

INDONESIA ONLINE 2010

Executive Summary

As a firm operating in Indonesia and focused on digital media, we watch the development of the Indonesian Internet market with interest. While everyone agrees the market is growing rapidly and that the velocity of change is significant, there is a lack of available data documenting what is happening. Official statistics from the government are hard to find and often out of date, audience measurement firms are few and far between (and loathe to share their information freely).

This year, we decided to step into the gap and provide our own summary of the state of the Internet in Indonesia, 2010. Our focus is on raising awareness of what is happening online -- where do people visit? What brands are emerging? Who are the players in this dynamic market? To that end, we offer this paper and hope you find it useful.

- Ric Shreves, *water&stone*

What do we know about Indonesia?

- In terms of population size, Indonesia is fourth in the world. With almost **238 million** people; Indonesia total population ranks between Brazil and the United States. ([see](#), wikipedia)
- Indonesia is the world's most populous Muslim nation. ([see](#), wikipedia)
- Indonesia's Internet population is projected to be **45 million** people; that is a penetration rate of **18.9%**. ([see](#), China Daily)
- To give you some idea of the growth in the Internet in Indonesia, the Internet population in 2008 was **18 million**. Put another way, **150%** growth in the span of 2 years. ([see](#), World Bank)
- In terms of Internet penetration, Indonesia lags behind many countries in Asia, where the region's average is **21.5%**. ([see](#), Internet World Stats)
- Looking at Asia, only China, India and Japan have (numerically) more Internet users than Indonesia. ([see](#), Internet World Stats)

Put it all together, and you begin to see a picture of a fast growing Internet population that still has significant room to grow. Add to that the fact that there are unique cultural issues and a distinct identity and you can see clearly that the Indonesian market merits some attention. What happens here is going to impact the Internet globally.

To be certain, the market faces challenges, particularly in the areas of infrastructure. Internet connections here are slow, expensive and unreliable. To appreciate the limitations fully you must also consider that Indonesia has low per capita income, varying education levels, and an unequal distribution of access to the Internet throughout the archipelago. There's so much potential, but there's so much that must be done before it can be realized. If ever there was an argument for a government working to bridge the digital divide, it is here.

Despite the challenges, 2010 saw a significant strengthening of the online market and the emergence of several strong local players, as the pages that follow document. This paper looks first at the top sites and search phrases for 2010, then seeks to identify the Top 5 sites in each of a number of key categories, as shown in the Contents list at right.



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Top 10

Let's start by seeing what people were looking at and searching for in 2010.

For a list of the Top Sites in Indonesia we turned to Alexa.com. The list, at top right, contains a mix of search engines, social networks, blogging sites and file sharing sites, a mix not unlike that seen elsewhere in Asia.

The popularity of **Facebook**, **Google**, **Yahoo!** and **YouTube** follows closely global trends. Indonesia remained steadfastly loyal to **Google**, with both the global and the local versions of the Google search engine showing up in the Top 3.

Local flavours made their presence felt, with three purely Indonesian sites in the Top 10. Social network **Kaskus** comes in at #6. File sharing service **4shared** comes in 8th and portal **Detik** rounds out the Top 10. in the pages that follow we look at the top sites in different major categories

The Top Search Terms for Indonesia in 2010, seen at bottom right, come from Yahoo.com's *2010 Year In Review*. The list is dominated by popular news and

personalities, including a fair number of disasters -- of both the natural and the personal kind.

Luna Maya takes the #1 slot in a year I'm sure she'd prefer to forget. Her video sexcapades provided more exposure than she may have desired. She was not, however, alone in making the list through personal drama; her video co-star *Ariel Peterpan* wound up #4 on the list. Singer *Krisdayanti* came in at #5, with a year that saw the public intensely following the latest developments in her personal life. *Gayus Tambunan*, a tax official arrested for corruption came in at #8. *Anggodo Widjojo*, prominent businessman and power-broker, was the 10th most popular search, as people followed his trial and conviction.

Disasters of the natural variety also made the list, with users concerned about earthquakes (*gempa bumi*) and, oddly, solar storms (*badai matahari*).

Also on the list is *Keong Racun*, who's homemade music video went viral and become a local sensation. *Sri Mulyani*, the popular Indonesian Finance Minister who's resignation to join the World Bank sent a shockwave through the stock market in 2010. *Pasha Ungu*, singer and heartthrob, broke hearts when he announced his wedding plans late in the year.

top sites

Facebook

Google.co.id

Google.com

Blogger.com

Yahoo!

Kaskus

YouTube

WordPress.com

4shared

Detik

<< Alexa.com

top search terms

Luna Maya

gempa bumi

Keong Racun

Ariel Peterpan

Krisdayanti

Sri Mulyani

badai matahari

Gayus Tambunan

Pasha Ungu

Anggodo Widjojo

Yahoo.com >>

Social Networks

No surprise here, at least not in terms of the category leader: **Facebook** is Indonesia's social network of choice. With almost 34 million users in Indonesia, the country provides 5.8% of **Facebook**'s global audience, (second only to the U.S.). In contrast to the pattern seen globally*, the vast majority of Indonesian **Facebook** users are youth, under 24 years of age. (See, <http://www.checkfacebook.com>)

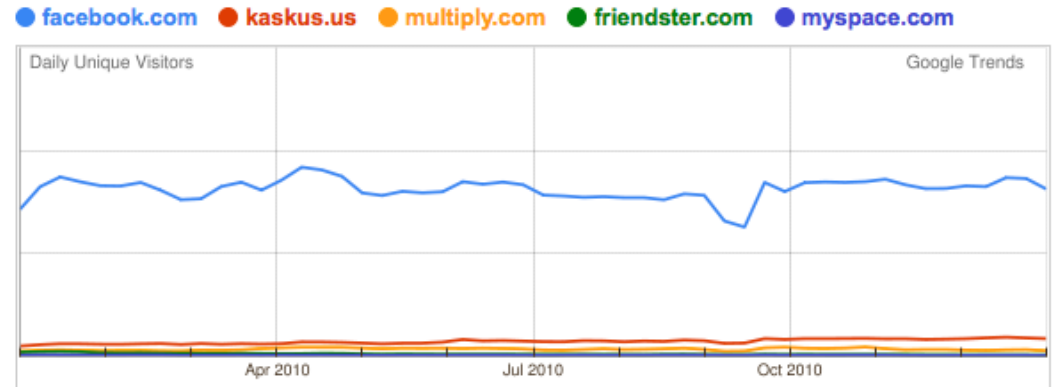
What is surprising here is the strength of local social site **Kaskus**. The site not only outpaces other global offerings, including **Multiply**, **Friendster** and **MySpace**, but has shown steady growth in mindshare across 2010. **Kaskus** is clearly doing something right -- and it's not merely a language preference. (All the Top 5 social networking sites offer users the option to use the site in Bahasa Indonesia.) What's unusual -- indeed unique among the Top 5 -- is that **Kaskus** follows a more traditional model. Social interaction on **Kaskus** is centered on threaded discussion forums, rather than **Facebook** style social networking. It will be interesting to see

whether **Kaskus** can maintain their growth through 2011 and whether they will stay with the forums model, or fall in step with the global trend in social networking functionality. The site seems to have strong brand loyalty, but internet audiences are nothing if not fickle.

Facebook, is clearly the category killer, but Kaskus makes a surprisingly strong showing.

Multiply came in third in the research. The site is one of the most interesting players in this space. What started as a blogging and file sharing platform has now morphed into the largest online social marketplace, with a large number of users setting up their own shops to sell online. **Multiply**, though based in United States, has found strength in Asia, particularly in the Philippines and Indonesia.

Friendster and **MySpace** are the laggards in this set. Both were previously major players in the market, with **Friendster** in particular enjoying a loyal following in Indonesia. Over the course of 2010, however, both have shown significant deterioration in marketshare.



Also noteworthy is who is absent from this list: Global players like **Bebo**, **Orkut** and **LinkedIn** did not make the cut, nor did regional players like **Hi5** or **Habbo**.

The Top 5

Facebook

Kaskus

Multiply

Friendster

MySpace

* Globally, the average age of a Facebook user is 38, with 61% of Facebook users 35 or older. See, <http://www.flowtown.com/blog/older-people-flocking-to-social-networks>

Portals

The portals category sees a strong showing by local brands. Three of the Top 5 in this category are locally based.*

While **Yahoo!** leads the group, we question how much of the traffic to **Yahoo!** is focused on the portal functionality (as opposed to visiting **Yahoo!** for search or for mail services).

We would raise the same questions about **MSN's** presence on the list -- how much of this traffic is actually focused on the portal aspects of the site?

Of more interest are the local players. **Detik** turned in a strong showing, coming in second in the survey. Moreover, by limiting our examination to only their flagship site, **Detik.com**, we are actually under-estimating the reach of this brand. **Detik** runs a family of sites, many of which are players in their individual categories (as you can see elsewhere in this report). The topical sites give **Detik** a valuable chance to split their target audience and channel their marketing (and sales)

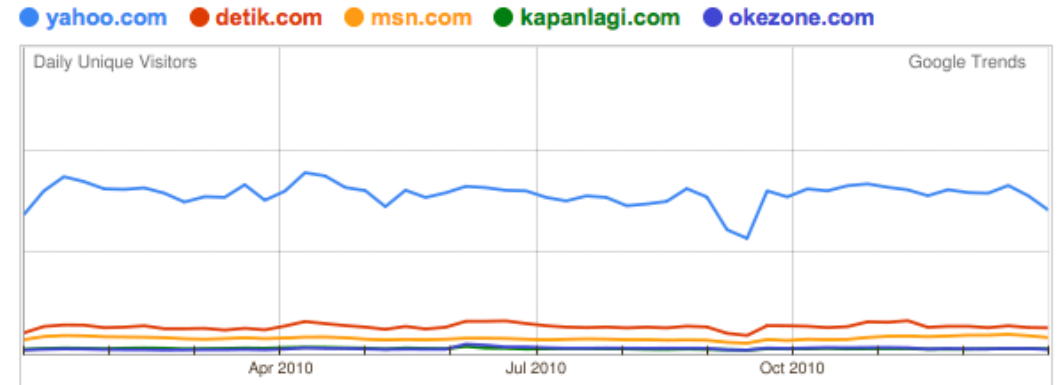
efforts accordingly. From our perspective, the company appears to have significant market share and is well-positioned to be the leader in the Indonesian content market.

KapanLagi is, similarly, the owner of multiple web properties, though fewer in number and lesser in reach than the **Detik** brand.

Three of the top five in the portal category are locally-based, with Detik's flagship leading the local players.

From our research, **KapanLagi's** portal offering and **OkeZone** were very closely matched in market share in 2010.

In terms of focus, the **OkeZone** is the odd man out in this group. While others in this category are clearly focused on a broader portal play, **OkeZone** seems uncertain whether they are a news site or a portal site. The site bills itself as "Indonesian News & Entertainment Online" and offers not only news coverage, but also videos, photos, classified ads and a "myzone" personalization option. They have also spun off a dedicated food and restaurant listings site.



The gap between **Detik** and the other two local players in this category is significant and seems to have remained steady throughout 2010. It will be interesting to see what 2011 brings.

The Top 5

Yahoo

Detik

MSN.com

KapanLagi

OkeZone

* Note that in this category, there was a conflict between the ratings given by Google and Alexa. The variance concerns only the ordering of the sites, however, not the identity of the Top Five players.

Microblogs & Status

We grouped together microblogging and location-based services. Both rely on short messages, typically focused on what the user is doing right now, and often, where they are.

Twitter completely dominates the category. The microblogging platform has seen an incredible rise in popularity in Indonesia. In 18 months, **Twitter** has gone from little consequence to market dominance. According to ComScore, Indonesia has the world's highest Twitter penetration, with 20.8% of the Internet population using the micro-blogging service.*

In Indonesia, as in most other markets, there is no clear threat to Twitter's market share. Moreover, as other services like **Facebook** or **LinkedIn**, add the ability to cross-post their status messages to **Twitter**, it seems that the situation is unlikely to change in the near term.

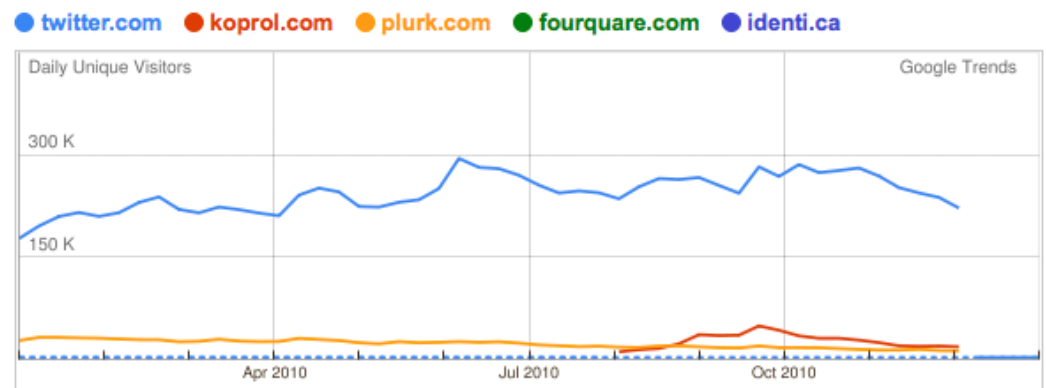
Yahoo!'s acquisition of **Koprol** in May of 2010 was one of the big Indonesian Internet stories of the year. **Koprol**, called "the Asian Foursquare" by some

commentators, is a location-based social networking site. As you can see in the Google Trends chart at top right, the **Yahoo!** PR machine pushed **Koprol** on to the chart by August of 2010. Sadly, however, that initial momentum hasn't been sustained, with traffic levels seeming to plateau in Q4, after peaking in late September.

In 18 months, Twitter has gone from little consequence to market dominance.

Plurk was the only other service to even register on the trend data. **Plurk** is probably the nearest thing to a competitor with **Twitter** but it appears their market share in this market has slowly eroded while **Twitter** has continued to rise to dominance.

Foursquare and **identi.ca** both fared poorly, though still managing to make the Top 5. At this time, it's a one horse race.



The Top 5

Twitter
Koprol
Plurk
Foursquare
Identi.ca

* See, http://www.comscore.com/Press_Events/Press_Releases/2010/8/

Blog Sites

Indonesia has an incredibly vital blogging scene. It's not surprisingly then that, in addition to the major global players, we see local blogging sites in the Top 5.

Blogspot and **WordPress*** lead the blogging category. Both sites are popular globally, offering basic free and premium subscription-based blogs to users.

Blogspot.com is the domain used by Google's Blogger service. A mainstay of the Google empire, Blogger/**Blogspot** is one of the Top Ten sites in the world according to Alexa.

WordPress.com is the hosted blogging service backed by the American company, Automattic. The system's massive global popularity is also reflected in their marketshare in Indonesia.

BLOGdetik, the local blogging community run by the Detik group, comes in third in the rankings. The site maintains a large number of separate special interest communities and

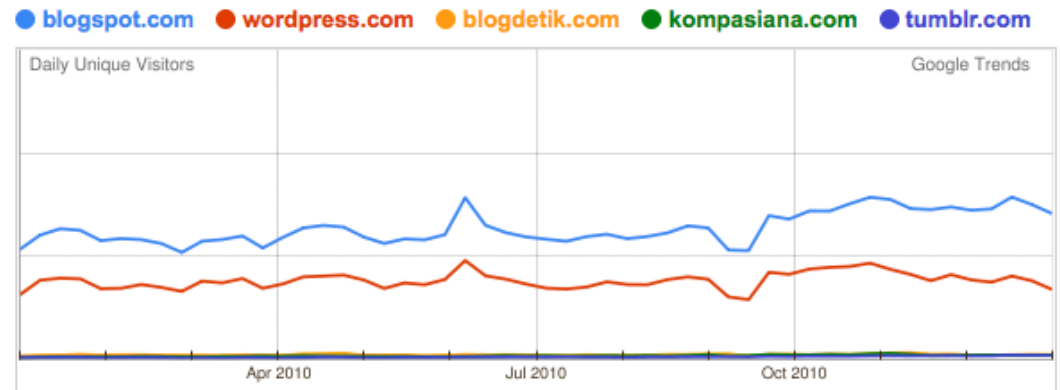
enjoys a large Facebook Fan Page following as well.

Kompasiana, the user-generated content offering from the Kompas group, varies somewhat in focus. The site labels itself a "Citizen Media" offering and is more news and opinion focused. The content is written by their users and organized into browsable topical categories. It's an interesting model and well-executed.

Indonesia's extensive blogging culture supports a surprising number of sites.

In terms of marketshare, **BLOGdetik** and **Kompasiana** are very closely ranked, with **BLOGdetik** enjoying a small lead for most of the year. However, by the end of 2010, the two sites were virtually tied and 2011 is anyone's guess.

Another site that has shown growing marketshare in Indonesia is **Tumblr**. Though the site was a rather distant fifth at the start of the year, but year's end they were challenging **BLOGdetik** and **Kompasiana** for marketshare. The trend in Indonesia mirrors what we see elsewhere, that is, **Tumblr** has grown in popularity globally throughout 2010.



Tumblr in many ways follows the well-worn path forged by **Blogspot** and **WordPress**, that is, making it fast and easy for people to post their content online. **Tumblr's** integration of mobile posting tools builds on this strength and will likely help assure continued growth in 2011.

The Top 5
Blogspot
Wordpress
BLOGdetik
Kompasiana
Tumblr

* Note that our analysis of WordPress is focused on WordPress.com, the hosted blogging service, not on WordPress.org, the open source content management system.

Social Bookmarks

Social bookmarking sites globally have suffered throughout 2010. As sites like **Twitter** and **Facebook** have grown in popularity, more people have elected to use those services to share links with their friends.

The year also saw social bookmarking sites reacting to market changes by adding new features and functionality. Many turned the focus to social sharing of news and items of interest, rather than pure bookmarking.

That said, in Indonesia the local site **LintasBerita** bucked the global trend, gaining marketshare in 2010 and leading the category. Looking at the chart at right you can see the site enjoyed a slow but steady upward trend in traffic throughout 2010

In contrast, the global leader in social bookmarking, **Digg**, reflected the general decline in this sector. Though **Digg** started the year as the leader in this category, by year's end it lagged **LintasBerita** by a significant margin.

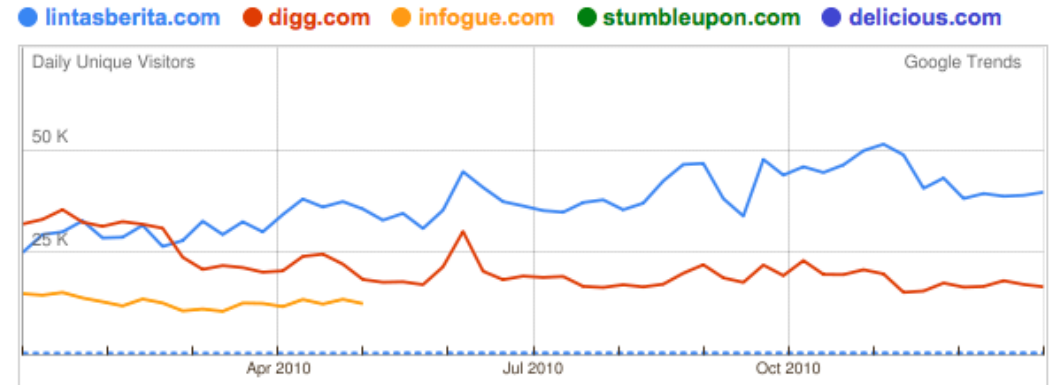
Local site **infoGue** also made a good showing, though, as you can see in the

chart, their marketshare seems to have suffered after Q1 of 2010.

The Top 5 is rounded out by two global brands, **StumbleUpon** and **Delicious**. Neither fared well compared to the top three sites. Given that the fate of Delicious is currently in limbo due to changes at Yahoo! (the site owner), 2011 may see more difficulties for these sites.

Local site LintasBerita bucked the global trend and gained marketshare.

It should be noted that none of the global sites in this category offer a Bahasa Indonesian interface, leaving this category wide open to local players to step in with a site tailored to the market.



The Top 5

LintasBerita

Digg

infoGue

StumbleUpon

delicious

Gaming

The Gaming category is dominated by local market players.* The one exception, **Zynga**, has risen to prominence on the back of the success of their phenomenally popular Facebook games, *FarmVille* and *MafiaWars*.

Three of our Top 5 are Indonesian sites; four of the Top 5 are available in Bahasa Indonesia, which seems to indicate a clear preference in the market to play local.

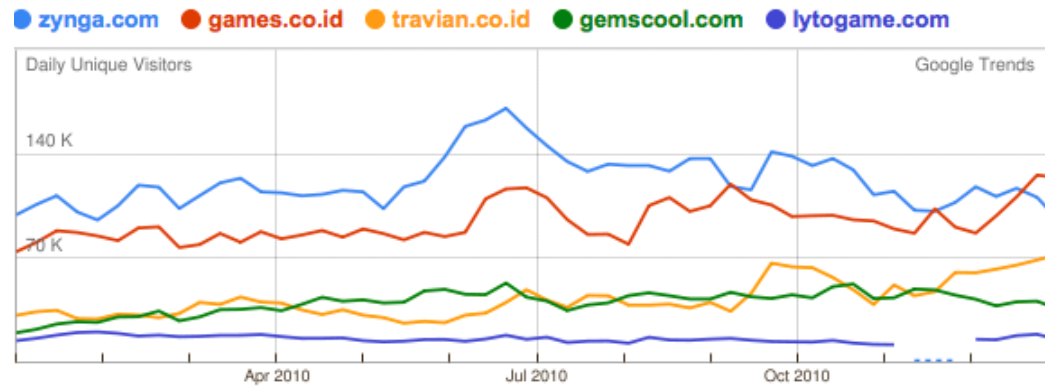
While Facebook pushed Zynga to prominence, Indonesians stay local; play local.

Number Two on the list is **Games.co.id**, a portal for accessing free online games. While many of their games are single player and arcade style, they do offer multiplayer options. **Games.co.id** lagged behind **Zynga** most of the year, but by year's end had closed the gap and were actually in the #1 position in December.

Travian comes in third and is out top ranked dedicated multi-player game. **Travian** is a global gaming site owned by a German company, but Indonesia represents one of its most popular markets. The company offers local *.co.id* access and a local language forum.

Gemscool is an games portal based in Jakarta. The site saw growing marketshare in 2010 and had a particularly good fourth quarter.

Local game portal **Lytogame** was the laggard in this group. While the site is quite active, the competition in this space is fierce and they showed no appreciable change in marketshare in 2010.



The Top 5

Zynga

Games.co.id

Travian

Gemscool

Lytogame

* Note that in this category, there was a conflict between the ratings given by Google and

Shopping

Shopping provides one of the most interesting categories for 2010. The story here is how **Amazon** and **ebay** are struggling to keep up with local shopping sites.*

Local shopping mega-site **TokoBagus** started the year in the middle of the pack, the number three site. By the end of the first quarter of 2010 they had taken the lead -- and they never looked back, widening the gap to a significant lead by year's end.

In contrast, global ecommerce titans **Amazon** and **ebay** had a much less spectacular year in Indonesia. While **Amazon** saw some marketshare gain, **ebay** remained essentially flat. It's interesting to note that **ebay** does offer users a Bahasa Indonesia interface, whereas Amazon does not provide a local language interface for Indonesia.

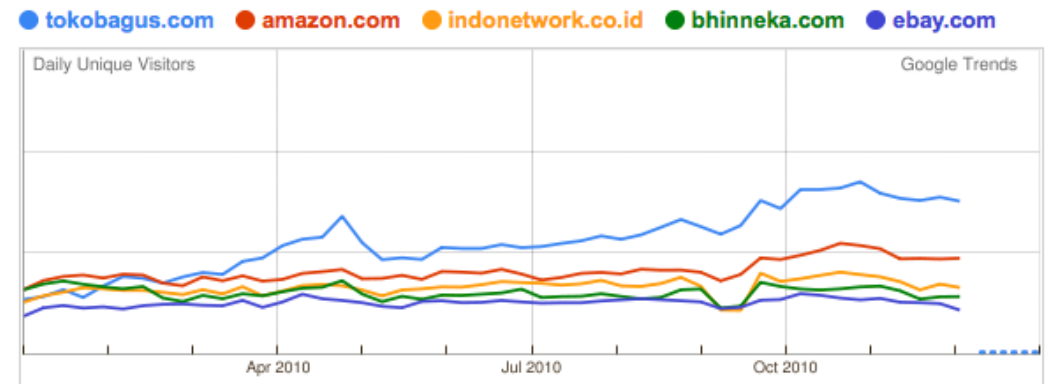
Indonetwork came in third in the analysis but had an unremarkable growth year. Given the site's focus on the wholesale and bulk markets, it is not surprising that the growth figures

show less volatility than the retail sites that made the Top 5.

Bhinneka, despite their claim to be "Indonesia's No.1 Webstore" only managed to finish fourth by our measures. Moreover, as you can see in the chart, the site shows a marginal erosion in marketshare over the course of the year.

Amazon and ebay are struggling to keep up with local shopping sites.

Not included on this list is **Multiply**, which has a strong social shopping component and a large number of local storefronts. Given the site's primary focus on social networking, we placed that site in a different category, but the commerce element on that site should not be overlooked.



The Top 5
TokoBagus
Amazon
Indonetwork
Bhinneka
ebay

* Note that in this category, there was a conflict between the ratings given by Google and Alexa. The variance concerns only the ordering of the sites, however, not the identity of the Top

News

The News category was one of the most competitive in 2010. All of the Top 5 are local sites and all had a good year.

Kompas held on to the lead for the duration of 2010, but was threatened by **DetikNews** on more than one occasion. That said, by the end of the year, it would seem that **Kompas** was well-positioned to retain their position at the top of the list.

DetikNews is news portal portion of the Detik online group. It is yet another example of that company's strength in the Indonesian content market.

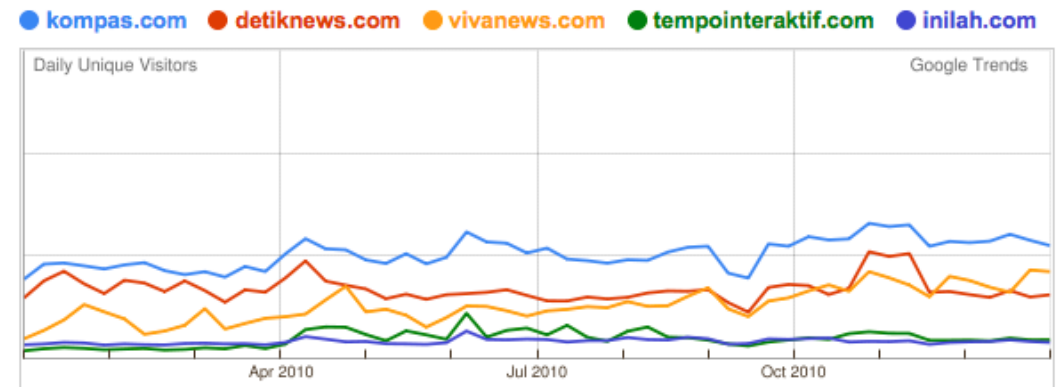
Kompas puts in a strong showing, but the race remains heated.

VivaNews had a particularly good year. Of all the sites on the list, they showed the most growth and finished 2010 in the number two position, after rising from a distant third at the start of the year.

TempoInteraktif and **Inilah** were our two laggards. Neither had a particularly

spectacular year as they see-sawed back and forth in contention for the fourth slot.

Watch this space in 2011. Everyone is fighting for marketshare and the impact on advertising rates is significant. Expect more competition from the Top 5 and don't lose site of the fact that there are a number of online news sites in Indonesia -- and that means there is always the chance that a new name could appear to challenge for top 5 position.



The Top 5

Kompas

DetikNews

VivaNews

TempoInteraktif

Inilah

* Note that in this category, there was a conflict between the ratings given by Google and Alexa. The variance concerns only the ordering of the sites, however, not the identity of the Top Five players.

Sports

Indonesia loves sports and many turn to websites that mirror their enthusiasm. Three of the sites in the Alexa Top 100 for Indonesia are sports sites.

The leader in this segment, by a clear margin is **DetikSport** -- part of the Detik online publishing group. The site is dominant in this category and remained the clear leader for the entirety of 2010.

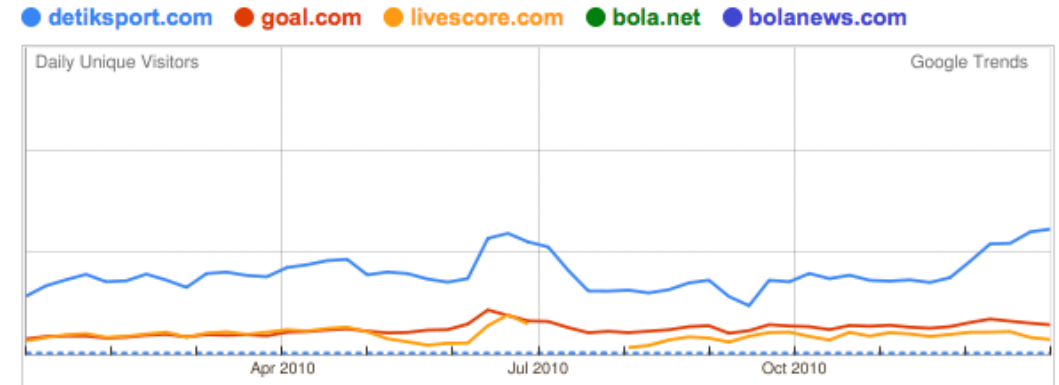
Goal.com, though an international site based in the U.S., provides a dedicated Bahasa Indonesia site. **Goal** and the number three site, **LiveScore** began the year very closely tied for second place but the end of the year **Goal** came out on top.

Detik scores again, with DetikSport leading the field.

LiveScore provides scores for soccer and variety of other sports. The site is in English only, but given the nature of its content (essentially just a

scoreboard), language issues are of little consequence to users.

Bola.net comes in fourth in the group. The site is owned by KapanLagi. Despite the similarities in the names, **Bola** and **BolaNews** are not related. Both site lagged significantly behind the top three in this category, with **BolaNews** a distant fifth.



The Top 5

DetikSport

Goal.com

LiveScore

Bola

BolaNews

Finance

The Finance category is dominated by Indonesian banks. 2010 saw the beginnings of the move towards an online banking culture -- an area in which Indonesia has lagged in the region.*

Topping the list was **KlikBCA**, the online banking site of BCA. The site has consistently risen in marketshare across the last 24 months.

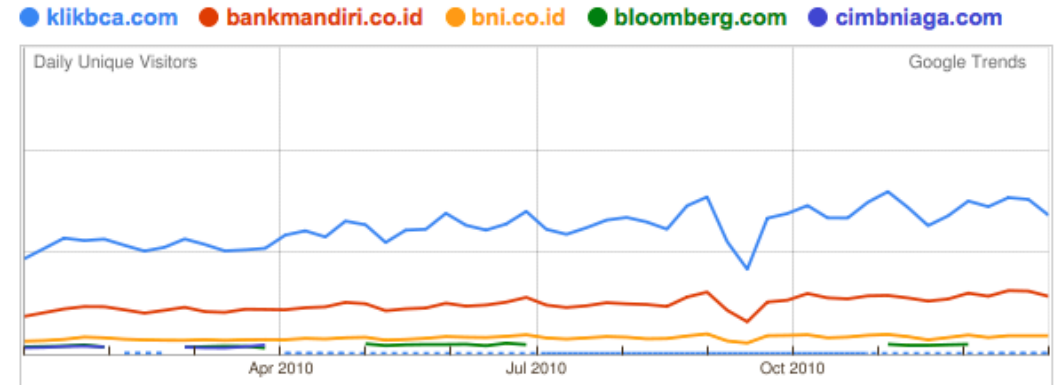
2010 - the year online banking began to gain traction in Indonesia.

In the number two slot is **BankMandiri**. Unlike BCA, Bank Mandiri does not maintain a separate online banking site; users who have signed up for Bank Mandiri's Internet banking services access those services from the primary bank website.

Number three is **BNI**. Like Mandiri, BNI Internet banking customers must login to the system from the primary BNI bank website.

In the fourth position is the international financial news site, **Bloomberg**. **Bloomberg** manages to land in the Top 5 despite having no local language interface.

Winding up the Top 5 is local bank **CIMB NIAGA**. This site breaks the pattern seen with the other Indonesia banks in this category, as the cimbniaga.com site does not provide the gateway to their Internet banking services; those duties are handled by a separate site. While the main banking site made the Top 5, the Internet banking site (cimbclics.co.id) did not.



The Top 5

KlikBCA

BankMandiri

BNI

Bloomberg

CIMB NIAGA

* Note that in this category, there was a conflict between the ratings given by Google and Alexa. Alexa ranked in the Top 5 BRI and Citibank, but that conclusion was not supported by the data from Google.

About the Publisher

water&stone is a full service digital agency, located in Bali, Indonesia. The company is focused on helping clients realize increased value from the implementation of open source tools and from the creative use of new media.

water&stone was formed in response to the growth and maturation of open source solutions. The company has delivered hundreds of web projects to clients located all over the world. As an indication of their expertise, many of the firm's clients are other web development and design studios located in Australia, the UK, North America and Europe.

In addition to web design and development, water&stone provides consultancy services, search marketing services, print design, logo design and branding.



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Methodology

The chart and ranking data in this report were gathered from the following sources:

- **Google Trends**
- **Alexa Site Rankings**

All data reported in this paper is available to the public; none of the conclusions are based on proprietary data collection.

About The Sources

The chart data seen in this report is sourced from **Google Trends**, which measures traffic to sites and allows us to filter by geography (Indonesia) and date range (2010).

We used **Google** as our primary source, using **Alexa** rankings for corroboration and as a tool to help us discover sources that may not have been obvious. **Alexa's** methodology is somewhat more restrictive due to the limitations of their data set. As they explain:

"A site's ranking is based on a combined measure of reach and page views computed over a trailing 3 month period. Reach is determined by the number of unique Alexa users who visit

a site on a given day. Page views are the total number of Alexa user page requests for a site... The site with the highest combination of users and page views is ranked #1."

While the **Alexa** userbase is large, there is no information on the exact size of the Indonesian population, and whether the users in Indonesia are representative.

Given the shortcomings of the **Alexa** measurement, we rely primarily on the traffic trend information provided by **Google Trends**.

Where there has been a conflict between the data sources, it has been highlighted in the text for that category. Our typical response to a conflict between the data sources was to prefer the conclusions reached in the **Google** data.

To learn more about these services, or try them out for yourself visit:

- Alexa.com
- Google.com/trends