

Consumer Confidence Continues to Grow

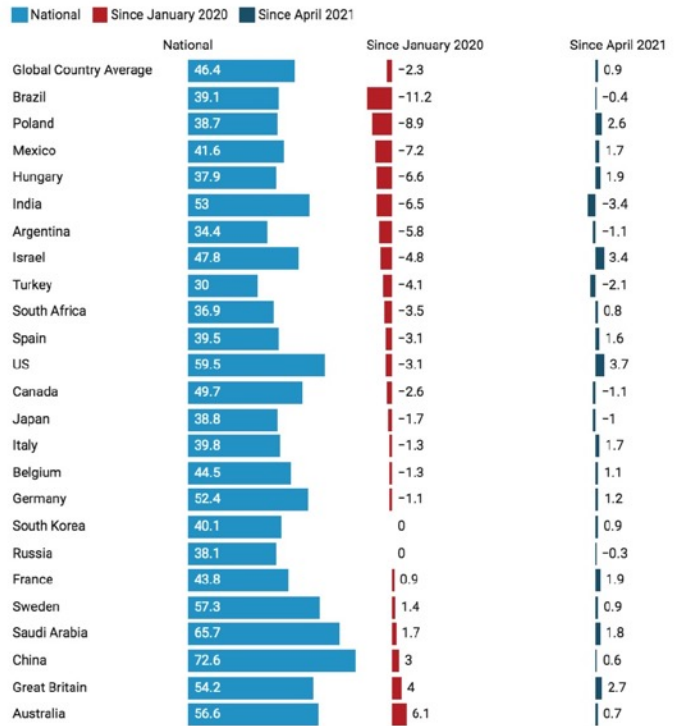
June 2021



GAME CHANGERS



May 2021 Global Consumer Confidence Index change vs last year and previous month



Source: Ipsos Global Consumer Index - Created with Datawrapper

Lately, Ipsos just-released Global Consumer Confidence Index, which revealed that consumer confidence up in 8th month in a row across 24 countries surveyed. The expectation index showed that consumer's outlook on their local economy, financial situation, is back to its pre-pandemic level.

To sum up, consumer confidence level shows significant growth, even more in the US, Israel, and Great Britain that are also leading in vaccination rollout as per Oxford University data.

Let's see nearer! How about Indonesian consumer confidence?

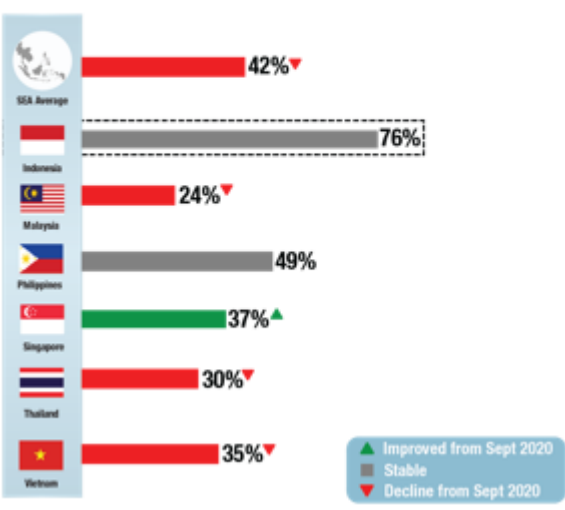
As mentioned in Ipsos SEA latest study, Living in Crisis Wave 3 on last March that consumer confidence continues to grow along with increasing purchase power. It's indicated by the optimism of national economy recovery & positive sentiment in consumer trends for some product categories.





National Economy Recovery

Economy in your country in next 6 months
 (% saying 'will be stronger')



The study found that a year of living with Covid-19, citizens in SEA continue to battle the concern of country economy. Indonesia was showing stability and resilience through this period (75% optimistic in Sep'20) and continue become the most optimistic among SEA countries 76% optimistic in Feb 2021. And for Singapore was rising significantly than other that showed negative sentiment of optimism.

Consumer confidence was buoyed by the expeditious and orderly national vaccination program rollout, which stoked confidence in current economic conditions and future expectations. By the vaccination, citizens are more confidence to do their activities, that effect to drive business and economy dynamic. Moreover, the optimism also is constructed by some factors, such as Government stimulate programs, removing or loosening the restrictions, and household income & saving.



Retails: Purchase Intention & Purchase Power

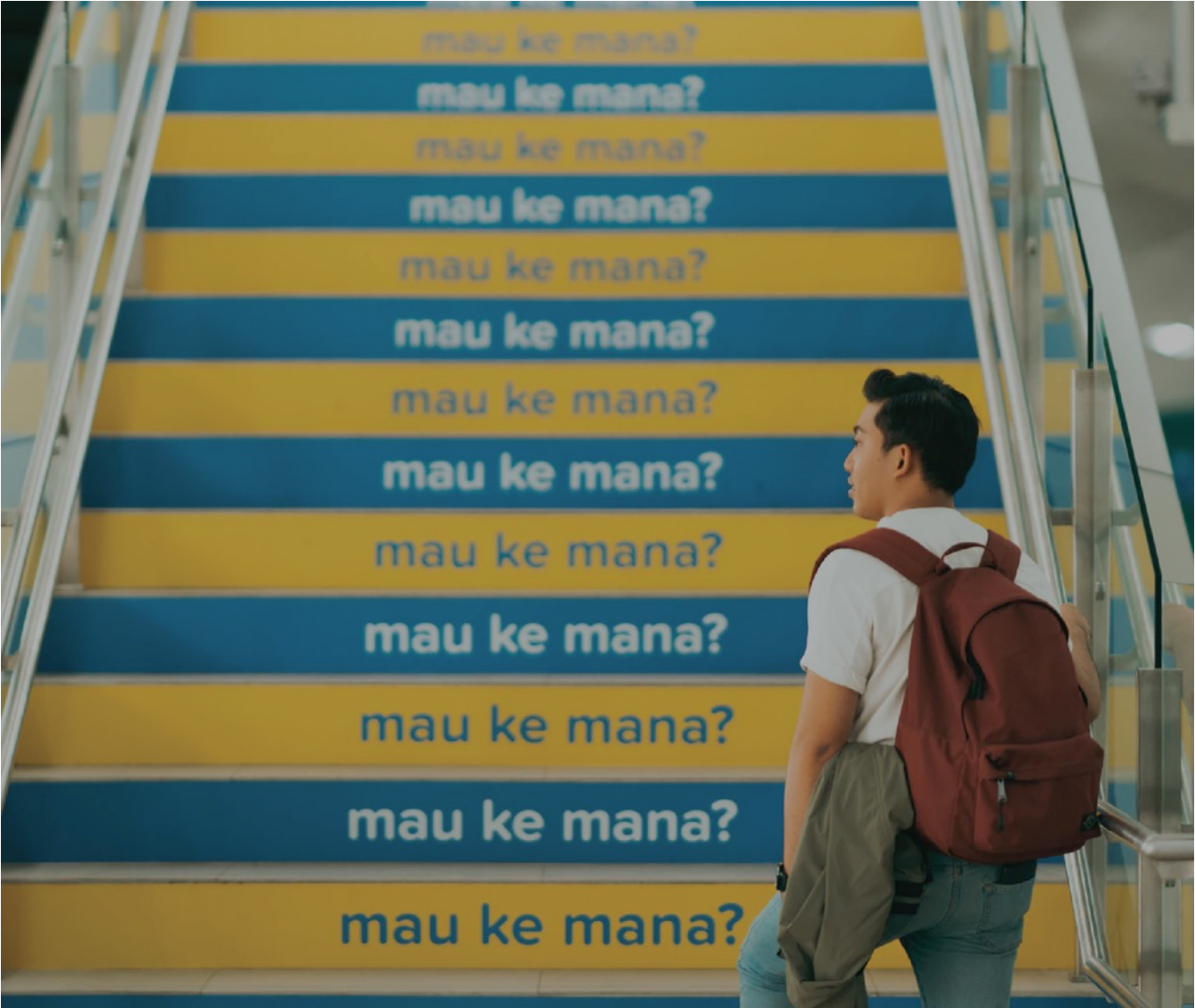
According to Ipsos SEA study findings that track consumer behavior and opinion evolving (wave to wave), revealed that average categories in retail industry is getting better slightly. The most significant increase is in restaurant & café and travel categories. The survey read there are positive trend compared to Wave 2 (September'20) and Wave 1 (May'20), even though still decrease than pre-pandemic.

And for cooking at home product was decrease. It indicates that consumer is starting go to restaurant & café confidently, for dine-in or take away, and reduce their spend on food for cooking at home product. Not only food for cooking at home that surveyed decrease in Wave 3 but also personal cares, and cleansing products. Consumer spend on those categories is read still being top 3 category products during pandemic, although trend to decrease period by period.



Indonesia

	NET (More Less)	Wave 3	Wave 2	Wave 1
Food for cooking at home	+27%	▼	+45%	+34%
Personal care items	+1%		+10%	+6%
Cleaning products	+22%	▼	+33%	+24%
Clothing, footwear, accessories	-15%		-16%	-14%
Electronics	-25%		-28%	-24%
Restaurants and cafes	-29%	▲	-37%	-31%
Travel	-18%	▲	-35%	-25%
Books	-15%		-12%	-5%
Cultural activities	-29%		-38%	-28%
Toys	-31%		-34%	-30%
Video games	-24%		-21%	-16%
Alcohol	-17%		-15%	-13%



The positive trend of travel category signs as positive sentiment. When people are confidence to do travel, they will spend into many industries, such as travel itself (buy ticket, etc.), transportation (airlines, train, bus, car rentals, etc.), accommodations like hotel, villa, then restaurant and café, also MSME such culinary and souvenirs at destination area. The expectation is since the one industry is getting better, it will influence other industry, economic chain will turn back.

In fashion category (clothing, footwear, & accessories) that slightly increase. The trend is positive, especially during last Ramadan, the biggest festive in Indonesia. As we know the viral news about Tanah Abang was packed by thousands of visitors in a day. It signed that there is consumer power purchase, consumer demand is still high for fashion, particular for clothing.



As we know that the Government gives an incentive program for automotive and property (PPnBM 0% & PPN 0%). The program is successful and has been very impactful to drive business and the economy. According to news at CNBC Indonesia.com on 13 April 2021 that car sales on March 2021 were higher than February 2021. Gaikindo, as the national automotive association, said that car sales on March 2021 (84,910 units sold) increased sharply up to 72% compared to February 2021 (49,202 units sold), and compared to March 2020, reported there was an increase of about 10%. These numbers showed that the PPnBM 0% incentive program successfully drove car sales almost back to pre-pandemic levels, as known from March 2019, reported 90,368 units sold.

Above all pandemic situation, car sales jumped, Tanah Abang was crowded by thousands of visitors/customers, revealing that customer purchase intention and purchase power is still quite high. Hence, this kind of program is indeed stimulating them to be more confident to spend.

The important question is: will consumer purchase intention and purchase power remain high in the couple next months?

We will see the answer on Ipsos SEA Living in Crisis Wave 4, that will be released on June 2021. This study surveys progressing/evolving consumer sentiment around the crisis, society, and economy, consumer purchase intention and power purchasing.

Contact us at id-marcom@ipsos.com to get access to full report.