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Analysis of Factors Influencing the Success of E-Commerce Business in Indonesia

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Abstract

This study aims to investigate the impact of variables such as Technological Advancement, Consumer Behavior, and Government Support on the Success of E-Commerce Businesses SMEs scale in Indonesia. Data were collected from 100 samples of E-Commerce application users in Indonesia through an online questionnaire distributed via social media. To test the hypotheses, the researcher used the Statistical Package for the Social Sciences (SPSS). The results of the study indicate that Technological Advancement, Consumer Behavior, and Government Support have a significant impact on the success of E-Commerce in Indonesia. This study can be used as a reference for entrepreneurs who want to develop their E-Commerce business.

Keywords: E-Commerce, Small and Medium Enterprises, Digital Business, Online Business

1. Introduction

The e-commerce business is growing rapidly in line with advances in digital technology and changes in consumer behavior, which increasingly rely on the internet to meet daily needs. In this era of globalization, e-commerce makes it easier for businesses to reach a wider market without geographical limitations, while offering consumers a practical and efficient shopping experience. By utilizing digital platforms, e-commerce businesses cover various sectors such as fashion, electronics, food, and subscription-based services. This growth is supported by increasing internet penetration, the adoption of mobile devices, and the development of increasingly sophisticated digital payment systems.

The e-commerce business in Indonesia has experienced rapid growth in recent years, driven by increasing internet penetration, increasing smartphone use, and changing lifestyles that increasingly prioritize convenience and efficiency. Indonesia, with a population of over 270 million, is one of the largest e-commerce markets in Southeast Asia, with a value reaching US\$65 billion by 2024, according to a report (e-Conomy ocean 2024). Consumers are now shopping more online, especially since various e-commerce platforms offer a wide variety of products, competitive prices, and fast delivery services. The COVID-19 pandemic has also been a major driver, forcing people to turn to online shopping as a solution for daily needs during the period of social restrictions.

Furthermore, government support and investment from major technology companies have also driven the development of Indonesia's e-commerce ecosystem. Programs such as the Proudly Made in Indonesia Movement and National Online Shopping Day (Harbolnas) have successfully raised public awareness of online shopping. Local and international companies, such as Tokopedia, Shopee, and Bukalapak, are competing to provide innovative services, including digital payments and logistics integration.

The success of e-commerce businesses in Indonesia is inseparable from various factors influencing their growth. One key factor is the changing behavior of consumers who are increasingly accustomed to using digital technology in their daily lives. With a young, tech-savvy population and increasing internet penetration, Indonesians are increasingly comfortable shopping online. Nugraha (2021) defines consumer behavior as the actions or behaviors of individuals or groups (consumers) when purchasing or using products or services, which includes the decision-making process that enables consumers to obtain the products or services they desire.

2. Methods

This study uses a quantitative approach. The instrument used in this study is a simple random questionnaire conducted by the author himself where the author will conduct that is in accordance with the topic of the problem discussed. Based on the slovin formula, there a hundred SMEs players as sample in this study.

3. Literature Review

3.1. Digital Marketing

marketing encompasses the implementation of marketing activities using electronic media. Dave stated that organizations can become more competitive with digital businesses that optimize internal processes through the internet. Therefore, digital marketing is the application of digital technology that forms online channels to the market (websites, email, databases, digital TV, and various other recent innovations such as blogs, feeds, podcasts, and social networks). These channels contribute to various marketing activities to generate profits, build and develop relationships with customers, and develop effective strategies for generating revenue. In short, digital marketing is achieving marketing objectives through the application of digital technology and media (Guci, D.A., et al., 2021) [6].

3.2. Government Support

Government support can be defined as actions or policies implemented by the government to provide assistance, encouragement, or facilities to individuals, groups, or institutions to achieve specific goals oriented toward social, economic, or political progress. The government pays close attention to the development of MSMEs (Micro, Small, and Medium Enterprises) to ensure their resilience during the global crisis. The government continues to implement various initiatives through Cooperatives and Small and Medium Enterprises to encourage more people to become entrepreneurs (Sihombing, Chrisinta, Sahala, & Budaya, 2023).

3.3. Business Success

Business success is determined by an organization's ability to understand and meet customer needs. In his book, The Practice of Management (1954), Drucker explained that business success depends not only on financial profit but also on the ability to create sustainable value.

4. Results and Discussion

4.1. Results

This analysis is used to explain the data of the 4 variables (1 dependent and 3 independent) used in the study. The influence of independent variables on dependent variables is measured using the F statistical test and The t-test is used to find whether 2 groups of scores have a significant difference in the level of choice probability. The basic strategy of the t-test is to compare the actual differences between groups (X1-X2) to determine whether there is a difference that is expected based on chance. The t-statistic test is used to partially test each variable (Ghozali 2013). The results F-Test and T-Test in this study are presented in the table below.

Table 1: Results of F-Test

ANOVAa												
Model		Sum of Squares	df	Mean Square	F	Sig.						
	Regression	120.390	3	40.130	18.314	.000b						
1	Residual	210.360	96	2.191								
	Total	330.750	99									
a. Dependent Variable: Y												
b. Predictors: (Constant), X3, X2, X1												

Source: Result of

 Table 2: Results of T-Test

	Model	Unstandardized Coefficients		Standardized Coefficients		C:a	Collinearity Statistics	
	Model	В	Std. Error	Beta	ι	Sig.	Tolerance	VIF
1	(Constant)	0.769	0.782		0.984	0.327		
	Kemajuan Teknologi	0.237	0.065	0.335	3.661	0.000	0.791	1.264
	Perilaku Konsumen	0.157	0.075	0.179	2.103	0.038	0.917	1.090
	Dukungan Pemerintah	0.261	0.080	0.293	3.272	0.001	0.824	1.214
a. Dependent Variable: Keberhasilan E-Commerce								

Based on Table 1, the calculated F is 18,314, while at α = 0.05 the Ftable is 2,699, so it can be concluded that the variables of Technological Progress, Consumer Behavior, and Government Support simultaneously have a significant influence on the variable of E-Commerce Success.

In Table 2, the partial test results are as follows:

- 1. The calculated t value is 3.661 > t table 1.94872 or the Sig t value $(0.000) < \alpha$ (0.05). Therefore, it can be concluded that X1 has an effect on Y.
- 2. The calculated t value is 2.103 > t table 1.94872 or the Sig t value $(0.0.38) < \alpha$ (0.05). Therefore, it can be concluded that X2 has an effect on Y.
- 3. The calculated t value is 3.272 > t table 1.94872 or the Sig t value $(0.001) < \alpha$ (0.05). Therefore, it can be concluded that X3 has an effect on Y.

4.2. Discussion

A. The Influence of Technological Advances on the Success of E-Commerce

Based on the partial hypothesis calculation results, the calculated t value is 3.661 > t table 1.94872 and the significance value is 0.000 < 0.05. These results are in line with the results of technological progress having a positive and significant effect on the success of E-Commerce. These test results are in line with the results of research conducted by Riska Anggraeni, *et al.* (2023) [2] who in their research stated that Technological Progress has a positive and significant effect on the success of E-Commerce.

B. The Influence of Consumer Behavior on E-Commerce Success

The calculated t-value of 2.103 > t-table of 1.94872 or the Sig t-value (0.0.38) < α (0.05). This result is in line with the

results of consumer behavior having a positive and significant effect on the success of E-Commerce. The results of this test are in line with the results of research conducted by Nufian S. Febriani, *et al.* (2020) who in their research stated that Consumer Behavior has a partial positive and significant effect on the Success of E-Commerce.

C. The Influence of Government Support on E-Commerce Success

The calculated t-value of 3.272 > t-table of 1.94872 or the Sig t-value $(0.001) < \alpha (0.05)$. This result is in line with the results of government support having a positive and significant effect on the success of E-Commerce. The results of this test are in line with the results of research conducted by Zahra Afina Mahran (2023) [9] who in her research stated that government support has a partial positive and significant effect on the success of E-Commerce.

D. The Influence of Government Support on E-Commerce Success

The calculated t value of 18.314 > t table 2.699 or the Sig t value $(0.000) < \alpha$ (0.05). This result is in line with the results of Technological Advances, Consumer Behavior, and Government Support having a positive and significant influence on the success of E-Commerce. The results of this test are in line with the results of research conducted by Radetya Agung Wibowo $(2015)^{[8]}$ who in his research stated that Government Support has a positive and significant influence on the Success of E-Commerce.

5. Conclusion

- 1. The calculated t value is 3.661 > t table 1.94872 or the Sig t value $(0.000) < \alpha$ (0.05). Therefore, the test of Technological Progress (X1) has a positive and significant effect on the Success of E-Commerce (Y) in Indonesia.
- 2. The calculated t value is 2.103 > t table 1.94872 or the Sig t value $(0.0.38) < \alpha$ (0.05). Therefore, the Consumer Behavior (X2) test has a positive and significant effect on the Success of E-Commerce (Y) in Indonesia.
- 3. The calculated t value is 3.272 > t table 1.94872 or the Sig t value $(0.001) < \alpha$ (0.05). Therefore, the Government Support (X3) test has a positive and significant effect on the Success of E-Commerce (Y) in Indonesia.
- 4. The calculated t value of 18.314 > t table 2.699 or the Sig t value $(0.000) < \alpha$ (0.05). Therefore, the test of Technological Progress (X1), Consumer Behavior (X2), Government Support (X3) has a significant influence on the Success of E-Commerce (Y) in Indonesia.

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