

Consumer Confidence hits a new low, with no glimmers of hope.

The Roy Morgan Consumer Confidence rating dipped another seven points in the April-June quarter to 102, the lowest point since the national survey began in October 2004. The higher cost of fuel that took effect in May added to the spiralling prices of food and essentials. The average consumer is facing tougher challenges today, even tougher than the days that followed the twin fuel price hikes of 2005.

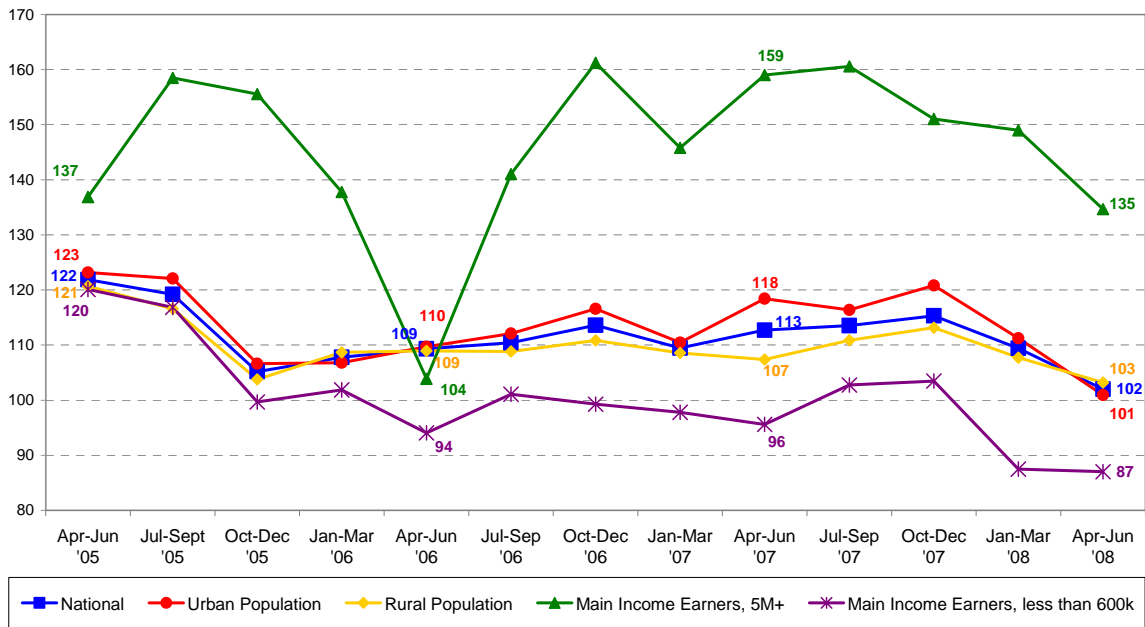
But a national rating of 102 masks the real picture. Teetering, but still in positive territory above the neutral 100 mark, it would allow politicians and spin-doctors to continue championing an economy that is growing at over 6 per cent per annum. A look behind the average rating reveals the truth about Indonesia's different societies, living different lives in parallel every day. Predominantly an agricultural society, the confidence level of the rural population is always significantly lower than their urban counterparts. Today, bucking that trend, the pain caused by rising prices has dropped rural Indonesia to 103, two points above their urban counterparts at 101. Living off the land, they are more cushioned against the cost of goods and services than city folk.

Regardless of the cost of groceries, the good times continue to roll for the fortunate few who earn over Rp 5 million per month. They are down too from the exuberance of 159 a year ago, dipping 14 points in the last quarter alone to the current 135. At that level, they remain in a world of their own, with much higher confidence levels than the national averages of the world's most affluent countries. The reason is simple. In contrast with their fellow citizens, relative to the cost of living in Indonesia, they live a privileged life. The rising cost of food and fuel has little or no impact on their lifestyle. For the millions of people at the other end of the spectrum, the impact is all too real. In negative territory since April 2006, the rating for Main Income Earners bringing in less than Rp 600,000 per month to the household is now at an all-time low of 87. The urban poor are in deeper stress than their rural cousins.

What is most worrisome is that there is no end in sight to this global phenomenon. The current economic crisis is being labelled the worst in sixty years by economic pundits from around the world. No recovery is expected any time soon. While GDP growth rates in Asia are also slowing down, they still remain in the high single digits. But the inequalities between the region's rich and poor grow wider each quarter. In Indonesia, the government has reacted to the situation with measures aimed at alleviating the pain, with short-term cash disbursements for the underprivileged and longer-term micro-business loans aimed at bolstering the lower and middle classes via job creation.

Businesses big and small have a major contribution to make in these particularly difficult times. Any attempts at cutting back on jobs are counter-productive to progress. All efforts to cut back on every other type of cost, whether wasteful or inessential, will produce results for the good of all immediately and into the future. If these measures include cutting back on energy and transportation costs, if sub-contracting to small businesses is less expensive than internal production, they can positively impact the company's bottomline as well as society at large.

Consumer Confidence Rating in Indonesia



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. It is used by more marketers and advertising agencies than any other survey in the country.

In today's borderless world, Indonesia like every other country is unable to fully protect itself from global crises. But it can do a much better job of helping itself and its underprivileged in particular with greater impact than it has in the past. To make that change, a culture of exploitation needs to change to a culture of empathy. Exploitation is only a good word when it is used in the context of opportunities, not people. Sympathy alone achieves little. Only when Indonesia's captains of industry and the privileged few begin to take pride in the welfare of the people they come into contact with every day, will real change happen. For as long as the rich and the powerful fail to flinch at the squalor outside their mansions, they will be restricting not helping to build Indonesia to its fullest potential. Nothing wrong with buying another new car or another new home, as long as they are not the only goals with which to value or measure achievements.

Real change starts in the mind. If the disparity in confidence levels does not embarrass the readers of this column, the paper it is printed on will have been wasted. If the inequalities in society have no effect on the minds of Indonesia's affluent few, they will continue unabated for decades to come. On the other hand, the conscious effort by those who can to help those who cannot, will collectively create a new dynamism that can forge a quicker path to progress. Empathy, not sympathy, is the key.

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