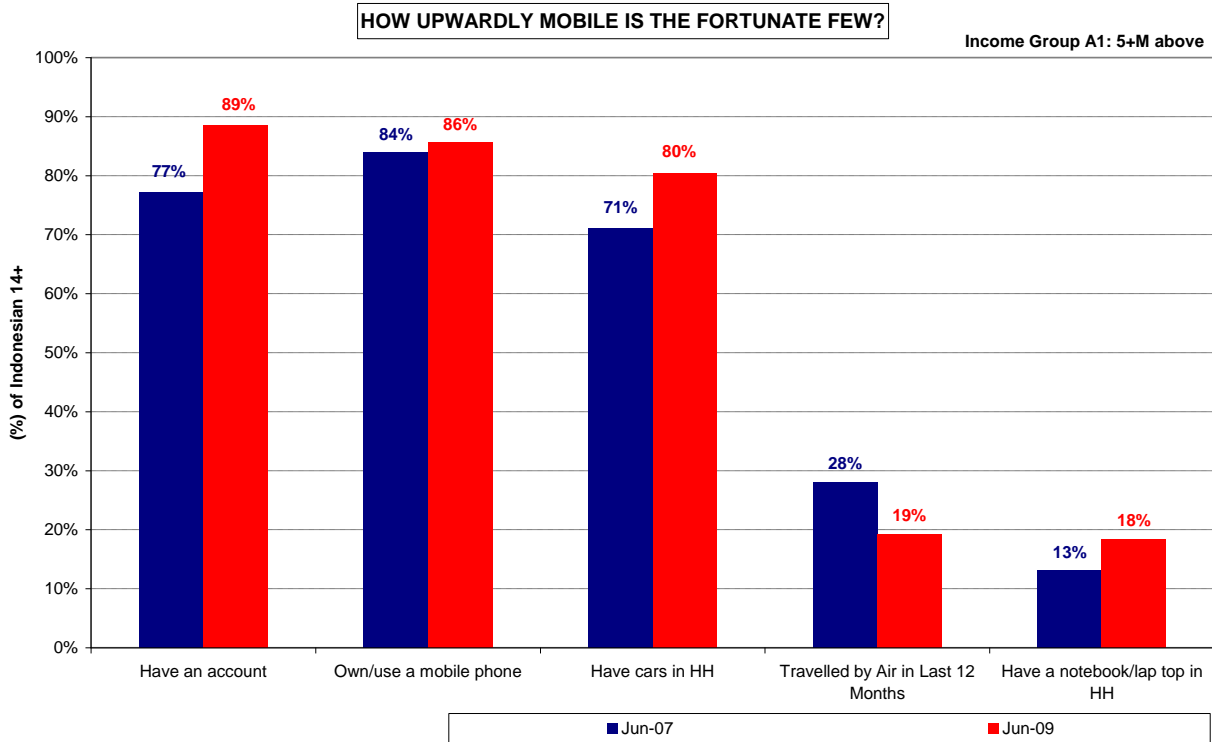


An anniversary best forgotten, especially by the elite.

Almost to the day, Lehman Brothers went down a year ago. The havoc that milestone event wreaked right across the globe has cost millions of jobs and incalculable grief. Many are left wondering if any lessons were learnt, whether appropriate regulatory measures will ever be put in place. The internet boom and bust changed little a decade ago, so it is more than likely that global banking will once again slide back to business as usual. Till the next disaster.

Barely a year later the tension is beginning to wane. The worldwide contagion never touched Indonesia. Not really. It affected the country’s affluent minority, primarily those with investments in the stock market or interests in export-oriented business. But through those turbulent times, how has Indonesia’s fortunate few been affected? In continuation of last week’s update on “upward mobility” around the country, the national survey Roy Morgan Single Source offers a few insights on recent developments.

At the top of the socio-economic pyramid, the ‘A’ group today constitutes almost 5 per cent of Indonesian socio-economic strata, up from 1 per cent just four years ago. Of these relatively affluent households, those with main income earners with monthly earnings Rp 5 million and over comprise an even smaller fraction. The equivalent of \$500, it has considerable value in Indonesia. Focussing on this small group at the top, here is how some indicators have fared over the last two years. As at June 2009, 86 per cent of these households had at least one member with a mobile phone. That has climbed by 2 percentage points, up from 84 per cent in June 2007. Near total, but not quite, even at the top.



This curious fact proves that even people with disposable incomes don't necessarily throw it around on things that they don't need. Difficult to imagine perhaps, but there are folks who still think they don't need a cellular phone. Just like there are people who don't use shampoo, even though they can well afford it.

Surprising for some society-watchers perhaps, the consumer banking sector has in fact fared better, penetrating a higher number of homes at the top. Compared to 77 per cent in June 2007, today there is at least one member with a bank account in 89 per of these 'A1' homes. On the one hand, this is a creditable performance by Indonesia's banks. On the other, it reconfirms their focus on the affluent, working in tandem with the spurt in plastic acrcds issued. If similar growth was registered among the middle class, in 'B' and 'C' class homes, a socio-economic revolution would be in the making. Among other benefits, the impact on the country's No.1 social issue, corruption, would be invaluable.

During the same two years, ownership of cars has also moved upwards significantly. From 71 per cent of these homes with a car in June 2007, that number has jumped to 80 per cent. It could be well be argued that this group has played a major role in keeping Indonesia's car industry alive in what was expected to be a catastrophic period. While Jakarta and the other metros have the lion's share of new car sales to consumers, the dispersion of car ownership as a whole shows significant numbers in the smaller cities and towns of Indonesia as well. Another indicator of "upward mobility" is the personal computer. That industry has also fared well among this small but relatively affluent group, with penetration up from 13 per cent in June 2007 to 18 per cent of these homes today. For the internet and cable television industries, in their infancy, these are strong signals for market development. They lag far behind the usage of computers at home, hampered by inadequacies in both technical and content quality.

One high-profile industry that has visibly suffered in recent years has been Indonesia's airlines. The rapid growth registered collectively by the sudden mushrooming of budget airlines five years has slowed down. Not only did Indonesia's middle class stay away from their occasional use of air travel, many of Indonesia's 'A1' households took a raincheck. From 28 per cent of these homes having flown in "the last 12 months" in 2007, only 19 per cent took to the air. The bulk of the seats sold have been to frequent flyers using the airlines primarily on business. The tale's similar to the fate suffered by many other "luxury brands".

But across the board, the vast majority of Indonesia's consumer goods and services have suffered little in comparison to most markets around the world. Demand for even those goods and services that had travelled flat in recent times, like refrigerators and flat-screen television sets, has begun to pick up again. A sluggish retail sector in Indonesia's metros, burdened by more capacity than the market can bear, is not an accurate indicator of the consumer marketplace. 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.

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