

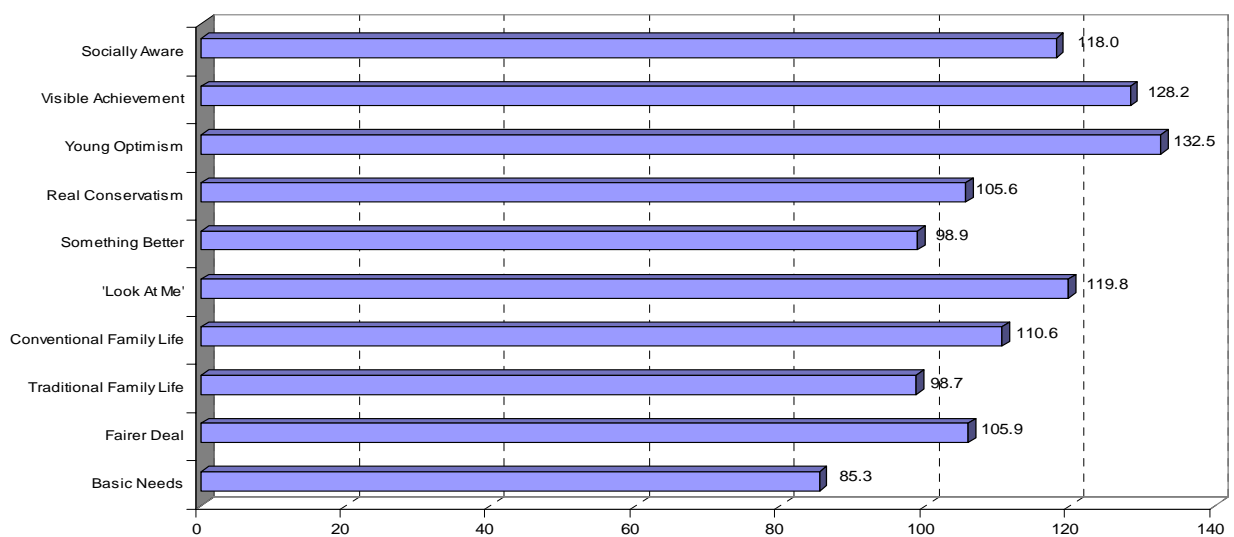
Numbers can mask the truth unless you learn to look behind them.

Exhortations in this column have led some to wonder if I am an armchair socialist, urging businesses to do some good while they pursue growth and profit. Suffice to say I have no particular political ideology. But I see no contradictions with the twin responsibilities of any business, to shareholders on the one hand and to society on the other. Profit is a good word. Exploitation isn't a bad word if it is used to take advantage of opportunities, not people.

Some more examples could do no harm in illustrating my urgings. While Gross Domestic Product in 2008 will likely be recorded at the 6 per cent growth the government is forecasting at year's end, most businesses marketing mass consumer products in Indonesia have a tough year ahead. Products and services aimed at the top 3 per cent of society will do even better than 2007, especially those with a distinct competitive edge. Businesses aimed at the next 30 per cent, Indonesia's middle class, should see a repeat of last year. But 2008 will be tough year for marketers dependent on the remaining 67 per cent as well.

The basis of these predictions is not complicated. More growth in the resources sector will produce even more revenues from this major pillar of the Indonesian economy. Businesses and professionals directly or indirectly involved with these sectors of industry will gain. Everybody serving the needs and wants of these fortunate few will also benefit. But seven or eight out of ten Indonesians will have a tougher year ahead, with inflation at 6 or 7 per cent adversely affecting the prices of essentials. No surprise, as 40 per cent of household expenditure is spent on groceries alone, for the majority of homes. Consequently, milk, shampoo, edible oil for example will grow with population growth rates, at best. Budget cosmetics, cellular call costs, savings accounts will dip. Cigarettes, candy and headache remedies could buck the trend and show growth during stressful times. Cars, airlines, high-end retail as well as premium food and beverage will all do well.

CONSUMER CONFIDENCE BY ROY MORGAN VALUES SEGMENTS*



Roy Morgan Values Segments* Developed with Colin Benjamin, The Horizons Network

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But these predictions are generic by nature, the performance of individual brands within each product category will vary vastly. Macro-economics and common-sense are not enough to chart a competitive course forward. Sales go up, sales go down. Some brands will do significantly better or worse than others. Sales data and demographics will provide some insights into consumer behaviour, but only after-the-fact. More sophisticated tools can shed light on a brand's strengths and weaknesses, for today and tomorrow. For example, a tool like the Roy Morgan Consumer Confidence Index used from an individual brand perspective can identify the quality of patronage it enjoys in comparison with its competitors. Used in tandem with Roy Morgan Values Segments, a societal map, it can both quantify and qualify consumers to provide actionable direction for brand-building initiatives. Understanding consumers as people is as important as sizing them up as wallets, drivers, or grocery buyers.

An index of 110, just ten points above the neutral 100, does not mean bad news for all products and all services. As the chart illustrates, the current 113 is a national average. Different segments of society react to the same set of five questions, differently. The top 10 per cent of society, comprising conservative "Visible Achievement" and liberal "Socially Aware", are considerably more confident than the national average. Anybody in consumer banking could sharpen marketing initiatives by understanding not just the quantity of customers by product type, but the quality of their competitors' customers as well. Toyota could determine the difference between people intending to buy a Suzuki or a Honda. At the other end of the social ladder, the bottom 10 per cent comprising young "Fairer Deal" and old "Basic Needs" are clearly nervous, obviously in economic pain. At the heart of society, young parents "Conventional Family Life" and older parents "Traditional Family Life" are hedging their bets, hoping for the best at scores hugging the neither-here-nor-there 100 index. They add up to 50 per cent of society. Understanding your consumers by each of these segments can help point you in the right direction, especially in tough times.

These are the times when marketers of mass market products and services would benefit from a 2-brand strategy, one premium and the other economy. These are also the ideal circumstances when marketers can be socially responsible, to commercial advantage. In the face of rising operational costs, it would make good sense to hold the retail price of economy brands and raise the price of premium brands, to compensate for the loss of revenue on the economy brand. That's not charity, that's socially responsible common-sense that shareholders would benefit from as well. Market share can be defended where it is critical, revenue can grow from better margins on premium products used by people who can afford them. That logic works equally well across all products and services. Using better tools can help identify the opportunities, influence the redeployment of valuable resources, monitor performance using more insightful tools than just sales data or ad hoc reports. It's that simple, not rocket science.

These conclusions are based on Roy Morgan Single Source, the country's largest syndicated survey with over 27,000 Indonesian respondents annually, projected to reflect almost 90% of the population over the age of 14. That is a universe of 140 million people. The results are updated every 90 days but the opinions expressed are my own.

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