

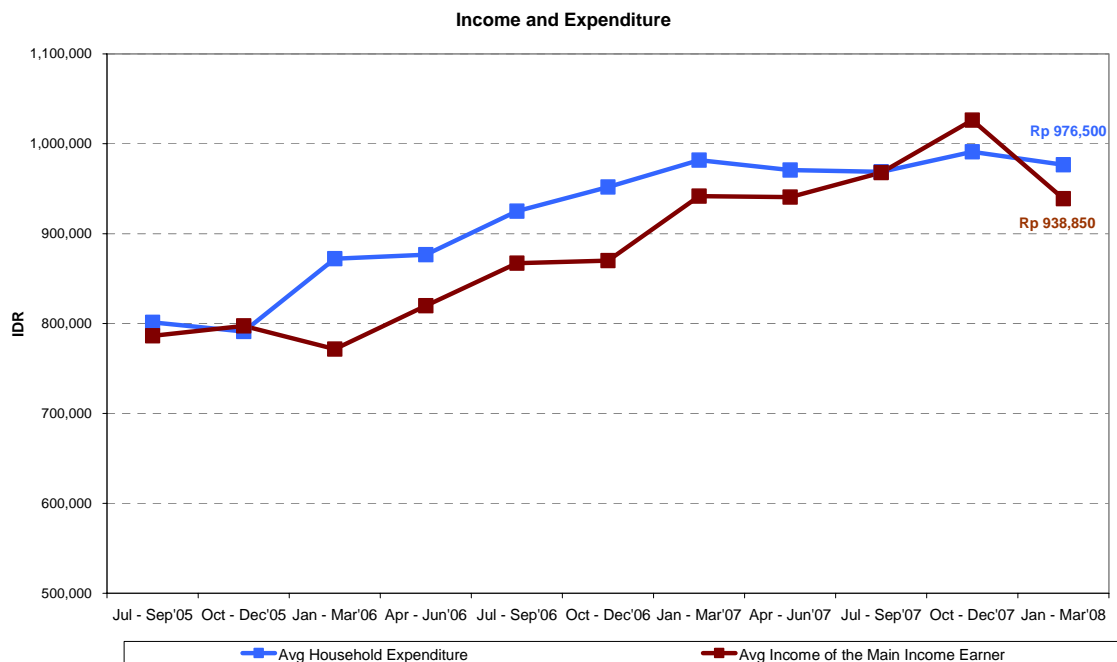
Back to the rocky road, most consumers in for a long, hard ride.

As the leaders of the G8 group meet in Hokkaido this week, the runaway cost of fuel and food ranks high on their agenda. Worried faces and shaking heads before the meeting will most likely lead to very little by way of immediate relief. Simply because they can only pretend to be in control of forces that are in fact beyond their reach.

The evidence is there for all to see. There are no signs of oil prices going down in the near term, nor food. Inflation is a major concern, almost everywhere, but for different reasons. Exporters of natural resources as diverse as Australia and the Gulf countries are trying to cool their economies down. China, India and even Indonesia are continuing to register robust growth in Gross Domestic Product. At the other end, the recession in the United States has been talked about for a long time but has yet to take hold. Stock markets bounce up and down, with some stocks continuing to strengthen while overall trends are negative.

Does anybody really know what is going on and where the solutions lie, if indeed there are any in the near-term? The silver lining that is now blindingly clear for all to see is the urgent need to develop alternative energy sources. Electric, hybrid and even hydrogen powered cars are popping up on television screens almost every week now. While such developments are good news for the long term, statements like “poor countries will be hardest hit” border on the banal. If that was true, it would be easier to accept. What is more accurate is the reality that the poor everywhere are going to suffer, even in Europe. Haliburton’s stock price has grown, Exxon made 10 billion dollars in the first quarter of the year, room rates in the luxury hotels of Asia are strong so where indeed is the problem? The rich will continue to get richer, everywhere, with the gap becoming increasingly more visible in developing economies.

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That includes Indonesia. Despite rising prices at the pump, car sales are up. That's because Indonesia's middle class has a motorcycle at home, very few have cars. As GDP continues to grow, more credit cards will be issued, more overseas holidays sold. The lifestyle of the comfortable minority that has always been so remarkably visible will continue, unabated.

In the meantime, the consumer economy as a whole is in for a long, rough ride. The middle class will feel the pinch, but the vast majority that is the country's poor will feel the pain even more acutely. Once again, the average household's main income earner is not able to meet the monthly costs, single handedly. That second income has become critically important. Down-trading and down-sizing will become everyday concerns in most homes around the country. Once again, it is time for marketers of consumer goods and services to re-examine low unit prices and cost-of-entry. Sizes, distribution and pricing, will all need addressing again. For those who have not thought of it recently, now is a good time to ponder cost savings from packaging, transportation and energy consumption.

There are no immediate signs of relief. The Roy Morgan Consumer Confidence index is down to 109, heading south, like it was in the aftermath of the twin fuel price hikes of 2005. But the national average masks the big differences between the poor majority and the comfortable minority, with scores ranging from 150 at the top-end of town to 95 at the bottom. These differences underline the truth in that old adage, 'behind every problem lies an opportunity'. Seen positively, much good can be created from the hardest of times. But time and again, such opportunities have been ignored in the main.

The only explanation lies in the forgiving nature of most Indonesians, their hope and optimism. As an example, consider the fact that while Consumer Confidence dipped sharply by six points from 115 to 109 in a single quarter, the corresponding drop in the confidence enjoyed by the government was mild. Going down by just one percentage point, 58 per cent continued to believe that "the government is doing a good job running the country". The government can exploit the forgiving nature of its voting public, or it can take concrete steps to channel some of that GDP growth to the weakest sections of society.

The same is equally true for businesses big and small. Chasing the profit motive to the exception of all else will not create new jobs, new wealth or new consumers. Without more people with more spending power, the consumer economy will continue to head backwards. Looking forward, examining every possible avenue to create jobs, is one way for individual enterprises and industry as a whole to help themselves by helping others.

All the talk of credit being made available to small businesses to help build a stronger economy seems to have remained just empty, political speeches. If not, the signs are just not visible to millions of the underprivileged around the country. 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.

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