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— Research —

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Changing landscape has left many marketers napping

Perhaps the most influential of all inventions in modern history has been the telegraph. It will remain the most powerful influence on human life, across all its facets, for the foreseeable future. In the last 20 years, the mobile phone and the internet have changed the lives of billions around the world, with billions more to follow. As in every country, that revolution continues unabated in Indonesia as well. Today, 71 percent of all Indonesians 14 years of age and older are connected to a cellular network. That's more than 105,000,000 individuals, in marketing speak "unique people". Some 30 million new entrants joined the mobile community in the last 12 months alone. The explosive growth is in keeping with the economic environment, with consumer confidence. But market saturation is a decade away, all factors considered. Demand projections currently indicate another 5 million first-timers are likely to sign up in the next 12 months. They will come from all walks of life, young and middle-aged, urban and rural. Just 10 percent of all users, roughly 10 million people, bought, activated, used and threw away more than 100 million SIM cards last year. This year will be no different.

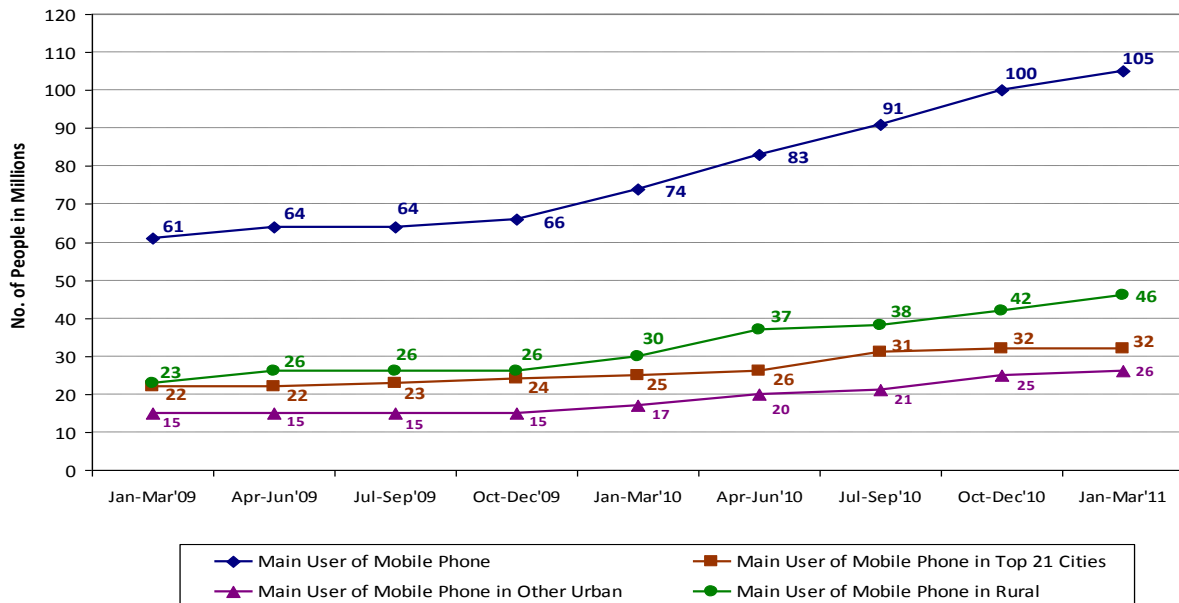
Surprisingly, there are many marketers who have not fully understood the cellular phenomenon. At the end of the January - March quarter, there were 46 million people connected to a cellular network who hailed from the *kampungs*, 26 million from the smaller cities and towns and only 32 million from the country's Top 21 big cities. By the end of this year, approximately 50 percent of all subscribers will be rural residents, the other half urban. But the rural half remains largely ignored, least understood, by most network operators. That is even more true of many other marketers, ranging from fast moving consumer goods, consumer durables and financial services.

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INDONESIA'S CELLULAR COMMUNITY: URBAN V. RURAL



There are many who nurse old myths, baseless assumptions far removed from reality. In contradiction to the belief that the average urban subscriber spends more than his or her rural counterpart, the actual evidence shows very little difference. In Indonesia, particularly in Java, this should not be difficult to understand. That's because Java is one of the mostly densely populated pieces of real-estate in the world. The separations between city, town and village are very thin, influenced by the close proximity of one and the other. It is as if Java is one uninterrupted and contiguous society, with urban and rural living shoulder to shoulder every day. Most rural folk are in constant contact with urban society, for business or pleasure, education or healthcare, or visiting friends and relatives.

Yet, it is important to remember that everyday life in the village, the town and the city are different indeed. Some of those differences are physical, some are driven by lifestyle choices or social values. These nuances remain largely ignored, even though information is readily available. One of the most offensive of all myths is the oft-repeated view that those "poor villagers aspire to live like city-folk". This departure from reality is expressed everyday in glitzy television commercials appearing across the country, paying scant respect to the rural half of consumers patronising just about every product category there is. In a country where conservative values are both statistically increasing and visibly obvious, this is both disrespectful and unintelligent.

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This disconnect with reality is proven not only by what is being said in the message, but where the message is placed as well. The inescapable reality is that there are just 8000 households in 15 cities, or ‘ten areas’ as they are euphemistically called, with ‘People Meters’ measuring TV program viewership. These 15 cities reflect the preferences of less than 25 percent of the Indonesian population. Week after week, year after year, some of the country’s biggest marketers spend billions of rupiah on advertising plans based on bald demographic information garnered from a fraction of the country’s urban half, completely ignoring the rural majority. Unbelievable, but true.

The responsibility for making the much-needed changes cannot rest with any one party. Marketers, media owners, advertising and media agencies all need to work together to bring change about, collectively. It isn’t just about increasing the number of households for television audience measurement, in both urban and rural areas. It is equally about defining target groups intelligently, moving away from dumb demographics to “main grocery buyers”, “intending to buy a mobile phone”, “open a savings account” and other the like. Many marketers and their agencies have made that vital change, but others still cling to their old ways oblivious to the changed landscape. The internet revolution has only just begun in Indonesia, and the impending convergence will soon leave the die-hards even further behind.

These conclusions are based on Roy Morgan Single Source, a syndicated survey with over 25,000 Indonesians 14 years and older interviewed each year. The national database is updated every quarter, capable of acting as a tracker of sharply defined segments. Almost 90 per cent of the population is covered, from the cities, towns and villages across this vast archipelago.

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