

INDONESIA 2024

UNSTOPPABLE?



IPSOS
FLAIR COLLECTION

GAME CHANGERS



IPSOS FLAIR: UNDERSTANDING TO FORESEE

Launched in 2005, Ipsos Flair originates from the desire to combine Ipsos' specialties to offer a vision of society based on the observation and interpretation of consumer-citizens' behaviors, attitudes, and opinions.

The perspective that Ipsos Flair holds on the society and its evolutions is that of «benevolent neutrality,» cherished by psychologists and especially by Freud. Ipsos considers the results of studies as symptoms, whose analysis allows defining a cartography of trends, both structural and emerging.

Today, Ipsos is present in Saudi Arabia, Brazil, Chile, China, Colombia, France, Ivory Coast, India, Indonesia, Italy, Japan, Morocco, Mexico, Peru, Russia, South Korea, and looks forward to expanding to other countries.

INDONESIA

2024

UNSTOPPABLE?

TRIBUNE



YVES BARDON IPSOS FLAIR PROGRAMME DIRECTOR IPSOS KNOWLEDGE CENTRE

Last November, Indonesia played host to the Summit in Bali, and the motto of the Indonesian G20 Presidency – «Recover Together, Recover Stronger» – appears to have proven quite effective in the polycrises engulfing the world. This has given rise to a «new disorder ,» where crises no longer unfold sequentially but rather occur simultaneously and interdependently, encompassing geopolitical, economic, climatic, migratory, social, and identity-related challenges, not to mention conflicts and terrorism.

Indonesia seems to be distinguishing itself in this scenario, and it must be immediately acknowledged that consumers, overall, exude much greater confidence and optimism compared to the global average. This creates an advantageous situation for brands and communication efforts. Nevertheless, this doesn't imply naivety on their part; to the contrary,

they are becoming increasingly well-informed and sensitive to notions such as the origin (local Vs. international) of products, the authenticity of the relationship with them, and the environmental impact of their consumption - an issue that has emerged as a crucial concern. A staggering 92% of Indonesians concur with the idea that «if we don't promptly change our habits, we are heading towards an environmental disaster» (compared to 80% globally), surpassing respondents from Zambia and Vietnam (91%) . Among the numerous alerts, the pollution peaks in Jakarta have made it the most polluted city in the world for several days in early August, reaching levels that required the coal-fired power plant in Suralaya to reduce its electricity production by nearly 50% in September.

A survey like «What Worries the World,» a monthly global barometer

conducted by Ipsos, provides valuable insights into the state of public opinion in Indonesia and its major concerns. Coupled with the Ipsos Global Trends study and other surveys, it offers decision-makers a comprehensive framework to effectively engage with their consumers and clients, armed with precise knowledge of a context that integrates both rational socio-economic factors and prevailing moods and emotions.

Indonesians seem to be riding the wave of a favorable context - one where their country is progressing, creating new infrastructures, asserting itself, and poised to become a new major power. The launch of the ASEAN/ Canada Strategic Partnership under the auspices of Indonesia, and the remarks made by President Joko Widodo during the retreat session of the 43rd Summit affirming that ASEAN «has agreed not to be a proxy to any power» and stating that they «must become captains of our own ship to achieve peace» unequivocally demonstrate the desire for regional leadership in a complex context.

It's conceivable that Indonesians experience a sense of enthusiasm

akin to what Europeans encountered after World War II, when people gained access to “social lift”, property ownership, automobiles, technological advancements, and witnessed the simultaneous growth of infrastructure, mass consumption, and tourism. This era is often referred to as the «Thirty Glorious Years.» However, there is a marked difference: Europeans experienced this progress gradually, with a span of approximately thirty years from the end of World War II (roughly from 1945 to the 1970s) before facing the destabilizing impact of the oil shocks in 1973 and 1979. These shocks resulted in prolonged mass unemployment, escalating inequalities, further exacerbated by the 2008 financial crisis, the 2020/2021 health crisis, and now the ramifications of the war in Ukraine.

A nation like Indonesia is undergoing this transformation within a much more compressed timeline, characterized by significant structural development projects alongside the pervasive diffusion of the Internet (applications, social networks, commercial platforms). These factors are creating a new environment, offering fresh perspectives, and opening new

Ipsos releases Global Trends 2023: A new world disorder | Ipsos

Ipsos Global Trends© is an international survey based on more than 48,000 interviews conducted in 50 markets representing 70% of the world's population and 87% of GDP – <https://www.ipsos.com/en/global-trends>

avenues, particularly in education and knowledge, thereby changing the game from every angle.

It is not surprising that the gap between Asia, particularly ASEAN, and other parts of the world is widening. Some feel that the past was better and that the future will be increasingly frustrating (as exemplified by Europe, especially France), while others believe that the present is better than the past and that future and progress are (finally) synonymous. They see the future as full of promises for themselves, their families, the country in general, and Indonesians embody this perspective perfectly.

This contrast becomes evident when comparing the results of «What Worries the World» (a survey conducted in 29 countries) regarding the general outlook for countries. In October 2023, 38% of interviewees globally think their country is heading in the right direction, while 77% of Indonesians believe so, after 80% in September, n°2 (Singapore being n°1 with 82% and India n°3 with 76%) The most optimistic countries remain in the Asia-Pacific region, though there have been some changes at the top.

Indonesia's economic situation is perceived as good by 63% (compared to a global average of 35%, -3pts / September) , but 22% of Indonesians are concerned about inflation after 17%

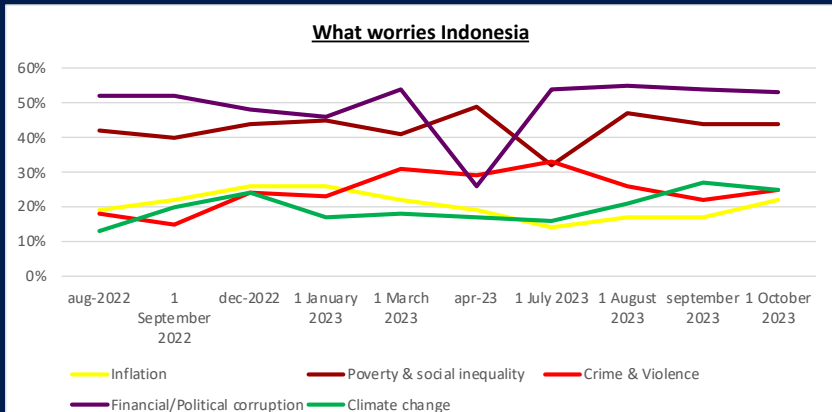
in September and 14% in July. It is a topic, even an issue, to follow...

On the other hand, several societal indicators need to be monitored, especially in the context of the presidential election: crime and violence, which consistently concerns 25% of the population, poverty and social inequalities (44%, ranking n°1 globally), unemployment (43% in October after 38% in September), and corruption (53%, n°1 as well) .

Inequalities are particularly poorly tolerated, as another Ipsos survey, «Global Trends» shows that Indonesians are primarily seeking balances, whether socio-economic, cultural, or otherwise. 90% believe that «Having large differences in income and wealth is bad for society overall» (compared to 74% globally) .

If these figures were to be distilled into a few words, it could be said that worries are progressively focusing more on purchasing power and job security, along with fundamental societal issues. The sensitivity of the various candidates to these crucial matters could potentially be the game-changer.

Indeed, there is a risk if the public feels that there are winners and losers of progress, that changes are challenging traditions and values, which explains the tension between the 64% of Indonesians who «would like my country to be the way it used to



the» (compared to 60% worldwide and 5 points more than in 2021) and those who are the least likely to say «I wish I could slow down the pace of my life,» 44% vs. 73% worldwide. Idealizing the past, preferring the local, the small, and the close, etc., all represent antidotes to a globalization often perceived as rootless, disembodied, abstract, and anonymous.

In addition to politicians, the role of brands and companies is decisive: in a context of uncertainties, brands must, therefore, express their worldview, show how they are aligned with the people's concerns and hopes, and how they can contribute to improving society by being in tune with three decisive trends: shaping expectations, considering the context, and acting with empathy.

Discover how in this new edition of Ipsos Flair, Indonesia 2024,

Unstoppable? The momentum that has been in place for several years works as a booster and reinforces the idea that Indonesia is capable of achieving its goals, unless there is a turnaround after the elections.

Concrete applications in terms of communication, marketing, CSR engagement, etc., are waiting for you.

Enjoy your reading!

PS. The cover image pays tribute to the bullet train connecting Jakarta and Bandung.

VIEW POINT

SOEPRAPTO TAN

MANAGING DIRECTOR OF IPSOS INDONESIA



INDONESIA ONWARD

Since launching the Ipsos Flair collection in Indonesia, much has changed in our country, starting with the infrastructure. The National Medium-Term Development Plan 2020-2024 is the starting point for achieving the objectives of Indonesia's Vision 2045, the Indonesia Maju (Indonesia Onward) Programme. All areas are addressed but it's in the realm of public transportation (railways, roadways, airways, etc.) where the transformations are the most spectacular, with new metro lines and the skytrain in Jakarta, new airports for new interconnections, new toll road, etc. Also noteworthy is the development of multimodal connectivity, energy and electricity networks, everything necessary for the distribution of digital technologies, and improvements in education and health structures. It wouldn't be exaggerating to say that the "Logistics infrastructure is a sector that greatly affects economic growth in Indonesia, considering that this country consists of 17,504 islands, over 270 million people, and abundant natural resources".

In terms of investments, the government increased its allocation to infrastructure development by 7.8% to IDR392 trillion (\$25.3 billion), and the construction industry in Indonesia is expected to grow by 4.5% in 2024, before recording an average annual growth rate of 6.4% from 2025 to 2027, supported by investment in transport, renewable energy, manufacturing, and housing infrastructure projects. The government is focused on promoting Indonesia as a major hub for Electric Vehicles¹.

As noted in the conclusion of the report **INDONESIA AND ASEAN INFRASTRUCTURE PROJECTS**, "The overall growth prospect for Indonesia's infrastructure sector is positive. The government is prioritizing development in the areas of electricity generation (Hydropower), transportation (Railway), and water through policy and regulatory support, as well as through capex thrust. The focus is to create world-class, state-of-the-art infrastructure, which is resilient and sustainable. Several big-ticket projects are being planned, and the government is actively seeking foreign expertise and

INDONESIA AND ASEAN INFRASTRUCTURE PROJECTS – Switzerland Global Enterprise

<https://www.businesswire.com/news/home/20230809058715/en/Indonesia-Construction-Industry-Report-2023-Industry-Poised-for-4.5-Growth-in-2024-and-6.4-for-2025-2027---Focus-on-EV-and-Infrastructure-Projects---ResearchAndMarkets.com>

investment for their implementation. This indicates significant potential for Swiss SMEs to participate in the Indonesian infrastructure sector, particularly in areas of technology and innovation.»

The emergence of all these infrastructures really brings Indonesia to a new level, for example, Indonesia is the first country in Southeast Asia to have a bullet train connecting Jakarta and Bandung; the construction was delayed since 2016 (mainly due to Covid-19), but it is now feasible to contemplate covering the 140 kilometers between the two cities in less than forty minutes. This is another demonstration of what is being done to equalize Indonesia with all advanced countries like in Western Europe and Japan, and to position the country in terms of technology and transport ability equivalent to China, India or Japan. For the record, Singapore and Malaysia were supposed to be the first to build these bullet trains, but Indonesia preempted them.

We are preparing ourselves to soon be one of the developed countries and that makes a significant difference, especially since Jakarta is not the only city seeing significant transformations: this can be seen in Palembang (capital of South Sumatra province) with the LRT connecting Sultan Mahmud Badaruddin II International Airport in the north of the city to the Jakabaring sports center

in the south. Surabaya, the capital city of East Java Province and the second-largest city in Indonesia, will join the list of cities with MRT, skytrain, or LRT, once the issue of their financing is settled.

This explains the optimism of Indonesians and one of the reasons they believe the country is moving in the right direction: a lot of things beyond their expectations are happening now, and infrastructure is one of them. Their level in terms of quantity and quality is now much better than in the past. It has changed people's lives, simplified, and accelerated processes that were once complex, time-consuming, or technically and financially unreachable. The prices of transportation are not excessive, allowing families and friends to reunite. This is incredibly significant as people desire to spend time together during religious and traditional festivals. They are happy to be able to travel to their hometowns or villages, cutting the travel time by half or even more.

Another reason fueling the optimism is the booming economy which is now bouncing back to its pre-pandemic levels. I would compare this to the situation in China fifteen or twenty years ago, and the factors that drove its economic, industrial, and social growth.

Indonesia has also managed to maintain its independence and has not widely outsourced its production; it does not

entirely depend on foreign countries for its industry, manufacturing, its textile sector, and other activities, unlike many European countries that rely heavily on China. In terms of energy, Indonesia ranked second worldwide in geothermal electricity production in 2020 and following the BRICS summit in Johannesburg – which saw expansion to around forty new members (including Saudi Arabia, Nigeria, Iran, and Algeria) – a new geopolitical market for hydrocarbons and metals is set to benefit Indonesia. This explains why the inflation rate, even higher than the averages of previous years, has not created huge distortions and is not the primary concern of Indonesians, likely having met half of the necessities needed for the people.

It should be noted that Indonesia has now regained momentum that the health crisis had weakened. The rapid growth of e-commerce, increased access to international brands, the emergence of local brands, the availability of affordable Indian brands, and the option to make high-end purchases from American, South Korean, and French brands all contribute to an increasingly diverse range of offerings that cater to consumers across various income levels.

Simultaneously, the number of people living below the poverty line has been decreasing for the past decade, with a growing proportion of the population achieving income levels that place them in the middle-income bracket. This

burgeoning middle class is emerging as Indonesia experiences a demographic dividend, with a significant number of young individuals in their productive years entering the workforce. This demographic shift is fundamentally impacting the landscape, leading to the expansion of the middle-class income group, which is progressively growing larger.

Brands are seizing this significant opportunity because an increasing number of people in Indonesia are no longer prioritizing the cheapest options. Instead, they are placing a higher value on quality and attractive designs. This shift is crucial because enjoyment and togetherness are essential motivations for Indonesians, many of whom were previously deprived of such experiences due to economic constraints.

New prospects are emerging, particularly for the younger generations and the future generations who will benefit from all the new infrastructures and a more favorable educational environment: according to the Ipsos GLOBAL EDUCATION MONITOR survey, 56% of Indonesians believe that the education system has improved compared to the past, ranking second internationally, tied with Ireland (Singapore holds the top position), as opposed to 30% globally. Moreover, 76% feel that most educational institutions have sufficient resources and facilities such as textbooks, technology, and laboratories, compared to 50% worldwide. Additionally, 67%

believe that the education system in Indonesia contributes to reducing social inequalities, surpassing the global figure of 51%.

There is room for improvement, in particular regarding educational enhancement and mitigating social inequality, especially in the context of the 2024 presidential election and emphasizes the crucial need for ongoing efforts to ensure that the future and progress must continue to walk hand in hand. At Ipsos, we are adept at helping you tackle this challenge.

<https://www.populationpyramid.net/indonesia/2025/>

www.ipsos.com/sites/default/files/ct/publication/documents/2018-07/censydiam_true_colours_print-sm.pdf

www.ipsos.com/sites/default/files/ct/news/documents/2023_09/Ipsos%20Global%20Education%20Monitor.pdf

CONTENTS

15 USER'S GUIDE

20 POLITICS

25 INFRASTRUCTURE

27 SUSTAINABILITY

32 AUTOMOTIVE

35 CONSEQUENCES

36 AUTHENTICITY

38 DIGITAL

44 BRANDS AND DIGITAL

49 JOB OPPORTUNITIES IN AI ERA

55 PRODUCT & MARKETS INNOVATION

59 BEAUTY UNLIMITED

62 HEALTHY LIFE

64 LEISURE

66 #SONG

68 #IPSOS AND YOU



USER'S GUIDE

INDONESIA IN A NUTSHELL

INDONESIA AND GLOBAL TRENDS

Ipsos Global Trends© is an international survey based on more than 48,000 interviews conducted in 50 markets representing 70% of the world's population and 87% of GDP .

It addresses six major themes: societal changes, technological accelerations, generational and economic disparities, the climate emergency and its impact, the fragmentation of the political landscape, and health issues.

Each of these themes is itself divided into subcategories:

SOCIETIES IN FLUX	TECH-CELERATION	INEQUALITIES AND OPPORTUNITIES	ENVIRONMENTAL EMERGENCIES	POLITICAL SPLINTERING	WELL-ROUNDED WELL-BEING
Ageing populations	Pervasive technology	Rise & fall of middle classes	Climate change	Plateau of globalization	Growing mental health crisis
Community migration	The immersive frontier	Employee power shift	A greener way of thinking	Security dilemmas	Systemic health inequality
Life stage evolutions	AI advances & quantum computing	Generational wealth disparities	Overdevelopment	Rethinking institutions	Integration of health & technology
Greater ethnic & religious diversity	Increased automation	Impacts of inflation		Increasing geopolitical conflicts	
Identity fluidity	Toll of technology	Alternative value structures		Entrenched inequality	

<https://www.ipsos.com/en/global-trends>

SOCIETY

Indonesians are above all looking for balances, whether socio-economic, cultural or other. 90% think that “Having large differences in income and wealth is bad for society overall” (Vs.74% globally); 93% believe that «My local area is a place where people from different backgrounds get on well together» (Vs. 75% worldwide) and 54% believe that «Transgender men and women should be free to live their lives as they wish», 26 pts behind the world average, but ahead of Turkey (45%) or Morocco (30%), the last country on the list.

TECHNOLOGICAL ACCELERATIONS

Technology is everywhere in our lives, first and foremost the Internet: 92% of Indonesians cannot imagine their lives without it (15 points more than the world average) but 68% fear “technological advances are destroying our lives” (+ 8 pts relative to other countries in the survey). For the record, the Dutch (42%) and Swedes (41%) are the last two countries to say they are worried.

While many people worry about the intrusion of technologies into their privacy, the elusive use of all the queries and data they communicate in search engines and social networks, all the actors who can exploit them, 34% of Indonesians say they are concerned about what companies, or the government know about them. Globally, 2% of the population shares

this positive view, with considerable disparities between countries, the least anxious being Indians and Pakistanis (before Indonesia) and the most worried Americans and Japanese.

CLIMATE EMERGENCY

Globally, 80% of respondents agree with the idea that “if we don’t change our habits very quickly, we are heading for an environmental disaster”. The country where the score peaks at 92% is Indonesia, ahead of Zambians and Vietnamese (91%).

POLITICS

80% of Indonesians consider globalization to be a good thing for their country (+14 pts / world average) and 66% do not hesitate to say that they feel more like a citizen of the world (+63% / world average). This question is a marker of disparities between countries with a very low global average, 3%. The average is dragged down by Japan, where the score is negative (-46%), as in Israel (-39%).

For 83% in all the countries surveyed, globalization does not mean a smoothing of socio-cultural differences, loss of sovereignty, forgetting traditions. 92% of Indonesians agree with the item: «It is up to everybody to work out their own set of principles to guide their decisions».

Is the world moving too fast?

64% of Indonesians “would like my country to be the way it used to be” (Vs. 60% worldwide), 5 pts more than in 2021. The taste for nostalgia, the idealization of the past, the preference for the local, the small and the close, etc., represent all antidotes to a globalization often perceived as rootless, disembodied, abstract and anonymous; this need for antidote is reinforced all the more with polycrises to keep control over what we know or imagine to have «always known», and reassure. But at the same time, Indonesians are the least likely to say “I wish I could slow down the pace of my life”, 44% vs. 73% worldwide.

HEALTH

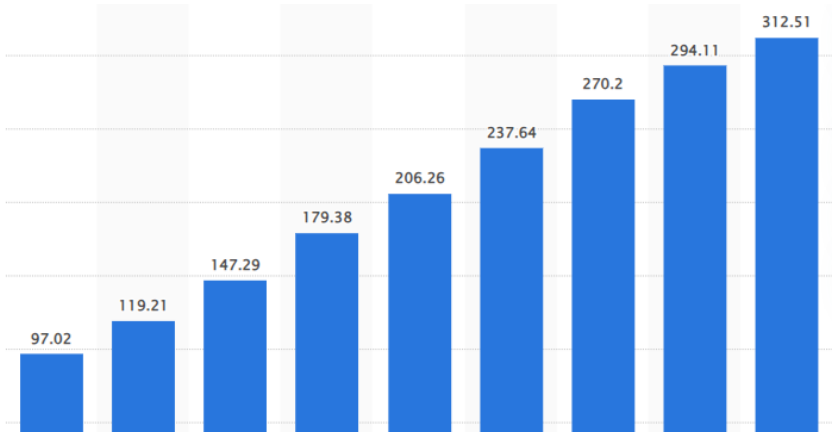
Amidst the health crisis, an escalating number of individuals have been contemplating optimal strategies to fortify their immune system, combat viruses, and uphold overall well-being, encompassing both physical and mental aspects. This paradigm shift is witnessing a transition from curative to preventive measures in many countries, driven by a logic of anticipation. Consumers are expressing heightened awareness regarding product composition, scrutinizing sugar and fat content, and acknowledging the need for greater self-care. This trend is exemplified by Global Trends: 96% of Indonesians feel the need to exert more effort towards their physical health (+10 pts compared to the global average), while 90% feel the same about their mental health (+10 pts as well).

This increased self-focus also entails a desire for greater autonomy in managing healthcare decisions: 93% of Indonesians express a preference for having more control over their health choices (+10 pts compared to the global average). Moreover, they exhibit the highest level of confidence in scientific advancements, with 88% believing that eventually, all medical conditions and diseases will be curable (compared to 61% worldwide), positioning Indonesia at the forefront of the surveyed countries.

DEMOGRAPHY

With over 274 million people living across the archipelago, Indonesia is the fourth most populous country in the world. The population density in Indonesia exceeds 145 people per square kilometer, with the majority of the population residing on Java Island, making it the world’s most populous island. It is believed Indonesia will become one of the countries with the largest workforce in Asia .

Projections show that the birth rate dynamics will continue to be confirmed, expected to peak between 2024 to 2030



<https://www.statista.com/topics/8377/demographics-of-indonesia/#topicOverview>

<https://www.statista.com/statistics/713018/indonesia-forecast-total-population/>



SUKMA WIDYAWATI
DEPUTY DIRECTOR IPSOS PUBLIC AFFAIRS,
IPSOS IN INDONESIA



POLITICS

General elections are scheduled to be held in Indonesia on 14 February 2024. In 2014 and 2019, Joko Widodo, known as Jokowi, won both previous elections with 53.10% and 55.50% of the expressed votes respectively. However, in 2024, he cannot run for presidency

again as the five-year term can only be renewed once. Various candidates are competing, with the three most likely to be elected being Prabowo Subianto, Ganjar Pranowo, and Anies Baswedan. Prabowo Subianto, 71, is the candidate of Gerindra and this is his fourth attempt at

the presidency since 2009. He previously lost narrowly to Jokowi in 2014 and 2019. In 2019, he particularly counts on the support of Muslim voters who wish to see Islam have a greater importance in state policies. As a part of post-election reconciliation process, Prabowo was eventually appointed as Defense Minister by Jokowi.

Two days before Prabowo announced Gibran as his candidate for vice president, telesurvey of Ipsos Indonesia (October 17-19, 2023) reflects that Prabowo-Gibran (31,32%) have not significant difference with Ganjar – Mahfud (31,98%), and Anies – Muhaimin (28,91%), if the election conduct today. Since according to Indonesian Election law that id none of the candidate have 50 + 1 %, the election will continues into second round. The second round still reflects thet Ganjar – Mahfud will take the lead with 48,72% against Prabowo – Gibran (41,67%). There were two threats weighing on the candidate: setting a maximum age limit of 70 for presidential and vice[1] presidential candidates, a demand

rejected by the Constitutional Court, and having a candidate who is too young. On October 16, four months before the election, the abolition of the minimum age to run for president (previously set at 40yo) was the necessary opening for the vice-presidential candidacy of the president's son, who is 36 years old. Prabowo's running mate, Gibran, fulfills the requirement to run by virtue of his experience as an elected official in a village, city, or region. Similar to his father, Gibran has been serving as the mayor of Surakarta since 2020, potentially paving the way for the first role in 2029?

Ganjar Pranowo, 55, was the governor of Central Java, one of the country's most populated provinces. Some compare his career to Jokowi's, as they both were born in a humble background but rose to prominence through their education and political commitment. He is the candidate of the Indonesian Democratic Party of Struggle (PDIP) and enjoys the support of the incumbent President. Ganjar's popularity increased in early 2023 when he, along with the Governor of Bali,



refused Israel's participation in the U20 World Cup, the men's football World Cup for under-20 players.

Anies Rasyid Baswedan, 54, an academic and politician, served as Minister of Education and Culture in Joko Widodo's first term, before becoming the governor of Jakarta from 2017 to 2022. His family has a history of political engagement, with his grandfather being Abdurrahman Baswedan, an Arab-Indonesian activist who served as a minister during the national revolution. Anies is considered representing the opposition in the presidential race, but his alliance strategy with Nasdem and PKS, as well as his focus on combating corruption and the ideological legacy of his grandfather, could create surprises. In any case, one of the specificities of the Indonesian presidential election is that voters simultaneously choose the President, Vice President, Members of House of Representative (DPR), and members of local legislative bodies in the districts and

province level. Presenting the «winning ticket» to voters by choosing the future president and vice president at the same time allows for balancing and conquest strategies that open up possibilities for game-changers, such as if Prabowo will become Ganjar's vice president or vice versa.

President Jokowi's record is generally good, with 70% average of Jokowi's and Prabowo's voters in 2019, saying they feel 'satisfied' with Jokowi's administration. The sequence of the COVID-19 crisis has created turbulence that has lost precious time, even though many things have changed since 2014 with infrastructure development programs, improving the quality of public services, providing educational assistance to underprivileged students, and widening access to healthcare for all Indonesian citizens. But many challenges still remain on the table: corruption, social inequalities, environmental degradation, energy

	2024¹⁵
Growth	5,1% to 5,7%
Inflation	1,5% to 3,5
Budgetary revenues	11,9% = 12,4% GDP
Tax revenues	10,0% = 10,2% GDP
Budget deficit	14,0% = 15,0% GDP
Public debt	38,1% to 39% GDP

sovereignty etc.; in Jakarta, pollution is also a serious health problem (asthma, respiratory and cardiac issues, toxic fine particles), transforming into a political issue and, from vehicles to coal-fired

plants, strong decisions will be needed to reverse the trend.

The return to normality after the official declaration of the end of the health

<https://investmentpolicy.unctad.org/investment-policy-monitor/measures/3567/indonesia-omnibus-law-on-job-creation-has-been-enacted>
www.ipsos.com/sites/default/files/ct/news/documents/2023_09/ipsos%20Global%20Education%20Monitor.pdf

crisis does not coincide with any particular euphoria for several reasons: there have not been anti-Covid-19 measures as drastic as in countries like China, therefore no feeling of 'liberation' with their removal; discussions of vaccine boosters for new variants are not taking place; there is no need to wear a mask in public anymore, unless one believes oneself to be sick. People finally feel that 'Indonesia has quietly survived this,' that the government has not handled the crisis too poorly since 2020, especially in supporting the public economy. The recovery is there, inflation still below 6% but does not consume consumer purchasing power as we see in Europe; the Q2 2023 GDP increased by 5.2% compared to Q2 2022, bringing the H1 2023 growth to 5.1%; the growth of the first six months of the year is explained 40% by foreign trade; public consumption has seen strong growth (+10.62% in Q2 and +7.53% in H1 2023) and private consumption (+4.9% in H1 2023) is boosted by inflation that does not force people to renounce or deconsume.

The World Bank has also reclassified Indonesia in the UMIC category (upper middle-income country) while the gross national income per capita increased by 9.8% compared to the previous year, exceeding the threshold of \$4,466 (\$4,560). In July 2023, Standard and Poor's (S&P) confirmed Indonesia's sovereign credit rating at BBB (long term) / A-2 (short term) with a stable outlook.

The monthly Ipsos Consumer Confidence Index[1] survey shows that Indonesia remained in October 2023 one of the countries where the index remains the highest (62.9 Vs. 47.2 globally), even though it has been decreasing since September (65.9), after 62.3 in March and 64.2 in February 2023.

The title of the report #APBN2023 is very indicative of the current climate: '#APBN2023 - Optimistic But Remain Vigilant'; emphasizing the risks of geopolitical tensions while opening up positive prospects: 'The Indonesian economy in 2024 is expected to grow by 5.2%... this implies an acceleration of economic transformation to stimulate high, inclusive and sustainable growth.'

It should be kept in mind that one of the implicit issues of the election is whether the conditions are in place to achieve the objectives of The Vision of Indonesia 2045 (Wawasan Indonesia 2045) program and whether this program remains the roadmap for today's and tomorrow's Indonesia to commemorate 100 years of independence: to be a Sovereign and recognized power, a prosperous and advanced country. This should be among the priorities for the current administration to ensure that the outlook is positive.

At the same time, the respective weights of the voters according to their age and generation they belong to must be considered; Gen Z 22,85%, Millennials 33,6%, Generation X 28,07%, Boomers 13,73% and pre boomers 1,74%

the voters. Each group has its own concerns, such as environment and democratic life that are most worrisome to the younger ones, but some are cross-cutting, the main ones being the economy, employment, corruption, health, and education.

The economic dimension, in terms of electoral dynamics, has several elements and implications - industrial, social, financial, geopolitical etc. Internationally, candidates need to demonstrate that they are capable of opening Indonesia to more markets and attracting investors. Inside the country, they must show that they know how to improve economic growth equitably, thus, reducing regional disparities.

In the economic / social intersection, unemployment reduction is a major task. Since the Omnibus law that reform the world of work, job losses have remained at a fairly high level (5.45%) on average, with three hotspots - the question of the minimum wage (its increase might tempt companies to relocate, notably to Vietnam), the manufacturing industry and employment of recent graduates, two populations particularly sensitive to the promises candidates make about them. For instance, what is their policy on innovation, infrastructure, attractiveness, opportunities to meet the challenges posed by both the market and citizens, particularly those in rural areas, villages etc. Access to education is crucial for them because it is the fundamental element of social mobility:

Ipsos Global Education Monitor survey shows that 67% of Indonesians believe that the education system contributes to reducing social inequalities. On one hand, this perception is positive, surpassing the global figure (51%), but it also shows the political importance of the question of the school system (and its quality) from early childhood to university studies to help employability by being coherent with the country's needs.

In terms of communication, the 2024 election campaign, even more so than that of 2019, will have fully utilized all communication channels, public meetings, media, door-to-door campaigning, large concerts with celebrities (with the risk of attracting spectators rather than mobilizing voters), and social networks which have become major relays for different candidates.

To win the presidential election, they will have to show their commitment in being closer to the people; that they have understood the risk of those left behind by growth and that too much inequality benefits no one. Most people are focused on what affects them closely and are far from consideration of the elite. Thus, they need to feel that the President is close to them, part of their community, shares their worries and their hopes.

<https://www.kemenkeu.go.id/informasi-publik/keuangan-negara/uu-apbn-dan-nota-keuangan>

<https://www.tresor.economie.gouv.fr/Pays/ID/situation-economique>

<https://indonesiadevelopmentforum.com/en/2022?1694522905>



INFRASTRUCTURE

The level of development and quality of infrastructure has a direct strategic impact on economic growth, facilitating the movement of goods and people, the access to transportation and energy, not to mention living conditions: mobility (professional, family, etc.), access to education and care, or domestic tourism. In the true sense, they create new interactions, contribute to the territory's networking, and represent a powerful attractor for investors and businesses, local or foreign.

To find out what Indonesians thought about infrastructure in their country, Ipsos conducted a survey via its online Global Advisor platform and the results show that 66% say they are satisfied with national infrastructure, 28pts more

than the global average, and 51% believe that there is still work to do. The pace of infrastructure development is perceived quite positively, with only 51% stating «We are not building the infrastructure we need quickly enough» (vs. 61% worldwide).

In detail, 92% of Indonesian people rate the current quality of airports as very/fairly good (Vs.68% globally), 91% of the rail infrastructure & track/stations (Vs.48%), 89% of the motorway/major road network (Vs.57%), 72% of the new housing supply (Vs.38%). Digital infrastructure such as high speed broadband, full fibre networks (FTTP), 5G... are considered good by 71% of Indonesians (Vs.58% worldwide). In environmental terms, 63% rate the

current quality of renewable energy infrastructure e.g. solar and wind energy, as very/fairly good.

It's worth noting that if more than two thirds of Indonesians declare themselves satisfied with the ten sectors evaluated, efforts are expected on flood defences (45% rate them as very/fairly good), water supply and sewerage (59% are satisfied), the local road network (65% rate it as very/fairly good), and the electric vehicle charging infrastructure (63%).

Indonesians boldly connect infrastructure and growth, with 73% estimating that investing in it will create new jobs and boost the economy (69% globally), while being aware of their role in the current environmental context, 71% agreeing with the idea that investing in infrastructure will make an important contribution to combating climate change (59% worldwide). However, 57% don't think infrastructure in Indonesia has been adapted enough to cope with future changes in the climate (61% worldwide).

In many countries, when it comes to infrastructure development, many citizens believe that they should be as involved as possible in a framework of collaborative or participatory democracy. In Colombia or Argentina and Peru for example, respectively 76% and 74% of respondents believe that «local communities' views on plans for infrastructure should be heard properly, even if it means delays». This is not the case in Indonesia where only 55%

share this view (Vs. 65% worldwide), probably because they feel there is no time to waste, neither in terms of growth, nor in human terms. In all cases, the question of pace, creation and extension of infrastructure constitutes a major political issue.

GLOBAL INFRASTRUCTURE INDEX 2023: 31 countries, 22,816 participants, 26 May–9 June 2023 (online): Argentina, Australia, Belgium, Brazil, Canada, Chile, Colombia, France, Germany, Great Britain, Hungary, India, Indonesia, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Peru, Poland, Romania, Singapore, South Africa, South Korea, Spain, Sweden, Thailand, Turkey and the U.S.A As a country we are not doing enough to meet our infrastructure needs"



SUSTAINABILITY

The relationship between infrastructure and environment is naturally occurring and raises the almost philosophical question of connection with nature: predation or harmony, substitution or integration?

Most people, especially in the so-called developed countries where things have been done quite aggressively (for example when hypermarkets replaced fields with huge concrete buildings and tarred parking lots), are aware that we have gone too far and we are now suffering the consequences of risky decisions (building housing estates in river beds).

In developing countries, there is still time to create a balance, as can be seen in Ipsos Global Trends©: 80% of Indonesian people agree with the statement that “if we don’t change our habits very quickly, we are heading for an environmental disaster ” and climate change is a concern for 27% of them (Vs. 19% worldwide).

Global warming is a particular worry, but the environment extends beyond just the climate. There is a link between

the environment, the worsening of inequalities (poverty and social inequities concern 44% of Indonesians, highest globally), health, and education: it highlights increasing intersectionalities of issues and impacts where environmental policies are more entwined with socio-economic policies. The ideological legacy of his grandfather, could create surprises.

In any case, one of the specificities of the Indonesian presidential election is that voters simultaneously choose the President, Vice President, Members It should also be noted that all countries are not equally impacted by climate change, some are more exposed than others, and crucially, they do not all have the same means to manage it according to their level of development. Retno Marsudi, the Foreign Minister, emphasized this point during the Sustainable Development Goals (SDG) Summit at the UN Headquarters in New York: “There is no other choice, the world has to create an environment that is conducive for the developing countries to grow and to make a leap in their development. Trade discrimination must stop. Developing countries must be given the opportunity to downstream their industries ”.The

<https://www.ipsos.com/en/global-trends>
What Worries the World – September 2023

relationship between infrastructure and environment is naturally occurring and raises the almost philosophical question of connection with nature: predation or harmony, substitution or integration?

Most people, especially in the so-called developed countries where things have been done quite aggressively (for example when hypermarkets replaced fields with huge concrete buildings and tarred parking lots), are aware that we have gone too far and we are now suffering the consequences of risky decisions (building housing estates in river beds).

In developing countries, there is still time to create a balance, as can be seen in Ipsos Global Trends©: 80% of Indonesian people agree with the statement that “if we don’t change our habits very quickly, we are heading for an environmental disaster ” and climate change is a

concern for 27% of them (Vs. 19% worldwide).

Global warming is a particular worry, but the environment extends beyond just the climate. There is a link between the environment, the worsening of inequalities (poverty and social inequities concern 44% of Indonesians, highest globally), health, and education: it highlights increasing intersectionalities of issues and impacts where environmental policies are more entwined with socio-economic policies. The ideological legacy of his grandfather, could create surprises.

In any case, one of the specificities of the Indonesian presidential election is that voters simultaneously choose the President, Vice President, Members It should also be noted that all countries are not equally impacted by climate change, some are more exposed than others, and crucially, they do not all have the same means to manage it according to their



level of development. Retno Marsudi, the Foreign Minister, emphasized this point during the Sustainable Development Goals (SDG) Summit at the UN Headquarters in New York: “There is no other choice, the world has to create an environment that is conducive for the developing countries to grow and to make a leap in their development. Trade discrimination must stop. Developing countries must be given the opportunity to downstream their industries”.

Climate change has very tangible consequences for people.

Four examples provide a precise idea:

- Fishermen are becoming poorer for several reasons: the sea is increasingly dangerous and fish are becoming scarcer. The National Agency for Disaster Management (BNPB) recorded 1,057 extreme weather events in the archipelago's waters in 2022. Consequently, many traditional fishermen can no longer go to sea, according to a paper by Paris Ridwanuddin, campaign director of Walhi, the largest Indonesian environmental organization. It should also be noted that 251 fishermen died at sea in 2020, three times more than ten years ago. As for schools of fish, they change direction due to rising temperatures or become scarcer because the amount of oxygen decreases.
- Some rural regions and coastal villages are being swallowed by rising tides, exacerbating coastal

erosion and excessive extraction of groundwater such as in Timbulsloko - Demak, causing rice fields to disappear with the understood impact on the environment, fauna, flora, and of course, farmers' income. As is well-known, Jakarta is not immune, with 20% of the city's 30 million inhabitants living below sea level, a proportion that could almost double by 2050 according to a study conducted by researchers from the Bandung Institute of Technology. Generally speaking, «the most affected groups are poor households living in rural areas. Some studies suggest that older people adapt more slowly and less efficiently to climate variations than other vulnerable groups. Others also suggest that households headed by women might have limited capacity to increase resilience to climate uncertainties”. Just like the fishermen, the environment is the factor that makes Indonesians poorer.

- Women are particularly threatened by precarity because of socially constructed gender roles that tied them to domestic roles, including cooking, washing, taking care of children, etc. The more access to potable water gets complex and limited, the more expensive it will get; this is already visible: 1 liter of water costs IDR 20,000, or US\$ 1.5, which is expensive for many households, while the water quality is decreasing, especially in north Jakarta and other coastal cities.

This puts women further at risk to the extent of vulnerability to domestic violence when domestic provisions becoming more difficult.

- In big cities, as highlighted in the reports from the Intergovernmental Panel on Climate Change, global warming will also impact people's lives with temperatures hard to endure (and dangerous for seniors and children). It will raise question about the sustainability of infrastructures, increase the risks for energy supply, elevate needs for air conditioning and water, with a «thermal stress» that necessitates mitigating urban heat islands in suburbs and cities .
- The problem of water or air pollution, particularly in Jakarta, became quite tangible in August and illustrates why a pro-environmental policy must be quickly developed, from energy transition to sustainable transportation. Sustainable transportation is a particular challenge in most cities in Indonesia as public transport is not commonly and equally available. Thus, working on the infrastructure development and provisions, such as providing buses, elevated and underground metros, interconnections, and encouraging people to use public transport because they are cheaper and reduce air pollution are both essential.

The significance of overcoming these challenges deserve that the environment, society and the government work

<https://statistik.kkp.go.id/home.php?m=nelayan&i=6>

<file:///C:/Users/Yves.Bardon/Downloads/DPP04-Climate-Variability-Inequality-Experiences-Indonesia-Vietnam.pdf>

together to solve this problem, to have a global sustainable policy.

Climate change, an opportunity to innovate and hold responsible.

The automobile fleet represents a first opportunity, as Indonesia wishes to become the SEA hub in a context where the automotive industry has significantly contributed to its economic growth, contributing 11% of the GDP in 2022. The production of electric vehicles (cars and motorcycles) is the challenge to tackle to deal with climate issues.

On the industrial level, Indonesia has the means, being the world's largest nickel producer with others like the Philippines and Russia on top (its nickel reserves account for 24% of the world's total, making it the world's largest source of the commodity). But on the personal financial level, people must be supported with nudging or assistance mechanisms, such as subsidies, to switch to public transportation.

Finally, there is the issue of battery life and recharge infrastructure. One last word on the current situation, the extractive industry remains the top source concerning resource production and the biggest challenge is shifting from carbon energy to green energy.

Equipment, renovation, and construction represent a second opportunity, with changes, for instance more solar panels or sensors in energy-consuming buildings, schools, hospitals, etc.,

requiring both financial means and real coordination between national, regional, and local authorities.

The energy recovery from organic and non-organic waste at a household level is a third opportunity related to fighting the effects of climate change. It involves capturing and valuing the energy produced during waste treatment in the form of heat, electricity, fuel. Two types of energy recovery can be differentiated: recovery through thermal treatment (incineration, co-incineration, pyrolysis, and gasification) and the recovery of biogas especially from landfill facilities and the digestion of organic waste.

Responsibility is also part of the challenge, to make people aware of their part in pollution and it starts with children, with education teaching them to take care of the world by taking care of their own waste.

Sustainability, Pricing & Marketing

Even though environment is a serious concern, it is not a decisive marketing argument so that the price can be raised under the pretense that the packaging is «green and environment-friendly,» recycled, or otherwise. Given the context, consumers will compare prices if they buy from mass retailers, and traditional networks (markets, grocery stores, etc.) predominantly sell in bulk or cheap local products and the question does not arise.

Climate Change and Political Projects.

Sustainability is a very important issue for the future and for the next generation because what we have done now with at the present will determine their future. Younger generations are more concerned than older ones about global warming and what can be done to limit it, small daily actions, not wasting, recycling, etc. Already, the Director of Environmental Partnerships at the Directorate General of Social Forestry of the Ministry of Environment and Forestry (MoEF) Jo Kumala Dewi highlighted their importance and the necessity to incorporate various programs targeting youth into the plans of the MoEF. «Young people must be the main actors. They must be the main ingredient in climate change issues» she said .

Different presidential candidates know that Generation Z and millennials represent 60% of the Indonesian population and that the ability to address their concerns is decisive. Environment, education, access to employment, and health are the four most important subjects for them, and sustainability encapsulates all of them.

There is a change in mindset among Indonesians, before the primary goal was to make money and be rich. They are not giving up on it, but other problems have become more critical, the lack of jobs and the inequalities between the rich and the poor.

www.ipcc.ch/report/ar6/syrd/downloads/report/IPCC_AR6_SYR_SPM.pdf

<https://global.chinadaily.com.cn/a/202306/13/WS6487cad8a31033ad3f7bbf3d.html>

<https://reliefweb.int/report/indonesia/role-young-people-reducing-impact-climate-change-through-plan-international-indonesia-foundations-urban-nexus-program>

JOSEPH KRISTOFEL EXECUTIVE DIRECTOR STRATEGY3, IPSOS IN INDONESIA



AUTOMOTIVE

After a GDP recession of -2.1% in 2020, followed by a partial rebound in 2021 (+3.7%), the Indonesian economy has resumed its long-term growth rate, with the GDP growing by +5.3% in 2022 (the highest in nine years) and projected to grow by +5% in 2023. This is largely thanks to household spending, foreign and national investments, and increased public expenditures.

The automotive sector is one of those benefiting from this favorable context, with the progressive increase in income, the level of consumer credit rates, and the competitiveness of Chinese vehicle prices making them highly competitive. Based on recent data from the Association of Indonesian Automotive Manufacturers (Gaikindo), total car sales in Indonesia reached 502,536 in the first half of 2023, up 8.0 percent year-on-year (y/y) from the same period one year earlier. This is a good result, and also means that it remains possible for car sales to meet Gaikindo's full-year target. Gaikindo's sales target was set at 1.05 million vehicles for 2023 (with the sales being dominated by the multi-purpose vehicle and low-cost green car). Meanwhile, wholesales (referring to car

units being transported from the factories to the car dealers) reached 505,985 units in the first six months of 2023, which was a 6.5 percent (y/y) increase from one year earlier .

An increasingly strategic industry

The automotive sector, including motorcycles, is becoming an increasingly strategic industry in Indonesia, accounting for 6% of the country's GDP, along with the entire supply chains. The auto parts industry is also growing, with double-digit growth expected, and experts predict better performance than the overall automotive industry. Today, Indonesia ranks as ASEAN's second-largest producer of light vehicles after Thailand. The country's Low-Cost Green Car (LCGC) program is gaining traction among global automakers, attracting investments from companies like Honda, Mercedes-Benz, and Mitsubishi. To meet production targets, the government aims to reduce LCGC prices, boosting sales and encouraging automakers to expand local production. Additionally, the Indonesian government plans to increase the local content of

<https://www.indonesia-investments.com/news/todays-headlines/automotive-industry-of-indonesia-domestic-car-sales-grew-8-year-on-year-in-first-half-of-2023/item9650>

<https://www.marketresearch.com/China-Research-and-Intelligence-Co-Ltd-v3627/Indonesia-Light-Truck-Research-34927138/>

domestically assembled cars to more than 90%. Indonesia's emergence as a production hub is tied to the fact that the capacity utilization rate of its plants is lower than that of its Thai counterparts. Capacity utilization at original equipment manufacturing (OEM) sites in Indonesia often falls below 60%, while the Thai average exceeds 65%. This advantage continues to drive the shift of manufacturing operations to Indonesia, given its skilled low-cost labor force .

The automotive sector, including motorcycles and supply chains, contributes to Indonesia's economic rebound, creating jobs, promoting infrastructure and regional development, attracting investors, fostering innovation, while becoming more virtuous with green engines and the recycling of materials that make up vehicles. The automotive industry also attracts top talent, engineers, designers, etc., and has ties with the educational system to promote employability, thereby helping to generate jobs and reduce unemployment. This is

especially important as unemployment is one of the major concerns in Indonesia.

The market today

As for the distribution of types of vehicles., pickup trucks dominate the light truck market, constituting over 60% of the segment. These versatile vehicles are commonly employed for logistical transportation, particularly in areas with road size limitations or other traffic constraints. Most pickup trucks in the Indonesian market are imported from Thailand, with the Isuzu Panther being the sole domestically produced pickup truck model. CRI projects that light truck sales in Indonesia will reach 1.06 million units by 2032, growing at a Compound Annual Growth Rate (CAGR) of approximately 8.9% from 2023 to 2032 .

Japanese brands dominate the market, but Korean brands (particularly Hyundai) and Chinese brands (such as Wuling) are making progress :

Brand	First Half 2022	First Half 2023	Change
Toyota	146,202	156,830	+7.3%
Daihatsu	90,765	102,517	+12.9%
Honda	53,910	67,797	+25.8%
Mitsubishi	55,687	43,260	-22.3%
Suzuki	41,060	41,233	+0.4%
Others	77,633	90,899	+17.1%
Total	465,257	502,536	+8.0%

Source: Gaikindo

The challenges of the electric cars.

The main challenge for manufacturers and consumers is the transition from thermal combustion engines to electric vehicles, given that they make up less than 1% of vehicles today.

There are many barriers to purchasing electric vehicles despite incentives, tax deductions, and bonuses, and the levels of pollution for which thermal engine is responsible.

- Financially, pricing is not affordable for middle and lower classes and directly competes with brands like Mercedes, Audi, or BMW. Those who can afford prefer buying a car with a prestigious image, even if it runs on a thermal engine.
- Materially, there are many doubts about actual power, battery life, possible mileage (considering weight, weather, traffic jams), the availability of charging stations (which seem non-existent outside large cities), charging time, the possibility of charging at home (but at what additional cost and under what technical conditions?). Some motorists are more tempted

by hydrogen engines, another challenge for electric power.

As seen at the Indonesia International Motor Show in Jakarta, the Indonesian government widely promoted the production and sales of electric vehicles in the largest automotive market in Southeast Asia, but buyers didn't come as expected. Or if they did, they purchased mini-cars for very short urban trips, like the Wuling Hong Guang Mini EV, which is not their primary vehicle. For now, electric vehicles are not in sync with the Indonesian consumer's needs and lifestyle, who often prefers larger vehicles with five or seven seats.

Nevertheless, Indonesia has set a target to produce around 600,000 electric vehicles by 2030, which would be over 100 times the number of vehicles sold in Indonesia during the first half of 2023. This is possible since people like new automotive technologies, but there are issues with price and usage that hinder its popularization.



CONSEQUENCES

TRUST



AUTHENTICITY IS KEY

This central theme intersects with various trends as companies develop corporate social responsibility (CSR) policies and as the Presidential election challenges the candidates. The consumers-citizens increasingly

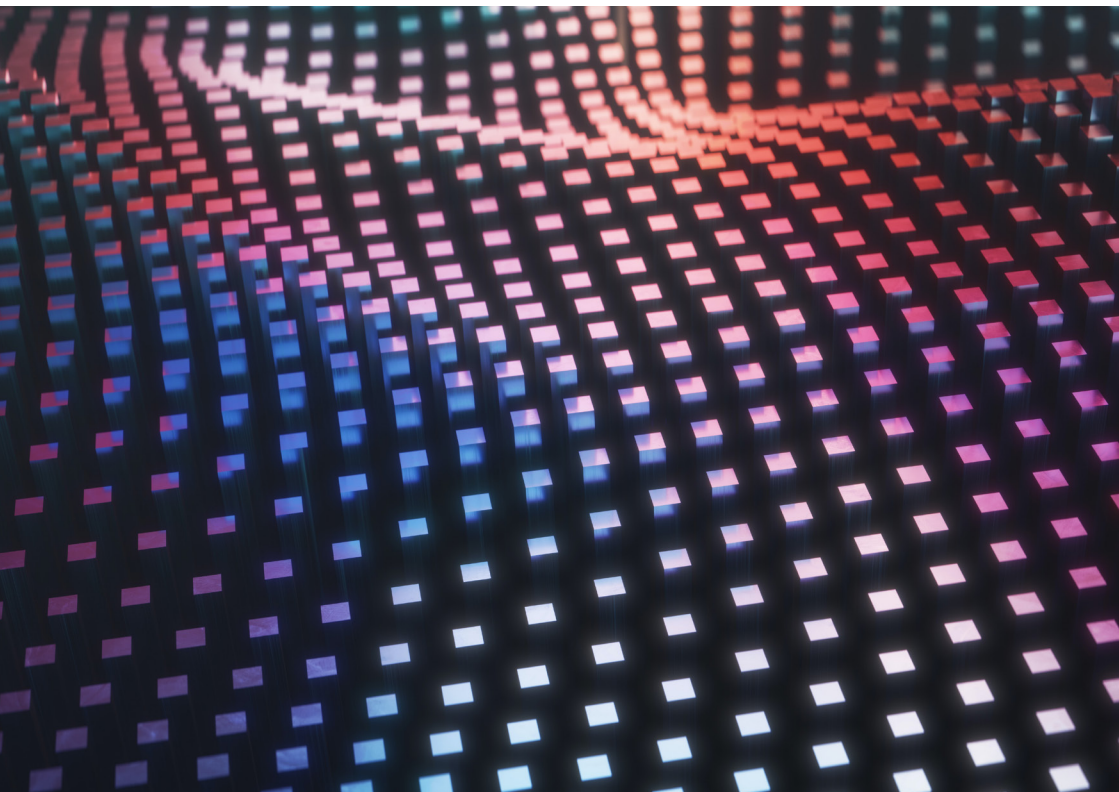
demand transparency to ensure tangible commitments and genuine action. Persuading them and establishing a trust-based relationship built on empathy are crucial factors for cultivating a positive brand image, which also yields

value-driven benefits. In Indonesia, 72% of respondents express their willingness to spend more on brands that resonate with them (+20 pts compared to the global average), while 85% prefer to purchase from responsible brands (+21 pts compared to the global average) .

Trust assumes paramount importance in times of crisis. While only 39% of respondents worldwide believe that business leaders speak the truth, Indonesians display a less pessimistic outlook, with 71% placing faith in them (second globally, following India at 78%). Trust also holds immense significance for leading brands, their market share, and their voice, as they grapple with three authenticity-related challenges:

- The risk of consumers perceiving no substantial differentiation in terms of quality when compared to the alternatives they encounter amidst inflation.
- The swift professionalization of local actors equipped with studies, marketing, and communication services that rival those of international brands, particularly in Moroccan companies that can recruit talent from multinational corporations.
- The elevation of quality among local brands that adhere to international standards and reconcile the paradox: cultural affinity, emotional closeness, and functional superiority. Nevertheless, they still have a considerable journey ahead to persuade Indonesians. The percentage of individuals believing that global brands outperform purely local brands in terms of product quality has risen from 37% in 2021 to 48% in 2022.

DIGITAL



THE MOMENT OF HYBRIDIZATION



RANJINI MUKHERJEE
HEAD QUALITATIVE IUU,
IPSOS IN INDONESIA

The digital world has become more popular.

The health crisis has accelerated the implementation of technology in the lives of Indonesians. Previously, they were concerned about risks such as financial fraud, identity theft, and data breaches. However, due to the COVID-19 pandemic, they had no choice but to embrace the digital world, even people who had never considered it before. Now, they use applications for various purposes such as grocery shopping, buying movie tickets, and booking doctor appointments.

The challenges brands face now are not only about ensuring the quality of interactions with their consumers and providing a good customer experience but also about finding the best way to build empathy with them. This has become easier because Indonesians are open to sharing glimpses of their digital lives, whether it's showing their browsing history or their social media profiles. By analyzing customer histories, brands can gain a comprehensive understanding of their preferences and choices, which enables them to target recommendations based on individual profiles.

This change has been beneficial for our work. Most of our surveys focus on mothers with children, and this population used to feel quite uncomfortable expressing themselves in front of a camera or being filmed. They were also hesitant and not very intuitive in their interactions with us. However, through social media networks

and conversations with their family and friends on platforms like WhatsApp, Line, TikTok, etc., they have become more familiar with technology and have developed enthusiasm for it. They are now very confident about interacting with us digitally, and this increased confidence really helps us build empathy with them.

The digitalization changes the game.

Indonesian society has undergone significant changes in terms of interactions and communications. There was an initial phase of passive discovery of technologies and the content that could be accessed. Now, we are in a different era where people are actively engaging and creating content. Of course, this requires a certain level of finesse and sophistication, but individuals are more confident, bold, and opinionated. They openly share their opinions and values. This growing trend of increased confidence is something we have observed over the past year, and it is not only limited to the Gen Z population. It also extends to urban Tier 1 and 2, across all kinds of demographic profiles.

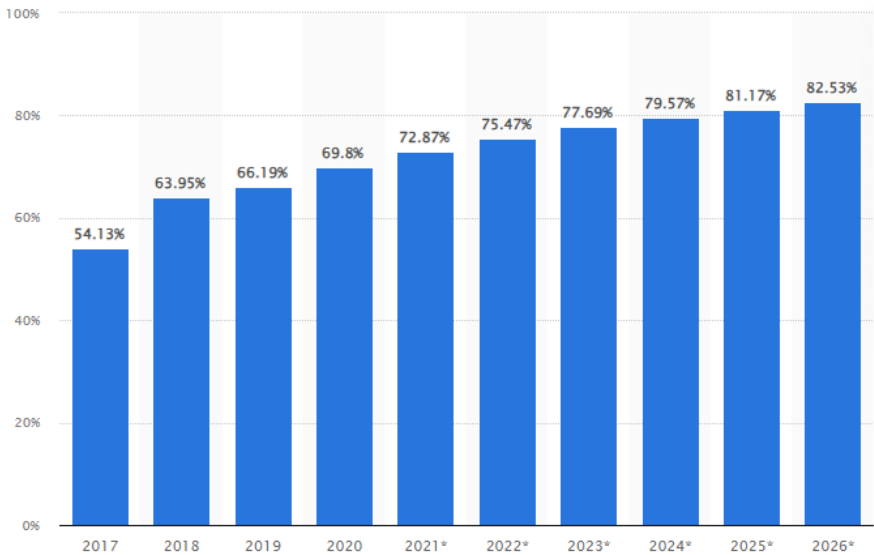
The old definitions and socioeconomic classifications are no longer suitable for the new reality that has emerged with technology. It should not be assumed that low-income socioeconomic groups may not be open to interacting with us through digital platforms. On the contrary, it is time to debunk that myth because it's not just the very affluent

<https://www.statista.com/statistics/254460/internet-penetration-rate-in-indonesia/>

who are tech-savvy and capable of interacting through digital mediums. Even lower socio-professional categories are confident in expressing themselves and showcasing their experiences. As a result, our profession is changing. It's no longer just a question-answer format or intrusive behavior; it's becoming a normal chat. their experiences. As a result, our profession is changing. It's no longer just a question-answer format or intrusive behavior; it's becoming a normal chat.

download process, and require minimal information input. If an app is too complicated or difficult to use, people will simply leave and search for another alternative.

The speed and fluidity of the technological world have influenced real-world relationships. Consumers have become accustomed to the immediacy of the digital world. They can search, find, and purchase products in just a few



Internet penetration rate in Indonesia from 2017 to 2020 with forecasts until 2026

The features of technology make it easier for people to adopt, such as the increasing use of voice commands for quicker and intuitive interactions. There are fewer barriers to using applications, even in Tier 2 and rural regions, if they are user-friendly, have a streamlined

clicks. It is hard to accept waiting in line at a store due to understaffing. This issue is especially prevalent in showrooms, distributors, dealerships, and retail stores, particularly in the automotive industry. Now, there is something non-negotiable: waiting, wasting time, and

feeling anonymous, while technology offers fast and personalized interactions with e-commerce websites.

\ feeling anonymous, while technology offers fast and personalized interactions with e-commerce websites.

The power of social media.

The proliferation of applications and search engines allows people to discover new brands and products. However, the most significant phenomenon is social network searching, which surpasses the volume of traditional search engines. This is because it is heavily influenced by personal experiences, recommendations,

testimonials, and even personal interactions.

Influencers are essential in the social network ecosystem and are very popular, especially with the TikTok platform. However, Indonesians have understood that there are two ways of advertising: spontaneous and sponsored. The same principle applies to influencers, distinguishing those who are popular for their lifestyle and stories from those who are paid by brands. People are aware of this difference, and it is not necessarily negatively biased towards influencers being paid. They still seek multiple perspectives before making a decision. TikTok has become a new e-commerce channel, and everyone



<https://kaptentekno.com/tiktok-is-prohibited-from-combining-social-media-and-e-commerce-in-indonesia>

OTT also called as "Over The Top" it is a term used in broadcasting and technology business reporting to refer to audio, video and other media transmitted through the help of via internet as a standalone product, without requiring users to subscribe to a traditional cable or a satellite pay TV-service like Comcast. (<https://me.eu.eu/adaneta-musaraj/blog/ott-platforms-in-indonesia/>)

rushes to see the reviews. However, this has also raised concerns: the Minister of Co-operatives and Small and Medium Enterprises, Teten Masduki, accused TikTok Shop of monopolistic practices and announced that TikTok is no longer allowed to operate both social media and e-commerce businesses simultaneously in Indonesia .

Enjoyment and belonging, the Indonesian pillars.

Now that we can consider the COVID-19 crisis behind us, enjoyment and a sense of belonging have regained importance.

Enjoyment is about treating oneself, while belonging is about the pride of being part of a particular social group (being an outlier is probably the last thing Indonesian people would want!). Platforms like Instagram have been successful because they intersect both aspects. Regardless of the generation, everyone agrees that it represents an aspiration and an ideal version of life. Despite knowing that «Instalife» is not real, people are happy to share the ideal version of what they want to achieve, seeking validation from their community of followers and friends.

The same can be said for platforms like OTT or Netflix, which helped strengthen family and generational bonds during the health crisis and redefined shared moments. This trend has remained, new bonding moments creeping up, even influencing the way of working with a new workspace culture, such as

shifting seats, meeting one person on a Monday, one other on a Tuesday, and more. Recreating bonding moments has become widespread in Indonesia.

New frontiers and new focus.

We are experiencing a moment of hybridization. In terms of communication, brands are aware that they need to reach new touchpoints without ignoring traditional media, and in terms of commerce, they must be present on social media and take consumer reviews into account, even if they cannot control them.

Our clients want a more precise understanding of their characteristics based on generation, gender, age, as well as people's thoughts, actions, and feelings. It is necessary to create a new way of marketing and invent new ways to reach and convince consumers. However, this is not an easy task. It is not just about selecting the right influencers but also having a compelling story, purpose, and product that they endorse.

Authenticity is seen as a key factor, especially for Gen Z, who seek authenticity in all aspects of their lives, including social media interactions. They also care about whether companies are friendly to the environment and hold them accountable for their actions. The question «What are you giving back to nature?» is actively asked by the new generation. Authenticity is also expressed in the preference for local brands, with a

desire to support them and remain loyal to Indonesian traditions and culture.

Empathy is crucial in this approach, requiring a more anthropological perspective to better understand people and identify what matters to them to communicate in their language.

DIGITAL ERA AND CONSUMER BEHAVIOUR

Benefits of Digitalization

Improved Reach and Faster Processing
Reach new lead widely

Better Consumer Experience
Efficiency marketing activity

Improved Decision Making
One step ahead to achievement target

Improved Profitability

Improved Efficiency
Spreading brand awareness faster

Measurement Result



BRANDS & DIGITAL



LIONI HALIM
RESEARCH DIRECTOR
BRAND HEALTH TRACKING – CREATIVE
EXCELLENCE, IPSOS IN INDONESIA



SO WHAT'S IN IT FOR ME?

Today, Indonesia represents 40% of the total value of ASEAN's digital economy. Therefore, with the DEFA (Digital Economy Framework Agreement), Indonesia's digital economy is also expected to grow up to US\$400 billion

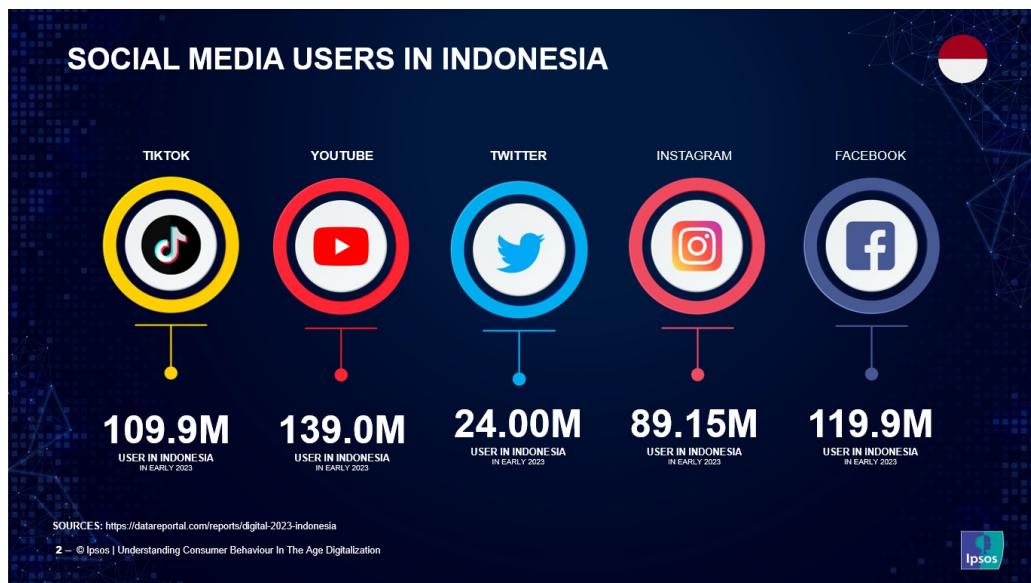
in 2030. This is in the context where the ASEAN's digital economy is predicted to grow to US\$330 billion in 2025, up to US\$1 trillion in 2030 ..

The rise of digital channels opens up new opportunities for brands to reach their audience, especially in Indonesia, which is one of the fastest-growing social media users in the world. This is where the potential audience or customers are. Unlike traditional media, consumers have the freedom to choose the information they want. Brands that create a friendly environment where people feel free will provide relevant answers, bringing them closer to the brand.

Investments in digital platforms are increasing significantly and reaching unprecedented levels before the pandemic, without being expensive. Digital touchpoints are much more

affordable than other marketing strategies. Since 2021/2022, consumers are spending more time in the digital world, averaging 3.28 hours per day on these platforms .

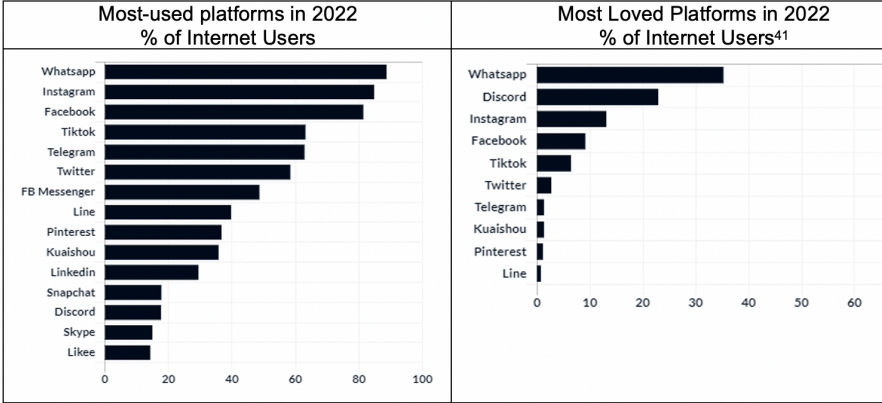
WhatsApp is the most commonly used chat platform in Indonesia, with nearly 90% of internet users actively using it. It is closely followed by other platforms owned by Meta (formerly known as Facebook). Facebook and Instagram are used by 81-85% of the country's internet population between the ages of 16-64. Over the past four years, TikTok has seen tremendous growth in Indonesia, with its user base expanding from 35 million to now encompassing more than 44% of the population .



The gap between the platforms people use and the ones they prefer is interesting to understand what they expect from brands.

<https://asean2023.id/en/news/aseans-digital-economy-to-reach-us2-trillion-by-2030>

<https://oosga.com/social-media/idn/#:~:text=Indonesia%20is%20a%20major%20player,per%20day%20on%20these%20platforms.>



Entertainment and Empathy

In terms of consumer relationships, Indonesian people seek something entertaining because the experience they have on social media helps them escape from their daily lives.

Brands must take this into account when creating their content: the more entertaining it is, the more chances they have of showing empathy with their audience: people want to feel understood in their situation. This does not exclude providing advice or inspiring suggestions, but in a playful manner.

Over time, people have become accustomed to the digital world, browsing through it more quickly, and becoming more demanding and selective. This is especially true when it comes to advertising, which should not be perceived as intrusive but rather as

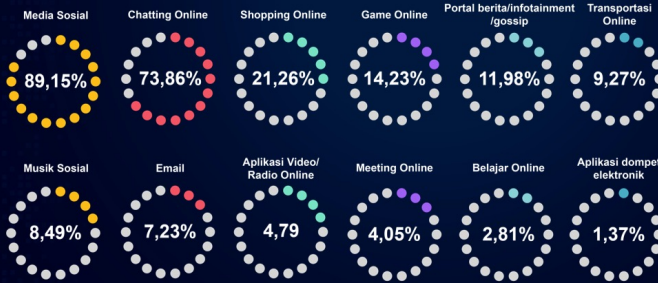
a form of entertainment that introduces something new.

Although inflation is lower in Indonesia compared to other countries, it encourages consumers to be more price-conscious and to consider the added value of products and brands. Advertising, just like content, cannot only be aspirational, urging people to buy more, upgrade from economy to business class, or go from being a regular customer to a priority customer by spending more, etc. Today, it is essential to be cautious in communication because the line between inspiring and making people feel that it is unattainable for them is very thin. Our surveys show that consumers do not want to spend more simply to access a more inspiring universe.

A challenging context

DIGITAL ERA AND CONSUMER BEHAVIOUR

Internet & Social Media User Behaviour



Source: APJII, Profile Internet Indonesia 2022

3 - © Ipsos | Understanding Consumer Behaviour In The Age Digitalization



It is an interesting situation for marketers and advertisers, as it requires them to work harder to gain the attention, confidence, and convince consumers to choose a particular brand.

- In societal terms, we have emerged from the pandemic, and people are resuming their usual activities such as going to the cinema and shopping at malls.
- However, financially, the situation is not particularly enjoyable for people at the moment. They are not stingy, but they are more reserved with their spending, especially considering that elections tend to lead to the postponement of certain purchases.
- In terms of market offerings, there is an increasing number of players. In the beauty sector, for example, global brands like L'Oréal, Shiseido,

and Maybelline face challenges from local brands offering similar products at a more affordable price point.

- In terms of communication, consumers are becoming better at deciphering brand strategies to encourage them to spend more, and they openly discuss these strategies in social media platforms.

As a result, even if we imagine a positive economic situation after the presidential election and in the coming years, growth will remain gradual but slow. Consumers' purchasing power will not be expandable, and they will be more demanding in terms of what they choose to spend on. This raises two important questions: we can still spend like before, but do we want to spend like before? When I spend money for a brand, so what's in it for me?

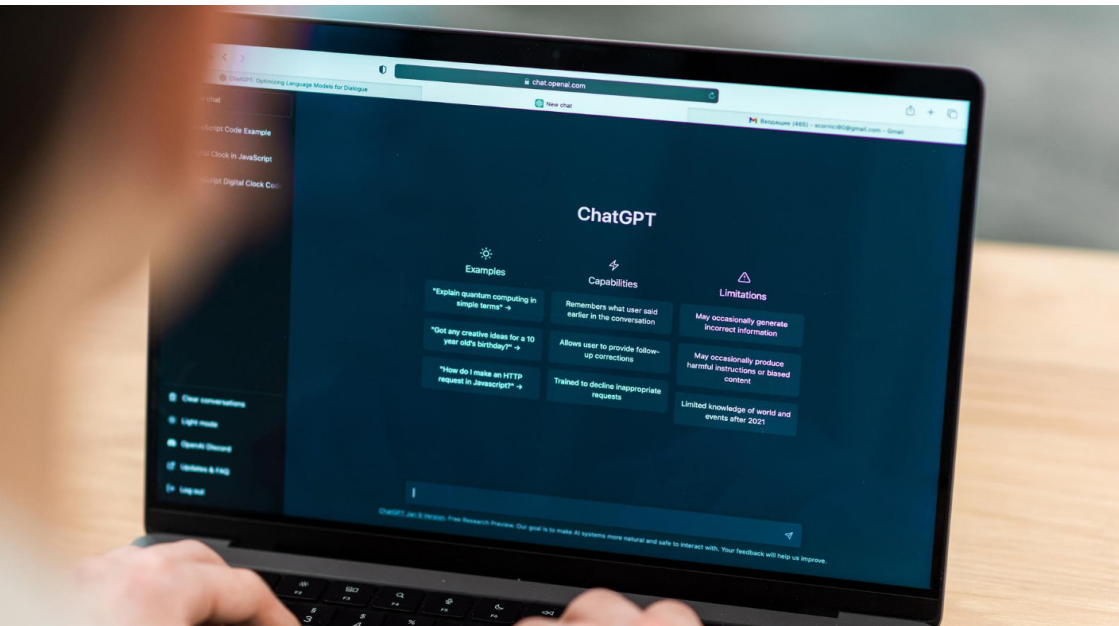
Brands must reconsider their positioning and communication strategies, with two options: either play it safe and go with the flow or do something extreme to stand out by offering something truly remarkable.

This may involve investing in exceptional creativity for advertising campaigns that stand out from the competition. In both cases, marketing should be approached as a new media, considering the changing consumer landscape and expectations.

<https://asean2023.id/en/news/aseans-digital-economy-to-reach-us2-trillion-by-2030>

<https://oosga.com/social-media/idn/#:~:text=Indonesia%20is%20a%20major%20player,per%20day%20on%20these%20platforms.>

AI ERA & OPPORTUNITIES



DESY KARTIKA SARI

TALENT AND ORGANIZATION DEVELOPMENT

– HRE HUMAN RESOURCES, IPSOS IN INDONESIA



THE INDUSTRIAL REVOLUTIONARY IN INDONESIA IS THE INDUSTRY FOR ALL.

In this era of rapid internet adoption, reach first million users is not an easy task even for big names in digital companies. It took 3 years and a few months for Netflix, 10 months for Facebook, 5 months for Spotify; and less than 2 months for Instagram. But Chat GPT, the first mass generative AI application, has raised the standard & change the game: it only needs 5 days to reach its first million users.

Mentioned in its own name, ChatGPT used GPT (Generative Pre-Trained Transformer) architecture based on LLMs (Large Language Models) that uses deep learning techniques to generate human like text. This is one of the simplest - basic AI algorithms model, but already shows us how much it can affect the way we work, communicate, inform ourselves and many more. Even Ipsos has used it for Ipsos Facto, a GenAI chatbots available globally to assist all Ipsos Employee.

ChatGPT can be easily combined with other AI algorithm models. Hence, the opportunities for future implementation are endless, and raised both excitements & concerns among people around the world. Each country in the world has its own perspectives when it comes to the negative & positive side of AI, including Indonesia. So, the big question is: which side Indonesian are leaning into?

Indonesians are among the most positive about AI in the world.

Long before ChatGPT, AI has been introduced to Indonesian through lifestyle & entertainment mobile application: Photos & selfies enhancements apps, ride hailing & e-commerce chat bots, beauty & cosmetics apps and many more. It is also used in beauty & medical services, e.g., for skin / hair condition assessment. AI gradually becomes parts of Indonesian people's lives to make it simpler or more entertaining. Not only in Indonesia, but this implementation also begun to be well known in Asia, especially in large cities.

With its simple yet fun & sophisticated introduction, Artificial intelligence has become familiar for Indonesian, and the familiarity has shown especially among Indonesia students & young workforce in The Ipsos GLOBAL VIEWS ON A.I. 2023 survey:

- 84% respondents say they have a good understanding of what artificial intelligence is (No. 1 in the world and 17 points higher than the average of the countries in the survey)
- 76% respondents know which types of products and services use artificial intelligence (No. 1 also, vs. 51% globally)

These understanding & knowledge even higher compared to other countries in Asia and Europe. For example, only 43% Japanese agree that they understand about AI. And only 35% people of

western countries (Belgium, New Zealand, and USA) agree that they know which types of products & services use AI.

The familiarity also helps Indonesian to perceived AI as an advantage & not as a threat:

- 78% respondents agree that products and services using AI have more benefits than drawbacks (Vs. 54% globally)
- 75% respondents agree that AI make them excited (Vs. 54% globally)

- 76% respondents trust artificial intelligence to not discriminate or show bias towards any group of people (Vs. 56% globally)
- 72% respondents agree that products and services using artificial intelligence have profoundly changed their daily life in the past 3-5 years (Vs. 49% globally)
- In general, Indonesian people agree that the use of AI will bring better condition in many aspects:

Do you think the increased use of AI will make the following better, worse or stay the same in the next 3-5 years? <u>Ipsos Global Education monitor 2023</u>	Better	Indonesia	Global
	The amount of time it takes me to get things done	72%	54%
	My entertainment options (TV/video content, movies, music, books)	71%	51%
	My job	62%	37%
	My health	58%	39%
	The economy in my country	58%	34%
	The job market	52%	37%

Indonesia readiness for AI in education.

The excitement of AI breakthrough also shown in Indonesia’s education sector. L’IPSOS EDUCATION MONITOR 2023 points out Indonesia is at the top of the countries that think advances in technology (including AI) will affect education more positively than negatively in the future (54% vs. 35% globally, even 32 points higher than the USA or France).

In details, Indonesian respondents also shows several positive tendencies:

- Only 21% respondents believe that the use of AI (including ChatGPT) should be banned in schools, compared to 29% globally.
- In the same vein, 73% respondents also agree that teacher should be trained using AI in their teaching methods (e.g., in class preparation), +8 points higher than the Global average).

<https://www.ipsos.com/sites/default/files/ct/news/documents/2023-07/Ipsos%20Global%20AI%202023%20Report-WEB.pdf>

- Also, 79% Indonesians believe it is essential for teachers to be trained in teaching students how to use AI (+9 points higher than Global average)

However, Indonesian people also aware that the implementation of AI will not be easy, since 40% of them see that one of the biggest challenges in Indonesia's education system is the insufficient use of technology (including AI). The worries even higher compared to all other countries. Practically Indonesian people are not worried about the AI itself, but more into the readiness for technology support to implement AI in education system.

The new AI jobs.

AI represents the next big step after previous development of industry 4.0: the Internet and cloud computing era. This era helps people to reach easier access to information & communication, including those who lives in rural areas. However, it should be noted that for Indonesian people, most interaction with internet still happened in their mobile phone rather than computer. It helps them to be internet literate, but not directly makes them become computer literate.

Advanced use of AI technology implementation at industrial scale needs good computer system & infrastructure (like communication & technology enterprise). However, most of Indonesian labor still dominated by

blue collar worker with manual work. Sakernas Report from Biro Pusat Statistik (Indonesian Statistic Burreau) shows that Indonesian labor mostly working in top 4 industries: Agriculture, forestry & fishing (29%); Repair of motor vehicles & motorcycles, Wholesale & retail trade (19%); Manufacturing (13%); and Accommodation & Food Service (7%). These industries still highly depend in operative manual work that doesn't require computer, which would be a challenge to start implement AI technology in their daily activities.

For these industries, especially formal industry sectors, AI implementation should start gradually by targeting workers with task that related with automation & engineering, data analysis & predictive models' development. For example, AI can be used to automate repetitive quality control tasks, predictive maintenance & inventory management. AI also can be used to analyze large amounts of data on products, customers & production processes. Finally, AI can be used to develop predictive models that allow industrial companies to forecast market trends & potential problems. This can help companies from formal industry sectors to make better business decisions, create efficiency and improve their products and services.

On the other hand, from informal industry sectors - new micro enterprises and new personal entrepreneurs are emerging, especially since the start of Covid 19 pandemic. These sectors create new job market related with

<https://www.ipos.com/sites/default/files/ct/news/documents/2023-09/Iposos%20Global%20Education%20Monitor.pdf>

<https://www.bps.go.id/publication/2022/12/07/a64afc38fbf6deb81a5dc0/keadaan-angkatan-kerja-di-indonesia-agustus-2022.html>

the making & utilization of promotional marketing contents, live sale/show, and viral trends. Digital marketers, live streamers, creative scriptwriters, graphic designers, video creators, social media administrator, and many workers in this new job market utilize various apps in mobile phone & computers, which can be easily enhanced by adding AI technology. Informal industry sectors potentially can trigger advance spread of AI: to create content, monitoring trends, writing scripts, customer service bots, and many more. These AI developments also supported by social media like TikTok & Instagram: from AI content filters, analytics insights, and targeted algorithms to promote personalized, highly targeted, and highly segmented interactions with each user.

From public sectors, we have seen Indonesia government uses AI in traffic management & surveillance systems. AI start to be used to improve traffic congestion, and governments also develop electronic speeding ticket surveillance systems. Then from the health industry, AI used to track people activities related to health like sports and sleep pattern behavior. AI also used for advance assessment in medical & beauty clinics; and used for tele-medicine application to assist communication between doctors-patients-health institution: from appointment registration to tele-consultation & medical record administration.

With this development so far, Indonesian are clearly aware about the AI impact

for industries & workforce. The Ipsos GLOBAL VIEWS ON A.I. 2023 shows 87% of respondents think that AI will change how they do their current job in the next 5 years (+30pts / global average). 79% respondents think AI will profoundly change their job in the next 3-5 years (Vs. 66% globally). And 62% respondents predicting AI will replace their current job (36% globally). However, jobs with two types of works are not a priori concerned: operative jobs (electricians, mechanic, plumbers, etc.) and those that require a particularly high critical thinking process.

Why? Because Generative AI is not the magic solution.

AI should not be considered as magic solutions but as accelerator to teach and educate people to make sure they check and recheck the data, especially in the field of practical knowledge. First, we must see that, although based on gigantic and expanding data sets, generative AIs are entirely dependent on data queries input given from their user (human) to which they have been exposed and their updating.

Second, the conversational nature of this type of application involves many cognitive biases, such as the illusion that the answer is correct. For example, current algorithm used in the ChatGPT is still based on simple logical structure to process their query databases. If we input different words in the query input, it may trigger a whole different answer. Off course, this limitation will be corrected in

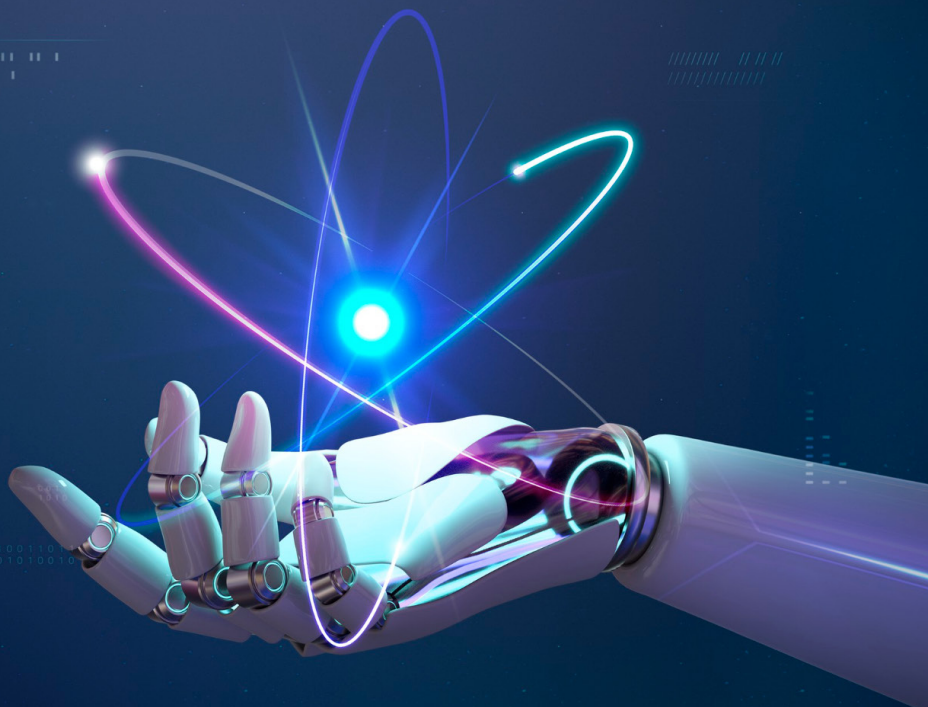
the next version. In the meantime, human role is essential to ensure the data result is accurate, by checking all the sources & references used by AI before making a final recommendation.

Third, ethical issues about generative AI will also become crucial in the future, when we talk about how far each user can use the information without violating confidentiality of other users. Access to all information and databases should be reviewed, which may lead to limitation or categorization of authorized user access for the AI applications.

For Ipsos, whether in the fields of learning, research, or idea generation, it is essential to rely on the evaluation by real users. **The idea of having humans in the loop has been key in AI for years and is relevant for all aspects of the conceptualization, selection of training data, training, modeling, and use of AI models to maximize their utility and quality as we strive for truth, beauty, and justice .**

[/www.ipsos.com/sites/default/files/ct/publication/documents/2023-04/From-analytical-to-generative-AI.pdf](https://www.ipsos.com/sites/default/files/ct/publication/documents/2023-04/From-analytical-to-generative-AI.pdf)

PRODUCT & MARKETS INNOVATION



ABHINAV J.
RESEARCH DIRECTOR
INNOVATION, IPSOS IN INDONESIA



TIMING AND LUCK, INNOVATION'S ALLIES

It is often cited that the lack of innovation can create crises, but Innovation may not be the only miracle solution in times of crisis to solve problems, tried and tested methods and products can also be the key to surviving a storm.

Moreover, Innovation should not be focused only in a business crisis, rather it is also necessary to innovate in calm times, as if building a ship while thinking about future storms, not during turbulence.

To innovate effectively, it is necessary to have a good understanding of the context with a sociological approach because society is changing. Some examples:

- Covid-19 has made consumers more aware of the health benefits of certain products, and many FMCG companies have had to innovate during this period with explicit health benefits. In pandemic time, anything with the name of vitamin C just blew off, which may seem incomprehensible today, but there was a belief in the health promise that these products provided
- Climate change is of increasing concern to Indonesians, who are facing floods and extreme weather events. Even though the price of products is the first thing consumers look at, knowing that their impact on the planet is positive or neutral

is starting to become a point of attention.

- People want brands to simplify their lives, which many fintech startups have understood. In the past, the banking sector was full of processes and cumbersome, but now it has become a normal procedure with an increasing number of banking applications utilizing UX as innovation
- Personal safety, in line with the previous point, is a growing concern. In case of sudden movement, smartphones are automatically capable of recognizing whether it is an accident, a fall, or a quick but safe gesture.
- Lastly, there is an increasing number of interactions between people who do not speak the same language, and innovations that enable understanding through automatic voice translation systems have a bright future ahead.

Technologies do not have the monopoly on innovations.

They are present in all domains, from dust-resistant carpets to personalized tourism. The rhythms and cycles are not the same across sectors; they are ultra-rapid and short when it comes to technology, while they are slower in the fast-moving consumer goods or durable goods sectors, which have their own longer lifespan. Therefore, it is not fair to compare, for example, tourism or furniture to something like geotechnology, and we should not

assume that consumers are ready to instantly adopt innovations.

There are two limitations: first, consumers tend to be conservative. There is an inherent inertia among humans that prevents them from quickly moving from one thing to another. While disruptive innovations like smartphones, BnB, Chat-GPT, etc., accelerate the speed of adoption, it still takes a long time for people to change on a massive scale. Secondly, when testing innovations, interviewees often do not want to be unpleasant with the facilitators or interviewers and rarely express outright dislike or find something terrible tasting!

Innovation is a holistic approach.

If we think about leather and wanting to replace animal-based materials with plant-based alternatives (such as polyester and corn, mushrooms, etc.), we also need to consider the smell and create a fragrance that imitates leather. Not only should consumers not be able to tell the difference, but the sensory experience should not be perceived as a loss when transitioning from one to the other just because the brand wants to innovate with a vegan positioning or reduce costs, but forgets the expected benefits of the traditional product. Innovation should not be done just to be different but for the sake of the end consumer.

There are even paradoxes with innovations like overpackaging under the

pretext of individualizing portions. The amount of plastic used is staggering, such as individually wrapped oranges presented in a plastic tray with a label highlighting their pesticide-free production. On one hand, there's a natural aspect, and on the other, an industrial one. What is the brand trying to communicate?

The electric car is a complex example of innovation. We continue to move from point A to point B, but it questions the benefits of transportation. Has it contributed something? For example, to time reduction? To expense reduction? For increased efficiency? Many electricity companies now have marketing campaigns focused on environmental action more than functionality.

Innovation and Gen Z generation.

The Gen Z generation is a mystery for many companies, and they primarily want to understand how to retain their loyalty because this generation flutters, meaning as soon as they find a benefit, they will move on and abandon their brand.

The approach of Gen Z is pragmatic and less emotional; they are sensitive to functional aspects and have more options than previous generations with digital platforms, social media, etc. They take their time to choose, compare, and discuss their desires, especially because their income level is not very high when starting to earn but wants are. Before spending their money, they want to be sure. It is getting trickier and more

interesting to try to understand what makes sense or triggers Gen Z.

In a nutshell.

The price positioning and timing of innovations are decisive to determine their success. If something is too expensive and launched at the wrong time, it can be disastrous, even if the unique selling proposal is right and tests have shown positive results. Try selling a premium yogurt to consumers when inflation is biggest concern – and there are high chances it will fail. Sometimes, timing and luck are equally important as the innovation itself.

BEAUTY



FERA SHINTARINI
ASSOCIATE RESEARCH DIRECTOR
INNOVATION, IPSOS IN INDONESIA



BEAUTY UNLIMITED

Beauty market in Indonesia is valued at \$8 billion and is expected to reach \$9.6 billion by 2025, marking the fastest growth in Southeast Asia . Its dynamism and attractiveness are expressed in the strategic maneuvers of the most important players, for example, Unilever and East Ventures pouring \$6 million in the beauty brand ESQA, a brand founded in 2016 by Cindy Angelina and Kezia Trihatmanto which offers vegan and halal makeup products and recently expanded to Vietnam, Malaysia, and Singapore, where it is sold through online platforms and in prominent offline retailers such as Sociolla, Sephora and Watsons .

More and more Indonesian brands have been developing since the creation of the pioneer Wardah in 1995, such as ESQA or BLP Beauty, launched by beauty blogger Lizzie Parra in 2016, followed by Luxcrime, Rosé All Day, Sada, Ivan Gunawan Beauty, created by the celebrity, television host and fashion designer. All these brands are established in the landscape and compete without complexity with the European leaders.

Make-up brands can be a of the social image, with premium and high-end brands being elements of status and self-esteem. Then, everything depends on each person's budget: the diversity of brands - local, Indian, Korean or European - allows to find all price levels, the cheapest being the highest market being the mass brand. As for Korean brands, on average more expensive, they benefit from the craze of Indonesians for K-dramas and K-pop

which make you want to have the same white, glowing, and smooth skin as the actresses, the same nude or ombre lipstick; sophisticated or natural, they express an ideal for many Indonesians who are millions to follow them in social networks. In any case, Influencers on Instagram and TikTok, etc., can help the growth of local brands we will read that they are cheap but that their quality is good.

More and more brands, including Indonesian ones, are positioning themselves in the territory of lightening and protection / UV products, with increasingly sophisticated benefits: a few years ago, it was enough to mention that the products were Halal. Since the Indonesian legislation of 2019 , all foreign beauty products distributed or retailed in Indonesia are treated as non-halal, unless they are certified in Indonesia or by an accredited foreign certification body. Today, consumers want products with effective ingredients and of course halal, but this is not the number 1 expectation. Since the pandemic, consumers have attached the care and quality of their skin, to its protection, hence the growth of sunscreens; it is the base before make-up.

Plastic surgery remains the prerogative of celebrities or artists posting it on their social media, but it is debatable for Indonesians because Islam does not really allow it. Botox injections, laser, or filler represent compromises without being real plastic surgery to reduce wrinkles, and bags under the eyes, and

rejuvenate. Perhaps people's position will evolve but operations are still reserved for an elite who can afford them and who generally go to South Korea.

Without being a trend in the popular sense of the term, the growth in the number of beauty clinics with skin doctors in major cities shows the expectation of technological solutions for beauty care, in addition to creams or serums; this goes hand in hand with the fact that there are more and more communications about them on YouTube and social networks: this democratization is rich in opportunities for all players in the beauty market provided they understand that consumers want more and more personalization

<https://www.statista.com/outlook/cmo/beauty-personal-care/indonesia>

<https://www.premiumbeautynews.com/en/unilever-and-east-ventures-pour-6,21275>

Cosmetic brands have until 2026 to comply.

HEALTH



PURNAMA NOVIETTA
FINANCE CONTROLLER
IPSOS IN INDONESIA



HEALTHY LIFE IS THE FUTURE

The health crisis has made Indonesians more aware of the importance of a healthy life and diet, hence the rise of fitness centers, home workout tutorials, zumba, weight loss aids, health routines, etc., the consumption of vitamins and food supplements, nutrients... They are more aware of the risks of a sedentary lifestyle and some continue to travel by bicycle.

However, it should be noted the difference between rural areas where people cook almost daily at home and tier 1 cities (Jakarta, Surabaya and Medan...) where fast food and Western eating habits attract the younger generation and allow workers to eat quickly, primarily at KFC (operating 740 outlets) and McDonald's (235 outlets).

This tension between what people know they should do for healthy food and what they can actually do given their lifestyle is characteristic of big cities, and they try to catch up with more physical activities to balance or, for those who have a garden, with a vegetable garden and easy-to-cook vegetables.

The government encourages people to buy local products, exercise, be aware of sugar and cholesterol, and overweight, which is becoming a real problem in Indonesia because people like sugary drinks (there are sugar-free drinks, but they are more expensive than the standard, which does not encourage their consumption). Brands have an interest in promoting low, reduced or even 0 sugar

levels with synthetic alternatives, to go in that healthy direction.

Health has two dimensions, personal with what people can do to improve it, and public when it comes to care and the system in general. This subject is then connected to that of infrastructure, the economy, and access to as many people as possible. It then takes on a political coloration that can play a role in the context of the presidential campaign, but it is not determining as such in the choice of one or another candidate.

On the other hand, the link between health and pollution is obvious (Jakarta was the most polluted city in the world in August 2023) and it is impossible to avoid this subject, to address the democratization of electric vehicles, the development of charging facilities, etc.

That said, we can see that the living conditions of urban dwellers represent a real challenge with one question, how to balance a sedentary lifestyle, transport time, pressure of productivity, and healthy living, positive routines with schedules for exercise so that the body can be healthy, access to quality food? It doesn't seem like much, but the future of a country depends on the well-being of its population.

LEISURE



FERA SHINTARINI
ASSOCIATE RESEARCH DIRECTOR
INNOVATION, IPSOS IN INDONESIA



AN UNIQUE INDONESIAN COCKTAIL

According to a survey conducted in June and July 2022, approximately 70% of Indonesian respondents enjoyed watching movies during their leisure time. The same survey also found that listening to music and watching series or dramas were among the most popular pastimes enjoyed by Indonesians . One year later, «Traveling» and «Reading» are the top two answers among Indonesian consumers .

All outdoor activities, amusement parks, and exhibitions like the Jakarta Fair have resumed and are packed. People feel alive again, with even more excitement than before the pandemic; they travel, and see their family and friends, local tourism is picking up towards Bali, Yogyakarta, etc.

People are also starting to go abroad, especially with the numerous promotions to go to Singapore, Bangkok, Japan; it's sometimes cheaper than domestic travel within Indonesia itself. Otherwise, there's hiking, a trend that's progressing compared to 2019.

At home, platforms like Netflix, Viu, Disney+ Hoster, are still popular, with aggressive recruitment and loyalty strategies (price reductions, benefits for members, etc.), while the cinema hasn't yet reached its 2019 levels.

The most significant difference between Indonesians' favorite leisure activities in 2022 and 2023 is the increase in the popularity of social media. In 2022, social media was the fourth most popular

activity on the Internet, while in 2023, it has become the most popular activity, with 82% of Indonesians now owning it.

What characterizes Indonesians is their taste for togetherness, celebrations, birthdays, and «*arisan*» which is something very important and part of their leisure activities. *Arisan* is a popular rotating savings and credit association in Indonesia, typically involving a group of women who contribute a set amount of money regularly, and then one member of the group receives the entire collected amount. This process is repeated until all members have received the full amount. *Arisans* are commonly used to buy their wish list products

They can also be utilized for saving for retirement or children's education for unexpected expenditures. *Arisans* are organized among friends, family members, or co-workers and can be both formal or informal, with rules that may vary from one group to another. However, most *Arisans* have similar rules regarding the contribution amount, frequency, and order of receiving the collected amount. *Arisans* becomes a popular way for women in Indonesia to save money.

In terms of marketing, communication, and strategies, brands should consider Indonesians' ability to blend traditional practices like *Arisan* with contemporary ones such as social media and the desire for international travel.

<https://www.statista.com/statistics/1344302/indonesia-most-popular-pastime/>

<https://www.statista.com/forecasts/1348191/most-popular-hobbies-and-activities-in-indonesia>

#SONG

JATUH, BANGKIT KEMBALI! BY HIVI

Wake Up
What happens in your life
It's not always that easy
Walk
Follow your wishes
Don't give up yet
Because great sailors
Never born in a calm sea

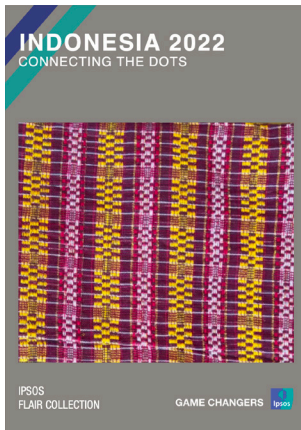
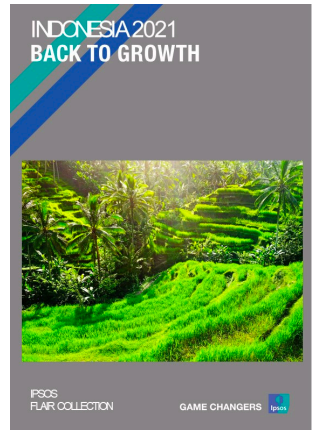
Try to remember again
Your goal
Try to remember again
Your goal

https://www.youtube.com/watch?v=qvQwBd-uaJY&ab_channel=HIVI%21

Hi friends, keep fighting
We can all fall
But you have to get up
Get up get up again
We can all fall
But you have to get back up
We can all fall
But you have to get up
Get up get up again
We can all fall
But you have to get back up
Don't
You run from everything
The problems facing you
try
Face it with a smile
Calm your heart and mind
Because great sailors
Never born in a calm sea

©Lyric Video dari single "Jatuh, Bangkit Kembali". Berdasarkan kegiatan dan kejadian nyata.

Ipsos Flair collection in Indonesia



Production : Ipsos

© Photos : Shutterstock pages 1-19-24 /
Unsplash pages 28-31-38-40-42-48-53-
59-63-66-68

Ipsos Editions. November 2023

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).

ISIN code FR0000073298, Reuters ISOS.PA, Bloomberg IPS:FP www.ipsos.com

<https://www.ipsos.com>

GAME CHANGERS

In our world of rapid change, the need for reliable information to make confident decisions has never been greater.

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 a total 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.



Line 1

YVES BARDON,

Ipsos Flair Program Director – Ipsos Knowledge Centre

SOEPRAPTO TAN,

Managing Director, Ipsos in Indonesia

Line 2

SUKMA WIDYANTI,

Deputy Director Ipsos Public Affairs, Ipsos in Indonesia

JOSEPH KRISTOFEL,

Executive Director Strategy3, Ipsos in Indonesia

RANJINI MUKHERJEE,

Head Qualitative Leader, IUU Ipsos in Indonesia

Line 3

LIONI HALIM,

Research Director Brand Health Tracking - Creative Excellence, Ipsos in Indonesia

DESY KARTIKA SARI

Talent and Organization Development - HR, Ipsos in Indonesia

ABHINAV JAIN

Research Director Innovation, Ipsos in Indonesia

Ligne 4

FERA SHINTARINI,

Associate Research Director Innovation, Ipsos in Indonesia

PURNAMA NOVIETTA,

Finance Controller, Ipsos in Indonesia

Ipsos Editions. November 2023

www.ipsos.com/en-id
@Ipsos

GAME CHANGERS

