

Is the Indonesian consumer king, moron or irrelevant?

If you are in a consumer product or service industry, ask this simple question to a marketing colleague in the office today: What percentage of our consumers are from the top 20 cities, other urban areas, and rural Indonesia? It is more than likely that you won't get a straight answer. The reason is that too many of our marketing folks simply don't know, because they just don't care.

But mantras like “the customer is king”, “she is not a moron, she's your wife”, “we are a consumer-focussed company” are chanted by marketing practitioners young and old, every day. But the fact that life in a city is different from life in a town and different from life in a village, escapes too many of them. They are the same people who have listened to celebrity speakers at marketing workshops drum home the need to understand the consumer, they have read all the right books and quote the quotable quotes.

The unsung heroes of Indonesia's industries are the operations people, producing goods and services to a set standard and distributing them effectively across this large and challenging geography. Those achievements must account for much more more than half the reason for commercial success in a country of this size and diversity. At the other end, too many marketing folk are consumed by the fashionable symbol of marketing, that is advertising. And within advertising, the glamorous television commercial. That's where the bulk of the marketing budget is inevitably spent and that's where there is precious little knowledge available. Not even the top 20 cities are covered by the set-top boxes that represent ‘television audience measurement’ in Indonesia. Even if they did, they would not represent more than 25 per cent of Indonesia's population. Don't the remaining 75 per cent of consumers really matter?

The marketplace reality is dramatically different to the big city myth. In category after category, consumers who live outside the top 20 cities constitute the overwhelming number of consumers. Whether it is toothpaste or shampoo, instant noodles or headache pills, mobile phones or motorcycles, the majority of consumers live outside the big cities. For ignoring them, the defensive arguments offered too often are that the 25 per cent are the primary consumers, the influencers, the trendsetters; that national television channels telecast nationwide so it makes program selection for diverse groups impossible; that the blockbuster programs are seen by everyone everywhere anyway. So on and so forth. With target audience measurement data restricted to bald demographics within the restricted geography, these arguments justify throwing billions of TV rupiahs at a grey, amorphous mass. A shotgun approach, with the firm conviction that the target audience is out there somewhere, all huddled together.

Even if that assumption was true, what is the need for all the time, effort and money spent on focus group discussions, need-based segmentations and advertising trackers,? Even if these tools also ignore the 70 per cent as usual, how is the knowledge acquired and the segments defined, transfer seamlessly to a media plan? How are those segments tracked? Inevitably, demographic surrogates are used to ‘re-create’ these segments rendering the entire process a meaningless waste of marketing resources. Not many have heard of the sniper's rifle.

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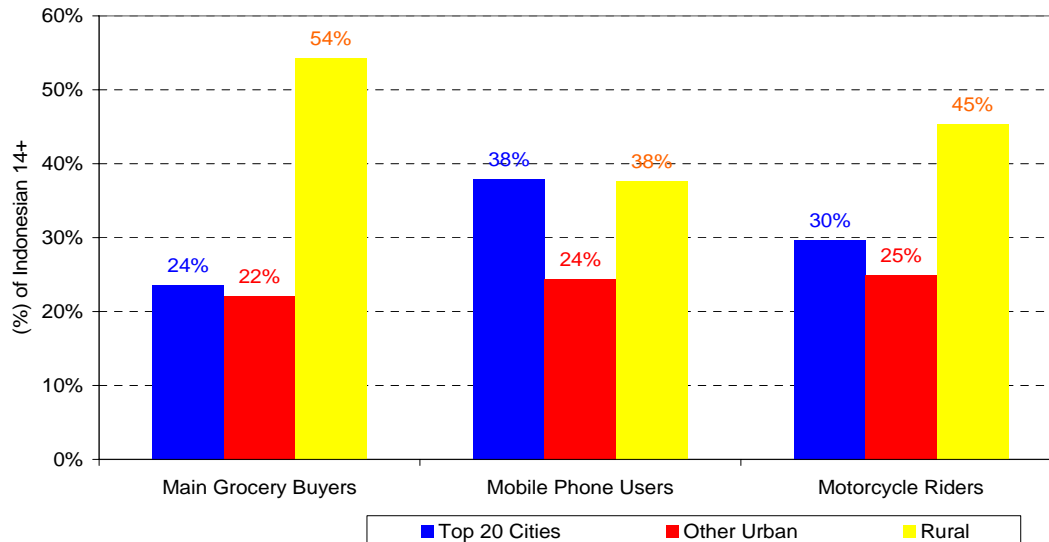
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Most Consumers Live Outside the Top 20 Cities



These conclusions are influenced by 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 90 days, reflecting changes in consumer behaviour as they occur. Holistic in its approach, it connects the dots ranging from demographics to psychographics, purchase behaviour to media habits. The insights can be projected to almost 90 per cent of consumers, in the top 20 cities, other urban areas, as well as rural Indonesia. Unique in that perspective, it is a basic knowledge to build upon, then used as a national tracker to monitor each defined segment, without guesswork or assumptions. A shared resource, it is also a common language for over 30 major industries that span the everyday life of the Indonesian consumer.

Here we are in troubled times, looking to cut wastage, get bigger bangs for the scarce buck, save jobs and produce returns for shareholders. But how many conversations do we engage in as a collective community of professionals, focussed on making those marketing resources better? Today, almost 70 per cent of GDP is created by consumers spending their money yet we ignore 70 per cent of them most of the time. In stark contrast to most markets, advertising spend in Indonesia grew in double digits during the first quarter of 2009, bolstered albeit by political campaigns. Considering the amount of money spent on television alone, there is an obvious need to expand the geography of audiences measured. The money required could be found from cutting back on meaningless, wasted research that so many businesses engage in. Today, nobody measures regional television with the exception of Roy Morgan Research by using a 7-day diary method. If nobody is watching these local channels, why are media owners queuing up to buy or build more?

It is questions like these that need to be considered by Indonesia's marketers. Unless of course 70 per cent of most consumers of most things are deemed to be morons, forever.

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