComicsPRO should come up with a “road map” for delegating management tasks and investing in employees, so owners and managers can focus more on growing their businesses.

Supporting Quotes	Frequency
“Empower employees with tasks – delegate.”	24 (13%)
“Have ComicsPRO sponsored workshops for efficiency programs live workflow, etc. FB live tutorials.”	
“Invest in your people - never stop training employees.”	

*% Frequency is representative of the percentage of occurrence for supporting quotes of the solution present in the specific problem. Total Problem 3 suggestions = 181.

Solution 3B: Develop and introduce a ComicsPro guidebook including best practices and a repository of retailer resources.

Comic stores could resolve their own inefficiencies by referring to shared best practices to identify where inefficiencies exist and the steps needed to resolve them. It is recognized that ComicsPRO resources are currently very disorganized and it would better assist LCS owners if retailer resources were in one centralized location.

Supporting Quotes	Frequency
“There should be a better repository of all the material we are sent through the many, many avenues of communication from publishers, Diamond, and creators.”	43 (24%)
“Best practices guide by CPRO. How to read a barcode, what POS are available, etc.”	
“Offer a comprehensive list of available resources including Diamond, suggested reading and a ComicsPRO produced (members) suggestions and success stories.”	

Solution 3C: Improve the customer ordering process and implement data tracking from customer orders.

Suggestions from the brainstorming process state that the customer ordering process is lengthy and needs to be simplified. More effective data tracking could be implemented to better understand customer buying habits, comic sales of a specific title, and more.

Supporting Quotes	Frequency
“Ordering takes a long time! Make it easier. Can POS compare previous months’ sales with current titles offered for order. On to filling data based on that.”	22 (12%)
“Eliminate some of the ordering processes - preorder & FOC.”	
“A better site for customer ordering.”	

Additional Problem 3 Solution

- Improve relationships between ComicsPRO members and other comic shop owners. Introduce social media groups, email threads, monthly meetings, etc. to get together and discuss what is going wrong and right (“Monthly Comics Pro e-newsletter sharing resources, tips, links, etc.”).

Overarching Solution

Better working data repository for all individual stores and industry wide.

Collect data on customer orders, do focus groups on what customers are looking for, collect data on sales in the industry, etc. Having this information and correctly applying solutions from analysis can improve LCSs in multiple areas.

ComicsPRO should do more market research and use that information to guide (a) retailer programming/collaboration and (b) communication with (and lobbying of) Diamond and publishers.

Supporting Quotes:	Frequency
“More data!: on variants; on best-sellers; let's make good decisions with good public data; more transparency on data shared by Diamond.”	15 (8%)
“Ask people what they want: survey, listening session.”	
“A physical meeting regarding data - meeting of retailers & publishers & Diamond reps about what data we need, why we need it and how to share it - combine with training videos, more educational tools for retailers to get everyone understanding everything.”	