

NEWSAGENT SALES BENCHMARK STUDY

JAN-MAR 2013 vs JAN-MAR 2012

Overall newsagency sales decline. 51% of participating newsagencies reported a decline in revenue. This is an improvement on the previous quarter. Of those reporting a decline, the average was 5% - also an improvement. Of those reporting growth, the average was 5%.

Traffic. Customer traffic was down for 50% of newsagents recording an average decline of 2% in the number of transactions.

Basket depth. 48% of newsagents reported a decrease in basket size (items in the basket) with an average increase was 1.8%.

Basket value. 57% of newsagents reported an increase in basket value – with an average of 3.2%. While newsagents are selling fewer items, they are selling more expensive items.

Product mix. Traditional newsagency lines – newspapers and magazines – suffered the most, again. This should be very concerning to newsagents and their suppliers.

Discounting. The decline in discounting identified in the last quarter remains evidence for this quarter with only 27% of participating newsagencies reporting discounting of any significance.

The gap between the performance of the traditional newsagency and one chasing change is more evident than ever. The traditional newsagency is the type of business reporting the most significant decline whereas the newsagency pursuing new lines is the type of business reporting growth.

This newsagency sales benchmark study is based on an analysis of sales basket data from more than 150 newsagencies – city and country, shopping centre and high street, banner group and independent.

Benchmark results by key departments:

1. **Magazines.** 83% of newsagents reported an average decline (in units) of magazine sales of 6.3%.

Women's Weeklies is the category reporting decline in more stores with 89% of all newsagencies in negative. The average unit sales decline for the category was 7.6%. With *Women's Weeklies* accounting for, on average, 25% of all magazines sold, the scope of the decline is a concern. We have to ask ourselves: *what are we doing about this?* While it is easy to blame the products, we must also look at how we treat the category. Maybe doing the same today as what we did ten years ago is part of the problem here.

In the 11% of newsagencies reporting growth I specific categories driving this. For example, in one newsagency, partworks sales are up 300%, delivering 18% of all magazine sales. In another newsagency, craft title sales are up 11% and food titles up 13%. Talking to some participants achieving category specific growth, they put it down to strong local interest and specific attention by the business in this.

In a couple of newsagencies reporting magazine growth undertaking a whole of department magazine relay was put up as the reason for success.

Too many newsagents are bystanders with magazines. They do the bare minimum. While the magazine distribution model to newsagents *is* unfair and puts us at a competitive disadvantage, there are growth opportunities for newsagents. It takes work. The rewards are worth it.

2. **Newspapers.** 83% of newsagents reported an average decline of 6.7% in newspaper sales. Regional newspapers did not suffer as much as the capital city dailies.
3. **Greeting cards.** 43% of newsagents reported average growth of 5.1% revenue growth. Of the 57% reporting a decline, the average was 6% with some as high as 22%. If you're reporting a decline in card sales you need to work on how you display the product, refreshing your offer and engage your staff with the category.
4. **Stationery.** 57% of newsagents reported an average decline of 3%. This continues a trend in newsagencies in relation to stationery. It feels like businesses are giving up.
5. **Ink.** 44% of stores participating in the study separate ink sales data allowing further analysis. 42% of these stores reported ink sales growth of 5%.
6. **Gifts.** 61% of the newsagents in the study have a separate gift department. Of these, 89% reported average year on year growth of 7%. A year ago I suggested that gift revenue should equal around a third of card revenue. Today, I see this as a benchmark, but one that should be passed if you're more well-established in gifts.
7. **Plush.** 10% of newsagencies report on plush sales in a separate department. I recommend this. A reasonable sales benchmark for plush is revenue equal to 25% of card revenue. In stores reporting on plush, sales are up on average 19%.
8. **Tobacco.** 73% of stores with tobacco products reported a decline.
9. **Confectionery.** 53% of store reported an average decline of 2%.
10. **Toys.** 82% of stores with the department reporting growth of 5%.

Newsagencies continue to be good businesses to own. They respond to attention. There is good evidence of this in individual store data I have seen. The average newsagency with a retail model 10, 20 and 30 years old is the type of business in trouble. It's unlikely to be doing anything to insulate against the changes we see impacting traditional lines.

The best type of newsagency to own continues to be the one where you have the most control over what you sell.

We create our own luck, now more than ever.

Mark Fletcher, Managing Director, Tower Systems.
Email: mark@towersystems.com.au
Website: www.towersystems.com.au
Blog: www.newsagencyblog.com.au
M | 0418 321 338

ABOUT THIS STUDY

This study is based on sales data collected from more than 146 newsagents across Australia. These newsagents represent five banner groups as well as independent operators.

The only common thread among the newsagencies is that they all use the Tower Systems newsagency software. Around 63% of newsagents with a computer system use Tower.

I have eliminated data from businesses where I knew that unique local factors impacted on the sales data.