



## Members Benchmarking Report

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**September 2007**

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# 1. Introduction

## 1.1 Background

This report outlines the results of an email survey conducted by the Museums Shops Association of Australia (MSAA) during 2006 and concluded in 2007. The survey was completed by MSAA members and aims to reveal financial and other characteristics of shops located in museums, galleries, arts and visitor institutions across Australia. The information contained in the report relates to MSAA shops' operations during the 2004/2005 Financial Year.

## 1.2 Methodology and Limitations

The survey questions were devised and emailed to MSAA members by MSAA President, Matt Lee. Several questions were emailed over a series of weeks, refer to Appendix 1 for a copy of the survey.

Many MSAA members completed part of the survey but not all. A survey was considered valid and useful if a respondent failed to answer only one set of questions. If any more than one set of questions were unanswered the member's survey was not used in the analysis of this report.

At the MSAA conference in 2006 Matt Lee presented preliminary findings from the survey, including graphs of frequencies and median figures. These preliminary frequencies and medians vary to the ones given in this report as Matt used *all* answers given to a question. For greater statistical analysis, this report uses only complete or near complete whole surveys. A total of 66 surveys were used.

While 66 surveys yield useful outcomes, this sample size is not large enough for conclusive results. A sample size of at least 100 surveys would make the results more statistically valid. The results should, therefore, be taken generally and with caution. No recommendations are given in this report. MSAA members wishing to base planning or financial decisions on the survey results should conduct more research.

The report gives the average figure for answers where this is valid. However, if the average was affected by a few large or small responses it is not given. Instead the median or middle figure is given.

Most survey questions were open-ended. For example, members were asked their annual turnover and gave the exact amount as their answer. To be able to manipulate the data statistically, most answers have been grouped into categories on a scale. This is reflected in the graphs throughout the report. The statistical methods used includes frequencies and chi-square analysis, conducted using the computer package *Statistics Package for the Social Sciences*.

Chi-square allows analysis of the affect of one variable on another, such as the affect of a member's advertising budget on their gross profit. However, readers should be cautious when examining cause and affect. For example, if a member has an online shopping facility and they produce wholesale items they are also likely to have high stock turnover and gross profit. It should not be concluded that introducing online shopping and wholesaling will always result in high turnover and profit. Rather, museums and galleries who have the budget to have these facilities are most likely to be well funded, city institutions who would have these financial results regardless.

## 2. Institutions Profile

### 2.1 Visitation & Entrance Fee

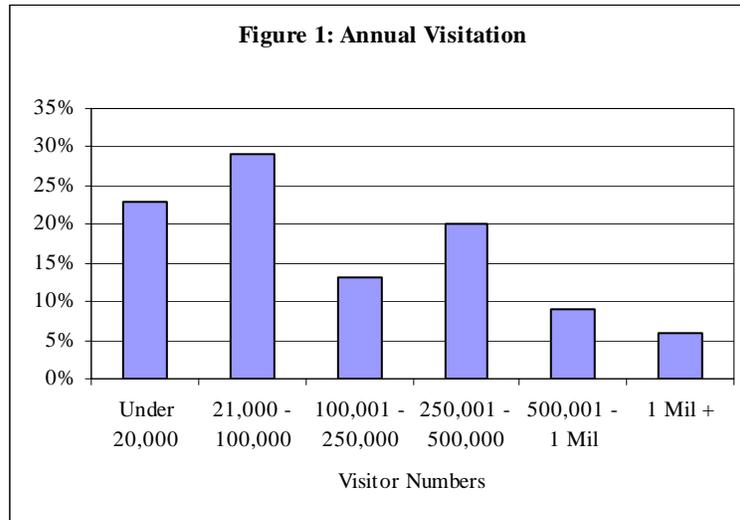


Figure 1 reveals the annual visitation figures for the institutions who took part in the survey. The spread of visitation sizes shows a good mix of respondents participated in the survey. The middle or median number of visitors is 98,000.

Statistical analysis revealed shops located in institutions with a visitation over 250,000 are likely to have two staff per day on the shop floor. Those under this number of visitors are more likely to have one staff member on duty.

High visitation institutions also have shops who spend more on advertising, develop a high number of products per year and take many phone, email and mail orders. Their annual turnover is usually over \$250,000, they have more than \$75,000 stock on hand, have an annual gross profit over \$100,000 and a gross profit margin of 40 to 60 percent.

The survey also asked participants if their institution charged an entrance fee. 58.5 percent replied yes, 41.5 percent replied no.

## 2.2 Owner of Institution Where Shop is Located

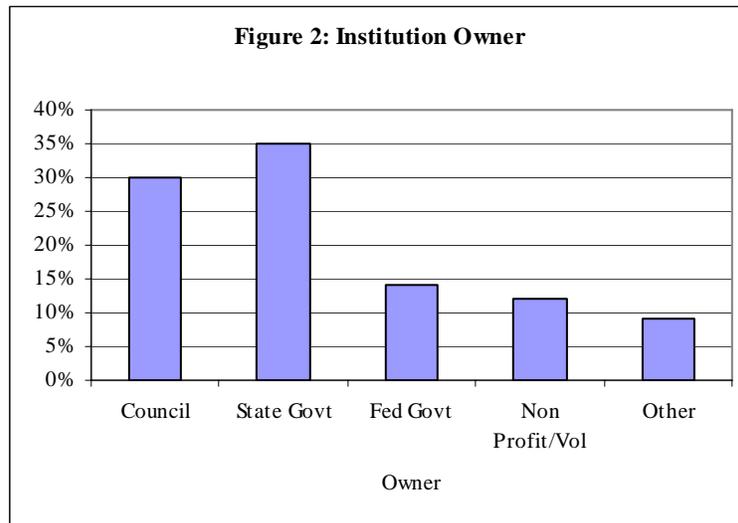


Figure 2 shows the owner of institutions where MSAAs are located. Although Local Council and State Government are the larger groups, there was good participation from non-profit/not-for-profit and volunteer organisations. It should be remembered that the owner of the institution is not necessarily the owner of the shop. The retail outlet may be independent.

The type of owner of an institution affects many aspects of retail operations including:

- Council owned institutions have cards as their biggest selling item, every other type of institution has books;
- State and Federal institutions take a higher than average number of phone, email and mail orders;
- Shops with large floor space are mostly Federal Government;
- Salary costs and the shop manager's salary are higher for Federal Government institutions. While Council and Non-Profit owned institutions are more likely to allow volunteers to work in their shops;
- Council institutions are the largest group not to take salaries from their retail revenue;
- Shops located in Federal Government institutions are the largest group to pay rent to their institution;
- Of the group of shops located in Federal Government institutions, more than half report they wholesale to other institutions;
- Of the shops who make more than 16 new products annually, most are located in State or Federal institutions;
- Shops in a Federal Government institution are likely to have an annual turnover of more than \$250,000. For State Government shops this figure is \$100,000. Most Councils and Non-Profits have under \$100,000;
- A similar pattern exists for stock on hand, annual gross profit, managers' salaries and salary costs, i.e. Federal Government have the highest figures followed by State then Councils and non-profits/volunteer run organisations.

## 2.3 Institution Location

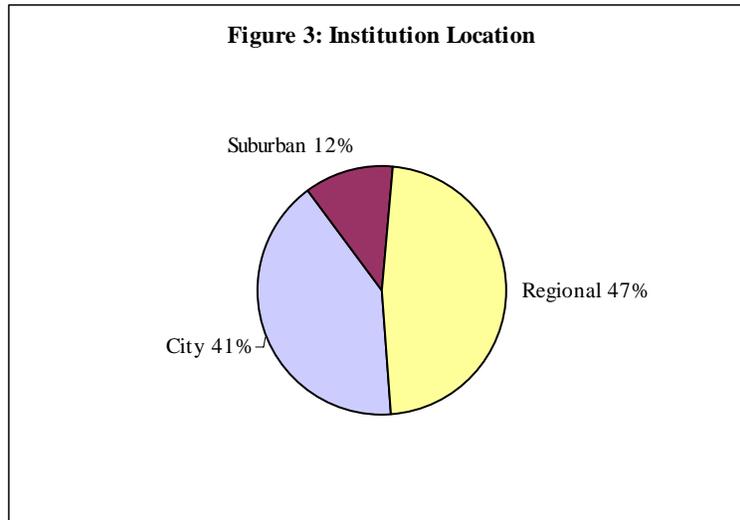


Figure 3 Shows most MSAA members who participated in the survey are located in institutions in city or regional areas.

Like Institution Owner, discussed in 2.2 above, the location of an institution affects aspects of a shop's retail operations including:

- Regionally located shops have cards as a major seller, much more so than city shops;
- City shops have higher numbers of phone, email and mail orders;
- No suburban located shops offer an online shopping facility. More city than regional shops offer online shopping;
- City shops generally spend the most on advertising, have higher visitation, have more staff on the shop floor each day, have higher staffing costs and have large shop size;
- City institutions usually have \$500,000 annual turnover, \$200,000 stock on hand (although some regional shops also did) and an annual gross profit of \$101,000 plus.

## 2.4 Institution Type

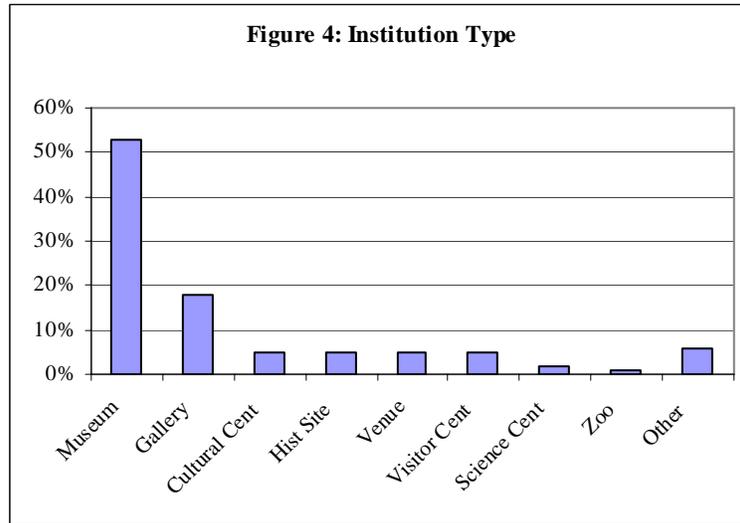


Figure 4 shows most participants in the MSA survey were shops located in museums, with galleries the second largest group.

The type of institution a shop is located in affects the following aspects of retail operations:

- Even though books were the biggest selling item for most shops, this was not always the case for galleries who often reported cards as big sellers;
- Museums also have their own characteristics with regards to popular selling products. After books, museums' top sellers were items individual to the museum, e.g. model planes at an air museum. Cards are a significantly lower seller for museums;
- Museums produce a high number of new products each year;
- Galleries are slightly more likely to have a shop specifically for an exhibition;
- Historic sites have a high likelihood of having volunteers working in their shop;
- Galleries and visitor centres have a higher than average chance of not having their salaries come from their retail revenue.

### 3. Shops Profile

#### 3.1 Shop Floor Space

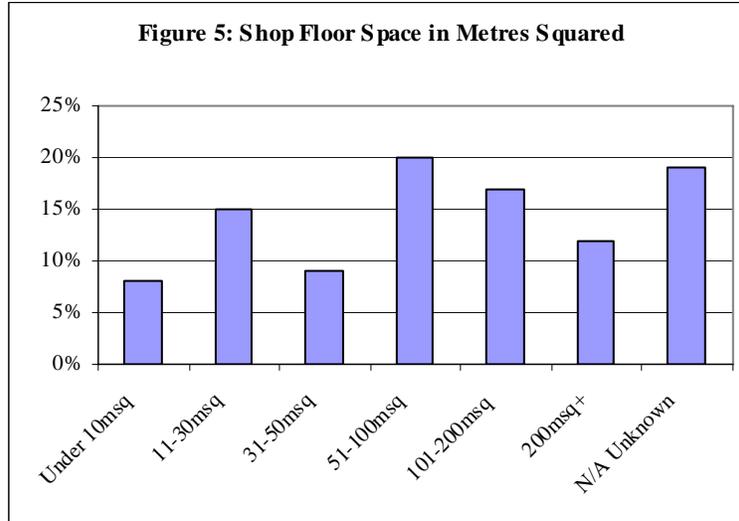


Figure 5 shows MSAA shops come in all sizes, 20 percent fit into the 51 to 100 metres squared category and the median size is 78 metres square. Floor space does not affect the number of staff a shop has on duty each day.

MSAA members with large shops are also likely to have high levels of stock on hand, have high stock turn and report a large annual gross profit.

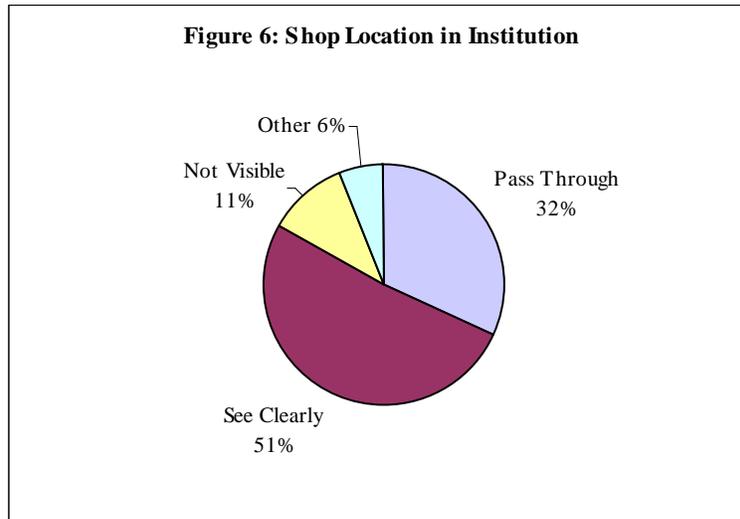
#### 3.2 Pay Rent to Institution

Over 83 percent of shops reported they do not pay rent to their institution.

The small percentage who do pay rent have distinct characteristics. They are likely to pay their salaries from their retail revenue, are unlikely to have volunteers working in their shop and produce many new products each year. Their managers are among the top earners, usually over \$61,000 per year. This group also varies from the average in financial factors. Their annual turnover is \$250,000 plus, their stock on hand is high and their gross profit is \$100,000 plus.

### 3.3 Shop Location within the Institution

Figure 6 shows where in an institution shops are located with most seen clearly by visitors and another large group passed through by visitors.



The affect of location on retail operations includes:

- Of the group who described their shop as “not visible”, 50 percent have online shopping;
- Those who describe their shop as being “passed through” by visitors, are more likely to have volunteers work in their shop. The other two groups are more likely to not have volunteers work for them;
- MSAA members whose shops are seen clearly are often those from institutions with high visitation numbers, high salary costs and producers of a high number of new products per year;
- Shop location does not affect the financial aspects of retail operations as much as other factors. However, shops seen clearly are usually have a turnover of over \$100,000 and a \$51,000 plus annual gross profit.

### 3.4 Volunteer Staff and Number of Staff on Floor

Almost 60 percent of shops do not use volunteer staff. As would be expected, those who do use volunteer staff have lower salary costs.

Figure 7 shows the number of paid staff on duty each day. Most shops have either one or two staff per day. Not surprisingly, the greater number of floor staff a shop has, the higher its salary costs.

Shops who have more than two staff also have the characteristics of having an annual gross profit of \$101,000 plus and an annual turnover of \$500,000 plus.



### 3.5 Salaries

Figure 8 reveals most shops pay their managers \$31,000 to \$60,000 per year. The average is \$48,000.

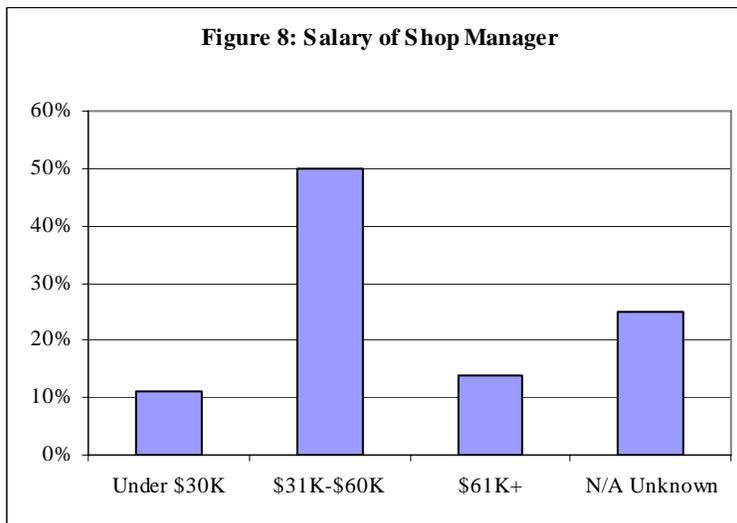
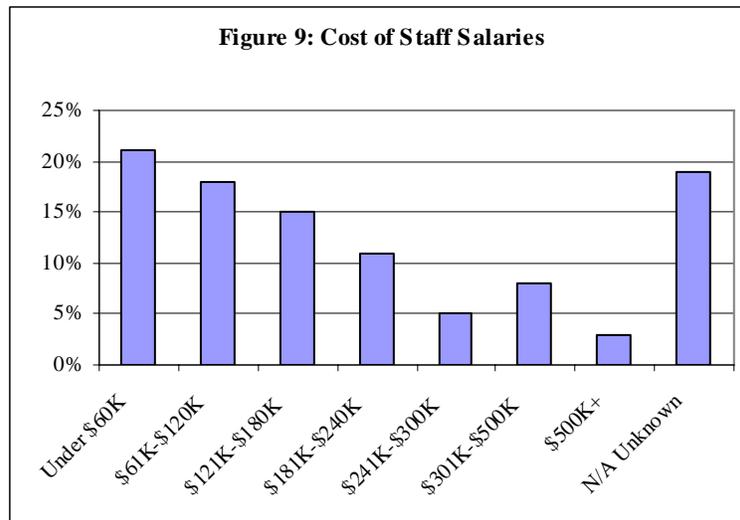


Figure 9 shows salary costs for all shop staff including managers. Most shops have less than \$180,000 salary costs with the biggest group less than \$60,000. The median amount is \$120,000.

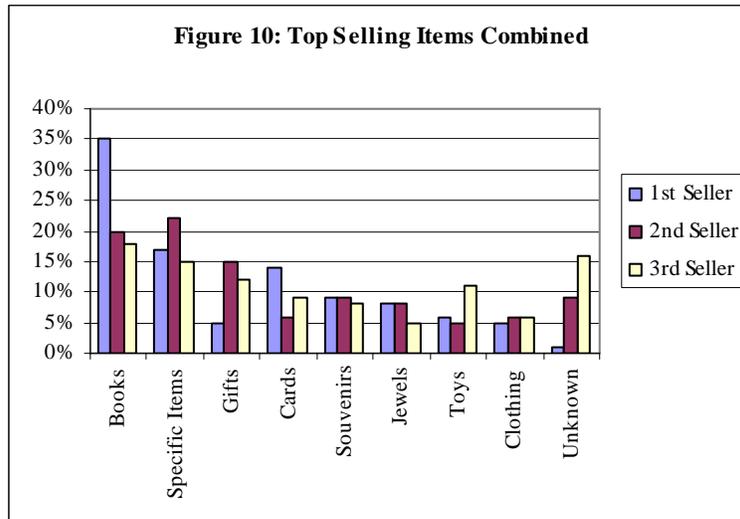


Over 53 percent of shops pay salaries from their retail revenue, 33 percent do not. Approximately 13 percent either did not respond or use volunteer staff.

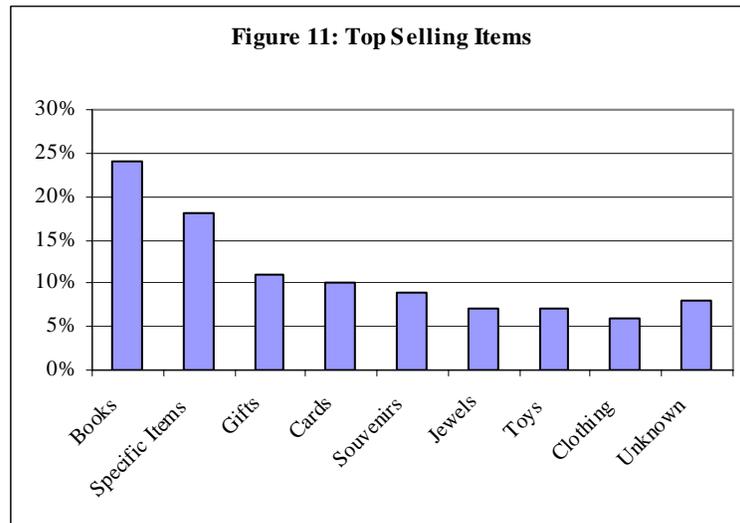
A shop's salary characteristics correspond with other aspects of their operations:

- Shops with high salary costs spend more money on advertising;
- Shops who pay their managers over \$61,000 are also likely to make a high number of new products each year;
- Of the group who do not pay their staff from their retail revenue, many offer their institution's staff more than 10 percent discount off purchases. This group also has a higher chance of using volunteer staff;
- Of the shops who pay their staff from retail revenue, many had an annual turnover of \$100,000, have \$75,000 plus stock on hand, make \$10 to \$30 plus sale per customer, have high manager and salary costs.

### 3.6 Biggest Selling Items



The survey asked MSAA members to list their three top selling departments or items. Eight common items were given as answers with books coming in as the top seller. Figure 10 shows the three answers given by respondents. Figure 11 combines all three top selling items.

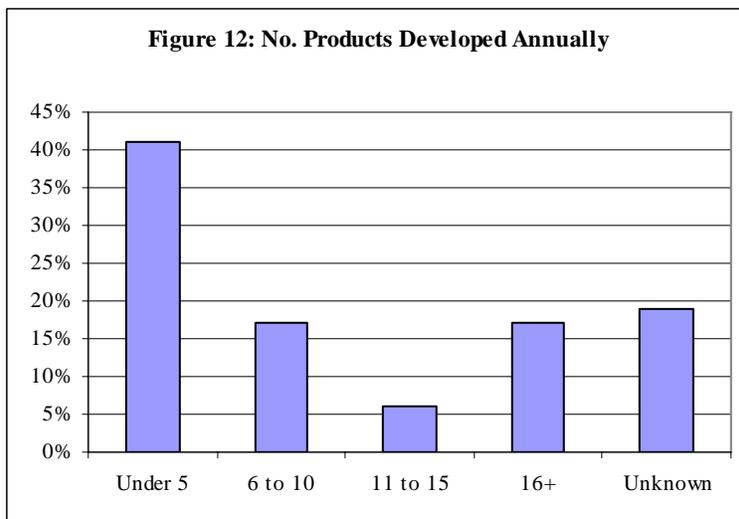


As noted earlier in this report, top selling items are affected by other characteristics of an MSAA shop including:

- Council owned institutions have cards as their biggest selling item, every other type of institution has books;
- Regionally located shops have cards as a bigger seller than city shops;
- Even though books were the biggest selling item for most shops, this was not always the case for galleries who reported cards as big sellers;
- Museums also have their own characteristics with regards to popular products. After books, museums' top sellers were items individual to their museum, e.g. model planes at an air museum. Cards are a significantly lower seller for museums.

### 3.7 Product Development

Figure 12 reveals a large group of MSAA members produce less than five new products a year, while a further 40 percent produce over six products annually. The median number is six products per year.



Characteristics corresponding with other retail operational factors include:

- If a shop produces 11 plus products per year they are also likely to have \$75,000 stock on hand and have a high annual gross profit;
- If a shop produces less than five products per year they are more likely to receive a low number of phone, email or mail orders.;

Points mentioned earlier in the report

- Of the shops who make more than 16 new products annually, most are located in State or Federal institutions;
- MSAA members whose shops are seen clearly are producers of a high number of new products;
- Museums produce a high number of new products each year;
- Shops who pay rent are likely to produce a high number of new products each year;
- Shops who pay their managers over \$61,000 are also likely to make a high number of new products each year.

### 3.8 Wholesale Production

MSAA members were asked if they wholesale/on-sell products to other museums or galleries.

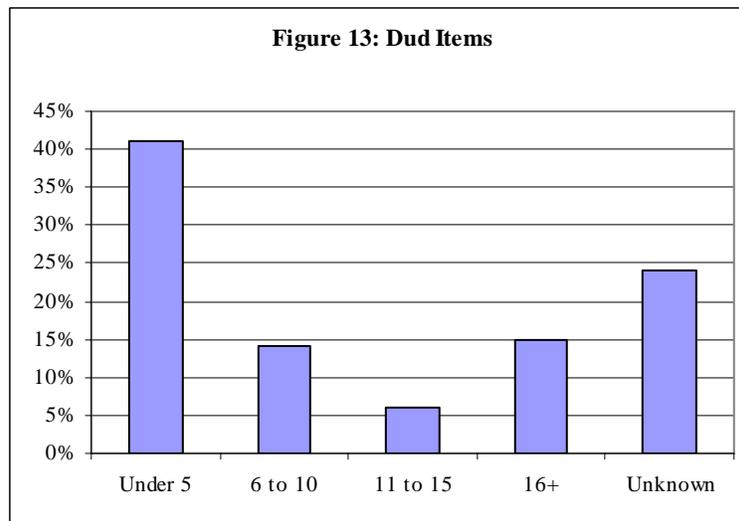
Approximately 40 percent answered yes and 55 percent said no, five percent did not answer or did not know.

Shops who wholesale products are also likely to produce more than 16 new products per year: have an annual turnover of \$100,000 plus; have an annual gross profit of \$51,000 plus; pay their shop manager over \$61,000 plus; have high salary costs; and have a 50 percent chance of being a Federal Government institution.

### 3.9 Poor Selling Items

MSAA members were asked how many dud items or poor sellers they bought in a year. Most, 40 percent as seen in Figure 23, report a figure of under five items as poor sellers. The median figure is five poor sellers per year.

The number of poor sellers is not affected by any other characteristic of an MSAA shop. It seems any shop, large or small, Federal or non-profit, city or regional, can purchase a dud.



### 3.10 Exhibition Shops, Online Facility, Mail Orders

MSAA members were asked if they have exhibition specific shops and if yes, how many per year. Over 77 percent of respondents said they did *not* have exhibition shops. Of those who did, one or two per year was the most common response. Shops who do have exhibition shops are also likely to have high staff numbers on their shop floor, spend slightly more on advertising and have a high chance of being a gallery. They do not, however, produce any more products per year than the group who do not have exhibitions shops. This implies many of the products sold in exhibition shops are not produced in-house.

Similar to exhibition shops, online shopping is *not* a facility offered by over 70 percent of survey respondents. The shops who do offer online shopping can receive up to 35 orders per month. This group is also likely to receive a large number of phone, email and mail orders and spend more on advertising.

Most shops who have online shopping have an annual turnover of \$1 million plus, over \$101,000 stock on hand, a high annual gross profit and sale per customer figure.

As mentioned earlier, no suburban located shops offer an online shopping facility and more city than regional shops offer online shopping. Additionally, of the shops who describe their location as “not visible” to visitors, 50 percent have online shopping.

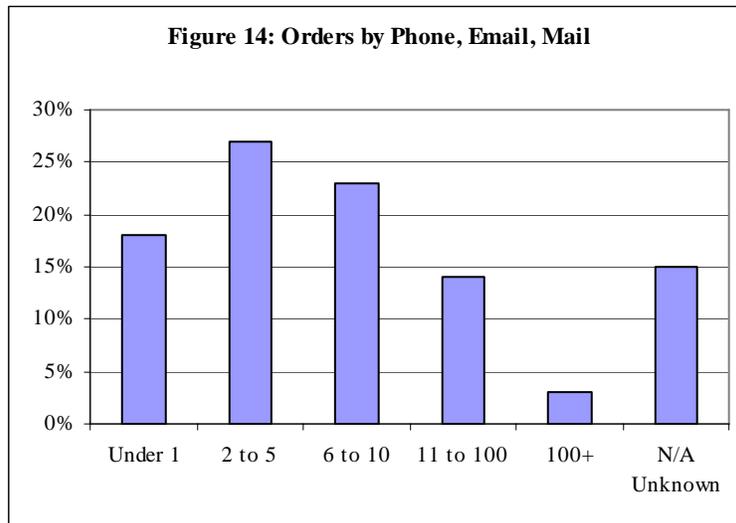


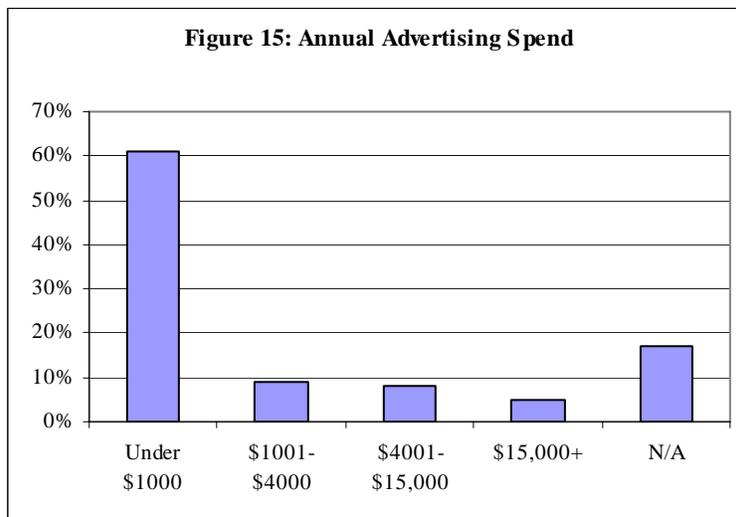
Figure 14 shows that most MSAA members receive between two to ten orders via phone, email or mail per month. Those who receive a high number of orders also spend more on advertising, produce a high number of new products per year and usually have books as their biggest selling item. They are also likely to have a turnover of more than \$100,000, have a high gross profit and have a high stock turn. As mentioned earlier, city located State and Federal institutions take higher than average number of phone, email and mail orders.

### 3.11 Discounts to Staff, Members and Volunteers

10 percent is the most common percentage discount offered by shops to their institutions' staff, members and volunteers, although some shops offered up to 20 percent. When a shop offered more than 10 percent discount to their institution's staff their top selling item was books by a big margin.

### 3.12 Advertising Spend

Figure 15 shows most MSAA members spend less than \$1,000 per year on advertising their shop. Even shops who produce 16 plus products per year mostly spend under \$1,000 on advertising. However, institutions who have over 500,000 visitors per year tend to spend up to \$15,000 on shop advertising. Many shops who spend this amount on advertising are also likely to have an annual turnover of over \$1 million, have a high amount of stock on hand, have high gross profit, spend more on their manager's salary and have high salary costs.



## 4. Financial Profile

### 4.1 Sale Per Customer and Sale Per Visitor

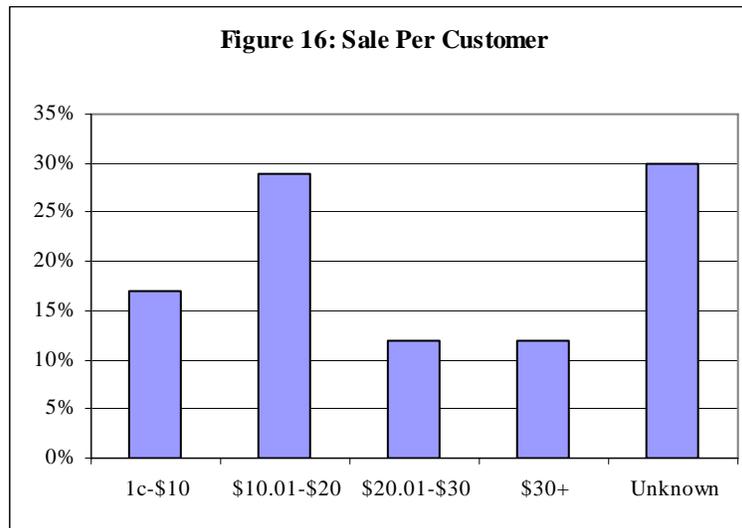
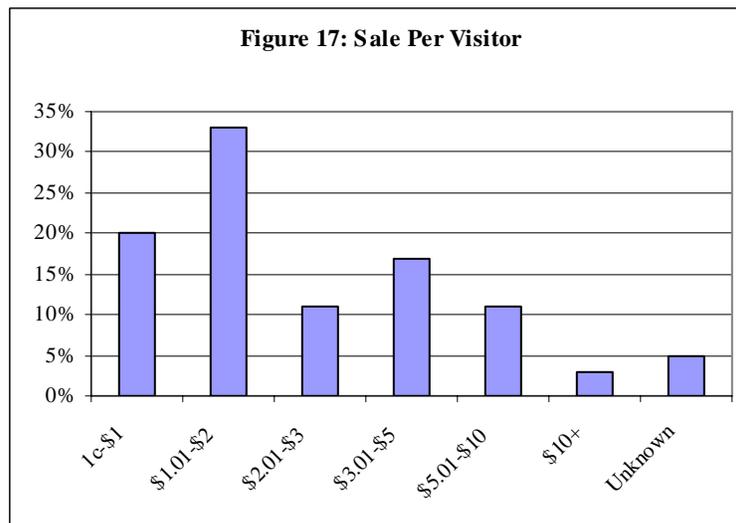


Figure 16 shows MSAA members' sale per customer and Figure 17 shows sale per visitor. Sale per customer has a wide range with almost 40 percent of shops reporting between \$10.01 to \$20 sales. The median is \$16. The largest group of sale per visitor is \$1.01 to \$2 category, the median is \$2.

Those shops who recorded a sale per customer figure at the higher end of the scale were also likely to have an online shopping facility, pay their salaries from retail revenue, have a high annual gross profit, have a high annual turnover and a stock on hand figure of over \$200,000.

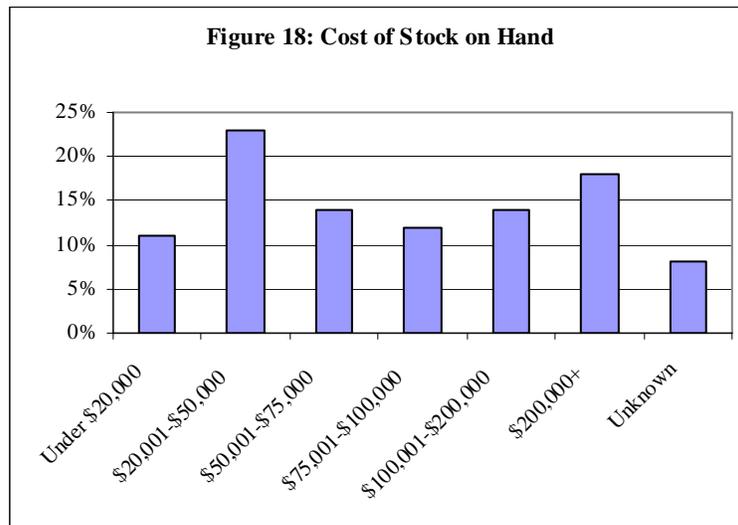
Entry fee has some impact on sale per visitor. If a shop's institution does not charge an entry fee they are likely to have a sale per visitor of 1c to \$1. If the institution charges an entry fee the sale per visitor figure is more likely to be \$1.01 to \$2.



## 4.2 Cost of Stock on Hand

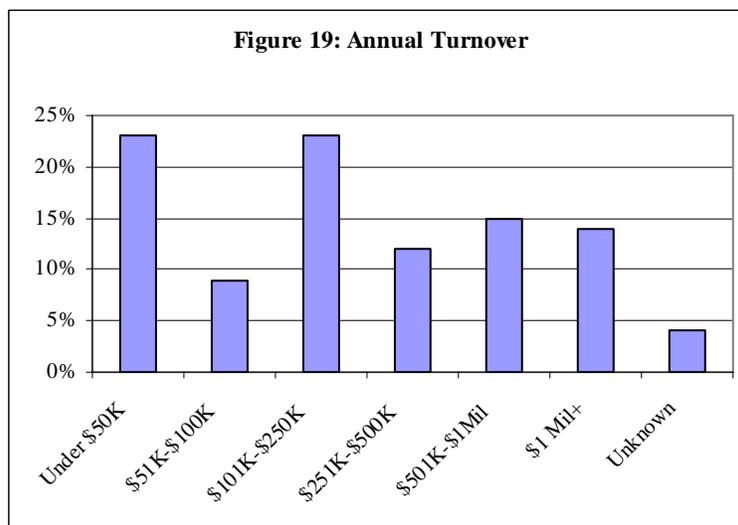
Figure 18 shows the cost of stock on hand for survey respondents with the \$20,001 to \$50,000 category being the largest, although the median figure is \$75,000. Statistical analysis revealed a shop with high stock on hand figure usually has a high annual gross profit, their stock turn figure is usually over 3 and their annual turnover is most likely over \$250,000.

If a shop has any of the following characteristics its stock on hand figure is most likely at the higher end of the scale: located in a Federal Government, city institution with high visitation; large floor space; produce 16 products per year; offer online shopping; spend over \$15,000 on advertising; pay rent to the institution; or pay salaries from retail revenue.



## 4.3 Annual Turnover

Annual turnover is shown in Figure 19 with a large number of survey respondents reporting a turnover of less than \$50,000 and another large group reporting \$100,001 to \$250,000. This gave a median figure of \$200,000.



Annual turnover is usually at the high end of the scale for shops with the following characteristics: high visitation; located in a Federal Government institution in a city; the shop is clearly seen by visitors; wholesales products to other institutions; offers online shopping; has a high number of phone, email and mail orders; has two staff on the shop floor; pays salaries from retail revenue; pays rent to the institution; spends more than \$15,000 on advertising.

If a shop has an annual turnover of \$500,000 plus, they are also likely to have a stock on hand figure of over \$75,000 and an annual gross profit of over \$100,000. Their stock turn will most likely be over 3.

#### 4.4 Gross Profit and Gross Profit Margin

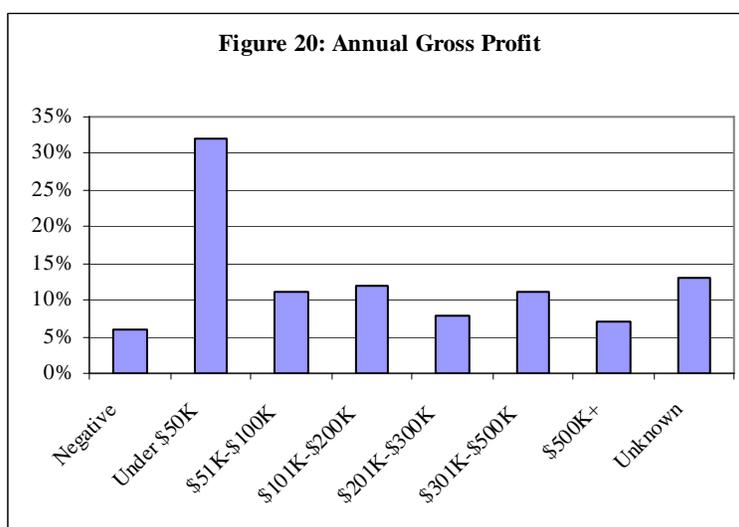
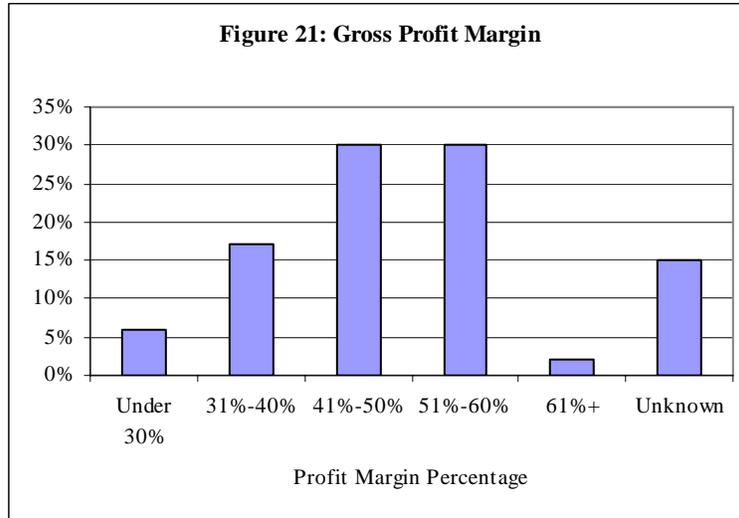


Figure 20 reveals over 30 percent of survey respondents have an annual gross profit figure under \$50,000. The median is \$67,000.

Shops who recorded an annual gross profit over \$100,000 usually have over \$50,000 stock on hand. Shops with a high annual gross profit figure also record a higher than average stock turn figure.

Shops with the following characteristics had high gross profit figures: high visitation; Federal Government institution; city location; large floor space; shop seen clearly by visitors; pay rent; produce a high number of products; wholesale products; offer online shopping; receive a high number of phone, email or mail orders.

Gross profit margin averages 49 percent and most respondents fall between 41 percent to 60 percent, as shown in Figure 21. Gross Profit Margin is less affected by other retail or institutional characteristics, although the higher an institution’s visitation the higher the gross profit margin.

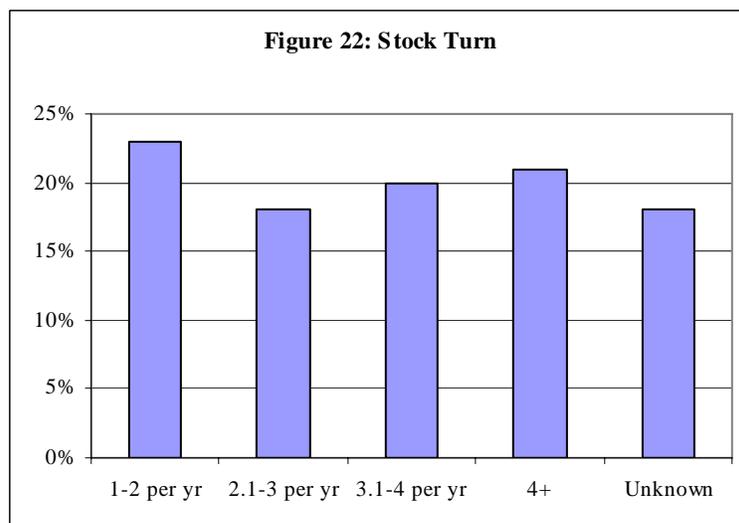


#### 4.5 Stock Turn

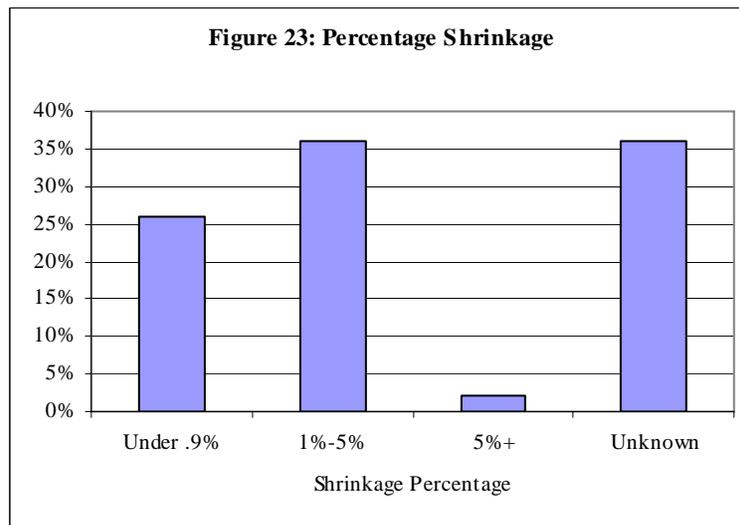
Stock turn, depicted in Figure 22, is fairly evenly spread with no one amount being significantly larger than the others. The median figure is 2.7.

If a shop's stock turn figure is 3 plus, their annual gross profit is likely to be over \$100,000 with an annual turnover of \$250,000 and a stock on hand figure of over \$50,000.

Stock turn is less affected by a shop's characteristics than some other financial figures. However, shops with a large floor space and those with a high number of phone, email and mail orders reported a high stock turn.



## 4.6 Percentage Shrinkage



The amount of percentage shrinkage was mostly unknown by survey respondents. Of those who did determine the figure, 35 percent reported between 1 percent to 5 percent shrinkage, as depicted in Figure 23.

## 5. Conclusions

The following points are conclusions drawn from the report which relate mostly to frequencies, averages and medians. Conclusions on shop characteristics that affect aspects of retail operations follow in a table.

- Median visitation for institutions is 98,000.
- Most shops participating in the survey are in Local Council or State Government institutions, located in a city or regional area, in a museum or gallery.
- Median shop floor size is 78 metres square.
- Over 83 percent of shops reported they do not pay rent to their institution.
- Most shops are ‘seen clearly’ or ‘passed through’ by visitors to their institution.
- Almost 60 percent of shops do not use volunteer staff.
- Most shops have one or two staff on duty each day.
- Most shops pay their managers \$31,000 to \$60,000 per year. The average is \$48,000.
- Most shops have less than \$180,000 salary costs per year with the biggest group less than \$60,000. The median amount is \$120,000.
- Over 53 percent of shops pay staff salaries from their retail revenue.
- Books are most shop’s top selling department.
- A large group of respondents produce less than five new products a year.
- Approximately 40 percent of shops wholesale/on-sell products to other institutions.
- 40 percent of shops purchase less than five poor selling items or duds per year.
- Over 77 percent of shops do *not* have exhibition shops. Of those who do, one or two per year was the most common number.
- 70 percent of shops do *not* offer online shopping. Shops offering online shopping receive up to 35 orders per month.
- Most shops receive between two to ten orders via phone, email or mail per month.
- 10% is the most common discount offered to staff, members and volunteers. Although, some shops offered staff and volunteers up to 20 percent.
- Most MSAA members spend less than \$1000 per year on advertising their shop.
- 40 percent of shops have a sale per customer figure between \$10.01 to \$20 sales. The median is \$16.
- Most shops have a sale per visitor figure of \$1.01 to \$2, the median is \$2.
- Most shops have a cost of stock on hand figure between \$20,001 to \$50,000, although the median figure is \$75,000.
- A large number of shops report a turnover of less than \$50,000 and another large group reports \$100,001 to \$250,000. This gave a median figure of \$200,000.
- Over 30 percent of shops have an annual gross profit figure under \$50,000. The median is \$67,000.
- Gross profit margin averages 49 percent and most respondents report a figure between 41 percent to 60 percent.
- Analysis revealed stock turn median figure is 2.7 times per year.
- 35 percent of shops report a percentage shrinkage figure between one percent to five percent.

**Table 1: Summary of Characteristics Affecting Retail Operational Factors**

<b>Visitation</b>	<b>Local/State/Fed/ Non-Profit</b>	<b>City/Suburban/ Regional</b>	<b>Museum/Gallery/ Other Type</b>	<b>Floor space</b>	<b>Pay Rent</b>
<p>High:</p> <ul style="list-style-type: none"> <li>• 2 staff on floor</li> <li>• High advertising spend</li> <li>• Many new products</li> <li>• Many phone, email and mail orders</li> <li>• Turnover over \$250,000</li> <li>• \$75,000 stock on hand</li> <li>• Annual gross profit over \$100,000</li> <li>• Gross profit margin 40% to 60%</li> </ul>	<ul style="list-style-type: none"> <li>• Council: cards big sellers, do not to take salaries from retail revenue</li> <li>• Council and Non-Profit allow vols to work</li> <li>• State: annual turnover \$100,000</li> <li>• State and Federal: many phone, email and mail orders, 16+ products, high stock on hand, annual gross profit, manager salaries and salary costs</li> <li>• Federal: large floor space, salary costs higher, largest group to pay rent, 50% of Federal wholesale, annual turnover of more than \$250,000</li> </ul>	<ul style="list-style-type: none"> <li>• Regional cards major seller</li> <li>• No suburban offer online shopping</li> <li>• More city than regional have online shopping</li> <li>• City: spend most on advertising, many phone, email, mail orders, higher visitation, more staff on floor, higher staffing costs and a larger shop size, \$500,000 annual turnover, \$200,000 stock on hand, an annual gross profit \$101,000+</li> </ul>	<ul style="list-style-type: none"> <li>• Galleries have cards as a big seller</li> <li>• Galleries have exhibition shops</li> <li>• After books, museums' top sellers are specific items</li> <li>• Cards lower seller for museums</li> <li>• Museums make many new products</li> <li>• Historic sites have volunteers working</li> <li>• Galleries and visitor centres higher than average chance of not having salaries from retail revenue</li> </ul>	<ul style="list-style-type: none"> <li>• No affect on staffing numbers</li> <li>• Larger shops: high levels of stock on hand, high stock turn, large annual gross profit</li> </ul>	<p>Yes:</p> <ul style="list-style-type: none"> <li>• Likely to pay salaries from their retail revenue</li> <li>• Unlikely to have vols working</li> <li>• Produce many new products</li> <li>• Managers earn \$61,000+</li> <li>• Annual turnover \$250,000+</li> <li>• Stock on hand high</li> <li>• Gross profit \$100,000+</li> </ul>

<p><b>Shop Location in Institution</b></p> <ul style="list-style-type: none"> <li>• Seen clearly: turnover of over \$100,000, annual gross profit \$51,000, high visitation, high salary costs, produce many new products</li> <li>• Not visible: 50% have online shopping</li> <li>• Passed through: vols work in shop</li> </ul>	<p><b>No. Floor Staff</b></p> <ul style="list-style-type: none"> <li>• Greater number equals higher salary costs</li> <li>• Two staff+: annual gross profit of \$101,000+, annual turnover of \$500,000+</li> </ul>	<p><b>Salaries</b></p> <ul style="list-style-type: none"> <li>• High: spend more on advertising, pay managers over \$61,000, make many new products</li> <li>• Don't pay staff from retail revenue: offer staff 10%+ discount, use vols</li> <li>• Pay staff from retail revenue: annual turnover \$100,000, \$75,000+ stock on hand, \$10 to \$30+ sale per customer, high manager &amp; salary costs</li> </ul>	<p><b>Top Selling Item</b></p> <ul style="list-style-type: none"> <li>• Councils sell many cards</li> <li>• Regional sell many cards</li> <li>• Galleries sell many cards</li> <li>• Museums sell many specific items and not too many cards</li> </ul>	<p><b>Wholesale Products</b></p> <p>If yes:</p> <ul style="list-style-type: none"> <li>• 16+ new products</li> <li>• Annual turnover \$100,000</li> <li>• Annual gross profit \$51,000+</li> <li>• Pay shop manager \$61,000+</li> <li>• High salary costs</li> <li>• 50% chance of being in a Federal institution</li> </ul>	<p><b>Online Shopping</b></p> <p>If yes:</p> <ul style="list-style-type: none"> <li>• Many phone, email, mail orders</li> <li>• Advertising high</li> <li>• Annual turnover \$1 million+</li> <li>• Stock on hand \$101,000+</li> <li>• High annual gross profit</li> <li>• Sale per customer high</li> <li>• No suburbans</li> <li>• More city than regional</li> <li>• 50% not visible shops have online</li> </ul>
<p><b>Products Made Each Year</b></p> <ul style="list-style-type: none"> <li>• Less than 5: low number of phone, email or mail orders</li> <li>• 11+: \$75,000 stock on hand, high annual gross profit</li> <li>• 16+: State or Federal</li> <li>• High numbers: shops seen clearly by visitors, museums, rent payers, manager salary \$61,000+</li> </ul>	<p><b>Exhibition Shops</b></p> <p>If yes:</p> <ul style="list-style-type: none"> <li>• More staff on shop floor</li> <li>• Spend more on advertising</li> <li>• High chance of being a gallery</li> <li>• Do not make more products - implies products sold in exhibition shops not produced in-house</li> </ul>	<p><b>Phone/Email/Mail Orders</b></p> <p>If high:</p> <ul style="list-style-type: none"> <li>• Spend more on advertising</li> <li>• Make many products</li> <li>• Books biggest seller</li> <li>• Turnover \$100,000+</li> <li>• High gross profit</li> <li>• High stock turn</li> <li>• Usually in city</li> <li>• Usually State or Federal</li> </ul>	<p><b>Staff/Vol/Memb Discount</b></p> <ul style="list-style-type: none"> <li>• 10%+ to staff = top selling item books by a big margin</li> </ul>	<p><b>Advertising Spend</b></p> <p>\$15,000+ advertising:</p> <ul style="list-style-type: none"> <li>• 500,000 visitation</li> <li>• Annual turnover \$1 million+</li> <li>• High stock on hand</li> <li>• High gross profit</li> <li>• High manager salary</li> <li>• High salary cost</li> </ul>	<p><b>Sale Per Customer</b></p> <p>High Figure:</p> <ul style="list-style-type: none"> <li>• Have an online shopping</li> <li>• Salaries from retail revenue</li> <li>• High annual gross profit</li> <li>• High annual turnover</li> <li>• Stock on hand \$200,000+</li> </ul>

<b>Sale Per Visitor</b>	<b>Stock on Hand</b>	<b>Annual Turnover</b>	<b>Annual Gross Profit</b>	<b>Gross Profit Margin</b>	<b>Stock Turn</b>
<ul style="list-style-type: none"> <li>• No entry fee: 1c to \$1</li> <li>• Entry fee: \$1.01 to \$2</li> </ul>	<p>High:</p> <ul style="list-style-type: none"> <li>• High annual gross profit</li> <li>• Stock turn 3+</li> <li>• Annual turnover \$250,000+</li> <li>• Federal</li> <li>• City</li> <li>• High visitation</li> <li>• Large floor space</li> <li>• 16 products made per year</li> <li>• Online shopping</li> <li>• \$15,000 on advertising</li> <li>• Pay rent</li> <li>• Pay salaries from revenue</li> </ul>	<p>High:</p> <ul style="list-style-type: none"> <li>• High visitation</li> <li>• Federal</li> <li>• City</li> <li>• Shop clearly seen</li> <li>• Wholesale</li> <li>• Online shopping</li> <li>• Many phone, email, mail orders</li> <li>• Two staff</li> <li>• Pay salaries from revenue</li> <li>• Pay rent</li> <li>• \$15,000+ on advertising</li> <li>• Stock on hand \$75,000+</li> <li>• Annual gross profit \$100,000+</li> <li>• Stock turn over 3</li> </ul>	<p>\$100,000 plus:</p> <ul style="list-style-type: none"> <li>• Stock on hand \$50,000</li> <li>• High stock turn</li> <li>• High visitation</li> <li>• Federal</li> <li>• City location</li> <li>• Large floor space</li> <li>• Shop seen clearly</li> <li>• Pay rent</li> <li>• Many products</li> <li>• Wholesale</li> <li>• Online shopping</li> <li>• Many phone, email or mail orders</li> </ul>	<ul style="list-style-type: none"> <li>• High visitation usually means high gross profit margin</li> </ul>	<p>3 plus:</p> <ul style="list-style-type: none"> <li>• Annual gross profit \$100,000+</li> <li>• Annual turnover \$250,000+</li> <li>• Stock on hand \$50,000+</li> </ul> <p>High:</p> <ul style="list-style-type: none"> <li>• Large shop floor</li> <li>• Many phone, email, mail orders</li> </ul>

## Appendix 2

### Survey questionnaire

1. Does your institution charge an entry fee?
2. What is your institution's annual visitation? (for Financial year 04/05)
3. What is your retail shop's annual turnover (for Financial year 04/05)?
4. What is your average \$ sale per visitor to your institution (Total Revenue divided Total Visitors)?
5. What is your average \$ sale per customer (Total Revenue divided by Total Customers)?
6. Average Number of floor staff per day and 7. Does this include you?
8. What is your annual gross profit margin %?  
If unsure on this, use the following equation: Do not include GST in your revenue  
 $100 \times (\text{Revenue minus Cost of Goods Sold})$   
then divided by Revenue
9. Do you ever have exhibition shops and if so 9a. approximately how many per year?
10. What % discount do you give to museum staff?
11. What % discount do you give to volunteers?
12. What % discount do you give to members?
13. Do you use volunteers in your retail outlet?
14. Is your institution controlled by Federal Government / State Government / City Council / Volunteer Organisation / Other (Please Specify)?
15. What is the total cost of your average stock on hand? (Please estimate if unsure)
16. Does your shop pay rent to your institution? And 16b. If so, how much?
17. What is the floor space for your retail area (in square metres)?
18. What are your 3 biggest sales departments?  
(e.g. Books, Toys, Gifts, Souvenirs, Jewelry, Cards & Posters, Clothing, Multi Media etc)  
Do you know the % they make up?
19. What is your stock turn?  
Financial Yearly Sales divided by Stock Value at Cost at end of financial year = Stock Turn  
(Or if you work on calendar year, Stock Turn equation is: (Annual Sales (1<sup>st</sup> January 2005 to 31<sup>st</sup> December 2005) divided by (Stock Value at Cost as of December 31<sup>st</sup> 2005) = (Stock Turn)

20. What is the yearly salary of your retail manager?
21. What is the total yearly cost of all your retail staff (including manager)?
22. Do salaries come out of your retail department revenue?
23. Do you wholesale/on-sell any products to other museums/galleries?
24. Are you located in a city, suburbia or regional area?
25. Are you a museum / gallery / venue / cultural centre (i.e. gardens, zoos, historical sites etc).
26. What was your \$ gross profit for the financial year 04/05? (shop sales only)
27. Do customers pass through your shop on exiting your institution?  
Either
  - a) They PASS THROUGH it
  - b) They SEE IT clearly
  - c) No – It's NOT VISIBLE
28. On Average, how many mail/phone/email orders (in total) do you have per month? (Do not include sales via your website)
29. Do you have on-line shopping via your website?
- 29b. If so, how many orders do you get via the web per month?
30. What is your % of shrinkage per year?
31. How much does your shop spend on advertising per year (shop specific, do not include general museum advertising)
32. Product development – how many items did you create during the last year (roughly)?
33. Being honest, in the last year, how many items did you buy (of all types of stock) that turned out to be poor sellers or duds!