but first…

HELLO !!

Nadya ardianti aka naya

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used to be:

Head of Digital Technology group at GfK
Sales Manager for MONSANTO

always be:

Storyteller
data cruncher
cat lover
stand-up comedian
Amateur cook
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I am always be my daddy's girl....

Challenging the status quo

CHALLENGING THE STATUS QUO IN THE FMCG MARKET…

Nadya Ardianti

AGENDA

This Presentation covers the following sections

- Should we have more **role for small pack size?**
- Should we redefined **the magic price definition?**

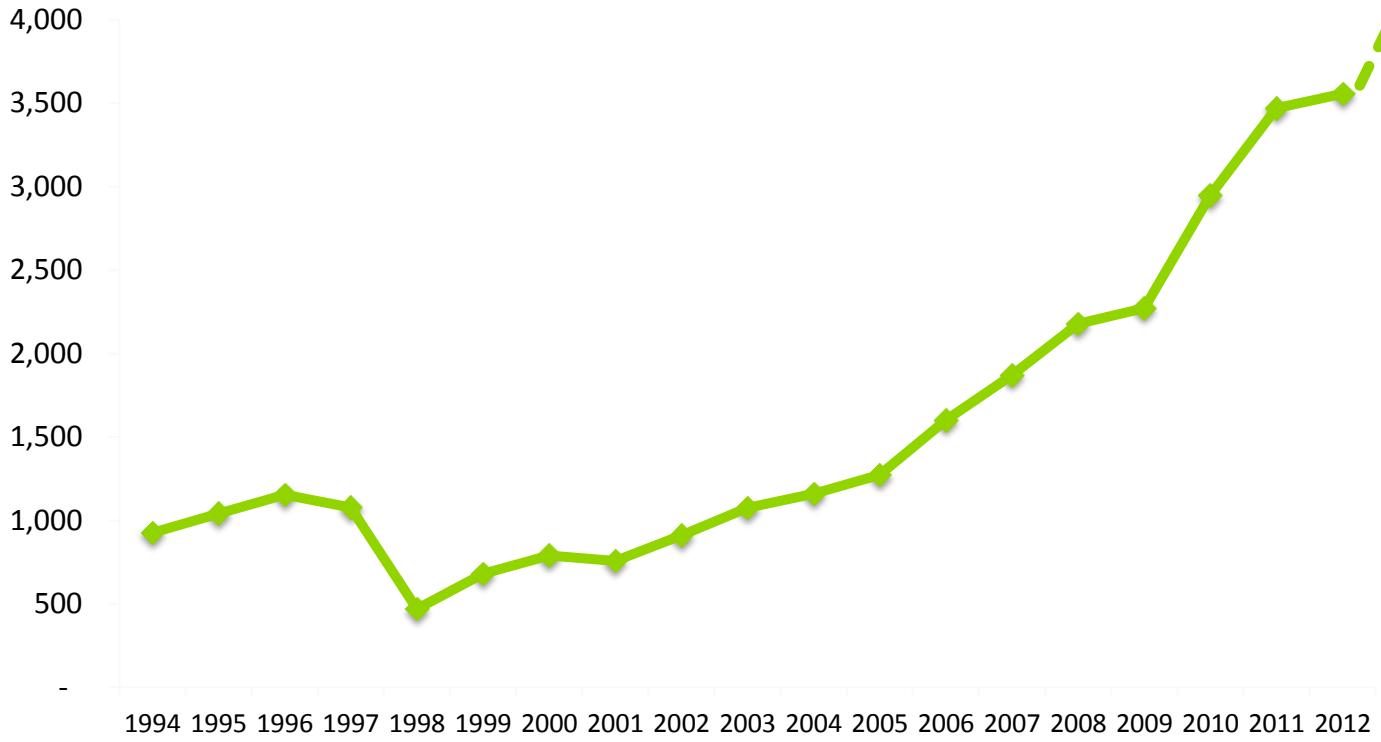
SHOULD WE HAVE MORE ROLE FOR SMALL PACK SIZE?

“

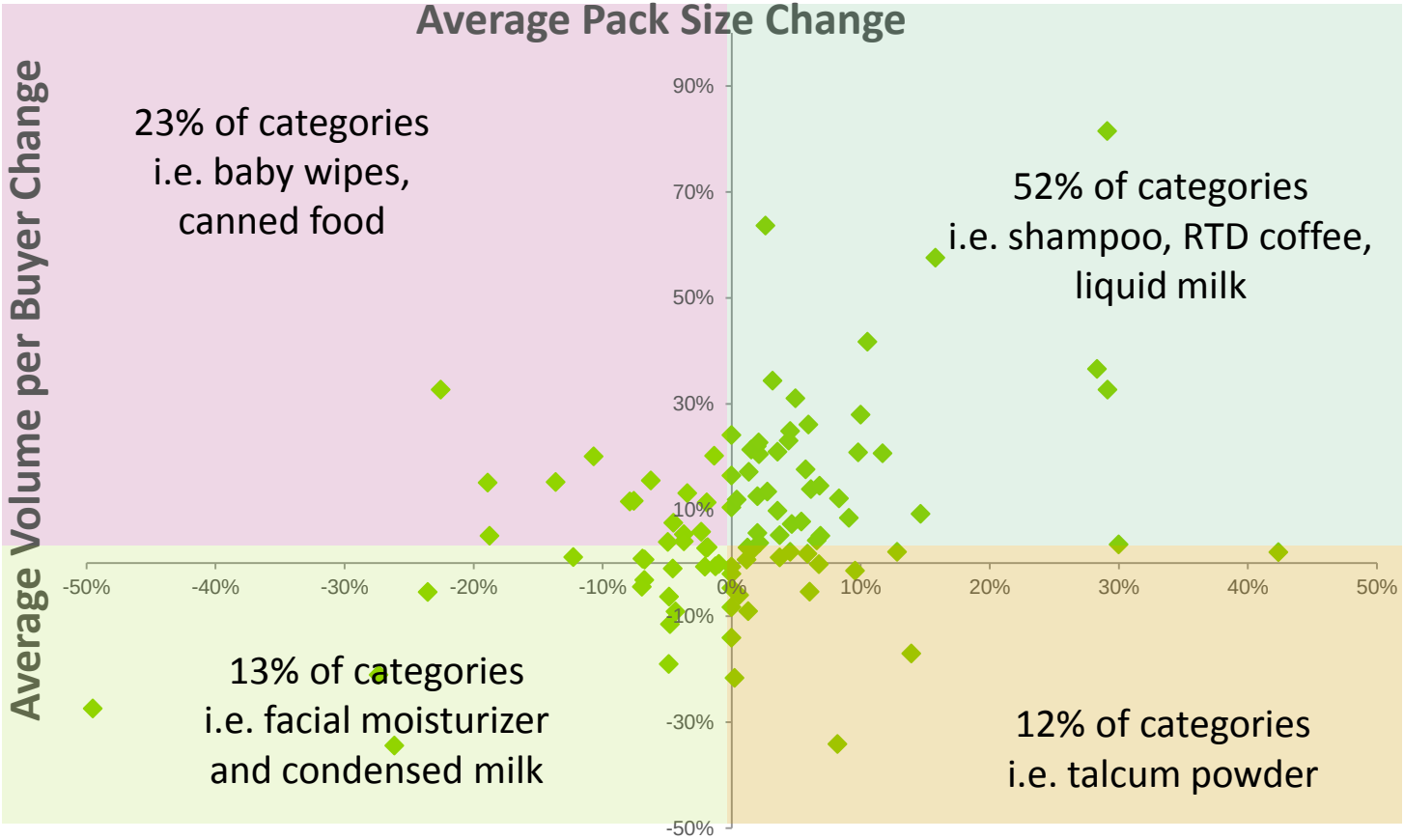
Should we have something bigger?

Despite economy slow down Indonesia is expected to continue growth in GDP per capita

By 2030, GDP per capita will reach 15,000 according to Goldman Sachs



Most FMCG categories are seeing shoppers upsizing and this is delivering volume growth for many categories



Are you telling me that shampoo buyers upsizing?

Wait.. shampoo? Isn't it category with a very high contribution from sachet?

"Nah"…. It must be wrong

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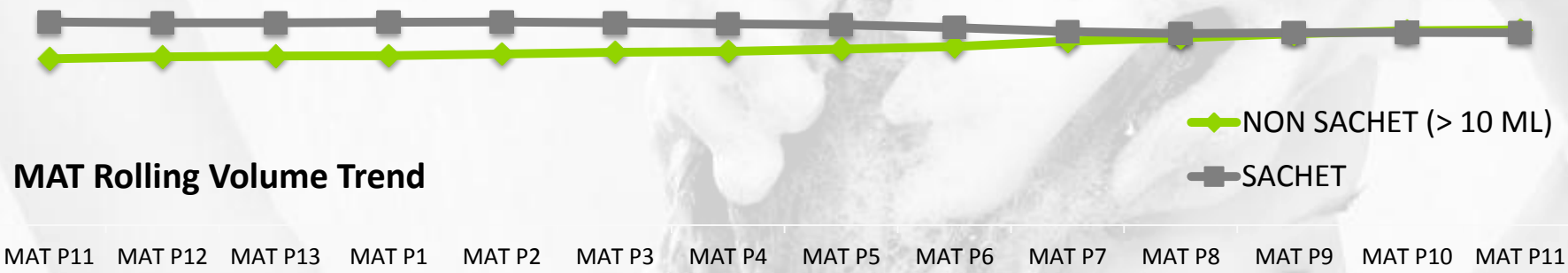
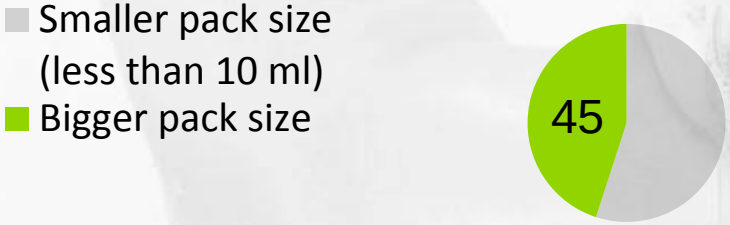
Shampoo showing bigger volume contribution from bigger pack size



Volume Contribution Previous Year MAT



Volume Contribution This Year MAT

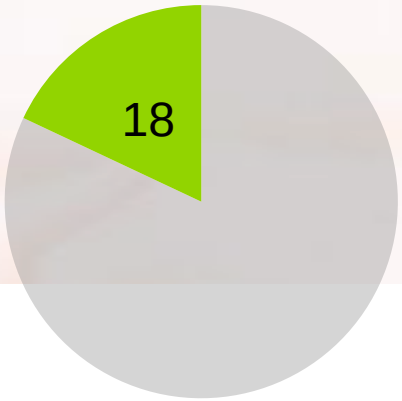
Total Urban Indonesia, MAT ending 3 November 2013

and by the way..
among top 3 shampoo brands, **the fastest growing brand** is having **less contribution from smaller pack size**

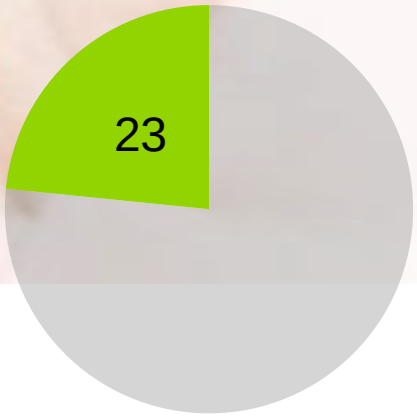
Total Urban Indonesia, MAT ending 3 November 2013

same with shampoo story…
among top 3 fabric conditioner brands, the fastest growing brand is having less contribution from smaller pack size

Volume Contribution Previous Year MAT



Volume Contribution This Year MAT



- Smaller pack size (less than 30 ml)
- Bigger pack size

Total Urban Indonesia, MAT ending 3 November 2013

“ is it coincidence?
among top 3 laundry detergent brands, the fastest growing brand is having larger contribution from bigger pack size

Volume Contribution
Previous Year MAT

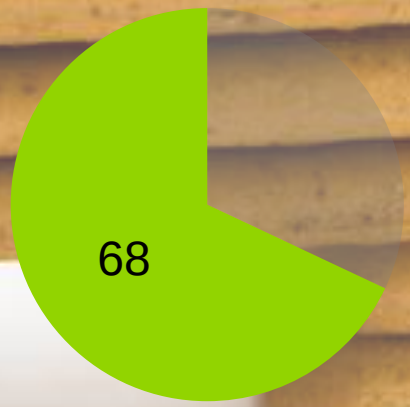
Volume Contribution
This Year MAT

- Smaller pack size (less than 100 gr)
- Bigger pack size

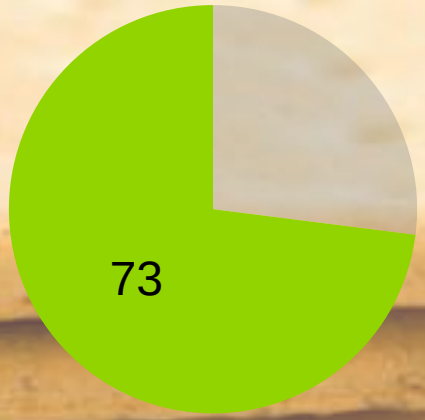
Total Urban Indonesia, MAT ending 3 November 2013

How about the more fragmented market like biscuit?
when the market leader is getting stronger…
the contribution from bigger pack size is bigger

Volume Contribution Previous Year MAT



Volume Contribution This Year MAT



- Smaller pack size (less than 25 gr)
- Bigger pack size

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not enough food for thought?

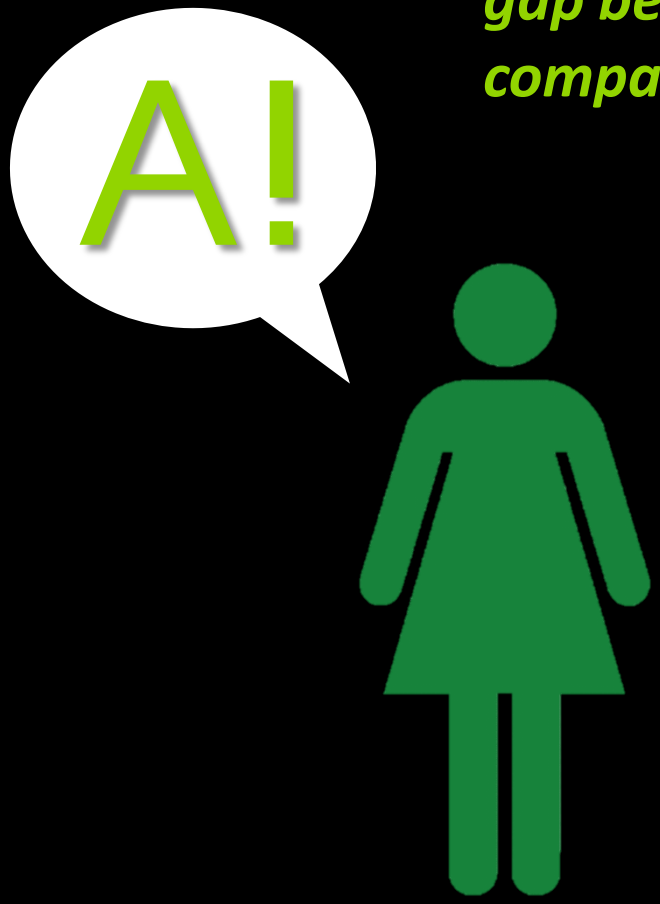
Shampoo Small Pack (5ml)

*It is **hard** for consumer to differentiate brands and for us to communicate the value added since the price range is **similar.***

Total Urban Indonesia, MAT ending 3 November 2013, Indonesia Shampoo Market

Shampoo Larger Pack (170 ml)

*It is **easy** for consumer to differentiate brands and for us to justify value added since the price **gap between brands in larger pack is bigger compared to sachet format***



BRAND A

BRAND B

Total Urban Indonesia, MAT ending 3 November 2013, Indonesia Shampoo Market

three things to remember

1

The purpose of small pack size is to making products affordable to the mass segment and induce trial but that's not all!! **Small pack size should bridging consumer to upgrade to a bigger pack**

2

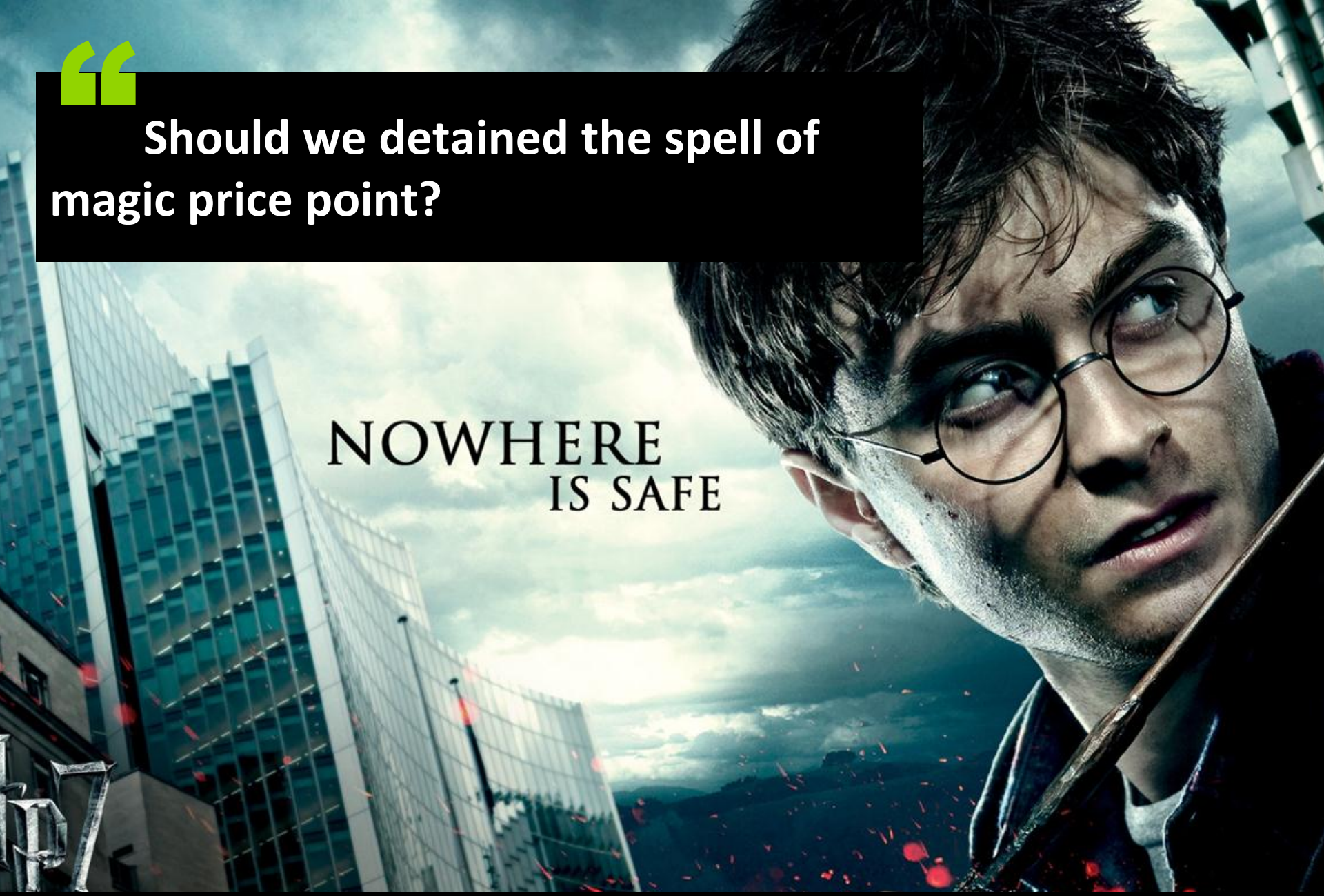
Avoid physiological reluctant to launching bigger pack if needed. **Launching different affordable larger packs,** it help bridging the huge price gap between large pack and small pack, it help gradual upgradation and it has been help deliver growth for many brands

3

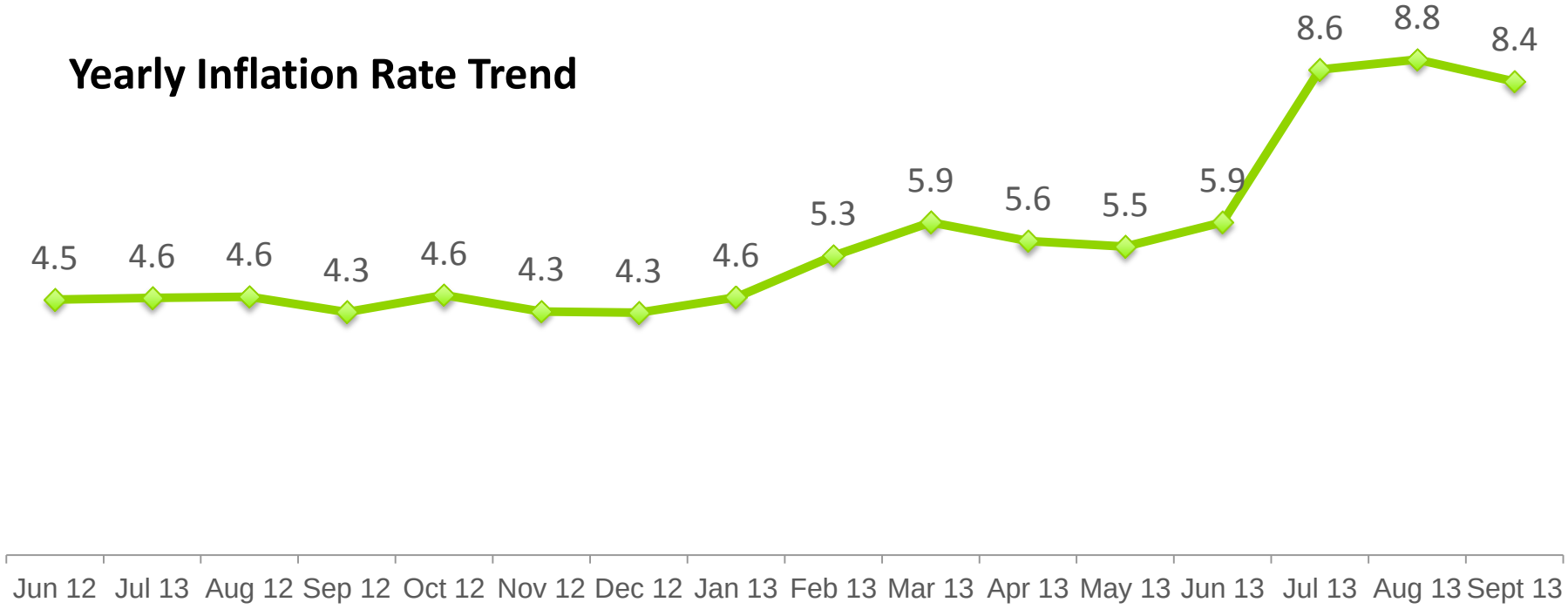
Bigger pack size enable us to be **creative in pricing to tell our value proposition**

SHOULD WE REDEFINED THE MAGIC PRICE POINT DEFINITION?

“ Should we detained the spell of magic price point?



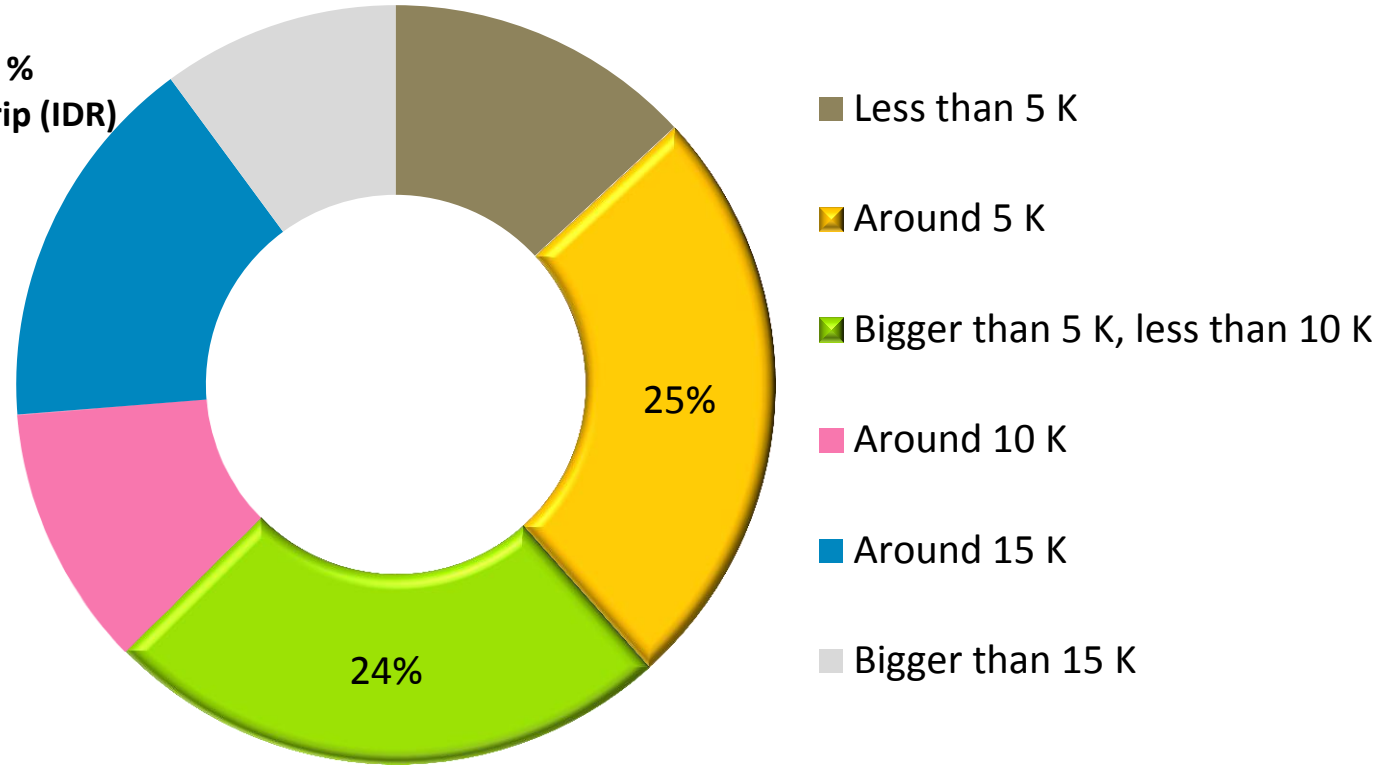
We have been feeling the heat of rising inflation over the past few periods



Source: Bank Indonesia

Half of FMCG category that we track have spending per trip around Rp. 5000 – Rp. 10.000

Number of product %
Based on spending per trip (IDR)



Total Urban Indonesia , MAT ending 3 November 2013, Indonesia FMCG Market

How come the spending per trip skewed to Rp. 5000 – Rp. 10,000?

Wait.. Don't we have a lot SKU in the market with low magic price point such as Rp. 500, Rp, 1000 and Rp.2000 ?

.....

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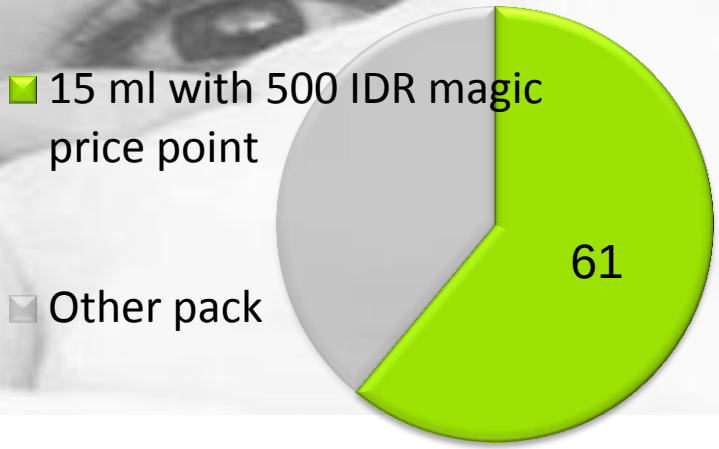
CASE STUDY #1 : brand XYZ- fabric conditioner 15 ml with Rp. 500 magic price point

Volume Contribution This Year MAT



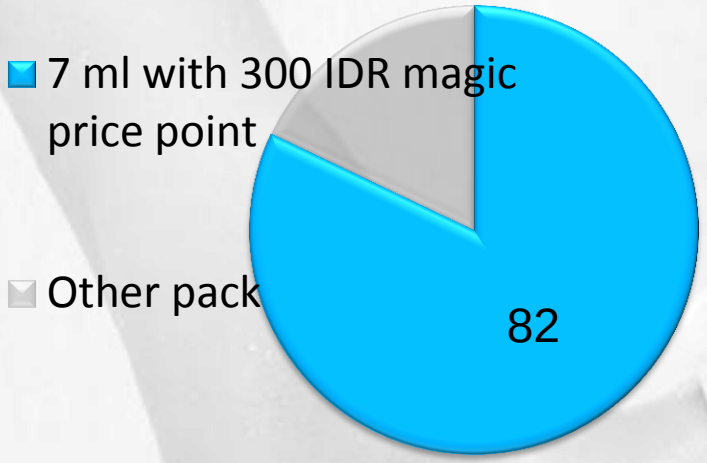
Most buyer spend **Rp. 1700 per single trip** (3 units)

and by the way… **Only 15%** buyers spending Rp. 500 in a single trip (only buy one unit)

Total Urban Indonesia , MAT ending 3 November 2013, Indonesia Fabric Conditioner Market

CASE STUDY #2 : brand XYZ- shampoo 7 ml with Rp. 300 magic price point

Volume Contribution
This Year MAT



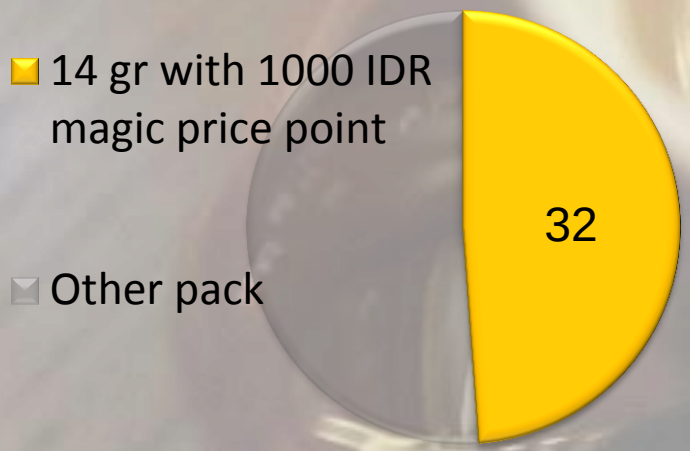
again…most buyer spend **Rp. 1500 per single trip** (5 units)

and even smaller… **Only 6%** buyers spending Rp. 300 in a single trip (only buy one unit)

Total Urban Indonesia , MAT ending 3 November 2013, Indonesia Shampoo Market

CASE STUDY #3 : brand XYZ- health food drink 14 gr with Rp. 1000 magic price point

Volume Contribution
This Year MAT



Most buyer spend **Rp. 3000 per single trip** (3 units)

a little bit different… **37%** buyers spending Rp. 1000 in a single trip (only buy one unit)

but they only contribute 17% of volume

Total Urban Indonesia , MAT ending 3 November 2013, Indonesia RTD Health Food Drink

for

future

thought

“three things to think of

1

Most SKU with magic price point are often bought not in a single unit per trip, consumer rarely spend the money equal to the value magic price point. **Rethinking the magic price point, magic spending point??**

2

Avoid hesitation to increase magic price point if needed – our price point not necessary has to be Rp. 500, it can be gradually upsizing > Rp. 550, Rp. 575, etc.

3

Rethinking to execute downsizing when the pressure is on just because we want to keep the static magic price point

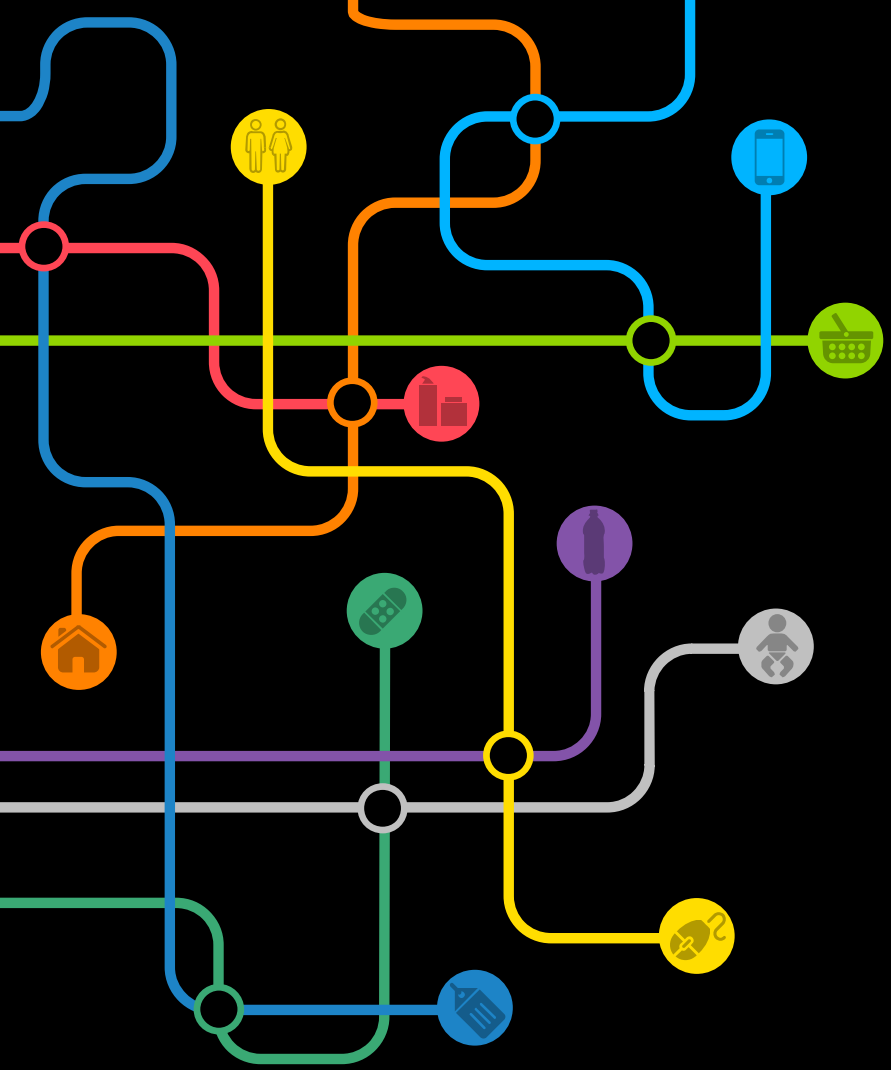
SO....

“three things to sum up

1 Small pack size is important but the purpose of small pack size shouldn’t be only for driving penetration and making products affordable to the mass segment but also **small pack size should bridging consumer to upgrade to a bigger pack**

2 **Rethinking the magic price point**, should we have magic spending point? Shouldn't magic price point becoming more dynamic in number?

3 **It’s only the beginning…**



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