

CHAPTER I

INTRODUCTION

1.1 Object Overview

According to the Oxford Language Dictionary, ride-hailing is the practice of arranging for travel in a private vehicle driven by its owner for a fee, by means of a website or app.



Figure 1.1 Gojek Logo

Source: (Gojek, 2022)

Gojek is an Indonesian technology company established in 2010 by Nadiem Makarim, Kevin Aluwi, and Michaelangelo Moran. Gojek started as a call center that offered a single service, which is motorcycle taxis, at the start with the resolve aiming to solve the needs of urbanites in Indonesia for reliable transport quickly. As time progressed, Gojek increasingly advanced and developed into a “super app” which not only connects people to transport services but other types of services, such as food and goods delivery services, payment services, and many other things.

The evolution of Gojek towards super app started with the mobile apps launch in 2015, which allowed Gojek to combine several services into one application. With its ingenuity, Gojek was able to deliver integrated solutions to the Indonesians and has since expanded to a number of other countries in Southeast Asia such as Vietnam, Thailand and Philippines. Gojek's presence doesn't just cater to the needs of consumers but also creates business opportunities for many partners, inclusively drivers and Micro, Small and Medium Business SMEs in the country, Indonesia.

Gojek, being a technology company that has social value, helps in providing job opportunities and access to digital services to millions of Indonesian. This is done through collaboration with driver partners, restaurants, and SMEs who are able to grow their businesses in the Gojek ecosystem.

Furthermore, Gojek also introduced GoPay with the aim of enhancing financial inclusion and encouraging the use of digital payment services in the Indonesian marketplace. GoPay is not only being used for transactions within the Gojek app but is also accepted other counters, making it easier for Indonesian people to switch to a cashless payment system. With regard to technology advancement and implementation of diversification strategy of their services, Gojek is able to meet the existing demand of the population in the digital age.

However, Gojek still has a long road ahead. Facing the tight competition with the same businesses such as Grab, Gojek continue to do innovate and do lots of efforts to keep being the leader at the on demand services for these region. Gojek also has to deal with many of government regulations that impact its business across countries it operates in.

By consistently innovating and emphasizing social impact, Gojek has demonstrated a company based on technology that offers a strong impact on the economy and social welfare. Based on these phenomena, the studies of the development and contribution of Gojek to the digital economy ecosystem in Indonesia as a technology company that serves as an economic and social development catalyst in Southeast Asia would be interesting to unveil.

1.2 Background

The rapid advancement of technology has resulted in significant developments across multiple industries that support the everyday routines of people worldwide, which in turn has influenced changes in lifestyle within society. In Indonesia, 75% of the population has smartphones to serve as the main tool for communication. The number of smartphone users in Indonesia has grown significantly and consistently over

the years from 54 million users in 2015 to 209,3 million in 2023 as shown in Figure 1.2 (Goodstats, 2023)

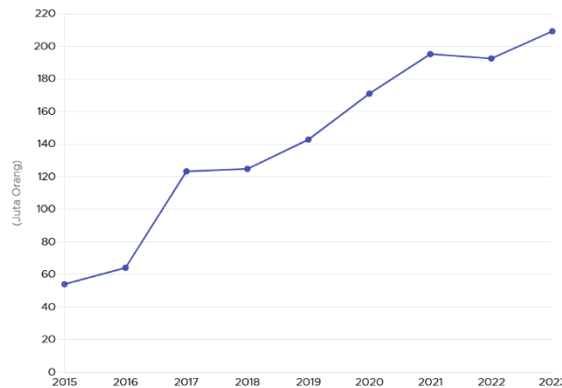


Figure 1.2 Active Smartphone Users in Indonesia

Source: (Goodstats, 2023)

Based on Figure 1.2 the development of digital technology has had a major impact on human lifestyles in today's modern era. The smartphone is one of the most influential technologies and has become an essential device for everyone, even those in Indonesia. By 2024 it is expected that more than 85% of people will be active smartphone users as a result of developments like the introduction of 5G networks (Statista, 2021). Smartphones are a major factor in connecting people to the digital world, and this phenomena is not exclusive to Indonesia, it is a global trend.

With a wider range of smartphone choice's it gives an easier access to internet services, and cheaper device pricing all contribute to the rise in smartphone users. According to reports by WeAreSocial & Hootsuite (2024), Indonesian smartphone users access many kinds of apps, especially social networking, e-commerce platforms, and streaming services, for over four hours every day on average as shown in Figure 1.3.

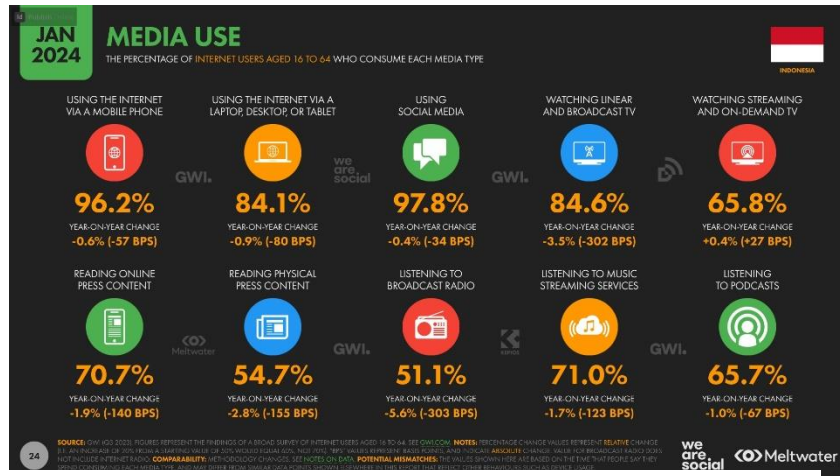


Figure 1.3 Media Use of Internet in Indonesia 2024

Source: WeAreSocial & Hootsuite (2024)

Figure 1.4 explained over the past decade, Indonesia experienced a significant rise in internet users, mainly due to the accessibility and affordability of internet services. By 2024, there were over 221 million internet users in Indonesia, accounting for over 79% of the country's total population, according to Asosiasi Penyelenggara Internet Indonesia (APJII). This increase can be linked to the widespread use of mobile devices, especially smartphones, which have increased internet accessibility for a wider range of people, including those living in rural areas.



Figure 1.4 The Rise of Internet users in Indonesia

Source: APJII (2024)

Figure 1.5 explains based on a survey conducted by Asosiasi Penyelenggara Jasa Internet Indonesia (APJII, 2024) one of the main reason people in Indonesia uses internet is for accessing online transportation service application with a score of 2,57 and a maximum score of 4 in 2024. Based on the survey conducted, it can be seen that the online transportation market is very large and important in Indonesia.



Figure 1.5 Reasons using the Internet in Indonesia

Source: APJII (2024)

Figure 1.6 explain between 2022 and 2023 there are 5 favorite online transportation service application in Indonesia that were downloaded which are Gojek, Maxim, InDriver, Grab, and Taxsee Driver (Databoks, 2024). Between the 5 application's Gojek rank as the most downloaded online transportation service application in Indonesia with 1.36 million downloads per month in 2022 and 957.000 downloads per month in 2023.

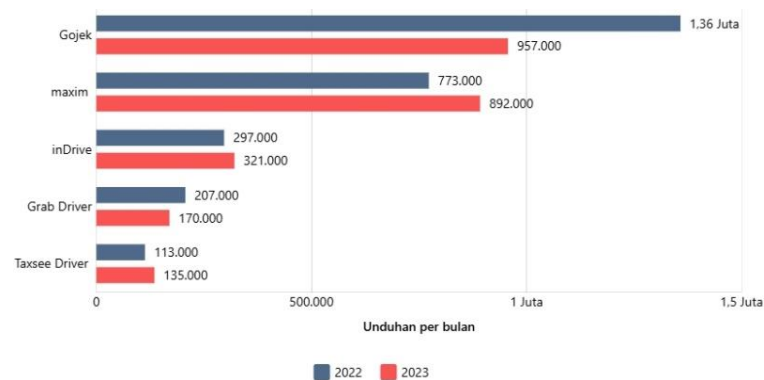


Figure 1.6 Online Transportation Users 2022-2023

Source: (Databoks, 2024)

Figure 1.6 shows with the emergence of the new market of on demand online service application, many competitors of on demand online service application companies arose to challenge Gojek as its competitor, namely Grab, Maxim, InDrive, and many more. With a monthly download of 957.000 new users in 2023, Gojek is still at the top of the industry, while the second in line Maxim has a monthly download of 892.000 new users (Databoks, 2024).

From Figure 1.6, it shows that Gojek's growth even lower than the year before is generally positive, but on the other hand, there are many complaints not only from customers but also from drivers, especially regarding service quality to gain deeper insights into customer satisfaction regarding the service quality provided by Gojek, the author conducted observations on social media platforms used by Gojek such as Instagram, X, and TikTok for one month in November using sentiment analysis. Below are the results of the observation:

Table 1.1 Customer Complaints of Gojek Services Trough Social Media

Social Media	Data
Instagram	56.3% Negative
X	61.9% Negative
Tiktok	58.1% Negative

Source: data processed by the author

According to Table 1.1, negative feedback on all three social media platforms are higher than 50%, with X having the highest percentage at 61.9%, Instagram at 56.3%, and TikTok at 58.1%. Among all social media platforms, X had the largest negative sentiment with 61.9%. This prior data of Gojek sentiment analysis in social media suggest that the service needs to be maintained or even increased. According to Liem et al., (2020), in the context of improving service quality, user complaints are an important indicator to boost service quality to ensure customer satisfaction and sustain business continuity. Based on the analysis from Table 1.1, Gojek's social media accounts has many negative comments with all of it being user complaints due to poor services from the application, to delays in orders from the predicted time of arrivals.

According to Gestari & Mariah (2021), they state that service quality is the key to success in this highly competitive industry, service quality defined as the gap between consumer expectations and the way it is delivered plays a crucial role in customer satisfaction and retention. In the case of Gojek as an on demand online service company, providing consistent, reliable, and user-friendly experience is important for meeting consumer expectations. Studies say that higher service quality has a positive connection with customer loyalty, especially in industries where convenience and accessibility are crucial (Usvela et al., 2019)

Since the release of the Gojek application, which originally only included ride-hailing (GoRide), package delivery (GoSend), and shopping service (GoMart), Gojek has rapidly grown its services to a much larger market which includes food delivery (GoFood), billing service (GoTagihan), payments (GoPay), shopping (GoMart),

logistics (GoBox), Investment services (GoInvestasi) and other services, positioning itself as a complete lifestyle application (Gojek, 2023).

In 2024 Gojek shows significant development in increasing its services with the introduction of Gojek PLUS a loyalty program for users that adds a subscription fee that gives voucher, discount, and or other types of promo to customers that enhances all services that Gojek provides (Gojek, 2024). This program aims to retain customers longer by offering more value to frequent customers following the latest trends in the digital economy where companies use subscription fees to maintain loyalty and stay ahead of their competitors (Cobzaru et al., 2024). Gojek aspires to provide personalized rewards that increase customer satisfaction and lead to long lasting customer loyalty.

Moreover, the app's usability and the overall user experience are important factors of service quality. As the digital experience becomes a first impression for consumers, it shows app reliability, user friendliness, and various usefulness have increasingly determined customer loyalty. Gojek's consistent updates to improve app features, like real-time driver tracking and in-app payment options, show its commitment to meeting these expectations. Yet, technical glitches, app crashes, or poor interface design can quickly turn users toward competitor platforms, showing how sensitive consumer loyalty is to the digital experience (WeAreSocial, 2024)

Although being one of the biggest apps in Indonesia, Gojek still has problems with satisfying customers. Based on the analysis in Table 1.1, social media post analysis reveals that 56.3 % users on Instagram, 61.9% users on X, and 58.1% users on TikTok was negative toward gojek as customers complained on their services such as delays, problems experienced with the application, as well as poor services from the app. Prihartono et al., (2023), states that service quality plays a crucial role in maintaining a competitive advantage in the online transportation service, for instance gojek now offers real time ride tracking, flexible payment options, and promotional discounts.

In summary, Gojek has been attempting to provide service quality through new service efforts such as GoTagihan, GoInvestasi, and many more, and has also introduce

a loyalty program called Gojek PLUS to push customer satisfaction and customer loyalty. However, the impact of Gojek's loyalty remains unachieved. Based on the data collected, the author feel the need to conduct a study on how the influence of service quality and customer satisfaction pursued by Gojek affects Gojek's customer loyalty. while Gojek has turned itself into a super app from delivery and ride hailing services to GoPay and GoInvestasi creating a larger customer market demand, it also faces challenges in maintaining service quality across such a broad range of offerings while trying to keep customer satisfaction high. The challenges of managing multiple services under one platform can lead to issues with consistency, particularly in customer support and service delivery.

The study by Yum & Yoo (2023), provides a valuable framework for understanding the relationship between mobile service quality, customer satisfaction, and loyalty. Key dimensions such as convenience, design, security/privacy, and usefulness can be applied to analyze gojek's unique challenges as an online on demand multi service platform. Their findings offer insights into how maintaining mobile service quality consistency influences customer satisfaction and loyalty in complex service ecosystems like super apps.

Based on the background that has been explained, the author is interested in conducting research with the title **“THE INFLUENCE OF MOBILE SERVICE QUALITY ON CUSTOMER LOYALTY OF GOJEK WITH CUSTOMER SATISFACTION AS A MEDIATED VARIABLE”**

1.3 Problem Statement

Although Gojek is Indonesia current leading super app it still experiences many troubles, notably in its services. Over 50% of customer feedback on platforms like Instagram, X, and TikTok is negative, highlighting issues such as delays, technical problems, and mediocre service. Combined with rising competition from Grab and Maxim, these indicate the need to close the gaps in service quality to sustain customer satisfaction and loyalty. This research aims to examine the impact of mobile service

quality on customer loyalty, with customer satisfaction as a mediating variable in the case of Gojek services. Despite Gojek's strong market presence, persistent service issues have led to growing customer dissatisfaction, which if left unaddressed, may weaken customer loyalty and push customers toward competitors. The rapid expansion of Gojek's operations through new services makes it difficult to maintain consistent service quality across all features. Customers complain that Gojek's digital system is unreliable, demanding an urgent evaluation of its connection to consumer loyalty maintenance. The goal of the study is to identify elements that will assist Gojek in enhancing the design of its service quality as happy clients will stick with the business.

Based on the research background, to find the relation between service quality and customer loyalty with customer satisfaction as a mediated variable in the case of Gojek services this study questions of study can be listed below:

1. Is service quality in Gojek services positively related to customer satisfaction?
2. Is customer satisfaction in Gojek services positively related to customer loyalty?
3. Is service quality in Gojek services positively related to customer loyalty?
4. Is customer satisfaction in Gojek Services mediate the impact of service quality on customer loyalty?

1.4 Research Purpose

The purpose of this study is as follows:

1. To examine if service quality in Gojek services positively related to customer satisfaction
2. To examine if customer satisfaction in Gojek services is positively related to customer loyalty
3. To examine if service quality in Gojek services positively related to customer loyalty

4. To examine if customer satisfaction in Gojek services mediates the impact of service quality on customer loyalty

1.5 Research Benefit

Theoretical Aspect

This study aims to provide direct and indirect benefits concerning Service Quality, Consumer Satisfaction, and Consumer Loyalty for the author, the company, and the academic community from a theoretical scientific development aspect.

Practical Aspect

For the company, this study can be a suggestion to utilize the results as input and consideration regarding research factors to enhance the company's strategy in the future.

For Academics, this study aims to enrich the theory of service quality in the context of digital application and encourage institutions and other educational organizations to enhance education, especially in the field of marketing.

1.6 Systematics of Final Project Writing

The systematics of this final project writing aims to provide an overview of the content of the final project research. about the contents of the final project research. The writing systematic is divided into five chapters as follows:

A. CHAPTER I: INTRODUCTION

This chapter contains an introduction the company object, background, problem, research purposes, research benefits, and systematics of the final project.

B. CHAPTER II: LITERATURE REVIEW

This chapter describes the theoretical basis used as the basis of the analysis research, previous research, and theoretical research framework.

C. CHAPTER III: RESEARCH METHODOLOGY

This chapter describes the type of research, operational variables and measurement scales, population and sample, validity test and reliability test, and data analysis techniques.

D. CHAPTER IV: RESULTS AND DISCUSSION

This chapter describes the results of the research and further discussion of the previous chapter, so that it will clear the problems that occur and the alternative solutions to the problems that will be faced. Alternative problem solving that will be faced.

E. CHAPTER V: CONCLUSIONS AND SUGGESTIONS

This chapter describes the conclusions from the research results that have been obtained and suggestions that will be given to the research results.

1.7 Scope of Problem

For this research to be more focused and directed, it is necessary to provide limitations to the problems studied. The limitations of the problems in this study are:

- A. The analysis is only based on Active Gojek users in Indonesia.
- B. The study uses data taken at a certain time span (cross-sectional).