

# CHAPTER I

## INTRODUCTION

### 1.1. Object Overview

#### GO-JEK

PT Gojek Indonesia founded in 2011 by Nadiem Makarim and Michaelangelo Moran, both are graduated from Harvard Business School (Pratama, 2016). It launched an internet based application called GO-JEK which is a social enterprise that partners with a group of experienced and trustworthy ojek drivers to deliver a one-stop-shop convenience service for Indonesians. GO-JEK's award-winning app is Indonesia's best time saver. With more than 250,000 drivers nationwide, GO-JEK is an all-in-one app that offers all the transportation, delivery, lifestyle and payment services you need to live your life with ease. GO-JEK also aims to increase the welfare of its workers in some informal sectors in Indonesia. GO-JEK has partnered with more than 200,000 ojek drivers to provide the astounding services that would literally help for the daily needs. GO-JEK focuses on three main values that are speed, innovation, and social impact. GO-JEK's drivers claimed that their income is increasing ever since they joined GO-JEK and they also get the compensations for health. (GO-JEK Indonesia, 2017)

GO-JEK has operated in 10 big cities of Indonesia, those are Jakarta, Bandung, Semarang, Surabaya, Bali, Medan, Palembang, Makassar, Balikpapan and still planning to spread its wings larger. GO-JEK serves many services including Go-Ride (motorcycle transportation), Go-Car (car transportation), Go-Send (one-stop courier), Go-Food (food delivery), Go-Massage (massage service), Go-Glam (home calling salon), Go-Clean (home calling cleaning service), Go-Box (big sized goods courier), Go-Mart (shopping service), Go-Auto (home calling automotive service), Go-Med (medical drugs delivery), Go-Tix (online ticketing), Go-Busway (busway monitoring schedule), Go-Pulsa (pulse refill by Go-Pay), and the last one is Go-Pay (e-wallet). (GO-JEK Indonesia, 2017)

Based on Seasia, Go-Jek gathered 45 million downloads as of end-May in 2017, has over 1 million transactions per day, and still leads in number of active users compared to other online transportations in Indonesia. (Salikha, 2017)



**Figure 1.1 Go-Jek's Leaked Data of Completed Orders**

*Source:* (TechinAsia, 2016)

Based on TechinAsia, Go-Jek’s monthly completed orders grew rapidly 98 times from March to October 2015.

From October 2015 to March 2016, its growth slowed dramatically of just 12 percent. In January 2016, it completed 340,000 bookings a day on average.

It also noted that while growth in the latter months of 2015 slowed, it still grew 900 times in monthly completed orders within the year.

Go-Jek attributes its Q2 growth to its increasing focus outside of Jakarta, as well as new services like Go-Car, its car hailing service, Go-Kilat, its package delivery service, and Go-Pay, its mobile wallet. It declined to break down its completed orders by the various services.

The company adds that its partnership with Indonesia's largest taxi company Blue Bird will go live in Q3, although it didn't give details on how the collaboration will look like (Lee, 2016).

As stated in Antaranews (2015), mobile application downloads of GO-JEK has increased on the January, February, and March 2015. On January 2015, it has been downloaded 32,360 times, 81,843 times on February, and 131,795 on March. 620,000 people is declared of using the application every month (Nurchayani, 2015).

#### Go-Food Powered By GO-JEK

As they triumphed on the transportation service, PT Gojek Indonesia launched the food delivery service as introduced by Jesayas Fernandius, Go-Food Project Lead. Go-Food is a one stop solution by GO-JEK for food delivery service. Go-Food claimed as the number 1 biggest food delivery service in Indonesia and now have more than 90,000 merchants, partners with more than 75,000 restaurants nationwide (across Indonesia), and is still counting. (GO-JEK Indonesia, 2017)

It is a food delivery by using the service of Go-Jek. The food ordering could be done only by opening the mobile application of GO-JEK and choose the Go-Food service. There is so many categories provided by Go-Food, there are currently 21 of food categories from fast food to Korean and Middle Eastern cuisines. The new update for the mobile application also ease the user by the user-friendly interface with the smart icons and to choose the restaurant by providing 3 new categories and those are Best Sellers (best seller restaurants nearby and in the city), Budget Meals (on-budget dishes), Newly Added (new comer restaurants in Go-Food), the rest three current options are Our Partners (partner restaurants), Near Me (location-based search), 24 Hours (for 24-hours restaurants). There is also one new feature called Re-Order that will let the user to reorder foods and/or from restaurants that ever been ordered in the past. By ordering the food from Go-Food, the system will approach for the nearest ojek driver and deliver it right into the doorstep. Now, user can have the free delivery fee promotion by using Go-Pay (e-Wallet). Other than being the biggest food delivery service in Indonesia, Go-Food also promise to deliver the food within 60 minutes. (GO-JEK Indonesia, 2017)

Previously, Go-Food only operates in 25 big cities but August this year Go-Food has spread its wings to 25 more cities. So, Go-Food now operates in 50 cities, among others are Medan, Batam, Palembang, Pekanbaru, Jambi, Padang, Bandar Lampung, Jabodetabek, Bandung, Sukabumi, Yogyakarta, Semarang, Solo, Surabaya, Gresik, Malang, Sidoarjo, Balikpapan, Samarinda, Pontianak, Banjarmasin, Manado, Makassar, Denpasar, Mataram, Banda Aceh, Banyuwangi, Belitung, Bukittinggi, Cirebon, Garut, Tegal, Tasikmalaya, Jember, Karawang, Kediri, Madiun, Madura, Magelang, Mojokerto, Pasuruan, Salatiga, Pekalongan, Pematangsiantar, Probolinggo, Purwakarta, Serang, Sumedang, Cilacap, and Purwokerto. (GO-JEK Indonesia, 2017)

Go-Food is not only helping the consumer to get foods easily in the limited time but also helps the restaurants to gain its orders. As the author read on Go-Food's reviews, one of partner restaurants said that the order increased to 180 portions ever since they joined Go-Food (Sate Madura H. Husain).

## **1.2. Background**

Information and technology is growing so fast lately. Information technology (IT) is the use of the combination of computer technology and communication and by the help of other physical devices, infrastructure and processes to create, process, store, secure and exchange all forms of electronic data. Commonly, IT is used for enterprise operations as opposed to personal or entertainment technologies. The commercial use of IT encompasses both computer technology and telephony (Rouse, 2015).

In 2013, around 68 percent of the Indonesian population owned a mobile phone. With a population over 250 million, mobile phone user in Indonesia on January 2015 has grown to 308.2 million users. By that, the penetration of mobile phone usage has reached 121% from the total population of Indonesia. The penetration is increasing 9% from January 2014. From over 250 million populations, 54 millions of it are the active user of internet through mobile phone. Indonesia's mobile market has exploded over the past couple of years. SIM subscriptions in Indonesia stand at 326.3 million, way more than its population. This means each mobile phone user owns an average of two SIM cards. 85 percent

of the population own mobile phones, while 43 percent carry smartphones (Balea, 2016).

The growth of Indonesia's e-commerce has dramatically increased by the number of internet users that reached 82 million or 30 percent of Indonesian total citizens (Mahatma, 2016). According to Menkominfo in 2013, e-commerce in Indonesia has reached 130 trillion Rupiahs transactions. E-commerce is unbelievably hit the economy of Indonesia. As stated in We Are Social's compendium of world digital stats, Indonesia now has 88.1 million active internet users, up 15 percent over the past 12 months (We Are Social Singapore, 2017).

Based on data from Statistia (Statistia, n.d.) in 2015, only 22.17 million users or 12.2% of user penetration rate in the e-commerce market of Indonesia and 24.74 million users or 13.4% in 2016. The revenue in the e-commerce market in 2015 has reached US\$ 4,614.2 millions and US\$ 5,648.3 millions of internet user that have ever experienced online shopping is beyond the imagination. Compared to other countries, Indonesia still has low percentage of e-commerce user.

The existence of e-commerce in Indonesia could ease every single person to access and get products or services they need, absolutely with the help of e-commerce websites or applications. By the help of internet and such websites and applications, it could help us to minimalize time waste to shop at the mall or even to minimalize the traffic jam by knowing which road is on traffic so then choosing an alternative road is the way. It's amazing how e-commerce has changed our lives, one of the game changer is GO-JEK.

The consumer behavior may change towards the existence of GO-JEK, it reflects the impact and performance of GO-JEK in Indonesia. Mobile application of GO-JEK is a media to serve its consumers. The existence of GO-JEK that also powering Go-Food as the biggest food delivery service now in Indonesia (stated in Gojek) with the promise of delivering the food within 60 minutes would impacts the consumer satisfaction and consumer loyalty which will concluded in consumer behavior. Go-Food also offers so many promotions, some of them are using Go-Pay as the payment method for paying the food and the free delivery fee by using Go-Pay.

Consumer behavior according to Schiffman and Kanuk (2000) is “Consumer behavior can be defined as the behavior that consumer display in searching for, purchasing, using, evaluating, and disposing of products, services, and ideas they expect will satisfy they needs.” The statement explains that consumer behavior is an observed behavior of searching, buying, using, evaluating, and omitting products, services, or ideas that expected to satisfy the consumer and its needs satisfaction by using the products or services offered.

According to Loudon and Della Bitta (1993), “Consumer behavior may be defined as the decision process and physical activity individuals engage in when evaluating, acquiring, using, or disposing of goods and services”. As is, consumer behavior is a decision-making process and physical activities of individual in assess, obtain, using, or omit products and services. (Perdana, 2015).

Mary Wolf (2003) defined customer satisfaction as consumers' perception to their online shopping experience, and his empirical research indicates that four factors—website design, convenience, security and customer service—are positively related to customer satisfaction to the website. Liu, C. and Arnett, K. P., it sets up an integrated framework from logistics support, customer service, product price priority and other website advantages. Wang shu-chuan discussed the probability that potential consumers go shopping in Internet from consumer characteristics, cognition and psychology, and results suggested consumer cognition and psychology have greater impact on consumer attitude and intention, but demographic characteristics does little. Aron and Tino built up a path dependence chart of consumer purchase behavior based on previous research on consumer acceptance of new technology and Internet shopping systems (Meilian & Yuefeng, 2008).

Customer satisfaction is the overall impression of customer about the supplier and the products and services delivered by the supplier. Following are the important factors that could affect customer satisfaction are department wise capability of the supplier, technological and engineering or re-engineering aspects of products and services, type and quality of response provided by the supplier, supplier’s capability to commit on deadlines and how efficiently they are met, customer service provided

by the supplier, complaint management, cost, quality, performance and efficiency of the product, supplier's personal facets like etiquettes and friendliness, supplier's ability to manage whole customer life cycle, and compatible and hassle free functions and operations (Management Study Guide).

To get in-depth of consumer behavior, we must know three things those are demand, consumption, and consumer's equilibrium (various utility concepts). Demand is the willingness to buy a commodity at a particular price and at a particular time. There are 3 components of demand, willingness to buy the product, willingness to pay, and at a particular time. Goods and services need to be consumed in order to satisfy human wants. Consumption is registered the beginning as well as the end of all economic activities. Consumption means the use of goods and services in satisfying human wants. The importance of consumption are importance to the government, importance to businessman, importance to household, and importance to society. The last one is consumer's equilibrium is a situation when a consumer derives maximum satisfaction from the given resources. The aim of a consumer is to deriving maximum satisfaction from limited resources by making choice, and the aim of a producer is to maximize its profits (Taneja, 2008).

Go-Food itself has already gained its market greatly as it threatens other online food delivery services. One of the online food delivery service that has sold its Indonesia business is Foodpanda.

Foodpanda itself is active in 500 cities across five continents worldwide, has slashed the asking price for its Indonesia operations to basically zero after more than a year of unsuccessfully trying to offload it (Russel, 2016). Other online food delivery services are also feeling threatened by the existence of Go-Food.

In the previous study by Razeai et al. in 2017, the case happened was the same as how it happened here in Indonesia. In the study of his, online food delivery's growth is expected to raise per annum. Here in Indonesia, the growth of user also steadily raising and is expected to raise each year. As is, in accordance to the previous research, this research attempts to bridge both the online medium and food delivery services for retailers and marketers to develop more effective strategies to target the market.

As the consumer satisfaction and consumer behavior stated above, online food delivery service is affecting the consumer satisfaction and behavior. By that, the author feels that the relationship between consumer satisfaction and consumer behavior could change the online food delivery service's growth. By that, the author is interested in looking forward for doing a research of "Behavioral Intention of Consumer towards The Existence of Go-Food".

### **1.3. Problem Statement**

Go-Food by Go-Jek is now the biggest online food delivery service in Indonesia with more than 90,000 food merchants and about 40,000 of them are SMEs (Sigit, et al., 2017).

Go-Food also threatens other online food delivery startups that exist before and after Go-Food shows its horn in Indonesia's food delivery service.

GO-JEK is now hyped and Go-Food's existence also affecting both consumer satisfaction and behavior. The Go-Food's performance could be maximized by knowing the consumer behavioral intention. By that, the firm has to find out what factors and indicators could change the consumer behavior to measure the quality and influence of Go-Food. As also to see the hedonism, experience, savings orientation, convenience and usefulness of the consumers.

The exploration of Go-Food customers is barely researched, by that the behavioral intention model is needed to see how the consumer behavior in Go-Food Powered by Go-Jek.

### **1.4. Research Questions**

Based on explanation of background and problem statement above, it could determine research questions:

1. Do variables of Hedonic Motivation, Prior Online Purchase Experience, Time Saving Orientation, and Price Saving Orientation affect Convenience Motivation and Post-Usage Usefulness?
2. Do variables of Convenience Motivation and Post-Usage Usefulness affect to Attitude towards Online Food Delivery Services (AODS) and



Behavioral Intention towards Online Food Delivery Services (BIOFDS)?

3. Does the variable of Convenience Motivation affect Post-Usage Usefulness?
4. Does the variable of Attitude towards Online Food Delivery Services (AODS) affect Behavioral Intention towards Online Food Delivery Services (BIOFDS)?

### **1.5. Research Objectives**

The objectives of this research are:

1. To determine variables of Hedonic Motivation, Prior Online Purchase Experience, Time Saving Orientation, and Price Saving Orientation, affect to the Convenience Motivation and Post-Usage Usefulness of Go-Food.
2. To determine the variables of Convenience Motivation and Post-Usage Usefulness affect to Attitude towards Online Food Delivery Services (AODS) and Behavioral Intention towards Online Food Delivery Services (BIOFDS) of Go-Food.
3. To determine the variable of Convenience Motivation, affect Post-Usage Usefulness of Go-Food.
4. To determine the variable of Attitude towards Online Food Delivery Services (AODS) of Go-Food affect Behavioral Intention towards Online Food Delivery Services (BIOFDS) of Go-Food.
5. This research could be used for optimizing the performance of Go-Food by Go-Jek and as a reference for future research related with BIOFDS on mobile application focus.

### **1.6. Systematics of Writing**

This study developed by systematics of writing as follows:

1. Chapter I Introduction

This chapter confer background, problem statement, research objectives, and systematics of writing.

2. Chapter II Theoretical Background

This chapter confer review of research literature, previous research, theoretical framework, hypotheses, scope of the study,

3. Chapter III Research Methodology

This chapter confer type of research, operational variable, research stages, population and sampling technique, data gathering, type of data, data analysis technique and hypothesis testing.

4. Chapter IV Research Result and Study

This chapter confer respondents' characteristics, research result, and study of research result.

5. Chapter V Conclusion and Recommendation

This chapter confer conclusion and recommendation.