AN OVERVIEW OF COVID-19 IMPACTS ON COMMERCIAL E-COMMERCE PLATFORMS IN SOUTHEAST ASIA REGION

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ABSTRACT

Purpose: Coronavirus disease (COVID-19) is an infectious disease caused by a newly discovered coronavirus in Wuhan, China. Due to this pandemic, almost all countries in Southeast Asia had executed either lockdown or state of emergency action. However, online marketplace via E-Commerce platform is still need to operate and also directly affected by this pandemic. Therefore, this overview reveals the impacts of top 3 E-commerce platforms during pandemic COVID-19 with regard to the consumers in Southeast Asia region (specifically in Malaysia, Indonesia & Thailand).

Design/methodology/approach: Due to the COVID-19 pandemic, the revenue of E-commerce platforms companies might be slightly a bit dropped due to uncertainty factors in the countries that have been affected by this virus. Indeed many countries around the globe already implemented and still in progressing either lockdown or state of emergency protocol. In this study, we selected top three E-commerce platforms in the Southeast Asia namely Lazada, Shopee and Tokopedia.

Findings: The results found that, there were several initiations by them to battle against COVID-19. In addition, there are still a lot of improvements can be effectively played by them.

Research limitations/implications: This research is literature review research.

Practical implications: Result of this research can be used as references to run a digital business.

Originality/value: This paper is original.

Paper type: Research paper

Keyword: E-Commerce, platform, impact, COVID-19

I. INTRODUCTION

The world is now facing with extraordinary challenges due to the COVID-19 pandemic. Coronavirus disease (COVID-19) is an infectious disease discovered in Wuhan, China. The World Health Organisation (WHO) declared the COVID-19 outbreak a pandemic, citing the alarming levels of spread around the world (World Health Organization, 2020). Due to the COVID-19 pandemic, "lockdown" term was popularly used in many countries for mass quarantines (Resnick, 2020). Besides that, "state of emergency" was also popularly used. It refers to a situation where government performed actions or imposed strict policies without undertaken. China is the first country that imposed on lockdown. Lockdown is an emergency order to prevent people from leaving an area. On 23rd January 2020, lockdown was executed in Wuhan and other cities in Hubei in an effort to quarantine the outbreak of coronavirus disease. The lockdown exercised at Wuhan becoming the standard and

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was also implemented in fifteen other cities. On April 8th, 2020, the Wuhan lockdown was officially ended (Zhong & Wang, 2020).

Malaysia was declared the lockdown on 18th March 2020 with three time of extension of Movement Control Order (MCO) (Prime Minister Office of Malaysia, 2020). Then, it followed by Indonesia to declare State of Emergency (SoE) which begun on 20th March 2020 and now it is still continue (The Asian Post, 2020). Thailand was declared State of Emergency Thai PBS World (2020) after 5 days of Indonesia which was on 25th March 2020 until 30th April 2020. E-commerce (electronic commerce) is generally defined as an activity of electronically buying or selling of products on services via Internet. However, online marketplace via E-Commerce platform is still need to be effectively and efficiently operated or performed during COVID-19 pandemic. Therefore, in this study we reveal by overviewing the impacts of top 3 E-Commerce platforms during pandemic COVID-19 with regard to the consumers in Southeast Asia region (specifically in Malaysia, Indonesia & Thailand).

A. E-commerce Platforms

According to iPrice, the top 3 E-commerce platforms by looking at the most used E-commerce apps by consumers in the Southeast Asia are Shopee, Lazada and Tokopedia (iprice, 2020). Lazada Group is a well-known an international E-commerce company founded in 2012 by Maximilian Bittner with the backing of Rocket Internet (Harjani, 2014); (Chilkoti, 2015). In September 2019, Lazada claimed that it was the top E-commerce platform in the Southeast Asia with more than 50 million active buyers annually (Zhang, 2019). Shopee is a Singaporean E-commerce platform founded by Forrest Li in 2015, under the Sea Ltd. (Lee, 2017). Tokopedia is an Indonesian E-commerce platform founded in 2009 by William Tanuwijaya and Leontinus Alpha Edison (Muskita, 2019). It is categorized as an Indonesian unicorn along with ride hailing company Gojek, travel service firm Traveloka, E-commerce Bukalapak and fintech company OVO (Muskita, 2019).

Due to COVID-19, the performance of E-commerce platforms is also dramatically affected. Lazada agreed to perform the business as usual but admit to operate with some limitations. Indeed, RM10 million was allocated by Lazada as a stimulus package to help small and medium enterprises during the COVID-19 outbreak (Lazada Seller Center, 2020). Delaying on shipment especially from China is a major challenge because some of the retailers are unresponsive and hard to control. Lazada also implemented so called flexible drop-off at the stations for sellers by reserving more waiting time than the usual. The seller needs to communicate with Lazada and customer in sorting out this issue (Lazada Seller Center, 2020). In addition, Lazada also claimed that their logistics staff always undergone daily temperature checks and through a stringent sanitisation process before the handling packages taken place (Tariq, 2020). Shopee also agreed to perform the business as usual but admitted that it may operate within certain constraints. As a matter of fact, it announced to allocate around RM15 million for seller support package due to COVID-19 outbreaks (Shopee Seller Education Hub, 2020). During the period of MCO at Malaysia, if the customers are not prefer to wait for delaying shipment or call for re-route or disagree to pick-up at designated courier branch, they can simply cancel the orders without any charge or cost. Indeed, Shopee also working closely with sellers and logistics partner to ensure that all parcels are properly sanitize (Zhong & Wang, 2020). On top of that, Shopee also claimed that all parcels from China are also freely from COVID-19 (Tariq, 2020). Tokopedia also accepted to perform the business as usual but within certain restrictions. Indeed, it donated around IDR 1 billion (USD 60,291) and distributed to the national board for disaster management through a non-profit foundation called Benih Baik (Mulia, 2020). Tokopedia took a drastic action to stabilize the prices as shown in its platforms by preventing the scalping activity. In addition, Tokopedia has also eliminated service fees and reduced shipping costs for healthcare products and staple goods to help distribute these essential products faster (The Jakarta Post, 2020).

II. DISCUSSION

Their efforts and initiatives to fight against COVID-19 are varies among Lazada, Shopee and Tokopedia. For example Lazada, Shopee and Tokopedia had put special allocation to battle against COVID-19 with RM10 million, RM15 Million and IDR 1 Billion, respectively. Among a mega challenge facing by them is delaying of shipment especially from mainland China. It is quite difficult for them to overcome because it is out of their control and besides the bad attitude among the retailers. Lazada for instance put an effort to suppliers in term of flexibility of drop-off points/locations and also absorbing the cost of orders cancellation. Most of the parcels are guaranteed safe and freed from the COVID-19 because all the logistics staffs for Lazada always and must gone through the sanitization process. Shopee also almost doing the same things as Lazada and took precaution of the parcels condition by working closely with sellers and logistics partner to implement sanitizing protocol. According to Shopee, all parcels from China are already uniformly disinfected by the airlines and only allow to

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release after customs inspection and quarantine. The similarity between Lazada and Shopee is, both of them didn't provide any effective mechanism or rules to merchants in controlling or preventing them from selling the products at skyrocketing price. As a result the merchant power is more dominant than buyer power especially with regard to the healthcare products and staple goods. Besides taking similar approaches as performed by Lazada dan Shopee, Tokopedia makes two major differences at controlling the prices of healthcare products and other basic needs related to COVID-19. In fact, any merchants that are failed to comply with Tokopedia's rules, they will be immediately banned from taking part in online business anymore. Therefore, Tokopedia seem to be like more serious and effective in controlling the merchants' power in manipulating the price and in the same time bear the cost for services and shipping cost.

III. CONCLUSION

Due to the COVID-19 pandemic, the revenue of E-commerce platforms companies might be slightly a bit dropped due to uncertainty factors in the countries that have been affected by this virus. Indeed many countries around the globe already implemented and still in progressing either lockdown or state of emergency protocol. In this study, we selected top three E-commerce platforms in the Southeast Asia namely Lazada, Shopee and Tokopedia. The result found that most of them were played their roles and responsibility with several initiatives in battling against COVID-19 pandemic. In addition, there are still a lot of improvements can be effectively played by them such as creating special grants for COVID-19 research, educating entrepreneurs to do online business, etc.

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