

The Effect of Decreased Transaction Volume on the Low Increase in E-commurce Revenue During the Pandemic on the Shope Application in 2020

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Abstract

This study aims to determine whether there is an effect of transaction volume on the low income of E-commerce in the current pandemic era. The sample in this study was 1 company, namely Shopee, so that the data obtained were 84 data. The data collection technique is non-participatory observation, namely collecting, recording and reviewing secondary data in the form of consumer reviews of Shopee users. The results showed that there was no effect between the decrease in transaction volume and the low increase in E-commurce revenue.

INTRODUCTION

In today's world, with the tremendous growth of the Internet and Internet technology, there is a trend to develop commercial operations in the global market via the Internet (Wirtz et al., 2010). Advances in e-commerce promise to open up new possibilities in the way individuals transact and exchange commodities (Qin Z., 2009). Indonesia is one of the countries embracing and using e-commerce as an important component, changing consumer behavior and ushering in a new era where people can leverage the capabilities of electronic devices to facilitate purchasing operations. In addition, companies in Indonesia are trying to take advantage of this new growth to increase profits and contribute to the country's growth. However, it is more than a year since COVID-19 was declared a global pandemic, a year full of tragic loss of life and livelihood. The COVID-19 pandemic has spread worldwide and has had a profound and comprehensive impact on global economies, politics, culture and society. According to public

data from the International Monetary Fund (IMF), the pandemic has cost the global economy a total of \$3.3 trillion, equivalent to 3.267 percent. Thanks to early and effective COVID-19 control measures bearing fruit, Indonesia is expected to remain one of the fastest growing economies in Southeast Asia. Indonesian consumers are still among the most expected to witness the rapid development of various e-commerce industries, due to their strong and persistent economic foundation. Even though the initial scale of 2015 was only 3 billion USD and the negative impact of COVID-19, the size of Indonesia's e-commercial retail and customer service reached 14 billion USD in 2020 with an average growth rate of 14 percent (Google et al., 2021). In addition to data from the IMF, the proportion of e-commerce accounts for 4.12 percent of GDP 2020, which reflects a clearer and clearer vision of how important this sector is to the Indonesian economy. The analysis also predicts that from 2010 to 2025, the compound annual growth rate will still be double-digit 29 percent, and Indonesia's e-commerce will grow to 52 billion USD, placing the country third in ASEAN. This finding reflects a clearer and clearer vision of how important this sector is to the Indonesian economy. The analysis also predicts that from 2010 to 2025, the compound annual growth rate will still be double-digit 29 percent, and Indonesia's e-commerce will grow to 52 billion USD, placing the country third in ASEAN. This finding reflects a clearer and clearer vision of how important this sector is to the Indonesian economy. The analysis also predicts that from 2010 to 2025, the compound annual growth rate will still be in double digits 29 percent, and Indonesia's e-commerce will grow to 52 billion USD, placing the country third in ASEAN. Previous Research Results Based on recent developments and brand recognition in the Indonesian e-commerce market, there is no doubt that Shopee, Lazada, and Tiki are the “big three” with significant market share.

Despite being the last participant among the three big companies, Shopee Indonesia has taken first place in the competition in terms of user registration, sales, social discussion, or search. Initially, Shopee was a customer-to-customer (C2C) online 24 shopping platform that helped individuals to connect and quickly sell or buy the items they wanted. Furthermore, expanding the business model to B2C and providing support for companies to sell their products to consumers directly. Shopee has the most wide variety of products on their site with brand definitions.

METHODS

This research design is a causal comparative study. (Ozdamar et al., 2021) stated that quantitative studies can be divided into experimental studies, correlated descriptive studies, evaluation studies, and comparative causal studies. Comparative causal studies are often difficult to distinguish from correlation studies. Emzir (2011) points out that comparative causality and correlation studies are difficult to distinguish because these two studies manipulate and interpret the same results. However, there is a difference between the two. Comparative causal studies usually involve more than one group and one independent variable (Ozdamar et al., 2021). Companies that have met the criteria to be used as samples in this study are 1 company, namely shopee, so that the data obtained are 84 data. The independent variable in this study is the volume of transactions, the dependent variable in this study is the level of income. The type of data used in this research is quantitative data, and the data collection technology is non-participatory observation, namely collecting, recording and reviewing secondary data in the form of consumer reviews of Shopee users.

RESULTS AND DISCUSSION

Research Results

Tabel 1. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.077 ^a	.006	-.025	17.561

a. Predictors: (Constant), Transaction Volume

The effect of decreasing transaction volume on the low increase in e-commerce revenue is 0.6%, 99.4% is influenced by other variables.

Tabel 2. ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	58.382	1	58.382	.189	.666 ^b
	Residual	9868.559	32	308.392		
	Total	9926.941	33			

a. Dependent Variable: Income Increase

b. Predictors: (Constant), Transaction Volume

Sig. 0.666 > 0.05 means that there is no effect between a decrease in transaction volume and a low increase in e-commerce revenue.

Tabel 3. Coefficient Regression Coefficients^a

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	4.846	46.823		.103	.918
	Volume Transaksi	.242	.556	.077	.435	.666

A. Dependent Variable: Income Increase

The regression coefficient is 0.242. every additional 1% decrease in transaction volume, the low increase in e-commerce revenue will increase by 0.242. a positive value indicates a decrease in transaction volume has a positive effect on the low increase in e-commerce revenue. Sig. 0.666 > 0.05 means that there is no effect between the decrease in transaction volume and the low increase in e-commerce revenue.

Discussion

As stated in the E-Business Indonesia E-commerce Association (VECOM) report, in 2021, payments on e-commerce platforms grew by 17 percent in the first six months of 2020. Sales of domestic card payments through e-commerce platforms grew by 81 percent . International card spending on e-commerce channels, on the other hand, fell 16 percent. This actively illustrates the dramatic decline in international tourists as well as the difficulty of making online purchases in Indonesia from abroad. In 2020, the number of digital payment transactions from domestic cards through the Indonesia National Payment Joint Stock Company (NAPAS) increased by 185 percent compared to 2019, with the transaction value increasing by 200 percent (VECOM, 2021).

Due to the suffering of the COVID-19 pandemic, contactless technology has become a necessary addition for consumers. While cash will never be completely obsolete, its advantages will continue to decline as people seek simpler and more accessible options. According to the latest consumer behavior survey data from

Indonesia Report (2021), 60.6 percent of respondents prefer to minimize the use of cash in payments. Payment forms via Internet Banking increased 59.6 percent, while e-wallet increased 57.7 percent. Retailers must proactively address consumer demand for app-based payment methods to enhance customers' shopping experience and meet the trend of cashless payments in the context of the Industrial Revolution. Therefore, e-wallet companies are also growing rapidly. VECOM stated in their report (2021) that Momo, the leader of Indonesia's e-wallet sector, achieved more than 403 million transactions in 2020, totaling around 14 billion USD. When compared to 2019, the quantity and value of transactions increased by more than 3.5 times.

Furthermore, the number of new Momo registrations surpassed 23 million during the outbreak, nearly double that of 2019. As a platform service company, Shopee must take the technology aspect in the first place in the business strategy. Shopee has concentrated on mobile app services since its debut in the Indonesian market. Every development plan always involves technical adjustments and updates. Shopee is the best platform provider in the market by providing constantly updated applications with user-friendly interface and efficiently accessible features. Shopee has also been at the forefront of launching a new feature, live streaming, integrated into its mobile application since September 2019. This feature helps Shopee sellers to live stream sales on their store accounts at any time. Livestream will feature the Shopee app live and allow customers to make purchases while watching the Livestream (similar to Facebook and Youtube live streams). According to a report by iPrice, around 60 million Shopee visits per month in 2020. A large number of Indonesian customers that any online store would want to have. Shopee Live is also a channel to promote products, brands and introduce promotions to mostly young customers with high consumer demand. Livestream is the most intuitive online selling method to help customers see the most genuine products, consider whether or not they are a good fit, and make quick decisions.

On average there are 200 to 800 views for each typical live stream. If the shop was clever, it could close hundreds of orders. Customers just need to click on the cart list set by the seller, select any product and check the cart. This seller is more profitable than streaming on Facebook because there is no effort to check every comment and contact every customer to close an order. From changing

shopping habits and personal needs, today's users are demanding more and more carefully in choosing products, sharing privately, and researching how they buy. Online shopping with modern technology and techniques has helped businesses collect data and users analyze data, providing more accurate results, optimizing the experience and helping them to acquire goods more easily, smarter and more efficiently.

According to Kotler et al. (2016), people are getting more and more hooked on smartphone and always close to it. Smartphones are undoubtedly the most effective channel to attract customers. Therefore, companies need to approach and engage customers through smartphone applications. Since the beginning, Shopee Indonesia has always put more emphasis on mobile application business transactions. Over the past five years, Shopee has progressively developed in-app engagement features to make online purchases more social. As a result, the average time spent in applications by users continues to increase from year to year (Indonesia News, 2020). Shopee has created more in-app networking sections, such as the Shopee Feed, for sharing posts and stories 24 hours a day like Facebook or Instagram. Apart from that, they also integrate various games to capture more customer engagement such as Shopee Farm, Bubble Crush, or Pick-up items. Shopee is improving its features as well to recreate the offline buying experience. That includes a built-in payment and logistics infrastructure to allow customers to enjoy an easy and seamless checkout procedure, as well as exciting features like Shopee Live Chat to enable real-time conversations between buyers and sellers. In addition, the chat box is constantly being updated for better capabilities that support each participant in communicating with other people and Shopee customer service staff. Shopee developers also constantly have to upgrade the website, especially as well as interesting features such as Shopee Live Chat to enable real-time conversations between buyers and sellers. In addition, the chat box is constantly being updated for better capabilities that support each participant in communicating with other people and Shopee customer service staff. Shopee developers also constantly have to upgrade the website, especially as well as interesting features such as Shopee Live Chat to enable real-time conversations between buyers and sellers. In addition, the chat box is constantly being updated for better capabilities that support each participant in communicating with other

people and Shopee customer service staff. Shopee developers also have to constantly upgrade their websites, especially

Mobile application, to fix bugs, optimize search engine, battery efficiency, guarantee privacy and improve application stability to meet all user demands. Additionally, to assist companies in approaching new customer groups, the set of interaction attributes within the Shopee app allows brands to connect and engage with existing consumers on a constant basis. Shopee, for example, recently updated its successful Shopee Live feature to include co-streaming, enabling more lively and collaborative entertainment for viewers during business live streaming. However, Shopee had to solve some of the existing problems. Shopee provides many types of vouchers or discounts, which are grouped into several product lines during mega sales campaigns that users must collect individually. So that it makes its customers, especially new users, challenged to get used to Shopee. Shopee currently has the advantage in product diversity and shipping costs. Due to the large number of accesses and visits during big sales days such as 6/6, 11/11, or 12/12, there are many delays, errors in purchasing procedures, leading to a non-constructive and disruptive user experience. However, Shoppe's website and app performance need to change the purchase and payment error issues to improve user satisfaction. In addition, because Shopee has outsourced various delivery partners such as Giaohangtietkiem, Viettelpost, J&tExpress, or BestExpress, it has experienced difficulties in managing and analyzing all the quality of delivery services. Shopee must provide customers with a special rating scale to provide quality other than the existing rating for the product. This may be an acceptable solution to evaluate and improve Shopee's delivery service in the short term.

CONCLUSION

Electronic commerce is an "inevitable product of international trade," and global trade is the main driver of the expansion of e-commerce with the use of irreplaceable information technology (Qin, 2009). All revolutions begin with crises, and digital transformation is no exception. COVID-19 has accelerated this transformation, especially for small and medium-sized companies. Infectious diseases have put enormous pressure on companies, including small ones, to switch and find new business methods, underscoring the need for help from large ecommerce platforms operating around the world. Previously, companies would

generally set up their website to sell their goods. However, they have to invest heavily in technology infrastructure, not to mention that maintaining a website consistently and efficiently is an expensive and challenging endeavor. As a result, we are now encouraging companies to offer their goods on different ecommerce platforms. This will make it easier for them to do business while minimizing the hassle and cost of creating a separate website. According to Schwab (2017), some Large, technology-enabled platforms gave rise to what is now known as the “on-demand economy”, known as the sharing economy. Correspondingly, Shopee is a user-friendly platform that brings people, assets and data together, resulting in a completely new approach to consuming products and services. They remove barriers to creating wealth for companies and individuals, transforming personal and professional environments (Schwab, 2017).

Shopee, like other platform businesses, follows a similar execution strategy: by adequately matching supply and demand, by offering customers personalized items, and by allowing both parties to communicate and provide feedback, the platform builds trust. Electronic commerce is aggressive, and it should be called war. The tougher the future growth expectations, the tougher the competition will be. Maintaining brand values, ensuring product quality, improving services, and building strong trust are long distance stories that companies like Shopee Indonesia and every individual must do with ethics and enthusiasm. In addition, according to the Ministry of Information and Communication (2020), the authorities should concentrate on training and acquiring high-tech manpower resources. They will strengthen the training of IT experts, spread the understanding of e-commerce to business and government officials, and everyone, and simultaneously spread the benefits of e-commerce progressively.

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