

INDONESIA 2022

CONNECTING THE DOTS



IPSOS
FLAIR COLLECTION

GAME CHANGERS



INDONESIA 2022, CONNECTING THE DOTS

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IPSOS FLAIR: UNDERSTAND TO FORESEE



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Deputy CEO Ipsos Group
Chairman Ipsos in France

WE ARE HAPPY to develop our Flair collection, sharing our analysis of Indonesia through the eyes of Ipsos researchers in the country.

Despite a challenging environment marked by the Covid-19 crisis and the consequences of the war in Ukraine, the ambition of Flair hasn't changed. It is an international publication that analyses the values and attitudes of consumers and citizens to provide substantial analysis and recommend the best strategies for decisionmakers.

Flair is about instinct and intuition, the ability to capture the atmosphere of a country, to perceive the right direction, to know when to act. At Ipsos, we believe our clients need a partner who can produce accurate and relevant information and turn it into actionable truth.

This is why our curious and passionate experts not only provide the most precise measurement but shape it to provide true understanding. To do this we use the best science, technology, and know-how. And we 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.

By bringing together diverse and complementary perspectives, the Ipsos Flair series helps our clients to formulate and to fine tune strategic planning approaches. This publication summarizes the knowledge and experience gained by our research teams in Indonesia in a dynamic context, Indonesia welcoming the G20 Summit in 2022. It opens new outlooks, but we must not lose sight of the potential future impact of price increases, their influence on consumer arbitration, their feelings when the presidential election will be the rendezvous of 2024.

Our experts address all these topics in our Ipsos Flair this year; It is part of a series of books published by Ipsos around the world: the Ipsos Flair Programme.

Enjoy your reading!

EDITORIAL



YVES BARDON

Ipsos Flair Programme Director –
Ipsos Knowledge Centre

LAST YEAR, in the midst of the Covid-19 crisis, we made a risky bet by titling the third edition of Ipsos Flair in Indonesia: “Back to growth”. And indeed, Indonesia is the ASEAN country that is doing the best, with growth of +3.7% and the public deficit is lower than expected (4.6% of GDP Vs. 5.7%) in 2021.

Today, the government is able to return to the budgetary policy in place before the pandemic (a deficit limited by law to 3% of GDP) which had allowed Indonesia to gain credibility for 15 years and to be «Investment grade» for four years, a rating reconfirmed by Moody’s.

This year, Indonesia is in the spotlight, and not because of tourism or natural disasters, as has been too often the case in the past. Indonesia has made international headlines with its willingness to assert its neutrality in the Russia-Ukraine conflict, with President Joko Widodo’s visit to Kyiv and Moscow, and with his mediation for the resumption of food shipments from the Black Sea, etc.

On 1 December, 2021, Indonesia took over the one-year presidency of the G20 and hosts the Summit in Bali in November 2022 – which is “*the pin-*

*nacle of the G20 process*¹ – before assuming the presidency of the countries of the ASEAN (Association of Southeast Asian Countries) in 2023.

The motto of the Indonesian G20 Presidency could apply to Indonesia itself (*“Recover Together, Recover Stronger”*), as could the three issues it is prioritising for its 2022 Presidency: creating a more resilient and inclusive global health system, digital transformation, and driving a transition to clean, sustainable energy.

Our experts delve into Indonesia’s income disparities, the disparities between regions, disparities in access to technologies, as well as other topics and points of tensions. However, they also examine how the country is narrowing these disparities and creating a virtuous dynamic by considering and adopting everything that accelerates development, strengthens regional and international influence, promotes attractiveness for tourists and investors – Bali is a spectacular example of this strategy – hence our title *“Connecting the Dots”*.

From this point of view, the opening of nuclear power plants in the coming years demonstrates Indonesia’s ambitions and the significance of engineers and technologists in the future.

How is it possible to create growth in a context where inflation generates uncertainty, where environmental problems disrupt the agri-food chain, or where geopolitical tensions impact trade?

These questions now structure our world for the foreseeable future, with the variability of prices, resources and alliances becoming common themes.

The daily lives of consumers have begun to feel the effects of these tensions, as a society built on consumption and brands – both local and international – are forced to rethink their strategies to try to adapt to new challenges.

What to do? What not to do?

The purpose of the fourth edition of *Flair Indonesia* is to help you stay informed and to act, because – following Ipsos’ motto – we act better and smarter when we are sure!

¹ <https://g20.org/about-the-g20/>

INDONESIA UNDER THE SPOTLIGHTS



SOEPRAPTO TAN

Country Manager for
Ipsos in Indonesia

DESPITE THE CRISIS, Ipsos Indonesia has continued and even accelerated its development in a country which is itself continuing to grow. The desire to revive the “spirit of Bandung” in the context of the Russian-Ukrainian conflict is strong. This is unmistakably evident in the organisation of the G20 Summit in Bali, elevating the reputation of Indonesia which has become a country and a partner that counts in the concert of nations. Other important events await Indonesia, such as the presidential election in 2024.

Economically, after the 2020 recession (-2.1%), GDP growth reached +3.7% in 2021 thanks to the rise in commodity prices and a dynamic recovery in Asia (71% of Indonesian exports). For 2022, we expect growth between +4.4% and +5.3% depending on the duration and impact of the war in Ukraine and the appearance of possible variants of Covid-19.

As you will see from their articles, our experts, like most Indonesians, are confident and optimistic. Ipsos can be too, with growth up 7.5% in 2020 and 11% in 2021, and a forecast of 14% in 2022.

Barring major unforeseen events, the virtuous circle in which Indonesia has been engaged for several years should continue to progress with

expanding e-commerce, offline commerce which will be renewed to adapt to consumer expectations, and the development of infrastructure that will make up for regional and social inequalities.

Indonesia's attractiveness is also confirmed by new partnerships for huge factories with FoxCom, Tesla, BMW, Hyundai, and Toyota, who see the benefit of being as close as possible to nickel resources for their production of electric vehicles, and that this makes Indonesia a strategic Asian hub to supply South Asia.

However, three indicators need to be monitored: inflation and the rise in energy and food prices, the effectiveness of antidotes (reducing palm oil and nickel exports, building up stocks for the market, subsidising this or that category of the population), and the socio-political consequences and the risk of slowing down the rate of growth of the middle classes and reducing their purchasing power.

The health crisis had revealed the interactions and interdependencies between supply chains, logistics problems, and the fragile export/import balance that impacts the trade balance of countries. The war in Ukraine, following the same logic, has revealed new balances of power and new geopolitical balances where mastery of energy and raw materials, independence and sovereignty will be decisive.

Indonesia has understood this well, with the desire to develop local agricultural and industrial production: this is an opportunity to develop new businesses and new models, in line with consumer expectations.

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USER GUIDE



OPENING A NEW CHAPTER



ALWI ABDULLAH

MSU MGT,
Ipsos in Indonesia

THE RECLASSIFICATION of Covid-19 from pandemic to endemic has changed people's life.

The return to our familiar world can be seen in two things in particular: the increase in offline purchases and the arbitration between working from home and office work.

Even if e-commerce continues to expand by meeting demands for practicality, speed and good deals with price comparators, consumers prefer to return to Brick-and-Mortar stores to confirm the value for money of expensive products or to ensure quality. This is all the truer for expensive consumer goods whose purchases are increasing, smartphones and high-end cars for instance. But digitalisation has been accelerated by the health crisis. For instance, in the banking sector, the proportion of digital channels has exploded, with QR codes, contactless payments etc., widely used among the younger generations. It is the seniors who remain loyal to cash and are less likely to own bank cards.

After a period when the home office had almost replaced time in the office, employees of admissible companies now tend to spend 50% of their time

teleworking and 50% at office. This transformation has had a commercial impact: when they had to work at home, people wanted to make it a convenience place with comfortable chairs and tables, they bought PCs, bicycles or fitness equipment, all kinds of things whose prices have increased significantly in 2020/2021 with stocks very quickly selling out. We are now seeing activities resuming and people returning to their jobs after layoffs and jobs lost in all activities impacted by the restrictions. Restaurants, tourist destinations and more, find their clients in a context where the population is widely vaccinated.

Finally, despite all these difficult months, Indonesia is not doing so badly. Prices have gone up and inflation is something people are worried about, but there are all kinds of distribution channels that provide great choices, from *Toko* (traditional and cheap retail) to small supermarkets and local supermarkets (an Indonesian grocery where people can find a small variety of popular Indonesian dishes) and local markets.

It's time for recovery - even though the health crisis will leave traces, such as psychological disorders - and people are looking forward to better days.



FIVE PILLARS TO UNDERSTAND INDONESIA



NUR AZIZAH

Innovation MGT,
Ipsos in Indonesia

AFTER OVER TWO YEARS of crisis, five concepts are significant in Indonesia and remain even more inspiring for brands than before the Covid-19 period:

- **The value of the group and the community.** People want to get together and rediscover their social interactions by sharing activities, such as cycling together, going to the cinema, to restaurants, joining clubs, etc.
- **The desire for experiences** such as the emotions provided by a film, a moment with friends, conversations, leisure, tourism. Turkey, for example, is a very popular destination today. It is a country that we see in cinema, financially accessible, picturesque, with very good cuisine, and moreover, Indonesians do not need visa to go there.
- **The need to prove value for money.** This is especially the case for Millennials and all those who have suffered from the crisis, have lost their job and are only beginning to work again, as in tourism for example, where a significant part of the remuneration comes tips.

The absence of tourists has had a considerable economic impact.

- **The rise of environmental awareness**, which continues to progress and accelerates with the impact of natural phenomena on people's lives, government communications, social networks, the greater sensitivity of Gen Z, commitments Corporate CSRs. It is something that crystallizes step by step, which will increasingly be decisive in the long term. For the record, climate concern was identified as the strongest global value in the Ipsos Global Trends survey, before being replaced by fear of covid-19 and now inflation. Because climate change has never scored high globally and remains a concern, companies must address, involving global warming, plastic usage, waste management (reduce, reuse, & recycle), impact of e-commerce / online purchasing to plastic waste and environment. Organic is also part of this dynamic.
- **Investment in the home.** This is because people spend more time there due to the home office, and also because it is the place where we cook, where we receive family and friends. friends, who comforts and protects us. More than ever, "*home sweet home*" takes on its full meaning.

Finally, we see a population that needs social links, that wants to stay in an upward dynamic, and that wants to be sure of the value of what it buys. The trends at work before the crisis are also continuing to grow, e.g., e-commerce, while waiting for new revolutions, such as the Metaverse - which is still in its infancy today!

Currently we are using and enjoying digitalization, including remote working, online shopping and interactive web communications, which will probably disappear one day, or even becoming blurred, as some people choose to exist totally in, or "escape" to, a virtual world.

This virtual world is popularly known as the metaverse. If the pundits are correct, there are tonnes of opportunities to be unlocked in there. The metaverse, as the next stage of the information age, will arguably allow us not only to expand the production and sale of products and services and evolve our experiences, but also to keep pace with ever-changing technology and trends in the digital economy. This recent technology buzzword

brings to the forefront the transition from what life was like in the pre-digital age, which focuses on “here” (offline, analog, carbon-based), to the future, which focuses on “there” (digital, online, silicon-based).

There are some providers who have started to spread their wings to the world of metaverse. Moreover, Metaverse Indonesia is targeted to launch in December 2022. A number of banks in the country are ready to expand into the metaverse. Two major banks, PT Bank Negara Indonesia Tbk (BNI) and PT Bank Rakyat Indonesia Tbk (BRI) have announced that they will dive into virtual reality channels.

To conclude, two questions:

- Is Indonesia ready to adopt and switch to metaverse?
- Will metaverse change consumer behavior?



ARE THERE LIMITS FOR CUSTOMER SATISFACTION?



IVAN BUDIMAN

CEX – Ipsos in
Indonesia

WITH THE HEALTH CRISIS, the progress of e-commerce has been greatly accelerated, resulting in a multiplication of products and services. Now consumers have an unprecedented choice between multiple channels and alternatives, because there are more brands and new players. In other words, competition is increasingly diverse and open, and innovation is the key to successfully emerge.

Digitalisation has given consumers access to more information and a renewed offer, which has made them more demanding - especially the case for younger generations of consumers.

We see it in social networks where they share their experiences, amplifying (more often negatively than positively) the reputation of brands.

Everything happens simultaneously: more brands, more time spent in social media, more familiarity with technologies (with a constantly rising penetration rate) and a simplified means of making their voice heard. Some sectors are more sensitive to this than others. For instance, telecommunications are

sensitive because the quality of the network and infrastructure is crucial, and the financial industry is sensitive because when it comes to money, clients want to be sure of their choice and their confidence. Listening well to the “consumer voice” is crucial today to understand the consumer’s experience with products and services and to improve their satisfaction.

We are increasingly doing this better and better, as survey tools become increasingly sophisticated in tracking conversations on social networks and spontaneous opinions and comments on brand or distributor sites, tools which complement the traditional barometers on corporate image. All these tools enable the optimisation of the channel performance, through listening to “consumer voice”.

The best approach is to intervene as soon as possible and raise the alarm if the evaluation score after an experience is bad. For example, if the consumer gives a bad rating (less than 4/10 or one or two stars out of five), the system will immediately launch a red alert, an email will be sent to the client to create a contact, and everything can be implemented to adjust the situation and prevent the relationship from deteriorating even further. This closed-loop feedback management anticipates risk, in particular reducing negative sharing and can reverse the trend if the consumer congratulates the brand for its way of managing the problem and providing a solution.

CRM (Customer Relationship Management) platforms help manage real-time interactions. In addition, they help anticipate the consumers’ feelings towards a brand in its competitive market. One of the worst threats to a brand, particularly in the areas of banking-insurance, services, automobiles, and technologies, is the client who never brings their experience to the attention of the brand nor raises any complaints, but who one day closes their accounts and changes banks or switches to another brand overnight.

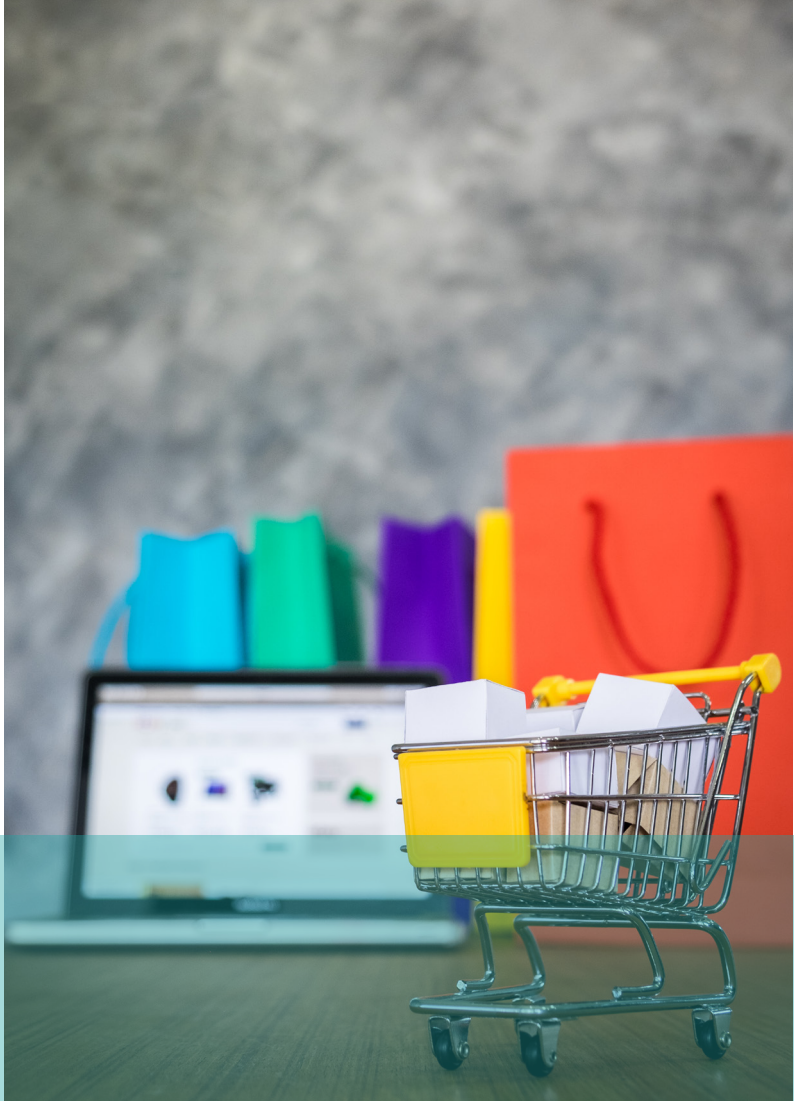
Different indicators measure a client’s perception of a brand’s pain points in comparison to its positive attributes, allowing us to predict the potential for the client to leave a particular brand. They also enable us to rectify the situation before the client leaves, making adjustments based on the typology of customers that is built from the Customer Experience Relationship.

In this typology, we must integrate the behaviours of Gen Z customers: e.g., spending more time in social networks, and the smartphone-reflex to

share everything from experiences with a brand to opinions and testimonials. Millennials, and even more so Gen Z, embody very sensitive and very responsive customers who need to be particularly pampered. This is important to keep in mind as they will represent, for demographic reasons, the majority of clients tomorrow. Hence the need to track channel performance, with mystery shopping for example, which measures whether the service is in line with the standard operational procedures. Tracking customer shopping behaviour and experience, is key to improving the experience.

In a context where e-commerce has overtaken offline commerce, the metaverse presents itself as a new channel that must be integrated into the customer experience.

Against the backdrop of global warming and environmental worries, e-commerce continues to pose a question. Given the environmental impact of transportation and the use of plastic, foam and paper in protective packaging, how does a brand reconcile satisfying the customer with its CSR efforts?



A FREE CONSUMER



SITI NURMAYATI

UU, Ipsos in
Indonesia

THE HEALTH CRISIS has reshuffled the cards between international and local brands, whose growth has accelerated. It was easier and cheaper to buy them, and people were no longer ashamed to buy local, or even proud to participate in their development.

This phenomenon had started before Covid-19, in particular with the Young Entrepreneurship Program, sponsored by companies in the banking sector in coordination with the government. The idea is to encourage graduate students to create their start-up or activity with specific aid to produce locally. President Jokowi himself supports it, wearing local fashion brands.

This local production concerns all sectors: automotive, electric motorcycles, ready-to-wear, food and beverages. Starbucks, for example, has an Indonesian competitor with local, cheaper, better, but still less prestigious coffee. Beauty and cosmetics brands are developing as well, such as MS GLOW, which has created an application that analyses facial skin, allows you to consult beauticians by video, and to buy the appropriate products. The head office of MS GLOW is located at Jalan Komud Abdurrahman Saleh (East Java).

Like global brands, Indonesian companies engage in CSR. Unilever's "Go Green" program is a source of inspiration in terms of engagement awareness, social issues, environment, and green policies in terms of innovation and management of the raw resources.

Especially for the younger generations, whether local or global, one can no longer imagine a brand that does not take a CSR position, even if the price is a decisive factor.

ESQA, for example, uses packaging that are formulated without harsh ingredients and with a "body positive" message: *"We believe that every woman is naturally beautiful, and makeup is not supposed to change your look, but to enhance your natural beauty. So, we develop innovative products that are the cutting edge in the international makeup scene. This is how ESQA was launched in June 2016. ESQA is the first and leading Vegan cosmetics brand in Indonesia. ESQA is also Halal Certified"*.

Accelerations

- **Halal certificate**, increasingly valued and becoming more widespread in the care and beauty sector based on values, as seen with the philosophy of the Wardah brand, *"Halal Green Beauty"*: "Natural", "Alcohol free", "Local & Global", "Expert", "Cruelty Free". The average growth rate of Halal products has been 34% since 2017.
- **Sustainable health conscientiousness**, because of the Covid-19 crisis and increasing awareness on body's immunity and reinforcement. An example with Deddy Corbuzier, the famous Indonesian television presenter, actor, YouTuber and trainer mentalist, who – during the health crisis – mentioned Indonesian products by recalling his technical diet (O.C.D. for "Obsessive Corbuzier Diet") based on Intermittent fasting combined with high intensity fitness. When you know that his YouTube channel has over 18.7 million subscribers and his videos have over 2.4 billion views, you can imagine its power of influence.
- **Stresses between global positions, aspirations and local culture and values**. Global brands whose international communication plans can offend local sensitivities with the systematisation of the

themes of inclusion and differences, the path is long and difficult to avoid shaking up values and culture. Corbuzier, again, created an event which shocked when he invited a famous Indonesian gay couple to do a podcast. The topic of LGBT and the hashtag #UnsubscribeDeddyCorbuzier was trending on Indonesian Twitter, with an estimated 4.7 million views in only one day of its release.

- **The progression of the desire for luxury**, with young people who can become very rich, thanks to their rapid economic success if they are in promising sectors, and sometimes even illegally (for instance a Youtuber who committed fraud investment in online apps). Influencers make young people dream with luxury lifestyles such as premium automobiles, expensive brands. Increasing young people are attracted by the prestige, the image, and the social status that gives access to luxury.

However, the consumer is less complicated than marketers imagine: an excellent product at the right price, even if it is not 100% CSR, will be successful.



TRENDS & COMMUNICATION



NAVIGATION IN UNCERTAIN TIME



RAI FALIAH

Strategy3, Ipsos in
Indonesia

INDONESIA IS coming out of the Covid-19(?) crisis rather better than the other ASEAN countries. Consumers are quite confident and optimistic; business is picking up and the economic outlook is positive. Social progress will continue with the resumption of activities which had suffered from the health crisis and there's new industrial prospects. But inflation and commodity hikes can slow that momentum.

We must integrate five types of questions to fine tune our strategic support:

- Will consumers continue the practices they have discovered because of the restrictions, such as buying more online than in traditional shopping malls?
- Will the focus on health and wellness last? People have associated health with fresh food, cooking at home, less fat, etc. They noticed that those most exposed to the risks of Covid-19 and its variants were clearly overweight people with a bad lifestyle, which could have changed their own behaviour. But junk food habits quickly come back, and people quickly forget efforts with the return to familiar life.

- Can the multiplication of prices from 1 to 2, or even from 1 to 10, of the most common foodstuffs direct people towards small markets and small producers? As they are not highly digitalised, they do not benefit from the rise of e-commerce, but they can meet the expectation of basic products as cheaply as possible.
- Will consumers focus exclusively on prices, or will they be sensitive to companies' CSR commitments? Today, large international groups and major e-commerce players are asserting their social responsibility, but small entrepreneurs are above all concerned with developing and exporting, creating successful applications and platforms. The CSR commitment is important, but you must find the right values to be accurate to the market (externally) and to the employees (internally). For example, we led workshops for a pharmaceutical company to identify the right values to accurate to the market for the employees, combining our advisory capabilities, internal knowledge, and market understanding.
- Where will consumers invest and what will be their trade-offs? During the health crisis, people bought furniture, decorative products, and plants to beautify their interior, feel good, comfort themselves and spent less on accessories and fashion. However, by being able to go out where they want, they may crave fashion, beauty products, or social products such as bicycles to go out with friends.

Strategy 3 faces all these changes in the customers behaviour and aims to reduce uncertainty and address new markets and trends.



DIGITALISATION OPENS NEW WAYS



ANNISA NOOR RAFINA

Observer, Ipsos in
Indonesia

DIGITAL IS GROWING at a spectacular speed for three reasons: the health crisis has accelerated people's familiarisation with applications like Zoom and MS Team,, the government is encouraging a more digital economy by 2030, and our clients have seen that the effectiveness of online surveys when -Covid-19 measures made face-to-face surveys impossible.

Indonesia has been entering the new era of Industry 4.0 which is marked by increasing connectivity and interaction, as well as more convergence between people, machines, and other resources as the result of information and communication technology advancement.

A Property Report article at the end of June 2022 showed that *"the Internet of Things (IoT) market in Indonesia is anticipated to reach USD30 billion by 2022, having the potential to grow to USD146 billion by 2025 and USD315 billion by 2030 according to ASEAN Briefing. As IoTs become more prominent in Indonesian industries such as manu-*

facturing, agriculture, and natural resources, the value of the technology will be realised to its full potential. Indonesia is rapidly adopting cloud technology, attracting investments from the world's leading tech companies. The country is quickly becoming one of Asia Pacific's fastest-growing public cloud marketplaces, which can be attributed to an increase in digital natives and the rise of digital unicorns²".

With regard to our surveys, digital allows us even more flexibility and offers our customers the possibility of designing their own surveys with our digital platforms accessible in DIY (Do It Yourself).

FastFacts, for instance, allows you to make decisions based on consumer input rather than on estimates without jeopardising your speed to market. As new questions pop up every day, you can use our full DIY and on demand researcher-assisted tool to create your own survey questions and get fast answers from our quality sample. It allows you to answer a wide range of business questions: getting a quick pulse on consumer's sentiments, exploring usage, behaviour and opinions, understanding spontaneous reactions to a statement, event or crisis.

Get fast answers by following 4 steps:

1. Set-up your study: select your field country, number of respondents, length of survey and the audience you would like to interview
2. Build your survey: choosing from various question types, upload visuals and add survey logic
3. Pay and launch: review the details and the total price, confirm payment and launch the survey
4. Access our customisable dashboards and a range of additional exportable deliverables to choose from, whether you prefer aggregated data to export in PPT, PDF or respondent level data in excel or SPSS.

A concrete example: Ipsos Indonesia conducted an online survey using

² [https://www.asiapropertyawards.com/en/indonesias-digital-economy-estimated-to-reach-usd315-million-by-2030/#:~:text=The%20Internet%20of%20Things%20\(IoT,realised%20to%20its%20full%20potential](https://www.asiapropertyawards.com/en/indonesias-digital-economy-estimated-to-reach-usd315-million-by-2030/#:~:text=The%20Internet%20of%20Things%20(IoT,realised%20to%20its%20full%20potential).

the FastFacts platform in June 2022 about the daily digital behaviours of consumers. Based on the results, we found out that YouTube is the highest rank in video sharing apps accessed in the past 1 month across all generations (93%) in Indonesia because of easy access, variety and interesting content. Due to these reasons, they are more likely to pay for the premium version as well. On the other hand, more than three-quarters (79%) choose Instagram, and Tik Tok appears (61%) as the second and third most accessed video-sharing app. Both apps are often used by Gen Z because Instagram is easy to access and Tik Tok mainly has content appealing to them.

The growth of digital is made faster as smartphones are widely available at all prices and as e-commerce meets the expectations and needs of consumers: comparing prices, taking advantage of free deliveries and promotions, for example. From Ipsos recent findings, e-commerce was the most used channel to shop during the pandemic, followed by shopping at offline stores and transportation applications.

But it is not happening at the same speed everywhere, with the gap between the major urban centres and regions where infrastructure is lagging.

Now it is up to brands to manage offline/online interactions with new experiences, to be vigilant about the consequences of price increases, and to consider concerns about data piracy and intrusive algorithms.

Fortunately, consumers are not too critical, and, despite the inflation, people are quite confident, hoping it will be better.



NEW PARADIGMS



IRFAN SETIAWAN

Strategy3, Ipsos in
Indonesia

AFTER MANY CONSTRAINTS, we can say that Indonesia is on its way to a bright future. However, can we speak of a “return to normal”? If by this we mean a 100% return to the world before then the answer is no, because there will remain the legacy of new practices and new views from the Covid-19 period:

- New ways of considering time with the home office, e-commerce, technologies, in fact, what is considered a waste of time, what is considered gaining time. Why spend hours in traffic jams going to a shopping mall or to the office if you can order everything from home and work with your PC?
- New ways of having fun, sharing experiences and emotions, maybe in a show, an exhibition, or a public event. Now, an audience of a show are not only limited to those who are present in the venue, but also those across the nation.
- A good example of a brand answering this ‘new normal’ is Danamon, one of Indonesia’s largest banks, who held the Safe & Spectac-

ular Show, a three-day hybrid music concert titled Danamon New Live! Experience Vol.2 was also held for three straight days.

To show the excitement from the audience, there were images on the big screens that kept changing between the show attendees who were present virtually via the Zoom application, and the attendees who watched the show from inside their cars³.

- New bridges between off and online, with traditional sectors which can take advantage of new outlets, such as offline grocery stores.
- New practices with the second-hand and vintage market, which makes luxury more affordable. Luxury brands embody safe value and security, with an added “comfort” and antidote value in a period when people needed to be reassured and have fun. Second-hand websites also give the feeling of belonging to a community of people who share the same desires and their desire for status.
- New local players who are directly competing with international brands with young entrepreneurs.

In ready-to-wear, the Erigo brand, founded in 2011 by Muhammad Sadad (who grew up in Medan) has moved up a gear and is targeting Uniqlo or H&M customers: *“Building on the success of this streetwear- meets-Indonesian-heritage venture, he developed Erigo X to cater to a more global audience. Fast forward to this September, and Erigo X made headlines at New York Fashion Week”.*

In the sector of fast food, Friday! was founded by Iman Kusumaputra, *“starting Indonesia’s answer to Starbucks as an afterthought six years ago when, returning from Melbourne, Australia, with a finance degree. Its coffee is made only of arabica beans sourced fully from Indonesian coffee plantations. As well as Western coffee shop standbys like espresso and cappuccino, Kopikalyan also sells locally popular blends like Es Kopi Susu (iced coffee with milk and palm sugar). It recently launched what it calls the Kopi Atlas*

³ <https://finance.yahoo.com/news/indonesias-danamon-live-experience-vol-131500490.html>

project, which offers eight select single-origin coffees from different regions in Indonesia, from Aceh in the west to Papua in the east⁴.”

Our clients need to refine their segmentation and their branding to rejuvenate their strategies considering the consumers’ new paradigms, in all areas, from consumer goods to digital banks. Understanding these changes is key, in a context of price increases that makes consumers very attentive to product quality and value for money. They are also more aware, getting smarter with variety of information in social networks, comparisons, opinion of influencers, but also fake news.

It should also be noted that Gen Z is more sceptical and more informed, which promises a revolution in mentality and new trends to identify how to talk to them.

⁴ <https://asia.nikkei.com/Spotlight/The-Big-Story/Asia-s-coffee-revolution-From-In-donesia-to-Vietnam-homegrown-beans-are-back>



THE LOCAL BRANDS, NEW CHALLENGERS



MIA FARDIANA

Brand Health
Tracking, Ipsos
in Indonesia

THE PANDEMIC GREW a lot of local brands in Indonesia. According to Ipsos Global Trends Report, most Indonesian consumers are now more likely to choose to buy local products than global ones (87%) and more than half of Indonesian consumers (59%) disagree that global brands make better products than local brands. There's now momentum for local brands, raising two questions: will local brands survive in the middle of economic digitization? And what should they do to compete with global brands?

Whether global or local, consumers are becoming more knowledgeable and pickier about brands with the internet. With more choice and high expectation for value for money, there's room to provide an attractive and experiential environment in brick-and-mortar stores not often found online.

Price increases are pushing consumers to compare before buying to find the best value, and it's safe to assume this will be an enduring trend. Inflation can also encourage them to stay more at home to cook and enjoy K-Drama, which is fast becoming a real social phenomenon, influencing food, fashion, and youth.

In this regard, Gen Z is very critical in terms of recommendations, they are no longer necessarily fascinated by global brands and are very open-minded to consider the local brands. Comparing everything online, they naturally circulate from offline to online, they're the first to see the products in real life, and the second to buy it at the best possible price. They also like vintage and second hand in the luxury sector to access statutory brands, but this is still a minor trend. Gen Z is also dependent on their family background, education, and environment.

Brands should not equate Gen Z with very big city, SCP +, Affluents, , in their advertising, as this might be out of touch with reality. Many young people live in small towns and rural areas.

On the other hand, it is true that the equation [more choice + more critical + principle of comparison + value for money] makes it more difficult to obtain loyalty, shifts the places of consumption (from the big supermarket to the minimarket), creates new challenges for international brands, now competing with new local brands, or local brands that were already in the landscape, but which emerged during the health crisis and which are more competitive in terms of price, as seen with Wardah Vs. L'Oreal Paris.

It is therefore decisive to know how to connect your brand with people in a meaningful way to ensure sustainable business growth. Indonesian consumers are more and more adaptive in the way they think and decide, based on what is going on around and within them. All of this is deeply influenced by the context in which they are making decisions, as well as by goals, and prior associations and experiences stored in their memory. Brand Health Tracking helps to answer the most important brand questions:

1. How can we grow our brand in the short and long term?
2. How are we delivering on our brand strategy? Where are we on our path to brand success?
3. How can we build or adjust our brand strategy to accelerate?
4. What are the big in-market insights to take forward and inform continued brand growth?
5. What are the most powerful brand-building activities past, present and future?



THE POWER OF CREATIVITY



ARIEN RIANA

Project
Management
Qualitative,
Ipsos in Indonesia

THE END OF RESTRICTIONS has revived the economy and people who had been able to save during the crisis now spend their money, encouraging growth and confidence. People can also manage their time flexibly thanks to remote working (three-fifths of their time in the office), which changes organizations and social interactions. Tourism is on the rise again, which is helping destinations like Bali, and attendance to parties, concerts, and shows have seen an increase.

The image would be better without inflation and price increases that affect essential everyday products like oil, sugar, and gas, this means making difficult choices, potentially leading to trade-offs and cutting back on unnecessary purchases.

This context gives innovations a major role in meeting needs by becoming less expensive or by creating desire in a situation of even tougher competition when consumers watch their spending. E-cigarettes are interesting from this point of view: they increasingly attract more and more people, despite being expensive, because they confer status and

prestige, while offering a wide range of flavours (especially gaining the attention of Gen Z).

Traditional media would benefit from innovating in their formats and content. Their audience is crumbling in favor of streaming platforms like Netflix, YouTube, and Tik Tok, that present alternative programming like K-Drama, leaving a clear generational gap between seniors, Millennials or Gen Z. Brands also utilize social networks, with humor and parodies, further isolating traditional media from younger generations. However, the new players must be careful not to offend or disrespect certain principles, religions or traditions.

In our jobs, we also must be creative, such as testing products online and working with new interactions in online communities. Adapting to an audience that doesn't like to write a lot and likes to respond quickly meant altering our techniques accordingly. .

FOCUS ON ENTERTAINMENT

The Asian market is one of the most competitive for streaming platforms, Disney – Disney+ Hotstar, the platform to India and Indonesia – has reached 5 million subscribers in Indonesia, only two years after it launched.

“Indonesia continues to be a competitive arena for local, regional and global streamers, with increasing pressure on incumbents to differentiate themselves in terms of branding, content, marketing and bundling to have an impact on time and share of wallet. Vidio [Indonesian streaming service] and Disney+ Hotstar increased their share of premium video consumption to 28% and 15% respectively, against 19 % and 10% in Q4 2021, to take the top two spots, ahead of WeTV, Netflix and Viu. Both platforms benefited from new local original series and marketing, while Disney’s K-dramas and sports in Vidio also had an impact during the quarter”, said Dhivya T, analyst at Media Partners Asia for Variety.

Per MPA, Indonesia has 17.4 million SVOD subscribers during the first quarter of 2022⁵. Indeed, creativity is key!

⁵ <https://www.ladepêche.fr>



GEN Z, MANAGING THE FUTURE



MEGA DINDA

Generation
Ipsos in
Indonesia

THE PERIOD OF THE COVID-19 crisis has shown the role of technologies in all areas: health, e-commerce, education, entertainment, and maintaining links with family and friends. Technologies play a major part in our daily lives. It has also shown the inequalities between regions and cities, generations, social categories, standards of living, equipment, companies, and sectors of activity.

Infrastructure and digital talent do not develop at the same speed as technologies, which go much faster than the human resources allowing their dissemination and popularization, in a context where regulations are often obsolete or had not anticipated the issues of data sharing, privacy protection, or network security.

Networks must therefore be improved so that everyone has equal access to the Internet and the digital economy. This is all the more important as technologies rejuvenate seniors: online, e-commerce, and smartphones give them access to all kinds of facilities and allow them to stay in contact with their families.

As for Gen Z, they will soon become the largest cohort of consumers and will develop the country in

the coming years. However, they are often portrayed with a negative stereotype and tied up with misconceptions.

Gen Z are very vocal when it comes to expressing opinions on social and political issues. Despite being vocal, they are also prone to anxiety, particularly by the pandemic as it was arguably the biggest test of resilience for all. Disruption to education, job losses, financial uncertainty, and social isolation have all weighed heavily on Gen Z's shoulders.

Especially with technology and social media at people's fingertips – a double-edged sword. Although it is one of our safe places to express ourselves, our anxiety can often be exacerbated by social media, with doom scrolling during the pandemic likely playing a part in this. It is no wonder that Gen Z are more likely than the average to worry that we spend too much time on social media or on our phone. Yet, even at a time when it is okay to not be okay, not everyone is comfortable speaking up about their mental health.

Although we are perhaps more focused on social issues than any prior generation, we may also be among the most practical. We do care about trends but are also quite selective. Always choosing authenticity with the ability to see through anything less than this because we are so used to doing our own research through reviews and back stories.

We see global brands support – with a certain activism – a minority in the name of inclusion, but the population remains faithful to beliefs and traditions that we could qualify as conservative if we judge them from the outside, but which structure opinions.

Gen Z, on the other hand, are more aware and concerned about corporate sustainability actions, such as reducing packaging, being mindful of natural resources, or empowering consumers. And this is true to a degree. Our concern for the planet is clear, although our actions are not perfect. The terms “Gen Z” and “climate change activism” often go hand-in-hand. Because of this they are also labelled as the “Greta Generation”, being one of the most vocal groups about the climate crisis.

They have high expectations when it comes to the values of brands they are buying from. Social issues and ethical practices are also principles that they care for and are looking to be reflected in the brand they support.

Inspiring people like Malala Yousafzai, the world's youngest person to ever be awarded the Nobel Peace Prize laureate in 2014 at the age of 17. She was known for her fight for the equal right of every child to receive an education, particularly inspiring for Gen Z.

What is also true, and especially in metropolises and large cities, is that as Gen Z matures, with a strong set of values, being tech-savvy, and having selective focus will allow them to be dynamic members of today's society with a project: make the world more beautiful with room for everyone.



A POINT ON HEALTH



ACCELERATING AWARENESS



IKHSAN FAKHRI

MSU MGT, Ipsos
in Indonesia

AS COVID-19 CHANGES status and goes from pandemic to endemic, embedding itself into society, we must underline a paradox: on the technological level, the acceleration of connected health solutions, but on the psychological level, an awareness of health issues which remains marginal.

The solutions developed as part of the fight against Covid-19 have accelerated the implementation of technologies in the lives of Indonesians with teleconsultations and telemedicine. This acceleration simultaneously concerns personal equipment (smartphones and apps) and infrastructures (operators, players, networks), which had to be created and improved at the same time for massive distribution and to help as many people as possible.

The government and the Ministry of Health have deployed applications with a speed that is difficult to imagine in a normal situation; the crisis has created the conditions for people who have no difficulty using a smartphone or a smartwatch to become familiar with remote technologies and today consider them as tools with which they can be used daily.

It has also created the conditions to make us forget or relativise the fact that applications know everything about us, balancing shared information, health benefits, privacy, and effectiveness. But this is already the case with Instagram or TikTok where people agree to give up their privacy because the benefit of the social spectacle outweighs other considerations.

Many solutions exist for connected health and digital technologies to control and anticipate risks, such as those that scan potential cancers or calculate the real age of metabolism. Hypertension and diabetes are two examples of diseases for which connected applications have their place; diabetes, for example, is at the forefront of therapies able to benefit from digital technologies, in particular to help monitor Types I and II.

The current solutions are divided into four main categories: rules and dietetic hygiene, self-monitoring of blood sugar, management of injections, and interactions between medical personnel and patients. We know that diabetes is a demanding disease with a rigorous lifestyle, from glycaemic monitoring to dosing injections. We also know that the patient does not pay constant attention to their diet, that they may be tempted to deny their disease, is tired by the efforts they have to make to manage on a daily basis, or even be aggressive with regard to the doctor's recommendations, hence the usefulness of digital solutions that gently support patients. In this case of a chronic disease, digital solutions are even more pertinent to facilitate the life of the stakeholder with a care that is accepted by the patient.

But on the other hand, it must be recognised that most of the population has missed out on a real awareness of their health and does not control much.

During the crisis, they were informed or were alerted by the media and government's communication campaigns on the usefulness of a balanced diet and sport to stay safe. With the variants, they saw that the victims of Covid were overweight people, smokers, and/or people with comorbidities. They have understood the usefulness of prevention and vigilance, like paying attention to their weight or taking vitamins such as vitamin D.

Over time, the traces left by the pandemic are fading as people say they are more attentive to their well-being, to their health, to what could strengthen their immune system. They return to their routines, even if some try strategies to balance junk food, street food, multivitamin drinks,

healthy beverages, detox, sports activities, but only a minority invest in it, show themselves disciplined, like committing to sports.

Advertising and marketing enhance the temptations, which over time have consequences on cholesterol, among other problems, not to mention smoking and the fact that Indonesia is a country where oil is predominately used in cooking.

There is a lot to be done to create the conditions for awareness, thinking in particular to teenagers; it should be the priority target of health actions at a time when all good or bad behaviour crystallises.

To accelerate awareness and help the government and manufacturers in their strategies and development, Ipsos Healthcare has been providing support by identifying the needs of healthcare professionals and patients to testing solutions and providing strategic advice. Ipsos can mobilise customer experience to help patients be more autonomous thanks to the overview that we can provide on these issues.



POLITICS



STAKES AND OUTLOOKS



KELIK HARJONO

Public Affairs,
Ipsos in Indonesia

THE NEXT PRESIDENTIAL election will take place in February 2024 and people are not yet fully set on that. However, it is already possible to draw the main lines that will structure opinion:

1. How many candidates will there be? In other words, what choice will voters have? How representative and diverse will the candidates and their programs be? Many people tend to consider that a duel between two persons in a country of 260 million people no longer corresponds to reality, especially when they see sixteen candidates competing in Timor (1,400,000 inhabitants).
2. What will remain of inflation, energy, and commodity price increases? We can imagine that the war between Russia and Ukraine will be over in 2024, but it will have created new balances of power per the alliances between different countries. The conclusions of the G20 are decisive from this point of view for Indonesia, which can assert its global stature.

3. Will the measures decided upon after the very poor harvests, particularly of chili pepper, have been effective in anticipating weather phenomena? This question is key for farmers and agricultural regions (where there are also voters!) and consumers who have seen the price of chili pepper skyrocketing by tenfold in a few months. *“According to the Head of Research Center for Indonesian Policy Studies (CIPS) Felippa Ann Amanta, climate change can disrupt food availability and threaten food security. Reduced production levels can lead to an increase in food prices (cayenne pepper, shallots, rice, red chili peppers: all the basics of Indonesian cooking) which has an impact on food access, affordability, and utilization⁶”.*
4. In connection with agricultural and energy issues, will gas emissions (which contribute to global warming) have been offset, in particular with the wide distribution of electric vehicles and sustainable energies? The repercussions on investments, infrastructures, the development of various regions (we remember the policy of attractiveness of Kerawang), are huge on the political and economic levels.

The answers to points 2, 3 & 4 are decisive for the election because they have a social impact: either commodity prices will have returned to “normal” and people will be reassured, or they will seriously diminish the power of consumer-citizen purchase, which will automatically create discontent, as seen in the protests in Jakarta.

5. In the same logic, will the wealth gaps between population categories have been reduced? The question of taxing the affluents is increasingly being asked, both because people are making a fortune by being Influencers, GIG workers, or promoting brands, which shocks those who work hard for little income, and because there are still vast underprivileged categories who live only thanks to social aid with 30 million people living below the povertyline

⁶ <https://cwts.ugm.ac.id/en/2022/03/20/extreme-weather-threat-indonesias-food-commodity-trade-sector-should-be-cautious-of-crop-failure-and-price-spike/>

6. Another significant point will be whether the digital gap between very large cities and rural areas be smoothed out. Even if the Internet continues to expand and people are increasingly connected (e.g. home working, e-commerce, children's pocket money via their mobile), it is likely to persist in 2024.
7. Will there be other wills to reform labour regulation? This is an ultra-sensitive subject that has already put millions of people on the streets to demonstrate and which has a particular significance for Gen Z: their way of looking at work has nothing to do with previous generations. There is less loyalty to companies, aspiration for new things, has a start-up spirit, learns quickly, and is attracted to tech companies. You must know how to engage this audience who wants to be independent, for example with a co-entrepreneurial spirit in large companies and even in the public sector.

The awareness of the Gen Z also impacts the way of doing politics: we see it with the PKS changing its way of communicating by now being present on TikTok, Instagram, and Twitter to be close to Gen Z and recruit its new leaders .

8. Will the sensitive question of values and traditions be addressed? Today, it is not permitted to marry between people of different religions; with social networks, NGOs defending Human Rights, corporate CSR commitments, and the influence of globalisation, we can imagine that this subject will be discussed one day.

The return of Public Affairs in this social, economic, and electoral context is exciting and our surveys will allow us to anticipate and support changes in the opinion of Indonesians, in particular with Indonesia's ranking in the global survey What Worries the World. It allows us to know if people think that their country is going in the right or the wrong direction and what is the hierarchy of their concerns, from their purchasing power to ecology and inequalities.

In other words, all the decisive subjects for an electoral campaign!



SONG: STRONG HUMAN

Kau bisa lumpuhkan tanganku
Tapi tidak mimpi-mimpiku

Kau bisa merebut senyumku
Tapi sungguh tak akan lama
Kau bisa merobek hatiku
Tapi aku tahu obatnya

Manusia-manusia kuat itu kita
Jiwa-jiwa yang kuat itu kita
Manusia-manusia kuat itu kita
Jiwa-jiwa yang kuat itu kita

Kau bisa patahkan kakiku, patahkan
tanganmu, senyumku
Hitamkan putihnya hatiku, tapi
tidak mimpi-mimpiku

Manusia-manusia kuat itu kita,
jiwa-jiwa yang kuat itu kita



©Songwriter & Singer: Tulus

You can paralyse my hand
But not my dreams

You can steal my smile
But it really won't be long
You can tear my heart
But I know the cure

We are strong humans
The strong souls are us
We are strong humans
The strong souls are us

You can black my white
You won't darken anything
You can destroy my way
I'll find another way

If it's not His will
None of your bad luck will bring
you happiness
[...]

You can break my leg, break my
hand take my smile
Blacken the white of my heart, but
not my dreams

Strong humans are us, strong souls
are us

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GAME CHANGERS

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You act better when you are sure.

Ipsos in Indonesia

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