Contents

Indonesia is rapidly emerging as an economic powerhouse. Tackling its opportunities does not mean replicating what works in China or other emerging markets. To succeed in Indonesia, businesses will have to deeply understand the surprising extent to which the economy is driven by consumers. They will also have to match—indeed, exceed—the expectations of a growing cohort of digitally enabled citizens in the nation's rapidly growing cities as well as its countryside. Here's a close-up of what it will take to thrive in the digital Indonesia of 2020.

Introduction

It is an understatement to say that Indonesians are crazy about soccer. Their mania for all things 'football' is not lost on Dua Kelinci, the local peanut processing giant that runs a website for local fans of Real Madrid even though the European soccer club's home base is at least 7,500 miles and several time zones away.

That's only part of Dua Kelinci's savvy sponsorship of Read Madrid. During early summer 2012, while Indonesians were cheering far into the night for their favorite Euro 2012 teams[1], key staff members at Dua Kelinci headquarters in Java were also short on sleep. They were planning for the company's Indonesia Menggiring Bola ("Indonesia Kicks The Ball") campaign, at which Real Madrid star players hosted soccer clinics throughout the country, as well as the associated online and offline marketing efforts designed to create positive associations with the Dua Kelinci brand.

For a local company that started out in such an analogue business, Dua Kelinci has its finger firmly on the nation's digital pulse—and on the cultural pulse of many of its future customers.

Local companies like Dua Kelinci are by no means alone. Indonesia's rapid rise, its place as the world's fourth most populous nation, and its enormous economic momentum are luring multinationals too. Case in point: Procter & Gamble recently launched a mobile marketing campaign that puts a lively soccer magazine on the phones of Indonesia's legions of soccer fans.[2]

Partnering with Southeast Asian publishers and marketers, P&G is targeting customers of Gillette shaving products and Head & Shoulders shampoo. The mobile campaign will include plenty of interactivity, featuring contests and games and more. P&G has tapped into the nation's mobile upsurge: reports show that Indonesia already has 266 million mobile phone subscribers,[3] and is tipped to become the world's fourth largest mobile market in 2013.[4]

Dua Kelinci and Procter & Gamble are in the vanguard of companies that sense the size of the opportunities afforded by Indonesia's imminent explosion of digital activity—an explosion brought about by the convergence of factors ranging from soaring consumerization to the nation's youthful demographic

and to its ongoing investments in Internet infrastructure. The vision of these local and multinational companies raises a key question for business leaders all across Indonesia—indeed, for anyone interested in capitalizing on the nation's digital promise: How soon will *your* company be ready for Indonesia's digital explosion?

On the brink of spectacular growth

Four key factors are behind the surge in all things digital. The "foundation issue" is that **Indonesia's economy is on a roll**. While the global media continue to track every blip and dip in the familiar of well-known powerhouse economies such as China, India, Brazil, Germany, and the U.S., they have largely overlooked the momentum in Indonesia, whose economy is forecast to grow by an annual average of 6.4 percent between 2010 and 2020—faster than that of other nations that have begun to attract attention, such as Turkey and Brazil.[5]

Consumer spending accounts for 55 percent of Indonesia's economy— far above the 38 percent figure for China and higher than in many other emerging markets.[6] According to Oxford Economics, consumer spending is likely to parallel overall growth in gross domestic product (GDP) over the next eight years, outstripping consumers' influence in Malaysia, Brazil, Turkey, and Russia.

The boost in retail activity will be impressive: In eight years' time, Indonesia will have as many households with disposable income exceeding US$50,000 as there are in China today.[7] Looking only at what we define as the "mass-consuming class"—those households with incomes between $5,000 and $30,000 a year—Indonesia is likely to have more of them by 2020 than those in the combined equivalent groups in Germany, France, the U.K., and in the Netherlands. (See Figure 1.)[8] Put simply, Indonesia is about to deliver its strongest period of sustained consumption growth since the Asian financial crisis.[9]
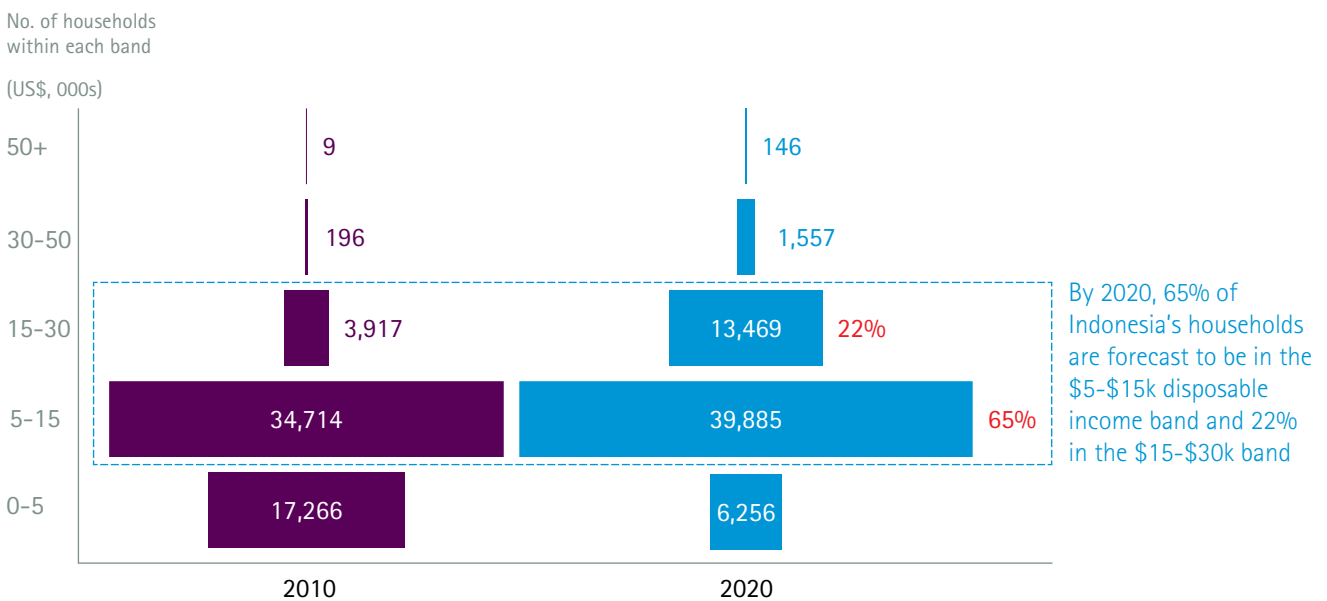
Such growth translates into a lot more buyers—and users—of smartphones, tablet computers, and Web-based services. It means more people being active on social networks. And it makes for many more voices clamoring for better Internet and communications infrastructure nationwide—not only

in Indonesia's fast-growing cities. Of course, not all of those voices will be expressing exactly the same needs; as with every market, businesses will have to segment according to demographic and socio-economic category. (See "The many faces of Indonesia's digital consumer.")

Figure 1.

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

No. of households within each band

(US$, 000s)

Band	2010	2020	
50+	9	146	
30-50	196	1,557	
15-30	3,917	13,469	22%
5-15	34,714	39,885	65%
0-5	17,266	6,256	

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

Secondly, **Indonesia is urbanizing at a rapid clip**, as are other emerging nations such as China. Currently, the population of about 240 million is split roughly half and half between country and town.[10] But by 2020, the split will be much closer to 60-40 in favor of the cities, with centers such as Semarang, Surabaya, and Medan expanding enormously.[11] (See Figure 2.)

A third driver: **Indonesia's youthful population**. Today, almost 30 percent of Indonesia's population is under the age of 15.[12] And by 2020, the young will continue to lead the way as 47 percent of Indonesia's population will be under 30.[13] Worth noting, however: Yes, today's youngsters are digitally curious and eager to discover new digital services and products, but their parents' generation is turning rapidly to the Internet too.

The fourth factor—the one to which Procter & Gamble is hitching its shampoo campaign in Indonesia[14]—is the **phenomenal growth in use of mobile phones**. To a significant extent, mobile technology is shaping the digital landscape. Mobile users—estimated at around 160 million in 2012—are surpassing fixed telephone line users so rapidly that mobile technology is shaping the way Indonesians communicate with each other.[15] By 2016, four-fifths of the population will be mobile users.[16]

Basic mobile phones are very affordable—many priced at less than US$25. Mobile uptake is also bolstered by cheap voice plans (as low as US$0.01 per minute) and low-cost mobile broadband data plans that start as low as US$9 per month compared to fixed line broadband costing nearly four times that much. Recently, mobile data plans have been growing nearly twice as fast as that of voice plans.[17]

Figure 2.

Top 10 biggest cities by population size from 2010-2020

Population size, million:
■ 2010
■ 2020
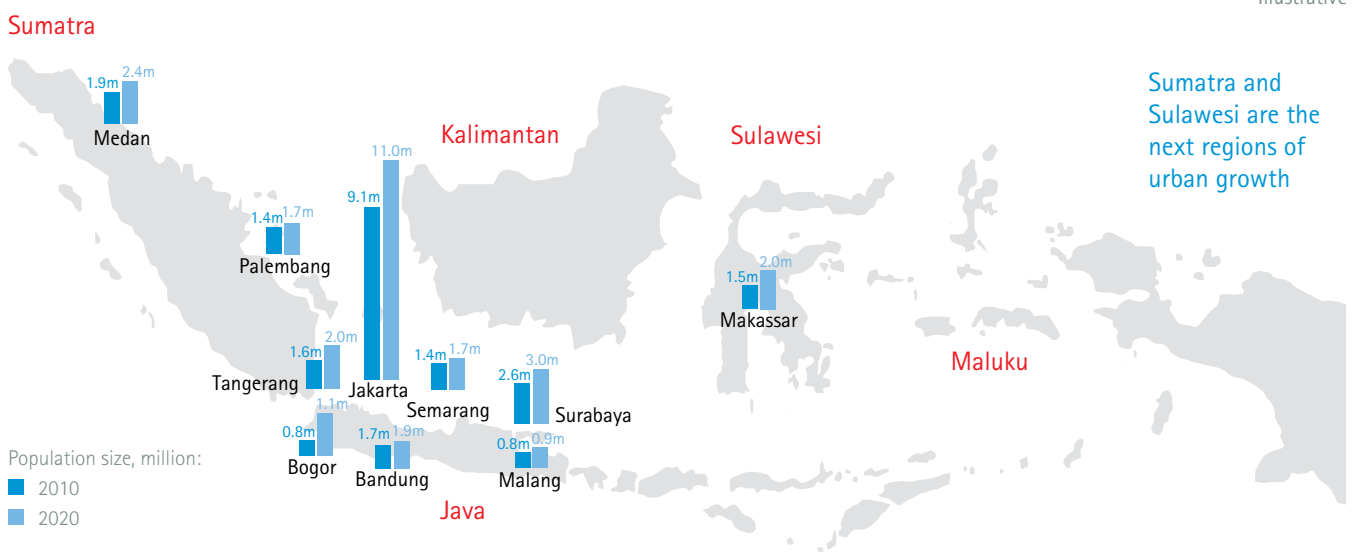
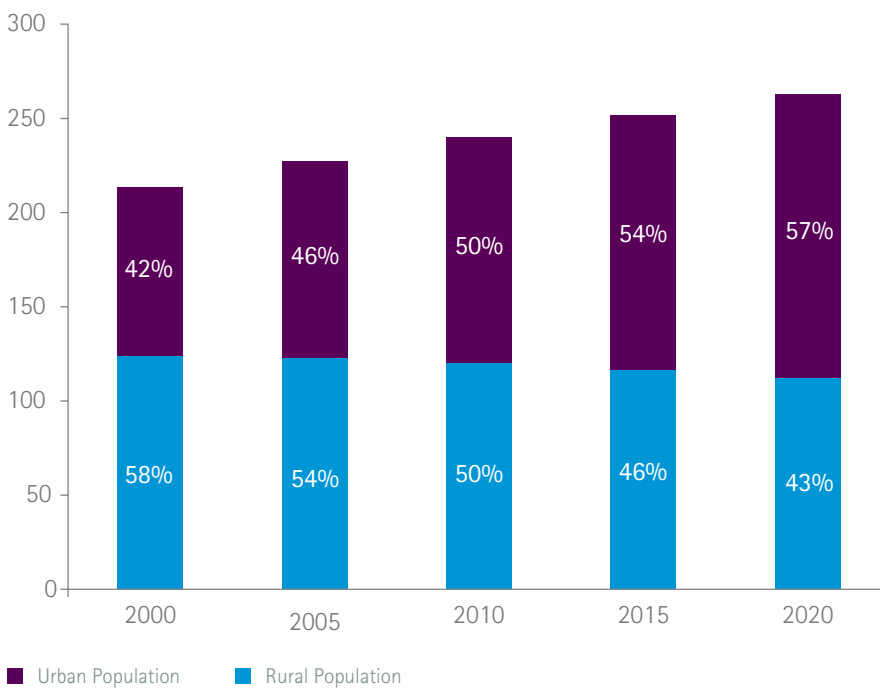Source: Euromonitor, "Indonesia in 2030: The Future Demographic," August 2010

By 2020 Indonesia will be dominated by urban dwellers

Total population (million)

	2000	2005	2010	2015	2020
Urban	42%	46%	50%	54%	57%
Rural	58%	54%	50%	46%	43%

■ Urban Population   ■ Rural Population

Source: Euromonitor, "Indonesia in 2030: The Future Demographic," August 2010

The many faces of Indonesia's digital consumer

Indonesian businesses need to be aware that digital needs vary across Indonesia's varied consumer groups. Here is a look at six fictional representatives of different facets of Indonesian society:

University student: Yuliani Kumala

Yuliani is always digitally connected. While her laptop is charging in a lecture, she messages her friends through her BlackBerry, giving them the latest updates from her weekend, and she downloads some music for her commute home. She loves Facebook and Kaskus, where she can easily be in touch with her friends and openly share information about her shopping likes and dislikes. While working a part-time job, Yuliani saves money to buy the latest phone accessories to match her friends' purchases. In her free time, she plays the guitar and enjoys watching American TV shows.

Demographics

Age: 19-22
Hometown: Semarang
Language: Javanese
HHI: US$5,000-US$30,000
Education: University
Life stage: Student

Beliefs and attitudes: Liberal, friends-oriented, and strong family values
Motivations: Being socially connected and maintaining self-image
Challenges: Uncertainty in the job market
Aspirations: Engineer at a prestigious multinational organization
Social/reference groups: Friends and family
Digital services: BlackBerry Messenger and gaming

Young professional: Ayu Gondokusumo

In the morning, while Ayu brews her favourite coffee, she scans through news updates on her iPad. During the weekdays, and especially on Mondays, Ayu's job as an energy consultant is particularly stressful. Her work involves developing and delivering client-facing sales pitches that require heavy digital usage. She often uses video conferencing to connect with her colleagues around the globe. Ayu is digitally savvy at home as well. She uses her iPad to read in bed while her personal iPhone charges on her work laptop. She uses the BlackBerry only for work. Ayu always looks forward to the weekends, and sometimes she gets to use the weekends for trips to Bali or other nearby getaways with her boyfriend.

Demographics

Age: 23-30
Hometown: Tangerang
Language: Bahasa Indonesia
HHI: US$5,000-US$30,000
Education: Postgraduate
Life stage: Career

Beliefs and attitudes: Work hard, play hard
Motivations: Career development
Challenges: Family pressure to settle down
Aspirations: Move up the career ladder
Social/reference groups: Friends and family
Digital services: iPhone, BlackBerry Messenger and iPad

"Context is key—Indonesian businesses need to be aware that digital needs vary across consumer groups—they use and engage with digital in different ways,"

Suhono Harso Supangkat, Chairman of the Information Technology Research Division at the School of Electrical Engineering & Informatics, Bandung Institute of Technology

Young at-home mother: Ida Ryadi

Every morning, Ida wakes up early to see her husband off for work. Then she attends to her two boys, aged 3 and 5, with the help of her mother, who lives with the family. Ida's favorite morning activity is checking out Indonesia's online network for moms to look for the latest news on "best baby foods" and "products to watch out for." Ida loves chatting with other moms in the community. She also likes to browse through online marketplaces such as those hosted by Facebook where she can buy and sell personal items. By lunchtime, Ida will usually head to the mall to do her errands and find some fun mall activities for her boys.

Demographics

Age: 25-35
Hometown: Surabaya
Language: Suroboyoan
HHI: US$15,000-US$30,000
Education: Vocational College
Life stage: Married

Beliefs and attitudes: Education is crucial; strong family values

Motivations: Family development

Challenges: Career is on hold

Aspirations: Live comfortably and have assurance that the children will be able to afford higher education

Social/reference groups: Family

Digital services: BlackBerry Messenger and home entertainment

Senior executive: Permada Irawan

Permada is constantly on the go. As a father of 10-year-old twins and husband of 11 years and a senior executive, he has a slew of commitments to juggle. So he is quite the multitasker: in the morning, he checks his email on his iPad while eating breakfast with the family. At work, he's busy meeting clients and uses all the latest tech gadgets to impress them. On his weekends, Permada likes to go out with his family to shopping malls, or for a family dinner, or to his or his wife's parent's house. His biggest pet peeve is getting work emails on his weekends during family time.

Demographics

Age: 35-55
Hometown: Jakarta
Language: Bahasa Indonesia
HHI: US$30,000-US$50,000
Education: University/MBA
Life stage: Career

Beliefs and attitudes: Personal health and quality of life is important

Motivations: Providing the best for the family

Challenges: Maintaining a work-life balance

Aspirations: CEO of a start-up company

Social/reference groups: Family with the wife being the first contact for discussion

Digital services: BlackBerry Messenger, iPad and cloud computing

Wealthy retiree: Hadian Karamoy

Hadian has a free and easy attitude toward life. Retired for more than five years now, he spends his weekends playing with his grandchildren. It's Saturday, and Hadian is excited to show his 10-year-old granddaughter Arti the latest video clip on YouTube on his phone. He is always eager to show off his new technology gadgets to the family, and has a keen interest in buying the iPad. Hadian is digitally curious and always open to trying out new fads. During the weekdays, he likes to take long walks and explore nature as much as he can.

Demographics

Age: 60+
Hometown: Makassar
Language: Makassarese
HHI: US$50,000+
Education: N/A
Life stage: Retired

Beliefs and attitudes: Open-minded and family oriented
Motivations: Stress-free exploration of the world
Challenges: Personal health
Aspirations: To be able to spend as much time as possible with his grandchildren
Social/reference groups: Family and extended family members
Digital services: iPad and digital home entertainment

Farmer: Romli

The sun hasn't yet come up and Romli is boiling water to start the day. As he sips his tea, he turns on the radio to check the local news for any new community developments. Then he turns on his Nokia phone to check for any messages from other farmers and most importantly, to hear the market prices for his crops today. He is pleased to see that the price of rice has gone up. Romli has three main crops: rice, cloves, and coffee. First thing today, he's got to check the irrigation of his coffee bushes. He dons his battered old hat and sets out for his fields, listening to some traditional music on his mobile phone.

Demographics

Age: 45-55
Hometown: Long Apari
Language: Dayak
HHI: <US$5,000
Education: N/A
Life stage: Married

Beliefs and attitudes: Hard work ethic; strong family values
Motivations: Being able to support the family
Challenges: Financial stability
Aspirations: Support children through higher education
Social/reference groups: Immediate family and village community
Digital services: SMS/voice calls (e.g. Nokia Life Tools) and basic mobile apps

The surprising reality of "digital Indonesia" today...

Looking at the number of citizens with mobile phones glued to their ears, or counting the number of cafes with Wi-Fi, such as Anomali or Coffee Toffee, any businessperson walking down a main street in Jakarta or Bandung or Makassar could be forgiven for thinking that Indonesia is as wired as it can be. It is true that the nation already has a large proportion of digital consumers, defined as those using online platform(s), through any channel or device, to enrich their customer experiences and to connect, interact, and engage with individuals, groups, and communities.

But what isn't so easily seen is the pace at which the country is adopting digital technology, and how much room it still has to do so.

Overall, Southeast Asia is a hotbed of digital adoption, whatever way you measure it (See Accenture's report "Surfing Southeast Asia's powerful digital wave,"). A closer look at those measures reveals that Indonesia is one of the leading agents of that phenomenon.

The statistics bear this out. As noted above, mobile phone use is soaring. The story is similar in social networking. With nearly 44 million people networked, the island nation has the world's fourth largest population of Facebook users, behind only the U.S., Brazil, and India.[18] Eighteen percent of the population have Facebook accounts—admittedly largely in the cities.[19] And Kaskus—the nation's largest local Internet community—has more than 4 million users.[20]

Indonesians are also among the world's busiest tweeters, lagging only the U.S., Brazil, Japan, and the U.K. in number of Twitter accounts, notes semiocast.com.[21] Some 15 percent of the world's tweets come from Indonesia.[22]
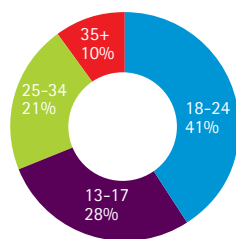
Digitally active Indonesia

Youngsters make up the highest % of internet users by age group

- 40+ 5%
- 30–39 14%
- 20–29 26%
- 15–19 55%
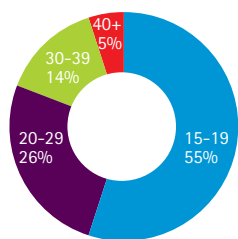
Source: Nielsen, 2011

...and the highest % of Facebook users by age group

- 35+ 10%
- 25–34 21%
- 18–24 41%
- 13–17 28%

Source: Socialbakers, 2012

Top 10 sites in Indonesia (by visits as of June 2012)

7 out of the top 10 sites are social media related. For them, Internet translates as "social networking"

1. Facebook
2. Google.co.id
3. Google
4. Blogspot
5. Youtube
6. Yahoo
7. Wordpress
8. Kaskus.co.id
9. Detik.com
10. Twitter

Source: Alexa, June 2012

- **266 million** mobile phone subscribers in 2012*
- Projected to become the world's 4th largest mobile market by 2013

- Number of **Facebook** users- **42.5 million** (4th highest in the world)
- 18% of Indonesian population have a Facebook account

- Number of blogs- **5 million**
- 27th October is **National Blog Day**
- **Kaskus** is Indonesia's largest community forum—over **4 million** users

- Number of **Twitter** users- **5.7 million** (3rd highest in the world)
- 15% of the world's tweets come from Indonesia
- One of the highest Twitter penetrations in the world

Source: From various sources
*Figure estimated by Pyramid Research, 2011

...and the rapid removal of digital bottlenecks tomorrow

However, this digital fever has not touched all Indonesian consumers. Across the nation of 17,500 islands[23], and especially in rural areas, there are many who don't get to enjoy the full benefits of digital yet. That's especially true in rural areas. Out of an Internet user population of 55 million, only 4.1 percent are from the countryside.[24] And in outlying areas, cellular phone connections are often spotty. Traveling Internet vans are an innovative solution, but a stop-gap at best.

Just as challenging: Consumers' digital experiences, particularly in the rural areas, are often interrupted by power shortages and lack of electricity supply. Indonesia's electrification ratio is 65 percent, with at least 80 million people who do not have access to reliable supplies of electricity.[25] Furthermore, businesses worry about the lack of supply-chain infrastructure.

Government is well aware of the scope and scale of these challenges; businesses see opportunity in them. Between now and 2020, their actions, separately and jointly, are set to remove many of the bottlenecks that hinder Indonesia's digital potential.

To begin with, improvements in price to performance ratios will make smartphones accessible to and affordable for many more users. Prices for mobile phones are forecast to drop—the average smartphone that costs the equivalent of US$202 in 2011 is expected to sell for US$131 four years from now, giving smartphones more than 40 percent market share of all handsets sold in the country. Messaging phones will also gain share as unit selling prices drop from 2011's average of US$123 to US$79 by 2016. (See Figure 3)

Figure 3.

Improvements in price/performance ratio will enable more smartphone owners

	Average selling price in (US$)		Handset market share	
	2011	2016	2011	2016
Smartphones	$202	$131	15%	42%
Messaging Phones	$123	$79	7%	6%
Feature Phones	$77	$50	79%	53%
Ultra Low Cost Phones	$24	$24		

Basic Phones

By 2016, as smartphone ownership more than doubles to 42% market share, with prices decreasing by 8% CAGR, the basic phone market will lose its market share by at least 26%.

Source: Accenture analysis of Pyramid Research 2011

At the same time, large-scale public investments in both hard and soft infrastructure will have an outsized impact on Indonesia's digital standing. Although these programs have had a stuttering start, they are now gathering momentum. The Indonesian government is allocating US$37 billion to building roads and US$74 billion to building power plants, according to the national economic master plan[26]. (See Figure 4)
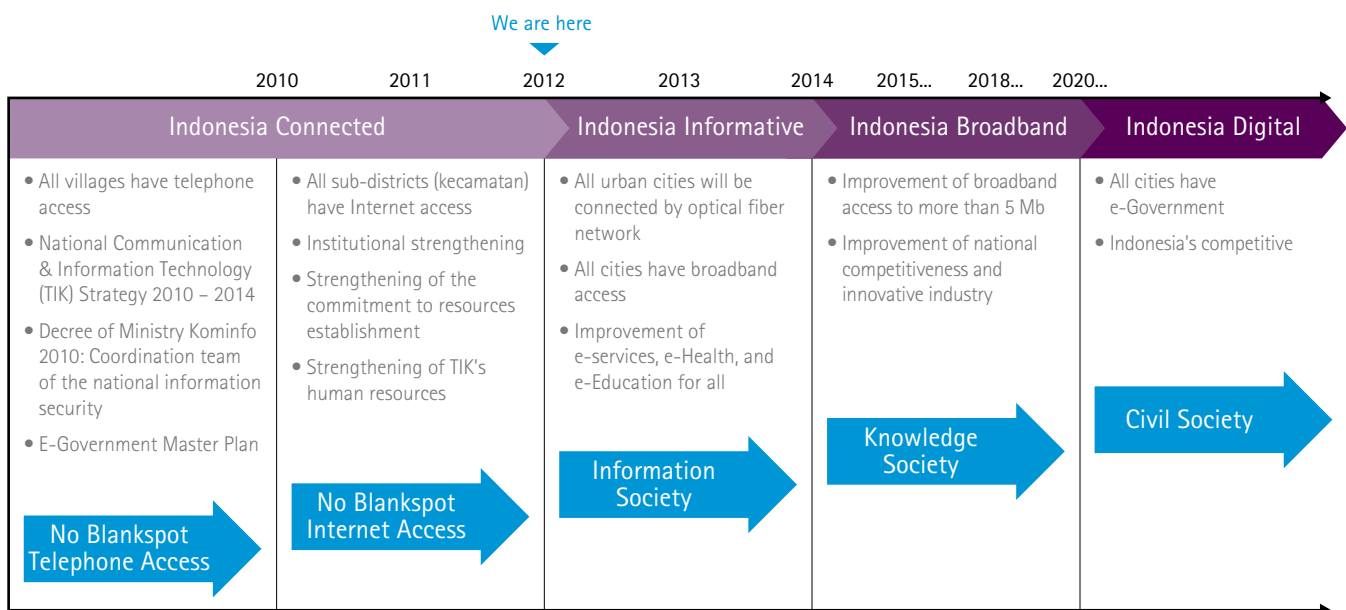
By 2013, as the Palapa Ring Initiative comes online, residents from rural areas will start to have the same levels of digital access that their urban cousins do. The Palapa Ring is a huge Internet backbone whose fiber optic network comprises seven rings that cover 33 provinces and 460 districts in eastern Indonesia.[27] Rural residents will be able to enjoy enhanced ICT access over their mobile phones—that is, without the hassle of having to go to an Internet café or to the city.

ICT investments in urban areas are also boosting digital performance in the home. Second-tier cities such as Semarang, Palembang, and Makassar have seen Internet penetration soaring: In Palembang alone, it has tripled in the past four years, to 64 percent, surpassing even the penetration level in Jakarta.[28]

Figure 4.

Goverment's planned phases: The next phase of ICT development in Indonesia is the development of broadband

		We are here					
2010	2011	2012	2013	2014	2015...	2018...	2020...

Indonesia Connected

- All villages have telephone access
- National Communication & Information Technology (TIK) Strategy 2010 – 2014
- Decree of Ministry Kominfo 2010: Coordination team of the national information security
- E-Government Master Plan

- All sub-districts (kecamatan) have Internet access
- Institutional strengthening
- Strengthening of the commitment to resources establishment
- Strengthening of TIK's human resources

Indonesia Informative

- All urban cities will be connected by optical fiber network
- All cities have broadband access
- Improvement of e-services, e-Health, and e-Education for all

Indonesia Broadband

- Improvement of broadband access to more than 5 Mb
- Improvement of national competitiveness and innovative industry

Indonesia Digital

- All cities have e-Government
- Indonesia's competitive

No Blankspot Telephone Access

No Blankspot Internet Access

Information Society

Knowledge Society

Civil Society

Source: Indonesia Ministry of Communications and Information, " Komunikasi dan Informatika Indonesia Whitepaper," 2010

How it will galvanize Indonesia's digital consumers

The government's efforts are designed to spur big leaps forward in society, reducing the nation's big gaps between rich and poor, improving public health, improving education and development of globally competitive skills, and even supporting online entrepreneurship, the growth of Indonesia's ICT industry, and more. (See "The many benefits of big spending on broadband.")

The Indonesian consumer's digital experience is going to become rapidly richer and more varied in terms of digital access, devices and content. While today, mobile phone use dominates the digital experience of most connected citizens, tomorrow it will also involve digital TVs, tablet computers and PCs, and even digital household appliances. And where Facebook and Kaskus have enabled the Web-savvy to chat and update their status, in future they will be involved with everything from online gaming to online education and enjoying digital home lifestyles where devices such as refrigerators and washing machines are connected. As consumers diversify their device usage, this may decrease the strain on the country's mobile Internet capacity whose limited bandwidth has become increasingly overloaded by demand that is fueled by cheap data plans.

Soon, more Indonesians will be able to take their love of shopping online. Farmers in rural areas will be able to tap into supportive economic networks in which they can access, exchange, and share information related to agribusiness and farming techniques together with other farmers, local buyers, and local sellers. The Nokia Life Tools is a service that delivers agricultural information, educational resources and entertainment to users over SMS. The service allows subscribers to receive updates on chosen topics – market prices, news tips, weather forecasts, English lessons, exam preparation, or entertainment.

Concurrently, consumers' digital literacy will rise significantly, powering the next stages of digital demand and supply across the country. Where today, there is just one PC on average for every 3,200 Indonesian students, the government's objective is to get that ratio to 1:20 in just a few years.[29]

The many benefits of big spending on broadband

The Indonesian government has a very clear sense of how its sizeable investments in Internet, communications and technology (ICT) can contribute to economic growth—and to societal wellbeing.

World Bank research shows that ICT investments have more impact on economic growth in developing markets than elsewhere. In particular, for every 10 percent increase in broadband penetration, GDP per capita of (low to medium income) developing markets expands by 1.38 percent.[30]

Among the many direct benefits are development of a domestic ICT industry, with the jobs and export revenues that that implies, along with the evolution and expansion of traditional media industries and development of new businesses in areas such as gaming, location-based services and more. There are a host of indirect benefits too—prominent among them the spurring the development of information-intensive industries such as financial services and professional services, easing capital flows to accelerate rural entrepreneurship, bolstering online commerce, supporting crowdsourcing innovation, and improving the skills and knowledge of the population.

Indonesia has already invested substantially in fixed, mobile and Internet access nationwide. The next phase of ICT development is the development of broadband. With the completion of the Palapa Ring initiative, establishing the infrastructural foundations for national broadband, the government will be focusing on how to utilize this technology meaningfully for the country.

Specifically, under the Jakarta Declaration of Meaningful Broadband 2011, the government has unveiled a US$ 9.2 billion plan to tap into broadband infrastructure to deliver services that are affordable, usable and "empowering" to the average Indonesian.[31] The objective is to reach 30 percent broadband penetration nationwide by 2014—the critical mass of deployment that the government considers necessary for the nation to remain competitive.[32]

The Jakarta Declaration delineates two equally important initiatives: One for developing what is termed "meaningful supply" of broadband and the other for developing "meaningful demand."[33] Meaningful supply refers to provision of speedy broadband—at least 2Mbps and up to 10Mbps—at affordable prices.[34] It will involve fixed and wireless communication to bring services along the "last mile" to consumers. The meaningful supply initiative is due to be complete by the end of 2013.[35]

Meaningful demand is intended to stimulate the creative capacity of Indonesia's "early adopters," including those located outside urban cores, to produce locally relevant content that lowers users' costs, increases their income, and transfers essential skills and government services to them with smart devices and with apps that are affordable, usable, and empowering.

"It's not sufficient to just have an online strategy in Indonesia—you need to build relationships offline too. You need to do something with locals on the ground, but with the whole community, not face-to-face with individuals."

Roby Muhamad, Founder and Scientist of Akonlabs and Professor of Socio-behavioral Science at Universitas Indonesia

What makes digital Indonesia unique

In looking anew at opportunities for growth in Indonesia, many business leaders may be tempted to rip a page or two from earlier "emerging markets" playbooks. That would be a mistake.

Indonesia is certainly not just another China or India, and it is no monolithic market. Aside from its geographic and cultural spans—thousands of islands crossing three time zones, with 300 native ethnic groups and more than 700 languages and dialects—the country is a complex stew of rich natural resources, high poverty rates, surprising financial stability, and vigorous and open political dialog.[36] As such, and for all the reasons mentioned earlier, Indonesia will follow a different course from that of other emerging markets.

Accenture's detailed research has uncovered three areas where digital will have the greatest impact on business growth there:

It's seen to *strengthen* all-important community ties

Talk to many people in the Western world about the impact of all things digital on society, and the prevailing impression you'll get is that the Internet and mobile phones are fragmenting society, breaking social bonds and even shutting off family members from each other.

The view in Indonesia is almost exactly the opposite. In a nation that prizes community as one of the strongest social values, the dominant view, according to Accenture's research, is that technology actually expands on and strengthens the interaction and power of the community.

While community is cherished in many nations, it occupies a special place in Indonesian society. People tend to identify themselves as members of a community before describing themselves as individuals. They make decisions with the community's responses very much in mind. And they think and act in terms of collaboration, adhering to the principle
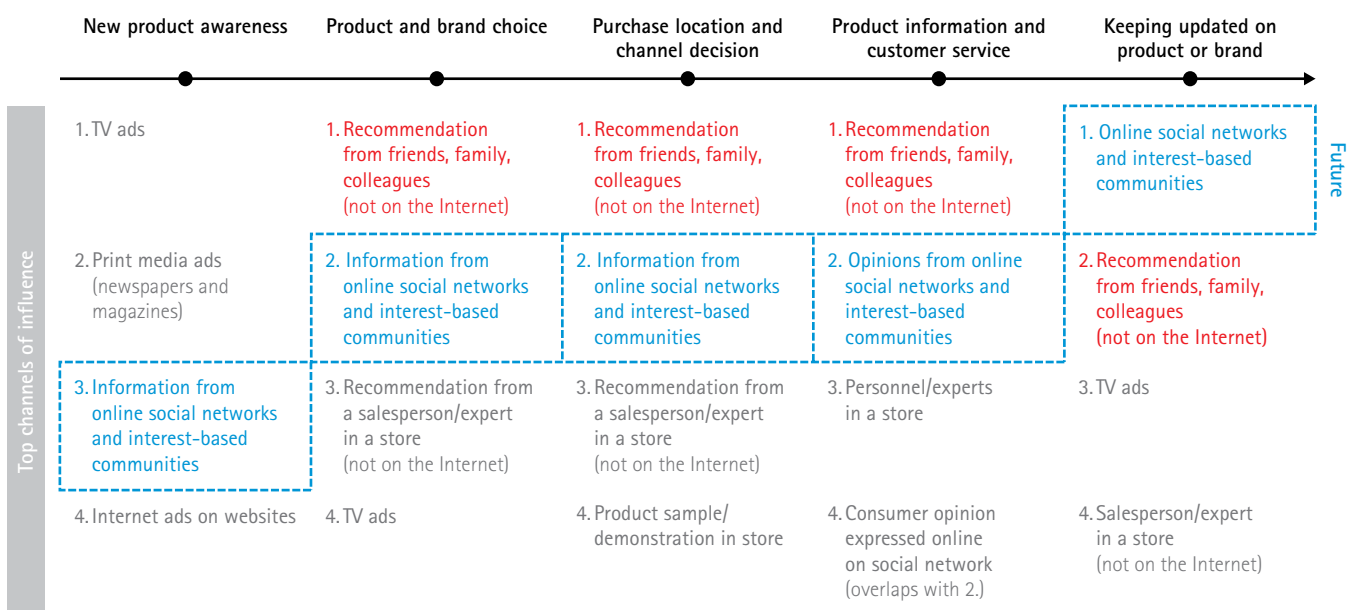
of gotong-royong ("joint bearing of burdens") to people help each other out during tough times.[37] With age-old roots in the "kampung," or village, these cultural imperatives are pervasive throughout the country, even in urban society. The overriding importance of the community surfaces very quickly in any conversation about Indonesian society's values.

Traditionally, the core community has been the first point of reference for daily decision-making. When it comes to purchasing decisions in particular, Indonesians' personal connections have enormous impact[38]; they place a lot of trust in people they know, and will regularly refer to those in their communities on product and brand choices, and to stay updated with information about products and brands.

Currently these decisions are mostly influenced by offline communities. But with the onset of digital, Indonesians are able to expand their social networks beyond physical proximity. In general, it is widening their social networks, enabling them to make new friends, for example. More importantly—especially

Figure 5.

Future consumer purchase journey - top avenues of influence

Top channels of influence	New product awareness	Product and brand choice	Purchase location and channel decision	Product information and customer service	Keeping updated on product or brand
	1. TV ads	1. Recommendation from friends, family, colleagues (not on the Internet)	1. Recommendation from friends, family, colleagues (not on the Internet)	1. Recommendation from friends, family, colleagues (not on the Internet)	1. Online social networks and interest-based communities
	2. Print media ads (newspapers and magazines)	2. Information from online social networks and interest-based communities	2. Information from online social networks and interest-based communities	2. Opinions from online social networks and interest-based communities	2. Recommendation from friends, family, colleagues (not on the Internet)
	3. Information from online social networks and interest-based communities	3. Recommendation from a salesperson/expert in a store (not on the Internet)	3. Recommendation from a salesperson/expert in a store (not on the Internet)	3. Personnel/experts in a store	3. TV ads
	4. Internet ads on websites	4. TV ads	4. Product sample/ demonstration in store	4. Consumer opinion expressed online on social network (overlaps with 2.)	4. Salesperson/expert in a store (not on the Internet)

Future

Offline community influence
Online community influence

(Illustrative Accenture Analysis)

Source: Accenture analysis of TNS Digital Life 2011

from businesses' perspective—digital technology is allowing citizens to form interest-based communities using social networking tools such as blogs, forums, dedicated Web sites, and Facebook (or "fesbuk," as it is known in Indonesia.) Friends and family members may become a part of that community, but the majority of community members will be people that they know only online.

The nation already has a raft of highly active forums for everything from women's handbags to new cars—witness the popularity of sites such as MegaByte (about mobile phones and services), forumotomotif.com (an automotive site), and more general interest forums such as Detik.com or Kaskus. It's easy to see the trading of information among forum members who clearly trust each other. Recent posts on these sites include asking for advice in choosing between Toyota's Avanza minivan and Nissan Livina, for instance.

As such, Accenture observes that the Indonesian consumer's purchase journey will be significantly influenced in future by digital interactions. For example, when making choices about products, we fully expect that recommendations from consumers' online social networks and interest-based communities will become important complements to offline recommendations from friends, family, and colleagues. (See Figure 5.)

These factors will have far-reaching impact on businesses that want to grow in Indonesia. There is one paradoxical watch-out for businesses: Although Indonesians like forming communities, they are very wary of joining brand communities. Research shows they are far less open to joining "brand communities" than others across the ASEAN region.[39] They fear becoming susceptible to "push" marketing—direct promotions that pressure consumers

into buying the product or service. And crucially, they are extremely protective of their status in the community, and worry that being seen to be a "brand ambassador" would lose them all kinds of trust and respect.

So where does this leave businesses that Accenture's research notes already are worried about loss of control of their brands in the new digital realm?

To get Indonesians to join brand communities, companies need to establish trust and deepen bonds with the community through offline activities. There are three key steps to doing that. To begin with, they can themselves create online interest-based communities, as Canon has done on the topic of photography[40], (See "Canon builds a community of interest among photography lovers") and as peanut processor Dua Kelinci is doing with Indonesia's thousands of "madridistas," as fans of Real Madrid are called.[41]

Secondly, they can employ offline events and activities to strengthen online community. "It's not sufficient to just have an online strategy in Indonesia—you need to build relationships offline too. You need to do something with locals on the ground, but with the whole community, not face-to-face with individuals," says Roby Muhamad, Founder and Scientist of Akonlabs and Professor of Socio-behavioral Science at Universitas Indonesia. Dua Kelinci's soccer clinics and professional coaching sessions around Indonesia, leveraging European soccer talent, are an ideal example.[42]

The third step: Companies can tap into the community to harness additional value, as Philips' healthcare equipment unit is doing in seeking ideas for new products that can meet some of the nation's healthcare challenges.[43]

Canon builds a community of interest among photography lovers

Canon is one of Indonesia's successful corporate users of social media; it has a string of awards to prove it. There are more than 11,000 Twitter followers of id @canon_indonesia. On its Facebook fan page, the camera maker has 35,000 Indonesian fans who generate as many as 1,000 interactions a week.

The company uses physical events to bring together the online and offline worlds, bringing favorable influencers into the consumer's core group of offline friends. There seems to be more emphasis on information about photography than sales and promotions. It provides plenty of meaty content online, posting lively material and video of activities related to photography, giving tips on photography and camera maintenance, and highlighting talks and seminars on key photography topics. Featuring well-known people using its products may also bring "social value".

Canon also puts a premium on customer engagement, actively and quickly answering fans' questions. And it owns the interaction channel, managing its social media accounts itself to avoid mismanagement by third-party providers.

"There are instances where the digital technologies have enabled and enhanced the cultural values of community collaboration in Indonesia as elsewhere in Asia."

Dr. T. T. Sreekumar, Assistant Professor in the Department of Communications and New Media at National University of Singapore

It's not just about clicks – it's about bricks with clicks

Indonesians love shopping—not catalog shopping or shopping online, but actually going to the physical stores. Shopping is very much a time for family bonding, when whole families, often including grandparents, go shopping together. It's a way to create all-important status: Indonesians shop luxury goods and brands to display their success and status in the wider community. (See "Don't ever ignore gengsi.") And it's a huge leisure activity: Indonesians treat shopping as relaxation. It's the number one activity during weekends, and is seen as a great time for hanging out or catching up with friends.

But that should not lull businesses into thinking that traditional in-store interactions will suffice for the future. Indonesia's digital surge will have a profound effect on shopping there, following a markedly different trajectory from that taken in the Western world and perhaps even enabling the nation to showcase the future of shopping.

This means that Indonesia won't simply march along the e-commerce path familiar to retailers and consumers everywhere from the U.S. to Germany to Japan. For a start, e-commerce in Indonesia is stunted not only by infrastructure barriers but by lack of trust; it is quite immature compared even to that in other ASEAN markets. Physical infrastructure—especially "last mile" Internet connections to the home—remain limited, even in many urban areas, and there are few of the sophisticated supply chain networks needed to support e-commerce.[44] Online payment systems are underdeveloped. And consumers regularly express concerns about online fraud rather than inconvenient payment methods.[45]

Things are changing, of course, and e-commerce is developing in Indonesia, albeit slowly. (See Figure 6.) Credit card use is increasing sharply, secure payment networks are being built, and stronger regulations are being put in place. In 2011, the Indonesian government enacted non-bank money transfer regulations, meaning that any online transaction should go through a licensed bank or company.[46] Bank Central Asia (BCA) has launched an innovative online payments platform by leveraging its ATM network. This has popularized the notion of Klik-BCA –customers can use a disposable OTP (one time password) to buy goods or pay bills online with one easy click.

At the same time, innovative Indonesian companies are finding clever ways to overcome the e-commerce barriers that exist. Multiply, a local e-commerce company is strategically branding itself as a social shopping destination, offering an e-commerce marketplace with social media features: Users can create a shop with unlimited storage for posting photos, videos and blogs about their products and customers are able to share their opinions and experiences with each other, reducing the chances of fraudulent activity.[47] Another service, Rakutan, uses convenience stores and cash-on-delivery for e-commerce distribution. The stores become trusted locations at which online shoppers can pick up their new purchases.

But digital's biggest impact will be to enhance the consumer store shopping experience. Indonesians are already treating shopping as an experience and not just as a series of functional purchase transactions. Accenture's projections are that shoppers will be immersed in a new environment that blends the realities of the physical world with the discovery and entertainment facets of the digital world. The shopping experience will be shaped by a seamless integration of an offline and online component so that consumers can enjoy the best of both worlds, wherever, whenever, and with whomever.

To some extent, Apple stores around the world show how this new experiential shopping world will materialize. The products on display are all "hands on"

Figure 6.

E-commerce is still limited compared with other ASEAN markets
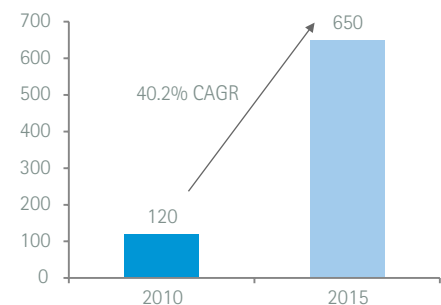
% of Internet users who have purchased online before
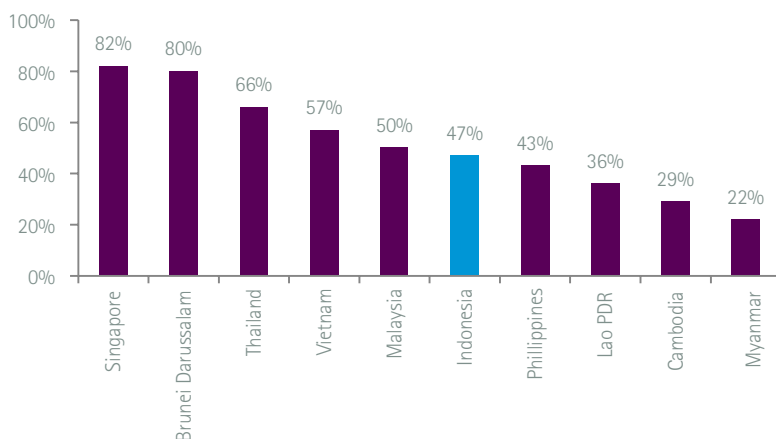
Source: ASEAN Working Group on E-Commerce and ICT Trade Facilitation, "The ASEAN e-commerce Database Project," 2010

Current reported eCommerce transaction values are growing fast but absolute values are still low.

Forecasted Indonesia eCommerce transaction revenues (US$mn)

Source: Frost & Sullivan, "Indonesia Telecom Outlook: Indonesia-Go Online," 2012

for shoppers to touch, use, experiment with. There are wide-open spaces that encourage roaming around, with clear sight lines to other attractive products. Each store's "Genius Bar" offers free classes and one-on-one trainers, allowing consumers to participate in fun, digitally interactive activities. Importantly as far as Indonesians are concerned, this type of "experience store" is very family-friendly. It is certainly spacious enough to allow big groups to move around—and gather around one device. Other companies are experimenting with their own versions of shopping experiences.[50] (See "Carrefour creates a full customer experience by blending offline and online features.")

So what do businesses need to do to help foster a "bricks with clicks" retail environment? Essentially, they will need to demonstrate a two-pronged, online-with-offline strategy to successfully mitigate the threat of new competitors and capitalize on the opportunities provided by e-commerce. It will be important to have an online channel as a way to provide a basis for comparing one's products against those offered by other online retail companies. The online channel will also be an avenue for gathering consumer insights. Meanwhile, an offline presence—a physical store—will give companies an advantage over solely online retail entrepreneurs. They can use the store to allow customers to experience a product before purchase.

Here's a potential scenario showing a dual online-offline strategy in action. Imagine that a teenager in Makassar is choosing a new outfit for her high-school graduation. Her whole family—grandparents included—is along for the experience. The store she's visiting has a "virtual mirror"—a screen that overlays different clothing options on the image of the girl; the arrangement replaces the traditional changing room, enabling the whole family to participate in what becomes a little personalized fashion show rather than being forced to go walking around the mall or sitting uncomfortably near the changing rooms. These kinds of displays are now being rolled out in the U.K. and Japan.[51]

At the same time, companies need to think how to recast their models of customer experience at the physical store. Specifically, store personnel need to be trained to review and absorb product knowledge and customers' needs so they can provide higher levels of service; companies can do much more to utilize the Internet and digital hardware and software to do this. It's also important to train staff to act as eyes and ears on customer feedback; they can use Internet-linked devices in the store to record requests expressed by shoppers, creating real-time feedback loops. The company also needs to have the tools and capabilities to usefully analyze and respond to such feedback.

It's social, but for far more than fun

At 8pm one evening at an Indonesian hospital, a patient needed a blood transfer for an operation. For two hours, the hospital issued Twitter blasts through a Twitter-linked account with "Blood for Life" and with checks for blood matches. By 10pm, 20 matching candidates had been identified, and the donation process was under way.[52]

That was by no means unusual. Indonesians are arguably the world's most assertive users of social media—particularly of "fesbuk," which actually comes pre-installed on many of the low-priced feature phones sold in Indonesia. For most digital consumers there, "Internet" translates as "social networking:" Nielsen reports that Indonesia is the only ASEAN country where four out of five of its top online activities involve social networking.

So whereas other markets have been progressing to social "Web 2.0" in stages, Indonesia's digital consumers are leapfrogging ahead, largely because of their cultural traits of readily exchanging and sharing information with their communities and because of the interrelated importance of maintaining gengsi, or status, within the community. (See Figure 7.)

With such precocity in social media come higher expectations for more collaborative and inclusive relationships with consumer brands. (See Figure 8.)

For a start, as Indonesians become more sophisticated in their social media usage, businesses cannot afford to get customer service wrong. Research shows that 79 percent of Indonesians now have higher customer service expectations than they did a year ago.[53]

Carrefour creates a full customer experience by blending offline and online features

Carrefour, a grocery retail hypermarket, wanted to change the Indonesian retail experience. The aim was to create a more enjoyable customer experience that would blend offline and online features to bypass shopping bottlenecks, such as traffic jams. Carrefour popularized a program of "click & drive," at its flagship store in Jakarta, through its newly launched online shopping platform. Customers can buy their groceries online and take advantage of a virtual queue: They can pick up their purchases soon after selecting their shopping online.

The interface is designed in a very user friendly format where customers can have the ease of e-commerce though a 3 step process. First, browse through selected product categories on the website and add products to a virtual shopping cart; second, arrange the pick-up recipient and time slot; and finally, the third step is to make the payment. In a matter of minutes, a customer has effectively bypassed the long queues at the cashier and typically congested traffic jams.

As a result of this program, Carrefour has become a market leader in creating a digital customer experience for grocery retail. Further, this has enhanced the company's online presence, attracting more than 760,000 active facebook fans.

Don't ever ignore gengsi

Businesses that want to resonate with the Indonesian consumer cannot ignore "gengsi." Putting it another way, businesses must tap into the importance that Indonesians attach to status. Gengsi is a cultural mentality that translates loosely as "outward appearances."[48] It is apparent in symbols of success that may not have to be in a material form. Nearly two-thirds of Indonesians share that they "like it when companies provide me with special treatment when I do more business with them."[49]

Accenture envisions three ways in which digital gives businesses new opportunities to promote gengsi:

Merge the offline and online world

Businesses need to take advantage of Indonesian consumers using social media in real time, as, for example, when they post news of their purchases of luxury goods while they're still in the physical store. Using location-based apps, consumers can also show off exclusive clubs or sites that they belong to. The key is to merge the offline and online experience while weaving in the cultural elements of Indonesian status throughout the consumer journey.

Gamification

Gamification is key to fostering positive reinforcement and compliments. Nike launched an app that nudged consumers to run by inviting friends to tag photos and comments on one's fitness accomplishments. The payoff for consumers: higher profile and higher status. The payoff for Nike: greater brand visibility.

Community membership through exclusivity

Businesses can create online brands, service, or interest-based communities that highlight a member's "VIP" status. LinkedIn has a premium VIP option based on a monthly fee; members report that they feel more "validated" as they come up more often in the search results. Besides LinkedIn, there are other exclusive community memberships that may offer VIP benefits of discounts or special rewards to luxurious services, and so on.

Nearly 90 percent want easier and more convenient ways to obtain customer service, and they want it faster.[54] "There is a trend toward creating customer experience that is in real-time," according to Kumaran Singaram, Chief Executive at Sitra 4G.

At the same time, social media can create serious blowback for a brand if customer service is found wanting. Indonesians share that after having a bad experience with a company, 92 percent spread the word by telling others.[55] At least as damaging: After having a poor experience, 71 percent of Indonesian consumers stopped engaging with or doing business with that company.[56] Retail and Internet service providers are the top industries in which Indonesian consumers are quick to switch service providers if they are unhappy with service.[57] This makes Indonesian businesses susceptible to losing brand control—their worst fear— as bad experiences can easily go viral through social media means.

Similarly, companies must be careful not to infringe on customers' data-privacy rights.

There are other aspects of customer interaction that lend themselves to digital—and for which Indonesian consumers are more than ready. Just as businesses need to employ social media to improve customer service and to make it seamless across service channels, so they need to use social means to increase customer engagement.

A key way to do this is to tap into "gamification" techniques—essentially borrowing the elements and mechanics of computer gaming that make it so addictive. Specifically, that is likely to involve everything from bright, appealing audio and visual user interfaces to contests, rankings, and leader boards. To boost its market share in Indonesia, Pocari Sweat, a popular sports drink in Asia, launched "Ionopolis," an integrated social media game using Twitter, Facebook, and Foursquare.[58] The game creatively educates consumers about the brand, making the experience fun and socially interactive; it helps turn game participants into loyal customers by offering prizes such as iPod shuffles and giving game points when Pocari Sweat products are purchased. The game has attracted more than 13,000 participants.[59]

And there is much more that businesses can do to use social media to gather customers' insights with a view to reinforcing product development and accelerating innovation. Surveys show that Indonesian consumers are ready to collaborate. More than 75 percent say they are interested in participating in a brand's innovation efforts, and 87 percent are eager to conduct them online.[60]

In short, businesses can no longer rely on the lone company Web site or the typical Facebook fan page to gather ideas about new products. They have to actively involve Indonesian consumers through crowdsourcing efforts. Philips' healthcare equipment business has already sourced support in Indonesia in this way.[61] (See "Philips crowdsources ideas for tailored health solutions.")

Philips crowdsources ideas for tailored health solutions

Eager to create health solutions tailored to the community's needs, Philips turned to social media to crowdsource input directly from the Indonesian public to discuss and identify challenges the community faces in health.

The healthcare equipment provider began by launching a crowdsourcing website to solicit feedback and enable participants to collaborate with each other on idea generation. The company received overwhelming responses, garnering more than 80,000 unique visitors who commented on, voted for, and submitted more than 600 ideas in nine weeks. Also, Philips recorded tweets from more than a million users on its dedicated twitter hashtag "#IndonesiaPlus."

The ideas split into three categories: Creating livable cities, empowering healthy living, and ensuring access to healthcare. Three winning projects were identified and their ideas have been turned into real-life projects, led and funded by Philips in cooperation with other organizations.

"Indonesians are not very comfortable with sharing private data with companies, and as a result, banks have to find other means of finding information such as tapping into social media—however, this hasn't occurred at a sophisticated level yet."

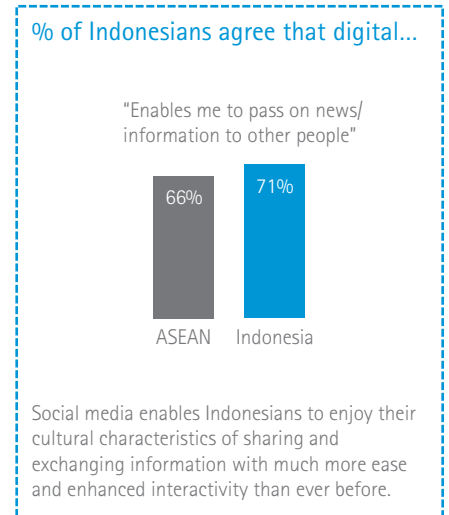Henrisa Lubis, Chief Technology Officer at PT Bank Negara Indonesia

Figure 7.

Top 5 online activities conducted on at least a weekly basis

Digital consumers +15

Nielsen reports that Indonesia is the only country in ASEAN where four out of five of its top online activities involve social networking.

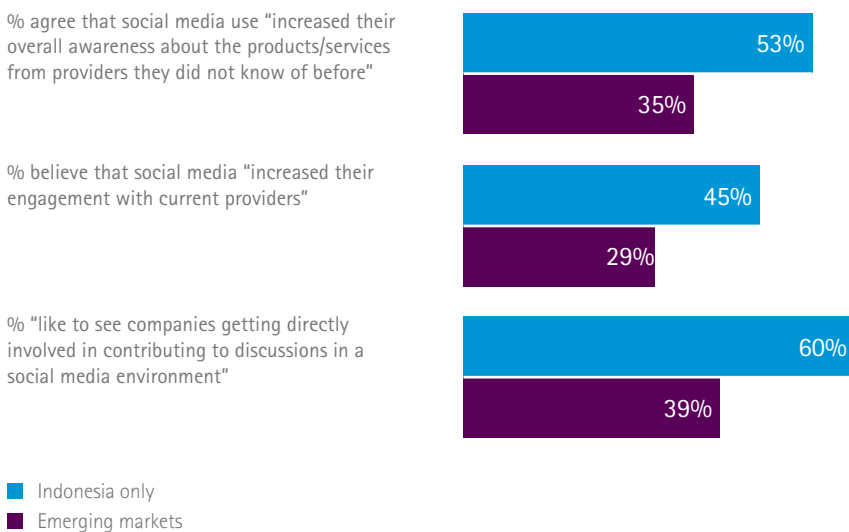| Vietnam	Malaysia	Phillippines	Singapore	Thailand	Indonesia
News 90%	Email 92%	Email 90%	Email 96%	Email 85%	Private message on SN sites 71%
Search 81%	Private message on SN sites 83%	Private message on SN sites 83%	News 86%	News 79%	Public comments on SN sites 61%
IM 68%	News 82%	Wall posts/ status update update via SN 81%	Search 81%	Private messages on SN sites 74%	Browsing SN profiles 59%
Gaming online 52%	Search 79%	News 79%	IM 70%	Reading comments about brands/ products 70%	Updating SN profiles 56%
Streaming audio 47%	IM 75%	IM 78%	Private messages on SN sites 67%	Sharing content 69%	Email 51%

Source: Nielsen, 2011

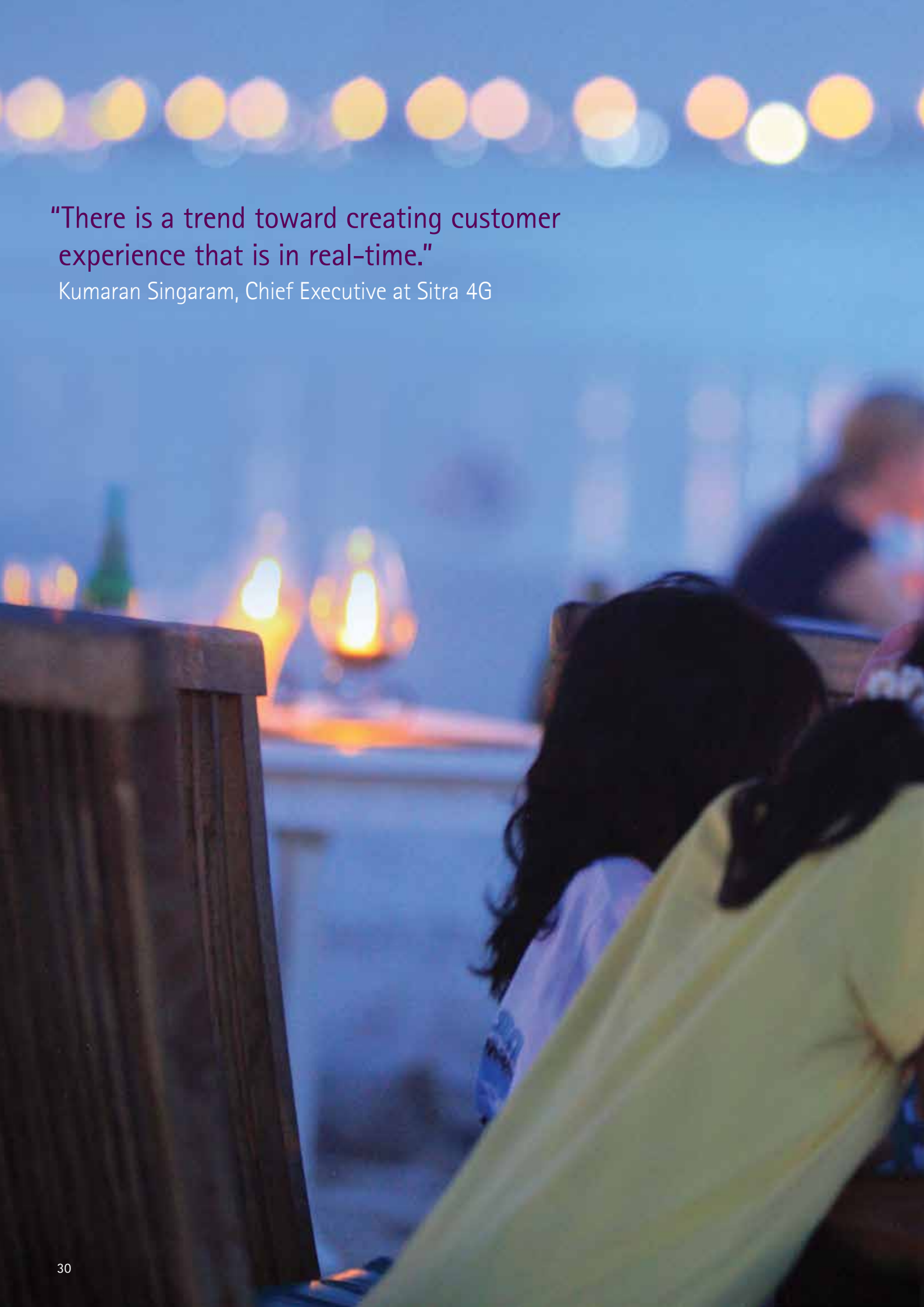SN - Social Networking, IM - Instant Messaging

% of Indonesians agree that digital...

"Enables me to pass on news/ information to other people"

66% ASEAN   71% Indonesia

Social media enables Indonesians to enjoy their cultural characteristics of sharing and exchanging information with much more ease and enhanced interactivity than ever before.

Source: TNS Digital Life, 2011

Figure 8.

Social media's impact on Indonesian consumer brand relationships

% agree that social media use "increased their overall awareness about the products/services from providers they did not know of before"
- 53%
- 35%

% believe that social media "increased their engagement with current providers"
- 45%
- 29%

% "like to see companies getting directly involved in contributing to discussions in a social media environment"
- 60%
- 39%

■ Indonesia only
■ Emerging markets

Source: Accenture," Global Consumer Research in Indonesia," 2011

"There is a trend toward creating customer experience that is in real-time."
Kumaran Singaram, Chief Executive at Sitra 4G

Five strategic moves that businesses need to make now

As Indonesia's consumers become more digitally empowered, the nation's businesses need to substantially ramp up their digital efforts. Yet most are overwhelmed by the challenges that the digital upsurge is creating. New research from Accenture shows that half fear losing control over their brand.
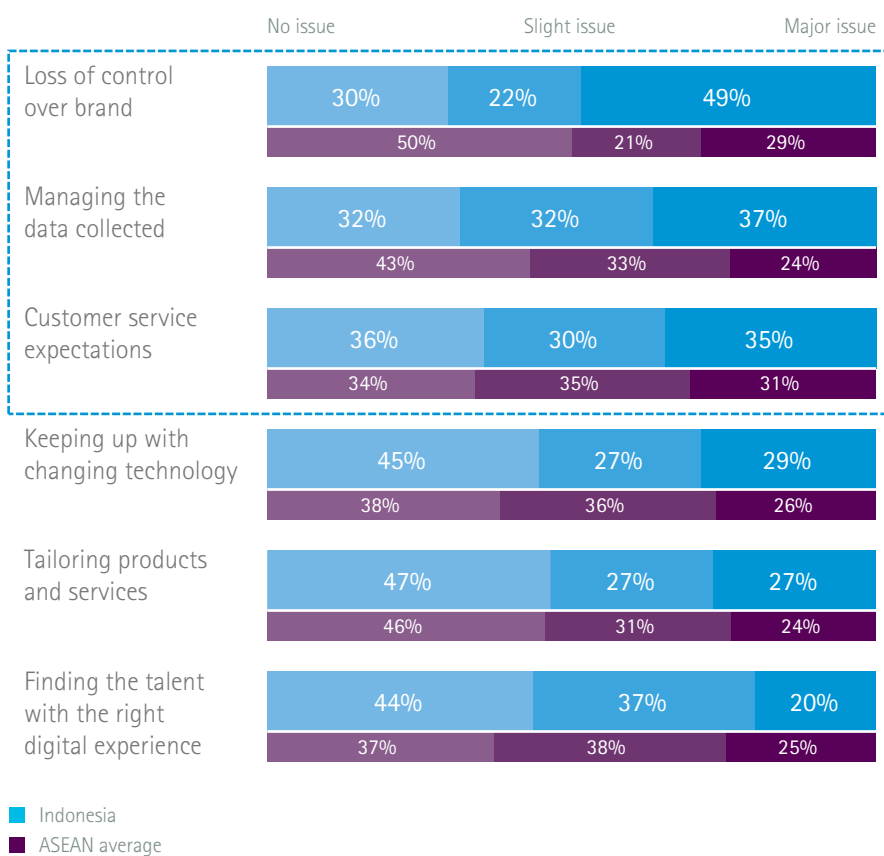
More than a third worry about meeting customer service expectations. And more than a quarter fret about tailoring products and services to their customers' changing needs. (See Figure 9.) Among the companies that are taking action on the digital front, the actions are too often ad hoc and piecemeal.

So what needs to happen? Accenture recommends that five topics become part of the agenda at the next meeting of senior executives:

Figure 9.

Challenges being experienced by Indonesian businesses

Respondents: 101 companies in Indonesia

	No issue	Slight issue	Major issue
Loss of control over brand	30%	22%	49%
	50%	21%	29%
Managing the data collected	32%	32%	37%
	43%	33%	24%
Customer service expectations	36%	30%	35%
	34%	35%	31%
Keeping up with changing technology	45%	27%	29%
	38%	36%	26%
Tailoring products and services	47%	27%	27%
	46%	31%	24%
Finding the talent with the right digital experience	44%	37%	20%
	37%	38%	25%

■ Indonesia
■ ASEAN average

Source: Accenture, "ASEAN business survey," 2012

1. Ensure that digital has an impact on business functions beyond IT

Although digital strategies are a consideration for most Indonesian companies—and 44 percent claim they are at the heart of their corporate strategies—in practice the greatest impact of digital is most felt within the companies' IT divisions. Fully 85 percent say that digital strategy has a substantial impact on IT whereas just 56 percent say that about the customer service operation. (See Figure 10.)
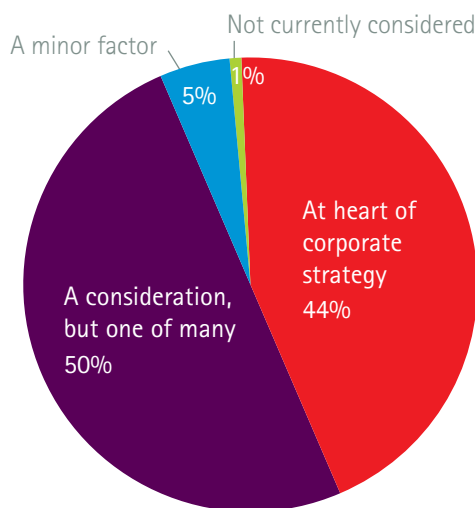
Senior executives need to ask themselves:

- How does digital really fit into our corporate strategy?

- What's the impact of digital across our business in terms of our relationships with customers, partners, and employees?

- Is our company information available across a variety of digital channels?

- How can we integrate our offline and online channels?

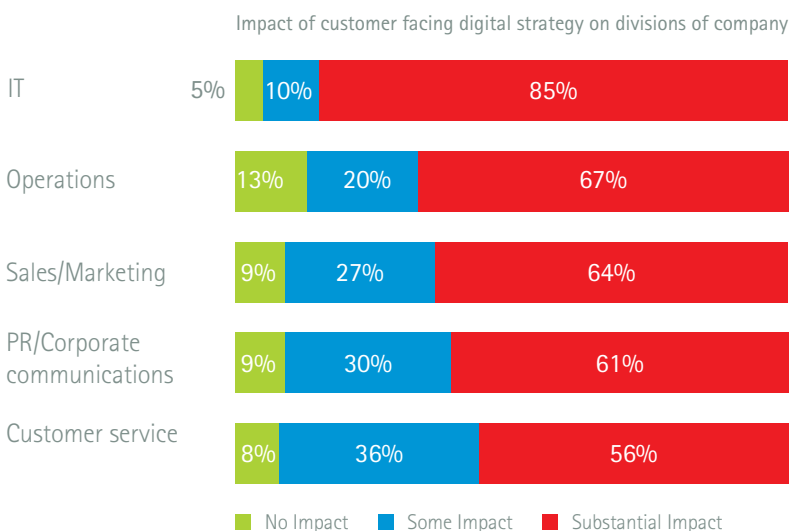## 2. Look beyond traditional mediums of online customer engagement

Although Indonesian companies are active across digital channels—90 percent do have customer Web sites and 65 percent engage in online advertising—but they still focus on traditional mediums of online customer engagement. (See Figure 11.) Given Indonesians' love of social media, nearly half of companies have no presence on this channel, according to Accenture's research. In short, the interactive capabilities of new digital mediums such as social media, mobile platforms, and online community sites are being hugely underutilized.

Senior executives need to ask themselves:

- Is our brand engaging with customers in a more collaborative, fun and inclusive way?

- Are we reaching out to our consumers by having conversations with them— or are we just using digital means to tell them about our products and services?

- Is our product/service enabling Indonesians to show off their social and economic status?

- Are we making the most of the interactive capabilities of new digital mediums such as social media and mobile platforms?

Figure 10.

Digital strategies form at least a consideration for almost all Indonesian companies, and is at the heart of corporate strategy for 44%

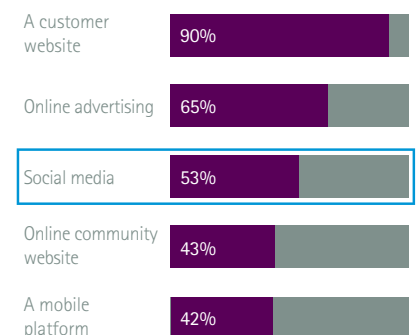The greatest impact of digital is most felt within the IT division

Impact of customer facing digital strategy on divisions of company

- No Impact
- Some Impact
- Substantial Impact

Source: Accenture, "ASEAN Business Survey," 2012

Figure 11.

What channels does your digital strategy involve?

A customer website	90%
Online advertising	65%
Social media	53%
Online community website	43%
A mobile platform	42%

Given Indonesians' love of social media, nearly a half of companies have no presence on this channel

Source: Accenture, "ASEAN Business Survey," 2012

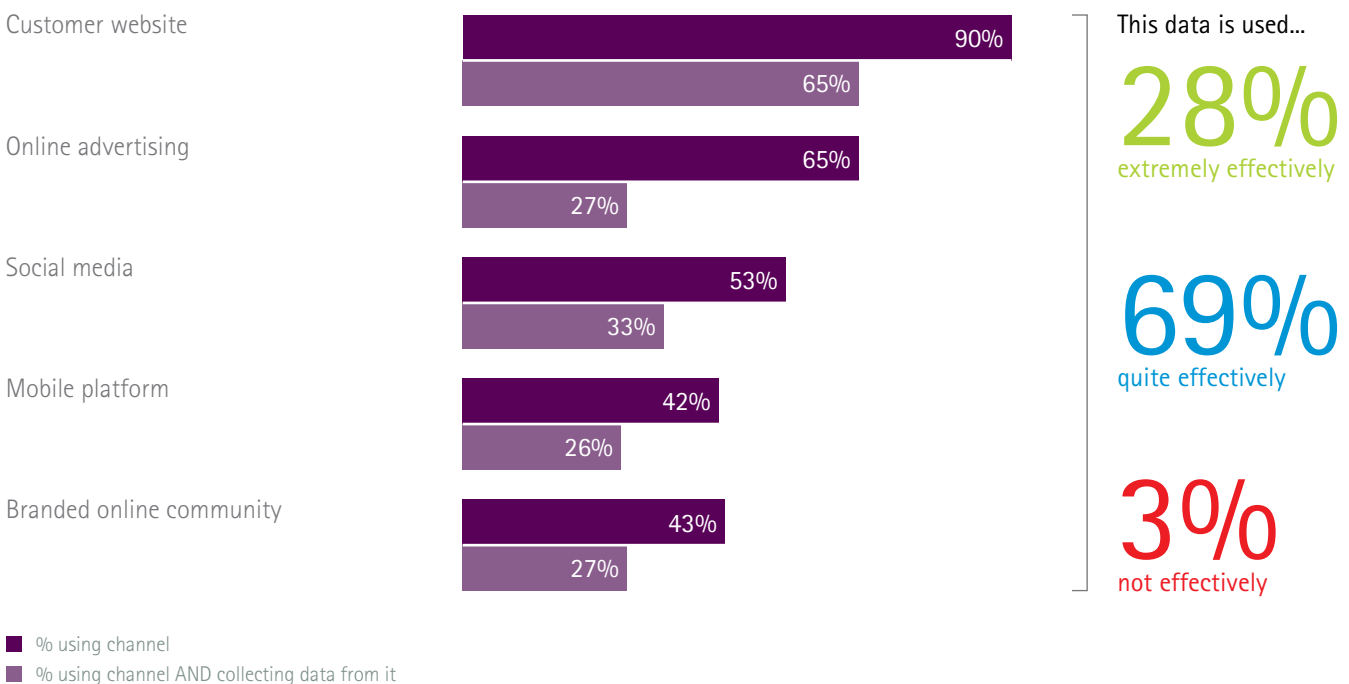## 3. Start putting growing volumes of customer data to strategic use

Excluding their customer-facing Web sites, only a small minority of Indonesian companies collects customer data *and* uses it to its maximum efficacy. While two-thirds engage in online advertising, just 27 percent say they also collect data from it. Overall, just 28 percent of the Indonesian businesses that do collect customer data say it is used extremely effectively. (See Figure 12.)

Senior executives need to ask themselves:

- Are we tapping into the power of digital to develop customer relationships?

- How are we nurturing trust to develop customer relationships?

- If we had abundant customer data, what could we learn from it?

- What data do we now gather? Where does it come from and how do we use it?

- How can we capture more data without violating our customers' right to data privacy?

Figure 12.

Customer data collection based on channels utilised

Channel	% using channel	% using channel AND collecting data from it
Customer website	90%	65%
Online advertising	65%	27%
Social media	53%	33%
Mobile platform	42%	26%
Branded online community	43%	27%

This data is used...

28% extremely effectively

69% quite effectively

3% not effectively

■ % using channel
■ % using channel AND collecting data from it

Source: Accenture, "ASEAN Business Survey," 2012

4. Begin measuring the impact of increased spending on digital strategies

Nearly two-thirds of Indonesian businesses plan to increase spending on their digital strategies, but more than half are not yet measuring its impact. (See Figure 13.) Without an effective measure of ROI, budget holders will find it more difficult to justify increased spending on digital activities.

Senior executives need to ask themselves:

- How are we currently measuring the impact of our investments in digital?

- Do we need to consider new ways of measuring the return on investment of our digital investments that are different from the rest of the business?

- How can we incentivize our workforce to leverage the digital tools and technologies that are available to them?
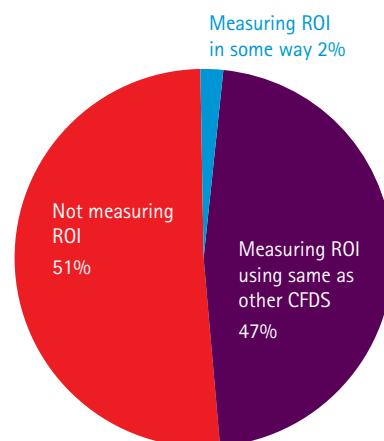

Figure 13.

Are you planning to increase spending on customer facing digital strategies (CFDS) in the next 12 months?

Decrease
7%

No change
30%

Increase
63%
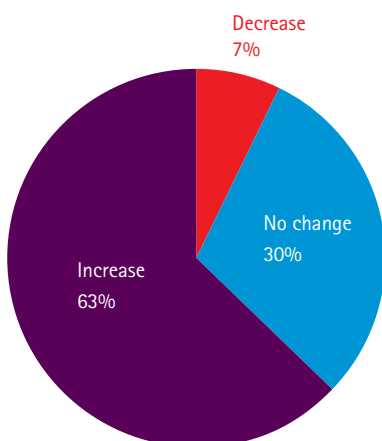
Are you measuring the return on investment of your customer facing digital strategies (CFDS)?

Measuring ROI in some way 2%

Not measuring ROI
51%

Measuring ROI using same as other CFDS
47%

Businesses that are measuring ROI, are utilising the same ROI measures as other CFDS activities

Source: Accenture, "ASEAN Business Survey," 2012

5. Cultivate a pervasive digital culture across the company

Accenture's study shows that 63 percent of Indonesian companies have created internal digital teams—higher than the average for ASEAN countries—but these teams are not encouraging the use of digital to its full potential across their companies. In fact, they lag their counterparts elsewhere in ASEAN on almost every measure. For instance, only 27 percent are using social media to attract new talent, and only 22 percent allow employees to access sales data remotely. (See Figure 14.) "Indonesian companies need to have a digital culture to be accepted in digital communities," remarks Guntur S. Siboro President Director & CEO, Aora TV.

Senior executives need to ask themselves:

- Which of our executives are responsible for building our digital strategy?
- How are we attracting, retaining and nurturing digital talent?
- How are we cultivating a dynamic digital culture within our organization?

- Is there a digital divide between the knowledge of our senior managers and the country's new digital consumers?
- Do we make the most of digital tools for collaboration and knowledge-sharing purposes across our own business functions, from R&D to the back office?

In general, Indonesian businesses are in the early stages of their digital journey. They need to start moving away from ad hoc solutions toward coherent digital business models. The questions noted above are a step in the right direction.

Business leaders don't have a lot of time to ponder the implications of Indonesia's digital explosion. It is not simply something of interest for those selling to youth markets, and it is categorically not just a passing fad. Consumer behaviors are changing right now, new consumers—many previously too poor to be part of mainstream consumer activity—are emerging, and expectations of all of the nation's digital consumers are rising by the day.

Indonesian companies that adopt a "wait and see" attitude—or believe the government is not serious about its economic transformation plans—may soon find themselves sidelined by assertive organizations such as Dua Kelinci which have already grasped the implications of the broader trends and are determinedly positioning themselves for success. Similarly, business leaders whose world view is confined to the Indonesian archipelago may find opportunities closing up rapidly as multinational rivals move in to meet the needs of the digital consumer.
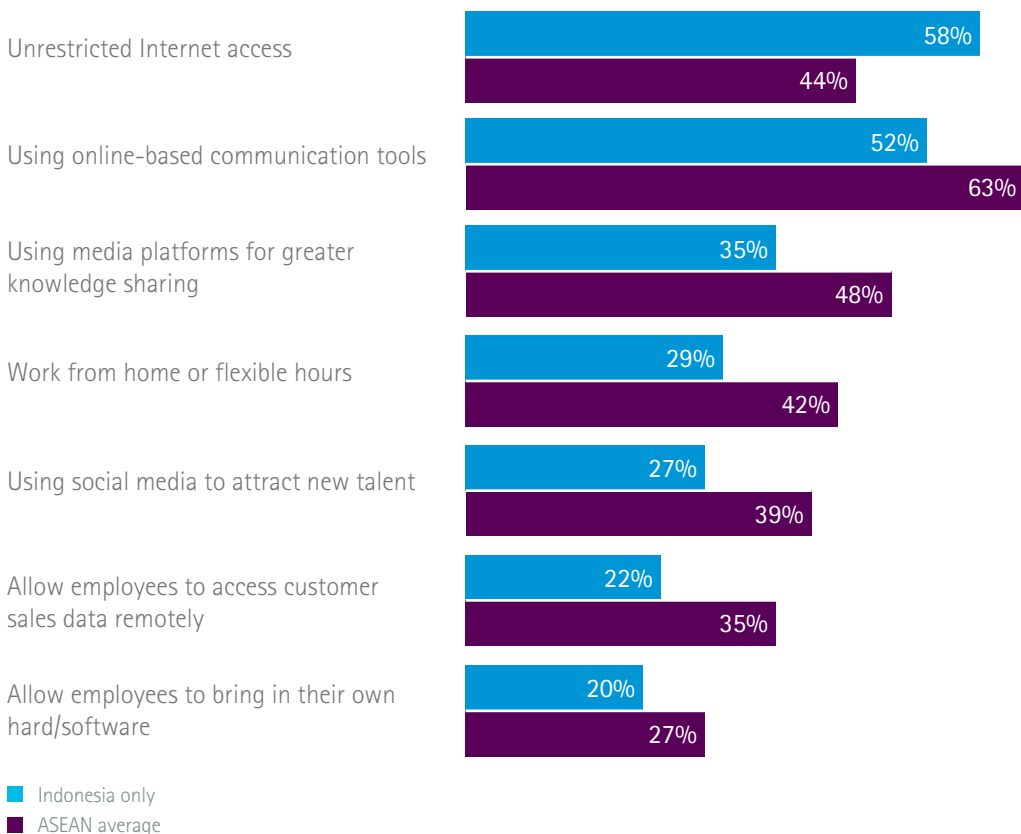
Digital Indonesia is no longer an aspiration. It is an *expectation*—from businesses' shareholders and from the country's citizens. Business leaders ignore that reality at their peril.

"Indonesian companies need to have a digital culture to be accepted in digital communities."

Guntur S. Siboro, President Director & CEO at Aora TV

Figure 14.

Indonesian companies have a low uptake of digital internally – generally far behind the ASEAN average

	Indonesia only	ASEAN average
Unrestricted Internet access	58%	44%
Using online-based communication tools	52%	63%
Using media platforms for greater knowledge sharing	35%	48%
Work from home or flexible hours	29%	42%
Using social media to attract new talent	27%	39%
Allow employees to access customer sales data remotely	22%	35%
Allow employees to bring in their own hard/software	20%	27%

■ Indonesia only
■ ASEAN average

Source: Accenture, "ASEAN Business Survey," 2012

"Digital has altered time in such a way that it has changed consumer expectations"

Michael Netzley, Assistant Professor of Corporate Communication at Singapore Management University

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About this study

This paper is part of a series that examines the evolving digital landscape of the Southeast Asia region with regard to consumers, employees and at the overall enterprise level.

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