LITERATURE REVIEW: COMPETITIVE STRATEGY, COMPETITIVE ADVANTAGES, AND MARKETING PERFORMANCE ON E-COMMERCE SHOPEE INDONESIA

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Abstract: Facilitated all economic and business activities globally in the 4.0 Industrial Revolution era. Moreover, buying and selling activities that are usually offered conventionally are now made digitally, which is called E-commerce. E-commerce began to develop in Indonesia in 1999 with a buying and selling platform, namely Kaskus. The public could not entirely accept the emergence of e-commerce due to various factors, such as the quality of the products offered. Until 2009, different e-commerce platforms in Indonesia began to develop, one of which was Shopee. To deal with the existing Competitive Advantages, Shopee uses several Competitive Strategies to analyze the advantages in the Marketing Performance, Cost Leadership, Alliance, and Innovation strategies.

Keywords: Competitive Strategy, Competitive Advantages, Marketing Performance, E-Commerce Shopee Indonesia

INTRODUCTION

Along with the development of technology, people's lives have also developed. The rapid advancement of technology has caused a shift in people's lives. Currently, people have experienced changes in lifestyle, especially in terms of shopping. People prefer to shop online rather than shopping conventionally. The emergence of various advanced technologies has changed people's lives to be fast-paced and practical. Now people do not need to come directly to the store to shop. Using a smartphone and internet connection can get what they want to buy.

The convenience of the public in shopping is supported by the emergence of e-commerce businesses in Indonesia. E-commerce is a type of electronic business that focuses on individual-based transactions using the internet to exchange goods and services (Surawiguna, 2010). E-commerce in Indonesia has succeeded in overgrowing because a massive population of Indonesia supports it, and most of them are connected to the internet.

Data from the Indonesian Internet Service Providers Association (2019) shows that the number of internet users in Indonesia in 2018 reached 171.17 million users out of a population of 264.16 million. This number shows an increase of 10.12 percent from the
previous year. Thanks to Indonesia's massive market share, many e-commerce have sprung up to enliven online business in Indonesia.

One of the e-commerce sites that has successfully dominated the Indonesian market is Shopee Indonesia. Data from iPrice Group (2020) shows that Shopee has managed to become an e-commerce that occupies the top position in the first quarter of 2020 with the highest number of active visitors, 71.53 million visitors. Shopee is a mobile marketplace application with a consumer-to-consumer (C2C) concept that is safe and practical for buying and selling. Shopee offers a variety of products to support daily needs, such as fashion, gadgets, cosmetics, electronic devices, home appliances, to shopping vouchers.

In addition, Shopee always provides various kinds of massive promos to attract customers, such as one of the most popular ones being free shipping. Even though at the beginning of 2020, Shopee has occupied the top position, various new strategies must continue to be created to continue to dominate the market, considering that the e-commerce business competition in Indonesia is very tight.

This study aims to analyze what kind of competitive strategy is applied by Shopee using the Competitive Advantages and Competitive Strategy analysis models developed by Michael Porter. This research was conducted by looking at the five Competitive Advantages. Formulation of problem

Based on the background of problem that has been described, the formulation of problem as follows:

1. Competitive Strategy on E-Commerce Shopee Indonesia?
2. Competitive Advantages on E-Commerce Shopee Indonesia?
3. Marketing Performance on E-Commerce Shopee Indonesia?

LITERATURE REVIEW

Competitive Strategy

In achieving its vision and mission, and objectives, a company must have planned various competitive strategies to become the best and only company among other similar companies. The primary purpose of strategic planning is to see the internal and external conditions objectively so that the company can anticipate changes in the external environment. Strategy is a long term plan to achieve company goals by allocating limited company resources. The strategy includes a comprehensive plan for both the external environment and the internal environment. According to Umar (2010), strategy is an action that is continuously increasing, carried out continuously, and based on the needs of future buyers. Porter (2018) defines strategy as a tool to realize competitive advantage. The strategy will optimize advantages and minimize competitive limitations. Porter (2018) also states that competitive strategy aims to create a favorable and sustainable condition for the forces that determine industry competition.

Strategy is the form and steps taken by the company to achieve the planned goals. Business strategy is a guideline for companies to compete and achieve business continuity. Because if a company successfully implements a cost leadership strategy and product differentiation, it will effectively determine success in an industry. (Wibowo et al., 2017)

Competitive Strategy has been widely by previous researchers, including: (Wibowo et al., 2017).
Competitive Advantages

The forms of competition that often occur are the entry of new entrants, the threat of substitute products, the bargaining power of buyers, the bargaining power of suppliers, and competition among competitors. This reflects that the threat of competition is not only limited to fellow companies in the existing industry, but also comes from customers, suppliers, substitute products, and potential new entrants.

Shopee Indonesia can realize a competitive advantage in gaining strategic, tactical, and operational benefits. At the highest managerial level with strategic planning level, Shopee Indonesia can use information systems to change the direction of a company to gain a strategic advantage. At the (middle) management control level, managers can provide specifications on how Shopee Indonesia will implement the strategic plan to create a tactical advantage.

Meanwhile, at the (lower) level of operational control, managers can use information technology in various data collection and information creation that will ensure operating efficiency, thus achieving operational excellence (AAker and McLoughlin, 2010).

The primary competency strategies that companies can use to win the competition are: 1) cost leadership strategy, 2) differentiation strategy, 3) innovation strategy, 4) growth strategy and 5) alliance strategy.

Competitive Advantages has been widely by previous researchers, including: (Rakanita, 2019), (Desfiandi, Fionita, et al., 2017).

Marketing Performance

Marketing is a social and managerial process by which individuals and groups obtain their needs and wants by creating, offering, and exchanging things of value. To develop an effective marketing strategy, marketers must know the types of problem-solving processes consumers use to make purchasing decisions.

In making plans or strategies, the management or product managers must discuss them with the purchasing and production departments to ensure they can meet sales goals. And the sales manager creates enough units to ensure sufficient availability and with the finance department to ensure adequate advertising and promotion funding. (Abdullah & Tantri, 2016)

Marketing performance is a measure of achievement obtained from a company's overall marketing activity process. This measure is one indication that describes whether a company is progressing or not. Marketing performance is the output of all efforts and marketing strategies that entrepreneurs have carried out.

Based on the concept of marketing public relations strategy A to Z, Thomas L. Harris coined. Shopee applies three types of tactics, namely competitions, demonstrations, and product placements. A service strategy for consumers should also accompany the marketing strategy that has been arranged in such a way. Service quality is a determinant of customer satisfaction.

E-Commerce applications should provide adequate information regarding product specifications, promotions, various products, and how the payment system is. The application is also good at providing services in the form of a means to answer customer questions quickly. When Shopee Indonesia can answer customer questions quickly, then they feel well served so they can be satisfied.
Everything Shopee has done an international marketing strategy as an effort in international business activities. International marketing strategies are designed to improve global marketing performance. The international marketing strategy impacts increasing the company's reputation and building strong brand awareness.

Marketing Performance has been widely by previous researchers, including: (Octavia & Ali, 2017), (Prihartono & Ali, 2020).

**Shopee Indonesia E-Commerce**

E-commerce is a platform for buying and selling business activities that use electronic technology and connect companies, producers, consumers, and the general public in electronic transactions. Many types of E-commerce are developed in Indonesia. One of them is Marketplace, and Marketplace is a forum that can connect sellers and buyers (seller & buyer) in one network. The most popular types of E-commerce in Indonesia include; Shopee, Tokopedia, Lazada, Bukalapak, Blibli, and so on. Shopee, as a significant and most sought-after marketplace by the online community in previous years, was ranked first. Now, its ranking has decreased due to competition between other marketplaces.

The number of similar Marketplaces engaged in online shopping applications has made Shopee one of Indonesia's number one online shopping sites in the second quarter of 2019. It now has to be replaced with Tokopedia, a similar marketplace. And at this time, Shopee must continue to compete with Lazada, Bukalapak, and Blibli, which are identical marketplaces and are both under the position of Tokopedia.

The increase in E-commerce with the same competitors shows that competition in obtaining a market position is getting tighter. It makes the management of the Shopee E-commerce company have to work harder to determine various strategies related to its external position. It is so that Shopee's position and market share can continue to survive and increase according to its portfolio.

Shopee Indonesia E-Commerce has been widely by previous researchers, including: (Ningsih et al., 2021)

**Table 1. Previous Research**

<table>
<thead>
<tr>
<th>No</th>
<th>Author (year)</th>
<th>Previous Research Results</th>
<th>Similarities to this article</th>
<th>Difference with this article</th>
</tr>
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<tbody>
<tr>
<td>2</td>
<td>(Rakanita, A, M., 2019)</td>
<td>Utilization of E-Commerce in Improving the Competitiveness of MSMEs in Karangsari Village, Karangtengah District, Lebak Regency</td>
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<td>5</td>
<td>Triani, 2012</td>
<td>SWOT Analysis To Determine Competitive Strategy</td>
<td>Competitive Strategy</td>
<td>SWOT Analysis</td>
</tr>
<tr>
<td>6</td>
<td>Nisak, 2013</td>
<td>Strengthening the Competitiveness of Micro, Small, and Medium Enterprises Through E-Commerce</td>
<td>Competitive Strategy</td>
<td>Strengthening of Micro, Small, and Medium Enterprises Through E-Commerce</td>
</tr>
<tr>
<td>8</td>
<td>Ginny, 2019</td>
<td>Studies and Strategies to Support the Development of E-Commerce for MSMEs in Indonesia</td>
<td>Competitive Strategy</td>
<td>Companies Engaged in Logistics in Jakarta</td>
</tr>
<tr>
<td>9</td>
<td>Hartini, 2017</td>
<td>Implementation of 3D Visual Object Technology as a Media to Improve E-Commerce Product Promotion</td>
<td>Competitive Strategy</td>
<td>Promotion Upgrade</td>
</tr>
<tr>
<td>10</td>
<td>Febriantoro, 2018</td>
<td>Strategy to Increase MSME Competitiveness in Sumenep Regency Through E-Commerce</td>
<td>Competitive Strategy</td>
<td>MSMEs in Sumenep</td>
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</tbody>
</table>

**RESEARCH METHODS**

This article uses descriptive qualitative, which conducts a literature review of previous reports and searches for data sources through Google Scholar. In this study, the data obtained can be accounted for and following existing provisions and citations using Mendeley.

This article discusses Competitive Strategy, Competitive Advantages, and Marketing Performance in Shopee Indonesia's E-Commerce.

**FINDINGS AND DISCUSSION**

Based on relevant theoretical studies and previous research, the discussion of this literature review article is as follows:

1. **Competitive Strategy on E-Commerce Shopee Indonesia**

   E-Commerce is a place or platform for sellers to offer products from their business activities. The difference with conventional business activities is that sellers only send
product photos and product descriptions to the e-commerce platform so that buyers can easily find the product they are looking for or need. Buyers also don't need to come to the seller's shop. They only need to make transactions through the e-commerce platform, and if the goods sent don't match, the money will be guaranteed back by the forum as a third party.

Of course, with the current development of e-commerce in Indonesia, e-commerce platforms have emerged with their respective slogans and unique offerings. To be noticed by the public in buying and selling, an e-commerce platform must have a competitive strategy to get the wider community's attention and excel from other platforms.

In this case, Shopee Indonesia has a Competitive Strategy in taking market share in Indonesia, one of which is by promoting and having a differentiation from other platforms. Shopee Indonesia offers good quality products at relatively lower prices than other platforms and provides loyalty to its users in discounted vouchers and free shipping.

Competitive Strategy relates to E-Commerce Shopee Indonesia, and this variable is similar to previous research, namely: (Wibowo et al., 2017), (Munawar & Saputra, 2021)

2. Competitive Advantages on E-Commerce Shopee Indonesia

In doing business, of course, every company has its advantages, which are the attraction of every e-commerce in Indonesia and attract someone's buying interest. To determine competitive advantage, of course, every e-commerce must provide good service to the perpetrators of activities in e-commerce.

For example, they are providing cheap administration fees for sellers on Shopee, giving awards to sellers with the most product sales in their respective fields, giving discount vouchers, and free shipping to users. It will impact user loyalty to determine someone's buying interest. And if someone already has brand awareness, they will repurchase or repurchase the e-commerce platform.

For this reason, every e-commerce, especially Shopee, applies price, promotion, and quality variables to gain a competitive advantage. It makes it the largest e-commerce platform in Indonesia today. Competitive Advantage is related to Shopee Indonesia's E-Commerce, and this variable is similar to previous research, namely: (Desfiandi, Fionita, et al., 2017), (Rakanita, 2019).

3. Marketing Performance on E-Commerce Shopee Indonesia

Marketing Performance on Shopee Indonesia's E-Commerce also determines the success of a platform. Currently, Shopee Indonesia is the largest e-commerce platform in Indonesia, offering its uniqueness. It stems from their marketing performance to introducing Shopee's E-Commerce in the early days of its appearance in Indonesia.

They continue to do marketing by promoting price, perceived quality, advertising, entrepreneurship, and brand image to gain market share in Indonesia. Shopee Indonesia innovates by offering all the needs everyone needs at low prices but with good quality. Until now, Shopee Indonesia is known as a platform that provides conditions at low prices. In addition, the application that is owned can also be easily used so that users can easily make buying and selling transactions.
Marketing performance is related to Shopee Indonesia's E-Commerce, and this variable is similar to previous research, namely: (Octavia & Ali, 2017), (Prihartono & Ali, 2020).

Conceptual Framework

Based on the problem formulation and discussion described above, the conceptual framework for this article is:

**Competitive Strategy, Competitive Advantages, and Marketing Performance on E-Commerce Shopee Indonesia**

![Figure 1: Conceptual Framework](image)

This article discusses Competitive Strategy, Competitive Advantages, Marketing Performance in Shopee Indonesia's E-commerce. There are still many variable factors that affect Competitive Strategy, Competitive Advantages, and Marketing Performance at Shopee Indonesia's E-Commerce, namely:


3) **Price:** (Widayati et al., 2020b), and (Widayati et al., 2020a), (Ali, Narulita, et al., 2018b), (Ikhsani & Ali, 2017), (Richardo et al., 2020), (Brata et al., 2017), (Anggita & Ali, 2017a), (Novansa & Ali, 2017).


CONCLUSION AND RECOMMENDATION

Conclusion

Based on the literature review and discussion above, a researcher can make a conclusion based on these variables, namely:

1) Competitive Strategy is very much needed amid the development of the e-commerce industry in Indonesia to create competitive competition.

2) Competitive Advantage is needed to get the public's attention and determine the buying interest of users, which will ultimately lead to consumer loyalty.

3) Marketing Performance is needed by all companies, especially on the Shopee Indonesia e-commerce platform, because it will determine the sustainability of the e-commerce.

Reccomendation

Based on the conclusions above, the suggestions needed are to add factors that determine competitive advantage in e-commerce Shopee Indonesia.

BIBLIOGRAPHY


