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Interview

An Interview with Mark Fletcher

Mark Fletcher,
Director of Tower Systems

What is your background and current roles?

I'm the owner of newsagency software company Tower Systems, serving in excess of 1,800 newsagents. I'm also a 50% owner of newsXpress newsagency marketing group which serves 180 newsagents. Finally, I'm the writer of Australian Newsagency Blog, which has 1,200 unique visitors a day.

What defines a great newsagency?

A great newsagency is a business loved by the local community, generating its own traffic growth through its own efforts and delivering between 40% and 50% growth in product. It's also profitable and a business with a clear plan for its own future.

When and how did you get into the newsagency business?

While in high school I worked in Pakenham newsagency in Victoria after school hours for a couple of years. While I was there we used an old card system for handling newspaper home delivery accounts. Seven years later, when I decided to start my own business, I created my first newsagency software on an Apple II computer. I never sold this software but used it as a proof of concept for what I would go on to develop.

From 1981 to early 1996 my focus was on my newsagency software company. Then, in a fit of madness or brilliance, I bought my first

newsagency at Forest Hill in Victoria. I owned that business for thirteen wonderful years.

You have three newsagencies now. When you were establishing these what were your biggest challenges and how did you overcome them?

Each of my newsagencies are in shopping centres. All three were new, greenfield locations. Beyond negotiating the lease with the landlord (which is the biggest and most important challenge) the hardest work is getting the product mix right. Too often we see this as a "do it once and you're done" thing. In fact, it's daily – especially in a marketplace where change is relentless.

The biggest challenge today is to be relevant, interesting and valued to today's customers and to know with certainty what I will need to do tomorrow to achieve this.

Newsagents historically have relied on suppliers to tell them what to do. It's part of the agent culture. Today's world dictates that we have to own our own future because it is ours. We have to source our own products and package them with our own services – not those products from other suppliers or services that we are told to provide.

Our future is up to us and, sadly, this is why many newsagencies will close:



they will not take ownership of their future. That said, many will flourish. Our channel has the potential to grow in strength.

You're very experienced in retailing and you regularly share your experience and advice on Australian Newsagency Blog. When you were starting out was there someone more experienced that you looked to for advice? How did their advice influence and shape your career and retail management?

I didn't rely on or pick up retailing ideas from newsagents. My insights came from travelling overseas and looking at trends in leading retailers there. I realised what I liked and what could be applied to newsagents.

In the last edition of Touch Magazine you said that retailers need to "own their business" and make deliberate decisions about stock, pricing and promotion. How do you do this in your own stores?

In my own newsagencies data is king (or queen). Data drives the decisions. Not gut feel. Not supplier

relationships. Not laziness. Data tells me to stop stocking products or to get a wider range.

A newsagent owns their business by having accurate and up to date Profit & Loss data, stock turn data, supplier performance comparison data and the management skills to use this data to make business decisions. They chase change and use data as their guide. It sounds hard but it is not. In fact, it is easy.

Across three newsagencies we have a lower labour / sales revenue ratio than any newsagency I know. This drives efficiency.

It's easy to become discouraged when business is flat or going backwards. What advice can you give other newsagents who may be in this situation?

I see newsagents who grow to hate their business. It's important that we know our triggers for negative feelings and that we fight against these.

To newsagents feeling depressed or worried about tough times I say: get moving, do something – anything – and take steps in your business right now to drive change. The steps themselves may be wrong but you will get more benefit from moving in your business than standing still and worrying or complaining.

Owning and managing a retail outlet is competitive business. Do you think there's opportunity for newsagents to work more closely together to achieve better outcomes for the overall channel?

I think our channel, while still a channel, is breaking apart. The term "newsagency" applies to a diverse mix of businesses. It's rare for there to be a consistent product mix or service value proposition.

Newsagents have a history of eschewing opportunities to work together, even in smaller groupings

like marketing groups. They all complain about the channel not getting value for size from suppliers. But despite having thousands of rooftops between them they do little or nothing to actually leverage this. They are their own worst enemy and I wish that was not the case. I really do. Newsagents working together could become a serious commercial force to be reckoned with.

On Australian Newsagency Blog you regularly provide marketing tips. If you could sum up your top 5 marketing tips, what would they be?

It's hard to list the top five specific marketing tips as the top five today will be different tomorrow. Right now the top five in a general sense are:



To newsagents feeling depressed or worried about tough times I say: get moving, do something – anything – and take steps in your business right now to drive change.



1. Determine and live your Unique Selling Proposition (USP). Answer the question "What do you stand for?" and live that in every business decision.
2. Reposition your magazines. Confuse your employees and customers! Own your magazine range as it represents the single most important point of difference for any newsagency today.
3. Give your employees power to change your business. You don't have to lead the business alone. Your employees could have brilliant ideas if only you helped bring out those ideas.

4. Make sure you can be found online. This means being locatable on Facebook, Twitter, Google Places, True Local and every other local directory. Check out how easily you can be found by typing in newsagent and your suburb or magazines and your suburb... and so on. If you don't come up then be worried!
5. De clutter. Stand out the front of your shop and look carefully at what your shoppers see and the messages you present. The typical newsagency will have 30 different messages and these are often conflicting. I've heard retail psychologists say that anything beyond five messages is too many!

Online and in store sales are often competing for the same customer dollar. Do you see a way for online and in store to work together? How?

Newsagents are already providing an excellent collection point for products purchased online. They can also develop their own online opportunities but this requires an entrepreneurial spirit that only 10% or so of newsagents demonstrate today.

What are the top 5 products and categories in your stores? Why are these top products? (For example, is it because they are an "in demand" product, are extensively

supported by suppliers or because of a particular action you take to stimulate sales?)

The top five products in my stores in order are:

1. Magazines. They generate excellent shopper and browser traffic. Bodies in the store are an important starting point. While magazines are the most frustrating product category they continue to be the most important.
2. Greeting Cards. Same reasons as magazines but the key is to have cards your employees know and understand. Too often newsagents leave cards to the suppliers and thereby miss out on knowing how to sell them. Cards deliver the best margin of all products in a newsagency.
3. Plush. Hugs are vital for life and plush is the ultimate feel good product category. They have good margin, too, which makes plush highly profitable.
4. Gifts. Get this right and you have icing on the cake and a delicious cherry on your icing. newsXpress has more than 75 preferred gift suppliers. This is 75 wonderful opportunities to get additional sales to card and magazine customers. Good margin and great points of difference.
5. Counter offers. Not confectionery but other products we can sell at the counter for 50% and more margin. Things easily understood that people will add to a purchase.

What do you believe are some big opportunities in 2013 for newsagents to use to set themselves apart from competition?

The biggest two opportunities for newsagents in 2013 are to become fierce retailers by taking complete charge of their own retail destiny and to use their own store specific business data as their roadmap. Take the energy from the first and the guidance from the second and you have a model for

the future for any local business that is sure to drive success.

Your work often takes you overseas. What are some recent retailing trends and strategies that you've seen overseas that you think could be effective in the Australian market?

"Experiential retail" is huge in the US and Europe right now. It's where retailers provide a genuinely unique experience either with a stunning environment, a unique service proposition or some other mechanism. It's a challenge in a newsagency that is a general store but in a gift shop that sells newsagency lines you could really embrace this. For example, what if a newsagency decided to be the seasonal store in the region? By this I mean a store that truly and completely embraces the major seasons of Mother's Day, Father's Day etc. Giving over 33% of the front of the store to the season. All else takes a back seat. Think of the possibilities of this! Not just in product but in terms of the experience you can provide to deliver a unique customer experience.

This idea relies on us taking risks and that really is at the essence of what I am talking about here. We have to be prepared to take risks to break free from the idea of what a newsagency is. This is our future; our individual future.

Are suppliers doing enough to support small business like newsagencies in Australia? What makes or breaks a relationship between a retailer and a supplier?

Many suppliers to newsagents use processes that are decades old and have associated with them an operational cost that makes products in newsagencies even more expensive. Our suppliers need to change as much as us, cutting costs from the supply chain so we and they can make more. We need them to be more efficient so we can be efficient

too. This means we need less reps on the road and easier ways to connect with suppliers through more modern-day methods.

Suppliers have sometimes "bought" store floor space and fixtures to ensure their products are displayed prominently. Is this an advantage or disadvantage to retailers? For example, does it provide a needed cash injection or restrict the rotation of other stock and product that may benefit from being in that "bought" location.

Historically a range of suppliers have funded fixtures in newsagencies. I strongly recommend newsagents reject such offers as a bit of cash today comes with a high cost to the business long term. What matters is the margin I make on products and that products turn quickly. Margin and stock turnover matter the most. I will make more from good margin, high stock turnover product than any supplier cash hand out today.

What about free, supplier provided fixtures such as counter stands, display units and similar items?

Any counter stand or other fixture from a supplier has to be profitable for a newsagent. Just providing the stand in and of itself does not guarantee its long term use. It needs to pay its way today, tomorrow, next month. Too often newsagents leave free fixtures in place and don't get an income and they wonder why sales fade.

Where do you see newsagency retailing heading over the next five years?

Over the next five years I see the gap between the strong and the weak continuing to widen. Hopefully, this will attract more to being strong. I'd note that being strong is a choice – it is not a function of suppliers or other circumstance. We need to own our own situation and live this with gusto. 🍷