

The Role E-Commerce For Increasing Local Bussines's Performance

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Abstract

Electronic commerce is a concept that can be described as the process of buying and selling goods on the internet or buying and selling or exchanging products, services, and information through information networks, including the internet. E-commerce significantly impacts business people, consumers, and society.

Design/Methodology/Approach- This research uses a quantitative approach. The variables used in the study consisted of two variables. The respondent in this study was several residents/people of Garut City. Linear regression used for data analysis.

Findings- Based on result, e-commerce has not a significant effect to local business performance.

Research Limitations/Implications- Further researcher can develop account of respondent, because this study only used small sample.

Practical Implications- This research as application theory about business performance on local scale.

Originality- Mostly electronic commerce associate with large company, but author was present the applied theory for SME's.

Keywords E-Commerce; Business Performance

Paper Type Research Paper



Introduction

The development of the business world is increasingly diverse and competitive, and the pace of development is challenging to predict. So, having the right strategy is the key for a company to continue to compete and survive (Lestari, 2017). With the development of the internet has many things that arise, one of which is shopping for products or services online; shopping online has become an alternative way to buy products or services, and online sales are developing both in terms of service, effectiveness, security and also popularity (Laohapensang, 2009). Technology has made the most prominent impact on the field of marketing. There have been many marketing models that exploit digital platforms to improve the performance of Small and Medium Enterprises in running their businesses (Hamdani & Maulani, 2019). In addition, many internet users also support this phenomenon (Maulani & Mubarak, 2020)(Hamdani et al., 2022).

Technological advances, computers, and telecommunications support the development of internet technology. With the internet, business people no longer have difficulty obtaining information to support their business (Yuliana, 2000). As already mentioned, the internet has now become an information center; with the advancement of the internet, it has been able to present various pieces of information. Even now, it tends to obtain a wide variety of information, so information must be filtered to obtain precise and relevant information (Yuliana, 2000). The internet outbreak is the impact of the development of information technology infrastructure. A new paradigm emerged from business processes, the internet, and information technology infrastructure. (Yustiani et al., 2017). This makes technology a tool to carry out business actia company's business activities company will use information technology infrastructure to market or introduce the products created by the company. Digital marketing has offered many opportunities for SMEs to increase their sales indefinitely in terms of time and location (Njegomir, 2020). Agreeing with this, another opinion mentions the power of e-commerce to allow geophysical barriers to disappear (Blut et al., 2015).

Internet users around the world are around 200 million, 67 million of which are in the United States, the internet in Indonesia doubles twice every 100 days. (Wibowo, 2016). The use of the internet has undoubtedly experienced very significant development, especially for business people. Business people take advantage of the use of the internet by every internet user to market or introduce their products. Therefore, it is not uncommon for business people to use the internet very much. In addition, the market share targeted by business people is mostly parents, who are most likely unable to keep up with the times or the development of the internet; this is where the older adults prefer to look for it on the internet instead of having to search the marketplace. With the use and use of internet technology, it is expected to provide significant benefits to the competitive business world. (Wibowo, 2016). (Wibowo, 2016)

Data owned by the Director General of Trade shows that 80 percent of retailers admit that the percentage of online sales has increased with an average growth of 25 percent. A large number of e-commerce users in Indonesia also makes the value of transactions continue to grow. (Rafiah, 2019). (Rafiah, 2019)E-Commerce is a business transaction that occurs on electronic networks such as the internet (Vermaat, 2007). (Vermaat, 2007)Furthermore, e-commerce means paperless transactions where innovations such as electronic data exchange, electronic mail, electronic bulletin boards, electronic transfer funds, and other network-based technologies are applied on a network basis generally; e-commerce is a new commercial strategy leading to improved quality of products and services and improvements at the service level provision while linking the requirements of organizations, suppliers and consumers towards reducing costs (Firdayanti, 2012)(Firdayanti, 2012). Generally, e-commerce is a new commercial strategy leading to improved product and service quality and improvements at the service level provision while linking the requirements of organizations, suppliers, and consumers towards reducing costs (Shaw et al., 2012). (Shaw et al., 2012) E-commerce is a new approach to business electronically and using the network and the internet (Turban et al., 2006). In this way, the buying and selling or exchanging of products, services, and information through a computer carry out communication and networks, including the internet. E-commerce, or electronic commerce is part of the

lifestyle that allows buying and selling transactions to be carried out online from any corner of the place (Hidayat, 2008). (Hidayat, 2008) Many local businesses are moving to use e-commerce, but not a few of them do not want to adapt to the increasingly sophisticated times. E-commerce is one of the steps or strategies that aim to increase sales. Therefore, to find out the role e-commerce for increasing local business's perform study at muslim fashion's sales revenue perspective.

Literature Review

1. E-commerce

Electronic commerce is an online marketing that someone can reach through a computer and internet modem. Modems function to connect a computer with telephone lines so that computers reach a variety of online information services (Mardiani & Imanuel, 2018). Electronic commerce is a concept that can be described as the process of buying and selling goods on the internet or buying and selling or exchanging products, services, and information through information networks, including the internet. E-commerce significantly impacts business people, consumers, and society. These impacts will undoubtedly encourage the region's economic growth faster than conventional trade, which requires face-to-face interaction between sellers and buyers (Widagdo, 2016).

E-commerce can run well if it is carried out based on 4C principles: connection, creation, consumption, and control (Hoffman & Fodor, 2010). These principles can motivate consumers to lead to a company's return of investment (ROI), measured by active participation such as feedback or consumer reviews and sharing or recommending to other users. The concept of e-commerce is not limited to selling and buying but also involves various factors of the company's value chain, such as promotions, invoicing and payment systems, transaction services, and customer security. Therefore, e-commerce can be considered an umbrella that integrates different functions into digital forms (Vaithianathan, 2010). It has been mentioned above that today's technology allows us to do any marketing with the help of the internet. Therefore, the world recognizes the new concept of business activities online. One of the advantages of using internet sources to get in touch with customers is the fast transmission of data and information between the people involved. There are two ways to do online marketing: passive and active. Using passive online marketing means a company builds a website that provides information to customers without doing significant activities to reach customers. On the other hand, online marketing actively does the opposite; the company is trying to reach potential buyers on the internet. By taking advantage of internet technology, companies have the convenience of promoting and conveying information about their brand (Kaplan & Haenlein, 2012). The six dimensions of the success of the information system that can also be applied to the e-commerce environment are as follows (Delone & McLean, 2004):

- 1) System quality in an internet environment. Where the characteristics of e-commerce can be measured according to usability, availability, reliability, adaptability, and response time (download time and data processing)
- 2) The quality of the information in capturing the issue of e-commerce content. The content network should be personalized, complete, relevant, easy to understand, and fund man if a potential buyer or supplier initiates a transaction via the internet.
- 3) The overall quality of support services is delivered by the service provider, regardless of whether the information systems department provides the support, a new organizational unit, or perhaps outsourcing to the internet service provider.
- 4) Use. It is measured from website visits and navigation within site for information retrieval and execution of transactions.
- 5) User satisfaction. This is an important way to measure customer opinions in an e-commerce system and must cover the entire customer experience in purchasing, paying, and receiving products and services.
- 6) Benefit. It is also important to capture the balance of the positive and negative impact of e-commerce on customers, suppliers, employees, organizations, markets, industry, economy, and even society as a whole.

2. Business Performance

The advantages obtained from doing business via the internet can be seen in the picture below, which is the conclusion obtained from the internet from the 100 highest ranked internet user companies. The picture below shows that the highest percentage is cost savings (35%) because applications applied to internet technology are cheaper to develop, operate, and maintain, compared to traditional systems. The American Airlines example saves consumer support costs after website creation versus telephone costs (Yuliana, 2000).

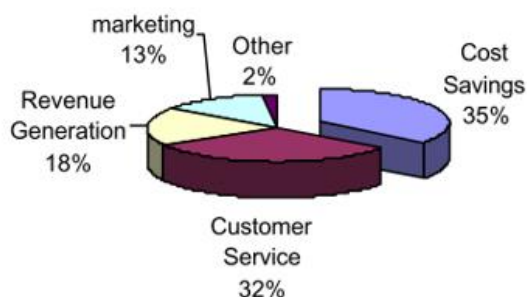


Figure 1. Business Performance affected by E-Commerce
Source: (Yuliana, 2000)

Electronic commerce also includes website creation activities, advertising marketing using internet media, online promotion through information search engines, and advertising through email advertising (Fauziah, 2020). The purpose of the company is to build a commercial site; on the World Wide Web are: 1) Attracting new consumers through web marketing and advertising, 2) Improving existing customer service through the service and support functions of the consumer Web, 3) Develop new Web-based marketing and distribution channels for existing products, and 4) Develop new information from products that can be accessed via the Web. Applications based on the internet can give an advantage in business strategies to win the competition are: 1) global dissemination, 2) interaction, 3) customization, 4) collaboration, and 5) integration (Simara. id, 2019)

Now that countries are connected to the internet, communication in business has become truly lively. E-mail, electronic mailing lists, the world wide web, and other internet services result in faster, cheaper, and easier dissemination of information internationally. This gives

the advantage of business strategies in increasing the savings and efficiency of global communications and reaching, selling and developing international consumer market services. Interactive communication is another internet capability, such as discussion forums and chat groups; interactive forms for orders, feedback, and technical support; e-mail to answer requests and comments online. Fast and efficient feedback to consumers and responses from consumer support specialists provide several opportunities to show the company's attention to its consumers. Internet technology helps businesses build the role and loyalty of consumers. The ability to automate the provision of information and services according to the needs of each consumer is the ability of the internet business strategy. Data can be accessed and disseminated from a network server depending on the user's needs. The internet may facilitate and streamline access to data, hardware, and software on the network together. For example, Web information can be easily obtained using Web browsers. Other groupware tools help coordinate projects and take care of the information stored on cross-link Web site servers. This can improve teamwork, workgroups, and business partners to complement the role of the company's business strategy. The Internet became an EC technology platform. The Internet connects companies with consumers and sellers, allowing internet user companies to market, buy, sell, and support products and services electronically. Companies that use the internet integrate outside activities with business processes inside the company online. For example, a company's Web site is connected to an operational database stored on an intranet web server so that visitors to that company's website get more detailed, up-to-date information and can be used to support EC applications. The hypotheses in this study are:

Ha: e-commerce has a significant effect to local business performance

Ho: e-commerce has not a significant effect to local business performance

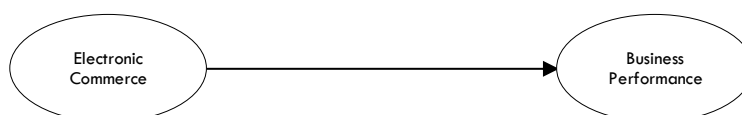


Figure 1. Research Framework
Source: (Koponen & Rytty, 2020)

Methodology/Materials

This research uses a quantitative approach. The variables used in the study consisted of two variables, namely variables free of influence from e-commerce and variables bound to increase sales. The population in this study was several residents/people of Garut City. The sampling technique used is stratified proportional random sampling (Firdayanti, 2012). This sample selection is based on time, energy, and funds efficiency and the low risk of sampling errors. The subjects to be taken as a research sample were 30 people (Broekhuizen et al., 2019). Data collection in this study was carried out by the scale method. The data analysis method used in this study is Pearson correlation analysis with a computer statistical analysis program, namely SPSS.

Result and Findings

The respondents in this study were 33 consumers who had made transactions on e-commerce sites with characteristics: 23 respondents, or 69.7%, were female, and 10 respondents, or 30.3%, were male. 24 respondents or 72.7% students, 5 respondents or 15.2% private employees, 2 respondents or 6.1% self-employed, and 2 respondents or 6.1% have other jobs.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.852 ^a	.725	.717	1.816

Table 1. Model Summary
Source: Author

a. Predictors: (Constant), PENGARUH

Based on the table below, a signification value of 0.00 (< 0.05) is obtained, then Ha is accepted. That is, variable X significantly affects variable Y.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	269.974	1	269.974	81.884	.000 ^b
	Residual	102.208	31	3.297		
	Total	372.182	32			

Table 2. ANOVA
Source: Author

a. Dependent Variable: PENINGKATAN

b. Predictors: (Constant), PENGARUH

Based on the output of the table coefficient above, a significant value (Sig) of 0.436 > 0.05 is known, so it can be concluded that "Ha is rejected" and "Ho is accepted", which means that " e-commerce has not a significant effect to local business performance".

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.949	1.202		-.789	.436
	PENGARUH	.479	.053	.852	9.049	.000

Table 3. Coefficient
Source: Author

a. Dependent Variable: PENINGKATAN

Conclusion

Based on the analysis that has been carried out above, the researcher obtained results to answer the formulation of the research problem with the conclusion that the results of the study showed that there was no significant influence on the use of e-commerce on the increase in company sales.

Implications

For subsequent research on the influence of e-commerce on increasing sales, this research was conducted with several Garut people. For students who want to do similar research at other schools or colleges, hopefully, this research can be additional data on the use of e-commerce and increasing sales.

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