

ONLINE SHOP LOYALTY TO SUPPLIERS POST COVID-19 IN INDONESIA: DOES EDUCATION LEVEL MATTER?

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ABSTRACT

The Covid-19 pandemic has dealt a severe blow to the world of business and industry. The post-pandemic distribution flow of goods is certainly a complicated problem that needs further research. This research aims to analyze the level of online shop loyalty to suppliers after COVID-19 in Indonesia. The relationship between online stores and suppliers has not been reviewed much in previous research, especially in the current era of digitalization. Judging from existing data, the business run by online stores is currently huge, with an annual transaction value of around 894 trillion. The value of this business contributes 72% to the total Fast-moving Consumer Goods (FMCG) Retail Industry business in Indonesia. This research aims to describe the relationship between online stores and suppliers in terms of their level of loyalty in the business-to-business (B2B) industry. This research also seeks to analyze respondents' answers related to loyalty indicators. The method used in this research is a descriptive analysis method to map the perceptions and opinions of online stores towards suppliers in Indonesia after COVID-19. Next, the Top Two Box method was used to assess the level of loyalty, while the respondent profiles were analyzed using cross-tabulation analysis. The respondents in this study were 550 online shop owners, and the sampling technique used was Proportionate Stratified Random Sampling through a questionnaire distributed online. The research results show that the quality of retail service, trust, commitment, and satisfaction of online stores towards suppliers is relatively good. Meanwhile, product quality and website quality need to be improved. Around 76.4% of online stores are loyal to their suppliers, while the remaining 23.6% prove to be disloyal. The results of this research are useful for supplier companies to establish business-to-business relationships with online stores in Indonesia post-COVID-19 in order to create develop and maintain loyalty from online store partners.

Keywords: *Loyalty, Online shop, Covid-19.*

INTRODUCTION

Business development in *online stores* in Indonesia has an important role in people's lives and economic movements during Covid-19 and beyond. Based on a study conducted by PT Sumber Alfaria Trijaya Tbk (2020), which explains that the *Fast Moving Consumer Goods* (FMCG) retail trade channel in Indonesia has segmentation divisions where *online stores* have a contribution of 68% of total retail sales, while modern stores have contribution amounted to 32% in Indonesia. In this case, the minimarket and supermarket segments contributed 25% and 7% respectively. Therefore, it can be described that the FMCG business potential in the *online shop business* in Indonesia has a very large contribution when compared to other businesses.

According to Feng & Wang (2013), findings from financial research institutions in Hong Kong state that there has been a change in business patterns due to the existence of *online stores* that sell their goods through *markets* and also directly to final consumers conventionally. From this research it can be seen that *online stores* currently have a *market share* of 67% to 72% of all retail transactions in Indonesia with an estimated number of customers of 192 million. If we look at the value of transaction activity in *online stores* in Indonesia, it is estimated to reach US\$59 billion or around IDR 897 trillion per year. Based on data obtained from Ministry of Cooperatives and Micro, Small and Medium Enterprises (MSMEs), the number of *online shop businesses* in Indonesia is 3.79 million (Yuliani, 2017). This data provides opportunities for transaction processes for payment service application providers and technology-based retail companies, thereby making *online stores* pioneers in changing business from *offline* to *online* (O2O). Application-based payment service providers collaborate with *online stores* to shorten supply chain distribution channels, especially in FMCG types. This business allows the movement of goods from producers directly to *online stores* or to users directly without going through distributors, thereby making selling prices cheaper.

In line with massive technological developments, several digital platform-based companies, technology-based payment companies and retail companies are starting to revolutionize the integration of online *and* offline *transaction systems* which can be called modern transaction systems. These companies no longer compete strictly, but rather apply the concept of mutually beneficial collaboration in business development. Business owners hold the belief that the future of the retail industry will hinge upon heavily on digitalization in all lines of business. The new retail business is a *hybrid business concept* which is expected to help *online stores* always be able to adapt to developments in the digital era (Gunarathne, 2016).

In the current era of digitalization, *online stores* are expected to experience extraordinary growth (Pestek & Hadzizamakovic, 2024; Suryandari, 2015). This is related to technological developments which mean that business actors in the traditional retail sector will be able to become partners in running a business using the *Business to Business model*. In this way, all business actors from various lines can collaborate with each other.

This opportunity is also strengthened by the educational background of business actors. Based on the report from the Central Statistics Agency (BPS) in 2020, it shows that the majority of business owners in Indonesia are high school graduates and IV/S1 diplomas with the percentages of both being 39% and 28%. With a formal educational background, their entrepreneurial and operational abilities, especially in digital businesses, will also be more perfect (Ramatni, 2024).

With sufficient knowledge and relationships, they will also be able to collaborate in different businesses such as *fintech*, *technology start-ups*, large retail companies, and *online stores* (Herdinata & Pranatasari, 2022 ; Muhtadi & Ardi, 2021 ; Singh et al., 2014 ; With digital transformation, *online stores* can provide various products through various existing *platforms* (Krasnyuk et al., 2021). *Platforms* that can be utilized by *online stores* include *marketplace* applications, payment applications, delivery services and technology business applications others that make the circulation of goods and services more practical, faster and efficient (Bisceglia & Padilla, 2023 ; Chiu & Wong, 2022 ; He et al., 2021).

online stores in Indonesia has experienced extraordinary developments since the presence of technology companies (Aryanto & Chrismastuti, 2013; Saroso et al., 2019). Technology companies as partners supply their merchandise to consumers and traditional *online stores* such as *Mitra Shopee*, *Mitra Bukalapak* and Tokopedia, Warung Pintar, GrabKios, GoToko, Wahyoo, *Start-up* Dagangan, Mitra Sampoerna *Strategic Community* (SRC), Alfamikro, Djarum *Ritel Partnership* (DRP), Gudang Garam *Strategic Partnership* (GGSP), and so on. Existing distributors have also started to make improvements by updating their retail ordering applications. Data on technology-based *online* shop suppliers and the number of partners they have is shown in Table 1.

Table 1. Start-up and Fintech Company Partner Stores

NO	Startup Type	Partner <i>online</i> stores	Description
1	MitraShopee	2.9 Million Stores	Data as of March 2023
2	Bukalapak Partners	1.3 Million Stores	Data as of March 2023
3	TokoPedia Partner	2.7 Million Stores	Data as of March 2023
4	Smart Shop	3,500 Shops	Data as of March 2023
5	GrabKiosk	9,800Shop	Data as of March 2023
6	GoToko	150 Thousand Stores	Data as of March 2023
7	Wahyo	103 Thousand Stores	Data as of March 2023
<i>Fintech</i>			
NO	Startup Type	<i>Online</i> Store Partners	Information
1	ovo	> 720 Thousand Stores	Data as of March 2023
2	GoPay	> 600 Thousand Stores	Data as of March 2023
3	LinkAja	> 233 Thousand Stores	Data as of March 2023
4	FUND	> 19 Thousand Stores	Data as of March 2023

According to Dominic (2014), digital transformation is a condition of massive, long-term change related to digital technology. These changes have a sustainable aim to achieve company goals. Long-term changes to the company

involve business model issues, or strategic and tactical policies. The new retail originates from a tech-driven company that links digital stores directly with suppliers and also a transaction system that is carried out *online* and *offline*. Meanwhile, it can be concluded that the digital transformation of the retail business is a process of changing a previously conventional business structure into a business that utilizes digital *platforms to develop its business*. In business in the digital era, it connects traditional *online stores with digital technology-based merchants or suppliers*. The business system implemented is only specific to aspects of the supply chain, application-based product sales, payments and the experience felt by customers.

With this technology-based supply chain system, the ordering system from *suppliers to online stores* becomes faster and more practical with prices that tend to be cheaper than conventional transactions (Raj et al., 2024; Shehadeh et al., 2023). The advantage of digitalization allows *online shops* to not only serve goods transactions but also to run other businesses such as serving payments or purchases using their applications, serving electricity token transactions, digital wallets, *Payment Point Online Banking (PPOB)* and so on. The basic concept of the business run by an *online shop* is to collaborate with other businesses and combine services in payment applications with digital wallets and provide various choices to both customers and *suppliers*. Furthermore, from the customer's point of view, they will gain shopping experience by using the goods ordering application and can get points from every transaction in the program provided by the application in the form of a customer loyalty program. With this *customer loyalty program*, you will be able to form closer business relationships between *suppliers* as goods providers and *online stores* as agents, who are in direct contact with final buyers.

Business to Business (B2B) program has a system with limited coverage from a sales perspective. The target to be achieved is in line with buyers' needs by maintaining good relationships between *online stores* and *suppliers* for a long period of time. Good marketing strategies from suppliers and *online stores* are expected to be able to maintain sustainable transactions in the B2B business.

In marketing theory, it is explained that the goal of *relationship marketing* is to build and improve mutually beneficial relationships between companies and customers for a long period of time. In this case, a clear focus is needed between the company and its consumers in order to produce added value (Dwyer et al., 1987). In order to increase performance, *suppliers* must elevate interaction with *online stores* to improve company performance, besides that *online stores* must also increase interaction with consumers to increase customer loyalty (Rauyrueen & Miller, 2007). Based on the opinion of Medrano & Olarte-Pascual (2016), market offers, technology, and *relationship marketing factors* will affect the success of marketing-based business manner. Market offerings are a series of tangible and intangible activities that distribute goods or services from producers to consumers through distributors or *online markets*. The activity of distributing goods from producers to consumers can be done *offline* or *online*.

With this activity of moving goods, several digital devices or companies providing transaction services are needed, both goods transactions and

financial transactions. With the role of each service provider, the importance of collaboration between *start-ups* is very necessary. This collaboration includes the use of data and the exchange of information related to customers or services. Apart from that, with technology and information collaboration between partners, digital transfer and knowledge will be able to be created in various business lines. Apart from the factors mentioned above, there are also relational factors which are relationships based on trust, commitment and customer satisfaction with the services provided by the company.

Several previous studies have discussed business relationships with their customers. Within the scope of research in Indonesia, research entitled "Buyer and Supplier Relationships: Collaboration to Increase Customer Satisfaction and Loyalty" by Najib (2007), reveals that partnerships between suppliers and buyers can be relied upon to mutually benefit both parties. Meanwhile, Faradiba (2021), in his article entitled "Customer Satisfaction and Trust and Loyalty of *Online Shopping Users* During the Covid-19 Pandemic" found that there was a positive influence between customer satisfaction, trust and *online shop loyalty* during the pandemic.

On the other hand, several studies in various countries have also studied related topics. Research by title "*Customer Satisfaction and Loyalty in Online Stores: B2B an Experiential Marketing Perspective*" by Wu & Tseng (2015), states that online advertising is important to improve the customer shopping experience so that it can later have a positive effect on customer loyalty for shopping in *online* stores. Not far from this, research entitled "*Managing Supplier Capabilities for Buyer Innovation Performance in E-business*" highlights that capabilities has effect buyer-supplier relationships are linier have correlation for buyer innovation performance (Saunila et al., 2021). In other words, the better the performance and the *online shop breakthrough*, the suppliers will also be happy to work together.

From the literature review conducted, very few researchs have explore the specific relationship between *online shop* and *supplier loyalty*, especially in the post-Covid-19 pandemic period. In fact, in B2B business relationships, *suppliers need to understand the conditions of online shop loyalty* to them, especially due to drastic changes post-pandemic. In understanding this empirical situation, technology-based companies, as the main suppliers of merchandise to *online stores*, must be able to establish the right relationships to maintain business continuity.

Due to the absence of uncertainty of research in the form of least exploration development loyalty and its application in conduct business relationships between *online stores* and also *suppliers* in the latest era of digital transformation, This research is present to assist in further study of the business model design process and formulate strategies to increase *online shop loyalty* to *suppliers* in Indonesia.

This research explore the extent of loyalty of *online stores* to *suppliers* using service quality variables, including supply chain and market which are intangible factors (Afthanorhan et al., 2019; Datta et al., 2018; Haghkhah et al., 2020; Khan et al., 2021 ; Lee & Lee, 2013; Ogiemwonyi et al., 2020 ; Another variable is product quality or tangible factors (Hati & Parlewen, 2017; Mustaqimah et al., 2019; Nieves & DíaznMeneses, 2016). as well as trust,

commitment, and satisfaction as relational variables (Astini & Tafiprios, 2017; Edvardsson et al., 2013; Gannage, 2014; Haghkhah et al., 2020; Hannan et al., 2017; Melewar et al., 2017; Menidjel et al., 2021; Tandon et al., 2017).

The novelty of this research is shown in the scope of the research which has never been studied in the context of related research, namely on various islands in Indonesia as well as the use of the latest and specific data in the post-Covid-19 pandemic period. This research is very necessary to update knowledge regarding loyalty and various related indicators in accordance with changes in current conditions.

The contribution of this research is useful for *suppliers* in establishing relationships with *online stores*. The results of this research can help in further studies regarding the business model design process and formulating strategies to increase *online shop loyalty* to *suppliers* in Indonesia. Especially in relation to the current development of business digitalization.

RESEARCH METHOD

This research uses a descriptive analysis method, with respondents being FMCG *online stores* which are members of *suppliers* from several large *B2B companies* in Indonesia covering regions throughout Indonesia. Respondent data was collected by researchers from June to October 2023 using a survey method employing an online questionnaire was utilized in this study, gathering perspectives from both online shops and suppliers. Proportional stratified random sampling was chosen due to variations in the number of online stores across regions. This method involves dividing the population into strata based on the respondent's region or city, proportional to the number of online stores in each area relative to the total number of supplier members, and then selecting a sample accordingly. Constraints such as limited resources in terms of costs, time, and effort necessitated sampling from the entire population. Data collected were analyzed using descriptive statistical techniques to depict the variables' status within online shops. The top two-box method was employed to gauge the level of loyalty of online shops to suppliers. Additionally, cross-tabulation analysis using chi-square was performed to examine how respondent profiles correlate with loyalty indicators.

RESULTS AND DISCUSSION

Questionnaire data was obtained from 550 respondents in the *supplier coverage area* in Indonesia. The details cover these regions, including Central Java (102), Jabotabek (91), West Java (83), East Java (79), Banten (72), Sumatra (52), Kalimantan (32), Sulawesi (29) and Bali Nusatenggara (10). The data is shown in Figure 1. From the analysis, it shows that the origin of most *online stores* comes from Java with 77.6% and other areas amounting to 22.4%.

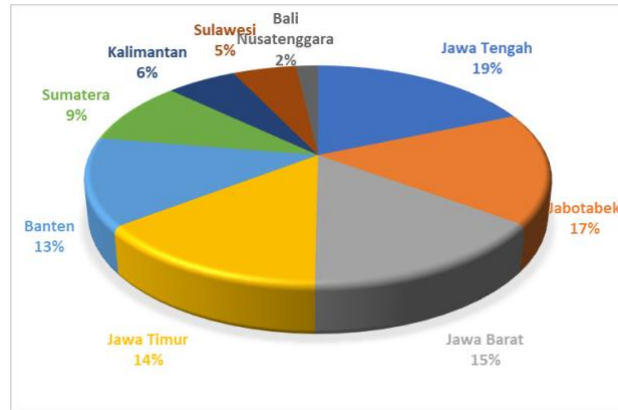


Figure 1. *Online Shop Respondents*

The following also explains the profile of the respondents in the research, as seen in Table 2. The results of this research show that the distribution of respondents based on gender is 58.3% female, while the remaining 41.7% are male. This shows that more women are opening *online shops* to help the household economy. Apart from that, there are also many housewives who tend to pursue *online shop businesses* due to limited capital and networks. With current technological developments, women's participation in opening *online shop businesses* has experienced significant growth in both villages and cities. Women tend to pursue *online businesses* because this work can be done at home so it can still be done while taking care of the household, and the capital required is not too large. Furthermore, looking at age, respondents aged 17-25 years were 18.5%, respondents aged 26-35 years were 48.5%, respondents aged 36-50 years were 27.4%, and respondents aged > 50 year at 5.5%. Apart from looking at age, the distribution of respondents was also looking at education level. Most of the respondents' education level was high school, with a percentage of 73.3%. This shows that a high level of education is not required to open an *online store*. The next distribution of respondents' education levels was junior high school with a percentage of 14.2% and undergraduate education level at 12.2%, and finally master's education level at 0.3%.

Length of business is the duration of time the respondent has run an *online shop business* from when it first opened until now. When a business has a long duration of time, the business will experience many changes in aspects. This is due to the flying hours and experience of the business actor concerned. This process is a business journey such as building a business system, building a wholesale system, understanding consumer behavior, understanding goods and sales processes via digital platforms. Looking at the duration of running a business, it can be divided into four periods, namely respondents who run their business for less than one year are 11.2%. Respondents who have run their business between 1 and 5 years are 44%. For respondents who have been

running their business for between 6 and 10 years, it is 26.9%. Meanwhile, for respondents who have run their business for more than 11 years, it is 17.9%. The next descriptive analysis is the daily sales profile of the respondents, where 13.1% have a daily sales turnover below IDR 500,000. 36.1% had a daily sales turnover of between IDR 500,000 to IDR 1,000,000; and daily turnover between IDR 1,000,000 to IDR, 2,000,000 by 24.7%. Meanwhile, for daily turnover of more than IDR 2000,000 it is 26.1%. From the distribution of this descriptive analysis, it can be explained that on average *online stores* only serve final customers in their stores, and buyers tend not to resell the goods they have purchased.

Table 2. Respondent Profile of *Online shop*

Description	Category	Number	%
Gender	Man	229	41.7
	Woman	321	58.3
Age	17–25 Years	102	18.6
	26–35 Years	267	48.5
	36–50 Years	151	27.4
	Over 50 Years	30	5.5
Length of Business	< 1 Year	62	11.2
	1-5 Years	242	44
	6-10 Years	14	26.9
	Over 11 Years	98	17.9
Education	< Junior High School	78	14.2
	Senior High School	403	73.3
	Bachelor	67	12.2
	Masters	2	0.3
Daily turnover	< 500,000	72	13.1
	500,000 – 1,000,000	199	36.1
	1,000,000–2,000,000	136	24.7
	More than 2,000,000	143	26.1

The quality of service for *online businesses* in the era of digital transformation must be able to compete by providing added value to the business. The quality of service provided by *suppliers to online stores* will contribute to satisfaction, as supported by several previous studies, namely, Afthanorhan et al., (2019), Datta et al., (2018), Lee & Lee, (2013), Ogiemwonyi et al., (2020), Ulaga & Eggert, (2006), and Veloso et al., (2017). Good service quality will have a positive impact on customer loyalty (Haghkhah et al., 2020; Lariviere et al., 2014; Rauyruen & Miller, 2007; Wibowo et al., 2018).

Descriptive analysis of service quality variables in relationships with *suppliers* and *online stores* consists of several indicators, specifically, reliability, personal interaction, problem-solving, and policy are each broken down into statement items. The outcomes of the service quality analysis are detailed in Table 3.

Table 3. Results of Descriptive Analysis of Service Quality Variables

NO	Indicator	Instrument	Respondents Response (%)					Average value	Mode
			1	2	3	4	5		
1	Reliability	Accurate service	2.1	2,3	101	40.2	45.3	4.24	5
2		Delivery according to schedule	1.4	3.6	12	39.1	43.9	4.2	5
3		Delivery according to order quantity	1.6	3.5	11.3	36.5	47.1	4.24	5
4		Delivery is according to the product variations ordered	1.4	5.3	14.7	41.2	37.4	4.07	4
5	Personal interaction	<i>Supplier</i> provides convenience for wholesale orders	2.1	2,4	9.1	41.2	45.2	4.26	5
6		Admin is easy to contact	1.7	2.5	7.5	32.4	55.9	4.38	5
7		Polite employees when interacting	1.5	2,3	6.5	32.1	57.6	4.42	5
8	Solution problem	<i>Suppliers</i> provide easy COD payments	2,4	2.6	13.6	42.3	39.4	4.14	4
9		<i>Suppliers</i> provide solutions to customer complaints	1.7	2,3	8.5	35.9	51.6	4.33	5
10	Policy	<i>Supplier</i> policy on payment due date	2,4	1.6	12.1	31	52.9	4.30	5
11		<i>The supplier's</i> policy is free shipping	2,2	2.1	5.5	24.7	65.5	4.49	5

The reliability of *suppliers* to always maintain their commitment to keeping promises when making transactions with *online stores* is a fundamental factor in carrying out business relationships (Das & Sharma, 2017; Setyawan et al., 2019; Sosa-Varela & Svensson, 2018). *Suppliers* need to send goods on time and according to the quantity and variety ordered by the *online store*. Apart from that, a supporting quality that can maintain good relations between *suppliers and online stores* is the ability to manage delivery schedules. This research supports research from Ulaga & Eggert (2006) and Ogiemwonyi et al. (2020) which states that reliability in providing service quality shows a positive impact on customer satisfaction in Malaysian hypermarkets.

The impact of service support and interaction on satisfaction also loyalty has been studied by Ulaga & Eggert (2006). Service support consists of supplier responsibilities, information management capacity, and activities with partners. Conversely, personal interactions encompass engagements with online store partners and relationships involving senior management at suppliers. Within personal interaction and problem-solving contexts, the courteous and supportive demeanor of supplier staff significantly contributes to enhancing satisfaction and loyalty among online stores. Sellers who deal directly with customers must be able to solve problems that arise such as customer complaints, returned goods, and placement of goods or discrepancies during delivery (Madhavaram et al., 2020; Madhavaram & Badrinarayanan, 2015).

Supplier policies regarding ordering goods via digital platforms also make it easier for *online stores* to carry out wholesale purchasing transactions (Ju et al., 2023; Mahar et al., 2022). With this convenience, *online* shop managers do not need to close their shop when purchasing goods. Apart from that, *supplier* policies in waiving shipping costs can also create customer loyalty. Apart from that, payment systems for wholesale purchases, *cash on delivery* or due payment, can also increase satisfaction and loyalty of *online stores*.

Descriptive analysis of the Product variable consists of several indicators including product variety, price of the product, product grade, and product availability. Each indicator is subdivided into statement items, with the analysis findings presented in Table 4.

Table 4. Results of Descriptive Analysis of Product Variables

No	Indicator	Instrument	Respondents Response (%)					Average value	Mode
			1	2	3	4	5		
1	Product Variations	The products at the supplier are complete	2.7	14.7	35.4	33.3	13.9	3.41	3
2		Products in suppliers according to market needs	1.3	9.1	30.3	43.5	15.6	3.63	4
3	Product Price	Competitive prices compared to other suppliers	2,4	9.1	28.2	39.3	21	36.7	4
4	Product quality	Wholesale goods in good condition	1.3	2.5	10.1	41.1	45	4.23	5
5		The condition of the item has a long date	1.4	3,4	11.3	39.4	44.5	4.22	5
6	Product availability	Wholesale items are always available when ordered	3.3	12.1	32.4	35.8	16.4	3.49	4
7		Wholesale goods are always available when there are promotions	3,2	9.3	32.4	34.4	207	3.61	4

In the product variety indicator, there are two item statements, and most respondents answered three or neutral for the statement that wholesale products from complete *suppliers*.

Meanwhile, in the statement stating that wholesale products from *suppliers* meet market needs, most answered four or agreement. In addition, only one statement item was used to measure price indicators, where most respondents' answers were four. Meanwhile, two statements were employed to assess indicators of product quality and product availability, with the majority of responses falling within the four and five rating categories.

Based on research by Ulaga & Eggert (2006), the quality of goods and the performance of goods delivery are the main things that make consumers have trust in *suppliers*. Apart from that, good quality goods at more competitive prices are also important to improve good relationships with customers. Things that make *online stores* trust *suppliers* include products that are in good condition and worth selling and have a long expiry date. With existing criteria, it has an impact on *online stores' trust in their suppliers*.

Based on research from Mustaqimah et al. (2019), the variables contained in the marketing mix show that product and price have an influence on customer satisfaction, and customer satisfaction has an influence on loyalty. Apart from manufacturers, good products from *suppliers* will have an impact in the form of loyalty from customers, both *online stores* and end users. This was expressed in several previous researchers' findings, including (Hati & Parlewen, 2017; Nieves & DíaznMeneses, 2016). Procuring and ensuring that products from suppliers meet standards of quality, quantity, variety, and affordability is crucial for the FMCG retail industry. Products that are always available can be an initial strategy to create loyalty from customers. To boost sales, suppliers must focus on various indicators related to product diversity and availability tailored for wholesale purchasing by online stores. *Online* shop partners also consider product completeness when shopping, apart from that competitive prices are also the reason they shop, because with competitive prices they will also be able to sell at competitive prices. *Online* stores give a positive impression of the questions asked and most provide answers with four marks for all questions asked.

Some of the results and descriptions above imply that the person responsible for the online shop already has a good analysis, especially regarding sales strategies and management of the goods to be sold. This indication has the potential to have a significant relationship with the educational level profile of online shop respondents, namely that 73.3% were high school graduates. With this educational profile, the people in charge of online shops certainly have the skills to operate a business, especially in terms of market needs and appropriate prices, so that they can get more profits. Entrepreneurs who have a higher level of education tend to pay attention to product-related information, including when ordering goods wholesale (Adeel et al., 2023).

The supporting educational profile is also strengthened by the era of digital transformation; *suppliers* are now also paying close attention to the quality of the applications used to retain consumers. *Website* quality indicators are one of the crucial factors that must be prioritized in the process of designing

an application for ordering goods. The ease of use of applications by *online* stores in making wholesale purchases is a serious concern for *suppliers*. Ease of use of applications is a very serious matter considering that *online shop managers* are not only from the millennial generation but also generation x whose ability to operate applications is also limited. With the ease of use of applications and *websites* provided by *suppliers*, *online* shop partners will find it easier to carry out transactions. Apart from that, the ease of operating the application by *online stores* will prevent them from switching to other *suppliers* (Sunday, 2024). The quality of a *website* owned by a *supplier* is a number of indicators, including usability, quality of information, service interactions, and overall impression. In each indicator there are several statement items, and the results of the analysis are presented in Table 5.

Table 5. Results of Descriptive Analysis of *Website Quality Variables*

No	Indicator	Instrument	Respondents Response (%)					Average value	Mod e
			1	2	3	4	5		
1	utility	wholesale ordering <i>website</i> is easy to use	2,2	4.1	22.3	37.8	33.6	3.98	4
2		wholesale order <i>website</i> is easy to understand	1.4	4.5	20.3	43.3	30.5	3.96	4
3		The <i>supplier</i> 's <i>website</i> looks attractive	1.3	3.1	22.3	44.5	28.8	3.96	4
4	informa- tion quality	The <i>website</i> provides reliable information	1.5	2.7	18.5	41.6	35.7	4.07	4
5		The <i>website</i> provides information that is easy to read	1,2	3,2	19	43.3	33.4	4.05	4
6		The <i>website</i> provides information that is easy to understand	1.3	3,4	18.7	44.5	32.1	4.03	4
7		<i>Website</i> that provides up-to-date information	1.3	2.7	21.6	44.9	29.5	4.01	4
8		<i>Website</i> provide detailed information	1.4	2,4	15.6	41.9	38.7	3.98	4
9	Interaction services	The <i>website</i> provides a sense of security for transactions	1.1	2.7	16.3	46.7	33	4.14	4
10	overall impression	The <i>website</i> provides a positive experience in ordering goods	1.5	2.6	17.7	46.2	32	4.07	4
11		Overall appearance of the <i>website</i> Good	1.5	3	18.7	44.3	32.5	4.05	4

On the indicators of usefulness and quality of information, respectively using three and five statement items, most respondents answered with a score of four or agrees. In relation to interaction services, one statement item shows that *website* ordering provides a sense of security for carrying out transactions; most respondents gave a score of four. Furthermore, two statement items were used to assess the overall impression, showing that the majority of respondents answered with a score of four.

In the era of digital transformation, *suppliers* need focus to focus on *website quality* orders in order to sell the products they own and retain their consumers (Ingaldi, 2023). Indicators of the usability quality of a website are an important factor to pay attention to when creating a product sales application. The ease of using applications by *online stores* for shopping is a serious concern for *suppliers*. Apart from that, the level of adaptation to applications or *websites* also varies because *online shop owners or managers* are not only from the millennial group. This is in line with research conducted by Khan et al., (2021) which states that application-based supply chain companies must be able to manage the quality of their websites. They provide convenience to customers. *Website* quality, attractive catalogue, product pricing, accessibility and content design are recognized by customers as important for repeat purchases. With regard to the quality of information, it states that *suppliers* need to ensure that *the website* purchasing goods must be reliable, relevant, and accurate. Displays related to products and prices on *the website* must provide correct and accurate information.

Based on answers from *online stores*, it is stated that, when ordering goods wholesale, they also pay attention to information related to products and promotional programs (E. Hughes et al., 2015; Tsao, 2015). Based on service interaction indicators, the application used must also have security for transactions and payments. Respondents' good impression of *online stores* means they will continue to work with *suppliers*. The overall positive response encourages *online stores* to make wholesale purchases to meet all merchandise needs. Experience in making shopping easy and practical can increase *online shop satisfaction* with *suppliers*. Based on research from Tandon et al. (2017), stated that *online* product sellers must strive to provide consumer satisfaction through *website services* quality. Previous research findings also show that *website quality* Good quality will have an impact on consumer satisfaction and loyalty (Edvardsson et al., 2013; Gannage, 2014; Tandon et al., 2017).

Trust from customers is needed to maintain good relationships between *suppliers and online shop partners*. *Suppliers* need to maintain the trust of their partners to maintain long-term relationships. Trust is considered as confidence in the integrity of long-term relationships between *suppliers* and partners, in order to create loyalty. The trust variable consists of several indicators, namely, ability, empathy, and integrity. Each indicator becomes several statement items, and the results of the analysis are presented in Table 6.

Table 6. Results of Descriptive Analysis of Trust Variables

No	Indicator	Instrument	Respondents Response (%)					Average value	Mode
			1	2	3	4	5		
1	Ability	Trust <i>suppliers</i> in providing wholesale	1.3	3	18.9	44.3	32.5	4.03	4

No	Indicator	Instrument	Respondents Response (%)					Average value	Mode
			1	2	3	4	5		
2		goods Trust <i>the supplier</i> in serving and delivering goods	1.1	2.7	14.2	44.5	37.3	4.13	4
3	Empathy	Believe in the sincerity <i>of suppliers</i> in providing services	1.3	2.9	12.5	43.3	40	4.18	4
4		Trust in the supplier's sincerity to help their kiosk partners in cooperation	1.3	2,2	11.7	43.3	41.5	4.21	4
5	Integrity	Trust in the quality of <i>the supplier's</i> <i>products</i>	1.3	2,3	12.7	41.5	42.2	4.29	5
6		Trust in the quality of <i>supplier service</i>	1.4	2.6	11.1	43.5	41.4	4.21	4
7		Believe in the correctness of the information provided by the supplier according to the facts	1.5	2,3	21.4	43.1	31.7	4.24	5

On the indicators of ability and empathy, there are two statement items each, and the majority of respondents gave a score of four or agrees. Meanwhile, for the three statement items used to assess integrity indicators, the majority of respondents gave a score of 4 or agree. A key component of trust is the extent to which *online store partners* trust *suppliers* regarding the goals of cooperation in running the business. Therefore, *suppliers* who care about maximizing results from *online stores* will attract their interest, because they are considered to provide welfare to partners. The influence of trust on consumer loyalty has also been studied by several previous researchers (Haghkhah et al., 2020; Hannan et al., 2017; Lariviere et al., 2014; Lee & Lee, 2013; Melewar et al., 2017).

The commitment variable consists of several indicators, namely emotional commitment, cognitive commitment and goal commitment. Each indicator is subdivided into multiple statement items, with the analysis findings presented in Table 7.

Table 7. Results of Descriptive Analysis of Commitment Variables

No	Indicator	Instrument	Respondents Response (%)					Average value	Mode
			1	2	3	4	5		
1	emotional commitment	Feel close when gathering with <i>suppliers</i>	1.6	2,2	18.7	44.5	32.4	4.25	5
2		Feeling happy/proud to happen with <i>the</i> <i>supplier</i>	1,2	2.5	13.7	44.5	38.1	4.15	4
3	Cognitive commitment	Always want to maintain relationships with	1.3	2,2	15.5	45.4	35.6	4.12	4

No	Indicator	Instrument	Respondents Response (%)					Average value	Mode
			1	2	3	4	5		
4		<i>suppliers</i> because they provide appropriate goods Always want to maintain relationships with <i>suppliers</i> because the service is appropriate	1.3	2,3	13.1	46.1	37.2	4.15	4
5	Goal commitment	Choose a suitable <i>supplier</i> because it is practical	1,2	3,2	13.4	47	35.2	4.12	4
6		Choose a good match with a <i>supplier</i> because it is beneficial	1.3	3.1	11.5	45.6	38.5	4.16	4
7		Choose to decide with a particular <i>supplier</i> because of the advantages	1.4	3.9	26.3	42.1	26.3	3.88	4

Two statement items were assessed as indicators of emotional commitment and cognitive commitment, each receiving a score of 4 or agreeing from respondents. Meanwhile, the goal commitment indicator has three statement items, with a value of four as the highest response from respondents. *Suppliers* always want success in sales so they must always provide attention and commitment, especially sincerity, to fulfill their agreements with *online store partners*. Based on research from Rauyruen & Miller (2007), stating that always being committed to customers is very important in developing customer loyalty. The influence of commitment on customer loyalty was also found in many prior studies including (Haghkhah et al., 2020; Melewar et al., 2017; Nieves & Díazn Meneses, 2016; Rauyruen & Miller, 2007).

The Customer Satisfaction variable is divided into several indicators, namely satisfaction with the overall product or service, satisfaction with ideal products and services and *online shop expectations* regarding the provisions made by *suppliers*, which can be seen in Table 8.

Table 8. Results of Descriptive Analysis of Customer Satisfaction Variables

No	Indicator	Instrument	Respondents Response (%)					Average value	Mode
			1	2	3	4	5		
1	satisfaction with the overall product or service	Feel satisfied with the convenience provided by the <i>supplier</i>	1.3	2.5	16.5	48.3	31.4	4.06	4
2		Feel satisfied by starting with <i>suppliers</i> in	1,2	2.8	15.5	44.9	35.4	4.10	4

No	Indicator	Instrument	Respondents Response (%)					Average value	Mode
			1	2	3	4	5		
		running a business							
3	Satisfaction with ideal products and services	Feel satisfied because the product meets expectations	1.3	7.3	27.4	39.7	24.3	3.78	4
4		Feel satisfied because the service meets expectations	11	4.1	19.3	50.5	25	3.94	4
5		Feel satisfied with the service provided by <i>the supplier</i>	1.3	2,2	13	45.5	38	4.17	4
6	<i>Online shop</i> expectations of the provisions made by <i>suppliers</i>	Feel satisfied with the positive impact of <i>the supplier's start-up</i>	1.1	2.5	16.3	41.7	38.4	4.14	4
7		Feeling satisfied that the supplier's products are superior to others	1.3	5.3	33.9	37.7	21.8	3.73	4
8		Feel satisfied because the service at <i>the supplier</i> is superior to others	2.1	3,4	29.2	42	24.2	3.83	4

In the indicator of satisfaction with the overall product or service, there are two statement items, from these two statements the majority of respondents answered with a score of four. Meanwhile, there are three statement items used to assess satisfaction with an ideal product or service. On these statement items, the majority of respondents answered with a score of four. Regarding *online stores'* expectations of the provisions made *by suppliers*, there were three statement items, and most respondents answered with a value of four. The results consist of feelings of pleasure from obtaining positive results with a profitable *supplier*, and the products and services offered by suppliers are superior compared to others. Therefore, suppliers must prioritize the satisfaction of their partners with the products and services they provide, which influences their partners' decisions. Customer satisfaction has been highlighted as a determinant of customer loyalty in numerous prior studies (Datta et al., 2018; Haghkhan et al., 2020; Hannan et al., 2017; Tandon et al., 2017; Veloso et al., 2017).

Customer loyalty consists of several indicators, namely repeat purchases, purchases across product and service lines, recommendations, and retention. Each indicator consists of several statement items, the results of the analysis are presented in Table 9.

Table 9. Results of Descriptive Analysis of Customer Loyalty Variables

No	Indicator	Instrument	Respondents Response (%)					Average value	Mode
			1	2	3	4	5		
1	Repeat purchase	Willing to continue to buy back wholesale goods from <i>suppliers</i>	1.3	3.1	14.5	43.3	37.8	4.13	4
2		Willing to increase the value of purchasing wholesale goods from <i>Suppliers</i>	1.9	3,4	17.8	44.3	32.6	4.02	4
3	Purchases across product and service lines	Willing to try new products offered by <i>suppliers</i>	1.8	3.5	23.6	47.3	23.8	3.87	4
4		Trust <i>suppliers</i> for wholesale shopping	1.5	2,3	18	44.3	34	4.07	4
5	Recommendation	<i>Supplier lenders</i> are willing to subscribe to other people for wholesale shopping	1.4	3.1	22.9	40.3	32.3	3.99	4
6		Willing to invite other shops to become subscription <i>supplier partners</i>	1.4	3.3	24.9	40.4	29.8	3.96	4
7	Come back here	Not interested in other <i>suppliers</i> for wholesale shopping	3.1	6.6	41.7	30.9	17.7	3.53	3
8		<i>suppliers</i> are the first thing that comes to mind for wholesale shopping	1.5	4.3	27.7	40.3	26.2	3.85	4

In the repeat purchase indicators, purchases across product and service lines, recommendations and retention, each indicator each has two item statements. Of all the item statements submitted to respondents, the answer value was four.

Based on the results of analysis using *Two Top Box*, the level of loyalty from *online stores* ranges from more to much more loyal. A percentage of the total answers four and five can indicate loyalty, while others, including one, two, and three, indicate an index of customer disloyalty. Overall, loyal and disloyal *online stores* reached 76.4% and 23.6% respectively. These results are further corroborated by a comprehensive frequency analysis presenting percentages for all variables and the Top Two Box test as shown in Table 10.

The assessment of each variable statement and main indicator of loyalty is explained in the table 10.

Table 10. Percentage of Assessment of Customer Loyalty Indicators

Main Variables/Indicators	Rating Percentage (%)						
	Strongly disagree	Don't agree	Neutral	Agree	Strongly agree	Top Two Box	Unfaithful
(LY1) Repurchase	1.3	3.3	11.7	41.5	42.2	83.6	23.2
(LY2) Purchase at entire line	1.1	3	14.5	45.5	35.9	81.4	18.6
(LY3) Recommendation	1.3	2.9	21.3	40	34.5	74.6	25.4
(LY4) Retention	1.5	5	25.7	42.3	25.5	67.8	32.2
(LY) Customer Loyalty	13	3	20.3	45.1	30.3	76.4	23.6

In accordance with Table 11 regarding repurchases, the statement that they are willing to continue to repurchase the loyalty towards wholesale goods from suppliers is notably high, as indicated by the Top Two Box score of 81.2%, with 43.4% agreeing and 37.8% strongly agreeing. Similarly, the willingness to enhance the quantity of wholesale goods purchased from suppliers shows a value of 76.8%, with 44.2% agreeing and 32.6% strongly agreeing. The loyalty of online shops towards suppliers is also robust, demonstrated by a Top Two Box score of 83.6% for repeat purchase indicators, with 41.4% agreeing and 42.2% strongly agreeing. Maintaining online shop repurchases from suppliers is crucial for ensuring the continuity of suppliers' businesses through repeated and wholesale purchases.

Table 11. Percentage of Respondents' Assessments on Repurchase Indicators

NO	Main Variables/Indicators	Rating Percentage (%)					
		Strongly disagree	Don't agree	Neutral	Agree	Strongly agree	Top Two Box
1	Willing to continue to buy back wholesale goods from suppliers	1.3	3.1	14.5	43.3	37.8	81.2
2	Willing to increase the value of purchasing wholesale goods from Suppliers	1.9	3,4	17.8	44.3	32.6	76.8
Repeat purchase		1.4	3.3	11.7	41.3	42.3	76.8

In accordance with Table 12 regarding purchasing indicators across product and service lines, statements of confidence in *Suppliers* for wholesale

shopping show great loyalty with a *Top Two Box* score of 78.2%, with 44.2% agreeing and 34% strongly agree. Statements regarding willingness to try new goods offered by *suppliers* had a value of 71%, with 47.2% agreeing and 23.8% strongly agree. Furthermore, *online* shop loyalty to *suppliers* shows great loyalty; this is shown by purchasing indicators from *suppliers* with a *Top Two Box* value of 81.4%, with 45.6% agreeing and 35.8% strongly agreeing.

Online store that is loyal to *its suppliers* will provide convenience in terms of offering products or services. In the current era of digital transformation, collaboration between *online stores* and *suppliers* allows *suppliers* to not only sell products with fast turnover, but they can also sell digital products, for example telephone vouchers, credit, electricity tokens and other services such as payments. Regional Drinking Water Company (PDAM), payments to the Social Security Administering Agency (BPJS), and so on.

Table 12. Percentage of Assessment of Purchase Indicators across product and service lines

NO	Main Variables/Indicators	Rating Percentage (%)					Strongly agree	<i>Top Two Box</i>
		Strongly disagree	Don't agree	Neutral	Agree			
1	Willing to try new products offered by <i>suppliers</i>	1.8	3.5	23.6	47.3	23.8	71	
2	Trust <i>suppliers</i> for wholesale shopping	1.5	2,3	18	44.3	34	78.2	
	Purchases across product and service lines	1,2	3	14.4	45.6	35.8	81.4	

Table 13 shows additional indicators stating that the *online shop's statement* regarding the willingness to recommend *suppliers* to other people shows high loyalty. This is as shown by the *Top Two Box* value of 72.6%, with 40.4% agreeing and 32.2% strongly agree. Meanwhile, the statement stating the *online shop's willingness* to invite other shops to become *supplier partners* had a score of 70.4%, of which 40.8% agreed and 29.6% strongly agreed. *Online* shop loyalty to *suppliers* shows great loyalty, shown by the *Top Two Box* indicator value of 74.6%, with 40% agreeing and 34.6% strongly agreeing.

Loyal *online* stores are expected to be able to help *suppliers* in recommending their products or services to other *online stores* for wholesale purchases. In the present age of digital transformation, with the existence of *online stores* that make wholesale purchases through ordering applications, it is possible for *online stores* to provide recommendations *online* through providing good ratings, as well as positive testimonials that help other stores build trust.

Table 13. Percentage of Assessment of Recommendation Indicators

NO	Main Variables/Indicators	Rating Percentage (%)					
		Strongly disagree	Don't agree	Neutral	Agree	Strongly agree	Top Two Box
1	Supplier lenders are willing to subscribe to other people for wholesale shopping	1.4	3.1	22.9	40.3	32.3	72.6
2	Willing to invite other shops to become subscription supplier partners	1.4	3.3	24.9	40.4	29.8	70.4
Recommendation		1.4	2.8	21.2	40	34.6	74.6

In accordance with Table 14 regarding retention indicators, statements regarding the names of *suppliers* who have subscribed to *online stores* for wholesale shopping have the highest level of loyalty, namely 66.4%, with 40.2% agreeing and 26.2% saying strongly agree. Apart from that, the statement that they are not interested in *suppliers* other than those they subscribe to for wholesale shopping has a value of 48.4%, with 30.8% agreeing and 17.6% strongly agree. *Online shop* loyalty to *suppliers* shows loyalty, where the retention indicator has a *Top Two Box* value of 67.8%, with 42.5% agreeing and 25.46% strongly agreeing. The values of the top two columns in the retention indicator are the smallest when compared to other loyalty indicators. This shows that competition between *suppliers* in collaborating with *online stores* is very high. A strategy is needed from *suppliers* so that *online stores* do not easily switch to other *suppliers* when shopping wholesale.

Table 14. Percentage of Assessment of Retention Indicators

NO	Main Variables/Indicators	Rating Percentage (%)					
		Strongly disagree	Don't agree	Neutral	Agree	Strongly agree	Top Two Box
1	Not interested in other <i>suppliers</i> for wholesale shopping	3.1	6.6	41.7	30.9	17.7	48.4
2	<i>suppliers</i> are the first thing that comes to mind for wholesale shopping	1.5	4.3	27.7	40.3	26.2	66.4
Retention		1.4	5	25.8	42.4	25.4	67.8

Table 15. Relationship between Respondent Profile and Customer Loyalty
Sig. Pearson Chi-Square at Alpha 0.1 of the Loyalty Variable

	Customer loyalty	Repeat purchase	Purchasing across the board	Recommendation	Retention
Gender	0.842	0.362	0.605	0.927	0.103
Age	0.238	0.268	0.488	0.027	0.614
Length of business	0.596	0.497	0.675	0.63	0.775
Education	0.274	0.254	0.597	0.443	0.602
Average Turnover	0.133	0.227	0.965	0.101	0.475
Wholesale	0.25	0.267	0.012	0.57	0.015
Purchase Intensity					
Average purchases per Transaction	0.007	0.072	0.668	0.075	0.045
Last time buying wholesale	0.562	0.781	0.106	0.374	0.035
Wholesale Percentage	0.512	0.627	0.537	0.182	0.183

Next, a cross-tabulation analysis was conducted to explore the relationship between respondent profiles and loyalty indicators such as repeat purchases, cross-category product and service purchases, recommendations, and retention. The Chi-Square statistical test was utilized to assess the association between variables represented in rows and columns. According to the results in Table 15, the significance level (Sig. 2-sided) for certain profiles exceeds 0.1 at a 10% significance level, indicating a connection between respondent profiles and online shop loyalty to suppliers. These profiles encompass gender, age, education level, average store sales, intensity of wholesale purchases, average transaction size, business tenure, and the percentage of shopping value relative to total wholesale. Furthermore, there is a correlation coefficient of 0.072 between average transaction size and the loyalty indicator for repeat purchases. This suggests that higher values of wholesale products correlate with increased frequency of repeat purchases, and vice versa (Chen et al., 2016).

On average, *online stores* have limited cash turnover because their working capital is relatively small, so they tend to make repeated small batch purchases. Furthermore, transaction intensity correlates with purchasing across all product and service lines, indicated by a chi-square value of 0.012. This suggests that as online stores engage more intensively in wholesale shopping, they tend to purchase a wider variety of goods. Essentially, higher transaction intensity correlates with increased diversity in products sourced from suppliers. With a chi-square value of 0.027, and average purchase per transaction, with a value of 0.075, are associated with recommendations. This indicates that the age of online store owners or managers influences their likelihood to recommend suppliers to other stores. Owners or managers aged between 26 and 50 years are more inclined to endorse suppliers in other online shops, often leveraging applications and testimonials for promotion. The relationship between purchases per transaction and recommendations shows that the higher the *online store* shopping experience, the higher the number of

recommendations they will provide. Then, wholesale intensity 0.01, average purchase per transaction 0.045, and last wholesale shopping 0.035 have a significant relationship with retention. The results of this study indicate that the intensity of *online stores* in conducting wholesale shopping influences their trust in negative news about *supplier performance*. This is shown in the relationship between average purchases per transaction and retention, showing that the spending value for *online stores* is quite large, namely in the range of IDR 600,000 to IDR 1 million. This shows that the relationship between last time grocery shopping and retention indicates an *online store's loyalty to suppliers*.

CONCLUSION

According to the findings of this study, suppliers receive positive ratings for the quality of service they provide to online stores, with respondents consistently rating it above four. Similarly, trust, commitment, and satisfaction indicators also received favorable ratings. However, the quality of products and websites *still* needs improvement in an effort to maintain B2B business relationships with *online stores*. The improvements desired by *online stores* mainly lie in the product aspect, namely, products that are incomplete, prices that are less competitive, and stock availability that sometimes runs out when ordered. Regarding the quality of *the website*, *suppliers* should make improvements to the goods ordering application, where the hope of *online stores* is that the application must be easier to use, understand, and provide detailed information about the products sold to *online stores* that are partners. The results of this research show that there are still many *online stores* that still have low levels of loyalty to *suppliers*. Therefore, further research needs to conduct a study of the factors that influence loyalty in the era of digitalization and what needs to be done to increase loyalty. It is hoped that the results of this research can be used to conduct studies on *online shop loyalty* in Indonesia.

Based on this empirical study, *supplier companies* in the FMCG business in the retail industry currently need to carry out various innovations in the digital transformation era to increase customer loyalty. The things that *suppliers must do* are, first, *suppliers* must always pay attention to the quality aspects of the services provided to *online stores*. Second, *suppliers* must also review the quality aspects of the products they own. Lastly, *Suppliers* need to pay attention to the quality of *the website* they have, especially the ordering application. Additionally, *Top Two Box analysis* what has been done shows that loyalty from *online stores* to *suppliers* is 76.4%. Meanwhile, disloyal *online stores* amounted to 23.6% with the greatest indicator of loyalty being *purchases across product and service lines* amounting to 81.4% and repeat purchases having a value of 76.8%. Furthermore, cross tabulation analysis shows that the profile of all respondents related to purchases in all loyalty indicators is the average purchase value of each transaction and wholesale frequency intensity. Meanwhile, related to referrals are age and the average purchase value of each transaction. Profiles related to retention are wholesale frequency intensity, average purchases per transaction, and recent transactions with suppliers.

This research aims to identify and analyze variables associated with online shop loyalty to suppliers based on marketing interaction theory. The variables exchanged are retail service quality, product quality, *website quality*, and interaction quality. However, several factors can also be utilized as variables in an effort to achieve success in *relationship marketing-based strategies* that can be applied in further research. Research topics that can be used further include, for example, data-based *Customer Relationship Management (CRM)* to manage relationships between *suppliers* and *online stores*. The limitation of this research is that sampling was only carried out in *online stores* that were already member *suppliers*. This research is also limited to *online stores* that have used goods ordering applications to order wholesale goods from *suppliers*. It is recommended for future researchers to use factors that influence *online stores*, regarding the ability of *online stores* to adopt wholesale goods ordering system technology through ordering applications. Furthermore, future research could also raise the issue of developing *supplier companies* in the retail industry, especially when carrying out B2B partnerships with *online stores*. Apart from that, the theme that can be raised is the right marketing strategy for *suppliers* in establishing partnership relationships with *online stores*. Further studies on strategies for increasing *online shop loyalty* towards *suppliers* can be carried out by involving principals, academic experts and practitioners, considering that more and more technology-based *suppliers* are emerging with different strategies and work models in Indonesia.

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