



MEDIA RELEASE

Australia a nation of Big Spenders: New report reveals

3 September 2004 – Australia is now home to record numbers of Big Spenders, and baby boomers are leading the splurge, according to a comprehensive new stocktake of the nation's spending habits released today by Virgin Money.

The Virgin Money Spenders Report tracks our inclination to save or spend over the past two years, based on interviews by Nielsen Media Research with more than 30,000 Australians between June 2002 and June 2004.

The Report categorises Australians into four spending types – Big Spenders, Thrifty Types, Wannabe Spenders and Bohemians – according to our attitude and ability to spend.

After taking a back seat in 2003, Big Spenders – typically male professionals with a soft spot for sports cars - returned with a vengeance in 2004. Big Spenders now account for 30% of all consumers, edging out the Thrifty Types as Australia's dominant spending group.

Virgin Money Director, Chris Thornton, said the study confirms consumer confidence is at an all-time high, with strong economic conditions and a buoyant employment market driving a fundamental change in spending attitudes.

"In total, more than 640,000 Australians flicked the switch from save to spend in the past year, with 53% of us now categorised as spenders rather than savers," Mr Thornton said.

Key findings of the Virgin Money Spenders Report include:

- Australia's spending splurge is a testosterone-fuelled one, with men accounting for 70% of consumers moving into the Big Spender group in the past year.
- Baby-boomers are leading the Big Spender revival, defying the call to save more for retirement. Generation X is not far behind in the Big Spending stakes.
- Regional and rural Australia is yet to join the spending party, but a sharp lift in Big Spenders from rural and regional areas in the first half of 2004 suggests the effects of the drought are finally beginning to ease.
- The most dramatic overall growth in spenders took place in the first half of 2004, consistent with the strong rise in retail spending in recent months.
- Western Australia is the official home of the Big Spender, claiming more Big Spenders per capita than any other state. NSW and Victoria are not far behind.
- Big Spenders' average household incomes rose by 7% in the June quarter to \$82,700, outstripping the Thrifty Types as Australia's highest earning income group.
- Average annual household incomes for all other spending groups actually declined in the June 2004 quarter, reflecting Australia's growing income divide.

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Typical Spender Profiles:

Big Spender

- High disposable income and would rather splurge than save
- Late 20s male professional, earning \$83,900 a year
- Drives a SAAB but still lives with parents or shares with mates
- Often spends more than \$200 a week on entertainment

Thrifty Type

- Financially strong but would rather save than spend
- Late 40s / early 50s male empty nester, saving like crazy for retirement
- Drives a BMW and holds a gold credit card
- Spends \$55 a week on entertainment

Wannabe Spender

- Wants to splash cash around but has no real spending power
- Single female in her 20s, earning \$48,300 a year
- Drives a Suzuki and finds managing money difficult
- Likely to live with the parents

Bohemian

- Low spending power but content with their lot
- Even if they had more cash would probably save not spend it
- Mother of a young family or soon to retire 50 / 60 year old
- Drives a Volvo and spends just \$41 a week on entertainment

About Virgin Money

Virgin Money launched in Australia in May 2003 to shake up the financial services industry. Virgin Money's first product, the Virgin Credit Card, is the first in Australia to combine a low interest rate, no annual fees and up to 55 interest free days with valuable, instant rewards. In the UK, Virgin Money offers a wide range of financial products including credit cards, personal loans, savings account, insurance, unit trusts, pensions, share dealing and general insurance. There's no funny stuff, just money stuff. <http://virginmoney.com.au>

For a copy of the report or an interview, please contact Kirsty Lamont, public affairs manager, on 02 8249 8028 or 0400 411 148.

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