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Motorcycles also pushing consumer economy forward.

Love them or hate them, the legions of motorcycles buzzing around the country are yet another sign of Indonesia's steady march forward. The ever-burgeoning hordes of 2-wheelers in the cities, towns and kampungs right across the archipelago represent the hive of activity that this increasingly self-reliant consumer economy is becoming.

According to the recently updated Roy Morgan Single Source database, the total tally of "motorcycle riders" at the end of the July-September quarter stood at 46 million nationwide. Some 19 million households have a motorcycle, many have more than one. In other words, 41 per cent of households now has a 2-wheeler under the roof. It also means that the average household has more than two riders, above the age of 14. Add another 4 per cent of households with one car or more and we can safely conclude that about 45 per cent of Indonesia today is motorized. The remaining 55 percent are still dependent on public transport. Viewed from different perspectives, these numbers will mean different things to different people, both positive and negative.

But one thing cannot be denied. The rate of climb in the motorcycle population is a significant visual of the country's economic progress, in comparison to just five years. The industry is another representation of Indonesia's steady pattern of recovery after the crisis of 1997, seemingly unscathed by the global financial crisis. Equally reassuring is the fact that 48 percent of all riders live in Indonesia's villages, 26 in the towns and 26 in the Top 21 cities. It is by no means an urban phenomenon. Everywhere, the motorcycle is a multipurpose vehicle, an instrument of commerce during business hours and the family transport the rest of the time. After years of widening penetration across a growing number of households, a deepening took place during 2010, witness the 2 million 'new motorcycle riders' but just 300,000 'new motorcycle homes'. Living in many of these homes and among all of these riders, one in three motorcycle riders today are women.

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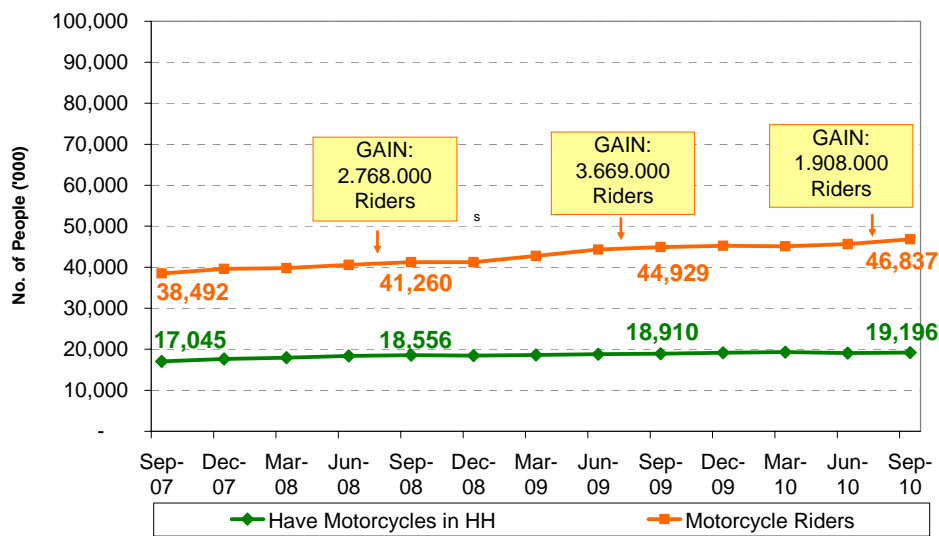
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MOTORCYCLES CONTINUE TO RACE AHEAD



Not so long ago, a now retired marketing director refused to accept what we kept telling him. He could not believe that millions of women were riding motorbikes. Housewives on two wheels made little sense to him. He would point to the fact that almost all the registration papers around the country were in the name of men, not women, as proof of his conviction. The fact that many women were influencing the choice of a new motorcycle, just like the choice of a new refrigerator, was simply inconceivable. Our explanation that breadwinners in Indonesia are largely male, dominating the paperwork but not necessarily the decision, fell on deaf ears. All too often, the real facts are lost in the more obvious numbers, taken too literally. All too often, conclusions are arrived at without taking surrounding factors into consideration. Fortunately for his employers, his successor was quick to embrace the truth and swung the ship around.

While Java and Bali hog the lion's share of the motorcycle population, the dramatic growth in recent years has taken place in Sumatra and Sulawesi. In the last quarter, growth was led by Kalimantan. Around Indonesia today, more people are riding motorcycles that were purchased "new" rather than old. This is especially true of the cities and towns, about half and half in rural Indonesia. Easy financing has powered this transformation in recent years, easing more new motorcycles into more homes. The trend continues, with more than 40 percent of all people intending to buy a 2-wheeler planning to buy it on credit. 62 percent of these acquisitions will be "new" motorcycles, not "used". Honda continue to lead the market with more than 50 percent share, but Yamaha have narrowed the gap significantly in the last three years. Indicators for the year ahead show these two major players tightening their grip and squeezing the smaller brands even harder. The battle appears to be intensifying more in the towns and villages with demand flattening in the major cities where cars, including second-hand cars, are gaining traction.

But the motorcycle will remain a major force in Indonesian's transportation mix, for a long time to come. Not surprisingly, the leading 'driver' for 86 percent of all riders is the belief that a motorcycle "makes caring for the family easier". This is followed by "value for money" at 85, "provides a sense of independence" at 63 and "a feeling of social acceptance among friends" at 44 percent. With such high scores shared by such a large section of society, the motorcycle in Indonesia is poised to push forward for decades to come.

It is in the changes taking place within the motorcycle market that many of us can learn and re-learn the most fundamental lessons in marketing. The category of choice for decades, the cub-type or “bebek” is beginning to lose its grip. After decades, the scooter seems to be staging a come-back, with growing demand. But the scooter of today is a far cry from those of yesteryear, sleek and trendy, a new beast. It is a re-invention, not just a re-tooling. It is significantly quieter, visibly fuel-efficient and eco-friendly. Colours are in keeping with the new look and feel. Like in so many other product categories, change is a constant in the motorcycle industry as well. As Indonesia’s middle class grows, as more people with jobs get better wages, there will be a constant current created by more demanding and more discerning consumers. Churning out the same-old same-old, selling old stuff in new packaging, will no longer be enough to stay alive. The pressure is on for real value, not just cheap and cheerful.

These observations are based on Roy Morgan Research. In Indonesia, it is the country’s largest syndicated survey with over 25,000 respondents annually, projected to reflect 90% of the population over the age of 14. The insights are garnered from the cities, towns and villages across the archipelago and updated every 90 days.

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