

If it isn't any better, it certainly isn't any worse.

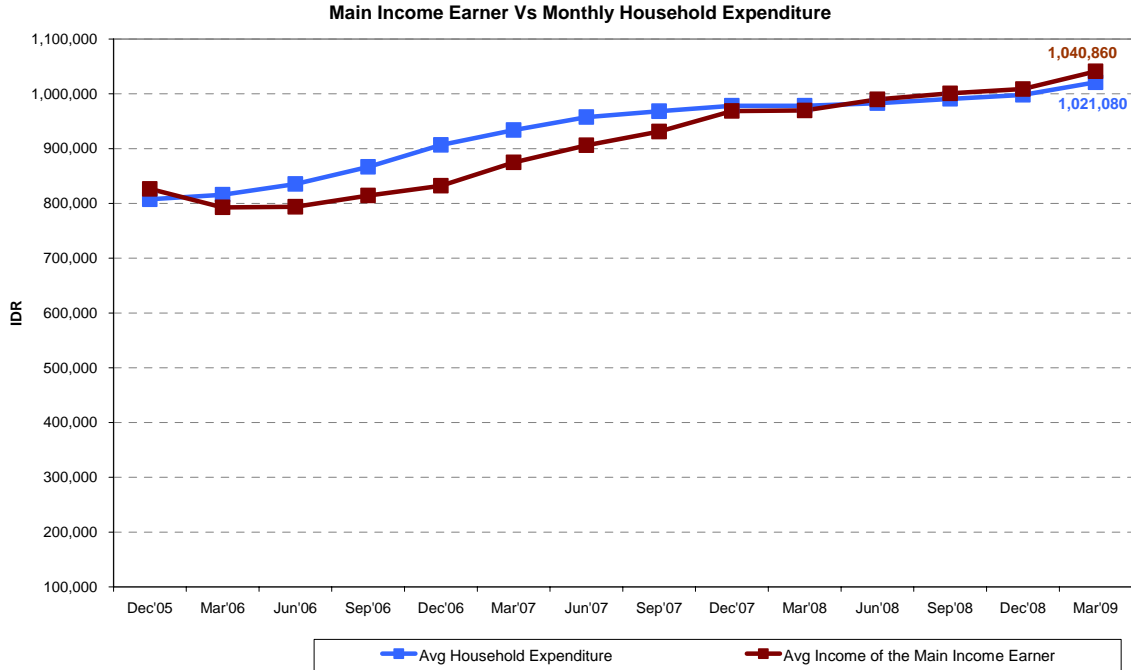
At a time when media, both global and local, drum up the continuing news of a world in recession, it's worth taking a closer look at backyard realities. What we often ignore is an Indonesia that is still very much in positive territory, sailing forth if not quite steaming ahead. So are China and India. Not all of ASEAN is in economic decline. Under the circumstances, Asia is doing remarkably well.

Not many may have heard the news or taken it seriously, but Ghana is currently enjoying an unprecedented economic boom. If you add up the populations of all of these countries, you'll begin to challenge the validity of the phrase, "global recession". A tally of all countries with continuing growth in gross domestic product would reveal a few more pleasant surprises. Everything depends on perspective.

All developing countries have recognised the need to shift focus from export-dependence to internal consumption. Every effort to create jobs and alleviate poverty will pay rich dividends almost immediately, with more consumers empowered to spend more. The January-March quarter reconfirmed the fact that the average Indonesian wage earner is working harder, earning more, and therefore the household as a whole is able to spend more. Much of the impact is lost to inflation and higher prices, but the good news in these bad times should not be undervalued. That the average main income earner is able to pay the everyday household expenses is worthy of celebration. The old magic number of Rp 1 million per month in earning and expenditure will soon hit the Rp 1.1 million mark.

The wheels of the consumer economy are well-oiled by the purchase of everyday essentials. The main grocery buyer in the average household continues to tighten her grip on the family budget, with the evidence clearly visible. Downtrading in virtually all categories can be seen too, but there are no signs yet that she has stopped buying shampoo altogether, for example. In fact, economy brand Lifebouy and premium brand Pantene both won more new consumers in the last quarter, to the detriment of brands like Sunsilk and Clear. There is no decline in the number of people using shampoo, but brand-switching will continue. No surprise then that toothpaste is also doing well, not just shampoo. Among other fast-moving consumer brands, the tale is similar in the milk, noodles and hot beverage categories.

With competition hotting up, the cellular networks are seeing declines in revenue, not that the consumer is talking any less than before. They are getting what they used to, but for less money than before. Further up the spending ladder, the number of people intending to buy a motorcycle has flattened, but hasn't dropped significantly enough to ring alarm bells. When 9 per cent of the population 14 years and older, continue to consider buying a motorcycle in the next four years, it still adds up to significant volumes sold today. Where the market has shrunk in the immediate term, is the car market. The new car market, even small cars, is essentially for Indonesia's affluents. They mirror the fortunes of the stock market, with less than 1 per cent of the population actively involved. In contrast, intentions to buy a car in a 4-year timeframe remain healthy, more or less constant at the levels registered for the last four quarters.



These conclusions are based on Roy Morgan Single Source, a syndicated survey with over 25,000 Indonesians 14 years and older interviewed each year. That national database is updated every quarter, reflecting changes as they occur in these turbulent times. Almost 90 per cent of the population is covered, in both urban and rural Indonesia.

It is the members of the global village who are really feeling the pain of the global recession. For the overwhelming majority in Indonesia's villages, the everyday struggle hasn't got worse. As always, the market-savvy are not following the herd. Just recently, investors from two ends of the spectrum, Volkswagen and Faber-Castell, have reconfirmed their impending investments in Indonesia. From car-makers to pencil-makers, some are seeing the opportunities that the Indonesian economy continues to offer even in these, the darkest of times. The bigger picture also continues to brighten, with the national foreign exchange reserves having grown to US\$ 56.6 billion, well above projections. Overall market conditions have given Bank Indonesia enough joy for them to hint at further cuts in interest rates, in the months ahead. The local consumer is sending what signals they can, with confidence levels continuing to rise even in the face of all the the global gloom and doom.

The Indonesian consumer hasn't stopped voting with their wallets. The recent election was yet another reassuring sign of stability ahead, with the President reiterating his focus on jobs and poverty. Are local marketers taking note? They would do well to pay more attention to the local press, less heed to the global media. Hiding local failures behind worldwide conditions is an easy and convenient option for captains of industry. But making the most of the relatively good conditions, some have chosen to forge new paths ahead. Good examples to emulate.

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