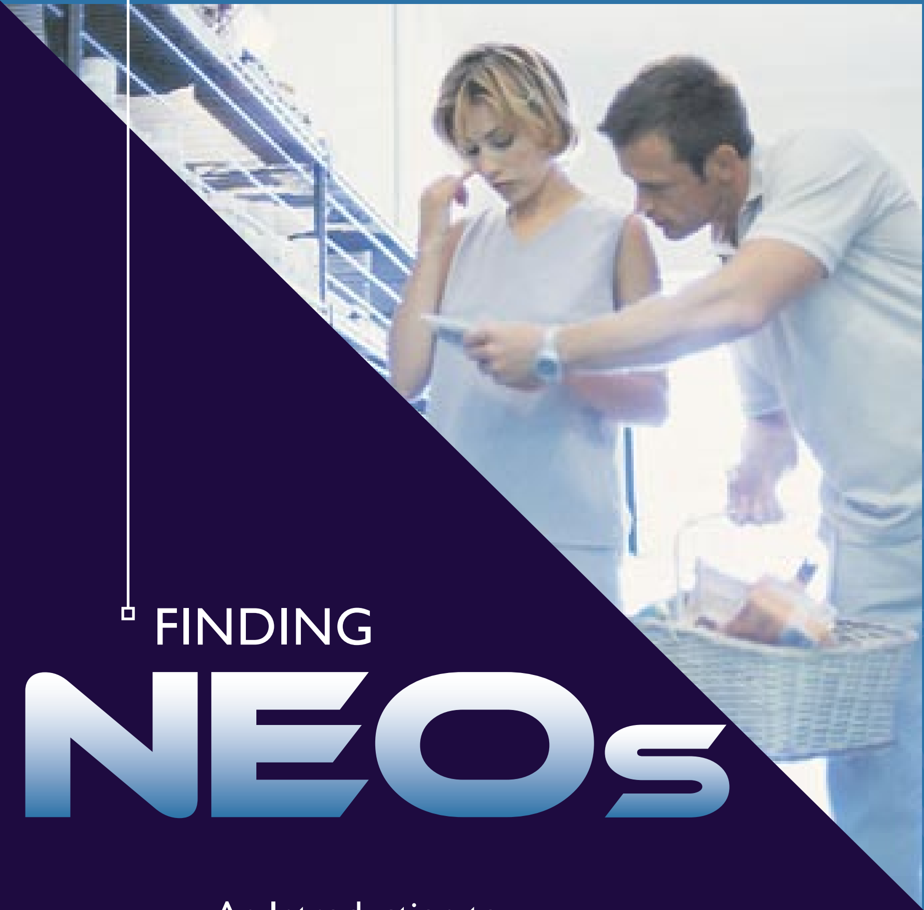


FINDING

NEOs

An Introduction to

'The New Consumer Landscape in Australia – 2004'

A Report Published by the
Centre for Customer Stategy
and Roy Morgan Research

"The NEO-Typology has shaken the very foundations of marketing in the 21st Century and helped global industry prepare for this new world of business where past assumptions no longer work."

Rich Cartiere,
respected industry analyst,
San Francisco

Introduction

A new way of measuring the value and influence of consumers known as the NEO-Typology was introduced onto the market in 2001 and quickly became accepted by corporate and media leaders as a new international consumer standard.

Leading corporations in financial services, media, energy, retail, property development and wine and spirits have evaluated and adopted the NEO Typology.

And media influencers have been enthusiastic. In June 2003, Samantha Tannous, editor of the influential marketing journal, AdNews, wrote,

'It's time to think NEO-Consumers as the best potential for business to increase profit for the longer term.'

And from John Mutter, the executive editor of Publishers Weekly in New York, came the message, 'This exciting approach to consumer behavior focuses on discretionary spending for products or services that add to the quality of one's life. Business leaders would do well to wake up to the NEO message.'

And now, in late 2004, a landmark Report based on 5 years of exhaustive research has been released. Titled, 'The New Consumer Landscape in Australia – 2004' it details for the first time how and why Australia's most influential and valuable consumers behave across key industry sectors.

This Introduction provides a foretaste of the full Report which delivers an abundance of new market and social insights[1]. A table of contents of the complete Report is provided at the end of this paper.

Please enjoy this unique view of the NEO Consumer.

Ross Honeywill
Director
Centre for Customer Strategy

Michele Levine
CEO
Roy Morgan Research

[1] The source of specific data in this document is Roy Morgan Single Source – March 2004

"A landmark report based on 5 years of exhaustive research."

Closing the Gap – *The New Customer Metric*

A significant gap in the available measures of customer value was identified in the late 1990s by Ross Honeywill and Verity Byth while directors of KPMG Consulting in the Asia Pacific Region.

Typically, customer value measurements or metrics are either quantitative or qualitative, but not both. This presents huge difficulties in operationalising either type of measurement.

For example quantitative metrics include individual wealth, socio-economic profiling (income, occupation & education) and enterprise-based transaction records. You will get no argument that income is important - you must have money to be able to spend it - but the surprise is that those with money don't automatically have any desire to part with it.

There are therefore two problems with wealth (or high net worth) and socio-economics as effective measures of value. The first is that they rely on savings or income rather than spending; and the second is that they offer nothing on the personality or psychology of the consumer – eg. Why do they spend? What will motivate them to spend? Do they even want to spend?

There are also two problems with transactional or spending data within a specific enterprise. The first is that the data only relates to that enterprise and provides no insight into what a customer is doing elsewhere-even with competitors. The second problem, once again, is that it offers nothing on the personality or psychology of the consumer.

Qualitative metrics, on the other hand, provide much more about the attitudes and values of consumers, but provide no quantified data on spending - either spending propensity or spending capacity.

It is worth mentioning here that spending models do exist. And it is widely recognised that high-spenders behave differently to low-spenders. What form that behavioural difference takes and what motivates different consumption behaviours was however, until recently, a mystery.

Having identified and defined the parameters of the knowledge gap, Honeywill & Byth set about creating and testing a solution. In closing the gap, four data sources and four modelling methodologies were used over five years.

"Those with money don't automatically have any desire to part with it."

"55,000 respondents each year on Roy Morgan Single Source."

In 2001, Honeywill & Byth established the Centre for Customer Strategy and wrote the successful business book, 'I-Cons: The Essential Guide to Winning & Keeping High-Value Customers' published by Random House in Australia (September 2001) and by Citic in Mainland China (May 2004).

Note: (I-Con = Individual Consumer)
The term I-Con, shorthand for individual consumer, morphed into NEO-Consumer in 2002. NEO is simply the Latin word for New. (NEO=NEW)

In 2001 Honeywill & Byth formed an alliance partnership with Roy Morgan Research to access a stable database with global reach.
In doing so they streamlined the development process and took advantage of the 1.500 + variables in the Roy Morgan Single Source environment.

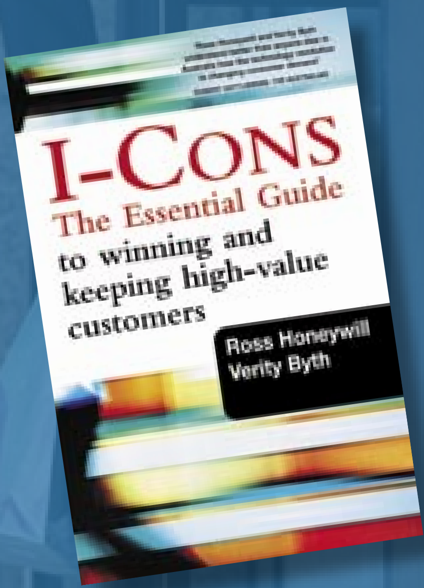
(55,000 respondents each year)

With Roy Morgan Research they used a directed, multi-dimensional approach to:

- Identify total discretionary spending by quartiles
- Identify the significant characteristics specific to top & bottom quartile
- Select characteristics with highest discrimination between the two quartiles that matched the previously-observed consumer characteristics.

The result is a unique measure of high-yield consumption. The specific output from this process is a NEO algorithm, operationalised according to Roy Morgan Research's international research quality and production protocols.
The new customer metric has been designed, tested and applied to data in Australia, New Zealand, the USA and the UK.

The gap has been closed.



Introducing NEOs

A Geo-Demographic Snapshot

"NEOs spend more."

To qualify as a NEO-Consumer, or NEO, an individual must have both:

- High levels of past, present and intended spending; and
- Sustainable differences in the underlying attitudes and values that motivate high spending

Society is split evenly in two. Half exhibit low-spending, low-discretionary choice consumption behaviour and traditional social attitudes. Not surprisingly, they are known as Traditional Consumers or Traditionals. They are price-sensitive and more interested in a deal than in quality. As a consequence they only account for 23% of discretionary spending.

The other half consists of high-spending, high-margin, high-discretionary choice NEOs and another group known as Evolvers – so called because they exhibit a number of NEO characteristics and spend more than Traditionals and, as a consequence, are likely to evolve toward NEO behaviour over time. Between them, NEOs and Evolvers account for 77% of discretionary spending.

There are 3.8 million NEOs in Australia and 53.4 million in the USA. This large number ensures the typology is both statistically strong and internationally relevant.

NEOs are largely metropolitan dwellers. More of them live in inner Melbourne and Sydney than anywhere else in Australia. Almost half of all the people who live in those urban locations are NEOs, and when compared to their Traditional Consumer cousins, NEOs are 3 times more likely to live in inner Sydney & Melbourne.

45% of NEOs are women and 55 % are men.

While NEOs range over all age groups, they tend to be younger and, conversely, Traditionals tend to be older. NEOs exceed the national average in every profile between age 20 and age 50, while Traditionals exceed the national average in every profile above age 50. Specifically, NEOs are most highly represented in the 25 – 39 age segments.

"There are 3.8 million NEOs in Australia 53.4 million in the USA."

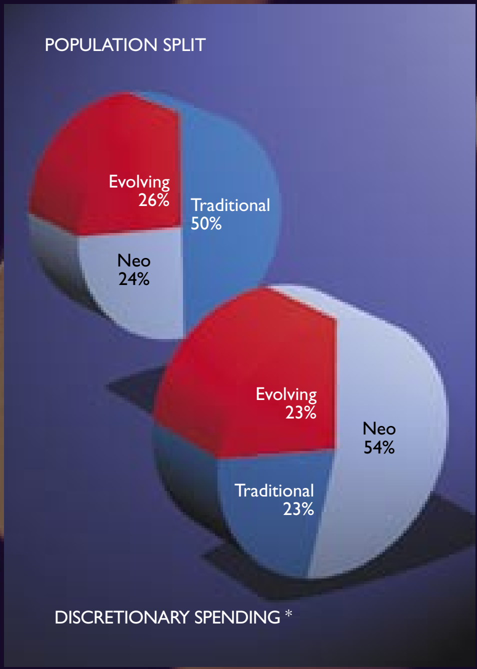
"NEOs are 5 times more likely to earn $100,000+."

NEOs are significantly over-represented in Generation X and marginally over-represented in the Baby Boomer population segment.

Half of all Australians with a university degree are NEOs and when compared with Traditionals, four times more NEOs have degrees.
They are most likely to be in professional or management occupations and earn significantly more than the rest of society.
Specifically, they dominate every income category above $45,000pa and are 5 times more likely than the rest of society to earn in excess of $100,000pa.

More importantly, they earn more because they're NEOs…they are not NEOs because they earn more (income was not used in identifying who was a NEO and who wasn't).

And they do spend more! And spend more frequently than anyone else.
NEOs dominate by more than 2:1 the top third of discretionary spending in the Australian economy, while at the other end of the scale, Traditionals dominate by more than 10:1 the bottom third of spending.



* Discretionary spending percentages apply to the top third of spending in Roy Morgan Single Source termed Big Spenders.

Socio-Economics

"NEOs out-spend ABs across key categories."

Almost half (45%) of NEOs are ABs, the top socio-economic quintile, while only 20% of Australians and 9% of Traditionals are ABs. On the other hand, 29% of Traditionals are FGs, the bottom socio-economic profile.

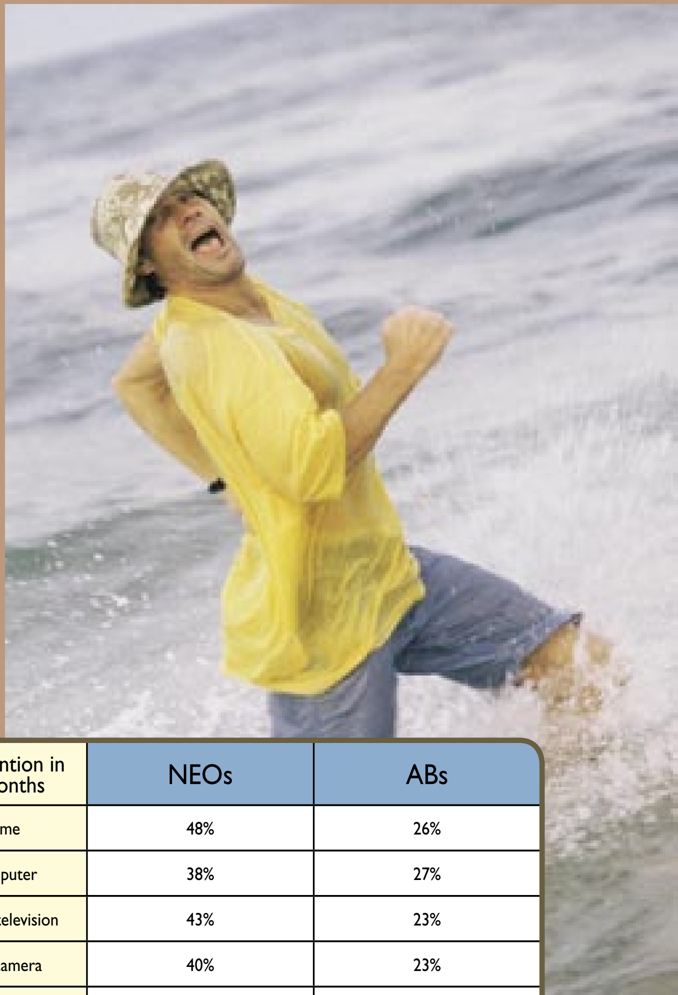
Taking ABs as a whole, more than half are NEOs. That's the good news for socio-economics as a determinant of consumption behaviour. The bad news, however, is that 23% of ABs are low-spending Traditionals.

Spending

In the Big Spender category (top third of discretionary spending in the economy) NEOs outrank ABs with three quarters (75%) of NEOs qualifying as Big Spenders compared to 69% of ABs. Put another way, more than half of all Big Spenders (54%) are NEOs while 42% are ABs.

NEOs out-spend ABs across key investment and retail categories. For example:

When it comes to luxuries, more NEOs (68%) buy luxuries than ABs (63%) with Porsche drivers dominated by NEOs (76%) well ahead of ABs (49%).



Purchase Intention in Next 12 months	NEOs	ABs
Holiday home	48%	26%
Personal computer	38%	27%
Plasma or LCD television	43%	23%
Digital video camera	40%	23%
DVD player	31%	22%
Separate components audio system	42%	22%

Socio-Economics

Leadership & Planning

NEOs are great planners, make more business decisions than ABs and more of them exhibit leadership characteristics:

Business Attitude	NEOs	ABs
	% of total respondents who agree	% of total respondents who agree
Made a business decision	48%	44%
Computers & technology give me more control over my life	54%	32%
I consider myself a leader more than a follower	31%	25%
It's important that I have responsibility in my job	30%	24%
I'm a bit of an intellectual	38%	31%

Despite, or perhaps because of, their high locus of control (believing life is a matter of planning, not a matter of luck) NEOs are less likely than ABs to pay off their credit cards at the end of each month – making them more valuable than ABs to financial institutions. More than a third (35%) of Australians who 'do not usually pay off at least one major credit card' are NEOs compared to ABs at 27%.

Media

In the economically significant media sector, NEOs are dominant in broadcast media and significant in press, outranking ABs in all four key media segments as well as in the increasingly valuable Internet sector.

Medium	NEOs	ABs
	% of total respondents in each profile	% of total respondents in each profile
Heavy magazine readership (5+ issues)	32%	25%
Heavy newspaper readership (7+ in last week)	29%	28%
Heavy commercial radio (4+ hours per day)	18%	9%
Heavy commercial television (4+ hours per day)	14%	9%
Heavy Internet usage (8+ times in last week)	54%	42%

NEOs also dominate the Pay TV sector with one third (33%) of all Foxtel subscribers identified as NEOs (25% are ABs) and 30% of Optus subscribers identified as NEOs while 24% are ABs.

"NEOs dominate ABs in all media categories."

Lifestyle

“NEO success is the result of planning, not luck.”

Politics

When it comes to federal politics, NEOs prefer the coalition because it is, in their view, more likely than the ALP to deliver on economic and business issues. NEOs are however ‘the new constituency’ in that they have well evolved social and environmental beliefs and don’t believe the coalition can deliver on those issues as well as the ALP. Disconcertingly for both major parties however, NEOs are very likely to vote for the Greens or the Australian Democrats and direct their preferences to the major party that best satisfies their political needs.
And their openness to ‘new things’ provides an opportunity to all political parties.

NEOs are significantly more likely to give their first preference to the Liberal Party over the Australian Labor Party.

They believe the federal coalition is better on the following ranked issues:

1. Improving business in Australia
2. Managing the economy
3. Defence and national security
4. Reducing unemployment
5. Reducing crime and maintaining law & order

Lifestyle

"NEOs are deeply influenced by social issues."

NEOs, however, believe the ALP is better for:

1. Improving health services and hospitals
2. Looking after the environment
3. Improving education
4. The needs of people outside the cities
5. Reducing the taxes you and your family pay

NEOs are deeply influenced by social issues. They are 70% more likely to vote for the Australian Democrats than anyone else in the country and are 80% more likely to vote for the Greens. This can be explained by their attitudes to social issues – almost half have progressive social attitudes while less than one in five have traditional social attitudes.

Half (47%) of NEOs are attracted to 'new things', ahead of 35% of the national population and 25% of Traditionals.

Combined, these factors provide an opportunity for the ALP to attract NEOs both direct and via preferences from the Greens and the Australian Democrats. To do so in sufficient numbers however, they will need to establish sound economic and business credentials to complement their social policies. Conversely, the coalition could enhance its attraction to NEOs by extending its social policies.

This is the third wave of politics where major parties increasingly run the risk of irrelevance to the most influential people in society, already sceptical that a major party can deliver the policy diversity they demand.

Self Image

Typically NEOs are outgoing and feel good about themselves, their leisure activities and their jobs. They like what they do professionally, with 60% saying they are satisfied by their job.
This is in contrast to 43% of the general population and 34% of Traditionals.

NEOs like to look stylish, are often extroverted, consider themselves 'a bit of an intellectual', believe that success is important and consider it important to have responsibility in their job.

NEOs have a 'high locus of control'; believing success in life is more a matter of planning than luck. NEOs love the internet, computers and technology – not because they are early adopters, but rather because technology gives them more control in their lives:

High Locus of Control

		TOTAL	NEOs	EVOLVERS	TRADITIONALS
'Computers and technology give me more control over my life'	Number who agree	4,324,000	2,318,000	1,350,000	650,000
	% of population	27%	60%	32%	8%
	% split of those who agree	100%	54%	31%	15%
	Index-100 base-line	100	223	121	30

Lifestyle

"NEOs test themselves intellectually & physically."

Sport

NEOs are likely to 'take risks' and to test themselves with intellectual or physical challenges. NEOs are almost 4 times more likely than Traditionals to fly a plane and, of all people who compete in triathlons or marathons, NEOs are double the national count and four times the number of Traditionals.

These are, of course, small numbers in absolute terms (1%). Walking for exercise, jogging and gym work are the most popular activities in absolute terms with 69% of NEOs participating in those forms of exercise compared to 56% of the Australian population and 47% of Traditionals.

"NEOs 4 times as likely to snow ski."

NEOs are 4 times more likely than Traditionals to participate in snow skiing, 3.3 times more likely to go sailing, 3 times more likely to scuba dive, 2.4 times more likely to water ski and twice as likely to go board surfing and body surfing.
NEOs are twice as likely as Traditionals to participate in yoga.

Conversely, Traditionals are 3 times more likely than NEOs to participate in lawn bowls, almost twice as likely to participate in salt water fishing, one and a half times more likely to hunt and shoot game.

Spectator Sport

When it comes to football, AFL is more popular than rugby league in Australia.

While NEOs are not appreciably more likely than anyone else to support an AFL team (53% of population / 57% of NEOs / 52% of Traditionals), they attend AFL matches (23%) significantly more than the general population (15%) or Traditionals (11%).

Once again, NEOs pretty much line up with others in supporting rugby league teams (38% of population / 40% of NEOs / 36% of Traditionals), but they attend rugby league matches (10%) more than the general population (8%) or Traditionals (6%).

Lifestyle

> "NEOs buy more books, CDs and DVDs."

Home Entertainment

Entertaining at home is very popular with NEOs. While a quarter of the population held a dinner party in the past 3 months, 37% of NEOs cooked and entertained at home, in stark contrast to just 16% of Traditionals. The figures are even more remarkable when it comes to drinking wine: 57% of NEOs like to drink wine at home compared to 39% of the population and 30% of Traditionals.

The majority of NEOs even like to get their entertainment at home with half renting a DVD in the last 3 months compared with a third (34%) of Australians over the age of 14 and 25% of Traditionals. A quarter of the population bought a pre-recorded DVD during the 3 month period – 36% of NEOs and 18% of Traditionals bought a DVD.

More than a quarter (29%) of Australians over the age of 14 bought a pre-recorded CD in the 3 month period – 40% of NEOs and 23% of Traditionals bought a CD.

And of those who spent $150 - $199 on books in the past 4 weeks, NEOs outrank Traditionals by 5:1

Going Out

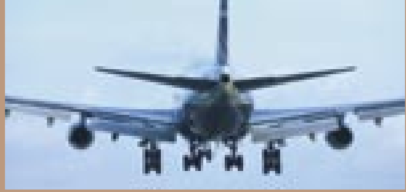
When they do go out, they like to go to the cinema and to live performances. NEOs are significantly more likely than anyone else to go to the movies, attend live theatre performances, go to the opera or ballet or attend a music concert.

Of the population over 14 yrs, 12% went to the live theatre and 2% attended ballet or opera performances. Of the NEOs in that population, 17% went to the theatre and 4% attended the ballet or the opera.
For Traditionals the attendance is considerably lower – 9% to the theatre and only 2% to ballet or opera.

Eight per cent of the population went to a rock or pop concert compared to 13% of NEOs and 5% of Traditionals. Jazz, classical and blues performances were less popular than rock or pop concerts but more well attended than opera and ballet with 5% of the population attending compared to 7% of NEOs and 3% of Traditionals.

Half (49%) of the Australian population over the age of 14 saw a movie in the past 3 months, with 66% of NEOs and 40% of Traditionals going to the cinema.

Travel



NEOs love travelling. They particularly love whispered secrets and taking the path least travelled, whereas Traditionals are comforted by the tried and true.

Of the 108,000 Australians who travel at least once a month within Australia, 75% are NEOs and only 10% are Traditionals.

In absolute terms, most Australians (25%) travel for non-business reasons, with 8% travelling on business.

When booking a 1-2 night getaway, NEOs prefer to make the booking themselves as can be seen in the following ranked list.

Preferred booking methods:

1. Booked some travel arrangements directly
2. Internet
3. Airline
4. Travel agent

Membership of the Qantas Club is also dominated by NEOs – of all Qantas Club members, 62% are NEOs whereas only 17% are Traditionals

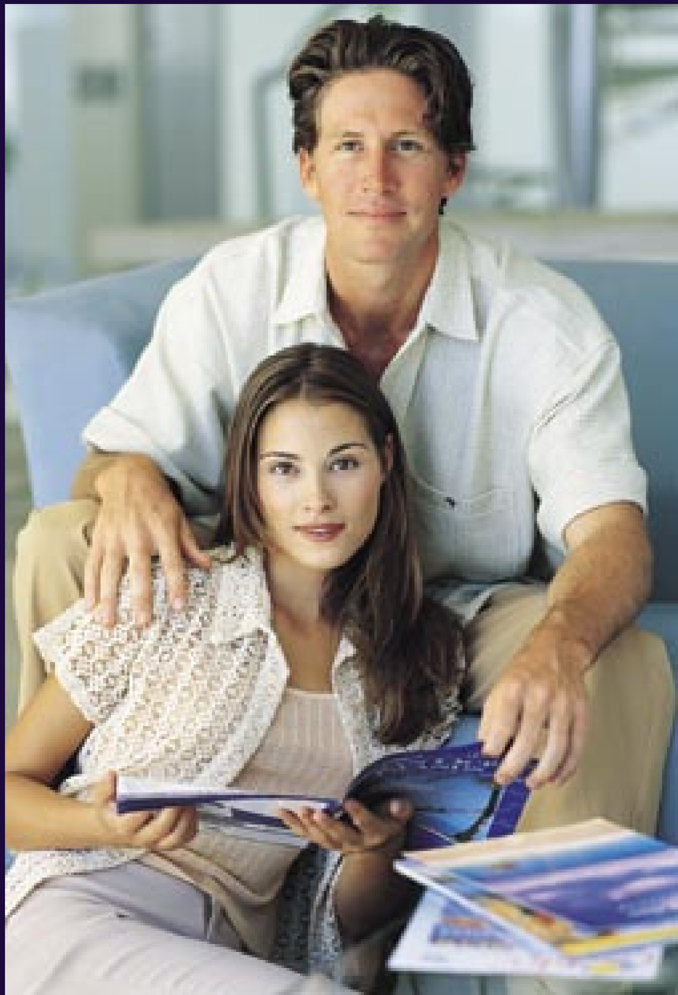
"NEOs love whispered secrets."

"Most Qantas Club members are NEOs."

Media

"NEOs are significant commercial media consumers."

NEOs read more than the rest of society. They read more books, more specialist magazines and more national newspapers. In fact they dominate the readership of Australia's national newspapers and daily broadsheets. They are also heavy internet users and magazine readers and significant commercial television viewers and commercial radio listeners.



Newspapers

Of the 423,000 Australians who read the week day Australian more than half are NEOs.

Similarly, the readership of the Australian Financial Review is dominated by NEOs – they account for 64% of the 287,000 Monday to Friday readers.

Of the 880,000 Australians who read the week day Sydney Morning Herald, almost half (45%) are NEOs. Put another way, 27% of NEOs who live in NSW read the Herald during the week compared to 15% of the NSW population and 9% of Traditionals.

Similarly, of the 703,000 Victorians who read The Age between Monday and Friday, almost half (41%) are NEOs. Of all Victorians, 17% read The Age during the week compared with 28% of NEOs and 12% of Traditionals.

Media

In Victoria, 16% of the population over 14 yrs read the Sunday Age – 27% of NEOs compared with only 11% of Traditionals.

The differential is not quite as great in NSW on Sundays with 25% of NSW residents reading the Sun-Herald – 34% of NEOs and 21% of Traditionals.

The free magazines inserted into NEO-preferred newspapers generate serious NEO consumption arousal. For example, of the 301,000 readers of the Australian Financial Review monthly magazine, 57% of them are NEOs and NEOs are 5 times more likely than Traditionals to read the magazine.

Similarly, of the 283,000 NSW residents who read the SMH-inserted 'Sydney Magazine', 53% are NEOs and only 28% are Traditionals.
NEOs are 4 times more likely to read the magazine than Traditionals.

NEOs are 3 times more likely than Traditionals to read either the Weekend Australian Magazine or Good Weekend.

"More than half the week day readers of the National Dailies are NEOs."

Specialist Magazines

NEOs are also heavy readers of purchased magazines.

		POPULATION	NEOs	EVOLVERS	TRADITIONALS
Women's Fashion Magazines	% of each group who read	8%	13%	9%	5%
	Index:	100	158	113	65
		POPULATION	NEOs	EVOLVERS	TRADITIONALS
Business, Finacial and Airline Magazines	% of each group who read	11%	23%	10%	6%
	Index:	100	207	92	53
		POPULATION	NEOs	EVOLVERS	TRADITIONALS
Food and Entertainment Magazines	% of each group who read	15%	21%	15%	12%
	Index:	100	137	103	81
		POPULATION	NEOs	EVOLVERS	TRADITIONALS
Computing, Gaming and Information Magazines	% of each group who read	7%	12%	8%	4%
	Index:	100	164	113	62

In the 'heavy magazine reader' category [5+ issues read], NEOs (47%) are well ahead of the population as a whole (35%) and Traditionals (29%).

The pattern is similar but not as dramatic for heavy newspaper readership [7+ in last week] with NEOs (37%) ahead of the population (31%) and Traditionals (28%).

Media

"Nine Network's programming attracts NEOs."

Television

When it comes to 'heavy commercial television viewing' (>4 hrs per day), NEOs (11%) are behind the general population (19%) and well behind Traditionals (23%).

NEOs do however, rank with everyone else as medium commercial television viewers:

NEOs choose a wide mix of programs, with the Nine Network's programming dominating.

NEO top 10 television programs (ranked by % of NEOs who watch each program). Additionally, for these programs, the % of NEOs equals or exceeds the % of the general population.

1. The Block (9)
2. CSI: Crime Scene (9)
3. Kath & Kim (ABC)
4. 24 (7)
5. Australian Idol (10)
6. National Nine News (9)
7. Backyard Blitz (9)
8. Friends (9)
9. Queer Eye for the Straight Guy (10)
10. 60 Minutes (9)

Internet Usage

Of all media, the Internet is the most popular with NEOs. This is the world in which they, rather than institutions, are in control; in which they can define their own terms and their own outcomes.

Heavy Internet use (>8 times per week) is dominated by NEOs at 52% compared to 23% of the general population and only 10% of Traditionals.

Half of all NEOs have an Internet connection BOTH at home and at work compared to 26% of the population in general and 14% of Traditionals.

Broadband is increasingly popular with 1.4 million Australian using either ADSL or cable Internet connections. More than half (52%) of those are NEOs.

Media


I-Conic: Amy Doran shops at Bettina Liano in Paddington
Young lead retail revolu
Look out: this is the rare Domayne of the neo consumer
By LOUISE BRANNELLY
BUSINESS
The buzzier the better in world of neo-marketing
Coles Myer out of step with re
Eye on the special t
keep shoppers com
OPEN SPACE
ROSS HONEYWILL
MONDAY 21
ly consumer
pping shop
BUSINESS
keters play catch-up with Net-savvy customers
Department store foundations crumble
Ross Honeywill on the flapping of butterfly wings in the country's big retailing house.
BUSINESS
A brave new world where the 'superconsumer' is king
MANAGEMENT
I-CONS
The future of business
NEWS
Hip strips the new hit
New-breed shoppers
Super consumers rule

Food & Beverage

"NEOs drink more imported beer."

Specialist Magazines

Almost everyone eats chicken (85% of pop;) and beef (76%), with the majority eating ham or bacon (57%), fish (53%) and a significant minority eating pork (29%) - all with very little difference between NEOs and the population as a whole.

NEOs do however dominate the consumption of high-discretionary choice foods such as specialty seafoods (19% pop; 27% NEO), duck (2% pop; 3% NEO), bagels (2% pop; 3% NEO) and croissants (6% pop; 8% NEO) as a few examples.

When it comes to specific cuisines, NEOs rank Italian first (82%) while Traditionals rank it second (55%) preferring Chinese (77%).

The top 5 NEO cuisines are Italian, Chinese, Thai, Indian and Mexican.

Liquor Consumption

47% of NEOs declare proudly that they drink more wine than they used to, in contrast with the average at 29% and Traditionals at 20%.

NEOs are 95% more likely to drink premium/imported beer than the population and nearly 3 times more likely than Traditionals.

Food & Beverage

"NEOs dominate fresh coffee consumption."

Liquor Purchase

NEOs are significantly more likely than anyone else in the population to shop at key liquor retailers Kemeny's, Vintage Cellars and Dan Murphy's.

Of all Kemeny's customers, 65% are NEOs while only 9% are the price sensitive Traditional Consumers. Similarly, 59% of Vintage Cellars customers are NEOs and almost half (43%) of Dan Murphy's customers are NEOs.

They are twice as likely as anyone else to belong to a specialist wine, club and over 3 times more NEOs buy alcohol over the Internet.

Beverage Consumption

When drinking alcohol, home is the most popular place for NEOs.

1. Home
2. Friend's or relative's home
3. Café or Restaurant
4. Bar, tavern or pub
5. Sports or community club

While NEOs buy and drink the prominent Scotch brands, they dominate (42%) the consumption of Glenfiddich, the only single malt in the list of top 5 Scotch brands.

1. Johnnie Walker Red
2. Chivas Regal
3. Black Douglas
4. Glenfiddich
5. Johnnie Walker Black

NEOs also dominate the purchase of fresh coffee ahead of instant coffee and tea.

		POPULATION	NEOs	EVOLVERS	TRADITIONALS
Fresh coffee	% of each group who drink	16%	25%	16%	11%
	Index: Baseline = 100	100	156	103	71
		POPULATION	NEOs	EVOLVERS	TRADITIONALS
Instant coffee	% of each group who drink	43%	38%	39%	46%
	Index: Baseline = 100	100	90	93	109
		POPULATION	NEOs	EVOLVERS	TRADITIONALS
Tea	% of each group who drink	13%	13%	12%	14%
	Index: Baseline = 100	100	97	94	105

NEOs are also twice as likely as Traditionals to drink mineral water (not flavoured).

Financial Services

“Westpac is winning the NEO contest.”

Main Financial Institution

Of the major banks, Westpac has been the most successful in lifting its high-margin, high-yield NEO quota over the past 3 years.* The Westpac group is the main financial institution to 13% of the total population. However it has achieved 16% of NEOs and 12% of Traditionals.

The Commonwealth Bank has a significantly higher market share at 31% of the population, but has fewer NEOs (27%) than Traditionals (31%). Put another way, 51% of CBA customers are Traditionals making it the only major bank with more than half its customers in the low-yield category.

While ANZ enjoys a similar NEO differential to Westpac, it has remained static over the past 3 years.* It has 10% of the population with 12% of NEOs and 9% of Traditionals.

National Australia Bank is main financial institution to 11% of the total population compared to 12% of NEOs and 10% of Traditionals

Although its overall market share at 0.6% of the population is small, Citibank is more than twice as likely to attract profitable NEOs as price-sensitive Traditionals.

* Derived from research carried out by the Centre for Customer Strategy.

Financial Services

Traditionals dominate in the following financial institutions:

1. Bendigo Bank (61% of its customers are Traditionals)
2. BankWest (58%)
3. Advance Bank (57%)
4. Bank SA (54%)
5. Suncorp Metway (52%)
6. Commonwealth (51% - see above)

NEOs are 1.7 times more likely than Traditionals to have credit cards from any bank, with almost three quarters of NEOs (73%) having cards compared to less than half (42%) of Traditionals.

Of the major banks, Westpac enjoys the biggest NEO differential – 42% of its credit card customers are NEOs. ANZ is next with 41%, National with 36% and CBA with 22%. Macquarie Bank (55%) and HSBC (54%) dominate the smaller financial institutions.

"NEOs are comfortable with credit to deliver their lifestyles."

Automotive

"NEOs prefer European cars."

Type of Car Owned by NEOs

The Sports car segment[2] enjoys the largest NEO differential with 3 times as many NEOs driving them as Traditionals. In more detail: 2% of NEOs drive sports cars compared to 1% of the population and only 0.8% of Traditionals.

The luxury vehicle segment has 3% of NEOs, 2% of the population and 1.7% of Traditionals.

Twice as many NEOs (0.4%) as Traditionals (0.2%) drive luxury SUVs.

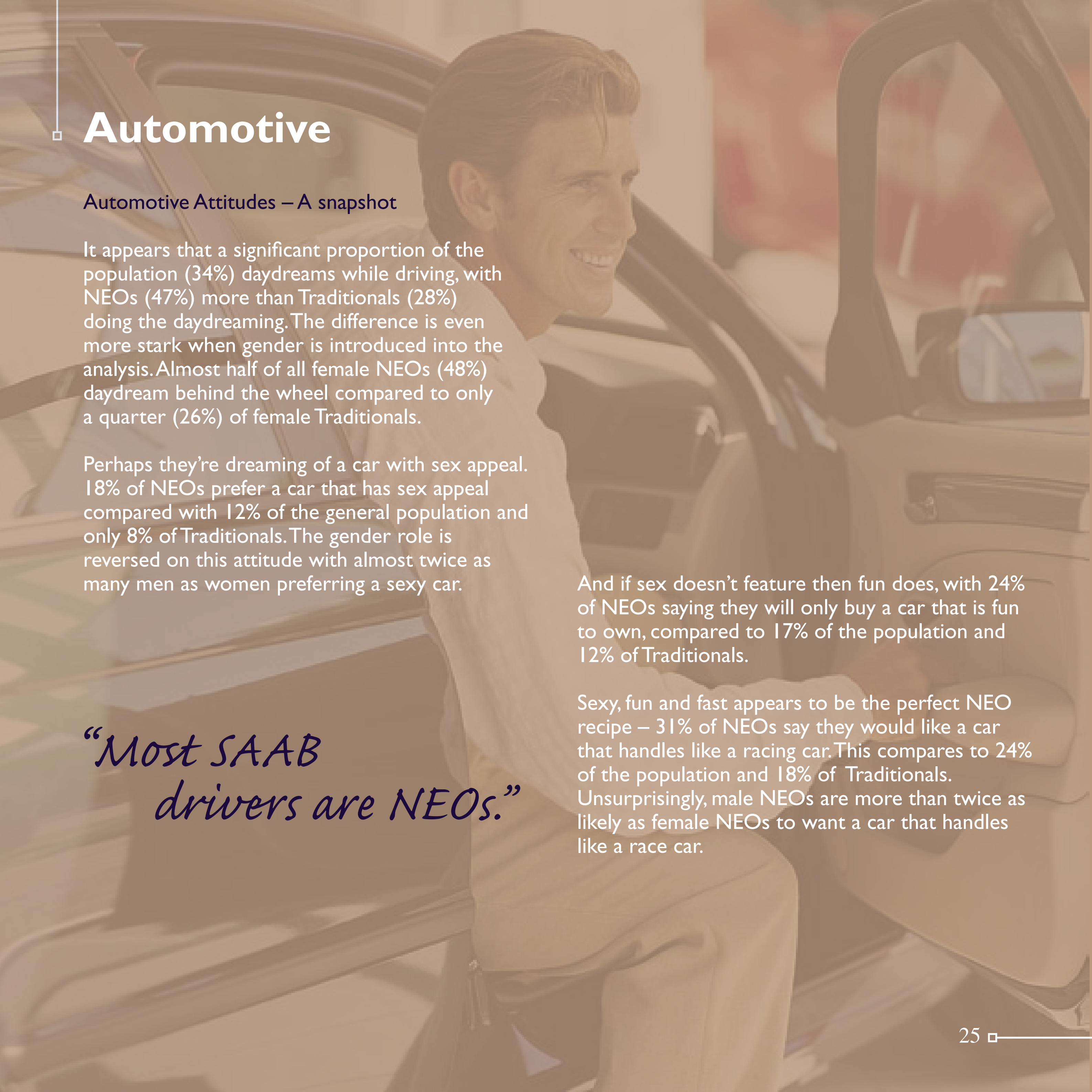
Make of Car Owned by NEOs

Eight brands have more NEO drivers than Traditionals. This statistic is significant given that NEOs are 24% of the population and Traditionals are 50% in absolute terms.

The NEO brands are:

1. SAAB (52% of its drivers are NEOs)
2. Audi (49%)
3. Land Rover (47%)
4. Peugeot (46%)
5. Honda (45%)
6. BMW (41%)
7. Subaru (41%)
8. Volkswagen (40%)

[2] VFACTS segments of vehicle driven now



Automotive

Automotive Attitudes – A snapshot

It appears that a significant proportion of the population (34%) daydreams while driving, with NEOs (47%) more than Traditionals (28%) doing the daydreaming. The difference is even more stark when gender is introduced into the analysis. Almost half of all female NEOs (48%) daydream behind the wheel compared to only a quarter (26%) of female Traditionals.

Perhaps they're dreaming of a car with sex appeal. 18% of NEOs prefer a car that has sex appeal compared with 12% of the general population and only 8% of Traditionals. The gender role is reversed on this attitude with almost twice as many men as women preferring a sexy car.

"Most SAAB drivers are NEOs."

And if sex doesn't feature then fun does, with 24% of NEOs saying they will only buy a car that is fun to own, compared to 17% of the population and 12% of Traditionals.

Sexy, fun and fast appears to be the perfect NEO recipe – 31% of NEOs say they would like a car that handles like a racing car. This compares to 24% of the population and 18% of Traditionals. Unsurprisingly, male NEOs are more than twice as likely as female NEOs to want a car that handles like a race car.

More Information

This has been a brief introduction to the Report titled

**'The New
Consumer Landscape
in Australia – 2004'**

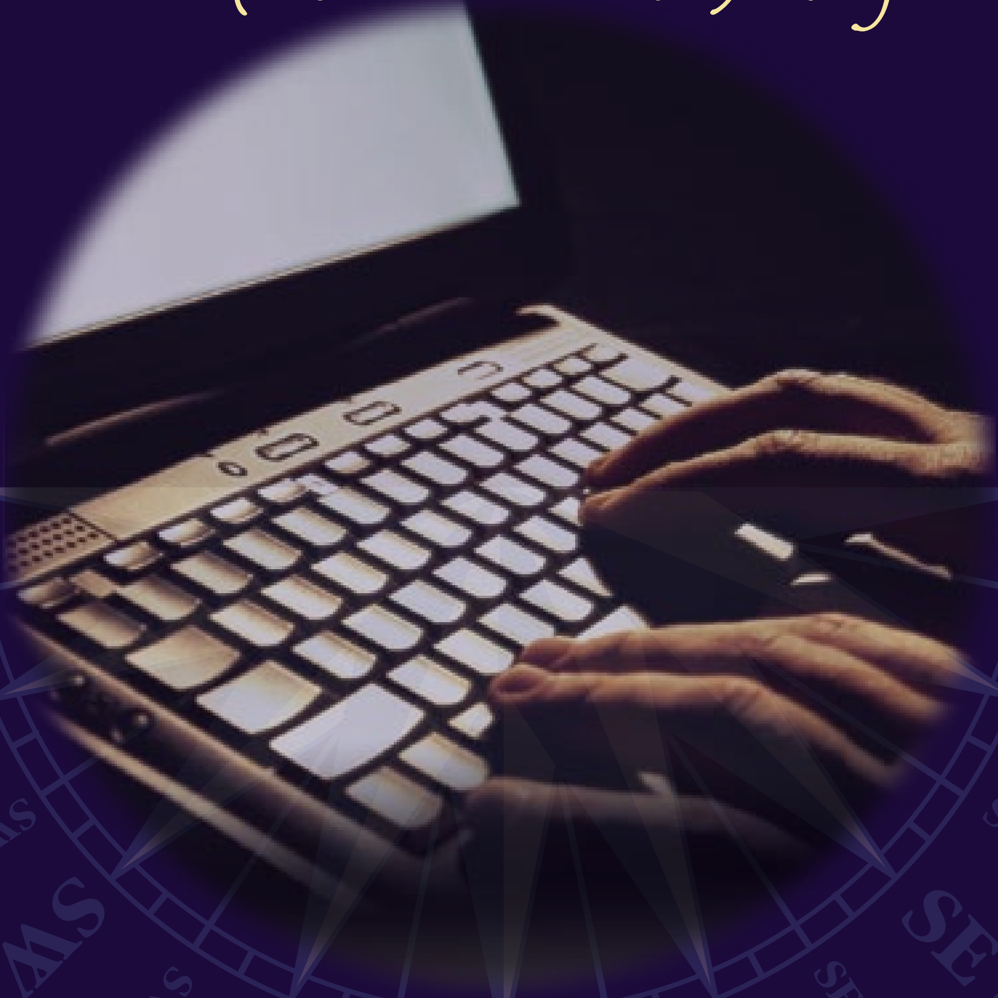
The full Report is available from
Roy Morgan Research for $2,800 + GST
(Table of contents follows)

To purchase your Report:

email: Stuart.Tolliday@roymorgan.com
Tel: (03) 9629 6888

For enquiries on the NEO-Typology contact Ross Honeywill:
email: ross@customerstrategy.com.au
Tel: 0418 175 822

"NEOs dominate internet (and broadband) usage."



The New Consumer Landscape in Australia - 2004

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1. Geo-Demographics
   a. The NEO- Typology – a background and introduction
   b. Geography
   c. Gender
   d. Age
   e. Education
   f. Occupation
   g. Income

2. Socio-Economics & Roy Morgan Values Segments*
   a. ABs – a detailed analysis
   b. Roy Morgan Values Segments* – NEO analysis

3. Lifestyle
   a. Personal Services
   b. Politics
   c. Social attitudes & opinions
   d. Self image
   e. Sport & leisure
   f. Entertainment

4. Travel
   a. Business travel
   b. Leisure travel
   c. Preferred destinations
   d. Travel type – length of stay
   e. Frequent flyer preferences
   f. Preferred airline
   g. Preferred hotel chain
   h. Hotels or resorts stayed at in last 12 months

5. Media
   a. Newspapers
   b. Magazines
   c. Television – analysis of program and network preferences
   d. Radio – analysis of markets
   e. Internet – analysis of usage, preferences, etc

6. Food & Beverage
   a. Food
   b. Liquor – retail brand preferences & behaviour, the top 10 beer brands, the top 5 red wine, white wine & sparkling wine brands
   c. Non-alcoholic beverages – coffee, mineral water, sports drinks, etc

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   a. Fixed line – current network, likelihood to churn + preferred provider
   b. STD & ISD – current network, likelihood to churn + preferred provider
   c. Mobile – current network, likelihood to churn + preferred provider
   d. Internet – current provider, likelihood to churn + preferred provider
   e. Length of time with current mobile network
   f. Mobile phone functions and current technology

* Developed in conjunction with Colin Benjamin - The Horizons Network

8. Directory Usage – brand & frequency

a. Yellow Pages
b. White Pages
c. Directory Assistance
d. Call Connect
e. Web directories

9. Energy Companies

a. Electricity company connected to now
b. Electricity company connected to12 months ago
c. Gas company connected to now
d. Gas company connected to 12 months ago

10. Retail

a. Stores purchased from in the last 4 weeks
b. Department store preferences
c. Spending ($) in retail categories:
    a. women's apparel (7 categories)
    b. men's apparel (4)
    c. women's accessories
    d. men's accessories
    e. jewellery & watches
    f. perfume & cosmetics
    g. luggage
    h. manchester
    i. cosmetics
    j. home categories (9)
    k. computers & software
    l. communications equipment
    m. hardware
    n. CDs, DVD
    o. books
    p. cards & stationery

10. Retail - continued

    q. games & toys
    r. sporting equipment
    s. BBQs & camping equipment
    t. plants & garden accessories
    u. car accessories

d. Products purchased in last 4 weeks

11. Financial Services

a. Main financial institution – by brand
b. Total $ amount in savings/investments
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e. Credit cards held
f. Credit limits on major cards
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    - Medium
    - Large
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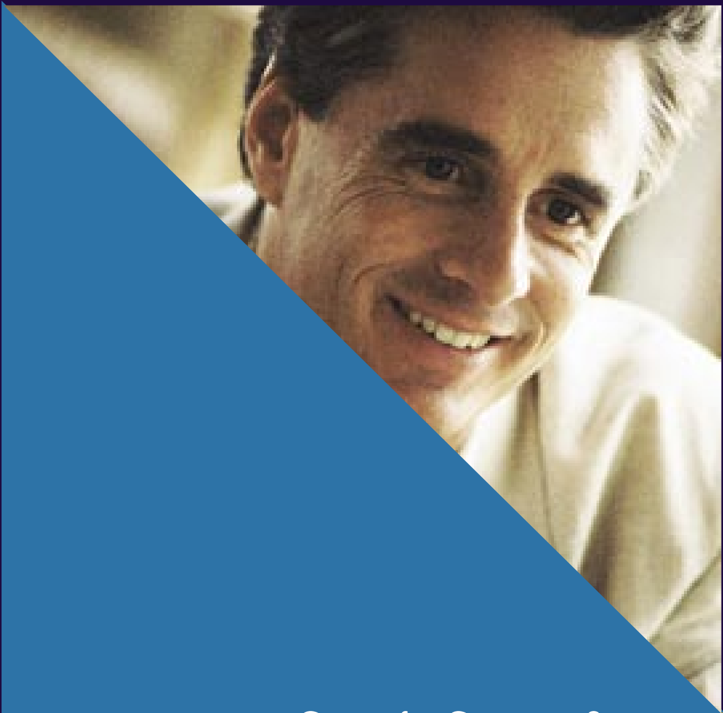
    - Luxury
    - SUV categories
d. Internet sites
e. Automotive attitudes

Notes

Notes



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