

The state of the industry: 2020

# Mobile Marketing in Indonesia

**WARC**<sup>^</sup>  
DATA



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# Takeaways

## 1. Livestreaming on social media will play a significant role going forward

Livestreaming from mobile is planned by 45% of marketers in Indonesia – a country with a young population with high social media usage. Mobile video as a channel is a key focus for 36%, behind only mobile web display.

Social video apps Facebook and YouTube are highly popular in South-East Asia, with more than 90% of respondents to this research having used both apps as part of their mobile marketing strategy.

## 2. QR codes are the technology to watch in 2020

More than half of marketers in Indonesia are using QR codes in 2020 – a technology that has seen a global resurgence as a result of the Coronavirus pandemic, alongside rapid increases in mobile payment technology.

QR codes topped the list of tech priorities for Indonesian marketers, ahead of livestreaming and location data. Their use in mobile payments in Indonesia is so widespread that, in 2020, standardisation has been required to improve payment experiences and efficiency.

## 3. Mobile marketing is resilient despite COVID-19 budget cuts

Nearly half (45%) of respondents are allocating more than 25% of their marketing budget to mobile. As with many Asian countries, Indonesia is very much mobile-first, and mobile allocation is higher here than the APAC average,

However, COVID-19 has inevitably had an impact on budgets. Prior to the outbreak 67% were expecting budgets to rise over the next year. Now only 46% feel the same.

## 4. Mobile is an effective channel but lack of Internet reach is a barrier to growth

The majority of marketers consider mobile as an effective channel with a huge reach as a result of mobile being the primary internet touchpoint for most Indonesians.

However, a lack of internet reach, particularly in rural areas, is a challenge for mobile growth in the country. This is the paradox in Indonesia; its population are some of the most digitally active, but its digital infrastructure lags behind.

# Chapter one: The impact of mobile

## Half (51%) of marketing professionals consider mobile to be a major industry disruption

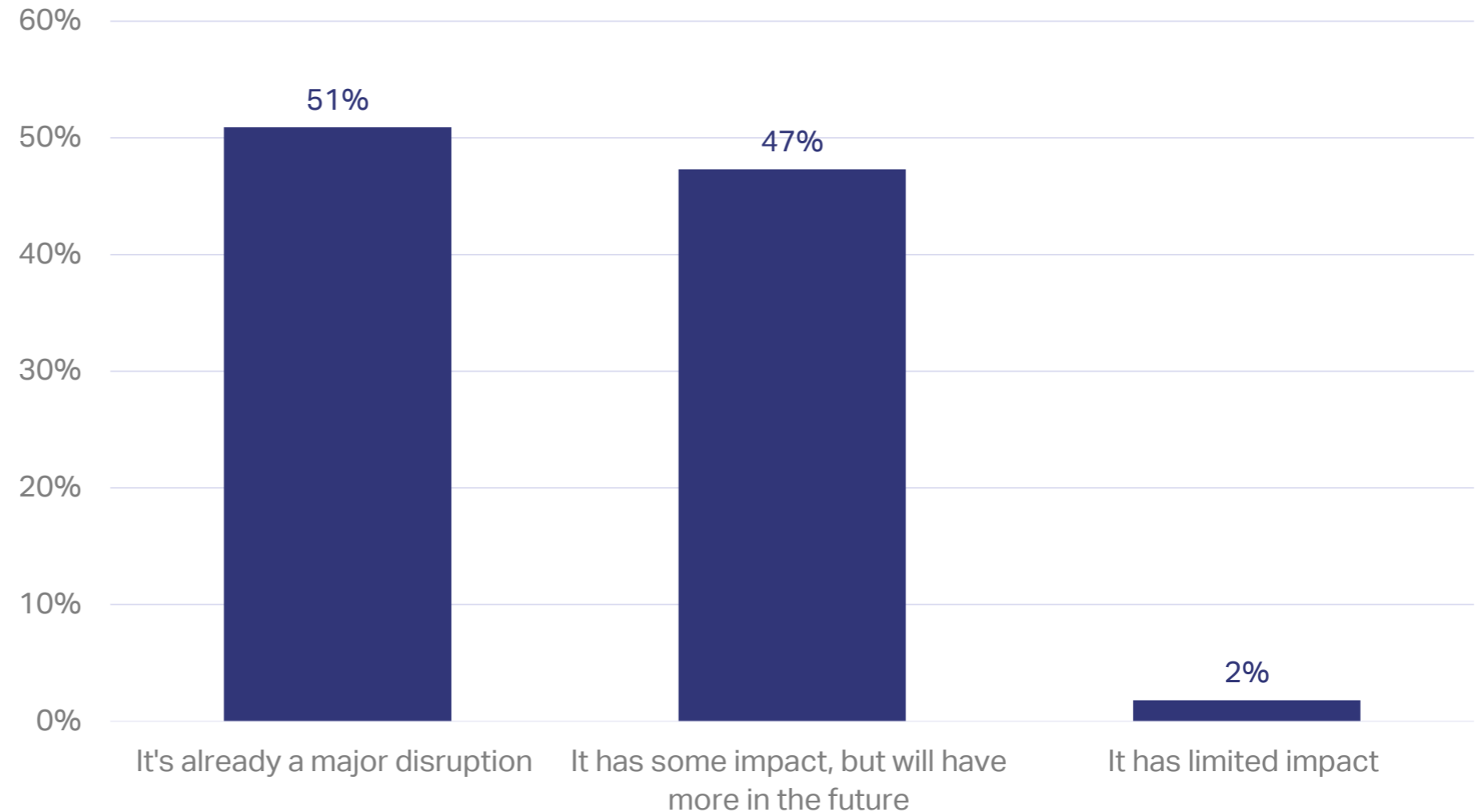
Another 47% of respondents acknowledge the impact of mobile so far but believe it will have an even bigger impact in the future.

Zenith predicts that by 2021 consumers will spend on average 930 hours a year accessing the internet via mobile and mobile will account for 31% of global media consumption.

Indonesia is a mobile-first culture with mobile connection penetration at 124% of the population.

*Note for charts throughout the report: Percentages may not sum to 100% due to rounding.*

## To what extent do you think that mobile is impacting your industry?

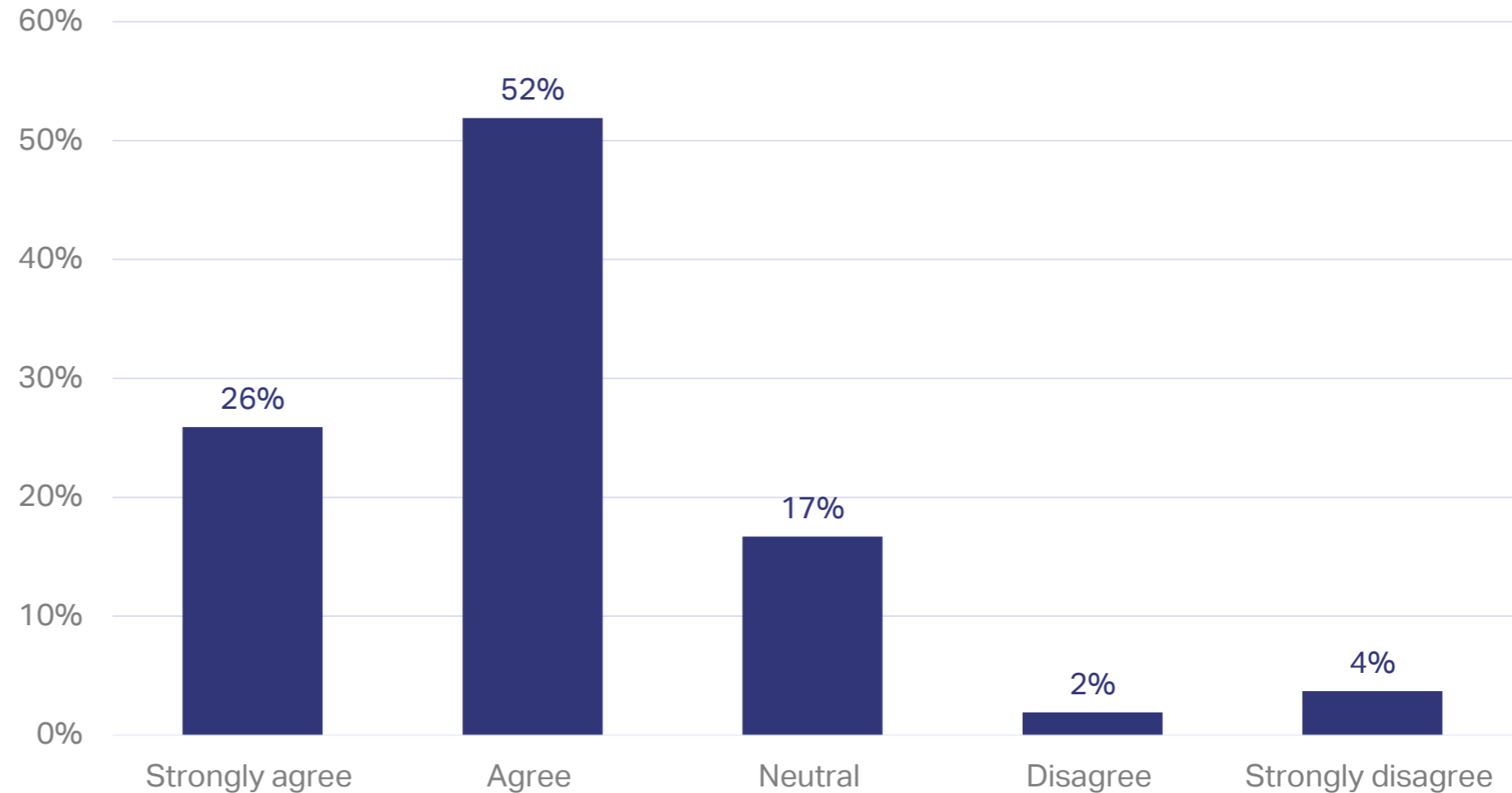


**The majority (78%) of respondents agree that mobile plays a significant role in the purchase journey**

The APAC e-commerce ecosystem is experiencing accelerated change and companies need to improve capabilities and consider every step of the customer journey to remain competitive.

High levels of social media engagement and reliance on mobile creates a foundation for social commerce in South-East Asia. The convenience of social commerce reduces the length of the purchase journey, particularly through 'click and buy' options, and makes mobile the key device for purchase.

*“Mobile plays a significant role in the purchase journey of our typical customer”*



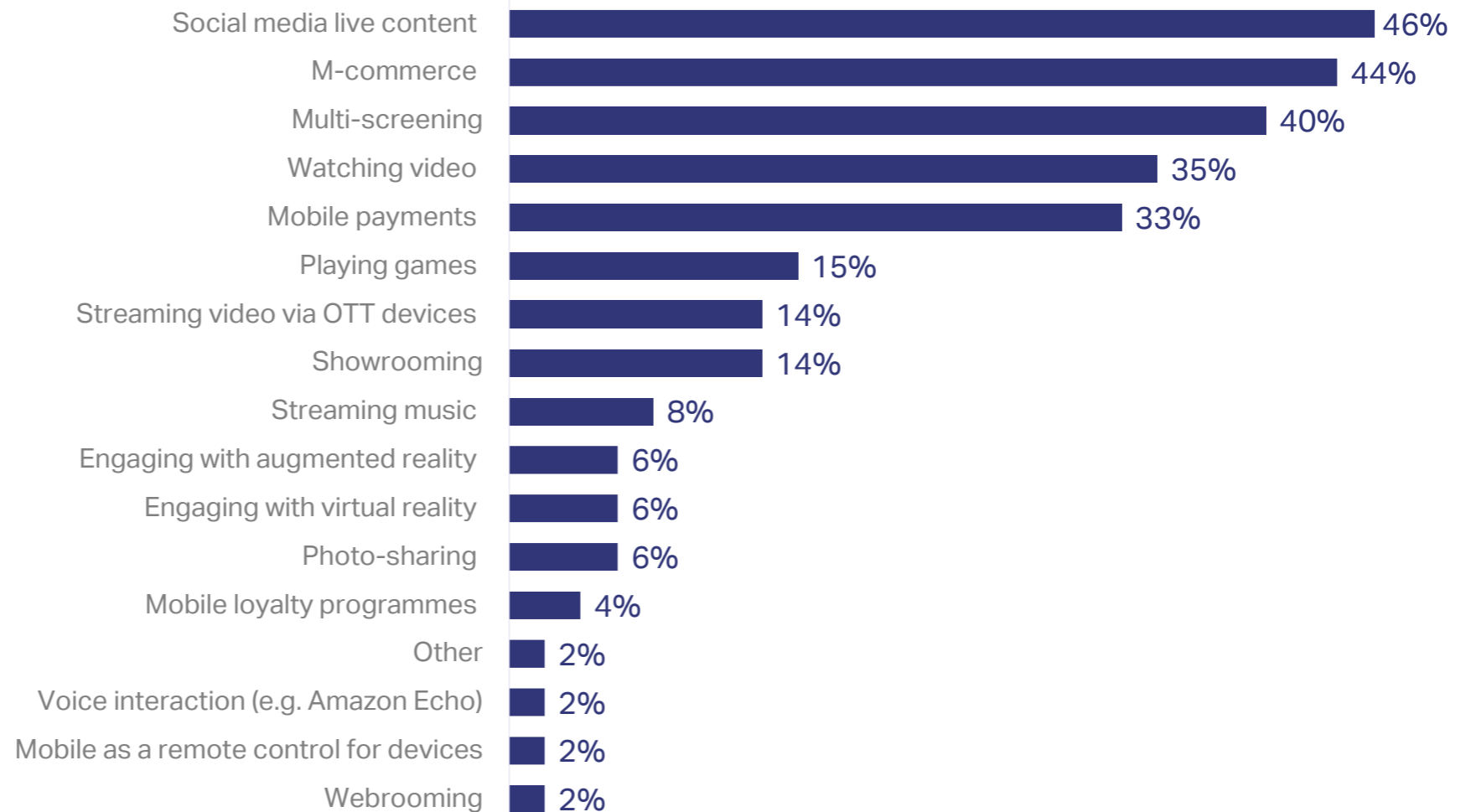
## Social media live content (46%) has the most significance for the marketing industry

M-commerce (44%) and multi-screening (40%) are also significant consumer behaviours.

Indonesia is seeing a trend in the selling of goods during live-stream videos.

'Shoppertainment', as it is called, is a direct response to what consumers in the market are looking for; convenience and interactivity. E-commerce brands Lazada and Shopee have jumped at the opportunity, achieving successful results in terms of sales and engagement.

*Of the following consumer behaviours that are increasingly involving mobile devices, which do you think has the most significance for the marketing industry?*



# **Chapter two: Mobile marketing types and technologies**

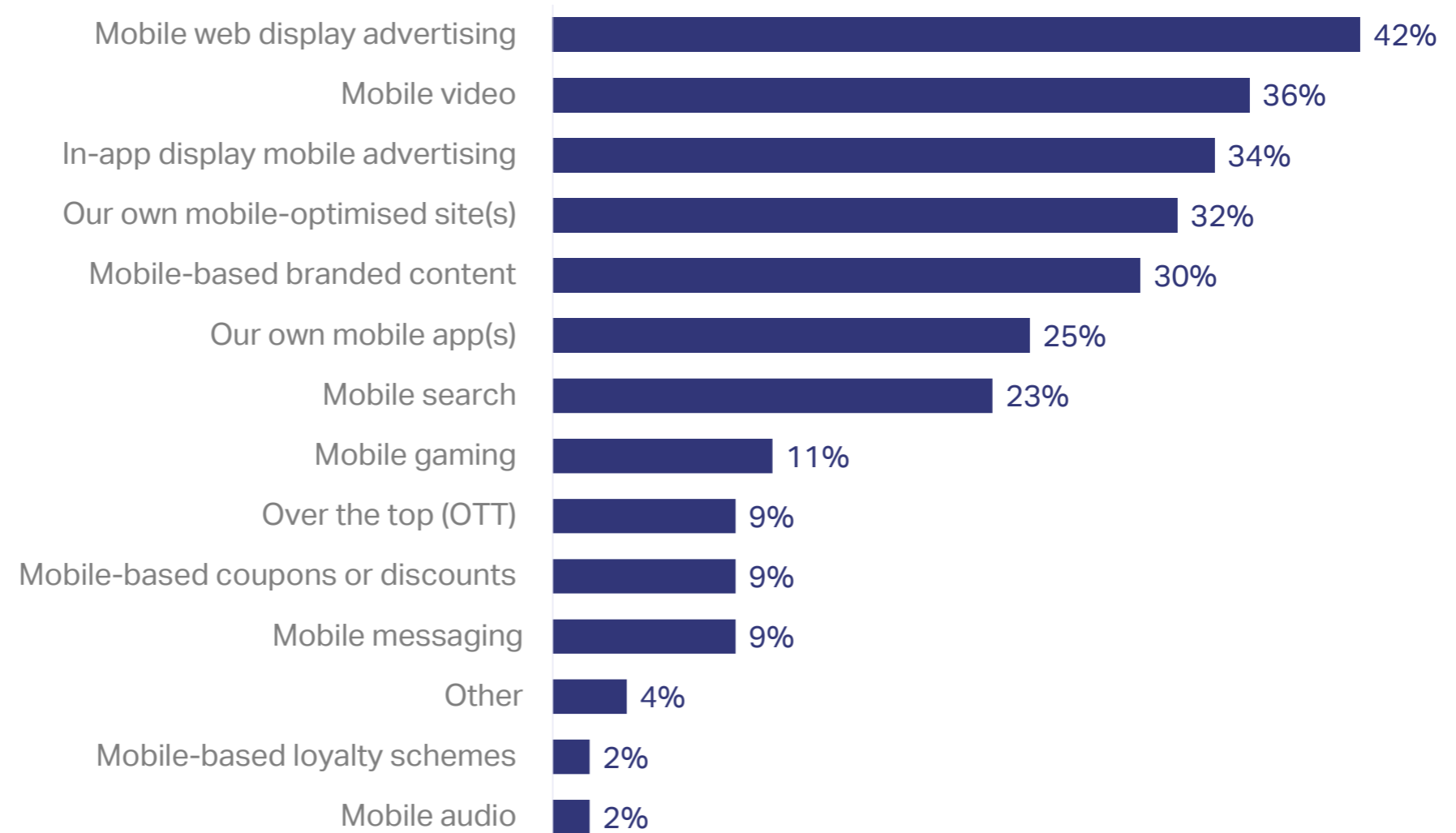


## Two-fifths (42%) of respondents are focusing most on mobile web display advertising in 2020

Mobile video (36%) and in-app display mobile advertising (34%) are also prioritised.

Much of the growth in mobile display marketing is driven by programmatic trade. While programmatic enables real-time location-based targeting, it also requires transparency and fraud prevention to ensure brand safety. In an [AppsFlyer report from 2019](#), the APAC region was seeing 60% higher levels of in-app ad fraud than the global average and South-East Asia was the hardest hit market.

## Which types of mobile marketing and advertising are you/your clients focusing most on in your marketing activities in 2020?

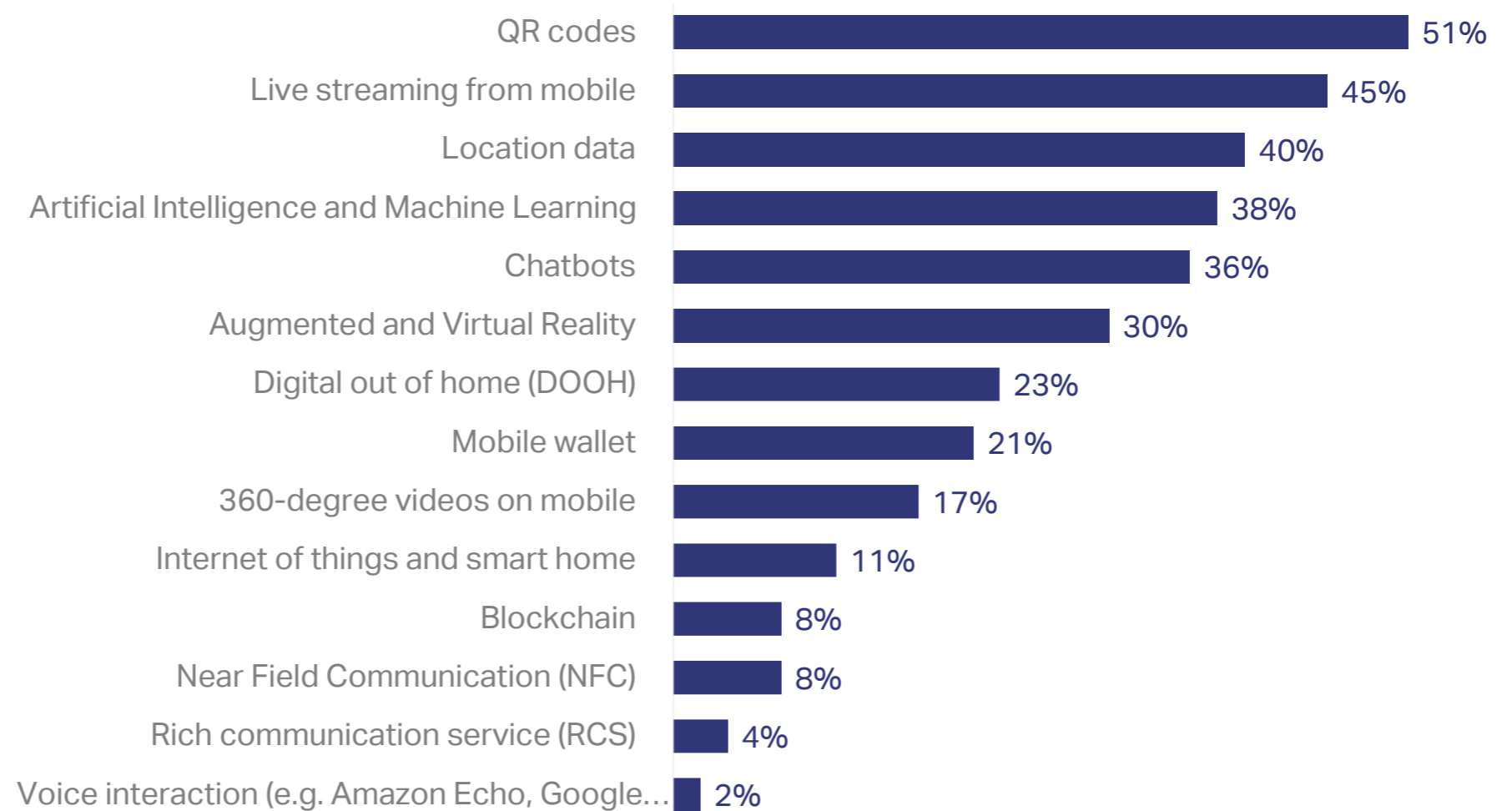


## Half (51%) of marketing professionals are planning on using QR codes in 2020

QR code payments have boomed in South-East Asia and will lead the development in proximity payments going forward. QR code payments are versatile and easy for small businesses to implement. QR codes can also be used for coupons, product info and real-time prices making them desirable to many retailers.

Live streaming from mobile (45%) is also a priority in 2020. It is already a major force with user-submitted content competing against corporate content for attention.

## Are you/your clients planning to use any of the following and their associated mobile technologies in 2020?

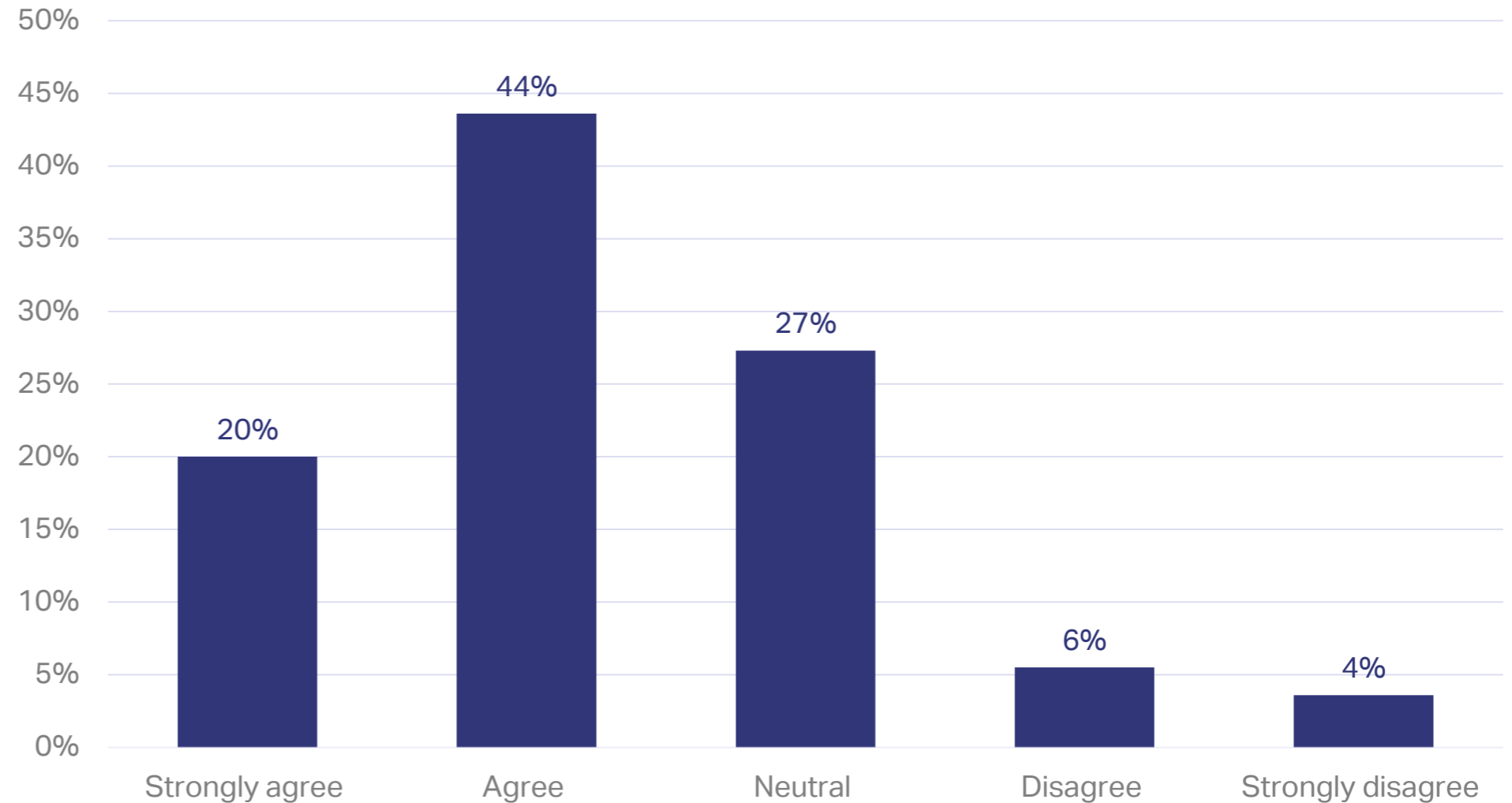


## The majority of marketing professionals have adopted a mobile-first approach with their strategy (64%)

Just over one-quarter (27%) are neutral towards the statement.

People interact with their mobile in 'micro-moments' throughout the day. Brands need to personalise content and make it tailored for a small screen as well as making it shareable with peers to increase engagement. This holds particularly true to Indonesia, where mobile is the dominant device for internet access.

*“We have adopted a mobile-first approach with our marketing strategy”*

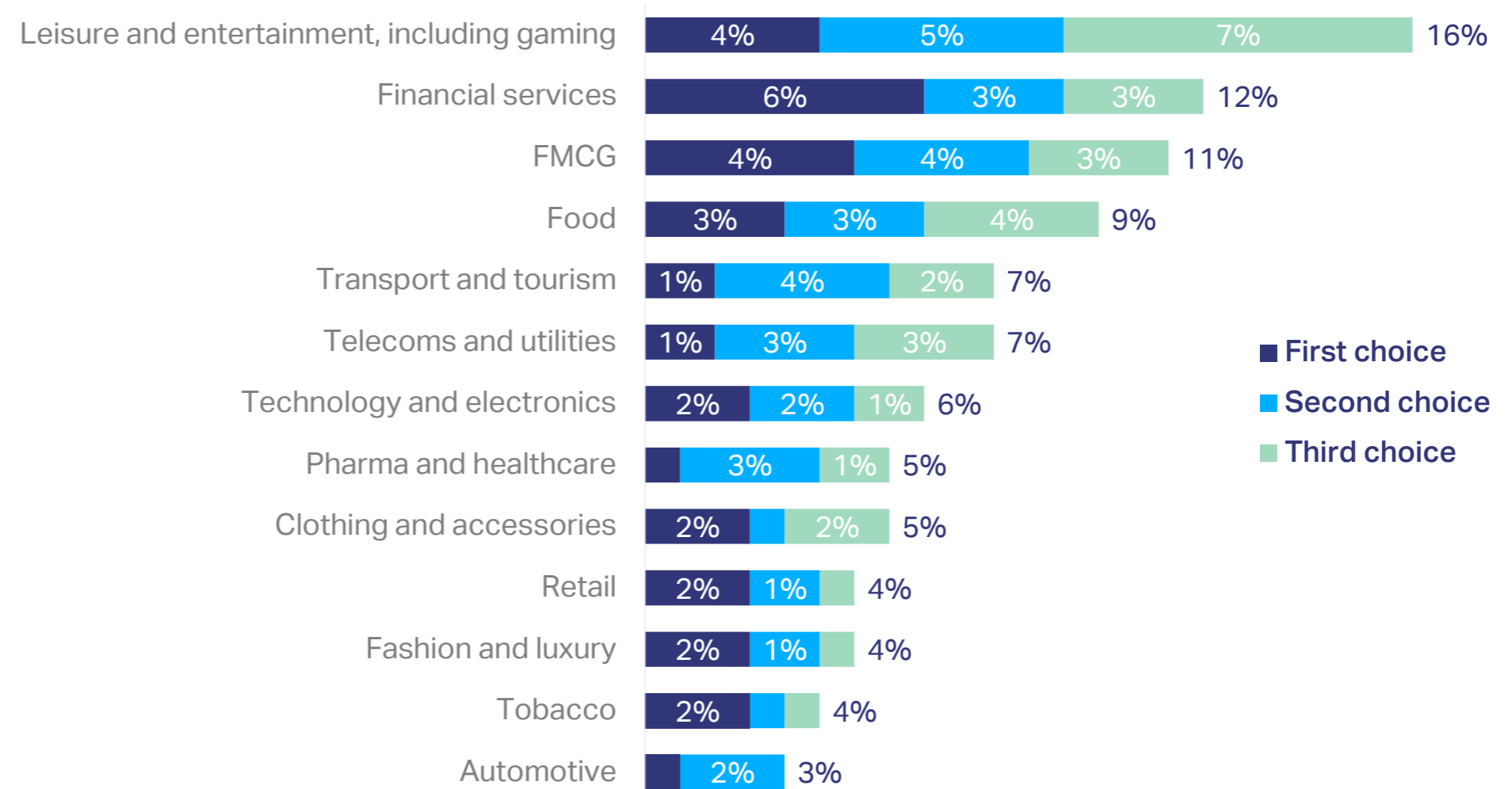


## Leisure and entertainment, including gaming are the sectors seeing the most innovation

Following the COVID-19 outbreak brands have needed to become more 'digitally available' and find new ways to reach consumers.

Gaming has seen a surge in popularity following COVID-19. In Indonesia, 77% of people disagree with the idea that PC gamers are more 'hardcore' than mobile gamers and most will use their mobile as their main device. Data from [Hootsuite and We Are Social](#) shows 85% of Indonesian internet users aged 16 to 64 had played mobile games in January 2020.

*In which sectors, in your region, are you seeing the most innovation in the way that they are using mobile to reach customers?*



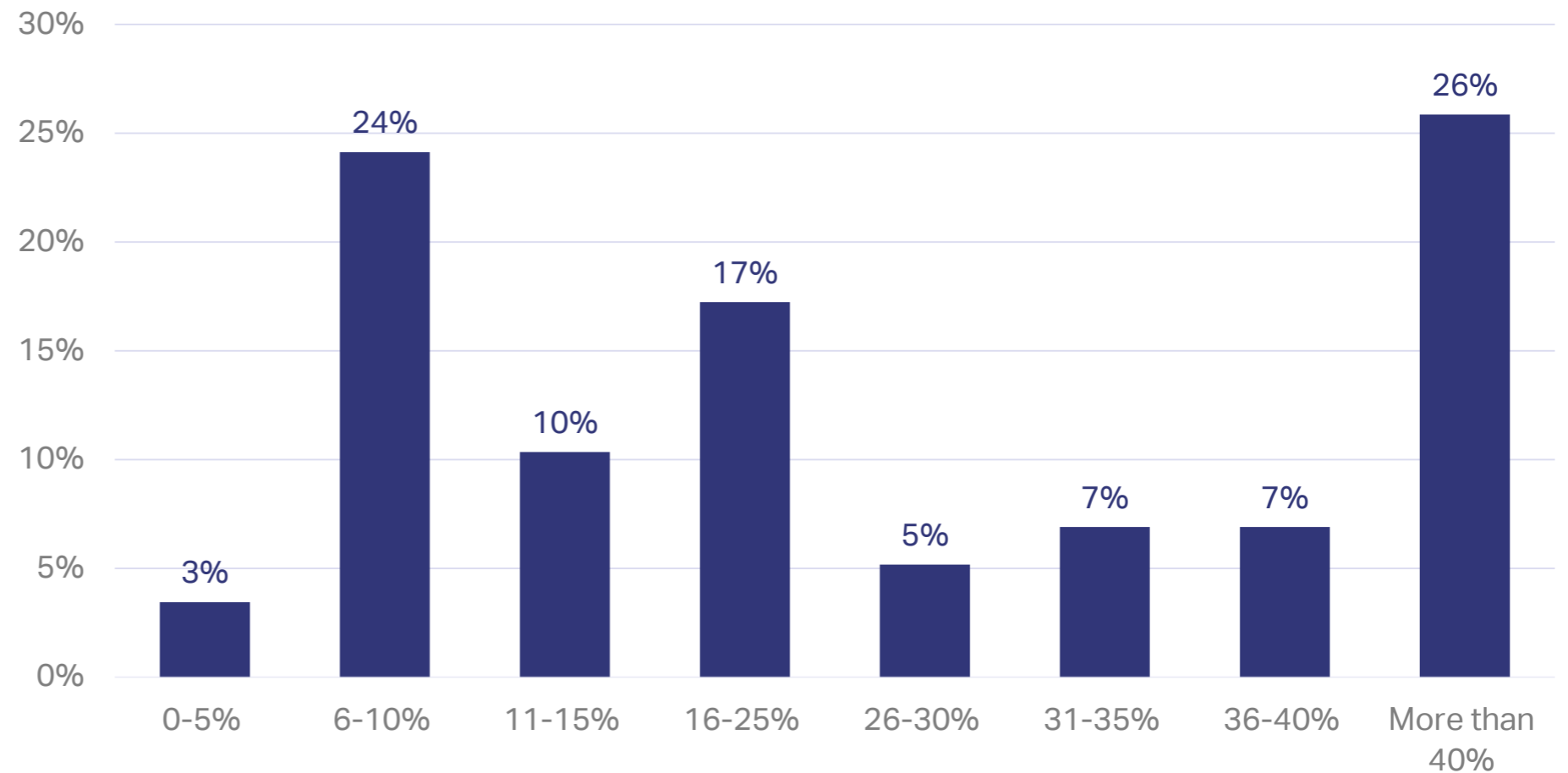
# Chapter three: Mobile budgets

**One-quarter (26%) of marketing professionals allocate more than 40% of their marketing budget to mobile**

Nearly half (45%) of respondents will allocate more than 25% of their budget to mobile. A quarter (24%) are also allocating 6-10% of their budget to mobile.

In 2018, mobile adspend surpassed that for other internet channels (including desktop, tablet and connected TVs) combined, and is now the biggest driver of internet growth, according to WARC adspend data.

*What percentage of your or your clients' typical marketing and advertising budgets are being allocated to mobile marketing and advertising?*

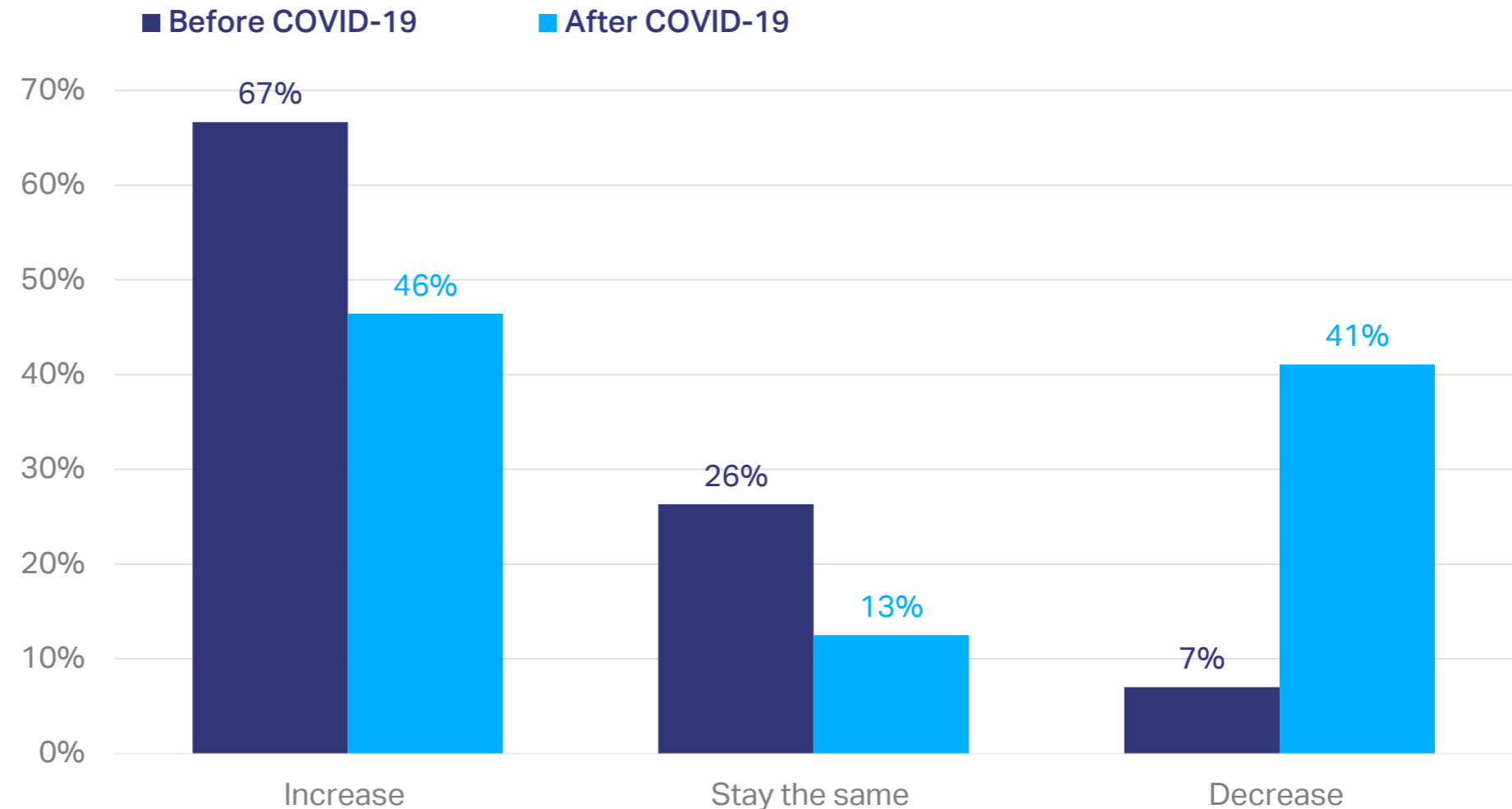


## COVID-19 is set to decrease budgets for 41% of marketing professionals

Two-thirds (67%) expected their budget to increase before COVID-19. This decreased by 21pp to 46% after the pandemic outbreak.

Mobile is taking the spotlight amid the marketing budget cuts. According to programmatic ad technology vendor [PubMatic](#), APAC mobile adspend saw a 62% year on year increase in Q2 this year. Advertisers are turning their attention to mobile advertising as part of their omnichannel strategies to maximise adspend return. Meanwhile, publishers are adopting industry quality safeguards to optimize mobile revenues.

## Impact of COVID-19 on mobile budgets



Q: Before the Coronavirus outbreak, how did you expect your/your clients' mobile marketing and advertising budgets to change over the next twelve months?

Q: Now, given the Coronavirus outbreak, how did you expect your/your clients' mobile marketing and advertising budgets to change over the next twelve months?

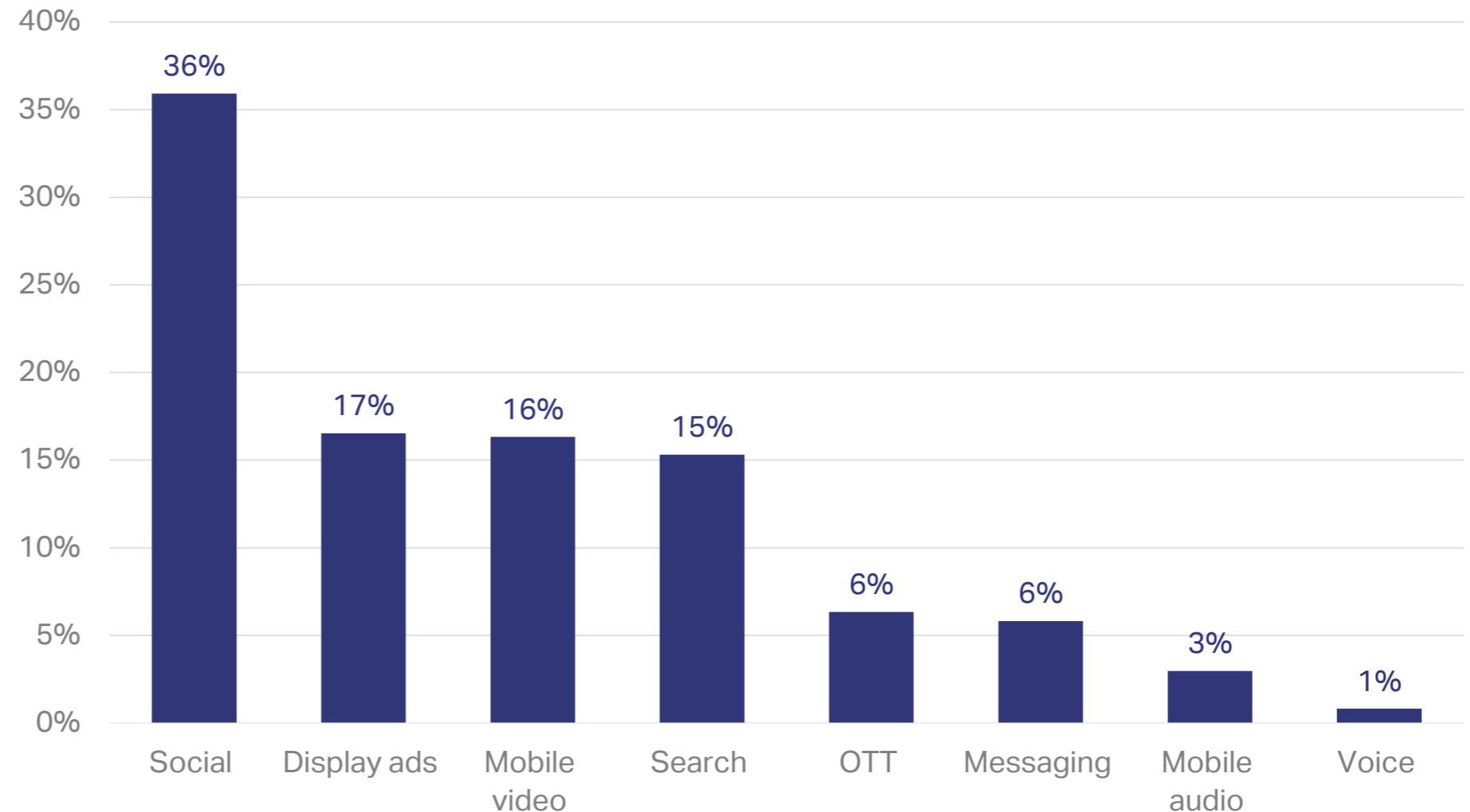
**On average, over one-third (36%) of the mobile marketing budget is allocated to social**

Display ads (17%), mobile video (16%) and search (15%) are seeing similar budget allocations.

In light of the COVID-19 pandemic, social media is returning to its original purpose of bringing people together, with audiences sharing heart-warming videos, creating relatable memes and forming local community support groups.

Furthermore, social platforms such as TikTok and Quibi are seeing significant activity which is creating new opportunities for brands to differentiate themselves.

*How are your mobile budgets (in-app and browser) allocated between the following channels? (Average allocations shown)*



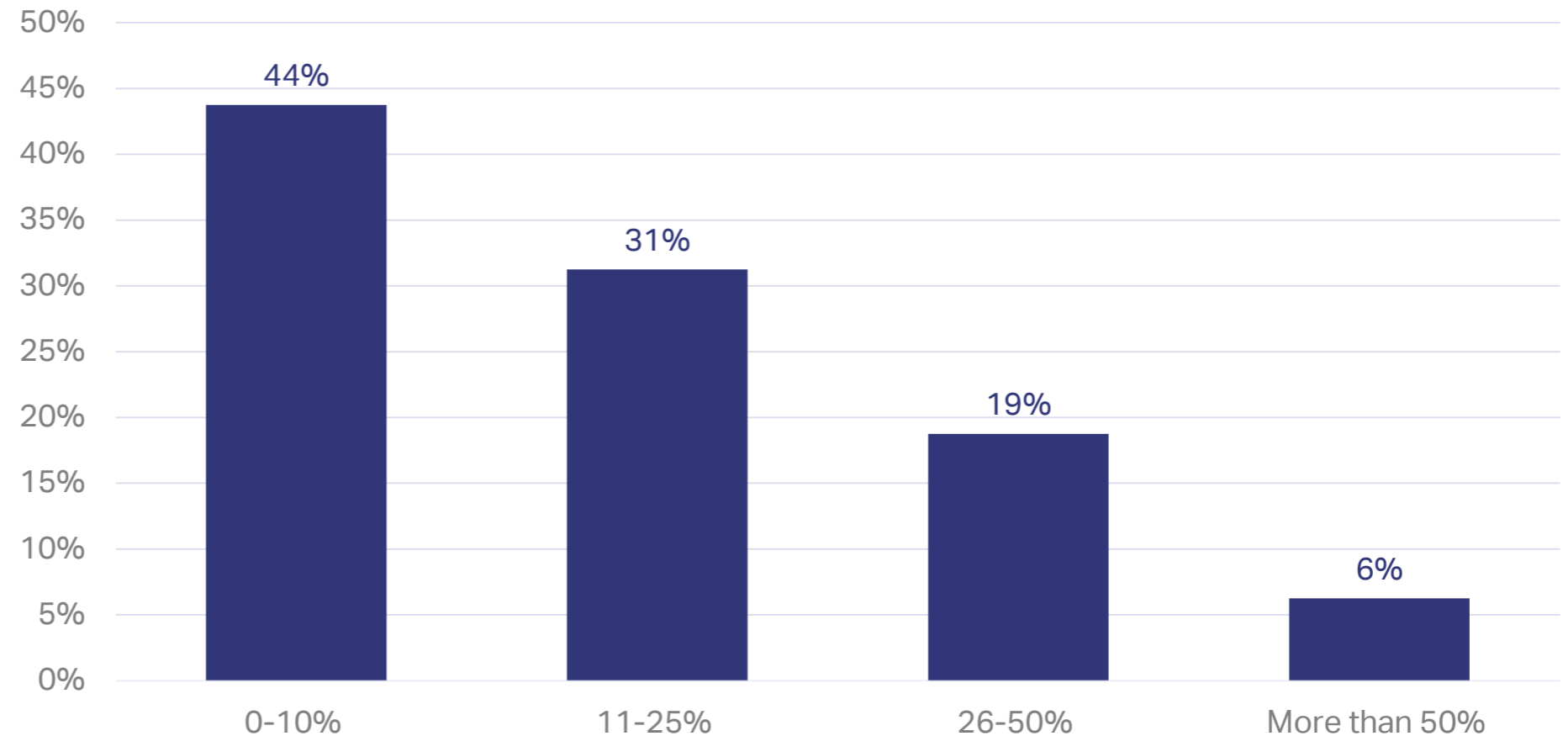


## Three-quarters of marketers are investing 25% or less of their budget into martech

Nearly half (44%) are investing less than a tenth of their budget into martech this year.

Research conducted by WARC in 2019 found that 44% of APAC consumers expected their martech budget to increase over the next 12 months. It is worth noting that at the same time, 65% of brand marketers in APAC felt that there has been too much focus on data and tech, which has caused a decline in creativity.

*How much of your budget for 2020 will be invested in marketing technology such as marketing automation systems, data management technologies, or attribution technologies?*



# Chapter four: Mobile effectiveness

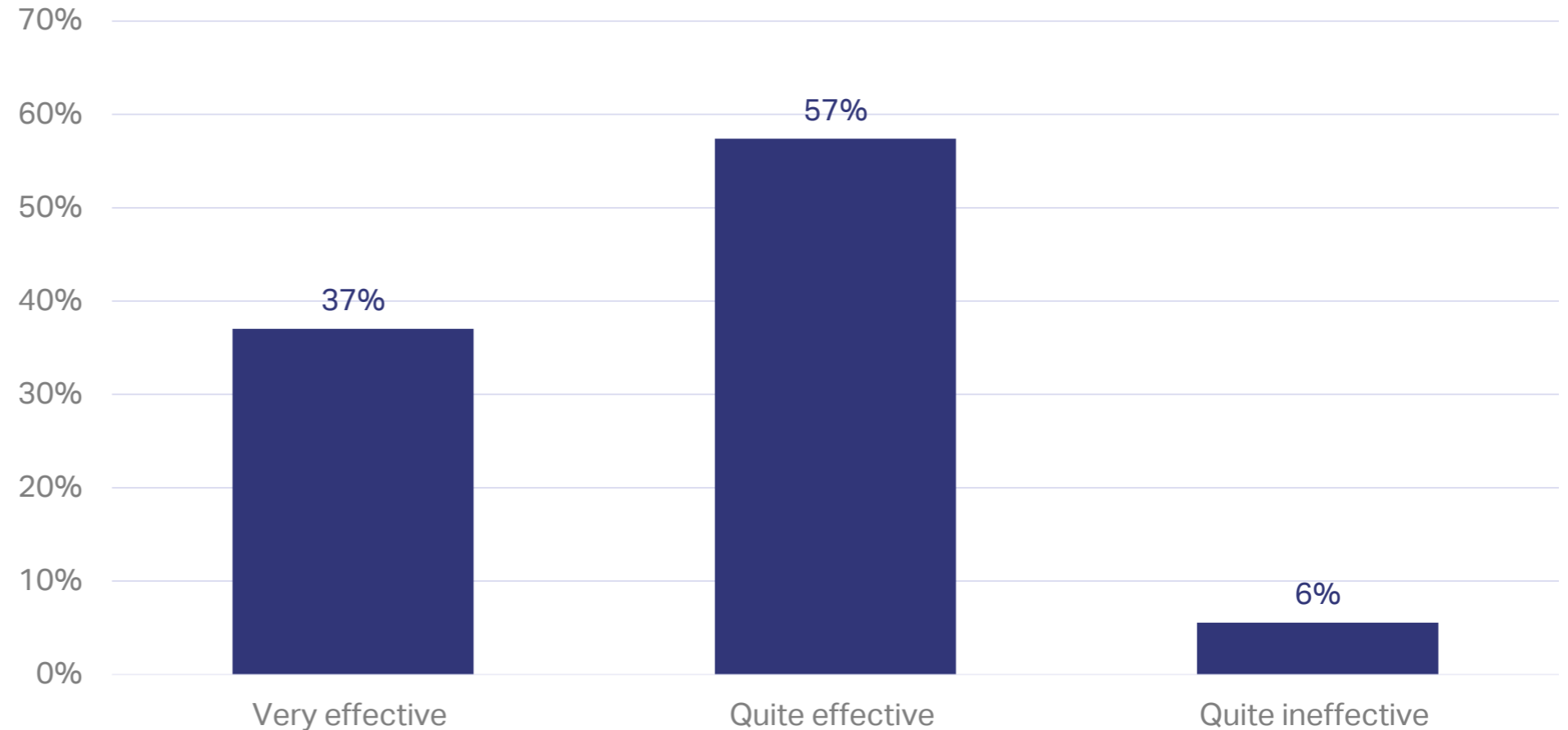
## Nearly all marketing professionals (94%) view mobile as effective channels

Only 6% of respondents experience mobile as ineffective.

As mobile marketing appears to be less affected by COVID-19 than other channels, it is likely that marketers are seeing increased value in this channel this year.

To be more effective in the future, mobile marketing needs to put consumers in control. Privacy concerns are common in the age of consent. Brands may see lower participation rates, but it is considered to be more conducive to building long-term, valuable relationships.

*In your experience, how effective are mobile devices or networks as a marketing channel?*

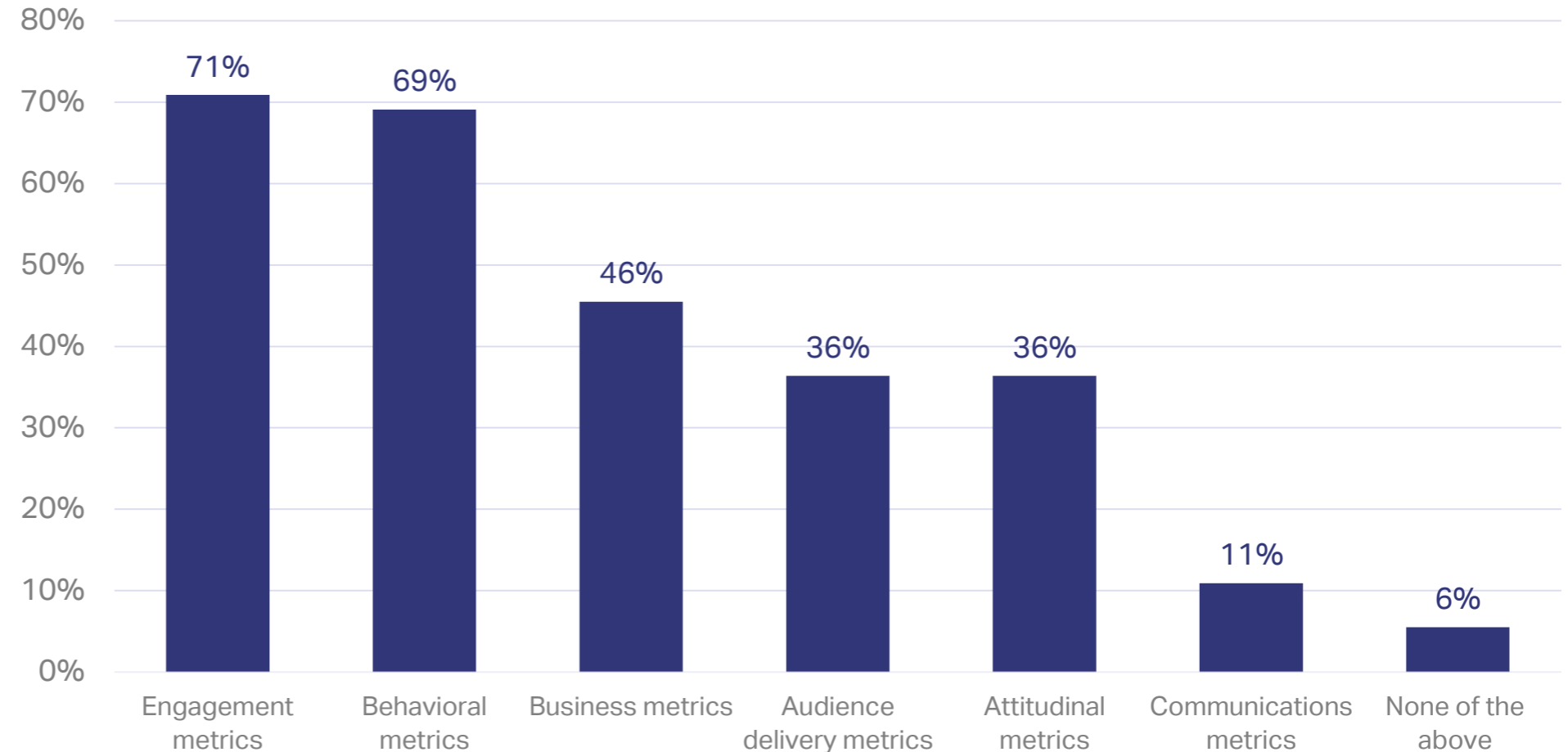


## Engagement (71%) and behavioural (69%) metrics are most frequently used to measure mobile effectiveness

Nearly half (46%) are using business metrics whilst audience and attitudinal metrics are used by 36% of respondents.

A common mistake among marketers is over-analysis. In mobile marketing there is an abundance of datapoints and metrics available. This can lead to a situation where the marketer is experiencing an overload of information, and either excessively tracks metrics, or tracks the wrong metrics, thus making mobile marketing less effective.

## Which of the metrics below do you or your clients most use to measure mobile marketing effectiveness?



**Engagement metrics:** Video completion rates, social sharing, CTR etc.

**Behavioural metrics:** Post-click engagement, traffic to sites etc.

**Business metrics:** ROI, incremental sales, profit, LTV

**Audience delivery metrics:** Impression delivered by target group, or viewable impressions

**Attitudinal metrics:** Awareness, image and other brand KPIs based on surveys

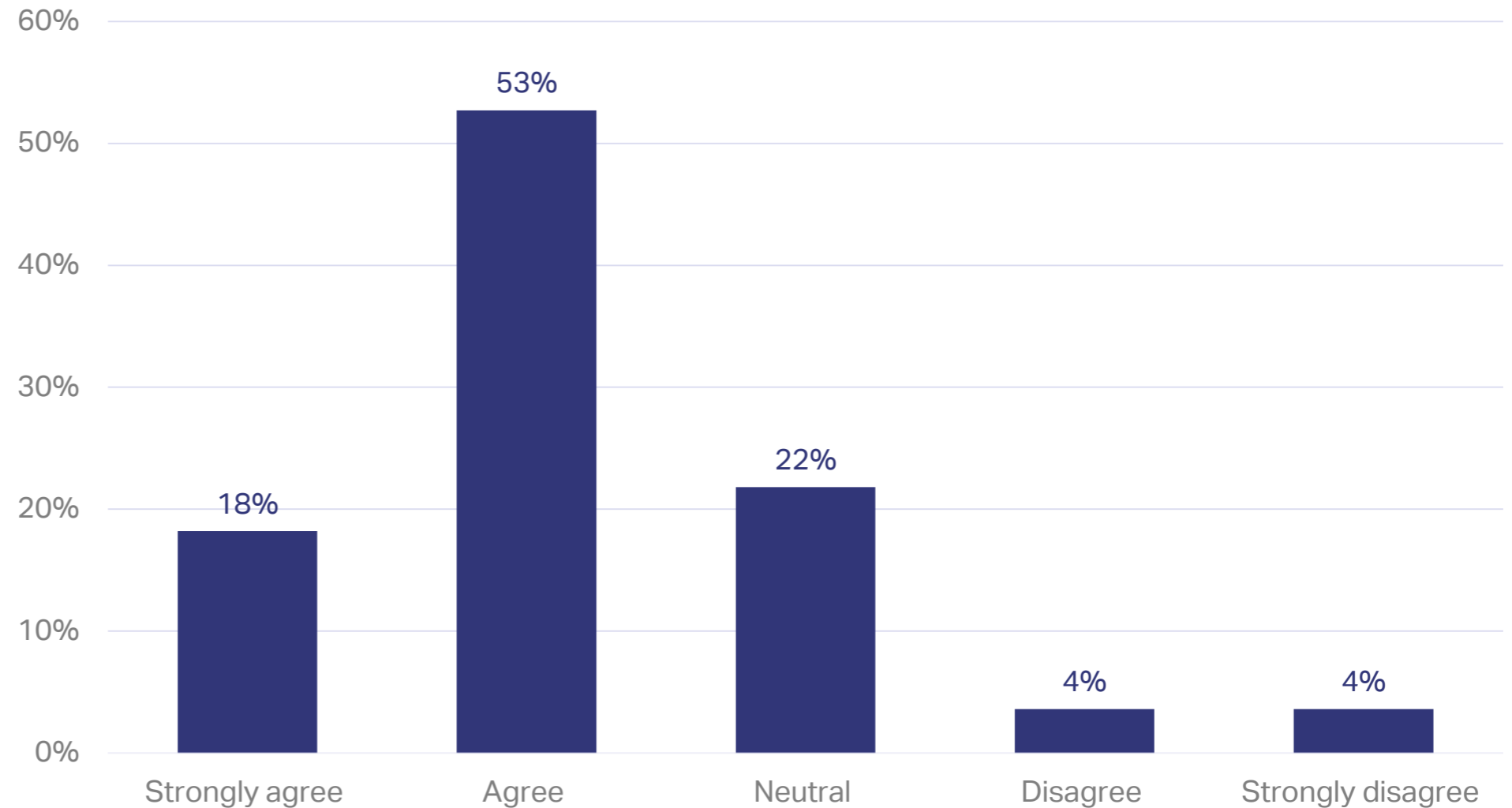
**Communications metrics:** PR value

## Customers reached through mobile are highly engaged according to 71% of respondents

One-fifth (22%) of respondents feel neutral towards the statement.

Indonesia has the fourth largest youth market in the world. Gen Z is tech-savvy and considered 'digital natives,' spending a lot of time on social media and online. Gen Z's purchase decisions are mainly driven by peers and recommendations from friends and family. Therefore, taking a community approach to targeting may have a stronger impact and drive more engagement than targeting them as individuals.

*“The customers we reach through mobile are highly engaged”*

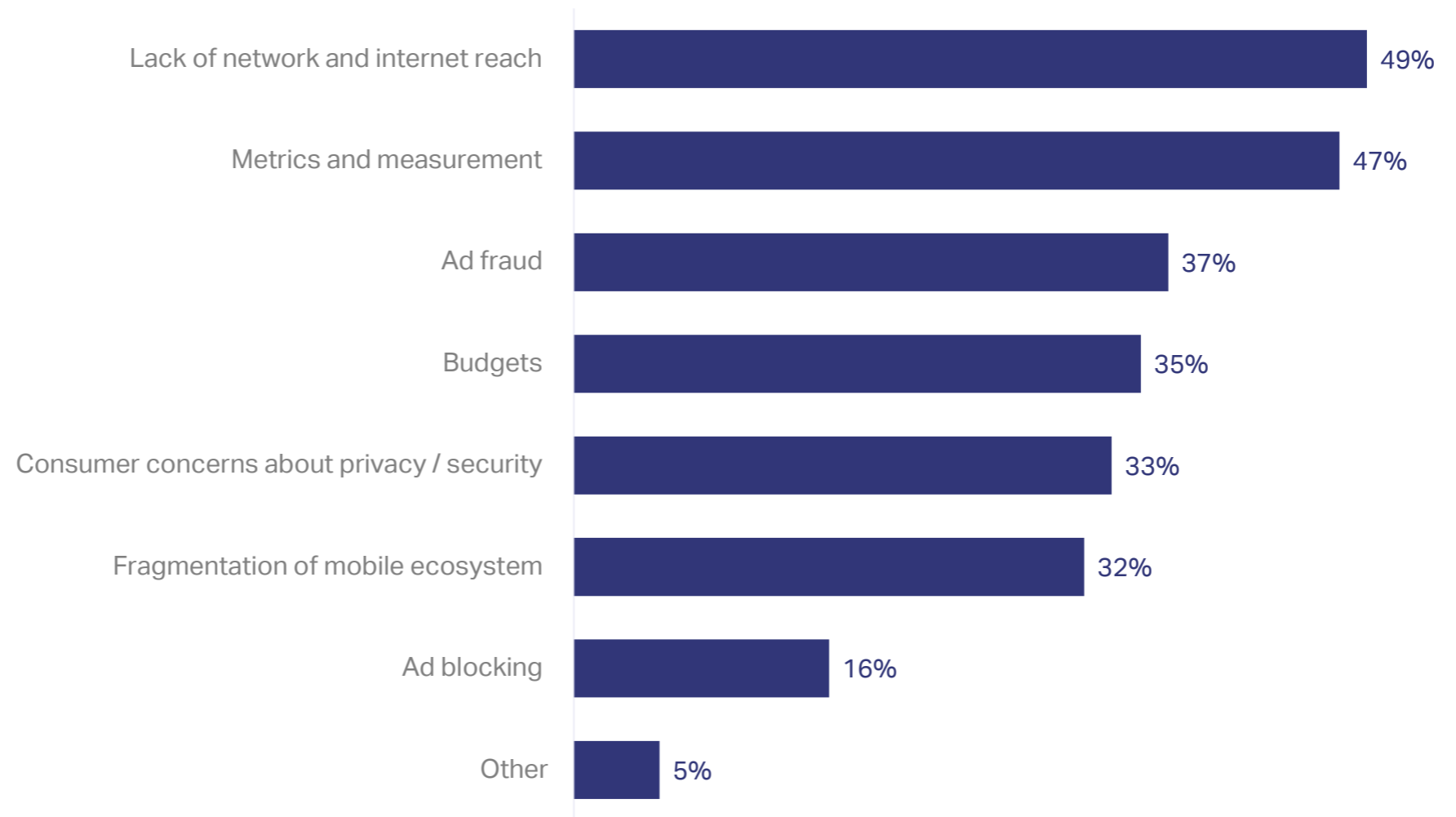


## Lack of network and internet reach (49%) are the biggest barriers to growth in Indonesia

According to [Hootsuite and WeAreSocial](#), Internet penetration in Indonesia is at 64% leaving a large portion of the population difficult to reach. Although, penetration is growing rapidly with the number of internet users up by 17% from 2019 to 2020.

Metrics and measurement is also a challenge for marketing professionals (47%). Consumers are using multiple platforms for their media consumption which is fragmenting audiences and making it more challenging to measure consistently and account for growth.

*In your opinion, what are the biggest barriers to the growth of mobile marketing and advertising in your region?*



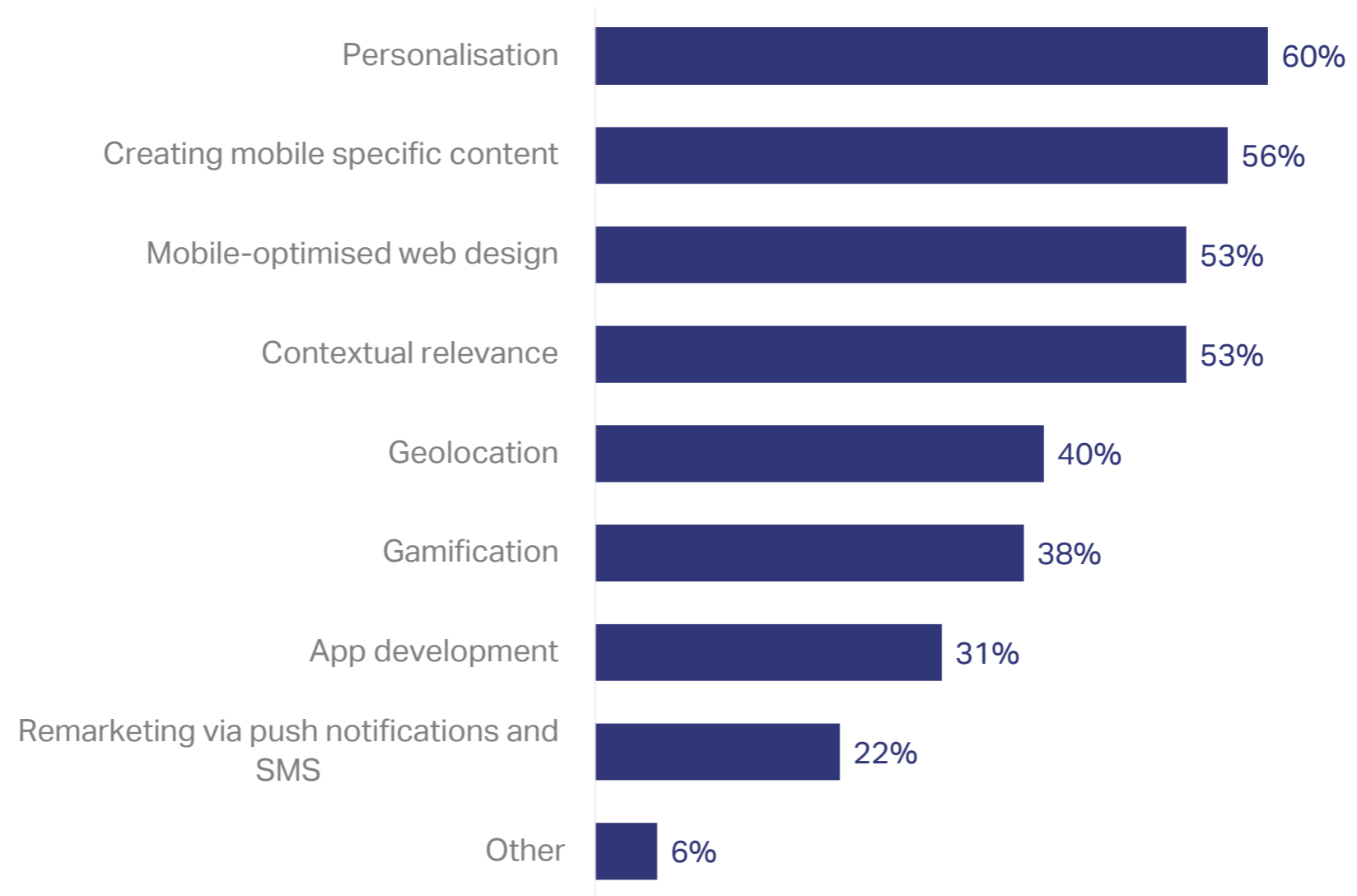
# Chapter five: Mobile tactics

## Three-fifths of marketing professionals use personalisation to increase engagement

To connect with the Indonesian youth, especially Gen Z, brands need to personalise experiences and use surprise and delight to capture loyalty.

Marketers are also prioritising creating mobile specific content (56%), optimising web design (53%) and improving contextual relevance (53%). It is imperative that contents and sites are designed and optimised to the mobile screen. Simply 'shrinking' creatives from other channels is no longer enough.

## What are you doing to increase engagement on mobile devices?



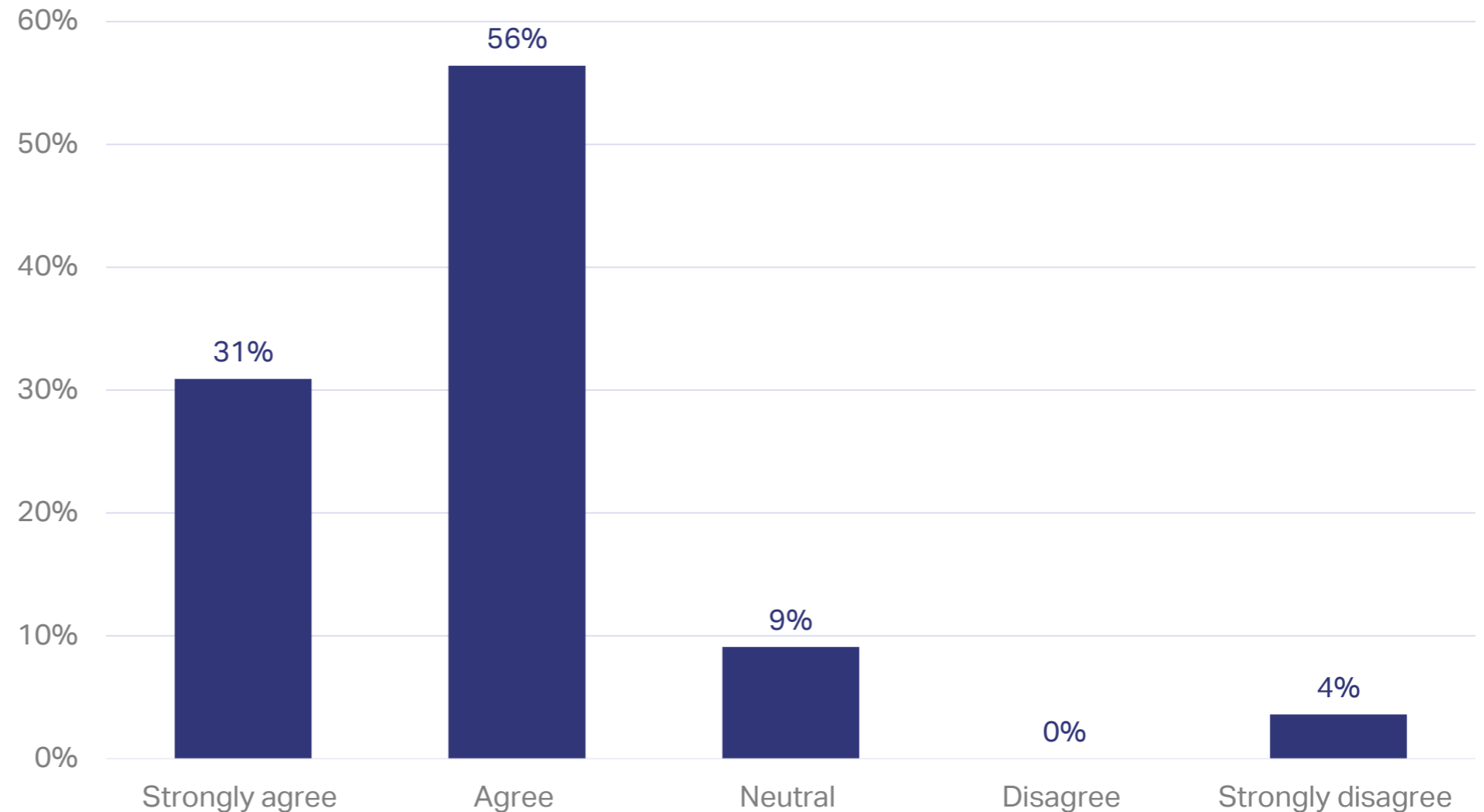


## The majority of respondents consider ad length and design of creative for mobile (87%)

There is a variety of ad formats – banners, native ads etc. – that can be used, each bringing unique creative challenges. As consumers often have the choice of skipping adverts, brands today need to work even harder to capture attention.

For mobile video ads, form should follow function; short creatives are effective at driving awareness and pushing at the end of the funnel. However, to grow mid-funnel consideration, consumers need more time with the brand, thus requiring longer and more function-focused ads.

*“We consider ad length and design of creative for mobile, including sound-off”*



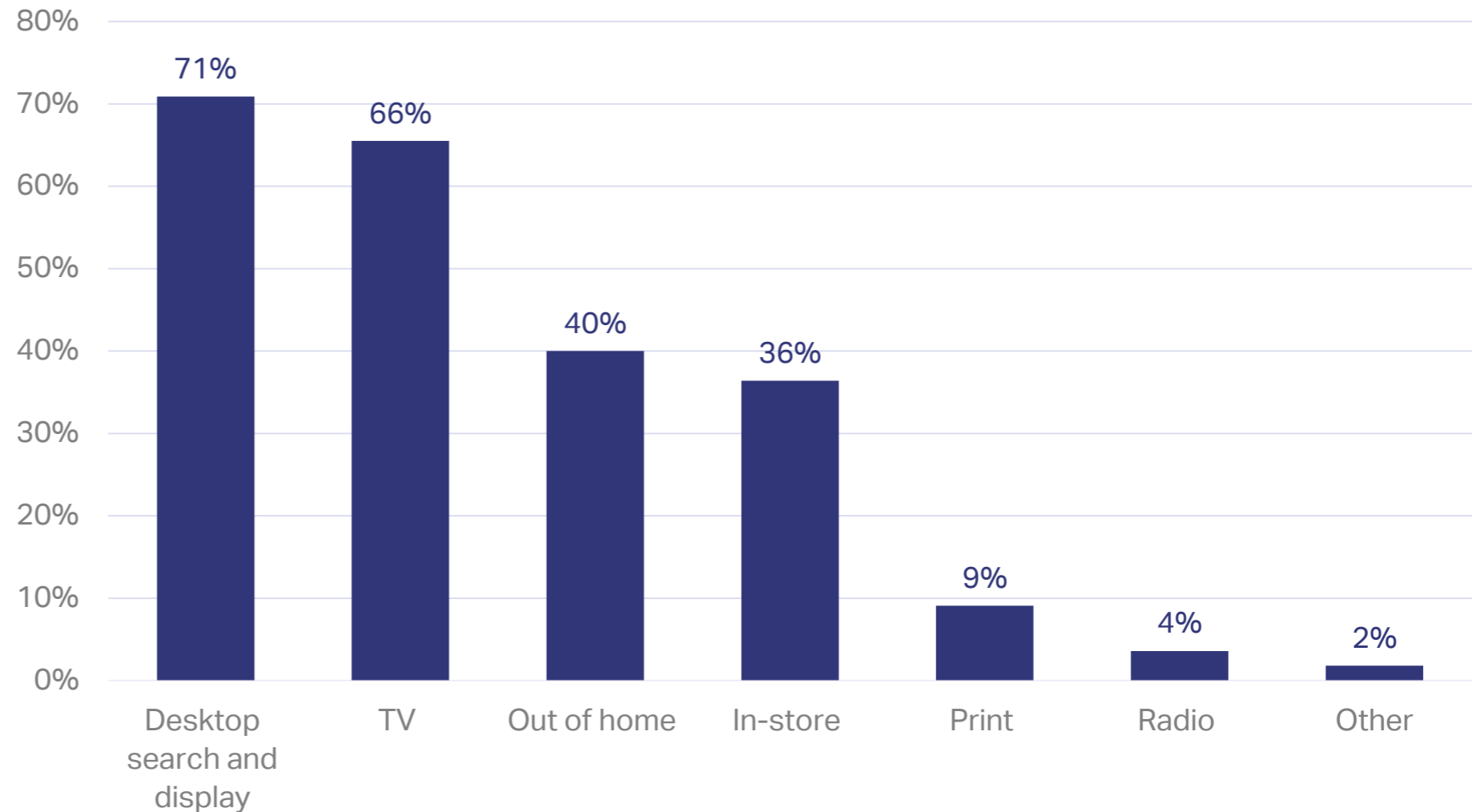
## Desktop search and display (71%) are used most frequently with mobile

TV is also a frequently used channel, according to 66% of respondents.

Due to the ongoing COVID-19 crisis, consumers are changing habits and brands subsequently need to modify their media mix, shifting towards digital channels and TV. Both mobile and TV consumption have surged as consumers are spending more time at home and online.

Media planners need to develop a customer-centric approach when incorporating mobile into integrated communications plans.

*In your experience with media plans, which media channels are used most frequently with mobile?*

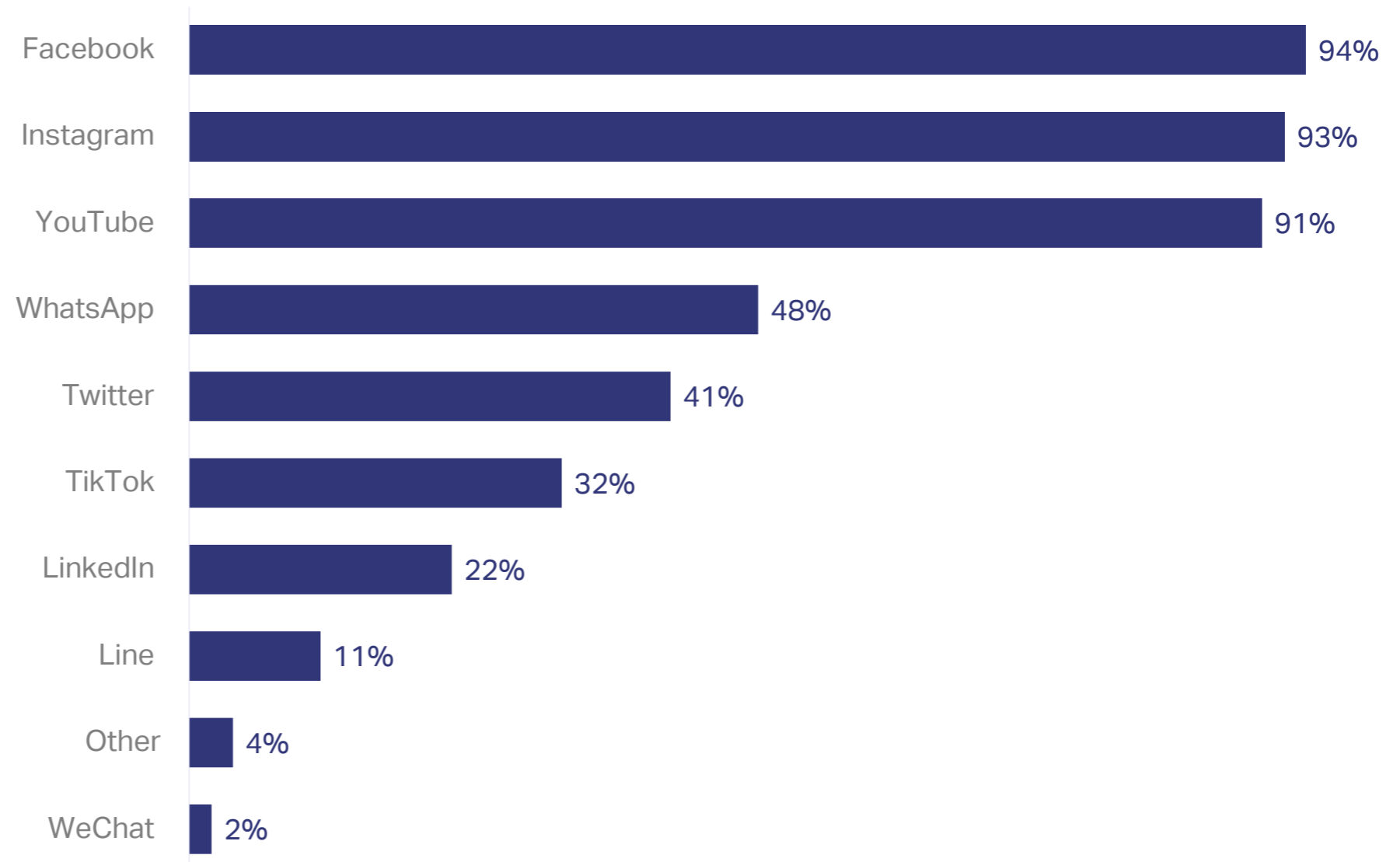


**Facebook (94%), Instagram (93%) and YouTube (91%) are used by nearly all marketers**

Indonesians are avid social media users. According to [HootSuite](#) and [WeAreSocial](#), Indonesians spend on average 3 hours and 26 minutes a day on social media. In comparison, the global average is 2 hours and 24 minutes.

Research by [Google](#) found YouTube video consumption increases during festive periods. Search queries during Ramadan increase by as much as 40% in Indonesia. Brands should look to win local, culturally relevant moments on social media when consumers are more active.

*Which social media platforms have you / your clients used for mobile marketing?*



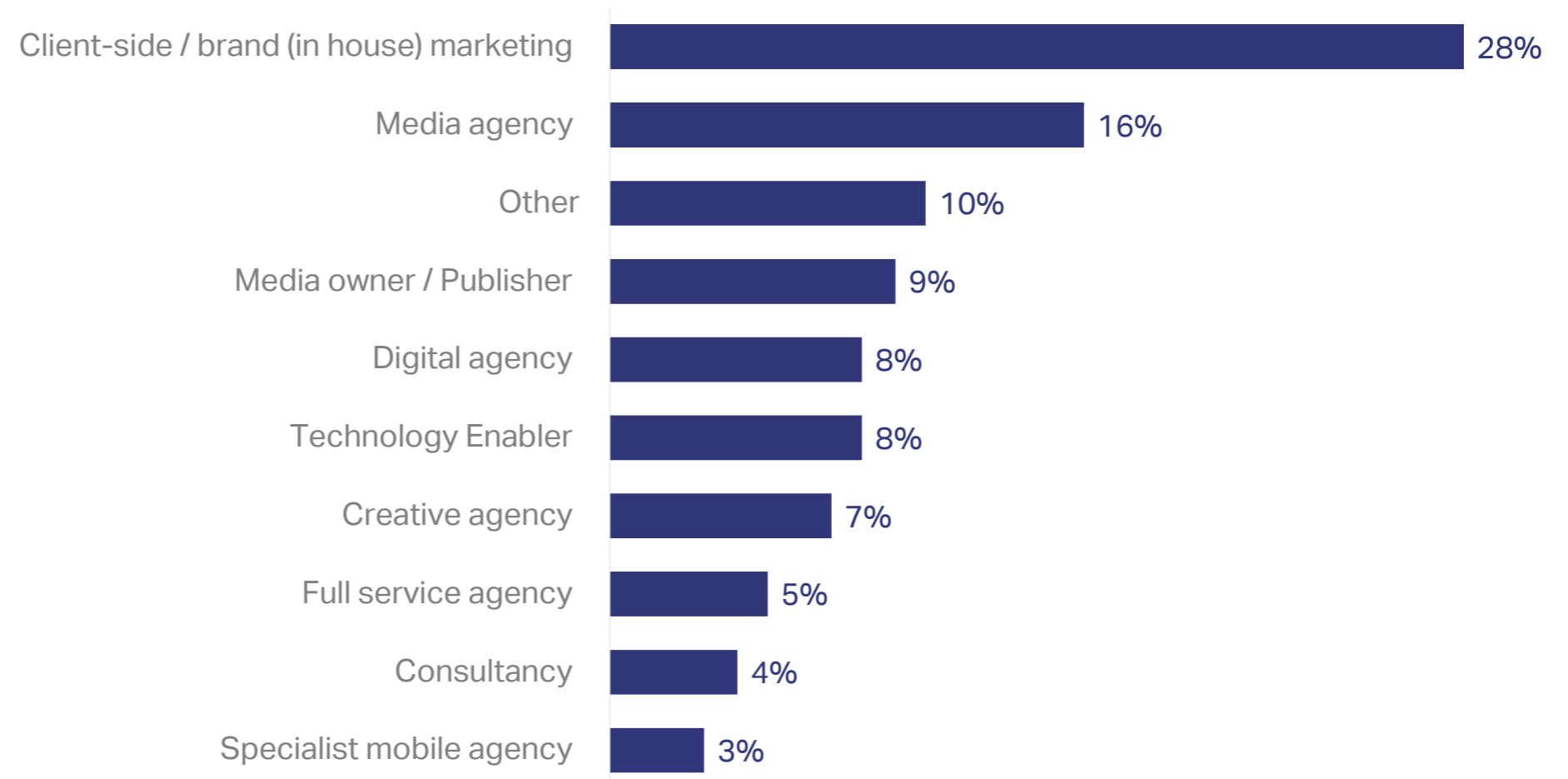
# Chapter six: Respondent demographics

## Respondents came from a mix of agencies, brands and technology enablers

Nearly one-third (28%) of respondents work for client-side companies.

Media agencies are represented by 16% of respondents.

### What type of company do you work for?

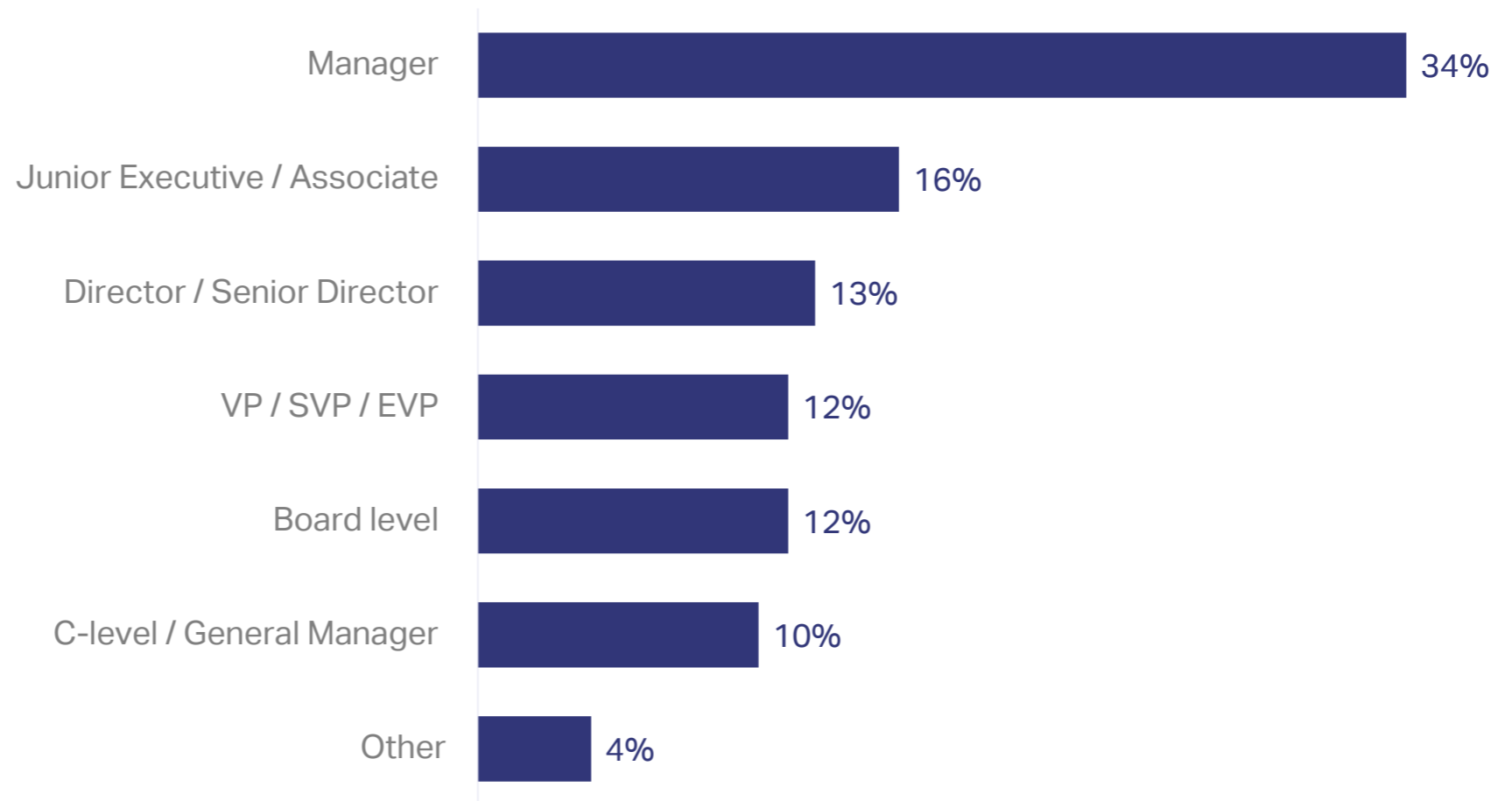


## One-third (34%) of respondents work on a manager level

A further 16% of respondents work as junior executives or associates.

One-tenth (13%) work on a director level.

### *Which best describes your job role?*



# About

## About the study

This report is based on an online survey of 97 marketing professionals, carried out in June and July 2020.

The survey link was disseminated to WARC and MMA lists, and respondents received a complimentary copy of the report.

Respondents were based in Indonesia, and were a mix of client-side, agency and technology vendor marketers.

## About WARC

Warc.com is an online service offering advertising best practice, evidence and insights from the world's leading brands. WARC helps clients grow their businesses by using proven approaches to maximise advertising effectiveness. WARC's clients include the world's largest advertising and media agencies, research companies, universities and advertisers.

## About the MMA

The MMA is the world's leading global non-profit trade association composed of more than 800 member companies, from nearly fifty countries around the world. Our members hail from every faction of the mobile marketing ecosystem including 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.

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