

Report 2019

# MOBILE MARKETING

## ECOSYSTEM OF INDONESIA





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# FOREWORD

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## A Booming Mobile Economy

If Indonesia is considered a roaring tiger in Southeast Asia today, a large part of it is due to its booming mobile economy. The world's fourth largest country by population is an intensely mobile-first nation with 97% of Indonesia's 171 million Internet population using the device to access the web.

Indonesia is also a very young country with 60 million millennial consumers and 60% of its population under 40. This digitally-savvy mobile-centric generation is plugged heavily into social networks, shops increasingly through the small screen, and is embracing mobile payment apps with enthusiasm.

There are infrastructural challenges, of course. While mobile data is cheap in Indonesia, the bandwidth is poor and speeds are low. Despite these, a spate of Venture Capital investments (\$6 billion between 2015 and 2018 according to a Google-Temasek report) into Indonesia's start ups, especially in ride-share, mobile payments and online travel, have heated up the mobile economy.

Several studies have shown that increasingly Indonesians' purchase decisions are being influenced by their smart-phones which they consult regularly during their shopping journey. For marketers, there is immense potential to create immersive experiences for Indonesians and take advantage of the key micro moments when important buying decisions are made.

The digital archipelago with its dynamic mobile economy and tech-savvy population presents significant opportunities to marketers. This report attempts to present a single view source of the mobile marketing ecosystem in Indonesia so as to help marketers, advertisers and researchers gain meaningful insights.

**Shanti Tolani**

**Country Manager Indonesia**

**MMA**

# OVERVIEW

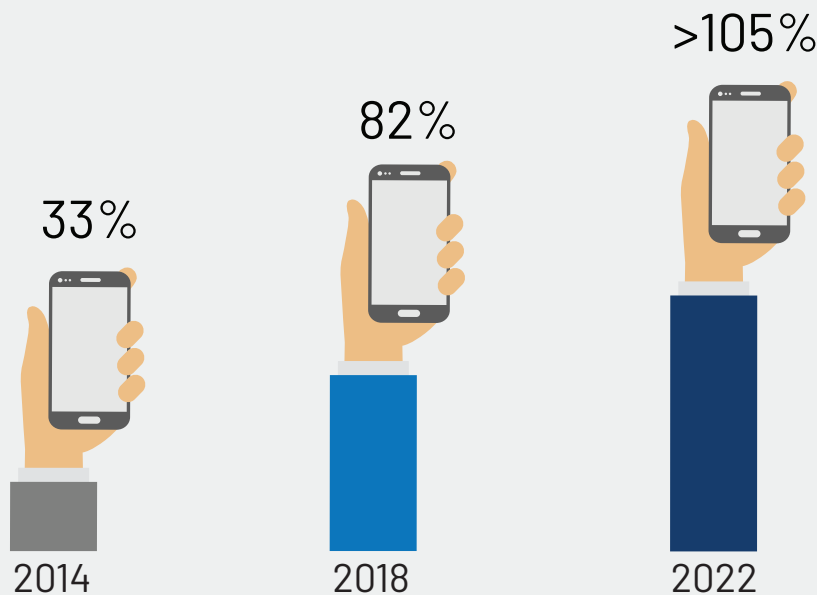
## Sizing the Smartphone Superpower

The global march of mobile services continues at a staggering pace. At the end of 2018, over 5.1 billion people around the world – that is 67% of the global population – were connected on mobile phones, according to GSMA Intelligence. By 2025, it predicts, 71% of the population will be covered by mobile services. Of the 710 million people expected to subscribe to mobile services for the first time over the next seven years, half will come from the Asia Pacific region. Around 90% of these new subscribers will come from just six countries: India, China, Pakistan, Indonesia, Bangladesh and the Philippines.

### Chart 1:

## South East Asia is a Leapfrogging Economy

### Smartphones are everywhere



Smartphone connections to total market population  
(ID, PH, VN, MY, TH)

Note: ID = Indonesia, Ph = Philippines, VN = Vietnam, MY = Malaysia, Th= Thailand

Source: Facebook IQ - How Southeast Asia's New Emerging Middle Class is Embracing the Digital World

Digital adoption in SEA is riding on the back of growing smartphone penetration

Of these six, Indonesia is considered to be one of the most significant contributors to the Next Billion Users of the Internet thanks to its rapidly growing mobile penetration rates. Indonesia will become a smartphone superpower by 2025 with 410 million subscribers joining China (1469 million) and India (983 million) as the top three largest smartphone markets globally. From smartphone adoption by 77% of population in 2018, it will be 89% by 2025, higher than China (88%), Japan (88%) and India (78%).

5G technologies are expected to contribute almost \$900 billion to the Asia Pacific region's economy over the next 15 years. By 2025, Indonesia is expected to have rolled out 5G services, which will accelerate mobile centric behaviours.

## Chart 2:

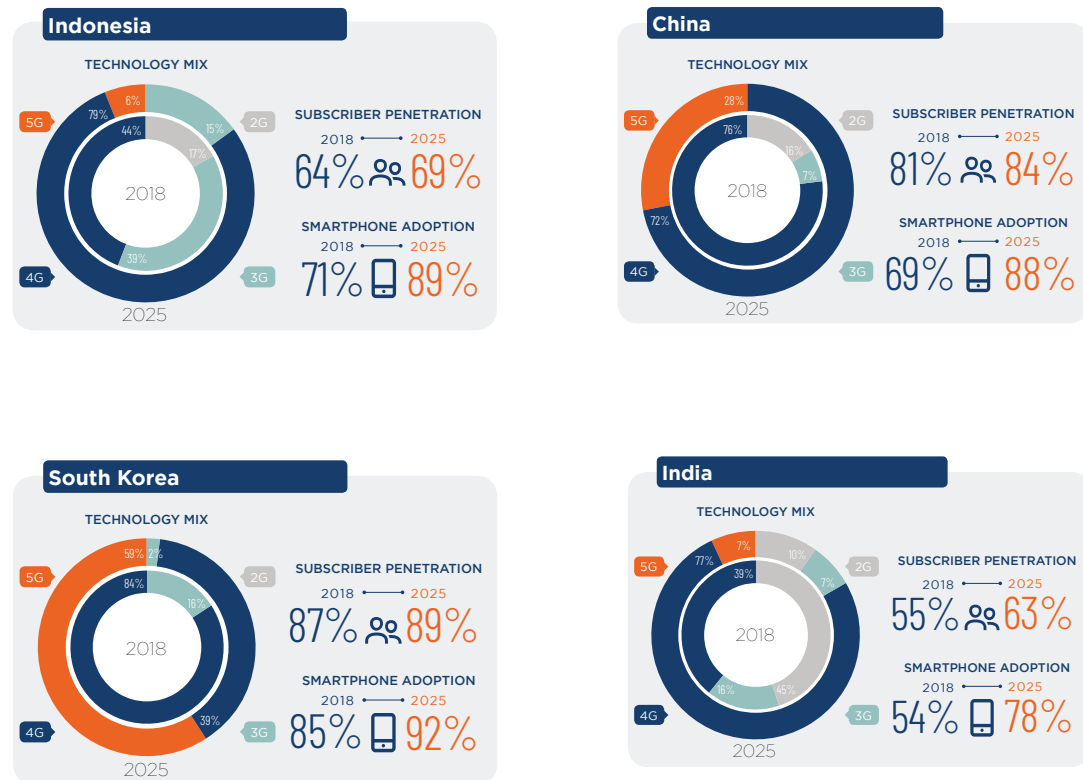
### Top Three Largest Smartphone Markets Globally in 2025

Country	Smartphone adoption (in mn)
China	1458
India	1171
Indonesia	410

Source: GSMA Intelligence

Chart 3:

## Comparison of Smartphone Adoption and Subscriber Penetration (%)



Source: GSMA Intelligence 2019

By 2025 Indonesia will rank among the countries with highest smartphone adoption, ahead of China and India, however subscriber penetration does not keep pace

Nearly 65% of Indonesia's population of 264 million – that's around 171 million people – were connected to the Internet in 2018 according to a study by Polling Indonesia conducted in cooperation with the Indonesian Internet Providers Association (APJII). Nearly 97% of the Internet users in Indonesian use smart phones to access the web, according to market research company Global Web Index. Internet penetration in Indonesia is growing 3X faster than the global rate.

However, there are challenges. While Internet in Indonesia is inexpensive – only India in the region is priced cheaper – the quality of internet is poor compared to other countries. Indonesia ranked 122 in terms of mobile download speed (12.52 mbps) and 112 in terms of fixed broadband download speed (20.37 mbps) in September 2019 according to the Speedtest Global Index which ranks countries according to their mobile and fixed broadband speeds. Contrast this to Singapore which had fixed broadband speeds of 196.88 mbps and mobile download speeds of 52.49 mbps.

**Chart 4:**

Between 2014 and 2019, there has been a dramatic shift in the screen preference of Indonesians - moving away from the laptop to the mobile.

**The Rise of the Smallest Screen**



Source: Global Web Index: Indonesia Market Snapshot 2019

Mobile is the predominant device in Indonesia

**Chart 5:**

Indonesians spend far more time on the mobile than their global counterparts. interestingly, this behavior cuts across all age groups.

**Time Spent Online**



Source: Global Web Index: Indonesia Market Snapshot 2019



## CASE STUDY:

### Kompas Gramedia Group's Mobile Experience

Indonesia's largest media conglomerate Kompas Gramedia Group finds 95% of its online media audiences coming from mobile. That has led the publisher to change the way it manages its products, the way it drives the business and most importantly the way it interacts with readers. "Everything we design and create has to be mobile first; from conception, UX designing, testing and serving MVP has to be on mobile environment. Every solution that we provide for clients has to be primarily on mobile environment," says a spokesperson.

Paradoxically, however, despite 95% of its online traffic coming from mobile, monthly average revenue shows only 50% contribution. The group believes legacy issues are the reason behind this as in the past, mobile was considered having less value compare to desktop devices.

A significant finding for Kompas Gramedia is the growth in video consumption out of Youtube. On its platform it has seen video consumption grow 35 times in less than a year! The learning: As long as the video is closer to a customer's daily mobile journey, he or she will watch it right away.

**Dian Gemiano**

**Chief Marketing Officer**

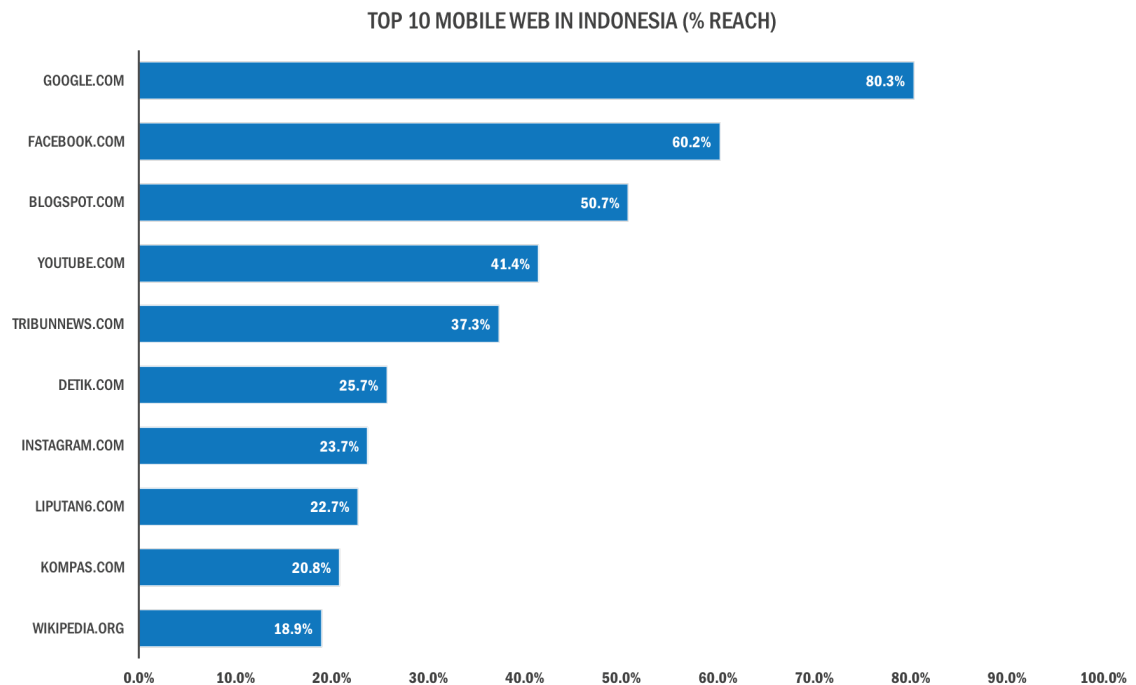
**KG Media**

# SIZING THE INDONESIAN CONSUMER

Indonesia has one of the most digitally savvy consumers. With over 60 million millennial consumers who lead their lives on their mobile phones, there has been a proliferation in apps catering to their needs. From ride hailing, delivery services, e-wallets, educational apps to even electricity tools, Indonesians are doing everything through apps.

Chart 6:

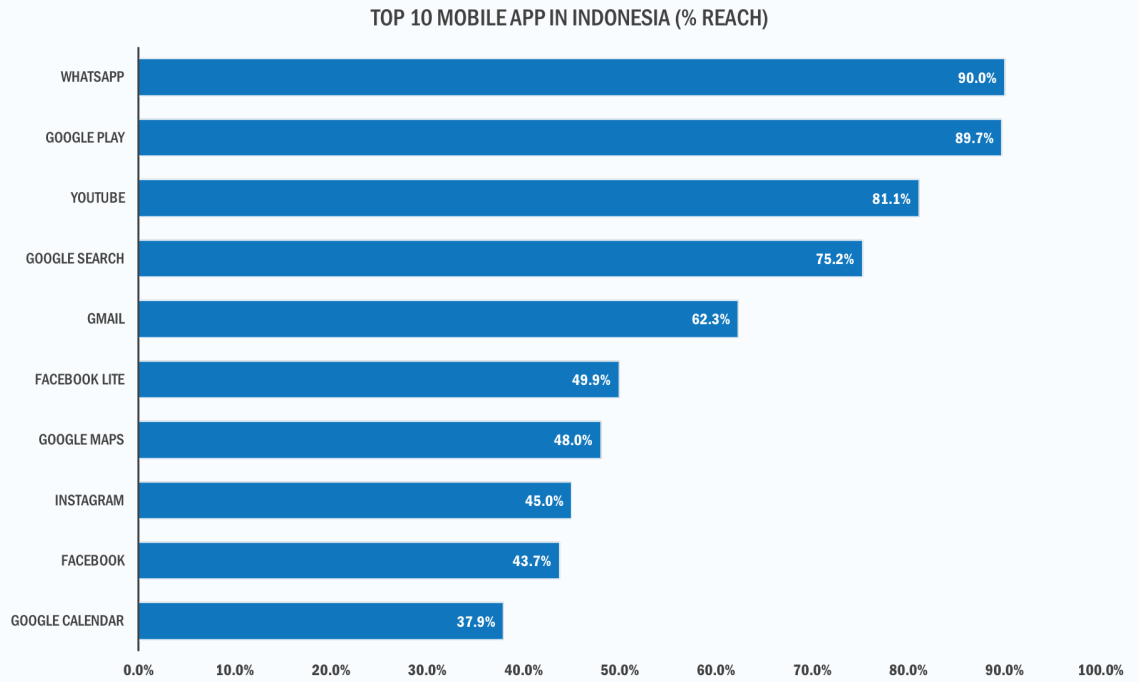
Connectivity and Entertainment  
are the Top Activities Done Online



Source: Comscore Mobile Metrix, Web Domains, Total Audience, Total Mobile 18+, Mobile Web Only, Oct 2019, Indonesia

Chart 7:

## Top Mobile Apps in Indonesia



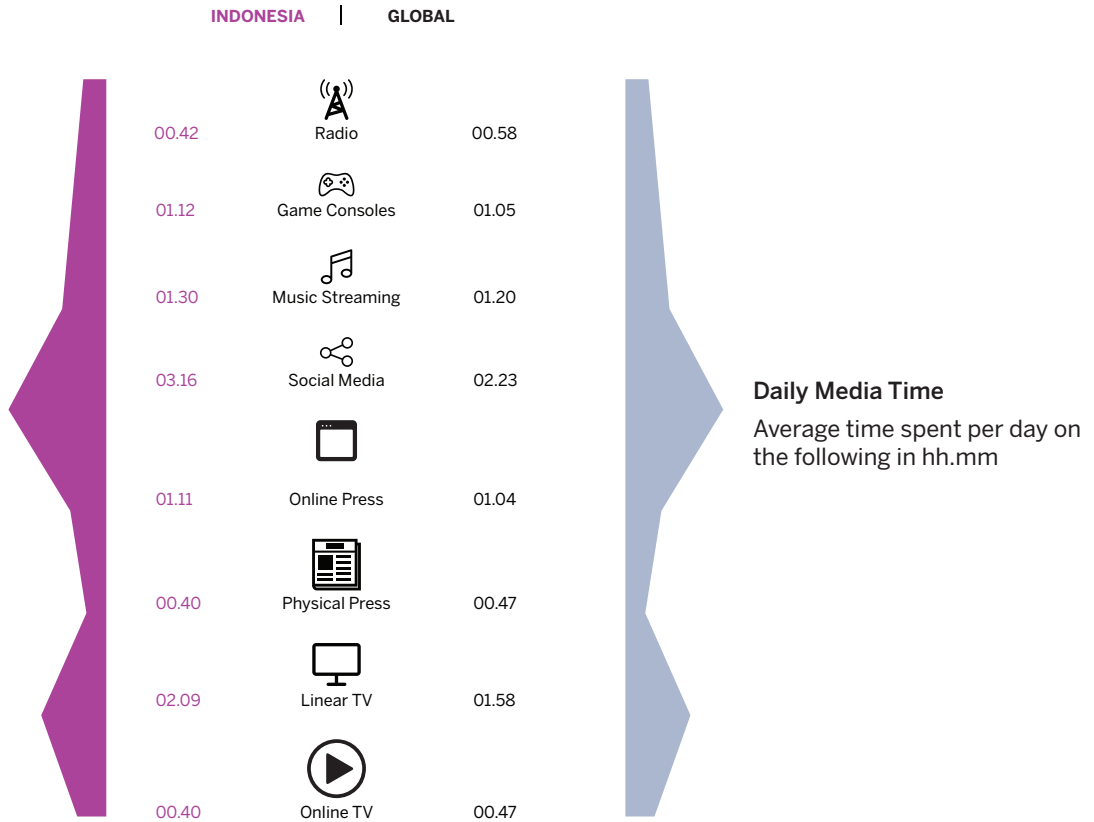
Source: Comscore Mobile Metrix, All Applications,  
Total Audience, Total Mobile 18+, Mobile App Only, Oct 2019, Indonesia

While the mobile only trend is more pronounced among younger demographics, two thirds of users aged over 35 use only smart-phone and tablet devices to access digital content. Large international mobile properties, driven especially by communication apps (including email and messaging), lead mobile time.

**Chart 8:** Social Media takes up a bulk of time of Indonesians online. Gaming and music streaming are big too. Interestingly, TV viewing is still largely online.

Indonesians are however, very quick to adapt to new tech and are comfortable with mobile payments, QR codes etc.

What Indonesians do Online



**Chart 9:**

Evolving Role of the Mobile in Indonesians Lives

**Mobile Actions**

% who say they have done the following mobile actions in the last month

Tracked your screen time	29%	23%
Tracked your spending	22%	34%
Used mobile payment	25%	27%
Used/scanned a QR code	35%	38%
Casted content on to TV	30%	29%



Source: Global Web Index: Indonesia Market Snapshot 2019

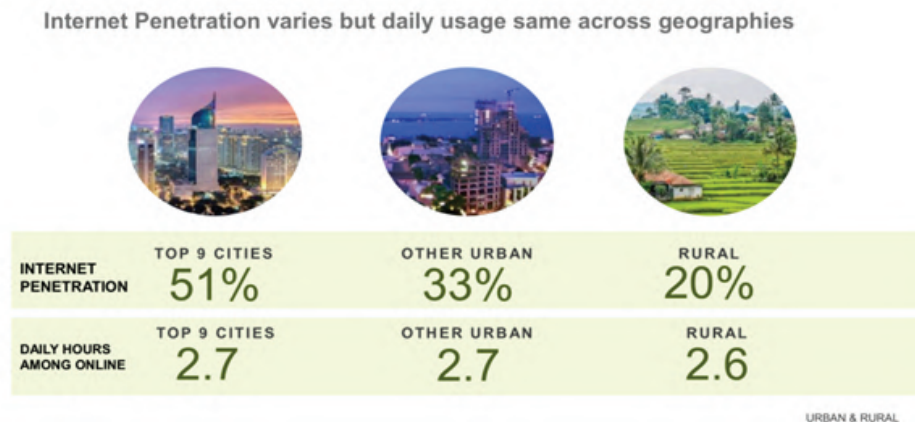
figure in this chart draw from globaleindex 01. 2019 wave of research

In spite of the constant economic growth (over 5% in 2018), Indonesia's GDP per capita is still low (4284.70 USD in 2018) and due to the low purchasing power of the majority of the inhabitants, consumption essentially turns around food products and other basic goods. Indonesian economy relies heavily on domestic consumption (57% of GDP, significantly higher than its neighbours).

Indonesia's consumer market is complex, scattered over 17,500 islands where tastes and preferences vary. 56% of Indonesia's population is urbanized. However, rural consumers show attitudes similar to their urban counterparts. Literacy levels are high with over 95% of Indonesia's population literate.

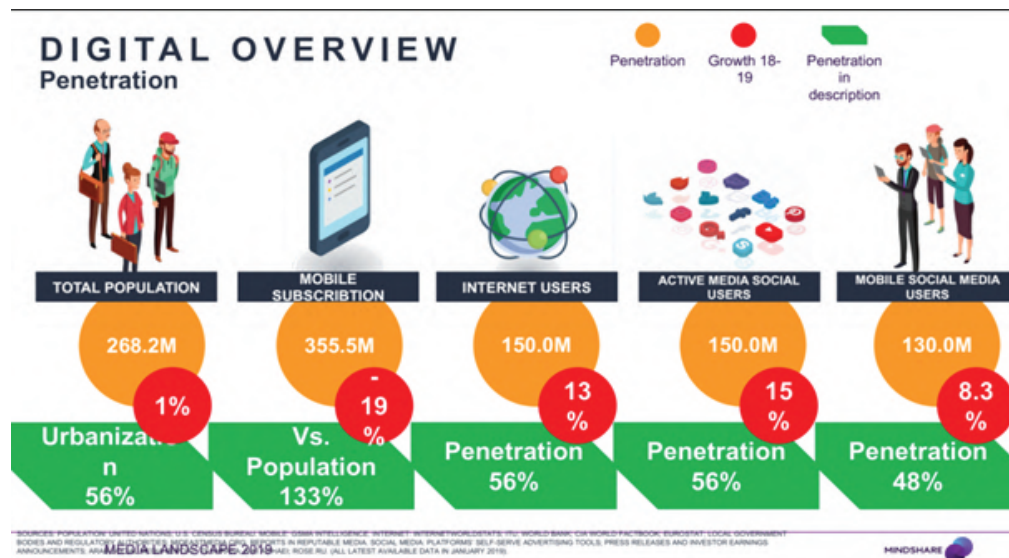
**Chart 10:** Unlike other countries where rural and urban consumers may display different behavior, in Indonesia the patterns of mobile usage are same across geographies.

Urban & Rural Users Display Same Pattern



**Chart 11:**

Digital Demographics



Source: Mindshare , Media Landscape 2019

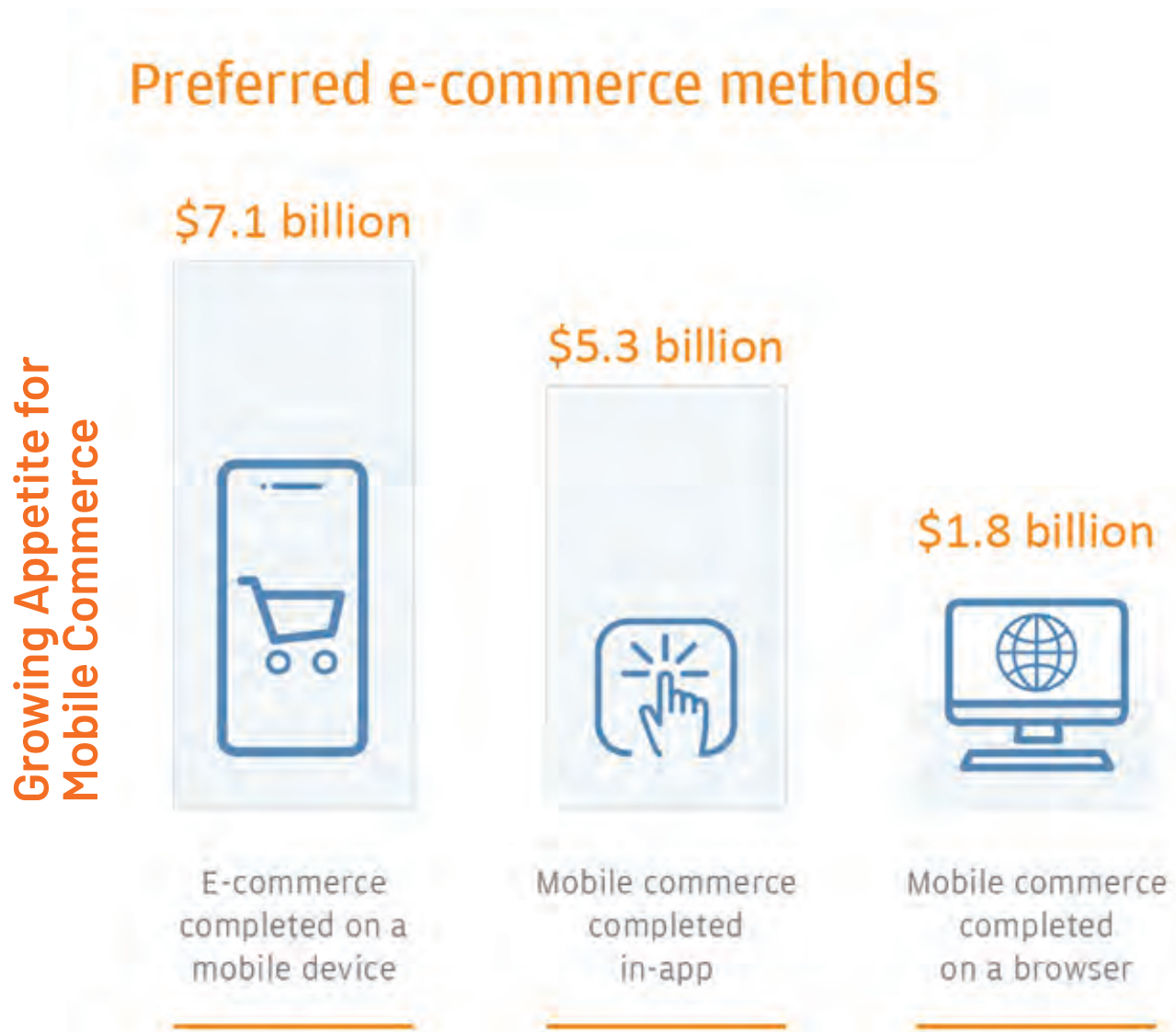
There is also a clear trend that Indonesian consumers prefer to spend on services and experiences rather than products. According to a McKinsey report, "The Digital Archipelago", travel was the fastest growing individual sector in Indonesia, accounting for 14% of spending in Indonesia. Food services was the second fastest growing sector, at 19%.

Over 75% of all online food service purchases were paid for using a mobile device, demonstrating a convergence between the type of purchases being made and the preferred convenience of a mobile payment system. The rapid growth in smartphone adoption is expected to lead to more demand for cashless services and app-based services, such as food delivery and ride sharing.

According to investment bank J P Morgan, Indonesia is one of the fastest growing mobile commerce markets in the world, now worth \$7.1 billion.

Apps are the primary mobile sales channel, says the JP Morgan report. Over 74% of sales on mobile come through apps with ecommerce merchants leveraging the power of influencer marketing over YouTube, and Facebook to reach consumers. Social commerce is estimated to account for 40% of all ecommerce sales in the country, and much of this happens over mobile.

**Chart 12:** Mobile commerce is growing at a fast clip in Indonesia and within that apps are the dominant way of purchasing.



Source: J.P. Morgan 2019 Payments Trends – Global Insights Report: Data has been provided to J.P. Morgan Merchant Services by Edgar, Dunn & Company via EDC Analysis.

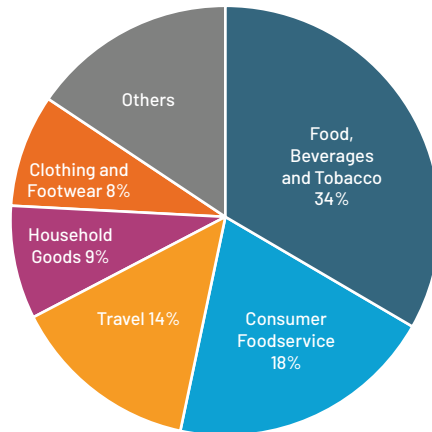
According to London-based strategic market research company Euromonitor International, digital technology, connectivity and social media play an important role in how consumers make decisions.

Euromonitor groups the products and services into five categories that Indonesian consumers spent their money on in 2017 (see chart). The most expenditure is incurred on food, beverages and tobacco (34%). But two other categories - consumer food service and travel - which are in second and third position, respectively, have posted greater growth over the last five years, compared to other categories.

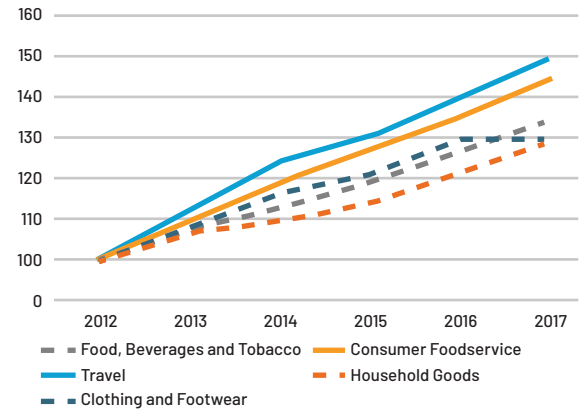
## Chart 13:

Consumption Habits  
of IndonesiansConsumer Footservice and Travel are the Fastest-Growing  
Categories

Value Breakdown of Top 5 Products &amp; Services in Indonesia, 2017



Growth Index of Top 5 Products &amp; Services in Indonesia, 2012-2017



Source: Euromonitor International

According to Euromonitor International, three important trends will define consumer behavior in the future - the connected consumer, premiumization and experience. Nearly 13% of Indonesia's connected populace use mobile phones to book or order ride-sharing services and 11% order food and drink online, while 10% buy items or services through their mobile phone every day.



## Social Habits

Social media usage in Indonesia is high with 56% of the total population connected to one network or other. 92% of Indonesia's Internet users actively engaged with social media according to Global Web Index, spending an average of 3 hours and 26 minutes per day. A lot of the shopping decisions are influenced by social media. This is why influencer marketing is growing and a trend to watch specifically is the rise of Micro & Nano influencers.

### Chart 14:

## Social Media Behavior of Indonesians



Source: Global Web Index: Indonesia Market Snapshot 2019

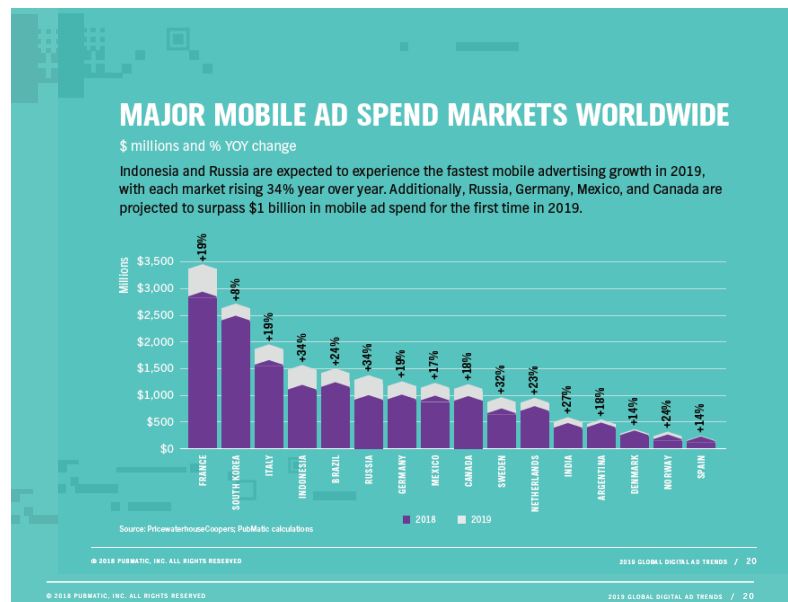
# THE ADVERTISING LANDSCAPE

In Indonesia, the advertising economy grew by over 7% in 2018 and is expected to grow by 6.8% in 2019, slightly below prior expectations, says a report by Magna Global. The total ad market in Indonesia in 2019 will reach IDR 98 trillion. Ad spend growth has been in the high single digits for the past six years, spurred by strong economic growth. In 2020, the ad economy in Indonesia is expected to increase by +7.9% to reach IDR 105 trillion. According to the 2019 Global Digital Ad Trends report by PubMatic, Indonesia is the fastest growing digital advertising market in the world, followed by India.

It is estimated that Indonesia's digital advertising spending will reach \$2.6 billion (around IDR36.5 trillion) in 2019 or increase 26% compared to last year. This is the highest growth rate, beating European countries such as Russia, Ireland, Sweden, France, the Netherlands, Italy, and Sweden.

Chart 15:

**Indonesia is One of the Fastest Growing Mobile Advertising Markets in the World**



Source: PubMatic

## The Digital Story

According to Dentsu Aegis Network's DAN Global Outlook on ad spend, TV and Digital are the main media in Indonesia with the most allocated ad spend with growth of +2% and +18% respectively in 2018. Print ad spend is suffering due to the continuing decline in readership. Other media (e.g. Radio, OOH and Cinema) are seeing growth similar to GDP growth (5.1%)

Google, YouTube, Facebook and Instagram hold about 50% of total digital ad spend as per the DAN report. Radio and Cinema has grown in line with GDP growth by c.5%. While OOH increased by more than +10% in 2018 due to big sporting events and regional elections. Overall in 2018, ad spend increased by +2.2% due to events such as the World Cup, ASIAN Games and Regional Elections.

**While Digital is a big story, the DAN report points out that due to privacy issues, elections, brand safety and viewability concerns, it showed a lower than average growth for 2018 vs. the 20-30% growth in previous years. This is a challenge that brands need to address in order to retain customer trust and confidence.**

Digital advertising spend is expected to grow by 19% in 2019, a relatively modest growth rate compared to the massive nearly triple digit growth rates of several years ago. That digital growth is led by video (+33%) and social (+27%). There is more emphasis on CTA (call to action) and always on in video.

Indonesia is currently the 3<sup>rd</sup> largest mobile video ad market in the world and the 4<sup>th</sup> largest Viewer of mobile video ads around the world with a 8% share of video ad impressions.

According to PubMatic's report on the Indonesian advertising landscape, mobile impressions and clicks attract the bulk of digital advertising spend in Indonesia (26% increase in 2019, compared to a 5% drop for desktop-centric spending), reflecting the growth in smartphone usage.

PubMatic estimates that total mobile spending in 2019 will exceed \$ 200 billion (around \$ 2.811 trillion) and the growth rate in this sector will remain in the double-digit region until 2022.

The transition to mobile advertising can significantly increase effectiveness due to better targeting—rather than traditional demographic targeting, advanced targeting can be done that can result in more transactions.

# KEY TRENDS AND INSIGHTS

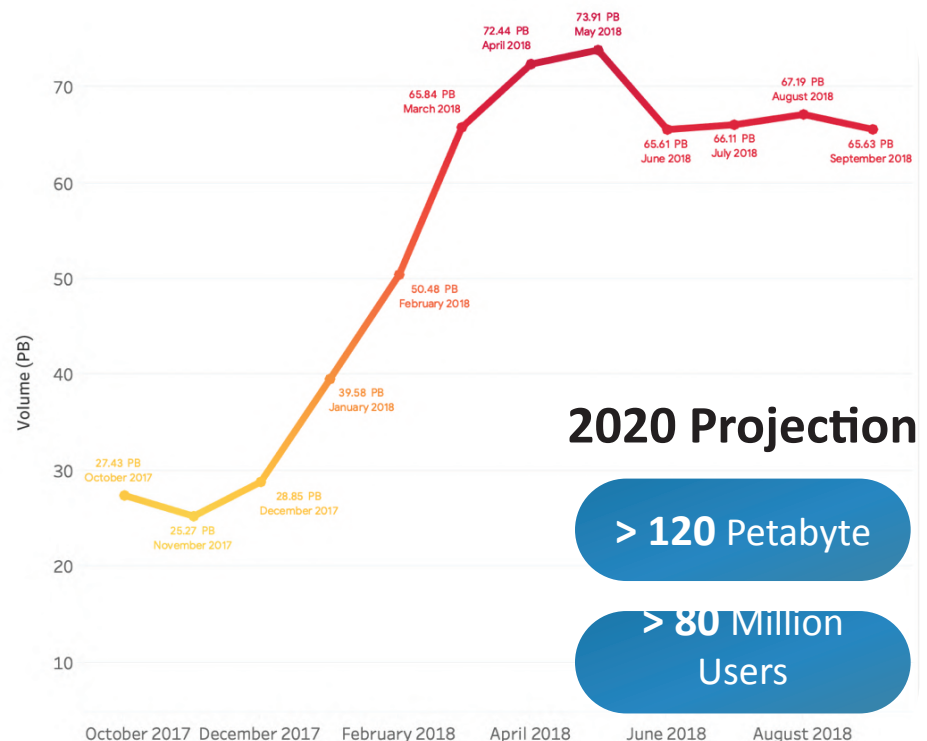
## TREND 1:

### Video Goes Vertical, Voice Booms

While Video Consumption Continues to Grow, chat and conversations fuelled by voice assistants are exploding too. In Indonesia, Youtube is well on its way to displace Google as the largest search engine, driven by needs of entertainment & inspiration. For instance, Google data shows that during Ramadan, there is spike in YouTube consumption by Indonesians who seek out religious content and music during this period.

## Chart 16:

### Video is One of the Most Dominant Category, with Shares of 33% Volume from Telkomsel Data



Source: Telkomsel Digital Advertising

## Some factors why video is gaining traction among marketers

- Video has the highest engagement rate of all content types. Facebook reports an engagement rate of 9.7% in Indonesia. YouTube reports that length of time spent on videos is growing with Indonesia reporting 23 minutes per visit. Compared to display ads, Video delivered 9x user engagement for brand advertisers.
- Video content is getting increasingly search friendly as Google algorithms are transcribing audio tracks in real time and able to trawl everything posted on videos.
- Video watchers have higher propensity to shop online.
- OTTs (Over The Top) are the LTE (Long Term Evolution) of TV and making their presence felt with almost a double digit ad revenue growth in a fiscal. Significantly OTT content is watched mostly on mobile.
- Southeast Asia delivers 91% Video Viewability Rate. This rate is far higher than global average. Viewability is the ability of an ad to be seen by a consumer.

### Chart 17:

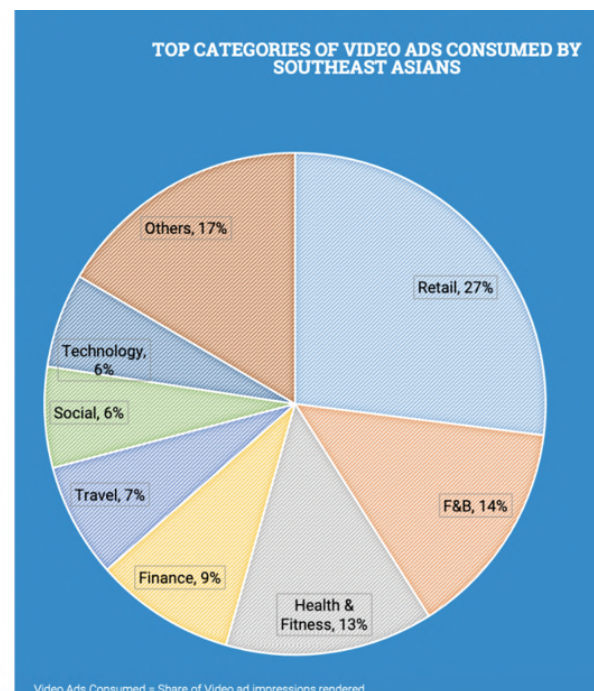
27% of all video ads watched by southeast Asians are retail related

### Consumer preferences on video ads

inMOBI

#### SOUTHEAST ASIANS ENJOY WATCHING RETAIL RELATED VIDEO ADS ON THEIR MOBILE DEVICES

- Given the superior performance delivered by mobile video ads over other formats, most advertisers in Southeast Asia are investing in the format and thus enjoying better returns.
- Video Ads related to Retail and F&B are particularly preferred genres amongst consumers on their mobile devices.



Source: InMobi : State of Mobile Video Advertising 2018

## TREND 2:

### A New Era of Mobile Payments

Cashless payments have become essential tools for Indonesians. From roadside shops to five-star restaurants, Ovo and Go-Pay QR codes are ubiquitous.

The adoption rate of app-based mobile payment services has already overtaken that of the traditional mobile payment services. GoJek's GoPay, for instance, only launched in 2016, but it now leads in terms of Gross Transaction Volume (GTV) when compared to older services such as Telkomsel T Cash and Mandiri e-Cash. Go-Pay has contributed to 30% of cashless transaction in Indonesia.

Many new mobile wallet platforms have sprung up in Indonesia in the past year, and more are joining the fray. WhatsApp is reportedly in talks with multiple Indonesian digital payments firms to launch their services in Indonesia,

According to research and advisory firm RedSeer in 2018, the market size of mobile wallets reached USD 1.5 billion, and that pool is projected to reach USD 25 billion by 2023.

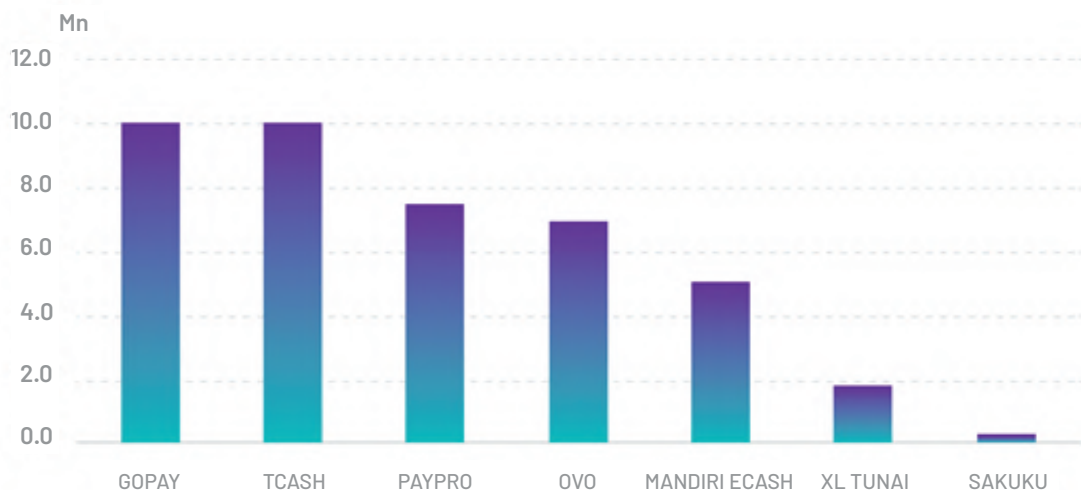
So far, 37 companies hold e-money licenses from Bank Indonesia. There were more than 274 million transactions of a combined value of IDR 5.82 trillion (USD 412 million) that utilized electronic money in January 2019 alone.

Cashback promotions and aggressive discounts have helped, Go-Jek's Go-Pay and the Lippo-backed Ovo race ahead of the competition.

For Marketers mobile wallets are a great way to get up close with the customer. They can get into mobile wallets through mobile passes or wallet cards, offering loyalty points to customers, coupons, gift cards and notifications.

### Chart 18:

Mobile Payment User Base (2017)



### Growing Usage of Mobile Payments

Source : MDI Ventures & Mandiri Sekuritas Research

The spurt in mobile wallets is also fuelling the mobile commerce market in Indonesia, which according to J P Morgan is expected to grow at a compound annual growth rate of 45.2% to 2021, when sales via this channel will be worth a projected \$31.5 billion.



Cashless society can propel brands ability to personalisation, insights, and full funnel conversions. At Nestle we aim to further drive personalized engagement. By understanding consumers user journey, this allows us to provide a value added service beyond their initial expectation.

**Guy Kellaway**

Head of Marketing Services & Consumer Communication  
Nestlé Indonesia

## TREND 3:

### The Rise of Programmatic

In their search for efficiency and reach, marketers are increasingly adopting programmatic advertising, which allows them to deliver tailored messages to the right person at the right moment in the right context using audience insights and tech tools.

Take the example of how Mindshare Indonesia developed a retargeting campaign for Air Asia with creative optimization technology that allowed its programmatic team to serve thousands of versions of an ad based on the last destination travelers had search for. It could create and serve 5500 ad versions in three months, saving time and money and resulting in higher ROI for the airline.

As the example shows, programmatic allows media buyers to cut through the clutter of millions of apps and dynamically serve campaigns. Given the comfort and efficiency it offers, spends are fast moving towards programmatic. Of total digital advertising spending globally, two third will be spent on programmatic advertising, says a report by PubMatic.

Programmatic ads in Indonesia are in line with global trends and predicted to increase rapidly. According to PubMatic, total spending on programmatic ads in Indonesia will increase by 89%, reaching around \$500 million (around Rp7 trillion) in 2019.

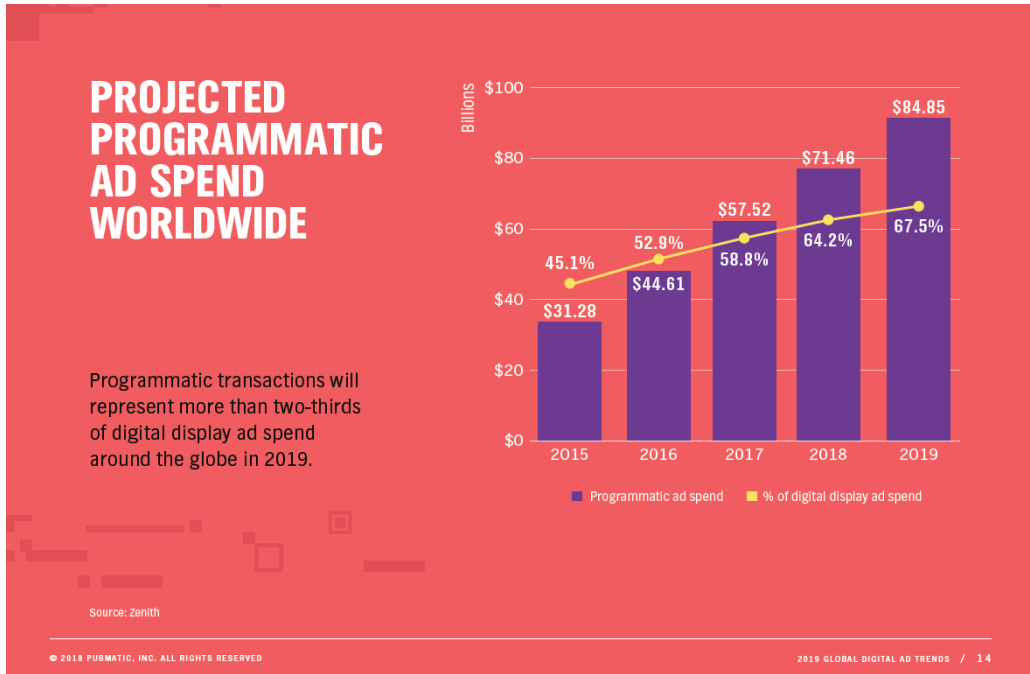
With this growth, Indonesia's programmatic ads market has become the fastest growing in 2019 along with India (47%) and Brazil (45%). It far exceeds European countries such as France (26%), Germany (19%), and Italy (19%).

However, in terms of the amount of value spent, Indonesia is still under these countries.

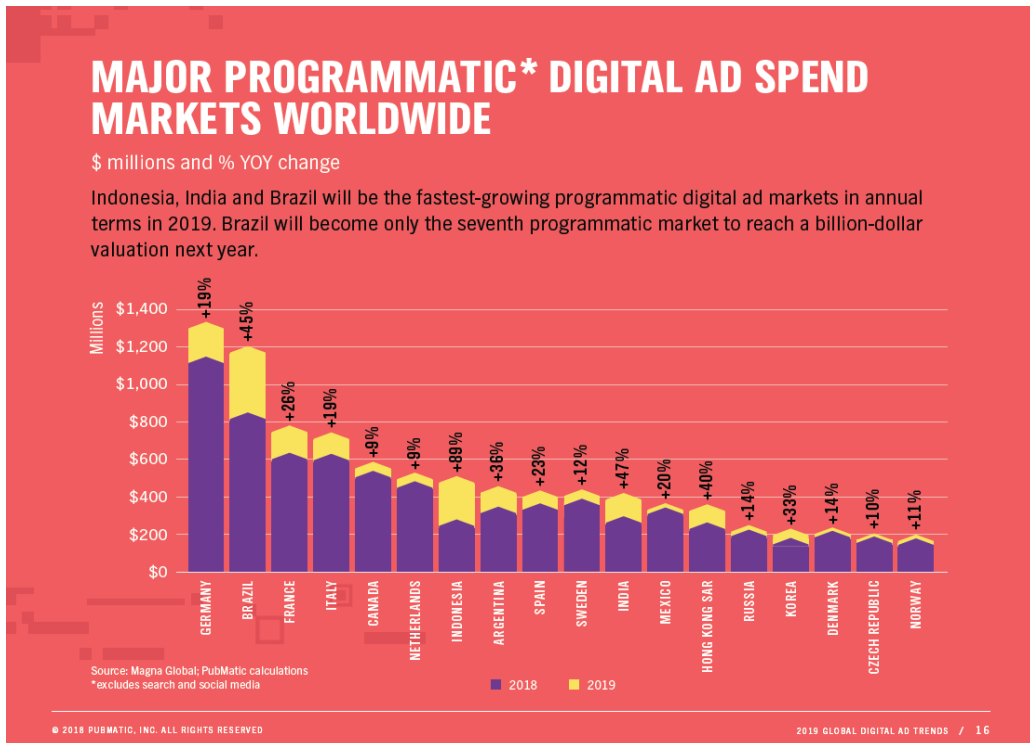


Chart 19:

Growth in Programmatic Ad Spend



Source : Zenith



Source : Zenith

While the plus factors for programmatic are that it is leading to more reach and better targeting, however a problem reported is that many advertisers are still not thinking mobile. They are resizing creatives for mobile instead of creating custom made ones.

## In-App Finds More Favour

Within programmatic, the in-app space is picking, albeit slowly in the region. However, it is among the top technologies being adopted by marketers across the region. A big reason why marketers prefer in-app programmatic advertising is that it is far safer than web advertising, which is prone to ad frauds.

However, it is an evolving space with some challenges still reported. For example, one challenge with in-app advertising is that often it is on a waterfall basis – a first come first served automated model, which means that media owner is not getting right value for inventory, and media buyers if they are further in the queue get locked behind the waterfall. But there are tools coming up that allow optimization of the inventory. As adoption grows, there will be tech advances in programmatic that allow for more personalization at scale.



Indonesia is the largest market for in-app programmatic outside of the USA and China. With the emergence of a completely mobile-native Indonesian consumer, in-app programmatic will see accelerated growth in the next few years. A combination of sustained market education of brands and marketers, increased trust and transparency, and advancements in technologies enabling personalisation at scale will see programmatic become the preferred channel for media buying.

**Vasuta Agarwal**

VP & MD, Asia Pacific

InMobi

## TREND 4:

### Mobile Gaming: The Next Frontier

Indonesia is the biggest mobile games market by both revenue and players. Mobile games now account for 33% of installs, 10% of time and 74% of consumer spend in the country.

A recent study by Pokkt, Decision Labs and MMA found that there are 60 Million mobile gamers in Indonesia and this will increase to 100 Million by 2020. Playing games is the highest share of time spent on mobile phones, even higher than social networking. Interestingly, gaming is not dominated by the youth male. In fact 51% of Indonesian gamers are female with 41% are aged 35 and above. The study found that 56% of the gamers are moms with kids below 10 years old,

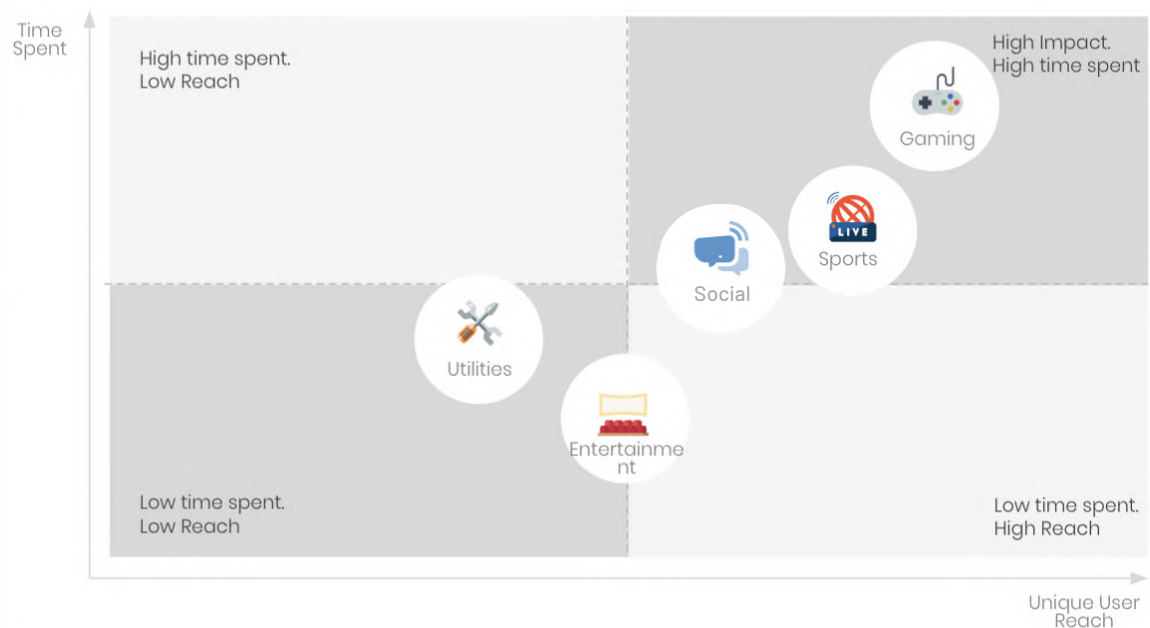
The MOBA genre has been a huge growth driver in Indonesia's mobile games market as it has both encouraged higher engagement and spend compared to traditional RPG and strategy titles. Mobile Legend is the number one game in 2018 both in download and revenue.

The conversation of gaming is moving from space buying to building brands through gaming over a long term. Marketers can learn a lot from the mobile gaming ecosystem as game developers are both publishers and advertisers and hence are focused on acquisition, retention, and driving in app purchases. These strategies can be replicated by marketers.

### Gaming is a High Engagement Activity

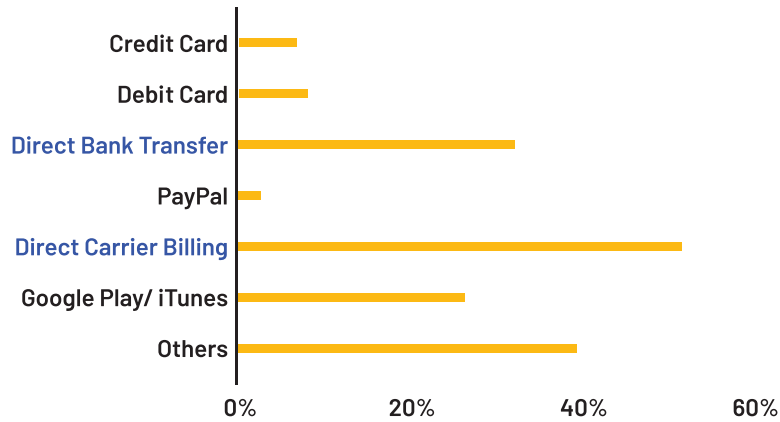
According to InMobi, Gaming ranks as the most engaging category when it comes to mobile experiences

- 74% of Indonesian gaming audience is 20+ years
- 54% gamers play more than 60 mins daily



Over 60% of Indonesian gamers click more than 2 times a day on in-app ads

Gamers in APAC region are far more comfortable going cashless and using mobile payments than their western counterparts.



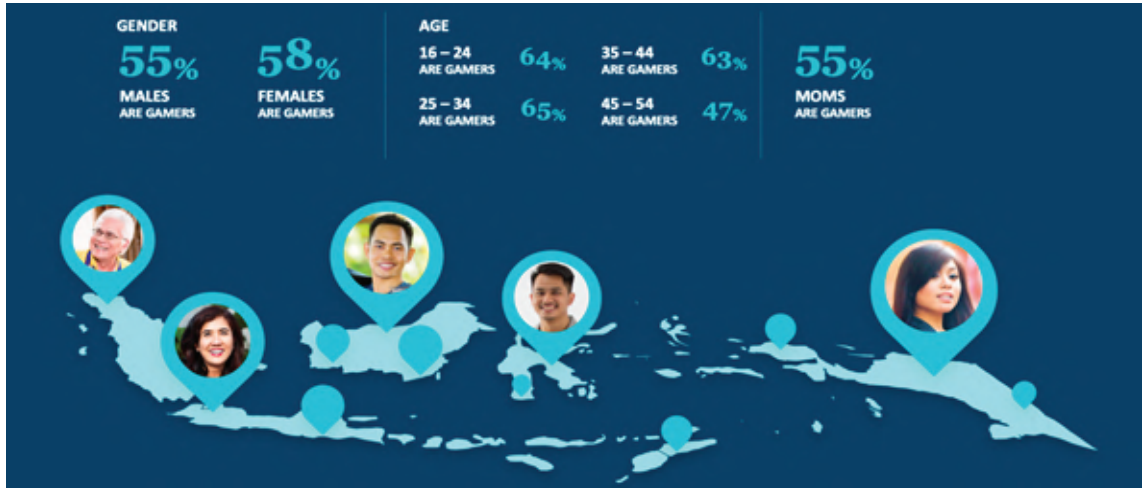
Source: AdColony



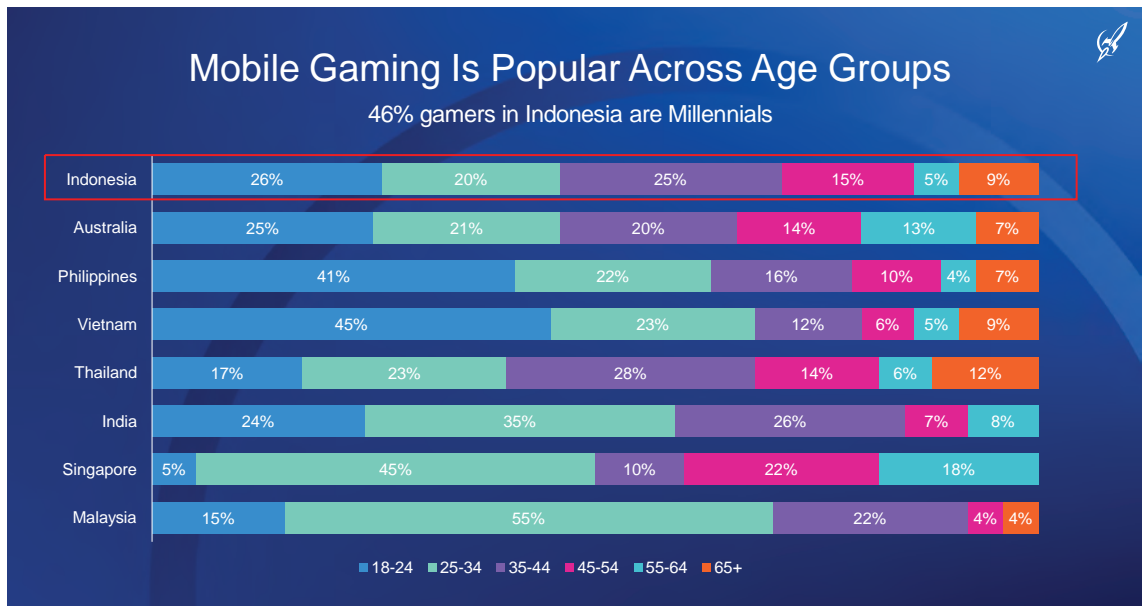
Chart 20:

All Ages and Gender Play

Mobile gaming is not just for the young



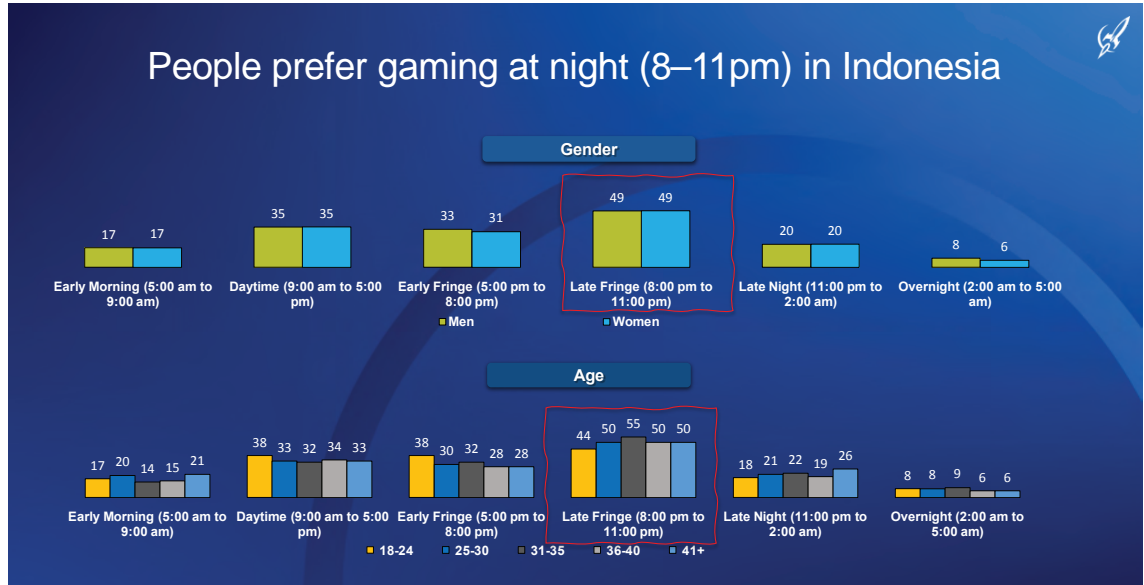
Source: MMA & Pokkt Indonesia Mobile Gaming Study



Source: AdColony Gaming Survey 2018

## Chart 21:

## Peak time for mobile gaming



Source: AdColony Gaming Survey 2018

In a study on motivations of mobile gamers, Google teamed up with Kantar TNS and found that factors included adrenaline, aspiration, entertainment, escapism, competition, socializing, relaxation, kill time and training their brain. This led them to come up with four gaming mindsets – achieving, thrill seeking, unwinding, and experimenting. When planning their marketing strategy, marketers can tap into these state of minds.

## TREND 5:

### Convenience, Omnichannel & AI: 3 Must-Wins for the CMOs of the Future

Online marketing is effective, but online marketing is indispensable. In the digital era, we must not forget about offline activation of consumers, because this is still the channel where the majority of purchases take place.

Gojek is an on demand multi services platform, which fulfils millions of consumer needs every day by combining online purchases and delivery with online convenience. This provides a unique insight into consumer behaviour in the digital era.

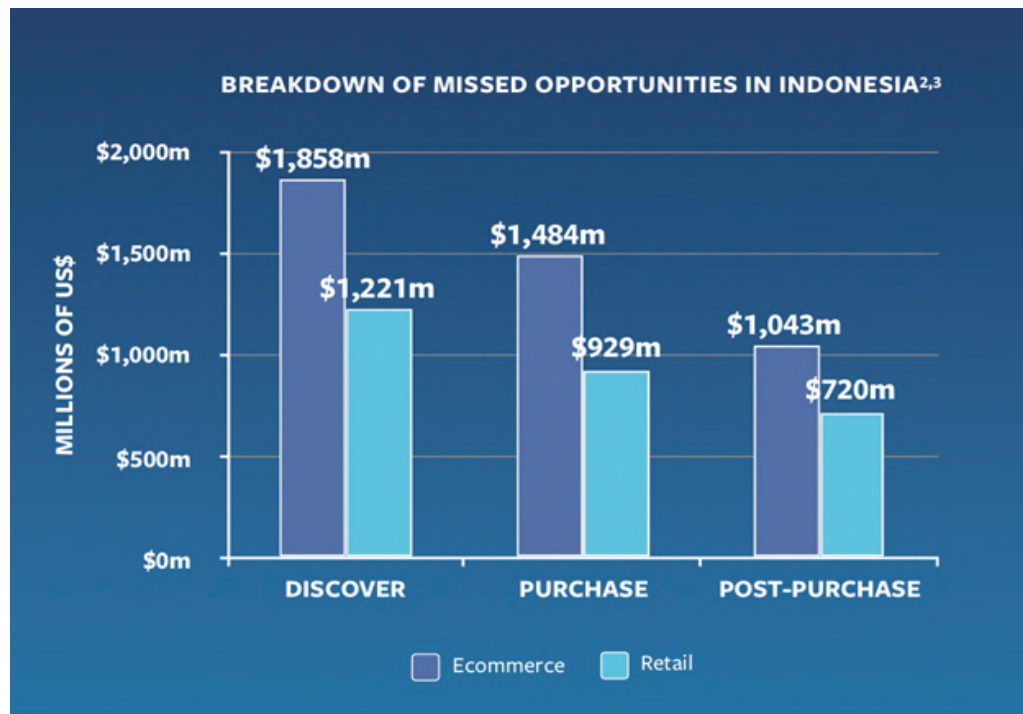
### Some insights from Gojek:

- **Convenience is The Key to Delightful Consumer Journeys** Convenience takes away several barriers to purchase by saving consumers the time, hassle and effort of having to physically go to a shop, or of having to use cash when they do so.
- **Omnichannel Engagement is The Key to Driving Purchase** Enabling consumers to find and buy brands whenever and wherever they wish ensures that we do not miss out on opportunities for discretionary purchases, or lose share to brands with a superior omnichannel presence.
- **Useful Consumer Data is Not a Telephone Directory** What people buy and why is more important than having their address or telephone number or knowing that they have “engaged” with your brand via social or vanity metrics. ‘Nuff said.
- **AI Can Enhance Marketing, Not Replace It** With good enough data, AI systems can predict which consumers are more likely to buy a brand, when and where it’s most effective to reach them or which promotional tactics are most likely to convert them to purchase. This needs to go hand in hand with consumer insight, good brand and product design and high quality creative communication.

**Reynold D’Silva**  
Senior Vice President  
Gojek

Chart 22:

## The Importance of Being Part of Entire Customer Journey



Source : Facebook Zero Friction Future Report : Indonesia E-Commerce & Retail

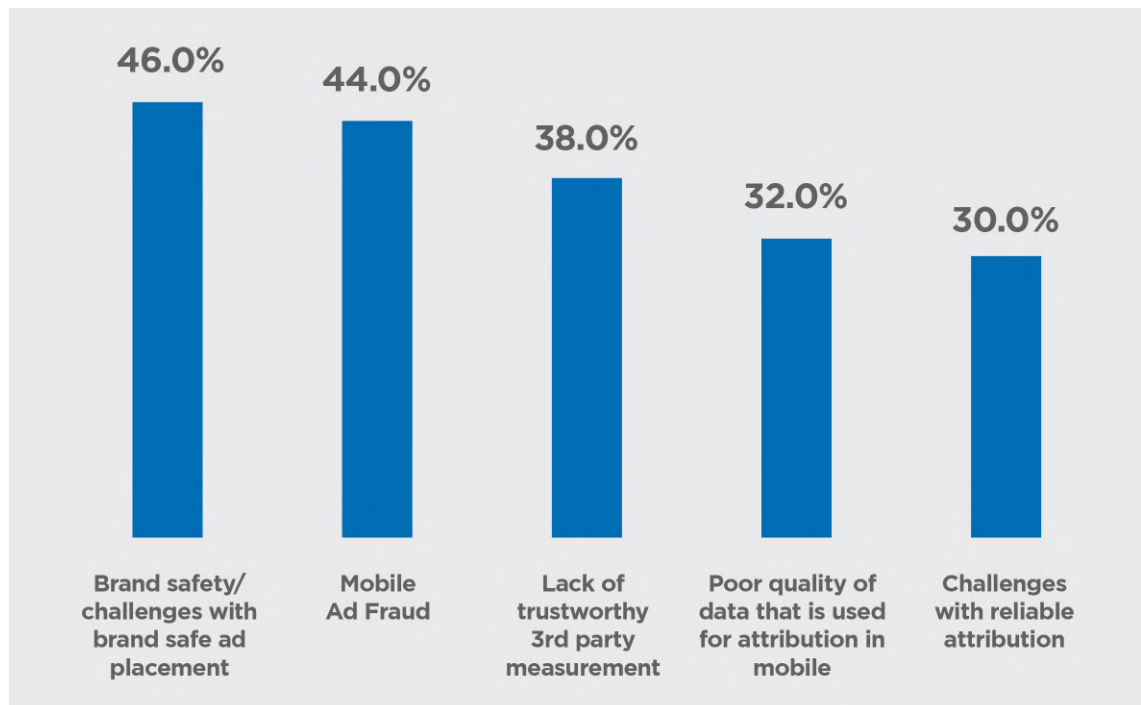


## TREND 6:

### Growth in Ad Fraud

In Indonesia prevalence of mobile advertising ad fraud is second largest in the world. Total APAC mobile ad fraud is expected to cost advertisers US \$56 billion by 2022, up from \$19 billion this year, according to a new study by ad fraud specialist TrafficGuard. This is a disquieting trend. However, the good news is that there is growing awareness among marketers about ad fraud and new tools to combat this.

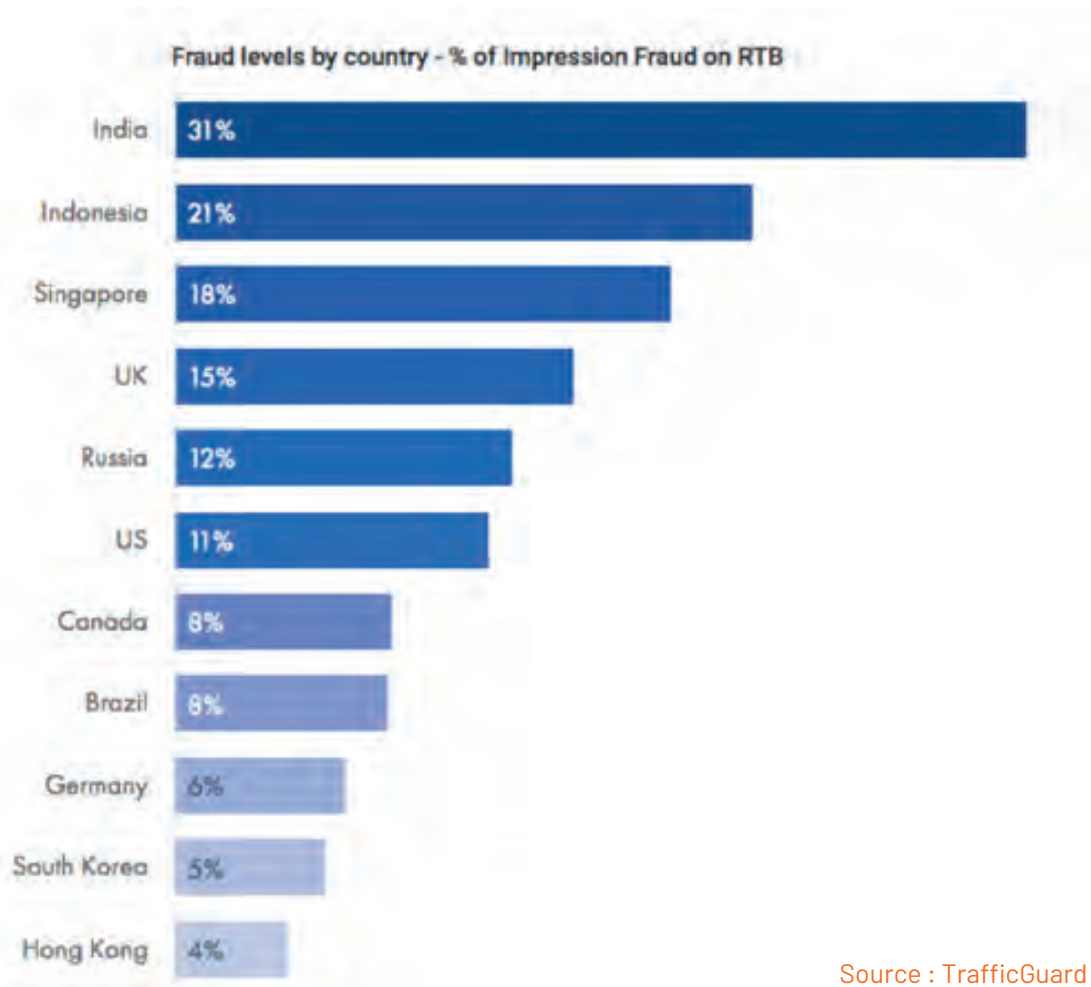
**As per the MMA Indonesia Ad Fraud Survey, the top two challenges faced by marketers in mobile advertising are mobile ad fraud and brand safety**



Source : MMA Indonesia Ad Fraud Report

Chart 23:

Ad Fraud Awareness  
Continue to Grow



Source : TrafficGuard

Among the many types of Ad Fraud marketers feel the top two ad fraud types that are relatively more dangerous are Data fraud & Adware. At a secondary level are Cookie stuffing, Ad stacking, Ad injection, etc.

Ad fraud is a complicated phenomenon that involves hackers, software black markets, traffic brokers, and publishers with varying degrees of awareness of what is happening. Not all aspects are explicitly illegal, and those that are typically occur in countries with indifferent or ineffective cybercrime law enforcement. As a result, proactive measures for avoiding fraud are required rather than relying on criminal justice systems.

Advertisers that choose to use blacklists, which prevent ad delivery to sites that have had a history of fraud, apply a reactive method that immediately shuts down a fraudulent supply channel. However, lists are often not updated frequently enough, and can significantly impact scale. Additionally, premium publishers can fall victim to fraud, even when following best practices, and being placed on a blacklist incorrectly penalizes them. Meanwhile, as soon as a site is blacklisted, a new one can be registered and used to continue the fraud.

## There are three pillars in dealing with ad fraud:



Source : MMA Indonesia Ad Fraud Report

In order to effectively combat fraud, it's critical to develop sophisticated techniques leveraging data science and advanced web development, both guided by intensive intelligence gathering. Techniques relying on specially designed data collection within the ad display environment are sometimes referred to as session-based signals or side-channel analysis.

Using these three pillars as the foundation, today's technology applies advanced learning about fraud and gives real-time signals to make a decision on dealing with it.

## TREND 7:

## The Subscription Approach

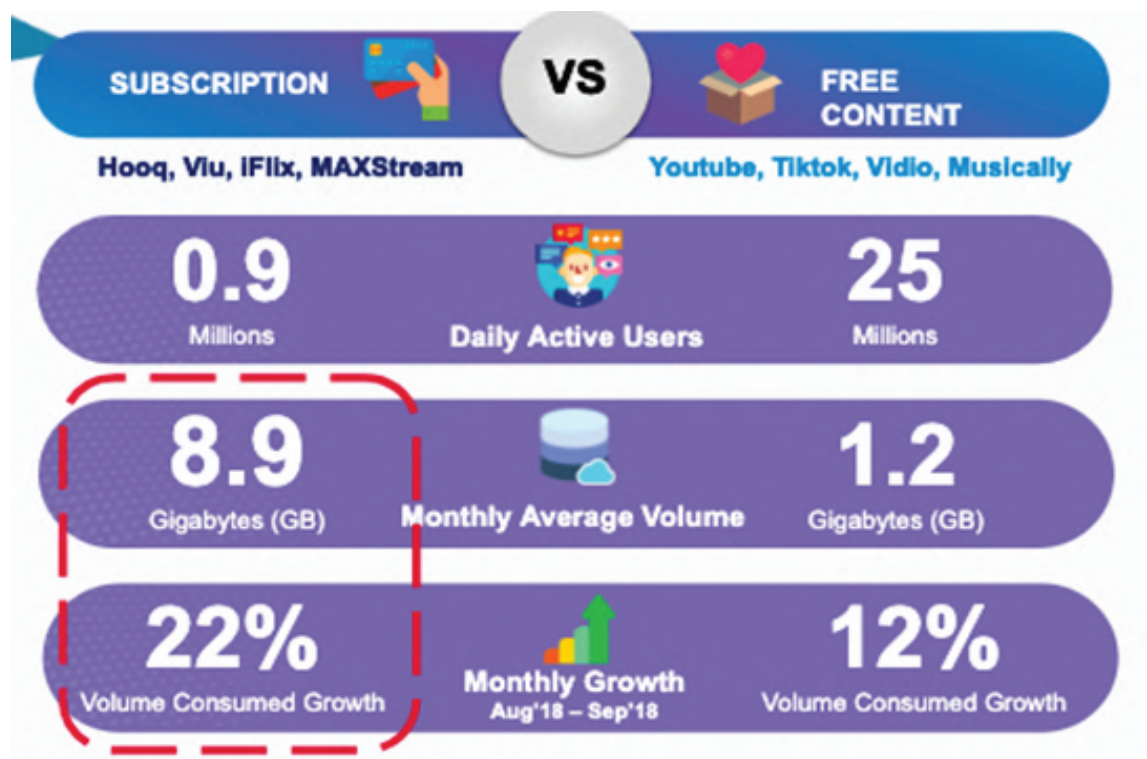
## Subscription Services Volume Consumption Surpassed Free Content

In the OTT era where players like Netflix showed the way with subscriptions, the paid model is beginning to take off.

Average volume consumed from paid platform is 7.4 times higher than Youtube. Admittedly, the total share of paid when compared to free is still small, but it has significant growth especially in terms of volume consumed.

Chart 24:

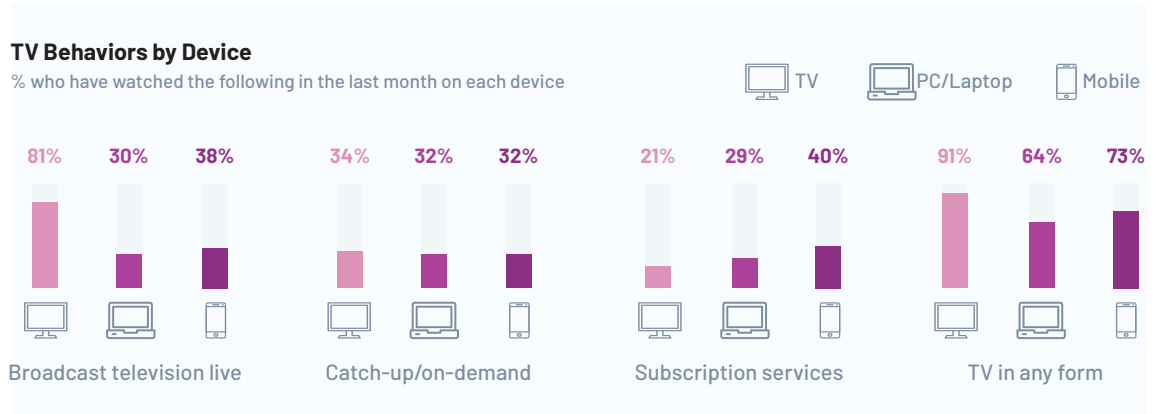
## Subscription vs Free Content



Source: Telkomsel Digital Advertising

Chart 25:

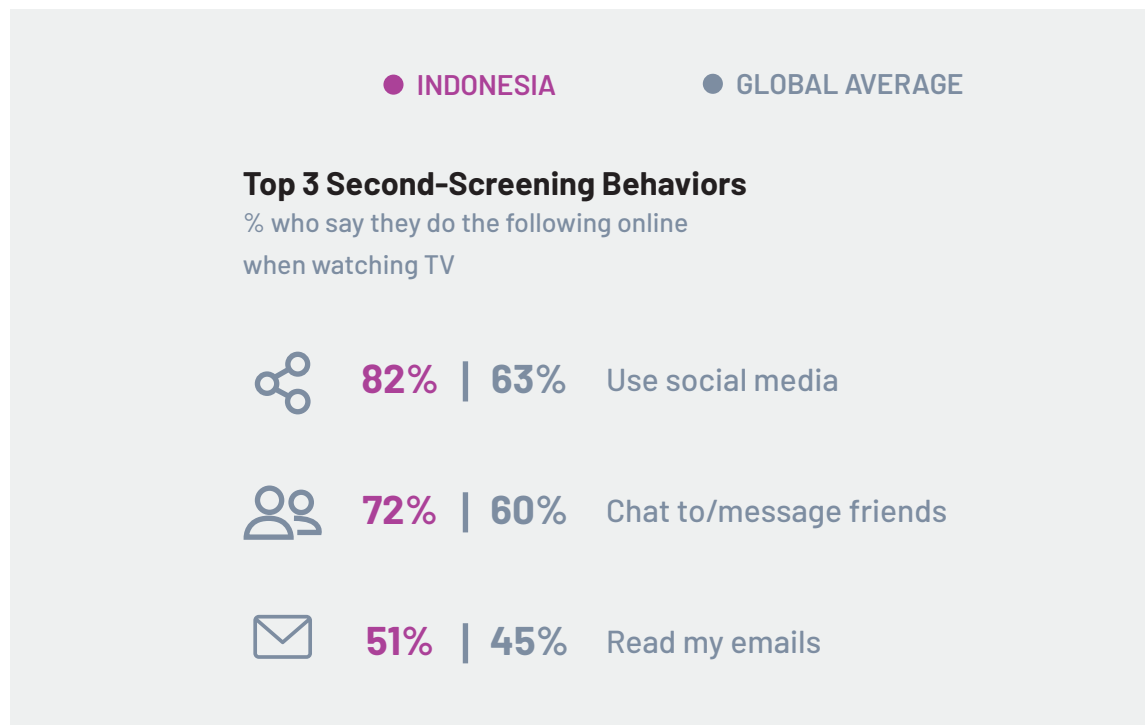
What do Indonesians View on Each Device



Source: Indonesia Market Snapshot 2019 – Global Web Index

Chart 26:

Multitasking on the Device is a Way of Life Now



Source: Indonesia Market Snapshot 2019 – Global Web Index

# CONCLUSION

## Looking Ahead: Opportunities & Challenges

Indonesia's mobile first behavior and its population pyramid – more than half its people are under 30 and the country has a large and growing middle class – makes it a very exciting market for marketers.

### Some trends that could further define mobile marketing in the region

- People's ever increasing expectations from their mobiles. The mobile first population does multiple things simultaneously on their mobiles – shopping, watching videos, messaging, searching for information. With smartphone devices now tailored to multitasking – Samsung's Galaxy Fold allows you to open apps on split screen – this is a new opportunity for marketers to drive purchase behavior.
- Growing clout of in-App ads. Due to their higher engagement levels, marketers in Southeast Asia seem to be inclining more towards in app ads, which have higher engagement levels. People who watch these ads are opting in to watch the ads, and more open to discovery.
- Cultural nuances – Strategies that work in India, China or Japan may not necessarily work in Indonesia as mobile behavior is not homogeneous even within the same region. Marketers need to be cognizant of that.
- Connected consumer – Growth of IOT devices signal a new opportunity area for mobile marketers. The number of devices in the Internet of Things have doubled globally between 2014 and 2019 and disrupted marketing as it has created new habits and behaviors. The good news for marketers is IOT devices have generated unprecedented amounts of data that could lead to greater personalization as it unlocks more information on consumer lifestyles.
- Age of Alexa and Alpha consumers – Voice assistants like Alexa have become an integral part of customer lifestyles and changing people's relationships with their mobiles. Voice ads are currently banned on the platform (CHECK) but could be a reality.
- Subscription and direct to consumer businesses are becoming more viable. First party data becomes extremely important for marketers.
- Ease of communication: Language barriers will disappear because of technology
- Creativity will still be the most important thing and there is no substitute for it. Great content is loved by consumers.

# CONCLUSION

## Chairman Remarks

### 10 Things to Watch Out For Today

- Video is king.
- TV continues to be important and still the most cost effective channel in Indonesia, however the shift to digital is happening on a faster speed than ever before. So multi-channel planning is the most ideal strategy to have today. TV & Digital will continue to co-exist for some time.
- Indonesia remains a very social market. The top 3 apps are WhatsApp, Facebook, Instagram.
- Data driven marketing is becoming important. You need to start building capability around this area.
- Apps are driving consumption. More and more internet consumption are happening through Apps. And therefore how do you do marketing in an app environment is becoming important.
- Services are leading the growth of commerce in Indonesia at a rate which is faster than the rest of the world such as Ride Hailing, food order, travel. Indonesians do not buy products but purchasing services online.
- Commerce is small, but the path of purchase is getting disrupted and being influenced by the internet. Meaning people are not buying online, but they are getting advice and review on what to buy online.
- Social commerce is huge in Indonesia. eCommerce is small but social commerce is 3-4 times the size of eCommerce.
- Watch out for the silver generation. While many marketers focus on millennials. There are a silver generation which is older than millennials and they spent 4 times the amount of money that millennials do. This generation is going online and getting as savvy as the millennials are.
- Creativity is the most important thing and there are no substitute for it. Great contents are still being loved by consumers.

# CONCLUSION

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## Chairman Remarks

### 5 things to be prepared for, which may not influence your life today, but you should start build expertise in it.

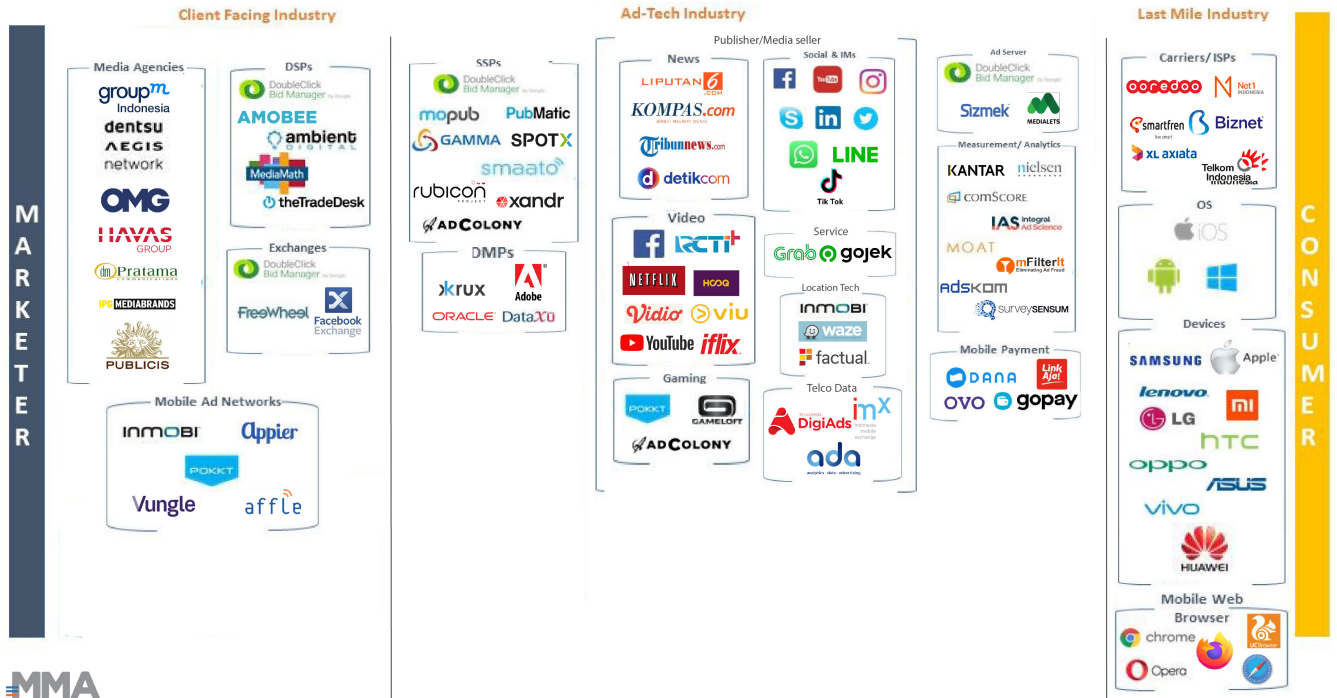
- Voice is becoming big. With the rise of Google Assistant Siri, Alexa, people are starting to use voice to search for content and they will use it to get products in the future.
- Commerce is becoming channel fluid . eCommerce players are opening brick and mortar stores and brick and mortar stores are opening online channels for delivery and such.
- Language barriers will disappear because of technology.
- Subscription & D2C businesses are becoming more viable. First party data becomes extremely important for marketers.
- 5G is the next big thing.

**And 1 thing to be aware of which is privacy, brand safety, and trust.**

**Hemant Bakshi**  
**CEO/President Director**  
**PT Unilever Indonesia, Tbk**  
**Chairman of The Board - MMA Indonesia**



# INDONESIA MOBILE LANDSCAPE



Currently the landscape is divided into three major clusters, which at times overlap and supplement each other.

1. The client facing industry
2. The ad tech industry
3. The last mile connectors

The **client facing industry**, primarily consists of agencies and their technology partners. They focus on delivering the best KPI on advertising spends of brands.

The **ad tech industry** majorly consists of the two type of players, the one that work on top of operator delivery pipes SMS, IVR and OBDs and the segment that relies on mobile internet connections to reach out to publishers.

The **last mile connectors** are the ones which are used by end users for accessing any of the digital content or services.

## Definitions of the terms used in the Mobile Scape:

### Media Agencies

An agency works with brand owners to identify a brand's position, messaging and creative communication.

### DSPs

Demand Side Platforms which focus on buying media for clients with an aim to increase the return on spends. They generally comprised of a manual trading desk as well as a programmatic buying channel called real time bidding platform.

### Ad networks

Advertising networks were the purest form of networks, where a single network would interact on both sides the brands and publishers and would then match the demand to supply. The DSP, SSP and trading desks are the evolved versions of the ad networks.

### Exchanges

Exchanges are the platforms which are connected to several DSPs and SSPs. They are generally used for increasing the reach on either the demand or supply side.

### DMPs

Data Management Platforms are platforms that aggregate user level data and help DSPs as well as SSPs in making bid level decisions of pricing, bidding, bid winning probabilities as well as the conversion probabilities at each impression level.

### SSPs

Supply side platforms are the counter parts of the DSPs. They are the media selling platforms, with a focus on increasing the publisher revenue. They generally comprised of a manual trading desk as well as a programmatic selling channel called real time auction platforms.

### Social Media and Instant Messaging platforms

A dedicated website or other application which enables users to communicate with each other by posting information, comments, messages, images, etc.

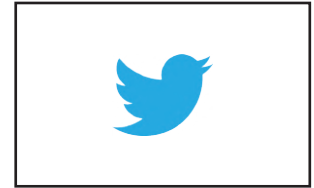
### Content Aggregators

A content aggregator is an app or a web service that gathers content from different sources for reuse or re-monetization.

# CONTRIBUTORS

The report is based upon both primary and secondary data and information sourced from its key contributors.

We Are Grateful To



# ABOUT

## MOBILE MARKETING ASSOCIATION (MMA)

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**HEMANT BAKSHI**  
CEO/PRESIDENT DIRECTOR  
PT UNILEVER INDONESIA, TBK  
CHAIRMAN OF THE BOARD  
MMA INDONESIA



**DWI ADRIANSAH**  
COUNTRY HEAD OF  
INDONESIA AND MALAYSIA  
TWITTER



**ANDY BUDIMAN**  
CHIEF EXECUTIVE OFFICER  
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**DHARNESH GORDHON**  
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**STEVE CHRISTIAN**  
CEO & CO-FOUNDER  
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**ANTOINE DE CARBONNEL**  
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**SHANTI TOLANI**  
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**ROHIT DADWAL**  
MANAGING DIRECTOR, APAC  
MMA

The MMA is the world's leading global non-profit trade mobile marketing association with more than 800-member companies, from nearly 50 countries. Our members include brand marketers, agencies, mobile technology platforms, media companies, operators and others. The MMA's mission is to accelerate the transformation and innovation of marketing through mobile, driving business growth with closer and stronger consumer engagement.

Additionally, MMA industry-wide committees work collaboratively to develop and advocate global best practices and lead standards development.

The MMA's global headquarters are located in New York with regional operations in Europe/Middle East/Africa (EMEA), Latin American (LATAM) and Asia Pacific (AP AC).

# MMA INDONESIA 2020 CALENDAR



## February 2020

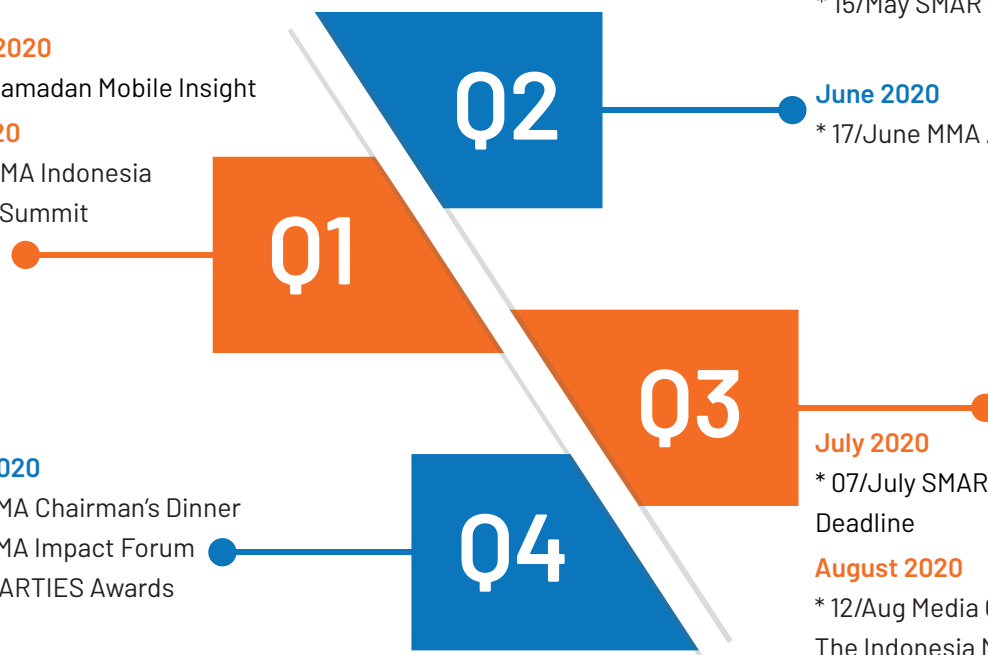
\* 05/Feb Ramadan Mobile Insight

## March 2020

\* 12/Mar MMA Indonesia  
CEO/CMO Summit

## October 2020

\* 12/Oct MMA Chairman's Dinner  
\* 15/Oct MMA Impact Forum  
& MMA SMARTIES Awards



## May 2020

\* 12/May MMA Iftar Evening  
\* 15/May SMARTIES Entry Opens

## June 2020

\* 17/June MMA Agency Day

## July 2020

\* 07/July SMARTIES Entries  
Deadline

## August 2020

\* 12/Aug Media Gathering For  
The Indonesia Mobile Rural  
Report Launch

## September 2020

\* 9/Sep SMARTIES Jury Meeting

# MMA MEMBERS

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# MMA INDONESIA SMARTIES AWARDS 2019 HIGHLIGHTS

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The MMA Indonesia SMARTIES Awards is a global media mobile marketing awards program that recognizes impactful mobile marketing and advertising campaigns created by the industry in Indonesia, such as Agencies, Marketers, Tech Providers, E-Commerce, Media, PR, Brands, etc.



## GOLD WINNERS

Category	Entry Name	Advertiser Brand	Agency
Brand Awareness	Asian Games "Energy of Asia"	Asian Games	Mindshare Indonesia
Lead Generation / Direct Response / Conversions	Shopee 12.12. Anniversary	Shopee	Mindshare Indonesia
Lead Generation / Direct Response / Conversions	Celebrate Moments that Matter with Coca-Cola	Coca-Cola Indonesia	GOJEK
Product / Services Launch	Burger King Indonesia: WhopperDamaian Launch	Burger King Indonesia	Mediacom Indonesia & Juice (TBWA)
Promotion	Celebrate Moments that Matter with Coca-Cola	Coca-Cola Indonesia	GOJEK
Social Impact / Not For Profit	Creation is Prayer, Projection of Hopes & Optimism to Win Presidential Election	Presidential Candidate 01: Jokowi-Amin	Berakar Komunikasi
Cross Media	Creation is Prayer, Projection of Hopes & Optimism to Win Presidential Election	Presidential Candidate 01: Jokowi-Amin	Berakar Komunikasi
Cross Mobile Integration	Google Shopping Answers Made Easy	Google	Toaster
Mobile Native	Google Shopping Answers Made Easy	Google	Toaster
Mobile Social	ANLENE - ASIAN GAMES #WhoisTheAthlete	Fontterra / Anlene Indonesia	Mediacom Indonesia & FCB Indonesia
Most Engaging Mobile Creative	Creation is Prayer, Projection of Hopes & Optimism to Win Presidential Election	Presidential Candidate 01: Jokowi-Amin	Berakar Komunikasi

## SILVER WINNERS

Category	Entry Name	Advertiser Brand	Agency
Brand Awareness	Google Duo - Communicating with Miscommunication	Google	Toaster
Lead Generation / Direct Response / Conversions	Giving More People Access to Know More	YouTube Go Indonesia	MullenLowe Indonesia & Toaster
Product / Services Launch	The Power of One Finger	Google Assistant	MullenLowe Indonesia & Toaster
Promotion	TOUCHING HEARTS THROUGH CRM SCHOLARSHIP PROGRAM	Nestlé / Wyeth Nutrition	Mindshare Indonesia
Relationship Building / CRM	Integrated O2O Campaign Initiative	Unilever / AXE	Mindshare Indonesia
Cross Mobile Integration	Google Assistant - Get Tasks Done with The Power of One Finger	Google	Toaster
Mobile Gaming, Gamification & E-Sports	Zwitsal	Zwitsal Baby Shampoo	POKKT
Programmatic	Google Shopping Answers Made Easy	Google	Toaster
Mobile Native	Bear Brand's Mobile Journey to drive "Good intentions" Niat Murni	Nestlé / Bear Brand	InMobi & Mindshare Indonesia
Mobile Social	Google Duo Father's Day Surprise	Google	Toaster
Mobile Social	Creation is Prayer, Projection of Hopes & Optimism to Win Presidential Election	Presidential Candidate 01: Jokowi-Amin	Berakar Komunikasi
Location Based Services or Targeting	Walls: Mudik Jadi Happy!	Unilever / Wall's	Mindshare Indonesia
Mobile Video	Unicornetto: Creating Magic with Data	Unilever / Cornetto	Mindshare Indonesia
Most Engaging Mobile Creative	OBH Combi Supports Indonesia to Beat the Limit	OBH Combi	AdColony & Mindshare Indonesia, Altindo

## BRONZE WINNERS

Category	Entry Name	Advertiser Brand	Agency
Lead Generation / Direct Response / Conversions	Best Whopper Ever	Burger King	Juice Network
Promotion	POND'S MEN: WORLD FOOTBALL PARTY	Unilever / Pond's Men	Perform Media Services Limited & Mindshare Indonesia
Relationship Building / CRM	Giving brand a new lease of life with "Cara Pintar Mam" ...in a smart way	Nestlé / Wyeth Nutrition	Mindshare Indonesia
Social Impact / Not For Profit	Fair & Lovely Democratizing Education for Women in Indonesia	Unilever / Fair and Lovely	Mindshare Indonesia
Cross Media	Giving More People Access to Know More	YouTube Go Indonesia	MullenLowe Indonesia & Toaster
Cross Media	Beiersdorf	Beiersdorf / Nivea	OMD Indonesia
Programmatic	Unicornetto: Creating Magic with Data	Unilever / Cornetto	Mindshare Indonesia
Mobile Native	Google Assistant - Get Tasks Done with The Power of One Finger	Google	Toaster
Location Based Services or Targeting	DANCOW Fortigro UHT Virtual Lunch Box	Nestlé / DANCOW FortiGro UHT	AdColony & Mindshare Indonesia
Mobile Video	The Meme-tervention	Google Search	MullenLowe Indonesia & Toaster
Mobile Video	Celebrating the "Best Mother" together with thousands of Indonesian mum	Nestlé / DANCOW FortiGro	Mindshare Indonesia
Mobile Audio	ID Bank Mandiri The Jojo Voice Campaign	Bank Mandiri	Google Waze
Best Brand Experience in Mobile Rich Media	Close Up: Senyum Greget	Unilever / Closeup	Mindshare Indonesia
Best Brand Experience in Mobile Rich Media	DANCOW Fortigro UHT Virtual Lunch Box	Nestlé / DANCOW FortiGro UHT	AdColony & Mindshare Indonesia
Most Engaging Mobile Creative	Pond's Men Smart Online Buddy - Find Your Gentlemen Score	Unilever / Pond's Men	AdColony & Mindshare Indonesia



# JURY



## JURY CHAIR

**UMESH PHADKE**  
President Director  
**L'ORÉAL**  
INDONESIA



**BERNARD ANG**  
Head of Mobile Business, VP  
**SAMSUNG**



**ASTRANIVARI**  
Chief of Marketing & Communications  
**investree**



**SATRIA BAKTI**  
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**ROHINI BEHL**  
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MOBILE MARKETING ASSOCIATION



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**ANTON JIMMI S**  
Marketing Director  
**TOYOTA** LET'S GO BEYOND



**AWIN SIRAIT**  
Marketing Director  
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**EDWIN SUGIANTO**  
Chief Operating Officer  
**AXA**



**DR. YOESMAN SUGIANTO**  
Senior Vice President, Group Head Strategic Marketing Communication  
**mandiri**



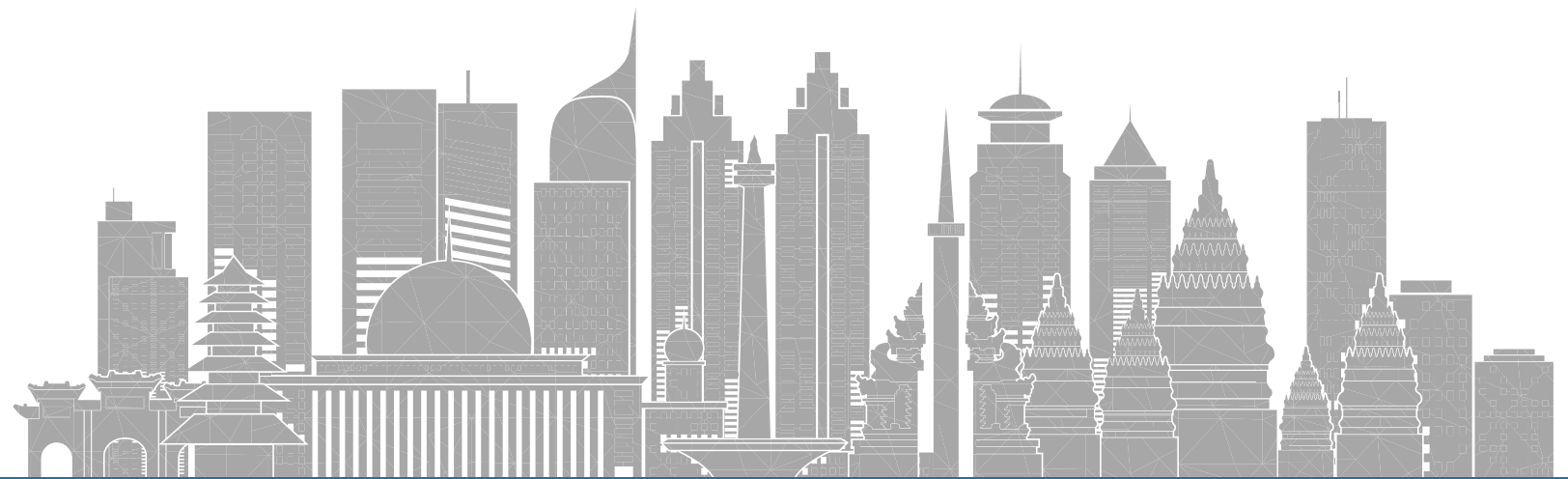
**REZA VARINDRA**  
Head of Marketing & Communication Indonesia  
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MMA SMARTIES 2019 (Pre-Screeners)		
Name	Job Title	Company
Abhay Kapoor	DM Pratama Group	Group Managing Director
Firdha Rizana Putri	Asuransi AXA Indonesia	Brand & Marketing Communications
Dimas Novriandi	Bank BTPN	VP, Digital Banking PR, Social & Content Lead
Dian Gemiano	KG Media	Chief Marketing Officer
Tizzy Zoelfikar	Havas Group Indonesia	CSD Media Services
Andy Santoso	BigEvo	Founder & CEO
Riszti Primula	Initiative Jakarta	Managing Director
Edwin Kartawinata	Kapanlagi Youniverse (KLY)	VP Marketing
Sasa Ratna Puspita	Fortuna Indonesia	CCO
Nadia Zain	PHD Indonesia	General Manager
Charlie Aziz	Inner Circa	CEO
Parjono Sudiono	Godrej	Digital Marketing Head
Amir Suherlan	Mindshare	Managing Director
Aaron Gomez	GOJEK	VP Of Digital Strategy
Alfa Aphrodita	Arcade Indonesia	Co-Founder / Chief Creative Channel Planner Officer (C3PO)
Radityo Prabowo	DJE Holdings Indonesia (Edelman Indonesia and Zeno Group Indonesia)	CEO
Anthony Reza Prasetya	GetCraft	CEO Indonesia & Group COO
Uki Utama	Right Hand	President & CEO
Haswar Hafid	Facebook	Head of Agency
Indra Hajar Aryanto	PT Bank UOB Indonesia	VP Marketing Communication
Veronica Utami	Google	Head of Marketing
Monica Bhatia	Essence	Senior Vice President, Client Partner, APAC
Alex Woodford	Essence	Vice President, Client Partner, APAC
Nguyen Ha Duc Minh	AKA Digital Group	Managing Director
Arfitrianto Zulnaini	EMTEK	VP Digital Marketing & Group Strategy
Grant Baxter	Twitter	Head of Brand Strategy APAC
Farid Ganio Tjokrosoeseno	AMP Group	Chief Executive Officer
Mariska Goesman	HMS Sampoerna	Head of Consumer Activation Group

**Participate and be a part of  
MMA Indonesia SMARTIES Awards 2020**

[indonesia@mmaglobal.com](mailto:indonesia@mmaglobal.com)





For more information about the MMA please visit  
[www.mmaglobal.com](http://www.mmaglobal.com)