



The Emergence of E-Commerce Players in Indonesia to Open New Growth Opportunities for Retail Market

JAKARTA, September 27th, 2018 — IDC believes that the recent launch of JD.ID Virtual has introduced new growth opportunities for the retail market in Indonesia. Indonesia is the largest economy in Southeast Asia and the world's 4th most populous country. Based on the investment in technologies used in the new JD.ID store like facial recognition, NFC tags and mobile commerce platforms, the local consumers can now enjoy a completely new type of retail experience. In support of this new experience, IDC estimates that IT Spending supporting the retail industry in Indonesia will reach IDR 3.2 Trillion in 2018 and grow at CAGR 17% (2017-2021), which is one of the fastest growing industries for IT spending in Indonesia.

As a result of the implementation of new retail technologies in the country, the retail industry is expected to become more competitive and agile to adapt to changing customer shopping behaviors and expectations. The growth of IT spending will not only improve the shopping experience for consumers but will allow retailers to realize the full potential of digital transformation of their business. IDC foresees retailers prioritizing digital transformation to improve business operations, increase customer engagement and gain better understanding of consumer shopping preferences.

“We see retailers in Indonesia are still leveraging traditional approaches to engage with their customers while planning for innovative solutions to enhance the customer experience. Technologies, such as augmented/virtual reality (AR/VR), artificial intelligence (AI), and big data and analytics (BDA) are gaining traction in the local retail market,” said [Mevira Munindra](#), Sr. Consulting and Head of Operations IDC Indonesia

[Mevira Munindra](#) added, “Customer experience is becoming more important than ever to Indonesian consumers and businesses. Hence, retail businesses must consider innovating around their customer engagement and centrality model to gain customer loyalty since Indonesia has a large consumer base. Customers are the key stakeholders for every business, therefore, creating an omni-channel experience for them is the key fundamental of change for retail businesses to consider. This is clearly shown by JD.ID's JD.ID X and JD.ID Virtual that uses an online to offline (O2O) platform to break the spells in delivering a new digitally-enabled customer experience and digital payment experience for the local customers.”

The large consumer base in Indonesia has transformed the retail market over the past few years as the country has a young population with increasing disposable income and growing purchasing power. Hence, with the rise of digital retail players in Indonesia, consumers now prefer services that offer convenience, speed and user-friendliness. For instance, JD.ID is an e-retailer in Indonesia that has successfully incorporated online and offline platforms by using the right technologies to engage with their customers. IDC believes the success of the O2O strategy implementation of JD.ID on JD.ID X and JD.ID Virtual correctly focuses on customers' interests and needs, delightful products and the customer journey. Therefore, it is vital for local retailers to provide new, omni-channel experiences that will appeal to the digital mindset of their customers.

Current business concerns for Indonesia's retail players include the lack of innovation, increasing external costs, and retaining existing customers. To address these concerns, IDC expects that the innovation from JD.ID will set a benchmark for the traditional retail businesses to reorient their thinking to place greater focus on the total retail experience to differentiate themselves from competitors. Local retailers should be confident in implementing the right digital transformation strategies that will enable new digital experiences to improve the customer's experience and loyalty.

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