

INDONESIA IS SOUTHEAST ASIA'S BIGGEST ECONOMY, its most-populous nation, and largest country by land mass—a land mass separated across 17,000 different islands. When Caesar Indra joined Traveloka in 2014, it was a headache trying to book flights to move around those islands. “I joined to solve the most basic problem in travel, which was just finding flight tickets,” says Indra, the company’s President. “Our co-founder grew up in Padang [an Indonesian city home to more than 1 million people]. When he came back from the US, he couldn’t find a flight

## A Different Kind of

# TRAVEL

ticket from Jakarta to there. And he didn’t know who to call because he didn’t have any travel agents’ details. It’s not like the US, where you can just Google a flight company.”

So Traveloka built the technology to help Indonesians find flights online, and it also built the technology to allow them to pay for those flights. That latter process was far from straightforward in a country where more than 90% of the population doesn’t have a credit card.

“A lot of payments in Indonesia are via bank-to-bank transfer—it’s a very manual, asynchronous process,” says Indra, who grew up in a small village in Sumatra, one of Indonesia’s larger islands. “We developed a hardware to scale this manual transfer for high-volume transactions.”

Today, Traveloka certainly boasts high volume. Its app has been downloaded more than 100 million

**CAESAR INDRA** is President of Traveloka, Southeast Asia’s largest online travel platform. He spoke with Brunswick’s **AYESHA KHAN** about new trends—and travelers—shaping the region.


times, and the company has 55 million monthly active users. Those users can book flights, public transportation, hotel rooms or local tours in six countries: Thailand, Vietnam, the Philippines, Malaysia, Singapore and, of course, Indonesia.

The pandemic’s effects on domestic and international travel in Southeast Asia were brutal, yet Traveloka navigated the crisis deftly. And as domestic and international travel picks up in the region, the company’s prospects look strong. Bloomberg Intelligence predicted that Traveloka’s growth between now and 2025 would outpace its rivals. In September, the company received more than \$300 million in funding from investors that included BlackRock and Allianz.

The latter half of the company’s name comes from the Sanskrit *loka*, which can be translated as “world.” According to a 2021 profile of the company, Traveloka “is meant to be interpreted literally as the ‘world of travel.’” In a recent conversation with Brunswick’s Ayesha Khan, Indra spoke about that world of travel, and how he’s seeing it evolve.

**You’re a leader of a fast-growing travel platform that emerged from an existential crisis—do you take any lessons away from that? How do you build that resilience throughout your business?**

We were born a tech company and we are a consumer-first company. Our products and services need to stay relevant to consumers, and staying relevant requires us to stay agile and be flexible. That applies to a lot of other companies, but I think from the beginning, we understood that the industry is



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rapidly changing, our business is rapidly changing, and that served us well during COVID.

The reason Southeast Asian consumers love our brand is because we understand them. We make sure our products and services remain relevant to local consumers. And we do that by constantly running experiments across our business and then making decisions based on behavioral research combined with the insights we generate from the data. That mindset—test, generate insight, refine, rinse and repeat—exists across the organization, from top to bottom.

So when our main products were affected by COVID-19 we shifted our focus into supporting local industries and businesses, and we partnered with the governments in the region to accelerate economic recovery.

To give you a few examples: We onboarded clinics and hospitals to our platform to provide close to a thousand COVID-19 test outlets across Indonesia. At the time, it was a big deal, because to board a plane you had to have a test that was officially recognized by authorities, and customers couldn't find clinics that provided those tests.

We also supported the Indonesian government's vaccination efforts by not only using our platform to reach consumers to book their vaccination schedules, but also running on-the-ground operations of the mass vaccination in cities like Tangerang and Yogyakarta. Ultimately, we helped vaccinate about 70,000 people, including some of the most vulnerable groups, like the elderly.

Outside Indonesia, we were appointed by the Singapore government to help distribute tourism vouchers. This was part of the SingapoRediscover program, which encouraged Singaporeans to discover destinations within their own backyard when the border was closed, and which helped the local economy during the pandemic (*read our interview with Singapore Tourism Board's Jeannie Lim on pg. 46 to find out more about the program*). And we did something similar in Vietnam, where we worked closely with a number of local governments to promote their destinations to Vietnamese residents.

We also worked with our partners to create a product, "Buy Now, Stay Later," that allowed customers to buy hotel vouchers without having to commit to a specific date at the discounted price. This helped hotels get cash in advance at a time when they had no real income. We were able to launch that in a very short period of time because of our strong relationship with our partners. And I think we were doing what we always do as a

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company: be sensitive to customers' needs, make quick decisions, adjust.

**What are your thoughts on post-pandemic travel in Southeast Asia? What are the bright spots, and what's going to be slower to recover?**

Tourism in the region has been recovering strongly and steadily. Domestic travel has led the recovery, while outbound [international] travel is lagging. Although, again, we are cautiously optimistic that Southeast Asia will reach full recovery by the end of 2024. When we look at our data, travel demand is gradually returning to pre-COVID levels; in January 2023 the booking volume made on our platform more than doubled that of the previous January.

Although there is a boom caused by pent-up demand in this region, supply remains a challenge. Southeast Asia—and Asia-Pacific more broadly—has been experiencing a shortage of pilots and ground crew workers, and supply-chain issues have affected airlines' abilities to do everything from order spare parts to perform maintenance.

In terms of airline capacity, 2023 ASEAN domestic flights are only at 88% of 2019 levels. If you compare outbound flights, it's only 70%. This demand and supply imbalance has resulted in stubbornly elevated airfares in the region. Given that stark difference in airfares, domestic travel naturally has been driving the recovery—though, the emergence of domestic travel in Southeast Asia really started during the pandemic when people couldn't travel outside of their country.

Even I started appreciating Indonesia a bit more, and uncovered destinations that I probably wouldn't have gone to if it weren't for COVID.

**Do you see the domestic travel trend lasting?**

Actually, yes—staycations and local weekend getaways have a good take-up rate still on our platform. While the supply and demand imbalance continues, I think this trend will also continue. As the airlines gradually add back capacity and border restrictions are completely lifted, we expect outbound travel and domestic travel to be fully recovered by the end of next year [2024].

**What about other trends you're seeing? There's a sense that travelers care more about sustainability than ever before, for example.**

Travelers are now more socially and environmentally conscious—we definitely see a trend of purposeful, or sustainable, travel. This type of travel will

continue to gain momentum in 2023, with travelers more inclined to reduce their carbon footprint—travelers choosing trains over planes, for example, or opting for an off-road vacation experience.

We conducted research on this trend and found that 80% of travelers in Indonesia were more likely to choose accommodation with a sustainability practice, which we thought was a pretty surprising finding for an emerging economy like Indonesia.

We strongly believe this is only the beginning of a bigger and gradual movement toward more sustainable tourism in Southeast Asia. And, as a company, we will continue to play a role toward supporting the industry and the ecosystem, and achieving more sustainable tourism in the future.

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**How so, exactly?**

We took a number of steps. We incorporated sustainability goals into our strategy and operations. We partnered with globally recognized organizations, like the Global Sustainable Tourism Council. We’ve facilitated sustainability trainings with our hotel partners in Indonesia and Vietnam, and plan to roll that out to more countries in Southeast Asia. We also want to increase awareness of sustainable operations within the hotel sector, as well as tourism more broadly.

It’s part of our effort to empower customers to pick travel products that meet their sustainability preferences. It’s really customers who drive our strategy. We want to make sure that we are

**TRAVELOKA'S 4 MOST POPULAR DESTINATIONS IN 2023**



**1. SINGAPORE**



**2. KUALA LUMPUR, MALAYSIA**



**3. BANGKOK, THAILAND**



**4. JAKARTA, INDONESIA**

PHOTOGRAPHS: CLOCKWISE TOP LEFT: ROSLAN RAHMAN/AFP VIA GETTY IMAGES, JEREMY BISHOP ON UNSPLASH

adaptable—that we continue to be relevant to help fulfill their travel aspirations.

### Are any markets in the region poised for particularly fast growth?

We expect Indonesia and Vietnam to grow faster than the rest of the markets. Vietnam is particularly interesting. Their airline capacity today has exceeded the pre-pandemic level by 20%, and domestic travel is booming. The government has been supporting the industry and created a number of favorable policies, like tax incentives around tourism. It has also encouraged Vietnamese people to explore local destinations, and we've been working closely with a number of local governments in Vietnam to promote domestic destinations—Ho Chi Minh City, Da Nang, Kien Giang, Haiphong City—through our platform.

But the potential for growth extends beyond Vietnam. Southeast Asia is home to more than 600 million people. A huge chunk of that population is young and part of an emerging middle class. They're excited about travel and a lot of them are first-time travelers. The region has long been recognized for its beautiful destinations: Bali, Bangkok, Phuket and so on. But it increasingly becomes a sizable consumer or source market for travel and tourism as the middle-class proportion of the population continues to grow.

I know we are still recovering from the pandemic, but if you look at the online travel market in Southeast Asia last year [2022], it was \$17 billion. The same number will grow to \$44 billion in 2025—that's 2.5 times over three years.

### Are there any other aspects of travel and tourism in ASEAN that you find unique compared to more developed markets?

Southeast Asia is often discussed as if it is a single, homogeneous region. But if you live here, you know it isn't. It's a diverse region with multiple domestic markets—in Vietnam, it's the travel from Ho Chi Minh to Phu Quoc, for instance, or, within Indonesia, from Bandar Lampung to Palembang. Succeeding in this region really requires localization of products and services.

Every market within Southeast Asia has unique characteristics and its own challenges. Manual bank transfers are still the most common payment method in Indonesia. But if you go to Thailand, it's actually 7-Eleven, a convenience store, that is quite popular for travel transactions. We have to offer more than 30 payment methods across the region as well as local language customer service in every

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market that we serve.

The tourism industry is highly fragmented in Southeast Asia, and it is home to micro-, small- and medium-sized enterprises (we call them MSMEs), which bring uniqueness to destinations. People prefer experiences that are only offered by local businesses. If you go to a much more developed market like the US, for instance, you will probably see plenty of chain hotels in major cities. But you rarely see them in Southeast Asia. There are about 71 million MSMEs accounting for 97% of all businesses in this region. And they employ 67% of the working population in the region. So, yeah, the region is very different from more developed markets.

### What do you see as being the defining characteristics of travel in the next five to 10 years?

I don't have a crystal ball, but if I have to guess, it will change but in a way that is more positive.

If you look at the traveler's side, the mindset is changing. Sustainable tourism is here to stay, as travelers hope to reduce the environmental impact of tourism. And I think in the next five to 10 years, we will see a sizable number of operators adopting this more sustainable practice into their operations, as well.

Technology will also continue to transform how we experience and explore the world—it will transform the whole ecosystem, and make it more of a digital platform.

If you look at what COVID-19 did to our region, it further cultivated a mobile-first culture. The Asia-Pacific region recorded over 1.6 billion unique mobile subscribers in 2021. By 2025, that will grow to 1.8 billion. In Southeast Asia alone, there are over 887 million mobile connections—more connections than there are people. That makes the region among the most connected in the world. What does it mean? Southeast Asian consumers will be able to explore and discover new destinations much more easily. Travel platforms will make it increasingly seamless to find and purchase travel products. For the MSMEs, getting access to global consumers will be a lot easier than it is today. And this, in turn, will force them to increase the quality of their products and services to meet the demand of these new consumers.

The region will become much more connected, and I expect quite a few new destinations will emerge that most people haven't heard of today. ♦

**AYESHA KHAN** is a Partner in Brunswick's Singapore office who specializes in crisis communications. She began her career as an investment banker in New York and London before transitioning to public affairs and communications.