



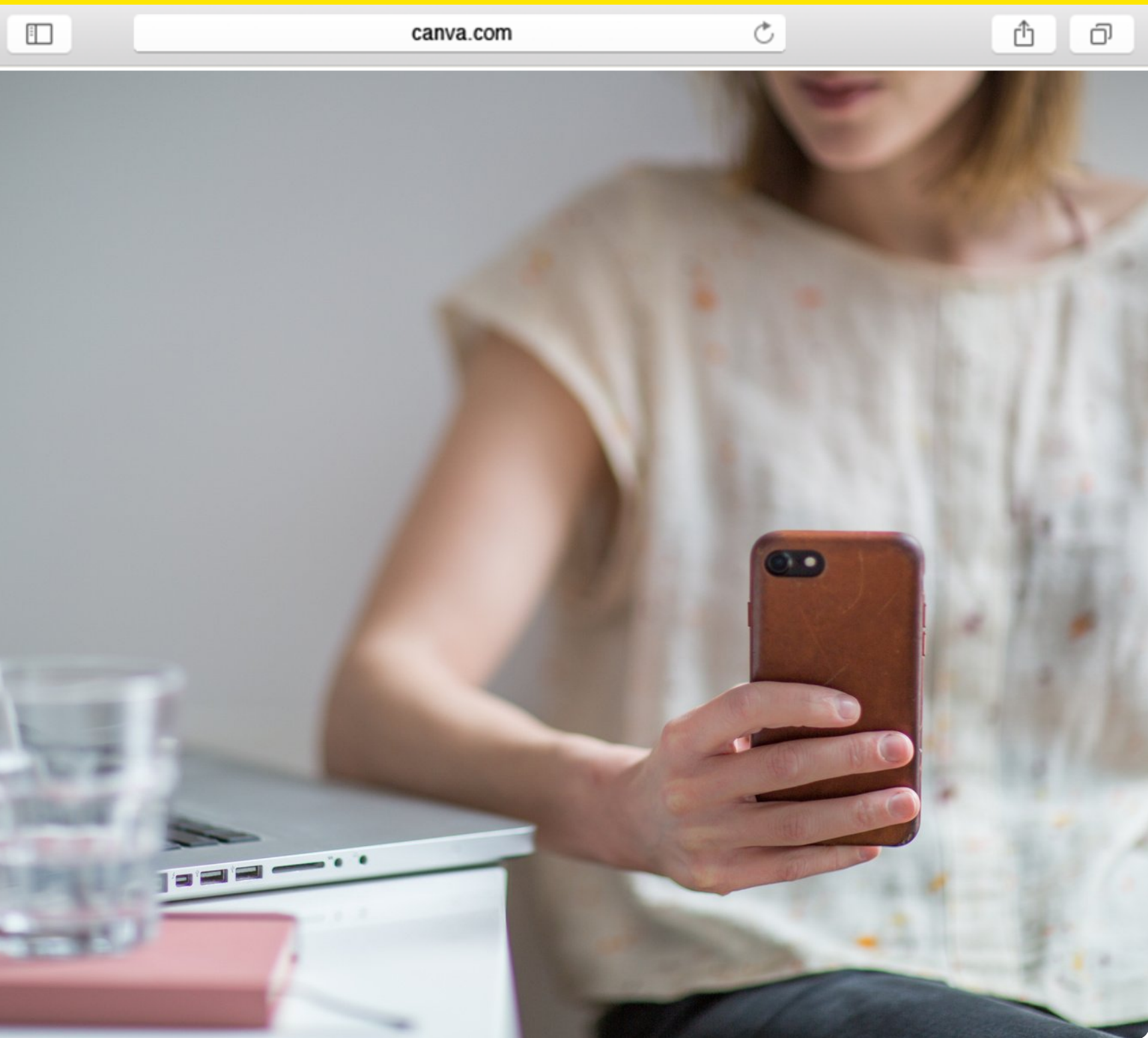
GLOBAL AND INDONESIA CASE

E-Commerce Outlook



HANA KRISVIANA





Gross Merchandise Value of Digital Economy in Indonesia

72%

in 2020. Predicted to lower to 67% in 2025.

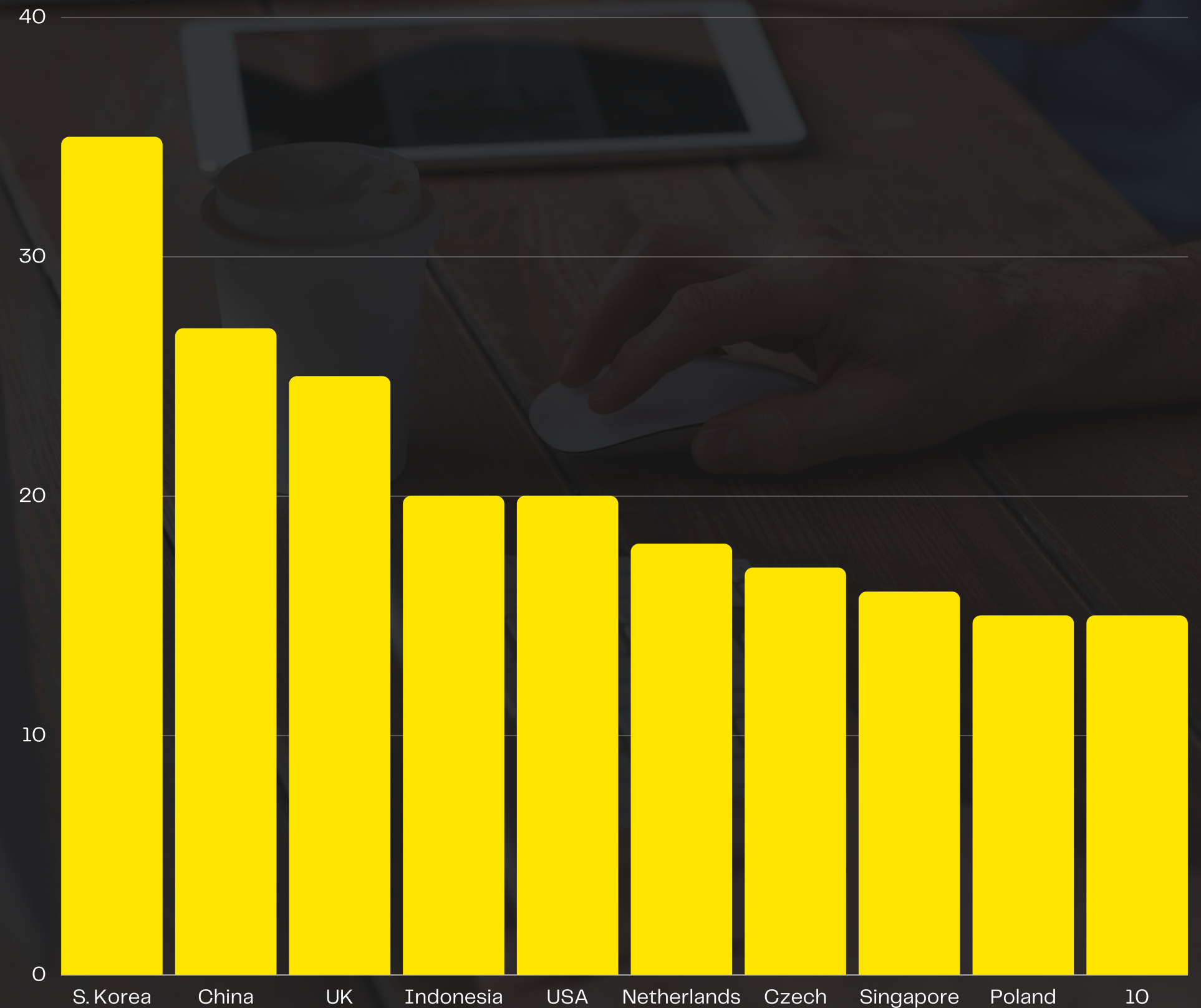
Source: ISEAS

Market Penetration

Indonesia forecasted CAGR 2019-2023 is 14.8%

Indonesia is among the top 5 countries with high e-commerce penetration in 2020. The figure rises from below 5% to 20% in just 5 years since 2015. In 2025, Indonesia is predicted to have nearly 40% penetration.

SOURCE: EUROMONITOR



Growth Factors



Demography →

- Urban population
- Population density
- Employment in service industry

Usage →

- Digital skills of population
- Internet usage
- Mobile internet sales share
- Dominant e-commerce players

Payment Preference →

- Credit/debit card use
- Digital payment
- Online bill pay



Infrastructure Matters

Things that matter

- Availability of broadband subscription
- Transport infrastructure
- Shipment timeliness

Logistics

Transition from retail commerce to e-commerce drive demands to logistics space. Over 138 sq m. is needed to support global e-commerce growth.

Pandemic era

Pandemic leads to 37% e-commerce consumer being new. Market with strong infrastructure readily available will drive higher peak of e-commerce during pandemic era. Countries should invest in stronger, more accessible infrastructure.

SOURCE: CBRE RESEARCH, JANIO



Consumer Market

Mobile First Country

- 61.8% of Indonesia population is active social media user
- 71% uses mobile internet
- 52 million of 273 million population is middle class
- 69% commerce completed in app
- Most of e-commerce customers come from Jabodetabek area



Challenge of e-commerce in Indonesia



01

The Unbanked

Approximately 42% of population is unbanked and still uses cash. Only 30% of population uses digital wallet to transact in-store and online.

02

Geography

Being an archipelago makes shipment across Indonesia is fairly expensive and takes long time. This also makes it difficult to ship returned products.

03

Cultural & Infrastructure

Indonesians tend to prefer retail store due to ability to "see and touch" a product. Fairly low quality of adequate infrastructure remains a challenge (internet speed in Jabodetabek is faster than in Kalimantan, for instance).

Top E-commerce Competitors

Most Visited E-commerce

In Q1 2021, Tokopedia, Shopee and Bukalapak are the most visited e-commerce in Indonesia. Tokopedia has advantage on urban market penetration, while Bukalapak has advantage by being broader in scope by opening warung or pop up store to reach unbanked community.

SOURCE: ISEAS



Conclusion

App Development

Commerce app development should be lighter, enabling people to access it regardless of low internet connection.

Convert MSMEs

MSMEs are the backbone of Indonesia economy. However they tend to be afraid to convert to e-commerce. Nationwide education such as practical workshop and support needs to be given to MSMEs so they can serve the unbanked appropriately.

Logistics Partner

Partner with logistics provider appropriately, most importantly those with adequate logistics space and fast last-mile delivery. Partnership can be combined to allow for faster delivery. E-commerce can also provide with own logistics to make it more reliable.

Payment

Cards are more likely to replace cash than digital wallets. Security should be increased to prevent frauds and online theft.



Thank You

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