



Bukalapak Strategy to Face E-Commerce Competition in Indonesia

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Abstract. Bukalapak is the second marketplace operating in Indonesia in 2010 and is the work of local children. Competition in the marketplace field is very tight especially the incessant foreign marketplace such as, shopee, lazada etc. to expand to Indonesia. Therefore the purpose of this study is to make a SWOT analysis of the bukhalapak company to determine the company's position. The type of research used in this research is qualitative research by collecting clear data to obtain related information about the object being studied. Based on the research conducted, it can be concluded that the main internal factors affecting the company are the products, promos, and services offered and the lack of innovation from bukhalapak, while the main external factors are the number of Indonesians who like to shop (consumerism), and prefer marketplaces to direct stores and the entry of new players with large capital. Bukalapak's position is in quadrant 4 on SWOT so it is recommended to support the Turn Around strategy.

Keywords: E-Commerce, Bukalapak, SWOT, IFE, EFE.

1 Introduction

Technology development is currently very rapid, where all countries are competing to become leaders in this sector. Technology influences almost all aspects of life, including the creation of virtual markets, where buyers can freely choose the products, they own without the constraints of time and space, or what is also called e-commerce. Experts also believe that the buying and selling process carried out using digital networks can be interpreted as e-commerce. The growth of e-commerce is very rapid, especially when Covid-19 hit where physical contact was limited, so e-commerce became an option for shopping activities.

The trend of shopping via e-commerce is valid and increasing in all corners of the world, including Indonesia. With the fourth largest population in the world, it has a very promising market share for e-commerce. This is proven by data showing the growth and penetration level of e-commerce in Indonesia, based on data from statistics, the number of e-commerce users in Indonesia in 2017 reached 139 million and by 2023 it has reached 212.2 million users or an increase of around 89% and from in terms of market penetration as of 2023 it has reached 75.3%. One form of e-commerce is a marketplace, which can make it easier for people to shop for all their daily needs [1]. Bukalapak is the second marketplace operating in Indonesia in 2010 and is the work of the country's children. Bukalapak, which was founded by Achmad

Zaky, Nugroho Herucahyono, and Fajrin Rasyid, not only has an online marketplace, but also has other products and services such as Mitra Bukalapak, physical and virtual products, financial services, logistics, corporate procurement services, brand aggregators, weddings, sales education and information services, and service-based software.

Competition in the marketplace is very tight, especially as overseas marketplaces such as Shopee, Lazada, etc. are increasingly expanding into Indonesia. Based on data from SimilarWeb, it is noted that Shopee has the most visitors, then Tokopedia, Lazada, Blibli, and Bukalapak. This condition is certainly not profitable for Bukalapak, even though it has business diversification, its main business is the marketplace sector.

Therefore, there is a need for in-depth analysis to understand the company's position in the marketplace industry in Indonesia, so that policies can be determined so that they can have a good and maximum impact on the company. One method that can be used is SWOT where the company analyzes internal and external factors that can benefit and harm the company, which can later be used as a comparison of various lines, such as strengths, weaknesses, opportunities and threats. Therefore, this research aims to make a SWOT analysis of the Bukalapak company to determine the company's position.

2 Literature Review

2.1 Bukalapak

In 2019, seeing the fate of micro-scale traders experiencing challenges to adapt, it encouraged 3 young people, Achmad Zaky, Nugroho Herucahyono, and Fajrin Rasyid to establish Bukalapak in that year. Officially established as PT Bukalapak.com on September 9 2011, the Company initially partnered with 10,000 MSMEs with only 5 employees. The launch of mobile applications on the Android platform in 2014 and the iOS platform in 2015 was a historical milestone and succeeded in creating rapid growth in the number of partners and customers.

Having 3 business segments, namely Marketplace, online to offline, and procurement, Bukalapak continues to be committed to providing services that can help the community. The core value of Bukalapak is to enable customers to develop, care, don't get emotional, look at data, keep it simple, work together and have fun. 2021 will be the beginning for Bukalapak to be listed on the Indonesian stock exchange

2.2 SWOT Analysis

S.W.O.T Analysis (strengths, weaknesses, opportunities, treats) where the company analyzes internal and external factors that can benefit and harm the company, which can later be used as a comparison of various lines, such as strengths, weaknesses, opportunities and threats. SWOT analysis is divided into 4 quadrants including [2]

1. Quadrant 1 is a very favorable condition where internal opportunities and strengths dominate, so this can be used to encourage aggressive policies (growth-oriented strategy)
2. Quadrant 2 states that the company is faced with many threats but is balanced with internal strengths so that the company can take advantage of long-term opportunities by diversifying products or markets.
3. Quadrant 3 conditions where the company is faced with enormous opportunities but faces various internal weaknesses, so the company must support strategies to achieve new market opportunities.
4. Quadrant 4 This condition is very bad for the company because it is faced with various external threats and internal weaknesses of the company, so the company must encourage policies to survive in the market.

In determining the position in the SWOT quadrant, the Internal Factor Evaluation (IFE) matrix can be used to look at the company's internal conditions and determine which strengths or weaknesses are more dominant. Meanwhile, to see the company's external conditions, you can use External Factor Evaluation (EFE) and determine which opportunities or threats are more dominant [3]. This matrix was introduced by Fred R. Dafid

3 Research methods

This study uses qualitative research with data collection carried out by studying literature related to the research object, namely Bukalapak. This research was carried out by analyzing the company's internal and external environment which was then used as a factor in carrying out a SWOT analysis. The existing factors are entered into the IFE (Internal Factor Evaluation) matrix which will explain the company's greatest strengths and weaknesses and the matrix and EFE (External Factor Evaluation).

The internal and external factor evaluation matrix has been given columns, weights, ratings and weight scores which are the result of multiplying the weights and ratings [4]. The weight and rating columns are filled in subjectively according to the researcher's assumptions after literature study and interviews.

4 Results and Discussion

Based on several literatures and interviews, researchers have compiled 4 indicators of strengths, weaknesses, opportunities and threats each which are then included in a matrix that takes into account and processes internal and external factors. In the weight column, the values are filled in from 0.0 (low importance) to 1.0 (high importance) [5]. The weight value shows how crucial this factor can influence the company's structure. This weighting is important because not all factors have the same effect on company growth, the total weight must be equal to 1.0.

Ratings on the IFE matrix analyze how strongly internal forces influence the company. The value is in the range 1 -4. 1 means major weakness, 2 means minor weakness, 3 means strength, and 4 means major strength [6]. Meanwhile, the EFE matrix rating analyzes how strongly the company responds to opportunities and

threats, the score is between 1-4. 1 equals a major weakness, 2 equals a minor weakness, 3 equals a minor strength and 4 indicates a major strength

4.1 Matrix IFE (Internal Factor Evaluation)

Based on literature studies and interviews, the internal factors are presented in table 1, which are then processed in the Internal Factor Evaluation matrix.

Table 1. Matrix IFE

No	Internal Factor	Weight	Rating	Weight Score
Strength				
1	Strong brand awareness in Indonesia, supported by effective marketing strategies over the years.	0,115	3	0,345
2	Its extensive partner network, including merchant, logistics and payment partners, strengthens its position in offering a wide range of products and services to users.	0,115	4	0,46
3	Ease of service for users	0,125	3	0,375
4	Products, promotions and services offered	0,13	4	0,52
Total		0,485		1,7
Weakness				
1	High cost structure, which is influenced by relatively high marketing, logistics and promotion costs compared to its competitors.	0,13	4	0,52
2	High dependence on logistics partners is also a weakness, because Bukalapak relies heavily on them to deliver products to customers.	0,13	4	0,52
3	The lack of innovation in recent years has put Bukalapak at risk of losing market share	0,14	3	0,52
4	Can only be used by people who have internet access.	0,115	3	0,345
Total		0,515		1,905

Based on the data in table 1, the strength factors that really influence the company are the products, promotions and services offered, with a weight of 0.13, with a large selection of attractive goods and promotions, the number of visits and sales at the market place will definitely increase. Bukalapak. Meanwhile, in terms of weaknesses, the lack of innovation factor from Bukalapak has the highest weight, namely 0.14, this can be seen from Bukalapak's ability which tends to be inferior to competitors in creating new features so that it can attract and increase visits and purchases. Apart from that, the table also shows that The weight score for weaknesses is higher than strengths, this shows that Bukalapak has stronger weakness factors than strengths.

After the internal factors are then compiled, the external factors that influence the company are then processed into the external factor evaluation matrix which is seen in table 2.

Table 2. Matrix EFE

No	External Factor	Weight	Rating	Weight Score
Opportunity				
1	The increasing growth of the digital economy in Indonesia provides bright prospects for Bukalapak to expand its market share	0,125	3	0,52
2	Increasing internet penetration across the country, more and more people have access to e-commerce, creating a huge opportunity for Bukalapak to reach more potential users	0,13	4	0,52
3	The opportunity to expand into new markets, especially to areas in Indonesia that have not yet been fully explored, such as the eastern region, promises significant growth potential for Bukalapak.	0,12	3	0,36
4	Many Indonesian people like to shop (consumerism) and prefer marketplaces to direct shops	0,135	4	0,54
Total		0,51		1,94
Threat				
1	Entry of new players with large capital	0,13	4	0,52
2	Changes in government policy, especially regarding e-commerce regulations	0,125	3	0,375
3	Economic instability	0,12	3	0,36
4	Health crises, such as the COVID-19 pandemic,	0,115	3	0,345
Total		0,49		1,6

Based on the data in table 2, the opportunity factor that really influences the company is the large number of Indonesian people who like to shop (consumerism), and prefer marketplaces to direct stores with a weight of 0.135, this shows that current community behavior can certainly be a factor in increasing company value. Of course, you have to choose the right strategy. Meanwhile, in terms of the threat factor, the entry of new players with large capital has the highest weight, namely 0.13, this can be seen in the current conditions where foreign market places are intensively expanding in Indonesia in various ways, such as what TikTok Shop has done in collaboration with Tokopedia, this condition Of course, this is an extraordinary threat,

so Bukalapak is required to be able to compete in order to survive in the marketplace market in Indonesia.

The results of the IFE and EFE matrices will then be processed to determine the quadrant position of Bukalapak, for the x axis it is obtained from reducing the opportunity and threat weight scores, for the y axis it is obtained from reducing the opportunity and threat weight scores. The results of the Bukalapak SWOT quadrant can be seen in the image below.

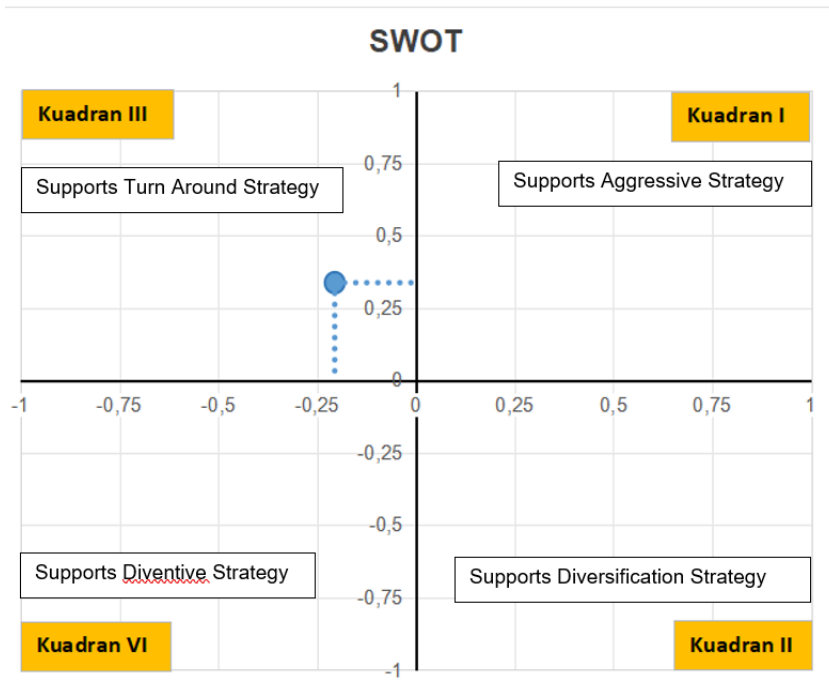


Fig. 1. Quadran SWOT Bukalapak

Based on the picture above, it is found that Bukalapak's position in the SWOT quadrant is in quadrant III, this is because the internal indicators have positive values and the external indicators have negative values. Therefore, companies must be encouraged to support the Turn Around strategy. The condition of the company is that the company is faced with enormous opportunities but faces various internal weaknesses, so the company must support strategies to achieve new market opportunities.

5 Conclusion

Based on the research conducted, it can be concluded that the main internal factors that influence the company are the products, promotions and services offered and the lack of innovation from Bukalapak, while the main external factor is the large number of Indonesian people who like shopping (consumerism), and prefer marketplaces over shopping. direct stores and the entry of new players with large capital. Bukalapak's position is in quadrant 4 of the SWOT so it is recommended to support the Turn Around strategy.

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