- Asia Pacific Marketers’ Views of 2014
- Indonesian Consumer Confidence Study
- Beauty in Indonesia
Economic Outlook 2014

Survey in Conjunction with Campaign Asia Magazine
http://www.campaignasia.com
Country Coverage for the Research

1. Where are you currently based?
2. Base: All marketers (N=492)
3. Weighting is applied to reporting, above numbers are unweighted respondents

- Greater China: N=240, n=127
- Japan/ Korea: N=60, n=58
- Indian Sub-continent: N=58, n=58
- South-East Asia: N=105, n=35
- Australia: N=29, n=26
- South-East Asia: N=105, n=35
- Indian Sub-continent: N=58, n=37
More cautious this year, but not overly pessimistic

B1. How do you feel about the outlook for your brand/industry sector in next year?

Base: All marketers (Outlook of 2013: N=372; Outlook of 2014: N=492)

* = caution small base for Indonesia (n=19)
Key challenges for marketers in 2014

- To improve overall marketing ROI measurements: 56%
- To further develop the potential of digital media platforms: 55%
- To build a more integrated marketing strategy: 55%
- To build greater brand loyalty: 49%
- Greater creativity: 39%
- To develop more creative marketing solutions in-house: 33%
- To keep costs lower than last year: 29%
- To attract and retain talent: 22%
- To initiate more product development: 20%
- To receive more distinctive, standout advertising creative: 17%
### Channels to utilize in 2014

- **Lower than in 2013**
- **Same**
- **Higher than in 2013**
- **Starting to use**
- **Not considered**

#### Digital

<table>
<thead>
<tr>
<th>Channel</th>
<th>Lower than in 2013</th>
<th>Same</th>
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<tr>
<td>Mobile marketing</td>
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<td>Search Engine Optimization</td>
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<td>Location based marketing</td>
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<td>Triggered e-mail marketing</td>
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#### Research

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<td>Market research</td>
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#### Events

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#### Traditional Channel

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<td>Outdoor</td>
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#### Loyalty

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<tr>
<td>PR</td>
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<td>12</td>
<td>5</td>
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<tr>
<td>Corporate reputation management</td>
<td>6</td>
<td>46</td>
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</table>

*B4. The following are various types of media strategies. How would you describe their role in your marketing communications plan for 2014?*

*Base: All marketers (N=492)*
The following are various ways of digital media marketing. How would you describe their role in your marketing mix for next year?

Base: All marketers (2012: N = 372; 2013: N=492)

Importance of Digital Media Channels

- Company website: 80
- Social networking sites: 70
- Dedicated brand web pages: 66
- Online targeted advertising: 60
- Display advertising: 57
- Online video content: 56
- Mobile apps: 56
- Search Engine Marketing: 56
- Search Engine Optimization: 56
- Blogging: 55
- Mobile advertising: 54
- Online video advertising: 51
- Tablets: 46
- Viral videos: 45
- Triggered Email marketing: 45
- Location-based marketing: 44
- Interactive/ digital TV: 41
- Mobile gaming content: 31
Looking ahead 6 months from now, do you expect the economy in your local area to be much stronger, somewhat stronger, about the same, somewhat weaker, or much weaker than it is now?

Citizen Consumers Who Say The Economy in the Local Area to be Stronger in The Next Six Months...

- Total: 24% Much Stronger / Somewhat Stronger
- Brazil: 63% Much Stronger / Somewhat Stronger
- Saudi Arabia: 51% Much Stronger / Somewhat Stronger
- India: 41% Much Stronger / Somewhat Stronger
- Argentina: 39% Much Stronger / Somewhat Stronger
- China: 35% Much Stronger / Somewhat Stronger
- Indonesia: 35% Much Stronger / Somewhat Stronger
- Mexico: 35% Much Stronger / Somewhat Stronger
- Australia: 29% Much Stronger / Somewhat Stronger
- Turkey: 26% Much Stronger / Somewhat Stronger
- United States: 23% Much Stronger / Somewhat Stronger
- Spain: 21% Much Stronger / Somewhat Stronger
- Germany: 19% Much Stronger / Somewhat Stronger
- Japan: 18% Much Stronger / Somewhat Stronger
- Canada: 17% Much Stronger / Somewhat Stronger
- Great Britain: 15% Much Stronger / Somewhat Stronger
- South Korea: 15% Much Stronger / Somewhat Stronger
- Italy: 14% Much Stronger / Somewhat Stronger
- Russia: 14% Much Stronger / Somewhat Stronger
- Sweden: 13% Much Stronger / Somewhat Stronger
- Belgium: 12% Much Stronger / Somewhat Stronger
- Hungary: 11% Much Stronger / Somewhat Stronger
- Poland: 11% Much Stronger / Somewhat Stronger
- South Africa: 11% Much Stronger / Somewhat Stronger
- France: 5% Much Stronger / Somewhat Stronger

-Sep 2013

Dec 2013: 36%
Consumers remain optimistic with their own personal finance, but not necessarily with the country economy

**Base:** All Respondents

**EQ1.** If you think about your economic/financial condition now compared to 6 months ago, how would you describe it?  
(SA)

**EQ3.** Seeing the next 6 months, do you think your economic/financial condition will be much better, somewhat better, about the same, somewhat worse, or much worse?  
(SA)

**EQ5.** Now, seeing the next 6 months, do you think economic/financial condition of this nation will be much better, somewhat better, about the same, somewhat worse, or much worse?  
(SA)

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**Personal Economic Condition in the Past 6 Months**

- Better: 15%
- About the same: 32%
- Worse: 53%

**Personal Economic Situation in the Next 6 Months**

- Better: 6%
- About the same: 45%
- Worse: 49%

**Indonesia Economic Situation in the Next 6 Months**

- Better: 13%
- About the same: 45%
- Worse: 49%

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**Base:** UnWTD n = 1049; WTD n = 20,066,644
No strong sign of slowing down at the moment

- Consumers still feel comfortable to spend on major purchases this year compared to 12 months ago

Citizen Consumers Who Say The Economy in Compared to 6 months ago, are you NOW...

- More comfortable making a major purchase, like a home or car?
  - Dec' 13 (n=510): 60%  67%
  - Dec'12 (n=500): 62%  70%

- More comfortable making other household purchases?

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Happiness Index

Asiabus Study in Indonesia

Base
Top 2 boxes

500
92%

510
92%

Very happy
42

38

Rather happy
49

52

Not very happy
8

10

Not happy at all
8

10

Dec 2012
Dec 2013

%Very Happy

Total
20

Indonesia
55

India
41

Mexico
38

Brazil
33

South Africa
26

United States
26

Canada
24

Argentina
22

Sweden
22

Turkey
22

Saudi Arabia
20

Australia
19

Belgium
17

Great Britain
16

Japan
12

Poland
12

Spain
12

France
11

Germany
11

Russia
11

China
10

Italy
9

Hungary
8

South Korea
6

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Dec 2013
Behavior in ‘difficult’ economic times

- During difficult economic times, consumers cut their spending in order of importance of spending posts

- Cut spending through consumption reduction, tertiary posts cut, changed brands, changed pack size
During good times...

- Tertiary spending increases first... look-good and feel-good factors
  - Expressive gratification first, for recognition
  - Then internal gratification

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Starting to use or consume products which have never been used</td>
<td>34%</td>
</tr>
<tr>
<td>Added the amount or frequency of usage for several products</td>
<td>21%</td>
</tr>
<tr>
<td>Changed to better bands</td>
<td>16%</td>
</tr>
<tr>
<td>More expenditure posts</td>
<td>16%</td>
</tr>
<tr>
<td>Purchased bigger sizes of products</td>
<td>11%</td>
</tr>
</tbody>
</table>
Woman and Beauty in Indonesia
Three Topics

• What is Beauty for Indonesians
• Online shopping trend in beauty
• A glimpse on male grooming
What is Beauty?
 Beauty for Indonesian Women

ATTITUDE & BEHAVIOR
♦ Courteous, poised, graceful, confident, feminine, soft-spoken

LIFESTYLE
♦ Active, smart, dynamic – successful working woman or active housewife
♦ Harmonious relationship with family and others

PHYSICAL CHARACTERISTICS
♦ Slim, but still curvy, not too skinny
♦ Long, straight, glossy and sleek black hair
♦ Flawless and glowing skin – fair / white skin tone

RELIGION
♦ Inner beauty – pious and spiritual woman is seen more beautiful
What is the Ideal Skin in Indonesia?

Indonesian
- Radiant
- White
- No dullness
- Natural
- Fresh
- No skin problem
- Moist
- Smooth
- Soft
- No oiliness
- Firm
- Supple/elastic skin
- No wrinkles

Thai
- Soft
- Aura
- Pinkish White
- Pinkish/ Blushing
- Clear
- Smooth
- Even Tone
- Moisturized
- Strong
- Clean

No aging sign
Baby skin | Youthful | Natural
Sources of information for skin care and cosmetics

- Peers
- Family Member
- Social Media
- TVC/magazine
- SPG/ BA
Western vs. Japanese vs. Korean

- Western and Japanese brands ...**credible and higher in quality**
- Japanese... seen more relevant to Indonesian skin than western
- Korean.. Growing popularity, more affordable
Preference on skin care and cosmetic

Range of products vs A products offering Many benefits
Preference on skin care and cosmetic

‘Natural’ look when applying make-up is the ideal...less is more

Anti-ageing ... shift to younger age groups
Preference on skin care and cosmetic

“Whitening” (brightening) benefit still popular

Growing popularity of BB Cream... mixed perceptions on its exact role

Moisturizer benefits... beyond the current benefits
Perfume

• Holds an emotional role
  – Enhances one’s image (high-class perception) and self-confidence
  – ‘Express’ one’s identity. Can hint someone’s personality
  – Stirs nostalgic memories, e.g. sweet moments with loved ones
• However, usage is mostly reserved for special occasions
  – Driven by price
  – ‘Lose’ its special-ness if used everyday
Trends and Future in Beauty
HOW THE INTERNET IS INFLUENCING PURCHASING DECISIONS IN THE WORLD

- 28% don’t trust user reviews on third-party websites
- 48% leave feedback online about products or services they have used
- 41% don’t trust user reviews on companies’ own websites
- 52% read professional online reviews of products or services they are interested in before making a purchase
- 62% read feedback online about products or services before making a purchase
BRAND WEBSITES ARE BECOMING MORE INTERACTIVE

Brands are have already developed internet based tools that let users play with virtual beauty products in private. L'Oréal has launched iPhone applications, Estée Lauder’s website allows users to upload their own photos and OPI provides step-by-step guidance to using its products and consumers can also play with different shades on different skin tones and nail lengths. MAC helps users find the right foundation with the help of video footage and can participate in live chat.
MAKE-UP TUTORIALS AND REVIEWS ARE FLOODING YOUTUBE

- Videos which actually show vloggers apply their make up eliminate the mystery surrounding a woman’s private rituals, documenting the application process in minute detail.
- YouTube is swamped with make-up tutorial videos and reviews; the most prolific reviewers have their own channels and millions of hits.

2,370 results on search: “Benefit Hoola”
Lauren Luke, a 27-year-old single mother from Northeast England became a YouTube sensation after she quit her job as a taxi dispatcher and started selling make-up on Ebay. When buyers began asking for help, she began giving lessons.

Her YouTube channel is now among the most popular on the site, beating Barack Obama and National Geographic.
How about in Indonesia?

• More females showing similar trends as in the world:
  – Browsing for information, but buying offline
  – Browsing and buying online…for foreign brands
• Social media sites becoming source of inspiration:
  – Highly visual content
  – Short and direct messages
  – Searching and trusting independent reviewers
More consumers research products online

Beauty and cosmetic items (such as shampoo, make-up, perfume, etc.)

<table>
<thead>
<tr>
<th>Research Method</th>
<th>2013</th>
<th>2011</th>
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<tbody>
<tr>
<td>Researched product via smartphone and purchased it online via smartphone afterwards</td>
<td>13%</td>
<td>9%</td>
</tr>
<tr>
<td>Researched product via smartphone and purchased it online via computer, laptop or tablet afterwards</td>
<td>20%</td>
<td>13%</td>
</tr>
<tr>
<td>Researched product via smartphone and purchased it offline in shop or via telephone</td>
<td>26%</td>
<td>19%</td>
</tr>
<tr>
<td>Researched product via smartphone but did not purchase it after research</td>
<td>21%</td>
<td>10%</td>
</tr>
<tr>
<td>Did not research this product via smartphone</td>
<td>34%</td>
<td>49%</td>
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</table>

Base: around n=500 smartphone users, Jan-Feb 2013
Tutorials in Bahasa
Company websites

www.nuskin.com

www.esteelauder.com
Online stores
Understanding Male and Personal Care
MEN ARE BECOMING MORE CONCERNED WITH MAINTAINING THEIR APPEARANCE TOO

The 1990s saw the rise of ‘lad’ culture, the 2000’s the rise of the ‘metrosexual’. Now men have returning to more traditional ideas of masculinity, but have brought some baggage along the way.

Men are have become more comfortable with the idea of taking care of their appearance, the idea of which has become more gender neutral. The biggest increases can be seen in the men’s skincare category.

In Europe, sales of men’s skincare products increased by 45% between 2005 and 2010, reaching €420 million.

Only 15 per cent of men feel it’s unacceptable to use skincare products

Americans spent $4.8 billion on men’s grooming products in 2009. This is twice the figure from 1997.
Products and Regimes: Based on Life-Stages

- High school Students
- Working, married
- College Student
- First-jobbers

- Fash wash
- Toner
- Moisturizer
- Facial
- Body Lotion
- Perfume
- Shampoo
- Hair Styling
- Deodorant
- Creambath
- Body Soap
- Cologne
- Night and Day cream (doctor’s)
- Facial mask
- Eye-Roller
- Pure Pack
- After Shave
Current trend of skin care and cosmetic among Indonesian men

- “Safety net” for men
- Challenge for Men Brands ➔ converting women brands’ users
- Face wash ... the most potential: seen as the staple product and it does not have any gender-related stereotypes
  - Higher demands for benefits beyond basic cleansing
- Toner ... potential to develop... supporting facial foam by offering additional benefits
- Moisturizer ... more challenging product
Common benefits sought by men

- Acne-solution
- Deep cleansing
- Oil control
- Brightening
- Whitening
Key Take-Outs
Summary

• APAC marketers are a bit more cautious this year, but not overly pessimistic.
  – Utilizing digital as a new channel is one of the main focus for them this year

• In Indonesia, the general sentiment remains the same with no strong sign of slowing down, especially among the middle to upper class, and with feel ‘good’ factor
  – While they are confident about their personal financial condition, consumer seems worried on the country’s economic conditions. This could be because of the election year

• For Indonesians marketer, we can capture this by having deeper understanding of the consumers and delivering their needs
  – Beauty for Indonesia is not just ‘skin-deep’, but touches different aspects of women
    – Ideal skin condition for Indonesian women are clear, problem-free, bright/not dull, and youthful/supple

• Marketers need to pay more attentions on the rise of online role in Indonesian women’ shopping habit
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Thank You