SPOTLIGHT ON INDONESIA

UNDERSTANDING THE CONSUMER PERSPECTIVE ON DATA PRIVACY IN SOUTHEAST ASIA

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FOREWORD

The Interactive Advertising Bureau Southeast Asia and India (IAB SEA+India) Regional Board wanted to understand more about what consumers understand, or think they understand, about online privacy. Where there is a plethora of information available about what the digital advertising sector is doing - or needs to be doing - to ensure consumers' data is kept secure, there is little recent data about online privacy from a consumer perspective.

This survey was answered by more than eight thousand consumers in Singapore, Indonesia, Malaysia, Thailand, Vietnam and the Philippines. Just over 1250 respondents were from Indonesia, and the survey questions were translated into Bahasa to increase reach and ensure additional accuracy in understanding the questions and in providing the answers.

The results show regional consistencies and a few discrepancies between countries as to their level of understanding of how their information is used by companies; and what they, the consumer, can do to protect their online data. It also reveals how consumers feel about access to free content in exchange for their personal information, and their attitudes to paying for advertising-free online content.

As you read this report you may find there are variances in the statistics quoted. This is because multiple at-source references were used.

We hope that you find this research report of help. If you have any questions or would like further information about this research, please contact us at hello@iabseaindia.com

Miranda Dimopoulos

Regional CEO
IAB SEA+India

METHODOLOGY

1. Questions were devised by a special projects group of the IAB SEA + India Regional Board

2. Surveys were created in four languages -
   a. English (99% of responses were from Singapore, Malaysia and the Philippines)
   b. Bahasa Indonesia
   c. Thai
   d. Vietnamese

3. Surveys distributed by the IAB SEA+India, the Carousell Media Group, and GrabAds to their databases across Singapore, Malaysia, Indonesia, India, Philippines, Vietnam and Thailand

4. The survey was conducted from mid-July to mid-August 2022

5. It was voluntary to answer each question

6. Age groups ranged from 18 years old up to 75 years or older, categorised into two main groups - 34 years and under; and 35 years and over

7. Additional research was done by IAB SEA+India Research Team to provide context and background to this survey and to analyse the results.

Indonesia

8. The main body of respondents (67%) was in the age group of 18-34 years so younger respondents dominate the sample

9. 59% of respondents were female

10. According to the survey tool, the typical timeframe to complete the questionnaire was between 2 minutes 30 seconds to 4 minutes 15 seconds

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KEY POINTS OF INTEREST
FROM THIS SURVEY

92% respondents say they fully understand, or think they understand what data privacy means, and how to protect their privacy when online

61% say they know or think they know what Internet cookies do, what happens when they accept cookies, and when cookies are, or are not being used when browsing websites

41% of respondents are willing to pay to access online content if it means not seeing advertisements

20% more respondents aged over 35 years are willing to pay for advertising-free content

47% are willing to enter an email address in order to access free content

65% would like to receive a verification code when they log on to a website

80% of respondents would prefer to have a single login that they can use to access any website

54% have paid for subscriptions to channels that provide digital content, behind Vietnam (56%), Thailand (57%) and Singapore/Malaysia/ Philippines (72%)

52% say they are fully aware or think they are aware of changes to internet cookies in the future

Gender differences

For some questions there was little difference between the responses of men and women. However, the following responses had more than 5% in the variances:

- More men (46%) than women (38%) are willing to pay for advertising-free online content

- More men (52%) than women (46%) are willing to enter an email into a website to access free online content

- More men (67%) than women (58%) say they fully understand what data privacy means

- More men (63%) than women (57%) say they fully understand how to protect their privacy when online

- Significantly more men (44%) than women (24%) say they fully understand what internet cookies do

- More than double the number of men (43%) to women (20%) say they fully understand when internet cookies are or are not being used

- More men (54%) than women (40%) say they fully understand that they receive advertisements for products and services based on what they view online

- More men (47%) than women (26%) say they fully understand what happens when they accept cookies when browsing websites

- Nearly double the number of men (36%) than women (19%) say they are fully aware of changes to internet cookies in the future

- More men (49%) than women (39%) say they fully understand that they will see advertisements online in exchange for access to free content.

BACKGROUND

Population and Economy

The Republic of Indonesia is the largest economy in Southeast Asia. Its annual GDP as at June 2022 was USD1,186 billion, growing 5.44% year on year in Q2 2022. In Statistics Indonesia's last census, the September 2020 population stood at 270.2 million people, the world's fourth most populous country. Statistics Indonesia estimates that as of July 2022 the population has increased to 275.7 million. Around 58% of the population live in urban centres while the remaining 42% live in rural areas.

The majority of Indonesia's population is young, with more than 40% aged under 24 years, and 85% aged under 55 years. According to the OECD, in 2021, 19% of Indonesians aged between 25-34 years had a tertiary qualification, compared to an average of 47% across OECD countries.

Internet Penetration

According to Statista, Indonesia has the world's fourth largest digital population. A survey for Q1 2021-2022 by the Indonesian Internet Providers Association revealed that 220 million people - 81% of the population - are internet users. Mobile devices account

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for 78% of Internet connections, the remaining 12% via wi-fi. Unsurprisingly then, mobile devices are the preferred way for online shoppers in Indonesia to carry out eCommerce transactions. One study found that 79% of people aged 16 to 64 had made at least one online transaction using a smartphone; and 83% accessed the news via their smartphones. The median mobile internet speed in Indonesia at 16.52 megabits per second (Mbps) is slower than the Philippines (19.26 Mbps), Malaysia (29.36 Mbps), Thailand (33.68 Mbps) and Singapore (64.01 Mbps).

However, 26% of Indonesians are still not connected to the internet because of the urban-rural connectivity divide. According to the Center for Indonesian Policy Studies, more than 12,500 villages and 104,000 schools across Indonesia do not have Internet access. At the same time Indonesia's digital literacy rates are relatively low in terms of education and preparedness to use the internet. The Ministry of Communications and Information's Digital Literacy Index scores Indonesia at 3.49 on a scale of 1 to 5, with the digital safety indicator receiving the lowest mark.

The Digital Economy

Indonesia's national digital transformation framework offers a plan for economic development, following the example set by China, Singapore and Estonia. While online retailing is dominated by local marketplaces including Tokopedia.com, Bukalapak.com and Blibli.com, nearly half of the eCommerce market is run by players such as Shopee and Lazada. However, a report by the International Trade Association notes that local sites Tiket.com and Traveloka.com are major travel platforms and there is rapid growth in startup online marketplaces such as ralali.com and Bizzy.com.

Indonesia is seen as the next big market for online video as it has a young population and a growing economy. While YouTube, TikTok and Instagram are thriving there, Indonesia's own home-grown premium streaming service, Vidio, is more popular than Netflix and Disney+ in terms of consumption, with its focus on local originals and live sports to acquire and retain customers.

On the flip side, as Indonesia's digital economy matures, the risk of cybersecurity threats increases. It is reported that cyberattacks in Indonesia are becoming more frequent, with more than 11.8 million cyberattacks in the first quarter of 2022, a 22% increase from the same period in 2021. In September 2021 the President of Indonesia's covid vaccine records were illegally accessed and leaked causing citizens to be concerned about the safety of their own data. These, and many other examples of cybersecurity breaches led to fast-tracking the Personal Data Protection Bill.

Personal Data Protection Bill

Until September 2022 there was no one law covering data privacy. On 20 September 2022 the Indonesian House of Representatives passed the long-awaited Personal Data Protection Bill now enacted into the PDP Act. Existing laws with personal data protection rules will come under its provisions, and organisations subject to the Act will have two years to comply with its requirements.

It is the first comprehensive law in Indonesia that governs personal data protection in both electronic and non-electronic systems. However, some think the provisions remain normative rather than regulatory, requiring the implementation of regulations to give the new law practical application.

As it stands, individuals can be jailed for up to six years for falsifying personal data for personal gain, or up to five years for illegally gathering personal data. Users are entitled to compensation for data breaches and can withdraw their consent to use their data. Corporates can be fined 2% of their annual revenue and have their assets confiscated. However, there are some exemptions, for example, *law enforcement interests and public interest in the context of state administration* for which no further explanations are provided.

Free To Air vs Pay Per View

According to the Asia Video Industry Association (AVIA) Indonesia leads the Southeast Asia market with 7% annual growth in video, and both SVOD and AVOD sectors are predicted to grow at more than 20% between 2021-2026. It says there are 66 million viewers in Indonesia consuming 3 billion hours of Over The Top (OTT) content every month. SVOD has grown by more than 50% from 2020 to 2021 while digital advertising grew by 33% over the same period.

A study by The Trade Desk in early 2022 revealed that nearly one in three Indonesians now stream OTT with more than 50 million viewers who watch ad-supported OTT, a 25% increase from the previous year. The study shows that Indonesians are the most ad-tolerant market in Southeast Asia, with 42% willing to watch four or more ads for each hour of free content.

The gap between OTT and traditional TV for watching favourite shows is gradually narrowing from 13% to 22% over one year, led by Gen Zs (27%). The study reveals that 51% of OTT viewers are Gen Zs or young Millennials aged between 16-34 years who consume more than four hours of OTT content per day. Korean content is the favoured genre in Indonesia particularly with female viewers.

However, Free to Air remains the favoured viewing platform with RCTI the most watched channel.

In a report issued in June 2022 by the Reuters Institute University of Oxford, 68% of Indonesians access news via social platforms, a 4% increase from the previous year.
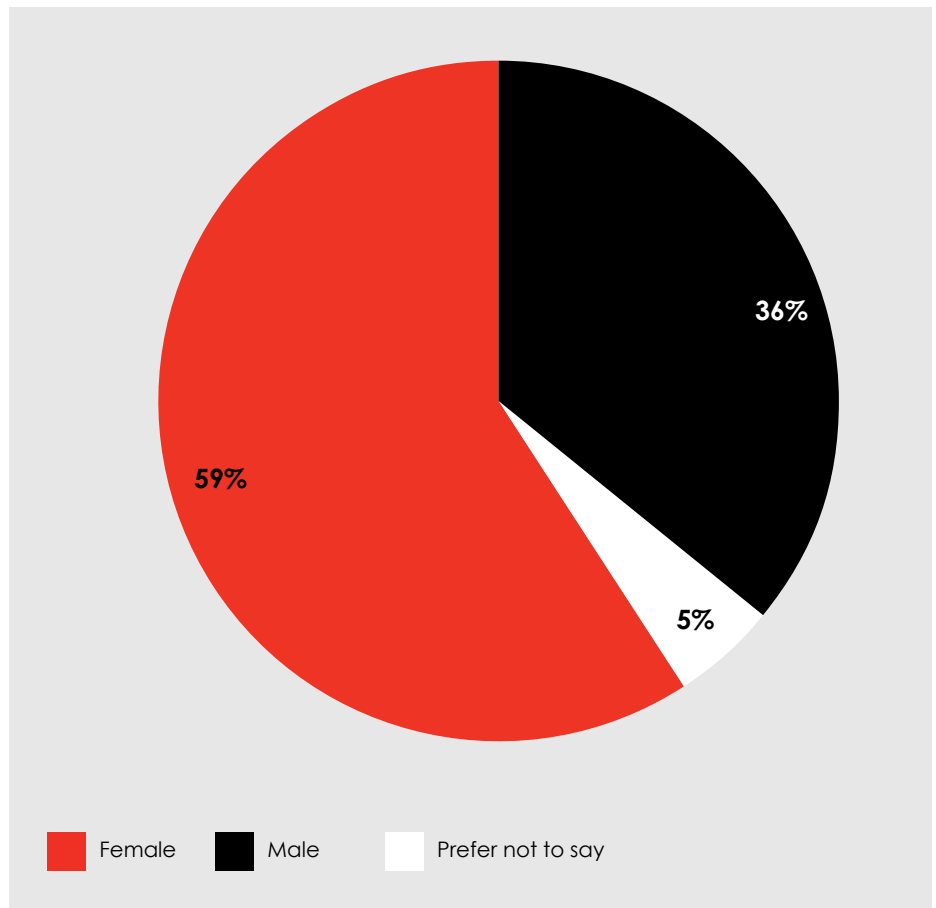
SURVEY RESULTS:
INDONESIA

Gender Profile

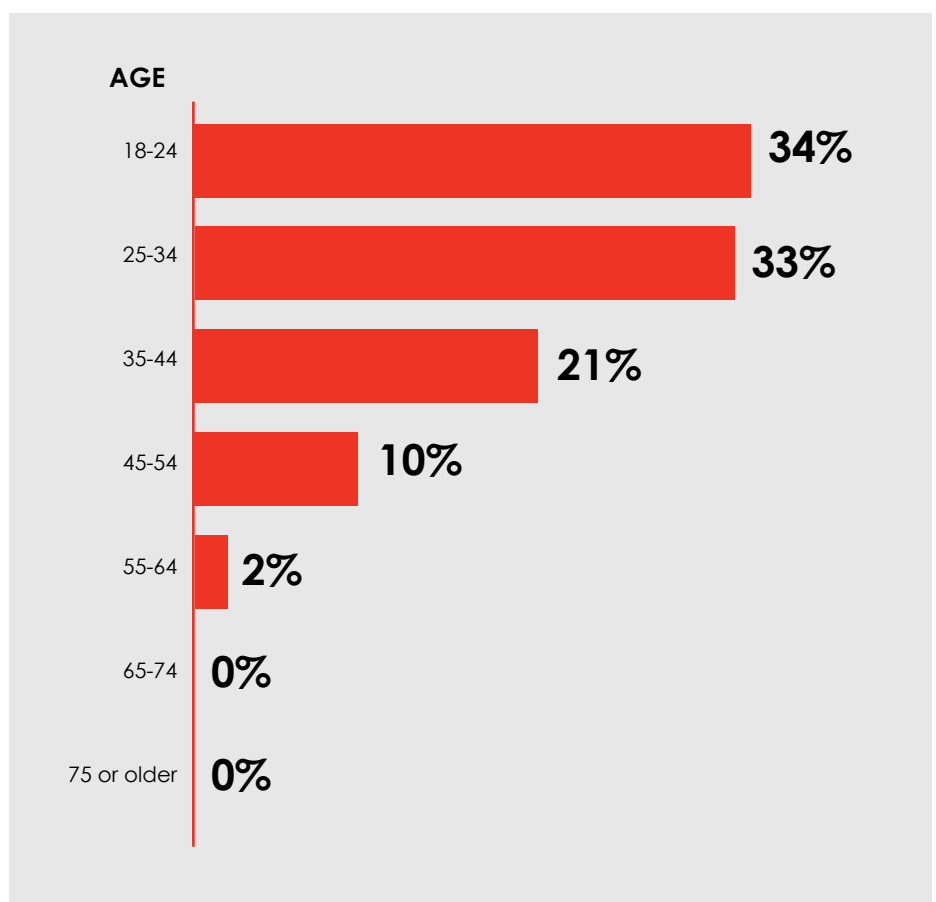Six out of 10 respondents were female (59%), more than the proportion (49%) reflected in the 2020 census data.

36%

59%

5%
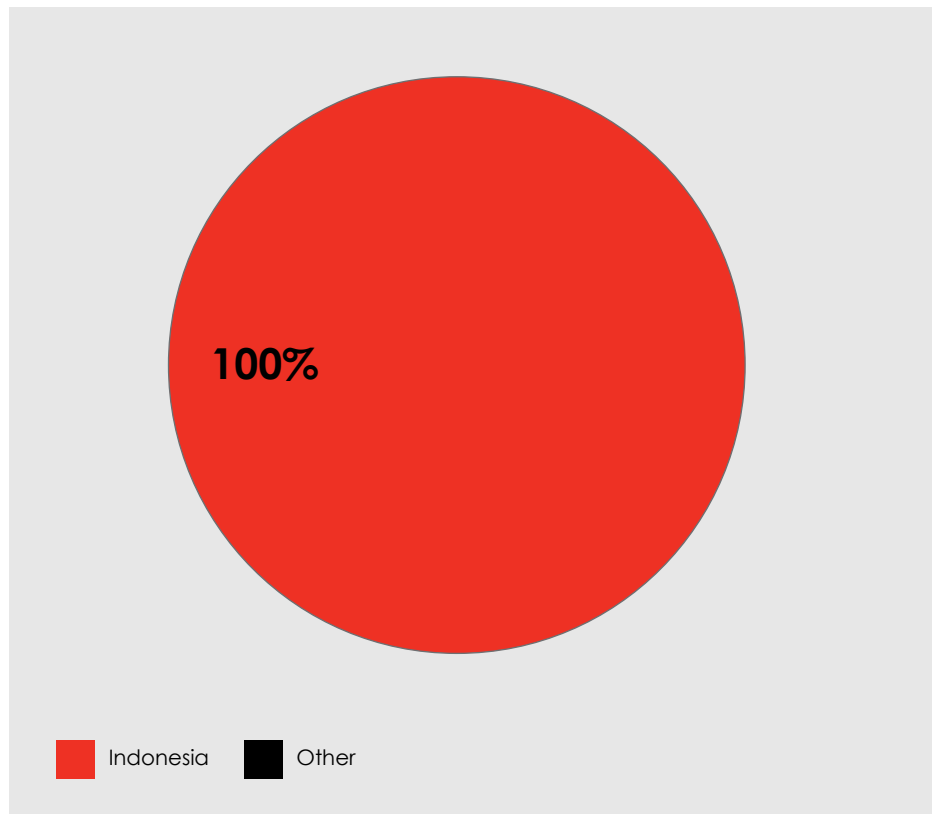
■ Female   ■ Male   □ Prefer not to say

Age Group

Most respondents (67%) are aged 18 to 34 years. The September 2020 census showed that the Indonesian population is dominated by Generation Z (28%) and Millenials (26%).


AGE

18-24	**34%**
25-34	**33%**
35-44	**21%**
45-54	**10%**
55-64	**2%**
65-74	**0%**
75 or older	**0%**

Where respondents live

As all but six respondents live in Indonesia.

100%

Indonesia   Other

Willingness to login to a website if it means fewer, more relevant advertisements

Just under half of respondents (49%) are willing to provide login details to a website in return for receiving fewer, more relevant advertisements. There was little variance by gender to this question.


Yes   **49%**

No   **51%**

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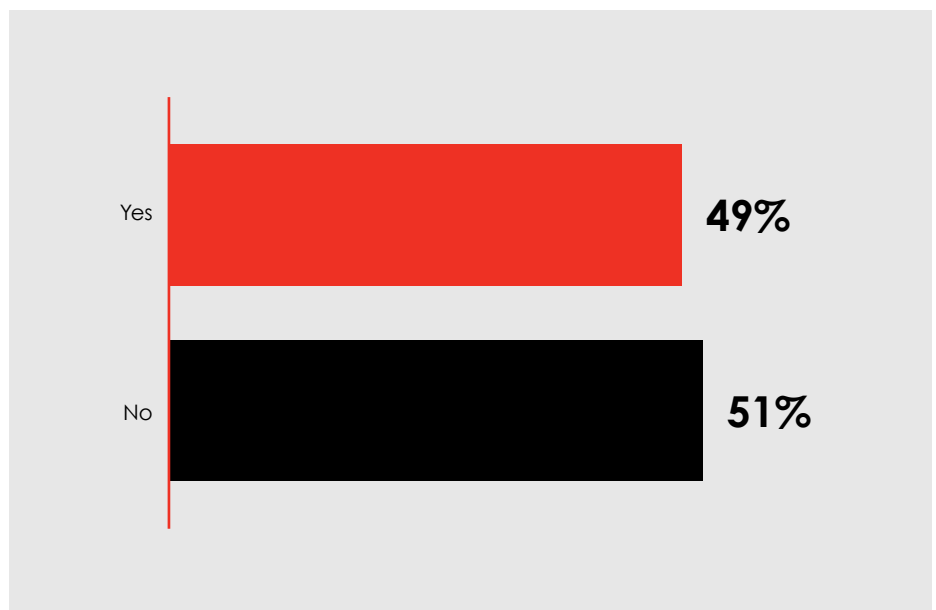
This is evenly spread across both age groups and by those who say they understand, or think they understand what data privacy means.

By Age Group: Willingness to login to a website with fewer, more relevant ads

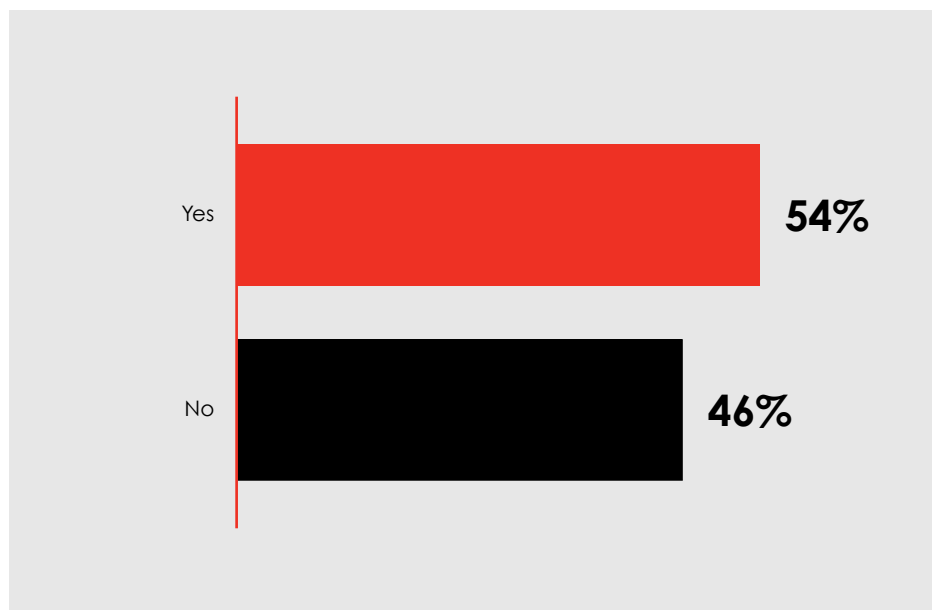|	
Under 34 years	**50%**
Over 35 years	**50%**

And an even spread of respondents who say they understand, or think they understand what data privacy means and those who do not.

Filtered by I understand, or think I understand what data privacy means

Yes	**50%**
No	**50%**
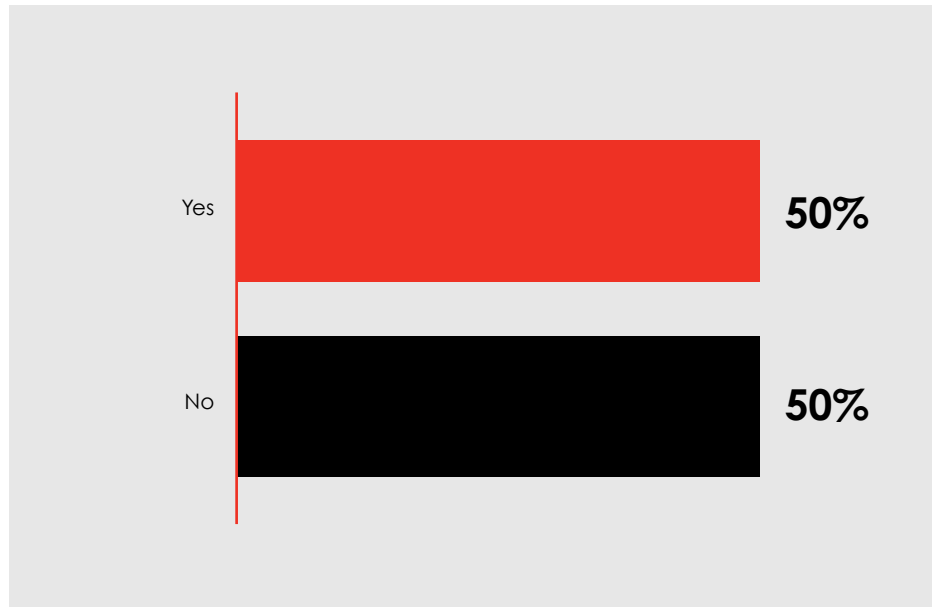
When filtered by respondents who say they understand, or think they understand what cookies do, just over half (54%) are willing to login to a website if it means fewer, more relevant advertisements

Filtered by I understand, or think I understand what cookies do

|	
Yes	**54%**
No	**46%**

Willingness to pay to access online content if it means not seeing online advertisements

Four out of 10 respondents (41%) are willing to pay for content in order to stop seeing online advertisements. Most respondents willing to pay for content (59%) are over 35 years. More men (46%) than women (38%) are willing to pay for ad-free online content.

Willingness to pay to access online content if it means not seeing online advertisements

Yes	41%
No	59%

Under 34 years	41%
Over 35 years	59%

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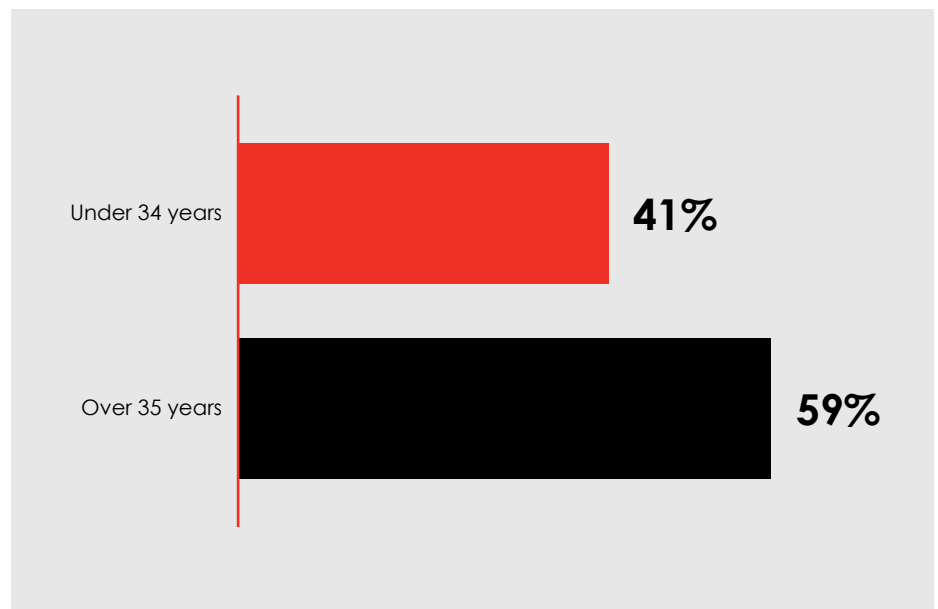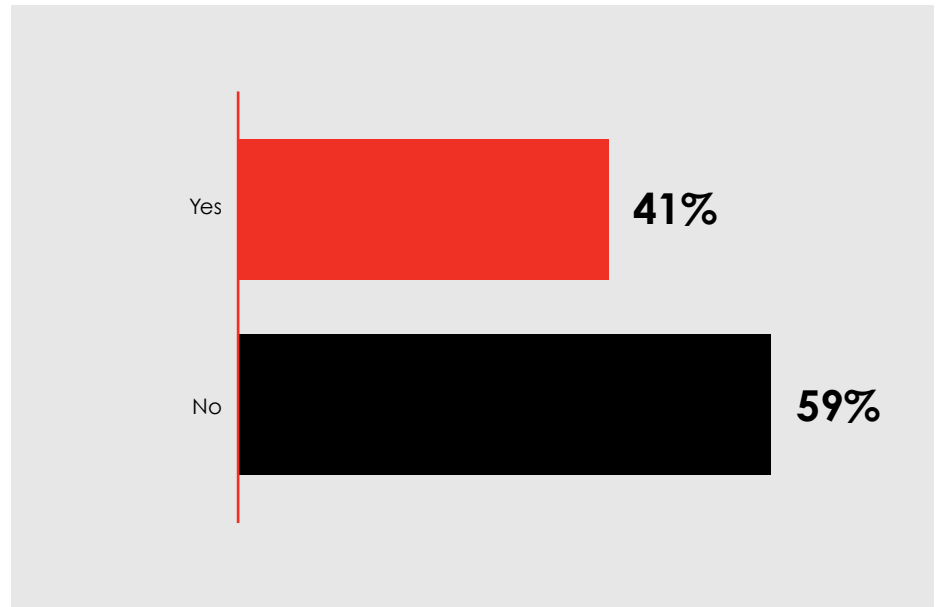
This proportion of respondents remains the same between those who say they understand, or think they understand what data privacy means.

Filtered by I understand, or think I understand what data privacy means
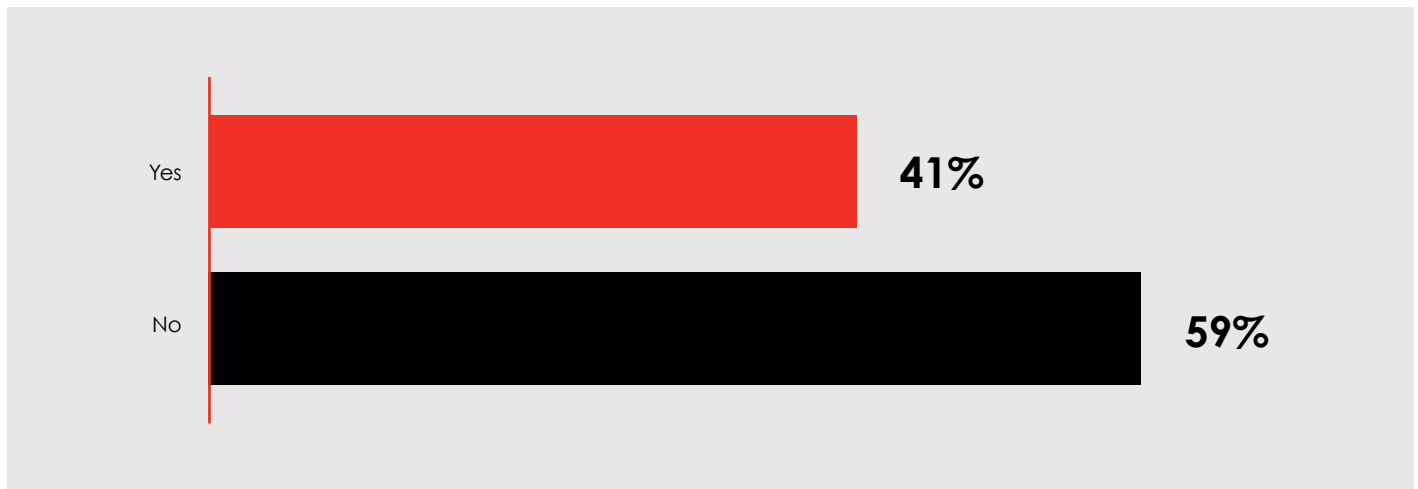
When filtering this question by respondents who say they understand, or think they understand what cookies do, this increases to 45% of respondents who are willing to pay to access advertising-free content.
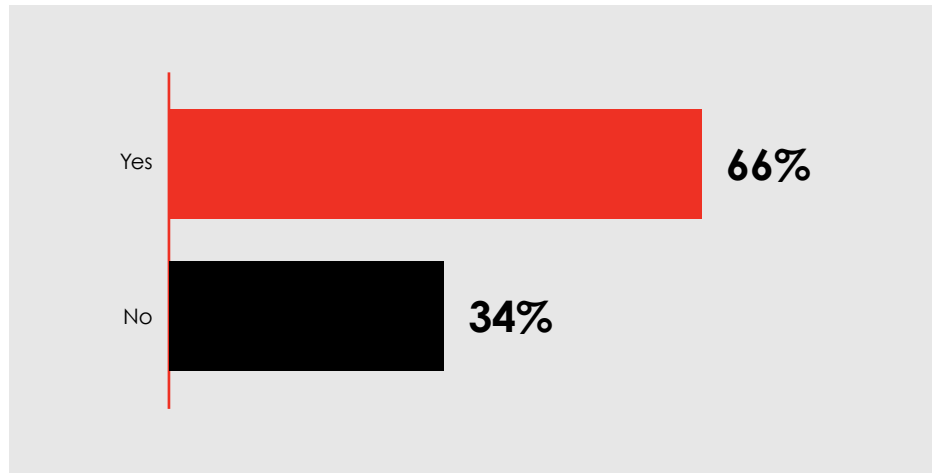
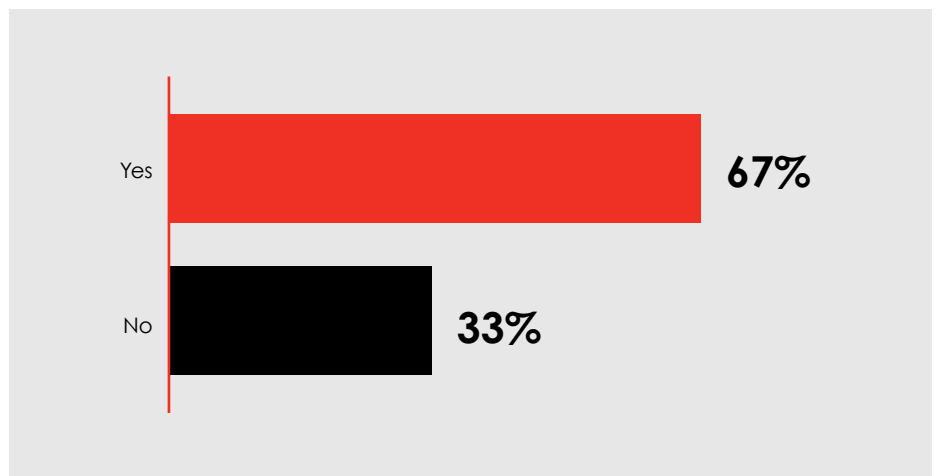## Filtered by I understand, or think I understand what cookies do

Willingness to share information about interests in return for free content

Two-thirds of respondents (66%) would share information about their interests in return for free content. This increases marginally to 67% for respondents who understand, or think they understand what data privacy means; and 69% for what cookies do. No variance between gender responses to this question.
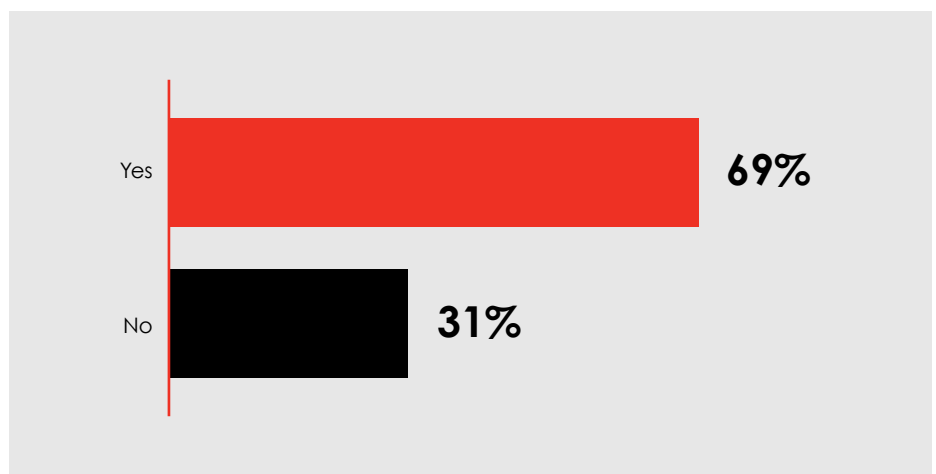
Willingness to share information about interests in return for free content

Yes	66%
No	34%

Filtered by I understand, or think I understand, what data privacy means and what cookies do

Yes	67%
No	33%

Filtered by I understand, or think I understand, what cookies do

Yes	69%
No	31%

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Respondents who have paid for subscriptions for digital content such as Netflix, Spotify, newspapers, sports

Just over half of respondents (54%) have paid for subscriptions to channels that provide digital content, and 54% are aged under 34 years. No variance between gender responses to this question.
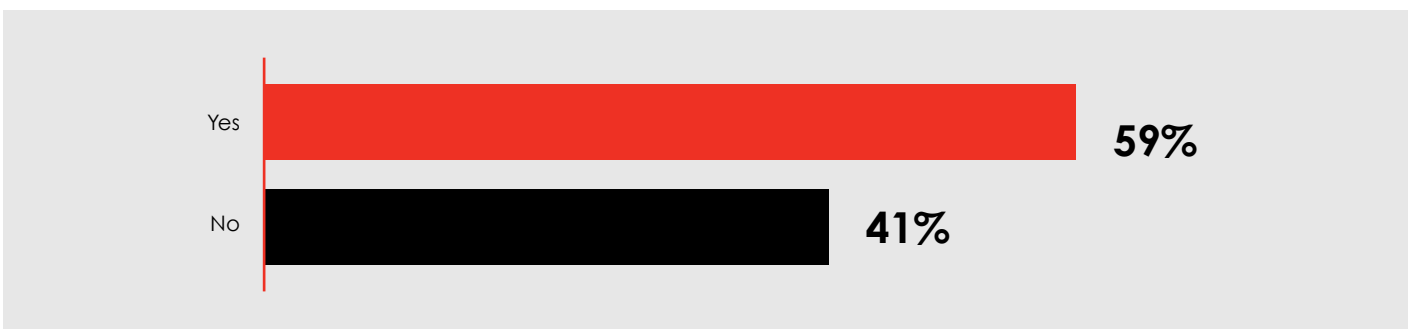

Yes · **No**

54% · 46%
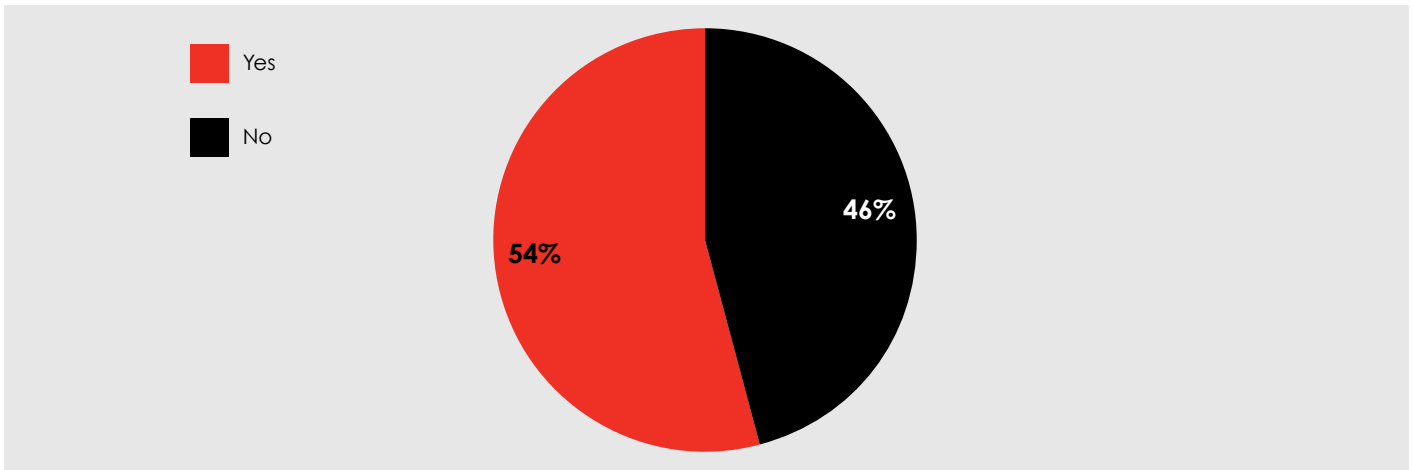
56% of respondents who answered Yes to this question also understand, or think they understand what privacy means; and 59% say they understand or think they understand what cookies do.

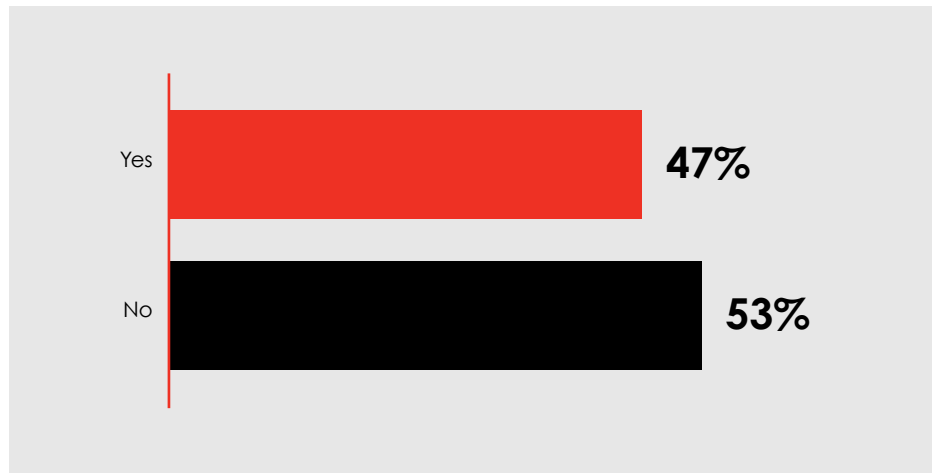## Filtered by I understand, or think I understand what privacy means

Yes **56%**
No **44%**

Filtered by I understand, or think I understand what cookies do


Yes **59%**
No **41%**

Respondents willing to enter an email address into website for access to free online content

Less than half of respondents (47%) are willing to enter their email address into a website if it gives them access to free online content. Of those who answered yes to this question, 48% say they understand or think they understand what data privacy means; and 52% say they understand or think they understand what cookies do. More men (52%) than women (46%) are prepared to do this.
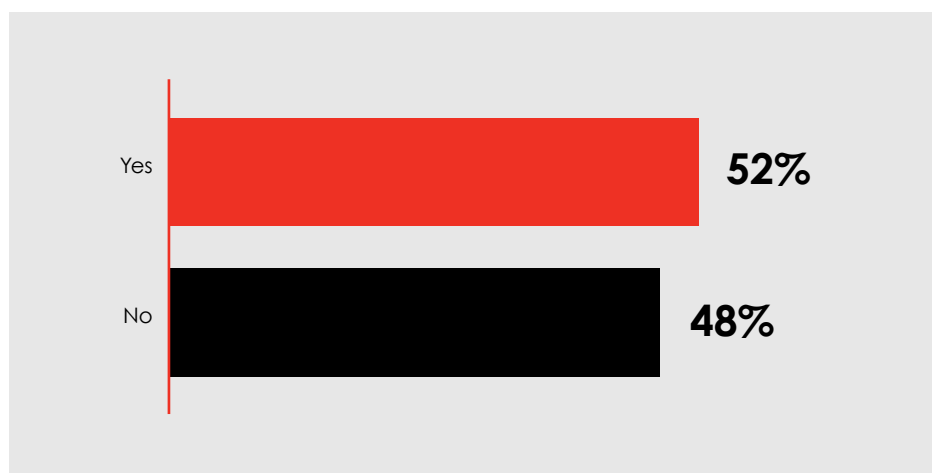
Respondents willing to enter an email address into website to access free online content

Yes	47%
No	53%

Filtered by I understand, or think I understand, what data privacy means

Yes	48%
No	52%

Filtered by I understand, or think I understand what cookies do

Yes	52%
No	48%

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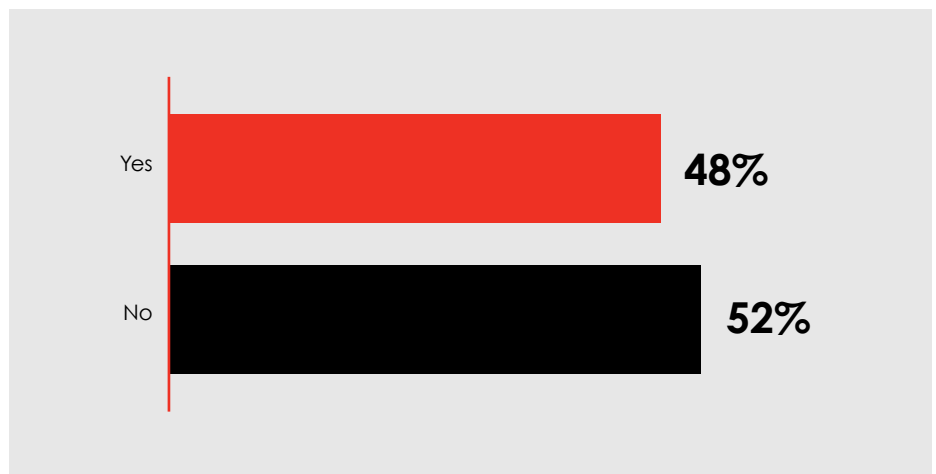
Respondents who would prefer to log in to a website using their mobile phone number instead of their email address

Four out of 10 respondents (43%) would log in to a website using their mobile phone instead of an email address. Most of these (58%) are aged 35 years and over. 42% of respondents say they understand or think they understand what data privacy means and what cookies do (43%). No variance between gender responses to this question.

Respondents preferring to log in to a website using their mobile phone number instead of their email address

Yes	43%
No	57%

By Age Group: Willingness to login to a website using mobile phone number

Under 34 years	42%
Over 35 years	58%

Filtered by I understand, or think I understand, what data privacy means

Yes	42%
No	58%

Filtered by I understand, or think I understand what cookies do

|	
Yes	43%
No	57%

Preference to receive a verification code when logging in to a website

Most respondents (65%) want to receive a verification code when they log in to a website, six out of 10 of whom (62%) are aged under 34 years. Two-thirds (66%) say they understand, or think they understand what data privacy means and what cookies do. No variance between gender responses to this question.
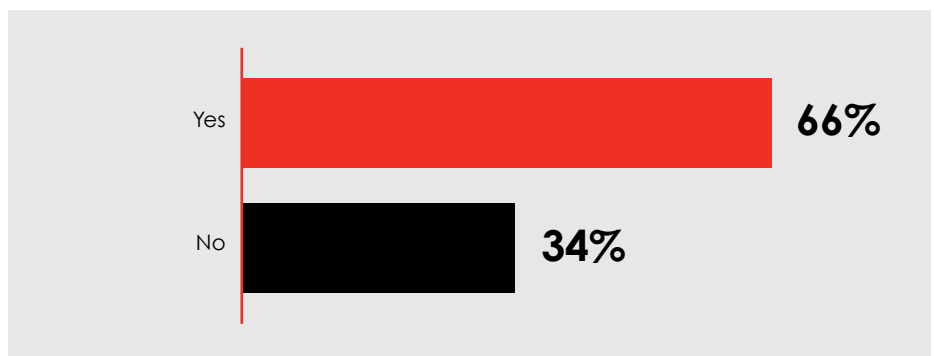
**Respondents preferring to receive a verification code when logging in to a website**

Yes **65%**

No **35%**
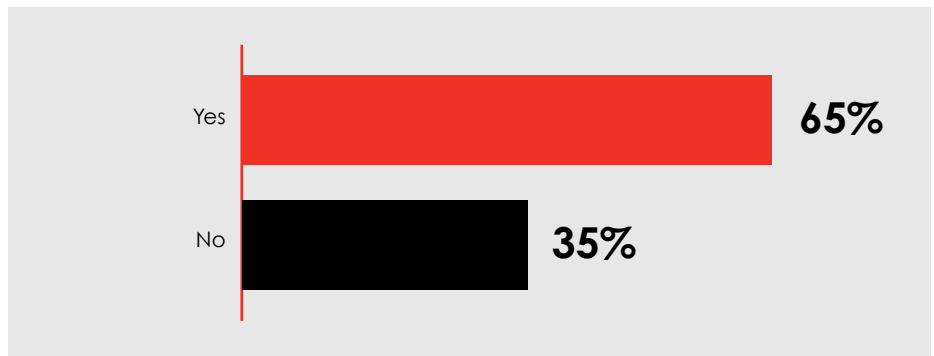
By Age Group: Prefer to receive verification code when logging to a website
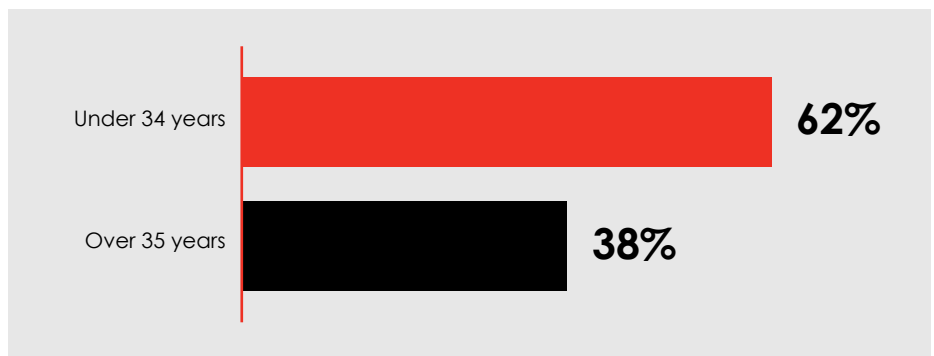
Under 34 years **62%**

Over 35 years **38%**

Filtered by I understand, or think I understand, what data privacy means

Yes **66%**

No **34%**

Filtered by I understand, or think I understand what cookies do

Yes **66%**

No **34%**

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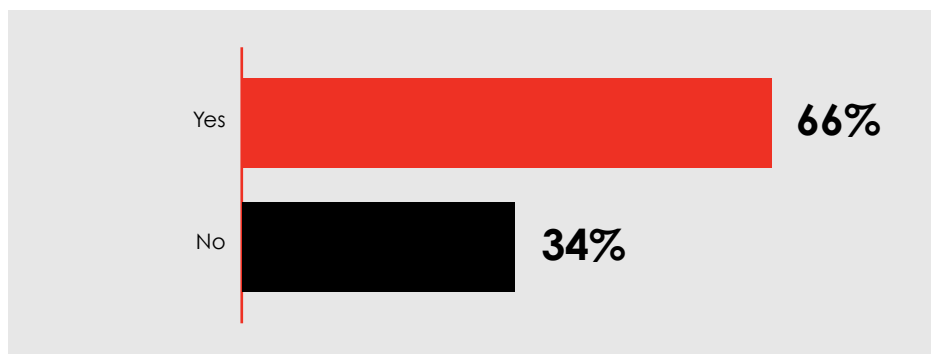
Single login to access any website

Eight out of 10 respondents (80%) would prefer to have a single login that they can use to access any website, rather than creating logins for each website separately. Eight out of 10 (80%) are aged under 34 years; 81% say they understand, or think they understand what data privacy means and what cookies do. No variance between gender responses to this question.
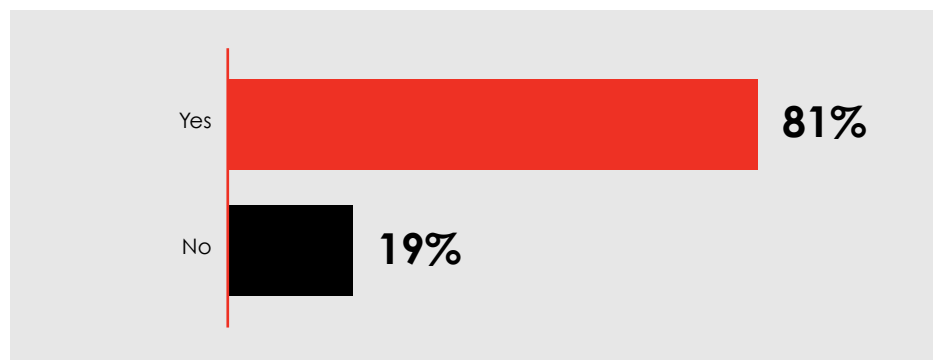
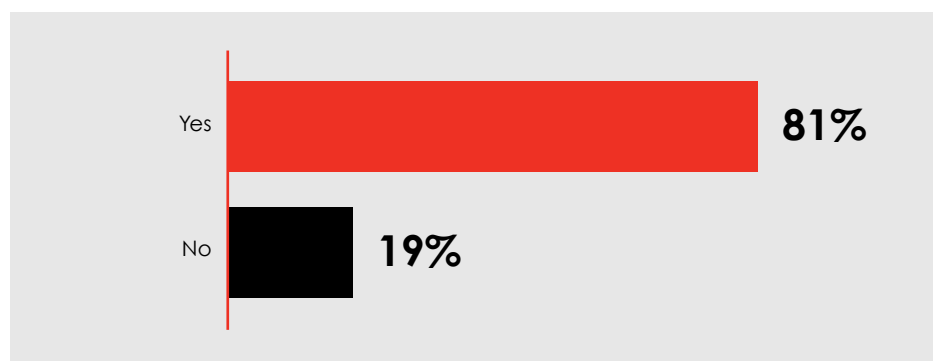### Single login to access any website

Yes	**80%**
No	**20%**
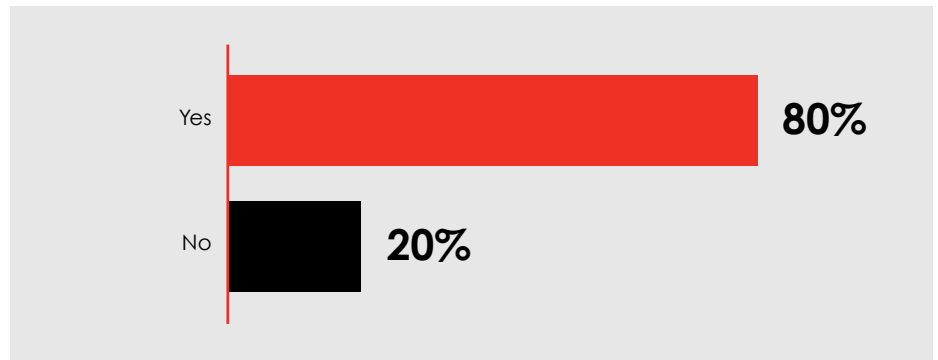
By Age Group: Prefer single login across any website
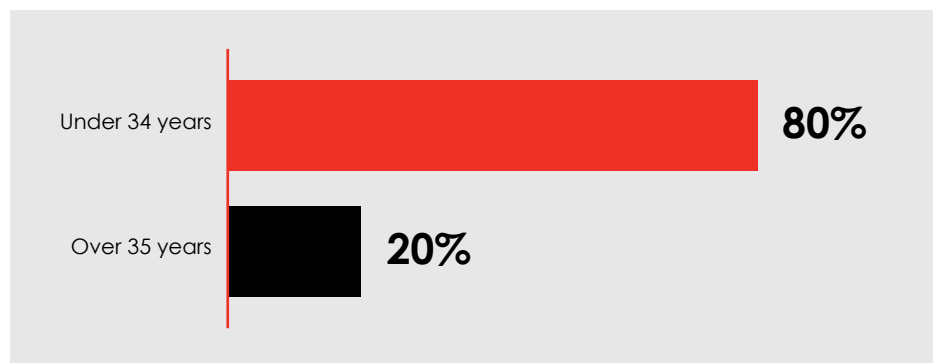
Under 34 years	**80%**
Over 35 years	**20%**

Filtered by I understand, or think I understand, what data privacy means

Yes	**81%**
No	**19%**

Filtered by I understand, or think I understand what cookies do

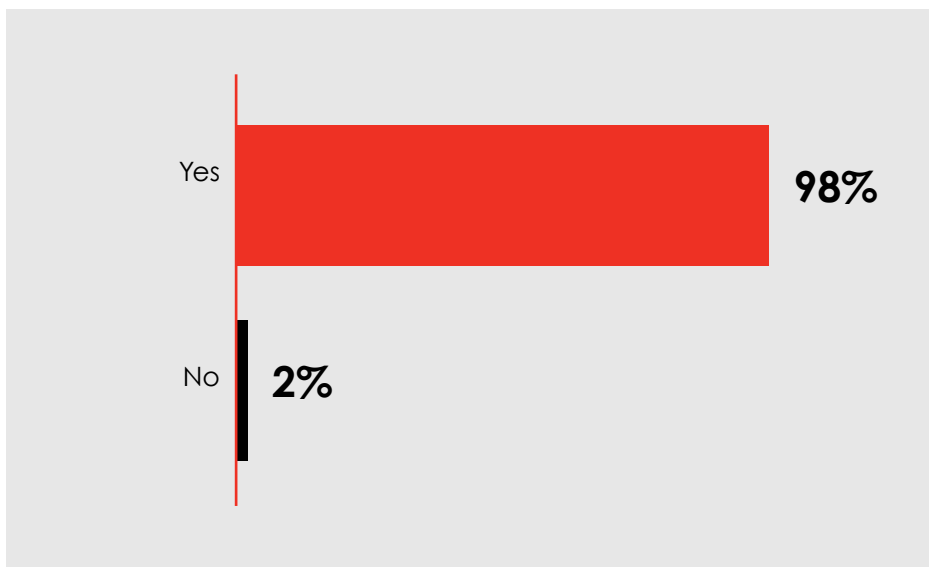|	
Yes	**81%**
No	**19%**

I understand what data privacy means

Nine out of 10 respondents (92%) say they fully understand, or think they understand what data privacy means, the majority of whom (92%) are aged under 34 years. Nearly all of the respondents (98%) say they understand, or think they understand what cookies do. More men (67%) than women (58%) say they fully understand data privacy.
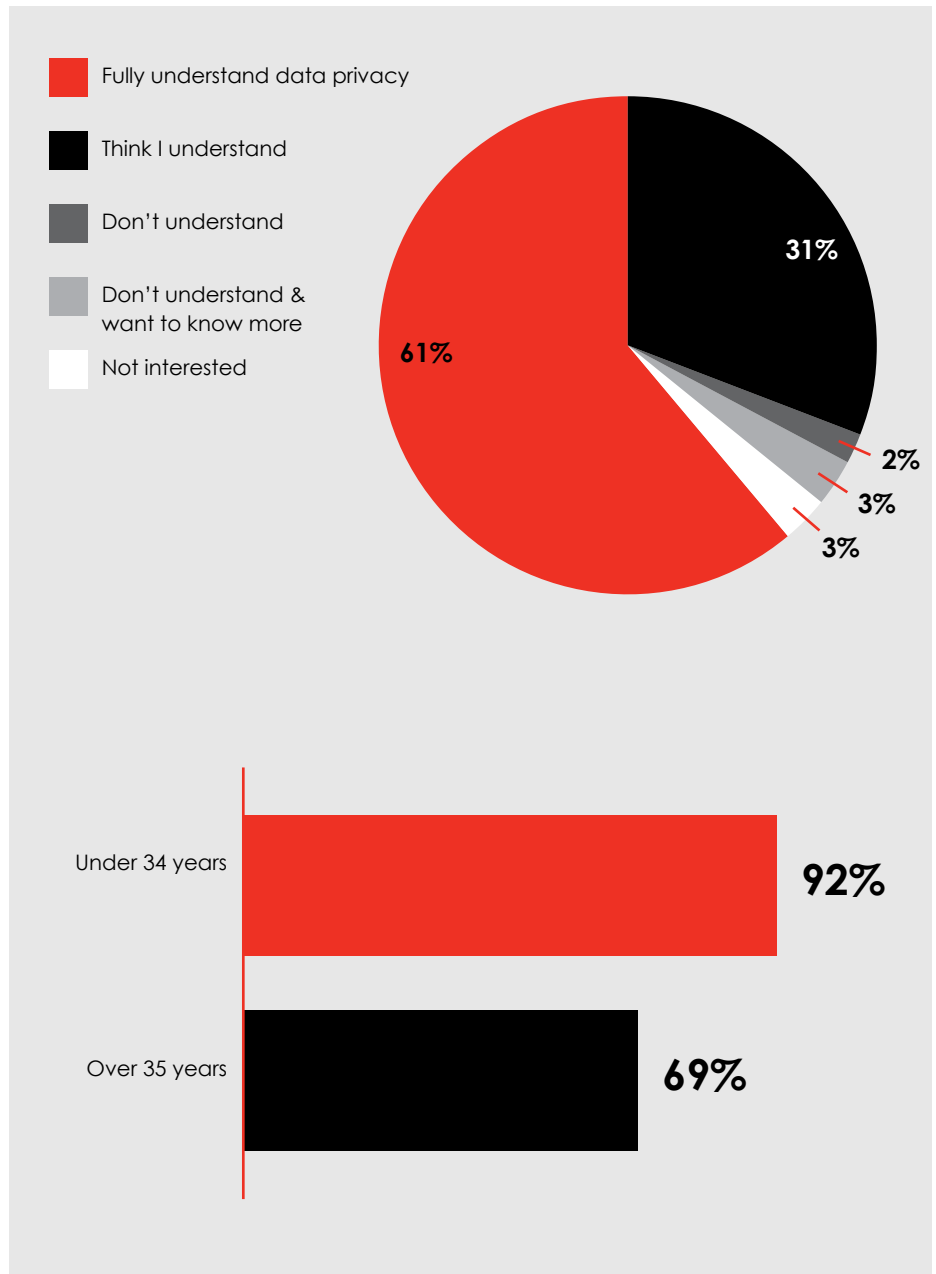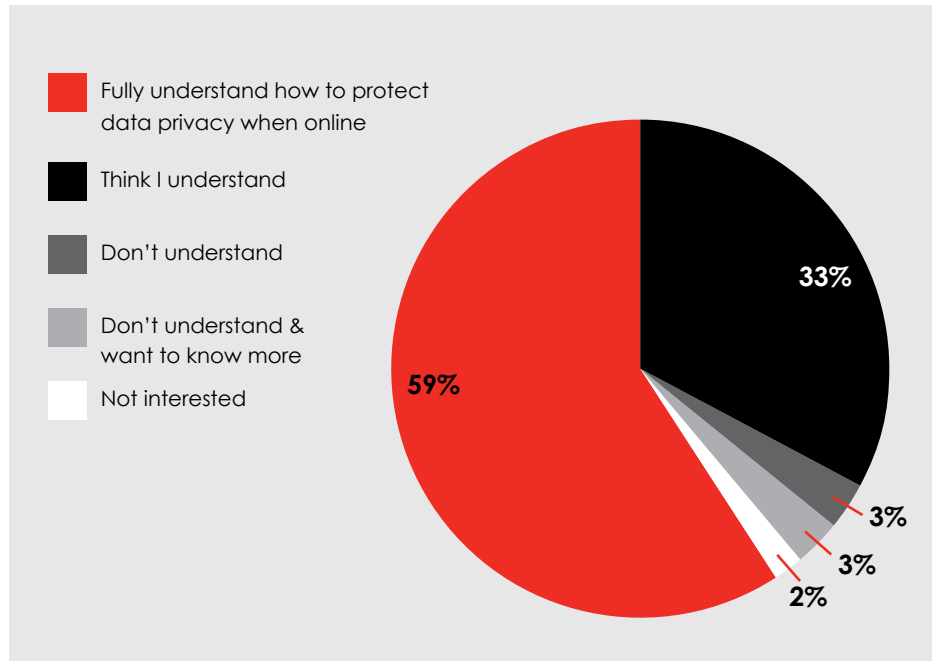
Legend:
- Fully understand data privacy
- Think I understand
- Don't understand
- Don't understand & want to know more
- Not interested

Pie chart values: 61%, 31%, 2%, 3%, 3%

Bar chart:
- Under 34 years: **92%**
- Over 35 years: **69%**

Filtered by I understand, or think I understand what cookies do
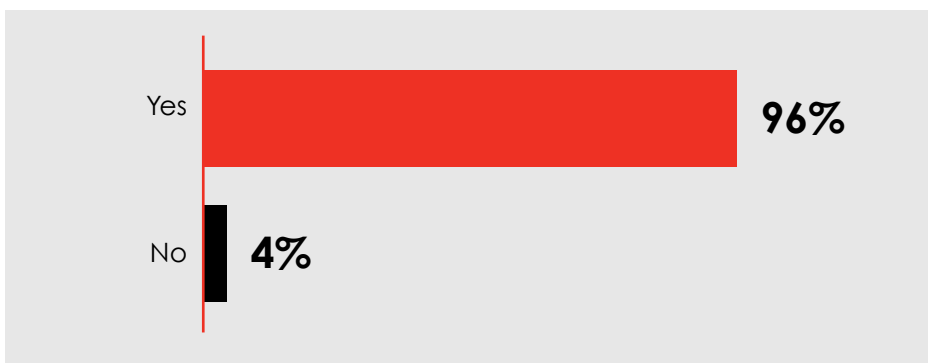
Bar chart:
- Yes: **98%**
- No: **2%**

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When I'm online, I understand how to protect my privacy if I want to

The majority of respondents (92%) say they fully understand, or think they understand how to protect their privacy when online, 92% of whom are aged under 34 years. Nearly all (96%) say they understand, or think they understand what data privacy means and what cookies do (98%). Slightly more men (63%) than women (57%) say they fully understand how to protect their privacy online.

When I'm online, I understand how to protect my privacy if I want to

- Fully understand how to protect data privacy when online
- Think I understand
- Don't understand
- Don't understand & want to know more
- Not interested

59%
33%
3%
3%
2%

Filtered by I understand, or think I understand, what data privacy means
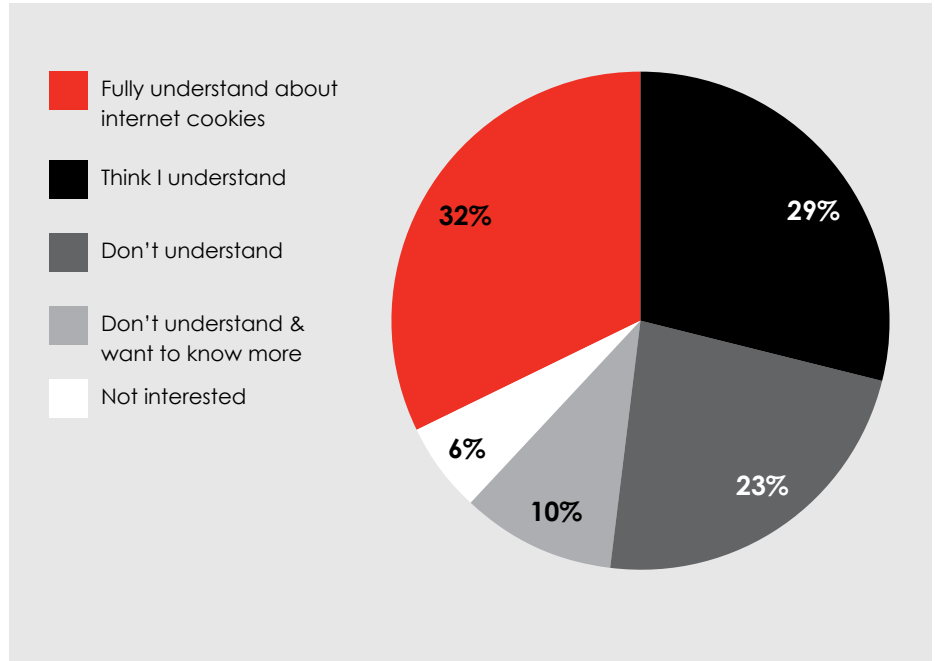

Yes **96%**
No **4%**

Filtered by I understand, or think I understand what cookies do
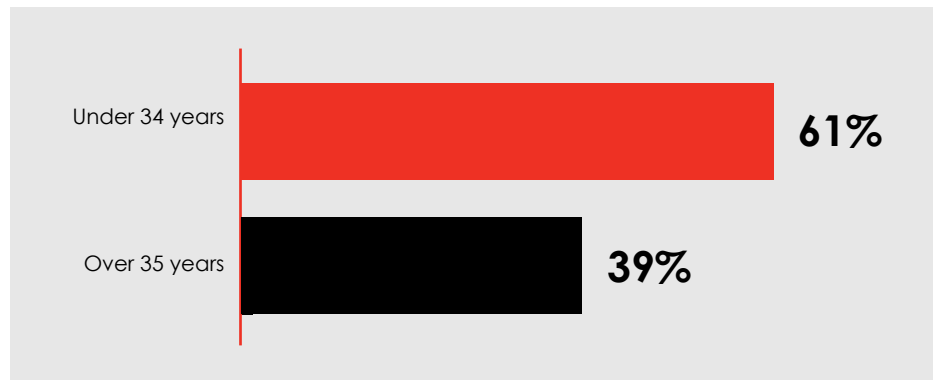

Yes **98%**
No **2%**
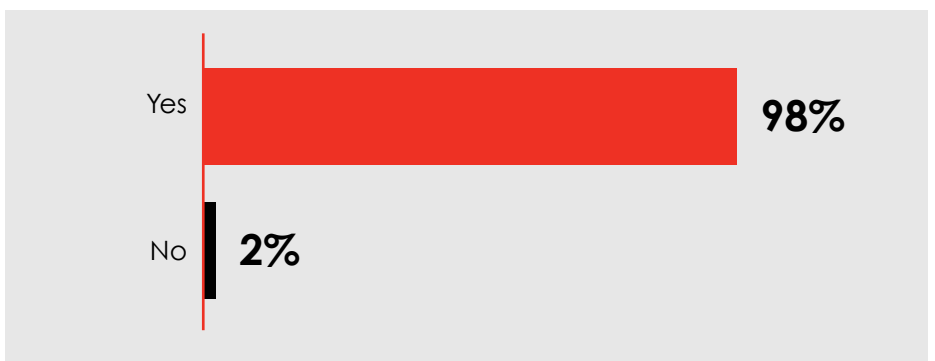
I know what internet cookies do

Six out of 10 respondents (61%) either fully understand or think they understand about internet cookies and 64% understand, or think they understand what data privacy means. Most (61%) are aged under 34 years. Nearly twice as many men (44%) than women (24%) say they fully understand what internet cookies do.
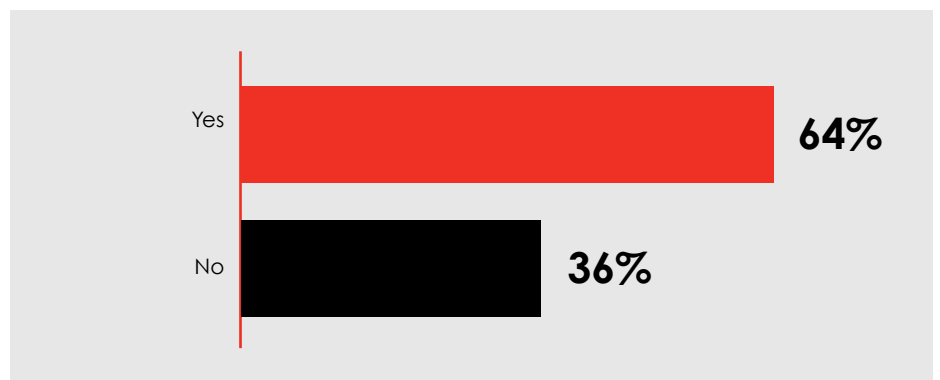
I know what internet cookies do

Fully understand about internet cookies

Think I understand

Don't understand

Don't understand & want to know more

Not interested

32%

29%

23%

10%

6%

By Age Group: I know what Internet cookies do

Under 34 years — 61%

Over 35 years — 39%

Filtered by I understand, or think I understand, what data privacy means
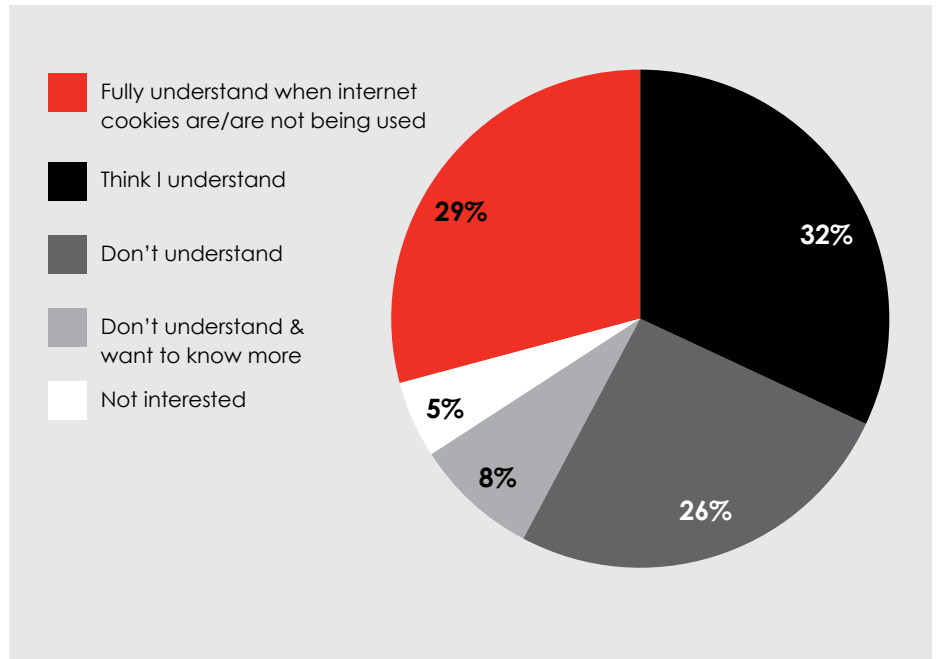
Yes — 64%

No — 36%

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I know when internet cookies are or are not being used

While six out of 10 respondents (61%) say they fully understand or think they understand when internet cookies are - or are not - being used on a website they are browsing, a quarter of respondents (26%) say they don't understand them at all. More than twice the number of men (43%) than women (20%) say they fully understand this.

I know when internet cookies are or are not being used

Legend:
- Fully understand when internet cookies are/are not being used
- Think I understand
- Don't understand
- Don't understand & want to know more
- Not interested

Pie chart values:
- 29%
- 32%
- 26%
- 8%
- 5%

Filtered by I understand, or think I understand what data privacy means

- Under 34 years: **63%**
- Over 35 years: **37%**

Filtered by I understand, or think I understand what cookies do
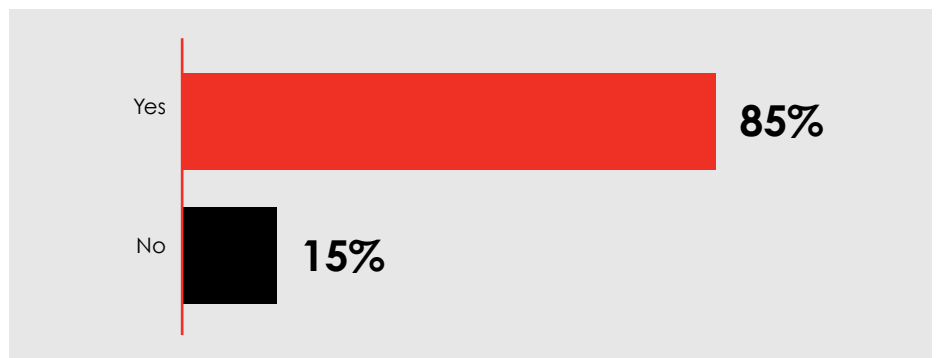
- Yes: **83%**
- No: **17%**
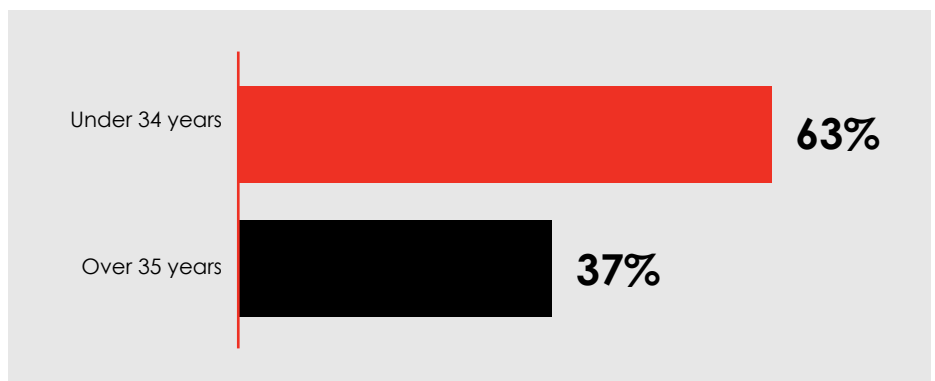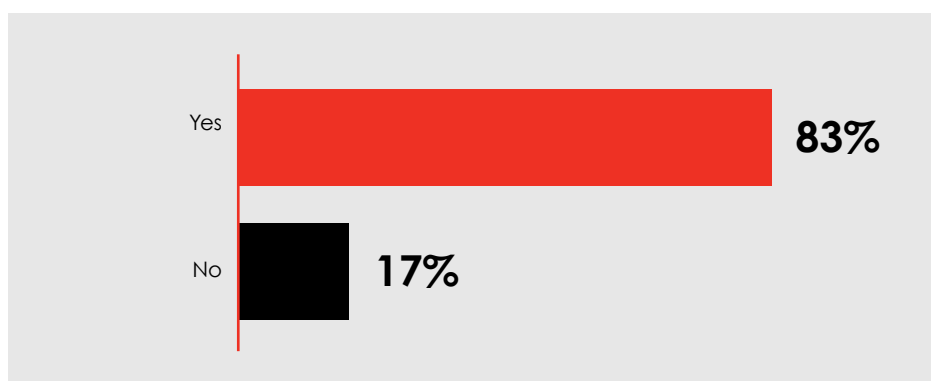
I know that I receive advertisements for products and services of interest to me based on things I look at online

Most respondents (82%) say they fully understand or think they understand how they receive advertisements based on what they've been looking at online; 85% say they understand, or think they understand what data privacy means, and what internet cookies do (93%). More men (54%) than women (40%) say they fully understand this.

I know I receive advertisements for products and services based on what I view online
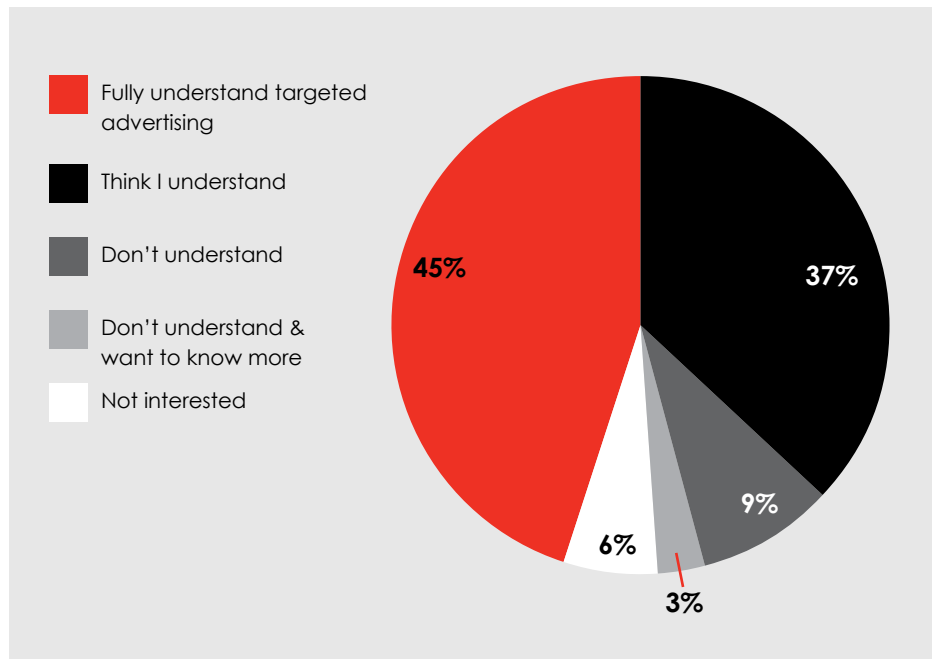
Legend:
- Fully understand targeted advertising (45%)
- Think I understand (37%)
- Don't understand (9%)
- Don't understand & want to know more (3%)
- Not interested (6%)

Filtered by I understand, or think I understand what data privacy means

Yes — 85%
No — 15%

Filtered by I understand, or think I understand what cookies do


Yes — 93%
No — 7%

iab.
sea+india
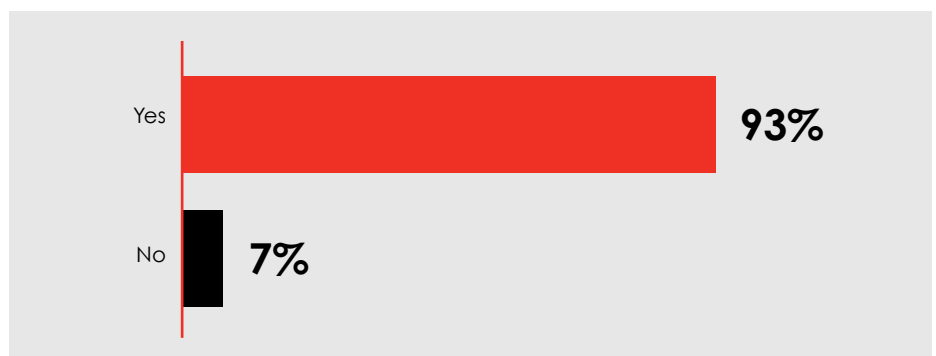
I know what happens when I accept cookies when looking at websites

Two-thirds of respondents (66%) say they understand or think they understand what happens when they accept Internet cookies when browsing websites. Seven out of 10 respondents (68%) say they understand, or think they understand what data privacy means, and eight out of 10 (87%) what internet cookies do. More men (47%) than women (26%) say they fully understand what happens when they accept internet cookies.

I know what happens when I accept cookies when looking at websites
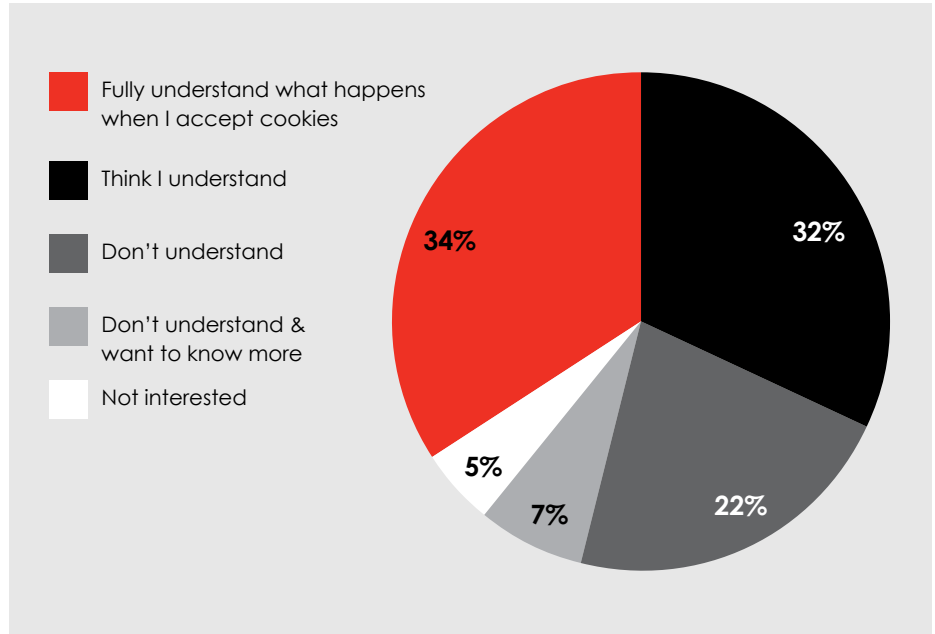
- 🟥 Fully understand what happens when I accept cookies
- ⬛ Think I understand
- ◼ Don't understand
- ◼ Don't understand & want to know more
- ⬜ Not interested
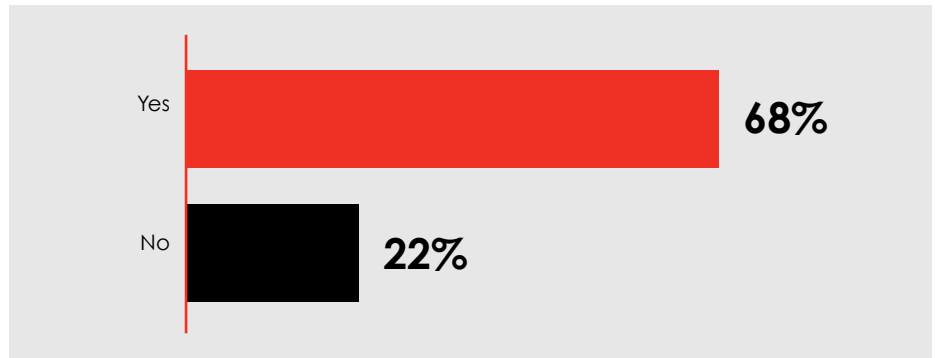
34%
32%
22%
7%
5%

Filtered by I understand, or think I understand what data privacy means

Yes **68%**
No **22%**

Filtered by I understand, or think I understand what cookies do

Yes **87%**
No **13%**
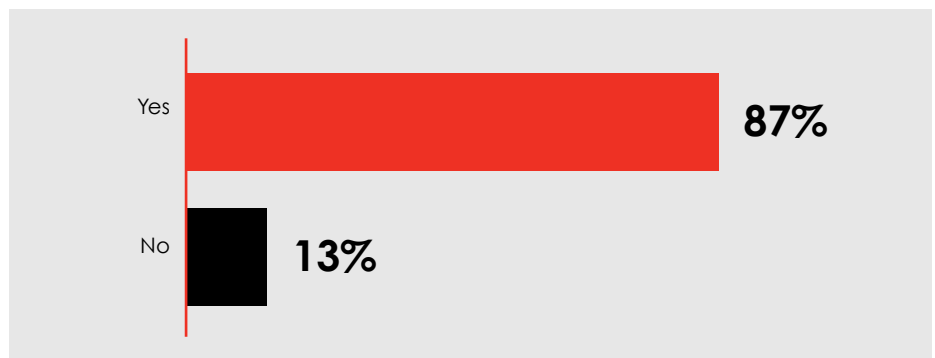
I am aware of changes to internet cookies in the future

Just over half of respondents (52%) say they are fully aware or think they are aware of changes to internet cookies in the future. 55% say they understand, or think they understand what data privacy means while 72% say they understand, or think they understand what cookies do. More men (36%) than women (19%) say they are fully aware of future internet changes.

I am aware of changes to internet cookies in the future
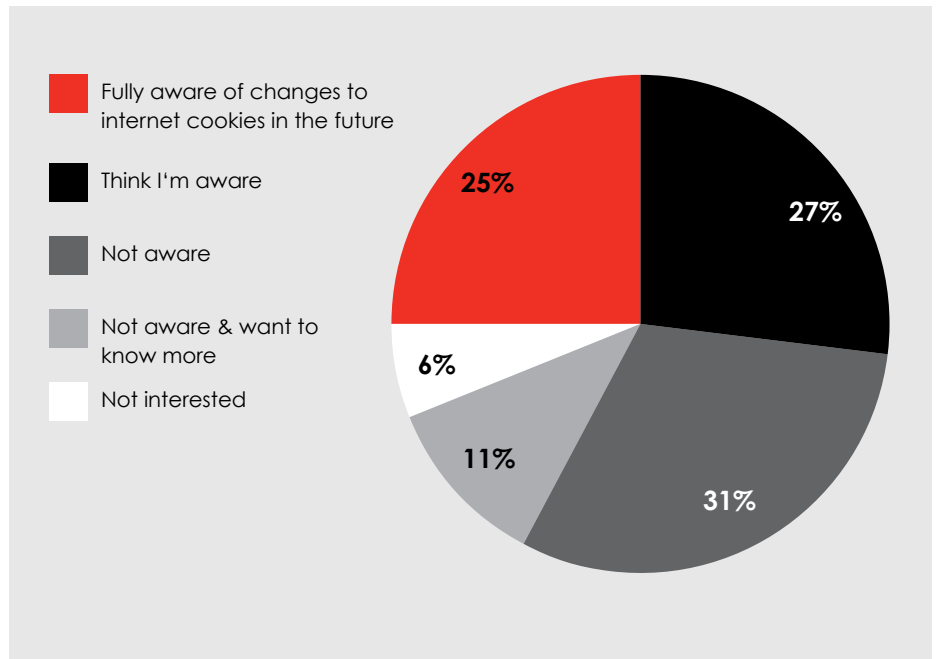
Legend:
- Fully aware of changes to internet cookies in the future
- Think I'm aware
- Not aware
- Not aware & want to know more
- Not interested

Pie chart values:
- 25%
- 27%
- 31%
- 11%
- 6%

Filtered by I understand, or think I understand what data privacy means

- Yes: **55%**
- No: **45%**

Filtered by I understand, or think I understand what cookies do
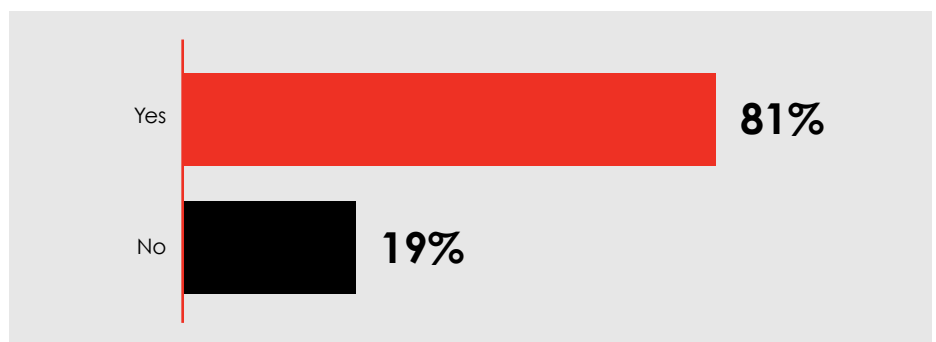
- Yes: **72%**
- No: **28%**

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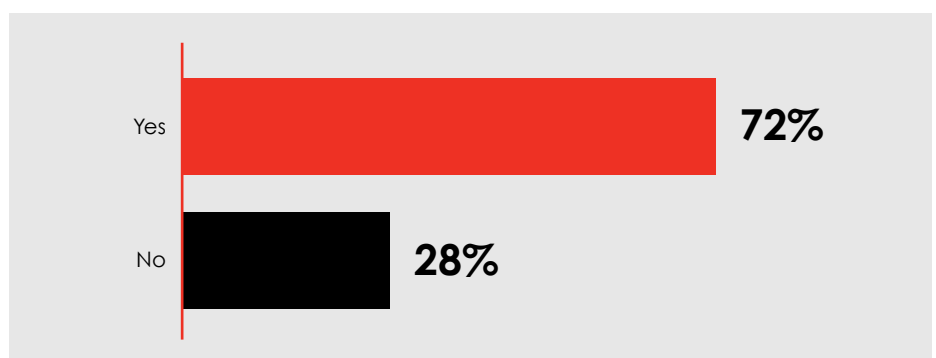
I understand I will see advertisements online in exchange for access to free content

Eight out of 10 respondents (78%) fully understand or think they understand that they see online advertisements in exchange for access to free content. Eight out of 10 (81%) also say they understand, or think they understand what data privacy means and nearly nine out of 10 (88%) say they understand, or think they understand what cookies do. More men (49%) than women (39%) say they understand advertisements provide access to free content.
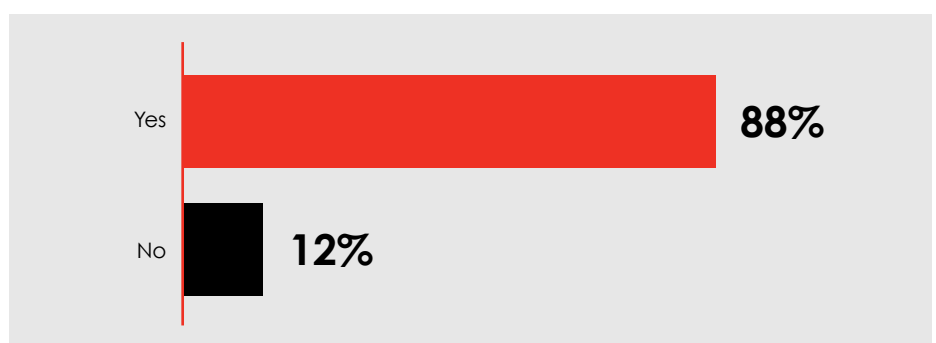
I understand I will see advertisements online in exchange for access to free content

Legend:
- **Fully understand** (red)
- **Think I understand** (black)
- **Don't understand** (dark grey)
- **Don't understand & want to know more** (light grey)
- **Not interested** (white)

Pie chart values:
- 43%
- 35%
- 12%
- 3%
- 7%

Filtered by I understand, or think I understand what data privacy means

- Yes: **81%**
- No: **19%**

Filtered by I understand, or think I understand what cookies do

- Yes: **88%**
- No: **12%**