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HGA Gaming & Management Conference

How Demographic Change is Shaping the Market for Clubs

Bernard Salt

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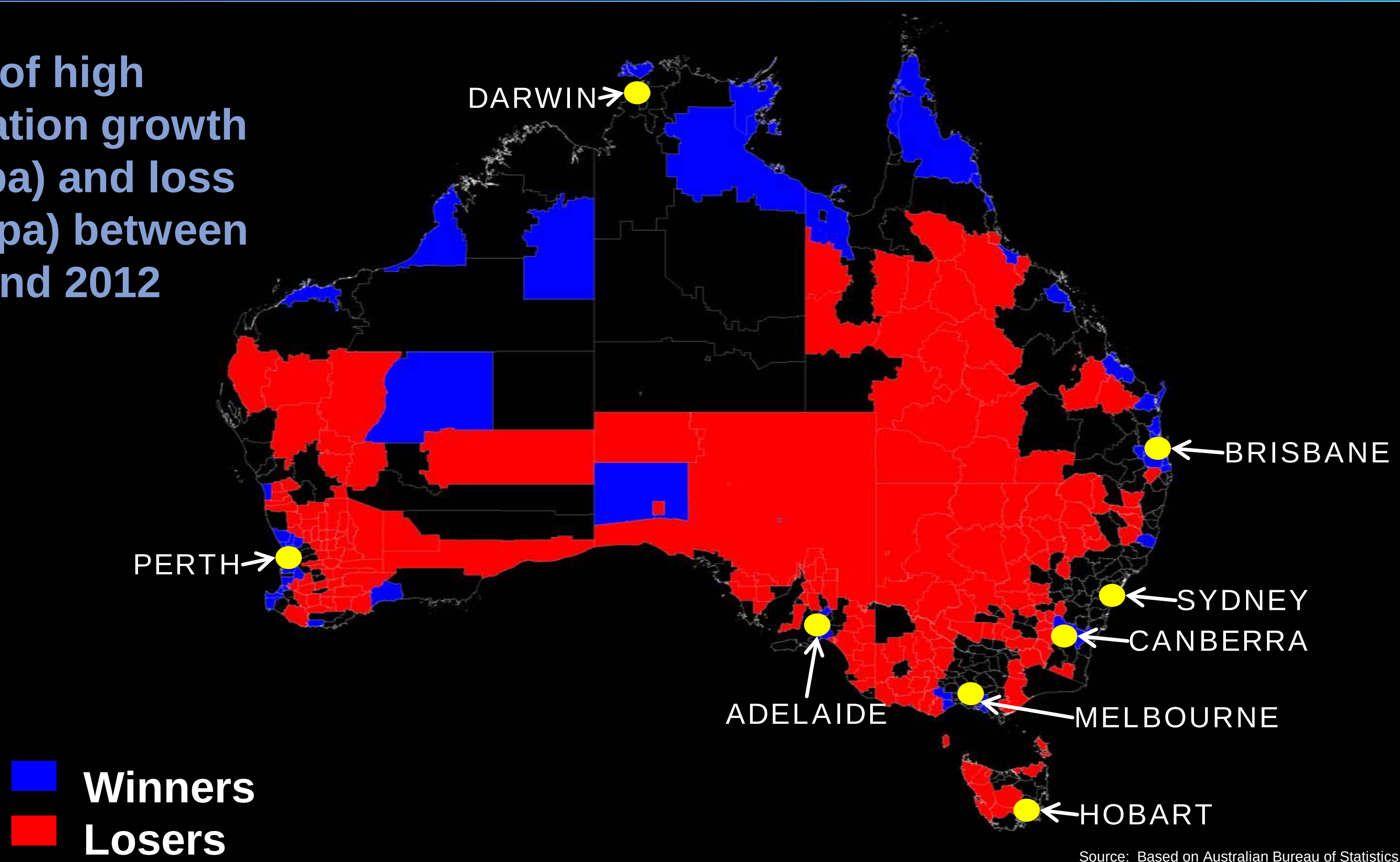
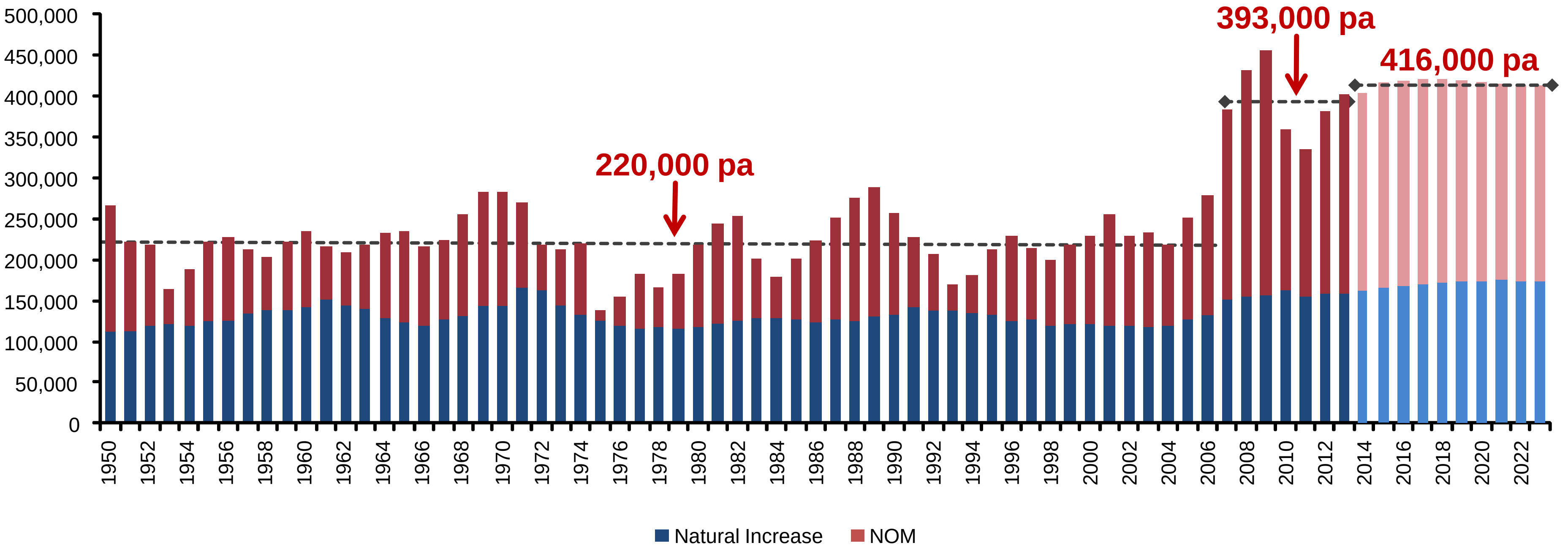
We are an urban people with city-based jobs and interests

Areas of high population growth (>2% pa) and loss (<-1% pa) between 1992 and 2012



Source: Based on Australian Bureau of Statistics data; KPMG Demographics

Strong population growth is driving household formation at a national level



- **Net population growth for Australia between 1950 and 2023 (based on ABS 2013 projections)**

Source: Based on Australian Bureau of Statistics data; KPMG Demographics

The Chinese and Indians are shaping Australia's ethnic mix

Country of Birth	2011	2006	% change
United Kingdom	1,101,100	1,038,200	6%
New Zealand	483,400	389,500	24%
China	319,000	206,600	54%
India	295,400	147,100	101%
Italy	185,400	199,100	-7%
Vietnam	185,000	159,800	16%
Philippines	171,200	120,500	42%
South Africa	145,700	104,100	40%
Malaysia	116,200	92,300	26%
Germany	108,000	106,500	1%

- **Top 10 ethnicities in Australia at the 2011 and 2006 Censuses**

Source: Based on Australian Bureau of Statistics data; KPMG Demographics

New acronyms for the new tribes of Australia

- **PUMCINS ….**
  Professional **U**rban **M**iddle **C**lass **I**n **N**ice **S**uburbs
- **NETTELs …**
  Not **E**nough **T**ime **T**o **E**njoy **L**ife
- **KIPPERS …**
  Kids **I**n **P**arents **P**ockets **E**roding **R**etirement **S**avings
- **LOMBARDs …**
  Lots **O**f **M**oney **B**ut **A** **R**eal **D**ickhead

Source: KPMG Demographics

There is an opportunity to tailor product to the local community throughout Sydney …

1. United Kingdom (182k)	
• Manly	16%
• Fairlight	15%
• Queenscliff	14%

2. China (149k)	
• Hurstville	36%
• Rhodes	28%
• Burwood	28%

3. India (88k)	
• Harris Park	43%
• Westmead	32%
• Parramatta	24%

4. New Zealand (85k)	
• Emerton	8%
• Claymore	8%
• Tregear	6%

5. Vietnam (70k)	
• Cabramatta	35%
• Canley Vale	29%
• Cabramatta West	28%

6. Philippines (63k)	
• Woodcroft	24%
• Plumpton	19%
• Rooty Hill	18%

7. Lebanon (55k)	
• Mount Lewis	18%
• Punchbowl	16%
• Greenacre	15%

8. Italy (42k)	
• Haberfield	15%
• Wareemba	13%
• Austral	13%

9. South Korea (40k)	
• Rhodes	13%
• Newington	12%
• Meadowbank	11%

- **Per cent concentration of selected nationalities in Sydney suburbs at the 2011 Census**

Source: Based on Australian Bureau of Statistics data; KPMG Demographics

… and also throughout Brisbane

1. United Kingdom (110k)
- Cleveland 12%
- Park Ridge 12%
- Ormiston 12%

2. New Zealand (99k)
- Marsden 12%
- Crestmead 11%
- Slacks Creek 11%

3. India (22k)
- Coopers Plains 7%
- Robertson 6%
- Runcorn 5%

4. China (21k)
- Sunnybank 16%
- Macgregor 16%
- Robertson 14%

5. South Africa (20k)
- Moggill 6%
- Brookwater 5%
- Bellbowrie 5%

6. Philippines (16k)
- Kilcoy 8%
- Taigum 4%
- Fitzgibbon 3%

7. Vietnam (14k)
- Inala 17%
- Darra 17%
- Durack 15%

8. Germany (10k)
- Macleay Island 1%
- Kenmore Hills 1%
- Park Ridge 1%

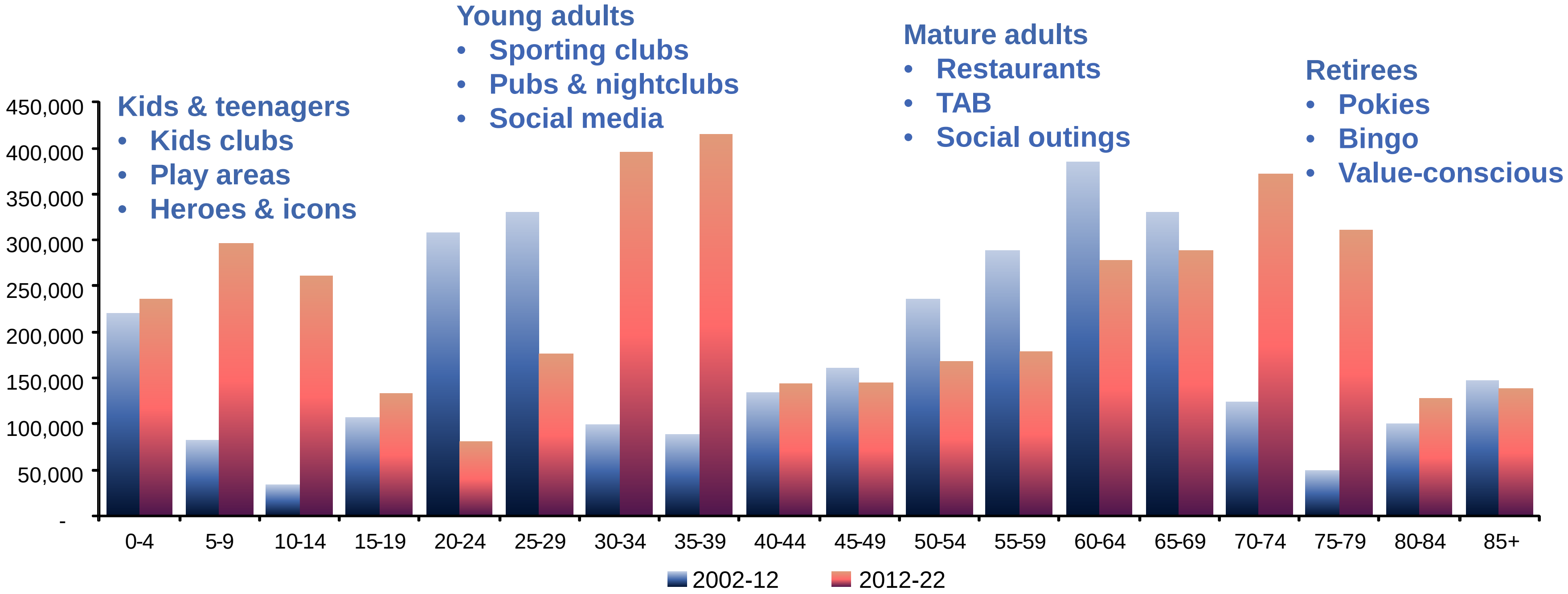
9. Malaysia (9k)
- St Lucia 5%
- Robertson 3%
- Stretton 3%

- Per cent concentration of selected nationalities in Brisbane suburbs at the 2011 Census

Source: Based on Australian Bureau of Statistics data; KPMG Demographics

Consumer demand is shaped by changes in the Australian demographic profile … more kids, more 30s and more 70s

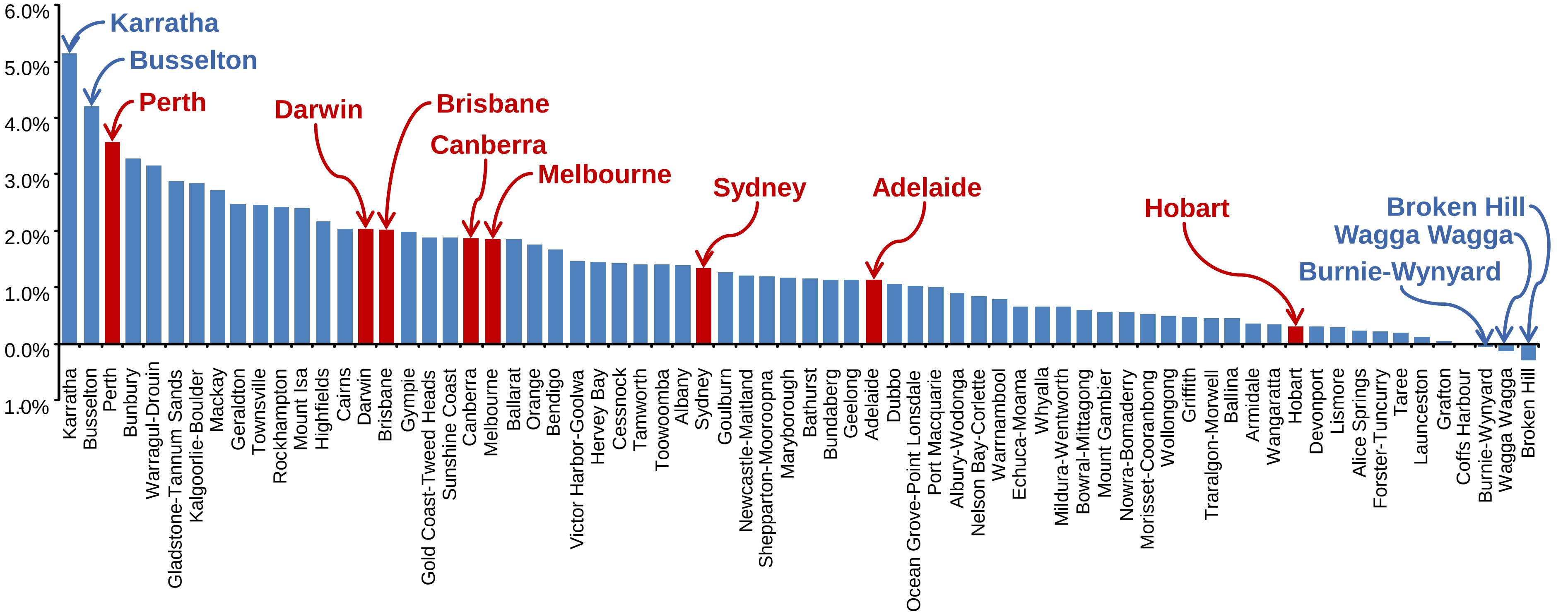
2002-2012: 3.2 million (19.5m to 22.7m)
2012-2022: 4.1 million (22.7m to 26.9m)



- **Net change in Australian population by 5-year age group over 10 years to 2012 and 10 years to 2022 (based on ABS 2013 projections)**

Source: Based on Australian Bureau of Statistics data; KPMG Demographics

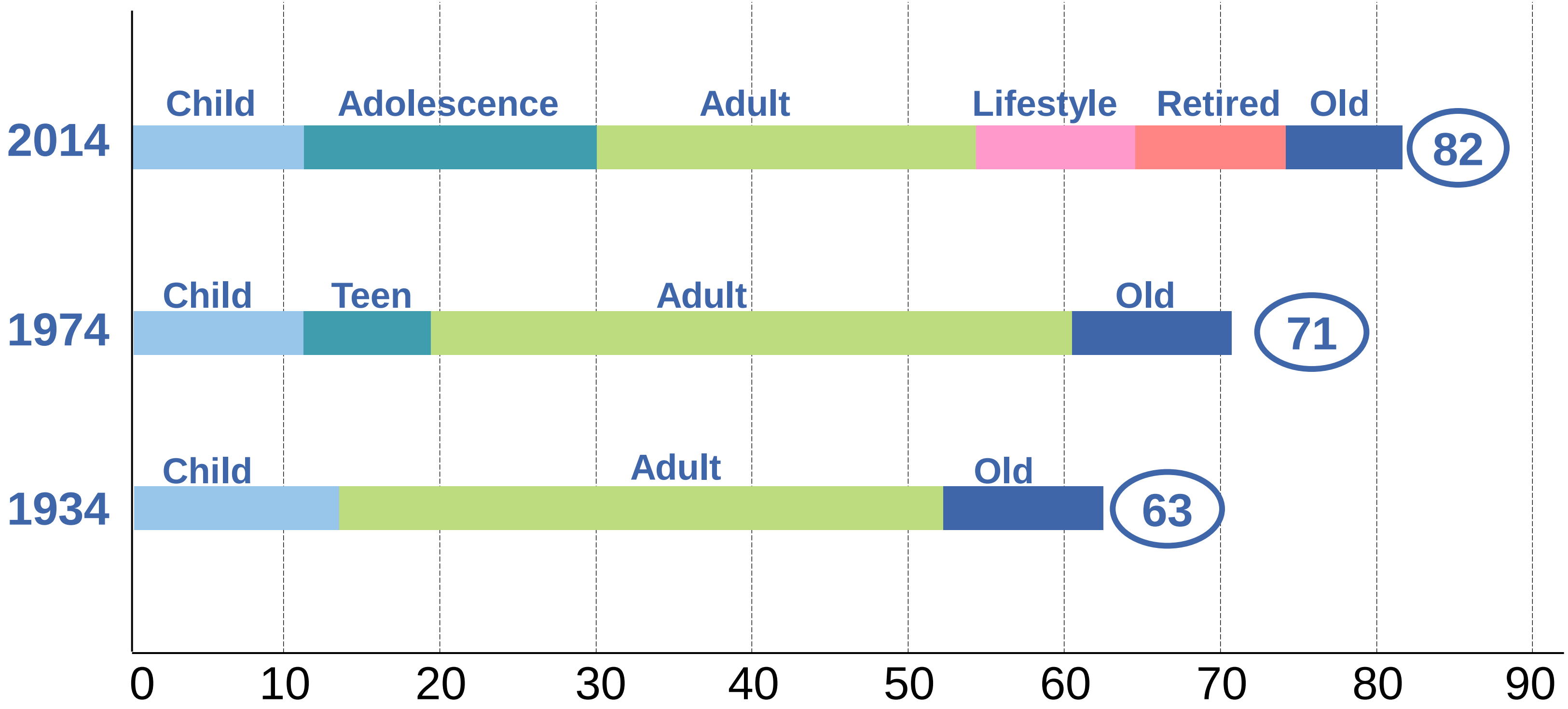
Resources and lifestyle are driving population growth and business opportunity for clubs throughout Australia



- **Percentage growth in population over 12 months to June 2012 for the 70 largest urban centres in Australia**

Source: Based on Australian Bureau of Statistics data; KPMG Demographics

Australians are dividing the lifecycle into ‘thirds’



- **Change in life expectancy over 80 years in Australia**

Source: Based on Australian Bureau of Statistics data; KPMG Demographics

Liquor, pharmacy, take-away, cafes and supermarkets is where retail spending and businesses have flourished

Industry	(2004-2014)	(2009-2014)	(2013-2014)
Liquor	116.4%	19.1%	5.4%
Pharmaceutical, cosmetic & toiletries	88.6%	33.5%	4.6%
Cafes, restaurants & catering	74.7%	47.3%	16.5%
Supermarket & grocery stores	67.2%	22.1%	8.3%
Takeaway food	60.5%	26.0%	7.0%
Recreational goods	57.7%	23.1%	21.5%
Clothing	40.7%	8.9%	9.9%
Furniture, floor coverings, housewares, textiles	39.4%	12.3%	7.3%
Electrical & electronic goods	33.4%	-2.6%	0.0%
Hardware, building & garden supplies	30.9%	15.4%	5.4%
Footwear & other personal accessories	26.8%	3.2%	-2.0%
Department stores	22.7%	0.0%	3.8%
Newspapers & books	-6.7%	-21.4%	-7.2%
Total (incl other)	52.6%	17.5%	6.8%

- Per cent change in retail sales by category over ten, five and one year to January 2014

Source: Based on Australian Bureau of Statistics data; KPMG Demographics

The Australian household is shifting expenditure towards leisure, entertainment and club-based sport

1.	Golf equipment	125%
2.	Health & fitness studio charges	88%
3.	Meals in restaurants, hotels, clubs	68%
4.	Alcohol consumed on licensed premises	65%
5.	Lottery tickets	56%
6.	Sports lessons	52%
7.	Sporting club subscriptions	43%
8.	Specialist sports shoes	28%
9.	Spectator admission fees to sport	27%
10.	Gambling	7%
All household goods & services		38%

- Per cent change in selected leisure spending by households over six years to June 2010

Source: Based on Australian Bureau of Statistics data; KPMG Demographics

What are the influencers of consumer behaviour that might shape future demand for Clubs?

Drivers of Behaviour

Behaviour
- Delay marriage & children
- More discretionary spending
- 'Entitled' generation

Economic
- Rising prosperity
- Dual income households
- Fewer kids
- Richer households
- Alternative entertainment options

Demographic
- More middle-aged people
- More Asian & Arab populations
- More Gen Ys

Outcomes

Frugal (past)

- Entertainment & leisure as a 'special occasion' privilege

Boomer (now)

- Entertainment & leisure as a weekly right but also largely self-contained (Pokies)

Gen Y (future)

- Entertainment & leisure as an unstructured daily activity involving others looking for connection

Baby Boomers and Generation Y set the demographic agenda … although it is Generation X that is now in charge

BABY BOOMERS

- Born 1950 – 1959
- Today 55 – 64
- Peak 2.8m in 1995
  - Hierarchical
  - Raised by Depression parents

GENERATION X

- Born 1965 - 1974
- Today 41 - 50
- Peak 3.1m in 2010
  - Forgotten generation
  - Wrong place at the wrong time

GENERATION Y

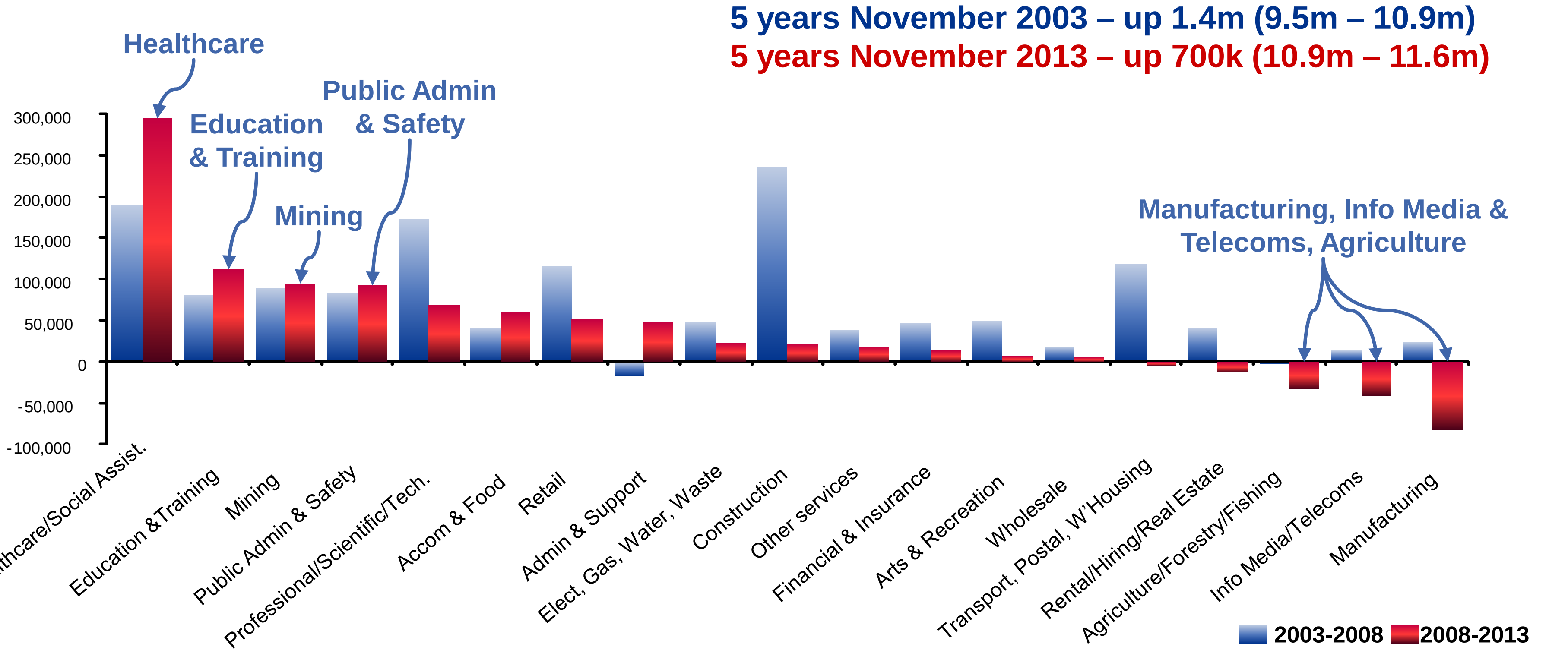
- Born 1980 – 1989
- Today 25 – 34
- Peak 4.2m in 2025
  - Special … Global
  - Chaotic connection

WAR BABIES

- Born 1935 – 1944
- Today 71 – 80
- Peak 1.8m in 1980
  - Command and control
  - Spiritual … Anglo

Source: Based on Australian Bureau of Statistics data; KPMG Demographics

There has been a shift in the Australian economy … away from manufacturing and towards healthcare



- **Net change in total jobs in Australia over two successive five-year periods, November 2003 – November 2013**

Source: Based on Australian Bureau of Statistics data; KPMG Demographics

Australia is growing jobs in caring, selling, servicing, managing and "doing" …

	Occupation	Change 2006-2011 No.		Occupation	Change 2006-2011 No.
1.	Aged or Disabled Carer	30,800	11.	Teachers' Aide	13,900
2.	General Clerk	30,100	12.	Miner	13,600
3.	Child Care Worker	21,000	13.	Barista	13,400
4.	Electrician (General)	20,100	14.	Chef	13,100
5.	Checkout Operator	20,000	15.	Accountant (General)	13,000
6.	Accounts Clerk	17,600	16.	Carpenter	11,500
7.	Program or Project Administrator	16,000	17.	ICT Project Manager	11,500
8.	Office Manager	16,000	18.	Solicitor	11,400
9.	Truck Driver (General)	14,400	19.	Primary School Teacher	11,400
10.	Sales Assistant (General)	14,000	20.	Fitter (General)	10,700

- **Net change in employment by occupation in Australia over 5 years to 2011**

Source: Based on Australian Bureau of Statistics data; KPMG Demographics

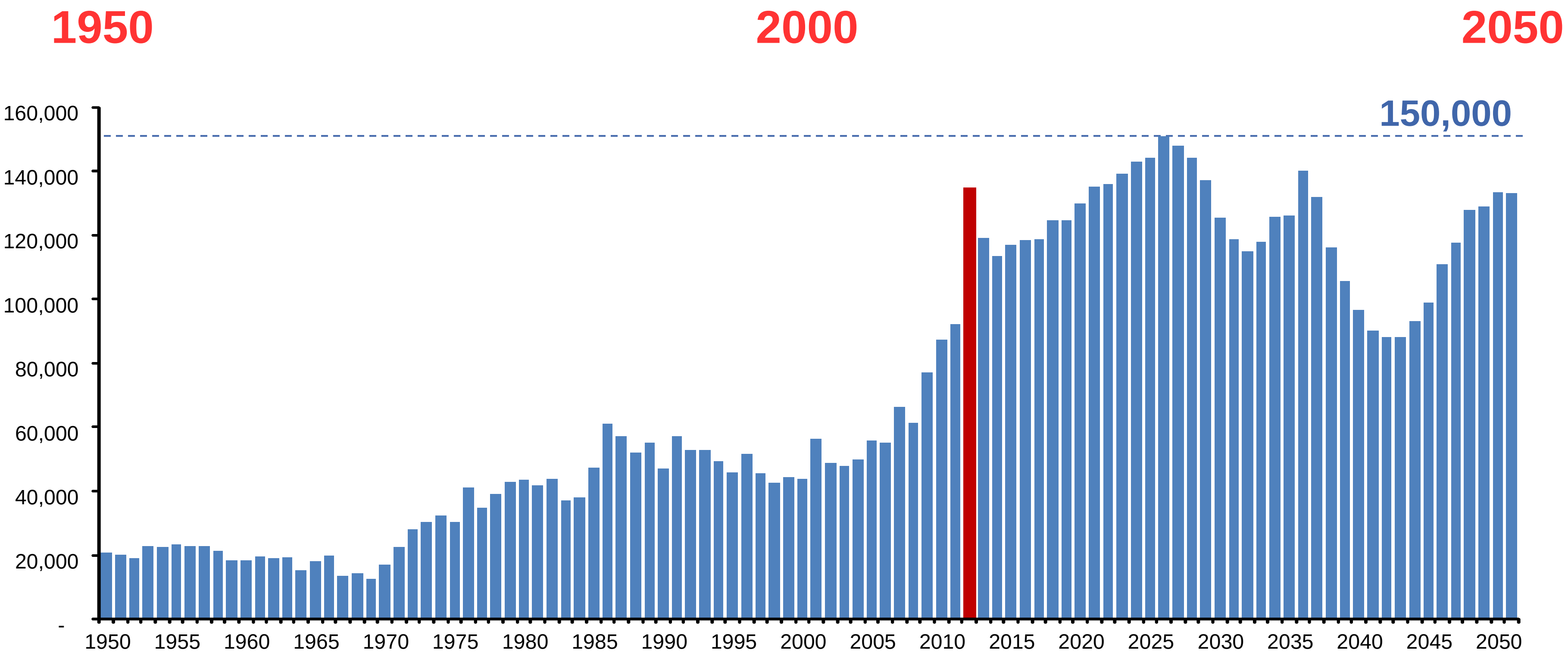
… but is contracting jobs in typing, assembling, farming, machining and "filling"

		Change 2006-2011 No.			Change 2006-2011 No.
1.	Secretary (General)	-28,700	11.	Dairy Cattle Farmer	-3,000
2.	Corporate Services Manager	-14,400	12.	Sewing Machinist	-2,600
3.	Product Assembler	-7,800	13.	Safety Inspector	-2,500
4.	Mixed Crop & Livestock Farmer	-6,600	14.	Switchboard Operator	-2,500
5.	Shelf Filler	-6,400	15.	Mixed Livestock Farmer	-2,400
6.	Medical Laboratory Technician	-5,500	16.	Credit or Loans Officer	-2,200
7.	Office Cashier	-4,700	17.	Residential Care Officer	-2,200
8.	Metal Engineering Process Worker	-4,500	18.	Analyst Programmer	-2,100
9.	Real Estate Representative	-3,500	19.	Integration Aide	-2,000
10.	Vineyard Worker	-3,100	20.	Telecommunications Technician	-1,900

- **Net change in employment by occupation in Australia over 5 years to 2011**

Source: Based on Australian Bureau of Statistics data; KPMG Demographics

Boomers set to "tip" beyond work and into the lifestyle stage of the lifecycle … is this an opportunity for clubs?



- **Net growth in population aged 65+ over 100 years in Australia**

Source: Based on Australian Bureau of Statistics data; KPMG Demographics

Clubs SWOT analysis dissects the key issues

Strengths

- Extensive asset base
- Community & lifestyle engagement
- Dominates the suburban leisure space

Weaknesses

- Perceived as 20th Century entertainment?
- Both ‘Cash Cow’ & ‘Whipping Boy’
- Gen Y engagement?

Opportunities

- Ageing population base
- Target new ethnicities & generations
- Evolve new Club model

Threats

- Online gaming
- Rogue regulatory change
- Consumer attitudes to ‘gambling’

Source: KPMG Demographics

Three themes keeping CEOs awake at night

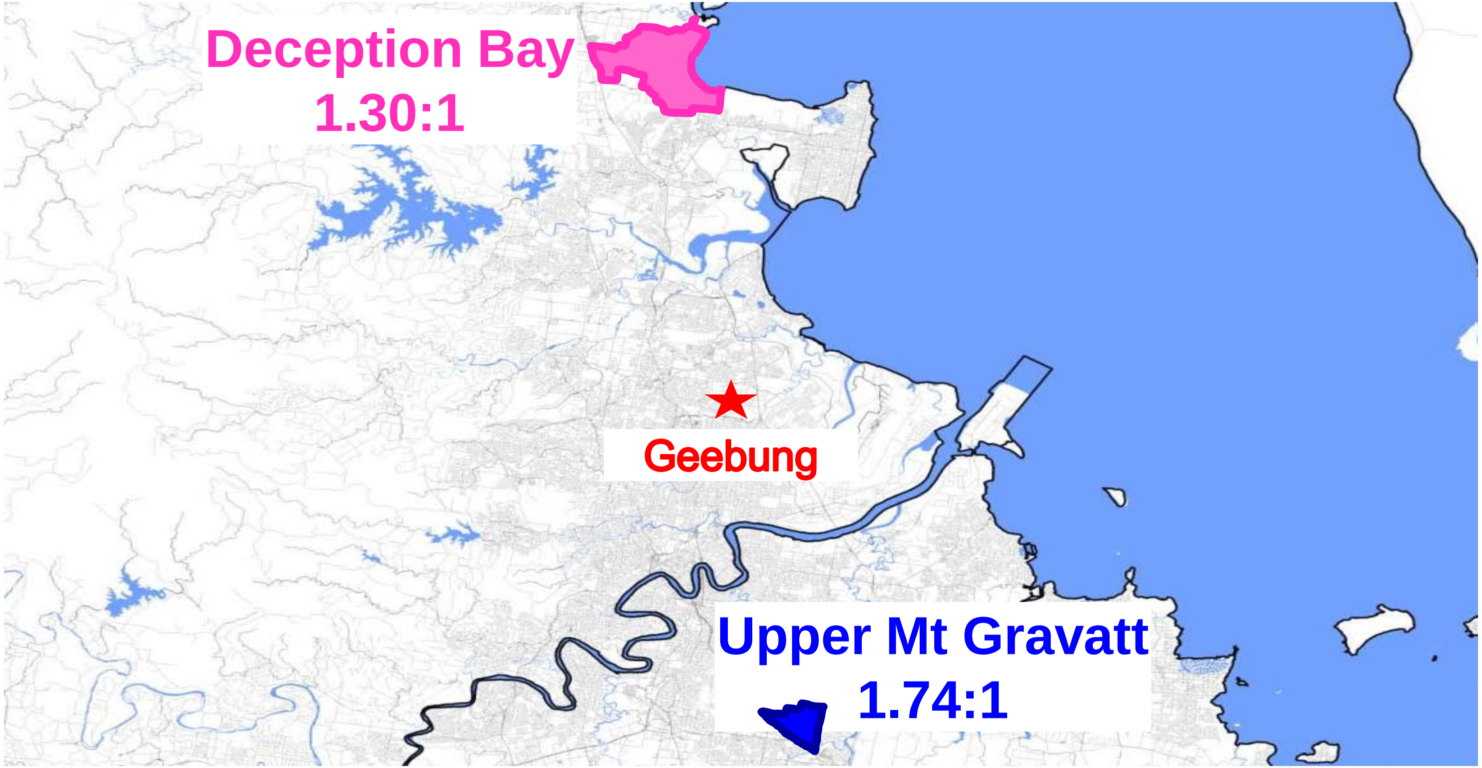
1. ‘More for Less’ … customers want you to deliver more and to pay you less … Myers/DJs, Holden/Toyota/Ford

2. Competition from left field … often associated with new technology … online gaming, Coles & Woolies, Australian Super Group, MOOCs

3. Globalisation … new players discovering life-boat Australia … Zara, Uniglo, Hutchison

Source: KPMG Demographics

Introducing Brisbane's bachelor hotspot



- Hotspot suburbs for single men and women aged 25-34 at the 2011 Census

Source: Based on Australian Bureau of Statistics data; KPMG Demographics

Contact

Bernard Salt

KPMG Demographics

+61 3 9288 5047

bsalt@kpmg.com.au

www.bernardsalt.com.au

twitter.com/bernardsalt

linkedin.com/in/bernardsalt

facebook.com/BernardSaltDemographer