



The Effect of Food Product and Service Quality Towards Customer Satisfaction Towards Online Satisfaction on Grab Online Application

Audrey Larisa Fortunata^{1*}, Cecilia Angel Monica², Clarissa Oktavia Fondra³,
Crysani Mutiara⁴, Sylvie Wilvian⁵
Universitas Pelita Harapan Medan

Corresponding Author: Audrey Larisa Fortunata Audrey@gmail.com

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ABSTRACT

In line with the current advancement of information and communication technology, everything goes to the internet in any part of the world. Following the evolution of information and communication in the business world, such as purchasing and selling goods or services that are now done online (Winda Halimah, Nurdin Hidayat, & Nadya Fadillah Fidhyallah., 2021). The modern digital era has the potential to create numerous options for business success. It is also possible that culinary entrepreneurs who are now thriving in Indonesia may take advantage of this opportunity by developing online dining ordering systems in their culinary businesses. The participants in this study are active users of the Grab web application who have used the online service. Purposive sampling was utilized to identify respondents who have used the food service at least once in the previous three months. In this research we plan to describe the demographic characteristics of the participants, including age, gender, employment, and frequency of app usage. To achieve this, we intend to calculate frequencies, percentages, means, and standard deviations. These statistical measures will help provide a comprehensive understanding of the participant demographics. Frequency refers to the number of occurrences of each category within a variable

INTRODUCTION

Background of the Study

In line with the current advancement of information and communication technology, everything goes to the internet in any part of the world. Following the evolution of information and communication in the business world, such as purchasing and selling goods or services that are now done online (Winda Halimah, Nurdin Hidayat, & Nadya Fadillah Fidhyallah., 2021). The modern digital era has the potential to create numerous options for business success. It is also possible that culinary entrepreneurs who are now thriving in Indonesia may take advantage of this opportunity by developing online dining ordering systems in their culinary businesses.

Food ordering online has now become a norm among Indonesians. Many factors influence the popularity of ordering food online, such as the benefits of convenience achieved, purchasing food through online meal ordering services frequently provide exceptional discounts. Furthermore, when ordering food online, it includes a choice of payment ways that can be utilized, making purchasing meals more practical and efficient.

Online transportation services applications can be accessed via smartphone to make it easier for someone to acquire goods or food without having to physically go to the store (Rahmawati.,2020). Customers can also utilize this internet transportation service application to go somewhere either by car or motorbike, deliver parcels inter cities, order food as well as groceries, etc. In Indonesia, there have been various internet transportation service applications such as Grab, Gojek, Maxim, Indriver, Okejek, and many more. However, the most used applications in Indonesia are Grab and Gojek. Below is a comparison of Grab and Gojek on the Indonesia Ride-Hailing Market.

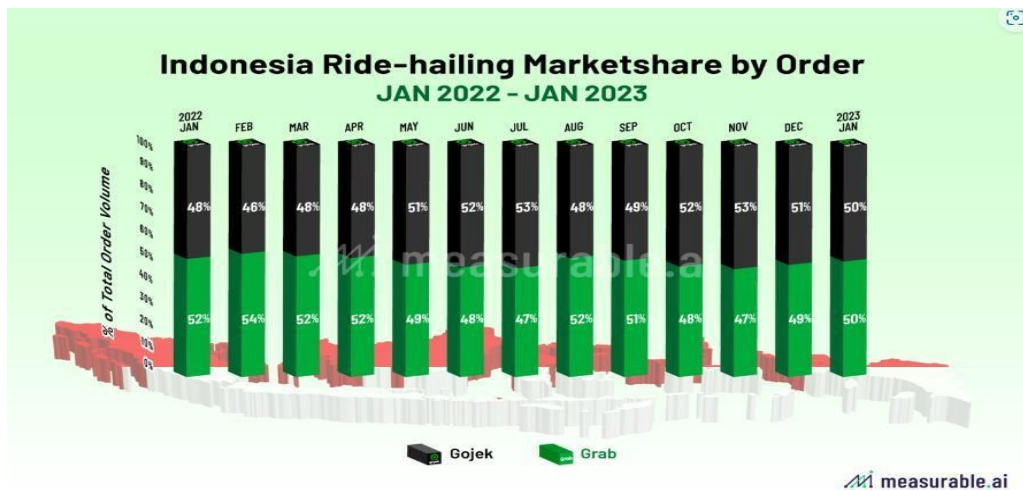


Figure 1. Comparison of Grab and Gojek Market Percentage
Source: Measurable.ai (2021)

According to Measurable.ai, the two primary competitors, Gojek and Grab have dominated its market in Indonesia. When it comes to order volume in 2020, the two companies are head-to-head with a very close market share. As of January 2021, the two businesses held roughly half of the market by volume of orders, including both two- wheelers and four-wheelers. (Measurable.,2021). The reason

why we choose Grab as our observed company is simply because we mostly use Grab rather than Gojek, and we are more used to the application. This study focuses on Grab's product, Grabfood, which serves as a food ordering service. Grabfood services are quickly expanding today as a result of technological advancements that make it easier for consumers to meet their needs.

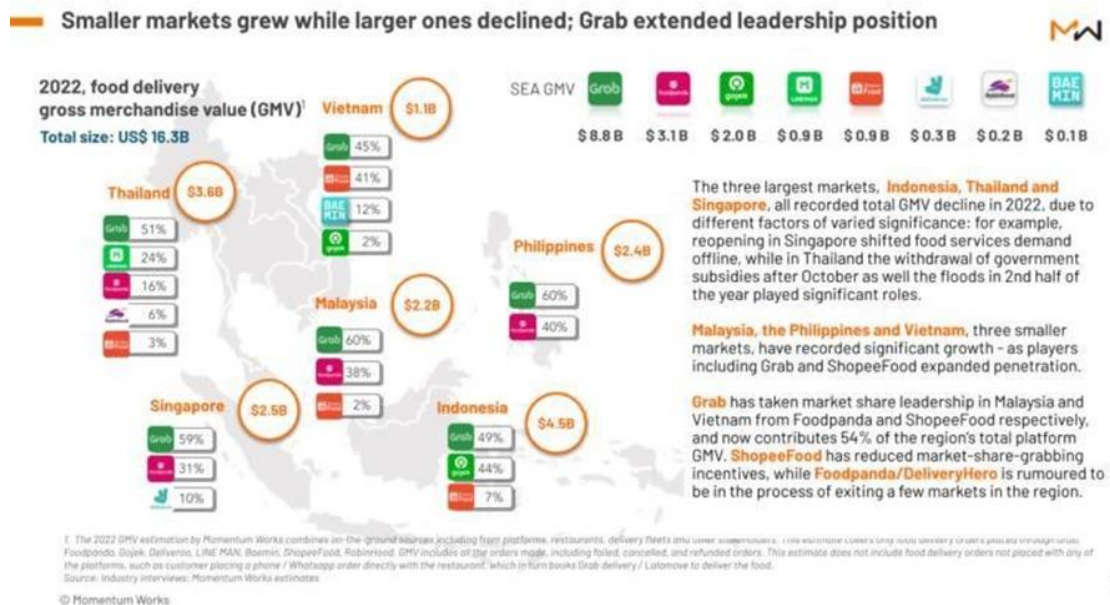


Figure 2. Grab Extended Their Market Leadership
 Source: Momentum Asia (2021)

The results of research also conducted by Momentum Works show that Grab with its GrabFood service has succeeded in leading the food delivery service market in six countries in Southeast Asia, including one of them in Indonesia by leading with 49% or 4.5 billion US dollars. Grab's accomplishments demonstrate that GrabFood services are in high demand and have significant development potential in Indonesia. In the midst of fierce competition, Grab, as the owner of GrabFood services, must work hard to keep its current position and avoid being displaced by its competitor, Go-Food (Sajidah, Rofidah, & Pramitha Aulia.,2021). For service companies, efforts can be made to ensure the company's continuity by offering and sustaining customer satisfaction. Service quality is one of the aspects that can influence customer happiness.

Expected services and perceived services are two aspects that influence the quality of service. Quality should begin with the customer's wants and finish with the point of view of the consumer. This means that a good service quality image is not based on the service provider's point of view or perception, but rather on the customer's point of view and perception. Service quality, as a component that must be realized by the company, has an impact on bringing in new customers and can lessen the likelihood of past consumers switching to other companies (Rahmawati.,2020).

Problem Limitation

There are several problem limitation, In this research there was 1 independent variable and 1 dependent variable, this study was conducted for Medan people who are consumers of Grab. can be concluded below Independent Variables and Dependent Variables used in this study are:

Perceived Service Quality (X1): service, increased sales, brand awareness, service quality assurance.

Food Product Quality (X2) : food appearance, food taste, food origin and food brands

Customer satisfaction (Y): Comfort, belief, service satisfication, improvement of service, brand value.

While X is independent variable and Y is dependent Variabel.

Problem Formulation

1. What is the effect of service improvement, ease of ordering, timeliness on customer's loyalty in the Grab application.
2. How does the effect of the discounted price given on customer satisfaction in using the Grab application.
3. The Effect of Service Quality on Grab Customer Loyalty.

Objective of the Research

1. To examine whether the service improvement, ease of ordering and timeliness have influence on customer's loyalty at Grab application.
2. To analyse whether discounted price have significant effect on customer satisfaction at Grab application.
3. To analyse whether service quality affects customer loyalty at Grab.

Benefit of Research

- Theoretical Benefit

With this research and study, it will be known and understood how the quality of food purchased by customers is related to increasing customer satisfaction in using the Grab Food online application. So the readers as buyers and sellers could understand how important the quality of food served from the restaurants inside the application is.

- Practical Benefit

Grab can improve customer satisfaction by raising the standard of the restaurants listed in the application. For example, Grab has the right to ban restaurants that have a low rating for a long period of time from the application. By this way, grab doesn't just provide convenience but also quality. Grab get benefit by being a high rated application with a good customer satisfaction. Restaurants get benefit by doing their best to being a high rated restaurants so they won't get banned. Customers will also get benefit because they get a high quality products and a good experience by using the application.

LITERATURE REVIEW

Theoretical Background

To ensure terms are being understood by readers, there are a few important theories that we would further explain in this chapter.

Food Quality

In the current development of the food industry, it is important for a business food in providing food that is not only attractive to the community in terms of appearance, but food business owners must be able to create quality food that is superior to others. By taking care of food the quality of the existing food, business restaurants or restaurants can be more maximize the success of their business ventures (Namkung & Jang, 2007). The quality of food is how the presentation of the food is in attract the attention of consumers, then the variety of types of food that can be offered by restaurants, third is the nutritional content contained in the food, the taste of the food the restaurant offers, the freshness of the food refers to the crispness of food and the aroma of food, and the last is the temperature of food that can affect the assessment of taste, smell and consumer vision of food (Namkung & Jang, 2007). Food quality is also considered as a form of food quality which includes various interrelated elements such as: food appearance, food taste, food origin and food brands (Van Rijswijk & Frewer, 2008). When consumers buy food, consumers will pay attention to how the food tastes, the effect for health and quality of the food for consumers. Food quality is defined as the quality of a food that is most important to consumers in determining what food to buy (Heide & Olsen, 2018). Food quality is considered not just a form of food quantity, but interpreted as the quality of a food that affects community in helping to determine the calorie content contained in these foods and what are the nutrients from these foods for the human body (Liu, et al., 2015). For consumers, food with good quality is a must have The 4 criteria include taste, freshness, nutritional value and food safety when consumed (Chamhuri & Batt, 2015) Based on the explanation above, the writer chose the notion of food quality defined as the form of food presentation, food variety, content nutrition, food taste, food freshness which includes food aroma as well the temperature in the food. This definition refers to the definition according to Van Rijswijk & Frewer (2008)

Service Quality

Competition in retaining consumers is old and attractive new consumers at the same time has become a challenge for food business people. To be able to compete, food businesses must able to improve the quality of service that has become one of the components important in the development of the food business. Service quality is defined as a service provided by a company that has an impact in helping to increase company profitability (Chang & Annaraud, 2008). Service quality is defined as a form of assessment from consumer based on the results of consumer evaluations in comparing expectations consumers with services that have been received by consumers (Gronroos, 1984). In measuring

the quality of service, there are 5 categories of assessment that can be used by consumers, namely (Parasuraman, et al., 1988):

- A. Reliability: the ability of a business to provide reliable services reliably and precisely
- B. Responsiveness: willingness to help consumers to provide fast service
- C. Guarantee: knowledge and courtesy of employees in serving consumer
- D. Empathy: caring attitude given to consumers
- E. Tangibles: the physical appearance of the facilities offered to consumer

With good service quality, it will encourage customers more interested in making purchases of goods or services (Wirtz, et al., 2000). In the home or restaurant business industry, service quality interpreted as a form of interaction quality that is created between household employees eating with consumers in providing empathy to consumers to produce good feedback from consumers so that it can help creating customer satisfaction (Jang & Namkung, 2009). Based on the explanation above, the writer chose the notion of service quality interpreted as a form of assessment from consumers based on evaluation results consumers in comparing consumer expectations with services that have been received by consumers. This definition refers to the definition according to (Gronroos, 1984)

Price Fairness

Price fairness is a condition where the price offered is considered makes sense because consumers have previously estimated what are the possible prices that appear fairly and as desired consumers (Naquin, et al., 2015) Price fairness is said to be a consumer perception that arises from standard price that is considered reasonable, fair and acceptable to consumers (Bolton, et al., 2003). In evaluating a product, consumers will always in terms of price and quality of these products fairly. Price fairness is when the price that must be issued by consumers is equivalent to the product offered by the seller (Jin, et al., 2016) Price fairness itself has 7 components in it, among others (Diller, 2008) :

1. Distributive Fairness: Prices and products/services have equal value the same and acceptable in the eyes of consumers
2. Consistency: Consistency of business actors in providing prices of products/services that have been offered to consumers
3. Price Reliability: The price that is ultimately paid to the seller, must be in accordance with the price agreement between the seller and buyer from the start
4. Pricing Honesty: Honesty of business actors in giving complete information regarding prices, conditions / conditions to consumer
5. The right of influence & co - determination : The price given to consumers must have an agreement from both parties (seller and buyer)
6. Personal respect and regard for the partner: Long relationship arising between consumers and business actors. For example, in the transaction process, if there is a price increase, good for business actors beforehand to inform existing consumer price increase, in order to create justice between both sides.
7. Fair Dealing: the creation of a fair transaction in dealing with unforeseen circumstances. An example is in the case of restaurants, when food received by consumers is less fresh, then business actors ensure that there is a replacement with a new food.

According to Herman, et al., 2007, price fairness is a situation where the price of a product can be accepted by consumers without the need to make it consumers feel exploited because they think the price given is not reasonable or beyond consumer expectations. Based on the explanation above, the writer chose the notion of price fairness as consumers' thoughts on a standard price that is considered reasonable, fair and acceptable to consumers when buying goods or service. This definition refers to the definition according to Bolton, et al (2003).

Customer Satisfaction

The process of buying and selling transactions between buyers and sellers starts from the phase First, the consumer determines the estimated cost of the product needed in accordance with considerations of availability, quality, brand and advertising marketing of these goods. Second, consumers will start estimating perceived value in the product regarding the usefulness of the product and the sacrifices required to obtain existing products / services . The third is consumers begin to compare the products offered with alternative products from elsewhere, then make a decision. this decision will lead to an outcome between buying and not buying buy. If the consumer chooses to make a purchase, the consumer will experience a series of behaviors that are reflected through the customer level satisfaction or customer dissatisfaction (Iglesias & Guillen, 2004). Customer satisfaction is a form of satisfaction that is created from consumer experience consuming / making purchases of goods or services by looking at the comparison between the sacrifices incurred and the results that are ultimately felt by consumers (Iglesias & Guillen, 2004). Customer satisfaction is a form of consumer satisfaction with service given by the seller starting from the ordering process and the attributes in the selection products, prices and quality of products / services provided by the company (Mai & Ness, 1999).

Hypothesis Development

- Relationship Between Food Quality and Customer Satisfaction

Serving food that has good quality is one important obligations that must be carried out by business people in the industrial sector food. The higher the food quality of a food, the more have an impact on increasing a consumer's satisfaction (Liu, et al, 2007). When consumers have expectations of a food will like what, consumers will call it a condition to determine whether the food can give satisfaction or not. Where conditions consumers feel that these foods can provide satisfaction is when food quality includes nutrition, food ingredients start from Initially, the production process until the food is served to consumers is said to be good (Peri, 2006). Food served to consumers is a component fundamentals of a food industry in providing experience or good impression on consumers. So there is no doubt that, food will continue to be one of the most important aspects of helping creating customer satisfaction. So that business people in the industrial sector food not only pay attention to how the food should look attractive in the eyes of consumers but serving food with good quality. Matter This will have a good impact on consumers so they can taste food with taste tasty and fresh raza at the same time. Therefore, food

quality is one aspect that can help maximize success of a business in the food industry (Namkung & Jang, 2007).

H1: Food quality has a positive effect on satisfaction

- Relationship Between Service Quality and Customer Satisfaction

Quality can be seen not only based on the product offered offered to consumers but also based on services to consumer. When the service quality provided is in accordance with expectations consumers, then service quality can be a determinant for a consumer in assessing the good or bad of a business. Therefore, service quality is a continuous process which can be one of the determinants main for the creation of satisfaction in accordance with the needs and requests consumers (Thapisa & Gamini, 1999). Providing good service quality in creating online interactions responsiveness that exists between consumers and business actors, providing empathy to consumers can help to generate positive emotions for them consumers towards a business (MK & CJ, 2001). The interactions created between sellers and buyers in the food industry can help create satisfaction and foster the desire of consumers to return to visit (Stevens et, al, 1995).

H2: Service quality has a positive effect on satisfaction

- The Relationship Between Price Fairness and Customer Satisfaction

Based on research in marketing and psychology, shows that satisfaction has a positive effect on fairness perception (Bowman & Narayandas, 2001). In a business, through the price of products or services offered by business actors to consumers are things that have a big influence on determinants of consumer satisfaction (Herman et al, 2007). When a business actors who have a high demand from consumers for the product or services and take advantage of that to increase prices, this will make consumers feel exploited and feel the price offered unfair which will result in the creation of consumer dissatisfaction (Herman et al, 2007).

H3: Price fairness has a positive effect on satisfaction

METHODOLOGY

Research Design

The study approach used to evaluate the effect of food service quality product on customer satisfaction in the online application Grab is presented in this chapter. It describes the study strategy, data gathering procedures, and analytic strategies used to accomplish the research goals.

A quantitative research approach was used in this study to collect empirical data and assess the relationship between food service quality product and customer satisfaction. To obtain data from Grab users, a cross-sectional survey technique was used.

Population and Sample

The participants in this study are active users of the Grab web application who have used the online service. Purposive sampling was utilized to identify

respondents who have used the food service at least once in the previous three months.

Data Collection Method

- Questionnaire Design

A structured questionnaire based on current research and validated measures was created. Sections of the questionnaire assessed food service quality parameters (e.g., responsiveness, dependability, tangibles), customer satisfaction, and demographic data.

- Online Survey

An online survey platform was used to conduct the questionnaire. Users were asked to participate via social networking sites such as Instagram, Facebook, and etc. Before taking part in the poll, participants were guaranteed of their anonymity and given informed consent.

- Operational Variable Definition and Variable Measurement

This study uses two types of variables which are independent variable (X) and dependent variable (Y). Independent variable is what influenced or the cause of the dependent variable. Meanwhile, dependent variable is what happens as a result of the independent variable or it can be said as the effect.

Table 1. Operational Variable Definition and Variable Measurement

Variable	Variable Definition	Variable Indicator	Measurement	Hypothesis
Food Product (X1)	Food product refers to the products that are sold by the merchants at Grab	<ul style="list-style-type: none"> - Taste - Hygiene - Packaging - Variety 	Likert scale	Food product will positively influence customer satisfaction on Grab application
Service Quality (X2)	Service Quality refers to the services that is given by merchants at Grab	<ul style="list-style-type: none"> - Responsive - Helpful - Communicative - Friendly - Professional 	Likert scale	Service quality will positively influence customer satisfaction on Grab application
Customer Satisfaction (Y)	Customer satisfaction is the measurement of how happy and satisfied the customer based on the food product and service quality	<ul style="list-style-type: none"> - Satisfaction rate - Repeat order - Recommendation - Loyalty 	Likert scale	Food product and service quality will silmutaneously influence Grab application's customer satisfaction

The survey will use likert scale based on ordinal scale. Respondents will then answer the questions based on their view and scale towards how much they agree to the questions and statement being asked on the questionnaire.

Table 2. Question Value

Answer	Score
Strongly Disagree	1
Disagree	2
Neutral	3
Agree	4
Strongly Agree	5

Table 3. Questionnaire Question

Variables	Indicators	Questions
Food Product	Taste	The food provides by Grab Application merchant is tasty and delicious.
	Hygiene	The food is clean and hygiene
	Packaging	The packaging of the food is good quality and convenient
	Variety	There are variety of food selection at Grab
Service Quality	Responsive	The merchants respond promptly to inquiries and issues
	Helpful	The merchants provides special request and fulfill it accurately
	Communicative	The merchants communicate effectively regarding order updates
	Friendly	The merchants has positive and good behavior towards customer
	Professional	The merchants has a professional attitude and work behavior
Customer Satisfaction	Satisfaction rate	I am satisfied and happy with the food product and service quality at Grab Application
	Repeat order	I will make repeat order at Grab application
	Recommendation	I will recommend to friends and family to use the Grab Application
	Loyalty	I will keep using the Grab Application

RESULT AND DISCUSSION

Data Analysis Methods

- Descriptive analysis

In this research we plan to describe the demographic characteristics of the participants, including age, gender, employment, and frequency of app usage. To achieve this, we intend to calculate frequencies, percentages, means, and standard deviations. These statistical measures will help provide a comprehensive understanding of the participant demographics.

Frequency refers to the number of occurrences of each category within a variable. By calculating frequencies, you can determine the distribution of participants across different categories of age, gender, employment, and app usage frequency.

Percentage is the proportion of participants within each category, calculated by dividing the frequency of a category by the total number of participants and multiplying by 100. Percentages allow you to understand the relative representation of different demographic groups within your sample.

Mean is a measure of central tendency that represents the average value of a variable. In this study, we calculate the mean age of participants or the mean frequency of app usage. It provides a summary measure that represents the typical value for a particular demographic characteristic.

Standard deviation is a measure of variability or dispersion around the mean. It quantifies the average amount by which values deviate from the mean. By calculating the standard deviation, you can assess the degree of variation in participant ages or app usage frequencies. A higher standard deviation indicates greater variability within the data set.

By employing these statistical measures, we can effectively describe the demographic characteristics of your participants and gain insights into their age distribution, gender representation, employment status, and app usage patterns.

- Reliability Analysis

A reliability analysis will be performed to determine the dependability of the measuring instruments utilized in the study. Cronbach's alpha will be determined to determine the internal consistency of the scales used to evaluate food service quality and customer satisfaction.

- Correlation Analysis

A correlation analysis will be conducted to investigate the correlations between food service quality product aspects (responsiveness, dependability, and tangibles) and customer satisfaction. Depending on the data distribution, Pearson's correlation coefficient or Spearman's rank correlation coefficient will be computed.

- Multiple Regression Analysis

The influence of food service quality product aspects on customer satisfaction will be investigated using multiple regression analysis. The independent variables will represent the many parameters of food service quality products, while the dependent variable will be customer satisfaction. This analysis will assist in determining the importance and strength of the associations.

- Hypothesis Testing

In the online application, hypotheses about the influence of food service quality product on customer satisfaction are being tested. Our goal is to see if there is a meaningful association between these two factors.

It entails developing the null hypothesis (H₀) and the alternative hypothesis (H₁), as well as doing statistical analysis of the data.

Null Hypothesis (H₀): In the online application Grab, there is no significant relationship between food service quality product and customer satisfaction.

Alternative Hypothesis (H1): In the online application Grab, there is a significant relationship between food service quality product and customer satisfaction.

CONCLUSION AND RECOMMENDATION

When the product quality that is produced is recognized by consumers, then the customer will be realized satisfaction among consumers. The impact of customer satisfaction in a business certainly makes consumers loyal to the product or service of a business (Fornell, 1992). Not only creating loyal consumers, with customers satisfaction will be a supporting factor in encouraging consumers to come back and help spread a positive reaction to potential candidates other consumers (Kandampully & Suhartanto, 2000). In the context of a restaurant, customer satisfaction can be described as satisfied customer motivation to revisit a particular restaurant and recommend it to family, friends, others at the future (Ramanathan, et al., 2016) Based on the explanation above, the writer chose the notion of customer satisfaction as a form of consumer satisfaction when shopping is produced from the experience of consumers when making purchases of goods or services by looking at the sacrifices incurred with the results accepted by consumers.

FURTHER STUDY

This research still has limitations, so it is necessary to carry out further research related to the topic of The Effect of Food Product and Service Quality Towards Customer Satisfaction Towards Online Satisfaction on Grab Online Application order to improve this research and add insight to readers.

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