



Indonesia E-commerce



E-commerce boom triggers transformation in retail logistics. Eventually emerging markets may surpass mature markets in pure volume owing to the size of their population. E-commerce gives retailers the potential to reach new customers that physical locations cannot, particularly in remote, rural locations. Global online sales grew 14.8 percent per annum from 2007 to 2012 compared to total retail sales, which increased by just 0.9 percent during the same period.

By 2017, the highest rates of B2C e-commerce sales growth are predicted to occur in Indonesia, China, India and Mexico.

In the U.S., it is estimated that 30 percent of industrial big box warehouse demand is correlated to e-commerce. Retailers continue to open large e-fulfillment centers in close proximity to major markets; they are also opening mid-sized warehouses operated by third-party logistics providers in secondary markets to meet same day delivery needs across the country.

B2C E-Commerce Sales Growth in Asia Pacific, 2011-2017							
	% change						
	2011	2012	2013	2014	2015	2016	2017
Indonesia	104.5%	85.0%	71.3%	45.1%	37.2%	26.0%	22.0%
China	103.7%	94.1%	65.1%	51.2%	30.6%	22.6%	18.3%
India	47.2%	39.7%	34.6%	27.1%	23.7%	18.2%	16.6%
South Korea	17.6%	6.0%	6.9%	9.3%	8.3%	8.2%	7.3%
Australia	11.0%	10.05%	6.0%	5.7%	5.1%	5.0%	4.2%
Japan	27.1%	13.2%	-7.2%	7.1%	6.7%	5.6%	5.0%
Other	23.9%	12.4%	12.7%	12.0%	11.9%	11.0%	10.2%
Total Asia Pacific	37.2%	32.8%	23.1%	29.0%	20.9%	16.7%	14.2%

Indonesian Government to Launch E-Commerce Legal Framework This Year,

In an effort to create a more conducive climate for the e-commerce industry, the government plans to issue a set of regulations called the “e-commerce roadmap” in the next three to six months. The roadmap will provide clear guidelines regarding logistics services, payment gateways and tax —among others — for the e-commerce industry, Coordinating Economic Minister Sofyan Djalil stated.

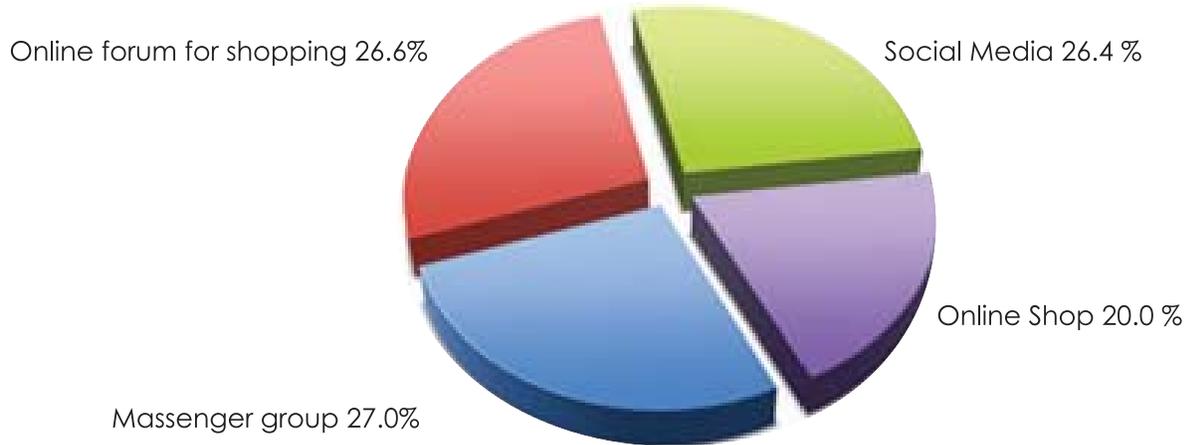
Under Presidential Decree No. 39/2014, the government includes e-commerce among the

industries closed to foreign investment, requiring e-commerce businesses to be wholly owned by local players. The regulation initially aimed to boost the growth of local e-commerce players and prevent foreign players from taking advantage.

Acquisitions of key Indonesian e-commerce players have occurred over the last few years, such as that of dealkeren.com by US-based LivingSocial Inc. and Disdus by US-based Groupon. Indonesia has one of Asia’s biggest untapped e-commerce markets which is only recently

ONLINE SHOPPING CHANNEL (%)

Base respondents who shop online



drawing major investors in search of the next Alibaba Group Holding Ltd. Japan's SoftBank Corp late last year led a \$100 million investment in Indonesian online marketplace Tokopedia.

Indonesia's Lippo Group announced the launch of its massive ecommerce venture MatahariMall – the online version of one of the nation's biggest mid-priced department stores. Lippo Group is one of the archipelago's largest and richest conglomerates, and has invested US\$500 million into the initiative. Lippo plans to spend the money over the next two to three years in hopes that the site can create US\$1 billion in sales. The firm claims this would also make MatahariMall the largest ecommerce site in the nation, and that it would be on its way to becoming "the Alibaba of Indonesia." Lippo hopes MatahariMall will bring the firm's consumer retail division (online and offline) to US\$25 billion in revenue after five years. 20 percent of this is expected to come from online retail.

"Online commerce is a US\$100 billion opportunity," explains Lippo Group representative John Riady. MatahariMall will offer the largest selection of goods spanning fashion, beauty, electronics, home, groceries, books, entertainment, and more, according to the firm. Riady claims MatahariMall is the first online-to-offline ecommerce site in Southeast Asia. This means that people can buy stuff online, then waltz into a Matahari department store to pick up the goods later.

Online shopping in Indonesia firstly start with accessories or tertier goods. Now the online shopping has reach premier goods eventhough the volume still not as significant as in China (three times our state budget - \$152 billion). Last year Indonesian online has reached US\$ 12 billion and expected to reach US\$ 20 billion this year. Price is one of the key major decision for the shopper on this e-commerce in Indonesia. If the price does not has significant different than the off line shop, the shopper prefer the off line shop. Most the on shopping now still dominated by Social Media (see chart below).

C2C / Marketplace	B2C	B2B
		Daily Deals