



Jakarta, Indonesia

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CPA Australia: Strong customer focus leads to speedy recovery for Indonesian small businesses

- COVID-19 the biggest challenge confronting Indonesian small businesses in 2020.
- Established e-commerce and online delivery services helped businesses shift online quickly.
- Seventy-six per cent of surveyed Indonesian small businesses expect to grow in 2021.

Although many small businesses in Indonesia were adversely impacted by COVID-19 in 2020, a strong focus on online sales and customer satisfaction should lead to a rebound in small business activity in 2021, according to CPA Australia.

CPA Australia's Asia-Pacific Small Business Survey, published today, shows the percentage of small businesses in Indonesia that grew dropped to a record low of 58 per cent in 2020, compared with 87 per cent in 2019. During the year, 52 per cent of respondents sought external funds for business survival, the highest of the 11 Asia-Pacific markets surveyed. Indonesian small businesses were the second most likely to identify COVID-19 as the biggest challenge to their business in 2020, at 68 per cent.

Mr Herwan Ng, a member of CPA Australia's Indonesian Advisory Committee said, "Small businesses in Indonesia experienced a particularly tough 2020, with COVID-19 leading to extensive restrictions on movement. This disrupted regular business operations and significantly impacted their revenue."

However, business confidence is building, with 76 per cent expecting their businesses to grow in 2021, the third highest result of any region in the survey.

"Small businesses in Indonesia have a very strong focus on their customers. Customer satisfaction has been one of their most important influences for them for the past three years. Customer-centric strategies allow small businesses to stay actively engaged with their customers even in the face of the pandemic. This makes it more likely that they will rebound in 2021," Herwan said.

The survey revealed that 53 per cent of small businesses in Indonesia used social media to communicate with existing customers, one of the highest of the markets surveyed. Further, more than half (58 per cent) of small businesses in Indonesia earned more than ten per cent of their revenue from online sales last year. Thirty-eight per cent of Indonesian small businesses either began or increased their focus on online sales in response to COVID-19.

"Well-established e-commerce platforms and online delivery services enabled many businesses to shift their products or services to online quickly, while maintaining a close relationship with their customers," Herwan said.

Investment in technologies, such as mobile apps, is one way for Indonesian small businesses to rebound post-COVID. This is reflected in 74 per cent of respondents reporting that their business investment in technology in 2020 had improved their profitability, which was much higher than the survey average of 48 per cent.



“To win over more customers, small businesses should continue to invest in technology, accelerate e-commerce adoption and maintain strong communication with customers through social media,” Herwan recommended.

The innovative culture of Indonesian small businesses is reflected in 31 per cent of respondents stating that they will introduce a new product, process or service to Indonesia or the world, higher than the survey average of 23 per cent.

The increasing use of technology means that Indonesia’s small businesses should have a stronger focus on cybersecurity. While 64 per cent expect to experience a cyberattack in 2021, only 43 per cent have reviewed their cybersecurity in the past six months.

“With government policies to develop the digital economy and encourage the adoption of payment technologies, we foresee that Indonesian small businesses will stay competitive. Nonetheless, Indonesia’s small businesses should pay attention to cybersecurity protections as they digitalise.” Herwan suggested.

CPA Australia recommends that Indonesian small businesses consider the following actions to improve their recovery prospects:

- Seek advice from a trusted adviser, such as an accounting professional.
- Focus on improving customer satisfaction.
- Increase use of social media, being mindful of changes in customers' behaviour.
- Pay attention to debt ratio and the cost of external finance.
- Investing in up to date devices and relevant technologies.
- Enhance cybersecurity protections and review business’s IT systems regularly.
- Explore new opportunities to diversify and expand.

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About CPA Australia

CPA Australia is one of the largest professional accounting bodies in the world, with more than 168,000 members in over 100 countries and regions, including more than 20,000 members in South-East Asia. Our Indonesian office, located in Jakarta, opened in 2011. Our core services include education, training, technical support and advocacy. CPA Australia provides thought leadership on local, national and international issues affecting the accounting profession and public interest. We engage with governments, regulators and industries to advocate policies that stimulate sustainable economic growth and have positive business and public outcomes. Find out more at cpaaustralia.com.au

CPA AUSTRALIA

ASIA-PACIFIC SMALL BUSINESS SURVEY 2020-21

INDONESIA

SMALL BUSINESSES PERFORMANCE IN 2020

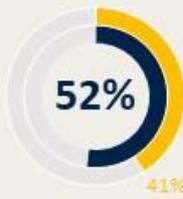
Indonesia 2020

Survey average



58% of small businesses grew in 2020

46%



52% of small businesses sought external funds for business survival

41%



68% of small businesses reported that COVID-19 had a major negative impact

57%

* Major negative factor to business



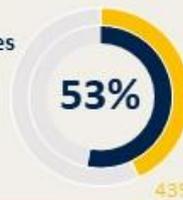
74% of small businesses' investment in technology made businesses more profitable in 2020

48%



58% of small businesses earned more than 10 per cent of revenue comes from online sales

58%



53% of small businesses use social media to communicate with existing customers

43%

POSITIVE FACTORS IN 2020



Customer loyalty



Improved customer satisfaction



Improved business strategy

BUSINESS OUTLOOK IN 2021

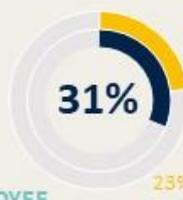
Indonesia 2021

Survey average



76% of small businesses expect to grow in 2021

61%



31% of small businesses expect to introduce a new product / service / process unique to Indonesia or the world

23%

REVENUE

78%



of small businesses expect revenue to grow

EMPLOYEE NUMBERS

45%



of small businesses expect to increase employee numbers

CYBERSECURITY

64%



of small businesses consider it likely that they will be cyberattacked

RECOMMENDATIONS FOR SMALL BUSINESSES



Pay attention to debt ratio and the cost of external finance



Enhance cybersecurity protections and review IT systems regularly



Increase use of social media, including to learn more about customers and potential customers