

tokopedia



MSMEs SURVIVE, GROW, AND THRIVE DURING THE PANDEMIC THROUGH DIGITAL ADOPTION



BASED ON RESEARCH BY LPEM FEB UI:

SUPPORTED BY:



MSMEs SURVIVE, GROW, AND THRIVE

DURING THE PANDEMIC THROUGH DIGITAL ADOPTION

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PERSPECTIVE

“I hope this great opportunity will bring potential collaborations, especially in terms of the programs and initiatives that are oriented toward recovering, developing, and strengthening MSMEs in the nation. I would also like to thank Tokopedia for always helping and supporting MSME players in Indonesia, especially by accelerating the digitalization of MSMEs, which have become the backbone of national economy.”

Cooperatives and Small and Medium Enterprises Minister,
Teten Masduki



“As the flagship platform and Indonesian champion, we hope that Tokopedia’s collaboration with the Ministry of Trade will become an example of the use of technological innovations that could provide solutions, from upstream to downstream, to empower MSMEs in Indonesia. We also hope that Tokopedia will continue to help business actors, especially MSME players, to market domestic products.”

The Minister of Trade of the Republic of Indonesia,
Muhammad Lutfi



PREFACE

The past year has not been easy. Covid-19 presented many challenges and required us to make adjustments, and adopt new habits which significantly impacted economic activities in Indonesia. Nevertheless, I believe that in every challenge and crisis faced by our nation, a defining generation will go down in history.

For more than a decade since Tokopedia was founded, we have never seen a period of digital transformation as fast and as important as today. From this pandemic, we have witnessed firsthand the birth of the transformation generation; a strong and resilient

generation. Despite the hurdles, many found opportunities to survive, grow and thrive through digital adoption.

At Tokopedia, we believe that we can always take part in keeping the economy running. This year marks Tokopedia's 12th year moving alongside Indonesia; from advancing the nation through technology, creating bridges to connect people, and helping everyone grasp every opportunity and achieve more. Throughout this difficult time, we continue to stay committed to our principle to be #AlwaysPresentAlwaysAble for the people of Indonesia.



In the midst of the pandemic, I believe that MSME players, including the sellers at Tokopedia, are the driving force behind the nation's economic recovery and one that contributes to fulfilling the needs of all Indonesians. As an Indonesian technology company, we believe that Tokopedia can help Indonesians survive the pandemic era through technology.

As such, Tokopedia provides a vast platform for over 10 million business owners to collaborate, grow their business, and innovate with us. Through Tokopedia,

we support more than 100 million people in Indonesia to fulfill their everyday needs while striving to democratize commerce through technology in Indonesia.

Among my prayers and hope is that the pandemic does not stop us from moving forward. With the spirit of mutual cooperation, I believe we can get through this together.

William Tanuwijaya
CEO & Founder Tokopedia



ONLINE SELLING BECOMES A SAVIOR AMIDST THE PANDEMIC

Business owners impacted by the Covid-19 pandemic have begun to move toward online platforms. Tokopedia has become their preferred platform to stay afloat during the crisis.

ORDER FREQUENCY CONTINUES TO INCREASE

The Average Growth of Order Frequency During the Pandemic in Regions that Enforce PSBB

BUSINESS OWNERS' VARIOUS REASONS TO SELL ONLINE

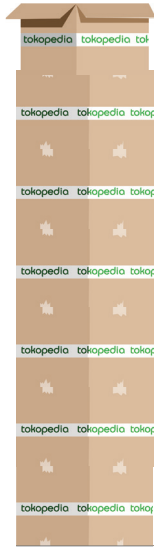
Online selling has helped to revive the pandemic-affected businesses and presented them with various advantages.

68.6%

of Tokopedia's merchants are their families' sole breadwinners



43.5%



Better time flexibility Income

41.6%



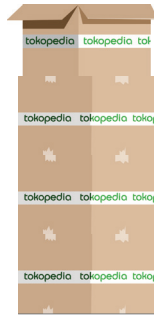
Loss due to PSBB

35.4%



Breadwinner loses income

31.1%



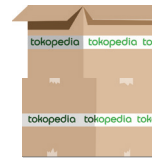
Reduced income of offline business

25.6%



Smaller risk than offline business

16%



Laid off from previous work



January-February



March-April



May-June



July-August

*) Relative comparison to the number of orders in the first week of 2020



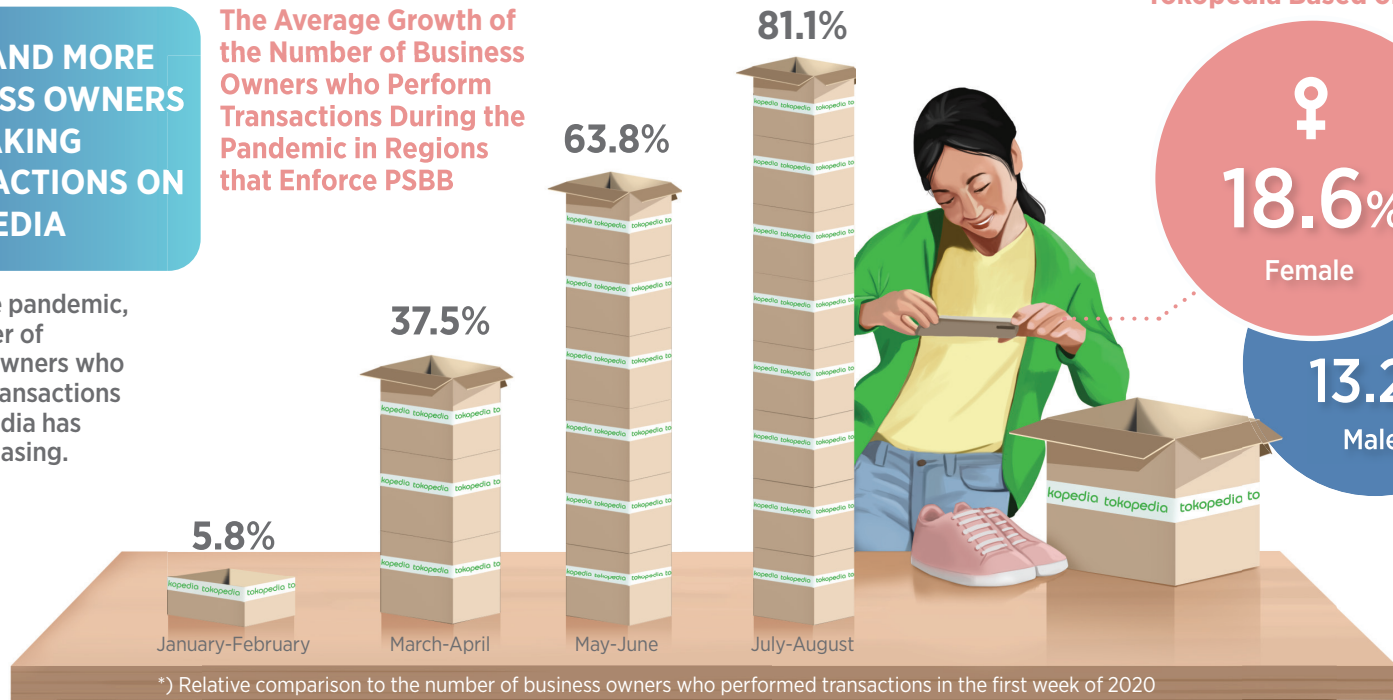
MSMEs CONTINUE TO SURVIVE AND GROW

The growing number of business owners on Tokopedia are testament to their ability to stay afloat amidst the pandemic.

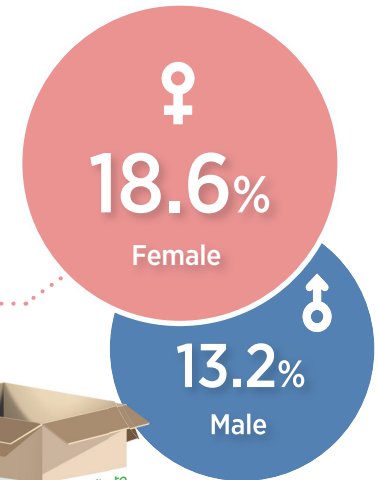
MORE AND MORE BUSINESS OWNERS ARE MAKING TRANSACTIONS ON TOKOPEDIA

During the pandemic, the number of business owners who perform transactions on Tokopedia has been increasing.

The Average Growth of the Number of Business Owners who Perform Transactions During the Pandemic in Regions that Enforce PSBB



The Percentage of New Business Owners on Tokopedia Based on Gender



A SURGE IN FEMALE-OWNED BUSINESSES

Tokopedia is offering a chance for anyone, especially women, to start a business. The percentage of new female business owners is 5.4 point higher than male.

SALES VOLUME CONTINUE TO INCREASE

There has been a shift in the sales channel as business owners move toward the marketplace platform. Tokopedia has become the most preferred marketplace, both before and during the pandemic. The number of sales volume has been increasing drastically.

A SOARING NUMBER OF SALES VOLUME ON TOKOPEDIA

7 out of 10 business owners experienced an increase in sales volume with a median of

133%

The Percentage of Business Owners Based on the Growth of Sales Volume on Tokopedia

24.8%



Decrease

1%



Steady

74.2%



Increase

TOKOPEDIA IS THE MAINSTAY

Sales Portion from Various Platforms Before and During the Pandemic



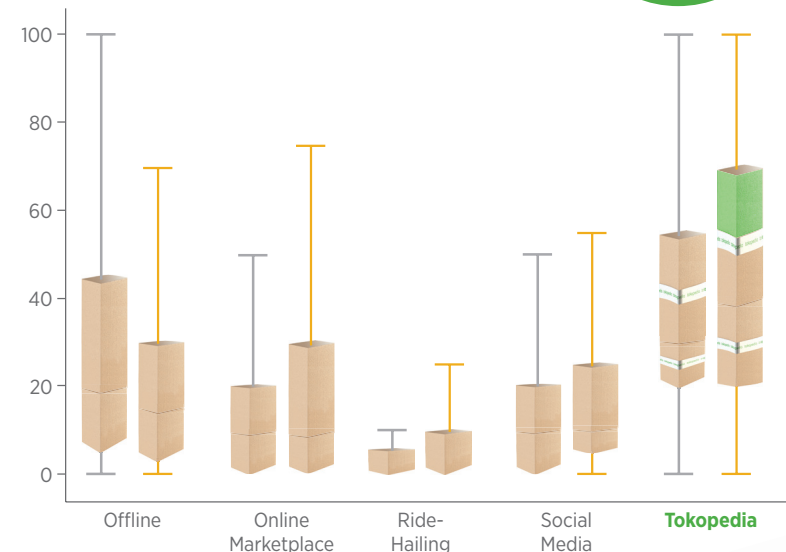
Before the Pandemic



During the Pandemic

Amidst the pandemic, the sales portion on Tokopedia has increased as much as

10 points



A PLATFORM FOR BUSINESS OWNERS TO INNOVATE

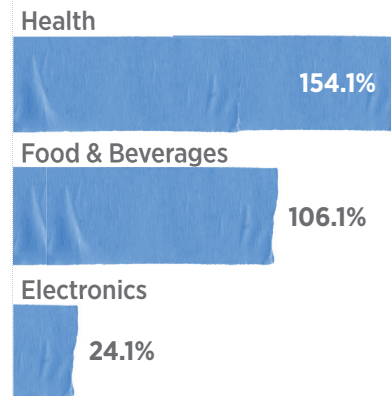
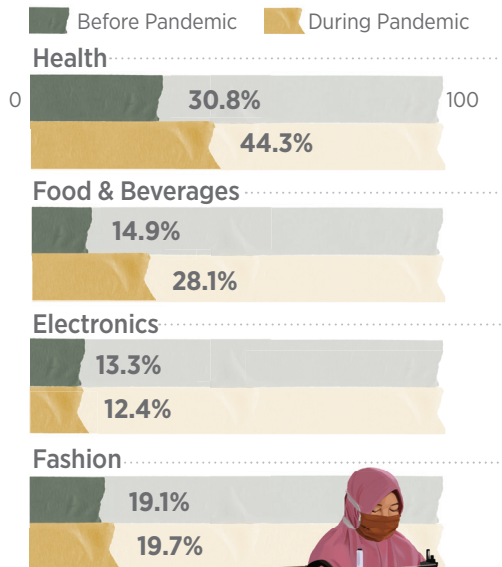
Tokopedia has become a platform for business owners to innovate and develop their products amidst the pandemic. Based on Tokopedia's internal data, the number of merchants selling health products and food and beverages have experienced the most significant increase.

THE NUMBER OF MERCHANTS SELLING HEALTH PRODUCTS AND FOOD AND BEVERAGES IS THE HIGHEST DURING THE PANDEMIC

GROWTH IN TRANSACTION VALUE PER CATEGORY DURING THE PANDEMIC

OTHER CONSUMERS' FAVORITES

Tokopedia's internal data



Fashion
-6.9%



>3 times
Animal care



Almost
2.5 times
Books



>2.5 times
Crafts

SOURCE:
• RESEARCH BY LPEM FEB UI
• TOKOPEDIA'S INTERNAL DATA

REINFORCING ECONOMIC EQUALITY THROUGH DIGITAL

As online shopping and buying-related activities in provinces increase, Tokopedia actively contributes to improving the economic equality in Indonesia through technology.

INCREASE OF INCOME IN VARIOUS AREAS

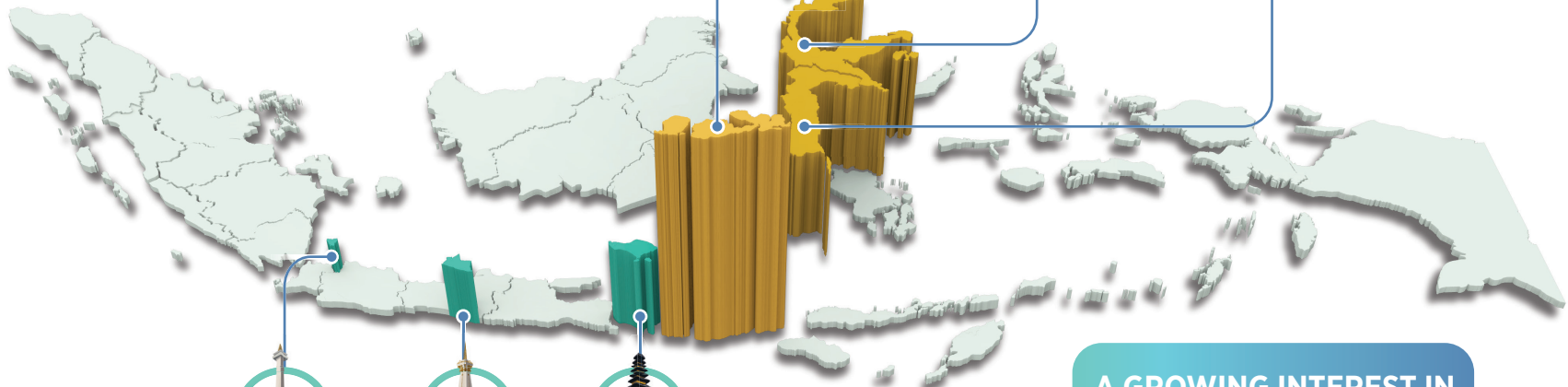
Business owners in several provinces have experienced an increase in their sales on Tokopedia during the pandemic.

Three Provinces with the Biggest Increase of Income During the Pandemic

144.6%
West Nusa Tenggara

73.4%
Central Sulawesi

73.3%
South Sulawesi



A GROWING INTEREST IN STARTING A BUSINESS

More and more people in different areas are getting into online business during the pandemic.

Three Provinces with the Highest Increase in the Number of Business Owners During the Pandemic



HOW THE PANDEMIC CHANGED CONSUMPTION PATTERNS

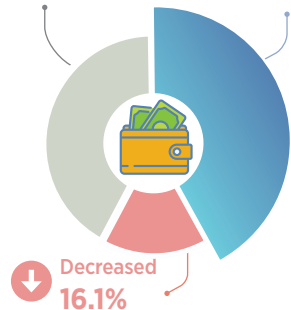
The Covid-19 pandemic has changed the patterns of consumption in society. People have been spending more on their health needs, hobbies, and bills during the pandemic.

42.1%

OF CONSUMERS HAVE REPORTED AN INCREASE IN EXPENSES DURING THE PANDEMIC

Consumers Spending During the Pandemic (2020)

Unchanged 41.9% Increased 42.1%



AN INCREASE IN THE CONSUMPTION OF HEALTH PRODUCTS, HOBBY EXPENSES AND BILLS

44.3% of the buyers are wives

who state that their consumption of essential products, like masks, health products and food have increased during the pandemic.

NOTE:



Essential products (masks, health products & food)



Hobbies (gaming, cycling) and home improvement



Bills (water, electricity, internet)

Increase in Consumption WIFE



44.3%



14.6%



19.5%

Increase in Consumption CHILD



35.8%



32.8%



14.5%

Increase in Consumption HUSBAND



31.2%



24.6%



22%



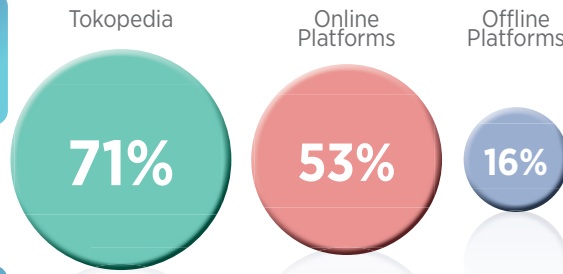
SOURCE: RESEARCH BY LPEM FEB UI FEB UI

PANDEMIC ENCOURAGES ONLINE SHOPPING

More buyers have shown an interest in online shopping during the pandemic. Other than the attractive promos offered by the platforms, the buyers are also drawn by online shopping because it minimizes the possibility of contracting the virus.

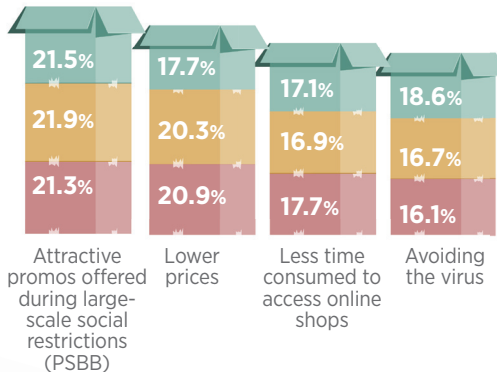
ONLINE SHOPPING IS ATTRACTING MORE BUYERS

The Average Increase in Consumer Spending Per Month Before and During the Pandemic



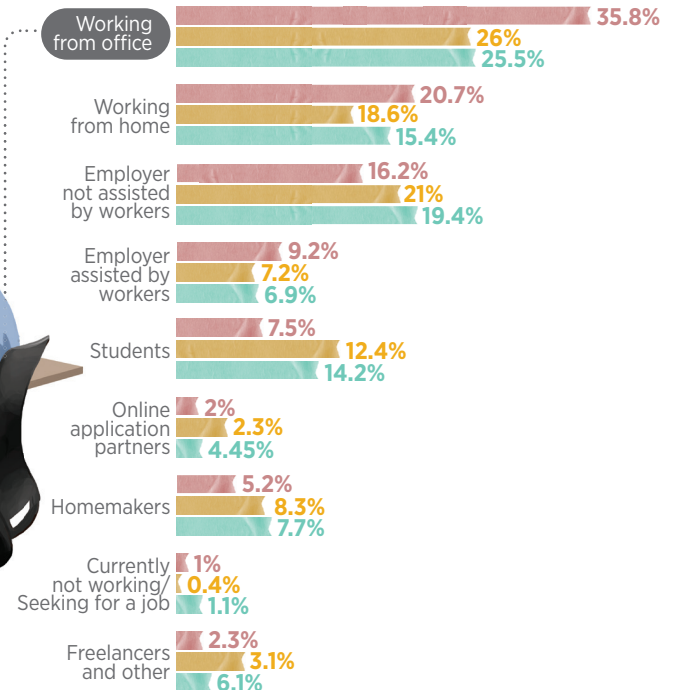
ATTRACTIVE PROMOS ARE A REASON TO SHOP ONLINE

Reasons to Shop on Online Platforms



MORE PEOPLE FROM ALL WALKS OF LIFE RELY ON TOKOPEDIA AS ONLINE SHOPPING PLATFORM

During the pandemic, there is a surge in new consumers, consisting of homemakers, students, online application partners, self-employed people, and freelancers



Existing consumers: Had been registered and shopped online before the pandemic

New Consumers Type 1: Registered on Tokopedia since the pandemic but had shopped online before the pandemic

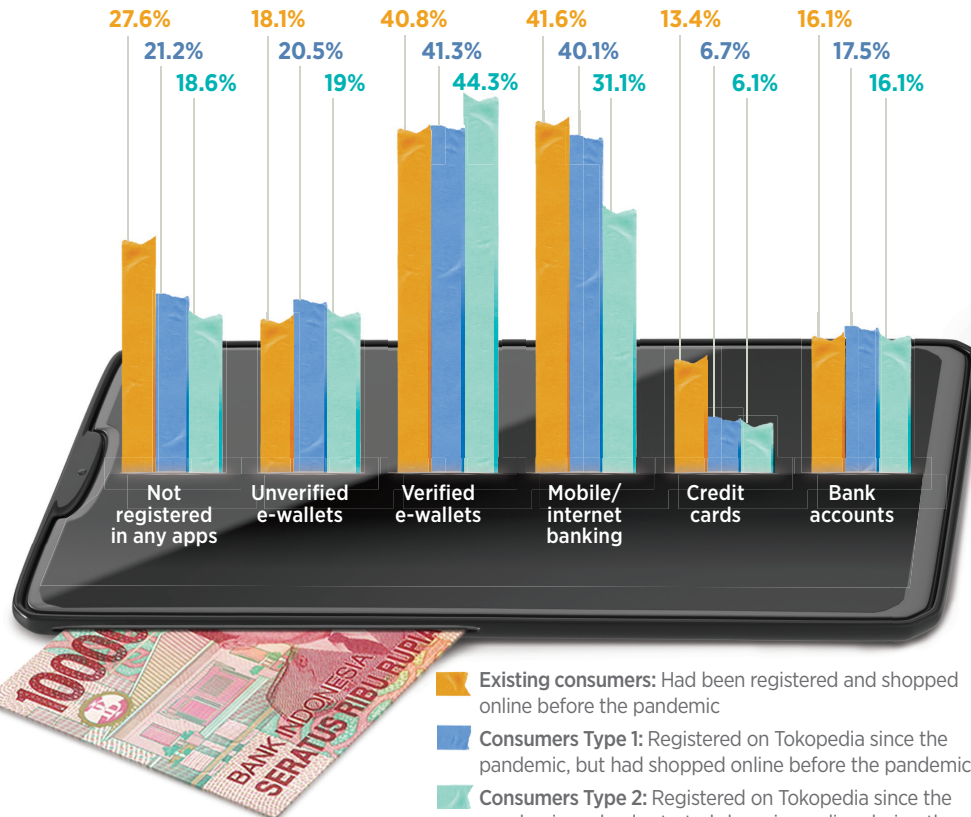
New Consumers Type 2: Registered on Tokopedia since the pandemic and only started shopping online during the pandemic

IMPROVING FINANCIAL INCLUSION

ADOPTING FINANCIAL PRODUCTS*

Verified e-wallets and mobile/internet banking are the two most used financial products by new users during the pandemic.

Financial Products Registered during the Pandemic

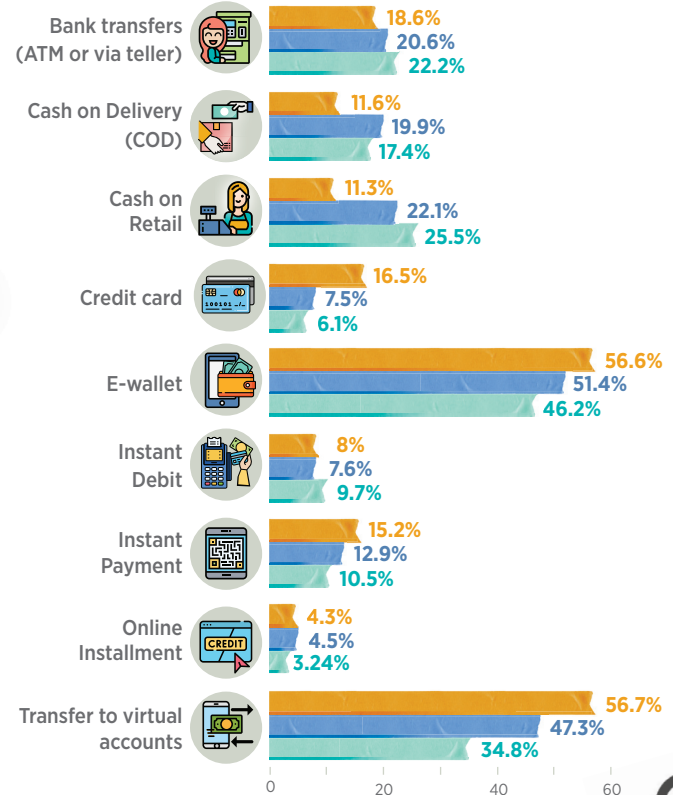


The Covid-19 pandemic has changed the consumer behavior. Tokopedia, as a digital platform, has also encouraged the adoption of both the digital payment system and financial inclusion within business players and consumers.

THE INCREASE IN DIGITAL PAYMENT USAGE*

Transactions via virtual accounts and e-wallets are more preferred during the pandemic.

Digital Payment Usage



THE IMPULSE TO SHOP ONLINE REMAINS HIGH POST-PANDEMIC

The consumers' interest in online shopping is high during the pandemic and will remain so after the pandemic.

INTEREST IN ONLINE SHOPPING POST-PANDEMIC



High
More than Rp 10 million



Medium
> Rp 4 - 10 million



Lowest
> Rp 1 - 4 million



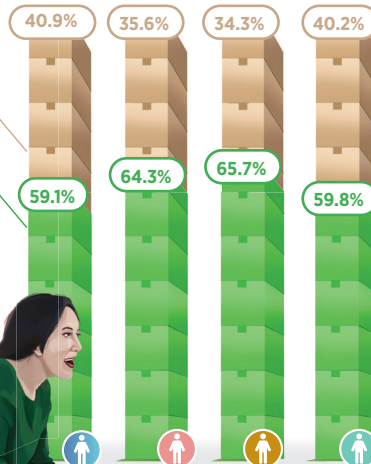
Very low
< Rp 1 million

Will the consumer continue to shop online after the pandemic is over?

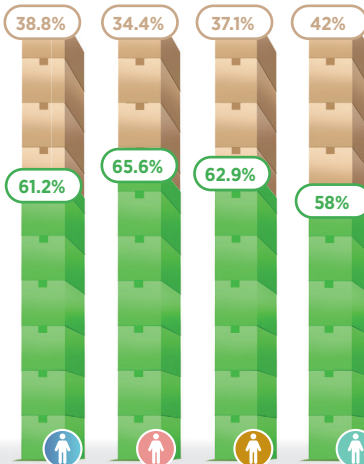
Maybe, depends on the price difference

Yes, will continue to shop online

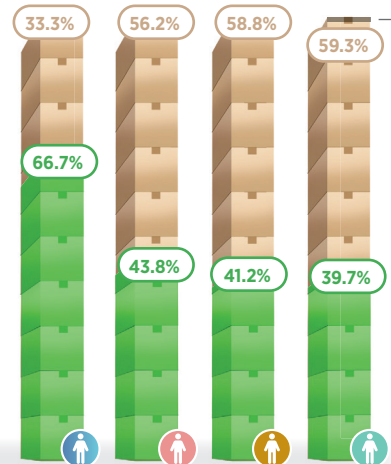
Existing Consumers
Had been registered on Tokopedia and shopped online before the pandemic



Consumers Type 1
Registered on Tokopedia since the pandemic, but had shopped online before the pandemic



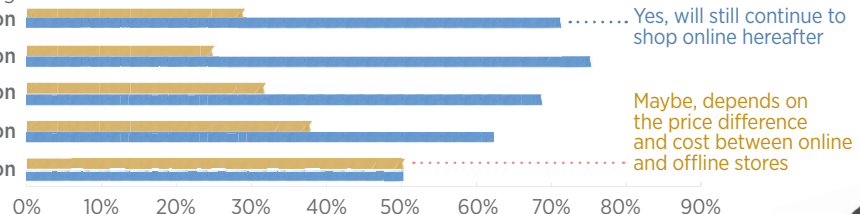
Consumers Type 2
Registered on Tokopedia since the pandemic and only started shopping online during the pandemic



1%
No, it is more convenient to shop offline

consumer spending
> Rp 10 million
Rp 5 - 6 million
Rp 3 - 4 million
Rp 1 - 2 million
Rp 0,5 - 1 million

CONSUMERS STILL PREFER ONLINE SHOPPING



Yes, will still continue to shop online hereafter

Maybe, depends on the price difference and cost between online and offline stores





MOST-NEEDED ASSISTANCE FOR BUSINESS OWNERS *

TYPES OF GOVERNMENT SUPPORT EXPECTED FOR MSMEs

Micro, Small and Medium Enterprise (MSME) players anticipate the government's support in helping them keep their businesses afloat during the pandemic.

