

Unlocking Inclusive Growth Through Digitalization of Indonesian MSMEs

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BCG



blibli

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Ambar Liana

UMKM Salon Kecantikan Ambar Padoli

Foreword

Blibli

The vital role of micro, small, and medium enterprises (MSMEs) in Indonesia's economy has long been recognized and championed by the government. MSMEs are the economic engine at the heart of the nation, and Indonesia is poised to benefit greatly as digital technologies accelerate their potential.

Blibli's research—undertaken in partnership with Kompas R&D and Boston Consulting Group—seeks to illuminate the path forward in supporting the digitalization of MSMEs. These enterprises represent 99% of all Indonesian businesses and approximately 60% of GDP. The implications of powering up MSMEs to unlock greater value are significant and wide-reaching.

In this paper, we reveal research that shows that 77% of MSMEs employ from within their local community, creating between one and five job opportunities for local workers. This multiplier effect proves that supporting and empowering MSMEs with digital technologies offers a path to sustainable economic growth for all of Indonesia.

Indonesia should focus investments on digital technologies and enablers to boost the digitalization of MSMEs, improve infrastructure, increase digital penetration, and ultimately boost productivity. MSMEs will need to overcome three key challenges: Technological barriers seen in uneven levels of digital literacy; psychological barriers including lack of confidence in switching to digital sales; and consistency and quality of product development. MSMEs will require support and guidance to overcome challenges on the path to e-commerce success, including technology adoption, branding, modernization of local products, and certification.

Implementing a holistic and supportive digital strategy will empower MSMEs to win in the digital age, lifting national economic growth. This strategy should include collaboration with partners and experts to empower MSMEs. Blibli is committed to playing its part, partnering with experienced and committed enterprises and agencies across Indonesia with the same vision to help support this initiative. Innovative features, services, tools, and integrated channels between online and offline should be employed to extend the opportunities for MSMEs. These growing platforms and omnichannel solutions will allow MSMEs to thrive in the expanding digital ecosystem.

We are proud to be part of powering up MSMEs, and we thank our partners for assisting us in formulating this report. A special mention and thank you to Kompas Data for the Quantitative Survey Results Report (F2F) MSME Empowerment Survey. Together, we can support a more prosperous, digital future for Indonesia's MSMEs.



Kusumo Martanto
CEO (Chief Executive Officer) & Co-Founder of Blibli

Boston Consulting Group

At Boston Consulting Group we have global experience of the power of digital technologies to transform economic opportunity. These digital technologies offer a particularly valuable opportunity for MSMEs, optimizing processes, improving efficiency, and helping to drive equitable economic growth.

Thanks to research undertaken by Kompas Data, this paper shows that digitally connected MSMEs can earn 1.1X higher revenue than offline peers through geographical expansion, being 2.1X more likely to sell goods nationally and 4.6X more likely to export abroad. Despite these benefits, just 20% of Indonesian MSMEs today are digitally literate, presenting a challenging gap which must be bridged to unlock e-commerce potential.

While the majority of MSMEs are satisfied with current levels of government support, there remains a clear appetite for further assistance. Skills training, certification support, operational assistance, financial assistance, and marketing and promotion all represent identified areas of opportunity to assist MSMEs.

Exploring the support offered in Asian exemplar economies such as Japan and China provides a window into the potential that digital transformation can deliver. China seeks to boost MSME digitalization from 48% to 78% through ambitious initiatives which aim to unlock USD0.9tril in economic value by 2024. Japan aims to add USD0.3tril economic uplift by investing in MSME digitalization rates increasing from 54% to 84% by 2024.

With the right support in place, Indonesia could expand digital literacy from 20% to 50% of MSMEs, delivering an estimated USD38bil uplift by 2024, and providing a value path to expanded economic opportunity.



Haikal Siregar

Managing Director & Partner, Boston Consulting Group

Unlocking Inclusive Growth Through Digitalization of Indonesian MSMEs

MSMEs account for 99% of Indonesian businesses, contributing approximately 60% of Indonesia's USD 1 trillion GDP and providing 70% of employment according to official statistics from the Ministry of Cooperatives and SMEs (UMKM). These micro, small and medium enterprises are an engine of economic growth and opportunity with significant and widespread impact on socio-economic mobility within the country.

Growing the potential of these MSMEs through digitalization is a primary path to power up Indonesia's economy and unlock greater socio-economic benefits for people and communities. Systemic leveling up through digital adoption offers a strategic window to enhance the entire RI business ecosystem—uplifting incomes, boosting GDP, and helping to deliver expanding employment opportunities.

Indonesia's MSMEs produce an outsized impact on economic opportunity, with share of GDP significantly beyond that of regional peers. Digital literacy, however, remains low, with just 20% of MSMEs rated as digital literate today. This is compounded by challenges in accessing suitable capital necessary to deliver business improvements and fund digital transformation initiatives. Government support to both upskill businesses and improve access to necessary funding will be vital in powering up this opportunity.

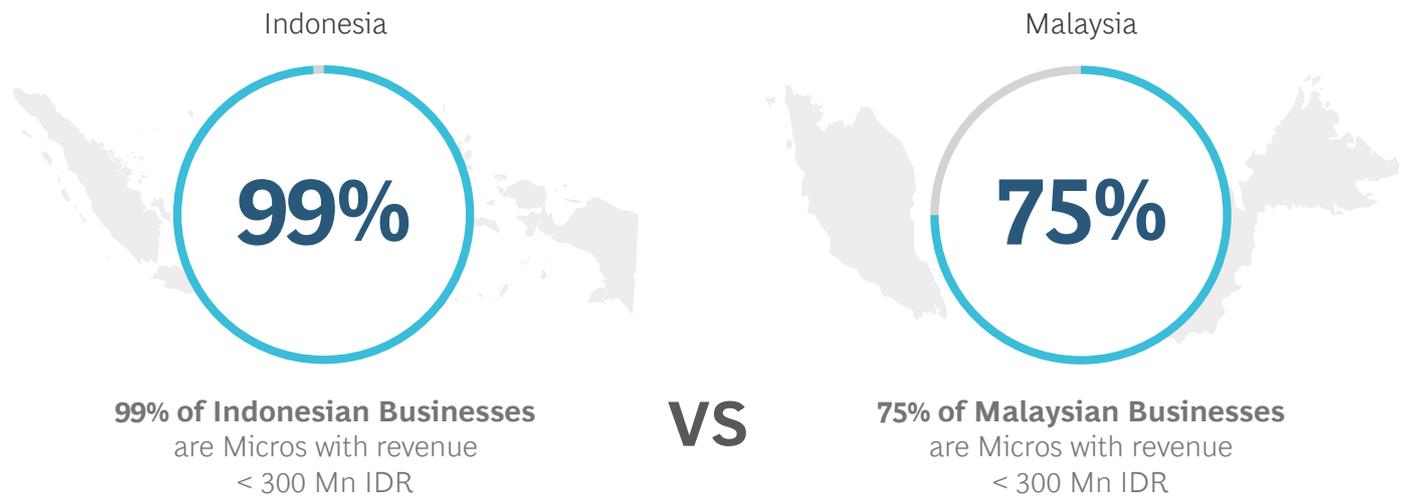
While the number of Indonesian internet users has grown significantly over recent years, growing by 22% in the four years between 2015 and 2019, digital literacy has failed to keep pace. The Economic Intelligence Unit ranks Indonesia's digital literacy as just 61st out of 100 countries analyzed, lower than Malaysia (33rd) and Singapore (22nd). Low levels of digital literacy in Indonesia, particularly in rural areas, limit the potential value which MSMEs can unlock from a digital transformation. On a broader level, it limits the meaningful digital engagements everyday users may have with MSME product and service offerings and exacerbates the digital divide between communities.

In a study of 340 MSMEs undertaken by Blibli, Kompas Data, and Boston Consulting Group (BCG), we reveal the current state of digitalization in MSMEs, attitudes to digital transformation, government support, and the potential which could be unlocked through greater digitalization of the MSME ecosystem.



Kadek Dedy Andriyanto
UMKM Bu Ameni

Exhibit 1 - Indonesian vs Malaysian UMKMs Population Comparison



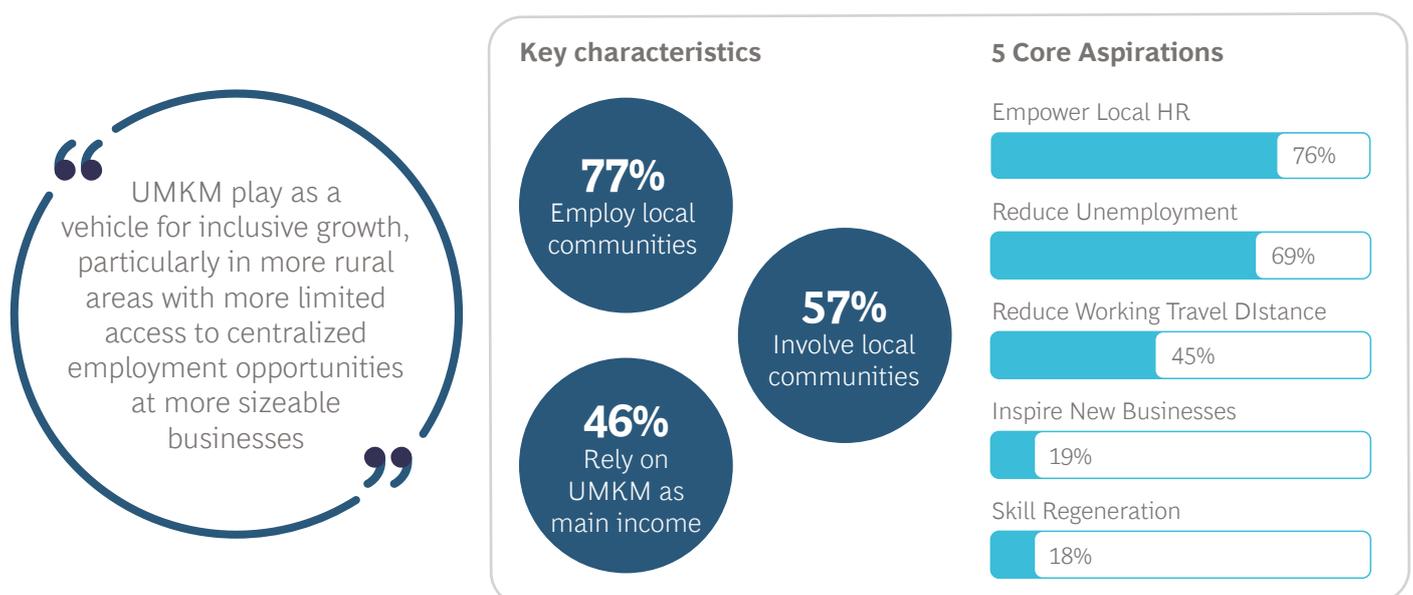
Source: Kementerian Koperasi dan UKM Indonesia, Press search

Indonesian MSMEs at a glance

Indonesian MSMEs with a maximum annual revenue of IDR300 million make up 99% of total enterprises in the country, far higher than comparable neighbors such as Malaysia, where businesses of this size account for just ~75% of enterprises. (See Exhibit 1.) It's estimated that less than one million of the approximately 57 million MSMEs fall within the categorization of small or medium enterprises, with by far the greatest share of the ecosystem made up of micro-enterprises with direct local economic and employment impacts.

MSMEs are deeply integrated into local economies, with findings of this research revealing that 57% of MSMEs employ from their local communities. Almost half (46%) of respondents view MSMEs as their main source of income. This highlights the pivotal role these enterprises play as a vehicle for inclusive growth, particularly in more rural areas with limited access to centralized employment opportunities at more sizeable businesses. (See Exhibit 2.)

Exhibit 2 - UMKMs Key Characteristics and Aspirations



Source: Laporan Hasil Survei Kuantitatif (F2f) Survei Pemberdayaan UMKMs “Inclusive Growth Towards Sustainable Development” Kompas Data pada Juni 2021.

BCG Analysis

Indonesian MSMEs provide a major contribution to the Indonesian economy, relatively more significant than peer nations in Southeast Asia. MSMEs account for 60% of Indonesian GDP, notably more than the ~40% of national GDP these enterprises contribute in neighboring countries such as Malaysia and Thailand. However, despite this national contribution of Indonesian MSMEs, most of these enterprises remain locally focused, with minimum export value.

Inclusive economic aspirations are a fundamental part of MSMEs' operating models and a clear priority for these enterprises. Empowering local human resource potential is a priority for 77% of MSMEs surveyed in this study, and 69% aim to reduce unemployment. Reducing travel distance (45%), inspiring new business (19%), and regenerating local skillsets (18%) are also clear guiding principles for many. (See Exhibit 3.)

This focus on local opportunity is reflected in perceptions of MSMEs, with 67.5% of respondents believing that their MSME had provided a positive impact on the community. More than three-quarters (85%) of MSMEs surveyed believe they helped to reduce unemployment, more than half (52%) have inspired new businesses, and more than one-third (36%) have empowered local human resource capabilities. On top of this, 9% believe they have helped reduce local criminal activities, and 7% have added income and activities for their local community.

"I am happy whenever my employees become financially stable, some can buy a car, continue their education or buy a house," said one MSME respondent in the textiles sector from Jakarta.

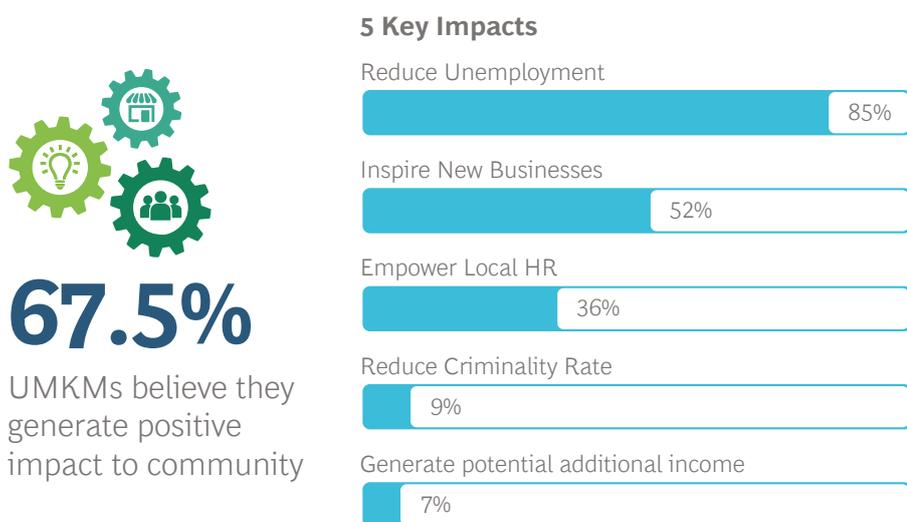
The role of MSMEs goes beyond simple economic implications. These enterprises actively see themselves as community connectors and local providers. They often involve friends and family networks as an avenue for both sales and market information and deliver local neighborhood benefits in terms of employment and the general empowerment of human resources. Our findings show that MSMEs tend to offer between one and five jobs to the local job market. MSMEs cater primarily to the local market needs, but many express ambitions to expand towards exports.

This social capital that underpins MSMEs is clear evidence of their potential to act as engines of inclusive growth. Uplifting their economic potential provides a ripple effect through strengthening the social capital base in communities.

Providing the right infrastructure framework is vital in unlocking this potential. Digital infrastructure is a key enabler which can help accelerate the digital opportunities of communities across Indonesia.

Research by BCG on the value unlocked by digital transformation in communities in Sweden demonstrates the importance of investing in digitally-driven economic development. In 2011, social media giant Facebook established its first non-US data center in the region of Luleå, northern Sweden. BCG analysis indicates that establishing this data center would generate a total SEK9 billion in direct, indirect, and induced impact, creating 4,500 jobs nationwide, with approximately half of the identified benefits accrued in local communities. It's estimated that the data center contributed as much as 1.5% of the total regional GDP in 2012.

Exhibit 3 - UMKMs Impact to Local Communities



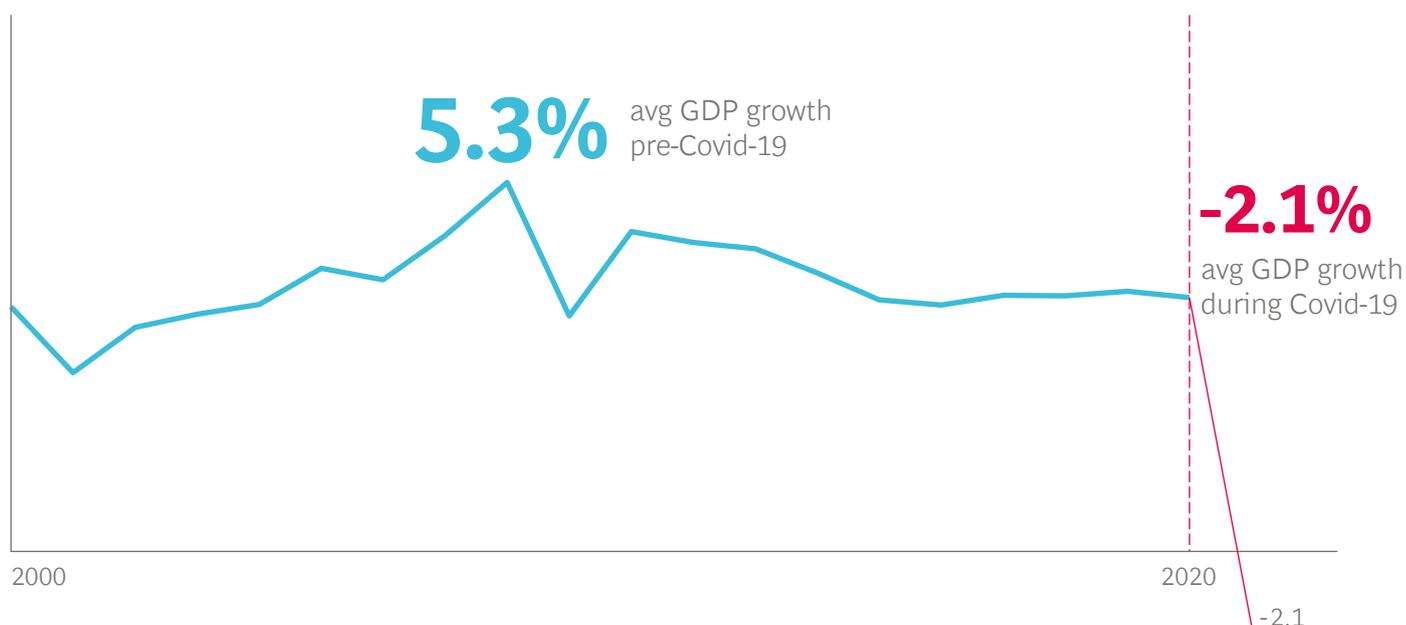
“ I am happy whenever my employees become financially stable, some can buy a car, continue their education or buy a house ”

Source: Laporan Hasil Survei Kuantitatif Survei Pemberdayaan UMKM “Inclusive Growth Towards Sustainable Development” Kompas Data pada Juni 2021.



Anggoro Widodo
UMKM Ca-Jo Foods

Exhibit 4 - Covid-19 Impact to Indonesian Economy



Sumber: BPS; Analisis BCG; Pernyataan Menteri Keuangan Republik Indonesia di Webinar Mid Year Economic (7 Juli 2021).

Disruption and challenges during COVID-19

COVID-19 has presented a remarkable challenge to the global economy, and Indonesia has been no exception. 2020 marked the first full-year GDP contraction since the 1998 Asian Financial Crisis, with year-on-year GDP falling 2.1% in 2020, although this is slightly less than the 3.5% contraction seen across the entire global economy. (See Exhibit 4.)

“UMKM with limited capital reserves were heavily impacted by Covid-19 pandemic, with 80% of UMKM experienced a decrease in revenue.”

The varied disruptions and negative impact on consumer sentiment also had widespread impacts on unemployment, with an estimated 1.8 million Indonesian citizens becoming unemployed between February 2020 and February 2021 according to analysis by the World Bank. Interventions by the Indonesian Government and Bank Indonesia acted as an important mitigation to reduce the national economic impact.

MSMEs were particularly hard hit during this crisis, with limited capital reserves and a strong reliance on day-to-day income in order to sustain livelihoods and employment. In research by BCG published in ‘The Road to Surviving, Sustaining, and Future-proofing MSMEs in a Post-COVID Era’, it was revealed that 80% of MSMEs had experienced a decrease in revenue during the period of crisis, regardless of enterprise size, sector of operation, or previous levels of digitalization.

Decreasing demand due to movement restrictions and cautious customers were two major challenges, alongside increased cost of raw materials, and disruptions to distribution and supply chains. This research reveals that the majority of MSMEs (56%) wish to have better support from government on the access to capital, alongside ease of doing business (31%), tax regulation (15%), and training (13%).

The majority (56%) of MSMEs are satisfied with support programs provided by the Indonesian Government, however, there is a clear appetite for further support, particularly in areas of skills training and legal assistance. The top five programs with the lowest evidenced satisfaction rates were skills training (64%) and certification processes (42%), followed by operational assistance (37%), capital loan and financial assistance (33%), and marketing and promotion (19%). (See Exhibit 5.)

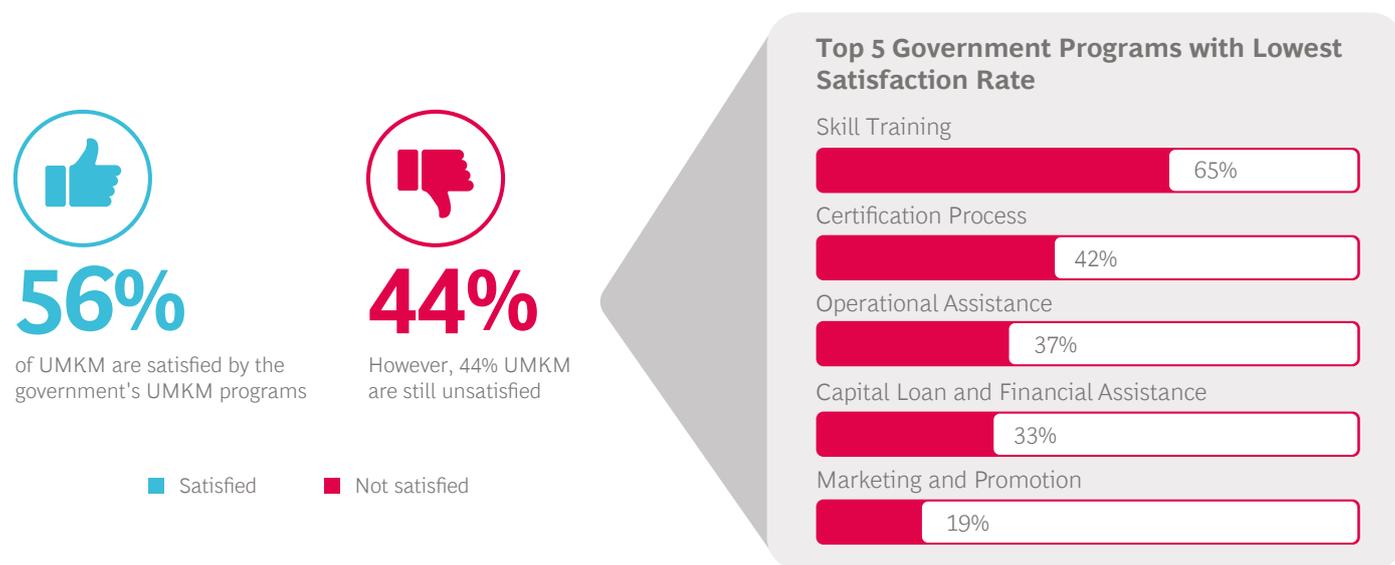
“Skill Training for UMKM needs to be further developed by government especially on key skills related to digitalization.”

“These days, it is tough to obtain skilled workers whether we are looking for soft skills or hard skills,” said one MSME in the textiles industry, located in Jakarta.

Those MSMEs who are already online and digitally engaged evidenced greater awareness of available Government support and were roughly 1.2X more satisfied with the available support. 56% of online MSMEs demonstrated satisfaction with available support programs, compared to 48% of those rated as offline. “I obtained support as it is easier to obtain halal certification this way,” said one MSME from Bogor, referencing licensing and training policies.

Respondents to this study were particularly aware of this license and certification support, with 72% of online and 65% of offline respondents indicating knowledge, compared to 31% of online and just 15% of offline MSMEs acknowledging support around tax reduction and exemption. Interestingly, 49% of offline MSMEs were aware of capital loan support, compared to 22% of online MSMEs, perhaps indicating a targeted success in outreach to less digitally engaged enterprises around these offerings.

Exhibit 5 - UMKMs Satisfaction Rate with Government’s Program



Sumber: Laporan Hasil Survei Kuantitatif (F2f) Survei Pemberdayaan UMKM “Inclusive Growth Towards Sustainable Development” Kompas Data pada Juni 2021.



Natali

UMKM Rollie Bakery and Cookies

Digitalization of MSMEs

Indonesia’s overall digital penetration has increased significantly over the last decade. Over half (53%) of the 270+ million population used the internet in 2020 according to official World Bank figures, up from around 10% just a decade ago. That speaks to the substantial growth in connectivity and internet penetration over recent years, driven by major investment and infrastructure initiatives such as the Palapa Ring project. The Indonesian Internet Providers Association (APJII) puts that figure even higher, projecting that Indonesia has almost 200 million internet users, covering nearly 75% of the population.

Analysis by mobile phone industry body GSMA indicates smartphone penetration in Indonesia stands at 77% today, with projections that will expand to 88% by 2025. More than half (53%) of all subscribers are connected to mobile internet, with an additional 32 million users expected to connect between 2021 and 2025. Despite the significant geographical challenges of providing connectivity across the dispersed geography of 17,000 islands, 4G networks cover ~90% of Indonesia, more than regional neighbors such as Malaysia, Thailand, Vietnam, and the Philippines.

This growing digital penetration offers a valuable landscape for MSMEs. Digitalization offers an avenue to holistic benefits for these enterprises, improving cost savings through more efficient digital processes, enhancing domestic market penetration and outreach, and growing revenue opportunities by connecting enterprises with broader regional markets.

While 74% of MSMEs who participated in this research indicated familiarity with digitalization through channels such as e-commerce, only 20% showed signs of true digital literacy. Respondents referenced major e-commerce brands such as Blibli, Tokopedia, Shopee, Lazada, and Bukalapak as evidence of their awareness. (See Exhibit 6.)

MSMEs face three main barriers to business growth according to this research. They are high operational costs limiting potential profits, difficulty in driving revenue growth, and the challenges of competing at scale and barriers. These challenges have been amplified by the impacts of the COVID-19 pandemic, which reduced sales volumes, negatively impacted capital resources, and triggered bottlenecks to distribution.

Exhibit 6 - UMKMs E-commerce Awareness & Utilization



of UMKMs aware of E-commerce and their different types

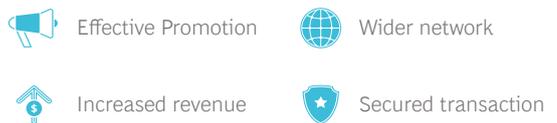


digitally literate and able to use E-commerce

Top 5 E-commerce mentioned by respondents



Potential benefit of using e-commerce



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



Bakti Abrianto
UMKM Sambal Brinto

Exhibit 7 - Digitalization Impact on UMKMs Sales Geography

Digitalization enables UMKM to obtain:

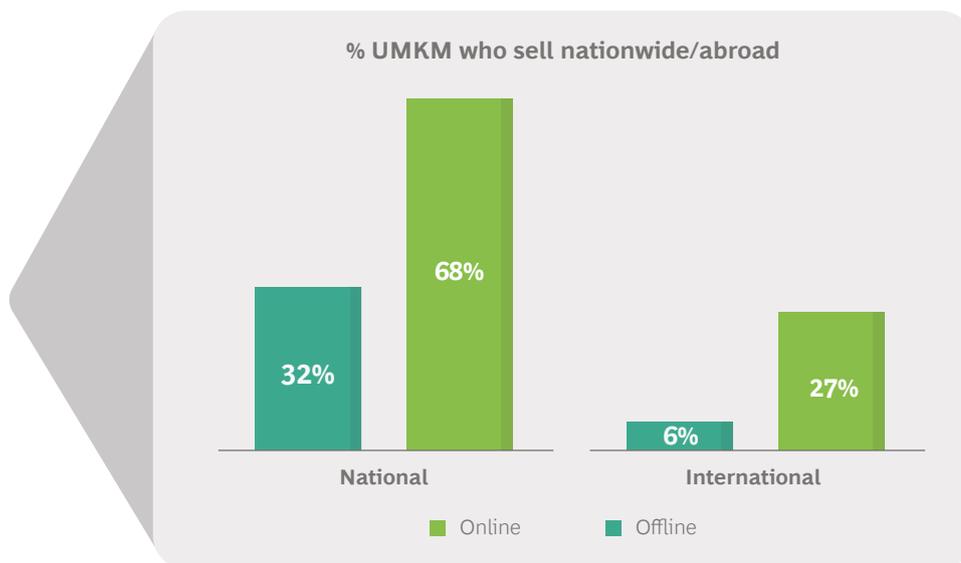
1.1x More Revenue

2.1x More likely to sell goods nationwide

4.6x More likely to export abroad



Sales digitalization enables UMKM to expand sales geography



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

“Digitalization enables UMKM to sell nationwide and export, boosting their revenue by 1.1x”

Economic impact of digitalization

Digitalization offers a pathway to empower MSMEs through a wide range of benefits. Optimizing processes through digital technologies will help to reduce operational costs significantly. It will further enhance transaction processes, growing revenue potential by increasing the volume of potential transactions and time to fulfill orders. It also provides a pathway to expand the servable market, growing to a national, regional, or global audience. (See Exhibit 7.)

Online MSMEs can earn 1.1X higher revenue than offline peers through geographical expansion, with these connected enterprises 2.1X more likely to sell goods on a national scale and 4.6X more likely to export abroad. This research reveals just 32% of offline MSMEs sell nationally or abroad, compared to 68% of online MSMEs. Only 6% of offline MSMEs sell internationally, compared to 27% of online MSMEs.

Digitalization also provides a boost to the social community value of MSMEs. Online MSMEs are 1.1X more likely to involve their local community in their business and 1.3X more likely to employ others. According to this research, 84% of online MSMEs hire an employee compared to just 64% of offline MSMEs. Online MSMEs also evidence more ambitions to scale, with an average of 2.0 employees per business than 1.5 for offline MSMEs. (See Exhibit 8.)

The benefits of digitalization also offer a compound multiplier for the entire business ecosystem. The more MSMEs embrace digital opportunities, the greater the socio-economic benefits for the community and the national economy. “After I went online, my revenue increased by 10 percent,” said one MSME from Surabaya, working in the rice industry.

This economic ripple effect can be seen in the example of an operator in the food and beverage (F&B) industry. A local MSME that sells bread sees increased demand due to digitalization. In order to meet demand, they must increase their orders to a local MSME that provides flour, increasing their own revenue potential. It’s estimated that this revenue impact on GDP equates to a multiple of 1.7X. The success of the original MSME can unlock further benefits as it opens new branches, hiring more individuals, and potentially spurs the initiation of further MSMEs. This non-revenue multiplier is estimated at 1.3X.

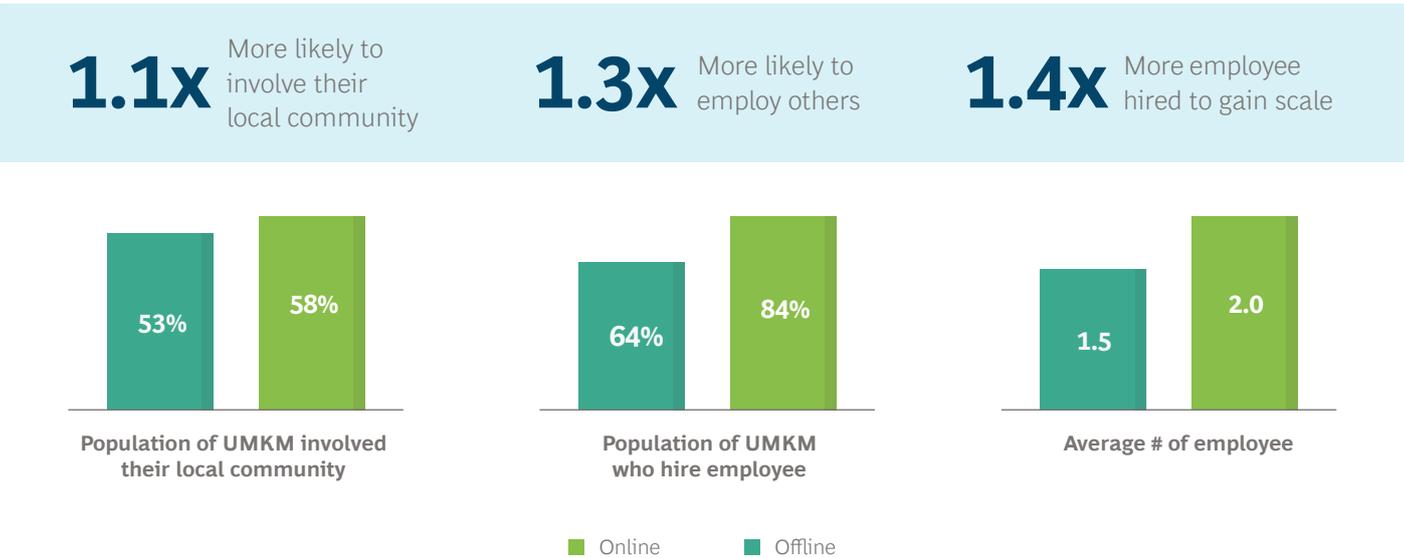
Benchmarking the ambitions of Asian economies such as China and Japan, both of which have invested significantly in the digital transformation of MSMEs, offers insight into the ecosystem benefits such digital transformation can deliver.

China aims to boost the digitalization of SMEs from 48% to 78% of enterprises over the coming years, seeking to tap into a potential USD0.9 trillion uplift in improved SME digitalization by 2024. This initiative is backed by the National 13th Five Year Plan On Digital Capabilities which sets out to establish a comprehensive roadmap to build digital capabilities and promote the adoption of new technology. The SME Online service by the National Development and Reform Commission offers a further initiative to empower the digital transformation of SMEs and the development of new business models.

Japan is another major Asian nation seeking to leverage the power of digital transformation in SMEs to unlock growth. It aims to expand SME digitalization rates from 54% to 84%, unlocking a USD0.3 trillion economic uplift by 2024. The IT Introduction Program offers subsidies ranging from JPY0.3 to JPY4.5 million to enhance the efficiency of operations through new IT solutions. The Monozukuri Subsidy further supports this, providing investment subsidies for MSMEs ranging from JPY1 million to JPY10 million.

Exhibit 8 - Digitalization Impact on UMKMs Local Community

Online UMKMs are:



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



Resky Noviana Effendi
UMKM Yasmin Butik & Batik

Digital platforms can help unlock the value potential of MSMEs in Indonesia, driving inclusive growth and expanding socio-economic opportunities. Increasing digital literacy from 20% to 50% of MSMEs could deliver an estimated USD38 billion uplift by 2024. There are three key enablers that are fundamental to delivering on this opportunity:

- **Easy and wide access to capital.** Leverage data from digital platforms to grow and accelerate capital lending programs, helping MSMEs invest in digital transformation and emerging technologies.
- **Promoting digital literacy.** Support more MSMEs going online by providing education on digital platforms, built out in collaboration with digital industry players.
- **Streamlined business policies.** Create streamlined business policies with programs such as ‘high-speed lanes’ for MSME permits and policies, providing a smooth transition to digital operations.

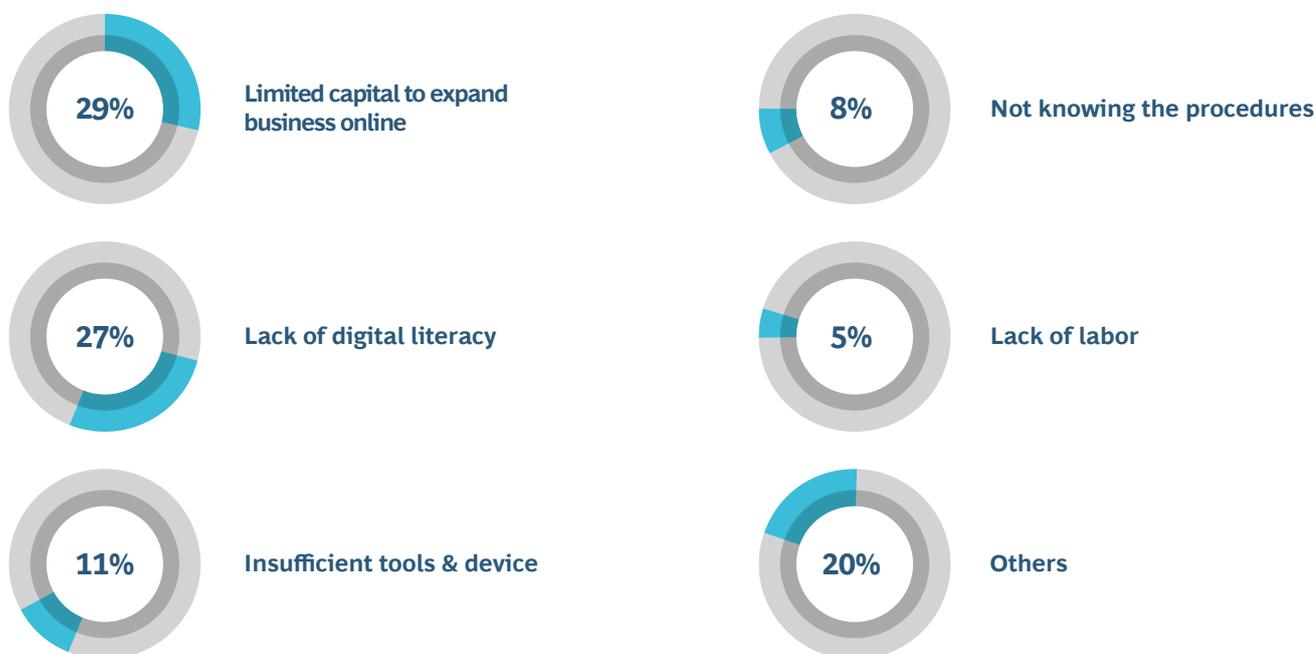
Unlocking the potential of digital MSMEs

There remains a persistent hesitation in many MSMEs about the path to online business through digitalization. Limited capital to expand a business online is a concern for ~30% of businesses, followed by a lack of digital literacy (27%). “My customers are from the older generation and are not used to using gadgets,” said one MSME in the rice industry, based in Surabaya.

Insufficient tools and devices (10.8%), lack of clarity around procedures and processes (7.8%), and lack of adequate labor (4.8%) are also problems that will need to be addressed to unlock the value of this digital transformation. “The moderation and product listing process takes too long,” said an MSME from Yogyakarta. (See Exhibit 9.)

“Program related to UMKMs capital support & digital literacy education are important enablers to increase UMKMs participation in E-commerce.”

Exhibit 9 - Reason UMKMs are not using E-commerce²



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

2. Weighted average on proportion of respondents mentioning one of these reasons.

MSMEs which embrace e-commerce indicate that they gain familiarity with these platforms relatively quickly. That includes key elements of digital offerings such as brand identity and creative package design. “My priority was to upgrade from basic, clear pouches to eye-catching modern packaging that would appeal to customers and secure jengkol chips during shipping,” said Imas Mintarish, owner of the Oyoh Jengkol F&B brand.

Imas was a beneficiary of support from Blibli, having won third place in the digital platform’s Big Start Season 2 initiative. The competition helped improve the digital offering for her jengkol chips, with transformations from expanding the flavor selection to designing a suitable product packaging. Her ambition is to make Oyoh Jengkol truly fit for the market, and able to better compete in the fierce snack market. This demonstrates how MSMEs can use digital platforms to promote authentic local produce and allow consumers from across the country to access products with such a rich cultural heritage.

With the right digital transformation support, e-commerce can also help MSMEs comply with industry standards and certifications, which provide 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,” said Sri Yuliasuti, owner of F&B company Rendang Uni Tutie. This brand seeks to achieve its ambitions for growth by leveraging Blibli as an e-commerce platform to expand the reach of its ready-to-eat-meal products, with accreditation providing a valuable opportunity to access more markets in the future.

Supporting MSMEs on this journey requires a wide range of tools and technical support, recognizing that different enterprises begin the journey from different starting points. Functionality that allows MSMEs to easily issue promotional codes can be one opportunity. Soy Day is one brand who leveraged digital voucher functionality to set promotions, leading to a three-fold uplift in sales. Flash sales represent another part of this offering, with fashion brand Odriigo Indonesia enjoying a ten-fold sales impact from front-page presence during a flash sale.

Digital adverts are another key area of opportunity, allowing MSMEs to easily invest in promoting their businesses on digital platforms. F&B enterprise Durian Kepo enjoyed a five-fold uplift to sales by attracting new online customers through digital adverts during the social mobility restrictions. Engaging with customers directly through direct broadcast options is another valuable solution, with fashion business Piyama Indonesia seeing a five-fold sales impact from the use of the broadcast feature.

The partnership between government agencies and e-commerce platforms can also provide an important pathway for the digital transformation of MSMEs.

1. Improve educational infrastructure. Providing the right educational infrastructure is critical for upskilling MSMEs. The Kakak Asuh UMKM project by SMESCO Indonesia (a Ministry of Cooperatives and SMEs institution) provided mentorship and training around digital entrepreneurship, with successful attendants then going on to share their know-how with other MSMEs. 234 enterprises expanded their digital capabilities and knowledge through this initiative which was supported in partnership with Blibli, providing expert insight and support to MSMEs.

2. Unlock omnichannel opportunity. Supporting MSMEs to embrace an omnichannel approach to digital opportunity provides the chance to rapidly scale up e-commerce and access a wider audience. The Blibli Mitra initiative connects online MSMEs with offline micro-businesses such as small neighborhood stores across the Blibli network. This partnership approach provides a synergistic benefit to both enterprises. Online MSMEs gain a new offline distribution channel by selling their products at through the physical stores. The offline micro-business, in turn, benefits from an extended product offering such as the digital products portfolio (phone credits/pulsa, token electricity, bill payments, etc). The success of this initiative can be seen in the engaged, active seller ratio, which sits at 85% of participating businesses.

Positive transformation of MSMEs provides a valuable opportunity to empower businesses, uplift communities, and unlock holistic socio-economic benefits for all of Indonesia. These enterprises are often the beating heart of local economic activity, making them a vital growth engine for domestic and national economies. This is the goal at the heart of Blibli’s flagship Big Start Indonesia initiative.

Big Start Indonesia is a competition focused on unlocking and enhancing opportunities for creative entrepreneurs looking to develop their businesses. It is designed to encourage and motivate young Indonesian creatives to realize their ideas and ambitions, with winning participants exposed to education, training, networking, and business capital development experience. The competition format provides comprehensive support to MSME development alongside inspiring challenges designed to catalyze business potential.

Competition participants benefit from international exposure with overseas exhibitions at major European and US expo events, supported in cooperation with the Ministry of Industry. Blibli also works to partner creators with top brands and established businesses to boost visibility and provide leading real-world experience. Creative partners in the 2019 Big Start Indonesia event for example were partnered with 15 brands and influencers, including Kanva Home and Living & Hari Prast, Pipiltin Cocoa & Chef Juna, and Chiel & Cinderella.

Now in its fourth year, this event has received applications from thousands of Indonesian creativepreneuers, with participants curated into a list of top 100 applicants. These applicants are then helped to enter the Blibli platform to develop their skills and e-commerce experience, supported by mentoring from the Galeri Indonesia team. The top 20 businesses are then offered intensive training in areas such as marketing, branding, financial planning, business law, and marketing skills, helping greatly enhance the competitiveness and global appeal of these MSMEs. The best four creatives are then chosen and awarded a prize in the form of capital to expand their businesses.

Tens of thousands of MSMEs have benefited from participation in Big Start Indonesia since its inception in 2016, offering both a competitive path to growth and a significant opportunity to learn modern business skills that can actively enhance their business opportunities and grow their market visibility.

Providing the proper framework and support to enable a smooth digital transformation is vital. Successful digital platforms such as Blibli provide an essential partner in that journey, leveraging extensive experience and expertise and providing both market know-how and access that contribute to success. The Big Start Indonesia event is just one example of how supportive partnerships can uplift MSMEs.

Nurturing a thriving digital ecosystem of MSMEs will require the participation of numerous key stakeholders across Indonesia, including the Government, business, and MSMEs themselves. With the right combination of tailored financial support, digital education, upskilling opportunities, access to digital talent, and fit-for-purpose digital platforms, Indonesian MSMEs could rapidly accelerate their digital literacy and expand market opportunities through successful digital transformation.

About the Authors

Haikal Siregar is a Managing Director & Partner with BCG in the Jakarta Office.

Ferry Malvinas is a Principal with BCG in the Jakarta Office.

Kevin Kurniawan is an Associate with BCG in the Jakarta Office.

About this Research

This research was undertaken in partnership between BCG, Blibli, and Kompas Data. A three-step methodology was adopted, incorporating in-depth and face-to-face interviews, analysis and reporting, and dissemination of findings.

The study was initiated with respondent and questionnaire screening to ensure an appropriate ecosystem sample, mapping the problems and challenges MSMEs face. It included a focused look at how Blibli could support inclusive growth. Questionnaires and interviews were undertaken from March – July 2021, with the results then analyzed in order to provide clear reporting of findings.

For Further Contact

If you would like to discuss this report, please contact one of the authors.



Boston Consulting Group partners with leaders in business and society to tackle their most important challenges and capture their greatest opportunities. BCG was the pioneer in business strategy when it was founded in 1963. Today, we work closely with clients to embrace a transformational approach aimed at benefiting all stakeholders—empowering organizations to grow, build sustainable competitive advantage, and drive positive societal impact.

Our diverse, global teams bring deep industry and functional expertise and a range of perspectives that question the status quo and spark change. BCG delivers solutions through leading-edge management consulting, technology and design, and corporate and digital ventures. We work in a uniquely collaborative model across the firm and throughout all levels of the client organization, fueled by the goal of helping our clients thrive and enabling them to make the world a better place.

Blibli is an Indonesia notable e-commerce company founded in 2011, leading in omnichannel solutions supported by a comprehensive technology and business ecosystem including B2C, B2B, B2B2C, and B2G. As an online mall, Blibli offers a variety of products divided into 20 categories, ranging from primary needs, electronics, and lifestyle essentials, supported by more than 100,000 business partners. To ensure fast goods distribution throughout the country, Blibli has 15 warehouses and 30 hubs located in major cities in Indonesia supported by BES as its delivery fleet and 25 logistic partners. Blibli continues to provide the best shopping experience through various innovations integrated in an omnichannel way with the vision of becoming the number one e-commerce company with the best customer satisfaction in Indonesia. Blibli also accepts payments via international and domestic credit cards, along with 22 bank partners for instalments.

Visit our page at www.Blibli.com or download the Blibli app free on the App Store, Google Play, and Huawei AppGallery.



Harian Kompas is the leading Indonesian newspaper which is located in Jakarta. Kompas was established by PT Kompas Media Nusantara as a part of Kompas Gramedia (KG) business group, which was founded by P.K. Ojong (deceased) and Jakob Oetama (deceased) since June 28, 1965. By bringing the motto “Amanat Hati Nurani Rakyat”, Harian Kompas is well-known as the source of trusted, accurate, and in-depth information.

Harian Kompas evolves with the spirit of innovation. The presence of Kompas.id, which is a digital media subscription platform in 2017, remarks the step of Harian Kompas as pioneer of paid content in Indonesia.

