

CHAPTER I

INTRODUCTION

1.1. BACKGROUND

Shopee leads the E-commerce industry in Indonesia and become the largest online platform in Southeast Asia (SEA). Shopee is part of the Sea Group or its official name is Sea Limited (Ltd.) from Singapore which was founded in 2015 by Chris Feng and Forrest Li. Now, Shopee has been able to excel in the E-commerce market in Southeast Asia, even beating Lazada, which is backed by Alibaba (Ananggadipa, 2021). Shopee was founded to provide a platform that can be used by both sellers and buyers from various countries in Southeast Asia to achieve a better world through the transformative power of technology.

Shopee also aims to offer an online shopping and selling experience with a wide selection of products. Indonesian people are more eased selling and shopping on Shopee and this is also a factor in the increase in E-commerce users in Indonesia (Ginee, 2021). Shopee became one of Indonesia's largest and most popular E-commerce platforms by offering an online shopping experience that allows people to shop anywhere and anytime easily, safely, quickly, and reliably for customers through strong payment and logistics support (Samodra, 2022).

In December 2015, Shopee entered the Indonesian market and managed to dominate it quickly through effective promotional strategies. Chris Feng the founder of Shopee is targeting Indonesia because it has a very large population in Southeast Asia. Apart from that, Indonesian people who use the internet are also growing very rapidly and continue to increase every year. Compiling SimilarWeb data, Shopee was visited by 158 million visitors in Q1 2023 and 167 million visitors in Q2 2023 (Aditiya, 2023). Shopee provides various digital payment options, including ShopeePay, which is increasingly sought after by consumers because of the convenience and security it offers. With continued movement restrictions and the need for social distancing, both consumers and businesses are likely to adopt digital payments as a safer and more convenient solution (Novika, 2021).

Shopee is very popular with the public because they find it much easier to shop for various kinds of products including daily necessities, electronics, fashion, and others. Shopee also facilitates sellers to market their merchandise easily and equips buyers with a secure payment process and integrated logistics arrangements. E-commerce can be a great opportunity for micro, small, and medium enterprises (MSME) players to develop their business and enable MSMEs to market with the aim of the global market so that they have the opportunity to penetrate exports (Syahputra, 2023). The target users are today's young people accustomed to carrying out activities with the help of gadgets, including shopping activities. Shopee is present in Indonesia to bring a new shopping experience and also facilitates sellers to sell easily and equips buyers with a secure payment process and integrated logistics arrangements.

One of the main factors for Shopee's success is its aggressive expansion strategy. This corporation quickly expanded into various markets in Southeast Asia, including Indonesia, Malaysia, Thailand, the Philippines, and Vietnam. This gives Shopee access to a wide and diverse market share. Since its founding in 2015 by Sea Group, Shopee has established an impressive footprint in the industry. In this way, it established itself as one of the largest and most influential E-commerce platforms in Southeast Asia. Shopee as a marketplace platform that is quite popular not only operates in Southeast Asia but has also spread to several countries such as Latin America and Europe. Shopee's initial launch was operated in the Southeast Asia region. Then it began to expand into Latin America, namely Brazil, followed by the establishment of operational areas in Mexico, Chile, and Colombia in 2021. Its' operational area is also expanding, wherein the platform was launched on the Polish market in September 2021, then adding its operating area to Spain, and is still operating there today (Hardiansyah, 2022).

Shopee offers various types of units that consumers can purchase at affordable prices and relatively cheaper compared to offline stores. Shopee provides various products such as Home Appliances, Mother and Baby Products, toys, Beauty Products, Makeup, Clothing, Food, Health Equipment, Hobbies, Kitchen Equipment, Mobile Phones and Accessories, Sports Equipment, Electronic Equipment, Muslim Clothing, Women's Bags, Laptop or Computer devices and many more. The completeness of these goods makes it easier for consumers to shop for anything without leaving the house. Shopee is committed to helping

brands and sellers succeed in E-commerce and is highly customized for each market it operates. Shopee strengthens digital inclusion by empowering more people and businesses to gain opportunities online. It aims to facilitate an easy platform for all groups, both sellers and buyers, according to their needs (Nanda, 2021).

Based on the background above, this research will analyze how Shopee contributes to E-commerce in Indonesia with the title "**Shopee's contribution to the Indonesian E-commerce Sector in 2023**".

1.2. RESEARCH QUESTION

Based on the background description above, the problem formulation in this research is "How has Shopee Contributed to Indonesia's E-commerce in 2023?"

1.3. RESEARCH OBJECTIVES

The aims of this research are:

1. To Analyze how Shopee contributes to Indonesian E-commerce in 2023 by encouraging consumer E-commerce adoption through various programs and features
2. To Analyze how Shopee contributes to Indonesian E-commerce in 2023 by encouraging MSMEs to be more familiar with the digital economy

1.4. RESEARCH BENEFITS

Theoretical and practical research in the following thesis title has the following benefits:

1. Provide a more in-depth understanding of Shopee's contribution to Indonesia's E-commerce sector in 2023 by encouraging consumer E-commerce adoption through various programs and features
2. Provide a more in-depth understanding of Shopee's contribution to Indonesia's E-commerce sector in 2023 by encouraging MSMEs to be more familiar with the digital economy

1.5. THEORETICAL FRAMEWORK

In this research, the author uses the concept of multinational corporations (MNCs) and the digital economy. Multinational companies are companies that not only operate in their country but also operate in several countries. A multinational Corporation can be defined as a corporation that has its parent or center in one country and opens branch Corporations in other countries. Developing countries, for example, Indonesia itself, are willing to accept the presence of MNCs in the hope of obtaining new technology owned by MNCs. Apart from the country of origin, the destination country also benefits, namely, increased income, capital formation, availability of employment opportunities, and the most obvious thing seems to be technology transfer. In the short term, the technology brought by MNCs can improve product quality, while in the long term, it can improve the economic system of the destination country even though the MNC no longer operates in that country.

As part of Sea Limited, Shopee is an example of an MNC in the E-commerce context. They have managed to expand their operations in several countries in Southeast Asia, including Indonesia, quickly and successfully. Shopee is a multinational corporation where multinational Corporations are one of the important actors in economic globalization. The key actors in the current global economy are multinational corporations because they are able to carry out market organization and management on a scale that can enable them to enter the international world, towards the global economy, and then be able to meet global demands. In today's complex world dynamics, multinational corporations are unique actors. MNCs have a goal of seeking financial gain.

The concept of the digital economy is an activity that refers to economic activities by utilizing the internet and artificial intelligence so that it can facilitate the economy in general (Salma, 2023). It cannot be denied that technological progress offers new alternatives in interaction models, both between individuals and society, including in relation to economic activity and trade. The digital economy is able to provide access to the procurement and supply of goods and services that support business operations in the industrial and trade sectors.

This concept is very relevant to understanding the transformation carried out by E-commerce platforms such as Shopee because this concept emphasizes the role of digital

platforms in creating new markets, increasing accessibility, efficient transactions, and encouraging economic growth (Hanif, 2023). By applying the digital economy concept, this research can analyze and offer a comprehensive perspective that allows researchers to analyze Shopee's various contributions to E-commerce in Indonesia by examining market formation, increasing accessibility, transaction efficiency, and empowering MSMEs.

Based on these two concepts, The author will analyze Shopee's contribution to E-commerce by explaining Shopee's activities as an MNC that takes advantage of digital economic advances.

1.6. ARGUMENTS

Based on the theoretical framework and introduction above, there are 2 arguments in this research, namely Shopee contributes to Indonesia's E-commerce :

1. By encouraging consumer E-commerce adoption through various programs and features that are user-friendly
2. By encouraging MSMEs to be more familiar with the digital economy

a. RESEARCH METHODOLOGY

This research will use a qualitative approach where the research procedure will produce descriptive data in the form of written and spoken words from people and observed behavior. After the data has been collected, the next stage is data analysis. (Rukajat, 2018) The object of this qualitative research is Shopee. This method aims to understand in depth the contribution of Shopee in Indonesian E-commerce in 2023.

The main data source for this research comes from academic literature, namely descriptions of theories, findings, and other research materials obtained from reference materials to serve as a basis for research activities related to Shopee's contribution to the growth of E-commerce in Indonesia (Siregar, 2019). These data sources include scientific articles, websites, books, and other related digital sources. Data sources will be selected based on their relevance and credibility in the context of Shopee's contribution. The main data collection technique is literature analysis, where researchers will search, select, and

read various literature sources that are relevant to the research topic. This literature analysis will be carried out periodically to identify patterns, themes and main findings related to Shopee's strategic contribution to Indonesian E-commerce. The data analysis process includes steps for data reduction, data presentation, and data interpretation, with the focus of the case study in this research, namely, **'The Contributions of Shopee to the Indonesian E-commerce Sector in 2023'**.

b. DISCUSSION SYSTEMATIC

CHAPTER 1: INTRODUCTION

This section explains the general context of the research topic, including why the topic is important to research and its relevance to current circumstances.

CHAPTER 2: SHOPEE'S CONTRIBUTION TO INDONESIA E-COMMERCE IN 2023

In this chapter, the author will further discuss Shopee's contributions to Indonesia's E-commerce and the Growth of E-commerce in Indonesia as well as Shopee's contribution to driving and shaping the growth of the E-commerce industry in Indonesia.

CHAPTER 3: CONCLUSION

In this chapter, the author will discuss a summary of the main findings. Implications of the findings for the Indonesian E-commerce industry. Recommendations for the development of Shopee and the Indonesian E-commerce sector.

