THE JOURNEY OF GOJEK: BECOMING INDONESIA’S FIRST DECACORN STARTUP

Dzulfikar Ahmad Furqon

1Department of Entrepreneurship, Faculty of Economics and Business, Sumbawa University of Technology, Sumbawa, 84371, Indonesia

*Corresponding Author email: dzulfikar.ahmad.furqon@uts.ac.id

Abstract

This paper centers on the strategic analysis of PT GOJEK Indonesia to establish itself as the leading decacorn company in Indonesia. PT GOJEK Indonesia, headquartered in Jakarta, is a digital payment technology company and multi-service on-demand platform. Initially founded as a contact center in the early part of 2009, Gojek facilitated connections between consumers and courier delivery businesses, alongside the acquisition of two-wheeled vehicles. In 2015, Gojek launched its application with a limited range of services and has since experienced rapid growth. Presently, GOJEK is available in 50 cities across Indonesia. This study provides a concise overview of the company's vision and mission. Various analytical tools, including PESTEL analysis and Porter's Five Forces, are employed to identify the current external factors affecting the company. The VRIO analysis is utilized to assess the internal variables that influence the company's customers. Furthermore, the Blue Ocean Strategy is employed to discuss GOJEK’s generic strategy for its ride-hailing services, while the SWOT analysis is used to analyze the company's overall strengths, weaknesses, opportunities, and threats. The analysis results reveal that Gojek has a significant impact on the political landscape, contributing Rp. 1.7 trillion to the Indonesian economy and promoting digital transactions as a means to reduce air pollution. GOJEK, as the market leader in Indonesia, does not face significant competition concerns. Additionally, Gojek offers unique features that distinguish it from its competitors. Overall, the VRIO analysis demonstrates that Gojek possesses considerable value, particularly due to its exclusive services such as Go-pay, its e-money platform, which enables users to purchase and utilize GOJEK's services. Based on the SWOT analysis, Gojek exhibits substantial strength and opportunities, indicating its potential to become a preeminent decacorn company in Indonesia.

INTRODUCTION

PT GOJEK Indonesia, commonly known as GOJEK, is a Jakarta-based company that operates as a multi-service on-demand platform and digital payment technology provider. Its journey began in early 2009 as a contact center, connecting consumers with courier delivery services and facilitating two-wheeled vehicle purchases. GOJEK introduced its mobile application in 2015, initially offering a limited range of services, but it has experienced rapid growth since then. Currently, Gojek operates in 50 cities across Indonesia (Aditiya, 2021). The popularity of the app is evident as it has been downloaded over 100 million times from both Google Play and the Apple App Store. Furthermore, Gojek has expanded its reach beyond Indonesia, extending its services to Southeast Asian countries like Singapore, the Philippines, Vietnam, and Thailand. In terms of economic impact, GOJEK contributed $7.1 billion to the Indonesian economy in 2019, generating significant value and addressing the issue of unemployment in the country. As of 2021, GOJEK holds the distinction of being Indonesia's only decacorn company, boasting a market capitalization of $10 billion and offering a diverse portfolio of over 20 services (Aditiya, 2021).

GOJEK’s core principle revolves around simplifying the connection between motorcycle taxis and passengers. This concept originated from their observation that traditional motorcycle taxis often spent their entire day without necessarily finding customers. To address this, Gojek was established to assist motorcycle taxis in securing passengers in a more convenient, swift, and efficient manner.

According to the company’s interpretation and understanding, improving the transport system in Indonesia is the company’s main objective. They achieve this by providing courier services that simplify everyday tasks such as document delivery and shopping for the community, while also securing a sustainable future for motorcycle taxi drivers in Indonesia. Furthermore, GOJEK aims to enhance social welfare through improved market efficiency. To fulfill these aspirations, GOJEK has...
defined a set of missions, as outlined in Table 1 below.

The fundamental principle of GOJEK is straightforward: to streamline the process of connecting motorcycle taxis with passengers. This idea emerged from their observation that conventional motorcycle taxis often faced challenges in finding customers throughout the day. Consequently, the company was founded to facilitate a more seamless, efficient, and expedient way for motorcycle taxis to attract passengers.

Table 1. GOJEK company vision and missions

<table>
<thead>
<tr>
<th>Vision</th>
<th>Mission</th>
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<tr>
<td>Help improve the transportation structure in Indonesia. Providing convenience for the community in carrying out their daily work using courier facilities and contributing to the welfare of motorcycle taxi drivers in Indonesia in the future.</td>
<td>1. Become a reference for the implementation of compliance and good governance of transportation structures using technological advances.</td>
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<td>2. Provide excellent service and value-added solutions to customers.</td>
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<td>3. Open wide employment opportunities for the people of Indonesia.</td>
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<td>4. Increase awareness and responsibility for social and the environment.</td>
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<td>5. Maintain good relations with various parties related to the online motorcycle taxi business.</td>
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RESEARCH METHODS

The study in this paper was carried out using several analytical tools including:

1. PESTEL Analysis: The examination of sharing economy platforms in Indonesia, which offer various mobility choices, encompasses an analysis of multiple dimensions, namely politics, economy, social factors, technology, and the environment.

2. Porter’s Five Forces Analysis: A framework that recognizes and assesses five competitive factors influencing various industries, aiding in the identification of strengths and weaknesses within an industry. The Five Forces analysis is commonly utilized to evaluate industry structure and inform corporate strategies.

3. VRIO: A strategic planning tool designed to help organizations uncover and protect the resources and capabilities that give them a long-term competitive advantage.

4. Blue Ocean Strategy: A business approach that seeks to escape the constraints of the Red Ocean Strategy by creating new market spaces where competition is non-existent, rendering the concept of “competition” meaningless.

5. SWOT Analysis is a strategic planning and management method utilized to assist individuals or organizations in identifying the strengths, weaknesses, opportunities, and threats associated with business competition or project planning. This approach is also referred to as a situational assessment or situational analysis.

RESULTS

PESTEL ANALYSIS

GOJEK’s impact on politics and the government is notable, primarily due to frequent large-scale protests by conventional public transport drivers. These demonstrations have influenced and prompted changes in government policies regarding public transportation, specifically concerning online-based transportation services. Consequently, GOJEK’s operational activities are directly affected by these developments, leading to an ongoing legislative process by the Ministry of Transportation aimed at regulating the economic business model division (Widyatmoko, 2018). According to research conducted by the Demographic Institute of FEB UI (2018), GOJEK’s contribution to the Indonesian economy amounts to approximately IDR 1.7 trillion annually, largely driven by the revenue generated by its MSME partners. Gojek’s presence in Indonesia has also played a significant role in supporting the development of MSMEs, particularly in terms of product delivery services. The graph below illustrates that 70 percent of MSME partners have been able to utilize Gojek for their goods delivery needs

Source: Demographic Institute – FEB UI (2018)

Figure 1. GOJEK’s Impact on MSMEs

Furthermore, we can also see in the graph below that the transaction volume of GOJEK’s MSME partners increased by as much as 82 percent after becoming a Gojek partner.
GOJEK also opens new work possibilities that are readily accessible to society; anybody may apply to be a GOJEK driver and thus lowering the rate of unemployment in Indonesia, affecting people’s buying power and the Indonesian economy’s inflation rate.

GOJEK was initially promoted in early 2011 in Jakarta. The public back then was still used to using conventional motorbike taxis at the time. Gojek tried to establish itself as a mode of Internet transportation (Wahid, 2017). GOJEK attempted to market its services via a variety of different channels, including public relations strategies such as social media usage, both online and offline advertising, and referral programs. Gojek’s approach has proved effective in convincing consumers to abandon traditional motorcycle taxi services in favor of Internet transportation.

GOJEK also attempts to build a reputation by bringing up relevant societal problems. For example, they choose to tap into this by bringing up nationalism in the ad campaigns. This is very important for the development of future generations because people should be more aware of social problems that exist in the surrounding environment with 103 million people, the millennial generation now makes up the bulk of Indonesia's population. (Salim et al., 2019; Bappenas, 2018).

GOJEK is currently Indonesia's first online public transportation provider (Rahmat, 2020). Because of the services it offers, Gojek has subsequently become the pilot model of a technology multi-service platform in Indonesia. Due to GOJEK service being better than the average conventional motorbike taxis and also they help improve the internet and smartphone penetration rates and ITC infrastructures in Jakarta (Salim et al., 2019; Bappenas, 2018). GOJEK also provides Digitally engaged (high social network and e-commerce activity) which was previously lacking. Additionally, they assist in educating people about online economic transactions conducted by technology pioneers (Pavlou, 2003; Pavlou 2004).

With the transition of consumers from conventional motorbike taxis to GOJEK service. They help reduce the use of insufficient, costly, uncomfortable, and unpopular public transportation. In addition, with the increasing number of GOJEK users. People no longer want to use their private vehicles, thus reducing street congestion which has become a big issue in Indonesia and has a direct impact on the environment such as reducing air pollution due to toxic gases and vehicle noise.

As of now, there are still unclear regulations for ojek and motorcycle services. Criticism of the new decree by 'pro-digital'. Since their industry is unregulated, agencies operate in murky areas (Yandri, 2019). This danger, however, is limited since the government has few alternatives for controlling GOJEK services. The company is concerned about competition since money is the sole barrier to entrance. Because Go-pay is so tightly linked to financial institutions, the government has a vested interest in controlling/monopolizing these services.

PORTER 5

Porter's Five Forces is a model that identifies and analyzes five competitive forces that shape every industry and helps determine an industry's weaknesses and strengths. Five Forces analysis is frequently used to identify an industry's structure to determine corporate strategy. The bargaining power of the supplier appears to be minimum since there are so many riders that can be partnered up and it doesn't cost too much to change partners. However, GOJEK drivers could affect those decisions. Since the regulations in Indonesia make GOJEK must consider their strategy of the driver incentive i.e. withdrawal and medical concerns.

According to Figure 3, GOJEK is a smartphone-based passenger transportation service that uses motorized vehicles. Depending on the distance traveled, rates are shown in the appropriate application. As a result, pricing competition is the kind of rivalry that happens between comparable businesses. Because GOJEK only has one
competitor, Grab Bike. As a result, purchasers’ negotiating power is limited.

The risk of brand-new entrants appears to be a minimum. Since GOJEK is an original company that was founded and operates in Indonesia. To put it another way, Gojek is the market leader in Indonesia's online passenger transportation business using motorized vehicles. As a result, competing with GOJEK will be a difficult job for newcomers who wish to establish a company in this market segment. Since they already have a significant presence in the industry. The risk of substitutes in the business appears to be medium. The substitute product in Indonesia is mass public transportation which means they have a different target market in the ride-hailing Industry.

VRIO

The VRIO framework is a strategic planning tool designed to help organizations uncover and protect the resources and capabilities that give them a long-term competitive advantage. In conducting VRIO analysis, I divide resources and capabilities into four categories namely services, marketing, personnel, and IT systems. Overall their value is very good since they have their offer a lot of exclusive services such as their e-money in Go-pay which can be used to buy and use the services GOJEK provides. apart from that, they also have a pay-later system where customers can use any of their services and not pay until the end of the month. this can be a real game changer in the business. since none of their competitors have this feature. However in terms of rarity, actually there are many capabilities in terms of imitability, and most of their capabilities could be duplicated by other competitors. However, services such as drivers in small regions in Indonesia will be very difficult to duplicate because they must have a broad network of drivers. It is not owned by other competitors. In addition, the health insurance provided by the company to its drivers is currently a bit difficult to duplicate because it requires a long process.

Figure 4. GOJEK’s weekly active users in Indonesia statute

BLUE OCEAN STRATEGY

The Blue Ocean strategy is a business strategy that aims to free businesses from the Red Ocean Strategy by establishing new market areas with no rivals, in which the term “competition” has no meaning. Blue Ocean’s strategy is focused on increasing demand and eroding competition by establishing not just its value and distinctiveness, but also a lucrative market share. This strategy is used by Nadiem Makarim, the founder of GOJEK Indonesia, by opening a new market share where there are no competitors. For them, the users of the blue ocean strategy are people who have high courage and are not afraid of risk. If the strategy fails, then the loss will be obtained. However, if it succeeds it will increment extraordinary success, and the brand will be embedded in the minds of consumers.

When viewed from the perspective of the Blue Ocean Strategy, what is done by GOJEK and conventional motor taxis are somehow similar, since motor taxis also try to innovate by improving the ease of ordering. However, conventional motor taxis seem to focus more on improving the quality of their fleet. That’s great, but the question is is such an innovation enough? It turned out that this innovation was not enough, the popularity of motor taxis did not rise like GOJEK at the time of its emergence and its business success was also not fantastic enough. Motor taxis seem to have forgotten to build their call center, so when there are competitors who use technology that can replace the call center, conventional motor taxi’s must be willing to lose their market. GOJEK’s success in creating a new blue ocean of demand is comprehensible since it calls into question the industry’s strategic rationale by posing four critical questions that made GOJEK a household name in Indonesia:

What factors has the sector been battling for such a long period that it should be eliminating?

GOJEK does away with its pricing negotiations. This is a significant source of contention for customers and discourages noncustomers from using the service since it creates the perception that drivers are deceptive to increase prices. GOJEK can provide consistent and predetermined rates for journeys that consumers may see before booking the service by using a geo-localization algorithm.

Which Variables should be significantly lowered below industry standards?

Source: Financial Times (2019)
GOJEK minimizes inconsistency in its services, by employing experienced drivers and implementing training programs that promote safe driving procedures. Additionally, it alleviates client waiting times ambiguity by displaying the position of the closest available motorcycle taxi in real-time from their pick-up location. GOJEK can deliver the closest ojek to clients by tracking the driver's location and connecting with them through their smartphone. This reduces total waiting time. Here I will convey the critical innovations carried out by GOJEK which revolutionized how the industry worked that made them the market leader in Indonesia.

Which variables should be increased significantly above the industry standard?

GOJEK enhances rider safety. By using a system that combines driver identification and vehicle tracking, Gojek enhances the service's security. Additionally, since Gojek's trips are tracked throughout, they are much safer for consumers than traditional motorbike taxis. Additionally, GOJEK is liable in the case of an accident.

What elements need to be developed that the industry has never provided?

GOJEK leverages its mobile platform to provide cashless payment alternatives that are not currently available via traditional ojek or taxi services. Additionally, Gojek is presenting itself as a national brand, a GOJEK and hip Indonesian start-up, to establish emotional connections with Indonesian consumers. GOJEK drivers stand out in public by wearing their signature green jackets with the Indonesian flag stitched on the front and wearing green helmets. GOJEK describes itself as a national champion in which the Indonesian people may take pride. This is a prudent approach that foreign rivals will find tough to replicate. In addition, GOJEK adds significant value not just to customers, but also to drivers, who report higher earnings and often see themselves as Gojek partners rather than workers. Additionally, drivers get access to health and accident insurance that their rivals do not.

Strength

Based on porters five forces analysis, one of the main advantages GOJEK has is that it has a wider driver network than its competitors. As a locally owned and operated company that was one of the first internet transportation businesses in the nation, they have a solid reputation and a keen knowledge of the industry. Additionally, many culinary entrepreneurs have shown interest in partnering with GOJEK. As a consequence, GOJEK's Go-Food service has become one of the application's primary draws. Apart from their standard services such as food delivery and courier, they also have their e-money system called Go-pay. This proved to be a game-changer for the industry. Gojek may also benefit from Go-payment Pay's environment with a pay-later (credit feature), which may help develop loyalty and improve consumer engagement. Additionally, as stated before in VRIO, one of the perks is that GOJEK driver-partners get health and accident insurance that their rivals do not.

The role of the leader (Key strength)

Nadiem Makarim's status as the founder of v is gaining growing public recognition. Nadiem established himself as a prominent GOJEK personality. The same with Steve Jobs at Apple. Nadiem is considered the nation's kid, a change agent with a strong sense of patriotism. These elements combine to create powerful brand personalities for GOJEK goods. This may serve as a barometer for increasing GOJEK awareness as a result of the marketing and public relations strategy in place.

Weakness

Customer loyalty is one of their biggest challenges, since consumers may easily move to a competitor in response to a promotion or a cheaper price. Both GOJEK and Grab are very similar, making them difficult to distinguish. Additionally, many consumers have lately complained that problems often occur inside the program, particularly during busy hours. Additionally, GOJEK's regulations and terms of service have shifted significantly in favor of consumers in recent months, posing numerous risks for drivers, such as a client who requested a large volume of deliveries and then canceled the order while the driver was enroute to complete the delivery.

Opportunities

Based on Pestel and VRIO analysis that has been done. One of Gojek's most important growth possibilities is via its Go-pay and Pay-later offerings. Go-pay has grown to become one of the biggest payment channels in Indonesia, and it is continuing to develop to serve an increasing number of platforms and businesses. This service helps

SWOT ANALYSIS

SWOT analysis is a strategic planning and strategic management technique used to help a person or organization identify Strengths, Weaknesses, Opportunities, and Threats related to business competition or project planning. It is sometimes called situational assessment or situational analysis.
introduce lending/credit to GOJEK users while simultaneously increasing customer retention. Since customers with a Pay-later account are more likely to utilize Go-pay programs since they have a larger credit limit to support it. Pay-later is a low-risk fintech and credit solution for GOJEK. Because the limit may be progressively raised following customer usage/requirements, and consumers who depend on GOJEK services are more likely to select Pay-later over other financial institutions, the risk is minimal for GOJEK. Another key success reason for Go-Pay is its use of QR codes to penetrate MSMEs, particularly tiny food stalls, while other rivals continue to focus on the food chain store. In addition, the market sector is also rapidly growing, particularly in the logistics and transportation industries (Peter, 1976; Ponte, 2015).

Threat

As already mentioned in the Pestel analysis. The primary danger to GOJEK is government regulation since the company operates in a grey area due to its lack of oversight. However, since the government has limited regulatory alternatives for GOJEK services, this danger is negligible. Since Go-pay is so tightly linked to financial institutions, the government has a vested interest in controlling/monopolizing these services. Additionally, GOJEK may face assaults from conventional motorbike drivers. Since there still have been reports of conventional motor taxi drivers attacking GOJEK drivers.

CONCLUSION

Gojek has an impact on government politics, economically contributing Rp. 1.7 trillion to the Indonesian economy and helping people to transact digitally, can help reduce air pollution. Gojek also does not need to worry about competition between competitors because Gojek is the market leader in Indonesia. In addition, Gojek offers some things that other competitors do not have. Overall, GOJEK’s VRIO value is very good because they have many exclusive services such as their e-money in Go-pay which can be used to buy and use the services provided by GOJEK and based on SWOT analysis gojek has a very high opportunity strength to become a superior Decacorn company in Indonesia.

REFERENCES


