MMA

THE MODERN MARKETING

RECKONER 2024

• INDONESIA •

CONTENTS

FOREWORD

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As Indonesia strides confidently into the future, it is positioning itself as a pivotal regional hub for data-driven innovation and economic growth. The launch of its National Strategy for Artificial Intelligence 2020-2045 marks a significant step towards realising the "Golden Indonesia 2045 Vision," which aims to transform the country into a global economic powerhouse through an approach that includes advancements in AI.[1]

Developing economies throughout Southeast Asia are at the forefront of AI adoption, with uptake rates 30% higher than their developed counterparts.[2] This trend is evident across areas, where the generative AI market is poised for dramatic growth. Research reveals that 48% of marketing leaders are prepared to integrate generative AI (GenAI) into their strategies.[3]

Indonesia's proactive stance in embracing AI and aligning with these trends highlights its dedication to leveraging cutting-edge technology for sustainable economic development and regional leadership. Moreover, AI is projected to drive a 12% uplift in GDP in Indonesia by 2030, with marketing and sales poised to capture a substantial share of this anticipated growth.[4]

In this dynamic context, The Modern Marketing Reckoner 2024, offers a thorough examination of pivotal market transformations. It provides critical insights into how AI is revolutionizing marketing strategies and underscores the rapid growth of retail media networks (RMNs) as a major advertising channel. According to MMA APAC, with a projected growth rate of 11% and accounting for 16% of total media investments, this sector offers a significant opportunity for brands to enhance and optimize their advertising strategies.

In the Indonesian market, the expansion of digital shopping behaviours and online retail further enhances the potential of retail media networks. By adopting a well-structured approach, brands can significantly refine their customer outreach and strengthen their competitive positioning.

Additionally, the report explores the evolving behaviours of Gen Z, showing how their preferences and values are reshaping brand engagement. By integrating these insights with human intuition and data-driven approaches, the report demonstrates how to drive more impactful and meaningful consumer interactions. Building on these insights, it is evident that Gen Z is not just a growing segment but a transformative force reshaping the market landscape.Research across APAC highlights various archetypes within this generation, including the Ethical 'Confidents,' who make up approximately 20% of Gen Z.[5] In Indonesia, 18% of Gen Zers identify with this archetype, demonstrating a strong preference for environmentally and socially responsible brands.[6] To effectively engage with these values-driven consumers, leveraging social marketing is essential.

Here is where social marketing comes into play and can be effectively leveraged. By aligning our social marketing strategies with the priorities of this segment, we not only fulfil their demands but also establish ourselves as visionary leaders in the evolving market landscape.

I would like to express my gratitude to the leading industry organizations whose research and analysis have been fundamental in shaping this report. Their contributions have been key to creating a resource that equips leaders to effectively leverage AI, drive innovation, and achieve strategic goals.

As you explore the Modern Marketing Reckoner 2024, you will find it to be an indispensable guide for navigating the evolving digital landscape and leveraging AI to enhance customer engagement. This report goes beyond a simple overview of the current market; it offers a strategic guide for leveraging new technologies and adapting to evolving consumer trends to reach your business goals. By embracing the strategies and recommendations outlined in this report, companies can set themselves apart in a competitive market and lead with vision and agility.

[1]Asia Matters for America. US Giants Bet Big on AI in Indonesia | [2]Deloitte. Generative AI in Asia Pacific | [3]Forrester. The State of Generative AI for Marketing in Asia Pacific. | [4]Kearney. Racing toward the future: artificial intelligence in Southeast Asia | [5]McKinsey. What makes Gen Z in Asia different | [6]Ibid

FOREWORD

SHANTI TOLANI

Country Head & Board of Director
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As we look towards 2025, the advertising and marketing industries stand on the cusp of a profound shift. Trends and technologies that were once fragmented are now converging into a unified, powerful force.

In Indonesia, this transformation is driven by a digitally engaged and innovative population, fueling rapid growth in the digital media market. By 2028, mobile is expected to dominate, accounting for 71% of total ad spending, while programmatic advertising is projected to generate 76% of digital advertising revenue.[1] As artificial intelligence (AI) becomes increasingly integrated into these evolving digital strategies, understanding consumer behaviour will be crucial. The convergence of AI with forward-thinking approaches is poised to redefine the industry landscape, making it essential to gain deep insights into digital growth and consumer preferences to maintain a strategic edge in this dynamic environment.

The Modern Marketing Reckoner 2024 report is designed to guide brands and marketers through these shifts. At MMA Global Indonesia, we recognize that digital transformation extends beyond the mere adoption of new technologies. It requires a sophisticated approach that seamlessly integrates AI into core business strategies, supported by astute leadership and well-defined goals. Success will depend on an organisation's ability to effectively harness AI's potential, translating it into tangible growth and leadership advantages. Statista's forecast indicates that AI spending in Indonesia is projected to surge to approximately 5 trillion Indonesian rupiah by 2027.[2] This nearly fourfold increase underscores the rapid growth and adoption of AI technologies in the country, highlighting the urgent need for businesses to adapt and innovate.

As we delve deeper into this metamorphosis, it is clear that leadership itself is undergoing a significant evolution. In today's tech-centric world, leaders are not merely managing change but actively driving it, they must explore uncharted territories by integrating emerging technologies and leveraging data analytics for strategic decision-making. Effective leadership now demands high digital literacy and a forward-thinking mindset to foster collaboration and maintain engagement across dispersed teams, keeping marketing intent and consistent brand values at the core of it all to achieve sustained growth.

As we manoeuvre through these exciting opportunities, it's also essential to recognize the accompanying complexities. The digital era necessitates a deep comprehension of shifting consumer behaviours and preferences. Data from TGM research illustrates this shift: 77% of surveyed individuals are open to exploring new digital shopping methods. In Indonesia, specifically, 66% intend to shop from different websites than usual.[3] These statistics reveal a significant trend towards digitalization and evolving preferences, reshaping the marketplace.

As we embark on this journey, it is vital to recognize both the opportunities and complexities that lie ahead.

Against this backdrop, adopting a growth mindset is essential for marketers and their key leaders, as it empowers them to navigate the latest technologies and evolving market dynamics, as we enter into the next year ahead of us. The Modern Marketing Reckoner 2024 will be your essential resource in this evolution.

I extend our sincere appreciation to all contributors whose expertise and insights have significantly enriched this report. As we forge ahead, let us commit to embracing innovation, fostering collaboration, and driving sustainable growth in this new era of advanced advertising & marketing in Indonesia & globally.

[1]Digital Advertising - Indonesia, Statista ❙ [2]Indonesia AI Solutions Spending, Statista ❙ [3]TGM Consumer Sentiment Survey in Indonesia 2024

Indonesia's Cultural Rebellion: Why Brands Can't Afford to Ignore the Subculture Revolution

The global marketing landscape is undergoing a seismic shift. Traditional approaches that cast a wide net are proving less effective in a society that is increasingly defined by its diverse subcultures, including in Indonesia.

According to the latest **Industry Impact Survey 2024** conducted by The Insight Family, 71% of participating industry professionals stated that the media landscape is now more fragmented than ever. This fragmentation has led to nearly 70% of these professionals agreeing that it is becoming increasingly difficult to connect with current consumers.[1]

This fragmentation, driven by technology, globalization and a desire for individualized expression, presents a unique challenge and opportunity for brands seeking to connect with Indonesian consumers on a deeper level.

This has left us with some challenges that need to be navigated:

- **One-Size-Fits-All Doesn't Fit:** Mass marketing messages often fail to resonate with subcultures that prioritize authenticity and shared values.
- **Missed Opportunities:** Brands overlooking subcultures are leaving untapped markets with significant potential for growth and engagement.
- **Cultural Disconnect:** Generic campaigns can alienate subculture members who feel misunderstood or misrepresented.
- **Evolving Landscape:** The rapid pace of change within subcultures demands agile and adaptive marketing strategies.

The Context

As we immerse into our research for this article, we were lucky enough to see history being made for Indonesia at the latest Olympics 2024 in Paris. The country's very first gold medal in Weightlifting, a dream come true, shows the amazing strength of a carefully built cultural legacy. This win is proof of the dedication and never-give-up attitude that started twenty years ago with the first bronze medal, finally leading to this golden moment after five Olympic Games.

These amazing events have got us thinking as marketers. We want to explore how these different successes can create a new story for Indonesian culture. How can we make sure these wins aren't just passing fads, but become a lasting part of society, inspiring everyone?

For us, these victories show just how powerful cultural stories can be in marketing. They remind us that by connecting with shared experiences and dreams, we can build strong relationships with our audience. It's a call to try new things, to create campaigns that not only speak to people today but also help build the future we want to see.

1. **How do Indonesian subcultures diversify?**

   While spotting what's hot in subcultures is important, just scratching the surface isn't enough. We need to dig deeper into the norms, language, values, and symbols that shape how people act within specific cultural groups. This makes us wonder: what other hidden passions are waiting to be discovered in Indonesian society? By looking closer, we might find cultural gems that are often overlooked or dismissed as just passing fads.

   Take the rising popularity of TARKAM (Amateur Football) in different provinces as the case in point. These events are no longer just about local competition; they've become modern spectacles, often filmed with drones and shared on social media. It has evolved as part of the entertainment source that not only exists in certain regions but also travels around on social media.

   From another angle within Indonesia's thriving Lifestyle and Fashion scene, the sneaker culture shines brightly. Specialized stores, bustling online communities, and energetic sneaker expos reveal a scene that's exploding in popularity.

   The Indonesian sneaker market is poised for steady growth in the coming years, with projected revenue reaching $0.53 billion in 2024. This positive outlook is further reinforced by the expected compound annual growth rate (CAGR) of 5.23% from 2024 to 2028.[2] This consistent growth trajectory indicates a sustained demand for sneakers in Indonesia.

   These examples show the huge potential of immersing in culture. By actively engaging with and understanding the little details of Indonesian society, we can unlock a treasure trove of marketing insights. It's time to go beyond surface-level observations and really understand how consumers behave.

2. How do they consume media?

One of key insights on media consumption comes from the Influencers, which are then adapted by advertisers on how they represent their brands across Social Media platforms.

Premium audiences, such as those in the Sneakers Enthusiasts subculture, are more comfortable expressing themselves in the space of Instagram, though they're still a multimedia Digital native. This is because, the visualization tends to be more stylish on Instagram, thus for brands to represent themselves also has to be more subtle in their ads and product placements.

Meanwhile the Casual audience, such as those in the Amateur Football Fanatics subculture, have shown to be more engaged in the community of TikTok as the platform offers relatable and snackable contents. Brands looking to engage with this audience segment, therefore have to be able to showcase their product implementation within a short period of time.

3. How did it impact their purchasing pattern?

Eventually, the distinctive characters and how they engage with Social Media platforms will also shape their purchasing pattern.

Subcultures originating from a more premium audience tend to be more thoughtful in their purchases, which is why a lengthier purchase journey still works for them on Instagram. The utilization of Collaborative Ads as an ad format enables this purchase journey, by connecting Instagram to brand's eCommerce platforms. Promotions that drive footfall to retail stores are still effective for them, as they don't mind making the journey to take advantage of the promotion.

Whereas for subcultures from Casual audiences, tend to be more instant in behaviour, which consequently also expecting an instant purchase journey experience. That's why TikTok Shop is blooming in the market. Within a few clicks, audiences can purchase the brands/products right after they saw the ads, without having to switch to another platform.

The Proposed Solutions

To thrive in Indonesia's subculture revolution, brands should adopt a multi-pronged approach:

1. **Subculture Immersion:** Thorough research to understand the nuances of target subcultures. This includes their language, values, interests, and online behaviours.

   ### Community-in
   - Get under the skin of the communities to which your audience belongs

   ### Commonality
   - Understanding the passions that bind the community

   ### Markers of belonging
   - Knowing what visual markers signify belonging.
     Think: fashion, colour, design, etc.

   - Knowing what language the community uses.
     Think: slang, memes, humour, etc.

   - Knowing the music they listen to.

   ### Representation
   - Which people are influential in this community?
     Think: artists, athletes, tastemakers, etc.

   - Who is seen as the representative by those outside of the community?

   ### Impact
   - How does the community impact the world, both physical and digital?

2. **Authentic Storytelling:** Craft narratives that resonate with the subculture's identity and aspirations. As the process of thought, we can decode it through several points:

Social listening

- What is the nature of the conversation that resonates with your audience?

- What and who is driving the category and brand conversation?

- What appears on the fringes of conversation, what are the interesting anomalies?

Content analysis

- What cultural trends can we identify using partner tools – e.g. Google Insights, Finder, Spotify, etc.

- What are the messages and visual language the category is using?

Semantic analysis

- Who is doing the talking? Who does so positively & negatively?

- What emojis and GIFs are commonly used?

- What, if any, longer form content is out there?

3. **Strategic Partnerships:** Collaborate with influential figures within the subculture, such as content creators, artists, or community leaders. Their endorsement can lend credibility and reach to your brand, in a more meaningful way. As we have seen the growth of different passion points from different creators through different cultures, it will help how we can create more tangible conversations with consumers that are quite related with their influencer.

4. **Targeted Channels:** Learning from the current media habit of each of these subcultures, creating presence where they already are is probably the most efficient way in the short term. While in the longer term, creating a Social Media channel for them to engage and interact with their community can also be an option. Another option would be being present in the relevant events such as football match viewing parties for football fanatics or Fashion Week events for Fashion enthusiasts. This can be explored by collaborating with certain communities and media partners or engaging with members if we've established a Social Media channel.

5. **Data-Driven Refinement:** Continuously track and analyse the performance of your subculture marketing efforts. For example, if Dynamic Creative Optimization (DCO) is part of the activation strategy, we are able to unify platform dashboards to have a holistic view of campaign performances across each of the segments we've previously defined. The unified dashboard subsequently can also be linked with Customer Data Platform (CDP), to understand the full customer journey starting from the 1st party data generated, to their actual performances when they're activated.

The Example: Case study from Rentokil Horroroach comms approach

In Indonesia, the prevalent fear of cockroaches, or Katsaridaphobia, is deeply rooted in cultural folklore. This backdrop sets the stage for "The Horroroach" campaign, which taps into these fears to highlight Rentokil's pest control services. Although Indonesians often use ineffective sprays, Rentokil's home services are relatively unknown, presenting an opportunity to increase its market visibility.

"The Horroroach" campaign leverages culturally resonant storytelling to position Rentokil as more than just a pest control solution, but as a brand that understands Indonesian cultural nuances. This approach led to high engagement and behavioral shifts, with increased demand for professional pest control services, particularly for Rentokil. As a result, the campaign successfully enhanced Rentokil's brand image and significantly boosted its awareness and customer interactions.[3]

The Conclusion

Subculture revolution is not merely a trend; it's a fundamental shift in consumer behaviour. Brands that embrace this reality and invest in targeted, authentic subculture marketing will not only survive but thrive in the evolving Indonesian market. By forging genuine connections with these passionate communities, brands can unlock a new era of growth, loyalty, and cultural relevance.

Data source: [1]The Insight Family. Industry Impact Survey 2024 ❚ [2]Statista. Footwear - Indonesia. (2023) ❚ [3]Dentsu Creative, "Rentokil "The Horroroach"

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The Growth of Local F&B Brands in Indonesia: Understanding Consumer Behavior
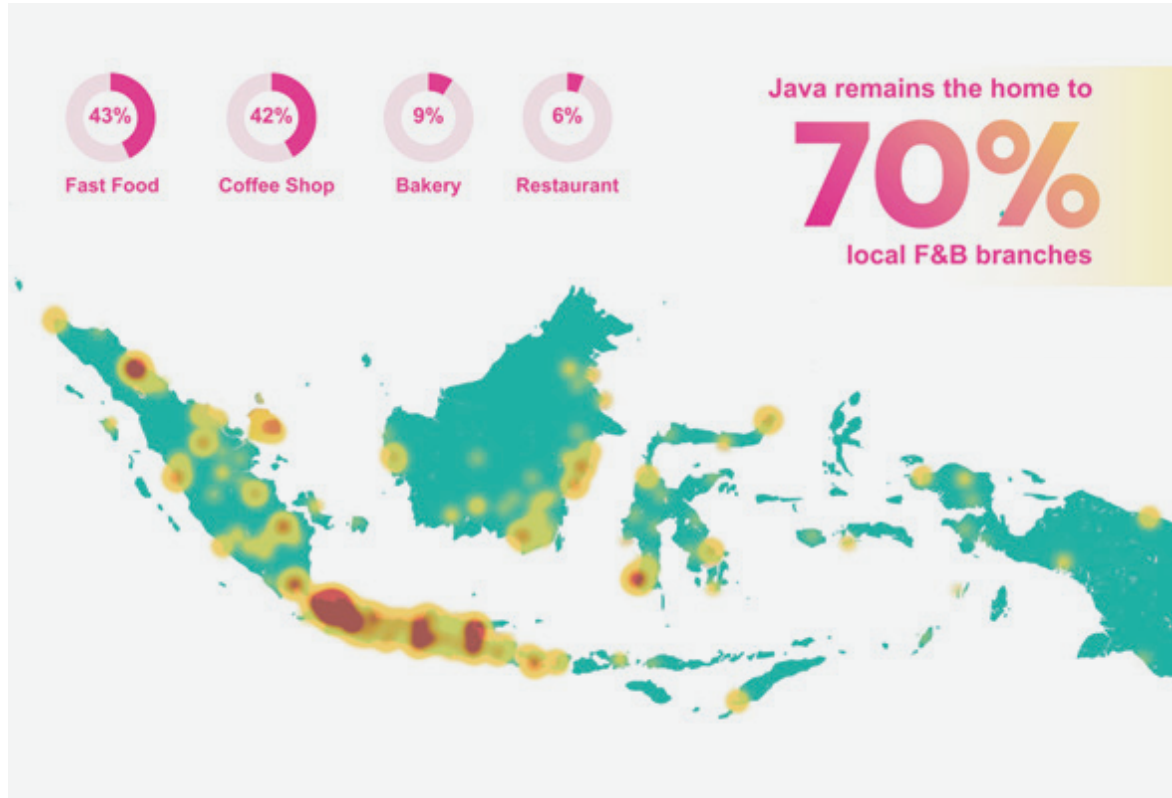
Fig. 1: Indonesian Local F&B Branches Distribution[1]

Market Overview: Indonesia's Evolving F&B Landscape

Indonesia, famous for its rich culture and delicious food, is seeing big changes in its food and drink industry. More and more, local food and beverage (F&B) brands are winning the hearts and loyalty of Indonesian consumers. This analysis looks at how these local businesses are growing and what consumer behaviors are driving their success.

The Indonesian F&B market is lively, supported by a growing middle class, more disposable income, and a rising desire for diverse food experiences. While international brands have traditionally dominated, local entrepreneurs are now making a strong impact. They use authenticity, innovation, and cultural connections to create attractive F&B offerings. Java Island leads Indonesia's local F&B industry, highlighting its key role in this growth. Fast Food and Coffee Shops are the most common, making up 43% and 42% of the branches, respectively (See Fig. 1). These percentages indicate the distribution of F&B categories among popular local brands sampled.
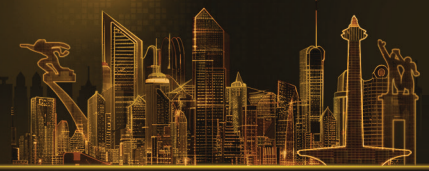
Consumer Engagement: A Closer Look at Visit Patterns

According to the above line graph, a massive rise in local food and drink businesses, especially in Fast Food and Coffee Shops, from November 2023 to April 2024. During this time, the number of visits to Fast Food places almost hit 2.5 million, and visits to Coffee Shops also grew steadily. This increase shows that more people are interested in these local food options, likely because of seasonal factors and successful promotions.
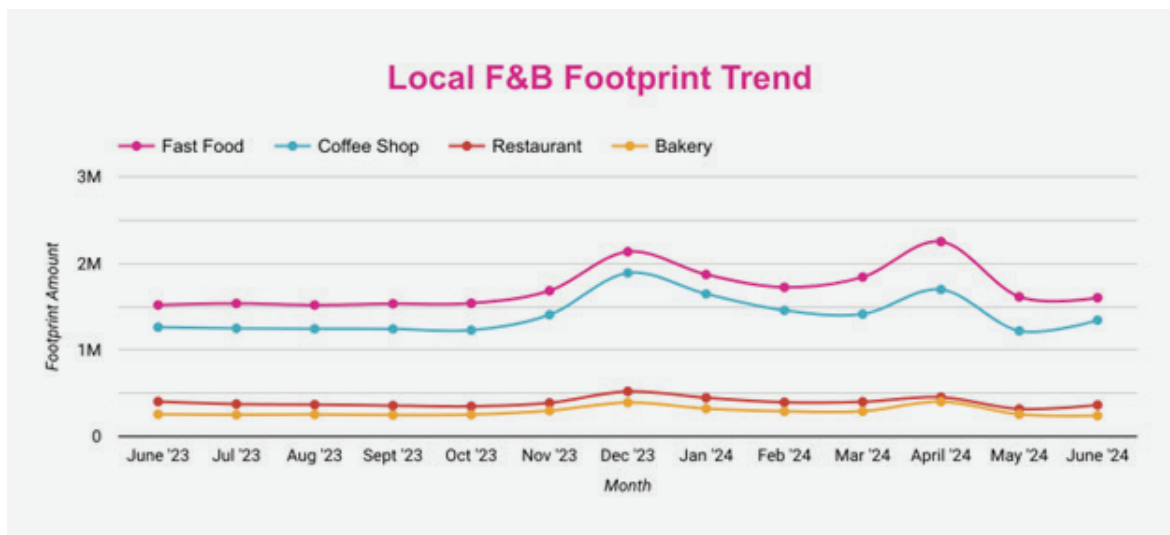
Graph 1: One Year Local F&B Footprint Trend[2]

In contrast, Restaurants and Bakeries exhibited more consistent visitation patterns. However, their customer visits gradually increased from March to June 2024, suggesting a loyal customer base. Overall, the rising visitation rates to all types of local food and drink businesses indicate their growing popularity as more people opt to dine locally.

Regional Trends: The Shift to Local Brands

From June 2023 to June 2024, over 1.28 million Indosat Ooredoo Hutchison users — or 10.30% — switched from international brands to local ones.[2]

This significant increase, which began in January 2024, demonstrates a strong trend toward supporting local businesses and enjoying community-made products. As more local brands have popped up, the regular folks prefer local brands because they offer great flavors at more affordable prices compared to international brands.
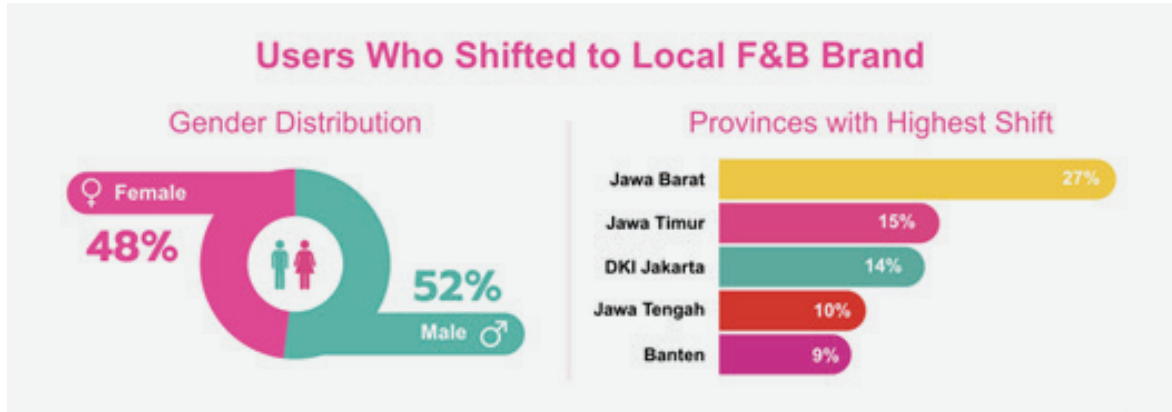
Chart 1: Users Segmentation Who Shifted to Local F&B Brand[3]

Out of the 1.28 million users who switched to local brands, Jawa Barat (Translate: West Java) stands out with the biggest share, making up 27% of the total shift. This indicates that approximately 350,000 users in West Java have made the change, making it the leading province in this trend. Within Jawa Barat, the shift to local brands is led by key cities like Kabupaten Bogor, Kota Bekasi, Kota Jakarta Timur, Kabupaten Bekasi, and Kota Surabaya.

Analyzing the age groups of the users making the switch is essential for understanding the regional trends, providing valuable insights into evolving consumer habits, and enabling us to develop effective strategies for engaging with various age groups.
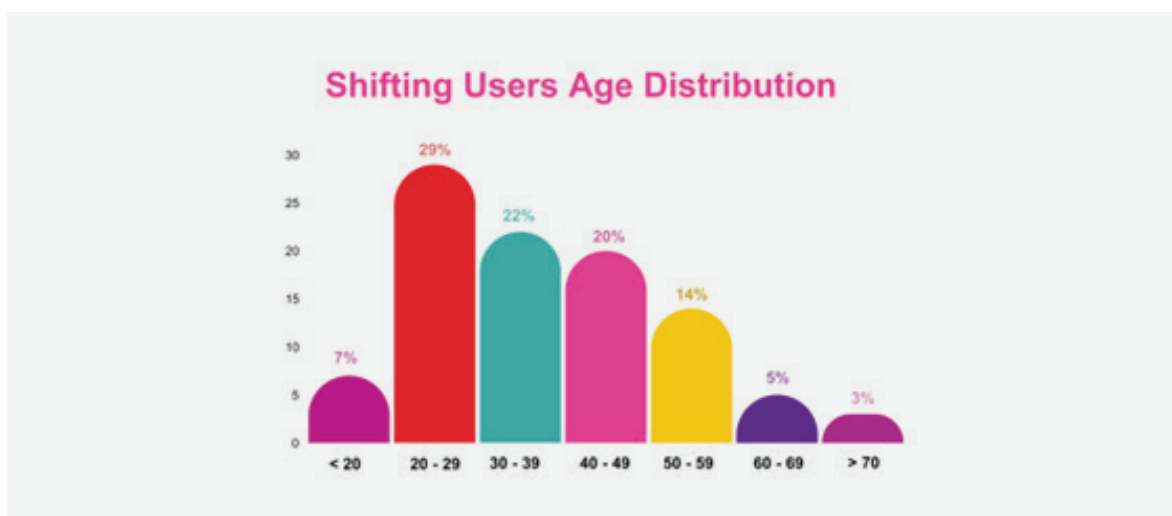
Chart 2: Shifting Users Age Distribution[3]

The shift to local brands is mainly driven by younger consumers, with the 20-29 age group leading the way. They represent the largest portion of users making the switch. The 30-39 age group also shows strong support for local brands. Middle-aged consumers in the 40 - 49 range also contribute to the shift.

However, fewer users from the Under 20, 50 - 59, 60 - 69, and Upper 70 age groups are making the switch. This demographic-based trend highlights that young adults or 'The Millenials' are at the forefront of this change, offering a key opportunity for targeted marketing strategies.

Socioeconomic Factors: The Role of SES in Consumer Behavior

To gain a deeper understanding of these trends, it's important to examine how different socioeconomic status (SES) levels relate to these age groups. Exploring SES levels within each age group will help us to create strategies that effectively target different customer segments. Understanding the economic and social factors behind the shift to local brands is key to this process.

Chart 3: Shifting users by SES and age category[4]

The data reveals that SES B accounts for the highest number of users shifting to local brands, indicating a strong preference among this group. SES C/D follows by showing a notable but smaller shift. SES A reflecting a smaller segment of the shift. This distribution highlights that while the shift

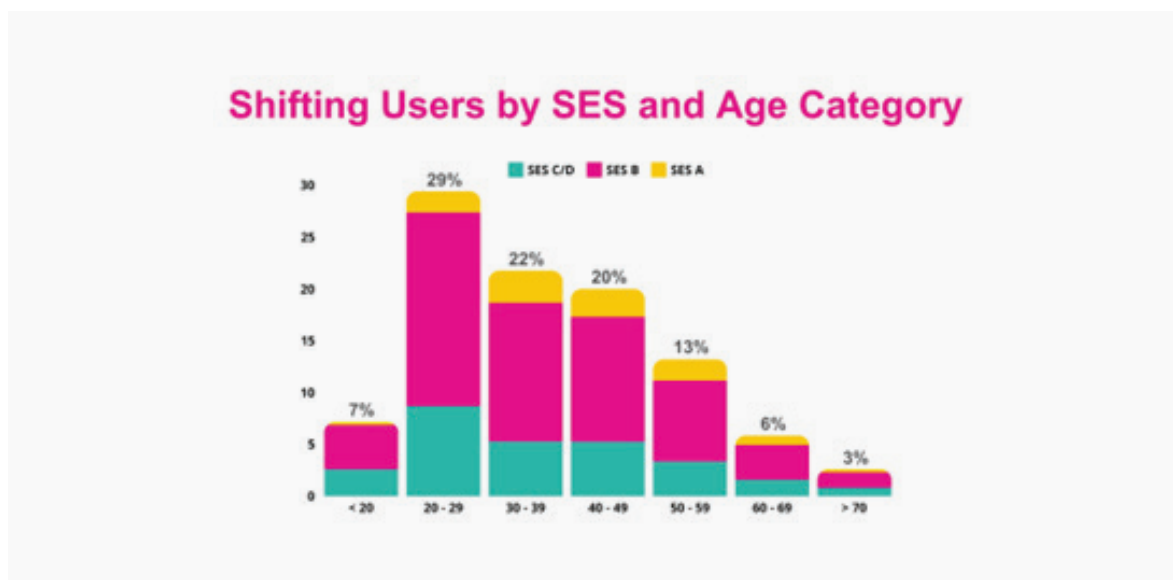is widespread, it is particularly pronounced among the middle and lower SES levels, providing key insights for targeting marketing efforts effectively.
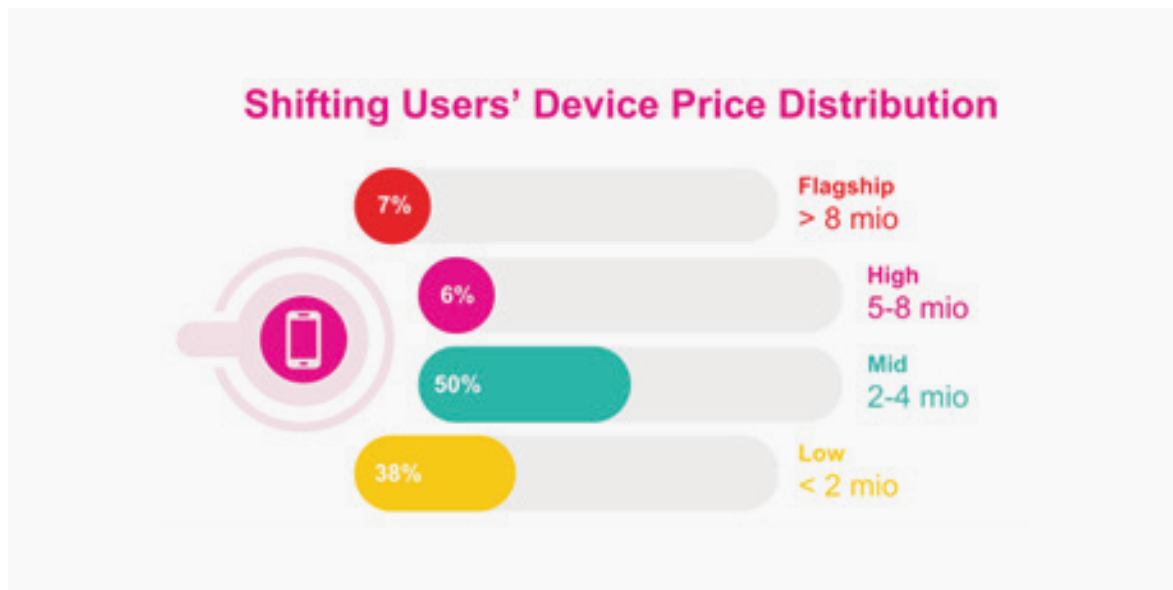
Chart 4: Shifting user's device price distribution[5]

The chart above reveals an interesting correlation between device price and the propensity to shift towards local F&B products. Users in the lower to mid-tier device price ranges, comprising a substantial 88% of the total, demonstrate a higher inclination to embrace local F&B offerings. Specifically, the "mid" price range (2-4 million IDR) dominates with 50% of users, followed closely by the "low" price range (under 2 million IDR) at 38%. Conversely, users with high-end devices, both in the "high" (5-8 million IDR) and "flagship" (>8 million IDR) categories, represent a smaller segment of only 13%, suggesting a potentially different consumption pattern.

The Importance of Personalized Marketing

The growth of local F&B brands in Indonesia is a testament to the country's evolving consumer landscape. As younger tech-savvy consumers increasingly favor local over international brands, the importance of understanding and catering to this demographic cannot be overstated. By leveraging insights into consumer behavior, socioeconomic factors, and technological preferences, local brands can continue to thrive in Indonesia's competitive F&B market.

Therefore, personalized marketing emerges as a critical strategy for maximizing the potential of this growing industry. By leveraging data on age, SES, device usage, and purchase behavior, brands can create tailored marketing campaigns that resonate with specific consumer segments.
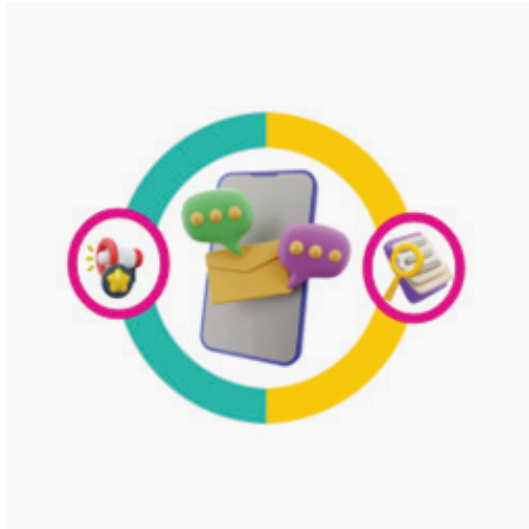
Personalized marketing involves delivering targeted messages and offers based on individual preferences and behaviors. This implies sending the right message to the right person at the right time.Whether through social media, email, or apps, businesses can share information that customers care about. Providing relevant and personalized content can help local F&B brands to build stronger customer relationships, increase loyalty, and drive sales.

Data source: [1]IOH Big Data ▌ [2]Ibid ▌ [3]Ibid ▌ [4]Ibid ▌ [5]Ibid

PULKIT KHANNA

SVP, Head of B2B Data Monetization

The Coffee Industry in Indonesia: Navigating Evolving Consumer Behaviors Current Changes of Gen Z's & Millennial's Mindset

Introduction: Industry Challenges

The coffee industry is characterized by its dynamic and ever-evolving nature, influenced by a variety of factors such as changing consumer behaviors, economic challenges, an increased emphasis on health, sustainability, and innovation. As the world recovers from recent upheavals, the coffee sector is adjusting to cater to the evolving needs and preferences of consumers while also tackling larger societal issues. This article explores the major trends shaping the coffee industry, providing insights into the intricate forces driving the future of this cherished beverage.

Drinking coffee used to be seen as a symbol of adulthood, often favored by college students cramming for exams or young adults entering the "real world." However, traditional age-related barriers seem less relevant to today's younger consumers, who may have more sophisticated taste palates. Coffee consumption is beginning at an earlier age. According to a Mintel study,[1] adults aged 35 and older reported starting to drink coffee between the ages of 18 and 20, while younger consumers, currently aged 18-24, began at an average age of 15.

Source: BPS 2020
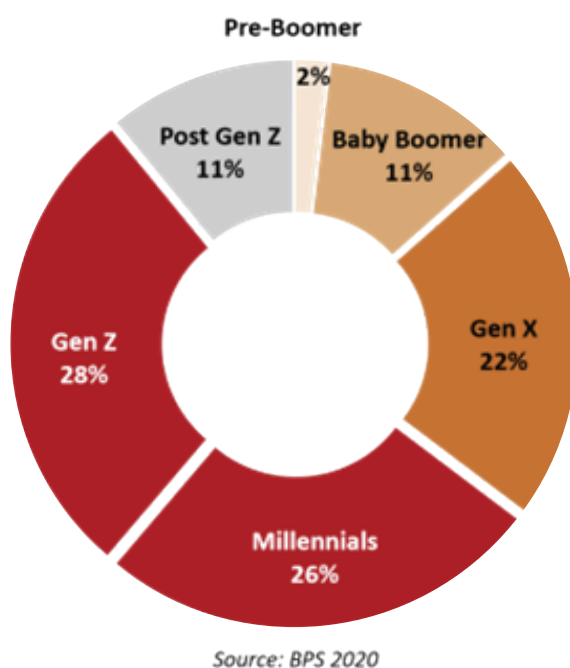
The coffee industry, particularly in Indonesia, faces significant challenges due to the evolving consumer behaviors of Gen Z and Millennials. According to the Statistics Indonesia (BPS) report[2] in 2020, Gen Z and Millennials are the largest population group with 28% and 26% respectively from the total of Indonesia populations of 270 millions, making them the most influential in shaping market trends.

With Gen Z and Millennials accounting for over half of Indonesia's population, their preferences and behaviors are crucial in determining the direction of the coffee market.

According to internal 2023 Brand Health Track (BHT) research, these generations prioritize experiences, authenticity, and convenience. They are digitally savvy, socially conscious and value brands that resonate with their lifestyle and beliefs. With the surge in demand for innovative coffee products, sustainable practices, and engaging brand experiences, this underscores the importance of personalization and connection, both online and offline. The traditional marketing strategies and product offerings are becoming less effective, as these consumers demand personalized experiences, ethical sourcing, and seamless online interactions.

Objective

Given the evolving consumer preferences particularly among Gen Z and Millennials, Kopi Kenangan ensures its operations relevancy and brand appeal to enhance customer satisfaction, increase brand loyalty, and drive sustainable growth in a competitive market.

Discussion: Current Data and Insights

1. **Preference for experience and convenience**

Fig.1: Consumer's Purchase Motivation, Internal Brand Health Track (BHT) 2023

According to the insight gathered from the company's BHT report, in today's market, consumers are driven by two main factors when choosing their purchase channels: experience and convenience. The offline channel excels in delivering a rich, immersive brand experience, which is critical for creating a lasting emotional connection with consumers.
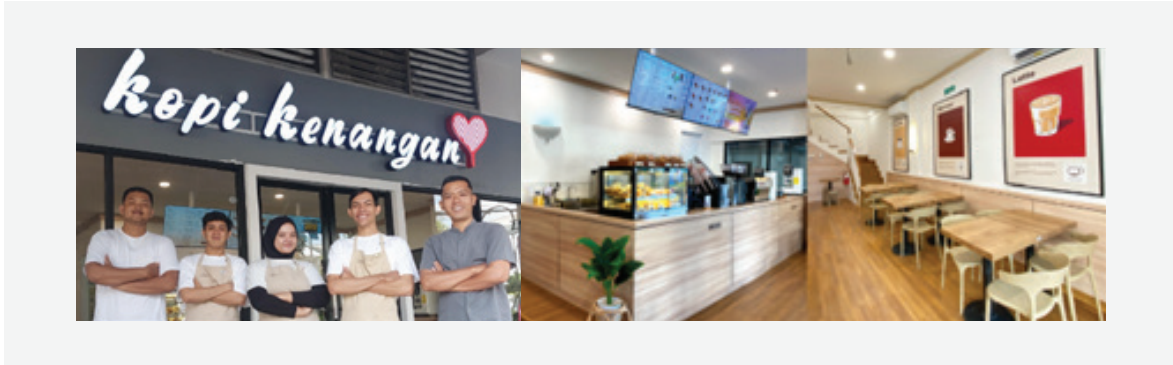
Physical stores provide a multisensory environment where customers can see, touch, and smell products, engaging all their senses. This tactile interaction is particularly important for coffee brands, as the aroma and taste are key components of the product experience.

Brand Ambiance: A well-designed store can convey the brand's personality and values, creating a welcoming atmosphere that encourages consumers to linger and engage.

Exclusive Offerings: Limited-edition products or in-store only deals can drive foot traffic and create a sense of exclusivity and urgency.

On the other hand, the online channel offers unmatched convenience, seamless transactions, quick deliveries, with the added allure of frequent promotions that many consumers have come to expect. The digital space meets the needs of today's fast-paced lifestyle, where time-saving and efficiency are paramount.

Efficiency: The ease of comparing prices, reading reviews, and completing purchases quickly makes online shopping highly attractive.

Customer Service: Personal interactions with knowledgeable staff can enhance the customer experience, providing personalized recommendations and fostering a sense of community.

Ease of Access: Online stores are accessible 24/7, allowing consumers to shop at their convenience without geographical limitations.

Promotions and Discounts: The digital platform allows for frequent and easily accessible promotions, which are highly appealing to price-sensitive consumers. Loyalty programs and targeted offers can further enhance engagement and retention.

Events and Tastings: Hosting events, workshops, and tastings can create memorable experiences that deepen consumer loyalty and encourage word-of-mouth (WoM) promotion.

Personalization: Advanced algorithms and data analytics enable personalized shopping experiences, suggesting products based on past purchases and preferences.

2. A brand that speaks to me
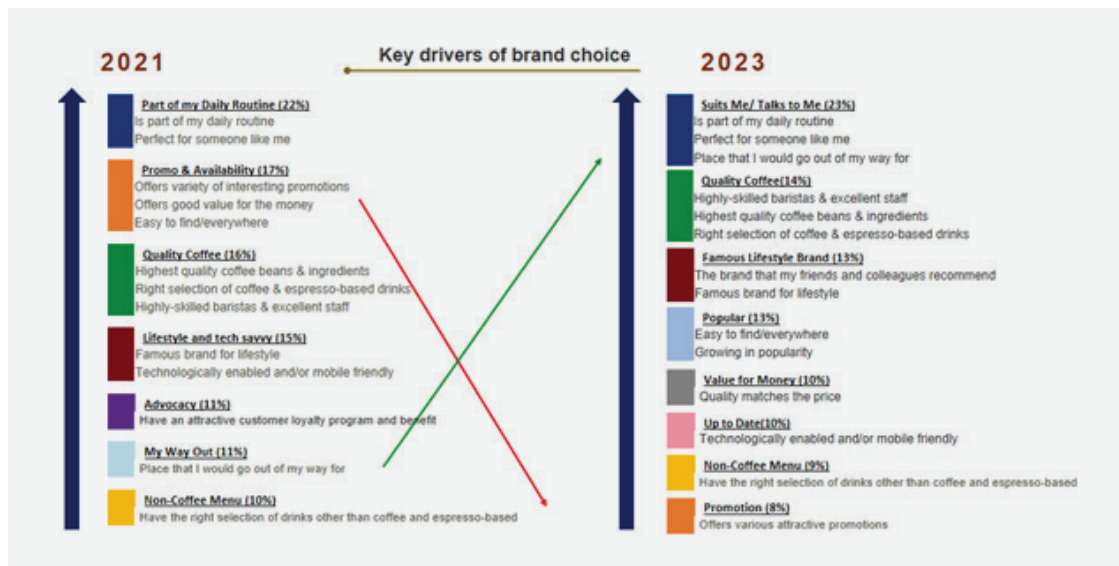
Fig. 2: Key Drivers of Brand Choice, Kantar Research (2023)

The retail coffee industry has undergone a significant shift from a mere routine pit stop that offers promotional offers, and transformed into an integral part of consumers' lifestyles. Today's consumers are no longer just looking for a caffeine fix; they are seeking brands that resonate with their values and sensibilities.

Key Trends

Lifestyle Integration: Coffee has become more than just a beverage; it is a lifestyle choice. Consumers are choosing brands that align with their identity and values, whether it's sustainability, quality, or community engagement.

Brand Connection: Modern consumers are intuitive and discerning. They gravitate towards brands that speak to them on a personal level. Authentic storytelling, transparent practices, and social responsibility are key factors that influence their loyalty.

Experience Over Promos: While promotions still play a role in attracting customers, the emphasis has shifted towards creating unique and memorable experiences. This can be through innovative products, engaging store environments, or meaningful brand interactions.

Solution

To address the challenges faced in the evolving coffee industry landscape, Kopi Kenangan has implemented several strategic initiatives aimed at reinforcing its market position and deepening its connection with consumers. These solutions focus on brand storytelling, consumer engagement, and innovative product offerings.

1. **Brand Storytelling**

    Emphasizing the Brand's Story and Values

    Kopi Kenangan has made it a priority to weave its story and core values into every aspect of its marketing efforts. By sharing the brand's journey, mission, and vision, Kopi Kenangan can create a narrative that resonates with consumers on a personal level. This approach involves:

    Sustainability: Highlighting the brand's commitment to sustainable practices, including eco-friendly packaging, ethically sourced beans, and efforts to reduce the environmental footprint. For instance, collaboration between Kopi Kenangan and Bell Living Lab for a sustainable merchandise made from 100% coffee grounds.

    Quality Sourcing: Showcasing the meticulous process of selecting high-quality beans, the expertise in roasting, and the craftsmanship that goes into every cup of coffee.

    Community Impact: Promoting initiatives that support local communities, such as partnerships with local farmers, community outreach programs, and contributions to social causes. These efforts not only build a positive brand image but also foster a sense of pride and loyalty among consumers.
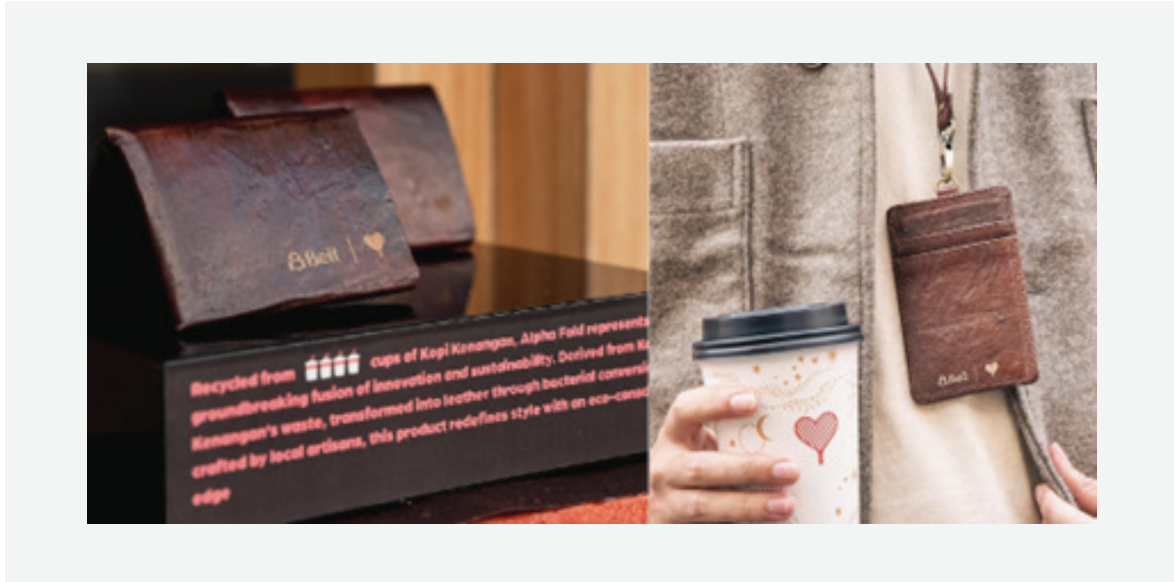
2. **Consumer Engagement**

Fostering Deeper Connections with Consumers

To build a loyal customer base and enhance brand loyalty, Kopi Kenangan is focusing on creating meaningful and personalized interactions with consumers through various engagement strategies:

- **Loyalty Programs:** Developing comprehensive loyalty programs that reward repeat customers with exclusive perks, discounts, and early access to new products. These programs encourage repeat visits and foster long-term relationships.

- **Social Media Engagement:** Utilizing social media platforms to engage with customers, share content, and build a community around the brand. This includes interactive campaigns, user-generated content, and real-time communication with followers.

- **Personalized Experiences:** Leveraging data analytics to offer personalized experiences tailored to individual customer preferences. This could involve customized drink recommendations, special birthday offers, and personalized marketing messages.

3. **Innovative Offerings**

Catering to Evolving Consumer Tastes and Preferences

Innovation is at the heart of Kopi Kenangan's strategy to stay ahead in the competitive coffee market. By continuously introducing new and exciting products, the brand can cater to diverse consumer preferences and drive interest:

- **Specialty Drinks:** Expanding the menu with a range of specialty drinks that offer unique flavors and high-quality ingredients. This includes limited-edition beverages, seasonal specials, and artisanal blends.

- **Health-Conscious Options:** Meeting the growing demand for health-conscious choices by offering options such as low-calorie, dairy-free, and plant-based beverages. Incorporating functional ingredients like superfoods and adaptogens can also appeal to health-focused consumers.

- **Limited-Edition Collaborations:** Partnering with other brands, influencers, or local artists to create limited-edition collaborations. These exclusive offerings can generate buzz, attract new customers, and provide a fresh and exciting experience for existing customers.

By focusing on these key areas, Kopi Kenangan aims to address the challenges posed by the evolving coffee market, strengthen its brand identity, and build lasting relationships with its consumers. These strategies not only enhance the overall customer experience but also position Kopi Kenangan as a forward-thinking and consumer-oriented brand in the competitive coffee industry.

Impact

These solutions have brought about significant positive changes, as follows:

Success in Growing Brand Awareness and Loyalty

1. **Growth in Awareness Leading to Increased Consumption and Loyalty**

    Over the past year, we have successfully enhanced our brand awareness, which has subsequently translated into significant growth across various stages of the customer journey—from initial usage to long-term loyalty. This journey includes:
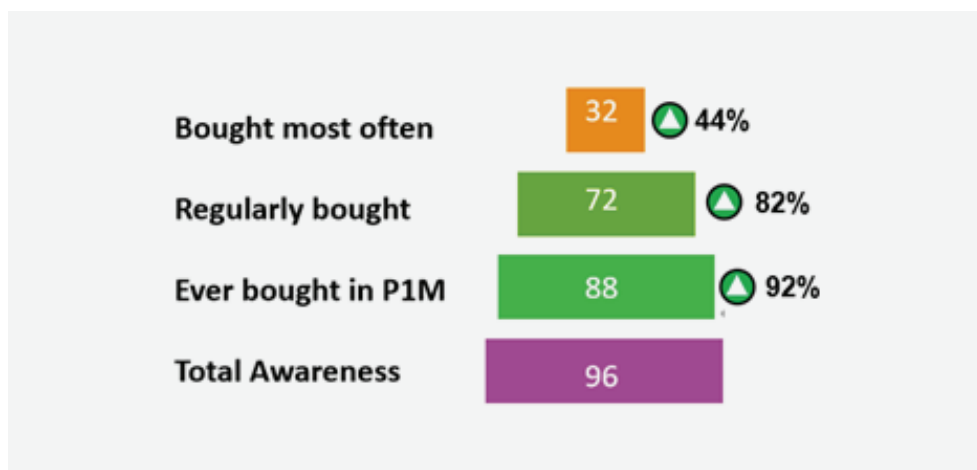
Fig. 4: Brand Funnel (%) Incremental, Kantar Research (2023)

- **Awareness:** Through targeted marketing campaigns and strategic partnerships, we have significantly increased our brand's visibility in the market.

- **Conversion:** As a result of heightened awareness, more consumers are trying our products, leading to higher consumption rates.

- **Loyalty:** The positive experiences during the consumption phase are converting first-time customers into loyal patrons. Our consistent quality and customer-oriented approach have played a crucial role in this conversion.

2. Significant Incremental on Top of Mind Awareness

While regional coffee chains continue to lead in Top of Mind and Spontaneous Awareness, our brand is showing promising signs of closing the gap, particularly in converting users into loyal customers.
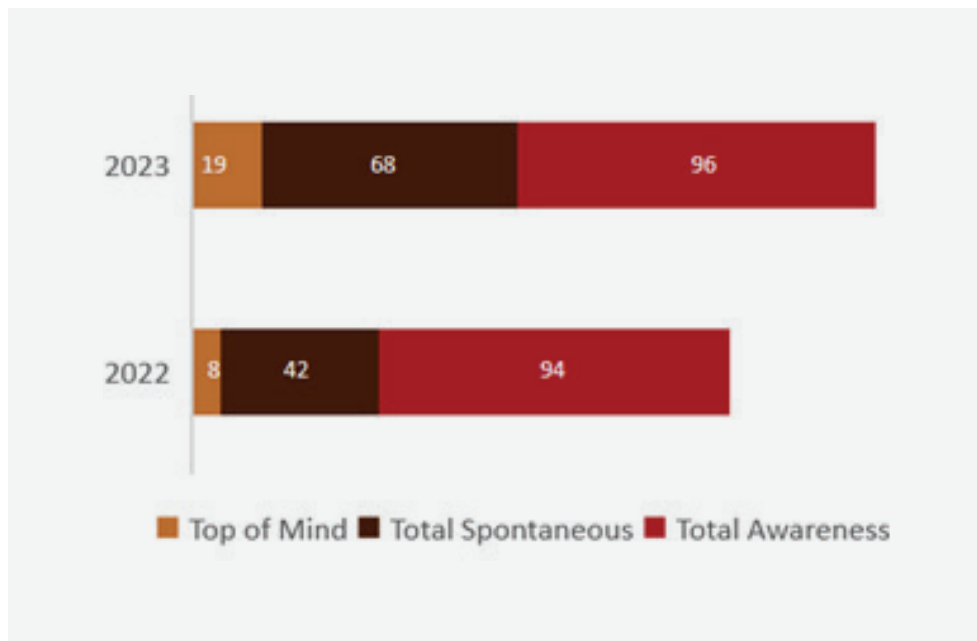
Chart 2: Top of Mind Awareness YoY Comparison, Kantar Research (2023)

- **Top of Mind Awareness:** Our strategic efforts have significantly improved our position in consumers' minds.

- **Spontaneous Awareness:** Consumers are increasingly mentioning our brand without prompting, indicating a rise in spontaneous recall.

- **Conversion to Loyalty:** We have observed that our ability to convert initial users into loyal customers is growing stronger. This suggests that once consumers experience our brand, they are more likely to continue choosing us over competitors.

3. **Positive Trend in Brand Power**

   Our increased consumption conversion is reflected in the positive trend of our Brand Power, indicating a strong and favorable perception of our brand.
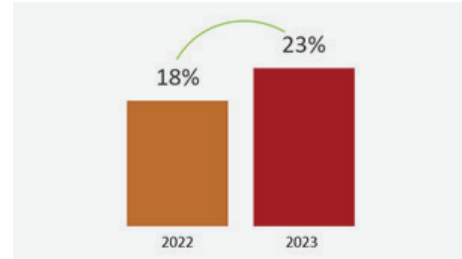
Fig. 4: Brand Funnel (%) Incremental, Kantar Research (2023)

This is evident across various attributes that define our brand's strength:

- **Favorable Perception:** We are gaining positive feedback and high ratings in key areas such as product quality, customer service, brand values, and overall experience.

- **Attribute Performance:** On an absolute level, we are witnessing favorable perception across almost all attributes, including taste, innovation, ethical practices, and community engagement. This comprehensive improvement reinforces our brand's competitive position.

Strategic Implications

Sustained Marketing Efforts: Continue to invest in marketing strategies that enhance brand visibility and consumer engagement.

Focus on Experience: Maintain a strong focus on delivering exceptional customer experiences to foster loyalty.

Leverage Positive Attributes: Highlight and promote the attributes where we excel, such as product quality and ethical practices, to differentiate ourselves from competitors.

Monitor Competitor Activity: Keep a close eye on competitors to identify areas where we can further improve and capitalize on opportunities.

Conclusions

The coffee industry in 2024 showcases the resilience, adaptability, and creativity of its key players. The sector is being shaped by a blend of shifting consumer behaviors, economic challenges, and an increasing focus on health, sustainability, and innovation. This intricate interplay of factors is driving the trends that define the industry.

Consumers are demanding more affordable and convenient options, prompting the industry to diversify its offerings with products and enhanced coffee shop experiences. The growing emphasis on health and wellness is fueling interest in coffee tastings, health-conscious alternatives, and innovative products. Sustainability and ethical considerations are at the forefront of the industry's agenda.

As the coffee industry navigates this dynamic and evolving landscape, it is evident that the affection for this cherished beverage remains strong. To win over Gen Z and Millennials, brands must adapt to this generation's dynamic journey. The industry's capacity to adapt, innovate, and address changing consumer needs and societal concerns ensures its continued growth and relevance in the future.

[1]Mintel Study, "Coffee marketers can warm up to young sippers for long-term growth" October 7, 2010
[2]Badan Pusat Statistik Indonesia, "Hasil SP2020", January 21, 2021

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Beyond The Hype: AI Ad Adoption Powering Real-world Results

A rtificial Intelligence's (AI) evolution will be driven by advancements in learning and output methods expanding the capabilities from task-oriented efficiencies to strategic assets that provide a competitive advantage. Ultimately, AI will become transformative, capable of generating or capitalizing on differentiation. By 2030 80% of marketing will be AI augmented. On a CAGR basis between now and 2030, we are expecting to see **predictive AI in the Ads** market to grow 20% and the Gen AI market to grow 28% in APAC.[1] These projections outstrip global forecasts of 17% and 24% respectively. This is a result of various factors. Governments have been pushing hard for infrastructural development, there is great interest from private investors and there is an unbridled optimism among employees across APAC. All these factors are all helping drive adoption and experimentation across these parts of the world.

We are currently in the initial phase of AI's potential to reshape modern marketing. In 2024, AI technologies will land. Today AI is powering[2] (1) Customer connections to reach and engage your customers at scale where they watch, search and shop (2) Effective creatives: Optimizing creatives across different formats, surfaces, and supplement with additional features. (3) Durable measurement: We can rely on AI solutions for privacy-preserving technologies to measure results and uncover insights without 3P cookies. You are not competing with AI, but rather, competing against other marketers empowered with AI.
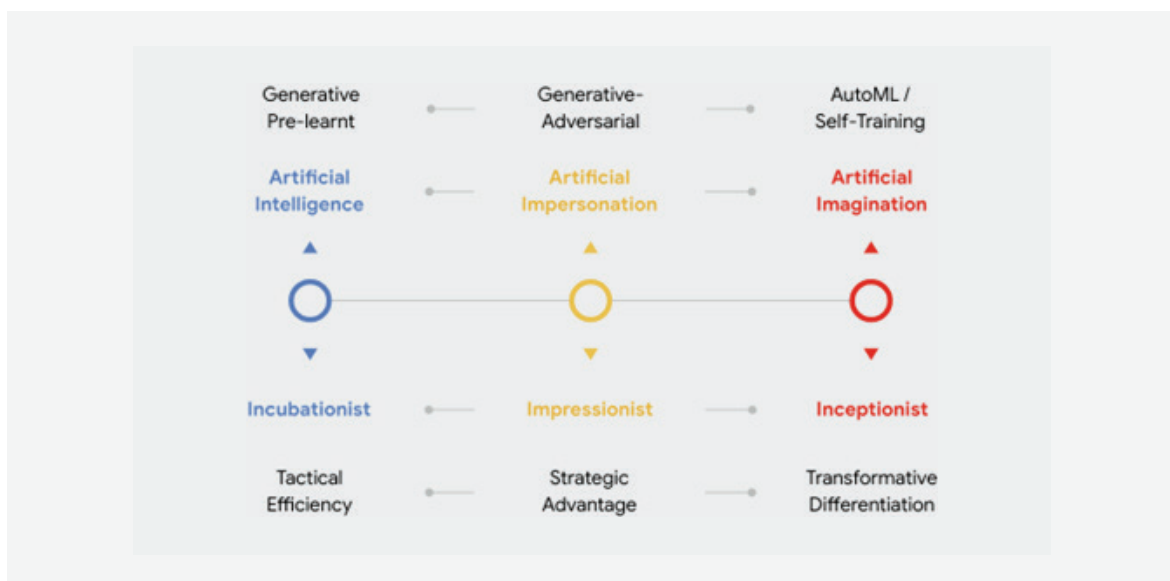
Figure 1: How AI Capabilities will evolve over time. Author's personal point of view, Google Internal Data

73% of advertisers who moved from Exploring AI ad solutions to Adopting solutions across objectives realized a quantifiable business impact across multiple dimensions. Benefits cut across revenue generation, efficiency, productivity, customer experience, and creativity. Here we can see the impact for a subset of these AI powered ad solutions for example proof points. And businesses who are the AI Leaders when it comes to AI powered ad solutions saw an even greater impact than Adopters. The double-digit conversion improvements that come from Value-Based Bidding is one of the most powerful proof points to bring real business goals and AI ads together for impact.[3]

- AI brand automation: -16% video ads CPM

- Search Ads: +35% conversions

- Performance Max: +18% conversion at similar CPA

- Demand Gen: +6% conversions

- Value based bidding: +14.5% conversions

How ready are you for AI?

To evaluate and encourage advertisers' adoption of AI-powered advertising solutions we have developed a scorecard approach to track the depth and breadth of how you are adopting AI Ads solution. The score helps benchmark against industry and region peers based on their relative adoption of AI-powered ad solutions across various Marketing Objectives. The scorecard is not only a reflection of where we are, but what's possible next.

Structure of the Score

- The Google AI Ads Adoption Score is a numerical score calculated by evaluating an advertiser's usage of Google AI solutions across various marketing objectives.

- The score is not based on a binary, all-or-nothing assessment of whether a specific AI product is being used. Instead, the score considers the depth and breadth of AI product adoption. For example, the score might consider the percentage of ad spend allocated to campaigns using a certain AI feature.

- The score considers factors such as Awareness & Consideration, Online Sales, Apps, Measurement, and Applied AI (custom AI solutions built using Cloud technology).

- The score considers the advertiser's adoption of the AI solutions that are most relevant to their stated objectives. For instance, under the MO "Awareness & Consideration," the score takes into account the advertiser's usage of Video Reach Campaigns and Demand Gen Campaigns.

  - Awareness: AI optimized video campaigns for Reach or Views

  - Consideration: Demand Gen campaigns to drive consideration/mid funnel

  - Online sales: Lower funnel solutions to help drive online conversions

  - Apps: App Campaigns to drive conversions on APPs (Installs, engagement etc)

  - Measurement: Durable measurement solutions while preserving user privacy

AI Ads Adoption Score by Industry Vertical across markets

- Travel, Retail, Online Classifieds have the highest adoption across markets.

- In Indonesia, Media & Entertainment, Telecom, Travel, CPG and Finance advertisers are more advanced amongst Southeast Asia on average adoption of AI ad solutions.

- Overall the AI ads adoption is highest in Singapore and Malaysia followed by Indonesia and Thailand.

Vertical / Market	ID	MY	PH	SG	TH	VN	Overall SEAS
Auto	24%	35%			28%		27%
Classifieds		37%	34%	30%			33%
CPG	15%	23%	12%	5%	15%	6%	14%
Diversified						13%	13%
Finance	24%	28%	33%	19%	24%	11%	22%
Gaming				28%		0%	7%
Government				11%			11%
Health	11%	9%	12%	25%	20%	18%	16%
Industrial				21%			21%
M&E	34%	24%		18%	32%	12%	17%
Real estate					17%		17%
Retail	44%		22%	44%	37%	21%	35%
Tech	20%	16%	24%	20%	19%	5%	18%
Telecom	36%	38%	36%	19%		7%	26%
Travel	46%	44%	68%	25%	37%		35%
Overall Market	**24%**	**28%**	**21%**	**25%**	**23%**	**11%**	**21%**

Table 1: AI Ads Adoption Score by Industry Vertical across markets, Google Internal Data

AI Ads Adoption Score by Marketing Funnel Objective

- We see Travel, Retail, Online Classifieds across Southeast Asia markets adopt AI ad solutions ahead of other verticals across the funnel.

- Auto, Telecom, B2B advertisers use AI ad solutions more for driving meaningful engagements like driving intentful marketing visits and leads.

- CPG advertisers across focus on Reach and Views efficiency and have scope to use AI solutions to build relevance with users.

Adoption Area by Vertical	Awareness & Consideration	Reach & Views	Demand Generation	Online Sales	User Intent Coverage	Value Based Bidding	Privacy Safe Conversions Tracking	Apps Aggregate	Diversified App Ads	Web 2 App Connection
Auto	55%	57%	53%	26%	58%	1%	28%	1%	1%	0%
Classifieds	54%	46%	61%	32%	49%	22%	31%	14%	7%	21%
CPG	36%	48%	24%	12%	14%	7%	2%	0%	0%	0%
Diversified	50%	50%	50%	0%	0%	0%	0%	0%	0%	0%
Finance	40%	41%	39%	24%	44%	8%	12%	7%	9%	4%
Gaming	11%	22%	0%	8%	14%	7%	5%	0%	0%	0%
Government	34%	15%	54%	6%	9%	0%	0%	0%	0%	0%
Health	38%	45%	31%	15%	27%	0%	2%	0%	0%	0%
Industrial	50%	0%	100%	22%	8%	58%	0%	0%	0%	0%
M&E	34%	34%	33%	16%	25%	1%	12%	6%	7%	4%
Real estate	36%	39%	33%	8%	21%	0%	38%	0%	0%	0%
Retail	45%	43%	47%	41%	42%	43%	27%	21%	7%	36%
Tech	33%	23%	43%	17%	18%	14%	21%	1%	1%	1%
Telecom	63%	51%	75%	18%	27%	0%	16%	7%	11%	3%
Travel	42%	47%	37%	30%	37%	41%	27%	39%	33%	44%
Overall	40%	42%	37%	20%	29%	13%	14%	7%	6%	9%

Table 2: AI Ads Adoption Score by Marketing Funnel Objective, Google Internal Data

AI Ads Adoption Progress by Industry Vertical across markets

- Since the beginning of 2024 till Aug 2024, AI ads adoption progressed +3% points across Southeast Asia with Philippines (Finance and Telco) and Thailand (CPG and Tech) advertisers progressing most rapidly.

- In Indonesia, we saw Media & Entertainment advertisers adoption scores jump +13% and also Telco and Travel advertisers move more keenly on leveraging AI powered efficiencies.

Based on the data insights, here are the AI ad solutions advertisers should strongly consider for the future:

Value-Based Bidding (VBB): The significant conversion improvements achieved through VBB makes this solution align AI ad optimization with real business goals, making it a crucial tool for maximizing ROI.

Industry-Specific AI Solutions:

- Travel, Retail, Online Classifieds: These industries are already ahead in AI adoption. Advertisers in these verticals should continue to explore advanced AI solutions to maintain their competitive edge.

- Auto, Telecom, B2B: These advertisers should prioritize AI solutions for driving meaningful engagements like intentful marketing visits and leads.

- CPG: CPG advertisers should consider expanding their AI usage beyond reach and views to focus on building relevance with users and driving conversions.

Custom AI Solutions (Applied AI): For businesses with the resources and expertise, consider developing custom AI solutions using Cloud technology to address specific marketing challenges and unlock further differentiation.

Additional Recommendations:

- Focus on Experiment and Measure

- Stay Abreast of AI Advancements: AI is evolving rapidly. Advertisers need to stay informed about the latest AI technologies and trends to identify new opportunities and stay ahead of the competition.

- Experiment and Learn: Don't be afraid to experiment with different AI ad solutions to discover what works best for your business. Use data-driven insights to continuously refine your strategies.

- Partner with Google: Google's AI Ads Adoption Score can help benchmark your progress and identify areas for improvement. Collaborate with Google to leverage their expertise and resources in AI advertising.

Advertisers who embrace predictive AI solutions for their media today are the ones who will Fast Track to Marketing Success tomorrow.

[1]Statista, Report: Artificial Intelligence WorldWide Chart Title Market Size and Market Size Generative Artificial Intelligence Jan 2024 **ǀ** [2]Ibid **ǀ** [3]Google Internal Data

ZAHEER TRAVADI

Head of Industry Agency and
Tech & Telco Business

The Power of AI in Marketing: A Journey of Collaboration & Innovation

In the rapidly evolving landscape of marketing, a new dream team is emerging: the partnership between human creativity and artificial intelligence. This collaboration is not just changing how we work; it's redefining what's possible in marketing.

The Evolution of Marketing: From Manual to AI-Powered

Picture this:

A bustling advertising agency, 1990. The air, thick with creativity and marker pen fumes. Junior creatives hunched over desks, crafting storyboards for big-budget TV commercials. A team of seven people work in concert - drawing, coloring, setting type, cutting, and pasting on boards, meticulously preparing for the big presentation.

Fast forward to 2024. In a sleek meeting room, an agency CEO presents their latest campaign to a diverse team. With a tablet tap, they unveil a fully AI-generated commercial for a global smartphone brand.

"This 60-second spot," the CEO explains, "was created entirely through text-to-video artificial intelligence (AI). It cut production costs by 99% and freed our team to focus purely on strategic ideation."

The room watches in awe as a cinematic ad unfolds, showcasing stunning visuals and compelling storytelling that perfectly embodies the brand.

This journey mirrors the marketing industry's transformation—from manual to digital, and now to AI-powered. It's a tale of adaptation and innovation, where human creativity is amplified by technology.

"We're no longer just ad makers," the CEO concludes. "We're idea architects, with AI as our ultimate tool. This isn't evolution; it's a creative revolution."
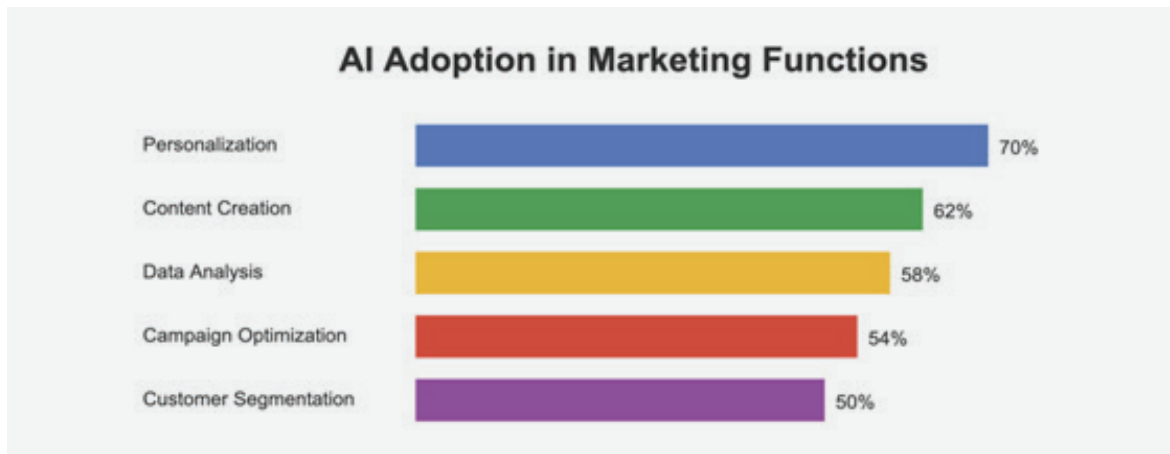
Chart 1: AI Adoption in Marketing Function, Forbes Research AI Survey, 2023

As we explore the current state of artificial intelligence (AI) in marketing, we will see how this partnership between human ingenuity and artificial intelligence is reshaping the industry, creating a dream team that's more than the sum of its parts.

The Chart 1 is based on research conducted by Forbes on how AI will impact various functions in marketing and advertising, and how much of that impact can be measured. For example, functions focused primarily on optimization will be most affected, compared to those requiring skilled interpretation.

AI & Human Collaboration: The Dream Team

In the rapidly evolving landscape of marketing, the partnership between artificial intelligence and human creativity is proving to be an unbeatable combination. This collaboration is not about replacing human marketers, but about enhancing their capabilities and allowing them to focus on what they do best. Deliver results!

Arthur Sadoun, Chairman and CEO of Publicis Groupe, emphasizes[1] this point:

"AI is not something that is new for us. When you look back, we took AI very seriously and pretty early. The truth is thanks to Marcel but also thanks to Sapient and Epsilon at Publicis, we've been putting AI at the core of our model for some time now."

This sentiment is echoed by other industry leaders. As Marian Croak, VP of Engineering at Google and Webby Judge, notes:[2]

"AI can best serve us in the future by acting as a trusted collaborator that can help unlock creativity, boost our productivity, and help guide us to understand the world around us in a more nuanced way."

The benefits of this collaboration are clear:

1. **Enhanced Efficiency:** AI handles repetitive tasks, freeing up human marketers for strategic thinking.

2. **Data-Driven Creativity:** AI provides insights that spark new creative ideas.

3. **Personalization at Scale:** AI enables hyper-personalized marketing campaigns.

4. **Predictive Analytics:** AI helps forecast trends, allowing marketers to stay ahead of the curve.

5. **Continuous Learning:** Both AI and humans learn from each other, constantly improving outcomes.

AI-Powered Marketing Ecosystem: Connecting the Dots

The true power of AI in marketing lies not just in individual tools, but in creating an interconnected ecosystem that enhances every aspect of the marketing process. In this AI-powered ecosystem:

- Data flows seamlessly between different marketing channels, providing a holistic view of customer behavior.

- AI algorithms analyze this data in real-time, offering actionable insights for marketers.

- Personalization becomes possible at an unprecedented scale, with AI tailoring messages to individual preferences across multiple touchpoints.

- Predictive models help marketers anticipate trends and consumer needs, allowing for proactive strategy development.

Unleashing Creative Superpowers

While AI excels at data analysis and pattern recognition, human creativity remains irreplaceable in marketing. However, AI is proving to be an invaluable tool in enhancing and amplifying human creativity.
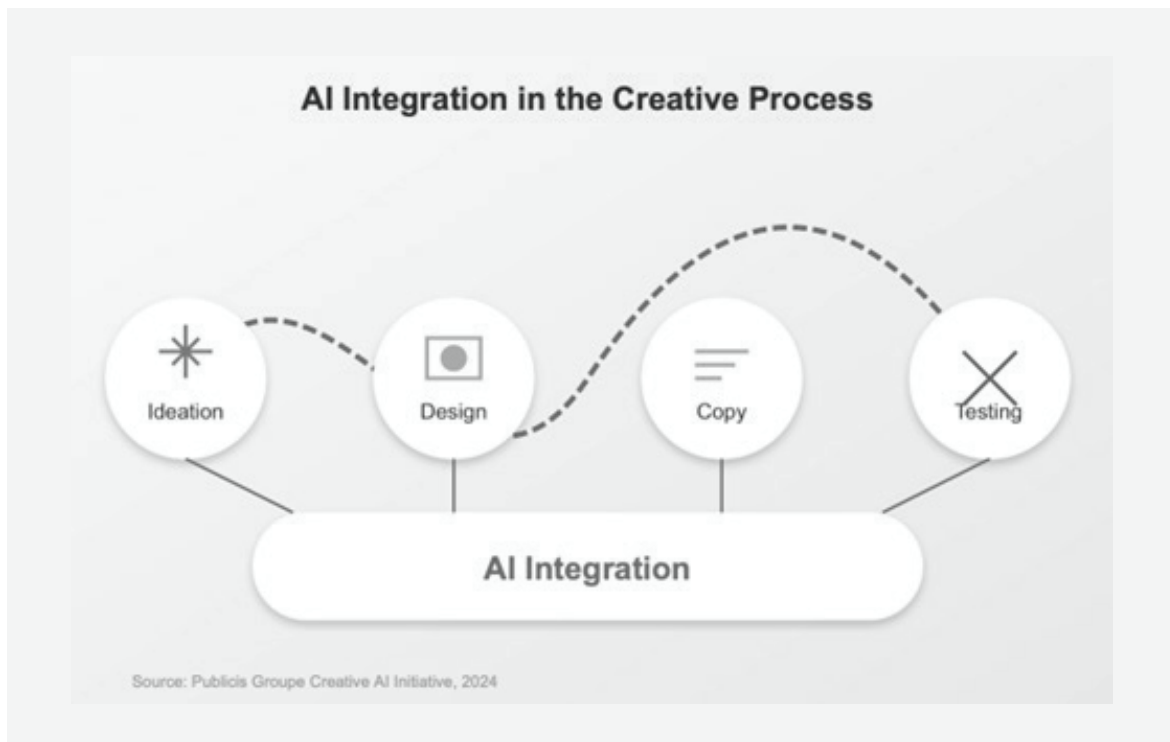
Fig. 1: AI Integration in the Creative Process, Publicis Groupe Creative AI Initiative, 2024

AI-powered creative tools are at the forefront of this revolution, unleashing creative superpowers in ways we never imagined (See Fig. 1).

Ravi Shanker, Chief Creative Officer at Publicis Indonesia, emphasizes this transformation:

"A year ago, our visuals were constrained by software skills. Today, they're limited only by imagination. At Publicis Indonesia, we've created a dream team of human creativity and AI power. With Midjourney and other Generative AI tools, we're transforming text into stunning images and videos at the speed of imagination. This isn't just about generating visuals; it's about bringing imagination to life instantly. The future of creativity isn't human vs. AI; it's our ideas amplified by AI, redefining the boundaries of marketing in real-time."

The result is not a replacement of human creativity, but a supercharging of it. Marketers are freed from mundane tasks and equipped with insights that spark new ideas, allowing them to focus on strategic thinking and innovative concept development.

The Future of AI & Human Collaboration in Marketing

As we look into the future, it's clear that the partnership between AI and human marketers will only grow stronger and more sophisticated.
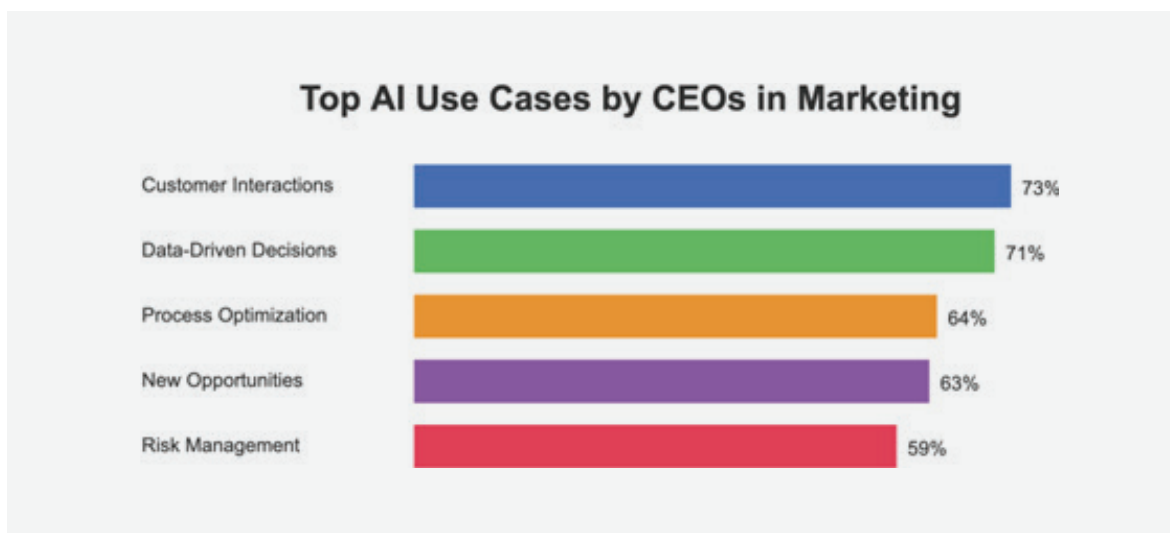
Chart 2: Top AI Use Cases by CEO in Marketing, Forbes Research AI Survey, 2023

Emerging trends in AI marketing technologies include:

- **Emotional AI:** Understanding and responding to consumer emotions in real-time.

- **Voice and Visual Search Optimization:** Adapting marketing strategies for voice-activated devices and image recognition technologies.

- **Augmented and Virtual Reality Marketing:** Creating immersive brand experiences powered by AI.

- **Predictive Customer Journey Mapping:** Using AI to anticipate and shape the customer's path to purchase.

However, as AI becomes more prevalent in marketing, it's crucial to consider the consumer perspective (See Chart 3).
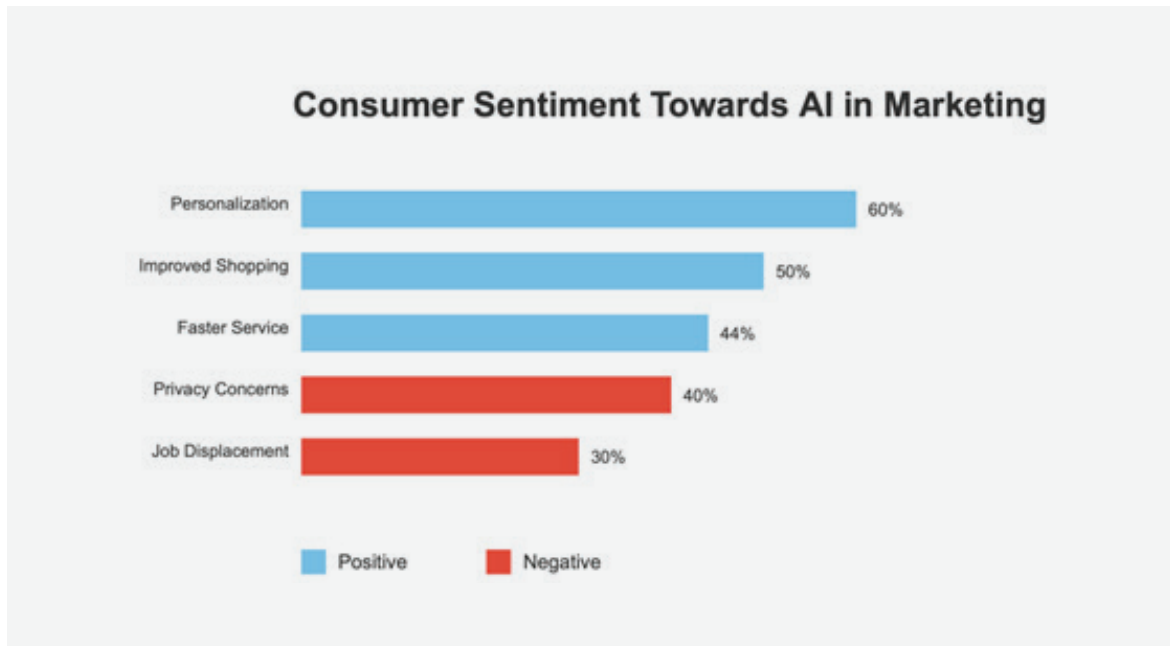
Chart 3: Consumer Sentiment Towards AI in Marketing, YouGov Consumer AI Sentiment Survey, 2024

As AI continues to reshape the marketing landscape, organizations are increasingly recognizing its potential for significant returns on investment (See Chart 4).
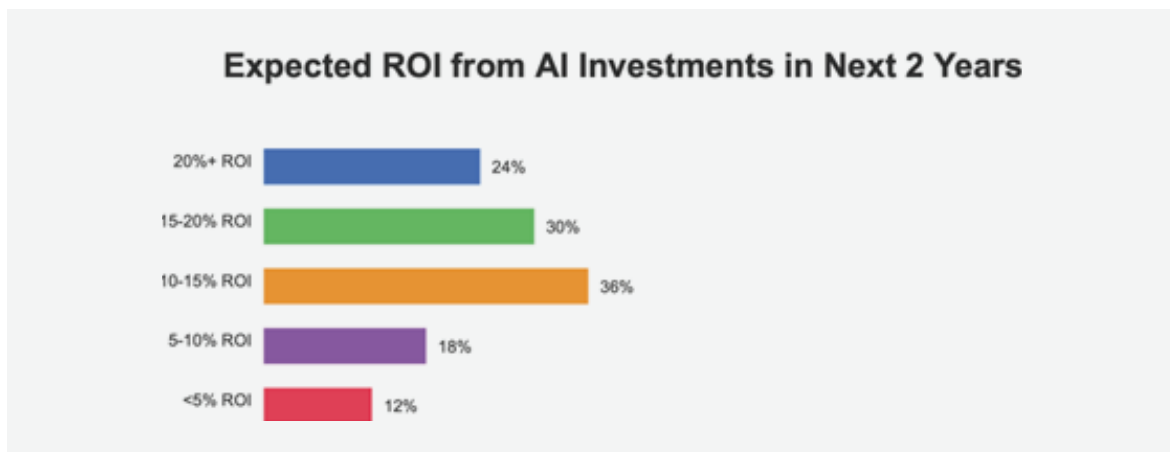
Chart 4: Expected ROI from AI Investment in Next 2 Years, Forbes Research AI Survey, 2023

Conclusion: Embracing the AI-Human Partnership

As we have seen through this journey from manual layouts to AI-powered campaigns, the marketing industry has come a long way. The integration of AI into marketing is not merely a technological shift; it's a fundamental reimagining of how we approach creativity, strategy, and customer engagement.

As we stand on the brink of this new era, the challenge for marketers is clear: embrace the power of AI, but never lose sight of the human touch that gives marketing its heart and soul. The most successful marketers of tomorrow will be those who can dance seamlessly between data and emotion, technology and creativity, AI and human insight.

The journey has just begun, and the possibilities are limitless. Are you ready to join the AI-human dream team?

[1]Unveiling the future of AI at Publicis Groupe. Youtube   ❙   [2]The Webby Awards. 2024 Webby Trend Report: The Race to Outpace. 2024

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PUBLICIS GROUPE

AI is Revolutionizing Media Quality and Performance

The digital ecosystem is experiencing unprecedented growth across the globe, offering businesses unparalleled opportunities to create deeper connections with their audiences through technological advances. The evolution of advertising technology has seen several phases, from the introduction of digital advertising in the 2000s), the shift to programmatic in the 2010s, and now the revolution through artificial intelligence (AI) in this decade.

The APAC digital advertising market is poised to grow[1] by 9.2% this year. However, this potential growth comes with challenges for the industry, such as acquiring the right talent to manage the increasing volume of available data.

DV's Global Insights: 2024 APAC Report highlights an 23% increase[2] in new fraud schemes and variants compared to the previous year. This underscores the need for marketers to make sure that their campaigns are not wasting media dollars without driving real business impact.

Harnessing AI for Optimized Media Buying

Data is everywhere. And digital data, which includes every single interaction on the internet, has the advantage of measurability. Every time a consumer logs on to the web, data points are generated that can be used to gauge the likelihood of the consumer engaging with the brand.

However, the sheer volume of data produced daily is beyond human capacity to analyze. While humans excel at making intuitive decisions, understanding human emotions, and translating client briefs into campaign strategies, AI can process data accurately at an astonishing rate. AI, with the ability to consider each data point related to a campaign in real time, creates an immense opportunity for marketers and is transforming the way that we understand programmatic advertising today.

Predictive AI employs machine learning to predict future outcomes based on data pattern recognition. This technology has driven vast amounts of data in web and mobile advertising that can be automatically analyzed to recognize patterns and predict future trends and behaviors. More sophisticated AI tools offer customisable algorithms that continually learn and enhance the media buying process, aligning with an advertiser's unique goals and KPIs. Investing in AI for marketing can equip companies with a probability engine that fuels growth.
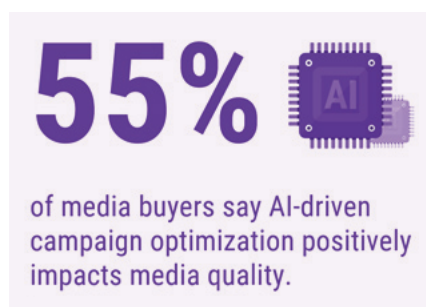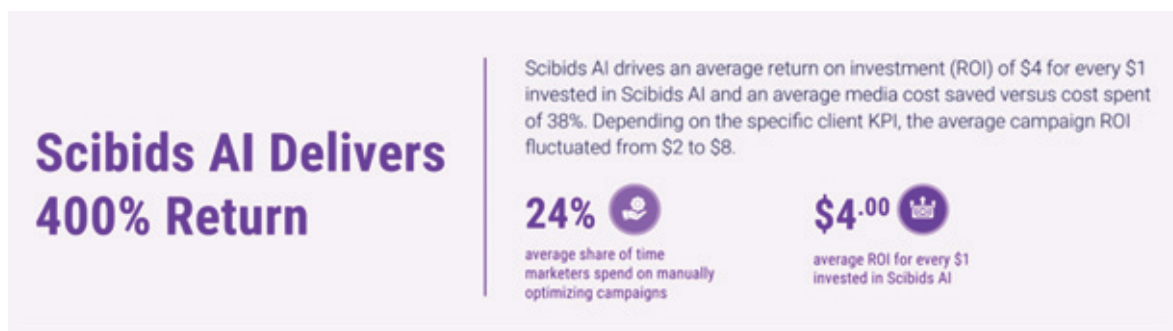
The Impact of AI on the Marketing Industry

As the marketing landscape becomes increasingly saturated, particularly in regions like Indonesia, AI will be a game-changer. AI-powered tools can analyze the vast amounts of data in digital advertising to identify patterns and trends that human marketers might miss. These tools can predict consumer behavior, enabling brands to tailor their marketing strategies to individual customer preferences and habits. This level of personalization can significantly increase customer engagement and conversion rates.

AI can also help brands optimize their ad spend by identifying the most effective messages, channels and times to reach their target audience. By analyzing data on consumer behavior, AI can predict where and when a brand's ads are most likely to be seen and engaged with. In essence, AI not only automates and streamlines the media buying process, saving valuable time for marketers to focus on strategic planning, but it also maximizes return on investment.

Predictive AI Drives Significant ROI

Media buyers reportedly spend nearly a quarter (24%) of their time manually optimizing digital media campaigns.[3] However, automated optimization strategies can drastically reduce hours spent on operational workflows.

Scibids AI Delivers 400% Return

Scibids AI drives an average return on investment (ROI) of $4 for every $1 invested in Scibids AI and an average media cost saved versus cost spent of 38%. Depending on the specific client KPI, the average campaign ROI fluctuated from $2 to $8.

24%
average share of time marketers spend on manually optimizing campaigns

$4.00
average ROI for every $1 invested in Scibids AI

55%
of media buyers say AI-driven campaign optimization positively impacts media quality.

AI-based optimization tools can help marketers significantly reduce this effort. With algorithmic bidding, advertisers can efficiently optimize toward their KPIs without the manual lift. In addition to saving time, AI can also increase ROI for advertising campaigns. For example, on average, an ROI of $4 is delivered for every

$1 invested in DV Scibids AI, an AI-powered marketing platform that automates optimization towards multiple KPIs. On top of this approximately 38% of media cost is saved versus cost that is spent.

The report also reveals that 55% of media buyers say AI-driven campaign optimization positively impacts media quality. As investment continues growing in programmatic advertising, with over 84% of digital advertising spend projected to be programmatic by 2028, maximizing the value of each media dollar becomes exceedingly important.[4] With algorithmic bidding, advertisers can efficiently optimize toward their KPIs without the manual lift.

AI is more than a tech trend; it's a revolution reshaping the world and redefining the boundaries of what's possible. AI technology will continue to evolve – transforming the marketing and business landscape, changing everything from media consumption to media buying. Indonesian marketers can leverage AI to keep pace with this evolution and drive growth, in digital advertising and beyond.

[1]Ethan Cramer-Flood, "Worldwide DigitalAd Spending Forecast H2 2024 Update", EMarketer, May 29, 2024
[2]DoubleVerify Global Insights Report, 2024   [3]Ibid   [4]Ibid

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APAC Regional Vice President

DoubleVerify

How AI-enabled Targeting Enhances Advertising Agility in Southeast Asia

The digital advertising market in Southeast Asia is thriving, with ad expenditures valued at 4.7 billion dollars in 2024, showcasing the region's rapidly evolving digital landscape brimming with opportunities.[1]

In such a fast-paced marketplace characterized by cultural diversity, effective ad targeting is crucial to enhance ad agility. By adapting their advertising strategies to meet evolving consumer behaviors and trends in real-time, brands can stay ahead of competitors and achieve exceptional results.

How does AI-enabled Targeting Push Ad Agility?

By leveraging advanced artificial intelligence (AI), brands can conduct real-time, granular analyses of massive online datasets and pinpoint optimal audience segments. Segmenting audiences allows brands to deliver highly relevant ads to consumers tailored to resonate with their wants, increasing the likelihood of conversion and brand recall. This approach fosters stronger brand connections with potential customers and enhances ROIs.

In other words, AI-enabled ad targeting significantly streamlines and accelerates the advertising process, conferring a competitive edge on Southeast Asian brands.

Rise of Digital Media Consumption Trends in Southeast Asia

In Southeast Asia (SEA), the future of digital advertising has been growing and significantly influenced by the prevalence of mobile-first users. As a result, it increases the consumption of video content and a notable shift towards cross-device advertising.

Subsequently, programmatic advertising has played a pivotal role in ad growth and is expected to capture 77% of digital advertising market revenue in SEA by 2028.[2]

Programmatic advertising, facilitated by AI technology, offers precise ad targeting capabilities and real-time adaptability. It's also enabling brands to deliver highly personalized ad content tailored to individual preferences across various platforms such as mobile and connected TV (CTV). Given the predominance of video content in contemporary media consumption, programmatic advertising offers contextually targeted sentiment analysis to align ad placements with relevant video at the optimal moment, thereby maximizing brand visibility and audience engagement.

Moreover, as consumers engage with multiple devices throughout their daily routines, it further enables brands to track and understand their cross-device journeys.[3] Therefore, it allows for the seamless delivery of cohesive and personalized ad experiences across smartphones, tablets, and desktops, ensuring consistency in messaging. Ultimately, the strategic use of AI in ad targeting and budget allocation across channels and audiences enhances user experiences and maximizes returns on digital marketing investments. This approach reshapes the benchmarks for digital media consumption in Southeast Asia.

Secondly, in today's hyper-connected digital arena, Gen Z emerges as a highly engaging and responsive audience online. Capturing their attention requires a strategic and agile approach to digital advertising. They primarily favor a mobile-first approach and prefer short, interactive content online so as to effectively target this tech-savvy demographic.[4]

As a result, brands must tailor their online shopping experiences to align with Gen Z's specific interests and preferences. By leveraging AI for valuable insights into Gen Z's behavioral traits, brands can significantly enhance decision-making for successful marketing strategies.

In contrast with traditional advertising where authenticity, diversity, and inclusivity are valued in ad messaging. AI-driven ad targeting methods -lookalike, contextual, and interest-driven approaches- deliver real-time

analytics that empower brands with the necessary tools to effectively and efficiently reach and engage with Gen Z. This strategic targeting ensures that brand messages are timely, relevant, and able to captivate and sustain Gen Z's attention in a dynamic media landscape.

Conclusion

AI-enabled targeting transforms advertising agility in Southeast Asia, equipping brands to adapt to ever-changing market dynamics and consumer behaviors swiftly. Leveraging AI for marketing can be a transformative strategy for reshaping advertising. According to a Google survey, 45% of brands experienced enhanced ad agility through AI marketing partnerships.[5]

It emerges more prominent owing to the rise of digital media consumption in Southeast Asia, characterized by rapid internet penetration, a mobile-first audience, and the dominance of social media and video content. Moreover, the simultaneous growth of e-commerce, digital payments, and local content production, along with the surge in gaming and esports, has further fueled this trend.

"AI is not just a tool for the future; it's already reshaping the present"

[1]Digital advertising expenditure in Southeast Asia from 2019 to 2021 with forecasts until 2024. Statista ▮ [2]Southeast Asia Digital Advertising Market to Offer Revenue Opportunity Worth USD 22.15 Billion By 2032 | Astute Analytica (2024) Available on Yahoo.Inc ▮ [3]Capital One Shopping Research. (2024). Available on Omnichannel Statistics ▮ [4]See more on 2024 Gen Z Marketing and Engagement Report by Reach3 ▮ [5]Where APAC stands in the AI marketing journey: 3 insights to help you get ahead. Available on Think With Google

EDO FERNANDO

Country Head-Indonesia

The Algorithmic Influence: AI and Machine Learning in Shaping TV Sync Preferences

magine flipping through your favorite channels and finding TV shows with the ads that feel like they were picked just for you. That's the magic of TV Sync today. Thanks to the incredible integration of Artificial Intelligence (AI) and Machine Learning (ML), It's not just a screen; it's a personalized experience.

These technologies are transforming how we watch and interact with content, making it smarter and more relevant. In this article, we'll dive into how AI and ML are reshaping TV Sync preferences and what that means for brands and advertisers.

TV only or TV Sync?

TV Sync, which encompasses smart TVs and devices that connect traditional TVs to the internet, has revolutionized the viewing experience. Unlike traditional TV, TV Sync allows for a more personalized and interactive experience, driven by the vast amounts of data generated by viewers' interactions.

According to the research from Nielsen, the effectiveness of TV spendings increased by 58% with the use of TV Sync, since the viewers actively use mobile devices during the commercial breaks.[1]
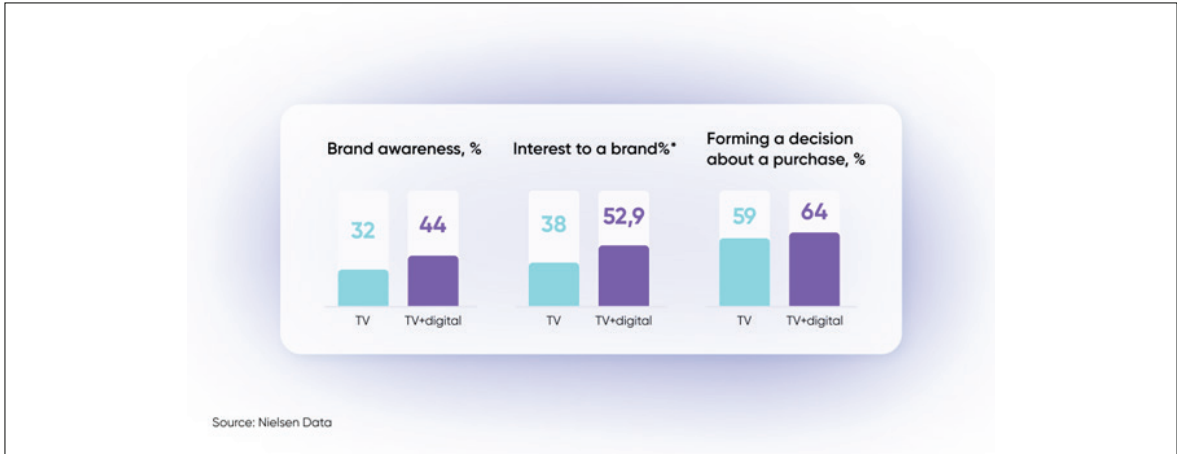
Graph 1: <TV vs. Connected TV: Impact on Brand and Purchase Decisions>, Nielsen Data

AI and Machine Learning: The Game Changers

AI and ML technologies are at the forefront of this revolution, enabling a deeper understanding of viewer behavior and preferences. By analyzing vast datasets, these technologies can predict and recommend content that aligns with individual tastes, creating a tailored viewing experience that traditional TV simply cannot match. This is particularly valuable in a diverse market like Indonesia, where cultural and regional differences can significantly impact consumer behavior.

Unique Insights for Marketers in Indonesia

1. **Cultural Relevance:** AI and ML can help marketers understand and cater to the diverse cultural preferences across Indonesia's regions. By analyzing viewing habits, marketers can tailor content that resonates with local audiences, ensuring higher engagement and relevance.[2]

2. **Optimized Ad Spend:** With real-time data analysis, marketers can optimize their ad spend by targeting the most relevant audiences at the most opportune times. This not only improves ROI but also reduces wasted ad spend on uninterested viewers.[3]

3. **Enhanced Viewer Experience:** Personalized content delivery ensures that viewers receive recommendations that align with their interests, leading to a more enjoyable viewing experience. This increased viewer satisfaction can translate to longer viewing times and higher engagement with ads.[4]

4. **Cross-Platform Consistency:** By integrating AI and ML across TV Sync and other digital platforms, marketers can ensure a consistent and cohesive brand message. This cross-platform integration helps build stronger brand recognition and loyalty.[5]

Real-Time Data Analysis and Personalization
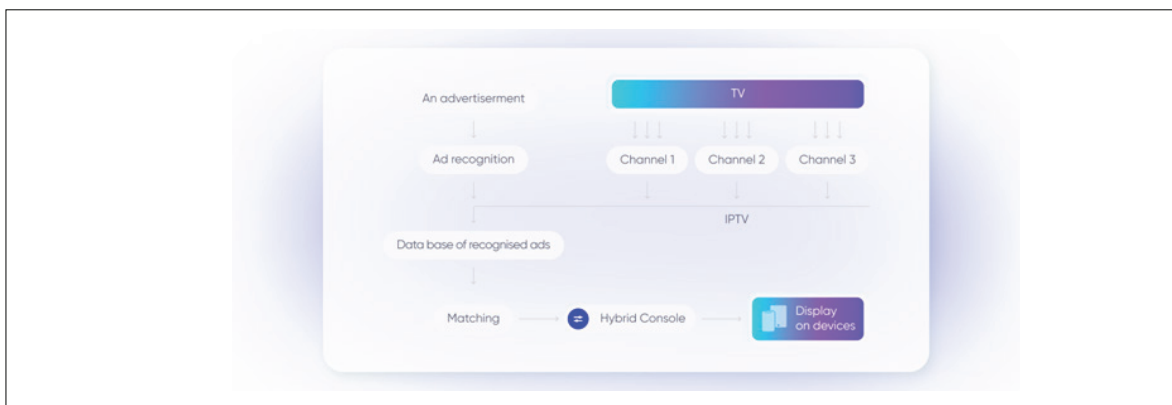
To exemplify the practical application of AI and ML, advanced servers track and analyze IPTV signals in real time. This TV Sync technologies ensure the content broadcasted aligns with benchmarks and viewer preferences, ensuring that the right content reaches the right audience at the right time.

The signal indicating the start of a TV spot is seamlessly translated to Hybrid's Data Management Platform (DMP), ensuring that advertisers can make data-driven decisions quickly, enhancing the effectiveness of their campaigns.

Possible Communication Scenarios

- **SCENARIO 1:**
  - When a brand's TV spot goes live, the system initiates the TV syncing process.
  - A digital campaign through Hybrid DSP is launched simultaneously.
  - This synchronization creates a synergy effect, enhancing the impact of both TV and digital channels.

- **SCENARIO 2:**
  - When a competitor's TV spot goes live, Hybrid's technology starts the TV syncing process.
  - A digital campaign through Hybrid DSP is launched.
  - This strategy allows a brand to build a strong online association, leveraging the competitor's TV presence to strengthen its own brand recognition and engagement online.

Scenario 1

Result: synergy effect due to synchronization of both channels.

Scenario 2

Result: while the competitor builds the brand awareness in TV, your brand builds the association online with your own brand name.

The Future of TV Ads with AI and ML

The integration of AI and ML in TV Sync is still in its early stages, and the potential for further innovation is immense. As these technologies continue to evolve, we can expect even more sophisticated methods for content personalization and ad targeting.

[1]The Nielsen Company, "Amid the fragmented TV landscape, time spent with content is the best planning data there is", January, 2024 ❙ [2]Ibid ❙ [3]Hybrid, "Hybrid TV Sync" ❙ [4]Gandharv Sachdeva, "Dynamic creative optimisation: Leveraging machine learning for tailored ad content", Hybrid, Financial Express, May 24, 2024 ❙ [5]Gandharv Sachdeva, "The evolution of AI-powered advertising: From targeting to personalisation", Hybrid, Indian Television, April 26, 2024

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Hybrid

Balancing Human Creativity and AI Efficiency in Marketing

Introduction

Marketing is ever evolving, and it now requires a complex blend of human creativity along with technical efficiency to stand out amongst the crowd. By combining human imaginative ideas with the capabilities of technology, brands can come up with campaigns that resonate well with their audiences, engaging, and effective.

In a recent Fearless Creative Leadership: "The Second Chance Leader" Podcast on July 19, 2024, Jon Cook, our global VML CEO, shared transformative insights on artificial intelligence's (AI) evolving role in marketing. Reflecting on a conversation between Elon Musk and Mark Reed, CEO of WPP. Jon highlighted Musk's assertion that AI can indeed be original and creative, challenging common skepticism. Jon emphasized that there's more excitement than fear about AI's role, seeing it as a tool to augment human creativity rather than replace it.[1]

Jon also expressed his optimism about the future of creativity in the industry. He noted that the quality of work continues to improve and AI will only further this trend. By integrating AI thoughtfully, we can achieve new heights in creativity, delivering exceptional results for brands and setting new industry standards.

In short, Human Creativity inspires new ideas and delivers emotional connections with consumers to build brand affinity, while technology also plays a crucial role in enhancing efficiency, capable of handling vast amounts of data and automating the same tasks to gain insights useful in molding marketing strategies.

These two are the key factors that are required nowadays in getting marketing right, striking this balance is the key to achieving success in marketing and ensuring long-term growth, as we have seen several real-world cases that demonstrate the powerful results when human creativity is combined with technology.

Industry Challenges

Marketing faces some important challenges in the industry, such as:

- **Maintaining Human Touch:** AI systems nowadays can do more and more, with the latest one possible on taking over human jobs subject to creativity. Risking the authenticity of human creativity in marketing.

- **Data Overload:** Since AI generates a lot of data every second, it is evident that managing and analyzing the generated information becomes harder, especially to inform creative strategies.

- **Ethical Implications:** Ethics issues, especially concerns related to data privacy and biases, are the primary challenge for AI utilization in marketing.

- **Brand Authenticity:** Ensuring that AI-driven campaigns can still have a brand authenticity.

Objective

This article aims to achieve several key objectives that will help guide marketing professionals in navigating the current landscape:

- How human creativity and AI efficiency work together in marketing to solve the industry challenges.

- Suggest several actionable takeaways so that the Indonesian marketing leaders can benefit from this balance, for being ahead in the race.

- Showcase several real-world cases that demonstrate the powerful results when human creativity is combined with technology.

Current Data and Insights

The latest data and insights underscore the increasing integration of AI in marketing and its impact on consumer behavior:

- **AI Adoption Rate:** 75% of the marketers use AI to enhance customer experience in 2024 which will support companies promote goods and services with their customers better than before.[2]

- **Productivity Boost:** AI automation has lifted productivity levels by 40%, eradicating time-consuming, mundane tasks for marketing teams to focus on the most vital creative and strategic aspects of campaigns.[3]

- **Engagement Increase:** 65% of organizations are using generative AI (GenAI) in at least one business function, with marketing and sales being the functions with the highest adoption rates.[4]

Proposed Solutions

To address these challenges and capitalize on the insights, the following strategies are recommended:

- **Fostering Collaboration between Creative and Technology Teams:** Encourage constant collaboration between the two teams to ensure that AI tools will enhance and bring more efficiency in the creative output.

- **Implement Ethical Guidelines:** Define a set of ethical guidelines and ensure compliance with them to address concerns, including the data privacy risks tied to utilizing AI-powered campaigns.

- **Data Management Solutions:** Allocate your resources toward implementing best-in-class data management to help analyze and interpret massive amounts of data, allowing it to be more useful for creative decision-making.

- **Humanizing Experience:** AI-based campaigns should be designed to maintain a human feel, making the interactions more authentic and deepening consumer engagement.

Impact

The successful implementation of these strategies in several of our case studies has led to measurable improvements in key performance indicators:

- **Consumer Awareness & Engagement:** A personalized, interactive consumer journey has led to our campaigns gaining up to 234% increase in brand awareness,[5] and 45% higher engagement rates.[6]

- **Brand Loyalty:** Strengthened brand authenticity has resulted in a 20% increase in brand loyalty.[7]

- **Consumer Trust:** The combined use of technology to identify imitated products with creative contents that highlight the brand's unique quality has resulted in an increase of 35% in consumer trust.[8]

Case Studies

1.   **VML x Coca Cola's "I See Coke"**[9]

- **Challenge:** Coca-Cola needed a way to engage with their consumers in a new and highly competitive market.

- **Objective:** To create a campaign that utilizes AI for the purpose of providing real-time consumer interactions and brand awareness.
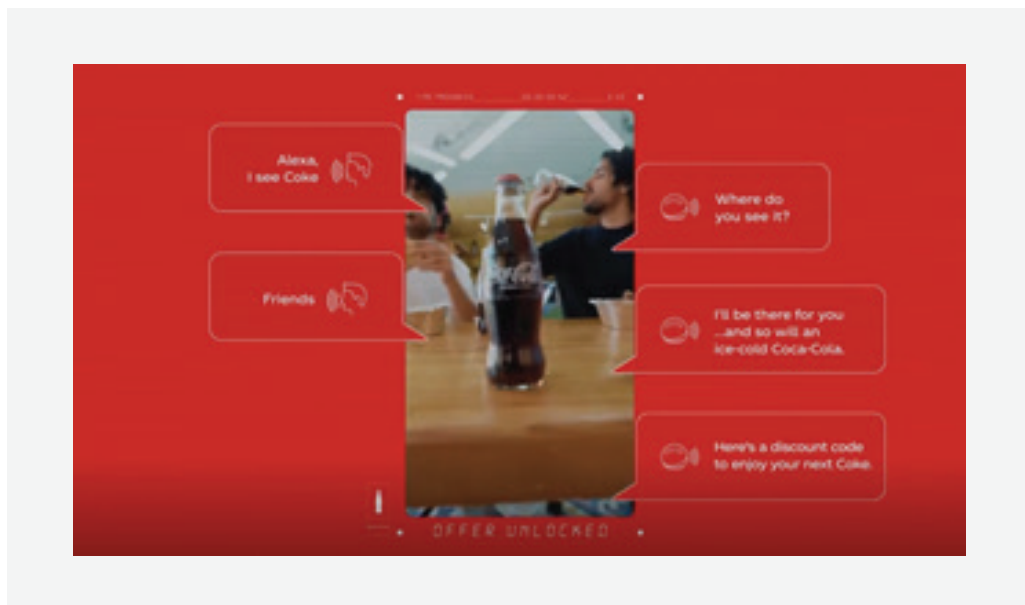
- **Solution:** We launched a built-in Alexa skill that incentivizes audiences by rewarding them whenever a Coke appears on their screen, blending AI with creative incentives. The AI scanned mentions of Coke in the media and activated consumer prompts as necessary. The creative team developed fun out-of-box prompts and rewards that stayed true to the brand voice and your interest.

- **Impact:** 234% increase in brand awareness, 96% offer redemption, and coke became the most mentioned brand to Alexa.

2.   **VML x Coca Cola's "Comic Can"**[10]

- **Challenge:** Conventional marketing channels were already obsolete for a younger audience that wanted to engage in an interactive and immersive experience.

- **Objective:** To create a campaign that utilizes AI to transform a regular product into a creative and engaging storytelling medium.
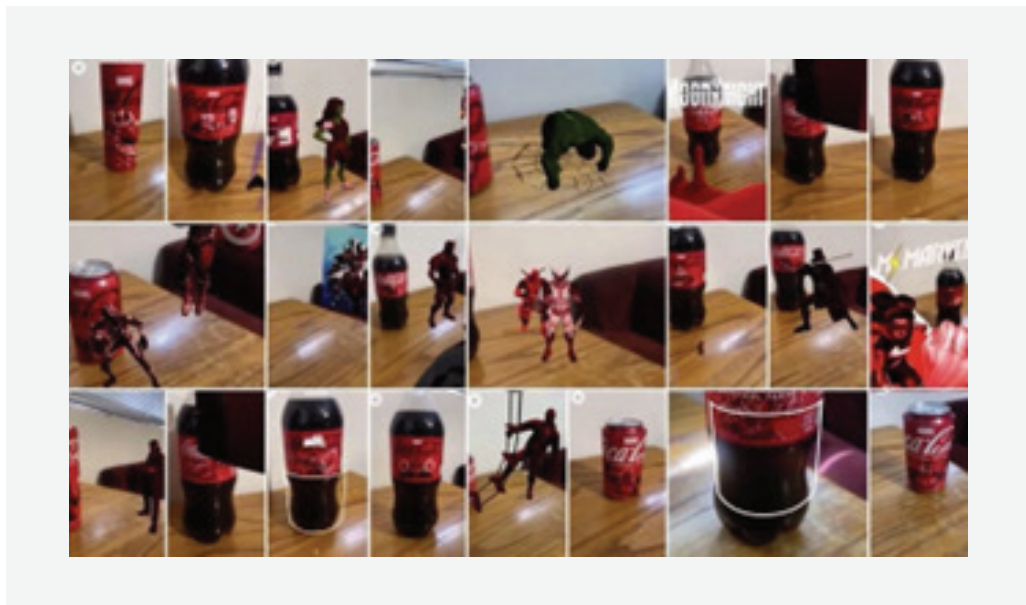
- **Solution:** Produced a voice-activated superhero can, that was interactive and powered with AI to allow the consumer to choose their own adventure, which made for a more personal narrative experience. So, we created an AI that crafted personalized storylines each time someone engaged with the experience. The script was a broad outline for the overarching narrative, and character development that human creatives had put in place to ensure crisp, and clear storytelling.

- **Impact:** The campaign experienced a 45% lift in consumer engagement and a 20% increase in brand loyalty.

3.   **VML X Heinz's "Is That Heinz?"**[11]

- **Challenge:** With the rise of imitators in the market, Heinz wanted to showcase how to identify the authenticity of its product.

- **Objective:** To create a campaign that utilizes AI to identify fake Heinz ketchup Products and showcase Heinz's superior quality.

- **Solution:** Created a machine learning model to scan through social posts for mentions of ketchup and identify imitations from Heinz. Created compelling content to educate customers, showcasing the qualities of Heinz. Social media filters are also being rolled out so that customers can directly check the color of the ketchup through their phones, turning customers across Turkey into the Heinz police to finally put an end to 'ketchup fraud' once and for all. Technology helps identify while human creatives produced light-hearted humorous content as a response to such imitations.

- **Impact:** The campaign decreased imitation by 25%, increased consumer trust in the Heinz brand to 35%, while also generated 100k organic shares, 800k likes and over 2k X posts.

Conclusion

To wrap up, AI combined with human creativity can serve as a great way forward for the future of marketing. Enabling AI specialists to work together with creatives, ensuring compliance with ethical guidelines, and keeping a human touch in campaigns are some of the ways that can help brands overcome industry-wide challenges. These case studies illustrate the powerful rewards of striking this balance, which include more consumer engagement and experiences, brand loyalty, and consumer trust. Not only maintaining a leading position, these synergies also define the market practices for Indonesian thriving industry.

Through the continued success of innovating and tweaking this balance of AI with human creation, marketing efforts can be more engaging for consumers than ever. A strategy-led method that ensures AI does the heavy lifting when it comes to data-driven insights and efficiencies, while human creativity keeps content relatable, authentic, and compelling. Balanced integration like this truly provides a better user experience for the consumer and results in heightened brand success amidst an increasingly competitive market.

[1]The Second Chance Leader. Fearless Creative Leadership ❙ [2]All About AI, AI Marketing Statistics 2024 ❙ [3]Ibid ❙ [4]McKinsey. State of AI Early 2024 ❙ [5]VML. I See Coke ❙ [6]Ibid. Comic-can ❙ [7]Ibid ❙ [8]Ibid. Is That Heinz ❙ [9]Ibid ❙ [10]Ibid ❙ [11]Ibid

M. RAYHAN BAWAZIER
Director of Data & Analytics

Projected Highest Ad Spend in Southeast Asia, Retail Media Network is Gaining Traction in Indonesia

- Indonesia will lead the pack in SEA with a projected 13.41% Compound Annual Growth Rate (CAGR) in RMN ad spend.

- Southeast Asia's total ad spend in retail media networks this year to grow by 8% YoY, projected to hit US$4.7 billion by 2030.

- Grab becomes the super-app with the highest ad equity in Indonesia.

Retail media networks (RMNs) are shown to be a significant advertising channel by marketers in Indonesia, with the highest projected CAGR (Compound Annual Growth Rate) in Southeast Asia. Ad spend on RMNs in Indonesia is expected to surge by 219% from 2023 to 2030, reflecting a CAGR of 13.41%. This is 1.9 times higher than the projected global growth rate, underlining the increasing importance of RMNs as a key advertising channel for brands in Indonesia (See Figure 1 below).
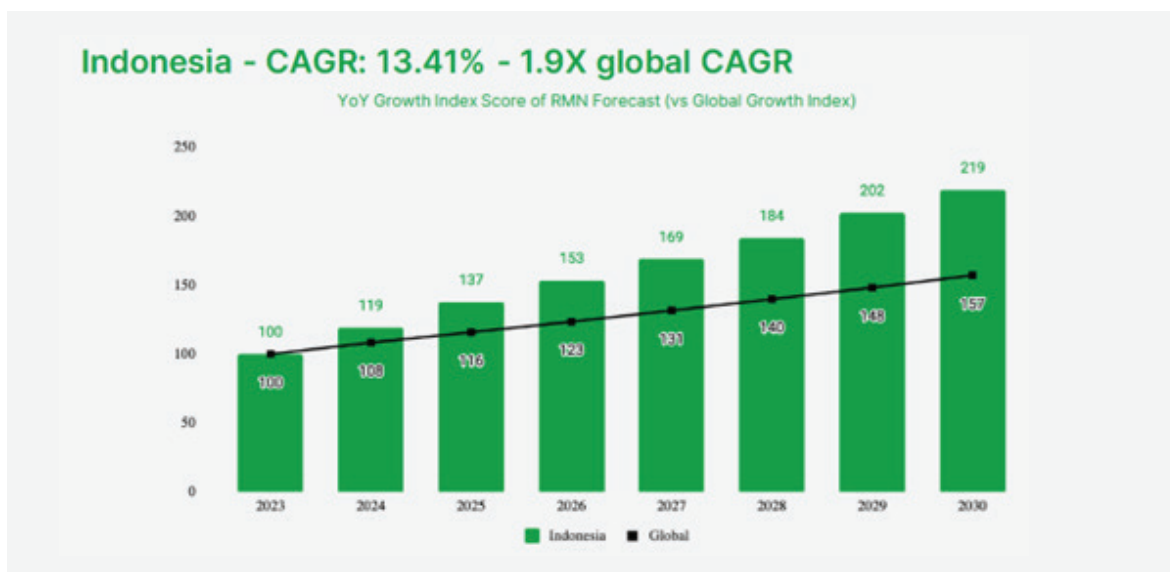
Figure 1: Indonesia and global forecasted year-on-year (YoY) growth in RMN ad spend from 2023 to 2030, Grab Internal Data

The data above is based on the latest study by GrabAds, the advertising arm of Southeast Asian superapp Grab, and Kantar, one of the world's leading media insights and research for advertising. Globally, RMN ad spend is expected to surge by 73% in the next seven years, surpassing growth rates in search (47%) and social (45%).

Retail Media Networks are retail ecosystems that leverage first-party transaction data to personalise ads, target audiences, and deliver full-funnel impact for advertisers, while enabling closed-loop measurements. RMNs leverage unique customer data to close the advertising loop, enhancing advertisers' ability to target and measure ad effectiveness directly at the point of purchase.[1]

GrabAds and Kantar believe Southeast Asian marketers will prioritise investments towards RMN channels this year, with year-on-year ad spend growth projected to increase from 8% in 2024 to 11 % in 2030.[2] This upward trend is unsurprising as RMNs ranked first in ad equity across different media channels in the Kantar Media Reactions 2022 study. Ad equity measures how receptive consumers are to advertising messages, with campaigns proving to be 7 times more effective on channels which have positive ad equity. This is evident with Grab leading the way as the superapp with the highest ad equity in the country.[3]

> "*RMNs allow marketers to serve highly relevant ads to consumers by showcasing products and brands that cater to their immediate needs and behaviour across the buying journey. This approach to advertising adds value to consumers rather than disrupting the browsing experience. Keeping up with consumer habits and behaviour is the only way for brands to be meaningfully different, and we at Kantar believe that RMNs, with first-party data informed by real consumer transactions, can give brands the tools they need to provide greater value for consumers and build strong brand differentiation.*"
>
> **Katie McClintock,** *Regional Managing Director, Kantar*

Superapps drive overall RMN growth with the ability to reach the hybrid shopper

Unlike the other RMN types that cover specific purchase stages, superapp RMNs can reach consumers at all stages of their buying journey, from awareness to purchase. This includes offline and online touchpoints,

which are becoming increasingly key as shopping evolves into an omnichannel experience. Per the study, 79% of Southeast Asian shoppers use both online and offline channels[4] and using both channels improves positive ad receptivity by 5%.[5]

The increasing share of RMNs in marketers' media mix over the next 7 years is also propelled by the unique market dynamics in Southeast Asia. The GrabAds and Kantar study highlights that 2 out of 3 Southeast Asians find it important to have products and services on demand.[6] 61% also shared that it is very important to have products or services to anticipate their needs, compared to the global figure of 52%.[7] This suggests that Southeast Asian consumers prefer seamless, convenient transactions that fulfil their needs quickly. Superapp RMNs are well-positioned to serve these consumer needs with their O2O full-funnel ecosystem powered by first-party data.

The latest Food and Groceries Trends Report 2023 released by GrabAds in Indonesia also revealed that 9 out of 10[8] users surveyed said they prefer restaurants with integrated online-to-offline or omnichannel (O2O) experiences, indicating that consumer demands by these digitally-savvy individuals are paving the way for RMNs to flourish in Indonesia.

> ❝*Grab, as a leading Southeast Asian superapp, demonstrates how its leading advertising solution, GrabAds, empowers brands to deliver targeted advertising at every touchpoint to Indonesian consumers, who are increasingly seeking a seamless blend of online and offline shopping experiences. This tailored approach is crucial for brands aiming to keep pace with the high mobile engagement and the convenience-driven shopping behaviour prevalent in the country,*❞
>
> **Roy Nugroho,** *Director of Grab For Business (GFB)*
> *at Grab Indonesia*

Ad spend growth on RMNs in each of the Southeast Asian countries is projected to grow higher than the global growth index, with Indonesia leading the pack. The growth of RMNs in Indonesia truly shows how marketers in the country regard RMNs as an effective digital marketing channel to grow their brand and drive sales. On the consumer side, RMNs have high ad equity value, showing how consumers regard it as a relevant and credible channel.

[1]McKinsey. Six secrets of unleashing the power of retail media. May 18, 2023 ❙ [2]Kantar Media Reactions study 2022 ❙ [3]Kantar. Kantar Media Reactions 2023: Braving the battleground ❙ [4]WGSN, Phygital—a cross of the words physical and digital ❙ [5]Ibid ❙ [6]Kantar Global Monitor 2022 ❙ [7]Ibid ❙ [8]Grab survey August 2023, n=1,069 active Grab ID users

GrabAds

Navigating Indonesia's Evolving Retail Media Network

R etail media advertising has evolved into the third major wave of digital advertising, following search and social media. This trend is gaining momentum in Southeast Asia, especially in Indonesia, driven by the rapid embrace of digital technologies and shifts in consumer behavior. Major players like Grab, Gojek, Tokopedia, Carousell, and Lazada are leading this growth.

Retail Media Networks (RMNs) are advertising platforms run by retail companies that allow brands to place targeted ads on their website, apps, and digital inventories. These networks leverage its first-party data to deliver personalized advertising to enhance ad relevance and drive sales.

Retailers are harnessing their customer data to deliver precise and effective advertisements, benefiting from the rise of e-commerce and social commerce. Additionally, artificial intelligence (AI) and machine learning are enhancing the efficiency and impact of RMNs.

The growing popularity of RMNs has significantly increased advertising in this sector. A recent study by GrabAds and Kantar forecasts that advertising spending on RMNs in Southeast Asia is expected to reach $4.7 billion by 2030.[1]
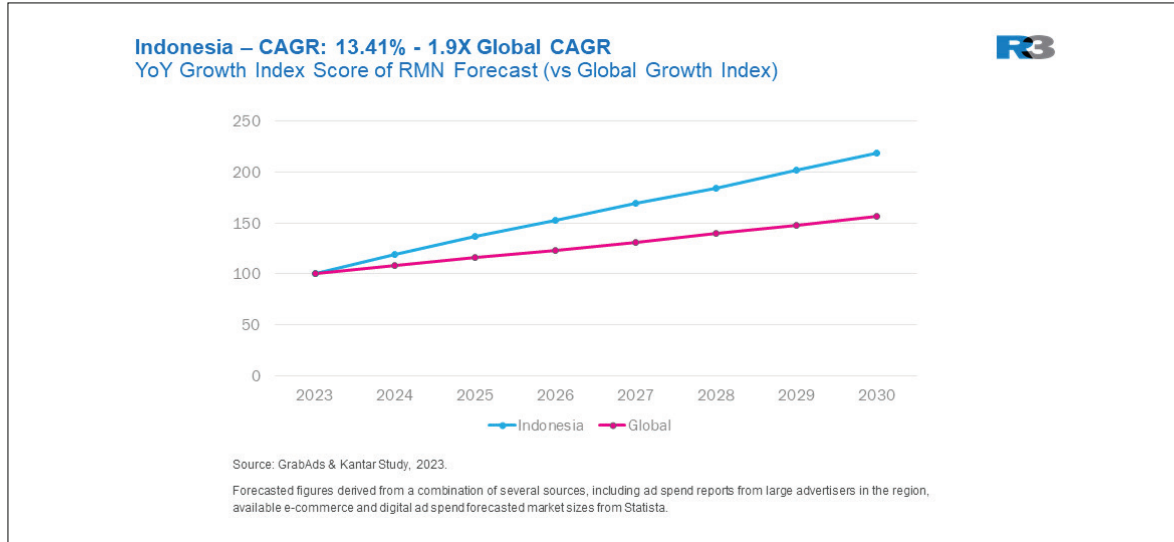
Chart 1: GrabAds & Kantar Study. 2023. Forecasted figures derived from a combination of several sources, including ad spend reports from large advertisers in the region, available e-commerce and digital ad spend forecasted market sizes from Statista.

In Indonesia, RMN ad spending is projected to surge by 219% from 2023 to 2030, with a CAGR of 13.41% (See Chart 1). This figure is 1.9 times higher than the projected global growth, highlighting RMN's growing significance as a premier advertising platform for brands and marketers in Indonesia.

Building a Successful RMN Approach[2]

To effectively leverage the potential of RMNs, brands need to develop a comprehensive strategy that encompasses people, processes, and technology.
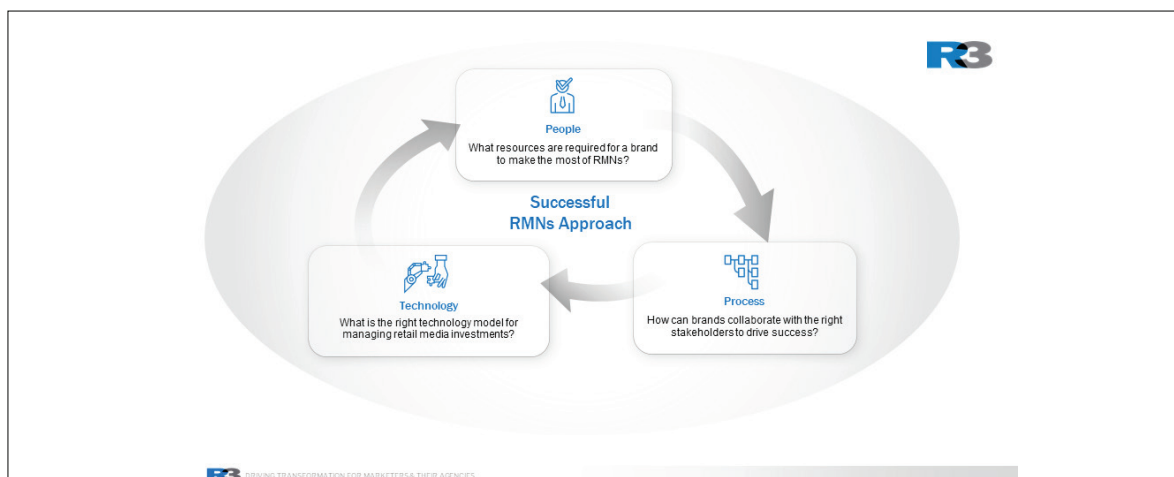
This holistic approach ensures that all aspects of the organization are aligned and optimized to maximize the benefits of RMNs. These following key areas are essential for building a successful RMN approach:

1. **PEOPLE**

   What resources are required for a brand to make the most of RMNs?

   - The prioritization towards level and sophistication of investment should help brands to shape their staffing decision.

     For example, how much of the work could be performed by existing (or new) agency partners versus what should be managed in-house.

   - One of the key factors to consider is to determine who will be responsible for managing the technology necessary to execute RMN campaigns –in-house resources, agency resources, RMN resources or some combination therein.

2. **PROCESS**

   How can brands collaborate with the right stakeholders to drive success?

   - As organizations seek to broaden the potential scope and impact of their RMN investment, it's critical that relevant stakeholders across shopper/trade marketing, retail relationship management and corporate marketing collaborate.

   - It is also important to consider processes that enable collaboration between internal and external partners (e.g. Agencies, RMNs).

3. **TECHNOLOGY**

   What is the right technology model for managing retail media investments?

   - Organizations need to determine whether they plan to utilize existing media management technologies or look for new ones.

   - This should be based on an assessment of current tech capabilities relative to the organization and brand needs and aspirations for retail media investment over time.

The Effectiveness of A Well-Executed RMN[3]

Gojek, a leading retailer in Indonesia, collaborated with the local brand Dua Belibis to launch a compelling promotional campaign through GoMart, one of Gojek Ads Network's products. The campaign aimed to captivate the target audience's attention by offering a special promotion of up to 50% off on Dua Belibis products through in-app shopping at a top convenience retail store in Indonesia.

Recognizing the significance of a multi-channel approach in the digital space to boost awareness and interest, the campaign was strategically positioned across several prime locations within the GoMart app. This included the GoMart homepage banner, the retail merchant page banner, and the retail merchant popular product page. These in-app advertisements, part of Gojek's Retail Media Network, provided significant visibility and engagement opportunities, giving the campaign a competitive edge.
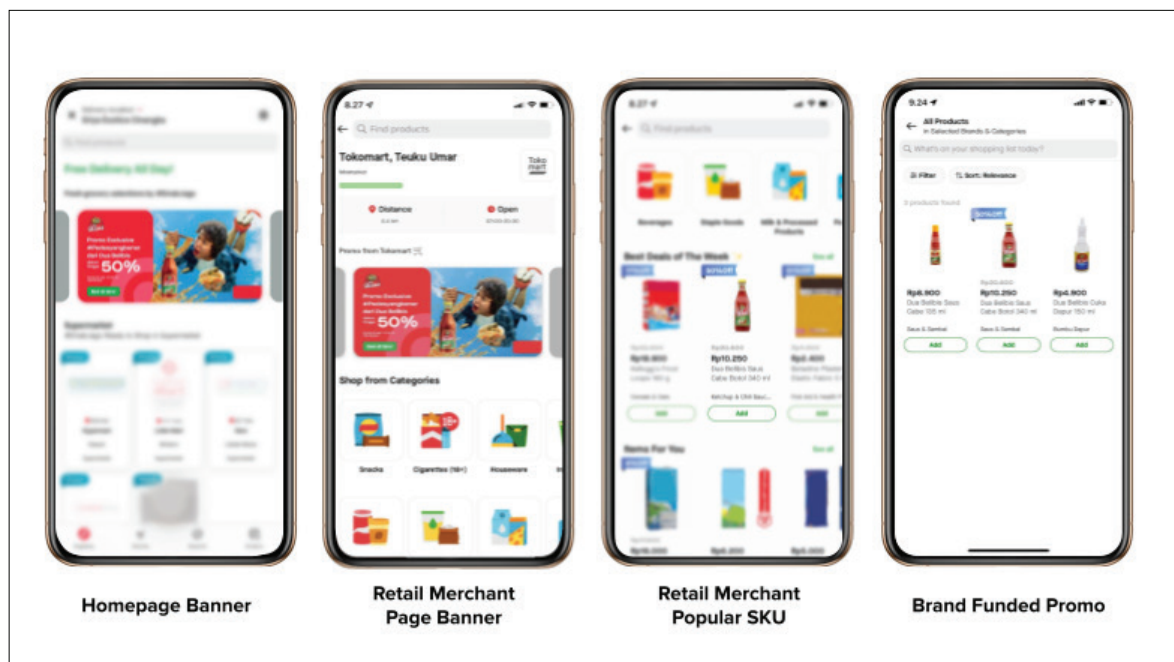

Fig. 1 : How Dua Belibis spices up its sales funnel with GoMart and Gojek Ads Network campaigns, Gojek Ads Network, 2024

The campaign yielded remarkable results, achieving a 789% increase in sales, an 8x increase in total items sold, and a 94% Return on Advertising Spend (RoAS). The collaboration between Gojek and Dua Belibis successfully harnessed the power of strategic in-app advertising and promotions, leading to substantial growth in sales and enhanced brand visibility.

This case study highlights the effectiveness of utilizing a Retail Media Network to drive consumer engagement and revenue growth. By strategically placing advertisements within their app, Gojek was able to create a highly targeted and impactful campaign that significantly boosted sales and brand awareness for Dua Belibis. This demonstrates the potential of Retail Media Networks as powerful tools for brands to connect with their audience in a meaningful and results-driven manner.

Next Steps For Brands Tapping on RMNs

Successfully leveraging RMNs requires a strategic approach guided by best practice. Without a clear plan, brands may struggle to fully realize the potential benefits of RMNs. Here are some guidelines to avoid common pitfalls and optimize your brand's RMN performance.

1. **Assess your brand's readiness**

   Start by evaluating your organization's current state, with a deep dive into the effectiveness of your existing media mix and approach. It is crucial to understand the value that RMNs can offer in both the short and long term. Developing a strategic roadmap based on this assessment will help to achieve the desired value from RMNs.

2. **Develop a best-fit Service/Management Model**

   Establish an appropriate service/management RMN model for your business needs. What aspects should be handled internally, what should be outsourced, who are the partners to work with? It is important to conduct a cost-benefit analysis between hiring in-house teams compared to working with an agency partner, as this will inform your chosen model.

3. Review ROI of your Agency and Media Spend

Consider engaging an independent third-party to conduct a thorough audit of your agency and media investments. Regular performance assessments that evaluate the efficiency and effectiveness of your retail media expenditures compared to agency commitments, will support your teams in ensuring the effective utilization of resources and optimization of RMN strategy.

[1]Retail Media Network (RMN) spending in Southeast Asia is projected to reach USD 4.7 billion by 2030. In Indonesia, RMN ad spending is expected to surge by 219% from 2023 to 2030, reflecting a growth rate of 13.41%. This growth is 1.9 times higher than the global growth projection, which is only 73%. See more: Mixco.id "Dinilai Tujuh Kali Lebih Efektif, Belanja Iklan Retail Media Network akan Tembus USD 47 Miliar di 2030", May 2, 2024 ❙ [2]R3, "Retail Media Networks - An R3 Primer Report", September 25, 2023 ❙ [3]Gojek Ads Network, "How Dua Belibis spices up its sales funnel with GoMart and Gojek Ads Network campaigns", February 24, 2024

SHUFEN GOH

Co-Founder & Principal

Fight For the Heart, Not Just the Wallet: A Brand Building Impact

n today's saturated marketplace, building a brand is more than just creating a logo or a catchy slogan; it's about delivering an experience and values that resonate deeply with your audience. As if growing a garden—if you nurture it carefully, it will flourish and bring beauty for years to come. In this article, we will explore why brand building is essential, with a spotlight on a leader in the industry Apple's success, supported by data and insights from industry experts like David Aaker and Mark Ritson.

The Essence of Brand Building[1]

Brand building is all about crafting an image that sticks with people, creating an emotional connection that goes beyond just the product. As David Aaker, a leading figure in the field of branding, puts it, "A brand is a promise to customers... a promise of quality, a promise of consistency, a promise of customer service, and a promise of innovation." This isn't just about what you sell; it's about what you stand for.

Imagine your brand as a person seeking for meaningful relationships, love. Imagine the steps, efforts, and the investment that a person should make, it's necessary. He/she needs to reach out, impress, understand, be empathetic, maintain, and really care to eventually create a deep connection with the other person. It's never only about simple transactional things with short and surface-level conversation—it's about showcasing value, building bonds and having mutual feelings.

The Current Landscape in Indonesia: A Shift to Lower Funnel Strategies

For many, a love story analogy might not be perfect and a bit too naïve in this current situation we have for a brand. In the wake of the pandemic and the rapid rise of e-commerce, the marketing landscape in Indonesia has seen a significant shift. Multiple brands have begun to focus heavily on lower-funnel activities—tactics aimed at converting ready-to-buy customers. This makes sense, especially considering the economic uncertainties brought on by the pandemic, so many will go a bit more pragmatic and deliver the numbers. When you're trying to boost sales quickly, performance marketing, discounts, and promotions become tempting tools.

E-commerce platforms have thrived in this environment with online shopping becoming the new norm for many Indonesians. The convenience of browsing and purchasing from home, coupled with aggressive promotions from platforms like Shopee and Tokopedia, has further pushed brands to concentrate on immediate conversions.

A 2023 report by McKinsey highlighted that Indonesian consumers are increasingly shopping online, with the country's e-commerce market projected to reach $53 billion by the end of the year.[2] This has led many brands to pour resources into performance-driven campaigns that yield immediate, measurable results. However, while these strategies can deliver quick wins, there's a growing risk of neglecting the long-term value of brand building. There is a consequence of losing loyalty, and if we come back with the love story analogy, it creates no deep and meaningful connection and every date will feel like it is a first date all over again where you will need to impress her and compete with many other men that have the same jokes to tell.

Why Brand Building Still Matters

Even in this environment, where short-term results are prioritized, the importance of brand building cannot be neglected. Here's why:[3]

1. **Customer Loyalty and Trust:** A strong brand turns customers into loyal advocates. They trust you and keep coming back, even when alternatives are available. As David Aaker famously said: "Brand loyalty is at the heart of brand equity. If customers insist on a brand and refuse to accept substitutes, it is a powerful competitive advantage."

2. **Differentiation:** In a market where many products are similar, a strong brand helps you stand out. Even in a crowded e-commerce space, brands that are well-established and clearly differentiated are more likely to capture long-term customer loyalty.

3. **Revenue Growth:** While discounts and promotions can drive immediate sales, strong brands often command higher prices because customers see them as more valuable.

4. **Brand Recall and Recognition:** When people can easily recognize and remember your brand, they're more likely to choose you again and again. It's like having a familiar face in a crowd—you're drawn to it. In the long run, a well-built brand keeps customers coming back, even when the promotional noise dies down.[4]

Apple: A Masterclass in Brand Building[5]

Understanding that being inspired as an "Apple like" brand seems to be utopian. However, it's never a harm to learn from the best and Apple is a prime example of how to build a brand that doesn't just sell products but creates a lifestyle. Not only about the sleek designs or innovative features, Apple's success is more about the values and experiences that the brand represents.

- **Delivering More Than Just Features:** Apple's products are known for their innovation, but what really sets them apart is the seamless experience they offer. From the intuitive user interface to the sleek design, Apple products are designed to make life easier, more enjoyable, and more connected. This isn't just about selling a smartphone; it's about selling a piece of a bigger vision—a world where technology enhances everyday life.

- **Marketing and Communication:** Apple's marketing is all about storytelling. Their campaigns aren't just focused on the technical specs of their products; they highlight how the products fit into the lives of their customers. The "Shot on iPhone" campaign for instance, showcases real beautiful and quality photos taken by everyday users, placed in prominent places, Apple knows how to connect emotionally with its audience. In Indonesia, Apple's

marketing has been localized to reflect the culture and values of the market, making the brand feel relevant and relatable.[6]

- **Brand Experience:** Walking into an Apple Store is like stepping into the future.[7] The minimalist design, the open spaces, and the knowledgeable staff all contribute to a unique shopping experience. It's not just about buying a product; it's about being part of a community that values design, functionality, and innovation. In Indonesia, Apple has successfully created this same premium experience, tailoring it to resonate with local customers. The stores aren't just places to buy gadgets; they're temples of technology where customers come to see, touch, and feel the future.

Mark Ritson, a well-known marketing professor and brand consultant, often emphasizes the importance of focusing on what really matters in brand building: consistency, positioning, and authenticity. According to Ritson,[8] "A brand is not what you say it is; it's what they say it is." This underscores the idea that brand perception is shaped by how customers experience the brand in their daily lives.

Ritson also points out the danger of brands getting lost in the noise of too much innovation or too many features. He argues that brands should focus on delivering consistent value and maintaining a clear, differentiated position in the market. This is something Apple has excelled at. Despite being at the cutting edge of technology, Apple has remained consistent in its brand promise: simplicity, quality, and innovation.[9]

The Indonesian Market: A Land of Opportunities

Indonesia is a market ripe with opportunity for brands that can establish a strong presence. With a population of over 270 million and a rapidly growing middle class, the potential for brand growth is enormous. The digital economy is booming, with e-commerce sales projected to reach $53 billion in 2023. Social media, too, plays a pivotal role in brand building, with over 191 million Indonesians active on platforms like Instagram, Facebook, and TikTok.[10]

Brand building is more important than ever, especially in the Indonesian market where consumers are becoming increasingly sophisticated and smarter everyday. While the current trend may be to focus on lower-funnel activities that drive immediate sales, the long-term value of

building a strong brand cannot be ignored. Apple's success indicates that besides the products you sell, values and experiences you deliver are also essentials. By focusing on a consistent brand message, creating a memorable brand experience, and connecting emotionally with customers, businesses can build brands that not only stand out but also create lasting loyalty.

As David Aaker said, "Brands are not just a reflection of a company's value; they are a reflection of the customer's values." And as Mark Ritson would remind us, staying true to those values and delivering on them consistently is what sets the strongest brands apart.

At the end of the day, brand building is a lot like cultivating a love story. It's not just about quick wins and flashy promotions—it's about creating a deep, lasting connection that leads to loyalty and a relationship that can weather any storm. The brands that thrive are the ones that understand the importance of trust, consistency, and growing together. After all, the best love stories are the ones that last.

[1]David A. Aaker, Brand Relevance: Making Competitors Irrelevant (San Francisco: Jossey-Bass, 2011) ▎
[2]McKinsey & Company. Indonesia E-commerce Market Report. 2023 ▎ [3]Kevin L. Keller, Strategic Brand Management: Building, Measuring, and Managing Brand Equity (Upper Saddle River, NJ: Pearson Education, 2013) ▎ [4]Byron Sharp, How Brands Grow: What Marketers Don't Know (Oxford: Oxford University Press, 2010) ▎ [5]Apple Inc., Apple Product Design Philosophy (Apple, 2023) ▎ [6]The Drum, Apple's Localization Strategy in Indonesia. 2022 ▎ [7]Retail Week, Apple Store Design: A Case Study. 2023 ▎ [8]Mark Ritson, "Branding: In Defence of Consistency," Marketing Week, 2021 ▎ [9]Mark Ritson, "Why Consistency is Key to Brand Success," Marketing Week, 2020 ▎ [10]We Are Social, Digital 2023: Indonesia. 2023

AFAN MIQDAD
Managing Partner

Can An Attention-First Approach Accelerate Bottom-Funnel Success For Brands?

Brands today encounter significant challenges in capturing and maintaining their audience's focus, primarily due to the limited attention spans of consumers. Despite increasing their efforts in digital advertising, numerous brands still struggle to ensure their ads are not just viewed, but rather seen and remembered.

Attention vs. Viewability

Viewability, which is largely device-driven, refers to whether an ad is loaded on a screen and viewable by the user.

Attention is human-driven and measures how viewers respond to the ad once it appears on their screen.[1] This is a more critical metric, determining the effectiveness of how an ad engages the viewer.

Ad Overload

In today's digital age, the human brain is bombarded with an unprecedented volume of **6,000 to 10,000 ads daily**[2] — that's way too much for the average person's brain to process effectively! So, most ads are ignored or forgotten.
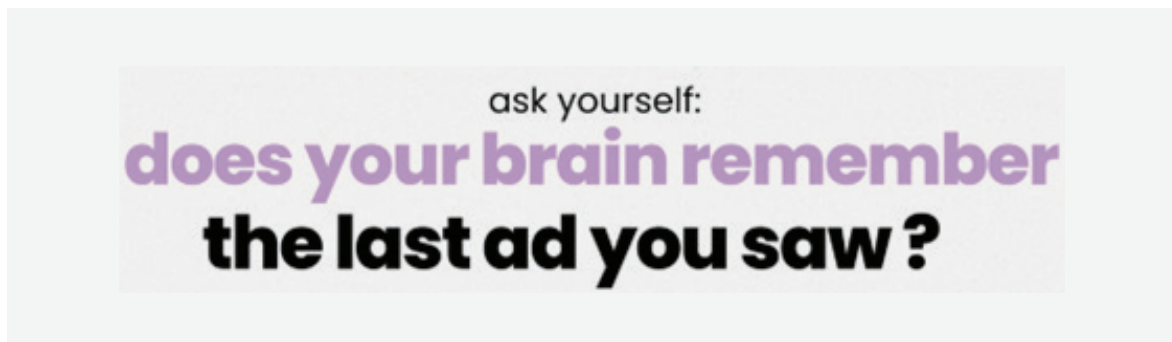
The average person consumes **approximately 34 gigabytes** of information[3] daily. Words alone offer **10% recall;** adding visuals boosts retention to 65%,[4] grabbing a 'little byte of space' in the human brain.

Internet Proliferation and Multi-Device Usage

Technology, specifically the Internet of Things, has an effect on human attention. Exposure to multiple smart devices, social media, and apps for anything and everything, further complicates the advertising landscape. Consumers are now harder to reach and engage, as they're constantly switching between devices and platforms.

By addressing these advertising challenges with an innovative attention-first strategy, brands can improve their ability to capture and retain consumer attention. The objective is to garner maximum user engagement and heightened conversion rates, eventually meeting branding KPIs.

1. **Engaging Content:**

   Creating engaging content and interactive ad creatives[5] helps to overcome the challenge of fleeting attention spans. Interactive ads that invite user participation capture attention, inspire action and leave a long-lasting brand impression.
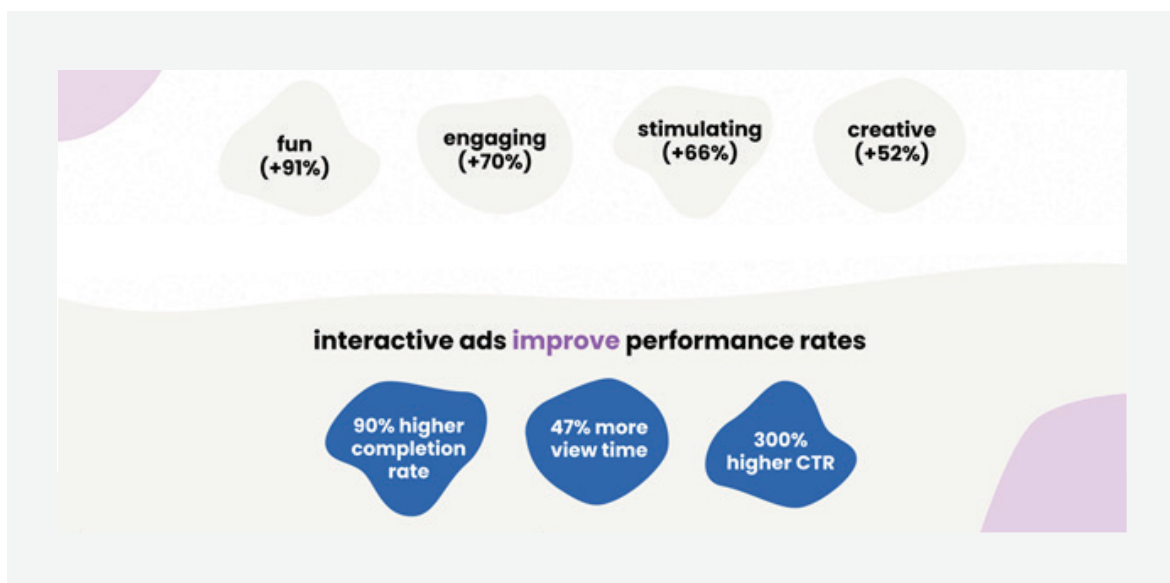

Fig. 1: Interactive mobile ads Vs. Traditional static ads, Study by Magna, IPG Media Lab, and Tremor Video DSP

2. **Targeting & Relevance**

   With the overload of ads, only highly targeted and relevant ads stand a chance of capturing attention. Brands need to invest in premium, precision targeting technologies to ensure their ads reach the right audience at the right time on the right smart device, to truly be relevant and make a real connection.

3. **Quality Over Quantity**

   Instead of focusing on the number of ads, brands should prioritize high-quality, interactive ads that are remembered and acted upon, even in a cluttered environment.

   To overcome low attention rates, increase brand recall and make a positive impact, brands must evolve by creating immersive ad experiences that garner meaningful attention, that resonate, that evoke emotion, that are remembered by consumers!

Verified Brand Measurability Studies

KANTAR A brand lift study by Kantar[6] found that interactive ads achieve **8X higher purchase intent and brand favourability** over global benchmarks, proving that engaging campaigns help boost bottom-funnel success for brands.

a brand lift study with **KANTAR** found:

mCanvas' interactive ads delivered *double digit uplift* across all key metrics

	4.6X	2.3X	3.3X	8X	8X — compared to Global Benchmark

	Aided Awareness	Online Ad Awareness	Message Association	Brand Favorability	Purchase Intent
mCanvas Delta Scores	14%	14%	10%	16%	16%
Global Benchmark	3%	6%	3%	2%	2%

Source : Kantar BLI studies for mCanvas campaigns (#42), Kantar Market Norms: Global – Overall (#37,634)

A recent Lumen study of an automobile brand campaign showed a **2.9X higher Attention Per Mile** (APM) over YouTube skippable ads, and an **8.9X increase in APM levels** compared to digital display, showcasing how higher attention rates maximize efficiency and reduce cost per click (CPC).

an attention-based study with **LUMEN** found:
The ad for an automobile brand generated **higher APM levels** across digital channels

APM = % viewable x average time spent x 1000
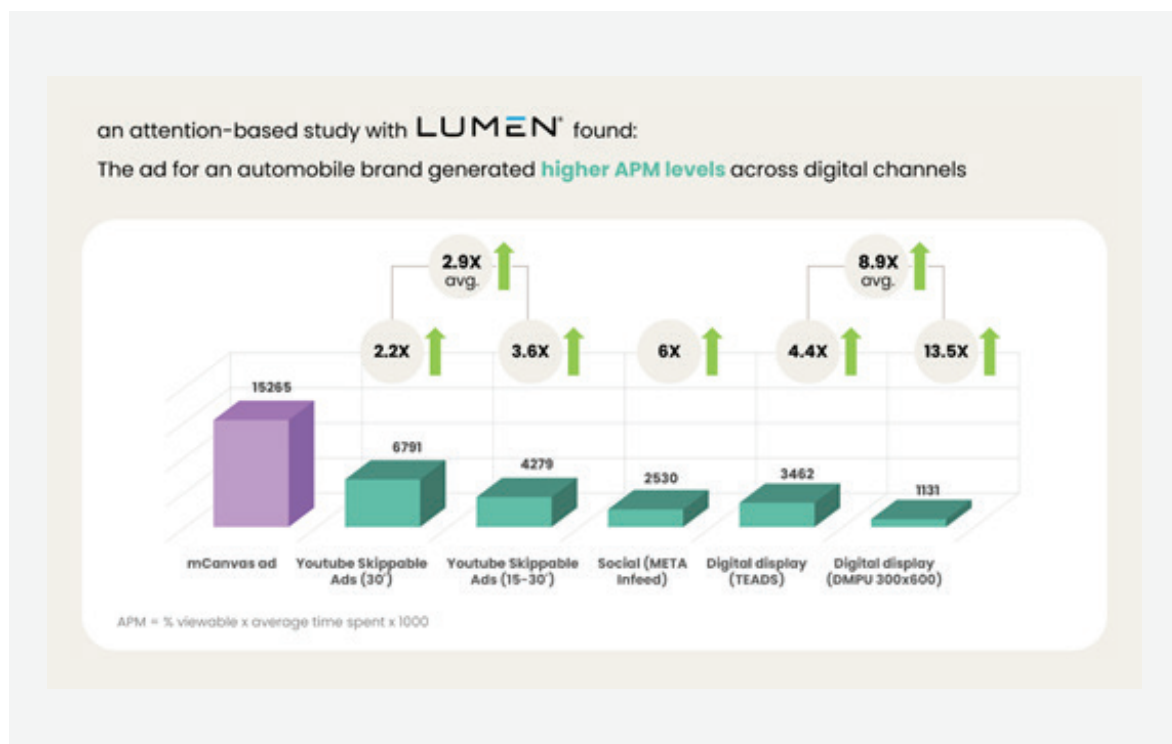
Brands can improve attention, maximise uplift, and reduce the cost of customer acquisition with immersive ad experiences across smart devices.

Higher **Attention Rate** = Increased **Brand Lift** = Lower **Customer Acquisition Costs**
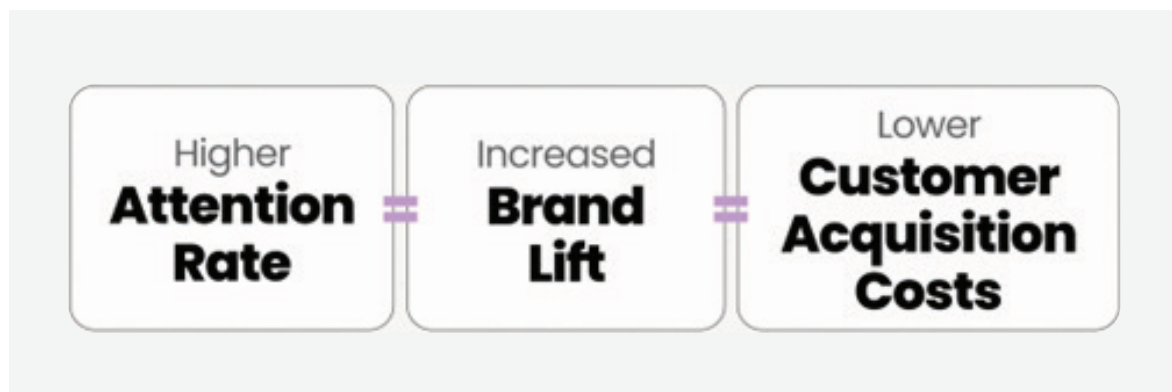
The Bottom-funnel Impact On Brands

Here's how storytelling ads prove to be most impactful in driving superior campaign results and bottom-funnel success for brands:

- **Increase Interaction For Elevated Performance**

  With interactive ads, brands can achieve double-digit uplift across various mind measures such as awareness, favourability, and purchase intent, compared to global delta norms.

- **Impactful Results With Immersive Storytelling**

  The immersive ads that plug in higher than 20MN impressions, can achieve a **3X boost** in brand recognition, messaging resonance, consumer sentiment, and buying consideration, which provides brands with higher returns on investment.

- **Capture Attention Of Younger, Affluent Audience**

  By blending creativity with technology, gamified ads capture the attention of Gen Z, Millennials and affluent audiences to make an impact in the very first second, fostering elevated brand recall and user engagement with personalized, immersive storytelling.

- **Innovate Year-On-Year To Drive Larger Impact**

  5000+ Campaigns; 500+ Advertisers; 65% Annual Repeat Rate – by leveraging interactive creatives year on year, brands have displayed an impact of **1.3X** on the key brand metrics.[7]

An Attention-Focused Approach

A study by OMG[8] showed how a brand's profitability was hampered by higher costs, as they used standard ad creatives until 2020. They found a correlation between media spends and increased cost per conversion. OMG introduced attention-first data metrics in 2021, revolutionizing the brand's creative approach by exploring interactive ad formats, which led to higher user attention and a reduced cost per sale.

Incorporating attention-first data into media planning is transforming advertising. Measuring attention directly impacts profitability and business processes.

impact on media efficiency by focusing on attention

attention-first metric applied

Spend — Cost per conversion

source: a step-by-step guide to measuring attention across display, mobile, video, and branded content with oracle moat anyatlics
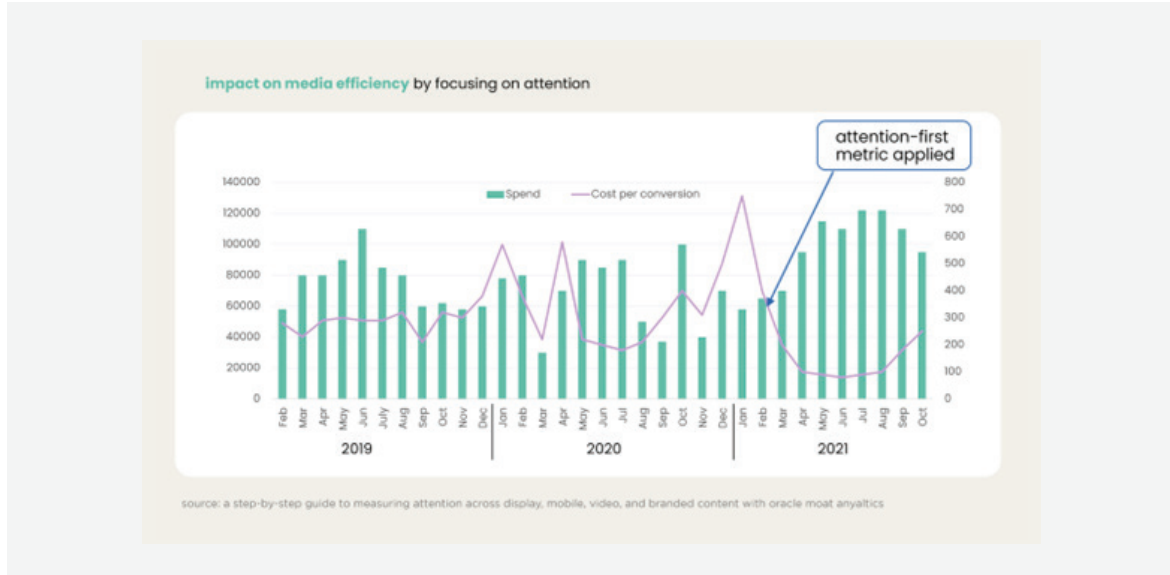
This approach captivates audiences and drives remarkable business impact, showcasing the transformative power of attention in today's digital ad space to counter fast-shrinking attention spans.

[1] mCanvas, "Attention VS Viewability: Why 100% Viewability Doesn't Guarantee 100% Attention", June 21, 2024 ❚ [2] The Attention Economy post. Available on Forbes Business Development Council post ❚ [3] HMI Report/UC San Diego paper titled "How Much Information?". BITS NY Times ❚ [4] Brain Rules by John Medina: Vision ❚ [5] mCanvas, The Rise of Interactive Mobile Ads: Key Trends and Statistics You Should Know. September 15, 2023. https://www.mcanvas.com/blog/the-rise-of-interactive-mobile-ads-key-trends-and-statistics-you-should-know ❚ [6] mCanvas white paper X Kantar brand lift study ❚ [7] Garnier, "L'Oréal case study in Indonesia", 2023 ❚ [8] WARC. Attention Applied: 'Meaty Proof' in the field of attention measurement

RISHI SHARMA

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mCanvas®
drive attention. craft connections.
by *affinity*

Boost Campaign Success With MFA Measurement & Optimisation

Defining MFA and Ad Clutter Sites

MFA, an acronym for Made-for-Advertising, epitomises a category of websites[1] built on catchy headlines, clickbait, and controversial content to drive traffic and ad revenue. Often sacrificing content quality, these sites inundate users with intrusive ads and pop-ups in a relentless pursuit of revenue.

MFA sites aren't sources of fraudulent inventory, per se. In fact, they typically perform well against traditional ad metrics, such as viewability and click-through-rate (CTR), making them a compelling choice for advertisers. However, once a brand's campaign gets stuck in the world of MFA, the main issue becomes clear — MFA websites simply do not drive meaningful results and lead to wasted ad spend.

Distinguishing Between MFA and Ad Clutter Sites

While both MFA and Ad Clutter sites may exhibit similar characteristics, understanding the difference[2] between the two is essential for advertisers who want to mitigate risk and maximise campaign performance. Ad Clutter sites share similarities with MFA sites in terms of intrusive advertising practices — but the key distinction lies in their monetization strategy.

Unlike MFA sites, which engage in ad arbitrage by buying traffic and excessively monetizing it, Ad Clutter sites do not purchase traffic but may still inundate users with excessive advertisements. While these sites may compromise user experience and brand perception, they do not engage in the same level of deceptive practices as MFA sites.

Fig. 1: Distinguishing between MFA and Ad Clutter site, IAS

Why It Matters

Distinguishing between MFA and Ad Clutter sites allows advertisers to tailor their strategies accordingly, mitigating risks and optimising campaign performance. By leveraging MFA measurement and optimisation[3] products (Fig. 1), advertisers can identify and block MFA sites at scale, safeguarding their brands and maximising return on ad spend.

Despite their dissimilarities, MFA and Ad Clutter share a common drawback for advertisers.

Navigating The Pitfalls: Three Main Challenges of MFA Sites

While MFA and Ad Clutter sites present a host of issues for advertisers, there are three reasons why they stand out as particularly detrimental to campaign success and brand integrity:

1. **MFA sites often prioritise quantity over quality when it comes to content.** To attract clicks and maximise ad revenue, these websites churn out sensationalised headlines, clickbait articles, and controversial content. Consequently, users are bombarded with shallow or misleading information, eroding trust and credibility in the digital space.

2. **User experience takes a backseat on MFA sites, where intrusive ads, pop-ups, and autoplay videos dominate the landscape.** These disruptive elements not only detract from the browsing experience but also hinder engagement and interaction with advertised content. As a result, advertisers risk associating their brands with negative user experiences, ultimately impacting brand perception and loyalty.

3. **Advertising on MFA sites exacerbates environmental concerns.** MFA sites often engage in more instant auctions for ad inventory than websites with typical ad loads, resulting in higher carbon emissions. In fact, there is a **73% decrease in carbon emissions when comparing quality sites to MFA sites.** This discrepancy in carbon footprint undermines advertisers' efforts toward carbon reduction goals, highlighting the urgent need for sustainable advertising practices.

The Importance of A Scalpel Approach to MFA

Taking a scalpel approach to MFA is a key way to address these three major challenges outlined above. The MFA measurement and optimisation product uses a scalpel approach as opposed to an all-or-nothing approach to effectively identify MFA at the subdomain level.[4] Competitive offerings can only flag at the top-level domain, which doesn't allow for the nuance of MFA subdomains that can be mistakenly generated off of a quality publisher's primary domain.

A Data-driven Look at Ad Performance on MFA Sites

Global view of ad impressions on MFA

In an observational study conducted by IAS, we uncovered the underlying realities behind MFA and Ad Clutter sites. First, we explored how the rate of ads that end up on MFA sites varies globally.

The good news is that European sites for the most part fell below the global average of ad impressions on MFA sites, which is 3.84%. Assessing at APAC, Japan hit the lowest global rate at 0.33%. But the bad news is that MFA ad impressions in the Americas often lay above the global average, climbing as high as 5.21% in the U.S. and even reaching 10.61% in Mexico.

Vertical view of ad impressions on MFA

Ad impressions on MFA sites also varied quite a bit by vertical — but all verticals came in above the 3.84% global average in this study.

We observed that the lowest rate, 3.85%, belonged to advertisers in the automotive vertical, while CPG followed closely at 4.14%. Retail rounded out the top three at 4.71% — still almost an entire percentage point above the global average.

The government/non-profit/education vertical is where things get dicey. These verticals, packaged together in this study, soared to reach an unprecedented MFA rate of 7.21%. The travel vertical also experienced a surprisingly high MFA rate of 6.84%.

Conversions and cost efficiency tell an even bigger story[5]

After dissecting global MFA ad impression rates by vertical, we wanted to understand how conversions really differ on MFA and Ad Clutter sites versus quality sites.

Conversion rates on quality sites were 174% higher than those on MFA sites. Plus, conversion rates on quality sites are 91% higher than conversion rates on Ad Clutter sites — showing a major difference in low-funnel campaign performance on quality sites versus MFA and Ad Clutter sites.

Cost per conversion (CPCV) data followed a similar story. CPCV rates on quality sites were 51% lower than on MFA sites, and 25% lower than those on Ad Clutter sites, rounding out the notion that, when it comes to MFA, advertisers don't need to choose between quality and cost efficiency.

Advanced Machine Learning For Protection At Scale

The AI-powered MFA solution helps advertisers increase conversions and reduce wasted ad spend.[6] This offers them unparalleled control over their campaigns & media quality which combines both supply chain data and site characteristics.

When identifying sites as MFA or not, the fundamental question we want to answer is: is the site conducting ad arbitrage? To address this case, we have to consider the following two key questions:

1. **Is the majority of traffic coming to the site paid or organic?**

   Supply chain data collected from our partner Jounce Media helps us find a conclusion to this question.

2. **Is the primary purpose of the site to deliver content or ads?**

We then examine site characteristics collected from our partner Sincera to answer this question.

By incorporating Jounce and Sincera signals along with additional proprietary data from IAS, our machine learning model can effectively identify MFA sites. If the majority of traffic coming to the site is paid and the primary purpose of the site is to deliver ads, the model will flag them as MFA. This aligns with the ANA's[7] definition of MFA, as it has been trained and is routinely vetted against Jounce Media's widely adopted list[8] of MFA domains, resulting in the industry's first pressure-tested solution for detecting and blocking MFA at scale.

[1]Integral Ad Science, "How Marketers can detect and Avoid Made-For-Advertising Sites", October 16, 2023 | [2]Ibid., "Detect and Avoid Made For Advertising Sites with IAS's AI-Driven MFA Technology". 2024 | [3]Ibid., "Expands "Made for Advertising" (MFA) AI-Driven Measurement and Optimization Solution with Industry-First Ad Clutter Detection and Avoidance Innovation", March 5, 2024 | [4]Ibid. "Programmatic Transparency: Made for Advertising Websites Are Too "Good" to Be True" | [5]Integral Ad Science. "Boost Campaign Success with MFA Measurement & Optimization". June 7, 2024 | [6]Ibid. "Detect and Avoid Made for Advertising Sites with IAS's AI-Driven MFA Technology", March 5, 2024 | [7]ANA stands for Association of National Advertisers | [8]Ibid., "IAS Expands "Made For Advertising" (MFA) AI-Driven Measurement and Optimization Solution With Industry-First Ad Clutter Detection and Avoidance Innovation", March 5, 2024

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Unveiling the Power of Organic Content Analytics: The Heartbeat of Genuine Connections

Introduction: Organic Reach, Engagement and The Underrated Potential of Organic Content Analytics

Organic reach represents the natural, non-paid distribution of social media content to the audience based on the algorithm and rules of the platform.[1] When you post content on social media without boosting or promoting through paid advertising, the reach you achieve is Organic. Organic Engagement refers to the unique users or followers who like, share, comment or save your content on social media without any paid promotion or advertising.[2] Engagement Rate as we all know in its most common form is Engagement per Reach.[3] It is the dream of every digital marketer to maximize Organic Engagement Rate which requires in-depth analysis of the content's performance.

Despite its undeniable potential, organic content analytics often doesn't get the attention it deserves in the digital marketing world.
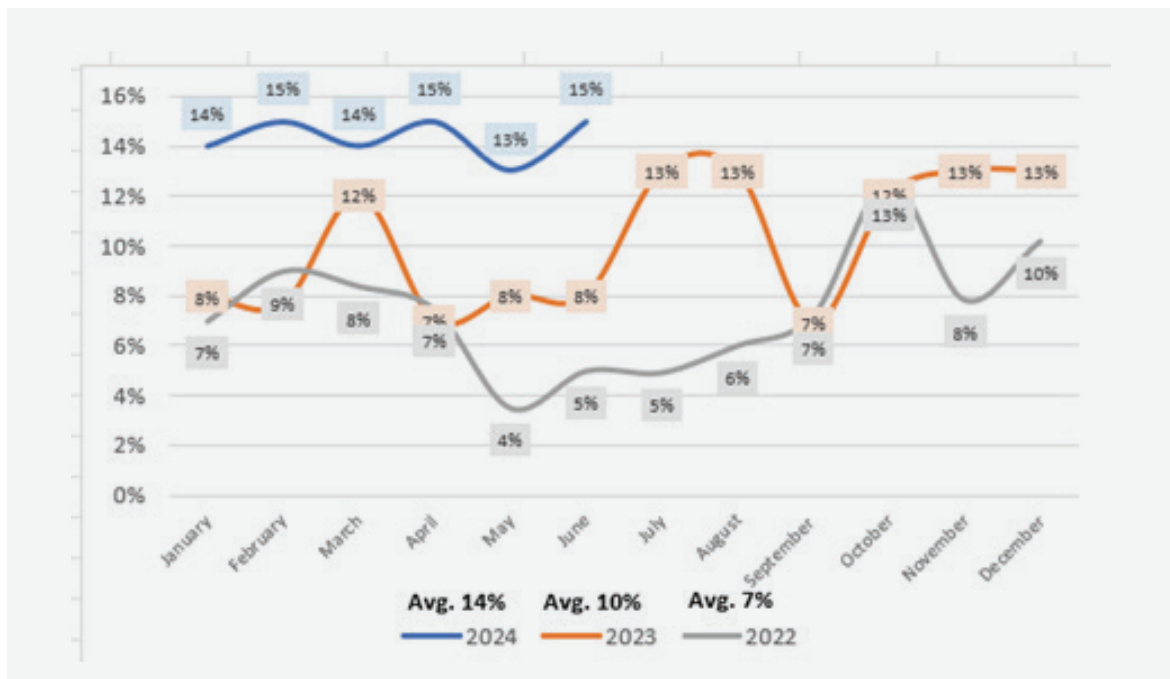
Graph 1: Instagram Organic Reach Increasing Trends P3Y, Softener Brand, DMP Internal Data

While the importance of data-driven digital marketing decisions is becoming widely recognized, many marketers still prioritize or focus on paid advertising strategies only. This oversight can lead to missed opportunities to utilize the insights gained from organic content analytics.

However, as the digital landscape grows increasingly competitive, marketers who understand the value of organic content analytics can gain a distinct advantage—refining strategies, deepening engagement, and ultimately achieving better results in reach, engagement, and ultimately brand advocacy leading to loyalty.

The Constant in Digital Marketing: The Power of Organic Content

In an environment where social media platform algorithms evolve rapidly and trends shift at a lightning speed driven mostly by financial gains or competitive pressures and possibly less by better user experience, one constant remains: the power of organic content.

This is the lifeblood of genuine connections in the digital realm, fostering authentic engagements and laying the foundation for smarter strategies in social media content creation. But what truly sets successful organic content apart isn't just its authenticity—it's the insights gained from analytics that unlock its full potential.

The Changing Landscape of Organic Reach[4]

To understand the evolution of organic reach on Meta, the world's largest social media platform, let's trace its journey from the early days to 2024.
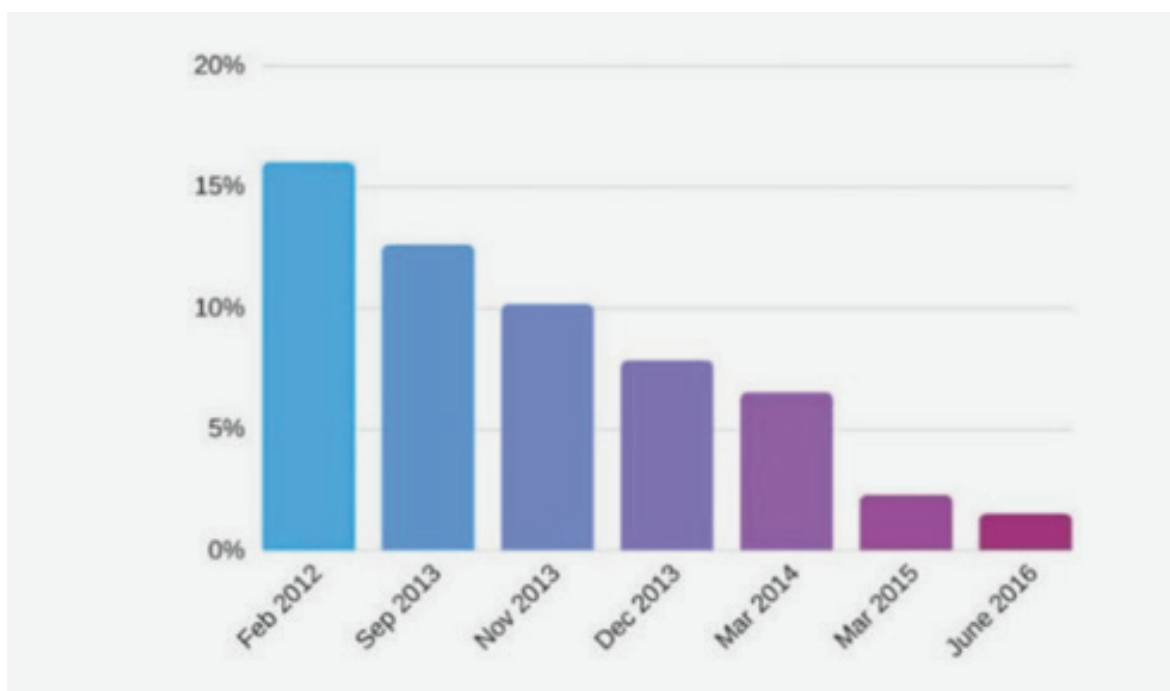
Graph 2: Facebook Page Organic Reach, ExpandChart

Platform	Organic Reach to Followers (%)	Organic Reach to Unconnected Users (%)	Source
Instagram (2020)	12.4	3.8	Social Media Today (2022)
Instagram (2021)	10.7	4.1	Sprout Social (2023)
Instagram (2022)	9.34	4.3	Socialinsider (2024)
Instagram (2023)	8.2	4.5	**Estimated**
Instagram (2024)	7.60	4.75	Socialinsider (2024)

Platform	Organic Reach to Followers (%)	Organic Reach to Unconnected Users (%)	Source
Facebook (2020)	5.2	1.8	Social Media Today (2022)
Facebook (2021)	4.5	1.9	Sprout Social (2023)
Facebook (2022)	4.32	2.1	Socialinsider (2024)
Facebook (2023)	**Estimated** 4.0	2.2	**Estimated**
Facebook (2024)	5.90	2.4	Socialinsider (2024)

Table I: The Rise of Organic Reach Through The Years, Chantelle Marcelle

Over the years, organic reach on social media platforms like Facebook drastically declined initially for platforms to monetize their product and then has gone up again due to competitive pressures. In 2012, content from Facebook pages reached 15% of their audience. By 2016, after major algorithm changes, this number plummeted to just 1-1.5%.[5] This decline in organic reach was exacerbated by the rise of platforms like TikTok, which leveraged an interest-based algorithm to deliver content to platform users outside of brand's followers, providing a superior user experience and challenging the dominance of the Meta Social platforms.

In response, Meta revised its algorithms to enhance organic reach by incorporating a layer of unconnected user reach across both its massive reach platforms Instagram and Facebook.[6] Starting with the Reels format and expanding to other formats, this shift brought organic reach on Facebook back up to 12.5%, a staggering 450% increase. Similarly, Instagram saw a 730% increase in organic reach by 2024, thanks to a steady increase in unconnected reach.

Notably, TikTok's algorithm and metrics as mentioned earlier are already designed to maximize organic reach, making it a unique player in the social media landscape.[7] With its primary format being video, TikTok's focus on views as the key metric allows for extensive organic reach. However, this focus could lead to limitations in extracting learnings from Engagement Rate (ER), which is crucial for content strategy refinement and optimization. While TikTok and YouTube excel in widespread content visibility, the emphasis on views might hinder deeper insights into how content is engaging users on a more interactive level.[8] We can deep dive on these platforms on another day, in another article. For the purpose of this article, let's focus on the globally leading Meta platforms that offer multiple creative formats.

Organic Analytics: The Cornerstone of Strategic Content

Organic content—unlike paid content—is the raw, authentic material that resonates deeply with a brand's audience, sparking conversations and building trust. In a digital landscape overflowing with sponsored ads, organic posts stand out as the beacons of authenticity. They increase the appeal to audiences who seek genuine connections, making them a vital component of any digital marketing strategy.

It's essential to understand that the performance of organic content has a lasting impact. Unlike short-term campaign content, which frequently

changes, organic content remains "always on," serving as a continuous point of contact with audiences. For younger audiences, who often blur the lines between social media and search engines, this always-on content can be the first touchpoint with a brand. Hence, the continuous improvement of organic content, informed by analytics, is crucial for maintaining and strengthening these connections.

Solution: The Strategic Power of Organic Content Analytics

The real power of organic content lies not just in its creation but in the analysis of its performance.[9] Organic content analytics provide marketers with a wealth of insights into audience content consumption behaviour, their preferences, and engagement patterns. By examining metrics such as engagement rates, reach, click-through rates, and most importantly qualitative content analysis, marketers can refine their content strategies to better align with their audience's interest.

For instance, identifying which types of content receive the best engagement rate can shape up better future content strategies, leading to more effective and resonant posts. Understanding the demographics and interests of engaged users allows for more targeted and personalized content, further strengthening connections. Metrics like likes, comments, shares, and saves provide quantitative measures of audience interaction, while demographic data offers valuable insights for optimizing content creative on an ongoing basis.

Moreover, organic content analytics inform broader marketing strategies by tracking trends over time. This allows marketers to identify patterns and adapt their approach accordingly, ensuring agility in the face of shifting market dynamics. Monitoring metrics such as follower growth, changes in engagement rates, and fluctuations in reach provides crucial trend data, helping marketers stay ahead of the curve.

Case Study: DMP's Proven Model for Organic Content Success

We have developed a proprietary framework called DMP-Expert Engage, which provides an in-depth analysis of organic content, covering both external and internal factors. This framework evaluates multiple content metrics and trends, resulting in critical outputs such as digital share of voice. By applying DMP-Expert Engage across all our clients, we have seen significant improvements in overall content performance, including boosted content obviously because if the content performs well organically, it will perform better when boosted. Over time, this approach

has consistently placed each and every of our brands among the top performers in their categories. The more we learn from organic performance trends covering a longer period collecting data points, the greater the impact on content performance.

Conclusion: Unlocking the Full Potential of Organic Content

It is clearly evident that organic content is the heartbeat of genuine connections in the digital world. Regardless, it's the insights derived from organic content analytics that elevate it from mere communication to a clear strategic advantage. By harnessing the power of these analytics, marketers can unlock the complete potential of organic content, leading to smarter content strategies, more meaningful connections, and ultimately, greater cost effective success in the digital landscape.

[1]Social Pilot, "What is Organic Reach?" ❙ [2]Elia Ortone, "What is Organic Social? (2024 - Definition & Tips)", Store Lab, October 12, 2023 ❙ [3]Christina Newberry, "Engagement rate calculator + tips and benchmarks (2024)", Hootsuite, September 4, 2024 ❙ [4]Chantelle Marcelle. "4 Ways to Solve for Organic Social Media Reach Decline". n.d. ❙ [5]Ibid ❙ [6]Ibid ❙ [7]Ibid ❙ [8]Ibid ❙ [9]Evolved, "How to measure the success of organic social media campaigns", October 11, 2023

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DMP COMMUNICATIONS

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Generational Preferences and Technological Shifts in News Consumption Among Millennials and Gen Z in Indonesia

In recent times, the way people consume information has transformed significantly, reflecting both generational differences and rapid technological advancements. Despite the rise of new and innovative platforms, traditional media remains important, particularly among millennials in urban areas. In contrast, social media has emerged as the primary information source for Gen Z. This article backed research explores some of the generational preferences for Millennials and Gen Zs, the types of content that resonate most, and how individuals navigate the increasingly blurred lines between what goes on online and offline.

Millennials Prefer Traditional Media for Credibility[1]

Our research, Indonesia Millennials and Gen Z Report 2025 by IDN Research Institute indicates that millennials, even those in urban areas, predominantly rely on traditional media outlets like TV news programs for their information. Despite the rise of digital platforms, television remains a dominant source of information for Indonesian millennials, even in larger cities.

IDN

Top 3 preferred sources of information for Millennials in Indonesia

Source of information	Big Cities	Secondary Cities
News programs broadcast on TV	87%	78%
Websites or news portals	39%	50%
Official news accounts on social media	25%	39%

Table 1: Top 3 preferred sources of information for Millennials in Indonesia, Indonesia Millennials and Gen Z Report 2025 by IDN Research Institute

This preference is likely fueled by the second screening phenomenon using a second electronic device, such as a smartphone or tablet, while watching TV (See Table-1). This practice allows them to engage with supplementarycontent, fact-check information, and participate in real-time discussions online, creating a more interactive and enriched viewing experience. This multitasking behavior enhances the appeal of traditional media by blending it with the interactivity of digital media while they are at it.

The phenomenon of using a second screen is widespread across all generations. However, it is especially prevalent among Millennials (95%) and Gen Zs (90%), who frequently or occasionally browse the internet on another device while watching TV. This behavior is more common among women (89%) than men (80%) (See Figure 1).
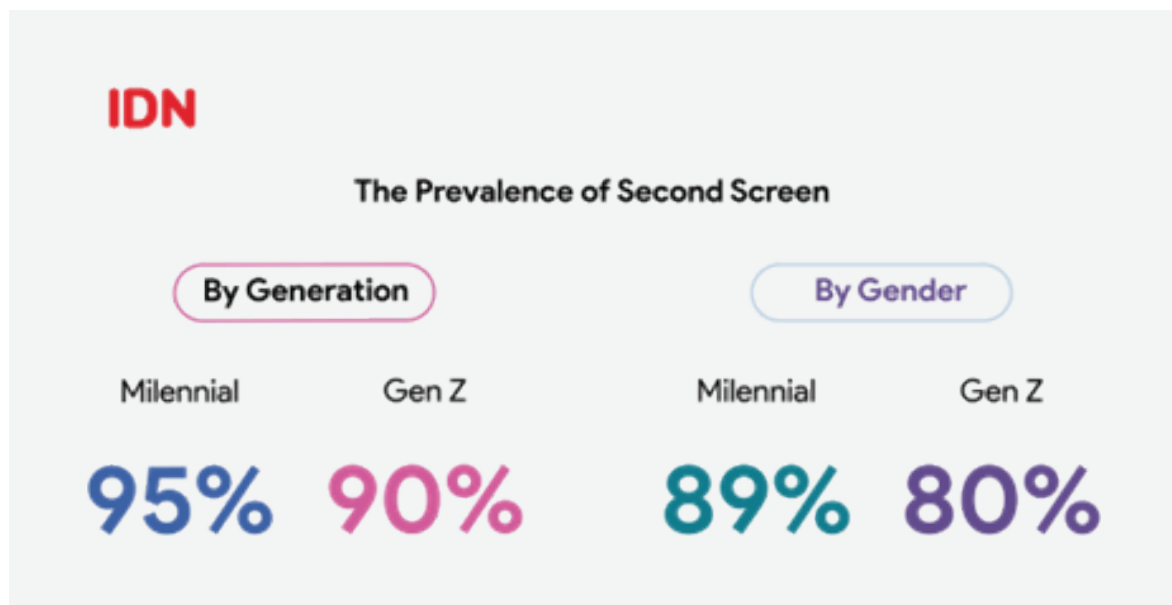

Figure 1: The Prevalence of Second Screen, Indonesia Millennials and Gen Z Report 2025 by IDN Research Institute

In Indonesia, smartphones serve as the dominant second screens due to the country's high smartphone penetration rate. Research indicates that the most common activities on these second screens are checking email (50%), browsing social media (40%), and text or instant messaging (10%) (See Chart 1). This data suggests that advertisers could effectively engage consumers by sending emails during after-office hours.
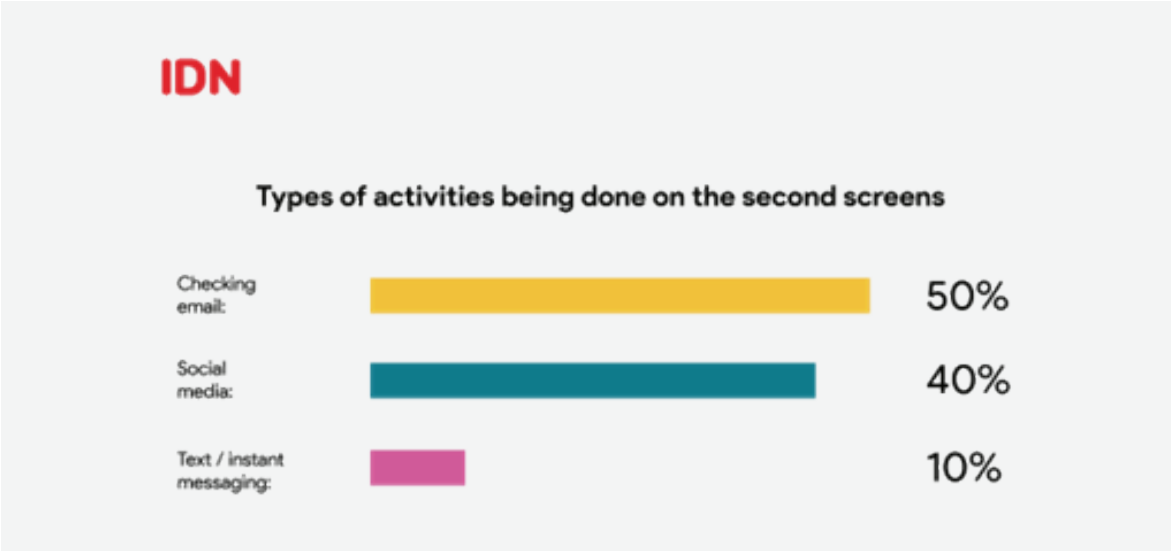
Chart 1: Types of Activities being done on the Second Screens, Indonesia Millennials and Gen Z Report 2025 by IDN Research Institute

The research further delves into specific social media platforms used by Millennials and Gen Zs on their second screens (See Chart 2). Instagram is favored by 48% of Millennials, whereas TikTok dominates among Gen Zs with 64%. Other platforms like Facebook and X have a smaller user base among both groups.
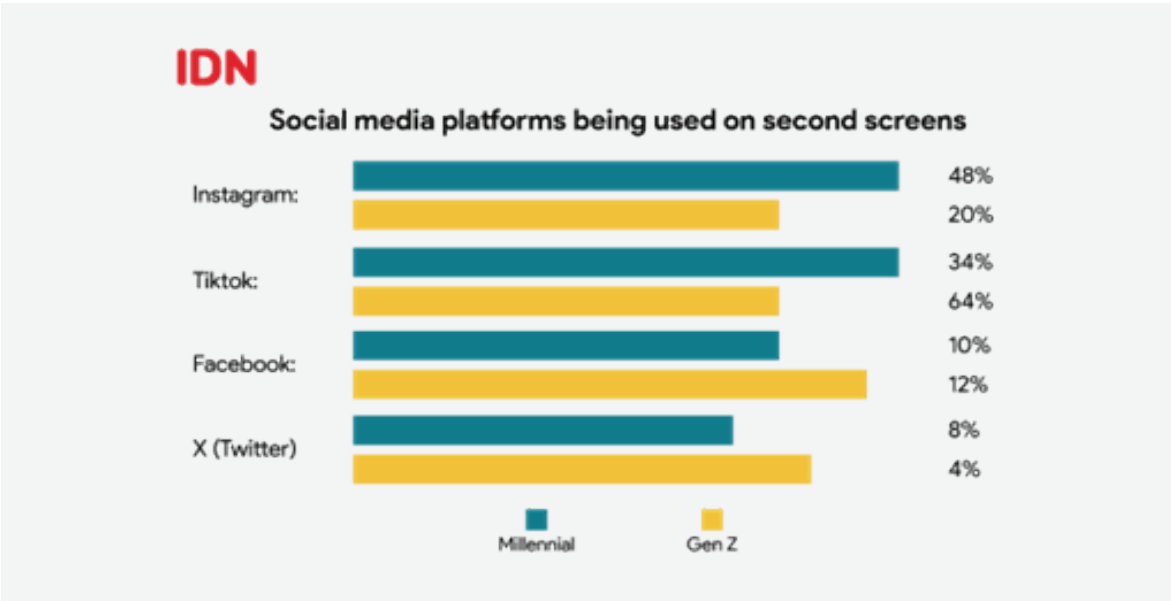

Chart 2: Social Media Platforms being used on Second Screens, Indonesia Millennials and Gen Z Report 2025 by IDN Research Institute

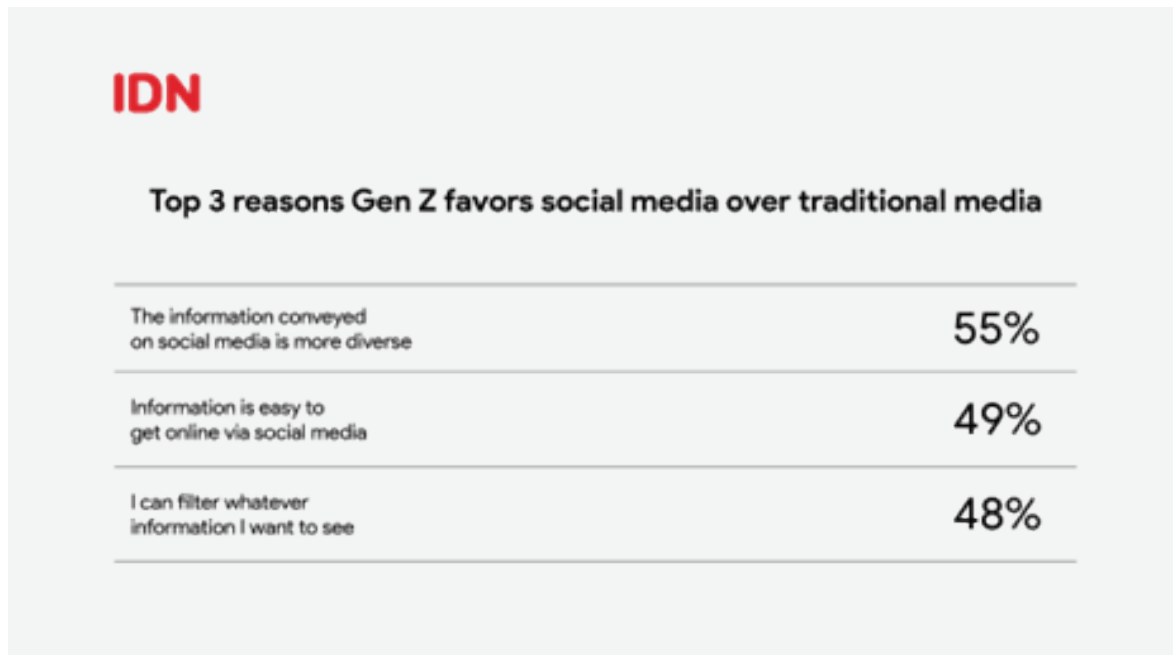**Gen Z Favors Social Media for Real-Time Information**

Figure 2: Top 3 reasons Gen Z favors social media over traditional media, Indonesia Millennials and Gen Z Report 2025 by IDN Research Institute

According to the Indonesia Millennials and Gen Z Report 2025, Gen Z, born into the digital age, significantly prefers obtaining information from social media platforms prior to fact checking them. News accounts on Instagram, X, and TikTok are some of their primary sources. The immediacy, accessibility, and variety of perspectives available on social media cater to Gen Z's preference for real-time updates and diverse viewpoints. The interactive nature of social media, where users can engage with content, share opinions, and participate in discussions, makes it a vibrant and dynamic source of information. Unlike traditional media, which follows a scheduled format, social media offers news on-demand, fitting seamlessly into the fast-paced lifestyle of Gen Z.

The Blue-Check Society!

The proliferation of hoaxes and misinformation on social media remains a concern. Most people are now more aware of the risks and have developed strategies to avoid being misled by provocative headlines. Verifying facts from trusted news sources and relying on accounts with verified blue checks on Instagram, X and TikTok are common practices among social media users to ensure the credibility of the information they consume.

This heightened awareness reflects a growing digital literacy and a critical approach to consuming information online. Tools and resources that help users fact-check and verify information are becoming increasingly important in combating misinformation.

Entertainment and Visual Appeal Drive Engagement for Gen Z

IDN

Top 3 preferred content in social media for Gen Z

Preferred content in social media	Big Cities	Secondary Cities
Entertaining content	75%	76%
Content that provides complete information	74%	65%
Content that provides complete product recommendations	59%	51%

Table 2: Top 3 reasons Gen Z favors social media over traditional media, Indonesia Millennials and Gen Z Report 2025 by IDN Research Institute

Social media content preferences differ between millennials and Gen Z, though both enjoy entertaining and informative posts with valuable recommendations (Table 2). Gen Z, in particular, favors visually appealing content with eye-catching designs, highlighting their love for aesthetic and creative visuals.

This generation's inclination towards visual storytelling is evident in the popularity of platforms like Instagram and TikTok, where high-quality imagery and engaging videos thrive. The use of filters, effects, and creative editing tools enhances the appeal of the content, making it more engaging and shareable.

> Based on our research, memes are a universal language for Millennials and Gen Zs in Indonesia. By blending humor and information, even serious issues can be conveyed in an entertaining way. This is proven to be true for content like politics, gender equality, feminism, sustainability, and many others. Millennials and Gen Z especially love unconventional logic, and memes are one of those ways that are able to fulfill this need

Kania Aisha Pasaman
Head of Communications, IDN

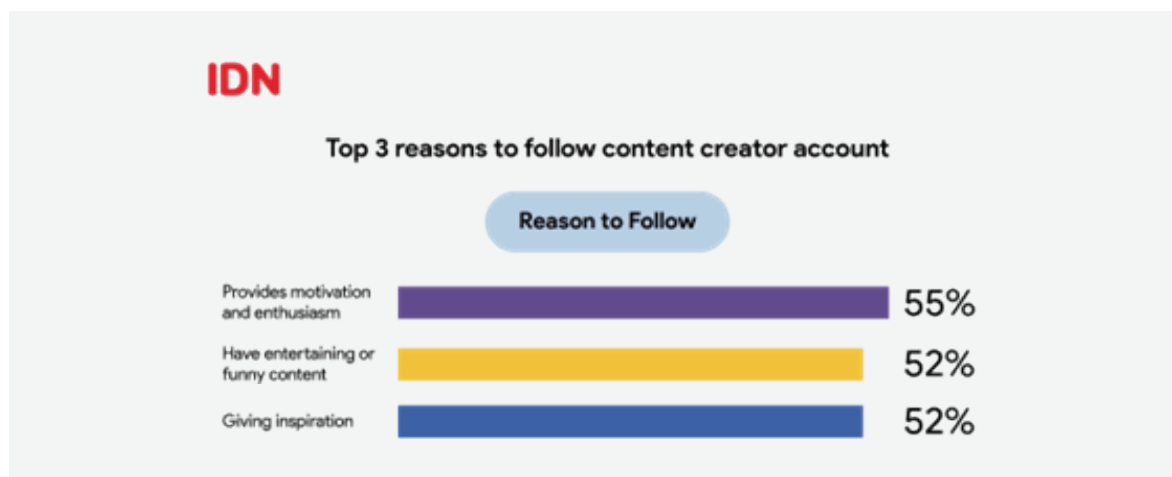## Authenticity and Relatability Are Key for Gen Z

Chart 3: Top 3 reasons to follow content creator account, Indonesia Millennials and Gen Z Report 2025 by IDN Research Institute

Content creators who provide motivation and enthusiasm are widely followed on social media. These creators offer a blend of entertainment and inspiration, appealing to both millennials and Gen Z. Authenticity plays a crucial role in content appeal, especially for Gen Z, who value genuine, relatable content over highly curated or commercialized posts. This preference is driven by a desire for real connections and trustworthiness in a world flooded with information. Moreover, Gen Z demonstrates greater purchasing power for buying merchandise from content creators compared to millennials. The influence of these creators extends beyond entertainment, impacting purchasing decisions and brand loyalty.

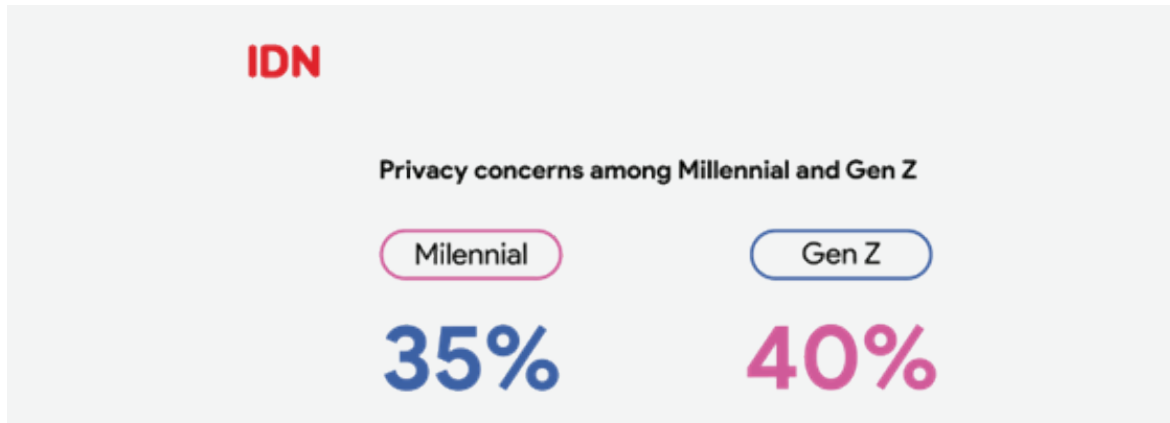## Conscious Social Media Usage Enhances Well-Being

Figure 3: Top 3 reasons Gen Z favors social media over traditional media, Indonesia Millennials and Gen Z Report 2025 by IDN Research Institute

As social media continues to dominate the information landscape, people have become increasingly conscious of the need to balance their virtual and real lives. A significant portion of Millennials (35%), and Gen Zs (40%), emphasizes the importance of not oversharing on social media and prioritizing privacy (See Figure 3). They recognize the potential mental health impacts of excessive social media use and strive to maintain a clear distinction between their online persona and real-life interactions. To maintain sanity and manage their time effectively, many users consciously limit their social media usage, recognizing it as a form of entertainment rather than a reflection of reality. By setting boundaries and focusing on meaningful offline experiences, both millennials and Gen Z are learning to navigate the complexities of a hyper-connected world.

[1]IDN. Indonesia Millennial and Gen Z Report 2025

KANIA AISHA PASAMAN

Head of Communications

Think You Know Gen Z? Discover The Secret Innovation To Win Them

T he dynamic marketing landscape requires brands to stay ahead by understanding emerging audiences and trends. According to the Indonesia Gen Z Report (2024) by IDN Media, Gen Z, making up 27.94% of the population, is known for diversity, inclusivity, and digital savviness.[1] They influence marketing strategies with their unique digital lifestyles. Technologies such as the metaverse, AI, blockchain, 5G, and AR/VR offer them immersive experiences and personalized content. With an 87.02% internet penetration rate and widespread access to affordable smartphones, Gen Z is well-positioned to embrace the latest tech trends, according to the Indonesian Internet Service Providers Association (ISPA).[2]

Gen Z's drive for convenience, customization, and connectivity fuels their adoption of cutting-edge technologies particularly the metaverse, seeking seamless and personalized digital experiences. In Indonesia, a tech-savvy and mobile-first generation has shaped a digital ecosystem with interactive designs and a strong focus on mobile-friendly solutions. Brands that align with these preferences can forge stronger connections with Gen Z in this evolving market.

Gen Z & the Metaverse: A Playground of Dreams

The COVID-19 pandemic accelerated the shift to virtual worlds, turning digital interactions into a focal point of Gen Z's formative years in Indonesia. Lockdowns drove young people to increasingly rely on online platforms like Zoom, online gaming, and virtual worlds for connection and entertainment. Games such as Minecraft and Roblox played a significant role in their childhoods and served as early introductions to the metaverse. Local developers have also built similar platforms, enhancing the growing metaverse ecosystem.

Gen Z believes the metaverse will revolutionize social interactions, entertainment, and commerce, seeing it as a transformative environment for socializing, playing, learning, and shopping. A survey by Ipsos Indonesia (2022) revealed that 62% of Indonesian Gen Z respondents view the metaverse as crucial to their future, especially in connecting with others and experiencing entertainment.[3] Brands and advertising agencies must recognize the metaverse's potential to redefine engagement strategies, offering a unique platform for immersive and interactive advertising.
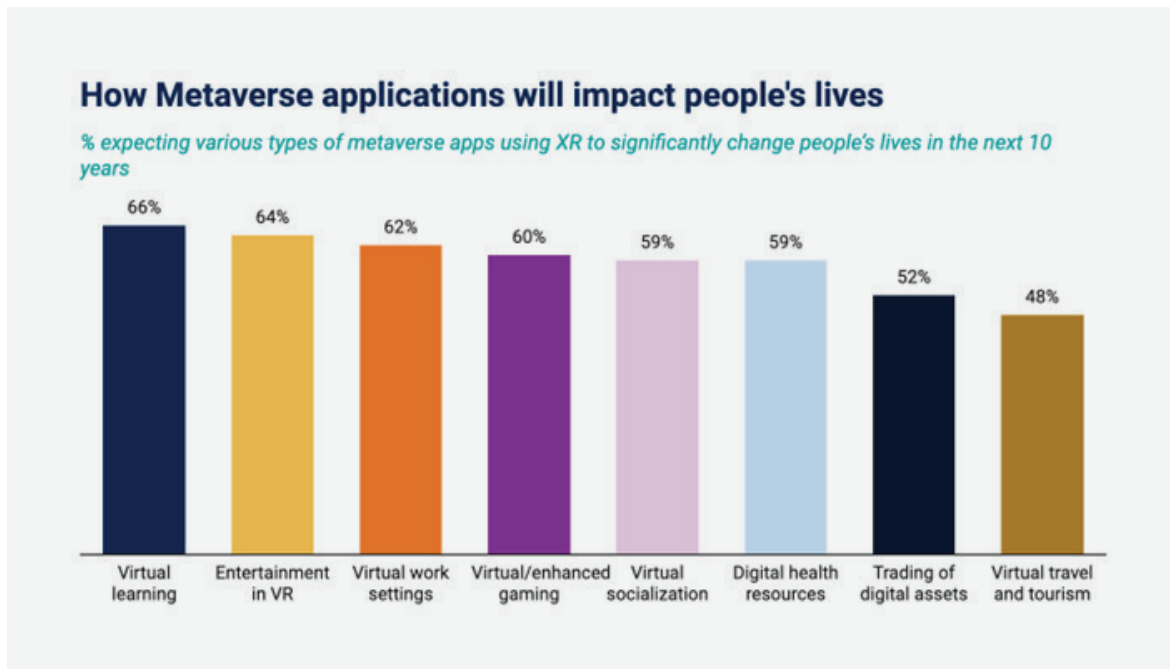
Image 1: How Metaverse applications will impact people's lives, Ipsos Global Advisor - Metaverse & Extended Reality, Ipsos, 2022

The metaverse is transforming digital interactions. According to PWC Indonesia (2023), 35% of Indonesians access the metaverse, with Gen Z leading the charge due to their tech-savviness and digital fluency.[4] For Indonesia's Gen Z, the metaverse is more than just a concept; it's a burgeoning reality. They are known for their tech-savviness and digital fluency. A study conducted by Populix and Meta (2022) shows that 65% of Gen Z are attracted to the metaverse.[5] Thus, they are rapidly adopting metaverse platforms and integrating them into their daily lives. This widespread adoption reflects their desire for rich, dynamic digital experiences.

The metaverse is crucial for Indonesian Gen Z, providing a platform for self-expression, identity exploration, and connection with like-minded individuals. Furthermore, a report by the Center for Digital Society (2022) also highlights the increasing familiarity and interest in the metaverse among this group, especially the upper socio-economic class.[6]

Fulfilling Gen Z's expectations for authenticity and engagement requires brands to integrate the metaverse into their strategies. This tech-savvy generation demands innovative, immersive experiences, making the metaverse crucial for effective connection. The next step is exploring practical solutions for successful integration.

Image 2: A rising interest among Indonesian Gen Z in Web 3 elements like the Metaverse, avatars, AR, VR, and NFTs, Gen Z Trend Report (2022)

Viral Trends Or Lasting Impact? What Draws Gen Z To Different Ecosystems?

To effectively engage Gen Z in Indonesia, brands must adapt to their unique preferences. This generation values authenticity, interactivity, customization, and community building:

1. **Authenticity:** Brands should focus on genuine interactions and transparency to build trust and loyalty with Gen Z. Real stories and honesty foster connection and respect.

2. **Interactivity**: Create interactive content like VR experiences or live-streamed events to engage Gen Z, who prefers active participation over passive consumption.

3. **Customization:** Offer personalized products and experiences to appeal to Gen Z's desire for uniqueness and individuality, leading to higher satisfaction and brand differentiation.

4. **Community Building:** Support digital communities where Gen Z gathers. Contributing valuable content and fostering connections creates a sense of belonging and relevance.

Case study: WonderVerse's Engagement with Gen Z in the Digital Ecosystem

Image 3: Virtual representation of Indonesian culture in the Wonderverse, showcasing traditional dances and architectural landmarks in a digital environment - Ministry of Tourism and Creative Economy

WonderVerse is a metaverse platform initiated by Volare Advertising Network to boost Indonesia's creative economy and tourism. As an innovative digital ecosystem, WonderVerse meets the growing consumer demand for immersive experiences. Referring to an article by the Ministry of Tourism and Creative Economy.[7] The discussion explores WonderVerse Indonesia (WVI) as a case study, highlighting the impact and sustainability of the metaverse in engaging Gen Z, the mobile-first generation in Indonesia.

WonderVerse Indonesia has become a pivotal player in engaging Generation Z by collaborating with communities that resonate with their interests, boosting Indonesia's tourism and creative economy. A key initiative is the introduction of virtual concerts within the metaverse that blend traditional digital engagement with metaverse immersive possibilities. These events support MSMEs by allowing users to promote their own products digitally. Despite Indonesia's steady economic growth, the government struggles to boost the creative economy and tourism post-pandemic, with growth in 2023 below 10%.[8] Meta-concerts offer a novel approach to revitalizing the hardest-hit sectors.

By March 2024, WonderVerse had achieved over 15,100 app downloads and engaged more than 27,500 desktop users.[9] The success of metaverse concerts, which combine the thrill of live performances with interactive elements, has been central to this growth. These events have become a vital connector between the ever-changing behaviors of Gen Z and the evolving landscape of the metaverse. By providing a familiar yet novel experience, WonderVerse has effectively bridged traditional digital engagement with new technological possibilities, driving growth in both user engagement and the broader creative economy and tourism.

Key Learnings

Winning over Gen Z requires understanding their digital behaviors, preferences, and values. This generation, accustomed to rapid technological advancements, expects authenticity, interactivity, and a sense of community in their online interactions. Brands and agencies should navigate the metaverse genuinely, creating personal and resonant experiences. Success hinges on viewing the metaverse, the secret innovation, as a dynamic space for creativity and meaningful connections. By embracing this, brands can build strong, lasting relationships with Gen Z, securing their loyalty and advocacy in an ever-evolving digital world.

[1]IDN. Indonesia Gen Z Report 2024 ǀ [2]KataData. "Tingkat Penetrasi Internet Indonesia Capai 79,5% per 2024". April 12, 2024 ǀ [3]Ipsos. Enthusiasm for the metaverse and extended reality is highest in emerging countries ǀ [4]PWC. "Indonesia Termasuk Negara Pengguna Metaverse Terbanyak pada 2022". February 24, 2023 ǀ [5]Trend Report. Yang Dicintai Gen Z di Instagram. 2022 ǀ [6]CFDS. "Indonesia Gen Z Report 2022: Understanding and Uncovering the Behaviour, Challenges, and Opportunities". March 20, 2023 ǀ [7]Ministry of Tourism and Creative Economy. "WonderVerse Indonesia, Promosi Sektor Parekraf Melalui Dunia Virtual". November 1, 2023 ǀ [8]Ministry of Tourism and Creative Economy. "Siaran Pers: Menparekraf: Tenaga Kerja Sektor Ekonomi Kreatif Terbukti Lebih Cepat Pulih dari Pandemi". Press Release. October 13, 2023 ǀ [9]Volare. Meta Concert Report 2023

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Improving the Quality of Healthcare Protection in Indonesia through #SehatPangkalBisa as a Response to the Challenge of Medical Inflation

The insurance industry in Indonesia recorded growth in the first quarter of 2024. According to data released by the Indonesian Life Insurance Association (AAJI) in its first-quarter performance report, total revenue grew by 11.7%, with premium revenue showing a slight increase of 0.9%.[1]

This growth boosts optimism for the life insurance industry this year, despite the challenges posed by medical inflation and rising health claims. In fact, in 2023, AAJI recorded a 25% increase in health claims, with the health insurance claim ratio to premium revenue for that product reaching 138%.[2]

This data highlights the current high level of national medical inflation, which is predicted to rise further to 13% in 2024, exceeding the average medical inflation rate in Asia.[3] The impact of this medical inflation includes rising healthcare facility costs, hospital fees, and pharmaceutical expenses. These factors force insurance companies to adjust the costs or premiums of health insurance products to ensure that policyholders continue to receive optimal healthcare protection.

This situation is certainly a concern for health insurance policyholders, as they may wonder whether it will affect the premiums they pay, given that medical inflation is expected to occur annually. In the wake of a recovering economy post-pandemic, Indonesian families will have different priorities, including insurance protection. Therefore, when insurance companies adjust their insurance costs or premiums, it could be a factor that influences customers to either continue with or terminate their existing policies.

Collective Efforts through #SehatPangkalBisa

The Covid-19 pandemic has driven a shift in people's lifestyles, with many starting to adopt healthier habits, such as exercising regularly and consuming nutritious food. At the same time, the pandemic has also raised public awareness about the importance of protection, particularly health protection. This was reflected in a tracking survey conducted by Prudential in 2022, which showed an increase in the number of people planning to acquire medical or hospital insurance after the pandemic.

However, the pandemic also triggered medical inflation, which led to higher prices for medical supplies and delayed medical treatments, contributing to a rise in health insurance claims.

This has been viewed as an opportunity to continue fostering the healthy lifestyles that people have begun adopting and simultaneously grow the health insurance business by offering products tailored to these lifestyles.
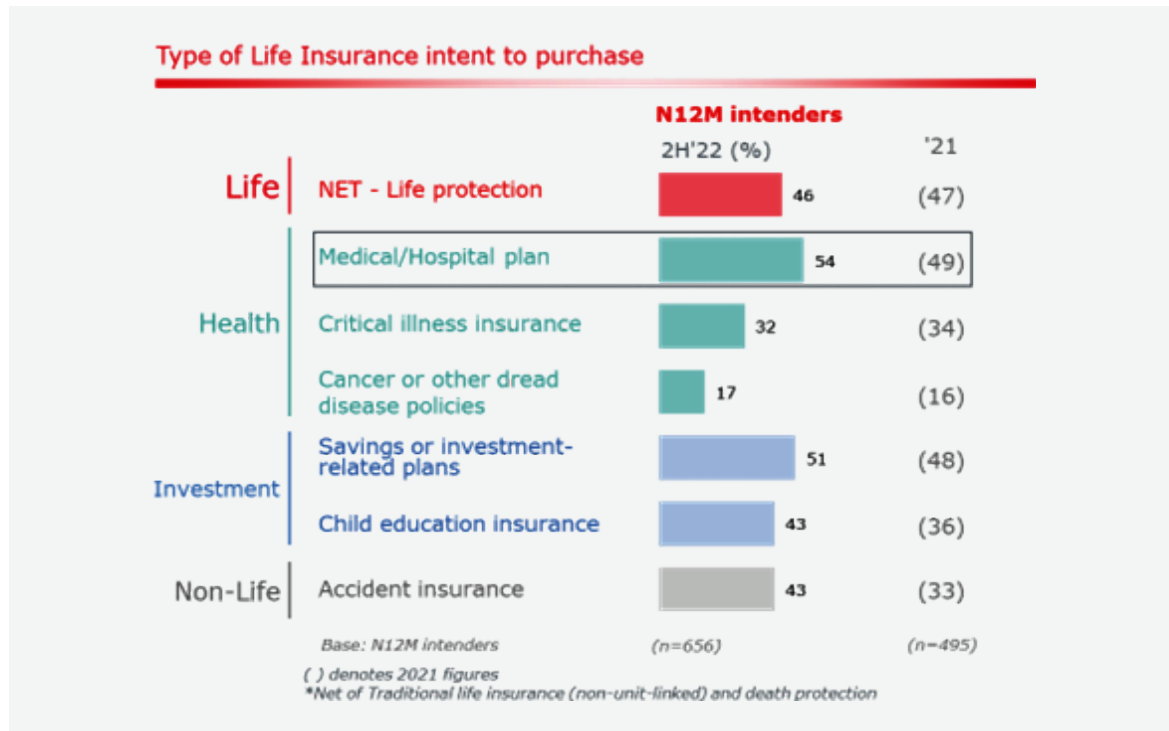
Picture 1: Type of insurance intent to purchase, Prudential internal data

Prevention is better than cure, and Prudential continuously encourage people to maintain their health through the #SehatPangkalBisa campaign, which is rooted in customer insights. In Q4 2023, we conducted a Focus Group Discussion with both Prudential policyholders and non-policyholders aged 25–60 (from Gen Z, Millennials, to Golden Age) to gather perceptions on the importance of staying healthy. The responses were clear: when we are healthy, we can do anything.

Thus, health is understood as a state of complete physical, mental, and social well-being, not just the absence of disease. With this basis, Prudential launched the #SehatPangkalBisa campaign to continue promoting healthy living.

Prudential Encourage Healthy Lifestyle

Prudential translates the spirit of #SehatPangkalBisa through various initiatives aimed at addressing challenges in the life insurance industry while also introducing a customer-oriented product that rewards healthy lifestyles: PRUWell a reward or incentive for policyholders who make no claims, in the form of premium discounts for the following year. These discounts increase the longer the policyholder maintains their health, with

a maximum discount of up to 20% to provide both financial stability and emotional benefits, offering peace of mind.

In addition, Prudential initiated a movement that encourages an active lifestyle through community-based exercise called PRUActive Community,that promotes healthy living and maintaining an ideal body weight through the "10 Weeks Fit and Well Challenge," where participants can track their health progress as they engage in various community activities.

Information about the PRUActive Community is promoted through social media (Instagram, Facebook), both organically and via paid ads, as well as on Prudential's website and its partners' sites. The campaign also receives support from sports communities and coaches, who share posts on their personal and community social media pages. Participants themselves contribute to raising awareness by posting about the sessions on Instagram and TikTok.

There are three metrics used to assess participants: first, consistency (attending PRUActive events at least three times within two weeks); second, improvement (demonstrating progress in fitness, measured by BMI); and third metric is advocacy. Throughout the challenge, participants' health progress is monitored by fitness experts, and they receive health consultations, in collaboration with Prudential's hospital partners.

With these three measurements, Prudential has successfully encouraged participants to promote a healthy lifestyle.[4]

- Participants were mostly from younger age groups, with 57% aged 20–29 and 34% aged 30–39, the core target for this campaign.

- 11% of participants consistently attended at least three class sessions within two weeks.6% of participants in the "Improvement Challenge" showed measurable improvements in fitness over the 10-week period.

- 8% advocated within their circles by sharing their experiences on social media.

- Prudential is perceived as being strong in "caring about making communities better" and "promoting activities that help people lead healthier lives."

During the 10-week implementation from May to July 2024, the PRUActive Community program exceeded its target by reaching 7,067 participants in the Greater Jakarta area (Jakarta, Bogor, Depok, Tangerang, and Bekasi). These participants joined over 250 sports classes, both in community sessions and exclusive studios across various cities in the region, offering activities such as POUND, dance, yoga, Pilates reformer, and many more. This initiative not only introduced sports enthusiasts to Prudential but also increased their interest in exploring health insurance products through sales forces.

The #SehatPangkalBisa movement was not limited to offline activities but was also promoted extensively across various social media platforms.

- Through organic and paid activation on social media, the campaign reached more than 6 million people, with 3.9 million engagements.

  - Organic campaigns to raise awareness on Prudential's official social media channels included interactive activities such as "add yours," quizzes, and the use of hashtags.

  - Awareness was boosted through paid meta-ads, Google, and publishers to promote healthy living.

  - Consideration for the product was built through Google, Meta, and key opinion leaders (KOLs), targeting those who interacted with the awareness ads about the product benefits.

  - Conversion was driven via Google and publishers using personalized benefit hard-sell ads, featuring lead forms for those interacting with product ads to leave their details for follow-up.

- In addition to social media, the #SehatPangkalBisa campaign was also highlighted through media engagement activities such as Chief Editor Gatherings, Press Conferences, Radio Talk Shows, Media Gatherings, and Press Releases, generating a PR Value of over IDR 10 billion during the campaign period, thus dominating discussions on medical inflation by providing tangible solutions for the community.

Moreover, Prudential also conducted customer outreach through its #SehatPangkalBisa campaign presented through customer gatherings in six major cities and personalized video messages aimed at encouraging

customers to appreciate healthy living and informing them of the benefits available to them as Prudential policyholders. These personalized videos were sent to over 200,000 customers, accompanied by invitations to join the PRUWell product, achieving a conversion rate of 9%, far surpassing the control group's 3.5%.
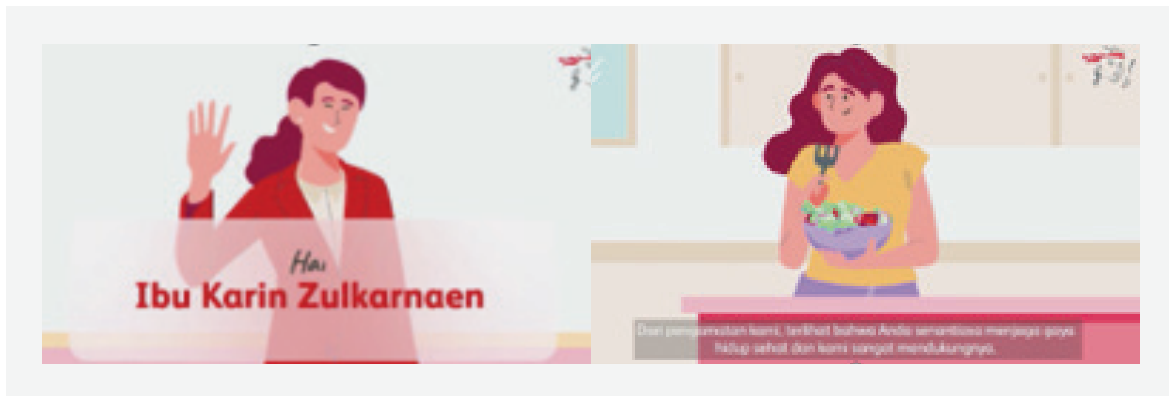
Picture 2. Personalized video message, Prudential internal data

With the #SehatPangkalBisa spirit, Prudential continues to expand its partnerships with hospital networks, PRUPriority Hospitals, which provide transparent services following clinical pathways to prevent overcharging and overtreatment for Prudential patients. More than 300 hospitals in over 100 cities and regions, both domestically and internationally, have joined the PRUPriority Hospitals program, and the network will continue to grow.

The Positive Impact of the #SehatPangkalBisa Campaign in Ensuring Balance in the Health Protection System

Since the launch of the #SehatPangkalBisa campaign in April 2024, coinciding with the release of the PRUWell product, Prudential recorded its highest PRUWell sales in June, reaching its premium targets, particularly in the health insurance category, within the first three months of the launch. By July, 70% of premiums from new business were contributed solely by PRUWell, demonstrating that it is a well-targeted product, supported by an effective marketing campaign.

Another interesting fact is that with the #SehatPangkalBisa spirit embedded in PRUWell:

- The product successfully attracted existing Prudential customers with older health insurance policies to switch to PRUWell,

achieving a conversion rate of nearly 10% within the first three months of the campaign.

- It also captured the interest of younger generations in insurance, with 21% of new policyholders coming from the Young Generation segment (18–34 years old; unmarried) and 25% from the Young Family segment (newly married under 35 years old).
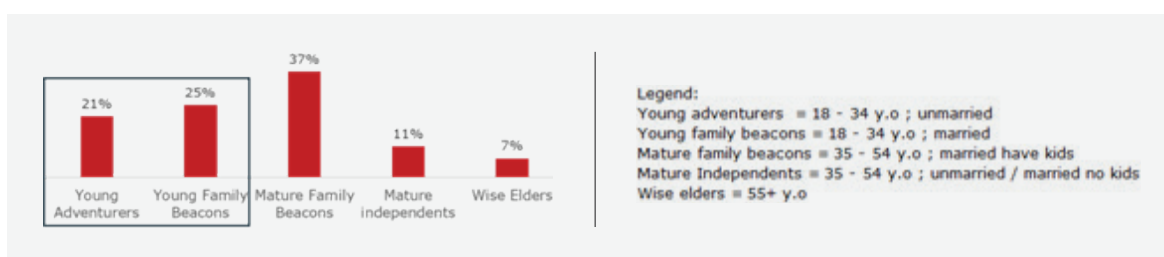
Picture 3: New Policyholders of PruWell as per Jul 2024 by segment, Prudential internal data

The #SehatPangkalBisa campaign has positioned PRUWell as a pioneer in a new health insurance concept, and strengthened Prudential's position as a trusted partner and protector for its customers and the Indonesian community, offering protection for this generation and generation to come.

[1]Asosiasi Asuransi Jiwa Indonesia, "Sinyal Positif Pertumbuhan Asuransi Jiwa di Awal Tahun 2024", Press Release, Mei 29, 2024 ❙ [2]Ibid., "Klaim Asuransi Kesehatan Terus Meningkat, Industri Asuransi Jiwa Terus Meningkat", Press Release, February 27, 2024 ❙ [3]Mercer Marsh Benefits (MMB), Health Trends 2024, November 18, 2023 ❙ [4]Prudential PruActive Community Event Evaluation

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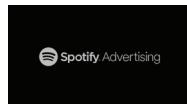Board of Director Indonesia
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