An optimizing omni-channel strategy for ride-hailing companies:
The case of GOJEK in Indonesia

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Abstract

This study aims to analyse GOJEK, the largest on-demand, ride-hailing service in Indonesia, and optimize its omni-channel strategy. A content analysis of using website information, internet documents and journal papers was conducted. This study found that although GO-JEK is already strong in its multiple channels, it might be a great idea to improve customer's experience through its optimizing omni-channel strategy. The idea is to connect and maximize their online and offline channels. Therefore, we proposed four approaches, namely creating offline booths, opening drop-offs sites in supermarkets, collaboration with e-commerce sites for the same city delivery, and availability to order from GO-JEK websites.

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1. Introduction

Nowadays, mobile technology has been widely used in our life. Consumers can ubiquitously access the internet to an increasing number of digital devices. Thus, an integrated service through offline, online, mobile channels, and touch points is desired for them when shopping [1]. In other words, no matter what channels or touch points are used, customers can consistently, interchangeably and simultaneously use the channels in order to enrich brand experiences [2]. However, how to combine different channels into a seamless customer experience represents a greater challenge to retailers [3]. Therefore, this study aims to explore how an existing multi-channel strategy of retailing companies to transform an omni-channel strategy. We used GOJEK, the largest on-demand, ride-hailing service in Indonesia, as a study case. A content analysis was conducted, and website information, internet documents and journal papers were analyzed.

The next section includes the introduction of GOJEK and the analyzation of its current multi-channel. Subsequently four approaches for an optimizing omni-channel strategy of GOJEK were provided. In the end, the implications were discussed while the paper finished with a conclusion.

2. About GOJEK

In this digital era, online transportation becomes more and more common in daily activities for Indonesian people [4]. Besides of its convenience, online transportation also provides a transparent fare (by meter) and equipped with other useful services (e.g., food delivery, city courier, professional home services, etc.) [5].

Indonesia has been struggling with the non-existence of safe and affordable public transportation for a long time [5]. Therefore, most people would rather spend their money to buy their own vehicles than to use public transportation. In Figure 1, the number of motor vehicles in Indonesia in 2000 is 18.9 million, but in 2010 it grows significantly for more than 400%, exceeding 76.9 million vehicles. The latest data of 2017 showed the current number reached 138.5 million motor vehicles or almost 180% in growth since 2010 [6]. Motorbikes has always been the most used vehicle with approximately 114 million users compared to other type of vehicles (cars or bus) [6]. Therefore, GOJEK and its motorbikes taxi idea can be accepted among Indonesian market easily.
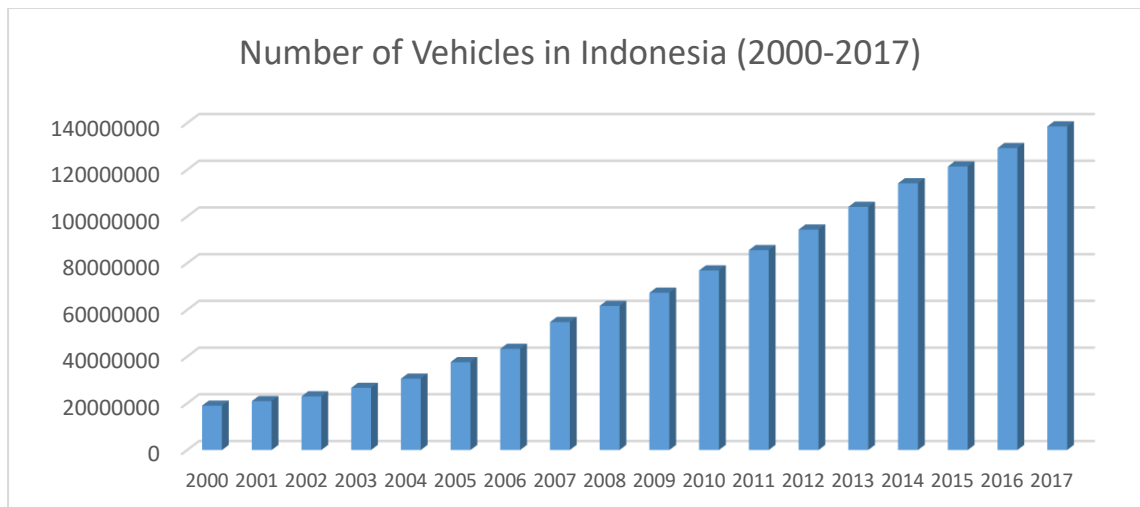
Number of Vehicles in Indonesia (2000-2017)

Figure 1: Number of Vehicles in Indonesia in 2000-2017

GOJEK Indonesia established in 2010 with the concept of online motorbikes taxi, had gained a massive popularity in relatively short period of time [4]. GOJEK is smart to see the opportunity by upgrading Indonesian conventional motorbikes taxi services to mobile applications. Slow but sure, GOJEK has started to help and solve economic problems by providing job vacancies for low-middle income class people. In 2019, GO-JEK has more than 2.5 million drivers, 400 thousand merchants (restaurant and small-medium enterprises) and has contributed about US$500 Million annually to the Indonesian economy through the income of driver partners [7]. GOJEK is largely known as mobile application for online transportation (e.g., car and motorbikes taxis), and other innovative services, such as GO-FOOD (i.e., food delivery), GO-SEND (i.e., same-city courier), GO-PAY (i.e., mobile payments), and GO-LIFE (i.e., professional home-service), and so on. In total, GOJEK provide eighteen different services within one single mobile application [7]. GOJEK is popular in Indonesia, the fourth-most populous country in the world with a population of 260 million. According to Indonesia Internet and Telecommunications Report, there are 143.2 million people in Indonesia who use internet [8]. Indonesia is ranked fifth in country with the most internet users after China, India, United States and Brazil. GOJEK processes more than 100 million transactions for its users [9]. With this current transaction trend, GOJEK could raise and maximize their opportunity in the future. In order to achieve that, GOJEK may want to expand their scope and make their services available both online and offline [10].

The name "GO-JEK" comes from the term "Ojek" or motorbike taxis in Indonesia [7]. This conventional motorbike taxi doesn't have specific fare and only wait for customer in a pool or in the corner of the street. Sometimes it's also unsafe if woman ride motorbikes taxi as the ojek drivers can scam them and ask for higher bill.

GO-JEK was founded by Nadiem Makarim, a native Indonesian. He worked at McKinsey and Co. consulting for three years before starting the GO-JEK.

Nadiem found that Ojek drivers spend most of their time waiting for customers, while customers waste time walking around looking for an available Ojek. GO-JEK may solve this problem through a platform where drivers and riders can connect efficiently, and allow the drivers to increase their income [7]. In 2010, GO-JEK only has 20 motorbike drivers, but its fleet now exceeds 2.5 million drivers and offers 26 app-based on-demand services as by May 2019. GO-JEK app was launched in January 2015 and the app had nearly 30 million downloads within two years. GO-JEK users in 2019 now exceeds 150 million users, meaning 1 of 2 people in Indonesia has this life-saver application in their phone [7]. GOJEK now operates in over 50 cities across Southeast Asia, with more to follow in the coming years. In Singapore for instance, GO-JEK partnered with Singapore's biggest bank DBS and launched their Beta version in mid-year 2019. In 2018, GO-JEK closed 100 million order every month with gross transaction value more than US$ 9 Billion [7].

3. Current channels at GOJEK

In total, GO-JEK has 18 services under one mobile application and can be divided into three kind of services: transportation-based (Go-Ride, Go-Car, Go-BlueBird, Go-Food, Go-Mart, Go-Box, Go-Send, Go-Shop, Go-Med); Daily needs-based (Go-Clean, Go-Fix, Go-Laundry, Go-Glam, Go-Massage, Go-Daily, Go-Auto, and GO-Pertamina); and Electronic wallet-based (Go-Points, Go-Nearby, Go-Bills, Go-Pulsa, Go-Tix, and Go-Deals), as shown in Figure 2. It's important for GO-JEK that their product's name really represents its services. For instance, GO-Ride provides motorbikes taxi services, GO-Food provides a food delivery, and GO-Send provides same-city couriers. By having an informative product's name, customer can easily understand which product suits them well.
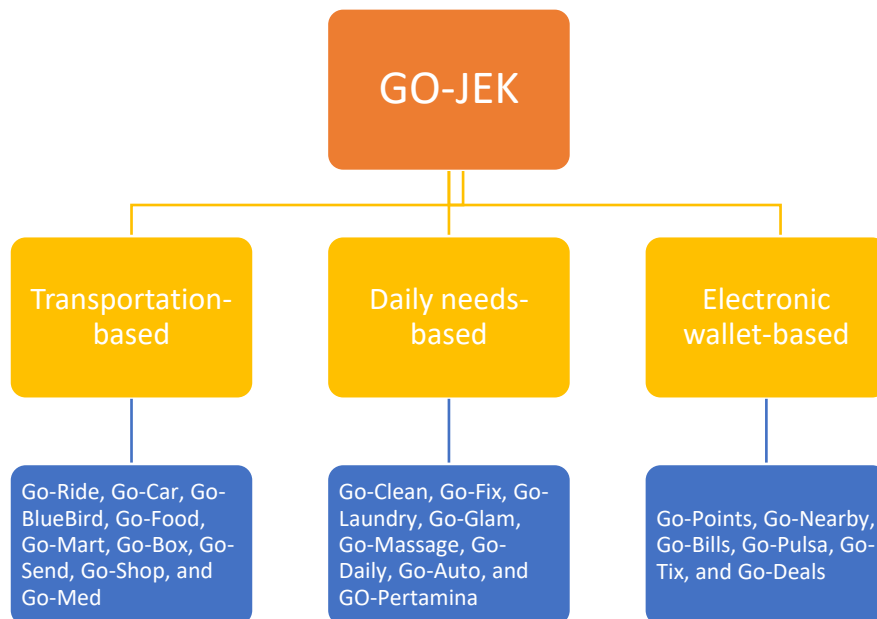
Figure 2: GO-JEK services

Currently, GO-JEK has multiple channels which connected seamlessly. Figure 3 depicts GO-JEK current channels, which include restaurant merchants, convenient/department stores, professional service providers (massager, hair-stylist, mechanics, etc.), drivers, and government official for utility bills/mobile payments. In addition, GO-JEK has partnered with more than 400 thousand stores throughout Indonesia. Regarding the current channels in GO-JEK, consumers are satisfied by using GO-JEK applications in their life. They don't need to be worry anymore about not bringing cash or their private vehicles. Therefore, everything becomes easier with GO-JEK.

Figure 3: GO-JEK current channels

4. Optimizing omni-channel strategy for GOJEK

GO-JEK omni-channel applications are available in more than 167 cities in Indonesia, that is, they already have powerful and really broad markets, but this actually can be improved for maximizing customer's experiences. As previously discussed, GO-JEK can further improve its connection between online and offline channels and make them more seamless [11]. We provide four approaches for GO-JEK optimizing omni-channel strategy, namely creating offline booths, opening drop-off sites in supermarkets, collaboration with e-commerce sites for the same city delivery, and availability to order from GO-JEK website.

4.1 Create offline booths

By creating offline booths or kiosk, this may help customers who doesn't have GO-JEK applications on their smartphone. For instance, tourists who are just arrived at the airport and they don't have Indonesian phone number. This may be a safer option for consumers who are in concerts or festivals with lots of people to prevent their private motorcycles to be stolen in public. However, this idea was generated by their rival company, Grab, i.e., a ride-hailing company from Singapore. Grab has implemented Grab offline kiosk at the airports, festivals, and other special occasions.

4.2 Open drop-off sites in supermarkets

GO-JEK has its own service named GO-MART, which allows customers to shop from their application and have it delivered at home. But what if customers shop a lot of stuffs at the mall and they don't want to bring it by themselves. An idea to open a drop-off sites in supermarkets or mall can make consumer shopping experience easier. Consumers may shop anything and drop it off, and then deliver it at home quickly through GO-JEK.

4.3 Collaborate with E-commerce sites for the same city delivery

E-commerce has become consumers' choice in their shopping preference. Consumers may find the purchase on the website needs to wait for 3-4 days delivery, but its price is low. Moreover, many famous e-commerce sites in Indonesia include Tokopedia, BliBli.com, BukaLapak, and so on. Since these sites are so popular, GO-JEK can collaborate and provide the same city delivery (when the seller and customer are in the same city). This may reduce the shipping time from 2-3 days to less than 24 hours.

4.4 Availability to order from GO-JEK websites

In order to use GO-JEK in Indonesia, one needs to have a GO-JEK account that must be verified with Indonesian phone number and identification. This might be an issue for tourists or someone who does not have phone number in Indonesia. For instance, Uber, can be used anywhere in the world because they are connected to Facebook Messenger or e-mail account. Therefore, GO-JEK may improve their social media function of website so that consumers can order their services without barriers.

5. Discussion and conclusion

GO-JEK has become a pioneer of omni-channel applications in Indonesia which allows consumers to connect with every possible services and devices. Nothing has been as simple and easy as using GO-JEK applications in Indonesian. Although GO-JEK is already strong in its application channels, it might be a great idea to improve customer's experience by improving its omni-channel strategy. The idea is to connect and maximize their online and offline channels [12]. Thus, we proposed that GO-JEK can optimize their omni-channel strategy through creating offline booths, opening drop-offs sites in supermarkets, collaboration with e-commerce sites for the same city delivery, and availability to order from GO-JEK websites.

For the theoretical contribution, Bendoly et al. [13] indicated that channel integration has two factors, namely informational integration and physical integration. Informational integration refers to the diverse channels providing information to one another, whereas physical integration refers to the possibility of shopping across channels. The first three proposed services in the study are adequate strategies for physical integration due to the addition of the connection with physical channels for shopping. However, the last service is belong to information integration because of the addition of the connection with social media channel. Therefore, this study advanced the extant knowledge of omni-channel retailing management.

For the practical contribution, through implementing these advanced omni-channel services, GO-JEK can expand its scope and create a deeper relationship with customers, as well as attract new customers which prefer offline booths/order. This might also work for GO-JEK potential customers who do not have GO-JEK applications, nor Indonesian phone number but want to use the amazing services.

By realizing this, we expect that GO-JEK can be a world-wide champion in its industry [14].

Therefore, since GO-JEK has always been a really great and useful applications, we can see it from the fact that almost every Indonesian has GO-JEK on their phone. Thus, we believe that GO-JEK has a high opportunity to optimize their services toward the omni-channel strategy. That is, by connecting their online and offline channel it would be beneficial for customers and retailers.

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