

Automakers out of touch with consumers, not just in the US.

Last week, the CEOs of Detroit's "Big 3" automakers went united to the US senate to ask for a \$25 billion bailout. But they didn't fly United, the airline. If they had begging bowls in their hands as they got off their corporate jets instead, the picture would have been complete.

That there is something seriously wrong with that picture seems to have escaped them. While a carpool at the tarmac is unimaginable, even a jet-pool wasn't considered for the visit to Washington. But the stark reality of their actions is a reflection of the utter disrespect for their fellow citizens, whose help they desperately need. "Give us your money, or many more of you will soon be jobless", could well have been the tattooed message on the foreheads of the three anachronisms.

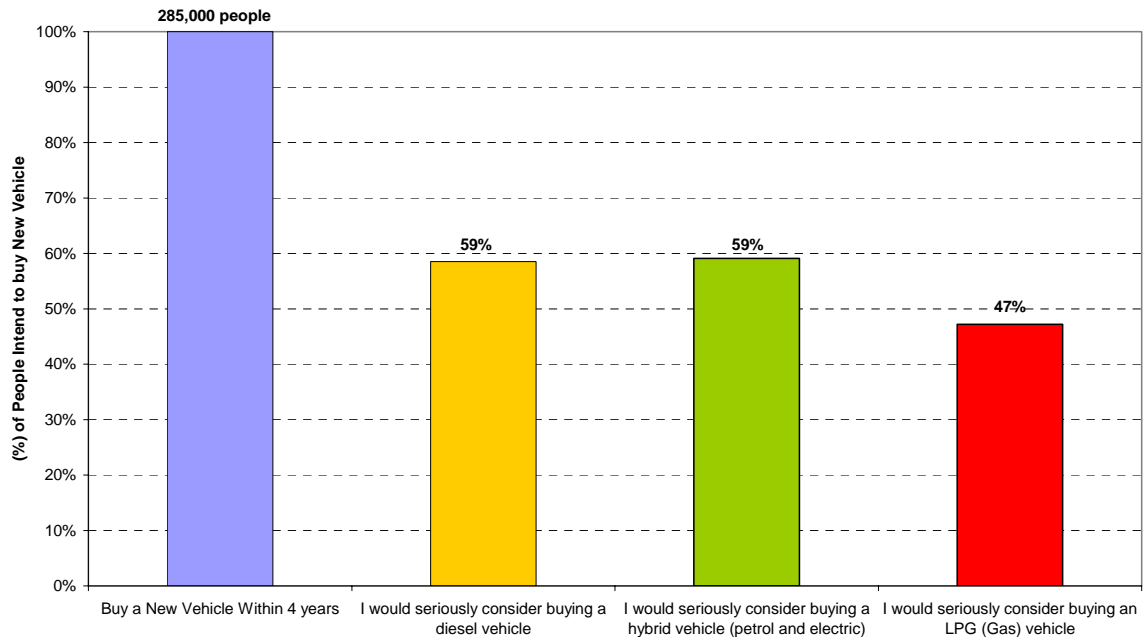
Out of the turmoil some good will finally emerge, long overdue. Bailed out or bankrupted, sold or merged, these icons will soon rise from the ashes. Asleep at the wheel for decades, the giants are now ready to launch a whole range of eco-friendly cars that don't look like baked potatoes. The nexus with the oil behemoths has finally been broken, thanks to the recent months of spiralling fuel prices. Pushed by the consumer, global automakers will soon make it possible for millions of sleek new cars to run on alternative energy, leaving only big trucks to continue guzzling fossil fuels.

But how many hybrid cars have we seen on Indonesia's roads, to date? What effort has any automaker made to promote alternatives, raise awareness? Strangulated, the arteries in each of the big cities are so noxious that many traffic police, motorcycle and pillion-riders are seen wearing face-masks to work everyday. Even the most cynical of eco-skeptics worry about inhaling the urban grey, knowing it cannot be good for the human condition. If it was, somebody would be making a fortune bottling it like tap water. If advertising indeed reflects the new signs of our times, then Indonesia's new car buyers are obviously considered to be environmentally unconscious. The truth is they are not.

New cars, both big and small, are for Indonesia's elite. Nothing wrong with that, it's just a fact that some have difficulty embracing. With the help of the increasing population of second and third-hand cars, trucks and buses, we can expect that urban grey cloud to turn several shades darker rather rapidly. Unless of course we decide to do something about it, individually and collectively.

A look at the country's population of cars is a good place to begin. Only 3.5 per cent of the population has a car at home. That one car is shared by the entire family. This is a privileged minority, a select group that is not growing. A negligible proportion has more than one car. To point out the obvious, this universe does not include cars registered by government, military or commercial institutions that aren't parked at someone's home after work. Only 2 per cent of the population actually drives a car. In contrast, 58 per cent of the population has at least one motorcycle in their home, 22 per cent has a license. 8 per of households have two motorcycles. Most of the combined automotive population is concentrated in urban areas, home to most of the available roads. Today, blue skies are unique to the countryside.

Demands of New Car Buyers By Diesel, Hybrid, LPG



Though recent sales of new cars have been satisfactory, including sales to government bodies and commercial institutions, demand for new cars by individual buyers is slowing. Of the 285,000 people intending to buy a new car, the overwhelming majority are urban residents. The replacement market comprising the affluent minority will take comfort from the recent reduction in the price of fuel. Of them, an astounding 59 per cent will “seriously consider” a diesel car, now the rage in green-conscious Europe. Equally a pleasant surprise is the fact that 59 per cent of them would seriously consider a hybrid vehicle, 47 per cent an LPG-powered car. How many automakers selling cars in Indonesia have acknowledged these eco-friendly buyers, how many billboards have we seen promoting them, much less seen any on the road in real life? The disconnect between marketer and consumer is brain-numbing, the difference between selling and marketing seemingly misunderstood even today.

The 2.2 million people planning to buy a used car have similar views on new technology. Roy Morgan Single Source makes it easy to profile these prospective buyers, new and used, to understand their attitudes to cars as well as the environment. With over 27,000 Indonesian respondents annually, projected to reflect almost 90% of the population over the age of 14, both urban and rural, the country’s largest syndicated survey is updated every 90 days. I’m often asked how I can afford to be critical of clients and prospective customers who may be sensitive to what is said in this column each week. The answer is that we are in the business of discovering the truth, not hiding the facts. Anybody who doesn’t want the truth wouldn’t be interested in the information we produce, anyway. My personal opinion on the other hand, can easily be ignored. It’s that simple.

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