



# Indonesia FMCG Outlook 2023

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# Rationalisation in spending

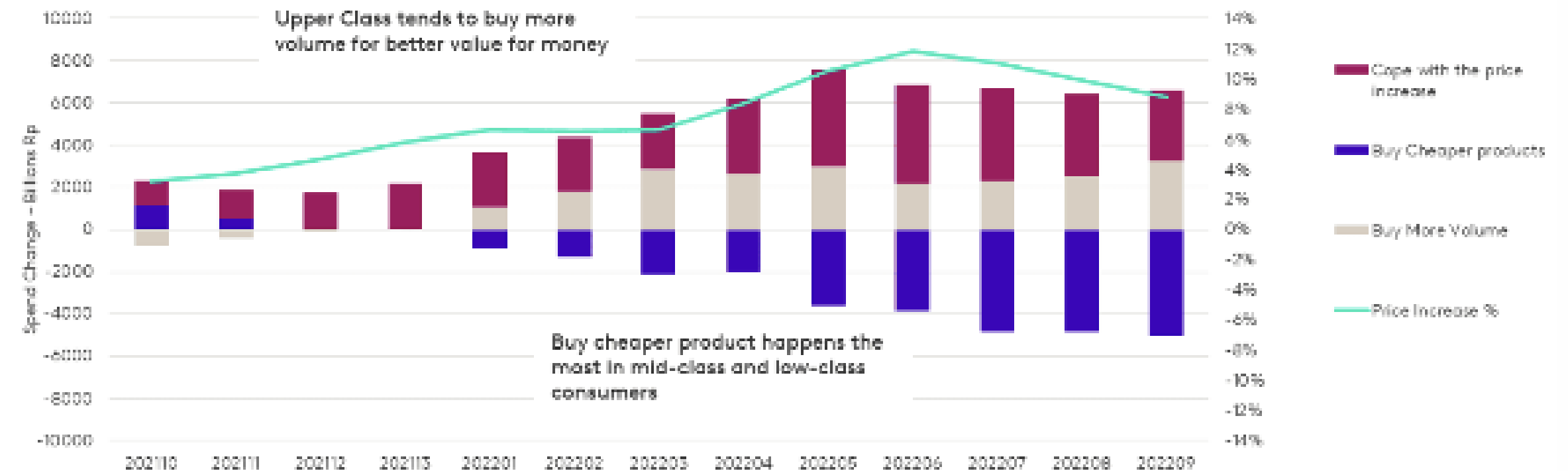
Changing behavior in the face of inflation

With inflation climbing to its highest level in the past six or seven years, consumer confidence has recently taken a dip. As a result of this inflationary pressure, households are focusing more on necessities like transportation, utilities, and education, and holding back on spending non-essentials, such as durable goods.

Over time, shoppers have been able to absorb the price increases, but are responding by reducing the size of their basket and buying cheaper products. With more disposable income, upper-class consumers are coping with price increases by buying in volume, such as bigger packs that provide value for money. While middle and lower-class consumers opt for cheaper brands to cope with the pressure of inflation.

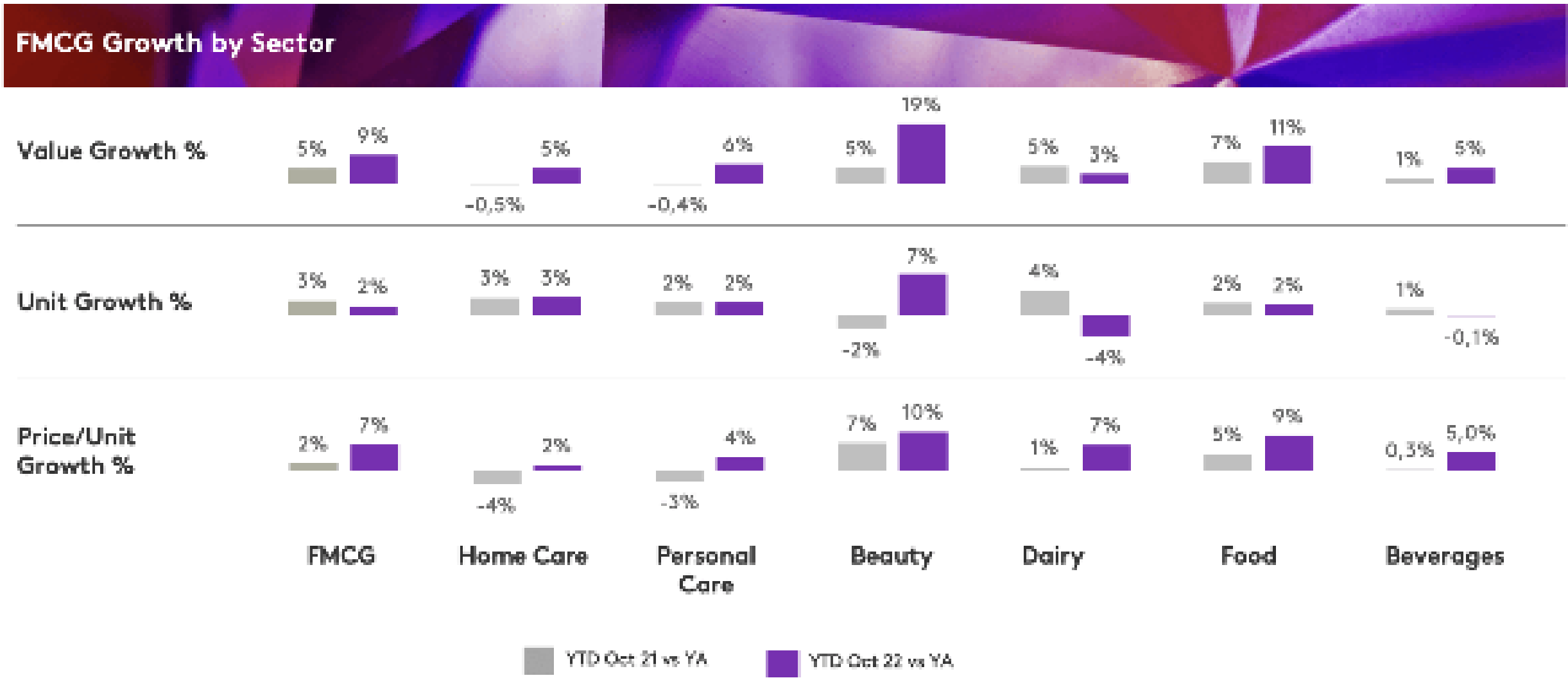
With an average price index (API) of 80-90, some affordable brands are managing to gain penetration and a high repeat rate above 60% by delivering efficacy at the right price. As a result, they are a good alternative for downtrading.

Shoppers' reaction to changes in price in FMCG



Around one third of FMCG categories have had significant price increases above total FMCG inflation of 7%. Higher prices are mainly in food categories, which can be a challenge as these are often essential purchases.

Food brands may need to adjust their strategy to win shoppers and provide more affordable options. The beauty sector, however, is still able to grow despite price increases, indicating that premiumisation might work to help drive growth and attract shoppers.



# Changing consumer preferences

Rationalising spending drives changes in consumer preferences. With different spending profiles, it becomes more important to understand what motivates shoppers and their changing behaviours. As lower-class consumers are more likely to drop some categories from their basket, it means fewer categories can grow within this cohort.

Across the region, Java remains the backbone with the biggest population. But in other regions that are growing quickly there are opportunities to attract shoppers and optimise pockets of growth. Secondary cities and rural areas can increase FMCG spending by 8% compared to the main cities (5%), providing low-hanging opportunities for brands and manufacturers to win shoppers.

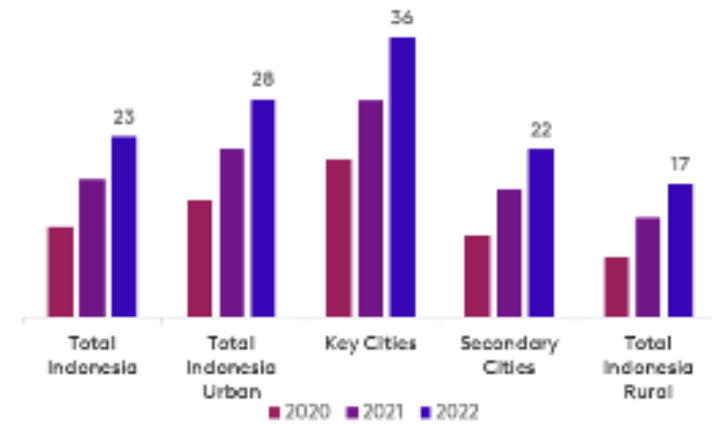


Consumers are also changing where they shop. With the growth in digital commerce adoption, shoppers are becoming more omnichannel in their purchasing behaviour with different shopping missions across offline and online channels. Minimarkets continue to expand outside of Java, while specialty stores have become the go-to for some categories, with growth in rural areas almost double that of the main cities.

## Value Growth % by Channel | YTD Oct 22 vs YA

	Key Cities	Secondary Cities	Rural
Total Trade	7%	8%	11%
Hyper/Super Market	-5%	7%	0%
Minimarket	1%	6%	15%
General Trade	8%	8%	10%
Specialty Store	6%	5%	11%
Digital Commerce	65%	95%	67%

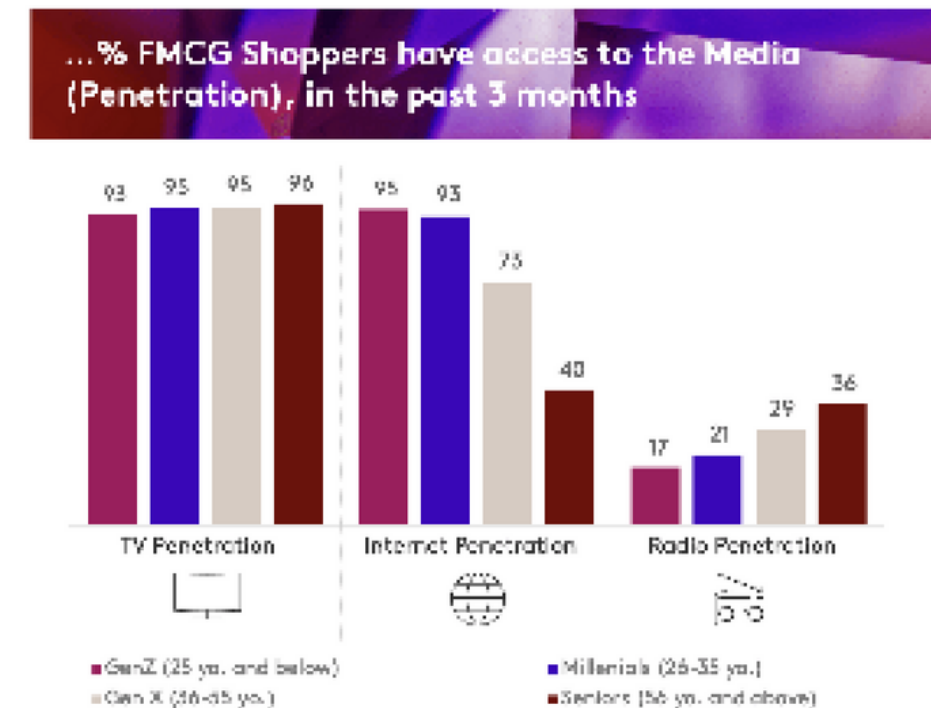
## Digital Commerce Penetration % | MAT Oct



Digital commerce on the other hand, is more important in the main and secondary cities, as well as in rural areas. As shopping behaviours continue to change, retailers and manufacturers will need a seamless road-to-market strategy between offline stores and digital commerce.

# Leverage relevant touchpoints

As digital adoption grows, brands will need to cut through the online noise in their digital marketing activities. Brands need to stand out online and communicate in a meaningful way with shoppers to create better engagement. By doing this they can optimise the different touchpoints to engage with different profiles of shoppers.



In Indonesia, TV remains a popular and important touchpoint for building awareness and mass communication. If the brand's core buyers are adult shoppers (36+yo), a digital-first approach might be less important than it is for younger shoppers where the use of digital media will be more effective. Understanding media habits across different generations allows brands to create the right media strategy for the right shopper.

In terms of social media, Facebook is the most used platform across different generations of FMCG shoppers. Younger people - GenZ and Millennials - prefer Instagram and TikTok, while older shoppers prefer more informative media like Youtube and Google Search.

## Media penetration (%) based on daily usage by FMCG Shoppers age

Most Frequent ← → Less Frequent

### GenZ (25 yo. and below)



### Millennials (26-35 yo.)



### Gen X (36-55 yo.)



### Seniors (56 yo. and above)



"The preference may also vary across different FMCG category shoppers"

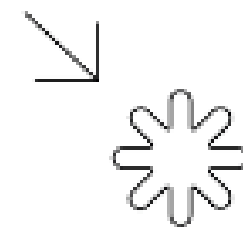
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# FMCG growth outlook for 2023

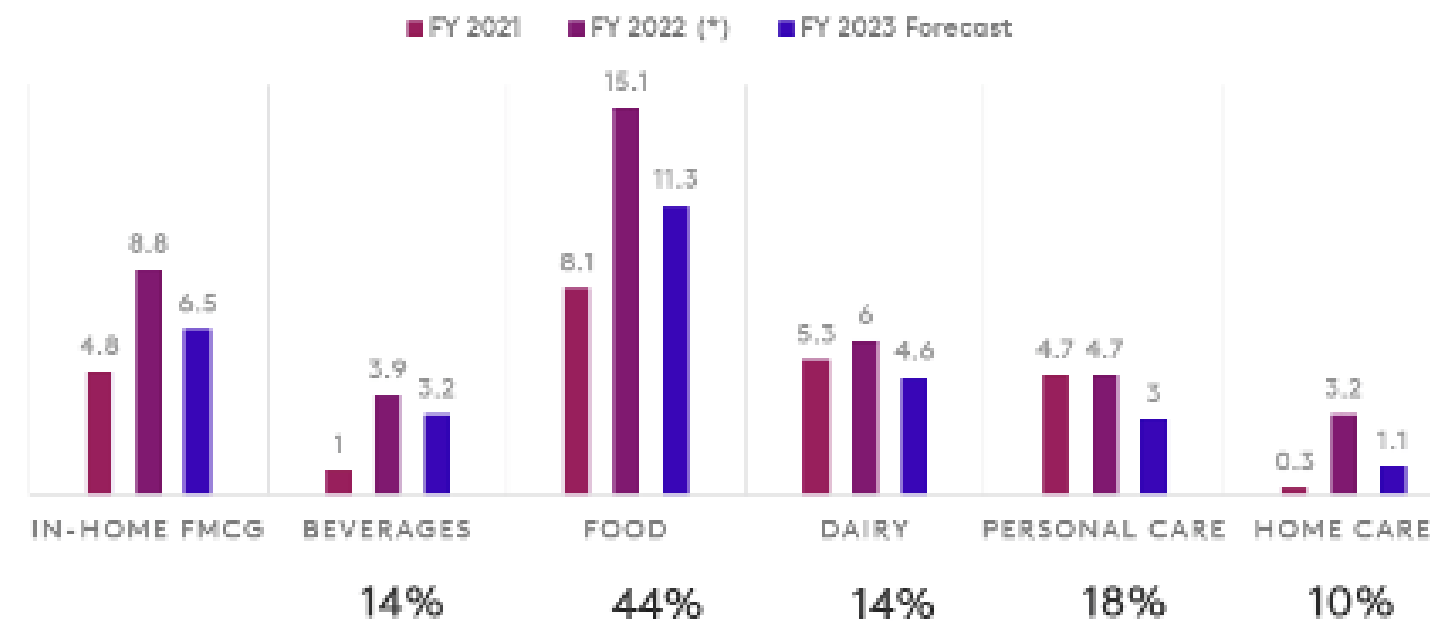
Currently, the global macroeconomic climate has had limited impact on Indonesia, but this may change in the year ahead. Given the change in shopping preferences and behaviours, FMCG growth in the whole of 2023 is predicted to be lower than the previous year at 6.5%. Slower growth is expected across

FMCG, including food as the main sector. But with better macroeconomic conditions, there could be a more positive outlook.

## Value Growth %



Sector value contribution



The forecast is made based on several assumptions on a status quo scenario

# What should be the strategy for 2023?

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## #1 Price expectation

With limited cash outlay, shoppers are being forced to rationalise their purchases. Make sure products are at the right price and good quality to compete in the consumer's basket

## #2 Deaggregate

Look beyond Java. Outer Java has more potential with higher population growth and FMCG spending

As digitalisation continues to accelerate, secondary cities and rural areas are gradually catching up

## #3 Channel accessibility

Post-pandemic, availability in proximity channels is a must for a smooth recovery

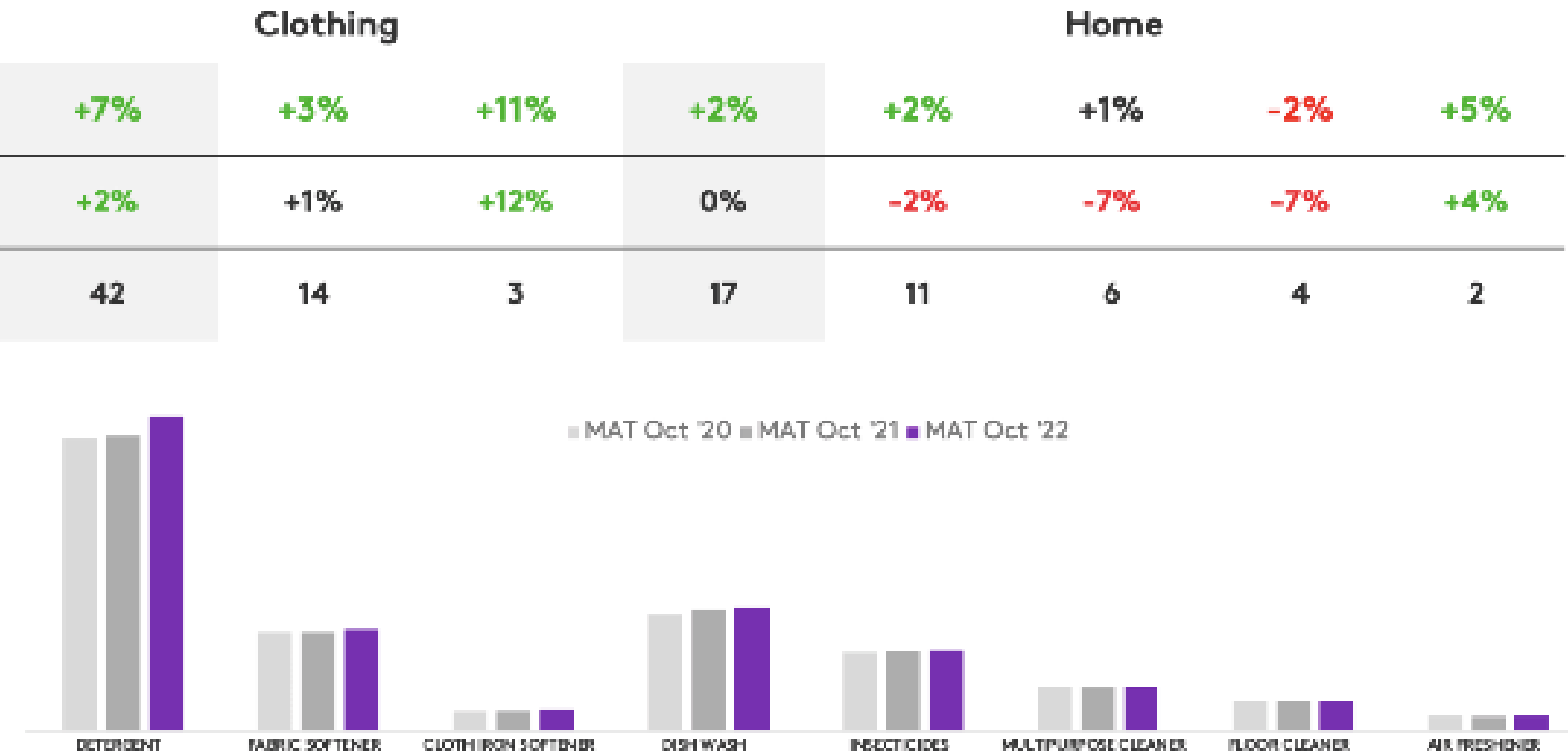
Build a seamless omnichannel strategy as buyers are used to a hybrid lifestyle, especially for categories with high availability in digital commerce

## #4 Understand media habits

With the acceleration of digital, it is essential to understand shoppers' media habits and the different media to engage with the right shoppers' profiles

# Back to basics in Home Care

Home care and general care rationalising for better value



After a stable performance last year, consumer spending on Home Care has increased by 4% due to inflationary pressures. Necessities categories such as Detergent and Dishwash are the ones that stabilized while smaller categories are challenged as shoppers save up for the essentials.



# Key winnings for brands in Home Care categories:

## 1. Winning share of wallet across demographic groups

During challenging economic times, justifying your brand's value to consumers is crucial as they are re-prioritise the needs for home care and focus on the essentials for across social economic class. Focusing on core variants while delivering better value for money is still important to win in this sector as the growth not just seen on the new product development only, but also in existing products, especially for core variants in both the affordable and premium brands.

## 2. Optimise price-pack strategy in specific channels and regions

As proximity channels are still the

most important in Indonesia, it is important to identify the right price and pack size for consumers. In addition to channel, it is also important to pinpoint the winning strategies across regions as consumers have different preferences when it comes to price and pack size. Shoppers in Java, for example, are spending less on dishwasher products than those who live outside Java, so brands need to create different pricing strategies to match shoppers' expectations.

### Dishwash

	Total ID	Java Islands	Non Java
Avg Spend per Trip TY (IDR)	6,000	5,500	7,000

## FOOD FOR THOUGHTS

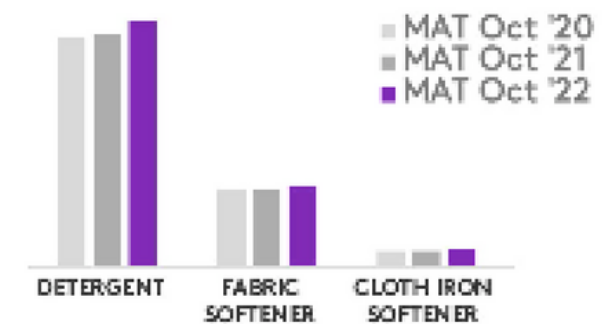
Let's play pretend: your brand is entering Bali for the first time through minimarket, which packsize will be your priority and how much will you price it?

## 3. Work on extended functions innovation

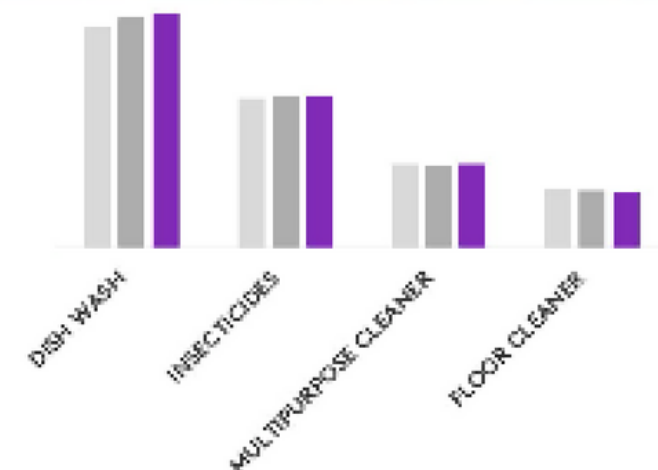
Consumers immediate response to the changing economic situation has been to re-prioritise spending in Home Care, and focus on the essentials. Although, brands still can leverage to innovate on the unique and value-added benefits to help customers justify the product value. As it seen from well-accepted innovation from the leading Detergent and Dishwash brands who are innovating with dual

functionality in their products, attracting up to 6 million new buyers this year. To win share of wallet, brands can focus on these categories while delivering relevant NPD.




### Absolute Value - Clothing (IDR)



### Absolute Value - Home (IDR)



## Buyers Behaviour by SES

	 <b>26%</b> <b>36%</b> Of HHs of Spend <b>UPPER CLASS</b>	 <b>40%</b> <b>39%</b> Of HHs of Spend <b>MIDDLE CLASS</b>	 <b>34%</b> <b>25%</b> Of HHs of Spend <b>LOWER CLASS</b>
PRICE PER VOLUME (LTR) GROWTH %	▲ +7%	▲ +4%	▲ +6%
SPEND PER BUYER GROWTH %	▲ +2%	▲ +3%	— 0%
VOLUME PER BUYER GROWTH%	▼ -4%	— -1%	▼ -6%
FREQUENCY GROWTH%	▼ -3%	▼ -2%	▼ -4%
#CATS THAT ARE ABLE TO GROWING SPEND/ BUYER (out of 12)	3 → 8	6 → 6	10 → 4

\*growing spend/ buyer : growth >=3%

▲ = >1 — -1< or >1 ▼ = <-1

Consumers are managing rising prices by buying less in volume and shopping less often and it happens across social economic class with upper and middle-class consumers are not cutting back as much as lower-class consumers.

Across regions, they are allocating more budget to Home Care

purchases compared to last year as the price increase, especially in Sumatra and Outer Islands. However, both regions still managed to have stable volume growth.

But while this this sector is in growth, brands must not get complacent and now is not the

time to generalise. Each demographic is responding differently to the economic situation, so demands different approaches from brands too. As well as segmenting different consumer profiles to attract them, brands need to identify each category's highlights and performance.

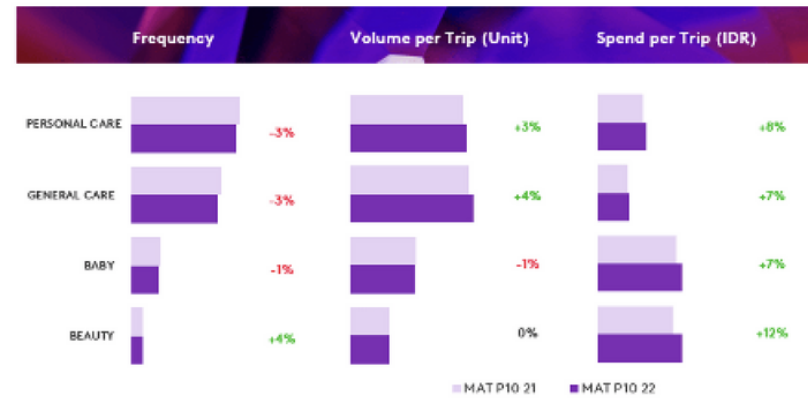
Personal Care: Finding opportunities amidst the changes

Personal Care is a broad yet unique sector from Kantar's panel data perspective as it is highly influenced by the needs and preferences of users. For example, babies do not use regular adult soaps while kids (above 5yo) might use their parents' soap. This chapter will focus on General Care categories, while Baby and Beauty categories are available to read in a separate note.

Overall the Personal Care sector experienced incremental value

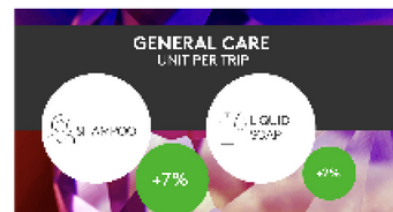
**General Care**

- Bar Soap
- Liquid Soap
- Shampoo
- Toothpaste
- Toothbrush
- Mouth rinse
- Body Care
- Body Deodorant
- Hair Conditioner
- Razor
- Shaving Cream
- Femplo



growth this year due to price increases and inflation. The Beauty category is driving this growth, with consumers are still increasing their cash outlay for Make Up and Skincare through expensive products and premiumization. General Care is starting to see signs of recovery this year following the pandemic, with consumers

reprioritize General Care by seeking for smaller pack and lessen the purchase frequency.



Mature categories in General Care are also recovering as consumption increases. While last year most of General Care category experience an upsizing movement, this year each categories has different rationalization in purchase. For example, smaller formats like sachets provides alternatives in Shampoo, while medium and big packs are the one that still growing in Liquid Soap which have helped the categories growing positively during this year.

**FOOD FOR THOUGHTS**  
While penetration is still the king in the equation of growth formula for brands, consumption is also a determining factor as your brand needs loyal buyers to strive and grow.

## Key take-aways for brands in General Care segments:

### #1 Optimise pack and price strategy

In 2021, consumers upsized during the transition between stay-at-home and the return to mobility. In 2022, consumers rationalised their purchases in different ways in each of General Care categories.

- In the Soap category, liquid is the only format that grew consumption, driven by growth of larger pack sizes attracting 1.5 million households.
- Basic toothpaste had significant growth (up to 30%) in value and volume, again through larger pack sizes.

Having a product range that can cater for different consumer choices is no longer a constraint, but an opportunity.

### #2 Communicate your brand value

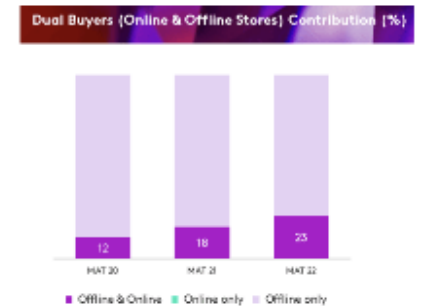
General Care is one of the few segments with lower price sensitivity and a clear product proposition. Several brands in both the value and premium tiers experienced faster growth, but this is dependent on the brand communicating their values effectively to consumers. Winning shoppers' hearts might

seem difficult in this competitive market, but it is not impossible. Brands can either target consumers' needs, or the other way around; showcase their unique selling point. One successful story comes from a local premium Body Care brand that gained around 900k new buyers in 2022 despite its 202 average price index.

### #3 Leverage channel opportunities

Indonesian consumers are open to shopping in more than one channel, with almost 70% of buyers purchasing General Care in more

than two channels. Brands must ensure they are available across channels so they do not miss purchase opportunities. This includes availability in general trade and minimarkets and also digital commerce, which provides opportunities to grow more quickly and reach more shoppers. In this hybrid world of offline and online stores, brands must look to embrace both rather than choosing one or the other.



# Baby : Stand out to win moms heart

## Baby Sector: stand out to win moms' hearts

Baby categories have remained buoyant in recent years, with overall growth of 5% in both 2021 and 2022. Looking in more detail within the sector, nutrition has grown faster than personal care and

diapers. The value growth is higher than the price increase, indicating an opportunity to drive premiumisation in the category. However, the price of diapers is rising more rapidly than growth of

the sector, which suggests that shoppers be might be trading down to value alternatives to help save money.

Baby Categories YoY Growth

	2019	2020	2021	2022
Value (IDR)	+8%	+7%	+5%	+5%
Volume (KG/L)	+12%	+16%	+13%	+5%
Price	-3%	-7%	+4%	+8%

Baby Categories YoY Growth by Sector

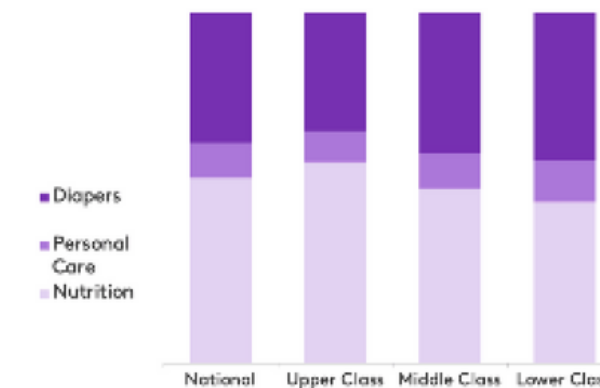
	Total Baby Categories	Nutrition	Personal Care	Diapers
Value (IDR)	+5%	+6%	+4%	+5%
Volume Growth (KG/L)	+5%	+4%	+7%	+5%
Price	+8%	+4%	-2%	+12%

The majority of spend in the baby sector goes on nutrition and diapers and is relatively consistent across different groups of consumers. Upper-class shoppers seem to spend more on nutrition as they buy more premium/super premium brands. Lower-class shoppers tend to spend more on diapers since they tend to purchase mostly in sachet packs with a higher price per unit compared to larger packs.

The basket size for personal care across consumer groups varies alongside the cash outlay. Upper-class shoppers who have higher disposable incomes shop in more categories, while the middle- and lower-classes only maintains their basket size. As such, the functionality may be more relevant to middle- and lower-class shoppers, while some extended benefits may help to attract upper-class shoppers.

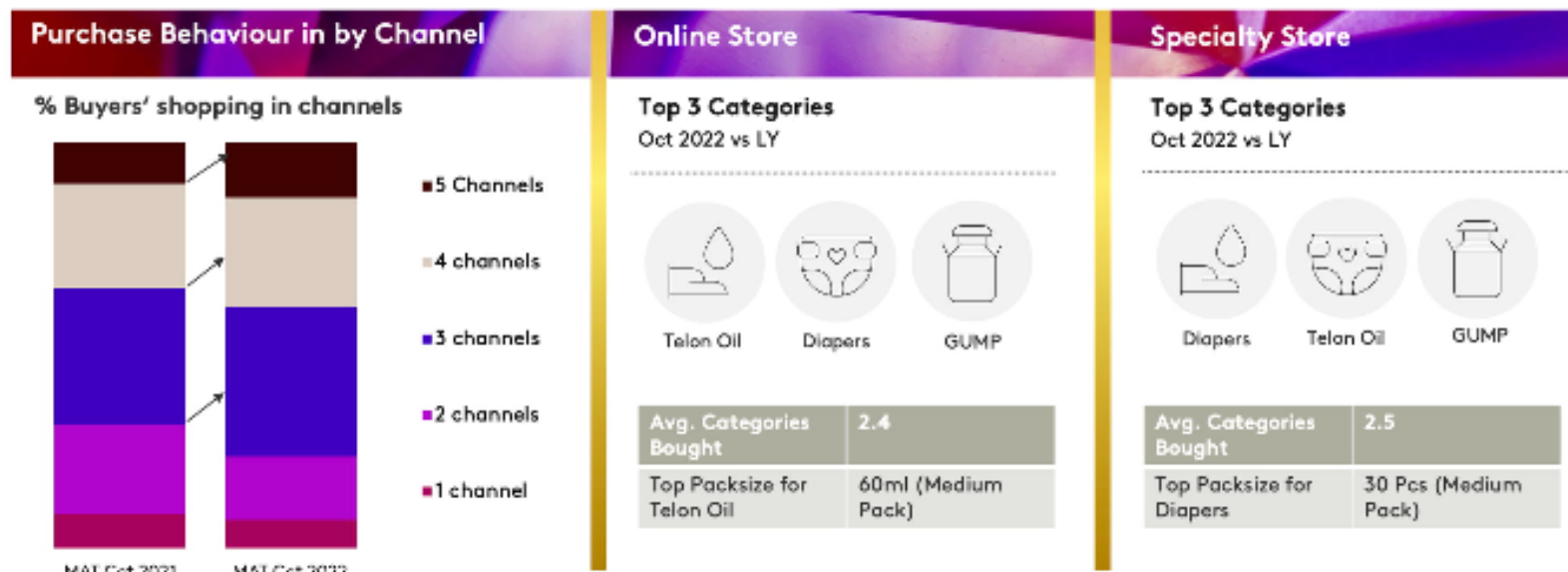
How do you know if Minimarket and GT are still the most relevant touchpoint for your brands? Or if you should seek opportunities in other channel?

Spending% to Baby Categories by Sector | MAT Oct 2022 | HH with Kids 0-6 YO



Consumers Behavior by each SES towards Baby Sector

	Upper Class	Middle Class	Lower Class
<b>Nutrition (Powder Milk)</b>	Prefer Premium & Super Premium	Skewed into Mainstream	Prefer Mainstream
<b>Personal Care</b>	<b>6.7</b> Average Categories Bought More explorative than other groups	<b>5.9</b> Average Categories Bought Maintain number of category bought	<b>5.8</b> Average Categories Bought Catching up with mid-class
<b>Diapers</b>	Mostly buy Large Pack (30 pcs)	Buy Sachet or Large Pack	Mostly buy sachet



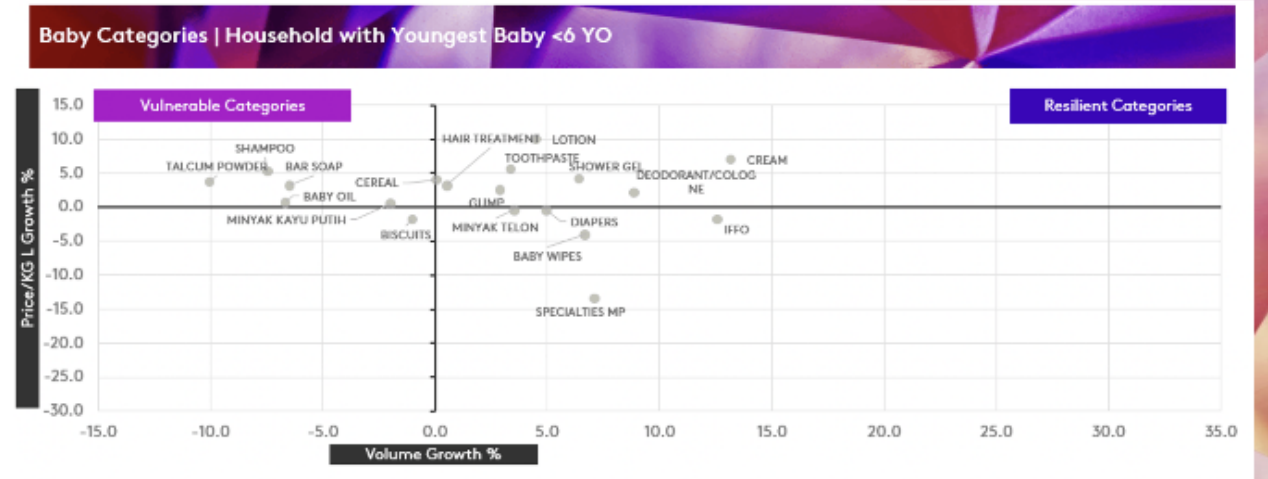
The favoured channel to purchase products varied across categories. Online stores are preferred when buying personal care products, such as Telon Oil, while Diapers are more likely to be purchased in specialty stores. Minimarket and GT remain the backbone for all categories, but as consumers adopt a more omnichannel mindset, it's important that brands tailor their route to market for each different category across the relevant touchpoints.

## The rise of affordable options within essentials

Despite price rises, which prompted some shoppers to adjust what they spend, some categories - mainly within essentials - have still managed to grow volume. Growing up milk powder (GUMP) has become one of the most resilient categories. Some brands in the category have been able to tempt in new shoppers by offering affordable options within their portfolio. The brands with a price index of 80-90 provide a more

affordable option without neglecting their efficacy. As a result, mums can save money without compromising too much on product quality. Some brands with convenient pack sizes in the personal care category offer better affordability for mums looking to rationalise their spending.

Brands can secure their spot in shoppers' baskets by not only offering better affordability, but also delivering product efficacy that encourages repeat purchases and allowing them to keep growing.



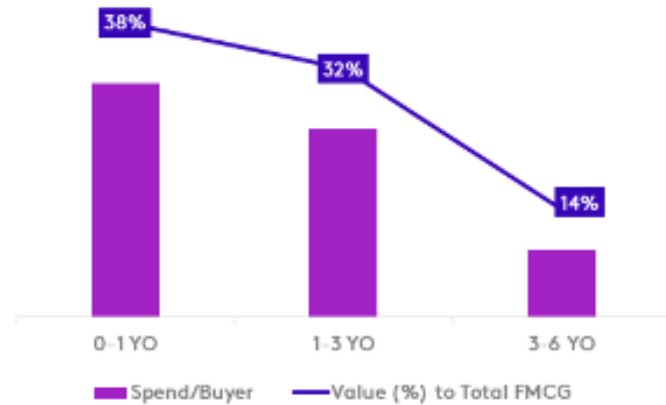
# #MomsKnowBest: higher aspiration for premium brands

Mums with a newborn baby (up to 1 year old) are willing to spend more and shop in more baby categories so this offers brands an opportunity for premiumisation. In fact, some premium brands have recruited

new shoppers by offering extra benefits, such as sensitive skin care for the personal care sector, and clearly explaining the product benefits within the nutrition sector. It's important for brands to move

swiftly seize this short window of opportunity to win shoppers.

## Baby Categories | Baby <6 YO | Spend/Buyer



## Prioritized Categories | Spend/Buyer & Vol/Buyer Index

### Categories Priority By Baby Age

<1 YO	1-3 YO	3-6 YO
IFFO BISCUIT CEREAL SHOWER GEL BAR SOAP DEODORANT/COLOGNE DIAPERS TALCUM POWDER BABY WIPES BABY OIL TELON OIL CREAM	GUMP SPECIALTIES MP DIAPERS KAYU PUTIH OIL	SPECIALTIES MP TOOTHPASTE

# Rising needs as life returns to normal

As restrictions have been eased post-pandemic, the personal care category has gained ground. In the baby wipes category, the demand for big and small packs is on the rise and demand of both is being driven by upper-class consumers with higher disposable incomes. We've also seen this trend in baby biscuits where there has been growth in convenient pack sizes alongside larger ones.

Having that said, it could be that the pack sizes are used for different occasions, for example big packs are used in-home and the small, convenient packs are used on the go. Brands can leverage this trend by optimising their assortment and targeting each pack size to different occasions.

## Small Packs are gaining traction

### More convenient in smaller pack

**Telon Oil**  
 0 - 6 YO  
 Value growth : 4%  
 15 ML : (+113k HH) buyers  
 30 ML : (+280k HH) buyers

**Baby Wipes**  
 0 - 6 YO  
 Value growth : 2%  
 4 Sheet : (+65k HH) buyers  
 30 Sheet : (+117k HH) buyers

**FOOD FOR THOUGHTS** Life post-pandemic is different with what we had in pre-pandemic times. To navigate through the changes, our experts can help your brands to identify opportunities and challenges from your shoppers.

# How brands can win in baby categories

## #1 Maintain a presence in shoppers' basket

Even with the pressure of rising inflation, baby products remain priority spends for mums - especially those with infants (<1 year old). Retain your space in shoppers' baskets by offering value for money, tackling squeezed household budgets - especially among the less affluent - and matching product benefits to what mothers want and need.

## #2 Keep innovating and justify the premium distinction

Mothers want what's best for their children, so there is an opportunity to drive premiumisation with clear product benefits and to stay top of mind.

## #3 Optimise product assortment

As life returned to normal after the pandemic, smaller pack sizes gained relevancy which suggests an opportunity to optimise assortment and meet the need of on-the-go occasions.

### Our baby panel

Youngest kids 0-6 M  
Youngest kids 7-12 M  
Youngest kids 13-24 M  
Youngest kids 25-36 M  
Youngest kids 37-48 M  
Youngest kids 49-60 M  
Youngest kids 61-72 M  
Youngest kids 72-144 M

### Baby categories that we cover in this report



#### Nutrition

Infant Formula and Follow On (IFFO), Growing Up Milk Powder(GUMP), Specialties Milk Powder, Baby Biscuit and Baby Cereal



#### Personal Care

Talcum Powder, Shampoo, Bar Soap, Baby Oil, Kayu Putih Oil, Telon Oil, Cream, Lotion, Shower Gel, Deodorant/Cologne, Toothpaste and Hair Treatment



#### Diaper

# Food: unlocking pockets of growth

Although food is the sector most impacted by inflation, it remains resilient as consumers still depend on this sector for their Pantry Essentials and Snacks. Food offers opportunities for that are unique to each segment and category. In this sector, we'll divide our insights into the two sectors: Pantry Essentials and Snacks.



# Pantry Essentials

Pantry Essentials categories grew by 12%, but consumers are coping with rising inflation by scaling down the volume of Cooking Aid products they purchased and Reducing the number of shopping trips.

Pantry Essentials | Growth % MAT OCT '22 vs YA

	Total Pantry Essentials	Cooking Aids	Instant Food
Value	12%	16%	8%
Volume (Kg/L)	-5%	-8%	2%
Frequency	-2%	-3%	-2%

buying smaller volumes due to price increases. Additional Pantry Essentials such as Mayo, MSG, Canned Food and Frozen Food are more resilient and have been growing in terms of volume.



Consumers are feeling the squeeze of inflation, and are responding by prioritising their shopping baskets. Mature categories, such as Cooking Oil, Soy Sauce, and Instant Noodle, are more susceptible to inflation as consumers are



All consumers are feeling the impacts of inflation and we can see the affects in their shopping baskets. Value growth is highest in the upper classes, while the lower classes are more likely to cut back by reducing how often they shop. The good news is that all buyer cohorts are buying a wider range of pantry essentials.

### Buyers Behaviour by SES | MAT Oct '22 vs YA

	UPPER CLASS	MIDDLE CLASS	LOWER CLASS
Of HHs	26%	40%	34%
Of Spend	35%	40%	25%
VALUE GROWTH %	▲▲	▲	▲▲
FREQUENCY GROWTH%	▼	▼	▼
#CATS THAT ARE ABLE TO GROWING SPEND/BUYER	▲7→9	▲8→10	▲8→11

Increased mobility has created more eating out occasions for Lunch and Dinner in Indonesia, which is impacting Pantry essentials categories further. Based on our Global OOH study, Indonesians eat out every four days on average, which has led to a drop in the number of occasions for In Home Cooking compared to last year. Brands need a focused strategy to find more pockets of growth within the Pantry Essentials category.

Pantry Essentials categories are divided into Cooking Aid and Instant food.

**COOKING AID**  
 COOKING OIL  
 SEASONING & STOCK  
 SOY SAUCE  
 MEAL MAKER  
 COCONUT MILK  
 SEASONING FLOUR  
 MSG  
 CHILI SAUCE  
 HERBS  
 TOMATO SAUCE  
 MAYONNAISE  
 SALAD DRESSING



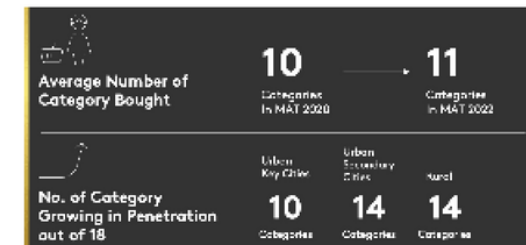
**INSTANT FOOD**  
 INSTANT NOODLES  
 FROZEN FOOD  
 CANNED FOOD  
 INSTANT SOUP



In this chapter, we'll explore the key trends and categories in food that offer brands opportunities for growth in 2023.

### #1 Riding the rise of experimental home cooking

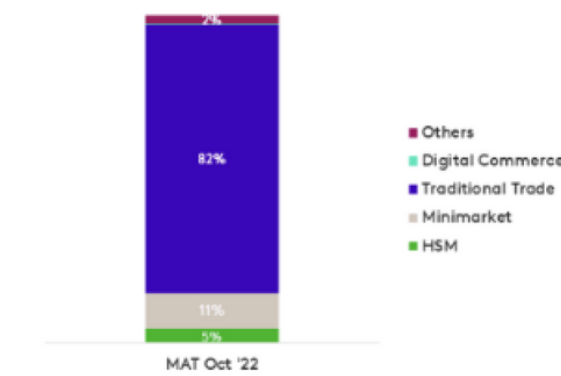
Despite people cooking at home less often, it remains relevant and there has been a rise in the average number of categories bought, especially in Urban Secondary Cities and Rural areas. Consumers are experimenting more and are choosing products to elevate their home-cooked dishes, which is driving the growth of the Additional Pantry Essentials categories. Brands can piggy back on this trend for experimental cooking and maximise opportunities for growth, particularly within Urban Secondary Cities and Rural areas.



### #2 Convenient channels are on the rise

It will come as no surprise that proximity channels, such as Traditional Trade and Minimarket, are key. However, there's an interesting rise in growth within Digital Commerce and Peddlers where goods are delivered door to door in residential areas. Both offer greater convenience to shoppers and, while the contribution is still small, the growth is strong and steady.

### Pantry Essentials | Value Contribution %



### FOOD FOR THOUGHTS

Ensuring products' availability in proximity channels is a must; while availability in Peddlers and Digital Commerce should be explored since these channels gave more convenience to the shoppers.

### Basic KPI Growth % | MAT Oct '22 vs YA

Channel	Value Growth %
Total Trade	12%
HSM	8%
Minimarket	13%
Mom & Pop	13%
Traditional Market	12%
Peddler	29%
Digital Commerce	81%

### #3 The increasing needs of practicality in lower SES

The need for quick meals is more important for lower Class consumers and they are opting for affordable options in frozen food to cater this need. For example, in the Sausage category value growth for lower SES is triple that of upper SES shoppers.

#### Frozen Food | KPI by SES | MAT Q3 '22 vs YA

	Value Growth %	Spend/Buyer Growth %	Frequency Growth %
SES AB	27%	15%	10%
SES C	27%	16%	7%
SES DE	29%	13%	8%

This shows that lower class consumers actually have the aspiration, but need brands to give them access via the right price and value proposition.

### #4 Understand healthy needs for affluent consumers

In this post-pandemic world, many consumers are more aware of the importance of health and wellbeing, especially in food. Products with healthier credentials do have traction within this sector although it's more niche. They are usually targeted at either children or senior member of families within the most affluent cohorts in Urban Areas.

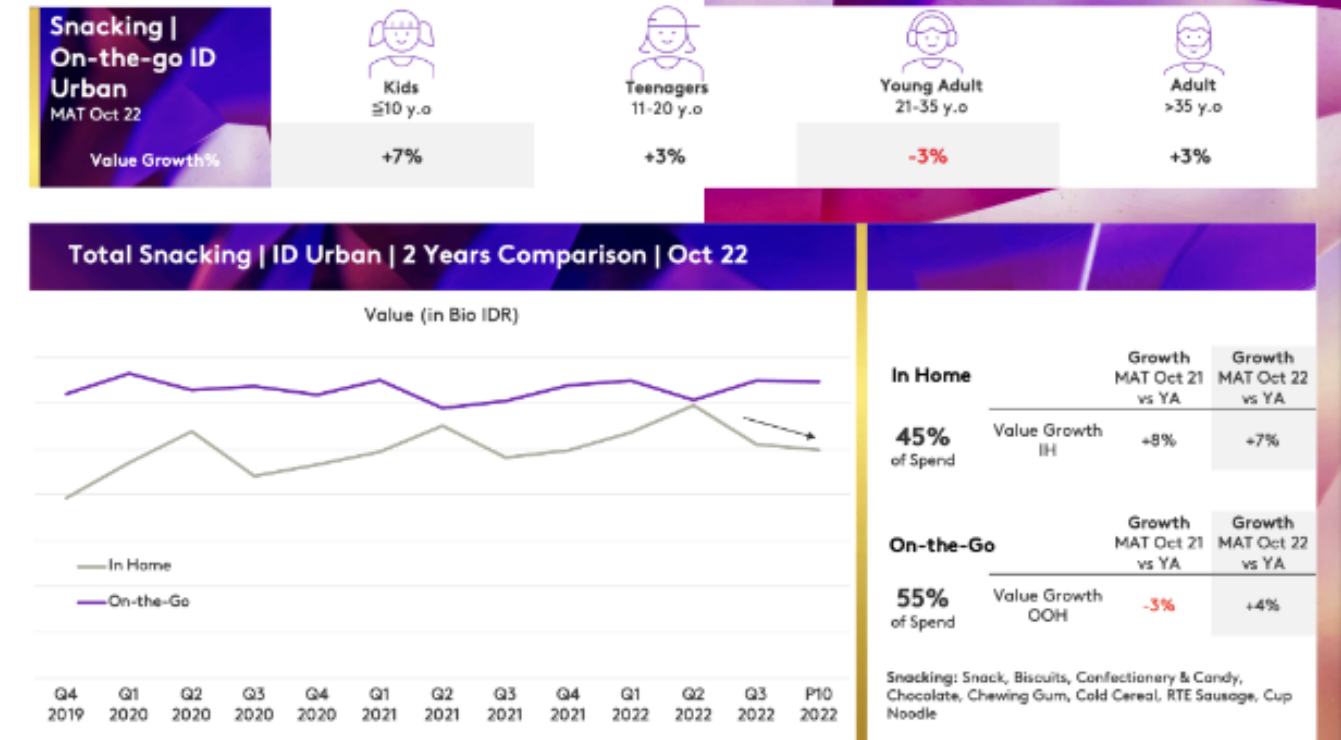
Although the market is niche, consumers are willing to spend more on healthier and practical alternatives, so it offers brands good opportunities for growth.

## Snacking

As mobility picks up, On-the-Go Snacking is starting to rebound while In-Home has stabilised in recent periods.

The In-home occasions for total snacking sector - which consists of Snack, Biscuits, Chocolate, Confectionery and other RTE categories - grew rapidly in the pandemic because mobility was restricted. So year-on-year growth for In-home is higher, but recently has slowed down. In contrast, On-the-go occasion has rebounded and continues to grow, even in the recent quarter.

Kids are the core buyers of On-the-go occasion and are willing to spend more for total snacking products. Now they are back to school it's driving faster growth in the sector, although there is also growth among Teens and Adults. Meanwhile, Young Adult shoppers seems to be spending more on Ready to Drink beverages or eating out.



## #1 The importance of price-pack strategy

In-Home   Biscuit by Pack Size   ID Urban   MAT Oct 22				On-the-Go   Biscuit by Pack Size   ID Urban   MAT Oct 22			
Growth (%)	Total Biscuit	Convenient Pack	Family Pack	Growth (%)	Total Biscuit	Convenient Pack	Family Pack
Value	+5%	+9%	+2%	Value	0%	+4%	-6%
Unit	+5%	+4%	-2%	Unit	-2%	-1%	-10%

Understanding the balance between the magic price and the right packsize is key for brands to grab shopper's attention and to secure a place in their shopping basket, despite changing behaviours.




Magic price refers to a specific price point where shoppers are willing to pay for one unit of product. In General Trade, which accounts for 80% of Snacking value share, the magic price has shifted from Rp 1,000-1,500 price point to 2,000-3,000 price point.

Because of mobility returns, convenience packs in the Biscuit category are showing a rebound for both In-Home and On-the-go occasion. For in-Home occasion, shoppers might be stocking up on convenience packs, while sacrificing family pack as they might have less sharing moments.

## #2 Innovate to extend recruitment

Flavours in snack is one of the key ways to attract buyers. This year, chocolate continues to hold the top position in term of value, But newly launched flavours, like Peach Yogurt, Brown Sugar, and Cheesy Milky Corn, are able to attract up to 1.5 million households each. This shows that innovation is still relevant in Snack categories and it's important for brands to extend their innovation strategies.

### Biscuit Flavor | OOH ID Urban | MAT Oct 22

Top 3 Flavors	
Total Trade   Value Absolute   MAT Oct 2022 vs LY	
Flavors	Value Growth (%)
Total Biscuit Flavors	0%
 Chocolate	+3%
 Chocolate Mix	+19%
 Original	0%

## #3 Seasonal occasions make a comeback

After two years of restricted holiday seasons because of the pandemic, this year's festive season is bigger and this trend is expected continue in future. Snack categories can benefit through seasonal packs that join in with the festivities and meet consumers' aspirations.

### FMCG | IH ID National

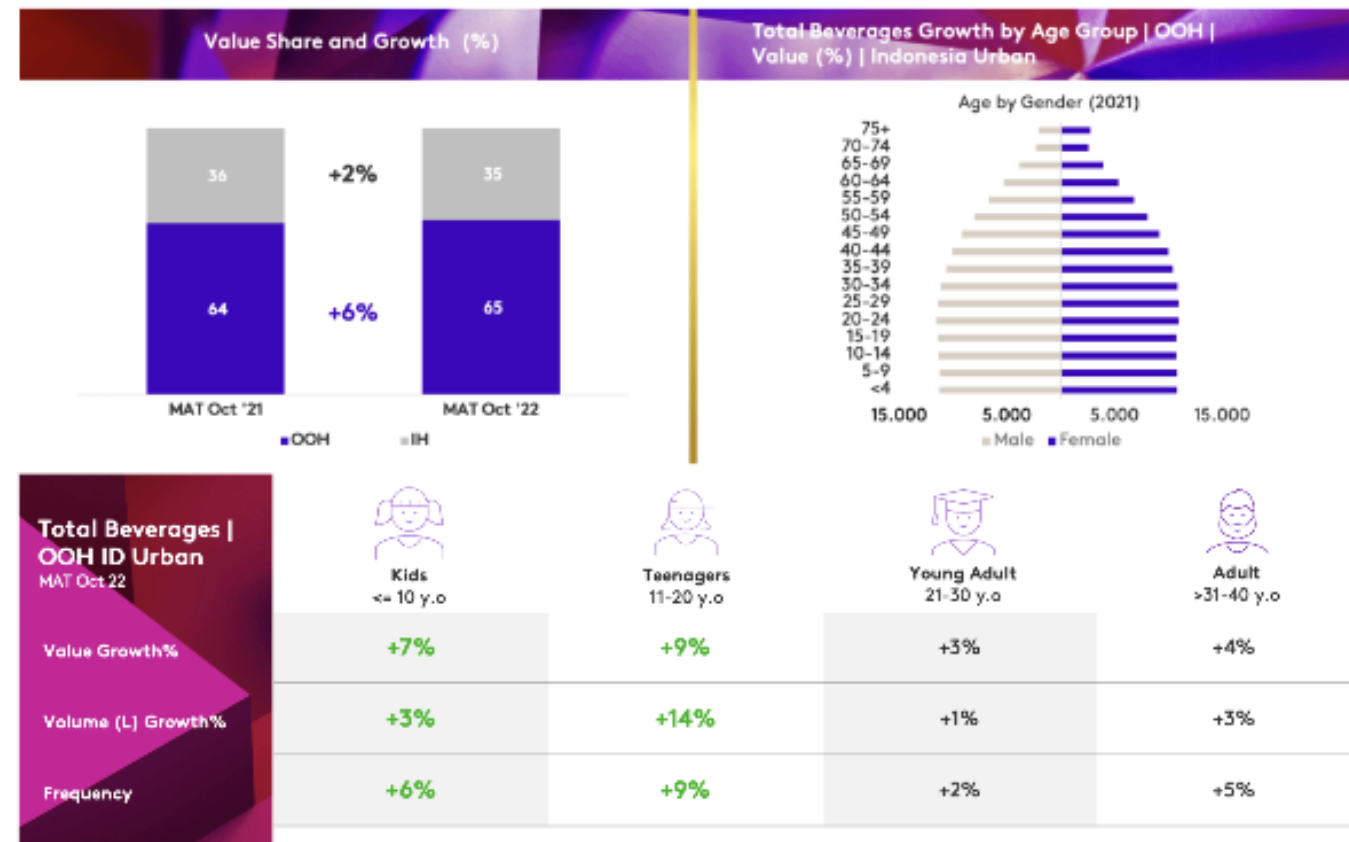
#### Giftgiving Penetration

Pen. Change	MAT 20 vs LY	MAT 21 vs LY	MAT 22 vs LY
National	+0.6	+1.1	+2.4
Urban	+1	-0.6	+1.3
Rural	-0.1	+3	+3.8▲

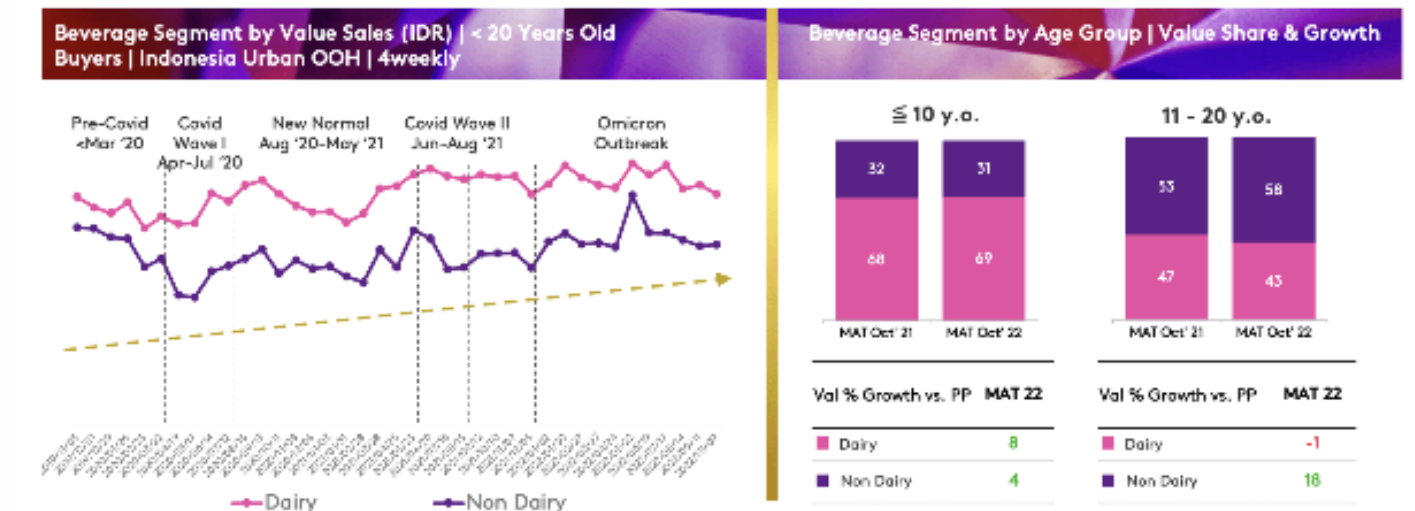
# Beverages : Ride the momentum of mobility comeback

## The comeback of the out-of-home market

In 2022, the out-of-home market has been in recovery mode after getting hit during the pandemic. Value growth of 6% in 2021 indicates a promising recovery for the beverages market, with the out-of-home contribution above 60%, double that of in-home consumption. As a result, growth for the total beverages market (in-home and out-of-home) is 5%, driven by faster growth in out-of-home. Greater mobility post-pandemic means that school-age shoppers are again driving the growth in out-of-home consumption, with young children (<10yo) and teenagers (11-20yo) becoming the fastest-growing cohort. There is huge potential for the beverages market to attract more young shoppers to become the main contributor in Indonesia.

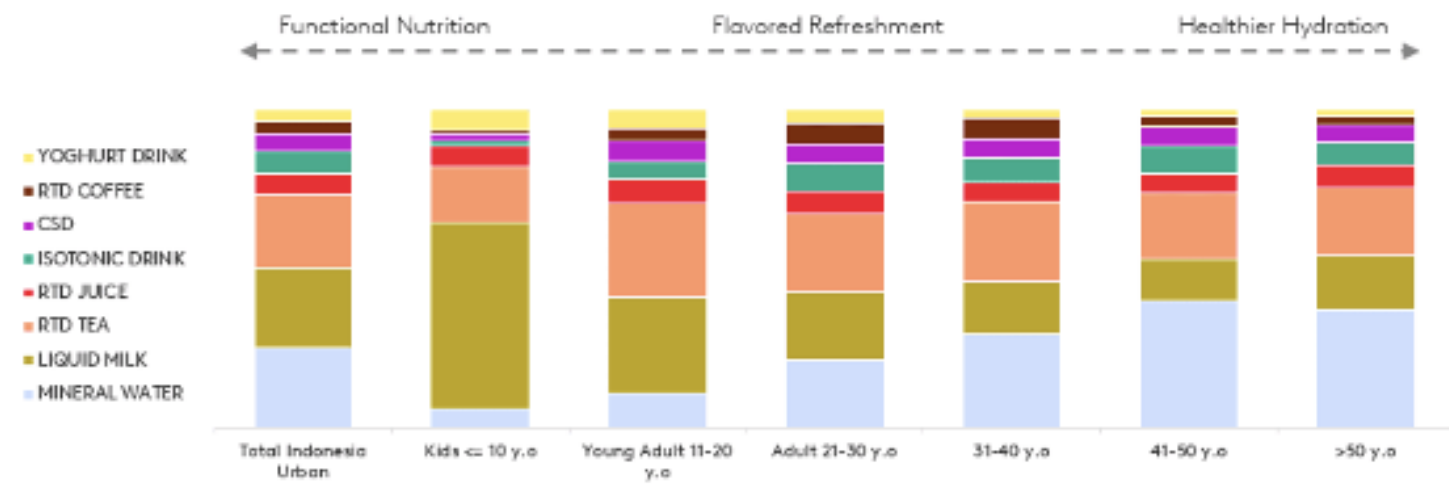


## Leverage different references across shoppers' profiles



Shoppers' preferences are varied, and brands need to adjust their recruitment strategy based on the core buyer profiles. For example, the growth drivers for the dairy and non-dairy segments are different, with young children (below 10yo) driving the dairy segment and teenagers driving non-dairy.

Beverages by Age Groups | OOH | Value % | Indonesia Urban | MAT Oct' 2022



Younger shoppers prefer functional drinks, which deliver benefits for growing up, such as liquid milk. While teenagers tend to be more experimental and look for more flavours as refreshments, such as ready to drink (RTD) tea and juice. Meanwhile, older shoppers opt for healthier hydration as their main preference, such as mineral water, as well as flavoured refreshments. The fact that some categories are more prominent in certain age groups, it is important for brands to think about their recruitment strategies by focusing on core buyers and also extending to the other cohorts.

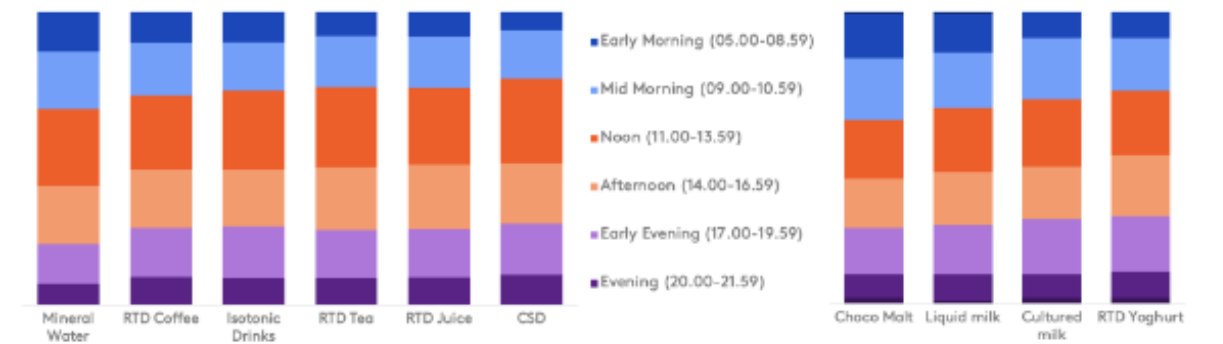
## Understand the triggers for purchasing

Beverage consumption may depend on specific needs at specific times of the day. In the morning, functional drinks, such as liquid milk and mineral water, may be a preference for breakfast consumption. Later in the afternoon, the preference might be for refreshment, which means some categories like RTD Tea are more relevant for this occasion. Some categories like RTD Juice and isotonic are preferred to unwind later on. Understanding the time of purchase (and consumption) will help brands target the right occasion and trigger the purchase with a relevant narrative. Daytime (11am to 5pm) becomes the critical window of opportunity for brands to tap into. Most purchases across the categories are mid-morning to afternoon, however, there are finer distinctions when it comes to early morning and evening windows.

Time of Purchase | Indexing to Sector Average | Purchase Occasion Share

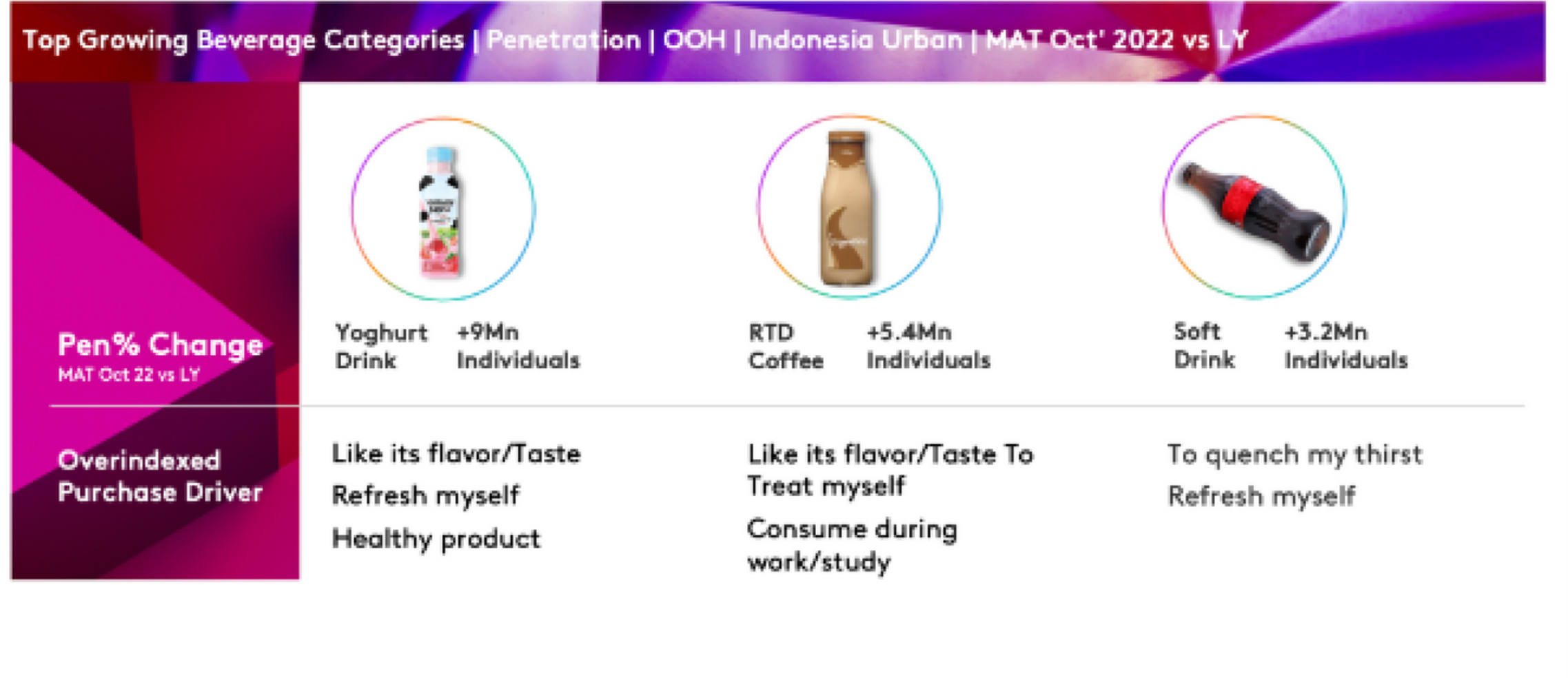


Purchase Occasion Share



In addition to purchase occasions, taste is a key factor in triggering purchases for beverage categories. Some categories are managing to attract new shoppers with acceptable flavours in addition to its functionality. For brands, thinking about the essentials of flavour, function, and occasion will help trigger purchases and grow the category.

Time of purchase and consuming are essential to Beverage sector. Our team can help you to seek which occasion that you can tap in and how you can make the most out of it.



# Optimise the pricing strategy

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Shopper recruitment for out-of-home occasions should focus on proximity to help drive impulse purchases. General Trade (GT) is the backbone in terms of availability. In GT, most consumers buy in cash, so the pricing strategy will need to align with the denomination of money, suggesting an optimum price of IDR 3k, 5k, 10k, for dairy categories, and IDR 1k, 3k, 5k rupiahs for non-dairy categories.

Meanwhile, in modern trade, spending may be higher than in general trade, hence the optimum price point is higher. In summary, recruiting shoppers in both GT and MT requires a relevant price point to serve different cash outlays.

## General Trade Magic Price

Dairy 3K, 5K, 10K

Non-Dairy 1K, 3K, 5K

## Modern Trade Magic Price

Dairy 3K, 5K, 10K

Non-Dairy 3K, 5K

# How to grow beverage brands

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Brand growth rules are based key measurements, including growing the shopper base (penetration), driving purchase levels up (frequency), and setting different key price points across channels as this contributes to value growth. So, how brands can win more shoppers?

## #1 Enlarging buyer base

- Focus on recruiting core buyers and younger consumers to help drive recovery, including young children in dairy, and teens in non-dairy
- Serve the different needs across age groups, from functional nutrition to healthy refreshment

## #2 Driving purchase levels up

- Offering memorable tastes. This is a key factor in driving purchases, even for functional beverages
- Leverage different times of the day within categories to drive various purchase occasions and extend beyond traditional times

## #3 Offering an optimum price

- Optimise the price in each channel as winning shoppers in both GT and MT requires a relevant price point to serve different cash outlays.