

# Regional Australia: Hearts & Minds



**Increase brand loyalty and market share by understanding regional Australians' attitudes to advertising, big business and social issues.**

“ Regional Australia is now a vital contributor to the growth and profitability of most consumer-driven companies as it accounts for up to 40% of national sales and has a rapidly growing and affluent population.

Understanding attitudinal differences between regional consumers and Australians who live in the capital cities is therefore vital to ensure the most effective communication strategies are developed.

This report on the hearts and minds of regional Australians looks at their attitudes to big business and advertising as well as current and future social concerns by bringing together the most recent research from Grey/Sweeney *Eye on Australia*, Charlie Nelson’s *foreseechange* survey and Roy Morgan consumer survey data.

The report concludes with five key recommendations to help your business win regional consumers’ hearts and minds. ”

Brian Hogan, General Manager Regional TV Marketing

# Regional consumers want to protect their quality of life and will reward companies that help them. Just make sure you let them know.

## Executive Summary

Regional people are believers in "consumer activism". They have very clear ideas about what they want from big business and actively reward companies and brands that are seen to behave ethically to their stakeholders and customers or that make a positive contribution to regional communities.

Of concern is the fact that regional Australians are less trusting of big business and that when companies do contribute positively to regional communities the news has frequently not been effectively communicated.

A positive finding for marketers is that regional consumers are more likely to be influenced by traditional mass media advertising and less likely to be influenced in their purchase decisions by word of mouth compared to capital city residents.

Regional Australians are generally happier than their city dwelling compatriots enjoying a less stressed and more family-oriented lifestyle. In terms of social issues and future concerns they are, perhaps surprisingly, more concerned about crime and terrorism and the potential impact of technology on their families' lives.

From a financial perspective the majority of regional Australians have never had it so good. In contrast to the capital cities housing remains relatively affordable, spending power is growing and local economies and employment are strong.

It is against this background that a clear message emerges. Regional Australians have a deep appreciation for the higher quality of life and greater sense of community they enjoy and are concerned about the prospect that these things could be diminished or lost over time.

Companies that are seen to contribute positively to the maintenance and wellbeing of regional communities and show high ethical standards in corporate behaviour and most importantly communicate those deeds effectively at a local level will be well rewarded with loyalty by regional consumers.



# Support them and they'll support you

During the 1980's and 90's many ordinary people in regional Australia experienced first hand the upheavals in corporate Australia with frequently negative effects. Bank closures and bad lending practices spring to mind, as do the downsizing and rationalisation of traditional industries such as steel making and small-scale farming.

## Corporate social responsibility

Because of this recent history regional consumers are far more aware than many city dwellers of the potential benefits from business having high ethical standards and closer involvement with local communities. Understanding regional consumers' needs presents an opportunity for companies and brands to build deep and long lasting loyalty with a large and affluent consumer base.

According to *Eye on Australia* a higher proportion of respondents in regional areas do not trust big business compared to their city-based counterparts. As many as 86% of regional people agree they hear a lot about corporate wrongdoing and

79% agree that if big corporations are doing good things in the community they don't hear much about it.

As a result, people in regional markets are more likely to agree with negative statements such as "Big business is only concerned about its workers as much as it needs to be in order to make a profit" (64% as opposed to 62% in metro) and 88% agree that "In regard to the environment big business will only do the minimum necessary in order to comply with the law".

## The rewards of trust

Regional consumers are clearly more motivated and active in rewarding companies that are doing positive things for their community or environment. Half of all regional consumers make an active decision to seek out information about companies' ethics and buy products accordingly. Nine out of ten regional Australians are willing to pay up to a 5% premium for the brand or services of a company they believe has supported their community or helped the environment.

Regional Australians appreciate they live in a global marketplace and that many companies must manufacture overseas to remain competitive. However they expect companies to behave ethically wherever they may be conducting business. They also accept that it is not viable to have a branch or representative in every regional town.

Regional consumers are particularly concerned about falling standards of customer service. A staggering 85% of people in regional areas believe companies should abandon automated phone menus altogether and let them speak to real people, compared to the metro figure of 71%.

Consumer activists		
Agree.....	Regional	Metro
I make active decisions to buy products from ethical companies	49%	47%
I avoid products from companies who are unethical overseas	91%	85%
I would pay extra for products from a company that helps the community	88%	80%
I would pay extra for products from a company that helps the environment	85%	86%
I prefer to buy Australian made	83%	75%

Source: foreseechange



According to *Eye on Australia* four out of five regional Australians agree with the statement "If big corporations are doing good things in the community I haven't heard much about it".

One of the greatest advantages of mass media in regional markets is the flexibility and cost efficiency to communicate at a local level. For example free to air TV has local news bulletins and the capability

to vary advertising content across each region so there is no barrier to viewers being aware of a company's community initiatives, new branch openings or other positive news stories. Examples of major corporations using free to air TV in regional markets to effectively communicate their commitment to service in the local community include McDonalds, Telstra Country Wide and ANZ.

**Conclusion: Regional and city dwellers have similar views about what makes a good corporate citizen but regional consumers are more likely to actively seek out and buy the products of companies that are seen to help their local customers and communities.**

### What makes a good company?

Rate out of 10	Regional	Metro
Obey the laws of the land	9.23	9.24
Treat employees well	8.77	9.19
Take care of the environment, even if it's not in Australia	8.68	8.73
Don't close down branches in rural towns	8.48	8.26
Not abuse overseas workers	8.46	8.86

Source: Grey Eye on Australia 2006



# Inside regional hearts and minds

The Grey/Sweeney *Eye on Australia* survey has been conducted annually since 1992 and has consistently revealed shifts in consumers' attitudes towards a range of contemporary issues and concerns about the future. For the first time in 2006 the survey included a separate analysis of regional Australians on many of the key questions.

Understanding the different priorities of regional consumers allows a better insight into the sort of marketing messages and sponsorship opportunities that will be most effective in reaching them.

## Life is Good

The survey revealed that regional Australians are generally happier than their fellow citizens living in cities. They were as likely to share in the overall satisfaction with life felt by 90% of all Australians but were more likely to be extremely or

very satisfied with their life when compared to city dwellers (61% vs. 58%). The happiest of all are regional Victorians, 75% of whom say they are extremely or very satisfied with life.

Life is indeed less stressful in regional areas. There is less financial pressure on families as a result of lower housing prices. Consequently regional households are less burdened by debt and rising interest rates. Overall regional people are less likely to feel the need to escape from a stressful existence and are more intent on preserving what is good about their lives.

## Family comes first

Regional Australians have a greater desire for additional health and wellbeing information reflecting the higher regional population of families with children and of baby boomer retirees compared to the capital cities. Access to clear and concise

health information is of greater importance to parents of young families. Shielding their children from the long-term effects of problems such as obesity (a concern for 97% of Australians) are drivers in the regional parents' quest for additional information on health, wellbeing and diet. For regional baby boomers the maintenance of an active and healthy retirement is among their top personal priorities.

Companies associated with healthy nutrition, especially for children, that contribute to maintaining a balanced lifestyle will be particularly rewarded by regional consumers.

Concerns about the rate of technological change and its impact on our children and the future are primarily the domain of parents who are concerned at the type and amount of information their children can access online. As many as 70% of

### Current and future concerns

Agree.....	Regional	Metro
Relaxation time is more important than 5 years ago	62%	73%
Want to slow the pace of life down	77%	70%
Want additional information on health and wellbeing	46%	39%
Feel their children are exposed to too much information	70%	55%
Australia was a safer place ten years ago	81%	68%
There will be a terror attack in Australia	65%	56%
Global warming is true and will impact our coastline	76%	85%

Source: Grey Eye on Australia 2006

regional Australians believe children are exposed to too much information these days, and that they may be exposed to harmful material on the Internet.

### **Importance of community**

Other differences in attitude between city and regional dwellers to contemporary issues reveal a growing concern among regional Australians that their lifestyle may be under threat. While crime rates in regional Australia are lower than in the capital cities regional residents are significantly more likely to feel less safe than before. These fears may be due to the fact that regional people tend to come from closer-knit communities where the impact of crime is more keenly felt and communicated more readily in local news. Many regional people still live in communities where locking doors is unnecessary whereas for city dwellers those days are long gone.

Regarding the environment four out of five regional Australians believe climate change is a scientific fact with negative consequences although they are slightly more optimistic than city dwellers. This may reflect the reality that for many people in rural areas drought is part of a natural cycle that is managed over time and who therefore have a less alarmist outlook.

### **A clear opportunity**

Regional communities present many opportunities for national brands to respond to consumers' desire for reassurance, information and practical support on a range of issues especially health, nutrition and security. Regional consumers will repay companies that actively support their community many times over through brand loyalty as long as they have been made aware of the value and impact of that support via TV or other regional media.

**Conclusion: Regional Australians are happier and less stressed than city residents but have a greater concern about losing what's best about their way of life especially in the areas of family security, community values and healthy living.**



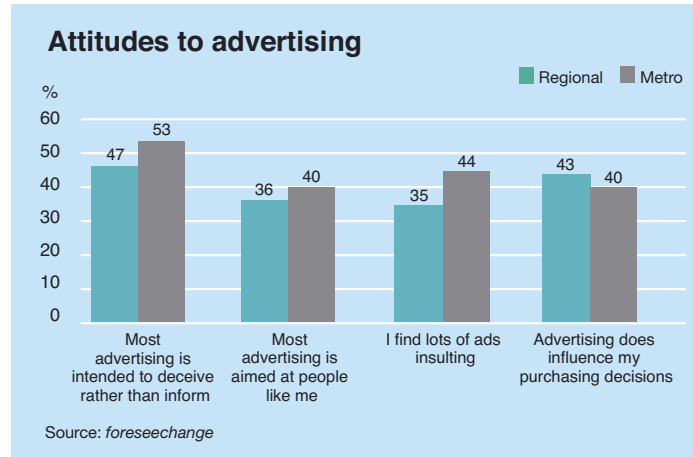
# Advertising remains relevant & effective

A national study on consumer attitudes to advertising by *foreseechange* in June 2006 revealed significant variations in regional consumers' attitudes to advertising from those in the capital cities.

Among the most important findings were that regional consumers are more likely than capital city dwellers to have their purchasing decisions influenced by advertising. The study also found that regional consumers are less likely to think advertising is deceptive or insulting.

## Local content helps

The most probable explanation for the greater relevance and credibility that regional consumers give advertising would be because of the higher proportion of local advertising on regional TV, essentially providing usable, factual information on local services,



sales and new product launches. The survey also found that the influence of word of mouth on purchasing decisions is relatively lower in regional areas. On this finding *foreseechange* director Charlie Nelson offers the opinion: "A big difference in regional advertising

attitudes is the lower influence on purchasing by friends or family. There are probably smaller word of mouth networks outside metro areas. This means a larger void for advertising to fill."



# 5 Ways business can win regional hearts and minds

## Get on target

An opportunity for astute advertisers is that as a group regional people are less likely to feel that advertising is aimed at them. Regional audiences have a higher proportion of families with children and baby boomer households. Advertising and marketing messages that acknowledge a skew to these demographics and show understanding of their aspirations and lifestyles will have added impact in regional Australia.

**Conclusion: Mass media advertising is more effective in influencing the buying habits of regional Australians because of greater relevance of regional TV advertising content and a less cynical view of advertising overall.**

## 1. Support the local community.

Small initiatives at a local level generate massive goodwill, from sports team sponsorships to toys for play groups. Regional people are passionate about local issues and local charities and will reward companies who help them.

## 2. Look after the environment.

At the global level a commitment to the environment is important; even better get involved in helping with local environmental issues such as clean up days, recycling or water conservation.

## 3. Treat your workers well.

Regional consumers will reject a company that treats its workers badly whether they are local employees or based overseas.

## 4. Have a local presence.

Ideally a branch with local employees or alternatively a "real" person with local knowledge to deal with phone enquiries. Distant call centres or automated answer services are a big negative.

## 5. Tell them about it !

Regional people want to know about the good things done for their communities and environment. Use the flexibility, production capabilities and local knowledge of regional TV to get your message across.



# Regional Australia today

The most important demographic trends in regional Australia are urbanisation, rapid coastal population growth and the shift away from smaller rural communities. Over the last five years the total population of regional markets has grown by 8%, a growth rate 21% above the capital city average. The highest growth regional area has been south east Queensland which had 20%+ population growth in the last five years.

## Affordable lifestyle

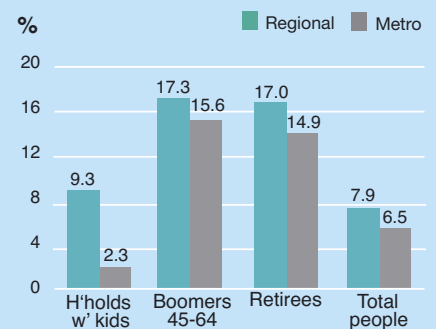
The growth in regional population is widely associated with city retirees moving to the coast for lifestyle reasons. In fact over 60% of sea changers are young families moving to recently developed regional urban areas, generally within commutable distance of a capital city. The primary motivations for young families to migrate to regional centres are housing affordability, employment opportunities and the better quality of life available in areas such as education and safety for their children. For most families on an average income buying a first home in Sydney where the median house price is \$545,409 is beyond their means whereas median house prices in regional NSW of \$302,301, regional Victoria \$236,647 and regional Queensland's \$312,904 are more within their range.

## High market value

These economic realities explain why households with children as a demographic group have declined as a proportion of the total capital city population over the last five years. Regional TV areas now account for 39% of the national population of grocery buyers with children and over 40% of sales of many FMCG brands. Eighty percent of the total regional population live an urbanised lifestyle in the eastern coastal areas with only 13% of the total regional population living in smaller towns (less than 10,000) and rural communities. Just under 4% of all

regional households are dependent on farming for their primary income. The growth in the urbanisation of regional Australia is not only happening on the coast. The concentration of

## Population growth 2001-2006



Source: TV Ratings providers 2006 vs. 2001

infrastructure and development into regional "hub" towns such as Dubbo, Orange, Tamworth, Albury and Ballarat has revitalised regional economies and created new employment opportunities for local young people and those migrating from small country towns who might otherwise have had to move to a capital city.

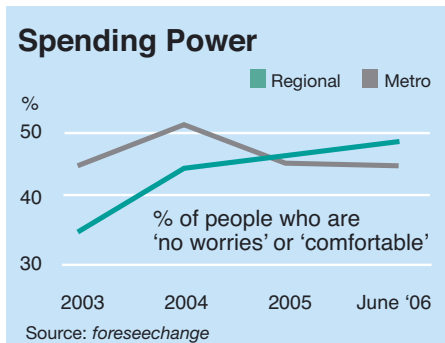
## Spending rising

The perception of prosperity as well as the actual spending power of regional Australians have both been steadily improving over the last five years. The majority (59%) of regional Australians feel financially stable at the moment and most also feel that the Australian economy appears to be improving.

The most recent data from *foreseechange* (June 2006) shows regional affluence has continued its steady growth since 2003 while in the capital cities financial wellbeing has declined from its high point in 2004. Regional Australians are now more likely than metro residents to perceive their financial status as 'No worries' i.e. able to save and buy the things they want or 'Comfortable' i.e. able to afford to spend money on extras.

## Lower Debt

The price of housing and its capital growth is the key to understanding the divergent trends. Metropolitan households devote a higher proportion of their income to servicing their mortgages than regional home owners and are therefore more vulnerable to interest rate rises. In addition east coast metropolitan home owners have suffered from a lack of capital growth since the peak of 2003, whereas regional median house values have grown over the same period.



Other factors underpinning regional financial wellbeing are higher levels of outright home ownership (42% reg vs 39% met) and consequently higher levels of regional savings. Regional people aged 25 and over are 4% more likely than capital city dwellers to have savings and investments of \$250K+ excluding the family home.

## Cost effective media

Free to air commercial TV is by far the most effective and cost-efficient medium to reach consumers in regional markets. Regional TV cost per thousand is 30% to 50% lower than metropolitan TV; consequently the rate of return on investment from regional TV is usually 2-3 times greater than metro TV.

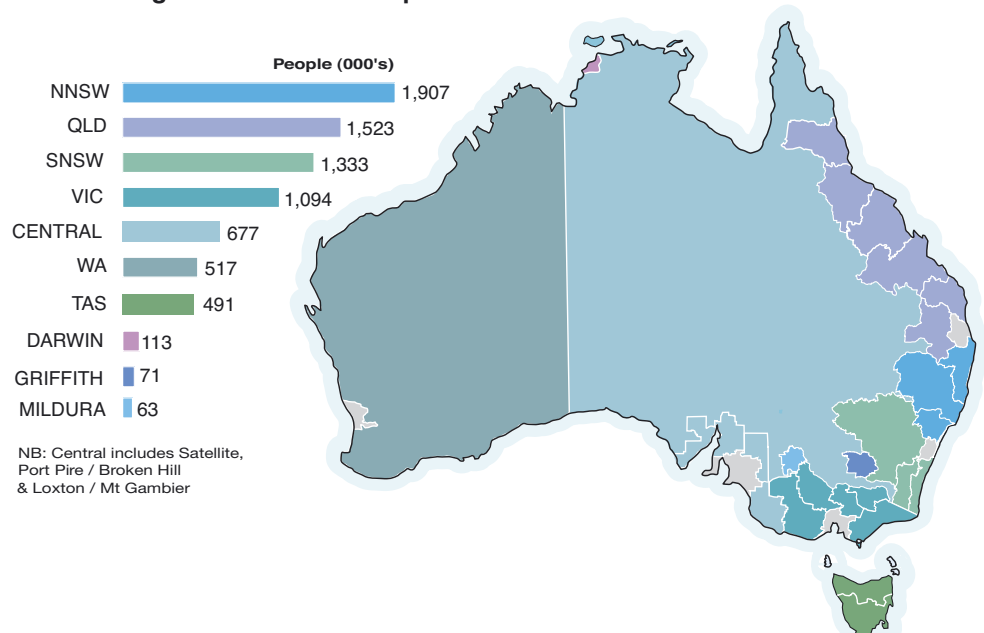
Alternative regional media such as radio, press, cinema, outdoor and subscription TV have lower consumption and are substantially less efficient in regional markets than they are in metro markets.

Regional TV offers advertisers the ability to localise campaign messages via its structure of 26 sub-market broadcast areas. State of the art digital production and distribution systems allow seamless coordination of varying advertising content throughout regional markets.

## Find out more

If you would like to discuss the opportunities for your business from the findings in this report and see the evidence of regional TV advertising effectiveness studies please contact Brian Hogan, General Manager RTM on (02) 9929 2122 for more information.

## Regional TV Market Population Potentials



“Regional consumers  
can make a real  
difference to a brand.”

Think of a market with greater consumer sales than  
Sydney and Melbourne combined but where TV  
advertising is half the cost; a market of high spending  
consumers who are early adopters of new products ...  
a media landscape where free to air TV retains its  
dominance and still delivers the highest response  
and ROI of any medium.

Regional TV... Effective TV

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