SIFA Shooting Industry Foundation Australia

INSIGHT 2022

AUSTRALIAN SHOOTING INDUSTRY SURVEY

Contents

Forward by the SIFA Chief Executive Officer

The commercial side of the Australian shooting industry lacks data, and unlike other Australian sectors, there has never been a consolidated attempt to gather valuable insights and statistics.

When representing our industry, we rely on the September 2019 report commissioned by the Commonwealth Department of Health – Economic and Social Impacts of Hunting and Shooting.

This study found that the Australian shooting industry conservatively contributes $2.4 billion annually to our national GDP and creates around 19,500 local jobs, and that hunting and shooting activities have other social and health benefits.

Apart from this information (that is now almost 3 years old) what else do we know? Herein lies the problem… our industry doesn't have access to any other up-to-date data, statistics, or insights.

As the professional industry peak body for the Australian shooting industry, SIFA has set out to rectify this by launching **Insight – Australian Shooting Industry Survey**, which will run on a regular basis to collect vital data and statistics that will benchmark our industry.

The data that is collected will be used to:

- Assist businesses in our industry to grow and plan for the future.
- Highlight and demonstrate the importance of our industry.
- Develop industry specific products and services (eg. freight, insurance, and banking products).
- Identify and understand current and emerging issues.
- Defend the industry from attacks and counter negative stereotypes.

The success of this initiative relies on the Australian shooting industry taking up this initiative, and given the response of the inaugural initiative, we have been blown away by the support. We are very grateful for all the businesses who went to the effort of taking part in Insight 2022 and made this a success.

If you have any questions regarding Insight 2022, please email: **insight@sifa.net.au**

James Walsh
Chief Executive Officer

Survey methodology

The Insight 2022 survey was conducted between March and June 2022 and sought financial data from the 2020-2021 financial year.

The survey was based on a structured questionnaire designed for on-line self-completion. The survey responses were collected using that method.

To ensure the anonymity of responses, the survey was conducted on behalf of SIFA by SMR Global, an independent market survey company, supported by specialist market research fieldwork company Action Market Research. To further protect the integrity of the data collected, links to complete the survey were single use, preventing individual entities from submitting multiple responses.

Three different levels of control procedures were applied to the Insight 2022 survey:

- The Australian Privacy Principles applied, protecting the privacy of survey participants and the anonymity of their survey responses.
- The code of ethics and professional conduct of the Research Society applied. The Research Society is Australia's peak market research body.
- ISO-20252 international quality control standards were applied.

Two variants of the questionnaire were used. The majority of survey participants were licensed dealers who completed a questionnaire most relevant to retail outlets. A smaller number of importers and manufacturers completed a questionnaire which had an 80% content overlap with the dealers' questionnaire, but with a few less relevant questions deleted and a few dedicated importers' questions added.

Response rates from licensed dealers was 45% whilst response rates from importers / manufacturers was 46%. These are far higher response rates than most business surveys which typically generate a response rate of 10% or less. The survey results reflect the profiles and opinions of almost half of the known business contacts in the industry.

For this survey, the margin of error (or error of estimation) is ±6.1% at a 95% level of confidence. This means that any percentages reported for the sample in response to a question can be assumed, with 95% confidence, to be within ±6.1% of the true population percentage (had the whole population of interest answered the same question).

Demographics

The survey sought to establish an understanding of the people who trade commercially within Australia's shooting industry and contribute towards Australia's overall economy.

It provides some understanding of the human dynamic of the industry.

While the summary profile below does not represent all dealerships, a "typical" dealership can be viewed as:

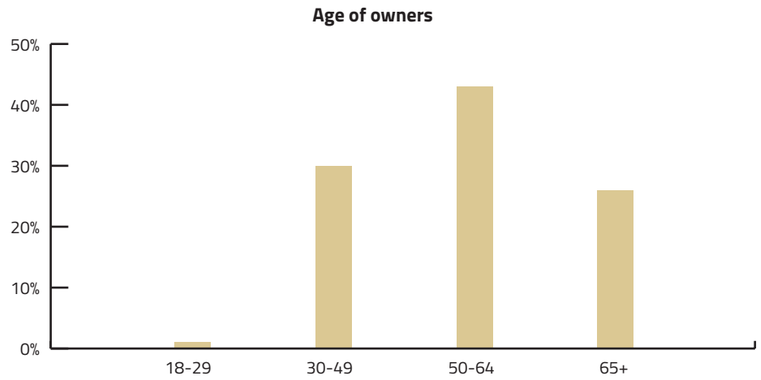
- Likely to operate as a registered company.
- More likely to be a two owner/ partner business (many of these being family owned and operated).
- Most likely to be operated by someone aged 50 – 64, male, with at least 10 years' industry experience and educated to senior secondary level or TAFE level.
- The second owner/partner in a two owner/partner business is most likely to be female.
- If a General Manager is employed, the GM tends to be a mature male, well-qualified in terms of formal education but less experienced in the industry (on average) compared with owners/partners.
- The majority of dealers (70%) are located in the three most populous States (eastern seaboard) where 78% of the Australian population resides.
- A regional location is more likely than a capital city location.
- Most dealerships are micro-businesses employing 1 – 5 salaried employees.

Age of business owners

The median age of business owners in the industry is 50 – 64 years of age.

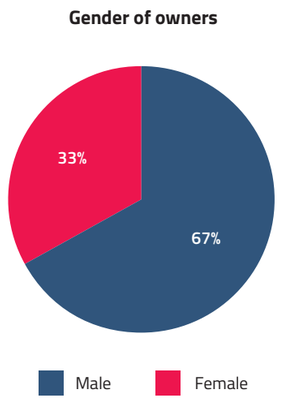
69% of all business owners are aged 50+ years.

26% of all business owners are aged 65+ years.



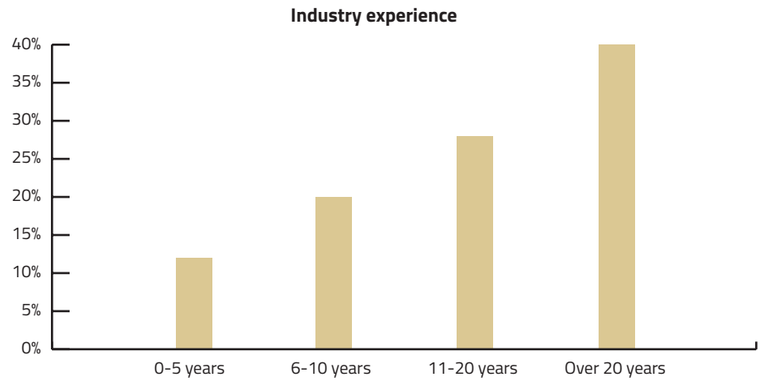
Gender of business owners

One third of all business owners in the industry are female.



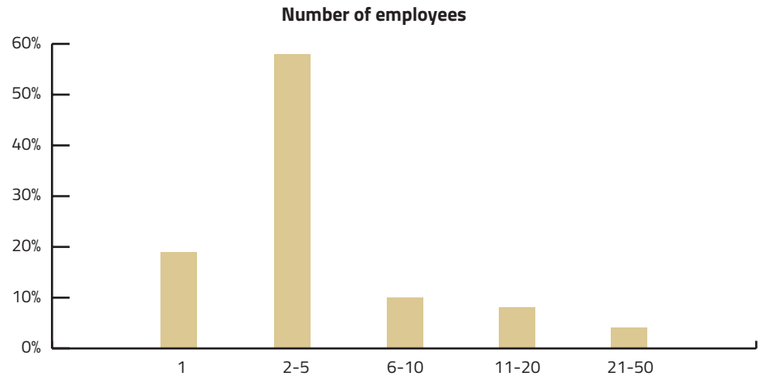
Owners' industry experience

40% of all business owners have been active in the shooting industry for over 20 years.



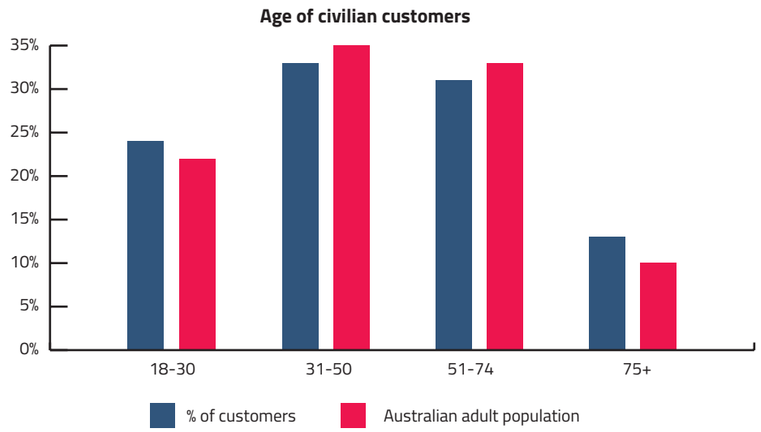
Employees

The majority of dealerships employed between 2 and 5 employees.



Customer age

In terms of "market penetration" of each age group, the shooting industry has a customer age profile that broadly matches the national adult population age profile, but with relatively higher representation of both the youngest group (18 – 29's) and the oldest group (75+).

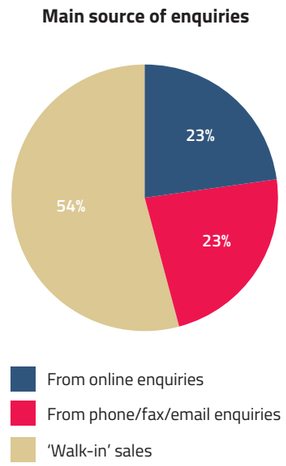


Customer gender

Dealers reported that almost 20% of their customers were female

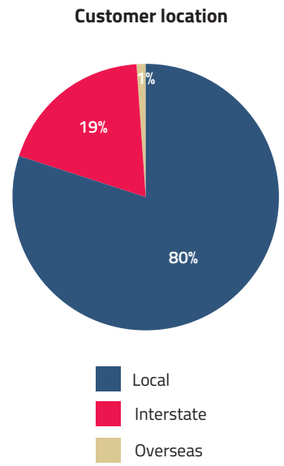
Customer engagements

"Walk in" enquiries account for over 50% of customer engagements.



Customer location

The majority of retail sales are to customers residing in the same jurisdiction as the retailer.



Business dynamics

The survey sought to understand the interrelationships which exist between the various business models, product / service orientations and other variables.

Licensing

A state issued firearms dealer license is the authority under which most dealers and importers operate. A state issued ammunition retailers license was the second most numerous.

On average, dealers reported that it cost them $1000 per annum for firearm specific licensing, in addition to all other permissions & fees required to operate a business.

Importers reported an average licensing cost of $3000 per annum, with 29% reporting an average annual licensing costs in excess of $3000 per annum.

Employee skills & training

Access to a suitably skilled workforce is critical for any industry. The survey was interested in how the necessary skills were developed and maintained, and if there were any significant skills gaps which needed to be addressed.

The survey findings show that:

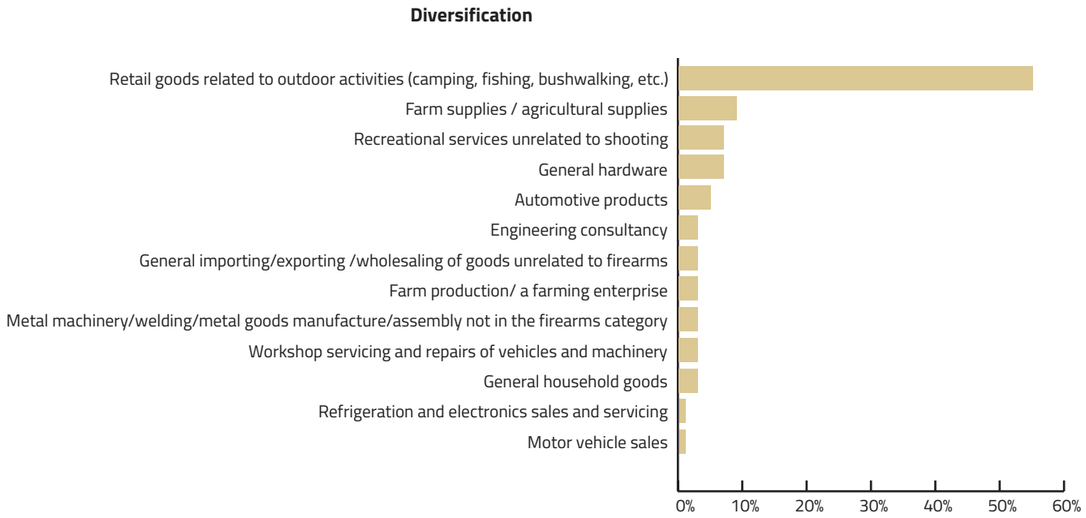
- The most common method of staff training employed by dealers and importers is in-house or on-the-job training (81% of dealers and 91% of importers engage in this type of training).
- This is followed by formal certificate courses offered by TAFE (28% of dealers and 64% of importers use TAFE certificate courses to meet their staff training needs).
- This is followed by other training offered by external training providers (23% of dealers and 36% of importers use these other external training providers to meet their staff training needs).
- In some cases, no training needs are identified, with 21% of dealers and 27% of importers satisfied that their current staff have all the training they need.
- In a small percentage of cases, staff are recruited on the basis of already having the training and skills needed (5% of dealers and 9% of importers recruit already trained / skilled staff).

Diversification

The survey results paint a picture of a diverse industry:

- 45% of businesses surveyed are focused exclusively on shooting industry trade.
- 55% of businesses surveyed are mixed businesses, engaging in both shooting-related trade and trade unrelated to shooting products and services.
- Specialist retailers reported that 63% of their income came from the retailing of regulated items (firearms and/or ammunition).
- Mixed businesses derived 58% of their income from their shooting related trade.

Where businesses are diversified, they are most likely to diversify into other outdoor oriented service lines (camping, fishing, etc.).

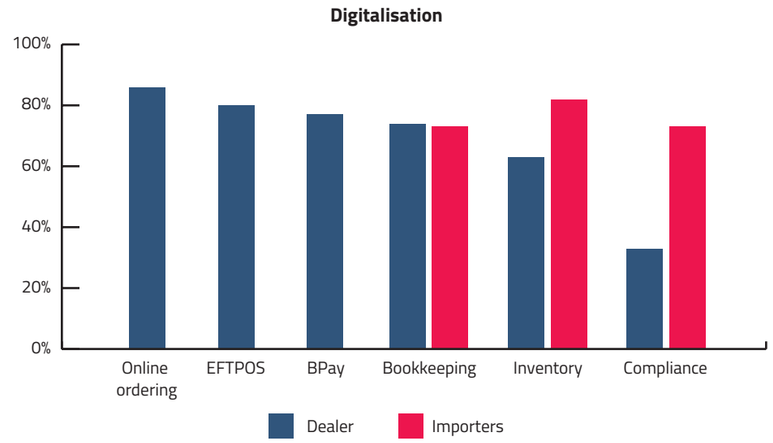


Back-office functions

The aim of the survey on this topic was to identify the uptake of software packages and other digital technology to meet front counter and back-office needs in the shooting industry.

In a number of areas, the adoption rates of available software and digital processes are already quite high, especially in the areas of:

- Online ordering (86% of dealers do this).
- EFTPOS facilities (80% of dealers have an EFTPOS facility in place).
- BPay or similar online payment systems (77% of dealers use / offer this payment method).
- Bookkeeping software (74% of dealers and 73% of importers use this type of software).
- Inventory management software (63% of dealers and 82% of importers use this type of software).
- Automated compliance reporting is widely used by importers (73%) compared with dealers (33%).
- Using external IT and computer support is common among both dealers (71%) and importers (82%).

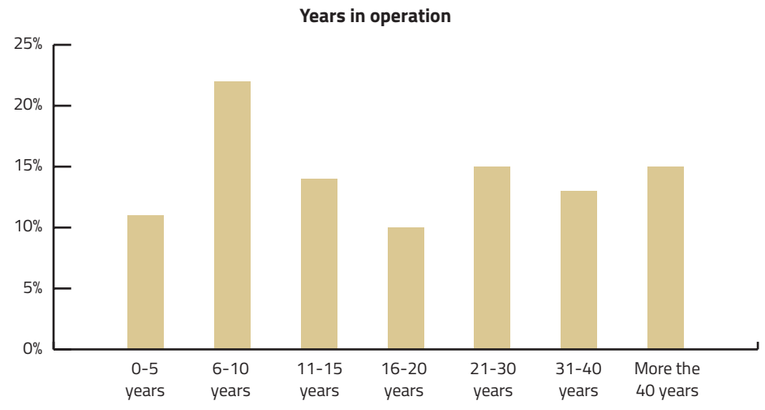


However, in a number of other areas, the adoption rates for software and digital processes are lower:

- Payroll management software is in use by 53% of dealers and 55% of importers.
- Only 33% of dealers have an automated compliance documentation system (the rest do this manually).
- Having in-house IT/computer expertise to meet the needs of the business without external IT support is low (39% of dealers and 36% of importers are self-reliant in terms of in-house IT/computer support).
- Cloud back-up of critical data is only moderate (41% of dealers and 45% of importers use cloud support, compared with 51% of dealers and 64% of importers using a physical hard drive for off-site data backup).
- Only 22% of dealers and 36% of importers subscribe to one of the e-commerce packages that are now available through banks and other providers.

Years in operation

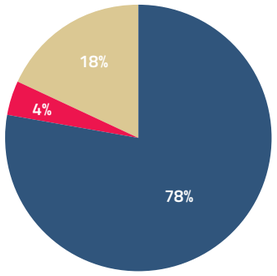
Regardless of ownership, many businesses had been in operation for a significant number of years.



Change in ownership

There is very little change of ownership within the industry, but the data shows that changes of ownership have been more frequent in the last 10 years than prior to that.

Change in ownership



Changes to operating costs

The survey investigated the general area of profitability.

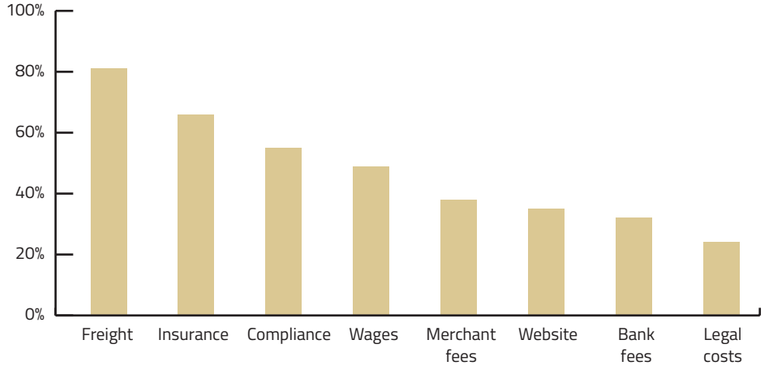
The cost trends show an increase in input costs over the past 5 years, relative to sales revenue, across all cost categories tested in the survey, for both dealers and importers.

Together with higher cost of goods sold, other input costs examined in the survey have all increased for many dealers, especially in the areas of:

- Freight costs (81% of dealers have seen freight costs increase relative to sales revenue).
- Insurance costs (66% have had increases).
- Compliance costs (55% have had increases).
- Wages and salaries (49%).
- Merchant fees (38%).
- Website and internet costs (35%).
- Bank fees (32%).
- Legal costs (24%).

Importers show a similar pattern of across-the-board cost increases.

Cost increases experienced



Marketing

Communications and social media usage

As the public face of our industry and the last link in the supply chain, the ways which licensed firearm dealers interacted with their customers were surveyed.

The most common methods by which customers engage or contact shooting industry dealers are:

- Physically visiting a retail shop (or office with opening hours) (80% of dealers provide this method of access / engagement for their customers).
- Sending emails (79%).
- Accessing a dealer via social media (66%).
- Visiting dealers' websites (62%).
- Conventional mail via a published mailing address (59% of dealers offer this as a way for customers to contact them).

Only a minority of dealers offer the following methods of customer engagement / access:

- A published free-call number (32%).
- A published fax number (16%).
- Tender submissions that include contact details (9%).

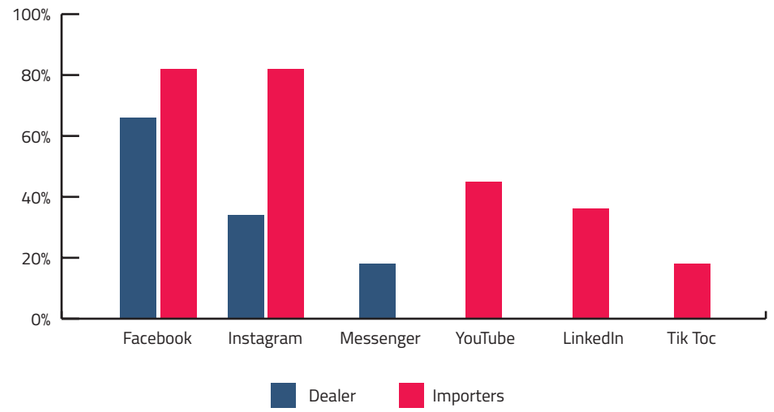
In terms of the effectiveness of these methods of giving access for customers to the business, shooting industry businesses nominate the following as the most effective:

- For dealers
  - Having a retail shop (or office) that customers can visit (50% nominate this as one of their "top two" most effective methods of making customer contact.
  - Social media sites (35%).
  - The business website (28%).
- For importers
  - The business website (91%).
  - Via social media (63%).

Given that social media comes up in the survey as an essential business tool for many dealers and importers, the survey measured the social media platforms used. The most commonly used platforms are:

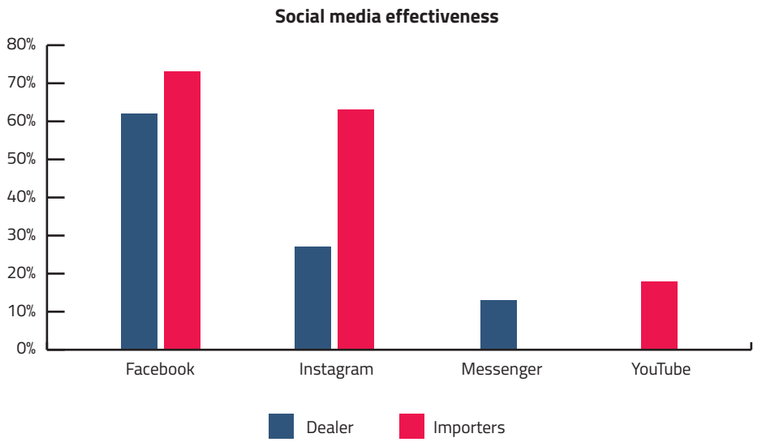
- For dealers
  - Facebook (66% of dealers with a social media presence have a presence on Facebook).
  - Instagram (34%).
  - Messenger (18%).
- For importers
  - Facebook (82%).
  - Instagram (82%).
  - YouTube (45%).
  - LinkedIn (36%).
  - Tik Tok (18%).

Social media platforms used



The most effective social media sites, as rated by dealers and importers who have a presence on social media are:

- For dealers
  - Facebook (62% nominate this as one of the two most effective platforms).
  - Instagram (27% say this is one of the two most effective).
- For importers
  - Facebook (73% say this is one of the two most effective).
  - Instagram (63% say this is one of the two most effective).
  - YouTube (18% say this is one of the two most effective).



Channels and methods to promote shooting-related products and services

The survey explored the promotional methods employed across the industry and their impacts upon profitability.

The survey results confirm that both dealers and importers use a wide range of promotional channels and methods to:

- Generate awareness.
- Reinforce presence in the market.
- Maintain relationships and rapport with customers as well as broader audiences (e.g. local communities, clubs, and venues).
- Expand their reach by:
  - Attracting new customers.
  - Building goodwill that generates word of mouth referrals to new customers.
  - Extending to new geographic areas, especially via online presence.

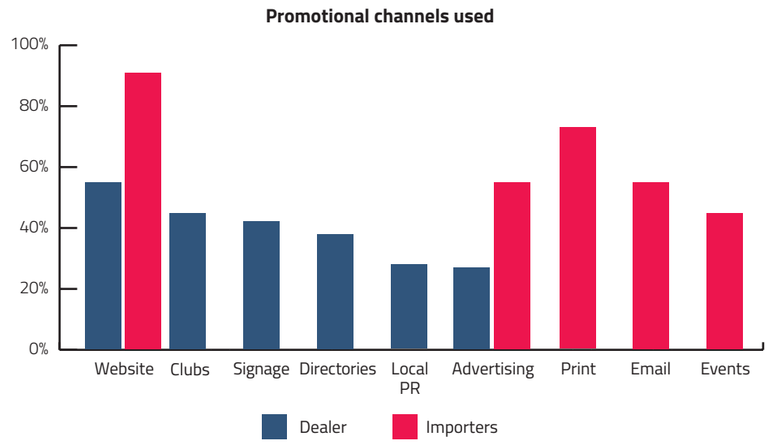
The most widely used promotional methods are:

- For dealers
  - Their own website (55%).
  - Regular contact with clubs and shooting venues (45%).
  - Prominent shopfront signage (42%).
  - Phone and directory listings (38%).
  - Generating positive local PR (28%).
  - Online advertising (27%).

These methods are supplemented and supported by a range of other methods used by smaller percentages of dealers.

- For importers
  - Their own website (91%).
  - Print media advertising (73%).
  - Online advertising on third party websites (55%).
  - Email marketing campaigns (55%).
  - Attendance at events and functions (45%).

These methods are supplemented and supported by a range of other methods used by importers to promote their business.



- For dealers, the promotional methods regarded as most effective are:
  - Their own website (44% of dealers nominate this as one of their "top two" promotional methods).
  - Prominent retail shopfront signage (29% say this is in the "top two").
  - Phone and directory listings (19%).
  - Online advertising on third party websites (16%).
  - Regular contact with gun clubs and shooting venues (16%).
  - Generating positive local PR (10%).
- For importers, the promotional methods in their top two most effective methods are:
  - Their own website (82).
  - Print media advertising (27%).
  - Online advertising on third party websites (18%).
  - Outbound calls and sales rep. visits (18%).
  - Email marketing campaigns (18%).
  - Attendance at functions and events (9%).

Marketing effectiveness

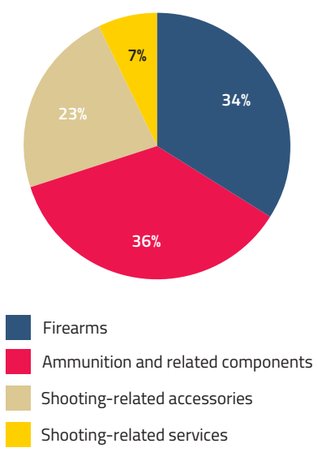
Products

Product revenue contribution

Sources of income shows the retail nature of most licensed firearm dealerships.

Shooting related services contribute less than 10% to total income.

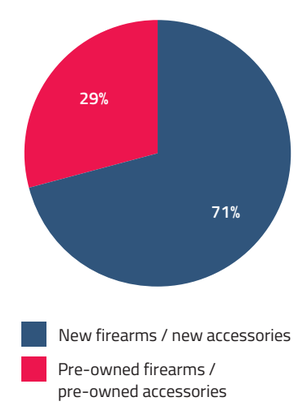
Product revenue contribution



New V's preowned products

The sale of new items represents 71% of turnover.

Revenue contribution



Sales trends in the last 5 years

A series of survey questions enquired about sales trends.

Whilst the survey did not set out to specifically measure the impact of Covid responses upon the industry, it was nevertheless a significant disruptor to the general sales trends up to that point, and something which needs to be taken into consideration.

The survey results show that:

- 50% of dealers and 64% of importers reported an upward sales trend over the past 5 years.
- 36% of dealers and 18% of importers reported no growth, or no consistent growth, or even a decline in sales in the last 5 years.

Respondents nominated a range of factors as the causes of these trends, including:

- Natural growth in demand.
- Changes in demand driven by various factors including weather patterns (pest numbers), COVID-19 and associated travel restrictions,
- Population movements into regional areas.
- The individual marketing and sales efforts of dealers and importers.
- Growth in online sales.

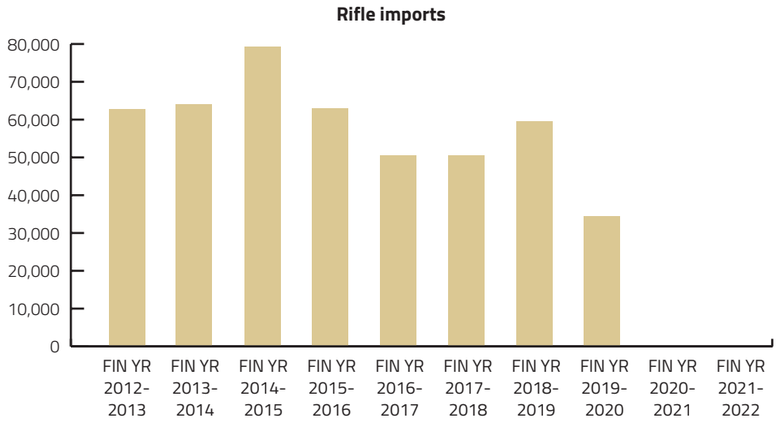
The "net" effect of these factors has been sales growth for 50% of dealers and for 64% of importers.

Product importation data

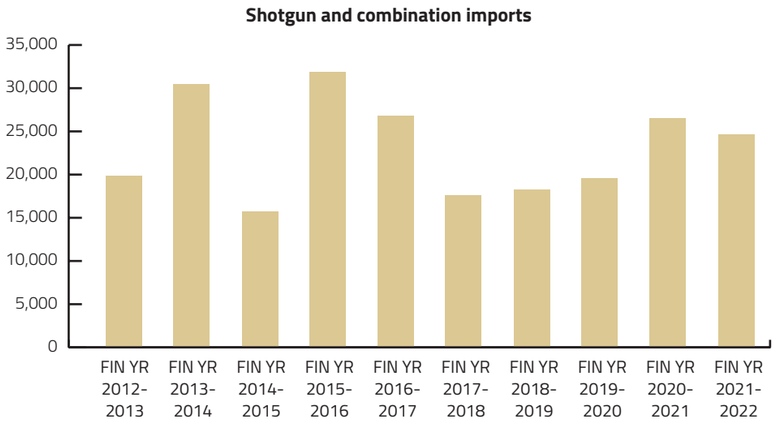
In addition to data generated by the Insight 2022 survey, SIFA commissioned the Australian Bureau of Statistics (ABS) to generate a report showing the importation volumes across broad categories of firearm related goods over the past decade. The following graphs are based on Australian Bureau of Statistics data.

Rifles

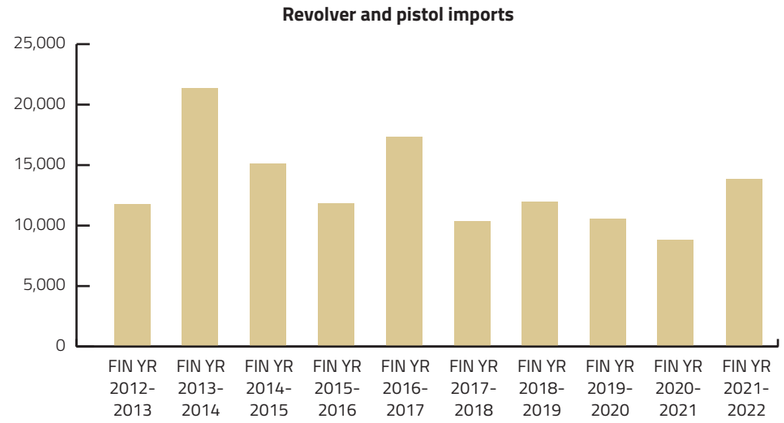
Rifle data for FY 20-21 and FY 21-22 is currently subject to an ABS confidentially restriction and thus is unavailable at the time of publication.



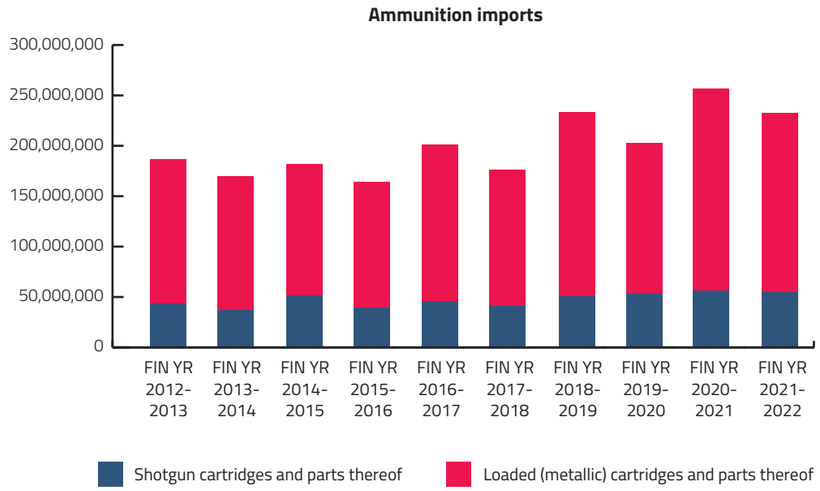
Shotguns



Handguns



Ammunition



Industry challenges

Level of satisfaction / dissatisfaction with regulators

As a heavily regulated industry, trust in our regulators and public confidence in the achievement of intended regulatory outcomes is critical to our success.

The survey tested participants perceptions of regulator performance.

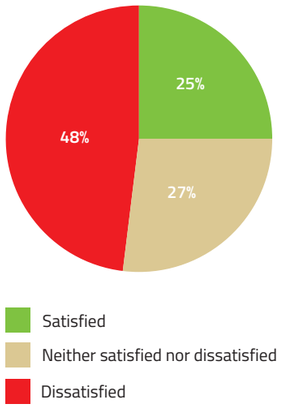
The survey results show significant levels of dissatisfaction among shooting industry businesses when it comes to dealing with their regulators:

- 48% of dealers and 27% of importers are dissatisfied with how regulators treat them.
- 45% of dealers and 45% of importers are dissatisfied with how regulators treat the dealers' customers (i.e., licensed firearm owners).
- Among importers:
  - 72% are dissatisfied with regulatory / compliance / categorisation differences and inconsistencies between States and Territories.
  - 63% are dissatisfied with the level of effectiveness of consultation with departments, agencies and regulators on import regulations and other matters at a federal level, as well as State-level consultation over State-based regulations.
  - 36% are dissatisfied with the DHA (now AG's) permits system.
  - 27% are dissatisfied with the State-based permits system in their own State.
  - 18% are dissatisfied with the Defence Export Control permits system.

The biggest areas of dissatisfaction among importers are in the areas of cross-border trade and consultation with Federal and State regulatory agencies.

Across Australia, 48% of licensed dealers were critical of their regulator's performance, 27% were ambivalent and just 25% were supportive.

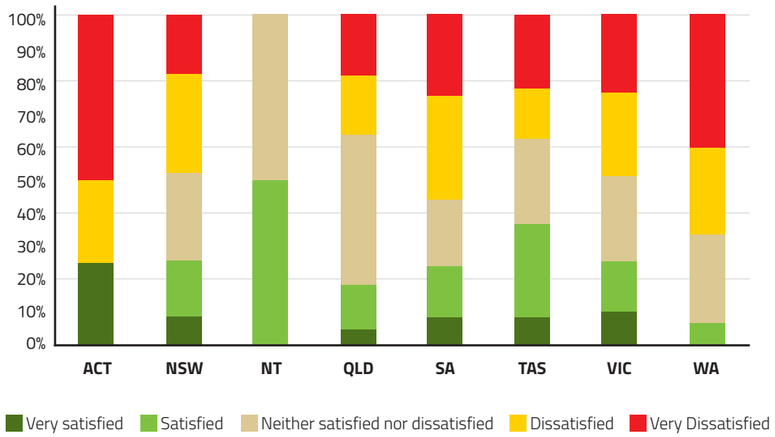
Overall dealer satisfaction with regulators



Further analysis of the data shows the highest percentages of dissatisfaction with the ACT, followed by WA and SA.

The NT enjoyed the highest rating for satisfaction, followed by Tas.

Dealer satisfaction with regulators



Business challenges

The survey included a series of questions to quantify the extent to which businesses recognise and are concerned about, or are affected by, a range of generic and industry specific challenges.

In particular for dealers, the biggest challenges are:

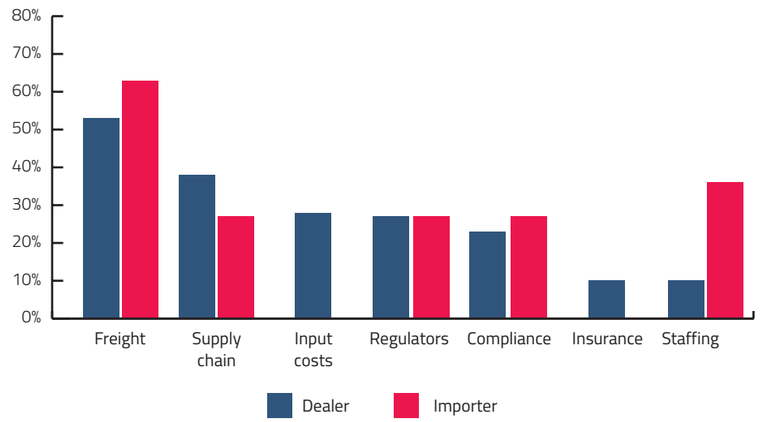
- Freight issues (53% of dealers have experienced a problem with accessing freight services or having a choice of freight company).
- Supply chain disruptions (38%).
- Rising input costs and lower margins (28%).
- The behaviour / actions of regulatory authorities towards dealers (27%) and gun owners and gun license applicants (26%).
- Regulatory compliance issues (23%).
- Insurance issues (10%).
- Staffing issues (10%).

Importers face an even broader range of challenges due to their cross-border trade, their need to deal with additional regulatory regimes relating to the importing and exporting of shooting-related goods, international supply chain issues, their broad range of products in their inventories and their greater reliance on employing staff (being generally larger companies compared with many dealers).

Importers' biggest general business issues include:

- Freight issues (63% of importers have experienced problems in this area).
- Staffing issues (36%).
- Regulations and compliance issues (27%).
- Supply chain disruptions / shortages (27%).
- Insurance issues (18%).
- Bank financing issues (18%).
- Cross-border trading issues (18%).
- Treatment of shooting industry operators by regulatory authorities (18%).

Business challenges



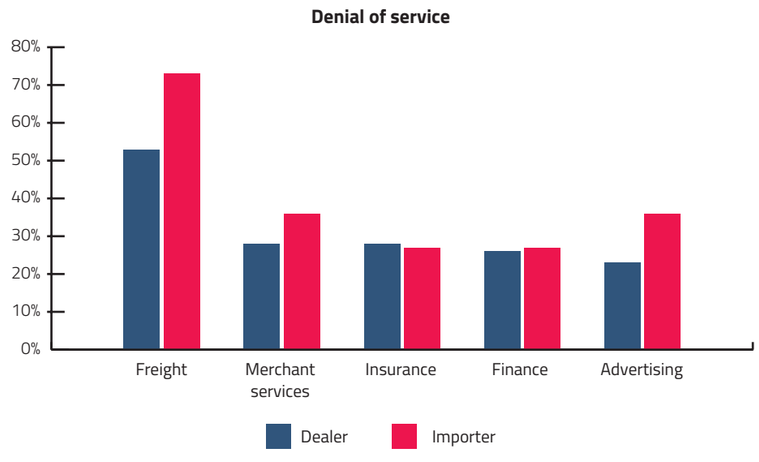
Denial of essential business services

Dealers reported experiencing wide ranging denial of service with critical business inputs.

- Freight (53%).
- Retail merchant services (28%).
- Buy-Now-Pay-Later service providers (28%).
- Insurance (28%).
- Banking and finance (26%).
- Advertising services (23%).

Importers too have experienced denial of service across a wide range of service categories, suggesting that a blanket industry-wide denial of service policy is being applied by some service providers, most notably in:

- Freight (73% of importers have experienced denial of service in this service category)
- Merchant services (36%).
- Advertising (36%).
- Banking and finance (27%).
- Insurance (27%).



Inconsistent regulation

- 91% of importers believe that differences between Australia's States and Territories in their firearms categorisation systems are having a negative impact on importers.
- 72% believe that misalignment between Australia's regulations and internationally recognised standards is a barrier to trade.
- 72% believe that appearance-based classification of firearms is a challenge for the industry.

Looking forward

Understanding the future intentions of dealers helps to define what the firearms dealership of the future might look like. The survey questioned participants expectations for their businesses.

Growth

Industry participants (dealers and importers) are strongly growth-focused - 61% of dealers and 82% of importers are planning for business growth over the next 5 years, primarily by increasing their online presence and geographic footprint.

Diversification

Of the business which have not yet diversified, 33% of dealerships and 28% of importing businesses are looking at the idea of diversifying within the next 5 years into non-shooting related goods and services.

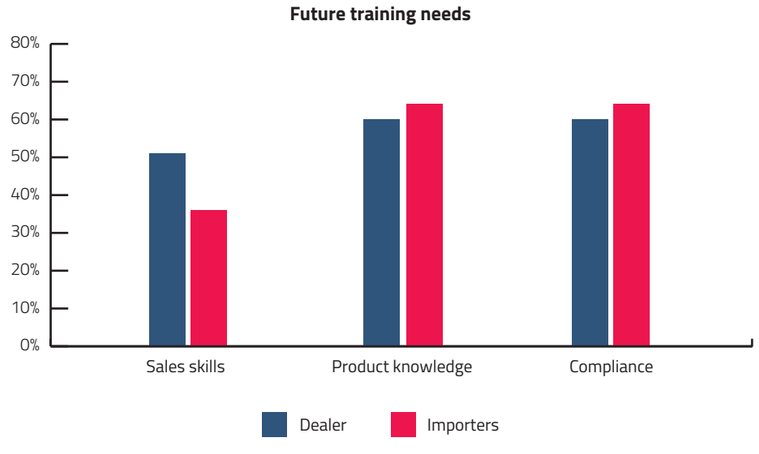
The most likely non-shooting related goods and services being considered are outdoor lifestyle products, and others that are complementary to shooting as an interest.

Improved margins

Both dealers and importers are seeking to recover financially from Covid restrictions and to improve profit margins in coming years.

Training priorities

The survey results show that within the next 2 – 3 years, business will require staff training the following areas:



Ideas and initiatives for the shooting industry

The survey set out to understand what dealers believe needs to be done to improve their business prospects, or to better support their business activities.

A range of possible shooting industry initiatives and reforms were tested in the survey for their support among dealers and importers.

The results show:

- Very strong support for:
  - A more united voice for the industry (100% support).
  - Better relations between the industry and law enforcement agencies (99% industry support).
  - Boosting gun club memberships and promotion / marketing of recreational / sporting shooting (97% industry support).
- A high level of interest in:
  - Group buying schemes for freight (76% of dealers and 82% of importers want this), insurance (73% of dealers and 45% of importers want this) and legal services (65% of dealers and 54% of importers want this).
  - Ability to join a professional network (popular idea for 69% of dealers and 72% of importers).
- Further interest in:
  - Access to specialist training providers (52% of dealers and 54% of importers are interested in this).
  - Access to IT and security experts (52% of dealers and 54% of importers are interested in this).
  - Learning new aspects of trading in the shooting industry (48% of dealers and 54% of importers are interested in this).
- Majority support (64%) among importers for the idea of regularly collecting industry-wide data (e.g., sales volumes, permit numbers and timeframes, etc.).
- A majority of importers believe that significant reforms are needed to government processes and procedures, especially in the areas of:
  - The licensing and permits system (82% believe that reforms are needed).
  - The complexity of working across multiple government agencies and across borders (82%).
  - Inconsistent decision-making and lack of collaboration between government agencies (73% of importers believe reforms are needed in this area).
  - Skills shortages and the need for government assistance (63%).
  - Complexity and cost of compliance within the industry (63%).
- Practical initiatives that received strong support in the survey from importers include:
  - More uniform cross-border decision-making (82% support).
  - Reforms to business regulations (82% support).
  - An integrated online portal for businesses to access all government agencies and services (82% support).
- There is also majority support among importers for:
  - ABF reforms (63%).
  - Government incentives to support staff upskilling (54%).

Key implications of the survey findings

It is axiomatic that there is a pressing need for sensible regulatory reform to address the numerous issues evident throughout this survey.

There are unacceptably high levels of dissatisfaction with our numerous regulators, and this is something which needs to be addressed as a matter of urgency. The current situation works against the common goal of public safety and is quite clearly an adverse policy outcome.

The widespread denial of essential business services reported by both dealers and importers is concerning. Although SIFA has already done some work in this space, the survey results have confirmed that more work is required.

There has been a recent increase in shooting related businesses changing hands (which can only be expected to continue given the age profile of licensed dealers). The loss of accumulated knowledge and experience as dealers retire will be greatly missed. Offsetting that are the benefits which might accompany new owners adopting contemporary marketing and communication methods and modernising their business and compliance management functions.

Both the industry and its customer base are heavily male dominated. More work needs to be done to attract female involvement across the industry and its customer base.

Increasing participation by females and the anticipated changes of business ownership presents both challenges and opportunities. Embracing both diversity and modernisation can only lead to positive long-term outcomes for the industry.

The survey (being the first of its kind in Australia) provides an important baseline upon which SIFA can build its information repository in future years, as well as being able to examine trends over time, emerging issues, and test evolving ideas and initiatives. This will all help to defend and grow our industry.

Again, we extend our sincere thanks to those members of the industry who took time out of their busy day to provide us with this information.

Notes

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