UNDERSTANDING AND TARGETING
INDONESIAN YOUNG ADULT INTERNET USERS

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ABSTRACT

As the number of global internet users increases, companies' online advertisement expenditure also grows rapidly. Companies face challenges in targeting the right customers. Understanding which websites are often visited by target users and what they do on the internet will help companies direct their online advertisement to the right target. Using questionnaires, this study examines which sites are most often visited by Indonesian young adult internet users and what they do on the internet. It aims to understand the patterns of behavior of these users. The findings of this study provide some understanding to the marketers. Of consequence, such understanding would help them to select where and what to do with their advertisements when they are targeting the young adult internet users in Indonesia.

Keywords: *internet advertisement, online advertisement, targeting, young adult internet users*

ABSTRAK

Seiring dengan pertumbuhan jumlah pengguna internet global, pengeluaran perusahaan-perusahaan untuk iklan di internet juga meningkat secara cepat. Perusahaan menghadapi tantangan untuk menyasar konsumennya secara tepat dalam memasang iklan. Memahami website mana yang paling sering dikunjungi oleh pengguna dan apa yang dilakukan oleh pengguna internet akan memudahkan perusahaan mengarahkan iklan online-nya kepada konsumen yang tepat. Dengan menggunakan questionnaire, studi ini mendalami situs mana saja yang paling sering dikunjungi oleh pengguna internet dewasa muda dan apa yang mereka lakukan di internet. Studi ini bermaksud menguak pola-pola perilaku ini pengguna internet usia muda. Temuan dari penelitian ini akan memberikan pemahaman bagi para pemasar. Sehingga, pemahaman ini akan membantu mereka memilih dimana dan apa yang harus dilakukan dengan iklan-iklan yang akan mereka pasang pada waktu mereka memilih pengguna internet usia muda di Indonesia.

Kata kunci: *iklan internet, iklan online, penargetan, pengguna internet usia muda*

INTRODUCTION

The number of Internet Users in Indonesia has increased to 30 million people in 2010 (Anonim1, 2010). This makes Indonesia rank 16 of the top 20 countries with the highest number of Internet Users in the World and rank 5 in Asia. However, the number of users represents only 12.3% of the estimated total population of 242,968,342. From the year 2000 to 2008, the growth rate has reached 900% and it is estimated to grow to 1400% in 2010. Boston Consulting Group (Harrison & Lee, 2010) forecasted that the number of people with Internet access in Brazil, Russia, China, India and Indonesia will double by 2015.

The number of young adult users remains the heaviest (Madden, 2010). Nielsen cited in Digital Media Across Asia (Nielsen, 2010) reported in 2008 that almost one third (31.82%) of the Indonesian internet users are aged between 15-19 years old. Projected to 2010, the size of this group of users is 29,885,106 people.

Table 1 (Anonymous1, 2010)

Year	Users	Population	% Pen.	GDP p.c.*	Usage Source
2000	2,000,000	206,264,595	1.0 %	US$ 570	ITU
2007	20,000,000	224,481,720	8.9 %	US$ 1,916	ITU
2008	25,000,000	237,512,355	10.5 %	US$ 2,238	APJII
2009	30,000,000	240,271,522	12.5 %	US$ 2,329	ITU
2010	30,000,000	242,968,342	12.3 %	US$ 2,858	ITU

Note: Per Capita GDP in US dollars, source: United Nations Department of Economic and Social Affairs.

Meanwhile, the percentage of Internet users who still ranked newspapers as important or very important sources of information for them decreased from 60 percent in 2008 to 56% in 2009 and print newspaper is below the Internet (78 percent), and television (68 percent). Eighteen percent of Internet users said they stopped a subscription to a newspaper or magazine because they now get the same or related content online – down slightly from 22 percent in 2008, but nevertheless a strong indication that print newspapers can be sacrificed by a significant percentage of Internet users (USC, 2010). This shift seems to cause the internet advertising revenue to hit a record of $5.9 Billion in Q1 of 2010, which is year-over-year increase of 7.5% (IAB, 2010). Online ad spending is expected to rise to $96.8 billion in 2014, with an 11.9 percent compounded annual rate of increase (Bloomberg Businessweek, 2010). Bloomberg (Schweizer, 2010) predicts that Asia-Pacific region will overtake North America as the largest advertising market of $173.2 billion in 2014.

Looking at such a magnitude of market and its trends of increasing in size, one of the challenges for marketers is to understand markets and groups of potential customers on the Internet. Misunderstanding consumer preferences can cause a successful strategy in one country to fail elsewhere (Lynch & Beck, 2001).

Literature review. As a marketing channel, the Internet is interactive, accessible, ubiquitous, and it integrates marketing communication with commercial transactions and service delivery (Rowley, 2004). Obviously, in many companies, a substantial proportion of the marketing budget will go to satisfying the increasing popularity of the online marketing purpose (Ngai, 2002). Advertising on the internet involves the potential for great audience selectivity and they may be demographically skewed. Internet advertisement, on the one hand, enables tracking customers and building databases but on the other hand, poses privacy issues that makes targeting more difficult (Schiffman & Kanuk, 2007). When advertising in a pervasive computing environment, marketers are faced with some unique challenges (Ranganathan & Campbell, 2002).

Ranganathan and Campbell identified the following challenges as (1) Reaching the right people with the right ads. The first challenge is to deliver the right ads to the right people. We have at one end advertisers with ads for their products and services. At the other end are consumers with their needs. The advertising system needs to match the two to create the greatest possible impact on the customers; (2) Delivering ads at the right time. Even after we narrow down the target audience for a particular ad, we need to ensure that the ad is delivered to the user at a suitable time. It should definitely not be delivered to him when he is in a meeting or is driving; (3) Delivering ads in the best way. Besides the traditional means of delivering ads like print, radio, TV, telemarketing, billboards, email and internet ads, pervasive environments allow newer delivery mechanisms; (4) Serendipitous advertising. Serendipitous advertising is advertising which may not seem to meet a person's specific needs at that point of time, but which may interest him or her enough to buy the product or at least get more information about it; (5) Providing a means for users to follow up on the ads. Online ads allowed people to click their way to the company's website directly. Pervasive computing environments can do more. They can allow a user to experience more of the good or service is possible; (6) How should advertising revenue be collected in a pervasive environment?. Pervasive environments pose certain challenges in collecting revenue from advertisers. Should revenue be collected every time an ad is shown or delivered to a person?. Or should it be collected only if the person responds in some ways to the ads?. Or should it depend on how many people were around when the ads was shown?; (7) Privacy and Security. Privacy is a big concern in a pervasive environment. Users' preferences with regard to advertisements they would like to receive is personal data and should not be exposed to un-trusted parties. The exact mechanism used to deliver advertisements to users is also private information since it could indicate the location of the user or his activity. Any architecture for supporting advertisements should respect the privacy of the consumers in the environment.

Targeting remains another challenge (Anand & Shachar, 2001) because as of June 2010, there are 1,966 millions websites and almost half of them are labeled active by Internet World Stats (IWS, 2010). According to APJII (Indonesian Association of Internet Providers) there are 38,461 domain names registered under .id as of June 2007. (APJII, 2008). Secondly, as pointed out by (Leppaniemi & Karjaluoto, 2005), advertisers need to set up research / measurement / tracking systems to know the target audience.

Understanding consumer behavior on the web has been difficult because the main entities involved, consumers and businesses, have been transformed (Koufaris,2002). First, every consumer is now also a computer user. The online consumer performs all the functions of a traditional consumer on a computer while interacting with a system, i.e., a commercial Web site. S/he, therefore, also exhibits all the characteristics of a computer user. Second, the physical store has been transformed into a virtual store through information technology (IT).

However, understanding which website the consumers visit and what they do on the internet will help marketers target their audience. Below is the 10 Top Global Web Parent Companies for Home and Work Categories released by Nielsen in August 2010.

Top 10 Global Web Parent Companies, Home & Work (August 2010)

Rank	Parent	Unique Audience (000)	Active Reach %
1	Google	205,814,883	87.79%
2	Microsoft	180,098,857	76.82%
3	Facebook	118,840,955	50.69%
4	Yahoo!	100,511,198	42.87%
5	eBay	95,426,342	40.70%
6	Wikimedia Foundation	87,394,392	37.28%
7	Amazon	54,444,795	23.22%
8	Apple Computer	49,831,728	21.26%
9	Telefonica/Terra	45,830,250	19.55%
10	InterActiveCorp	43,291,706	18.47%

Source: Nielsen NetView (Nielsen)

According to Nielsen survey in 2008, Indonesian do the following things on the internet:

What Indonesians do Online: 2008

FEATURES USED	(000)	% OF USERS
EMAIL	2,692	41.6%
INTERNET PHONE	124	1.92%
DOWNLOAD SOFTWARE/FILES	1,484	22.93%
PRODUCT INFORMATION	1,404	21.7%
COMPANY INFORMATION	503	7.77%
BUY ANY PRODUCT	219	3.38%
PERFORM FINANCIAL SERVICES	231	3.57%
ACCESS INTERNATIONAL NEWS	996	15.39%
ACCESS LOCAL NEWS	1,216	18.79%
READ E-NEWSPAPER	749	11.57%
READ E-MAGAZINE	529	8.17%
LISTEN TO MUSIC	2,132	32.95%
WATCH A MOVIE	548	8.47%
PLAY GAMES	2,365	36.55%
BULLETIN BOARDS	97	1.5%
CHATTING	1,988	30.72%
GENERAL SURFING	2,136	33.01%
JOB HUNTING	778	12.02%
VIDEO CONFERENCE	146	2.26%
EDUCATION SERVICE	1,283	19.83%
CLASSIFIED ADS	239	3.69%
PARTICIPATE IN AUCTIONS	60	0.9%
OTHER	450	6.95%

(SOURCE: NIELSEN MEDIA INDEX INDONESIA/MIX 2008 WAVE)

RESULTS AND DISCUSSION

Major findings from the research presented in this paper are: first, brief description of Subjects. A total of 261 university students were surveyed, 145 % male and 116 are female. Every day, all of them surf the net, more than 41.76% of them spend more than 20 hours per week, and 11.49% of them spend less than 5 hours per week (Table 1).

Table 1 On Average, How Many Hours Do You Use the Internet

Hours spent per week	No. of Respondents	%
More than 20 hours / week	109	41.76%
10 to 19 hours /week	68	26.05%
5 to 9 hours /week	54	20.69%
2 to 4 hours /week	29	11.11%
0 to 1 hour/week	1	0.38%
Total	**261**	**100.00%**

83.91% of the respondents always use their cell phone and 83.14% of them always surf the internet every day. Only 16.09% of the respondents read the news paper. However, more than half of them 52.49 watch TV every day (Table 2).

Table 2 What Do You Always Do Every Day?
(you can give more than 1 answer)

Do every day	No. Respondents	%
Surf the internet	219	83.91%
Use cell-phone	217	83.14%
Watch TV	137	52.49%
Listen to the Radio	46	17.62%
Read the newspaper	42	16.09%
Read magazines	40	15.33%
Watch Movies	9	3.45%
Sightseeing at malls	6	2.30%

Second, what they do when they surf the internet. Most of the subjects (86.97%) use internet for of them use social networking sites (SNS) and of these, 86.97% use Facebook and 41.76% twitters. Other favorite use of the internet is for searching for news, information or new data (83.52%), reading news/information or data (68.58%), and file sharing (42.53%) (Table 3).

Table 3 When You Use the Internet, You:
(you can give more than 1 answer)

Do when use the internet	No. Resp.	%
Use social networking sites like Face Book /My Space	227	86.97%
download music, songs, photos or movies	218	83.52%
Read news/information or data	179	68.58%
Use twitters	119	45.59%
share art work, photo, stories or videos	111	42.53%
play games	104	39.85%
Read or write email	85	32.57%
Buy books, clothing, accessories, music or other products	48	18.39%
Write in blogs	8	3.07%
Others	4	1.53%

Third, favorite sites. Facebook remains the most often visited sites, followed by Google (either google.com - 83.52% or google.id = 77.01%), Youtube (70.11%), and surprisingly 4shared.com ranked fifth (57.47%). Quite a number of the subjects read news on detik.com (23.37%), detiknews.com (15.71%), detiksport.com (26.82%), and kompas.com (16.09%) (Table 4).

Table 4 Most of Them Visited Sites
(you can give more than 1 answer)

Sites	No. Resp.	%
facebook.com	231	88.51%
google.com	218	83.52%
google.co.id	201	77.01%
youtube.com	183	70.11%
4shared.com	150	57.47%
yahoo.com	143	54.79%
twitter.com	109	41.76%
wikipedia.com	96	36.78%
kaskus.us	95	36.40%
detiksport.com	70	26.82%
detik.com	61	23.37%
kompas.com	42	16.09%
detiknews.com	41	15.71%
klikbca.com	28	10.73%
blogger.com	25	9.58%
kapanlagi.com	25	9.58%
wordpress.com	19	7.28%
vivanews.com	17	6.51%
ziddu.com	10	3.83%
clicksor.com	3	1.15%

Fourth, how do they learn about new products or services. Internet (81.61%) appears to be the main source of information about new product or services, followed by television (77.01%), magazines (45.98%) and billboards (38.70%) and newspaper (34.87%) (Table 5).

Table 5 In General, Where Do You Get Information
about New Products Or Services?
(you can give more than 1 answer)

Sources of Information	No. Resp.	%
Internet	213	81.61%
Television	201	77.01%
Friends	187	71.65%
Magazines	120	45.98%
Billboards	101	38.70%
Newspaper	91	34.87%
Cell phones	85	32.57%
Direct Mail/brochures/flyers	75	28.74%
Radio	70	26.82%
Exhibition in malls etc	69	26.44%
Advertisement in Movies	56	21.46%

CONCLUSION

From this study, we may conclude that almost all of the young adult use internet in Indonesia. Internet is their main source of information about new products and services. The first page they go to is google, either google.com or google.id, meanwhile yahoo.com ranks second. SNS (social networking sites) in the form of Facebook, twitters or kaskus remain their favorite sites. Facebook is their most favorite site way ahead of twitters and kaskus.

To target this group of internet users, marketers need to place their advertisements on search engines, Social Networking Sites (SNS) and news portals. Other interesting sites are Youtube and 4shared.com where they can up/download files.

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