

Analysis of Increasing Online Business in Indonesia during the COVID-19 Pandemic

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ABSTRACT

The emergence of a virus called COVID-19 throughout the world has successfully paralyzed all sectors, including the economic sector. Many companies have gone out of business and workers have been laid off. All work activities have stopped. To fulfill their needs, at the end many of them choose to open their own businesses. Even though they are small businesses, at least they get income to fulfill their daily needs. The purpose of this research is to examine whether online business in Indonesia during the COVID-19 pandemic has increased or decreased. The method we use is literature study or literature review. The result of this study shows that online business in Indonesia has increased during the pandemic where this can slightly improve the economic sector and people's welfare.

Keywords: *Online Business, COVID-19, Economy, Pandemic*

1. INTRODUCTION

World, including Indonesia, is facing Covid-19 pandemic which strain direct contact in humanity to minimal. We have to do the usual activities from home, such as school, work, etc, including economic activities. But with internet, online business is possible. Online business is actually not new but it can be an solution to improve the the world's economic, including Indonesia's.

Online business makes it easier for sellers to increase brand exposure, and online business is known to have a very broad market potential, especially facilities or features that make it easier for both the transaction process and ordering products or services. This can be proven by an increase in the number of both consumers and sellers. Data from Bank Indonesia shows an increase in the number of consumers by up to 51% in August 2020. And data from records reported by Exabytes shows an increase in the number of people doing business online by 38.3% compared to

2019 and when the number is compared to February 2019, it shows an increase of up to 120%. This proves that more and more people are starting to pay attention to the world of online business as a lucrative business opportunity. According to data from Bank Indonesia, there was a 26%

increase in online business transactions during the COVID-19 pandemic. And Bank Indonesia also stated that it can be estimated that the turnover of Indonesia's four largest e-commerce companies reach 429 trillion rupiah in 2020. This turnover is twice as large as in 2019 which was 201 trillion rupiah. From this data, it can also be seen that, despite the COVID-19 pandemic, this situation generates profits for online businesses and even increases the profits of e-commerce companies. And compared to the occurrence of deflation, it can be seen that online businesses actually experienced inflation during the COVID-19 pandemic.

2. METHOD

The method used in this research is a literature study or literature review. All samples and data are taken from several institutions that conduct research on the use of online shopping which is closely related to the large number of online sellers in various e-commerce. The increase has been seen since before the emergence of the pandemic, namely since 2019 until now where the pandemic is still being experienced in various parts of the world.

3. RESULTS AND DISCUSSION

E-commerce has existed since digital technology began to develop in Indonesia. E-commerce itself makes it easier for consumers to shop for their daily needs without the need to leave the house.

The covid-19 pandemic that has plagued 2019 until today has caused an increase in the number of customers using E-commerce. During the pandemic, more and more people are staying at home, working from home and also studying from home. Some of them must experience stress when just staying at home. To relieve stress, the person switches to shopping online or having snacks online. This is what causes E-commerce to increase rapidly in Indonesia. The following data shows the rapid increase in the level of E-commerce in Indonesia.

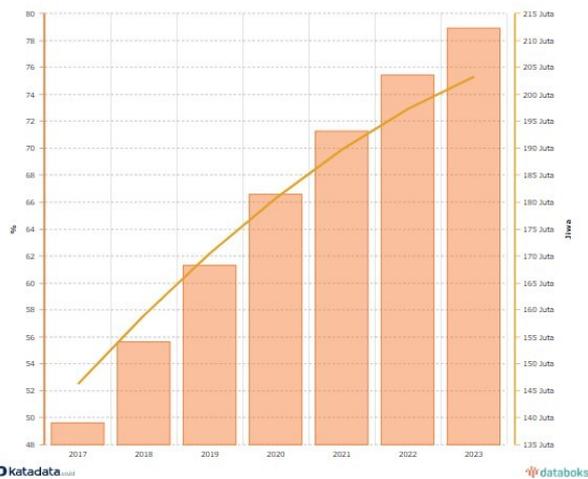


Figure 1. business development in Indonesia which is increasingly fast

From several sources, it is said that data from Bank Indonesia shows an increase in the number of consumers by up to 51% in August 2020. And some data records reported by Exabytes show an increase in the number of people doing business online by 38.3% compared to 2019 and when compared to February 2019 then shows an increase of up to 120%.

In addition, there are also priority needs that need to be changed since the COVID-19 pandemic is endemic. Several sectors that have experienced priority needs since the pandemic are food, health and pharmaceutical needs. These 3 things are considered to have developed very rapidly since the pandemic. Apart from this, the increase in e-commerce is also strengthened by the increasingly rampant SMEs (small and medium enterprise). This SME shows that many people who do business are self-employed to move in the field of going digital by using different platforms.

E-commerce itself has a close relationship with the internet world. In Indonesia itself, almost all citizens have used the internet as a helper in their daily life. This rapid increase in

internet use makes the dissemination of information and technology increasingly rapid, including more and more online shopping applications. The use of the internet increases the variety of activities carried out online, including selling. Selling online is considered to be able to provide many more benefits to sellers and buyers with attractive offers from e-commerce itself.

Reported from Detikcom, a leading news website in Indonesia, the following is data on the number of internet and social media usage in Indonesia :

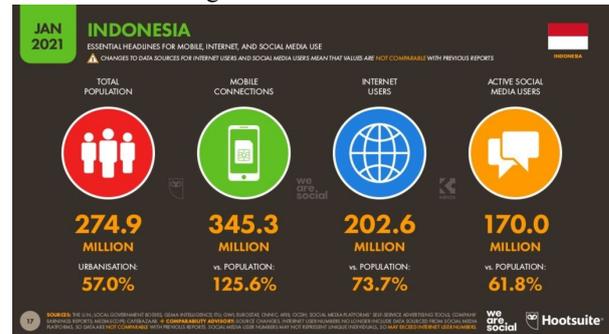


Figure 2. Internet and Social Media Usage in Indonesia

As stated in the data above, internet users in Indonesia until the beginning of 2021 reached 202.6 million people, reaching 72.3% of the total population of Indonesia. With this achievement, Indonesia is ranked 15th among Asian countries. Indonesia's position is under Kazakhstan and above Vietnam. Indonesia's position is above the Asian penetration average of 63.9% of a population of 4.3 billion people and also above the world average of 65.7% of the estimated total population of 7.86 billion people.

From Bank Indonesia's records, not only e-commerce-based businesses have increased, but also the use of electronic money. This increase occurred with the use of 32.3 percent or equivalent to Rp266 trillion this year. In 2020, Bank Indonesia estimates that the use of electronic money will reach Rp. 201 trillion. Even Bank Indonesia predicts that the trend of digitization will continue to grow rapidly. This is also reflected in the projection of digital banking transactions in 2021 which will increase to around Rp. 32,206 trillion or 19.1% growth from the projected realization of digital banking transactions throughout last year which reached Rp. 27,036 trillion.

True, e-commerce is the driving force of a digital-based economy. The high growth of e-commerce in Indonesia is clearly also greatly influenced by the Covid-19 pandemic. Despite the implementation of the Large-Scale Social Restrictions (PSBB) policy, then the implementation of the micro-scale-based Community Activity Restrictions (PPKM mikro) does not reduce consumers in this country to conduct buying and selling trade transactions and shopping for necessities through online.

