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Asia's Logistics Simplified

The Ultimate **eCommerce Guide** to Shipping to

INDONESIA

Authored by **Janio Team**

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01

ABOUT THE INDONESIAN MARKET

CHAPTER 1

Why Indonesia? Key Stats on Indonesia's eCommerce Market

Size of Indonesia's eCommerce market

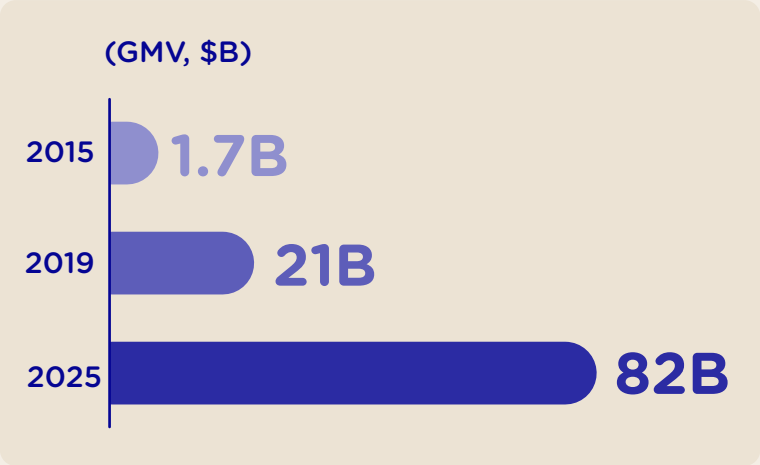
IN 2019

US$ 21 billion

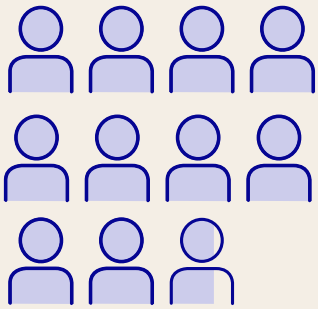
Expected to grow to

US$ 82 billion

IN 2025



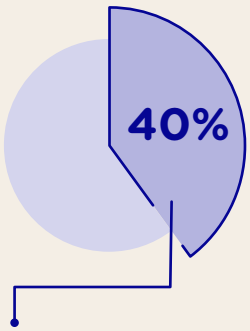
Number of Indonesians who are shopping online



107 million

Year-on-year change

+5.9%



Penetration of consumer goods eCommerce
(total population)

Digital in Indonesia

Total Population
268.2 million

Internet Users
150.0 million

Active Social Media Users
150.0 million

Active Mobile Internet Users
142.8 million

SOURCE: Hootsuite/ We Are Social

Indonesia's eCommerce market stands at US$ 21 billion[1] in gross market value (GMV) in 2019. This makes Indonesia a highly attractive market for eCommerce businesses in Southeast Asia.

With many investments pouring into the country[2] , Indonesia continues to display great potential to continue being one of the biggest eCommerce economies in the region. According to Google and Temasek's 2019 e-conomy report[1], Indonesia's eCommerce industry is expected to hit US$ 82 billion by 2025, a nearly four-fold increase.

MORE INDONESIANS THAN EVER ARE SHOPPING ONLINE

In 2019, 107 million people[3] in the country made online purchases; this figure may reach 119 million by 2025, according to a report by Google and Temasek[4] . That is 26 times bigger than the number of online shoppers in Singapore in 2019.

But what's driving Indonesia's massive eCommerce growth?

CHAPTER 2

Indonesia's eCommerce Growth Drivers

Let's dive into what's been driving the eCommerce surge in Southeast Asia's most populous country.

4 MAJOR FACTORS DRIVING eCOMMERCE IN INDONESIA:

1. Growing middle class
2. High internet and mobile penetration rates
3. Alternative payment methods appearing in Indonesia
4. eCommerce tech investment in Indonesia

1. Growing middle class

Boston Consulting Group[1] had a recent update for this in November 2018. They have 2 different types of middle class - emerging middle class (65 million in 2017) and established middle class (26 million). When these two are combined with the affluent class (24 million), they make up 115 million Indonesians in the middle and affluent class (MAC) in 2017. BCG estimates this will hit 222 million middle and affluent class Indonesians by 2030.

According to Oxford Business Group[2], 45% of Indonesians are no longer vulnerable to poverty and that household consumption rose 5.5% in 2018, up from 4.9% the year before. This is reflected in what Wearesocial and Hootsuite[3] reported in 2019 - Indonesians spent 23 per cent more on online consumer goods in 2018 compared to 2017.

2. High internet and mobile penetration rates

The rising rates of smartphone and internet penetration have given people even in rural areas access to online shops, marketplaces, social media sellers, and apps.

Half of Indonesia's population are active internet and social media users, according to data compiled by Hootsuite[3]. Almost all of them—around 120 million people—are active mobile social users, too. Statista's figures are different, but still paint a picture of good growth in smartphone usage. They estimate that in 2020 Indonesia will have 81.8 million smartphone users and forecasts it to grow to 89.8 million users by 2022[4].

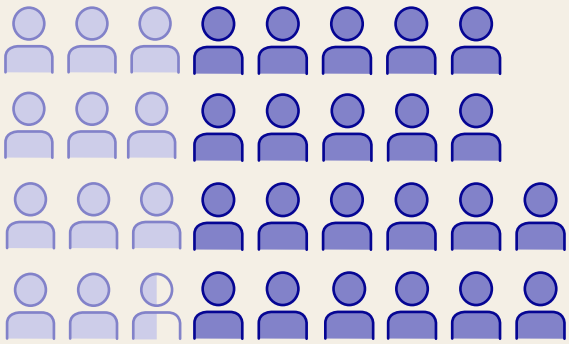
*Statista data accurate as at 15th January 2020

Drivers of Indonesia's eCommerce growth

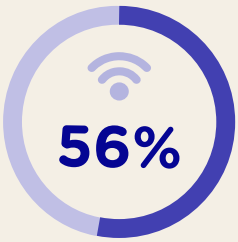
A growing segment of middle-class affluent consumers (MACs)

2017 **115** million MACs

2030 **222** million MACs



Indonesia is a mobile-first economy



56% of Indonesia is connected to the **internet** and use **social media**

47% of Indonesians or **142.8 million** Indonesians are mobile internet users

SOURCE: Boston Consulting Group, Hootsuite/ We Are Social

3. Alternative payment methods appearing in Indonesia

For their part, eCommerce platforms, fintech companies, and banks have worked together to address one of the biggest hurdles to online consumption: payment methods.

In a Google July 2018 report[5], 66 per cent of Indonesians are unbanked. To fill this gap, eWallets and other fintech services have sprung up.

Digital wallets

Indonesia is seeing a surge in eWallet options, which include brands like Go-Jek's Gopay, Mandiri eWallet, Tcash and OVO, and more.

For instance, Go-Jek[6]—a super app that lets users book an array of services from rides to massages, food delivery and more—launched its own mobile wallet, GoPay, in 2016. For now, this is used to pay for services within Go-jek's ecosystem, paying for bills (like electricity bills) as well as for some offline merchants.

Currently, eWallets are beginning to gain traction in Indonesia and are being picked up by online retailers[7]. For now, some eWallets like Mandiri e-pay and OVO, are accepted on different Indonesian online marketplaces.

Using digital agents to make payment

The agent-to-consumer method is also popular, in which shoppers would pay for purchases via sales agents' online payments and then pay the agents in cash. In 2017, there were around 400,000[8] of these digital finance agents in the country, serving over 10 million accounts. One early player in this space was Kudo, which Grab acquired[9] in 2017.

Using mobile numbers to make payment

Alternative finance is also flourishing. For instance, Kredivo, founded in 2016, offers an online credit card that only requires one's mobile phone number for registration. It allows buyers to pay in instalments either online or offline. Kredivo reportedly has partnerships[10] with around 200 online merchants, including major players Lazada, Bhinneka[11], Blibli[12], and Bukalapak.

4. eCommerce tech investments in Indonesia

Indonesian tech platforms have been receiving major foreign investments these past years. After Indonesia's government relaxed investment rules[13] in 2016, investors have been quick to make headways into Indonesia.

Traveloka received US$ 350 million in investment from Expedia[14] to achieve this status. For Tokopedia, Alibaba made a $1.1 billion investment[15] which made the former a unicorn in August 2017.

All these investments are being used to help out Indonesia's eCommerce scene. Flushed with cash, Go-Jek, Tokopedia, and Traveloka were able to team up[16] to invest in PasarPolis, an insurtech company. This allows for opportunities like selling insurance plans on eCommerce platforms and providing insurance to SME online sellers.

Since gaining greater investment, both Bukalapak and Tokopedia have announced the creation of research and development centres[17] for eCommerce. Both aim to support local SMEs and develop capabilities in machine learning and drone delivery, which will shake up the Indonesian business scene.

Go-Jek's been busy too. They recently launched a marketplace for deal vouchers[18] and created an interest-free virtual credit card[19]. Producing more alternative payment methods for Indonesians could encourage more of them to try out online purchases, further fueling Indonesia's eCommerce growth.

New payment methods are appearing in Indonesia

Kredivo — Buy now, Pay later
Online credit card which only needs one's mobile phone number

mandiri e-cash
Mobile wallet

kudo
Agent consumer model

SOURCE: Boston Consulting Group, Hootsuite/ We Are Social

While all this spurs eCommerce growth in Indonesia, we'll also need to be conscious of factors that could hinder its potential as well.

POTENTIAL ROADBLOCKS TO eCOMMERCE UPTAKE

It's not all roses without thorns for this industry. The average annual online purchase value[20] is low at IDR1.2 million (US$89) and is expected to stay low with the entry of more consumers across different socioeconomic classes. Further hindrances include:

Longer delivery times

People worry about delivery times in Indonesia, especially for items purchased abroad. But even locally bought products may take a long time to reach certain parts of Indonesia. Potential shipping delays also need to be handled well.

For instance, to deliver a product from Jakarta to Tanjung Selor in North Kalimantan[21] on the island of Borneo, the parcel needs to first be transported via aeroplane, then speedboat. And in an archipelago with around 18,000 islands, Tanjung Selor is hardly an exception.

Fear of fraud

Many in Indonesia are wary of fraud and scams from online purchases. They are concerned about not being able to tell a product's quality[22] as they can't test it before purchasing it online. They also bemoan the inability to return a product[23] if it falls short of expectations.

Buyers are also concerned about the security of online payments and delivery reliability. It's definitely a legitimate concern—a report by JP Morgan[24] in 2019 found that Indonesia still has significant rates of online eCommerce fraud.

Lack of know-how

For some groups of consumers, especially those in Medan and Surabaya, the reason for hesitating to shop online is simply that they don't know how.

This problem is most prevalent both among households earning less than IDR1 million (US$68) a month and those earning more than IDR10 million (US$684) a month, according to Deloitte[25]. (Indonesia's middle-class households are typically described[26] as having monthly incomes of IDR3 million to IDR10 million.)

These problems aren't without solutions however, there are eCommerce companies that are tackling bigger issues and also some steps you can take to handle these as well.

OVERCOMING ROADBLOCKS TO eCOMMERCE SUCCESS

Secured payment platforms

To address these problems, companies are either developing their own payments platforms or working with or acquiring fintech companies. For instance, Ralali developed its own eWallet[27], various digital platforms[28] offer integration with eCommerce sites, and Go-Jek bought at least three fintech firms[29]. Safer and more trustworthy payments will encourage more online purchases.

Finding a shipping partner with extensive network

If you're aiming to enter the Indonesian market, you should consider a shipping partner with a wide network across the archipelago. When working with your shipping partner, you'll need to be transparent about delivery times and product return policies and invest in educating consumers about online shopping.

User reviews and product trials

You can also implement various strategies to prove product quality, like encouraging customer reviews, producing product videos and demos, and using an online-to-offline approach to allow buyers to see and try out the items in real life.

With Indonesia's rising middle class, internet penetration and developments in its tech scene, it's going to be a hotbed for eCommerce actionthe next few years. Having the right plans and finding the right partners will go a long way in helping you leave your eCommerce mark in the country.

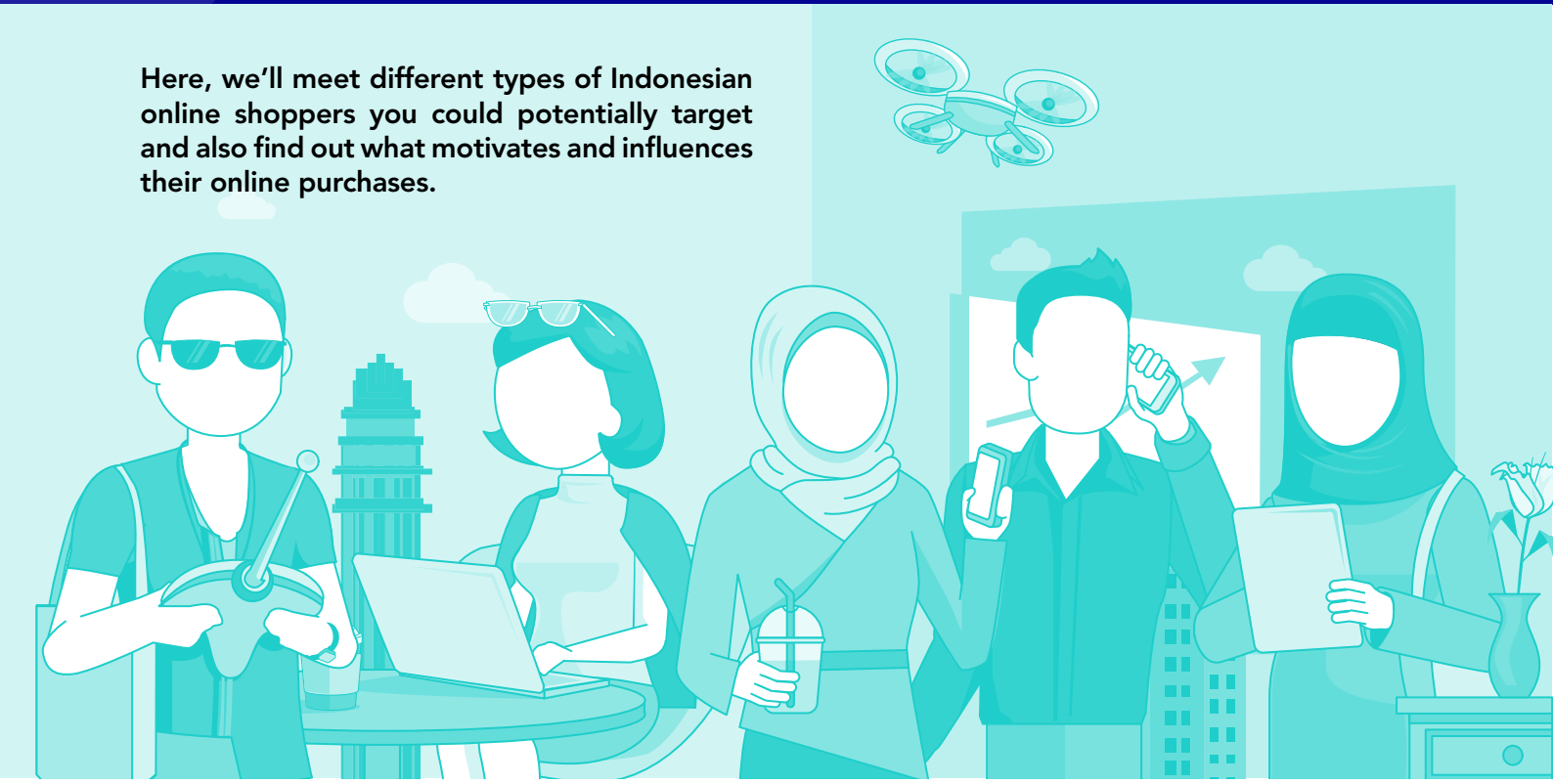
But the next questions that we need to consider before diving in are: Who can we sell to in Indonesia and what influences their buying decisions?

Janio specialises in B2C shipments of consumer products to Indonesia. If you're ready to delivering to Indonesia, reach out to us at contact@janio.asia

CHAPTER 3

Meet the Major Types of Indonesian Online Shoppers

Here, we'll meet different types of Indonesian online shoppers you could potentially target and also find out what motivates and influences their online purchases.



CITY CONVENIENCE SEEKER

- **Loves following the latest trends, e.g. tech, fashion**
- **Buys online because: Convenience - such as skipping traffic jams in the city**

Meet Arief, our City Convenience Seeker. He lives in Jakarta and earns roughly IDR 120 million (US$8,200)[1] per year working as a software engineer.

In his free time, he likes to watch videos of YouTubers unboxing and reviewing gadgets. He reads extensively about mobile phones before choosing which one to buy. But because he lives in Jakarta, going to the mall to purchase a new phone means driving through hours of traffic. So he buys it online instead, comparing deals between Lazada and Tokopedia.

TRENDSETTER

- **A big fan of trendy, international brands and items**
- **Buys online because: Availability - some items cannot be found locally—e.g. K-pop fashion**

Putri is a professional in her mid-20s who lives in up-and-coming cities like Bandung and makes around IDR 80 million per year. She's one of Indonesia's Trendsetters.

She likes finding trendy clothes at a bargain and follows Indonesian fashion icons on Instagram. While the city she lives in is experiencing rapid growth, it doesn't have a wide enough range of apparel stores, including niche boutiques like those that sell K-pop-inspired clothing. She turns to online retail stores like Shopee to get her affordable fashion fix, as well as to social sellers on Instagram and Facebook.

MUSLIM MILLENNIALS

- **Prefers shopping for modest outfits**
- **Buys online because: Availability and aligned values - high quality brands that speak to the Islamic ethos**

Liana is a young professional who uses fashion to express her conservative values while still having fun. She favours modest fashion, fashion-forward outfits which don't reveal one's skin. These outfits are coupled with hijabs and other coverings to assert their connection to Islam and its teaching to be modest.

Liana prefers high-quality brands which is why she sometimes shops for overseas brands online. This modern Muslim trend seems to be going strong as it is being driven by designers like Diajeng Lestari[2] and brands like Uniqlo who are partnered with designers like Hana Tajima[3] to cater to modern Muslims needs.

INDUSTRIOUS MOTHER

- **Relies on recommendations from social groups like Whatsapp for mom & baby products**
- **Buys online because: Motherhood duties means little time for shopping - online deliveries are highly convenient**

In another part of the city is a full-time mom of an infant and a toddler.

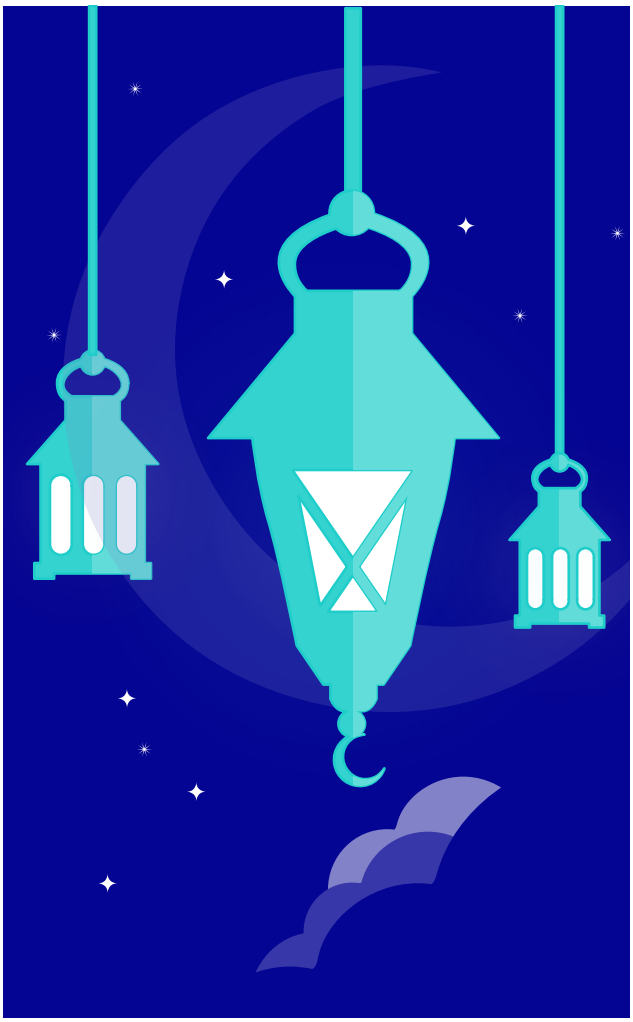
She relies on a WhatsApp group of acquaintances who share motherhood tips and recommend baby products and kids' toys. As she needs to care for her children, she has no time to hop from mall to mall looking for these products, and isn't sure she'll find them anyway. To solve this, she purchases the items online. Her friends recommend Orami and Bukalapak.

BUSY SMALL BUSINESS OWNERS

- **They have a lot to do, and not enough time and manpower to do them**
- **Buys online because: Time and manpower savings - items can be delivered without needing to delegate employees**

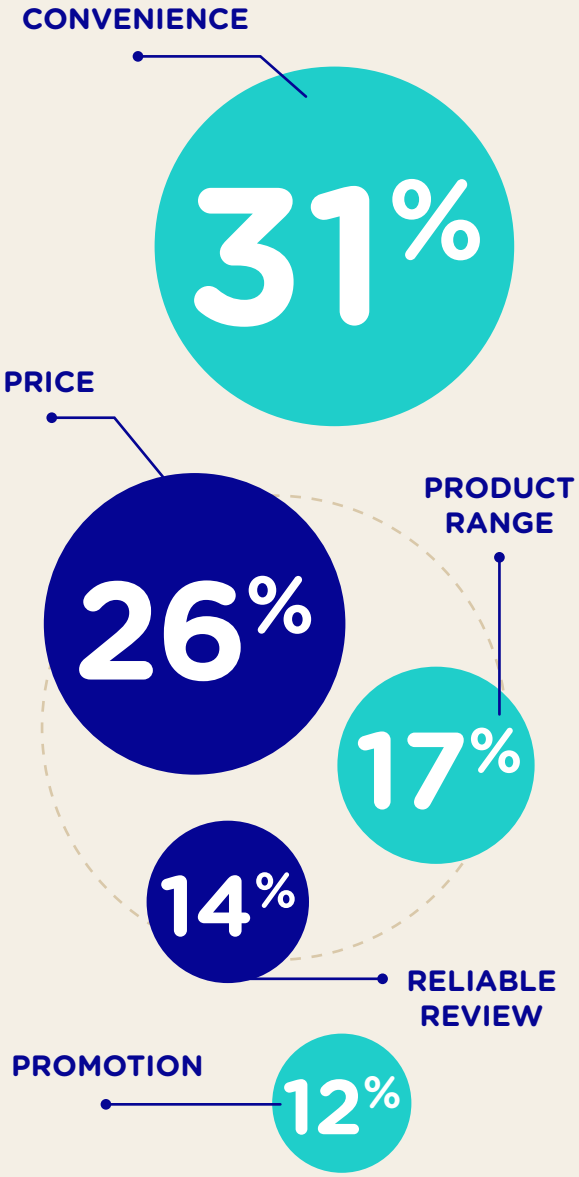
In Surabaya, a young married couple that owns a café is looking for heating lamps. They are our busy small business owners.

With few staff and no time to head out to buy equipment, they find a specialised B2B online marketplace like Ralali[4]. At the same time, they realise they've run out of a few ingredients, and engage a personal shopper via the HappyFresh app.



Top motivators for Indonesians to shop online

These five types of shoppers represent the larger eCommerce trends in Indonesia—what people are buying, why they're buying, and where they shop. More Indonesians than ever are shopping online. In 2015, 18 million people[5] in the country made online purchases; which reached 107 million by 2019, according to a report by Hootsuite and Wearesocial[6]. It also helps to find out what they really look out for when making online purchases.



SOURCE: Deloitte Consumer Insights, The evolution of the Indonesian consumer, May 2016

WHAT ARE THEIR MOTIVATIONS FOR SHOPPING ONLINE?

Indonesia's online shoppers visit eCommerce sites for different reasons. A survey by Deloitte[7] revealed the following top 5 reasons:

Practicality or convenience

Many choose to shop online for the convenience or practicality it provides as their main reason. These practical reasons include avoiding massive traffic or the ability to compare products and prices among different sellers without leaving one's seat for instance.

Lower prices

As many marketplaces and branded websites could potentially sell the same product for lower price compared to brick-and-mortar establishments, many Indonesians go online to find the best prices. This may also be largely driven by people's ability to easily compare deals among various sellers.

Product range

ECommerce stores can aggregate the products of different sellers to offer more choices, and even offer items that are not found in Indonesia.

Reliable reviews

Some are skeptical of the quality of the items sold online, and look for reassurances from other buyers that the product is worth the effort and cost of a purchase. The availability of reliable reviews increases the likelihood of Indonesians trying out an online store.

Promotions

These include tantalising offers such as zero interest rates and free shipping as their main reason for buying online.

The reasons further vary by city, according to Austrade[8]. For instance, those in larger cities like Jakarta shop online mainly for its convenience, given the heavy road traffic. McKinsey also found[9] that consumers outside of Java tended to save up to 25 per cent on the price of goods

when buying them online instead of in brick-and-mortar stores. This may be because eCommerce operations don't usually come with the high distributor inventory costs often incurred by offline retail networks.

WHAT ELSE INFLUENCES ONLINE PURCHASE CHOICES IN INDONESIA?

Online searches

Before making a purchase, at least 93 per cent of Indonesian buyers conduct Google searches and read customer reviews, and 76 per cent of Indonesian shoppers have bought products through their mobile phones according to research by Hootsuite and Wearesocial[6].

Social media reviews

They also rely on social media to discover products—especially YouTube, Facebook and Instagram, which are the country's first, second, and fourth largest social platforms, respectively. They want reassurance from trusted sources that what they are going to buy is worth their purchase

Chat and social groups

You should also bear in mind the influence of social groups on WhatsApp and Line. These apps are among the country's top social platforms with the highest number of monthly active users. For instance, the industrious mother discussed above relies on the suggestions of her fellow mothers in their messenger app groups when it comes to online purchases for her mom and baby products. As this word-of-mouth input comes from trusted friends and family, recommendations are more likely to lead to people trying stores or products out.

On these platforms, links to reviews and even promotions and store landing pages can be shared directly among users, so shareability of your online promotions should also be something to consider.

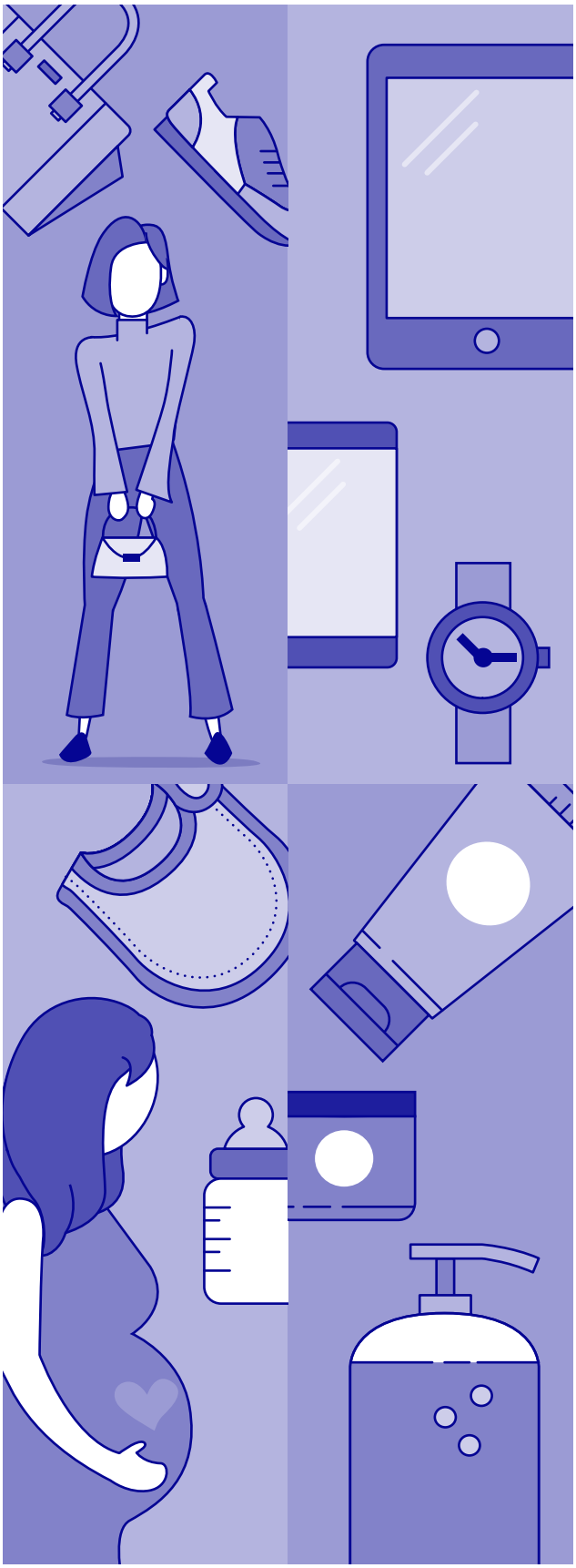
From here, it can be seen that Indonesians rely a lot of word-of-mouth and reviews from their peers when deciding what to buy online. That being the case, it pays to be cautious when branding your store and products to Indonesians.

When branding your store and products for Indonesia, be very careful around religious messaging and visuals. In a study by Ogilvy and Mather[10] , Nike's unintentional use of Arabic calligraphy that spelled "Allah" sparked a reaction that is still talked about by consumers 15 years later.

Now that we know what drives them, you might also want to know what are the top performing product categories in Indonesia as well as local preferences towards these types of products.

CHAPTER 4

Top 4 eCommerce Product Categories in Indonesia



In 2018, most of the eCommerce transactions in Indonesia came from the following product categories:

- **Fashion**
- **Consumer electronics**
- **Mom & baby**
- **Health & beauty**

No two countries are made equal and tastes and preferences are unique to each country. Here we can get some answers on which products in these categories are doing well, and what kind of preferences Indonesians have towards these products.

FASHION

Fashion accounts for around US$4.7 billion[1] of revenue in Indonesia—an amount expected to grow to $12.5 billion by 2024. Research by Deloitte[2] shows that in 2014, comfort and appearance were the top considerations of fashion buyers in Indonesia, but tastes change as the country develops.

In 2017, their main priorities towards fashion changed towards comfort and size fit. While price is still important, Indonesians increasingly care about comfortable clothes with a trendy tight fit, especially for those who buy into the slim fit fashion trend. Their priorities towards other fashion factors are also evolving. While their priority is not high as comfort and size fit factors like aesthetics, trendiness, and fabric type are also now increasingly prioritised relative to price.

New clothes are particularly important to Indonesia's primarily Muslim populace during the Ramadan month. Wanting to leave a good impression on their friends and family they'll visit during this religious period, they'll make sure to buy a new set of clothes each year. They don't just buy clothes for themselves but will also buy clothes for their family and friends as well during this period.

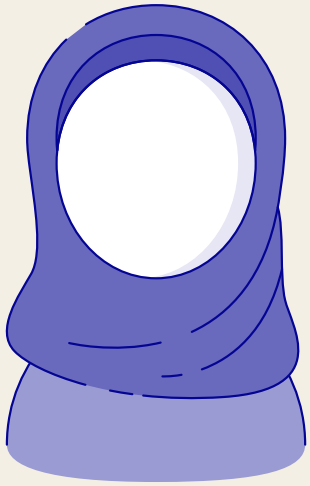


fig. 1

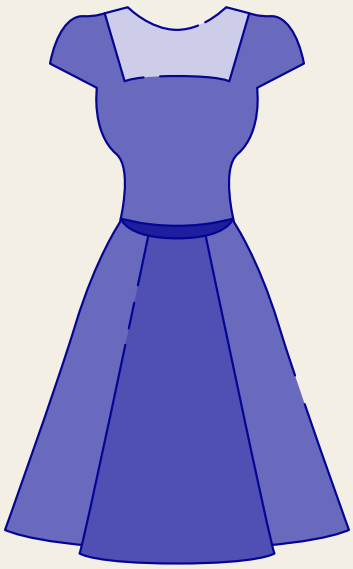


fig. 2

Given these trends, eCommerce sellers in ASEAN can step in to offer products that satisfy more specific consumer demands instead of just competing on price.

Notably, Austrade also lists two emerging fashion trends that are gaining traction in Indonesia:

Modest fashion (fig 1)

The hijab has appeared in high-fashion runways around the world, reflecting a contemporary approach[3] to hijab fashion that young and modern consumers can appreciate. Hijab fashion bloggers[4] with large Instagram followings have been a major driving force behind this trend. Brands like Uniqlo and designers like Hana Tajima are among many big names catering to modest fashion demand.

While you may not be a seller of contemporary hijab fashion, this trend is similar to the style of modest fashion[5] that became popular globally in 2018. The principle of modest fashion is, foremost, to cover one's skin. Modest clothing also tends to prioritise comfort and fit, satisfying Indonesian shoppers' demand for these aspects.

If you're planning on entering this market, take note that modesty and comfort without compromising aesthetics and style could be the way to go.

Sustainable fashion (fig 2)

With increasing attention towards ethical and sustainable manufacturing processes, sustainable fashion—also called 'slow fashion'[6]—is a niche sector that targets middle-class and affluent consumers in Indonesia.

However, the scarcity of raw materials[7] used in sustainable manufacturing processes, such as natural fibres like cotton, silk, and ramie, is a challenge for Indonesian fashion producers. They are forced to import some of their raw materials as there are insufficient supplies of these within Indonesia.

If you are in the sustainable fashion business, be it selling garments or raw materials like natural dyes, this is a great opportunity to introduce your goods into the market.

CONSUMER ELECTRONICS

Indonesia's consumer electronics and appliances market's revenue reached US$ 3.8 billion in 2019 and is expected to grow to US$ 7.9 billion by 2022 according to Statista[8] .

Higher-income shoppers with monthly household incomes of more than IDR10 million (around US$690) a month are the major purchasers of consumer electronics online, according to a report by Deloitte[9] . These include audio and video electronics products, as well as small and major household appliances.

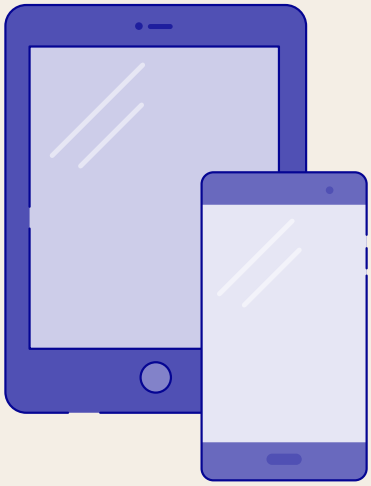


fig. 1

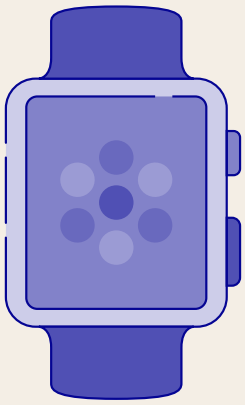


fig. 2

These higher-income shoppers tend to buy foreign—particularly Western—brands, while lower-income shoppers strongly prefer local brands like Evercross and Advan smartphones and Polytron home electronics. On the other hand, Japanese and Korean electronic brands are generally well regarded across the spectrum, but more so by mid- to high-income shoppers. Chinese brands like Xiaomi and Oppo are also becoming more popular[10] in the smartphone category.

Mobile phones / smartphones (fig. 1)

Statista estimates that in 2020 Indonesia will have 81.8 million smartphone users and forecasts it to grow to 89.8 million users by 2022[11] . With that in mind, it's no surprise that mobile phones and smartphones are the most widely bought consumer electronics items online. Shoppers' preference for foreign brands in this segment will serve as a boon to sellers from outside the country. These include Samsung, Xiaomi, and Oppo. You can also expect demand for these types of phones to increase during hot online sales periods like Ramadan in Indonesia.

Wearable electronics (fig. 2)

Revenue in the wearables segment in Indonesia is expected to reach $130 million[12] in 2019 and is expected to grow at a CAGR of 4.4 per cent until 2024 resulting in a market volume of US$ 154 million by 2024. Despite user penetration being at a low 1.8 per cent, Ipsos, a research firm, identifies Indonesia as the fourth out of the top five markets[13] in the world with the greatest sales potential for this segment.

This prediction is part of the results of the firm's Affluent Survey, which notes that affluent consumers are typically the first to adopt wearable tech all over the world. Considering Indonesia's growing middle-class and affluent consumers population—Boston Consulting Group predicted[14] to exceed 222 million by 2030—ASEAN eCommerce players have the opportunity to be among the first movers in this segment.

MOM & BABY

Millions[15] are born every year in Indonesia, Southeast Asia's most populous country. A survey by EcommerceIQ[16] found that 66 per cent of Indonesian shoppers purchase mom and baby products online, and 57 per cent buy such products once a month.

One of the major reasons cited by respondents in the study included the convenience of shopping at home. This allows pregnant mothers to shop without having to leave their infants removes the need to travel to brick-and-mortar stores and malls. Another major reason Indonesian mothers shop for these products online is the variety of brands available via eCommerce. Many

fig. 1

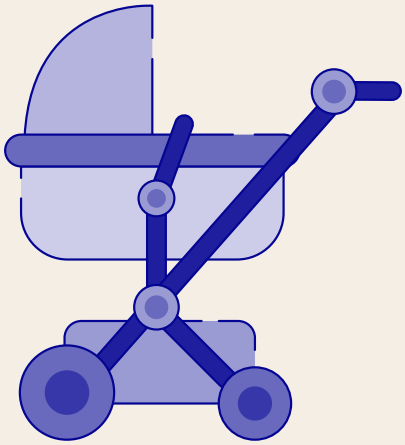


fig. 2

eCommerce sellers also sell in bundles[17] , which allows them to offer larger discounts compared to selling the items individually which can help Indonesian mothers save money.

The good news is that Indonesian mothers are generally open to trying new brands[18] when shopping for mom and baby care products both online and offline. They tend to visit online marketplaces directly, especially sites dedicated to mom and baby products[19] . They also use Google, Facebook, and Instagram to discover new products. You can consider going onto these platforms if you are looking to sell mom & baby products online in Indonesia.

Baby clothing (fig. 1)

Baby clothing accounts for 49 per cent[20] of purchases in the mom and baby category in Indonesia. Given Indonesian moms' shopping habits noted above. This allows you to appeal to mothers by offering an array of designs and sizes along with a relatively large discount.

Baby gear (fig. 2)

Baby gear is the second most popular segment in this category, making up 23.2 per cent[20] of purchases. Baby gear includes products like diapers, prams and more.

As product quality is one of Indonesian online shoppers' major concerns[21] , the onus is on eCommerce sellers around Southeast Asia to prove the quality of their items, including baby gear. Demonstration videos and word-of-mouth recommendations on Facebook and Instagram—the social media channels that Indonesian moms most use to discover baby products, according to EcommerceIQ—will enable retailers to establish a brand of quality. Having positive product reviews on your site also helps.

HEALTH AND BEAUTY

Statista[22] reports that health and beauty sales in Indonesia hit US$6.9 billion in 2019 and is expected to hit US$8.1 billion in 2022 with a compound annual growth rate of 5.6%. According to Austrade[23], internationally branded cosmetics hold a 70 per cent market share in the country.

That may soon change, though. The same report states that more and more Indonesian buyers, especially young, modern, and affluent women, are choosing halal-certified cosmetics. The use of local celebrities and beauty vloggers[24] for promotion has also driven these products' appeal.

The same Austrade report notes that a majority of halal cosmetics sold in Indonesia are made locally. It's also getting tougher for foreign sellers to enter this space. Effective 2019, Indonesia is requiring all halal cosmetics (as well as all products that meet halal requirements, such as meat) entering the country to adhere to its Law No. 33/2014[25] on halal product assurance.

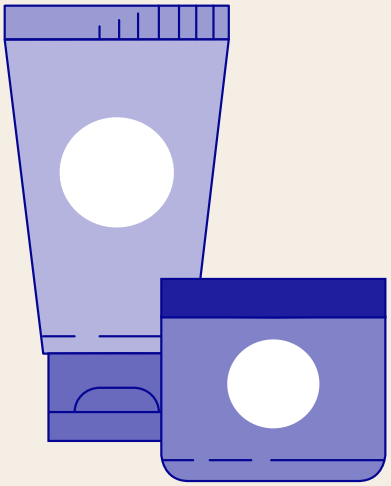


fig. 1

fig. 2

If you are planning on entering Indonesia's cosmetics market, you should check whether the government of the product's country of origin has an agreement with that of Indonesia to consider the former's halal certification valid.

Indonesian shoppers are also exhibiting an increased preference for natural and organic-certified products[26]—a trend again driven by middle-class and affluent consumers and reflective of global trends. This same conscious choice is driving the growth in demand for ethically produced items.

Skin care

Skin care products make up three-fourths of all cosmetics imported in Indonesia, according to Austrade. ASEAN eCommerce sellers have the opportunity to differentiate their skin care products by responding to the demand for cosmetics with organic and herbal formulations[27].

Aromatherapy

Indonesia's growth in spas[28] has contributed to the large demand for cosmetics and toiletries, including aromatherapy supplies. ECommerce sellers can offer their products to spas through online B2B marketplaces.

But don't ignore the 'solopreneurs', either—masseuses can be booked through platforms like Go-Jek (and its clones)[29] . People who request massage services at home may also have their own aromatherapy supplies.

No two countries are alike and Indonesia's online shopping habits and preferences may vastly differ from that of your country. It's important to constantly research and monitor your target country's eCommerce trends and laws. Factors like culture, religion, and trade policies affect the country's eCommerce industry, which makes expert local knowledge vital.

But after finding out what they love buying, the next thing you'll find helpful is knowing where they're buying these from online.

Looking to start selling these major categories to Indonesia? Reach out to us at contact@janio.asia to find out how we can help simplify your delivery operations to Indonesia

CHAPTER 5

Popular Online Shopping Platforms in Indonesia

In Indonesia, as elsewhere, there are several types of online platforms that sell not just Indonesia's top performing product categories but also a huge variety of goods. These platforms include business-to-consumer sites (B2C) and more recently, consumer-to-consumer (C2C) shopping sites as well.

MAINSTREAM ONLINE PLATFORMS

Branded websites

One main platform involves businesses selling directly to consumers from their own websites or stores. This is especially useful for luxury brands that aim to maintain exclusivity and control. Some businesses choose to sell only through their website.

Others choose to use omnichannel retail, where their website is an additional sales channel to existing methods like brick-and-mortar. For example, one can either shop at the website of jewellery designer John Hardy[1] or visit his shops in Bali.

Marketplaces

People may also buy from marketplaces, another B2C channel, where different eTailers sell products. This is the space occupied by the likes of Zilingo, Lazada, Tokopedia, Bukalapak, OLX, Blibli, Zalora, and Elevenia . Depending on the platform, sellers may include both SMEs and individuals, and even the eCommerce company that hosts the marketplace.

Marketplaces are great places to list your products in Indonesia. Their wide variety and large numbers of sellers make them popular among Indonesians. Some of these cater to specific niches such as local products or premium, branded products while others cater to the wider market. Some examples include:

JD.ID Online Shopping

JD.com's Indonesian marketplace is a great place to sell your products on if your products are more on the premium quality and price spectrum. JD.ID shoppers usually have larger basket sizes and spend more per item here compared to shoppers on other marketplaces. According to iPrice's 2018 Map of eCommerce in Indonesia report, JD.ID saw an 11.4 million average monthly visitors.

Bukalapak

Bukalapak is focused on helping local Indonesian small-to-medium enterprises[2] sell products and services online. This marketplace was initially popular among hobbyists and cyclists for their cheap niche products. They have grown to sell a wide range of goods from health and beauty, tech, fashion, mom & baby to other offerings like automobiles, tickets and vouchers and more.

blibli.com BIG CHOICES BIG DEALS

Blibli goes more for wider appeal and selling as wide a variety of products as possible. Products ranging from affordable fashion and tech items, to luxury items and even groceries show up on this marketplace. As such, the basket values can range from US$ 30 all the way to US$ 70.

> **Around 64 per cent of online purchases in Southeast Asia in 2018 were made via social networks.**

Social commerce platforms

One emerging eCommerce trend in Indonesia is social commerce. Social commerce allows buyers to connect with individual sellers through online social networks like Facebook. Around 64 per cent[3] of online purchases in Southeast Asia in 2018 were made via social networks.

Although relatively nascent in Indonesia, social commerce is growing, given the rapid growth in the number of social media users in the country since 2017. Apart from Facebook and Instagram, there are dedicated social commerce platforms like Kaskus , which started out as an online forum and evolved to leverage its engaged online community by connecting buyers and sellers. Tokopedia also recently raised more funds[4] for its own social commerce platform, Tokotalk.

Other creative social commerce models include that of AirFrov (fig. 2) , an app that matches travellers with people willing to pay to get them to bring back products from overseas. A majority of the requests are for beauty products, but people may also request food and drinks, household items, clothing, gadgets, accessories, and more. AirFrov operates in Singapore and Indonesia.

Customers might purchase directly from businesses for their availability of supply or because they trust the seller or brand. Some successful eCommerce businesses are thriving using these social commerce platforms as a sales channel. On the other hand, online shoppers may turn to other consumers to find unique products or affordable second-hand items, such as on OLX.

But after the customer makes their selection of products online comes the next step: Choosing their preferred payment method.

fig. 1

fig. 2

Popular Payment Methods in Indonesia

CASH ON DELIVERY, CREDIT CARDS AND BANK TRANSFERS

Cash on delivery's usage to pay for eCommerce purchases is still important but isn't as prominent as last time, originally being used for 65.3 per cent of digital purchases[1] in 2017. In 2019, cash on delivery represents 14 per cent of eCommerce payments according to a 2019 survey by JP Morgan[2]. In the JP Morgan report, cards are used for 34% of payments, while bank transfers account for around 26 per cent.

It might be worth considering offering cash on delivery as a payment method when selling to Indonesia. However, not every logistics provider supports this payment method because of the additional payments infrastructure and processes it needs to implement to offer the payment method. Should you decide to offer cash on delivery on your eCommerce site after weighing the pros and cons, it's good to find a logistics service provider who is able to facilitate it.

eWALLETS

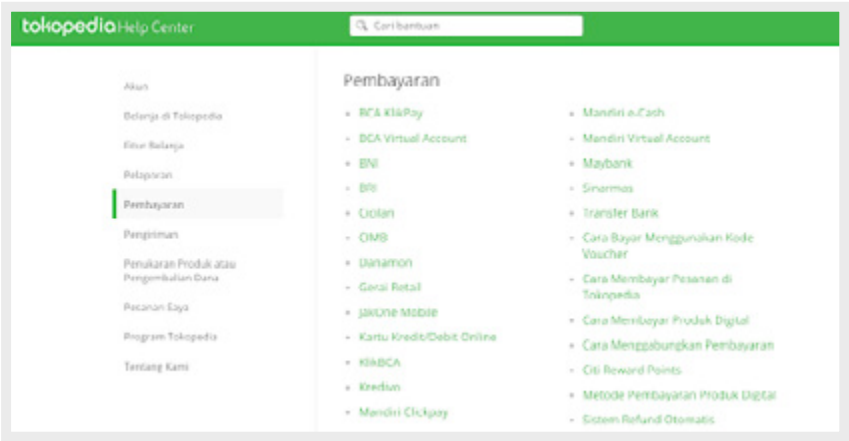
Different eCommerce platforms offer their own eWallets as well, or partner with fintech companies to do so. Alibaba, which owns Lazada, has its own payments platform, Alipay. Go-Jek's Go-Pay can be used by other merchants. In the 2019 JP Morgan report, digital wallets accounted for 20 per cent of payments.

The country's high mobile phone penetration rate has also paved the way for cashless payments to be made via mobile. Tcash is a mobile wallet owned by Telkomsel, the country's largest mobile operator, which had 178 million subscribers as of June 2018. OVO, an eWallet app, was reported to[3] account for 37% of digital payment transaction values in 2019's first half. There are also multiple choices for payment gateway solutions, such as Doku and Xfers.

If that sounds like too much choice, that's perhaps it is. See, for example, Tokopedia's payment options (see figure below).

However, with all the different modes of payment and Indonesia's fragmented online payments space, offering many payment options like Tokopedia's could help you cater to a wider audience.

There are plenty of fintech startups who are offering different payment options, but bear in mind that more established platforms would have a larger user base, and it might be easier to offer these options first. Spread your options by accepting payments from different online platforms, as well as from mobile wallets, credit cards, bank transfers, and of course, cash on delivery. This will also help you avoid diminishing the user experience by forcing shoppers to create an account with your preferred payments platform instead of allowing them to use the one they like.



Reach out to us to find out how you can start offering Cash On Delivery as a payment option to your Indonesian customers at contact@janio.asia

Major eCommerce Shopping Events in Indonesia

Jan/Feb
Lunar New Year

Mar/Apr
Lazada Birthday

May/Jun
Ramadan
(Depends on Islamic Calendar)

Aug 17
Tokopedia Anniversary

Oct 10
Mobile Shopping Day

Nov 11
Singles Day

Dec 12
Harbolnas

Dec 22
Mother's Day

Indonesia's eCommerce promotions calendar has largely been influenced by the boom of investment coming from Chinese firms. Investor influence has caused many of the major eCommerce platforms to adopt the shopping holidays that are popular in China.

11.11

SINGLES' DAY & HARBOLNAS

Singles' Day started in Nanjing University in 1993 when four single guys met on November 11th to discuss 'how to break free of the loneliness and monotony of single life'. It soon grew popular among single Chinese youths. Singles' Day has since become an online shopping festival when Alibaba took the opportunity to launch "Double 11" deals to boost sales during a holiday lull between China's Golden Week national holiday in October and Lunar New Year in January/February.

China's eCommerce giants brought their successful shopping holidays with them as they expanded into Indonesia. Alibaba-backed Lazada adapted it by launching its now-signature 'Online Revolution' campaign that starts with its 11.11 sale event and ends with its 12.12 'Harbolnas' event on December 12th. Large online marketplaces like Lazada and Tokopedia have created their own versions of the 11.11 sale.

Lazada Indonesia created Harbolnas, Indonesia's own 'National Online Shopping Day' on 12.12, by collaborating with other eCommerce platforms like Zalora and Shopee. The goal was to encourage Indonesian consumers to shop online with the idea that if all the eCommerce stores collaborate rather than compete, they could accomplish bigger sales results.

iPrice studied Indonesian online shopping behaviour during Harbolnas in 12.12 and discovered that the top 5 eCommerce platforms were Lazada, Tokopedia, Shopee, Bukalapak, and Zalora, which all experienced huge increases in search interest from 10 am to 1 pm. With more people seeing merchants' product listings, this potentially leads to increased sales.

10.10

With numbers 11 and 12 already taken, Shopee sought to capitalise on another double-number date. In 2016, Shopee launched its 10.10 campaign and ran discounts throughout the week leading up to 'Mobile Shopping Day' on October 10th.

While the promotions Shopee runs during the 10.10 campaign are largely similar to the ones during 11.11 and 12.12, they offer slightly different benefits to consumers, such as earning miles from BNI-Garuda Indonesia when they spend on the Shopee platform and winning prizes from product giveaways held on the Shopee app every day.

CULTURE-DRIVEN SHOPPING SPREE

Even before the rise of eCommerce events, cultural festivals have been popular shopping periods. More recently, consumer spending during these seasons has shifted online due to the convenience and variety that eCommerce provides. Like brick-and-mortar retail outlets, online merchants can leverage the surge in consumer demand during this period of time to drive traffic to their site and increase sales.

Ramadan

The Ramadan month is considered a sacred period for millions of Muslims in Indonesia. During this 30-day period, 87% of Indonesians change their daily routines, spending more time in prayer, fasting, and doing charitable deeds. During Ramadan, many Indonesians also prepare their homes for visits during the upcoming Hari Raya Idul Fitri celebrations held after the fasting month by shopping for house décor, festive food and clothes. As online shopping becomes more prevalent and convenient, more Indonesians turn to eCommerce platforms for their shopping.

Usually, eCommerce platform traffic will peak by Ramadan's 3rd week. This is commonly when companies will pay their Muslim staff their annual bonus, known locally as Tunjangan Hari Raya. This increase in income is to help Indonesians

> **Usually, online traffic on eCommerce platforms will peak by the 3rd week of Ramadan**

with their holiday expenses as this is an extended holiday period with no work. In addition, Tunjangan Hari Raya payments also spur holiday shopping in Indonesia. With only two weeks until Hari Raya Idul Fitri, the celebratory mood kicks in, spurring people to shop more. Even in Ramadan's 4th week, online traffic remains high as last-minute online shoppers swarm online marketplaces. The advent of same-day delivery and more efficient and secure payment options have given Indonesians the confidence to make last-minute online purchases before the celebrations start.

During Ramadan, fashion products are popular items as Indonesians buy new clothes to celebrate Hari Raya Idul Fitri. Local fashion brands actively showcase their latest Raya collections and advertise their deals through multiple channels including online advertisements and social media posts across the country. Fashion retailers usually put their traditional Muslim clothing in the limelight as Indonesians prefer traditional and conservative clothing during this sacred period.

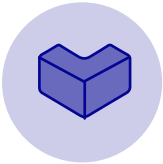
Subsequently, online traffic will dip at the start of Hari Raya itself as Indonesians focus more on celebrating with friends and family. After Hari Raya, online traffic on eCommerce platforms will surge again as Indonesians look to spend the 'Duit Raya' collected during the celebrations. These are monetary gifts placed in green packets given by relatives or salary bonuses from employers.

The online shopping surges throughout Ramadan and Hari Raya present a golden opportunity for merchants to offer competitive discounts and promotions that will drive traffic towards its product listings and encourage purchase decisions.

OTHER NOTEWORTHY ECOMMERCE EVENTS

Lunar New Year

Which usually occurs in January or February. Indonesian Chinese would shop for new clothes and items in preparation for Lunar New Year in the weeks leading up to the celebrations. Merchants in the fashion industry can use this period of increased online shopping to sell relevant products.



Lazada Birthday Festival

Lazada celebrates its birthday between March and April, so it's good to stay updated on when they'll hold it each coming year. Like many eCommerce campaigns, it will offer discounts, giveaways and promotions on many of its items. As Indonesia's top-ranking eCommerce platform, its birthday sales have a significant influence on driving up online sales. Merchants should consider listing their products on Lazada and joining the campaign during this period.

Tokopedia Anniversary

Tokopedia's birthday falls on the same day Indonesia celebrates its independence – 17th August. As Indonesia's 2nd most visited eCommerce platform, its anniversary sale campaign is also a huge opportunity for merchants to boost sales.

Mother's Day

Also known as 'Hari Ibu' in the Indonesian language, is celebrated on December 22nd. On this day, people usually send gifts, flowers, and greeting cards to mothers and wives. Merchants selling women's clothes, cosmetics and other typical gift items should consider running a Mother's Day promotion, ranging from discounts to bundled gift cards and complimentary gift-wrapping services.

TYPES OF PROMOTIONS MERCHANTS CAN RUN

The constant throughout Ramadan and all the online shopping seasons we have mentioned above is the draw of discounts and promotions. Today, there are many ways eCommerce marketplaces and online merchants can promote their items to attract more customers during huge sales periods.

Cart coupons

These usually come in three forms: site-wide, category-specific, or shop-specific/brand-specific. Users receive a code they can enter upon checkout. These codes tend to have a minimum spending quota if they're lump-sum discounts (e.g. $10 off min $20 spending) or a maximum discount amount if they're percentage-based discounts (e.g. 50% off purchase, capped at $10). On marketplaces, merchants can offer seller vouchers specific to their store whereas cart coupons issued by the eCommerce platform are usually specific to a product category or can be used across all products. Depending on the platform or site's policy, customers can either check out with one type of voucher at a time or both.

Campaign discounts

Merchants offer discounted prices on their product listings throughout the campaign period. Typically, merchants put larger discounts on older items to clear stock and on new products as a 'new release sale' to encourage adoption.

Flash sales

Items participating in flash sales usually see larger price reductions compared to campaign discounts albeit the discount only lasts for a short duration. On marketplaces, items on flash sale are usually featured on the marketplace's front page, increasing its visibility to online shoppers. This is also done on standalone eCommerce sites by individual merchants.

During campaigns like 11.11, Lazada reduces its prices by offering discounts, 1-for-1 promotions and having hourly flash sales. Lazada's partner merchants also offer special rewards when consumers spend on the Lazada platform. In addition, lucky draws are also held where users get more chances to participate the more they spend.

In 2017, online shopping aggregator iPrice analysed online shopping behaviour[1] in

Indonesia during the Singles' Day period. Search interest in Lazada spiked at 1 am in the morning and 1 pm in the afternoon, likely due to the flash sales that Lazada runs at those timings involving the number '1'. Items participating in the flash sale during these two timings saw increased purchase rates as they benefit from higher web traffic and from being featured on the marketplace's front page.

> **Search interest in Lazada spiked at 1 am in the morning and 1 pm in the afternoon...**

Surprise boxes

Originating from the Japanese New Year custom of 'Fukubukuro[2]', merchants fill boxes with an unknown variety of goods and then sell it at a heavily discounted price. The box's contents are usually kept secret, with only the product type or brand revealed to customers. Surprise Boxes usually attract customers who want huge discounts and aren't picky about what they'll get. Mileage of surprise boxes may vary, depending on the popularity of the brand and type of items featured.

This is an opportunity for merchants to take their previous season inventory off their shelves. Beyond just clearing old stock, you could also introduce less-popular products to consumers who may not buy it when sold on their own. Merchants should ensure that the items they include in the surprise boxes are desirable, on top of being more valuable than the surprise box's listed price, to encourage repeat customers the next time new surprise boxes are released.

While you're deciding on marketing & sales tactics to increase your sales during these online shopping seasons, it is important to remember the logistics required after customers click the 'purchase' button. The boom in product sales during online shopping seasons could possibly put a strain on most logistics service providers' delivery capabilities.

Apart from competitive prices, reliable shipping also plays a critical part in building customer satisfaction and retention. When it comes to this, it's good to think of the kind of shipping model you should adopt when serving the Indonesian market, especially if you're entering it for the first time.

02

SHIPPING TO INDONESIA

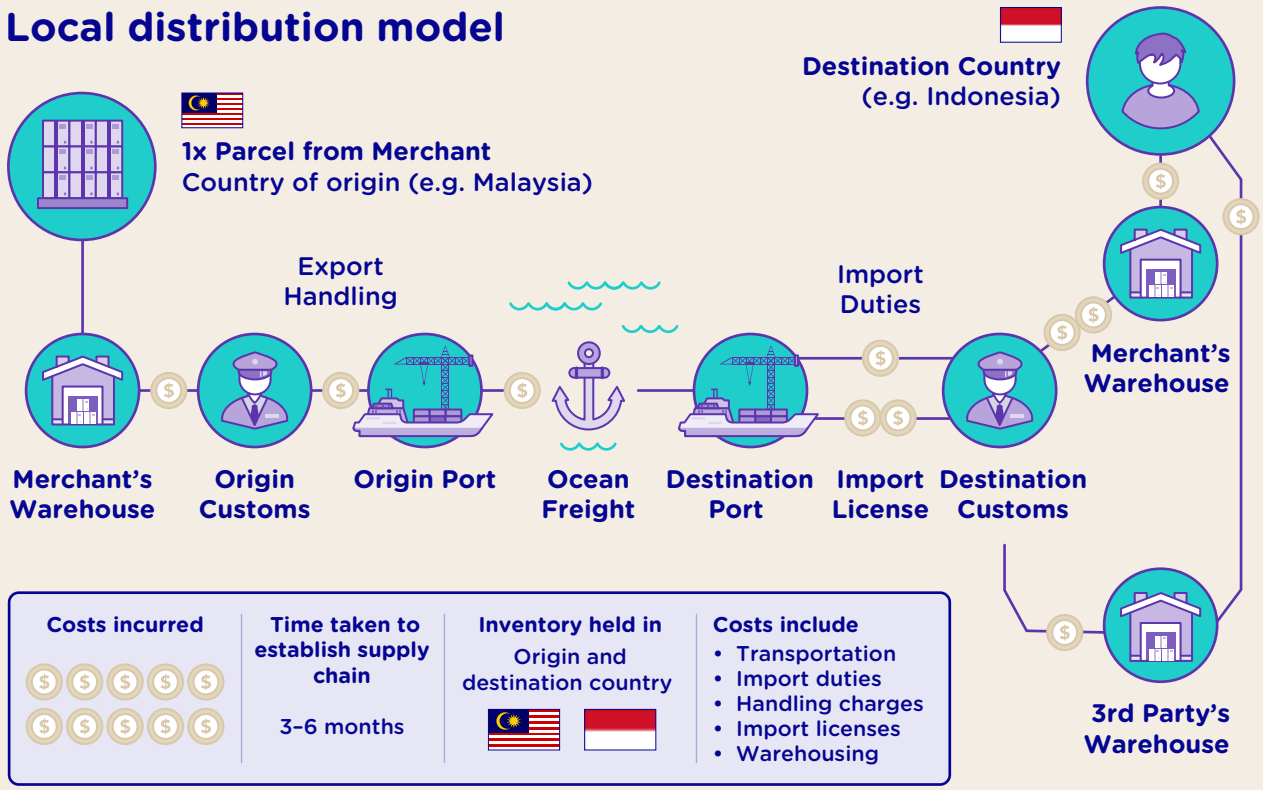
Getting Your Products into Indonesia: Why You Should be Doing Cross-border Shipping

Cross-border shipping model

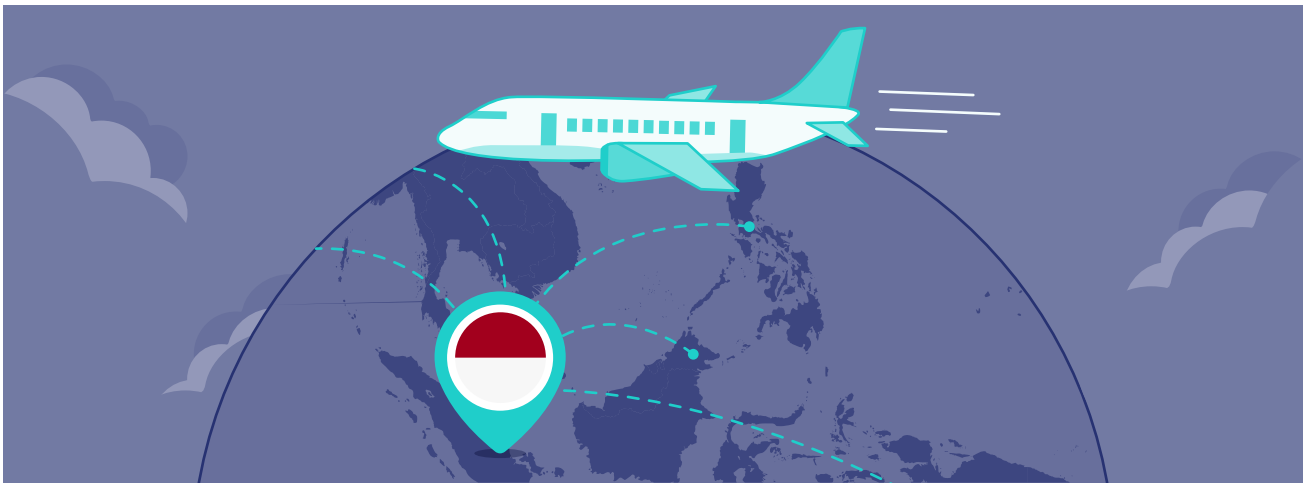
LEGEND $ - costs incurred by merchant

Costs incurred	Time taken to establish supply chain	Inventory held in	Costs include
$ $ $ $ $ $	1–2 days	Origin country	• Transportation • Import duties • Handling charges

Local distribution model



Costs incurred	Time taken to establish supply chain	Inventory held in	Costs include
$ $ $ $ $ $ $ $ $ $	3–6 months	Origin and destination country	• Transportation • Import duties • Handling charges • Import licenses • Warehousing



When thinking of the logistics for a new market you'll be serving, you need to factor in elements such as delivery speed, costs of delivery such as warehousing and freight and more. All of these factors might get overwhelming when deciding which shipping model you should use, so to help you out here's a quick comparison between local distribution models and cross-border shipping models.

Cross-border shipping occurs when goods are transported from one country to the next, with no inventory being stored in the destination country. The goods will go through customs and import duties may have to be paid depending on existing trade agreements. In the case of cross-border eCommerce, cross-border shipping only needs to occur when a sale has been made.

As an alternative to cross-border shipping, creating a local distribution model involves setting up warehouses and managing fleets to manage deliveries in the destination country. Often, this is done to reduce time between receiving orders to fulfillment as the inventory is kept closer to the country. It is vital to estimate demand carefully to prevent stock-outs or oversupply.

INVENTORY EXPOSURE AND INITIAL INVESTMENTS

Holding on to inventory at any given moment involves certain risks. This risk is known as inventory exposure, which comes from inventory storage costs, spoilage costs, and obsolescence. Setting up logistics systems in other countries also involves initial investments in operations like warehousing.

> **Holding on to inventory at any given moment involves certain risks.**

While it is tempting to have inventory closer to your customers, creating your own local distribution model requires a lot of initial investment. For this model, you'll need to set up and maintain offices, teams, import licenses, warehouses and fleets to handle your inventory in the target country, which are heavy financial commitments. You'll also need to register for a TDG (Tanda Daftar Gudang) to register your warehouse in Indonesia among other requirements, which could take time to set up.

In addition to the high initial investment, each component mentioned could lead to higher storage costs and operating expenditure in the target country compared to cross-border shipping. This results in inventory exposure in that market, which is risky if demand for your item turns out lower than anticipated.

With the cross-border shipping model, your inventory exposure will not be as high as a local distribution model if you run a centralised logistics model. This is because storage costs are incurred only in the origin or hub country with a centralised logistics model.

On top of that, shipping costs are only incurred when sales have been made when using a cross-border shipping model. Therefore, you'll have

guaranteed revenue on each parcel that you ship to the target country. This makes cross-border shipping a cheaper and more flexible logistics option when initially entering new markets.

Your inventory will run the risk of becoming obsolete with either model, so it is vital that you have strong data to estimate demand in your target country. It could be a good idea to test demand via cross-border shipping first before making any heavy investment commitments when you are expanding to new markets.

CROSS-BORDER SHIPPING ALLOWS FOR RAPID DEPLOYMENT

Using a local distribution model can involve high amounts of initial lead time. In some countries like Indonesia, it could take around 6 months before you obtain your import license that is compulsory for a local distribution model, and more time is needed to establish teams, stores, and fleets.

For example, you'll need to apply for the Customs Identification Number (Nomor Identitas Kepabeanan, NIK), and an Importer Identification Number (Angka Pengenal Import, API) before they can begin local operations in Indonesia. This slower time-to-market could cost you potential sales.

> **Improved time-to-market for your products is key in a fast-paced environment**

Existing cross-border shipping partners have logistical infrastructure, licenses and expertise already in place, reducing the set-up time to that of researching the right partners and registering with them. This improves the time-to-market for your products which is key in a fast-paced environment.

CROSS-BORDER SHIPPING ALLOWS FOR GREATER GEOGRAPHICAL REACH

Local distribution models are usually limited to the geographical area the hub is situated in, and setting up additional supply lines to rural areas will take time. This could slow down sales expansion plans.

By using cross-border shipping, your goods will be able to reach even rural parts of various target countries depending on how extensive your cross-border fulfilment partner's network is. By registering with the right partner, you will have access to multiple countries with relatively short set-up time.

CROSS-BORDER SHIPPING IS IDEAL FOR TESTING DEMAND IN NEW MARKETS

With its lower initial investment, lower inventory exposure, faster time-to-market, and potential geographical reach, cross-border shipping offers a flexible and effective way of serving the region. For these reasons, cross-border shipping is more suitable for testing demand in the market compared to using a local distribution model.

In summary, cross-border shipping is a flexible and low initial investment way of fulfilling Indonesian eCommerce sales. Rapid deployment and close to zero fixed costs makes this fulfilment model potentially more lucrative than the traditional local distribution model. This can be helped by finding the right cross-border fulfilment partners can save you a lot of time and effort that can be spent growing your business and brand instead. Having payment option flexibility and real-time tracking also helps keep customers at ease. Reliable deliveries can build trust which is paramount in eCommerce.

After deciding on which shipping model is best for you, it's now time to find out how you can begin shipping to Indonesia.

Janio has operations and partners in many SEA countries.
To find out how we can get your products to major markets in Southeast Asia, reach out to us at contact@janio.asia

Shipping to Indonesia in 6-steps

Figuring out how to ship to Indonesia for the first time can feel daunting. You will need to find a logistics provider who can reach your Indonesian customers, know what you can and cannot ship into the country, and how to collect payment for your products.

While the shipping experience may vary from carrier to carrier, here's an outline of the general shipping procedure you need to follow:

1. FINDING THE RIGHT SHIPPING PARTNER

Tapping into Indonesia's eCommerce market through a cross-border model may be lucrative, but also challenging. Customs paperwork tends to be long and complicated if you are shipping on your own. Last mile delivery is challenging in places with underdeveloped infrastructure and some regions prefer not to use online payment methods, which may scare away potential customers who are not comfortable with paying by credit card or online banking.

Many challenges can be overcome with a little bit of help and planning. Indonesia's eCommerce potential has drawn newer logistics partners to the table who aim to solve these issues. When seeking out logistics service partners, look out for those who can help with the following:

Navigating Indonesian customs regulations

When shipping to Indonesia, staying up-to-date on all their changes to customs regulations could be difficult and time-consuming.

Pre-shipping preparations

- ☑ Engage shipping partner
- ☑ Package products
- ☑ Choose service level
- ☑ Provide package details
- ☑ Print shipping labels & documents for your package(s)
- ☑ Pass package to carrier

There are logistics companies which specialise in or offer help in navigating these regulations. Some of them also have automated processes to ensure that your paperwork is up-to-date and complete. This helps your shipments move smoothly through customs, ensuring on-time delivery and satisfaction.

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Overcoming last mile and reverse logistics challenges

Some customers could be in rural or hard-to-reach areas, where larger forwarders could charge high premiums to ship to. Logistics companies with strong partners or have developed infrastructure can help overcome last mile delivery challenges at more competitive rates.

Real-time tracking

Manually tracking the shipment through calls and emails and ensuring that each partner fulfils the delivery would distract from further building your business. Real-time tracking of the delivery progress of a parcel can help keep your customers less anxious about their delivery and reduce the chances of them contacting you to check on delivery statuses.

Finding a logistics partner with this capability can save you a lot of time and also provides customers with much needed assurance and transparency.

Easy to use software

Managing multiple logistics partners at once to save on shipping costs could be a time-consuming and complicated exercise. Some logistics partners have software that allows you to manage your entire supply chain network on one platform, making it easy to manage your logistics partners. This is in addition to an online dashboard that simplifies delivery order submission in a hassle-free way, taking out much of the complexity in managing your logistics.

Facilitates preferred local payment methods

Providing cash on delivery (COD) in Indonesia is highly recommended. Having a logistics partner that can facilitate payment options that local consumers are comfortable with could lead to more sales.

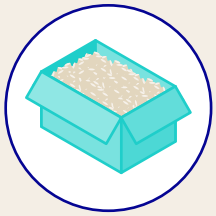
2. PACKAGING YOUR PRODUCTS

Appropriately packaging your products for shipment is important in cross-border shipping. There are many ways to package your products for shipment: boxes, envelopes, poly mailers, and mailing tubes. Including additional packing materials, such as bubble wrap and packing peanuts, helps to prevent your products from bouncing around within the package during shipment.

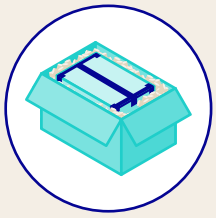
Basic Packing Methods

Polyurethane bag

Single box with wrapped item



Single box with filling materials



Box-in-box method

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3. CHOOSING THE RIGHT LEVEL OF SERVICE

Carriers usually offer multiple tiers of service in shipping. These delivery options mainly differ in the features they offer, such as:

Delivery time

Weight limit

Whether they offer track & trace

Free pick-up at origin address

Compensation in the event of loss of shipment

Typically, the more features offered, the higher the shipping fee is. Choose one that best suits your shipping needs and budget.

4. PROVIDE PACKAGE DETAILS

Carriers will need merchants to provide package details to generate the documentation required by Indonesia's customs. The type of information carriers most commonly require are:

- Sender's details and address
- Recipient's details and address
- Country of manufacture
- Declared value and the currency
- Harmonised System (HS) Code of Item[1]
- Item Description
- Item weight and dimensions
- Item quantity

Always check that this information has been entered accurately. An invalid recipient address will incur additional costs in customs and shipping charges when the shipping company sends the packages back to you. Under-declaring the value of the items of your shipments on the commercial invoice could result in a fine if the custom clearance agencies suspect that the declared value is below actual price. The courier may also charge you additional fees for undervaluing your goods.

5. PRINT THE SHIPPING LABELS AND DOCUMENTS AND ATTACH THEM TO YOUR PACKAGE

Paste the shipping label, which contains the information you've entered in the previous step, securely onto the parcel. The addresses and barcodes on the shipping label must be in clear view for the scanning of details during the shipping process. Place all supporting documents inside a clear plastic pocket and tape it onto the package. Do note that some of these documents, such as the Customs Declaration and commercial invoice, will require your signature.

6. PASSING THE SHIPMENT TO THE CARRIER

Depending on the delivery option selected and service level it offers, the carrier will collect the package from you either at the sender address you specified or at one of their drop-off points in the origin country.

If your selected service level includes track and trace, you'll receive a tracking code for your package after your carrier receives the package. Your customer can also use this tracking code to find out where your package currently is.

CHAPTER 3

Customs Clearance and Collecting Cash on Delivery in Indonesia

While actions required of the sender usually ends once the package is in the carrier's hands, the shipping journey involves many more processes that your shipping partner carries out on your behalf. The following are two examples of key processes that occur when shipping to Indonesia:

CUSTOMS CLEARANCE

Indonesia's customs require extensive documentation prior to clearing goods for import. For this, most carriers engage experienced local customs brokers who understand Indonesia's standard operating procedures and documentation.

Minimally, the carrier presents a pro-forma invoice, commercial invoice, certificate of origin (if needed), airway bill, packing list, and insurance certificates.

Certain product types, like food and pharmaceuticals, may need additional certificates to be sent to relevant regulatory agencies. Additionally, Indonesian Customs will charge an import duty for incoming goods based on the goods classification from Indonesian Customs Tariff Book or Harmonized System Code.

The process of providing the documentation is as follows:

1. The carrier will notify the customs office prior to the arrival of goods and submits import documents electronically through electronic data interchange in a standardised format.
2. The customs office will conduct a physical inspection of imported goods.

All imported consumer goods must have a label which identifies the importing agents. The Indonesian customs requires information on product labels to be clearly written or printed so that it can be easily seen and understood. Product labels should be written or printed in the Indonesian language, Arabic numbers, and Latin letters. The use of other languages will only be permitted when there are no matching terms in the Indonesian language, or if the goods are to be subsequently traded abroad.

Additionally, the following are prohibited on labels:

- Claims on the effect of the product on health, whether preventative and/or curative
- Incorrect or misleading information
- Comparisons to other products
- Promotion of certain similar products
- Any additional information that has not yet been approved

Besides the above, there are a lot more processes for controlled items such as permit application processes.

To ensure that your package doesn't get stuck in customs, it is important to work with a logistics provider who is well-versed with the latest developments in customs regulations to better navigate the ever-changing landscape of customs processes.

Our custom's clearance expertise can help your products get through Indonesian customs without a hitch. To find out how, you can reach out to us at contact@janio.asia

COLLECTING CASH ON DELIVERY

When your customers choose to pay for their purchase via cash on delivery, the last mile fulfilment stage of your supply chain becomes more complicated.

What happens during cash on delivery:
Online merchants will specify the amount to be collected in cash upon delivery when they pass the parcel to the logistics provider.

The logistics provider generates an invoice-cum-delivery challan, which indicates delivery details as well as the value of goods delivered, and attaches it to the parcel for easy retrieval.

The deliveryman is authorized to collect the cash payment from the recipient immediately upon the successful delivery of the parcel. While it may be called 'cash on delivery', some logistics providers accept card payments and hence, the deliveryman may also carry a card swiping machine.

The deliveryman deposits the collected cash in his office. The logistics provider will hand over the cash to the online merchant, usually in the original currency paid i.e. rupiah, after deducting applicable handling charges. Some logistics providers offer additional currency conversion services which convert the rupiah collected into the currency of the merchant's country before transferring the money.

In Indonesia, depending on who you're targeting, offering cash on delivery in your payment options is recommended because it will help customers feel more comfortable buying from your eCommerce store. Bear in mind though that not every logistics provider support cash on delivery because of the additional payments infrastructure and processes required to offer this payment option. Should you decide to offer cash on delivery on your eCommerce site after weighing the pros and cons, find a logistics service provider that is able to facilitate it.

Cross-border shipping, especially the back-end processes, might sound very complicated. Fortunately, merchants can engage logistics providers who offer fulfilment services that will manage the packing, labelling, shipping and customs clearance of parcels on the merchants' behalf. Having a reliable and proficient shipping partner can help solve the troubles you may encounter and ensure seamless cross-border shipping to Indonesia.

Reach out to us to find out how you can start offering Cash On Delivery as a payment option to your customers at contact@janio.asia

conclusion

FINAL TIPS ON DOING ECOMMERCE IN INDONESIA

For eCommerce players around Southeast Asia, Indonesia's large population, online activity, and growing consumer class are certainly enticing. But just because the pie is big, it doesn't mean you should immediately dive straight in. There are some things you need to consider before entering the Indonesian market.

Customs clearance MAY BE SLOW

To avoid delays and reduce the chances of mistakes, make sure you have complete documents and requirements for customs clearance . It also helps to have a partner who has customs clearance experience in Indonesia.

Indonesia is an archipelago

Some areas will be more difficult and expensive to reach than others. Consider this when estimating delivery times, as well as when choosing your shipping model, be it cross-border shipping or local distribution.

Provide a great user experience

User experience plays a big role in winning and keeping customers. You not only have to beat the competition—you also have to make your online store visually appealing on smartphones' small screens, and make sure it works smoothly despite the country's average mobile Internet connection speed of 9.82mbps.

You don't have to go it alone

It's also good to have help when entering new markets. Make sure you have a trustworthy logistics service provider and a good local seller-partner with in-depth knowledge and understanding of the country's eCommerce and logistics trends, challenges, and opportunities to make the most of entering Indonesia's eCommerce market.

Lastly, given Southeast Asia's diversity,
it's wise to observe and learn.

Analyse what makes some eCommerce businesses succeed and what makes others fail. Understand their culture, work with local partners, and steadily win your slice of ASEAN's biggest eCommerce pie.

Looking for a shipping partner to help you deliver in Indonesia?
Reach out to us at contact@janio.asia and start shipping to Indonesia now.

contact us

Should you require more detailed information or assistance on this or even tips on setting up your online store in Indonesia through our partners, you may contact us or schedule a complimentary consultation.

www.janio.asia

contact@janio.asia

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INTERNATIONAL SHIPPING TO SOUTHEAST ASIA AND BEYOND

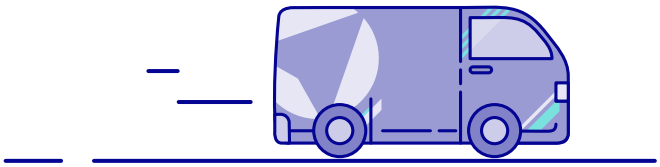
Contact our experts to learn more about shipping within Southeast Asia and contact our experts to learn more about shipping within Southeast Asia as well as our international shipping services.

CONTACT US

janio
Asia's Logistics Simplified

Janio is a logistics service provider which can help you fulfil your international eCommerce shipments across Southeast Asia.

For a reliable and comprehensive shipping solution throughout Southeast Asia, contact us today.



we love your feedback!

Was this guide helpful?
Is there something else about Indonesia eCommerce that you are interested in?

Drop us a line at
contact@janio.asia
and share your ideas!

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