FMCG MONITOR

An integrated view of
Indonesia FMCG market

FULL YEAR | **2017**

EXECUTIVE SUMMARY

1 MARKET UPDATE

Indonesia post higher FMCG than most neighboring countries with stable GDP growth

2 FMCG OUTLOOK

Price increase remain to drive FMCG growth and lower shopping trip become a new normal thus winning every shopping occasion become the key to lever growth.

3 SHOPPER BEHAVIOUR

Lower class consumers continue to drive FMCG growth with higher trip size referring that winning shopping occasion among lower class consumers become instrumental

4 RETAILERS SNAPSHOT

Availability across channels become a hygiene factor and reaching out lower class consumers should optimize proximity channels where most occasion come from

5 SEGMENT PERFORMANCE

Across segments, dairy products sustain the shopping trip, while home care and F&B post improved trip size with less shopping trip implying that consumers might adjust their focus towards basic needs among FMCG categories.

6 EMERGING TRENDS

As Out Of Home (OOH) consumption is on the rise, build a link to core target and meet their spending to lever OOH growth.

INDONESIA POST HIGHER FMCG GROWTH

THAN MOST NEIGHBORING COUNTRIES WITH STABLE GDP GROWTH

VIETNAM
GDP GROWTH **+7.7%**
FMCG GROWTH **+5.3%** (urban)

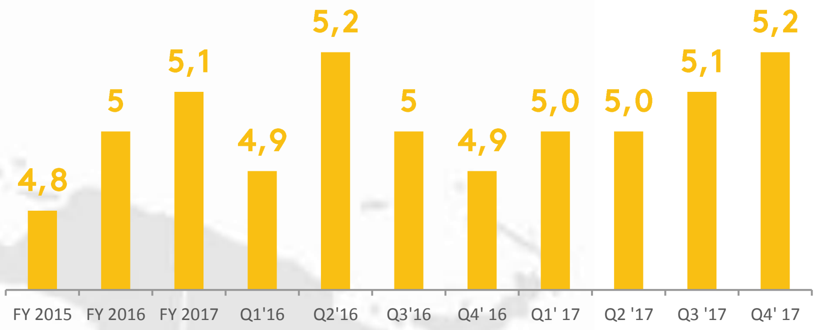
THAILAND
GDP GROWTH **+4.0%**
FMCG GROWTH **-0.4%**

PHILIPPINES
GDP GROWTH **+6.6%**
FMCG GROWTH **+1.1%**

MALAYSIA
GDP GROWTH **+5.9%**
FMCG GROWTH **+0.9%**

INDONESIA
GDP GROWTH **+5.1%**
FMCG GROWTH **+8.4%**

INDONESIA GDP
ANNUAL GROWTH RATE%



* GDP Growth (National) FY 17 vs FY 16

** FY 2017 vs YA Total FMCG Value Growth %

Source: Kantar Worldpanel

INDONESIA ECONOMY

REMAIN STRONG

in 2017

STABILISED INFLATION

IMPROVED CONSUMERS CONFIDENCE

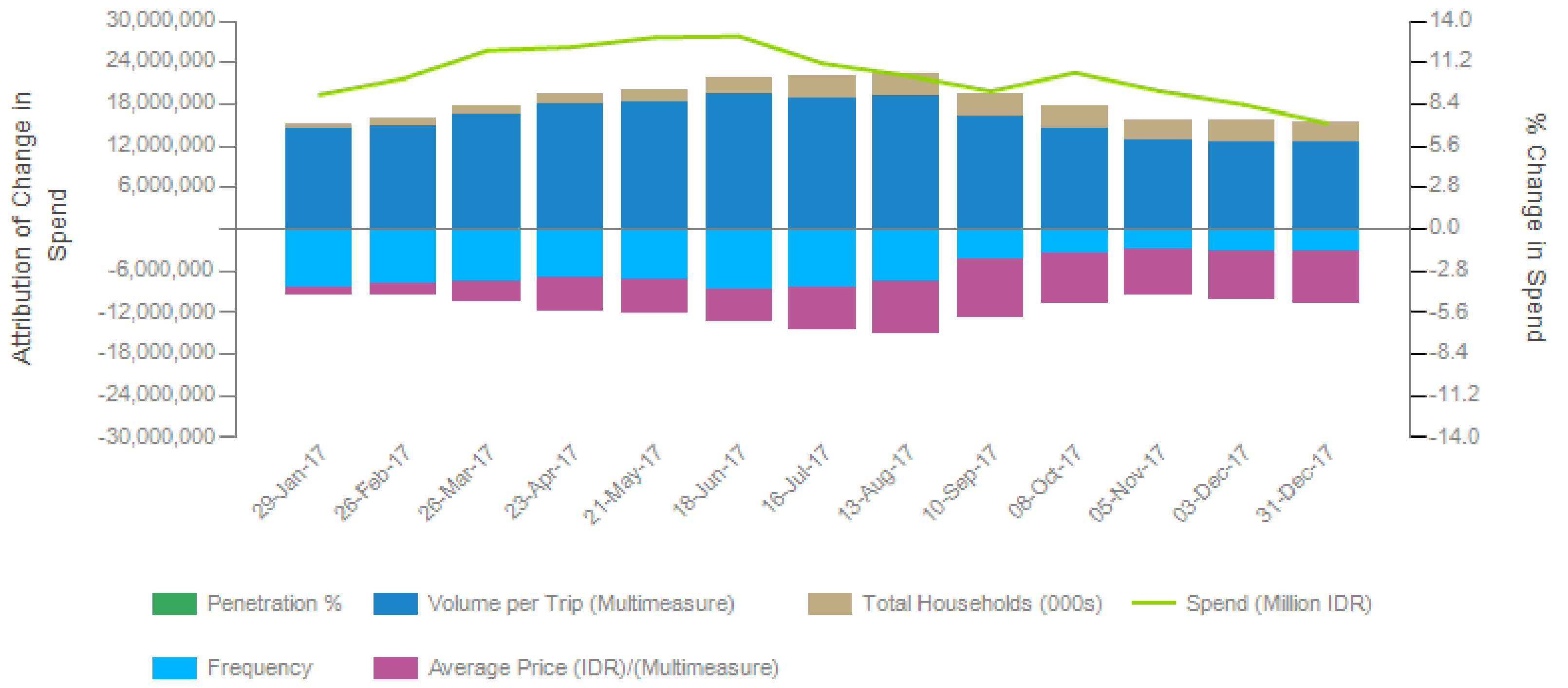
EXCHANGE RATE STABILITY

Source: Trading Economics

FMCG Outlook

Price increase remain to drive FMCG growth and lower shopping trip become a new normal thus winning every shopping occasion for become the key to lever growth

FMCG IN HOME | INDONESIA URBAN+RURAL | 12 weeks YoY Trend



FMCG IN HOME	FY 2016	FY 2017
Value %	4.2%	8.4%
Volume % (units)	-3.0%	0.3%
Price per unit	7.8%	8.0%
Frequency	-5.0%	-8.4%

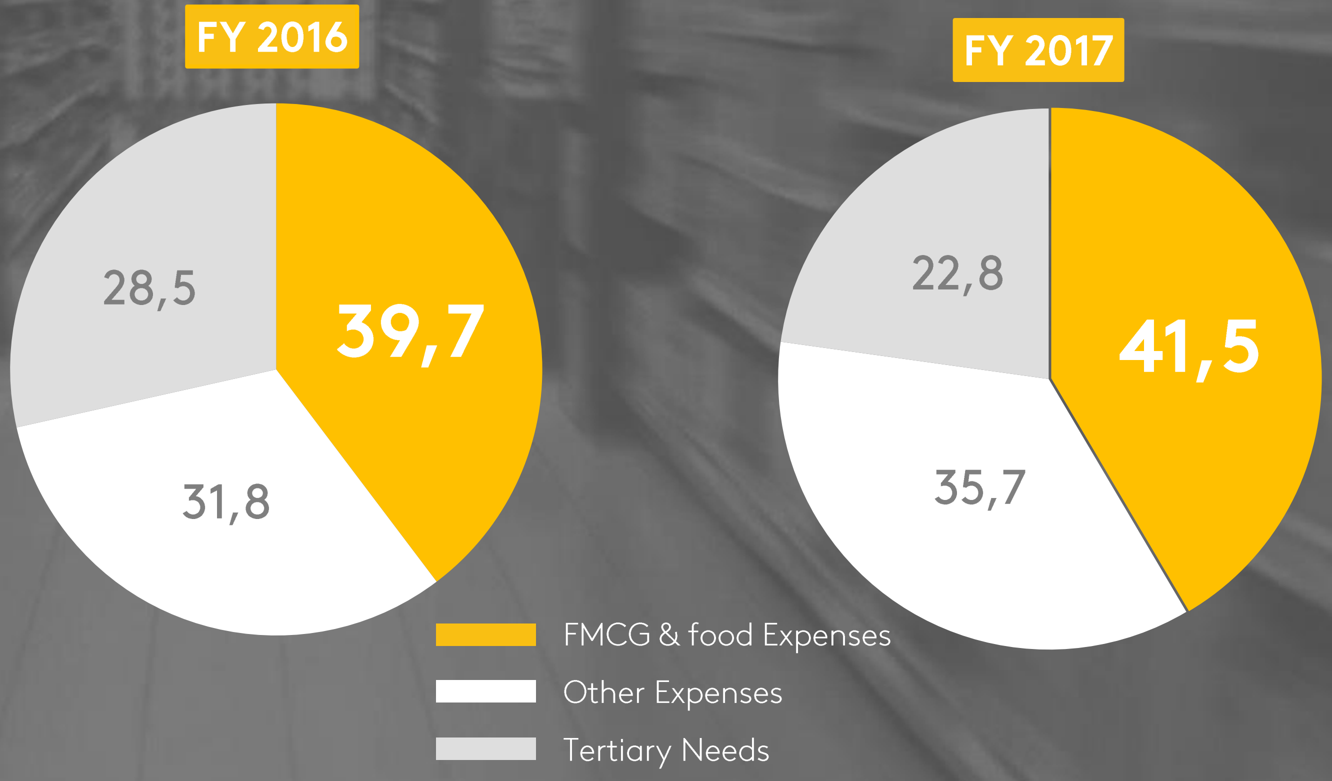
FMCG & FOOD STILL DOMINATES CONSUMERS' SHARE OF WALLET

ALONGSIDE WITH IMPROVED SPENDING FOR OTHER EXPENSES

FMCG & food expenses increase as an impact of price increase and remain to dominate share of wallet

Other expenses includes transportation, housing, education, healthcare, utilities and communication. Housing and utilities increase does not hold people to necessarily halt spend on other consumption

Tertiary needs includes savings, durable goods, clothes / fashion, travel / holiday, investment, entertainment, eating /drinking out and etc. Forced to spend on primary and other expenses, consumers decreased their spend on tertiary needs.



Share of Wallet

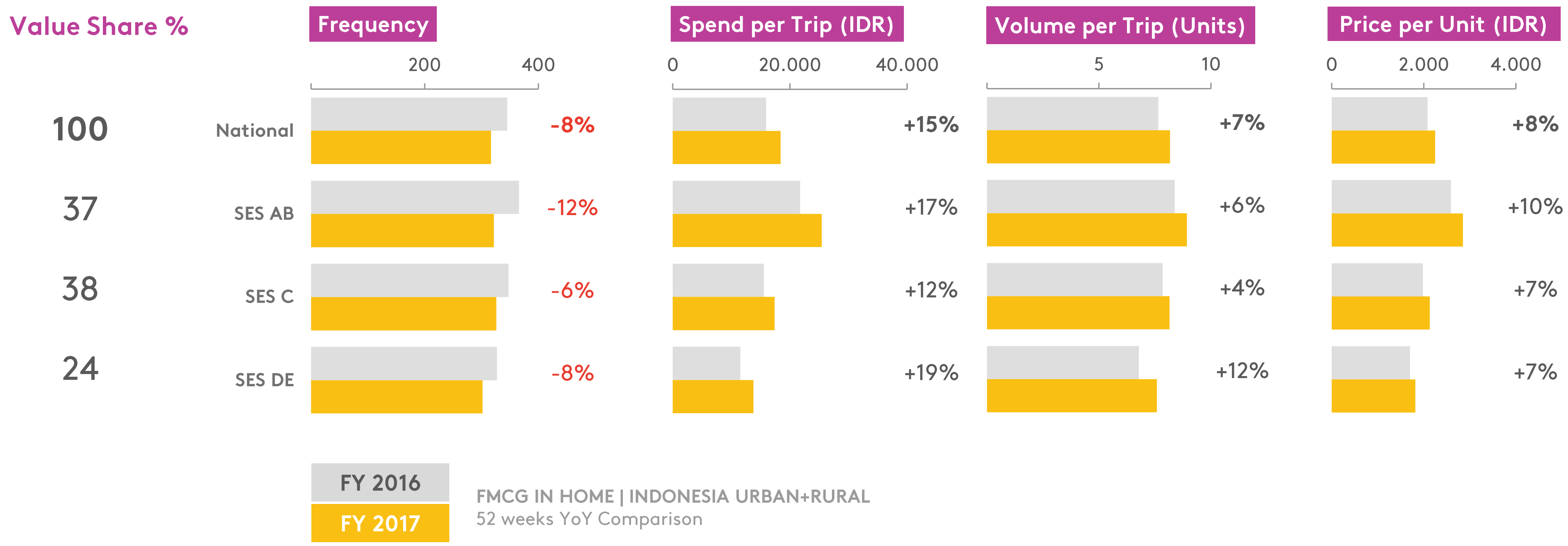
How much money do you estimate to spend for your household on the following household functions in a typical month?

Source: Kantar Worldpanel Indonesia Expenditure Survey

CONSUMER

PURCHASE BEHAVIOUR

Lower class consumers continue to drive FMCG growth with higher trip size referring that winning shopping occasion among lower class consumers become instrumental

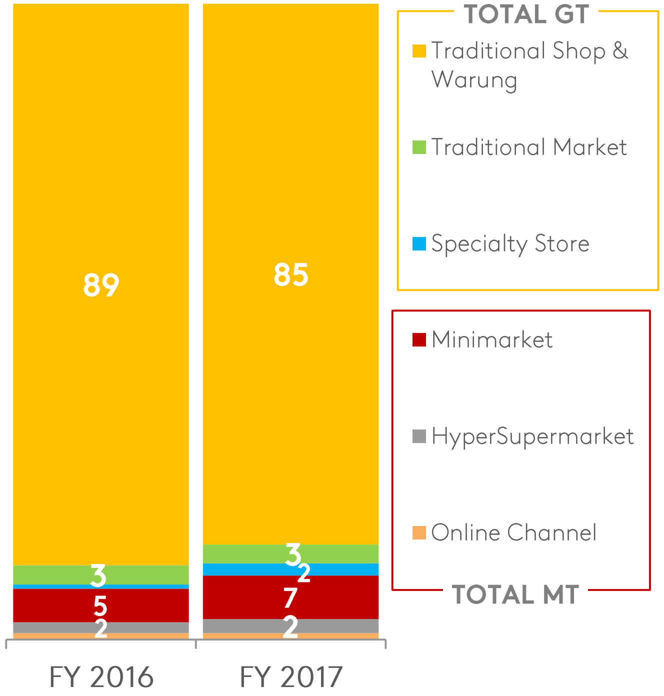


FMCG IN HOME | INDONESIA URBAN+RURAL
52 weeks YoY Comparison

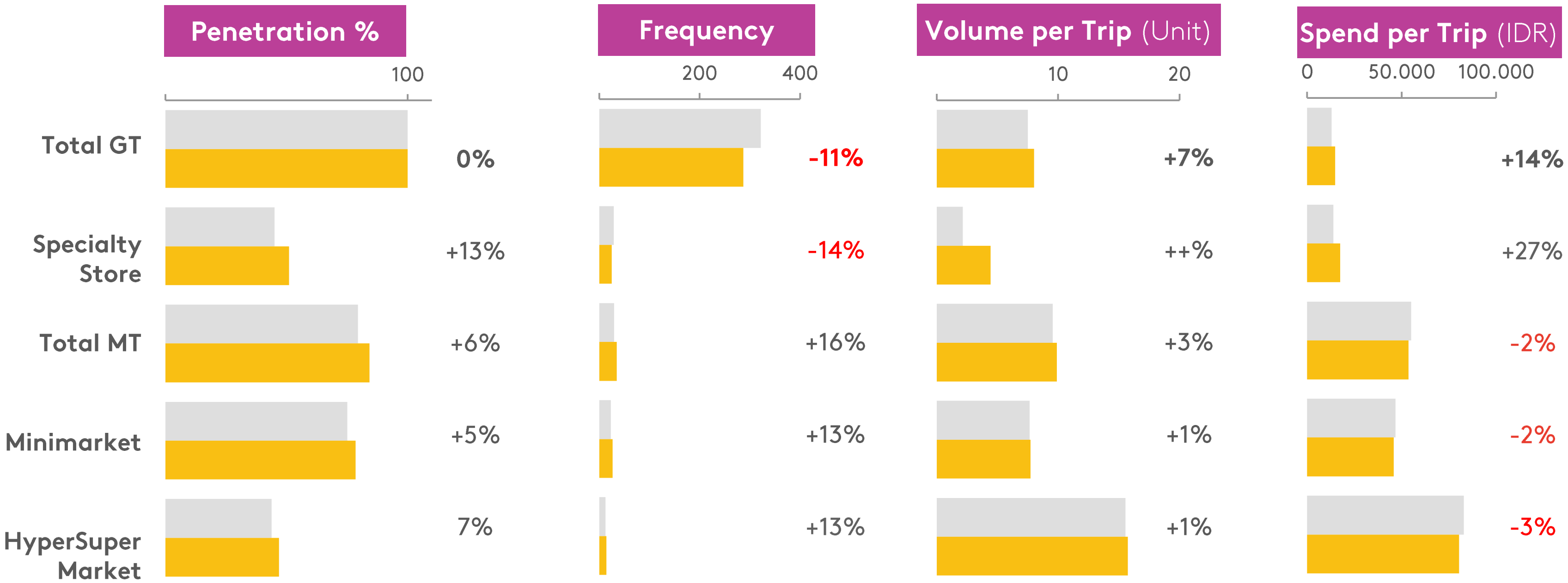
SNAPSHOT
RETAILERS

Availability across channels become a hygiene factor and reaching out lower class consumers should optimise proximity channels where most occasion come from

Occasion %



Purchase Behavior Across Channel



	Penetration %	Frequency	Volume per Trip (Unit)	Spend per Trip (IDR)
Total GT	0%	-11%	+7%	+14%
Specialty Store	+13%	-14%	++%	+27%
Total MT	+6%	+16%	+3%	-2%
Minimarket	+5%	+13%	+1%	-2%
HyperSuper Market	7%	+13%	+1%	-3%

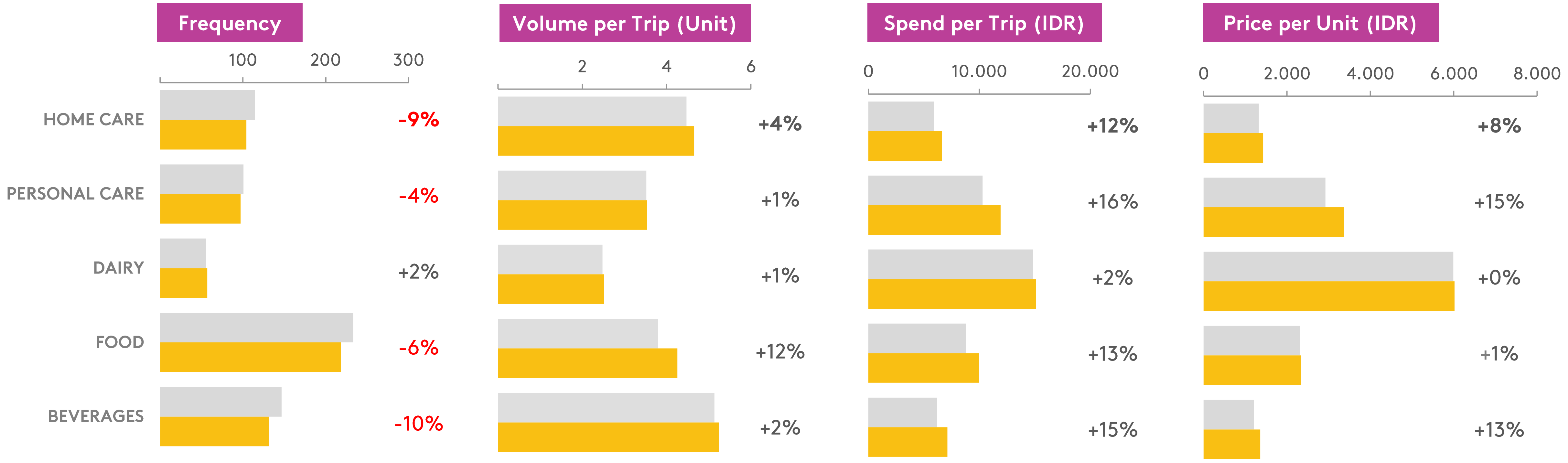
FY 2016
FY 2017

FMCG IN HOME | INDONESIA URBAN+RURAL
52 weeks YoY Comparison

PERFORMANCE

FMCG SEGMENTS

Across segments, dairy products sustain the shopping trip, while home care and F&B post improved trip size with less shopping trip implying that consumers might adjust their focus towards basic needs among FMCG categories



FY 2016

FY 2017

FMCG IN HOME | INDONESIA URBAN+RURAL

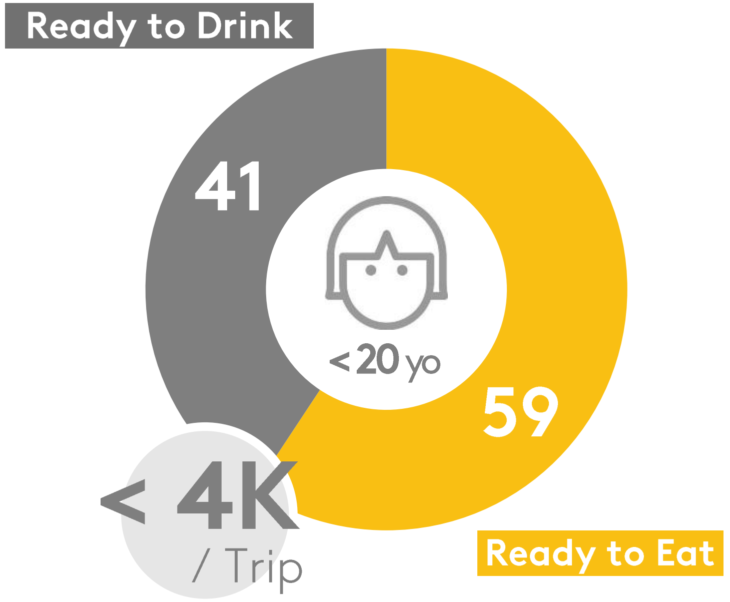
52 weeks YoY Comparison

FMCG

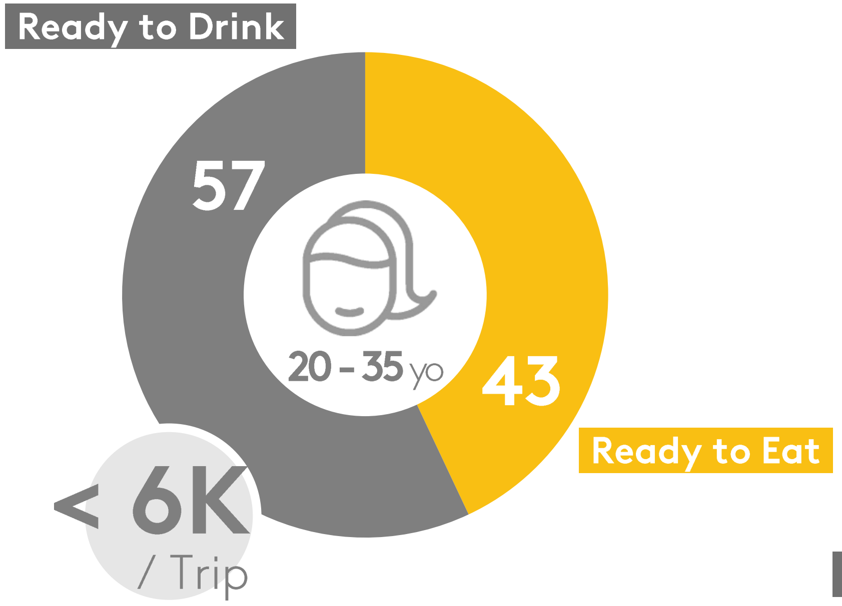
EMERGING TREND

OUT OF HOME CONSUMPTION IS ON THE RISE

Build a link to core target and meet their spending to lever OOH consumption growth



HUNGER FILLER



TASTY THIRST QUENCHER

THIRST QUENCHER

TERMS GLOSSARY

TRADE CHANNEL DEFINITION

Specialty Store	Milk Store, Baby Store, Cosmetics Store, Drug Store, Apothecary, Refill Water Kiosk
Online	Internet based marketplace which displays products virtually via dedicated websites that can be accessed anytime. No direct face-to-face transaction occurs in the purchasing process.

MEASUREMENT DEFINITION

Penetration	The percentage of households do purchase at least once in a given period of time
Frequency	The average number of shopping trips made to purchase the product in a given period of time
Occasion / Trip	The actual number of purchase occasion / shopping trip in a given period of time
Spend per Trip	The average amount that buyers payed in a single shopping trip
Volume per Trip	The average volume that buyers purchased in a single shopping trip
Price per Unit	The average price that buyers payed for a single unit

IN HOME CONSUMPTION

The consumption of FMCG products within home of panelist after the purchase made and being reported in In Home dairy

Category Tracked	113 (Exclude tobacco and fresh food)
Scope	Indonesia Urban + Rural
Household representatives	53+ Million

OUT OF HOME CONSUMPTION

The consumption of FMCG products outside panelist home and it is consumed right away after the purchase made at the shop. The panelist will bring the used pack as proof of consumption and being reported in out of home dairy.

Category Tracked	22
List of Categories	**Ready to Drink (RTD)** RTD coffee; isotonic drink; RTD tea; energy drink; RTD juice; RTD milk; carbonated soda drink; mineral water; cultured milk; soya milk; yoghurt drink; health food drink; **Ready to Eat (RTE)** potato snack; extruded snack; chocolate; ice cream; candy; cold cereal; biscuits; cup noodle; RTE sausages; chewing gum
Scope	Indonesia Urban
Individuals representatives	100+ million from the same Household

Kantar Worldpanel is the global expert in shoppers' behavior. Through continuous monitoring, advanced analytics and tailored solutions, Kantar Worldpanel inspires successful decisions by brand owners, retailers, market analysts and government organizations globally.

With over 60+ years' experience, a team of 3,500+, and services covering 60 countries directly or through partners, Kantar Worldpanel turns purchase behavior into competitive advantage in markets as diverse as FMCG, impulse products, fashion, baby, telecommunications and entertainment, among many others. Kantar Worldpanel is part of the Kantar, one of the world's largest insight, information and consultancy networks. Kantar is the data investment management division of WPP.

In Indonesia, Kantar Worldpanel – Inspiring Successful Decision™ tracks household purchase of over 113 different FMCG categories for In Home consumption across food and non food from its sample of 9,000 households across urban and rural Indonesia on a weekly basis; representing around 53 million households, as well as over 18 categories for Out of Home consumption from 33,000+ individual sample from the same Household of In Home tracking across urban area on a weekly basis.

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ABOUT KANTAR WORLDPANEL