UDC 338

THE STRATEGY OF LOGISTICS ASSOCIATIONS IN FOLLOWING THE DEVELOPMENT OF E-COMMERCE

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ABSTRACT

This study aims to determine the application, obstacles, and appropriate strategies of logistics associations in following the development of e-commerce. This research was conducted at Indonesian Logistics and Forwarder Associations (*Asosiasi Logistik and Forwarder Indonesia,* abbreviated as ALFI) in Surabaya, East Java. Qualitative descriptive method was applied in this study. As for the data collection, primary data were collected from interviews with several informants while the secondary data were obtained from several related documents. Based on the SWOT analysis, ALFI of East Java has the opportunity to make e-commerce as a new business. However, there are some obstacles in the realization such as the development of foreign forwarders, the large number of logistics owned by many e-commerce companies, and some government policies that do not support the implementation. On the other hand, ALFI has several strengths because East Java is one of the provinces which has the busiest logistics activities in Indonesia; East Java has a special relationship with the government and is the only association that has an affiliation with the United Nations. There are several weaknesses found at ALFI that some forwarders do not use online systems, lack of forwarders data, and there is no follow-up to the forwarders.

KEY WORDS
Strategy, e-Commerce, forwarder, commerce.

Looking at the increasingly advanced technological developments and the growth of internet users every year, the internet is considered capable to remove the boundaries of communication between countries and cultures including in Indonesia. With the support of fast internet access and greater computer capacity, it must be recognized that the use of the internet today is no longer limited to information exchange and data transfer but also to do buy and sell transactions with other users.

Internet users who do buy and sell transactions not only come from large companies but also from individuals who open small and medium businesses. Trading on the internet enables the business people who have e-commerce websites to reduce costs for marketing such as the use of brochures and other printed media. They also get additional benefits from the customers who place orders outside their working hours; the orders and items may be processed the next day.

E-commerce or electronic commerce is an activity related to the purchase, sale, and marketing of goods or services by utilizing electronic systems such as the internet or computer networks. E-commerce also involves activities related to electronic transaction processes including electronic fund transfers, electronic data exchanges, data inventory processing carried out by computer systems, and so on. In information technology, e-commerce can be categorized as part of e-business where it has a broader scope in terms of the activity and the types of activities (https://jogjaprov.go.id). Technological developments have been so extraordinary in Indonesia especially in the last two years. Quoted from www.liputan6.com, the Indonesian government is targeting that by 2020, Indonesia can become the largest digital player in ASEAN with a market of 130 billion dollars. This is a huge potential for Indonesia.

The increasing e-commerce market in Indonesia is marked by the emergence of various local e-commerce platforms as well as the entry of world e-commerce players to Indonesia. This is also in line with the growth of the creative economy market in Indonesia

including the micro, small, and medium enterprises (MSMEs). The Ministry of Cooperatives and Small and Medium Enterprises of Indonesia recorded that 3,79 million MSMEs used online platforms to promote their products. This number is around 8 percent of the total MSME actors in Indonesia which is 59,2 million (www.kominfo.go.id). With the increasing transactions in e-commerce as the latest innovation of electronic-based trade, it has an impact on the business development of goods delivery service providers or better known as logistics. Many e-commerce companies nowadays develop their own logistics-forwarding business.

Logistics is a function that involves moving, regulating the movement of goods, and storing material on its journey from the initial sender through the supply chain to the final customer efficiently (Walters, 2003). Along with the development of e-commerce, logistics is required to offset the high demand for goods shipping. Logistics must be able to provide effective shipping of goods and services that are needed by customers. Therefore, the influence of e-commerce development makes logistics shipping different from the previous times. Back then, shipping goods were done based on quantity while today, shipments are made based on customer requests. Even though customers only need to send a small item, the service provider still has to send it according to the customer's request from the e-commerce system.

One important aspect of logistics is the design of logistics networks that are related to the determination of elements and the flow between it. Besides that, the problem of costs, customer service, and quality is the main thing in developing a logistics network strategy for many companies that are looking for a competitive advantage. Making the right logistical network design which is in accordance with the needs of the company can help reduce logistics costs and increase response time to customer demand (Waters, 2003).

Indonesian Logistics and Forwarder Associations (*Asosiasi Logistik and Forwarder Indonesia,* abbreviated as ALFI) in East Java considers that e-commerce is needed by consumers in this modern era. Therefore, several companies engaged in logistics are required to fulfill the needs of consumers who want their goods to come faster. As a result, ALFI of East Java implemented a strategy by holding an e-commerce introduction seminar on October 19, 2017, with the title "The role and function of e-commerce as a media that is able to support and encourage the logistics forwarding business in Indonesia". The event was followed by forwarders under the auspices of ALFI of East Java and other logistics actors in Surabaya. The purpose of this seminar was to introduce e-commerce to logistics players in Surabaya. Through this seminar, ALFI of East Java tried to show that the association also has an eye for the existence of e-commerce which began to touch the online trading system. By that, the researcher chose ALFI of East Java as a resource of e-commerce issues.

LITERATURE REVIEW

According to Sulianta (2009), e-commerce is the process of buying and selling goods and services through the internet using secure connections and electronic payments. E-commerce actually takes the form of buying and selling transactions by referring to the development of electronics such as computers and various other transmission media; and most importantly, the internet.

Swastha (1990) said that logistics or supply chain is functional collection activities (transportation, inventory, control, etc.) which are repeated many times across channels where raw materials are converted into finished products and consumer values are added. Logistics is an integral part of channel activities. The general task of logistics management is to provide a balance between costs and income to achieve certain profits.

Sorang (2014) believed that SWOT analysis describes several factors of strengths and weaknesses contained in the body of an organization including those which are contained in certain business units. Whereas, opportunities and threats are environmental factors faced by the company or business organization. SWOT is an abbreviation of strengths, weaknesses, opportunities, and threats. It is a method of structuring the strategy

of a company or an organization. In decision-making, SWOT analysis is helpful for the strategy development of an organization that is based on the information that has been collected.

Table 1 - SWOT Matrix

IFAS EFAS	Strengths	Weaknesses
Opportunities	S-O Strategy Strategy that uses strengths to take advantage of an opportunity	W-O Strategy Strategy that minimizes weaknesses to take advantage of an opportunity
Threats	S-T Strategy Strategy that uses strengths to overcome threats	W-T Strategy Strategy that minimizes weaknesses to avoid threats

Source: Processed primary data, 2019.

METHODS OF RESEARCH

This research is a descriptive study conducted with a qualitative approach. The research was conducted at Indonesian Logistics and Forwarder Associations (*Asosiasi Logistik and Forwarder Indonesia* or ALFI), Jln. Perak Barat No. 211, Surabaya, East Java. The data collection techniques used by the researcher were: interviews, documentation, and data triangulation. This study focused on analyzing the application and constraints experienced by ALFI of East Java in following the development of e-commerce. This research also identified internal environmental factors (strengths and weaknesses) and external environmental factors (opportunities and threats) and provided an alternative strategy to ALFI of East Java.

RESULTS AND DISCUSSION

E-commerce is the process of buying and selling goods and services between companies, households, individuals, governments, and the public or other private organizations carried out through computers with the help of the internet network. In this era, the development of shopping in cyberspace is growing rapidly. Indirectly, it requires logistics companies to be fast in following consumer demand. Based on the data obtained by the researcher, ALFI considers e-commerce to be a new area that must be faced and can become a new opportunity for the logistics industry. Therefore, ALFI also requires its members to always be alert to the development of e-commerce. The existence of e-commerce is a challenge that cannot be avoided by logistics or forwarders associations.

In consequence, ALFI has conducted training by holding a seminar about the development of e-commerce which has been developed very rapidly in October 2017 to all forwarders with the title "The role and function of e-commerce as a media that can sustain and encourage forwarding or logistics business in Indonesia". This is in line with the results from Yu (2016) who revealed that the development of e-commerce is very rapid affecting the present model & logistics performance. In the world of e-commerce, consumer demand nowadays is different from the condition back then; the requests are bigger while the items purchased are smaller. Therefore, logistical performance problem in response to e-commerce must be faced.

Some of the obstacles experienced by ALFI of East Java in implementing e-commerce to Forwarders are:

a. The ability of each company (forwarder) that must be improved in an effort to follow the development of e-commerce.

There are some forwarders who still implement conventional systems. E-commerce is part of the current digital era. Therefore, if the forwarders keep on working with

conventional systems and do not update the system, they will miss and will probably lose the competition with other forwarders who have changed their systems.

b. The demand for fast delivery along with the number of customer requests.

In the world of e-commerce, it is not about the number of goods to be sent but to adjust the demand from consumers. With a large number of shipments, forwarders are required to always be able to respond to consumer desires kindly and quickly.

c. Internet access speed.

One of the main factors that affect someone's desire in e-commerce transactions is the speed of accessing the internet. Compared to the neighboring countries, Indonesia is still left far behind. Indonesia is in the 7th position in ASEAN in terms of internet speed (14.18 Mbps). The speed is under Singapore, Thailand, Vietnam, Malaysia, Philippines, and Brunei Darussalam which is in 6th place (14.70 Mbps).

d. Logistics

Indonesia is still inferior to China that is able to send goods quickly using cargo transportation. In Indonesia, there are a number of logistic players that consumers have trusted in terms of the work performed. However, this will be useless if the logistics company does not collaborate with e-commerce companies.

e. E-commerce payment

In Indonesia, consumers are often deceived even though they have made transactions with safe methods such as using a joint account which is considered to be one of the safest payment methods.

f. Goods export licenses that still burden local shops because of the licensing process to the government.

Local shops that want to export goods to expand their products must face difficulties in the licensing process to the government due to the processes that require a large number of files.

The presentation of strategies from the SWOT matrix is presented in the following section.

a. S-O Strategy

This is used to create a strategy by using the strength of the company to take advantage of the available opportunities. These are the strategies produced:

1) Giving contribution to the government in new policies-making related to e-commerce logistics.
2) Collaborating with other e-commerce players outside ALFI

b. S-T Strategy

This is used to make a strategy using the power owned by the company to find out the possible threats, such as:

1) Helping the forwarders to connect with the government
2) Providing trust in the online buying and selling system to the public

c. W-O Strategy

This strategy is used by utilizing the opportunities owned by the industry to minimize the weaknesses in the industry. The strategies produced can be seen below:

1) Checking the system upgrades to all forwarders

d. W-T Strategy

This strategy is used to survive where it is useful to minimize the weaknesses and avoid threats. It generates two strategies such as:

1) System upgrading
2) Technology development

CONCLUSION

From the results and discussion of this study, it is known that ALFI of East Java has provided seminars to forwarders in an effort to make them more prepared to compete in the e-commerce world. As a result of the seminar, some forwarders are willing to change their

conventional system to e-commerce. However, there are some forwarders who still not into e-commerce.

It can be concluded that to implement e-commerce in the Logistics Association, ALFI of East Java needs to understand the existing internal and external environmental factors. ALFI of East Java has some opportunities that e-commerce can be used as their new business target. Besides that, the increasing consumer demand also affects the demand for logistics services. However, ALFI of East Java also faces several threats such as the advancing foreign forwarders and the government regulations which do support the logistics industry.

SUGGESTIONS

In relation to the strategies in dealing with e-commerce, the researcher suggests that:
1. It is important to always innovate and improve logistics strategies to avoid logistical problems.
2. Having a good and sustainable relationship with local and international forwarders is crucial to always be aware of e-commerce development in the country and abroad.
3. It is recommended to improve the collaboration with online system companies to explore the customer needs and development that are flexible at all times.

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