

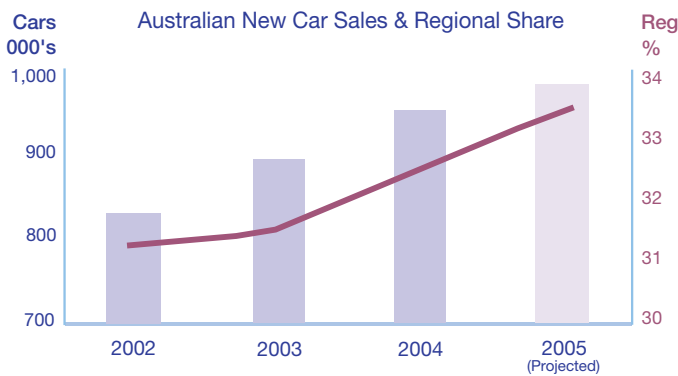
# Regional TV Marketing Consumer Research Bulletin – August 2005



## Regional new car sales growth beats metro for the 3rd year

New car sales in regional TV markets have grown by 6.8% year on year, for the 6 months to June according to the Federal Chamber of Automotive Industry. This compares with growth of 4.7% across the five main metropolitan capitals and continues a trend that has seen regional markets steadily increasing their share of new vehicle sales for the past three years.

The higher growth in regional areas provides further evidence of the improvement in overall financial wellbeing of regional consumers (see RTM newsletter May 2005), especially as the sales rise occurred during a period of unprecedented growth for the automotive industry.



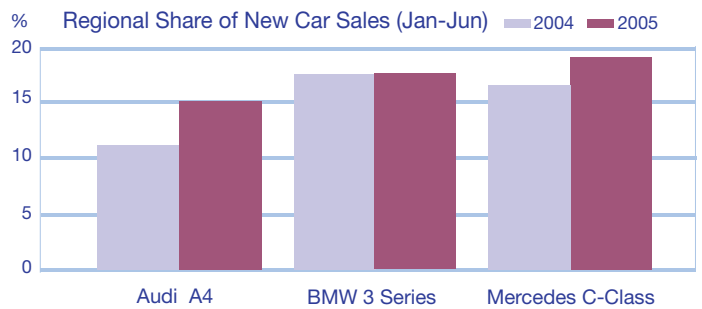
Three years ago regional markets accounted for 31.3% of all new vehicles sold but now represent 33.5%. The automotive industry is forecasting annual sales of 980,000 for 2005. Based on current trends, this will see over 330,000 new vehicles hitting the roads in regional Australia.

## You are what you drive

The types of cars with the highest sales growth in regional Australia are an accurate reflection of its changing demographic profile. The greater proportion of regional families with children (of which almost a quarter have three or more) has seen substantial growth in the People Mover and SUV segments, while cashed up baby boomers are largely responsible for increases in the Small, Sports and Prestige vehicle segments.

## Free TV is key weapon in German regional battleground

The mid-size prestige segment is where the war between Audi, BMW & Mercedes is most keenly fought. In the first half of this year Audi substantially increased their regional TV investment to support the launch of the new A4. The results were spectacular with sales growth of 135% almost double the increase experienced in the capital cities. Audi sold 15% of all new A4's in regional markets, up from just 11% in the same period last year. Mercedes also increased the regional TV investment (+35%) for their mid-size entrant, the C-Class, and reaped the rewards. C-Class sales went up by 20% in regional markets, three times



the growth experienced in metro markets. As a result regional markets now account for 18% of national C-Class sales.

The BMW 3 Series is still the most popular of the three competitors in regional Australia with total sales of 376 units. Lack of TV support meant BMW failed to capitalise on the buoyant regional market and the opportunity to increase marketing ROI.

Vehicle Type	% Increase Sales YOY		Reg Share
	Metro	Regional	
Light	+9%	+8%	30%
Small	+15%	+20%	32%
Medium	+10%	+18%	30%
People Movers	+4%	+10%	28%
Sports	+9%	+22%	21%
Prestige	+9%	+14%	23%
SUV	+8%	+13%	36%

Source: VFACTS (Jan-Jun 2005 vs. Jan-Jun 2004)

