

Shopee Analysis And The MSME Revolution Pushing The Indonesian Economy Into The Digital Era

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Abstract

In the digital era, e-commerce platforms like Shopee are key drivers of Indonesia's economic transformation, particularly for MSMEs. This research analyzes Shopee's impact on MSME development in Indonesia. Using a combination of primary and secondary data, 200 MSMEs that actively use Shopee were sampled purposively. The results show that Shopee significantly enhances market access, operational efficiency, digital literacy, and customer satisfaction. This underscores the need for steps such as improving digital infrastructure and fostering collaboration between the government, private sector, and educational institutions. In conclusion, Shopee plays a crucial role in revolutionizing MSMEs and pushing Indonesia towards a more digital economy.

INTRODUCTION

In today's digital era, technological transformation has become a key pillar in various economic sectors, including in Indonesia. One of the most prominent is e-commerce. Shopee provides access to a wider market and efficient logistics infrastructure, enabling MSMEs to sell their products across Indonesia, even reaching international markets (Untarie-commerce platforms in Southeast Asia, including Indonesia, has become a key player in this digitalization process. Shopee not only provides services for consumers to shop online but also offers opportunities for Micro, Small, and Medium Enterprises (MSMEs) to expand their market reach (Madania, 2023).

The role of MSMEs in Indonesia's economy is vital. According to data from the Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop

UKM), MSMEs contribute more than 60% of Indonesia's Gross Domestic Product (GDP) and absorb around 97% of the workforce. However, challenges faced by MSMEs, such as limited market access, capital, and technology, often hinder their business development. With the presence of e-commerce platforms like Shopee, many MSMEs now have the opportunity to overcome these obstacles and drive digital economic growth in Indonesia.

Launched in 2015, Shopee quickly became one of the most popular e-commerce platforms in Indonesia. Additionally, Shopee provides access to a wider market and efficient logistics infrastructure, enabling MSMEs to sell their products across Indonesia, even reaching international markets (Untarig programs and support to MSMEs to enhance their digital skills and optimize online sales. Additionally, Shopee provides access to a wider market and efficient logistics infrastructure, enabling MSMEs to sell their products across Indonesia, even reaching international markets (Untari, 2024).

The digitalization of MSMEs through platforms like Shopee has brought significant benefits. In this regard, Shopee has demonstrated its commitment through various initiatives, such as the Shopee University program, which offers free e-commerce training to sellers (Maulidinaarket trends and consumer behavior, enabling them to adjust their business strategies more accurately. Third, digitalization allows MSMEs to reduce operational costs, such as physical store rent and conventional marketing expenses, since most activities can be conducted online.

The transition to a digital economy also presents several challenges. Not all MSMEs have adequate digital literacy to optimally utilize e-commerce platforms. Many MSMEs still face difficulties in understanding new technologies and leveraging analytical data. Therefore, a collaborative effort between the government, the private sector, and various educational institutions is essential to provide ongoing training and support for MSMEs. In this regard, Shopee has demonstrated its commitment through various initiatives, such as the Shopee University program, which offers free e-commerce training to sellers (Maulidina, 2024).

Digital infrastructure in Indonesia has indeed shown progress, but there is still a significant access gap between urban and rural areas. Although internet penetration continues to increase, the quality and availability of internet access in

rural areas lag far behind compared to urban areas. This can be an obstacle for rural MSMEs to Shopee, thereby driving inclusive and sustainable economic growth in the digital era (Kamil, 2022). This is a challenge that needs to be addressed. The distribution of MSME products to various regions is often hindered by limited accessibility and inefficiencies in the logistics system. Improving logistics infrastructure, including efficient transportation networks and storage facilities, is key to supporting MSME growth in the digital era.

To overcome these challenges, greater investment is needed in the comprehensive development of digital and logistics infrastructure. The government must prioritize budget allocation to improve internet access in rural areas and increase efficiency in the logistics system. Additionally, policies that support MSME development in the digital era should be strengthened, such as tax incentives for small businesses that innovate in utilizing digital technology. By strengthening digital and logistics infrastructure, along with appropriate policy support, it is expected that MSMEs across Indonesia can fully leverage the potential of e-commerce platforms like Shopee, thereby driving inclusive and sustainable economic growth in the digital era (Kamil, 2022).

Analysis of Shopee's role in driving the MSME revolution in Indonesia indicates that e-commerce has great potential to support digital economic growth. By empowering MSMEs through access to technology, markets, and knowledge, e-commerce platforms like Shopee significantly contribute to economic inclusion and the improvement of community welfare. However, the long-term success of MSME digitalization also depends on various other factors, including technological readiness, regulatory support, and collaboration among stakeholders. The Indonesian government has taken positive steps by issuing various policies to support MSME digitalization, but effective implementation and ongoing support are essential.

METHODS

Data and Data Sources

This research utilizes both primary and secondary data. Primary data was collected through surveys of MSMEs using the Shopee platform, while secondary

data was obtained from Shopee's annual reports, publications from the Ministry of Cooperatives and MSMEs, and literature studies related to digital transformation and e-commerce.

Population, Sampling, and Sample

The population of the study consists of all MSMEs in Indonesia that actively use the Shopee platform. The sample comprises 200 MSMEs representing various industrial sectors to provide a comprehensive overview of the impact of using Shopee and the type of products sold. The sample comprises 200 MSMEs representing various industrial sectors to provide a comprehensive overview of the impact of using Shopee.

Research Instruments

The main research instrument is a questionnaire designed to measure various aspects such as market access, operational efficiency, digital literacy, and customer satisfaction. The questionnaire consists of closed and open-ended questions that allow respondents to provide in-depth answers. The validity and reliability of the questionnaire were tested through a pilot study and statistical analysis. In addition to the questionnaire, in-depth interviews with several MSMEs were conducted to gain deeper insights into their experiences using Shopee. The collected data was analyzed using descriptive and inferential statistical methods to test the developed hypotheses.

RESULT AND DISCUSSION

RESULT

After data is collected through surveys and in-depth interviews, the next step is to analyze the data to test the developed hypotheses. The analysis is conducted descriptively and inferentially to provide a comprehensive picture of the impact of using Shopee on MSMEs in Indonesia.

The analysis results indicate that the majority of MSMEs using Shopee have experienced increased market access. Survey data shows that about 80% of respondents reported an increase in the number of customers from outside their regions and even from abroad. This aligns with the literature stating that e-commerce can expand the market reach of MSMEs.

Table 1. Comparison of the Number of Customers Before and After Using Shopee

Period	Local Customers	National Customers	Internationals Customers	Total Customers
Before Shopee	800	150	50	1000
After Shopee	1800	900	300	3000

Source: Data Processed, 2024

Survey data shows that around 75% of MSMEs experienced increased operational efficiency after joining Shopee. Many respondents acknowledged that Shopee's automation features, such as inventory management and order processing, helped them reduce time and operational costs. This supports the findings of Vial (2019), which state that digitalization can enhance business process efficiency.

Table 2. Comparison of Operational Efficiency Before and After Using Shopee

Operational Aspect	Before Shopee	After Shopee
Processing Time	2 days	1 days
Operational Costs	Rp. 1000.000	Rp. 700.000

Source: Data Processed, 2024

E-commerce training programs like Shopee University enhance the digital literacy and business skills of MSMEs. Results from surveys and interviews indicate that about 70% of MSMEs participating in the Shopee University program feel more confident in using digital technology and managing their online stores. Respondents stated that the training helped them understand digital marketing strategies, customer management, and data analysis, which are essential for the success of e-commerce.

Table 3. Digital Literacy and Business Skills Before and After Shopee University Training

Digital Skills	Before Training	After Training
Digital Marketing	30%	80%
Inventory Management	40%	90%
Data Analysis	20%	70%
Customer Service	35%	80%
Transaction Management	45%	9%

Source: Data Processed, 2024

UMKM that use Shopee are better able to provide a satisfying customer experience compared to those that do not utilize e-commerce. Features such as product reviews, responsive customer service, and faster shipping through Shopee's stores such as product reviews, responsive customer service, and faster shipping through Shopee's logistics network help enhance the customer experience.

Table 4. Customer Satisfaction Index Before and After Using Shopee

Satisfaction Effect	Before	After
Delivery Speed	3.5	4.8
Service Quality	3.8	4.7
Transaction Ease	4.0	4.9
Service Response	3.6	4.6
Overall Satisfaction	3.7	4.8

Source: Data Processed, 2024

Data Types:

- Hypothesis Testing
- Correlation between the use of Shopee and the improvement of MSME indicators

Table 5. Statistical Test Result

Hipotesis	t-value	p-value	Conclusion
Wider Market Access	4.25	0.0001	Significant

Hipotesis	t-value	p-value	Conclusion
Operational Efficiency	3.80	0.0002	Significant
Increased Digital Literasi	5.10	0.00001	Significant
Customer Satisfaction	4.90	0.00005	Significant

Source: Data Processed, 2024

DISCUSSION

Shopee and the UMKM revolution have become key drivers in advancing Indonesia's economy toward the digital era. As a leading e-commerce platform in Indonesia, Shopee offers extensive opportunities for UMKM to market their products online easily and efficiently. Through features like Shopee Mall and ShopeePay, small businesses can broaden their reach and enhance competitiveness in an increasingly competitive market. The UMKM revolution led by Shopee has also transformed traditional business paradigms in Indonesia. Beyond providing a buying and selling platform, Shopee offers training and support to sellers to improve product quality, marketing, and customer service, helping UMKM become more innovative and adaptive to market changes.

The positive impact of this revolution is felt not only by business actors but also by the economy as a whole. The growth of UMKM driven by Shopee has created new jobs, increased community income, and expanded the sector's contribution to the country's GDP. However, challenges remain, including intensified competition and consumer protection issues. Thus, it is crucial for the government and other stakeholders to continue developing regulations that support UMKM growth in this digital era while ensuring the sustainability of a healthy business ecosystem.

Data analysis and findings from this research confirm that using e-commerce platforms like Shopee significantly benefits UMKM in Indonesia. By leveraging Shopee, UMKM have significantly expanded their market access, evidenced by an increase in customers at local, national, and international levels. Additionally, adopting Shopee has led to considerable operational efficiencies, with reductions in processing times, lower operational costs, and increased stock availability.

E-commerce training programs like Shopee University also positively

contribute to digital literacy and business skills for UMKM. Through this training, UMKM gain confidence in using digital technology, managing their online stores, and understanding effective digital marketing strategies. The increase in customer satisfaction reflects the benefits UMKM gain from using Shopee, with features such as product reviews, responsive customer service, and fast shipping being key factors in enhancing customer experiences.

Statistical analysis also yields consistent results with previous findings, showing that using Shopee is significantly related to improved market access, operational efficiency, digital literacy, and customer satisfaction. In-depth interviews with UMKM actors provide valuable insights, highlighting initial challenges faced and the need for ongoing support to maximize the full potential of e-commerce.

As an implication of these findings, concrete steps are needed to enhance digital and logistical infrastructure, improve training programs, and strengthen collaboration between the government, private sector, and educational institutions. Therefore, this research not only provides empirical evidence of the benefits of e-commerce for UMKM but also offers practical recommendations to promote broader and deeper digital transformation in Indonesia.

CONCLUSION

From the analysis, it can be concluded that Shopee and the MSME revolution have made significant contributions in driving Indonesia's economy toward the digital era. Shopee provides opportunities for MSMEs to market products efficiently through features such as Shopee Mall and ShopeePay, while the MSME revolution led by Shopee has changed the traditional business paradigm. The positive impact is widely felt, with MSME growth creating new jobs and increasing community income.

Challenges such as intense competition and consumer protection still need to be addressed. It is important for the government and other stakeholders to develop regulations that support MSME growth in this digital era while ensuring the sustainability of a healthy and sustainable business ecosystem. Recommendations for enhancing digital infrastructure, training programs, and cooperation among various parties are also outlined as concrete steps to support broader digital

transformation in Indonesia. Thus, this research provides empirical evidence of the benefits of e-commerce for MSMEs and offers practical recommendations to promote inclusive and sustainable economic growth in the digital era.

To support the growth of MSMEs and Indonesia's economy through e-commerce platforms like Shopee, several suggestions can be implemented. First, strengthening digital infrastructure is key by increasing investment in faster and more affordable internet access throughout the country. Next, improving digital literacy needs to be prioritized through training programs like Shopee University to instill confidence in MSMEs in managing online stores and understanding effective digital marketing strategies. Lastly, the importance of supportive regulations must not be overlooked, where the government needs to develop policies that protect and facilitate MSME growth in the digital era while ensuring consumer protection and the sustainability of a healthy business ecosystem.

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