

THE IMPACT OF SMARTPHONE APPLICATION TECHNOLOGY ON FOOD ORDERING IN BANDUNG

(A Comparative Case Study with Two Culinary Enterprises Bebek Garang and Pecel Lele Lela
by Using New Venture Creation Theory)

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Abstract

This research is conducted in order to analyze the impact smartphone apps technology in food ordering by comparing two objects study. It is expected to become innovation and unique value-added for restaurant business when ordering can be done through smartphone apps particularly for delivery and take-away services. This is meant to analyze what are the opportunity, obstacles, chances, and aspects that an entrepreneur must consider if this typical technology would be applied. This research took place in Bandung, where there are already two smartphone apps that exist for food ordering-*foodpanda* and *pesanaja*, and Bandung also has a nickname “food-heaven”. The result shows that, the smartphone apps would be adding more value for business, it could help service improvement; faster accessible, reduce error that waiters might make and become interactive marketing. And it could also become opportunity for business to sustain and compete by realizing the trend. Nevertheless, there are several aspects that must be considered to apply smartphone apps in the restaurant; those are organizational readiness (infrastructures, equipments and human resources) customer behavior, and other aspects such as product and service quality.

Keywords: *Smartphone Application, restaurant, information technology, innovation, value-added, culinary business*

1. Introduction

Nowadays many people from various segments switch from mobile phone to smartphone. In addition to dealing with prestige, smartphone is often used as daily activity supporting tools [1], therefore smartphone has been experiencing unprecedented growth by year to year [2]. Another factor that affecting the growth of smartphone is from people’s lifestyle, the sophistication of smartphones has become a part of urban society’s lifestyle. Students, executives and housewives like to take advantage of smartphones for doing their activities, such as: playing online games, shopping, and business transaction or obtain online literature [3]. In addition to support daily activities, smartphone also can be tools for supporting business activities. Based on [4], Smartphone has great potential to support the work or business. Currently technology is the root for the modern business world; mobile devices have a significant role. Thus, making applications for smartphones (Apps) is indispensable for the improvement of a business [5].

Culinary industry in Indonesia, especially in Bandung is progressing quite rapidly. Besides having dozens of factory outlets scattered all over the area, Bandung also has the potential for a very diverse culinary business, offered the business to indulge culinary lovers in Bandung and the surrounding area [6]. The higher competition is, the more innovation should be done. Realizing the growth of smartphone has been

phenomenon; culinary business also takes this advantage to delivery order, besides using website and telephone. Some are make the smartphone application to their ordering delivery service. As explained before, the increasingly diverse mobile applications for smartphones make it easier for a lot of people doing activities. There are two application related food ordering that already exist in Bandung-foodpanda and pesanaja. With the description of the menu and display the menu with interesting pictures on the application, customers can easily taps and place the order. Customers can choose whether the order will be delivered to the destination address or taken place (take-away). This feature can certainly save time and avoid queues at the restaurant [7].

In fact, this type of innovation practically still new, but there have been some restaurant in Bandung who already use it. *Bebek Garang* is one restaurant that has been applying an ordering through the smartphone as one of the ordering system. On the other hand, *Pecel Lela* the one who has not adopted this typical technology. The author decided to choose *Pecel Lele Lela* and *Bebek Garang* as object of the study because both of them have same target segmentation, they able make variant menus based on only one main ingredient, provide packages to give more efficient service for the customers.

This research aimed to know the of the role of smartphone application technology on food ordering by comparing two object study using new venture creation theory in Bandung city, case study *Bebek Garang* and *Pecel Lele Lela*. This study will define innovation-smartphone application technology has potential as a value-added for restaurant business. In this case Bandung city is chosen, since culinary industry in Bandung is very competitive and very attractive, that leads entrepreneur to become innovative and make a differentiate from competitor. And also the factor that delivery service is emerging as one of the innovations in the restaurant business.

2. Literature of Study

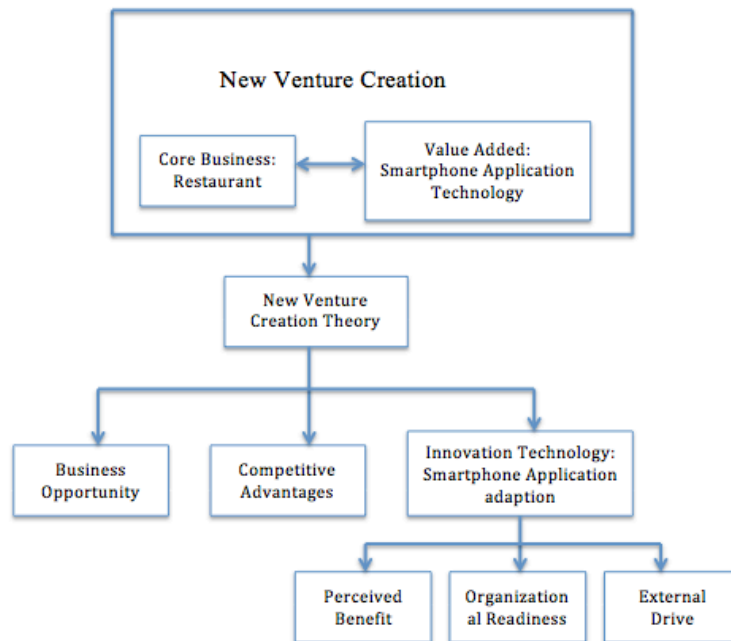
This study is talking about comparison of two object study to define the impact of smarphone technology application by using new venture creation theory. Therefore, to generate this research, the first thing to do is analyzing the *new venture creation*. In this case, the analyzing process of new venture creation also tries to find a deeper knowledge about restaurant as the core business and Smartphone Application Technology as this business' technology innovation.

New Venture Creation theory is choosen in order to add the basic concept of establishin new business. All elements of new venture creation theory will be the consideration in order to achive the expected result of this research. Along with new venture theory, the other supporting theories are also choosen like, *entrepreneurial process for new venture*, *new entry*, *competitive for new venture and small business*, as well as *innovation technolgy*, will also used to support the related element and features to establish the business.

Therefore, this study will be focused on the information, features, and elements needed for the business creation to define the impact of applying new technology as innovation in this case smartphone apps. Those elements are rooted from the new venture creation theory, such as business opportunity, competitive advantages and potential competitors, as well as technology innovation adaption in business. Variable *innovation technology : smartphone application adoption* consist of *perceived benefit*, *organizational readiness* and *external drive* that can be the consideration factors to adopt technology innovation. Figure 1 shows the framework of study used in this research.

Figure 1

Framework of Study



The scope of research in this study, according to the kinds of theory that used in the research, is:

1. New Venture Creation

This study focused on the *new venture creation* theory. Therefore, this research will go along the path of this theory.

While the scope of study of this research is determined as follows:

- 1) This research is comparing the scope of new venture creation by 2 objects studies. This research is analyzing the business opportunity by using those variables above. An overview theory of establishing new ventures, particularly new restaurants as the business core and ordering through smartphone applications as the value added for this business, are also added to focusing the goal of this research.
- 2) Smartphone application technology used as the complementary item explains in this research since it has become the point of interest that would be generated in the form of value added for the business. Besides, a research according to smartphone apps for entrepreneurship still needs more research by analyzing the factors that influenced smartphone application technology adoption, encompassing perceived benefit, organizational readiness, and external drive.
- 3) The research is using qualitative methods, which the data collecting is taken from literatures (books, journals, preceding researches, etc), and later on followed by interviewing the entrepreneurs that fits with this content.

This research is using interview as the instrument. In order to get different opinions and point of views, four respondents had been chosen to provide the key information needed to conduct this research and achieve the best result, which are Manager of *Bebek Garang*, Manager of *Pecel Lele Lela*, Marketing of *Pesan Aja* and Mobile Application Developer. Since, this research is talking about the comparative study between two enterprises that has adopted smartphone application and the one that has not adopted smartphone application technology, so it will focused more to the answer from Manager *Bebek Garang* and *Pecel Lele Lela*, while other respondent as a complimentary.

Table 1

List of Respondent

Respondent Code	Respondent	Reason of Participation
R1	Manager of <i>Bebek Garang</i>	<ol style="list-style-type: none"> 1. Experienced in establishing restaurant. 2. Has knowledge about the market situation, condition, and tendency of consumers' behavior towards their business. 3. Expected that the respondent could share his/her experience when firstly established the new venture. 4. <i>Bebek Garang</i> as the pioneer since they have adopted smartphone application. 5. Expected to share the experience of using smartphone application and share opportunities and the risks of applying smartphone application.
R2	Manager of <i>Pecel Lele Lela</i>	<ol style="list-style-type: none"> 1. Experienced in establishing restaurant. 2. Has knowledge about the market situation, condition, and tendency of consumers' behavior towards their business. 3. Expected that the respondent could share his/her experience when firstly established the new venture. 4. Explain and share the reason why they have not been adopted the smartphone application and still using the phone call not even website.
R3	Marketing of <i>PesanAja</i> application	<ol style="list-style-type: none"> 1. Understand deeper how smartphone application for food ordering works 2. Savvy about smartphone application and can give sufficient information regarding the feasibility of this restaurant business from the applicator perspective. 3. Knowing the current market condition for restaurant business in Bandung towards the use of smartphone apps for ordering.
R4	Mobile Application Developer	<ol style="list-style-type: none"> 1. Understand the threats, risks, and opportunities, and potencies for smartphone application in business. 2. Expected to get the Information from the

		developer towards the current and upcoming mobile application development
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From those respondents, author expected could figure out the impact of smartphone application technology on food ordering, comparison between two object study and figure out what would be consideration for restaurant in order to applying smartphone application technology in their business as their competitive advantage by using new venture creation theory.

3. Analysis and Research Discussion

3.1 The Potential Business Opportunity of Using Smartphone Application in Food Ordering

Based on the result of interview from Pecel Lele Lela dan Bebek Garang, which are the main objects of this study they come to agreement where the adoption of smartphone's apps would be adding more value for the restaurant. Those value added would contribute to the differentiation for the restaurant. the smartphone application technology provides customers a method of ordering that gives more convenience than the conventional one, thus, it becomes a main attraction for the customers. This technology innovation can help restaurant in several ways; all connected, to reduce error and reduce mistake, to provide service much more quickly, interactive and accessible by the customers.

The main challenge is the smartphone apps technology is not fully utilized by Bebek Garang. Although Bebek Barang has already adopted this technology, their performance of using this technology cannot meet their expectation. The online system is not connected parallel to each restaurant; kitchen and cashier are quite problematic, since they take customer's order in manual way, which results in a non-optimal delivery system, and inadequate Human Resources regarding the handling of smartphone apps usage. Human Resource that are unfamiliar with this technology, employees are more convinient by operating the conventional ones. Since it is kind of high tech innovation, it is quite hard to maintain with their current human resource's quality, those aspects lead to why Pecel Lele Lela has not adopted this typical technology yet.

As for the opportunity in current market, both objects of study see this technology have a huge one in Indonesia, since Indonesia has a massive marketing and a high growing number of smartphone users. But it all refers back to customers. If a person who uses mobile transaction is reaching a high number, we can safely assume that the opportunity is quite stable, moreover in Indonesian market there is no "king" of ordering through smartphone apps yet, so everyone has an equal chance.

3.2 Innovation technology and Business Sustainability to Survive in the Competition by Recognizing the Competitive Advantage

Intense competition requires an effort to provide more value to win competitive advantages, to attract new potential customers by providing better value than competitors. the smartphone application could be the weapon to compete with other competitors, since many people interact with smartphone everyday. With this technology application, business will have more customers who interact with them. the adoption of this

technology can be a way to compete with other competitors where this technology can increase the selling channels, and have more chances to sell their product to the customers both online and offline. Furthermore, both of object studies agree that, these smartphone apps could threaten the business that has not adopted this technology. They observed their competitor first before applying the smartphone apps technology.

Right now mobile apps appear to be attracting most of the attention by customers rather than Web sites and mobile browsers. Both object of study agreed that, that adoption of smartphone apps can maintain company's sustainability, noticing current trend that customer prefer a simple life and everything can be accessible. With IT development, can make the small business equal with big players, even the small company have the same chance to compete with large one, since it is smartphone application they would have same domain at the same appstore.

Adoption will help customer to obtain information faster and better, since it's connected to internet, it can be accessed anywhere and anytime. But for the accuracy of information itself, it depends on company whether they update it or not. For accuracy of data and information is responsibility of the company, company should ensure the integrity of the information; otherwise it could impact badly to customer's loyalty as the important aspect to the business.

3.3 Aspects to be considered by Entrepreneurs to apply smartphone application technology in the restaurant business

- a. Perceived benefit; the benefit that could be gained are, as the channels of marketing, the systematic operational, and reduce mistakes
- b. Organizational readiness such as Infrastructure facility own by the restaurant, Finance and Human Resource should be considered. Knowledge of HR to this technology also trained to in order to give the best service for the consumers.
- c. Customers' attitudes and behaviors, customers in Bandung have encouraged the adoption of the smartphone application, the customer demanding easy services. The readiness of customers with this technology is also become consideration, since they are the target market.
- d. Reliable infrastructure, infrastructure in Indonesia is not good as compare to other countries. Providers that suffering a bad network could hamper the ordering process.
- e. Government is not yet support the survivals of its technology, many fraud that happen lately make the customer afraid to do online transaction. The trust issues from the customers also be one of the considerations
- f. Customer satisfaction could lead to repeated purchasing and customer loyalty; timeliness service and product's quality must be consideration, since it is delivery service and not the type of 'fast-food' food.
- g. Competitive market also being a consideration, do they encourage business to adopt this technology, and the answer is many existing other similar business and other big companies action encourage business to adopt new innovation.

4. Conclusion

The conclusion is, the smartphone apps would be adding more value for business, it could help service improvement; faster accessible, reduce error that waiters might made and become interactive marketing. And it could also become opportunity for business to sustain and compete by realizing the trend. Nevertheless, there are several aspects that must be considered to apply smartphone apps in the restaurant; those are organizational readiness (infrastructures, equipments and human resources) customer behavior, and other aspects such as product and service quality.

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