# Report from SE Asia: Families Manage 'Life's Little Pleasures' to Cope with Inflation

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South East Asia (SEA) households are starting to tighten their belts by driving more efficiently, buying everything they can on sale, and cutting back on some of life's special pleasures like cigarettes, soft drinks, expensive cocktails and gourmet coffee, according to a new regional survey.

The July 2008 Research International (RI) poll of more than 1300 people in six countries sought to determine how people were coping with the latest round of inflation increases.

Inflation has outstripped salary increases and household budgets are in worse shape now compared to six months ago with consumers across Asia Pacific starting to bargain shop and indulge less in impulse purchasing.

"Consumers are starting to exhibit new behaviours when it comes to shopping. They are looking for ways to stretch their dollars without too much sacrifice," according to Rosalynn Tang, MD of Research International Singapore.Â  "We are seeing the dominance of a â€˜smart' consumer - one who has not given up on consumerism but is shopping for specials, going to sales, cutting back on certain pleasures and trying to eliminate waste."

Despite surging prices, SEA consumers are reluctant to stop purchasing their favourite brands. RI researchers found that 50 per cent of respondents are continuing to buy their favourite cigarettes, personal care products and preferred fuel.Â But to make their dollars go further, 74 per cent seeking out cheaper home care, food and beverage products.

Consumers are now more inclined to wait for the best deals when it comes to purchasing big-ticket items like electronics where 78 per cent are delaying the purchase of a product until they are "certain they can afford it" and 75 per cent are "not buying on a whim or impulse."

People are also tending to stick to the essentials when it comes to food and fuel. They are choosing to cut soft drinks and snacks out of their diet to free up funds for more nutritious staples. On the fuel front, some will drive more mindfully and 71 per cent say they plan to adopt better driving habits to reduce fuel consumption.

Amongst cigarette smokers, 62 per cent said they would try to cut down on the number of cigarettes consumed each day. Many are turning to home made java instead of coffee from their favourite gourmet coffee chains.

When it comes to alcohol, consumers are taking to â€˜happy hour' promotions and bar hopping to take advantage of cheaper prices.

In other product categories such as mobile phones, consumers are doing away with the â€˜extra bells and whistles' and studying their subscription plans better to find the best deals.

"These changes in behaviour suggest that consumers are more conscious of their consumption habits. They are trying to hold on to their preferred brands without switching or trading down unless absolutely necessary," said Rosalynn.

However, the general mood of SEA consumers remains upbeat with 20 per cent experiencing improvements to their quality of life in the past 12 months and 39 per cent believing that their quality of life will improve shortly.