***Business analytics requires a combination of mathematical/quantitative abilities and creative thinking. Describe a project you worked on, either as a student or professional, that demonstrates your analytical and creative problem-solving skills. Tell us why this project was interesting to you. (Maximum 750 words)***

I always find topics about optimization in supply chain & manufacturing intriguing because the advantages of attaining the optimum model allows companies to maximize their revenue. The most recent project that I find interesting is when I optimized Sayurbox’s B2C revenue, Indonesia’s biggest and oldest e-grocery startup focusing on delivering fresh daily necessities from suppliers to customers. What makes this project more interesting is we need to build new consumer habits on online grocery shopping without putting much reliance on promotions - an essential component of building a company that needs thorough thinking, and will be useful skills for me as an aspiring entrepreneur.

My internship period in Sayurbox allowed me to analyze Sayurbox financial and operations for due diligence purposes of raising Series B. As I went through, something was off: the revenue from their B2B, their new business line, exceeds their B2C business which has been operating for several years. Logically, a pandemic should be an adequate moment to grow the customer base and become a huge contributor to their revenue because users are forced to do online shopping due to COVID-19. However, while Sayurbox’s customer base grew, their average basket size declined significantly because, as shown in user’s transaction data, users came to Sayurbox only to checkout for products under mega-discounts, such as Rp 1000 per kg of mangoes and avocados and Rp 3000 per kg for pears. Well, who doesn’t love discounts?

Utilizing mega-discount as a customer acquisition strategy may contribute to growing revenue in the short term, but it will never be a long term solution. Building a new lifestyle for the masses is not easy, and a mega-discount customer acquisition strategy will only make people come to Sayurbox because of cheap prices, not because they “need” Sayurbox for daily groceries shopping. While It is understandable that Sayurbox wants to use the fastest way of growing their customer base considering that more competitors in e-grocery space keep on coming, it ends up hurting the company’s financial runaway because the burn rate of doing mega-discounts definitely exceeds revenue generation, resulting in negative profit margin.

To reduce users’ reliance on transacting for mega-discounted products, we need to ensure that our prices are competitive among our direct and indirect competitors. With competitive pricing, users will regard Sayurbox’s image not as an e-grocery with tons of promotions, but as an e-grocery with competitive prices. Then, we expect that average basket size may be stagnant or eventually increase, with a positive profit margin. There are two ways of improving pricing in Sayurbox: automate pricing and reduce packaging cost. Automation on pricing using third-party tools helps calculate the selling price and benchmark our final price with competitors. The importance of automation on pricing cannot be underestimated to ensure that our price stays competitive, especially in our unique selling point, which in our case would be some vegetables and local fruits that we source directly from our farmers. It also reduces chances of human errors, an error that often occurred in Sayurbox, and redundancy in the task of Sayurbox’s pricing team, allowing them to focus on other work. Additionally, packaging cost is part of Sayurbox’s pricing component, and is usually applicable only in e-groceries - products that are being delivered need to be wrapped as secured as possible because the blame on defective products is on the e-grocery players. Since much of the packaging methods in Sayurbox for certain products is unnecessary, it is safe to minimize the packaging for some products to reduce the cost. With optimized pricing methodologies, we ended up optimizing the price of more than 50% of our curations, making it one of the most competitive among competitors, and eventually cutting costs of up to nearly 20% due to reduction of possible pricing errors and efficiency of workload among the pricing team.

Through this project, I learned that promoting competitive pricing may be a better method than doing huge promotions to grow the user base. In our case, doing mega-discounts ended up growing the user base, but lowering the average basket size. Something needs to be changed for Sayurbox to move forward, and a better way to grow the user base while ensuring that their average basket size remains constant, or even increases, is by ensuring competitive pricing among players in similar industries. Promoting competitive pricing may be challenging, and the solution is a case-by-case basis. For Sayurbox, we can minimize the pricing variables and use automation to calculate and benchmark the price. It has been an interesting project as it gives me better perspectives on competitive pricing, which will be useful when I become an entrepreneur and need to promote my product in the future.