

Indonesia Market



UNPREDICT THE PREDICTABLE

The Speaker



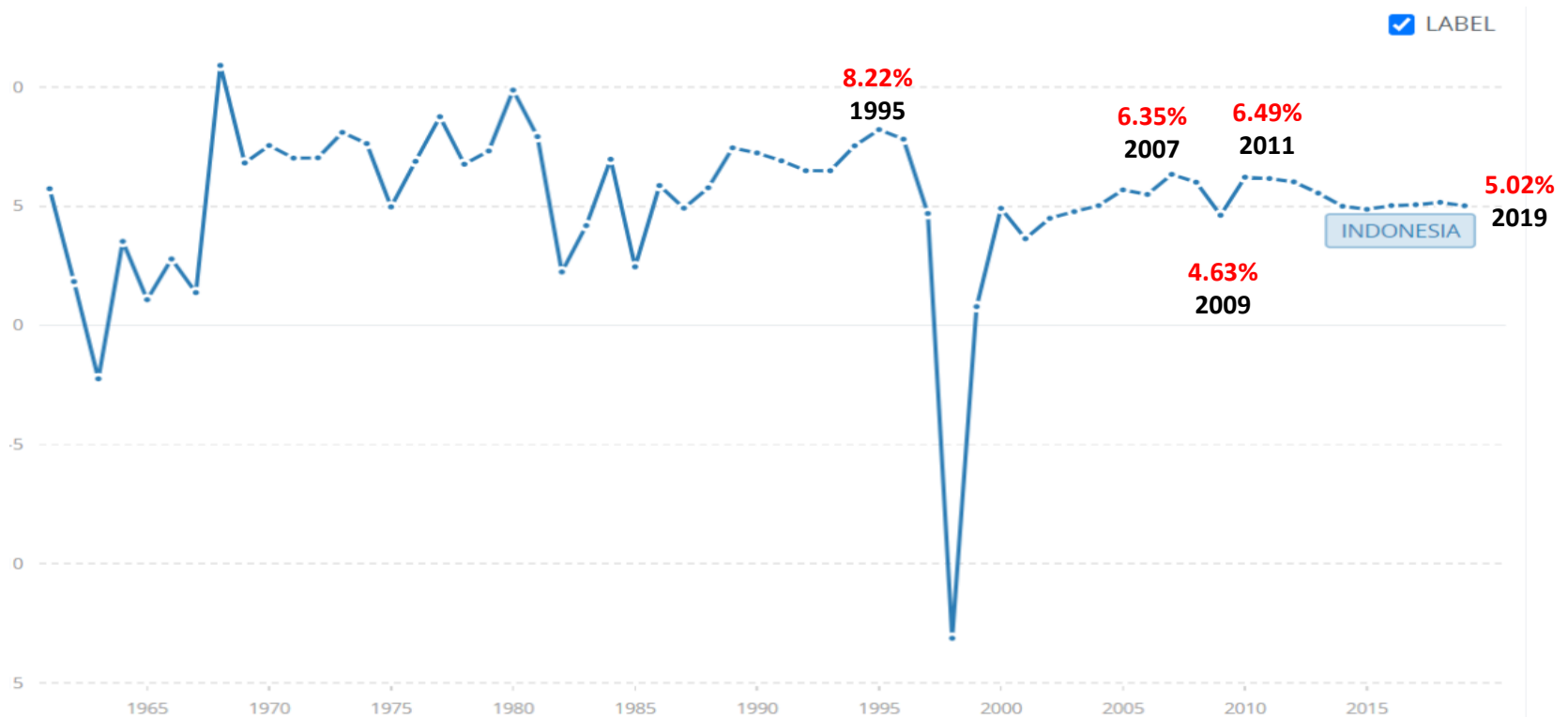
Retail and Consumer Strategist

KADIN Trade Accelerator IA CEPA
Consultant to The Nielsen Company

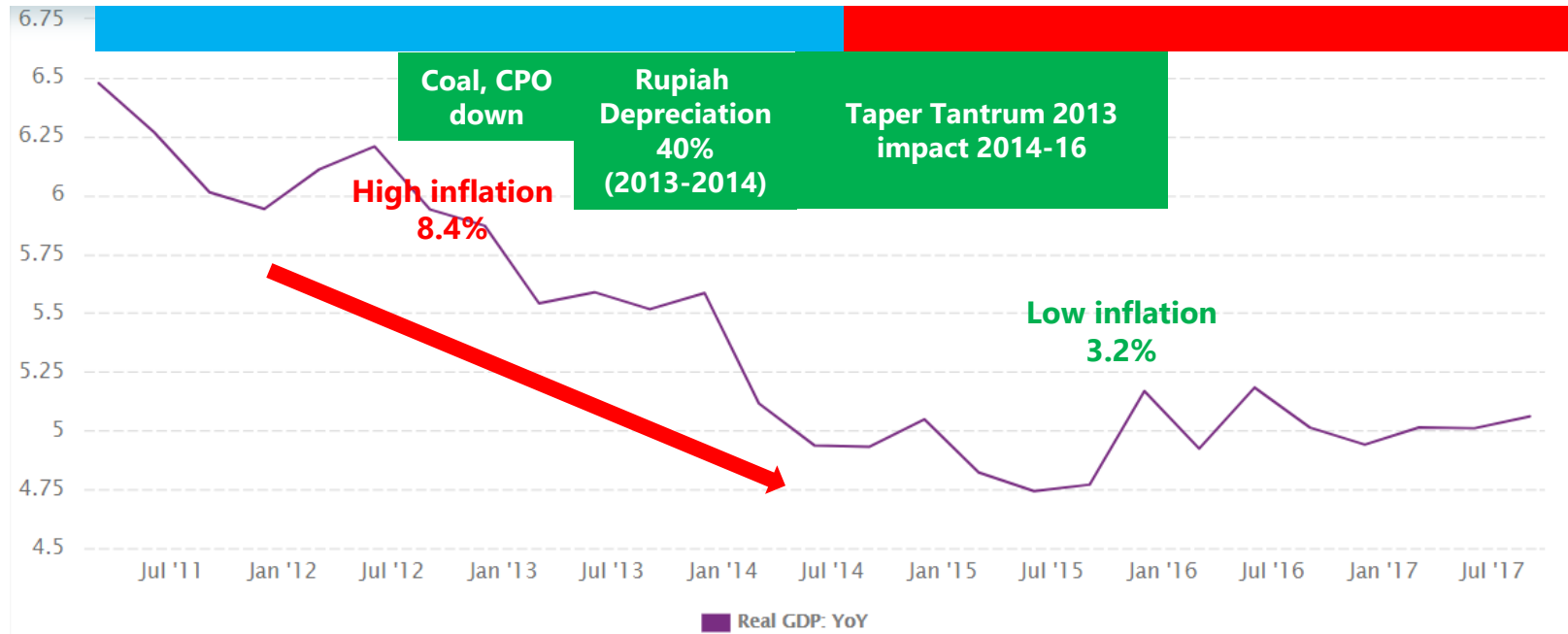
Member of Satgas Pokja 3 Ekonomi
Member APINDO, KADIN, FORKOM Kemendag
Board expert of HIPINDO
Advisor AP3MI
Faculty member of Rumah Perubahan .

Was Professor MMUI, Senior Academic Advisor Bunda Mulia
University
Book author of RETAIL RULES .

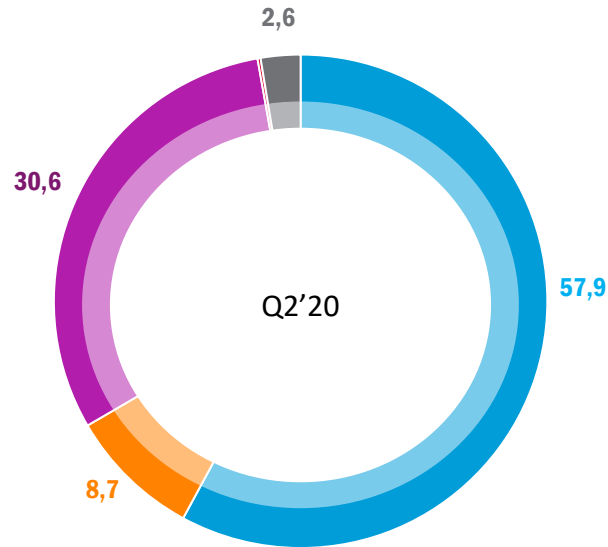
Indonesia GDP growth stay flat at around 5%



Declining trend begins in 2011-2014; EM crisis



Local consumption contribute 58%

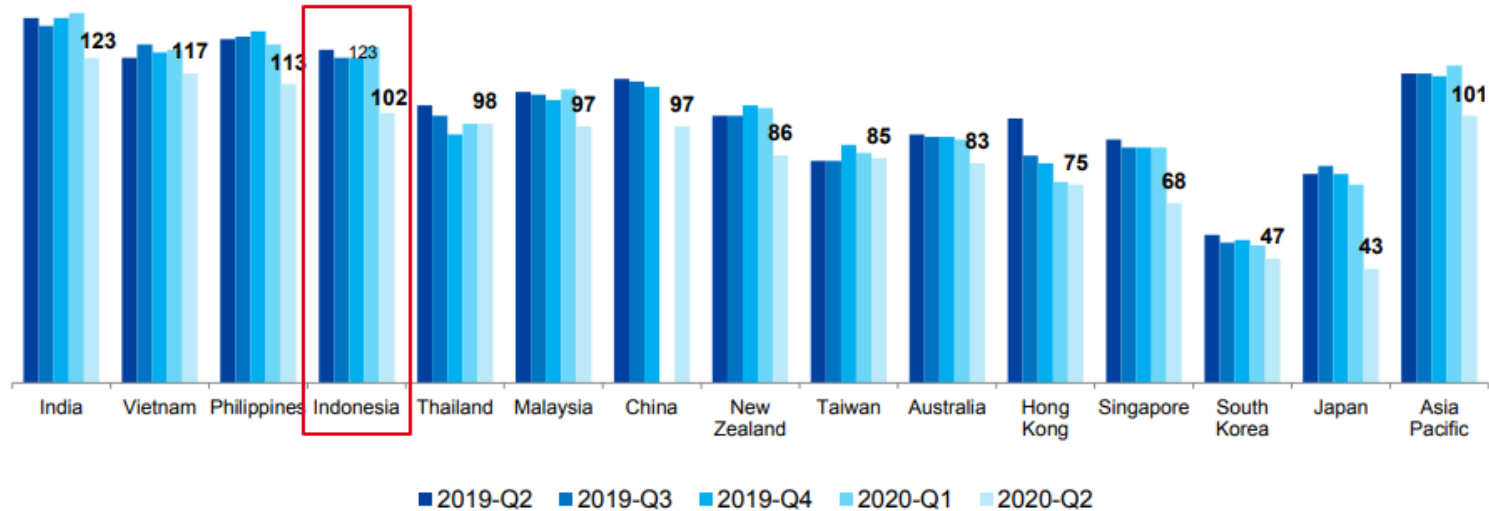


EXPORT/GDP	15.7%
IMPORT/GDP	17.6%
NET EXPORT	-0.1%

- HH Consumption ■ Gov. Spending ■ Investment
- Net Export/Import ■ Others

CCI sit in 4th rank amongst APAC

COVID-19 crisis impact on consumer's trust that decreased significantly in Asia Pacific.



Still Top 10 in the world

RANK	COUNTRY	Q2 2020	Q1 2020	POINT CHANGE
1	OMAN	131	n.a	-
2	INDIA	123	140	-17
3	VIETNAM	117	126	-9
4	BAHRAIN	115	n.a	-
5	PHILIPPINES	113	128	-15
6	QATAR	111	n.a	-
7	PAKISTAN	106	129	-23
8	SAUDI ARABIA	104	121	-17
9	DENMARK	104	120	-16
10	INDONESIA	102	127	-25

Source: The Conference Board® Global Consumer Confidence™ Survey in collaboration with Nielsen

Table 7: Expenditure per person per day (constant 2005 PPP \$) for Indonesia

Amount	National	
	1999	2009
<\$1.25	42.2	24.6
\$1.25–\$2	32.8	32.4
Middle class		
\$2–\$20 (Total)	25.0	42.7
\$2–\$4	20.1	30.9
\$4–\$6	3.5	7.5
\$6–\$10	1.2	3.3
\$10–\$20	0.3	1.1
>\$20	0.0	0.2

2010 2018

56.5% 65%

Mid Middleclass

Source: Adapted from ADB 2010b.

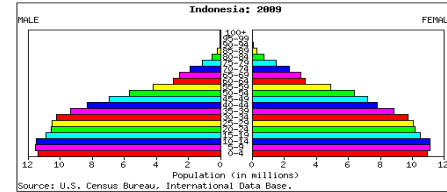
Note: Percentages do not add up because of roundings.

Demography Young population



Source: USCB, CIA

Source: bps.go.id



**257 million
population**

**29% under 15
70% under 40**

**population
growth of 1.49 %**

Bigger and faster Indonesia

Indonesia today ...

16th-largest economy in the world

45 million members of the consuming class

53% of the population in cities producing **74%** of GDP

55 million skilled workers in the Indonesian economy

\$0.5 trillion market opportunity in consumer services, agriculture and fisheries, resources, and education

... and in 2030

7th-largest economy in the world

135 million members of the consuming class

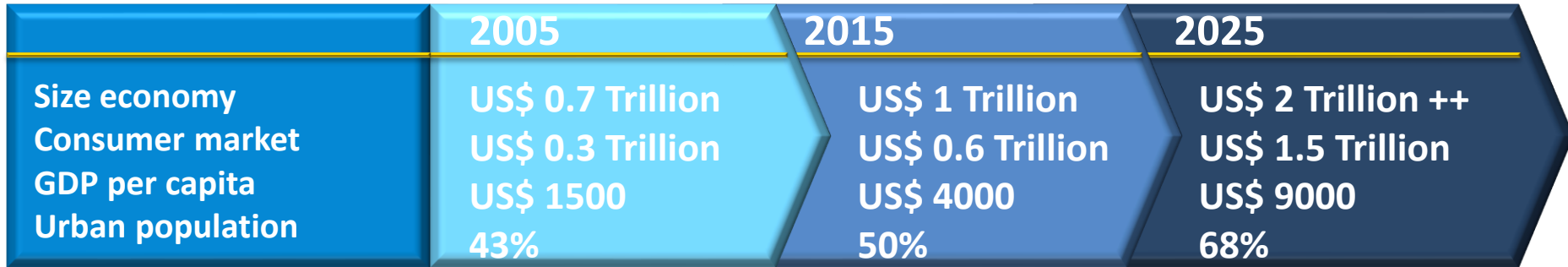
71% of the population in cities producing **86%** of GDP

113 million skilled workers needed

\$1.8 trillion market opportunity in consumer services, agriculture and fisheries, resources, and education



Premiumization



Demand

Prepare for The Next Premium



Honda HRV



Rp279,5 - Rp395 Million

Seating
5 Seats

Engine
1497 cc

Power
118 hp



The face of Indonesia consumer has changed

4 FUNDAMENTAL FORCES



CHANGING FACE OF THE CONSUMER

- **HIGHER INCOME MIDDLE-CLASS**
- WOMEN EXPLOSION IN **THE WORKPLACE**
- **MILLENNIALS** ARE TAKING OVER



NEW PATTERNS OF PERSONAL CONSUMPTION

- **INCREASE IN CONVENIENCE**
- FOCUS ON **HEALTH & WELLNESS**
- **HIGH BRANDS & LIFESTYLE**
- **SHIFT** IN DISCRETIONARY **SPENDING**
- FOCUS ON **SHOPPING EXPERIENCE**



TECHNOLOGICAL ADVANCEMENTS

- **MOBILE WORLD DIGITAL** PROFILES
- **SOCIAL-MEDIA-DRIVEN** CONSUMPTION



URBANISATION & INFRASTRUCTURE DRIVE

- URBANIZATION
- **DIRECT-TO-CONSUMER**
- **DISTRIBUTION** SCALE UP

Demand

Retail Aspirational Development

Quality & Experience

to

Quantity & Price

Adventures

Luxury Brands

International Brand Retailing

Indoor/Outdoor Shopping Streets

Culinary F&B Diversity

Lifestyle, Fashion & Accessories

Entertainment

Sports

Licensed Brand Fashion

Consumer Durables

Convenience Resto

Malls

Local Department Stores

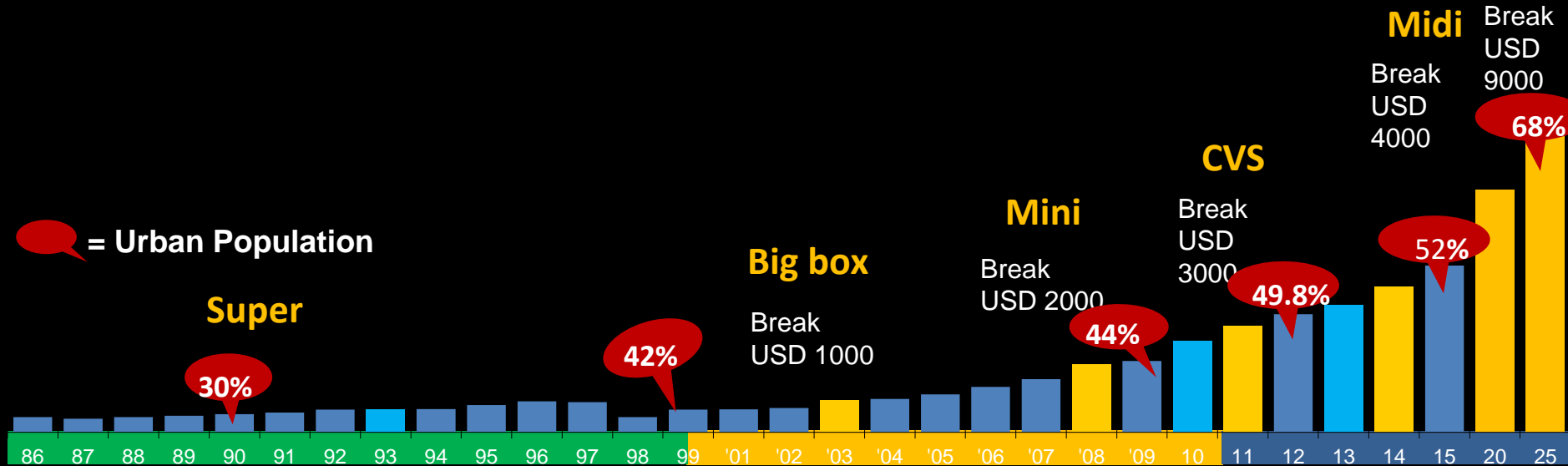
Hypermarket/Minimarket /Fastfood

Street market & Supermarket



Channel

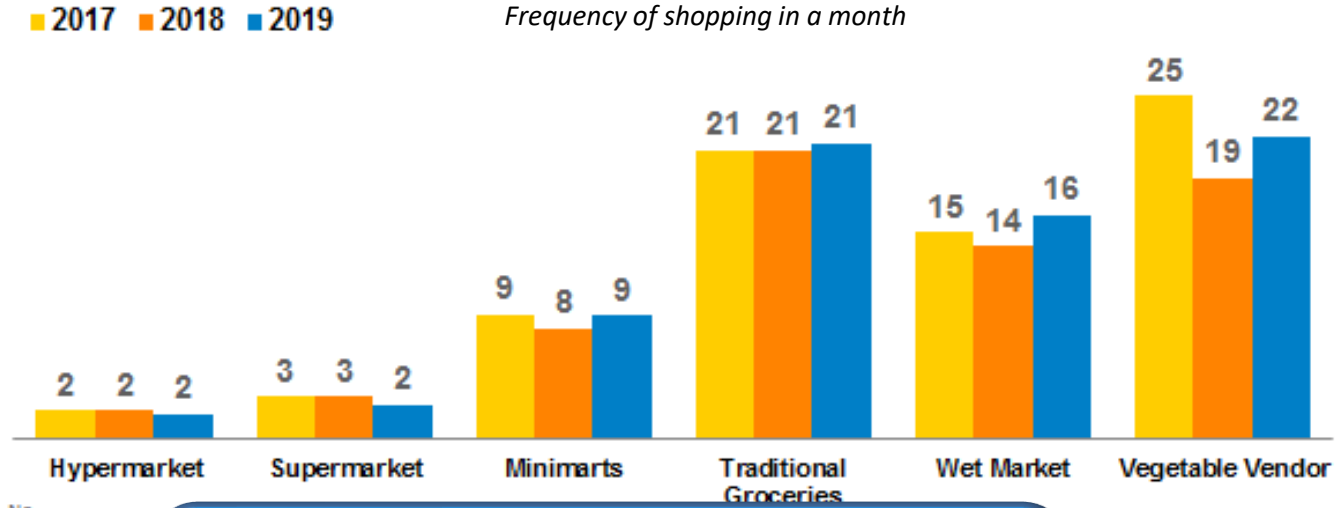
Small format leads; traditional sustain



Yearly GDP per capita

Source: BPS, World Bank

Channel



Trade channel share 55 categories FMCG + cigarettes

70%

General Trade

29%

Modern Trade

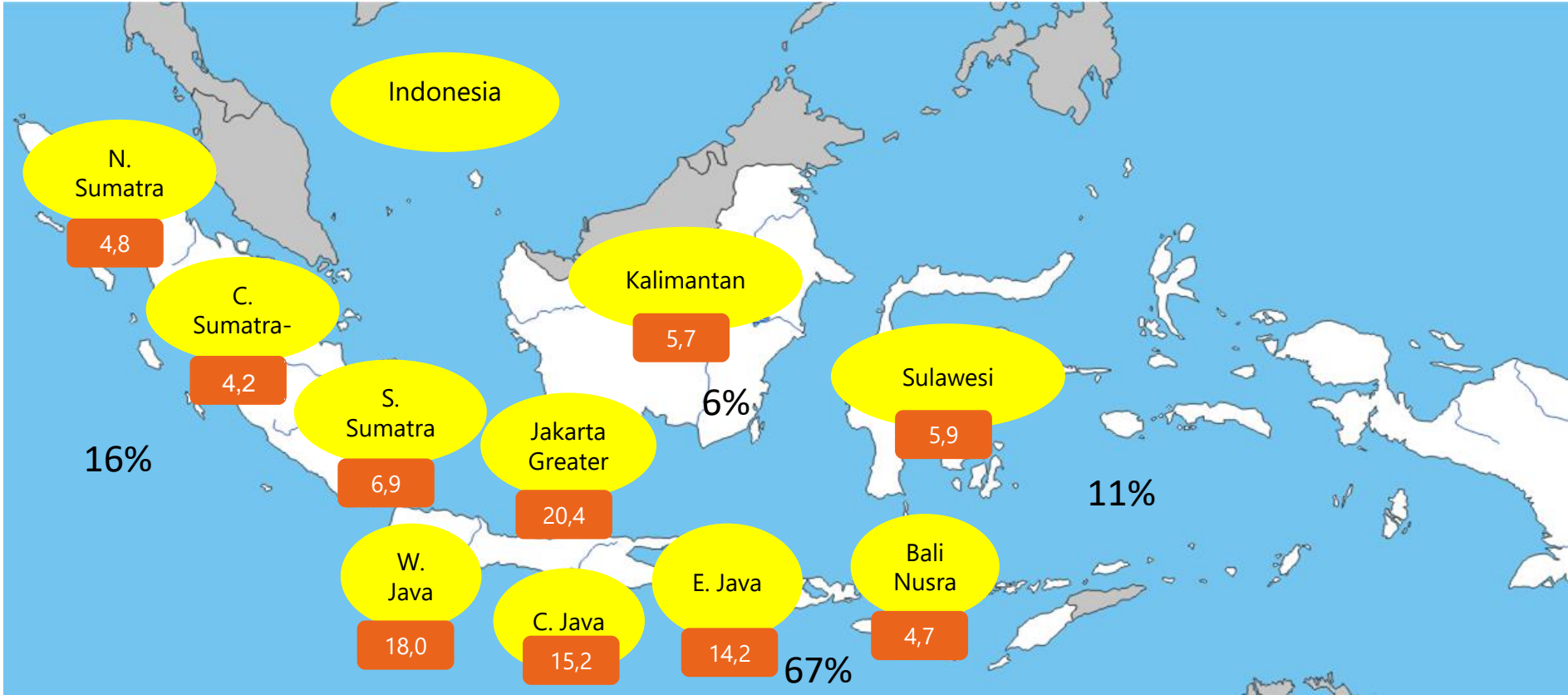
<1%

E Commerce

Channel

For FMCG Java contribute 67%

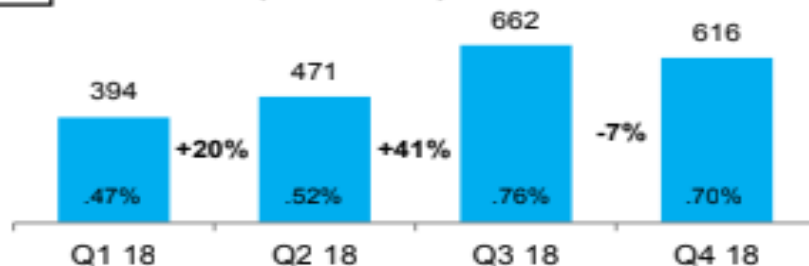
Indonesia Total Groceries | Total FMCG 68 Categories | YTD Aug 19 vs YTD Aug 20



For FMCG eCommerce is still small



E-COMMERCE 55 CATEGORIES + COSMETIC
VALUE SIZE (BILLION IDR)



% CONTRIBUTION OF TOP FMCG ECOMMERCE CATEGORIES
VALUE RANK (55 CAT FMCG + COSMETICS)

> 3%	1 – 3%	< 1%
Baby Diapers	Powder Milk	Cooking Oil
Cosmetics	Sweetened Condensed Milk	Instant Noodles
	Skincare	

Aspirational, trendy categories runs better



Top five ranked category Ecommerce 2019

- Fashion apparel
- Consumer electronics and accessories
- Health & beauty
- Mom & baby products, toys, sport goods
- Home & living

Report CLSA

Festive based consumption

