

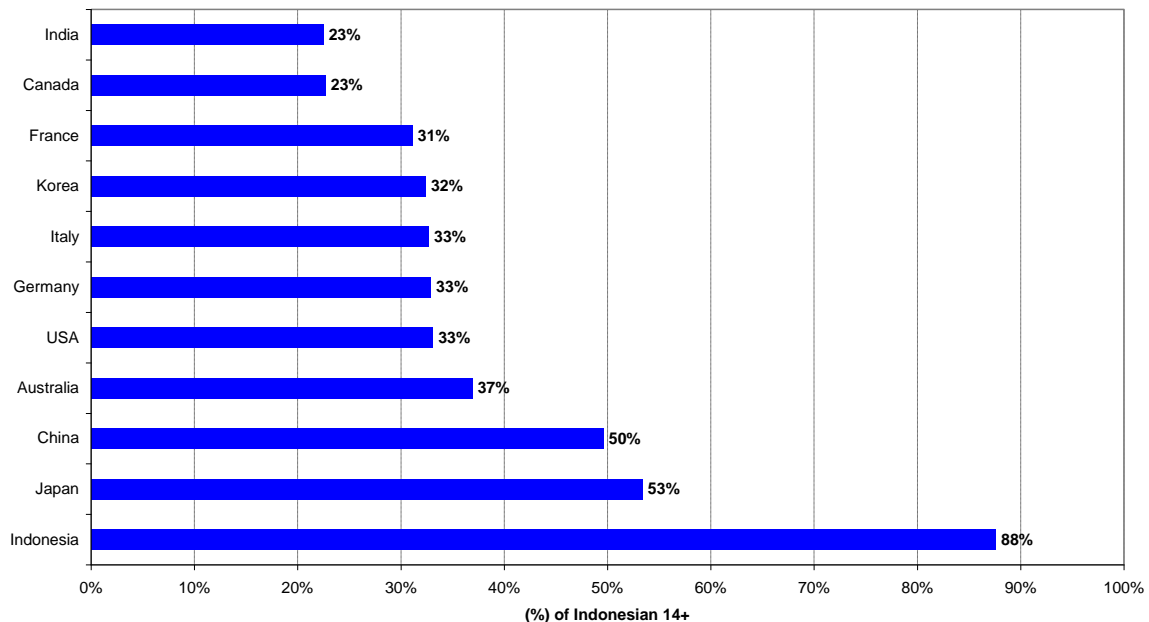
Consumers View Countries As Brands Too

Spanish Armada, Spanish football. Chinese communism, Chinese capitalism. British colonies, British Petroleum. In a constantly changing world, events can affect perceptions for better or worse almost instantly.

Consumer perceptions of countries also have an impact on brand choice, at a conscious or sub-conscious level. We've witnessed "tin-pot Datsuns" pave the way for Japanese domination of the American car market. We've seen American senators calling for French fries to be renamed "Freedom fries". Some events are catalysts for on-going evolution, others are temporary acts of euphoria or rage that lose steam over time. In Indonesia, those changing national fortunes have an incalculable impact on brand choices made every day. The value of that impact is greater on big-ticket purchases like cars and motorcycles, important for everything that is eaten or drunk, but also has connotations attached to fashion and cosmetics.

There is evidence to prove that the collective presence of products and services from any single country has a positive effect, cumulatively. It's as if the halo of Swiss watches are bolstered by the quality of Swiss chocolates, both basking in the halo of Swiss banking. And vice versa. Traditions built over time can take a battering temporarily, but too many raised eyebrows too often can corrode even the strongest of pillars. The progress that others make can also influence the status of a country in the eyes of the consumer. The changing fortunes of Japan Inc in Indonesia is a case in point.

PREFERRED COUNTRY OF MANUFACTURE: TOP 10



Most people in most countries like to see their brands manufactured at home, within reason. Nationalism, employment, perceived costs are the reasons why. Gucci and Prada, or champagne and cognac would be the likely exceptions. In Indonesia, almost nine out of ten consumers prefer to buy products made locally. Products made in Japan are next, with 53 per cent giving it the thumbs-up. The land of the rising sun has enjoyed this status for a long time, but their sun is no longer on the rise here. While Toyota cars and Honda motorcycles remain highly sought after at the higher end of the consumer market, the competitive pressure from South Korea and China appears to have taken a heavy toll on Japan's erstwhile dominance of Indonesia's mass consumer electronics market. It would be logical to conclude that as a result, Japan as a preferred country of manufacture has dwindled over time. In just three years, the percentage of consumers favouring Japan has slipped from 64 to 53. This decline is at its most rapid in the cities around the country. A worrying sign, not one that either the people or the government of Japan can do much about. It is the perceived value of the LGs and the Haiers product today that is creating this tectonic shift in perception.

But the shift is not uni-directional. As disposable incomes and consumer expectations grow, the demand for cheap Chinese products also appear to be declining. That's because cheap alone is not good enough, consumers are demanding "value" more and more. While China remains No.3 as preferred country of manufacture, it too has lost some of its shine. From 57 in March 2007, only 50 per cent of Indonesians favour it today. Pushing itself steadily into fourth place from sixth in those three years, Australia continues to climb up the popularity ladder across this country. 37 per cent of Indonesians are now chanting "Aussie, Aussie, Aussie", enabling the country to overtake USA, Korea, Germany, Italy and France, all flatlining. Only in the Top 20 cities does USA continue to outrank Australia. It isn't the wine, more likely it's the fruits and the meat that's doing most of the talking across all sections of Indonesian society. With two such remarkably different neighbours drawing ever closer, old animosities will soon be nursed only by the greying generations of both countries.

Bringing up the rear are Canada and India, sharing 10th place. Both enjoy the support of 23 per cent of the population. Among the two, it's easy to spot the rising star and it's potential as a trailblazer. From civilian to military, from heavy industry to consumer goods, the avenues of co-operation for these two giants are limitless. As disposable continue to rise, consumer interest in products from countries like Britain, Sweden, Spain and South Africa may also continue to climb. New Zealand's proximity is an asset that small nation is using well in Indonesia. With standards rising around the world, the firm grip of a few giants has loosened, heralding a world delivering more choice, greater value.

The opinions are based on Roy Morgan Single Source, the country's largest syndicated consumer survey with over 25,000 respondents annually. Interviews are conducted face-to-face each week, continuously, with results released every quarter. The findings are projected to reflect over 85% of the population, 14 years of age and older.

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