

## THE IMPACT OF DIGITALIZATION ON ADDRESSING CONSUMER BEHAVIOR CHANGES (A STUDY ON PT. SEPATU BATA TBK IN INDONESIA)

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### Abstract

*This study examines the impact of digitalization and changes in consumer behavior on the sales performance of PT Sepatu Bata Tbk in Indonesia. In recent years, digitalization has become a necessity in the footwear industry as consumers increasingly value convenience and a more personalized online shopping experience. This research employs a qualitative descriptive method using secondary data such as magazines, articles, and books to highlight the challenges faced by PT Sepatu Bata Tbk in adapting to digital trends. The study reveals that the slow adoption of digital transformation and shifts in consumer behavior have negatively affected the company's sales and marketing performance.*

**Keywords:** Digitalization, Consumer Behavior, PT Sepatu Bata Tbk, Footwear Industry

### Introduction

In the rapidly advancing digital era, nearly all industrial sectors, including the footwear industry, have undergone significant transformations in how they operate and engage with consumers. Digitalization has reshaped consumer behavior, prioritizing convenience, ease, and the speed of accessing information and conducting transactions. Within the context of digitalization, consumer behavior evolves alongside technological advancements. Solomon (2018) highlights that modern consumers have higher expectations for convenience, personalization, and accessibility, all of which can be fulfilled through digital platforms.

Consumer behavior is defined as the study of the processes used by individuals or groups to select desired products, make purchases based on preferences, then use the products, and, after the purchase, potentially discard the products and services. Lastly, consumers may share their experiences of using the purchased products or services. This behavior concept encompasses various aspects, including psychological, social, and cultural influences that affect purchasing decisions (Solomon, 2018). Solomon also explains that consumer behavior is not only related to the act of purchasing but also involves the processes before, during, and after the purchase. Factors such as perception, attitudes, motivation, as well as influences from family, friends, and society, play a crucial role in shaping consumer decisions.

In today's digital era, consumer behavior is becoming increasingly complex due to technology that facilitates access to information and purchasing options. This also applies to the footwear industry, as consumers now tend to prefer online shopping over offline shopping. Therefore, industry companies need to adapt quickly to maintain their competitiveness (Kim & Lee, 2021). Digitalization is the process of transforming businesses by leveraging digital technology to optimize operations, expand marketing reach, and enhance consumer interactions. It has become a critical element influencing a company's success in addressing changes in consumer behavior and market competition. In this modern era, digitalization significantly impacts the industry. Consumers increasingly demand ease of access and efficiency in shopping..

According to Zhou & Wu (2024), digital transformation creates opportunities for companies to optimize and expand their market share. With the growing popularity of ecommerce, digitalization enables companies to extend their marketing reach through digital or online platforms such as websites, social media, and marketplaces. As a result, buyers no longer need to visit physical stores or outlets to purchase products; instead, they can make purchases through digital devices, offering convenience, speed, and better accessibility. Research by McKinsey & Company (2020) also states that digitalization can help companies improve operational efficiency, particularly in marketing, expand market coverage, strengthen competitiveness, and build more personal and relevant customer experiences. Additionally, Grewal et al. (2020) assert that digitalization is not merely about adopting new technologies but also about transforming how companies interact with consumers..

PT Sepatu Bata Tbk has been a key player in Indonesia's footwear market. The Bata company was founded in 1894 in the Czech Republic by Tomáš Bat'a and his siblings. Bata evolved into a multinational corporation with branches in various countries, including Indonesia. Tomáš Bat'a is known as an innovator in footwear manufacturing, particularly for adopting efficient and low-cost mass production techniques. This approach enabled the company to produce large quantities of shoes at affordable prices. Sepatu Bata is the oldest footwear manufacturing company in Indonesia, starting its operations in 1931. Although often considered a local brand, Sepatu Bata is part of the multinational Bata Shoe Organization, originally from Europe (Kompas.com, 2024). Over time, Sepatu Bata became a pioneer among leading footwear manufacturers with consistently increasing sales. In the following decades, Bata successfully strengthened its position in the Indonesian market due to several key factors.:

**Adaptation to the Local Market:**

Bata has successfully tailored its shoe models and designs to suit local consumer preferences, offering a variety of products ranging from sports shoes and sandals to formal shoes that cater to diverse segments of Indonesian society.

**Extensive Distribution Network:**

One of Bata's main strengths in Indonesia is its ability to establish a wide distribution network, spanning major cities to remote areas. Sepatu Bata employs a direct selling method, making its products easily accessible in various stores and outlets, including supermarkets and hypermarkets.

**Local Production:**

In 1939, Bata established its first factory in Kalibata, Jakarta, which later became one of the largest production centers in Southeast Asia. By setting up manufacturing operations in Indonesia, Bata reduced production and distribution costs while contributing to the local economy by creating numerous job opportunities.

**Affordable Prices with Assured Quality:**

A key strength of Bata in Indonesia is its competitive pricing strategy. The brand is known for delivering high-quality shoes and sandals that remain affordable to a wide range of consumers, from students to office workers.

As technology continues to evolve, all industries are experiencing changes, both in terms of production activities and marketing, accompanied by the emergence of competitors who bring the latest innovations to their products. PT Sepatu Bata Tbk has started to face a decline in production and sales. This is evident through the following data :

**Table 1 PT Sepatu Bata Tbk**

Years	Units Sold (In Millions of Pairs)
<b>2017</b>	12.5
<b>2018</b>	11.9
<b>2019</b>	10.8
<b>2020</b>	9.5
<b>2021</b>	6.8
<b>2023</b>	7.9
<b>2024</b>	7.5

Source : Katadata.co.id (2023)



**Figure 1.**  
**Units Sold PT Sepatu Bata Tbk**

Based on the sales data above, it is evident that PT Sepatu Bata Tbk has experienced a decline, particularly in the number of units produced. During the pandemic, the decline was quite significant, although there was a rebound in 2022. However, this increase did not surpass the sales levels of previous years. Various factors contribute to this downward trend, including the presence of competitors and shifting consumer behavior. Bisnis.com (2022) also reported that despite the increase in sales in 2022, the company continues to face challenges in maintaining consistent growth due to intense competition on e-commerce platforms. This competition further exacerbates PT Sepatu Bata Tbk's position in the footwear market. Given this background, the author aims to examine the impact of digitalization on consumer behavior. This research seeks to explore the influence of digitalization on PT Sepatu Bata Tbk's business strategies and to propose strategic recommendations to help the company become more responsive to changes in consumer behavior.

### **Methods**

The author employs a research model in the form of a literature study with a descriptive qualitative approach, utilizing secondary data sources such as magazines, articles, and books. The sources of information include research by Rizki and Ramadhani (2022) on the impact of digitalization on consumer behavior in Indonesia's footwear industry and an industry review by McKinsey & Company highlighting the importance of digitalization in the footwear sector in Indonesia. By using information from these various literature sources, this study aims to contribute ideas regarding appropriate strategies for PT Sepatu Bata Tbk to remain competitive in the current era of digital marketing.

### **Result and Discussion**

#### **The Impact of Digitalization on Changes in Consumer Behavior**

Modern consumer behavior has shown a significant shift toward the convenience of online shopping. While PT Sepatu Bata Tbk continues to rely heavily on physical stores, many consumers have shown a stronger preference for digital shopping platforms (Katadata, 2023). Chaffey and Smith (2022) highlight that current consumer behavior trends require companies to create digital experiences that are accessible, fast, and convenient for modern shoppers. Digital transformation is not only essential for attracting new consumers but also crucial for retaining loyal customers. According to Chaffey and Smith (2022), effective digital marketing can strengthen a company's relationship with its consumers by leveraging in-depth data to understand their preferences and needs. Moreover, digitalization has also impacted Sepatu Bata's sales performance, which has been experiencing a declining trend in recent years.

#### **Declining Trend**

From 2017 to 2021, there was a consistent declining trend in units sold. The sharpest decline occurred in 2021, where the number of units sold dropped from 9.5 million pairs in 2020 to 6.8 million pairs in 2021. This reflects the significant impact of the COVID-19 pandemic, which heavily affected physical retail sales.

#### **Recovery in 2022**

In 2022, the number of units sold increased to 7.9 million pairs, indicating a recovery effort. This suggests that Bata may have begun enhancing its strategy through digital sales and strengthening its presence on e-commerce platforms (Bisnis.com, 2022). This strategy aligns with the consumer shopping trend shifting towards online purchases (Kim & Lee, 2021). However, this recovery did not have a significant impact, as the increase in sales was still not as high as pre-pandemic levels, showing that the company faced ongoing challenges in fully adapting to the digital transformation.

#### **Stagnation or Decline in 2023**

Despite the recovery in 2022, the number of units sold in 2023 dropped back to 7.5 million pairs. This decline is likely due to the increasing competition on e-commerce platforms and a lack of innovation or efficiency in PT Sepatu Bata Tbk's digital strategy compared to its competitors (Grewal et al., 2020). Digitalization offers great opportunities for the retail sector to enhance accessibility and expand market reach. However, PT Sepatu Bata Tbk has faced limitations in transitioning to digital platforms effectively. While Bata's sales increased in 2022, the company's efforts in embracing digital strategies appear insufficient to maintain consistent growth in the face of a rapidly changing market. PT Sepatu Bata Tbk also faces several challenges, including limited infrastructure and suboptimal digital marketing (Kotler & Keller, 2016). While many competitors have already leveraged e-commerce and digital marketing strategies to reach a broader consumer base, PT Sepatu Bata Tbk remains behind.

Companies that are slow to adapt to digital technology will struggle to maintain their position in an ever-evolving market. Grewal et al. (2020) argue that companies without a comprehensive digital strategy will find it difficult to remain competitive in today's digital era..

### **The Impact of Market Competition on PT Sepatu Bata Tbk's Performance**

Competition in the footwear sector is becoming increasingly fierce, and PT Sepatu Bata Tbk must adapt more quickly to digital technology. According to a report from Bisnis.com (2023), PT Sepatu Bata's competitors have successfully streamlined their operations through ecommerce, yielding benefits in terms of efficiency and consumer appeal. Additionally, PT Sepatu Bata Tbk faces intense competition from international brands that are more adaptive to digitalization and globalization, which accelerate market dynamics. This forces the company to continuously innovate in order to remain competitive. To sustain its position in the market, PT Sepatu Bata Tbk needs to enhance its digital transformation efforts, ensuring that its offerings are not only accessible but also appealing to the increasingly digital-savvy consumer.

According to Kotler and Keller (2016), companies in competitive industries must respond flexibly to market changes to remain competitive. Rodrigues et al. (2023) further add that companies leveraging digitalization are more likely to succeed in the competition compared to those still relying on traditional strategies. Therefore, companies that wish to survive in the modern market must be able to respond to changing consumer preferences and optimize the use of digital technology to strengthen interactions with consumers. Without an integrated digital strategy, PT Sepatu Bata risks losing market share and facing difficulties in attracting modern consumers who are accustomed to digital services (Grewal et al., 2020). To address these challenges, PT Sepatu Bata Tbk must take several strategic marketing steps, including :

#### **Marketing Strategy • Development of E-commerce Channels and Digital Marketing**

PT Sepatu Bata Tbk should expand its presence on e-commerce platforms and enhance its digital marketing efforts. Social media and influencer strategies can help reach younger consumers.

#### **Product Innovation and Consumer Experience**

The company needs to develop innovative products related to fashion trends and provide a satisfying experience for consumers to increase customer loyalty.

#### **Improving Operational Efficiency with Digital Technology**

Integrating digital technology into operations can reduce costs and help the company become more competitive in the digital marketplace.

#### **Diversifying Sales Strategies**

Integrating e-commerce platforms with physical store experiences (omnichannel) will help PT Sepatu Bata improve the consumer shopping experience and expand market reach. This aligns with PT Sepatu Bata's need to integrate strategies that combine physical stores with seamless digital experiences to regain consumer attention.

### **Conclusions and Suggestions**

The conclusion of this study indicates that the influence of digitalization and changing consumer behavior has a significant impact on the marketing and sales performance of PT Sepatu Bata Tbk in Indonesia. The lack of adaptation to digital technology and dependence on physical stores makes it difficult for the business world to compete in the digital marketplace. This results in a decrease in competitiveness, particularly among younger consumers who prefer online shopping. Moreover, reliance on conventional marketing strategies makes it challenging for the company to maintain its competitive edge. Digital transformation is no longer optional but a necessity to ensure business continuity in the face of changing consumer behavior increasingly leaning towards digital.

This study also highlights that success in the modern business world requires the ability to proactively navigate changes in technology and consumer behavior. This aligns with the views of Kotler, Kartajaya, and Setiawan (2017), who emphasize the importance of continuous innovation and adjusting strategies to technological advancements. Competitive advantage no longer depends solely on high-quality products but also on the speed and accuracy of a company in meeting the evolving needs and preferences of consumers.

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