



SPOTLIGHT OF INDONESIA 2016

**JOURNEY TO
TREASURE ISLAND**
IS INDONESIA STILL A
PROMISING LAND?

**INDONESIA
IN NUMBERS**
FIND OUT MORE WHAT THE
NUMBERS SAID ABOUT
INDONESIA

**KEY TRENDS
TO THE FUTURE**
FIND OUT THE KEYS TO
GRAPS THE FUTURE OF
INDONESIA FMCG MARKET



JOURNEY TO TREASURE ISLAND

2015 was surely a tough years for everyone - especially in Asia: both for manufacturers and consumers. The slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large emerging market economies forced the market to walk 2015 through the steep road.

Indonesia - just like other countries - was also quite impacted. Economic slowdown hit Indonesia throughout 2015, forcing consumers to rethink their shopping strategy, including their strategy to buy daily FMCG products. This year, FMCG sector is growing 6.9% compared to 2014.

Still, Indonesia is a promising land. As the country with 4th largest population in the world with most of the population at the productive age, making Indonesia a huge market with tons of possibilities; just like a treasure island in the middle of ocean with turbulences.

Thus, here is the Journey to Treasure Island

INDONESIA IN NUMBERS

The numbers say it all. Indonesia has big opportunity to shine. Find out more below



65,1 Million
Households



249 Million
People

G 20

Indonesia is one of the member of G-20

G-20 economies account for around 85% of the Gross World Product (GWP), and two thirds of world population

One of the Global Growth Generating Countries
The grouping based on domestic saving, demographic, health, education, quality of institutions and policies and trade openness

3G

4th LARGEST POPULATION

Indonesia has the world's 4th largest population of 249 million people.

Indonesia has 70% of population at productive age with median age 28 YO indicates enormous work force.

The poverty rate is declining from 12% (2013) to 11.3% (2015)

70% AT PRODUCTIVE AGE

EMERGING MIDDLE CLASS

Middle Class & Affluent Consumers:
2013: 74 million
2020 will be doubled: to roughly 141 million people.



47%
Urban Citizen Percentage



Rp US\$ 888.5 bil
GDP



53%
Rural Citizen Percentage



4.8 mil babies/annum
Number of babies born



124 people/km2
Population



1.49 percent/year
Population growth

rate

KEY TRENDS TO THE FUTURE

“The future belongs to those who prepare for it today” - Malcolm X

Nobody knows exactly what would happen in the future - ten years, one year, one day, even one second from now is a mystery. Facing this fact, what we could do is one thing: prepare for the coming future.

Indonesia is a country with big potential. Yet, the economic slowdown across Asia also impacted Indonesia, bring quite uncertainties for Indonesia's future. Fortunately, there are certain “keys” to grasp these uncertainties:

1. Knowing Trade Channels Characteristics
2. Health Is The Real Wealth
3. The Rise of Local Brands
4. The Digital Era

Find out more about these keys at the next pages!

KNOWING TRADE CHANNELS CHARACTERISTICS

Each Indonesia's trade channels has different characteristics, this also means different approach needed to deal with each of them.

TRADITIONAL TRADE

Traditional trade still remains as the biggest contributor for FMCG market - It contributes until 80% of the FMCG value. Due to Indonesia's geographical landscape, traditional trades like warung (small traditional shops) can easily be found anywhere. This condition leads Indonesian to go shopping frequently and usually shopping for snacks or small items. Thus, **SMALLER PACK SIZE** will be best suited for traditional trade.

MODERN TRADE

Although the chunk is not as big as traditional trade, modern trade is getting more important Indonesia. Minimarket, as the hottest modern trade channel right now is quite unique: it's appealed both for affluent and less affluent consumers. Super and hypermarket on the other hand, act mostly as a perfect place for monthly shopping. In contrast with traditional trade, bigger pack size will be fit for modern trade.

ALTERNATIVE SHOPS

Toko Susu (Baby Milk Store) provides a strong dynamic to category purchase behavior as shopper have significantly higher purchasing level and more engaged to category. Whilst cosmetic penetration remains stable, buyers spend two times higher than in total trade channel. It means that buyers keep buying cosmetic from this channel with more money to spend!



HEALTH IS THE REAL WEALTH

Everybody is now becoming health-conscious.



TREND X BENEFITS

Consumers are started to realize that healthy body is everything. Most of them are now even see that physically fit and in good health is a sign of success, rather than having a lot of money.

Some FMCG brands were successfully catch this health conscious trends by doing some marketing activities that emphasized on health benefits of their products. The results are quite stunning: compare to last year, more households are purchasing drinking water, yoghurt drink and also herbal milk powder. For example, compare to 2014, there are additional 1.2 million households that ever purchase yoghurt drink.

Many companies started to held health focus event, such as running events/competition with clear brands' message.

During the year, numerous running and fun bike events were held in Indonesia, most of these events were sponsored by FMCG products, and the events bring the brands' message clearly.

THE RISE OF LOCAL BRANDS

The trend in Indonesia is now in shifting: in regards to preserving local heritage, Indonesians like to mix traditional style with modern/global touch. Resulting a unique traditional-modern style. This trend also happens with FMCG brands - and many local brands successfully adapt this trend, from hijabers speciality cosmetic to traditional-modern blend snacks.



Hijabers on the rising tide.

As a country with biggest Muslim population, Hijab (scarf) style is on the rise in Indonesia. This trend successfully captured by some manufacturers: creating a good mix between modern style and cultural authenticity.

Wardah cosmetic can be a prime example for this: Wardah successfully blend modern cosmetic with Halal Islamic hijab style, creating unique cosmetic products, and most importantly, Wardah cosmetics caused quite massive hit in Indonesia market.

Innovation and Personalization

Innovation becoming key to win competition in Indonesia: a local taste product with global/modern touch is definitely one of the preferences; and some of them successfully implemented it, such as Sidomuncul's herbal milk Susu Jahe and modern nastar biscuit style, Nextar

Not just need innovative products, Indonesia's consumers also love social life and demanded to get more personal attention.

Some manufacturers were already aware of this, and already did some marketing activities that aimed to get more 'into them' by bringing it more personal and sometimes even more emotional.

Coca Cola's "Say it with Coca-Cola" is one of the example. Coca Cola bringing more personalization into their products by adding words and even consumers' name on the can or bottle. This activity successfully created some sparks in social media.

THE DIGITAL ERA

The wave of digital era is coming; hitting every countries on its way. The digital wave brings new way to live a better and more convenience life for many, and also, of course, a whole new way to do business.

From online fashion shopping to internet order based motorcycle taxi, digital era has changed the landscape of doing business forever, forcing those that cannot or not wanting to change, to perish.

FMCG E-COMMERCE: A PUZZLE OF PERFORMANCE

E-commerce is growing in fast pace. We can now bought nearly everything from the internet, including FMCG products. Unfortunately, FMCG's e-commerce is currently still in a puzzle: the significance share can only be seen in some countries like South Korea and United Kingdom, while not for Indonesia.

Indonesia's geographic trade channels landscape might be the main reason for this situation. Both traditional trade channels (mom and pop shops) and modern trade channels can be found anywhere.

Indonesia E-Commerce Booming and The Millenials

E-commerce is booming Indonesia. Indonesians are currently enjoying the wave of digital era: from fancy gadgets to the convenience of social media. This wave of digital and internet era brings many positive impacts for Indonesia: Indonesia is even becoming a home for the most talked tech startups in South East Asia, such as internet based bike transportation taxi, Go-Jek, and numerous tech startups that are growing every day.

Indonesia is also gaining advantage as a home for huge young populations: The Millenials. The Millenials pile up until more than 1/3 of Indonesia's population. Tech Savvy and full of innovative ideas are the soul of The Millenials, make them become the perfect target for digital products or digital campaigns.


Digital is redefining the way people live, interact and behave. It becomes a changing lifestyle. Maximize the digital to interact with customers will be the best way to tackle the market: communication, point of contact, to understand consumer better, and ensure to keep audiences interested, and build an emotional bounded.







Inspiring successful decisions

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