

Indonesia

Market Summary

The H1N1 influenza pandemic and Jakarta bomb attacks on 17 July have not appeared to reduce consumer confidence. Indonesians are looking forward to the continuation of economic reforms and political stability, following the re-election of popular President Susilo Bambang Yudhoyono.

As a result, the outbound market remains strong, with travel partners gearing up with travel fairs in shopping malls to capture the peak season Lebaran holidays in mid-September.

Traditionally, Lebaran is a season where demand overwhelms supply as many people travel during this long holiday break. It is the annual peak season for outbound travel.

1. Market News

- **Indonesia – the next economic powerhouse**
Indonesia's economy remains largely unscathed by the global financial crisis due to its low reliance on foreign investments and export earnings. The buoyant domestic market has also provided a good base for economic growth and stable price indices.
- **Leadership in Jakarta continues to provide political stability and sound economic policies:** President Yudhoyono steered the economy well in his first term. He was re-elected in July 09 with a strong 60 per cent vote for another five-year term.
- **Infrastructure development:** Indonesia has a pressing need for infrastructure like many developing nations. In response to economic downturn, Indonesia set aside US\$7.5 billion in 2009 for infrastructure spending to boost the economy through public spending. Infrastructure upgrading would also benefit the economy and population in the long term.

- **Banking system reform continues to provide the lifeblood for the economy to grow:** The banking system underwent drastic reforms after the Asian financial crisis. The establishment of the Indonesia Bank Restructuring Agency resulted in the demise of insolvent banks and ownership changes in major private banks. A more robust financial system has emerged, helping Indonesia cope well with the global financial crisis.
- **Low impact of July 09 bombings in Jakarta:** The Jakarta hotel bombings in July 09 did not sway local consumer confidence. The majority of Indonesians are confident that President Yudhoyono and his new government will continue to ensure economic growth and political stability, despite the terrorism threats.

Source: Starbiz business news section of The Star, 11 August 2009; IMA Asia

2. Consumer Insights

- Indonesia has a young, urban population. Fifty per cent of Indonesians live in urban areas (a rate higher than China or India), while more than 52 per cent of the population are aged 20 to 54 years.
- With the right economic environment, the young urban population's productivity growth would be at a faster pace.
- A young, urban population with stable jobs would increase the potential pool of Indonesian travellers to Australia in the near future.

Source: Starbiz business news section of The Star, 11 August 2009

For the latest in visitor arrivals, please visit 'Research & Statistics' at www.tourism.australia.com

3. Trade Update

- The H1N1 influenza pandemic has not affected bookings to date. Consumers are still booking travel as normal.
- Incentive travel continues to have strong potential. There are approximately 300 to 400 Amway top achievers travelling to Melbourne in mid October on an incentive trip.
- As at 31 August 2009, there are 57 Aussie Specialist agents from 25 agencies, of which 70 per cent are fully qualified.

4. Airline News

- Malaysia Airlines has plans to launch three services via Jakarta to Melbourne from mid September 2009. This is in addition to Malaysia Airlines' current 14 flights to Melbourne via Kuala Lumpur. This plan is subject to the approval Indonesia Civil Aviation.
- Air Asia launched daily flights from Bali to Perth on 19 July and have doubled the number of flights to twice daily since 19 August 2009.

6. Key Campaigns and Activities in Market

Current Campaigns and Activities				
START DATE	END DATE	DESCRIPTION	TARGET AUDIENCE	PARTNERS
1 Sept 2009	4 Sept 2009	Market Visit Indonesia	Embassy, DIAC, Airlines, travel agents	

Upcoming Campaigns and Activities				
START DATE	END DATE	PROJECT/EVENT	TARGET AUDIENCE	PARTNERS
6 Oct 2009	Feb 2010	Advertorial Campaign with Wonders Holidays Consortium targeting the off peak months to create awareness on Australia	Singles, Dinks, FIT	Dwidaya Tour, Anta Tour, Vaya Tour and Smiling Tour