CHAPTER II

VALUE PROPOSITION

2.1. Market Segmentation

Market segmentation is a process to divide a market into well-defined category. This process is used to identify the appropriate number and characteristic of market segments to decide which one will be the target of our business (Kotler & Keller, 2016). There are 4 types of segmentation:

2.1.1 Geographic Segmentation

This segmentation divides the market into geographical segment such as nations, states, regions, cities, or neighborhood. The Authors conduct the questionnaire and divided the market by their regions in Jakarta which are Central Jakarta, West Jakarta, South Jakarta, North Jakarta, East Jakarta and some area around Jakarta such as Bogor, Depok, and Tangerang.

Firstly, SEABOX will focus to serve the customers who live in urban areas, big city like Jakarta, Bogor, Depok, and Tangerang since there are many workers and students who are more likely to use SEABOX's service. To support authors data, The authors also conducted an interview with the authorities at the port of Muara angke, North Jakarta in June 15, 2018 and found that the number of demands for fresh fish products comes from Jakarta and South Tangerang.
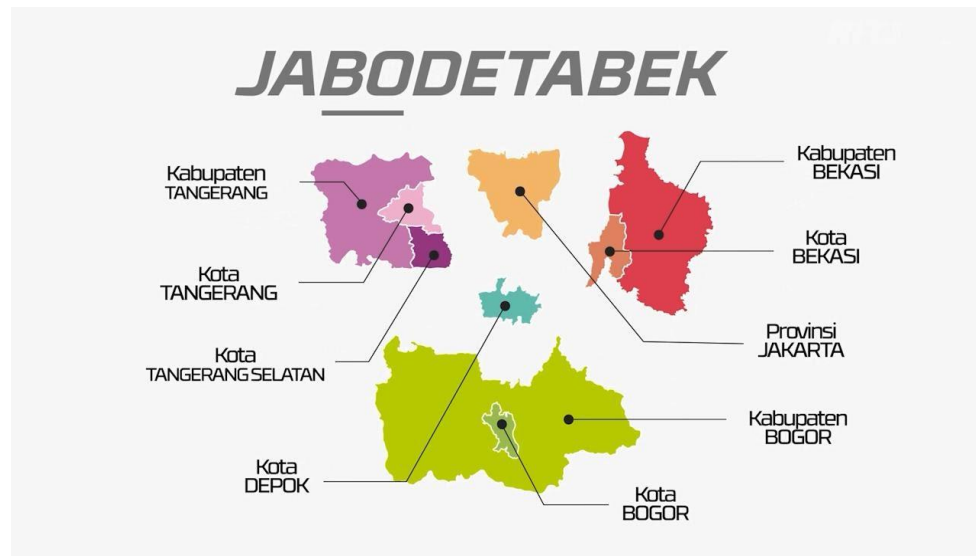
Figure 2.1 The areas in Jakarta and its surroundings.

However, the result of questionnaire the authors have distributed to 120 respondent found that the people who live in South Jakarta (19.8%) , Tangerang (17.4%) and West Jakarta (16.5%) become the most respondent who like SEABOX service. Since those areas has a very busy work and business activity so that the mobility level from home to office everyday makes them unable to do many things like going to market. Therefore SEABOX present to be the solution to meet their needs in getting a high quality product and easily obtained without having to think too much.

2.1.2 Demographic Segmentation

The authors are targeting a quite young and urban population. People who are used to new technologies, with a good income level as they are ready to spend more

money to get better products. The high level of mobility in Jabodetabek makes the community prefer to do activity effectively and efficiently so that they more tends to do many things as simple as possible by using technology. The use of technology by the community who has high mobility rate is certainly one of solution for them to deal with daily problem such as traffic jam so they will not think too long to spend money on the comfort they will get. So they are more concerned about something comfortable, easy and quality. This opportunity arises because the authors believe that their daily chances to perform activities to the market are so low so that the opportunity to get fresh produce is difficult as buying directly at the supermarket.

According to Jakarta Globe Newspaper, Indonesia recorded has 143.26 million internet users last year, a 7.9 percent increase from 2016, this survey has been done by the Indonesian Internet Service Providers Association, or APJII. The survey, titled "Penetration and Behavior of Internet Users in Indonesia in 2017," which was published by APJII on Monday (19/02), categorized the country's internet users by age, education, economic status, devices they use, etc. Despite the increase, however, the growth in the number of internet users has slowed, compared to 2016, when it was up 20.4 percent from 110.2 million in 2015.

APJII employed a multistage cluster-sampling approach and conducted interviews to produce the survey. It was based on data collected from 2,500 internet users aged 13 and above, in six regions — Java, Sumatra, Sulawesi, Kalimantan, Bali-Nusa Tenggara and Maluku-Papua. The margin of error was 1.96 percent.

In urban areas, 72.41 percent of people had access to the internet, in rural-urban areas — 49.49 percent. In rural areas, the internet penetration rate stood at 48.25 percent.

2.1.3 Psychographic Segmentation

This segment takes into account the psych graphical aspects of consumer behavior, it is divided according to the lifestyles, personalities of the consumer, cultural norms and values, opinions or opinions emerging or their personal interests.

Figure 2.2 Illustration about Psychographic segmentation.

The authors can make sure that the city as big as Jakarta capital with a very hectic activity tend to want to do simple things and do not want to be complicated. It can be seen from the high interest of consumers to conduct online transactions. But that does not mean consumers do not pay attention to other aspects such as health and safety.

The high level of online transactions in general is dominated by fast food delivery service. Now, the customer start to aware of the content of the quality of the fast food is less healthy because the process of making it only done with an instant process and furthermore the raw material of the food is a half-finished or has been frozen for days or use food preservatives

Being aware of the health of the food consumed makes people want to do their own food processing through the cooking process but the raw goods are still fresh and not in freezing conditions for days. SEABOX presents as solution to consumers to be able to get raw materials such as fresh sea fish and seafood within 1 x 24 hours from the order made. SEABOX will prove that fresh seafood product is very easy to get and no need to be in doubt about the level of quality and nutrition.

2.1.4 Behavioral Segmentation

Nowadays, more people want to enjoy a good meal they can do themselves, at home instead of going to the restaurant, because it is more expensive. With the spreading of the "Do it Yourself" trend, people like to cook themselves, discovering new recipes, improving their cooking skills. To do so, they are also becoming more demanding and they want to cook with fresh products to insure the good taste of their meal. Furthermore, consumers pay attention to the origin of the products they consume and are more and more reluctant concerning industrial products they buy in the supermarkets. Consumers are wiser in making decisions to make purchases.

Every transaction that consumers do, they will do in full consideration such as from various things impact and benefits that consumers get when using a service.

Figure 2.3 Illustration about behavioral segmentation

The authors are confident with the presence of this service will become a solution for consumers who are enthusiastic with seafood and anyone who concern on quality and have upper middle income and also targets at customers who do not have time to go to traditional markets such as career women who still want to cook but at noon they are busy with the job so that with this service becomes a solution to fulfill the solution needs that they like. Usually if the consumer has felt the convenience of the services provided will be loyal every time and make a purchase continuously and care about the quality of products consumed.

2.2. Targeting

By looking at the characteristics of the market that will be entered by a new company needs to analyze its market segmentation by selectively choosing, selecting

and reaching the market share of a product at the company. The goal is more precisely targeted to the product targets into a market.

SEABOX believe the company that presents in the market will have its own criteria such as the uniqueness of products. So far, Consumers used to having experience on ordering food, transportation, fashion clothing, cosmetic by online food but now SEABOX make a revolution to let customer experience ordering fresh fisheries product by online too.

Another difference the authors have is of course this product / service is not exist in the market of Indonesia yet. The companies that play in the fisheries currently only serve the demand for large quantities of products from big company and there is no one yet who accommodate for home consumer. Criteria and Differences that we have make a great opportunity this product / service can be demanded by many consumers who turn into regular customers so that will make more profit for the company.

However, SEABOX does not want to become a competitor for other players, instead SEABOX here to support and become a solution for other companies that have existed in fishery products in term of distribution service. So that we expect SEABOX will become a win-win solution for all stakeholders.

SEABOX will be supported by web-based technology so that all people can easily access and because it runs through cyberspace So, SEABOX target the customer who use internet in their daily life.

In addition, SEABOX also supports government programs in the "Gemar Makan Ikan " campaign to increase the consumption rate of Indonesia people, helping fishermen to distribute their catches and especially for the people to who concern on quality and efficiency in obtain highly qualified marine products.
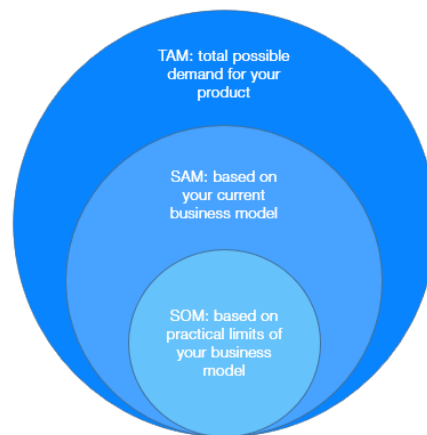
2.2.1 TAM, SAM & SOM

Figure 2.4 TAM, SAM & SOM Methods

After looking at the entire consumer on the market, SEABOX types of products will have a greater chance if being mapped in more detail. The goal is to be able to reach the target consumers as expected. The authors use the TAM, SAM & SOM method, so that the number of consumers will be divided into each region.

Total Addressable Market (TAM)

Urban people define as the people who live in city. Jakarta and South Tangerang as big cities have big population which about 14 million and It can call them the urban

people. From 14 million people of this population, 60% of the people are working people who are busy on their day to day life (BPS, 2017) . As SEABOX will serve busy people who live in big city, the total possible demand for SEABOX business in Jakarta and South Tangerang are 8,700,000 people.

Service Addressable Market (SAM)

SEABOX which will serve the customers with high quality product, so SEABOX is targeting the person with who work in Jakarta and South Jakarta who has middle up income. The research of BPS, from the total population who work in Jakarta and working, 60% has middle income salary and mostly they live in some area in Central Jakarta like Menteng Area, South Jakarta like Kebayoran Baru, Pondok Indah, Cilandak & Kemang, North Jakarta like Pluit Area, Sunter Area, Pantai Indah Kapuk Area & Kelapa Gading Area, West Jakarta like Puri Indah Area, East Jakarta like Pulomas Area, South Tangerang City like Bintaro, Serpong Area, Alam Sutera Area, and Tangerang City like Karawaci Area because this area have the most expensive land prices. This means SEABOX's SAM would be 61 % of people who have income above 7 million. As seabox will serve them, the total possible demand for SEABOX business in Jakarta and South Tangerang are 5,307,000 people

Share of Market (SOM)

In 2017 the level of fish consumption in DKI Jakarta, Tangerang City and South Tangerang City was still below the national target. This was conveyed by the local

Government that based on the data it had, the level of fish consumption in DKI Jakarta reached 38 Kilograms (Kg) capita per year, Tangerang City reached 33 Kilograms (Kg) capita per year, and South Tangerang City reached 21 Kilograms (Kg) capita per year, still far from the national fish consumption level set by the President of 52 Kilograms (Kg) capita per year. This problem occurs because the distribution is not optimal so that people find it difficult to get good and fresh fish quality.

SEABOX is here to assist the government in overcoming existing problems by providing fish product distribution services directly to the people of DKI Jakarta, Tangerang City and South Tangerang City. The existence of fish product distribution services makes it easy for people to obtain marine fish products, so that the increase in fish product consumption and hopes that SEABOX services encourage the achievement of national targets.

In its program SEABOX targets fish product distribution 80 boxes/ person / day or 1,760 boxes / person / month, equivalent with 21,120 boxes / person / year.

The target is the main focus of the distribution of marine fish products to people who have very high activity intensity or office workers, in general, people with income above 7 million / month which is approximately 5,307,000 people are spread in the community areas of DKI Jakarta, Tangerang City and Tangerang City South. The effect of SEABOX services has the role of encouraging the distribution of fish to the people of DKI Jakarta, Kota Tangerang and Kota Tangerang Selatan by 0.4% of

people, the impact of SEABOX services can provide a solution to the lack of fish consumption level that has occurred so far.

2.3. Positioning

The company knows that the services provided in a market are right and have a very strategic advantage so that the service has a position that suits the needs of consumers and even become a trendsetter. The existing services in our company provide new colors in the fishery Industry and enliven the current e-commerce Industry so it feels right this service to be done immediately because of the targeted consumer that we achieve in general people with upper middle income as the beginning. The reason is we provide a convenience for residents of the capital who currently have no time to make purchases of marine fish products to traditional markets and doubt with the freshness of marine fish products in supermarkets.

In terms of price we are more interesting because SEABOX present to shorten the distribution chain to reduce cost of logistics. The seafood that we found in supermarket or traditional market has passes through many hands before end customers which will impact to its pricing, therefore SEABOX will cut that cost and deliver directly to customer's door. Besides, SEABOX will be helpful for women who has multitask as a mother and as a career woman in the same time who want to cook after office so that it feels right that the authors map their service from housewives until career woman in medium housing until luxurious housing which is

built in residential area / complex of crowded population like Bintaro, BSD, & Karawaci.

2.4   Marketing Mix

According to Kotler and Keller (2016) "Marketing Mix is the set of controllable variables that the firm can use to influence the buyer's response". The controllable variables in this context refer to the 4P (Product, Price, Place, Promotion). Marketing mix model has undergone some evolution from time to time as the theory is very popular and widely used by practitioners and teachers. At first marketing mix was started with 4P theory but as the industry is keep on developing as well as the concept of marketing mix theory is also developing. Figure 2.4 is showing us from the original theory of 4P's it's developed to last the 7E's experience oriented. But as we explained SEABOX marketing mix later on in chapter 4, we will using the 4P's theory because the 4P's theory is still reliable and the marketing mix source we use is from Kotler & Keller book that mostly refer to 4P's marketing mix strategy.
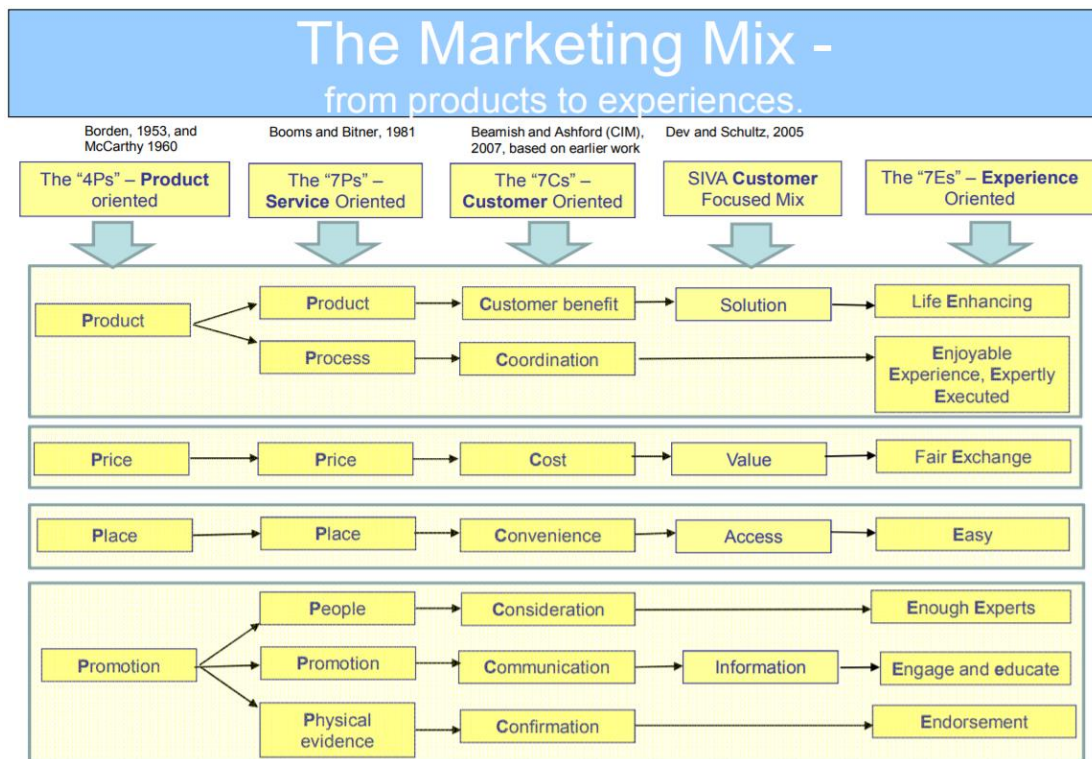
Figure 2.5 Marketing Mix Concept Development

2.5 Competitor Analysis

According to the authors research, there is no other company that resembles SeaBox. SeaBox might be the first company in Indonesia that deliver fresh seafood in a box complete with a recipe on how to cook it, but it doesn't mean SeaBox have no competitor. The competitor can be either direct (selling the same products) or indirect (different product but same market). Our direct competitor is e-commerce, fish market, local supermarket, traditional market. The indirect competitor is food delivery services from restaurant, food vendors, and apps. SEABOX need to compare and see the difference by value proposition and the characteristic based on the analysis of our competitors. Our competitor details are as follows:

1. E-Commerce

From our research there are not so many E-commerce that specialize on selling fish in Indonesia. E-commerce that selling seawater fish are just selling in high quantity only, so it's still none that selling seawater fish in low scale or door to door. So far, it's only retailer and distributor that buying fish from e-commerce because of the high quantity order requirement, but it over wide area coverage and the transaction are handy.
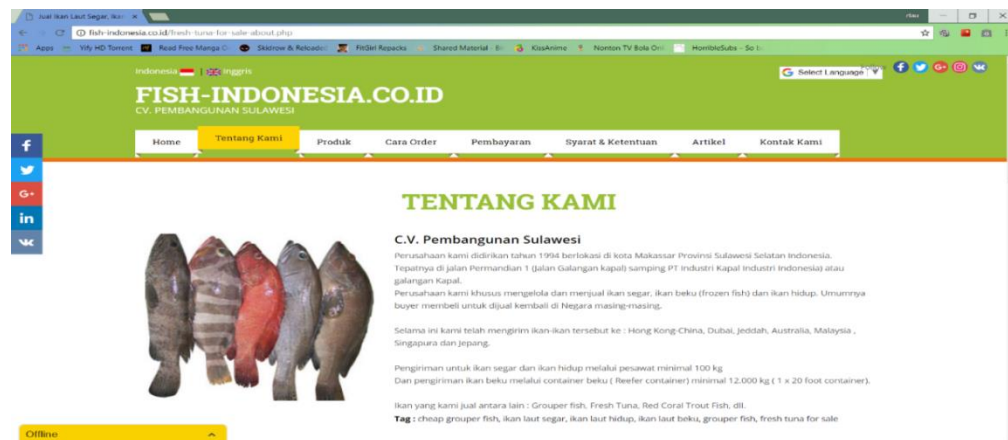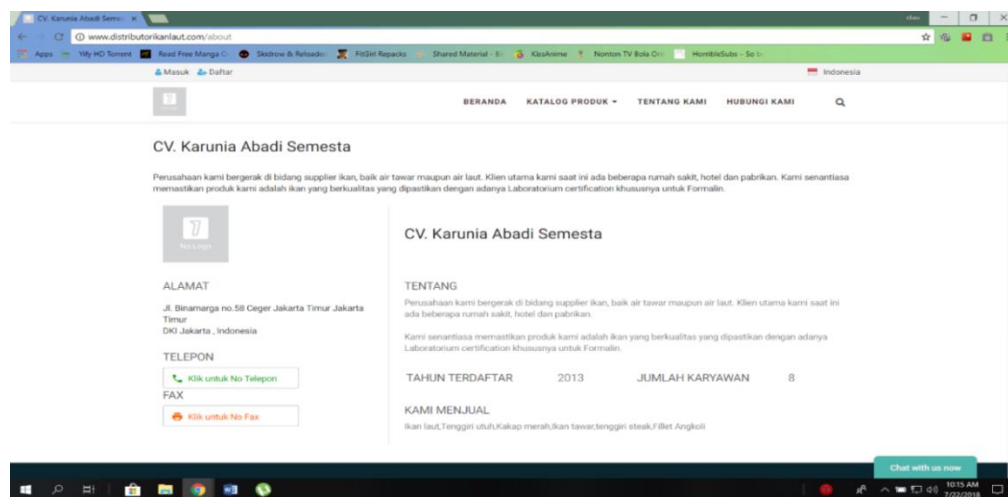

Figure 2.6 Website of Fish-Indonesia.co.id
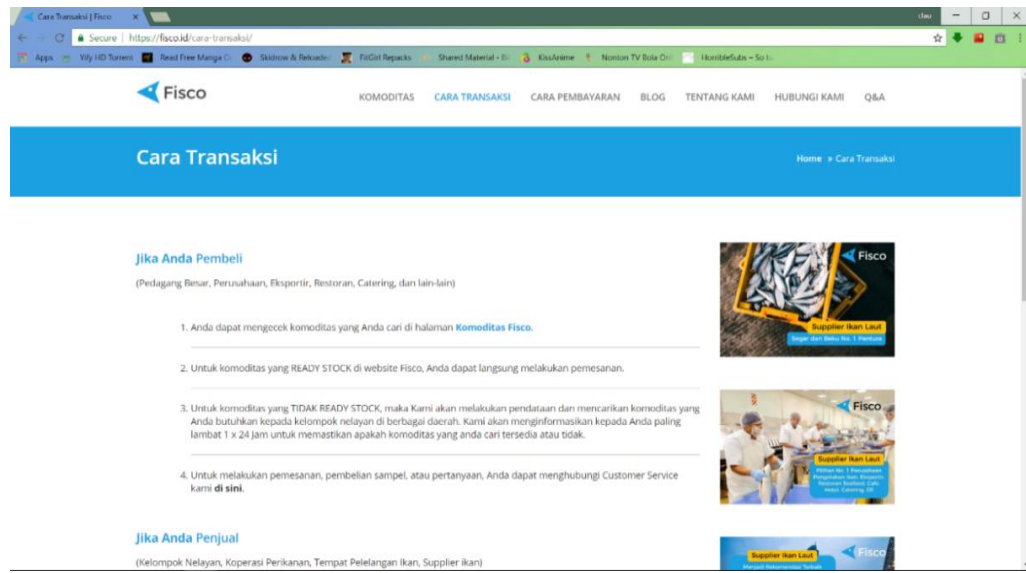

Figure 2.7 Website of Distributorikanlaut.com
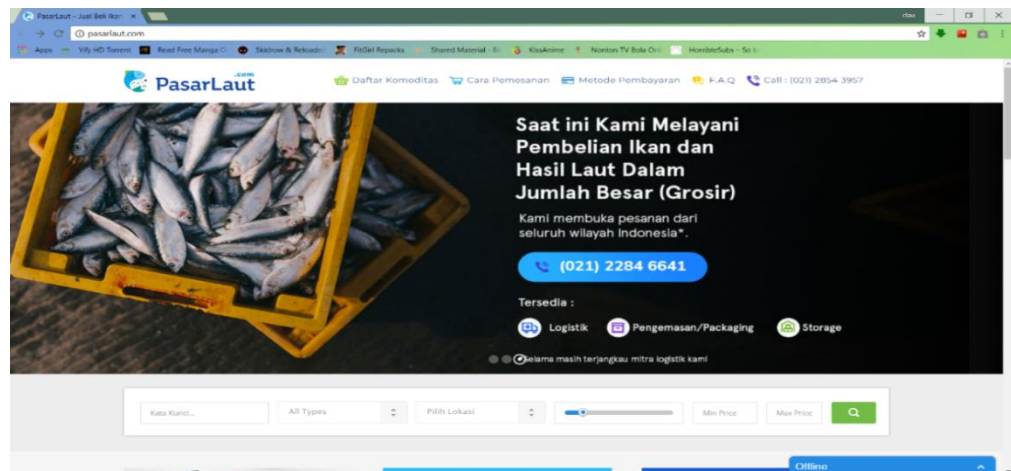
Figure 2.8 Website of Fisco.id

Figure 2.9 Website of Pasarlaut.com

2. Fish Market Muara Angke

Located in pluit north Jakarta with an area of 1.3 Ha, fish market muara angke that open 24 hours is one of the biggest and the busiest fish market in Indonesia. From an interview with (Acim, 2018) we collected some information about fish market muara angke, it is targeted to be the biggest fish

market in the southeast ASIA with the amount of fish supply reaching 150 tons per day. People that come to fish market muara angke are from low – middle class society, retailer, and distributor. Besides a fish market, muara angke also provide an auction for retailer and distributor. To enter the auction, we have to give down payment minimum Rp.1.000.000,00 only then we can participate in the auction. Normally every people can join in the auction at long as they have the money to pay for the down payment and prepare more money to win the auction.

Figure 2.10 Fish Market Muara Angke Overview

3. Local Supermarkets

Local here means a supermarket that opened in Indonesia, so it included foreign supermarkets that opened their branch in Indonesia. Why a foreign supermarket included in local supermarkets list is because their food stock especially fish is comes from Indonesia. There are many supermarkets in

Indonesia like; 99 Ranch Market, Carrefour, Giant, Hero, Super Indo, Indogrosir, Farmer's Market, etc. All of the supermarkets are compiled as one "Local Supermarket" because the fish price is mostly the same, so it's redundant if the supermarkets are explained one by one.

The local supermarkets are selling many kinds of fish, but they give priority to freshwater fish more than seawater fish. The fact that Indonesian people is used to eat freshwater fish because it's easier to cooked, like a simple deep fried or roasted and it's edible. Peoples that come to supermarkets are from middle – high class society. Clean place and competitive price due to discounts and promotion and provide wide variety of fish (still only a few seawater fish) is what's making people like to buy fish in supermarkets.

Figure 2.11 (Left to Right) SuperIndo Brochure, Giant Brochure, Carrefour Seafood Area

4. Traditional Markets

Even though there is many a local supermarket or e-commerce, traditional markets still has its own place. Depending on the location of the market, traditional market that located in the center of the city is mostly selling

freshwater fish but if the market near coast or sea they will selling more seawater fish. Peoples that come and buy things in traditional markets are usually from low – middle class society. Traditional markets are still eminent because in traditional markets consumer can bargain like crazy to pick the best and freshest fish with the best or lowest price as possible. But the bad news there is often sellers sell bad or wasted fish to cover losses.

Figure 2.12 Traditional Market Overview

5. Food Delivery Services

Unlike SEABOX that specialized in fish or seafood product, food delivery service is offering a wide variety of food because there is plentiful of restaurant and food merchant out there. But it must count as our competitor because they offer the same services which is a door to door services. Most

restaurant and food merchant nowadays are providing a delivery services to expand their market and following the technology trend by using a mobile application apps that offers food delivery like Go-jek or Grab. Food delivery services is being popular because it's more efficient, people can eat any food they want and be delivered in front of them by using only fingertips. Based on Nadiem Makariem statement on CNN (Ayuwuragil, 2018), there is at least around 125 thousand merchants that cooperate with Go-Food and Go-Food contribute more or less 30 percent of their sales turnover. Even though Nadiem hasn't prepared the number in statistic, his own statement has shown us people nowadays are like to order food using delivery services and the number is increasing rapidly.

SEABOX that just providing fish and seafood product was nothing compared to other food delivery services that providing wide variety and already cooked food. But we have targeted our own niche market, SEABOX targets people who like to cook their own food but also like fish or seafood product. As one of our mission we will encourage Indonesian people specifically from Java Island to eat more fish product because statistic of fish consuming in Java Island was still pretty low compared to other islands in Indonesia.

2.5.1 Competitor Value Proposition Summary

For company to survive in a competition they need to address customer needs by putting forth a value proposition, a set of benefits that satisfy those needs. The intangible value proposition is made physical by an offering, which can be a combination of products, services, information, and experiences (Kotler & Keller, 2016). Indirect competitor like food delivery services can't compared in the table because they deliver already cooked food, unlike SEABOX and other direct competitor that provide fresh raw fish or seafood.

Table 2.1 SEABOX Competitor Value Proposition

	E-Commerce	**Fish Market Muara Angke**	**Local Supermarket**	**Traditional Market**
Market Segment	Retailer and Distributor	Low - High Class, Retailer, and Distributor	Mid - High Class	Low - Mid Class
Buyer Purchase Power	Million rupiah	Thousand to Million rupiah	Thousand to Hundred rupiah	Thousand to Hundred rupiah
Estimates fish Prices	Low – Medium	Low	Medium - High	Low – Medium
Location and area coverage	Across Jakarta and Indonesia	Located in one place Pluit, North Jakarta	Spread over dense populated area but less coverage than Traditional Market	Spread over every densely populated area
Stock Readiness	24 hours	24 hours	08.00 AM - 11.00 PM	02.00 AM - 10.00 AM
Product Variety	Seafood	Seafood	Seafood and Freshwater Fish	Seafood and Freshwater Fish
Product Quality	Frozen	Very Fresh	Frozen and Fresh but occasionally it's ever founded the seafood or fish is un fresh or even expired	Fresh but consumers must be extra careful on choosing fresh fish because bad fish are often still on sale
Environment Conditions	Unidentified, not open to public	Soggy, Strong fishy smell	Clean, Fish product area not smells to fishy	Soggy, Muddy, Strong fishy smell
Strong Points	Easy Transaction	Provide fish auction	Often offers discount and promotion	People can bargain