

# COD-based Sales Productivity for Business Users in Makassar

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**Abstract.** This research is a qualitative descriptive study that tries to build a complex phenomenon in a certain context, with intensity, patterns of technology use, and social impacts that cannot be clearly separated where the phenomenon takes place (Basuki, 2016). The data were obtained by conducting surveys and interviews with 9 (nine) informants. Selection of informants with criteria; 1). SMEs that applies e-commerce, 2). Consumers who applied e-commerce, 3). MSMEs and consumers who did a transact with cash on delivery (COD)-based e-commerce, and 4). Consumers were domiciled in Makassar City. The results of research and interviews showed that sales already increased after the COD-based business strategy was used and this was proven by the increase in sales volume and operating income during the pandemic.

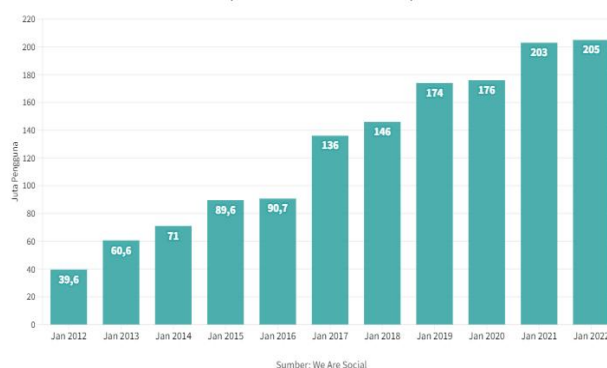
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## 1 Introduction

A modern business strategy is a solution to face the current digital-business era to be able to survive and be sustainable in the midst of increasing business competition. One of the business strategies used by the company is through the use of the internet as one of the uses of technology in the modern era with the aim of facilitating all business transactions, so that customers no longer have to come door to door to shop, but can use one of the platforms or marketplaces available that has been provided. The use of the internet is not a new thing in the era of the Industry 4.0 revolution, because the internet has become a basic need for society and companies. In the past, the use of the internet was only focused on finding references for teaching materials, lecturing materials, business references or references about food. However, nowadays the Internet is not only for the search stage, but is a network and also a medium to bind the relationship of almost every business with its customers.[1] . Binding relationships is done by providing maximum service to satisfy customers. However, if the company can satisfy its customers but is unable to generate profits, then the company will not develop. [2]. One of the uses of the company's internet is by utilizing e-commerce transactions through several existing business platforms such as: Lazada, Shopee, Tokopedia and several other business platforms.

According to research by ACNielsen (2007), total internet users have increased from time to time, as many as 627 people use the internet for shopping. In Indonesia, the trend of internet users from year to year has also experienced a significant increase. The following is data on the trend of internet users in the last 10 years, namely:

**Table 1. The internet user in Indonesia January 2012- January 2022**



The trend of internet use in Indonesia has increased significantly from year to year, reaching 205 million in January 2022. This means that 73.7% of Indonesia's population has used the internet. The value is also 1% higher than the same period the previous year. In January 2021, the number of internet users in Indonesia was recorded at 203 million people. Seeing the trend, the number of internet users in Indonesia continues to grow every year. In 2012, the number of internet users in Indonesia was only 39.6 million. This year, the number of internet users in the

country has increased five times compared to a decade ago. Meanwhile, the surge in users occurred in 2017 where the number became 136 million people. Furthermore, the average Indonesian uses the internet for 8 hours 36 minutes every day. In addition, 94.1% of internet users in Indonesia are using mobile phones. South Sulawesi province itself until September 2015 as many as 3.7 million internet users. This means that the internet has become a medium for people to find preferences for needs, which are practical for finding information. Looking for information before buying is not a new event in consumer behavior but has become a trend [3], [4].

It was further explained that consumers search at the acquisition stage [5]. The number of teenagers consumers are the driving force for the development of this business. On the other hand, sites on social media such as Instagram are the fastest growing media platforms in the distribution of global cultural products [6]. Social media such as Facebook, Instagram, WhatsApp, Line which are easily accessible using smartphones such as iPhone and Blackberry, are used by producers of goods and services for doing business. These producers create accounts and then upload photos or videos about their products to be promoted. In fact, this has proven to be effective in attracting consumers to buy their products.

People today can shop without having to go to a shopping center. Just look for an online shop that matches the product they are looking for, order and then transact with the COD (Cash on Delivery) system or can also transact with the transfer system. However, there are still classic problems that need to be fixed, such as security issues, fraud prevention and the process of returning goods if there is a discrepancy. Not to mention the problem of the availability of goods in the seller's warehouse, this is of course an urgent problem in marketing, because the product is an important point in marketing, the availability of goods needs to be anticipated in advance, so it is necessary to use an appropriate method to meet customer needs with the goal is to increase the revenue or sales of the company.

Micro, Small and Medium Enterprises (MSMEs) are sectors that have had a major impact during the Covid-19 pandemic. MSMEs play a very crucial role in economic development in Indonesia, this can be seen from the role of MSMEs which greatly contribute to the development of the national economy. MSMEs that have various products with their uniqueness have shown very significant developments in adopting the right strategy to be able to be competitive in the global market [4]. However, in the midst of the current pandemic, it turns out that the trend of sales or e-commerce transactions in Indonesia is number 1, which finally can be concluded that even in limited conditions for access outside the home, customers can still fulfill their needs by utilizing business platforms such as Lazada, Tokopedia, Shopee and others, as well as business people, especially for MSMEs.

Research on the use of e-commerce has been widely carried out, including: Sutikno et al found that the e-commerce system can be used to market products to SMEs, white tofu and salted eggs. The benefits obtained from the two MSMEs with the implementation of e-commerce include wider marketing reach, faster and cheaper communication costs between MSME owners and consumers, and statistical data on consumers, visitors, products, etc. at a certain period. In his research found that with this electronic commerce (e-commerce), customers can access and place orders from various places or countries [7], [8]. Furthermore, research conducted by Simatupang and Sepriani found that the existence of this e-commerce application was able to increase the marketing results of AJ's store products. Fishing as much as 10% [9]. In line with previous research, research by Sagita and Prayudi found that e-commerce partially or individually has a positive and significant influence on sales volume of MSMEs in Buleleng Regency [8].

In contrast to previous studies that only focused on the contribution of e-commerce used, research that focused on increasing sales has only 3 studies, including: Pinatih and Indrajaya with the title The Role of Number of Customers in Mediating the Use of E-commerce on the Income of MSMEs in Denpasar City with the result that the use of e-commerce has a positive influence on the number of customers, this shows that the increasing use of e-commerce increase the number of customers and sales in an MSME in Denpasar [7]. Further research conducted by Sagita and Prayudi with the title The Effect of E-commerce Implementation, Endorser Credibility, and Brand Equity on Sales Volume in MSMEs (Case Study on MSMEs in Buleleng Regency). The results of the study show that the application of e-commerce, endorser credibility, and brand equity partially or individually has a positive and significant effect on sales volume at MSMEs in Buleleng Regency, so that from all existing research this research is considered new to link the variables of e-commerce use. and locus of control on sales productivity.[8]

This research is a development research carried out by Armiani with the title "Cash On Delivery-based E-commerce to Increase MSME Product Sales Turnover during the Covid-19 Pandemic with the results of research that the use of e-commerce can facilitate their business transactions, so that MSMEs using Cash on delivery (COD)-based e-commerce can increase sales turnover during the COVID-19 pandemic. Departing from the conditions described previously, the researchers are interested in conducting research with the title "Analysis of COD-based E-commerce implementation on Sales Productivity"[2]

## 2 Literature Review

### a. Marketplace

Marketplace is a website that provides transaction facilities in the form of buying and selling online from various sources. The owner of the website or app does not own any product and their business only serves other people's products to users and then facilitates it. There are lots of marketplace providers such as Tokopedia, Shopee, Bukalapak, Olx, Lazada, Jd.id and others.

### b. Cash on Delivery (COD)

The term COD (Cash on delivery) is a method of cash payment transactions that are carried out when the purchased goods have arrived at their destination. In other words, COD means a method of buying and selling transactions that bring together directly between the seller and the buyer when the goods purchased have been agreed upon.[6].

### c. Sales Productivity

Syarifudin and Yani suggest that sales productivity is a calculation of the company's productivity in terms of sales. To calculate sales productivity, the value of gross profit is divided by selling costs [10]

## 3 Research methods

### Types of research

This research was descriptive qualitative research with a case study approach that aims to build an understanding of complex phenomena, in a certain context, with intensity, patterns of technology use, and social impacts that cannot be clearly separated where the phenomenon takes place [11]. Data obtained by researchers through surveys and interviews with informants as many as 12 (twelve) business actors using the COD system. Selection of informants with criterias; 1). SMEs that use e-commerce, 2). Consumers who use e-commerce, 3). MSMEs and consumers who did transaction with cash on delivery (COD)-based e-commerce, and 4). Consumers domiciled in the city of Makassar aged 17-35 years. The reason the researcher were the age scale of 17-35 years that on this age scale were active on social media (social media activists) proficient and familiar with technology.[11]

## 4 Results and Discussion

### Sales productivity from COD transactions

From the results of interviews with both E-commerce-based business users and with customers, the results showed that cash on delivery (COD)-based transactions can increase sales turnover for business actors in the city of Makassar, both during the COVID-19 pandemic and after the new normal. This indicated that although in the early days of the pandemic conditions hit the whole world (not to mention Makassar City), where there were road closures, regional restrictions and regulations imposed by the central and regional governments (emergency PPKM, level PPKM, PSBB or other terms), where there were limitations of social interaction and the process of business transactions (trade) cannot be carried out directly (transactions by rooming), then one of the business strategies taken by business actors online is by utilizing one of the available business platforms, namely through Shopee, Lazada, Tokopedia etc. where in conducting transactions the customer in this case can choose cash on delivery (COD) based transactions, so that it can limit the interaction directly with other people.

The results of interviews with several customers who did transaction using the COD system stated that the COD system in addition to making it easier for customers was also considered to provide its own satisfaction, this was against the background that consumers feel more comfortable with their orders, simple and minimize the risk of being deceived (because orders can be directly viewed and opened on during delivery), if there was a difference between what was ordered and what was delivered, it was easier to claim a replacement, and the process of ordering the goods purchased/ordered would be handled faster.

In line with this statement, business users also explained that during 2020-2021 transactions using the COD system increased significantly, the logical consequence of which increased in sales volume and business income, of course this was also a blessing in itself for business users during the pandemic by choosing COD business strategy. The same thing was confirmed by one of the business actors engaged in fashion, which explained that turnover/sales during 2021 increased quite significantly, so that from COD transactions alone the profits obtained by his party could be used to build 2 new warehouses and buy 2 vehicles to expand the business and branches in the South Sulawesi region.

## 5 Conclusion

From the results of this study it is concluded that business transactions conducted online with cash on delivery (COD)-based E-commerce are very productive in increasing sales during the pandemic, this is because apart from reducing interaction with other people, transactions with the COD system are also considered to provide various conveniences and conveniences. customer satisfaction morning.

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