

# Digitalisasi UMKM – Kunci Pertumbuhan Inklusif Perekonomian Indonesia

August 2021







# Problem Statement & Introduction

# Objectives of the Study

1



Explore how digitalization can promote **inclusive growth** through UMKM empowerment

2



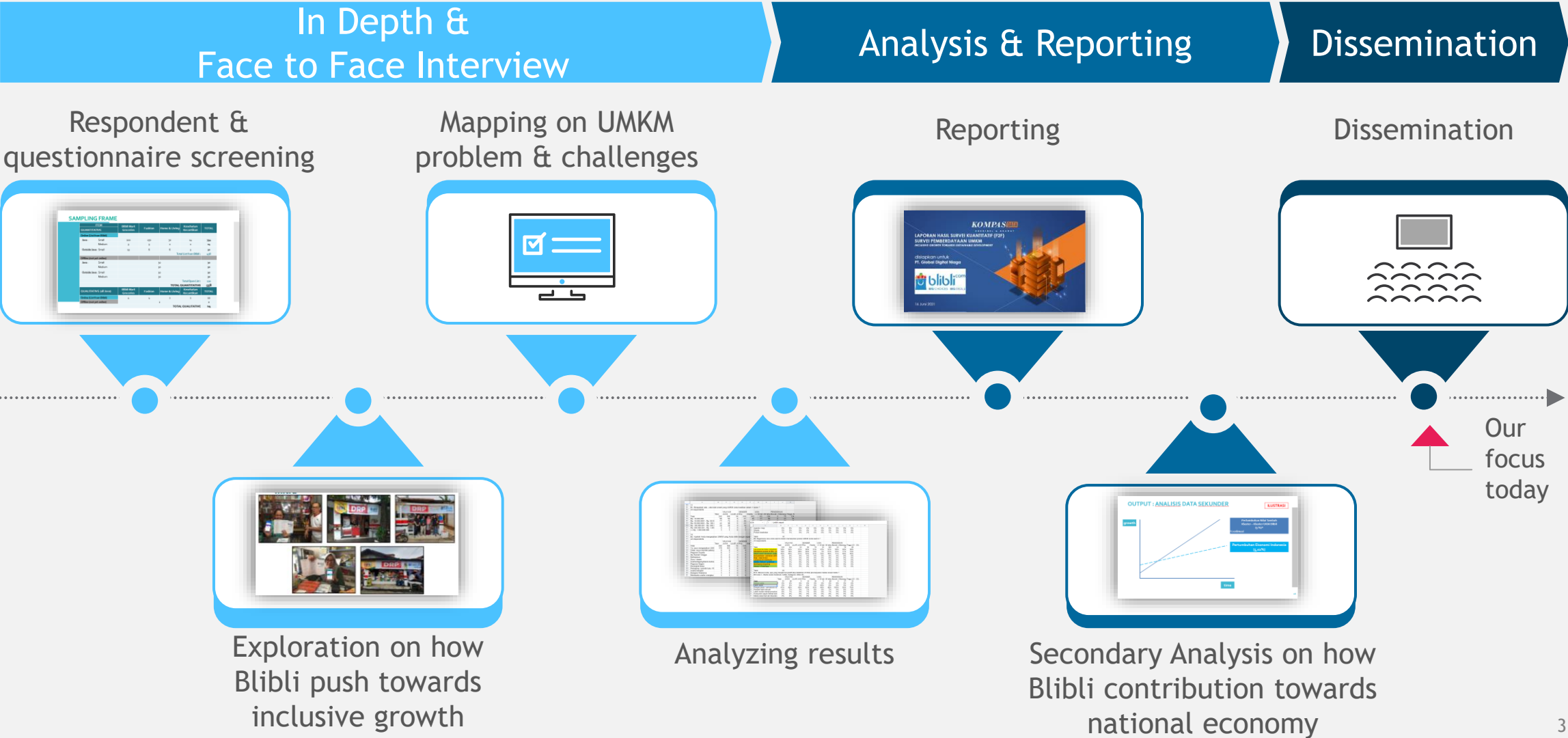
**Identify issues faces** by online and offline UMKM

3

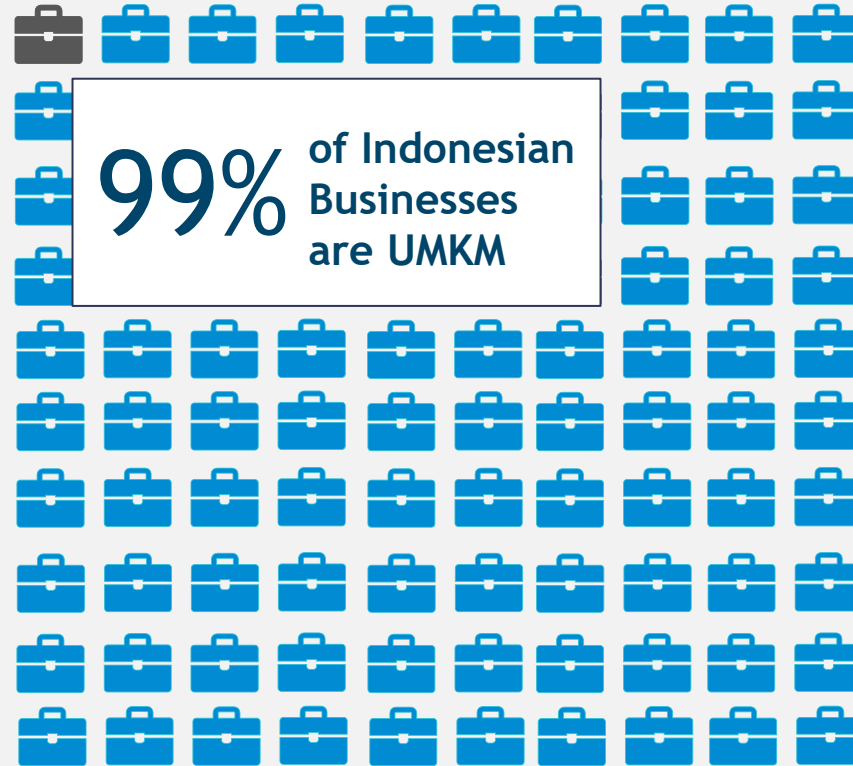


Explore **UMKM contribution** to Indonesia's macroeconomy

# Research methodology

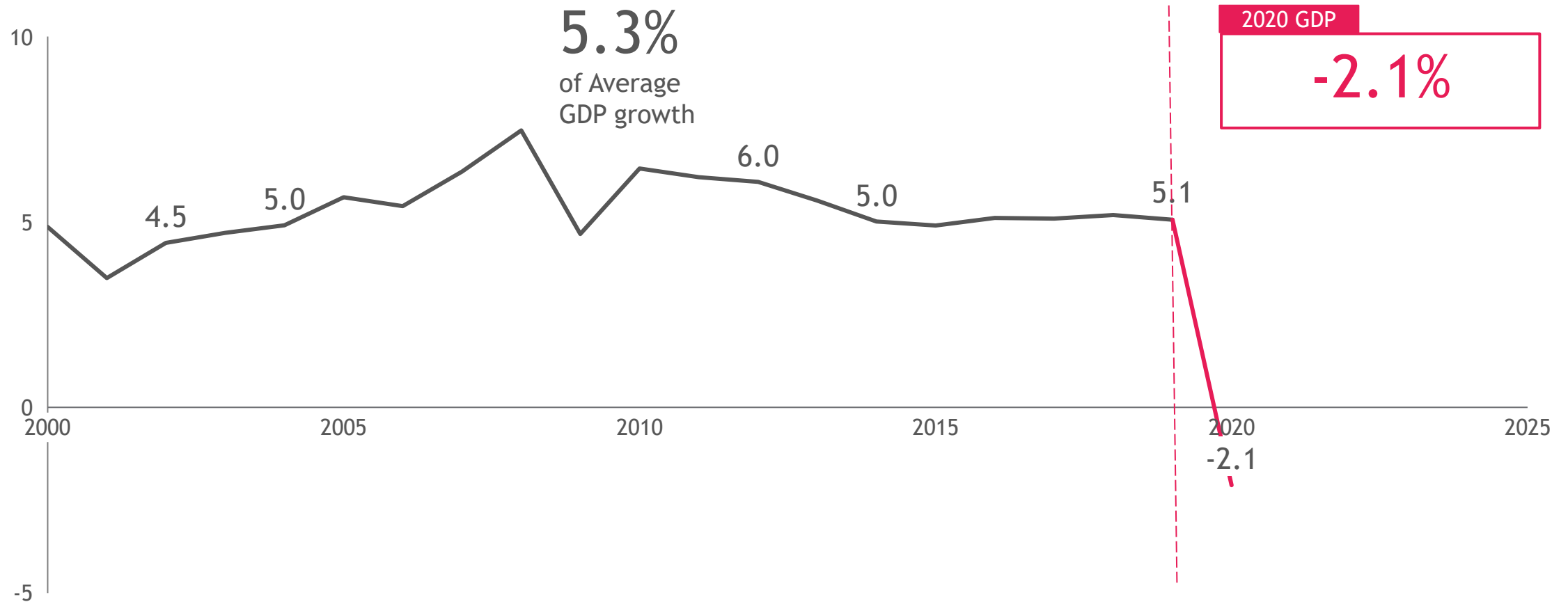


UMKM is the main pillar for the Indonesian economy, accounts for 99% of businesses and 60% of GDP



Contributing to  
**~60%**  
of Indonesia's  
GDP

# The COVID-19 Pandemic has had a negative impact on the overall Indonesian economy, including the UMKM







# UMKM Overview

# Growing UMKM is a critical element to provide a vehicle for inclusive growth in Indonesia

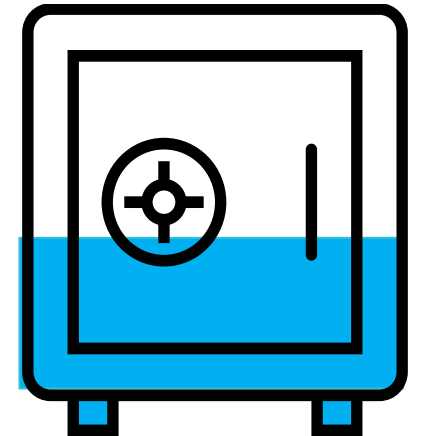
**77%**

UMKM employ  
their local  
communities

while the  
rest works  
alone

**46%**

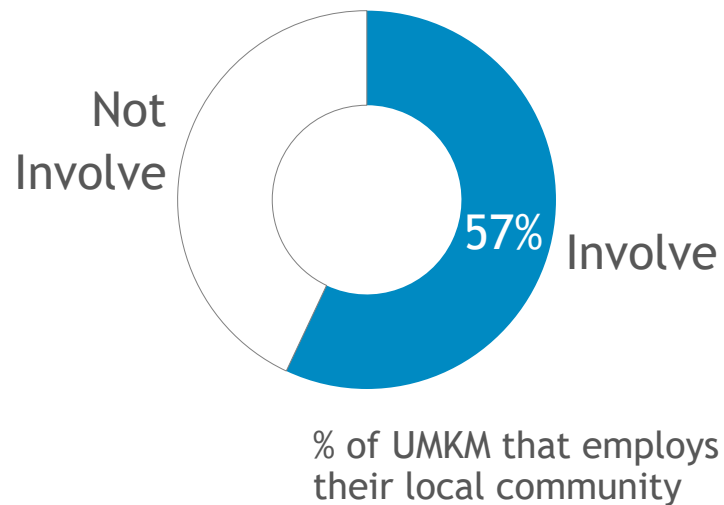
view their UMKM  
as their main  
source of income





# Most UMKM involve their local communities to fulfill their aspiration to empower local human resources and reduce unemployment

**57%** of UMKM involve their local community to operate business



UMKM operates while believing in

## 5 Core Aspirations



Empower Local HR

76%



Reduce Unemployment

69%



Reduce Working Travel Distance

45%



Inspire New Businesses

19%



Skill Regeneration

18%

Teks pertanyaan: Dalam menjalankan usaha ini, apakah Anda juga melibatkan orang-orang di sekitar lingkungan Anda? Apa yang menjadi alasan Anda melibatkan orang di sekitar lingkungan Anda? SIAPA saja pihak yang mendapatkan hasil atau dampak positif dari usaha yang Anda jalankan saat ini SELAIN KELUARGA ANDA (N =340)

Sumber: Laporan Hasil Survei Kuantitatif (F2F) Survei Pemberdayaan UMKM "Inclusive Growth Towards Sustainable Development" Kompas Data pada Juni 2021

# Reflecting from their work and values, UMKM believe that they have created real positive impact for their community

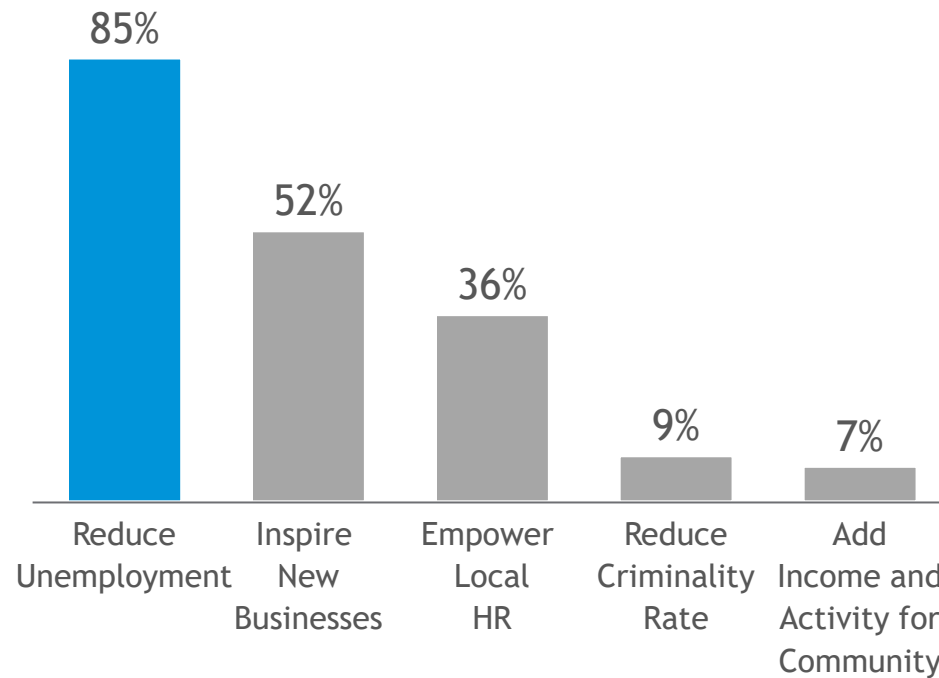
!

**67,5%**

of respondents believe that their UMKM gave positive impact to community



UMKM believe that they have generated real and positive impacts in these sectors:



## Quotes

“ Saya bahagia ketika pekerja saya makin **sejahtera**. Di tempat saya, ada yang **jadinya bisa kuliah, beli motor, cicil rumah, dan menambahkan skill**.  
(UMKM Batik - Jakarta)

“ Kelompok aktivis mengundang saya untuk **memberi edukasi ke pemuda non-aktivis lingkungan**.  
(UMKM Plastik Ramah Lingkungan - Jakarta)

# UMKM's social capital amplifies its success to many people

## Community Connector

Involve **friends and family network** for sales and market information

## Local Provider

Sells product **locally** despite having goals in export



## Local Job Creator

Contribute 1-5 jobs to the **job market**

## Community Builder

Involve **local neighborhood** to empower human resources

UMKM believes their social activities bring positive impacts to their community by creating job and business opportunities



UMKM's contribution to develop the local community's human resources and economy becomes a strong social capital base.

This social capital is an integral part of Indonesia's **UMKM development** as it includes



**Togetherness**  
(Kebersamaan)



**Community Involvement**  
(Pelibatan Lingkungan Sekitar)

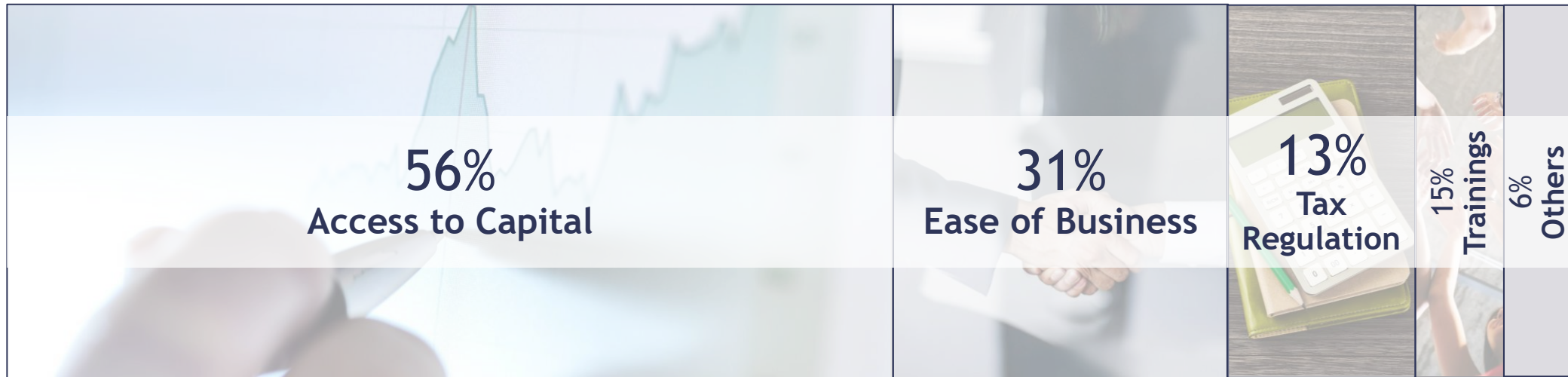




# Gov. support for UMKM

# Access to capital & ease of business are the key concerns of UMKM with additional pressures worsened by Covid-19

Most UMKM are concerned about...



UMKM face added pressure during the pandemic through



**Decrease in Demands**



**Increased Costs of Raw Materials**



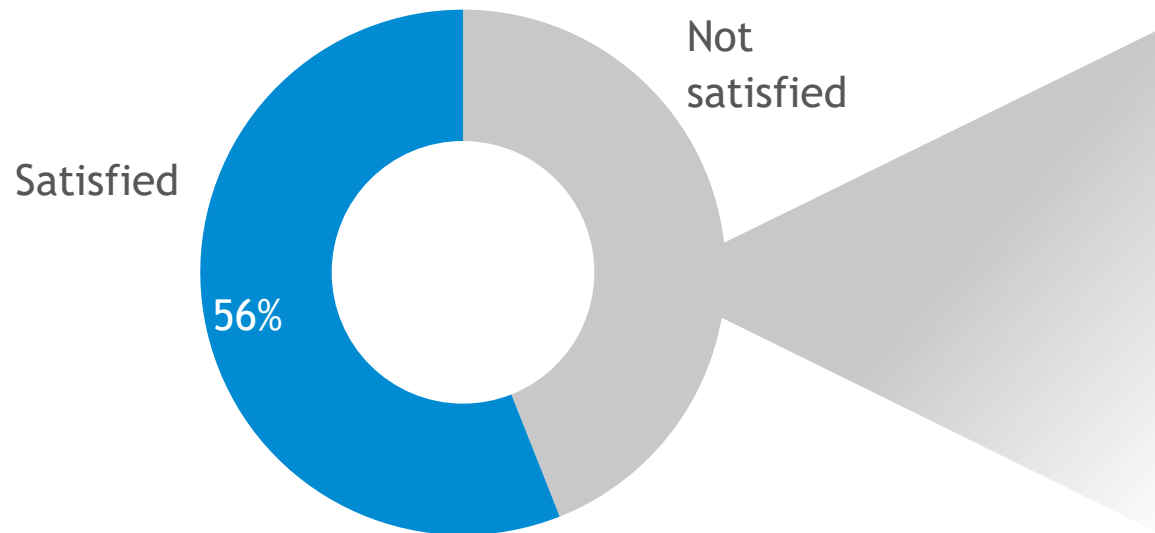
**Restrictive Policies**



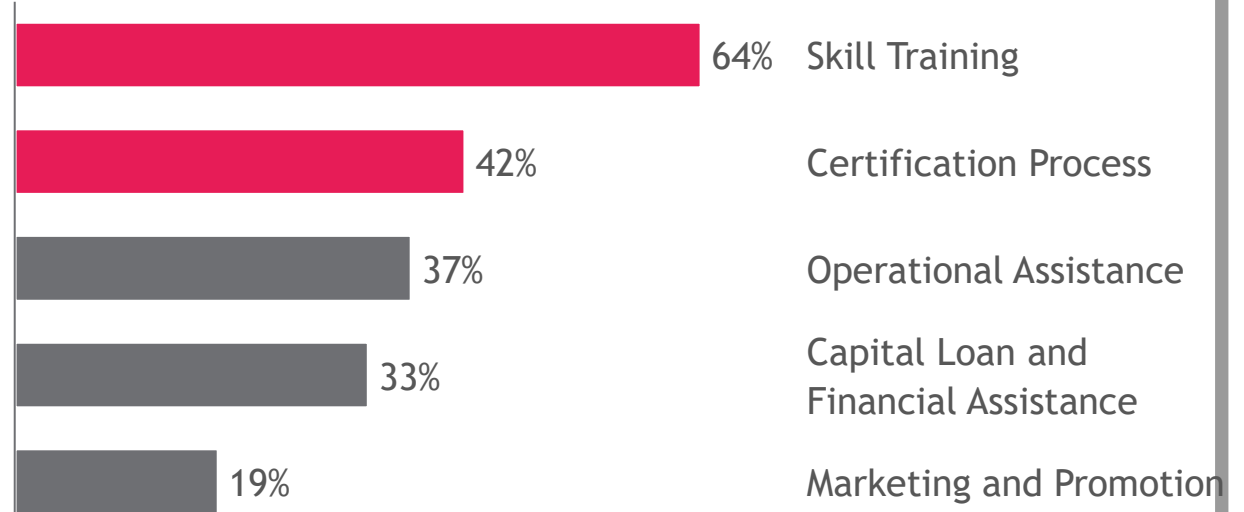
**Disturbed Distribution Process**

# Majority of UMKM (56%) are satisfied with the government's programs, however, more can be done especially in the areas of skill training and legality assistance

**56%** of UMKM are satisfied by the government's UMKM programs



Top 5 Government Programs with Lowest Satisfaction Rate



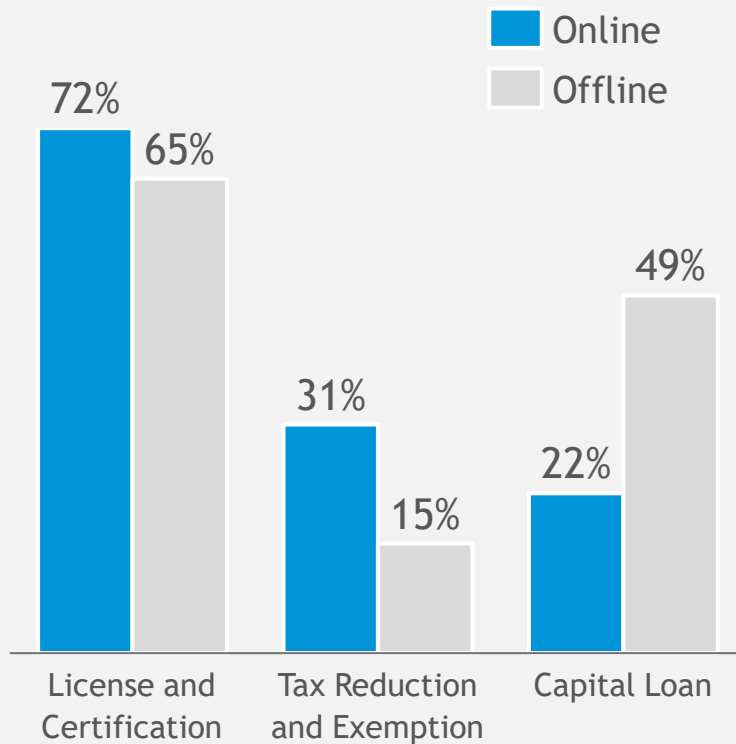
“Saat ini **sulit sekali** buat pengusaha untuk **mencari pegawai yang berkualitas [...]** baik dari segi **hard skill** maupun **soft skill**.”  
(UMKM Batik - Jakarta)

“Cuma satu dari kita pengusaha yang sebenarnya diperlukan: **bank dengan pinjaman bunga dengan relatif rendah**.”  
(UMKM Beras- Surabaya)



# Online UMKM are more aware of the government's supporting policies and are 1.2 times more satisfied of government support

Online UMKM are more aware of the numerous government supporting policies...



... with 1.2 times higher satisfaction to government policies due to better use of these programs



UMKM satisfaction rate towards supporting policies

"Saya menikmati dalam hal pembuatan sertifikat halal; **perdagangan saya difasilitasi terus.**" UMKM Kecap - Bogor on license and training policies

"Kebijakan pemerintah untuk menurunkan suku bunga dan tidak harus membayar cicilan bank **sangat membantu.**" UMKM Batik - Jakarta on tax reduction and exemption



# Digitalization Benefits



# High operational costs and other root causes, worsened by the COVID-19 situation, highlighted the need for digital sales channel

## 3 Main Issue of UMKM faced



High Operational Costs



Difficult to Drive Revenue Growth



Competitive & Scale Barriers



## Worsened by COVID-19 situation



Reduced Sales Volume



Shrinking Capital Resources



Distribution Bottlenecking

## Digitalization will enable UMKM to gain revenue & cost optimization



Reaching national/  
global audience



Reduce significant  
operation cost



Optimizing transaction  
process



# Online UMKM able to earn 1.1x higher revenue compared to offline from sales geography expansion combined with other benefits...



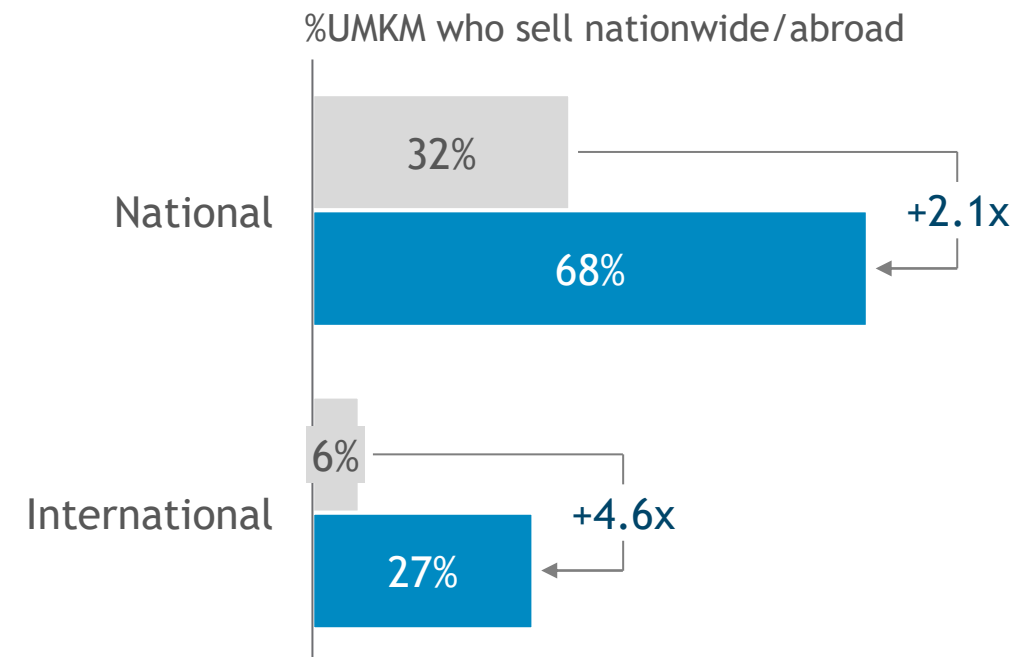
Expand sales geography



Reduced cost of operation



Optimized transaction process

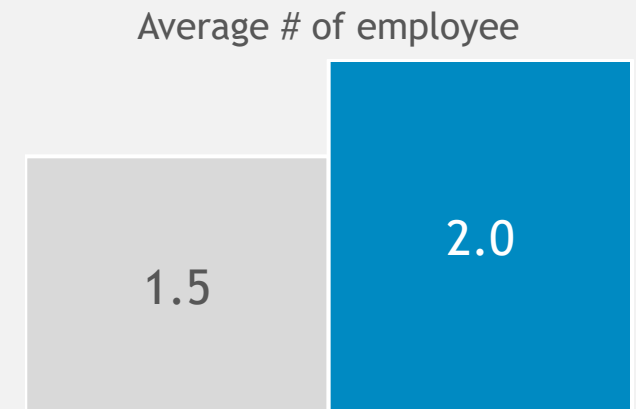
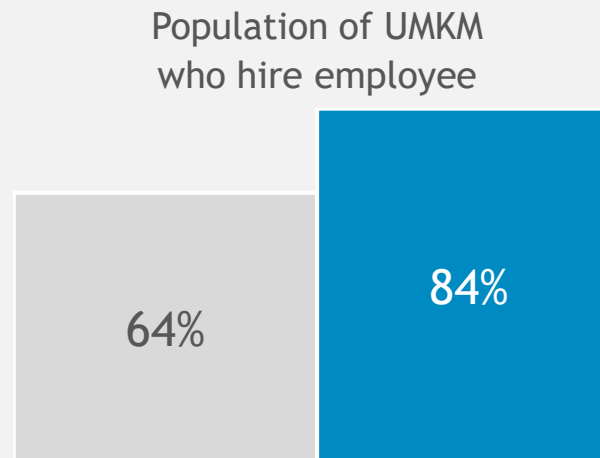
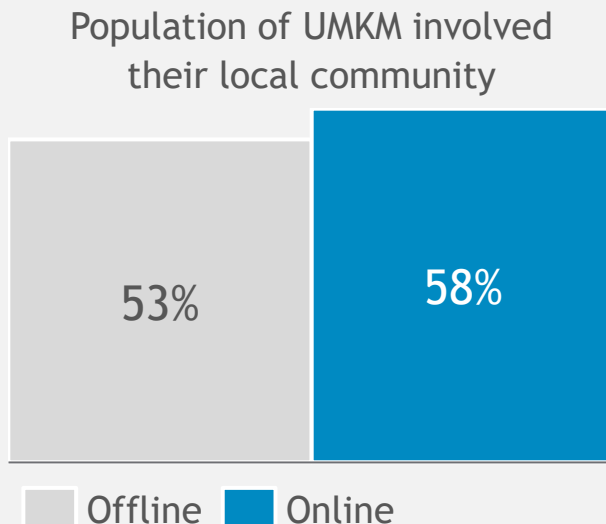


... and are also more likely to involve their local community by hiring more people from their community

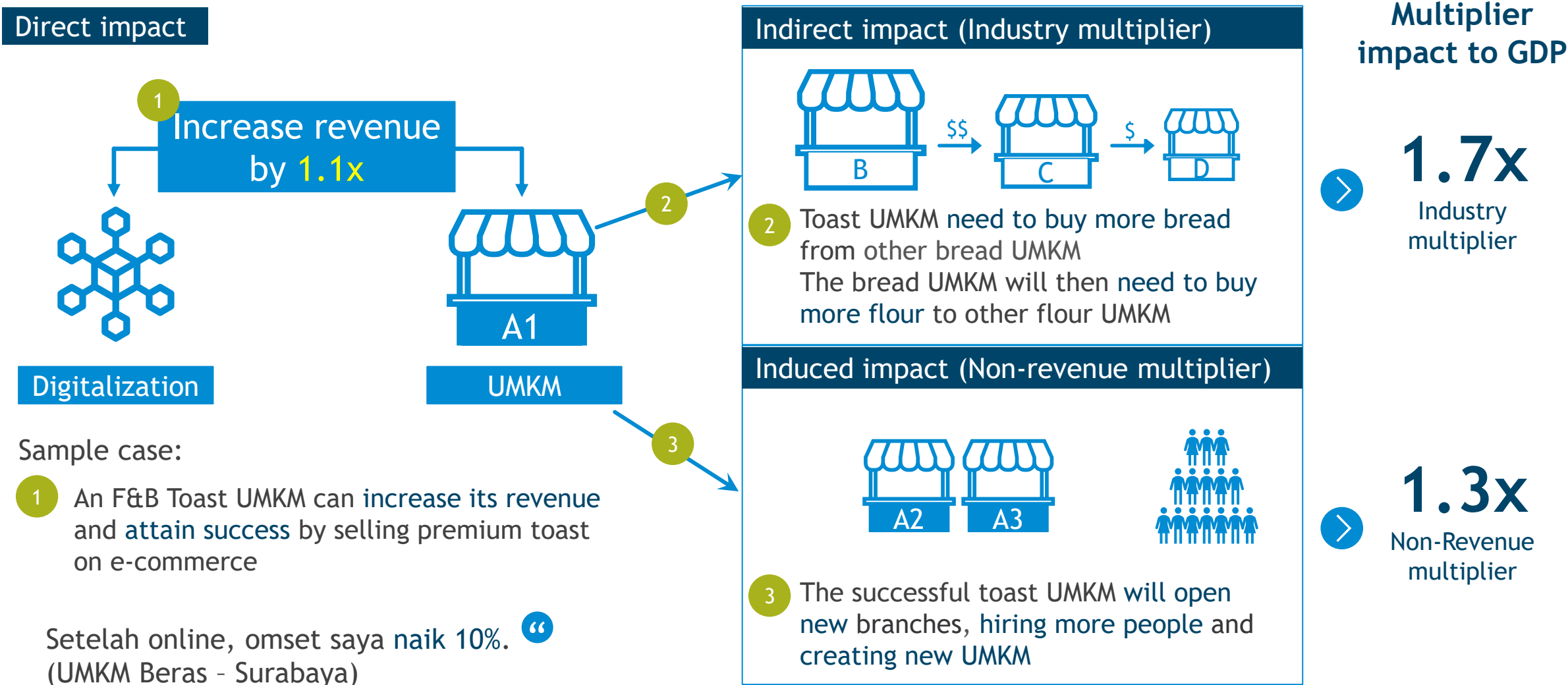
**1.1x** More likely to involve their local community

**1.3x** More likely to employ others

**1.4x** More employee hired to gain scale



# Benefit of digitalization will be further expanded through multiplier effect impact to related businesses and local community





## **Benchmark:** Countries with one of the highest SME digital maturity level are also trying to further boost digital capability with government initiatives



**US\$ 0.9 Tn**

by 2024, potential uplift  
from SME digitalization

Increase SME digitalization from:

**48% ➔ 78%**

Several selected government initiatives:



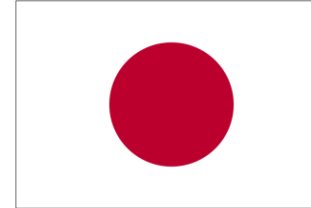
The 13th Five Year Plan on Digital Capabilities

Build a comprehensive road map to build digital capabilities and promote adoption of new tech



SME Online service by NDRC

Provide diverse services to empower SMEs digital transformation and develop digital business model



**US\$ 0.3 Tn**

by 2024, potential uplift  
from SME digitalization

Increase SME digitalization from:

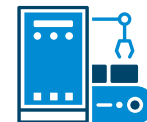
**54% ➔ 84%**

Several selected government initiatives:



IT introduction program

Subsidy to introduce IT to enhance operations efficiency, ranging from 0.3 to 4.5 Mn Yen



Monodzukuri subsidies program

Subsidy for equipment investment expenditure, ranging from 1 to 10 Mn Yen

# Digital platforms can help unlock UMKM's potential and drive inclusive growth in Indonesia with estimated uplift of 38 Bn USD by 2024

## Easy & wide access to capital

Leverage data from digital platforms to grow and accelerate capital lending programs



A potential uplift up to  
**US\$ 38Bn**  
by 2024, from increasing  
SME digital literacy from  
20% to 50%



## Adequate Digital Literacy

Get more UMKM online by providing education on digital platforms and collaborating with industry players



## Streamlined business policies

Create programs like 'high speed' lanes for UMKM permits & policies who are going digital

Note: Assume additional 19.2 Mn SME with digital literacy with 10% revenue uplift of 13 Mn from our study, times non-revenue multiplier (job creation, etc.) of 1.3x and industry multiplier of 1.7x resulting in 38 Bn USD uplift potential

Source: Laporan Hasil Survei Kuantitatif (F2F) Survei Pemberdayaan UMKM, Kompas Data, Bappenas, BCG Analysis



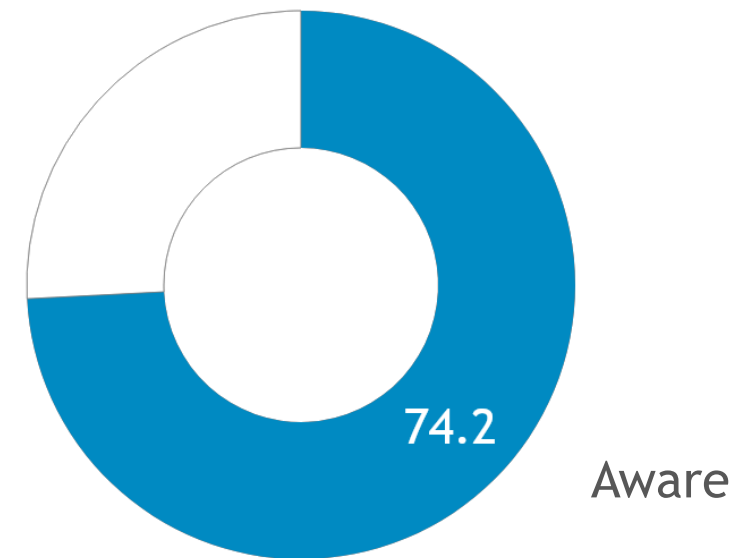


# Increasing Digital Penetration



Most of UMKM are already aware of E-commerce presence...

**74%** of UMKM aware of E-commerce and their different types

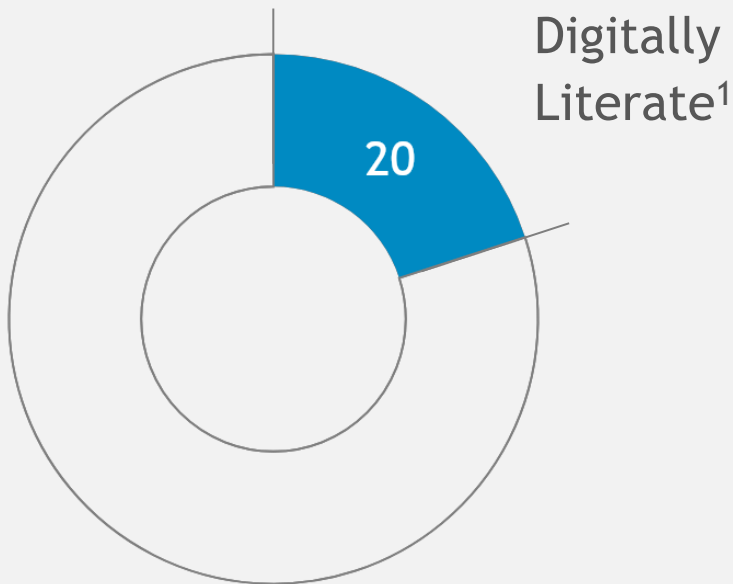


Top 5 E-commerce mentioned by respondents



xx% % of respondents aware of these E-commerce names

**20%** Digitally literate and able to use E-commerce



#### Potential benefit of using e-commerce



Effective Promotion



Wider network



Increased revenue



Secured transaction

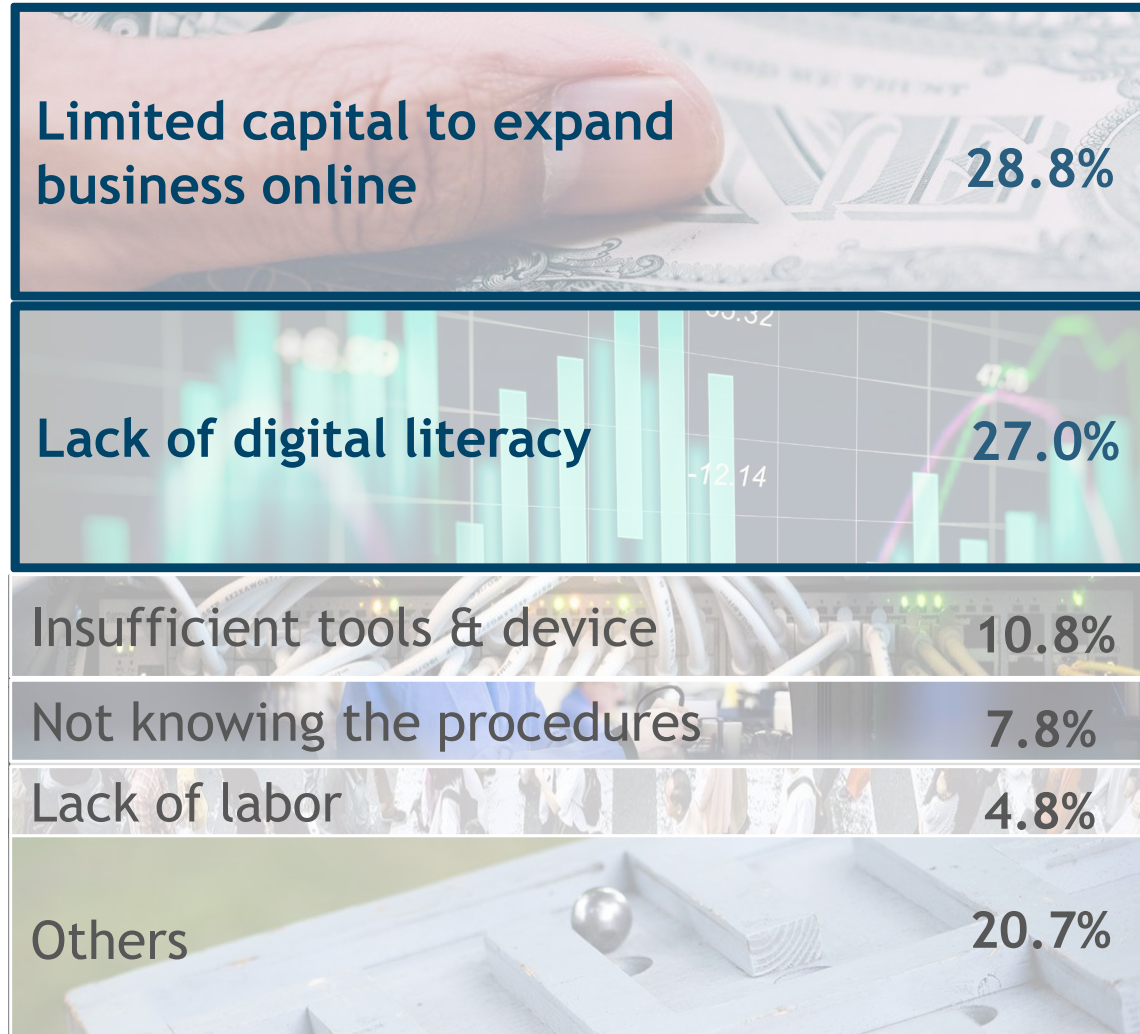
1. Having ability to find, evaluate, and clearly communicate information through typing and other media on various digital platforms.

Source : Laporan Hasil Survei Kuantitatif (F2F) Survei Pemberdayaan UMKM, Kompas Data

... but only few are digitally literate and able to go 'online'

# UMKM still uncertain about adopting e-commerce

% of reasons on why not using E-commerce<sup>1</sup>



“

"Pelanggan saya generasi tua dan **belum terbiasa menggunakan gadget**.  
UMKM Beras " UMKM Beras- Surabaya

"Durasi moderasi dan **konfirmasi** postingan produk terlalu lama."  
UMKM Uwitan - Yogyakarta

"Untuk munculin produk di halaman depan dan mendapatkan keuntungan, saya **harus bayar dan melakukan segala macam hal dulu**."  
UMKM Kecap - Bogor

1. Weighted average on proportion of respondents mentioning one of these reasons  
Source : Laporan Hasil Survei Kuantitatif (F2F) Survei Pemberdayaan UMKM, Kompas Data





UMKM using e-commerce quickly learn about building a **brand identity**, which includes creative **product packaging design**

*“My first priority was to upgrade from basic, clear pouches to eye-catching, modern packaging that would appeal to customers and serve to properly secure the jengkol chips during shipping.”*

**Imas Mintarsih**, Owner of Oyoh Jengkol

**The Story:** Imas of Sumedang, West Java, won 3<sup>rd</sup> place at The Big Start Season 2, Blibli’s annual creativepreneurship competition. The competition helped improve her *jengkol* chips, from expanding the flavor selection to designing a suitable product packaging. Her aim was to make Oyoh Jengkol truly fit for market, therefore able to compete in the fierce snack market.

## E-commerce: a platform through which UMKM may promote and distribute products that **embody local wisdom and culture**

*“Sarifood Indonesia is passionate about natural honey. We work with bee farmers in Sumbawa to distribute organic honey via e-commerce because we want to redirect the market away from artificial products. Consumers deserve to enjoy the superior benefits of real, local honey.”*

**Saryo**, Owner of Sarifood Indonesia

**The Story:** Saryo of Banjarnegara, Central Java, works with Blibli to leverage the potential of e-commerce to promote products that contain local wisdom. Indonesia has a rich culture of bee farming and honey harvesting which the market must support



Sarifood Indonesia's  
organic and ready-to-eat honey



E-commerce teaches UMKM that **compliance to industry standards and certifications** gives them a foundation to develop their businesses further.

*“We have obtained the required documents, from halal certificates to export permits for the USA, because we know that they are the key to seriously expanding in both local and international markets.”*

Sri Yuliasuti, Owner of Rendang Uni Tutie

**The Story:** Sri of Bukit Tinggi, West Sumatra, partners with Blibli to fulfill the growing market demand for ready-to-eat meals with Uni Tutie’s vacuum-packed *rendang*. Securing the necessary certificates is crucial for food & beverage UMKM intending to meet strict, local and export regulations concerning F&B


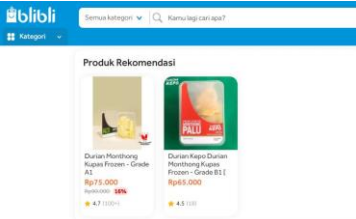

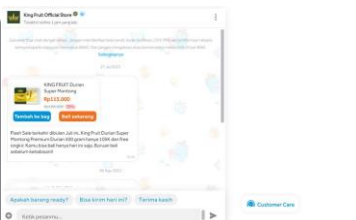
Source: UMKM sellers from Blibli

Rendang Uni Tutie's ready-to-eat rendang





# Blibli's seller tools help UMKM optimize and become more efficient

	Description	Usage examples	Sales impact
<b>Digital Vouchers</b> 	UMKM sellers issue promotional codes to attract new customers and trigger purchases	<b>Soy Day</b> uses the flexibility of the digital voucher system to set promotions for the last half of every month	+3X
<b>Digital Ads</b> 	UMKM sellers utilize targeted digital ads, such as Blibli's Bliklan, to promote their brands and products among potential customers	<b>Durian Kepo</b> utilizes Bliklan to attract customers who shop online intensively during the social mobility restrictions	+5X
<b>Flash Sales</b> 	UMKM sellers participate in Flash Sales to obtain a spot on the website and application's frontpage, besides drive sales	<b>Odriigo Indonesia</b> has repeatedly sold out their fashion apparel through their participation in flash sales	+10X
<b>Broadcast Chat</b> 	UMKM sellers directly share updates on their latest products and promotional offerings to recurring and potential customers	<b>Piyama Indonesia</b> raised awareness on its brand when it first joined e-commerce through the chat feature	+5X

Source: UMKM sellers from Blibli

# Government and E-commerce partnerships help to catalyse UMKM's digital awareness (1/2)

## 1 Bangga Buatan Indonesia



- Multi-sectoral campaign by the Indonesian Government aimed at bolstering the UMKM sector during the pandemic
- Blibli, a long-time supporter of UMKM, involved business and government partners in conducting initiatives, from sales festivals to workshop, to encourage UMKM
- More than 130.000 UMKM gained the benefits of BBI x Blibli!

Source: UMKM sellers from Blibli

## 2 Kakak Asuh UMKM



- Blibli partnered up with SMESCO Indonesia to carry out this trainer of trainers initiative
- Promising UMKM received mentorship and training on digital entrepreneurship. Once adept, these UMKM then shared their know-how with their UMKM peers
- 234 UMKM enhanced their digital business knowledge and capabilities through Kakak Asuh UMKM!

# Government and E-commerce partnerships help to catalyse UMKM's digital awareness (2/2)

## 3 Kampus Merdeka

- Blibli supports the [Kampus Merdeka](#) program by [Kementerian Sekretariat Negara](#) to close the gap between education and industry, with regards to students' work readiness
- Blibli contributed to the 6-month curriculum under Universitas Gadjah Mada. Bachelor's and master's degree students, besides professionals, can enrol in the program
- [Students then become mentors for the Kakak Asuh UMKM](#) to gain real-life experience in planning and implementing business strategies



## 4 Blibli Mitra

- An [omnichannel initiative](#) that connects online [UMKM](#) with offline, micro businesses, namely the *toko kelontong*, or small neighbourhood stores, in the Blibli Mitra network
- Through Blibli Mitra, online UMKM gain a new distribution channel as they now can [supply their products to the offline stores](#). In return, the offline stores expand their product selection to include local product
- Blibli Mitra boasts a strong number of engaged sellers, with an active seller ratio of 85%





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The background of the entire image is a dark, out-of-focus photograph of a lit sparkler. Bright, golden-yellow sparks are captured in motion, creating a starburst effect against the dark background. A solid blue rectangular box is overlaid on the left side of the image, containing the text.

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