Consumer Trends in the Australian and Global Market

Global Market – Competitive Edge
Tourism Futures Conference
Gold Coast, Australia
June 3, 2008

By Michele Levine
Chief Executive
Roy Morgan Research
Australia is facing an increasingly complex social environment that is changing both the level of demand for its products and services, and the climate of support for those products and services.

The trends are clear.

The threats to the domestic tourism market are palpable, but the opportunity is there for the taking.
Society
Ageing Population

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Jun 98</th>
<th>Jun 99</th>
<th>Jun 00</th>
<th>Jun 01</th>
<th>Jun 02</th>
<th>Jun 03</th>
<th>Jun 04</th>
<th>Jun 05</th>
<th>Jun 06</th>
<th>Sep 07</th>
</tr>
</thead>
<tbody>
<tr>
<td>14-24</td>
<td>19%</td>
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<td>25-34</td>
<td>28%</td>
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<td>35-49</td>
<td>34%</td>
<td>35%</td>
<td>36%</td>
<td>37%</td>
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<td>39%</td>
<td>40%</td>
<td>41%</td>
<td>42%</td>
<td>43%</td>
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<tr>
<td>50 and over</td>
<td>34%</td>
<td>35%</td>
<td>36%</td>
<td>37%</td>
<td>38%</td>
<td>39%</td>
<td>40%</td>
<td>41%</td>
<td>42%</td>
<td>43%</td>
</tr>
</tbody>
</table>

Base Aust Population aged 14+: Source: Roy Morgan Research (10M)
Society
Rising Education Level

Degree

Base Aust Population aged 14+; Source: Roy Morgan Research (10M)

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Society
Rising Wealth and Debt

Housing Loan Outstanding
1997-2007, increased 327%

Credit Card Outstanding
1997-2007, increased 412%

Superannuation Saving
1997-2007, increased 269%

Base Aust Population aged 14+: Source: Roy Morgan Research (10M)
Society
Real Growth in Employment

Base Aust Population aged 14+: Source: Roy Morgan Research (10M)
Society
Australians Becoming More Progressive

Attracted to new things and new ideas

Progressive

Base Aust Population aged 14+; Source: Roy Morgan Research (10M)
**Society**

**Australians Becoming More Progressive**

- Religion should be taught once a week in Government schools: 67% in Jun 98, 61% in Sep 07.
- Women should take care of running their homes and leave running the country to men: 9% in Jun 98, 7% in Sep 07.

Base Aust Population aged 14+: Source: Roy Morgan Research (10M)
Society
Australians Becoming More Progressive

- I try to recycle everything I can: 16% to 88%
- Homosexual couples should be allowed to adopt children: 24% to 43%
- Computers and technology give me more control over my life: 34%

Base Aust Population aged 14+; Source: Roy Morgan Research (10M)
I would like to be able to lose weight

I'm constantly watching my weight

A low fat diet is a way of life for me

I always think of the number of calories in the food I'm eating

Base Aust Population aged 14+: Source: Roy Morgan Research (10M)
Society

BMI

Acceptable weight: 37%
Overweight: 34%
Obese: 27%
Underweight: 2%

Base Aust Population aged 14+: Source: Roy Morgan Research (10M)
Changing Leisure Activities

- **Entertained friends/relatives**: 71% (Jun 98) to 72% (Sep 07)
- **Used a computer at home**: 50% (Jun 98) to 65% (Sep 07)
- **Saw a movie**: 48% (Jun 98) to 45% (Jun 01) to 41% (Sep 07)
- **Took a day trip in a car**: 32% (Jun 98) to 24% (Sep 07)
- **Played a sport**: 19% (Jun 98) to 17% (Sep 07)
- **Went to an art gallery, museum, or antique exhibition**: 14% (Jun 98) to 13% (Sep 07)
- **Went to a professional sports event**: 10% (Jun 98) to 13% (Sep 07)

Base Aust Population aged 14+; Source: Roy Morgan Research (10M)
Technology
Technology

Mobile and Internet, particularly Broadband Increase

- Have home phone connected: 100% (Jun '98) to 90% (Jun '06)
- Main user of a mobile phone: 40% (Jun '01) to 82% (Jun '07)
- Have Internet connection at home: 1% (Jun '98) to 50% (Jun '07)
- Subscribe to Pay TV at home: 19% (Jun '01) to 27% (Jun '07)
- Have Broadband service at home: 1% (Jun '01) to 20% (Jun '05)

Base: Aust. Population aged 14+; Source: Roy Morgan Research (TECH)
Technology

MP3 Players, DVD Burners, 3G Phone Consideration and VOIP Use/Intention Increasing

- Owned MP3 Player / iPod: 2% (Jun 98) to 4% (Jun 02)
- Own a DVD Burner: 15% (Jun 00) to 21% (Jun 06)
- I would seriously consider buying a 3G phone: 5% (Jun 02) to 39% (Sep 07)
- Already Use / Likely to use VoIP (next 12 months): 2% (Jun 98) to 37% (Jun 06)

Base Aust Population aged 14+: Source: Roy Morgan Research (TECH)
Technology
Media Consumption Over Time

- Watched any Commercial TV on a normal weekday: 95% to 93%
- Read any Magazine (last issue): 85% to 83%
- Read any Newspaper in last 7 days (excl. Community Newspapers): 85% to 79%
- Listened to any Commercial Radio on a normal weekday: 73% to 72%
- Accessed the Internet at least monthly: 55% to 64%
- Read any Local/Community Newspapers in the last 7 days: 35% to 46%
- Been to Cinema in last 4 weeks: 30% to 27%
- Watched Pay TV in the last 7 days: 8% to 21%

Base Aust Population aged 14+: Source: Roy Morgan Research (10M)
Technology
Technology and Banking

- Used an ATM: 74% (Jun 06)
- Total Visited Any Branch: 46% (Jun 06)
- Total Used Phone Banking: 32% (Jun 06)
- Used Internet to Conduct Banking: 23% (Jun 06)
- Used Internet to Access Financial Services Information: 22% (Jun 06)

Base Aust Population aged 14+: Source: Roy Morgan Research (Finance)
TOTAL Ever Accessed the Internet

- Jun 98: 6%
- Jun 99: 44%
- Jun 00: 85%
- Jun 01: 39%
- Jun 02: 85%
- Jun 03: 85%
- Jun 04: 85%
- Jun 05: 85%
- Jun 06: 85%
- Sep 07: 85%

TOTAL Ever Bought on the Internet

- Jun 98: 0%
- Jun 99: 6%
- Jun 00: 10%
- Jun 01: 20%
- Jun 02: 30%
- Jun 03: 40%
- Jun 04: 50%
- Jun 05: 60%
- Jun 06: 70%
- Sep 07: 85%

Base: Aust Population aged 14+; Source: Roy Morgan Research (10M)
Retail and the Internet
Media Most Useful for Purchasing - Travel

Base: Aust Population aged 14+; Source: Roy Morgan Research (10M)

Internet

Newspapers

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Economy
Economy
Roy Morgan Consumer Confidence

Australian RMCC - Trend Line

Peak RMCC - 133.2 (January 2005)

April 1998 RMCC - 110.2

April 2008 RMCC - 100.1

Base Aust Population aged 14+; Source: Roy Morgan Research (MP)
Economy
Exchange Rates

Source: Reserve Bank of Australia
Economy
Share Market Declines

Source: Reserve Bank of Australia
Total Superannuation Assets

$1,177 bn

$245 bn

Source: APRA
Politics
Politics
Voting Intentions

Table 1: Voting Intentions - January 2008

<table>
<thead>
<tr>
<th>Date</th>
<th>ALP (%)</th>
<th>LNP (%)</th>
</tr>
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<tbody>
<tr>
<td>Apr-08</td>
<td>52%</td>
<td>48%</td>
</tr>
<tr>
<td>Jan 08</td>
<td>52%</td>
<td>48%</td>
</tr>
<tr>
<td>Jun 07</td>
<td>51%</td>
<td>49%</td>
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<tr>
<td>Jun 06</td>
<td>51%</td>
<td>49%</td>
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<tr>
<td>Jun 05</td>
<td>51%</td>
<td>49%</td>
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<tr>
<td>Jun 04</td>
<td>52.5%</td>
<td>47.5%</td>
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<tr>
<td>Jun 03</td>
<td>52.5%</td>
<td>47.5%</td>
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<td>Jun 02</td>
<td>52.5%</td>
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<td>Jun 01</td>
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<tr>
<td>Jun 00</td>
<td>52.5%</td>
<td>47.5%</td>
</tr>
<tr>
<td>Jan 99</td>
<td>52.5%</td>
<td>47.5%</td>
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</table>

Notes:
- ALP: Australian Labor Party
- LNP: Liberal National Party

- Howard re-elected for a 4th and final term at 2004 Election as Mark Latham implodes. LNP (52.5%); ALP (47.5%)
- Rudd brings the ALP back into Government after 11 years in Opposition. ALP (52.5%); LNP (47.5%)

Graph 1: Trends in Voting Intentions

- Introduction of the Controversial GST Legislation - July 2000
- Howard re-elected at 1998 Election despite losing the 2PP. LNP (49%); ALP (51%)
- How ard re-elected for a 3rd term at 2001 Election soon after September 11 and the controversy of the Tampa refugees incident. LNP (51%); ALP (49%)
- Rudd replaces Beazley as Opposition Leader in January 2005.
- Latham replaces Crean as Opposition Leader in December 2003.
- Rudd replaces Beazley as Opposition Leader in December 2006.
Environment
Environment
Environment as an Issue has come of Age

If we don't act now we'll never control our environmental problems 89%

I try to recycle everything I can 88%

At the heart I'm an environmentalist 67%

'Environmentally friendly' products are overpriced 65%

Threats to the environment are exaggerated 23%

Base Aust Population aged 14+: Source: Roy Morgan Research (10M)

© Roy Morgan Research
### Environment

**But Taking Action is the Next Step…**

<table>
<thead>
<tr>
<th></th>
<th>Jun 98</th>
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<th>Jun 04</th>
<th>Jun 05</th>
<th>Jun 06</th>
<th>Sep 07</th>
</tr>
</thead>
<tbody>
<tr>
<td>I avoid staying at accommodation that does not have genuine environmental policies</td>
<td>18%</td>
<td>19%</td>
<td>18%</td>
<td>19%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
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<td>20%</td>
<td>19%</td>
</tr>
<tr>
<td>I am interested in buying a high performance car</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
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<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>20%</td>
</tr>
<tr>
<td>For my next holiday, I'd really like a total ecotourism experience</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
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<td>33%</td>
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</tr>
<tr>
<td>I would seriously consider buying a hybrid vehicle (petrol and electric)</td>
<td>55%</td>
<td>55%</td>
<td>55%</td>
<td>55%</td>
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“So what does this mean for travel, and tourism?”
Number of holidays taken by Australians is static

- Propensity to take a holiday & number of holidays static over the past six years
- Work, family and time constraints limit number of holidays people take

Base: Australian Population aged 18+
Source: Roy Morgan Research
Overseas holidays growing at expense of domestic

- Within a static market, overseas holidays growing at the expense of domestic

Bar chart showing:
- 67% of the population went on a holiday in Australia in the 12 months to March, 2001.
- 66% of the population went on a holiday in Australia in the 12 months to March, 2008.
- 13% went on a holiday overseas in the 12 months to March, 2001.
- 17% went on a holiday overseas in the 12 months to March, 2008.

Base: Australian Population aged 18+
Source: Roy Morgan Research
© Roy Morgan Research
Same trend in NZ – more New Zealanders holidaying overseas

<table>
<thead>
<tr>
<th></th>
<th>12 months to January, 2002</th>
<th>12 months to January, 2008</th>
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</thead>
<tbody>
<tr>
<td>Holiday in New Zealand</td>
<td>71%</td>
<td>71%</td>
</tr>
<tr>
<td>Holiday Overseas</td>
<td>23%</td>
<td>29%</td>
</tr>
</tbody>
</table>

Base: New Zealand Population aged 18+
Source: Roy Morgan Research
Growth in Australians holidaying overseas a long-term trend

- Overseas holiday/VFR trips grown at average annual rate of 6% over past 18 years – domestic trips grown only 1%, less than population growth

Source: Australian Bureau of Statistics, 3401.0
Overseas holidays now relatively cheap for Australians . . .

- Over the past 18 years the price of an overseas holiday has not grown at the same rate as other goods and services.

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Source: Australian Bureau of Statistics, 6401.0  Base year 1989-90=100

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Outbound to Asia and NZ growing at a fast rate

• Asia and NZ are attracting Australian holidaymakers
• Low cost carriers flying to these regions make these destinations cheap and accessible

Base: Australian Population aged 18+
Source: Roy Morgan Research

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Australians increasingly born overseas, especially Asia

- Over past 18 years more Australians born overseas – especially Asia
- In 2008, 25% Australians holidaying in Asia were born in Asia

Base: Australian Population aged 14+
Source: Roy Morgan Research
Data on Australian domestic travel is alarming – and it looks like a real trend.

So what is to be done?
And 50+ have increasing propensity to holiday

- A greater percentage of Australians 50+ years are now taking holidays (69% compared with only 67% seven years ago)
So 50+ years growing part of domestic tourism market

• 50+ years now make up 41% of Australians taking any holiday in the last 12 months – up from 36% in 2001

Base: Australian Population aged 18+ who have taken a holiday in the last 12 months
Source: Roy Morgan Research
50+ years also growing part inbound market to Australia

Base: NZ, US, and UK Population aged 18+
Source: Roy Morgan Research

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50+ low preference for a domestic holiday; but conversion is high

- 50+ market has the lowest level of preference for a domestic holiday, but the highest level of visitation – more time and money do to so

Base: Australian Population aged 18+
Source: Roy Morgan Research
On average, 50+ spend a lot on a domestic holiday.

- 18 - 29 years: $900
- 30 - 49 years: $1,082
- 50+ years: $1,459

Base: Australian Population aged 18+ who have taken a domestic holiday in the last 12 months
Source: Roy Morgan Research
. . . Because they take longer domestic holidays

- 50+ take longer holidays on average, but length across all age groups declining - mainly because low cost carriers and discount airfares make short breaks more feasible

Base: Australian Population aged 18+ who have taken a domestic holiday in the last 12 months
Source: Roy Morgan Research
50+ year olds are a ‘high yield’ market

- 50+ year olds spend on average $133 per person per night on a domestic holiday, dispelling the myth that they are a low yield market

Base: Australian Population aged 18+ who have taken a domestic holiday in the last 12 months
Source: Roy Morgan Research
50+ stay in a variety of accommodation on domestic holiday

- It is a myth that older Australians are mostly low yield grey nomads staying in caravans, campervans or motorhomes

![Bar Chart]

Base: Australian Population aged 18+ who have taken a domestic holiday in the last 12 months
Source: Roy Morgan Research
Which holiday experiences to offer?
50+ less likely be active on holidays

Agree with statement 'I am always very active on holidays'

- 18 - 29 years: 50%
- 30 - 49 years: 44%
- 50+ years: 39%

Base: Australian Population aged 18+
Source: Roy Morgan Research
Two-thirds of 50+ market overweight or obese

Base: Australian Population aged 18+
Source: Roy Morgan Research
50+ tend to be risk averse; but less so than predecessors

- 50+ years are more risk averse than younger age groups but less so than predecessors; this shift led to changing holiday choices and behaviour for 50+

### Agree with statement 'I don't enjoy taking risks'

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Year ended March, 2001</th>
<th>Year ended March, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 - 29 years</td>
<td>32%</td>
<td>30%</td>
</tr>
<tr>
<td>30 - 49 years</td>
<td>49%</td>
<td>41%</td>
</tr>
<tr>
<td>50+ years</td>
<td>60%</td>
<td>54%</td>
</tr>
</tbody>
</table>

Base: Australian Population aged 18+
Source: Roy Morgan Research
50+ strong affinity for Europe; but increasingly holidaying in Asia

- 50+ years have slightly higher propensity to take overseas holiday than younger groups – Asia increasingly popular with 50+, but still have affinity with Europe, especially UK

Base: Australian Population aged 18+
Source: Roy Morgan Research
Melbourne & Sydney most popular domestic destinations for 50+

- Melbourne and Sydney are the key domestic destinations that attract 50+ market
- Gold Coast is not as popular with 50+ market

Base: Australian Population aged 18+
Source: Roy Morgan Research
50+ more likely to go sightseeing than young tourists

- Sightseeing is popular with 50+ market (historical places, museums, art galleries, gardens/parks, country and scenery). Beach holidays are not as appealing

Base: Australian Population aged 18+ who have taken a holiday in last 12 months
Source: Roy Morgan Research
How to reach them?
Mobile and Internet (particularly broadband) increasing

- Have home phone: 95% (Jan 00 - Dec 00) to 90% (Jan 07 - Dec 07)
- Main user mobile phone: 50% (Jan 00 - Dec 00) to 81% (Jan 07 - Dec 07)
- Internet connection at home: 44% (Jan 00 - Dec 00) to 70% (Jan 07 - Dec 07)
- Subscribe to Pay TV at home: 22% (Jan 00 - Dec 00) to 52% (Jan 07 - Dec 07)
- Have Broadband service at home: 1% (Jan 00 - Dec 00) to 27% (Jan 07 - Dec 07)

Base: Australian Population aged 14+
Source: Roy Morgan Research
**Previous experience and word-of-mouth important for 50+ years**

- For the 50+ market, previous experience at destination or word of mouth from friends or relatives is more important than the internet when choosing a domestic holiday destination.

Base: Australian Population aged 18+ who have taken a domestic holiday in the last 12 months
Source: Roy Morgan Research
50+ years prefer telephone booking over internet

- Although 23% of 50+ years book their domestic holiday online, telephone is still the most popular method at 28% and in person bookings are also important (16%).

Base: Australian Population aged 18+ who have taken a domestic holiday in last 12 months
Source: Roy Morgan Research
Most Australians either book own accommodation and flights or don’t bother booking at all.

50+ years tend to use traditional travel agents rather than online only agencies.

Base: Australian Population aged 18+ who have taken a domestic holiday in last 12 months
Source: Roy Morgan Research

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But taking action is the next step

- 62% intend to participate in a carbon emission offset scheme for holiday/leisure travel

- But only 4% have participated in the past

- 41% claim that climate change is an important issue when considering taking a holiday

- But air travel for leisure purposes has increased over past five years

Base: Australian Population aged 14+
Source: Roy Morgan Research
Ecotourism - many claim to want it; few take action

- 20% want ecotourism experience on next holiday
- 1% had ecotourism experience on last holiday

Base: Australian Population aged 18+ who have taken a holiday in last 12 months
Source: Roy Morgan Research
• The 50+ years market offers an opportunity for Australia – tourism operators and marketers to grow their business;
• Australia must “get” this market;
• The danger is missing the opportunity through misunderstanding the market.
• The 50+ market today is unlike the 50+ market of the past – and unlike any market of the past;

• Ignore it, alienate it, or underestimate it at your peril;

• Roy Morgan Research has the insights to assist you to understand, reach and communicate with this growth market.
Thank you

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