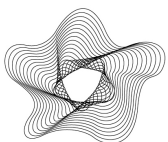


Landscaping Mobile Social Media and Payments in Indonesia

Tom Boellstorff

With Khanis Suvianita, Dédé Oetomo, and Nurul Ilmi Idrus, and in collaboration with Amelia Damayanti Ihsan, Andreas Mahardika, Theresia Pratiwi, Athifah Anastasia Soraya, and Wulan Widaningrum

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Executive summary

This is a study of the “triple intersection” of (1) smartphones; (2) social network sites; and (3) purchasing and selling online in Indonesia, the fourth most populous nation and home to more Muslims than any other country. Indonesia is at the forefront of emerging practices of online commerce, with consequences for a range of issues including consumption, payment, and internet sociality. To better understand this rapidly changing landscape of mobile social media and payments in Indonesia, research teams in the cities of Surabaya (East Java province) and Makassar (South Sulawesi province) conducted a series of interviews, focus groups, and observation of everyday practices. Research was coordinated by the Principal Investigator (Tom Boellstorff, University of California, Irvine), who participated in a workshop in Surabaya with both research teams held midway through the research (September 2012). Key findings from the research include the following:

- (1) Mobile devices have definitively displaced desktop computers for commerce (and other uses), but laptops remain important.
- (2) Indonesians tend to follow specific pathways into electronic commerce that can move across platforms and be identity-specific.
- (3) Multiple device ownership is nearly universal in Indonesia (often four to six devices), and this is linked to particular practices of online consumerism and payment.
- (4) BlackBerry is the dominant mobile device for Indonesians when shopping online, so much so that it is treated as a category of device unto itself, distinct from other smartphones.
- (5) Providers and websites are extremely important to online shopping and payment, and are the primary factor driving multiple device ownership.
- (6) Place-making is an important aspect of the intersection of (1) smartphones; (2) social network sites; and (3) purchasing and selling online in Indonesia, but often this involves localizing effects (for instance, using a smartphone and social network site to order snacks from a food stall at the end of the block).

(7) Experiences in buying online often lead to forms of online selling, with a wide range of formality and linkage to social networks.

(8) Risk is an ever-present aspect of online buying, but is often treated as a “risk of shopping” via the internet and addressed through various social and technological strategies.

Introduction

It can be shocking to recall that internet-enabled mobile phones did not appear until the early 2000s. Yet with a rapidity unmatched in the history of technology, “smart” mobile devices have become deeply familiar. From their early association with wealth—such that pulling out a cell phone could be construed as elitist—mobile devices have become trappings of the everyday. From their early association with the “West,” mobile devices are now truly worldwide phenomena. This global character of mobile devices is profoundly multidimensional. It is, of course, a key feature of the technology itself, in two ways: you can carry a mobile device around the world, and you can potentially communicate with someone wherever they are, subject only to coverage and signal strength. But beyond these basic parameters, the global character of mobile devices extends to the miners who gather the materials used to make them, the designers and engineers who invent them, the corporate capitalists that own them, the workers who build them, and the consumers who use them. A mobile device can now be designed in Korea, manufactured in China, and sold in Silicon Valley.

As with other deeply transnational phenomena, the global character of contemporary mobile technology calls for investigation at many geographical scales—global, regional, national, provincial, local. Crucially, it also calls for investigation with regard to the networked socialities that cross-cut established geographical scales. Additionally, it calls for investigation across various domains of experience and everyday practice. Such multifaceted inquiry is important not only to document and analyze specific patterns of use, but to illuminate social consequences, including unexpected outcomes.

In this report, I discuss findings from “The Southeast Asian Facebook Nation: Landscaping Mobile Social Media and Mobile Payments in Indonesia.” This was a research project in which two teams of investigators examined how mobile technologies are reshaping intersections of economics and society in Indonesia—specifically, how mobile devices are being used for buying and selling when combined with social network sites like Facebook. In what follows, I first provide some background concerning Indonesia and its relation to current mobile and social network technologies. I then discuss our methods. This will include introducing the two teams of researchers who not only gathered data, but provided many of the analytic insights discussed in this report. Following this, I turn to eight key research findings and examine their implications for understandings of mobile technologies, payment, and consumerism in the broadest sense. Through these research findings, I and the other researchers associated with this project hope to address the question: How might we better ensure that technology serves the needs of society?

Why social media and mobile payments? Internet use in Indonesia has grown quickly since the 1990s, and in the 2000s social network sites became popular. As of October 2012, Indonesia is one of the top five nations in terms of Facebook usage, with more than 64 million active users (Lukman 2013a). Social network sites like Facebook are used by Indonesians for a range of purposes, including economic goals but also finding new friends and reconnecting with old friends, finding romantic partners, and purchasing and selling commodities. One study estimated that from 2005 to 2010, mobile phone ownership increased from 20% to 54% (with over 70% ownership among Indonesians 10–19 years old).¹ But this may be a conservative estimate: another study claimed that by 2010, there were already 103 mobile subscriptions for every 100 Indonesians, and that 72% of households had a mobile phone (World Bank 2012:171).

These developments reflect broader regional patterns. A report released by the Singapore office of WeAreSocial in October 2012 noted that of the 3,800,000,000 (3.8 billion) persons living in Asia, by 2012 1,030,000,000 (a little over one billion) were internet users, with around 11.3 million new users being added every month. Of these internet users in Asia, 21% were using social network sites and 82% were using cellphones of some kind. Of these Asians using the internet, 64% were doing so for shopping. This report also noted that around 55 million Indonesians were using the internet, and 44 million of these persons were using social network sites (Kemp 2012).

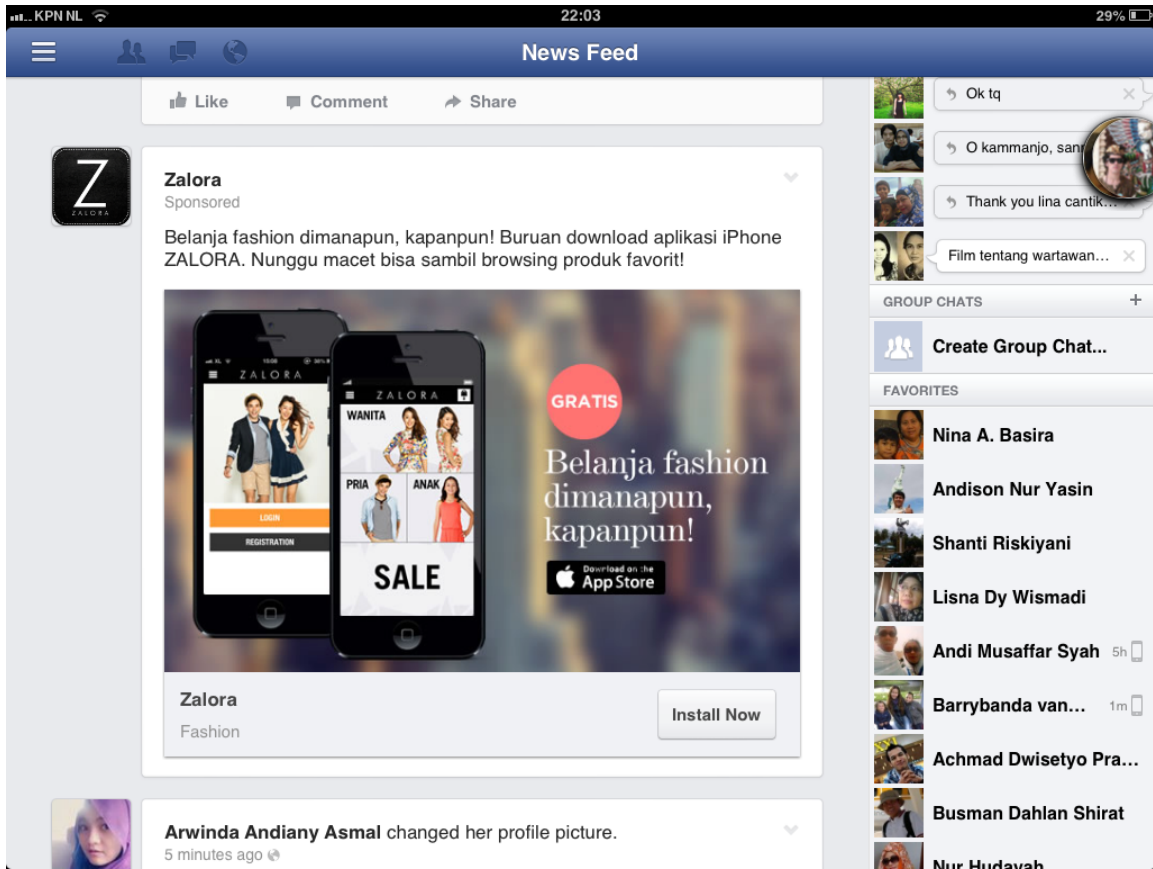
A survey of 2,000 Indonesians (from 42 different cities in 31 provinces) conducted in 2012 by the Association of Indonesian Internet Service Providers indicated that around 63 million Indonesians use the internet—almost 25% of the population (Santoso 2012). The Association forecasts that Indonesian internet use will include 30% of the population by the end of 2013, and 50% of the population by 2015. According to this study, of those Indonesians currently online, around 70% are doing so using a smartphone, followed by laptops (45.4%), desktops (41%), netbooks (5.6%), and tablets (3.4%). Smartphones are beginning to displace regular cellphones: for instance, in the second quarter of 2012, 3.6 million smartphones were sold in Indonesia, a 17% increase over the previous year (Muhtarom 2012). The rapid growth of internet use in Indonesia has included a growth in the use of social media, particularly Facebook. Tifatul Sembiring, Minister of Communication and Information, noted at the opening of the Indonesian ICT Award event in 2013 that 47 million Indonesians were using Facebook, 19.7 million were using Twitter, and that the number of cellphone users (including but not limited to smartphones) was nearly equal to the number of Indonesian citizens at 220 million (Taufiqurakhman 2013). Such social media have benefits not just for personal networks, but can become places for political campaigns and shopping, among other uses.

While it is not surprising that these various surveys and studies do not agree on the exact number of Indonesians going online or using smartphones, it is clear that the number is high and rapidly growing to the point of being the social norm. Businesses in Indonesia have not failed to note these developments. Since the early 2000s (but becoming more visible after 2007) there have existed websites for general shopping in Indonesia, such as tokobagus.com, berniaga.com, tokone.com, laku.com, bhinneka.com, bibli.com. There are also a range of online stores catering to more specific commodities and consumer markets. For instance, Berrybenka.com, belowcepek.com, and Zalora.com specialize in

fashion, rumah123.com specializes in real estate, and other online sites focus on books, snacks, Islamic fashion, and so on.²

Founded in 2003, tokobagus.com is one of the most popular online shopping sites in Indonesia. Its homepage features a map of Indonesia, underscoring its national network. The site functions like a supermarket, but in addition consumers can sell items themselves.

Information from the International Data Corporation (IDC) indicates that the value of internet-based trade in Indonesia reached \$3.4 billion in 2011. There is no sign this trend is abating; a survey conducted in February 2012 by MasterCard indicated that Indonesian online shopping had risen 15% in the previous six months. Additionally, a Nielsen Online survey found that 50% of Indonesian online shoppers were using Facebook and 49.2% were using Kaskus (an Indonesian social network site) to purchase items ranging from clothing and electronics to books. 57.4% of respondents to this particular survey of Indonesians were using online transfer methods for payment, while only 11.5% were using credit cards and 13.1% cash on delivery (Setyowati 2012). This survey also found that 33.9% of online Indonesian consumers worked in the private sector, 19.4% were self-employed, and 19.9% were students. 53.2% of online shoppers in Indonesia were spending at least 2 million rupiah (≈\$202.60) a month. Online shopping clearly represents great convenience and accessibility for Indonesian consumers.



Zalora.com is an example of an online shopping site that has moved aggressively into the mobile space. In this image, we see the Zalora.com iPhone app advertised on Facebook. Image by Nurul Ilmi Idrus.

Based on these various developments, what is emerging in Indonesia is a new landscape marked by a triple conjunction: more and more Indonesians are (1) using smartphones; (2) using social network sites; and (3) purchasing and selling online. It seems that young people moved early into this new consumer landscape, but it is clearly spreading across various sectors of Indonesian society. To understand the import of this emerging set of practices around online shopping and selling, it will prove useful to examine the historical and social context from which it emerges.

Background: a thought experiment

Many Westerners are not aware of Indonesia's size and social complexity. As a result, it can be useful as a visualization exercise to imagine a world centered on Indonesia rather than the USA. While the USA is the third most populous nation (after China and India), Indonesia is the fourth; its vast archipelago of over six thousand inhabited islands stretches just a bit further than the distance from California to New York. Like the USA, Indonesia is a multicultural nation, with over 300 ethnic groups. Like the USA as well, religion is an important dimension of society, save that with a population that is about 87% Muslim, Indonesia has more followers of Islam than any other country.

Another parallel with the USA is that the islands now known as Indonesia were societies of mobility long before the internet. At the center of the great maritime trade routes

linking Europe, Africa, the Arab World, and India with China, Japan, and East Asia more broadly, the archipelago has for centuries been a hub of commerce and the adoption of new ideas. In fact, it was in search of the fabled “Spice Islands” (in what is now eastern Indonesia) that Columbus first encountered the New World. These islands have long been places of technologically-mediated exchange, and from the early years of the colonial encounter in the 15th and 16th centuries, Europeans marveled that so many of these traders were women (Reid 1988).

Over 300 years of colonialism (primarily Dutch) profoundly shaped the archipelago, a colonialism which, like the nationalist movements that eventually opposed it, was deeply intertwined with technology—from the use of newspapers and novels to build nationalist sentiment, to the role of radio and television in linking together the citizenry of this vast archipelago (Anderson and Pols 2012; Mrázek 2002). Indeed, Benedict Anderson’s famous “imagined communities” theory of nationalism—predicated on a key role of “print-capitalism” and its associated mass media to the rise of modern nation-states—was deeply shaped by his longstanding scholarly work in Indonesia (Anderson 1972, 1983). Another parallel with the USA is that Indonesia fought a revolutionary war—though in this case it was in the mid-twentieth century to escape Dutch rule—and tensions between unity and diversity, sameness and difference, strongly shape the challenges its citizens face in the contemporary period.

Following independence in 1945, technology remained important “in the constitution of Indonesian national culture and perceptions of self” (Barker 2005:704). However, until the rise of personal computers and particularly mobile phones, the everyday presence of technology in Indonesia was largely restricted to mass media like newspapers, magazines, movies, and television—genres amenable to state censorship and control, with limited possibilities for user-generated content and peer-to-peer communication. For instance, Indonesia historically had a low rate of landline telephone use. Telephone lines were controlled by state bureaucracies, and citizens could wait years for a phone line to be extended into their neighborhood, much less their home. This was particularly the case outside of Java and Bali. As recently as 2005, landline ownership was estimated at only 25%; by 2010 the rate of landline ownership had dropped to 11%.³

In the Indonesian language, *warung* refers to an informal food stall. For some time in Indonesia, cafes have been referred to as *warkop*, from *warung* + *kopi* [coffee]. As telephones became more available in the mid-twentieth century, a new phenomenon arose, the *wartel* (*warung* + *telepon* [telephone]). These were small, independently run shops that could have as few as three or four telephones to forty or more. Each phone was in a small stall, and a counter (usually a red LED display, similar to what you might find in a taxi) below the phone would count up the cost of the call, moving more quickly if the call was *interlokal* (“interlocal”—that is, outside the local area) or international. On completion of a call, the patron would approach a staffperson; a dot matrix printer would print out a summary of the call and its cost, and the patron would pay. *Wartel* solved the difficulty in obtaining telephone lines to one’s home and became sites of neighborhood socializing. Since 1992, *wartel* owners have been organized in the Association of Indonesian *Wartel* Entrepreneurs (*Asosiasi Pengusaha Wartel Indonesia*, or APWI).

In the 1990s, a further development linking telecommunications technology and commerce occurred with the rise of the *warnet* (*warung* + *internet*). Like *wartels*, *warnets* were (and are) usually owned by small entrepreneurs, and responded to the difficulty of domestic access to technology before the rise of mobile devices—for if telephone lines are difficult to obtain, then internet connections depending on telephone modems were harder still, not to mention the cost of a desktop computer. The term *warnet* seems to have been coined around 1997,⁴ a year after the first exemplar was opened in the city of Bogor, one year before the end of the 30-year dictatorship of President Soeharto. The Indonesian *Warnet* Association (*Asosiasi Warnet Indonesia*, or AWARI) was founded in 2000.⁵ *Warnets* became sites for everything from checking email and posting on blogs to gaming and pornography, contributing to the social changes of the “reform era” that has followed the end of Soeharto’s rule.

When considering this “thought experiment,” this rich story of Indonesia and the role of technology in that history, it is helpful to consider a theme long emphasized by historians of Indonesia: “continuity and change.” A highly respected scholar of Indonesia, Harry Benda, used this phrase to challenge both those who presented a Eurocentric vision of Indonesian history, and others who presented a sealed-off vision of Indonesian history that downplayed the role of trade, colonialism, and globalization. In response, Benda insisted that while any history of Indonesia “must be written ‘from within’... and not in terms or periodizations derived from the history of other parts of the world” (1962:118), the goal should be “to chart both continuity and change, not to deny change... syncretism can, after all, only occur when something intrinsically new appears and has to be ‘syncretized’” (1962:119). Benda’s colleague John Smail shared this skepticism regarding the idea that Indonesian society had undergone “cultural decay” due to colonialism and globalization. Smail argued instead that with close attention to Indonesian society “the idea of weakness and cultural decay slides away and is replaced by its opposite, a picture of a society strong and vital enough to adopt new cultural elements that appear useful to it, to grow with the times, in short to stay alive” (1961:91).

These insights are important with regard to the discussion of online commerce that follows because while there has been dizzyingly rapid change in Indonesia with regard to mobile and online technologies, it is crucial not to lose sight of the powerful continuities that shape and frame these novel developments. In the contemporary period, Indonesians are experiencing the rise of a new middle class alongside a flourishing democracy and a broad, multicultural civil society. They also face continuing state and corporate corruption, deep social inequalities, environmental degradation, and threats of extremism. At the center of these opportunities and challenges we find the rapid adoption and creative use of online and mobile technologies.

Methods

To gain a better understanding of mobile social media and mobile payments in Indonesia, we formed a research collaboration starting in May 2012. This collaboration brought together myself (Tom Boellstorff, University of California, Irvine) with teams in the cities of Surabaya (East Java province, Indonesia) and Makassar (South Sulawesi province, Indonesia). The Surabaya team was led by Khanis Suvianita and Dédé Oetomo, and included Andreas Mahardika, Theresia Pratiwi, and Wulan Widaningrum. The

Makassar team was led by Nurul Ilmi Idrus, and included Amelia Damayanti Ihsan and Athifah Anastasia Soraya. Khanis Suvianita was the primary author of the initial Surabaya data analysis, and Nurul Ilmi Idrus was the primary author of the initial Makassar data analysis.

The research teams collaborated on a shared data collection design and received human subjects approval for the protocol through the University of California, Irvine, and all researchers underwent ethical research training certification through Irvine. Names of respondents in this report are pseudonyms.



Map of Indonesia, showing the locations of our primary fieldsites, Surabaya and Makassar.

Data collection began in May 2012 and the research design was further modified at a workshop held in Surabaya from September 28–29, 2012, which was attended by myself along with members from both research teams. The research included participant observation, individual interviews, focus groups, and the analysis of websites, mobile apps, and advertisements. We purposely sought data from particular social groups (for instance, university students and “housewives”) that we suspected would provide a range of perspectives on mobile social media and mobile payments. All of the data collection was conducted in the Indonesian language (or local languages like Javanese), and was translated into English for this report by myself and members of the research teams.



At the September 2012 workshop: Khanis Suvianita, Tom Boellstorff, Amelia Damayanti Ihsan, Nurul Ilmi Idrus, Andreas Mahardika, Wulan Widaningrum, Theresia Pratiwi, and Dédé Oetomo.

The Makassar research team interviewed 54 respondents from the following six categories: students, lecturers (at university), bank officers, self-employed persons (entrepreneurs), politicians, and general professional (white collar) workers. The Makassar research team also conducted two focus groups with 10 participants each, one of students and one of self-employed persons (entrepreneurs). The Surabaya group interviewed 52 respondents from a range of social groups, including gay men, heterosexual men, male transvestites (*waria*, a well-known social category in Indonesia), heterosexual women, and lesbians. The respondents came from a range of professions and statuses, including students, housewives, and the self-employed. The Surabaya group also conducted four focus group discussions: one with *warias*, one with housewives, one with university students, and one mixed group. (See Appendix 1 for additional demographic information.)

Overall, heterosexual women were the group best represented in this research. This reflects how women are very active in the world of online shopping in Indonesia; indeed, many online stores specifically target women. According to Ichwan Sitorus, the Communications Manager and Events Organizer for tokobagus.com, there has been a significant and continuing increase in visits by female consumers to tokobagus.com, reaching over 5 million by August 2011 and 7 million by August 2012 (Riska 2012). In

terms of profession, a group that was salient during our research (alongside university students) were those working in the private sector, including *warias* working as entertainers and in salons. For the Surabaya team, the smallest profession studied was housewives (only six persons).

Eight Key Findings

With this opening discussion in mind, let us now turn to eight key findings that suggest possibilities for further investigation.

Online commerce in Indonesia: from (rare) desktop to (everywhere) mobile

While *wartels* and *warnets* still exist, the rise of mobile devices has fundamentally altered the social relationship of Indonesians to technology, with still-emerging consequences for commerce. Notably, laptops remain important elements of this online ecosystem. However, it is “smartphones” that have drastically reshaped the localizing “*warung*” relationship Indonesians have historically had with telecommunications technologies.

All of our respondents used smartphones and laptops as the primary or sole means of accessing the internet. Facebook was the dominant social network site (indeed, the dominant online activity), favored not only because of its potential for shopping, but because it is seen as a way to converse with existing friends and make new ones. Facebook and other social network sites have transformed how Indonesians know about each other. Historically, Indonesians often greeted each other by asking *dari mana?* (“where have you come from?”) or *dengan siapa?* (“who were you with?”), but due to Facebook and mobile devices, such questions are often superfluous. Of course, there is no reason that Facebook will inevitably continue to be a primary social network site shaping these dynamics. Indonesians became interested in social media from their beginnings, using (and often still using) sites like Hi5, Yahoo Messenger, Myspace, and Friendster. From the focus groups held with students in Makassar, there is evidence that Facebook is already seen as “uncool” in comparison with Twitter, Path, and other new digital media, and using Google for shopping remained popular—as one respondent put it, “Google is my hero.”

Increasingly, Indonesians’ relationship to mobile devices starts early. A few younger respondents already had a smartphone while in elementary school so that they could communicate with (and be monitored by) their parents (*gampang dikontrol orang tua*). While obtaining a first smartphone at such a young age will likely become more common, respondents born from the mid-1980s to the 1990s usually first became familiar with the internet while in junior or senior high, and thus first entered the online world between approximately 1996 and 2003. In contrast, the cohort of respondents born in the 1970s typically became familiar with the internet at college in the early 2000s (or via friends if they did not go to college).

Regardless of cohort, respondent internet experiences usually began with browsing for information and news (not for shopping or other economic purposes). For instance, one *waria* in our study first got to know the internet when introduced to the social media site Friendster in 2003 by her friends, who explained it was useful for socializing and even dating. At first, this *waria* accessed Friendster and other internet sites at a *warnet*, but eventually switched to a smartphone. Following such initial explorations, respondents

began exploring online shops. For instance, a gay man in Surabaya started using the internet in junior high, and by senior high was already shopping online. At that point he used his mother's credit card for payment. This had the undesired consequence that she was aware of all his purchases, which were often fashion-related—clothing, accessories, and even makeup and beauty items from South Korea (including false eyelashes, soft lens contacts, and perfume).

Clothes appear to be the most common products purchased online, but shoes less often because of concerns they will not fit. Female respondents reported purchasing bed linens, clothes, bags, shoes, watches and other jewelry, makeup, skin care items, children's items, smartphones, airlines tickets, and hotel vouchers. Gay respondents reported purchasing ceramic mugs, bags, jackets, books, airtime minutes, airline tickets, perfume, clothing, makeup, audio equipment, and other electronics, including laptops. These men emphasized that one reason they bought makeup online was that they felt safer doing so in a more anonymous fashion. *Warias* were particularly interested in purchasing fashion-related items online such as clothing, handbags, and shoes. *Warias* consistently explained that one reason they used online shopping for purchasing women's clothing was because it was easier to find sizes that fit (since they are male-bodied transgender persons, this can be difficult in regular stores).

There are clearly genres of mobile shopping in Indonesia. One pattern is to compare the same item between online and offline stores, to see which has the better price and so the respondent can actually handle the item in question. Another is to shop online for items difficult to obtain in physical stores. Generally, respondents felt that online stores were more convenient and updated their wares more frequently. In terms of mobility, one reason given by respondents for preferring online shopping is that it avoids having to run around town. Generally, it appears that online shopping almost never happens in isolation, but in the context of multitasking: watching TV, working at the office, sitting in a course at university, and so on.

A “social” leveraging of online shopping involves the collective purchase of goods with a minimum order size. One example of this comes from the focus group carried out with university students in Surabaya. Unsurprisingly, male university students in this group bought a lot of snacks (rather than cook for themselves) and respondents described how they would do so together online. This was because some of their favorite snack makers would ship between provinces only in bulk. For instance, there was a shrimp cracker maker in the city of Bandung (425 miles/684 kilometers from Surabaya) that made spicy crackers favored by the students in bags sold for 30,000 rupiah (\approx \$3.03), but would only ship to Surabaya if the order was at least 120,000 rupiah (\approx \$12.12).

In terms of payment, respondents usually used BCA and Mandiri for banking and online transactions (only five respondents used BNI, another well-known Indonesian bank). Transactions were usually carried out using an ATM and a regular bank account (in the case of students, sometimes a parent's or friend's bank account), or even directly at a bank counter: only six respondents used internet banking services, and only five used a credit card. Why use an ATM rather than an online banking option? For buyers and sellers, the primary reason was to avoid bank fees. But for this to work, the seller and buyer had to

use the same bank. In cases where our respondents purchased something from an online seller who did not have an account at a bank they used themselves, they would often seek out a friend or relative with an account at the bank in question, and who could thus serve as a proxy for payment. Similarly, one respondent who preferred to use a credit card but did not have one himself convinced his mother to let him use her credit card for online purchases. However, most of our respondents did not want to use credit cards for online shopping even if they had a credit card, expressing a concern that they could be the victims of credit card fraud. Online stores usually include account number information from multiple banks (Bank Mandiri, BCA, and BNI are the most widely used). One respondent who was also a reseller explained that she opened accounts in different banks to facilitate transactions with customers, and also to avoid the additional costs incurred when making transactions between different banks.

The national shipping organizations TIKI and particularly JNE were cited by respondents as the preferred way to receive goods ordered online; goods have usually been delivered in 3–7 days, but now as swiftly as 1–2 days. In some cases consumers pay the shipping cost as part of the commodity price. Our respondents usually saw this as reasonable, but some felt the cost was too high, and after examining the Terms of Service might choose another online retailer (sometimes one located closer to their own city, so that the shipping costs might be waived). One way some respondents dealt with high shipping fees was to purchase multiple items collectively (*gabung-gabung belanja*). For instance, it was often the case that to mail three shirts with a weight of one kilogram would be the same price as for one shirt (given a minimum shipping fee). Some online sellers do not charge for shipping (for instance, Zalora.com) and this seems to be a norm with BlackBerry sellers. Particularly when purchasing items from other parts of Indonesia or abroad, a buyer might have to wait two weeks or longer to receive their purchase, but this has not deterred online shoppers.

Entryways into electronic commerce

The flood of internet shopping is now accompanied by a range of advertising in mass media, television, and even news websites, all seeking to entice consumers to try specific online shops. Such advertising now crucially includes peer-to-peer advertising via Facebook, BlackBerry Messenger (BBM), and other social media. This reflects a broader pattern in which friends and acquaintances play an influential role in online shopping practices not just as recommenders, but increasingly as customers and sellers.



The online store tokobagus advertised on television



Examples of well-known Indonesian online stores

Respondents emphasized that they usually first became interested in shopping online when seeing items their friends had purchased over the internet. Facebook was often the first pathway, even though it is a relatively late entrant into the world of online shopping. Typically, respondents would see sponsored advertisements, information posted by friends on their “timelines,” or comments that customers posted on the Facebook pages of persons from whom they had purchased something.

Our respondents tended to give five primary reasons for wanting to shop online. First, it was seen as easy. Second, they felt there was something interesting to buy (*ada yang menarik until dibeli*), and attractive images of the items offered. Third, one avoids the hassle of “driving around” (*pergi-pergi*) to find a physical store. Fourth, items bought online are often cheaper than in physical stores. Fifth, certain items are hard to find in physical stores. Respondents also noted a tendency for impulse purchases; when seeing an online advertisement (for instance, from a BlackBerry Group), they would click through and often buy it. One phrase Makassar respondents used for this pattern was “look, like, buy” (*lihat, suka, beli*).

We see these motivations shaping the narrative of Uni, a 22-year-old female student in Makassar, who preferred going into physical stores when she could, but became involved in online shopping because she could find items unavailable in stores in Makassar—for instance, certain books and films she likes, and new clothing fashions. Murni (a 40-year-old female white-collar worker from Makassar) was at first afraid to buy things online because she was concerned the items wouldn’t match the pictures she saw on a website. But then she decided “you never know if you never try.” Her first purchase was a Muslim prayer shawl (*mukena*), for which she paid around 500,000 rupiah (≈\$50.50). Indeed, she set 500,000 rupiah as a rule-of-thumb limit for how much she will spend online for any item, to avoid being disappointed. But thus far she has been happy with her online purchases, which have included jewelry, clothing, and shoes. To avoid being defrauded, she uses only well-established websites like tokobagus.com and Zalora.com.

These varied motivations for online shopping also appear in respondent statements like the following:

It’s fast and easy, and it doesn’t make a hassle to check out a range of things. We can just do it at home and then the package arrives, that’s it! (Indah, female university student, 26)

You find things that are inexpensive, that are unique, that you can't find in stores, good stuff. (Rita, female university student and online seller, 22)

It's practical and easier. (David, white-collar worker, 42)

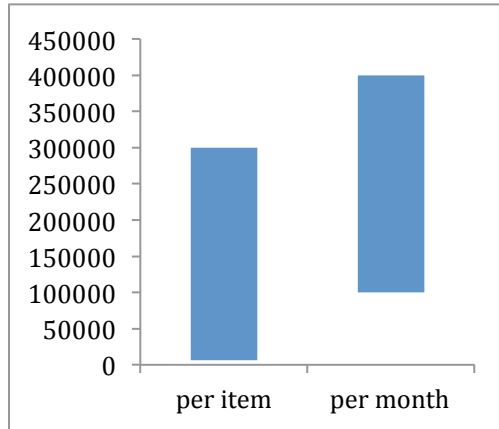
It was just in 2012 that I got started. The problem was I didn't trust it at first. I'd rather just go to a [physical] store myself, pick stuff myself. But then I heard from my friends about shopping online, so I decided to follow along and try it and I wasn't disappointed, so long as I was careful in my choices. (Putri, female university student, 20)

By chance I knew someone who had an online store, and the images of the things for sale were really nice, so I tried it and became a regular online shopper (Yunita, midwife, 29)

I got started because of recommendations from friends. At first I was afraid to try it out. I tried looking around on the sites, but I wasn't brave enough to actually purchase something. Afraid of being disappointed. It happened once with some shoes I got online, lots of people liked them but I didn't. Even the comments don't really guarantee anything. So be careful shopping online just because your friends do it, or because things seem inexpensive. If you have friends who've bought stuff online and the things are good, just have them buy things for you. (Hana, female university student, 20)

The range of money spent online varies greatly. The Makassar student focus group reported that their peers tended to spend only about 200,000–500,000 rupiah (\approx \$20.20–\$50.50) a month online, because they were usually financially dependent on their parents and afraid of being cheated. University students in the Surabaya sample reported a wider range, spending 6,000–2,000,000 (\approx \$0.61–\$202.00) rupiah a month on online shopping, making purchases 1–6 times a month. Housewives and gay men in our sample both made purchases 2–4 times a month, with gay men spending in a couple cases up to about 7 million rupiah (\approx \$707.00) a month, while the relatively lower socioeconomic status of most *warias* is reflected in our *waria* respondents reporting monthly online shopping in the range of 50,000–300,000 rupiah (\approx \$5.05–\$30.30).

It appears that it is mostly lower-value items that are purchased online, though respondents occasionally bought items as expensive as cars. One set of respondents reported spending from 6,000–300,000 rupiah per item purchased online (\approx \$0.61–30.30), and 100,000–400,000 rupiah per month online in total (\approx \$10.10–40.40). Overall, many respondents set informal rules for themselves: for instance, no more than 200,000 (\approx \$20.20) or 500,000 (\approx \$50.50) rupiah for an item.



Per-item and per-month expenditures of one respondent group (in rupiah).

While the majority of our respondents were women, men are of course entering into electronic commerce as well, and this can follow historic patterns of consumption. For instance, Eska (a 49-year-old lecturer from Makassar) follows a common pattern where a husband’s salary (*gaji*) is given over to his wife, who manages the family finances, while he has a second bank account for his own expenditures (known as his “men’s money” (*uang laki-laki*) account). This account is funded primarily by workplace bonuses rather than regular salary. Eska uses only his “men’s money” account for online purchases, even when his wife asks him to order something online for her: their mutual understanding is that the “men’s money” account is also, in effect, the “online shopping” account.

Overall, we found that Indonesians tend to follow specific pathways into electronic commerce that can move across platforms and be identity-specific. Consider the following case study:

Entryways into electronic commerce: case 1



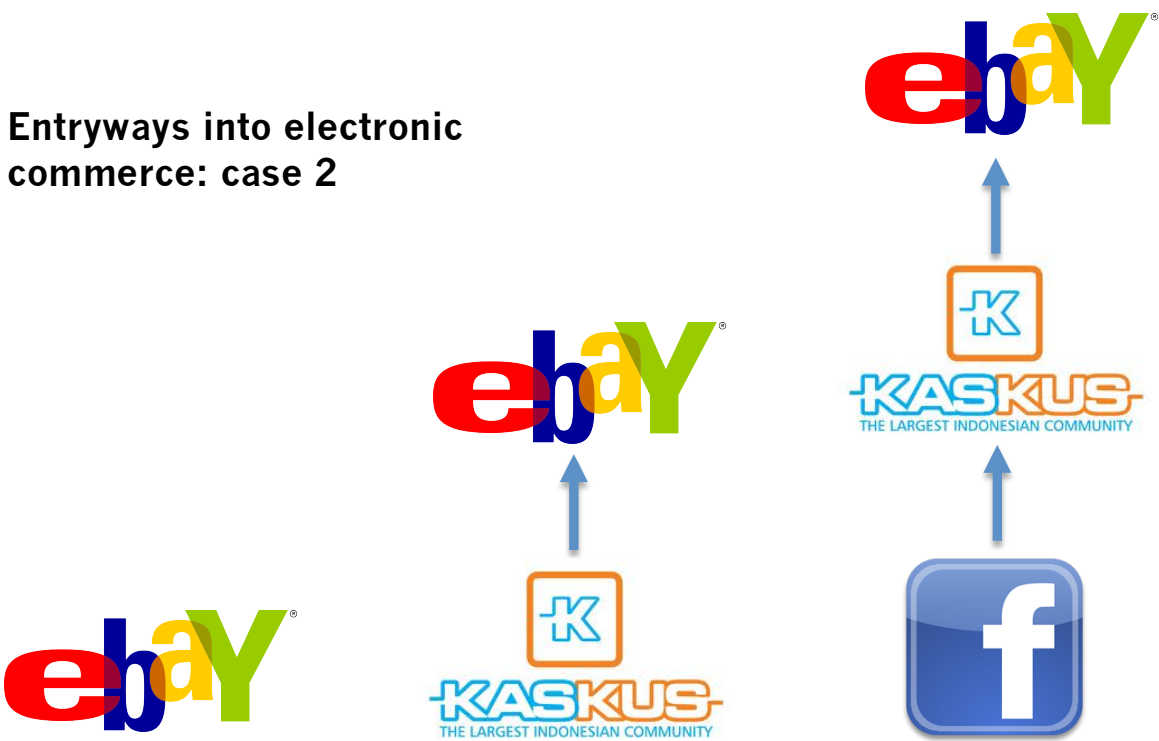
Julia, a housewife, first got to know about online shopping in 2009 through friends who were buying things via eBay. In a sense, eBay is functioning at this point as a social network.

Later, as Facebook became ubiquitous in Indonesia, Julia began using Facebook for learning about what she might purchase.

There was also a shift from desktop computing to Blackberry mobile phones as a means of networking and shopping.

What is striking here is that Facebook, the most recent of the three technologies in question, came after the use of eBay, while BlackBerry, often stereotyped in the West as an un-trendy mobile platform in comparison to iPhones and Android devices, was the “newest” technology taken up by Julia. As noted below with the second case study, however, nationally-specific social network and shopping websites can sometimes shape entry into online commerce:

Entryways into electronic commerce: case 2



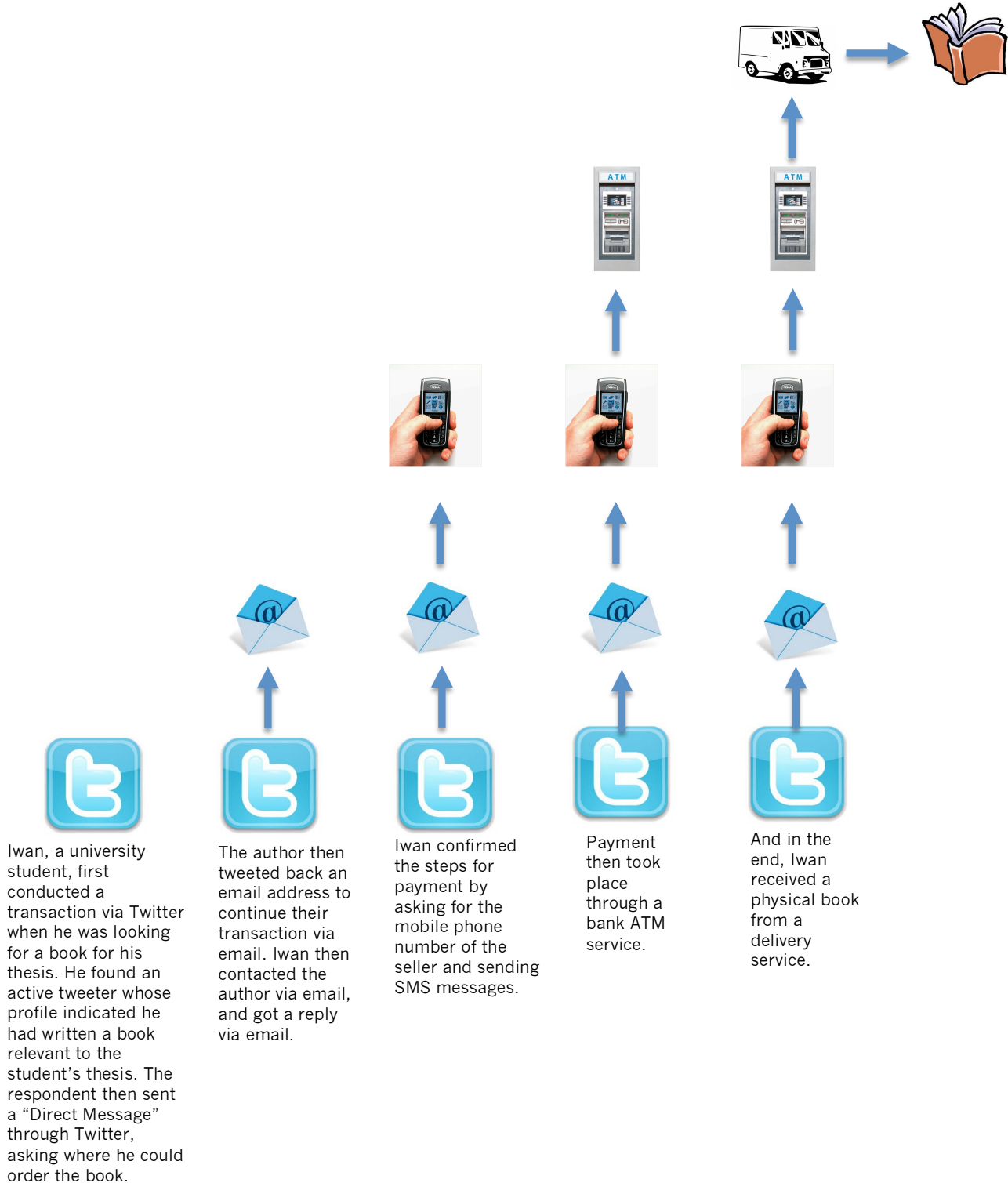
Like Julia, Sita (a housewife) first got to know about online shopping in 2009 through friends who were buying things via eBay. Once again, eBay is functioning at this point as a social network.

But rather than another international website, Sita then shifted to the Indonesia-specific online shopping and networking site Kaskus.

Only after becoming accustomed to Kaskus did Sita begin using Facebook for online purchases.

A third example, Iwan, provides another fascinating case study of how such entryways into electronic commerce can show up at the scale of a single transaction:

Entryways into electronic commerce:



What these examples suggest is that entryways into electronic commerce are likely to be varied and build on layers of history. The *warnet* internet café drew inspiration from the *wartel* neighborhood phone ventures, which drew inspiration from the *warkop* coffee shops, all the way back to the original *warung* roadside food stalls. As these innovations appeared one after the other, they did not immediately push each other out. Instead, they formed complex ecosystems of commerce and sociality with localized features in different areas of Indonesia, and also features shared regionally and even nationally (making, for instance, associations of *warnet* and *wartel* entrepreneurs thinkable in the first place). Similarly, while the shift to mobile devices is significant, these devices are likely to coexist with each other and with earlier forms of electronic commerce. Tracing out these ecosystems and their implications represents a fascinating agenda for future research.

These layers of varied mobile technologies are often built into business models. At present, it seems likely that the number-one way that respondents learn of online shopping venues is via the Facebook “wall” postings of their friends (though as noted above younger respondents, particularly in Makassar, saw Facebook as no longer trendy). For transactions that respondents made through Facebook, they generally first looked at promotions and photos uploaded onto the Facebook wall of online shops. These online stores usually include a telephone number and BBM contact information when promoting the goods they are selling, so that customers can get information about sales and further possible transactions. For buyers, interested Facebook users can ask further questions via SMS and BBM. They will invite the store in question so they can enter the store’s group on BBM. In the shopping transactions via BBM, online stores generally make a group in this fashion and then upload photos of the things they are selling to the group, so that buyers and resellers in the group can see the goods offered, make comments and conduct question and answer sessions with the seller of the goods seen in the photographs. Thus, the line between “friend” and “fellow consumer” becomes hazy.

Device multiplicity

A fundamental finding of this research is that the intersection of online shopping, social media, and payment in Indonesia is driven not just by the movement to mobile, but the movement to *multiple* mobile devices (often known in Indonesia as *gadgets*). Without exception our respondents owned more than one mobile device, and these devices were used for specific purposes. SIM-card swapping is still common in Indonesia: several device makers sell models that allow for two or more SIM cards, and physically switching SIM cards also takes place. However, our respondents emphasized multiple devices far more than switching SIM cards on a single device. It thus appears that use patterns are driving multiple smartphone purchases, not the other way around.

As discussed below, this multiplicity was shaped by a variety of factors, but particularly the special role of BlackBerry devices and the importance of specific providers. For an Indonesian, owning multiple smartphones almost *always* implies using multiple providers. Another common reason for owning multiple smartphones is divisions of use (one smartphone for a romantic partner and another for friends and family, or one smartphone for business and shopping and another for non-commercial social uses, or even one for reserve for when one of the other smartphones ran out of power). For instance, the Surabaya team found that all six members of the *waria* focus group had

multiple devices: indeed, one member had five (a BlackBerry and four other smartphones). As with the other groups researched, owning multiple smartphones was rarely a matter of holding onto an older device after purchasing a new one. Whenever multiple smartphones were owned, one of them was always a BlackBerry device, and the ownership of multiple devices was always linked to specific functions that were shaped by social use and provider far more than the technical affordances of the devices themselves.



This waiter in a small restaurant uses two smartphones, a Nexus and a Samsung. The reason: “so that it’s cheap” when using one smartphone to call his girlfriend using her provider. He uses the other smartphone for calling friends and family.

Some case study examples from the Makassar research term will help illustrate the dynamics in question:

Trilla, a 25-year-old female student, has four gadgets: a laptop, a BlackBerry, and two “conventional” Nokia cellphones. She uses her laptop mostly for school, her BlackBerry for messaging, shopping, and social network sites, one Nokia for making calls and texting, and the other Nokia with a “Flexi” plan for making calls with other persons on a Flexi plan.

Iva, a 48-year-old female interior decorator, has six gadgets: a BlackBerry, three other smartphones, a Samsung Note tablet, and a laptop. The BlackBerry is the primary device, used among other purposes for messaging, banking (including paying bills), and online shopping. The Samsung Note is used mostly for showing images to clients. The other three smartphones are on different providers (Simpati, Matrix, and XL) for communicating with different people and also to pick the one with the best signal strength when travelling.

Elke, a 31-year-old female bank officer, has six gadgets: a BlackBerry, an iPhone, a Samsung Note tablet, an iPad, a Nokia smartphone, and a laptop. She uses the BlackBerry for calls, messaging, online shopping, and social network sites. The iPhone and iPad are primarily for her children’s entertainment, and the Samsung Note is mostly for internet browsing. The Nokia is on a “flexi” plan and so can be used to cheaply call other people on that plan. The laptop is mostly for office-related work.

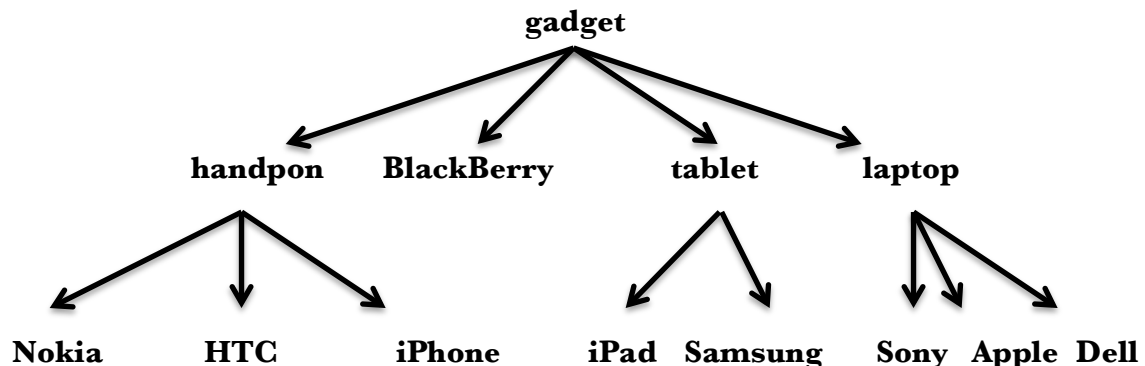
Eska, a 49-year-old male university lecturer, has six gadgets: a BlackBerry (for calls, messaging, and paying bills), an iPad (for browsing, online shopping, and online money transfers), a Samsung Note tablet (for making calls and messaging), a Samsung Galaxy tablet (for checking email and paying bills), a Samsung Seven Plus (for emergency calls and as an extra mobile phone), and a laptop (primarily for preparing his lectures).

Overall, a common configuration of device ownership was to have three devices: a BlackBerry, another smartphone, and a laptop. Indeed, laptops remain common. They are often used for education and gaming, but a significant limitation is that wireless networking is still hard to access on them. Thus, when using a laptop for going online, most of our respondents used a mobile modem (plugged into a USB port), which was an additional expense since it entailed payments to an internet service provider. For this reason, smartphones were often used instead of laptops for online selling and buying.

The dominance of BlackBerry

While in the West BlackBerry has been represented as in decline, its dominance in Indonesia as a “cult device”⁶ has significant consequences. Up to the time of this report’s completion (June 2013), one of the most striking differences between Indonesia and many other nation-states was that BlackBerry not only held its own in comparison to other devices, but was solidifying its market share (from 9% in 2009 to 47% in 2011).⁷ Research from Ericsson Consumer Lab released in August 2012 indicated that Indonesia had the most extensive BlackBerry network in the Asia/Pacific region (Panji 2012). For our respondents *handpon* (*HP* for short), the most everyday word for smartphones, was treated as a different category from *BlackBerry* (*BB* for short). In other words, Indonesians could ask “do you have a HP or a BB”: BlackBerrys were treated as a class in themselves. A common overall term for these devices was *gadget*, so *handpon* and *BB* represented two subcategories of *gadget*:

Semantic field for “gadgets” in contemporary Indonesia



It appears that one reason BlackBerry is so dominant is the heavy use of BlackBerry messenger (BBM). As a social network unto itself, BBM allows unlimited free messaging between BlackBerry users, with other functions like “apps” that are used for shopping purposes. Indonesians rarely use BlackBerry phones for email—BBM is the primary

mode of communication used. In 2013, BlackBerry pioneered a “BBM Money” feature in Indonesia, which allows peer-to-peer cash transfers using BBM (Lee 2012; Lukman 2013b). Online BlackBerry shops allow sellers to invite other BlackBerry owners to become a member of their shop, and such “groups” allow sellers to easily communicate what they have available for purchase. Typically, such online BlackBerry shop owners will use profile pictures to advertise items for sale, or will send images of their wares directly to the group.



Images from a shopping mall in Surabaya: BlackBerry predominating and associated with cutting-edge devices. Photos by Tom Boellstorff.



Source: The Wall Street Journal, September 12, 2011⁸

The partial supplanting of Facebook by BBM certainly runs against the dominant narrative in the West and reflects how “the growth of the service in Indonesia is the highest among the countries of the Asia-Pacific.”⁹ Respondents often referred to BlackBerry as a “lifestyle handphone” (*HP gaul*), a device not just for shopping but downloading songs and visiting social network sites. For students, to not have a

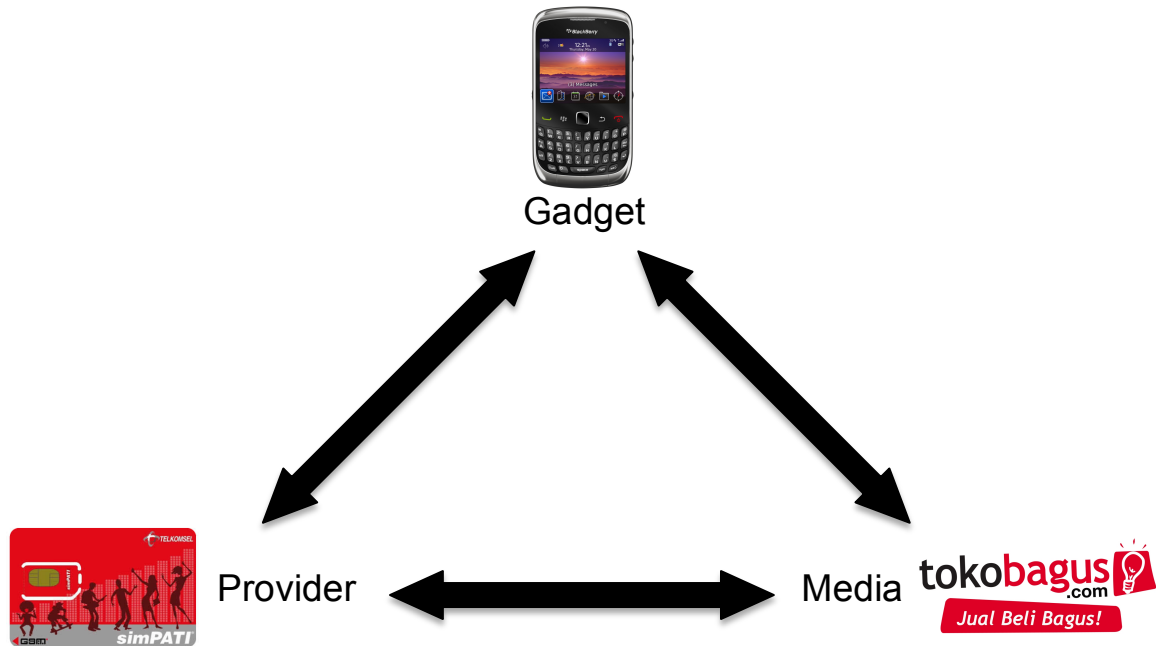
BlackBerry was seen as not keeping up with current lifestyles (*tidak gaul*). The dominance of BlackBerry cut across all of the groups studied. The Makassar team noted that after the popularity of Facebook started to be challenged by BBM, respondents tended to switch to BBM as a means of doing online transactions, due to a sense that BBM was more efficient, as well as that when using BBM they could be more selective in choosing online stores that they considered safe. The Surabaya team noted that almost all respondents had a BlackBerry device, which they usually used for shopping because online sellers using a BlackBerry would be identifiable by their “BlackBerry PIN” (the unique number assigned to a BlackBerry device). *Warias* in Surabaya emphasized they preferred using online stores set up on the BlackBerry system because they tended to be more familiar with the sellers and had many friends on the system who could provide recommendations.

When using BlackBerry for shopping, purchases were often finalized with a voice call, an SMS, or a message sent via the BBM service itself (a new Indonesian term for doing something via BlackBerry is *blackberryan*). BlackBerry could also function as media for further discussion about items once purchased, as well as a means for selling (not just purchasing) online. The most trusted online sellers were often those who used BlackBerry for their online stores. Indonesians made heavy use of shopping applications offered in the BlackBerry store itself. One of the most common ways that respondents learned about online shopping venues was via BlackBerry Broadcast, which is a broadcast message you can send to multiple or all contacts; recipients cannot reply to broadcast messages.¹⁰

The selection of the type of BlackBerry mobile phone to use was made with a variety of considerations, including data capacity, the ability to receive data, and fitting one’s lifestyle. These factors led our respondents to replace (more than once) their BlackBerry with a fancier model (with a higher price) to support the online activities that they do using their BlackBerry. Many respondents constantly sought to have the newest BlackBerry model possible, but were willing to live with other models of other devices. For instance, Trila had a BlackBerry and two Nokia devices, but the Nokia devices were much older than the BlackBerry and she felt far less urgency to update them. One respondent summed up this state of affairs by noting “The two technologies that I use are a laptop and BlackBerry to make online transactions. I’ve never used anything other than that.” Like many Indonesians, this respondent has skipped not just the desktop computer, but the regular mobile phone. That BBM has become the “killer app” for mobile commerce in Indonesia certainly merits further investigation.

The importance of providers and websites

A striking finding from our research is that providers and websites are extremely important to online shopping and payment, driving multiple device ownership. Providers are such well-known entities that when meeting someone or making small talk, it is common for Indonesians to ask not “what kind of handphone do you have?” but “what provider do you have?” The following diagram illustrates how mobile devices are part of a larger technological ecosystem that includes providers and websites:



Respondents linked owning more than one smartphone to providers used, specifically Telkomsel (often using SIM cards for Simpati, AS, and Flash), Indosat (often using SIM cards for IM3 and Mentari), and XL Axiata (using the XL card). This pattern is shaped by provider discount packages, which often include steeply reduced charges for messaging to persons using the same providers (even promotional free messaging for short periods of time, or deals such as 100 bonus free messages for five minutes of regular phone use). Some providers also had a reputation for a stronger signal, which is important because as Semi (a 32-year-old female bank officer from Makassar) put it, “when the signal is bad (*kalau jaringan kurang bagus*), the transaction will be cancelled.” One respondent from Makassar once had 1 million rupiah (\approx \$101.00) debited twice because of a signal interruption during online shopping, requiring a call to her bank to resolve the issue.



Advertisements for providers can be as visible as for devices, as in this wall-sized advertisement for Telkomsel. Image by Nurul Ilmi Idrus.

Respondents discussed how such connectivity problems led them to use different providers (and thus, almost always different devices) in different physical locations, based on which would provide the strongest signal. Amir, a 48-year-old male politician from Makassar, discussed how weak signals were his number-one complaint in terms of online shopping. For this reason, he has both XL (Indosat) and Simpati (Telkomsel) as providers. The Simpati account is important even though he prefers XL because in some locations where he likes to do mobile shopping, the XL signal is so weak that “it is between life and death” (*hidup segan mati ogah*).



Indosat is an example of a provider that offers discounted rate packages and also discounts for special events (for instance, Chinese New Year). This provider also commonly offers bonuses and discounts for customer loyalty.

Mobilizing place

It is well-known that “globalizing” technologies, from the telegraph and newspapers to smartphones, can have effects at multiple spatial scales. That is, they do not always just globalize: they can also localize, or foster “imagined communities” at the level of the modern nation-state (Anderson 1983). Historically in Indonesia, telecommunications technologies were crucial for linking the residents of this far-flung archipelago. In the last

fifty years, Indonesians have become highly mobile internally and transnationally, traveling great distances in search of work to support their families of origin, and telecommunications technologies have been important for staying in touch as well as transferring remittances.

The rapid penetration of smartphones is reconfiguring these practices of spatial scale-making with regard to consumer practices. Mobile shopping can be localizing as well as globalizing. We found many cases of Indonesians using mobile devices to purchase items from their own neighborhood (in one case, even selling a car). For instance, our university student respondents in Surabaya used smartphones to purchase snacks online rather than stopping by a *warung* near their homes. They learned about this online store through Facebook and Twitter, where a mobile phone number would be listed so buyers could place an order via SMS. The price of the snacks purchased ranged from 6,000–20,000 rupiah (≈\$0.61–\$2.02). Interestingly, even though the snacks were cheap, the sellers did not add a delivery charge, because buyer and seller were both in Surabaya. It would appear that the online local snack sellers make their profits through very small price markups rather than a delivery fee.

One fascinating intersection of localized online shopping and social network sites is that Indonesians often become “members” of online stores, particularly ones located on the BlackBerry network. (While the Indonesian term for “member” is usually *anggota*, in regard to this phenomenon the loanword *member* has become well-known.) In such cases the consumer usually knows the seller, who lives in their city (meaning that shipping costs are often waived, in addition to the benefit of trust). One of our respondents was a “member” of ten different online stores. Members of the Surabaya *waria* focus group often shopped in this fashion because they did not have to pay for shipping and could complain directly to the seller if the items purchased were unsatisfactory. The Makassar research team found that respondents often preferred to buy from sellers located in Makassar because it made it easy to follow up with any problems that emerged. However, if they were friends with the sellers, they found complaining about defective or unsatisfactory products to be more difficult.

Despite these forms of locality, it is clear that national and transnational products matter. Many respondents preferred using mobile shopping to purchase goods from outside Indonesia, such as the USA and Korea (this included items like makeup and jewelry).

From buying to selling

In some cases, experiences of online shopping have led Indonesians to try selling online. The idea is also shaped by stories such as that of Edi S. Kurniawan, who created a successful online business “alfiababyshop.com,” selling more than 100 million rupiah (≈\$10,100) per month of infant clothes and goods. Another example is that of Ahmad Lutfi Amrullah in Surabaya, who sells a range of banana products online via Facebook and Twitter under the brand “Happy Bananas” (Fajaruddin 2012).



Fried Bananas Online. Ahmad Lutfi Amrullah, a fried bananas trader in Surabaya, who grew his business using Facebook and Twitter. His monthly sales in 2012 already reached 14 million rupiah (\approx \$1,415) per month (Fajaruddin 2012)

For instance, one housewife in our study began as a regular consumer, but then started reselling some of her purchases online, which eventually became a regular business for her. Another respondent, a gay university student, explained that he had become used to buying electronic goods online from the USA and showing his purchases to friends. They became interested in the goods and he eventually started an online business selling seven to nine million rupiah (\approx \$707.00–\$909.00) a month of electronics to his friends. Once again, friendship networks can shape multiple dimensions of online consumer activity. Another three university student respondents used Facebook to make an “online store” for reselling items. One Surabaya respondent described the transition to selling as follows:

I tried to do shopping online at FB [Facebook]. It started with seeing the pictures that were tagged on my friend’s wall, and then I would go to the listed FB address that sold goods online. I was interested in buying something, and finally I did some transactions, like purchasing some bedsheets and t-shirts. Some of these items were satisfactory, but some were disappointing. This gave me the idea that I should try selling things online. I wanted to sell things that were good, of high quality, and affordable. Currently I just use FB and a BBM group for online shopping as a buyer or seller of t-shirts. I primarily use the BBM group because then I’m buying from people I know, so that it’s easier to make a complaint if there’s a problem with the goods. My experience doing transactions with BBM started with friends who sell things using BBM. At one point I felt that I needed some stuff, and I asked around to my friends that sell things using BBM, found some stuff that fit what I wanted, and finally made the transaction.

Three female respondents from Makassar (two of whom were bank employees; the third worked in a notary office) told us about their experiences as sellers and resellers of goods transacted online via BBM. One reason they became online sellers was to still feel they were shopping, even though their purchases would be resold. One respondent who worked as an online travel agent said that she was only willing to sell tickets to people she knew well; she could reduce her risk as a seller if she really knew the people booking

tickets through her online travel service. This was important because she had to pay the airlines up front for the tickets her customers ordered. Another example is the following:

Right now I have a BlackBerry group that's particularly for people who are selling things online—like handbags, bed linens, shoes, and shirts. At first, I bought handbags from my friends. It went well! Then I tried offering some handbags on BlackBerry. And there were friends of mine willing to buy them. From that experience, I told my friends who had things to try out reselling online... That's what happened with a friend of mine from Bandung. Later my own friends started buying from me. There was one friend of mine who didn't want to become a member of the BlackBerry group, but still asked me to send her a picture whenever there was something new for sale (Ella, housewife, 30).

These narratives reflect how mobile technologies are acting as a kind of “virtual bazaar.” Indonesians are not just making “friends,” but making new business partners and engaging in a kind of commerce by proxy that builds off networks of trust. For the Makassar respondents who sold items online, Facebook could be a valuable way to promote products, but was seen as untrendy by younger customers and was also difficult to control. BBM was seen to be displacing Facebook to some extent in this regard, since it was perceived as more private (so that sellers and buyers were more likely to feel they had a personal connection), allowing customers more discretion and a sense of security in their online shopping.

While becoming an online seller can be lucrative, for many respondents such selling began as something more akin to a hobby or even in an accidental manner. It could be a way to justify continued online shopping, to help a friend or family member who wanted to become a seller, or even as a source of pleasure. For instance, sometimes such work started after they had purchased items (particularly clothing) that were not appropriate or satisfying for them, leading them to try reselling their purchases online. Some housewife respondents asked themselves “why not try it?” after frequent experiences shopping online. Often these women spoke of their online businesses as “still small” and not always up to date.

For instance, Rani (a 22-year-old female student from Makassar) got into online selling as a “dropshipper” to help her mother sell products (in a “dropship” system, purchased items are sent to the customer directly from the manufacturer, and the seller makes a profit on the difference between the manufacturer's price and the price paid by the customer). She now enjoys it because even if a customer is unhappy with a purchase, she does not have to deal with the customer face-to-face. She has two Facebook accounts: a private one (which she does not use much anymore, but uses Twitter instead) and another Facebook account for her online business.

Semi, a 32-year-old female bank officer from Makassar, shared Rani's views regarding the pleasures of “dropship” online selling. Semi noted “I don't have to meet people” (*saya tidak perlu ketemu orangnya*) when selling online. In her case, a prospective buyer messages her to say what he or she wants, and Semi sends an image of the product to the customer. If the customer wants the product, Semi orders the product from a supplier, sends a

proof-of-transfer to the supplier using her BlackBerry, and then the supplier sends the product to the customer under Semi's name. For Semi and others like her, dropship online selling is effective because they act only as an intermediaries (*perantara*) between the buyer (*pembeli*) and the seller (*penjual*). Rani phrased this in terms of becoming the "bridge" (*jembatan*) between buyers and suppliers, which means that she does not need to build up a stock of products herself.



This young woman had three smartphones for online shopping: a Galaxy Note II, a Nokia, and a BlackBerry. She also used these devices for selling cosmetics online using a "dropship" system.

An analogous situation cropped up frequently among the university students studied by the Surabaya team: several talked about a sense of "I'll give selling things online a try" after multiple experiences purchasing items online. For instance, Van, a gay pharmacy student at a private university, was accustomed to spending up to 12 million rupiah (\approx \$1,215.00) monthly on audio equipment online, from as far away as the USA. Realizing that the items he was purchasing were hard to find in Indonesia, he decided to start reselling them to audio enthusiasts, making around seven million rupiah (\approx \$709.00) a month. Another example: a female university student saw an opportunity after she experienced being "addicted" to online shopping. She started selling dolls handmade by one of her friends via Facebook, even though she made only 5,000–40,000 rupiah (\approx \$0.50–\$4.05) on each sale.

In some cases, resellers do not bother with an online store at all. Titi, a 45-year-old female entrepreneur in Makassar, purchases clothing and other personal products online, particularly from Jakarta since the capital city is seen as a fashion center and she has contacts there. She then sells them directly (*jual langsung*) to customers in Makassar. One way she promotes her products is to wear them (e.g., fashion accessories, clothing, and cosmetics); customers interested in what she is wearing will order items from her directly.

Given how widespread selling and reselling using online social networks has become in Indonesia, it is to be expected that advertisements offering instruction and support for

becoming an online seller have proliferated. Services include everything from designing the look of your online store, to the financial aspects of online commerce.

The image contains two advertisements. The left advertisement is for a service that helps create an online store. It features a pink and blue background with a shopping cart icon. The text reads: 'online store? Ingin mempunyai toko online? TAK PERLU REPOT HARGA SANGAT TERJANGKAU sudah termasuk: * domain & hosting'. At the bottom, it says 'Call Us marketing@blendwork.com'. The right advertisement is for 'Jasa Pembuatan Toko Online "EsGoreng"'. It features a collage of various online store designs and logos for shipping services like JNE, J&K, and TIKI. A prominent orange box says 'ORDER GANN...!!! ANDA TERIMA BERESNYA SAJA'. Below that, it says 'Hanya Rp. 350rb'. To the right, there's a list of payment methods: BCA, mandiri, BANK BRI, BNI, and Bank Basmat. At the bottom, a yellow banner says: 'Jangan lewatkan kesempatan Anda untuk memulai dan mengembangkan Toko Online Anda sendiri. Kami membantu Anda untuk membuatkan website toko online Anda secara Cepat dengan harga yang TERJANGKAU!'.

Advertisements for how to create and run an online store, including obtaining a domain name.

Marginalized social groups often teach us how new technologies can be repurposed for novel ends. Some *warias* engage in sex work because they have trouble gaining access to steady income and educational opportunities (Boellstorff 2004). Nevertheless, they (like other Indonesians) have become significant users of online technologies. Many *warias* first became involved with the internet through social network sites like Friendster (an important early player in this domain) and Facebook, as well as social network sites oriented around dating. These sites allowed *warias* to make new friends, not just locally but in other cities in Indonesia and internationally. It is not surprising that from the beginning (even the early days of mIRC (Internet Relay Chat) and Friendster), these sites would eventually be used by some *warias* for sexual transactions. At first these transactions were carried out using computers at a *warnet*, but smartphones are now by far the dominant modality—for instance, using messaging functions on Facebook, online dating sites, BBM, and even voice calls. For *warias* (and others) conducting sex transactions online, a separate smartphone is almost always used, distinct from the device used for communicating with friends and family.

According to our *waria* respondents, the use of Facebook by *waria* sex workers for sexual transactions is now common. Beyond Facebook, *warias* in our study also used Yahoo Messenger and would pay up to 500,000 rupiah a month (\approx \$50.50) for memberships to online dating sites like Millionary and Baby Sweet; some of these sites are specifically for transgendered persons like the free site Lady Boy Kisses (<http://www.ladyboykisses.com>). Following online contact and negotiation, *warias* meet their clients at a hotel, even if that required travel to another city (some of our Surabaya respondents talked about *waria* sex workers arranging online to meet clients in Surakarta or Semarang, about 200 miles/320 kilometers from Surabaya). Such sex transactions negotiated online are usually priced from 500,000–3,000,000 rupiah (\approx \$50.50–\$303.00), and occasionally as high as 5,000,000 rupiah (\approx \$505.00). Santi, one *waria* respondent, described how she was often sent money by clients for having “webcam” sexual encounters that were solely online. In her experience and that of other *warias* known to the respondents in our study, they had never been tricked by an Indonesian or international client into an online sex transaction

for which they were not paid. It is striking, given that sex transactions are a kind of online selling, that the concerns of deception and fraud so common with regard to other commodities (and discussed in the following section) seem to be far less salient in this case.

Risk and reward

Our respondents saw online shopping as involving a balance of risk and reward. Consistently, respondents spoke of experiences they or their friends and family had experienced with fraud online. A common source of disappointment was when purchased items did not match the pictures seen online (even a relatively minor mismatch, for instance in terms of color, could be disappointing, but this could also involve things like a discrepancy in clothing size that made clothing unwearable). Disappointment could also stem from items sent late, and certainly when items were never sent at all.

Losses could often be on the order of 200,000–300,000 rupiah (\approx \$20.20–\$30.30) but we encountered more extreme cases. Some of the biggest losses could occur from investing. For many respondents, such online investing was understood as a category of online shopping; this is perhaps unsurprising when considering that such online investing websites (like etrade) mimic the form and even the advertising campaigns of websites oriented toward retail commodity sales. Sita once invested 20 million rupiah (\approx \$2,025) online in a business-related investment based on a friend's recommendation, but lost the money due to fraud (her friend lost 50 million rupiah (\approx \$5,065)). Although she was uncomfortable at first with the investment, she decided to take the risk due to her friend's earlier positive experiences. Unfortunately, she was unable to recuperate the money she had invested. Stock investments via "Mitrosgroup"—an online investment store—had deceived many customers:¹¹

I was deceived when investing. They said the money would be invested in trading. So there was the website. And I said, "this doesn't look credible." But my friend said "let's just do it; if the money's lost it's lost." And that's what happened... we lost the money. It was supposedly on the stock exchange, but don't invest there. The problem is that in Indonesia, no one is overseeing these people and it's never reported. Making a police report is useless. They're bribed by the Mitros people. So it's all just up in the air. It's been this way since January, even though there have been lots of reports... In fact, I even reported it to a policeman who happened to be my nephew. And I just waited. And waited to hear anything from Mitrosgroup... I knew in my heart that they weren't credible and I was just throwing away my money. It was just because there was this close friend of mine reassuring me, "just give it a try." And I lost 20 million rupiah, that's how my naïveté became clear, ha ha ha...

Sita was not the only respondent in our study who experienced deception in regard to online shopping and payment. Chandra, an 18-year-old gay man, is representative of the common experience of Indonesians who are disappointed to find that items they purchase online are never delivered:

I have been tricked before. It happened when I tried to buy something at "Sammy's Online Shop" and after I sent the money, nothing came. I checked

with some friends and it turned out they'd had a similar experience with this shop. So I worked to sully his "good name." I went to my bank to ask for help investigating the transaction. To ask why he hadn't been blocked from such transactions. I'm not the first victim; there had been others before me. The bank staff said they would look into it.

In fact, almost all of our respondents claimed that they had been deceived in some fashion when shopping online. We encountered cases involving commodities ranging from snacks like chips and fried bananas, to concert tickets and airtime minutes, to fashion and electronics (even laptops), all the way to automobiles. As in Sita's case above, the very friendship networks held out as the motivation and benefit of social network sites like Facebook not only fail to protect consumers from fraud or deception, but in some cases can play a key role in convincing consumers to take significant risks.

However, despite these experiences our respondents were willing to continue taking risks, considering losses to be a "risk of shopping" (*risiko belanja*). One respondent from Makassar stated that when disappointed with a product she would try one more time purchasing an item at the same shop, but if disappointed a second time would never shop at that online location again. Another Makassar respondent noted that if the size is not quite right or the color was a bit different, that was part of the risk of online shopping that customers like her must learn to accept.

Respondents indicated a range of strategies to avoid being cheated. They generally would choose what they saw as "trustworthy stores" (*toko-toko terpercaya*) and stores "with a good reputation" (*punya reputasi baik*). Some such stores provide guarantees of money back if not satisfied, or offer to exchange items found wanting. Trust and reputation could be garnered by recommendations from friends, particularly word of mouth and BBM, but also Facebook, Twitter, Whatsapp (another messaging service), and similar social media. Another important way to determine if an online store was trustworthy was to see the reviews of previous customers (*lihat-lihat testimoni dari yang pernah beli*). Thus, the reputation and review systems pioneered and popularized by sites like eBay, Amazon.com, and Yelp have had a powerful impact on online shopping in Indonesia. The absence of a phone number or BlackBerry PIN usually meant that the online seller in question could not be trusted. Most trusted were online sellers who were personally known to consumers (or their friends) in some fashion.

Another strategy some respondents used to minimize risk was to look at product images on a device with a larger screen than a smartphone. In terms of multiple device use, it is noteworthy that for some respondents, the primary function of a laptop was not for educational or workplace tasks, but to view detailed images of products they were considering purchasing online. No respondents spoke of risks online if they were an online *seller*, though such risks are conceivable (for instance, if a item were to be delivered but the payment failed to go through).

On occasion, respondents spoke of the possibility of becoming addicted (*ketagihan*) as a risk of online shopping. For instance, one woman in Makassar talked about how despite the fact that not all of the products she buys online satisfy her, she continues buying online

simply to fulfill her desire for shopping, giving away items she does not like to her family and never reselling them. One respondent who felt he had become addicted erased some of the online stores that were bookmarked on his Facebook and BBM profiles.

Concluding thoughts

In this report, I have explored our research teams' findings regarding social ramifications of the rapid growth in internet use, inexpensive data plans, and smartphone use in Indonesia. In particular, it has led to a triple intersection of smartphones, social network sites, and purchasing and selling online with significant consequences for commerce and social relations in the archipelago. Almost all Indonesians now have smartphones—most more than one—and increasingly, at least one of these smartphones can be used for navigating the internet with a speed and ease equaling that of desktop and laptop computers.

All this has led social network sites like Facebook to become major locations for buying and selling online. This repurposing of social network sites is not unique to Indonesia, but is certainly noteworthy, particularly because it intersects with a special role for BlackBerry in an online ecosystem of commodities and services. Friends play pivotal roles in this emerging ecosystem: as customers, as sellers, but also as recommenders and in some cases enablers of payment. Additionally, although Indonesians do purchase items online from sellers located in another city, province, or even country, there is a strong preference in many cases for localized online purchases where the convenience of internet shopping is coupled with the comfort of knowing the seller “in the flesh.” Even knowing the phone number or BlackBerry PIN of a seller can create a sense of trust for online shopping, and this extends to the dominant use of ATM transfers for payment. It is also clear that while younger persons are at the forefront of these new modalities of buying and selling, it is already clear that the impact is extending across generation, social class, and region.

This report is designed to raise avenues for further inquiry. It is clear that there remain technological challenges in the Indonesian context. Complaints shared by respondents who use mobile banking and SMS banking services include that the service is very dependent on the signal, and connections are not always good and in any case vary greatly depending on where they are. Delays in the reporting of transactions to and from their devices and their banks made them worried.

However, many of the continuing hurdles we have encountered in this research to date involve social dynamics rather than technology in isolation. That BlackBerry dominates other platforms in Indonesia challenges usual narratives of innovation and compels us to ask how Indonesians are working within a horizon of possibilities to forge creative responses to their interests in commerce and mobility. This certainly will hold lessons for the rest of the world and have implications for financial inclusion in the broadest sense.

As our eight key findings indicate, the landscape of online buying and selling is in flux. These developments have transformed the world of consumer experience in an unprecedented manner and with incredible speed. However, in the study of technology there is often a tendency to overemphasize the new and elide the historical traces of current shifts. Commerce in Indonesia has moved across social groups and islands for

centuries, and has long been powerfully linked to both technology and communication. As these new landscapes unfold, illuminating emerging forms of “continuity and change” will remain no less vital than when Benda was discussing the birth of the Indonesian nation in the mid-twentieth century.

Appendices

Appendix 1: Demographic information for respondents from Makassar

Respondent characteristics: interviews					Gender	
<u>No.</u>	<u>Type of respondent</u>	<u># of participants</u>	<u>Age range</u>	<u>Education level</u>	<u>Male</u>	<u>Female</u>
1.	Lecturers	9	25–50	MA–PhD	4	5
2.	Bank officers	9	26–37	Polytechnic degree–BA	4	5
3.	Entrepreneurs	9	25–49	High school–BA	4	5
4.	Politicians	9	38–50	BA–MA	5	4
5.	Professionals	9	45–50	BA	4	5
6.	Students	9	18–31	High school (currently college students)	4	5
Total # of participants		54			25	29

Respondent characteristics: focus groups					Gender	
<u>No.</u>	<u>Type of respondent</u>	<u># of participants</u>	<u>Age range</u>	<u>Education level</u>	<u>Male</u>	<u>Female</u>
1.	Students	10	17–19	High school (currently college students)	5	5
2.	Professionals	10	45–50	BA	-	10
Total # of participants		20			5	15

Appendix 2: Demographic information for respondents from Surabaya

Gender	# of participants
Male	12
Female	34
<i>Waria</i> (male transvestites)	6
Total # of participants	52

Sexual orientation	# of participants
Gay	8
Lesbian	5

<i>Waria</i> (male transvestites)	6
Heterosexual female	29
Heterosexual male	4
Total # of participants	52

Profession	# of participants
Student	19
Private sector worker	18
Government worker	9
Housewife	6
Total # of participants	52

Appendix 3: Interview and focus group questions

As the research progressed and particularly at the September 2012 workshop held in Surabaya, the research teams discussed revisions to questions used in interviews and focus groups, which guided the participant observation research as well. This was very helpful because some of the original questions were designed with a mobile finance system like M-PESA in mind, and were not appropriate for this research project.

Here are a few examples of key modified or new questions that emerged from this discussion (translated into English):

When did you begin using gadgets?

When did you begin using the internet?

When did you begin making online transactions?

(We asked these three questions to look at the time discrepancies between using devices and going online, versus specifically shopping online.)

What motivated you to make transactions online?

(We asked this question based on data regarding things like becoming addicted to shopping or becoming a reseller as well as a buyer of online commodities.)

Are there particular times when you cannot shop online? What are you doing when online shopping?

(We asked this question based on data regarding how online shopping almost always happens in the context of other activities.)

What kinds of transactions do you make online (shopping, sending money, paying bills, etc.)?

(We asked this question because it appears that the use of mobile for economic purposes other than shopping (like sending money) is less prevalent than in some other national contexts.)

Have you ever thought about stopping shopping online? Have you ever thought about reselling things that you purchase online?

(We asked these questions to address both questions of risk and addiction, and also the phenomenon of reselling, which appears to be a surprisingly common strategy amongst those Indonesians who particularly enjoy online shopping.)

What funds do you use for shopping online? How do you or your friends pay for online shopping if you don't have money at hand?

(We asked these questions because we want to gain a better understanding as to whether or not people set aside special funds for online shopping, and also if there are any borrowing practices between friends, acquaintances, and family members specifically around online shopping.)

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This final report for the “Landscaping Mobile Social Media and Mobile Payments in Indonesia” project incorporates text and findings from earlier reports regarding the research, and is thus a comprehensive report on all phases of the project. It was written by the lead researcher (Tom Boellstorff), but the data and much of the analysis presented was collected and produced by the two research teams for the project. The primary writers of the Surabaya report were Khanis Suvianita and Dédé Oetomo; the primary writer of the Makassar report was Nurul Ilmi Idrus. Additional analysis was provided by the other members of the research teams: Amelia Damayanti Ihsan, Andreas Mahardika, Theresia Pratiwi, Athifah Anastasia Soraya, and Wulan Widaningrum.

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