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Home Care in Indonesia

COVID-19 Impact on Home Care

Home care saw slightly slower retail volume and current value growth rates in 2020 than in the previous year. COVID-19 had different impacts on different home care categories. For instance, products that boost hygiene, including bleach, toilet care, surface care, and in particular dishwashing, enjoyed accelerated volume and value growth rates this year. Due to growing health awareness as a result of the virus, these products were used by consumers to disinfect their homes and get rid of germs to protect themselves. In addition, most consumers spent more time at home from March due to restrictions on movement in some areas, often working and studying from home due to the pandemic, and they, therefore, used these products more frequently.

By contrast, products that are deemed to be less necessary, such as air care products and polishes, witnessed declining volume sales in 2020. Consumers focused on purchasing the essentials in a difficult year, and these were among the first to be cut from budgets. Car air fresheners also suffered from movement restrictions and home working. Meanwhile, home care products already targeted towards consumers from almost all income groups, such as laundry care (which is dominated by mass-market hand wash detergents) and home insecticides, experienced only slight changes, with slower yet still positive volume growth in 2020. The diminishing purchasing power of middle- and lower-income consumers due to the economic impact of the pandemic served as a brake, preventing faster growth in these categories. However, higher-income consumers were little affected, continuing to purchase higher-end products in both these categories and fact across home care.

Highlights

- While other industries have suffered from the spread of lockdown, the home care industry has unsurprisingly responded well in most cases, as it played a crucial role in limiting the spread of the virus and offered psychological support to households around the world as they battled with this invisible threat.
- Most of the Indonesian consumers are still not into e-commerce but because of the COVID-19 pandemic more customers purchase their home care needs through online shopping. Big companies took this as an opportunity to introduce new products too.

Although distribution was mostly maintained to stores in 2020, during the early stages of the pandemic there were some shortages of surface care products due to the demand for cleaning products as a result of COVID-19. This led some consumers to have to switch to bleach for cleaning. However, the impact was short-lived and consumers soon resumed their former purchasing habits.

Company Response

In 2020, the competitive landscape within home care in Indonesia remained dominated by two players in value terms, Sayap Mas Utama (Wings Corp) and Unilever Indonesia. These two companies are particularly well-positioned within the largest category, laundry care, as well as surface care. There is strong competition between these two players, with both companies having

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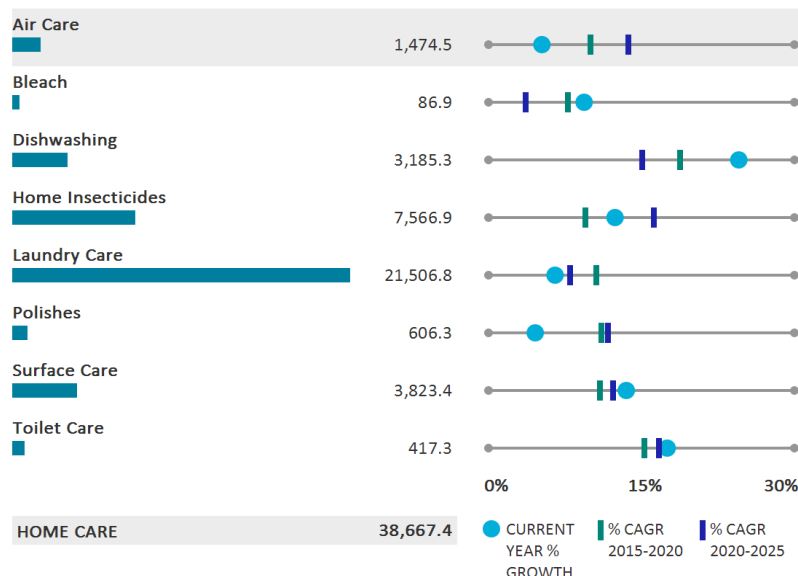
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Sales of Home Care in Indonesia by Category

Retail Value RSP - IDR billion - Current - 2020



Growth Performance

wide product portfolios, operating in various distribution channels, and investing strongly in aggressive marketing campaigns. The competition is especially intense within laundry care, where constant strong marketing and new product launches are key to attracting consumers.

In 2020, home care manufacturers adapted their strategies because of COVID-19, releasing new products to maintain demand. For example, Unilever Indonesia launched a new product series at affordable prices, Sahaja, which is available in hand dishwashing, floor cleaners, and home care disinfectants, targeting consumers from almost all income levels. In addition, the company launched a new home care disinfectant, Wipol Power Clean Disinfectant Spray, which has killing germs on surfaces as its main function. Launches by other companies in this category included Dahlia Blue Clean Disinfectant Spray, Saniter air and surface sanitizer spray, and SOS Disinfectant Spray All-in-One. These catered to the accelerated demand for hygiene to try and prevent the spread of the virus. Home care disinfectants, included under surface care, was, therefore, one category that saw particularly strong growth as a result of the COVID-19 pandemic. However, it should also be noted that Unilever Indonesia also launched the first home care wipes in the country in the middle of 2020, Wipol Power Clean Surface Disinfecting Wipes, which could offer opportunities for other players to follow suit and boost sales in this category moving forward.

Retailing Shift

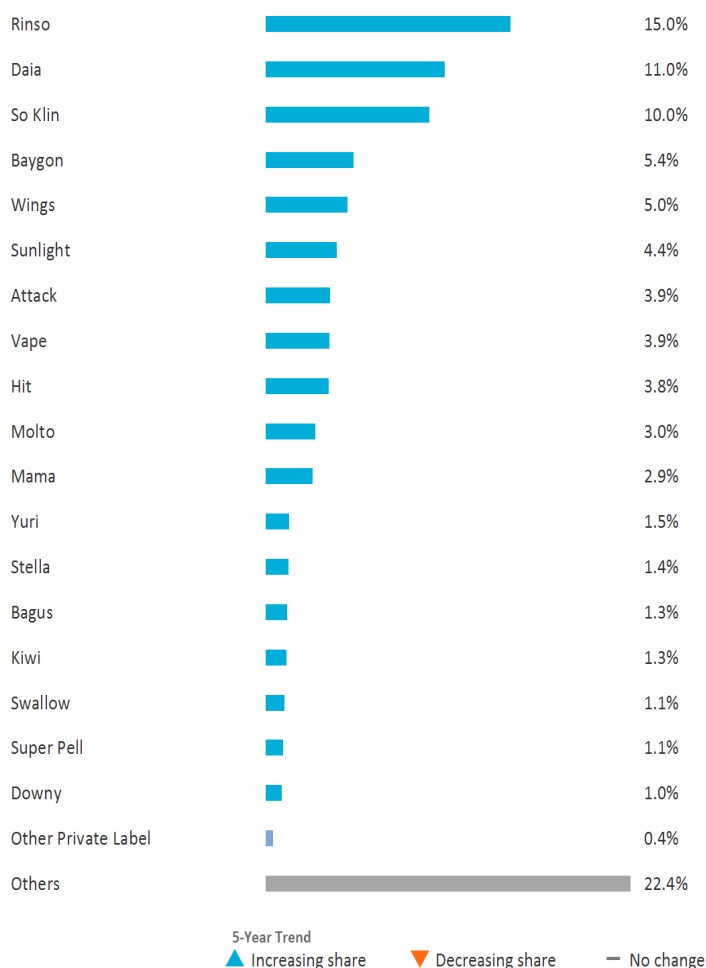
The majority of Indonesian consumers are still not accustomed to purchasing home care products through e-commerce. Nonetheless, this channel saw a significant increase in sales and share in 2020. Although growth was already being seen in this channel as more consumers become familiar with online shopping, the rate of growth was accelerated by COVID-19. As some consumers wanted to avoid visiting store-based outlets completely if possible, they used e-commerce and had products delivered to their door. In addition, many big retailers, such as Unilever, Sayap Mas Utama, SC Johnson, Kinocare, and many more have established their official stores on e-commerce platforms such as Shopee, Tokopedia, Blibli, and others, offering advantages such as price promotions or free delivery to encourage consumers to purchase their home care products online. However, it has mainly been younger consumers who are already used to online shopping who have turned to buy their home care products via e-commerce during the pandemic.

What's Next for Home Care?

In the short term, the impact of the COVID-19 pandemic is predicted to persist, as vaccines will take time to be rolled out, even if distribution has been ongoing. The pandemic has severely hit many businesses in the country, and the negative impact of this on the economy is likely to result in lower consumer purchasing power, at least in 2021. However, from 2022 and towards 2025, the country is expected to gradually recover from the pandemic and the economic recession, and many home care categories have the potential to show respectable volume and value growth rates. This will be driven by ongoing urbanization, increasing sophistication, and manufacturers' heavy investment in promotions and new product launches.

Brand Shares of Home Care in Indonesia

% Share (LBN) - Retail Value RSP - 2020



Dishwashing is set to see the strongest retail volume growth in the forecast period, mainly as more consumers switch from the use of sabun colek (cream detergents, included under hand wash detergents in laundry care) to specific products for hand dishwashing. The only category which is expected to see a retail volume decline is bleach, due to its maturity and the competition from other categories, such as surface care and toilet care. Laundry care is also set to see slow growth, partly due to maturity and to the switch from using laundry care products to hand dishwashing products. Toilet care is another category that is expected to see a strong performance in the forecast period. In addition to rising health awareness due to COVID-19, sales in this category will be boosted by initiatives by the government to improve public sanitation, as well as marketing by players to communicate the importance of toilet cleanliness. ■

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