

# How Lazada Remains in the Top Three e-Commerce in Indonesia: Digital Analytics Through Trend Indicators

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## Abstract

The total prominence of Lazada has declined by 65% since its peak in 2020. The upward trajectory observed on a weekly pattern line for the forthcoming semester in 2023 can be due to the aggregation that has occurred during the previous three months. On the contrary, Lazada has experienced a significant decrease in its annual trend, regressing to a level lower than its starting point in early 2020. Based on a comparison with the four-year average trend line, it is expected which Lazada's popularity index is going to see another surge soon. Based on the findings, it is suggested that Lazada improve their digital media interactions to attain an increased return upon their popularity index. Elevated popularity index values are indicative of heightened application traffic.

**Keywords:** Google Trends, e-Commerce, Digital Marketing

## 1. Introduction

In general, the progression of internet technology is concomitant with the emergence of diverse access points, which contribute to the acceleration of industrial globalization. Every industry is influenced by digital technology, which is extremely prevalent. This includes the business sector. Business operations that were previously conducted through conventional system interactions between businesses and consumers must now adapt to the ever-changing landscape of the digital age. The advent of internet communication has eliminated geographical and temporal constraints on all entities within the industrial system.

Internet World Statistics data indicated that Indonesia had an approximate population of 262 million people, of which 132 million possessed internet connectivity. Indonesia occupies the fifth position worldwide in terms of the greatest number of internet users, with this number trailing only Brazil, China, India, and the United States. Internet penetration in Indonesia reached an all-time high of 50.4% within March 2017, an enormous rise from the 34.1% observed in 2016. The percentage of male internet users has risen from 49% in 2015 to 52% presently [1]. According to the data presented, the trend of gender gaps in internet usage has shifted. Age influences the demographic profile of internet users.

In 2012, Lazada Indonesia was established. Lazada, an industry pioneer in electronic commerce, provides consumers with a convenient purchasing experience and direct entry to the most extensive consumer database in Southeast Asia. As the third-best online retailer in Indonesia, Lazada possesses a

competitive edge that its rivals do not possess. Due to the effective business communication strategy that has supported Lazada's success thus far, the online retail sector in Indonesia, which is rife with cultural differences, has been penetrated. Lazada may encounter shoppers in Indonesia who frequently evaluate the utility and worth of a product with great attention to detail. The exponential growth indicates that the e-commerce sector in Indonesia is gaining ground and becoming more fiercely competitive.

There are numerous purposes and items on Lazada. Its primary objective is to foster positive consumer relationships through the provision of comprehensive information and additional functionalities that address a range of inquiries, cultivate stronger connections with customers, and stimulate interest in the organization. They encourage consumer interaction; the Lazada Indonesia website displays the product categories. To view product information prior to purchase, consumers also could observe daily live sales promotions. Customers can select a payment method and submit orders online with the touch of a thumb.

The practice of conducting commerce online has gained traction in recent times. There is a growing trend of online businesses developing, with both established and fledgling organizations shifting towards doing business online. As the number of online company rivals increases, it becomes more challenging to gain clients' favor. The propensity of modern consumers to make transactions online has led to an online purchasing trend. Online shopping is the act of customers engaging in electronic transactions at online retailers utilizing devices or media connected to the internet, such as computers, laptops, and smartphones [2].

An "e-marketplace" refers to a digital platform that enables prospective consumers and sellers to conduct commercial transactions and communicate with each other. Etiquette entails the classification into two fundamental categories. Two instances of e-marketplaces that belong to the lateral category are Lazada and Shopee. This electronic marketplace encompasses a wide range of product and service categories and serves as a centralized location for numerous vendors and consumers. Based on the 2021 report by iPrice Group [3], an e-commerce aggregator, which assesses the performance of e-commerce businesses in Southeast Asia, it can be observed that Shopee and Lazada hold the dominant positions in most markets across the region. With 71% of Malaysia's e-commerce online traffic, Shopee is the market leader, followed by Lazada (18%) and PGMall (9%). As an increasing number of new entrants enter the e-commerce sector, competition among firms intensifies. Every e-commerce company consequently establishes its brand presence on social media channels including Twitter, Facebook, and Instagram to engage in consumer communication and gain insights into market demands. E-commerce businesses benefit from these postings and comments because they enable them to gain insight into what customers believe of their company and to improve their offerings to maintain a competitive edge.

## 2. Literature Review

The expansion of the internet does not include social media, where users can share a great deal. Social media platforms are instrumental in the distribution of information to the wider public. Social media platforms were designed from their inception to facilitate user engagement, information sharing, and idea exchange pertaining to online communities and networking. Social media encompasses various

platforms such as blogs, social networks, forums, and the visual realm. Information and news regarding contemporary production are not anymore, the exclusive purview of significant news publishers. At this time, anyone can become a journalist and exert influence over others. The same holds true for the dissemination of information that is accessible to all via digital media without charge.

Information is linked to Internet consumers via Internet technology. As social media, the Internet is utilized to establish new relationships as well as to communicate with friends, family, and coworkers. Present-day industrial markets engage in competition to enhance user satisfaction through the implementation of transaction-streamlining features.

A novel, extremely efficient market-based digital container for consumers is known as Marketplace. The marketplace Lazada can satisfy nearly all consumer requirements. In Southeast Asia, 560 million consumers are served by 3,000 brands. They possess an expansive quantity of data generated by users, including sentiments and comments expressed by customers. The importance of social media as online information providers is growing rapidly. By sharing their sentiments, grievances, and viewpoints on subjects encompassing contemporary political affairs to the most recent Hollywood productions, individuals cultivate connections on social media. Social media reputation building is beneficial for many businesses, including e-commerce. Consequently, numerous businesses have established connections with their consumers via social media, and social media metrics are widely employed for study and business purposes [4].

Rapidly, the influence of e-WOM can destroy a business's reputation and bottom line. e-WOM communication pertains to any favorable or unfavorable statement expressed by a customer regarding a product or organization, which is disseminated to a wide audience and institutions through the Internet [5]. Negative eWOM has a significant impact, signifying that customers are unhappy with the product or service of the company [6]. The failure of Lazada and Shopee to promptly address the negative statement will have detrimental effects on the company's reputation, potentially discouraging other customers from reassessing their purchases. When a business has an edge over its rivals in terms of attracting customers and defending against the pressures of competition that seek to subdue it, it will have a competitive advantage. Competitive advantage is able to be derived from various factors, including but not limited to the following: offering superior products on the market, delivering efficient services at the most affordable prices, possessing a strategically advantageous location, utilizing appropriate technology, aligning product attributes with consumer preferences, ensuring prompt distribution of new products, a tested brand and reputation, and delivering goods that exceed the monetary investment made by consumers [7].

One of the most fundamental conceptions in economics is competitive advantage, which has undergone a gradual development since the introduction of Adam Smith's absolute advantage and Ricardo's theory of comparative advantage until the present day. As a result of this extended period, academicians have put forth numerous definitions to elucidate the notion of competitive advantage. Competitive advantage is a distinct position that an organization attains over its competitors through the effective utilization of its resources; it is most frequently generated. A competitive advantage accumulation organization possesses distinctive attributes that enable it to outperform its rivals in performances that are difficult to

replicate [8]. At its core, competitive advantage stems from the company's ability to deliver value to its customers that surpasses the costs it has incurred in service of those customers [9]. Therefore, any action taken by businesses that is deemed superior to that of their rivals is referred to as a competitive advantage. A competitive advantage is established when a company undertakes actions that its rivals are unable to replicate, potentially those very actions that the competitors seek to implement [10]. By implementing differentiation strategies, a business aims to manufacture and distribute products that possess discernible qualities, which the end user will recognize as exclusive and one-of-a-kind.

Kotler and Armstrong (2016) posit that organizations could differentiate themselves along five distinct dimensions: Service, product, channel, personnel differentiation, and image sensitivity. Upon successful implementation of this strategy, the company stands to surpass the industry average in terms of profits and cultivate strong brand loyalty due to customers' intense interest in and attachment to the products manufactured. A focus strategy entails the selection of one or more segment groups throughout an industry by the company, followed by the development of segment-specific strategies that rival those of competitors with a broader market reach. Companies that elect for a focused strategy will attain a competitive edge in specific market segments by optimizing this approach, notwithstanding their lack of competitive advantage in the overall industry.

### 3. Methodology

This study employs quantitative research methodology. An analysis was conducted on the prevalence trends of Google in the Indonesia geographical area in January 2020 to December 2023, utilizing a total of 209 Lazada Each week data points. The information was converted to units on a weekly basis. An analysis of Google Trend data is conducted to establish a comparison between the levels of prevalence, trend, and prospectiveness.

### 4. Results and Discussions

By examining primary data for a duration of 209 weeks and employing Google Trends popularity indicators related with the keyword "Lazada" within Indonesia, which is this study has identified several significant discoveries that justify further investigation. The weekly data is aggregated into quarterly, yearly, semester, and annual mean values. The objective of utilizing movable averages is to determine a more reliable trend pattern.

**Table 1: Lazada Digital Trend Analytic 2020-2023**

Year	Week	Weekly	Month Average	Quarter Average	Semester Average	Yearly Average
2020	1	29	26,5	27,27	28,49	27,93
	2	27				
	3	24				
	4	26				
	5	27	26,5			
	6	27				
	7	26				
	8	26				

9	28	28,8	29,72	
10	28			
11	27			
12	34			
13	27			
14	27	27,5		
15	26			
16	27			
17	30			
18	36	32,4		
19	36			
20	31			
21	31			
22	28			
23	27	29,25		
24	30			
25	30			
26	30			
27	37	29,25	26,77	
28	29			
29	26			
30	25			
31	25			
32	25	24,8		
33	24			
34	24			
35	26			
36	32	26,25		
37	26			
38	23			
39	24			
40	25	24,5	27,36	
41	25			
42	25			
43	23			
44	26	27,6		
45	34			
46	28			
47	26			
48	24			
49	36	31,75		
50	35			

	51	29				
	52	27				
<b>2021</b>	53	26	23,6	22,20	21,12	18,50
	54	24				
	55	23				
	56	21				
	57	24				
	58	22				
	59	21				
	60	20				
	61	22				
	62	20	21,75			
	63	19				
	64	24				
	65	24				
	66	21	22,5	20,03		
	67	22				
	68	23				
	69	24				
	70	24				
	71	16			19,6	
	72	19				
	73	18				
	74	21				
	75	18	18			
	76	18				
77	18					
78	18					
79	21	16,75	16,23			
80	16					
81	15					
82	15					
83	17	16,20		15,88		
84	17					
85	16					
86	15					
87	16					
88	20				15,75	
89	15					
90	14					
91	14					
92	16	14,8	15,52			

	93	16					
	94	14					
	95	14					
	96	14					
	97	20				15,75	
	98	16					
	99	13					
	100	14					
	101	18					
	102	20				16	
	103	17					
	104	14					
	105	17					
	2022	106				17	16
107		14					
108		15					
109		17					
110		16					
111		13	14,5	14,92			
112		14					
113		15					
114		14					
115		13	14,25				
116		15					
117		15					
118		16	15,75		14,33		
119		16					
120		17					
121		14					
122		10	12,2	13,73			
123		13					
124		13					
125		12					
126	13						
127	14	13,25					
128	13						
129	13						
130	13						
131	14	12,6	11,78		11,93		
132	14						
133	12						
134	11						

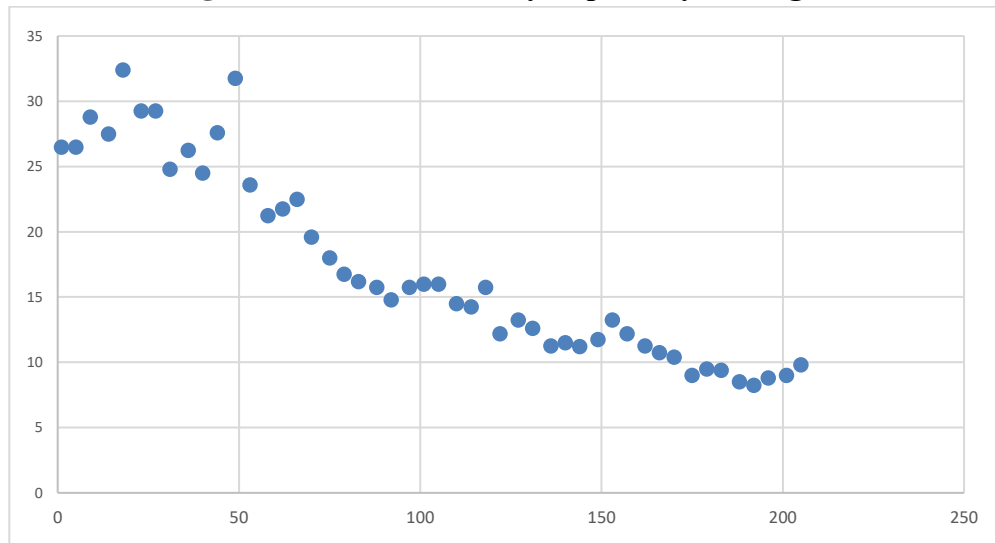
	135	12				
	136	12	11,25			
	137	11				
	138	11				
	139	11				
	140	13	11,5			
	141	11				
	142	11				
	143	11				
	144	11	11,2	12,07		
	145	12				
	146	11				
	147	11				
	148	11				
	149	13	11,75			
	150	13				
	151	10				
	152	11				
	153	12	13,25			
	154	14				
	155	13				
	156	14				
<b>2023</b>	157	14	12,2	10,52	9,74	
	158	11				
	159	11				
	160	12				
	161	13				
	162	12	11,25			11,40
	163	11				
	164	10				
	165	12				
	166	11	10,75			
	167	10				
	168	10				
	169	12				
170	13	10,4	9,63			
171	12					
172	8					
173	9					
174	10					
175	9	9				
176	9					



177	9					
178	9					
179	11	9,5				
180	9					
181	9					
182	9					
183	11					
184	10	9,4	8,72	8,96		
185	8					
186	9					
187	9					
188	9					
189	9	8,5				
190	8					
191	8					
192	9	8,25				
193	8					
194	8					
195	8					
196	8	8,8				
197	10					
198	9					
199	9					
200	8					
201	10	9	9,20			
202	9					
203	8					
204	9					
205	9	9,8				
206	12					
207	9					
208	10					
209	9					

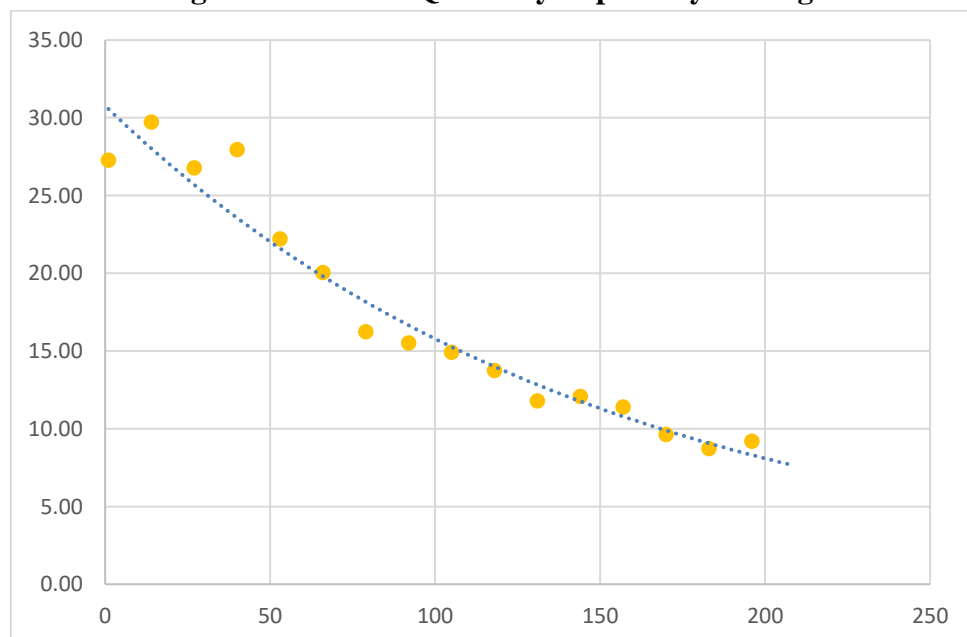
A monthly estimate of Lazada's fluctuations in prominence throughout this month's period will be presented. The application of the average movement is advantageous for short-term surveillance. An analysis of quarterly data divided into four sections on an annual basis provides significant insights into the popularity levels observed during each quarter.

**Figure 1: Lazada' Monthly Popularity Average**

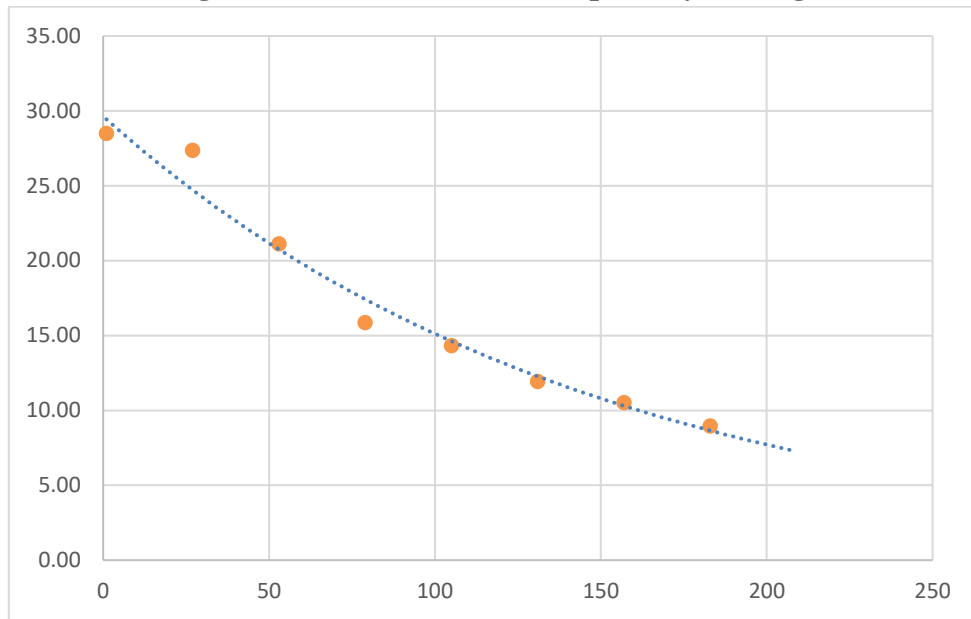


Marketers can employ this data to examine changes in consumer perception and Lazada's approaches to engaging with its intended audience. The semester information average signifies the average performance of Lazada during a six-month period, serving as a metric to assess the company's advancement in maintaining its prominence during noteworthy events. The popularity performance of Lazada throughout their twelve-month marketing campaign can be effectively assessed through the utilization of annual average statistics. Table 1 comprises four principal data sections, namely aggregation of data and average calculation spanning the years January to December 2020 through December 2023. The average annual traffic of Lazada is projected to have decreased slightly from 27.93 in 2020 to 9.74 in 2023. This illustrates how Lazada's popularity is declining in Indonesia. Annual variations in fluctuations are distinct.

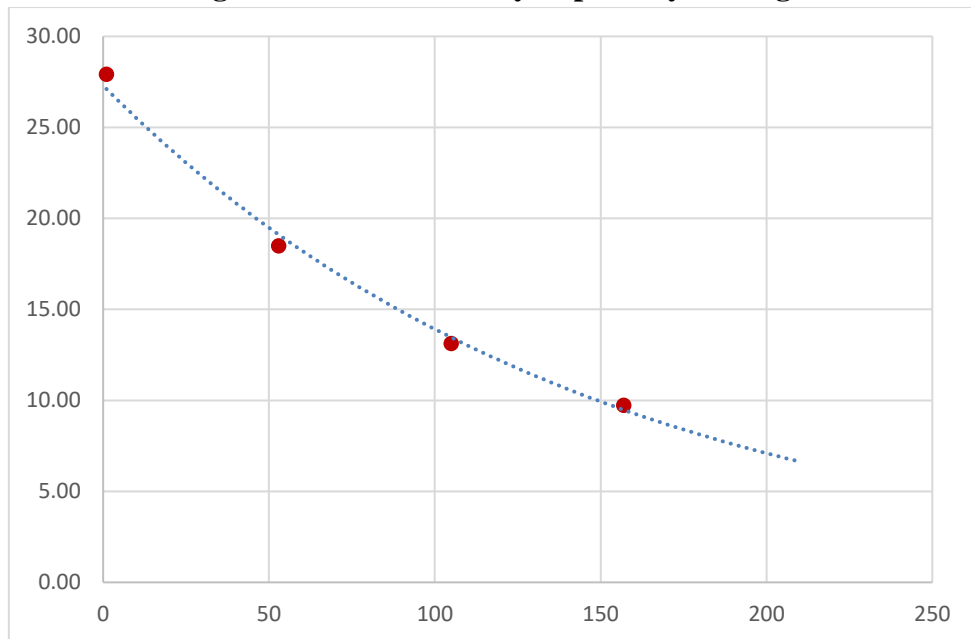
**Figure 2: Lazada' Quarterly Popularity Average**



**Figure 3: Lazada’ Semester Popularity Average**



**Figure 4: Lazada’ Yearly Popularity Average**



The average values for the current semester are subsequently displayed in Figure 3. From 2020 to 2021, Lazada experienced a substantial 9.43 decline, which was continued in 2022 with another decline 5.37 points. Conversely, as depicted in Figure 4, Lazada's prominence peaked in 2020 and then declined by about 65% in 2023.

The utilization of distribution analysis will enable researchers to visually depict fluctuations in Lazada's prevalence trends. The utilization of the cross-checking method enables one to acquire a strategic comprehension of an item's prospective popularity. Acquiring this knowledge empowers an individual to

conceive and implement the suitable communication interventions necessary to achieve popularity indicators.

**Figure 5: Lazada' Trend Test**

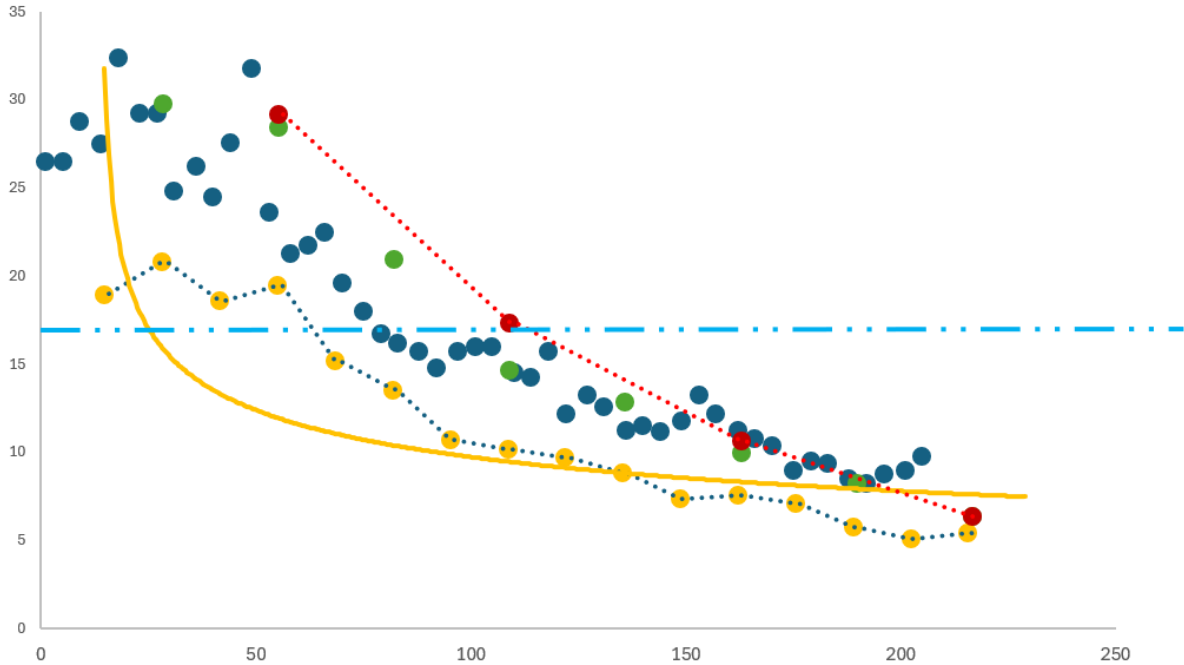


Figure 5 illustrates the graphical depiction of the median cross-data test results for each period, namely months, quarters, semesters, and years. A triangulation of three trend lines was performed on the data, with frequent intersections. Based on the available data, Lazada has encountered a significant deterioration in its overall prominence during the previous four years. However, based on the trend line, it can be inferred that the index is positioned for a rise in the forthcoming semester. The annual indicator demonstrates a downward trend due to insufficient volume to support Lazada's standing.

## 5. Conclusion

Based on the results derived from this research, it is possible to deduce that Lazada has encountered a 65% decrease in its overall prominence since its zenith in 2020. On a weekly trend line, there is a discernible upward trajectory for the upcoming semester, which can be attributed to the consolidation that has taken place over the past three months in 2023. Conversely, Lazada's annual trend has undergone a substantial decline, falling to a level below its initial position in early 2020. When comparing the trend line to an average of 4 years, it is anticipated that Lazada's popularity index will increase once more soon.

It indicates that Lazada should enhance the level of their digital media communication to achieve a higher return on their popularity index. A higher popularity index will contribute to an increase in application traffic. Further investigation is required to comprehensively analyze the fluctuations of the primary e-commerce popularity index across the nation to depict the expanding business ecosystem more accurately.

## 6. References

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