

# CHAPTER I

## INTRODUCTION

### 1.1 Research Background

The development of information technology nowadays allows people to do everything without leaving the comfort of home. One thing that greatly facilitated by the present of information technology is ordering food through online application.

Online food delivery service (OFDS) is defined as a food delivery service provider with a fee that is carried out using a mobile phone (Prasetyo et al., 2017). OFDS offered restaurant-to-consumer delivery service that allows food to be delivered from the restaurant to the consumer location (Ali et al., 2017). Through using OFDS technology consumers can choose the restaurant they like, check the menu availability, and place orders remotely using their phone (Pigatto et al., 2017). The presence of OFDS enables the food and beverage industry to improve service, accuracy, increase productivity, build relationships with consumers, and expand marketing reach (Kwong et al., 2017).

OFDS as an app was first developed in the United States in 2004 under the name GrubHub. GrubHub established with a mission to compile all paper-based menus in restaurants to make it easier for consumers to choose food from. In its development, with the massive data that GrubHub has compile allows it to transform into a liaison between consumers and restaurant by providing delivery personnel (Collison, 2020). In Indonesia, OFDS is carried out by 2 companies that

provide online transportation application, which is Gojek and Grab. OFDS is one part of the service provided by these two companies, which have the main service as an online taxi service provider. Although not as a main service OFDS contributes a stable revenue every year, where in 2020 OFDS generated \$1.915 million (Statista, 2021) from a total GMV (Gross Merchandising Value) \$3.7 billion, consisting of GrabFood 53% and Go-Food 47% (E-Conomy SEA, 2020), and it's estimated revenue to grow 54% in 2024 (Statista 2020) and its GMV increased by 30% in 2025 (E-Conomy SEA, 2020 ). In addition to generating revenue, the penetration rate, number of consumers compared to total target market, of OFDS is expected to reach 11% of total food delivery (E-economy, 2020). The massive growth in OFDS is possible because consumers who choose to use OFDS provided by convenience and ease of use compared to if consumers have to go to a restaurant or shopping mall when they want to have restaurant quality food (Yeo et al., 2017) . Convenience offered by OFDS allows consumers to save time and effort in meeting their needs (Jeng, 2016). To obtain this convenience OFDS consumer do not mind spending more,

The existence of OFDS really help consumers and restaurant during the pandemic times. In December 2019 a new disease emerged called COVID-19, which was later declared a global pandemic on March 2020 (WHO 2020). To reduce the spread of COVID-19, the Indonesian government recommends that people wear masks, avoid crowds, and take prevention steps to prevent contracting and spreading the disease according to WHO recommendation. Furthermore, on March 31, 2020 the Indonesian government issued PP no. 21 2020 which regu-

lates large scale social restrictions, commonly known by Indonesian as PSBB, that regulates restrictions on citizen activities, including office work, school activities, and religious worship in order to control the spread of the virus. The enactment of this PSBB requires restaurant not to accept customers who want to eat on the spot. The implementation of PSBB in a decrease in consumption of the all service industry sector, based on a survey conducted by BPS the accommodation and food-beverages provider industry was the one that experienced the most decline due to the COVID-19 restriction where 92, 47% of business experienced a decrease in income. According to BPS data, the GPD of the accommodation and food-beverages industry recorded a 22.02% deficit when the PSBB was enacted. based on a survey conducted by BPS the accommodation and food-beverages provider industry was the one that experienced the most decline due to the COVID-19 restriction where 92.47% of business experienced a decrease in income. According to BPS data, the GPD of the accommodation and food-beverages industry recorded a 22.02% deficit when the PSBB was enacted. based on a survey conducted by BPS the accommodation and food-beverages provider industry was the one that experienced the most decline due to the COVID-19 restriction where 92.47% of business experienced a decrease in income. According to BPS data, the GPD of the accommodation and food-beverages industry recorded a 22.02% deficit when the PSBB was enacted.

**Pertumbuhan PDB Sektor Penyediaan Akomodasi dan Makan Minum Secara Tahunan (TW I-2019 - TW II-2021)**

Sumber : Badan Pusat Statistik (BPS).

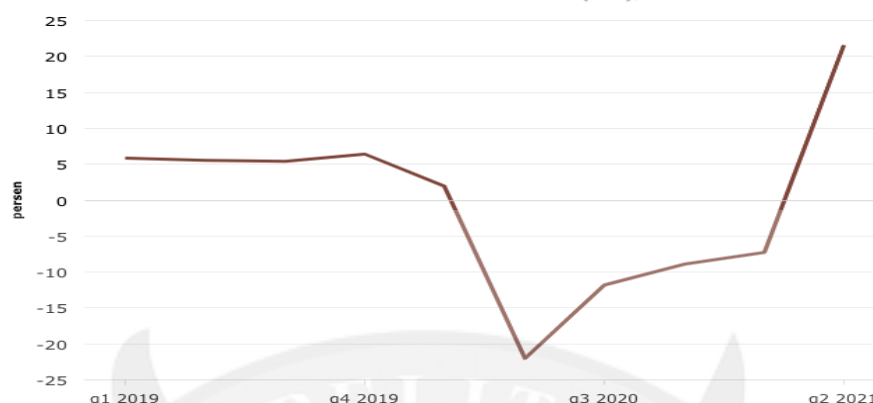


Figure 1.1 Ministry of National Development Planning/Bappenas 2019-2021

The COVID-19 situation has forced the food and beverages industry to adapt an "online-to-offline" (O2O) business model. The O2O model is a business model that allows consumers to buy goods and service through online channels from offline company (Li & Mo, 2019). The adoption of this O2O model is made possible by the OFDS, which acts as a liaison between consumers and food-beverages providers, making it possible to receive food at home. This way both consumers and food-beverages providers can comply with the directives given by WHO and the Ministry of Health to reduce contact and interaction with people and avoiding crowds. By doing it creates conditions where OFDS becomes one of the main links between consumers and the outside world during the COVID-19 movement restriction (Zenetta et al., 2021). MomentumWorks (2021) data show an increase of 183% of GMV food delivered in 2020 compared to 2019 and a surge of download for application that offers OFDS between 2-2.5 times. This in-

crease occurred evenly throughout the ASEAN region as shown by E-Conomy 2020 data. The Demographic Institute of FEB University of Indonesia noted that the use of OFDS was the largest expenditure item made from electronic transaction consumers during the pandemic, with an average expenditure of Rp 1,467,972 per month. According to EURO Monitor, 26% of the OFDS user during the pandemic was done by new user, plus a survey from E-Conomy 2020 states that 94% of the new consumers who use OFDS during the pandemic will continue to use after the pandemic subsides . With the increase explained by the data,

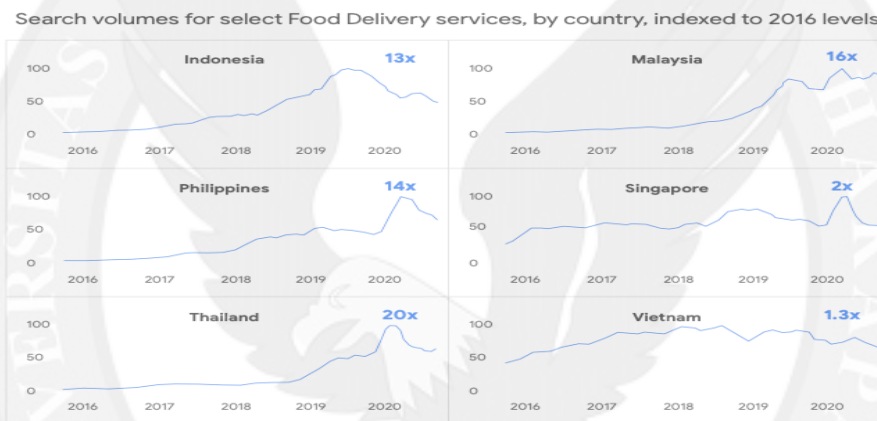


Figure 1.2 E-Conomy 2020 search volumes for OFDS in ASEAN

Seeing the extent of the impact of this pandemic, many parties, both state and private, have participated in developing a vaccination for this disease. Based on Jakarta provincial government data, as on 29 October 2021 the rate of 1st vaccine recipient was 129.1% and 97% for the 2nd dose recipient. This high vaccination rate was followed by a low occupancy rate for isolation beds for COVID -19 patient, where as on 16 October 2021 only got 7% rate of occupancy which is the lowest number since December 2020. Therefore, the DKI Jakarta and Bali prov-

ince government has lowered the regional quarantine which allow public activities to back to normal, such as opening office space and allowing restaurant, entertainment venues, shopping places to accept consumer.

## **1.2 Research Problem**

As long as consumers are in quarantine, the use of OFDS has greatly increased. The increase in the use of OFDS is due to government regulations that prohibit restaurants from serving dine-in consumers which has resulted in OFDS becoming the main medium for consumers to shop for food (Zenetta et al., 2020). However, because the regional quarantine has been relaxed, it allows the community to have a choice other than OFDS to meet their needs. This study was made to find out how the Behavior Intention of OFDS consumers during quarantine due to the pandemic, in accordance with the theory of the Technological Acceptance Model following the research model that was carried out by Yeo, et al. (2017), where Behavioral intention is influenced by Convenience Motivation and Prior Usage Usefulness.

- Does Hedonistic Motivation have an influence on post-usage Usefulness?
- Does Prior Online Purchase Experience have an effect on Post-Usage Usefulness?
- Does Time Saving Orientation have an effect on Post-Usage Usefulness?
- Does Price Saving Orientation have an effect on Post-Usage Usefulness?
- Does Hedonistic Motivation have an influence on Convenience Motivation?

- Does Prior Online Purchase Experience have an influence on Convenience Motivation?
- Does Time Saving Orientation have an influence on Convenience Motivation?
- Does Price Saving Orientation have an influence on Convenience Motivation?
- Does Convenience Motivation have an influence on Behavior Intention?
- Does Post-Usage Usefulness have an influence on Consumer Behavior?

### **1.3 Research Objectives**

Based on the research question above, the objectives of this research are:

- To identify the influence of Hedonistic Motivation towards Post-Usage Usefulness.
- To identify the influence of Prior Online Purchase Experience towards Post-Usage Usefulness.
- To identify the influence of Time Saving Orientation towards Post-Usage Usefulness.
- To identify the influence of Price Saving Orientation towards Post-Usage Usefulness.
- To identify the influence of Hedonistic Motivation towards Convenience Motivation.
- To identify the influence of Prior Online Purchase Experience towards Convenience Motivation



- To identify the influence of Time Saving Orientation towards Convenience Motivation.
- To identify the influence of Price Saving Orientation towards Convenience Motivation
- To identify the influence Convenience motivation towards Behavior Intention
- To identify the influence of Post-Usage Usefulness towards Behavior Intention

#### **1.4 Research Scope**

The scope of this research will be limited to several conditions, namely:

- This study will discuss the Post-Usage usefulness and convenience motivation of OFDS through hedonistic motivation factors, Prior online purchase experience, time saving orientation, and Price saving orientation.
- Respondents in this study were residents of the Java and Bali regions

#### **1.5 Research Outline**

The entire outline of this research are listed below:

- **CHAPTER I – INTRODUCTION**

The first chapter consists of the research background, research problem, research objectives, research scope, and also the systematic outline of the all consecutive chapters.



- **CHAPTER II – THEORETICAL BACKGROUND**

The second chapter consists of the theoretical background that is used in the study, literature review, and also the linkages between variables. The conceptual framework of this research hypotheses is also added in this chapter.

- **CHAPTER III – RESEARCH METHODOLOGY**

The third chapter explains the methods that is used to further analyze and measure the relationship between all variables including the research design and methods of data collection in the quantitative research approach.

- **CHAPTER IV – RESULTS AND DISCUSSION**

The fourth chapter consists of the pre-test result and the result of actual research of the linkages between variables in this research. The pre-test result and the actual result using statistical examination performed with the data collected. The result of the discussion will provide the answer to the research question and led to a conclusion of the research.

- **CHAPTER V – CONCLUSION AND RECOMMENDATION**

The fifth chapter concludes the overall research and it will provide some insight from the researcher, managerial implications, limitations of the study, as well as the recommendations that can be applied in future research.