

Digital Business, Online Marketplaces and E-Commerce for SME: ASEAN and Indonesia Context

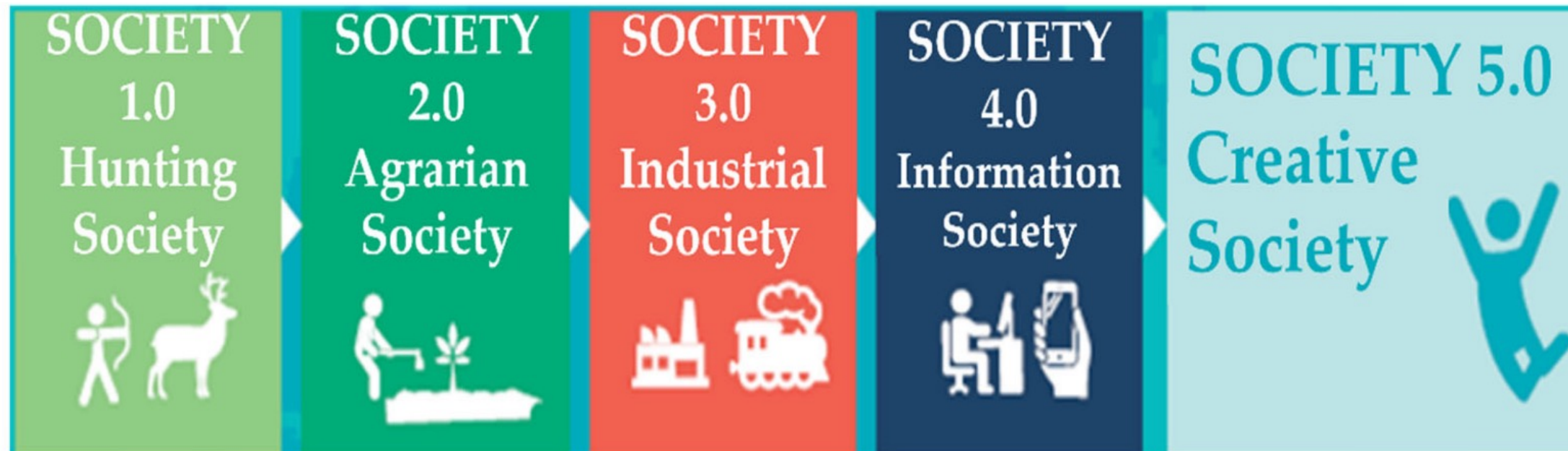
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Jakarta, 4th October 2024

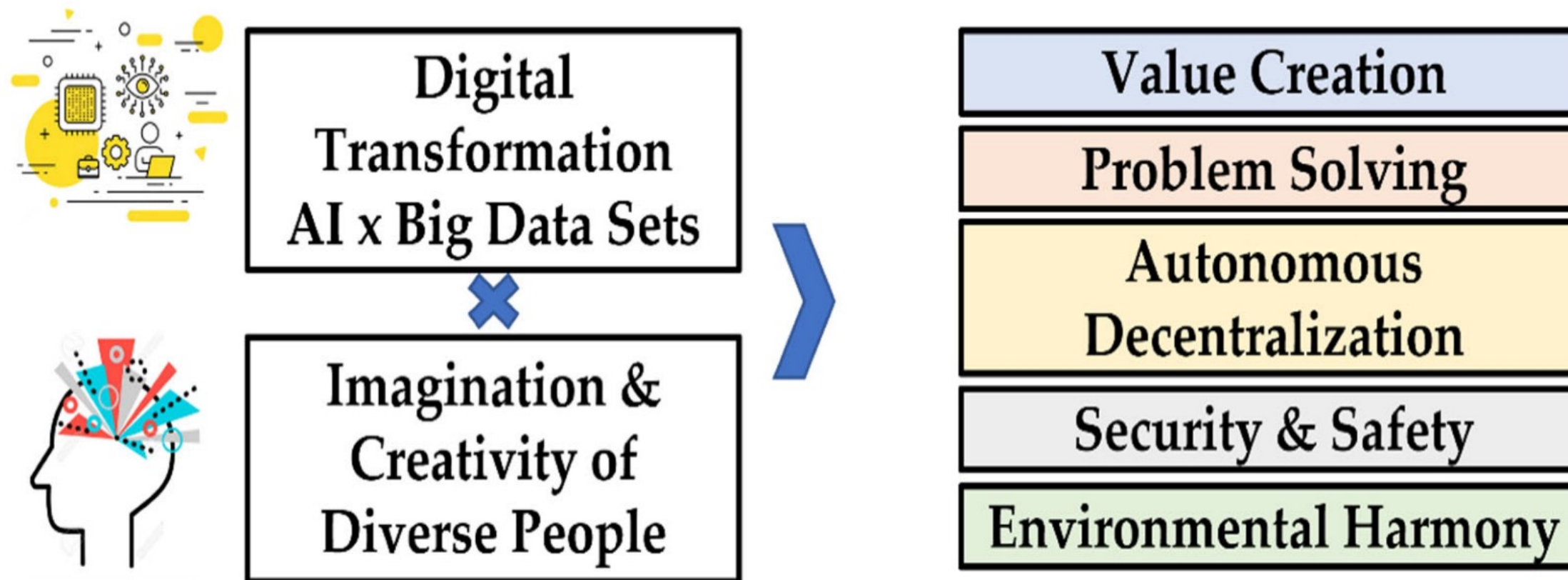


- Digital technologies, such as mobile devices, digital public services, and emerging innovations including Artificial Intelligence are reshaping the global landscape.
- Digital technologies can be employed to increase financial inclusion, enhance government efficiency, and tackle poverty. They can play a pivotal role in achieving the SDGs.
- In fact, digital technologies can play a role in achieving 70% of all SDG targets.

Source: <https://www.sdg-digital.org/#:~:text=Digital%20technologies%20can%20be%20employed,70%25%20of%20all%20SDG%20targets>.

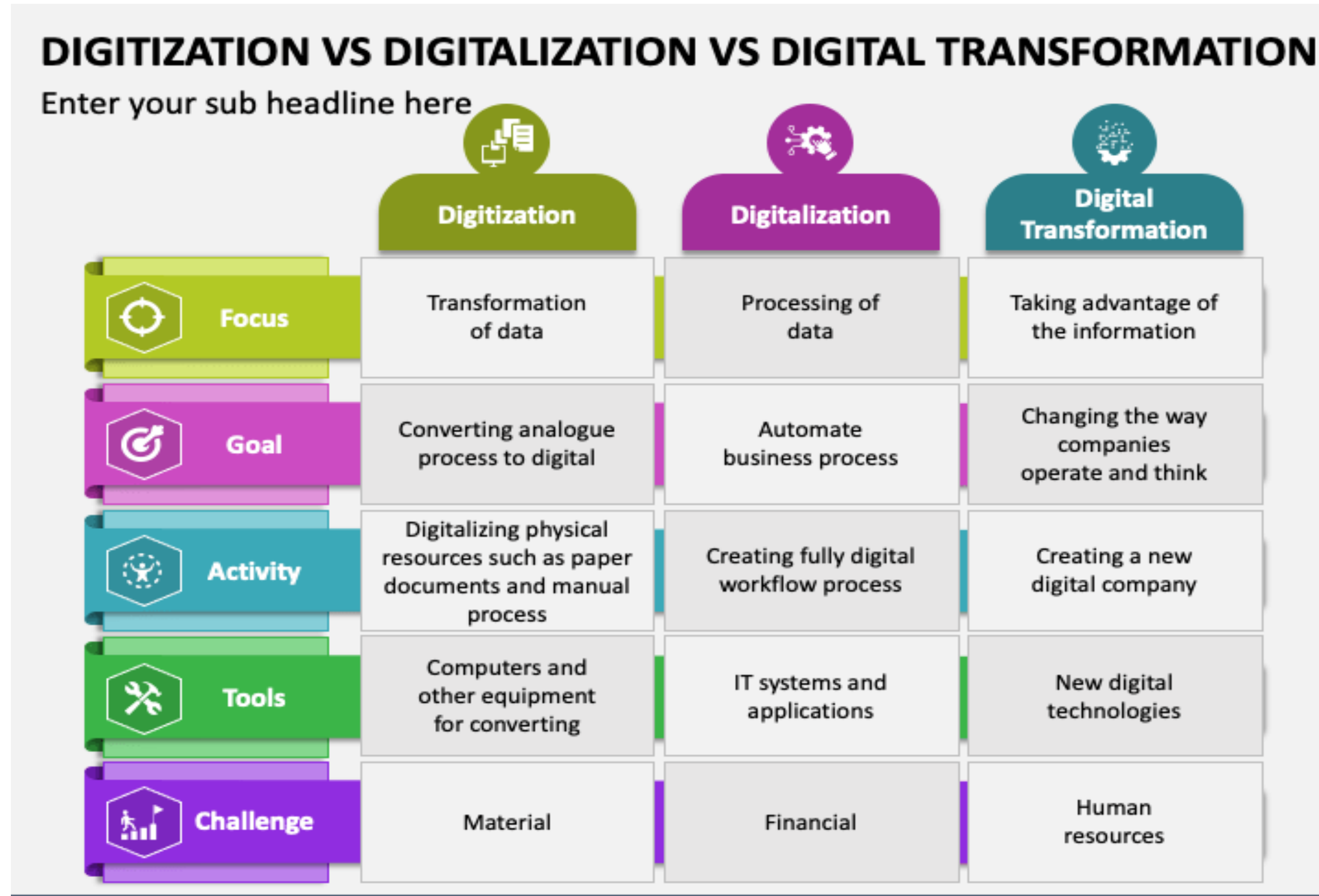


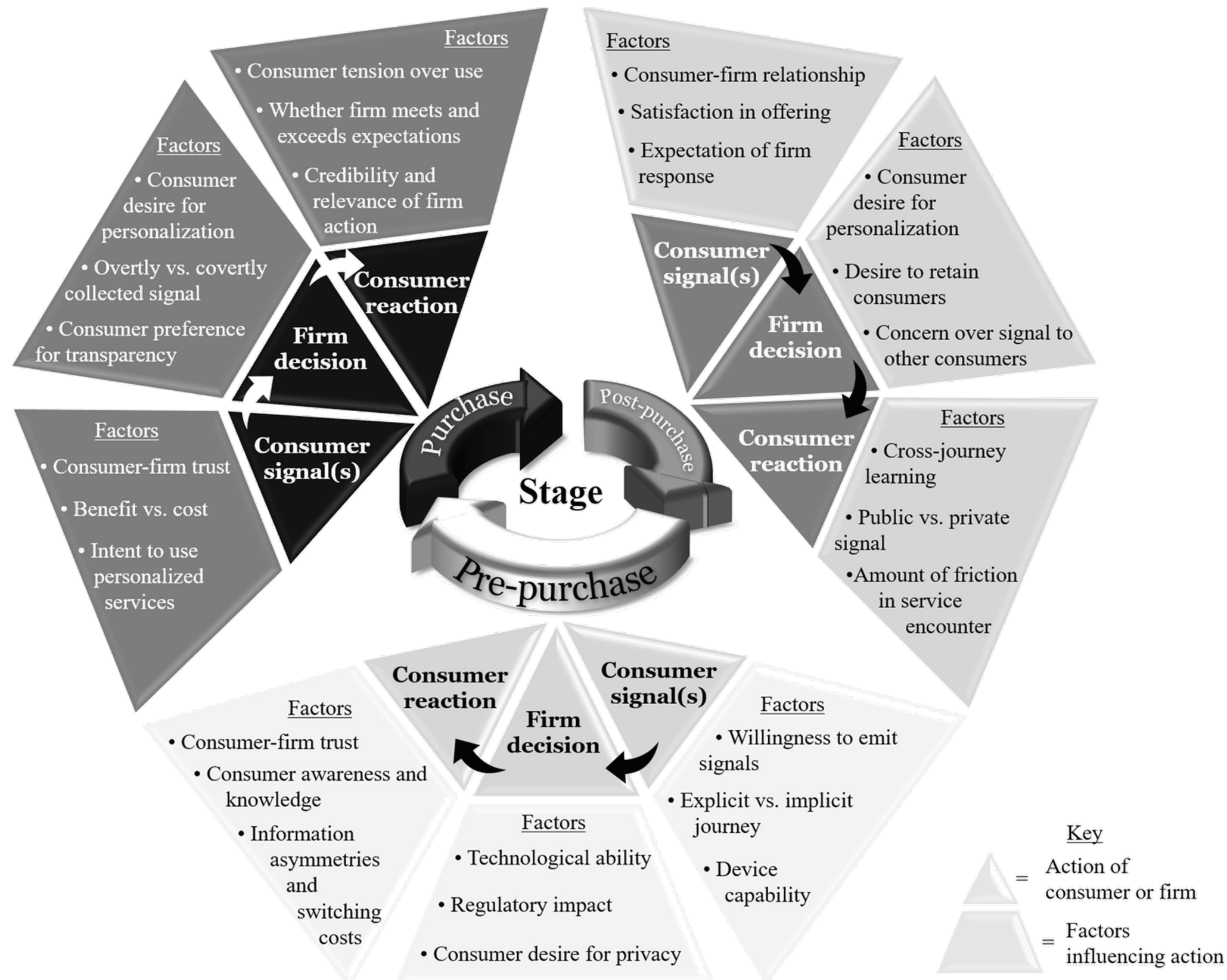
- Digital transformation refers to the process and strategy of using digital technology to radically change how businesses operate and serve their customers.



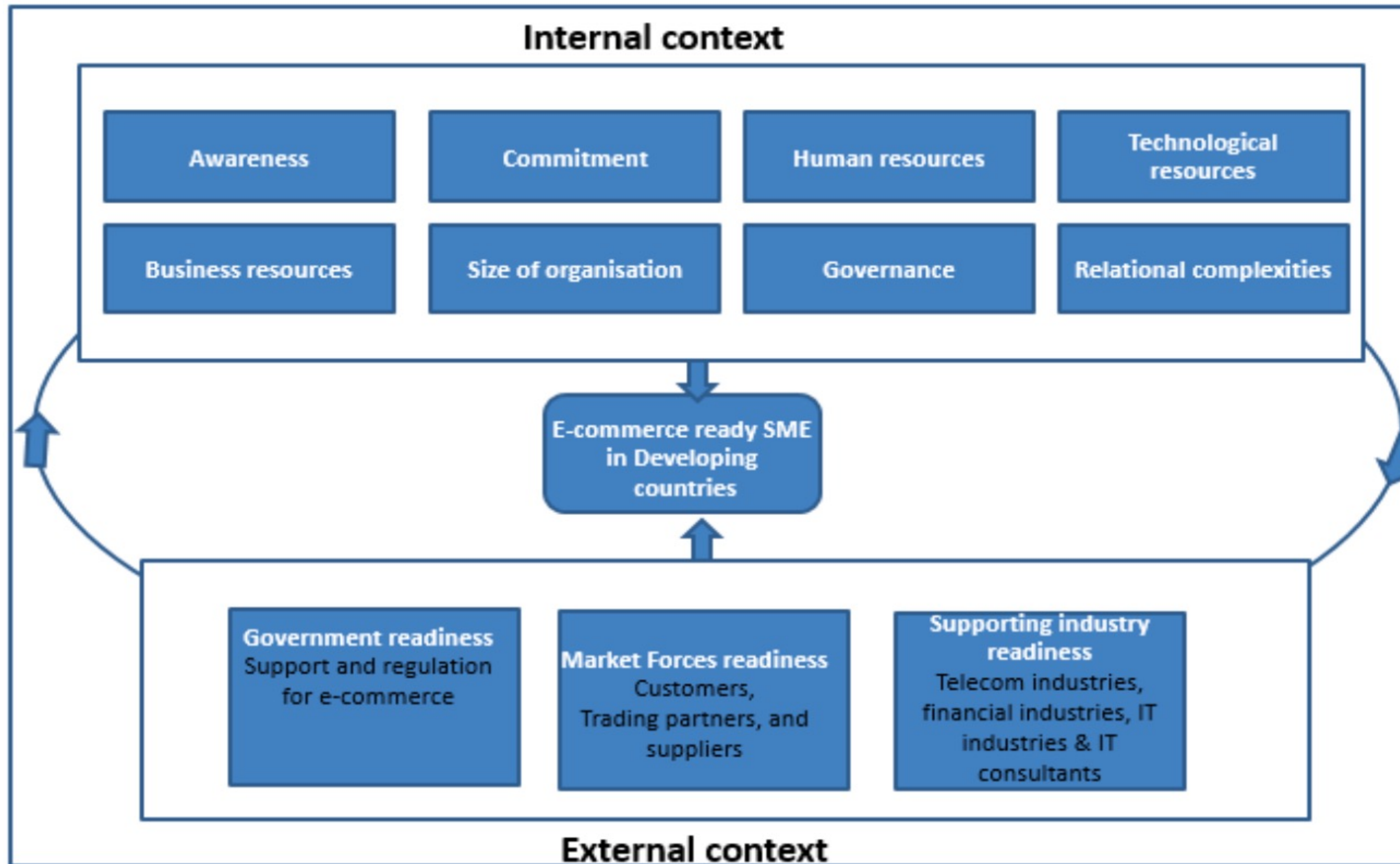
- Today, business units are increasingly relying on data and technology to operate more efficiently and deliver value to customers.

Source: <https://encyclopedia.pub/entry/26927> and <https://www.f5.com/company/news/features/infographic-the-digital-era-has-arrived>

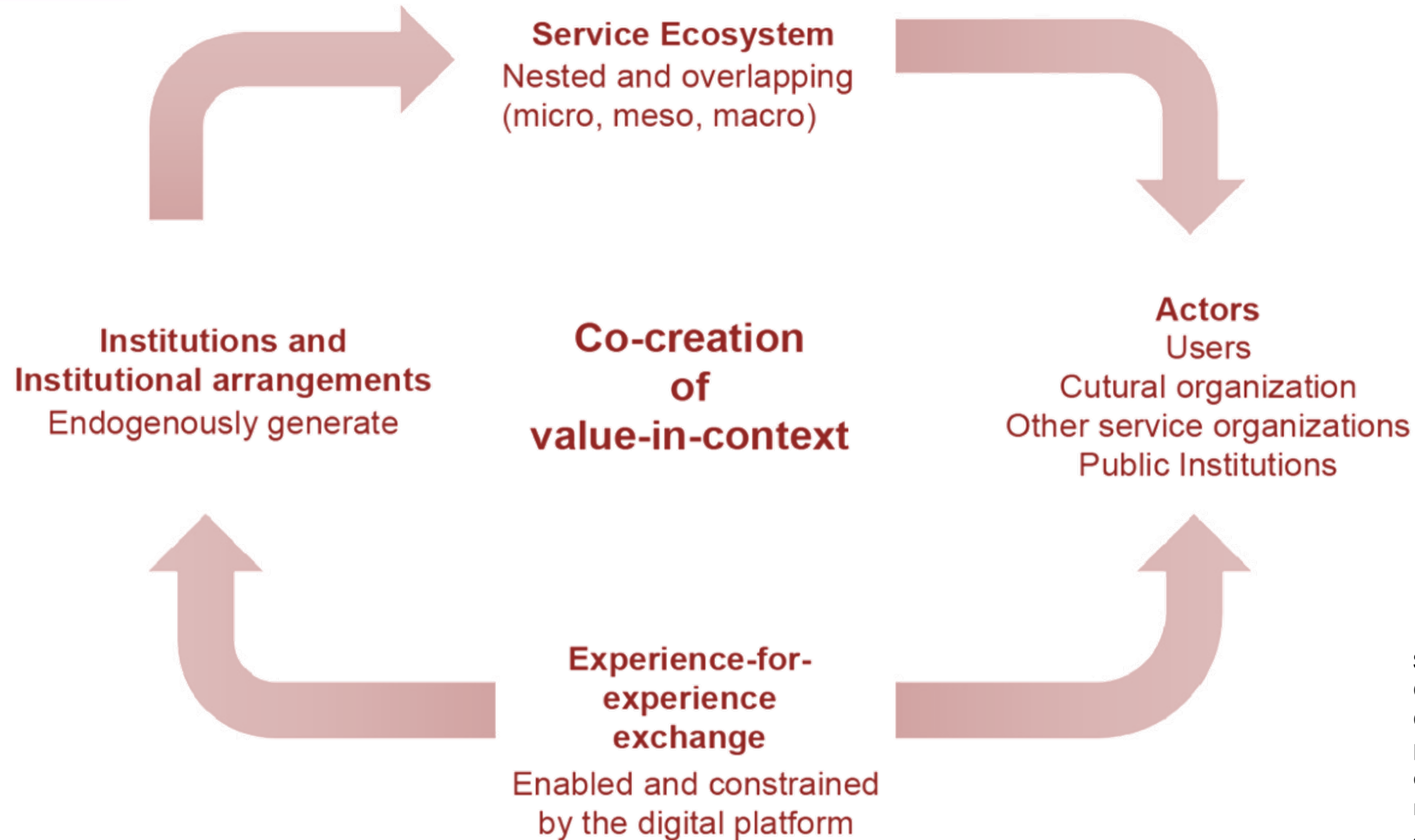




Source:
Schweidel, D. A., Bart, Y., Inman, J. J., Stephen, A. T., Libai, B., Andrews, M., ... & Thomaz, F. (2022). How consumer digital signals are reshaping the customer journey. *Journal of the Academy of Marketing Science*, 50(6), 1257-1276.



Source:
Idris, A., Edwards, H., &
McDonald, S. (2017). E-commerce
readiness of SMEs in developing
countires: a model-driven
systematic literature review.



Source:
Ciasullo, M. V., Troisi, O., &
Cosimato, S. (2018). How digital
platforms can trigger cultural value
co-creation?—A proposed
model. *Journal of service science
and management*, 11(2), 161-181

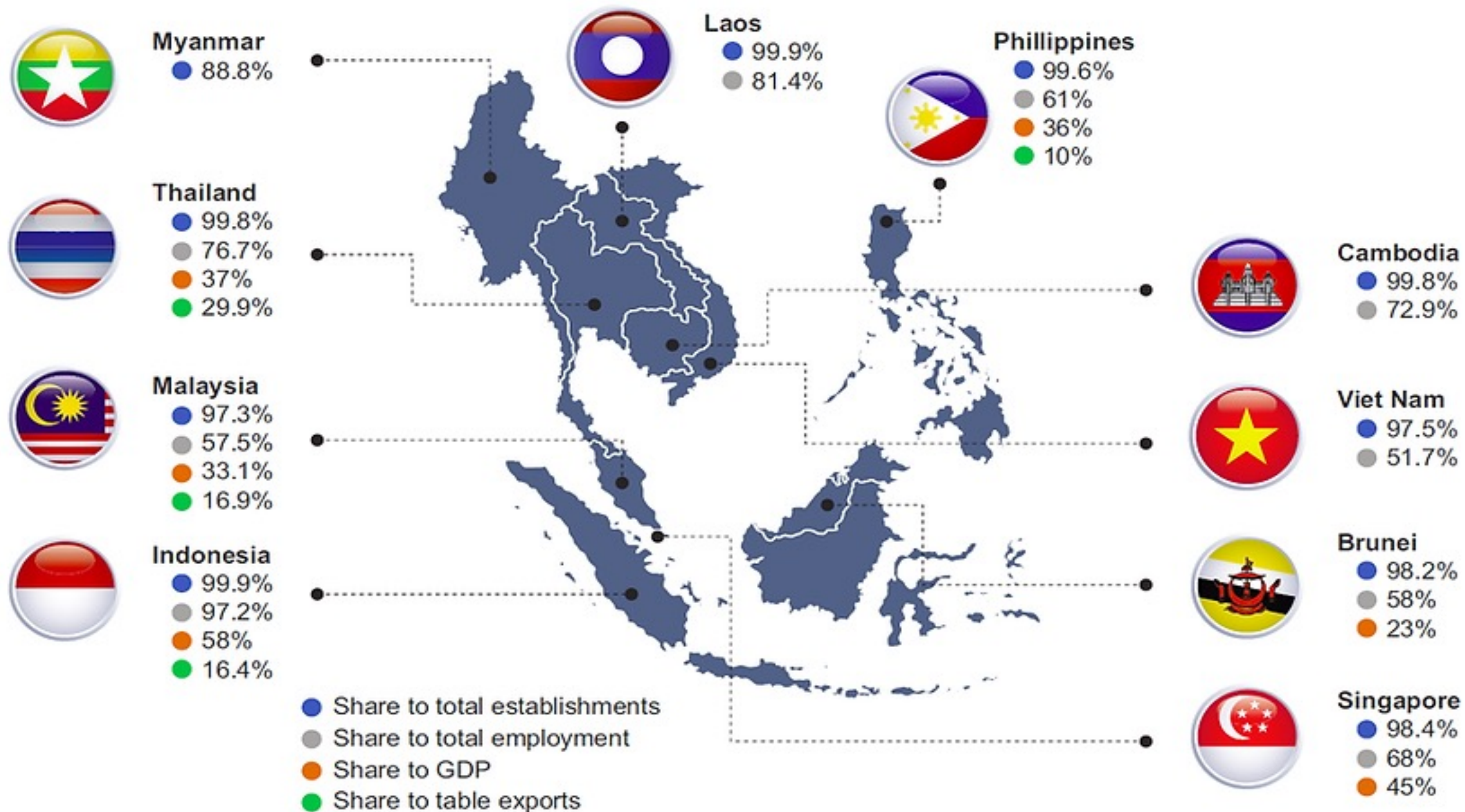
Comparison of Global Innovation Index (GII) Rankings

	BRN	KHM	IDN	LAO	MYS	MMR	PHI	SGP	THA	VNM
Global Innovation Index (GII) 2024	88	103	54	111	33	125	53	4	41	44
1. Institutions	25	89	40	88	27	131	65	1	74	58
2. Human capital and research	56	111	90	121	38	107	84	2	71	73
3. Infrastructure	65	103	67	96	52	115	85	11	50	56
4. Market sophistication	105	39	35	58	18	102	77	7	25	43
5. Business sophistication	82	124	78	106	36	132	37	3	41	46
6. Knowledge and technology outputs	115	98	73	108	35	93	42	9	39	44
7. Creative outputs	124	106	65	123	49	118	60	19	38	34

Notes:
BRN = Brunei Darussalam, IDN = Indonesia, KHM = Cambodia, LAO = Lao People’s Democratic Republic, MMR = Myanmar, MYS = Malaysia, PHI = Philippines, SGP = Singapore, THA = Thailand, VNM = Viet Nam.

Source:
Global Innovation Index (GII) 2024, <https://www.wipo.int/web-publications/global-innovation-index-2024/en/gii-2024-results.html>

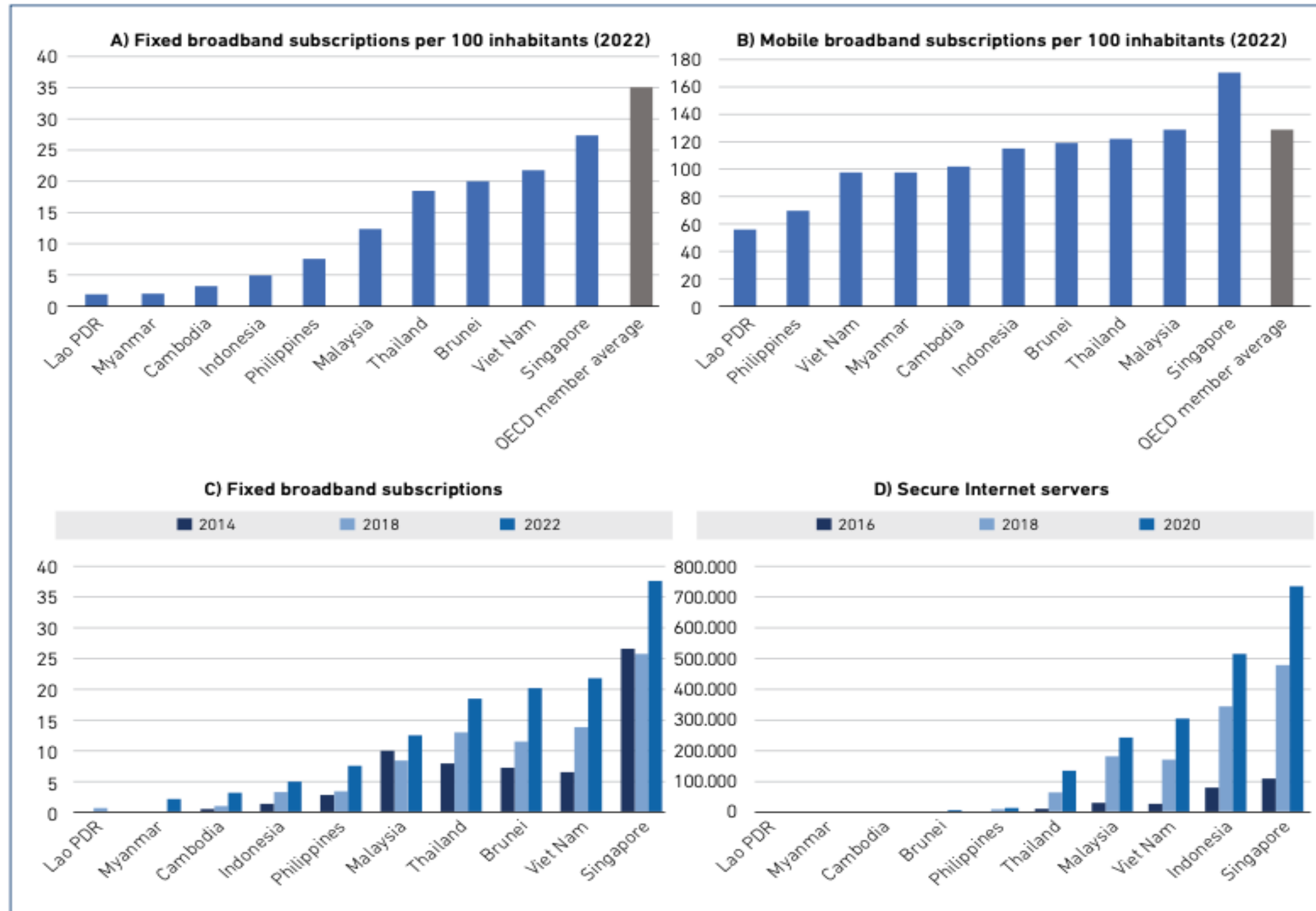
SMEs Make Up More than 96% of Business



Source: The Establishment Post¹⁹, C asean analysis

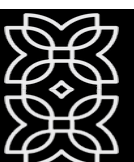
Digital Landscape in ASEAN

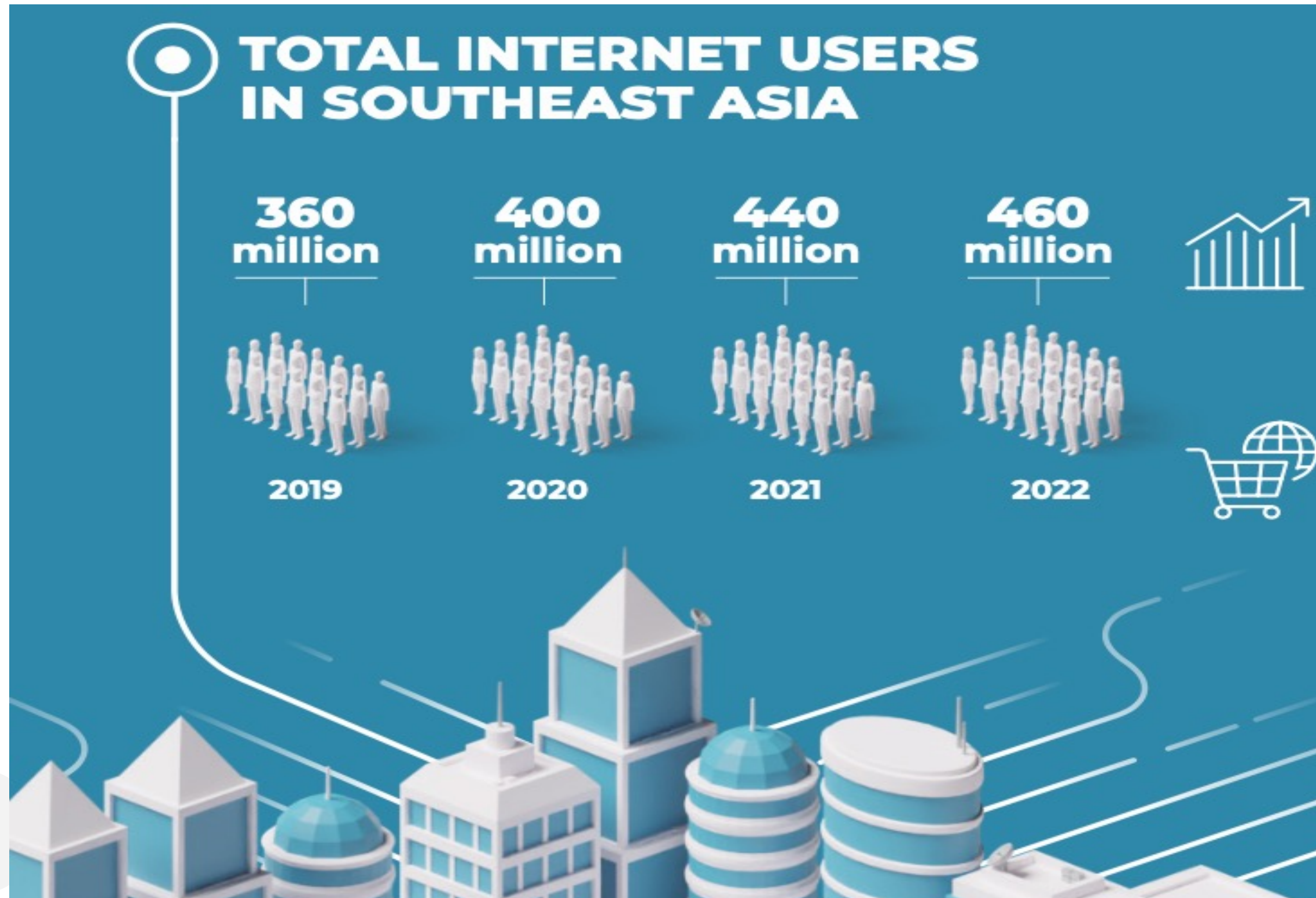
Broadband Subscription in ASEAN



- When looking at the overall level of broadband infrastructure and internet connectivity in the ASEAN region, there is much variation across AMS.
- Many AMS have been improving the digital infrastructure yet early-stage economies generally have a lower level of digital connectivity and digital skills.
- The existence of reliable and high-quality IT infrastructure is critical to SMEs' uptake of digital technologies, especially those in rural or remote areas.

Sources:
OECD (2023); World Bank, World Development Indicators,
<https://databank.worldbank.org/source/world-developmentindicators/Series/IP.PAT.RESD#> [accessed 2 October 2024].





- Southeast Asia's digital economy is on track to reach USD 200 Billion of Gross Merchandise Value (GMV) by end of 2022— three years earlier than expected.
- E-commerce (composed of marketplaces, direct-toconsumer, groceries) is one of the five leading sectors in the digital economy.
- The other four are transport and food, online travel, online media, and digital financial services.

Sources:

Asean Secretariat (2022). ASEAN Revers Up: Digital Transformation. Issue 23: 2022.

Impact of Digital Economy in ASEAN

On Business, Jobs and Economy (as of 2022)



**20-25
million**

unique e-commerce merchants (composed of marketplaces, direct-to-consumer, groceries) transact on e-commerce platforms



**6-7
million**

small-to medium-sized restaurants are on food delivery platforms



160,000

direct jobs were created across the digital economy



**30
million**

indirect jobs (as a result of the digital platform business) were created across the digital economy



5 to 10%

penetration of Southeast Asia's GDP in 2022

Sources: Asean Secretariat (2022). ASEAN Revers Up: Digital Transformation. Issue 23: 2022.

**JAN
2024**

DIGITAL GROWTH

CHANGE IN THE USE OF CONNECTED DEVICES AND SERVICES OVER TIME



TOTAL
POPULATION




Meltwater

+0.9%

YEAR-ON-YEAR CHANGE
+74 MILLION

UNIQUE MOBILE
PHONE SUBSCRIBERS




KEPIOS

+2.5%

YEAR-ON-YEAR CHANGE
+138 MILLION

INDIVIDUALS USING
THE INTERNET




we
are
social

+1.8%

YEAR-ON-YEAR CHANGE
+97 MILLION

SOCIAL MEDIA
USER IDENTITIES



+5.6%

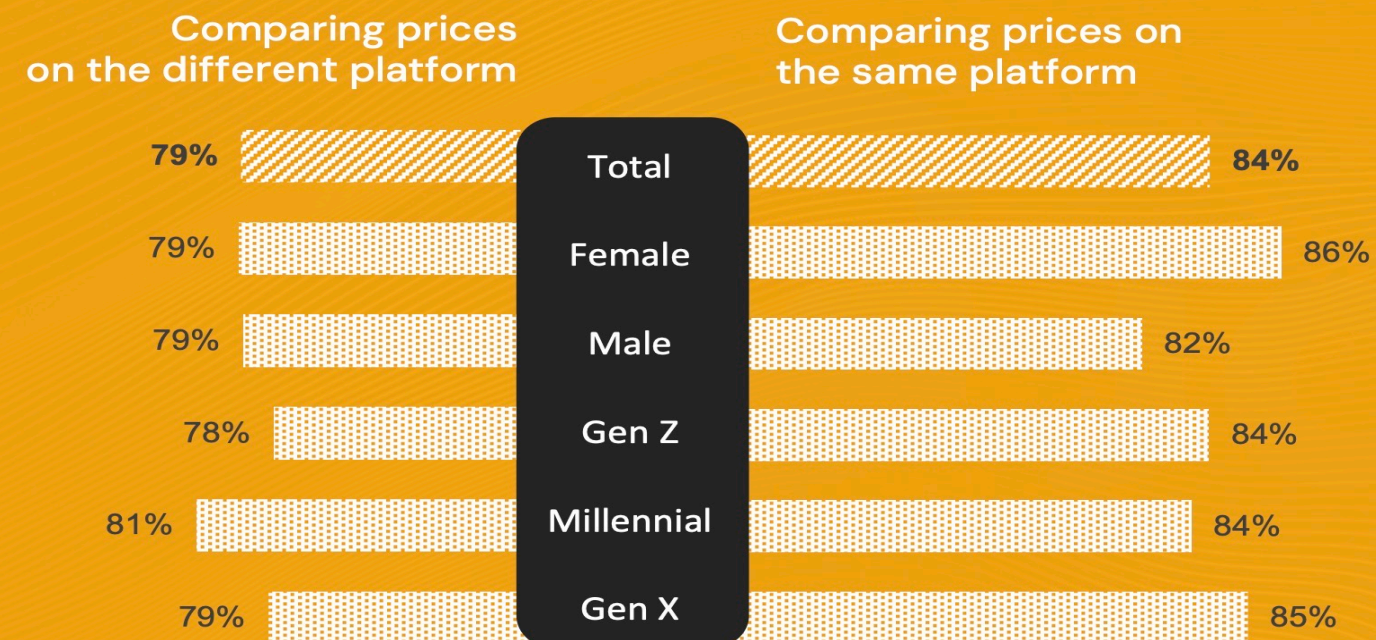
YEAR-ON-YEAR CHANGE
+266 MILLION



The Habits of Online Shoppers when Shopping on Marketplace

n : 1328 online shoppers

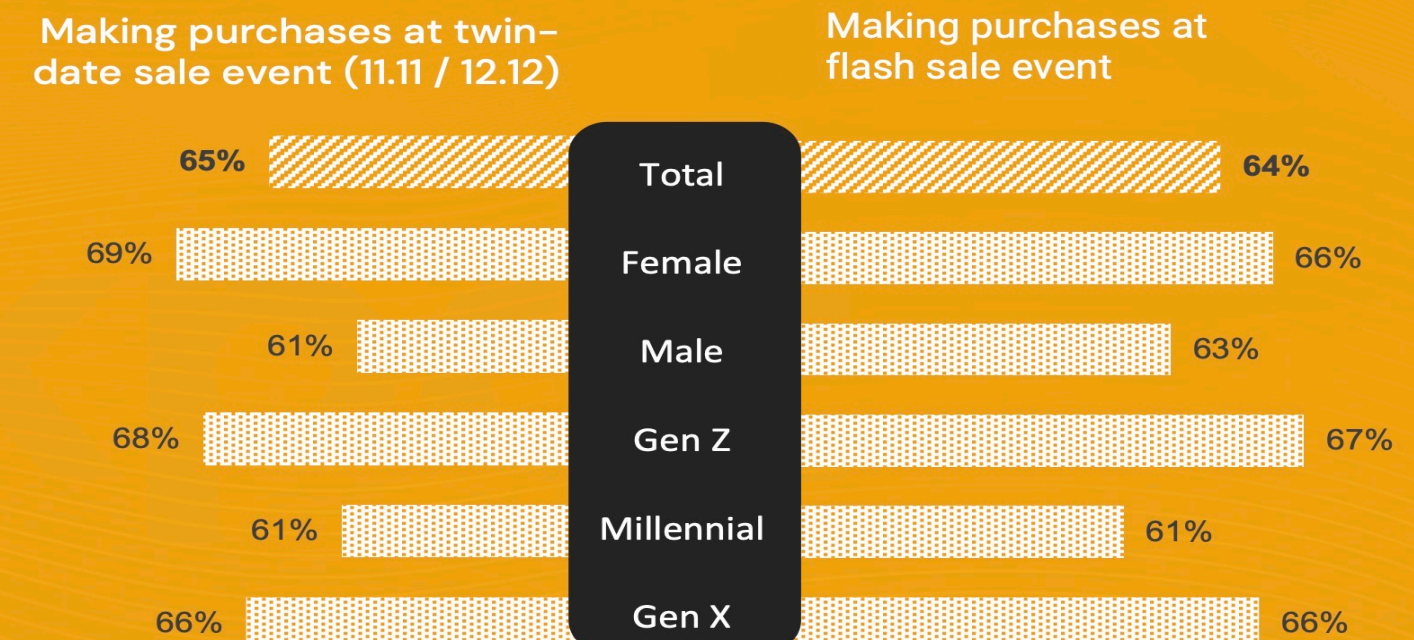
People prefer to compare prices between stores within **the same** shopping platform



People tend to check the price of products on the same platform, nonetheless some do compare prices on different platforms. Likewise, this tendency of comparing prices within the same platform is more preferred, particularly among female online shoppers.

**The percentages shown on the graph are the percentage of responders who agree with the statement.*

Online shoppers tend to make purchases during **both** twin-date sale events and **flash** sale events.



There is no significant disparity in online buyers' purchasing habits during twin-date sale events versus flash sale events. Female online shoppers, on the other hand, are more likely to shop on both sale events than males, as well as Gen X and Gen Z are more likely to purchase on both sale events than Millennials.

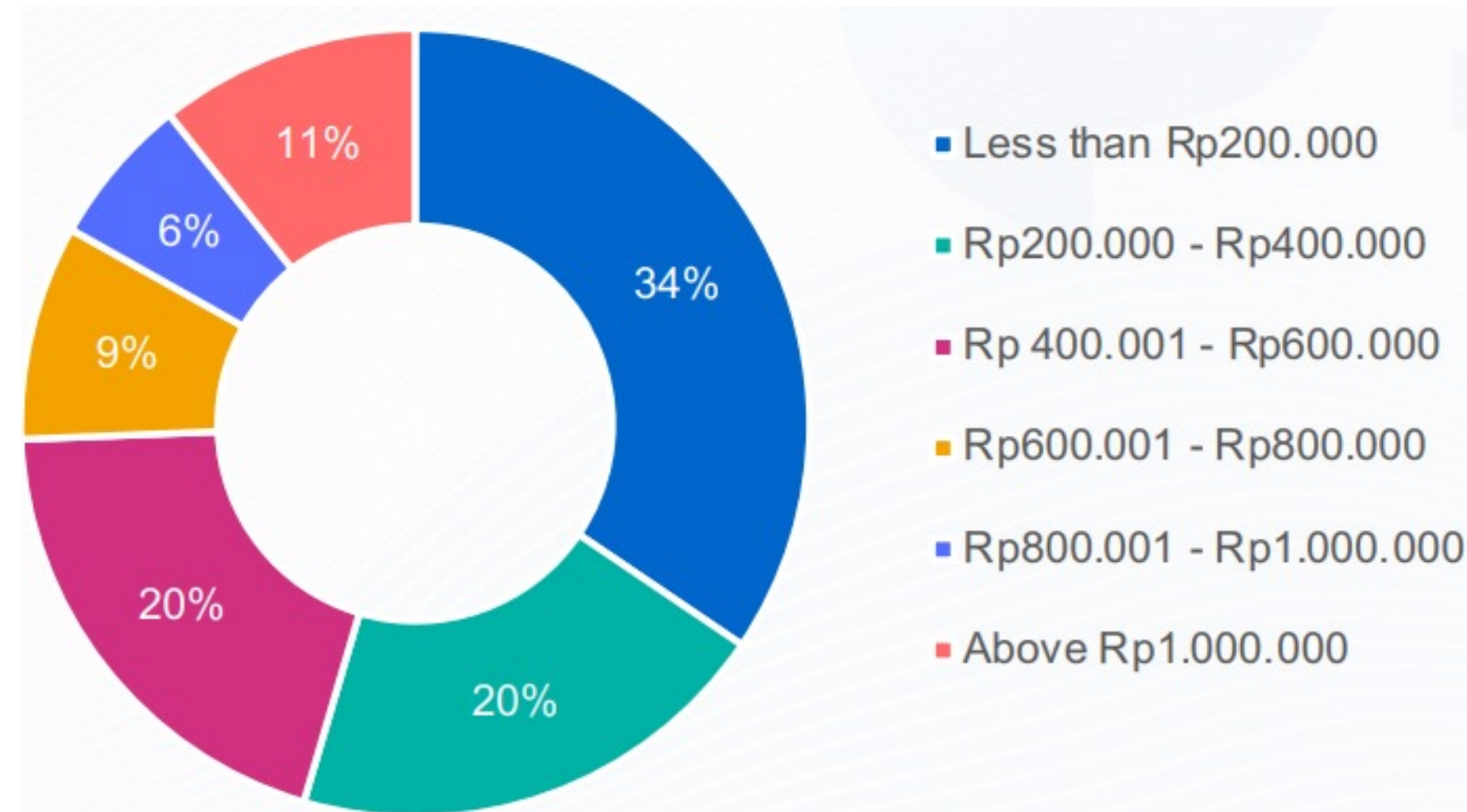
Consumer Behavior on Marketplace

Money Spent on Online Purchases E-Commerce

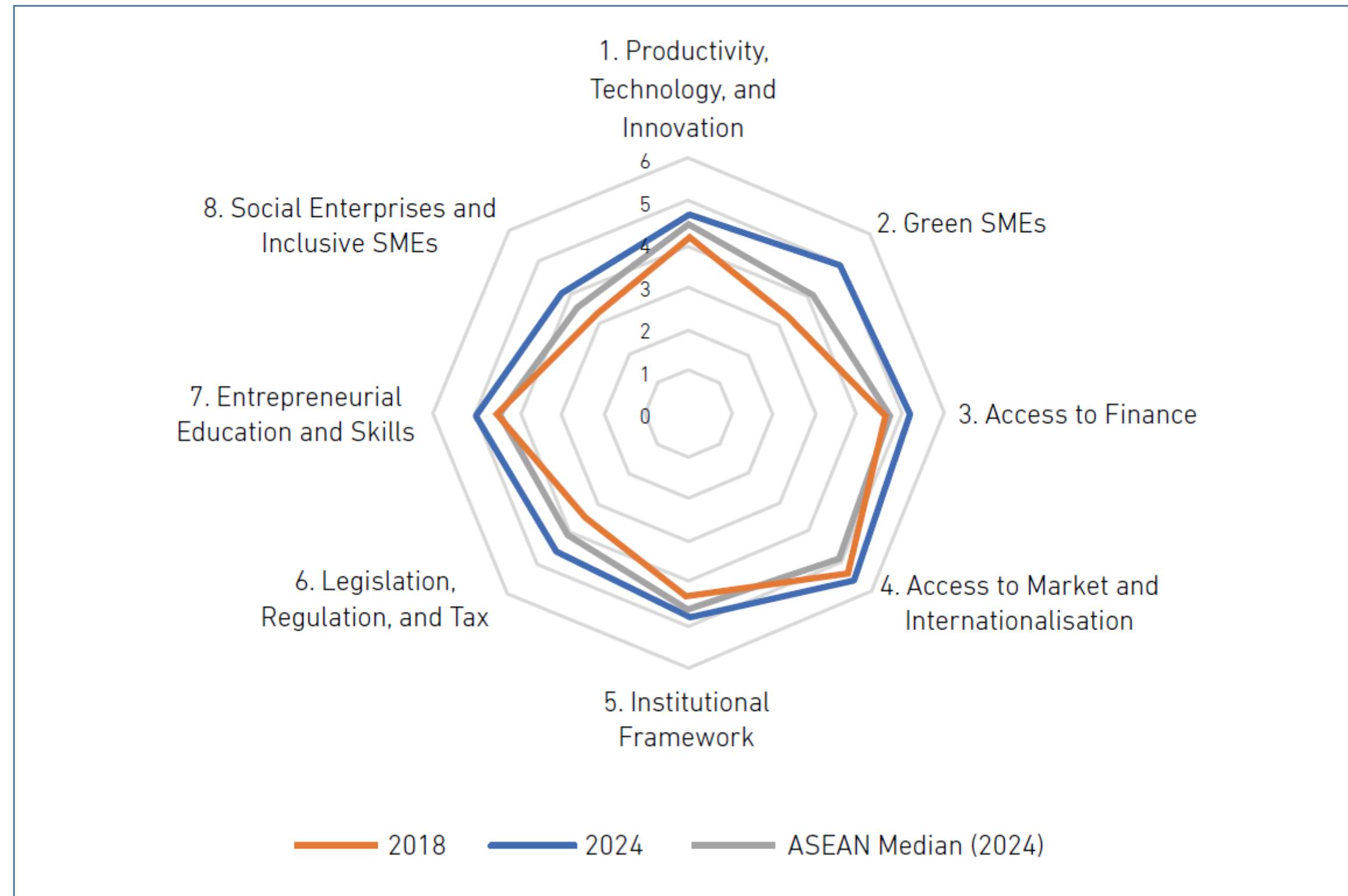
In general, during 2nd half of 2023, online shoppers spend approximately

Rp459.509 (\$29)

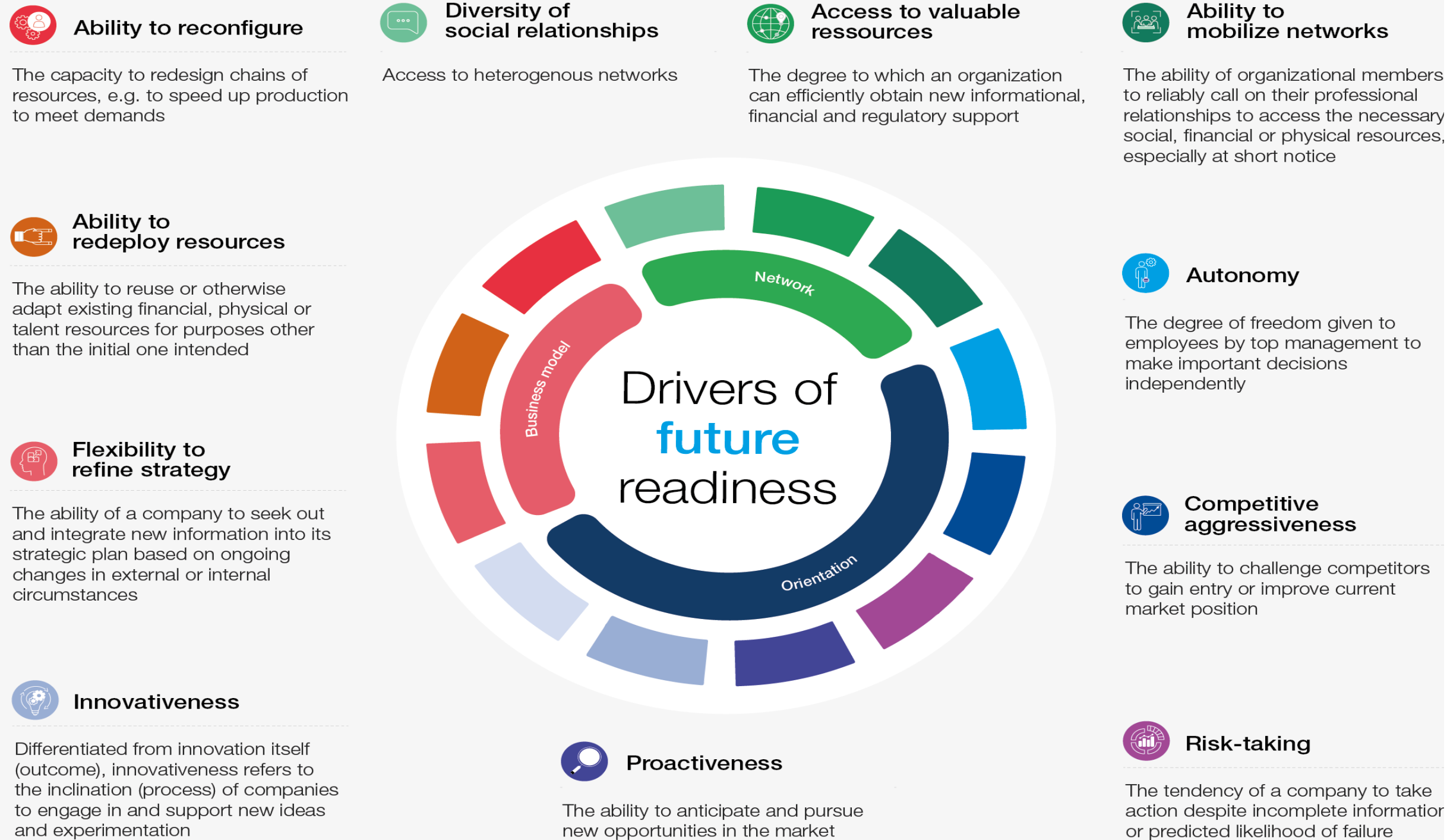
in a month for online shopping on e-commerce.



Sources: Indonesia E-Commerce Trends – 2nd Semester of 2023 | Jakpat premium report



Sources: Calculated based on ASEAN SME Policy Index 2024 Assessment Grid



- Future readiness as a set of organizational capabilities and orientations that enable companies to financially grow in the long term, impact society and the environment positively and successfully respond to shocks and seize opportunities that emerge from constant disruption. These are the key drivers of future-readiness.

Sources:
<https://www.weforum.org/agenda/2021/12/5-key-insights-on-the-future-readiness-of-smes/>

Thank You

