

Factors of the E-Commerce Growth during Covid-19 Pandemic: A Case Study of Shopee

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ABSTRACT

This study aims to investigate the factors of development and growth of Shopee revenue during the COVID-19 pandemic, the leading e-commerce online shopping platform in Southeast Asia and headquartered under Sea Group with advanced payment and logistical support. The research collected data from the company's official websites, customers' reviews, and questionnaires. For the survey respondent's regions are focused on Malaysia. The findings provide sufficient evidence that the factors of Shopee growth during the pandemic related to the time background, matured online payment system, delivery system, and advanced business model.

Keywords: Covid-19, Delivery system, E-Commerce, Online Grocery, Shopee

INTRODUCTION

The coronavirus outbreak, now known as Covid-19 (short for "coronavirus disease of 2019"), began in the Wuhan region of China. This disease infects extremely quickly among people, and many people have been infected within only a few months worldwide. As the Covid-19 outbreak has shown, when the virus spreads, it affects businesses all over the world. Some of the world's most renowned manufacturing was interrupted, and shops were closed because of the largest corporations' actions—void of customers and dwindling demand for their wares (Öven & Hicintuka, 2020). A few companies can also face difficulties because of their investors' reluctance to lend them money following the outbreak. Airlines, among other industries, have been particularly hard hit (Bouwer, Krishnan, & Saxon, 2020).

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Leisure, hospitality bars, and restaurants have also been hit hard (Ramuni, 2021). As a result, this pandemic has emerged as the most serious threat to the global economy and financial markets. The Organization for Economic Co-operation and Development (OECD) has downgraded its actual GDP forecast for 2020 to almost all economies' growth forecasts. In addition, to slow the spread of terrorism, several countries are putting their people under different types of lockdowns. National quarantines, school and job closures are examples (Kainann & Tanneberg, 2021).

All is evolving dramatically in the twenty-first century, and the whole world is undergoing a new age of technological advancements. It introduced new ways to interact, communicate, consume, and ride. Technology has made our lives smoother and more productive. Most countries severely limit social life to slow the virus's spread. These limitations included bans on major gatherings, closing schools and colleges, and a partial economic shutdown. Many retail stores were closed in countries that enforced a lockout. As a result, services had to be paused. Consumers faced increasing levels of economic uncertainty simultaneously as a result of unemployment and unstable jobs. Because of the closing of brick-and-mortar shops, consumers' only choice for meeting their consumption needs is to shop online. Online shopping has replaced the conventional physical shopping method during the pandemic (Warrier et al., 2021). Retailers try to make their online stores more attractive to capture online customer attention (Aryani et al., 2021).

Studying e-commerce consumption during the COVID-19 crisis is relevant for three reasons. The pandemic's situation will have a long-term impact on consumer behaviors, and that e-commerce companies will need to fully understand consumer preferences trends during this period to retain a competitive advantage. As a result, existing institutions play an important role. During a global crisis such as the Covid-19 pandemic, the drivers of e-commerce purchase conduct should be explained. Also, there is a heated national discussion about dealing with the pandemic. The infancy stature of e-commerce industry offers potential future growth opportunities combined with the conducive business environment fueled by government spending on infrastructure (Santhanakrishnan, Naithani, Parasar, & Gilliani, 2019).

On the other hand, external factors at the global, national, and personal levels are still unknown, such as media coverage of the current economic situation and demands for coordinated action at this time. The crisis shapes consumer behaviors. The social distancing steps such as quarantining must be considered. Investigated to see how they influence people's activity patterns.

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During outbreaks, online electronic distributor has chosen product, advertising and emergency logistics strategy adjustment. According to the data that consumer shopping channels during the outbreak also change. In March, online shopping orders increased by 58% compared with that in January, and entity shop orders fell by 46%, as more quarantines were applied. The demand for social entertainment, outdoor sports, travel, and other commodities decrease in the short term, while health supplies, household articles, personal/family entertainment, and home office supplies usher in the outbreak.

Health and epidemic prevention products have rapidly grown, such as temperature guns, masks, goggles, hand sanitizers, and disinfectants. As the need to reduce going out, the demand for goods related to diet, daily life, and entertainment products also increases. Affected by the epidemic, many enterprises have also begun to work at home, and home office products like ergonomic chairs, mobile partition screens, desk lamps and multi-functional desks also have a good opportunity.

In the eyes of European and American people, pets are also a member of the family, so the online orders of pet supplies are also increasing, such as pet snacks, fresh pet food and toys. Additionally, indoor fitness temporarily replace outdoor fitness. Thus, products such as yoga mats, rowing machines, treadmills, yoga balls, and gyms can be considered.

In terms of advertising strategies, sellers should make advertising plans during the epidemic period due to the impact of the epidemic and changes in living habits. For daily necessities during the isolation period, the budget should be placed in the period with high order conversion rate, and the advertising budget should be used reasonably to stabilize ROI. For non-essential commodities, the proportion of budget in areas less affected by the epidemic should be increased, and areas more affected by the epidemic can put less or no advertising.

E-sellers can develop logistics emergency plans. Influenced by epidemic prevention and control measures of various countries, international passenger routes are being suspended, freight routes are being blocked further, delivery time is being extended further, and orders are falling further

During the Covid-19 pandemic, e-commerce was king. Shopee put much effort into creating, upgrading, and promoting their online stores. Shopee also has many strategic adjustments and key points. Its investment recovery plan, the "four free policies", include free commission, free freight, free handling fee, and free training. New stores registered in Malaysia or Taiwan sites before April can enjoy 120 days of free commission. Also, its

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operation recovery plan ensures stores with delivery rates up to the standard in February can get a 20% advertising rebate. Since March, the platform has lowered the commission benchmark comprehensively, launched the keyword advertising fund support policy, and opened 42 free online course training projects in “live broadcast”.

Before the shutdown, independent retailers who did not have online outlets devised workarounds to sell their wares online. Shopee promotes campaigns and provides discounts for their online platforms. In the first quarter of 2020, it significantly expanded its offerings. The business has expanded due to increased demand, invested in innovative technical solutions to boost platform efficiency, and allowed partners to participate in the platform. On the website, they can better control their company. It is important to ensure the success of these initiatives. To look at why people bought things online during the pandemic. Previous research on the 18etermining factors of purchasing intentions in the Shopee context emphasizes the significance of both hedonistic and utilitarian motivations. While utilitarian motivations are important, hedonic motives characterize amusement and enjoyment, and utilitarian motives refer to the utility of behavior. Encountered as a result of engaging in a behavior, the Covid-19 pandemic, on the other hand, is a unique situation.

Special circumstances and determinants other than utilitarian and hedonic motivations must be considered. During the crisis, there was a lot of media attention paid to the situation. Pandemic and customers are inundated with knowledge about the current economic situation. The current crisis highlights the need to account for normative pressures. Third parties of authority during the COVID-19 crisis increase the degree of economic uncertainty. A once-in-a-lifetime opportunity to explore how both information-based and non-information-based pressures interact with the current economic situation as reported in the media and stresses resulting from close social relationships. Consumer buying behavior is influenced by networks.

In the meantime, Shopee Malaysia has seen a surge in traffic and volume, as well as the adoption of local brands. Brands like Mamee, Padini, Gamuda Land, Hup Seng, Carsome, Naelofar Hijab, Billion, Al-Ikhsan, and many others, according to its regional MD Ian Ho, have opened official stores on Shopee this year. To catch the increasing proportion of online-first buyers, many brands and sellers have increased their digitalization efforts. As a result of this new dependence and acceptance, general traffic to Shopee’s platform has remained robust, providing brands and sellers with a consistent and high transaction volume.

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Inspired by Alibaba, Shopee also lives stream shopping events on their websites, inviting celebrities to perform and internet influencers to boost sales. Shopee, for example, announced that over 20 million hours of live streams were watched on Shopee Live, and that in-app games were played over 2.5 billion times. On Singles Day, many from China, cross-border sellers on these platforms saw tremendous sales growth, providing a welcome morale boost after months of stagnation due to the coronavirus pandemic.

Covid-19 has boosted e-commerce growth in Southeast Asia. As e-commerce players compete for market share in the country, the rivalry will continue to heat up. Lazada and Shopee, both of which have branches in China, have achieved first-mover advantages by exploiting Chinese manufacturing. However, local e-retailers are also looking for opportunities to perfect their stores and increase their turnover. Sellers have been breaking new ways and methods to promote their products and stores in the epidemic, among which live streaming is one method. Many sellers have also learned from Chinese e-commerce live streaming and opened live streaming in their stores, among which the number of live streaming in the Malay market has increased by 70 times. As a matter of fact, Shopee itself is inclined to socialization. With the increasing number of entertainment projects on the platform, more users will be interested in it and become new fans of the platform. The stickiness of the existing fans will also continue to improve. For we could not go out during outbreaks, Shopee set up online social entertainment activities. Through the user's experience, the majority of people's attention, and entertaining game activities, Shopee stickiness also in unceasing enhancement to use Shopee App time grew a lot. It can be seen that people are gradually forming the habit of online shopping, which is a very strong push for the development of e-commerce.

We also know that the epidemic came suddenly, and many people were not well prepared, and it was not so easy for them to be sellers. Fortunately, Shopee officials developed a series of systems to help sellers and consumers and took several measures to respond quickly. To ensure the smooth resumption of work and production, Shopee helps sellers sort out the list of cross-border subcategories with strong growth in the last three months and help sellers achieve order volume. In the face of the epidemic, Shopee can still maintain its leading position in the Southeast Asian e-commerce market because Shopee has been working hard to build a platform to achieve mutual benefit and win-win results. Therefore, in the development of e-commerce in Southeast Asia in the first quarter, Shopee ranked first in the number of visits to the platform, and during the period of epidemic, the average daily order volume of Shopee sellers increased compared with the epidemic last year. In the special period, Shopee still maintained its development advantages, which proved that people were right to choose Shopee, which is also the main reason for the growth of Shopee.

RESEARCH METHOD

The mix of qualitative and quantitative methods that we are using is perfectly appropriate for this paper. This paper is focused on discovering the factors of development and growth of Shoppe during the pandemic. Questionnaire questions are designed to aim at the possibility which may cause this change during the pandemic. Practical information is collected by the questionnaire related to e-commerce, such as online payment, delivery, and how people's satisfaction change in purchase methods during COVID—19.

Methods of data collection in this paper are mainly using two methods, surveys and questionnaires. Surveys as secondary data collection methods gather the additional information for the topic and, during the process, help writers re-think the information to produce a more meaningful opinion. Questionnaires as primary data collection methods assist this paper with 106 responses showing their view. Both methods lead to the same opinion that e-commerce has competitiveness, and, in the meantime, pandemics accelerate the process of e-commerce generalization.

The questionnaire was designed using Google Form, spread, and collected by social media like Facebook and WhatsApp. The questionnaire received 106 responses (56 female, 50 male). A total of 73.6% of respondents are aged between 21 to 30, 18.9% are aged below 20, and only 7.5% are aged between 31 to 40. The questionnaire was conducted from the 10th of May to the 20th of May in 2021.

The questionnaire was analyzed using statistical analysis. Before analysis, the dataset was checked for missing data and outliers. The measurement standards for each question designed in the questionnaire are based on a 5-point Likert scale rated from 1 (strongly disagree or highly dissatisfied) to 5 (strongly agreed or highly satisfied) for 106 responses. The advantage of using a 5-point Likert scale is in 2 aspects. First, it provides the five different levels of opinion for clear distinction, and meanwhile, the standard of the answer represents five different numbers assigned, which simplifies the process of interpreting the data gathered.

The questionnaire includes two parts. Part 1 shows respondents' basic information. The general information that gathers the demographic information includes age, favorite E-commerce platform, gender, shopping frequency, payment preference, etc. This part includes eight multiple choice questions. Part 2 collects the responder's opinion on satisfaction regarding e-commerce, especially during pandemic. Analysis of the result to

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find the relationship between e-commerce growth and pandemic. This part includes nine questions with 5-point Likert scale questions.

By using statistics analysis provided a clear classification for writers to identify trends behind the data, the analysis also provides objectivity in each opinion. Minimum (Min), maximum (Max), average (Mean), and standard deviation (SD) are used as statistics set in each question in Part 2. It eases the process of analysis, which makes data more understandable.

RESULTS AND DISCUSSION

Table 1. Summary of Respondent's Demography (N=106)

Responses	Frequency	Percentage (%)
Gender		
Male	50	47.2
Female	56	52.8
Age Group		
Below 20	20	18.9
21-30	78	73.6
31-408	7.5	
Employment Status		
Student	88	83
Employed	14	13.2
Unemployed	2	1.9
Self-employed	2	1.9
Most Visited Online Shopping Platform		
Lazada	14	13.2
Shopee	45	42.5
Taobao	35	33
Amazon	11	10.
Not using online shopping platform	1	0.9
Online Shopping Frequency		
At least one time per month	69	65.1
At least one time per week	28	26.4
At least one time per day	6	5.7

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Never	3	2.8
Most Prefer Shopping Method During Covid-19		
Online shopping	102	96.2
Offline shopping	4	3.2
Most Prefer Payment Method During Shopping		
Online transfer	50	47.2
Cash	7.5	
Credit card	48	45.3
Ideal Online Shopping Delivery Period		
Within 1 day	15	14.2
Within 2 days	38	35.8
Within 3 days	33	31.1
Within 4 days	13	12.3
Within 5 days	7	6.6

Table 1 presents the demographic profiles of data gathered by questionnaire through Google form on social media such as Facebook and WhatsApp. The amount of each gender has a similar number, with 47.2% of males and 52.8% of females. Most of the respondents' age group is between 21 to 30 years old, with 73.6% of total responses. The respondents' employment status is the student (83%), and their most preferred payment method is online transfer (47.2%). The most visited online shopping platform is Shopee (42.5%) and their most online shopping frequency online is at least one time per month (65.1%). The most preferred shopping method during covid-19 is online shopping.

Table 2. Survey on Respondent Opinion in Online Shopping

Responses	Frequency	Percentage (%)
Online Shopping Has Wide Range of Products		
Strongly disagree	1	0.9
Disagree	3	2.8
Neutral	13	12.3
Agree	40	37.7
Strongly agree	49	46.2
Products From Online Shopping Have Good Qualities		
Strongly disagree	0	0
Disagree	2	1.9

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Neutral	35	33
Agree	42	39.6
Strongly agree	27	25.5
Price of Online Shopping is Affordable		
Strongly disagree	1	0.9
Disagree	4	3.8
Neutral	19	17.9
Agree	46	43.4
Strongly agree	36	34
Compare to Other Business Model Online Shopping Has Lower Price		
Strongly disagree	0	0
Disagree	5	4.7
Neutral	17	16
Agree	48	45.3
Strongly agree	36	34
The Willingness You Buy Product Online		
Strongly disagree	0	0
Disagree	3	2.8
Neutral	22	20.8
Agree	56	52.8
Strongly agree	25	23.6
Will You Continue Shopping Online After Covid-19?		
Strongly disagree	1	0.9
Disagree	4	3.8
Neutral	18	17
Agree	53	50
Strongly agree	30	28.3

Table 2 indicates the advantages and disadvantages of e-commerce in various aspects. A total of 46.2% of respondents strongly believe online shopping has a wide range of products, and 39.6% agree that the products from e-commerce have good qualities. One of the primary concerns of e-commerce is the price of the product. The percentage of respondents that agree the price of online shopping is affordable are 43.4% and this is based on 83% of students who has no financial income. Therefore, the price of e-

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commerce is the primary advantage. The response of willingness to buy the product online and intention to continue shopping online after Covid-19 are around 50%, representing the majority of buyers who choose e-commerce to purchase and a strong customer engagement.

Table 3. Descriptive Analysis, Cronbach's Coefficients Alpha, and Correlations of Variables

Variables	1	2	3	4	5	6
Product Range	1					
Product Quality	.226*	1				
Price Affordability	.341**	.494**	1			
User Satisfaction	.160	.457**	.495**	1		
User Willingness	.152	.338**	.219*	.432**	1	
User Engagement	.185	.327**	.412**	.461**	.366**	1
M	3.89	4.06	4.08	3.98	3.97	4.01
SD	0.809	0.871	0.829	0.793	0.749	0.834

*Note: N=224; *p<0.05; **p<0.01; M=Mean; SD=Standard Deviation*

The second part of the questionnaire was designed to measure the variables based on a 5-point scale of 5 (strongly agree) to 1 (strongly disagree). The scale items are related to e-commerce in mainly two aspects, products, and users, such as product quality, price, delivery, satisfaction, and customer engagement. Table 4 present the consistency reliability by descriptive statistics, coefficient, and correlation.

Table 4. User's Satisfaction of E-commerce

Responses	Frequency	Percentage (%)
Are You Satisfied with Your Online Shopping Experience?		
Very Dissatisfied	1	0.9
Dissatisfied	6	5.7
Neutral	10	9.4
Satisfied	66	62.3
Very Satisfied	23	21.7
Are You Satisfied Online Payment System During Shopping Online?		
Very Dissatisfied	2	1.9
Dissatisfied	3	2.8
Neutral	10	9.4
Satisfied	58	54.7
Very Satisfied	28	26.4
Are You Satisfied with Delivery System When Shopping Online?		

Very Dissatisfied	0	0
Dissatisfied	3	2.8
Neutral	18	17
Satisfied	59	55.7
Very Satisfied	26	24.5

Table 4 indicates the satisfaction level when customers are using E-commerce in three public aspects, overall experience, payment system, and delivery system by 80% of respondents were satisfied with the integrated experience of online shopping. Customer satisfaction towards payment system and delivery system are both over 80% respond with positive opinion, suggesting that two factors of e-commerce growth were based on the mature foundation of the modern delivery system and online payment system.

CONCLUSION

Our analysis underlines an increase of respondents in online shopping as there is awareness of the concept in the market. Certain parameters that motivate the user to shop online are user-friendliness of the applications, discounts and offers offered by the service provider app, cash on delivery form as an essential gateway in online transactions, and hassle-free shipping of groceries at the door. Also, the customers buying behaviors concerning online grocery shopping in India are not exceptional as the customers buy only when required. The customers still, at some point, prefer buying from supermarkets when the factors like time and trust come into play.

Nowadays, online grocery is the fastest-growing segment within e-commerce. It has been increasingly gaining consumer's interest and acceptance due to good quality products, speedy delivery and convenience. The young generation of internet users buy groceries from sites like Amazon grocery, Lazada, Shopee, and Taobao, providing various offers and discount coupons daily. Getting a loyal customer base online for the grocery market is attractive due to the high customer lifecycle. E-commerce companies moved their existing customers online alongside acquiring new ones from the market.

This study is completed to assess the factors that are liable for online grocery shopping. We highlighted that product descriptions, delivery and replacement of products, merchandise choice and availability online, convenience and budget buying were the main factors for online shopping. E-marketers can structure their marketing strategy supporting these important parameters for creating unique and excellent shopping experiences for customers.

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As online shopping brings ease to our lives, it also comes with its limitations. These It restricts individuals from shopping online due to the intangibility in which customers lack to touch and feel the quality of the product. Delivery delay is also one of the reasons as there might be some urgency. However, as very few online websites provide instant delivery and the cost of instant delivery is very high, people prefer offline shopping. As there is a lack of shopping experience, customers tend to have low confidence when fraudulent products are found. Also, as many people are not that tech-savvy, they rely on the traditional method of shopping and avoid online grocery shopping. The banking facility also acts as one of the biggest concerns as fraudulent transactional activity is being carried out, thus creating fear of hacking of bank accounts. All these factors act as limitations to online grocery shopping.

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