

Small Business Futures

Building a Business on Shifting Sands

Positioning
Your Home-Based Business
for Profit

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Questions

- Why are we at a business turning point?
- How are customers changing?
- Who are the emerging 'power consumers'?
- What are the new small business opportunity 'hot spots'?

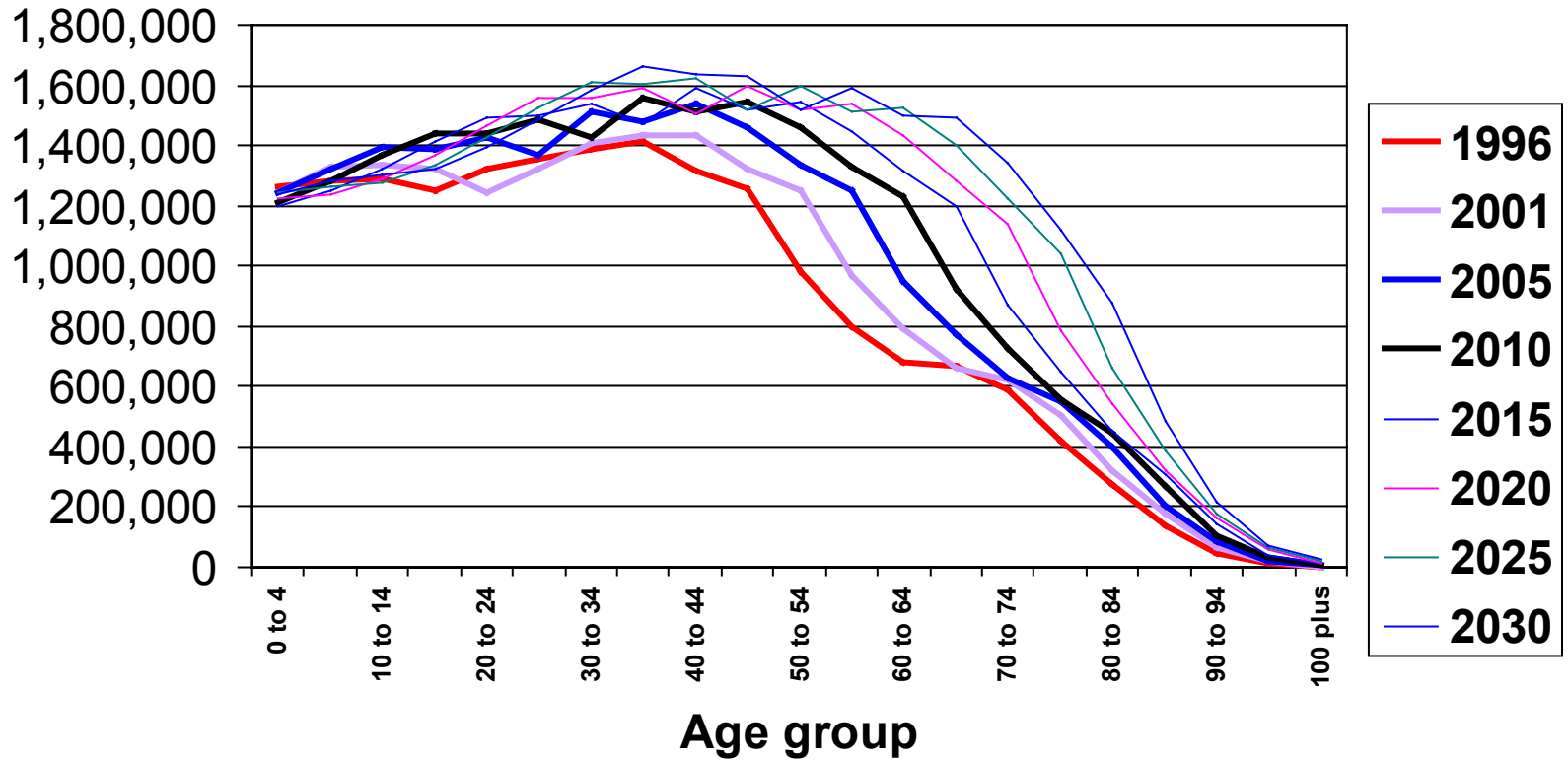
2005 is a turning point

- End of the housing boom
- Business outsourcing rush of the 1990s has slowed to a trickle
- The leading edge of the baby boomers are moving into retirement
- Moderate and falling unemployment is giving way to low unemployment and skills shortages
- Petrol prices are rising sharply
- Inflation has been under 4%, but interest rates have bottomed
- US economy is picking up while Asian economies continue growth

Social change too

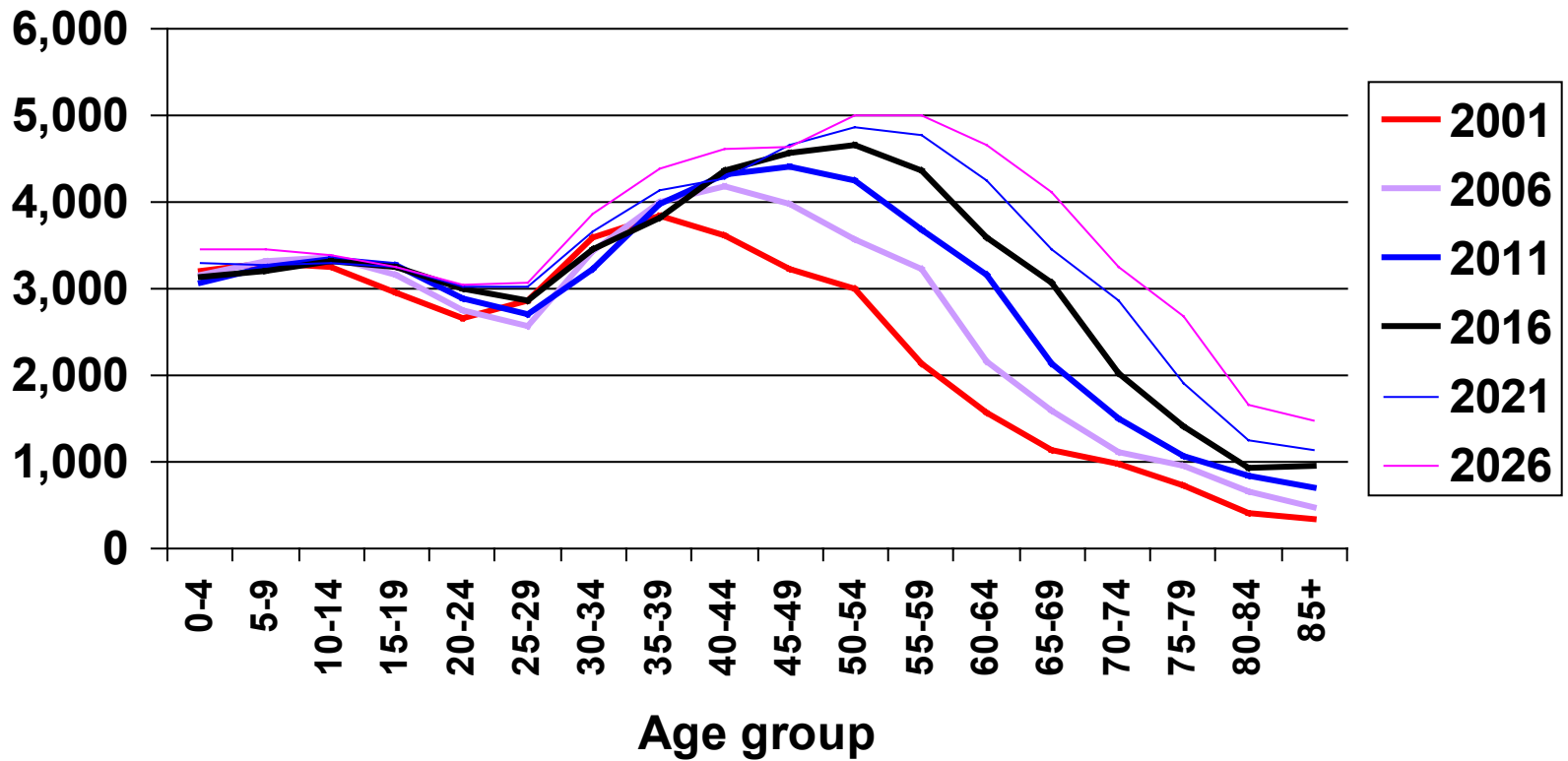
- The leading edge of the baby boomers are moving into retirement
- Generation X is moving into positions of authority in politics and business – bringing a new set of values and demands
- Generation Y is starting to make its presence felt in the workplace, and is already a major consumer force
- The nature of our households is changing as
 - More of us are living alone
 - Grown-up children are staying at home longer (and longer and longer!)
 - Fewer of us marry, and marriages are shorter
 - Fewer women are having children and those that do are having them later in life

We are changing



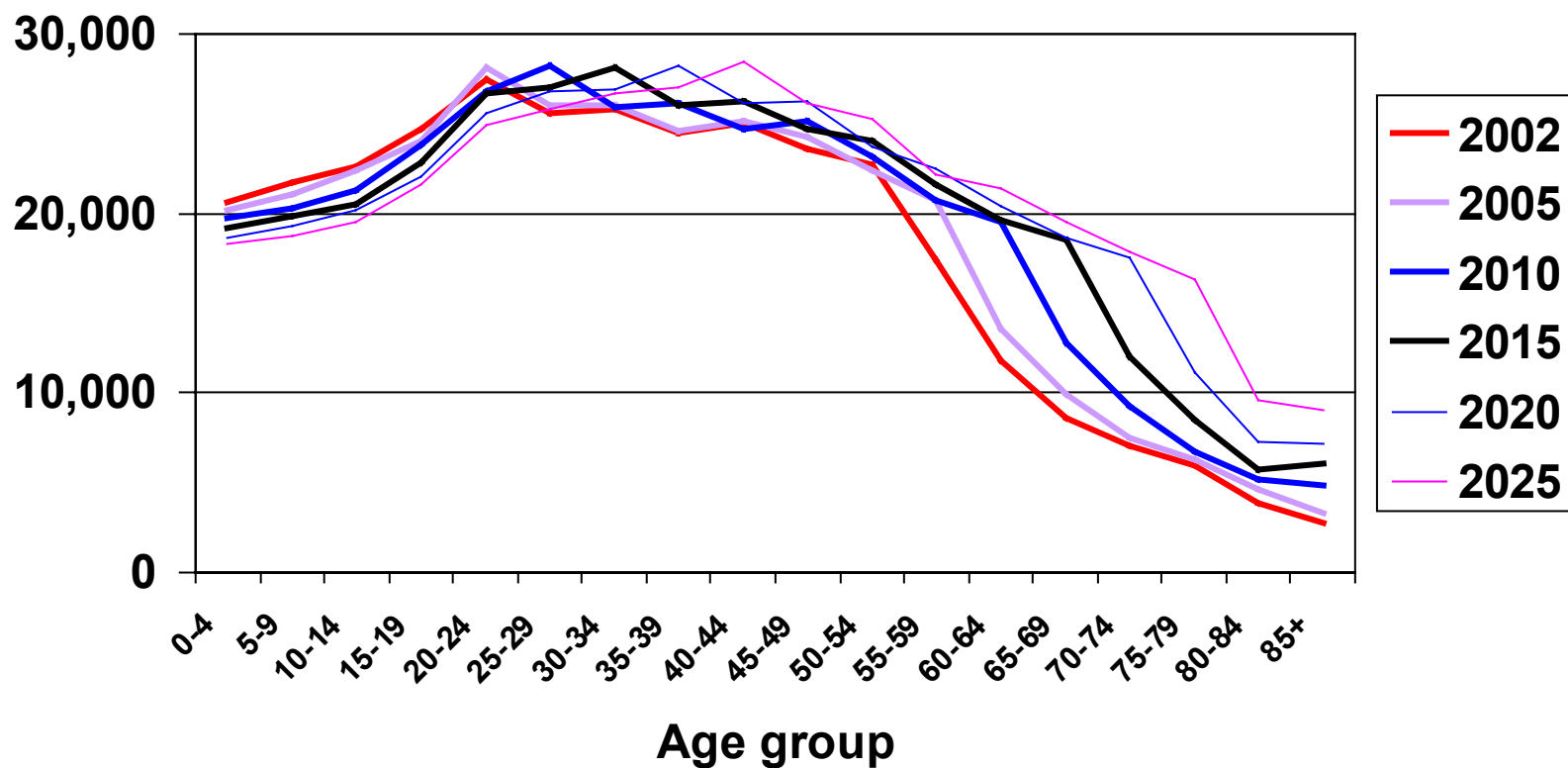
Source: ABS National Population Projections (Series B) 2003 – ABS Cat 3222.0.

Queanbeyan population forecasts



Source: NSW Government, DIPNR, Transport and Population Centre (2004). The numbers are based only on population mix and birth/aging/migration trends, and do not take economic or other initiatives into account.

ACT population forecasts



Source: ACT Government, Chief Minister's Department, 2003. The numbers are based only on population mix and birth/aging/migration trends, and do not take economic or other initiatives into account.

Sea Change Myths and Realities

- 3.9 million Australians lived in coastal Shires and Cities in 2003 (ABS, Salt)
- Projected to grow by 68,000 per year (Salt)
- But not all grey hairs. People who moved to the coast between 2000 and 2001 were:
 - under 50 (79%), many in their 20s
 - not from capital cities (69%)
 - mix of families and singles
 - in the labour force but often unemployed

How Customers are Changing

- Hyper-information
- Trust and authenticity
- Globalising and value
- Personalising and feeling special



Personalised chocolates from M&Ms ...

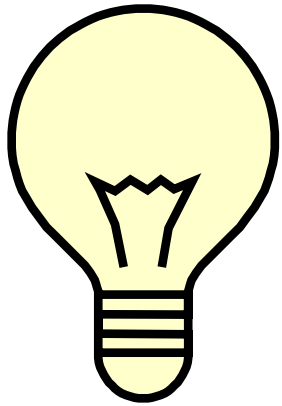
www.mms.com



Personalised stamps from Australia Post, \$23 for 20 x 50-cent stamps. www.australiapost.com.au



Who wants to smell like everybody else? “Invent Your Scent” with The Body Shop



Your Business

- How do your sales reflect the demographic groups in your community?
- How will your business service an ageing population?
- How can you personalise your products or services?

Retail Environment

- Discretionary spending down
 - Home equity withdrawals fell from a record 8% of household income in Oct-Dec 2003 (\$1billion/month!) to almost zero
 - Petrol prices up 30% since May, adding \$15/week & offsetting 1 July tax cuts (7% of h'hld budget)
- But retail spending projected to increase
 - Access Economics predicted in 1999 that, after inflation, the amount spent on retail goods in Australia would rise by almost 32% between 1999 and 2009.
 - 2004 was a slow growth year, but since 1999 retail spending has grown in real terms by 2-4% per year - on track

Emerging 'Power Consumers'

Three emerging power consumer groups will drive purchasing over the next decade:

Wealth-driven Upshifters

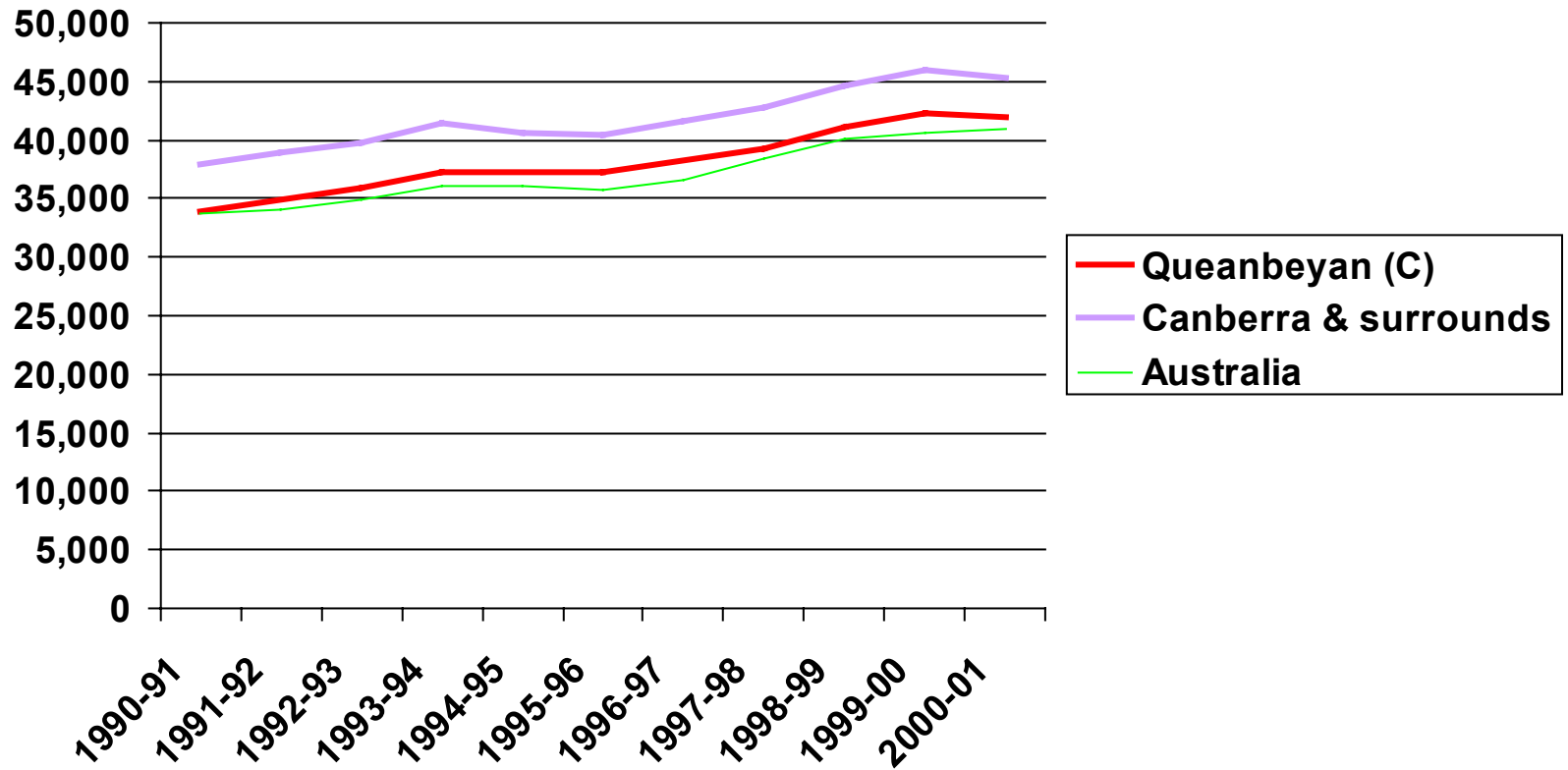
Quality-driven Downshifters

Active and Affluent Retirees

Wealth-driven Upshifters

- Career-oriented, highly paid singles, DINKs, SKINs
- % of full-time male employees working over 60 hrs/wk?
- **15**
- % households earning over \$2,000/wk?
- **13**
- Time is the new 'luxury good'

Income Trends



Source: BTRE Regional Incomes Database - Real (after inflation) Income per Taxpayer.



Too busy to cook, but need the kudos?

www.dreamdinner.com, for 12 to 24 guests ...

Upshifter Markets

- Service-related industries including cleaners, gardeners, decorators, landscapers, nannies, fitness coaches, and of course restaurants
- Organisation of social and relaxation events
- Catering for parties and banquets, romantic weekends away
- Demand for facilities that are available 24/7, ie. early morning and late at night - before and after work.

Quality-driven Downshiffters

- Turn away from rat race to 'downshift' to slower paced lifestyle - often out of cities
- Not 'new-age dreamers' that have 'opted out'
- Want both - lifestyle AND goodies
- How many Downshiffters?
- **23%**



13
types of
olive oil

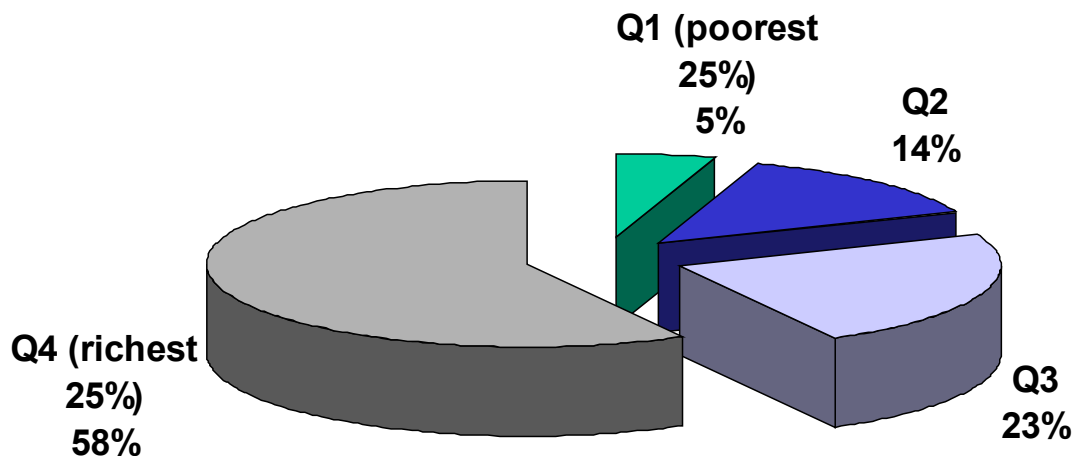
and

19
types of
vinegar

Downshifter Markets

- Cooking and healthy food
- Physical activities
- Musical, hobby & recreational pursuits
- Community and club activities
- A need for 'slow coaches' who help individuals to slow down

Active and affluent retirees



Retiree wealth is polarised – richest 1/4 \$559,000 per person, next 1/4 \$223,000 per person (AMP/NATSEM)

Over 60s may not all be big spenders individually, their number expected to double over the next 25 years

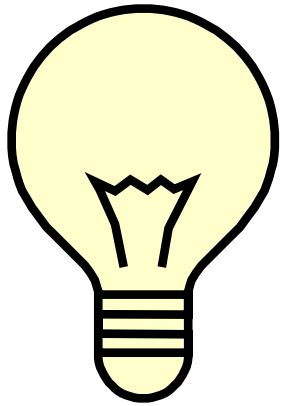


Just 3.5% of Australians over 65 need help with daily living (Australia Institute)

Perisher Blue's season lift tickets

Retiree Markets

- Something to do
 - musical concerts, theatres and art galleries
 - education and learning
 - holidays, books, magazines and the telephone
 - outdoor activities such as golf
- Home comforts
- Healthy foods
- Above average share on groceries and homewares
- Professionals for jobs around the house, especially those requiring heavier work
- Smaller cars that are safer and easier to drive



Your Business

- What do you know about your high value customers?
- How would your business change if 23% of customers focused more on quality than price?
- How will double the number of over 60s affect your business?



“Friendships Bloom With My Twinn ...”
www.mytwinn.com, US\$119+

Small Business Opportunity Hot Spots

- Individuals doing what business did
- Households 'outsourcing'
 - Household services
 - Gardening, cleaning, cooking, design, pet care
 - Child and aged (and pet!) care
 - Health & recreation
 - Personal fitness, massage, well-being, counselling, learning, travel
 - Knowledge brokers
 - Finance & mortgage brokers, coaching, IT/web

Opportunity knocking

- Rapid growth in household expenditure
 - Forecast to keep rising by \$150 per household per year
- Who wants to be a millionaire?
 - \$1 million more *each year* for every 16,000 people ... local and personal

The Experience Economy

- Customers are buying experiences and memories
 - BridgeClimb
 - Beechworth Bakery
 - Elvis Parsley's Grapelands
 - From beauty salons to day spas



Tips for Home-Based Business Success

- Don't compete on price

Add value

- Don't be afraid of competition

Watch and learn

- Don't satisfy customers

Entertain customers

Tips for Home-Based Business Success

- Don't just train staff

Engage and empower staff

- Don't worry about brand awareness

Understand high value customers

- Get involved!



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www.smallbusinessfutures.com.au