Sensis® *Consumer Report*

March 2009

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Introduction

The March 2009 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 survey of 1,500 Australians from metropolitan and regional areas of Australia. It includes people from all states and territories, starting from 14 years of age. Demographics such as gender, employment status, income ranges and family status are included 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 and medium businesses in Australia.

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 from 3 February to 28 February 2009. 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
Total	**1500**	**750**	**750**

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
Total	1500	1130	370

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 March 2009 Sensis® *Consumer Report* are made between consumers and businesses. The business results are based on data from the November 2008 Sensis® *Business Index* of 1,800 SMEs.

Executive summary

Consumer confidence

The March 2009 Sensis® *Consumer Report* found a net balance of 21 per cent of Australians reporting confidence in their financial prospects for the year ahead. This result was a fall of six percentage points from last quarter, bringing confidence to the lowest point recorded since the start of the Sensis® *Consumer Report* in May 2004. Over the past 12 months confidence levels amongst consumers have more than halved, falling by 23 percentage points.

This result compares with the latest business confidence results from the February 2009 Sensis® *Business Index*, which found a net 12 per cent of SME operators felt confident about their business prospects for the year ahead. Whilst business confidence was significantly lower than consumer confidence this quarter, it is important to note that business confidence was relatively stable from the previous quarter, falling only a further one percentage point. In the same time consumer confidence has fallen an additional six percentage points, with the rate of decline in consumer confidence continuing at an accelerated pace.

Having a secure job was the main reason Australians felt confident, with having a good job being relatively less important relative to job security. The main reasons for consumers expressing worry were the level of unemployment, uncertainty about the future economic direction and investments not performing well.

Twenty-one per cent of Australian households believed they were better off now compared to a year ago (down two percentage points in the past quarter). Earning more money was the main reason for this belief. Twenty-eight per cent of households felt they were worse off (down one percentage point in the past quarter) due mainly to concerns about the stock market decline. The net proportion of consumers who felt better off fell one percentage point in the past quarter, the fourth successive quarter where Australians were more likely to report that they felt worse off than better off.

Expenditure expectations deteriorated for all categories in the latest results, with the exception of health and medical expenses which was unchanged in the past quarter. Areas of more discretionary spending, reported the largest falls in overall consumer expenditure expectations. Net negative expectations overall were recorded in nine categories this quarter, two more than last quarter and the highest number since the survey started.

According to the March 2009 Sensis® *Consumer Report*, Australians were likely to reduce expenditure on entertainment and dining, if they faced tighter economic circumstances. Australians would most likely direct additional income towards savings, followed by mortgage reduction, holidays and travel. Overall, almost six in 10 Australians reported that they had not been impacted by current economic conditions, with the impact most frequently reported being on Australian's superannuation.

The economy and concerns

The March 2009 Sensis® *Consumer Report* found Australians' net perceptions of the current state of the economy falling to net negative 69 per cent. This resulted from three per cent of Australian consumers believing the economy was currently growing, less the 72 per cent who believed the economy was currently slowing. With the five percentage point fall in the past quarter, perceptions of the current state of the Australian economy are some 79 percentage points lower than at the same time last year.

While the proportion of consumers feeling the economy would be worse in a year was 16 percentage points higher than the proportion who felt it would be better, this represented an improvement of one percentage point in the past quarter. The net proportion of consumers feeling the economy would improve in a year is now three percentage points higher than at the same time last year.

The drought was the top concern for Australians in the March 2009 Sensis® *Consumer Report*, followed by the state of the economy and the environment. The largest increase in levels of concern for Australians was in relation to unemployment, followed by the workplace relations system and the state of the economy. The largest drop in concern for any issue was for the conflict in Iraq.

Our eating preferences

The March 2009 Sensis® *Consumer Report* found that Australians have an overwhelming preference for home-cooked meals, with some 79 per cent of all evening meals being prepared in the home. Take away food was the second most popular choice, followed by eating at a restaurant and home delivered food. In the past three years there has been a marginal trend towards eating home-cooked meals which was up by one percentage points, with marginal decreases in the proportions of restaurant and take-away meals. There was a significant increase in the proportion of Australians reporting home deliveries, which almost doubled to five per cent, up from three per cent three years ago.

For over four in 10 Australians, food was nominated as one of life's passions. Australians also displayed a high preference for international cuisine, with Chinese and Italian tied for first place this year, followed by Thai cuisine in third position. Traditional Australian cuisine came in at fifth position, after Indian cuisine. Coffee came in as Australia's most popular non-alcoholic beverage, narrowly ahead of tea and water. One if five Australians reported that they did not drink alcohol, with wine coming in as Australia's most popular alcoholic beverage, significantly ahead of beer.

Over four in five Australians reported buying their food in supermarkets, with just over one in 10 reporting to buy most of their food at the local store and three per cent at the food or produce market. On average, Australians reported cooking for friends 1.8 times per month, or nearly once a fortnight. Eating Australian produce was considered very important to most of us, with eating low fat food almost as important. Most Australians did not feel that eating organic food was important to them.

Four in five Australian households report having an allergy sufferer, with milk and dairy; seafood; and nuts being the most frequently mentioned allergies. Some 14 per cent of households with children reported having a child with an allergy, with 24 per cent of those reporting that there was a child in the household with a nut allergy.

Energy costs

Australians are becoming less prepared to pay for increased energy costs under the Federal Government's proposed Carbon Pollution Reduction Scheme. Some 55 per cent of Australians now report that they are willing to pay an increased cost, down from 60 per cent last quarter. Of those willing to pay, between $50 and $99 was the most frequently mentioned amount and the mean amount that people were willing to pay decreased to $160, down $9 in the past quarter.

Almost eight in 10 Australians believed that petrol should be included in the Carbon Pollution Reduction Scheme, with only 14 per cent thinking it should not be included and eight per cent unsure.

Section 1 : Economic confidence

Overall confidence in financial prospects

Key findings

The March 2009 Sensis® *Consumer Report* found a net 21 per cent of consumers expressed relative confidence in their financial prospects for the year ahead. With confidence falling a further six percentage points in the past quarter, this latest result is again the lowest confidence result since the Sensis® *Consumer Report* commenced in May 2004.

Australians recorded a continued trend of weaker confidence with a net balance result of 21 per cent. This comprised a lower 51 per cent of Australians who were confident about their prospects for the year ahead, in conjunction with an increased 30 per cent who were worried.

The March 2009 Sensis® *Consumer Report* found net confidence among consumers significantly higher than business confidence measured in the concurrent Sensis® *Business Index*. The most recent Sensis® *Business Index* found overall net confidence among business proprietors was 12 per cent; compared to overall net confidence of 21 per cent for consumers.

The net result of consumer confidence at 21 per cent represents a continued fall in the net proportion of consumers who felt confident (down three percentage points from the past quarter), coupled with a significant increase in the proportion of consumers who are worried (up three percentage points). Over the past 12 months consumer confidence has more than halved, having fallen by 23 percentage points to the lowest level recorded since the inception of the Sensis® *Consumer Report* in May 2004.

While consumer confidence remains significantly above business confidence, the most significant difference is that this quarter business confidence only fell by a further one percentage point, with many performance indicators stabilising, albeit at very low levels. Consumer confidence has continued to fall, with the latest fall of six percentage points increasing from last quarter's fall of five percentage points. The continuing and accelerating falls in consumer confidence will be of concern to SME operators who have been reporting significantly decreased demand over the past few quarters.

Confidence trends – past five quarters

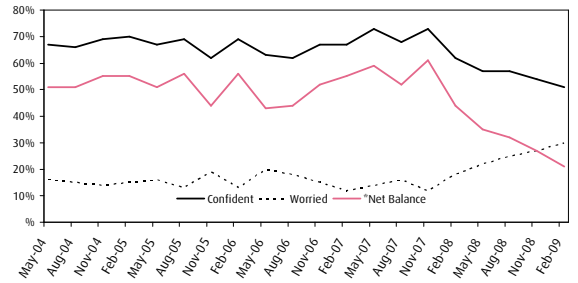
	February 2008	May 2008	August 2008	November 2008	February 2009
Extremely confident	15%	13%	11%	9%	11%
Fairly confident	47%	44%	46%	45%	40%
Neutral	20%	20%	18%	19%	19%
Fairly worried	14%	18%	21%	22%	23%
Extremely worried	4%	4%	4%	5%	6%
Total confident	62%	57%	57%	54%	51%
Total worried	18%	22%	25%	27%	30%
***Net Balance**	**+44%**	**+35%**	**+32%**	**+27%**	**+21%**

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 – February 2009

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 – February 2009

Overall confidence
Comparison with business – February 2009

	Consumers[1]	Business[2]
Extremely confident	11%	7%
Fairly confident	40%	38%
Neutral	19%	22%
Fairly worried	23%	26%
Extremely worried	6%	7%
Total confident	51%	45%
Total worried	30%	33%
***Net Balance**	**+21%**	**+12%**

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

SOURCE: [1]Sensis® *Consumer Report*, Sweeney Research – February 2009
[2]Sensis® *Business Index*, Sweeney Research – February 2009

Overall confidence in financial prospects by respondent characteristics

The March 2009 Sensis® *Consumer Report* found that the large decline of 10 percentage points in male confidence levels was a key factor in the severity of the fall in overall confidence this quarter. Confidence amongst females decreased by only one percentage point over the past quarter. Overall, male confidence was eight percentage points higher than female confidence.

Australians in their 30s remained the most confident, with net confidence in this age group down by three percentage points since last quarter. The only age demographic where confidence did not fall in the past quarter was Australians aged over 64 years, where confidence was unchanged in the past quarter. Confidence fell amongst all other age groups, with Australians aged between 50 and 64 years recording the largest fall of any age group to be 11 percentage points lower than last quarters result.

Examining both gender and age, the most confident Australians were males aged up to 40, with a net confidence level of 38 per cent. This was in stark contrast to females aged over 64, who were the least confident of any age-gender demographic, with confidence at only three per cent. Females aged in their 30s and 40s reported feeling the most confident of any female age group.

Confidence was higher in metropolitan areas. The most confident Australians were those living in the Northern Territory, where a net 49 per cent of consumers reported feeling confident about their financial prospects for the year ahead, unchanged in the past quarter. The least confident Australians were again in New South Wales, with net confidence at 11 per cent, down nine percentage points since the last quarter. Bucking the national trend, the only place where confidence rose in the past quarter was in Tasmania, in line with strong results recorded in the state for business performance. Apart from the Northern Territory where confidence was unchanged, confidence fell in all other states and territories in the past quarter, with the largest fall recorded being in New South Wales.

Singles were the least confident about their financial prospects for the year ahead, with confidence at a net 17 per cent, down by 13 percentage points in the past quarter. Families without children were most confident recording confidence levels at a net 26 per cent.

Those on the highest income level were the most likely to feel confident, with a net 56 per cent of those with a household income of more than $85,000 feeling confident, compared to net negative six per cent of those with a household income up to $35,000. The only increase in confidence in the past quarter was for those earning $85,000 and above (up 14 percentage points), with the largest fall recorded by those in the lowest income demographic (down 13 percentage points).

Overall confidence by age and gender
***Net balance – February 2009**

	Total	Male	Female
Total	**21%**	**26%**	**18%**
Up to 29 years	26%	38%	18%
30 – 39 years	33%	38%	29%
40 – 49 years	24%	20%	29%
50 – 64 years	11%	13%	9%
More than 64 years	14%	27%	3%

**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 – February 2009

Overall confidence by location
***Net balance – February 2009**

Total	**21%**
Metro	21%
Non metro	22%
New South Wales	11%
Victoria	28%
Queensland	20%
South Australia	19%
Western Australia	37%
Tasmania	47%
Northern Territory	49%
Australian Capital Territory	34%

**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 – February 2009

Overall confidence by socio-economic variables
***Net balance – February 2009**

Total	**21%**
Respondent is..	
The male or female household head in a family with children	21%
The male or female household head in a family without children	26%
Single person living alone or sharing	17%
Household income level..	
Up to $35,000	-6%
$35,001 to $55,000	6%
$55,001 to $85,000	20%
More than $85,000	56%

**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 – February 2009

Reasons for being confident or worried

The main reason Australians gave for feeling confident about their financial prospects for the year ahead was having a secure job, which increased strongly in relative importance over the past quarter. This is the fourth successive quarter where the trend of increasing job security has been considered more important than the quality of the job. The main reasons Australians reported feeling worried were the level of unemployment, which has increased significantly over the past quarter, as well as uncertainty over the direction of the economy and investments not performing well.

Having a secure job remained the most important reason for feeling confident for those with household incomes of more than $35,000. For those with household incomes below $35,000, having a regular pension was the main reason for feeling confident.

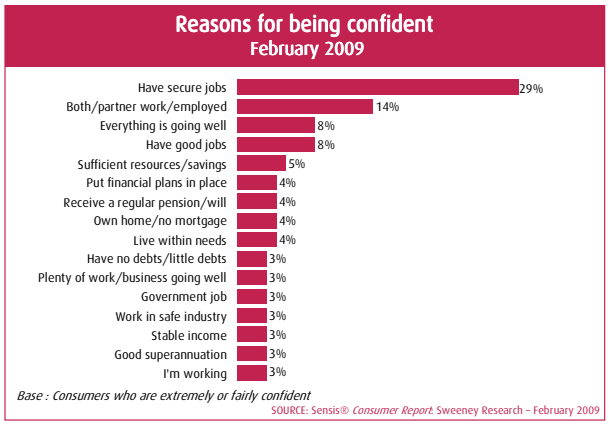
For Australians feeling worried about their financial prospects in the coming year, the main reason was increasing unemployment, which was nominated by 18 per cent of those who were worried. This has increased by eight percentage points over the past quarter and is the first time since the survey commenced that this has been the foremost reason for concern.

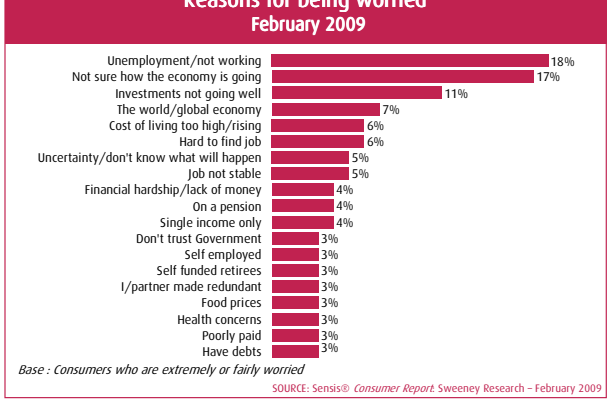
Other key reasons for concern included uncertainty about the direction of the economy (17 per cent) and investments not doing well (11 per cent).

Whilst the increasing level of unemployment was the overall main cause for concern, it was only the top concern for those earning over $85,000 a year by income. The level of unemployment was the top concern for residents of Victoria and the Australian Capital Territory.

For those with incomes between $35,000 and $85,000 the main concern was uncertainty about the direction of the economy. For those earning up to $35,000, being concerned because of poorly performing investments was the top issue impacting on confidence levels.

The highest increasing reason for concern over the past quarter was the level of unemployment, which has risen by eight percentage points. Other issues that have risen significantly over the past quarter include concern about the global economic situation, which was up four percentage points; and job security has risen by two percentage points over the past quarter.





Comparison to a year ago

In line with continuing weak confidence, this quarter Australians were still more likely to feel that they were worse off compared to a year ago.

Some 21 per cent of Australians believed they were better off than a year ago, down by two percentage points from last quarter. Fifty-one per cent believed their position was about the same as a year ago, up four percentage points. The proportion who felt worse off was down one percentage point from last quarter to 28 per cent. This resulted in a further net decline of one percentage point in the proportion of Australians feeling better off than a year ago in the past quarter.

With the overall result remaining net negative, it represents a relatively stable result from last quarter, falling by a relatively marginal one percentage point. It is however, the fourth successive quarter where Australians were more likely to report that they were worse off than better off than a year ago.

The results were strongly split by income, however only those in the highest income demographic, earning $85,000 a year and above, were more likely to feel they were better off on balance. Those with incomes up to $85,000 were more likely to feel that, on balance, they were worse off than they had been a year ago. The income demographic most likely to feel worse off on balance was those with incomes up to $35,000, where the net balance was at net negative 25 per cent, however this has improved by six percentage points in the past quarter.

The only states or territories to record net positive results were the Northern Territory and Tasmania. In the Northern Territory 35 per cent of residents felt that they were better off than a year ago, compared to 18 per cent that felt they were worse off. In Tasmania some 27 per cent reported they felt better off, compared to 25 per cent that felt worse off. Residents of every other state or territory were more likely to feel worse off on balance. Residents of Queensland were most likely to feel worse off on balance than a year ago. Australians living in metropolitan areas were more likely than those living in regional areas to feel worse off than a year ago (net negative 10 per cent compared to net negative one per cent).

The decline in the stock market, having lost a job or been retrenched and investments not doing well topped the list of reasons for feeling worse off. The overwhelming reason Australians gave for feeling better off than a year ago related overwhelmingly to increased earnings, in line with the past 15 quarters.

Comparison to a year ago
Trends

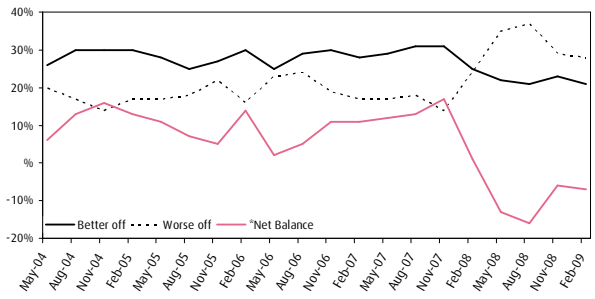
	February 2008	May 2008	August 2008	November 2008	February 2009
Better off	25%	22%	21%	23%	21%
Same	51%	43%	42%	47%	51%
Worse off	24%	35%	37%	29%	28%
***Net Balance**	**+1%**	**-13%**	**-16%**	**-6%**	**-7%**

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 – February 2009

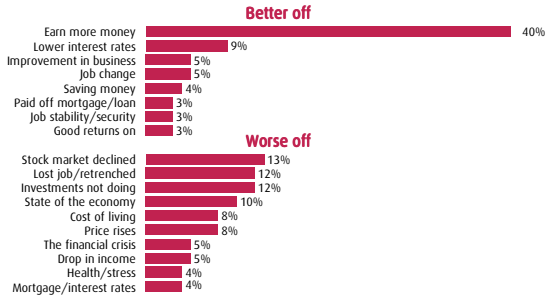
Comparison to a year ago
Long term trends



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

SOURCE: Sensis® *Consumer Report*: Sweeney Research – February 2009

Reasons for being better or worse off
February 2009



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

SOURCE: Sensis® *Consumer Report*: Sweeney Research – February 2009

Household expenditure expectations

In line with reduced confidence levels, consumer expenditure expectations deteriorated with consumers expecting falls in expenditure for more categories than they expected increases. The areas most Australians expected to increase spending in the next 12 months were general household expenses, health and medical expenses and transport costs.

Overall, the category with the highest net proportion of consumers expecting to increase expenditure was general household expenses, by a net 28 per cent. This result was down by 12 percentage points since last quarter, and also down by 27 percentage points compared to the same time last year.

Consumers were expecting to spend less on balance than last quarter on nine categories (up from seven categories last quarter): telecommunications; home renovations or improvements; holidays and travel; personal care; special events; entertainment, sport and leisure activities; home entertainment; items for the home; and dining out, fast food or home deliveries. This is the highest number of categories where consumers have reported overall net negative expenditure expectations since the report started in May 2004. Most of these categories were relatively discretionary areas of expenditure for consumers.

Examining trends, every category this quarter reported falls in the overall net balance of consumer expenditure expectations, with the exception of health and medical expenses which was unchanged in the past quarter. The fall was greatest for general household expenses, where the net balance result decreased by 12 percentage points. Expenditure expectations held up best in the health and medical expenses category where net expectations were unchanged from last quarter.

Families with children were most likely expecting to increase spending on general household expenses and education costs.

Families without children were most likely to be focusing on travel and food, with this demographic recording the highest expectations for increasing expenditure for holidays and travel and dining out, fast food or home deliveries.

Singles were expecting the largest increases in expenditure in health and medical expenses; transport; housing costs; telecommunications; home renovations; personal care; entertainment, sport and leisure activities; special events; home entertainment and items for the home.

Household expenditure expectations
February 2009

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	41%	13%	46%	+28%
Health and medical expenses	23%	9%	68%	+13%
Transport costs - cars or public transport	25%	18%	57%	+8%
Education costs	19%	12%	69%	+7%
Housing costs such as mortgage payments or rent	17%	16%	67%	+1%
Telecommunications - including mobiles and internet	12%	15%	73%	-2%
Home renovations or improvements	22%	25%	52%	-3%
Holidays and travel	22%	30%	48%	-9%
Personal care or grooming products or services	8%	18%	74%	-10%
Special events or occasions (eg. Parties, weddings etc)	13%	24%	63%	-11%
Entertainment, sport and leisure activities	11%	22%	66%	-11%
Home entertainment such as DVD's, CDs	7%	22%	70%	-15%
Items for the home such as furniture or electrical goods	16%	34%	51%	-18%
Dining out, fast food or home deliveries	6%	35%	59%	-28%

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 – February 2009

Household expenditure expectations
Trends in *Net Balance

	Feb 2008	May 2008	Aug 2008	Nov 2008	Feb 2009
General household expenses - groceries and bills	55%	62%	60%	40%	28%
Health and medical expenses	20%	25%	21%	13%	13%
Transport costs – cars or public transport	41%	49%	46%	17%	8%
Education costs	17%	13%	17%	10%	7%
Housing costs such as mortgage or rent	34%	37%	29%	9%	1%
Telecommunications – including mobiles & Internet	10%	6%	6%	0%	-2%
Home renovations or improvements	13%	3%	10%	3%	-3%
Holidays and travel	6%	2%	1%	-7%	-9%
Personal care/grooming products	5%	1%	2%	-3%	-10%
Entertainment, sport and leisure activities	6%	-3%	-1%	-7%	-11%
Special events or occasions (eg. parties, weddings etc)	4%	-4%	1%	-5%	-11%
Home entertainment	-9%	-14%	-12%	-13%	-15%
Items for the home such as furniture or electrical goods	-4%	-10%	-8%	-13%	-18%
Dining out, fast food or home deliveries	-10%	-17%	-15%	-22%	-28%

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 – February 2009

Household expenditure expectations
By family status – February 2009

**Net balance for..*	Total	Families with children	Families no children	Singles
General household expenses - groceries and bills	28%	31%	27%	24%
Health and medical expenses	13%	11%	14%	17%
Transport costs – cars or public transport	8%	4%	5%	19%
Education costs	7%	25%	-11%	1%
Housing costs such as mortgage or rent	1%	-3%	-4%	15%
Telecommunications – including mobiles & Internet	-2%	-3%	-5%	2%
Home renovations or improvements	-3%	-7%	-2%	3%
Holidays and travel	-9%	-16%	-3%	-5%
Personal care/grooming products	-10%	-13%	-9%	-5%
Entertainment, sport and leisure activities	-11%	-17%	-10%	-2%
Special events or occasions (eg. parties, weddings etc)	-11%	-15%	-9%	-4%
Home entertainment	-15%	-17%	-15%	-11%
Items for the home such as furniture or electrical goods	-18%	-24%	-15%	-10%
Dining out, fast food or home deliveries	-28%	-35%	-23%	-24%

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

SOURCE: Sensis® *Consumer Report*, Sweeney Research – February 2009

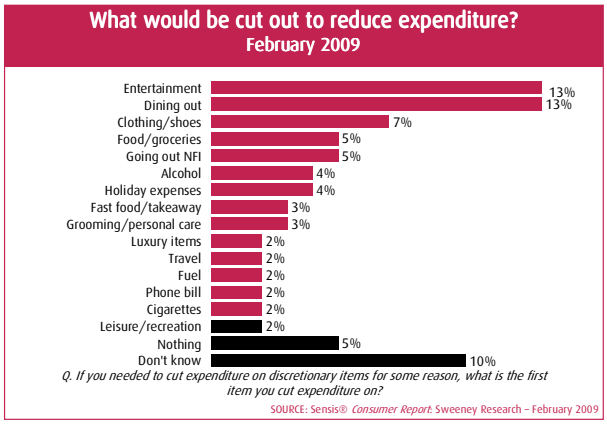
Cutting back or increasing expenditure

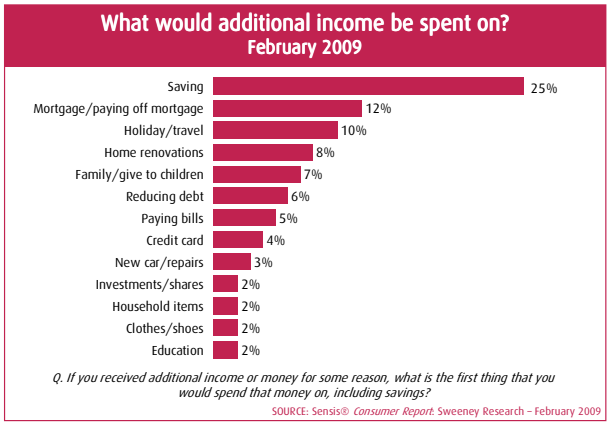
It is interesting to note the particular areas consumers are most likely to increase or decrease their expenditure, if faced with changing financial circumstances. This can highlight areas of the economy most likely to be affected by an economic downturn or tightening of monetary policy, as well as areas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

The area of expenditure most likely to be cut by consumers was again money spent on entertainment and dining out, with 13 per cent of consumers nominating these areas as their first means to decrease expenditure.

Residents of Queensland and the Northern Territory were most likely to report that they would cut spending on entertainment and going out. Residents of New South Wales and Tasmania were most likely to report that they would cut expenditure on dining out.

If consumers had more money, they were most likely to report that they would use it to increase their savings, followed by paying off their mortgages, having a holiday and home renovations. Saving the extra money was the top response given across all income demographics this quarter.



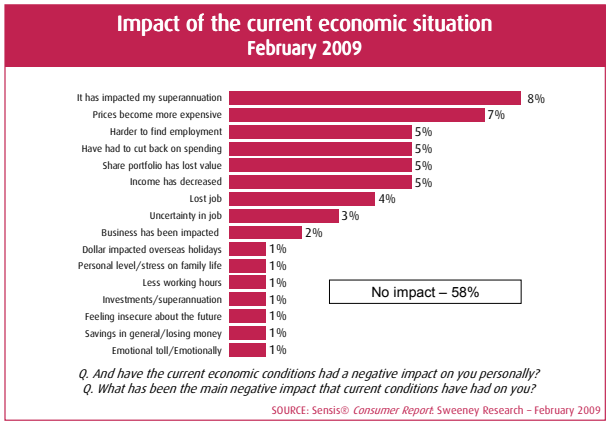


Impact of the current financial crisis

Overall, while most Australians had not felt impacts from the current financial market situation, over four in 10 Australians reported some level of impact. Superannuation continued to be the impact most likely to be reported.

Overall, some 57 per cent of Australians reported that they had not been impacted by the current economic situation, down by two percentage points in the past quarter. Residents of Queensland were most likely to feel that they had been negatively impact at 48 per cent, with those in the Northern Territory least likely (24 per cent). The impact was highest for those with incomes up to $35,000 (52 per cent negatively impacted).

The main impact reported was on superannuation, followed by increases in prices and finding it harder to find employment. Those earning up to $35,000 were most likely to report that price increases had been the main impact on them, with those earning between $35,000 and $55,000 most likely to report being impacted by increasing process. Impacts on superannuation were the main impact for those earning up to $55,000 and $85,000. For those earning $85,000 and over, finding it harder to find employment was the main impact they reported.



Perception of the state of Australia's economy

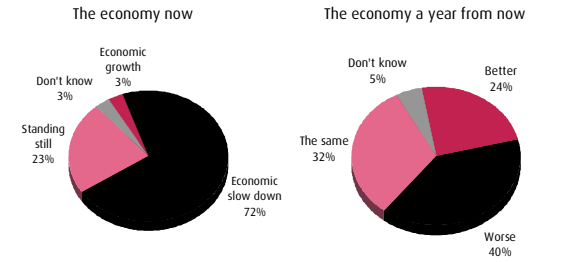
In line with the slump in consumer confidence, the March 2009 Sensis® *Consumer Report* found the net proportion of consumers who felt Australia was currently in a period of economic growth also falling further. Only three per cent of consumers felt the economy was currently growing (down four percentage points), compared to 72 per cent who felt the economy was currently slowing down (up one percentage point), and 23 per cent who felt it was standing still. This resulted in a net balance of negative 69 per cent of consumers who felt the economy was currently in a growth phase. This result was down by five percentage points since last quarter and down by 79 percentage points from the same time last year. This brings the current economic perception to the lowest point recorded since the inception of the Sensis® *Consumer Report* in May 2004.

There was only relatively minor variation across the states and territories, with perceptions of the current state of the Australian economy spanning a 10 percentage point band. Residents of Western Australia and the Australian Capital Territory held the highest perceptions of the current state of the economy (negative 61 per cent each), with the next highest net result being recorded in the Northern Territory (negative 62 per cent). Consumers in New South Wales and Queensland held the lowest perceptions (net negative 71 per cent each), closely followed by Victoria and Tasmania (net negative 70 per cent each).

There was a further marginal improvement in expectations for the economy for the coming year. When asked how the economy would be performing a year from now, 24 per cent of consumers felt it would be better than the current situation, up one percentage point in the past quarter. This compared to the 40 per cent that thought it would be worse than it is now (unchanged in the previous quarter). Some 37 per cent of consumers felt that the economy would be the same in a year's time. This resulted in a net negative 16 per cent, an improvement of one percentage point in future expectations for the economy. This indicator has been relatively stable over the past year, now up three percentage points compared to the same time last year, indicating that consumers are not expecting the rate of decline in the economy to deepen dramatically.

When the same question was asked in the February 2009 Sensis® *Business Index,* businesses reported slightly more pessimistic views on the state of the economy now (net negative 72 per cent for businesses compared to net negative 69 per cent for consumers), but significantly more pessimistic views on the future direction of the economy (net negative 36 per cent for businesses, compared to net negative 16 per cent for consumers).

Perceptions of the state of the economy
February 2009



Q. Thinking about Australia's economy, do you think we are in a period of economic growth, economic slow down, or more or less standing still?

Q. And still thinking about the nation's economy overall. In a year from now do you think the nation's economy will be better, worse or about the same?

SOURCE: Sensis® *Consumer Report*: Sweeney Research – February 2009

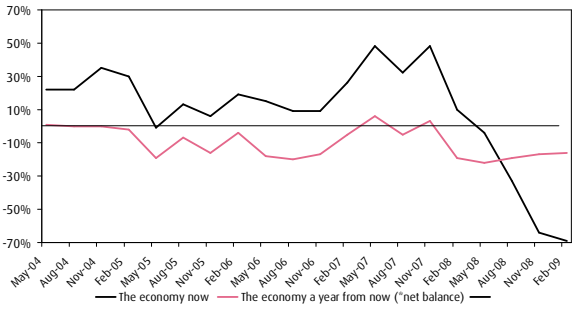
Perceptions of the state of the economy
Trends

	February 2008	May 2008	August 2008	November 2008	February 2009
The economy now					
Growth	40%	33%	18%	7%	3%
Slowing	30%	37%	51%	71%	72%
***Net balance**	**+10%**	**-4%**	**-33%**	**-64%**	**-69%**
The economy a year from now					
Better	20%	19%	20%	23%	24%
Worse	39%	41%	39%	40%	40%
***Net Balance**	**-19%**	**-22%**	**-19%**	**-17%**	**-16%**

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

SOURCE: Sensis® *Consumer Report*: Sweeney Research – February 2009

Perceptions of the state of the economy
Long term trends in net balance



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

SOURCE: Sensis® *Consumer Report*: Sweeney Research – February 2009

Perceptions of the state of the economy
Comparison with business – February 2009

	Consumers [1]	Business [2]
The economy now		
Growth	3%	2%
Slowing	72%	74%
***Net balance**	**-69%**	**-72%**
The economy a year from now		
Better	24%	15%
Worse	40%	51%
***Net balance**	**-16%**	**-36%**

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

SOURCE: [1] Sensis® *Consumer Report*: Sweeney Research – February 2009
[2] Sensis® *Business Index*: Sweeney Research – February 2009

Section 2 : Our concerns

Prime concerns

Concerns about unemployment rose more than any other issue compared to last quarter, according to the March 2009 Sensis® *Consumer Report.* The drought was the highest concern for Australians overall, followed by concerns about the state of the economy.

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 7.51. Concerns about the drought rose by 0.13 during the quarter. The drought was the top concern overall for those earning up to $35,000 and between $55,000 and $85,000. For those earning between $35,000 and $55,000 the top concern was increases in the cost of living and for those earning $85,000 and over the environment was the top concern. The highest level of concern for the drought was recorded in Victoria (8.53) with the lowest level recorded in the Northern Territory (6.54). The drought was the top concern overall for residents of Victoria, South Australia, Tasmania and the Australian Capital Territory.

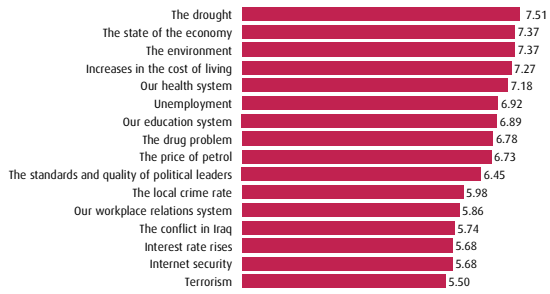
The second highest concern for Australians was the state of the economy, which ranked at 7.37, a rise of 0.25 in the past quarter. Those with household incomes up to $35,000 were most likely to be concerned about this issue (7.90). Residents of Western Australia were most likely to be concerned about the state of the economy (7.57) while residents of the Northern Territory reported the lowest levels of concern about the state of the economy (6.67).

Concerns about unemployment rose more than any other issue, up by 0.84 to 7.37. Concerns about unemployment were greatest in Victoria (7.10) and lowest in the Northern Territory (6.06). The level of concern about unemployment was registered amongst those with household incomes up to $35,000 (7.51) and the lowest level of concern amongst those with household incomes between $55,000 and $85,000 (6.39).

Other issues recording increased concern levels over the past quarter included the workplace relations system (up 0.43), the state of the economy (up 0.25), the standard and quality of political leaders (up 0.19), internet security (up 0.17) and the drought (up 0.13).

The largest fall in the level of concern over the past quarter was recorded for the conflict in Iraq, with concern levels falling by 0.24. Lower levels of concern were also reported for interest rate increases (down 0.10), terrorism (down 0.08), the price of petrol (down 0.04) and increases in the cost of living (down 0.02).

Concerns
February 2009



Q. On a scale of one to 10 – where '1' means you are not concerned at all and '10' means you are very concerned – how concerned are you about...

SOURCE: Sensis® *Consumer Report.* Sweeney Research – February 2009

Concerns
Trends – last five quarters

	Feb 2008	May 2008	Aug 2008	Nov 2008	Feb 2009
The drought	7.32	7.46	7.52	7.38	7.51
The state of the economy	6.17	6.47	6.69	7.12	7.37
The environment	7.38	7.43	7.38	7.28	7.37
Increases in the cost of living	7.38	7.67	7.71	7.29	7.27
Our health system	7.29	7.30	7.34	7.17	7.18
Unemployment	5.01	5.07	5.70	6.08	6.92
Our education system	6.86	6.70	6.83	6.80	6.89
The drug problem	6.75	6.58	6.82	6.77	6.78
The price of petrol	7.42	7.64	7.63	6.77	6.73
The standards & quality of political leaders	6.06	6.23	6.61	6.26	6.45
The local crime rate	5.83	5.97	6.00	5.93	5.98
Our workplace relations system	6.12	5.68	5.90	5.43	5.86
The conflict in Iraq	6.14	6.20	5.81	5.98	5.74
Internet security	5.49	5.45	5.80	5.51	5.68
Interest rate rises	6.85	7.08	6.76	5.78	5.68
Terrorism	5.50	5.33	5.45	5.58	5.50

SOURCE: Sensis® *Consumer Report.* Sweeney Research – February 2009

Concerns by age and gender

Females again displayed higher levels of concern across all topics in this quarter. Males' and females' opinions differed most when it came to the conflict in Iraq, followed by terrorism and interest rate rises. The topic of concern where male and female views most closely aligned was the standard and quality of Australia's political leaders, with concern levels varying by only 0.08 between males and females.

Concerns did vary by income, with those on household incomes less than $35,000 most concerned about the drought. For those earning between $35,000 and $55,000 increases in the cost of living was the highest concern. For those earning between $55,000 and $85,000 the drought was again the top concern, while for the highest income bracket, $85,000 and above, the top issue of concern was the environment.

Australians aged under 20 were the least concerned about the most issues of any age group, recording the lowest levels of concern for 11 different concern categories. Those aged in their 20s did not report relatively high levels for concern either, recording the lowest levels of concern for the drug problem and terrorism.

Australians aged from 30 to 39 years were most concerned about the education system. Those aged in their 40s displayed the highest levels of concern over the environment and interest rate rises of any age demographic.

Those Australians more than 64 years were more likely than any other age group to be concerned about most issues this quarter including the drought, the state of the economy, increases in the cost of living, the health system, unemployment, the drug problem, the price of petrol, the standards and quality of our political leaders, the local crime rate, the workplace relations system, the conflict in Iraq, internet security and terrorism.

The top issue overall, the drought, was only the top issue for those aged 50 and above. For those under 30 increases in the cost of living was the top issue. For those Australians aged in their 30s the environment was the top issue overall, and for those aged in their 40s the environment and the state of the economy were the equal top issues.

Concerns by gender
February 2009

	Total	Male	Female	Differ-ence
The standards and quality of political leaders	6.45	6.41	6.49	-0.08
Our workplace relations system	5.86	5.71	6.01	-0.30
The state of the economy	7.37	7.21	7.53	-0.32
Our education system	6.89	6.68	7.09	-0.41
Unemployment	6.92	6.69	7.14	-0.45
The price of petrol	6.73	6.50	6.96	-0.46
Our health system	7.18	6.92	7.43	-0.51
The drought	7.51	7.16	7.84	-0.68
Internet security	5.68	5.32	6.02	-0.70
The environment	7.37	7.01	7.71	-0.70
The local crime rate	5.98	5.55	6.39	-0.84
Increases in the cost of living	7.27	6.83	7.69	-0.86
The drug problem	6.78	6.32	7.21	-0.89
Interest rate rises	5.68	5.18	6.15	-0.97
Terrorism	5.50	4.98	6.00	-1.02
The conflict in Iraq	5.74	5.13	6.34	-1.21

SOURCE: Sensis® *Consumer Report*, Sweeney Research – February 2009

Concerns by age group
February 2009

	Total	Up to 19	20 to 29	30 to 39	40 to 49	50 to 64	65+
The drought	7.51	6.95	7.09	7.32	7.55	7.57	8.40
The state of the economy	7.37	6.33	7.11	7.23	7.61	7.55	8.00
The environment	7.37	6.92	7.15	7.58	7.61	7.35	7.41
Increases in the cost of living	7.27	7.24	7.24	7.36	7.20	7.14	7.47
Our health system	7.18	5.97	6.81	7.24	7.47	7.52	7.53
Unemployment	6.92	6.41	7.14	6.67	7.04	6.83	7.29
Our education system	6.89	6.02	6.64	7.20	7.19	6.93	6.96
The drug problem	6.78	5.93	5.73	6.27	6.81	7.35	8.30
The price of petrol	6.73	6.77	6.57	6.44	6.82	6.76	7.11
The standards/quality of political leaders	6.45	5.59	5.92	6.26	6.71	6.68	7.20
The local crime rate	5.98	5.51	5.77	5.55	6.00	5.82	7.19
Our workplace relations system	5.86	5.26	5.45	6.17	5.87	5.85	6.41
The conflict in Iraq	5.74	5.62	5.52	5.30	5.38	5.90	6.82
Internet security	5.68	4.98	5.21	5.66	5.92	5.89	6.18
Interest rate rises	5.68	5.38	5.71	5.57	6.31	5.38	5.59
Terrorism	5.50	5.71	4.60	4.76	5.65	6.03	6.38

= Highest level of concern
= Lowest level of concern

SOURCE: Sensis® *Consumer Report*, Sweeney Research – February 2009

Section 3: Our eating preferences

Eating at home and away

Australian consumers consistently report an expectation to spend less each quarter on dining out, fast food and home deliveries. This quarter, the Sensis® *Consumer Report* looks at our eating habits and preferences, and what food means to us as a nation.

Since the inception of the Sensis® *Consumer Report* in May 2004, Australians have displayed consistent intentions to decrease their expenditure on dining out, fast food and restaurants. This is the only expenditure category that has consistently recorded a net negative expenditure expectation, regardless of the economic climate prevailing at the time. In fact, this latest quarter's results found more Australians reporting this as their intention than in any other quarter on record, with the overall balance falling to a net negative 28 per cent. We were interested in looking in depth at the reasons that Australians gave for intending to decrease their expenditure in this area.

Considering the current economic climate, it is not surprising that at the moment the main reasons given were trying to saved money and economise. This compares to March 2003, some three years ago, when the main response was that people felt that they could not afford to eat out. Other reasons given this quarter for wanting to decrease expenditure on eating out included a view that it was expensive to eat out, followed by people again reporting that they could not afford it, that it was cheaper to eat at home and going out didn't appeal as much as it used to.

The preference for home-cooked meals amongst Australians has certainly not been diminishing, if anything the preference has increased marginally in the past three years. On average, when asked how and where they ate, Australians reported eating a home-cooked meal almost four out of five evenings (79 per cent, up one percentage point in the past three years). Eating take away was the next most popular option, accounting for nine per cent of evening meals, down one percentage point in the past three years. This was closely followed by eating out at a restaurant, accounting for some eight per cent of evening meals in Australia, again down one percentage point in the past three years. While the least most popular evening meal option was home delivery, it has almost doubled in the past three years, increasing from three per cent to five per cent of all evening meals.

Females were more likely to report preparing the evening meal themselves, and less likely to report having it prepared for them by someone else. Males were also more likely than females to report eating out at restaurants, eating takeaway and eating home deliveries.

Evening meal consumption patterns

Times per week	Eat at restaurant	Eat takeaway	Eat home delivery	Home cooked
None	37%	29%	54%	1%
Less than once a week	34%	34%	35%	0%
Once	23%	28%	8%	1%
Twice	5%	7%	1%	1%
Three times	1%	1%	*	4%
Four times	0%	*	*	6%
Five times	1%	1%	1%	13%
Six times	*	*	*	25%
Seven times	*	*	*	49%
MEANS	0.58	0.66	0.35	6.05
Average times per year	30	34	18	315
Share of all meals	**8%**	**9%**	**5%**	**79%**

Q. On average, how many times a week do you...

* = Less than 0.5%

SOURCE: Sensis® *Consumer Report*. Sweeney Research – February 2009

Evening meal consumption patterns - trends

Times per week		Eat at restaurant	Eat takeaway	Eat home delivery	Home cooked
Once a week or more	Feb 2006	30%	36%	8%	99%
	Feb 2009	29%	37%	11%	98%
Average times per year	Feb 2006	32	35	10	285
	Feb 2009	30	34	18	315
Share of all meals	Feb 2006	9%	10%	3%	78%
	Feb 2009	8%	9%	5%	79%

Q. On average, how many times a week do you...

SOURCE: Sensis® *Consumer Report*. Sweeney Research – February 2009

Who prepares the evening meals at home?

	Average number of meals per week personally cooked	Average number of meals per week cooked by someone else	Proportion personally cooked
Total	5.25	1.94	73%
Male	4.61	2.86	62%
Female	5.83	1.11	84%
Up to 29 years	4.40	1.84	70%
30 – 39 years	5.28	1.93	73%
40 – 49 years	5.29	2.05	72%
50 – 64 years	5.32	2.13	71%
Over 64 years	5.69	1.65	78%

Q. On average, how many times a week do you...

SOURCE: Sensis® *Consumer Report*. Sweeney Research – February 2009

Non-home prepared evening meal consumption patterns
Once a week or more per week by demographics

	Eat at restaurant	Eat takeaway	Eat home delivery
Total	**29%**	**27%**	**11%**
Male	32%	42%	14%
Female	27%	33%	6%
Up to 19 years	40%	33%	9%
20 to 29 years	57%	64%	17%
30 – 39 years	33%	53%	17%
40 – 49 years	24%	35%	7%
50 – 64 years	29%	27%	7%
Over 64 years	16%	13%	5%

Q. On average, how many times a week would you cook your evening meal?
Q. On average, how many times a week would you have your meal cooked for you at home?

SOURCE: Sensis® *Consumer Report*. Sweeney Research – February 2009

What we prefer to eat and drink

Whilst the majority of Australians reported that for them food was a means of existence, almost four in 10 of us regarded it as one of life's passions, reporting that they lived to eat.

Reflecting our diverse international background, Australians nominated a wide variety of international cuisines as their favourite. However, whilst Chinese, Italian and Thai remained our top three cuisine preferences, there was now a tie for top spot between Chinese and Italian, with Chinese cuisine having fallen by two percentage points in the past three years, and Italian having increased by one percentage point.

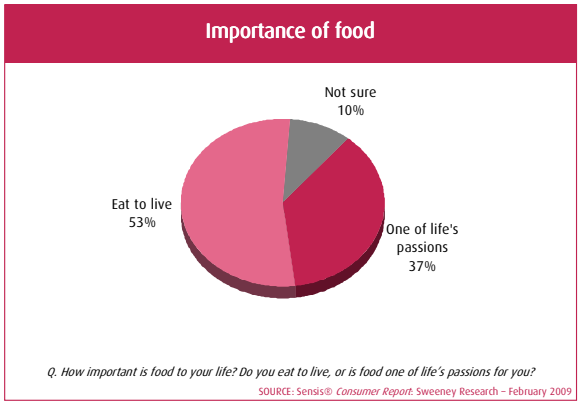
Three in ten Australians nominated either Chinese or Italian as their favourite type of cuisine. The third most popular cuisine was Thai, nominated by 27 per cent of Australians, and up one percentage point in the past three years.

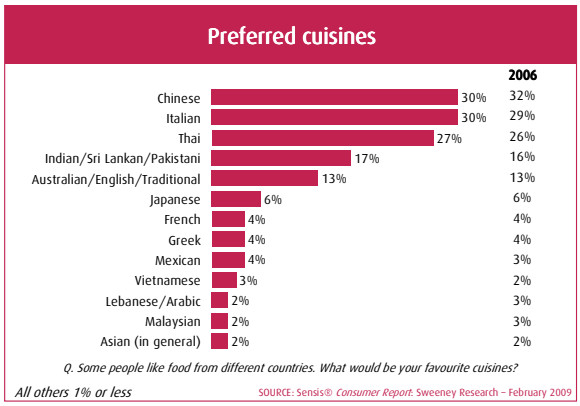
It is also interesting to look at cuisine choice by income levels – the higher the income group the less likely that Chinese was nominated as the favourite cuisine. This contrasts with Italian and Thai, which are more likely to be nominated as the favourite cuisine the higher the income group. In fact, for those with household incomes of $85,000 and above, Thai is the number one cuisine choice.

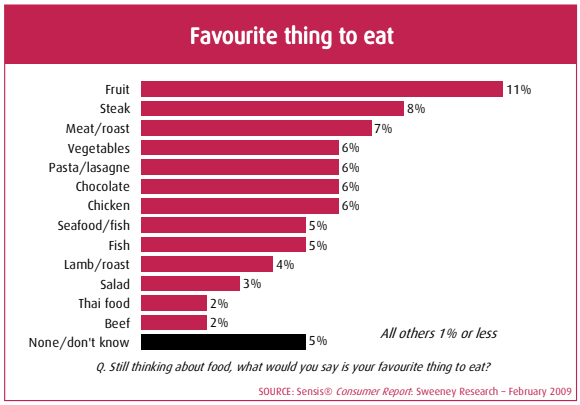
There was also variation around the nation. Italian was the most preferred cuisine type in Victoria and South Australia. Thai food was the number one favourite in New South Wales. For all other states and Territories Chinese cuisine was either the top or equal top cuisine choice. Residents of the Northern Territory displayed the highest preference for Indian cuisine (26 per cent), closely followed by residents of Western Australia (24 per cent) and the Australian Capital Territory (22 per cent).

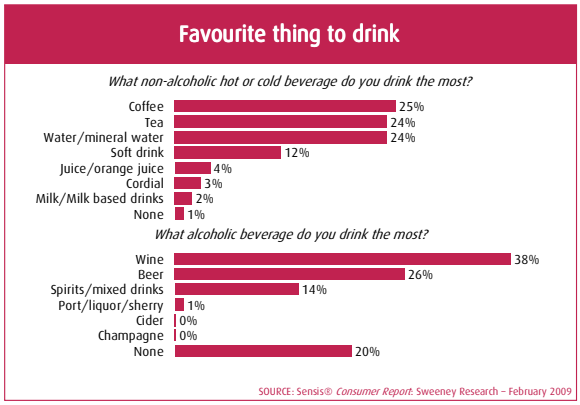
Only 13 per cent of Australians nominated traditional Australian or English cuisine as their favourite, which was unchanged in the past three years. The preference for traditional cuisine was strongest in Tasmania, at 23 per cent. Income levels also played a factor with those with higher income levels less likely to nominate traditional Australian cuisine as their favourite. Some 16 per cent of those on incomes up to $35,000 nominated traditional Australian cuisine as their favourite. Those aged 65 and above were most likely to nominate traditional Australian cuisine as their favourite (27 per cent).

We have also become a nation of coffee drinkers, with 25 per cent of Australians nominating coffee as their favourite non-alcoholic drink, just pipping tea and water at 25 per cent each. While one in five Australians reported not drinking alcoholic beverages, wine was by far the most popular alcoholic drink, with beer in second position.









Current food preferences and issues

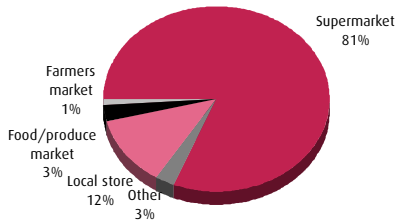
Australians reported that they were most likely to buy their food at supermarkets, with this being the preference for four out of five Australian consumers. The next most popular preference was the local store, which was reported by 12 per cent of consumers as the main place they purchased food. Local stores were more popular in Western Australia, where one in five consumers reported purchasing most of their food their. Food and produce markets were only nominated by three per cent of consumers overall, however were more popular in Victoria (eight per cent) and the Australian Capital Territory (six per cent). Food and produce markets were more favoured by those in the top income brackets, with five per cent of those earning over $85,000 buying their food at a produce market, compared to only two per cent of other income demographics.

Entertaining our friends was also a popular food-related activity, with Australians reporting that they cooked for friends on average 1.8 times per month, or almost once a fortnight. Females were slightly more likely to report cooking for friends (1.81 times a month compared to 1.72 for males), as were those in the top income demographic (2.0 times per month for those on household incomes of $85,000 and over). Residents of the Northern Territory were more likely to cook for friends than in other states and territories (2.49 times per month).

What we eat and where it comes from is also important to many Australian. Only nine per cent of Australians report that buying Australian grown food was not important to them. With health a high concern for Australians, almost half of us reported that buying low fat food was very important. This contrasted with organic food, where over half of Australians reported that eating organic food was not important to them.

With food allergies a topical food concern, it is interesting to note that one in five Australian households reported having food allergy sufferers. Of those, milk and dairy was the most common form of allergy, with almost one in five of those reporting this allergy. Fish and seafood was the next most common allergy reported at 15 per cent of food allergy sufferers, and nuts in third position, reported by 12 per cent. With frequent media reports of increasing levels of nut allergy, it is particularly interesting to note that 14 per cent of households with children report having a child with a food allergy, and of those almost one in four reported a nut allergy (25 per cent).

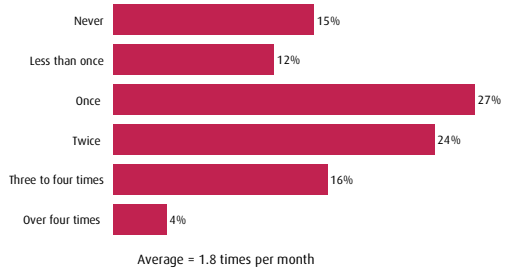
Where do people mainly shop for food?



Q. Where do you mainly shop for food?

SOURCE: Sensis® *Consumer Report*: Sweeney Research – February 2009

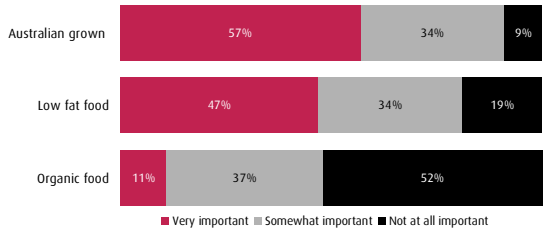
Cooking for friends
(Number of times per month)



Q. On average, how many times a month would you cook a meal for friends?

SOURCE: Sensis® *Consumer Report*: Sweeney Research – February 2009

Importance of organics, low fat and Australian foods



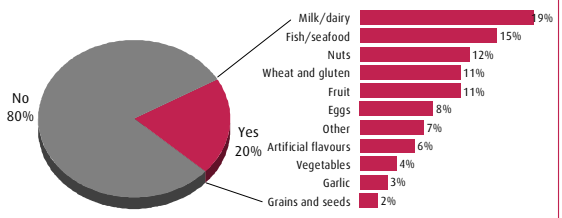
Q. Is eating low fat/organic/Australian grown food important to you?

SOURCE: Sensis® *Consumer Report*: Sweeney Research – February 2009

Food allergies

Does respondent or anyone else in the household have any food allergies?

Type of food allergies in household?



SOURCE: Sensis® *Consumer Report*: Sweeney Research – February 2009

Section 5: Energy costs

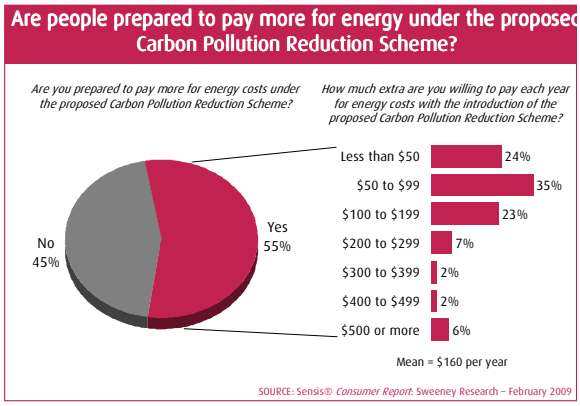
Consumer views on carbon pollution reduction

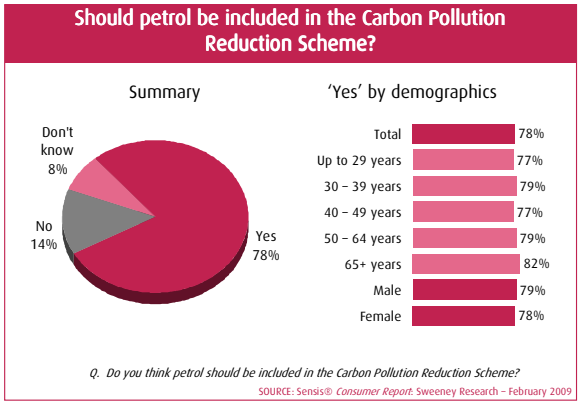
Over the past quarter in a context of decreasing economic conditions, Australians have decreased their willingness to pay more for energy costs under the Federal Government's proposed Carbon Pollution Reduction Scheme. The overall level of acceptance of the Federal Government's proposed Carbon Pollution Reduction Scheme, with 55 per cent of Australians now reporting that they are prepared to pay more for energy costs under the scheme. This has decreased from 60 per cent last quarter, a fall of five percentage points.

The propensity of Australians being prepared to pay more for future energy costs varied with income, with 54 per cent of those earning up to $35,000 a year prepared to pay more, which increased up to 66 per cent of those earning $85,000 and above. The main variation from this pattern for this quarter was a very low preparedness to pay from those earning between $35,000 and $55,000, where only 37 per cent reported being prepared to pay additional costs for energy. Females were slightly more willing to pay additional energy costs (57 per cent, compared to 54 per cent for males). Residents of the Australian Capital Territory and South Australia were the most likely to report that they were willing to pay more for their future energy costs (65 per cent each), with Queenslanders the least willing (50 per cent).

While Australians were becoming more likely to say that they would be prepared to pay more for their energy, they were not willing to pay large amounts more. Of those willing to pay more, between $50 and $99 remained the most frequent response (35 per cent). While this was the most frequent response, the overall mean amount that people were willing to pay was an additional $160 a year. This was a fall from $169 a year last quarter. There was a considerable variation around the states and territories, with residents of Western Australia willing to spend the most on additional energy costs, and residents of Queensland willing to pay the least additional energy costs of any state or territory.

Overwhelmingly Australians thought that petrol should be included in the Carbon Pollution Reduction Scheme, with 78 per cent reporting this response; however this was down from 82 per cent last quarter. Residents of New South Wales were most likely to think that petrol should be included in the scheme at 81 per cent, with residents of Queensland least likely to think that it should be included (72 per cent).





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For further information please contact: Christena Singh
Sensis Pty Ltd
Ph: (03) 8653 4896
Fax: (03) 8653 3836
E-mail: BusinessIndex@sensis.com.au

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