

RETAIL NEWSAGENCY SALES BENCHMARK

APRIL - JUNE 2015 vs. 2014

This year on year same-store newsagency sales benchmark study is an analysis of basket data from 168 newsagencies: city and country, shopping centre and high street, banner groups (Newspower, Nextra, newsXpress) and independent. Data includes newsagents using the Tower and POS Solutions newsagency software.

The June quarter was tough newsagents. Sales in the core traffic driver of magazines declined more sharply than in recent quarters. Add to this the continuing decline in newspaper sales and we ought to be very concerned as the traffic from print media sits been at the core of viability for many newsagencies.

Cards, too, experienced a tough quarter with the majority of newsagents reporting declines as did lotteries.

Traffic is mission critical for our channel. With core traffic categories of papers, magazines and lotteries declining for many, the question has to be: *what new traffic initiatives are you engaging with?* Sitting by and watching the traffic decline and complaining about it is no plan. What new traffic initiatives have you engaged? Your answer is critical to the future of your business.

Here are the headline numbers for the benchmark study:

- **Customer traffic.** 77% of newsagents report average decline of 2.6%.
- **Overall sales.** 61% reported an average revenue decline of 3.1%.
- **Basket depth.** 65% report a 2.5% decrease in basket size.
- **Basket dollar value.** 232% report an increase in basket value of 3.8%.
- **Discounting.** 35% of respondents using a structured loyalty offer.

As has become common in the benchmark studies, the performance of the channel is not uniform. While there is bad news, there are many newsagents enjoying growth.

Benchmark results by key departments:

1. **Magazines.** 92.9% of newsagents report an average decline (in units) of magazine sales of 9.1%. Weeklies lead the decline.
2. **Newspapers.** 69.3% report average decline of 5.5% in unit sales. Capital city dailies lead the decline.
3. **Greeting cards.** 57.9% of report an average decline of 3.9%.
4. **Lotteries.** 55% report an average decline of 2% in unit sales.
5. **Stationery.** 58.5% of newsagents reported an average increase of 3.5%.
6. **Ink.** 29% of stores report ink separately. Of these, 62% reported growth of 4%.
7. **Gifts.** Of the 83% in the offering gifts, 71% reported average growth of 6.8%.
8. **Tobacco.** Of the 50% with tobacco, 75% reported an average decline of 6.8%.
9. **Confectionery.** 52% of stores reported an average increase of 2.7%.
10. **Toys.** Of the 32% toys, 69% reported growth of 7.2%.

Product mix shift. The shift in product mix I have seen recently continues. Ranges are expanding as is the average price point.

I have not included my newsagency in the results as my numbers are outside the average and I did not want them to skew the results. I don't mean this to sound arrogant.

My numbers off a good base, are: **Books**: up 586% and accounting for 2% of sales (thanks to adult colouring). **Diaries**: up 78%. **Cards** up 14% with Everyday Counter up 24%. Cards account for 25.44% of sales; **Gifts** up 45% and they account for 12% of sales, **Magazines** down 7% and down to 27% of sales from 34%, **Stationery** up 8%, **Plush** up 17% and accounting for 12.34% of total sales and **Toys** up 161% and now at 4% of sales.

Traffic: down 2%; Average Sale Value: up 10%; Average Item Value: up 19%. **Each of these key measurement points compounds on the other.**

My newsagency is in an outer suburban Westfield centre in Melbourne with around 300 stores including majors, a nextra newsagency, two Coles supermarkets, Wild, Typo, several large independent card shops and twelve gifts shops. We fight a tough battle.

What we do in this business any newsagent can do. Growth *is* achievable.

NEWSAGENTS, IT IS YOUR FUTURE TO OWN

I urge newsagents to focus on traffic followed closely by margin. Attracting new shoppers to your business is vital and guiding them to purchase items that have a higher margin (50% and more) is essential.

- **New traffic can be found** in gifts, plush, toys, homewares, fashion, ink and office furniture opportunities. You have to buy well and promote even better. More often than not your suppliers will not be traditional newsagency suppliers.
- **Higher margin can be achieved** if you have a consistently pitched loyalty program and carry items not readily available in other shops near yours.

We have more control over our businesses than ever before. What we do with this is up to us. The trends affecting us are obvious. As I note in the headline: our future is ours to own.

I worry that newsagents want to be told what to do. No one will do this. While they may provide options and ideas, what you do in your business is up to you.

Please take this benchmark report as a call to action.

I'd be happy to comment confidentially on any individual situation.

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