Optimizing Online Channels: Exploring the Interplay of E-Commerce in Customer Journey of Smartphone & Gadget Retail

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ABSTRACT: The rise of e-commerce has transformed the global retail industry, including the smartphone and gadget sector. In Indonesia, while online shopping has become more popular due to its convenience, smartphone brands still face challenges. Despite the growth of online platforms, many customers prefer shopping in physical stores, especially after the pandemic. This research aims to understand what drives consumers to shop online for smartphones and gadgets, and to offer insights and strategies for both smartphone manufacturers and e-commerce platforms to boost their online presence and attract more customers.

The study addresses key questions about consumer behavior: What motivates people to buy smartphones and gadgets online rather than in-store? How do they perceive their online shopping experience, and what factors affect their satisfaction? What obstacles do they face when shopping online, and how do they overcome them? How do they react to personalized marketing and recommendations? And what drives their loyalty and repeat purchases in the online market?

By using the Customer Decision Journey, Marketing Technology, and Porter's Five Forces analysis, the research identifies important factors like delivery, promotions, store information, and ease of finding product details. The study will provide actionable business solutions and recommendations to help smartphone manufacturers and e-commerce platforms tackle challenges and improve their online market strategies.

KEYWORDS: Customer Decision Journey, E-Commerce, Handphone & Gadget, Online Shopping Experience, & Customer Loyalty.

INTRODUCTION

The growth of e-commerce has changed the retail industry all over the world in all product segments, and the smartphone & gadget is no exception. Over the past years, e-commerce platforms in Indonesia have grown rapidly popular as convenience to shopping for products, including smartphones.

Indonesia is one of the Countries with the highest number of adoption on E-Commerce in the world. By 2019, Indonesia will have 90% of Internet users from the age range 16-64 that had do the shopping transaction in E-Commerce (Index, 2019). The Ministry of Finance mentions that Digital Economic Transaction is projected to increase 20% to become USD 146 Billion by the year of 2025 (Nazara, 2022)

The rapid growth of the E-Commerce Industry in Indonesia attracts many investors to invest in the E-Commerce Industry in Indonesia. Expedia made an investment to Traveloka with a total value of US$ 350 Million, Tokopedia in the end of December just received investment from ByteDance to require 75% of Tokopedia shares with the value of US$ 1.5 Billion.

E-Commerce Industry growth in Indonesia also followed with the increment of each category included Consumers Electronic which dominated by Smartphone & Gadget Category. The Smartphone Industry in Indonesia has shown a prominent market for leading Smartphone manufacturers in the world. Quoted from Stephanie Elisabeth, Tech Industry Lead Google Indonesia in her interview article with Kompas Indonesia, mentions that the number of active phones in Indonesia had reached 354 million which had surpassed the total of Indonesia Population which was around 279 Million (Elizabeth, 2023).

Handphone & Gadget Category in E-Commerce had growth rapidly over the years, with the interesting promotion, Variation of Payment Method, Brand Commitment with Online Exclusive Product, New Interactive Features, & other tools help Handphone & Gadget Category contribute second highest GMV in E-Commerce Industry. Based on Statista research on 2019 regarding the projection Indonesia E-Commerce, Electronics & Media estimated to keep the position & continue to be the second biggest revenue contribution on E-Commerce in Indonesia (Tan, 2023). However, Smartphone Brand in 2024 still faces the huge issue on the Online

Market. research from Katadata Insight Center mention after post pandemic era that 59.3% of customers still more prefer to buy the product thru Offline Official Store & 22.1% thru Brick & mortar store (Katadata Insight Center, 2023).

This research objective is to analyse e-commerce and customer journey in the context of Handphone & Gadget purchases. It seeks to explore the factors that drive consumers to buy the products in E-Commerce compared to Offline Market & offering insights and recommendations for Smartphone Manufacturers Company & E-Commerce Platform to grow the Online Market & Expand the audiences

THEORETICAL FRAMEWORK

A. Customer Decision Journey

In 2009, McKinsey developed the approach for the Consumer Decision Journey Model to capture all the touch points that were missed by the traditional model. In the research to develop this model, McKinsey found out that marketing communications start to switch from one way communication to the two-way communication. McKinsey also found out that funnel analogies that require brands to push on each stage of the funnel are no longer relevant. From the research, electronic consumers consumer journey no longer on funnel but circular journey. On these new models, Consumer Decision Making Journey have 4 phase which are initial consideration, active evaluation, Closure, & Post Purchase

On Initial Consideration Phases, the qualitative research that has been done by McKinsey shows that customers on the stage of initial consideration had done proliferation of products which lead to customers already reducing the number of brands that they consider when purchasing the product. From the initial consideration stage not all the brand that been excluded from customer first option means there is no From the initial consideration stage not all the brands that were excluded from customer first option means there is no more chance for the brand. In this model, the number of initial consideration phases might expand due to customers actively trying to find more new information. In these phases, brands can interrupt the decision making process by providing more information & creating relatable information to the customer. After the active evaluation phases, Customers will decide which brand that they will choose, after purchasing the post purchase experience stage becomes critical because it will build customer expectation & image regarding the product based on the experience before & after getting the product. Good post purchase experience might trigger the loyalty loop of the customer to the product, while if customer doesn't have good post purchase experience regarding the product might lead to the customer finding another alternative brand when looking at the similar product.

B. Marketing Technology Theory

In Marketing 5.0 (Kotler, Kartajaya, & Setiawan, 2021), the combination between Human & Technology becomes a vital point. Humans need to have a deep understanding of technology & how to maximize the advantage of technology to help increase marketing activity. Human & Technology had to have smooth collaboration to make sure of the efficient result. Therefore, marketers use several groups of technology that called as Marketing Technology that consist of Advertising, Content Marketing, Direct Marketing, Sales Customer Relationship Management, Distribution Channel, Product & Services, & Services Customer Relationship Management

In advertising, Marketing Technology enables precise audience targeting, ensuring that advertisements are delivered to the most relevant segments, thereby increasing their impact and reducing wasted resources. Additionally, programmatic media buying automates the ad buying process, optimizing online shopping experiences by presenting consumers with tailored offers.

Content marketing, a less intrusive approach than traditional advertising, focuses on soft selling by combining entertainment, education, and inspiration. Marketing Technology plays a crucial role in content marketing by enabling audience targeting and content personalization. By tailoring content to individual preferences, marketers can create more engaging and relevant experiences for consumers, ultimately driving higher levels of interest and interaction. Direct marketing, also known as permission marketing, utilizes channels like email and platform display networks for hard-selling products and services. Marketing Technology enhances direct marketing efforts by enabling content personalization and optimization, ensuring that messages resonate with recipients and lead to increased sales and return on investment (ROI).

Porter Five Forces Analysis

To solve the business issue, it is important to have a deep understanding on how the overall industry is running & what is the internal & external factor that become the engine of the industry running. Industry analysis is crucial because it helps businesses to do market

assessment. It can help businesses to see the competitiveness of industry & help business operations on the industry, find the main issue, & untapped the potential area of the industry that could help to grow the business or overall industry. Porter Five Forces Analysis is one of the tools that used to analyse overall industry from internal & external

The number of participants in the industry and their respective market shares are a direct representation of the competitiveness of the industry. These are directly affected by all the factors mentioned above. Lack of differentiation in products tends to add to the intensity of competition. Threat of potential entrants also become one of the factor where If it is easy to enter an industry, companies face the constant risk of new competitors. If the entry is difficult, whichever company enjoys little competitive advantage reaps the benefits for a longer period. Bargaining Power of Suppliers is to examines the influence suppliers have over the industry. Powerful suppliers can demand higher prices and dictate terms. Bargaining Power of Buyers is to analyse power than customers have in influencing prices and terms. Strong buyer power can lead to demands for lower prices or better quality. Last is Threat of Substitutes where will consider factors availability of alternative products or services that can fulfil the same customer needs. The presence of substitutes increases competitive pressure.

C. Conceptual Framework

This Research will start with the Identify the Business issue that is happening in the industry. Next step is to find factors that trigger the business issue. To find the factors that trigger the business issue, research will be done to get the insight on the issue from internal & external factors. After the data conducted & analyses, the last chapter of this thesis will give Business Solution & Recommendation based on the Business issue to overcome the issue & develop to the companies or industries.
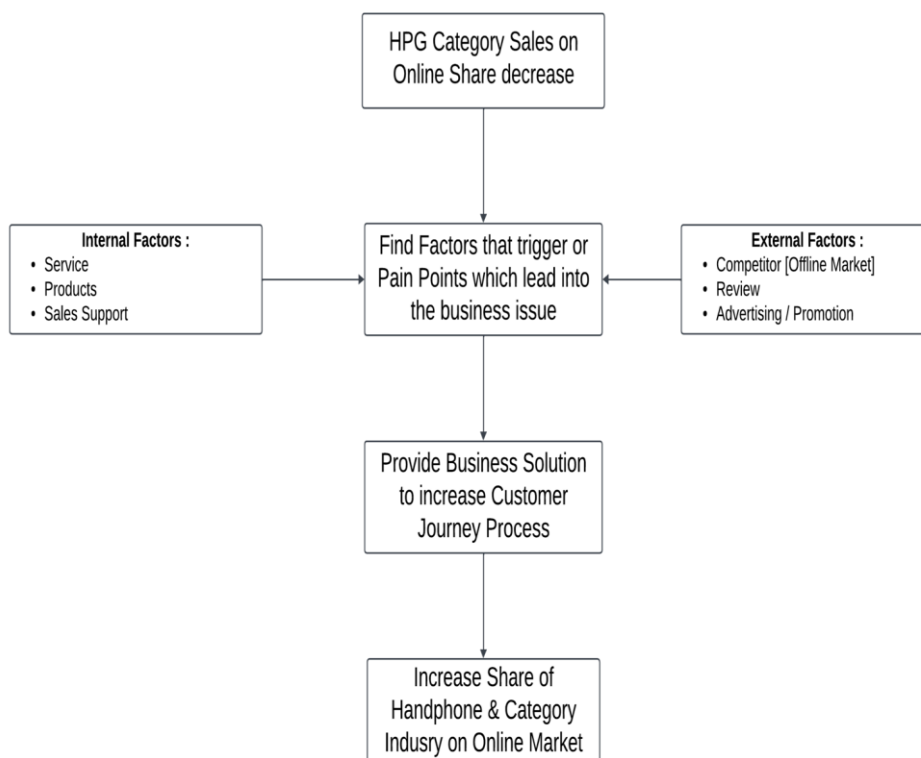

Figure 1. Conceptual Framework

RESEARCH METHODOLOGY
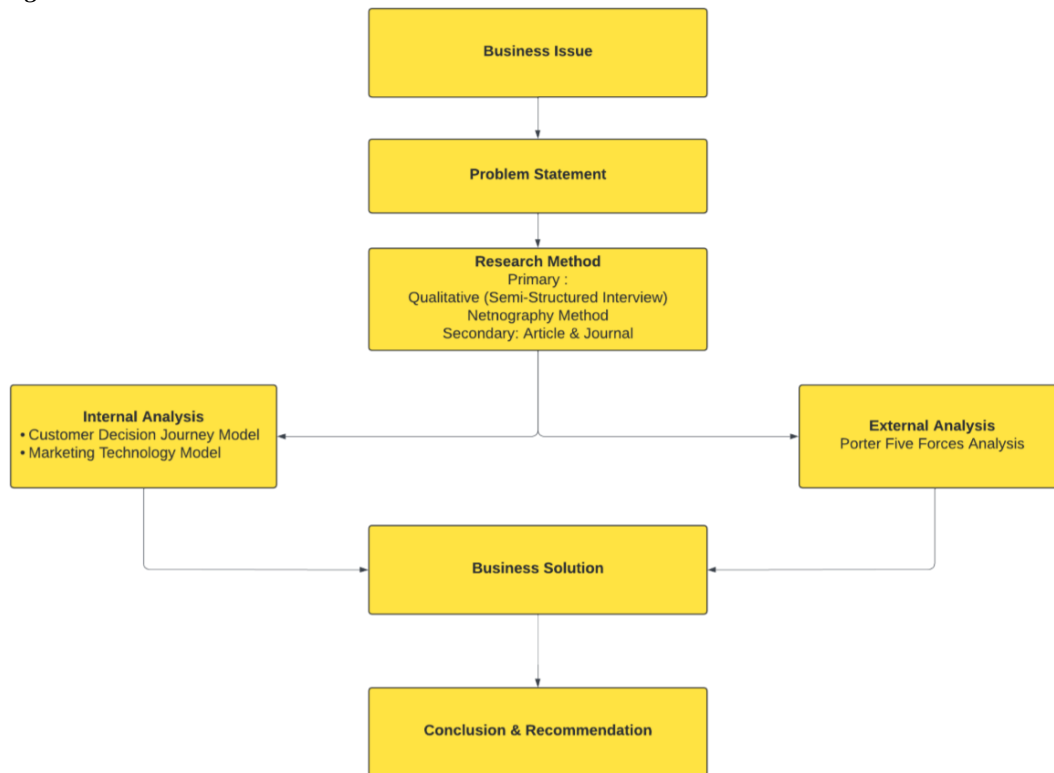
A. Research Design

Figure 2. Research Design

The research methodology and data collection process employed to investigate the customer journey in online purchases of smartphones and gadgets. The study focuses on understanding the end-to-end process, identifying pain points, and uncovering the factors influencing consumer decisions. A qualitative research design is adopted, primarily utilizing semi-structured interviews to gather rich and detailed responses from participants.

The data analysis process for the semi-structured interviews involves several steps. First, the interview data is organized and prepared by transcribing and categorizing the responses. Next, the data is thoroughly read to gain an overall understanding of the information gathered. Coding is then applied to segment and label the data into meaningful categories, followed by the identification of patterns, similarities, and differences among the codes. These findings are then used to generate descriptions and narratives that convey the key insights from the research. Finally, the validity and reliability of the findings are assessed through triangulation and member checking.

To achieve the research objectives, various methodologies will be used to analysed the data. The Customer Decision Journey (CDJ) Model and Marketing Technology will be employed for internal analysis to understand the internal factors affecting customer behavior. For external analysis, Porter's Five Forces will be used to explore how outside factors impact the decision-making process. The goal is to outline the customer journey for online purchases and identify any underlying issues. Based on this analysis, the researchers will formulate business solutions and recommendations to address these issues and enhance the customer experience.

B. Data Collection

The primary data collection for this research involved semi-structured interviews with four respondents who had experience purchasing smartphones and gadgets through both online and offline channels. The respondents were aged between 28-30 years old and came from diverse income brackets. The interviews aimed to gather insights into various aspects of the consumer journey, including platform preferences, reasons for choosing online or offline channels, perceived advantages and disadvantages of each

channel, pain points encountered during online shopping, the impact of personalized marketing and recommendations, and factors influencing loyalty and repeat purchases.

The interview questions were designed to be open-ended, allowing respondents to share their experiences and opinions freely. This qualitative approach provided rich and detailed data, capturing the nuances of consumer behavior and decision-making processes. The interviews were conducted offline to facilitate deeper interaction and understanding between the researcher and respondents. The four respondents in this research were considered sufficient due to a thorough data collection process. Participants were selected based on diverse criteria, including different income levels, residential locations, and their experiences with purchasing smartphones and gadgets either online or offline. The data collection followed the principle of theoretical saturation, which means that the sample size was deemed adequate when no new insights or themes emerged from additional responses. This approach ensures that the findings are comprehensive and reflective of the studied population.

However, to verify & complete the data & insight that is shared by the respondent and looking for other themes that might not be reached by the respondent, researchers also added Netnography research method as one of the tools for data collection. Netnography is a specific approach that can be used to conduct ethnography on the internet. This is a qualitative method that interpret research methodology that adapt ethnography techniques to the study of social media (Kozinets, 2015)

For the netnography data, the analysis process begins with selecting relevant virtual communities and defining the observation period. Data is collected through manual observation or web scraping techniques. The collected data is then interpreted and analyzed using qualitative or quantitative methods to identify patterns, themes, or trends that address the research questions. This multifaceted approach ensures a comprehensive understanding of the online customer journey for smartphones and gadgets, providing valuable insights for both brands and e-commerce platforms.

Table I. Customer Review Sample

Number of Customer Review			
Brand	Tokopedia	Shopee	Blibli
Huawei	24	32	8
Apple	35	38	14
Samsung	32	44	
Oppo	22	33	11
vivo	26	31	7
Total Data Collected		357	

The data that is collected is only limited to the review & rate that is done by consumers in the period of 1-7 July 2024, the data taken & filtered by using the newest review. From the data collection, Samsung Official Store is not included on process of data collection at Blibli due to Samsung Official Store on Blibli had a different business model which allowed them to not show the review & rate for their store on Blibli. 1-7 July Period was chosen to be observed for Netnography Method due to it can cover regular & special campaign of online channel. From the Data Collected, each sample usually will address 2-3 themes simultaneously, providing multi-thematic insights. This multi-thematic nature means that even a smaller number of samples can provide a wide array of insights, covering different aspects of consumer experiences and brand interactions to researchers

RESULT & DISCUSSION
A. Data Collection Result
1. Interview Result

The research findings highlight the dynamic nature of consumer behavior in the online smartphone and gadget market. Consumers often have preferred platforms based on prior positive experiences, with factors like promotions, user interface, and omnichannel capabilities influencing their choices. While offline channels are considered, the convenience and benefits of online shopping often outweigh the desire for a physical "feel and touch" experience. The research results, derived from both interviews and netnography, provide valuable insights into consumer behavior and preferences in the online smartphone and gadget market in Indonesia.

The interview results reveal that consumers generally prefer online channels for purchasing smartphones and gadgets due to several compelling reasons. First and foremost, online shopping offers unparalleled convenience. By eliminating the need to visit physical stores, it saves consumers significant time and effort. Respondents consistently mentioned their preference for the ease of browsing and purchasing products from the comfort of their own homes, highlighting the major advantage of online shopping.

Another critical factor driving the preference for online shopping is the competitive pricing and attractive promotions available on these platforms. Online retailers frequently offer discounts and bundled deals that are not always available in brick-and-mortar stores. Respondents emphasized the importance of price in their decision-making process, noting that the cost savings available online often play a pivotal role in their purchasing choices.

The variety of products available online also stands out as a significant benefit. Online platforms typically offer a much wider range of products compared to offline stores. This allows consumers to explore various brands and models before making a purchase. Respondents appreciated the ability to easily compare different options, which enhances their shopping experience and helps them make more informed decisions.

Detailed product information and customer reviews available on online platforms further contribute to their popularity. Online retailers provide comprehensive product descriptions, specifications, and customer reviews that help consumers make informed choices. Respondents mentioned that they rely heavily on these reviews to gauge the quality and performance of products, making it a vital aspect of their shopping journey.

Despite these advantages, the interviews also revealed some challenges associated with online shopping. One significant pain point is delivery issues. Respondents expressed frustration with delayed deliveries and concerns about the safety of products during transit. The inability to physically inspect the product before delivery adds to their anxiety, making timely and secure delivery a critical area for improvement.

Another concern raised by respondents is the authenticity of products purchased online. Some consumers worry about receiving non-original items, which undermines their trust in e-commerce platforms. This highlights the importance for online retailers to ensure product authenticity and build a trustworthy relationship with their customers.

Limited customer support emerged as another challenge faced by online shoppers. Respondents shared instances where they encountered difficulties in obtaining timely and effective support for their online purchases. This indicates that improving customer service channels is essential for enhancing the overall online shopping experience and ensuring customer satisfaction.

2. *Netnography Results*

Table II. Result of Netnography

Factors	Number of Mention	Shares
Delivery (Duration & Safety)	208	44%
Product (Original & Function)	135	29%
Promotion (Discount /Bonus)	68	14%
Store Services (CS Respond & Store Information)	58	12%
Total	469	

The netnography analysis, based on online reviews and ratings, examined 357 comments and identified 469 total themes, as many comments covered multiple topics. This analysis, which included feedback from three major e-commerce platforms in Indonesia and the official stores of the top five smartphone and gadget brands (Huawei, Apple, Samsung, Vivo, and Oppo), further supports the interview findings and provides additional insights into consumer experiences and preferences. Delivery was the most frequently mentioned factor in online reviews, with 44% of respondents emphasizing the importance of timely and safe deliveries. Positive reviews often highlighted fast shipping and secure packaging, while negative reviews focused on delays and damaged products, indicating that efficient and reliable delivery services are crucial for consumer satisfaction.

Product originality and functionality were also major concerns for consumers, mentioned by 29% of respondents. Positive reviews often noted receiving original products with fully functioning features, whereas negative reviews reported issues with counterfeit products or malfunctioning features. This underscores the importance of maintaining high standards for product authenticity and quality to build consumer trust and satisfaction.

Promotions, such as discounts and bonus gifts, influenced consumer satisfaction, as indicated by 14% of respondents. Positive reviews expressed appreciation for good deals and additional gifts, while negative reviews highlighted unmet expectations regarding promotions. This suggests that offering attractive and transparent promotions can significantly enhance the online shopping experience and drive consumer loyalty.

Customer service responsiveness and accurate store information were mentioned by 12% of respondents. Positive reviews praised helpful and prompt customer service, while negative reviews criticized slow responses and inaccurate product descriptions. This highlights the need for e-commerce platforms to provide responsive and effective customer service, as well as accurate and detailed product information to improve consumer trust and satisfaction.

Internal & External Analysis

In Indonesia's online market for smartphones and gadgets, the customer decision journey typically follows a circular pattern. It begins with initial consideration, where consumers usually have a preferred e-commerce platform based on their past experiences. They then move to active evaluation, gathering information and comparing options across both online and offline channels. The purchase decision is influenced by factors such as price, promotions, and convenience. Post-purchase, the experience— encompassing delivery, product quality, and customer service—plays a crucial role in determining overall customer satisfaction and loyalty.

Marketing technology (MarTech) plays a significant role in shaping this customer journey. Targeted advertising through social media and programmatic media buying enhances brand visibility and directs traffic to online platforms. Content marketing, which includes the use of tech influencers (KOLs) and personalized content, helps educate and influence consumer decisions. Direct marketing strategies, such as personalized promotions delivered via email and display networks, target specific customer segments effectively. Additionally, sales CRM tools automate communication and streamline sales processes, while service CRM tools like chatbots improve customer service interactions. Innovations such as omnichannel integration and live shopping features further enhance the online shopping experience.

Porter's Five Forces analysis provides insight into the competitive dynamics of the online smartphone and gadget retail market in Indonesia. The intensity of rivalry is high due to the large number of competitors in the market. The threat of new entrants is moderate to low, mainly due to the significant investment required to establish a presence in the market. Suppliers have limited bargaining power, while buyers wield considerable influence because they can easily switch between different channels and are highly sensitive to price changes. The threat of substitute goods and services is moderate, as consumers can choose between online and offline shopping options.

Business Solution & Implementation Plan

Based on the research findings and analysis, several business solutions are proposed to enhance the online customer journey for smartphones and gadgets. Integrating social media and e-commerce platforms can create a seamless shopping experience, allowing consumers to discover, evaluate, and purchase products within their preferred social networks. This integration can be further enhanced by incorporating features such as community forums and social sharing, which foster a sense of community and trust among consumers. These features can drive engagement and sales by enabling customers to share their experiences, seek advice, and gain confidence in their purchasing decisions through social proof.

In addition to social commerce, implementing advanced technologies like Augmented Reality (AR) reviews can revolutionize the way consumers interact with products online. AR reviews allow customers to virtually experience products before purchasing, providing a more immersive and informed decision-making process. This technology can be particularly useful for smartphones and gadgets, where the physical look and feel of the product are crucial. Complementing this with AI-powered customer service can further enhance the shopping experience by providing 24/7 support, promptly addressing queries and concerns, and offering personalized assistance. AI can help streamline customer interactions, resolve issues efficiently, and improve overall satisfaction.

To further incentivize online shopping, offering attractive discounts, bundled deals, and membership benefits can significantly increase consumer purchase value and loyalty. These promotions can make online shopping more appealing by providing better value for money and exclusive offers. Creating a seamless omnichannel experience by integrating online and offline channels can cater to diverse consumer preferences, offering flexibility and convenience. By implementing these solutions, smartphone

manufacturers and e-commerce platforms can enhance customer satisfaction, increase sales, and strengthen their position in the competitive online market, ultimately fostering a more loyal and engaged customer base.

CONCLUSION & RECOMMENDATION

The Indonesian smartphone and gadget market is increasingly transitioning to online channels, driven by their convenience and appealing promotional offers. However, the online market faces challenges in replicating the tactile experience of physical stores and ensuring smooth delivery processes. Consumer loyalty to specific platforms, based on past experiences and preferences, complicates efforts to persuade them to switch. Key factors influencing online purchase decisions include the delivery experience, including its speed and safety, along with the attractiveness of promotions and discounts.

To increase their market share online, smartphone brands should focus on enhancing the quality of product information provided on their platforms. They should also offer exclusive promotions available only online and collaborate with dependable logistics partners to ensure timely and secure delivery. These strategies will help brands strengthen their online presence and attract more customers.

E-commerce platforms should prioritize optimizing the user experience by developing unique features and improving delivery efficiency. Building customer loyalty through personalized offers and continuous service enhancements based on feedback is essential for both brands and platforms to thrive in the competitive online market.

By addressing these key areas, smartphone brands and e-commerce platforms can effectively navigate the competitive landscape, boost customer satisfaction, and grow their market share. Improving the online shopping experience, implementing attractive promotional strategies, and ensuring reliable logistics will be crucial for success in this rapidly evolving market.

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