

NEWSAGENT SALES BENCHMARK STUDY

JUL-SEP 2013 vs JUL-SEP 2012

This newsagency sales benchmark study is an analysis of sales basket data from 136 newsagencies – city and country, shopping centre and high street, banner groups (various) and independent. To be included, the businesses must have been using the same software for both analysis periods and to be compliant with industry software standards.

To be clear, this is a same store year on year comparison.

Customer traffic. 52% of newsagents recorded an average decline of 3.7% in transactions. 12% reported no change and the rest an average growth of 1.8%.

Overall newsagency sales decline. 63% reported an average revenue decline of 3.6%. Of those reporting growth, the average was 7%.

Basket depth. 48% reported a decrease in basket size (items in the basket) with an average decrease was 1.7%. 26% showed no change. The rest achieved 1.8% growth.

Basket value. 46% of newsagents reported an increase in basket value – with an average of 2.3%.

Product mix. Newspapers and magazines suffered the most, again.

Discounting. The decline in discounting identified in the last three quarters has continued with only 21% of respondents discounting of any significance.

The gap between growing and contracting newsagencies is getting wider. Those growing have a more diverse product offering. The comparison reports show the growing businesses attracting new traffic.

Benchmark results by key departments:

1. **Magazines.** 79% of newsagents reported an average decline (in units) of magazine sales of 9.1% - the same YOY decline as last quarter.

86% of reported an average unit-sale decline of *Women's Weeklies* of 9.8%.

Women's Weeklies account for around 25% of all magazines sold in a newsagency.

Women's Interests, Food and sport also performed poorly. Home & Living did well.

The worst news was for Special Interest – this newsagency exclusive category is showing an average decline of 6.7%.

The number of newsagencies reporting declines above 25% is most concerning.

18% of newsagents reported measureable magazine sales growth, some into double digits. While some grew through local circumstance, others grew by engaging with the category.

2. **Newspapers.** 91% of newsagents reported an average decline of 5.9% in over the counter newspaper sales. Again, regional newspapers did not suffer as much.
3. **Greeting cards.** 58% of newsagents reported average growth of 3.4%. Of those reporting a decline, the average was 4.1% with some much higher.
4. **Stationery.** 67% of newsagents reported an average decline of 1.3%. This continues a trend in newsagencies in relation to stationery.

5. **Ink.** 37% of stores participating in the study separate ink sales data allowing further analysis. 52% of these stores reported ink sales growth of 4%.
6. **Gifts.** 44% of the newsagents in the study have a separate gift department. Of these, 72% reported average year on year growth of 8%.
7. **Plush.** 4% of newsagencies report on plush sales in a separate department. I recommend this. A reasonable sales benchmark for plush is revenue equal to 25% of card revenue. In stores reporting on plush, sales are up on average 21%.
8. **Tobacco.** 77% of stores with tobacco products reported a decline of on average 9.7%.
9. **Confectionery.** 62% of stores selling confectionery reported an average decline of 14%.
10. **Toys.** 19% of stores with the department reporting growth of just 4%.

Newsagencies continue to be good businesses to own. They respond to attention. There is good evidence of this in individual store data I have seen. The average newsagency with a retail model 10, 20 and 30 years old is the type of business in trouble. It's unlikely to be doing anything to insulate against the changes we see impacting traditional lines.

The best type of newsagency to own continues to be the one where you have the most control over what you sell and where you generate traffic for several product categories where average gross profit is 50% or higher.

We create our own luck.

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ABOUT THIS STUDY

I have done these benchmark studies for many years, drawing on my experience with the Tower newsagent community. Around 63% of newsagents with a computer system use Tower. I have eliminated data from businesses where I knew that unique local factors impacted on the sales data.