

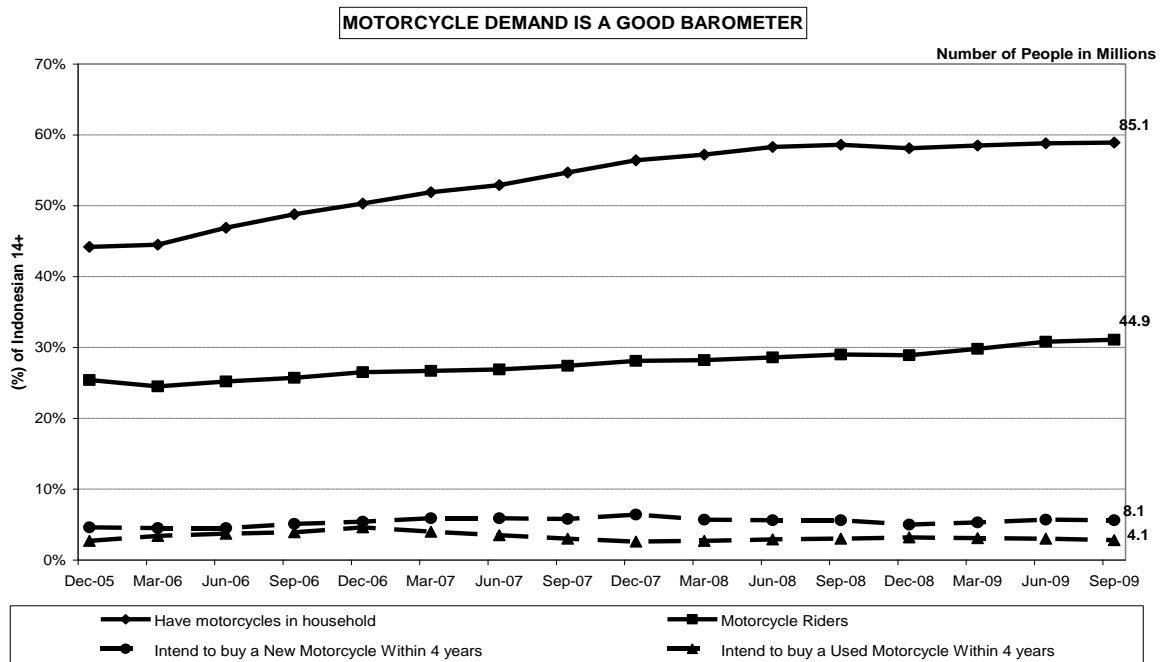
Demand for new motorcycles indicates cautious optimism.

With the Roy Morgan Consumer Confidence rating at its highest ever levels, the question often asked is whether or not a boom in consumer spending is in the offing. The answer quite simply is no.

That's because much of that confidence is built on optimism, on hopes for better times ahead. To put that in context, those hopes are not just wishful thinking. For the overwhelming majority, two years of pain from the runaway prices of groceries and essentials has abated. So has all of the talk about the global financial crisis, a slower economy and job losses. But that relief has yet to translate into another surge forward, with the consumer economy ticking over nicely but without changing gear.

Perhaps the best barometer representing Middle Indonesia is the motorcycle. Though sales of new motorcycles slowed down in the last 12 months, there was no real crash even at the worst of times. Consumer demand, measured by "Intend to buy a new motorcycle within 4 years" has remained steady at 12.5 million people. After a small but noticeable dip a year ago, that demand has not only recovered but is pointing upwards again. Those intentions are not translating in full to actual sales, but the indications are they will. In the meantime, two curious facts reveal the truth about what's going on behind the intentions.

While the number of people who have at least one motorcycle in the household remains flat at 85 million people 14 years and older, the number of motorcycle riders has continued to climb throughout 2009. That means there are more people riding the same motorcycle in the household. That is a good sign for the industry, for the consumer economy. The desire to ride a motorcycle among a growing number of new riders will translate into real sales, eventually. For many hopefuls, optimism seems to be tinged with a wait-and-see attitude.



Today, one in two men ride a motorcycle, as do one in six women. But it is the future of the motorcycle industry that is really fascinating, in this, the world's largest Muslim population. Tomorrow, 9 per cent of all men intend to buy a motorcycle. That's just a little bit higher than the 8 per cent of all women who also want to buy a pair of wheels. Many of these new motorcycles will undoubtedly be shared by the men and women in the same household. But if ever there was a visible sign of changing times, this will rank very high among them.

This is yet another industry that is dependent increasingly on the population outside of the big cities. Demand from residents of Indonesia's villages is predominant, followed by the towns, and then the big cities waning even more in importance. After the family home, this is where most Indonesians make their biggest single investment. But the marketing decisions are still made by city-folk, many of whom are still influenced by TV viewership data gathered in a dozen big cities. The absurdity of this everyday reality is brain-numbing, for anybody with a marketing brain.

Even at the worst of times, demand rarely slips below 12 million units each year. The overwhelming share of those intentions are people planning to buy a new, not used motorcycle. For most buyers today, financing has made the dream come true. That cuts across all ages. The biggest age group among intenders are 25-49, for obvious reasons. But the young 14-24 year olds and the 50-plus should not be ignored, regardless of gender. Youth are the new entrants, the elders are in the market for a replacement.

Manufacturers can be forgiven for misreading the signs, influenced by loan applications still being made primarily in the name of the male breadwinner in the household. Marketers should know better. They should know that women are now influencing the decision, not just the male "head of household". There is no longer any need to guess who's really wearing the pants. She is not only deciding which brand of cooking oil or dandruff shampoo to buy today, she is already influencing which bank to deal with. This should come as no surprise to people-watchers. Despite the constant commentary about Indonesia's male-dominated society, there are too many signs to the contrary. The charm and gentleness with which the fairer sex wields power in this country should not be under-estimated. History proves that it has been a part of tradition, with women allowing men to call the shots, seemingly.

Honda continues to dominate the market, with 53 per cent of all motorcycles in households today. They have arrested the headway made by rival Yamaha in recent years, much of which was momentum gained from women entering the market. Suzuki has about 13 per cent and all the other brands combined add up to another 9 per cent share of market.

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. Almost 90 per cent of the population is covered, in the cities, towns and villages, not just a fraction of the country residing in the biggest cities of this vast and diverse archipelago.

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