



How E-Commerce Competition in Indonesia through Search Engine Analytic

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ABSTRACT

The e-commerce industry in Indonesia has experienced rapid and substantial expansion, primarily propelled by demand coming from the middle segment market. When comparing Indonesia to other Southeast Asian countries it becomes evident that Indonesia generates a significantly greater volume of e-commerce traffic. Between the years 2020 and 2023, Shopee is projected to maintain its position as the preeminent and most frequently visited e-commerce platform, alongside Tokopedia and Lazada trailing in close succession. The significant advertising campaign initiated by Shopee can be credited with the platform's high ranking on the search engine Google. To establish dominance in the Indonesian e-commerce sector, they must concentrate on niche markets that complement their unique characteristics. Additionally, they must increase the national recognition of their brands across the entire nation.

Keywords: E-Commerce, Digital Marketing, Digital Analytic, Google Trend, Digital Branding

1. Introduction

Information and technology play a pivotal role in driving innovation, thereby increasing consumer engagement and focus on digital media. Throughout numerous decades, it has evolved through active involvement of consumers. Businesses can establish dependable and constant relationships with their intended customer base via the internet. Over the past decade, the Indonesian e-commerce industry has expanded at an exponential rate, with middle market demand serving as its primary impetus. E-commerce has functioned as the principal medium through which numerous enterprises have achieved their goals. This facilitates entree to the expansive Indonesian market for enterprises of varying scales. The substantial growth of internet shoppers in Indonesia is a development that is to be expected. Electronic commerce (e-commerce) is the process by which enterprises and consumers transact digitally, enabled by accessibility to computers. E-commerce effectively reduces operational costs and time expenditures while enhancing the degree of engagement between businesses and customers. It is designed to improve the caliber of goods and services, which ultimately contributes to a decrease in the utilization of resources.

The evolution of the Internet has been propelled by consumer feedback, business objectives, and innovation. The function of information and technology is crucial in fostering innovation, which subsequently increases public interest and involvement in the internet (Barus, 2024). Digital media has been acknowledged by organizations as an essential instrument for enhancing their operations and broadening their market footprint. Social networking sites are an indispensable element of new media as they enable users to exchange information and generate content. Social media platforms are built over a technical software infrastructure that originated during the Web 2.0 period. Social media platforms significantly influence consumers' daily purchasing decisions due to the vast amount of information they provide.

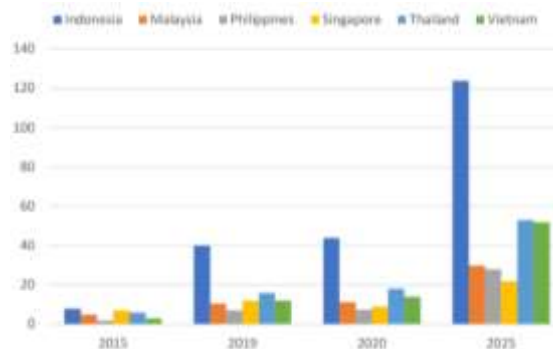


Fig. 1. ASEAN Digital Business Volume (US\$ Billion)

E-commerce volume in Indonesia exceeds that of all other Southeast Asian nations combined. The projection for Indonesia in 2025 indicates double-digit growth, as illustrated in Figure 1. It serves the productive middle-income market and demographic (Google, 2020). The e-commerce sector in Indonesia is comprised of five notable entities: Lazada, Blibli, Tokopedia, Shopee, and Bukalapak. Based on the findings presented in Figure 3, it is evident that Shopee and Tokopedia continue to be the leading competitors in the industry, enduring a fierce rivalry. Monthly user traffic on Tokopedia and Shopee exceeds 120 million, and this number is steadily rising.

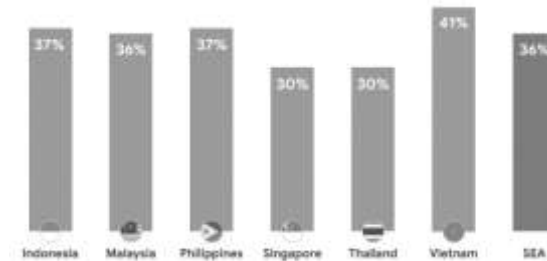


Fig. 2. Digital Consumers in ASEAN

The e-commerce sector in Indonesia primarily caters to the middle market, showcasing a notable degree of audience homogeneity. The middle market comprises a considerable demographic, predominantly comprised of individuals who are in the apex of their careers. E-commerce's fervent aspiration of making a presence among this demographic attribute is primarily motivated by this attribute.

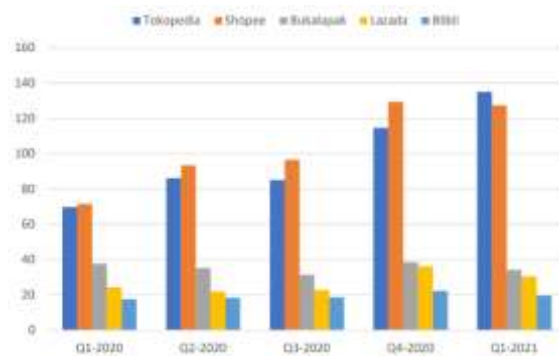


Fig. 3. Most Visited E-commerce in Indonesia

E-commerce plays a pivotal role in facilitating digital business operations for organizations of all scales, providing vendors (companies that create accounts and offer goods on e-commerce platforms) with an abundance of marketing opportunities. These marketing strategies consist of numerous approaches, including campaigns and advertising. Sellers must gain an understanding of the specific purpose of each marketing tool and adapt accordingly to maximize their objectives on the e-commerce platform for which they have enrolled.

2. Study Literature

A considerable segment of e-commerce customers in the Indonesian marketplace exhibits a conspicuous susceptibility to changes in price. Consequently, a considerable number of organizations choose to employ discounts as their principal tactic, given that they directly stimulate sales. Moreover, social media influences customers' purchase intent. A particular group of social media platforms is significantly associated with increased sales, according to some studies. Research has shown that when a business decides to advertise price reduction gatherings on social media platforms, these factors have a reciprocal effect. Discount strategies are commonly used as a promotional tool in electronic commerce to generate rapid sales and attract consumers. Discounts are utilized as a strategy to incentivize consumers to engage in impetuous purchasing in Indonesia, regardless of the magnitude of the reduction. Implementing a discount strategy has the potential to significantly boost immediate sales. Additionally, this may potentially result in a negative impact on consumer perception, specifically regarding products that are priced modestly higher. E-commerce enterprises often implement discount strategies to swiftly attract their target demographic and enhance their financial gains. Regardless of the extent of the price reduction, discounts are commonly utilized to stimulate consumers into impulsive purchasing.

Understanding the trajectory of the customer journey as it pertains to an organization is a fundamental element of digital marketing planning. From the moment of initial advertisement exposure to the period of purchase, businesses analyze the customer journey to comprehend the customer relationship. The implementation of funnel marketing enables organizations to analyze every stage of the buyer's journey. The progression through which consumers

gain awareness of a product, develop an interest in it, and intend to complete a purchase. It provides a structured framework for organizations to construct their marketing strategy (Jallow, 2018).

The stage of cognizance denotes the preliminary encounter of a consumer with our advertising. The platform grants users the ability to acquire pre-launch information pertaining to the brand and its merchandise. Consumers will actively pursue the promotional opportunities presented by the brand or company. Interested parties examine the organization's internet presence or webpage to discern any services or goods that may pique their curiosity. Customers locate the desired products across the store and proceeds to add them to a purchasing cart during the third phase. After conducting a thorough evaluation and contemplation, the consumer will eventually get to the final stages, during which they act by converting. Approximately 5% is the usual sales conversion rate within the industry. It is crucial that shoppers on the internet are presented with thorough and unequivocal information regarding the products they are considering purchasing. Research indicates that product information is of utmost importance to 94% of purchasers to pique their interest and intention to purchase. Consumers exhibit a stronger inclination to favor and attribute value to enterprises that provide reliable and readily available information across all their sales platforms. There is a growing inclination among consumers in various Asia-Pacific nations to acquire distinctive and genuine products. During the year 2021, there was a significant surge in the quantity of keyword queries associated with terms like official.

In recent times, numerous enterprises have placed significant emphasis on digital platform marketing. To attract greater interest, extend their market penetration, and boost conversion rates, organizations must develop an internet marketing strategy that is both effective and appropriate. While some companies continue to rely on discounts (price approach) as the most effective strategy in e-commerce, other studies have found that this approach is resulting in a decline in earnings. One of the most widely used digital media, social media, influences both peer and individual relationships (Junjie, 2020). With the advancement of information technology over the past decade, marketing strategies have additionally changed and adapted. Presently, technology and marketing comprise an all-encompassing array of business operations. Marketing functions as a potent tool to augment sales and earnings, providing advantages not only to sizable corporations but also to small and medium-sized businesses.

A considerable proportion of small and micro enterprises have encountered challenges in formulating an effective marketing strategy. This resulted from a lack of proficiency in marketing knowledge or inadequate implementation at the level of operations. Promotion of sales is an essential marketing strategy that companies must strategize and execute. It is a highly effective strategy for augmenting short-term sales and attaining a competitive advantage.

Although organizations have the capacity to employ various promotional tactics, it is imperative that they employ analytical reasoning to select the most suitable promotional instruments given their limited resources (Blattberg, 2010). It has been discovered that a considerable proportion of online consumers in Indonesia are extremely sensitive to pricing adjustments. Consequently, numerous enterprises opt to employ discounts as their principal tactic, given that such tactics yield a tangible influence on augmenting sales. Conversely, social media platforms also influence the purchasing intentions of customers. Contrarily, some research indicates that a discernible association with heightened sales is limited to particular social media platforms (Kim, 2018). It has been observed that when a company chooses to advertise a price reduction event on social media, these variables have a reciprocal effect (Zhou, 2018). E-commerce has witnessed the widespread implementation of discount strategies as a means of enticing consumers and promoting immediate purchases. Customers are encouraged to make impetuous purchases in Indonesia using discounts, regardless of whether the decrease in prices is not substantial.

Implementing a discount strategy could potentially increase short-term sales. Nevertheless, it is imperative to exercise prudence and refrain from the overutilization of discounts since this could potentially have an adverse effect on the organization's enduring reputation. Numerous instances have demonstrated that consumers frequently place doubts regarding the quality and value of products offered by companies that frequently negotiate reductions. Furthermore, it possesses the capacity to negatively impact consumer perception, specifically regarding products priced between the middle and upper echelons. In e-commerce, discount strategies have emerged as highly prevalent promotional tactics employed by businesses to efficiently stimulate the purchases of their intended demographic. Regardless of the scale of the price reduction, consumers are encouraged to make impetuous purchases in Indonesia using discounts.

A pivotal element in the development of a digital advertising plan is the comprehension of the consumer's path within the organizational setting (Barus, 2021). From the moment a customer views an advertisement until they complete a purchase, businesses examine the customer journey to comprehend their relationship with the customer. Through the application of funnel marketing, organizations can analyze every stage of the customer's purchase journey. A modified iteration of the Awareness, Interest, Desire, and Action framework constitutes funnel marketing. The sequential progression through which consumers transition from product awareness to interest and intention to purchase. It provides businesses with a structure upon which to construct their promotional strategy (Jallow, 2016).

The cognizance stage pertains to the initial consumer face, arrival, or sight of our advertisement. It provides individuals with early access to information concerning the business and its products. The subsequent stage entails customers actively pursuing the offers that the company or brand has to offer. They visit the organization's website or page to identify any services or products that pique their interest. Customers locate the desired items within the store and then immediately load them onto a trolley or carriage during the third phase. Following a thorough process of evaluation and comparison by the consumer will eventually enter the concluding stages, which consist of carrying out a course of action or converting. In the industry, the sales rate of conversion typically hovers around 5%.

The flash sale evolved into a form of advertising that emerged with the expansion of e-commerce. It is a transitory promotional initiative coordinated by e-commerce platforms and online retailers with the aim of stimulating customers' irrational buying behavior. This is regarded to be one of the best techniques for increasing brand awareness and sales, along with a straightforward approach to eliciting a desire to purchase from customers (Chan, 2017). As a strategy to augment website traffic and brand recognition, each e-commerce site in Indonesia employs flash sale promotions. To implementing a discount policy represents an additional efficacious approach to captivate the entire market.

Particularly flash sales, stimulation generated by businesses through internal and external offerings play a crucial role in propelling sales (Kimiagari, 2021). It is highly recommended that online shoppers obtain thorough and unequivocal information regarding the products they intend to buy. 94% of consumers, according to one study, consider product information to be of the utmost importance in generating enthusiasm and intent to purchase (Google, 2021). Research has shown that consumers are more probable to be attracted to and value organizations that demonstrate credibility and provide readily available information across their sales channels.

Methodology

This research employs quantitative methodology. Data was processed in weekly units for the time frame 2020 to 2023 utilizing over a thousand figures of Google search engine popularity trend data. Following the processing of Google Trend data, a comparison level of prevalence is determined.

3. Findings

From Figure 4, in terms of search volume, the keyword Shopee is in first place and provides a significant difference compared to the other four e-commerce sites, one of which is Tokopedia in second place.

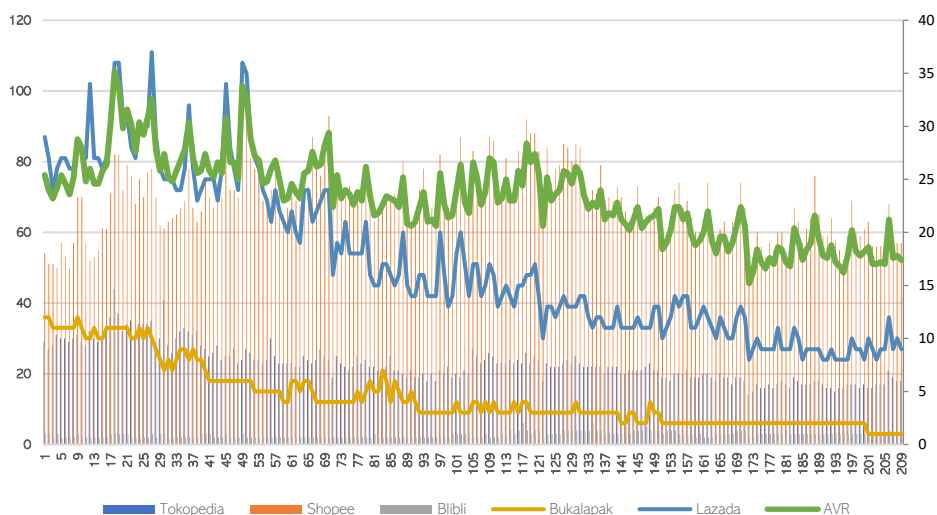


Fig. 4.E-Commerce Comparison

At times, the prevalence of the remaining four e-commerce platforms falls below the overall average. Additionally, Shopee's popularity remains consistent and stable from year to year, in contrast to the declining fortunes of Blibli, Tokopedia, Bukalapak, and Lazada. In the past three years, Shopee has maintained a higher-than-average popularity index (68.68). Second and third, respectively, are Lazada (17.33) and Tokopedia (22.96). Unlike Tokopedia, which is only marginally above average, Shopee's index is above average. This suggests that Shopee's marketing communications exhibit a significantly greater degree of efficacy and intensity in comparison to those of the remaining four e-commerce platforms. Not only did this notable distinction manifest itself within a span of one year, but it persisted throughout the entire research duration of three years. According to several perspectives, Shopee utilized the Covid-19 pandemic to be an opportunity to accelerate its business operations by allocating substantial financial resources towards marketing initiatives targeting its seller and consumer partners.

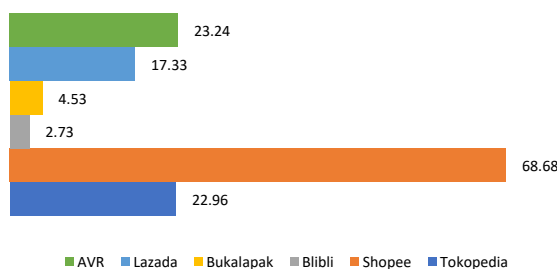


Fig. 5. Average Comparison

Based on the value of the five brand trends examined, Shopee, holds a dominant position in the aggregate graph, as illustrated in Figure 6. In contrast to all three e-commerce sites, Blibli and Bukalapak exhibit minimal visibility regarding volume trends.

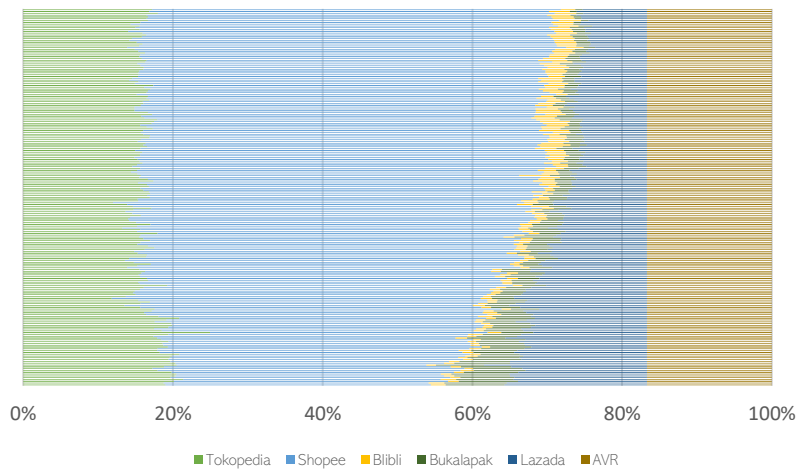


Fig. 6. Trend Volume

In terms of product assortment, Shopee and Tokopedia target comparable consumer segments, particularly the middle class, when analyzed through the lens of consumer segmentation. As shown in Figure 6, Lazada has once more increased brand recognition over the past year.

Shopee As the Top-of-Mind Brand

An additional two percentage points of growth were sustained in 2022, following a five-point rise in Shopee's performance from 2020 to 2021. Conversely, between 2022 and 2023, Shopee experienced a decline of about 14% in prominence following a surge in 2022. Through distribution analysis, researchers will have the capability to visually depict fluctuations in Shopee's prevalence trends. The strategic prediction of an item's future popularity can be achieved through the utilization of the cross-checking technique. Armed with this understanding, one is capable of formulating and implementing the suitable communication strategies necessary to achieve metrics of popularity.

Determined by period (month, quarters, semester, and year), Figure 7 illustrates a visual representation of the mean cross-data test results. Frequent intersections occurred between three trend lines derived from the data. A significant decrease in its overall prominence has been observed for Shopee during the previous four years, as indicated by the data. However, according to the trend line, the indicator is expected to experience growth in the forthcoming academic term. Insufficient volume to support Shopee's standing results in an annual indicator that follows a downward trend.

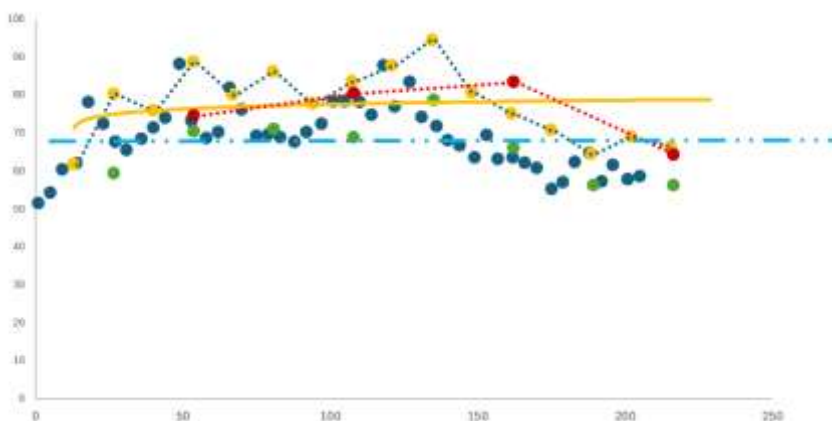


Figure. 7. Shopee' Trend Test

Tokopedia as The Second Top of Mind

In general, the trajectory of the semester is greater than the overall average. It demonstrates that despite experiencing a decline, Shopee retains a fundamental ability to captivate consumers. Upon further examination of the annual trend, a cross-sectional pattern around week 200 suggests that market interest is anticipated to diminish throughout the upcoming year.

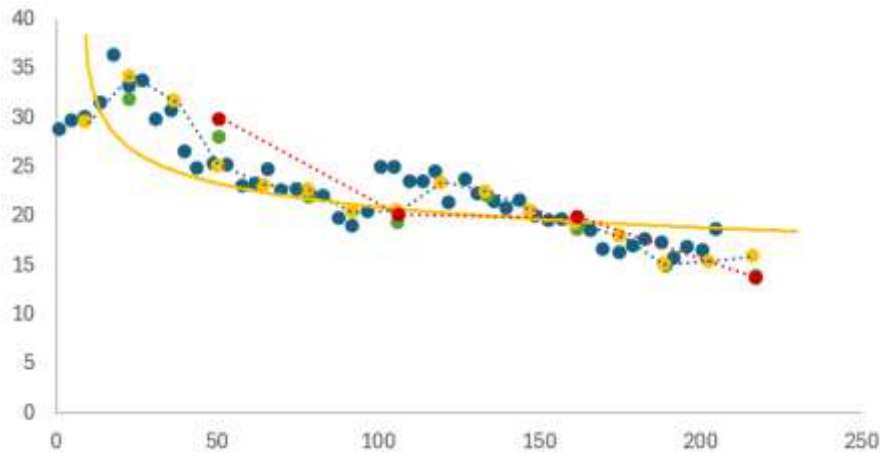


Fig. 8. Tokopedia' Trend Test

The graphical representation of the results of the mean cross-data test for each period (month, quarter, semester, and year) are presented in Figure 8. From the data, all three lines of trend were derived, which intersected frequently. According to the data, there has been a substantial decline in the overall prominence of Tokopedia during the past four years. Nevertheless, the trend line indicates that the indicator is poised to increase during the upcoming semester. The annual indicator exhibits a declining trajectory because of inadequate volume to bolster Tokopedia's reputation.

4. Conclusion

E-commerce is vying for market dominance in Indonesia, given the rapid expansion of the middle class and the extremely large population of productive age that will contribute to the country's e-commerce industry. Between 2020 and 2023, Shopee will be the most consistently recognized and preferred e-commerce platform in terms of prominence. Tokopedia and Lazada will follow as the next big thing. Integrated above-the-line and below-the-line advertising activation are what enable Shopee to achieve such prominence within the google search results page. In the future, to attain a dominant position in the e-commerce sector of Indonesia, Tokopedia, Lazada, Blibli, and Bukalapak must concentrate on expanding the national recognition of their brands while targeting niche markets that are distinctive to each platform.

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