THE IMPLICATION OF E-COMMERCE DIVERSIFICATION TO THIRD PARTY LOGISTICS IN INDONESIA
(A Case Study of RPX and PT Pos Indonesia)

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The Panel of Examiners declare that the skripsi entitled “THE IMPLICATION OF E-COMMERCE DIVERSIFICATION TO THIRD PARTY LOGISTICS IN INDONESIA (A Case Study of RPX and PT Pos Indonesia)” that was submitted by Yenny Pricilia Chandra majoring in Management from the Faculty of Business was assessed and approved to have passed the Oral Examinations on 28th March 2018.

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ABSTRACT

Being a trend in Indonesia, e-commerce industry hasn’t just brought a significant impact to Indonesia online shopping to consumer but also to Third Party Logistics (3PL) players in Indonesia. As we known one of the key points of e-commerce is delivery service, which is predicted to be a profitable market for those 3PL players. But, e-commerce has started to diversify into logistics area by building its own for provide best e-commerce related service to stays competitive. Therefore this study wants to find out whether the role of e-commerce with its own logistics has changed into threat to 3PL companies or not in Indonesia. To disclose the impact of diversification, this study use qualitative method with data collection from in-depth interview with representative of related companies, the companies use in this research are RPX and PT Pos Indonesia. As the result, the position of e-commerce toward 3PL players can be both profitable and threat in case of B2C e-commerce that has its own logistics. Where the e-commerce gives a threat to 3PL sales portion by depend mainly on its own logistics, while 3PL is outsourced for shipping to difficult area as solution to face Indonesia archipelago geography challenge. In other hand, with the rises of e-commerce companies and orders, also archipelago challenge, e-commerce logistics market will still be a profitable business for both logistics and non-logistics companies.

Keywords: Third Party Logistics (3PL), E-commerce Diversification, Profitable Partner, Threat
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Cikarang, 20th March 2018

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CHAPTER I

INTRODUCTION

1.1 Background of Study

As the business of e-commerce industry rises in a positive way globally which profit intended as much as $1.5 trillion for 2014 and predicted to be $2.3 trillion for 2017, this positive growth also bring fortune for its supporting industries’ business (Sahiner, 2015). For instance, one of the industries which shown rises of its profit is logistics due to the transformation of offline into online merchant, at where the industry represented by third party logistics companies for being the key partner for its shipping activity (Khurana, 2016). Based on research conducted by Armstrong & Associates, Inc., the 3PL industry has been collected profit as much as $750.7 billion on 2014 globally which will be increasing year by year (Armstrong & Associates, Inc., 2015), in which the use of 3PL (third party logistics) as a vendor for e-commerce players is purposed to reduce its expenses on picking up and dropping off goods form seller to customer who doing transactions on an e-commerce platform due to no capital and annual costs required for logistics activity, also 3PL can share responsiveness with e-commerce company, such as time and information toward the shipping process (Hass, 2017). But actually, 3PL not just escorting the goods from seller to his/her buyer, 3PL provides full service for managing the stream of e-commerce supply chain (Khurana, 2016), the other service outsourcing company does to e-commerce is warehousing as a place to depositing goods temporarily (Sahiner, 2015).

Due to the platform of doing transaction through the internet where buyer and seller are connected through website or application, the value of Logistics Gross Domestic Product (GDP) in Indonesia shows positive growth on the latest 5 years based on data collected by Tirto, online media that provides the latest both national and international news along with analysis based on fact and data collected, from the Central Bureau of Statistic and the Central Bank of Indonesia.
(logistics service in terms of warehousing, transportation mode, postal and courier) with the promising number of $ 6.77 billion on 2015 (Bhaskara, 2016). By the support of e-commerce company, logistics industry in Indonesia can feel relief on its business future, especially for the business of 3PL company where the request toward its service increases as e-commerce’s users rises. Although on the beginning, logistics just focused on shipping goods from one place to another place, but nowadays the users are also interested to access the information of shipping time, choose the efficient mode of transportation, and costs of shipping. Also, there are two changes which realized by logistics industry, especially for 3PL players due to the rises of e-commerce transactions, which are shape of distribution and increases toward the use of air transportation to deliver the products (Bhaskara, 2016). By those explanations before, 3PL players have positive growth in terms of number and income due to the business platform, which is why they put on e-commerce as their savior in their point of view.

As 3PL is positioned e-commerce in a good position, e-commerce also has dependence toward 3PL companies in terms of the geography sector, especially in Indonesia which composed with many islands. As stated also by aCommerce, a 3PL which at once a consultant company for powering e-commerce companies, those 3PL players in Indonesia already provides handy shipping process in terms of knowledge area, transportation mode, competitive costs, delivery time, and the mode of collecting fund for the startup e-retailers (Freischlad, 2015).

Even though e-commerce also has dependence toward 3PL, but when they are in condition where they can build their own logistics business with enough capital/assets and geography knowledge, they can turn into a strong competitor to 3PL. There are several reasons for an electronic basis company to choose on providing full service from transaction placement into distribution. One of the reasons is e-commerce companies aren’t bound by logistics’ rules and to overcome customers’ expectation on delivery time, thus most of them start to manage their own logistics internally (Hafiz, 2015). The other strong reason form e-commerce company due to mostly buyers in Indonesia prefer to use the payment method of COD (Cash on Delivery) because they will spend money once the
product has been reached their place safely, as for this method of payment being too dangerous for e-commerce seller to put faith on 3PL players if the product worth a lot of money, at where even the 3PL itself cannot put on faith over their own agents (Freischlad, 2015).

For instance on how e-commerce company can be a strong competitor to third party logistics companies, we can take the cases from Amazon & Alibaba which recognized as the strong competitor based on a survey conducted by Dr. Robert C. Lieb, a professor of Northeastern University in Supply Chain Management major on 2015 through interviewing some CEO of 3PL from Europe, North America and Asia Pacific (Gooley, 2015). On the case of Amazon, in the China they have their own logistics named Beijing Joy Delivery Service co. Ltd which one of the purposes is to increase its competitiveness advantage by collecting recommendation from its consumers (Li & Fan, 2014). For Alibaba, they have focus on investing & using the service from Cainiao Smart Logistics Network to serve their customers largely, in which purposed to expand their logistics network into every side around the world, especially in China (Reuters, 2017).

While e-commerce can develop how to serve their best services and products toward their customers by expanding its business into logistics industry, 3PL players keep on depending for that kind of company as the main source of their profit even there are some players start to invest in a huge deal to provide the best services for e-commerce company. For instance, one of the biggest 3PL, PT Tiki Jalur Nugraha Ekakurir (JNE), Eri Palgunadi a.k.a. Vice President Marketing of JNE stated that when e-commerce started to enter an Indonesia market in 2010, the number of transaction held by JNE has been increases 30-40% every year till last year, in which most of the transaction held by JNE around 60-70% sourced from e-commerce companies. Also in order to continue developing for being number one 3PL toward e-commerce company, JNE has been expanded their business to supporting their operational activities as much as IDR 455 billion just for IT, infrastructure and network improvement (Bhaskara, 2016).
As listed on figure 1.1, based on ecommerceIQ there are nineteen third party logistics players in Indonesia that can be outsourced by e-commerce companies. Where, those 3PL players see e-commerce companies as their future savior due to the frequent use of their service for managing the end flow of e-commerce supply chain. But at the same time without them knowing, the electronic basis company could become their strong competitor because of the diversification into their industry can snatch most of 3PL function and profit from e-commerce supply chain activities based on an explanation of Khanna, senior partner and managing director of Boston Consulting Group (Puri, 2016). Thus, this study wants to discuss further about the case of a 3PL player’s responses toward the diversification of e-commerce into the logistics area, in which the case is expected to change the position of e-commerce companies form a savior into disaster for the business of 3PL players, specifically in the Indonesia market. To answer the curiosity on this study as stated before, the researcher will conduct a research based on a case from one of representatives of the B2C e-commerce group as the most known type of e-commerce based on the explanation of Selfstartr, a consultant company which focusing on an e-commerce business (DeMatas, 2017). Lazada is chosen as the representative of an e-commerce company in this study.
with a consideration that Lazada is the number one for the most visited platforms of the B2C e-commerce platform in Indonesia based on research that conducted by ecommerceIQ in the year of 2017 (Kinasih, 2017), also by coincident Lazada also has its own logistics business which has been build since March 2012 named Lazada Express (Priambada, 2015).

Figure 1.2: Indonesia B2C E-commerce Rank Based on The Number of Visitors

Source: ecommerceIQ (2017)

As the main actor of this study due to the need of the third party logistics point of view toward an e-commerce company which expanded into its business area, this study will conduct interviews with two 3PL players out of the top 4 rank of popular 3PL which being used as the courier for the popular B2C e-commerce in Indonesia. In which, based on the data collected by the researcher from official sites of those e-commerce companies, the rank from most to least used 3PL is JNE express, and followed by PT Pos Indonesia, First Logistics, RPX, TIKI and J&T Express. As consideration for choose the respondents from the 3PL companies in table 1.1, which also the partner for delivery the products of Lazada; representative from PT Pos Indonesia and RPX as the second and third rank out of top 4 3PL are expected to carry forward about its point of view about the e-commerce business diversification this study objectives on following part.
## Table 1.1: Top 4 of 3PL Players Rank in Indonesia based on Their Cooperation with Top 11 B2C E-commerce

<table>
<thead>
<tr>
<th>B2C E-commerce in Indonesia</th>
<th>JNE EXPRESS</th>
<th>PT Pos Indonesia</th>
<th>First Logistics</th>
<th>RPX</th>
<th>TIKI</th>
<th>J&amp;T EXPRESS</th>
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<td>Lazada</td>
<td>✗</td>
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<td>Blibli</td>
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<td>Matahari Mall</td>
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<td><strong>Total</strong></td>
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<td>4</td>
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<td>3</td>
</tr>
</tbody>
</table>

*Source: Constructed by Researcher from Top 11 B2C E-commerce Official Websites (2017)*

### 1.2 Statements of Problem

Based on the explanation on the background section before, the researcher has decided to discuss further about the problem as listed below:

1. There is a problem arises for 3PL players due to diversification into a logistics industry which has been done by the e-commerce company.
2. 3PL players in Indonesia have been aware of the problem which arises due to e-commerce diversification into logistics.
3. As the parties who get affected by the threat, 3PL players already know what kind of change just/will happen; in which through this case, the players will not just silently sit and watch the market change.
4. The current service capability of Indonesia third party logistics in term of logistics service provided cannot match requirement toward the growth of e-commerce industry.
1.3 Research Questions
Based on the Problem Statement section before, the researcher has decided to discuss further about the questions as listed below:

1. Why there is any implication toward 3PL players in Indonesia from the diversification of e-commerce company into logistics industry?
2. Are 3PL players in Indonesia already aware of the implication of e-commerce company diversification into logistics industry?
3. How the strategy is be prepared by 3PL players in Indonesia to overcome e-commerce company business diversification into logistics industry?
4. Is the current service capability of third party in Indonesia cannot meet the need of e-commerce development?

1.4 Research Objectives
The purposes of this study are:

1. To know about the implication toward 3PL player in Indonesia from the diversification of e-commerce company into logistics industry.
2. To know the awareness from 3PL players toward the implication of e-commerce company diversification into logistics industry.
3. To know the strategy prepared from the 3PL providers in Indonesia to overcome e-commerce company business diversification into logistics industry.
4. To know the current service capability of 3PL in Indonesia to meet the need of e-commerce development.
1.5 The Significance of Study

This study would give interesting knowledge to:

1.5.1 President University Students

Along with the rises of electronic device uses for daily life, which also can increase the GDP of logistics industry from the 3PL couriers to deliver the products, students can have better knowledge of what kind of response that some 3PL players will give in a condition of working with the parent of its competitor, in which the case of the parent would definitely use their logistics department mostly to handle its supply chain activity. Also, for an additional side story, who among 3PL providers and the logistics department of an e-commerce company will get the bigger piece of cake in Indonesia logistics market based on 3PL player representatives’ perspective.

1.5.2 Other Researcher

The future researcher can use knowledge on this study as references for the same category of future study in order to find other interesting main actors of the study purposed. In which, at the same time can be used as the supporting source on the study with his/her related topic.

1.5.3 3PL Providers in Indonesia

As the main actor of this study, the response of one of the biggest 3PL players in Indonesia could be a role model for other 3PL providers which can both exist and new player to overcome the worse case possibilities of e-commerce logistics business to become one of great players in the Indonesia market. And through this study, some 3PL payers can start to be aware and work harder to prevent the worse possibilities to be happening.

1.5.4 E-commerce Companies

For some companies that doing business mostly through the internet could use this study as consideration to take some decision on how to manage the supply chain flows effectively such as starting to build its own logistics department as done by Lazada before, or keep using one or more 3PL players, or even build a strong and close relationship with just one 3PL.
1.6 Limitation of Study

In order to have more accurate and close to the real result of analyzing the information and data that obtained, this study must set its limitation toward the material to be discussed. Thus as respond to have a steady and stable discussion area, the researcher has set the limitation toward this study as described in the next paragraph.

For limitation of this study, when e-commerce industry has increasing its popularity annually among Indonesia citizens based on Indonesia government prediction for the industry to has total USD 300 billion on 2020 which marked to be the third biggest market among Asia countries beside China and India (Fierdha, 2017). In the first place, this growth would also affect the growth of logistics industry in Indonesia, especially for 3PL which have a strong relationship on the industry as stated in the background before.

Also for another limitation of the objects used on this study, Indonesia has plenty of B2C e-commerce and 3PL companies. As stated above in the background that B2C e-commerce is the most known type of e-commerce by the public, thus as one of the electronic-based companies with its business-to-consumer as the business type along with its own logistics department, the case for this study uses Lazada for being the most popular B2C e-commerce type based on figure 1.2 and having its own subsidiary business which named Lazada Express to operate mostly its supply chain activities.

Then as respondents who will give their comment toward the case in this study are 3PL players in Indonesia that have been the partner of Lazada and being the most used by several B2C e-commerce companies, this study need the point of view from representative of PT Pos Indonesia and RPX as the second and third ranks of top 4 3PL that used mostly among popular B2C e-commerce.

In this study, the outsourcing companies that specialize in logistics aren’t valid for all 3PL companies in Indonesia. As far as there isn’t any official statement about the types of 3PL services, in which the 3PL players can have one or more services which must be related to logistics (Robinson, 2014). Thus, another limitation for
this study as 3PL players are specifically for outsourcing companies which have a department that specializes to serve B2C e-commerce shipment as stated on the official sites of the electronic companies.

1.7 Thesis Organization
1.7.1 Chapter I: Introduction
1.7.1.1 Background
This section is explaining briefly why the researcher decides to raise the topic of cooperation between 3PL providers with its rival’s parent company, which at the same time has an important role on 3PL industry revenue growth in general which also is being a case in the Indonesia market. Also, there is an illustration of the case indicates the relationship between industries of e-commerce and 3PL globally. In the end, this section will state what kind of objects to be used for investigation purpose.
1.7.1.2 Statements of Problem
Stating the problems that needed to be answered on this study.
1.7.1.3 Research Questions
States about what kind of questions will be asked to the objects of this study in order to collecting material which will be processed into conclude the outcome needed to answer the problems from the previous section.
1.7.1.4 Research Objectives
States about the results needed in order to fulfill the target of why this study conducted.
1.7.1.5 The Significance of Study
This section describes about the parties who get advantage from the implementation of this study in the form of knowledge.
1.7.1.6 Limitation of Study
This section explains what kind of specific areas covered for conducting this study, such as the market location and players used as research objects.
1.7.1.7 Thesis Organization
This section describes briefly the preview of each part in this study.
1.7.2 Chapter II: Literature Review

1.7.2.1 Review of Literature On Cases Discussed
On this part, the researcher explains the literatures used as references and supporting materials in generate the study final result. While at the same time this part also gives more explicit explanation of background used to processing the data collected by the researcher in analyzing data part. The literatures used on this study disclose the previous studies which conducted with the same interest area used on this study.

1.7.2.2 Research Gap
This section describes the area which discussed on this study that isn’t covered yet on previous study which disclosed beforehand. In which at this section, the researcher has something new and special that can be shared to the public who attracted to the study topic.

1.7.3 Chapter III: Methodology

1.7.3.1 Research Framework
This section that shows the picture of the overall research structure toward the relationship among variables involved in this study.

1.7.3.2 Definition of Terms
Consist of the description of some definition of terms used on this study which considered as uncommon words, also terms that written with its shortened form.

1.7.3.3 Research Design
The part that explains about the types of analysis used to processing data which collected for the purpose on gaining outcomes needed to answer the problems.

1.7.3.4 Sampling Plan
This part describes further about the respondents who will give their opinion about the case on this study.

1.7.4 Chapter IV: Data Analysis
The part of where the researcher processing data collected in order to generate result to answer problems of this study. The result of this qualitative study created in the form of report on how to answer each problem which being issue on the study, in which also relating the data collected with previous studies.
1.7.5 Chapter V: Conclusions and Recommendations

The last part of the study which explains about the result of chapter 4 in accordance with the assumption of the researcher to answer problems of this study as stated on chapter 1.

Also, this part gives some recommendations for the future researcher who will conduct a study with the same topic in order to have better result and quality.
CHAPTER II

LITERATURE REVIEW

2.1 Review of Literature On Cases Discussed

2.1.1 E-commerce

As predicted to become one of the biggest industry based on the research of Google and Temasek, a Singaporean investment company, Indonesian e-commerce in the future will play an important role which covering about 52% from the overall e-commerce market in Southeast Asia with the value of $46 million in the year of 2025 (Bhaskara, 2016).

As familiarize in the 1960s, this industry becomes the hot topic for people’s talks, along with plentiful of clarification about this topic (Feng, 2016). E-commerce is performing the commercial transaction between companies and individuals digitally by using Internet, Web (World Wide Web) and mobile applications (Laudon & Traver, 2014). So far there are four kinds of e-commerce company which summarized by Business News Daily, a news sites from New York, the four are B2B, B2C, C2B and C2C (Feng, 2016).

   The condition when a company doing transaction with the other company, such as when a producer of cement sells its product to the distributors or retailers.

b. B2C (Business-to-Consumer)
   The condition where an electronic company marketing its product to the consumer’s personal purpose through internet, in which the seller is a company which interacting via electronic device with the buyer as a final consumer. The common kind of the company publically is this kind of e-commerce which also discussed at the previous chapter as the actor of this study.

c. C2B (Consumer-to-Business)
   The reverse of B2C, which is the final consumer act as a seller and the buyer usually a company.
d. C2C (Consumer-to-Consumer)
This kind of e-commerce can be assumed as the provider of the online platform where the transaction done by the final consumer as the seller and buyer, the provider of the online site with a duty as a third party who uniting seller and buyer.

2.1.2 Third Party Logistics
Since being famous as the service provider among overall outsourcing in 1996 when stated as the most used, third party logistics continuously expand its market year by year as well as their importance to support the customers’ business expansion around the world, in which the famous purposes of using 3PL due to the various and blending of activities, also help to solving the customers’ logistics or supply chain issues (Langley Jr., 2016).

A. Meaning of Logistics and Supply Chain
Logistics known as the activities of managing the flow of goods, information, people and energy from origin into consumption places with the purpose of fulfill consumers’ need; in which the activities can be in form packaging, transportation, inventory, warehousing, material handling, security and information (Stukalina, 2014).

Secondly, Supply chain can refer to the set of products and services flow from raw materials purchasing until serve it to the final consumer which bounded by transportation and storage activities, also integration activities, information and planning; in detail the flow involve several activities as follow (Nagurney, 2013):

1. Flow of raw materials from suppliers
2. Component and intermediate which handled by manufacturers/producers flow
3. Flow of final product which handled by manufacturers/assemblers
4. Final product distributed to wholesalers and distributors
5. Final product distributed to retailers
6. Final product consumed by the customer
B. Third Party Logistics

As the main actor of this study, although 3PL hasn’t given any official meaning which agreed upon by the expertise, third party logistics can be mentioned as a company with plenty of services that related to the logistics area which includes public warehousing, transportation & distribution management, also freight consolidation for those who want to outsource their logistics or supply chain activities (Feng, 2016).

As stated by Robinson (2014) as CEO of Cerasis, one of the best 3PL companies in North America, by the freedom on this aspect due to there isn’t any official statement about third party logistics, the questioner can gives various feedback toward this topic due to plenty of services offered by the players. Thus in simple, there are two common kinds of 3PL to be discussed, as additional a 3PL can be one of the two or even both of them (Feng, 2016).

a. Transportation Based Service, where the company generally presenting transportation as the main logistics service.

b. Warehouse/Distribution Based Service, where the company provides expertise for handling warehouse/distribution.

In the year of 2017, support from the expertise of logistics to 3PL has been attracting more people for use its services with the most used services that related to transactional aspect, operational and repetitive activities, while people put less the attention to strategic, IT based and customer-encounter activities. But some players of 3PL are increasingly provided an additional IT based service which counted as their competitive advantage, and then causes the users of 3PL are constantly depending on this additional service (Langley Jr., 2017).

3PL providers and their partner increasingly put an eye to some aspects their cooperation to being greater, aspects are openness, transparency and effective communication. At the same time, 86% of the 3PL respondents around the world answer in line that to get better logistics cost and service development, they must ready to be a partner with other organizations, although their partner can be their competitors (Langley Jr., 2017).
For the service of 3PL industry itself, based on the following figure about the factors that influence customers to choosing logistics provider is mostly because of the low cost charged from using 3PL services with the percentage of 77%, and following on the second concern to be the promised time for their goods to arrive on the targeted place with the value of 75%, then in the third place is about good responsiveness of 3PL customer service (Khurana, 2016).

![Figure 2.1: 3PL Service Providers: Factors That Are Most Important To Shipper](source)

Based on the 22 annual surveys in 2014 which done by a professor in supply chain management major at Northeastern University named Dr. Robert C. Lieb and supported by Penske Logistics, commonly the 3PL players from Europe, America & Asia are buying other company from other countries. The first reason behind this action is because the players want to expand their market and serve
global supply chain activities, other reasons are to expand the variety of their service, reduce their capital usage, and increase the possibility to serve customers with end-to-end logistics service, also to enter certain markets. Those reasons are supported by the increase of market demand as stated by Joseph Carlier as a senior vice president of Penske Logistics in the global area, in which he shares that there is an increase toward the number of customers who demanding ‘one-stop’ service; where in that service, the customers want a complete set of service for their supply chain activities, the service must starts from planning a pattern and execution of shipping along with the logistics for returning their goods. This case raises an issue about the strategy they planned to fulfill customers’ expectation through their logistics services list (Gooley, 2015).

C. 3PL in Indonesia

In Indonesia itself, 3PL players have a wide chance for expanding their business as respond to the citizens’ modification of the lifestyle and rises of income per capita. But in the term of cost, most of the expenditure from logistics industry held by transportation expense which then complied by freight forwarding and warehousing, in which to reduce the use of this cost, so that any company mustn’t go far away from using the service which provided by a third party logistics player (Sangka, 2017).

Since it’s business continually growth in the 1960s as known as a contract or outsource logistics company in Indonesia, the players in the industry keep up a good work in managing the supply chain matter by connecting one island to another island around Indonesia with the purpose to solve the supply chain issue of several companies. By the increase demand of the service, there is also increase in the number of players that led to strong competition which attended by both local and foreign players for being the best 3PL provider in Indonesia, as reported by ALI (Indonesian Logistics Association) that Indonesia has more than 5000 players in Logistics industry by 2012, in which the 3PL could have various distinction which led by their service provided, expertise, company size and scope of that number according to (Lynch, 2012).
In recent years, the industry in Indonesia shows how fast it can bring huge opportunity for the players involved, this development must be the reason for the increasing number of players along with investors. Even with the fierce competition, this industry keeps to attracting in the term of how much profit that will the players get in the wide logistics market of Indonesia with low barriers to enter. Also, the rise of the number for companies in Indonesia that need 3PL’s services for handling their logistics activities becomes another reason for the attractiveness, with consider that the companies can hand over some responsibility of logistics to increase their efficiency and productivity through put more attention to their main business. But, in order to developing logistics industry, especially in the 3PL area, Indonesia still needs to improve the number of expertise in this area by provide training to educate new or old people who interested to work in operation area, this can be realized by developing the current policies of logistics industry for overcome the professional talent shortage (Sangka, 2017).

2.1.3 Relation of E-commerce and 3PL

2.1.3.1 The Influence of E-commerce to 3PL

By the rapid expansion of e-commerce business which impacted to the huge increase on the level of customers’ expectation, in which the expectation is intended to be product variation, quality and availability when they buy something in both offline and online stores; in addition, they must prefer for fresh and available stores due to the current unpredictable situation (Langley Jr., 2017). As this rapid growth of e-commerce that influence to the positive growth of logistics industry due to mostly e-commerce companies using the logistics service from 3PL for distribute their products straight to customers’ house, which in line with the requirement of the model of online shopping. In which with the situation caused by e-commerce growth gives impact to the increase of the number of 3PL players, because of the increase in outsourcing logistics service demand where the e-commerce companies mostly prefer to outsource to the expertise one who understand well about the delivery matter; at this stage, the company can put more attention to their main business run well. For another result, the expectation of
customers also increases in accordance as the demand increase in the term of service to be more quick, punctual, accurate, and lower shipping cost (Feng, 2016).

By the pressure given, the users and providers of 3PL are seeking for more short time on delivery their goods. When logistics industry is being impacted in a positive way due to the development in e-commerce, otherwise the sellers must manage creatively their supply chain activities to a succession of their several networks along with the utilizing public infrastructure, assets and relationship. Beside time aspect, another way to respond the great increase toward the needs of e-commerce, 3PL players keep an eye toward their network optimization and being more depending on the importance from information and analytics, along with finding an opportunity for mergers and acquisitions in order to increase the need of capabilities or geography issues (Langley Jr., 2017).

In general based on the 22 annual surveys in 2014 which done by a professor in supply chain management major at Northeastern University named Dr. Robert C. Lieb and supported by Penske Logistics, the study focusing on they respond from the 3PL chief executive officer on several areas, in which resulted that for e-commerce impact to 3PL’s profit at Asia Pacific area is counted as much as 10% from the profit base, but that number will grow higher year by year which predicted to be about 24% in 2018. 3PL representatives from three areas (Europe, North America and Asia Pacific) are agreed that they are focusing on the improve of their competence as the logistics provider of e-commerce companies, the improvement counted in the form of work up more on information-technology aspect that they have. The other thing that they work up more is in an infrastructure factor in several areas with build more distribution centers which operate automatically using less human power with more rely on technology. In Asia Pacific area itself, the players are giving more attention to build an integrating warehouse facility in both domestic and international areas in order to offer faster, add more packages based, and higher-volume based shipments (Armstrong & Associates, Inc., 2015).
Other information about the impact of e-commerce to 3PL, in Indonesia has one of the best outsourcing companies in logistics industry JNE, Jalur Nugraha Ekakurir, which currently stated that its revenue from serving e-commerce partners as much as 60% from overall its revenue with unpredicted conditions offered by e-commerce. As stated by the managing director of JNE that the business of e-commerce will obtain a huge development through the increase need from middle level customers by time to time who searching for the best product in the online shop according to (Gopal, 2012). Thus, as described before, there are several reasons why the appearance of an electronic based company being one of the greater factors toward the third party logistics development.

With the rapid growth in both e-commerce and 3PL industries, strong competition rises for being successful in the same area which is to serve online shopping customers. And in order to survive in this competition, both of them must work together harder to fulfill needs and expectations of their customers, which also increase rapidly as stated before, in which both of them should also put an attention to the cost charged on an alternative as a result founded from a research of the Acquit group that 85% of customers prefer to using or buying something they need for cheaper cost according to (Hothem, 2014).

Competitors of logistics company isn’t among the companies, but expanded into competition among a supply chain system which composed of supplier, manufacturer, distributor, retailer and customer; those participants must have good team work to survive in the competition by utilize information technology stuff to sharing important information under a team, but the issue is distrust among participants under the same time on leakage of secret information (Feng, 2016).

The use of technology such as the internet which already impacted hardly on logistics matter; for instance, the usage of an e-commerce platform which allows people to shopping easily without wasting energy for searching their needs which can be done through online shopping sites where using 3PL for delivery their goods into customers’ place, but beside that there is also several issues from
transfer information by technologies such as sensors through remote, barcode, scans on two-dimension, production in the form of just-in-time, and radio frequency tags which have been giving more and more tension on the logistics industry for matching the ability toward that technology development (Commonwealth of Australia, 2014).

When in logistics industry growth, 3PL contributes a huge portion as a result from e-commerce growth, but it cannot be helped if the 3PL cannot improve its services to meet e-commerce requirement. As instances, in case of Xunjie (a small enterprise, which focusing on warehouse service) development as the representative for the 3PL player in China, 3PL has plenty of challenges under e-commerce; while combining also with plenty of data result a prediction which is in the future of China that the 3PL market will rely deeply on the e-commerce industry; in which indicate that the logistics companies, especially 3PL must diligently develop its management and technical systems to catch up with e-commerce growth in order to developing logistics industry (Feng, 2016).

According to a professor in supply chain management major at Northeastern University named Dr. Robert C. Lieb with the support from Penske Logistics through 22 annual surveys in 2014, there is also a negative impact behind e-commerce growth. Based on the survey toward the chief executive officer of 3PL companies in several areas (Europe, North America and Asia Pacific), the most important and common issues for 3PL industry is when e-commerce logistics market attractiveness cause increase in the number of competitors from e-commerce and other companies (Armstrong & Associates, Inc., 2015).

For instance, there are 3 companies that are considered as competitors for 3PL, they are Amazon and Alibaba form e-commerce industry with Uber from transportation industry. In the case of Uber, this transportation based company can offer last-mile service for snatch ‘on-time’ delivery need of e-commerce based on the statement of several CEOs from Europe and North America.

Set aside the case of Uber, e-commerce companies such as Amazon and Alibaba bring heat to the competitive situation of 3PL in their own territory area. In North
America, Amazon was focused on improving the number of the same day shipment, causing several e-commerce companies to follow the trace of Amazon to have a various distribution channels, and also starting to develop the business of small last mile companies. While in Europe, besides focusing on the same day shipment, Amazon also causes transportation expense lower than before, along with pushing 3PL to lowering the cost for cross border shipment, also build stronger collaboration with several outsourcing logistics players in Europe to handle the company last-mile shipping which can cause the difficulties for the current not-selected players to survive and new players to enter the market.

Being famous in Asia Pacific area, Alibaba is being one of e-commerce companies that gives difficulty to the 3PL players with its own distribution ways by allows to using the combination of small and medium size of 3PL players’ services, also the company starts to utilize their fame on reducing the cost of delivery for using 3PL services and get access to the government’s warehouses.

By those new sources of competition that give a threat to the business of 3PL players; in fact that, 3PL CEOs on this study still think positively that they can compete in the market and the logistics industry can growth well in the future. This positive mind completed by statements of CEOs from North America and Europe that they willingly to keep supporting the activities of e-commerce by provide more services, also work harder on their own business area. In a detail statement for CEOs from Asia Pacific to support that positive thought, they are planned to focus on serving emerging markets in this region, increase attention to chance in serving health care industry, and provide a wider range of services to their customers as well for planning the supply chain design (Armstrong & Associates, Inc., 2015).

In several discussions above have been discussed about e-commerce diversification into the 3PL area, but haven’t discuss about what is diversification. Diversification is the strategy for business development through utilizing the company’s capabilities and resources for establish its new products & services or market; in which, the strategy be trusted to improve efficiency for its competitive
advantages, and reduce its business risks by the help from its parent company capabilities. There are two types of diversification which are unrelated and related; the unrelated which known as conglomerate strategy is when an organization diversifies into a new business that has no relation and/or no direct connection with its main or current business with the main purpose of gain higher cash flows and revenues; while otherwise for related is when an organization diversifies into a new business that has a relation with its main or current business in order to expand its existing products & services or market (Dubey, 2014).

Take an example from Amazon in China that has mixed logistics system where the company uses both of its own logistics-based business and 3PL services; in which one of the reasons is because its own logistic named Beijing Joy Delivery Service co.Ltd can’t perform logistics service at the several areas of China, then Amazon has been using 3PL services to perform on an area or time that can’t be reached by its own logistics. Another result from analyzing Amazon in China, the relationship among e-commerce and logistics industries isn’t sufficiently solid, but both of the companies must develop their relationship in organization, operation and employees to perform better. Also, the company tries to perform its own logistics in order to make transportation path simpler through build its own distribution center in several areas that reachable by Joy Delivery; and the second reason is because Amazon thinks that by build its own logistics, they could increase their competitive advantage by focusing more on shipment performance which also can be used to collect several suggestions or critics from their customers as encouragement for perform better in the future. Thus, to develop its company, e-commerce such as Amazon prefers to have mixed logistics by relied its delivery mainly to its own and use 3PL as complemenary or second choice, in which the reason of using this type of logistics to add more competitive advantage by provide satisfying service to its customer (Li & Fan, 2014).

2.1.3.2 The Influence of 3PL to E-commerce
Besides using 3PL to have better service from the expert, the e-commerce companies are getting homework to do which they cannot put on all logistics responsibilities to the expert. They must build effective relationship with 3PL
players, while also have its own expertise or build relationship with other who has almost the same condition in order to reduce the possibility of cost increase. Mostly the companies that using outsourcing services from the third party have a plan to handle their logistics matter as low as possible, but on several cases the company must rely on the third party to handle its needs on one or more parts of their activities; for instance, a startup company with the low rate of capital must need to rely on third party logistics to save their fund from build their own warehouse (Alicke, Dubeauclard, & Schmeink, 2014).

As stated by Jeff Bezos as Amazon founder & CEO that the major issue of e-commerce business is related to logistics and customer service aspects, in spite that most of the electronic-based companies are spent most of their money on designing their website which led them to provide low products and services to their customers. Based on analyzing e-commerce that operates internationally such as AliExpress, a company under Alibaba Group form China, the stages of e-commerce logistics divided into 3 (Gong & Kan, 2013).

a. Cooperate with 3PL, where e-commerce must select 3PL player as a partner carefully that match with its strategy. For instance, AliExpress has United Parcel Service Inc. (UPS) as its only 3PL partner which handles its several logistics because it hasn’t enough time and resources for built its own logistics; in this stage, AliExpress was learnt about logistics from UPS; for the benefits on this stage, AliExpress can focus on its main business, and UPS has greater power of negotiation and hasn’t had competitors; while on disadvantage side, AliExpress not know better about its own logistics, while UPS not certain on when its business partner (AliExpress) can fully compensate delivery fee discounts loss.

b. Create channel collaboration, in this stage an e-commerce needs 5 things to do which are team work in information sharing, limitation on information sharing, metrics of inter-organizational, ways to spotting advantages, and methods for sharing partnership dominance. Then, continuing the story of AliExpress, after ended its partnership with UPS which indicates that AliExpress already passed stage 1, AliExpress start to build its own warehouse in a foreign country by
exploit its experience with UPS and cooperate with several 3PL players for supporting its logistic channel; in which at this stage, AliExpress was integrating its database with its logistic partners for gain real time information with limitation; in this stage also, the company can perform shipmen in lower cost and shorter time along with gain higher management and flexibility of its logistics, and its 3PL partners can gain better profit from increases in e-commerce business; but on the other hand, AliExpress encounter an obstacle due to the various requirement of foreign countries.

c. Strategy for e-commerce fulfillment, needed to overcome various problems due to the fulfillment and operating in 3 important areas of fulfillment which are the center, infrastructure and the reverse flow of logistics; but in this stage before plant huge fund on fulfill the requirement, e-commerce must consider to using 3PL services. Then, for instance on the 2nd stage, through better knowledge and experience about warehousing, AliExpress can build bigger warehouse in China as its origin country with purpose to increase its delivery performance and take care of several logistics consolidation which can grab some profit from its 3PL partners; also, in this stage AliExpress has successfully obtains lower cost and short time for its shipment (distribution activity) with greater power of negotiation on warehousing; but unfortunately, AliExpress must invests big portion of fund for developing its warehouse, and causes its 3PL partners to have lower revenue as its business taken by the company.

![Diagram](image.png)

Figure 2.2: Concept of E-commerce Logistics Service Development

*Source: Gong & Kan (2013)*
By passing the three stages of e-commerce logistics development, the e-commerce company can obtain several advantages as follows (Gong & Kan, 2013):

a. Increasing the company performance, and also cooperation with the third party logistics for a long term partnership.
b. For seller can save more on cost and time for shipping, along with a simpler process of logistics.
c. The increase in revenue and number of sale can be fairly shared to e-commerce side, the company and its sellers.

![Diagram of E-commerce Logistics Service Development Benefits]

*Figure 2.3: Concept of E-commerce Logistics Service Development Benefits*
*Source: Gong & Kan (2013)*

Based on data from Serava Solutions (2015), there are several reasons for outsourcing logistics activities by using 3PL providers, in which the most of the respondent decide to outsource in order to have better focus on company main business which selected by 55%, while for the second place with 54% is because the company wants to save its cost for logistics operation activity (Feng, 2016).
When talking about the impact of e-commerce to 3PL before, it is better discuss a little bit about the consideration factors of e-commerce to use 3PL’s services or not through SWOT analysis which being used as strategic management tool with the purpose to listing and compare the strong and weak aspects of company’s decision along with the opportunities and threats (Dubey, 2014).

I. Strength of 3PL As Its Service Advantages

1. Logistics activity centric

As it is difficult for looking to one business alone, there must be twice more difficulty to focus on two businesses such as online shopping and logistics at the same time, but both of those businesses must be equally important to survive in the strong competition market by satisfying online customers’ need based on Richard (2015). According to Serava solutions (2015), there is an outsourcing logistics term to help the company to handle another business which known as third party logistics, in which the company can perform better in both businesses through only focusing on its main business rather than being troubled with other business (Feng, 2016).

2. Innovative on information technology aspect

In modern era, there aren’t just e-commerce companies that operating using technology, but most of 3PL players also rely on the development of advanced
technology. For several activities, 3PL utilize the use of advanced technology for processing and share a huge number of information about time, accurate coordination, and also feedback about the service. Those kinds of convenience can be received from 3PL providers for examine the current market condition and price, know better about logistics flow, and fulfill flexibilities demand of logistics service. Also, other advantage through outsourcing logistics in term of IT aspect, the providers can serve better service due to the impact of effective and efficient performance using advanced technology, such as better vision on forecasting about the issues that will happen, broad services that offered, and performance of logistics become faster (Guo, 2015).

3. Cost saving and better financial planning
In term of saving cost, using the 3PL can be more economical rather than build its own logistics department, for example a company can save a half of transportation cost by outsource which the third party could consolidate several shipping on a truck that have same targeted place or region, then the company mustn’t paid full cost of transportation to deliver its goods to a certain place when they can pay partially with other company. Through using outsource, a company can also has better vision about how much cost they should spent on logistics activity, in which the expertise on 3PL can provide information of cost they have to charge toward its customers that they get through examine the market estimation (Alicke, Dubeuclard, & Schmeink, 2014).

For having a lower cost with more efficient and optimize logistics service, it is better for the company cooperates with the 3PL provider on its logistics activity, which based on Tennessee University that most of companies in average can save around 1.18% of logistics cost by relying on 3PL service, the company mustn’t create its own logistics department with various from expenses in the big amount based on Wenku1 (2016) and (Feng, 2016).

4. Operate under expertise
As an asset to 3PL, expertise in the logistics field can provide better support and recommendation for satisfy more customers through add change in value chain activities, such as sharing several resources needed and information about logistics (Guo, 2015).
5. Better efficiency
For having more attention in strong competition of an online shopping market, the company should focus on several aspects such as its reputation and brand, one way for the company to be noticed as good company through using professional services of logistics that directly deal with online customers; in which by using professional in its field such as 3PL, the company can perform more efficient in time and process aspects based on Wenku1 (2016) and (Feng, 2016).

6. Share logistics risk
Based on Derby Supply Chain Solutions (2016), a 3PL provider from United States of America, that a company must be responsible 100% of logistics risk when perform its own logistics activities, but the company can share risks with other partner through outsourcing such as for delivery time accuracy which promised to online shopping customers (Feng, 2016).

II. Weakness of 3PL services
1. Lack of enthusiasts
For enterprise who wants to enter the third party logistics industry, there is an issue for lacking of people who are interested in this field which causes difficulty to search for new talent (Guo, 2015). Reflecting to countries that have best logistics service such as USA, France and German; they have been a success on this field through the help from plenty of professional logistics providers which created from the countries great develop and mature in education aspect (Feng, 2016).

2. Difficult to develop its information technology
Besides doing shipping of package, the 3PL must integrate several processes such as managing information and inventory, along with handling packaging and transportation that are needed to prepare and execute better service of logistics; in which based on Wang (2016) that the most important thing to 3PL development is managing information (Feng, 2016).

For instance the case in China which could be occurred also in Indonesia is although the number of 3PL provider increasing, but most of them included in category of small enterprise with lack usage of advanced technology and low
efficiency on performance. In IT aspect, they still sleep on its importance on improving its technology, also haven’t enough employee and capital for development. Even worse, most of them are independent enterprise without any standard that can be trusted as shipper to secure delivery for e-commerce customers. In other hand, for developing information technology aspect of logistics interests, the company should several things that difficult to obtain such as a large amount of capital, IT and logistics expertise who interest in this field, and support of the country government (Guo, 2015).

3. Operation system
The operation system that 3PL has to deal with an e-commerce company isn’t enough to serve the online-based industry that being famous from year by year which might bring bad impact to the value chain operation of the online transaction itself such as delay on deliver the goods to its customers, in which this can cause another obstacle of the growth of e-commerce industry. Also for a special requirement on 3PL service, based on several 3PL players that they have no plan for provide logistics service that customized based on the customers’ requirement.

In fact, that operation system of 3PL cause Jingdong Mall, Vancl and several big size e-commerce companies on establish a logistics department that only serve the company, along to being responsible on make sure perfect logistics service being served to customers, also to avoid the deal of 3PL restrictions (Guo, 2015).

III. Opportunity Available For 3PL
The Impact of online shopping growth
Because of the great growth of e-commerce business which causes the number of online shopping provider also growth that brings stronger competition in this area. In which to survive in the competition, the e-commerce company needs better operation logistics system, professional and equipped a third party logistics partner (Guo, 2015).
IV. Threat That Countered by 3PL

1. Local and foreign competitors in logistics industry

Once again because of growth of e-commerce business there is increasing on the number of companies that want to enter the logistics area which not limited to local one but also foreigner logistics providers which counted as a big size company that can be strong competitors (Sangka, 2017).

2. Restriction on 3PL development

Causes by several factors such as mostly categorized as small enterprises, poor management and specialization level, the shortage of talent who interested in this field, and poor development on its information technology aspect; 3PL providers create its own difficulties on development in order to have a better future, and have a better operation system to satisfy the customers (Guo, 2015).

2.1.4 Previous Research

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<thead>
<tr>
<th></th>
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<th>Year</th>
<th>Title</th>
<th>Research Design</th>
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<tr>
<td>1.</td>
<td>Ya Ping Feng</td>
<td>2016</td>
<td>Third Party Logistics in E-Commerce Environment in China</td>
<td>Qualitative method</td>
<td>As the demand that rises due to the development of e-commerce at China market, it needs the help from 3PL providers on performing its logistics activities with the main reasons are to saving cost and perform integrated supply chain management, which connecting e-commerce with online shopping customers directly, also the company start to focus on develop its e-commerce business by outsourcing; but the big expectation come from e-commerce to face the strong competition such as a large covered area for distribution within the gloomy situation of delivery quantity, orientation and frequency; in which nowadays the capability of 3PL cannot adapted with a rapid improvement of e-commerce and become a</td>
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barrier for both industries’ growth when currently the competition require for integrated team work under the same supply chain system despite for another issue rises such as information leakage.

<table>
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<th>Yingli Li and Ruoxi Fan</th>
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<td>Year</td>
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<tr>
<td>Title</td>
<td>The coordination of E-commerce and Logistics: A case study of Amazon.com</td>
</tr>
<tr>
<td>Research Design</td>
<td>Qualitative method</td>
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<tr>
<td>Result</td>
<td>To survive in fierce competition, e-commerce company find that logistics’ growth must be important to them with fulfill the needs of their customers, for instance e-commerce such as Amazon in China prefers to have mixed logistics with rely its delivery mainly to its own and use 3PL as complementary or second choice, in which the reason of using this type of logistics to add more competitive advantage by provide satisfying service to its customer; in the other hand, this action of Amazon bring fear to several 3PL players in China when the company isn’t priorities their services.</td>
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<th>Khresna Bayu Sangka</th>
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<td>Title</td>
<td>A Competency Model for Operations Managers in Indonesian Third-Party Logistics (3PL) Providers</td>
</tr>
<tr>
<td>Research Design</td>
<td>Integrating Qualitative and Quantitative methods</td>
</tr>
<tr>
<td>Result</td>
<td>In Indonesia, there is a shortage of talent in 3PL industry especially in operation area; in which, this shortage becomes a barrier for the development of the industry; the competencies for operation position based on research from 165 respondents with more than 80% composed by local 3PL players, there are 5 key competencies for 3PL</td>
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in Indonesia which sequentially from the most important are the management of distribution and transportation, project management, management of inventory and warehouse, continuous improvement, with the last in leadership aspect; also, all of them agree that the key position for the development of 3PL must be given to the operation manages who directly being responsible of those five competencies.

<p>| | | |</p>
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<tbody>
<tr>
<td>4.</td>
<td>Author’s name</td>
<td>ShanShan Guo</td>
</tr>
<tr>
<td></td>
<td>Year</td>
<td>2015</td>
</tr>
<tr>
<td></td>
<td>Title</td>
<td>SWOT Analysis of Third Party Logistics Based on Ecommerce</td>
</tr>
<tr>
<td></td>
<td>Research Design</td>
<td>Qualitative method</td>
</tr>
<tr>
<td></td>
<td>Result</td>
<td>There are several factors that can influence the decision of the e-commerce company to using 3PL service or not, as described before on SWOT analysis of 3PL in China; in conclusion, the suggestion for 3PL players to attract a partner must be done in 3 ways which are doing research on the opportunity to develop strong relationship with a partner and perform one-stop logistics with a great quality on consolidation, then provide more innovative services of logistics such as provide last-mile delivery, also utilize the advanced technology to provide information that can be accessed by online shopping customers through a platform.</td>
</tr>
<tr>
<td>5.</td>
<td>Author’s name</td>
<td>Huilan Zhang &amp; Sam C. Okoroafo</td>
</tr>
<tr>
<td></td>
<td>Year</td>
<td>2014</td>
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<tr>
<td></td>
<td>Title</td>
<td>Third-Party Logistics (3PL) and Supply Chain Performance in the Chinese Market: A Conceptual Framework</td>
</tr>
<tr>
<td></td>
<td>Research Design</td>
<td>Qualitative method</td>
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</table>
In order to survive on competition, the 3PL players can face potential problem through investing in logistics information technology sector and strengthen their integrated partnership with parties that involved under same supply chain system to reduce the potential problem along with perform more flexible logistics activities.

### 6. Author’s name
C. John Langley, Jr., Ph.D., and supported by Capgemini

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
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<tbody>
<tr>
<td>Title</td>
<td>2017 Third-Party Logistics Study: The State of Logistics Outsourcing</td>
</tr>
<tr>
<td>Research Design</td>
<td>Integrating Qualitative and Quantitative methods</td>
</tr>
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</table>

As the increase of customers’ expectation dynamically toward e-commerce product and service as the business of e-commerce also increasing, in which most of the customers prefer to do shopping at the store that has plentiful product selection with great availability and freshness that require faster delivery service which being an important aspect in the competition for both 3PL player and partner; also, most of its customers choose lower cost as the main reason they select 3PL; and 3PL players in general are mostly concern on perform better logistics cost and service development for their partner although their partner can be their competitors..

### 7. Author’s name
Wei Gong & Xuan Kan

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
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<tbody>
<tr>
<td>Title</td>
<td>Logistics Service Development of E-Commerce: A case study of AliExpress – an online international trade platform in China</td>
</tr>
<tr>
<td>Research Design</td>
<td>Qualitative method</td>
</tr>
<tr>
<td>Result</td>
<td>Based on analyzing the logistics of e-commerce that operates internationally such as Alibaba form China,</td>
</tr>
</tbody>
</table>
there are the stages of e-commerce logistics development which divided into 3 that begin from cooperate with third party logistics, create channel collaboration, and set strategy for e-commerce fulfillment; in which by passing those stages can affect the revenue increase which equally obtained by both the e-commerce company and its sellers, also improvement of logistics and company performance.

<table>
<thead>
<tr>
<th>8.</th>
<th>Author’s name</th>
<th>Hong Kong Trade Development Council</th>
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<tbody>
<tr>
<td></td>
<td>Year</td>
<td>2017</td>
</tr>
<tr>
<td></td>
<td>Title</td>
<td>E-commerce: The Logistics Industry</td>
</tr>
<tr>
<td></td>
<td>Research Design</td>
<td>Qualitative method</td>
</tr>
<tr>
<td></td>
<td>Result</td>
<td>As the result from e-commerce popularity rises, the international logistics model has change to adapting with a trend, in which the traditional distribution centre of logistics transformed into e-commerce distribution; where the shipment will start for a large package of a company customer, but on e-commerce the shipment can start on a small package of individual customers which require more focus on labor &amp; technology aspects.</td>
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<thead>
<tr>
<th>9.</th>
<th>Author’s name</th>
<th>Daniel Willner &amp; Stavros Zafeiridis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year</td>
<td>2012</td>
</tr>
<tr>
<td></td>
<td>Title</td>
<td>Creating competitive advantage for the 3PL sector by identifying retailers’ needs</td>
</tr>
<tr>
<td></td>
<td>Research Design</td>
<td>Qualitative method</td>
</tr>
<tr>
<td></td>
<td>Result</td>
<td>In the Jönköping area at Sweden, the small and medium size retailers suggest to 3PL that the players should be more focus on 3 aspects in order to fulfill the customers’ need which are criteria of selection, incentives and barriers of using 3PL; also the main reasons of retailers mostly to decide on using the service of 3PL are to saving</td>
</tr>
</tbody>
</table>

| 35 |
transportation and warehousing costs, and develop focus on retailer’s main business and time of shipping; in the other hand for the retailers’ decision to not using 3PL because they have afraid that outsourcing cannot improve the efficiency on perform retailers’ logistics, and the players cannot fulfill specific request from retailers; in addition to improve its competitive advantage, the 3PL player must develop more logistics services for help retailers to achieve their objectives and build a close relationship with them, in which this strategy can be used to improve the importance and satisfaction of using 3PL.

<table>
<thead>
<tr>
<th>Table 2.1: Previous Research</th>
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<tbody>
<tr>
<td>Source: Constructed by Researcher (2018)</td>
</tr>
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</table>

**2.2 Research Gap**

When several previous researches have discussed about e-commerce and 3PL relationship on their own country along with the general problem rises from that relationship. For instance, in analyzing China market there are Feng (2016), Li & Fan (2014), Guo (2015), Gong & Kan (2013), also Zhang & Okoroafo (2014). There is also study about Indonesia, but it is just about the 3PL environment in Indonesia which isn’t discussed further about the 3PL relation with e-commerce. Also, most of the previous studies are focus on searching the general reasons for e-commerce to use 3PL services or not, along with the impact and recommendation for both parties.

Thus, as differentiation, this study would use those previous researches as supporting theories and data to analyze finding from the interview toward several 3PL players in Indonesia about the threat due to the e-commerce entrance in the 3PL business area as stated before on the previous chapter.
CHAPTER III

METHODOLOGY

3.1 Research Framework

The following figure illustrates the composition in this study. Begin with the distinction of findings from several previous researches about third party logistics and e-commerce relationship, the distinction show 3PL perspective toward the growth of e-commerce which can be profitable or a threat to their business; in which, based on Langley Jr. (2017) and Feng (2016), that e-commerce could increase the profit of 3PL players along with its business rapid development. But on the other side, Gong & Kan (2013) and Li & Fan (2014) find out that the growth of e-commerce could bring a threat to 3PL players as the company concern on perform its own logistics activity.

Thus, in order to find out about the 3PL perspective toward e-commerce which applied in the Indonesia market as this case still ambiguous on several reports; then, this research collecting data by ask directly to the representative of 3PL players in Indonesia that have been a deal to be a partner with an e-commerce company which has its own logistics department from business-to-consumer category. Next, several supporting information from the internet will be collected to support the statements of the interviewees, this step also trusted to increase the validity of this research finding.

After that, those findings of previous studies will be collaborated to the primary data that collected by in-depth interviews with the support of supporting information. In which through utilizing the qualitative method, the integration between data and previous findings is expected to reveal the applied 3PL players’ point of view toward a specific e-commerce company that diversifies into the 3PL business area in the Indonesia market.
3.2 Definition of Terms

<table>
<thead>
<tr>
<th>Terms</th>
<th>Definition</th>
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<tbody>
<tr>
<td>3PL (Third Party Logistics)</td>
<td>A company that provides various logistics services for those who want to outsource their logistics activities.</td>
</tr>
<tr>
<td>B2C E-commerce</td>
<td>A company which performs commercial transaction through the Internet, Web and mobile applications with an individual as the final consumer.</td>
</tr>
<tr>
<td>Diversification</td>
<td>The business development strategy of creating new products &amp; services or market in order to increase competitive advantages and reduce business risks.</td>
</tr>
<tr>
<td>Outsourcing</td>
<td>When a company use an external source for performing the services that cannot be</td>
</tr>
</tbody>
</table>
provided efficiently by its internal source (O’Byrne, 2015).

Online : The condition of a user or other devices such as a computer is being connected to the internet with purpose to receive or share information (Computer Hope, 2017).

Platform : The software or hardware which used as host to ensure the success execution of an object code toward a service or application (Rouse, 2016).

E-commerce Supply Chain : A set of products and services flow from supplier to the final consumer of an e-commerce company which integrated by logistics activity.

IT (Information Technology) : The condition of processing and/or creating electronic data by using any networking, storage, computers, other physical devices, infrastructure and processes (Rouse, 2015).

3.3 Research Design

3.3.1 Research Method

Currently, there are three types of research method which are qualitative, quantitative and mixed method. In qualitative research, the researcher deal with data in the form words which intended to explore and understand the problem of groups or individuals. While in contrast, quantitative researcher deal with data in the form of numbers which intended to examine the relationship between variables. On the other hand, there is mixed research that combine those first two types of research, in which the researcher must integrate data in the form of numbers and words to have a better understanding of the problem rather than only use one method (Creswell, 2014).
As the nature of qualitative method about focusing on the participant’s unique insight, also by dealing with a complex situation, where the researcher has no idea about what kind of variables should be used, this type would be a suite well to explore and understand the topic discussed on this research. Under this method, the researcher would list several questions which rise on the problem, then collect data in the form of participant’s perspective on those questions, next create an analysis of data collected, and interpret the result from analysis (Creswell, 2014).

Since this topic of this research focusing on the subject’s perspective by creating personal interviews, qualitative method is expected to generate wider knowledge about the phenomenon as purposed on this research. In this research, qualitative is being utilized to find out new knowledge from understanding the research real-world issue as well as its way out if possible, in which the issue deals with complex and diverse situation that become one of the reasons of qualitative research (Guest, Namey, & Mitchell, 2013).

Also, in qualitative method, the researcher focus on analyze the result of “why” and “how” questions, which is not only the assessment about option of yes (good) or not (not good) (Guest, Namey, & Mitchell, 2013). Thus, qualitative method is used due to this research aim to obtain more detail about participants’ personal perceptions.

3.3.1.1 Research Approach
In general there are three approaches of qualitative based on research objective, which are identifying and exploring, describing and explaining. In identifying and exploring, the researcher begin by listing “issues” related to the topic studied, then find out more about the reason behind of those “issues”, and the probability of how problematic or fixable regarding each “issue”. While describing is used once the researcher has a good sense of issues and perspectives range regarding particular topic on a specific population, then the researcher could aim on describing these items as deep as possible through asking participant in detail about the issues along with how to solve them. Then, explaining is used when the researcher intended to study more on how or why individuals do (or don’t do)
something (Guest, Namey, & Mitchell, 2013). In this study, the suitable one would be describing approach which employed to achieve the objective of this study, in which information related to research topic has been inspected to create better view of issue rises in the certain area, then the study could started to gain deeper knowledge about the study topic toward a specific actor, which considered appropriate with the fundamental of this approach.

3.3.1.2 Case Study
As there are several types of qualitative research, case study type chosen as the most appropriate type to discover curiosity of this study beside narrative, phenomenological, grounded theory, and Ethnography. In which, case study could be applied in many fields, where the researcher conducts in-depth analysis toward a case (Creswell, 2014).

This type analyzes toward one or more cases which considered unique (rarely observed) aspect related the research topic, also the case discussed focus on checking a phenomenon of real-life context. Take into consideration, this study case considered has a real-life special case with small size of sample as explained on previous chapter. Another consideration, case study frequently uses in-depth interview to collect the data to explore unique aspects in detail (Guest, Namey, & Mitchell, 2013), in which this aspect suits well to this study purpose.

3.3.2 Data Analysis
Related to the unique characteristic of qualitative research, there are also several unique steps of its data analysis which involve text data collecting and diverse design drawing; but in general, when trying to develop a complex image of study issue, the researcher must execute similar steps which consist of reporting multiple perspective, identifying plentiful factors in a situation, and illustrating a wide image that emerges (Creswell, 2014). For data analysis in this study would follow the process that developed by (Creswell, 2014) which consist of 6 steps as follows.

1. Collect and prepare data related to the issue of study which would be analyzed, the data involves of transcribing interviews, typed field notes, sorting and arranging the data based on the source.
2. Read all of the data collected, which firstly find out its meaning in general, and then sometime the researcher would take notes of the outline of interviews transcripts.

3. Execute coding process where the researcher examine one by one of text line, then assign several codes. In detail, to perform better coding, there are 8 steps that the researcher must follow, which are:
   a. After get a sense of the whole transcripts, then read again carefully, also write down some ideas as they cross on mind.
   b. Go through the transcripts, and then write the idea which answers the question of “What is this about?” Be focus on the underlying meaning and set aside about substance information.
   c. Assign the list which cover all topics in the study, then grouping together similar topics, after that form the topics into columns with basis of major, unique and leftover one.
   d. Simplified the topics into codes which written based on the appropriate segments, this organizing step could bring out the new categories and codes.
   e. Looking for the most descriptive wording related to the topics and categorized them. Also, find the way to decreasing the list of categories through grouping related topics or assign interrelationships among the categories.
   f. Finalize the categories, and alphabetize the codes.
   g. Gather the data material of each category in one place, and start the preliminary analysis.
   h. Start to recode the data if necessary.

4. Produce a description about the people or setting along with themes or categories to analysis purpose. The description consists of detailed information translation of people or places or events in a setting.

5. Start to create about how the representation of description and themes in the study narrative. It might be in the form of discussion about an event chronology, detail of several themes, or themes that interconnected. The researcher can also use figures or tables as additional discussion.
6. As the final step would be the making of a study interpretation of the findings or result which answer the question about the essence of the idea such as “What were the lessons learned?” in which the lessons could be personal interpretation of the researcher or comparison meaning.

3.4 Sampling Plan

3.4.1 Sampling
As there are several sampling methods in qualitative study for determining the participant, in general there are two most known methods which are convenience and purposeful sampling due to the best alignment of those methods toward most of qualitative study. This study would use purposeful sampling method which the researcher recruits participant who can give in-depth and detailed information related to the study issue; also it has its own criteria for choosing the participant who must meet the qualification which established by the researcher (Olivia, 2017). In which the criteria required for the participant is the representative of 3PL companies which currently or ever being a partner with Lazada, in which Lazada chosen because the threat of diversification into 3PL area isn’t applied by every e-commerce companies in Indonesia.

3.4.2 Data Collection
As the collection method in this study, the researcher employs primary data, with supporting information to strengthen the primary data which collected from the study participants in order to obtain richer and realistic result about a case to achieve high reliability and validity (Creswell, 2014). Also, the researcher had been used literature from previous part as basis in building the study interview questions. The framework of collecting data could be summarized as follows:
Mostly in qualitative study, the researchers collect data from the participant who experience the study issue, which the researchers have private interaction with the participant in face to face way. Since qualitative is not oriented to questionnaires or instruments developed from other researcher, normally the researchers known as their own study key instrument where the data collection executed by themselves (Creswell, 2014).

3.4.2.1 Primary Data

There are 4 basic methods of collecting data in qualitative study as stated by (Creswell, 2014) which are observation (take notes of behavior of participant or event in the field), interviews, documents (data in the form of newspaper, official reports, or private e-mails), also audio and visual materials (data in the form of photographs, art objects, videotapes, or text messages). In this research, the researcher use interview method where the main actors of the study would be given their opinion in personal based on their experience; specifically, in-depth-interview type where one interview session would be conducted with only a single respondent (ISURUS, 2015).

In select the participants for this study, the researcher look up for the interviewees who understand well about the issue in this study which in line with purposefully select character of qualitative sampling method as mentioned above (Creswell, 2014). The following is the information of participant who gave his thought on the case in this study.
<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Interviewee</th>
<th>3PL Company Name</th>
<th>Position in The Company</th>
<th>Date of Interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Albert Palit</td>
<td>RPX Indonesia</td>
<td>General Manager E-Commerce in Sales &amp; Marketing Department</td>
<td>Thursday, 8th February 2018</td>
</tr>
<tr>
<td>2.</td>
<td>Dea Agtiani</td>
<td>PT Pos Indonesia</td>
<td>Staff in Finance Department</td>
<td>Wednesday, 21st February 2018</td>
</tr>
</tbody>
</table>

**Table 3.1: Interview Sessions Information**

*Source: Constructed by Researcher (2018)*

The different position of interviewees from each company is intended rolling out general point of view about the case on this study in order to avoid biases toward one department of 3PL representatives’ perspective, in which from marketing side of RPX is expected to inform more detail about whether the company has prepare strategy to overcome the situation, while in finance side of PT Pos Indonesia representative is expected to inform about the impact toward 3PL revenue portion as financial matter from the respondent’s point of view.

a. First Interviewee: Mr. Albert Palit

Mr. Albert is a general manager of e-commerce in sales and marketing department of RPX. Just joined in 2017 with background in merchandising, retail & e-commerce consultant; he has responsibility to bringing the company to become more known in Indonesia and the services is used by the citizens, especially for online seller and buyer.

b. Second Interviewee: Ms. Dea Agtiani

Ms. Dea is a staff of finance department in PT Pos Indonesia. She has worked in the company for more than 8 years, and handling several invoices from e-commerce as the company’s partner has become one of her responsibilities.

Also, as a consideration for the difference level of interviewees’ position on each 3PL company, the staff level from finance department has been chosen to bring out more specific impact to revenue related to e-commerce rather than the whole company business, and general manager from marketing department has been
chosen to bring out plan or strategy for partnering with e-commerce altogether rather than focusing on a single marketing project.
CHAPTER IV

DATA ANALYSIS

4.1 Representative of 3PL Players Company Profile

4.1.1 RPX

Established in 1985 with the full name of PT Repex Wahana, as the pioneer of One Stop Logistics, the company has engaged in Indonesia logistics industry for more than 30 years old, and the representative of popular International logistics brand called FedEx (Federal Express). The company has vision of “RPX Group provides quality of service, great expertise and dedication to one-stop logistics,” along with its mission as follows (RPX Group Indonesia, 2018):

a. To provide the best one stop logistic solutions through innovation, modern technology, and committed workforce.
b. To blend strategic planning with modern technology and committed workforce in providing the best one-stop logistics solution.

The company has continually development for winning the current competitive market and performs satisfied services for its customers, both in domestic and overseas. Performing beyond the boundaries for implements and design solutions for lead the industry in freight management, contract logistics and fulfillment of e-commerce demands. Currently, RPX has served several e-commerce companies in Indonesia and planned to expand for SME online shop with tagline “Kirim Paket Jaman Now” or delivery package in current age.

4.1.2 PT Pos Indonesia

With the corporate name of PT Pos Indonesia since 1995, the company has engaged in logistics, courier services and financial transactions. As the oldest state owned enterprise, PT Pos Indonesia has changed its name 5 times since 1906 with the first name PTT service (Posts Telegraaf end Telefoon Dienst). PT Pos Indonesia has a vision of “To Be The Postal Logistics GIANT From EAST,” and the mission as follows (PT Pos Indonesia, 2017):
a. To be a valuable asset for the nation and its people.
b. To be a joyful place of work.
c. To be the best choice for the customers.
d. Constantly striving to provide a better.

With tagline “We Carry Missions,” the company has involved in postal activities according to its 3 core businesses are mail and parcel delivery, logistics and financial services. Has a plan of utilizing its network for business portfolio development in the future, as learned through postal business great declining in 2000 to 2007 due to the existence of short message and electronic mails, also PT Pos Indonesia doesn’t want to miss a chance to serve Indonesia e-commerce logistics as the largest market among ASEAN countries (PT Pos Indonesia, 2017).

4.2 Indonesia As A Great Market for E-commerce

4.2.1 Indonesia Internet Users Growth

As the fourth largest population in the world which also occupy as the largest in the Southeast Asia region, Indonesia is considered as an attractive market for several online business players which one of them is e-commerce players. With more than 600 million people in the Southeast Asia region, Indonesia presents 41% of the total population of this region in 2017 according to World Bank (2018), the number make Indonesia becomes the biggest market among its neighbors.

Based on data collected by We Are Social from January 2016 to 2018, a global marketing and advertising agency, Indonesia has 88.1 million users who actively using the internet in 2016 out of the total population of 259.1 million; then, for the growth of the number of active internet users from January 2015 to 2016 has increased 15%. Indicates the expansion of the online shop market in Indonesia, from 2016 till 2017 the number of users who actively using the internet has been increased into 132.7 million users along with the population growth, also the great growth on the number of active internet users from 2016 to 2017 has increased 51%. Even there isn’t any specific movement of the number in January 2018 from last year with 132.7 million users, but the number still considered as a huge number which cover a half of the population which classified as the biggest on the
Southeast Asia region, where Indonesia itself has contributed huge part of the population.

Figure 4.1: Indonesia Internet User January 2016-2018
Source: We Are Social and Hootsuite (2016-2018)

In this aspect compare to other countries in the world, Indonesia has the fifth position around the world in 2017 with the total number of 132.7 users which catches up Brazil in fourth place with an excess number of 6.41 million users, those great numbers indicate that Indonesia internet users will continually increase from 2015 to 2022 as forecasted by Statista; with this, Indonesia offers a profitable market for online business around the world (Statista, 2017).

4.2.2 Indonesia and E-commerce Market Growth
Based on APJII or Association of Indonesian Internet Service Providers in 2016, commerce business accounted for 82.2 million of total internet users in Indonesia
are doing online shopping; then, total of 130.8 million users have known the convenience of the internet function as goods and services transaction, and 84.2 million of them ever doing online shopping before. This indicate that Indonesia people are likely to do shopping from an online platform with consider all of convenience offered from online-based retailers (Huda, 2016).

Beside the number of online shopper in Indonesia, according to DBS Group Research, Indonesia itself already beat Singapore and Thailand as the largest market for e-commerce in 2014 with total sales of $1.1 billion USD (DBS Group Research, 2015). The number of sales predicted to growth annually with an increase as much as twice up to $16.47 in 2022 from an actual increase $5.78 billion to $7.05 in 2016 and 2017 according to Statista (2017), a statistics provider company from Europe.

![Figure 4.2: Retail E-commerce Sales in Indonesia from 2016 to 2022](source: Statista (2017))

### 4.2.3 Rise of Middle-class in Indonesia

One of key factors that lead e-commerce growth in Indonesia is the rises of middle-class citizens’ disposable income (Wall Street Journal, 2017). And based of McKinsey Global Institute forecast, the number of Indonesian consumer class might increase from 2010 with 45 million to 135 million in 2030 (McKinsey Global Institute, 2012). Also supported by HSBC data, Indonesia will be the third
largest market in the term of the number of population among the emerging countries around the world right behind India and China (Commonwealth of Australia, 2018).

4.2.4 Intense Competition of Indonesia E-commerce Market

![Figure 4.3: The Most Sought E-commerce in Indonesia](source: iPrice (2017))

Based on data collected by iPrice Research through Google Trends (2017) Lazada becomes the most attractive e-commerce platform for Indonesia online shoppers, where the most sought e-commerce along the year of 2017 in Indonesia is lead by Lazada from the top 5 players; then the term of a number of visitors at the sites also leads by Lazada since the first to the fourth quarter in 2017. In the other hand, figure 4.3 shows that there is an intense competition with close distant and similarly grown popularity among the top 5 players, especially when Tokopedia in second place also receive investment from Chinese giant e-commerce, Alibaba in August 2017.
4.3 Big Role of E-commerce to 3PL

4.3.1 3PL players as leader in Logistics Industry

According to the 22nd annual 3PL study conducted by Dr. C. John Langley and supported by Infosys (2017), in the current global market, supply chain function must be depending toward the capabilities of all parties under a supply chain system to access a wider number of data in or near real-time basis; in which allows the parties to make decisions faster, and then resulting of a stronger bond of partnership between shippers and 3PL providers. That relationship guides them in innovate some solutions for better experience of customers as the end-user, also bring out competitive advantage for the supply chain system.

Due to the growth of number of packages; shippers and consumers are expecting faster deliveries time. At the same time, the shipper expects logistics provider that can support the improvement of their operations; where currently to survive in the competitive market, the shippers might have better knowledge about both their core business and capabilities of supply chain, rather than before when they only focus on the core business. Through this, shippers have started to understand the importance of investing in logistics aspect, especially for build better relationship with their 3PL (Langley Jr. & Infosys, 2017).

Yukki Nugrahawan Hanafi as chairman of the Indonesia Logistics and Forwarder Association stated that Indonesian Logistics industry’s CAGR (Compound Annual Growth Rate) has reached 11% from 2013 to 2017, where he predicted that the number will increase along with e-commerce growth with express and small parcel sector for domestic market would reach $6.75 billion USD in the end of 2017; in which the growth because of logistics has become a part of the e-commerce supply chain for customers who demanding fast service (Prasetya, 2017).

As the driver of logistics industry growth in Indonesia, most of the benefit from e-commerce contributed to the 3PL players which considered as the biggest stakeholder of logistics industry growth. According to RPX representative, 3PL would become one of the biggest contributors in logistics industry due to the
existence of e-commerce. Because the continually rises of the number of new players in the e-commerce sector, such as MatahariMall, JD.id and Shopee will increase competitiveness level in the market which encourage current players like Lazada and Tokopedia to focus on their core business especially in marketing side for provide several promotions and advertising. While in the end, their customers’ orders must be delivered which almost all of the packages are trusted to the existing 3PL players, and there might be outsourcing of warehouse service for e-commerce that doesn’t want to invest in the warehouse said Mr. Albert.

Then, with the development of advanced technology, logistics business of PT Pos Indonesia has a bad market future except for company customers which have large goods delivery; for instance, the letter delivery sector that replaced by electronic mail technology; with almost 80% of customers from companies or agencies, deliveries from individual customers are rarely happen. In order to rise up its business and cover up its loss, PT Pos Indonesia has aimed logistics business on serving e-commerce players where its marketing department has been intensely search for being a partner with e-commerce players.

In addition, 3PL as the biggest player in Indonesia logistics industry, Indonesian logistics industry has a great improvement around 30% to 40% in 2016 due to the growth of digital retailers through third party logistics, where normally the improvement around 14% to 15%. According to the forecast of the Association of Indonesian Express Delivery Companies, the growth of e-commerce sector will donate 25% for Indonesian logistics industry growth, and continuously increase 15.2% year by year up to 2019. In support, the Indonesian Logistics Association also forecast that logistics industry in 2017 will increase around 20% to 25% where e-commerce sector contribute 15% of the increment (Global Business Guide Indonesia, 2017).

Thus, the importance of 3PL sector in Indonesia logistics industry isn’t far from a huge opportunity that given by serving e-commerce players only as assumed by Mr. Albert from RPX. Also, it is important to follow the trend of this digitalization era in order to stay competitive in the market where e-commerce
popularity has increased annually for Ms. Dea PT Pos Indonesia, which in line with a statement where the increase of e-commerce popularity causes change in a logistics model which currently focus on delivery of small packages for e-commerce customers that require more focus on labor & technology (HKTDC, Hong Kong Trade Development Council, 2017). In the near future, the logistics industry market of Indonesia will continuously grow where leaded by the growth of the third party logistics player market although the first and second party of logistics have declining according to Ken Research, a leading global industry research and information service company (Ken Research, 2018).

4.3.2 3PL Company Revenue Proportion
For the contribution of e-commerce growth to the revenue of the 3PL company, Mr. Albert from RPX Indonesia believes that there might be the rises of company revenue due to the e-commerce growth with expectation of high portion compare to other business; and through starting to focus on serving, the e-commerce team expected to give dramatic rises of company revenue through a huge market opportunity available, even in the future RPX targeting e-commerce as the main pillar. As an illustration of great impact of e-commerce business to the company, in the past e-commerce division has been the fourth contributor out of 4 businesses of RPX; then in the near future, it will rise up to be the first biggest contributor with a great value to beat other 3 leading businesses, where the other 3 businesses also has growth over time.

In support, President of a supply chain consultancy named Armstrong & Associates, Evan P. Armstrong stated that business of 3PL in the e-commerce sector has grown faster rather than the other business, where in the 3PL global market, e-commerce related business has contributed CAGR as much as 15.7% compare with 6% as the overall market growth of 3PL in the same period. The biggest transaction can be seen in the Asia-Pacific market with e-commerce customers are spent $22 billion USD in 2016 for 3PL services, in which that number predicted to has a great increase up to $40.2 billion USD in 2020 with CAGR as much as 16.4% (Berman, 2017).
Ms. Dea from the finance department of PT Pos Indonesia stated that revenue obtained proportion from serving the e-commerce sector only compare with the company other business estimated to be 60% compare to 40% where the development of technology causes a tendency of reduction in mail delivery business while enhancement in the package’s delivery business. With that deliberation, PT Pos Indonesia prioritizes and targeting more package deliveries from e-commerce in the future for increases company revenue, and believe that the number of request from online retailers will never absent due to the booming orders.

Not only those two 3PL players that get benefited from e-commerce growth, as one of leading 3PL in Indonesia, PT Tiki Jalur Nugraha Eka Kurir (JNE) stated that there was an increase of their sales in 2016 where e-commerce takes an account for 60% to 70%. For 2016, JNE has delivered 192 million packages where 30% to 40% of total delivered to the Greater Jakarta area, while 60% of total delivered to Java and outside Java areas. And from January to August in 2017, JNE has package volume growth of 30% with a prediction of 250 million packages until the end of 2017; as the forecast, in 2017 e-commerce will contribute for 70% of its total revenue (Global Business Guide Indonesia, 2017).

Also, there are several foreign investors who want to enter an e-commerce logistics business area in Indonesia as respond toward those companies’ revenue growth as said by founder of J&T Express, Jet Lee, that the stable growth of Indonesia economy invites many investors from other countries to involve in the Indonesia e-commerce business area, where there are two issues namely payment system and delivery service; for delivery aspect, although Indonesia has complicated geography, but the investors seeing a great opportunity in this area (Triwijnanarko, 2017).
4.4 E-commerce Service Requirement for 3PL

4.4.1 The Omni-Channel Retailer for E-commerce

The applicable of Omni-channel retail network form allows the e-commerce company to serve consumers at better ease and speed (Langley Jr. & Infosys, 2017). The change of operations of the logistics and supply chain used for acquiring an organization competitive advantage has been caused by a fast development of information and communication technologies (ICT) area since 1990s. The rapid and continuous growth of e-commerce sales cause unprecedented supply chain demands of e-commerce. The existence of various choices of shipping methods enables e-commerce retailers to take more control toward their own logistics and supply chains currently. Also, the customers have more power to control the market where they can buy anything at any time, price, shop and place (Kayikci, 2018).

![Channel Management Diagram](image)

**Figure 4.4: Paradigm Change in E-commerce**

*Source: Kayikci (2018)*

Based on figure 4.4, the transformation of an e-commerce model from Multi-channel into Omni-channel retailer allows their customers to access their products’ information from their integrated channels which offer a seamless experience that aim on deliver the same messages and experience for all customers, which is different with a Multi-channel retailer that only offer two or more channels provided for the customers and not focus on deliver a seamless or consistent messages. In Omni-channel, retailers’ customers require on short time delivery, that usually takes less or at one day of their orders have been arrived on targeted
location that can be in their own house or picked up on specific store/location; in which, the customers demand on receive every information about their order position and delivery process, and the customers can obtain the message from any device in online and offline condition. In this form, the retailers might have whole knowledge related to their shipping process which gives them an ability to deliver their orders from and to everywhere in order to reach a wider market, knowledge can be in the form of end-to-end consolidate information from their suppliers, customers, orders up to inventory (Kayikci, 2018).

4.4.2 Various of 3PL Services for E-commerce, Specifically Lazada
E-commerce utilize 3PL providers to connecting e-commerce to its customers through logistics activities with main reasons of saving cost, perform integrated supply chain management, and can focus on its core business (Feng, 2016). Regarding the saving cost aspect, the logistics outsourcing activities generally focus on transportation and warehouse (Willner & Zafeiridis, 2012).

a. Last Mile Delivery
In general, services that used by an e-commerce company from 3PL must be the same with other companies in transportation side where e-commerce utilizes the last mile service of 3PL, which known as the end of the delivery process for a package shipped from distribution center to the consumer as the end user. This type of 3PL service, enable online retailers to deliver more consumers’ orders in a short time and obtain effective cost as required by Omni-channel retailers (Robinson, 2017). The last-mile delivery service mostly for parcel or small package shipment, and the delivery time is various that depend on regulations, public sentiment and labor costs (Joerss, Neuhaus, & Schröder, 2016).

Lazada itself has two types of last mile delivery which are standard shipping and express shipping, standard shipping is a service with delivery time based on destination distance and available for all area in Indonesia, while express shipping is a service for faster delivery within a day after order placement and payment received in a specific time, day and area (Lazada Indonesia, 2018). For last mile delivery, RPX and PT Pos Indonesia have served express and regular delivery for
Lazada with logistics costs and time delivery based on the agreement between the parties.

b. Warehouse

Warehouse logistics service still lack in supply side, where based on a property consultant organization, Jones Lang Lasalle (JLL), Indonesia has a shortage of the number of modern warehouse rather than other countries with an emerging e-commerce market such as Singapore and China; with this shortage, several investors are started to look on this business with a bright prospect of an e-commerce market (Primadhyta, 2017). And according to Lucy Rumantri, a senior director of PT Savills Consultant Indonesia, the emerging of e-commerce could support warehouse business growth, which used as a distribution center in order to be closer to customers; in which until 2020, the number of startup companies include e-commerce will increase up to 13,000 companies that can increase the demand on warehouse service. (Hutauruk, 2017).

In line with bright prospect on the warehouse, according to Co-CEO of Lazada Indonesia, Duri Granziol, Lazada will add more five warehouses in order to improve their service quality for Indonesia customers and overcome the logistics issue in Indonesia, where the two warehouses will utilize a third party provider which located in Balikpapan and Makassar. The reason behind utilize 3PL service because he thinks that a local player must be more understand for that area environment. Also the placement of the warehouse trusted to help SME sellers in Lazada because they only need to put their goods in the warehouse without consider packaging and delivery process (Nabila, 2017).

Thus, beside on the transportation aspect of e-commerce logistics, there are also several services that can 3PL players’ offer to online retailers such as warehouse rent based on Mr. Albert from RPX. In which, there is a plan in the future for Lazada to utilize warehouses of RPX in a certain area, because several of e-commerce has no interest in warehouse investing which prefer to use outsourcing one.
c. Additional Service of RPX and PT Pos Indonesia Services

Both of RPX and PT Pos Indonesia stated that the services given to Lazada are depending on the partner requirement which also included COD and pickup service as follows.

1. Cash on Delivery from RPX

The evolution of the payment system can facilitate payment from people who haven’t any bank account for conduct an order in the e-commerce platform known as cash on delivery (COD), which help 40% of Indonesia unbanked citizens to do online shopping (Commonwealth of Australia, 2018). Cash on delivery or COD is a payment system where the customers will execute payment when they have received the goods ordered, this facility purposed to convincing prospective customers who aren’t have trust in shopping via online platforms, which can also increase the opportunity to attract more customers (Partner Support Center Lazada Indonesia, 2018).

Co-CEO of Lazada Indonesia, Mr. Granziol stated that the most used method for Lazada consumers is dominated by bank transfer and cash on delivery (COD) in the first and second place (Nabila, 2017). RPX also serve non-logistics service for Lazada which can be one of the competitive advantages of this 3PL with other 3PL partners of Lazada. According to Lazada, the only 3PL entrusted is RPX for handle this system in a certain area of Indonesia along with its own logistics, LEX (Partner Support Center Lazada Indonesia, 2018).

2. Pickup Service Time after Working Hours of PT Pos Indonesia

While in PT Pos Indonesia, the pickup service can be requested anytime even in after working hours/day where the online sellers would request for picking-up their packages in Saturday and Sunday in 24 hours a day. This service not served for all partners of PT Pos Indonesia, only for certain e-commerce which need this kind of service for cope with the big number of orders such as Lazada and Blibli. Also, this service has never out of request; there must be order at least in Saturday.
4.5 Threat of E-commerce Diversification

4.5.1 Competitive Market in General Regarding E-commerce Logistics

The digitalization era focuses on efficiency and cost aspects, where electronic-based businesses become the standard of services in current industries such as e-commerce, online booking and e-banking (Itälä, 2015). According to research of Hofmann and Osterwalder (2017), an attractiveness of e-commerce’s logistics area causes rising in the competitiveness of this market, where 3PL providers are under pressure from all “sides,” with the basic idea of competitive assessment poured on Porter’s 5 forces with an idea about rivalry among competitors and can be the expression for war of a price as follows (Hofmann & Osterwalder, 2017).

4.5.1.1 Threat of New Entrants

There must be plenty of developments that created by utilization of advanced technology, no exception in the logistics field. The new invention can increase the efficiency offered by its automation feature in lowering costs and entry barriers; and also for time efficiency aspect, this innovation can perform faster than using 3PL services which usually need a lead time in days. For example, the case of Amazon on build its own logistics department such as delivers packages through drones, in which by offering a solution of the one-stop-shop with owning e-commerce and logistics department, Amazon might be a competitor for 3PL players (Hofmann & Osterwalder, 2017).

In Indonesia with the growth of sales and revenue in the e-commerce logistics market, the competition environment becomes stronger where currently non logistics-basis companies also involved in Indonesia logistics market such as companies are Lion Air with Lion Parcel, Garuda Indonesia, Kereta Api Indonesia, and one among the most strong competitor might be a popular e-commerce Lazada with its own logistics called Lazada Express which might be similar to the Amazon case. (Global Business Guide Indonesia, 2017).

4.5.1.2 Bargaining Power of Supplier

Nowadays, majority of e-commerce customers require additional IT-based logistics services, in which one of the features can tracks delivery process in real-
time basis where this additional service can increase the company attractiveness, because the logistics service platform offer more transparent and customized to the customers for managing their transportation activities. This platform can replace 3PL players’ services regarding management of logistics and customer relationship activities which expected to be more efficient (Hofmann & Osterwalder, 2017). While, the importance of logistics service platforms in Indonesia which used to obtain customers’ attention, where 3PL startup players mostly must have technology of tracking and real-time data as complementary of their cheaper costs and pickup insurance services feature; for instance, Ninja Express, Etobee, Deliveree, and JET Express (Global Business Guide Indonesia, 2017).

4.5.1.3 Bargaining Power of Buyer
Sharing businesses can be realized in logistics industry regarding small goods delivery, where the e-commerce company aiming on collaboration with 3PL to obtain lower costs for higher quality & special services, the collaboration could be in cargo & transportation sharing (Hofmann & Osterwalder, 2017). In the case of Indonesia market, for C2C e-commerce like Bukalapak has a partnership model with 3PL where they have several 3PL partners in order to let their customers to choose the best provider for deliver the orders (Yusra, 2017). While in B2C e-commerce like Lazada, the company has controlled at assigning the best 3PL partners for delivering their orders in the specific area according to Mr. Albert from RPX. With those two examples, indicated that most of Indonesia big e-commerce companies have more power in price decision due to they can choose any 3PL provider based on their preference.

4.5.1.4 Threat of Substitutes
Substitutes for a similar basic function of 3PL services rise regarding to the booming of an e-commerce market, where some of the substitute’s threats come from IT-based companies with businesses oriented on the non-logistics area, in which they have potential to make third party logistics become useless (Hofmann & Osterwalder, 2017). In Indonesia, the rising users of IT-based transportation companies can provide substitute services in last-mile delivery; for instance, the
leader of transportation companies like GoJek and Grab also enter the market, in
which they offer express delivery by GoSend and GrabExpress with cheaper cost
and plenty of drivers which accounted as a strong competitor for existing 3PL
players; this service has been used by Bukalapak and Tokopedia for their delivery
in the same day (Global Business Guide Indonesia, 2017).

4.5.1.5 Rivalry among Competitors
In general, services of 3PL that mostly used by online retailers are transportation
and warehousing. When there isn’t any certain standard of those two logistics
activities, then the services can be served by every provider. For instance, at the
same time, 3PL players have threatened by the entrance to its industry by both
side of supplier and buyers, such as platform providers and e-commerce (Amazon)
(Hofmann & Osterwalder, 2017).

4.5.2 Threat from E-commerce to the Third Party Logistics Players
Today business model of 3PL, the players must overcome challenges from
technology growth, where the market competitiveness has continuously changes
and offer fresh market field for new non-logistics related players (Hofmann &
Osterwalder, 2017). Focusing on the aspect of new entrant which has been done
by 3PL own most profitable prospect partner, e-commerce start on aware the
importance of logistics development for survive in the competitive market by
satisfied customers, which result a leading e-commerce company like Amazon to
employs mixed logistics with relies mainly on its own logistics in China (Li &
Fan, 2014), in which Amazon claimed as a threat to 3PL players in the global
market. In the Indonesia market, there are also e-commerce companies that
predicted to follow Amazon path on becoming 3PL competitors such as the most
popular e-commerce in 2017, Lazada that employed related diversification
strategy to enter the new market of 3PL with Lazada Express or LEX for
supporting its main business.

4.5.2.1 LEX as Representative of Lazada’s Diversification into Logistics Area
Along with its current headquartered in Singapore, Lazada created an end-to-end
shopping ecosystem which also provides best-in-class logistics and payment
services beyond selling various types of goods (Lazada South East Asia Pte Ltd, 2017). In 2017, Alibaba Group has increased its share on Lazada from around 51% into 83% with investment of approximately USD 1 billion, where this decision was taken due to the successfulness of Lazada in the Southeast Asia region which is believed to continuous growth; in which, through this investment, Alibaba intended to widen its footprint globally by contributing for unrivalled access to the 6 main markets of Lazada in Southeast Asia. This investment also benefited Lazada for further development on its marketplace, technology, logistics and payments, services quality, customer satisfaction experience, and support for small business merchants in the region. Regarding this matter, Lazada Group CEO, Maximilian Bittner states, “I couldn’t be more excited to deepen our relationship with Alibaba. With their support, we will continue to empower brands and sellers to offer a wide selection of unique assortment to consumers across Southeast Asia while delivering an exceptional customer experience backed by our best-in-class logistics network” (Alibaba Group, 2017).

To attain the best-in-class logistics position; Lazada has supported by more than 100 partners across Southeast Asia to face several challenges which focus on logistics capacity and capability oriented. Also till 2017, a Lazada own logistics department named Lazada Express (or LEX in short) has served around 50% of its total packages to its buyer and 70% of its seller from the marketplace business model in the Southeast Asia region (Ross, 2017). One of the challenges which underlying the existence of Lazada express is in local payment methods or cash on delivery aspect. This logistics branch of Lazada Group has a vision of “Create the leading logistics ecosystem in Southeast Asia,” and trusted to handle Lazada first mile, last mile and sorting activities, also it has increased delivery time into 25% faster than before. In Indonesia, Lazada Express has 11 fulfillment’s centers which expected can provide a higher quality of deliveries by become closer to its customers (Chang, 2016).

LEX in Indonesia established on March 2012, the branch of Lazada has grown bigger since established; also the CEO, Anand Kumar has targeted for the following year to growth into two times more than in 2015. Next, Mr. Anand
underlines that LEX would only serve the order from Lazada customers, but would also keep on partnering with several 3PL to serve shipment into areas that cannot reached by LEX (Priambada, 2015). LEX uses hub as a connecting point between warehouse and customers, where a sorting process occur with a purpose of the effectiveness logistics process and make a delivery being faster, more accurate and secure as stated by Ryn Hermawan, senior vice president of Indonesia Lazada Operational. Also, so far LEX being the best service; for instance on-time delivery, which can save one day faster for delivery, and offer better security due to direct control (Directory Logistics Indonesia, 2015).

Large cities of Indonesia have targeted by LEX to establish its hub, such as Manado, Padang and Lampung. And for the small cities would be assigned to the third party logistics which has more knowledge about the area, such as cities in the east area of Indonesia (Widiartanto, 2015).

4.5.2.2 Background of LEX Establishment

According to Lazada Group, beside great opportunities for e-commerce in the Southeast Asia region, there are still great challenges in the logistics sector. Therefore, Lazada decided to build its own logistics to cope with those challenges (Lazada eLogistics Vietnam, 2018). In general, there are other two important factors which underlie LEX establishment as follows.

a. Poor Performance of Indonesia 3PL

Mr. Albert thinks that in the future there are only several e-commerce companies that survive in this intense competition market, even currently big players in e-commerce industry have their own logistics department. Although logistics industry has a complex pattern considerably, but several digital retailers are bravely built their own logistics department due to the performance lacking of 3PL partners in demand fulfillment. In which, there are several issues rise regarding delivery aspect from online shopping in Lazada such as the length of delivery time, till the unreachable goods that have been paid (Reza, 2016). Also, the great increase of the online shopping transaction causes trouble to 3PL players in delivery on-time, where the slow delivery causes a bad image toward the customer service of e-commerce. While based on Microsoft research that 66% of
online shoppers are readily to expend more money for obtaining better customer service, and 60% of them will cancel their shopping for bad experience on customer service (Meola, 2016).

According to Sangka (2017) Indonesia 3PL has a shortage of competent talent, especially in the operation area which causes the players face a barrier for its performance improvement. Approved by Managing Director of a 3PL player called TIKI, Tomy Sofhian, that TIKI has over-supply in 2017 due to the booming orders, and this booming has overwhelmed most of the 3PL players in Indonesia with the current capability they have such as in facility and human resource (Rahman, 2017). Also, the founder and CEO of a technology-based logistics company named Anchanto in Singapore, Vaibhav Dabhade argue that Jakarta has a great amount of warehouses and manpower, but the problem is about management systems which lacking in technology for support online retailers’ business growth (Lee, 2015).

Even to overcome the challenges of poor performance of 3PL and complex geography in Southeast Asia, in 2017 Lazada Group has been a partner with Unilever, a huge multinational company that producing consumer goods, in which this partnership is involving category development, fulfillment and supply chain, marketing and data, development of talent and social commerce (Zhu, 2017).

b. Entrance of Biggest Competitor in Southeast Asia Market
The big player of e-commerce, Amazon has launched a ‘Prime Now’ service for delivery in two hours at Singapore, with other feature is a free delivery for minimum purchasing of 40 SGD or $29 USD, and the customers can have their goods within one hour for an excess of 10 SGD or $7.37 USD. Reported by Henry Los, a director of Amazon Prime Now in Asia Pacific, Singapore has a great result for the company where accounted around a half of Los Angeles size with more than 5.6 million customers. The market of Singapore will be the tester for Amazon in entering the Southeast Asia market based on Ajay Sunder, the vice president of Frost and Sullivan digital transformation. In Southeast Asia, Amazon
will compete with Lazada which also provide similar thing such as the same day delivery for specific products (Pham, 2017).

With the investment from Alibaba, Lazada has developed its number of merchants and logistics department. Lazada and Alibaba business has been ahead rather than Amazon in Southeast Asia in the term of experience, vendor and logistics aspects as argued by Xiaofeng Wang, the senior analyst of Forrester Research Company (Aravindan, 2017).

4.5.3 3PL Point of View Regarding Threat the Entrance of Lazada

4.5.3.1 Reducing 3PL Potential Sales from E-commerce Packages

According to Mr. Albert who prefers to be comparisons with Lazada express, the existence of LEX as the competitor cause declining of 3PL sales possibility which mostly come from the major urban area, then usually packages delivered to a remote area that counted as one of 3PL hardships in serve shipping in the Indonesia area. Where the remote area has become the most concerned factor in logistics aspect by Indonesia e-commerce and logistics, in which the broad area of Indonesia sometimes bring difficulties to e-commerce delivery service for reaching a remote spot without clear address and postal code as claimed by Muhamad Fajrin Rasyid of Bukalapak and Loren Sanchez of an e-commerce company called Linio on the last day of GVS (Global Ventures Summit) 2017 (Yusra, 2017).

Agree with Mr. Albert, Ms. Dea also stated that LEX has reduced the prospect of the package’s delivery from e-commerce customers, although most of LEX packages in the form of small units which can be delivered by courier via motorcycle, but it would be great if PT Pos Indonesia can also serve small packages shipping to increase profits. In line with impact of Amazon logistics to 3PL market, the result from an experiment in Los Angeles International Airport by the head of Loeb Associates Inc. a management consulting and strategic advisory company, Walter Loeb concludes that Amazon own logistics department which serve customers who live in major cities will bring a great number of profit. According to report from The Wall Street Journal that Amazon could save up to
$1.1 billion in year-on-year through its logistics department, in which indicate that the e-commerce will stop partnering with FedEx and UPS later on. In 2016, Amazon logistics itself can serve packages in around 30 areas of major cities (Loeb, 2016).

Even more complicated for Lazada 3PL partners, as the control tower of its e-commerce platform, Lazada has the right to decide who among its logistics partners that will deliver a package of its customers’ order in the specific area, which probability for 3PL players to serve a big amount of package’s delivery getting smaller, according to Mr. Albert. Also with the existence of its own logistics department, logically Lazada must prioritize its own to serve shipping as much as possible in certain volume and area; for example, in a day LEX will serve one hundred thousand or 70% of total package deliveries, the rest of packages as much as 30% that cannot be managed by LEX will be given to four to ten 3PL partners with complex address. Also, there is a probability of Lazada only maintains being a partner with 5 third party logistics players in order to reduce troublesome of managing relationship with plenty of partners.

In support of Mr. Albert and Ms. Dea Statement, based on a report about the future of shipping by Cooper Smith, the senior research analyst of Business Insider Intelligence, the effort of big players of e-commerce such as Amazon, Walmart and Alibaba to serve a huge portion of their own packages indicated that they have enough power to threaten 3PL players in the parcel delivery sector. In detail for Amazon has been served its same day delivery packages which reduce the portion of the packages of its 3PL players, while for Walmart has a plan to improve its operation in logistics to reduce the shipping costs, then for Alibaba has started to rent several containers in ships for facilitate its merchants’ first mile shipping (Meola, 2016). Also, as stated by Neil Saunders, a managing director of Global Data Retail, that Amazon entry would be a danger for 3PL players where they can lose Amazon’s orders which might be delivered by its own logistics staff increasingly, next the rate of losing will increase if the company offers their logistics to the other e-commerce. Regarding to this issue, FedEx and UPS could
compete with Amazon, not only related to market declining (The Associated Press, 2018).

4.5.3.2 Reduce Dependence of E-commerce toward the 3PL Players
The related diversification of e-commerce business also gets into warehouse aspect, where e-commerce players build warehouses in several areas; this diversification can reduce the degree of e-commerce dependence to 3PL players as stated by Mr. Albert. While currently Lazada has its own warehouses in Jakarta, Surabaya and Medan which managed by Lazada itself without support from its 3PL partners (Nabila, 2017).

In order to provide fast delivery of goods that must be supported by the distant of a warehouse with customers’ place, which is why e-commerce started to build its own warehouse in Indonesia without waiting for the booming of orders according to Zhang Li, President Director of JD.ID. In which the faster delivery process expected to gain customers’ trust (Pratama, 2017).

4.6 Strategies to Survive in Competitive Market of E-commerce Logistics
The threat from e-commerce can be counted as one of risks on doing business in the emerging industry where the 3PL players must also compete with its own profitable partner, not only with fellow 3PL players based on Mr. Albert. Regarding an unstopped increase of e-commerce customers’ expectation for faster and a lower cost of delivery service, 3PL players must focus on provide better performance continually in low costs, although the partner can be their competitors in order to obtain competitive advantage through satisfying customers’ need (Langley Jr., 2017). But, as 3PL players with big expectation to obtain a large portion of e-commerce orders, the players must introduce and improve their competitive advantages to survive in the competitive market.
4.6.1 RPX

According to Mel Kettle Consulting (2017), an Australian consultant company that has established 12 years ago, it is important to have a unique selling point (USP) as differentiations for a company’s product/service with the competitors in the strong competitive market, which shows what a company has to stand out than the other in the term of experience basis, set of skills, or the market. This USP strategy has applied by RPX, with its unique selling point is “We are Fast, Reliable and Care,” RPX is convincing its partners specifically e-commerce companies. Offering fast service will be the same with other 3PL players; but in case of reliable, not every 3PL players can offer reliable services, because RPX has survived for more than 32 years old in Indonesia which indicates that Indonesian e-commerce can rely on the company. Also, the other aspect is care; where although RPX only covered around a thousand of the postal code which hasn’t covered all of Indonesia area, but in the term of COD service trustiness can be accounted for an exact amount as given by e-commerce customers to the courier, and submitted on time to the e-commerce according to the service level agreement, which is not suspended for a long time in the courier like certain 3PL players.

After that, in order to get attention of e-commerce companies, RPX has its marketing team aside from sales team, in which one of the offers is to co-invest toward marketing related activities such as the road show. Another offer from RPX is “free delivery,” where the provider contributes a certain percentage of the delivery fee. Those kinds of offer can support Lazada’s sales promotion that used to attract customers and share information about the company products/services such as a discount, voucher special offer, flash sale and trade show (Reza, 2016), where the efficiency of the delivery model must be employed for retailers to success, which one of strategies to win the competition among online retailers is free or same day delivery gimmick (Priyanka, 2017).

Then, in the term of company capability, RPX, Mr. Albert claims that due to not focus on the e-commerce sector before, the company has poor base line to cover all of the area of e-commerce logistics in order to meet the e-commerce
requirement to serve the booming number of orders. The focus on serving e-commerce companies currently, RPX has a newly invented service in Indonesia as the result of collaboration with one among Indonesia biggest and popular retail under PT Indomarco Prismetama, Indomaret which has more than 12,800 outlets across Indonesia. The service called ‘PAS’ or “Paket Ambil Suka-Suka” allows e-commerce customers to pick up their goods in Indomaret outlets that are located in almost every Indonesia area, and this service will be expanded to other potential partners in the future, this product has considered by one of the RPX e-commerce partner called Zalora. This kind of innovation can expand 3PL players’ network and saving cost as stated by Joe Choa, the founder of the last mile logistics company in Singapore called Courex, everyone in logistics are cutting costs which lead to last mile service expansion of networks through partnering not depended on the company own capability (Lee, 2015). Also, in build a partnership with Indomaret, RPX wants to make Indomaret outlets as its customers’ point for pickup and COD which is considered as a safe place with the transaction via cashier, also other convenience that offered to the customers is several stores has operation time for 24 hours and in the weekend (Freischlad, 2015).

Not only offer those services above, as one stop logistics company, RPX can also undertake several logistics related services that might be needed by e-commerce companies, which is not only for last mile delivery service, the company can also serve warehousing, packing, kitting, sorting, trucking and etc.

4.6.2 PT Pos Indonesia

Doesn’t want to miss a chance to be a part of the e-commerce’s logistics business area, PT Pos Indonesia has prepared business strategies and the work program to obtain a larger portion of e-commerce orders such as updating its capabilities related to technology and punctuality. Specifically, in entering the digital era, PT Pos Indonesia has changed its business fundamental and management systems with go beyond its conservative limitations which influenced by e-commerce through strengthening its core business along with investing in new economic business, strategic opportunities, and innovation development in order to be
Logistics Postal Giant from the East with a high standard of performance (PT Pos Indonesia, 2017).

The first step of PT Pos Indonesia plan is to improve its internal capability such as improving the competency of its employee through spending 10.9 billion IDR for all levels of employee training and education programs in 11 Indonesia cities from Medan to Jayapura, developing IT-driven business like developing an application called MyPos and supporting e-commerce payment system, and invent a program with business strategy (PT Pos Indonesia, 2017). For the current service capability of PT Pos Indonesia itself to meet the requirement of e-commerce companies, Ms. Dea thinks that her company capability has enough for support e-commerce delivery orders, but must be improved continuously for better services performance, in which can be seen from the number of complaints from the partners; the complaints submitted might not be empty, but for the volume the company gets has been reduced gradually or can be called that only a few complaints to be categorized as services that have met the requirement. Also, by offering a lower price to its business partner, PT Pos Indonesia expected to obtain more orders, which in line with a statement that global online shoppers are sensitive to price, such as free shipping cost and discount or coupon can encourage people to doing online shopping in Amazon on the fourth quarter of 2016, for free shipping can attract around 63% customers, and discount or coupon take an account for 41% (Zaenudin, 2017).

Then the second step of PT Pos Indonesia plan is value creation, where the company will re-launch its superior products and innovation of new products for increase competitiveness. In the term of innovation, PT Pos Indonesia has introduced a new service same day delivery service for time delivery less than a day as respond to faster delivery demand for e-commerce customers; for instance, Lazada request a pickup before 12PM, then the order will be delivered on that day but limited only in the Greater Jakarta area. This service has been offered to Lazada, but still in the discussion process. Also, the invention of this service can be inspired from Uber's (GoJek and Grab in Indonesia) on-demand services, although it is only a minor part of logistics, several people are seen that as the
potential field of profit from e-commerce customers who demanding delivery within hours (Lee, 2015).

In last but not least, the third step of PT Pos Indonesia plan is the company will strengthen its brand in the market through utilize its broad networks in Indonesia as a competitive advantage, PT Pos Indonesia will improve its services that integrating throughout the archipelago, customers, partners and citizens of Indonesia (PT Pos Indonesia, 2017).

4.7 E-commerce Logistics Business Area Remains Attractive for 3PL Players in the Future

4.7.1 The Number of E-commerce Players Keep Increasing

Although there is a threat of Lazada business diversification to the 3PL sales prospect, but actually there are plenty of e-commerce companies that need support from 3PL players due to the increasing number of e-commerce players, customers and orders, in which the market still considered as attractive one based on Mr. Albert where there are also several of emerging e-commerce companies like Tokopedia, which allows its customers to choose 3PL for their order shipping. Also, there is Bukalapak with a partnership model with 3PL of having several 3PL partners in order to let their customers to choose the best provider for deliver the orders (Yusra, 2017).

In support, the vice chairman of Indonesia Commerce and Industry Chambers, Carmelita Hartoto stated that there is a great portion of the contribution from e-commerce industry to logistics industry in the future due to the promising opportunity from e-commerce business. The great growth of logistics can be realized if the industry has enough capabilities in serving the rapid increase of the number of online shop orders. Take note that the challenges keep focus on the competitiveness which must be employed a new formula for perform better on goods distribution as required by the market (Fauzi, 2017).
4.7.2 Indonesia with Archipelago Geography

Although there is a great growth of e-commerce business of Indonesia, but Indonesia e-commerce has a big obstacle in two aspects which are payment and shipping (Rahman, 2017); for instance, the low degree of punctuality of logistics in the term of shipping is because of the broad archipelago structure of Indonesia appointed by Aulia E. Marinto, the chairman of the E-commerce Indonesia Association; for instance, the time estimated for shipping a package to Papua can take around 2 to 7 days (Ayuwuragil, 2017). As stated by founder of courier based company called J&T, Jet Lee, there is a problem causes from archipelago geography in shipping side, but this problem can also bring high market opportunity for e-commerce business if supported by a capable 3PL player (Rahman, 2017). Also, Mr. Albert thinks that 3PL players still needed due to the knowledge toward Indonesia logistics and rich of experiences such as has wide networks.

Currently, the government of Indonesia has put an effort for infrastructure improvement with one of the purposes to increase the e-commerce logistics business attractiveness, which indicates the bright future of this business. Where from 2013 to 2016, the budget for infrastructure from total government expenditure has continually increased with 9% up to 15.2%, and predicted to be 16.7% in 2017.

![Figure 4.5: Infrastructure Budget of Indonesia in 2010-2017 (Trillion IDR)](image)

Source: PT Pos Indonesia (2017)
4.7.3 Partnering in E-commerce Logistics Related Business

4.7.3.1 Importance

The trusted partner can support the successes and customers’ satisfaction of an e-commerce company. Where the company must evaluate carefully the potential of its 3PL partners, in order to give the best services for e-commerce customers’ requirement. In which the company must focus on its potential partners’ experience and scalability; where it is better to build the relationship with providers that rich experience in the market, and have enough scalability to serve high seasonal demand (PBD Worldwide, 2016). In instance to overcome the logistics factor of Southeast Asia countries, Amazon stated that it has a plan to collaborate with 3PL players for manage its last mile delivery. While for Lazada, it has also collaboration with 3PL players, while at the same time owning a logistics department (Aravindan, 2017).

For instance, according to Henky Prihatna, a Head of E-commerce at Google Indonesia, short time delivery becomes factor to improve customers’ loyalty for an online shop with the term of the faster delivery, the more trusted online shop for Indonesia consumers. Also, the certainty of goods return becomes supporting factor for an online shop to be the most favorite shop of Indonesia consumers (Zaenudin, 2017). Thus, in order to increase the degree of punctuality, the good integration among parties under a supply chain system is required (Ayuwuragil, 2017).

4.7.3.2 Partnership Environment and Successfulness

Partnership between 3PL providers with the e-commerce company in Indonesia can be categorized as a good relationship without any disputes, because based on Mr. Albert that they have a confidential agreement before starting to be a partner called NDA (non-disclosure agreement) which indicates that both parties has agreed for respecting each other confidential information, trade secrets or other things such as new product and marketing plans. So, he stated that it is better to “focus for the controllable, and pray for the uncontrollable,” because there is an agreement for respecting each other, there is nothing to be afraid of in partnering with other companies. Not only RPX, PT Pos Indonesia also has a good
relationship so far, where there aren’t any conflicts related to lacking of newly invented products’ information from partnering with Lazada, which because there is an agreement that enclosed the services list of PT Pos Indonesia in the beginning of partnership; but, if the partners want to follow up PT Pos Indonesia to provide similar service, it is fine as long as they are capable said Ms. Dea; in addition, usually there is a monthly meeting between Lazada and PT Pos Indonesia which purposed to discuss about 3PL’s services deficiency or additional request to improve each other performance on serving the best services for the end customers.

To being success in partnering, benefited each other and take care of the agreement must be implemented as stated by Mr. Albert. Also, as the principle of partnership which is to grow together, that each party must obtain exactly or nearly similar benefits as the result of collaboration, such as mutual term of “You are rich, I am prosperous.” In support of Mr. Albert’s statement, according to academic paper under a collaboration of the Australian Council for International Development (ACFID) and Australian universities, in partnership involve implementation for working together in order to achieve overlapping or shared objectives that cannot be achieved alone through benefits and risks sharing (Winterford, 2017).
CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

With an annual increasing on the number of internet user in Indonesia and positioned as the fifth biggest population of internet user in the world for 2017; Indonesia market considered as a huge prospect market for e-commerce business according to prediction by several consultants with sales of e-commerce will growth continuously. Cannot be separated by its supportive businesses, one of them is the logistics industry that constantly receives opportunity from express and parcel delivery services which can result 3PL sector as the biggest contributor in Indonesia logistics industry growth. Through opportunity given, 3PL players like private company ‘RPX’ and a government company ‘PT Pos Indonesia’ started to prioritize e-commerce logistics business as their main revenue source.

As the result of great opportunity in the market, intense competitiveness increased along with the number of players in this business area which causes e-commerce players to more concern slowly of their logistics service, especially in last mile delivery and distribution center where expectation of receiving satisfied and faster delivery service in a convenient way is continuing to increase. In which, one of the efforts from e-commerce is to being involved more in their own logistics process where the company diversifies into logistics by establishing its own logistics department. Regarding that involvement, this research conducted by virtue of the opinion from the representative of RPX and PT Pos Indonesia as primary data for comply the research objectives, the finding can be described as follows.

5.1.1 Through diversification of e-commerce which in the beginning becomes a profitable partner of 3PL players, at once competitor as time goes by. Where the threat given to 3PL players as follows:

a. The potential number of packages declining
With the successfulness of Lazada’s internal logistics department which also gives benefit to the e-commerce business, most of the order that comes from major urban areas has been given to Lazada Express (LEX), which trusted to serves better service performance; while the rest of orders with small portion which delivered to the difficult remote area that cannot reached by LEX will be given to outsourcing logistics partners.

b. Dependence of e-commerce to 3PL players declining

E-commerce started to build its own distribution center in the form of modern warehouses in several great potential areas, where this strategy of e-commerce purposed to reduce distant with customers and provide faster delivery for booming orders, but this strategy considered to reduces its dependence toward 3PL players which causes loss of opportunity through serving a ‘one-stop’ set of service or warehouses for rent.

5.1.2 Several 3PL players have well aware of problems arise due to diversification of e-commerce in Indonesia strategy as they stated their selves that diminished of potential portion of market share and income which largely given to the logistics department of e-commerce; but in competitive market which offer great opportunity in the future, there must be an appearance of strong competitors as risks on doing business at this market, where third party logistics players assume logistics department of e-commerce as their own competitors, or even comparison to encourage the 3PL players to continuously improving their services quality. Also, the attractiveness of e-commerce logistics business area still last long as shortage of 3PL providers for serve increasing orders, Indonesia broad area challenge, also the need of logistics expertise by several existing and new e-commerce companies.

5.1.3 With the threat given from a strong competitor, 3PL players have several strategies prepared for survive and get larger portion of sales opportunity from e-commerce business growth. Among them there is PT Pos Indonesia that focuses on improving its internal capability in term of human and technology resources, creating value by invention of superior and innovate product/service which can follow-up with current trend, and strengthen the
company’s brand through utilization of its broad networks. Also, there is RPX which focus on underlying its unique selling point to convince e-commerce for using its services with support from marketing team that only focus on serves e-commerce, also invention of new innovative product/service that should be done by most of 3PL players, and offering other logistics-related services that can be offered to e-commerce such as packing, sorting and trucking.

5.1.4 The requirement by e-commerce’s customers for receive better seamless services will continuously increase due to the increase in the number of orders and competitors. In which regarding to the increment, the current capability of Indonesia 3PL players considered cannot catch-up with the rapid growth, this is one of the main reasons why several e-commerce companies started to establish its own logistics department. In case of Lazada which want to defend its title as best-in-class logistics, brand image and trust from its customers, think that capacity and capability aspects of logistics must be important; but the problem is 3PL players have poor performance on those two aspects with several complaints of delivery time and missing package, with this problem along with geography, industry attractiveness which invites plenty of foreign investor and existence of strong competitor like Amazon cause Lazada to build its own logistics called Lazada Express.

In summary, it is true that e-commerce business brings fortune to 3PL business with booming orders, but continuously increases of the requirement from customers in the term of delivery service punctuality causes e-commerce to establish its own logistics department in order to maintain its competitiveness in the market. While 3PL players itself has known well about the threat given from the logistics branch of its profitable partner, they assume the branch as a competitor which encourages them to work harder and stay competitive through prepare and execute some strong strategies.
5.2 Recommendations

5.2.1 Future Researcher
For the future researcher who interested to carry on the same topic as this study, the researcher recommends that it better to have a point of view from other 3PL partners of Lazada in order to obtain a better view of the other’s opinion regarding the case discussed, along with various strategies which can be disclosed due to the difference strategies used by each player. Also, that will be great to have a perspective from Indonesia e-commerce side as well for better understanding on the diversification side such as the process differentiation, competitive advantages and management of two businesses; at once to compare between internal and external e-commerce logistics. In addition, as limited in this study that only focus on e-commerce diversification threat, discussion about other threat sources such as GoJek and Grab as on-demand courier can be used.

5.2.2 3PL Providers in Indonesia
For the other 3PL providers in Indonesia both start-up and existing, the researcher recommend that the development of service is needed in order to catch up with the rises of online shop customers’ expectation and survive in the competitive market as competitors rises with various superiority. Also, 3PL players must own an innovative product/service related to e-commerce logistics in the current market as competitive advantages which owned by both RPX and PT Pos Indonesia, along with maintaining a close relationship with e-commerce partners.

Then, when the worse case occurs from e-commerce start to fully depend on its own logistics, it is better to focus on the other e-commerce partners which really need the support from third party logistics. Regarding this issue, the researcher thinks that in the near future, plenty of e-commerce companies still rely on 3PL with consideration that Indonesia has archipelago geography which offers a barrier for e-commerce to build its own logistics. But, do not forget to continue the expansion of networks as needed to overcome an archipelago geography challenge.
5.2.3 E-commerce Companies in Indonesia

As finding revealed that it is needed a lot of fund for build a logistics department, the researcher recommends that it is better for start-up e-commerce companies to build a close relationship with existing 3PL players in the beginning of business in order to save logistics cost or even gain knowledge of Indonesia logistics process. Also, the Indonesian archipelago challenge requires capable 3PL which has broad networks along with rich of experience and knowledge related to Indonesian logistics.

Then, if necessary, build a logistics department can help a company to obtain better understanding and control over its whole supply chain. But, as a challenge from Indonesia geography, better to maintain 3PL partners at least one for handle orders booming which usually occur in holiday season. As additional, with a strong relationship with 3PL players, an e-commerce can request several customize services in lower cost such as ‘PAS’ service by RPX and 24 hours pick up service by PT Pos Indonesia.
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APPENDIX I

Semi-Structured Interview Questions

A. General Questions
1. Can you please introduce yourself along with your position and responsibility in the company?
2. How long have you been working in this company?
3. Please explain briefly about the company along with its main business (operation)?

B. Interview questions
1. What do you think about 3PL as the ace on logistics industry currently as the result of e-commerce growth?
2. Since e-commerce playing an important role on your company business as profitable business partner, could you explain briefly about the impact for your company sales and profit?
3. As we know that you have been partnering with several e-commerce, could you show how much percentage approximately of your total revenue by just only serving e-commerce along with the biggest distributor?
4. What kind of services and capability that you offer to e-commerce company, especially Lazada, in order to help them to achieve their objectives?
5. In the current situation where e-commerce has started to focus at their business diversification on logistics in order to provide full service, could this diversification impacted your (as 3PL provider) income & market share? After this, what your point of view toward e-commerce whether as the most profitable resource or threat or can be both?
6. What will your company do to overcome the situation where your business partner (in this case e-commerce) start to build their own logistics business?
7. How can 3PL get the attention of e-commerce currently and in the future? Is there any service that will be developed or invented?
8. What do you think about competition among supply chain system instead of 3PL players? If any, please explain about the factors that can help a supply chain system to survive in the competition?
APPENDIX II

Documentation

1. Interview with Mr. Albert Palit at RPX Center Building Jakarta on 8th February 2018
2. Interview with Mrs. Dea Agtiani at a Cafe near Head Office PT Pos Indonesia on 21st February 2018
APPENDIX III

Important Quotes of Original Script

A. E-commerce Impact of 3PL Market

1. Mr. Albert’s first statement (at RPX Center Building Jakarta on 8th February 2018):

Memang 3PL merupakan salah satu contributor atau stakeholder dengan kontribusi yang cukup besar dalam industry logistics ini, dengan maraknya si E-commerce saat ini. Karena kita biasanya dengan istilah “si e-commerce ini bakar duit” “si Tokopedia, Bukalapak, Lazada, Zalora, gila nih perang-perangan itu, MatahariMall, JD, Shopee sekarang ada gitu.” Biarlah para pemain e-commerce itu “bakar duit” atau perang-perangan promo & iklan, itu kan they do in marketing side, tapi ujung-ujungnya barang yang dipesan harus dikirim, dan juga mungkin pakai warehouse siapa nih, ada beberapa perusahaan ga mau invest untuk warehouse. Nah RPX sebagai one stop logistics company salah satunya kita menyediakan jasa itu, dan beberapa 3PL lain yang tadi pertanyaannya “what do you think about 3PL in this logistics industry?” ini memang kita ada opportunity yg sangat besar untuk serve para e-commerce player ini, that is why si 3PL menjadi salah satu penyumbang kontribusi terbesar dalam industry logistics. Jadi memang benar kedepannya mungkin hanya akan ada beberapa e-commerce yang bertahan, tapi at the end of the day customer kan harus menerima barangnya yang diserve oleh para 3PL ini sendiri. Bahkan malah masing-masing e-commerce ini yang udah gede punya 3PL sendiri.

2. Mr. Albert’s second statement (at RPX Center Building Jakarta on 8th February 2018):

Mungkin bukan sales & profit kali ya, lebih kepada revenue perusahaan, karena kalau bicara profit ada profit and loss. Ini semakin meningkata apa tidak, pastinya iya, dan diharapkan meningkatnya bener-bener tinggi banget; dalam artian yang dulu kita belum focus di e-commerce, dengan sekarang kita focus di e-commerce sudah menghire seorang Albert, jadi diharapkan tim yang ada ini bikin divisi e-
commerce dalam perusahaan ini bena-bena boom dalam artian di luar sana marketnya ada, ya sudah otomatis revenue yang ada didongkrak gila-gilaan dari yang sebelumnya. Jadi bahkan untuk perusahaan RPX itu sendiri, kita menargetkan untuk beberapa tahun kedepan e-commerce menjadi pilar utama perusahaan ini, divisi e-commerce.

3. Mr. Albert’s third statement (at RPX Center Building Jakarta on 8th February 2018):

Data masih belum bisa dishare, yang pasti yang tadi telah saya sampaikan adalah e-commerce divisi ini atau kontribusi e-commerce untuk perusahaan ini akan jadi yang terbesar. Yang tadinya saat ini kt kontribusi ke 4, so can you imagine sekarang jadi yang paling gede dari yang ke 4. Yang ke 4 itu dari bisnis lain misalnya, dari yang paling bawah nanti beberapa tahun kedepan kita jadi yang paling utama atau yang paling besar. Jadi lompatannya itu gila-gilaan, menjadi yang paling utama ngalahin 3 department diatasnya yang sekarang, bukan berarti mereka makin kecil, mereka juga harus makin bertumbuh, tapi e-commerce lompatannya lebih gila, jadi hitungannya udah bukan berapa persen tapi berapa kali dari sekarang. Jadi mungkin bisa berapa puluh kali dari yang sekarang, karena mungkin  yang sekarang base line nya masih belum terlalu banyak karena kita belum terlalu focus sebelumnya.

4. Ms. Dea’s first statement (at a Cafe near Head Office PT Pos Indonesia on 21st February 2018):

Pos yang didepanin Logistiknya, tapi untuk sekarang agak susah sebenarnya, pengecualian kantor-kantor besar yang memang menangani kiriman-kiriman besar. Sebenarnya sih jujur aja logistiknya terutama untuk yang pengiriman surat karena sekarang kan teknologinya sudah canggih, sudah ada email dan segala macamnya. Tapi kebanyakan sekarang yang jadi customernya adalah kantor-kantor atau company, jadi kalau perorangan sudah hampir ga ada sebenarnya. Jadi bisa dibilang hampir 80% nya company sih, mereka biasanya pakai kita itu karena tarif kita paling murah diantara yang lainnya, terus jangkauan wilayanya lebih luas, jadi untuk logistiknya perbandingannya sekitar 40% & 60%, jadi sekarang itu logistiknya udah focus ke e-commerce nya. Sekarang marketingnya itu lagi

5. Ms. Dea’s second statement (at a Cafe near Head Office PT Pos Indonesia on 21st February 2018):
Penting sih, karena mengikutin jamannya, jamannya itu e-commerce skrng udah menjamur banget. Jadi kalau misalnya ga ikutin itu, ya kita bakal tenggelam kan, makanya tadi saya bilang kantor saya itu lagi memprioritaskan bagian e-commerce. kalau ga ikutin itu nanti susah juga untuk Pos nya.

B. 3PL’s Services to E-commerce
1. Mr. Albert’s statement (at RPX Center Building Jakarta on 8th February 2018):
Kemarin baru meeting sama mereka, jadi kita habis membahas performance saat halbolnas. Jadi servis apa aja yang digunakan seperti saat ini adalah last mile delivery atau express jadi jasa transportasinya. Jadi misalnya orang yang beli di lazada mau belinya ke seller-sellernya atau barang yang ada di gudang Lazada, nah pengirimannya beberapa ada yang menggunakan RPX, contohnya next day delivery, ada juga yang pesennya skrng besok nyampai. ada lagi yang regularnya atau paket e-commerce nya kita, jadi mengikuti SLA yang ada service level agreementnya, untuk Jakarta-jakarta misalnya dia minta satu hari harus sampai, iya kita juga serve itu. Jadinya lebih ke layanan express kita menyediakan.
Kemudian COD juga kita berikan kepada lazada, jadi orang yang belanja di lazada bisa menikmati COD salah satunya pakai RPX, terus kedepannya kita juga akan ada jasa tapi lagi masih diskusi namanya PAS (Paket Ambil Suka-Suka), jadi orang mau order di Lazada nanti ambilnya di Indomaret karena kita kerjasama dengan Indomaret saat ini dengan beberapa partner lainnya lagi on discussion, jadi kedepannya nanti yenny lagi order di Lazada nih, ngambil barangnya bukan di rumah, karena kalau di rumah ini skrng lagi kuliah atau pergi, ngga ada orang di rumah gitu, kalau malam kurir ga datang misalnya, kalau titipin satpam kalau diinget, kalau misalnya ada 100 org kayak yenny nitipin dia lupa, tapi kalau misalnya titip di indomaret, nanti datang kesana, tunjukkin pin’nya, ambil, aman,
nah itu satu produk baru namanya PAS. Nah itu kedepannya kita juga akan kerja sama dengan Lazada pakai servis itu, tapi saat ini belum masih negosiasi. Jadi ada bermacam-macam produk yang kita tawarkan kepada mereka, dan kita sudah kerjasama, terus juga nanti ada rencana mungkin warehousenya di daerah mana, mereka akan pakai warehousenya kita, karena beberapa e-commerce ngga mau invest di warehouse, mending dia pakai 3PL punya.

2. Ms. Dea’s statement (at a Cafe near Head Office PT Pos Indonesia on 21st February 2018):

Sebenarnya sih semua sama kalau untuk servis/produduk kirimannya sendiri kan itu tergantung si mitranya sendiri maunya kirimannya apa gitu. Kita kan ngasih list produk kiriman kita nih, misalnya paket kilat khusus, nantiya mereka milih mau yang biasa atau yang cepet atau yang gimn nih. Nah yang saya tau disini, lazada itu dia pakai kiriman kilat khusus…. Kemudian udah pasti antar jemput atau pick up, untuk kelebihannya mungkin kita bisa pick up di luar jam/hari kerja, yaitu di hari libur kita tetep ambil barang ke mereka meskipun itu hari minggu pada jam malam kita tetep pick up. Kelebihan servisnya itu, 24 jam servis, sebenarnya semua tergantung request dari mitra sih, jadi ga untuk semua mitra. Misalnya kiriman itu udah banyak, itu mereka request pick up ke kita setelah konfirmasi ke bagian terkait. Tapi kalau misalnya kiriman itu banyak, itu bisa di pick up hari senin, intinya kita menyediakan jasa pick up diluar jam kerja itu diberlakukan ke beberapa mitra lah ya yang udah menjalani itu blibli.com, pokok nya tetep ada jadwal pick up di hari sabtu, sama lazada juga. Pokoknya kiriman-kiriman yang online shop gitu pasti dia ada request, karena pesanannya yang membludak banget kan.

Kalau kompetensi saya bilang udah kali ya, mungkin bisa dilihat dari ada atau ngga nya complain dari si mitra, kayaknya kalau misalnya complain sih pasti ada, cuma kalau volumenya banyak apa ngga, saya rasa kalau dibilang sih udah memenuhi karena ga terlalu banyak.
C. Threat of E-commerce Diversification

1. Mr. Albert’s statement (at RPX Center Building Jakarta on 8th February 2018):
Ada LEX & LEL kn, LEL nya baru Lazada E-Logistics. Iya tuh mengurangi sales 3PL lainnya, derita kami diberikan order ke daerah terpencil. Menurut saya pribadi, semakin banyak 3PL, semakin banyak pilihan untuk customer, jadi kalau bahasanya dibilang competitor mungkin iya, tapi kalau saya lebih suka bukan competitor kali, tapi comparison. Jadi at the end, nanti yenny yg tentuin gue mau barang gue diantar sama RPX, meskipun lazada punya sendiri tapi saya lebih nyaman pakai RPX, dan itupun jika e-commerce nya, website nya itu mengizinkan si end user untuk memilih 3PL yang mau serve barangnya dia. Tapi kalau untuk lazada, lazada nya sendiri yang menentukan, mungkin sama kayak si Amazon, jadi ngga ada pilihan mereka tuh, nah kayak Tokopedia itu mau kirim barang ini sis, kimilya pakai 3PL A atau B, kalau di Lazada memang mereka sebagai control tower istilahnya, jadi dia yang akan menentu si 3PL ini yang akan serve area ini, area ini, area ini. Memang betul, dengan adanya mereka mengembangkan milik sendiri, ya kalau saya terpikir jadi orang lazada itu pastinya saya akan buat sendiri gitu udah pasti, jadi karena saya udah punya volume, tiap hari pengiriman sekian ratus ribu atau sekian puluh ribu per hari, ya udah yang bisa dihandle oleh perusahaan saya sendiri ya saya kasih, kalau yang susah-susah “hey Abe, kesini dong lu, RPX bisa ga anterin ke sini, sini, sini” udah pasti akan menggerus yang tadinya kita banyak, tapi saya yakin ga cuma satu e-commerce aja yg butuh banyak dari kita, jadi 3PL industry itu masih merupakan industry yang sexy atau menggiurkan untuk para pemain 3PL, karena pengirimannya kan makin banyak, orang semakin banyak belanja online, semakin meluas, bahkan salah satu bagian Indonesia timur dikuasai salah satu 3PL jika kita ngga punya network yang luas. Jadi ya, resiko punya banyak competitor ya seperti itu, jadi ngga compete dengan 3PL lain, malah bahkan dengan pemiliknya atau partner sendiri. Logically yenny pasti bakal pakai yang punya sendiri baru kasih ke orang lain. Jadi kue nya dari 100%, diambil dulu 70%, ntar sisanya dibagi-bagi ke 4-5 3PL, atau 10 3PL, atau malah bahkan kedepannay kalau saya jadi mereka mungkin saya hanya maintain 3-4 3PL aja, biar ga repot. Lazada targetnya kalau ga salah Cuma mau 5. Jadi dari situ kita sudah bisa tau mau arahnya kemana, dengan dia nanti bikin
warehouse disini sini sini, semakin sedikit lagi dia ketergantungannya ke 3PL, hanya kalau dari perusahaan kami ya kita ga pernah takut atau gentar untuk lihat yang kayak gini-gini, karena ya as one stop logistics company, ya udah lu disana butuh warehouse ya gue punya warehouse, butuh trucking kita juga punya, punya line hole gue punya juga. Jadi ga cuma focus ke last mile delivery nya, kita bisa bantu dari yang lain, atau packing/packaging, kitting, sorting, kita bisa bantu juga; jadi there so many activity yang kita bisa support ke partner-partner kita. Atau mungkin worse case scenario ya udah kita kan ada yang lain juga, jadi ya move on.

2. Ms. Dea’s statement (at a Cafe near Head Office PT Pos Indonesia on 21st February 2018):
Kalau itu sih pasti ada pengaruhnya, karena kan kiriman yang masuk ke kita berkurang. Tapi setau saya barang-barang yang dikirimnya itu untuk yang kecil-kecil, jadi yang bisa dibawa orang via motor. Tapi tetap ada impactnya sih, sebenarnya kalau yang kecil-kecil itu bisa ke kira juga kan lebih bagus gitu kayak bisa meningkatkan keuntungan.

D. Strategies to Survive
1. Mr. Albert’s statement (at RPX Center Building Jakarta on 8th February 2018):
Makanya tadi di awal saya bilang, saya handle nya ngga cuma team sales aja, saya punya tim marketing. hey lazada, kalau lu kerjasama sama gue, gue bisa nih support marketing activation lu, kita roadshow kemana-mana budgetnya kita co-invest bareng itu, atau mungkin yang paling gampang free ongkir tapi sebenarnya kita subsidi berapa persen, itu kan beberapa gimmick yang kita bisa tawarkan ke mereka. Tapi attention yang paling bisa kita tawarkan, kalau misalnya kita specifically ngomong beberapa e-commerce player, kan musti ada uniqueness nya kayak, unique selling point nya kita apa, our unique selling point ya mungkin kalau bisa dibaca-baca “we are fast, reliable and care,” misalnya kalau fast mungkin sama kayak yang lain, tapi apakah yang lain reliable, belum tentu, kita masih 32 tahun dan masih bertahan, berarti kita reliable, perusahaan masih bertahan. Untuk care, kalau misalnya orang bilang misalnya si O dicoverage, mungkin RPX ngga satu Indonesia, tp kita care karena kenapa ga satu Indonesia, mungkin kalau kita ajak satu Indonesia ntar uang-uang yang dicollect itu kita ga
bisa kasih ke lu lagi, kalau ini kita emang care, yaudah kita emang cuma bisa saat ini coverage nya sekitar sekian ribu postal code, tapi bener yang kita collect nanti uangnya ngga ngendok lama-lama nih di kurir-kurir kita, tapi kita bisa pertanggungjawakan nih, gue udah ngambil kan kalau COD kan saya ambil duit dari customer kan kurirnya, nah terus duitnya mesti dikasih ke e-commerce nya, nah srnrg itu yang banyak 3PL lainnya mereka ambil ini tapi lama gantung disinyinya, nah itu kalau RPX kita tertib, kalau dibilang 7 atau 14 hari ya uangnya itu sesuai SLA nya. Dan terus satu lagi, kita punya newness, yaitu produk kita yang baru tadi PAS yaitu ambil di outlet-outlet partnet kita itu belum ada yang punya, sekarang kita sharing economy dengan indomaret, indomaret punya 13 ribu outlet, dimana-manana ada, jadi ambil di indomaret mana banyak banget. Itu baru indomaret, nanti kita mau partneran sama yang lain juga, jadi kita mau memperluas itu semua, jadi ya itu how to get their attention. Terbukti sekarang ya udah ada Zalora yang ngelirik produk kita yang mau akan launching secepatnya.

2. Ms. Dea’s statement (at a Cafe near Head Office PT Pos Indonesia on 21st February 2018):
Mungkin ada tapi saya kurang tau, kalau inovasi kita itu ada servis namanya same day delivery yaitu kita kirimkan hari itu yang sampainya juga hari itu, jadi misalkan si lazada kita pick up nya sebelum jam 12 siang, barang itu akan dikirim pada hari itu juga, tapi pengirimannya hanya di area jabodetabek aja. Jadi misalkan ada orang beli barang itu pagi kan, terus barang itu bisa langsung sampai mungkin sorenya. Sebenarnya kemarin sudah ditawarin ke Lazada, tapi masih dalam proses pertimbanganya dulu.
Biasanya ada monthly meeting, intinya ngebahas gimn nih selama sebulan ini kekurangannya apa atau ada lagi yang bisa kita tambahin, intinya sih ngebahas itu tujuannya.

E. Partnership with E-commerce
1. Mr. Albert’s statement (at RPX Center Building Jakarta on 8th February 2018):
Diawalnya kan kita juga sudah tandatangan NDA, ya harusnya kalau dua-duanya bisa respect agreement yang sudah dijalankan, harusnya ngga ada yang ditakutin kan ya.
Jadi ya menurut saya ya better bener-bener kalau kita mau partneran ya “I do believe in you, and also from the other side” ya kayak gitu, bahwa kita kerjasama prinsipnya adalah “lets grow together”, jangan main asal gue harus ambil untung sebanyak-banyaknya, ngapain gitu. Kalau prinsipnya yang paling gampang ya “lu kaya, gue sejahtera” kalau itu kan dua-dua nya bagus gitu, selama kita bisnisnya namanya partnership, harusnya mesti saling kasih benefit satu sama lain, dan sebisa mungkin kita jaga perjanjiannya yang udah ditulis ya hopefully ya berjalannya dengan baik. Ini bukan hanya untuk 3PL aja, untuk kerjasama lainnya juga harus seperti ini.

2. Ms. Dea’s statement (at a Cafe near Head Office PT Pos Indonesia on 21st February 2018):
APPENDIX IV

Data Collection Approval

1. RPX

Denissa Egi Marelia <dmarella@rpxholding.com>
ko saya ☑
Dear Yenny,

Saya sudah suarakan ke yang bersangkutan dan beliau menyetujui.
Kira2 interview dilakukan berapa hari dan kapan rencananya akan di lakukan?

Kindly Regards,
Denissa Egi Marelia
Employee Relation Specialist
RPX Center Building, 11th floor | Jl. Ciputat Raya No. 99 - Pondok Pinang, Jakarta Selatan 12310 | Indonesia
☎ +62 21 7590 1800 ext. 3109 | ☐ dmarella@rpxholding.com | ☑ www.rpx.co.id

From: yenny chandra [mailto:yenny.p.chandra@gmail.com]
Sent: Friday, February 02, 2018 5:18 PM
To: dmarella@rpxholding.com
Subject: Pengajuan Interview Penelitian - Yenny
2. PT Pos Indonesia

Jakarta, 10 April 2018

Perihal: Persetujuan Penggunaan Data

Kepada:
Ketua Prodi Manajemen
Presiden University
di tempat

1. Menunjuk Surat Ketua Prodi Manajemen Presiden University No: 023/SPL-MGT/FB/I/18 tanggal 2 April 2018 perihal Surat Keterangan Penggunaan Data, dapat kami informasikan bahwa data yang sudah diperoleh dari Kantorpos Jakarta Pusat dapat digunakan untuk pembuatan Skripsi mahasiswa Suardina yang bernama:

Nama: Yenny Priscilia Chandra
NIM: 014201400138
Jurusan: Manajemen
Judul Skripsi: Threat of E-Commerce Diversification Logistic in Indonesia

2. Demikian disampaikan semoga data tersebut dapat dipergunakan sebagaimana mestinya.

an, Kepala Kantor
Arman SDM

MARIANA WIJAYANTI
Nippos: 982391146

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APPENDIX V

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