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# INDONESIA MACROECONOMY & FMCG UPDATE Q4 2020

EARLY SIGN OF RECOVERY TREND

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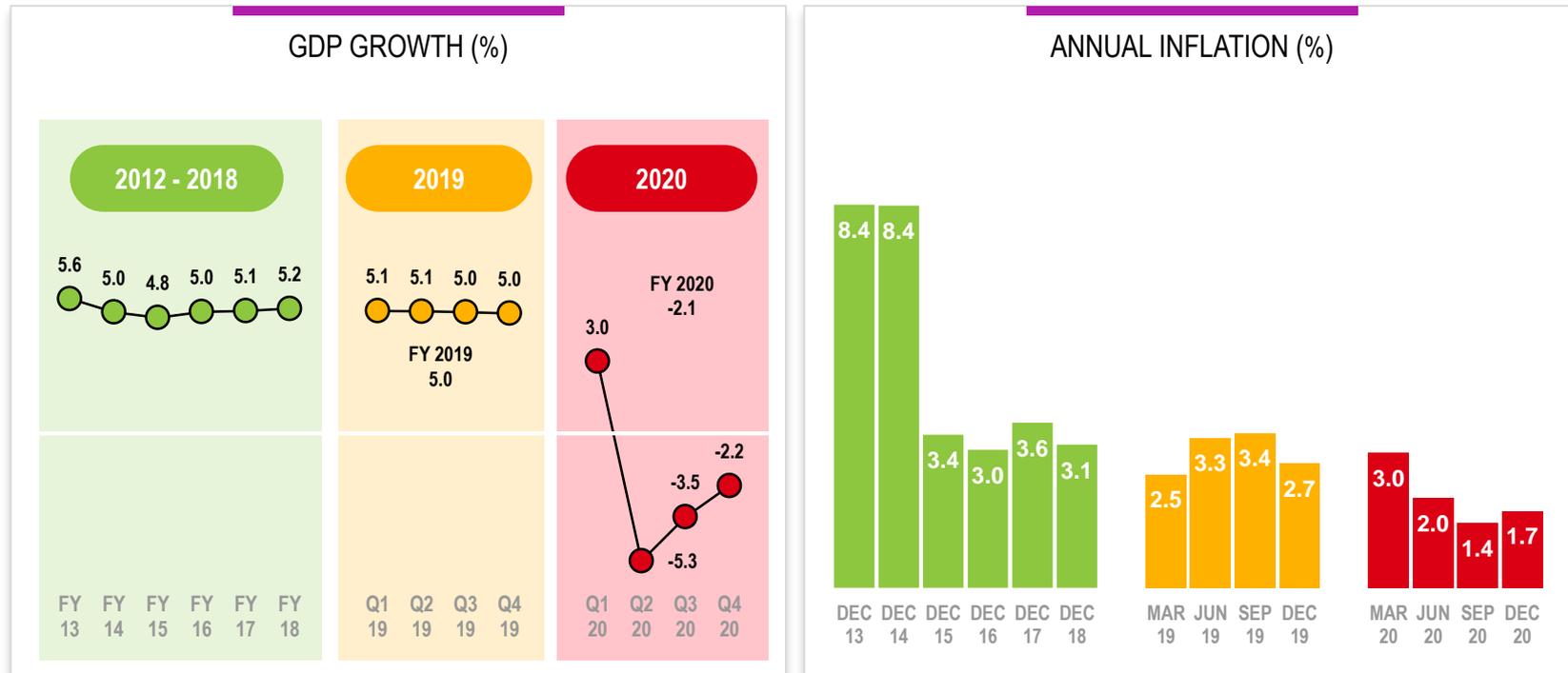
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# THE PANDEMIC SITUATION IS IMPACTING THE FUNDAMENTAL ECONOMY. INDONESIA GDP SHRANK BY 2.1% FOR FY 2020

Recovery is seen with Q4 GDP growth is getting better than the last two quarters and controllable inflation

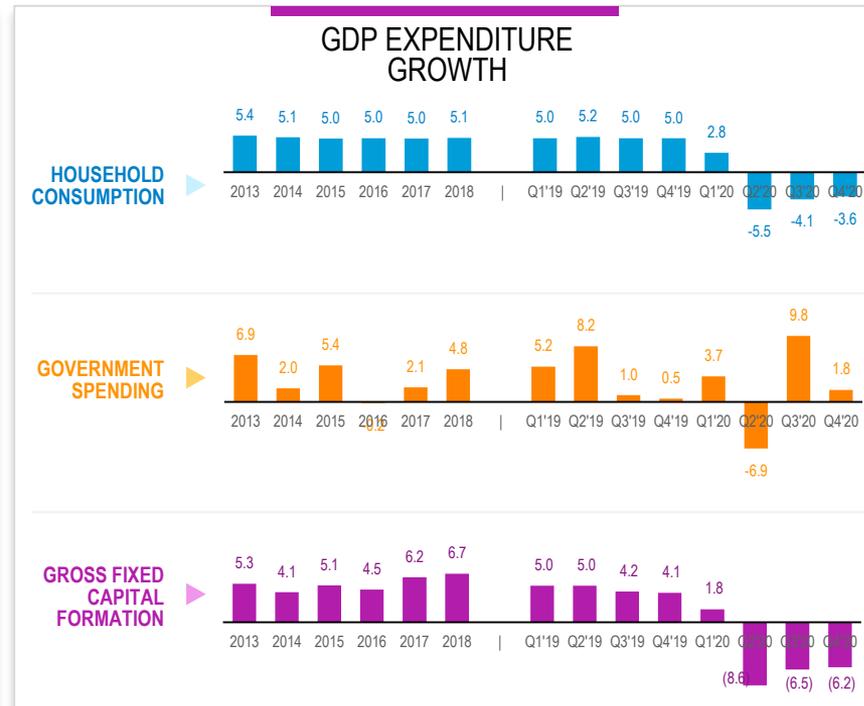
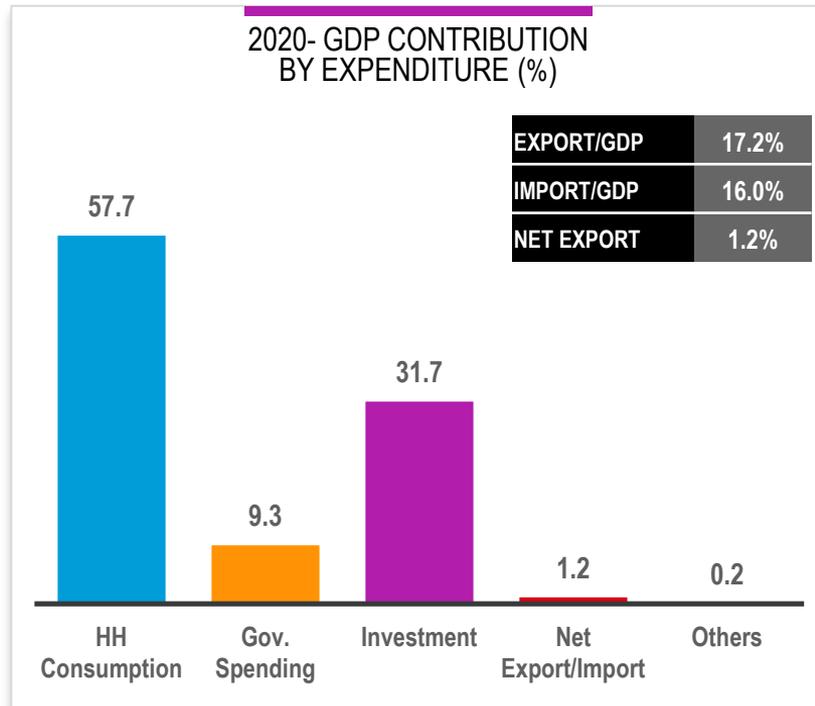


Source: BPS, Bank Indonesia

\*) Forecast by Indonesia Ministry of Finance

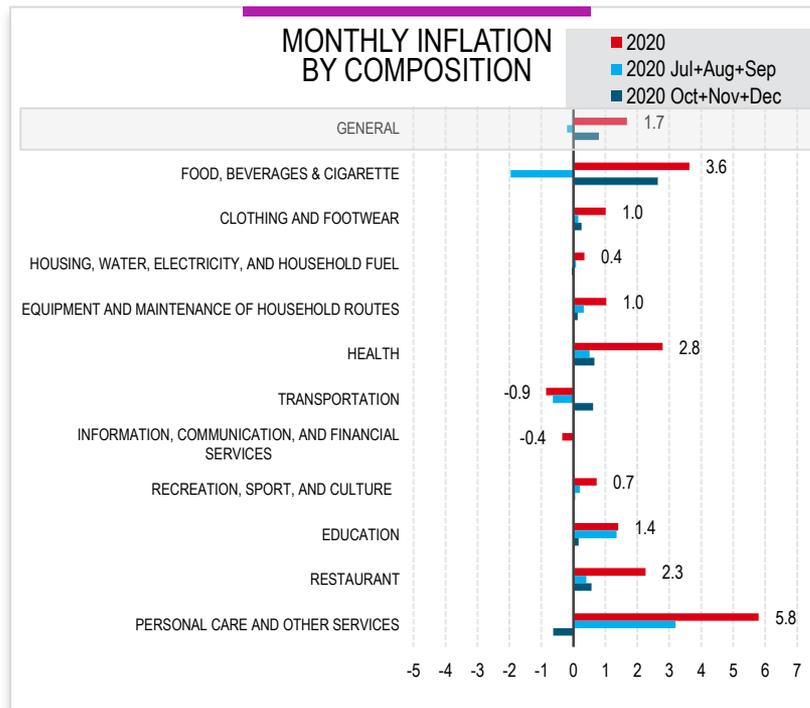
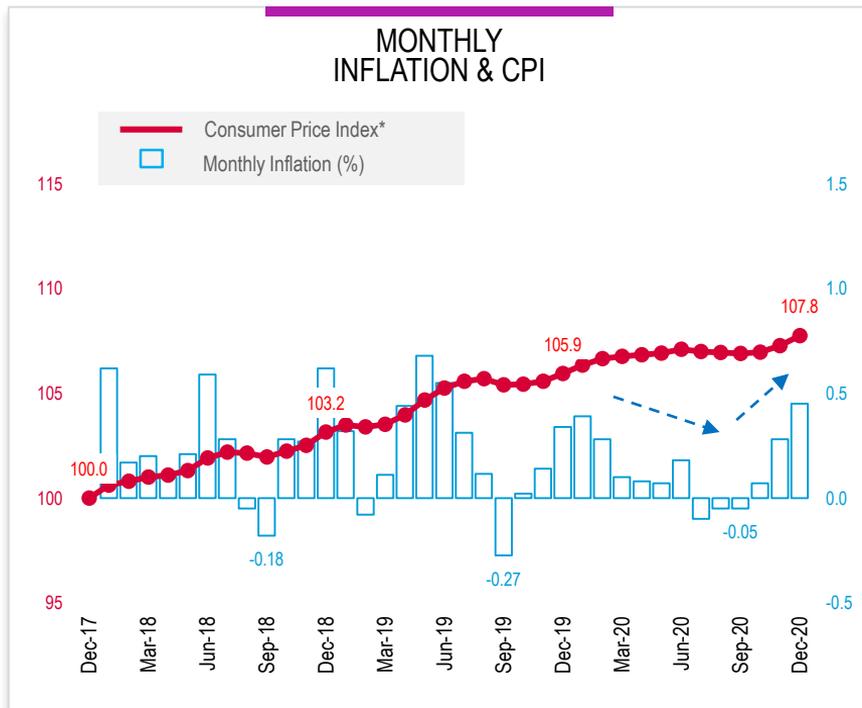
# HH CONSUMPTION IS RECOVERING IN THE LAST QUARTER OF 2020

Similarly with investment, while Government manage to increase expenditure slowly.



# INFLATION IS REACCELERATING IN Q4'20

Especially driven by Food, Beverages & Cigarette that grew faster in the last quarter

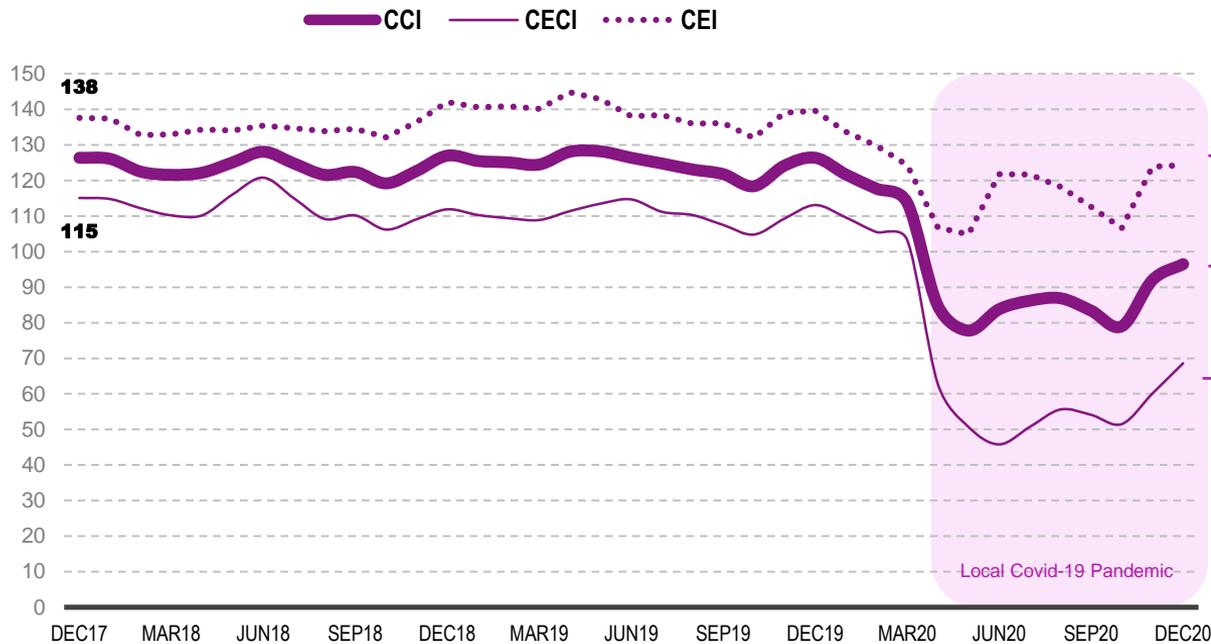


Source: bps.go.id

\*) Index to CPI Dec'17

# OVERALL CONFIDENCE IS SLIGHTLY UP IN END OF 2020

After significantly down during the quarantine living phase, Indonesian consumer starts to be more optimistic toward current economic condition in November and December 2020



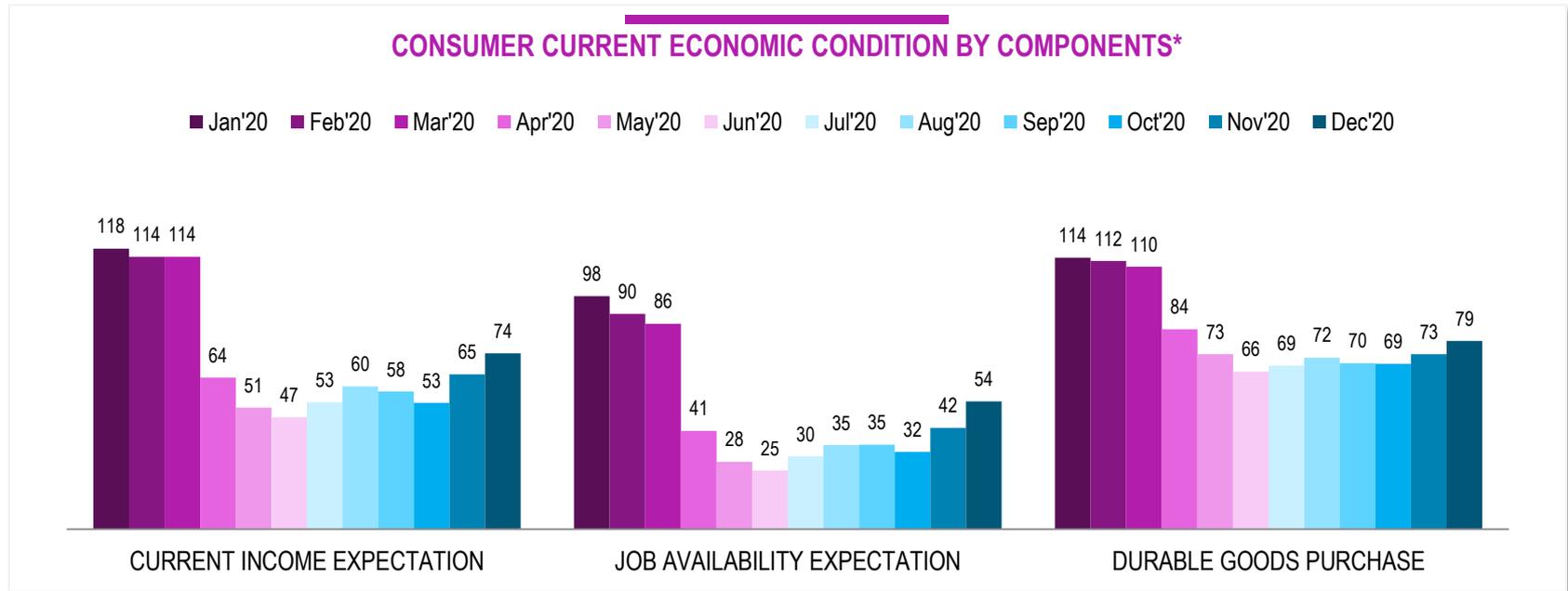
**DEC'20**

- CONFIDENCE ABOUT FUTURE CONDITION: 124
- CONSUMER CONFIDENCE: 97
- CONFIDENCE ABOUT CURRENT ECONOMIC CONDITION: 67

CCI - CONSUMER CONFIDENCE INDEX  
 CECI - CONSUMER ECONOMIC CONDITION INDEX  
 CEI - CONSUMER FUTURE EXPECTATION INDEX

# CONSUMER'S INCOME AND JOB PROSPECT ALSO SLOWLY REBOUND

Especially in November and December 2020. However, job prospect is still considerably low (<60%) compared to the pre-pandemic level.



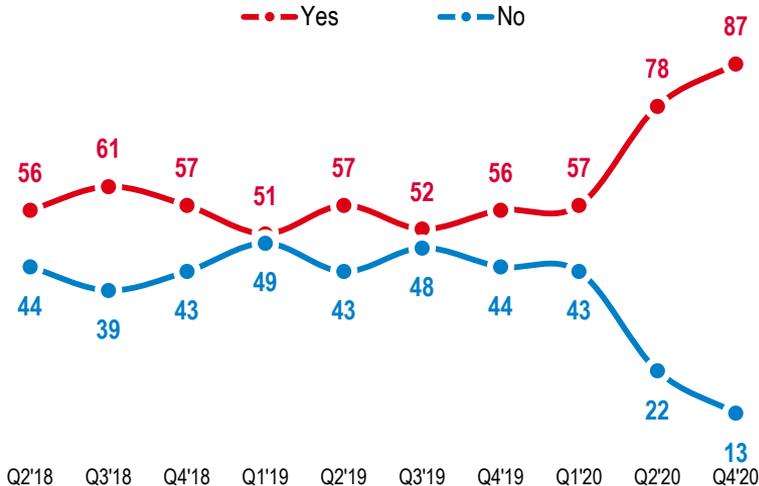
\*) Consumer Current Economic Condition compared to 6 Months Ago.

Source: Bank Indonesia

# THOUGH WORRY ON ECONOMY AND RECESSION IS STILL THERE

Apart from Economy and Health, concern on Job Security is also getting higher

## TREND OF RECESSIONARY SENTIMENT



Q : Do you think your country is in an economic recession at the moment?

## TOP 5 MAJOR CONCERNS AMONG CONSUMER

	Q4 19	Q2 20	Q4 20
THE ECONOMY	34%	56%	53%
HEALTH	14%	29%	28%
WORK LIFE BALANCE	21%	24%	24%
JOB SECURITY	9%	10%	12% ▲
POLITICAL STABILITY	13%	6%	11%

Q : What are the top 5 major concerns among consumer ?

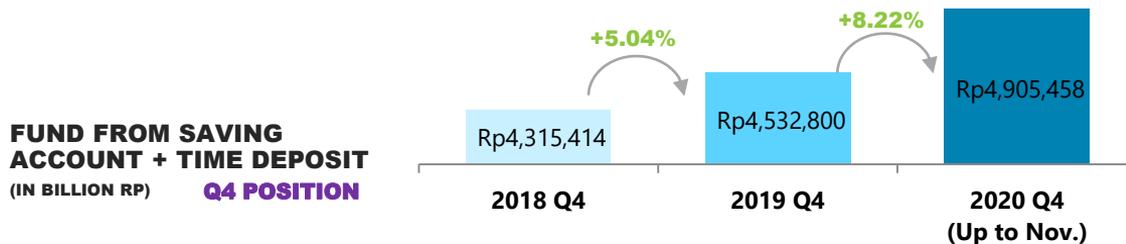
## PURCHASE INTENTION IS CONTINUOUSLY RECOVERING FOR MOST OF THE SECTORS

Fashion sector recovery movement is slower than others and no spare cash statement still remain slightly higher than its used to

	Q4'9	Q2'20	Q4'20
Putting into savings	64%	55%	64%
Investing in shares of stocks / mutual funds	46%	30%	36%
Holidays / vacations	42%	18%	31%
Home improvements / decorating	25%	17%	27%
New technology product	26%	17%	23%
Out-of-home entertainment	25%	13%	23%
Paying medical insurance premiums	23%	20%	22%
Paying off debts / loans / credit cards	22%	18%	20%
New clothes	26%	12%	20%
Retirement fund	18%	12%	14%
Have no spare cash	4%	7%	7%

# SAVING ACCOUNT TREND IN THE BANK REMAINS STRONG

Saving and investment fund (the sum of saving account and time deposit) has a more significant increase in Nov Q4 position when compared with the previous Q4 YoY.



## SAVING ACCOUNT

**% CUSTOMER 17+**



## TIME DEPOSIT

**% CUSTOMER 17+**

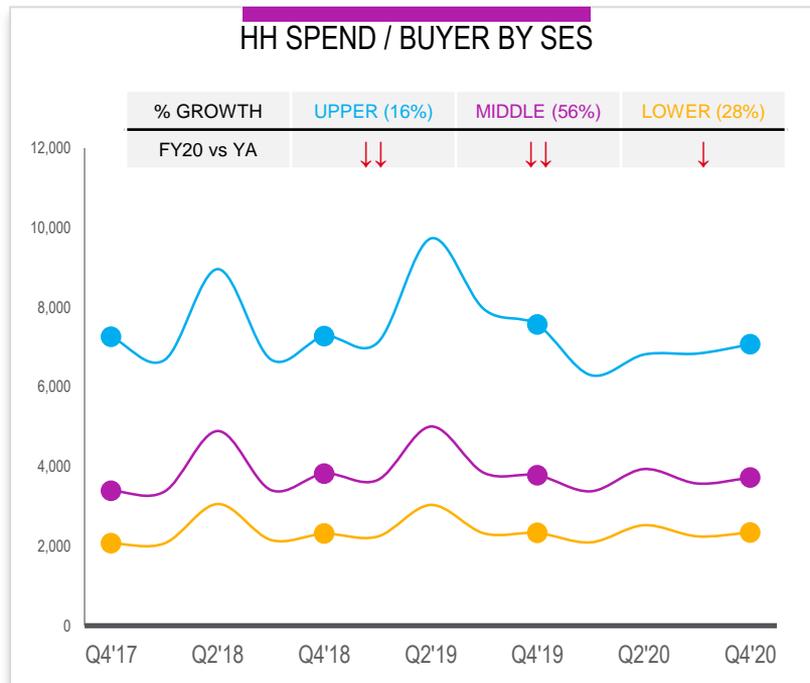
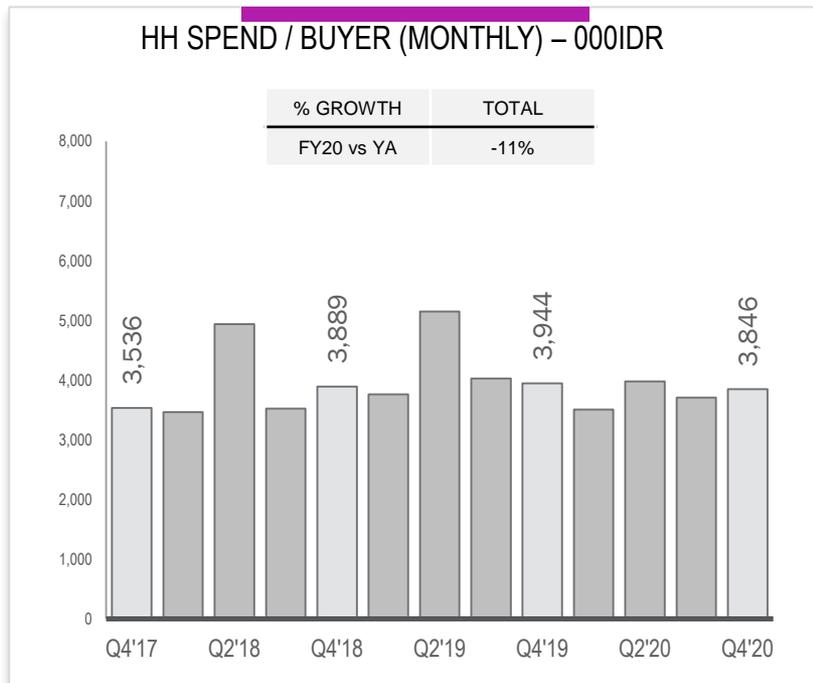


% OF SEGMENT WHO HAVE SAVING ACC	2018		2019		2020	
	UPPER	MIDDLE	UPPER	MIDDLE	UPPER	MIDDLE
UPPER 1	30	58	27	58	23	55
UPPER 2	28		31		32	
MIDDLE 1	28		28		29	
MIDDLE 2	9		10		13	
LOWER	4		3		3	

% OF SEGMENT WHO HAVE TIME DEPOSIT	2018		2019		2020	
	UPPER	MIDDLE	UPPER	MIDDLE	UPPER	MIDDLE
UPPER 1	61	84	66	87	46	81
UPPER 2	23		21		35	
MIDDLE 1	13		12		13	
MIDDLE 2	4		1		5	
LOWER	0		0		1	

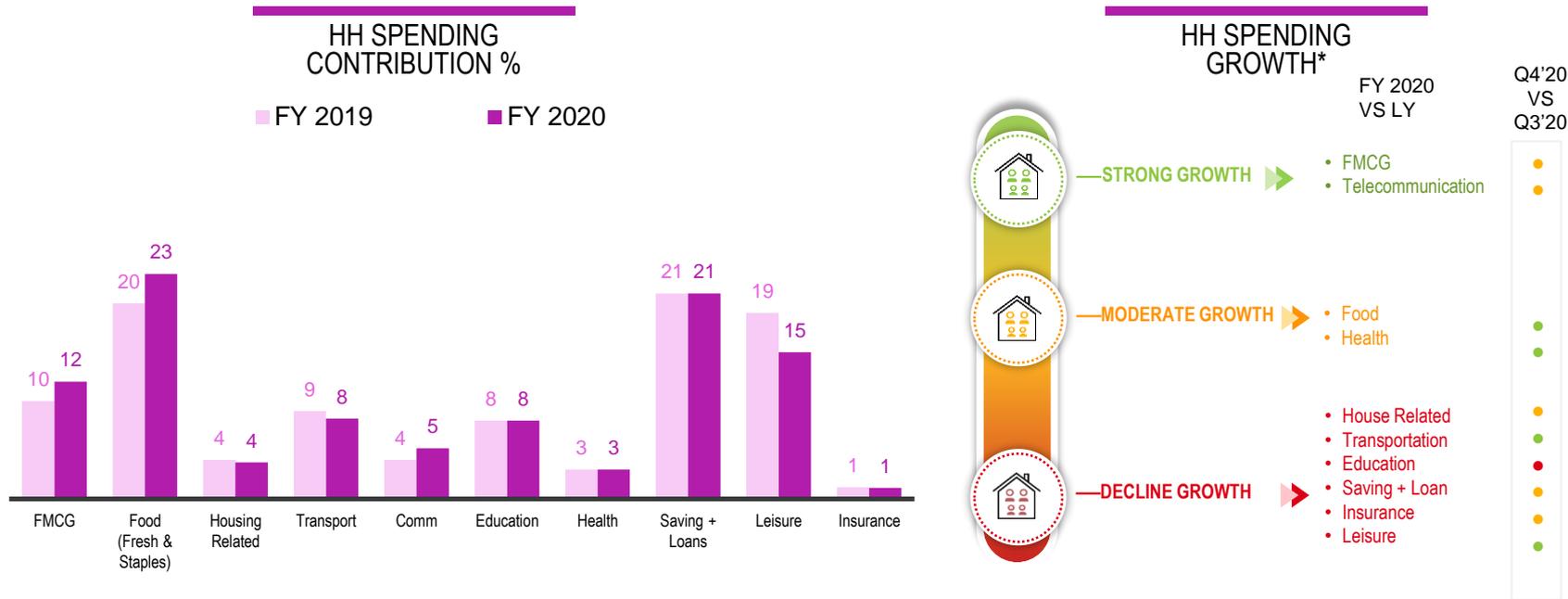
# AS FOR SPENDING, HOUSEHOLD HAVE STARTED TO SLOWLY PICK UP IN RECENT QUARTERS

Though still not compensate the huge drop happening in early Pandemic which resulted a decline for FY 2020 vs LY



# BASIC NECESSITIES SUCH AS FMCG, TELCO AND FRESH FOOD ARE BECOMING MORE IMPORTANT FOR HOUSEHOLD THIS YEAR

With the Holiday Season in Q4, HH seems to increase their Leisure, Transportation & Health spending as well



Source: Nielsen CPS Data – Additional Spending +78 FMCG Homepanel – FY 2020 vs LY

## IN-HOME , DIFFERENT HOUSEHOLD ADJUSTED DIFFERENTLY DURING THE PANDEMIC

- UPPER SES : As they have more cash, they able to stretch by spending more in each trip
- MIDDLE SES : Increasing basket size with the same shopping frequency but relatively stable in unit purchase
- LOWER SES : Reduce the shopping frequency and stock up for each trip but in total, there is no increase in unit

FMCG PURCHASE	UNIT PER HH	SPEND PER HH	WEIGHT PER TRIP	SPEND PER TRIP	SHOPPING TRIP
TOTAL PANEL GROWTH	2%	8%	10.5%	10%	-2%
UPPER (16%)	6%	11%	6%	12%	0%
MIDDLE (56%)	2%	7%	7.5%	7%	0%
LOWER (28%)	0%	6%	19%	12.5%	-6%
		4.0 AND ABOVE%	BETWEEN 4.0%	-4.0 AND BELOW	

Source: Nielsen CPS Data – FMCG only – FY 2020 vs LY

# PRIMARY SPENDING FOCUS IS STILL ON BASIC NECESSITY FOR ALL SES

Towards the end of year, BEAUTY category shows an improvement, driven by UPPER & MIDDLE SES.

VALUE GROWTH (FY 2020 vs LY)	UPPER CLASS (16%)		MIDDLE CLASS (56%)		LOWER CLASS (28%)	
		VOL = 6% VAL = 11%		VOL = 2% VAL = 7%		VOL = 0% VAL = 6%
<b>10% AND MORE</b>	COOKING AID, INSTANT FOOD, SNACK & CONFECTION, DAIRY, PHARMA		COOKING AID, PHARMA		COOKING AID	
<b>5%- 10%</b>	RTD, COFFEE+TEA, BASIC PC, HOMECARE		INSTANT FOOD, SNACK & CONFECTION, DAIRY, BASIC PC, HOMECARE		HOMECARE, DAIRY	
<b>2%- 5%</b>			COFFEE+TEA, RTD		INSTANT FOOD, BASIC PC, <b>RTD</b> , COFFEE+TEA, <b>PHARMA</b>	
<b>-2% - [+2%]</b>			<b>BEAUTY</b>		SNACK & CONFECTION, BEAUTY	
<b>[-2%] AND MORE</b>	<b>BEAUTY</b>					

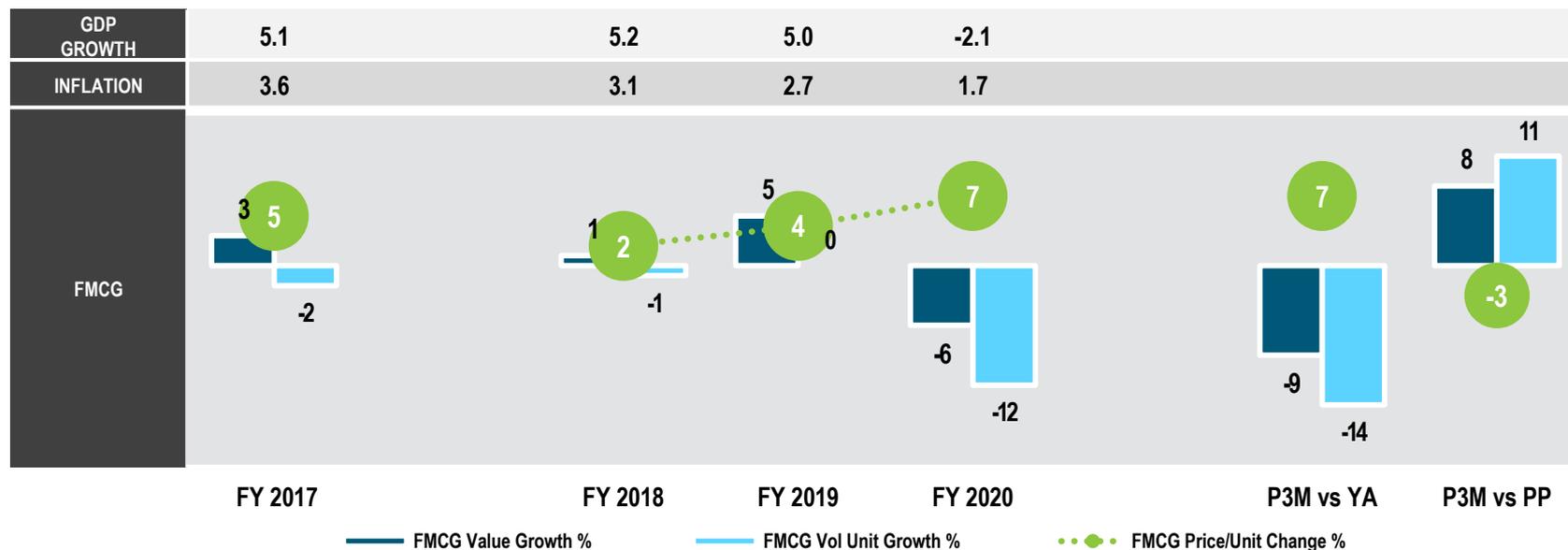
Note :

- Vol : AWOP unit growth, Val : Spend/buyer growth
- **GREEN BOLD** : better growth Q4'20 vs PP

Source: Nielsen CPS Data – FMCG only – FY 2020 vs LY

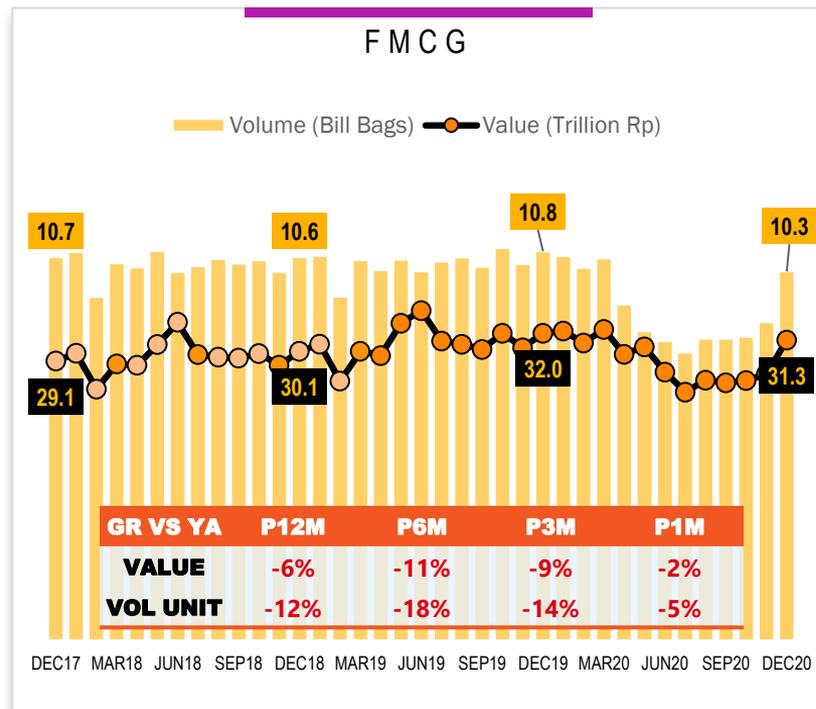
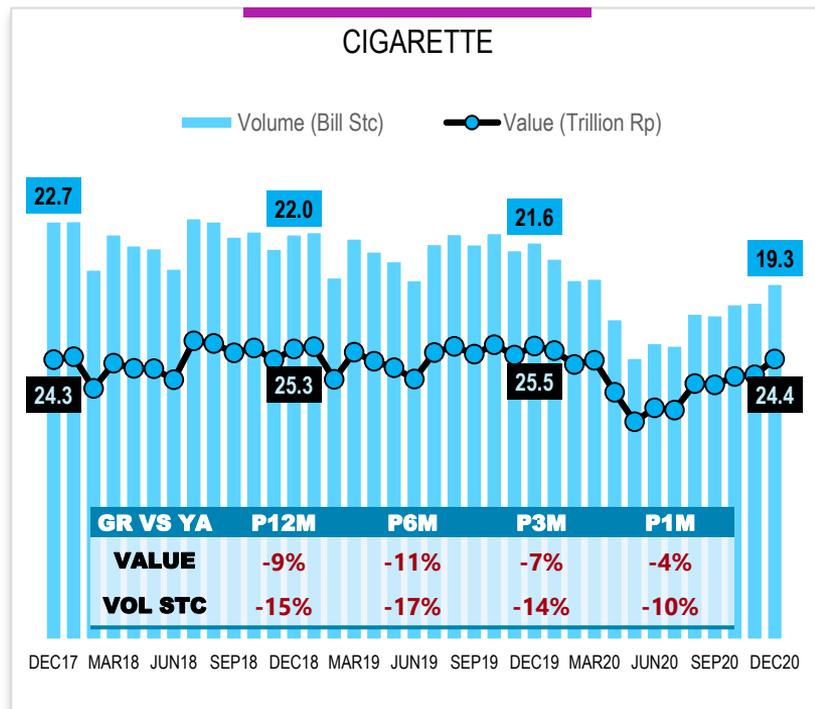
# RETAIL SALES SHOWS THAT FMCG GROWTH STARTS TO RECOVER POST QUARANTINE LIVING

VALUE, VOLUME GROWTH  
& PRICE/UNIT % CHANGE | TOP 68 FMCG CATEGORIES



# BOTH FMCG & CIGARETTE ARE IN A RECOVERY PERIOD

After dropped significantly in Q2'20, both Cigarettes and FMCG are start to increasing in the past 6 months.



## RECOVERY TREND IS SEEN ACROSS CATEGORIES

All super categories are growing in the Q4'20 from the previous quarter, though still lower than last year's level.

Data ending DEC20

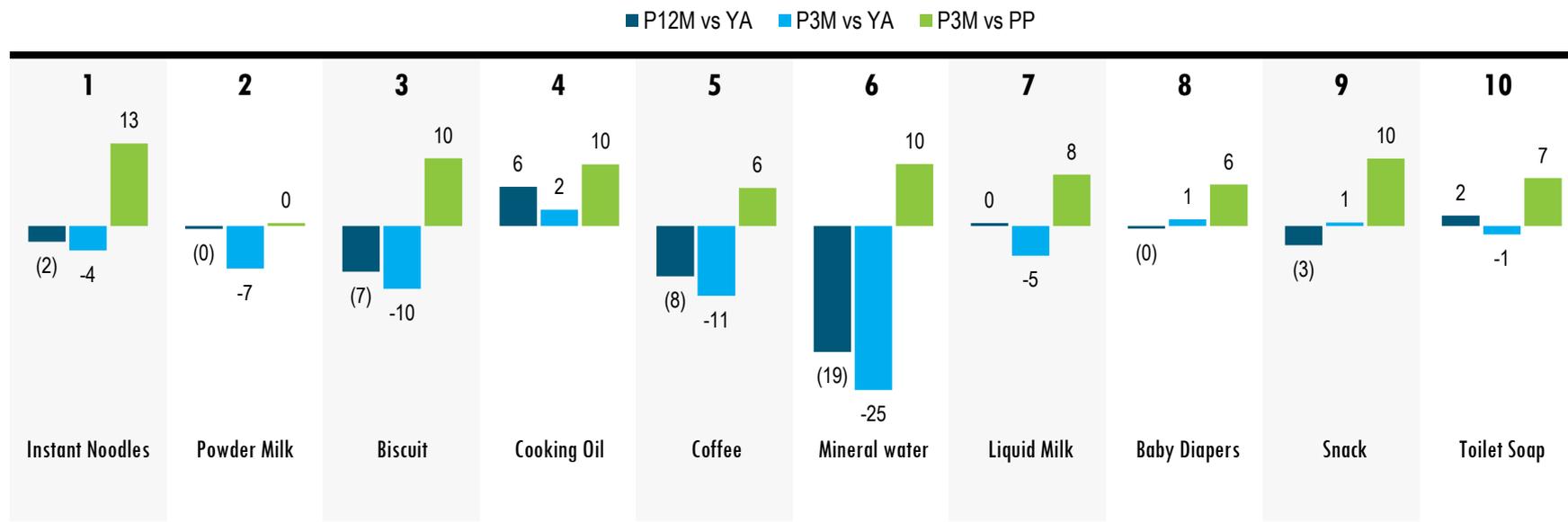
### RETAIL SALES VALUE GROWTH

	Vs YA		Vs PP		Vs YA		Vs PP
	P12M	P3M	P3M		P12M	P3M	P3M
<b>FMCG</b>			<b>8%</b>	<b>FMCG</b>			<b>8%</b>
FOOD (33%)	-3%	-4%	10%	COOKING AID (10%)	4%	3%	9%
				INSTANT FOOD (10%)	-3%	-5%	12%
				SNACK + CONFECTIONERIES (13%)	-7%	-8%	10%
BEVERAGES (34%)	-9%	-14%	6%	DAIRY (14%)	-1%	-7%	3%
				COFFEE + TEA (7%)	-8%	-12%	7%
				RTD (13%)	-17%	-22%	8%
PERSONAL CARE (20%)	-8%	-10%	8%	BEAUTY (9%)	-14%	-16%	8%
				BASIC PC (10%)	-2%	-3%	7%
HEMPCARE (10%)	-1%	-5%	6%	HEMPCARE (10%)	-1%	-5%	6%
PHARMA (3%)	-5%	-8%	16%	PHARMA (3%)	-5%	-8%	16%

## TOP 10 CATEGORIES : MOST TOP 10 CATEGORIES HAVE A RECOVERY TREND IN Q4'20

Including Biscuit, Coffee, and Mineral Water that were declining deep during pandemic

INDONESIA TOTAL | TOP 1—10 CATEGORIES | VALUE GROWTH | ENDING DEC20

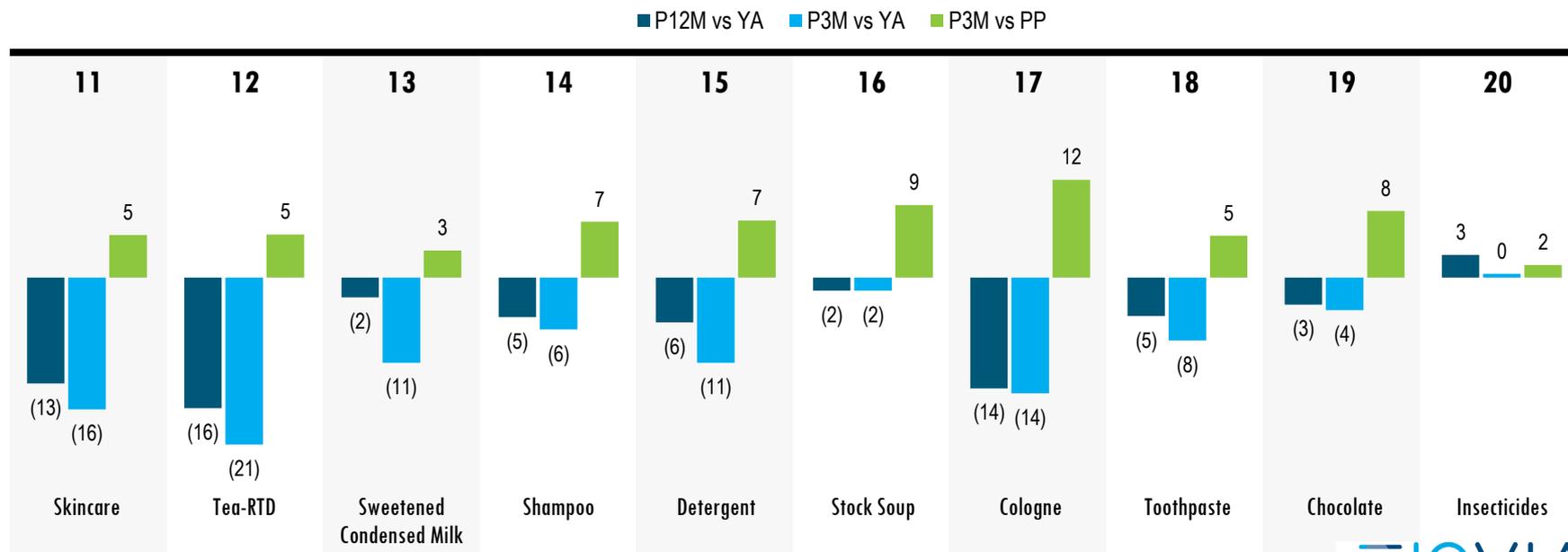


# NEXT 11-20 CATEGORIES :

## ANOTHER 10 CATEGORIES ARE ALSO GROWING IN THE LAST QUARTER

Including Skincare, Tea-RTD, and Cologne that were also declining deep due to the pandemic.

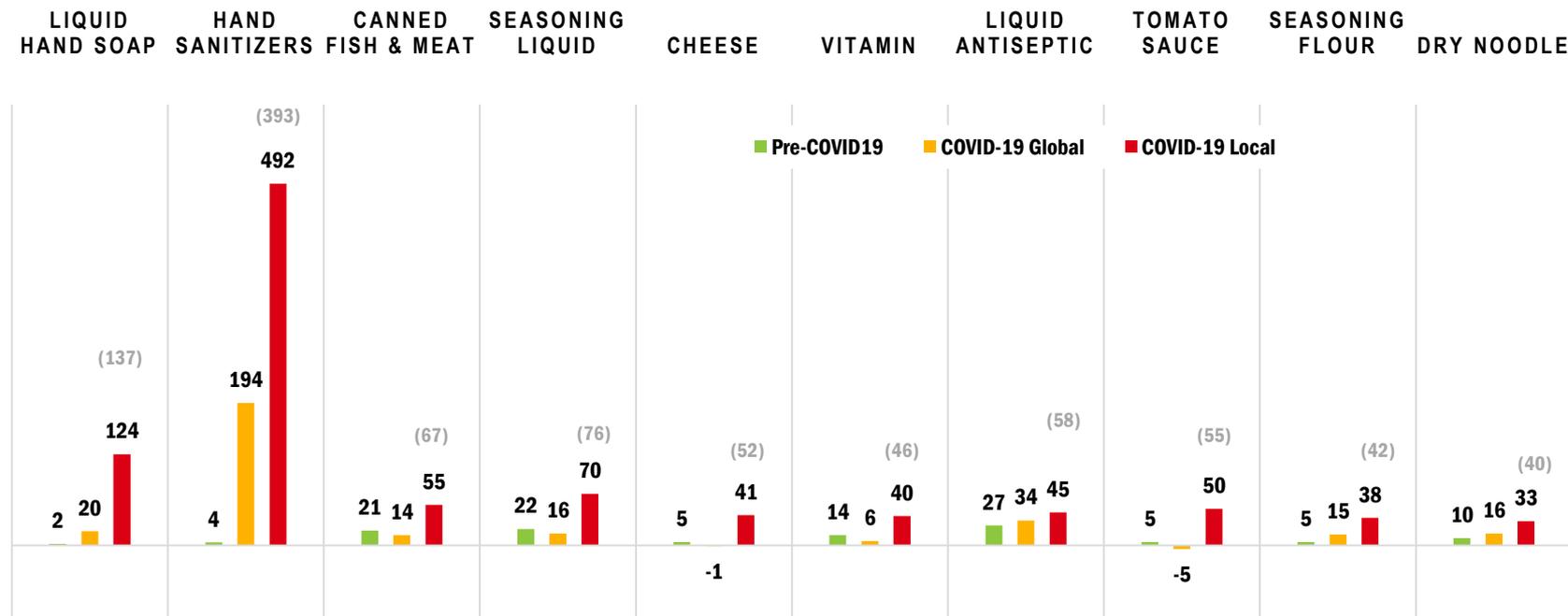
INDONESIA TOTAL | NEXT 11—20 CATEGORIES | VALUE GROWTH | ENDING DEC20



Source: Nielsen RMS Data

# COVID-RELATED CATEGORIES IS STILL SHOWING STRONG GROWTH ESPECIALLY HAND SANITIZER WHICH CONTINUE TO GROW FASTER VS LAST QUARTER

% Value Growth vs YA | Total Key Accounts | 10 Selected Categories with Biggest Growth Gap after COVID-19 Local



(%) = Previous wave COVID-19 Local (i.e. W1020 to W3720)

Pre-COVID 19 : 30 Dec 2019 – 19 Jan 2020 (W0120 – W0320)

Covid-10 Global : 20 Jan 2020 – 1 Mar 2020 (W0420 – W0920)

Covid-19 Local : 2 Mar 2020 – recent (W1020 – W5020)

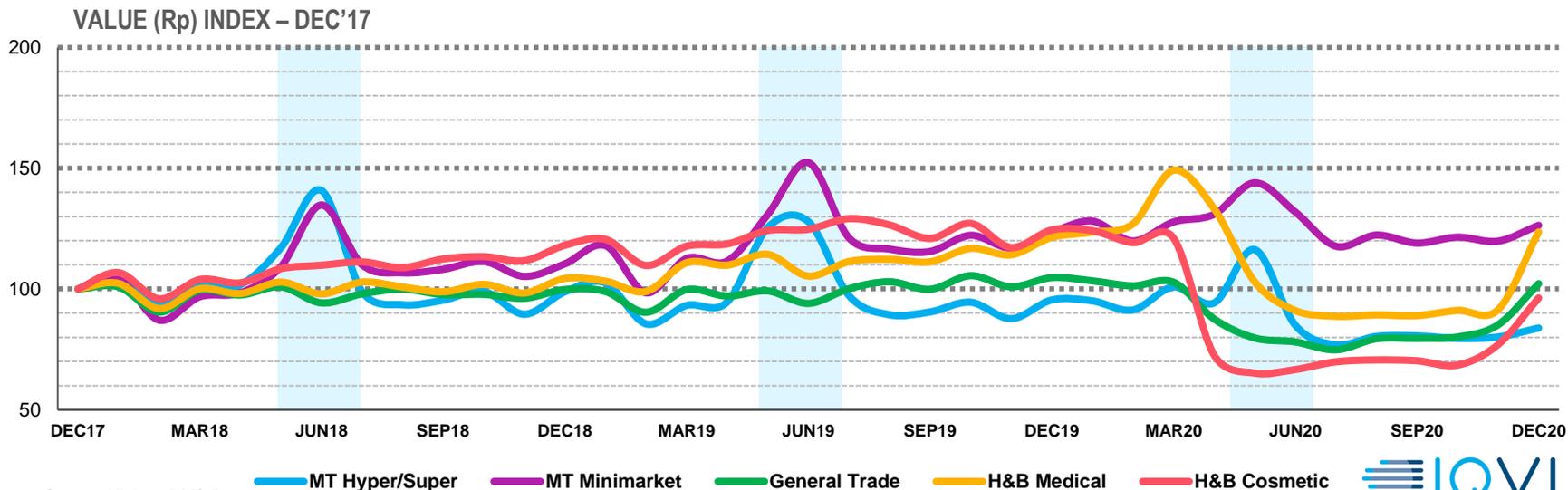
# CHANNEL PERFORMANCE

# WHILE MINIMARKET IS STILL ABLE TO GROW IN 2020, THE TRADITIONAL CHANNEL IS BOUNCING BACK

Minimarket manage to grow consistently in 2020, while GT, HBC and HBM channels are starting to recover in the end of 2020

Data ending DEC20

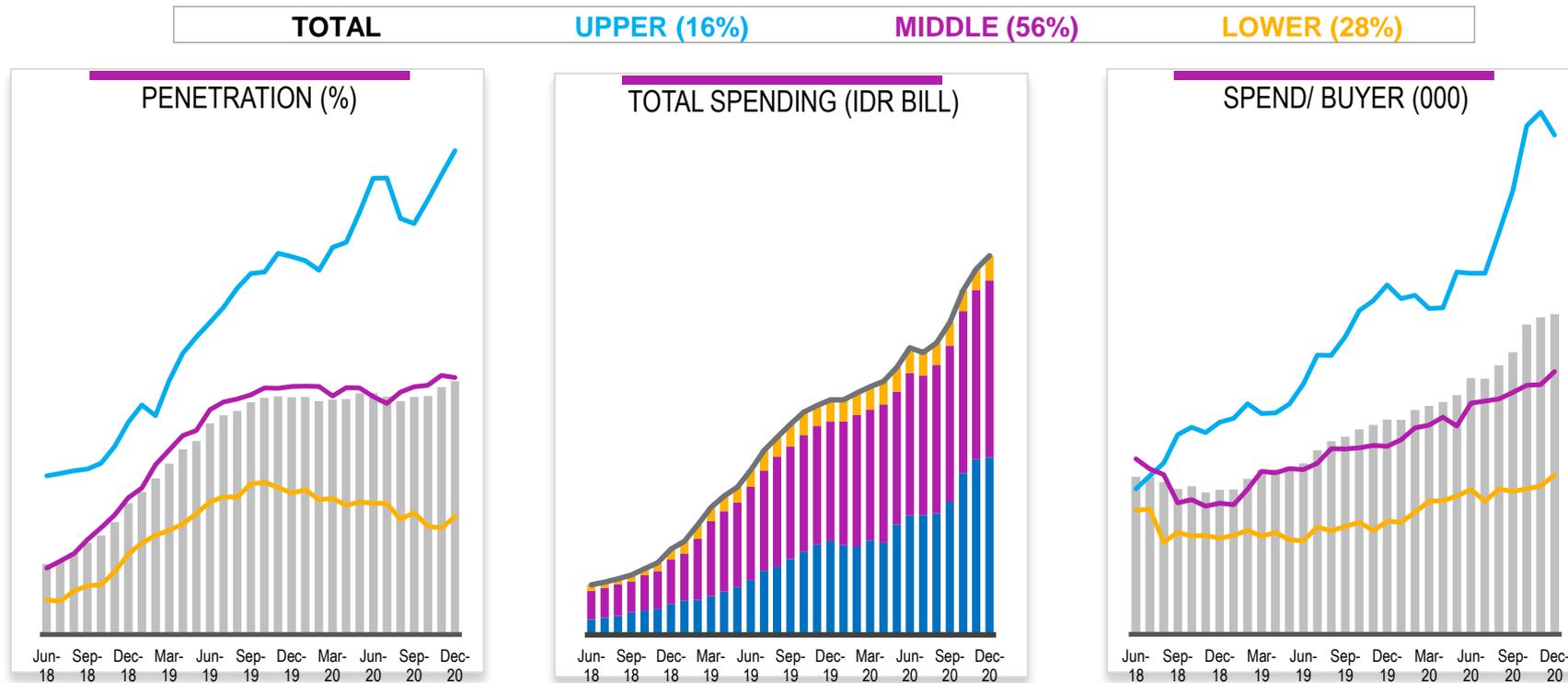
	(%CONT)	TOTAL	HSM (12%)	MM (40%)	GT (45%)	HBM (1%)	HBC (2%)
GROWTH %	P12M vs YA	-6	-10	5	-12	-2	-30
	P3M vs YA	-9	-12	1	-14	-13	-34
	P3M vs PP	8	2	2	14	15	15
STORE GRO (%)	W1'18 vs YA	0	-1	6	0	0	1



Source: Nielsen RMS Data

# E-COMMERCE : UPPER SES CONTINUES TO DRIVE THE GROWTH OF FMCG E-COMMERCE

Middle and lower class are also trying to participate to some extent, even though still very limited.



Source: Nielsen CPS Data

\*) Penetration & Spend/buyers and TMAT rolling data

## E-COMMERCE : INCREASING ROLE ACROSS CATEGORY

Household are shopping more frequent and adding one more category to their online FMCG purchase. Dairy and Personal Care categories are the growth driver this year with Shopee lead the FMCG E-Comm.

### FMCG – ECOMMERCE

	AVERAGE CATEGORY BOUGHT	SHOPPING TRIP GROWTH VS YA
TOTAL PANEL	3	**
UPPER	4	**
MIDDLE	3	**
LOWER	2	**



### TOP 5 FMCG ECOMMERCE GROWTH CONTRIBUTOR

POWDER MILK

SKINCARE

BABY DIAPERS

TOILET SOAP

SHAMPOO

### TOP 5 FMCG ECOMMERCE BANNER CONTRIBUTION



*\*Based on spend contribution*

# E-COMMERCE MARKET IS STILL EXPANDING AND GROWS HEALTHILY

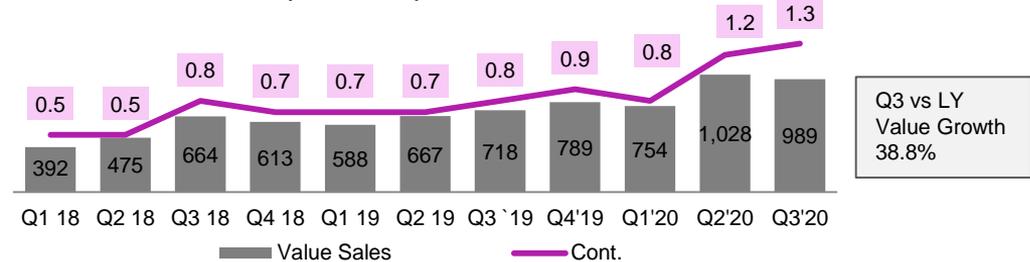
## NIelsen FMCG E-COMMERCE SALES MEASUREMENT FROM COOPERATING PARTNER



Source : Nielsen E-commerce Measurement

## WITH SIGNIFICANT GROWTH, ECOMMERCE CONTRIBUTION FOR COSMETICS & SKINCARE ALREADY > 5%

### E-Commerce Value Size (Billion IDR)



### Contribution of Top FMCG Ecommerce Categories to total FMCG Offline + Online (55 Cat FMCG + Cosmetics)

≥ 5%	≤ 3%	≤ 2%
Cosmetics	Hair Conditioning	Vitamin
Soy Sauce	Dishwashing Liquid	Toilet Soap
Skincare	Battery	Sweetened Condensed Milk
Toothpaste	Liquid ilk	Cologne

### Top Categories – Q3'20

Top 5
Skincare
Liquid Milk
Powder Milk
Toothpaste
Baby Diapers

## OTHER JAVA HAS A FASTER RECOVERY TREND IN Q4'20

While Jakarta Gr and Banusra are moving up slower. Most of Sumatra and Other Islands regions are still growing consistently along 2020.

VALUE AREA CONTRIBUTION, VALUE GROWTH | P12M (2020), P3M (Oct-Dec'20)

INDONESIA\* FMCG

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### SUMATRA

P12M vs YA	15.9	1
P3M vs YA	16.4	4
P3M vs PP	16.4	4

### KALIMANTAN

P12M vs YA	5.7	4
P3M vs YA	6.0	6
P3M vs PP	6.0	7

### EAST INDONESIA

P12M vs YA	1.7	-5
P3M vs YA	1.7	-11
P3M vs PP	1.7	9

### SULAWESI

P12M vs YA	6.1	5
P3M vs YA	6.6	3
P3M vs PP	6.6	10

### JAKARTA GR

P12M vs YA	19.9	-8
P3M vs YA	19.3	-14
P3M vs PP	19.3	6

### OTHER JAVA

P12M vs YA	46.2	-9
P3M vs YA	45.6	-13
P3M vs PP	45.6	10

### BANUSRA

P12M vs YA	4.5	-8
P3M vs YA	4.4	-17
P3M vs PP	4.4	5

\*) Include East Indonesia for FY 2020

# SECONDARY CITIES AND RURAL AREAS RECOVER FASTER THAN MAJOR CITIES

VALUE AREA CONTRIBUTION, VALUE GROWTH | FY 2020

INDONESIA\* FMCG

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## RURAL

P12M vs YA	11.6	-3%
P3M vs YA	12.4	-4%
P3M vs PP	12.4	15%

## OTHER CITIES

P12M vs YA	52.0	-5%
P3M vs YA	52.1	-7%
P3M vs PP	52.1	8%

## MAJOR CITIES

P12M vs YA	36.3	-8%
P3M vs YA	35.5	-13%
P3M vs PP	35.5	6%

\*) Include East Indonesia for FY 2020

**Major Cities:** Jakarta Gr, Bandung Gr, Semarang Gr, Yogyakarta Gr, Surabaya Gr, Medan, Makassar Gr. **Other Cities:** Urban except Major Cities

# EARLY SIGN OF RECOVERY TREND



## WHAT THEY HAVE IN MIND

**DESPITE THE CONCERN OF PANDEMIC SITUATION REMAINS HIGH, CONSUMER ARE SHOWING A RECOVERY CONDITION IN BOTH CONFIDENCE AND SPENDING INTENTION**

The economy impact due to pandemic still compress the overall economy growth, however :

- The GDP Growth is start to recover
- Consumer confidence is also recovering across all sector

This situation translates to a recovery spending intention across all sectors. Intention to save money remains as the highest while Fashion's recovery trend is slower than others.



## HOW THEY SPEND

**OVERALL SPENDING IS STILL LOWER THAN LAST YEAR, HOWEVER WE HAVE OBSERVED SPENDING RECOVERY ACROSS CATEGORIES SINCE Q3**

While in-home consumption are still shows positive growth, different consumer demographic are adjusted differently during the pandemic :

- **UPPER SES** seems to be able to cope with the situation better. They are still able to **increase spending** across categories and take advantage from digital platform (e-commerce, online delivery, etc)
- **MIDDLE SES** is trying to maintain their price/unit spending by looking for **better deal** in order to be able to adjust with the situation (buying additional needs)
- but **LOWER SES** still need to **make sacrifices** and focus on **HEALTH** and **BASIC NECESSITY** categories.

Overall Retail Sales confirmed on the recovery trend since Q3 and this has been observed as well in beauty and RTD categories which previously impacted badly during pandemic.



## WHICH CHANNEL AND WHERE

**TRADITIONAL CHANNELS ARE STARTING TO RECOVER, AND ECOMMERCE FMCG IS CONTINUOUSLY GROWING - SMALL CITIES SEEMS TO RECOVER FASTER**

As the consumer activity has been slowly back to normal, traditional channel such as traditional outlet, medical outlet and also cosmetic outlets has been showing a recovery trend as well.

We observed e-commerce is still consistently growing but it is mostly driven by UPPPER SES. MIDDLE and LOWER SES accessibility for e-commerce is still limited.

Specifically on the recovery trend, seems like this is happen much faster in small cities including rural area rather than major cities

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