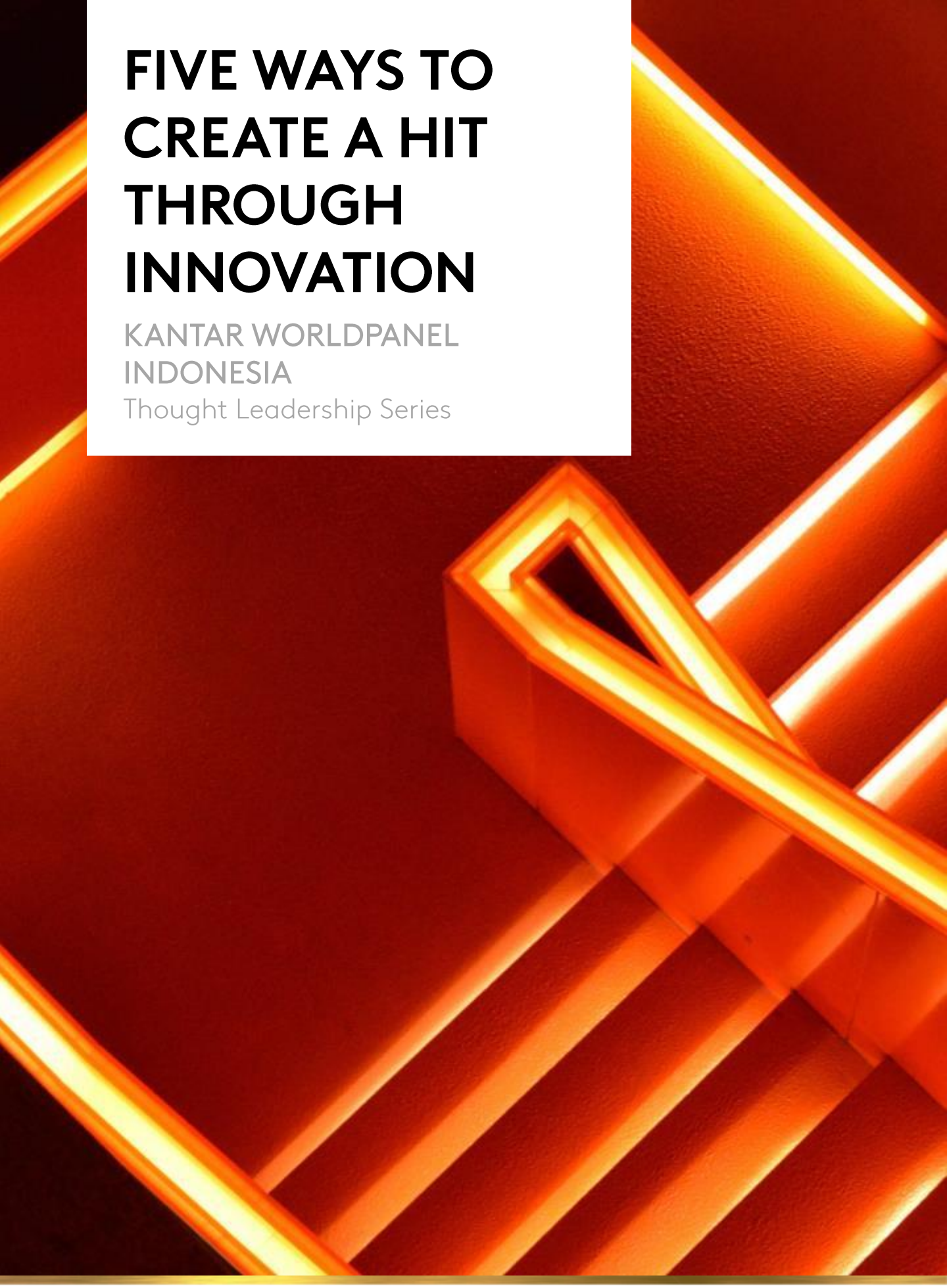
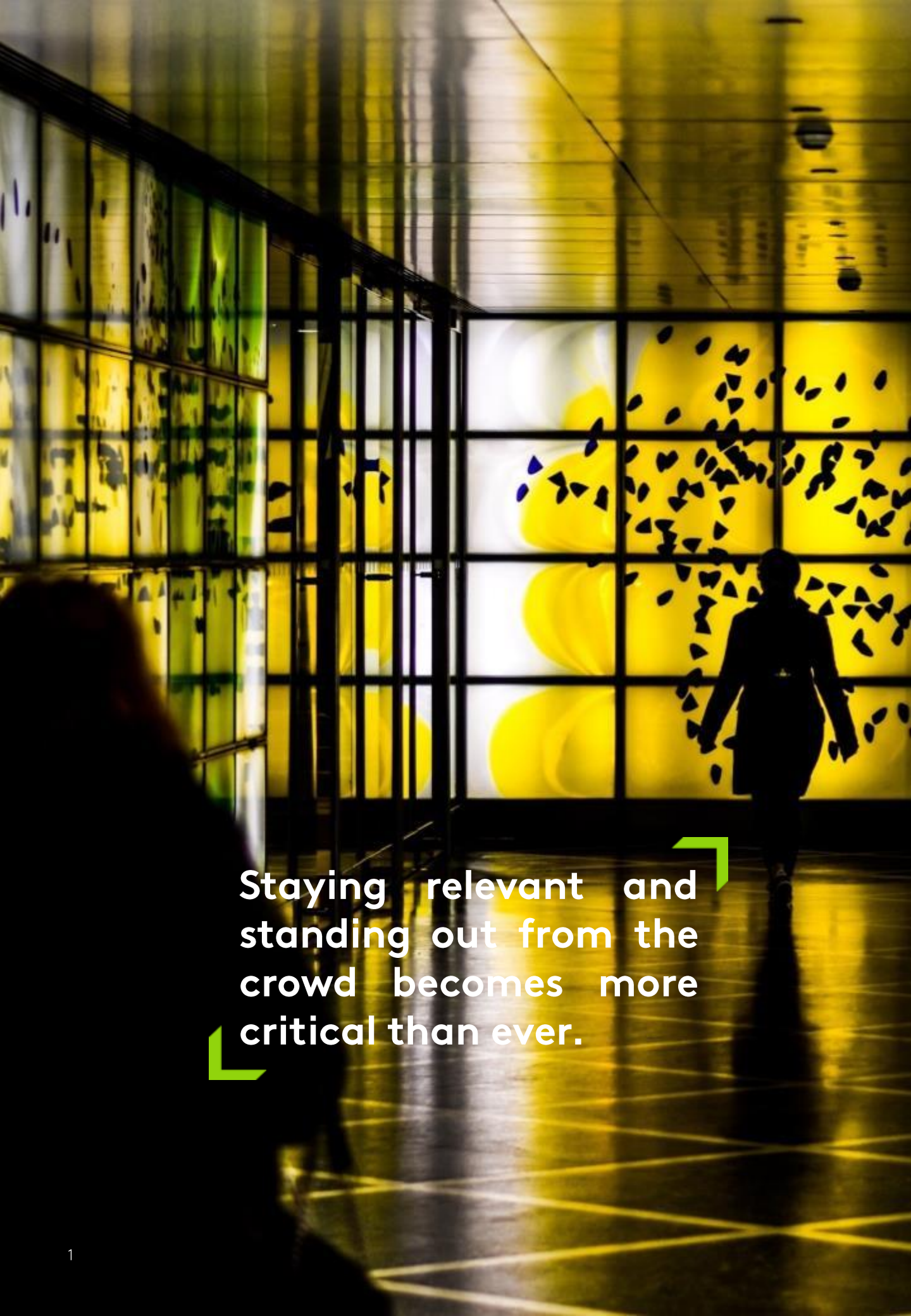
FIVE WAYS TO CREATE A HIT THROUGH INNOVATION

KANTAR WORLDPANEL INDONESIA

Thought Leadership Series



KANTAR WORLDPANEL



Staying relevant and standing out from the crowd becomes more critical than ever.

Caught in the midst of rapid economic and social changes, Indonesian consumers are becoming more discerning. Those with low purchase power are starting to expand their repertoire beyond essentials, but remain very value-focused. On the other hand, those with higher purchase power aspire to improve their lifestyle, and FMCG compete for share of their wallet against dining out, entertainment, holidays and savings.

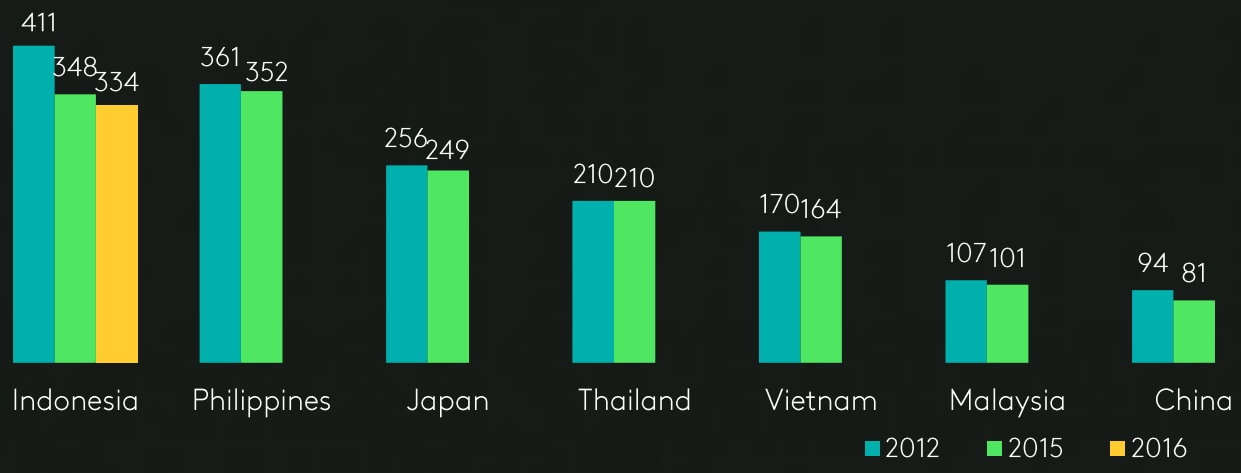
One very tangible impact of this is the decline in frequency of FMCG purchase: in the last year, shoppers have, on average, been skipping one shopping trip a month. This means that, suddenly, millions of shopping baskets have vanished, and are highly unlikely to be recovered in the future.

Similar trend is not only seen in Indonesia, but also in other Asian countries where up to 596 million FMCG basket vanishes year-on-year. Therefore, with significantly fewer opportunities for brands to be picked up, brands need to work harder to ensure they secure their place in shopping baskets.

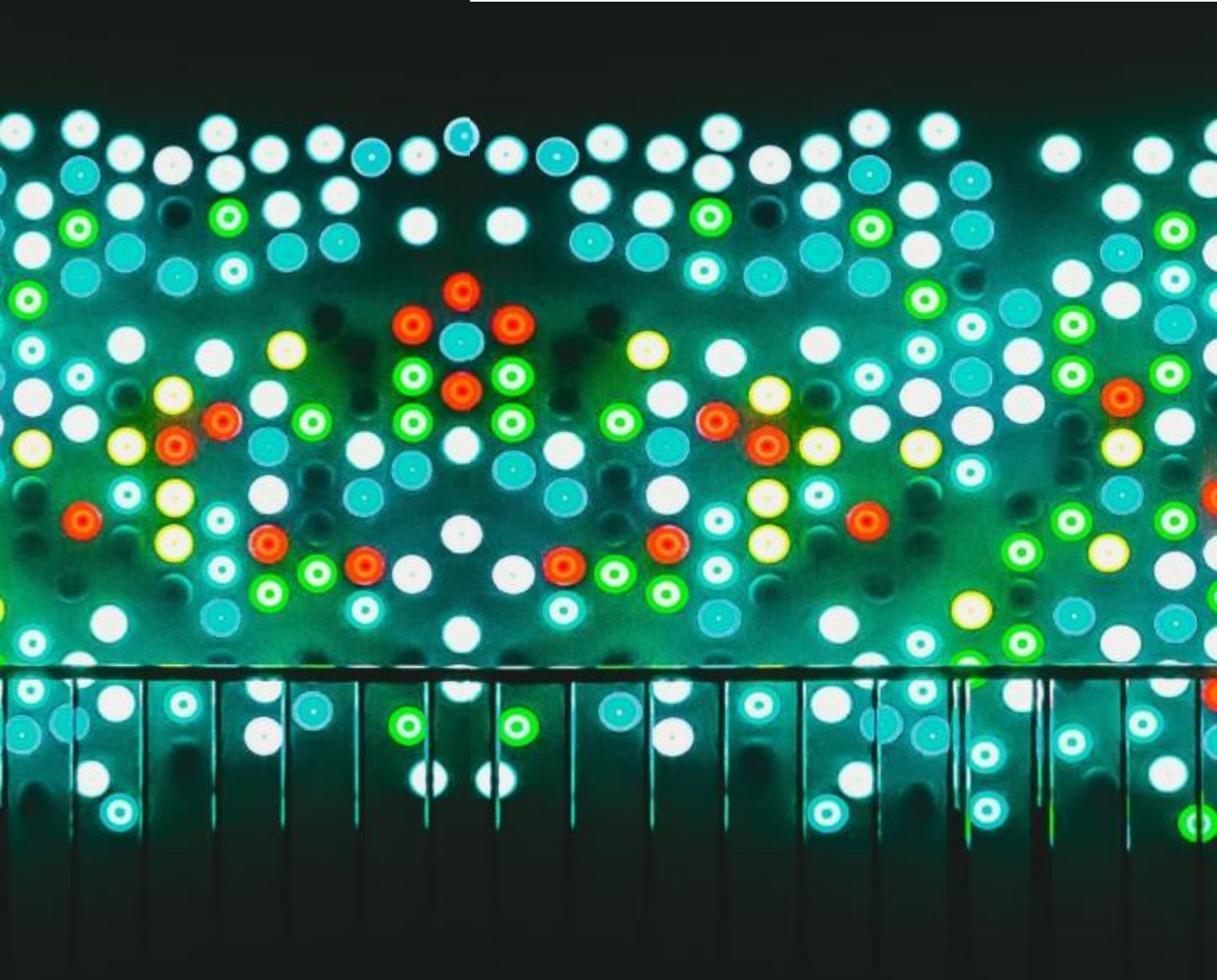
In addition, while Indonesians are still very fond of their regular visits to traditional toko and warung stores, they are progressively moving towards modern trade, where they are exposed to a much wider range of options. This shift is also contributing to the decline in shopping frequency.

In this context, marketeers are not short of challenges. Fewer potential baskets to feature in, and with greater competition at the point of purchase, staying relevant and standing out from the crowd becomes more critical than ever. The most powerful way to do so is through innovation. Launching new products offers excitement and dynamism to consumers, keeps brands ahead of the competition, and helps to justify a price premium.

FMCG | Frequency overtime across Asia



But it's easier said than done! Shoppers are exposed to many innovations, but very few truly deliver incremental growth for their mother brands. So here are five golden rules to help maximize the chances of getting your brands into Indonesians' shopping baskets.



1 BE RELEVANT

Last year, top share winners in Indonesia expanded their product range by a third; whilst the brands that lost share significantly shrank their assortment. But of course, range expansion needs to be highly relevant. By tapping onto the three underlying trends of convenience, health/wellness, and happiness, brands can maximize their chances of succeeding.

2 AFFORDABILITY REMAINS KEY

Indonesian consumers continue to carefully monitor their expenses. As a result, many categories remain skewed towards smaller packaging. While a smaller pack is generally used to generate trial, it can also help a brand to grow among shoppers with lower purchase power. Think of Tresemme hair care, which extended its assortment to smaller packaging, helping it to reach and retain a wider audience.

3 KNOW YOUR USER, TARGET THE MOMENT

Busy lifestyles are fragmenting consumption occasions into a multitude of moments. As a result, one size certainly does not fit all; each moment needs to be addressed differently. Dairy producer Zee understood this well and adapted their range to meet the needs of different age groups. They also launched a convenient ready-to-drink format for consumption on the go. Both these initiatives allowed the brand to recruit significantly more buyers. Another example is the successful launch of Aqua 330ml: a small format that fits in the lunch box and features Star Wars and Disney Princess, to appeal to children.

4 ADAPT THE LOCAL AUDIENCE

Whether in terms of consumer values or preference in tastes, innovations need to appeal and resonate to local audiences.

Skin care and cosmetics brand Wardah has not only been extremely successful at launching products that meets the needs and values of Indonesian women, but has also delivered these through innovative touchpoints, such as working with celebrity bloggers and its own YouTube channel.

Coffee Luwak has also demonstrated the importance of in-depth local understanding: by identifying acidity as a category barrier, and launching a low-acidity variant, they managed to attract incremental buyers to their brand.

But Indonesia is a vast country, so understanding regional nuances is essential.

5 HAVE FUN!

To be successful, innovations need to offer excitement. Stella have leveraged this through their Daily Freshness range, with innovative packaging. Beng Beng has also brought fun to the snacking occasion, by encouraging consumers to freeze their chocolate bars before consuming them.

OUR EXPERT:
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Kantar Worldpanel is the global expert in shoppers' behavior. Through continuous monitoring, advanced analytics and tailored solutions, Kantar Worldpanel inspires successful decisions by brand owners, retailers, market analysts and government organizations globally.

With over 60 years experience, a team of 3,500, and services covering 60 countries directly or through partners, Kantar Worldpanel turns purchase behavior into competitive advantage in markets as diverse as FMCG, impulse products, fashion, baby, telecommunications and entertainment, among many others. Kantar Worldpanel is part of the Kantar, one of the world's largest insight, information and consultancy networks. Kantar is the data investment management division of WPP.

In Indonesia, Kantar Worldpanel – Inspiring Successful Decision™ tracks household purchase of over 70 different FMCG categories across food and non food from its sample of 11,000 households across urban and rural Indonesia on a weekly basis; representing around 50 million households.

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