



# Tokopedia vs Shopee in Indonesia: WOM Digital Analytics Perspective

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**ABSTRACT:** Over the last decade, the e-commerce industry in Indonesia has experienced significant and rapid expansion, mostly fueled by the middle market's demand. Online media is crucial for companies of all sizes, and e-commerce has grown to be their essential platform. Indonesia has the largest economic volume and value in Southeast Asia for digital business. Over 120 million users are spending money on Tokopedia as well as Shopee every month. In 2020, during the Covid-19 epidemic, 37% of new online consumers arose in Indonesia.

Between 2020 and 2023, Shopee is going to be the leading and consistently popular e-commerce platform, alongside Tokopedia and Lazada as close competitors. Shopee's prominence on Google may be attributed to their extensive advertising campaign, which includes both traditional and digital marketing strategies. E-Commerce should concentrate on certain areas that align with their unique characteristics to achieve dominance in the Indonesian e-commerce sector. Simultaneously, companies must focus on enhancing the nationwide recognition of their brands.

Shopee has a higher percentage of reach around 57% and mentions around 56% compared to other factors. The discrepancy between the two is little, yet, due to both companies having traffic exceeding thousands of millions of people monthly, even a slight variation would have a notable impact in regard to quantity.

**KEYWORDS:** E-Commerce, Digital Marketing, Online Retail, Market Development, Digital Analytic

## I. INTRODUCTION

The internet has evolved via customer participation, commercial goals, and innovation. Information and technology are key drivers of innovation, drawing increased public interest and involvement in digital media [1]. Businesses have acknowledged digital media being a vital instrument for enhancing their skills and broadening their reach.

The internet enables firms to create immediate and reliable relationships with their intended audience. E-commerce has become the main platform for many enterprises to achieve their goals. It allows enterprises of all sizes to get into the extensive market in Indonesia. The increase in e-commerce users in Indonesia is not unexpected. E-commerce is the electronic interaction between companies and customers enabled by computer connectivity [2]. E-commerce effectively reduces costs and time needed for business transactions while enhancing the amount of engagement between firms and customers. The goal of e-commerce aims to raise the quality of goods and services, leading to a decrease in resource use. Indonesia's e-commerce industry has had significant development in the last ten years, mostly fueled by middle market demand.

The widespread influence of online technologies and the innovations of Web 2.0 are significantly impacting many elements of our daily lives, particularly influencing the decision-making processes of consumers when making purchases. The significant change in how people receive information due to the rise of social networking sites and the growing popularity of electronic devices, especially mobile phones, is seen not just in China but also in many other nations.



Social networking sites facilitate content creation and communication among users, playing a crucial role in new media [3]. Social media platforms are built on a technical software foundation that originates from Web 2.0. Social media platforms are crucial in influencing consumers' daily purchasing decisions due to the vast amount of information they provide [4].

Indonesia's e-commerce traffic exceeds that among other Southeast Asian nations. Indonesia is expected to see double-digit growth through 2025. It serves the middle-class market plus a productive population [5]. In 2022, during the Covid-19 outbreak, approximately 36 percent of digital customers in Southeast Asia were found to be new. Indonesia saw a 37% increase, whereas Vietnam had the largest growth in new consumers with a 41% surge.

Indonesia's e-commerce business is dominated by five key players: Tokopedia, Shopee, Bukalapak, Blibli, and Lazada. Shopee and Tokopedia are the top two competitors in the industry and are engaged in fierce competition with each other [6]. Tokopedia and Shopee consistently draw in more over 120 million people each month, with this number rising steadily, especially as the Covid-19 pandemic has shifted to an endemic phase.

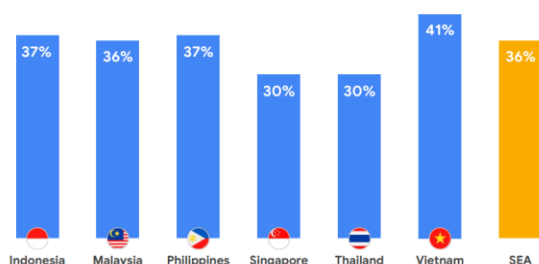


Fig. 1. E-commerce Traffic in Indonesia

Indonesia's e-commerce sector mostly focuses on the middle market, showing a notable similarity in their target demographic. The middle market comprises a significant number of persons who are primarily in their peak working age. This demographic trait is the main reason why e-commerce is very motivated to reach this group.

Shopee and Tokopedia are the only two e-commerce sites that reliably get more than 100 million visitors monthly. Millennials have been the predominant client demographic in the e-commerce

industry during the last two years. Between 2020 and 2021, the Covid-19 pandemic caused a rise in e-commerce spending. E-commerce is the primary driver of digital business for enterprises of all sizes, providing sellers with a wide range of marketing opportunities [7].

Shopee is the most searched keyword among the five e-commerce sites, with a significant lead over the second-ranked site, Tokopedia. Occasionally, each of the four e-commerce platforms have a popularity level that falls below the overall average. Shopee demonstrates constant and sustained popularity throughout the years. Shopee's popularity index has been consistently above average over the last 3 years, at 68.68. Tokopedia ranks second with 22.96 and Lazada ranks third with 17.33. Shopee's index is above average, whereas Tokopedia's is somewhat over average.

Shopee's marketing messages are more effective and intense compared to the rest of the four e-commerce companies. This substantial disparity was seen not only in one year rather was constant across the whole three-year study period. Shopee is said to have capitalized on the Covid-19 epidemic by spending significant dollars in marketing efforts for its sellers and buyers, accelerating its company growth [8].

## II. STUDY LITERATURE

A notable portion of online customers in the Indonesian sector exhibit high responsiveness to fluctuations in prices. Therefore, many organizations choose to employ discounts to be their main approach since it directly enhances sales. Social media also influence client purchase intention. Some research indicates that only some social media platforms are significantly linked to higher sales [9]. When a firm chooses to advertise the price discount event on social media platforms, it is noted that these factors have a reciprocal impact on each other [10]. Discount techniques are often employed in e-commerce as a promotional tool to entice clients and stimulate fast sales. In Indonesia, reductions are used to encourage consumers to make spontaneous purchases, regardless of the magnitude of the price decrease.

Utilizing a discount strategy may significantly increase immediate sales. It is important to be cautious and refrain from overusing discounts since this might harm the organization's



long-term branding [11]. Frequent discounts offered by firms might make buyers doubt the quality and value of the goods. Additionally, it might negatively impact customer perception, especially for items in the moderate to higher price categories. Discount techniques are often utilized by e-commerce enterprises to quickly attract their target market and increase sales. discounts often used to encourage consumers to make impromptu purchases, irrespective of the extent of the price decrease.

Understanding the customer journey inside the framework of a company is a critical aspect in digital marketing strategy. Businesses examine the client journey from first exposure to adverts to the point of purchase to comprehend the connection with the consumer. Funnel marketing allows organizations to analyze every stage of the customer's buying journey. Funnel marketing is an altered version of the Awareness Interest Desire Action (AIDA) model. The process of customers becoming aware of a product, developing interest, and desiring making a purchase. It provides a structure for firms to create their promotional strategy [12].

The awareness stage denotes the first exposure regarding our advertising by a customer. It allows individuals to get advance information about the brand as well as its products. Shoppers will actively search for the promotions offered by the company or brand. They browse the business's online presence or page to determine whether there are any items or services that pique their interest. During the third step, consumers find the needed items in the store and place them straight on a cart. After thorough consideration and evaluation, the customer will eventually reach the final stages, which involve taking action through making a conversion. The industry's sales conversion rate usually remains at about 5%.

Online shoppers should get detailed and clear information about the products they want to buy. Research indicates that 94% of buyers consider product information to be vital in boosting their interest along with intention to buy [13]. Individuals are more inclined to favor and value companies that can provide credibility and readily available information across their sales channels.

Consumers in many Asia Pacific nations are increasingly interested in buying distinctive and genuine items. Noticed a significant rise in the

number of searches for keywords for phrases like official and legitimate in 2021.

### *Word of Mouth Marketing is Important*

Word-of-mouth WOM has become an important factor in the travel and tourism sector [14]. This phenomenon is a result of the fast advancement of contemporary technologies. e-WOM significantly influences customers' decision-making in the travel and hospitality sectors [15]. The habits of visitors and the tourism business have significantly changed due to the widespread use on ICT in recent decades. The number of individuals using third-party intermediaries to book hotel accommodations online has been steadily rising and is projected to persist. Infomediaries in the hotel business play a significant role in facilitating the exchange of information via electronic word-of-mouth, especially during the time of advance purchase [16]. According to a prior survey, 73% of participants favor reading online comments about hotels over depending entirely on the hotel's self-description [17]. A survey discovered that a significant percentage of potential hotel clients, estimated to be in the tens of millions, read online reviews [18].

Most internet users, namely 78%, are impacted by online reviews when making purchasing choices, as shown by existing studies. Online consumer feedback has become an important source of information regarding travelers and plays a crucial role in social research and obtaining transportation services [19]. Tourism has been steadily growing over the last several decades, becoming one of the most important and rapidly rising economic sectors globally. It is expected that by 2030, they are projected to be a 57% increase in international immigration, totaling over 1.8 billion people [20].

It is crucial to examine travel portals and social media platforms to understand the increasing impact of electronic word-of-mouth (e-WOM) on various social networks and its effect on the buying behavior of hotel customers. Electronic word-of-mouth (e-WOM) is a kind of marketing that utilizes technology to promote a product or services via word-of-mouth.

Trust is crucial in consumer behavior as it influences how much consumers are ready to support and establish trust when buying new items



or services through other sources. Establishing a reliable connection between consumers and companies may help reduce customers' concerns about the risks and uncertainties associated with buying products or services [21]. Academic research on consumer behavior often assesses the reliability of information sources, focusing on comparing the impact of WOM communication with conventional word-of-mouth communication. Customers' decision-making process while purchasing a product or service may be significantly impacted by the reliability of the information providers they refer to. This has an opportunity to enhance the probability of both buyers and sellers participating in cooperative behavior, as well as the probability of their doing so. Furthermore, social relationships include the time spent together, the intensity of emotions, and the level of mutual trust among customers [22]. When combined with strong social contacts, the spread of information has the potential to achieve greater impact, dependability, and credibility [23]. It is crucial to comprehend the influence that word-of-mouth (WOM) communication, whether offline or online, may exert, as stated in this argument. When sharing information with customers, it may be classified into two basic categories.

### III. METHODOLOGY

This research employs a quantitative methodology. The data used is digital information that dates from February 19, 2023, to February 18, 2024. The data is evaluated weekly using the Brand24 program. The data collected from the application is analyzed to compare the popularity of Tokopedia and Shopee in Indonesia using digital analytics.

### IV. RESULTS AND DISCUSSION

Researchers used big data from Google Trend and Brand 24 to get quantitative analytical data for comparing two prominent e-commerce companies in Indonesia.

Table 1. .Shopee v Tokopedia Analytics

	Shopee	Tokopedia
Total mentions	13564,00	10499,00
Social media mentions	7382,00	5637,00
Non-Social media mentions	6182,00	4862,00
Positive mentions	1023,00	1354,00
Negative mentions	142,00	294,00

Social media reach	51644770,00	42913323,00
Non-Social media reach	52486303,00	35018930,00
Presence score	5,00	4,00
AVE (\$)	6778957,00	4907923,00
User generated content	8733,00	6795,00

According to Table 1, Shopee emerged as the winner in all measurable factors in the last year using digital analytics. Shoppe earned around 13,000 mentions, while Tokopedia garnered roughly 10,000 mentions. Shopee reached 51 million people on social media, while Tokopedia reached roughly 42 million. As a result, Shopee achieved a presence score of 5, which was one point better than Tokopedia.

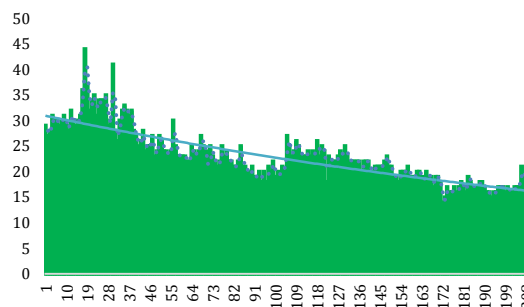


Fig. 2. Tokopedia Popularity in Indonesia

In terms of popularity, in the last year Tokopedia has experienced an aggregate decline in popularity, which can be concluded from the trend line obtained in Figure 2.

MENTIONS	SM REACH	INTERACTIONS	POSITIVE	NEGATIVE
11 K	47 M	918 K	1362	295
+11 K (+100%)	+47 M (+100%)	+918 K (+100%)	+1362 (+100%)	+295 (+100%)



Fig. 3. Tokopedia Digital Analytics in Indonesia



Graphically, Tokopedia's Mention and Social media reach variables are depicted in Figure 3. It can be seen that Tokopedia's popularity on search engines over the last year has increased significantly at the end of 2023, this is possible because of the massive promo program carried out on all e-commerce in Indonesia.



Fig. 4. Shopee Digital Analytics in Indonesia

If we compare it with Shopee (Figure 4), their popularity also experienced a significant increase at the end of 2023. The same reason was concluded as above for Tokopedia.

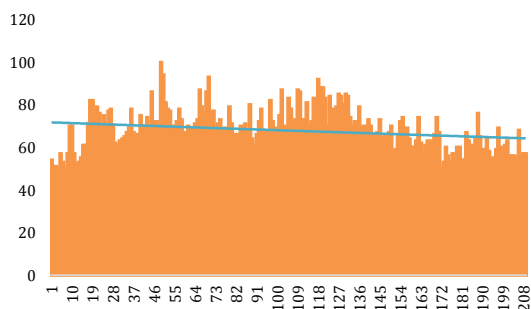


Fig. 5. Shopee Popularity in Indonesia

The interesting thing is that in terms of popularity on Google Trend, Shopee tends to be stable throughout 2023, this can be seen in Figure 5. The resulting trend figures also tend to be straight; this indicates that Shopee's popularity on the Google search engine throughout the year is stable and high, not decreasing compared to the

previous year. Trend towards Tokopedia as previously explained.

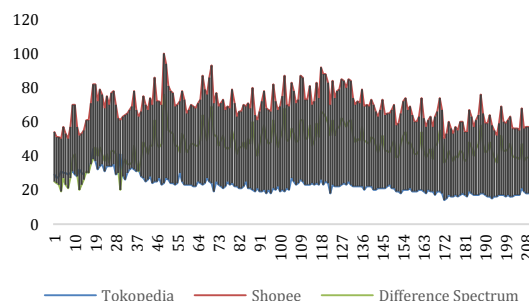


Fig. 6. Shopee v Tokopedia Popularity in Indonesia

If we further compare the popularity of the two e-commerce brands, we will get a difference spectrum as depicted in Figure 6. This spectrum helps us to see how wide the difference in popularity actually is during the same observation period. The wider the spectrum band, the more popular an object is compared to the second object being assessed.

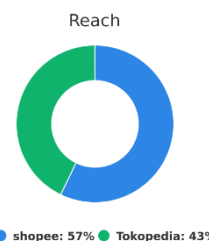


Fig. 7. Shopee v Tokopedia Reach in Indonesia

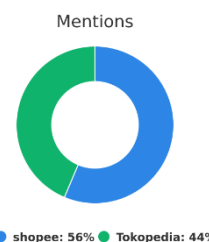


Fig. 8. Shopee v Tokopedia Mentions in Indonesia

When comparing the total portion of the reach and mentions variables, Shopee leads by reach at 57% and mentions at 56%. The difference between the two is not big, but because the two brands have traffic of up to hundreds of millions of users every month, even a small difference will be significant in terms of quantity.



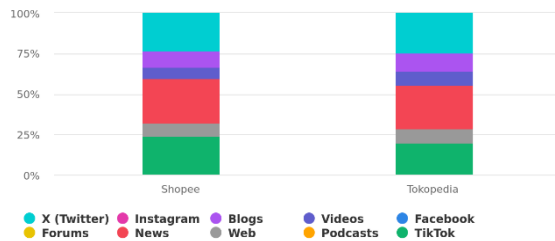


Fig. 9. Shopee v Tokopedia Media Usage in Indonesia

Digital penetration can be seen further in terms of media use, from earned media to paid media. In Figure 9, Shopee and Tokopedia have similar strategies for using digital media. This shows that the differences occur from the user's side, not from the marketing communications actions carried out by the two brands themselves.

## V. CONCLUSION

In the next years to come, it is anticipated that the expansion of the middle class and the enormous number of people of working age in Indonesia would be the primary drivers of significant development in the field of electronic commerce in Indonesia. Because of this, there is a fierce battle among e-commerce platforms on the Indonesian market to position themselves as the dominant player. As of the years 2020 to 2023, Shopee is the e-commerce platform that has the highest level of popularity and consistency, followed by Tokopedia. The strong exposure that Shopee has inside the search engine provided by Google is a direct consequence of the substantial advertising efforts that Shopee has undertaken via a variety of channels.

For Tokopedia and Shopee to achieve their goal of dominating the e-commerce industry over the whole of Indonesia, they must focus their efforts on specialist markets that are congruent with their distinctive characteristics and that boost the national identification of their respective brands.

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