E-Commerce in Indonesia
Indonesian economic growth will be fueled by consumer spending as the middle class continue to rise.

By 2020, the mass-consuming class* will increase to 53 million households
*Mass-consuming class is defined as those households with annual disposable income between US$5-30k per annum

<table>
<thead>
<tr>
<th>No. of households within each band</th>
<th>2010</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>(US$ 000s)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50+</td>
<td>9</td>
<td>146</td>
</tr>
<tr>
<td>30-50</td>
<td>196</td>
<td>1,557</td>
</tr>
<tr>
<td>15-30</td>
<td>3,917</td>
<td></td>
</tr>
<tr>
<td>5-15</td>
<td>34,714</td>
<td>39,885</td>
</tr>
<tr>
<td>0-5</td>
<td>17,266</td>
<td>6,256</td>
</tr>
</tbody>
</table>

*By 2020, 65% of Indonesia's households are forecast to be in the $5-$15k disposable income band and 22% in the $15-$30k band

At market exchange rates and 2010 constant prices
Source: Accenture; Oxford Economics
Indonesia is urbanizing at a rapid clip. By 2020, Indonesia will be dominated by urban dwellers.

Source: Euromonitor, "Indonesia in 2030: The Future Demographic," August 2010
Sumatra and Sulawesi are the next regions of urban growth.
The healthy growth will also reflect to the internet penetration which is the backbone of e-commerce industry.
Internet penetration in Indonesia is still relatively low, so there are plenty of opportunity to grow.
But the actual figures are quite substantial

IN 2016, THE INTERNET USERS WILL BE...
TOTAL INTERNET USERS 205M IN “BIG 6” SEA COUNTRIES
## E-Commerce in South East Asia

<table>
<thead>
<tr>
<th>Country</th>
<th>Population (mil)</th>
<th>Online Users (mil)</th>
<th>Retail Sales (bil)</th>
<th>E-Comm Sales (% of Retail)</th>
<th>Opportunity (bil)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
<td>29.5</td>
<td>18.5</td>
<td>$99</td>
<td>0.2</td>
<td>$4.9</td>
</tr>
<tr>
<td>Singapore</td>
<td>5.3</td>
<td>3.9</td>
<td>$30</td>
<td>1.0</td>
<td>$1.5</td>
</tr>
<tr>
<td>Indonesia</td>
<td>244.8</td>
<td>75.9</td>
<td>$100</td>
<td>0.1</td>
<td>$5.0</td>
</tr>
<tr>
<td>Thailand</td>
<td>67.9</td>
<td>31.2</td>
<td>$94</td>
<td>0.2</td>
<td>$4.7</td>
</tr>
<tr>
<td>Philippines</td>
<td>97.7</td>
<td>33.6</td>
<td>$34</td>
<td>0.3</td>
<td>$1.7</td>
</tr>
<tr>
<td>Vietnam</td>
<td>88.8</td>
<td>31.0</td>
<td>$80</td>
<td>0.1</td>
<td>$4.0</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>534m</strong></td>
<td><strong>194.2</strong></td>
<td><strong>$436</strong></td>
<td><strong>0.2</strong></td>
<td><strong>$21.8</strong></td>
</tr>
</tbody>
</table>

(Source: UBS)
Among SEA countries, Indonesia is actually the most ready e-commerce market.
In the next 5 years, online shop in Indonesia will grow at least 10x from 3% to 30%

SOURCE: McKinsey Consumer Insights Indonesia 2013

1 Question asked to the 29% of the population that cited using internet via PC/laptop in past 12 mos.
Other online research shows a more aggressive number: 46% intended to buy online in the next 12 months

**Indonesian online shoppers...**

<table>
<thead>
<tr>
<th>Method</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use search engines to research</td>
<td>41%</td>
</tr>
<tr>
<td>Use social to research</td>
<td>37%</td>
</tr>
<tr>
<td>Use retailer/store website</td>
<td>20%</td>
</tr>
<tr>
<td>Use news/magazine websites</td>
<td>14%</td>
</tr>
<tr>
<td>Use online blogs, forums or message boards</td>
<td>14%</td>
</tr>
<tr>
<td>Use emails and e-newsletters</td>
<td>14%</td>
</tr>
<tr>
<td>Use product comparison websites</td>
<td>14%</td>
</tr>
</tbody>
</table>

77% of sellers say that a reason for selling online is that there are lots of people buying online.

46% of online Indonesians who have never shopped online expect to buy online within the next 12 months.

**SOURCE:** TNS Online Shopper Study – Indonesia – February 2013 Base: Online shoppers across all categories (Recent online shoppers n = 511)
Strong growth are predicted for years to come.

Indonesia’s eCommerce market forecast to double in 2013
(estimated market size, $USD B)

Source: Velas Asia research (velasasia.com), World Economic Outlook (2013), eMarketer.com (2013), Association of Indonesian Internet Service Providers survey (July 2012)
They are purchasing various good online

- Fashion: 78%
- Mobile: 46%
- Consumer electronics: 43%
- Books and magazines: 39%
- Groceries: 24%
Convenience is more important than price

Top online buying drivers

- I save time online shopping: 72%
- I do not have to travel: 66%
- My online shopping is delivered to my house: 64%
- I can compare multiple products: 61%
- I can access goods that are generally available in the market or shop: 58%
- The internet offers me goods that are cheaper: 45%
- Goods and services are much better value than in-store: 26%
Price triggers many non-recent shoppers to buy online

67%
if the product was cheaper to buy online than in a retail store
But why are they not shopping as often?

- 42% Not confident of the quality of the product
- 40% Worry about the security of financial information online
- 38% Lack of physical contact to the goods
They are active online

- Using online chat: 59%
- Watching videos: 50%
- Researching products: 41%
- Posting/writing: 22%
1 in 2 who have never shopped online expect to buy online within the next 12 months.
Consumer education is key

- Price: 48%
- Product options: 40%
- Discount: 34%
- Delivery: 33%
They can be influenced

**Ad Exposure of Non-recent online shoppers**
- 83% Online
- 67% On the TV
- 58% Magazines or newspapers
- 37% Billboard/outdoor advertising
- 9% On the radio

**Actions after online ad exposure**
- 70% Direct action
- 88% Use info from ad to plan and research
- 47% Offline action
## Perception vs. fact

<table>
<thead>
<tr>
<th>What they think / want</th>
<th>The reality</th>
</tr>
</thead>
<tbody>
<tr>
<td>I’d like to touch/try the goods before buying them (41%)</td>
<td>Return policies are being offered</td>
</tr>
<tr>
<td>I’m not clear on warranty (38%)</td>
<td>Warranty guidelines are mostly clear</td>
</tr>
<tr>
<td>I do not have a credit card (35%)</td>
<td>Multiple payment options: credit card, debit card, bank transfer, cash on delivery, etc</td>
</tr>
</tbody>
</table>
Trending Online Payment Behavior in Indonesia

Source: Various Sharing Vision Research

CASH ON DELIVERY (COD)
- 2013: 62%
- 2014: 25%

ATM TRANSFER
- 2013: 66%
- 2014: 41%

ALTERNATIVE PAYMENTS
- Internet Banking
- Rekening Bersama
- SMS/Mobile Banking
- Emoney
- Debit Card

CREDIT CARD
- 2013: 10%
- 2014: 12%

GNNT Less Cash Society
However, we are still far behind other countries in SEA
We also need to improve on the logistic cost.
21st Century is the Asian Century
Global E-Commerce Sales to Reach $1.2 Trillion This Year
Estimated global e-commerce sales and online buyer penetration in 2013

- **North America**
  - $419.53b
  - 12.5% growth
  - 72.0% buyer penetration

- **Western Europe**
  - $291.47b
  - 14.0% growth
  - 72.3% buyer penetration

- **Central & Eastern Europe**
  - $48.56b
  - 20.9% growth
  - 41.6% buyer penetration

- **Latin America**
  - $45.98b
  - 22.1% growth
  - 33.0% buyer penetration

- **Middle East & Africa**
  - $27.00b
  - 31.0% growth
  - 31.3% buyer penetration

- **Asia-Pacific**
  - $388.75b
  - 23.1% growth
  - 44.6% buyer penetration

**Worldwide**
- $1,221.29b
- 17.1% growth
- 40.4% buyer penetration

Source: eMarketer
Leveraging Digital Opportunity to realize the Indonesian Dream

KESUksesan Murti Rahayu dengan Bisnis Sampingan Abon Lele

Di tangan kreatif Murti Rahayu, daging lele bisa dipulap menjadi sebunghis abon lele dengan nilai ekonomi yang sangat menggiurkan.

Kadek Audrey Dwi Savitri, Juragan Bibit Tanaman yang Masih Duduk di Bangku SMP