

Neo Consumers are Changing our Society

2005



Ross Honeywill

*'It is more important
to do the right things
than it is to do things
right'*

Peter Drucker

'We drew on 5 years of research and evidence from 500,000 interviews to explain why 4 million Australians behave differently to everyone else'

Ross Honeywill & Verity Byth

Australians now have a new way of identifying the most influential consumers in society

Data across 4 continents

120,000 respondents around the world each year

2,000 consumption variables

Evaluated & adopted by global brands

What the Opinion Leaders say...

Honeywill & Byth understand better than anyone else how the technology revolution is changing consumer demand. CEOs ignore the Neo advice at their peril.

Robert Gottliebsen, Senior Columnist – The Australian Newspaper

Honeywill & Byth's valuable assistance to the National Private Bank was in better understanding our clients' spending propensity and in developing a strategy that differentiated us from our competitors.

Trevor J Hunt, Chief Executive Officer, National Private Bank

The Neo-Typology has shaken the very foundations of marketing in the 21st Century.

Richard Cartiere, Publisher & Business Analyst, San Francisco

'The Neo-Typology is a significant "first" in the customer space. Internal data and external tailored surveys are useless for customer management. Honeywill & Byth are very bright ex-KPMG partners who, I believe, are the first people in the world to truly crack this problem'

Sir Richard Heygate, Founding CEO, Sophron Partners, London

The Transformation of Society



Society changing. The question is...are the decisions we make keeping pace?

We are witnessing significant social changes

A group with strong, shall we say dominant, personality characteristics is transforming society

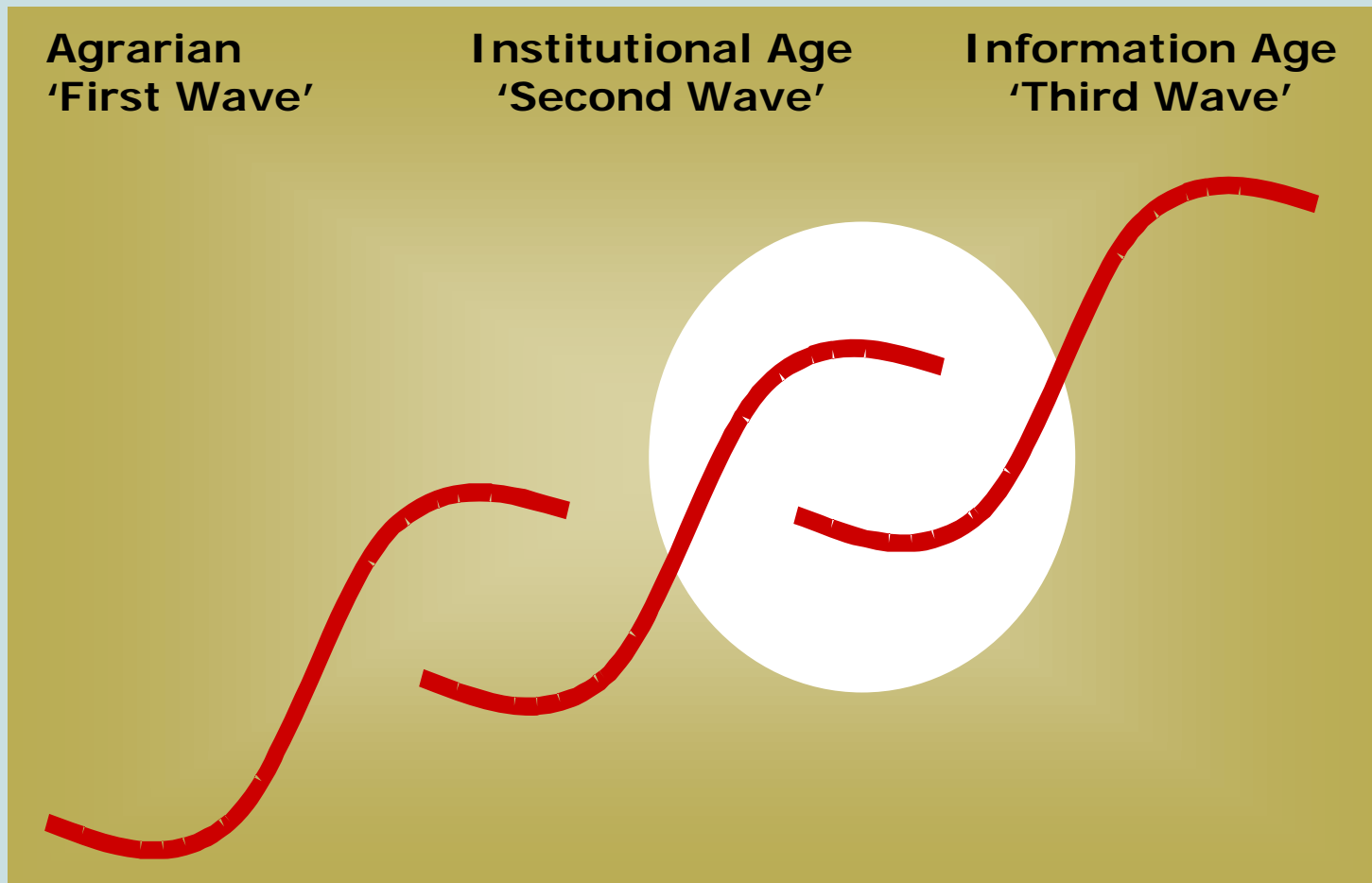
Power is shifting –

- from the institution to the individual
- from the corporate to the personal
- from legislators to local activists
- from those who make plans for everyone to those who plan for themselves

Known as Neo Consumers or NEOs these revolutionaries constitute a quarter of the population – but exert disproportionate influence on the consumer landscape

The library sector needs to evolve its thinking to stay a step ahead as these new individuals redefine society

Society is changing in ways we have never before experienced



19th C

20th C

21st C

This social transformation gained tangible momentum in 1991

- We experienced the shift from the production of goods propelled by energy to the production of services and experiences propelled by information, marketing, and consumption
- The Information Age was born with \$US112b spent on machines to gather, process and distribute information, well ahead of the \$US107b spent on machines to make and move physical objects
- The Pope declared that knowledge was more important than production
- Australia emerged from recession – changed forever
- Institutional Communism entered its terminal phase

The Neo-Typology has been evaluated & adopted by corporate Australia

- National Australia Private Bank
- David Jones
- YAHOO!
- Fosters Wine Clubs
- SONY
- ACP
- Energex
- Moët-Hennessy
- St George Bank

The Neo-Typology has identified 4 million high-profit NEOs in Australia

Top 3 NEO Locations – Australia Wide

Australia – All

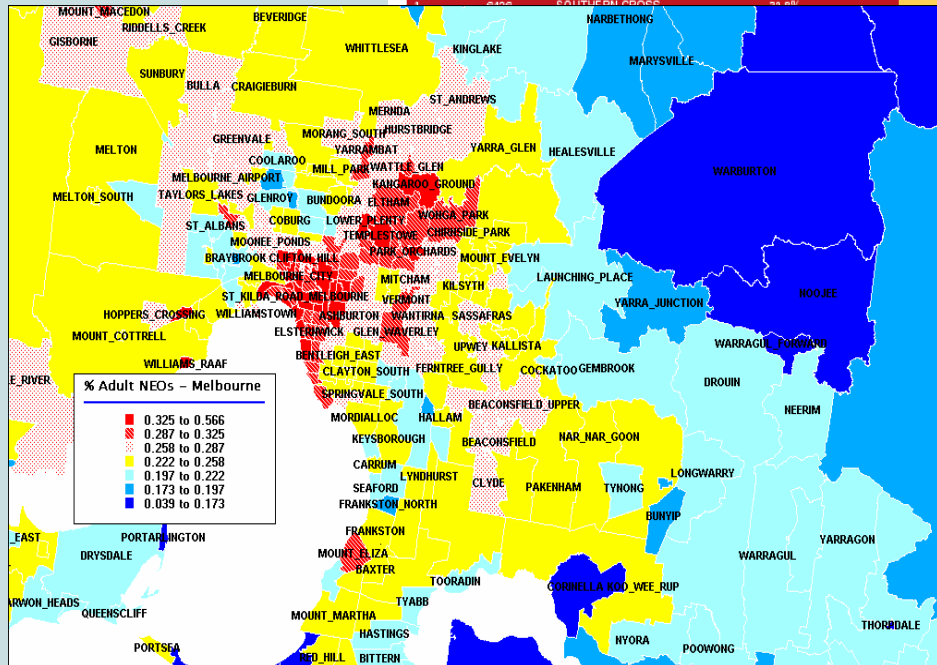
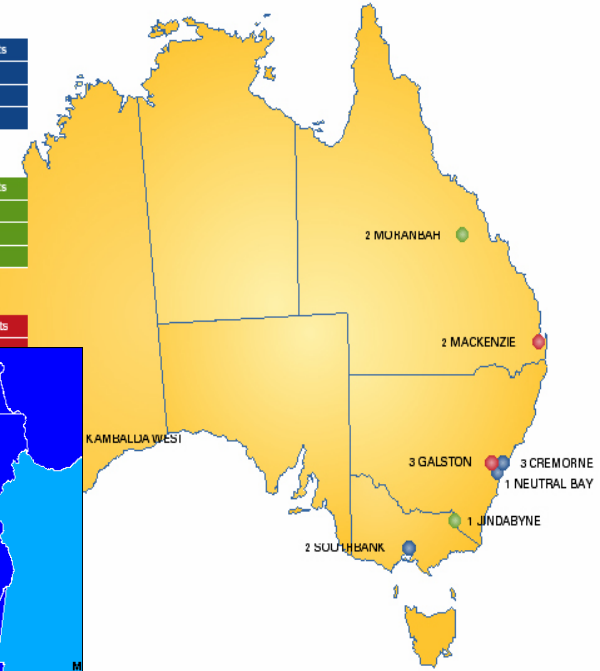
Rank	Postcode	Suburb	Super C's as a percentage of Adults
1	2088	NEUTRAL BAY	45.8%
1	3006	SOUTHBANK	45.8%
3	2090	CREMORNE	43.5%

Australia – Regional

Rank	Postcode	Suburb	Super C's as a percentage of Adults
1	2627	JINDABYNE	42.4%
2	4744	MORANBAH	38.0%
3	6444	KAMBALDAWEST	36.5%

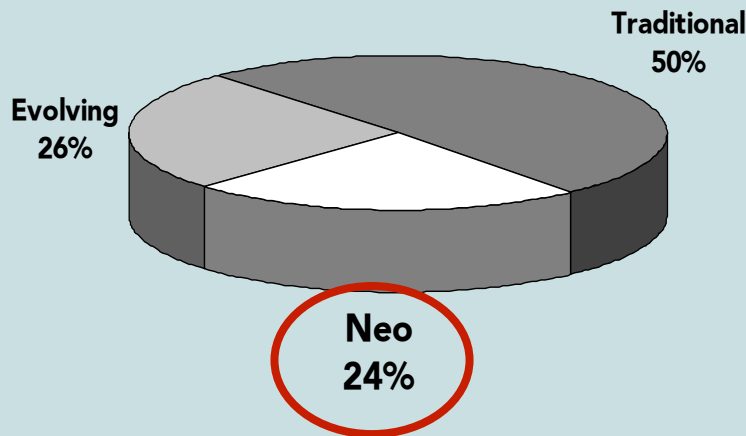
Australia – Rural

Rank	Postcode	Suburb	Super C's as a percentage of Adults
1	3568	SOUTHERN CROSS	36.5%
2	3568	SOUTHERN CROSS	36.5%
3	3568	SOUTHERN CROSS	36.5%

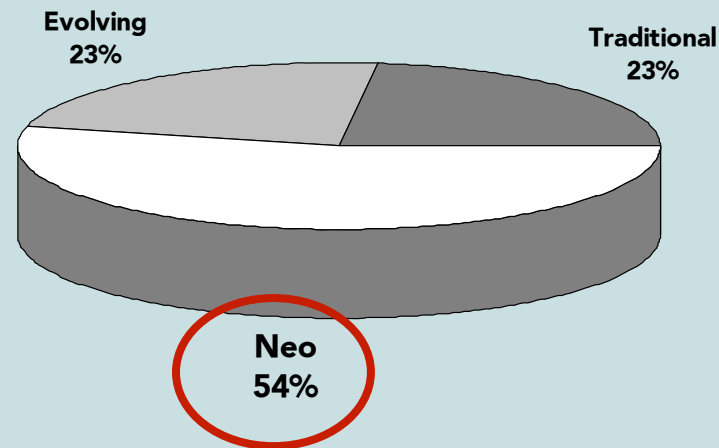


NEOs, at quarter of the population, represent more than half the discretionary spending in the economy

The population split by social type



Discretionary spending behaviour

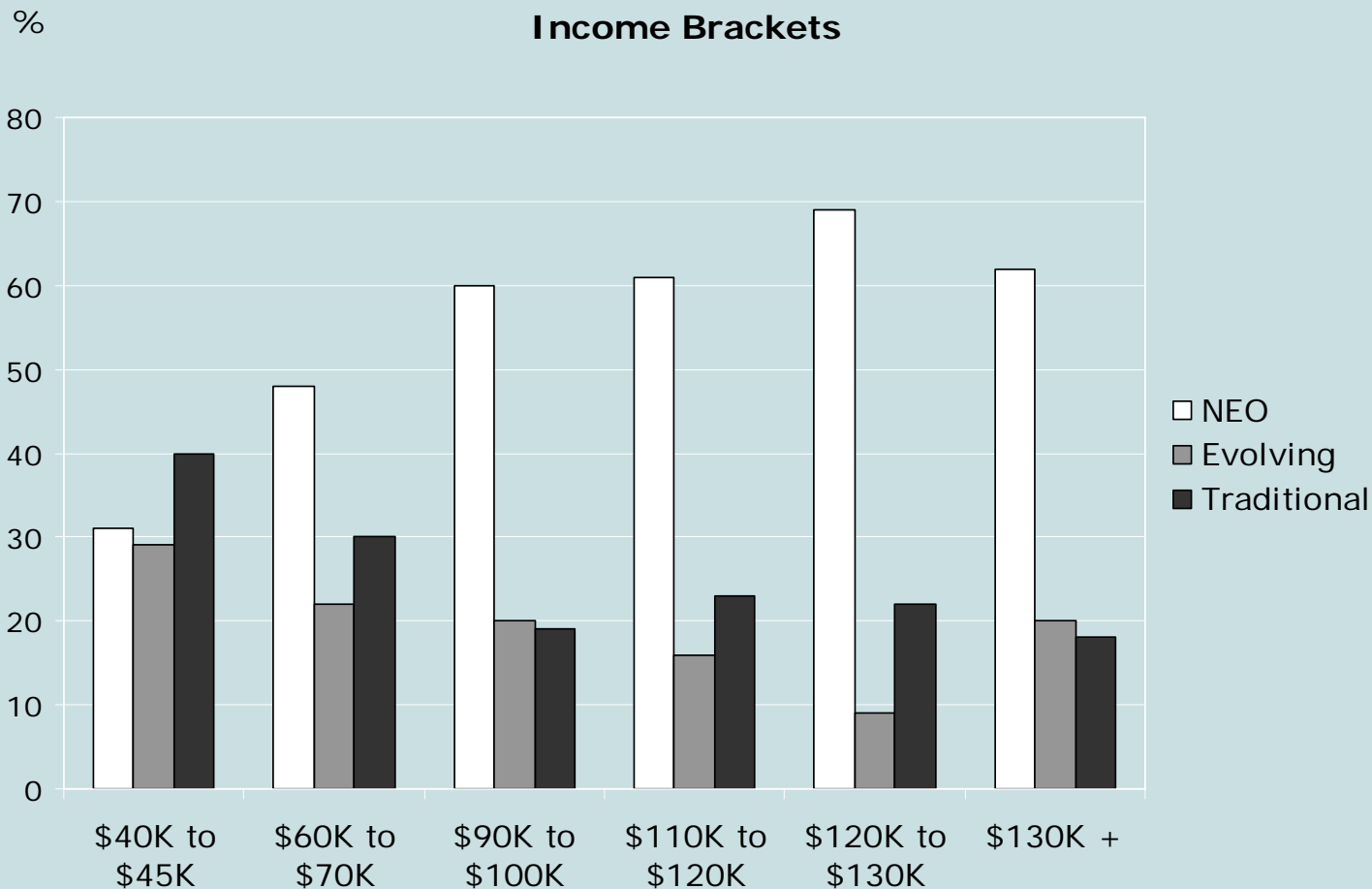


NEOs exhibit strong social values and attitudes. In Australia they...

- are community minded and socially active
- have a strong sense of social responsibility and like to convince others of their opinions
- tend to be involved in pressure groups
- seek more information about their choices and consider the consequences of each choice before making a decision
- are idealistic, believing they can change the world
- have a sensibility that tends to the tactile - they prefer the natural or hand-made
- Love books & magazines and prefer the ABC and SBS -rich information & an intelligent approach
- support the arts, particularly those which are less mainstream
- believe strongly in the concept of learning a living rather than earning a living

NEOs earn more because they are NEOs...they are not NEOs because they earn more...

INCOME WAS
NOT A FACTOR
IN
DETERMINING
THE NEO-
TYPOLOGY



NEOs spend more than anyone else in the economy

MULTIPLE:
UPLIFT OF NEO
CONSUMPTION
COMPARED WITH
NON-NEO
CONSUMPTION

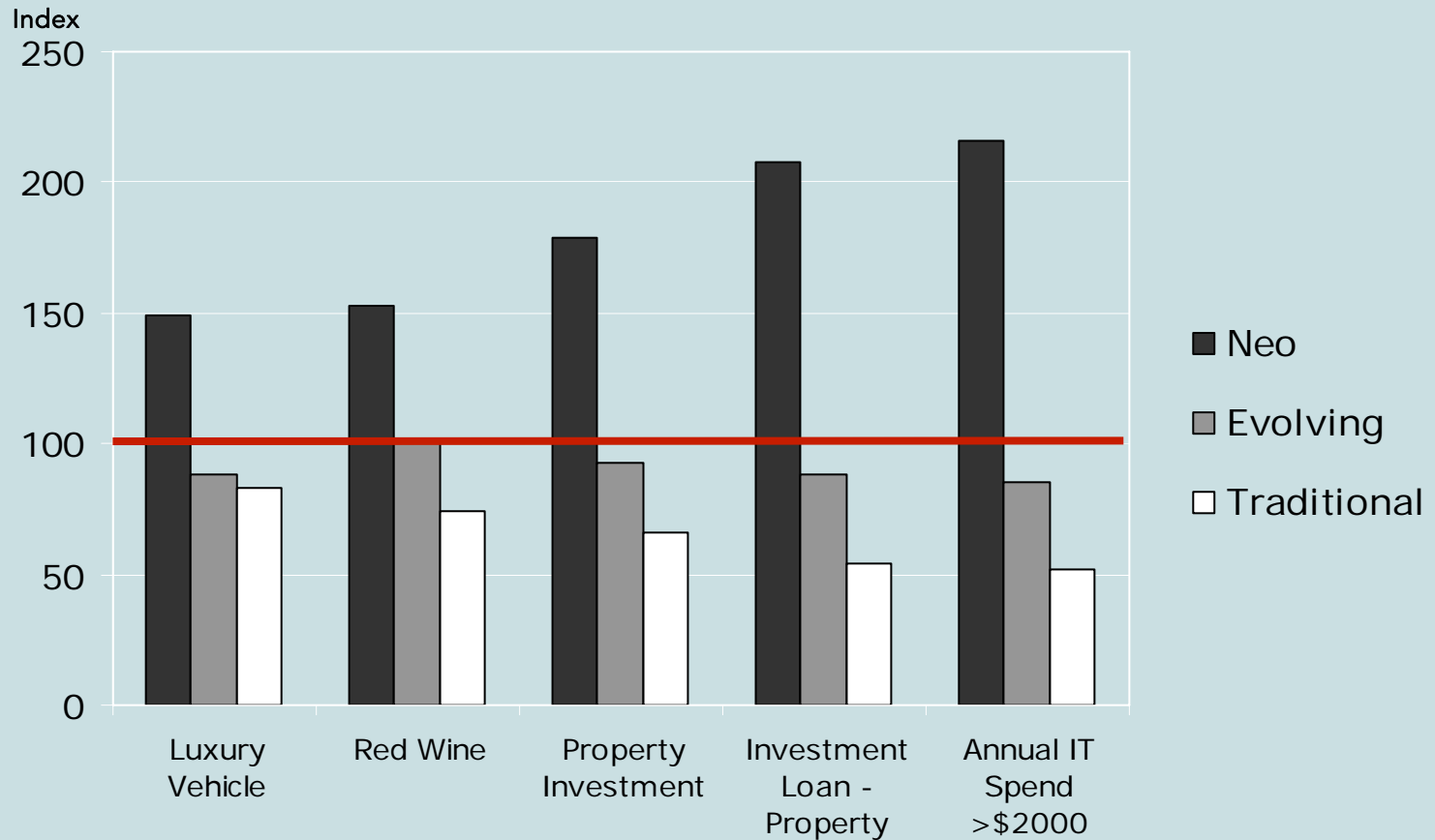
	MULTIPLE:
Books	2.0
Premium wine	3.2
Homewares	2.0
Eating Out	3.0
Overseas Travel	4.0
BMW's & Mercedes Benz	2.0

In fact, NEOs have higher spending propensity than anyone else in the economy

SPENDING PROPENSITY WAS A KEY FACTOR IN DETERMINING THE NEO TYPOLOGY

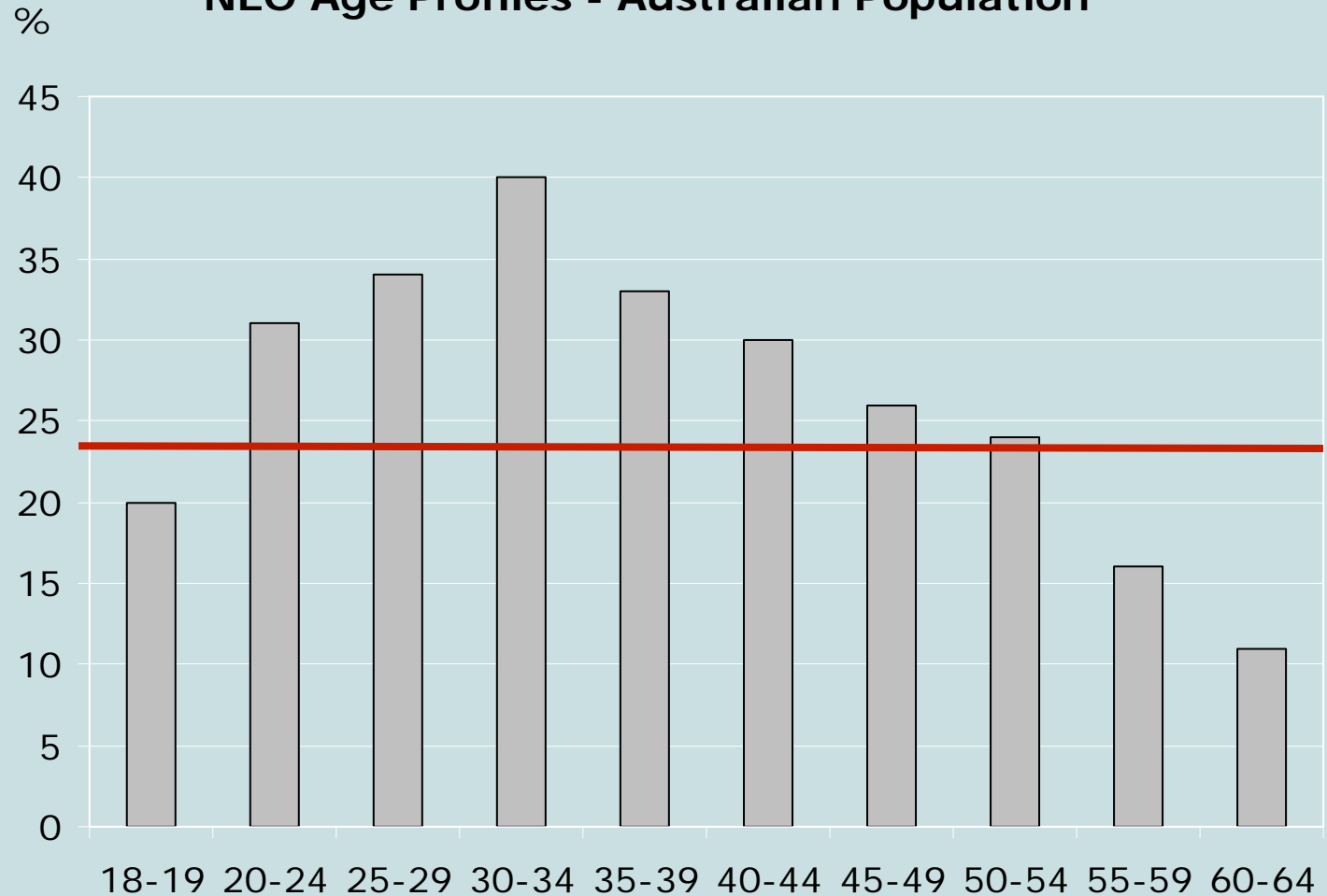
INDEX BASELINE WHAT WOULD BE EXPECTED OF THE POPULATION AS A WHOLE

High-margin Spending Propensity



NEOs cross all age barriers, but are more highly represented in the 20s, 30s & 40s age profiles

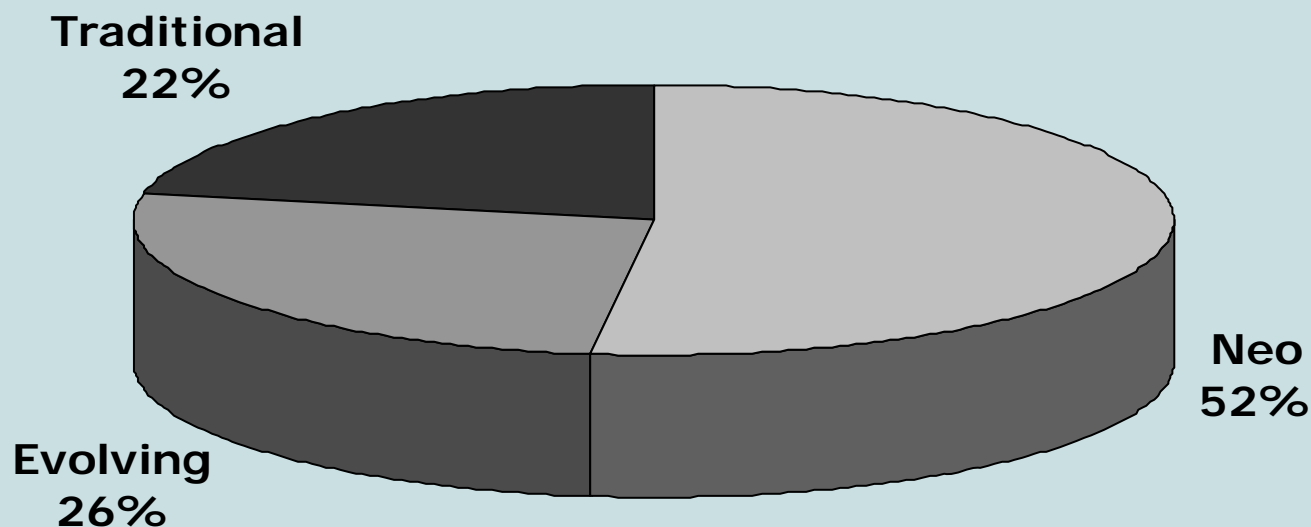
NEO Age Profiles - Australian Population



→
NEOs as a
proportion of the
population

NEOs dominate the top socio-economic quintile

AB Socio-Economic Quintile



Neo-characteristics have also been identified by other major studies in the USA

Cultural Creatives

Psycho-sociological analysis showing a significant shift in values and attitudes in the US population

Cultural Creative characteristics shared by 50m Americans include

- Socially active on issues of concern to them
- Reject mainstream religious and political beliefs
- Place high importance on personal development & relationships
- Have eclectic and dynamic tastes
- Enjoy foreign & exotic experiences
- Have their finances under control

The Rise of the Creative Class

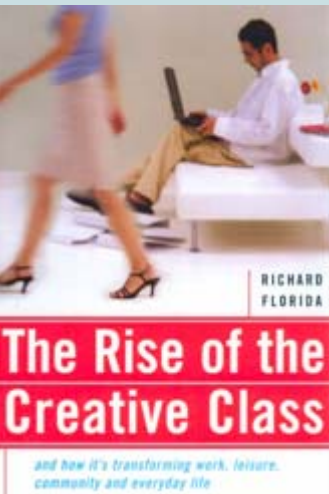
A socio-demographic analysis showing the link between lifestyle choices of highly creative people (occupationally defined) and cities with high economic growth

Creative Class values shared by 38m Americans include

- Individuality
- Non-conformity to organisational and institutional norms
- Favouring challenge and stimulation
- Propensity for goal-setting and achievement
- Diversity and mobility



Published in 2000



Published in 2002

Neo Consumer DNA



Evolving attitudes

Information is oxygen



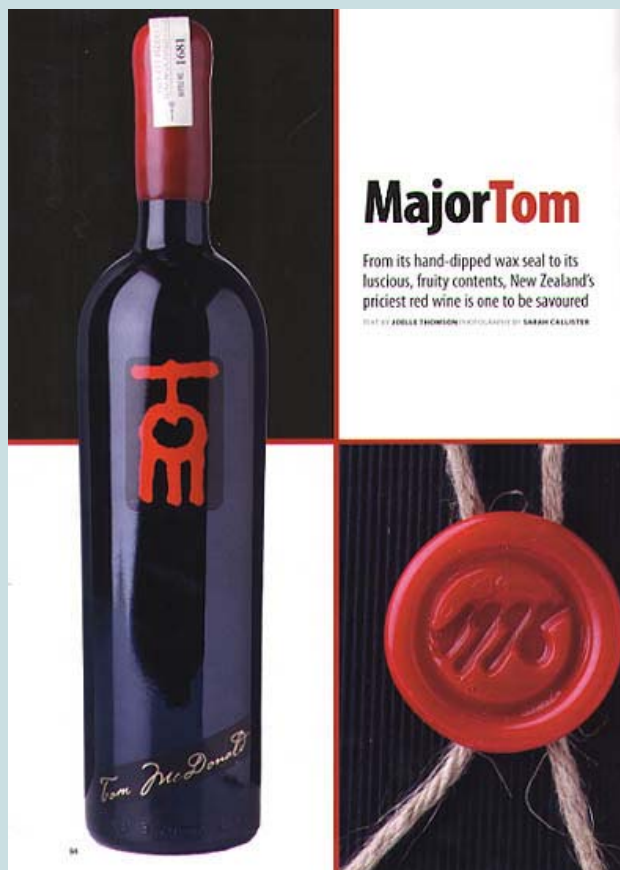
Information junkies

Quick understanding

Pleasure in discovery

Whispered secrets

Authenticity is emblematic



Seek authentic identity

Seek 'real' experiences

The 'Authentic' inspires

The edge is the place to be



Something unique

Sense of Discovery

The Path Less Travelled

Individuality is power



Individual identity

Escape 'consumerism'

Mainstream is humdrum

Technology accelerates slow time



Jettison the mundane

Not just 'time poor'

Seek rewarding experiences

Personalisation not customisation



Build their choice

Inner directed

Create identity

Relationship not transaction



Build relationships

Put transaction in the background

Frequency of engagement

Some people read books to lose
themselves...

Neo-Consumers read books
to find themselves

97% of NEOs access the Internet at least monthly from home or other access points – like libraries

56% of NEOs have read a non-fiction book in the past 3 months

37% more than the general population & 63% more than Traditionals

70% of NEOs have read a novel in
the past 3 months

26% more than the general
population & 46% more than
Traditionals

35% of NEOs attended a seminar or public lecture in the past 3 months

84% more than the general population & 137% more than Traditionals

30% of NEOs went to a museum, art gallery or public library in the past 3 months

72% more than the general population & 122% more than Traditionals

*So who are these NEOs &
Traditionals?*

NEOs behave differently...

- ✓ Consume constantly & favour a sense of investment in the future
- ✓ Focus on discretionary choices and value-added services
- ✓ Crave rich information, authenticity and 'provenance'
- ✓ Are motivated by choice, options, service & quality
- ✓ Focus on brand relationship ahead of transaction
- ✓ Look for help in planning & organizing their lives
- ✓ Are more likely to value public libraries
- ✓ Are loyal to brands that 'understand' them
- ✓ Are comfortable to learn new things
- ✓ Crave corporate memory – recognition over time

...to Traditionals

- ✓ Are occasional consumers
- ✓ Believe life is a matter of luck
- ✓ Are attracted to gaming
- ✓ Are less likely to value public libraries
- ✓ Focus on commodity consumption
- ✓ Are motivated by discounts and 'a deal'
- ✓ Are reluctant to pay for *discretionary* services
- ✓ Focus on functionality & the transaction
- ✓ Are attracted to special offers – eg. Interest free, nothing to pay for X months, a chance to WIN
- ✓ Are socially conservative

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