

## CHAPTER 1 INTRODUCTION

### 1.1 General Overview of Research Object

#### 1.1.1 Go-Jek

Go-Jek is a social technology company. Improve the welfare of workers in various informal sectors in Indonesia is the objective of Go-Jek. Speed, innovation, and social impact are the 3 basic values of Go-Jek activities. Starting in 2010 as a motorcycle transportation company by phone call, now Go-Jek has grown become a leading on-demand mobile platform and application in Indonesia that provides a full range of services ranging from transportation, food delivery, payment, logistics, and other various services. (Go-Jek Indonesia, 2017)



Figure 1.1 Go-Jek Logo

Established in 2010 as a motorcycle ride-hailing phone service, GO-JEK has evolved into an on-demand mobile platform and a cutting-edge app, providing a wide range of services that includes transportation, logistics, mobile payments, food delivery, and many other on-demand services.”

GO-JEK is a technology company with a social mission to improve the welfare and livelihoods of workers in various informal sectors in Indonesia. GO-JEK champions 3 essential values: speed, innovation, and social impact.

GO-JEK drivers say that since joining us as partners, they have seen their income increase and reached more customers through our app. They also have access to health and accident cover, financial services and insurance, as well as affordable automatic payments and many other benefits.

Go-jek proudly tell everyone that they are an Indonesian startup with a social mission. They aim to improve social welfare by ensuring efficiency in the market. Go-jek strive to spread positive social impact through technology, increasing GO-JEK drivers' incomes and ensuring a better standard of living for themselves and their families. GO-JEK's flagship service has played an important role in heavily congested cities like Jakarta and other areas where they operate. As well as to suppliers, GO-JEK also offers great benefits to its customers.

According to *KompasTekno* Go-Jek's ride-sharing company is often frugal when partners asked about numbers, especially the number of users and their driver. However, the data is finally slowly revealed. Go-Jek's services are actively used by 15 million people every week. The weekly active user is served by around 900,000 Go-Jek driver partners. Every month, more than 100 million transactions take place on the Go-Jek platform.

In February 2018, Gojek is rumored to be getting a funding commitment for the fifth time. According to sources *katadata*, the injection of investors this time reached US \$ 1.5 billion or around Rp 20 trillion can be seen in figure 1.2 The majority of the consortium in this round is still dominated by foreign investors, one of which is Google Inc.

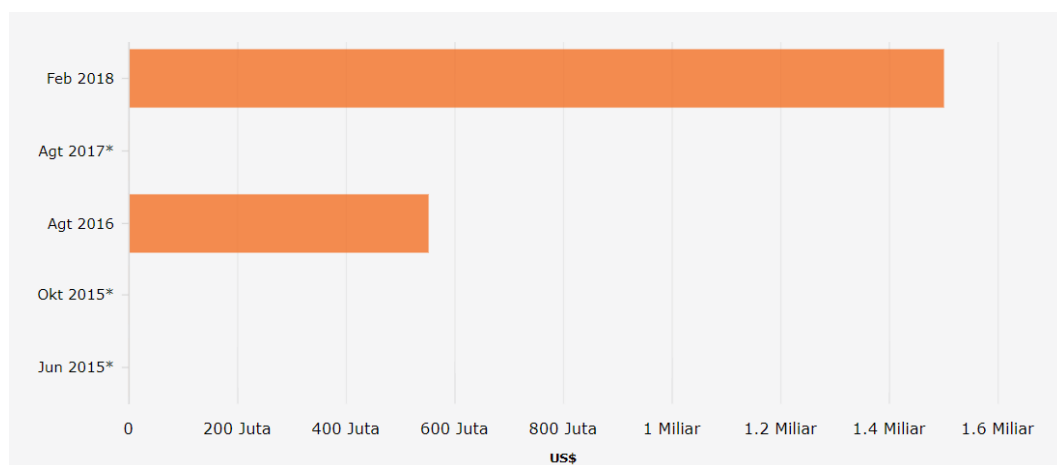


Figure 1.2 Go-Jek Investors

Source: (<https://databoks.katadata.co.id/>)

Grab and Go-Jek will determine their prices as the number of users of online transportation services grows. Considering that the company booking application from Singapore, Grab, is projected to strengthen after taking over Uber's assets in Southeast Asia.

Application-based service providers, Go-Jek and Grab, actively grow the business through funds from investors to the acquisition of competitors. The form of service of the applicators also develops from time to time. Here are the differences in the data of Go-jek and Grab services.

<b>Go-Jek</b>	<b>Grab</b>
19 types of services	8 services in the fields of transportation, goods, and food delivery
9,7 million of unique account	9,6 million of unique account
1 million driver partners (two-wheeled and four-wheeled transportation)	2 million driver partners in the platform (two wheels and four wheels)
Services in 50 cities	Services in 7 countries, 142 cities in Southeast Asia
300.000 Merchants partner	30.000 Merchants partner

Table 1.1 Go-Jek and Grab comparison  
Source: (liputan6.com)

Go-Jek is arguably one of the pioneers of the application of online transportation applications in the country which has been established since 2011. Then they officially launched the Go-Jek application in early 2015 and quickly expanded to other cities in the country such as Bandung, Surabaya, and Bali. Until now, Go-Jek has more than 10,000 fleets throughout Indonesia.

Based on tek.id, there has been tremendous growth in the online transportation application market. GoJek leads with a number of weekly active users of 6.61%. The growth of weekly active users was followed by Grab with a growth rate of 6.44%. Uber follows behind with weekly active user growth of 1.70%.

### **1.1.2 Research Background**

Internet history in Indonesia began in the early 1990s. In accordance with the development of technology, the development of the internet in Indonesia has become more commercial and individual, especially those involving internet trading. Around 1994 began operating IndoNet which was the first commercial ISP in Indonesia. Then it developed further in 1995 with several BBS (Bulletin Board System) in Indonesia that provide telnet access services abroad. By using a remote Lynx browser in the United States, Internet users in Indonesia can access HTTP Internet.

The Indonesian Internet Service Providers Association (APJII) again held a survey on the penetration and behavior of Indonesian internet users. Referring to this survey, it is known that the number of internet users in Indonesia has reached 143.26 million. This number increased from a similar survey conducted in 2016. According to the survey, the penetration of internet users in Indonesia was 132.7 million. For your information, the total population of Indonesia is currently 262 million. In this survey, APJII also divided subjects in six major regions, such as Java, Sumatra, Kalimantan, Sulawesi, Bali-Nusa, and Maluku-Papua. For the first time, each region is also divided into three categories of cities / districts, namely urban, rural-urban, and rural.



Figure 1.3 penetration of internet users in Indonesia.

Source ( <https://www.apjii.or.id/> )

Internet users in Indonesia has increased every year. The development of information technology and the internet has a positive impact on the people of Indonesia. Technology and the internet can change the lifestyle of the Indonesian people who were left behind to become modern. Some of the positive impacts of technology and the internet that developed in Indonesia include facilitating information retrieval, facilitating communication, facilitating work, and others. (www. wikipedia.com)

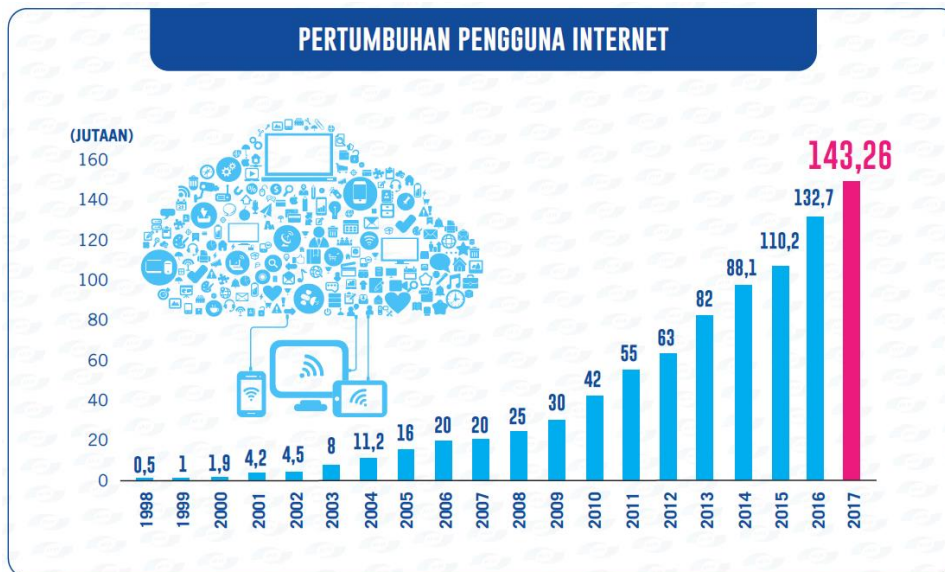


Figure 1.4 Internet growth in Indonesia

Source ( <https://www.apjii.or.id/> )

Information and communication technology was first created to make it easier for people to communicate with each other quickly and accurately. In the next development, information and communication technology is progressing so rapidly. Communication technology in the digital era has several advantages, such as more mobile without wires (smart phone and Wi-Fi), equipped video feature (video call, face time, line video call), electronic mail (e- mail), data storage (google drive, drop box). So, the communication is faster and real time.

For now, technology is also used to obtain information such as science, news, and entertainment. With disclosure information, causing the community must be able to think more forward. In the current era of information and communication technology, communication is very important and needed in everyone's life, business and education.

Rapid technological development is also one of the main factors in increasing market demand for food and beverage products. The proof is that more and more consumers are now utilizing online food delivery applications to meet people food needs.

According to a survey conducted by the Creative Economy Agency and the Central Statistics Agency in 2016, culinary are one of the main influence of creative economy in Indonesia. The culinary sub-sector contributes around 41% to the GDP of the creative economy.

The same thing was also recognized by the GO-JEK Chief Commercial Expansion, Catherine Hindra Sutjahyo. According to her, this economic growth based on ordering or shipping food applications continues to show positive trends every year.

In April 2015, Go-Jek inaugurated a food delivery service called Go-Food service in Jakarta. Then, in June 2015, Go-Food was officially launched in the city of Bandung. At the beginning of the emergence of Go-Food in Bandung, Go-Jek claimed that Go-Food had partnered with 500 restaurants in the city of Bandung. (id.techinasia.com, 2015).

The number of Go-Food partners has now reached 300 thousand. This number increased 2.4 times compared to the beginning of the year which was only 125 thousand partners. Catherine Hindra Chief Commercial Expansion Go-Jek Sutjahyo explained, the company provides technology that allows restaurants to register as Go-Resto partners. (katadata.co.id, 2018)

In 2016, Grab as an online transportation service also issued a food delivery feature called GrabFood which was used specifically for Jakarta users. GrabFood service is still in beta in 2016. The GrabFood service is available in the latest version of the Grab application on iOS and android (cnnindonesia.com, 2016).

GrabFood service, which is currently available in nine cities throughout Indonesia with more than 30,000 merchants, allows customers to order food from nearby restaurants within 3 km and the Grab driver partners will deliver the order to their office or home. (jateng.tribunnews.com, 2018).

According to marketeers.com, since its launch in mid-2015, Go-jek's Go-Food service has been increasingly loved by the public. Currently Go-Food services have grown to become the largest food delivery service in the world outside of China. Go-Food has now collaborated with more than 300 thousand merchants in various cities in Indonesia.

The reason why Go-food is more favored by its users is that the service was launched first compared to GrabFood services, even though the launch was only one year different. Did not want to lose competitiveness, in 2016 Grab company opened its food delivery service called GrabFood. Later that year GrabFood only collaborated with only a little number of merchants compared to Gofood which had previously collaborated more merchants in 2016.

According to [tekno.kompas.com](http://tekno.kompas.com), at that time GrabFood was still a trial service (beta) and only available in certain areas in Jakarta. The area is still limited around Sudirman Central Business District (SCBD), Semanggi, Senayan and Kuningan. In addition, users can only order food at certain hours. During the trial or beta period, the order is opened at 11.00 noon and closes at 2:00 p.m.

In this digital era, online food delivery is already familiar to teenagers or even adult also. One of the reason why it's better to buy food online is to save money. By buying food online, we do not need to bother spending more money on gasoline or vehicle fees to get to the restaurant. By buying food online we can also compare prices from restaurants to other restaurants, not to mention there are special discounts for customers. The most important thing in buying food online is saving time, we don't need to look for restaurants that open, look for tables, and so on. While if you buy food online it only takes a few minutes. So there is no time to waste and we can still do other activities. Besides ordering food, Go-Food is also record data about what users has ordered before and able to re-order the food from the same restaurant.

The demographic institute of the University of Indonesia (UI) revealed the results of a study that one of Go-Jek's food delivery services, namely Go-Food, recorded a transaction value of Rp1.7 trillion per year. With that kind of achievement, will Gojek application users continue to use the Gofood feature?



### **1.1.3 Go-food service description**

Go-Food is a food delivery service through the Go-Jek application which was originally only as a motorcycle ride-hailing phone service in Indonesia. Since rapid growth and a very high trend in culinary, Go-Jek has launched a service that allows users to order food at their favorite merchants. Meanwhile there is a slightly price gap between the original price from the restaurant than in the application, this is because there is a delivery cost in order to gain profit for the driver and also the merchants. But the distance between the food delivery services is limited to a maximum of 25km. With this service, for culinary entrepreneurs, especially Micro, Small and Medium Enterprises, which have a limited budget to develop delivery order services, Go-Food can be a very helpful alternative solution. Micro, Small and Medium Enterprises (UMKM) entrepreneurs can have service to deliver orders without having to prepare a fleet. That way, employers do not need to hire HR for delivery. Even more, entrepreneurs don't even need to have a store to sell. Go-Food also allows expanding market share. Currently there are approximately 200 thousand two-wheeled Go-Jek fleets in Indonesia that can be used as a food delivery service fleet! The requirements are quite easy, just partnered with Go-Jek so that the menu or culinary products sold can go into the options menu in the Go-Food feature.

In the future, services such as Go-Food will be increasingly important in the digitalization era, where people increasingly seek practical and fast services. There is even a tendency for entrepreneurs to compete to be able to cooperate with platform providers such as Gojek to boost its business turnover. At present, the multiplier effect of the Gojek business is considered large enough for the development of a populist economy. Therefore, the prohibition policy is contradictory to the ideals of strengthening the people's economy.

Go-Food service was immediately received a positive response from culinary entrepreneurs. Even according to Go-Jek the Go-Food service has worked with 15 thousand places to eat in the Jabodetabek area. Approximately more than 15 thousand eating places consist of 23 categories, ranging from sidewalks to fancy restaurants. It means that Go-Food is not only provided for luxury restaurant

owners. One of the essence of Go-Food is to promote food produced by the UKM industry. Go-Food provides a suggest restaurant feature if there is good and quality food on the roadside.

## **1.2 Problem Statement**

Nowadays, most of people looking for ease and speed in using online transaction moreover the capital city of Indonesia which is Jakarta has significantly population of private vehicle that makes Jakarta crowded and makes people doesn't want to buy to the store directly.

Judging from the phenomenon that occurs at this time, the increase in business in the field of culinary make the perpetrators are challenged to be able to create unique differences and clear positioning, so that consumers can differentiate with its competitors.

Since the successful of Go-Food in Indonesia, not covering the possibility in upgrading the future of Go-Food service positions. Go-Food will be able to gain a higher position in Indonesia especially in the electronic food delivery services. Go-Jek needs to realize factors influencing users in using Go-Food continuously. Therefore, Go-Jek will understand more what user's preferences are to keep continuously adopt Go-Food. Moreover, until now, there was no previous study that address the Go-Food user's continuance intention to adopt Go-Food in Indonesia. Therefore, it is necessary to identify factors influencing continuance intention in adopting Go-Food. The author also curious about the continuance intention of Go-Food adoption in Indonesia. Therefore, the author would like to conduct this research.

### **1.3 Research Question**

Based on explanation before, the problem could be defined in:

1. How are the user's assessment on the independent variables in the modified UTAUT2 Model (Performance Expectancy, Effort Expectancy, Social Influence, Facilitating Conditions, Hedonic Motivation, Price Value, Habit, and Trust)?
2. How much is the continuance intention of customers toward Go-Food service?
3. Do Performance Expectancy, Effort Expectancy, Social Influence, Facilitating Conditions, Hedonic Motivation, Price Value, Habit, and Trust influence continuance intention?
4. Do age and gender differences affect the influence of performance Expectancy, Effort Expectancy, Social Influence, Facilitating Conditions, Hedonic Motivation, Price Value, Habit, and Trust towards continuance intention of consumers in the context of Go-Food services in Indonesia?

### **1.4 Research Objectives**

The purpose of this paper is to analyse the impact of marketing mix of ecommerce in Indonesia. Therefore, the objectives of this study are:

1. To analyze customer assessment on the independent variables (Performance Expectancy, Effort Expectancy, Social Influence, Facilitating Conditions, Hedonic Motivation, Price Value, Habit and Trust) towards continuance intention in the context of Go-Food service.
2. To know the factors of continuance intention towards Go-Food service.
3. To analyse the influence of Performance Expectancy, Effort Expectancy, Social Influence, Facilitating Conditions, Hedonic Motivation, Price Value, Habit, and Trust towards Continuance Intention.
4. To analyse the difference of age could have an effect towards Go-Food service

## **1.5 Significance of the study**

The benefits of this research are divided into two parts namely the benefits for academic and business aspect.

### **1.5.1 Academic Aspect**

The result of this Go-Food service adoption research in Indonesia is expected to have significant value in verifying the application of UTAUT2 Model in predicting the continuance intention of Go-Food services in Indonesia.

### **1.5.2 Business Aspect**

The results of this study are expected to be useful for the company and the community, and become an input for interested parties so the result can be considered as an insight for Go-Jek management as a recommendation in order to achieve more profit.

## **1.6 Research Scope**

### **1.6.1 Location and object of study**

The location of the object study is conducted in Indonesia where Go-Jek Service available. The object of study is Go-Food users who use Go-Food service at least three months and in the age of 15-60 years old.

### **1.6.2 Time and Period**

The period of this study starts from October 2018 until August 2019.

## **1.7 Systematic of Writing**

The writing structure is arranged to provide a general overview about research performed with the following structure:

CHAPTER I INTRODUCTION: This chapter gives the object overview, background of the study, problem statement, research questions and objectives, show the significance of the study in terms of academic and business aspects. Then, explaining the research scope.

CHAPTER II LITERATURE REVIEW: This chapter contains some related theories of this study, also reviews related literatures by previous researchers. Based on these literatures the theoretical framework and hypothesis are developed.

CHAPTER III RESEARCH METHODOLOGY: This chapter discusses the research methodology used in this research.

CHAPTER IV RESULT AND DISCUSSION: This chapter presents the result of the statistical analysis and data analysis.

CHAPTER V CONCLUSION AND SUGGESTION: This chapter summarizes research findings, implications of the findings and limitation of the study.