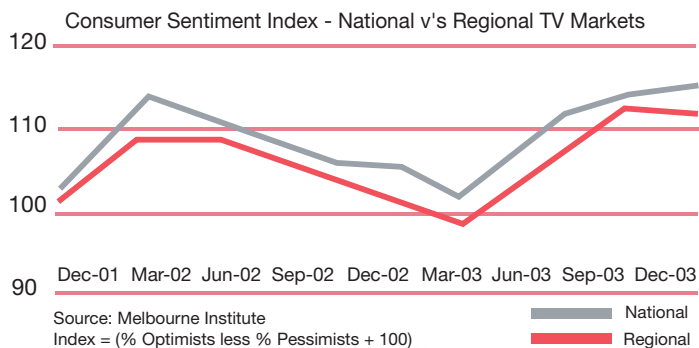


# Regional Consumer Sentiment Report January 2004

## Regional Australians look forward to another great year

Regional consumer sentiment for the last quarter of 2003 continued to be very positive, despite the minor "blip" caused by two consecutive interest rate rises in October and November. During the last 3 months of 2003 the Melbourne Institute regional consumer sentiment index was 10% higher than the corresponding period in the previous two years. Looking ahead, regional confidence appears set to continue at record levels in 2004, based on national consumer sentiment figures just released for January, which rose by 4.8% bringing it to its highest level since mid 1994. Underpinning growing consumer confidence is the feeling that further interest rate rises are now less likely due to the strength of the Australian dollar and the cooling of the housing market.

The two key indicators of confidence for regional consumers are their positive view on family finances (114%) and their opinion on overall economic conditions for the



next 12 months (115%). Analysts predict at least a fifth of GDP growth in 2004 will come from the farm sector alone. Combine this with associated predicted growth in the transport, processing, service industry and tourism sectors, along with other already positive factors such as low unemployment and the increase in value of house prices, and regional Australians have everything to be optimistic about.

## Big spenders on appliances and cars

The consumer spending categories most likely to benefit from positive regional sentiment are household items and new cars. With positive indices of 138 and 136 respectively, these categories have the two highest ratings for predicted consumer spending in regional TV markets according to the Melbourne Institute. Analysis of Roy Morgan Single Source data to September 2003 reveals that this trend is likely to continue. Almost half of people in regional TV markets intend to buy household appliances in the next 12 months, with some of the top priorities including entertainment, kitchen and communication items. High value products such as PC's and audio-visual equipment represent excellent opportunities for advertisers.

### Forecast Regional Share of Australian Sales in 2004

Audio Systems	37%	Digital TVs	35%
DVD Players	33%	Colour TVs	34%
MP3 Players	28%	Personal Computers	34%

Source: Roy Morgan Single Source Sep 2003 - Items Intend to Purchase Next 12 Months

## Regional youth have their cake

Things you may not know about regional 18-24's when compared to metropolitan youths:

- They spend more on groceries and other retail items
- They are more brand conscious
- They are more inclined to try new & different things
- They lead more active, outgoing social lives
- They are just as ambitious

Sometimes regarded as less sophisticated than metropolitan youth, facts such as these should prompt marketers to ensure regional 18-24's are not taken for granted. According to the Melbourne Institute survey, youth sentiment in regional Australia reached record high levels and exceeded those of their metropolitan counterparts in the December quarter, providing further reinforcement that 18-24's in regional TV markets are excellent prospects.

They experience all the advantages that regional Australia has to offer, such as lower cost of housing, higher discretionary income and a more leisure oriented lifestyle, as well as being fully involved in the digital world through the net and SMS.

### Hot Youth Categories: % of 18-24's who....

	Reg	Metro
Consumed cola & other soft drinks (past 7 days)	84%	79%
Consumed alcoholic beverage (past 7 days)	78%	73%
Visited a fast food outlet (past 4 weeks)	74%	72%
Went to a music store (past 4 weeks)	60%	58%
Bought clothing (past 4 weeks)	59%	59%
Intend to purchase communication items (next 12mths)	39%	35%
Intend to purchase entertainment items (next 12mths)	35%	34%

Source: Roy Morgan Single Source Sep 2003.