Spotlight on INDONESIA

theInsights

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theTrend

Is Loyalty just an Illusion?

Loyalty is always being a controversy in the marketing world. A simple question about loyalty is still left unanswered: does it even exist or is it just an illusion?

The Consumer Connection 2013

Before we step into 2014, which based on Chinese Zodiac is the year of The Wooden Horse, Kantar Worldpanel Indonesia held its Consumer Connection 2013 on 5th December 2013 at Mandarin Oriental Hotel Jakarta.

2013 in Numbers

As an end-year gift from us to you this year, we are proudly present some insightful numbers that you don't want to miss in 2013

This Issue

is loyalty JUST AN ILLUSION?

Loyalty is always being a controversy in the marketing world. A simple question about loyalty is still left unanswered: does it even exist or is it just an illusion? It is like the best dream that the manufacturers would love to experience: we would like our shopper to be loyal. But is it possible?

Before answering that question, let's check the process that a consumer should go through before they could be a loyalist of one brand. There are five purchase paths of consumer in seeing a brand:

1. Awareness
2. Consideration
3. Purchase
4. Repeat
5. And everyone's dream...Loyalty!

It looks like a consumer should pass 4 gates before they can be a loyalist for one brand. A quite long way to go, yet once you step into the fifth gate, the loyalty gate, it is not as sweet as it seems. Why? Because the loyalty itself could be divided into four groups:

1. 100% Loyal (this group is always loyal into one brand)
2. Shifting Loyal (shifting between two brands)
3. Split Loyal (loyalty to a consideration set or repertoire of brands)
4. Switcher (loyal to bargains & deals. Constant switching (never loyal)

In Indonesia, based on our data on FMCG, around **49.8%** of households are considered as split loyal, whilst only **20.7%** is in 100% loyal group. As a comparison, in Malaysia, **25.8%** of households are 100% loyal but the switcher is also higher than Indonesia (**11.3% vs. 17.1%**). Malted / chocolate drink category consists of a very huge 100% loyalist whilst in Laundry and Instant Noodles are dominated by split loyal (more than **70%**) and the switcher is also high (around **20%**).

This data shows that shifting or divided split loyalty is the new normal shopper behavior. You can't stop people leaving – you can only keep attracting buyers into considering your brand. Also, most of the same things that attract a consumer to a brand will keep them with the brand. Successful brands look at all initiatives in terms of their ability to drive trial and become a part of a considered loyal choice set. For instance, to improve loyalty manufacturers need to increase the chances of being considered and the implication of this is they really need to increase the buyer base. How to do it?

There are six suggestions to increase the chances of being considered:

1. Be available everywhere (Channels, stores, regions)
2. Be in the right place (in store location and shelf position)
3. Assess launches on incrementality, not volume
4. Know the trial entry point for your category and brand
5. Communicate with the aim of increasing awareness – not to persuade
6. Avoid reasons to get rejected.

ISSUE 2

CONSUMER CONNECTION 2013

CONSUMER CONNECTION 2013

KANTAR WORLDPANEL'S CLIENT DAY

Before we step into 2014, which based on Chinese Zodiac is the year of The Wooden Horse, Kantar Worldpanel Indonesia held its Consumer Connection 2013 on 5th December 2013 at Mandarin Oriental Hotel Jakarta.

The main objective was to provide the clients with some insights so that all of us will be ready to fight the choppy market this year, the year of 2014. The year of 2014 will be a year of growth, progress and stability, if you believe in Chinese Zodiac, of course.

In total, there were 80 confirmed participants from 17 different clients across FMCG industry in Indonesia. They were served with a set of breakfast menu and also we don't forget to serve the insightful main course : five hot topics about FMCG market and also one hot topic about digital media from our sister company, Mindshare. The key messages of each topic as laid out below.

THE **SPEAKER**

Fabrice Carrasco
Managing Director
Kantar Worldpanel Indonesia, Vietnam, and Philippines

GLOBAL MEGA TREND FROM NOW AND FOR THE FUTURE

How to decode global consumer trends into local initiatives?

Soon Lee, Lim
General Manager, Kantar Worldpanel Indonesia

ECONOMIC SLOW DOWN : WHAT TO EXPECT FROM YOUR CONSUMERS?

What's today's challenge in Indonesia FMCG market?

Nadya Ardianti
Account Director, Kantar Worldpanel Indonesia

WIN THEIR HEART AND YOU CAN WIN THE WAR

Some strategies about pricing, pack size, and penetrating the market that you need to consider before set the sail in the following year

Andrew Foster
Expert Solutions Director, Regional Centre Of Excellence
Kantar Worldpanel

IS LOYALTY JUST AN ILLUSION?

What our expert think about how to improve loyalty of your brand?

Antoine Gehin
Account Manager, Kantar Worldpanel Indonesia

UPGRADATION, PREMIUMISATION IN INDONESIA

Is it now the right time?

Himanshu Shekhar
Technical Advisor, Mindshare Indonesia

ADAPT OR DIE

Being adaptive is the new digital, and the message is the same whatever your industry

To download all decks, please click this link or scan the image below.

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ISSUE 2

CONSUMER CONNECTION 2013

CONSUMER CONNECTION 2013

KANTAR WORLDPANEL'S CLIENT DAY

Preview

The world is always changing and as a part of this world, people are changing as well. This change happens in so many aspects in their life, including their shopping behaviour. We, Kantar Worldpanel, recognize that there are 5 global mega trends of consumers these days. Today, global consumers are connected with one another, seek for convenience, love self-exclusivity, health-driven, and look for value for money.

Fabrice Carrasco
Managing Director
Kantar Worldpanel Indonesia, Vietnam, and Philippines

GLOBAL MEGA TREND FROM NOW AND FOR THE FUTURE

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Soon Lee, Lim
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ECONOMIC SLOW DOWN : WHAT TO EXPECT FROM YOUR CONSUMERS?

What's today's challenge in Indonesia FMCG market?

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The economy is slowing down in Indonesia. That is the most popular headline in the media in 2013. Some big trends have proven that this is not just headline: fuel price increase in June 2013, lowest GDP growth since Q4 2009, and high inflation rate. It raises a question among manufacturers, what is the impact to the consumers? Will they survive?

Yes! Despite of the difficult situation, Indonesian consumers always can find the way to survive. They tend to find discount, maintain cash outlay, but lower quality, reduce consumption, and buy smaller pack. And most importantly at the end of the day, Indonesia is still a very appealing market.

Euromonitor data shows that the Indonesian income is increasing by 58% in 5 years. However, it is quite hard to get SES C, D, and E on a premium offer since their average budget is much lower and the number of FMCG categories that they purchased is also fewer than higher SES.

An example from China (which also experiencing economic slowdown) shows that premiumisation or upgradation remains a critical trend there for the total FMCG to keep growing. It should inspires manufacturers in Indonesia.

Antoine Gehin
Account Manager, Kantar Worldpanel Indonesia

UPGRADATION, PREMIUMISATION IN INDONESIA

Is it now the right time?

FILES

CONSUMER CONNECTION 2013

KANTAR WORLDPANEL'S CLIENT DAY

Preview

Despite of economic slowdown in Indonesia, this country is expecting the continuation of GDP per capita growth in the future. This is not just a mere prediction, especially if we see the FMCG trend that showing increase volume growth, and one of the trigger is the shopper that upsizing their purchase. Some big categories like shampoo, RTD coffee, and liquid milk are also facing this kind of trend: volume growth is increasing and so that the pack size.

Nadya Ardianti
Account Director, Kantar Worldpanel Indonesia

WIN THEIR HEART AND YOU CAN WIN THE WAR

Some strategies about pricing, pack size, and penetrating the market that you need to consider before set the sail in the following year

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Andrew Foster
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IS LOYALTY JUST AN ILLUSION?

What our expert think about how to improve loyalty of your brand?

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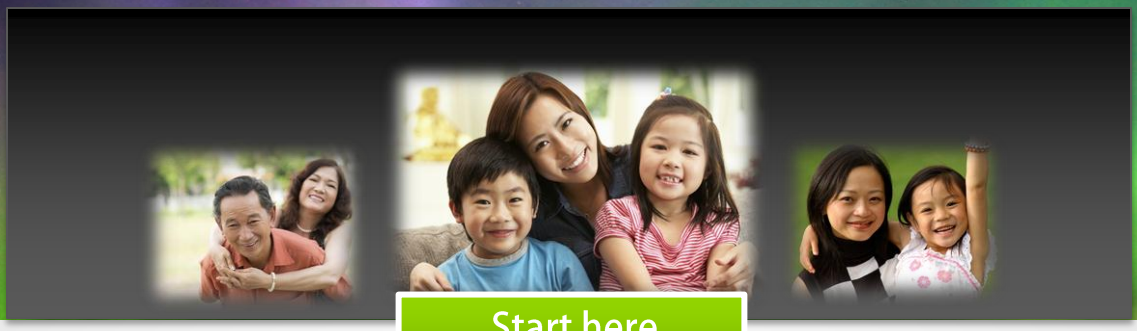
The FMCG Market 2013 in Numbers



Start here

This data is harvested from 7,000 panelists across Indonesia in 2013

413,6 THE NUMBER OF AVERAGE SHOPPING TRIP OF URBAN INDONESIA HOUSEHOLDS IN A YEAR

THE VOLUME CONTRIBUTION OF UNBRANDED SEGMENT TO TOTAL GALLON MINERAL WATER AT NATIONAL INDONESIA LEVEL

69.2%

THE VALUE SHARE OF PRIVATE LABEL PRODUCT IN NATIONAL INDONESIA

0.2%

10x

THE BUYER INCREMENTAL OF SYRUP DURING LEBARAN IN 2013 AT NATIONAL INDONESIA LEVEL. THE BUYER PERCENTAGE INCREASE FROM 5.2% TO 51.9%

10.000 IDR

THE AVERAGE BUDGET PER SHOPPING OCASSION IN TRADITIONAL TRADE AT NATIONAL INDONESIA LEVEL

17.4

THE AVERAGE NUMBER OF BRAND BOUGHT FOR BISCUIT CATEGORY IN A YEAR AT NATIONAL INDONESIA LEVEL

1,017,356 IDR

THE AVERAGE BUDGET FOR BABY MILK POWDER OF URBAN INDONESIA HOUSEHOLDS

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The FMCG Market 2013 in Numbers

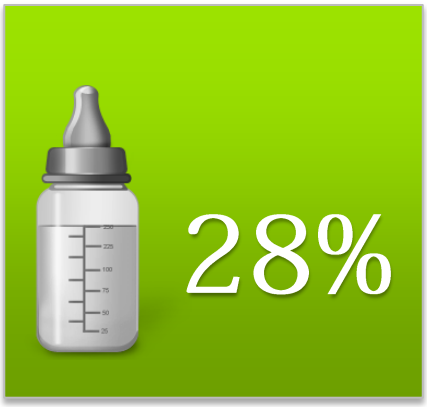
Continue

FREQUENTLY BOUGHT CATEGORIES

- instant noodles 103,7
- instant coffee 89,9
- detergent 52,7
- biscuit 72,9

SHOPPING TRIP | NATIONAL INDONESIA

The number of white coffee buyers has reached over 57% of Urban Indonesia households since Q1 2011.



The number of household with infants 0 to 12 months old that are exclusively breastfed in urban Indonesia. As 72% of them purchase Baby Milk Powder

The biggest growth of FMCG segment in urban Indonesia. Personal care market is at positive trend in 2013.

61%

The value **contribution of Minimarket** to the Total Modern Trade in National Indonesia

23%

The number of households in urban Indonesia that **reduce their spending on FMCG after fuel price increase** in 2013

21%

The number of households in national Indonesia that **always loyal to one brand**