THE INDONESIAN TOURISM MARKET AND AUSTRALIA

Indonesian Inbound Tourism to Australia 4
Work and Holiday Visa Program 6
Visitor Arrivals 7
Aviation 9
Tourism Forecasts 13
Overview of Indonesian Outbound Tourism 13

UNDERSTANDING THE INDONESIAN CONSUMER

Modem Society 15
Indonesian Culture 16
Food and Beverage 17

MARKETING YOUR PRODUCT

Indonesian Perceptions of Australia 20
Key Travel Periods 20
Distribution Channels 22
Online Marketing & Social Media 23

ENGAGING WITH THE INDONESIAN MARKET

Introductions & Business Culture 25
Tips for Working with the Indonesian Market 27
Useful Contacts 29
References 30
The following section outlines the Australian tourism industry’s relationship with the Indonesian market including trends and Indonesian outbound tourism in general.
INDONESIAN INBOUND TOURISM TO AUSTRALIA

In 2012, Indonesia was Australia’s 12th largest inbound market for visitor arrivals, 13th for total expenditure and 15th for visitor nights. Tourism Australia identified the following characteristics in its most recent profile of Indonesian visitors in the year 2012:

- **Repeat visitors**: 74%
- **Total arrivals for leisure**: 63%
- **Largest demographic**: 30 - 44 Years
- **Average spend**: $4863
- **Average stay**: 34 Nights
- **Peak Booking Period**: May, August - September and November
- **Peak Travel Periods**: Lebaran (generally August - September but varies annually) and December the peak travel periods

Note: Lebaran is the local Indonesian term for the national holiday celebrated after the month of Ramadan, observed in Muslim countries. As the date tends to vary, it is advisable to check dates each year.

*Leisure includes travel for holiday and Visiting Friends and Relatives (VFR).
### Visitor Profiles for Spend and Nights

#### Average Visitor

<table>
<thead>
<tr>
<th>Purpose of Visit</th>
<th>Spend per trip</th>
<th>Nights per stay</th>
<th>Spend per night</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holiday</td>
<td>$4,863</td>
<td>34.1</td>
<td>$143</td>
</tr>
<tr>
<td>Visiting Friends &amp; Relatives</td>
<td>$8,290</td>
<td>70.7</td>
<td>$117</td>
</tr>
<tr>
<td>Business</td>
<td>$3,099</td>
<td>10.0</td>
<td>$308</td>
</tr>
<tr>
<td>Other (Including education &amp; employment)</td>
<td>$4,094</td>
<td>87.1</td>
<td>$134</td>
</tr>
</tbody>
</table>

#### Spend per night

- Holiday: $146
- Visiting Friends & Relatives: $117
- Business: $308
- Other: $134

Source: International Visitor Survey (Tourism Research Australia), year ending December 2012.
**Indonesia: Visitor Arrivals by Age for 2002-2012**

The graph shows that there was an increase in visitor arrivals in 2012 compared to 2011 for all age groups (with the exception of 45 to 59 years).

The largest age demographic in 2012 was 30 to 44 years. This segment, along with the 45 to 59 years segment, has achieved an annual compound growth rate of five per cent, between 2002 and 2012.

Source: Australian Bureau of Statistics, Overseas Arrivals and Departures

**WORK AND HOLIDAY VISA PROGRAM**

Australia has a Working Holiday Program with several countries which encourages cultural exchange and closer ties, enabling young people aged 18-30 to have a holiday for an extended period and to supplement their funds with short-term employment. The program is an important part of the tourism industry and encourages short-term or casual employment in regional areas.

There are two types of visas, the Working Holiday Maker visa as well as a second type, the Work and Holiday Visa. The key differences between the two visas are that Work and Holiday visa arrangements generally have caps on the number of visas granted annually and additional eligibility requirements.

Recent developments in the Working Holiday Maker program has led to an expansion of Australia’s Work and Holiday arrangement with Indonesia.

On 3 July 2012, the Prime Minister announced an increase to the cap for the Work and Holiday (subclass 462) visa arrangement with Indonesia from 100 to 1000 places. The expanded program is expected to come into effect in early 2013, once both Australia and Indonesia have implemented the necessary administrative arrangements.
VISITOR ARRIVALS

In 2012 there were 130,000 visitors from Indonesia (a 3.9 per cent increase on 2011) with a total spend of $636 million.

History of Visitors from Indonesia into Australia

The graph shows that the Indonesian market has grown consistently in recent years. This is due to factors including increased aviation capacity and a growing economy fuelling outbound travel demand.

Holiday arrivals have seen the largest increase, almost doubling since 2008. Indonesian arrivals to Australia peaked in 1997 and dropped sharply as a result of the Asian Financial Crisis. The outbreak of SARS in Asia in 2002-2003 also affected outbound travel demand across the region.
Continued growth in 2012 was driven by a strong Indonesian economy with an increase of 3.7 per cent in visitor numbers for the calendar year. The leisure segment remains the key driver of growth, increasing almost six per cent compared to 2011.

For the year ending September 2012, overall visitor expenditure increased 10 per cent, which equates to a 17 per cent increase in their local currency. Spend is currently being driven by the holiday and education segments.

Indonesian travellers continue to spend more on shorter city-breaks in Australian gateways, evidenced by an increase in visitor numbers alongside declines in the number of nights stayed and dispersed nights.

Source: International Visitor Survey (Tourism Research Australia)
AVIATION

According to the Indonesia Market Profile 2013, there was a one per cent decline in aviation capacity from Indonesia to Australia in 2012, following five years of very strong growth.

These largely reflect the withdrawal of services by new entrants such as Air Australia, and Indonesia AirAsia’s withdrawal of its Darwin services. Tourism Australia expects that there will be two to four per cent growth in 2013 with improved loads.

In recent years, Australia has gained market share of aviation capacity out of Indonesia compared to similar haul destinations.

However, it is also evident that capacity growth has focused on North Asian destinations such as China and Hong Kong. The graph below shows Australia’s capacity in relation to its competitors.

Capacity from Indonesia to Australia vs Competitor Destinations

Source: Tourism Australia, Indonesia Market Profile 2013

Note: Chart includes direct capacity only and above percentages reflect change in direct capacity from 2011 to 2012
Key Airlines and Share of Passengers in 2012

The graph below shows key airlines and share of passengers in 2012.

![Graph showing key airlines and share of passengers in 2012]

Source: Tourism Australia Indonesia Market Profile 2013

The table shows the scheduled flights between Indonesia and Australia, from 31 March to 26 October 2013.

<table>
<thead>
<tr>
<th>Operating Airlines</th>
<th>Flights per week</th>
<th>Route</th>
<th>Alliance/Codeshare partner (on route)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garuda Indonesia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>16 - 14</td>
<td>Bali - Perth</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>Jakarta - Bali - Perth</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>Bali - Sydney</td>
<td>Etihad</td>
</tr>
<tr>
<td></td>
<td>5 - 7</td>
<td>Jakarta - Sydney</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>Bali - Melbourne</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Jakarta - Melbourne</td>
<td></td>
</tr>
<tr>
<td>Jetstar</td>
<td>14 - 17</td>
<td>Bali - Perth</td>
<td>Qantas</td>
</tr>
<tr>
<td></td>
<td>5 - 6</td>
<td>Bali - Sydney</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5 - 4</td>
<td>Bali - Darwin</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4 - 5</td>
<td>Bali - Melbourne</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 - 7</td>
<td>Bali - Darwin - Brisbane</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 - 3</td>
<td>Jakarta - Perth</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0 - 2</td>
<td>Bali - Melbourne - Sydney</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0 - 1</td>
<td>Bali - Adelaide</td>
<td></td>
</tr>
<tr>
<td>Operating Airlines</td>
<td>Flights per week</td>
<td>Route</td>
<td>Alliance/Codeshare partner (on route)</td>
</tr>
<tr>
<td>--------------------</td>
<td>------------------</td>
<td>-------</td>
<td>--------------------------------------</td>
</tr>
<tr>
<td>Indonesia AirAsia</td>
<td>21</td>
<td>Bali - Perth</td>
<td></td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>Bali - Brisbane</td>
<td></td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>Bali - Perth</td>
<td>Delta Airlines</td>
</tr>
<tr>
<td>Virgin Australia</td>
<td>7</td>
<td>Bali - Melbourne</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>Bali - Sydney</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>Bali - Adelaide</td>
<td></td>
</tr>
<tr>
<td>Qantas</td>
<td>4</td>
<td>Jakarta - Sydney</td>
<td>Jetstar</td>
</tr>
<tr>
<td>Skywest</td>
<td>2</td>
<td>Bali - Port Hedland</td>
<td>Virgin Australia</td>
</tr>
</tbody>
</table>

Source: Innovata, Northern Summer Scheduling Season (31 March 2013 to 26 October 2013)

Note: Table includes direct services to Australia only

The Tourism Australia Aviation Newsletter for May 2013 reports updates including:

- Indonesia AirAsia plans to resume four weekly Bali-Darwin services from 1 July 2013 after suspending services late last year
- Garuda Indonesia plans to change the timing of its four weekly Garuda-Melbourne services from 27 October 2013 to allow better connections to its onward London Gatwick service
- Garuda Indonesia plans to increase operations from Medan in 2013, with plans to develop Medan as one of its hubs in coming years
- Indonesia AirAsia also plans to increase its presence at Medan in 2013, saying Medan is the second largest city in Indonesia in terms of populations and is a gateway to Sumatra
- Competition in Indonesian domestic market is expected to intensify in May 2013 following the launch of Lion Air's new full service subsidiary, Batik Air on 25 April 2013.
- Garuda Indonesia has appointed a new general manager and a new state sales manager in Queensland, following the airline relaunching its Brisbane services.
In addition, further increases in aviation are expected in 2013. Garuda Indonesia plans to launch daily Jakarta-Perth services from late June 2013 using B737-800 aircraft. In August it will commence services to Brisbane from Jakarta, via Denpasar.

Also, Lion Air recently announced plans to launch Lion Air Australia as part of a South East Asia and Australia strategy, with an intention to fly to Darwin and Adelaide via Denpasar.

For the latest information on aviation, visit the following links:

**Market Regions - Indonesia**


Information on aviation can be found in the Tourism Australia Indonesia Market Profile 2013 and also via the link to the latest Aviation Newsletter.

**Aviation Newsletters**

[aviation.newsletters](https://tourism.australia.com/statistics/aviation-newsletters.aspx)

Every month Tourism Australia produces an Aviation Newsletter which summarises latest relevant news, largely sourced from CAPA Centre for Aviation. This link provides past newsletters which also include insights into Tourism Australia's marketing activity with airlines.

**Quarterly Market Updates**

[quarterly.market.updates](https://tourism.australia.com/statistics/8696.aspx)

Each quarter Tourism Australia produces a detailed report on the performance of its key markets and international campaign activity, including aviation updates.
OVERVIEW OF INDONESIAN OUTBOUND TOURISM

In 2012, outbound travel from Indonesia increased slightly to seven million trips, up from 6.8 million trips in 2011. According to Tourism Australia’s latest Indonesia Market Profile, the top five outbound destinations from Indonesia in 2012 were:

1. Malaysia
2. Singapore
3. China
4. Saudi Arabia
5. Hong Kong

TOURISM FORECASTS

Tourism Research Australia’s Forecast (October 2013), estimates that visitor arrivals from Indonesia will rise 6.5 per cent to 154,000 in 2013-14 and 4.9 per cent to 162,000 in 2014-15, with a 5.6 per cent annual compound growth rate expected between 2012-13 and 2022-23.

For the latest forecast information, visit www.tra.gov.au/publications/forecasts
In 2012, Australia ranked ninth among all outbound destinations from Indonesia, slipping one position compared to 2011. In addition, Australia’s share of total outbound travel from Indonesia has decreased from 2.5 per cent in 2002 to 1.9 per cent in 2012.

Australia’s competitor destinations outside of South and South East Asia and the Middle East were China, Hong Kong, South Korea, and Macao. Australia is ranked fifth among out of region destinations in 2012, slipping one position from 2011.
The rise in Indonesia’s GDP per capita has resulted in rapid changes in consumer spending patterns and Austrade suggests there is a growing middle class who are looking for a modern, international standard of living and a more western lifestyle. McKinsey reports that around 90 million Indonesians will join the consumer class by 2030.

Already, the nation’s consumer spending at 61 per cent of GDP (2010) is closer to levels in developed economies than to the corresponding figures for its largely export-driven neighbouring nations such as Malaysia and Thailand.

As the percentage of the country’s population living in urban areas grows from roughly 53 percent of Indonesia’s residents today to 71 percent in 2030, spending is expected to grow in categories such as financial services, leisure, travel, and apparel.

It already has among today’s upwardly mobile, tech-savvy, individualistic city dwellers. Internet access is rising at an annual rate of 20 percent, and 100 million Indonesians will be connected by 2016. Already, 60 percent of Indonesian adults own a mobile phone, and Facebook usage is strong.
INDONESIAN CULTURE

There are some key things that you should keep in mind when dealing with the Indonesian market, as suggested by Business News Indonesia.

Face

Saving face is extremely important in Indonesian culture. If you should get into a dispute with a vendor, government official etc in Indonesia, do not try to argue or 'win'.

Better results will be gained by remaining polite and humble at all times, never raising your voice, and smiling, asking the person to help you find a solution to the problem. Rarely, if ever, is it appropriate to try to blame, or accuse.

Communication Styles

Indonesians are indirect communicators. This means they do not always say what they mean. It is up to the listener to read between the lines or pay attention to gestures and body language to get the real message.

Generally speaking Indonesians speak quietly and with a subdued tone. Loud people would come across as slightly aggressive.

Indonesians abhor confrontation due to the potential loss of face. To be polite, they may tell you what they think you want to hear. If you offend them, they will mask their feelings and maintain a veil of civility. If an Indonesian begins to avoid you or acts coldly towards you, there is a serious problem.

Things to Avoid

When dealing with Indonesians, be mindful of the following:

- Avoid using your left hand as it is considered rude, especially if you are shaking hands or handing something to someone (the left hand is used to clean yourself at the toilet). However, sometimes special greetings are given with both hands.

- Avoid pointing your finger at someone. If you want to point to someone or something it is better to use your right thumb, or with a fully open hand.

- Sitting or standing with your arms crossed or on your hips is a sign of anger or hostility, it is best to avoid these gestures.

- Avoid showing the soles of your feet when seated, as this is considered offensive, particularly if the soles of your feet face anyone in the room. Instead place your feet flat on the ground.
FOOD AND BEVERAGE

Here are some tips on what to do when you have been invited out with Indonesians, which may be useful if you visit Indonesia or plan to host and dine with Indonesian business associates or guests.

Indonesian dining etiquette is generally relaxed but depends on the setting and context, according to Business News Indonesia.

- In Indonesia eating with your hand (instead of utensils like forks and spoons) is very common. The basic idea is to use four fingers to pack a little ball of rice, which can then be dipped into sauces before you pop it in your mouth by pushing it with your thumb.
- There is one basic rule of etiquette to observe: use only your right hand.
- Don’t stick either hand into communal serving dishes: instead, use the left hand to serve yourself with utensils and then dig in. Needless to say, it is wise to wash your hands well before and after eating.
- Eating by hand is frowned on in some ‘classier’ places. If you are provided with cutlery and nobody else around you seems to be doing it, then take the hint.

When invited for a meal:

- Wait to be shown to your place – as a guest you will have a specific position.
- Food is often taken from a shared dish in the middle. You will be served the food and it would not be considered rude if you helped yourself after that.
- If food is served buffet style then the guest is generally asked to help themselves first. It is considered polite that the guest insist others go before him/her but this would never happen.
- In formal situations, men are served before women.
- Wait to be invited to eat before you start.
- If you are a guest, it is not polite to finish any drink all the way to the bottom of the glass. This indicates that you would like more. Instead, leave about a half of an inch/2cm in the bottom of your glass and someone will most likely ask you if you would like more.

Islam is the religion of the majority of Indonesians, but alcohol is widely available in most areas, especially in upscale restaurants and bars. Public displays of drunkenness, however, are strongly frowned upon. Indonesia’s most popular alcoholic drink is Bintang beer (bir), a standard-issue lager available more or less everywhere, although the locals like theirs lukewarm.

Other popular beers include Bali Hai and Anker. Wine is expensive and only available in expensive restaurants and bars in large hotels. Almost all of it is imported, but there are a few local vintners of varying quality on Bali.
Findings from Tourism Australia’s Australian Consumer Demand Research project conducted by BDA Marketing Planning in 2012 indicate that when selecting a holiday destination, Indonesian visitors want (in order of importance):

- A family friendly destination
- A safe and secure destination
- Value for money
- Friendly and open locals
- Clean cities with good infrastructure
Indonesia: Top 5 Importance Factors

The figure below shows the factors that Indonesians value when choosing a holiday destination.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Importance Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>A family friendly destination</td>
<td>66</td>
</tr>
<tr>
<td>A safe and secure destination</td>
<td>64</td>
</tr>
<tr>
<td>A destination that offers value for money</td>
<td>44</td>
</tr>
<tr>
<td>Friendly and open citizens, local hospitality</td>
<td>42</td>
</tr>
<tr>
<td>Clean cities, good road infrastructure with clear signposts</td>
<td>41</td>
</tr>
<tr>
<td>Spectacular coastal scenery</td>
<td>29</td>
</tr>
<tr>
<td>Great swimming beaches</td>
<td>25</td>
</tr>
<tr>
<td>A range of quality accommodation options</td>
<td>24</td>
</tr>
<tr>
<td>Good food, wine, local cuisine and produce</td>
<td>23</td>
</tr>
<tr>
<td>Rich history and heritage</td>
<td>23</td>
</tr>
<tr>
<td>World class beauty and natural environments</td>
<td>21</td>
</tr>
<tr>
<td>Romantic destination</td>
<td>21</td>
</tr>
<tr>
<td>Ease of obtaining a visa</td>
<td>19</td>
</tr>
<tr>
<td>Native or cultural heritage or activities</td>
<td>17</td>
</tr>
<tr>
<td>Great shopping/world class brand names</td>
<td>12</td>
</tr>
<tr>
<td>Flights with no stop-overs</td>
<td>8</td>
</tr>
<tr>
<td>Luxury accommodation and facilities</td>
<td>6</td>
</tr>
<tr>
<td>Different and interesting local wildlife</td>
<td>6</td>
</tr>
<tr>
<td>Good leisure activities such as nightclubs/bars and/or casinos</td>
<td>4</td>
</tr>
</tbody>
</table>

Read as: 66 per cent of Indonesian respondents ranked ‘a family friendly destination’ in their top five considerations when choosing a destination.

Source: Tourism Australia, Indonesia Market Profile 2013
INDONESIAN PERCEPTIONS OF AUSTRALIA

Compared to other out of region destinations, Australia ranks very highly for its coastal scenery, its swimming beaches, ease of obtaining visas, and interesting local wildlife. The Tourism Australia research shows that Australia delivers a positive holiday experience that exceeds the expectations of Indonesian visitors.

This was particularly clear for their perception of Australia offering value for money and being a safe and secure and family friendly destination. Despite unfavourable exchange rates, Indonesians who had visited Australia perceived their experiences delivered value for money (note that ‘value’ was not defined during the research and is considered a subjective term).

Australia is known for having different and interesting local wildlife however, this is not a key consideration when choosing a holiday destination. Generally, many importance factors for Indonesian respondents had a low association with Australia, which presents opportunities to build awareness.

Indonesian respondents who have visited Australia ranked it as number one for family friendliness and safety and security, compared to other out of region destinations. Given the importance placed on this attribute by Indonesian respondents, this presents future opportunities to improve upon their perception of Australia.

Indonesian respondents prefer experiences in Australia which include wildlife (both aquatic and non-aquatic), coastal or harbour settings and/or shopping. Compared to the average across other markets in the research, Indonesians differed by ranking shopping in their top preferences.

KEY TRAVEL PERIODS

For Indonesian travellers coming to Australia, the peak booking periods are May, August to September, and November. The Lebaran period (August to September) and December tend to be the peak travel periods. In 2013, Lebaran will be in early August.

Groups tend to travel during peak season when the major holidays such as school, Lebaran and Christmas occur. The lead time is three to four weeks prior to the peak season. FITs travel more during the off peak months and have a shorter lead time than group travellers.
Seasonality of Visitors from Indonesia

The graph below shows the seasonality of visitors from Indonesia to Australia.

![Seasonality Graph]

Variation from Monthly Average Arrivals

Source: Tourism Australia, Indonesia Market Profile 2013
DISTRIBUTION CHANNELS

According to the Tourism Australia Indonesia Market Profile 2013, while there are a number of channels available to Indonesian consumers for planning and booking travel, most consumers book through traditional retail travel agencies. The internet is primarily used as a research tool, with many Indonesian travellers not yet comfortable with booking online. Consumers generally purchase through travel agents, as they seek assurance that someone will take responsibility for their purchase should there be any issues.

The free independent travel (FIT) sector is also growing in the Indonesian market. There is a shift towards FIT travel, with many consumers still choosing to book flights through agents, but making fewer bookings for accommodation prior to departure.

There are two consumer segments in Indonesia. One segment is price driven and more inclined to switch travel agents to get a better deal. The other consists of affluent consumers who stay loyal to travel agencies who provide a customised service.

Jakarta is the main source market for Australia. The city has the highest concentration of people able to afford travel, as well as the best connectivity with both non-stop services and direct services to Australia.

Wholesalers/ Large Agents

Commission Level: Wholesalers will usually offer a net rate to agents

- 10 active wholesalers have developed their own packages to promote Australia
- Key wholesalers include: Avia Tour, Bayu Buana Travel, Dwidaya Tour, Golden Rama Express, Panen Tour, Panorama Tour, Rotama Tour, Smailing Tour, Wita Tour and Vaya Tour
- The travel trade in Indonesia continues to operate under the traditional retail system, although the larger retail agents often take on the role of wholesalers. These retail agents market their own programs with links to Inbound Tour Operators (ITOs), on selling to smaller agencies

Special Interest

- Best Tour is the only agent that handles school excursion tours and education travel, which is currently a small niche segment

Retail Agents

Commission Level: 10% to 15%

- Consortia operations are common in Indonesia, particularly for group travel as it helps to generate larger group sizes
- The two main consortiums are Holidays Wonders Consortium (Dwidaya Tour and Smailing Tour) and Our Holidays Consortium (Avia Tour, Bayu Buana Travel, Golden Rama Express and Wita Tour)

Aussie Specialists

- The Aussie Specialist Program is the primary platform for Tourism Australia to train and develop retail agents to sell Australia
- As at March 2013, there were 37 qualified Aussie Specialists in Indonesia and a further 43 agents in training

Inbound Tour Operators

Commission Level: ITOs will usually offer a net rate to agents.

- ITOs are still responsible for the vast majority of group holiday business into Australia, including incentive bookings from agents

Business Events

- Most retail agencies handle both leisure and Business Events in a highly competitive market. However, there are a few agencies that solely concentrate on incentive business
### Brochures and Rates

| Brochure Validity | - Due to price fluctuations throughout the year, agents generally do not publish prices in their annual brochures, with only suggested itineraries features. The latest prices are published on a new flyer when available and attached to brochures |
| Brochure Space Policy | - Generally, agents do not ask for contributions |
| Selling Rates | - The peak periods are:  
  - June and July  
  - August/September - at the end of Ramadan, which moves forward by 11 days each year (Lebaran period)  
  - Christmas holidays  
  - Off peak is January to May and October to November |
| Standard Rate Validity Periods | - Rates are valid from April to September and October to March, subject to peak periods. There is also a blackout period during Lebaran. In 2013, Lebaran will be in early August |

Source: Tourism Australia, Indonesia Market Profile 2013

### ONLINE MARKETING & SOCIAL MEDIA

According to findings from Tourism Australia’s Consumer Demand Research project, Indonesian respondents are very online savvy when it comes to researching online. Respondents would mostly use online sources to research a trip to Australia including general internet searches, government tourism websites and social networking.

Jakarta made headlines in 2012 when according to Paris-based social media agency Semiocast, the city was named the number one Twitter city in the world. Indonesia generated more Tweets than any other countries, with Indonesians sending out 15 tweets per second, reported Djohansyah Saleh, Head of Operations at Weber Shandwick Indonesia.

About only 22 per cent of Indonesians have access to the internet, however, mobile phone penetration is projected to exceed 100 per cent by 2015 (so every Indonesian has at least one phone). With a prevalence of low-cost web-enabled phone plan options, Saleh argues that the potential for social media is perhaps greater in Indonesia than any other country in the world with 95.7 per cent of Indonesian netizens using social media.

This rate outpaces neighbours in Singapore and Malaysia, as well as India. China is a more difficult comparison, given the preference for local platforms. In addition to Twitter, Facebook is also incredibly popular and Indonesia is Facebook’s fourth most active country in the world.

### Online Distribution

- A large percentage of the free independent travel segment (FIT) use the internet to search for information on holiday destinations. However, the majority of consumers book through travel agents.
- Likewise, the internet is primarily used by travel agencies as a source of information and communication; not for making bookings. Agents generally prefer to make reservations via traditional Computer Reservation Systems, wholesalers and Inbound Tour Operators.
- Recently, airlines have increased their emphasis on internet bookings.
ENGAGING WITH THE INDONESIAN MARKET

The following section contains information about how to work with the Indonesian market from a business perspective, including business etiquette.
INTRODUCTIONS & BUSINESS CULTURE

Business is personal in Indonesia so spend time through communication to build a strong relationship. Dealing with someone face-to-face is the only effective way of doing business.

Meeting people

When meeting someone, be it for the first time ever or just the first time that day, it is common to shake hands - just a light touching of the palms, often followed by bringing your hand to your chest.

Meetings often start and end with everybody shaking hands with everybody. However, don’t try to shake hands with a Muslim woman unless she offers her hand first. It is respectful to bend slightly (not a complete bow) when greeting someone older or in a position of authority.

Business cards

- Business cards are normally exchanged after the initial handshake and greeting
- Business cards should display your title. This helps enhance your image and credibility
- Although not required, having one side of your card printed in Bahasa shows respect
- Give/accept cards using two hands or the right hand
- Examine a business card you receive before putting it on the table next to you or in a business card case
- It is important to treat business cards with respect

Business meetings

- Initial meetings may be more about getting-to-know-you rather than business. Do not be surprised if business is not even discussed
- It is common for Indonesians to enter the meeting room according to rank. Although you do not have to do this, doing so would give a good impression
- Indonesians do not make hasty decisions because they might be viewed as not having given the matter sufficient consideration. Be prepared to exercise patience
- ‘Jam Karet’ (rubber time) describes the Indonesian approach to time. Things are not rushed as the attitude is that everything has its time and place. Time does not bring money, good relations and harmony do
- If negotiating, avoid pressure tactics as they are likely to backfire

Attire

- Business attire is generally conservative
- Women should dress conservatively ensuring that they are well covered from ankle to neck. Tight fitting clothes are best avoided
- Remember it is hot, so cotton or at least light clothing is best
Gift giving

Gift giving etiquette in Indonesia heavily depends on the ethnicity of the receiver. Here are some general guidelines for gift giving:

**Gift giving etiquette for ethnic Malays / Muslims:**

- In Islam alcohol is forbidden. Only give alcohol if you know the recipient will appreciate it
- Any food substance should be ‘halal’ – things that are not halal include anything with alcoholic ingredients or anything with pork derivatives such as gelatine. Halal meat means the animal has been slaughtered according to Islamic principles
- Offer gifts with the right hand only
- Gifts are not opened when received

**Gift giving etiquette for the Chinese:**

- It is considered polite to verbally refuse a gift before accepting it. This shows that the recipient is not greedy
- Items to avoid include scissors, knives or other cutting utensils as they indicate that you want to sever the relationship
- Elaborate wrapping is expected – gold and red are considered auspicious
- Gifts are not opened when received

**Gift giving etiquette for ethnic Indians:**

- Offer gifts with the right hand only
- Wrap gifts in red, yellow or green paper or other bright colors as these bring good fortune
- Do not give leather products to a Hindu
- Do not give alcohol unless you are certain the recipient imbibes
- Gifts are not opened when received
TIPS FOR WORKING WITH THE INDONESIAN MARKET

The following section contains some guidelines on business etiquette when working with the Indonesian market, as suggested by Austrade. Also, below are some key public holidays to keep in mind when planning a trip or working with Indonesians.

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1</td>
<td>New Year's Day</td>
</tr>
<tr>
<td>May 3</td>
<td>Birthday of Prophet Muhammad SAW</td>
</tr>
<tr>
<td>June 3</td>
<td>Waisak Day</td>
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<tr>
<td>August 17</td>
<td>Indonesian Independence Day</td>
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<tr>
<td>September 13</td>
<td>Ascension of Prophet Muhammad S.A.W</td>
</tr>
<tr>
<td>December 25</td>
<td>Christmas Day</td>
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</tbody>
</table>

Business Etiquette

- Indonesians, especially the Javanese, consider outward displays of respect very important.
- Decision making frequently occurs through consensus. To attempt to force a decision will often have an adverse effect on negotiations.
- Guests may also arrive late due to traffic. RSVPs are frequently not answered, but this does not imply the guest will not come. In fact, for some invitations, you may find guests turn up with one or more friends unannounced.
- Indonesians will frequently not ask for clarification if unsure of a matter. Often they will respond with what they believe you want to hear. Moreover, ‘Yes’ can simply mean, ‘Yes, I hear you’ and not ‘Yes, I agree’. Ensure that the message has been fully understood.
- Always have plenty of business cards, and treat other peoples’ cards with respect when they are handed to you. Never give or offer your business card (or any items) with your left hand.
- Invitations to business functions often state lounge suit/batik. Long-sleeved batik shirts are regarded as formal wear, (i.e. equivalent to a dark business suit) and are frequently worn by both Indonesians and resident businessmen in Jakarta. Trousers, shirts and ties are common business attire. Women’s business clothing is becoming more dressy. Avoid wearing revealing clothing such as sleeveless shirts or shorts.
- When presented with tea or coffee, always wait for your host or hostess to drink first. It is also considered polite to at least sample the food or drink offered. In a meeting, refreshments are frequently not touched till the end.
- In business, the exchange of gifts is not widely practised.
- Forms of address - when formally addressing letters to Indonesians all names should be written in full. With titles included in conversation the same name is often used in both formal and informal contexts, eg. ‘Mr Sudjana Santosa’ or ‘Mr Sudjana’ (use only the given name), but as friendship develops, ‘Sudjana’ would be acceptable.
- The titles ‘Drs’ (male) and ‘Dra’ (female) indicate a university graduate in social sciences or arts. The title ‘Ir’ indicates a graduate in engineering/technical sciences. ‘DR’ is a PhD and ‘Dr’ is a medical graduate.
Making Sales Calls

Tourism Australia has provided the following top tips for sales calls to Indonesia:

- Avoid sales calls in the peak June and July school holiday season, Lebaran and Christmas holidays
- The best time for sales calls is January to April and October to November
- Trust and relationship management is important in the Indonesian market as it helps to build loyalty
- The key market for sales calls is Jakarta. Due to heavy traffic conditions, a realistic program is five to six sales calls a day
- Plan and combine visits that are in the same geographical area so you can maximise the number of sales calls and minimise commuting times

Local community in Australia

You may wish to familiarise yourself with the local Indonesian community, who might be able to give you an idea of the international market and the types of products they are after. The international student market can also be valuable, as this may mean potential business through the Visiting Friends and Relatives segment.

According to the Department of Immigration and Border Protection, Australia is the number one destination for Indonesians studying abroad, making it a major provider of overseas students to Australia. It consistently ranks among the top 10 source countries of international students and was the eighth largest provider of overseas students to Australia in 2011–12.

Indonesia and Australia enjoy a strong education relationship. The Department of Foreign Affairs and Trade states that more than 15,000 Indonesian students are currently enrolled in Australian institutions, delivering close to $500 million annually to the Australian economy.

The following statistics from the Department of Immigration and Border Protection country profile outline the Indonesian community presence in Australia.

At the end of June 2011, 73,940 Indonesian-born people were living in Australia, 25 per cent more than 30 June 2006. This is the 19th largest migrant community in Australia - equivalent to 1.2 per cent of Australia’s overseas-born population and 0.3 per cent of Australia’s total population.

Australia is the most popular tertiary study destination for international students originating from Indonesia. In 2010, 24 per cent of all Indonesian international tertiary students chose Australia ahead of the United States of America and Germany. Indonesia has consistently ranked in Australia’s top 10 source countries for international students, and is currently ranked the eighth largest source country by international student visas granted.

In 2011–12, total student visa grants increased for the first time since 2008–09, with a 1.0 per cent increase. However, demand is sluggish and 253,047 visas were issued in 2011–12, 21 per cent down on 2008–09 levels.

At 30 June 2012, 11,670 Indonesian student visa holders were in Australia representing 3.8 per cent of all international students in the country.
USEFUL CONTACTS

For more information about the Indonesian market, you may wish to view the following resources:

**Austrade**

Doing business in Indonesia –


**Department of Foreign Affairs and Trade**


**Department of Immigration and Border Protection**


**Tourism Australia**


**Additional Resources**

**International Visitors in Australia, Tourism Research Australia**

The IVS samples 40,000 short-term international visitors (aged 15 years and over) annually. Face-to-face interviews are held with departing visitors at the major international airports around Australia, and include questions on: country of residence, expenditure, demographics, purpose of visit, transport, accommodation, activities, repeat visitation, group tours, travel party, information sources, and places visited.
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