NEWSAGENT SALES BENCHMARK STUDY OCT-DEC 2011 vs OCT-DEC 2010

ABOUT THIS STUDY

I apologise that this newsagency sales benchmark study has taken considerably longer to complete. This has been due to a 75% increase in participating newsagents. I received comprehensive sales data from more than 250 newsagencies.

Once I completed a review, eliminating data of businesses that were significantly affected by external factors such as flooding, major construction and the like, I was left with a dataset representing 246 newsagencies.

The data set contains sales by department and category (including MPA category for magazines), basket numbers, basket depth (units and dollars) for each of the two three-month comparison periods by store.

NEWSAGENCY SALES BENCHMARK RESULTS

Overall, newsagents had a good end to 2011. The year ended with better numbers over 2010 and 2010 ended over 2009.

I am concerned about the difference between newsagencies. **There is no doubt in my mind that the strong are getting stronger.** They are achieving growth from specialisation and diversification. This is evident in the sales data.

Even the data itself speaks to the difference between businesses. **Newsagencies with well-managed data perform better.** I can assess attention to data management in department and category structure and in whether every item sold in the newsagency is being scanned. This is why I am able to say that newsagents who are better at managing data will have more successful businesses.

What is interesting about this is that newsagents have complete control over how data is managed in their businesses.

Here are the newsagency sales benchmark highlight results for type of newsagency:

1. **Increase in basket depth.** What is particularly evident is the increase in basket depth among more newsagents. In short, more newsagents are selling more in each sale. This is vital to our success as retailers. Not enough though, less than half the newsagencies in the study achieved this – at least this is up from just a third a year earlier.
2. **City versus country.** It was harder to separate the results here compared to the last study where country newsagencies clearly performed better. The data indicates to me that city newsagencies ended the year stronger than their country counterparts. There difference was not as obvious. That said, bigger country newsagencies performed better than smaller.
3. **Shopping centre versus high street.** Except for a few of the larger high street newsagencies, shopping centre businesses performed better, more of them were in the grouping with better sales results compared to the year earlier.
4. **Rural.** I looked at the data I had from a group of rural main street newsagencies. They did okay. Some growth, some increased sales efficiency – getting existing shoppers to purchase more. The challenge here appears to be driving more traffic.

Now let's look at the results by key departments. Note that for some departments I use unit sales and others I use dollar revenue:

1. **Magazines.** 26% of newsagents in the study reported unit sales growth with an average growth of 3%. Of the newsagents reporting unit sales decline, the decline was 7%.

   NOTE: I have not included data for newsagencies reporting extreme results as this would skew the results. For example, sales in one of my newsagencies are up 45%. This is primarily due to a complete magazine relay, considerable external marketing and store specific opportunities.

   Rural and regional newsagencies were more likely to report a decline than a city based newsagency.

   At the MPA category level, women's weeklies, motoring titles and sports titles were the most challenged, reporting higher declines. Food, crafts, crosswords and special interests continue to be the stand out categories, recording growth.

2. **Greeting cards.** 57% of newsagents reported revenue growth. The average growth from this pool was 3%. Of those reporting decline, the average decline was 4%.

3. **Stationery.** 60% of newsagents reported growth in stationery revenue in a major turnaround from the previous study. The average growth was 3%. The average decline in revenue for stores experiencing decline was 6%.

4. **Ink.** 46% of stores participating in the study separate ink sales data allowing further analysis. 62% of stores reported ink revenue growth with 5% the average increase. Of those reporting decline, the average decline was 3%.

   Ink continues to be an important product category given the habit nature of the product. Win an ink customer on price and or service and you have them for life.

5. **Gifts.** 52% of the stores in this study have a gift department. 70% of these reported an average sales increase of 8% in gift revenue. Of those reporting a decline the average was 6% which is a concern.

   The big concern in the gift data is that almost half newsagents do not have a permanent gift department. This is dreadful. A newsagency is a natural fit for gift sales. This is an easy department to move into, one over which you have pricing, ranging and other control. It is a department through which a retailer can shine.

6. **Newspapers.** 40% of newsagents reported an increase in newspaper sales. The average increase was 2%. Of those reporting a decline, the average decline was 8%.

Here are some other stats from the assessment of the data provided:

1. **Average basket size.** There are 1.63 items in the average newsagency basket not including lottery products. This is significantly up on the recent average. More than 50% of newsagents experienced an increase in basket size.

2. **Customers served.** 54% of newsagents experienced an increase in customers presenting at the sales counter. The average increase was 3% - not considerable but welcome nevertheless.

In the last study it was capital city shopping centre newsagencies which were most challenged. In this study they are the ones enjoying the best results. This speaks to the fickle nature of shopping centre sales performance. While am no economist it could be that they are the first to experience trends.

SUMMARY

My overall take on the data is that newsagencies are good businesses to own. They respond to attention. While some existing product categories *are* challenged, we have the capacity to trade outside of this and make our own success in new areas.

I think that through 2012 we will continue to see the strong get stronger and the weak get weaker. Newsagents can move from one group to the other depending on what they and their team invest in the business.

We create our own luck, now more than ever.

Here is a **TO DO LIST** for newsagents based on the data I have been immersed in as a result of the study:

1. **Do a full magazine relay.** Every magazine off and rebuild your placement from the ground up. No excuses. I have done it. Sales *will* increase as a result. Call me if you need advice on this.
2. **De clutter.** Have products in one location and not many. Make the statement you make at each high traffic location obvious and strong.
3. **Get into gifts.**
4. Look at your **external marketing campaign**. Your competitors are spending between 2% and 5% of sales to drive traffic.
5. Look at how much you allocate to **time on the shop floor**. This is where incremental growth comes from.
6. **Refresh stationery** and get serious about promoting this department.
7. Ask your card company for another **performance review**.
8. Look carefully at your **basket building strategies** and ensure that you are making the most of foot traffic.

The most important competitor a newsagent has is themselves. This is why regular comparison against past performance is vital to the success of the business.

I appreciate the time given by the newsagents using the Tower Systems newsagency software who shared the sales data that is the basis for this study.

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That we have been able to do the study speaks to our 1,750+ strong newsagent community. More newsagents use Tower software than all other newsagency software companies combined.