



NBTC
Holland Marketing

MarketScan Indonesia 2015

The Hague, August 2015



NBTC Holland Marketing (NBTC)

NBTC is responsible for branding and marketing the Netherlands nationally and internationally. Using the 'Holland' brand, NBTC puts the country on the map as an attractive destination for holidays, business meetings and conventions. We carry out marketing activities in 13 markets, under the name of NBTC Netherlands Board of Tourism & Conventions. In cooperation with public and private partners, we attract visitors who spend money in Holland. We cultivate countries and regions that supply the most visitors to the Netherlands. Based on this philosophy, NBTC is active in Europe, North America, Asia and South America.

MarketScan Indonesia 2015

Inside knowledge of the Indonesian travel market is essential in order to gain access to this market. The MarketScan Indonesia 2015 offers relevant information about this country and its travel market to organizations in the travel industry and others. In this MarketScan, you will find a brief overview of the travel market as well as an insight into trends and developments.

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This MarketScan was put together by NBTC Research



Indonesia in a nutshell (1)

Indonesia: 256 million people

Biggest cities:

1. Jakarta 10.2 million
2. Surabaya 2.8 million
3. Bandung 2.5 million
4. Medan 2.2 million

(Source: World Factbook, July 2015 est.)

Age groups

< 14 years old:	26%
15-24 years old:	17%
25-54 year old:	42%
55-64 years old:	8%
> 65 years old:	7%

(Source: World Factbook, 2015 est.)

The population is increasing

The population of Indonesia is increasing, in 2000 the country had 209 million inhabitants and now 256 million. The birth rate is higher than the mortality rate. It is expected that the country will have over 321 million Indonesians in 2050. The number of young people (< 24) is declining, while the number of 35 year old and over is continuing to grow.

(Source: UN 2014)

Indonesia worldwide largest predominant Islamic country

The breakdown of the population is as follows: Muslims 87%, Christian 7%, Roman Catholics 3%, Hindus 2%, others 1% (including Buddhist and Confucian) or unspecified 0,5%.

(Source: World Factbook, 2010 est., UNWTO 2013)



Indonesia in a nutshell (2)

Economy

Indonesia is experiencing substantial economic growth the past few years. During the global financial crisis, Indonesia joined China and India as the only G20 members posting growth. Indonesia has the 10th largest economy of the world, based on GDP purchasing power parity. (Source: CIA World Factbook 2014)

From 2010 until 2013, the economy grew by approximately 6% yearly. Also for the coming years, high growth rates are being expected. (IMF, 2014)

McKinsey predicts that it will be the world's 7th biggest in 2030.

Economic growth based on GDP, growth change in % from the previous period

	2014	2015	2016
Indonesia	5.0%	5.2%	5.5%

(Source: IMF, 2015)

Exchange rate Euro-Rupiah

€ 1 = 14,780 IDR (August 2015)



(source: www.valuta.nl)

Unemployment rate

The unemployment rate from the total labor force was 6.1% in 2014, which is comparable to 2013.

(Source: CIA World Factbook, 2015)



Indonesian travel market (1)

Almost 8 million trips abroad in 2013

7,973,000 Indonesian trips are made to foreign countries in 2013.

(Source: Worldbank.org, 2014)

An increasing growth in the number of outbound tourism is expected for the coming years, especially with regards to travel with leisure motive. The neighboring countries Singapore and Malaysia remain the most popular outbound destinations, amongst others because of affordable ticket prices from budget carriers.

(Source: Euromonitor, 2014)

Specific needs and interests of the Indonesian tourist

- According to UNWTO, shopping is by far the dominant activity, whatever the destination. Also sightseeing is popular among all age groups, as is gambling, and younger people are increasingly choosing backpacking tours. Indonesians generally show more interest in history and culture than their Thai and Malay counterparts.
- Indonesia is the fourth country worldwide concerning expenditure on tax-free shopping. Indonesia counts for 3% of all spending and rank behind China, Russia and USA. Singapore is the most popular city for shopping.

(Source: Global Blue, February 2015)

The three main peaks in terms of leisure travel for Indonesians

1. The longest is during Hari Raya, when many Indonesians go on holiday for up to two weeks. This is the end of the Muslim fasting month which falls ten days earlier each year. In this period Indonesians travel mostly domestic (to hometowns with family) or short haul.
2. The other period falls in June/July, which is the main school holiday period.
3. The third is during Christmas and New Year.

(Source: UNWTO)



Top 10 foreign countries Indonesian trips 2011:

1. Singapore (2,592,000)
2. Malaysia (2,134,000)
3. China (609,000)
4. Saudi Arabia (405,000)
5. Hong Kong (380,000)
6. Thailand (371,000)
7. Macao (220,000)
8. Taiwan (156,000)
9. Australia (140,000)
10. Korea (124,000)

(Source: UNWTO)



Indonesian travel market (2)

International travel expenditure reached US\$ 7.7 billion

International travel expenditure (including transport) reached US\$ 10.3 billion, which is an increase of 14% compared to the previous year.

(Source: Worldbank.org, 2014)

On average an Indonesian tourist spends US\$ 1,078 per overnight trip. Shopping accounts for 41%, accommodation accounts for 18% and food for 13%. Local travel takes 7%, entertainment 5%, excursions 4 and 'other' 13%.

(Source: UNWTO, 2011)

Top-5 important factors of Indonesian travelers:

1. A safe and secure destination
2. Clean cities, good road infrastructure with clear signposts
3. World class beauty and natural environments
4. Friendly and open citizens, local hospitality
5. A destination that offers value for money

(Source: Tourism Australia, 2013)

The business culture in Indonesia is distinctively different in comparison to that of the western countries. The diversity within the country leads to many regional differences. There are many different ethnic groups in Indonesia each with other beliefs and habits.

- Indonesians tend to be less direct in their **communication** towards others; this especially is a large difference in comparison with the Dutch culture.
- **Punctuality** can sometimes have a different meaning in Indonesia. It is not uncommon for a meeting to be half an hour or more postponed.
- The concept of social **hierarchy** is important in Indonesian society.
- **Religious** beliefs and habits have to be respected to avoid offending people.

(Source: Dutch embassy, 2014)

38.5% is involved in a group tour

Travel companions:

➤ Group tours	38.5%
➤ Independent travelers	25.5%
➤ Single travelers	10.5%
➤ Couples	5.5%
➤ Families	9.5%
➤ Undefined	36%

(Source: UNWTO)



Internet and travel

One out of three Indonesians have Internet access

In December 2014 approximately 73 million Indonesians were online, which accounts for 28.5% of the population.

(Source: www.internetworldstats.com)

This penetration is growing but remains relatively low due to the fact that there is not a substantial proportion of broadband Internet connections. This limits the practicality of looking for information and booking via the Internet. It also explains the importance of mobile phones for access to travel sites.

(Source: Euromonitor, 2014)

The Internet users are relatively young according to the Ministry of Communications and Informatics. 58% of Internet users in Indonesia are aged between 12 and 34. They spend five hours online by laptop or personal computer and approx. two hours online via mobile devices.

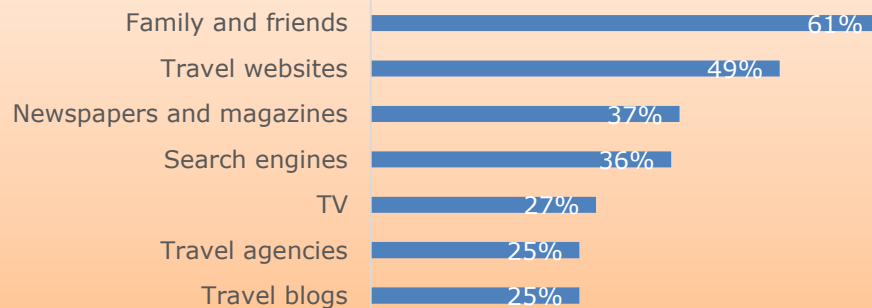
(Source: The Jakarta Post, 10 March 2015)

eMarketeer states that Internet usage remains heavily concentrated in the largest cities of Indonesia, where more people can afford it.

More than half of the Indonesian population owned a mobile phone at the end of 2014. It is estimated that approx. 34% of them owned a smartphone in 2014.
(Source: eMarketeer)

Over 69 million Indonesians use their Facebook account actively, according to the head of Facebook Indonesia Anand Tilak.

Inspiration sources when planning a holiday*



(Source: Wego, 2013)

* Numbers based on South-East Asian travelers

Traditional travel agency segment stays important

Because of the growing internet penetration, Indonesians are making more and more online transactions. However, the offline travel market in Indonesia is still significant in size as well as market share. Much of the online travel market's growth lies ahead.

(PhoCusWright, 2012; Euromonitor, 2014)

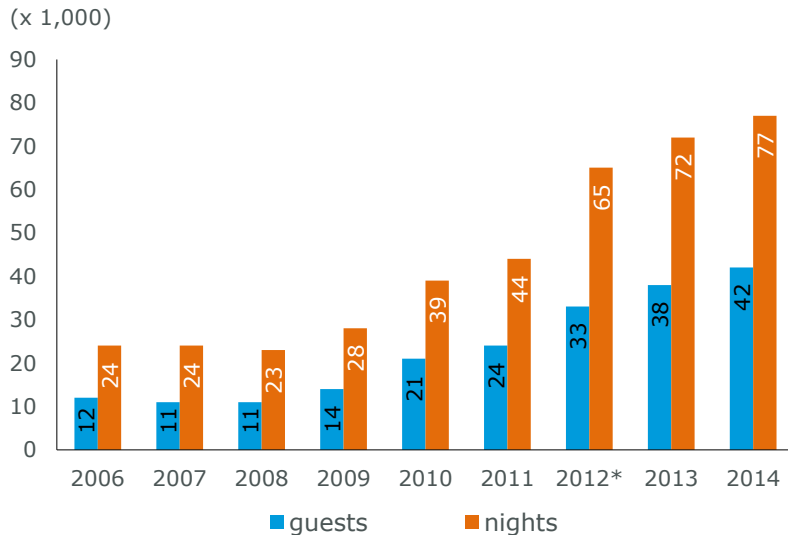


Incoming tourism to Holland (1)

42,000 Indonesian residents visited Holland in 2014

This is an increase of 8% compared to 2013. The number of guests represents visits of Indonesian with business or leisure motives.

Development inbound tourism from Indonesia



(Source: CBS, 2015)

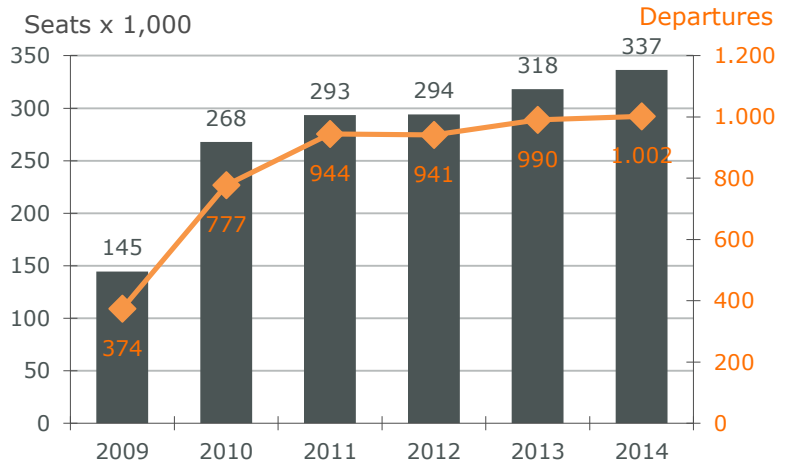
* Change in research design

Number of seats from Indonesia increased in 2014

Since 2009 the number of flights from Indonesia to Holland increased significantly. In 2014 there were 1,002 flights which accounted for over 337,000 seats. It should be noted that all flights until 2013 are stopping flights. For example KLM operates from Jakarta via Kuala Lumpur to Amsterdam.

Since May 2014, Garuda is the first airline to fly non-stop to Amsterdam.

Development seats and flights Indonesia - Holland



(Source: Capstats.com, 2015)

Note: The figures provide insight in the capacity of seats and flights, not in the occupation



Incoming tourism to Holland (2)

Dutch cities destination for more than half of Indonesian guests

During their stay in Holland, 64% of the Indonesian citizens visit the main Dutch cities. Amsterdam is the most popular city.

Almost all Indonesian visitors stay in a hotel (98%). Especially 4 star hotels are popular (62%).

(Source: CBS, 2015)

50% of visa issued in 2013 by Dutch embassy for leisure purposes

Recent improvements in visa processing times for non-Europeans entering Europe's Schengen countries – from around two weeks to three days on average – have made Europe more attractive to Indonesians.

140,000 Schengen visa were issued in 2013; 28,000 of these were issued by the Dutch Embassy of which 50% for leisure purposes.

(Source: Dutch embassy, 2014)

Indonesian overnight guests in Dutch cities (2014)



(Source: CBS, 2015)



Destination Holland: SWOT

Strengths

- Popularity of Europe due to its rich cultural and historical heritage
- High awareness of Holland. Long historic, cultural and economic ties between Indonesia and Holland
- Holland is considered to be the gateway to Europe
- Daily (direct) flights from Jakarta to Amsterdam
- Assets of Holland; cultural heritage and the natural beauty of the country (flowers)
- (Pidgin) English is widely spoken in Indonesian cities
- Relatively easy to obtain Schengen visa

Weaknesses

- Airport capacity difficulties in Indonesia
- On line booking difficulties for the Indonesians:
 - lack of broadband internet connections
 - low credit card penetration
 - lack of confidence in security of e-commerce
- In comparison to other European countries, Holland has a weak image concerning shopping/fashion and family attractions
- Europe is considered to be expensive
- The Dutch weather

Opportunities

- Growing interest of Indonesian citizens in travelling abroad
- Expected (more gradually) economic growth and growing (middle- and upper-class) population able to travel
- Growing flight capacity to Europe and Holland
- Indonesians are big spenders especially on shopping (but increasing price sensitivity and weak rupiah declines spending)
- Growing internet usage (mobile, social media and online bookings)

Threats

- Indonesian market is difficult to enter
- Difficult to reach a relatively small target group
- Pressure on expanding flight services to Europe
- Dominance of intra-regional (and domestic) tourism
- Younger (upcoming) generation has no historical/emotional tie with Holland
- Expected upcoming competition between European countries



Added value NBTC

NBTC can offer your organisation tailor-made advice, for instance:

- Local network: trade and press
- Local market opportunities, cultural expertise
- Advice on marketing, communication
- Co-marketing opportunity

Contact NBTC

For further details on the Indonesian market and Holland-marketing activities in Indonesia, please contact:

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