
# JANINE GRANT ISSUE BRIEF

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# CHALLENGES AND OPPORTUNITIES FOR MICRO-BUSINESSES IN ACCESSING DIGITAL COMMERCE IN JAKARTA, INDONESIA

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## 1. Introduction

In the Jakarta metropolitan area many micro-sized vendors sell fresh produce on pushcarts or in small stalls in wet markets. Physical proximity restrictions due to the COVID-19 pandemic have taken a toll on their income as they cannot visit buyers' houses, nor can the buyers visit them in the markets. They lack online access to consumers and their supply chain is also disrupted.

E-commerce platforms are touted as a solution that would connect vendors, large and small, with buyers regardless of location. It is also among the simplest and easiest ways for consumers to help keep micro-enterprises alive. But digital adoption is not as straightforward as many had expected, even in the Jakarta metropolitan area, where ICT access is much better than in many other parts of the country. While the country has seen rapid adoption of information and communications technology among micro-, small-, and medium-sized enterprises (MSMEs), there is the question that if digitalization enables greater business opportunities, why aren't more micro-enterprises adopting this strategy?

This report explores challenges associated with the adoption of online platforms (digitalization) by micro-businesses, especially during the COVID-19 pandemic, using Jakarta as a case study. The research intends to analyze the challenges and opportunities of digitalization for micro-businesses and how a model that incorporates the role of online platforms might be developed.

## 2. Background and Objective of the Study

The COVID-19 pandemic has impacted people's mobility and public behavior in cities. According to the Google Mobility Report for April 2020 (Figure 1), the large-scale social restrictions policy in Jakarta has greatly reduced people's mobility. After the government decided to loosen the restrictions policy in June 2020, people's mobility increased but no significant difference was observed (Figure 1 Google Mobility Report for Jakarta (March-April 2020)

). This condition has affected many micro-sized vendors, who rely on physical transactions with buyers through traditional pushcarts in the streets or wet markets.

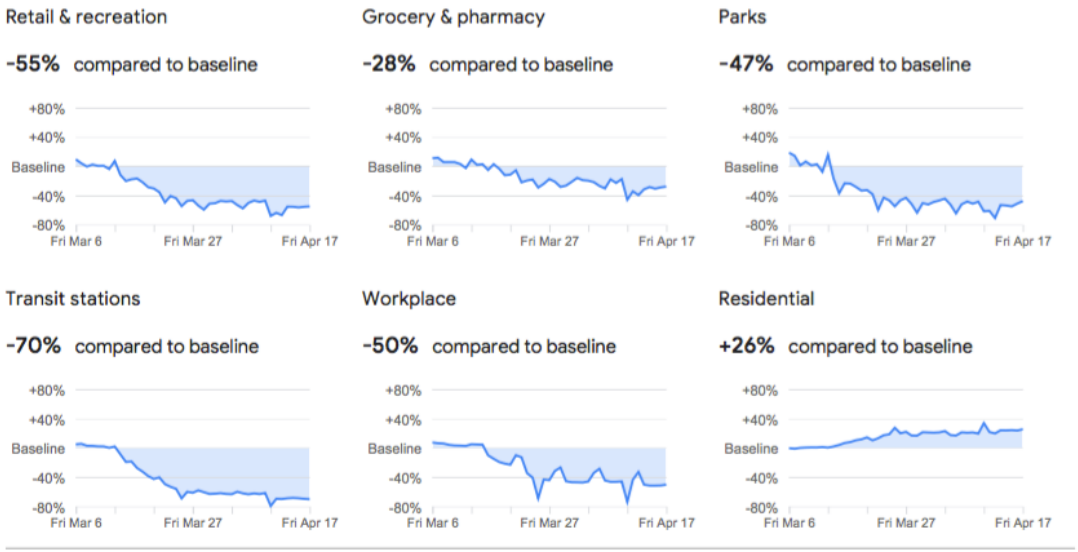


Figure 1 Google Mobility Report for Jakarta (March-April 2020)

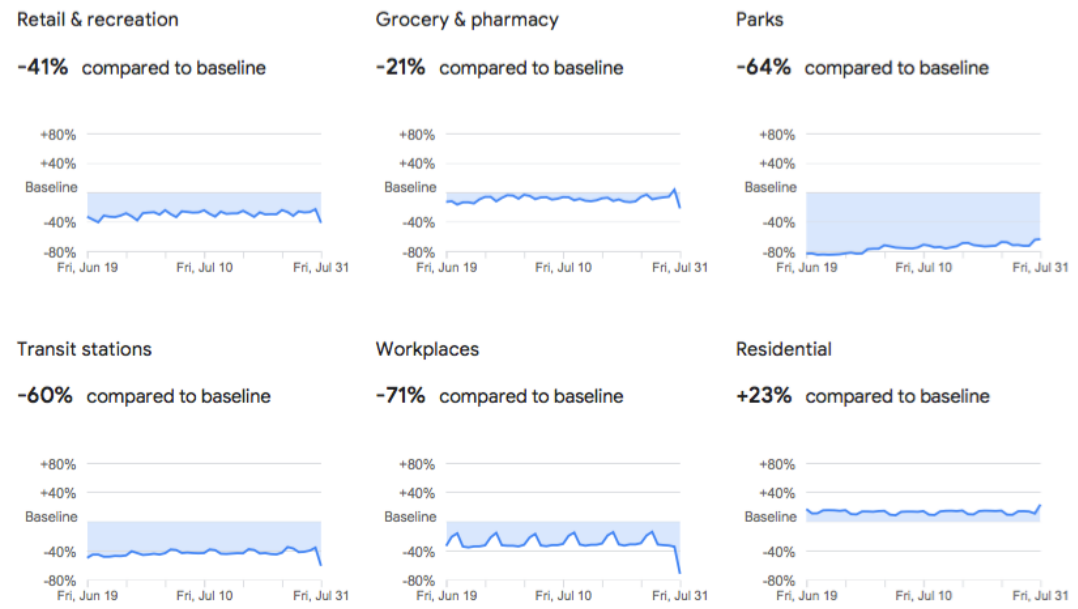


Figure 2 Google Mobility Report for Jakarta (June-July 2020)

Many traditional micro-, small-, and medium-sized enterprises (MSMEs) in the Greater Jakarta area have been negatively affected by the COVID-19 pandemic, and this has severely impacted the nation's economy as MSMEs generate about 56% of Indonesia's gross domestic product (GDP) and employ more than 95% of the total workforce across the country.[1]

[1]Micro and Small Businesses in Indonesia's Digital Economy: Keys to Developing New Skills and Human Capital. Asia Pacific Foundation of Canada, 2019.

Indonesian MSMEs have historically been excluded from regional and global value chains – and even marginalized within local markets – due to a lack of connectivity with markets, access to finance and knowledge networks and a dearth of human capital (appropriate skill sets), particularly when it comes to the fundamentals of starting and running a successful digital business[2]. Today, the harnessing of digital technology combined with proactive policy-making has the potential to empower MSMEs and "level them up" into new value chains.

Statistics from January 2020 from We Are Social show that 64% of the Indonesian population has internet access and 59% percent actively use social media.[3] This figure is substantially higher in Jakarta, where 93% of the population has internet access.[4] The 2017 Digital Evolution Index by MasterCard and the Fletcher Business School categorized Indonesia as a "breakout" country with relatively low but rapidly improving digitalization.[5] In 2017, Indonesia's Commission for the Supervision of Business Competition (KPPU) issued a report that concluded that 3.7 million new jobs would be created within the digital economy by 2025 and that MSMEs could leverage technology to achieve an 80% increase in revenue growth.[6]

E-commerce platforms are touted as a solution that would connect vendors, large and small, with buyers regardless of location. It is also among the simplest and easiest ways for consumers to help keep micro-enterprises alive. The digital economy will be an important economic driver and could become the largest contributor to GDP in the next decade. It is also considered as an avenue for MSMEs to face the current pandemic. But digital adoption is not as straightforward as many had expected. Entrepreneurs need to be supported with digital transformation to allow them the functionality and flexibility to increase efficiency and face the headwinds of a post-COVID economy.[7]

In 2019, Indonesia had the largest digital economy in the ASEAN-6 countries, valued at USD 100 billion or equal to 3.7% of the region's GDP. Among Indonesia's regions, Jakarta was placed first ahead of other provinces in Indonesia in the East Ventures' Digital Competitiveness Index (EV-DCI).[8] However, according to the IMD World Digital Competitiveness Rankings of 2019, Indonesia placed 56th out of 63 countries in terms of overall digital trends and 32nd in competitiveness.[9] This highlights that Indonesia's digital economy continues to have untapped potential and that many issues related to digital competitiveness still need to be resolved.

The Indonesian Ministry of Cooperatives and Small and Medium Enterprises (SMEs) aims to have 10 million MSMEs "go digital" by the end of 2020. Currently, only around eight million MSMEs have an online selling platform, representing around 13% of all MSMEs in the country.[10]

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[2] Micro and Small Businesses in Indonesia's Digital Economy: Keys to Developing New Skills and Human Capital. Asia Pacific Foundation of Canada, 2019.

[3] https://wearesocial.com/digital-2020

[4] Katadata (2020). Badan Pusat Statistik (BPS)/Persentase penduduk yang tidak memiliki akses internet menurut provinsi. Accessed 5 September 2020 from Databoks online database (databoks.co.id).

[5] Digital Planet 2017: How Competitiveness and Trust in Digital Economies Vary Across the World, 2017.

[6] Micro and Small Businesses in Indonesia's Digital Economy: Keys to Developing New Skills and Human Capital. Asia Pacific Foundation of Canada, 2019.

[7] https://www.thejakartapost.com/academia/2020/06/24/taking-the-digital-bull-by-the-horns-toward-post-pandemic-economic-recovery.html

[8] East Ventures Digital Competitiveness Index, 2020.

[9] IMD World Digital Competitiveness Ranking, 2019.

[10] Indonesian Cooperative and Small and Medium Enterprises Minister on The Jakarta Post, 2020 https://www.thejakartapost.com/news/2020/07/01/govt-aims-for-10-million-msmes-to-go-digital-by-year-end.html

**Objective.** This research aims to identify a model that would allow easier adoption of the digital economy by micro-enterprises and enable more practical business opportunities between small-scale sellers and consumers. More specifically, the following research questions were established:

1. What are the key challenges for micro and small businesses to capitalize on the presence of online trading platforms?
2. What can startups, civil society groups, the government, and consumers, in general, do to help micro and small businesses make the most use of the digital economy?

**Methodology.** In Indonesia, most businesses are micro enterprises. It has been reported that about 99% of all businesses in Indonesia are MSMEs, accounting for approximately 60% of the overall GDP of Indonesia.[11]

There are multiple ways to measure MSMEs. The World Bank defines MSMEs based on the number of employees (see Column B, Table 1). However, the local definition of MSMEs varies from country to country and is based not only on the number of employees, but also by inclusion of other variables such as turnover and assets. Indonesia defines MSME largely by the size of its annual revenue (see Column C, Table 1).

| A. Enterprise size | B. Number of employees[12] | C. Annual revenue (IDR) [13] | D. Annual revenue (USD Equivalent)[14] |
|---|---|---|---|
| Micro | <10 | < 300 million | < 20,000 |
| Small | 10-49 | 300 million - 2.5 billion | 20,000 – 170,000 |
| Medium | 50-249 | 2.5 – 50 billion | 170,000 – 3.4 million |

Table 1 Definition of Micro, Small and Medium Enterprises

This study adopts the Technology Readiness and Acceptance Model (TRAM) based on Parasuraman and Colby (2015) to analyze the MSME's digital readiness. The TRAM model emphasizes the user/individual's intention to use digital technology based on their characteristics and prior experience. It measures digital readiness from a set of measurement instruments evaluating an individual's propensity to adopt and use new technologies.

Analysis for this research was done largely through a primary data analysis, based on data collected through an online survey, in collaboration with Katadata.co.id. The survey was conducted in June 2020, and collected 206 respondents from MSMEs in the Greater Jakarta area. This research/report particularly extracts 40 responses from that dataset, focusing only on the micro- and small-sized enterprises (discarding the medium-sized enterprises), and businesses that are in central Jakarta only (discarding those located in the suburbs).

The survey focused on the impact and challenges of digitalization and COVID-19 for micro and small enterprises during the adoption of the large-scale social restrictions policy in Jakarta (similar to a

[11] Micro and Small Businesses in Indonesia's Digital Economy: Keys to Developing New Skills and Human Capital. Asia Pacific Foundation of Canada, 2019.
[12] UNDESA – Report on MSMEs and the Sustainable Development Goals, 2020.
[13] Law of The Republic of Indonesia Number 20 Year 2008 Regarding Micro, Small, and Medium Enterprises
[14] Based on USD 1 = IDR 15,000. As of 4 September 2020, USD 1 = IDR 14,789.50 (xe.com)

'lockdown' policy) and moving into the transitional period called the *'new normal'*, where social restrictions are lifted to a certain extent.

Data analysis was primarily done through simple descriptive statistics, charting the data onto graphs and cross-tabulations to identify patterns that may identify correlations between one indicator and another. Due to the small number of respondents and the limited scope of the survey (only in Jakarta), the extent of conclusions that can be drawn from this dataset is limited.

**Respondent Profile.** Figure 3 outlines the profile of survey respondents. About two-thirds (26 of 40) of the respondents are female. Most female respondents are aged above 40 years (12 people), followed by those aged 30-40 years (10). Within the 14 male respondents, more than half are between 30 and 40 years old. Respondents tend to be older women and younger men.

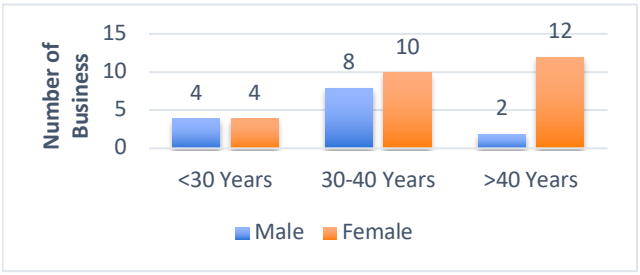

Figure 3 Gender and Age of Respondents

Micro and small enterprises are relatively common in Jakarta and are diverse in their products and services. Figure 4 illustrates the products offered by survey respondents, with 17 businesses being convenience shops, while 14 sell food, beverages, and produce, and nine businesses selling an assortment of other products. Most of the enterprises run their business in residential areas (i.e., from their homes), while seven businesses use semi-permanent stalls on the street curb, and only two sell in a market or shopping center.

Figure 4 Business Location and Type of Product

Figure 5 looks at the legal status of the business and the number of years in which the business has been operational. More than 80% of the respondents (33 out of 40) have been established for three to 12 years (18 enterprises) or between one and three years (15 enterprises). Meanwhile, only four reported to have launched their business within a year, and three have been in business for over 12 years. The data also illustrates the legal status of survey respondents, with the majority yet to be formally registered, and are therefore part of the informal economy. All four businesses established for less than a year are informal, while all businesses established for more than 12 years have already been registered with the government.

Figure 5 Length of Operation and Legal Status

The majority of respondents (30) serve customers around their local area or within the city, while 10 serve customers in other cities or even across the country. As many as 18 businesses had a turnover of less than IDR 300 million and are considered as micro-enterprises. Meanwhile, 22 businesses are considered as small enterprises with annual turnover of IDR 300-500 million. It seems that there is no strong correlation between annual turnover and market reach.

## 3. Findings

The survey asked respondents to rate the condition of their business prior to and during the pandemic. [15] Most of the survey respondents claimed that their businesses were in relatively good condition before the pandemic (19 were reported "very good", 16 "good" and five "neutral"). However, this changed due to the pandemic, and most respondents (28 out of 40) stated that their businesses are in a "bad" or "very bad" condition. Only five businesses are still in a good condition (Figure 6).

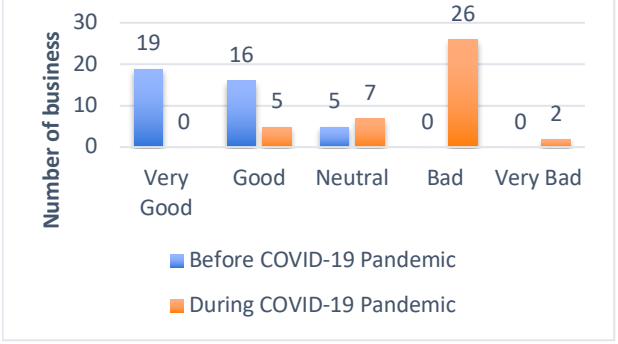


Figure 6 Business Condition Before and During COVID-19 Pandemic

**Impact of COVID-19 Pandemic on Businesses Turnover.** Figure 7 shows how the majority (over 80%) of respondents lost their turnover during the pandemic: 22 out of 40 lost more than 30%, and 10 out of 40 lost 0-30%. Six respondents remained relatively stable, while only two experienced an increase in turnover. Neither legal status (formal or informal) nor size of initial turnover (micro or small) were correlated with the change in turnover during the pandemic. However, Figure shows that the only businesses that still experience an increase in turnover are those that sell food, beverages, and produce. It is evident that the pandemic has forced people to prioritize their spending on basic necessities.

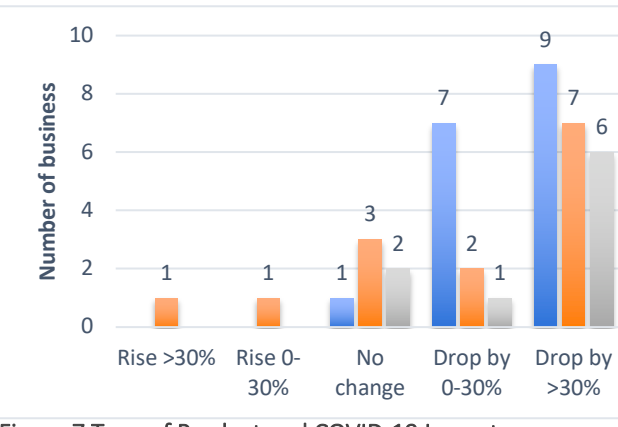


Figure 7 Type of Product and COVID-19 Impact on Turnover

**Use of Digital Platform.** Most of the survey respondents are part of the growing movement towards digitalization in Indonesia and specifically in Jakarta, where 75% of respondents' enterprises use digital platforms. This is done to reach a wider customer base. Figure 8 shows the usage of digital technology, where more than 50% of respondents reported using a digital platform to promote and sell products, buy raw products or materials, look for information to improve their business, and communicate with buyers.

[15] This is a personal self-assessment; a more accurate assessment based on changes in turnover is presented in the following section. The rating is done through a Likert Scale of 1-5, with 1 being "very bad" and 5 being "very good".

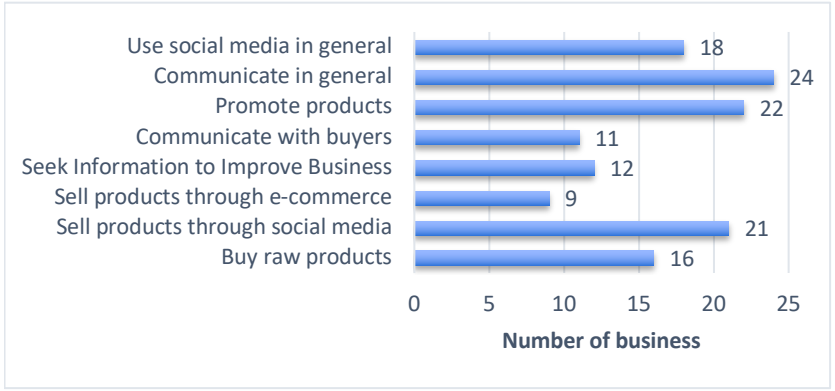


Figure 8 Uses of Digital Platform (multiple answers allowed)

It is interesting to note that all five formally registered businesses use a digital platform, and the 10 who do not use a digital platform are informal businesses. The small sample of respondents, however, keeps us from drawing any strong conclusions from this data.

The government does not currently enforce payment of sales tax and corporate income tax for informal enterprises. Thus, when informal enterprises conduct transactions over a digital platform (be it directly through e-commerce sites or indirectly through social media sites), the reporting of sales and income depends on the willingness of each enterprise.

**Marketing Strategy and Payment Method.** 70% of respondents use online marketing. Almost half (19 out of 40) use both online and offline marketing strategies, while nine use online marketing exclusively, with 30% using only the offline method. Figure 9 shows that offline stores and social media are the two most-widely-used tools. Out of those who use digital platforms, 65% are on social media, 17.5% are on the online marketplace or e-commerce, and 10% market through their own website or app. Those that only have a digital presence tend to use social media, e-commerce sites, or their own website/app.

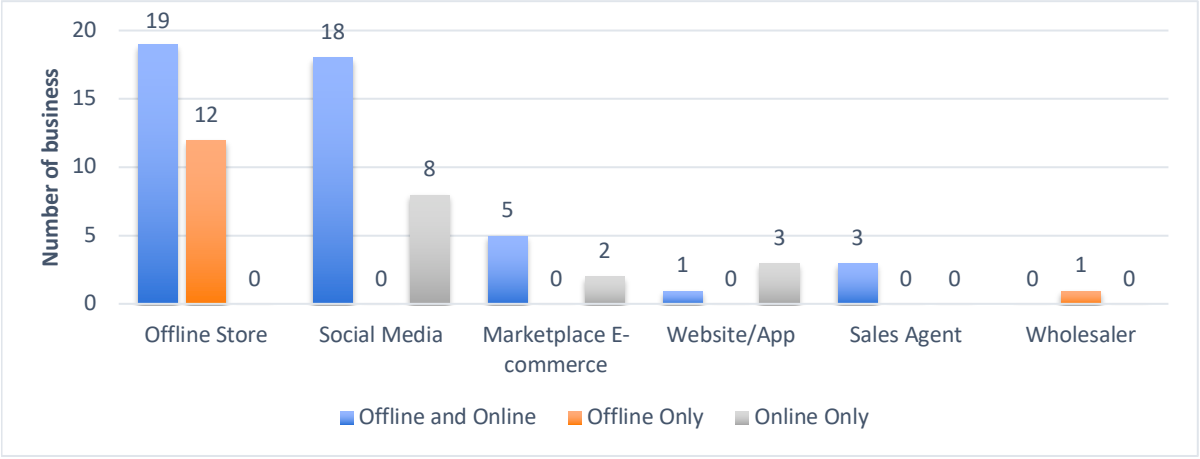


Figure 9 Marketing Tools Used (multiple answers allowed)

The data shows that almost all respondents (38 out of 40) accept cash payment, with half of the respondents using bank transfers, with only two respondents adopting e-wallet. Cash remains the most widely-used payment method and despite the rise of e-wallets, it may not have such a widespread use among micro and small enterprises yet.

**Use of Digital Marketing Platforms and Business Turnover.** According to interviews with some business owners, those who sell food items in carts are prone to more extreme income loss than those who operate in permanent stalls. For example, snack and fruit hawkers around the central business district area in Karet, South Jakarta, were forced to stay home and lost all their income for three months due to the large-scale social restrictions. They also had difficulties adopting a digital platform since they are usually on the move to sell their products.

Meanwhile, those who sell fresh produce in Mencos Market in Karet managed slightly better with around 50% income loss during the large-scale social restrictions. A fixed stall in the market helped buyers locate their business more easily and allowed the physical space for business owners to engage in online transaction. Some food stall owners stated they survived slightly better after registering with an online food delivery app.

While these interviews are helpful to provide a better understanding of the conditions that micro businesses face, it is still difficult to draw general conclusions.

**Digital Technology.** Despite the information above, more than two-thirds of respondents (27 out of 40) see digital technology as helpful or very helpful to the operation of their businesses during the COVID-19 pandemic. Perhaps this is due to an understanding of the potential that technology could have in helping their businesses. A more detailed discussion of the possible factors is presented below through the Digital Readiness Index lens.

**Digital Readiness Index.** Referring to the Technology Readiness and Acceptance Model (TRAM) based on Parasuraman and Colby (2015) as explained in the methodology, this section explains the scores of each five elements of the Digital Readiness Index (see Figure 10).

Figure 10 Scores for Elements of the Digital Readiness Index

The aggregate Digital Readiness Index for 40 survey respondents across the five elements is 3.58. This can be considered as "intermediate".[16] The dimensions of the Digital Readiness Index consist of optimism, competency, comfort (amenity), security, and user perception. Optimism scored the highest (3.83), followed by competency (3.66), perception (3.51), amenity/comfort (3.46), and security (3.46).

'Digital Optimism' relates to "a positive view towards technology and trust that it will offer people more efficiency, flexibility, and control."[17] Figure 11 shows that respondents feel optimistic about the internet and digital adoption. The highest score among the three elements of optimism was 4.1, where respondents felt the internet gave them more freedom to find suppliers and consumers. This is the highest-scoring indicator and the only one to score more than 4.0. Respondents also agreed that the

[16] The survey used a five-point Likert scale ranging from "1 = Strongly Disagree" to "5 = Strongly Agree" was used.
[17] "Technology Readiness and Acceptance Model" as a Predictor for the Use Intention of Data Standards in Smart Cities, 2018.

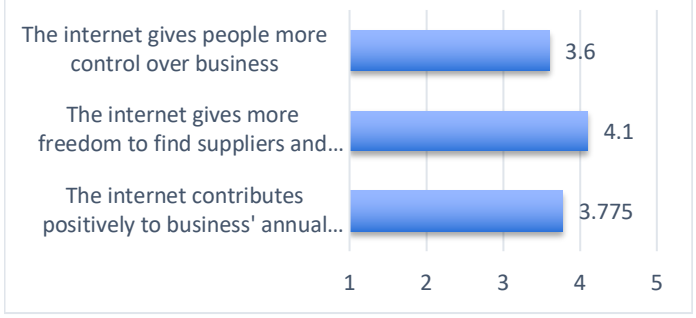


Figure 11 Scores for Elements of the Digital Optimism

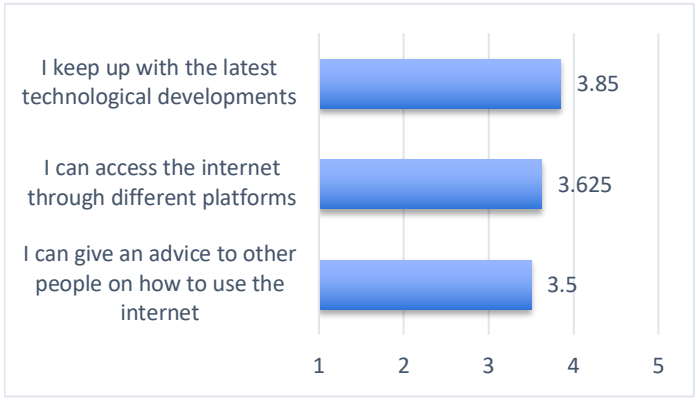


Figure 12 Scores for Elements of the Digital Competency

internet contributed positively to their turnover (score of 3.77) and gave people more control over their business (score of 3.6). This is largely because they have more access and therefore are not forced to deal with local consumers and suppliers exclusively.

'Digital Competency' is used to assess the comprehension or ability of respondents in using online tools. Figure 12 shows a relatively intermediate level of competency. The highest score (3.85) was on keeping up with the latest technological developments, while the average score for digital access was around 3.62. However, the average respondent doubted whether they would be able to advise other people on how to use the internet. The score for this indicator was 3.5.

The calculation for 'Digital Comfort' was modified from 'discomfort' in the original TRAM model, which is defined as "a perceived lack of control regarding technology and the sense of being overwhelmed by it."[18] Due to a high learning curve, the often-complex features of technology products hurt product evaluation by users. Figure 13 illustrates an intermediate level of comfort reported by survey respondents. They tend to feel comfortable using the internet, with an average score of 3.9, but the level of trust in the marketplace was relatively lower at 3.25, due to fear of being taken advantage of. This concern has possibly prevented some from adopting online technologies. A similarly low score (3.22) was on the understanding of instructions on how to engage in e-commerce.

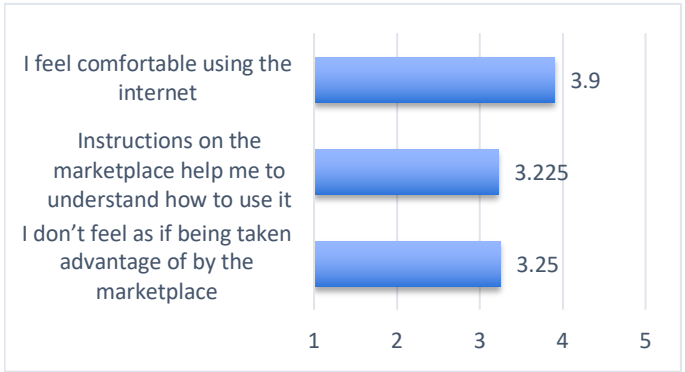


Figure 13 Scores for Elements of the Digital Comfort/Amenity

'Digital Security' implicates a trust in technology and a belief in its ability to work. Compared to other variables, the average score for digital security was relatively low but still considered as intermediate. Figure 14 illustrates the three indicators for digital security: safety, trust, and confidence with scores of 3.17, 2.65, and 3.12 respectively. Special attention needs to be given to concerns about digital fraud, as this

[18] "Technology Readiness and Acceptance Model" as a Predictor for the Use Intention of Data Standards in Smart Cities, 2018.

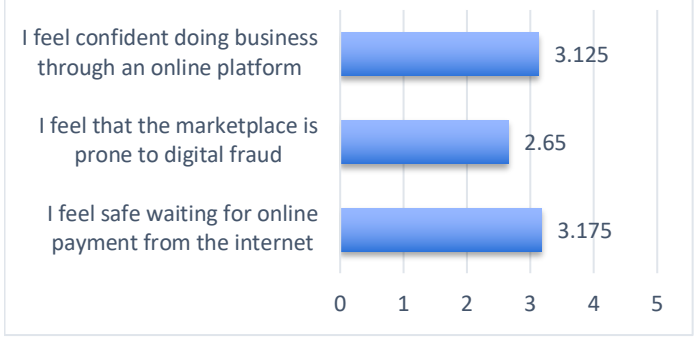

Figure 14 Scores for Elements of the Digital Security

indicator obtained the lowest score amongst all other elements of Digital Readiness, and the only one that scored lower than 3.

On the 'Digital Perception' of business owners, survey respondents reported an average score of about 3.5 on whether the internet helped them to find customers faster and whether learning to sell online is easy. Businesses understand that the internet allows them to connect with many potential consumers and suppliers, especially in a country as populous as Indonesia. It must be restated, however, that respondents are micro and small businesses in the Jakarta metro area only. Scores for Digital Perception were slightly higher compared to scores for Digital Comfort and Digital Security, but lower than scores for Digital Optimism and Digital Competency.

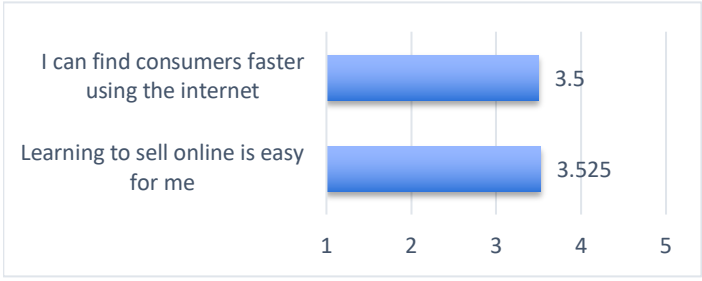

Figure 15 Scores for Elements of the Digital Perception

**Challenges to Using the Digital Platform.** Not all respondents, however, reported as having easily adapted to digital technology. Several challenges held them from using digital platforms - 50% of respondents reported that their customers still need and prefer a conventional approach rather than a digital one. There are also problems in digital competencies from the business side, such as lack of digital literacy among the owners/managers (15 out 40 respondents), their labor/staff not ready to use the digital platform (11 out of 40), and lack of funds for either having a digital device or data subscription (four out of 40). External (non-business) aspects such as inadequate technological infrastructure also played a role (14 out of 40 respondents).

## 4. Conclusion and Recommendations

Most of the businesses surveyed in this research are micro and very small enterprises that are not formally registered. They are mostly home-based enterprises that have been operational between three and 12 years, serving just the local area with food, produce, and daily consumer goods.

The COVID-19 pandemic has impacted them in largely negative ways. Before the pandemic, 35 of the 40 businesses surveyed reported being in a good/very good condition, and only two were in bad/very bad shape. In early June 2020, however, only five were in good/very good condition, and 28 businesses were struggling. As many as 32 businesses experienced a drop in their turnover, with 22 reporting a drop by more than 30%.

Interestingly, 30 out of 40 of these businesses use a digital platform: either through social media, e-commerce sites, or having their own website/app. They use these facilities to communicate, promote, and sell products, even to buy raw materials. It needs to be stated, however, that the survey respondents

are MSMEs located in Jakarta. Digital adoption may be higher in Indonesia's capital city, where ICT infrastructure is ubiquitous and per-capita income, are among the highest in the country.

Despite a high-level of internet adoption, the most widely-used marketing tool, for those who have an offline presence, is the offline shop followed by social media. Due to the small scale and very local market of the businesses, having a physical shop is quite effective to reach buyers who mostly reside in the neighborhood. E-commerce usage is still rather low, with only five of the businesses that have an offline and online presence reporting use of e-commerce sites for marketing. Further, cash is still king, with most businesses receiving cash as a form of payment. Only half of the respondents use bank transfers, and only three use e-wallets and credit cards. For local, neighborhood-scale transactions, cash is still the most preferred way to make a transaction.

Two-thirds of the businesses surveyed view digital technology as being helpful/very helpful during the COVID-19 pandemic. They show a significant element of "digital optimism", scoring 3.83 out of a possible score of 5, with the freedom to find suppliers and consumers touted as the biggest contributing factor of such optimism and a large incentive to use digital technology. "Digital competency," scored 3.66, is the second highest-scoring element, with many respondents claiming that they keep up with the latest technological development.

Concerns about digitalization are primarily shown in the aspect of "digital security" (score: 3.46) where respondents expressed concerns about the possibility of online fraud and security of online payments, which is a significant disincentive to go digital. Respondents also obtained relatively lower scores in terms of "digital comfort" (score: 3.46), where they expressed fear of being taken advantage of, and they are not comfortable reading instructions in the marketplace.

The biggest challenges that micro and small businesses face in using digital platforms are consumer preference, where half of the respondents (20 out of 40) see that buyers prefer to transact face-to-face. This is largely due to the small scale and very local nature of the businesses. The next obstacle is a lack of digital literacy among the enterprise (15 out of 40), and the enterprise's staff (11 out of 40).

Digital adoption by micro and small businesses in Jakarta is most likely to be higher than that in other places in Indonesia. However, this research shows that there is plenty of room for improvement.

First, despite 30 out of 40 enterprises using a digital platform, most of these are still in the form of social media rather than an e-commerce site. Social media far outnumbers e-commerce site use (see Figure ). The two do not have to compete against each other; they can be complementary. But the relatively low usage of e-commerce means that further evaluations need to be made by startups working in this field.

Some possible reasons for low engagement of e-commerce sites (compared to social media) are the following: (1) E-commerce sites are relatively "new", compared to Facebook which has been around since 2007. More people are already familiar with the interface of social media, but not of e-commerce sites. (2) Transactions on e-commerce sites is relatively more difficult and more structured than transactions through social media. One needs to record all the steps of transaction, from confirming the sale, packaging and delivering the item, providing feedback/ratings, and they all need to be done in a timely manner. This is quite different from the informal and personal nature of transactions done through social media.

Additionally, some of the concerns raised concerning e-commerce sites are the security of online

payments and the possibility of online fraud. Related to this, there is also concern about the possibility of being taken advantage of and difficulty in understanding instructions in the e-commerce site.

These issues highlight the need for e-commerce startups to ramp up their efforts in two issues. First, they need to respond to concerns about security. While online payment security has been improving, i.e. through two-factor authentication methods, user data breaches occurred in 2019 and 2020, involving some of Indonesia's largest e-commerce sites. Understandably, these present concerns.

Second, they need to address the steep learning curve needed to engage in digital trading platforms, especially for micro-businesses. Learning a new application is not always easy, and particularly so for those with low digital literacy. In dealing with micro-businesses, e-commerce sites need to adopt a much simpler user interface and experience. Indonesia's Minister of Cooperatives and SMEs mentioned that only 4%-10% of micro and small enterprises succeed in selling online, primarily due to low capacity.[19]

Currently e-commerce sites in Indonesia, such as Tokopedia, Bukalapak, Shopee, GoFood, and others are already recruiting "partners" including micro and small enterprises and providing training and capacity building, in a model similar to the role of agriculture extension workers and digital finance agents. These facilities are typically called "seller centers" or "partner centers". However, the capacity building aspects of these facilities need to be significantly increased, considering the sheer number of micro and small enterprises throughout the country.

This brings us to the role of the public sector in improving digital literacy and digital skills in general, especially among low-income communities and micro-entrepreneurs. Support from the public sector, civil society groups, and local schools needs to be engaged to deliver such capacity building locally, in ways that are more local-specific, and in locations that are close by and easy to access such as community centers.

Aside from capacity building, there is also room for the private sector to find market opportunities in the gap between traditional micro-businesses and digitally savvy consumers. Hybrids between digital and manual solutions can be further explored, i.e. through services that link consumer demand to the services and products offered by micro-business in ways that do not require such a high digital learning curve on the part of the latter. For example, a startup called Pasar Negeri is placing staff in traditional markets in Jakarta to select, buy, package, and deliver food and produce from the traditional market stalls on behalf of buyers.

Digitalization is going to take place regardless of the COVID-19 pandemic. What the pandemic does is accelerate the process. As stated above, currently only around 8 million MSMEs have an online selling platform, representing around 13% of all MSMEs in Indonesia. There is still plenty of room for expansion of the marketplace. Access to online platforms, both for sellers and buyers, would enable economic activities to continue to take place even if people's movements are restricted. And once more sellers and a wider range of products are online and easier to access, it will trigger more choices and hopefully more transactions that will help with economic recovery.

[19] Yunianto. 2020. "Minim Edukasi, Keberhasilan Produk UMKM di Platform Digital Hanya 10%". Published at Katadat.co.id (https://katadata.co.id/ekarina/berita/5ef61c118e73f/minim-edukasi-keberhasilan-produk-umkm-di-platform-digital-hanya-10)


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