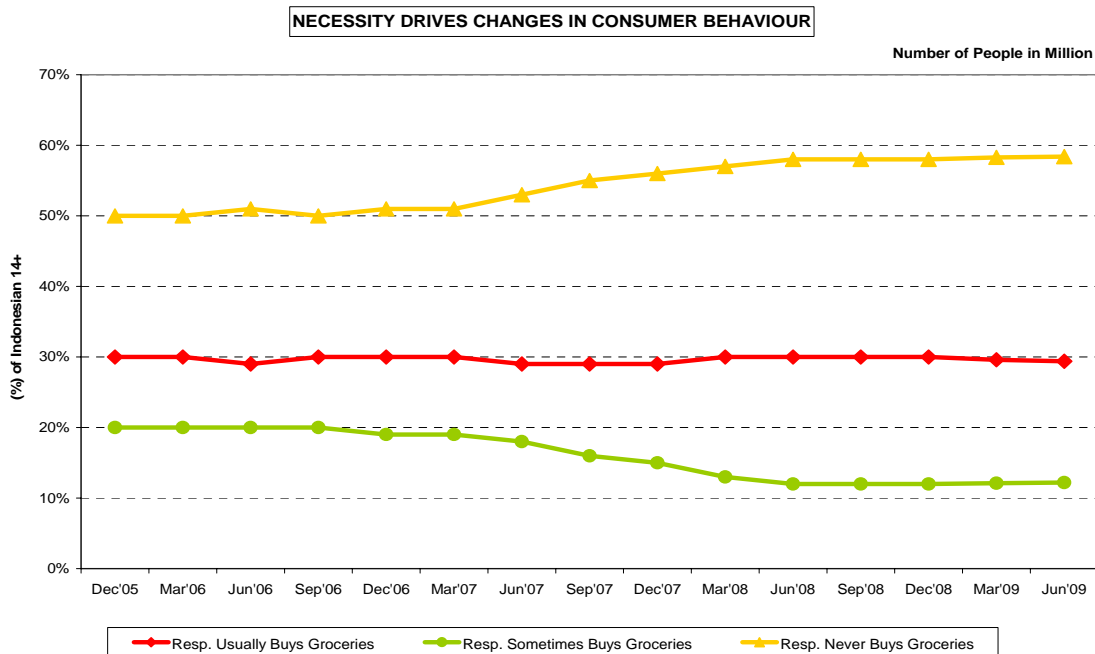


Is anybody watching the changes in consumer behaviour?

Economically speaking, the worst is over around the world. The jury is still out on the speed of the recovery, but most indicators point to a recovery in progress regardless of the speed that the pundits are now arguing about.

Here in Indonesia, disconnected as it has largely been from the global financial crisis, the consumer is looking ahead with a great deal of confidence. That confidence level, among the highest in the world at 119, is pinned primarily on hope. In real terms, it is the relatively low prices of food and fuel that has given the average household some relief in recent times. Because these prices of everyday essentials are still high, compared to early 2007, they continue to have a debilitating effect on consumer behaviour.

Perhaps the best graphic to illustrate the lasting effect of rising prices is the accompanying graph. Old habits die hard, but necessity drives even unimaginable changes in behaviour. Once that change is in place, it tends to remain there till circumstances change radically again. The correlation between the timing of rising prices taking hold in March of 2007 and the housewife tightening her grip on the domestic budget, is fascinating. But not surprising. Clearly, she began putting embargoes in place. The number who “never buy groceries” started going up steadily, reaching 58 per cent of the population 14 years and older, by June of 2008. It has stayed there since then, some 84 million people never buying things like shampoo and toothpaste, sauces and noodles. Even the occasional buyer who “sometimes buys groceries” wasn’t spared. In tandem, that graph went down from 20 to 12 per cent of the population, 14 years and older. The daughter who ran across to the nearby warung to buy a bottle of Sunsilk was replaced by her mother buying Lifebuoy instead.



PT. Roy Morgan Research, Wisma 46, Kota BNI, 17th Floor, Jl. Jend.Sudirman Kav. 1 Jakarta 10220

Tel: (021) 572 2021 or 572 7529 Fax: (021) 572 4864

411 Collins Street, Melbourne, Victoria 3000, G.P.O. Box 2282U, Melbourne, Victoria 3001, Australia

Tel: (03) 9629 6888 Fax: (03) 9629 1250 (03) 9224 5387 Email: melbourne@roymorgan.com

Website: www.roymorgan.com

Offices also in: Sydney, Brisbane, Adelaide, Perth, Canberra, London, Auckland and USA

Today, and for some time to come, the all-important housewife, the main grocery buyer is calling all the shots at home. Has anybody taken note? Old habits die hard, even in the marketing department and its advertising agency. Learnt by rote, strategies and media plans are still focussed on the old god, “Brand Used Most Often”. Users are no doubt important target audiences, but has anyone bothered to recalibrate the plans to focus on the Main Grocery Buyer taking the actual decisions? Almost without exception, the old conversations still continue unabated, “1300 GRPs” (gross rating points on television) delivered to “Users”.

These conclusions are based on Roy Morgan Single Source, a syndicated survey with over 25,000 Indonesians 14 years and older interviewed each year. Almost 90 per cent of the population is covered, from the cities, towns and villages around the country. The data is updated every 90 days. Changes in behaviour, at home and in the marketplace can be spotted early and tracked over time.

But by ignoring it, too many armchair marketers continue chanting old and irrelevant mantras. Their “facts”, garnered from 10 or 15 cities that account for less than 20 per cent of Indonesia’s population, is more akin to “fiction”. There are many marketers who know little about what’s going on outside these big cities, aiming their marketing resources at these small proportions of their consumers, and picking up growth anywhere but where they aimed. Almost without exception, ranging from food, beverages, cosmetics and healthcare, to telecommunications, motorcycles and banking, that growth is coming from the towns and villages of Indonesia, not the big cities. Try pointing that to your marketing gurus, Indonesians and expatriates alike, and watch them splutter inexplicably. The Jakarta jet-set of marketing and advertising wizards have little knowledge of this large and diverse marketplace. Where ignorance is bliss!

What never fails to amaze me is their brazen ability to celebrate the ignorance. I’m convinced that there are many brands in the market that continue to grow despite the marketing, not because of it. These conclusions range across the panorama of big brand names, across the gamut of products and services. There are bank CEOs celebrating ‘customer service excellence’ awards given by magazines while in fact their ‘customer satisfaction’ ratings continue to plummet in the minds of thousands of actual customers. There are marketing directors at automotive companies ignoring the fact that around 40 per cent of all new intenders for motorcycles are women, not the men in whose name the financing maybe arranged. There are regional offices of major multinationals who mistakenly believe they have dominant market shares gleaned from urban retail reports, when in fact they are considerably smaller on the national landscape. I could go on, but you get the message.

Sadly, there is remarkably little maturity displayed by fellow professionals. The few associations that exist are fraught with conflicting agendas, unable to get any real traction. The idea of a ‘marketing club’ appears to be still-born, the new chairman of the advertising agencies is making valiant efforts for the industry to be heard, the bankers’ association is impossible to even approach. Old club ties, real and metaphorical, matter more than the truth. If real change isn’t happening, it’s because industry leaders are happy to leave things as is.

The writer can be contacted at Debnath.Guharoy@roymorgan.com