



Sorting Fad from Fact: Understanding the Trends, Issues and Changes the Impact on Community

Communities in Control Conference
Melbourne, 16 June, 2008

Presentation by

Michele Levine
Chief Executive, Roy Morgan Research

*If quoting from this speech, please acknowledge that it was presented to the

2008 Communities in Control Conference
convened by Our Community and Centacare Catholic Family Services

If quoting from this speech, please acknowledge that it was presented to the
2008 Communities in Control Conference, convened by
Our Community & Centacare Catholic Family Services, June 2008
www.ourcommunity.com.au/cic

Today, or as of June, consumer confidence is at 90.7. It's the lowest consumer confidence that we've had since about 1991. So after a series of interest rate hikes, petrol price increases, and lots of concern about what's going on in the financial community, Australia is sort of worried about the economy and worried what's happening to us.

But we have to put all of this into perspective. I've been asked to talk about fads and real trends. So, far be it from me to say that the economy is a fad, but it is something that we do need to put into perspective.

If we look at it, the last decade has been one of increasing affluence, increasing wealth, increased spending and saving. Times have been really good. So we have to put all of our thinking in terms of trends into that longer context.

Ten years ago Roy Morgan Research and a whole bunch of other people who were trying to foresee what was going to happen in the future were talking about the changes that we'd expect to see as a result of the women's movement, which is definitely not a fad. The women's movement is here to stay. So women working and being more involved in all areas of society.

People, and including us, were talking about the trends that would happen as a result of new technology. We knew that we'd be able to see more and engage more in what was happening internationally. There were a whole range of things that we knew were going to happen.

But now ten years later I'm sort of really fortunate to work at Roy Morgan Research because we measure this stuff. And we can actually see what's really happened and get a handle on what's happening in the world and therefore how people are feeling, what they're likely to do and what's likely to happen. As Rhonda said, are the community values where we think they are or is there something very different going on?

So we look at the world or all of these trends that we measure, because there's billions of them, in terms of societal trends, trends in technology, trends relating to the economy, those relating to politics and in the last round we've added the environment as a whole new issue. So we look at in terms of these key things.

So, very simply the first important thing to realise, and we all know this, is the ageing population, so that we can see that Australians are getting older or there are more people in that over-50 age group.

We're also seeing this figure in terms of education. Now that's really interesting. Ten years ago, 15% of people had a tertiary qualification. Now it's running at 22%. That has huge implications for the way people see the world, the kind of work they're engaged in and just generally the level of awareness and ability to understand what's going on. So that is a really big change.

I said there was rising wealth, rising affluence, rising confidence, but we really have seen dramatic increases in spending, saving and debt over the last ten years. We've also seen Australians engaging with finance in a way that we never have before, all thinking about planning for the future, thinking about borrowing to invest, to save. It's a real phenomenon that's relatively new to this country, something that you would have seen in America.

I remember when I went to America and I was visiting people in their office. They weren't doing work. They were actually looking at the stock market. It was so much a part of their life. We're seeing much more of that in Australia at the moment.

We're also seeing shrinking households. So there are fewer and fewer large households and more smaller households. The function of a whole bunch of things, the function of women putting off having children, it's a function of affluence so people can afford their own home, a whole bunch of things conspiring to create these smaller households.

It also has implications for, are there enough houses for people?, and you get all of the things about housing affordability. You also get things about people not living in larger groups. But these are the sorts of trends.

It's interesting. You look at these charts and they look sort of relatively flat. But it's important to think this is a ten year trend and they're based on over 50,000 interviews every year. So it's a little bit like climate change or global warming. Just one percentage increase in the temperature makes a huge difference.

So these numbers, although they're not big jumps, they're very real, they're very solid and they're really measuring fundamental changes in society.

There's real growth also in employment. We all know with good times we've had a reduction in unemployment. That's pretty obvious. But the flip side of that is there are simply more people employed. There are more people employed full time. There are more people employed part time. There are

more people that were working part time now working full time. There were more people who weren't even looking for work that have found themselves dragged into work.

So there's a lot more people working, which means a lot less leisure time, a lot less time to do other things. That's the flip side of this. This is really important. So economically a government will actually see as its KPI full employment. The flip side of it is that bit that's missing from the leisure, the caring time, the other stuff that goes on in people's lives. So this chart is also a really important chart for us to see.

The other thing that we've seen, and this may be surprising to some of you, it was surprising to me when I first saw it but I've sort of swallowed and understood it. Over the last ten years Australia has become a lot more socially progressive. So when we ask people, "do you consider yourself to be socially progressive or socially traditional or conservative?", increasingly people are saying that they see themselves as more progressive.

We are also seeing that people are more interested in new things. So they're wanting to try new things. People often say, "isn't that just because of the good times?" When the economy is booming, everyone's got money in their pocket; of course they want new things. But this is a lot more fundamental. It's more about people being willing to engage with new ideas and take on broad new concepts.

So again the lines aren't going charging up through the ceiling but these are sort of deep values. They do I think relate to education. But it's interesting they're coming through, they're permeating the data in a number of different directions.

Similarly, if we're getting more progressive we're getting less conservative. We're seeing fewer people, although still a large number, saying that religion should be taught in government schools. We are seeing fewer people agreeing that women should take care of their homes and leave running the country to men.

When we first began asking that question in 1983 it ran around 20%. So we're living in the right age. That is the single most difficult question that we ask. Every week we go out and we ask people around Australia a whole bunch of questions: how much money they earn, who they're going to vote for, where their bank account is. The one that creates the problem is this question.

We often get women particularly ringing up radio stations and saying, “how dare you ask this question?” But it’s really important because we’ve actually been able to track this view over more than twenty years to find that it’s actually tapering off. And by the way, they’re not just old men in that 7%.

We’re also seeing this issue of progressiveness taking over a whole range of areas like acceptance of the environmental movement, people wanting to do good things for the environment, and open mindedness about homosexuality and a more open minded view about technology. So the whole progressive thing is a very all-encompassing thing that we’re actually seeing growing within Australian society.

We’re also seeing some interesting stuff around food. So this really relates to the changes that we’re seeing in our society. Obviously there are many more Asians these days than there were. I think it’s running about 8% of Australians were born in Asia. It was around 2% some ten, fifteen years ago. So there are changing multicultural issues within Australia.

What we’re seeing is that we thought we were so cool when we took to Chinese food. But that’s now actually giving way to the new cuisines of the new countries that are coming into Australia. So we are in fact by just watching the food that we’d prefer to eat we’re seeing a change in the way that we view society.

Also in terms of food we see people’s concern about health and fitness and weight and everything. So in terms of health and weight, what we’ve seen over the last ten years is really I think an issue of weight and health again come into a really sensible balance. We’ve got a bunch of people who are always going to be watching their weight. We’ve moved away I think from fad diets. When we look at our consumer data in terms of what they eat, we’re actually seeing people moving away from crazy diet things to much more focus on health, wellbeing.

Things like genetically modified is probably one of those things that turns out to be almost like a fad, where people really worry about it for some time and then the worry goes away. So we can see even in terms of health and wellbeing that this is a societal trend.

Despite all of that we’re not getting any thinner. So the number of us that are of an acceptable weight is on the downturn. So it seems to be something that we’ll all be worrying about for some time.

Now this chart really looks like spaghetti. It's a difficult one to follow. But it's actually really, really important. When we ask people about the activities that they engage in, we ask these questions for a whole range of reasons. We ask them because people at sporting clubs want to have members. We ask them because we need to understand the latest fad. Is it cricket or is it going to be skiing or what is it? So the questions come from a whole range of different places.

But when you put it together into a picture like this, there are two themes that come out. There is a mood here away from organised and family gatherings so that the time when people would gather their family together and go for a family drive, we're moving away from that. We're moving away from organised, planning activities to much more individualistic pursuits. So going to the gym. You do it in your own time, for your own self. You don't need to worry about other people. It's taking over from organised sport.

So there's this move towards individual rather than group and in your own time rather than planned. And the other thing that's coming through is the move online, the move towards engaging in activities that are actually happening in front of a computer screen in virtual space, rather than engaging with people. These are very important social issues rather than just technology issues.

People like our clients like Telstra and Optus are interested in these things because they're interested in providing services that support the trends in society.

In this room today we need to actually understand what do these trends mean in terms of the people, in terms of the larger societal issues.

So in terms of technology itself, what have we seen? There are some pretty obvious changes going on. We're actually seeing things like a move away from having the phone connected at home. We're seeing a move away from home phones. A move towards mobile phones. A move towards personalised music, listening to things that you want to listen to.

So when I first joined Roy Morgan in 1983 we were measuring the number of households that had a phone because we wanted to monitor home phone penetration, the extent to which everyone was connected to the phone.

About ten years ago we stopped measuring home phone penetration because everyone had one. It's changed now. Now the issue is to track it as it dissipates. The issue is no longer connectivity with the household. It's actually connectivity with individuals, the whole notion that you can contact a person wherever they are, not necessarily at home.

Again, it's more of this individualisation rather than a family connection. You don't actually know when your daughter's boyfriend rings. You don't take the call and say, "It's Fred on the phone." It all just happens. You've got no idea. That's only one of the consequences but an important one I can assure you.

So we're also seeing this major issue in terms of music, 3G and all of those things. So entertainment, engagement with news etc, we're really seeing this move towards people choosing what they want to listen to, choosing what they want to engage with.

I jumped on the tram the other day. I was running late for work. I usually walk. I jumped on the tram. The first thing that struck me was I was only person that didn't have things in my ears. I actually felt like a weirdo. Everyone else was actually engaged in whatever it was they were listening to. I could actually hear what the young ones were listening to through their earphones. But the point really is that they were all on their own yet stuck into this tram. So that's what we're seeing in terms of a lot of the technology.

We also look at media consumption. The chart here is basically showing that things like television are still ubiquitous. The majority of us are still watching television. The majority of us are still reading newspapers. We're still listening to radio. It's tapering off a little bit. I think radio is probably suffering more with things like iPods and that stuff on demand than many of the other forms of media. But we do definitely see that big line creeping right up there, being the internet taking over. The internet is really charging into all of these media spaces.

Of course even within television we've got fragmentation. You can no longer put a message of any kind on major free to air TV on Sunday night and get everyone. It just doesn't work that way. But we are still engaging in watching television.

We are also seeing interesting things going on in the way that technology is changing, the way that we interact with all sorts of services. Briefly, we were hearing about banking and these issues. But what we've seen here is that visiting a branch is down now to less than 50%. So less than 50% of people

will have visited a branch in the last four weeks. Using an ATM, obviously one of the most common ways that people will interface with a bank. Phone banking was going up, up, up and then started to taper off as the internet and internet banking is taking over.

It's quite clear that there are real changes going on. There are social implications but there are also pretty fundamental implications. Banks don't just do this stuff. Banks respond to consumer demand as well as the profit motive. So banks are only one example. They had to really work out, what do consumers want? How do they want to engage with them?

And what we really are seeing is that there are a large number of people who would prefer not to have to go to a branch, who'd prefer not to have to wade through dealing with a youngster at the counter who's really sweet and could be my daughter, but she really doesn't know anything about what I'm trying to talk to her about. I would rather go online and sort it out myself.

So there's a lot of the community that feels that way. We can see phone banking irritates everyone. Nobody likes ringing a 1-3 number. We all hate that. So going online is actually much less painful. But you can see that there will be groups of society excluded from that and it's hard to see those trends really turning around because these pictures are solid trends. They're not fads. They're not something that went all of a sudden everyone's gone to ATMs. That's not going to last. It's kind of lasting.

We're seeing the same thing with shopping on the internet. I was one of those people that said people will never shop on the internet. I was wrong. The shopping experience works and is important sometimes. But shopping on the internet has taken over.

Once people overcame their concern and their fear of giving credit card information over the internet, the freedom, the flexibility, the ability to shop for prices and check what you've got and what you haven't got has just meant that this has really taken off.

We're seeing for things like travel, people are increasingly seeing the internet as a better way to find out more information and do that sort of booking.

So technology has really changed a whole lot of things and changed them in a way that it's hard to see that it's just going to draw to an end or turn around.

So the economy. We've talked about unemployment going down. Clearly a beautiful thing for the Government if that's your KPI. You're doing really well. But it means that we're all busier and we're all having less time to spend. The last ten years has seen increased and increasing consumer confidence.

It's interesting; if Rhonda had asked me to speak a year ago about fads I wouldn't have thought that the economy was a fad. We were looking at consumer confidence. Normally consumer confidence is based on 100. So the thing bounces around 100. There's all of this sort of magic that sits around 100. If consumer confidence goes below 100 the Government will get ousted at the next election we always say. So there's all of this stuff going on.

For ten years consumer confidence had just gone up, up, up, up. We were actually looking at it and saying, "We need a new baseline. This 100 is sort of meaningless." It's like society has moved on to a new level of confidence. Well I was wrong again. So anything I say about the future just ignore it. All I can do is tell you what's happened in the past.

So confidence, the last ten years everyone has been very confident. What does that mean? It means that there's a whole generation of people who have never lived in anything but confident, good times. It's really important. It's not only our children. It's ones a little bit older than that who are running organisations these days.

But today consumer confidence is down under 100. So we're back at this 100 as a reasonable sort of benchmark.

We've seen the share market going crazy over the last ten years, very positive. We've also seen it crash recently.

Superannuation, I mentioned earlier it's changed the way that we view money. The way that we view savings. The way that we view preparedness for the future. This has had major implications particularly on things like housing affordability where housing is no longer just a place where someone lives. Housing is part of this economy where people are borrowing against assets to buy houses which they're borrowing against to buy shares, which they're borrowing against to buy more houses.

So it's a really turbo charged financial mindset that Australia has been in. It has had huge consequences. So we've seen this massive growth in superannuation, which obviously we needed. We needed to have a major

superannuation boom because there were so many people approaching retirement. But still it has major implications for society.

In terms of politics, this is really interesting. In terms of politics you've got conservative Liberal on one side and you've got Labor on the other side. This is a mirror image and what it shows is when Labor goes up, red, the blue bit goes down. That's the Liberal Party. So it's a mirror image of itself.

But the first thing you see is that the red is on top for most of the last decade. So for the last decade I've just said we've had an increasingly progressive population. And yet we've had a very conservative government in power. The data shows that for most of that time the Australian population actually were saying that given an opportunity they would vote for the Labor Party.

So we had this really interesting dynamic going on. And clearly around each election time there was something to do with border security, to do with an external threat that enabled the dynamic of how people would vote to change. We can see that sort of scissoring effect. But it's a very important point that Australia is becoming more progressive against this backdrop of a very conservative government.

Now obviously we have a Labor Government and it will be interesting to see how the population responds. In the last ten years we haven't had that situation. It will be really interesting to see, were the Australian people just responding negatively to an existing government? Like, they should do something different. What will it roll out like over time? It will be interesting to see.

Now I mentioned the environment, that we'd added to our normal way of viewing the world. Our view is that the environment has now come of age. We see that the vast majority of people actually believe that if we don't act now it will all be too late. The environment is a very important thing to worry about. Very few people actually think that the environmental concerns are exaggerated.

So it's kind of flat. Everyone is agreed that the environment is really important. But then everyone agrees motherhood's really important. What we're seeing now though, why I say it's coming of age, is that we're actually starting to see people taking action. So we're actually seeing people thinking about buying a hybrid car, wanting to actually do things themselves. My own view is that the environment is at the point now where demand - where

populations demand or consumers demand to do stuff for the environment - is outstripping supply.

So I think as a community we are actually really very ready and willing to engage to do the right thing. But if you think about it, there's not all that much that we can do personally unless it's clear what we ought to do.

This was brought home to me actually in New York. I was in New York at a conference and I went out to get a glass of water. They passed me a paper cup and I had my drink of water and I said, "This is ridiculous. You guys here in America are outrageous. Why don't you have proper glasses? Why is there no recycling?" To a tee, the people who had followed me into the tearoom said, "We absolutely agree with you. There is this huge demand. But in New York you cannot separate recyclable things from non-recyclable things." So you're kidding yourself if you have a recycle bin and another one and you know damned well the minute it goes into the rubbish it gets chucked together.

So it was the time that I could see that in that area the demand was there but the supply wasn't. Nobody was actually providing the things that people could do. I think although we're so much more advanced in some areas in Australia, I think that in fact the people are wanting to do more but we're actually not being given the things to do.

There's so much fuss around solar power. Is it the right way to go? If someone would actually say, "Yes it's the right way to go," everyone would have a look at it, would consider it, and here's the way to do it, we'd jump on board. And with many of these things we're all quite eager to jump on board with these things.

Now those are the big trends. I think they have huge implications for people, for society, for inclusion and exclusion. If we just think about growing wealth, growing busyness in particular, that sheer amount of time that people are spending working, the growing technology and the growing opportunities for many, there are some really interesting opportunities and threats.

But the other thing to remember is that what I've been talking about, and I know there's a lot of data there, but that's just like national averages. That's all on average. We all know that the world is not about just averages. We all know that a country can get more affluent, because everyone gets a little bit more affluent. Or a country can get more affluent because some get really rich and others get left behind.

So we really do need to look at those big trends to see where Australia is going. But we also need to be able to dip in and see, well, what about the different sorts of groups? As Rhonda mentioned, we at Roy Morgan have for many years tried to understand the different groups in society. You can segment in terms of male/female, old/young, any number of different ways of looking at things.

We've found consistently a very useful way to look at it is in terms of people's values. Because in fact you can be very, very poor but still feel in charge of yourself and quite comfortable that you can take charge of things and be in control of the world and even fix things. Or you can be really rich and feel like you're just totally out of control. So it's more about the way you see the world according to the way we view things.

What we look at is these ten different groups, and there's not time to go through them. But in a nutshell the top, Visible Achievement and Socially Aware are the most affluent. So they are the people who have the most income, better educated, more important jobs, all of those sorts of things. So in terms of the socio-economic status, these guys are at the top.

The Visible Achievement in terms of their values are all about demonstrating they've made it. So it's the Mercedes, it's the right sort of proof that you've made it. It's about importance.

The Socially Aware on the other hand, in fact more buying power, are more on about society, about issues, they are the ones really trying to come to terms with the environmental issues and what we might do. So they're all about causes. And you can see that income is not driving it. It's a whole range of different things underneath it.

At the other end you have the Basic Needs. These will be people, largely they will be retired people, but they will be people of relatively small means, not necessarily unhappy or dissatisfied or aggressive or any of those things. They're the pensioners and the older people. Generally relatively satisfied, but often quite lonely, quite isolated.

And then you've got the people at the bottom end, the Fairer Deal, who are generally the underemployed or unemployed, blue collar, perhaps long term unemployed families who are really struggling and who feel they get a raw deal out of life, who feel that they don't have any access to power within society. That group is there still. So this group seems to be there. It's a

mindset. It's a way of thinking, even when you actually have really good times. So it's not like the feeling that you get a raw deal out of life dissipates when everyone's got a job. You actually have these different groups within society.

It's interesting. We do quite a lot of qualitative work so we need to listen to all the different groups in society to see how they feel about the world. One of the important things that we all need to realise is that people actually make choices. What happens is all about the choices that people make. It's not really what the government does. It's the choices that people make.

So it's really important that we understand the choices people are likely to make, how they feel about things and how they're going to respond to them.

So when we talk to all of these groups about something like technology, I remember the first time we mentioned technology. The Fairer Deal group were saying, "Technology, oh, like robotics and taking over our jobs and we'll lose control." And I'm thinking oh, that's a really interesting perspective. I hadn't thought about that, but yep, I can see that concern.

If you talk to the Basic Needs group about technology, they will think about improved health services, improved medical things. Because basically they are the issues for them. They'll think about security systems for their homes. If you talk to youngsters, young teeny bopper about technology. What do they think about? None of those things. It's about music, it's about games, it's about entertainment, turbo charged fun.

If you talk to the Socially Aware it's about access to information. It's about access to the rest of the world, faster ways of thinking.

So you can see Australia is made up of all of these different kinds of groups. So it's really quite a challenge. When we looked at the most recent qualitative research it was in some ways kind of sad but in some ways really optimistic.

So the Basic Needs group, when we talked to these older people about the world, about their world and about the way they saw the future, there was a lot coming through in terms of their own concern about how busy everyone was. They were voicing concerns that people didn't have time for their children. They were voicing concerns that they as grandparents and older grandparents were trying to jump in but they were really concerned that the parents of the children weren't spending the time.

Then they were voicing concerns for their children who were the parents, saying, "And they don't have time to enjoy themselves." So for them they were looking very much at what time meant. The subtext was also they were saying, "And they don't have time for me." So I felt quite sad hearing that coming through from that group.

But on a really positive note, what was coming through from the Socially Aware group was the recognition of some of these major issues and what they mean for society. So they were talking about their own awareness of the major changes happening over the ten years, the accelerating change. They were talking with concern about this move to everything being needed now, the acceleration of the whole now thing, and everyone being in a hurry.

They were voicing this as a concern and they were looking to do things. How could they actually change that? How could they engage? They were raising the fact that they would be able to at least talk to and engage with the people in their own environment.

So the point I'm saying is there are these social trends going on. There are these social changes going on. And there are movements, like the women's movement, that you're not going to stop. But people in society are still people. And people are still looking for ways to engage. We can operate within these trends in any way that we choose to.

So let me just finally finish off by saying, because I'm actually quite optimistic about this. I might have been sad when I first listened to the research. I am quite optimistic about it because I think that we are now at what I call the crossroads or the convergence of two revolutions.

So the first one is the technological revolution. That's that revolution that is sort of epitomised by Google. Borderless, boundaryless, you've got access to information, anything you like, online, you have complete access, you just don't think there are any boundaries, any borders any more.

But the second one is the cultural revolution. That one is full of borders. It's full of barriers. Because basically it's a response to this borderless community. It's where people are actually finding and marking off their own territory, whether it's a football team, whether it's a family, whether it's a local community, whether it's a group of butterfly collectors.

What is happening is that people are actually creating their own communities, their own niches. And what technology is allowing is those spaces to be

created far beyond the local physical community. So as well as being able to mix with the people that you live near enough to talk to it's actually creating these other alternate opportunities for those sorts of communities to evolve. So I'm actually relatively optimistic about where it can all go.