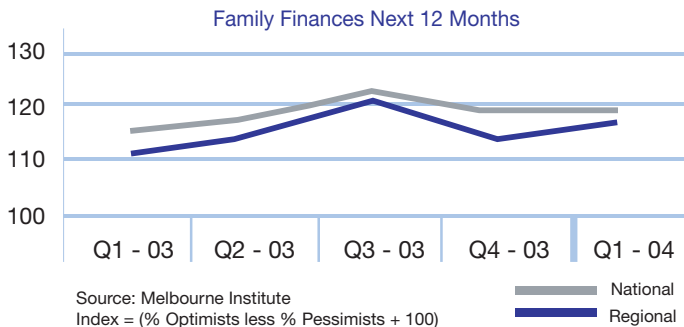


Regional Consumer Sentiment Report April 2004

Regional consumer spending boom to continue through 2004

The RTM - Melbourne Institute Regional Consumer Sentiment Index for the first quarter 2004 remained at the historically high levels of the previous 9 months and was unchanged from the December quarter at 112. Consumer sentiment in regional Australia is now 13% higher than the same period in 2003.

The underlying strength of regional consumer sentiment is reflected in the attitudes to family finances and major spending in the year ahead. There was a 2% increase in the number of regional consumers with an optimistic outlook to family finances in the next 12 months, recording an index of 116. The index tracking whether or not it's a good time to buy major household item also rose 2% to 141.



Both indicators suggest the increased levels of regional consumer spending experienced over the last 12 months will continue in 2004 – particularly for appliances, home wares, financial services and cars.

With national consumer sentiment rising once again in April, it appears economic growth, stable interest rates, and now predictions of tax cuts in the upcoming budget have buoyed the mood of all Australians.

Big lift in RTV spend in 2003 drives category growth

Annual ad spend figures from the Commercial and Economic Advisory Service of Australia (CEASA) show Australian TV advertising spend jumped by 9.9% in 2003. Overall Regional TV spend grew exactly in line with the national market retaining its share of agency booked TV advertising at 16.2%.

Many consumer categories saw much greater increases in regional TV spend during 2003. Marketers appear to have taken advantage of the increased consumer confidence and lower competitive activity to successfully stimulate rapid category growth in regional Australia – which potentially represents 36% or more of national sales.

Category Use	% Change 2002-2003	
	National Category Growth	Regional Category Growth
Alcoholic Beverages Consumed P4W	+0.8%	+1.8%
Have Major Credit Card	+0.9%	+2.0%
Bought Appliances P12M	+4.0%	+5.1%
New Car Sales	+10%	+12%

Source: Roy Morgan Single Source, Jan - Dec 2002 & 2003

Regional women move up to "Masstige"

The skin care category is a good demonstration of the shift by regional consumers to premium brands that offer improved features and benefits. Known as "Masstige", brands such as Olay Total Effects, L'Oreal Plenitude, Nivea Visage and Neutrogena Visibly Firming are aiming to satisfy a complex list of female expectations for skin care with growing emphasis on anti-aging. Sales of moisturiser in Regional markets grew by 14% during the second half of 2003, a rate of increase almost 30% above the national average. In this mature category the growth in sales value is primarily from share gains by the higher priced brands.

This shift was driven by a big increase in TV advertising – up by 26% in metro and by 21% in regional markets. Total return on TV advertising investment for skin care brand owners in regional markets was 1.5 times greater than that achieved in metropolitan markets.

