



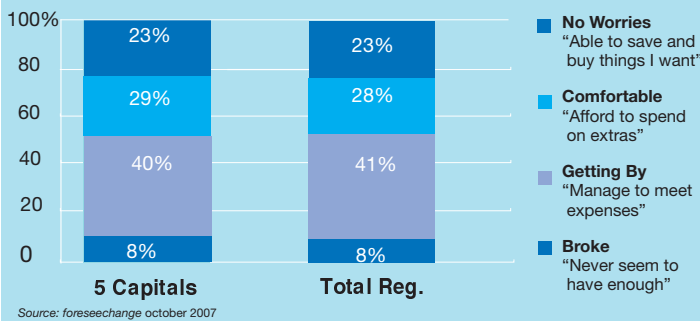
## Regional Australia will have highest consumer spending growth in 2008

Good times for consumers and businesses in regional Australia are set to continue for some time yet. The latest survey from research group *foreseechange* has found over half of all people living in regional Australia now feel they have discretionary spending power. This is an increase of 18% on the same time last year and is a record high since the regional survey began in 2003.

The *foreseechange* survey polls 500 people nationally every six months and measures their perceived financial wellbeing by asking respondents to self classify into four segments. They are: I never seem to have enough money these days (Broke); I manage to meet all my expenses but there's never much left over (Getting By); I can afford to spend on those extras that make life worthwhile (Comfortable); I have few financial concerns and am able to both save and buy what I want (No Worries).

People in the No Worries and Comfortable segments account for the majority of discretionary spending in Australia and shifts in the proportion of people in these groups have historically been an accurate predictor of future consumer spending growth.

### Financial wellbeing segments October 2007



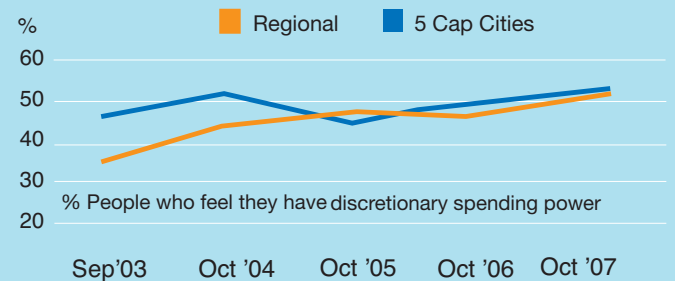
There is currently no statistically significant variation in the proportion of people with discretionary spending power

between regional Australia and the five capital cities. Regional Australia has had population growth above the national average since 2000 and is now home to over 38% of the national population of key marketing demographics such as Grocery Buyers with Kids and Baby Boomers.

## Improving regional household finances

The survey's predictions over the past four years of regional spending growth have been backed up each year with evidence at the cash register. Most major discretionary spend-

### Growth in discretionary spending 2003 - 2007



ing categories such as cars, white goods, home renovations, premium personal care products have had higher sales growth in regional Australia than in the capital cities since 2003.

Charlie Nelson director of *foreseechange* says "The improvement in regional Australians' financial wellbeing has been a significant trend since 2003 and in contrast there has been no net improvement of capital city Australians since that time."

While the buoyant national economy is clearly the main driver of consumer spending, it is the lower cost of housing that has allowed regional consumers to translate increases in household income to consistent growth in spending power. Capital city residents on the other hand have been more vulnerable to property price and interest rate fluctuations as shown by the decline in discretionary spending power during 2004-2005 from which they have only now recovered.

## Local and national advertisers cashing in

It is the high spending No Worries consumer segment that has grown most in regional Australia since last year with an increase in number of 20% to 23% of all people. In the capital cities this segment did not grow significantly which suggests premium goods sales and major discretionary spending will be flat in the capital cities in 2008 especially with continuing pressure from interest rates.

Over the past two years advertising spend on regional TV has been growing above the capital cities, mainly driven by local advertisers who are acutely aware of the higher growth in spending and population. National advertisers have been slower to respond but notable regional advertising growth

categories since 2005 have been financial services, cars and skincare / cosmetics.

Regional TV Marketing has tracked the effectiveness of some of the advertisers that have increased their regional ad investment. Skin care brands, as a group have increased their investment in regional TV YOY by 50% on a share basis. Among the results have been category and brand growth in the high value mature age (40+) skin care segment with up to 40% of national sales now coming from regional consumers and Regional NSW being the single biggest market for some brands. The growth in regional sales and advertising spend within the premium car segment has also been reported widely in previous RTM newsletters, available at [www.regionaltvmarketing.com.au](http://www.regionaltvmarketing.com.au)

