A CUSTOM ANALYSIS

COMMISSIONED BY COMMERCIAL RADIO AUSTRALIA

nielsen + COMMERCIAL RADIO AUSTRALIA

CONSUMER INSIGHTS REPORT

FMCG - SUPERMARKETS

October 2014

INTRODUCTION

Welcome to the Consumer Insights Report (FMCG and Supermarkets), developed in collaboration with Commercial Radio Australia.

While consumer confidence in Q3 2014 is back to similar levels experienced one year ago, Australia remains slightly lower than global average. Topping the list of concerns are rising utility bills, the economy and job security. Also on the list is the rising cost of groceries and in response, consumers are switching to lower priced brands, looking for more bargains and specials, and cooking more at home.

The share of advertising spend allocated to metro radio in the FMCG and Supermarket categories remains below the market average. However radio is ideally placed to reach and influence these consumers.

In this report we examine the revenue opportunities for radio, the top social and cost of living concerns across the Super, Avid and Regular listener groups, their attitudes towards Food and Advertising and their 'shopper profile'.

We hope you find it informative and useful.

Monique Perry
Executive Director, Media Industry Group

CONSUMER CONFIDENCE

CONSUMER CONFIDENCE – Q3 2014

Consumer Confidence in Australia returns to similar levels seen one-year prior

Global	AP	AU	NZ
Global = 98	Asia/Pac = 107	Aust. = 97	NZ = 102
+1	+1	+12	+3
(highest score since Q2 2007)		(coming from the lowest score on record in Q2-14)	

Source: Nielsen Global Consumer Confidence Report – Q3 2014

INCREASING FOOD PRICES IS A TOP CONCERN (AU)

What are your major concerns over the next six months?

Increasing utility bills	The economy	Job security	Health	Increasing food prices
28%	20%	25%	18%	11%

Source: Nielsen Global Consumer Confidence Report – Q3 2014 | Sum of ‘Biggest concern’ and ‘2nd biggest concern’

THE CONSUMER RESPONSE: COOKING MORE AT HOME, BUYING CHEAPER BRANDS

Compared to this time last year, which actions have you taken to save on household expenses?

THEY SAY THEY DO…

- 65% Try to save on gas and electricity
- 60% Cut down on take-away meals
- 60% Spend less on new clothes
- 55% Spend less on out-of-home entertainment
- 52% Switch to cheaper grocery brands

Source: Nielsen Global Consumer Confidence Report – Q3 2014 | Sum of ‘Agree’ and ‘Strongly Agree’ | AU

HOW ARE ADVERTISERS SPENDING THEIR $ WITHIN FMCG AND SUPERMARKETS?

OPPORTUNITY EXISTS FOR RADIO

$231m - Supermarkets 3.6%

TOTAL ADSPEND

METRO RADIO'S SHARE TOTAL SPEND

$899m - FMCG 3.0%

Metro Radio's average share of spend across all categories: 7.6%

Source: Nielsen AIS | 12 months to September 27 2014

WHAT'S "OUT THERE" FOR RADIO?

Supermarkets	FMCG
133 advertisers…	843 advertisers…
…spent a total of	…spent a total of
$36,540,000	$400,575,000

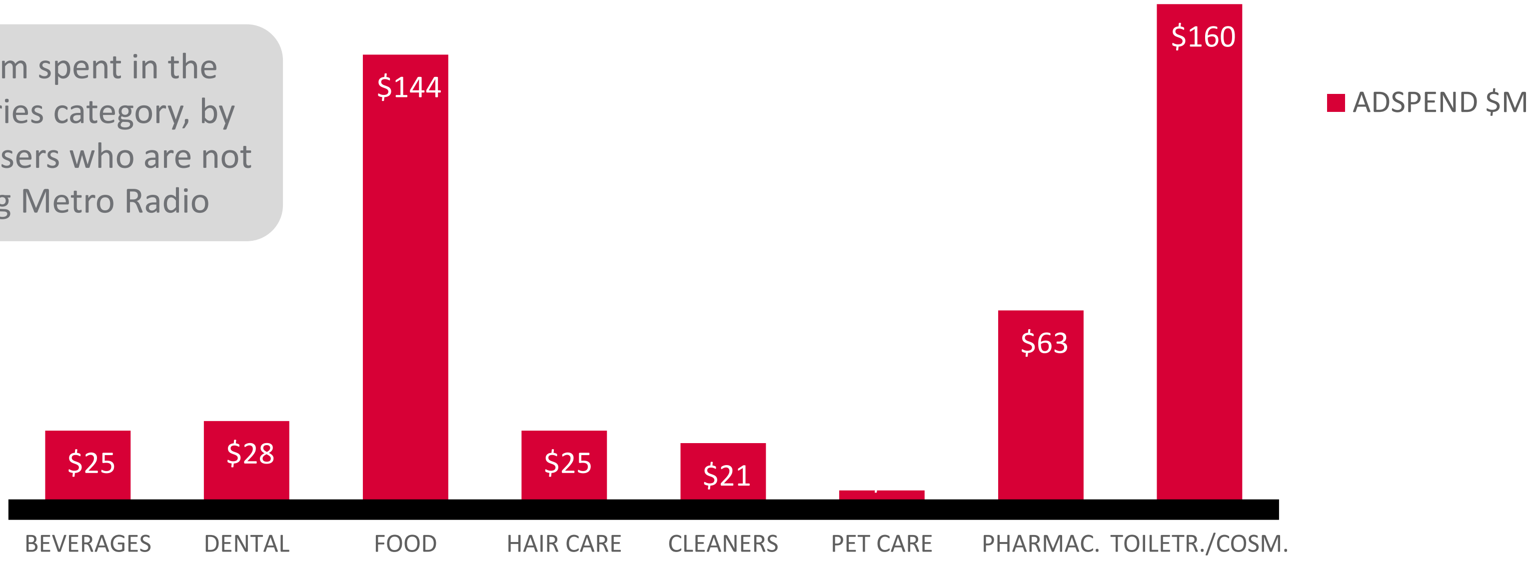
[active advertisers who are NOT using Metro Radio]

Source: Nielsen AIS | 12 months to September 27 2014

FOOD AND TOILETRIES ARE THE DEEPEST POOLS

AdSpend by Advertisers who are not using Metro Radio within the Category

$160m spent in the Toiletries category, by Advertisers who are not using Metro Radio

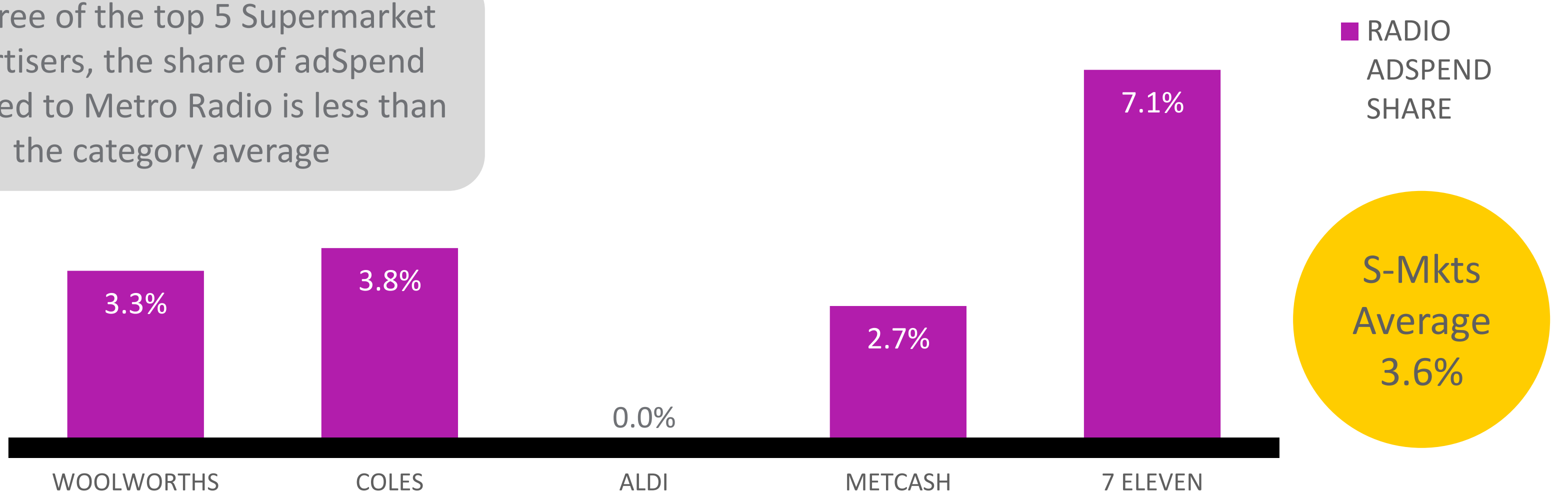


Source: Nielsen AIS | 12 months to September 27 2014

THE BIG 5 - SUPERMARKETS

Percent of ad budget spent on Radio

For three of the top 5 Supermarket advertisers, the share of adSpend allocated to Metro Radio is less than the category average



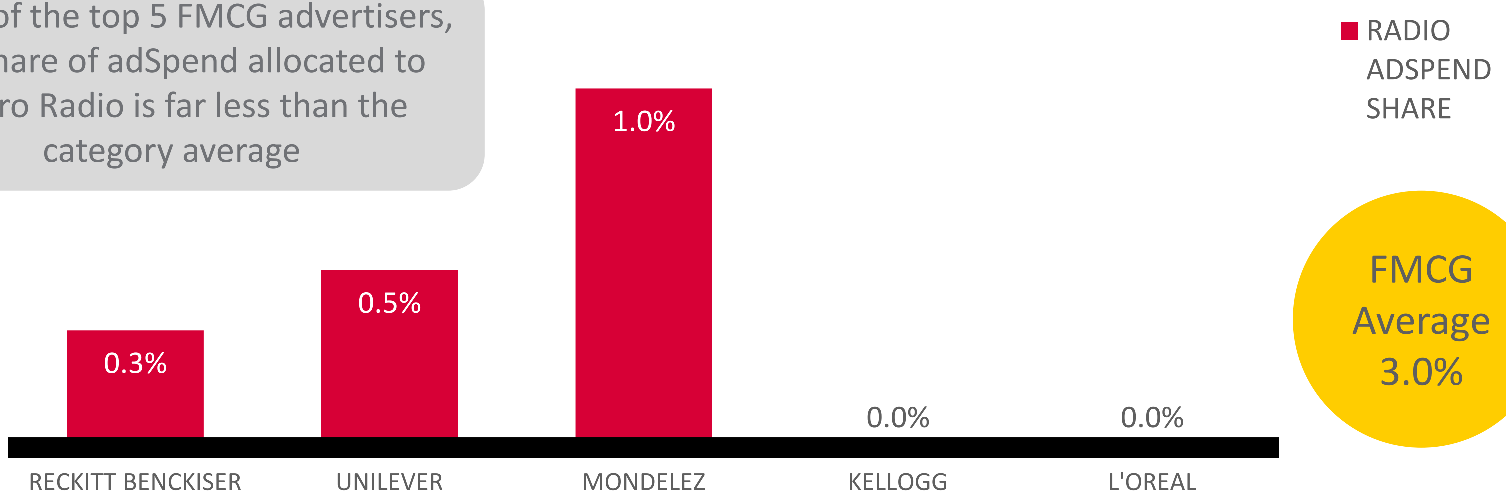
Combined AdSpend of the Big 5 = $214m

Source: Nielsen AIS | 12 months to September 27 2014

THE BIG 5 - FMCG

Percent of ad budget spent on Radio

For all of the top 5 FMCG advertisers, the share of adSpend allocated to Metro Radio is far less than the category average



FMCG Average 3.0%

Combined AdSpend of the Big 5 = $202m

Source: Nielsen AIS | 12 months to September 27 2014

RADIO AND SHOPPER INSIGHTS

RADIO LISTENER GROUPS

SUPER

2.2m
24% of all listeners
18+ hrs per week
Slightly Male (52%)
40+, empty-nesters or older chldrn
Ave income – $49k p.a.

AVID

3.9m
42% of all listeners
7-18 hrs per week
Female (54%)
25+, couples / families
Ave income – $45k p.a.

REGULAR

3.1m
34% of all listeners
Less than 7 hrs per week
Male/Female
Younger skew
Ave income $44k p.a.

Source: Nielsen CMV Metro Survey 5 2014 2014 | Radio audience segmentation based on hours listened Mon-Sun 5.30am-12am

TOP SOCIAL CONCERNS

SUPER	AVID	REGULAR
Economy 110	Economy	Economy 98
Health 105	Unemployment 97	Unemployment 103
Unemployment	Health	Health 92
Crime 104	Education 103	Education 98
Education 85	Crime 106	Crime

While the same social issues are of concern to all three listener groups, when compared to the broader population…

- The SUPER listener is more likely to be concerned about the Economy, Health and Crime
- The AVID listener more likely against Crime and Education
- REGULAR listeners more likely for Unemployment…(and less likely concerned about Health)

Over the past four years the **rising concerns** are the Economy and Unemployment.

Falling is Health, Interest Rates and Environment.

Source: Nielsen CMV Metro Survey 5 2014 | Top 5 most important social issues in Australia - ranked by % of column group, All People 14+
Radio audience segmentation – Super, Avid, Regular - based on hours listened Mon-Sun 5.30am-12am
RED values indicate 'index against the population', with the population benchmark being 100 [an index value of 110 means "10% more likely than the population"]

TOP COST OF LIVING CONCERNS

SUPER		AVID		REGULAR	
Electricity	107	Electricity		Electricity	97
Petrol	107	Petrol		Petrol	97
Water	109	Water	103	Groceries	96
Groceries	107	Groceries		Water	94
Gn. Insurance	110	General Insurance		Gen. Insurance	96

While the same cost of living issues are of concern to all three listener groups, when compared to the broader population…

- The SUPER listener is more likely to be concerned about all issues in the top 5
- The AVID listener is mostly 'in line', but slightly more likely for Water costs
- REGULAR listeners are slightly less concerned about all issues

Rising **Grocery** costs features in the top 5 for all groups.

Source: Nielsen CMV Metro Survey 5 2014 | Top 5 cost of living concerns in Australia - ranked by % of column group, All People 14+
Radio audience segmentation – Super, Avid, Regular - based on hours listened Mon-Sun 5.30am-12am
RED values indicate 'index against the population', with the population benchmark being 100 [an index value of 110 means "10% more likely than the population"]

HOW TO SAVE ON EXPENSES?
ENERGY AND FOOD OPTIONS TOP THE LIST

SUPER

- 82% conserve energy where they can
- 63% shop a lot for bargains/specials
- 62% switch food brands for specials
- 58% cook basic fav's within budget

AVID

- 80% conserve energy where they can
- 65% shop a lot for bargains/specials
- 62% switch food brands for specials
- 59% cook basic fav's within budget

REGULAR

- 78% conserve energy where they can
- 63% shop a lot for bargains/specials
- 62% switch food brands for specials
- 56% tend to hold out until sales

Source: Nielsen CMV Metro Survey 5 2014 – Actions taken to save on expenses
Radio audience segmentation – Super, Avid, Regular - based on hours listened Mon-Sun 5.30am-12am
GREEN and RED arrows indicate MORE or LESS likely than the broader population

SHOW ME THE MONEY…AND THE INFORMATION

64% of SUPER listeners "prefer ads which give me the price"

62% prefer ads which give them information

51% always listen to radio on the way to work

Over index on all responses

42% talk about what they hear on radio

24% trust their favourite radio station to inform them about products/services that are relevant to them

Source: Nielsen CMV Metro Survey 5 2014
Radio audience segmentation – Super, Avid, Regular - based on hours listened Mon-Sun 5.30am-12am

SHOW ME THE MONEY…AND THE INFORMATION

62% of AVID listeners “prefer ads which give me the price”

61% prefer ads which give them information

48% always listen to radio on the way to work

41% talk about what they hear on radio

25% trust their favourite radio station to inform them about products/services that are relevant to them

Over index on all responses

Source: Nielsen CMV Metro Survey 5 2014
Radio audience segmentation – Super, Avid, Regular - based on hours listened Mon-Sun 5.30am-12am

SHOW ME THE MONEY…AND THE INFORMATION

59% of REGULAR listeners “prefer ads which give the price”

56% prefer ads which give them information

41% always listen to radio on the way to work

Flat or under index on all responses

35% talk about what they hear on radio

22% trust their favourite radio station to inform them about products/services that are relevant to them

Source: Nielsen CMV Metro Survey 5 2014
Radio audience segmentation – Super, Avid, Regular - based on hours listened Mon-Sun 5.30am-12am

TRENDS IN FOOD ATTITUDES

2011 to 2014…

SUPER	AVID	REGULAR
Buying more organic, fresh and chilled; but less wholegrain and high-fibre; restricting fat intake; eating less 'on-the-run'.	More vegetarian; buying more organic, fresh and chilled; concerned with preservatives and processed foods.	More vegetarian and organic; avoiding processed foods; less wholegrain and high-fibre.

Source: Nielsen CMV Metro Survey 5 2014, 2103, 2012, 2011
Radio audience segmentation – Super, Avid, Regular - based on hours listened Mon-Sun 5.30am-12am

SUPER LISTENER SHOPPING PROFILE

- Main store shopped at past month: 40% Coles, 36% WW, 10% Aldi [% of listener group]
- Main store satisfaction: 83% Coles, 79% WW, 87% Aldi [% of those who shop at store]
- 82% visit once or more per week, 2% visit every day [% of those who shop at store]
- Sat, Thu, Fri and Sunday are the preferred days for shopping
- Before 1pm is most popular M-F, evenly spread to 5pm on weekends
- Spend - average week: $93

Source: Nielsen CMV Metro Survey 5 2014
Radio audience segmentation – Super, Avid, Regular - based on hours listened Mon-Sun 5.30am-12am

AVID LISTENER SHOPPING PROFILE

- Main store shopped at past month: 38% Coles, 36% WW, 10% Aldi
- Main store satisfaction: 83% Coles, 78% WW, 85% Aldi [% of those who shop at store]
- 81% visit once or more per week, 3% visit every day [% of those who shop at store]
- Sat, Thu, Sun and Friday are the preferred days for shopping
- Before 1pm is most popular M-F, 1-5pm more popular on weekends
- Spend – average week: $93

Source: Nielsen CMV Metro Survey 5 2014
Radio audience segmentation – Super, Avid, Regular - based on hours listened Mon-Sun 5.30am-12am

REGULAR LISTENER SHOPPING PROFILE

Main store shopped at past month: 36% Coles, 36% WW, 10% Aldi

Main store satisfaction: 82% Coles, 79% WW, 84% Aldi [% of those who shop at store]

78% visit once or more per week, 2% visit every day [% of those who shop at store]

Sat, Thu, Fri and Sunday are the preferred days for shopping

Before 1pm is most popular M-F, 1-5pm most popular on weekends

Spend – average week: $87

Source: Nielsen CMV Metro Survey 5 2014

Radio audience segmentation – Super, Avid, Regular - based on hours listened Mon-Sun 5.30am-12am

SHOPPER TRENDS OVER TIME

2011 - 2014

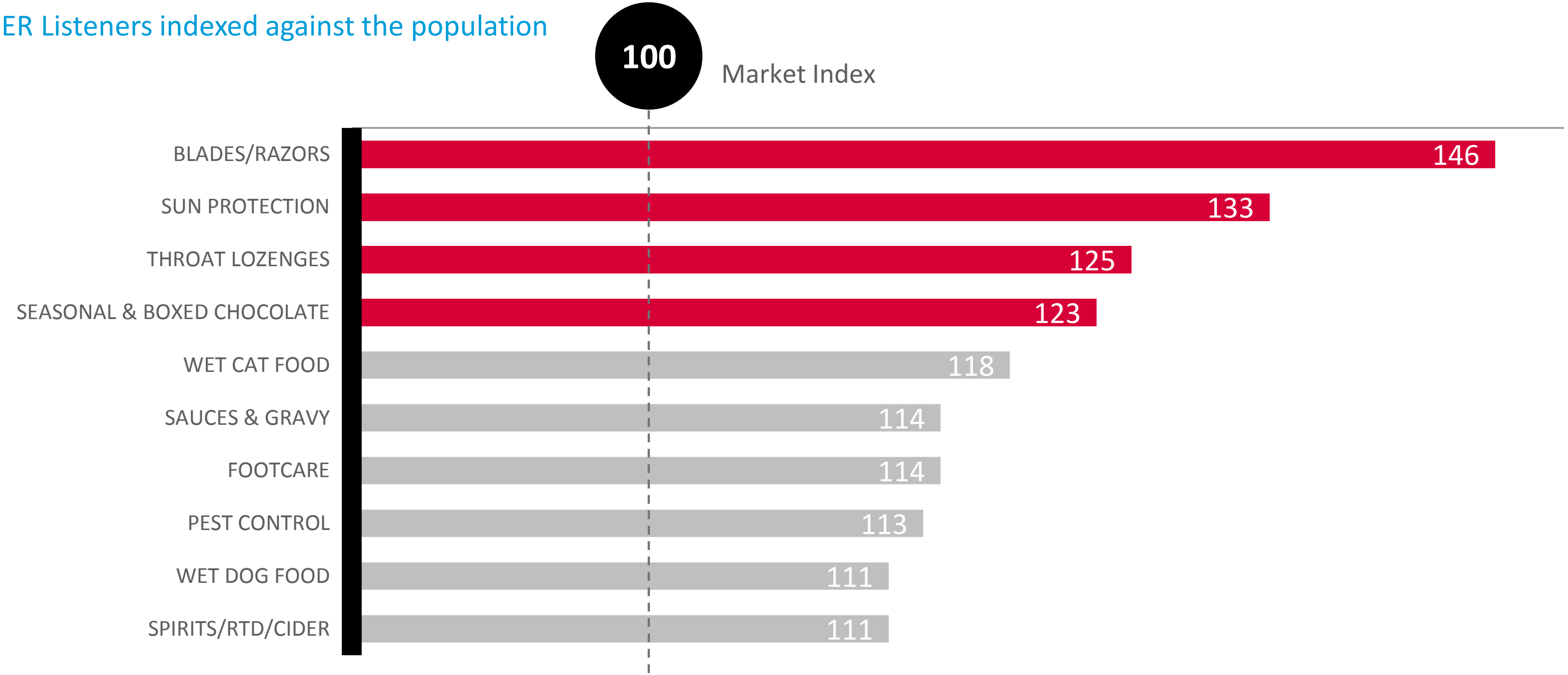
- A move towards Coles and Aldi
- Super listeners visiting less frequently; Avid/Regular listeners more frequently
- Super listeners less Wed-Thu and more Sa-Su; Avid and Regular show no trend
- Increased patronage before 1pm weekdays
- Super listeners spending slightly more p/week, Regular listeners slightly less

Source: Nielsen CMV Metro Survey 5 2014
Radio audience segmentation – Super, Avid, Regular - based on hours listened Mon-Sun 5.30am-12am

MAJOR CATEGORIES FOR SUPER LISTENERS

46% more likely than the market to be heavy spenders on BLADES/RAZORS

SUPER Listeners indexed against the population

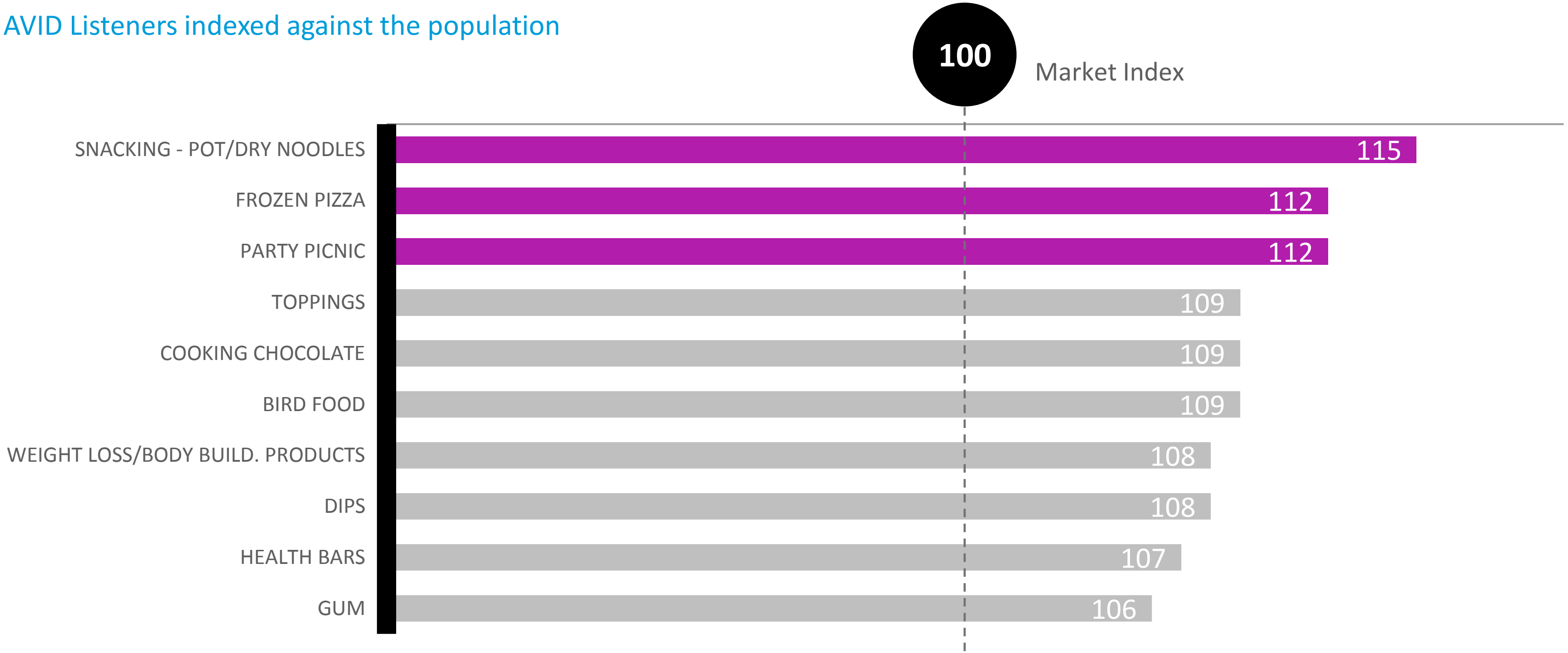


Source: Nielsen CMV Homescan S08 P10 2013 v2
Radio audience segmentation – Super, Avid, Regular - based on hours listened Mon-Sun 5.30am-12am
Chart values indicate 'index against the population', with the population benchmark being 100 [an index value of 110 means "10% more likely than the population"]

MAJOR CATEGORIES FOR AVID LISTENERS

15% more likely than the market to be heavy spenders on SNACKS (POT/DRY NOODLES)

AVID Listeners indexed against the population



Source: Nielsen CMV Homescan S08 P10 2013 v2

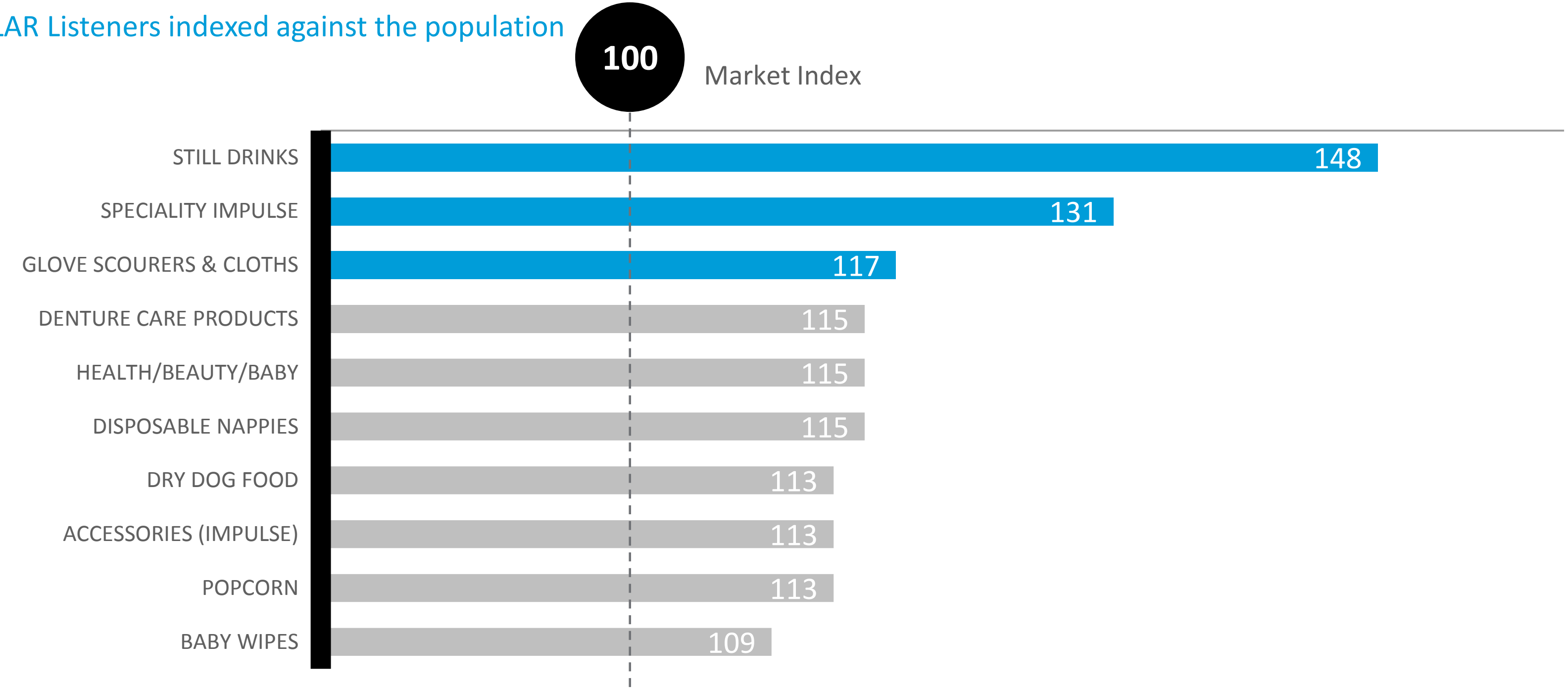
Radio audience segmentation – Super, Avid, Regular - based on hours listened Mon-Sun 5.30am-12am

Chart values indicate 'index against the population', with the population benchmark being 100 [an index value of 110 means "10% more likely than the population"]

MAJOR CATEGORIES FOR REGULAR LISTENERS

48% more likely than the market to be heavy spenders on STILL DRINKS

REGULAR Listeners indexed against the population



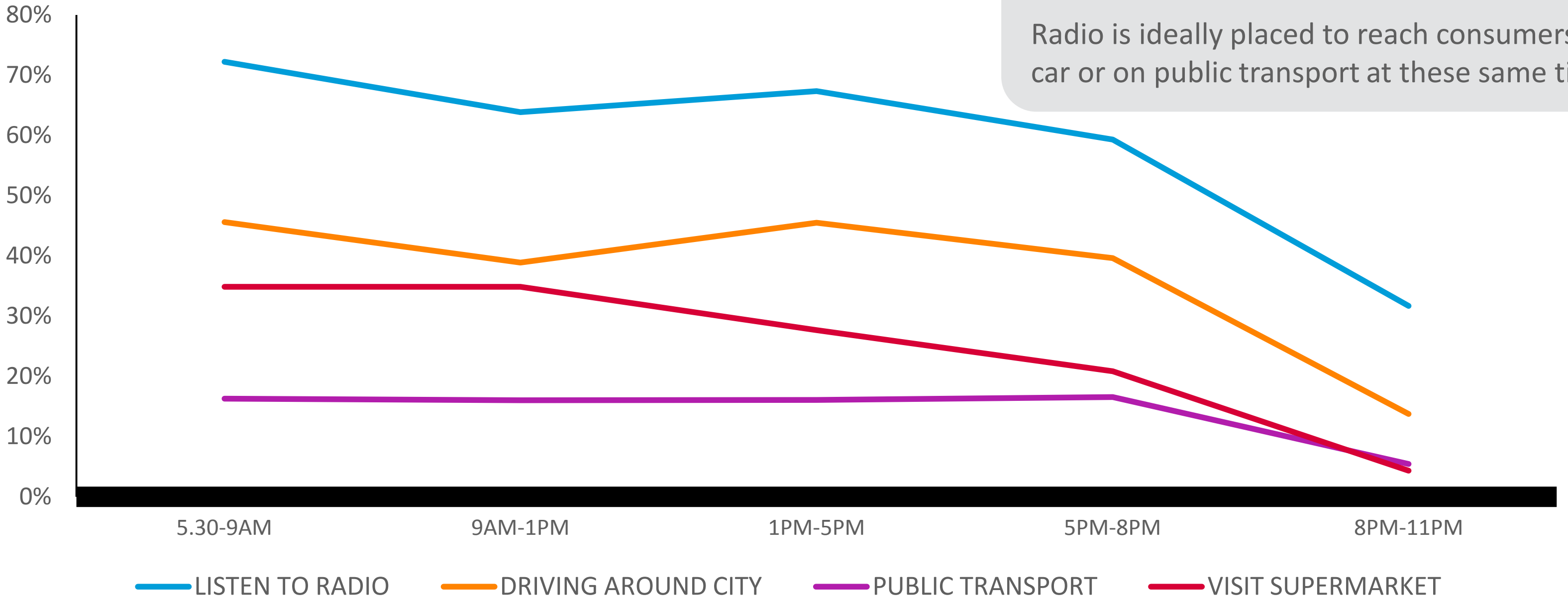
Source: Nielsen CMV Homescan S08 P10 2013 v2
Radio audience segmentation – Super, Avid, Regular - based on hours listened Mon-Sun 5.30am-12am
Chart values indicate ‘index against the population’, with the population benchmark being 100 [an index value of 110 means “10% more likely than the population”]

WHY USE RADIO FOR FCMG AND SUPERMARKETS?

REACH CONSUMERS AT THE RIGHT TIMES

Radio is perfectly placed to reach consumers before, during and after purchase

A typical Monday to Friday for GROCERY BUYERS



Radio listening patterns closely match those for supermarket visits.

Radio is ideally placed to reach consumers in the car or on public transport at these same times.

Source: Nielsen CMV Metro Survey 5 2014
Listen to Radio = Cume Audience

RADIO REACHES THE RIGHT AUDIENCE

SUPER Radio Listeners

82% are grocery buyers	74% influence grocery purchases	74% are the main grocery buyer
67% cook once or more each week	57% influence recipes and meal ideas	51% do a top-up shop once or twice per week

Source: Nielsen CMV Metro Survey 5 2014
Radio audience segmentation – Super, Avid, Regular - based on hours listened Mon-Sun 5.30am-12am

RADIO REACHES THE RIGHT AUDIENCE

AVID Radio Listeners

78% are grocery buyers	69% influence grocery purchases	69% are the main grocery buyer
64% cook once or more each week	54% influence recipes and meal ideas	48% do a top-up shop once or twice per week

Source: Nielsen CMV Metro Survey 5 2014
Radio audience segmentation – Super, Avid, Regular - based on hours listened Mon-Sun 5.30am-12am

RADIO REACHES THE RIGHT AUDIENCE

REGULAR Radio Listeners

74% are grocery buyers	67% influence grocery purchases	65% are the main grocery buyer
60% cook once or more each week	51% influence recipes and meal ideas	47% do a top-up shop once or twice per week

Source: Nielsen CMV Metro Survey 5 2014
Radio audience segmentation – Super, Avid, Regular - based on hours listened Mon-Sun 5.30am-12am

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OF THE CONSUMER™