

Global Media Analysis Research Report

Number: 2012-82	Industry: Radio
Date: 15 August 2012	Country: Australia

Topic: Commercial Radio Advertising Revenues in Melbourne
Title: Melbourne Poised to Become Australia's Largest Radio Revenue Market

Melbourne is poised to become Australia's largest radio advertising revenue market.

Despite radio advertising revenues growing by only 0.2% to reach \$205m in the fiscal year (FY) ending 30 June 2012, Melbourne's metropolitan radio advertising revenues were just \$5m, or only 2.5%, less than Sydney's, according to industry-sourced statistics compiled by accounting firm Deloitte and published by the commercial radio's industry representation group Commercial Radio Australia.

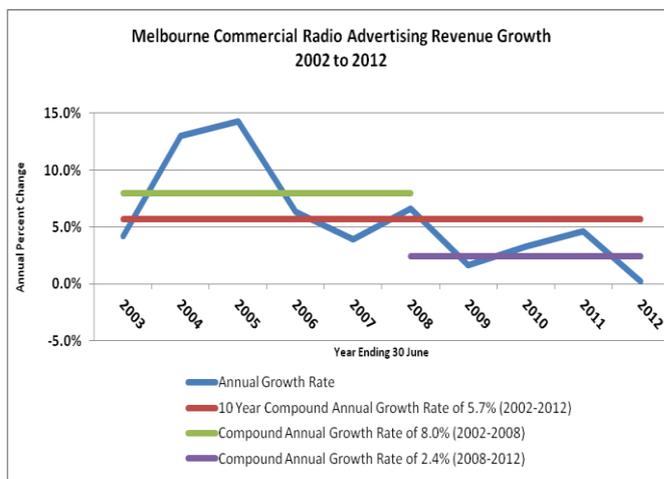
Melbourne's annual radio ad revenue growth rate only needs to exceed that of its northern rival by about 2.8 percentage points for one more year in order for it to snare the metro radio revenue crown, and such a result may well be achieved given that over the past decade Melbourne enjoyed a compound annual growth rate (CAGR) in radio advertising revenues of 5.7% compared with Sydney's much lower growth rate of only 1.6% per annum (pa).

Below Trend Growth in 2012

As with the other four metro markets, Melbourne's 0.2% increase in radio ad revenues in FY 2012 was well below the 5.7% CAGR which was experienced in that city over the past decade between FY 2002 and FY 2012.

And also as in the other metro markets, the Global Financial Crisis (GFC) in 2008 had a noticeable adverse impact on Melbourne radio advertising revenues, leading to a decade of two distinct parts.

After having grown at a strong 8.0% CAGR between FY 2002 and FY 2008, Melbourne radio ad revenues, post the GFC, slowed to an average 2.4% pa rate between FY 2008 to FY 2012.



Melbourne's Above-Average Ad Revenue Growth Performance

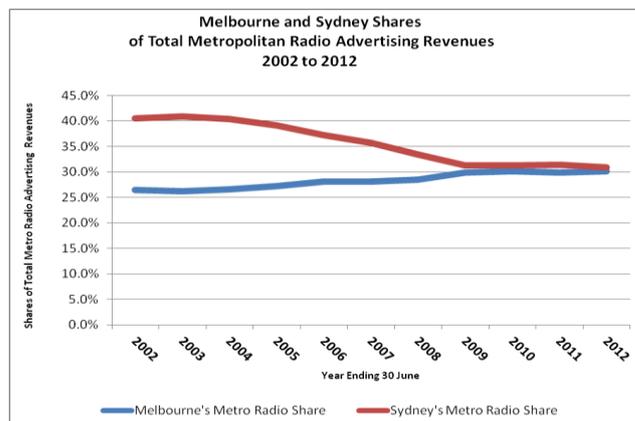
During FY 2012, only Melbourne and Adelaide (+3.4%) managed to increase their radio ad revenues, while declines were experienced in Sydney (-2.1%); Perth (-0.9%) and Brisbane (-0.3%). As a group, the four metro markets other than Melbourne experienced a 0.7% drop in radio ad revenues last year.

Melbourne's relatively high 5.7% CAGR in radio advertising revenues over the past decade was not far behind that of Brisbane (6.2%) and Perth (7.8%), those being the other two above average metro radio revenue performers during that period. As a group, the other four metro markets had a 3.8% CAGR between 2002 and 2012.

Melbourne's Rising Metro Radio Ad Revenue Share

With the benefit of above average annual growth in radio ad revenues over the past decade, Melbourne managed to increase its share of total metro radio ad revenues from 26.4% in FY 2002 to 30.1% in 2012, not far below Sydney's 30.8% share, and bringing it much more into line with its current 31.7% share of the total metro population.

As noted above, if future radio ad revenue growth in Melbourne were to exceed that of Sydney by about 2.8 percentage points for one more year, then its share of total metro radio ad revenues would surpass that of New South Wales' capital city.

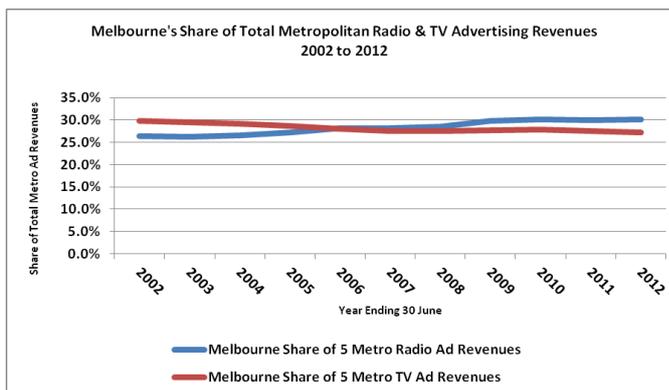
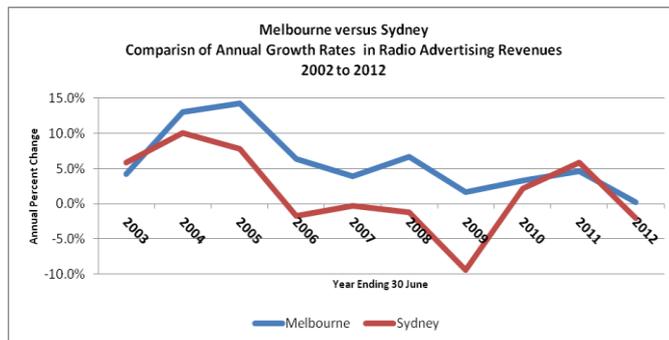


Over the past decade between 2002 and 2012, annual radio ad revenue growth in Melbourne surpassed that of Sydney in all but two years.

This reflected both Melbourne's relatively low 26.4% radio ad revenue share at the start of the decade in 2002, which was well below its 31.2% metro population share at that same time; combined with a much higher annual population growth rate relative to Sydney (1.8% pa versus 1.1% pa) over the past ten years.

Curiously, at the same time that its share of total metro radio advertising revenues was rising, Melbourne's share of total metro television advertising revenues has declined fairly steadily from 29.5% in 2002 down to 27.2% by 2012, which is significantly below its current share of the total metropolitan population.

Melbourne's declining share of metro tv ad revenues over the past decade was a function of that city's metro tv ad revenues having a low 2.3% CAGR over the past decade when compound annual growth in the other four metro markets in aggregate was higher at 3.7%.



Melbourne and the Four Other Metropolitan Markets Radio Advertising Revenues and Trends for Year Ending 30 June 2012				
Metro Market	2012 Revenue \$m	Compound Annual Percent Change		Annual Population Growth (2002-2012) % pa
		1 Year Ago % pa	10 Years Ago % pa	
Melbourne	205	0.2	5.7	1.8
Other 4 Markets	476	-0.7	3.8	1.6

Source: Commercial Radio Australia and Nielsen

About This Report

This is the third of a six part series which examines trends in metropolitan radio advertising revenues over the past decade. The subsequent parts of this series will examine developments and trends in the Brisbane, Adelaide and Perth metropolitan radio markets.

Further Information

For further information pertaining to this research report, contact Bob Peters at Global Media Analysis at: bobpeters.gma@optusnet.com.au

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