

Internet Users, Market Target and Digital Trading of MSMEs in Indonesia

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The digital economy has been remarkably adapted by all levels of society in Indonesia, especially as the number of mobile phone users tripled in the past couple of years. The daily life of Indonesian people had been affected tremendously by digital application and through-out the trading-marketing processing in commercial businesses.

Indonesians living in remote areas to those working at Micro, Small and Medium Enterprises (MSMEs) can conduct their marketing and trading of their goods with less constraint than ever before by traditional factors, endowments, and technological capacity.

This paper analyzes quantitative data from BPS Statistics Indonesia, the World Bank, and other sources to identify the extent of which innovative digital technologies have increased human capital (through greater labour efficiency) and enabled more effective trading among Indonesia's MSMEs. Given Indonesia's demographic dividend, we must analyze MSMEs and its use of digital technologies to design policies to generate further opportunities for employment.

Anecdotally, Indonesia has seen how the graphic design company 99Designs have given Indonesian construction workers and farmers opportunities to work as graphic designers, where they can earn twice their usual income. Meanwhile, Alibaba's 'Rural Taobao' program in China, designed to use digital technologies increasing efficiencies and opportunities for integrating rural-urban markets, further highlights the potential for Indonesia's MSMEs to leverage technology for Indonesia's prosperity.

Indeed, the introduction and rapid adoption of digital technologies in Indonesian MSMEs, specifically in its producing-marketing-trading processes, have changed their traditional business process and significantly increased their profit due to entering into the global market at a low cost. To effectively measure and design policies around this

opportunity for growth, the appropriate data collection must be attained and made available to policymakers.

In this paper, we will dive into data collected by BPS Statistics Indonesia that looks into the most recent internet behavior data among Indonesians to explore the potential for the internet to unlock new markets for MSMEs. We will also look at the impact of digital innovations for MSMEs labour productivity in key sectors such as agriculture, which highlight the importance for digital innovations to further Indonesia's goals to meet SDG targets.

Based on quantitatively exploring these issues highlighted above, we have prepared a set of recommendations on various opportunities to maximize MSMEs growth, labour efficiency, marketing process, and market entry - all in a bid to ensure sufficient employment opportunities and of contributing to Indonesia meeting its SDG commitments.

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