RETAIL NEWSAGENCY SALES BENCHMARK
JAN – MAR 2016 vs. 2015

This year on year **same-store** newsagency sales benchmark study is an analysis of basket data from 163 newsagencies: city and country, shopping centre and high street, banner groups (Newspower, Nextra, newsXpress) and independent.

2016 has kicked off with a challenging first quarter for many newsagents, traffic and revenue are down year on year and still too few are embracing categories outside what has been traditional for the channel.

Too many newsagents are drifting, waiting for something to happen rather than forcing change in their businesses.

- **Customer traffic.** 67% of newsagents report average decline of 1.8%.
- **Overall sales.** 75% reported an average revenue decline of 1.3%.
- **Basket depth.** 62% report a 1.8% decrease in basket size.
- **Basket dollar value.** 68% report a decrease in basket value of 1.9%.
- **Discounting.** 33% of respondents use a structured loyalty offer such as points or some other discount.

Benchmark results by key departments:

1. **Magazines.** 82% of report an average decline in unit sales of 10.7%. The average decline in weeklies was 10.9%.
2. **Newspapers.** 78% report average decline in over the counter unit sales of 6.9%. The decline was somewhat contained by promotions but nowhere near as much as has happened with promotions in the past.
3. **Greeting cards.** 62% of report average revenue decline of 3.2%. This is concerning.
4. **Lotteries.** 62% of those with lotteries report average decline of 2% in transactions.
5. **Stationery.** 73% of newsagents report a decline, with an average of 5.4%.
6. **Ink.** 28% of stores report ink separately. Of these, 54% reported increase of 3%.
7. **Gifts.** Of the 61% with gifts, 67% report average growth of 6.2%.
8. **Tobacco.** Of the 42% with tobacco, 82% report an average decline of 17%.
9. **Confectionery.** 63% of stores reported an average decline of 5%.
10. **Toys.** Of the 20% with toys, 62% report growth of 5%.

Data from the newsagents included in the study indicate extraordinary differences between businesses at either end of the performance scale.

For example, in one newsagency, magazine sales are down 35%, cards are down 13%, stationery is down 11%. The business does not sell gifts, toys or anything outside the very traditional core newsagency mix. This business is in serious trouble.

In another newsagency, magazine sales are down 22%, cards are down .5%, gifts are up 17% and account for more revenue than cards. Toys are up 250% as a result of this being a relatively new category for the business. What the business is losing in one category it is gaining in another because of deliberate decisions being taken.

There is good news for newsagents working on their businesses, pursuing new traffic. I see this working in many situations.

In terms of magazines, looking closely at a subset of businesses in the benchmark study, I see no evidence of in-store marketing for magazine driving sales. Businesses with excellent aisle-end displays experienced results similar to those that did little in-store promotion.

In the last study, I saw results for a store that reflected a considerable turnaround. I made a video of the story: https://youtu.be/f-YilFlFG68 This same store has delivered excellent results this quarter, achieving further growth.

In my own newsagency: key category numbers off a good base, are: **Diaries**: up 219%. **Cards** up 17%. **Gifts** up 25% and account for 16% of sales; **Magazines** down 3% and weeklies down 3%; **Stationery** up 3%, **Plush** up 33%. **Traffic**: down 6%; Average Sale Value: up 10%; **Average Item Value**: up 5%. Revenue up 4%. This business has no agency products.

BENCHMARK GOALS

I am often asked for benchmark goals newsagents ought to aim for. Here are some benchmarks I have developed in my work with newsXpress and through Tower Systems:

1. Gross profit: this is the goal gross profit for all product sales not taking into account any revenue or costs related to any agency business. The traditional newsagency average is 28% to 32%. For a newsagency focused on the future, the goal has to be at least 45%.
2. Ratio of Gift revenue to Card revenue: 50% minimum. The goal ought to be 100% or more. If you do $100K a year in cards, target to do $100K in gifts, or more.
3. Revenue per employee - $250 an hour minimum.
4. Revenue PSQM $4,500 - $8,500 depending on country versus city / high street to shopping centre and depending of the product mix. Higher GP lower revenue required.
5. Overall revenue mix percentage targets: Cards: 25%; Gifts/toys/plush: 25%; Stat: 10%; magazines/newspapers: 20%; other: 15%.
6. FLOORSPACE ALLOCATION: Cards: 25%; Gifts/toys/plush: 25%; Stat: 8%; magazines/newspapers: 15%; other products: 15%; office/back room / counter: 12%. It's rare you make money from an office or store room.
7. Mark-up goals: Stationery: 125%; Gifts 110%; plush: 110%.
8. Occupancy cost: between 9% and 11% of revenue where revenue is product revenue plus commission from agency lines. Location and situation are a big factor in this benchmark. For example, a large shopping centre business will have a higher cost than a high street situation.
    - NOTE: It is easy to say the landlord is responsible for this ratio. As the retailer you are responsible for margin and revenue.
9. Labour cost: between 9% and 11% of revenue where revenue is product revenue plus commission from agency lines. Labour cost should include fair market costs for all who work in the business. (See above).

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