



## ONLINE BUSINESS OPPORTUNITIES AND CHALLENGES DURING THE COVID-19 PANDEMIC

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### Abstract

PSBB Policy or Large-Scale Social Restrictions policy is expected to suppress the spread of the virus and break the chain of spread in various regions in Indonesia. Although it has an impact on various sectors, it also creates new opportunities in the business system, which is called by online system. The study objective was to analyze the opportunities and challenges of online business during a pandemic. This study method used a descriptive qualitative approach with the object in the study was the MSME online business players who are domiciled in West Java. The data source in the study were taken from primary data sources by using interview techniques. The results of the study showed that the opportunities for economic trends during the pandemic can be seen from the progress of online businesses that may affect consumer behavior accompanied by challenges in the form of the public trust level in products.

**Keywords:** covid-19; psbb policy; online business; opportunity; MSMEs

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### INTRODUCTION

The COVID-19 virus which first appeared in 2019 was marked by the cases of pneumonia in the city of Wuhan, Hubei province and has been declared as pandemic by the United Nations. As of June 19th, 2020, there were 42,762 cases recorded in Indonesia with 16,789 recovered patients and 2,339 deaths. Indonesia is also at level 30 on the ranking of the spread of the Covid-19 disease in the world. (Task Force for the Acceleration of Handling Covid-19 2020). This pandemic has a significant impact on global economic and socio-economic health. The treating and preventing cost of this infectious disease is enormous. This results in difficulties in handling infectious diseases even for developing and rich countries (Haleem, et al, 2020).

In the scope of the economy field, various sectors will be affected by the pandemic, include manufacturing, the tourism industry, people who are paid per day, markets, businesses and software companies, as well as increasing cases of poverty and hunger. commercial trade will also be affected in the form of national and international trade problems, product sales problems, global sourcing and digital exchange rates, new trade partners and trade ethics (Haleem, et al. 2020; Pakpahan, 2020). The great influence on these various sectors has led to the enactment of lockdown regulations in various countries to prevent further spread.

The Indonesian government as a form of preventing the spread of COVID-19 has implemented restrictions on community movement in the form of physical distancing and the PSBB policy. Physical distancing is an independent activity by applying a minimum distance of 1 meter between other humans. As a result, many activities and activities are limited in their implementation, such as teaching and learning in classes that are closed nationally, so that they are replaced with online or online learning systems. Tourist attractions were

forced to close caused by complying with the policy. All of these policies are carried out to prevent large-scale crowds or gatherings of people in one place. So that most people choose to stay at home in accordance with President Jokowi's appeal, "work, study, and worship at home" (Salam, 2020). Therefore, economic activity is hampered and suppresses future economic growth, including growth in Indonesia (Shaikh, 2020; Susilawati, et al, 2020). Losses and goods and services demand for in MSME businesses has decreased in various countries, one of which occurred in Malaysia and the US (Bouey, 2020; Fairlie, 2020; Gitten, 2020).

According to the UNDP Indonesia Report (2020), the business sector which experienced a decline of around 88% of MSMEs experienced a decline in demand during the pandemic, especially with the enactment of the PSBB. As for medium companies, the number was even higher (91%). Micro and small businesses experienced a decline in demand in the number of 86% and 87%, respectively (KPEM, 2020). In order to emphasize restrictions on activities in crowds, the government has held a hashtag campaign such as #stayathome and the Work From Home (WFH) movement where this regulation forces people to stay at home and work from home.

According to a study conducted by (Pham, et al, 2020), Covid-19 plays a role in increasing consumer awareness of utility, which encourages shoppers to do online shopping. This is caused by the high level of caution and concern about the virus transmission, so that in these conditions, online selling and shopping are the solutions that can be done to keep earning even though you have to stay at home. (Astutik & Zulaikha, 2020). Systems and policies that force people to stay at home are used as new opportunities as well as challenges in improving the economy, namely the online business system or commonly known as e-commerce, especially if the technology from using online business today provides many conveniences for the community without having to leave the house, efficient, and safe. One of the emerging opportunities is the opening of new export market opportunities other than China, so that it can strengthen the domestic economy (Hanoatubun, 2020).

Study conducted by Koch, et al, (2020), stated that that hedonic motives and external normative pressures have the strongest influence on the behavioral intentions of generation Y and Z consumers to shop online, so that companies can encourage buying behavior, which is accompanied by a good E-commerce platform (Koch, et al, 2020). The existence of COVID-19 can encourage changes in consumer behavior and companies will develop new offers, new strategies, one of which is looking at consumer behavior in buying goods online (Donthu & Gustafsson, 2020). The opportunities that arise are of course accompanied by challenges, so MSMEs need to set new strategies and try to balance in terms of digital transformation that is increasingly massive in society during a pandemic, such as artificial intelligence in developing sustainable and ethical business models (Gregurec, et al, 2021).

## METHOD

This study used a descriptive qualitative approach where the researcher is the key instrument (Sugiono, 2017) which aimed to understand and interpret the subject of visible symptoms and interpret what was behind the phenomenon by describing in detail about the study subject (Hasan, 2014), sample of the study were entrepreneur who implements an online business in the category of MSMEs who are domiciled in West Java by using purposive sampling technique. Sources of data in this study were taken from primary data from interviews with entrepreneurs. Data collection techniques by using interview techniques through communication media, such as the Whatsapp and Zoom applications for eight entrepreneurs who implemented online business in the MSMEs category who were domiciled in West Java. Data analysis techniques in study according to Miles and Huberman in Sugiyono (2017), are data reduction, data display, and verification.

Table 1. Length of Business and Online Business Income

No	Business Name/Business Category	Business Length	Income/month	
			Before COVID-19	After COVID-19
1.	Makarocheese	2 months	-	2.000.000
				2.500.000
2	Maduabeille	4 months	-	3.000.000
				4.000.000
3.	Dates and Meatball Sellers	>1 Years (ramadhan edition)		<1.000.000
4.	Children's Book Reseller	5 months	-	<1.000.000
5.	Skincare and Clothes	>1 Years	<1.000.000	<1.000.000
6.	Clothes and Masks	2 months	-	<1.000.000
7.	Cirebon Batik Craftsman	6 Years	150.000.000	>200.000.000
8.	Swimsuits, Raincoats, and Masks Sellers	5 Years	<50.000.000.	>50.000.000.

Source: Data Processing Results

## RESULT

Based on Table 1, four of the eight samples were used as resource persons, such as Makarocheese, Maduabeille, resellers of children's books, and clothing and masks are novice entrepreneurs who do business online, where the length of business consists of two to five months which coincided with the occurrence of the pandemic, while the other four samples were entrepreneurs who started businesses online before the pandemic.

It can be seen from table I. there was an increase in income for entrepreneurs who did business online before the pandemic occurred, such as batik craftsmen whose income increased by more than Rp. 200,000,000 during the pandemic compared to the previous Rp. 150,000,000. This was caused by the ease of using technology without going directly to the place. The sellers of swimsuits, raincoats, and masks income has also increased by more than Rp. 50,000,000 where orders are made according to the season. Sales increase in several products caused by the need during the pandemic (masks and nightgowns) and there is a decrease in swimsuits. Date and Meatball Traders also said to have a stable income during pandemic.

Makarocheese, Maduabeille, children's book resellers, as well as clothing and masks are some of the novice entrepreneurs from the many entrepreneurs who do business online. According to the table I in the income statement, Maduabeille and Makarocheese are trying to take advantage of opportunities, where online business is currently very popular. The macarocheese entrepreneur said that in one order it could reach 120 pieces and continued to increase in a period of two months caused by people who could not leave the house and were interested in trying various unique foods, while Maduabeille was success in taking advantage of the opportunity by selling products that were beneficial for the immune system during the pandemic accompanied by product variants and quality assurance.

## DISCUSSION

The policy of Large-Scale Social Restrictions (PSBB) in several regions of Indonesia which refers to the Minister of Health Regulation No. 9/2020 concerning PSBB Guidelines for the Acceleration of Handling COVID-19. This policy has an impact on the demand for MSME products which continues to decline (KPEM, 2020), even though MSMEs are the most important part to strengthen the nation's economy because the MSME sector has the largest sector in Indonesia's business scale and is the backbone of the nation's economy (Oktafia & Hidayat, 2018). Thus, the efforts of SMEs in dealing with the pandemic is to do business online. This can be seen in the increase in the number of businesses that have joined the online market by 16%. Medium and large companies experienced the largest increase of 44% (KPEM, 2020).

Economic trends during the pandemic can be seen from the progress of online business which can affect consumer behavior in the future. E-commerce or online business is growing caused by the pandemic. Thus, E-commerce will be a source of substitution for what and how consumers make purchases in the future (Bhatti, et al, 2020). Based on the results of study conducted on eight MSMEs entrepreneurs who do business online, there is an increasing demand for products, especially health and food products. This is in line with study conducted by (Dinesh and MuniRaju, 2021), that the frequency of online shopping increased during the pandemic period. Thus, the role of cutting-edge and sophisticated technology can increase operating activities, create competitive advantages, and increase growth, and can be utilized by small businesses (Akpan, et al, 2020; Akpan, et al, 2020). Ease of use of online shopping sites, trust, mobility, and customer engagement affect consumer behavioral intentions, especially millennials to use mobile commerce (Akram, et al, 2021).

The development of online shopping by consumers has also increased, accompanied by the use of a wide selection of applications offered by vendors, marketplace platforms and shopping sites. According to (Kurniawati, et al, 2020), e-commerce can affect satisfaction and trust in conducting transactions, providing the best service and some of the benefits felt by business people and consumers. Several marketplaces, such as Bukalapak, BliBli, Lazada, Shopee, Tokopedia, and so on (Taufik and Kusumah, 2020). This was felt by entrepreneurs who became respondents in this research. Respondents stated that the use of technology really helped, especially businesses that were conducted online, where selling was no longer needed and the management was fast and practical. They mentioned that sales media using Whatsapp and Instagram applications are the main ones, followed by other social media such as Facebook and E-Commerce Platforms, such as Shopee and Tokopedia which are loved by the public in making online purchases.

Online business opportunities during the pandemic are not free from various challenges and obstacles, because business is often identified with risk and accompanied by the disclosure of "high risk high return", this disclosure is considered very appropriate if you look at the current situation, the PSBB policy issued by the government in the future. The pandemic causes many challenges and risks faced by entrepreneurs. The decision to keep running a business, where there are restrictions on activities that invite crowds is one of the

risks and challenges of selling, on the one hand there is another risk, namely the rapid and dangerous spread of the virus.

Respondents revealed that the number of novice businessmen or newcomers who helped enliven online sales with similar goods, various sellers accompanied by prices that were much cheaper than the market price could turn off other entrepreneurs, so innovation and creativity are needed. According to (Ramli, 2020), innovation can affect business performance and aims to achieve comparative advantage, because if lowering prices to remain competitive is not easy to do, it is related to production costs in the midst of the economic crisis due to the pandemic and the ongoing PSBB policy. This is in accordance with study conducted by (Saturwa, et al, 2021), so that E-Commerce Readiness and online business players are very important during times of uncertainty such as the COVID-19 pandemic. The level of readiness will determine the viability and sustainability of a company or business in a volatile business environment (Priambodo, et al, 2021). The existence of risk mitigation as an effort to minimize losses, as well as maintain loyal customers is something that needs to be considered (Liguori & Pittz, 2020).

Another challenge for online businesses is to increase consumer confidence in products for quality assurance and cleanliness. This implies that facing the new normal of the information technology era is not a determining factor for increasing consumer confidence and increasing income, but product hygiene and environmental sanitation are determining factors for the existence of MSMEs (Irawan, 2020). In addition, the need for adaptation to the use of technology that continues to change in order to fulfill consumer expectations and have an impact on increasing sales (Naseri, 2021).

With regard to technology, the challenges of online business will be even greater if the delivery service/courier barrier in charge of delivering goods directly from the seller to the buyer does not work optimally.

Thus, it must be accompanied by a sense of responsibility by the delivery service/courier in order to deliver the goods on time, ensure the safety and integrity of the goods, the goods are delivered according to the recipient, and are willing to provide information about the position of the goods when starting the process of delivering goods to the buyer, both to the sender and recipient.

## CONCLUSION

The PSBB policy that was caused by the pandemic has led to an increase in sales and income for online business entrepreneurs. Opportunities Economic trends during the pandemic can be seen from the progress of online business which can affect consumer behavior in the future causing E-commerce or online business to grow more caused by the pandemic. This can be maximized if the use of advanced and sophisticated technology as a form of competitive advantage.

The declining of consumer confidence level in the quality and cleanliness of products is a challenge that must be faced by online entrepreneurs because the latest technology alone is not enough if it is not accompanied by quality cleanliness of goods and adequate environmental sanitation, as well as obstacles regarding the delay in the delivery of goods to the recipient or buyer. So that the readiness level of MSMEs in adapting during the pandemic is the key to the continuity of online business during the pandemic.

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