

## E-Commerce Trends in the Economic Sector: Observing the Digitalization Phenomenon in the Regions

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### ABSTRACT

Indonesia is the fourth-largest internet user country. People readily utilize the internet to meet their needs. E-commerce is one of the most accessible means of communication. Despite its significant reach, few regions in Indonesia have yet capitalized on the internet's sophistication. Makassar City and Bandung Regency are among those interested in e-commerce development. Both are located in regions experiencing rapid internet growth. This paper will formulate business processes in both locations, leveraging the potential of natural resources, human resources, and regional policy support. The qualitative and descriptive approaches are considered a vehicle for gathering data and information sourced directly from informants and business actors. The research findings explain the business process, including prioritizing e-commerce development to foster the growth of MSMEs, promoting local culture by developing e-commerce platforms that promote their culture through layout design, logos, and various business types. The authors are also committed to testing the service capabilities of digital applications. Thus, e-commerce is not only for promoting products but most importantly, it is to advance access to attract investors to invest their business capital in potential business actors.

**Keywords:** Marketing, Digitalization, Innovation

### INTRODUCTION

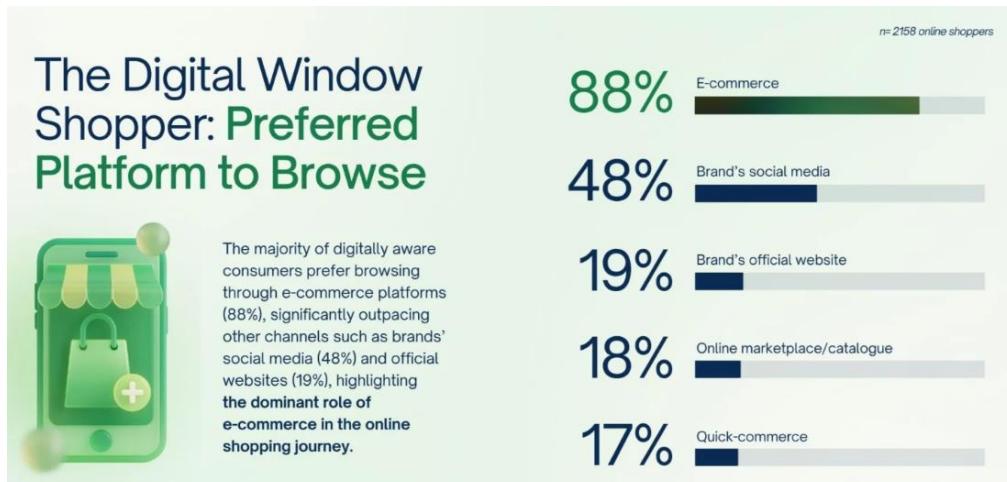
Indonesia, as the world's largest smartphone user, ranks sixth after Japan. Data obtained as of August 8, 2023, shows approximately 73 million people using smartphones. Projections indicate that by 2027, this number will reach 115 million, a dramatic jump. The question is, will we remain mere users? Or will we continue the path of global digital transformation? What hasn't been done yet is disseminating Indonesia's superior products through software developed and managed by Indonesia, utilizing local innovations. Indonesia is rich in its vast territory, with 34 provinces and 514 regencies/cities, and produces products that are equally valuable and worthy of being sold and sought after by the global market.

According to data from the Central Statistics Agency (BPS), the 2022 Susenas Survey (Susenas) recorded a mobile phone ownership of approximately 66.48%, compared to approximately 62.10% in 2021. The public recognizes and believes that knowledge can be gained through internet use. In 2022, 67.88% of the population owned a mobile phone. This figure increased compared to 65.87% in 2021.

The internet has become a gateway to communication and a window to the world. It's no surprise to find smartphone users in several areas, both urban and rural. Although geographically, Indonesia's villages reached 75,265 in 2023 across 36 provinces, signal sophistication is still in the process of being developed. The Telecommunications and Information Accessibility Agency (2022) reported that there are several blank spots that are difficult to reach from a distance and far from the province. According to BAKTI, 11% of Indonesia's territory is still a cellular blank spot. The following are some areas that fall into the blank spot category: Agam Regency: 13

points, including 3 points in Tanjung Mutiara District, PPU: 7 areas, including Bukit Subur Village, Sidorejo, Giripurwa, Rintik, Sumbersari, West Labangka and Bumi Harapan, Bondowoso: 52 locations, West Bandung: 46 villages, East Kalimantan: 246 villages, and Lebak: 159 locations.

This is reinforced by Latif's statement in a news report that 8,300 sites have been established for cellular service. This number will be increased to 5,000 sites in 2022 to avoid blank spots. Currently, Indonesia's residential area is 44,565 square kilometers, with 83,218 villages. 2G services have reached 88.28% of villages or 98.31% of settlements, 3G (75.09% of villages and 92.91% of settlements), and 4G (50.88% of villages and 74.09% of settlements).



Data Source : <https://insight.jakpat.net/>



Data Source : <https://insight.jakpat.net/>

Facing global challenges and adapting to technological developments, this article will explore the potential for e-commerce development in marketing superior products in Indonesia as a means of improving public services. Certainly, considering the initial capital, such as the internet, adapting users, and addressing gaps, elevating the status of MSMEs through e-commerce has begun, which will ultimately influence public interest and even introduce Indonesia's superior products internationally. Daraba (2019) related that public services are closely linked to meeting organizational needs, facilitating improvements to the public.

Conceptually, e-commerce is digital marketing that fosters consumer purchasing interest with a significantly broader reach. E-commerce serves as a means of developing sellers' understanding of digitalization, which will impact the selling value of their products. MSMEs enter e-commerce by providing creative and innovative touches, ranging from product layouts, competitive pricing, and persuasive methods to buyers. Brown, R., & Rocha, A. (2020) stated that many MSMEs experienced a decline in income during the pandemic. This means that the pandemic presents an opportunity to develop e-commerce tailored to the needs of the community.

Currently, e-commerce remains essential for national competitiveness through digital marketing. Several regions, such as Makassar City, Bandung City, and others, have demonstrated the prowess of MSMEs leveraging e-commerce. However, the number of regions that have established local e-commerce platforms is still relatively

small. Considering that creating and designing e-commerce platforms tailored to local needs and cultures is challenging, this article will discuss the readiness of local governments to develop the Allero Maesai application and master plan within the framework of economic development, as targeted by Bandung Regency. E-commerce implementation is still limited to collaborations with private companies already popular among the public. However, upon closer examination and analysis, these two regions are still capable of making breakthroughs by utilizing their creativity, potentially becoming trends and gaining widespread interest.

## RESEARCH METHODS

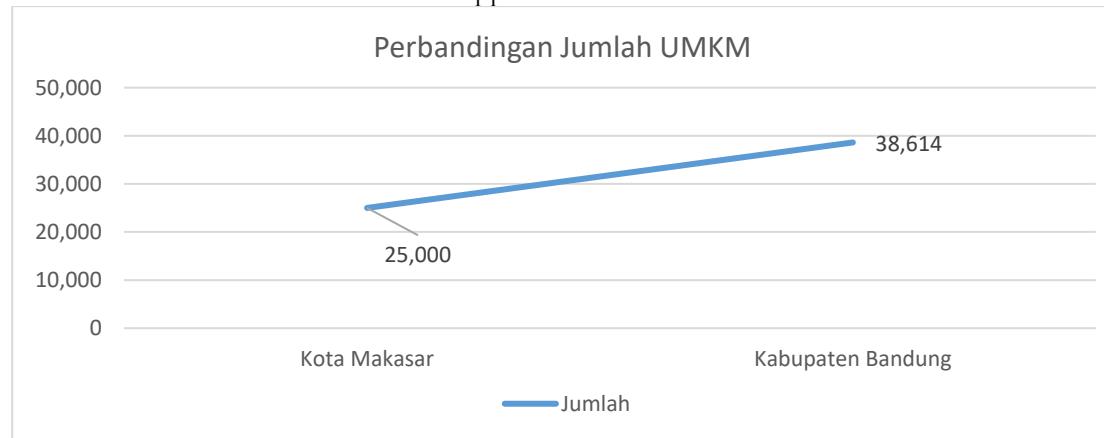
The method employed emphasized descriptive analysis with a qualitative approach. Document exploration was conducted through in-depth interviews with small business owners in the industrial sector, while mapping the opportunities and potential offered to MSMEs utilizing e-commerce applications. Aristawidja (2018:5) states that descriptive research attempts to delve deeper into the problem by gaining a deeper understanding of it. The analysis was developed using a SWOT analysis.

This analysis was conducted with 40 respondents, comprising food, beverage, and batik businesses. These businesses engaged in focus group discussions, which served as a hub for understanding how to address digital marketing challenges.

The study's focus was the city of Makassar and the regency of Bandung in Indonesia. Both regions are known for their rapidly developing industrial centers, which necessitate policy changes and support for small business owners in both urban and rural areas.

## DISCUSSION RESULT

This study focuses on developing business processes based on the digital marketing concept, which has long been a source of pride for Makassar City and Bandung Regency. Both locations have similarities and differences in terms of human resource and infrastructure support



Data Source: Processed Field Results

The significant difference in the number of MSMEs is evident, even though Makassar City has a relatively small number compared to Bandung Regency. However, policy progress in implementing e-commerce is a step ahead of Bandung Regency. When viewed provincially, based on boxed data, Makassar City, as part of South Sulawesi Province, ranks lowest with 51,682 businesses, compared to West Java Province with 642,672. This means that entrepreneurs are beginning to recognize the importance of utilizing digitalization in their business development. Tabel. E-Commerce Users by Region.

Table. Digital Marketing Users

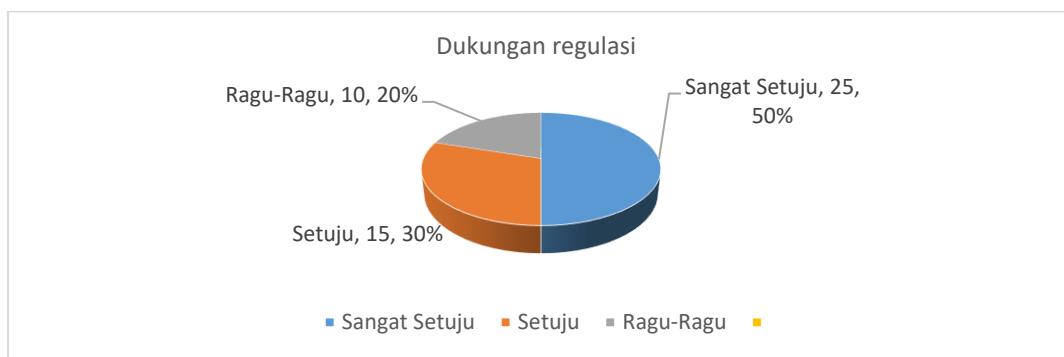
No.	Nama Data	Nilai / Usaha
1	Jawa Barat	642.672
2	Jawa Timur	571.958
3	Jawa Tengah	541.072
4	DKI Jakarta	253.261
5	DI Yogyakarta	173.977
6	Banten	105.384
7	Bali	86.156
8	Sumatra Utara	74.672
9	Lampung	58.792
10	Sulawesi Selatan	51.682

Data Sources : Data boks, 2022

Quaddus and Achjari (2015) revealed minimal financial constraints, slow understanding, and the imposition of mandatory discounts that burden buyers. Primasari (2018) emphasized that sellers actually prefer face-to-face interactions with consumers rather than digital platforms. This was also found in Bandung Regency, where the majority of respondents preferred traditional processes over modern ones using applications.

This paper will indeed explore the business processes that will be developed by both locations. Although they have different strengths, the most important thing is to strive to support the digital marketing movement that will be implemented as directed in adapting to the era of globalization. A study by Longenecker & Moore (2010) found that offering bonuses and achieving significant profits, in addition to product recognition, also resulted in increased revenue. Throughout the study, the applications being developed by both locations are based on the principles of usability and convenience.

A study by Daga (2020) stated that e-commerce use is influenced by regulations, financial resources, and infrastructure. Daga's findings do not affect e-commerce implementation in Makassar City and Bandung Regency. In fact, Makassar City and Bandung Regency have prepared regulations, as reported by an informant:



Data Source: Processed, 2024

The business process developed in the digital e-commerce platform is firstly to determine the network strength in both locations, secondly to observe the development of internet users in both locations, thirdly to elaborate on local culture in both locations, and fourthly to make projections for the coming year regarding the functioning of the system. The idea of E-Commerce development is based on growth directed to accelerate by evaluating policies, which sectors are experiencing obstacles and which are in need. Achmad (2021) stated that a policy will be successful if a prior evaluation is carried out. Based on the evaluation results, steps were found to create a digital platform in both regions.

Data

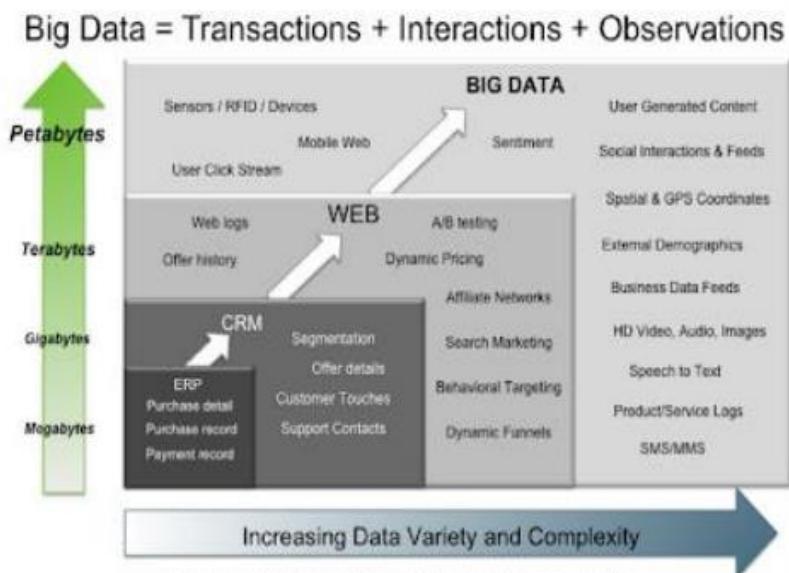
- The number of MSMEs is not formally recorded.
- MSMEs still prefer traditional marketing methods.

Coaching

- There is still a lack of guidance from local governments, especially regarding marketing and improving product quality.
- Long waiting times for guidance

Data Source: Makassar Cooperatives and SMEs Service, 2023

E-commerce is not just a digital marketing story; the most important aspect is managing big data for MSMEs. Micro, small, and medium enterprises (MSMEs) operating in multiple sectors are recorded and registered. Big data aims to integrate the latest MSME data and classify data based on revenue, interests, and best ratings. Big data is a form of document storage capable of accommodating larger capacities (Supriyanto, 2021; Torabi Asr & Taboada; 2019). Big data demands high costs and fast access (Dalton, 2016; Gray, 2015; Wu, 2013). This means that big data becomes a necessity when an organization needs larger-scale data storage for its routine activities. Big data also provides extreme flexibility for editing data according to file type (Playford, 2016).



Sumber: Meijer et al., 2010

Big Data, which will be developed in e-commerce, is a strategy for organizing large amounts of data obtained from secondary data related to business involvement and data sourced from sales. Regarding the two locations of Makassar City and Bandung Regency, considerations in implementing big data include: 1) developing a model; 2) identifying the data quota; 3) identifying the use of a database warehouse, cloud, data lake, or Hadoop for data access, data management, and data storage; 4) establishing a data analysis system; and 5) meeting big data sustainability requirements.

Adi's (2023) study also explains that increasing data will continue to lead to data inequality. This is especially true if the data cannot be organized due to limited human resources or time constraints, which are predicted to result in increasingly poorly managed data.

Therefore, e-commerce has proven itself as a data storage platform protected by regulations and commercialized. To support the realization of e-commerce, the author will map the strengths and weaknesses, as well as the opportunities and threats that will be faced in developing a digital marketing conceptual framework.:

**Table.** Mapping Strengths in E-Commerce Development through SWOT Analysis

SWOT Analysis	Makassar City	Bandung Regency
Strength	<ul style="list-style-type: none"> <li>- Development of the Allero Maesai application</li> <li>- Local government support</li> <li>- Availability of 25.3 Mbps internet speed</li> <li>- Improvement of 113 blank spots</li> <li>- Successful in reducing unemployment by around 99.54%</li> <li>- Some already have MSME product brands</li> </ul>	<ul style="list-style-type: none"> <li>- Master plan development</li> <li>- Local website integration with commercial marketing services</li> <li>- Local government involvement in providing five internet access points</li> <li>- Master plan development</li> <li>- Local website integration with commercial marketing services</li> <li>- Local government involvement in providing five internet access points. Has iconic products consisting of fashion, culinary, and crafts.</li> </ul>

		<ul style="list-style-type: none"> <li>- The highlighted advantage is that the Kampung Gamis Soreang MSMEs are an attraction.</li> <li>- MSMEs in West Java contribute significantly to West Java's regional income, amounting to 55.54%.</li> </ul>
Weakness	<ul style="list-style-type: none"> <li>- The contribution of MSMEs to the economy is still small <ul style="list-style-type: none"> <li>- Insufficient capital allocation</li> </ul> </li> <li>- Marketing is limited to local markets <ul style="list-style-type: none"> <li>- Lack of innovation</li> </ul> </li> <li>- Financial management systems are less modern</li> </ul>	<ul style="list-style-type: none"> <li>- There are still 60-70 villages without internet access due to weak signal.</li> <li>- The majority do not have a permanent business location.</li> <li>- Lack of training in product packaging.</li> <li>- Scarcity of raw materials.</li> </ul>
Keunggulan	<ul style="list-style-type: none"> <li>- Able to face challenges by relying on business creativity</li> <li>- Dare to innovate</li> <li>- Always adapt to market demands</li> </ul>	<ul style="list-style-type: none"> <li>- There is a revolving fund program</li> <li>- There is an increase in the workforce</li> </ul>
Ancaman	<ul style="list-style-type: none"> <li>- Threatened with local cultural degradation due to globalization</li> <li>- Lack of support from local governments</li> </ul>	<ul style="list-style-type: none"> <li>- Many MSMEs have closed</li> <li>- Raw material crisis</li> </ul>

Data Source: Processed, 2024

Based on the SWOT analysis, business processes will be directed by prioritizing community needs, easy access, guaranteed payment, and customer rewards in evaluating products. Community needs are naturally aligned with current trends. This usually depends on the climate or seasonal trends that are currently being targeted. External influences are also an indicator of societal change, especially when it comes to fashion, which is a crucial need and must be updated with the latest styles..

Competition is also a factor in social movement, because of the changing model, people will automatically adapt to the new model. Of course, the need for people to buy immediately is not left behind. Digital marketing must capture the signal of novelty. Easy access to browse products, or price estimates are also the most important indicators. The results of the study by Utama (2019: 9) technological support is the most important tool in business activities. Strengthened by Farida (2016), especially pricing should not be neglected, products are not left behind, regular promotions, and so on. The benefits of digital marketing are indeed worthy of being a trend that is being widely discussed.

Pricing becomes an attraction, especially when sellers are willing to offer below-standard prices. Offers of low discounts, reduced shipping costs, or buy-one-get-two-free deals entice buyers to stop by and buy. As Oktaviani & Rustandi (2018:88) noted, business competition has led to a ceasefire, with the spread of digital marketing as an effective tool. Lucyantoro & Rachmansyah (2018:40) argue that the e-commerce model offers convenience and application functionality to advance small businesses.

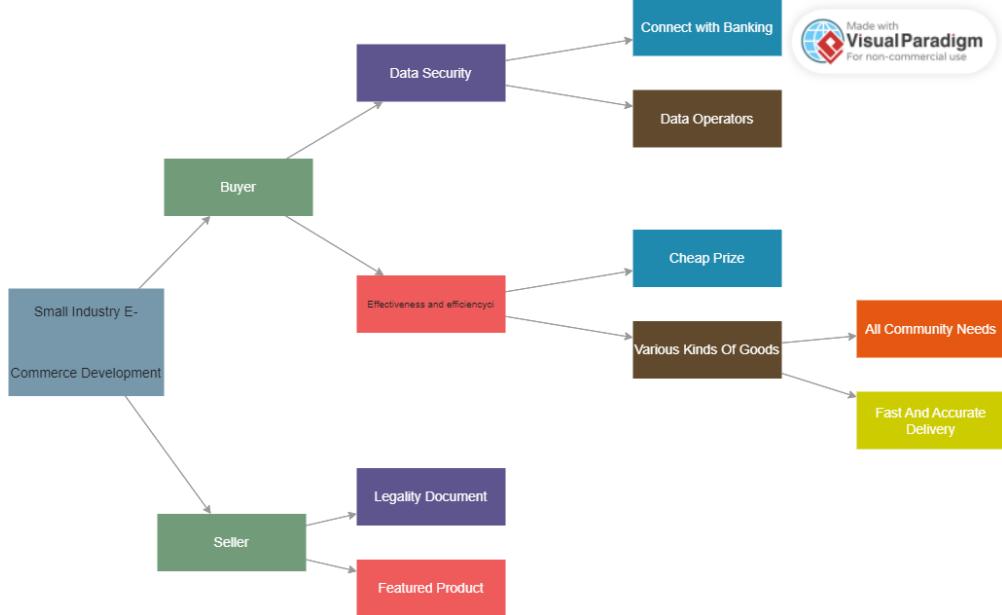
### E-Commerce Business Process



Data Source: Processed, 2024

Analyzing e-commerce activities begins with the seller and consumer making a transaction. Buyers examine the product they intend to purchase, including price, size, customer satisfaction, and even the appearance of the item in the display case. This analysis process begins with a conversation between the seller and buyer about the product, with unclear details. Prioritize detailed information, from product specifications to stock availability.

Payment is made after the customer places an order or checks out, and delivery occurs after the item has been verified and the quality and price checked, confirming its suitability for shipment. Shipment is easily investigated once the official documentation for shipment has been obtained. The author attempts to create a problem tree for e-commerce development at both locations, including:



Sumber Data : Pobon Masalah Data Diolah, 2023

E-Commerce UMKM di kedua lokus adalah bagian terpenting dalam membangun budaya literasi yang akan diterapkan di keduanya. Berangkat dari permasalahan untuk menata produk unggulan para pelaku usaha, juga ingin mewujudkan pemahaman para pembeli dalam bertransaksi online. Keduanya memiliki pangsa pasar yang berbeda, namun Ketika memasuki yang Namanya dunia online siapapun bisa menjadi juara sesuai dengan permintaan Masyarakat. Beberapa model E-Commerce di daerah yang dilakukan pedampingan yaitu:

**Table. E-Commerce in the Region**

Nama Inovasi	Daerah	Fokus layanan
Dodolan E-Commerce e Wong Semarang (Dolan E-Semar)	Magelang District	
Pelayanan Penerimaan Pembayaran Pajak Daerah Dengan Menggunakan E-Commerce	Karimun District	Taxes and Levies
Smarking (Smansakar Shopping) : Website-based e-commerce as a promotional medium for MSME products	Jawa Tengah Province	Industri Pengolahan
Natuna Mart	Natuna Distrik	Transportation and basic necessities
E-Commerce Waroeng Students To Create A Productive And Potential Entrepreneurial Environment Among Students	Sumatera Selatan Province	Staple
Draiv	Banggai District	Transportation and basic necessities
Aplikasi belanja online pasar tani	Banggai Kabupaten	Agricultural Production Results

Data Source: Processed, 2024

Thus, e-commerce business processes in both locations are a solution for advancing MSMEs to the next level. The shift from traditional culture to digitalization requires a mental readiness for further transformation. Society

embraces change, and digitalization serves as a lever for change that aligns with technological advancements. E-commerce has become an inseparable part of the effects of advancing globalization..

## CONCLUSION

Digital marketing is a series of ways to introduce products to the public. E-commerce is one example, ranking top for accelerating product promotion. Furthermore, e-commerce is currently widely used by Indonesians, ranking fourth in online service usage for product trading. Makassar City and Bandung Regency are highlighting e-commerce as an effort to boost the selling value of MSMEs and explore the capabilities of MSMEs to collaboratively build digital marketing through e-commerce.

The suggestions we can convey are: First, E-Commerce as a priority target for building a platform in the current year, second, realizing e-commerce by showcasing local culture as a characteristic and differentiating it from e-commerce platforms already known to the public, third, the business process that has been conceptualized can be used as a comparison or if desired, a trial can be carried out first.

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