INDONESIA MARKET OUTLOOK

GO BEYOND

Market Trends, Innovation Growth, Opportunities

Yongky Susilo

The Scars is real

Yongky Susilo

Nearly **4 million** people across the world have **died** from Covid-19.

More **100 million** people have **lost jobs** during pandemic

Revenge

Life is starting to **snap back into pre-pandemic normalcy** in countries.

Malls are reopening to capacity crowds, indoor restaurants are bustling, people are going on maskless dates and air travel has nearly rebounded to pre-pandemic levels.

Yongky Susilo

Post-Pandemic Anxiety

Taylor says that there will be some people who "will never return to normal" – including those lost a loved one, or even lost a job, marriage or home. However, Taylor believes that **this group will be the minority**.

Yongky Susilo

The Speaker
Retail and Consumer Strategist

KADIN International Trading House
Former Executive Director The Nielsen Company

Kresna -   Technology Investment
Associate to Capillary Tech – Omni Channel Retail Solution
Advisor Paper.ID – Digital Invoice

Senior Associate, Foreign Policy Community of Indonesia
Member of Satgas Pokja 3 Ekonomi
Member APINDO, FORKOM Kemendag
Board expert of HIPPINDO,   Advisor AP3MI
Faculty member of Rumah Perubahan

Was Professor MM-UI, Senior Academic Advisor Bunda Mulia University
Book author of RETAIL RULES .

Yongky Susilo

Agenda

Global hope for Returning to Normal

Covid19 from Pandemic to Endemic

Economy grow BACK

Retail market is UP

Consumer behavior Return Normal

What has CHANGED ?

What are the OPPORTUNITIES 2022 ?

Global hope for returning to normal

Global hope for returning to normal

When will the COVID-19 pandemic end?

August 23, 2021 | Article

Even without herd immunity, a transition toward normalcy is possible

We have written previously about two endpoints for the COVID-19 pandemic: a transition toward normalcy, and herd immunity. The transition would gradually normalize aspects of social and economic life, with some public-health measures remaining in effect as people gradually resume prepandemic activities. Many high-income countries did begin such a transition toward normalcy during the second quarter of this year, only to be hit with a new wave of cases caused by the Delta variant and exacerbated by vaccine hesitancy.

Indeed, our scenario analysis suggests that the United States, Canada, and many European countries would likely have reached herd immunity by now if they had faced only the ancestral SARS-CoV-2 virus and if a high percentage of those eligible to receive the vaccine had chosen to take it. But as the more infectious Delta variant becomes more prevalent within a population, more people within that population must be vaccinated before herd immunity can be achieved (Exhibit 1).

Yongky Susilo
Retail and Consumer Strategist

Global return to normal

Yongky Susilo
Retail and Consumer Strategist

Countries that have inoculated the majority of their adults **should be able to allow normal life to return.**

The Economist normalcy index

Chinese new year

China

Pre-pandemic average=100

United States

World

75

EU27

50

India

Britain

25

Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct

2020 · 2021
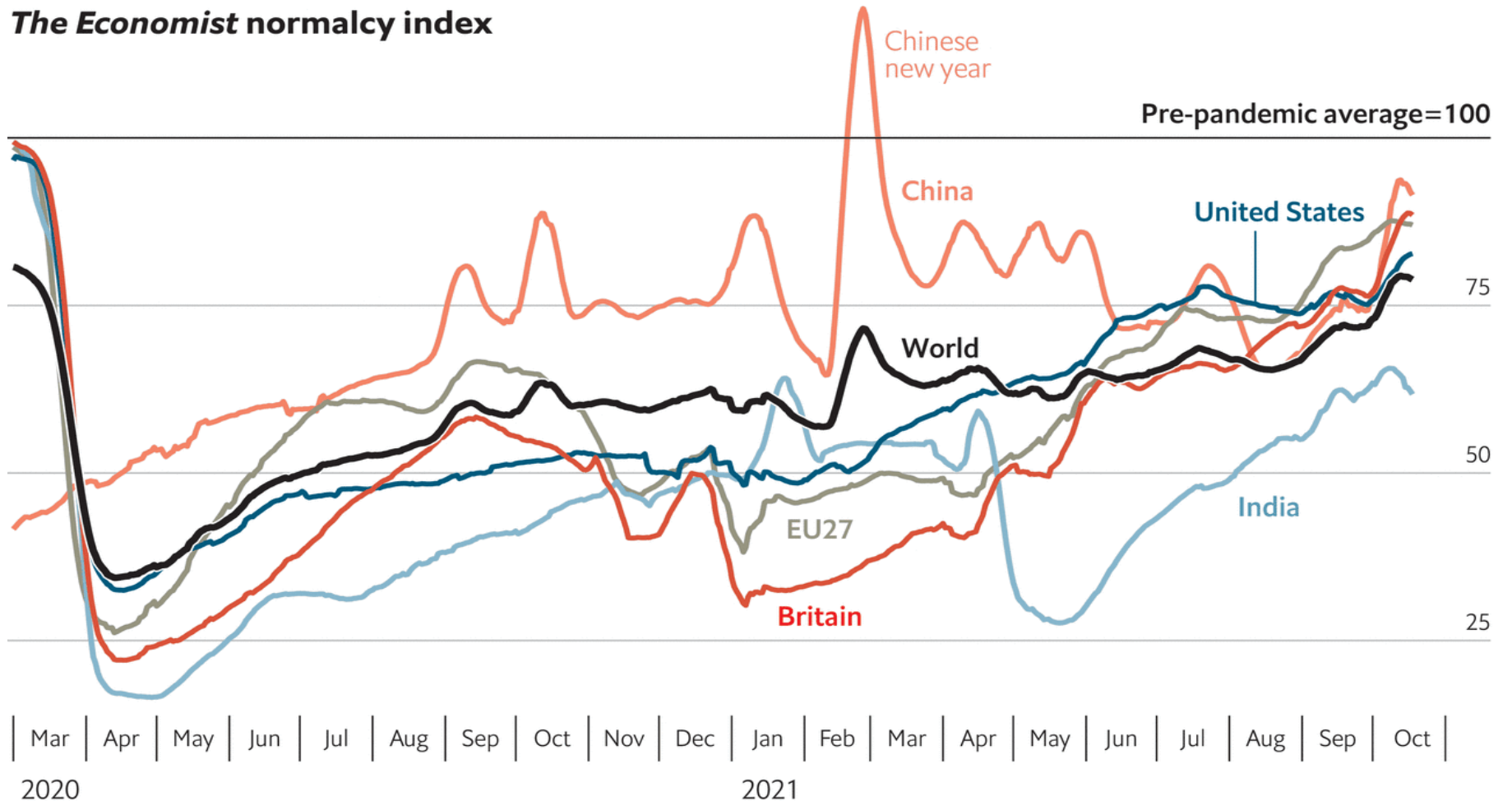
Source: economist.com/normalcytracker
The Economist

Global hope
for returning
to normal

Yongky Susilo
Retail and Consumer Strategist

Normalcy is the destination

Focus to reclaim!
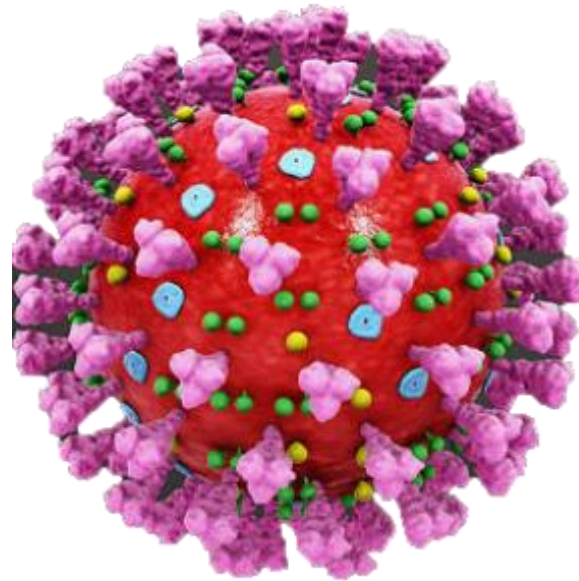
Covid19 from Pandemic to Endemic

Covid19 vs previous pandemics: we can handle it ...

ASIAN FLU (1956-1958)
Death Toll: **2 million**
Cause: Influenza

HIV/AIDS PANDEMIC (AT ITS PEAK, 2005-2012)
Death Toll: **36 million**
Cause: HIV/AIDS

FLU PANDEMIC (1968)
Death Toll: **1 million**
Cause: Influenza

THE BLACK DEATH (1346-1353)
Death Toll: **75 – 200 million**
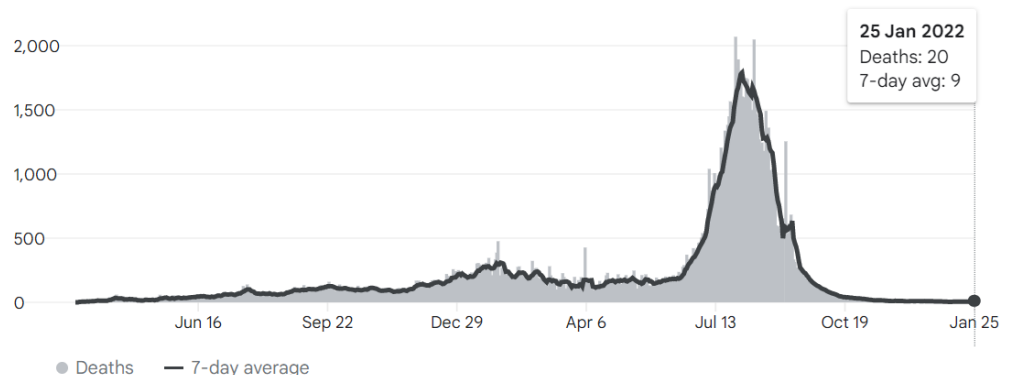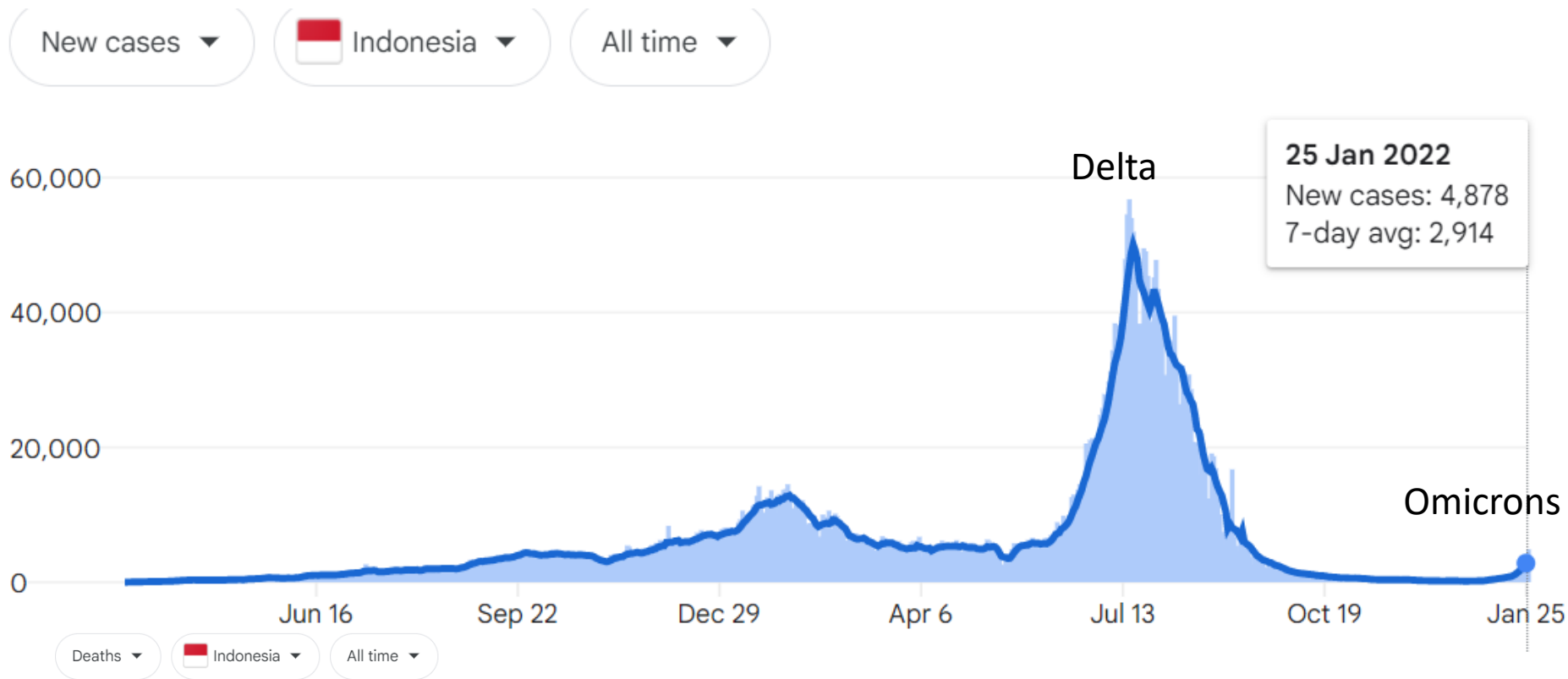Cause: Bubonic Plague

ANTONINE PLAGUE (165 AD)
Death Toll: **5 million**
Cause: Unknown

FLU PANDEMIC (1918)
Death Toll: **20 -50 million**
Cause: Influenza

PLAGUE OF JUSTINIAN (541-542)
Death Toll: **25 million**
Cause: Bubonic Plague

Covid19 from Pandemic to Endemic

MPHonline

Yongky Susilo
Retail and Consumer Strategist

Diminishing Covid19 cases

New cases ▾   🇮🇩 Indonesia ▾   All time ▾

Delta

25 Jan 2022
New cases: 4,878
7-day avg: 2,914

Omicrons

60,000

40,000

20,000

0

Jun 16   Sep 22   Dec 29   Apr 6   Jul 13   Oct 19   Jan 25

Deaths ▾   🇮🇩 Indonesia ▾   All time ▾

25 Jan 2022
Deaths: 20
7-day avg: 9

2,000

1,500

1,000

500

0

Jun 16   Sep 22   Dec 29   Apr 6   Jul 13   Oct 19   Jan 25

● Deaths   — 7-day average

Covid19
from
Pandemic
to Endemic

Yongky Susilo
Retail and Consumer Strategist

Why DELTA is suddenly gone ?

January 6, 2022
3:36 PM WIB
Last Updated 4 days ago

Asia Pacific

Indonesia survey finds 85% of population have COVID-19 antibodies

2 minute read

By Stanley Widianto

Pandu Riono, an epidemiologist involved in the survey that covered some 22,000 respondents, said the level of immunity could explain why there had not been a significant jump in COVID-19 infections since the middle of 2021.

Covid19
from
Pandemic
to Endemic

2022 continue vaccination & booster

Kebutuhan vaksin di tahun 2022 adalah 309,4 juta dosis untuk seluruh masyarakat baik PBI ataupun Non-PBI

Skema	Populasi (Juta Jiwa)	Kebutuhan Dosis* (Juta)	Kebutuhan Biaya (Triliun Rupiah)
APBN Booster			
Lansia	21,5	23,9	2,3
PBI Non-Lansia	78,7	87,4	8,5
Vaksin baru			
Kohort baru 12 tahun	4,4	9,9	0,96
Populasi Anak (5-11 tahun)	30,7	68,2	6,6
SubTotal	**135,3**	**189,4**	**18,3**
Booster Non-APBN			
APBD PBPU III Non-Lansia	26,2	29,1	
Mandiri	81,8	90,9	
SubTotal	**108,0**	**120,0**	
Total	**213,3**	**309,4**	

*Ditambah wastage 10%
**Menggunakan estimasi biaya Pfizer 6,75 USD dan kurs 14.350

1. Estimasi kebutuhan **APBN Rp 18,3 T** untuk membiayai **189,4 juta dosis** (**135,3 juta jiwa**)

2. *Booster* **Non-APBN** membutuhkan **120 juta dosis** (108 juta jiwa)

Covid19 from Pandemic to Endemic

Yongky Susilo
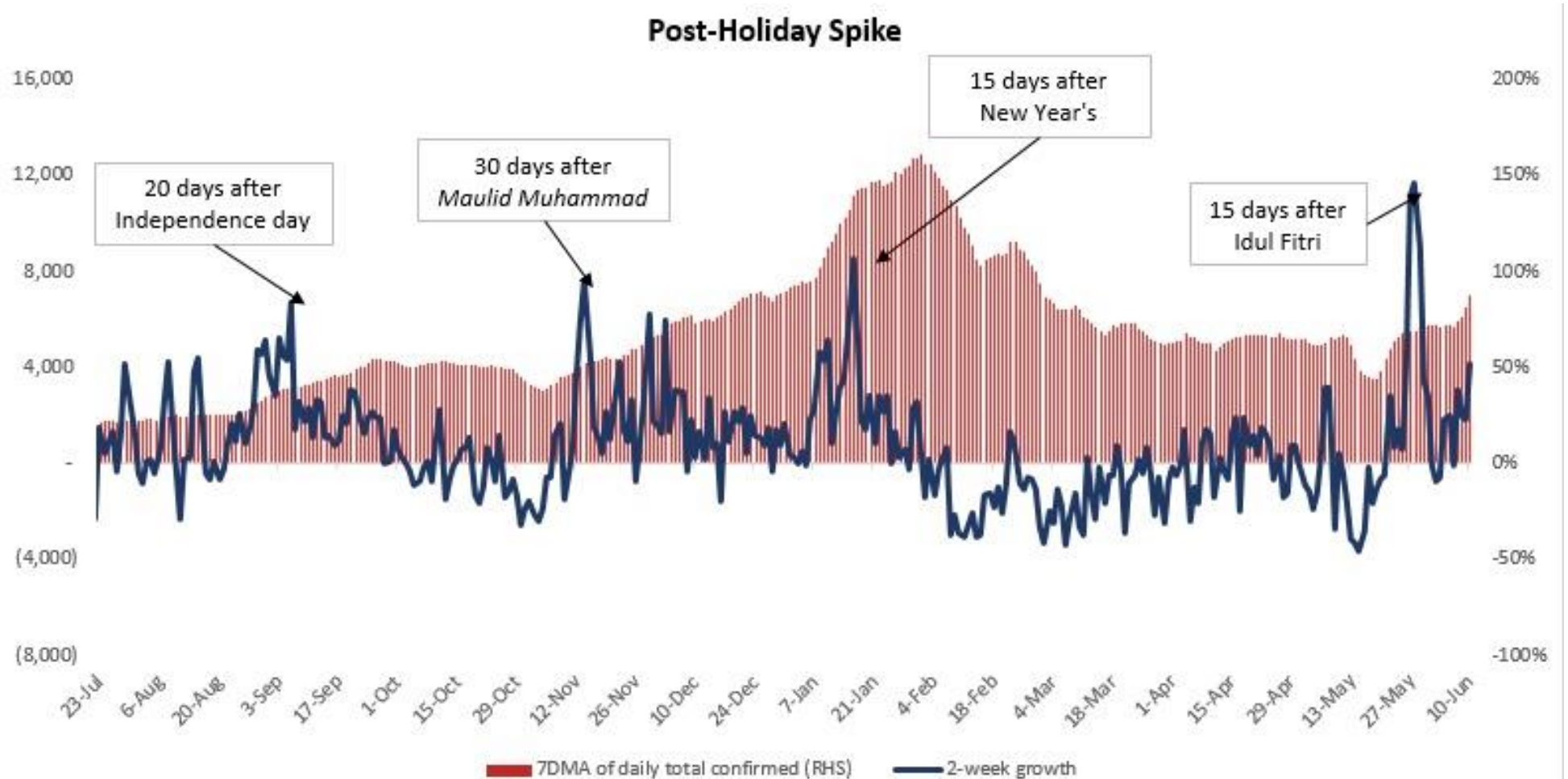*Retail and Consumer Strategist*

KEMENTERIAN KESEHATAN REPUBLIK INDONESIA

17

Covid19 ahead is not as fatal

Rebuild Economy !

Economy will grow back

Lockdown is enemy of economy

Economy will grow back

Yongky Susilo
Retail and Consumer Strategist

Delta variant smash growth

PERTUMBUHAN EKONOMI TRIWULAN 3-2021: 3,51% (*y-on-y*)

Pertumbuhan Ekonomi Indonesia (*y-on-y*)

5,07 — 5,27 — **5,17** — 5,18 — 5,06 — 5,05 — **5,01** — 4,96 — 2,97 — -5,32 — **-3,49** — -2,19 — -0,71 — 7,07 — **3,51**

Q1 Q2 Q3 Q4 — 2018
Q1 Q2 Q3 Q4 — 2019
Q1 Q2 Q3 Q4 — 2020
Q1 Q2 Q3 — 2021

Pertumbuhan ekonomi Triwulan 3-2021 sebesar 3,51% (*y-on-y*), mengalami perlambatan dibandingkan pertumbuhan ekonomi Triwulan 2-2021 yang tumbuh sebesar 7,07% (*y-on-y*).

Economy will grow back

Yongky Susilo
Retail and Consumer Strategist

Long trend….is return level

GDP

(% y-o-y)	2014	2015	2016	2017	2018	2019	2020	2021f	2022f	2023f
Mainland China	7.4	7.0	6.8	6.9	6.7	6.0	2.3	8.3	5.6	5.8
Hong Kong	2.8	2.4	2.2	3.8	2.8	-1.7	-6.1	6.7	3.0	3.1
Japan	0.3	1.6	0.8	1.7	0.6	0.0	-4.6	2.2	1.8	0.4
Korea	3.2	2.8	2.9	3.2	2.9	2.2	-0.9	3.8	2.5	2.0
Taiwan	4.7	1.5	2.2	3.3	2.8	3.0	3.1	6.0	3.1	3.0
North Asia ex Japan	6.7	6.2	6.1	6.3	6.1	5.4	1.9	7.8	5.2	5.3
Australia	2.6	2.3	2.7	2.4	2.8	1.9	-2.4	3.5	2.6	3.0
Bangladesh	6.6	7.1	7.3	7.9	8.2	3.5	5.5	5.9	6.6	7.0
India	7.4	8.0	8.3	6.8	6.5	4.0	-7.3	8.4	6.4	6.0
Indonesia	5.0	4.9	5.0	5.1	5.2	5.0	-2.1	3.9	5.2	5.2
Malaysia	6.0	4.9	4.4	5.8	4.8	4.4	-5.6	3.6	5.4	4.6
New Zealand	3.7	3.6	4.0	3.5	3.4	2.4	-2.1	4.8	3.9	2.2
Philippines	6.3	6.3	7.1	6.9	6.3	6.1	-9.6	4.2	5.5	6.2
Singapore	3.9	3.0	3.3	4.5	3.5	1.3	-5.4	6.5	3.8	3.1
Sri Lanka	5.0	5.0	4.5	3.6	3.3	2.3	-3.6	3.5	2.5	2.8
Thailand	1.0	3.1	3.4	4.2	4.2	2.3	-6.1	1.3	4.4	3.1
Vietnam	6.0	6.7	6.2	6.8	7.1	7.0	2.9	2.0	6.8	6.6
Asia ex mainland China, India & Japan	4.1	3.8	4.0	4.5	4.2	3.2	-1.9	4.2	4.1	3.8
Asia ex mainland China & Japan	5.1	5.0	5.3	5.2	5.0	3.5	-3.6	5.5	4.8	4.5
Asia ex Japan	6.5	6.2	6.2	6.3	6.1	5.0	0.1	7.3	5.3	5.3
Asia	5.1	5.2	5.1	5.4	5.0	4.1	-0.7	6.4	4.7	4.5

Note: Australia and New Zealand are not included in the Asia aggregate. Aggregates use chain nominal GDP (USD) weights for the respective years. 2021, 2022, and 2023 using 2020 weights. India and Bangladesh data are FY.
Source: CEIC, HSBC forecasts

Economy will grow back

Yongky Susilo
Retail and Consumer Strategist

Our Market CCTV

Traffic jams

Mall no parking spot

Restaurants- Café full

Recreation area full

Hotel full

Grocery crowded

Office and school start face to face

Wedding party

Sports group

Ecommerce FMCG dropped

Consumption is increasing into beyond 5%

Consumption & saving

Consumption expenditure

(% y-o-y)	2014	2015	2016	2017	2018	2019	2020	2021f	2022f	2023f
Mainland China	8.0	7.4	8.8	7.1	7.4	6.5	-1.7	7.2	6.5	6.6
Hong Kong	3.3	4.8	2.0	5.5	5.3	-0.8	-9.9	7.3	3.9	3.7
Japan	-0.9	-0.2	-0.4	1.1	0.3	-0.3	-5.8	1.8	2.6	0.4
Korea	2.0	2.2	2.6	2.8	3.2	2.1	-5.0	3.9	3.6	1.3
Taiwan	3.7	2.9	2.6	2.7	2.1	2.3	-2.4	1.3	4.4	2.3
North Asia ex Japan	7.0	6.6	7.8	6.5	6.8	5.8	-2.2	6.7	6.1	5.9
Australia	2.5	2.4	2.7	2.4	2.5	1.2	-5.8	2.8	2.2	3.8
Bangladesh	5.8	3.0	7.4	11.0	3.9	5.2	5.0	5.4	6.1	6.8
India	6.4	7.9	8.1	6.2	7.6	5.5	-9.1	8.2	6.1	5.8
Indonesia	5.1	5.0	5.0	4.9	5.1	5.0	-2.6	2.5	5.2	5.7
Malaysia	7.0	6.2	5.9	6.9	8.0	7.7	-4.3	-1.1	6.8	5.9
New Zealand	3.3	3.9	5.9	5.6	4.4	3.5	-1.4	6.1	3.1	2.4
Philippines	5.8	6.4	7.1	6.0	5.8	5.9	-7.9	1.6	6.4	5.9
Singapore	3.6	5.1	3.3	3.1	4.0	3.3	-14.1	4.0	6.2	4.7
Sri Lanka	3.7	7.5	7.4	3.6	4.0	3.0	-3.0	3.6	3.0	2.9
Thailand	0.5	2.6	2.9	3.1	4.6	4.0	-1.0	1.4	5.7	4.1
Vietnam	6.1	9.3	7.3	7.3	7.3	7.4	0.6	0.2	7.9	7.6
Asia ex mainland China, India & Japan	3.7	4.1	4.0	4.4	4.4	3.7	-4.0	2.8	5.2	4.0
Asia ex mainland China & Japan	4.5	5.2	5.3	5.0	5.4	4.3	-5.6	4.5	5.5	4.5
Asia ex Japan	6.5	6.5	7.4	6.3	6.6	5.7	-3.1	6.2	6.1	5.8
Asia	4.9	5.1	5.8	5.2	5.4	4.6	-3.6	5.4	5.5	4.9

Note: Australia and New Zealand are not included in Asia aggregate. Aggregates use chain nominal GDP (USD) weights for the respective years. 2021, 2022, and 2023 using 2020 weights. India and Bangladesh data are FY.
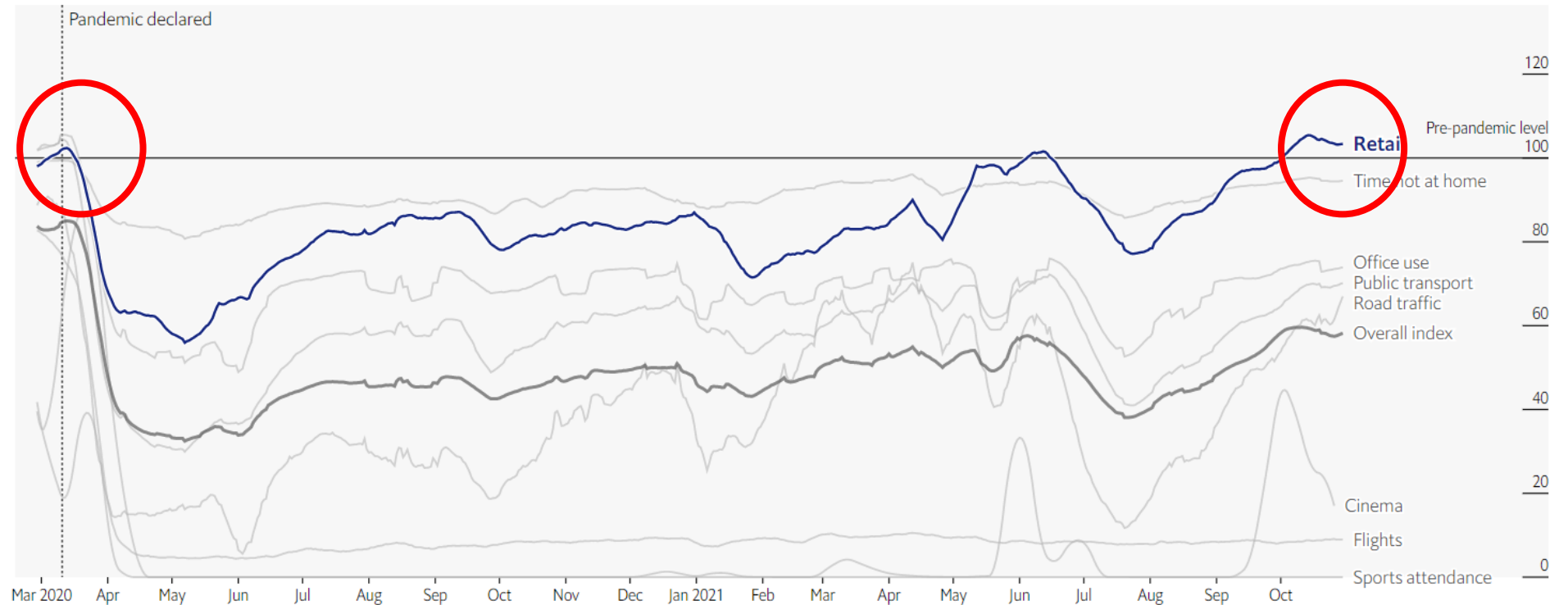Source: CEIC, HSBC forecasts

Economy will grow back

Yongky Susilo
Retail and Consumer Strategist

Indonesia has its advantage

Don't underestimate !

Retail market is UP

Retail is back to normal

Global hope
for returning
to normal

Yongky Susilo
Retail and Consumer Strategist
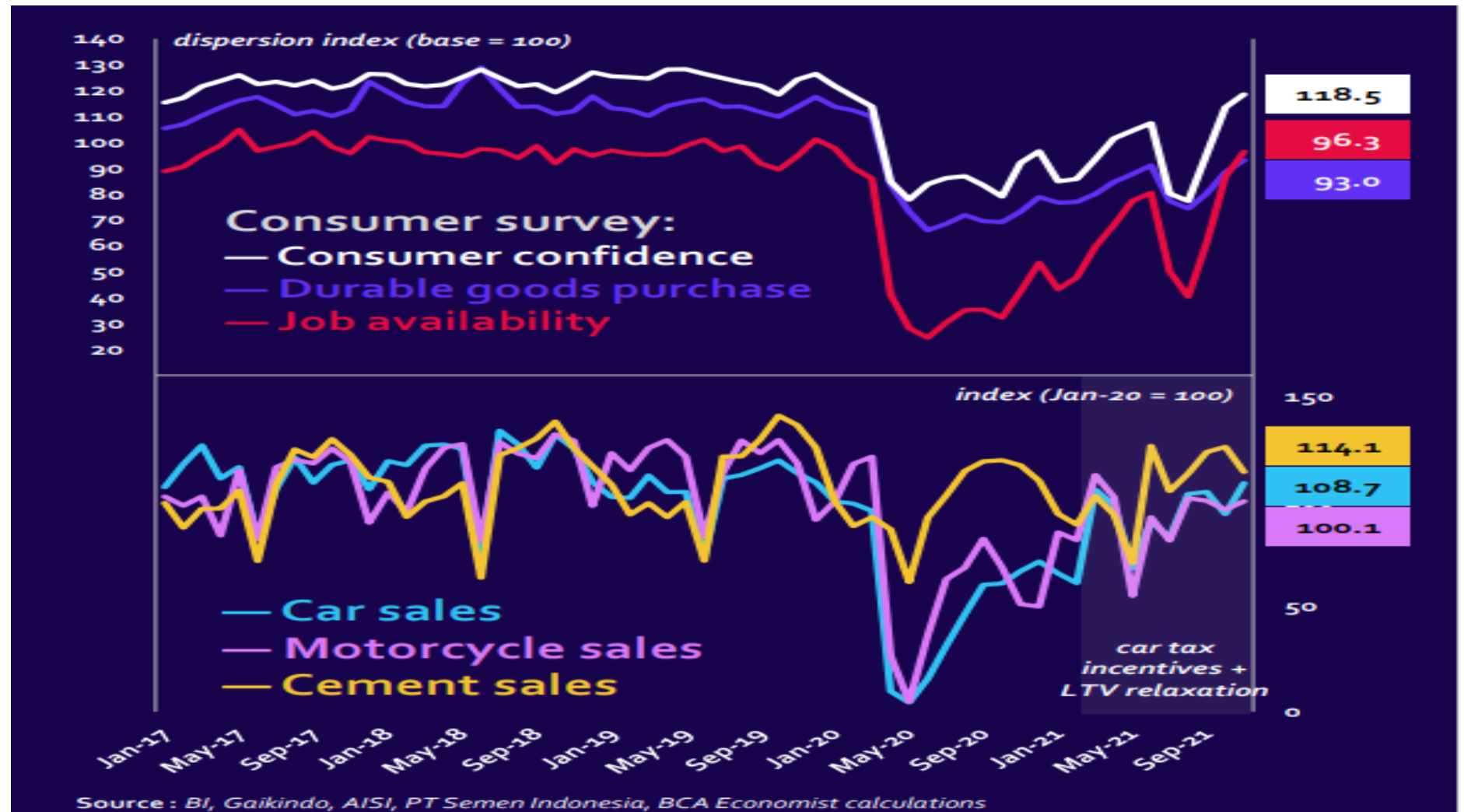
Consumer spending and business revenue have rallied after Delta, as have mobility to a lesser extent
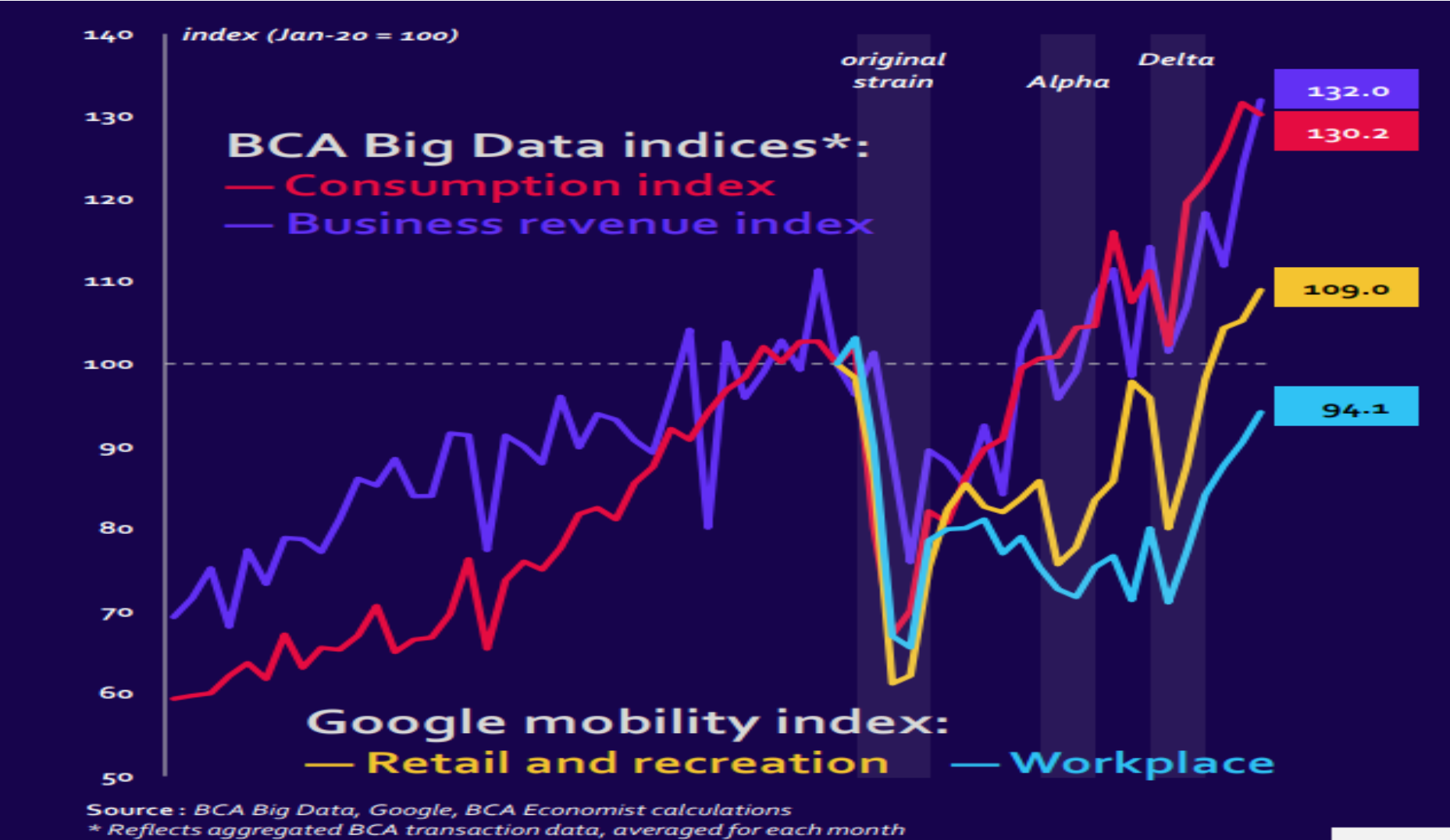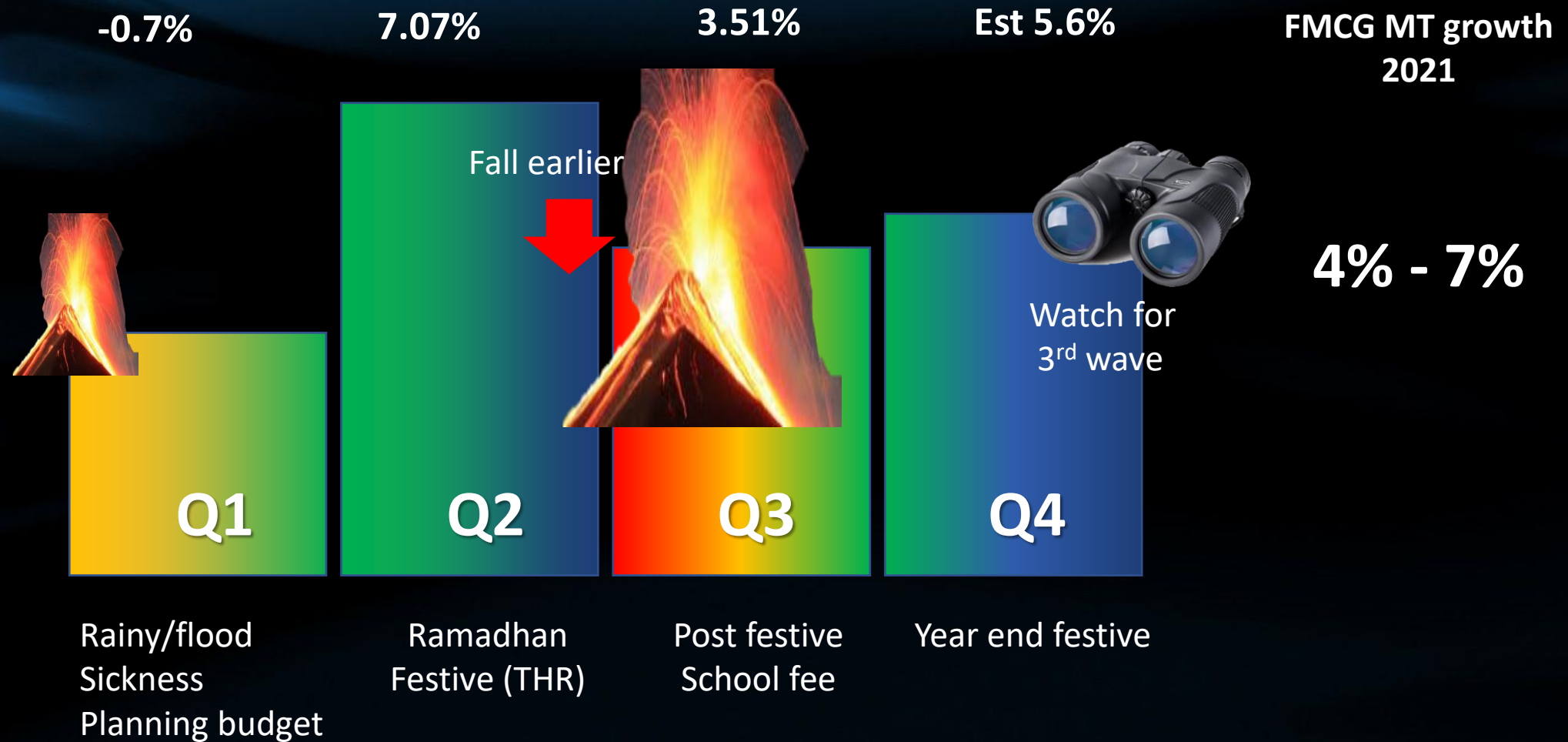

Economy will grow back

Consumer optimism is starting to spill over into big-ticket purchase, independent of gov't incentives
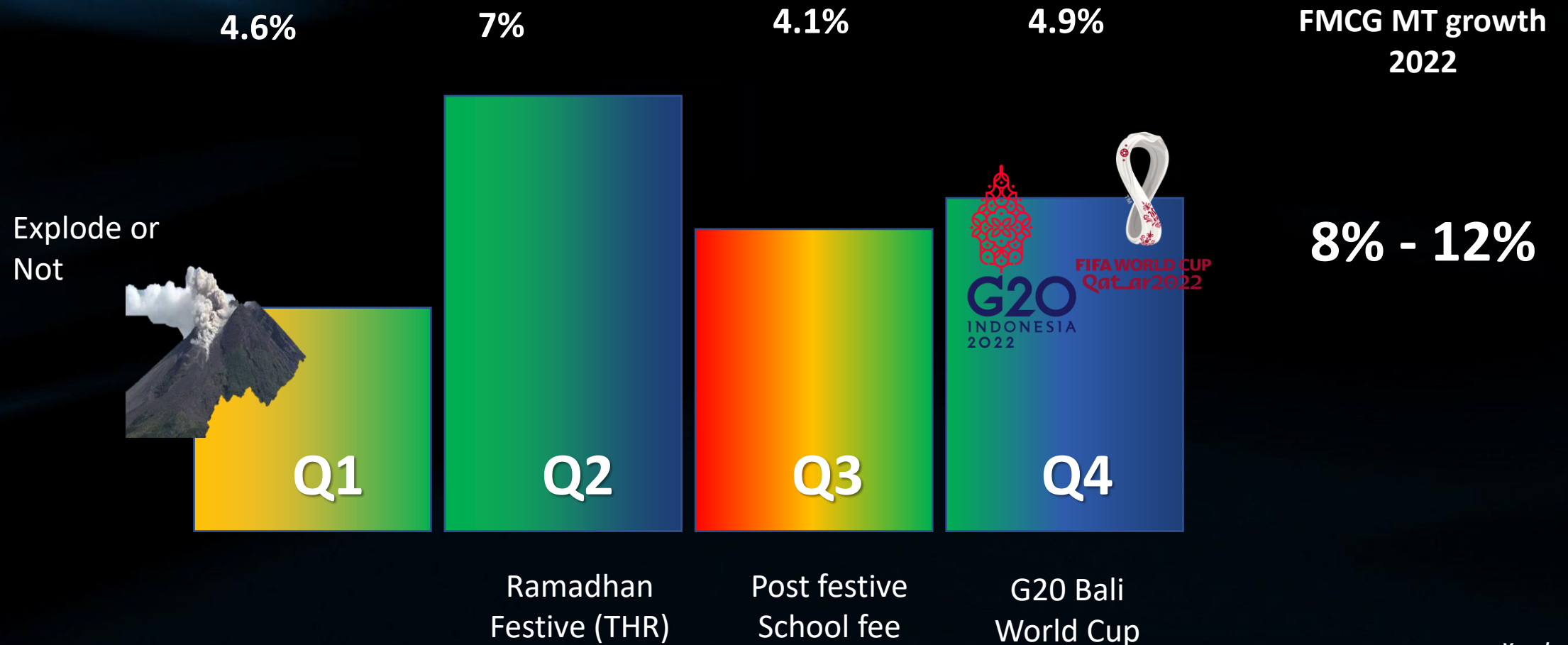
Economy will grow back

Source: BI, Gaikindo, AISI, PT Semen Indonesia, BCA Economist calculations

Q3 was BURN, Q4 must use it to turn around

-0.7%   7.07%   3.51%   Est 5.6%   FMCG MT growth 2021

Fall earlier

4% - 7%

Watch for 3rd wave

Q1   **Q2**   **Q3**   **Q4**

Rainy/flood   Ramadhan   Post festive   Year end festive
Sickness   Festive (THR)   School fee
Planning budget

Yongky Susilo
Retail and Consumer Strategist

2022 year of COOKIN'

Next : Tidak lock down, Bonus lebaran on time

4.6%   7%   4.1%   4.9%   FMCG MT growth 2022

Explode or Not

8% - 12%

Q1   Q2   Q3   Q4

Ramadhan Festive (THR)   Post festive School fee   G20 Bali World Cup

Yongky Susilo
Retail and Consumer Strategist

- **Retail is growth leader**

Focus momentums & events !

Consumer Behavior return to Normal
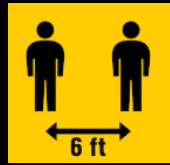
Consumer behavior return to normal (change during pandemic is not sticky)

Restaurant delivery
- Convenience for consumers, replacing some home cooking and meals out
- But also return to dining in restaurants once health concerns wane

Online grocery shopping
- Convenience for consumers
- Surge in new users during pandemic
- Efficiency for grocers
- Some return to in-person shopping, such as handpicking and selecting produce

Online education
- Corporate training and postsecondary education move to hybrid model
- But online schooling ineffective for younger ages

Telemedicine
- Convenience for patients and doctors
- Surge in new users during the pandemic
- Enabled by new personal digital health devices

Consumer behavior return to normal

McKinsey Global Institute

Travel is coming back; work from home is diminishing

Evolution of demand over pandemic period, illustrative

Reasons why trend may or may not stick after pandemic

Work from home
- Flexibility for workers
- Cost savings for companies
- But some tasks more effective in person

Business travel
- Videoconferencing and other digital tools available as alternatives
- Cost savings for companies
- Carbon reduction goals of companies

Leisure travel
- Streaming and virtual tourism inadequate substitutes
- Leisure travel in China has surpassed prepandemic level

McKinsey Global Institute

The postpandemic economy

Consumer go back to mall, supermarket and stores

Yongky Susilo
Retail and Consumer Strategist
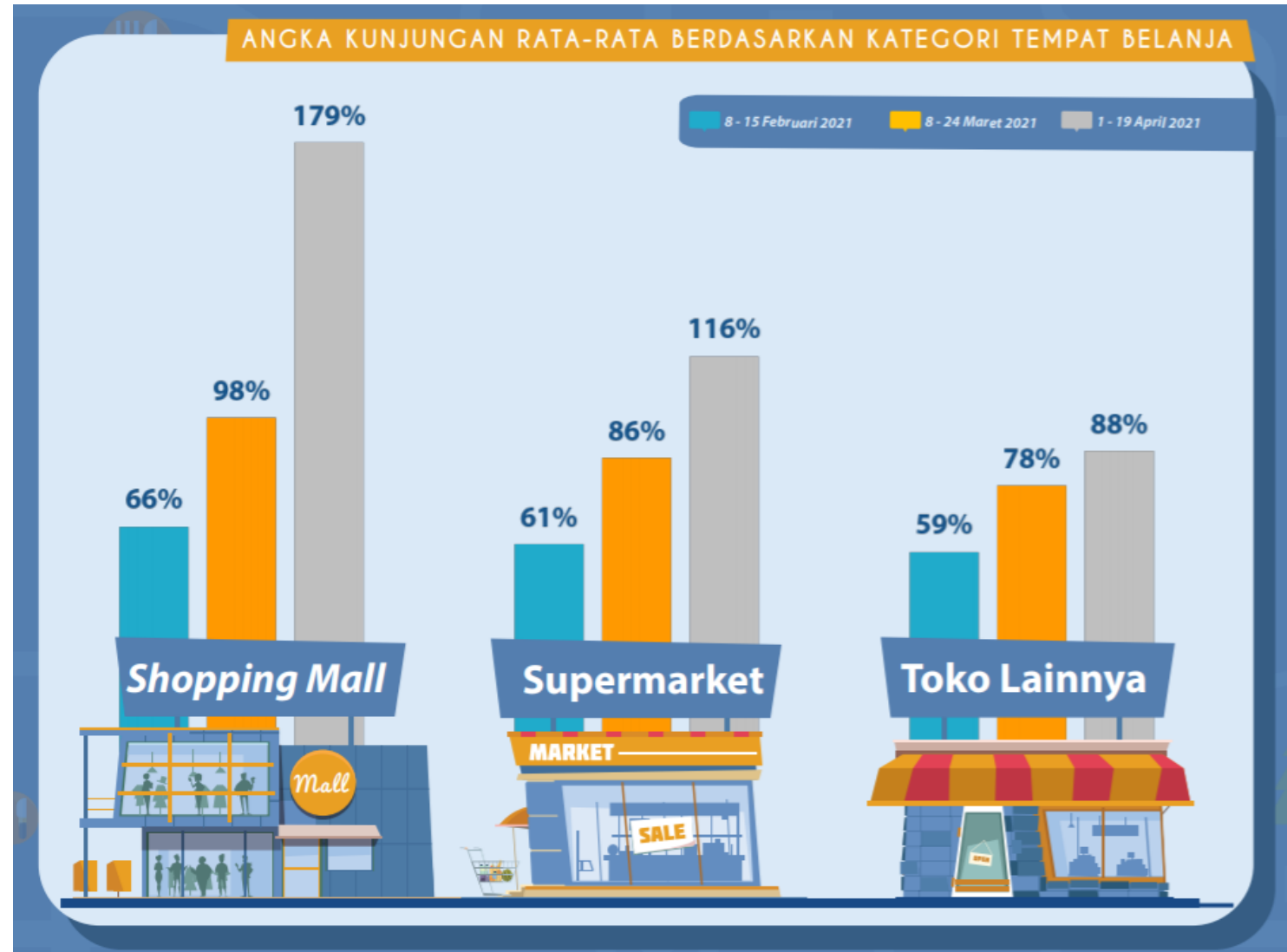
Consumer behavior return to normal

Switching to online Is only a fraction

The switching from larger to smaller channel accelerates
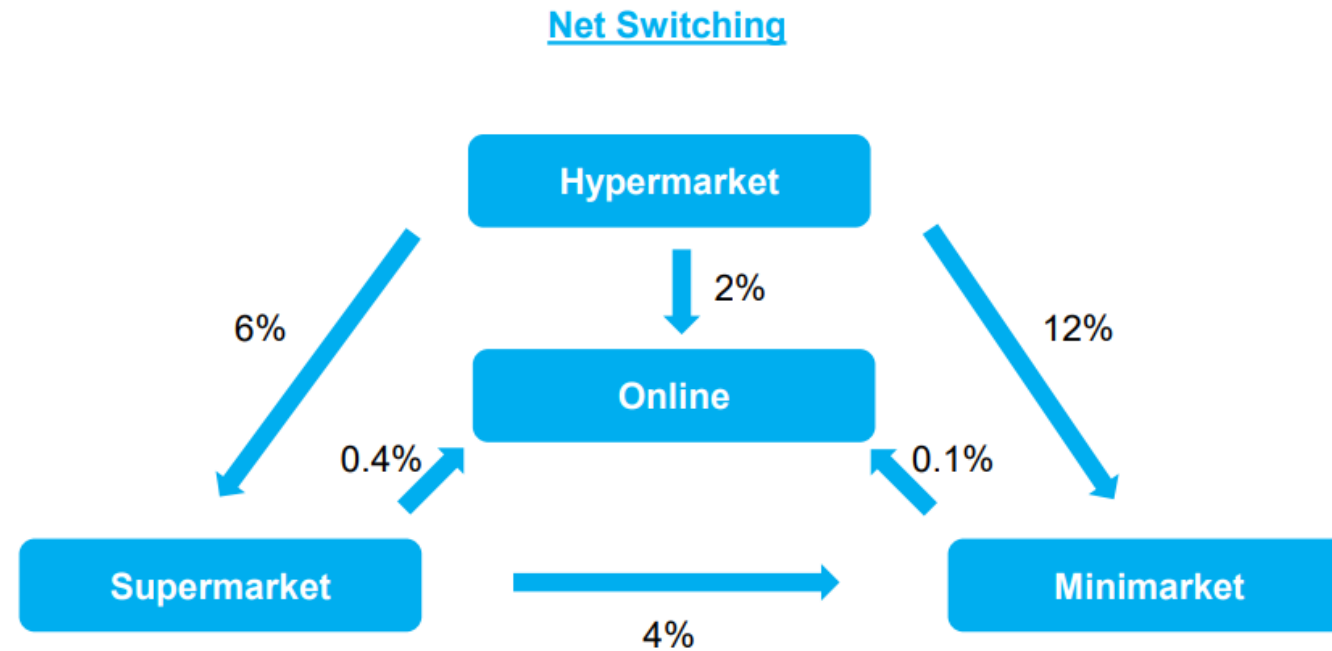
Consumer behavior return to normal

Source: CPS

14

Yongky Susilo
Retail and Consumer Strategist

Share of ecommerce in USA down go back to normal after covid19
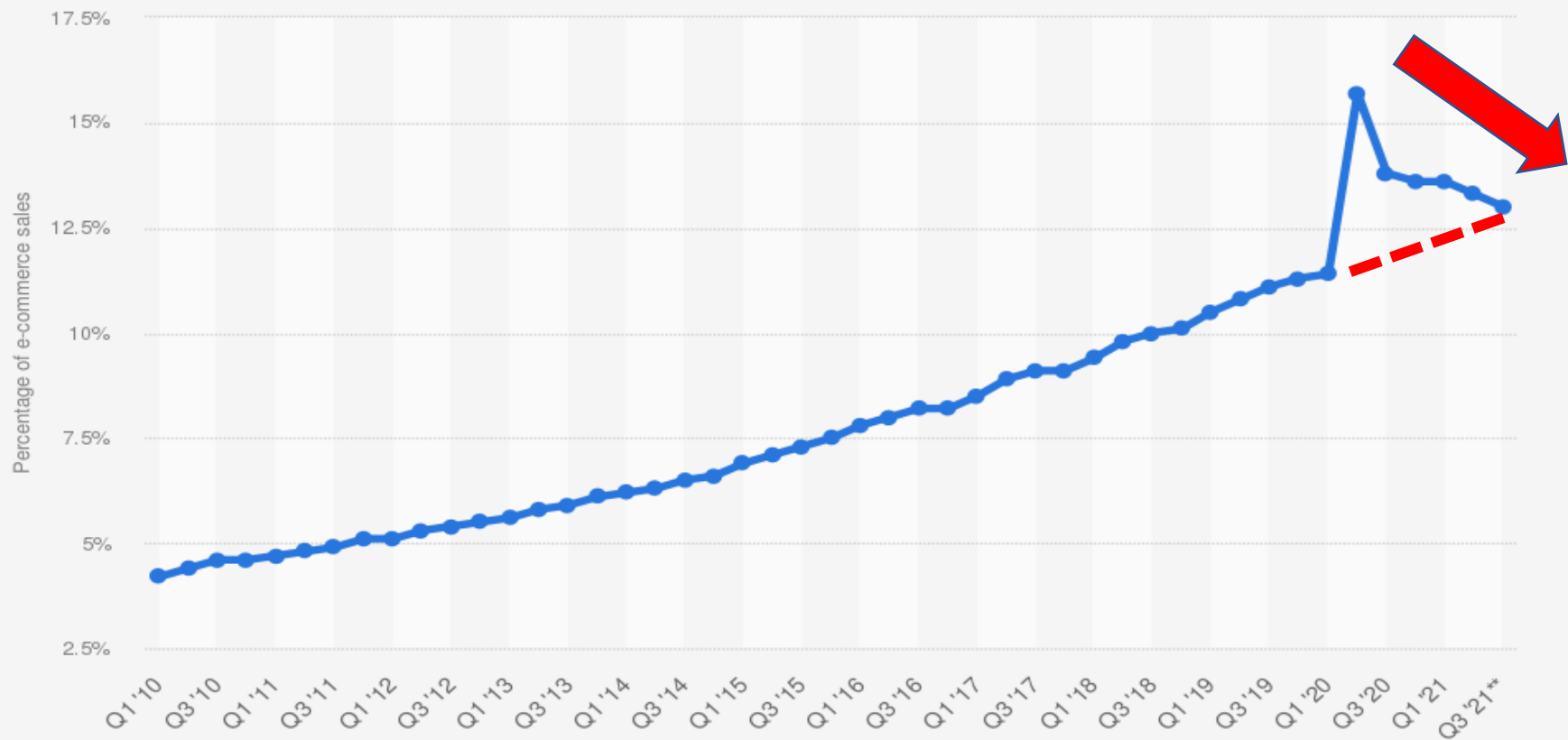
The Changing World

Consumer behavior return to normal
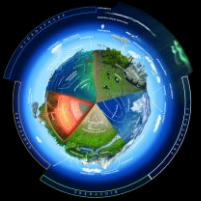
The Changing World

Share of ecommerce in China is down after covid19, offline recovery is much faster
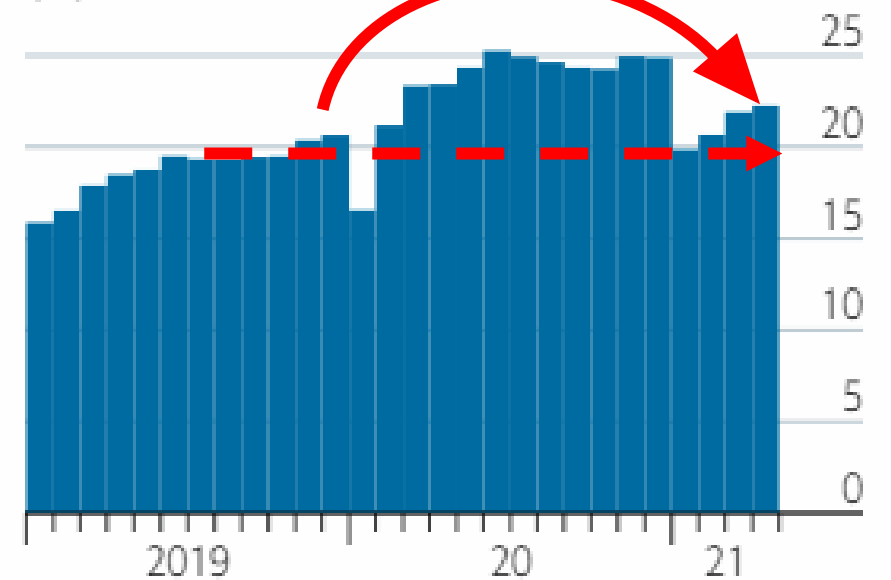
Online naik hanya waktu LOCKDOWN

Consumer behavior return to normal

China's in-person spending recovers

Online sales' share of total falls back

Year-to-date retail sales
(% change, year on year)

— Online sales   — Offline sales

40
30
20
10
0
-10
-20
-30

2019   20   21
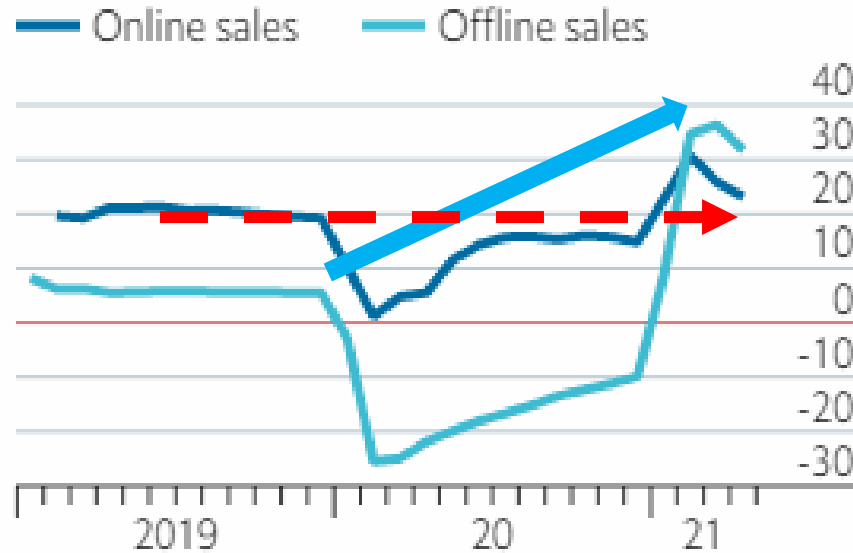
Share of online sales in total retail sales
(%)

25
20
15
10
5
0

2019   20   21

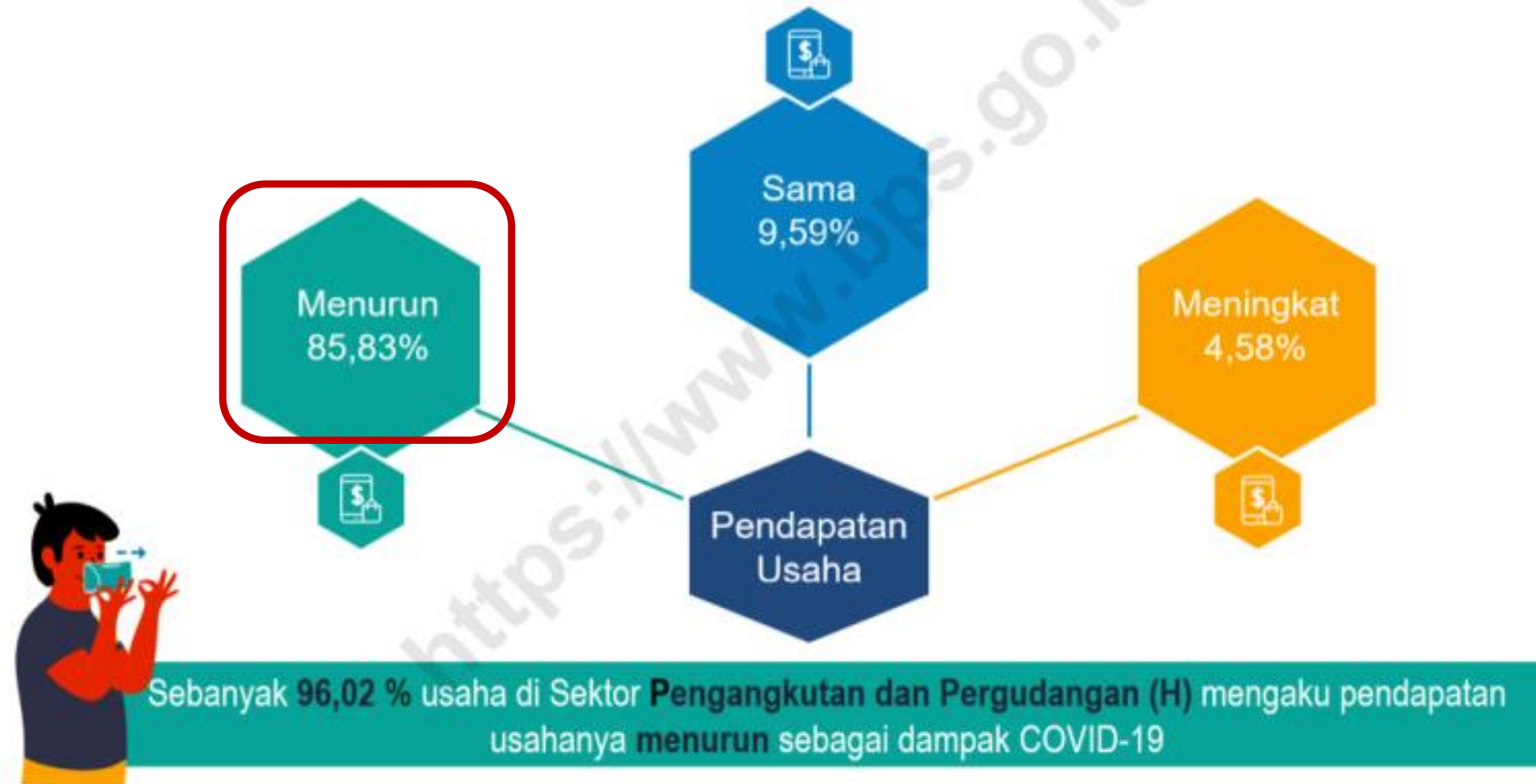Sources: National Bureau of Statistics; Haver; The Economist Intelligence Unit.

Consumer behavior go back to Normal

Selling like before but faster & smarter !

What has CHANGED ?
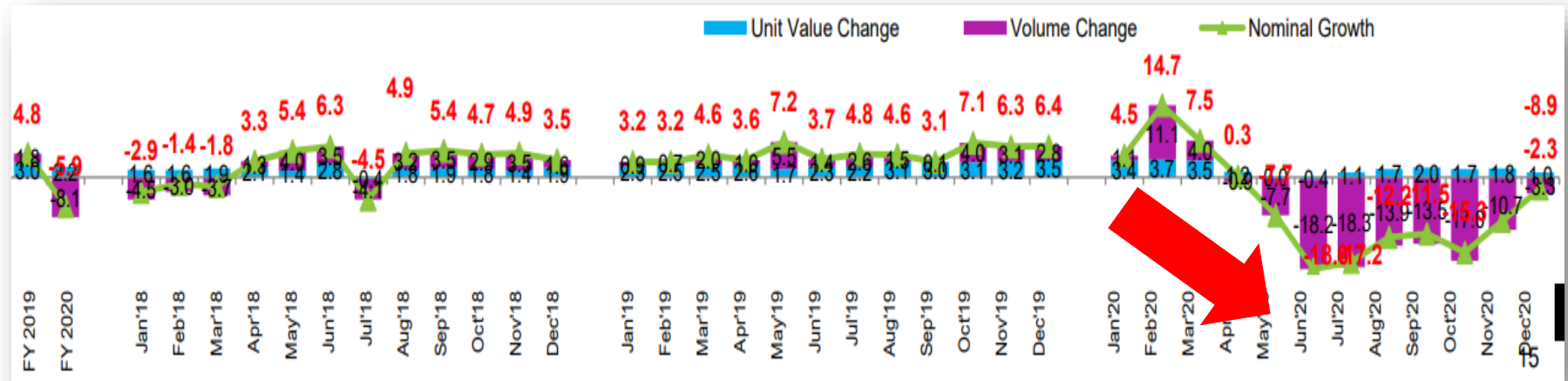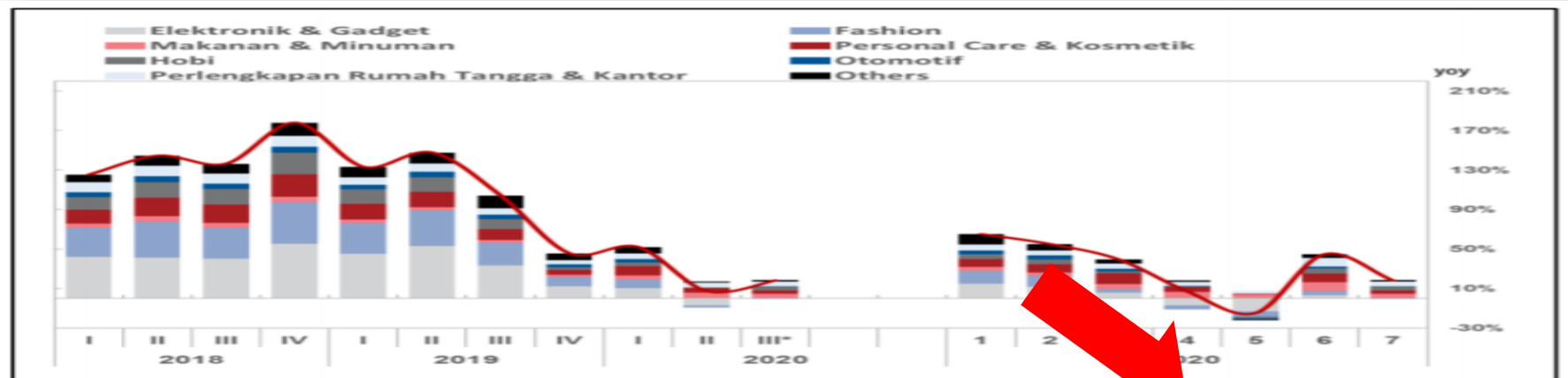
Reality:
85.83% ecommerce drop during pandemic

Gambar 15. Dampak Pandemi COVID-19 terhadap Pendapatan Usaha *E-Commerce*, Tahun 2020

What has CHANGED ?

Yongky Susilo
Retail and Consumer Strategist

Offline (96% share) and Online(4% share) devastated !

Plummet

Plummet

What has CHANGED ?

Yongky Susilo
Retail and Consumer Strategist

Consumer focus on BAPOK to SURVIVE, drop everything else
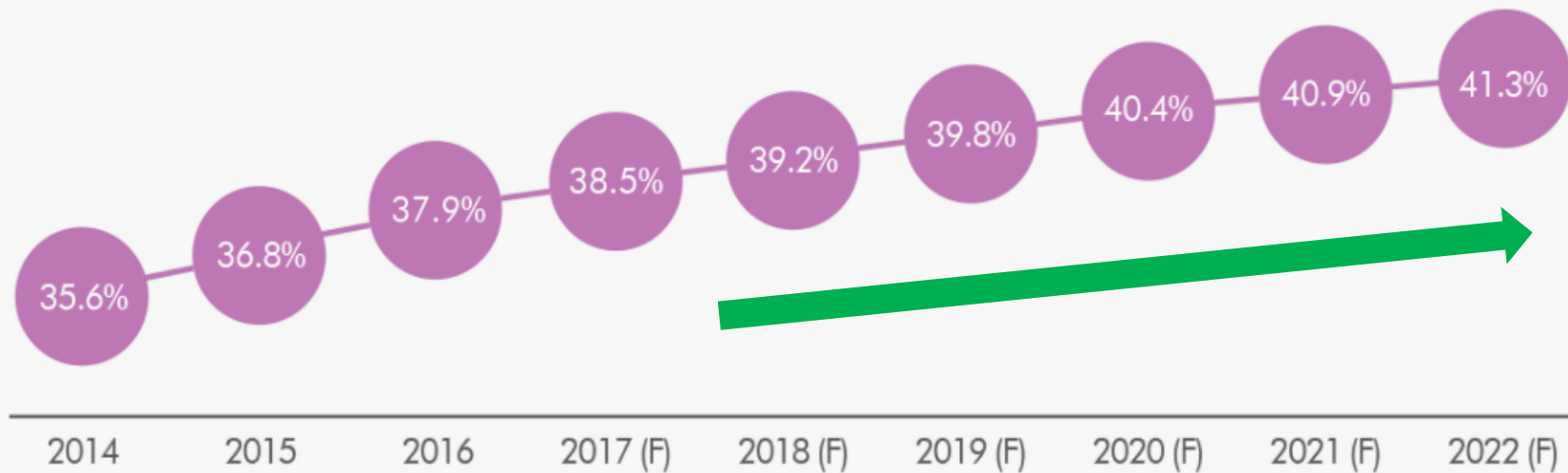
Yongky Susilo
Retail and Consumer Strategist

Offline sales influenced by digital

Digital influencing physical

Most official data comparing e-commerce and brick-and-mortar sales focuses solely on the point of purchase, which obscures the importance of other channels in the shopping process. One study by Forrester Research, however, suggests that 38.5% of in-store purchases were digitally influenced in 2017 (meaning that customers may have researched, browsed or price-compared online before purchasing in the store). This percentage has been rising steadily since 2014 and is forecast to exceed 41% by 2022, indicating continued growth in consumers' omnichannel shopping habits.

Figure 2: Percentage of offline sales that are digitally influenced

2014	2015	2016	2017 (F)	2018 (F)	2019 (F)	2020 (F)	2021 (F)	2022 (F)
35.6%	36.8%	37.9%	38.5%	39.2%	39.8%	40.4%	40.9%	41.3%

Source: Forrester Research, 2018.

What has CHANGED ?

Yongky Susilo
Retail and Consumer Strategist

Consumer wants omnichannel
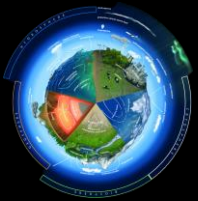
Use technology to make them more becoming full human !

What are the OPPORTUNITIES ?

MEGA TRENDS

Healthy

Convenient

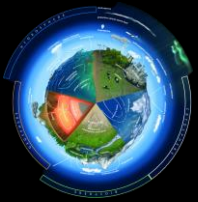**Feel/Looking**

Good

What are the
OPPORTUNITIES?

Yongky Susilo
Retail and Consumer Strategist

Your STORE will **not** be replaced by tech **(ecommerce)**

Your STORE will be replaced by **store that utilize tech**

The Changing World

Proyeksi pertumbuhan ekonomi EM's sedikit mengalami peningkatan. Di sisi lain, LDCs mengalami penurunan cukup signifikan yakni sebesar 0,6%.

CReco Consulting

*Proyeksi IMF setelah tahun 2020

Legend:
- World
- Emerging market and developing economies
- Emerging and developing Asia
- Emerging and developing Europe
- ASEAN-5
- Latin America and the Caribbean
- Middle East and Central Asia
- Sub-Saharan Africa
- Indonesia

2019: 2.8, 3.7, 5.4, 2.5, 4.9, 0.1, 1.5, 3.1, 5.0

2020: -3.1, -2.1, -0.9, -2.0, -3.4, -7.0, -2.8, -1.7, -2.1

2021: 5.9, 6.4, 7.2, 6.0, 2.9, 6.3, 4.1, 3.7, 3.2

2022: 4.9, 5.1, 6.3, 3.6, 5.8, 3.0, 4.1, 3.8, 5.9

2023: 3.6, 4.6, 5.7, 2.9, 6.0, 2.5, 3.8, 4.1, 6.4

2024: 3.4, 4.5, 5.6, 2.7, 5.6, 2.3, 3.6, 4.0, 5.6

Emering market economies (EMs):

- Peningkatan proyeksi dilatarbelakangi oleh dua faktor utama: (1) peningkatan harga komoditas yang meningkatkan performa ekspor dari negara-negara pengekspor (Amerika Latin & Karibia, Timur Tengah, Asia Tengah, dan Afrika Sub-Sahara); dan (2) peningkatan permintaan domestik yang lebih besar dari diantisipasi sebelumnya (negara berkembang di Eropa.

- Penurunan proyeksi dilatarbelakangi oleh dua faktor utama: (1) adanya *scaling back* dari investasi publik di Tiongkok yang lebih tinggi dari antisipasi sebelumnya; dan (2) Kondisi pandemi yang belum membaik di negara-negara Asia selain Tiongkok dan India.

Low-income developing countries (LDCs):

- Laju vaksinasi yang sangat rendah merupakan faktor utama yang menghambat pemulihan ekonomi LDCs. Kalkulasi dari IMF menunjukkan dibutuhkan belanja masing-masing sebesar $200 milyar dan $250 milyar untuk mengatasi pandemi dan melakukan pemulihan ekonomi ke sebelum pandemi.

- Hal ini diperparah dengan memburuknya kondisi pasar tenaga kerja, khususnya bagi kelompok pekerja berketerampilan rendah dan berusia muda. Kondisi ini berpotensi mengarah kepada meningkatnya kesenjagan ekonomi serta penduduk dalam kemiskinan parah.

Sumber: IMF (2021), diolah