CHAPTER 1

INTRODUCTION

1.1 Research Objective Overview

1.1.1 Company Profile

Figure 1.1 Grab Logo

Source: Grab.com, (2021)

Anthony Tan and Hooi Ling Tan, both residents of Malaysia, founded Grab in 2012. Grab was initially founded because finding a taxi was difficult, and the founders decided to resolve this problem by creating a transportation booking application. Before the name was changed to Grab, the company was known as "My Teksi." This simple objective could quickly be transformed into something larger that improved Southeast Asia's transportation shortly after its implementation. Grab is currently the most popular application for transportation services in Southeast Asia, including Myanmar, Philippines, Thailand, Malaysia, Singapore, and Indonesia. Grab aims to offer drivers and passengers a different form of transportation that places an emphasis on efficiency, security, and convenience. Grab was present in Indonesia as a taxi booking application in 2014, and the company is currently developing several services, including GrabCar, GrabBike, GrabExpress, and GrabFood (Yesidora, 2021).

Grab runs various food delivery strategies by targeting the Z generation market in Indonesia. Gen Z currently makes up the largest population segment in Indonesia,

making up for 27.94% of the total. GrabFood's Head of Marketing said that for food delivery services, GrabFood is targeting Generation Z (Burhan F.A., 2021).

1.1.2 Vision and Mission Grab

In running its business there is a vision and mission carried out by the Grab company, which include the following.

Vision:

Grab's vision is to "lead Southeast Asia" by resolving existing transportation issues and providing easy mobility to 620 million people in Southeast Asia every day.

Mission:

Grab is the leading super apps in Southeast Asia, with a mission to drive the region forward by empowering everyone economically. Grab provide consumers with routine services and operate in 8 Southeast Asian nations (Grab.com, 2021).

1.1.3 GrabFood

Figure 1.2 GrabFood Logo

Source: Food.grab.com, (2021)

GrabFood is a food delivery service that was introduced to the Grab application in 2016. GoFood is one of the services offered by Grab to meet the needs of culinary-focused consumers. GrabFood is provide to the community with convenient and dependable food delivery services. As an expert in food delivery services, GrabFood has also implemented a number of measures to ensure that people continue to rely on and trust its offerings. GrabFood focuses on three aspects: service quality, speed, and

showcasing the most popular Indonesian local merchants (Fathan, 2022). According to (Pertiwi, 2021), report on e-Conomy SEA from Google, Temasek, and Bain & Company, in the course of the year 2020, food delivery services increased. In Indonesia, Gojek and Grab continue to dominate food delivery services.

1.1.4 GrabFood History and Competitors

GrabFood is a food delivery service that was introduced in 2016 via the Grab application. GrabFood focuses on three aspects, one of which is local merchant partnerships. Grab's food delivery service collaborates with restaurants and MSMEs in various locations to enable mobile food ordering. GrabFood has been present in 178 Indonesian cities since last year. GrabFood focuses on three things: service quality, speed, and showcasing local merchants who are Indonesians' favorites. Up until now, Grab has claimed that 80% of GrabFood's merchants are MSMEs (Kumparan, 2018).

Table 1.1 Indonesian Food Delivery Service 1

Applications	Since	Total Merchants	Followers in Social Media
GrabFood	2016	±750.000 Merchant GrabFood	441k followers @grabfoodid
GoFood	2015	± 1.000.000 Merchant GoFood	439k followers @gofoodindonesia
ShopeeFood	2020	±500.000 Merchant ShopeeFood in 36 City of Indonesia	206k followers @shopeefood_id

Source: Processed by Author, 2022

1.2 Research Background

In this modern era, the growth and development of technology plays many roles in people's lives. The growth and development of technology is being used by the business world as a means of promoting and selling products. Consumers use the technology by buying or selling goods or services online. The expanding use of the internet in various regions is one of the factors boosting e-commerce in Indonesia. In Indonesia, research results show that internet users reach 204.7 million users.
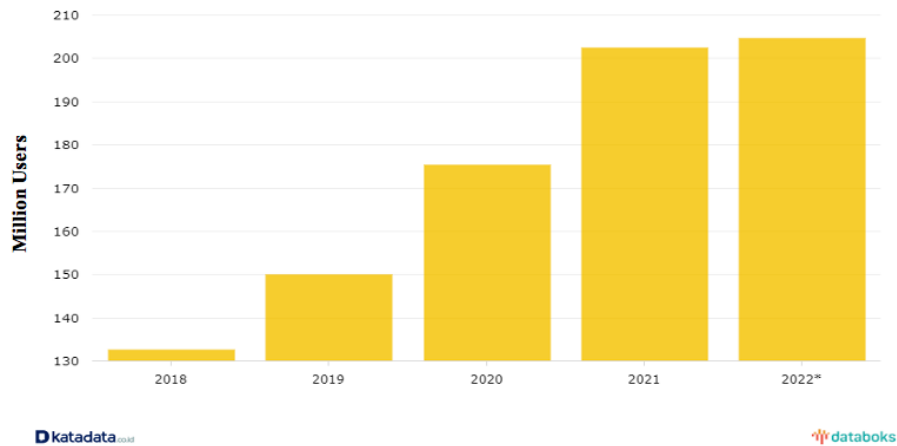

Figure 1.3 Number of Internet Users in Indonesia (2018-2022*)

Source: data.boks.katadata.co.id (2022)

According to (Annur, 2022), According to We Are Social, there were 204,7 million internet users in the US as of January 2022. When compared to the previous period, this number had increased by 1.03 percent. Indonesia will have 202.6 million internet users in January 2021, according to estimates. Indonesia has experienced a consistent rise in the number of internet users over the past five years. The current national internet user population has grown by 54.25 percent since 2018. By the beginning of 2022, 73.7 percent of Indonesia's population had access to the internet. In January of 2022, the population of Indonesia was estimated to be 277.7 million. One of the factors contributing to the growth of e-commerce through Indonesia is the expanding use of the internet in various Indonesian regions.

The rise of the e-commerce sector has opened up a wide range of market prospects for retailers and logistics service providers, and it has the potential to improve customer satisfaction and logistics service providers' ability to manage larger orders (Le et al., 2020). During a pandemic, the utilization of delivery services to distribute commodities increases. This is in line with the findings of a MarkPlus, Inc. fast survey of 122 respondents across Indonesia, with 59.8% of Jabodetabek respondents and 41.2 percent of non-Jabodetabek respondents. When compared to before the pandemic, 39 percent of respondents said their use of courier services had increased greatly, while 39 percent said it had increased slightly. Approximately 85.2 percent of people use courier services to ship products acquired from e-commerce (Laoli, 2020).
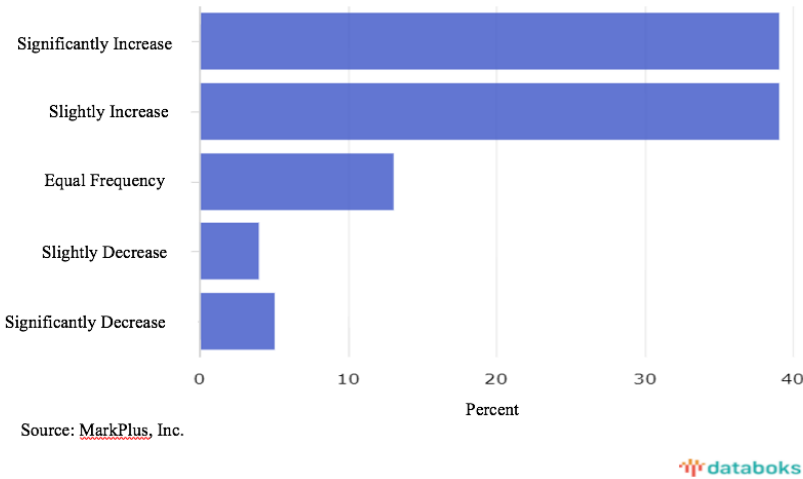

Source: MarkPlus, Inc.

Figure 1.4 Frequency of Using Courier Services during the Covid-19 Pandemic

Source: databoks.katadata.co.id (2020)

In 2020, Indonesia is the Largest Market for Online Food Delivery in Southeast Asia. Indonesia is a sizable market in the online food delivery sector of the digital economy. This is evident from the Gross Merchandise Value (GMV), which will be the highest in Southeast Asia in 2020 at US$3.7 billion.
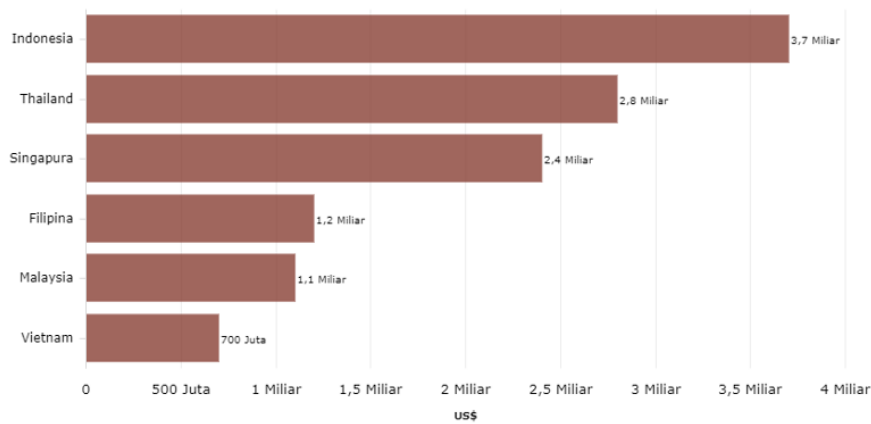
Figure 1.5 Gross Merchandise Value (GMV) Food Delivery Services in Southeast Asia (2020)

Source: databoks.katadata.co.id (2020)

Thailand and Singapore trail Indonesia in GMV with US$ 2.8 billion and US$ 2.4 billion, respectively. Following the Philippines are Malaysia (US$ 1.1 billion), Vietnam (US$ 700 million), and Vietnam. In Southeast Asia, the total GMV value of online food delivery services in 2020 is $11.9 billion. This number is 183 percent higher than the previous year (year on year). Grab has the highest GMV in this sector in Southeast Asia at US$ 5.9 billion, followed by Food at US$ 2.52 billion and Gojek at US$ 2 billion (Jayani, 2021).
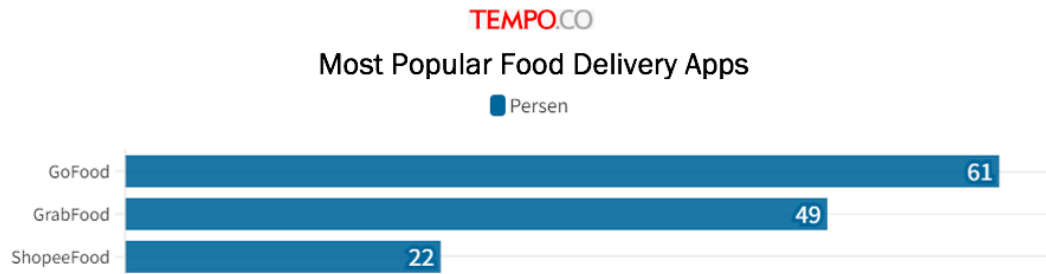
Figure 1.6 The Most Popular Food Delivery App

Source: data.tempo.co (2021)

According to (Javier, 2021), research by Foodizz and Deka Insight in 2021, GoFood topped the list of the most widely used food delivery services in Indonesia. Of the 748 respondents involved in the study, 61 percent of those who use GoFood. Then there are 49 percent of those who use GrabFood, and 22 percent of ShopeeFood. Overall, respondents who prefer to use third-party food delivery applications such as the three applications above reach 89 percent. This value far outperforms the number of respondents who use applications made by restaurants or cafes, telephone services for selected restaurants or cafes, Whatsapp channels for selected restaurants or cafes, or other services.

Newcomer to the Food Delivery Service Market Ordering - delivery of food has proven to be loved by many people, especially during the time of social restrictions due to the Covid-19 pandemic. According to McKinsey's research in 2020, there was an increase of 34% regarding the use of food delivery services during the pandemic in Indonesia. A similar survey from Daily Social and Populix also obtained data that 53% of respondents said that food delivery applications were widely used during the self-quarantine period.

According to (Tjiptono, 2014) suggests that one way to improve the company's competitiveness is to provide service quality in accordance with consumer needs. There are five dimensions of service quality, namely Tangibility (physical appearance of the service or its surroundings to experience its presence), Reliability (the dependability

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and consistency of performance), Empathy (trying to pay individual and passionate attention), Responsiveness (the willingness to provide service on time), and Assurance (the rise in confidence and trust). Quoted from (Yuslianson, 2022), On various social media platforms, including Twitter, Netizens have criticized the GrabFood about the down service. When the Food icon is clicked, the app displays the following pop-up message: "GrabFood is imminent. Stay Tuned! ". Others present the message "Oops, something went wrong." The majority of netizens who tweeted about the GrabFood outage questioned whether the service was problematic. One other factor that has an influence on customer satisfaction is perceived value this is confirmed by research from (Uzir et al., 2021). According to (Tjiptono, 2014) According to the consumer's perception of what he receives and what he receives in exchange, perceived value is his evaluation of the usefulness of a product. Perceived value is important for a business to run, how to create Perceived Value including: Understanding customers, find customers, always innovate, build value, generate satisfaction. Quoted from grab.com, from scheduled orders to GrabFood introduced four new features that will improve the food ordering experience for every customer's needs, including preventing lunchtime lines and facilitating group ordering. "We want to bring fast and reliable food delivery to everyone. Last year, GrabFood launched more than 130 features and technology enhancements, bridged the food supply and demand gap through our cloud kitchen network and together with merchant partners, we created thousands of new GrabFood Signature menus to give customers more dining options.. However, with the offers and innovations made by GrabFood to help consumers even get complaints. This creates a difference between the perceived value provided by GrabFood and the actual situation. According to data collected by transonlinewatch.com (2019), consumers complained about GrabFood group orders. Here are some complaints from GrabFood customers who utilize the "group order" feature:

gue pesen yoshinoya dr jam 11.
sampe skrg belom dateng. kirain
emg krn rame ngantri. eh pas cek
map kok si bapak malah anter ke
tmpt lain dlu.

woi 1 stengah jam ini dong!!!!
gimana sih ini!!!
nunggu sampe asam lambung gw
kumat ini mah!!!!

tolong dong jgn gini sistemny
@grabid

Figure 1.7 GrabFood Customer Complaint About Perceived Value From Twitter

Source: transonlinewatch.com (2019)

Our daily lives have become increasingly reliant on food delivery services, with 67% of Indonesian consumers naming GrabFood as their preferred brand. According to (Kotler & Keller, 2016), Trust is an organization's willingness to rely on business partners. Several individual and organization factors, including competence, integrity, honesty, and thoughtfulness, influence trust. Establishing trust in an online environment can be challenging, and businesses have tighter standards than ever for online business partners. Business purchasers are concerned that they are not receiving the right product or service at the right place and time, and vice versa. Quoted from Azanella (2020), In recent years, people who want to eat at their favourite restaurants but are unable or unwilling to travel to the location themselves have increasingly turned

to online food delivery services. In Indonesia, GrabFood provides access to one of these services. Typically, consumers only pay the price of the food and the shipping cost to have their preferred food delivered to their doorstep. 10 percent of the price of the food ordered is typically added as a restaurant tax to the bill at certain establishments. However, there are currently additional fees that will be incurred when consumers order GrabFood. GrabFood provides additional tariffs that argue to improve service for its consumers. However, consumers do not see an increase in service from GrabFood Aldi (2021), This makes consumers feel that they have lost their trust due to the costs incurred not in accordance with what was promised. The additional charge is a "Fee" of at least IDR 3,000. This fee is not charged by all restaurants, but a number of restaurants that partner with GrabFood will charge it when you order food. Although not significantly, online food ordering customers are beginning to question this.

According to (Kotler & Keller, 2016) customer satisfaction is a comparison between the perceived performance of a product (or result) and the individual's expectations. If performance is lower of customer expectations, they will be unsatisfied. Customers are happy when performance meets expectations. Also, customers are very satisfied or happy if the performance exceeds expectations. Grab's food delivery service, GrabFood, has the highest gross transaction value (GMV) in Southeast Asia, according to a report by Momentum Works. The amount will reach $7,6 billion, or approximately Rp. 109.4 trillion in 2021, an increase of 28.8 percent from the previous year's value of $5.9 billion. GoFood from Gojek, a competitor of GMV, ranks third in Southeast Asia at US$ 2 billion or Rp. 28.8 trillion. Then, ShopeeFood's GMV was $900 million, or approximately Rp 12.9 trillion. This delivery service owned by Shopee ranks fifth.
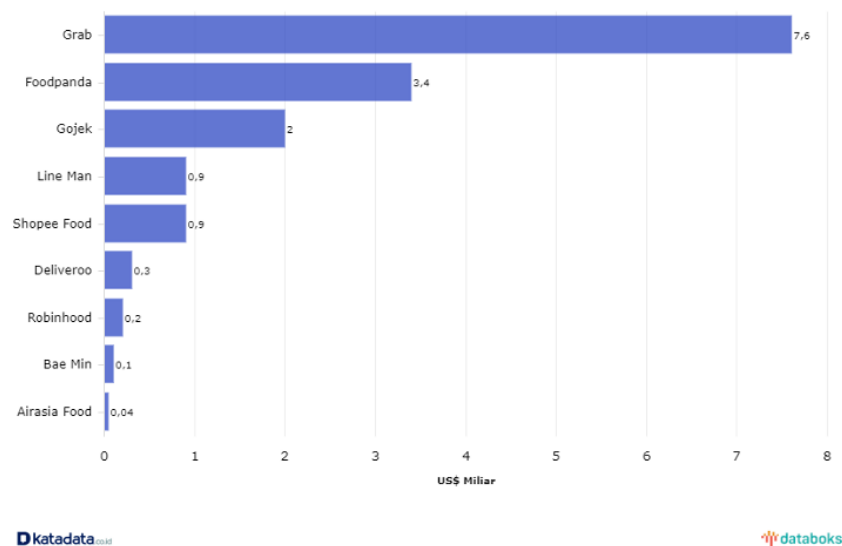
Figure 1.8 Gross Transaction Value (GTV) of Delivery Companies in Southeast Asia (2021)

Source: katadata.co.id (2021)

Momentum Works identifies four strengths of Grab's food delivery service: lower costs for acquiring users and partners, local leadership for product localization, solid ties with local authorities, and an IPO. Utilizing a hyperlocal strategy, Grab is challenged to manage its growth in each country. Grab's superapp must accommodate the product, technology, and data needs of multiple business units (Rizaty, 2022).

According to the findings of the Southeast Strategics study, GoFood is the food online delivery service in Indonesia with the highest transaction value. Not only does it have the largest transaction value, GoFood is also the top of mind (50%) food delivery service in Indonesia. GoFood has a transaction value of IDR 30.65 trillion according to the calculation of Southeast Strategics. This transaction value outperforms ShopeeFood and GrabFood.
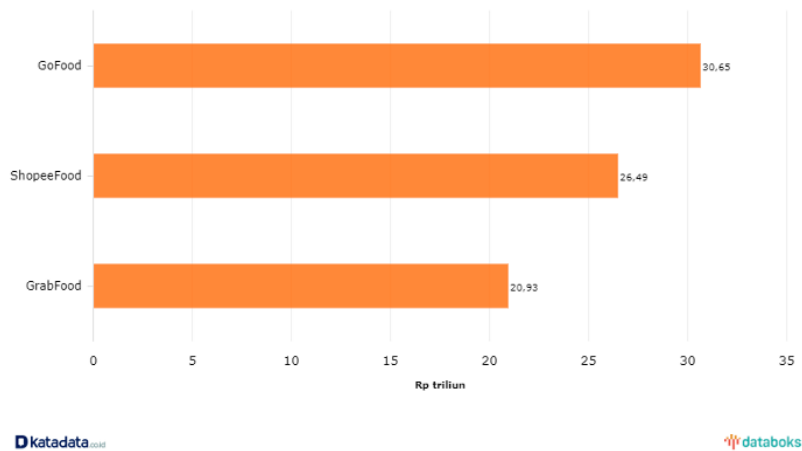
GoFood — 30,65
ShopeeFood — 26,49
GrabFood — 20,93

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katadata.co.id · **databoks**

Figure 1.9 Value of Indonesian Food Delivery Service Transactions (2022)

Source: databoks.katadata.co.id (2022)

Even though it has only been operating since 2021, ShopeeFood has already surpassed GrabFood in transaction value. According to calculations, ShopeeFood's transaction value reached Rp. 26.49 trillion. GrabFood occupies the third position with a transaction value of Rp 20.93 trillion. This study employs in-person interviews with 1,200 participants in six cities. From January 10-14, 2022, interviews were conducted. This study has a margin of error of approximately 2.8% and a confidence level of 95% (Pahlevi, 2022). Based on the data above, the comparison in 2021 and 2022 Gross Transaction Value (GTV) of Food Delivery Companies. GrabFood in 2021 ranks first compared to other competitors. Meanwhile, based on the data above, which was released in 2022, GrabFood has decreased in terms of the number of transaction values compared to 2021. This is supported by a survey conducted by Annur (2022) , this survey asks respondents' opinions about the quality of food delivery services from three aspects, namely convenience, menu diversity, and safety in transactions. Of the three aspects tested, GrabFood did not occupy the first position, but GoFood led the three aspects. Based on the data above, it can be seen that there are gaps in the field. GrabFood has carried out various promotions to maintain customer satisfaction but

GrabFood continues to experience a decline in customer satisfaction. Here are some promotions that have been carried out by GrabFood to meet its customer satisfaction:

Figure 1.10 Grab Promotion

Source: Grab.com (2022)

This research is important to do, is expected to help companies evaluate strategies that can be done to be able to compete to get customer satisfaction. Besides that, GrabFood needs to have a quality level that is competitive in the eyes of consumers despite fierce competition for food delivery services, in order to survive. This is to make the food delivery services from Grab able to maintain its business in the future. Which delivery service is the choice of consumers with good service quality will certainly have more appeal to customers. Based on the above description of the general research object, this research was made to look at the effects of service quality, perceived value, customer satisfaction, and trust as a mediator among GrabFood customers in Indonesia. Therefore, the author conducted a study entitled **"THE EFFECT OF SERVICE QUALITY, PERCEIVED VALUE AND TRUST IN GRABFOOD ON CUSTOMER SATISFACTION"**

1.3 Problem Statement

1. How is the service quality of GrabFood?
2. How is the perceived value of GrabFood?
3. How is the trust in GrabFood?
4. How is the customer satisfaction in GrabFood?
5. Does the service quality has a positive and significant influence on customer satisfaction in GrabFood?
6. Does the perceived value has a positive and significant influence on customer satisfaction in GrabFood?
7. Does the service quality and perceived value has a positive and significant influence on customer satisfaction in GrabFood?
8. Does the trust can be a mediator between service quality on customer satisfaction in GrabFood?
9. Does the trust can be a mediator between perceived value on customer satisfaction in GrabFood?

1.4 Research Objectives

1. To determine about the service quality of GrabFood.
2. To determine about perceived value of GrabFood.
3. To determine about the trust of GrabFood.
4. To determine about the customer satisfaction of GrabFood.
5. To determine about the influence of service quality on perceived value in GrabFood.
6. To determine about the influence of perceived value on customer satisfaction in GrabFood.
7. To determine about the influence of service quality and perceived value on customer satisfaction in GrabFood.
8. To determine about trust can be a mediator between service quality on customer satisfaction at GrabFood.

9. To determine about trust can be a mediator between perceived value on customer satisfaction at GrabFood.

1.5 Research Aims

The benefits of this study's research are expected to broaden to a number of areas, including:

1.5.1 Theoretical Aspect

It is anticipated that this research will produce beneficial findings that can be used to supplement and add to already-existing knowledge, particularly in the field of marketing and in particular with regard to service quality, perceived value, trust, and customer satisfaction. Additionally, it is anticipated that this research will serve as a resource for further study.

1.5.2 Practical Aspect

The results of this study are expected to provide a science based on marketing towards service quality, perceived value, trust and customer satisfaction and this research results can be used or give some aspects to the further research or that can be used for contribution of ideas and input information.

1.6 Writing Systematics

This research is divided into 5 (five) chapters, the systematics are as follows:

CHAPTER I: INTRODUCTION

An overview of the entire body of research is presented in this chapter. An overview of the research object, research background, the problem statement, the research objective, the research aims, and writing guidelines are all included in the content.

CHAPTER II: LITERATURE REVIEW

This chapter contains literature review and previous research, which are related to the topic and variables of the research.

CHAPTER III: RESEARCH METHODOLOGY

In this chapter, the researcher describes the characteristic of the research, operational and variable measurement, steps of research, population and sample, data collection, validity, and data analysis method.

CHAPTER IV: ANALYSIS AND DISCUSSION

This chapter provides the results of the research systematically in order to be analyzed by using the methodology and also discussion.

CHAPTER V: CONSLUSION AND SUGGESTION

The last chapter of the research presents the conclusion, which is derived from all the data processing and analysis and recommendation for further research.