Analysis of E-Commerce System at Shopee Indonesia Company Using Strengths, Weaknesses, Opportunities, and Threats

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ABSTRACT

This study intends to analyze Strengths, Weaknesses, Opportunities, and Threats (SWOT) on Shopee e-commerce in order to identify its advantages, disadvantages, opportunities, and threats. It has been noted by multiple studies that Shopee is the most popular e-commerce site in Indonesia, but practical experience in the field indicates that there are still a lot of complaints from customers regarding Shopee e-commerce. This research uses a qualitative descriptive approach by conducting a SWOT analysis (Strengths, Weaknesses, Opportunities, Threats). This research uses primary data obtained through observation. The data was obtained from direct observation using gadgets on the Shopee application. The ensuing data analysis shows that Shopee's reputation is its greatest asset, that it is not an Indonesian e-commerce company, that there are several rivals with comparable business models, and that there is a potential for a marketplace business that is not restricted by time or location. Based on these findings, Shopee may strengthen its opportunities and strengths while decreasing its threats and weaknesses by putting the S-O, W-O, S-T, and W-T strategies into practice. The S-O strategy contains opportunities that can be maximized. The W-O strategy contains a way out so that opportunities are not wasted. The S-T strategy contains how to respond to threats with the strengths possessed. The W-T strategy contains solutions to threats that may arise.

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1. INTRODUCTION

In this globalization, rapid progress around the world is the result of economic development. Businesses have increasingly fierce competition and the sale of goods and services is free (Novita Anjarsari et al., 2021). A business has many unique characteristics, increasing the number of loyal customers makes a company or business survive. A company or business that wants to be successful and popular must have widely recognized characteristics that distinguish its products from other similar businesses. Setting goals and tactics...
to be used in business is a prerequisite for gaining the interest and trust of clients and getting them to buy goods from a company or firm. Competitive advantage is easily overcome by pessimistic thinking. The competitive environment is important to understand because it is the place where competitive dynamics can be learned (Nadillah Tiara Waty S. et al., 2021).

Information technology can be utilized to drive business and market activities. Many people's activities in carrying out daily activities use technology (Margareth, 2023). The Internet is a means of communication that has facilitated the improvement and processing of transactions in business. Advances in information technology have affected almost every facet of human activity, such as government, industry, commerce, health, learning and other fields (Bernanda et al., 2019). The development of information technology has entered a new phase in the lives of people around the world, which has affected buying and selling activities. Electronic commerce, also known as e-commerce, has replaced conventional transaction methods that require offline meetings (Gudiato et al., 2022). E-commerce has become a popular choice for shopping among people around the world, especially in Indonesia. Indonesia, with a population of more than 250 million people, ranks as the fourth most populous country in the world. This makes it an attractive and prospective market, as a larger population naturally leads to increased consumer demand for daily necessities. One of the activities of the community using e-commerce is to do online shopping activities. Technology makes it easy for consumers to make online purchases anywhere and anytime. Development is able to boost the growth of the digital economy, which has increased 97% in Java and 17% outside Java in 2020 (Margareth, 2023). Previous research (Periamsyah et al., 2018) conducted a system analysis on shopee e-commerce, but the results did not use the S.W.O.T. matrix. Previous research (Setyaningsih, 2018) applied S.W.O.T. and its matrix to PT Telkom Indonesia. Research on S.W.O.T. is also applied to the Magelang City Post Office (Astuti & Ratnawati, 2020). In the problems that have been described, an analysis will be carried out using S.W.O.T. on Shopee e-commerce to identify strengths, weaknesses, opportunities, and threats on the Shopee e-commerce platform.

Among the many e-commerce available in Indonesia, Shopee marketplace is the most famous and widely used. It was ranked first in 2017. The shopee marketplace first appeared in Singapore in 2015 and then expanded to other countries such as Indonesia, the Philippines, Malaysia, Vietnam, Thailand, and Taiwan. Shopee Marketplace is a well-known and widely used e-commerce platform in Indonesia. It managed to secure the top spot in the 2017 ratings. After its initial 2015 launch in Singapore, Shopee marketplace has grown to include operations in Indonesia, Philippines, Malaysia, Vietnam, Thailand, and Taiwan. SEA managed to attract the attention of most internet users to Shopee as a new entrant in the Indonesian e-commerce market. A study conducted by Cheeetah showed a remarkable rise in Shopee, with 3.99% active users every week, reaching a peak of (Gudiato et al., 2022). E-commerce business changes buying and selling transactions and payments from conventional methods to electronic digital stored in computer bases and internet networks.

Despite the remarkable achievement that Shopee has made, the e-commerce business is not Shopee alone. Shopee is advised to continue to innovate to improve the quality of its products and increase its competitive advantage over competitors engaged in similar business ventures. One method that can be used is to conduct an analysis with the S.W.O.T. (Strengths, Weaknesses, Opportunities, and Threats) method. This method examines the company's internal and external environmental conditions to build a business strategy. S.W.O.T. analysis, which is an acronym for Strengths, Weaknesses, Opportunities, and Threats, shows the company's strengths and weaknesses in the face of existing opportunities and threats. The results of the S.W.O.T. analysis will be presented in the S.W.O.T. matrix (Periamsyah et al., 2018).

Online shops help people shop for the goods they need in their daily lives easily and practically without having to come to the store directly (face to face). Customers can quickly search and purchase products based on their needs and interests by using a laptop or smartphone while sitting at home, on campus, or in the office. Customers can choose from a wide variety of goods through e-commerce, and with careful shopping, they can find goods and services cheaper than in physical storefronts. Business managers and management can increase turnover and revenue by using e-commerce for marketing purposes. Customers who support online businesses are more likely to be loyal than customers who support offline businesses. Clothing, care and beauty, computers and accessories, household supplies, baby and child fashion, bags, shoes, watches, electronic devices, food and beverages, health, hobbies and collections, souvenirs, parties, sports, cars, books and stationery, photography, and others are some of the many products and services that Shopee offers as an online shopping platform to support people’s daily needs.

Based on the background, the purpose of this research is to analyze the S.W.O.T. of Shopee e-commerce to identify the advantages, disadvantages, opportunities, and threats of Shopee e-commerce. The difference that occurs has been shown by several studies that Shopee is the e-commerce with the number one active user in Indonesia, while the facts on the ground show the most popular e-commerce site in Indonesia, although the facts on the ground show that there are still many complaints about using Shopee during the National Online Shopping Day (HARBOLNAS). One of the goals of Shopee's business strategy is to improve quality and competitiveness compared to its competitors and it is hoped that this research can be taken into consideration, by utilizing new
knowledge to satisfy its users based on the data that will be analyzed in this paper and can contribute to being an anticipatory solution for Shopee's development.

Shopee is very important in today's global e-commerce era because it provides easy and comprehensive access for users to shop online. Its key advantages include its innovative business model, use of advanced technology to enhance user experience, as well as strong market penetration in Southeast Asia. In addition, an aggressive marketing strategy and collaboration with various partners are also other advantages.

2. RESEARCH METHOD

This research uses a qualitative descriptive method by applying SWOT analysis (Strengths, Weaknesses, Opportunities, Threats). This research uses primary data and is collected through the observation process. These data are obtained from direct observation using gadgets on the Shopee application. Descriptive qualitative research is a research method that aims to collect, analyze, and understand current problem solutions. The reason for using this method is because this method is more sensitive to what will be analyzed and can adjust SWOT.

3. THEORETICAL FOUNDATION

1) E-Commerce

The term E-commerce is a new thing in the scope of the business world which is defined as a paradigm or a renewed system that replaces conventional transaction systems into electronic-based transactions commonly known as Information and Communication Technology (ICT). E-Commerce can be interpreted as a business conducted electronically using business activities such as C2B (Consumen to Business), B2C (Business to Consumen) B2B (Business to Business), or C2C (Consumen to Consumen) with internet technology intermediaries (Haryanti & Irianto, 2011). The term E-commerce is a new thing in the scope of the business world which is defined as a paradigm or a renewed system that replaces conventional transaction systems into electronic-based transactions commonly known as Information and Communication Technology (ICT). E-Commerce can be interpreted as a business conducted electronically using business activities such as C2B (Consumen to Business), B2C (Business to Consumen) B2B (Business to Business), or C2C (Consumen to Consumen) with internet technology intermediaries (Pradana, 2016).

Part of electronic business is e-commerce which includes more than just business, it also includes cooperation with business partners, providing services to customers, employment opportunities, and others. There are several technologies more than just www technology that are needed for e-commerce to run well such as database technology, email, and non-computer technology that includes product distribution, and payment systems. The potential for progress that e-commerce has in business is very large, this is because in Indonesia itself the target market is still widespread (Rehatalanit, 2016). In Indonesia itself, the progress of E-commerce was seen in 1994 or 26 years ago when Indo Net presented the first commercial internet in Indonesia. The presence of Indo Net is the beginning of the use of technology that is utilized for the benefit of communication technology, including in terms of buying and selling. Although at first the presence of the internet was limited to being used for communication systems and supporting promotional activities only and had not yet entered the realm as a business application.

As time went on, concepts and thoughts were created to use internet technology more optimally, so that it was used for electronic-based buying and selling activities as well as online or virtual gatherings. The optimization of the internet for electronic buying and selling applications has progressed and developed over time. The birth of several new startups has also contributed greatly to the progress of e-commerce in Indonesia. Based on data obtained from We Are Social, the largest e-commerce user in the world is Indonesia, which reaches 88 percent of all internet users in Indonesia (Safitri & Dewa, 2020)

2) Shopee

Shoope adalah satu dari beberapa situs e-commerce yang terkenal di Indonesia. Shoope didirikan pada tahun 2015 dan terus mengalami kemajuan sampai sekarang. Aplikasi ini mengalami kemajuan yang sangat meningkat dan mendapatkan jumlah undahan yang sangat besar setelah lima tahun diluncurkan, tepatnya pada tahun 2020 (Gudiato et al., 2022). There is a concept that this
platform presents, namely the concept of a mobile-centric market, this concept allows users to get the convenience of buying and selling goods more easily anywhere and anytime. The ease of the payment system is also an advantage that Shopee has so that it is highly favored by consumers such as housewives, the convenience is an advantage in itself.

At first, Shopee was still part of the Garena group of companies, which has now changed its company name to SEA Group. SEA Group itself is an internet service provider company in Southeast Asia that controls the C2C (customer to customer) mobile market. Before launching in Indonesia, Shopee was launched in Singapore in 2015. Only then did it launch in several countries such as Indonesia, the Philippines, Malaysia, Vietnam, Thailand, and Taiwan. Shopee’s goal is to become the number 1 customer to customer Mobile Marketplace in Southeast Asia. The CEO or leader of Shopee now is Chris Feng (Gudiato et al., 2022). The Shopee marketplace platform makes the buying and selling process easier, faster, and more efficient. There are so many kinds of products available on Shopee, from daily necessities to fashion and cosmetics. Its mobile application makes it easy for users to do online shopping without having to meet in person or open a website through their desktop device.

In 2015, Shopee was only a newcomer platform because since 2009 there had been several competing platforms established. However, since it was first launched Shopee has been very popular with Indonesians and has gained attention. This argument is based on the data graph of the current market interest rate in Indonesia (Gudiato et al., 2022).

3) SWOT with Analysis

S.W.O.T analysis or an abbreviation of Strengths, Weaknesses, Opportunities, and Treats is a method of managing a company's strategy or method by paying attention to the internal and external scope of the company. In this analysis, strengths and weaknesses are emphasized by a company when fighting the challenges and opportunities faced. The company's internal strengths, weaknesses, and opportunities and dangers from outside will be evaluated in this SWOT analysis. There are several uses of internal analysis that are very important, including identifying the company's resources, capabilities, core competencies, and competitive advantages. Meanwhile, the external analysis evaluates market opportunities and threats by paying attention to competition in the market, industry environment, and general environment (GÜREL, 2017).

Strength or strength is an ability to control the company, this strength is considered as a capital or asset that can bring profits so that later the company can use it to dominate a market. Second, Weaknesses, namely the inability of a company to manage resources which has an impact on consumer satisfaction problems that are difficult to achieve. Third, Opportunities can be interpreted as a situation where the company has one aspect that is superior to other companies in the external scope of the company. Opportunities can be born from socio-cultural factors such as appropriate trends and lifestyles or economic and political factors such as government laws and inflation rates. Finally, there are Threats, which are unfavorable situations that come from external parties which have no influence at all from internal companies. It is necessary to identify carefully because threats can have the opportunity to change form and also so that later these threats can be evaluated and handled properly.

A company conducts a SWOT analysis process by utilizing opportunities and strengths and reducing various threats and weaknesses contained in the company. The initial stage of this analysis begins with the process of comparing external factors, in which there are threats and opportunities, then internal factors in which there are strengths and weaknesses of the company (Sulistiani, 2018).

4. RESULTS AND DISCUSSION

The following are the results of applying SWOT analysis to Shopee e-commerce, especially for the Indonesian market:

a. Strengths

   a) Shopee’s reputation and big name that is well known to the Indonesian people.

   b) Shopee often offers attractive promotions and discounts for customers in Indonesia, including harbolnas promos, flash sales, and discount vouchers.

   c) Has cooperation with all types of shipping services available in Indonesia, such as J&T, JNE,
d) Shopee offers a variety of convenient payment methods for users in Indonesia, including bank transfers, e-wallets, credit cards, and cash on delivery (COD).

b. Weaknesses

a) The Indonesian e-commerce market is very competitive, with many competitors such as Tokopedia, Bukalapak, Tiktok Shop, Lazada. This forces Shopee to continue to innovate and invest in marketing to stay competitive.

b) Logistics and delivery are still a challenge in Indonesia, especially in remote areas or small islands as delays or errors in delivery can be a negative experience for customers.

c) Some customers may experience disappointment with the quality of products or services from sellers on Shopee. This could affect the reputation of the platform if not properly addressed.

d) Challenges related to digital infrastructure such as unstable internet connectivity in some areas, which could affect the online shopping experience.

c. Opportunities

a) Shopee can establish partnerships with major companies in Indonesia, such as banks or telecommunication operators, to provide more integrated services and expand the user base.

b) E-commerce business that is not bound by time and place, can be done anywhere and anytime for 24 hours.

c) Developing new technologies and features such as augmented reality (AR) for a more interactive shopping experience, Shopee can differentiate itself from its competitors and increase user engagement.

d. Threats

a) The public considers shopee e-commerce to kill UMKM (Micro, Small and Medium Enterprises) business businesses.

b) Changes in government regulations or policies related to e-commerce, including taxation or consumer protection regulations, could disrupt Shopee's business operations and growth in Indonesia.

c) Unstable economic conditions may affect consumer purchasing power, which in turn may reduce the number of transactions on the shopee platform.

d) Changes in consumer behavior, such as a shift in offline shopping preferences or increased interest in other e-commerce platforms, could threaten shopee's position in the Indonesian market.

After obtaining the results of the analysis of each Strengths, Weaknesses, Opportunities, Threats section, it will be entered into the S.W.O.T. matrix to see the S-O (Strengths- Opportunities), W-O (Weakness-Opportunities), S-T (Strengths-Threats), and W-T (Weaknesses-Threats) strategies that can be applied. The following table presents the results of the SWOT matrix:

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shopee can establish partnerships with major companies in Indonesia, such as banks or telecommunication operators, to provide more integrated services and expand the user base.</td>
<td><strong>S-O Strategy</strong></td>
<td><strong>W-O Strategy</strong></td>
</tr>
<tr>
<td>E-commerce business that is not bound by time</td>
<td>1. Shopee's reputation and big name that is well known to the Indonesian people. 2. Improve service and commitment to customer care that can be contacted 24 hours. 3. Shopee often offers</td>
<td>1. Maintain the company's reputation and credibility, and be responsive to complaints and reports from consumers so that fears of fraud can be minimized.</td>
</tr>
</tbody>
</table>
3. Developing new technologies and features such as augmented reality (AR) for a more interactive shopping experience, Shopee can differentiate itself from its competitors and increase user engagement.

3. Attractive Promotions and discounts for Customers in Indonesia, including harbolnas promos, flash sales, and discount vouchers.

4. Shopee offers a variety of convenient payment methods for users in Indonesia, including bank transfers, e-wallets, credit cards, and cash on delivery (COD).

2. Maximize Advertising to potential consumers.

3. Commit to local (Indonesian) products, keep Improving the excellence of superior products.

4. Maintain cooperation with all types of shipping services available in Indonesia, such as J&T, JNE, IDEExpress and improve shipping services.

<table>
<thead>
<tr>
<th>Threats</th>
<th>S-T Strategy</th>
<th>W-T Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The public considers shopee e-commerce to kill UMKM (Micro, Small and Medium Enterprises) business businesses.</td>
<td>1. Make it easy for UMKM to partner with Shopee for online trading.</td>
<td>1. Provide training for UMKM so that they can develop in globalization and technology utilization. Always obey and comply with government policies related to e-commerce and pay taxes on time.</td>
</tr>
<tr>
<td>2. Changes in government regulations or policies related to e-commerce, including taxation or consumer protection regulations, could disrupt Shopee’s business operations and growth in Indonesia.</td>
<td>2. Improve consumer protection regulations with the government regarding e-commerce.</td>
<td>3. Provide competitive and affordable prices to the community but quality</td>
</tr>
<tr>
<td>3. Unstable economic conditions may affect consumer purchasing power, which in turn may reduce the number of transactions on the shopee platform.</td>
<td>3. Improve the quality of products and services so that the intended consumers do not reduce the number of transactions on the shopee platform. Provide ease of use of the features in shopee so that ordinary people can use it and can improve the e-commerce platform on shopee.</td>
<td>4. and products are not forgotten.</td>
</tr>
<tr>
<td>4. Changes in consumer behavior, such as a shift in offline shopping preferences or increased interest in other e-commerce platforms, could threaten shopee’s position in the Indonesian market.</td>
<td></td>
<td>5. Designing the User Interface as simple as possible but still elegant and modern so that consumers are interested in Shopee e-commerce.</td>
</tr>
</tbody>
</table>

Based on the table above, it can be seen that the Opportunities that shopee has can be utilized using its Strengths so that opportunities can be maximized by shopee. This results in a strategy, namely the S-O strategy. In addition, Opportunities can be paired with Weaknesses to find a way out so that the opportunity can be maximized and not wasted. This results in a strategy called the W-O strategy. Not only opportunities are considered, but also threats. Threats must appear in shopee, so that they are addressed with the Strengths they have. This will not be an obstacle in the future, resulting in a strategy called
the S-T strategy. Likewise, if Threats (threats) are juxtaposed with Weaknesses (weaknesses) owned, it will produce a solution called the W-T strategy.

S-O, W-O, S-T, and W-T strategies need to be considered by Shopee in making crucial policies or decisions to improve the quality and performance and competitiveness of the company.

5. CONCLUSION AND SUGGESTIONS

Analyzing using S.W.O.T. terahadap e-commerce including shopee produces strengths, weaknesses, opportunities, and threats that shopee has. The results of the analysis using S.W.O.T. contain S-O strategies, namely Opportunities that shopee has against Strengths so that opportunities can be maximized; W-O strategies, namely Opportunities against Weaknesses so that opportunities that arise can be realized for Shopee; S-T strategies, namely Threats that arise against Strengths so that they do not become obstacles; and W-T strategies, namely Threats against Weaknesses to find solutions that occur. These strategies can be used by shopee to improve quality and performance and competitiveness against its competitors.

Future development at shopee is expected to use other different methods so that it can be compared to kulits and its effectiveness against analysis using S.W.O.T.

REFERENCES


