



Indonesia
Market and Consumer
Trends ...
Road to Rebound

Yongky Susilo

Retail and Consumer Strategist

The social distancing and lockdown is by **DESIGN**
the release control is in country's hand



Stay at home !

- Mall closed : Except grocery and drugstore
- Café Restaurant Closed : Take away only
- Office and school closed
- Travel and Public Transportation closed

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During Covid19 : **No Winners** *Except health related sectors*

A large share of global sectors are seeing total shareholder returns (TSR) decline

BUSINESS ENGAGEMENT AND RESPONSE

As of 21 February 2020 to 04 April 2020

Decline reflects economic scenario and consumer sentiment

TSR performance (21 February – 04 April 2020)¹

	Americas	Europe	Asia
Healthier sectors			
Food/staples Retail	-9%	-8%	-10%
Household Products	-11%	-13%	-2%
Pharma	-13%	-13%	-12%
Telecom	-14%	-15%	-10%
Food & Beverage	-17%	-21%	-8%
Semiconductors	-21%	-24%	-21%
Utilities	-22%	-27%	-4%
Health Equipment	-22%	-23%	-4%
Software	-25%	-27%	-23%
Prof. Services	-26%	-26%	-24%
Capital Goods	-28%	-32%	-25%
Transport	-28%	-33%	-14%
Financials	-28%	-31%	-24%
Tech Hardware	-28%	-17%	-20%
Materials	-28%	-29%	-34%
Pressured sectors			
Media	-31%	-42%	-6%
Retailing	-33%	-39%	-16%
Insurance	-36%	-33%	-21%
Banks	-39%	-46%	-23%
Vulnerable sectors			
Real Estate	-41%	-30%	-20%
Auto	-53%	-42%	-30%
Hospitality	-73%	-43%	-25%
Durable Goods	-87%	-32%	-17%
Energy	-87%	-26%	-25%

Observations

Non-discretionary/essential service sectors performing better in current climate – food and staples retail best positioned
 Some evidence of more advanced recovery in Asia

Broad set of industries experiencing pressure, with some regions particularly affected for certain sectors (e.g. transport in Europe)

Utilities and health equipment generally better off in Asia

With exception of media, sectors down >20% across geographies

Boston Consulting Report

Note: As of 02 April 2020; Based on top S&P Global 1200 companies; Industries are based on GICS definitions
¹ Performance is tracked for the period 21 February 2020 (before international acceleration of outbreak), through 02 April 2020



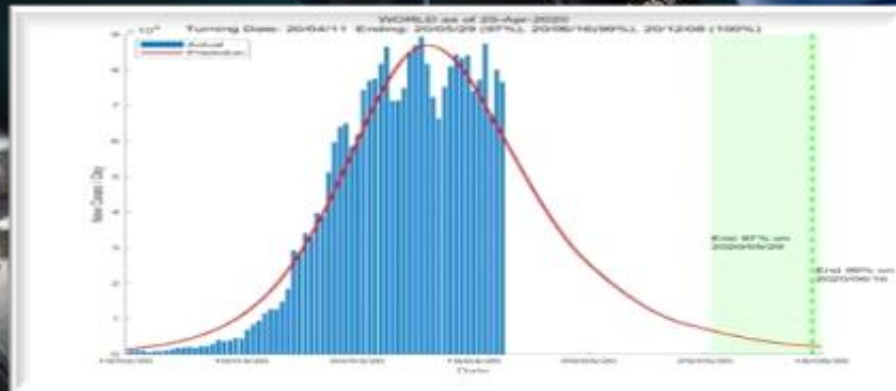
March & April 2020
 Retail lifestyle down - 40 to -95%
 Hotel down -25 to -95%
 FNB down - 40 to -70%

When Covid19 end ?

Predicted December 2020 for World, June 2020 for Indonesia

<https://ddi.sutd.edu.sg/>

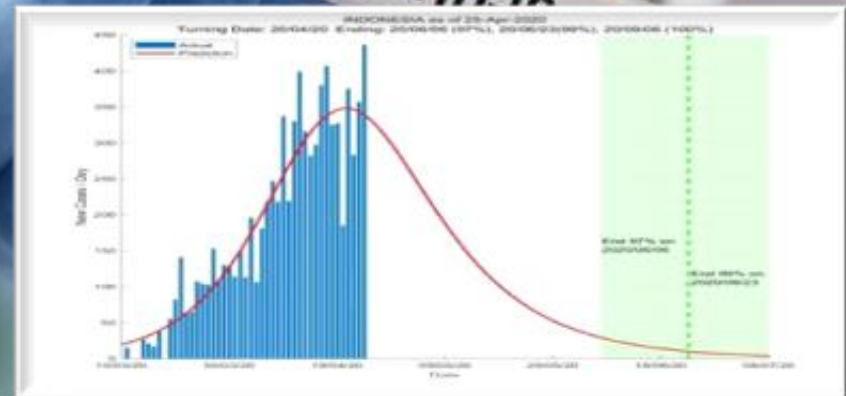
Data-Driven Estimation of End Dates (as of April 25, 2020)



World

End 97% on May 29; End 100% on December 08

In this instance, the estimated end date is the time for realizing 97% of the total



Indonesia

End 97% around June 6

In this instance, the estimated end date is the time for realizing 97% of the total

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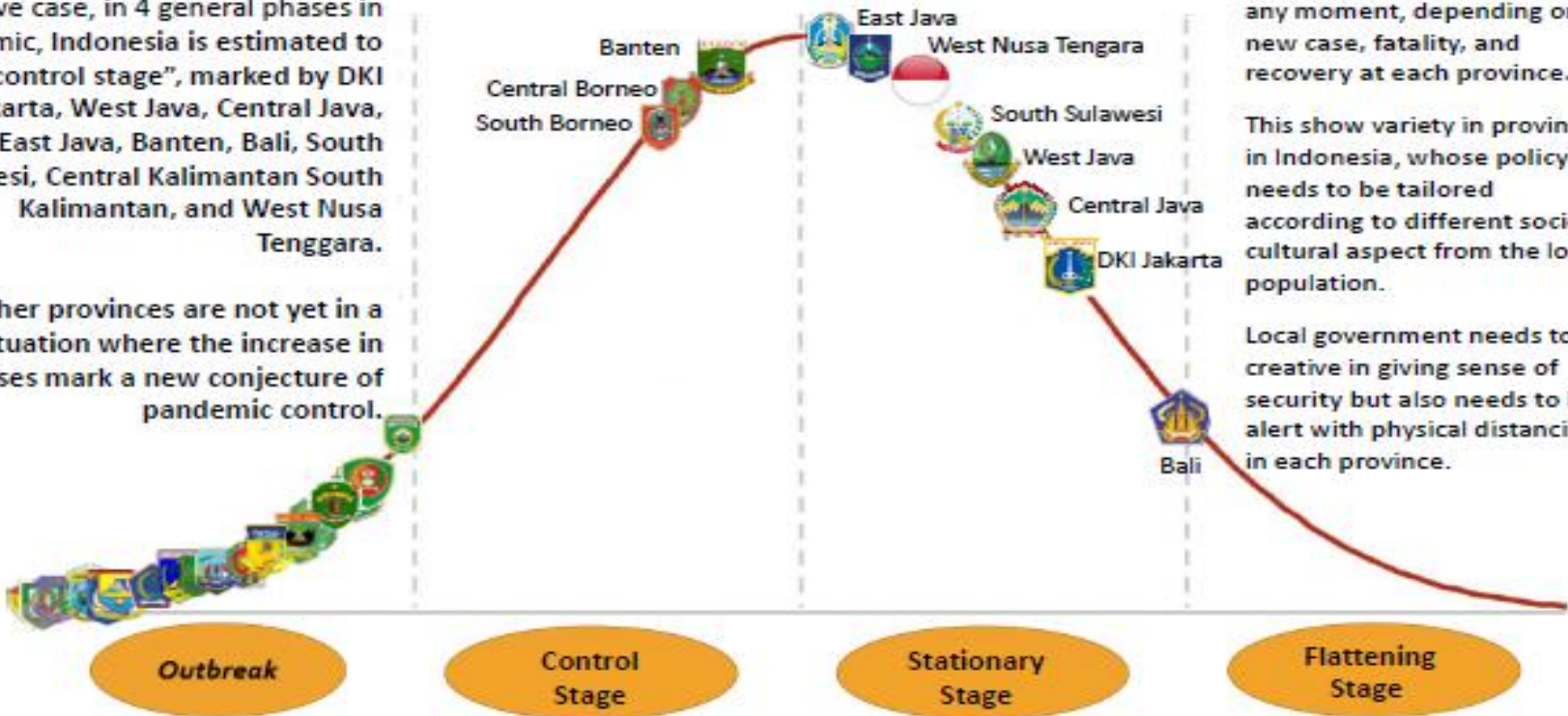
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Estimated COVID-19 Curve In Indonesia

From the increase in infection and active case, in 4 general phases in pandemic, Indonesia is estimated to be at "control stage", marked by DKI Jakarta, West Java, Central Java, East Java, Banten, Bali, South Sulawesi, Central Kalimantan South Kalimantan, and West Nusa Tenggara.

Other provinces are not yet in a situation where the increase in cases mark a new conjecture of pandemic control.



This position can change at any moment, depending on new case, fatality, and recovery at each province.

This show variety in provinces in Indonesia, whose policy needs to be tailored according to different socio-cultural aspect from the local population.

Local government needs to be creative in giving sense of security but also needs to be alert with physical distancing in each province.

8 Juni 2020



15 Juni 2020



With strict health protocols

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19 Pasar di Jakarta Ditutup setelah 52 Pedagang Positif Covid-19

Perumda Pasar Jaya menutup sementara 19 pasar kelolaannya menindaklanjuti kasus 52 pedagang positif Covid-19 di 6 pasar di DKI Jakarta.



Aziz Rahardyan - Bisnis.com

11 Juni 2020 | 16:05 WIB



Jokowi: Akan ada pengetatan lagi jika ditemukan kenaikan kasus baru Covid-19

Rabu, 10 Juni 2020 / 15:31 WIB



INDEKS BERITA



ANTARA FOTO/SIGID KURNIAWAN

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How is **consumption and market**

after Covid19

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WUHAN after 76 days lockdown

*return to **NORMAL** life*



<https://www.aljazeera.com/news/2020/03/chinas-wuhan-sees-return-normal-life-200330124420895.html>

Wuhan's lockdown was first announced Jan 23, sealing off 11 million people. Opening up April 8 2020.

Wuhan Bureau of Statistics reveals industrial investments in Wuhan **contracted 83.2% year on year**, fixed asset investments **dropped 72.9%** and retail consumption **shrank**

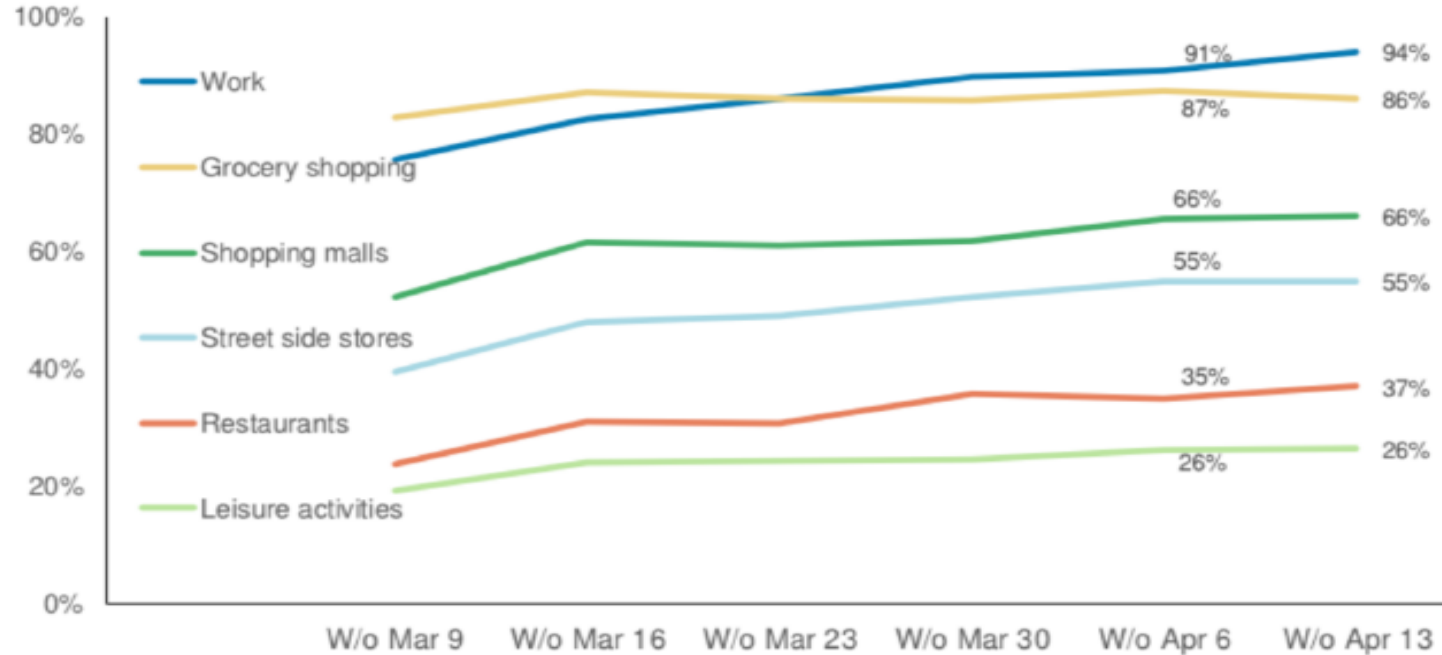
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Stimulus \$2.8 billion in preferential loans, according to the city government—though all anticipate tough times ahead. “People are broke, don’t have disposable income, and aren’t spending on leisure and entertainment,” says Jacob Wilson, CEO of media and marketing firm Wuhan Social. “It’s going

China's OOH activities increase

China's activities out of home in the past week



Source: AlphaWise, Morgan Stanley

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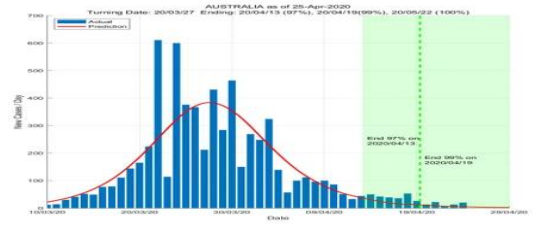
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Australia during Covid19, no toilet tissue

*Now in the process to return to **NORMAL***



This week April 20 2020



During Covid19 Australia runs out of paper products in the store, the **most essential household product** they cant live without. They have to get off the **beach** they love on the weekends, they have to give up **beer s in the pub** on Thursday and weekends. Their **NORMAL** life got disrupted. Australia has become good example in executing social distancing policies, soon in May they **will return to their NORMAL life**.

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Taobao Live livestreaming not Ecommerce



While some sales associates welcome shoppers strolling through the stores



“More and more consumers are shopping as they watch livestreaming. **It's the same experience as buying offline**,” explained Shao. “I now refer my regular customers to our livestream sessions because that's where they can get the best deals and each order counts towards our monthly sales target just the same.”

Indonesia consumer **shopping** behavior



- **Shopping** is the purpose of life
- Shopping is not Buying, it's a discovery of new things and five senses journey
- Shopping is rather combine with Meeting, Entertaining, Relaxing
- "Going shopping" is ranked as one of the top 4 activities that improves people sense of well being
- Experience is key to impulse buying
- The sweet spot for the sales is at E2 – intersection of consumer Experience and Emotion
- Over-stressed, over worked and out of time, people seek refuge in daily small indulgences that pay big psychological dividends

Behavior do not change in short times

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Indonesia consumer **eating out** behavior



Friends

Usually follow friends is often socially driven
“Which place is good to eat at ?” lively and frequent topics

Discussing what is good to eat for health, to loose weight, latest food scandal

Trends

Keeping update – the new place
Specialty dish

Others spouse, magazines

Indonesia consumers will go shopping and eat out again after Covid19. **GO BACK TO NORMAL**

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1. Saving



Ketika konsumen ada uang lebih akan **ditabung**. **Sementara**, dalam situasi Covid19 dan setelah nya, konsumen akan berbelanja hemat, cheaper brand. Situasi ini kira2 akan berlangsung selama setahun sampai ekonomi membaik

Butuh: brankas, deposito

	Q3'19	Q4'19
 PUTTING INTO SAVINGS	61%	64%
 INVESTING IN SHARES OF STOCKS / MUTUAL FUNDS	41%	46%
 HOLIDAYS / VACATIONS	43%	42%
 NEW TECHNOLOGY PRODUCT	28%	26%
 NEW CLOTHES	23%	26%
 OUT-OF-HOME ENTERTAINMENT	28%	25%
 HOME IMPROVEMENTS / DECORATING	27%	25%
 PAYING MEDICAL INSURANCE PREMIUMS	22%	23%
 PAYING OFF DEBTS / LOANS / CREDIT CARDS	23%	22%
 RETIREMENT FUND	17%	18%

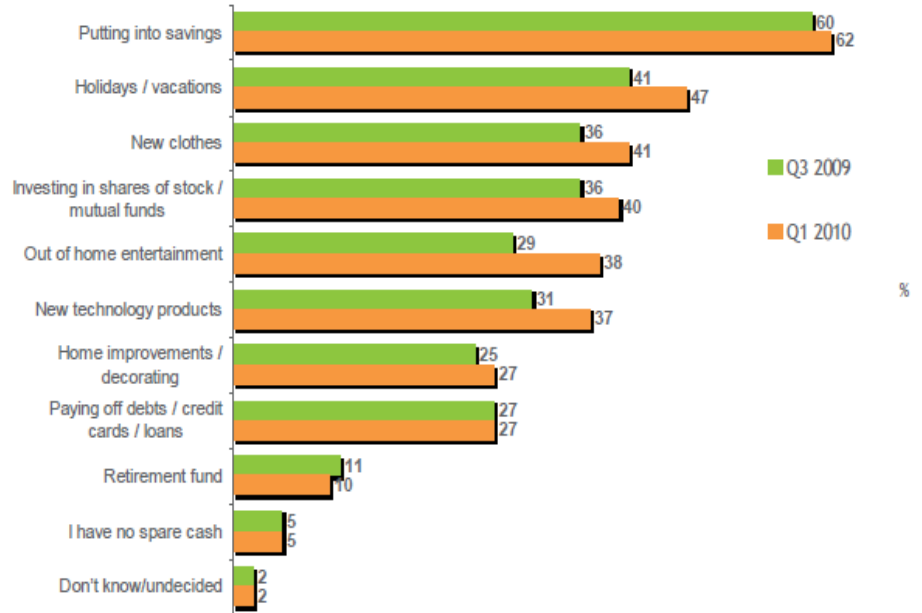
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2.Travel



Setelah Global Financial Crisis **2009**, di tahun **2010** konsumen Indonesia berencana menggunakan spare cash untuk **vacations**.
Vacation akhir 2020 atau awal 2021 ? Yesssss



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Last weekend at Puncak Mountain West Java



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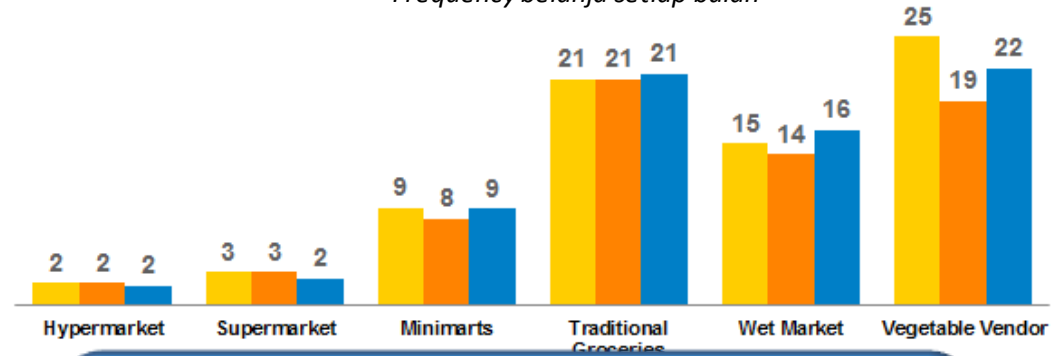
3.Shop



Dominasi belanja kebutuhan pokok masih di toko **tradisional dan pasar basah**. Modern trade masih stabil. Ecommerce masih insignifikan. **Trade behavior ini tidak akan banyak berubah lima tahun ke depan**

■ 2017 ■ 2018 ■ 2019

Frequency belanja setiap bulan



Trade channel share 55 categories FMCG + cigarettes

70%

General Trade

29%

Modern Trade

<1%

E Commerce

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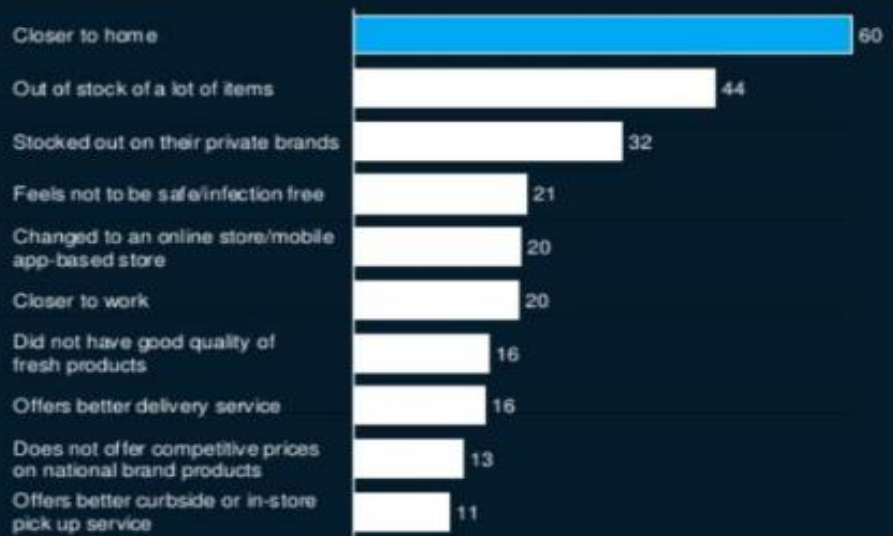
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Around half of respondents have switched from their regular grocers during COVID-19, but 98 percent of them plan go back.

52% of consumers are still visiting their regular/primary store for grocery needs

48% of consumers have tried/switched to a different store

Primary driver for switching stores during COVID-19,¹
% respondents who have switched stores



Post-COVID-19 situation³

98% of consumers plan to switch back to usual brand after COVID-19

1. Q: Why have you switched from your regular/primary store for your grocery store?

Source: McKinsey & Company COVID-19 mobile survey 3/20-3/25/2020, N = 570. Sampled and balanced to match Indonesia's general population, 18-65 years old.

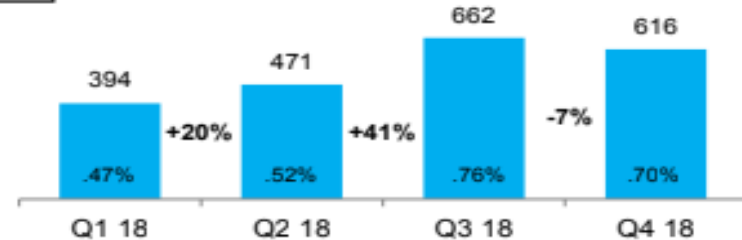
4. Online



Konsumen hanya fokus pada kategori **kosmetik dan produk baby**; yang trendy dan SKU diskon besar. Kebutuhan lain lebih **cepat dan mudah** dibeli di toko offline. Kebutuhan sehari2 belum akan signifikan di online lima tahun ke depan



E-COMMERCE 55 CATEGORIES + COSMETIC
VALUE SIZE (BILLION IDR)



% CONTRIBUTION OF TOP FMCG ECOMMERCE CATEGORIES
VALUE RANK (55 CAT FMCG + COSMETICS)

> 3%	1 - 3%	< 1%
Baby Diapers	Powder Milk	Cooking Oil
Cosmetics	Sweetened Condensed Milk	Instant Noodles
	Skincare	

5.Style

Untuk belanja **produk trendy**, online memberi **lebih banyak pilihan, kemudahan dan return policy** yang berani.

Fokus konsumen tidak akan berubah untuk online.



Top five ranked category Ecommerce 2019

Fashion apparel

Consumer electronics and accessories

Health & beauty

Mom & baby products, toys, sport goods

Home & living

Report CLSA

6. Eat Out



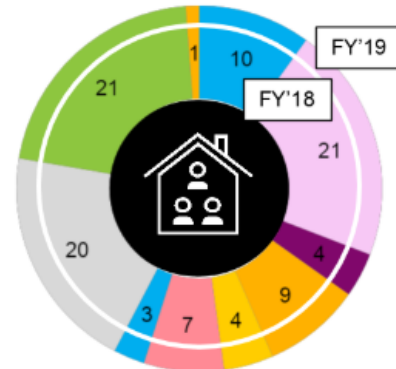
Kelas menengah dan atas mengalokasikan **21% spending** ke leisure termasuk makan luar dan **terus bertumbuh kuat**. Dine out adalah bagian dari behavior yang kuat tidak akan berubah, mencari **experience (suasana), makanan cita rasa lebih fresh dan gaya hidup modern**

Kebiasaan ini tidak akan berubah; sektor FnB akan terus berkembang setelah Covid19

 **HH SPENDING CONTRIBUTION %**

 **HH SPENDING GROWTH***

- FMCG
- Food (Fresh & Staples)
- Housing Related
- Transportation
- Communication
- Education
- Health
- Saving + Loans
- Leisure
- Insurance



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7. Indulgence



Dalgona

Coffee

Cheese Blueberry

Ice Cream

Chocolate

Megatrend kelas menengah Indonesia masih akan berlanjut yaitu pertumbuhan tinggi untuk produk2 yang memberikan **convenience, healthy, looking good dan feeling good**.

Kelas menengah mencari **'Pelarian diri sementara'**, melalui produk indulgence.

Kopi Kenangan Masa Lalu

(n.) terlalu pahit untuk dikenang namun, terlalu indah untuk dilupakan

(n.) pelupa kenangan pahit walau hanya sesaat

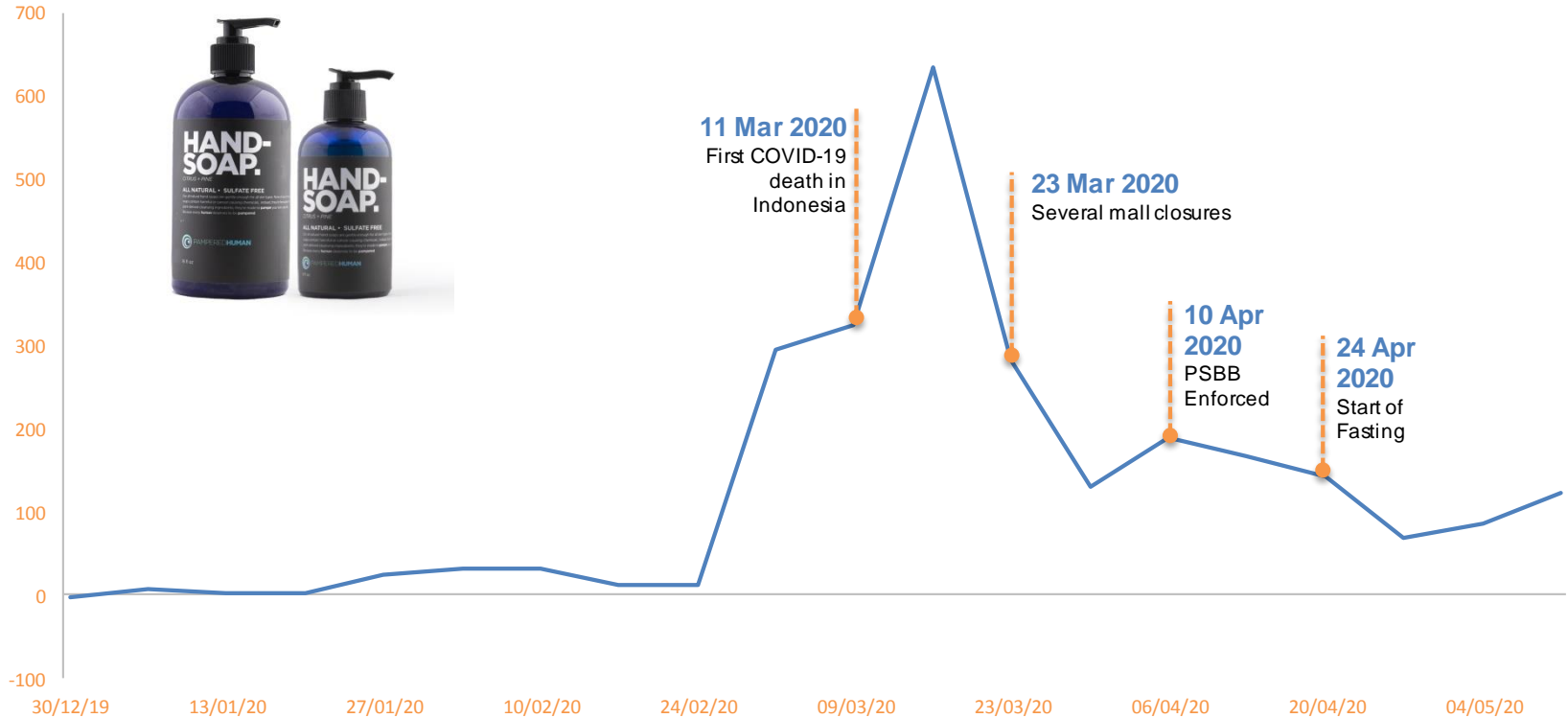
(n.) antara dilema dan galau

(n.) kenangan manis yang sudah tidak ada, tapi suka datang tiba-tiba di pikiran

(n.) ketika berjuta rasa masa lalu hanya tinggal kenangan. game over

Go Back to Normal

Liquid Hand Soap | Weekly Value Sales Growth Trend vs. Year-ago | Total Modern Trade Key Accounts

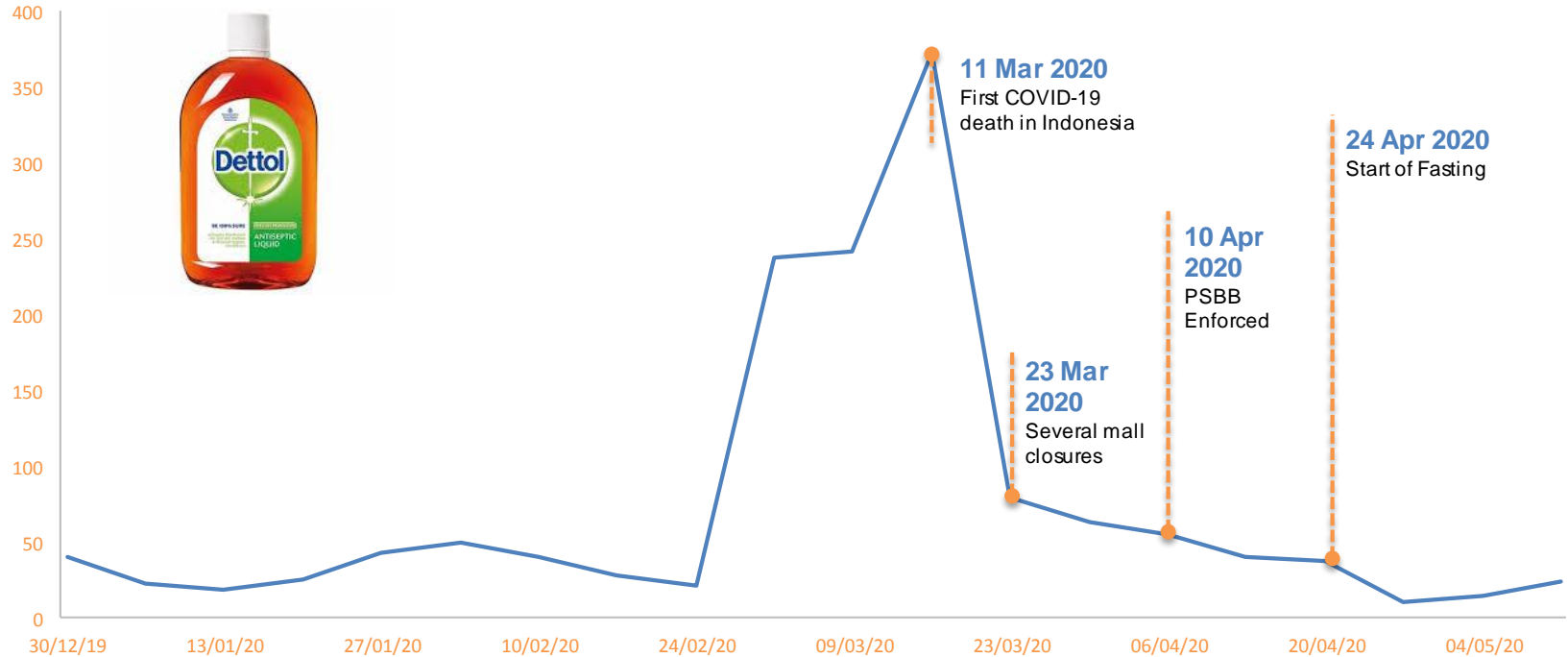


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Liquid Antiseptic | Weekly Value Sales Growth Trend vs. Year-ago | Total Modern Trade Key Accounts

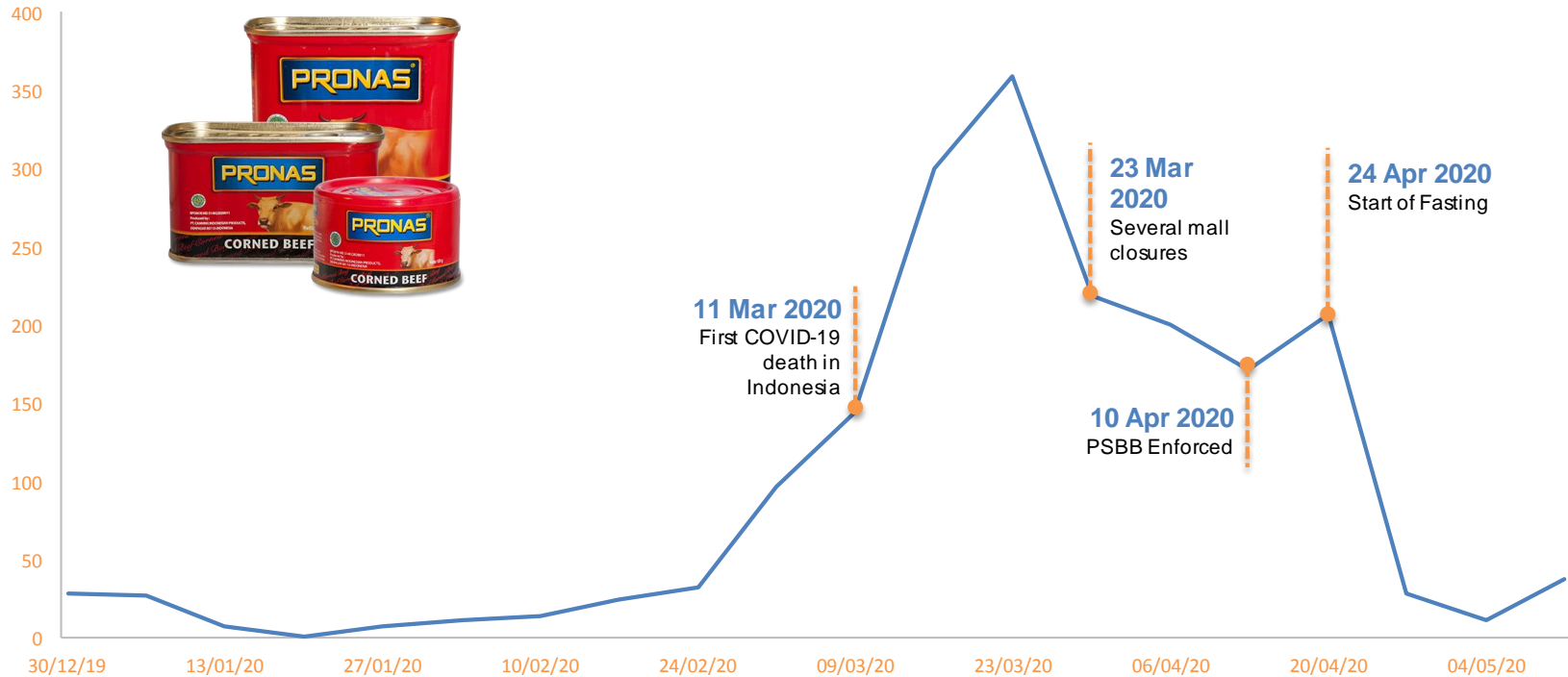


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Canned Fish & Meat | Weekly Value Sales Growth Trend vs. Year-ago | Total Modern Trade Key Accounts

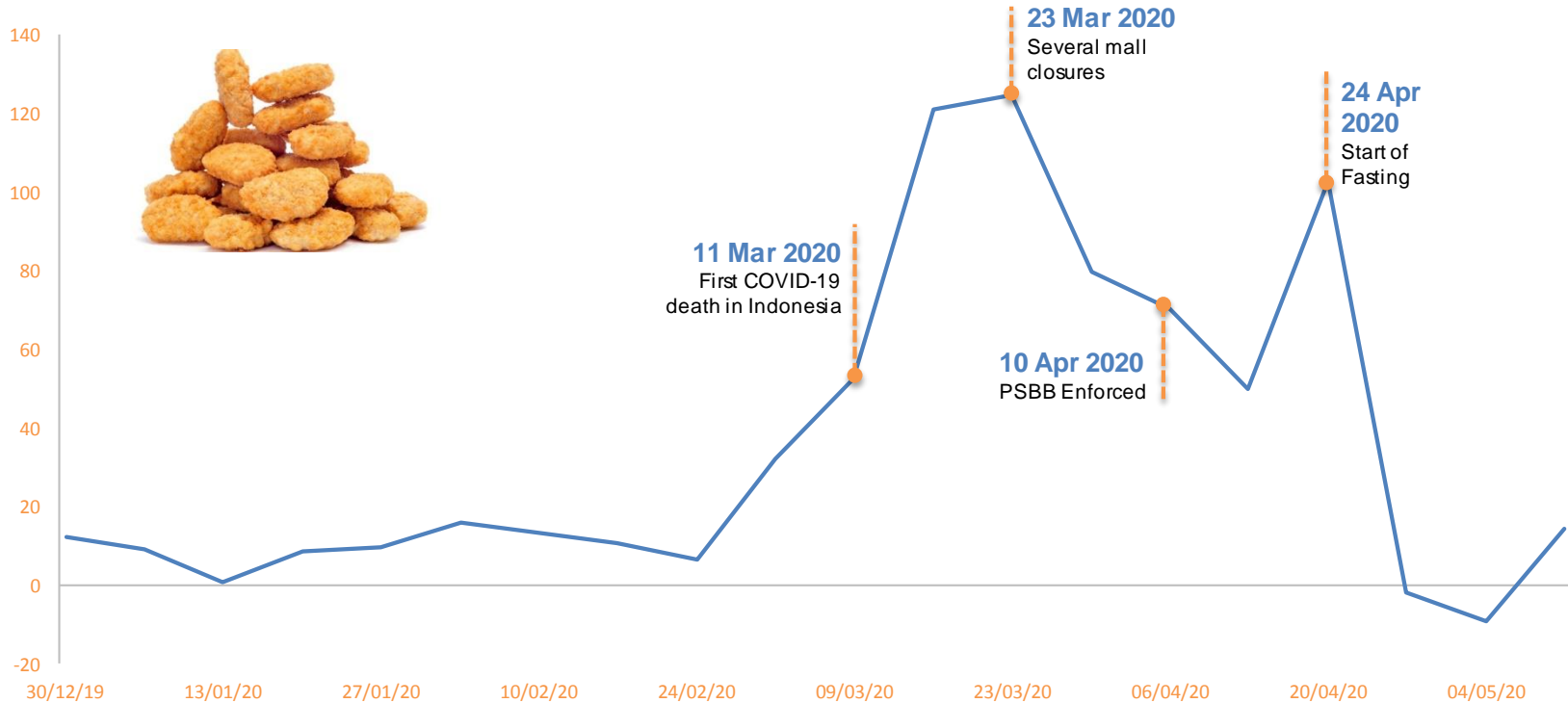


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Frozen Food | Weekly Value Sales Growth Trend vs. Year-ago | Total Modern Trade Key Accounts

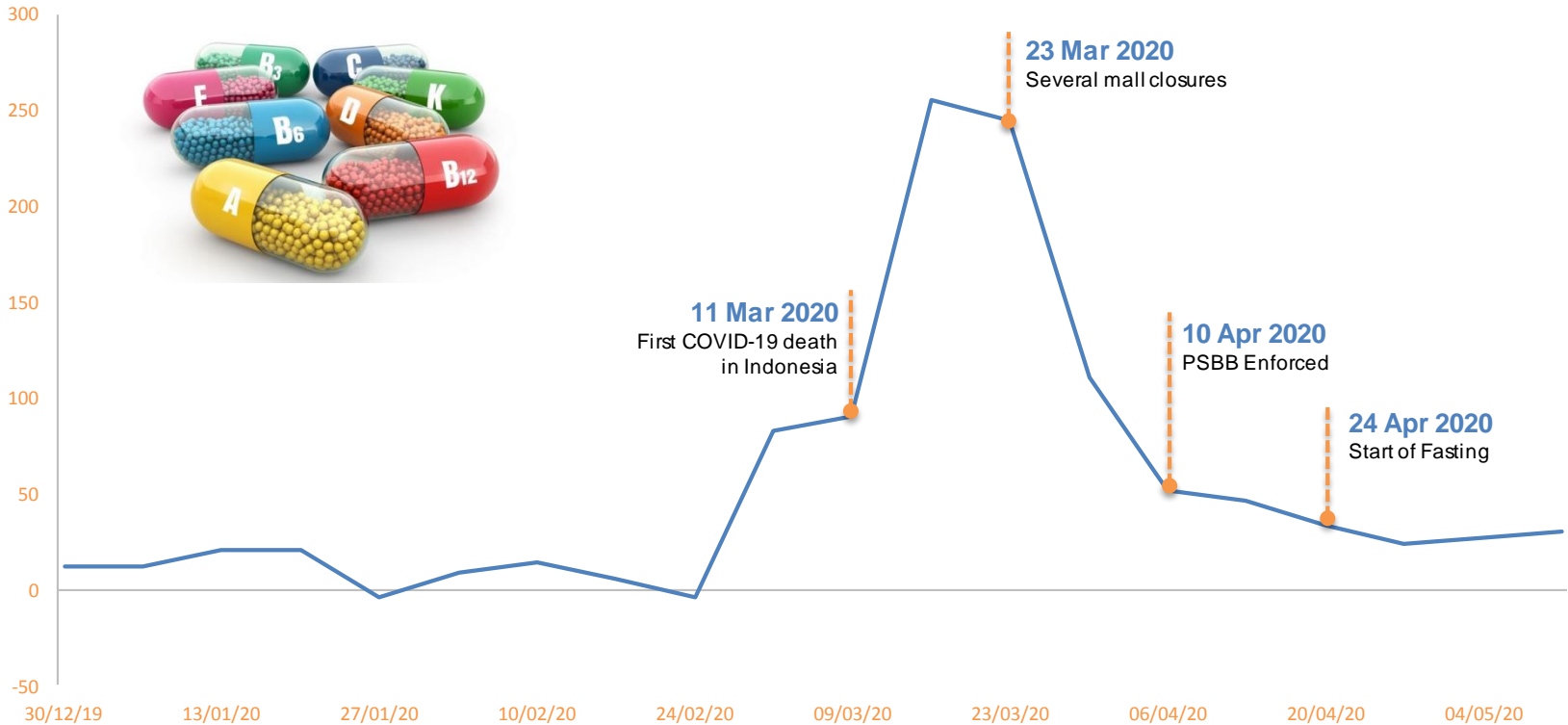


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Go Back to Normal

Vitamin | Weekly Value Sales Growth Trend vs. Year-ago | Total Modern Trade Key Accounts

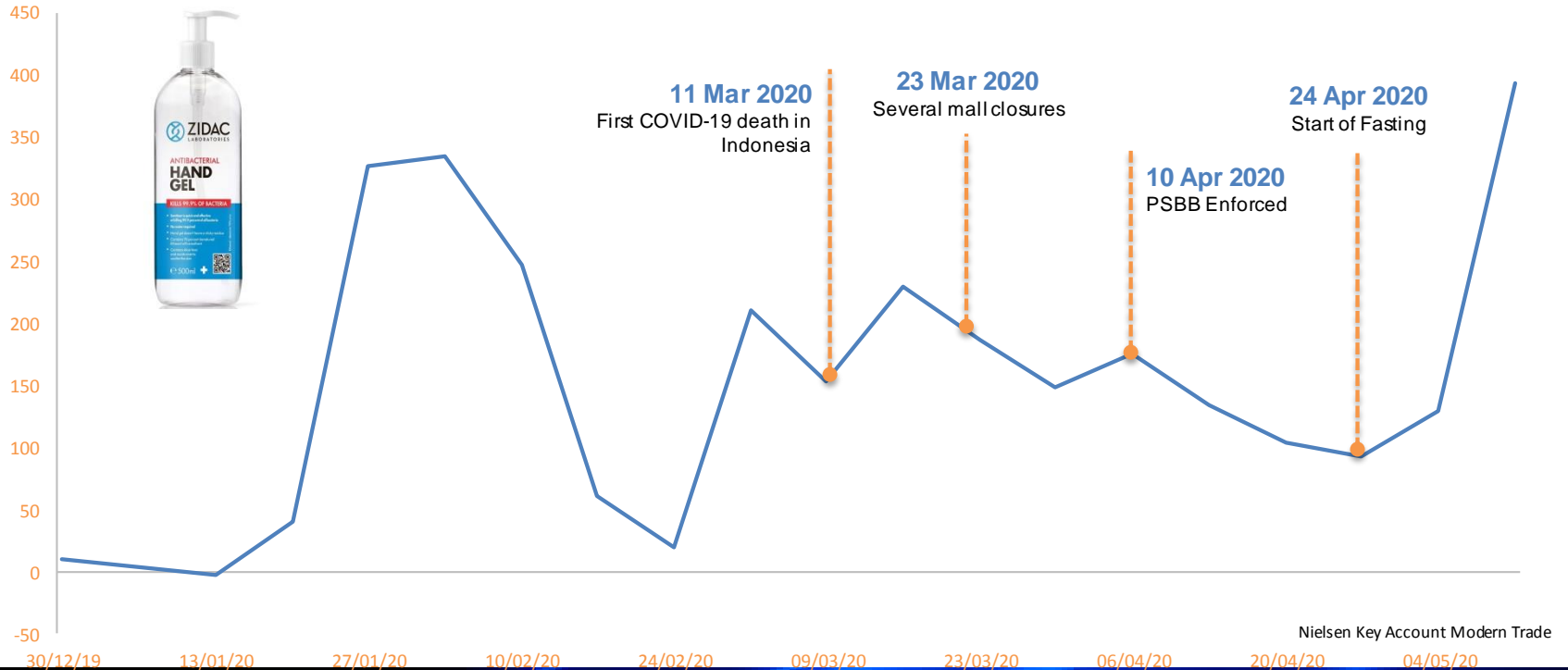


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Go Back to Normal

Hand Sanitizers | Weekly Value Sales Growth Trend vs. Year-ago | Total Modern Trade Key Accounts

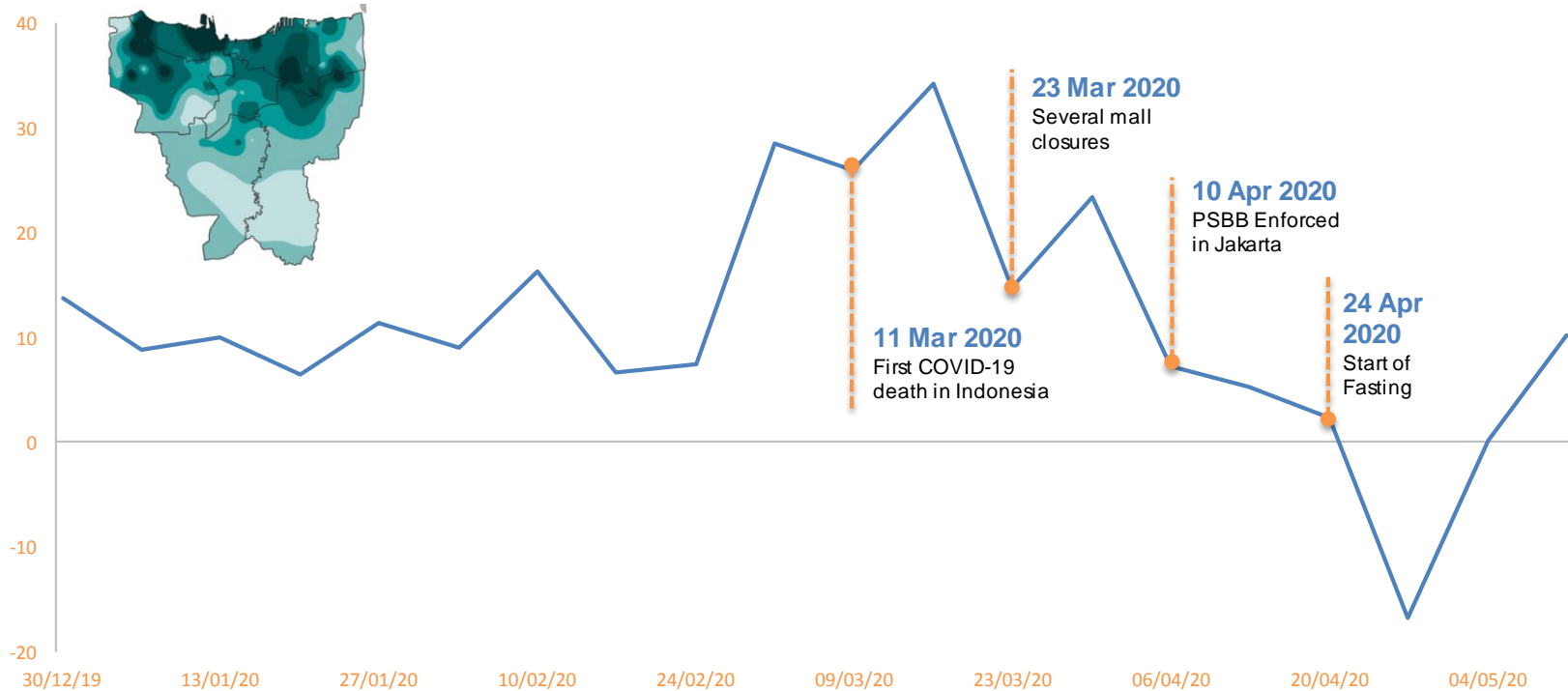


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Go Back to Normal

DKI Jakarta | Weekly Value Sales Growth Trend vs. Year-ago | Total Modern Trade Key Accounts



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Mall Re-opening

Pasar Rakyat	30%
Grocery	40%
FNB	40%
Drugstores	40%
Mall	35%
Resto rest area	40%
Zoo, galeri	50%

Maximum capacity



Mall Re-opening

Business Recovery:

Grocery

FNB

Services (salon)

Retail

Entertainment (closed)

Middle Upper :

+ Desperate desire to go to mall

+ Have the money

+ Unspent budget in last 4 months

+ Rebuild social life

- Less income due to economy

- Worry on health risk

- Restriction to enter mall (QRcoding)

- Will spend when income improve

Mall Re-opening : FnB



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Mall Re-opening : Retail

FNB



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Mall Re-opening : Retail



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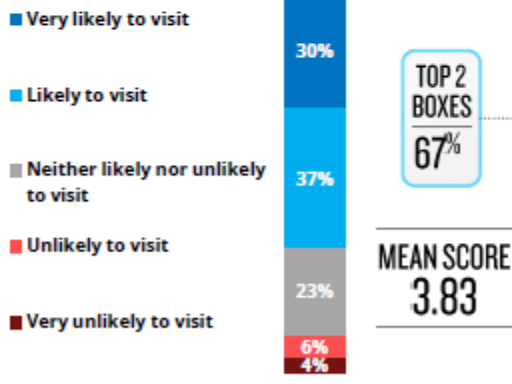
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TWO-THIRD OF THE VISITORS SAID THEY ARE LIKELY TO VISIT THE MALL AFTER PSBB IS LIFTED

Grocery shopping is still the main purpose for visiting the mall, followed by leisure activities.

After PSBB 

MALL VISIT BEHAVIOR DURING AFTER PSBB IS LIFTED



ACTIVITIES DONE AT THE MALL?

Base: Those who are likely to visit (coded 4/5 in Q5) n=67

Purchase daily needs (groceries shopping)	66%
Purchase fast food	55%
Going to the movie theatre	55%
Hangout with friends	54%
Purchase clothes	51%
Window shopping	51%
Purchase beverage (bubble tea, coffee, etc)	49%
Purchase dessert (ice cream, cupcake, pudding, etc)	48%
Refreshing: looking for a new atmosphere	46%
Purchase household appliances	43%
Hangout with family	43%
Purchase snack	42%
Looking for promo/discount	42%
Purchase heavy meal	40%
Purchase medicines/vitamins	40%

Base: All Respondents: n=100

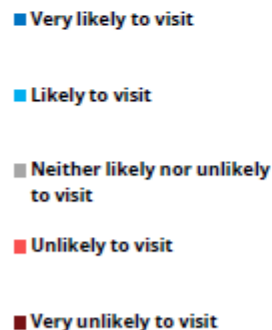
Q5. Whenever PSBB status is lifted, malls operated normally and pandemic situation is at lesser risk although it's not over, how likely are you going to visit malls? (SA) // Q6. What kind of activities you usually do whenever you are visiting those malls if PSBB status is lifted, malls operated normally and pandemic situation is at lesser risk although it's not over? (MA)

A HIGHER PROPORTION OF MALL VISITORS IS LIKELY TO VISIT THE MALL AFTER THE PANDEMIC IS OVER

Relaxation and entertainment needs, as well as the trust towards the management to keep malls clean and safe, are the main reasons for the intention to visit the mall.

New Normal? 

MALL VISIT BEHAVIOR AFTER COVID-19 PANDEMIC IS OVER



TOP 2 BOXES
84%

BOTTOM 3 BOXES
16%

MEAN SCORE
4.40

REASONS FOR LIKELY TO VISIT

Base: Those who are likely to visit (coded 4/5 in Q7) n=84

I need relaxation and entertainment	65%
I believe mall management doing comprehensive sanitation	63%
I'm sure of mall's cleanliness and safety	55%
I want to do grocery shopping	55%
I want to watch movie at the movie theatre	48%
I want to eat in a restaurant	42%
I want to get together with my friends/families	39%
I believe on the good health of mall employee	19%
I'm not afraid of getting infected of coronavirus	8%

REASONS FOR UNLIKELY TO VISIT

Base: those who are unlikely to visit to (coded 1/2/3 in Q7) n=16*

I'm worry of mall employee's health	69%
I'm not sure the mall management is doing comprehensive sanitation	63%
I'm limiting my spending	50%
I'm afraid of getting infected of coronavirus by other mall visitors or employees	38%
I'm not sure of the mall's cleanliness and safety	6%

*Low base. Read data with caution

Base: All Respondents: n=100

Q7. Whenever the pandemic situation is over, how likely are you going to visit (SA) // Q8. Why do you say you are likely to visit or unlikely to those malls? (MA)

GROcery SHOPPING, REFRESHING AND SNACK PURCHASE ARE THE ACTIVITIES PLANNED BY MALL VISITORS ONCE PSBB IS LIFTED

New Normal? 

ACTIVITIES PLANNED TO DO AT THE MALL AFTER COVID-19 PANDEMIC IS OVER

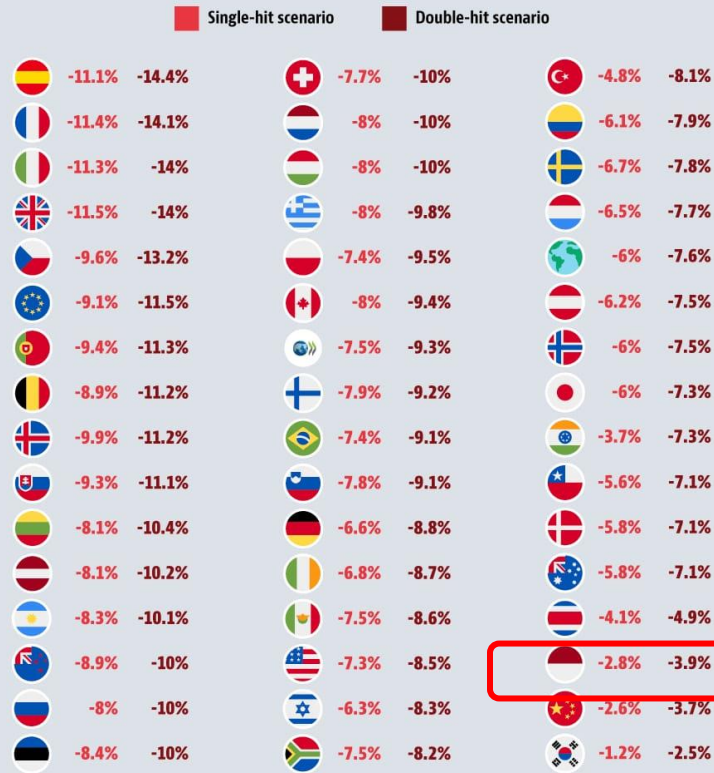
◆ Purchase daily needs (groceries shopping)	65%
◆ Refreshing: looking for a new atmosphere	65%
◆ Purchase snack	64%
◆ Purchase clothes	61%
◆ Going to the movie theatre	61%
◆ Window shopping	61%
◆ Purchase beverage (bubble tea, coffee, etc)	60%
◆ Purchase fast food	59%
◆ Hangout with friends	57%
◆ Hangout with family	55%
◆ Purchase heavy meal	53%
◆ Purchase dessert (ice cream, cupcake, pudding, etc)	50%
◆ Explore/finding new things	48%
◆ Purchase household appliances	46%
◆ Looking for promo/discount	46%

◆ Purchase accessories such as belt, hat, stocking, glasses, shoes, etc	40%
◆ Purchase medicines/vitamins	39%
◆ Going to the beauty salon	38%
◆ Purchase electronic/furniture/appliance	34%
◆ Going to watch a show/event	34%
◆ Going to the game center such as Timezone, Amazing World, etc	33%
◆ Purchase accessories/jewelries such as bracelet, necklace, earrings, etc	31%
◆ Going to karaoke place	28%
◆ Going to watch live music (music show)	28%
◆ Other facilities: going to the park (outdoor)	28%
◆ Purchase or serviced mobile phone or any other gadgets	26%
◆ Going to the gym/fitness center	26%
◆ Going to spa/reflexy/massage	26%
◆ Going to ice skating rink	22%
◆ Client meeting	20%

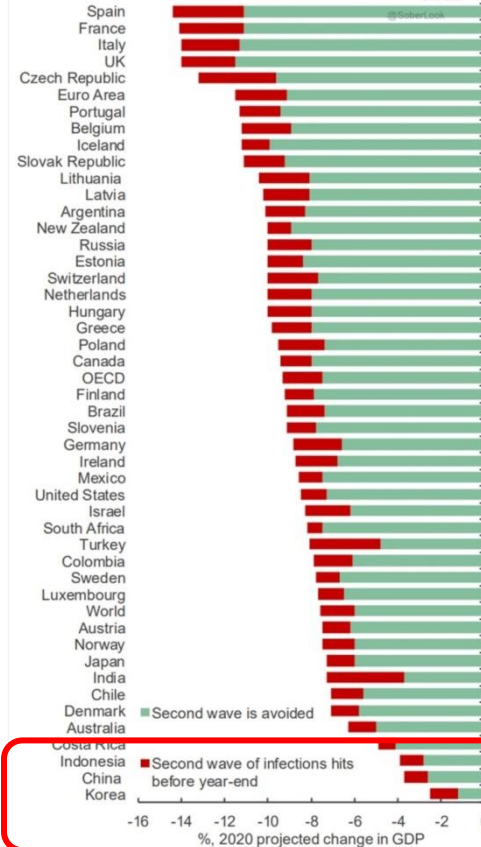
Base: All Respondents: n=100

Q9. What kind of activities you usually do whenever you are visiting those malls if pandemic COVID-19 situation is over? (MA)

2020 Projected Change in GDP



OECD June Economic Outlook 2020 GDP Projections



A close-up photograph of a man with dark hair, wearing a light green surgical mask. He is using both hands to adjust the white elastic straps of the mask around his ears. The background is a plain, light-colored wall.

What is the **REAL NEXT NORMAL**

after Covid19

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Consumption projection 2020 & 2021



	H1 20	H2 20	H1 21
FMCG	Jump	Stable	Jump
FnB Resto	Burn	Build	Jump
Lifestyle Retail	Burn	Build	Jump

FMCG JUMP growth in H1 2020 : supported by *Panic Buying (March), Fasting start (April) , Festive (May), THR (May), Cash Funds*

BUILD status: supported by *PSBB Relaxing, Re Opening Stores, Partially Opening Business*

JUMP H1 2021 : Supported by *Partial and full NORMAL business and social activities*

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GENERATION Z

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Consumer and Retail Strategist

Board Expert Hippiindo, Advisor to AP3MI

Member Staff Retail APINDO – KADIN

Consultant to world leading Market Research Company

Author of book Retail Rules (Trend 2010-2020)

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