

SPECIAL REPORT

TOP REGIONAL MARKETS

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POPULAR MISCONCEPTIONS ABOUT REGIONAL MARKETS COULD BE COSTING MARKETERS DEARLY, AS THE REAL SIZE AND STRENGTH OF ITS AUDIENCE IS REVEALED. **DAVID BLIGHT** REPORTS.

The image of regional Australia being dominated by hardened Aussie farmers living in “the bush” or “the outback” is fading fast. Truth be told, the image was probably always just that, an exaggerated portrait aiming to homogenise an incredibly diverse collection of regions.

The latest figures out of Regional TV Marketing indicate that 36% of Australia’s population lives in regional Australia. However, only 4% of this group live in farming or agricultural areas. The majority live in coastal or regional population hubs (80%).

Each year, the population of this multifarious mass of around eight million people is increasing, with more Australians moving towards urbanised population centres. Regional Australia has experienced 18% population growth since 2001, according to Roy Morgan.

However, despite increases in population, affluence and urbanisation, as well as increased interest from advertisers, regional Australia is continually stuck with a smaller slice of the advertising pie, with a disproportionate amount of ad revenue finding its way into metropolitan markets.

NATIONAL ADVERTISERS, REGIONAL FOCUS

Traditionally, regional advertising has been dominated by local advertisers, and has a higher proportion of direct advertising than metropolitan markets. One indus-

try source, who wishes to remain unnamed, says national advertisers and agencies are usually not very interested in regional markets, and that regional is generally the first area marketers cut from their budgets.

Despite the fact that regional Australia makes up 36% of the population, and that 36% of sales of goods and services are generated in regional areas, regional TV Marketing figures indicate that only 22% of national advertising revenue in the television industry goes to regional markets. Industry sources have suggested that, across the media spectrum in general, less than 14% of advertising revenue from agency sales goes into the regions.

Southern Cross Media group national sales director of Regional Mediaworks, Jeremy Simpson, says: “Over the last couple of years, we have noticed more national advertisers with a regional focus, particularly as they see the importance of regional markets in terms of cost efficiency. But the regional areas are still undercooking – there is certainly room for improvement.”

The bias towards metropolitan markets stems from the fact that these areas have concentrated populations, which can be reached far more easily than the scattered regional markets. While non-metropolitan areas might sell cheaper advertising, it can end up

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costing advertisers to disseminate messages to multiple smaller markets rather than a few large markets. Metropolitan media outlets also tend to be more accountable in terms of data and measurement, which makes these areas more attractive to advertisers.

Initiative trading director Jackie Edwards says: "The increase in population in regional areas of Australia certainly suggests that the market is changing and that advertisers should be taking advantage of these changes."

"But the problem lies in the cost. If I buy regional radio, I have to buy 70 or 80 stations, but if I buy metro, I only have to buy 20 and I reach more people. It's the same with regional press. What's more, it's harder to invest in regional media when there is less accountability. With radio, for instance, some regions aren't even surveyed."

As a result of expanding regional populations, increasing affluence and growing urbanisation, national advertisers do seem to be increasing their investment in the regions.

Regional TV Marketing general manager Brian Hogan says: "National advertisers are shifting more money into regional markets. There may only be 22% of advertising dollars going into regional television, but the cost of advertising is

40% lower, so it's proportional. In 2010, advertising revenue for regional television saw 15% growth, while metro markets saw 14.2% growth."

THE FALSE DIVIDE

Since the majority of regional Australia is living in or around sizeable cities, industry sources have suggested that advertisers should not be differentiating between regional



"It's all eyeballs," says Prime Media Group's national sales manager Dave Walker. "The divide is misleading."

and metropolitan in the first place.

Prime Media Group's national sales manager for Seven Affiliate Sales, Dave Walker, argues that the metropolitan/regional divide is misleading. "If the majority of the population lives in urbanised centres, a mass advertising message should cross into metro and regional areas - it's all eyeballs. At the same time, each specific market is different in both metro and regional areas, so again the divide is misleading."

Some overarching demographic differences can be discerned which indicate at least a degree of disparity between regional and metropolitan areas. Social commentator and KPMG partner Bernard Salt says, "Regional Australia can be divided into certain categories. Roughly speaking, there is the sea change/tree change belt, which is generally quite metropolitan in thinking and demographic. However, this grouping tends to be more Anglo, and has more traditional values than metro markets. Then you get the more remote areas, which are very conservative and tend to be very Anglo."

However, a closer analysis of each market reveals significant disparity. Salt says: "The regional and metropolitan divide is false. In Australia, you get a collection of tribes. We have a population of only

22 million stretched across an entire continent, so you get different tribal patches and separate cultures which can evolve."

An examination of various News Limited outposts indicates the unique makeup of different Australian regional markets. General manager of *The Cairns Post* Nick Trompf speaks of a market with a mobile population dominated by the hospitality industry, and a median age of 35. General manager of *The Gold Coast Bulletin* Sylvia Bradshaw speaks of a market with a young working population countered by increasing numbers of retirees. Meanwhile, general manager of *The Townsville Bulletin* Michael Wilkins says the area is experiencing growth from the mining boom.

THE "LOCAL" FACTOR

As specific markets increasingly become like "tribal patches", individual markets or population hubs can develop a strong sense of community and locality. In fact, a heightened sense of "the local" is frequently defined as a major differentiator between metro and regional markets. This leads to a strong sense of affiliation with local forms of media.

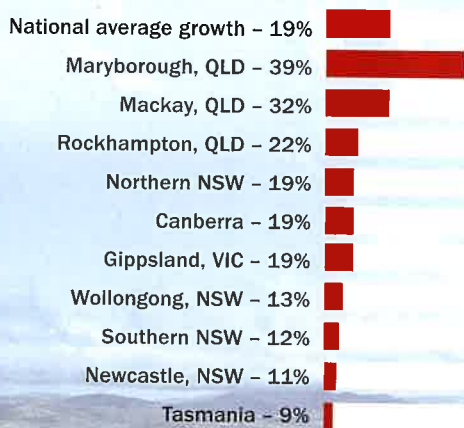
The Newspaper Works chief executive Tony Hale says: "As markets get smaller, local forms of me-

a significant connection with local media like newspapers, which connect people with the wider community.

"In regional Queensland, *The Northern Times* became the main source of information for certain communities during the floods. It saw a 2000% increase in online traffic."

SUB-REGIONAL POPULATION GROWTH (TV POPULATION)

Period: 2001 vs 2011



Source: Regional TAM

POPULATION BREAKDOWN

36% of Australians live in regional Australia, **64%** in metro
In regional Australia: **80%** live in regional population hubs
4% live in rural farming environment

18% regional population growth since 2001

32% household income growth since 2005

20% growth in professional/managerial employment

36% of Australian sales of goods and services come from regional Australia

Source: Regional TV Marketing; Roy Morgan Research, 2010.