



*cutting through complexity*



# Australian Tribes: The Story of Two Australias

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KPMG in collaboration with Nine Rewards conducted a survey of 2,013 Australians during July in order to ascertain the latest lifestyle trends. Survey responses were weighted to reflect the broader demographic composition of the Australian population. The results show a nation that is for the most part comprised of two distinct tribes. These tribes might be loosely described as the progressives and the conservatives, the connected and the disconnected, and the divisions are not always based on age or income. It's almost as if there are people who are leading and others who are lagging social change. Questions were asked across a range of topics covering basic demography, confidence in the future, lifestyle and behaviour and of course the use of technology. The main findings of the research are as follows:

- 1 Those who are rich and those who are poor—the richest households usually contain KIPPERS:** Five per cent of surveyed households earn more than \$200,000 pa whereas 10 per cent earn less than \$30,000 pa. The rich households tend to comprise a couple (generally aged 45-59) with children aged 18-24. This is the classic KIPPER household where Generation Y children live at home with their parents. KIPPERS stands for Kids in Parents Pockets Eroding Retirement Savings. The poorer household typically comprises 18-24 year olds (likely students) or persons aged 65-plus (pensioners). Everyone else fits in between. The survey possibly reveals why 18-24 year olds are so keen to stay in the family home: when the move out they transition from the richest households in Australia to the poorest.
- 2 Those who eat out and those who eat in—kids are the great foodie lifestyle killer ... parents can't afford or can't be bothered eating out:** The survey shows that 29 per cent of Australians eat out at least once a week. But there is another group who rarely eat out. In fact 15 per cent of Australians or one in seven people eat out at best a few times a year. Around 16 per cent of 18-24 year olds eat out several times per week; this proportion is lowest among the 40-44 and 55-59 age groups (two per cent). Eating out requires discretionary spending which young people have (especially if they live at home) and it is a function often associated with courtship and relationship formation. Middle aged couples in their 40s and with children are the least likely to be seen in the hip cafes and restaurants of urban Australia. Oddly between 22 per cent and 30 per cent of residents in Sydney, Melbourne, Brisbane and Adelaide eat out once a week. But in Perth this proportion drops to just 15 per cent. Perth does not have the same urban lifestyle and values that so defines the east coast. Perhaps this is something that will develop in time. Perthlings are more content to eat in than eat out.

- 3 Those who holiday and those who don't—Gen Y and Boomers are forever on holiday ... so who's doing the work ... thank you Generation X ... now if you wouldn't mind keeping it up because boomers and Ys like their lifestyle:** The survey shows that 11 per cent of Australians holiday at least three times or more per year. But there is another group that never or rarely goes on holiday: 24 per cent of the population says they go on holiday once every two years. No wonder the domestic tourism market is in the doldrums. One quarter of the population effectively holiday at home. The most avid holidaymakers are 25-29 year olds and persons aged 60-plus: 15 per cent of both groups take three or more holidays per year. The least likely to holiday are the same demographic as those least likely to eat out: less than 5 per cent of 40-somethings take three or more holidays per year. As wonderful as children are they clearly shape the lifestyle behaviour of modern Australians. And it probably leads to some grumpiness and unhappiness amid the 40-something cohort. And that's exactly what the survey shows (later).
- 4 Who are credit cards heaviest users and virgins ... the answer probably isn't what you'd think ... Boomers not Ys have the addiction ... then again Ys are not yet in that stage in the lifecycle where they are setting up or supporting a family ... perhaps that's the role of credit cards: to facilitate modern material lifestyle aspiration:** The survey shows that 82 per cent of Australians aged 18-plus have at least one credit card. Some 17 per cent of Australian adults have three or more credit cards and yet another 17 per cent have none. Here are two financial tribes of equal weighting at opposite ends of the spectrum. One in six Australians obviously cannot do without them whereas another one in six either has no need for them or has sworn off them. Multiple card users are more likely to be aged over 45 whereas credit card virgins are more likely to be aged 18-24. This finding runs counter to what many might think is the issue with credit cards. It's not Generation Y with multiple cards; it's the boomers.
- 5 All hail social media as the new tool of connection in the 21<sup>st</sup> century ... more successful than credit cards in penetrating behaviour ... and especially among the young:** The survey asked respondents whether they interact with people online. Nine per cent of Australians do not use the net; 91 per cent do. The most popular forms of interaction are email (92 per cent), Facebook (69 per cent), Skype (34 per cent), MSN (25 per cent), and Google + (11 per cent). In most other aspects of modern lifestyles—eating out, holidaying, use of credit cards—there is a residual of non-adopters. Less than 10 per cent of Australians are not online, according to this survey. And what is more remarkable is the fact that all this new technology has arrived more or less within the last decade or so. Credit cards have taken 35 years to get to 82 per cent penetration; the internet and social media has achieved 91 per cent penetration in less than half that time. There is a universal truth to the internet and social media; it's a better mouse trap. It offers Australians a better more effective and complete way of connecting and communicating.
- 6 Love and happiness in a virtual world ... perhaps the reason why Perthlings don't eat out is because they are at home looking for online partners ... and why are people in their late 40s least likely to be happy in their relationship ... perhaps it's because they see this as their last chance to 'get out':** The survey shows that 13 per cent of Australians have met a partner online although this proportion rises to 29 per cent for those aged 30-34. I suspect this is because by this stage in life the partnering business gets a little more serious: people are looking for permanency. Younger people are happy enough to partner up with whatever's available. By the early 30s there's a 'spouse filtering' that applies. In other words if you have clear ideas about what you want in a prospective spouse then maybe you

have to be a little more forensic about selection: partner prospects might be garnered online rather than in a random social situation. Generally about 14 per cent of the capital city population has met a partner online but in Perth this proportion rises to 16 per cent. Oddly Perthlings are less likely than other capital city residents to eat out. And that's because they are obviously all online chatting up their next partner. The survey also asked respondents if they were happy in their relationship. Some 95 per cent said yes. Of those that said no the proportion was highest (eight per cent) among those aged 45-49 years. These are the peak stress years associated with child rearing: teenagers and heavy financial burdens appear. And most relationships by this stage are perhaps 10-20 years old. Oddly the peak time for divorce is late 30s early 40s. It might be that those who 'stay for the sake of the kids' come to regret this decision within a decade. Another part of the survey shows that the greatest uptake in sites like eHarmony (dating) is the early 50s which possibly shows the outcome of unhappiness in a late 40s relationship.

- 7 The Secret to Happiness ... don't live in Canberra and be rich.** A series of questions were asked about whether people they were happy in their relationship. Most people (in fact 95 per cent) say yes; just three per cent said no. The least happy in relationships are those aged 45-49; the happiest in relationships are aged 18-24. No doubt this is because there is no commitment or longevity: resentments, financial and other pressures have yet to surface. Couples in all capital cities displayed more or less the same degree of happiness (about 94 per cent) in their current relationship but in Canberra this proportion dropped to 89 per cent. When the question of happiness in a relationship is cross-tabulated by income level it would appear that a household income of \$200,000 pa or more delivers perfect marital bliss: 100 per cent of respondents in this income bracket said they were happy in their relationship. Perhaps money can buy happiness. Or at least a content partner. Cross-tabulated by different demographic groups the data shows exactly who is happiest in modern Australia. The Canberra community is quite different to the rest of Australia. The community is highly educated and offers both men and women more or less equal work opportunities. If there is unease in a relationship it is probably easier for Canberrans to extract themselves and to find another household and job. And as for rich households the fact is that high income levels eliminate some of life's stresses. Perhaps money does buy happiness after all or. More likely, there's less to complain about when there's more than \$200,000 pa coming into the household.
- 8 Friendship is important to Australians ... most people seem to have up to ten friends that they call on monthly ... but some young people in particular are 'friend addicts' with more than 25 face-to-face connections per month:** The survey also seeks to establish the extent of social connectivity between people in the real world. When asked how many friends respondents had been in contact with on a face-to-face basis over the past month 58 per cent said up to ten different friends. This seems to be about the norm: However ten per cent of the population says they connect face-to-face with more than 25 friends every month. Those who are most likely to connect with a smaller group of friends (up to ten) per month are aged 55-59 whereas those most likely to connect with more than 25 friends monthly are aged 18-24. This might come down to the personal definition of friends. Young people might use this term more loosely than older people. In either case there does seem to be a degree of connectivity about modern behaviour. It's unfortunate that no question was asked that could identify the proportion of people who connected with no friends.

**9 Technology has possibly become the new status symbol ... rich households have more ... old households are big users of big TV ... young people also use entertainment technology as a means to show off their progressiveness:** According to the survey responses 84 per cent of Australians have a flat screen or plasma television although having this new whiz-bang technology is marginally more important to men (87 per cent) than women (81 per cent) and is more likely to be in the home of a person aged 65-plus, (90 per cent) than in the home of an 18-24 year old (74 per cent). And this is possibly because young people are out and about whereas for older people this is their main form of entertainment. There is also a cost issue which favors older households. Gaming consoles (eg play station) are most likely (70 per cent) to be in 25-29 year households whereas home cinema is most prevalent in 30-34 year households (44 per cent). 3D television is present in seven per cent of 18-24 households but in less than one per cent of 65-plus households. In almost all examples of new entertainment technology the richer the household the more likely the household contains each of the new technologies: plasma, gaming consoles, 3D TV, home cinema. Entertainment technology is used not just as a means of gathering information and entertainment it is quite possibly a new platform for social division. Having the latest technology is quite possibly viewed by Australians as a status symbol. There are some exceptions. Older people rely on a big flat screen or plasma TV as their primary source of information and entertainment whereas young people possibly use technology such as 3D TV as a means of achieving social status.

## Summary Observations

The *KPMG Nine Rewards Lifestyle Survey* provides a rigorous review of modern social behaviour in Australia. The over-arching observation that can be made about all the findings is the division that is emerging between the lifestyle and behaviour of those with children and those without. Kids change lifestyle. Those without children now form two distinct groups: 18-34 and 55-plus; the prime child rearing time in life is 35-54. During these 20 child-rearing years and especially it would appear in the 40s there is discernibly different lifestyle behaviour. This lot with young and dependent children tend not to eat out or to have holidays. This is the time in life when households are most likely to have a series of credit cards. And confrontingly enough this is also the time in life when people are least likely to be happy in their relationship. Australians are most likely to separate and divorce in their late 30s or early 40s but it would seem there is another group who 'hang on' in the early years but who remain unhappy later in their 40s as a consequence. Unfortunately the sample size of the survey is not sufficient to be fully confident of this observation but, the survey does show proportion of Australians on online dating sites jumps in the 50s. So, the modern behaviour may well be: divorce in the early 40s or face unhappiness in the late 40s and then finally make the break and seek out a new partner online in the 50s. Perhaps.

But the conclusions from the survey can be taken much further. The things that seem to make Australians happy are matters like not being in debt, not being overweight, having an exercise regime, and having friends. All of these things that make Australians happy are largely within individual control. These are not issues that are imposed from beyond such as job insecurity. Perhaps the secret to happiness in Australia is having the self discipline to manage the excesses of modern life. Perhaps this is where the school system needs to focus. What makes people happy later in life is the ability to make the right choices: in cultivating strong relationships, in having the ability to manage debt, to

build strong friendships, to maintain a balanced approach to exercise and weight control. Manage this lot and you are set for a happy life in Australia.

There is also the observation that in many areas of modern behaviour there is a group that is leading the way in new behaviours. There are people with multiple friends, with the latest technology, who are forever taking holidays, and perhaps who have multiple credit cards. But equally there is a very different group at the opposite end of the spectrum. These are people who don't eat out. Ever! These are people who don't go on holiday. Ever! These are people who do not have the latest technology and who are not connecting online. It is fashionable to think of modern Australia as a community that is rushing to embrace new lifestyles. And while this is true of the vast majority there is perhaps 10-15 per cent who are the laggards. Not everyone is at the forefront of social and behavioral change. Perhaps there are two Australias: the edgy the connected and the modern-lifestyle-inclined and then there are the conservatives. In connecting with mainstream Australia it is important for business and for communications groups to strike the right balance between appealing to the progressives and to also remember and to engage with the other Australia.

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