

NEWSAGENT SALES BENCHMARK STUDY

JULY – SEPT. 2010 vs JULY – SEPT. 2009

Retail sales declined 1.5% in the Australian newsagency channel in the July through September 2010 quarter compared to the same period in 2009 according to the latest newsagency sales benchmark study.

Magazines, cards and stationery lead the decline with many newsagencies reporting a concerning decline in sales, especially in magazines.

The latest newsagent performance data is from the Tower Systems Sales Benchmark Study. Tower Systems undertakes these studies on behalf of newsagents. This Q3 2010 study is based on sales data from 107 newsagencies, trading under four different banners plus independents, businesses in capital city regional and rural situations.

Here are the headline numbers:

- **Overall sales.** 74% of newsagencies reported a decline in sales for the quarter compared to the same period a year earlier. The average decline was 1.5%. Of the 26% reporting an increase in sales, the average increase was 2.5%.
- **Basket size.** 41% of newsagents reported a decline in average shopping basket size, 28% reported no change and 31% reported an average increase of 1%. The average shopping basket size for the quarter is 1.48 items. Rural and regional newsagencies continue to report a 20% deeper basket than capital city newsagencies.
- **Greeting cards.** 77% of newsagents reported a decline in greeting card sales with the average decline 4% year on year. Of the 23% reporting an increase in greeting card sales, the average increase was just under 2%.
- **Stationery.** 55% of newsagents reported a decline in stationery sales with the average decline 2%. Of the newsagencies reporting an increase in stationery sales, the average increase was 4%.
- **Newspapers.** 25% of newsagents reported a decline in newspaper sales with an average decline of just under 2%. 30% reported no change and the remainder reported an increase of, on average, 2%.
- **Magazines.** 81% of newsagents reported a decline in magazine sales with an average decline of 4%. While the decline is reported across the board, the women's weeklies category appears to have suffered.

The benchmark analysis process is time-consuming, accurate yet simple. I collect data for all sales for the periods being compared and analyse these in terms of unit sales (magazines, cards and newspapers) and revenue. Only data from stores adhering to industry IT standards is used.

The key newsagent departments of magazines and newspapers are reporting concerning declines – especially on the back of declines in 2009 over 2008.

The green shoots which were evident in the first benchmark study of this year and challenged in the second study have not reappeared. That said, there are some sustained successes. For example, I have seen excellent growth for ink, books and gifts in some stores, but not across the channel.

Suppliers and industry leaders who care about a healthy newsagency channel will engage on the issues reflected in these benchmark numbers.

The performance of the channel and the tough trading conditions many are experiencing ought to be the top priority topic at any conference, meeting or other newsagent channel gathering. The issues reflected in the numbers I have been looking at for the past week go to the heart of the future of the channel.

Newsagencies showing growth are more likely to have the owner or the most senior manager personally involved in magazines, making strategic and opportunistic decisions. These stores are also more likely to be engaged in external marketing which is designed to drive traffic.

The days of newsagents relying on core products like magazines, lotteries, tobacco and newspapers to pull traffic are in the past.

External marketing around a compelling offer is crucial. This is where the continued strong ink result is worth noting. Stores showing double digit growth are all running external marketing through flyers or ads in local newspapers.

As previous studies have shown, newsagencies in rural and regional situations fared better than their city counterparts. Shoppers visit less frequently but spend more in each visit – driving sales efficiency.

OPPORTUNITY

The opportunities evident in the latest benchmark sales data is as I have noted previously:

- Personally engage in the **traffic driver departments**: magazines, newspapers, cards and lotteries.
- Personally engage in the **highest margin departments**: cards, books and gifts.
- Work the counter for **impulse purchases** and not as a magnet for junk.
- Drive change, always looking for new opportunities.
- Keep focused on what the business stands for – make it obvious to passers-by.

It is easy for newsagents to lose their way. The nature of the work, the relentless arrival of new stock, the demands of suppliers and the long hours can make us less attentive to our businesses than we should be.

This document is a summary of the sales benchmark study data available. Participating stores wanting a more personal review of their business to the overall benchmark group are welcome to request this.

Benchmark study details: 129 newsagencies submitted sales data for this benchmark study. This was culled to 107 by eliminating businesses with questionable data quality – usually where some items sold are not scanned. The comparisons are on a same store year on year basis. This makes the result more useful. There was a broad mix of stores represented across all marketing groups, all states and all newsagency types.

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