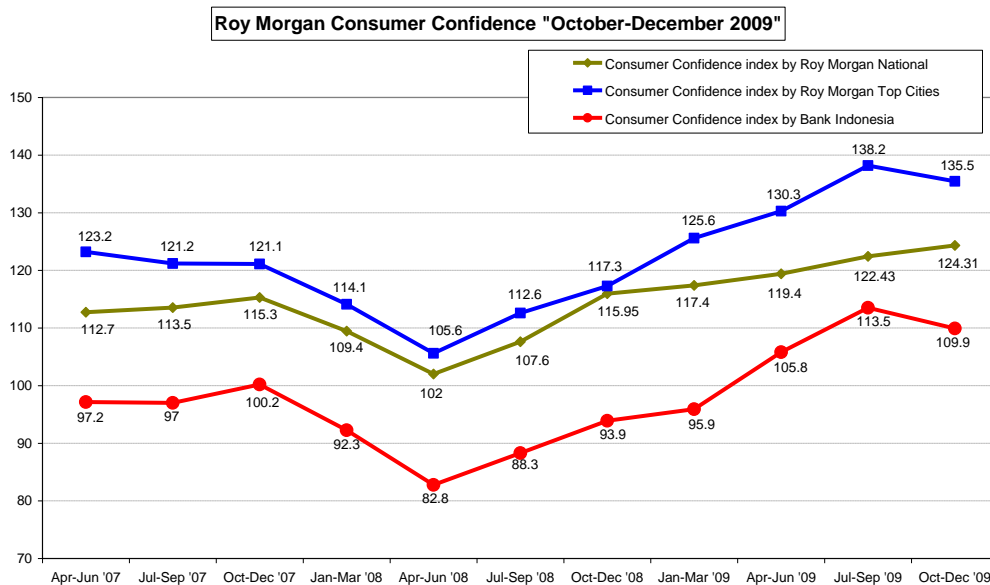


Where ignorance is bliss and arrogance is admired.

Once again, the divergent paths taken by big-city folk and their cousins in Indonesia's towns and villages have become all too apparent. Not that many marketers or bureaucrats can see the difference. If they did, would they really care? The politicians probably have an instinctive feel for what's going on in the grassroots, but even they couldn't know for sure.

If you compare the consumer confidence measurements by Bank Indonesia, Danareksa and Roy Morgan Research, you would notice some remarkable similarities and some glaring differences. The first two surveys are conducted entirely in the big cities, only the last is national. When each survey is compared quarterly only in the big cities, the results for all three measurements are similar, if not identical in their trends. But only one in four Indonesians lives in these big cities. They do not represent Indonesia as a whole, they do not change governments, they do not make the wheels of the consumer economy turn all by themselves. These big-city folk are vitally important to a handful of relatively small industries like cars, credit cards, airlines and shopping malls. And shares in the stock market, held by less than 1 per cent of the population. Their collective might is dwarfed by the rest of Indonesia's consumers, spending money on an endless list of mass-market goods and a growing number of services. The fact that three out of four Indonesians live in the smaller cities, towns and villages spread across this vast archipelago, warrants repetition.

Many of the conversations I witness in boardrooms every other week never fail to amaze me. Quoting Bank Indonesia, or Danareksa, or both, somebody or the other will tell me that consumer confidence in Indonesia has gone down, probably as a result of the on-going brouhaha surrounding Bank Century, the AGO and POLRI. There is no denying that this is true in the big cities surveyed by Bank Indonesia, Danareksa and Roy Morgan Research. But as I've pointed out many a time before, those opinions reflect the view of just one in four Indonesians, at best. The only national view, garnered from the cities, towns and villages, is conducted by Roy Morgan Research each quarter.



For the record, consumer confidence continued to climb for Indonesia as a whole, to a record-breaking 124.3 points. That is up 2 points over the previous high in the previous quarter, not down, as many are prone to believe. To process data from over 6,000 respondents stretched across the country, takes time to collate and process. What is more appropriate: A quick report from the big cities that does not reflect the view of the nation, or a 30-day delay for a robust quarterly report that does? The choice is obvious, isn't it? But to too many marketers and bureaucrats, it seemingly isn't.

If you are still wondering why the truth about consumer confidence is so important, here is just one example that illustrates its value. Only a gambler, or an exceptionally clever marketer, would continue to invest in a marketplace that is losing confidence. The word 'investment' has different meanings to different people. A fund manager will worry about that new project, a CEO will think again about increasing production capacity, a marketing director will consider cutting back on advertising budgets. It is a very good macro indicator, a finger on the pulse of the people. The ability to look at the same information from a big city, all urban or rural perspective, a grocery buyer or airline traveller's lens, the consumer's viewpoint can make all the difference to intelligent decision-making. Roy Morgan Research makes that possible.

Yet, there are major multinationals operating in Indonesia whose CEOs and marketing directors are still sending their headquarters periodic reports claiming market share and ranking that is often far from the truth. Information gathered from just the big cities of this large country can distort reality, fiction rather than fact. This would be understandable and forgivable if national data was unavailable. But to pretend that it doesn't exist, to ignore the truth within easy grasp, is tantamount to professional dishonesty. There is a big difference between being brand No.2 with a supposed 21 per cent market share when in fact the reality is more like brand No.3 with a 4 per cent market share, nationally. The actions that would be taken from each conclusion would obviously be different. No.3 for example, could look to invest, achieve rapid growth. No.2 on the other hand could be content to maintain current positions, with many pats on the back for fellow team members.

Whether it's a meeting in Melbourne with prospective investors looking to invest in Indonesia or a brand management team review in Jakarta, the quality of consumer data presented and discussed in boardrooms is all too often bewildering. When questioned, or corrected, the same people will arrogantly dismiss the consumers outside the big cities and insights from them, as "unimportant". As if city-slickers influence brand choice for toothpaste, or trend-setters lead the way for SIM cards! Bizarre as it may sound, the armchair marketers in Jakarta appear to be incapable of understanding simple arithmetic. Or geography. Reminds me of Sarah Palin looking across the waters from Alaska.

The Consumer Confidence Index is conducted in tandem with Roy Morgan Single Source, the country's largest syndicated survey. 25,000 Indonesian respondents are interviewed annually, projected to reflect almost 90% of the population over the age of 14. The survey is used by more marketers and advertising agencies than any other survey in the country.

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