DISSERTATION RESEARCH PAPER

DEVELOPMENT OF DIGITAL NOMADS
AS A NEW MARKET SEGMENT
AND
THEIR ROLE IN THE LOCAL DIGITAL ECOSYSTEM
(STUDY ON DIGITAL NOMADS IN BALI)

BOOK 1 OF 2
Book1: Dissertation
Book 2: Interview Transcript

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This is to certify, to the best of my knowledge, that the content of this dissertation is my own work. This research has not been submitted for any other degree or any other purpose.

Perth, May 2023

Rina A. Christiansen
Abstract

Despite the large population of digital nomads in Bali, there is little awareness of their lifestyle, and they often have a bad reputation. Viewing them as mere tourists rather than as a new market segment is a loss of opportunity. Digital nomads' travel habits, spending, and accommodation choices are all different from those of traditional tourists. They feel insecure about the legal grey area in which they operate. There is room for improvement for Bali to maintain its top position as a digital nomad destination. In this qualitative research, semi-structured interviews were conducted with 24 informants, consisting of digital nomads, remote workers, government officials and affiliates, and young local professionals. An observation and immersion in five popular coworking spaces in Bali were done as well to give a better understanding of the working life in a digital nomad's natural environment. This study highlights digital nomads as a new market segment and the potential role they could play in the local digital ecosystem through knowledge transfer. The result shows that there is: 1. a willingness to share know-how among digital nomads and young local professionals; 2. a lack of coordination to realise the integration of digital nomads into the local digital ecosystem; 3. cultural challenges to overcome; and 4. legal status uncertainties in Indonesia. Through thematic analysis, a theoretical propositional path model emerged. The path illustrates the causal relationship between variables, illustrating how digital nomads are connected to the digital ecosystem in Bali and how various factors can make the connection stronger or weaker.

Keywords

Digital nomad, new market segment, Bali, destination attractiveness factors, knowledge sharing, local digital ecosystem
Preface

The world knows Bali as a world-known tourist destination. Bali has a brand for tourism. However, because tourism is the only main industry in Bali, the island suffered tremendously from the downturn in tourism during the COVID-19 pandemic. The government and private businesses tried to diversify the economy in Bali, as it was unknown when the tourism industry would recover.

While Bali is well known for tourism, most people are not aware that Bali is also one of the most popular digital nomad destinations in the world. In 2019, Bali was, in fact, in the top five most popular destinations. While tourists fled the island during the pandemic, many digital nomads remained on the island. Some digital nomads outside Bali still managed to travel to Bali, despite the island being closed to tourists.

During the COVID-19 pandemic, some 20 countries created digital nomad visas to attract digital nomads to their countries. These countries have not only initiated the legalisation of digital nomads, who were previously in a grey area, but they also have the advantage of attracting digital nomads to help the economy during the pandemic and in the future. In 2021, Indonesia was planning to create a long-term 5-year visa to attract investment to Bali, and this visa was intended to be suitable for digital nomads as well. In September 2022, the government recommended the Socio-Cultural visa as a more appropriate visa to be more welcoming to digital nomads. Bali’s position as a digital nomad destination dropped during the pandemic. The legal status of digital nomad work is still unclear, but this is the first step for the government to attract more digital nomads, and to provide services aimed at them. However, there is some resistance from the tourist industry and a lack of coordination to progress with the government’s vision.

This research is based on the author’s conviction that digital nomads are their own category, a demographic group that arrives in marketing literature as a new market segment. This group cannot be categorised as traditional tourists, they are not supposed to be called digital nomads-tourists, which has been a misconception in Indonesia. Digital nomads are not migrants either, they are high-tech global wanderers, working from their laptops.

This research is dedicated to the young local professionals in Bali, in the hope that they can be empowered and be part of the global digital ecosystem.

Rina A. Christiansen
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To all my informants and representatives of five popular coworking spaces in Canggu, Ubud, Sanur, Jimbaran, and Seminyak, Bali, thank you very much for giving me the opportunity to observe and immerse myself in your coworking space, and for sharing valuable information and experience with me. My gratitude goes to my loving family and friends, who supported me along the way.

This research sheds light on the digital nomadism phenomenon. It is my hope that this research gives readers insight on this subject and benefits them.

Perth, May 2023

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Validation

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In remembrance of a dear friend,

I Nyoman Sukadana


Denpasar, 12 September, 2019

“There are great advantages in travelling, & nothing serves to remove prejudices more.”

(David Hume, Scottish Philosopher, 1711–1776)
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“Life is not a problem to be solved, but a reality to be experienced.”

Søren Kirkegaard

(1813 – 1855)