

**Study of the Opportunities and Challenges in Retail Industry in Indonesia: A Review
Paper**

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Abstract

This paper attempts to understand the growth of retail sector in Indonesia and analyze the opportunities and challenges faced by the industry. Indonesia is a rapidly developing nation and has become one of the fastest emerging countries in the ASEAN region. Higher disposable incomes, rising middle class, a youthful consumer base, and growing exposure and aspirations have contributed to rising retail demand. Growth of organized retail in Indonesia is fueled by developing economy, a large population base with rising middle class and high proportion of youth, growing disposable income levels, high domestic consumption, government policies, economic stability and penetration of internet and smart phones. On the other hand, the retail sector in Indonesia faces some serious challenges which are – slowing retail sales growth, unique geographic challenges, high logistics cost, protectionist policies for the traditional retail, small tax net and low tax collections by the government, infrastructural challenges, vulnerability of Indonesian economy to external shocks, policy implementation issues at local governance levels and inadequate adoption of digital payment systems by the consumers.

Key Words: Indonesia, Traditional Retail, Modern Retail, Online retail

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