

Roy Morgan Research

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Consumer Confidence Hits Yet Another Record High

The confidence level of Indonesian consumers is up 4.5 points, climbing to 142.6 in the month of April. This is a new record, topping all the other records set recently. The KADIN-Roy Morgan Consumer Confidence index is now 11.3 points higher than it was a year ago in the April – June quarter of 2010. Scaling heights rarely seen anywhere in the world, Indonesia is now consistently pushing the boundaries month after month.

Most reassuring are the drivers of this buoyant mood. Pushing the increase in confidence are strong increases for Indonesians saying now is a good time to go shopping, as well as their family financial situations improving compared to a year ago. A record 50 percent of Indonesians, up 8, are saying ‘now is a good time to buy’ major household items compared to 45 percent, down 9, that say ‘now is a bad time to buy’ major household items.

In terms of personal finances 32 percent of Indonesians, up 3, say their family is ‘better off financially’ than a year ago compared to just 13 percent, down 2, that say their family is ‘worse off financially’ than a year ago. Adding more vigour to the sentiment, 53 percent of Indonesians continue to expect their family to be ‘better off financially’ this time next year compared to only 6 percent, up 1, that expect to be ‘worse off financially.’

In terms of the economy as a whole a super-majority of 90 percent, up 2% – and another record high – expect the country to have ‘good times’ economically over the next five years compared to only 10 percent, down 1, that expect ‘bad times’ economically. Over the next twelve months 80 percent, down 1, expect Indonesia will have ‘good times’ financially during the next twelve months compared to 20 percent, up 1, that say we’ll have ‘bad times’ financially. Those are the facts, the people have spoken.

Chairman of KADIN Suryo Sulisto recently made an appeal to the business community. He said: “Brimming with confidence would be an understatement. Indonesians from all around the country have taken the KADIN-Roy Morgan Consumer Confidence index to yet another record high. The unabated trend at this level of continued optimism is unprecedented in the country’s economic history. The business community would do well to give due respect to consumers at large, ready to open their wallets for just about any product or service made available to them. There has never been a better time to invest in Indonesia.”

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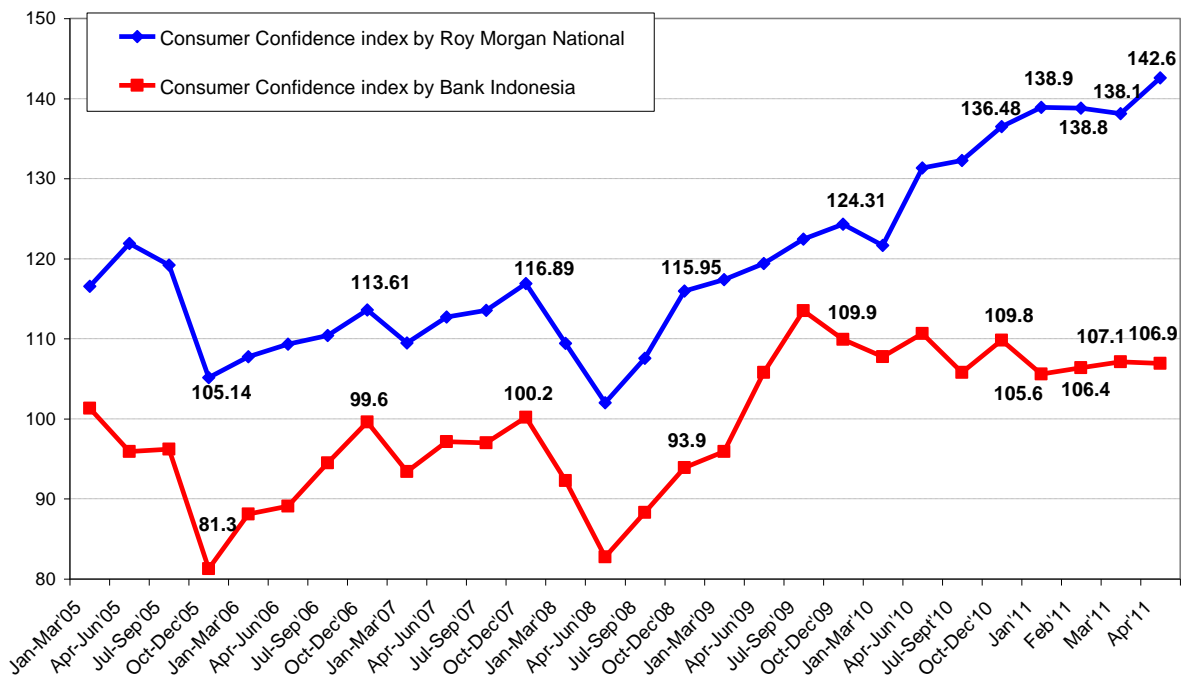
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There is money to be made, in just about anything and just about everywhere in this rapidly developing economy. So let's treat the consumer with some respect, please. There is really no need to rush into something just because everybody else seems to be making a buck there.

Businesses that aren't making more money from their existing products and services need to look inwards. These are happy times so they must be getting something seriously wrong. Either the brand, or the product category, or both, are fading towards oblivion. The market's ready for something better, something else is moving in. Milk powder is on the wane because the demand for the real thing is up. If you are in the business and you aren't moving in to fresh milk, you are going to get moved out. This is true in just about every product category. Keep it fresh, or perish. Don't waste your timing blaming the market, the consumer, for your own ineptitude.

CONFIDENT CONSUMERS BREAK ANOTHER RECORD



Then there is the other extreme, perhaps best exemplified by the telecommunications sector. Once the darling of investors, bankers and fund managers, the shine is now well and truly off. Wary of the cost of constant change from G to G, of intense competition from a never-ending stream of new entrants, shareholders aren't so eager to write more cheques in blind faith. We see 4G come knocking even while 3G is finding its feet, though the overwhelming bulk of revenues are still generated by voice and text adequately enabled by 2G. Getting the

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balance right between today's needs and tomorrow's wants will impact the company's bottomline, regardless of the industry in question.

The rush to build gleaming new shopping malls and dazzling apartment blocks has created a glut in the real estate sector in city after city, while the people cry out for more investment in healthcare, tertiary education and basic infrastructure. The fundamental problem among our captains of industry is their belief that they instinctively know-it-all. Opinions expressed in boardrooms and dining rooms, based on little knowledge and scant proof, appear to embarrass neither the speaker nor the listener. For too many, too much success has come too easily for too long. But the times they are a-changing. Slowly, a vital barometer like Consumer Confidence is becoming a part of the conversation. One of these days, someone might surprise me and ask, "how confident is my own consumer, my competitor's?"

The monthly KADIN-Roy Morgan Indonesian Consumer Confidence Rating for the month of April was based on 2,059 face-to-face interviews conducted throughout Indonesia, not just a handful of cities. The survey includes the Top 20 cities, smaller cities and towns as well as many more villages in the rural hinterland, reflecting all of Indonesia. Men and women aged 14 and over were randomly selected during the month of April 2011.

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