

# Sensis<sup>®</sup> *Consumer Report*

September 2007



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# Introduction

The September 2007 Sensis® *Consumer Report* is a survey designed to measure the confidence and behaviour of the Australian populace.

The primary objectives of the Sensis® *Consumer Report* are to measure consumer confidence and expectations for the next 12 months; and to provide an independent, objective assessment of consumers' experiences and attitudes on key issues.

The Sensis® *Consumer Report* is based on a sample size of 1,500 Australians from metropolitan and regional areas of Australia. It includes people from all states and territories, ranging in age from 14 years. Demographics such as gender, employment status, income ranges and family status are collected to enable cross-analysis of data collected.

Results in the Sensis® *Consumer Report* are reported as a net balance, which represents the total number of positive responses minus the total number of negative responses. All results in the Sensis® *Consumer Report* are based on the responses of consumers surveyed.

The Sensis® *Consumer Report* is an initiative of Sensis Pty Ltd that aims to increase the understanding of consumer behaviour and expectations. Sensis also produces the Sensis® *Business Index*, an ongoing series of surveys tracking confidence and behaviour of Australia's small and medium enterprises (SMEs). Since its inception in 1993, the Sensis® *Business Index* has been one of the most comprehensive and regular surveys of small businesses in Australia. Historically, the Sensis® *Business Index* has focused specifically on businesses employing 19 people or less. In November 2000 it was expanded to cover the medium business sector, while the regional and industrial sectors were also enhanced.

Data for both of these reports is collected concurrently with many questions being asked of both businesses and consumers. This allows comparisons between these two groups to be made, to enable a better understanding of the interaction of supply and demand in the Australian economy.

In addition, Sensis® *Market Intelligence* undertakes commissioned research for corporate and government organisations on a variety of policy issues.

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# About the survey

The results in this report are based on a survey of 1,500 Australians conducted over 3 August to 23 August 2007. All interviews were conducted via telephone by the survey research firm, Sweeney Research.

To ensure a good cross representation across the states and territories and by demographics, quotas were set on age, gender and location as detailed in the charts below.

Sample Structure - Demographics			
	Total	Male	Female
14 - 17 years	100	50	50
18 - 19 years	100	50	50
20 - 29 years	250	125	125
30 - 39 years	250	125	125
40 - 49 years	250	125	125
50 - 64 years	300	150	150
Over 64 years	250	125	125
<b>Total</b>	<b>1500</b>	<b>750</b>	<b>750</b>

Sample Structure - Location			
	Total	Metro	Non-Metro
New South Wales	250	200	50
Victoria	250	200	50
Queensland	250	140	110
South Australia	190	160	30
Western Australia	190	160	30
Tasmania	125	75	50
Northern Territory	125	75	50
Australian Capital Territory	120	120	0
<b>Total</b>	<b>1500</b>	<b>1130</b>	<b>370</b>

The results have been weighted according to the latest Australian Bureau of Statistics (ABS) population figures (2001 Census) so results more closely reflect the population distribution within each state and territory.

Comparisons in the September 2007 Sensis® *Consumer Report* are made between consumers and businesses. The business results are based on data from the August 2007 Sensis® *Business Index* of 1,800 SMEs.

# Executive summary

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## Consumer confidence

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The September 2007 Sensis® *Consumer Report* found a net balance of 52 per cent of Australians reporting confidence in their financial prospects for the year ahead. This result was a fall of seven percentage points from last quarter. Despite this fall, net confidence is still eight percentage points higher than at the same time last year.

This result compares with the latest business confidence results from the August 2007 Sensis® *Business Index*, which found a net 59 per cent of SME operators felt confident about their business prospects for the year ahead, unchanged in the past quarter.

Having a secure job was the main reason Australians felt confident. The main reason for consumers expressing worry was rising interest rates.

Thirty-one per cent of Australian households believed they were better off than a year ago (up two percentage point in the past quarter), the highest level recorded in the history of the Sensis® *Consumer Report*. Earning more money was the main reason for this belief. Eighteen per cent of households felt they were worse off (up one percentage point in the past quarter) due mainly to concerns about increases in the cost of living. The net proportion of consumers who felt better off rose one percentage point in the past quarter, and was also up by eight percentage points from 12 months ago and at its highest level since February 2006.

Expenditure expectations followed rising concerns over increases in the cost of living, interest rates and fuel prices. In the household expenditure category, consumers expected the greatest increases in general household expenses to be items such as groceries and bills. This was followed by transportation costs and housing costs, including mortgages and rent. The areas where consumers were expecting a net decline in expenditure were home entertainment; and dining out, fast food and home delivered food.

According to the September 2007 Sensis® *Consumer Report*, Australians would reduce expenditure on entertainment and going out, followed by dining, if they faced tighter economic circumstances. Australians would most likely direct additional income towards savings, followed by mortgage reduction, holidays and travel.

## The economy and concerns

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The September 2007 Sensis® *Consumer Report* found Australians' perceptions of the current state of the economy falling to 32 per cent. This resulted from 50 per cent of Australian consumers believing the economy was currently growing, less the 18 per cent who believed the economy was currently slowing. Despite the fall in the past quarter, perceptions of the current state of the Australian economy are some 23 percentage points higher than at the same time last year.

Australians also felt economic growth prospects for the year ahead were likely to deteriorate; with the majority of consumers feeling the economy would be worse in a year's time, some five percentage points higher than the proportion that felt it would be better. The net proportion of consumers feeling the economy would improve in a year's time fell by 11 percentage points from the last quarter but is still 15 percentage points higher than at the same time last year.

Despite recording the largest fall in concern of any issue, the drought remained the greatest concern for Australians in the September 2007 Sensis® *Consumer Report*. The drought was again followed by the environment and the health system. Both the drought and the environment recorded falls in the level of concern over the past quarter, with a small rise reported in the level of concern about the health system. The largest increase in concern levels for Australians was in relation to interest rates, followed by the economy. The largest drop in concern for any issue was for the drought, followed by the environment and the workplace relations system.

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## Our environment

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When specifically asked what environmental issue concerned them most, Australians reported climate change was the most pressing concern, followed by water shortage and drought.

Australians felt the top three actions people should be taking to help the environment were to recycle, to use less water and to ride to work or use public transport. The three things Australians most wanted businesses to do to help the environment were to be more efficient with energy and water; to have recycling bins and manage their waste; and to stop or reduce pollution in their business.

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## Our workplace environment

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Australians were still more likely to report a belief that changes to the workplace relations system would have a negative impact. Some 29 per cent of those aware of the issues reported they felt the impact would be negative, compared to 12 per cent who felt there would be a positive impact. This resulted in an overall net balance of negative 17 per cent – unchanged in the past quarter and remaining at the highest level recorded since the Sensis® *Consumer Report* started tracking Australians attitudes to workplace relations changes in August 2005. In addition, the proportion of Australians supporting the changes was at the highest level recorded in the Sensis® *Consumer Report*.

The main reasons Australians believed the new system would have a negative impact was they felt they would suffer a loss of rights, the system was good for the employer and their wages would drop. The main reason for reporting a positive impact was the feeling they could negotiate a good deal, the unions had previously had too much power and good workers can be rewarded.

With the new “fairness test” provisions introduced to the workplace relations system since the last survey, it is interesting to note only 43 per cent of employees were aware of the changes. To date some 29 per cent of employees reported they have been provided with the Workplace Relations Fact Sheet by their employers.

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## Our holidays

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The September 2007 Sensis® *Consumer Report* found Australians reported taking on average one holiday each year, of two weeks duration.

The favourite holiday destination for Australians was Queensland’s Gold Coast. Melbourne was the favourite capital city destination for a holiday. When asked where they would take a free holiday to anywhere in Australia, Perth was the most popular response.

The main reason Australians went on holiday was to have a break, with the main factor influencing their decision being the desire to visit family or friends. While on holiday, Australians’ favourite activity was relaxation, followed by sightseeing and going to the beach. Spouses and partners were the most common holiday companion, closely followed by children and friends.

Awareness of the Australian Government’s Smart Traveller website increased over the past year by 12 percentage points, with almost three in four aware of the website. Despite the increase in awareness however, the proportion of overseas travellers that have or would log their travel plans remains virtually unchanged.

# Section 1 : Economic confidence

## Overall confidence in financial prospects

### Key findings

The September 2007 Sensis® *Consumer Report* found a net 52 per cent of consumers expressed relative confidence in their financial prospects for the year ahead. Although the level of confidence among consumers decreased significantly in the last quarter, it is still some eight percentage points higher than 12 months ago.

Australians recorded weaker confidence with a net balance result of 52 per cent. This comprised a softer 68 per cent of Australians who were confident about their prospects for the year ahead, in conjunction with an increased 16 per cent who were worried.

The September 2007 Sensis® *Consumer Report* found net confidence among consumers lower than business confidence measured in the concurrent Sensis® *Business Index*. The most recent Sensis® *Business Index* found net confidence among business proprietors in their business prospects for the year ahead was 59 per cent; composed of 71 per cent of businesses that were confident overall, and 12 per cent who were worried about their prospects going forward.

The net result of consumer confidence at 52 per cent represents a further significant fall in the proportion of consumers who felt confident, which dropped by five percentage points from the past quarter, further intensified by a two percentage point increase in the proportion of consumers feeling worried.

This latest result compares to net confidence among SME proprietors which was unchanged in the past quarter. Businesses on the one hand were optimistic as a result of strong demand, expecting current conditions to continue and a feeling they were established and experienced in their business operations. However, some businesses were also concerned by falling sales in their business, increasing interest rates, increasing competition and a possible change of federal government.

The one area where consumers proportionally outnumbered businesses was in the proportion who reported feeling "extremely confident". Overall 18 per cent of consumers reported feeling extremely confident compared to 17 per cent of business operators.

### Confidence trends – past five quarters

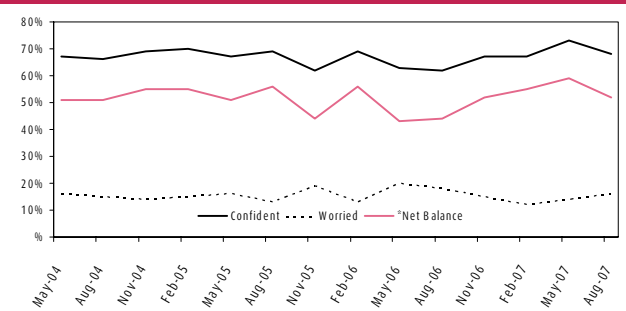
	August 2006	November 2006	February 2007	May 2007	August 2007
Extremely confident	16%	15%	18%	21%	18%
Fairly confident	46%	52%	49%	51%	50%
Neutral	20%	17%	20%	14%	16%
Fairly worried	15%	14%	10%	11%	13%
Extremely worried	3%	1%	2%	3%	3%
Total confident	62%	67%	67%	73%	68%
Total worried	18%	15%	12%	14%	16%
<b>*Net Balance</b>	<b>+44%</b>	<b>+52%</b>	<b>+55%</b>	<b>+59%</b>	<b>+52%</b>

Q. Please think about the next 12 months. How confident do you feel about (your family's) (your) financial prospects?

\*Net Balance defined as the proportion who are confident less the proportion who are worried.

SOURCE: Sensis® *Consumer Report* Sweeney Research - September 2007

### Long term trends in confidence



\*Net Balance defined as the proportion who are confident less the proportion who are worried.

SOURCE: Sensis® *Consumer Report* Sweeney Research - September 2007

### Overall confidence Comparison with business - August 2007

	Consumers <sup>1</sup>	Business <sup>2</sup>
Extremely confident	18%	17%
Fairly confident	50%	54%
Neutral	16%	18%
Fairly worried	13%	10%
Extremely worried	3%	2%
Total confident	68%	71%
Total worried	16%	12%
<b>*Net Balance</b>	<b>+52%</b>	<b>+59%</b>

\*Net Balance defined as the proportion who are confident less the proportion who are worried.

SOURCE: <sup>1</sup>Sensis® *Consumer Report* Sweeney Research - September 2007  
<sup>2</sup>Sensis® *Business Index* Sweeney Research - August 2007

## Overall confidence in financial prospects by respondent characteristics

The September 2007 Sensis® Consumer Report found the decrease in overall confidence was due mainly to a decrease in female confidence. This latest result represents a fall of ten percentage points in confidence of females compared with the last quarter, with male confidence falling only three percentage points in the past quarter by comparison.

Australians aged less than 30 years old were the most confident in the past quarter, with confidence in this age group rising by seven percentage points. This was contrasted by confidence falling in every other age group.

Examining both gender and age, the most confident Australians in September 2007 were males aged less than 30, with a net confidence level of 72 per cent. This was in stark contrast to females aged between 50 and 64, who were the least confident of any age-gender demographic. Females aged less than 30 reported feeling the most confident of any female age group. All male age groups reported decreasing confidence in the past quarter, with the exception of those aged less than 30, where confidence rose by 19 percentage points. Females aged up to 29 years and those in their 40s were the only female age groups to report increasing confidence.

There was no difference in confidence between Australians living in metropolitan and regional areas. The most confident Australians were those living in the Northern Territory, where a net 63 per cent of consumers reported feeling confident about their financial prospects for the year ahead, up two percentage points from last quarter. The least confident Australians were in New South Wales, with net confidence at 48 per cent, down 11 percentage points in the last quarter. The only two states or territories to report increasing confidence in the past quarter were the Northern Territory and Victoria. The largest rise in confidence was recorded in Victoria (eight percentage points). The largest decrease in confidence was recorded in Queensland (17 percentage points).

Examining family status, those living in a household without children were again the most confident about their financial prospects for the year ahead, with confidence at a net 64 per cent. Singles were least confident with a net 43 per cent compared to a net 47 per cent for families with children.

Those on the highest income level were, not surprisingly, the most likely to feel confident, with a net 72 per cent of those with a household income of more than \$85,000 feeling confident, compared to 27 per cent of those with a household income up to \$35,000. Confidence fell in all income groups, with the largest decrease amongst those earning between \$35,000 and \$55,000 (down 12 percentage points).

### Overall confidence by age and gender \*Net balance - August 2007

	Total	Male	Female
<b>Total</b>	52%	60%	45%
Up to 29 years	62%	72%	52%
30 - 39 years	56%	63%	50%
40 - 49 years	48%	51%	44%
50 - 64 years	45%	56%	32%
More than 64 years	54%	62%	47%

\*Net Balance defined as the proportion who are confident less the proportion who are worried.  
Base: 'Householders' - family household heads or independent singles  
SOURCE: Sensis® Consumer Report. Sweeney Research - August 2007

### Overall confidence by location \*Net balance - August 2007

	Total
<b>Total</b>	<b>52%</b>
Metro	52%
Non metro	52%
New South Wales	48%
Victoria	58%
Queensland	52%
South Australia	55%
Western Australia	51%
Tasmania	42%
Northern Territory	63%
Australian Capital Territory	52%

\*Net Balance defined as the proportion who are confident less the proportion who are worried.  
Base: 'Householders' - family household heads or independent singles  
SOURCE: Sensis® Consumer Report. Sweeney Research - September 2007

### Overall confidence by socio-economic variables \*Net balance - August 2007

	Total
<b>Total</b>	<b>52%</b>
<b>Respondent is..</b>	
The male or female household head in a family with children	47%
The male or female household head in a family without children	64%
Single person living alone or sharing	43%
<b>Household income level..</b>	
Up to \$35,000	27%
\$35,001 to \$55,000	53%
\$55,001 to \$85,000	55%
More than \$85,000	72%

\*Net Balance defined as the proportion who are confident less the proportion who are worried.  
Base: 'Householders' - family household heads or independent singles  
SOURCE: Sensis® Consumer Report. Sweeney Research - September 2007

## Reasons for being confident or worried

The main reason given by Australians for feeling confident about their financial prospects for the year ahead was having a secure job. The main reasons Australians reported feeling worried was rising interest rates.

Having a secure job was the most important reason for feeling confident for those with household incomes of more than \$35,000. For those households with incomes up to \$35,000 the most important reason for confidence was receiving a regular pension.

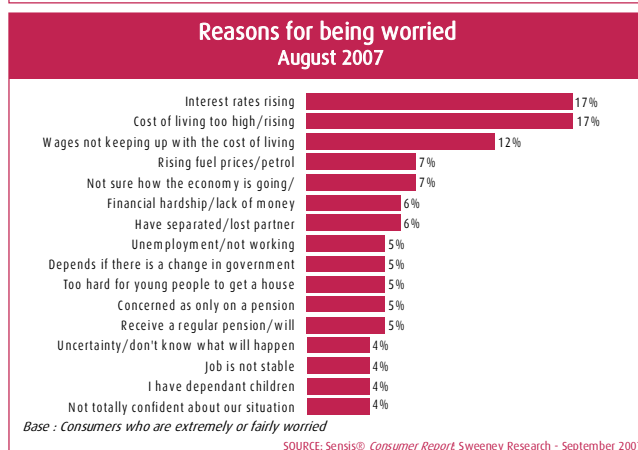
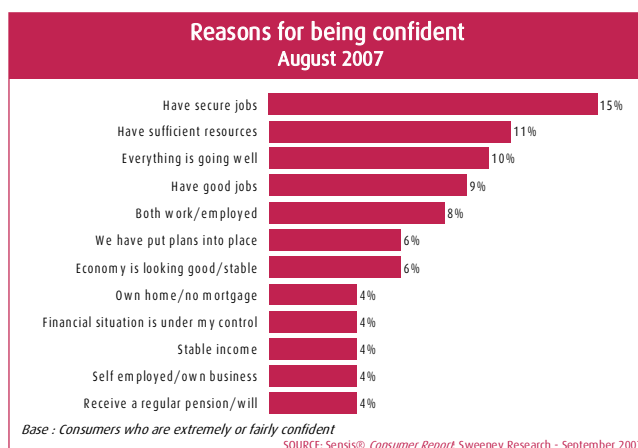
Having a good or a secure job were also the main reasons for confidence in Australians aged in their 20s, 30s and 40s. For those Australians aged in their 50s, everything going well in general was the most important reason for confidence. For those Australians aged more than 64, having sufficient financial resources was the main reason for feeling confident.

For Australians feeling worried about their financial prospects in the coming year, the main reason was increasing interest rates, coupled with increases in the cost of living. These problems were nominated by 17 per cent each of those who were worried. The proportion of those worried about high cost of living actually decreased by one percentage point in the past quarter, compared to a rise of 13 percentage points for those concerned about increases in interest rates.

Those with the highest household incomes were most likely to be concerned by rising interest rates, with one-third of those earning \$85,000 or more citing this as the reason. Families with children were the household structure most likely to report feeling worried as a result of increases in interest rates, with one-quarter of concerned households with children giving this as the reason. Others concerned about interest rate increases were those living in metropolitan areas, and those working part-time. Residents of Victoria were most likely to be concerned about increasing interest rates, with one-quarter citing this as the reason they felt worried.

Other key reasons for concern included wages not keeping up with the cost of living (12 per cent), rising petrol prices and concerns about the economy (seven per cent each).

Rising interest rates were the number one concern for those earning more than \$35,000 a year. For those earning between \$55,000 and \$85,000 this was equal with having separated or lost a partner. Wages not keeping up with the cost of living was the main reason given by those in the lowest income group (up to \$35,000) for being concerned about their prospects in the coming year.



## Comparison to a year ago

Despite the fall in confidence, this quarter found the proportion of Australians who felt better off than a year ago at its highest level recorded in the Sensis® Consumer Report. Some 31 per cent of Australians believed they were better off than a year ago, up from 29 per cent last quarter. Fifty-one per cent believed their position was about the same as a year ago, down three percentage points. The proportion that felt worse off was up marginally at 18 per cent. This resulted in a net increase of one percentage point in the proportion of Australians feeling better than in the past quarter. This is the highest net balance recorded since February 2006.

On balance, Australians of all income levels were more likely to feel they were better off compared to a year ago than worse off. There was again a direct relationship between household incomes and whether Australians felt better off. Even the lowest income demographic (less than \$35,000 a year) had almost one-quarter reporting they were now better off, compared to 22 per cent who felt worse off. Males were twice as likely on balance as females to feel better off than a year ago (18 per cent for males compared to nine per cent for females).

Residents of the Australian Capital Territory were most likely to feel better off on balance than a year ago, followed by residents of Queensland and the Northern Territory. Residents of Tasmania were least likely to feel better off on balance. Australians living in metropolitan areas were twice as likely as those living in regional areas to feel better off than a year ago.

The main reason Australians gave for feeling better off than a year ago related to increased earnings, in line with the past nine quarters. Other reasons, though significantly lower on the scale, were gaining or changing employment and receiving good returns on investments.

Inflationary factors were high on the list of reasons Australians gave for feeling worse off than a year ago, in line with the reasons for low confidence. Increases in the cost of living topped the list for feeling worse off, followed by interest rate increases, and increased prices for bills, petrol and food. Over the past quarter the proportion of those feeling worse off due to interest rate rises increased from 10 per cent to 21 per cent. Those feeling worse off due to the cost of living has increased from 19 per cent to 28 per cent over the same period.

### Comparison to a year ago Trends

	August 2006	November 2006	February 2007	May 2007	August 2007
Better off	29%	30%	28%	29%	31%
Same	47%	51%	55%	54%	51%
Worse off	24%	19%	17%	17%	18%
<b>*Net Balance</b>	<b>+5%</b>	<b>+11%</b>	<b>+11%</b>	<b>+12%</b>	<b>+13%</b>

Q. And, compared to this time twelve months ago, would you say (your family) (you) are better off, worse off or about the same?

\*Net Balance defined as the proportion who are better off less the proportion who are worse off

SOURCE: Sensis® Consumer Report. Sweeney Research - September 2007

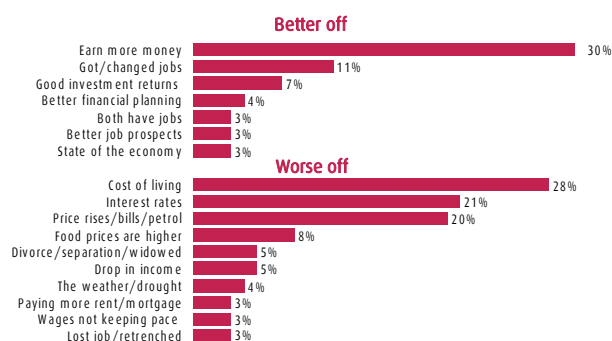
### Comparison to a year ago Long term trends



\*Net Balance defined as the proportion who are confident less the proportion who are worried.

SOURCE: Sensis® Consumer Report. Sweeney Research - September 2007

### Reasons for being better or worse off August 2007



Q. What would you say has contributed to (your family) (you) being better/worse off?

SOURCE: Sensis® Consumer Report. Sweeney Research - September 2007

## Household expenditure expectations

Consumer expenditure expectations were net positive across most of the major expenditure groups in the last quarter. The areas most Australians expected to increase spending in the next 12 months were general household expenses, transport and housing costs.

Overall, the category with the highest net proportion of consumers expecting to increase expenditure was general household expenses, where a net 54 per cent were expecting to increase their expenditure. This result represented an increase of seven percentage points since last quarter, but a decrease of three percentage points compared to the same time last year.

Consumers were expecting to spend less on balance than last quarter in home entertainment; and dining out, fast food or home deliveries. This is the seventh successive quarter that both of these expenditure categories were net negative and the fourteenth consecutive quarter households nominated they expected to decrease their expenditure on dining out, fast food or home deliveries over the coming year. However, while the trend for home entertainment increased by three percentage points over the past quarter, the trend for dining out, fast food and home deliveries decreased by two percentage points.

The trends in the net proportion of those expecting to increase expenditure varied this quarter. The highest increase over the past quarter was housing costs including mortgages and rent, which increased by eight percentage points. Increases were also recorded in general household expenses, health and medical expenses, home renovations and improvements and home entertainment. The trend which decreased the most was entertainment, sport and leisure activities, which fell by three percentage points.

Families with children were again expecting to have to bear the brunt of increases in inflation, fuel prices and interest rates. This demographic was most likely to be expecting to increase expenditure for general household expenses, transportation, housing, health and medical expenses and education costs.

Singles were planning to be busy both at home and away, with holidays and travel and home renovations being two areas where single households were more likely to be increasing their spend. Singles also wanted to look good, being the most likely group to expect to increase their expenditure on personal grooming products. In addition, entertainment was high on the agenda, being most likely to expect increases for special events and parties, entertainment, sport and leisure, home entertainment, and items for the home.

### Household expenditure expectations August 2007

Over the next twelve months do you expect to spend a larger, smaller or about the same proportion of (your family) (your) income on...	Spend more	Spend less	No change	*Net balance
General household expenses including groceries and bills	58%	4%	38%	54%
Transport costs - cars or public transport	42%	8%	51%	34%
Housing costs such as mortgage payments or rent	39%	6%	56%	33%
Health and medical expenses	29%	7%	64%	22%
Home renovations or improvements	31%	15%	53%	16%
Holidays and travel	34%	18%	48%	15%
Education costs	24%	12%	65%	12%
Telecommunications - including mobiles and internet	22%	10%	68%	12%
Special events or occasions (eg. Parties, weddings etc)	22%	11%	67%	11%
Entertainment, sport and leisure activities	18%	11%	70%	7%
Personal care or grooming products or services	13%	8%	79%	5%
Items for the home such as furniture or electrical goods	24%	22%	54%	2%
Home entertainment such as DVD's, CDs	11%	13%	76%	-2%
Dining out, fast food or home deliveries	10%	17%	73%	-7%

Base : 'Householders' - family household heads or independent singles.

\*Net Balance = the proportion who expect more less the proportion who expect less

SOURCE: Sensis® Consumer Report. Sweeney Research - September 2007

### Household expenditure expectations Trends in \*Net Balance

	Aug 2006	Nov 2006	Feb 2007	May 2007	Aug 2007
General household expenses - groceries and bills	57%	51%	41%	47%	54%
Transport costs - cars or public transport	55%	34%	27%	35%	34%
Housing costs such as mortgage or rent	29%	29%	21%	25%	33%
Health and medical expenses	24%	18%	18%	18%	22%
Holidays and travel	10%	15%	14%	16%	15%
Home renovations or improvements	8%	12%	11%	10%	16%
Education costs	13%	12%	12%	13%	12%
Telecommunications - including mobiles & Internet	15%	9%	12%	13%	12%
Entertainment, sport and leisure activities	8%	5%	6%	10%	7%
Personal care/grooming products	N/A	5%	5%	5%	5%
Items for the home such as furniture or electricals	-1%	0%	1%	2%	2%
Home entertainment	-6%	-7%	-8%	-5%	-2%
Dining out, fast food or home deliveries	-6%	-10%	-8%	-5%	-7%

Base : 'Householders' - family household heads or independent singles.

\*Net Balance = the proportion who expect more less the proportion who expect less

SOURCE: Sensis® Consumer Report. Sweeney Research - September 2007

### Household expenditure expectations By family status - August 2007

*Net balance for..	Total	Families with children	Families no children	Singles
General household expenses including groceries and bills	54%	61%	50%	48%
Transport costs - cars or public transport	34%	37%	29%	35%
Housing costs such as mortgage payments or rent	33%	43%	26%	25%
Health and medical expenses	22%	25%	22%	17%
Home renovations or improvements	16%	12%	16%	23%
Holidays and travel	15%	9%	14%	28%
Education costs	12%	30%	-1%	-1%
Telecommunications - including mobiles and internet	12%	12%	11%	14%
Special events or occasions (eg. Parties, weddings etc)	11%	9%	13%	13%
Entertainment, sport and leisure activities	7%	7%	1%	16%
Personal care or grooming products or services	5%	2%	4%	11%
Items for the home such as furniture or electrical goods	2%	0%	-1%	10%
Home entertainment such as DVD's, CDs	-2%	-7%	-1%	6%
Dining out, fast food or home deliveries	-7%	-10%	-4%	-6%

\*Net Balance defined as the proportion who will spend more less the proportion who will spend less

SOURCE: Sensis® Consumer Report. Sweeney Research - September 2007

## Cutting back or increasing expenditure

It is interesting to note the particular areas consumers are most likely to increase or decrease their expenditure, if faced with changing financial circumstances. This can highlight areas of the economy most likely to be affected by an economic downturn or tightening of monetary policy, as well as areas most likely to benefit from economic growth or fiscal stimulus policy changes resulting in consumers having additional income.

The area of expenditure most likely to be cut by consumers was again money spent on entertainment and going out, with 21 per cent of consumers nominating this as their first means to decrease expenditure (down from 24 per cent in the past quarter). While entertainment expenses were the most popular expenditure to be cut in all states and territories, residents of Western Australia, closely followed by the Australian Capital Territory and the Northern Territory were most likely to nominate cutting this item if necessary.

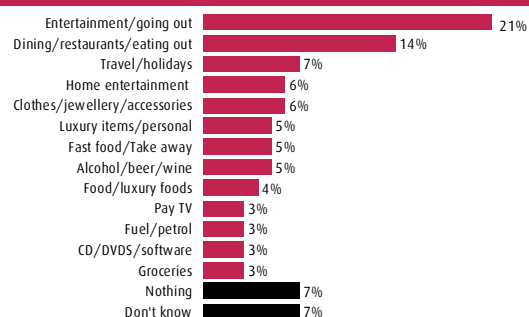
Dining out at restaurants was the next most likely item to be cut by consumers, with 14 per cent nominating this as the first item to cut back if necessary (a fall of two percentage points over the past quarter). Restaurants in Victoria, closely followed by the Australian Capital Territory, were most likely to be affected by cuts in consumer expenditure.

Australians were most likely to try to increase their savings if they had some additional income, with 26 per cent nominating savings, down from 30 per cent last quarter. Males were more likely to nominate they would save money than females (30 per cent compared to 21 per cent). Those Australians with incomes of more than \$55,000 were most likely to nominate they would save money (27 per cent), however, Australians with income levels below this were not much less likely to want to increase their savings (24 per cent).

Reducing a mortgage was the next most popular thing people would do with additional money, favoured by 17 per cent of Australians. There was a direct relationship between income and likeliness of putting additional income towards a mortgage, with only three per cent of those with incomes up to \$35,000 providing this response, compared to 23 per cent of those with incomes more than \$85,000.

Next in line for Australians with additional income was a holiday, which was nominated by 15 per cent of Australians (up three percentage points). Females were marginally more likely than males to nominate a holiday (16 per cent compared to 13 per cent), as were residents of the Australian Capital Territory (18 per cent).

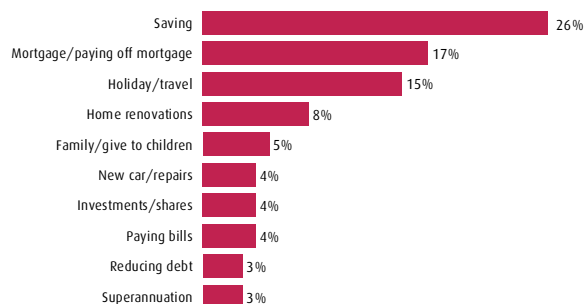
### What would be cut out to reduce expenditure? August 2007



Q. If you needed to cut expenditure on discretionary items for some reason, what is the first item you cut expenditure on?

SOURCE: Sensis® Consumer Report Sweeney Research - September 2007

### What would additional income be spent on? August 2007



Q. If you received additional income or money for some reason, what is the first thing that you would spend that money on, including savings?

SOURCE: Sensis® Consumer Report Sweeney Research - September 2007

## Perception of the state of Australia's economy

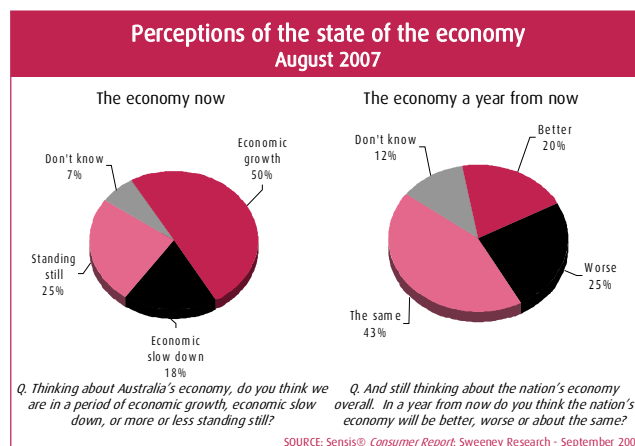
In line with falling confidence, the September 2007 Sensis® Consumer Report found the net proportion of consumers who felt Australia was currently in a period of economic growth also falling. Fifty per cent of consumers felt the economy was currently growing (down nine percentage points), compared to 18 per cent who felt the economy was currently slowing down (up seven percentage points), and 25 per cent who felt it was standing still. This resulted in a net balance of 32 per cent of consumers who felt the economy was currently in a growth phase. This result was down by 16 percentage points since last quarter, but up by a strong 23 percentage points from the same time last year.

There was a large degree of variation across the states and territories, with results ranging from 54 per cent to 22 per cent. Residents of Western Australia again held the highest perceptions of the current state of the economy (54 per cent), with the second highest net result being recorded in Queensland and South Australia (37 per cent each). Victorian consumers held the lowest perceptions (22 per cent). Net perception of the economy weakened but remained positive in all states and territories.

When asked how the economy would be performing a year from now, 20 per cent of consumers felt it would be better than the current situation, down two percentage points in the past quarter. This compared to the 25 per cent of consumers who felt the economy would be worse in a year. The most likely response was the economy would be the same in a year as it is now (43 per cent, down marginally from 46 per cent in the previous quarter). This resulted in a net negative five per cent, a fall of 11 percentage points in future expectations for the economy. Despite this fall, the result was some 15 percentage points higher than at the same time last year.

Those living in regional Australia held nearly identical net views on the future direction of the Australian economy as consumers in metropolitan areas. All states and territories held net negative views on the future economic direction, with the exception of Western Australia. The most optimistic views were in Western Australia (net positive four per cent), with the most pessimistic in Tasmania at net negative 14 per cent.

When the same question was asked in the August 2007 Sensis® Business Index, business proprietors reported more optimistic views than consumers. A net balance of 39 per cent of business proprietors felt the economy was currently in a growth phase, compared to the net balance of 32 per cent of consumers who felt the economy was in a growth phase. When looking at expectations a year from now, a net negative three per cent of business proprietors were reported to believe the economy would be better, compared to a net negative five per cent of consumers.

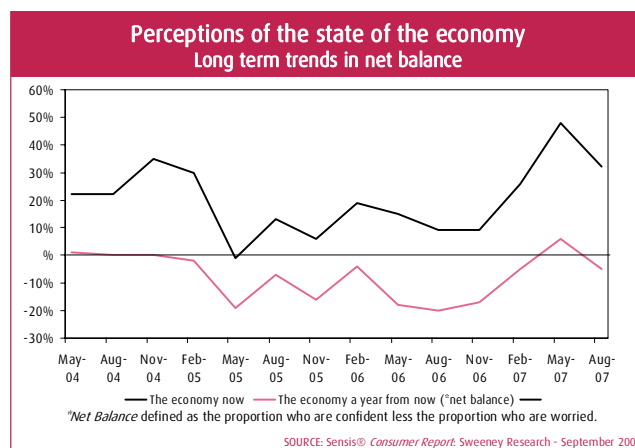


### Perceptions of the state of the economy Trends

	August 2006	November 2006	February 2007	May 2007	August 2007
<b>The economy now</b>					
Growth	37%	36%	43%	59%	50%
Slowing	28%	27%	17%	11%	18%
<b>*Net balance</b>	<b>+9%</b>	<b>+9%</b>	<b>+26%</b>	<b>+48%</b>	<b>+32%</b>
<b>The economy a year from now</b>					
Better	16%	19%	22%	24%	20%
Worse	36%	36%	27%	18%	25%
<b>*Net Balance</b>	<b>-20%</b>	<b>-17%</b>	<b>-5%</b>	<b>+6%</b>	<b>-5%</b>

\*Net Balance defined as the proportion who are positive less the proportion who are negative.

SOURCE: Sensis® Consumer Report: Sweeney Research - September 2007



### Perceptions of the state of the economy Comparison with business - August 2007

	Consumers <sup>1</sup>	Business <sup>2</sup>
<b>The economy now</b>		
Growth	50%	52%
Slowing	18%	13%
<b>*Net balance</b>	<b>+32%</b>	<b>+39%</b>
<b>The economy a year from now</b>		
Better	20%	18%
Worse	25%	21%
<b>*Net balance</b>	<b>-5%</b>	<b>-3%</b>

\*Net Balance defined as the proportion who are positive less the proportion who are negative.

SOURCE: <sup>1</sup>Sensis® Consumer Report: Sweeney Research - September 2007  
<sup>2</sup>Sensis® Business Index: Sweeney Research - August 2007

## Section 2 : Our concerns

### Prime concerns

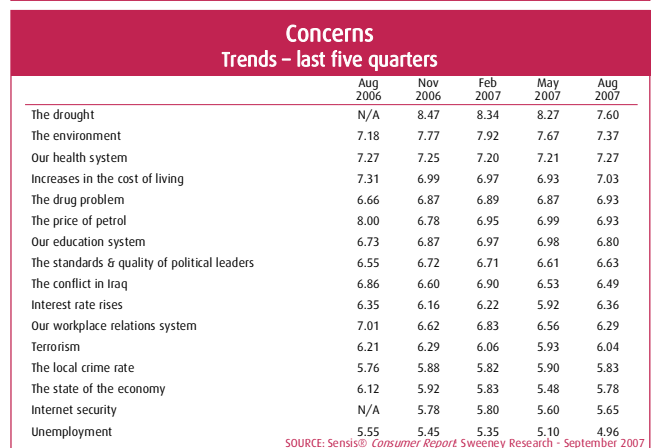
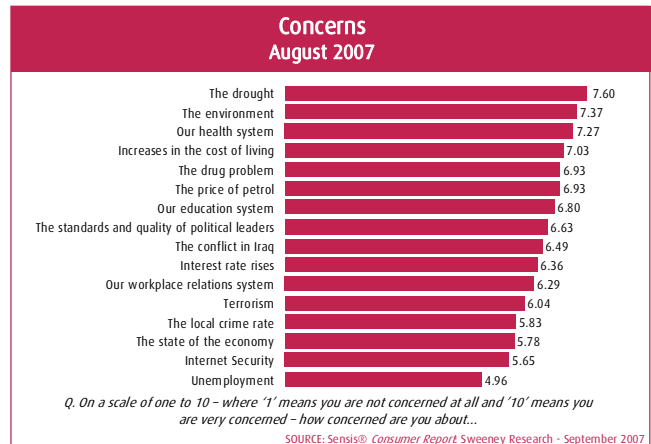
While concern for the drought experienced the biggest fall when compared to the previous quarter, it still remains the highest concern for Australians according to the September 2007 Sensis® Consumer Report. This was followed by concern for the environment and the health system. Concerns about interest rates rose more than any other issue.

When asked to rank topical issues on a scale of one, representing no concern at all, to 10, representing a high level of concern, the drought scored an average score of 7.60. Whilst this remained the top concern overall for Australians this quarter, the level of concern has dropped more than for any other issue, falling by 0.67. The drought was the number one concern across all income groups, the highest levels of concern came from those earning between \$55,000 and \$85,000. It was also the top concern in Victoria, Queensland, South Australia and the Australian Capital Territory. The highest level of concern for the drought was recorded in Queensland (8.02) with the lowest level recorded in the Northern Territory (7.15). Those living in metropolitan areas reported higher levels of concern for the drought than those living in regional Australia (7.62 compared to 7.56).

The second highest concern for Australians was the environment, which was ranked at 7.37, a fall of 0.3 in the past quarter. Those with household incomes between \$35,000 and \$55,000 were most likely to be concerned about this issue (7.69). Residents of South Australia were the most likely to be concerned for the environment (7.74) while residents of Queensland reported the lowest levels of concern for the environment (7.13).

The health system was the third highest concern for Australians, ranking an average level of 7.27, an increase of 0.06 in the past quarter. Residents of Tasmania were again most likely to express concern for the health system this quarter (7.74, down 0.19 in the past quarter). Victorian residents reported the lowest levels of concern for the health system (6.95, up 0.05 in the past quarter).

Concerns about interest rates rose more than any other issue, up by 0.44 to 6.36. Concerns about interest rates were highest in Tasmania (6.77) and lowest in Queensland (5.94). While the drought recorded the biggest fall in concern in the last quarter, large falls in concern were also recorded for the environment and workplace relations.



## Concerns by age and gender

Females again displayed higher levels of concern across all issues in this quarter. Males and females' opinions differed most when it came to the drug problem, followed by the conflict in Iraq. The issue where male and female views most closely aligned was the state of the economy.

The drought was the greatest concern this quarter across all income demographics. There was no direct relationship between income and concern over this issue, with the greatest level of concern displayed by those earning between \$55,000 and \$85,000 and the lowest level of concern amongst those with incomes over \$85,000.

Those aged up to 19 years were more likely than any other age group to be concerned about the price of petrol and unemployment. Those Australians aged from 20 to 29 years were more concerned about increases in the cost of living than any other age group. Those aged from 30 to 39 years reported the highest concern of any age group about the environment, the education system and rising interest rates. Those aged in their 40s displayed the highest levels of concern over the standard and quality of our political leaders, the workplace relations system, the state of the economy and internet security.

Australians aged from 50 to 64 were more likely than any other age demographic to be concerned about the drought and the health system. Those Australians over 64 were more likely than any other age group to be concerned about the drug problem, the conflict in Iraq, the local crime rate and the state of the economy.

The drought was only the number one concern for those aged 50 and over, with those aged in their 20s displaying the least concern. Increases in the price of petrol were the top concern for those aged under 20, with increases in the cost of living the greatest overall concern for those in their 20s. The environment was the greatest concern for those in their 30s and 40s.

Concerns by age group August 2007							
	Total	Up to 19	20 to 29	30 to 39	40 to 49	50 to 64	65+
The drought	7.60	7.47	7.27	7.39	7.58	8.04	7.75
The environment	7.37	6.82	7.19	7.78	7.60	7.47	7.04
Our health system	7.27	6.16	7.13	7.37	7.49	7.75	7.17
Increases in the cost of living	7.03	7.13	7.42	7.26	6.93	6.76	6.74
The price of petrol	6.93	7.49	6.68	6.75	7.01	6.90	6.95
The drug problem	6.93	6.01	5.98	6.43	6.96	7.58	8.27
Our education system	6.80	6.22	6.61	7.26	7.13	6.82	6.42
The standards and quality of political leaders	6.63	5.41	6.67	6.69	6.83	6.82	6.74
The conflict in Iraq	6.49	6.10	6.02	5.76	6.56	6.87	7.60
Interest rate rises	6.36	5.51	6.69	7.14	6.61	6.11	5.57
Our workplace relations system	6.29	5.53	6.51	6.37	6.72	6.28	5.86
Terrorism	6.04	6.06	5.51	5.83	6.28	6.18	6.36
The local crime rate	5.83	4.96	5.52	5.47	5.88	6.18	6.64
The state of the economy	5.78	5.75	5.67	5.97	6.04	5.72	5.45
Internet Security	5.65	5.36	5.22	5.43	5.97	5.92	5.84
Unemployment	4.96	5.36	4.97	4.57	4.97	5.18	4.89

■ = Highest level of concern  
■ = Lowest level of concern

SOURCE: Sensis® Consumer Report Sweeney Research - September 2007

Concerns by gender August 2007				
	Total	Male	Female	Difference
The state of the economy	5.78	5.62	5.92	(0.30)
Our education system	6.80	6.58	7.02	(0.44)
The standards and quality of political leaders	6.63	6.39	6.87	(0.48)
The price of petrol	6.93	6.67	7.17	(0.50)
Our workplace relations system	6.29	6.03	6.54	(0.51)
The local crime rate	5.83	5.53	6.12	(0.59)
Interest rate rises	6.36	6.05	6.66	(0.61)
Unemployment	4.96	4.62	5.30	(0.68)
The drought	7.60	7.24	7.96	(0.72)
Terrorism	6.04	5.62	6.45	(0.83)
The environment	7.37	6.94	7.79	(0.85)
Internet Security	5.65	5.22	6.07	(0.85)
Increases in the cost of living	7.03	6.57	7.48	(0.91)
Our health system	7.27	6.80	7.73	(0.93)
The conflict in Iraq	6.49	5.99	6.97	(0.98)
The drug problem	6.93	6.38	7.46	(1.08)

SOURCE: Sensis® Consumer Report Sweeney Research - September 2007

## Section 3: Our environment

### What Australians think about environmental issues

With the environment regularly being one of the top concerns for Australians, covering a wide range of issues, the September 2007 Sensis® Consumer Report analyses which environmental issues are of most concern to Australians, and what action they feel should be taken.

Overall, the Sensis® Consumer Report found climate change and global warming was the issue of most concern to Australians, with more than one in five (22 per cent) reporting this was of most concern. This issue was of more concern to those on higher income levels, with 27 per cent of those on incomes of more than \$85,000 reporting most concern, compared to 19 per cent of those earning up to \$55,000. Residents of the Northern Territory expressed higher levels of concern about climate change than any other state or territory (36 per cent), with the lowest level of concern being in Queensland (17 per cent). Australians in metropolitan areas were more concerned about climate change than their regional counterparts (24 per cent compared to 19 per cent).

The next issues most concerning Australians were water shortages and drought, which were the main environmental issues of concern for 15 per cent and nine per cent of Australians respectively. Water shortage was of most concern to those living in regional areas (17 per cent) and residents of Western Australia (21 per cent). Drought was of more concern to metropolitan residents (10 per cent compared to eight per cent) and residents of Victoria and South Australia (14 per cent each).

When asked what Australians should be doing to help the environment, the most frequent response given by 12 per cent of Australians was to recycle at home. This was followed by using less water (11 per cent) and riding or taking public transport to work (10 per cent). Recycling at home was more likely to be suggested by those in the middle income brackets earning between \$35,000 and \$85,000, and by females. Using less water was more frequent amongst those in the lower income bracket of up to \$35,000, females and those living in metropolitan areas. Riding to work and using public transport was more likely to be suggested by those in the upper income bracket, earning \$85,000 or more, by males and by those living in metropolitan areas.

When asked what they thought businesses should be doing to help the environment, the top three responses were to be more efficient with energy and water (14 per cent); to have recycling bins and better manage their waste (13 per cent); and to stop or reduce pollution (12 per cent).

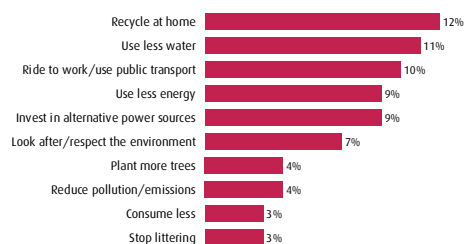
#### What environmental issue will have most impact?



Note: All others less than 3%  
Q. What particular issue, if any, concerns you most about the environment?

SOURCE: Sensis® Consumer Report Sweeney Research - September 2007

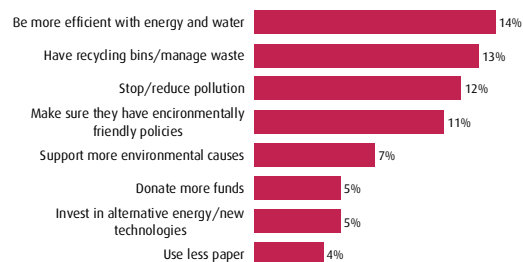
#### How Australians think they should help the environment



Note: All others less than 3%  
Q. What one thing would you like to see Australians do more of to help the environment?

SOURCE: Sensis® Consumer Report Sweeney Research - September 2007

#### How Australians think businesses should help the environment



Note: All others less than 3%  
Q. What one thing would you like to see Australian businesses do more of to help the environment?

SOURCE: Sensis® Consumer Report Sweeney Research - September 2007

# Section 4: Our workplace environment

## Perceived impact of changes to the workplace relations system

The September 2007 Sensis® Consumer Report continued to look at Australians' views on the workplace relations system. The Sensis® Consumer Report has collected information on workplace relations since August 2005.

Overall, 29 per cent of Australians felt the new system would have a negative impact on them, an increase of one percentage point in the past quarter. This compared to 12 per cent who felt the changes would have a positive impact, which also rose by one percentage point in the past quarter, and 52 per cent who felt the new system would have no real impact either way. This resulted in an overall net negative impact of 17 per cent, unchanged in the past quarter. This overall net result remains at the highest level to date in the Sensis® Consumer Report, with the proportion of Australians who believe the new system would have a positive impact at its equal highest level as well. Apart from views on the impact of the new system, the proportion of Australians agreeing with the new system in principle also rose from 28 per cent to 31 per cent, the highest level recorded in the Sensis® Consumer Report.

The main reasons given for the new workplace relations system having a negative impact were: a perception employees would lose their rights; the new system was good for employers; and wages would be cut. Those who believed there would be a positive impact felt the new system meant that it was possible to negotiate a good deal; that the unions previously had too much say; and that good workers can be rewarded.

A key change to the workplace relations system was announced since the previous survey – the introduction of a new “fairness test”. Overall, only 43 per cent of employees were aware of the new “fairness test”, with full-time employees being more aware. Overall, almost three in 10 employees had been provided with the Workplace Relations Fact Sheet.

With some 22 per cent of employees reporting they are members of a union, it is interesting to note that only 29 per cent report ever being approached by a union official, with those in the highest income bracket (more than \$85,000) most likely to report union contact.

Overall, Australians reported a high level of job satisfaction, rating their current jobs at 7.12 out of a possible 10. The main things employees liked about their current job were flexibility and having a good work-life balance, the type of work they did and the people they worked with. When asked about the greatest dislike of their current job, the most frequent response was “nothing” (19 per cent) followed by long hours (12 per cent).

Impact of workplace relations changes Trends					
	August 2006	November 2006	February 2007	May 2007	August 2007
Positive impact	7%	10%	11%	11%	12%
Negative impact	35%	30%	36%	28%	29%
No real impact	53%	55%	49%	55%	52%
Don't know	5%	5%	4%	5%	7%

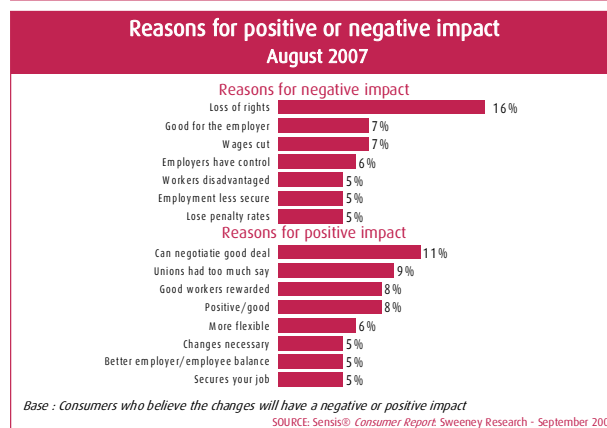
*Q. Do you believe that the Government's changes will have a positive impact on you, a negative impact or no real impact either way?*

SOURCE: Sensis® Consumer Report Sweeney Research - September 2007

Impact of workplace relations changes by work status - August 2007				
	Positive Impact	Negative Impact	No Impact/ Don't know	*Net balance
<b>Work Status</b>				
Full time	13%	28%	59%	<b>(15%)</b>
Part time	11%	42%	48%	<b>(31%)</b>
Not in work	12%	33%	55%	<b>(21%)</b>
Studying	5%	42%	53%	<b>(37%)</b>
Retired	13%	15%	73%	<b>(2%)</b>
<b>Union status</b>				
Member of a union	3%	54%	43%	<b>(51%)</b>
Not a member of a union	16%	26%	58%	<b>(10%)</b>

*Q. Do you believe that the Government's changes will have a positive impact on you, a negative impact or no real impact either way?*

\*Net Balance – the proportion who believe positive impact less the proportion who believe negative impact  
SOURCE: Sensis® Consumer Report Sweeney Research - September 2007



The “fairness” test August 2007			
	Total	Full time	Part time
<b>Aware of the new “fairness test”?</b>			
Yes	43%	46%	39%
No	54%	52%	58%
Unsure	3%	2%	3%
<b>Been provided with Fact Sheet?</b>			
Yes	29%	30%	29%
No	66%	65%	66%
Unsure	5%	5%	5%

*Q. Are you aware of the new “fairness test” provisions for the Workplace Relations system?  
Q. Has your employer provided you with the Workplace Relations Fact Sheet?*

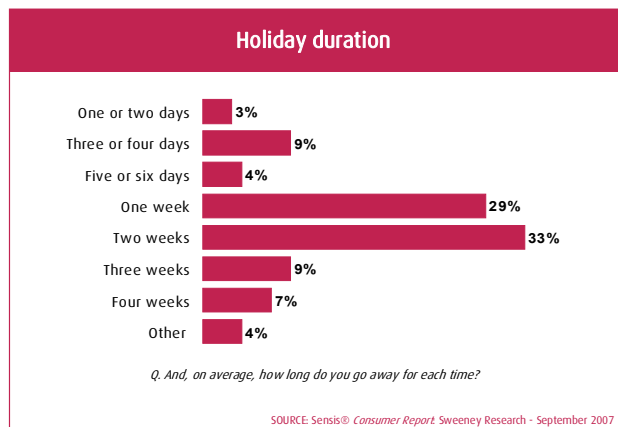
Base: In workforce  
SOURCE: Sensis® Consumer Report Sweeney Research - September 2007

# Section 5: Our holidays

## How often we holiday

The latest Sensis® Consumer Report found that the average number of holidays that Australians took each year was one, reported by 37 per cent of Australians. This was followed by either no holidays or two holidays, both reported by 22 per cent of Australians. The number of holidays taken each year was, not surprisingly, strongly related to income. Those with household incomes over \$85,000 were least likely to report having no holidays (eight per cent), and most likely to report having two holidays (29 per cent) or more each year. Residents of Tasmania were most likely to report having no holidays (31 per cent), with those in the Australian Capital Territory least likely to report no holiday (12 per cent).

Most people reported taking a holiday of two weeks duration. Again, income was a factor here, with those on lower incomes more likely to report three or four day breaks, and those earning over \$85,000 most likely to report taking one or two weeks. Taking holidays longer than two weeks was unlikely for those in this higher income bracket, however, with those on lower incomes taking longer holidays. Tasmanians were most likely to take a weekend minibreak (12 per cent). Residents of New South Wales were most likely to take one week off, with those in Queensland most likely to take two weeks and those in the Northern Territory most likely to take three week holidays.

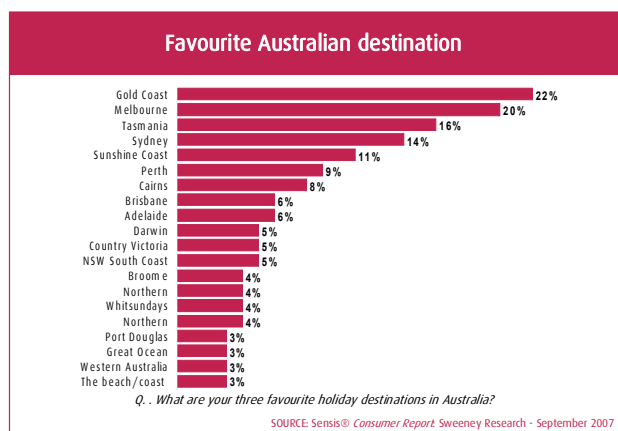


## Our favourite Australian places

Overall, the Gold Coast was Australia’s favourite holiday destination, with 22 per cent of Australians casting a vote for the Gold Coast. Love of the Gold Coast was directly proportional to age, with the youngest most likely to rate the Gold Coast as a favourite holiday destination. The Gold Coast was also more favoured by residents of New South Wales and those living in metropolitan Australia.

The next most popular destination, and the most popular capital city destination, was Melbourne at 20 per cent. Melbourne was most nominated as a favourite holiday destination by Tasmanians, closely followed by residents of South Australia and the Australian Capital Territory. Melbourne appealed across all income demographics and was more heavily favoured by those aged under 40.

However, if offered a free holiday to any Australian destination, Australians were most likely to choose Perth ahead of either of these destinations.



## Why do we holiday?

For Australians, the main reason for going on holiday was to take a break, with this response given by over half of all Australians. This was followed by visiting family and friends (17 per cent). However, once Australian had decided they needed to take a break, it was this secondary factor that became the main factor impacting the choice of destination. For over one-quarter of Australians this was the primary motivation in deciding on their holiday destination. This peaked for those that had gone on an interstate holiday, with visiting family and friends being reported by 31 per cent as the reason for choosing a destination.

The second greatest influence in the choice of our holiday was a return visit, with having visited a destination before being a motivating factor for more than one in 10 of our holiday choices.

The internet played an important role in how we researched our holidays. Overall, 45 per cent of those Australians who had taken a holiday in the past year reported that they had researched it online.

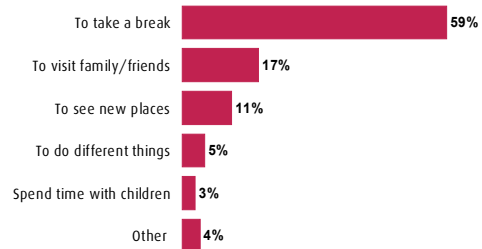
With taking a break being the main reason for taking a holiday, it is perhaps not surprising to find that the main thing that Australians like to do on holiday was relax (36 per cent). Families with children were the most likely to say that they preferred to relax on their holidays. The next most popular activity on holidays was sightseeing, followed by going to the beach.

Australians were most likely to go on holiday with their spouses or partners, with 57 per cent of Australians nominating that they did this. The higher the household income, the more likely Australians were to go on holiday with a spouse or partner, with 72 per cent of those with incomes over \$85,000 reporting they did this. Children were the next most common holiday companion, nominated by 27 per cent of Australians. Again, those earning over \$85,000 were the most likely to go on holiday with children.

After having fallen to 67 per cent last year, the proportion of Australians that reported that recent events have had no impact on their travel plans increased to 73 per cent. Some eight per cent of Australians say that they are now less likely to travel overseas as a result of international events.

Whilst 68 per cent of those Australians who travel overseas reported having heard of the Australian Government's Smart Traveller website, up from 56 per cent, awareness of this website has risen by 12 percentage points. Despite this increase in awareness, the proportion of overseas travellers that either have logged their itinerary or would in the future was virtually unchanged.

### What are the main reasons for going on holiday?



Q. In general, what is the main reason you usually go on holidays?

SOURCE: Sensis® Consumer Report Sweeney Research - September 2007

### What influenced the choice of destination?

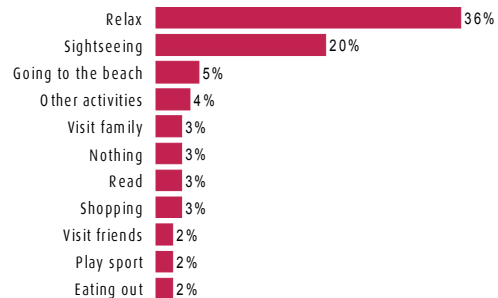
	Total	Home State or Territory	Interstate	Overseas
To visit family	26%	22%	31%	24%
Have been there before	11%	17%	9%	5%
To visit friends	9%	8%	10%	7%
Recommendation from family/friends/word of mouth	6%	7%	2%	10%
It was cheap/affordable	5%	8%	3%	5%
Sporting event/tours/festivals	5%	4%	8%	4%
Cheap airfares	5%	8%	3%	5%
Different/exotic	4%	2%	4%	7%

Q. Why did you choose your destination?

Base: Holidayed in last four years

SOURCE: Sensis® Consumer Report Sweeney Research - September 2007

### What do people mainly do on holiday?



Q. What is the thing you most like to do when you are on holidays?

SOURCE: Sensis® Consumer Report Sweeney Research - September 2007

### Impact of recent international events on travel plans

No impact at all	73%
Less likely to travel overseas	8%
Avoid certain countries	8%
More likely to research intended destination for risks	3%
Less likely to use air travel	2%
More airport security	2%

Q. What, if anything, has been the impact of recent international events such as terrorism or natural disasters on your travel plans?

SOURCE: Sensis® Consumer Report Sweeney Research - September 2007

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## How to obtain a copy of the Sensis® *Consumer Report*

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