International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

Analysis of E-Commerce Usage in Increasing Micro, Small and Medium Enterprises in Makassar City (Case Study of Omorfoo Shop)

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Abstract

This study discusses the impact of e-commerce on the growth of micro, small, and medium enterprises (MSMEs), specifically in the cosmetics sector in Makassar, focusing on Omorfoo Shop. In the current digital era of Fintech 4.0, MSMEs have significant opportunities to grow through e-commerce, allowing them to expand their market reach globally, overcome geographical limitations, and increase sales. E-commerce also facilitates product diversification, strengthens branding, and enhances customer trust. This descriptive qualitative research uses primary and secondary data collected through observations and interviews with business owners. The results show that e-commerce has significantly contributed to increased revenue and competitiveness for MSMEs, while opening opportunities for expansion and strengthening the local economy.

Keywords: E-commerce, MSMEs, Business Growth.

INTRODUCTION

Business actors now have extraordinary potential to develop their companies in the digital era of Fintech 4.0. The potential for MSME growth can give birth to new discoveries that improve the national economy and people's welfare because they have experience in managing natural and human resources. With the help of skilled human resources, well-managed businesses can now compete in the global market in the context of globalization (Leonandri & Rosmadi, 2018). Before the advancement of modern

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technology, humans carried out economic transactions manually which took a long time. According to a report (Afiat, M. N., et al 2023), 14.4% of young adults and 19.3% of teenagers in Indonesia suffer from internet addiction. The business climate has changed significantly in recent years due to the rapid development of the internet and digital technology. Before the advancement of technology like today, people carried out economic activities manually, which required a lot of time in the transaction process (Ikhsan, M., & Hasan, M., 2020). One of the industries most affected by this shift is MSMEs. In many countries, MSMEs are the backbone of the economy and play a vital role in local economic growth and job creation. MSMEs are increasingly looking to e-commerce platforms as a way to market their goods and services as technology advances. Successful marketing techniques are essential for entrepreneurs who want to attract customers and build credibility (Afiat, M. N., & Rijal, S. 2023).

E-commerce is the online exchange of goods and services via computers and the internet. It makes it easier for buyers and sellers to communicate and enables the promotion of products worldwide. E-commerce has created new, cheaper access to international markets that were previously inaccessible or expensive for MSMEs. This has opened up new avenues for their growth and development. (Affan, M. W. 2022) asserts that this analysis helps clarify the role of e-commerce in increasing MSME sales as well as the possible challenges that may arise during the process. This analysis can also provide important insights for the government, stakeholders, and MSME players to maximize the benefits of online presence in the MSME sector. Thus, an in-depth examination of the impact of e-commerce on MSME sales will provide a more comprehensive understanding of how e-commerce drives MSME growth and its impact on the economy as a whole.

Today, e-commerce has the ability to help MSMEs grow by expanding their marketing reach to the global level. MSME entrepreneurs can utilize e-commerce as their primary means of promoting products or services. The impact is very significant on increasing sales. Global access offered by e-commerce is one of the major advantages for its use. In conventional markets, MSMEs are often limited by geographic location and competition at the local level. However, e-commerce now allows entrepreneurs to overcome these limitations, so that they can still compete even though they are in distant locations.

With the presence of e-commerce, consumer coverage becomes much wider compared to only relying on physical stores without social media support. This provides a great opportunity to increase the number of potential customers. Access to the global

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market allows MSMEs to expand their product range, adjust offerings according to the needs of consumers from various regions. A wider market reach also helps MSMEs strengthen their brands, making them better known and increasing consumer confidence in the products offered. For example, Omorfooshop makes maximum use of social media to expand its market. With increasing product sales, MSME players can feel a significant increase in income, driving business development in a better direction.

MSMEs can improve their marketing strategies and expand their product range by reaching a wider and more diverse market. By expanding their geographical reach, they can better understand consumer preferences in each region. One of the main advantages of e-commerce is its ability to open access to a wider market, which helps MSMEs optimize their sales and growth potential. It also provides an opportunity to change operational strategies while creating space for further expansion. Using social media as a marketing tool is a crucial step for today's business owners to attract more customers and increase revenue. Because social media allows users to easily access information via mobile devices, these platforms are increasingly popular among various age groups and demographics.

According to the We Are Social survey published in January 2016 on the techinasia.com website, as many as 88.1 million Indonesians use the internet, making Indonesia one of the countries with the highest social media activity. Of that number, around 79 million people are active social media users (Noviandari, 2015). Social media offers various advantages and challenges. The advantages include easy access for all groups, free features for most services (although paid marketing and advertising options are available), and the ability to connect with customers anytime and anywhere. However, there are also disadvantages, such as the lack of adequate supervision, which can trigger fraud or the emergence of negative comments from other users. Nevertheless, social media remains an important tool for improving communication with customers, supporting marketing strategies, and helping businesses save on promotional costs effectively.

RESEARCH METHODS

Research Location and Time

This type of research is a qualitative descriptive study that explains how e-commerce has increased the number of micro, small, and medium enterprises in Makassar City involved in the Omorfoo cosmetic store industry. This research was conducted in February 2025.

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Data Types and Sources

This study only presents qualitative facts because it uses qualitative data, which is a type of research that focuses on efforts to describe a problem and situation as it is. This study uses primary and secondary data sources, namely as follows:

1. Primary data is information obtained directly from the original source and requires further processing. This data is generated through findings from interviews with business owners.
2. Secondary data is data that is already available and complements the primary data. This data is usually presented in a certain period in the form of a report, such as information on the current condition of business income while running an online store.

Data collection technique

There are two steps carried out in the data collection process:

1. Observation is one of the methods used to record various phenomena that occur, in addition to measuring the attitudes of respondents through questionnaires and interviews. This method is applied in studies related to natural phenomena, work processes, and human behavior, with a relatively small sample size of respondents.
2. Interviews are a data collection method that involves direct interaction between researchers and respondents, where researchers ask questions directly and face to face to informants or data sources.

RESULTS AND DISCUSSION

Entrepreneurial traits are very important for economic actors to have. Many studies have shown that these entrepreneurial attributes have a major impact on the success of an organization, which supports this belief. Based on other studies, the success of MSMEs is greatly influenced by their entrepreneurial characteristics, and these attributes are directly related to the success of MSMEs (Ardiansyah, 2017). Along with the rapid development of the skincare and cosmetics industry, more and more MSME companies are offering various cosmetic products according to current trends. The level of entrepreneurship possessed by business owners can predict the development of their business, both up and down. This is supported by scientific studies from professionals, such as those conducted by (Abdulwahab 2015). "Omorfoo Store" is one of the MSME

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companies that we are currently researching. Based on interviews with Omorfoo business owners, the following table presents an overview of the findings obtained:

Table 1. Summary of Interview Results

Question	Answer
In your opinion, what benefits do you get after using an e-commerce platform? ***Coding A***	After using the e-commerce platform, the benefits that can be obtained are that consumer reach is wider because social media has a big influence in increasing the brand name of our store so that consumers outside the area can also reach it, then customers can easily access several platform applications that we have provided to make purchase transactions. ***Coding A1***
How does e-commerce influence sales growth? ***Coding B***	There are many, one example of which is increasing sales turnover, which makes MSMEs that previously had small access now have sales access throughout Indonesia. ***Coding B1***
In your opinion, are there any negative impacts that arise after using e-commerce? ***Coding C***	In my opinion, the negative impact is very small compared to the positive impacts provided. Some examples of negative impacts may arise from unexpected losses such as transaction cancellations and product returns to delivery of orders that do not match. ***Coding C1***

Source: Data Processing Results (2025)

MSME sales have been significantly impacted by e-commerce. Many factors can have an impact, and the analysis can be divided into several important aspects, namely:

1. Access to a Larger Market

Access to a wider market plays a crucial role in boosting the development of micro, small, and medium enterprises (MSMEs) in Makassar City, as seen in the case of Omorfooshop. Omorfooshop, which focuses on selling skincare and makeup products, utilizes e-commerce platforms and social media to expand its market reach. With its presence on online platforms such as Tokopedia, Shopee, and Instagram, Omorfooshop is able to reach customers not only in Makassar, but also in various other regions in Indonesia. This opens up opportunities for significant increases in sales volume and revenue, as their products can be accessed by more consumers.

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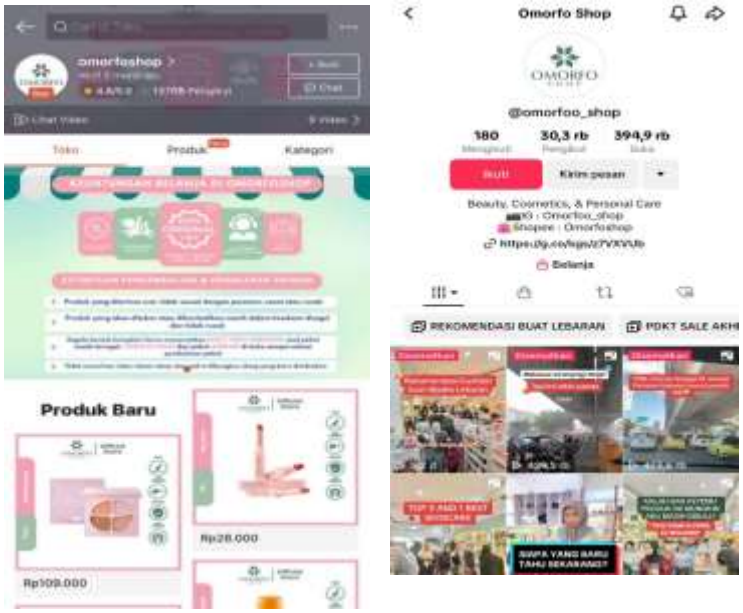


Figure 1. Marketing Through Shopee and Tiktoksho

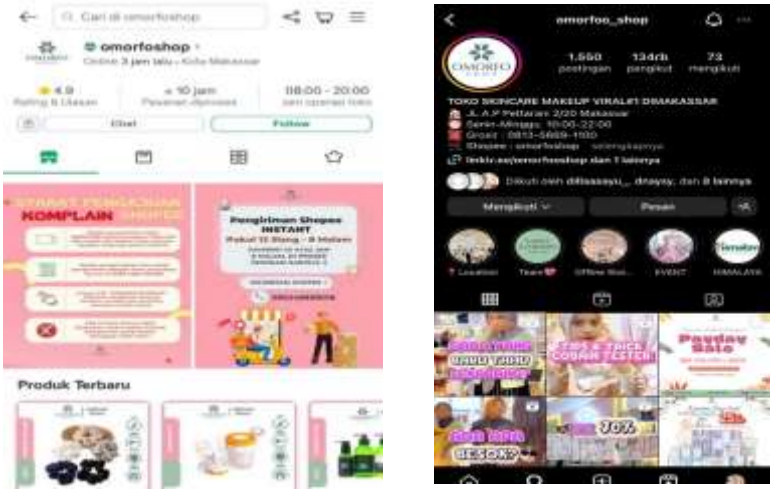


Figure 2. Marketing Through Tokopedia and Instagram

In addition to increasing sales, wider market access provides Omorfooshop with the opportunity to diversify its products and services. With information gained from a larger market, Omorfooshop can identify the latest trends in skincare and

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makeup and understand the various needs of consumers. This allows them to introduce new products that suit market demand and maintain their brand relevance. Product diversification also helps reduce business risks by not relying on just one type of product. Brand awareness also increases thanks to wider market access. Omorfooshop utilizes effective digital marketing strategies, such as social media campaigns and collaborations with local influencers, to expand their brand exposure. Increasing brand awareness among consumers helps build trust and loyalty, which is very important in a competitive market. Consumers who are more familiar with the Omorfooshop brand are more likely to make repeat purchases and recommend the products to others.

Collaboration and partnerships become easier with wider market access. Omorfooshop can collaborate with various parties for product innovation, logistics companies to improve delivery efficiency, and large e-commerce platforms to strengthen their brand visibility. Such partnerships not only provide added value, but also help Omorfooshop improve operational efficiency and expand business networks. This collaboration can benefit both parties and strengthen Omorfooshop's position in the market. Support from the local government also plays an important role in expanding market access for MSMEs like Omorfooshop. Training programs, facilities, and policies that support market access can provide a significant boost. The Makassar City Government can provide an exhibition platform, improve infrastructure, and provide incentives to encourage MSME growth. In addition, the use of digital technology, such as inventory management systems and data analytics, can help Omorfooshop identify market opportunities and optimize their operations. Although challenges such as intense competition and higher quality demands must be faced, strategies to improve product quality and customer service can be a solution to overcome these problems and ensure business sustainability and growth.

2. Reduction of Operational Costs

Reducing operational costs is a key factor in improving the performance of micro, small, and medium enterprises (MSMEs) in Makassar City, as seen in the Omorfooshop case study. By focusing on reducing operational costs, Omorfooshop has succeeded in increasing the efficiency and profitability of its business. One of the main methods used is the use of digital technology. A computerized inventory management system allows them to monitor stock in real-time, thereby reducing excessive storage costs and avoiding stock shortages that can disrupt sales. In

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addition, Omorfooshop also optimizes the use of e-commerce platforms to reduce operational costs associated with renting physical stores and labor. By shifting most of their sales operations to online platforms such as Tokopedia, Shopee, and Instagram, they can save on rent and utility costs. This also allows them to operate with a smaller, more efficient team, which focuses on digital content management, online marketing, and customer service. Marketing costs can also be reduced through the use of more affordable and effective digital marketing strategies, such as social media marketing and influencer campaigns.

Logistics efficiency plays a vital role in reducing operational costs at Omorfooshop. By building strategic partnerships with local and national logistics companies, Omorfooshop can benefit from more competitive shipping rates and faster and more reliable delivery services. Optimizing shipping routes and using tracking technology also contribute to reducing logistics costs and ensuring products reach customers more efficiently. This collaboration not only reduces costs but also increases customer satisfaction through faster and more reliable delivery. Efficient financial management is also a top priority for Omorfooshop in its efforts to reduce operational costs. By implementing an integrated accounting system, they can monitor cash flow, income, and expenses more effectively. This allows Omorfooshop to identify areas where savings are needed and take appropriate steps to reduce unnecessary costs. Good financial management also plays a role in long-term financial planning, ensuring that the business remains liquid and can invest in strategic growth opportunities.

Lastly, investment in employee training and development also plays a significant role in reducing operational costs in the long run. By improving employee skills and productivity, Omorfooshop can reduce operational errors and improve work efficiency. Proper training also facilitates the adoption of new technologies and more efficient work processes, which ultimately contribute to lower operational costs. By focusing on reducing operational costs through these strategies, Omorfooshop can increase its profitability and business sustainability, while also setting a good example for other MSMEs in Makassar City.

3. Marketing Skills

Effective marketing capabilities play a key role in the development of micro, small, and medium enterprises (MSMEs) in Makassar City, as seen in the Omorfooshop case study. Omorfooshop leverages digital marketing strategies to

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reach a wider audience and strengthen brand awareness. By utilizing social media such as Instagram and Facebook, Omorfooshop can promote products visually and interactively, attracting the attention of potential customers through relevant and engaging content. Paid advertising campaigns on these platforms allow Omorfooshop to target a more specific audience, ensuring that their promotions reach the people who are most likely to be interested in their products. In addition, Omorfooshop also uses influencer marketing to expand its reach and strengthen brand credibility. By working with local influencers who have significant and relevant followers, Omorfooshop can leverage their networks to increase visibility and attract new customers. Positive testimonials and reviews from influencers also play a significant role in building trust and influencing consumer purchasing decisions. This strategy not only increases sales but also strengthens the brand's image in the local and regional markets.

Effective marketing capabilities also involve leveraging data and analytics to optimize marketing strategies. Omorfooshop leverages analytics tools to monitor the performance of their marketing campaigns, identify trends, and understand consumer behavior. By leveraging this data, Omorfooshop can make smarter decisions and adjust their marketing strategies to increase effectiveness. For example, data analysis can reveal the most in-demand products or the most effective marketing channels, allowing Omorfooshop to focus on areas that are delivering the best results. With this data-driven approach to marketing, Omorfooshop can continually adapt to market changes and maintain a competitive edge.

CONCLUSION

The implementation of e-commerce by Omorfoo Shop has had a significant impact on increasing micro, small and medium enterprises (MSMEs) in Makassar City. Through the e-commerce platform, Omorfoo Shop has been able to significantly expand its market reach, not only in Makassar but also to various regions in Indonesia. The ease of accessibility and convenience of online shopping has attracted more customers, increased sales volume, and opened up new market opportunities. Overall, e-commerce has a very positive influence in improving the performance and competitiveness of MSMEs such as Omorfoo Shop in Makassar City. This success shows the great potential of e-commerce in driving local economic growth and empowering MSMEs to develop further.

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