

Behaviors and Preferences of Indonesian Millennial Consumers on E-Commerce Applications in 2019

A Quantitative Research Report



Prepared by:
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Jakarta, July 9th 2019



Indonesia Marketing
Research Association

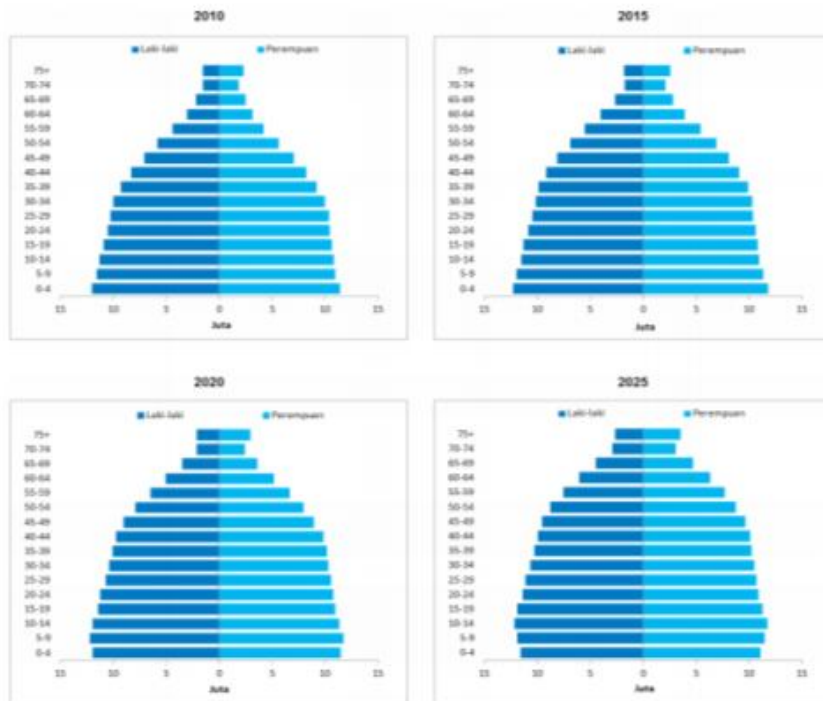


Indonesia Public Opinion
Survey Association



INTRODUCTION

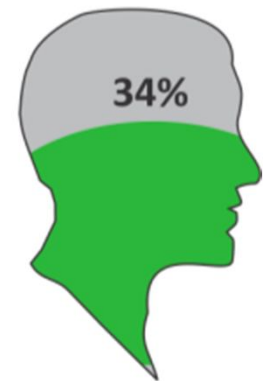
Millennial generation as "The New Rising Market"



Baby Boomer



Gen X



Millennial

The current and future Indonesian markets are dominated by millennials. By 2020, their population will be the largest and it will continue to dominate until 2035.

Portrait of Indonesian Millennial Characters



MILLENNIALS: CREATIVE, CONNECTED, CONFIDENT

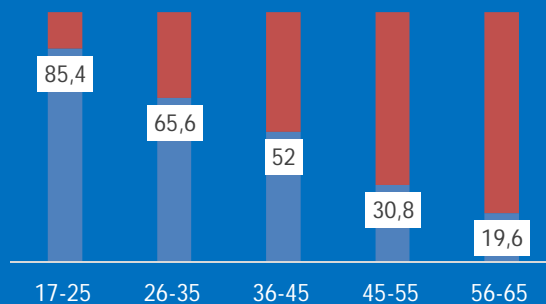
- ❑ In 2020, 34% of Indonesia's population is the millennial group.
- ❑ This dominance has implications for the character of the Indonesian population in the future. The hallmark of millennial characters is known as 3C, namely Creative, Confident, and Connected.

9 INDONESIAN MILLENNIAL BEHAVIORS

INTERNET ADDICTION

PENETRATION OF INTERNET USAGE

■ Yes ■ No



- ❑ Internet users in Indonesia are dominated by Millennials.
- ❑ Their internet consumption is above 7 hours per day.

EASY TO OSCILLATE TO OTHER HEART

SOLIDITY ON PRESIDENT CANDIDATES CHOICES

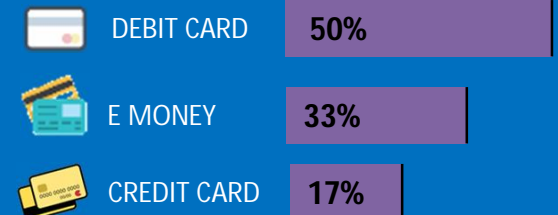


- ❑ Millennial Loyalty levels are very low, including in politics.

THIN WALLET

59% MILLENNIALS
Like non-cash transactions

❑ NON-CASH PAYMENT TOOLS LIKED

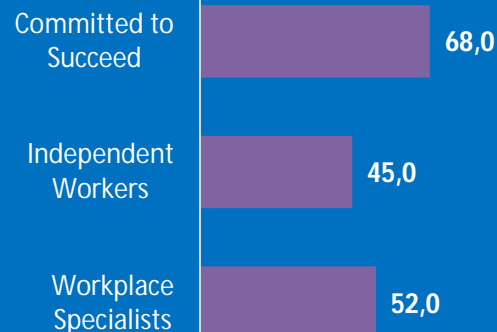


- ❑ It does not mean that they do not have money, but they do cashless transactions more often

9 INDONESIAN MILLENNIAL BEHAVIORS

WORK SMART, WORK FAST

WORK CHARACTERS OF MILLENNIALS



- ☐ They are not lazy generation
- ☐ They are adaptable, and work more effectively

MULTITASKING

MILLENNIAL WORKFORCE

MASTER MULTITASKERS

80% of respondents admit to multitasking on conference calls with:



- ☐ Millennials are accustomed to multitasking, they are able to do 2-3 jobs at the time

HAVING HOLIDAY ANYTIME AND ANYWHERE



1 of 3 millennials in Indonesia is on vacation at least once a year

- ☐ Vacationing is a primary need for millennials

9 INDONESIAN MILLENNIAL BEHAVIORS

IGNORE ON POLITICS

CONVERSATION TOPIC



RELI-GION	SOCIAL, POLITICS, CULTURE, ECONOMY	SPORT, MUSIC/ MOVIE, IT
-----------	------------------------------------	-------------------------

- ❑ They tend to be ignorant of politics
- ❑ Their topic of conversation is more about movie/ music, sports, and IT

LOVE TO SHARE



Caring on social issues, such as getting involved in online petitions, online donations, including responses to social issues.



Glad to share skills, knowledge and more, such as making hijab tutorials and cooking



High Solidarity, especially for their followers, so they can easily share activities through vlogs, etc.

LESS CONCERN ON OWNERSHIP



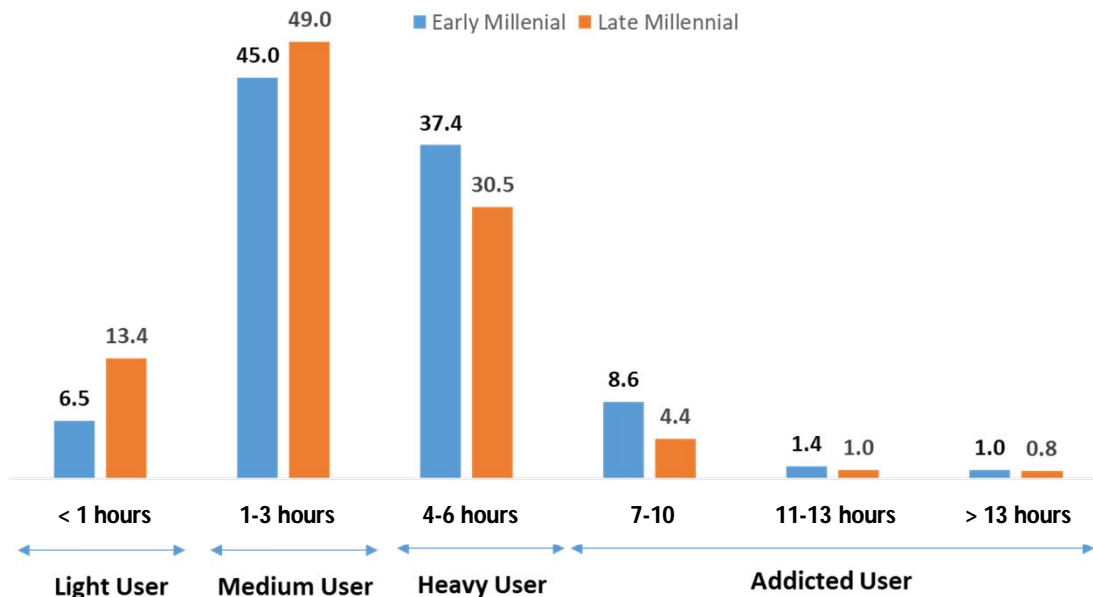
- ❑ Accessibility is more important than ownership.

The growth of online transportation in Indonesia is getting bigger

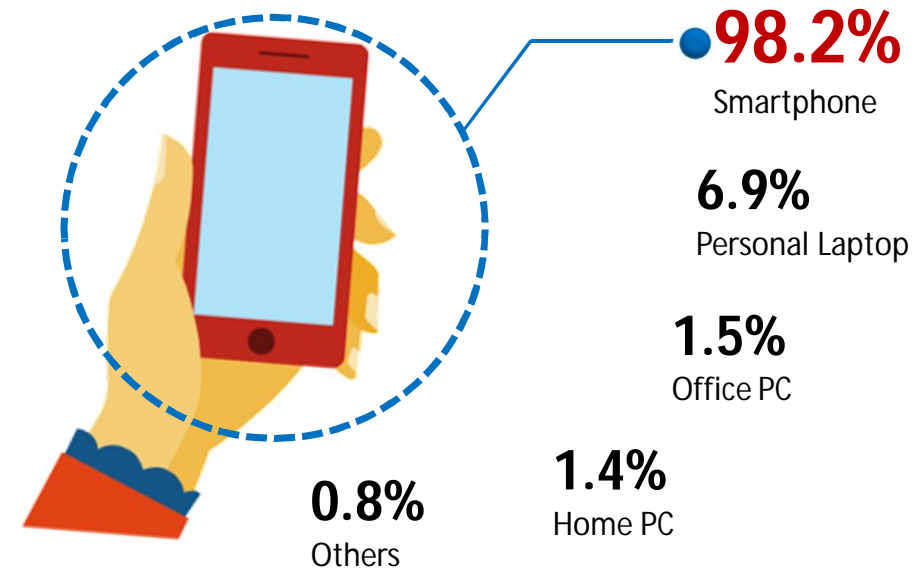
Millennial as Drivers of Indonesia's Digital Economy

Nearly half of Indonesia's Millennials have been addicted to the internet (heavy & addicted users). They access the internet by using a smartphone.

INTERNET CONSUMPTION [%]



DEVICES TO ACCES INTERNET [%]



Indonesia's Digital Economic Potential

During several years, the potential of Indonesian e-commerce transactions grows dramatically.



● **US\$ 130 Billion (Rp 1,700 Trillion)**

In 2020

US\$ 20 Billion (Rp 261 Trillion)

In 2016

US\$ 8 Billion (Rp 104 Trillion)

In 2013

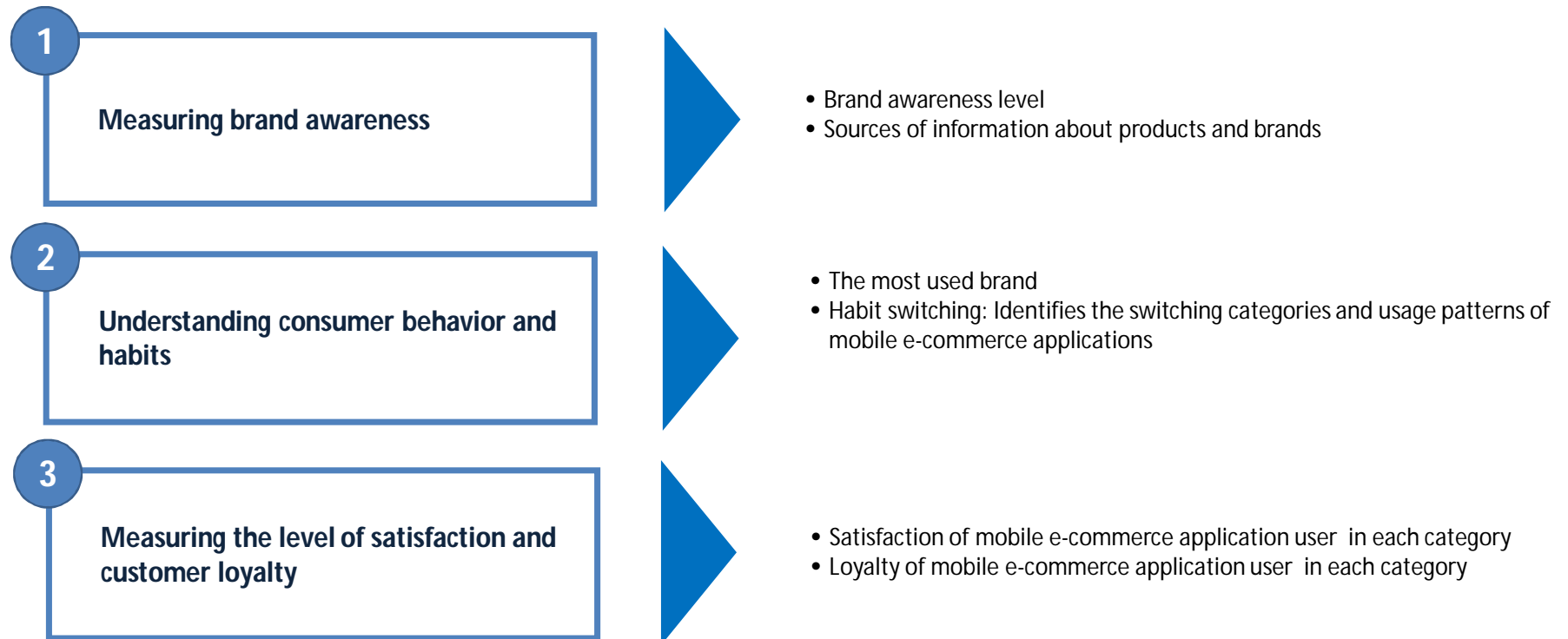
POTENTIAL TRANSACTION OF E-COMMERCE IN INDONESIA



Source: Kata Data, processed from various sources

Research Objective

The objective of this study is to obtain data and information related to habits and behavior of millennial consumers in using mobile e-commerce applications.



E-COMMERCE

E-commerce is the activity of distributing, selling, purchasing, and marketing of products (goods and services), by utilizing telecommunications networks such as the internet and computer networks.

McLeod Pearson (2008: 59)

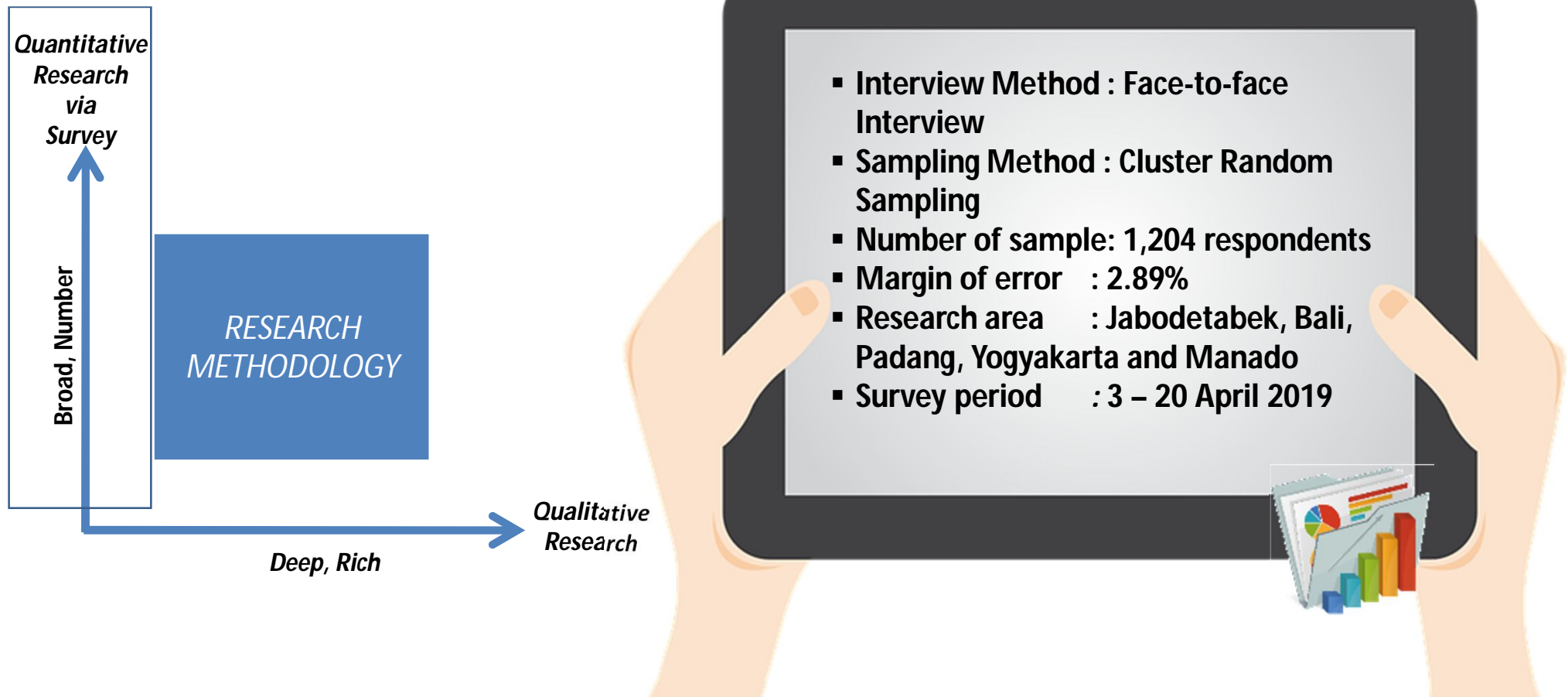
Electronic commerce or also called e-commerce, is the use of communication networks and computers to carry out business processes. The popular activity on e-commerce is the use of the internet and computers by accessing Web browsers to buy and sell products.

Shely Cashman (2007: 83) E-commerce or electronic commerce is a business transaction that occurs in electronic networks, such as the internet. Anyone who can access computers, have a connection to the internet, and have a way to pay for goods or services they buy, can participate in e-commerce.



E-commerce allows customers to shop or make transactions 24 hours a day from almost all location where the consumer is located.

RESEARCH METHODOLOGY

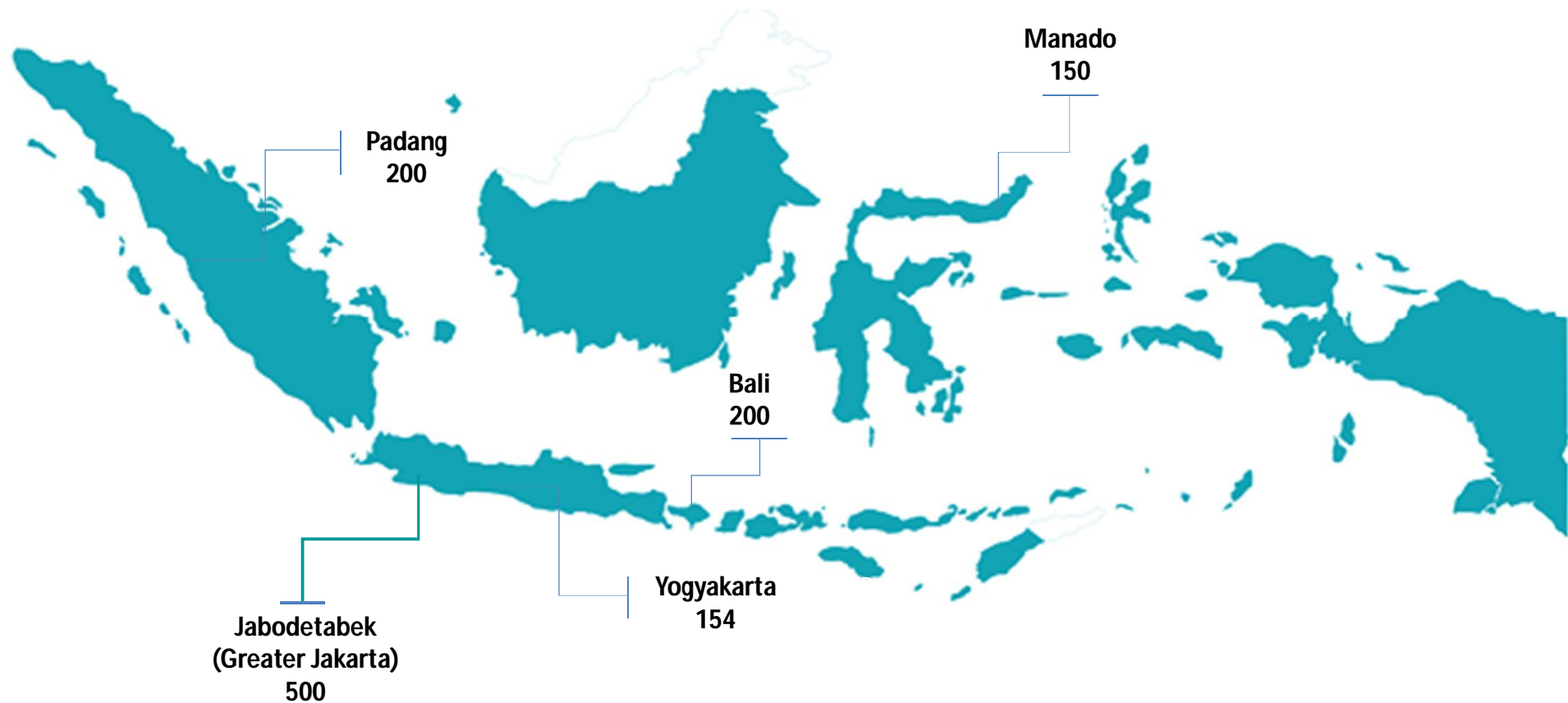




RESPONDENT PROFILE

1,204 respondents in 6 regions: Jakarta, Bodetabek, Bali, Padang, Yogyakarta, Manado

DEMOGRAPHY PROFILE [1] – BY AREA

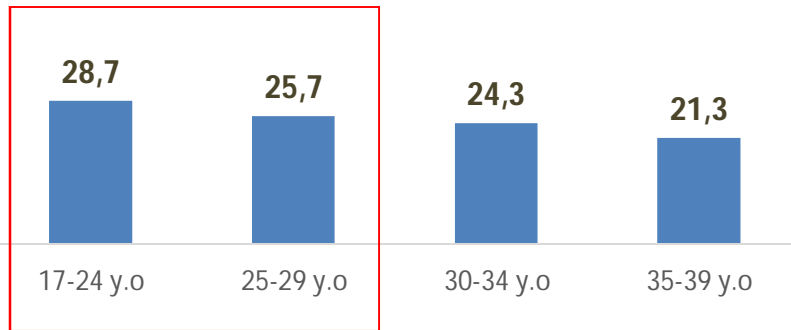


The majority of mobile application users are 25-34 years old (millennial generation), with the upper-middle-class economic status

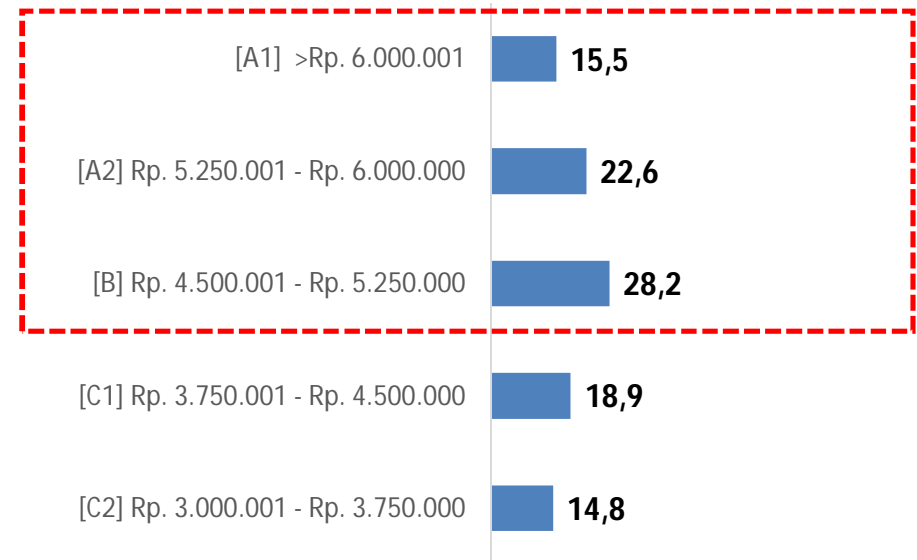
DEMOGRAPHY PROFILE -1

GROUP OF AGE [%]

SES [%]



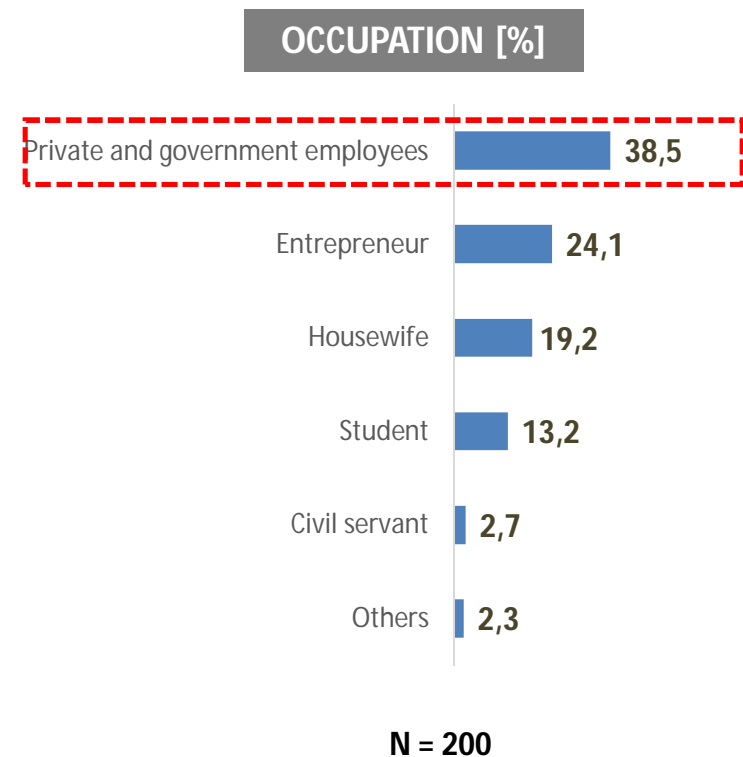
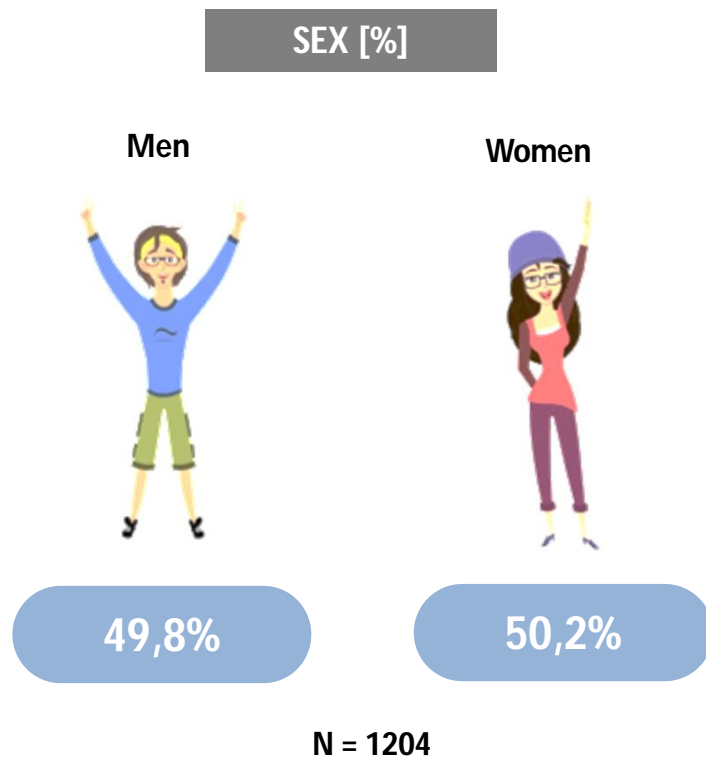
N = 1204



N = 1204

The number of respondents are balance between men and women; the majority are employees at private or state-owned enterprises

DEMOGRAPHY PROFILE -2



AS2. Which group is your age now? _____ year

AS3. [SHOWCARD] Includes which groups your household expenses per month for daily needs such as food, drinks, transportation, electricity, water, salary, etc. but does not include credit installments and non-routine expenses such as buying TV, vehicles etc.?

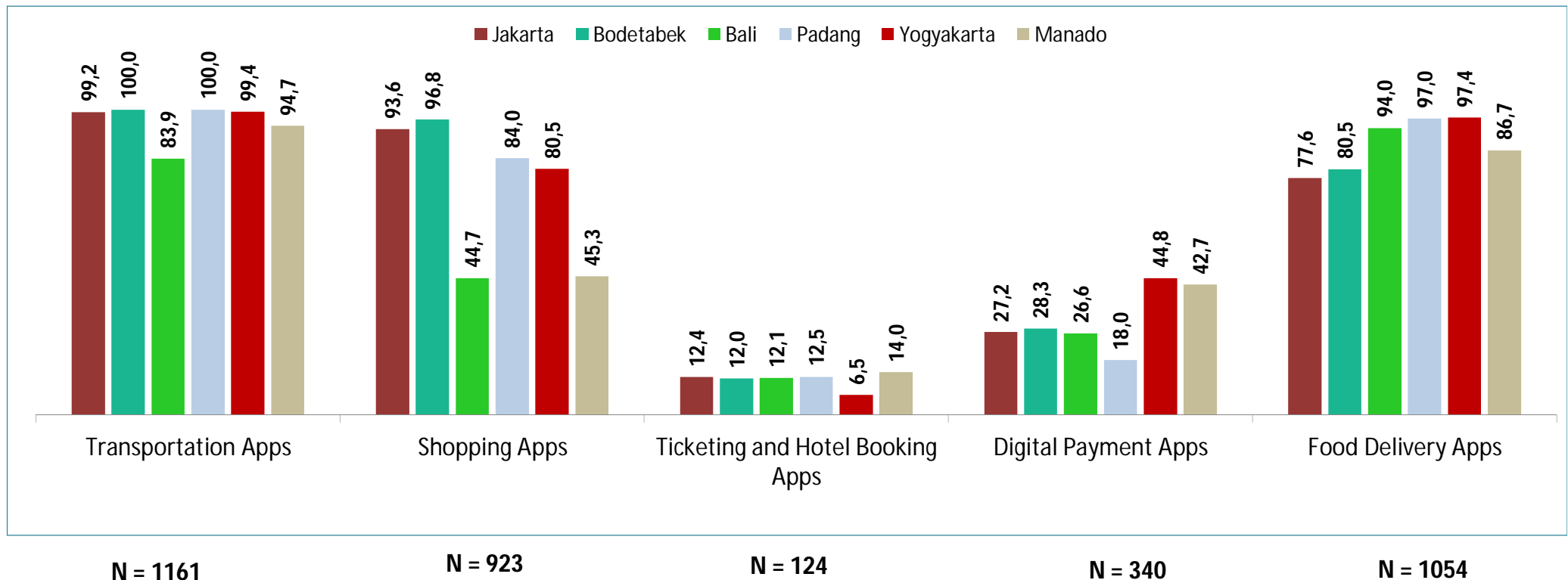


GENERAL FINDINGS

- Penetration of Application Usage

Applications of transportation services, food delivery, shopping have become daily necessities of consumers in all major cities.

MOBILE APPLICATION USAGE[%] - BY AREA

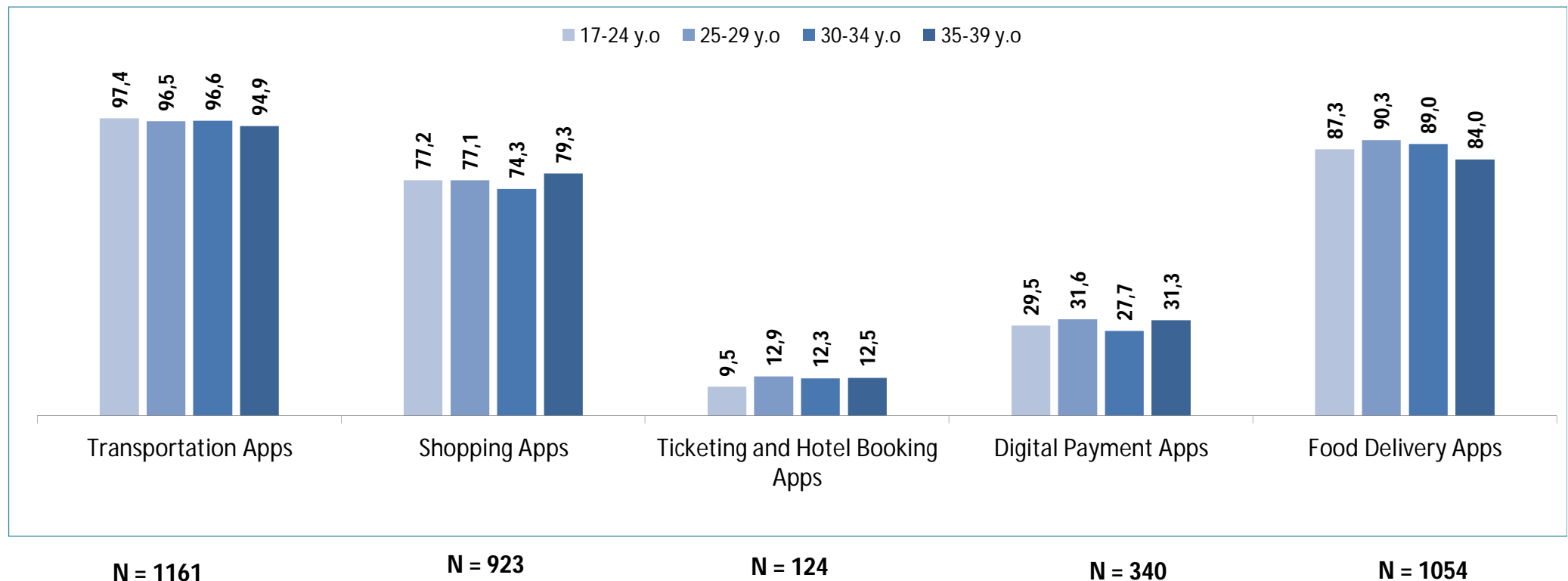


Note: Respondents can choose more than one answer

S1. Do you use the following mobile application? [Interviewer reads]

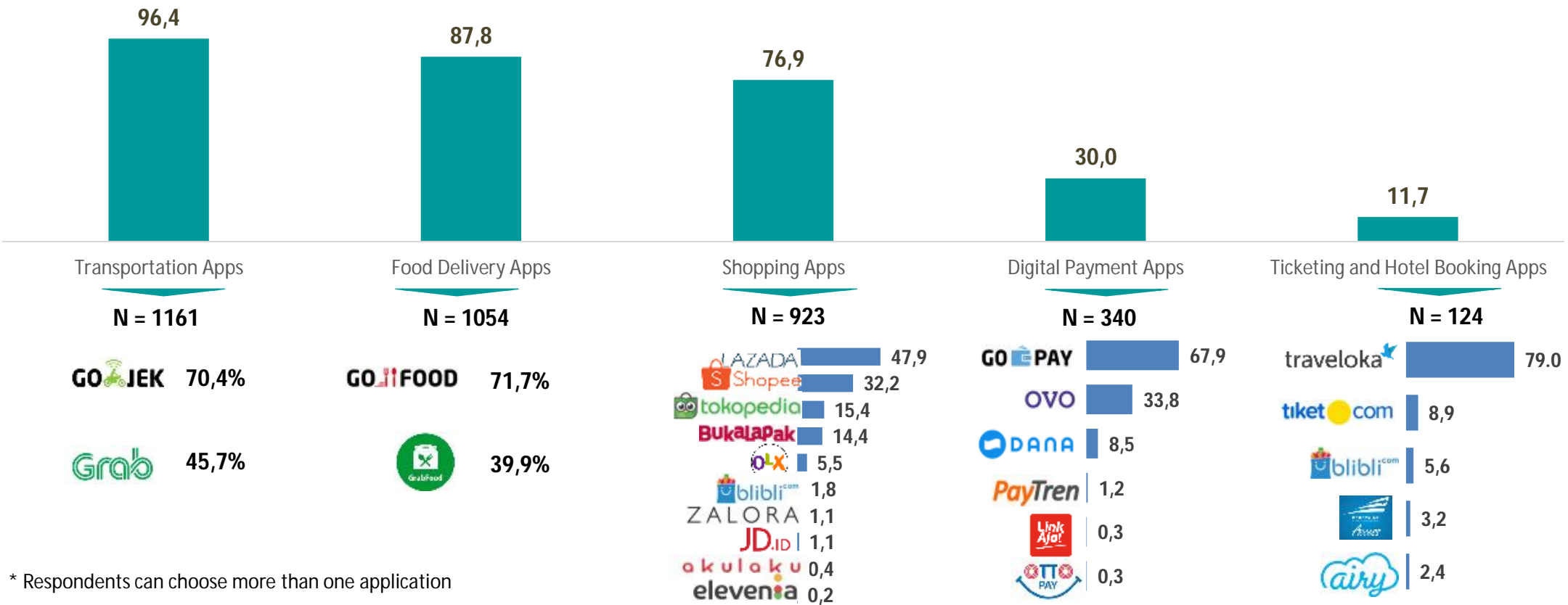
The majority of mobile application users are young (17-24 years), except for ticketing applications, the majority of users are 25-34 years old.

MOBILE APPLICATION USAGE [%] – BY AGE



The highest penetration in mobile apps usage is on transportation, food delivery, and online shopping categories. Indonesian companies dominate as market leaders in those categories, except in shopping applications.

MOBILE APPLICATION USAGE [%]



* Respondents can choose more than one application



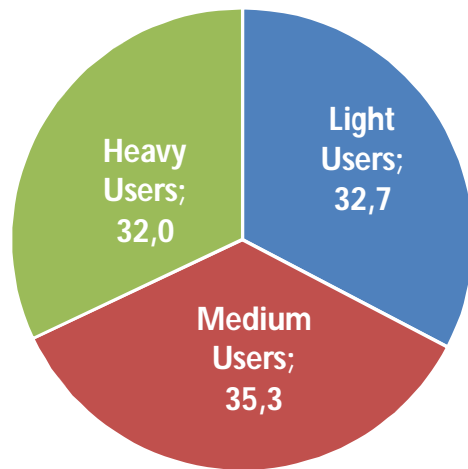
FINDINGS OF EACH APPLICATION USAGE

- Transportation Application

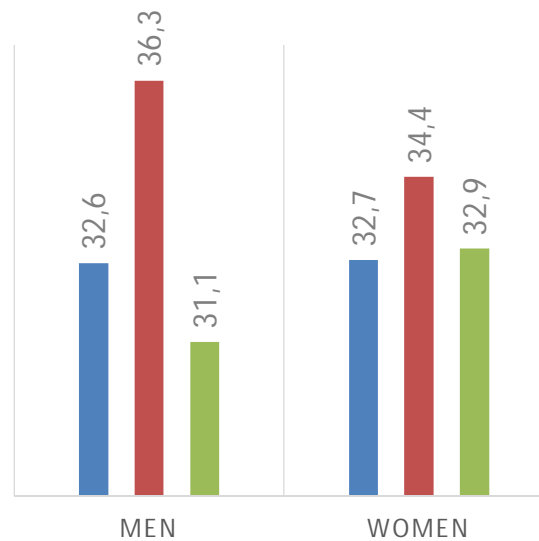
Women and young millennials use transportation apps more often.

FREQUENCY OF USE [%]

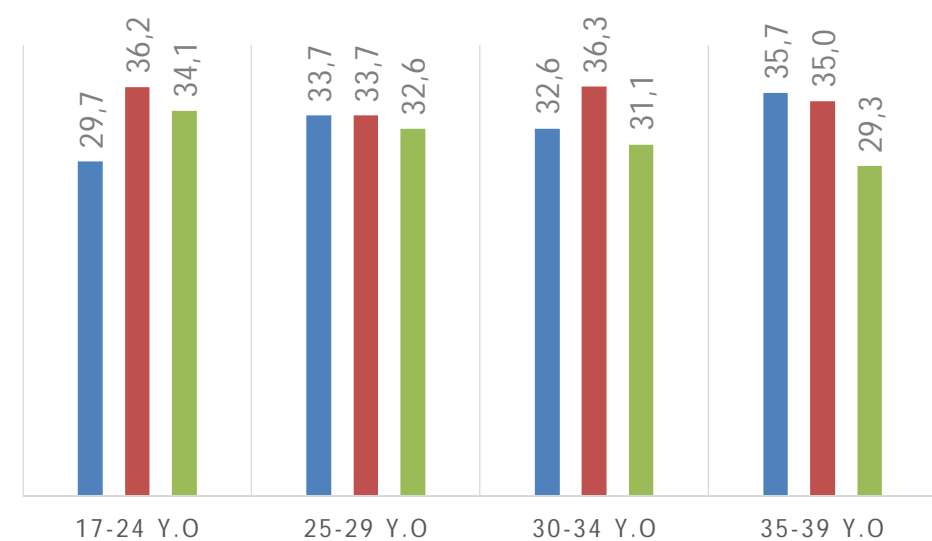
n: 1161



■ Light Users ■ Medium Users ■ Heavy Users



■ Light Users ■ Medium Users ■ Heavy Users

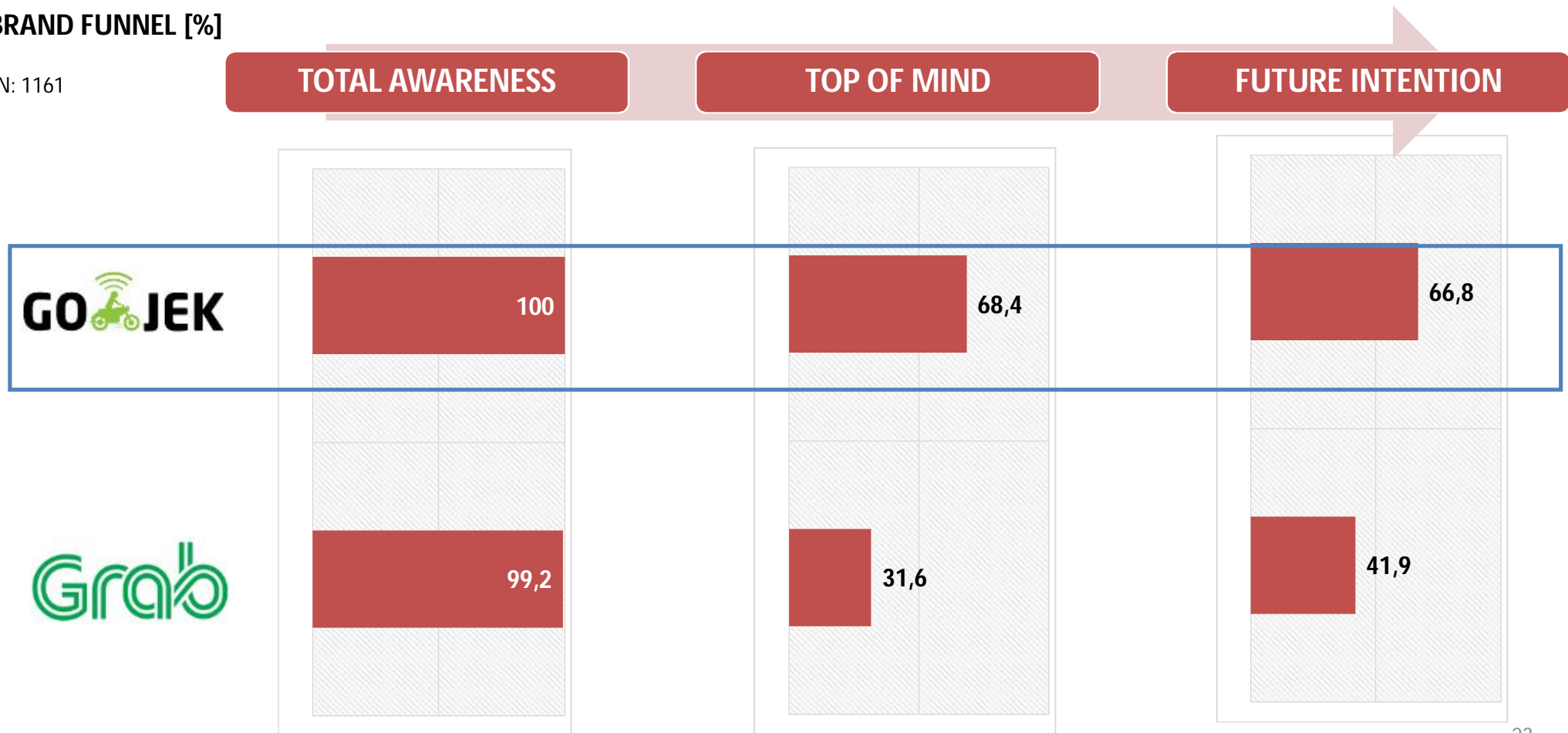


Light User : Frequency \geq once a month
 Medium User : Frequency once every 1-2 weeks
 Heavy User : Frequency more than once per week

Go-Jek is better known among consumers and the more preferred transportation app for future use.

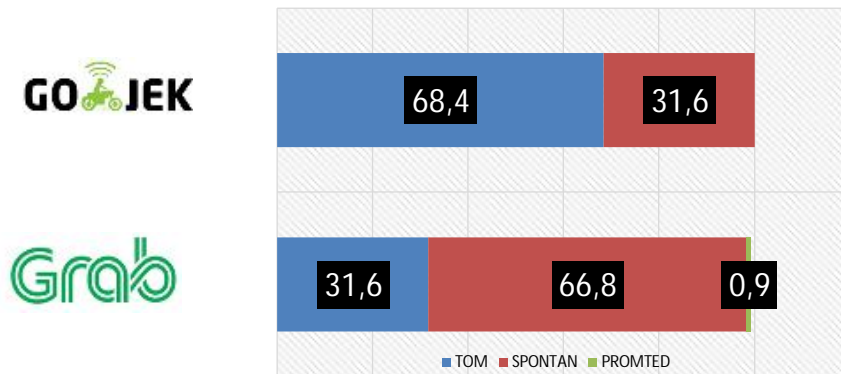
BRAND FUNNEL [%]

N: 1161

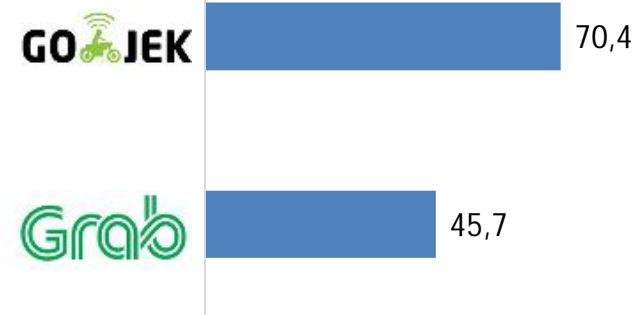


In the transportation service category, Go-Jek becomes the market leader with higher level of awareness, usage, and customer loyalty than its competitors.

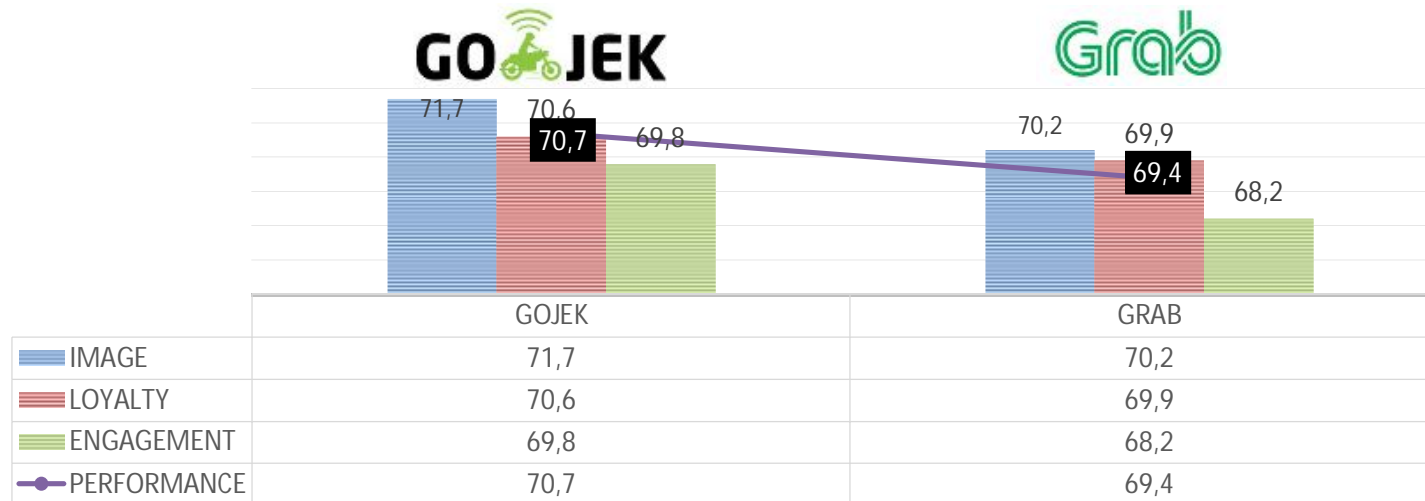
AWARENESS OF BRAND [%] - MOST KNOWN APPLICATIONS



BRAND USAGE [%] - MOST USED APPLICATIONS



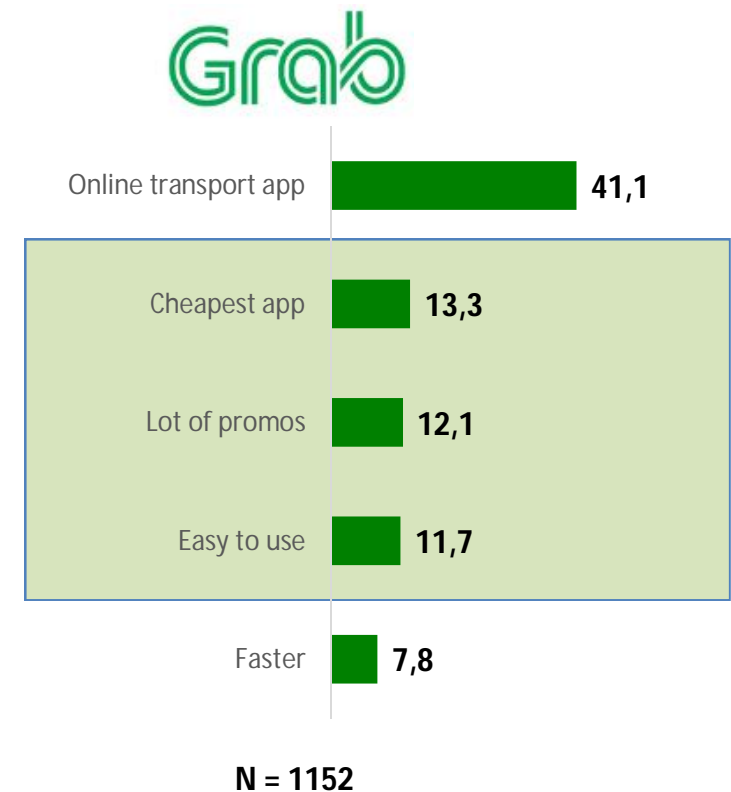
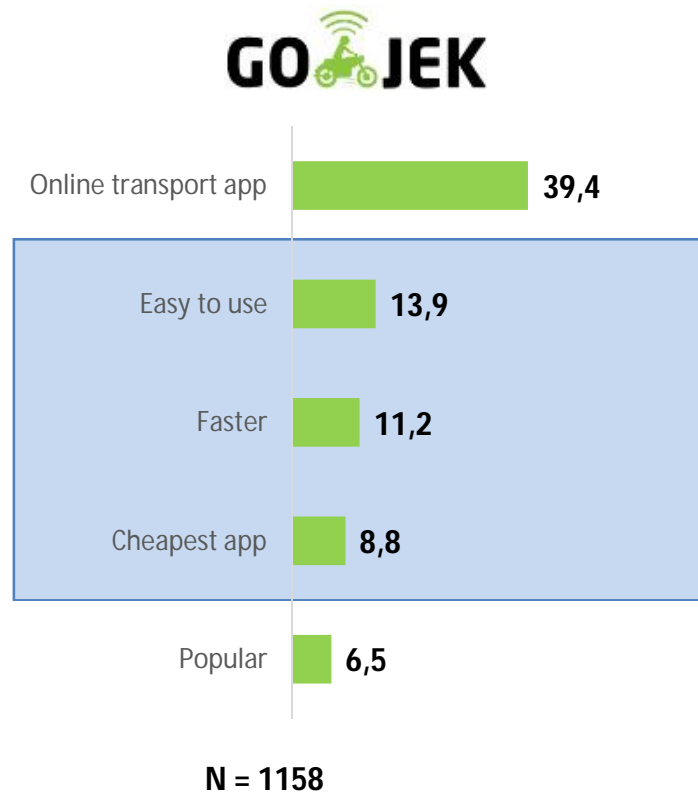
BRAND PERFORMANCE (%)



N = 1161

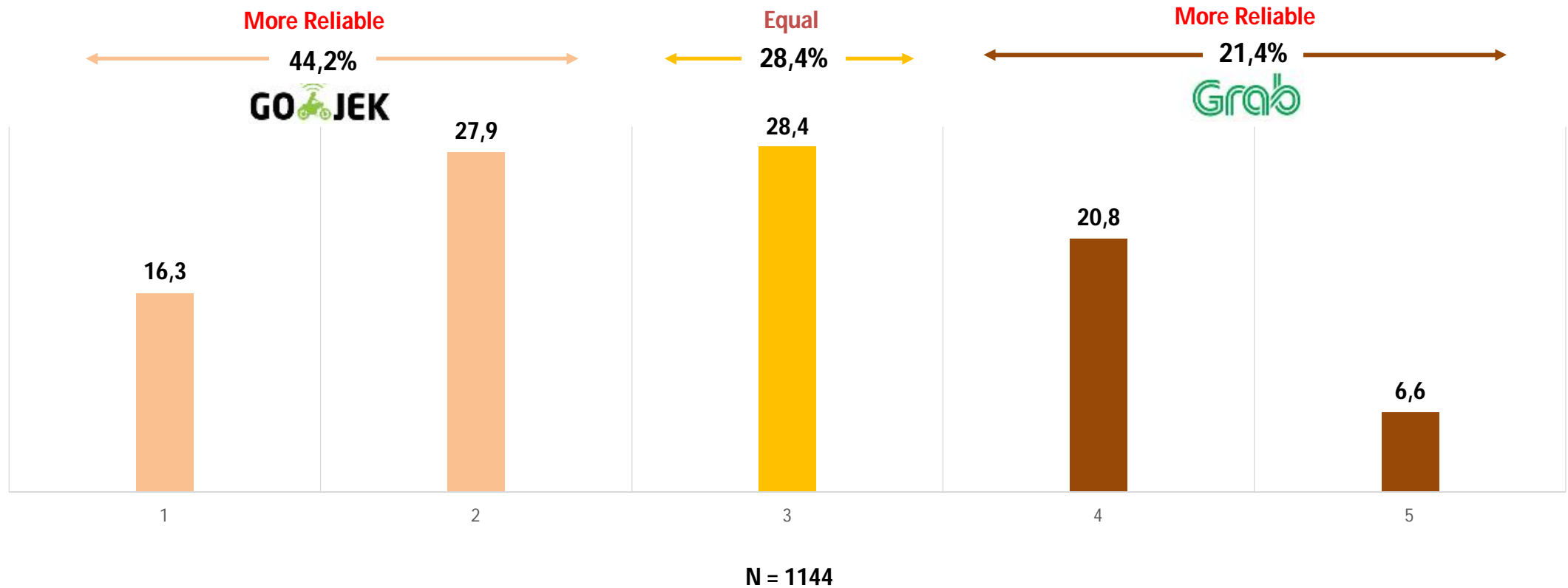
Consumers' main perceptions of Go-Jek are about quality of services, while Grab is more associated with promos and price.

ASSOCIATION [%]



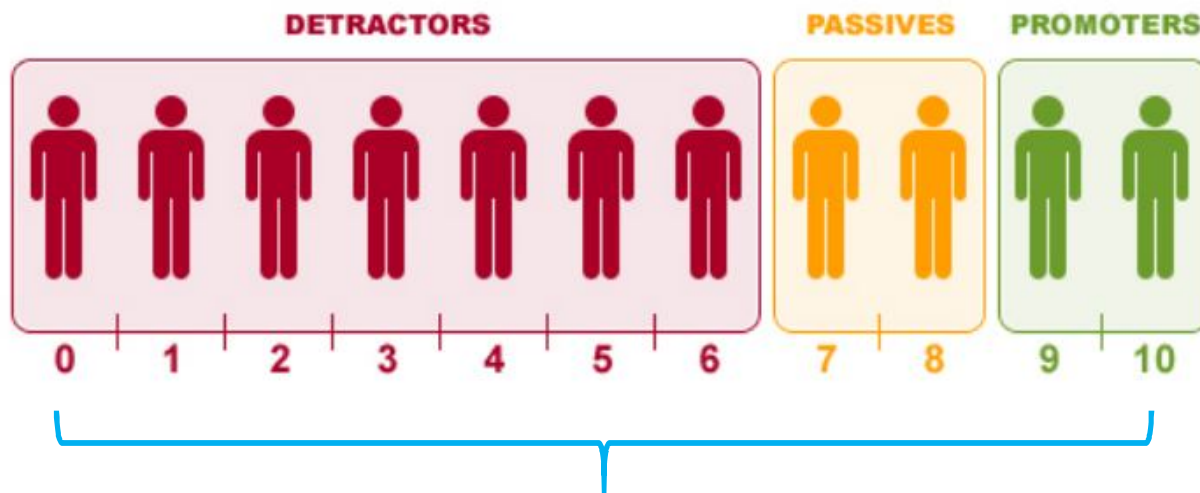
According to the majority of dual applications users, Go-Jek is more reliable than Grab.

RELIABILITY OF MOBILE TRANSPORTATION APP [%]



More consumers recommend Go-Jek than Grab.

RECOMMENDATION LEVEL - Net Promoter Score (NPS)



Scale of Recommendation on a Product

$$\text{NPS} = \% \text{ Promoters} - \% \text{ Detractors}$$

% Promoters = Percentage of respondents with a rating of 9 to 10 on a scale of 0-10

% Detractors = Percentage of respondents with a rating of 0 to 6 on a scale of 0-10

Total	USED MOST OFTEN	
	Gojek	Grab
N	826	541
Detractors	8.7	2.6
Passives	63.7	84.7
Promoters	27.6	12.7
NPS	18.9	10.1

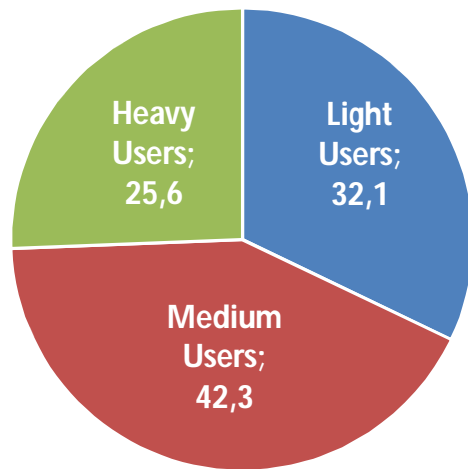


FINDINGS OF EACH APPLICATION USAGE

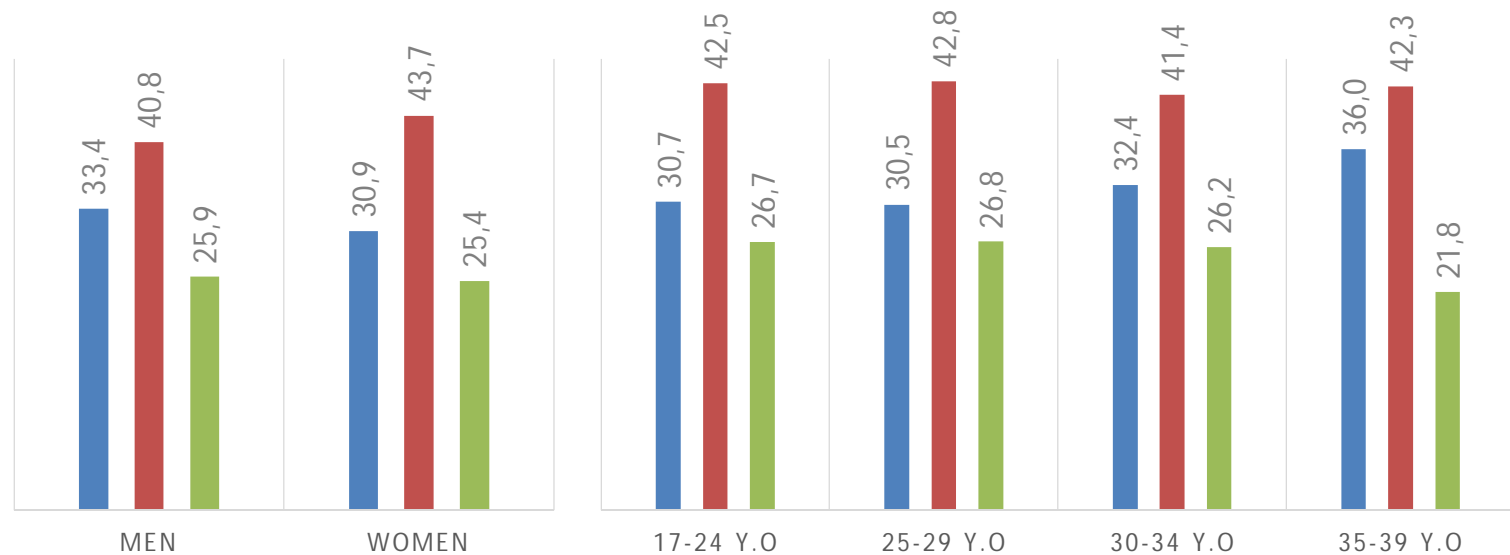
- Food Delivery Application

There are no significant differences based on gender and age in the food delivery apps usage.

FREQUENCY OF USE [%]



■ Light Users ■ Medium Users ■ Heavy Users

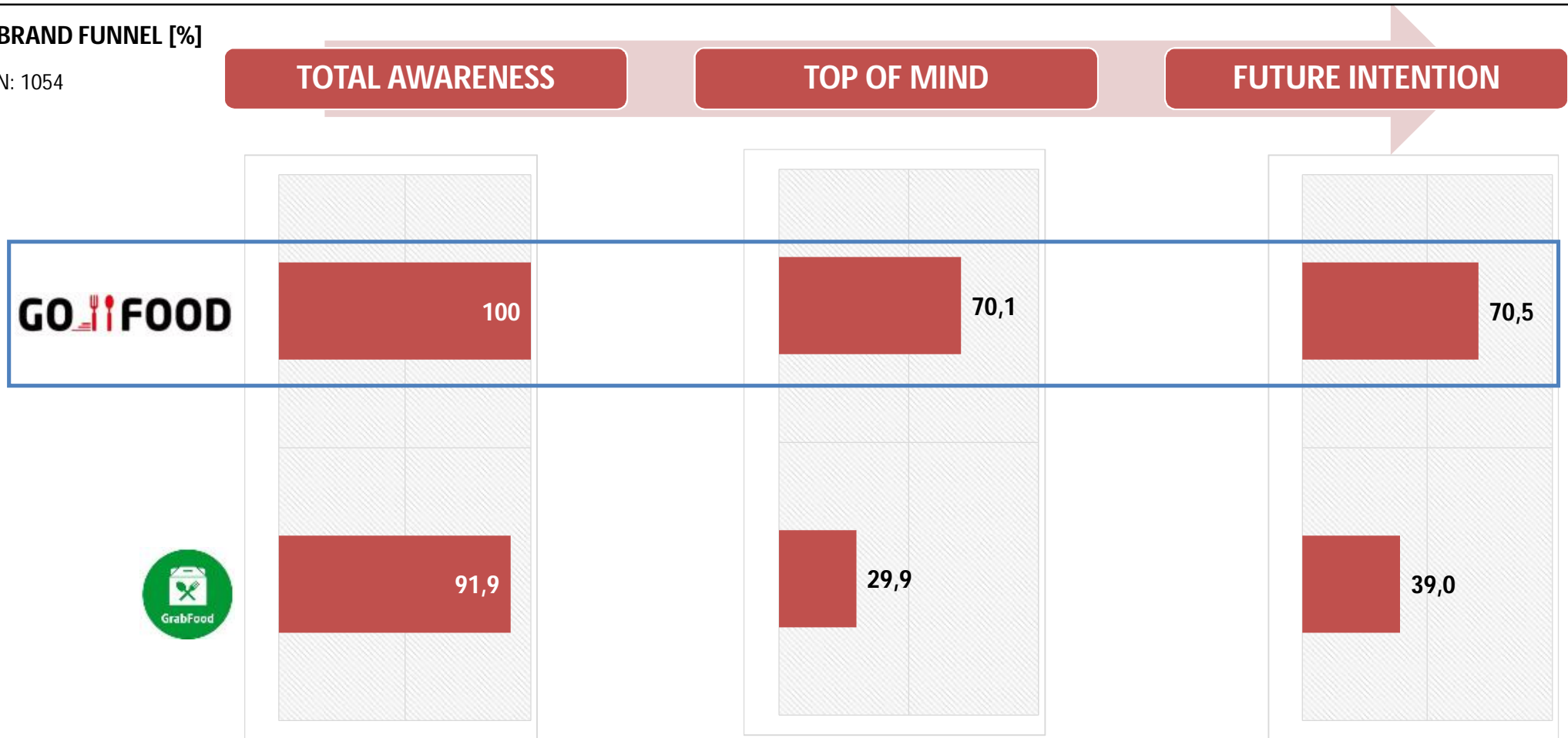


Light User : Frequency \geq once a month
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 Heavy User : Frequency more than once per week

Go-Food is better known among consumers and the more preferred food delivery app for future use.

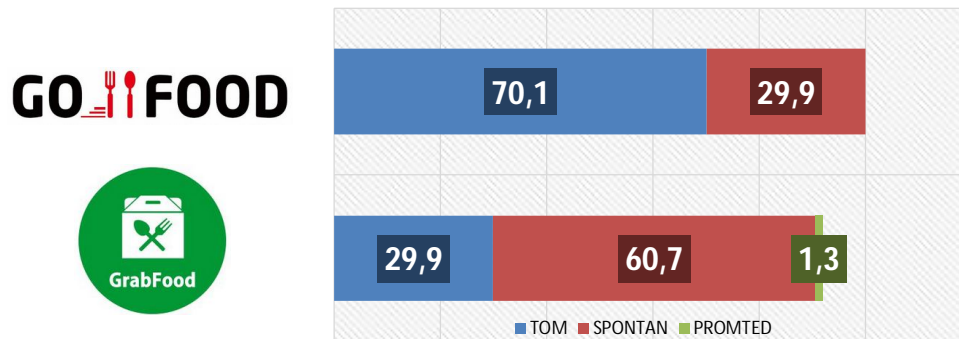
BRAND FUNNEL [%]

N: 1054

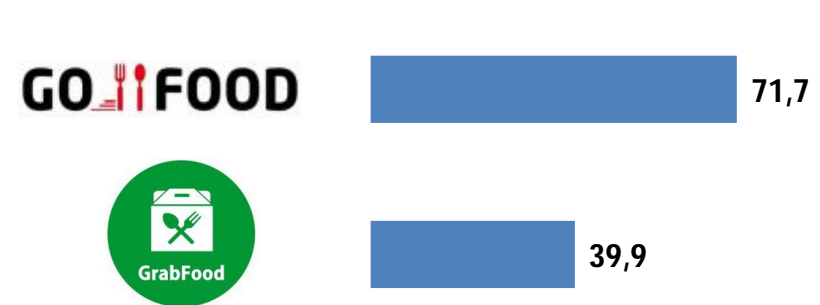


In the food delivery service category, Go-Food becomes the market leader with higher level of awareness, usage, and customer loyalty than its competitors.

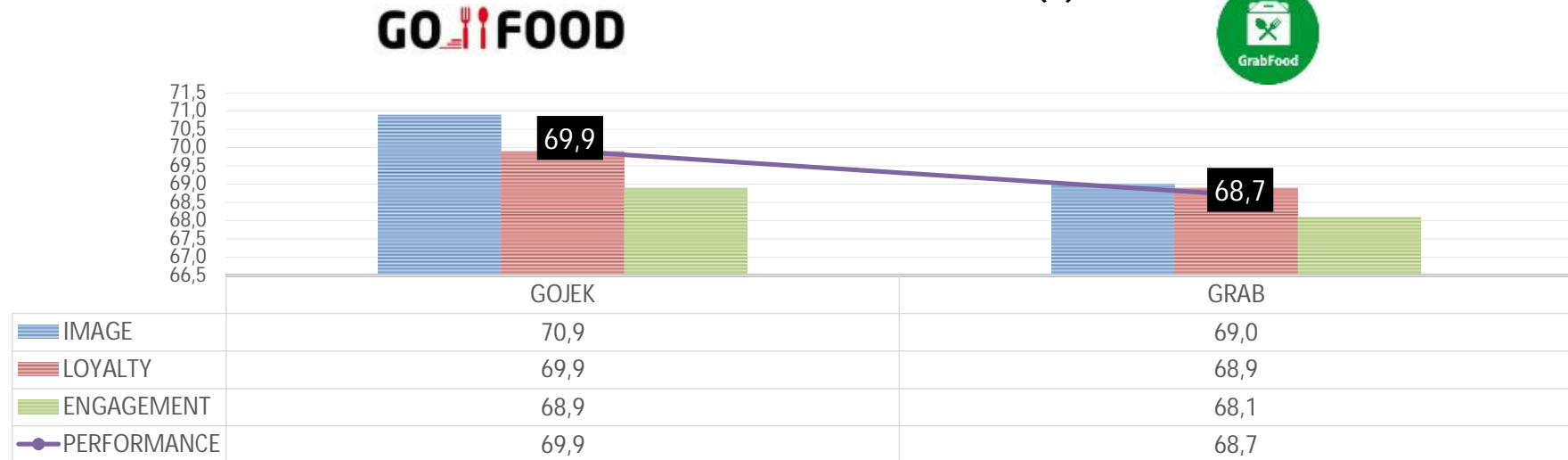
BRAND AWARENESS [%] – MOST KNOWN APPLICATION



BRAND USAGE [%] – MOST USED APPLICATION



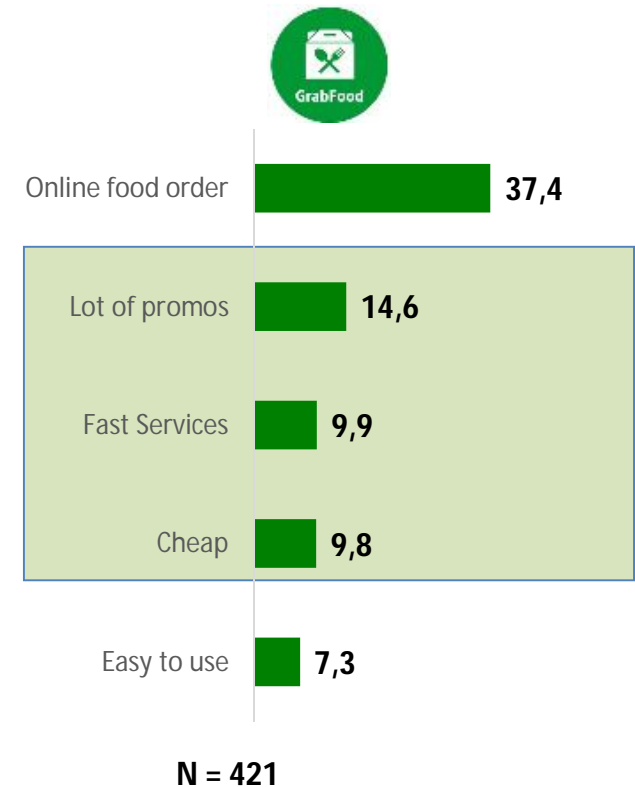
BRAND PERFORMANCE (%)



N = 1161

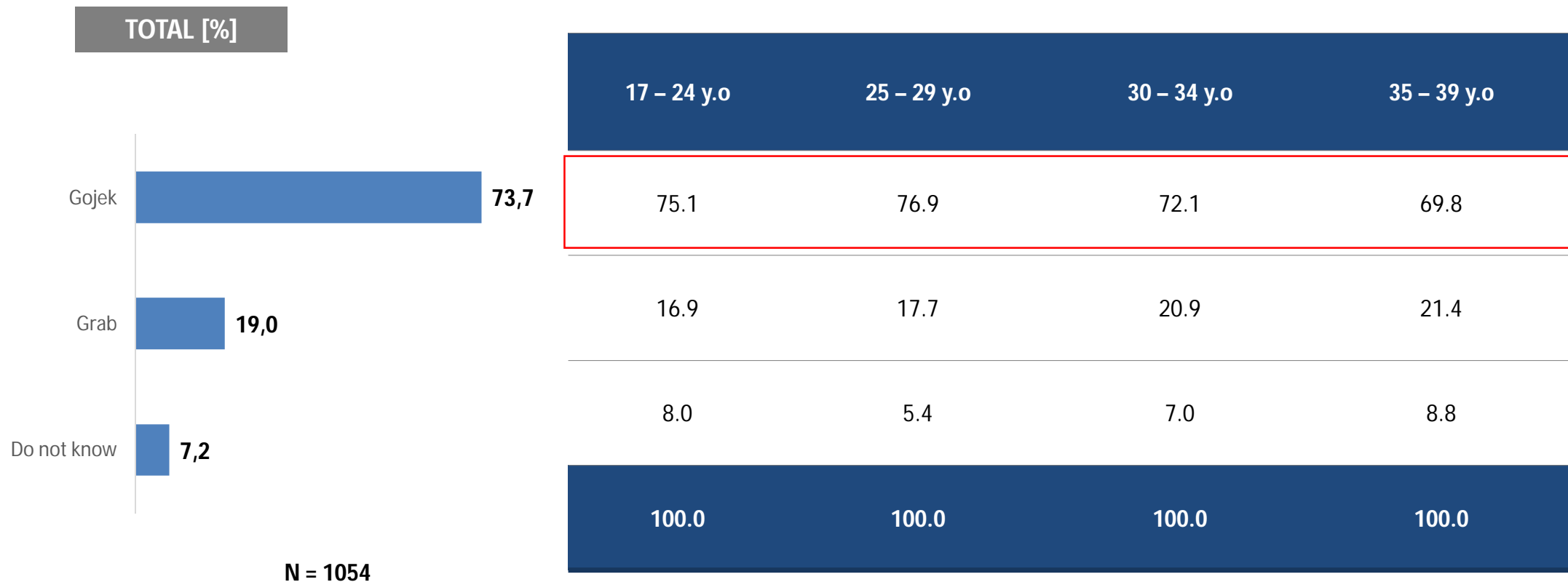
Consumers' main perceptions of Go-Food are about quality of services, while Grab is more associated with promos and price.

ASOSIATION [%]



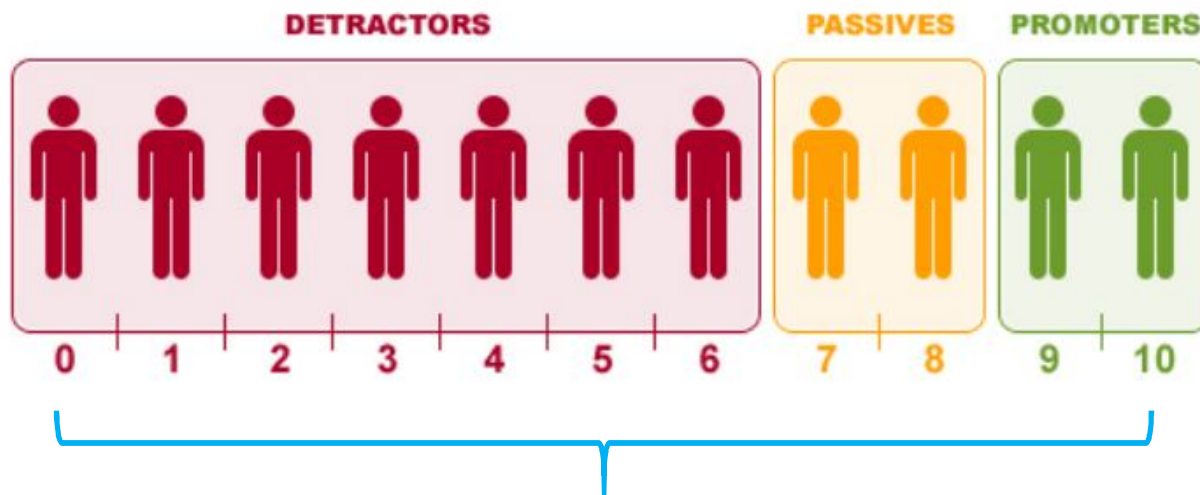
The majority of food delivery app users across all age groups, Go-Food is the pioneer of food delivery app.

PIONEER OF FOOD DELIVERY MOBILE APPLICATION[%] – BY AGE



More consumers recommend Go-Food than Grab Food.

RECOMMENDATION LEVEL - Net Promoter Score (NPS)



Scale of Recommendation on a Product

$$\text{NPS} = \% \text{ Promoters} - \% \text{ Detractors}$$

% Promoters = Percentage of respondents with a rating of 9 to 10 on a scale of 0-10

% Detractors = Percentage of respondents with a rating of 0 to 6 on a scale of 0-10

Total	USED MOST OFTEN	
	Go-Food	Grab Food
N	756	421
Detractors	7.4	4.7
Passives	70.4	78.8
Promoters	22.3	16.5
NPS	14.9	11.7

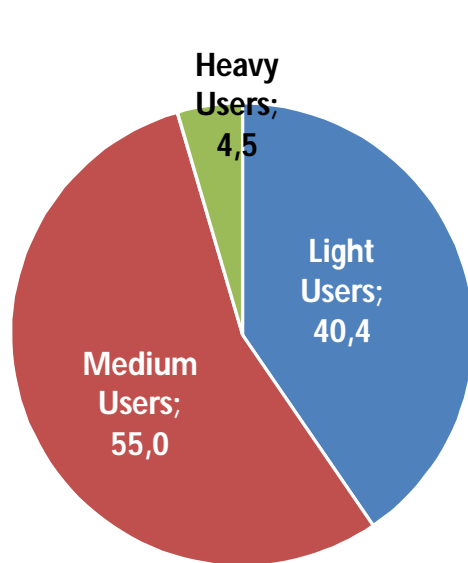


FINDINGS OF EACH APPLICATION USAGE

- Shopping Application

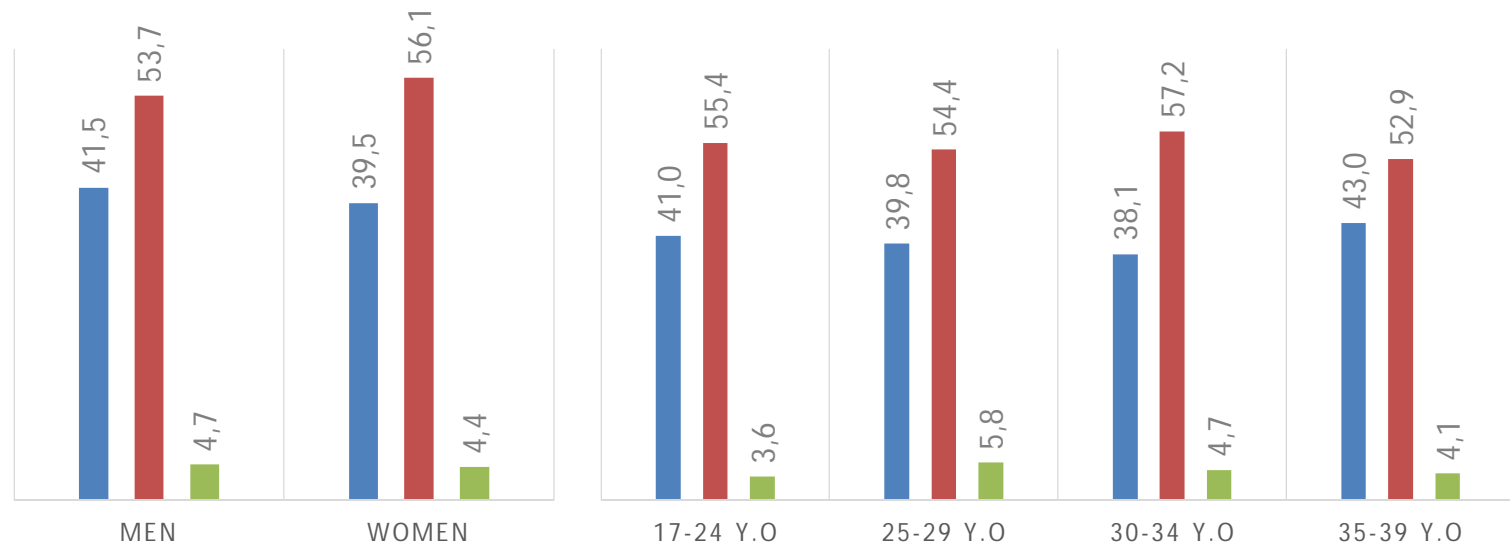
The frequency of shopping apps usage is not too high compared to other apps.

FREQUENCY OF USE [%]



■ Light Users ■ Medium Users ■ Heavy Users

■ Light Users ■ Medium Users ■ Heavy Users

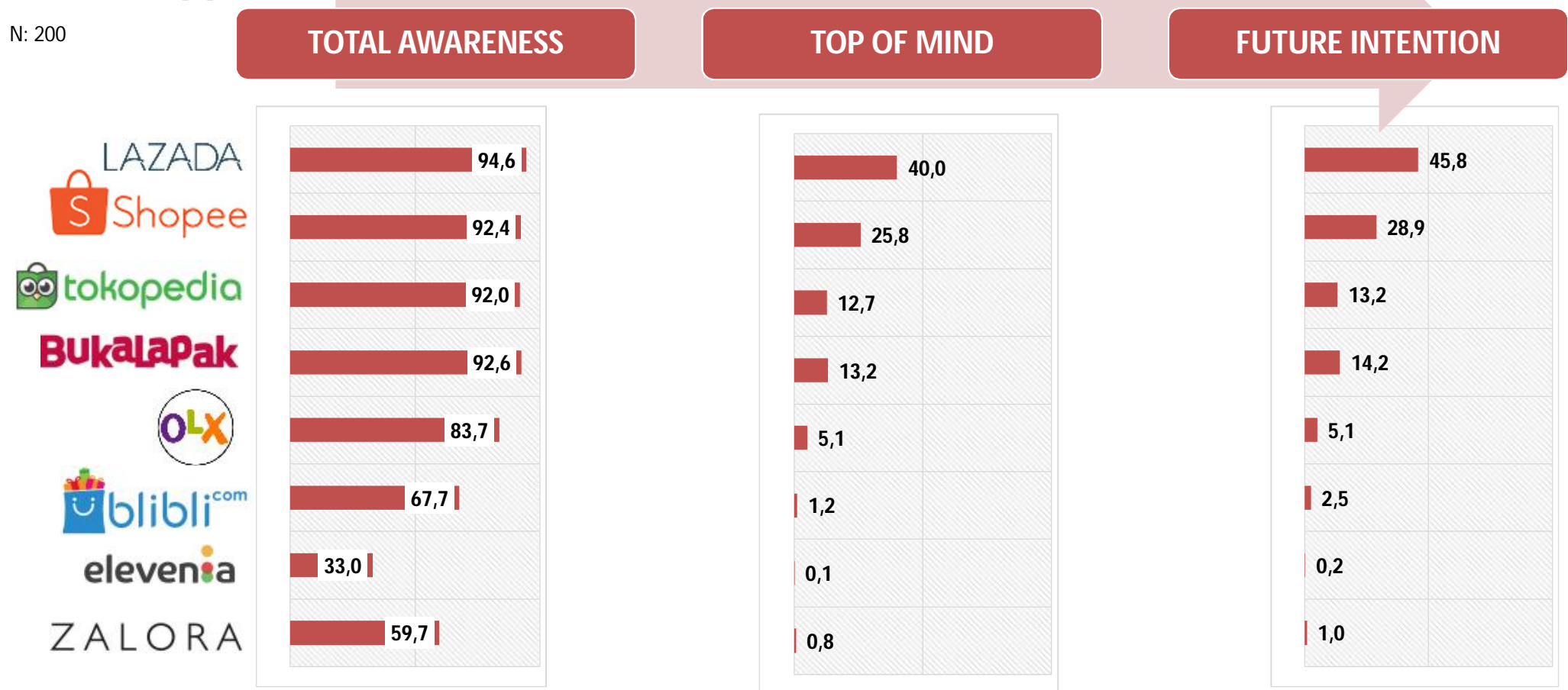


Light User : Frequency \geq once a month
 Medium User : Frequency once every 1-2 weeks
 Heavy User : Frequency more than once per week

Lazada, Shopee, Bukalapak and Tokopedia are the most popular brands with high levels of respondents willing to use them in the future.

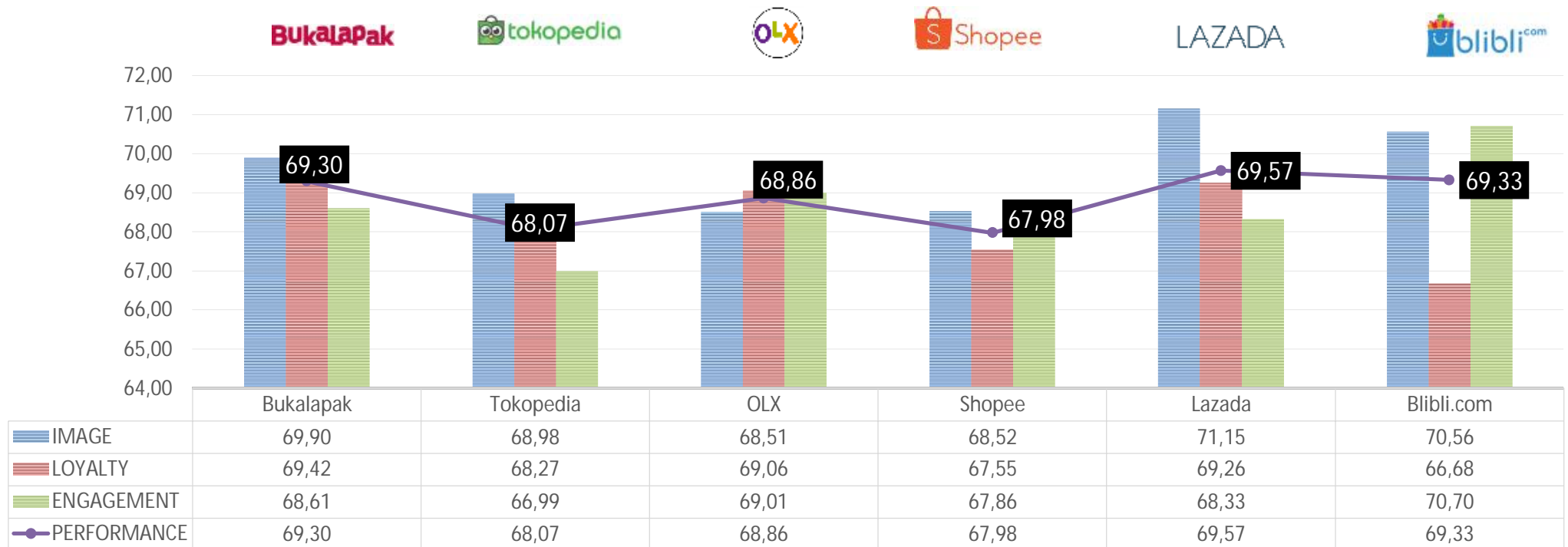
BRAND FUNNEL [%]

N: 200



Lazada, Blibli.com, and Bukalapak are the top three in brand performance

BRAND PERFORMANCE



Lazada is widely known for allowing consumers to pay cash on delivery and as a popular shopping applications, while Shopee is known for its free shipping.

ASOSIATION [%] -1 (TOP 6)

LAZADA N = 651



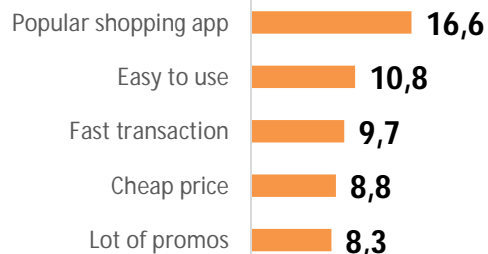
Shopee N = 628



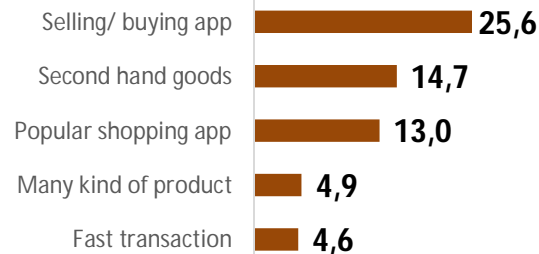
BukaLapak N = 554



tokopedia N = 445



OLX N = 285



blibli.com N = 67



In online shopping application, most respondents are interested in fashion items, except in OLX where they are interested in buying electronic goods.

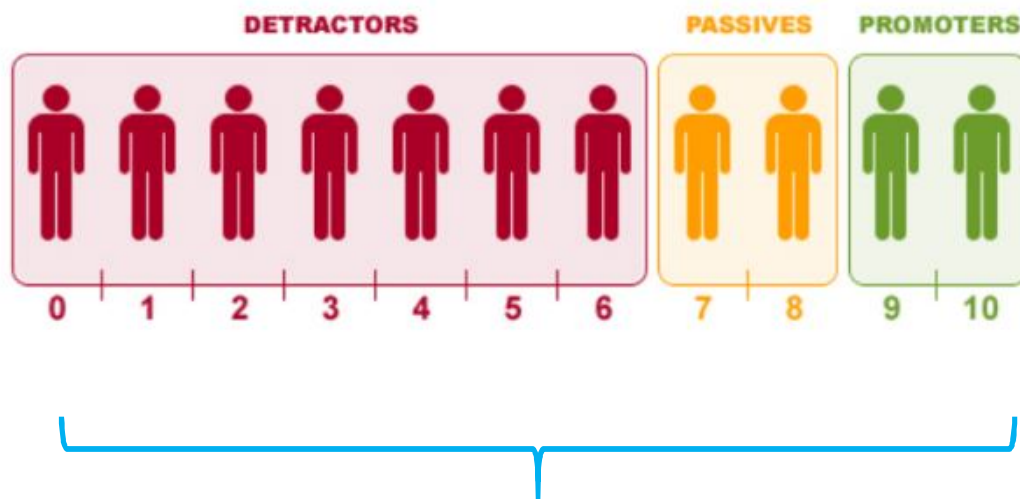
ITEMS USUALLY PURCHASED [%]

Frequency	Total	Brand							
		Bukalapak	Tokopedia	OLX	Shopee	Lazada	Zalora	Blibli.com	Elevenia
Total Respondent	1078	126	135	51	291	433	9*	14*	4*
Fashion (Clothes, Shoes, Headscarf, Watches, etc.)	90.0	83.1	88.1	56.9	95.5	93.8	100.0	64.3	100.0
Electronic (TV, Radio, Computer, Fan, etc)	17.4	25.8	25.2	72.5	8.9	12.2	11.1	35.7	.
Gadget (Smartphone, HP)	6.0	8.1	5.2	21.6	4.1	4.6	.	14.3	.
Food	3.3	1.6	3.0	.	4.5	3.4	.	7.1	.
Books (Novel, Comic, etc)	2.8	3.2	6.7	3.9	1.4	2.1	.	14.3	.
Cosmetic	2.3	0.8	.	.	2.4	3.9	.	.	.
Drugs	1.9	0.8	0.7	.	2.1	2.8	.	.	.
Toys	1.1	0.8	1.5	.	0.7	1.6	.	.	.

D8. What type of items do you usually buy in the Mobile Application Shopping that you use in D1e?

Meanwhile, the highest NPS score is owned by Shopee, followed by Tokopedia, and Lazada

RECOMMENDATION LEVEL - Net Promoter Score (NPS)



Total	USED MOST OFTEN					
	Buka lapak	Toko pedia	OLX	Shopee	Lazada	Blibli.com
N	103	108	43	240	390	12
Detractors	3.9	4.6	20.9	4.2	5.6	8.3
Passives	84.5	81.5	62.8	80	80.3	83.3
Promoters	11.7	13.9	16.3	15.8	14.1	8.3
NPS	7.8	9.3	-4.7	11.7	8.5	0

Scale of Recommendation on a Product

$$\text{NPS} = \% \text{ Promoters} - \% \text{ Detractors}$$

% Promoters = Percentage of respondents with a rating of 9 to 10 on a scale of 0-10

% Detractors = Percentage of respondents with a rating of 0 to 6 on a scale of 0-10



FINDINGS OF EACH APPLICATION USES

- Ticketing and Hotel Booking Application

Traveloka is the most popular ticket and hotel booking application with the highest number of respondents willing to use it in the future.

BRAND FUNNEL [%]

N: 124

TOTAL AWARENESS

TOP OF MIND

FUTURE INTENTION

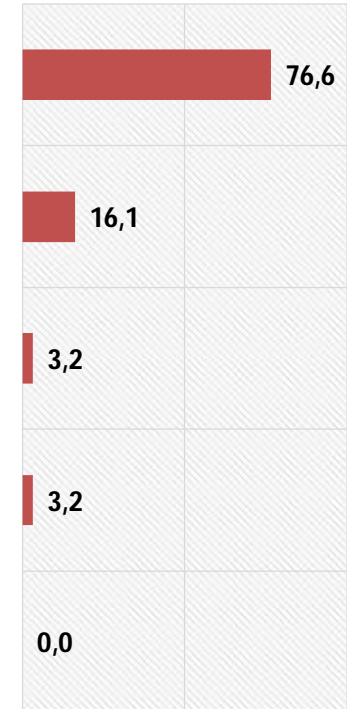
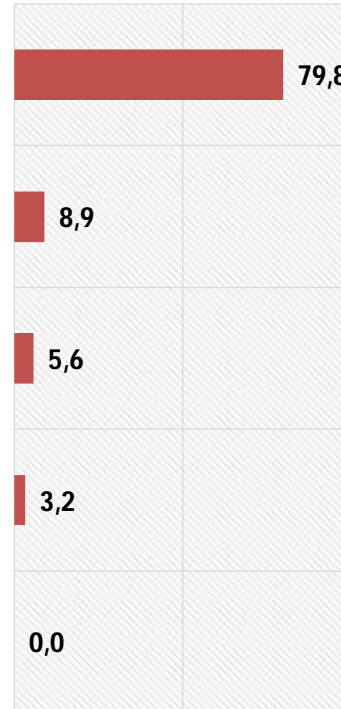
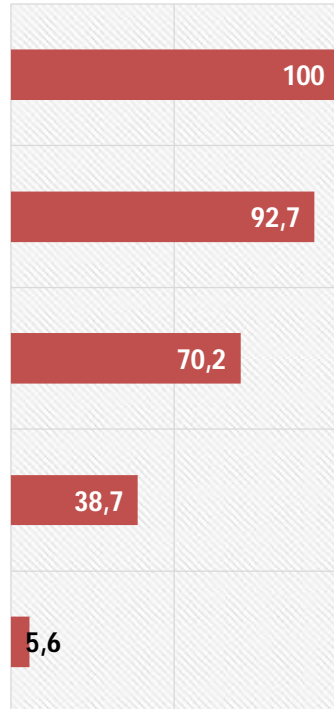
traveloka

tiket.com

blibli.com

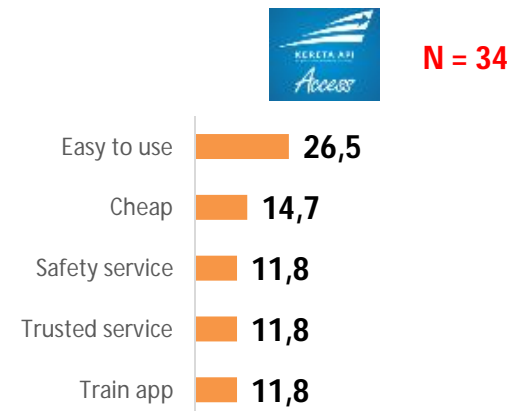
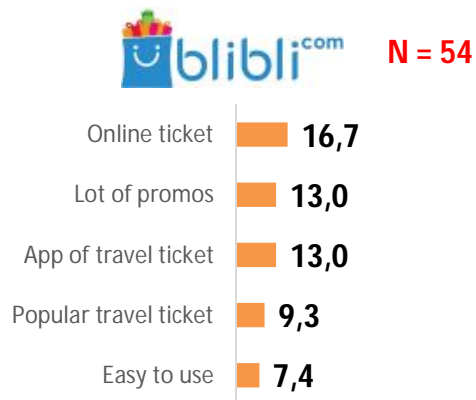
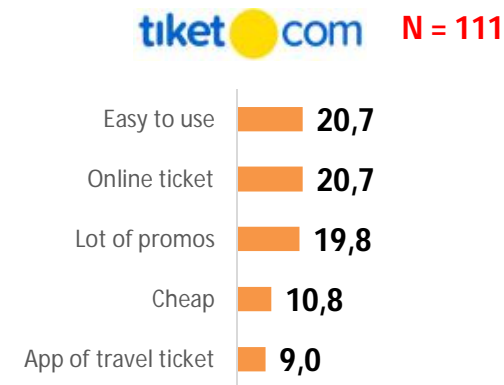
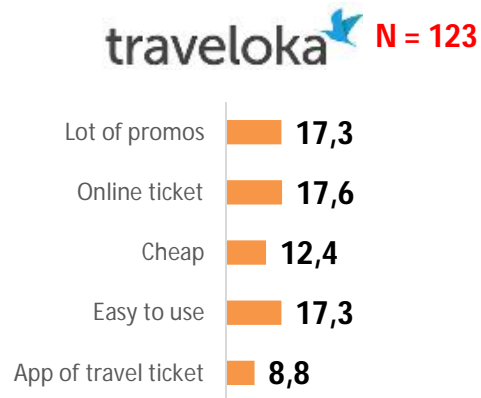
KERETA API
Access

pegipegi



Traveloka is perceived as an app with many promos, while Tiket.com and KAI Access are perceived as an app with ease of use.

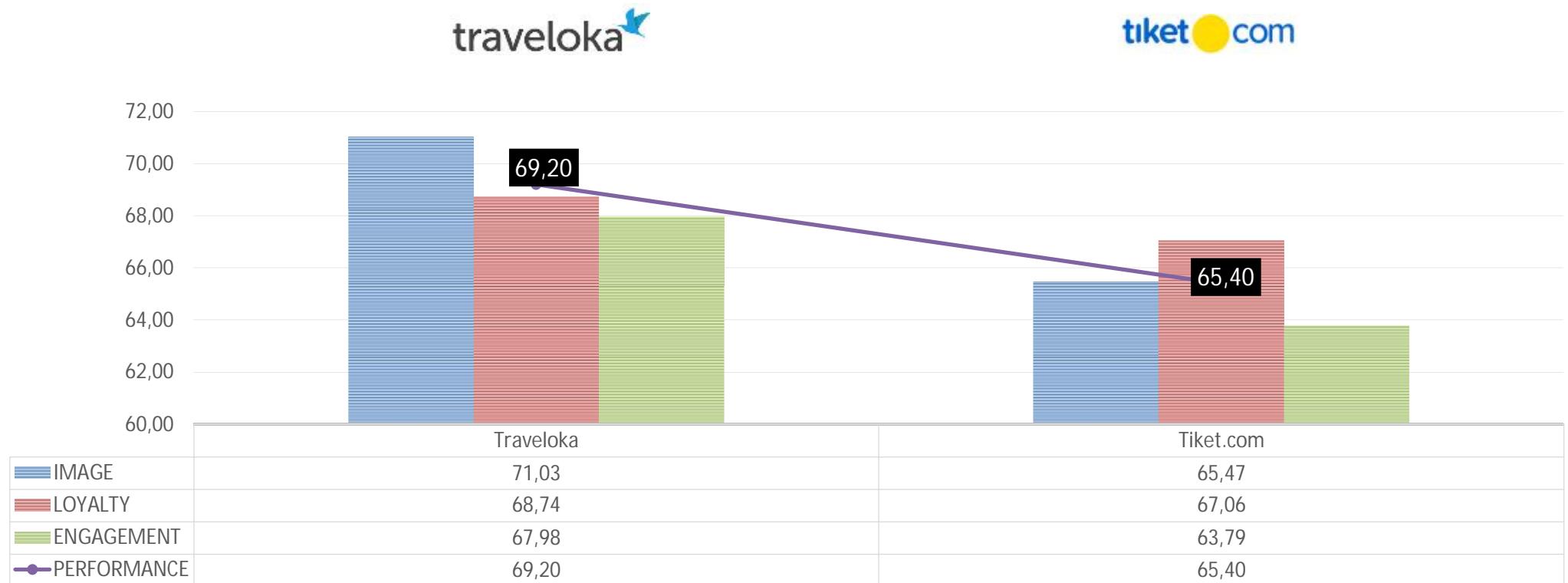
ASOSIATION [%] -1



E3. a. What do you think when you hear about these application?

Traveloka's brand performance is higher than Tiket.com

BRAND PERFORMANCE



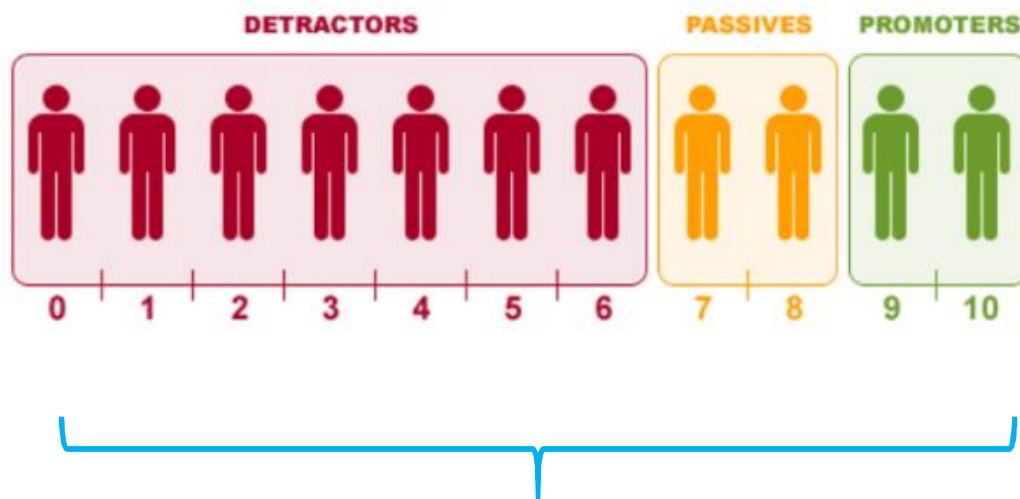
The promos at Traveloka are widely used by the majority of millennials. While Tiket.com and KAI Access are usually used during the Eid and Christmas holiday.

TIMING TO BUY TICKETS [%]

TIMING	Brand		
	Traveloka	Tiket.com	KAI Access
Long Holiday	29.2	22.7	16.7
Eid and Christmas holiday	24.0	68.2	83.3
When there is a promo	36.5	4.5	.
Working holiday	4.2	4.5	.
Emergency	1.0	.	.
Others	5.2	.	.
Total	100.0	100.0	100.0

Traveloka also has a higher NPS score than Tiket.com

RECOMMENDATION LEVEL - Net Promoter Score (NPS)



Total	USED MOST OFTEN	
	Traveloka	Tiket.com
N	94	22*
Detractors	3.2	0.0
Passives	77.9	94.1
Promoters	18.9	5.9
NPS	15.8	5.9

Scale of Recommendation on a Product

$$\text{NPS} = \% \text{ Promoters} - \% \text{ Detractors}$$

% Promoters = Percentage of respondents with a rating of 9 to 10 on a scale of 0-10

% Detractors = Percentage of respondents with a rating of 0 to 6 on a scale of 0-10



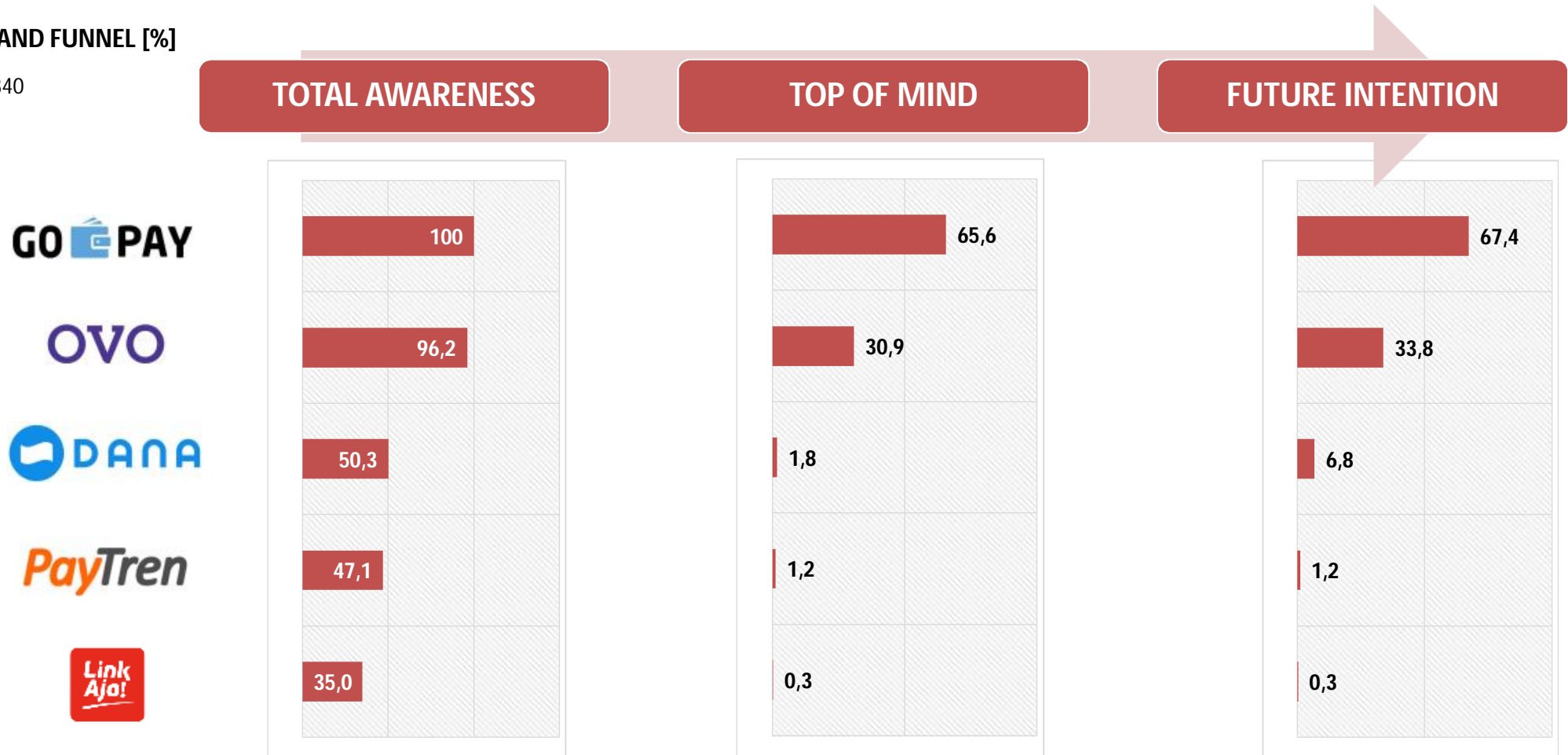
FINDINGS OF EACH APPLICATION USAGE

- Digital Payment Application

Go-Pay is the most popular and the most preferred digital payment app for future use.

BRAND FUNNEL [%]

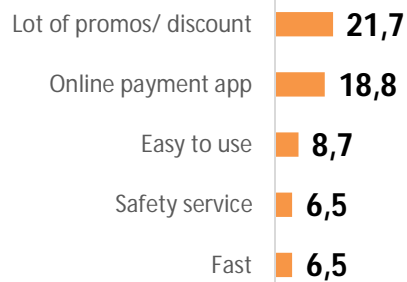
N: 340



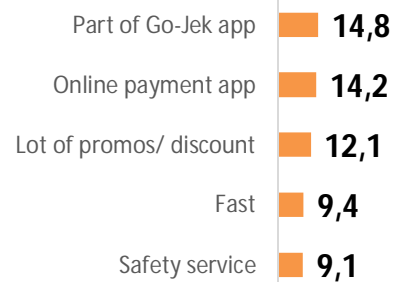
When consumers hear about digital payments, they associate those most with app-based payment services.

ASOSIATION [%] -1

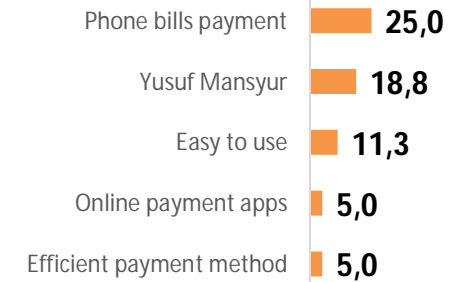
OVO N = 309



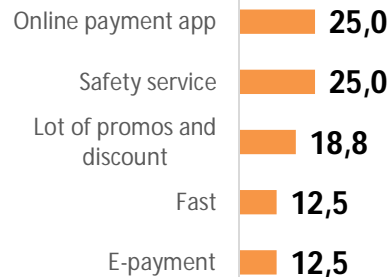
GO E PAY N = 330



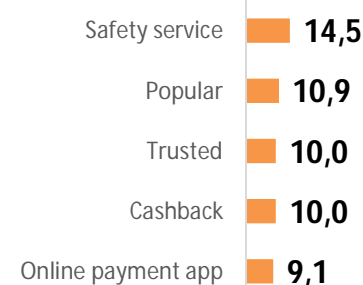
PayTren N = 80



Link Aja! N = 16



DANA N = 110



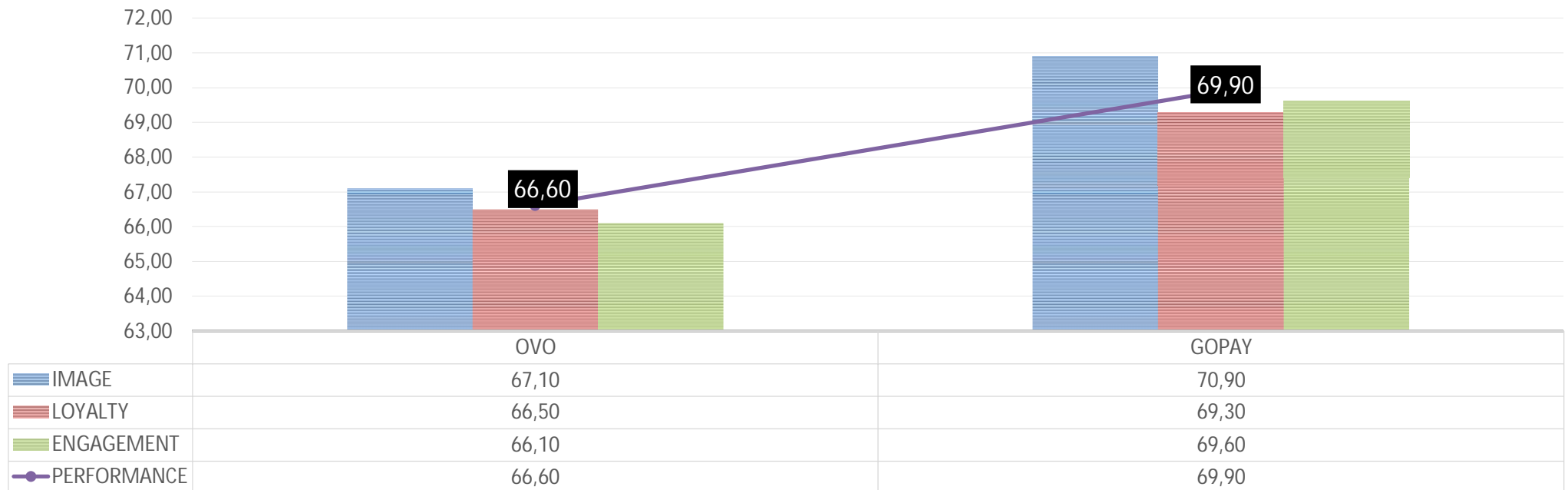
F3. What do you think about these apps_____ ?

As two popular digital payment application in Indonesia, Go-Pay's brand performance is higher than OVO

BRAND PERFORMANCE

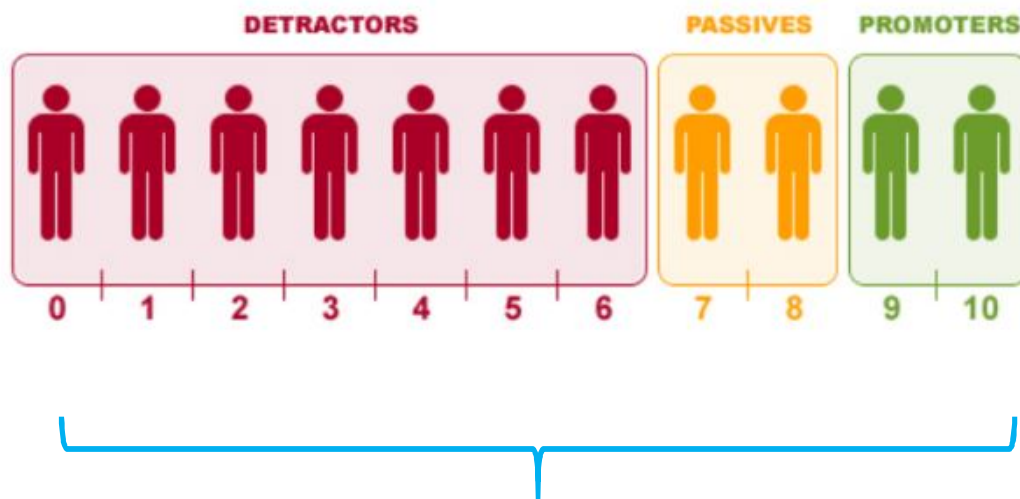
OVO

GO PAY



More consumers recommend Go-Pay than Ovo.

RECOMMENDATION LEVEL - Net Promoter Score (NPS)



Total	USED MOST OFTEN	
	Ovo	Go-Pay
N	114	225
Detractors	7.1	2.7
Passives	76.5	80.3
Promoters	16.3	17.0
NPS	9.2	14.3

Scale of Recommendation on a Product

$$NPS = \% \text{ Promoters} - \% \text{ Detractors}$$

% Promoters = Percentage of respondents with a rating of 9 to 10 on a scale of 0-10

% Detractors = Percentage of respondents with a rating of 0 to 6 on a scale of 0-10

CONCLUSION

CONCLUSION - 1

- Millennial generation is the largest and most potential market in Indonesia, both in terms of quantity and behavior, which are different from other market segmentation.
- The biggest penetration of mobile application users is on transportation and food delivery apps.
- The most sought items on online shopping apps are fashion, electronics, and smartphones.
- This research shows that application-based service companies from Indonesia become the market leaders, except in the shopping apps category.

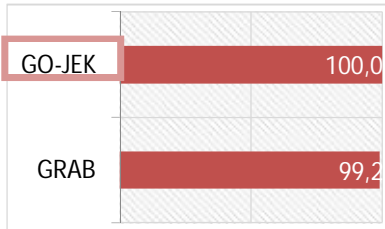
CONCLUSION - 2

- Go-Jek is a brand that dominates consumers in the transportation, food delivery, and digital payment apps sectors.
- Consumers view GO-FOOD as the pioneer of online food delivery and dominates the online food delivery market in Indonesia.
- Lazada is the only foreign company that has succeeded in becoming a leader in the shopping application category. Meanwhile, Shopee has the highest Net Promoter Score.
- Lazada, Shopee, Tokopedia, and Bukalapak are the most used brands in the shopping apps category.
- Traveloka and Tiket.com are the best-known ticketing and hotel booking apps, but Traveloka gain the upper hand in usage and brand performance.
- The majority of Traveloka users often buy airplane tickets, while Tiket.com's users buy train tickets more often.

The chart below shows the market leaders in each app category based on the popularity, numbers of usage, and level of consumers' willingness to recommend the brand.

BRAND
AWARENESS

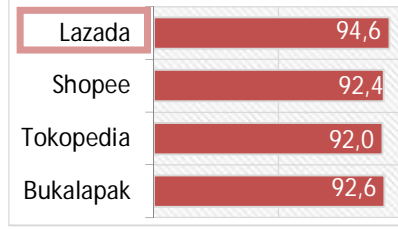
TRANSPORTATION APPS



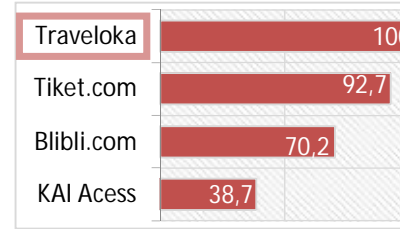
FOOD DELIVERY APPS



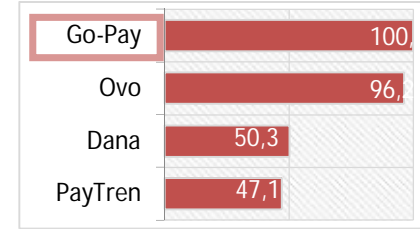
SHOPPING APPS



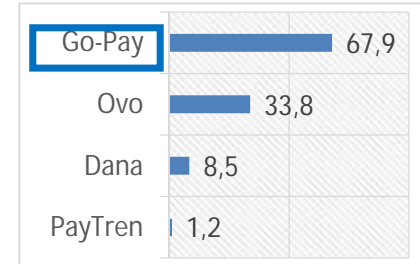
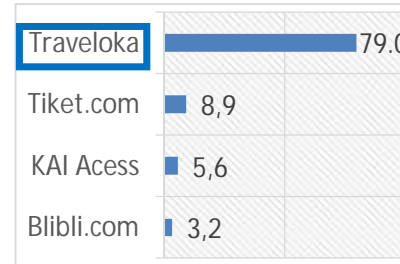
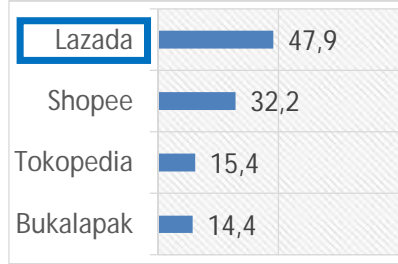
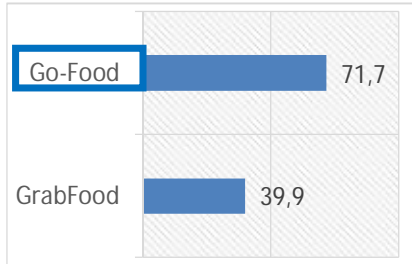
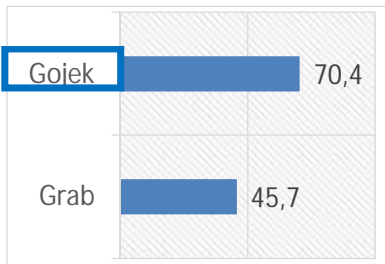
TICKETING APPS



DIGITAL PAYMENT APPS



USUALLY
USED



NET
PROMOTER SCORE

TRANSPORTATION APP

Gojek	Grab
18,9	10,1

FOOD DELIVERY APP

Go-Food	Grab Food
14,9	11,7

SHOPPING APP

Buka lapak	Toko pedia	Shopee	Lazada
7,8	9,3	11,7	8,5

TICKETING APP

Traveloka	Tiket.com
15,8	5,9

DIGITAL PAYMENT

Ovo	Go-Pay
9.2	14.3

Thank You

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