

THE SME'S BUSINESS MODEL IN THE E-COMMERCE 4.0 ERA PERSPECTIVE

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Abstract. Technology is now developing so fast, now the world has entered the industrial era 4.0. This era created a fast digitalisation rhythm, like in e-commerce technology. E-commerce is an option to transact business virtually. The use of social media became one of the e-commerce channels that were also in demand by sellers and buyers. The existence of e-commerce makes significant and massive changes to traditional business systems, where traditional business transactions occur in the presence of face-to-face. Therefore, this study will discuss e-commerce models in era 4.0, which are in Indonesia. The purpose of this study is to describe e-commerce activities in Indonesia and how SMEs conduct e-commerce activities. This research focuses on qualitative exploratory data by analyzing e-commerce parts in Indonesia.

Keywords: e-commerce, ecommerce 4.0, SME

INTRODUCTION

E-commerce or electronic commerce is now one of the main choices for SMEs, especially for SMEs with limited capital. In its development, the use of social media became one of the e-commerce channels that were also in demand by sellers and buyers. The existence of e-commerce makes significant and massive changes to traditional business systems, where traditional business transactions occur in the presence of face-to-face. Unlike e-commerce, the business processes occur virtually and digitally. Based on statistical data, the number of internet users in Indonesia in 2018 reached 132.7 million users, of which 49% were actively using social media (We Are Social; Hootsuite, 2018). That means that internet users in Indonesia are classified as active, so it's no wonder that the use of social media is now a trend for one of the e-commerce channels. The industrial revolution 4.0 presents a fast business process where one of them involves internet of things and hyper-connectivity (Hitpass & Astudillo, 2019). So that the growth of e-commerce is now increasing, because it has entered the era of 4.0. In connection with the number of internet users that are significant with the growth of e-commerce, this study will discuss the e-commerce business model by SMEs in the era of 4.0. This becomes interesting to study because the development of digital technology is very rapidly developing. Therefore, this study is expected to contribute from a theoretical point of view. Besides that there is a theoretical gap that exists, where there are not many studies that discuss the e-commerce business model by SMEs widely, one of which is for SMEs in developing countries such as Indonesia.

LITERATURE REVIEW

Ecommerce in 4.0 Era

E-commerce now provides reciprocal convenience between buyers and sellers, where sellers can provide information and provide pre-sales, sales, and post-sales services which among them are urgently needed by buyers (Rahayu & Day, 2017). For SMEs that switch from traditional business processes to e-commerce, it will certainly add complexity to the transition period, due to changes in business structure. Therefore creating and capturing values is considered important in making adoption of business models (Jeansson et al., 2017). E-commerce in industry 4.0 era is now referring to IT enhancement activities for managing all aspects of business to be digitalized (Hitpass & Astudillo, 2019). So that it creates a fast business rhythm and can expand the market to the global realm (Grochal-Brejda & Szymura-Tyc, 2018). Therefore, transaction security is the most thing to pay attention to when transactions on the internet. It is undeniable that e-commerce brings a number of concerns, such as privacy, identity theft, and phishing, which all are considered by e-commerce-based business owners, by exploring the ethics of e-commerce (Agag, 2019). Based on the Aribawa (2016) study, Indonesia is a country that has a large e-commerce potential, which has young people who are accustomed to the internet and transacting via the internet. Making the development of e-commerce in Indonesia so great. This can be seen from various marketplaces that are growing and developing as well as the expansion of the functions of social media which are now increasing the function of becoming social commerce. As the study conducted by (Rahayu & Day, 2017) that the use of e-commerce by SMEs in Indonesia is to help in terms of marketing, communication, increase productivity, branding, and improve the service process, making it faster and more effective.

Channel of e-Commerce

Social media is an online environment, which allows people to share information virtually with each other. This interpersonal

interaction allows the occurrence of strong customer and seller relationships. Because there is feedback in real time at a low cost (Chung Han & Kim, 2016). Existing social media networks have deepened the notion of e-commerce itself, by becoming m-commerce or mobile commerce, because of the features of mobility and versatility of mobile devices (Shemi & Procter, 2018), as is now the case in era 4.0. Therefore, social commerce is included in the e-commerce section with another important role, namely there are social activities in it. The role of social media as an e-commerce channel has been discussed in various studies, such as by Abed (2018) study, which discusses Instagram as one of the e-commerce channels that are in demand. Because the photo sharing feature offered by Instagram makes it an attractive catalogue of online products. Now in supporting the performance of e-commerce almost every social commerce and other e-commerce channel has video features. Whether it's uploaded videos or live streaming videos. Videos uploaded to social commerce or other e-commerce channels are used for product campaigns and product descriptions in unique ways, and various other needs that are tailored to the objectives of the business owner (Lee King, 2018). The development of other popular technologies that have developed from social media, is a live streaming feature (Rodriguez-Gil, Orduña, García-Zubia, & López-de-Ipiña, 2018). Where this feature can be used to face-to-face virtually with customers in real-time and provide mutual feedback.

METHODOLOGY

Qualitative-Explorative

This study uses a qualitative-explorative approach. This method was chosen because it fits the purpose of this study, which is to deepen the e-commerce model used by SMEs in Indonesia. Secondary data is obtained from journals and exploratory analysis of e-commerce channels used in Indonesia.

Discussion and Analysis

From the results of descriptive and exploratory analysis of social media accounts that have many active users, namely, Instagram, Facebook, and WhatsApp (We Are Social; Hootsuite, 2018), these three social media are social commerce that are in great demand by SMEs in Indonesia. Likewise, for channel marketplace, where there are at least 5 marketplaces in Indonesia that have large users, namely shopee, blibli, tokopedia, lazada, and bukalapak making potential e-commerce in Indonesia very potential. Therefore, the researchers examined every security feature and system in e-commerce channels in Indonesia, as illustrated in Figure 1.

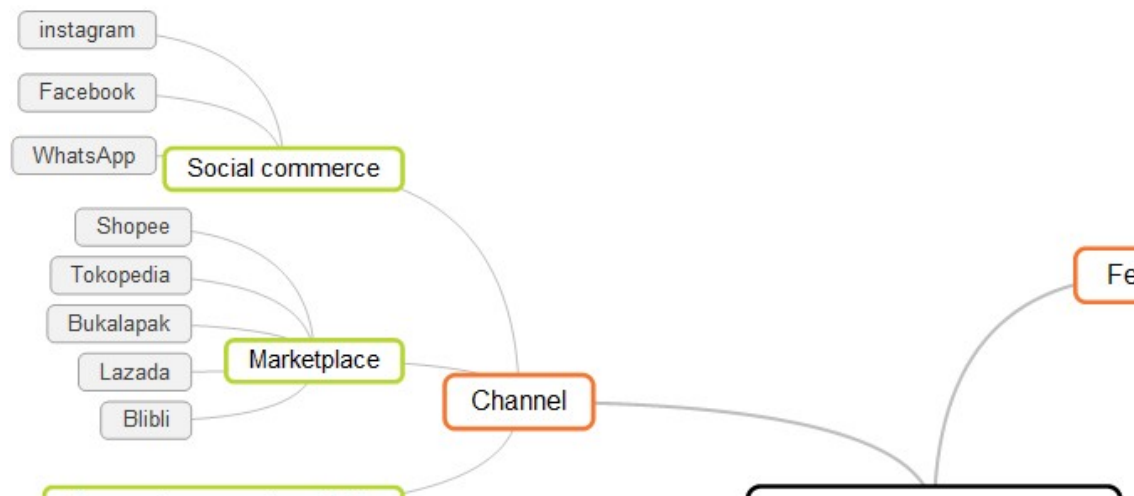


Figure 1. SME's Ecommerce process

Figure 1 is a description of e-commerce activities in Indonesia. Where researchers divide into 4 aspects, namely channels, features, payment systems, and delivery systems. It appears that e-commerce offers a variety of services that can support business activities both for sellers and buyers. Existing e-commerce channels make it easier for sellers and buyers to determine the marketing and sales strategies to be used, such as providing discounts that can attract customers. Therefore, sellers take advantage of the features available on e-commerce channels with their creativity. Like doing live streaming videos, this activity is carried out to interact directly with buyers. This activity replaces face-to-face interactions directly into digital face-to-face interactions. As well as photos / videos of products posted can be an attractive company catalog with a look full of creativity and eye-catching. The story feature is used to provide information about the company, such as new product updates, tips and tricks, and other information that is useful for branding activities. E-commerce developers and sellers understand that trust in the security system of e-commerce transactions is important. Because, it involves a nominal amount of money which, if it does not work as expected, will trigger losses. Therefore, there are now many conveniences and choices in the payment process. Like the

payment process in the marketplace, usually buyers will pay through the marketplace account, to avoid fraud. Likewise with the shipping system, Indonesia itself is a country that has many islands separated by the sea. So that e-commerce activities are one of the reasons that are in high demand in Indonesia, especially the package delivery companies that can reach the corners of the Indonesian archipelago at competitive prices. In addition, with the phenomenon of online motorbike transportation, it also presents fast services to buyers within hours.



Figure 2. SME's Ecommerce business model

From the results of the qualitative and explorative research, researchers divided the two e-commerce models conducted by SMEs in Indonesia, namely SMEs that use 1 e-commerce channel and SMEs that use more than 1 e-commerce channel or e-commerce mix channel. SMEs that use 1 e-commerce channel, they focus on developing their business systems through selected e-commerce channels, namely social-commerce, marketplace, or personal websites. By managing one type of e-commerce channel, the seller can give his focus to the e-commerce channel chosen by utilizing the features in the e-commerce channel. As for sellers who use more than 1 e-commerce, they want to reach a wider market by utilizing existing e-commerce channels, especially increasing brand awareness, that their brands can be trusted by participating in having a business account in the marketplace channel, where the seller and the buyer will get a security guarantee. The use of more than 1 e-commerce channel does provide challenges, such as product availability. The difference in purchasing goods through various e-commerce channels will result in an imbalance in the number of available product stocks. Nevertheless, this is not a big obstacle for the seller, because it can be replaced with a pre-order system.

CONCLUSION

From the results of this study obtained e-commerce activities by SMEs in Indonesia, where there are 4 core aspects, namely e-commerce channel, features, payment systems, and delivery systems. These four aspects are very much considered by e-commerce developers where it is guaranteed that transactions are safely carried out online. This advantage is greatly appreciated by Indonesians especially the younger generation who are very familiar with the internet and carry out sales and purchase activities online. The phenomenon of e-commerce in era 4.0 has aroused the spirit of creativity in doing business online. This provides a great benefit to build a community around it which is also in line with government programs, namely by developing young entrepreneurs to participate in contributing to the country's economy even on a micro scale. Therefore, the use of e-commerce is based on the results of the studies that have been conducted, namely there are two. That is, focus on using 1 e-commerce channel and using more than 1 e-commerce channel. Both are equally good, where their use is adjusted based on the needs of each user. The results of this study are expected to be one part of the contribution in theory with the limitation of e-commerce by SMEs.

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