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ONLINE TRANSPORTATION PRICE WAR: INDONESIAN STYLE

Abstract: The advent of e-hailing applications in Indonesia has revolutionized the Indonesian transportation industry in an unprecedented manner. Thanks to the brilliant innovation of the expanding online transportation companies, the Indonesian people are able to obtain an affordable means of transportation. In the beginning, there are three major ride-sharing companies who compete to grasp the Indonesian lucrative transportation market namely *Go-Jek*, *Grab*, and *Uber*. These companies are competing to gain market share by implementing the same strategy which is offering the lowest price. The situation led to an unprecedented price war which never existed before in Indonesia transportation history. However, to date, there is no comprehensive report or detailed information about the price war which essential to understand the magnitude of the war. This paper would provide the comparison of historical fares data which obtained from multiple sources to understand the magnitude of the price war and to explain why *Uber*, the winner of price war eventually closed down their operation in Indonesia.

Keywords: price war; online transportation companies; pricing strategy; Indonesia.

1. BACKGROUND

The idea of ride-hailing was unfamiliar to Indonesian people. Before the inception (and followed by the large adoption) of smartphone applications in Indonesia, the market of transportation service was totally different. The majority of middle to high income Indonesian urban dwellers at that time was using the conventional taxi as their second option of transportation after their personal car or motorbike. Public transportation such as bus or train is, unfortunately not favorable to them due to various reason; thus, public transportation is the main means of transportation for the majority of low income Indonesian urban dwellers. The taxi service in the urban area was monopolized by *Blue Bird* group since they were the safest and the most reliable taxi company at that time (Setiawan and Rahayu, 2017). Due to the previously mentioned reasons, the fare of their service was the highest in Indonesia; nevertheless, the consumer is willing to pay this expensive fare since the image of other taxi companies at that time was strongly negative (rude drivers, numerous robberies, taximeter cheating, etc.). On the other hand, the traffic congestion in the Indonesian large cities has opened up a new niche of transportation service which offers the ability to 'beat' the traffic jam by utilizing motorbike. This transportation service is called *ojek* in the Indonesian language or motorbike taxi in English. *Ojek* is very helpful for people who want to reach a destination in a timely manner especially during the rush hour. *Ojek* operates freely in Indonesia and they do not require particular transportation license or company. Every people could become an *ojek* driver as long as they owned a motorbike; nevertheless, there are no fixed rates for fares due to the fare is subjectively decided by the driver (Marati, 2016).

The unique characteristics of Indonesian urban transportation market have lasted in a very long period of time but, the situation would dramatically change in early 2014 in conjunction with the large adoption of the smartphone by

Indonesian people. The once doubted e-hailing service companies have successfully gained the trust of Indonesian consumer. Their success is quite surprising since the majority of Indonesian people were slow to adapt with new technological innovation (Pratama, Wibawa, and Kunaifi, 2017) and their presence also significantly change the habit of Indonesian urban dwellers in using transportation service (Anindhita, Arisanty, and Rahmawati, 2016). The transportation market in Indonesia has changed forever a result of this ‘disruptive innovation’. *Blue bird* has lost their monopoly in Indonesia and they must succumb to collaborate with online transportation company to get passengers. They have lost almost half of their market share due to online transportation offers far cheaper price than the taxi. The ‘freelance’ *ojek* driver is now joining online transportation companies because they offer more stable income and attractive bonus.

Go-Jek is the first e-hailing application which allows the user to order motorbike via their smartphone easily. In the beginning, they started the business by offering *ojek* or motorcycle taxi service and expanding their service to car-hailing as well as other non-transportation services. The initial promotion of *Go-Jek* was very aggressive. They offer numerous trip discount and even free ride. These factors are the main determinant of the initial success of *Go-Jek* (Santoso and Nelloh, 2017; Silalahi, Handayani, and Munajat, 2017). However, *Go-Jek* domination in the online transportation service was momentary. *Grab*, a Malaysian online transportation company was joining ‘the fight’ for the Indonesian market share by providing similar service with the more aggressive discount than *Go-Jek* to attract consumers. *Uber*, the pioneer of online transportation in the world do not want to be left behind by offering even the lower fare; thus, the Indonesian online transportation price war has officially begun.

Table 1: The Major Indonesian Online Transportation Service Companies

	Go-Jek	Grab	Uber
Motorbike Hailing Service			
Car Hailing Services			

Source: Go-Jek, Grab, and Uber website, 2018

The paper would highlight the most intense price war ever recorded in Indonesian transportation history based on historical data and empirical study which exclusively discuss the pricing strategy as well as the current situation and the future of online transportation in Indonesia. Even though the e-hailing companies provide various service which not limited to transportation, such as food delivery, shopping assistance, cleaning service, massage service, truck rental, and many more, the paper only discuss the transportation service price war for motorcycle and car-hailing due to the impact of online transportation service in Indonesia has revolutionized the behavior of Indonesian people.

2. THE INCEPTION OF ONLINE TRANSPORTATION SERVICE

As one of emerging economies in the South East Asia region, the consumption of Indonesian people could be considered as very high (Razdan, Das, and Sohoni, 2013). This consumptive behavior has made Indonesian people (especially the urban population) follows the recent trend of adopting hi-tech gadget, especially smartphone. The mobile phone has become a compulsory gadget which must be owned by an Indonesian. The mobile phone has long become a symbol of prestige hence, it is common for a person owned the latest model of mobile phone and even owned more than one mobile phone (Heriyati and Siek, 2011). The Indonesian consumer is very sensitive toward the latest trend of mobile phone model which reflected by the high demand of Nokia phone in 2005, Blackberry in the 2010s, as well as Samsung and iPhone in 2014. Due to the latest mobile phone model has used modern Operating System (OS) which transform the traditional function of the mobile phone (to call and to text) into a smartphone, the Indonesian phone users are forced to adapt with the new technology especially in using its application. Eventually, the Indonesian people become ‘smarter’ and ‘tech-savvy’ as a result of this diffusion of innovations.

This phenomenon has inspired a local startup to develop an e-hailing application to order a taxi from their mobile phone and *Go-Jek*, the first online transportation startup in Indonesia was born. The initial business model of *Go-Jek* was simple. *Go-Jek* is cooperating with motorbike owners (followed by car owners in the latter years) as a partner to provide transportation service for their user (Soleh, Harini, and Djamaludin, 2018). The company would set the fares and the vehicle owner would obtain a share of money from every payment which made by the customer. They launched the application in a perfect timing when Indonesian people already familiar with smartphone application especially the Android and iOS platform, however, what made the company achieve successful result was the aggressive initial promotion by offering low fare for every destination (Septiani, Handayani, and Azzahro, 2017). Besides that, in order to attract new drivers, the company was willing to give high incentive for drivers based on the number of passengers who use their service and the service rating (one star to five stars) which provided by the passenger.

Although they have made a good initial start, only five months after the launching of *Go-Jek* application in Android and iOS in January 2015, the domination of *Go-Jek* in Indonesia was challenged by a new online transportation company from Malaysia named *Grab*. The competition becomes more personal since the owner of *Grab*, Anthony Tan, was the classmate of Nadiem Makarim, the founder of *Go-Jek* in Harvard Business School. Initially, *Grab* only provided taxi-hailing service in Indonesia, nonetheless, they decided to expand their business by providing motorbike hailing service (Suseno, Salim, and Setiadi, 2017). Due to the presence of *Go-Jek* has already strong in Indonesia, the only way to attract the consumer was by offering the lower fare than *Go-Jek* (Elvina, 2016). The competition to dominate the Indonesian motorbike-hailing market has become more intense when *Uber* decided to enter the market in 2016. Once again, they utilize the same strategy to attract Indonesian consumer which is giving the lower fare than *Go-Jek* and *Grab*.

In the context of car-hailing service, *Uber* has gained the first mover advantage by offering common and luxury car-hailing service via mobile phone application in 2014, nevertheless they were struggling in gaining recognition from the government due to the government deemed their service was illegal. Despite all the challenges the *Uber* did survive for a while until *Grab* in 2015 decided to challenge them by launching their own car-hailing service called *Grab Car*. In 2016, *Go-Jek* followed their move by launching *Go-Car*, the car-hailing service of *Go-Jek*. *Uber* was the market leader of car-hailing in Indonesia since their fare is already low since the beginning of their operation. *Uber* also has employed a more advanced algorithm to calculate the fare by considering demand, traffic situation, and even weather; hence, *Grab* and *Go-Jek* are struggling to challenge *Uber* based on the fare.

Based on the aforementioned explanation, it can be concluded that the price war did exist since the main strategy of those companies were attracting consumer by offering the lowest price. By offering the lowest price, it means that the companies will spend a large amount of money to cover the operational cost and they could not rely on the operational revenue as primary income since the income from the consumer would be relatively low. Nevertheless, these companies are ready to wage war due to they have their own investors who are willing to provide financial support. *Go-Jek* has successfully collecting € 977 million fresh funds from Google, Temasek, KKR & Co, Warburg Pincus LLC, as well as Meituan-Dianping and on the other hand, *Grab* is backed by € 2.1 billion investment from Didi Chuxing, SoftBank, Toyota, and Hyundai (Agung, 2017). *Uber* as the largest car-hailing operator in the world is also willing to financially support the operation in Indonesia by using their budget from the U.S.

3. INDONESIAN ONLINE TRANSPORTATION PRICE WAR

Rekettey and Liu (2018) posit that in the first and second decade of 21st century has brought new global and technological changes and one of the trends in this decade is the ability of customers to compare prices and the ability of sellers to implement more sophisticated pricing techniques. Setting prices is not an easy task due to selecting final price requires an accurate information of demand, pricing objective, probability of quantities which will be sold at each possible price, as well as competitor's prices, offers, and cost in order to estimate how the costs vary at different levels of output, production experience, and marketing offers (Stefko, Gburová, and Jurková, 2011). Pricing approaches across industries, countries, and companies usually use one of the three main price setting approaches namely cost-based pricing, competition-based pricing, or consumer value-based pricing (Hinterhuber and Liozu, 2012). Cost-based pricing is a pricing approach on which the pricing decision is influenced by the incurred cost, with the main objective of obtaining the return on investment or markup on cost. On the other hand, competition-based pricing approach relies on the price levels of competitors as a primary source to determine appropriate price level. Lastly, customer-value based pricing uses data on how the consumer perceives the value of the product to determine the final price. In the context of online transportation service in Indonesia, the pricing approach which is used by all of the companies are competition-based pricing by setting the fare at the lowest possible price compare to their competitors (Panjaitan, 2016; Setiawan and Rahayu, 2017) as a result of the competition-based pricing, the online transportation price war is inevitable.

Heil and Helsen (2001) have defined price war as a unique phenomenon of market competition which could be identified from five conditions which are; the actions and reactions are involving competitor rather than customer, pricing interaction is undesirable for competitors, no competitors deliberately begin the war, the pricing behavior has disrupted industry norms, the pricing interaction occurs faster, and the pricing direction is downward (although it is not sustainable). The definition has perfectly captured the phenomenon of Indonesian online transportation price war. The initial intention of *Go-Jek*, as the first ride-hailing in Indonesia to attract customers by promoting low fares, was

challenged by *Grab* by offering lower fare than *Go-Jek* and the situation was getting worst when *Uber* joining the war. Table 2 and Table 3 depict the fares comparison of the three companies to illustrate their pricing strategy both for motorbike and car-hailing service which is based on author extensive analysis of numerous blogs and websites which discuss online transportation service fares as well as interviews with *Go-Jek*, *Grab*, and former *Uber* employees.

Table 2: Fares Comparison Between Three major Indonesian Online Transportation Companies for Motorbike Hailing Service.

No.	Date	Go-Ride by Gojek	Grab-Bike by Grab	Uber-Motor by Uber
1.	1 April 2016	Minimum Fare: € 0.73	Minimum Fare : € 0.61	Minimum Fare : € 0.061
		Fare 0 to 10 km : € 0.73/km	Fare / km (flat) : € 0.092	Fare / km (flat) : € 0.061
		Fare 10 to 15 km : € 0.91/km		Fare / minute : € 0.0061
		Fare > 15 km: € 0.12/km		
Rush Hours Fares : None	Rush Hours Fares : Morning: 06.00 - 09.00 Evening: 16.00 - 19.00 Additional fare of € 0.31 would be added for each trip	Rush Hours Fares : None		
2.	1 January 2017	Minimum Fare : € 0	Minimum Fare : € 0.30	Minimum Fare : € 0.30
		Fare 0 to 2.7 km : € 0.24/km	Fare 0 to 12 km : € 0.091/km	Fare 0 to 12 km : € 0.076/km
		Fare > 2.7 km : € 0.091/km	Fare > 12 km : € 0.15/km	Fare > 12 km : € 0.12/km
		Rush Hours Fares Morning: 06.00 - 09.00 Evening: 16.00 - 19.00 Fare 0 to 4 km : € 0.49/km Fare > 4 km : € 0.15/km	Rush Hours Fares Morning: 05.00 - 09.00 Evening: 16.00 - 20.00 Additional fare of € 0.15 would be added for each trip	Rush Hours Fares <i>Uber</i> has their own calculation algorithm to measure the availability of motorbikes in the area and its demand.
3.	1 September 2017	Minimum Fare : € 0.37	Minimum Fare : € 0	Minimum Fare : € 0.061
		Fare 0 to 12 km : € 0.15/km	Fare 0 to 12 km : € 0.11/km	Fare 0 to 12 km : € 0.076/km
		Fare > 12 km : € 0.18/km	Fare > 12 km : € 0.18/km	Fare > 12 km : € 0.12/km
		Rush Hours Fares Morning: 06.00 - 09.00 Evening: 16.00 - 19.00 Additional fare of € 0.61 would be added	Rush Hours Fares Morning: 06.00 - 09.00 Evening: 16.00 - 19.00 Additional fare of € 0.15 would be added for each trip	Rush Hours Fares <i>Uber</i> has their own calculation algorithm to measure the availability of motorbikes in the area and its demand.
		Cancellation fee: None	Cancellation fee: None	Cancellation fee: € 0.30

Source: Author observation from numerous blogs, websites, and interview with the company's employees, 2018.

As depicted in Table 2, each company are using different 'pricing ingredients' to set the final fare which needs to be paid by the customer and it can be seen that their price structures are evolving from time to time. The first 'battle' occur on April 1st, 2016. *Grab* and *Uber* launched their attack on *Go-Jek* by setting minimum fare lower than *Go-Jek* while setting the flat price for the trip. Nevertheless, both *Grab* and *Uber* has their own unique approach to gain 'extra revenue' even though their basic fare were lower than *Go-Jek* and their trip fare was flat. *Grab* becomes the first company who introduces rush hour fare. The rush hour fare will be higher than the 'normal hour' fare but only applicable in certain time range when the traffic congestion tends to occur. On the other hand, *Uber* had made a bold move by setting the lowest price compares to *Grab* and *Go-Jek*, however, they had included a hidden fare which called fare per minute. This fare will be added at the end of the trip by multiplying the trip duration with the basic fare. Based on the aforementioned explanations, it can be concluded that *Go-Jek* had lost in the initial 'price battle'.

The situation had changed by January 1st, 2017. *Go-Jek* strikes back by setting the minimum fare to zero while changing the distance fare structure and lowering it down as well. Besides that, they have openly adopted *Grab*'s rush hour fares strategy to gain additional income but they arrange the fare structure differently by imposing different fares for a trip from 0 to 4 km and more than 4 km with relatively higher fare compares to *Grab*. On the other hand, *Grab* and *Uber* had exhausted and decided not to impose flat rate anymore. They changed the flat rate mechanism into distance based fares (0 to 12 km and more than 12 km), however, *Uber* made a bold move again by setting their price as the lowest and erased the fare per minute from their price structure. Nevertheless, they developed a 'rush hour algorithm' to measure the availability of motorbikes in the area and its demand then transformed it into multiplier number which would be multiplied by the original fare at the end of the trip.

On September 1st, 2017, *Grab* decided to lower down their fares significantly by setting their minimum fare to zero, however, they increased the distance based fares both for 0 to 12 km and more than 12 km. On the other hand *Go-Jek* decided to 'play safe' by increasing their minimum fare but restructured their distance fare to 0 to 12 km and more than 12 km as well. Surprisingly, *Uber* once again decided to lower their minimum fare while maintaining the already very cheap trip fare, nevertheless, they introduced innovative additional cost which inspired from their car-hailing service which is the cancellation fee. The cancellation fee would be imposed to the consumer which cancel their order

and would be added to the total fare in the next trip. The fare structure of the three companies would last until 2018 and no major changes take place for motorbike hailing service fare.

Based on the previously mentioned data, it can be concluded that *Uber* is the victor for motorbike-hailing service price war by charging the least fare to their customer. Even though they were the last company which enters the motorbike-hailing segment, they are willing to cut their fare significantly to obtain larger market share and attract more customer. The pricing strategy of car-hailing service is quite different to their motorbike counterpart since *Uber* car had gained the first mover advantage in Indonesia. The illustration of the price war is depicted in Table 3.

Table 3: Fares Comparison Between Three major Indonesian Online Transportation Companies for Car Hailing Service.

No.	Date	Go-Car by Gojek	Grab-Car by Grab	Uber-X by Uber
1	1 April 2016	Minimum Fare : € 0.60	Minimum Fare : € 0.60	Minimum Fare : € 0.18
		Fare / km (flat) : € 0.21	Fare / km (flat) : € 0.24	Fare / km (flat) : € 0.12
		Cancellation fee: None	Cancellation fee: None	Cancellation fee : € 1.81
		Waiting fee : None	Waiting fee : None	Waiting fee : € 0.018 / minute
		Rush Hours Fares Calculation method is confidential	Rush Hours Fares Morning : 06.00 - 09.00 Evening: 16.00 - 19.00 <i>Grab</i> will use algorithm to calculate price based on traffic condition in the rush hours	Rush Hours Fares <i>Uber</i> will use algorithm to calculate price based on traffic condition in the rush hours
2	1 July 2017	Minimum Fare : € 0.60	Minimum Fare : € 0.60	Minimum Fare : € 0.60
		Fare 0 - 2.85 km : € 0.61 Fare > 2.85 km : € 0.21	Fare / km (flat) : € 0.24	Fare / km (flat) : € 0.12
		Cancellation fee : None	Cancellation fee: None	Cancellation fee : € 1.81
		Waiting fee : None	Waiting fee : None	Waiting fee : € 0.018 / minute
		Rush Hours Fares Morning : 06.00 - 09.00 Evening: 16.00 - 19.00 Minimum Fare : € 0.61 Fare 0 - 2.35 km: € 0.61 Fare > 2.35 km : € 0.26	Rush Hours Fares Morning : 06.00 - 09.00 Evening: 16.00 - 19.00 <i>Grab</i> will use algorithm to calculate price based on traffic condition in the rush hours	Rush Hours Fares <i>Uber</i> will use algorithm to calculate price based on traffic condition in the rush hours

Source: Author observation from numerous blogs, websites, and interview with the company's employees, 2018.

As can be seen from Table 3, the price war in the car-hailing service was not as intense as their motorbike counterpart due to it is almost impossible to cut the fare lower than *Uber*. Both *Go-Jek* and *Grab* are focusing their business on motorbike hailing and they were late in entering the car-hailing segment. *Uber* has entered the segment earlier and they had set the price very low since the beginning of their operation in Indonesia which made the Indonesian customers were preferring *Uber* as their main car-hailing service (Natyari and Pradana, 2016). *Go-Jek* and *Grab* were not able to challenge *Uber* fare but they required to enter the car-hailing segment as an effort to tackle *Uber* effort in monopolizing car-hailing service in Indonesia. Hence, it can be concluded *Go-Jek* and *Grab* have lost the war since the beginning and *Uber* once again dominate the car-hailing service by providing the lowest fare to the consumer.

4. THE IRONY OF *UBER* IN INDONESIA: THE DYING VICTOR

The price war, in turn, has a detrimental effect toward the company since it drained the company's resources and at the end of the day the government needs to be intervened to set the minimum fare for ride-sharing companies. The price war also has drained the resources of *Uber* Indonesia, a branch of the most powerful ride-sharing companies in the world. Even though the orders for *Uber-Motor* and *Uber X* has significantly increased (Fajrina, 2016), on April 9th, 2018 *Uber* Indonesia released a shocking news in which they decided to cease their operation in South East Asia. *Uber* South East Asia business has officially acquired by *Grab*. The decision was taken as a follow up of the request from their major investor Softbank Group Japan to focus on the U.S, Europe, Latin America, and Australia market while leaving other markets which deemed unprofitable including South East Asia (Meyer, 2018). South East Asia market is actually lucrative and *Uber* had become the market leader for car-hailing service. Nevertheless, their willingness to cut the fare aggressively as well as providing rich subsidies to drivers has drained their fund significantly. They may win the price war but they are not getting anything in return and eventually, all of their business in South East Asia is sold to their competitor which is *Grab*.

Uber was the pioneer of ride-hailing online service in the region which offer the most innovative features in their application. *Uber* was the first company who develop 'rush hour algorithm', chat feature with the driver, and route tracking. Currently, both *Go-Jek* and *Grab* are copying all the innovative features which pioneered by *Uber* in their own applications. *Go-Jek* and *Grab* user now are able to chat with the driver, track their trip, and both companies now are using their own 'rush hour algorithm'.

Uber has, ironically, become the victor and also the victim of the price war. The aggressive fare cutting policy has successfully captured larger market share and attract the consumer to use their service frequently, however, their revenue was very low. Hence, there are three important lessons which could be learned from *Uber* case;

1. There is no true victor in a price war, in fact, the price war is causing a detrimental effect on the belligerent parties. In the short-run, the war may lead to profit erosion but in the long run, it could cause the firm bankruptcy as a result of a long-term accumulation of profit erosion (Heil and Helsen, 2001).
2. Becoming the market leader by sacrificing the revenue is a ridiculous move. It is generally believed that becoming market leader is one of the essential goals of a firm, nevertheless, they must expect a reasonable return or even larger return when they become the market leader. It is essential to juxtaposing market leading strategy, price setting strategy, and revenue projection in order to obtain an optimum return for the firm.

Price cutting strategy is effective in attracting Indonesian consumer, however, a careful price setting planning needs to be conducted to avoid underpricing since price transparency is very obvious in the context of online transportation service.

5. THE FUTURE OF ONLINE TRANSPORTATION IN INDONESIA: THE END OF THE WAR

Since *Grab* has acquired *Uber* operation in Indonesia, there are only two online transportation companies which left in Indonesia which are *Go-Jek* and *Grab*. Both *Grab* and *Go-Jek* has not changed their fare since September 1st, 2017 and it seems they are now are 'taking a break' and consolidating their next strategy after the exhaustive price war. *Grab* now is in the better position than *Go-Jek* since they inherit the operation of *Uber* in Indonesia. The *Grab* fleet is becoming larger than before and they have a larger amount of fund to be spent on their business expansion. Nevertheless, both *Go-Jek* and *Grab* are not considering cutting fares as their main strategy in expanding their business. The previous price war has made the Indonesian government intervene as a result of violent protests from taxi operators in Indonesia which demand equal fares between conventional and online taxi as well as the protest from the drivers of the online transportation companies which significantly lost their revenue due to the fare cutting policy. The Indonesian Ministry of Transportation has published new regulations which regulate the basic fare for every online transportation service in Indonesia. The minimum fare for car-hailing service would be € 0.60 and the companies must obey a series of administrative requirements from the Ministry of Transportation. Besides that, in the near future, there will be a new regulation which regulates the motorbike-hailing services in Indonesia.

The government intervention is essential to end the price war; thus, waging other price war would not be possible since it would openly challenge the government who has the capability to shut down their operation entirely. It may seem that the price war has already ended in Indonesia, nevertheless, the competition between *Go-Jek* and *Grab* has just begun. The future competition between *Go-Jek* and *Grab* would be focused on expanding their services to other cities in Indonesia as well as providing customer-focused services such as increasing the usage of the company's e-money for paying their services to make customer pay easily, providing reward point to customer as token of appreciation for their loyalty, encourage the driver to be more friendly toward customer, etc. Hence, it can be concluded that the competition between *Go-Jek* and *Grab* still exist, however, the recent competition is focusing on enlarging service coverage and providing value driven service to the customer. In order to survive, *Go-Jek* must consider an effective strategy to counter *Grab* moves since they are now facing a larger enemy with larger financial support.

6. CONCLUSION

The price war is an option which needs to be avoided when competing in the market. The effect of a price war is very costly for the competing parties. Even though price cutting may increasing orders and attracts new customers, the long-term effect of this strategy is detrimental due to their profit would significantly be eroded in the long run. The victor of the Indonesian online transportation service price war, *Uber*, had lost a significant amount of money to fund the war. They were the pioneer of innovative ride-hailing application feature and their low fares had attracted customers to use their services. However, the revenue they had gained from customers are lower than the money they had invested to cover the operational costs, therefore, a proper calculation to set price is essential before deciding the final price of a product or service. The acquisition of *Uber* by *Grab* in South East Asia has forced *Go-Jek* to arrange a new strategy to counter *Grab* strategic moves. Finally, future competition between *Go-Jek* and *Grab* would be focused on enlarging service coverage and providing value driven service to the customer as a result of government intervention to end the price war between online transportation companies.

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