

NEWSAGENT SALES BENCHMARK STUDY

APR-JUN 2011 vs APR-JUN 2010

Analysing the sales benchmark data for the June quarter has been difficult because of the greater than usual difference in numbers between newsagencies.

This difference indicates that it is risky to present data to speak for the whole channel.

For example, where many newsagents are tracking a decline in magazine sales of 8% and more for the quarter, there is an equal number tracking growth of 6% and more for the same period compared against their performance a year earlier.

The group of newsagents delivering the most challenged results are those in capital city shopping centres. The lure of shopping malls could be fading – based on recent announcements around fashion businesses.

Those experiencing the best numbers are newsagencies located in regional centres.

Here are the headline numbers:

- **Magazines.** Magazine sales fell, on average, 2% (in unit sales) in the April through June 2011 quarter over the same period last year. Just on half newsagents reported a decline in magazine sales. Looking just at April and May, just about all newsagents reported sales growth. June was a very tough month, wiping out many of the gains of the previous two months.
- **Greeting cards.** Greeting card sales grew, on average, 2% (unit sales) in the quarter. 70% of newsagents reported growth. I'd say that such of this growth is due to product innovation.
- **Stationery.** 60% of newsagents reported a decline in stationery revenue (not including ink) with the average decline 1%.
- **Ink.** 45% of stores participating in the study have a separate ink department. 90% of these stores reported growth in ink revenue of 5%.
- **Gifts.** 55% of the stores in this study have a gift department. 60% of these reported an average sales increase of 3% in gift revenue. Those with a gift department almost the same value as stationery reported growth of 10% and more.
- **Newspapers.** 80% of participants report an average newspaper sales growth of 2%. This could be due to promotions as they are often bundled in the newspaper dept.
- **Basket size.** Basket size did not measurably change.
- **Traffic.** 30% of newsagents served 2% more customers than in the 2010 period.

Parallel to this study I have looked at magazine sell through rates. In the first six months of this year they have declined yet newsagent invoices from magazine distributors have not declined. This is a core problem for newsagents and magazine publishers. In the face of evidence of sales challenges, Gotch and Network are not acting responding responsibly.

The performance data is from the Tower Systems Sales Benchmark Study. Tower Systems undertakes these studies on behalf of newsagents. This three month study is based on sales data from 103 newsagencies, trading under four different banners plus independents, businesses in capital city regional and rural situations.

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