

# Regional TV Market Bulletin February 2006

## Motor Vehicle Sales

**RTM**  
www.regionaltvmarketing.com.au

### Premium car makers look to sea-changers for growth

The five fastest growing car brands in regional TV markets during 2005 are all imported manufacturers specialising in smaller and premium models. This is the most significant change in regional car buying behaviour revealed by VFACTs sales data for January to December '05 and may surprise those who think regional car sales are all about big Aussie 6 cylinders, utes and off road vehicles.

The total number of new vehicles sold in regional markets last year was a record 324,399, an increase of 4.5% over the previous year and well above the average growth rate in the five metropolitan capitals of 3%. The higher growth is further evidence of the widely reported improvement in regional financial wellbeing and the increased regional population of two important car-buying demographics – high spending baby boomers and affluent young families.

The success of this group offers an insight into the demographic changes rapidly taking place in regional Australia. The growth in regional sales of smaller cars like Suzuki's new Swift reflects the increased urbanisation of regional Australia with short commutes on high quality roads now the norm for most people. The success of well-established premium brands VW, Audi and Honda in dramatically increasing regional sales proves the existence of a new class of young and affluent suburban regional households. The Mini Cooper's success shows that regional baby boomers are as determined as any to spend till they drop in pursuit of their indulgent lifestyle.

The most significant increases in regional TV ad spend were for European and premium brands which collectively increased RTV spend by 33% year on year. Consumers clearly responded with growth in sales of 19% in regional markets and 13.5% in the capital cities. The fact that Honda, VW and Audi are among the 5 fastest growing regional brands is no doubt due in part to their substantial increase in regional TV ad spend during 2005.

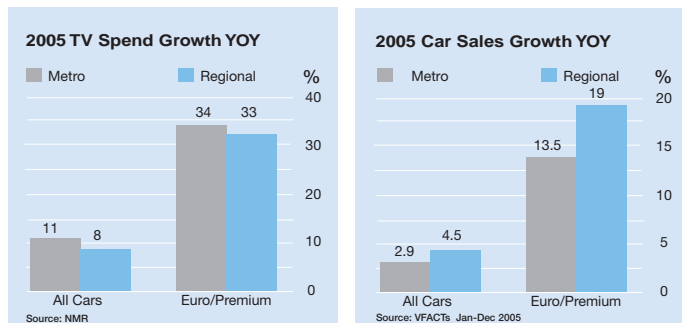
#### Top 5 Regional Growth

1 Suzuki	+96%
2 Volkswagen	+82%
3 Audi	+60%
4 Mini Cooper	+48%
5 Honda	+37%

Source: VFACTs Jan-Dec 2005

Regional market sales now represent 33% of all new cars sold in Australia, up from 31% in 2002. Regional TV advertising spend for the motor vehicle category grew by 8% in 2005 to \$46.9m, which was in line with the national trend.

The highest sales growth recorded by volume makers in regional markets were in order: Suzuki, VW, Audi, Mini Cooper and Honda. While all five makes had a great year in the capital cities, in each case regional sales growth was even higher.



### Car choices change with the times

Aging population and rising petrol prices are the two external factors impacting on Australia's car preferences especially the continuing decline in sales of large cars.

Factors particular to regional Australia are the growing number of young families, especially those with 3 or more children, leading to higher sales of people movers and multi purpose 4WD's. Already 35% of SUV's are sold in regional markets and now 27% of People Movers.

Higher regional growth in the mass market small and medium segments is the result of middle income families being able to spend a higher proportion of their total

income on cars and other discretionary purchases than a family with a comparable income living in a capital city.

Vehicle Type	% Increase Sales YOY		
	Metro	Regional	Reg Share
Light	9%	6%	29%
Small	17%	22%	31%
Medium	2%	10%	29%
Large	-15%	-17%	30%
People Movers	2%	7%	27%
Sports	7%	18%	21%
Prestige	7%	17%	23%
Luxury	-2%	2%	15%
Sports Utility Vehicle	4%	5%	35%

Source: VFACTs

Detailed analysis of regional new car sales by make and model is available on request from RTM.  
Contact Brian Hogan on 02 9929 2122.