

INDONESIA 2021 BACK TO GROWTH



IPSOS
FLAIR COLLECTION

GAME CHANGERS



**INDONESIA
2021:
BACK TO
GROWTH.**

IPSOS FLAIR: Understand to Foresee



Henri Wallard

Deputy CEO – Ipsos Group
Président Ipsos en France

After the success of our second Ipsos Flair in Indonesia, made possible thanks to the commitment of our teams and great reception of our clients, we are pleased to present the third edition.

This new edition is quite positive despite the social and economic impact of the COvid-19 crisis; there was no quarantine, stop & go nor curfew in the country, but social distancing rules applied in restaurants and other public places that remained open. Since March 2020, Indonesia has seen around 1.5 million infected by Covid-19 and 42,000 deaths as a result of the virus from a total population of 270.6 million people, which is a fairly low proportion compared to many other countries. Vaccinations began in December with priority given to 18-59 year-olds, considered the most mobile population and therefore the most likely to contaminate others, and the demographic able to participate in the economic and social recovery with minimal risk of side effects.

The purpose of Ipsos Flair since its creation in 2005 has been: to analyze the values and attitudes of consumer-citizens and their view of all aspects of society in a number of countries around the world, providing substantial analysis and recommending the best ways forward. Flair is instinctive and intuitive, able to capture the atmosphere of a country, recognize the right direction, and know when to act. It is also another way of looking, considering survey results as representing the reality of relationships people

have with the society that surrounds around them. In creating Flair, Ipsos teams assess market potential and interpret market trends, combining insights from a variety of research methods (surveys, qualitative sources, social media, etc.) with know-how, science and technology. Our experts help clients develop and strengthen their brands and build long-term relationships with their clients. They study audience responses to various media and measure public opinion around the world.

This new edition of Flair summarizes the knowledge and experience acquired by our research teams in Indonesia, both on what happened during the Covid-19 crisis, on what it is permanently changing, and on the new strategies it calls for key players to adopt after the pandemic. So, I'm proud to be able to share our new edition and grateful for our teams: thanks to our experts,

I invite you to discover how Indonesia can be considered one of the pilot countries of the "Day After Tomorrow".

Enjoy your reading!

Henri Wallard

Deputy CEO

TRIBUNE



By Yves Bardon,
*Ipsos Flair Programme Director -
 Ipsos Knowledge Centre*

Last year, the title of our second edition of Ipsos Flair reflected the challenge for Indonesia in 2020, “Now or Never”: to continue developing infrastructure, balancing regional differences, creating a middle class with more and more purchasing power, remaining an extremely attractive country for tourism and investors, doing more and better to distinguish Indonesia internationally. When we started our reflection on this country, we wrote that Indonesians were too modest, something that isn’t too surprising because Indonesians have a saying: “an empty barrel makes a lot noise”. Another analogy is of a rice paddy; when it is full and ready for harvesting, it cannot stand straight up but bows down. Likewise, Indonesian people say that a person full of knowledge is not bragging, but he/she is humble like a full rice paddy. If you draw too much attention to yourself, you are not like someone with a lot of knowledge buta “tong kosong nyaring bunyinya”¹.

Indonesia is now in the spotlight more often: the country will host the G20 Summit in 2022 and hold the Presidency of ASIAN in 2023. It wants to host the Summer Olympics in 2032 and the prognosis for the Indonesian economy, despite the Covid-19 crisis, is favorable. In 2024, according to IMF forecasts, the world’s 5 countries with the highest GDP would include four Asian countries, China, India, Japan and Indonesia (in fifth place). The United States, top since 1992, would take second place in 2024. This forecast is even more remarkable given that Indonesia was absent from the table, both

in 1992 and 2008.

Several accelerators can help:

- In term of health, the efficient roll-out of vaccination builds economic optimism. This is seen in both Singapore and Indonesia where the two countries are the most confident that more than half of the population will be vaccinated by 2021. The average proportion in SEA believing this is 62%; 68% in Singapore and 64% in Indonesia. Elsewhere, the Philippines, Malaysia, and Thailand need more confidence--building measures.
- In terms of economy, spectacular changes are now on the table. The launch of a sovereign fund with an initial capital of 5 billion dollars will give international investors "the possibility of investing in numerous portfolios, particularly in the sectors of industry, energy, toll roads and health," according to Indonesia's Finance Minister.

The signing of the RCEP (Indonesia chaired the Trade Negotiations Committee) is a decisive step, this treaty involving fourteen ASEAN countries, from Myanmar to New Zealand via South Korea, i.e. more than two billion people, over 30% of world GDP, and fairly certain alliances established with the United States and the Commonwealth.

The massive investments of foreign groups, such as 100 million dollars from Microsoft for the unicorn company Bukalapak, which will operate Microsoft Azure as the main cloud solution, supporting its more than 12 million merchants and 100 million customers. Meanwhile, Google and Temasek are ready to invest 350 million dollars in Tokopedia, Bukalapak's competitor. Gojek also received support from Facebook and PayPal in June 2020, which joined Chinese giant Tencent and Google in the company's equity. Internationally, Indonesia no longer hesitates to make its voice heard in diplomacy or express its position, whether with regard to Algeria about the Moroccan Sahara or to France after the "cartoons" of the prophet

Muhammad, on which Indonesian President Jokowi judged the declarations of French President Macron on freedom of expression had “insulted Islam”.

On a personal level, Indonesians now report having returned to their income level of before the Covid-19 pandemic explosion². In parallel, looking ahead six months from now, 76% of Indonesians expect the economy in their local area to be stronger, including 42% saying “much stronger”, the highest recorded in SEA.

Of course, the health and economic crisis created by Covid-19 has impacted Indonesia: Southeast Asia’s largest economy saw its GDP decline 2.07% in 2020, the first annual contraction since 1998 and the Asian financial crisis, according to official statistics. In the fourth quarter, the gross domestic product fell 2.19% year-on-year, and Indonesia entered a recession in the third quarter after two successive quarters of decline in GDP.

But, compared to its history, the country has experienced other more complex situations and has managed to recover from them (revolts and massacres, devastating natural disasters, terrorism, etc.). This resilience, combined with confidence in the future and the energy of the population, is something that most greatly contrasts with other parts of the world. In particular, Europe has been deeply destabilized as no one anticipated anything like this happening. Perhaps people in the continent slipped into too comfortable a position, or were locked in nostalgia.

These different factors may explain why Indonesians are most optimistic. Looking ahead six months from now, 38% expect the economy in their local area to be much stronger and 37% somewhat stronger, while other countries in the region are more pessimistic. Many also believe a vaccine against Covid-19 will be available to everyone in Indonesia by first half of 2021 .

Other signs of optimism include the governor of Bali stepping up initiatives with the central government to lift the travel bans in force since March 2020. The World Tourism Organization also said this week that Bali is ready and very willing to start reopening to tourism. On the Indonesian Grand Prix, the new circuit of Mandalika, in the West Nusa Tenggara province has attracted the arrival of the MotoGP, although organizers have placed Indonesia as a reserve given the lingering uncertainties.

That said, several challenges remain.

On the economic and social level, local restrictions and border closures have been dramatic for the tourism and services sector and six million Indonesians have lost their sources of income, especially in the informal economy (taxi drivers, street vendors, guides, etc.). The government has put forward \$ 48 billion in support, the attribution of the funds is complex and the “welfare state” cannot continue indefinitely. The \$ 1.5 billion loaned to Indonesia by Australia also serves the same purpose: to save the most fragile sectors. Indeed, the collapse of international tourism deprives the country of \$ 14 billion in revenue. It is important to note that the financial assistance to Indonesia is the main reason that a majority of Indonesian people (53%) think that the economy will improve.

In terms of resources, the pandemic has demonstrated how interconnected the planet is. A major risk is posed if one of the links in the chain no longer responds, notably China, and if the interdependence of countries turns into absolute dependence. In response to Indonesia’s food dependency and to curb imports of foodstuffs, President Joko Widodo wants to create large farms totalling around 800,000 hectares that will meet the population’s needs for rice, cassava, chilli and garlic: “these projects should help anticipate the global food crisis which should be caused by the epidemic of Covid-19, but also climate change, and reduce our dependence on food

imports”, Jokowi said.

In terms of technology, as a precaution or because of restrictions, purchases have shifted massively from off-line retail to e-commerce. The trend existed before Covid-19, but the crisis has accelerated the phenomenon considerably. This now concerns all sectors and all categories: food, health, homewares, fashion, automobile, leisure, culture, and so on. As stated in a report by Google, Temasek Holdings and Bain & Co, “the coronavirus has brought about a permanent and massive digital adoption spurt.” The report, which covers Indonesia, Malaysia, Vietnam, Singapore and the Philippines, said “the region has 40 million new Internet users this year, taking the total to 400 million, meaning that 70% of the region’s population is now online. E-commerce grew by 63% to reach \$62 billion in 2020, to become the largest sector this year, while travel contracted by 58% to \$14 billion. Southeast Asia’s internet economy will hit \$105 billion this year as the coronavirus crisis prompted stuck-at-home consumers to go online to shop, get food delivered at home and for entertainment purposes ”.

The “Think Digital Summit 2020” organized by IBM highlights the challenges generated by large-scale consumption that amounts to hundreds of millions of clicks and the expectations of both services and security. In addition to traditional services (responsiveness, secure ordering, delivery tracking, meeting deadlines, etc.), we must now add the company’s ability to create a rewarding customer experience in a contactless world. Artificial intelligence, automation, new logistics chains and new systems are at the heart of how to respond to crisis situations like to that of Covid-19.

What do these examples have in common these three examples?: Awareness and anticipation.

The virus has shown our vulnerability, our fears and, above all, our unpreparedness in the face of events that are in fact already recognized or

even predicted.

We know what is in front of us in connection to global warming; floods and storms, rising sea levels, water scarcity, and reduction in biodiversity. In terms of health, we can anticipate the recurrence of pandemics, illnesses linked to age, the release of viruses frozen for centuries, and methane emissions from the melting of permafrost. The ageing population, the dependency of the weakest in society and a lower fertility rate will also have obvious demographic consequences. There is also the prospect of uncontrolled migration, especially with climate refugees.

We also know the issues related to the transformation of work with regards to automation, job destruction and job creation, which involves setting up training for the sectors now in demand.

Realizing that we must anticipate, and indeed act now, is the condition for transformation. Putting out heads in the sand will not solve anything. It is the purpose of this third edition of Flair Indonesia, entitled “Back to growth”, to help you to be aware and to act, because – following Ipsos’ motto – we act better and smarter when we are sure!

THE VIEW OF THE CEO

RISE AS CHAMPION



Soeprapto Tan

*Managing director Ipsos in
Indonesia*

Since the first and subsequent cases of Covid-19 were announced nationally in March 2020, life has not been the same. Indonesia, shocked, turned to panic-buying. People mostly bought groceries such as instant noodles, rices, personal care products in huge numbers, the queues snaking for long distances outside supermarkets. People were worried the government would implement lockdowns as seen in Wuhan, China. And the most memorable moment was the mask crisis as hoarding drove them to scarcity and pushed the price up. In that time, for a moment, life froze. Schools and offices were closed, pushed to learning virtually and working from home. Business was stuck.

Covid-19 has been impacted our lives, our behaviour, and has revealed our unpreparedness when it comes to health issues. It has exposed weaknesses in our economy. The majority of business sectors were hit deeply by the pandemic and unemployment was everywhere. Consumption trends have changed, both consumer and marketers had to adapt rapidly to an unpredictable market. The shift to digital is now a must.

Even though Indonesia's national economy in 2020 was under stress, the government always stated that 2021 would be a year of national economic recovery. Since the Coronavirus spread, the government has launched various assistance programs for all business sectors, especially for small and

medium-sized businesses, aimed to stimulate the economy.

Indonesian citizens feel that these stimulus programs are effective and 45% say they are indeed very helpful, especially for small business entrepreneurs going through the pandemic crisis, according to Ipsos SEA study in February 2021.

Government programmes and vaccination campaigns that were starting to be communicated since Q3 2020 were lifting Indonesians citizens' optimism. According to Ipsos SEA study in October 2020, 75% of Indonesians were optimistic about the national economic recovery. This optimism was quite stable; in the next wave in February 2021, this was at 76%.

Today, Indonesia has made significant progress with the Covid-19 situation. The infection rate has fallen +30% to now +9%. Similarly, the death rate caused by Coronavirus is down significantly from last year. In terms of vaccination, Indonesia currently ranks as the 8th fastest country in the world and is 4th for having the most vaccinated citizens (among countries not producing the Covid-19 vaccine). Furthermore, as of 5th April 2021, over 8.8 million people have been vaccinated for Covid-19, an increase of 200,000 on the previous day. Meanwhile, 4.2 million people have received their second vaccination (also around 200,000 more than the previous day). The government aims to inoculate a total of 182 million citizens by early 2022.

All this certainly makes a difference to Indonesian citizens' sense of hope about the health of the population and growth of the economy. And Ipsos, as before, will take an active part in this journey of tracking the evolving public opinion and behaviour during pandemic. The fourth wave of the Southeast Asia "Living in Crisis" study which will be conducted on May 2021.

Flair 2021 "Back to Growth" is very special edition because it covers the history

being made in Indonesia's journey with Covid-19. This is great opportunity for Ipsos clients to discover and understand more what has changed, what was Covid-19 revealed, how people live with and during the pandemic, and what will last in a post-Covid age. Additionally, what is the outlook in terms of new habits, technologies, social interactions, and consumer behaviour.

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**“ OVER TIME, THE SMALL
HILL TURNED INTO A
BEAUTIFUL MOUNTAIN.”**

INDONESIAN PROVERB

USER'S GUIDE



COMPLICATED TIMES & HOPES

PROBLEMS

2020 has not been an easy year for Indonesia and 2021 has not started with good news.

On a human front, the crash of a Sriwijaya Air Boeing 737-500 on January 9th 2021, added more victims to the list of air accidents after the Lion Air Boeing 737 crash in October 2018. Deadly floods a week earlier in Bekasi on the island of Java forced 70,000 people to evacuate their homes, not to mention the unexpected floods in North Sumatra. On January 15, an earthquake shook the island of Celebes, causing at least 60 deaths. And the next day, Mount Semeru – the highest volcano on the island of Java– erupted, as in December 2020, followed

by Mount Merapi. Finally, in early February, the Raung volcano in Banyuwangi district began erupting, causing many flight cancellations.

On the economic front, the closure of borders to foreign tourists from March 2020 was not good news either, as Indonesia wanted to attract more tourists in 2020 after a mixed year 2019: it received 16.2 million foreign tourists but expected 18 million.

At the same time, while the GDP should have grown by 5.3% in 2020, it finally fell by 2.1%, its first contraction since 1998 and the Asian financial crisis. In Q4, gross domestic product was down 2.2% year on year and Indonesia entered a recession in the third quarter after two successive quarters of declining GDP.

The positive side to this is that this contraction was in line with economists' forecasts at Bloomberg, who had estimated the decline in GDP at around 2.1% of GDP in a context where Indonesia was, before the vaccination campaign, the most affected country by Covid-19 in Southeast Asia with more than a million infections and more than 31,000 deaths.

IMPACTS

RETAILS INDUSTRY

Contact with others has become the number one problem as this puts people at risk in the outside world . The virus and fear of contamination has reversed the in/out relationship. Before, the outdoors was synonymous with freedom, meetings and discoveries. Inside before Covid-19 was associated with “cocooning”, “home sweet home”, and within the limit of its four walls, routine, isolation, and even boredom.

An effective vaccine is able to reassure the population, but, while we are waiting for the vaccination of the general population and for borders to be controlled, the outdoors will remain associated with risks, fears, dangerous otherness of contagion, constraints and restrictions, masks everywhere and all the time, social distancing. On the other hand, inside embodies security, control, and the freedom of a place where everything is possible, thanks to technology that allows us to import external realities into our every day and connect to the outside world without leaving home.

Of course, brick and mortar retail has been impacted: the Bank of Indonesia's monthly survey shows that retail sales dropped 15% in October compared to the same month last year, the biggest fall since June and following a 9% fall in September. The survey showed that sales of food, beverages and tobacco fell in October after recording growth a month earlier, while sales of communication equipment dropped further .

Consumers changed how they purchase groceries and food in response to the situation, using on online delivery platforms instead of visiting supermarkets. Minimarket chain Alfamart's Marketing Director Ryan Alfons Kaloh, interviewed by The Jakarta Post, said that during the period of social restrictions, 3,000 of Alfamart's 14,000 outlets nationwide had catered to online orders as a strategy to retain customers. Meanwhile, Boga Group, which operates more than 150 restaurants in major cities across Indonesia, has provided online delivery services since the government called for shopping malls to close. The group's Director, Kusnadi Raharja, said it had made major changes to its business operations during the pandemic, including transforming almost of all of its restaurants into "cloud kitchens" that cater to online orders.

TOURISM

As early as July 2020, The Jakarta Post alerted the country to the severity of the situation: “the COVID-19 pandemic has wiped out around Rp 85 trillion (US\$5.87 billion) of Indonesia’s tourism revenue so far this year, forcing business associations to call on the government to provide a greater stimulus for the virus-battered industry. The hotel and restaurant industry has lost nearly Rp 70 trillion in revenue as leisure travel has come to a complete halt, while aviation and tour operators have lost Rp 15 trillion in revenue, according to data from the Indonesian Hotel and Restaurant Association (PHRI)”.

AUTOMOTIVE INDUSTRY

“The Association of Indonesian Automotive Manufacturers (Gaikindo), which previously slashed its domestic car sales target by 40 percent to just 600,000 units this year as the COVID-19 pandemic forced showrooms to temporarily close, has warned it may have to cut its sales forecast even further”, The Jakarta Post reported at the end of September 2020 . “The drop in car sales has also hit auto financing companies. PT Toyota Astra Financial Services (TAF) saw a spike in credit restructuring applications during the second quarter, amounting to 35,000 customers with a total financing value of Rp 5 trillion (US\$338.5 million). “

ACTIONS

Without going so far as to call this a positive development, the pandemic has helped to reveal and accelerate awareness around certain issues. For example, the state of the health system, which offers fewer than four doctors per 10,000 people (compared to 15 in Malaysia and 35 in Australia) or the problems of hospital equipment and access to care, the weight of the informal economy in which there are risks of job loss for 70 million people.

In reaction, President Joko Widodo quickly accepted a budget deficit of 5% instead of the 1.76% planned and to set up various social support programmes totaling IDR 405,000 billion (more than 27 billion US dollars). From the start of the state of emergency, the equivalent of US\$ 1.5 billion in social assistance and grants were distributed in cash to Indonesians with the lowest incomes.

In line with income recovery and supports, Indonesians are optimistic: in November 2020, looking ahead six months from now, 75% expect the economy to be better (38% much stronger + 37% somewhat stronger), to compare with the average in South East Asia (46%, 12% MS + 34% SS) .

Clearly, the economy assistance is the main reason that Indonesian people think that the economy will be better this year:

Reason of the expectation	%
Because of the assistance to UMKM	53
Because a vaccine will be found and distributed	46
Due to cash social assistance	37
Because the government provides financial stimulus to business owners	32
Because of the pre-employment card facilities	30
Due to the success of government programs in tackling the Covid-19 pandemic (3M, 3T)	29
Because my business / workplace is starting to show improvement	29
Because the government makes it easy to access health facilities	26
Due to electricity subsidies	23
Because of the salary subsidy	22
Because there is an increase in the minimum wage of workers	13



2021, POSITIVE OUTLOOKS

An International Monetary Fund (IMF) team led by Mr. Thomas Helbling conducted (virtual) discussions from 25th November to 11th December 2020 with officials from the government, Bank Indonesia, Financial Services Authority (OJK), other public agencies and representatives of the private sector.

A positive outlook resulted from the discussions, the Indonesian economy having rebounded in the second half of 2020 and recovery expected to accelerate in 2021 and 2022. The IMF concluded that the real GDP is projected to expand by 4.8% in 2021 and 6% in 2022.

Below is the statement issued by Mr. Helbling.

“Indonesia has responded with a bold, comprehensive, and coordinated policy package to address the socio-economic hardship inflicted by the Covid19 pandemic. Timely policy interventions also helped to safeguard macro-financial and external stability through a period of global market stress.

The outlook is positive. Building on the economic rebound in the second half of 2020, real GDP is projected to expand by 4.8% in 2021 and 6% in 2022, led by strong policy support measures, including Covid-19 vaccine distribution plans as well as improved global economic and financial conditions.

The uncertainty surrounding the growth outlook is larger than usual. Early widespread vaccination is an upside risk, while delays could lead to a more protracted pandemic, a downside risk. The macro-financial fallout of the pandemic and economic downturn could be larger-than-expected, and credit conditions could be slow to improve.

To secure the ongoing recovery, sufficient policy support will be essential. The accommodative macroeconomic policy mix expected in 2021 is, therefore, welcome. For the medium term, restoring the macroeconomic policy framework (e.g., 3% of GDP budget deficit target) that has been appropriately and temporarily suspended during the pandemic will reinforce Indonesia's track record of prudent policy. A detailed fiscal strategy backed by revenue-boosting measures would help in managing the balancing act.

The fiscal policy settings planned for 2021 should help foster the recovery. While maintaining some pandemic-related emergency spending from 2020, the 2021 budget reallocates budget resources and potential carryovers for increased high-impact spending, notably public investment.

Pursuing monetary accommodation, through a combination of lower policy interest rates and Bank Indonesia (BI)'s government bond purchases, is appropriate under the current exceptional circumstances. The plan for authorities to use only the market mechanism defined in April 2020 for BI's government bond purchases in 2021 will provide for a better balance between the benefits and risks associated with monetary budget financing by BI.

The banking system remains stable, owing to bold and timely policy interventions. Adequate provision for loan loss will nevertheless be critical to banks' abilities to absorb the rising asset quality risks. The authorities are also preparing a range of policy measures aimed at promoting bank lending, especially for financing small/medium enterprises. These measures could be complemented by additional, targeted policy steps if aggregate credit does not recover as expected. Meanwhile, the envisaged financial sector omnibus bill will address regulatory challenges and provide the legal foundation for further financial deepening, which will complement other initiatives such as BI's money market deepening blueprint. BI's blueprint on digitally-oriented payment systems will help improve monetary policy transmission, as well as economic and financial inclusion. The government's emphasis on the importance of safeguarding the operational independence of BI is welcome.

The omnibus law on job creation should help lower obstacles to new job-creating investment and boosting productivity. The implementation of the Regional Comprehensive Economic Partnership (RCEP) in Indonesia would reinforce these benefits for Indonesia. High-quality governance standards in regulatory settings when implementing the omnibus law should be maintained.

Indonesia's proactive policies tackling climate change issues could put further emphasis on a greener economy. At the same time, further progress in the monitoring and execution of adaptation plans towards increasing the resilience to climate change would be desirable, given Indonesia's high exposure to related natural hazards."



AN ELECTRIC & HYDROGENIC FUTURE!

Nickel is present in all types of batteries: Nickel-Hydrogen (Ni-H₂), Nickel-Iron (Ni-Fe), Nickel-Lithium (Ni-Li), Nickel-Zinc (Ni-Zn). Today, Nickel-Metal Hydride technology is the benchmark for hybrid vehicles because it can withstand strong charge/discharge currents and is more resistant to overheating, than lithium batteries. Nickel-Metal Hydride. Nickel is also vital for the production of stainless steel (in the form of ferronickel, by heat-treating, or pyrometallurgical transformation).

Electric propulsion and hydrogen are the two resources called upon to replace hydrocarbons, and the economic stakes are colossal.

But what does this have to do with Indonesia?

In fact, Indonesia is the world's leading producer of nickel (nearly 20% of global production) and relies on this resource to strategically position its industry at the

global level. And the country is lucky: a nickel site, discovered on the island of Halmahera (north of the Moluccas archipelago), is one of the most important on the planet.

While Indonesia was the leading exporter of nickel in 2019, it has since 1st January 2020 banned the export of raw nickel ore, favouring instead domestic processing. Indonesia is now master of this game and is stepping up agreements with global manufacturers of electric batteries.

While waiting for a huge industrial agreement with Tesla, the government signed an agreement with the South Korean battery maker LG to invest \$ 9.8 billion not only in a battery factory, but in the development of a nickel mine and refinery in the Moluccas Islands.

The Covid-19 crisis had caused a drop in prices and demand for nickel, but once this is over, global demand for nickel and its by-products is expected to automatically increase. It will be driven by the infrastructure needs and ambitions to develop batteries for electric vehicles in many countries. The battery currently represents around 40% of the cost of the vehicle.

Indonesia is expecting investment in nickel processing to double between 2020 and 2033 to reach a total of \$35 billion, this increase led by Chinese stainless-steel producers and battery makers.

In today's context, it is important that this development is responsible. The public and consumers are increasingly concerned about the environment and expect clear commitments from large companies on ecological and societal issues. This is becoming more important to consumers as they decide where to spend their money, in the automotive sector as well as others.

In order not to lose their customers, car companies must be vigilant as the issue of so-called high-sea waste (DST) becomes a media topic. This is a point for the Indonesian authorities, who must carefully position themselves in the debate between the supporters of the DST for whom it is less expensive and less harmful, and those who consider this practice to be environmentally disastrous.

The Indonesian government is well aware of the issues. This is reflected in the view of Jodi Mahardi, spokesman for the Maritime and Investment Affairs Coordinating Minister: “There are no written regulations yet, but the policy is not to issue permits for high seas tailings for future projects. ”

It is clear that the development of the electric vehicle industry will account for a great deal of positive growth for the Indonesian economy. The government plans to build 400,000 electric cars per year and a fleet of 2 million electric two-wheelers by 2025.



MONEY AND SMART CITIES

Jakarta is on its way to becoming one of the biggest smart cities in Asia thanks to the widespread update of digital payments from smartphones. All payment systems for municipal services in Jakarta and asupermarkets, café's, restaurants, for travel, entertainment, health, housekeeping, education and so on will be done via smartphone, now using QR code systems through smartphone apps.

Bank Rakyat Indonesia also announced that it received approval from the Financial Services Authority (OJK) and Bank Indonesia (BI) to accept and process Alipay wallet transactions in Indonesia. BRI becomes the first bank in Indonesia to collaborate with China's mobile and online payment platform Alipay. Founded in 2004 by Alibaba Goup, Alipay is the world's leading mobile payment service organization with more than one billion Users. The IRB continues to strive to increase the expansion of the cashless transaction system in the community through the QRIS payment method.

The growth of Chinese tourists in Indonesia (+450% from 2009 to 2019) is considered a huge opportunity connected to this cooperation with Alipay .

After Jakarta, the aim is to further expand cashless payments across the country.



CULTURAL ATTRACTIVENESS

An extremely significant topic for Indonesia, as well as its investors, is the development of tourist attractiveness and the return of international visitors and as soon as possible after a very bad year. According to the Indonesia's Central Statistics Agency (BPS), the country received 3.6 million foreign tourists between January and the end of November 2020, a year-on-year decline of 70%.

In response to the Covid-19 crisis, the government launched the CHS Program (Clean, Healthy & Safety) for Indonesia tourism, which applies to hotels, food and beverage and retailers. Bali, one of the most famous islands in Indonesia, has been in dialogue with the central government to lift the travel bans in force since March 2020. The World Tourism Organization declared this week that Bali is ready and very willing to start reopening to tourism. This can be seen from the preferential loan package intended to accelerate the recovery of tourism in Bali and to create jobs for more than 80% of the population (worth 9.4 trillion rupees, or \$US 670 million).

Bali is not the only island in question when it comes to tourism. Padar, an uninhabited land in Komodo National Park, is well-known for its giant lizards. Inspired by safaris in the African reserves, Komodo Wildlife wants to attract lovers of dragons and animal tourism to a new park covering an area of 274.13 hectares with 382 villas, 3 spas, 5 cafes, a swimming pool and various facilities.

Last but not least, to simplify the arrival of the foreign tourists in the whole archipelago, a travel corridor framework is being developed that will include rapid testing at airports and ports, and likely a Covid-19 green passport for vaccinated people.



CONSEQUENCES



LESSONS OF A CRISIS



Mirna Kurniawan
*Finance Director - Ipsos in
Indonesia*

The health crisis has change and accelerate a lot of things, even the back to normal is not accompanied by a specific awareness, as if there was a possible before / after a full lockdown situation. Maintaining the link and continuing to see each other, two important conditions for feeling good, were made possible because Indonesia did not experience total containment and a classical life way was able to continue, unlike many other countries. However, mental health has become a personal concern to alleviate the stress created by the health situation, social distancing protocols and economic fears. Relaxation and yoga classes have many happy days ahead of them!

It led people to think about their personal state of health and their food habits; they discovered new hobbies, such as cycling and biking, both to keep better fit and to avoid public transport; consumers were careful to buy healthier products: grocery stores have also included more healthy products on their shelves.

On the overall health front, it makes people feeling a turning point between the spread of the virus and the vaccine campaigns which are progressing well: the World Health Organization has even lauded Indonesia's leadership in promoting global solidarity and equal access to COVID-19 vaccines for all countries .

However, unemployment has become a major concern, economically and socially, and people tend to save and limit themselves in a context of uncertainty while the Government wants to encourage consumers to spend money. Tradespeople who have been able to shift from offline to online or develop an online activity in parallel with their offline activity are doing more or less, because of social distancing measures, for fear of contamination and because big shopping malls were closed, consumers quickly shifted from off-line to on-line. But the situation is complicated for those who cannot sell online, like all the small street shops sellers, traditional markets, street food players, tourism, hotel and catering, etc. and others having lost customers.

About consumption, we have read that consumers would be more concerned with the origin of products, that they would buy more "local", that their "values" are changing per the covid-19 crisis. But it is still necessary that the quality is there. Products made in China are often less expensive than those made in Indonesia; the price and the quality are also not comparable between small and medium-sized local companies and products manufactured abroad or according to the standards of big global groups.

At the industrial and technological level, many local potentials are not explored,

such as natural resources, and the government wants to encourage innovation in categories such as agriculture, defense, IT, health, automotive, electricity, hydrogen, etc., to accelerate the industrial revolution 4.0.

For instance, opening the National Coordination Meeting for Strengthening the Agency for the Assessment and Application of Technology (BPPT, 2021, Monday, March 8), President Jokowi called on domestic innovators to develop environmentally friendly green technology, as a form of industrial revolution 4.0: “We must be grateful for God’s gift in the form of abundant natural resources, for that we are obliged to protect and use them wisely for the welfare of the community. But without the wise mastery and use of technology, this gift will not provide maximum benefits for the people. [...] I am sure that hundreds of thousands of researchers, thousands of research and technology institutions in government and private sector and millions of innovators in the wider community must have a lot of findings, maybe they are preliminary findings that still need to be developed, maybe mature findings that are ready to be applied, and can be immediately implemented in the industry “, he added . As an evidence, reducing the dependence of Indonesia is a significant step and help to growth.

Looking back, we can see how the situation evolved from the arrival of covid-19 in Indonesia and how it works today.

1. “Normal Life”, before the first cases (on March 2, a dance teacher and his mother were infected by a Japanese man) and the announcement on April 9 by the Authorities that the pandemic had spread to all the provinces of Indonesia.
2. Large-scale health restriction and social distancing (PSBB) measures in the capital, testing and screening, etc.
3. A climate of uncertainties and fears which lead to the collapse of consumption in certain sectors (automotive for instance).

4. Development of the idea that you must “live with”, gradual recovery, normally doing.
5. Almost back business as usual, which has been established since the start of the year.

We can imagine that some health protocols will remain in place, but the economy, distribution and consumption will return to normal, will start to run again. We can also have confidence in the capacity and resources of companies to adapt, also with the resumption of international tourism which will once again become important as soon as vaccine passports exist, and the borders are opened again.

Looking back, too, we can also see that players who have continued to innovate and find solutions have overcome consumer concerns, created empathy and built loyalty.

These are the conditions for Growth, the decisive stake now and in the future.



A NEW LIFE, 2.0.



Indah Tanip

Associate project Director

Observer - Ipsos in Indonesia

Covid-19 quickly moved from the offline world to online exchanges, even in the absence of drastic restrictions and large-scale containment as in other countries

“Tele” is the word of the year 2020 and has been around for a long time:

- The youngest have massively adopted communication technologies to stay in touch with social networks (TikTok, Instagram...) and for their shopping; the older ones have remained loyal to face-to-face shopping in groceries, for example, but all have reduced their social interactions and the frequency of their outings.
- Telemedicine and teleconsultations have exploded. Halodoc is a good

example of an application drastically accelerated by the health crisis. Downloads has increased by 2x, and comparing 2020 to 2019, transactions for paid medical consultation services increased by almost 10 times, followed by an increase of up to 6x in Health Store services, as well as the growth of the Book an Appointment service to 3x. Until February 2021, the Halodoc drive thru service has facilitated more than 600,000 COVID-19 tests with antigen swabs as the type of test that is most in demand by the public even though its appearance is relatively recent compared to the other three types of COVID-19 tests (rapid antibody, PCR, serology). Other developments are already enriching Halodoc's services as Mental Health and Animal Health.

- “Another interesting thing that we also observed is the proportion of Halodoc users who are dominated by women as well as differences in behavior between male and female users in utilizing services on our platform. What is also unique when looking at the data we have is how male users also use the Doctor Chat service to consult with a Pediatrician. The dominance of women is what underlies us in releasing many female-focused features such as the Menstrual Calendar which was released in October 2020, and followed by the Pregnancy Calendar feature in early 2021” Dionisius Nathaniel, Chief Marketing Officer of Halodoc, said . Halodoc has been named by Usaria and the UX Alliance as the second most user-friendly application among 47 apps from 17 countries .
- 70% of Indonesians have Internet access and those who wanted have been able to consult a doctor remotely on their mobile, via a PC or by going to a Warnet (an Internet Warung is a cybercafé). The “go to health” facilities have been developed by the government to avoid saturating hospitals and relieve health care with platforms; these practices have become commonplace and create new forms of socialization.
- Tele-entertainment, the categories having benefited from the crisis being, with personal care, leisure, streaming platforms. Even though cinemas or

fitness clubs remained open, many people preferred at home activities with apps to keep fit and media like Netflix for mostly European films or VIU for mostly Asian programs. Spotify is also one of the big winners of the covid-19 era.

All these services existed before the pandemic, but it gave them a boost and installed them in people's daily lives: they were seen as the best solution to continue to have fun and live in a context where the life has not stopped: 80% of shopping centers, restaurants, public transport, etc. were accessible normally, but with limitations. These behaviors will continue after the crisis.

Other behaviors will become part of everyday life because they are related to health. During the crisis, we talked a lot about sick people, with a deficient immune system, obese or very clearly overweight, with nutritional deficiencies. Consumers bought less hamburgers or fatty products and preferred to buy fresh, healthy, seasonal products; the premium went to fruits and vegetables known to be rich in vitamins such as avocados, papayas, oranges because they protect the body's natural defenses. These habits have no reason to disappear because people have felt the physical and psychological benefits: feeling better, gaining tone and vitality.

During the crisis too, brands placed great emphasis on consumer safety, process security, everything that was done to ensure that everything, from production to home delivery, was under control. They valued promotions and discounts to also show that they wanted to remain accessible, supporting people. Safety and empathy have been two important communication levers meeting deep human expectations that go beyond the time of crisis.

Ipsos obviously surfed on the crisis with contactless and online interviews to continue to explore consumer perception and to test launches or innovations.

The sniff-test is a good example of transfer from contact to contactless with recruitment via the Ipsos panel and WhatsApp, sending products to the homes of interviewees and an user's guide so that people follow the test protocol, ending with an online questionnaire after the test itself. The surveys on Corporate Reputation were also particularly useful to know how consumers perceived brands according to their involvement and proximity, two assets in times of crisis. The changes had to be made very quickly, with Full Report formats even more operational to help decision-making in a climate of urgency and uncertainty.

Since mid-December and the vaccination campaigns, things have gradually returned to normal; we can have confidence in the economic recovery and the fact that consumption will accelerate with purchases and deferred spending because of the crisis. There has also been some exceptional government aid that has kept many people out of the most difficult times of 2020. Ipsos surveys show that buying intentions are on the rise, which is encouraging. Indonesia will emerge from the pandemic in 2021, the government has given people certainty, helped them: you can see it in the confidence that Indonesians place in it.

Finally, we will remember that we lived through a historic moment and that we continued to successfully move one. We tend to forget and when the health immunity will be done, when there will be no more masks to wear, when all that will be behind us, we will tell our children and our grandchildren that we have experienced a very bad situation and that we have enriched our learnings how to manage a crisis and to do with it.



EMERGING TRENDS: THE 4 MAIN FORCES SHAPING THE FUTURE TODAY

“*Emerging Trends Research*” is a Facebook-commissioned survey of 12,500 online people ages 18–64 in Argentina, Australia, Brazil, Colombia, India, Indonesia, Mexico, Nigeria, Philippines, Saudi Arabia, Thailand, United Kingdom, US, Vietnam) by Ipsos, Sep 2020 . Its purpose is to explore some of the forces shaping the future now (© Facebook company).

1. THE CONVENIENCE GAP

For busy consumers, convenience unlocks the time and space for people to pursue the things that matter to them. And, as people increasingly seek out and pay for products and solutions that simplify their lives, brands have new opportunities to play a truly meaningful role in people’s lives.

92% of Indonesian Vs. 90% globally are actively looking for ways to simplify their lives and 89% (86% globally) of these Convenience Seekers would pay for products or services that save them time.

Saving the time in order to spend time...

	Indonesian	Globally
With loved ones	63%	65%
Learning a new skill	59%	63%
Getting exercise	52%	63%
Traveling	48%	62%
Giving back	37%	35%

2. THE PARTICIPATION PARADIGM

Social media has shifted people's expectations of brands. People increasingly want to feel connected through interactive and immersive experiences. And Live Shopping, AR and other technologies are helping to add utility and levity to people's relationships with brands.

90% of Indonesian Vs. 82% globally say social media has allowed them to interact more and deepen their relationship with brands and 87% (Vs. 73% globally) say they're interested in trying new and different ways of shopping.

38% of Indonesian (Vs. 27% globally) have tried Live Shopping in the last year; 88% expect to increase their Live Shopping in the coming year (Vs. 89% globally).

86% of Indonesian (Vs. 78% globally) consider Augmented Reality a fun way to interact with brands; 85% say it needs more development to become truly useful (61% globally).

3. THE DIGITAL GATHERING

People are building communities in places you may not be able to find on a map, but online communities matter as much as ever, and people increasingly welcome brands that are willing to contribute to their online communities.

75% of Indonesian (64% globally) are members of an online community; 79% expect their engagement to increase in the future (74% globally); 86% are open to brands participating in their online communities (83% globally).

4. THE ENTREPRENEUR'S EDGE

People are answering the challenges of daily life with creativity and entrepreneurship with many communities actively supporting their local businesses. And now, new digital tools are leveling the playing field, enabling more people to unlock the economic opportunities around them.

94% of Indonesian believe that technology and social media has made it easier for people to start a business, in line with the global average (94%); 88% are actively supporting local entrepreneurs (91% globally); 58% of these “entrepreneur activists” are entrepreneurs themselves (38% globally). By the way, 60% globally believe there are still many opportunities for entrepreneurs to disrupt business as usual, remembering that Indonesia is renowned for its millions of traditional family-owned street stalls, or “warungs”, a multibillion-dollar business. They must now think to new way to change the game.

Facebook Apps and services are key players to help entrepreneurs:

	Indonesian	Globally
Allow businesses to advertise products and reach consumers	50%	50%
Provide a platform for customer interaction	49%	52%
Establish an online presence without a website	39%	44%
An effective way for businesses to be discovered	39%	42%
Help businesses learn more about customers	34%	40%

What these four strengths have in common is the very positive approach of Indonesians towards technologies and social networks, seen as accelerators and solutions simplifying your life, developing a relational network, creating business. On this last point, 78% of Indonesian feel confident that entrepreneurship will continue to thrive in 2021.

In two word, we can see that digital is particularly well integrated into everyday life and will continue to grow, as enjoyment and effectiveness tool.



THE NEW MOBILITY, A CHALLENGE

ENVIRONMENTAL PROTECTION AND MOBILITY, SQUARING THE CIRCLE

Everything stems from an observation and a tension: cities must evolve to limit pollution and congestion while respecting mobility aspirations which have remained more or less the same for half a century and boil down to a demand of freedom, security and simplicity.

The governance of cities cannot ignore these expectations, whether they emanate from the people who live there, who work there or who visit them, and there is no indication today that one group is more ready than another to give up to a mobility chosen according to the circumstances.

Another more or less invariable dimension must also be taken into account, that of the average transport time, which remains singularly quite similar and stable in all the large cities of the world, about an hour of daily journey according to

Zahavi's conjecture: *"The idea that travelers use the fastest travel modes they can afford led Zahavi to identify and develop the concept of a stable "Travel Money Budget" which he found to be about one eighth of household income. He went on to develop a predictive model for urban travel, the "Unified Mechanism of Travel" (UMOT) based on the proposition that travelers tend to maximize distance traveled within their constraints of time and money. The model was called "Unified" because its components interacted with one another within the constraints imposed by the infrastructure and by the time and money budgets. For example, most conventional models allowed travel to be unconstrained, and defined daily trip rates for different purposes, such as "work", "shopping" etc. The UMOT model took account of the constraints on total travel, so that increases in (say) work travel would be reflected in decreases in (say) travel for shopping."*

As the journey time is constant, it is the speed of movement that directly influences the sprawl of agglomerations; even if the reality is probably more complex when one takes into account all the economic factors, this theory demonstrates at least that the city must be conceived as much in terms of movement as in terms of territory.

We must remember that the cost and the pleasure of the journeys determine the modes used according to their availability.

Regarding medium-distance or peri-urban journeys, much remains to be invented or implemented. Car users remain in the majority, as the public transport offer does not cover needs. Even though carpooling is on the rise, planning and the lack of flexibility remain lasting obstacles: mobility remains an individual matter.

Mentalities are undoubtedly changing. We know that the situation of the planet is of increasing concern to citizens of the world, with an unprecedented level of concern.

But the change to a service-based approach requires gigantic investments and we do not yet see who will be able to decompartmentalize the various initiatives.

Tech giants, start-ups and even car manufacturers dream of developing applications that could bring together all mobility services, but there are still many challenges to overcome, in particular convincing the various public and private actors that such a platform would be in their best interest. It also goes without saying that, in order to function, these new services will have to generate real financial savings for customers, while making their lives easier.

The challenge to be met must be managed over a fairly long period of time, the changes he calls for being, of course, dependent on technology, but they cannot in any case be shaped by it alone. They will first be conditioned by the establishment of local ecosystems, adapted to very diverse cities and lifestyles; this is the first urgency: to leave an important place for a chosen, individual and ecologically responsible mobility.



COVID-19 AND NEW WAYS

The concerns and practices arising from the crisis, immunity, health, teleworking, mobility, investments and purchases, etc., are installed for a long time and will change the priorities in the short and medium term.

This is where the way governments have handled the health crisis will have consequences. the more severe the restrictions and the more profound the changes, the more profound the changes may have been and the more people may want to keep those who have benefited them the most (no longer wasting time, for example). In countries where people's lives have ultimately been little impacted, it is probably more a reflection on the "best" changes that will take place.

For the big companies in particular, the paradox is that this crisis brings us together and distances us at the same time; it brings us closer to other countries with webinars or videoconferences international without us having to move, and

it drives us away of our loved ones with restrictions or fear of contamination. The massive vaccination is able, of course, to create the conditions to the “come back to normal”.

But the experiences people had discovered can change their views as well on the way to manage work and home, the time loosed in the traffic jams and the instant access to the PC waiting in the next room. Teleworking can reduce car trips, thus limiting traffic jams and pollution: this telework / office - business hybridization is one of the revelations of the crisis and is able to create new eco-systems whose impact on the territories is complex. A company headquarters is a business environment made up of cafes, restaurants, bakers, sports halls, rental car parks, etc., hence a big social and economic impact.

Indeed, from a less enthusiastic view, it is an infernal domino that is sets up: disappearance of businesses associated with neighborhoods business and corporate and tens of millions of square meters without buyer. On the social level, degradation of the bond and the collective, strictly utilitarian relationship with others (we no longer meet in the corridors and we will then have a coffee), non-stop sequence of video meetings, end of the random and all the surprises that can emerge from it.



NEW SOCIAL INTERACTIONS



Dewi Sakuntala

Country HRD - Ipsos in Indonesia

The general feeling is hopeful. Even though people do not yet have a very clear idea of the end of the health crisis here and globally, they are finding new perspectives. Caution and hope simultaneously animates the overall mood, both individuals and companies.

Prudence in spending and purchases, prudence in investments, recruitments, replacements. Financial aid from government banks has helped some of the poorest to cope, but some of the upper middle classes have struggled: there can be discounts on just about anything, but not rents, tuition fees, home loans, etc. They had to limit expenses and arbitrate as much as possible.

Covid-19 has accelerated the implementation of digital technologies, including in rural areas. Teleconsultations and telemedicine, in particular, were boosted because people were afraid to go to the hospital; their penetration rate has seen unprecedented growth and some hospitals have even created their own apps.

Digital technologies accelerated transformation from offline to online in many companies. In companies that can, this integration is not always easy, and it is more effective to work from the office and to attend to meetings in the same room. Digital discussions when there are a lot of people are not easy either. Not many people in workforce community are online ready. Finally, there are technical reasons: Internet connections are not equally good everywhere, especially in residential areas. This acceleration has negative consequences in new balances between personal and family life for some people.

Many companies and activities cannot be digitized: craftsmen, small businesses, brick and mortar, agriculture, etc. Much of the country is still living in a very traditional way. The transition to communication and digital professions is only possible under certain conditions.

On the other hand, an area where the on-line activities have exploded is that of leisure, with Disney children's programs, Netflix, and video games on smartphones, tablets, computers, it is not easy to ban them from doing these off-school activities when they are in online learning episodes

Covid-19 has transformed social interactions. In Indonesia, there are many events, celebrations, festivals, ceremonies; naturally take place face to face with family, friends, relations, in a wider group. We had to reduce the number of participants, the number of family visits, and use video platforms. These are temporary changes, but we will keep those that are helpful to avoid long trips or travelling time.

Covid-19 has also made people more aware of health and prevention, strengthening immune defenses. Healthy lifestyle, diet and sports are more important than before. People eat more fruits and vegetables, consume vitamins, cycle or jog. The volume of bicycle sales is growing impressively, and we see more and more people bicycling on weekends. It is not by chance if we note in one of the surveys Ipsos conducts that 20% of Indonesians said that they have a higher physical level than before .

Health and back to nature activities have become a hobby and those who can eat vegetables and fruits from their garden. Street food suffers and loses its appeal, both because people are less confident than before and because people prefer to be sure that what they are buying is healthy. But it's not easy to give up fried food, it will probably be not as much as before ...

This trend towards hygiene will continue. This is a bit the meaning of closing borders to tourists until they are vaccinated: a certain protectionism. Pollution and its health risks will be a similar concern even post pandemic.

Basically, we are emerging from the crisis and it has made us more aware of the importance of health, and of a good work-life balance with our loved ones. There are always challenges for our societies, e.g. the stigma attached to people with COVID even after they are cured. Digital integration has changed our mindset although we are fully aware of the need to seek a good balance between physical and digital infrastructure, will remain human first thinking.
















HABITS & CHANGES

The study carried out in February 2021 helps to capture useful trends for understanding and anticipating trade-offs in terms of spending, new behaviors and expectations.


MONEY

When the period of movement restrictions is over, do you plan to spend more, less or the same amount of money on the below items or activities, as compared to before the Covid crisis?


NET (More-Less)		South East Asia	 Indonesia
	Food for cooking at home	+33%	+27% ▼
	Personal care items	+13%	+1%
	Cleaning products	+27%	+22% ▼
	Clothing, footwear, accessories	-17%	-15%
	Electronics	-21%	-25%
	Restaurants and cafes	-27%	-29%
	Travel	-27% ▲	-18% ▲
	Books	-9%	-15%
	Cultural activities	-32%	-29%
	Toys	-35%	-31%
	Video games	-22%	-24%
	Alcohol	-15%	-17%

BEHAVIORS

Thinking about your behavior now compared to before Covid, how much do you agree or disagree with the following statements:

(Agree-Disagree)	South East Asia	 Indonesia
I am now being more mindful of how much I spend when shopping	+81%	+86%
I am making fewer trips to the store because of social distancing measures	+72%	+80%
I am stockpiling food items and personal care products	+29%	-14%
I am buying new brands and products that I normally would not purchase	-4%	-13%
I am buying more expensive household items now than I did before	-43%	-52%

Thinking about your habits now compared to before Covid, would you say that you do the below activities more, less or about the same?

NET (Agree-Disagree)	South East Asia	 Indonesia
Spending time with family	+56%	+62%
Spending time on social media	+44%	+47%
Buying items online	+43%	+39%
Using cashless payment	+45%	+41%
Streaming content (Netflix etc)	+31%	+33%
Reading books or magazines	+13%	+18%
Working/studying	+16%	+12%
Exploring new hobbies	+10%	+10%
Working out/doing sports	+0%	+22%
Smoking or using tobacco products	-13%	-11%
Drinking alcohol	-24%	-10%
Socializing with non-family members	-41%	-33%

ALERTS

Food delivery contributed more than 50% to Grab Indonesia’s revenue in 2020, to anticipate is key in a context; there are currently more than 200 brands available on the GrabFood platform.

Southeast Asian on-demand app Grab is strengthening its food business in Indonesia teaming up with cloud kitchen startup Yummy Corp, which will expand their combined networks to more than 80 cloud kitchens in seven Indonesian cities. In terms of money, a recent report by research firm Momentum Works found that Indonesia generates USD 3.7 billion in GMV, with Grab dominating 53% of the market, while rival Gojek followed with 47%.

If the trend is reversed because people eat less lunch or dinner at home and spend less time cooking, we will have to invent particularly attractive advertising campaigns and innovative services, so that they continue to have meals delivered to their homes.

“Last year, we launched numerous new features such as contactless delivery and payment, and mix-and-match orders. We will continue to develop more features for better customer experience” – Hadi Surya, Head of Marketing at Grab Indonesia, said .



AWARE

URGING ENVIRONNEMENT



PALM OIL REGULATION

Palm oil is a matter of tension. Economically, between producing countries and Europe, Australia and Oceania; in terms of CSR, between businesses and consumers.

Regularly, associations denounce the impact of production on the environment and biodiversity, while 80% of palm oil is intended for the agro-food industry (spreads, frozen meals, pizza, quiches, nuggets, fries, donuts, brioches, pie crusts, margarines, pains, sweets, cheeses, dry cakes, ice cream, appetizer cakes and even baby milk).

19% is used for oleo-chemistry (candles, cosmetics, shaving foam, shower gel, shampoo, mascara, foundation). The remaining 1% is intended for biodiesels, a figure set to increase in the context of the energy transition.

Regardless of its chemical qualities, palm oil is the most profitable of vegetable oils, costing less than \$ 200 less per tonne than all the others.

85% of the world's palm oil comes from Indonesia and Malaysia and tensions are growing to such an extent that these two countries have decided to join forces against "international discrimination against palm oil". The stakes are high for these two countries, and even more in Indonesia where there are 2.7 million small oil palm producers against 600,000 in Malaysia. The risk is both political and industrial, to quote Malaysian Prime Minister Muhyiddin Yassin, *"The current campaign against palm oil is groundless and does not reflect the sustainability of the global oil industry. palm and it is against the EU and WTO commitments regarding free trade practices ."*

Sustainability is indeed the major sticking point in a context where consumers are more and more aware to the CSR commitments of companies and where associations are calling for the use of alternative oils or palm oils whose production is respectful of the environment with certificates guaranteeing the ethical working conditions of producers.

WWF and Greenpace are among the most involved actors in both criticizing the RSPO (Roundtable on Sustainable Palm Oil) standard: which "suffers from serious deficiencies in the definition of its sustainability criteria, from repeated failures in its implementation or still chronically weak in terms of transparency ". They are not closing the door to production, provided that scientific High Carbon Stock (HCS) methodology is applied in new concessions to make a palm oil that has not contributed to deforestation.

Reconciling production, demand (a famous spread saw its sales increase by 40% in 2020 in France!), environmental concerns, appetite for small producers, and attention to health, will be one of the conditions for a responsible growth.



GEOTHERMAL STRATEGY

Today, only 5% of the electricity produced in Indonesia comes from geothermal energy Vs. 88% from fossil fuels. At Cop 21 (Paris 2015), Indonesia pledged to reduce its greenhouse gas emissions by 29% by 2030.

Producing 23% of its electricity in renewable energy by 2025 is the challenge that the archipelago has now set for itself. It can meet it: with 140 active volcanoes, the country has 40% of the world's geothermal energy resources and there are more than 299 potential sites.

Already in 2016, the government wanted to combine the activities of the three public geothermal companies into a single holding under the Program BUMN (Badan Usaha Milik Negara - state-owned enterprises). Now the desire for more energy independence combined with the desire to use clean energy, accelerating the process. Three examples prove that growth also come through clean energy:

The support of West Halmahera Regency Government for the development of a Geothermal Power Plant in Jailol (North Maluku) which is estimated to have the equivalent potential of 40-60 MW .

The merger of state-owned geothermal companies, targeting an investment volume of around \$500 million .

The implementation of a geothermal exploration program by the government with geoscience surveys (3G) and drilling in 20 prospect areas .



WOMENS' RIGHTS

Indonesian authorities have banned schools from forcing students to wear the hijab, after a Christian student forced to wear the headscarf sparked controversy in the country, which has the world's largest Muslim population.

This measure was welcomed on Friday by human rights defenders, who have denounced for several years the fact that non-Muslim students are sometimes forced to wear the veil, regulatory attire in some schools. "The decree is a positive step to protect the rights of women in Indonesia," said Andreas Harsono, collaborator of the NGO Human Rights Watch in Jakarta.

Public schools in the archipelago now risk financial penalties if they continue to force students to cover themselves with the Islamic veil, according to a decree issued this week by Education Minister Nadiem Makarim. Clothing with a religious connotation is an individual choice and schools "cannot make it compulsory," he said .



LONG TERM THINKING



Ilman Hizbullah
Associate Consultant Director -
Ipsos in Indonesia

The health and economic crisis have not been experienced the same in major metropolitan centers and rural areas, of course, but the outlook for 2021 is optimistic. Economic recovery, the rise of domestic tourism, leisure, and cultural activities are on the agenda. Infrastructure development continues, and various areas are more connected than they ever are.

Covid-19 has transformed our way of working with the home office, of consulting doctors through teleconsultations, of informing ourselves through social networks; we have seen it, for instance, with the important role of influencers in encouraging people to get vaccinated. A new trend of relocating entirely to the

now-empty tourist destination and work remotely has been popular among the younger population.

Employment, health, access to the media, shopping... almost all sectors must have accelerated their transformation. The digital economy existed before March 2020, but covid-19 gave it a boost when access capabilities was very uneven: a smartphone costs a month's salary or even more for many. Operators have lowered their prices, and this discount has changed things.

More people have been able to access services that combine online and offline to limit social interactions, such as click & collect, drive, teleshopping. Once again, the situation is very different depending on where you live: the further away you are from the urban center, the slower or more expensive the delivery, which can deter the purchase, on the other hand, this gives opportunity to local businesses to grow and adapt to the digital environment. Market will regain its growth rate.

We must therefore anticipate, and this is the vocation of Strategy 3, specialized in helping businesses grow, exploring markets, understanding consumers, building brands, and developing new products.

On a personal level, the crisis has strengthened the links between people, cycling together, going together to fitness, sharing more in the coffee shops, regular video call with friends and families. It also encouraged the purchase of gold, precautionary savings, long-term investments, and the purchase of properties.

On the business level, we saw new opportunities, new small and smart business or Small and medium-sized enterprises related to clean, disinfection, digital health, teleworking, transportation, teleconference tools and apps.

Anything that overcomes the difficulty of getting around on your own and simplifying your life is bound to be successful in this growing market.

In terms of the relationship with brands, we have also seen the emergence of new expectations about them and advertising. Consumers want more clarity, more transparency. They look for more information, they compare. They are more and more self-discussing, more aware, and are more demanding. Advertising channels have largely moved digital and more targeted, with budget spent more on promotion and bundling than playing ads.

Now, people buy if it's necessary and useful or if the products provide new services. This is a trend that will last.

Indonesia can remain optimistic: market fundamentals and regional positions are strong. The market is more stable, the domestic market is strong, even looking differently because it is necessary to take into account the diversity of incomes and cultures. For its part, the government clearly wants Indonesia to become a global player and control its resources. We see it in agricultural and industrial relocation programs, for example.

You must think long term, it is a long way to go.



#SONG

**INDONESIA CERTAINLY CAN (INDONESIA
PASTI BISA)**

WE ARE A GREAT NATION
NOT EASY TO SUBDUE
TOGETHER WE FIGHT
IN THE PROTECTION OF THE ALMIGHTY

HISTORY HAS ALSO PROVEN
WE ARE STRONG
RELEASE FROM ALL PRESSURE
NOT TIRED OF STRUGGLING

WE CAN HANDLE IT
WHATEVER HAPPENS WHO HO... (WE FACE IT)
WE CAN BE TOGETHER
INDONESIA CERTAINLY CAN
WE ARE A NATION OF BELIEVERS IN ONE GOD
NOW IS THE TIME FOR US TO SHARE FOR INDONESIA

By Arie Lasso & Andra Ramadhan

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ABOUT IPSOS

Ipsos is the world's third largest market research company, present in 90 markets and employing more than 18,000 people.

Our passionately curious research professionals, analysts and scientists have built unique multi-specialist capabilities that provide true understanding and powerful insights into the actions, opinions and motivations of citizens, consumers, patients, customers or employees. We serve more than 5000 clients across the world with 75 business solutions. Founded in France in 1975, Ipsos is listed on the Euronext Paris since July 1st, 1999. The company is part of the SBF 120 and the Mid-60 index and is eligible for the Deferred Settlement Service (SRD).

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GAME CHANGERS

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At Ipsos we believe our clients need more than a data supplier, they need a partner who can produce accurate and relevant information and turn it into actionable truth.

This is why our passionately curious experts not only provide the most precise measurement, but shape it to provide True Understanding of Society, Markets and People.

To do this we use the best of science, technology and know-how and apply the principles of security, simplicity, speed and substance to everything we do.

So that our clients can act faster, smarter and bolder.

Ultimately, success comes down to a simple truth:

You act better when you are sure.



Ipsos Flair is also carried out in Saudi Arabia, Brazil, China, Colombia, South Korea, France, India, Italy, Mexico, Peru, Russia and Thailand, pending other countries.

IPSOS FLAIR COLLECTION INDONESIA 2021



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