

Indonesia Economy, Business, and Consumer Trends 2021

Vol. 1

According to a new Ipsos' Global Advisor poll in 31 countries that found nine in 10 saying 2020 was a bad year for their country. Looking ahead, optimism for the future is mixed as people worry about the long-term impact of COVID-19.

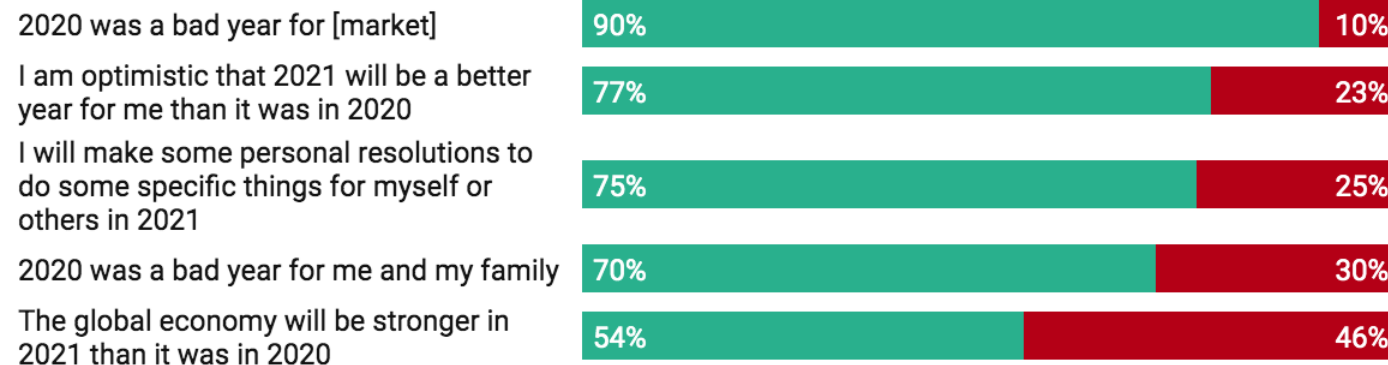
Only four in 10 (41%) think life in their country will get back to normal after COVID-19 in 2021 and fewer still (32%) expect the economy to fully recover.

Global Outlook for 2021 – 2020 seen as the worst year for some time, but more optimism that 2021 will be better

Outlook for 2021

Please indicate if you agree very much, agree somewhat, disagree somewhat or disagree very much with the following statements...?

Agree Disagree



c. 15,700 online interviews across 31 countries, 23 October – 6 November 2020

Chart: Ipsos • Source: [Global Advisor](#) • [Get the data](#) • Created with [Datawrapper](#)

There has been a sharp increase in those looking on the past year negatively, as 9 in 10 (90%) now say 2020 was a bad year for their country, up from 65% last year. Seven in ten (70%) say 2020 has been a bad year for themselves and their family, an increase of 20 percentage points from 2019. This is the worst figure since the series started in 2012.

People are less enthusiastic about the performance of the global economy in 2021: 54% believe it will be stronger than it has been in 2020 (similar to predictions in previous years).

How about Indonesia?

Indonesia Outlook in 2021 – Ipsos in Indonesia



Last year is a game-changing year due to COVID-19 pandemic. The pandemic is changing how people live, consumption behavior, and their livelihood.

However, starting from Q3 2020, we saw some optimism seen from Indonesia's people. While most people are still worried of the pandemic in Q3 2020, they have adapted to restrictions and have settled in new routines. The adaptation of regulation is influenced by Indonesia's Government's massive communication on the 3M Program (Mask, social distance, and washing hand) and 3T (Testing, Tracking, Treatment).

According to BPS (Badan Pusat Statistik), Indonesia's economic growth improved by 5.05% in Q3 2020 (compared to Q2 2020). PDB in several sectors also shown improvement. Production, transportation, health, and social activity sectors are improving.

In Q4 2020, The Indonesian House of Representatives approved the Omnibus Law on Job Creation to bring a good signal on the business climate and how to ease doing business in Indonesia.

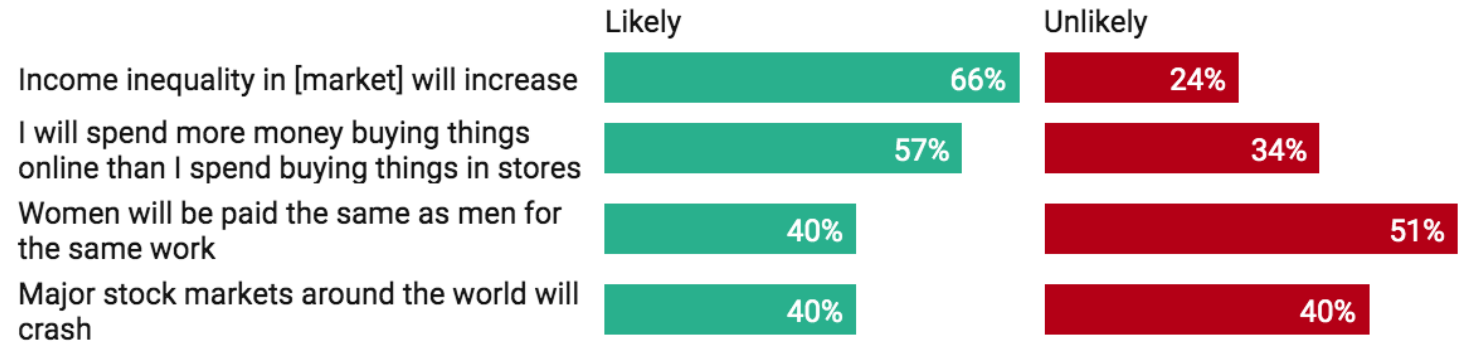
In terms of the industry performance, some sectors got big hit due to pandemic especially for tourism, showing some improvement in November 2020 which proven by increasing international tourists.

COVID-19 pandemic also influences consumer behavior. Improving demand for food for cooking at home, personal care, and cleaning products are shown. The shopping mindset is also changing due to pandemics. Most people currently more cautious about how much they spend when shopping. More people are aware and more frequent to do the online activity. Online shopping, cashless payment, and video streaming are the most improving activity during the pandemic. And it expect will continue in 2021, as mentioned on Ipsos Update – January edition that mostly consumers likely to spend money buying things online than in store (57%).

Economics and Consumers – shopping online will continue in 2021

Economics

For each of the following, please tell me how likely or unlikely you think they are to happen....?

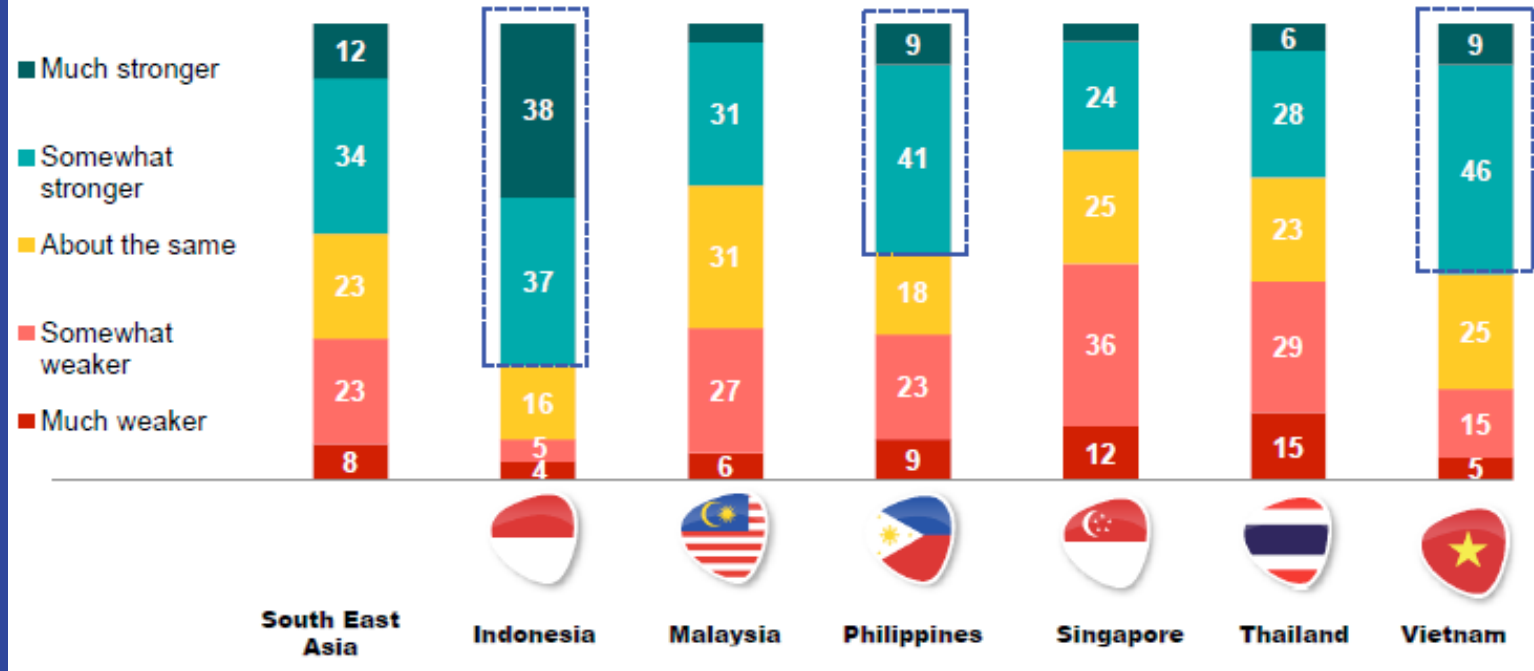


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Pandemic VS Economy Recovery

Looking ahead six months from now, do you expect the economy in your local area to be ...



Based on IPSOS survey in Q3 2020, Indonesia people are more optimistic that the situation will be improved after six months compared to other countries. This optimism is driven by the economic stimulus to UMKM and the distribution of the vaccine.

Indonesia's Government also has a role in preventing the decline of income with BLT (Bantuan Langsung Tunai) program, which impacted to maintain optimism amongst Indonesia people

Starting from Q3 2020, most people have visited restaurants, friends/family houses, and public transportation. While domestic and international travel expected to have a rebound in Q1 2021.

Ipsos Report - Living in Crisis: Masked Up and Moving Forward in SEA (2nd Wave Study) September 2020

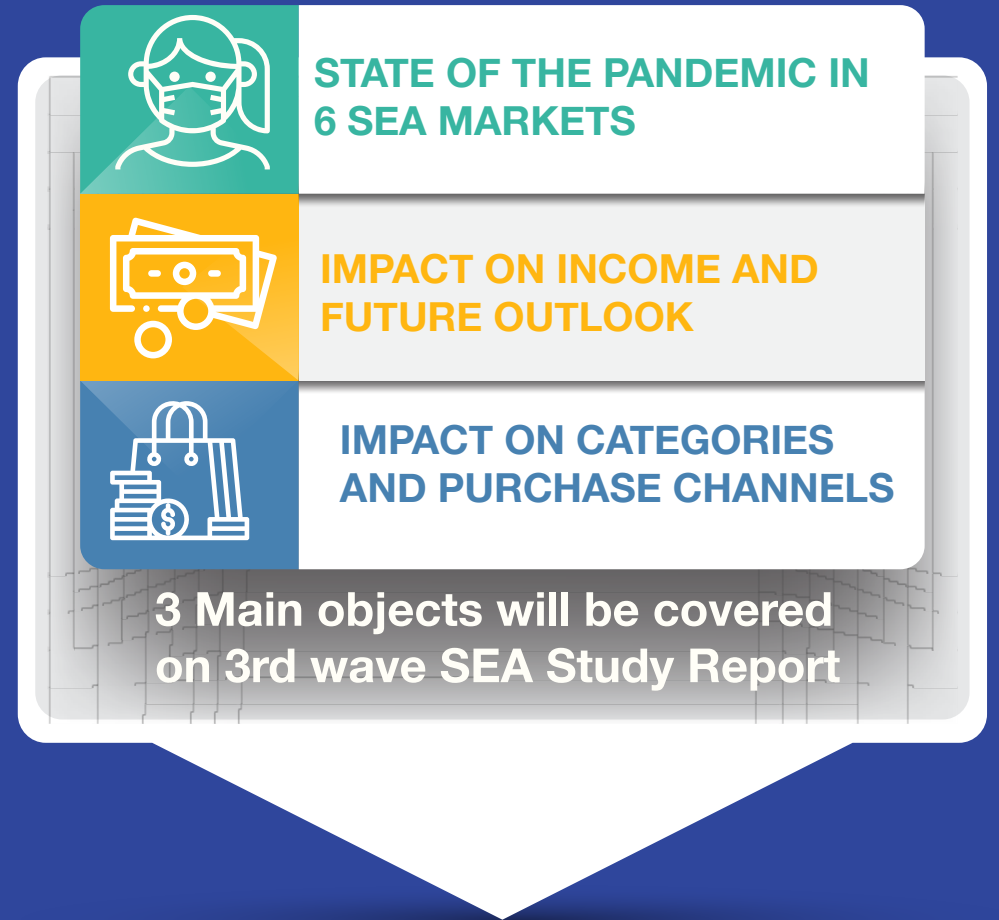
However, this optimism comes with high expectations to Government to keep everyone safe from COVID-19. Government is committed to this cause and proves it by vaccination in 2021, which targeted around 107 million people in Indonesia.

Purchasing Power Trend 2021




In January 2021, the Government also announces they will have a new program to help Indonesia's people improve their livelihood. These Government's commitment will improve people's consumption power and ultimately improve economic growth in Indonesia.

On another hand, Ipsos took on a journey to study evolving consumer opinions and behaviours around the crisis in the 6 Southeast Asian markets. Continuing this journey, Ipsos will be launching wave 3 of this survey to assess what consumer sentiments are with the embarkment of the new year. New topics will be added to the study, such as vaccine acceptance.

This study enables brands and marketers to anticipate future consumer behaviour as many countries are going through new phases and waves of infection.



The infographic is a vertical stack of three colored boxes with icons on the left and text on the right, all contained within a white speech bubble shape. The top box is green with a white icon of a person wearing a face mask. The middle box is orange with a white icon of a stack of banknotes and a coin. The bottom box is blue with a white icon of a shopping bag and a stack of coins. Below these boxes, a white speech bubble contains the text '3 Main objects will be covered on 3rd wave SEA Study Report'.

	STATE OF THE PANDEMIC IN 6 SEA MARKETS
	IMPACT ON INCOME AND FUTURE OUTLOOK
	IMPACT ON CATEGORIES AND PURCHASE CHANNELS

3 Main objects will be covered on 3rd wave SEA Study Report

The report will be released on February 2021.
To get access for full report. please contact:
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Business – Focus on getting solid foothold, efficiency, digitalization, and flexibility

Looking at global geopolitical situation, the expected outcome is mixed. While trade war and global appetite for EV would benefited Indonesia, the slowdown in commodity market is not supporting our road of recovery yet. Globally, the economic direction is unclear while looking at Indonesia, we are certain that economic condition will and already starting to improve, the move from government distributing Covid-19 vaccine surely will affect the economy, not only protecting the citizens, it also provide confidence for people to resume their activities and move the economy altogether. Household consumption, which is the key contributor to Indonesia's economy has shown improvement in the past 3 months, although not at the level it used to be yet.



The common theme for 2021 would be the road back to recovery, we can see some sign of recovery in domestic industry and sector in Indonesia, although for certain sectors such as tourism and retail, there is no doubt that the road to recovery would be a tough one.

Ensuring business continuity and putting the energy where it matters should be the focus of all domestic business, although we are not expecting a full recovery yet, business should focus on getting a solid foothold on their business, not only to ensure that they are ready for the currently volatile business climate, but also to ensure that when the economy has recovered, they will come back stronger than ever. Things such as operation efficiency, digitalization, as well as flexibility in handling contraction in the economic condition such as what happens in 2020 would be a valuable foundation for any business out there. While Covid-19 has forced a lot of business to shut down, surviving companies need to take advantage of this in the recovery year, making sure that they know the base demand that are left behind, and move quick in capturing those demands.



Key Business Strategy for 2021:



1. Improve efficiency
2. Stabilize process, but ensure flexibility for changes
3. Prepare contingency plan for economic downturn / volatility
4. Look around for opportunities / demand base left by business that did not survive 2020
5. Focus resource on where it matters

Range of coverage Ipsos Strategy3:



Corporate/Business Strategy



Brand Strategy



Customer/Consumer Strategy



Innovation Strategy

Ipsos Strategy3 helps companies build, compete, and grow by addressing a wide range of issues, especially in current pandemic, turning market insight into impactful strategic output.

For in-depth discussion please contact:

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Reference:

Ipsos Update January 2021 -Global Predictions Survey
Ipsos Report - Living in Crisis: Masked Up and Moving Forward in SEA
(2nd Wave Study) September 2020

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GAME CHANGERS

