

How Order Management Help E-Commerce Increase Performance During the Pandemic Period

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Abstract:- The growth of the e-commerce industry in Indonesia continues to increase. During the pandemic, more than half of new digital customers (have increased by 56 percent) coming from non-metro areas. This is compelling Small Medium Enterprises to move from offline to online businesses. Order Management is an order fulfillment process or management related to orders and delivery of customer orders. When a website provides good service regarding orders and delivery, this can be very important to increase customer satisfaction and retention levels, and eventually will increase company performance. To test the hypothesis, linear regression is used as the main method of analysis, because it can analyze the relationship between the independent and dependent variables. The questionnaires were distributed among 165 e-commerce customers in Surabaya-Indonesia. Results outline/depict that the efficient and effective of order management leads towards higher performance based on customer. According to the responses we can conclude that order management play key role in shaping company performance based on customer.

Keywords:- Order Management, Checkout Management, Payment Management, Delivery Management, Company Performance.

I. INTRODUCTION

From year to year, the growth of the e-commerce industry in Indonesia continues to increase. During the 2015-2019 period, e-commerce in Indonesia has increased by up to 500 percent. E-Conomy SEA compiled by Google, Termasek and Bain & Company estimates that in the next 5 years, Indonesian e-commerce will grow by 21%. During the pandemic, more than half of new digital customers (have increased by 56 percent) coming from non-metro areas. Then 93 percent of them said they would continue to use at least one digital service such as an e-commerce service after the pandemic ended. In addition, online media has also shown positive growth in 2020 with USD \$ 4.4 billion or up 24 percent from USD \$ 3.5 billion in 2019. This sector is expected to continue to grow by 18 percent to USD \$ 10 billion in 2025 (<https://liputan6.com>). This is one of the things that must be considered by the government in encouraging the growth of e-commerce in Indonesia. The government has made efforts to advance the development of e-commerce in Indonesia, one of which is stated in Presidential Decree No. 74 of 2017 which discusses the Roadmap for the Electronic-

Based National Trade System. In the e-commerce Road Map, the government aims to encourage the acceleration and development of e-commerce systems, start-ups, business development and logistics acceleration (www.wartaekonomi.co.id). Based on 2019 data, the e-commerce industry also has a positive impact on Indonesian employment with an estimated 4 million workers connected to this ecosystem. The growth of Indonesia's e-commerce market can reach around 26 million workers or 20% of Indonesia's workforce. These new jobs include those that have emerged to support e-commerce activities, such as programming or logistics in e-tailing companies, and existing jobs that are dependent on e-commerce developments, such as Small Medium Enterprises managers moving from offline to online businesses (www.kompasiana.com). According to Kim (2019), Order Management is an order fulfillment process or management related to orders and delivery of customer orders. When a website provides good service regarding orders and delivery, this can be very important to increase customer satisfaction and retention levels [1]. Customers need good and complete quality information, ready to order and order the results of online transactions [2].

II. LITERATURE REVIEW

A. Order Management

Order Management is an order fulfillment process or management that is related to the processing and delivery of customer orders [1]. Order Management involves accurate product representation, timely delivery, and accurate orders [3], namely the extent to which the site promises delivery of orders and the availability of goods is fulfilled. Order Management is fulfillment that combines the accuracy of service promises, product availability, and delivery of products according to the promised time [4]. Order Management is an accurate display and product description so that what customers receive is in accordance with what they ordered and the delivery of the right product within the promised period [5].

Order Management is the ability to perform the promised services reliably and accurately [6]. Order Management is accuracy and timeliness that is fulfilled with the underlying service promise [7]. Order Management is the ability of a website to properly fulfill orders, make deliveries promptly, and maintain the security of personal information [8]. Order Management is the company's ability to perform services accurately and reliably without a system that can

result in financial losses and potential opportunity costs for customers [9].

Order Management is a technical function of the site that is correct and the accuracy of service promises (availability of goods, deliver according to what is ordered, and deliver as promised), billing, and product information [10]. Order Management is the customer's perception of the reliability and security of services provided by e-retailers [11, 12]. Order Management is the accuracy in order fulfillment, fast delivery, accurate billing, and reply to inquiries. customers within the promised time period [13]. Order Management is processing customer online orders with the right specifications, including the receiving address, quantity, and price by the agreed service [14].

B. Performance based on Customer

Performance is a description of the level of achievement of the implementation of an activity / program / policy in realizing the goals, objectives, mission and vision of the organization as stated in the strategic planning of an organization [15]. According to Kaplan and Norton, the Balanced Scorecard is a new framework for integrating various measures derived from corporate strategy [16]. The Balanced Scorecard includes a variety of value creation activities generated by company participants. The Balanced Scorecard clearly reveals the various things that drive the achievement of competitive performance, not only in the short term, but also in the long term. So, the Balanced Scorecard is a strategic management system that describes the vision and strategy of a company into operational objectives and benchmarks. Objectives and benchmarks are developed for each of the 4 (four) perspectives, namely: financial perspective, customer perspective, business process perspective and learning and growth perspective. In this research, it will focus more on the customer perspective.

In the customer perspective, Kaplan and Norton divide two groups of customer measurements, namely:

1. The customer core measurement group. This group of main customer measures consists of measures: market share, customer retention, customer acquisition, customer satisfaction and customer profitability.
2. Outside the main group (beyond the core) The value of a product must be determined and highlighted the dominant. Attributes that make up the proportion of values are product or service attributes, customer relationships and image and reputation.

III. RESEARCH METHODOLOGY

Quantitative research, consistent with the quantitative paradigm, is the investigation of behavioral problems, based on theoretical testing of variables, measured by numbers, and analyzed by statistical procedures, to determine whether the generalizability of theory predictions holds. The research design used in this study was cross sectional with a low level of intervention because it used a questionnaire as the primary data. Five Likert scales are used to measure and determine respondents' perceptions. Collecting data using non-

probability sampling with purposive sampling technique to ensure the suitability of respondents with research objectives.

To test the hypothesis, linear regression is used as the main method of analysis, because it can analyze the relationship between the independent and dependent variables. In this study, the independent variable regression coefficient (Beta) was used to determine the direction of the relationship between the independent and dependent variables; $\text{Beta} > 0$ indicates a positive relationship. The level of acceptance of the hypothesis is determined by t-sig; $t\text{-sig} < 0.05$ indicates the significance level of the relationship at the 95% confidence level.

A. Variables

The study contains the explanatory variables namely: Order Management, which consist of: Checkout Management, Payment Management and Delivery Management. Performance based on Customer is the used as the explained variable.

B. Research Framework

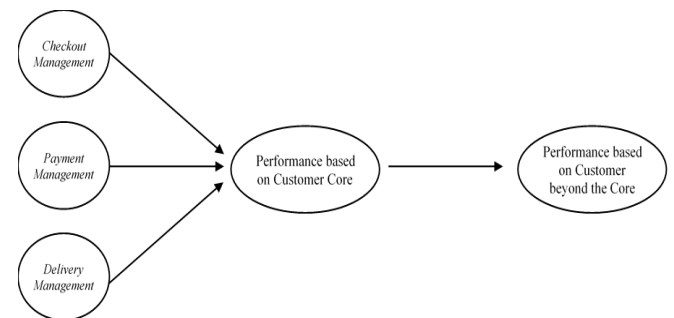


Fig. 1. Research Framework

IV. FINDINGS

This study has employed questionnaires to tape the impacts of independent variables. It enabled to have in depth analysis of customer expectation and requirements. Questionnaires are based on likert scale: A) Strongly disagree, B) Disagree, C) Neutral, D) Agree and E) Strongly agree. A=1, B=2, C=3, D=4, E=5.

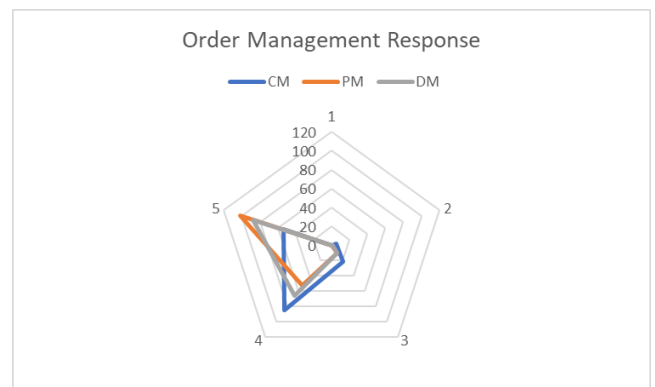


Fig. 2. Order Management Response

The questionnaires were distributed among 165 e-commerce customers in Surabaya-Indonesia. Results outline/depict that the efficient and effective of order management leads towards higher performance based on customer. According to the responses we can conclude that order management play key role in shaping company performance based on customer. 51.5% of the respondents agreed that customers need to be addressed with easy check out process; 61.8% of the respondents strongly agreed that customers need are to be addressed with multiple payment options were important, and 53.3% of the respondents strongly agreed that multiple delivery options were important. Results indicates if e-commerce want to increase their performance, then order management is a must factor to be considered.

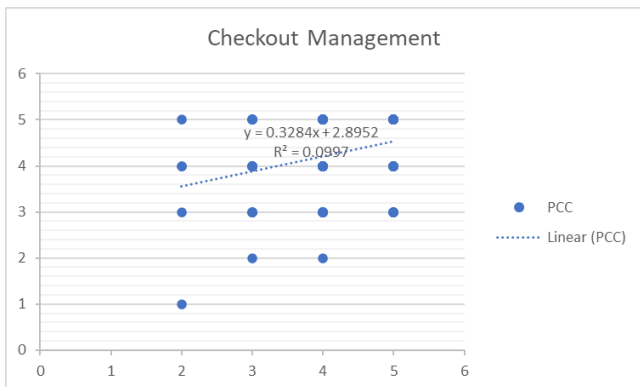


Fig. 3. Checkout Management on Performance based on Customer Linear Regression

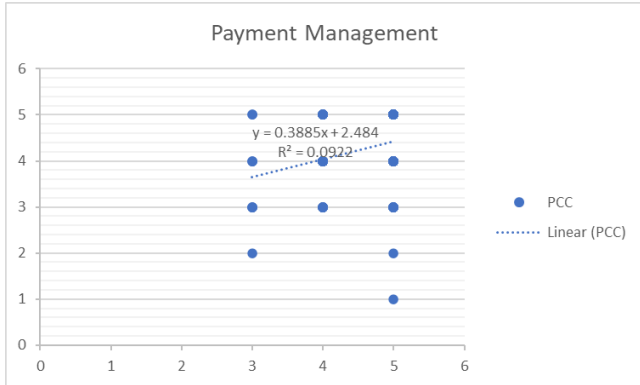


Fig. 4. Payment Management on Performance based on Customer Linear Regression

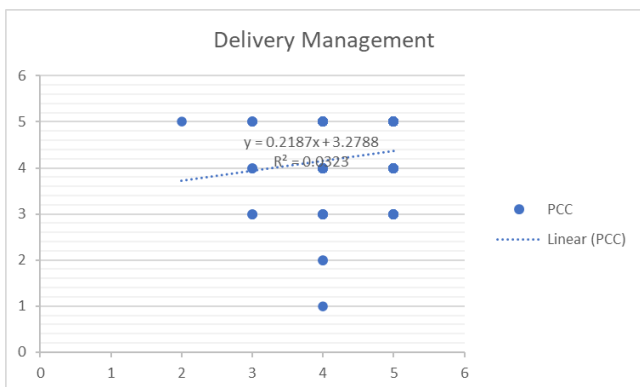


Fig. 5. Delivery Management on Performance based on Customer Linear Regression

Delivery Management has a less relationship with Company Performance based on Customer according to the sample results. Although Delivery Management individually has a less relationship with Company Performance based on Customer, but it integrated with Checkout and Payment Management in Order Management concept. According to the results of questionnaires Checkout Management, Payment Management, and Delivery Management are significant dimensions that brings variation in the level of Performance based on Customer. As 38.85% of Performance based on Customer is increased by Payment Management, 32.84% by Checkout Management, and 21.87% by Delivery Management.

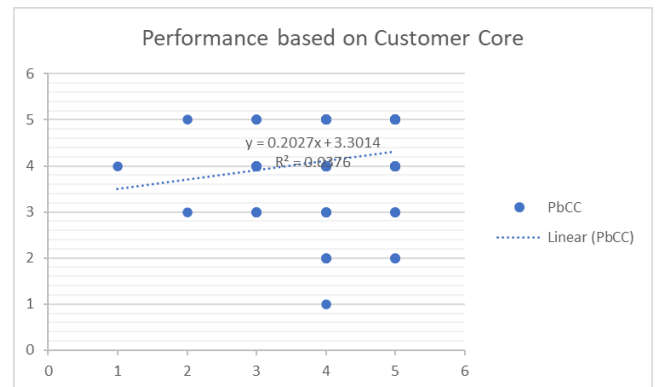


Fig. 6. Performance based on Customer Core on Performance based on Customer beyond Core Linear Regression

According to the results of questionnaires Performance based on Customer Core is a significant factor that brings variation in the level of Performance based on Customer beyond Core. Customer retention, acquisition, and satisfaction make up the proportion of customer values, customer-company relationships and company image and reputation.

V. CONCLUSIONS

The primary objective of this paper was to study the impact of order management dimension on the performance based on customer. Specifically, we tested the impact of three important dimensions of Order Management parameters which are Checkout Management, Payment Management, and Delivery Management, on Performance based on Customer. The results indicate that all the three parameters have a significant effect on Performance based on Customer Core, and at the end brings variation in the level of Performance based on Customer beyond Core.

Limitation and Future Research

Time period was short so limited but reasonable sample was drawn; results cannot be generalized worldwide. Researchers and scholars may conduct research under different cultural and demographic conditions. Data integrity and technology may be used in future studies by other researchers.

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