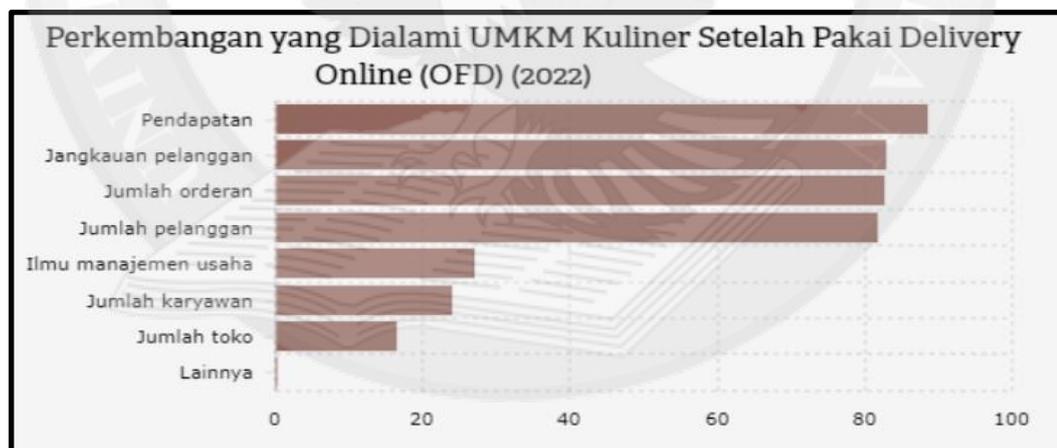


# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

People did not have many options when they wished to eat in the past. Their only options are to either purchase or prepare the food/dish themselves. However, now that there are numerous food delivery services, people are assisted and enjoy numerous advantages. Additionally, food delivery services facilitate virtual connections between consumers and restaurants/culinary enterprises (Az-zahra 2021). This Online Food Delivery Service is advantageous not only to the User or restaurant owner, but also to the courier.



**Figure 1.1 Chart of UMKM Growth**  
Source: [www.katadata.co.id](http://www.katadata.co.id) (2023)

The involvement of online food delivery services has been found to contribute to the growth and progress of Micro, Small, and Medium Enterprises (MSMEs) operating in the culinary sector. The most notable development identified

by 88.4% of respondents is the growth in the income sector. This is closely followed by the increased accessibility of products to customers, acknowledged by 82.8% of respondents. Additionally, 82.7% of respondents recognized a rise in the number of orders, while 81.6% acknowledged an increase in the customer base. These developments have led to advancements in business management knowledge, particularly in the areas of sales and marketing, as acknowledged by 26.9% of respondents. Furthermore, 23.9% of respondents agreed that there has been an increase in the number of employees, and 16.5% of respondents confirmed an expansion in the number of store outlets. The study to be conducted in 2022 will involve a sample of around 2000 Micro, Small, and Medium Enterprises (MSMEs) located in major urban areas. The sampling technique employed will be multistage random sampling.

Customers in Indonesia can select an online food delivery service based on factors such as reliability, usability, and special offers. This results in competition among online food delivery services, as companies must compete to attract consumers to their applications. A company's competitive advantage must be the importance of their success. To be number one, the OFSD company must adapt its service quality to consumer demands. Each OFSD must comprehend consumer behavior, as the company's long-term viability is contingent on consumers. Therefore, businesses must formulate the proper strategy for customer retention.

Online Food Service Delivery has become commonplace in modern times. The development of the Online Food Delivery Service in Indonesia began in 2015

with the creation of GoFood Service by the Gojek company. As time passes and people's lifestyles evolve, the use of online food delivery in Indonesia continues to grow. The large size of the market and the growing popularity of online food delivery services intensify the industry's competitive dynamics. As a result of Gojek's successful initiative with GoFood, numerous other (OFDS) companies are now emerging, seeking to capitalize on the opportunities presented by this online market. Examples of brands that offer food delivery services include Gojek (GoFood), Grab (GrabFood), Shopee (ShopeeFood), Maxim (MaximFood), among others.

**Table 1. 1 GoFood (Gojek) Competitors Comparison**

<b>Brand</b>	<b>GMV (Gross Merchandise Value)</b>	<b>Most Installed</b>
Gojek	Rp 30.65 trillion	76%
Shopee	Rp 26.49 trillion	28%
Grab	Rp 20.93 trillion	22%

Source: Tenggara (2021)

The Survey conducted by Tenggara.id in the table above shows Top 3 most used and profitable Online Food Delivery in 2021 in Indonesia. Based on the results of the survey Gojek is in first place according to the results of Total GMV of Rp 30.65 trillion with 76% of people surveyed is installing the app, Shopee is in Second place with Total GMV of Rp 26.49 trillion with 28% of people surveyed is installing the app, and in the Third place is Grab with Total GMV of Rp 20.93 trillion with 22% people surveyed is installing the app. The survey states that the Online Food Delivery industry will continue to grow. The majority of consumers

(99%) who were surveyed intend to continue and increase usage (96%) of OFDS service in the future.

This Research will focus on Gojek as an application for Online Food Service Delivery, Gojek. In April 2015, GoFood was added to the Gojek application; at the time, Gojek's services consisted of transportation, parcel delivery, and shopping. Historically, between five and ten thousand merchants joined GoFood. After three months, GoFood in Indonesia has become highly developed and continues to add partners and features to its application. After approximately 5 years of operation, GoFood continues to enhance its services in order to not only meet the requirements of its users, but also empower and improve numerous Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. In fact, by the end of 2019, GoFood had collaborated with 500,000 merchant partners, of which 96% were MSMEs with monthly transactions exceeding IDR 50 billion.

Andriani (2022) State that Despite possessing a high gross merchandise value and potentially being regarded as the foremost online food delivery service in Indonesia. GoFood continues to face criticism and a notable number of consumers are transitioning to alternative Online Food Delivery Service applications. The factors of distrust, ease of use, promotion, and e-service quality exert an influence on individuals' purchase decisions, potentially leading to disloyalty towards the GoFood brand.

According to Angel (2021) Ease of Use is something that leads people to believe that using a particular technology does not involve any effort, Gojek

application has various features which often make users confused about accessing the features they want, especially users over 30 years old. This can make potential Gojek customers experience customer pain points, Rahmalia (2023) stated that Customer pain point is a concept in marketing and sales that must be understood in order for users or customers to be comfortable and confident when using other products.

One of the marketing strategies that companies do is Promotion, Promotion is an activity designed to connect products or services with consumers in order to raise awareness, attract or persuade them to purchase the product or service. The Go-Jek company has worked very hard to encourage clients to use the program, in this case Go-Food, however promotions such as giving vouchers, rebates, and so on are still highly confusing. There are so many terms and conditions that it appears overly complex. Promotions are also done on food and beverage products at restaurants that already have a big name and are deemed pricey. Company rivals can likewise be stated to offer enormous promotions, so giving consumers alternative choices. Even though advertising is highly concentrated, it may be seen on television and social media platforms such as Instagram, Facebook, and others.

According to Juliana (2021) Customer satisfaction is essential for developing a lucrative relationship with customers in order to retain and expand customers and collect customer lifetime value. Gojek has 24/7 E-Customer Service, but there are some customer responses regarding E-Service Quality by consumers that the E-Service provided by Gojek are little bit slow to response that make

consumers disappointed. It is feared that this will have a negative impact. Yulianingsih (2020) stated that the negative impact might dissatisfy customers, causing them to switch to competitors; alternatively, customers can inform others about their terrible experience, influencing their decision-making process.

Several issues about the information offered, the website system, and transactions are included in the problem of e-service quality, affecting consumer views of trust on Gojek (Go-Food) indirectly. People desire to utilize the internet because of the numerous benefits it provides. However, behind this ease are other concerns that make consumers hesitant to use it, such as payment security, the risk of fraud, and the quality of goods or services (Fathin, 2021). A lot of users was disappointed when transactions did not meet user expectations. This happened when consumers book a food through a third party, the consumer is disappointed with the food or drinks that is ordered does not match with what they are imagined

In this study, customer loyalty is important since it helps define the traits of a GoFood customer. According to Fathin and Millanyani (2021), in order to keep ahead of the competition, many online food delivery services invest a significant portion of their budget in precisely identifying and forecasting their clientele. Online food delivery services are beginning to search for other marketing options as a result of technical advancements. In order to cultivate a loyal client base, it is imperative to synchronize marketing campaigns with customer lifecycle stages.

There are numerous options for online food delivery services in Indonesia, including both domestic and foreign brands. The current GoFood scenario involves

competition between GrabFood and GoFood that is comparable, starting with features, to competition with e-commerce that opens up online food delivery services like Shopee. Companies fight to attract devoted users to their apps as the competition grows over time. A corporation needs a competitive advantage in order to succeed. Today's consumers have an abundance of options when it comes to OFDS. The company's decision to stay in business is based only on its desire to raise the quality of its e-services, promote them, make it easier and increase trust. Since the survival of the business as an entity that aims to satisfy customer needs and desires is heavily reliant on consumer behavior, GoFood must be able to comprehend consumer behavior in order to accomplish this goal. Also, Gofood must work to produce and deliver services and features that consumers want with appropriate quality. In order to sustain their status as the leading Online Food Delivery Service, which is increasingly being targeted by competing firms.

Based on the background above, this study was conducted to determine the perception of Trust, Ease of use, Promotion, and E-Service Quality that effect customer Loyalty. Given that Medan is the third most populous city in Indonesia, it is evident that the demand for Online Food Delivery Services is substantial and indispensable for both consumers and vendors in the Indonesian market. As there are numerous competitors to Gojek, it is necessary for the company to maintain customer loyalty. Based on this description, the researcher is conducting research under the title “The Influence of Trust, Ease of Use, Promotion, and E-service Quality towards Customer Loyalty of Online Food Delivery Services at Gojek In North Sumatra”

## 1.2 Problem Limitation

The Independent Variables would be limited to Trust, Ease of Use, Promotion, and E-service Quality on Customer in North Sumatra, for both men and women who have made GoFood Purchase in Gojek Application.

## 1.3 Problem Formulation

Some of the Characteristics that influence Customer Loyalty of Online Food Delivery Services at GoFood including Trust, Ease of Use, Promotion, and E-service Quality. Based on these considerations, the writer is curious to analyze the influence Trust, Ease of Use, Promotion, and E-Service Quality have on Customer Loyalty of Online Food Delivery Services at GoFood. The Formulation of the problem in this study are:

- a. Does Trust have partial influence on Customer Loyalty at GoFood in North Sumatra?
- b. Does Ease of Use have partial influence on Customer Loyalty at GoFood in North Sumatra?
- c. Does Promotion have partial influence on Customer Loyalty at GoFood in North Sumatra?
- d. Does E-Service Quality have partial influence on Customer Loyalty at GoFood in North Sumatra?

- e. Does Trust, Ease of Use, Promotion, E-Service Quality have simultaneous influence on Customer Loyalty at GoFood in North Sumatra?

#### **1.4 Objective of the Research**

The objective of this research is to answer the question formulated before, including:

- a. To find out if Trust has influence towards Customer Loyalty at GoFood in North Sumatra.
- b. To find out if Ease of use has influence towards Customer Loyalty at GoFood in North Sumatra.
- c. To find out if Promotion has influence towards Customer Loyalty at GoFood in North Sumatra.
- d. To find out if E-Service Quality has influence towards Customer Loyalty at GoFood in North Sumatra.
- e. To find out if Trust, Ease of Use, Promotion, and E-Service Quality have simultaneous influence on customer's Loyalty at GoFood in North Sumatra.

## **1.5 Benefit of the Research**

This Research have two kinds of benefits based on the research of the effect of Trust, Ease of Use, Promotion, and E-Service Quality on Customer Loyalty of Online Food Delivery Services at Gojek Indonesia:

### **1.5.1 Theoretical Benefit**

The theoretical benefit of this study is to determine whether Trust, Ease of Use, Promotion, and E-Service Quality have a significant impact on Customer Loyalty of Online Food Delivery Services at GoFood Indonesia. Furthermore, this research can provide a greater understanding of Trust, Ease of Use, Promotion, and E-Service Quality, as well as their respective relationships.

### **1.5.2 Practical Benefit**

- a. For the Writer, to increase theoretical knowledge and add insight into Trust, Ease of Use, Promotion, and E-Service Quality.
- b. For the company, This research can be used by PT GoTo Gojek Tokopedia as input and evaluation material to determine the effect of Trust, Ease of Use, Promotion, and E-Service Quality on Customer Loyalty that are ultimately beneficial to the company's long-term goals, and as a basis for the strategy to influence Customer Loyalty
- c. For other researchers, this research can be used as comparison or reference material who conduct research related to these Independent and Dependent Variables.