

CHAPTER II

OVERVIEW OF OVO'S USAGE AND PROMOTIONS

Technological advancements alter all aspects of human life, including financial matters. People must be familiar with an e-wallet or digital wallets in recent years. A digital wallet is an electronic application that allows you to pay for online transactions. People are introduced to cashless or non-cash payment methods that are more convenient, safer, and profitable thanks to digital wallets. This payment method has grown in popularity as Go-Pay, OVO, and other e-wallets offer numerous promotions and discounts at various merchants.

The development of digital wallet applications in Indonesia shows a positive trend from year to year (Bisnis Tempo, 2021). Users do not need to bring any cards or cash; all they need is their smartphone. Aside from convenience, digital wallets are thought to be more secure because they are password protected and can only be accessed by users.

2.1 The Development of OVO

One of the companies that have developed an innovation in electronic money payment systems is Lippo Group. Before becoming Ovo, this digital wallet service was called Grab-Pay. OVO is a digital wallet service or smart financial app that offers various transactions to many OVO partners. OVO was first launched in March 2017 under the auspices of PT Visionet Internasional. The OVO application is currently available for the Android and IOS platforms because of the high use of smartphones in Indonesian society, especially among millennials.

Figure 2.1
OVO Logo



OVO, on the other hand, is intended to be an open platform. OVO began by working with Lippo enterprises such as Hypermart and Siloam Hospital. By May 2018, the Lippo Group and Tokyo Century had forged a series of agreements in Indonesia, including a US\$120 million investment in OVO. OVO established strategic relationships with numerous key Indonesian companies at the same time in July 2018. Bank Mandiri, Alfamart, Grab, and Moka are the companies with which it has partnered. With the existing collaboration with the Lippo network, this new partnership makes OVO the payment platform with the most widespread acceptance in Indonesia. OVO also announced a relationship with the online retail platform Tokopedia in November 2018 to boost its user base. From November 2018 through 2021, Tokopedia officially teamed with OVO as a digital payment substitute for Tokocash. These different collaborations resulted in significant growth in OVO users. All these OVO collaborations aim to build trust in non-cash transactions for Indonesian consumers and accelerate the OVO network's development.

Figure 2.2
OVO Partnerships



OVO is now available on 115 million devices and can be used for payments, transfers, topping up and withdrawing funds, as well as asset and investment management. OVO is accepted in over 354 cities throughout Indonesia and is dedicated to becoming the country's largest payment and financial technology company. Payments via OVO are also accepted at over 500,000 merchants throughout Indonesia.

OVO has its charm over other digital wallets. OVO frequently offers promotions in the form of discounts on connected online apps. Furthermore, several businesses work with OVO and offer cashback promotions. OVO also provides comprehensive services to suit daily necessities, such as purchasing

electricity tokens, mobile phone credit, and interbank transfers with no administrative fees. OVO also makes it simple to top up without incurring any costs.

Payment transactions can be completed anywhere and at any time by using OVO, making work more convenient. This also simplifies its users' work, which should take longer but can be completed quickly with the OVO application. OVO is beneficial for users with a busy work schedule, making it difficult to do other activities such as paying for electricity, cable TV, etc. Customers are expected to be satisfied with the OVO application due to the convenience and benefits provided by OVO to its users.

2.2 The Use of OVO in Transaction Process

Users can only make transactions by submitting their registered or mobile bank account number. Users will also receive an OVO ID, which they can use to trade with OVO partner merchants. OVO can also pay for utilities such as energy, credit, data packages, postpaid, insurance, BPJS Health, cable television, and environmental taxes. However, insurance remains confined to Lippo Insurance, and ecological taxes only apply to Lippo Group residences.

OVO offers free top-up balances from Indonesian banks via ATM, online, or mobile banking, as well as no admin costs for topping up funds via Grab drivers. Payment for completed transactions is likewise free of administrative expenses. In OVO, there is OVO Cash which can be used for various financial transactions. OVO Cash can be used to make payments at Lippo merchants, top up and check balances, and transfer funds between OVO accounts.

OVO generally aspires to provide its services as a simple payment system and smart financial services. Its use as a transaction medium is currently only available in a limited area of the Lippo network. Several popular outlets within the application for spending out reward points, such as purchasing food or movie tickets.

2.3 Ease of Transaction Using OVO

The OVO application is simple and straightforward to use. OVO has a straightforward interface that makes it easy for people to access its services. OVO's user balance is divided into two parts: OVO Cash and OVO Points. Whereas OVO Cash can be used in the same way as money on a user's OVO account, OVO Points are the result of cashback or rewards for OVO promotions.

To make it easier for users to learn and use, OVO only has five main menus in its appearance: Home, Deals, Finance, Wallet, and History. The Home menu allows users to make payments. The Deals menu will enable users to see what promotions are currently available. The Finance menu allows users to invest. It can help manage finances, the Wallet menu enables users to collect reward points, and the History menu displays all payment transactions, top-ups, and bonuses.

OVO informs their primary pillars OVO that can provide various types of benefits via a banner application that is always in shades of purple:

2.3.1 Payment

OVO offers convenience in transactions and payments for all needs at merchants that have collaborated. Users can make cashless transactions at more than 60,000 outlets/merchants from Sabang - Merauke.

2.3.2 Points

OVO offers loyalty rewards that can be obtained by purchasing at various OVO merchant partners. The user will receive OVO Points for every minimum transaction of IDR 10,000. Each OVO Point is worth IDR 1.

2.3.3 Multiply Points

Users can collect points from shopping or transacting at OVO merchants. These points can later be exchanged for various discounts and exclusive offers. These points can be obtained with a minimum spend of IDR 10,000. The value of the points is also very clear. For example, if an

OVO user gets 100,000 points, those points can be exchanged for goods worth Rp. 100,000. In fact, at some OVO merchants, points can be exchanged for goods of higher value.

2.3.4 Promo

On the Deals page, OVO offers a variety of appealing deals via its application. One of them is a 10% cashback if users shop at Hypermart, among other things. More specifically, users who make their first transaction will receive 100% cashback. A minimum IDR 25,000 purchase with OVO Cash will result in a cashback bonus of 25,000 OVO Points.

2.4 OVO Sales Promotion

OVO offers several sales promotions to its users. One of the most common promotions carried out by OVO is the provision of cashback to its users. Cashback is one of the marketing methods used by businesses to attract clients (Business Financial, 2020). Only OVO subscribers who pay with OVO can take advantage of the cashback program. Simply scan the QR code and pay with your OVO balance when making a payment transaction. Users of the OVO digital wallet payment service application will receive rewards in the form of OVO Points. OVO offers a variety of cashback promotions in a variety of categories. Starting with daily food needs, promotions in the health category for insurance, and other purchases decided by OVO.

OVO provided promotions of up to 100 percent cash back at the start of its launch as a digital wallet service application, which would later be given in the form of OVO Points. OVO also offers its users a reward advantage. Because of technological and communication advancements that have an impact on changes in marketing activities at the company, the pattern of giving promotions is now interactive. One example of a cashback promotion OVO offers its users is a 30% cashback when transacting with UMKM merchants.