

Indonesia E-commerce - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

<https://marketpublishers.com/r/l855CF580271EN.html>

Date: July 2024

Pages: 100

Price: US\$ 4,750.00 (Single User License)

ID: I855CF580271EN

Abstracts

The Indonesia E-commerce Market size is estimated at USD 81.80 billion in 2024, and is expected to reach USD 168.10 billion by 2029, growing at a CAGR of 15.5% during the forecast period (2024-2029).

The E-commerce market in Indonesia is driven by the growing fashion industry and internet and smartphone penetration, among others.

Key Highlights

A key driver of e-commerce growth in Indonesia is the convenience factor offered by online shopping and e-commerce platforms' continuous focus on improving customers' overall shopping experience on online platforms. Shoppers nationwide are now turning to e-commerce platforms to fulfill their diverse needs, from electronics and clothing to groceries. Such factors have led to substantial growth in online shoppers across the country over the past few years.

In addition, high smartphone usage and internet penetration stimulate the growth of the e-commerce market in the country. The growing internet usage at affordable rates and the rise of smartphones has led to more accessible access to online shopping in the country. In addition, high mobile penetration in Indonesia makes it more convenient for consumers to shop for a wide variety of products online, thus positively influencing the market's growth.

Moreover, governments and central banks are eagerly facilitating digital payment systems in the country as these payments are more efficient and transparent. The

proliferation of digital payments in the country is further analyzed to assist in the growth of the country's e-commerce market.

Cyberattacks or data breaches in an e-commerce enterprise may lead to a reduction in the trust of customers in online shopping and can negatively impact the growth of the e-commerce market in Indonesia. E-commerce players like Tokopedia, one of Indonesia's largest e-commerce platforms, have suffered significant data breaches. Such incidents also attract regulatory scrutiny and may lead to stricter data protection laws, thus further hampering the growth of the e-commerce market in Indonesia.

With COVID-19, the e-commerce market in the country has witnessed a significant expansion in the past few years, primarily supported by the high internet and smartphone penetration, growing young and tech-savvy population, changing consumer purchasing behavior, and expanding digital economy coupled with the significant presence of major e-commerce vendors offering the variety, convenience, and competitive pricing for online shopping. In addition, the Indonesian government's proactive role in fostering e-commerce in the digital economy has further fuelled the growth of the country's e-commerce market.

Indonesia Ecommerce Market Trends

Penetration of Internet and Smartphone Usage Drives the Market

Over the years, Indonesia has experienced a surge in internet penetration, with a large portion of the population accessing the internet. As per the report by The Indonesian Internet Service Providers Association, internet penetration in Indonesia has risen from 78.1 percent in 2023 to 79.5 percent in 2024. With the increase in internet penetration, the growing sales of new and updated smartphones with 5G features are also increasing in the country.

Further, Looking at the growing demand for smartphones in the company, many smartphone providers are launching new products. For instance, in January 2024, Oppo announced that the company was launching the OPPO Reno 11F smartphone in Indonesia. The company has already tested the smartphone in the country and plans to launch it in 2024.

Such investment by the companies is increasing the sales of smartphones in the country, and with the widespread availability of smartphones, Indonesians can shop online anytime and anywhere, providing them with unparalleled convenience. E-

commerce platforms offer a wide range of products and services, allowing consumers to find what they need with just a few taps on their smartphones. According to GSMA, smartphone adoption in 2022 is 83 percent and is expected to grow 94 percent by 2028.

In addition to this, as the internet continues to grow in the country, the use of the internet has grown among students; as per the report by the Central Bureau of Statistics, 77.5% of students aged between 5 and 24 years use the internet in the country. This student spends much time on social media platforms such as Instagram, Facebook, and WhatsApp, which are widely used in Indonesia and have become essential channels for e-commerce transactions. Many businesses leverage social media to promote their products and interact with customers, leading to the rise of social commerce in the country.

Moreover, the Indonesian government has supported the digital economy and implemented initiatives to boost e-commerce growth. This includes improving internet infrastructure, promoting digital literacy, and incentivizing e-commerce businesses.

Overall, the penetration of the internet and smartphone usage has created a favorable environment for the growth of e-commerce in Indonesia. As technology continues to evolve and connectivity improves further, the e-commerce market is expected to expand even more in the coming years.

Fashion and Apparel Segment is Expected to Hold Significant Market Share

Economic growth and urbanization in Indonesia have led to a burgeoning middle class with higher disposable incomes. As consumers become more affluent, they increasingly shop online for fashion and apparel products, seeking convenience and a wider selection of the products that are available online. E-commerce companies also provide an option for customers to browse several trending apparel and fashionable accessories. This increases customers' inclination toward the country's online shopping platforms.

Furthermore, Indonesian consumers are becoming more fashion-conscious, influenced by global fashion trends and the proliferation of social media platforms. Many internet users in Indonesia spend their time on Instagram and Facebook and follow many social media fashion influencers who make people aware of the latest trends in fashion.

Further, according to the Indonesian Internet Service Providers Association (APJII), internet penetration in Indonesia rose from 78.1% in 2023 to 79.5% in 2024. This growing awareness of fashion and style has fueled demand for diverse clothing and accessories available through e-commerce channels, which drives the overall demand for the product.

Moreover, in Indonesia, there has been a growing sales of smartphones. With the increasing use of smartphones and mobile devices, mobile commerce (m-commerce) has emerged as a significant driver of online retail growth in Indonesia. According to the Information and Communications Technology Ministry, Indonesia is billed as the next big market in m-commerce after China and India, with an annual growth of 50%.

Hence, Fashion and apparel retailers are optimizing their websites and apps for mobile shopping to cater to the preferences of mobile-savvy consumers. In addition, these companies have integrated their website into social media sites where customers can directly access the website through their social media accounts, helping the market's growth.

Overall, the fashion and apparel segment in the Indonesian e-commerce market is poised for continued growth. As e-commerce continues to mature in Indonesia, fashion retailers are expected to innovate and adapt to meet consumers' evolving needs and expectations during the forecast period.

Indonesia Ecommerce Industry Overview

Indonesia's Ecommerce market is semi-consolidated with the presence of major players like PT Tokopedia (PT Goto Gojek Tokopedia Tbk), PT. Shopee International Indonesia (Shopee, Sea Limited), PT Bukalapak.com Tbk, Lazada (Alibaba Group Holding Limited), and Blibli (PT Global Digital Niaga Tbk). Players in the market are adopting strategies such as partnerships and acquisitions to enhance their product offerings and gain sustainable competitive advantage.

January 2024 - Shopee Indonesia launched its new digital service, High-End Brands (HEB). The newly launched service highlights high-end premium local brands from Indonesian designers. Besides helping local brands to export, Shopee High-End Brand service will also assist the affiliated brands in reaching consumers across 514 Indonesia's cities and regencies.

July 2023 - Chinese e-commerce firm Alibaba Group Holding invested an additional USD 845 million into Lazada, its online retail unit in Southeast Asia. With this latest investment, Alibaba's total investment in the company has exceeded USD 1.8 billion this year.

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The market estimate (ME) sheet in Excel format

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