

Chapter 8

Middle Class Millennial Experiences in the Digital Market

Syafrizal Helmi Situmorang
Universitas Sumatera Utara, Indonesia

ABSTRACT

Technological advances have produced creative economies and enabled a more personal experience. Economic growth, demographic bonuses, mobile penetration, and the rising middle class make Indonesia a potential digital market. Now, Indonesia's position has a strong potential for the integer economy. Regrettably, many digital markets generously offer similar products and it's difficult to distinguish between attributes and benefits; consequently, consumers will tend to look for the cheapest. In this situation, the company can no longer expect loyalty based on satisfied customers because of the benefits of the function of the product. Companies must provide memorable experiences. Impressive experience will be a differentiation factor with competitors and another value for the company. Recognizing behaviour of the millennial middle class in the digital marketplace is a must for practitioners and academics interested in the digital market studies.

INTRODUCTION

Technological advances have created new economies such as connectivity marketing (Kirby and Marsden, 2006), marketing automation (LeSueur, 2007), new digital marketplace (Anderson, 2008), crowdsourcing, sharing business and economy (Stephany, 2015; Taeihagh, 2017) and various software innovations and ideas that can integrate our lives (Case, 2016) which are all more valuable than traditional resources, namely land, labor, and capital (Hoontrakul, 2018). Innovation and globalization will produce losers and winners. Ross (2016) mentions symptoms of innovation emerging from Indonesia, Brazil, India and China. Now, Indonesia is the biggest e-commerce in ASEAN. Thanks to technological advances, differing creative innovations have been made by various local start ups in the e-commerce sector in Indonesia. Ease in customer data collection and ordering of local products and payment systems enthusiastically

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encourage many private businesses to merely join the e-commerce platform. On the other hand, the Indonesian Logistics Performance Index continues improving in providing services by efficiently utilizing technological developments. Now, Indonesia instantly became the largest e-commerce player in ASEAN. In Southeast Asia, since 2014 Indonesia's online income has surpassed Thailand and Singapore (DBS Asian Insights, 2015)

Google- Temasek (2018) reports additionally exhibit Indonesia to be the country that has the largest e-commerce transaction price in the ASEAN region. Indonesia has emerge fascinating market for digital enterprise people. The Digital Evolution Index report also classifies Indonesia's position in the Break out Countries zone, which means that Indonesia has a strong potential for digital economy if it is able to build infrastructure for internet access and innovation (The Fletcher School and Mastercard, 2017). Government commitment is needed to reduce constraints in the institutional sector (regulation) and infrastructure to prepare digital markets (Chakravorti et al, 2015). Digital ecosystem development and digital society are expected to contribute market efficiency and added value in the economic sector, absorb jobs and grow small and medium- sized enterprises in the creative sector.

Economic growth, demographic bonuses, mobile penetration and the rising middle class make Indonesia become a potential digital market. The increasing number of social media users in Indonesia can improve the digital economy. This is in line with the findings of Mckinsey Indonesia (2016) that Indonesia has the most active citizens and digital ecosystems in the world. The rapid expansion of smartphones and internet networks has changed consumers behavior (Huang and Korfiatis, 2016). Easy access to information and support for smartphones and mobile apps makes consumers more intelligent and knowledgeable in decision- making (Liang et al, 2015). The iprice insight report (2017) shows Indonesia to be the country with the highest share of mobile traffic in Southeast Asia. This is positively confirmed by Nielsen Consumer Media View (2017), which states that the existence of the mobile internet with a high penetration rate is precisely a reliable indication that Indonesians are increasingly fond of gaining access to material content through digital media. According to Turban et all (2010) digital business is growing as the most dynamic sector in Indonesia, on the other hand it has the potential to provide business benefits and risks. Digital not only encourages the development of business-consumers (B2C) but also consumers-to-consumers (C2C) (Dan, 2014). In digital market, The C2C e-commerce market competes with the B2C e-commerce (Huang et al., 2017).

Considered as a promising and attractive market for the business development of digital companies, e-commerce competition in Indonesia has become increasingly competitive. High level of competition is a major challenge for e-commerce who want to succeed in Indonesia. Some foreign e-commerce such as Lazada, Zalora, JD. ID and Shopee enliven ecommerce competition (iprice, 2019). The outcomes of eIQ's look up (2018) show that the Top Ecommerce Websites in the B2C category are Lazada, Blibli, and Shopee. Unfortunately, they offer similar products that are difficult to distinguish between attributes and benefits. Consequently consumers will tend to look for the cheapest prices. In this situation, the business can no longer expect loyalty based on satisfied customers because of the benefits of the function of the product. Companies must provide memorable experiences and social or emotional benefits, so that it will have an impact on customer loyalty (Aaker, 2015). Impressive experience will be a differentiation factor with competitors and an added value for the company (Wiedman et al., 2016). Unfortunately, many factor of bad customer experiences in dealing with e-commerce, such as shipping logistics, trust in transactions, fraud, online payment security and product quality that is not in accordance with image promotion (DBS insight, 2015; McKinsey, 2016, Maier, 2019). According to McKinsey (2016) winning in the digital era, companies must be able to create a customer-centered experience. Nudelman (2011)

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