

The Influence of Promotions and Discounts on Customer Satisfaction in GrabFood and GoFood: A Case Study of Business Administration Students at Universitas Sam Ratulangi

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ABSTRACT

This research aims to investigate the influence of promotions and discounts on students' preferences in using food delivery services, specifically GoFood and GrabFood. A quantitative method was employed in this study, with data collection conducted through questionnaires distributed to a sample of students. The results of data analysis indicate that promotions and discounts have a significant impact on students' decisions in choosing between GoFood and GrabFood. Students tend to prefer services that offer more attractive promotions and discounts. Additionally, factors such as ease of app usage, delivery speed, and menu variety also play crucial roles in influencing students' preferences. This research provides valuable insights for food delivery service providers like GoFood and GrabFood to design more effective promotion and discount strategies in attracting student customers. Furthermore, this research can serve as a reference for further studies in understanding consumer behavior in the food delivery industry.

Keywords: online shopping, college students, and lifestyle

1. INTRODUCTION

In the digital era, internet accessibility has become broader and more affordable. This allows consumers to connect with information, products, and brands online more easily. Mobile devices such as smartphones and tablets have become an integral part of daily life. Consumers now have constant access to the internet through these devices, enabling them to search for products, make purchases, and interact with brands anytime and anywhere. One of the industries affected by this technological advancement is the food delivery industry. Food delivery provides a high level of convenience for consumers. They do not need to leave their homes or workplaces for their favorite meals. This is particularly important in an era where speed and convenience are highly valued.

Food delivery applications have made ordering food easier and more convenient. Consumers can choose from various restaurants, browse menus, place orders, and track deliveries with just a few clicks. The global COVID-19 pandemic led to a rapid increase in food delivery due to movement restrictions and reduced visits to restaurants. This made food delivery the primary choice for many consumers.

In recent years, the food delivery industry, represented by platforms such as GrabFood and GoFood, has grown rapidly in Indonesia. These platforms have become an essential part of many people's daily lives, including students. This industry is highly competitive, with many similar service providers competing for market share. Therefore, food delivery service providers often offer promotions, discounts, and coupon codes to their customers. This has become a common strategy used to attract consumers and encourage further purchases.

Students are often the primary target group for promotions and discounts due to their limited budgets. Therefore, it is important to understand how promotions and discounts influence students' decisions in using these services. Understanding how promotions and discounts impact students can help platforms such as GrabFood and GoFood design more effective promotional strategies and enhance customer loyalty. With this background, research can be conducted to identify the extent to which promotions and discounts influence students' decisions in using GrabFood and GoFood, as well as their implications for business and marketing strategies in this industry.

Definition of Promotion

Fandy Tjiptono states that promotion is a form of marketing communication. Marketing communication refers to marketing activities aimed at disseminating information,

influencing/persuading, and/or reminding the target market about a company and its products so that they are willing to accept, buy, and remain loyal to the offered product (Tjiptono, 2008).

Promotion has objectives that involve broader aspects. The results of promotional activities are not immediately visible in the short term, as their goal is to achieve long-term outcomes. The long-term success of a promotional program can increase consumer loyalty to a product, making them committed and loyal. In the long run, promotion aims to achieve goals such as strengthening brand associations and awareness, reinforcing brand loyalty, and creating a desired perception of quality (Aaker, 1997).

Promotion is an essential variable in the marketing mix that companies use to market their service products. Promotional activities not only function as a communication tool between companies and consumers but also as a means to influence consumer purchasing decisions based on their needs and preferences (Lupiyoadi, 2022). Promotion is a form of marketing communication involving activities aimed at spreading information, influencing, persuading, or reminding the target market about a company and its products to encourage acceptance, purchase, and loyalty to the offered product (Fandy, 2022).

Definition of Discount

A discount is a price reduction from the regular price given by the seller to the buyer during the purchase of goods or services. A discount is a sales marketing strategy that reduces the price of an item without affecting its quality. According to Kotler (2003), a discount is a direct reduction in the price of goods during a specified purchase period. Meanwhile, Tjiptono (2007) defines a discount as a price reduction given by a seller to a buyer as a reward for certain buyer activities that benefit the seller. Based on these definitions, it can be concluded that a discount is a price reduction offered by sellers to attract consumer interest in purchasing a product within a predetermined period.

Discounts can be in the form of percentage reductions or nominal price cuts. Several types of discounts include quantity discounts, seasonal discounts, cash discounts, buy-one-get-one-free promotions, invitation-only discounts, limited-time discounts or flash sales, up-to-a-certain-percentage discounts, and shopping vouchers. To calculate a discount, the initial product price is reduced by the discount amount.

The benefits of discounts include encouraging buyers to purchase in large quantities, which is expected to increase sales volume. Offering price reductions impacts consumers, particularly their purchasing patterns, which in turn affects the sales volume obtained by the company (Isnaini, 2008).

Definition of Customer Satisfaction

Satisfaction is commonly defined as "an effort to fulfill something" or "making something adequate" (Chandra, 2007). Customer satisfaction is a person's feeling of pleasure or disappointment that results from comparing their impression of a product's performance with their expectations. It is one of the most important indicators related to purchasing and customer loyalty. Customer satisfaction also helps predict business growth and revenue. Factors influencing customer satisfaction include product quality, customer service, price, and overall experience. To improve customer satisfaction, companies can enhance product quality, customer service, and conduct customer satisfaction surveys. By understanding and continuously maintaining customer satisfaction, companies can gain various business advantages.

Customer satisfaction is also defined as a person's feeling of pleasure or disappointment resulting from a comparison between their impression of a product's performance (results) and their expectations (Djaslim, 2003). Customer satisfaction is a situation experienced by consumers when they realize that their needs and desires align with their expectations and are well fulfilled (Tjiptono, 2012).

Customer satisfaction and dissatisfaction represent consumer behavior toward a product or service, derived from their evaluation based on their experience after using the product. Consumers feel satisfied when the product's service meets their expectations and is pleasing. Conversely, if expectations are not met, dissatisfaction arises (Prensky, 1996).

Conceptual Framework



Hypotheses

The hypotheses in this study are as follows:

H1: The effect of promotion on customer satisfaction in GoFood and GrabFood.

H2: The effect of discounts on customer satisfaction in GoFood and GrabFood.

H3: The effect of promotion and discounts on customer satisfaction in GoFood and GrabFood.

2. RESEARCH METHODOLOGY

This study examines the impact of promotions and discounts on customer satisfaction with GrabFood and GoFood services. The research employs a case study design focusing on students of the Business Administration Department at Sam Ratulangi University. The study population includes all students in the department who have access to and use GrabFood and GoFood services. Students from various academic levels are included, and the sample is randomly selected to represent the diversity within the population.

Primary data is collected from customer responses regarding their experiences with promotions and discounts offered by GrabFood and GoFood. Data collection is conducted through an online survey using a structured questionnaire. Data analysis is performed using statistical methods, specifically regression analysis, to evaluate the empirical relationship between promotions, discounts, and customer satisfaction levels.

3. RESULTS AND DISCUSSION

General Overview of Respondents

In this study, respondents consisted of customers who use the GrabFood and GoFood applications. A total of 38 respondents were selected based on purposive sampling, the method applied in this research. Through questionnaires distributed to respondents, data were successfully gathered to explore information related to their age and gender.

The purposive sampling method allows the study to deliberately select respondents who are considered relevant and possess information that aligns with the research objectives. Consequently, the results from these 38 respondents are expected to represent a diverse range of ages, genders, and academic levels in understanding the influence of promotions and discounts on customer satisfaction with GrabFood and GoFood services.

Respondent Description Based on Gender

Table 1. Respondent Description Based on Gender

Gender	Number	Percentage
Female	24	63,2 %
Male	14	36,8 %
Total	38	100 %

Based on the information in Table 1, the respondents in this study can be categorized by gender with the following distribution. The number of female respondents reached 24, representing 63.2% of the total participants. On the other hand, the number of male respondents was 14, accounting for 36.8% of the total.

Respondent Description Based on Age

Table 2. Respondent Description Based on Age

Age Group	Number	Percentage
19	16	42,1 %
20	18	47,4 %
21	4	10,5 %
Total	38	100%

Based on the information in Table 2, respondents in this study can be categorized by age with the following distribution. In the 19-year-old age group, 16 respondents represent 42.1% of the total. The 20-year-old age group includes 18 respondents, accounting for 47.4%. Meanwhile, the 21-year-old age group consists of 4 respondents, contributing 10.5% of the total.

Description of Respondents Based on Semester Level

Table 3. Respondents Based on Semester Level

Semester Level	Number	Percentage
3	1	2,6 %
5	37	97,4 %
Total	38	100 %

Based on the information in Table 3, it can be observed that respondents can be classified according to their semester level. There is one respondent in semester 3, contributing 2.6% of the total participants. In contrast, the majority of respondents, 37 individuals, are in semester 5, accounting for 97.4%.

The Influence of Promotion on Customer Satisfaction

Table 4. The Influence of Promotion on Customer Satisfaction

Variable	Effect	Regression Coefficient	P-value
Promotion	Positive and significant	0,63 (P < 0,05)	0,02

The study findings indicate a positive and significant relationship between the promotions received by students and their use of GrabFood and GoFood. Regression analysis produced a promotion regression coefficient of 0.63 with a p-value of less than 0.05. This suggests that each unit increase in the number of promotions leads to a significant rise in students' use of these services.

The implication is that online food delivery service providers can boost usage by designing more effective promotional strategies. Students, in turn, can take advantage of promotional offers to save on food costs. These findings offer valuable insights for both companies and students in optimizing the use of online food delivery services and aligning promotional strategies accordingly.

The Influence of Discount on Customer Satisfaction

Table 5. The Influence of Discount on Customer Satisfaction

Variable	Effect	Regression Coefficient	P-value
Promotion	Positive and significant	0,58 (P < 0,05)	0,03

Additionally, our analysis confirms that discounts have a significant and positive impact on students' usage levels of GrabFood and GoFood. The greater the discount offered, the higher the likelihood that students will use these platforms. The positive impact of discounts on food delivery platform usage among Business Administration students is evident in the collected data.

Data gathered from 38 respondents through questionnaires was analyzed in depth. Regression analysis revealed a significant positive relationship between the size of the discount offered and the frequency of service usage. The regression coefficient for discounts was 0.58 ($p < 0.05$), indicating that any increase in discount size led to a significant rise in students' usage of these platforms. The significant p-value (0.03) further supports this finding.

In conclusion, offering discounts significantly influences GrabFood and GoFood usage among Business Administration students. This implies that online food delivery companies can utilize discounts as a strategic tool to attract customers and encourage purchasing activity. On the other hand, students can benefit from these discount offers to gain financial advantages and enjoy food delivery services at a lower cost. This study provides valuable insights for companies in planning more effective discount policies and for consumers in making informed purchasing decisions based on promotional offers.

Multiple Linear Regression Analysis: The Impact of Promotions and Discounts on Customer Satisfaction in GrabFood and GoFood

In the business world, understanding the factors that influence customer satisfaction is key to success. One way to uncover these factors is through multiple linear regression analysis, which helps identify relationships between independent and dependent variables.

In this study, we focused on the impact of promotions and discounts offered by two popular food delivery platforms, GrabFood and GoFood, on customer satisfaction. The data was collected from 38 respondents who answered "yes" or "no" questions related to promotions and discounts while also providing their satisfaction scores.

Our multiple linear regression analysis revealed several key findings:

a. **Significant Regression Model**

The overall regression model was statistically significant, meaning it provides valuable insights into explaining the variability in customer satisfaction scores.

b. **Impact of Promotions**

Promotions on both GrabFood and GoFood had a significant positive impact on customer satisfaction. This indicates that increased promotional efforts on these platforms tend to enhance customer satisfaction.

c. **Impact of Discounts**

On the other hand, discounts had a significant negative impact on customer satisfaction. This suggests that increasing discounts may negatively affect customers' perceptions of service quality or value.

d. **Explained Variability**

The model explained approximately 78% of the variation in customer satisfaction scores. However, the remaining 22% was not accounted for, possibly due to other factors not included in the analysis.

These findings provide valuable insights for decision-makers in managing promotions and discounts for food delivery services. While increasing promotions can be an effective strategy for enhancing customer satisfaction, increasing discounts should be considered carefully. It is important to note that this study is based on correlational analysis, not causal analysis. Therefore, the results indicate relationships between the tested variables, but other factors may also influence customer satisfaction. Multiple linear regression analysis is a useful tool for exploring these relationships, but business strategies and policies should be carefully considered based on the specific business context.

This study offers significant insights into the impact of promotions and discounts on customer satisfaction among Business Administration students using GrabFood and GoFood. Key findings such as the positive effect of promotions, the influence of discounts, and the multiple regression analysis provide a deeper understanding of these factors.

The findings suggest that the more promotions students receive, the higher their likelihood of using the service. This can help companies design more effective promotional strategies while allowing students to take advantage of these offers to save on food expenses. Discounts also proved to be significant, but companies should be cautious, as excessive discounts may affect customers' perceptions of service quality.

The multiple linear regression analysis revealed a significant model that explains most of the variations in customer satisfaction. However, it is important to recognize that other factors may also influence satisfaction. Overall, this study provides a strong foundation for online food service providers and students to better utilize services and promotional strategies by understanding the effects of promotions and discounts on customer satisfaction.

4. CONCLUSION

Promotions and discounts have a significant impact on customer satisfaction in GrabFood and GoFood, particularly when examined through the case study of Business Administration students. Research findings indicate that when food delivery service companies implement effective promotions and discounts, they can enhance customer satisfaction, stimulate purchasing decisions, and increase customer loyalty. Continuous discounts and special offers can encourage students to use these platforms regularly.

In a broader context, the influence of promotions and discounts in the food delivery industry highlights the importance of smart and responsive marketing strategies tailored to specific market segments, such as students. However, it is essential to manage promotions and discounts carefully to ensure they do not compromise long-term business profitability. Therefore, companies like GrabFood and GoFood need to conduct thorough analyses of the long-term impact of their promotional strategies while striving to maintain customer value and profitability.

5. RECOMMENDATIONS

Suggestions on the Influence of Promotions and Discounts on GrabFood and GoFood Among Students:

- a. To maximize the impact of promotions and discounts on students' use of GrabFood and GoFood, these companies should continuously develop relevant and engaging promotional strategies. This may include offering more competitive discounts, especially during strategic periods such as weekends or exam seasons.
- b. Additionally, utilizing social media platforms to promote promo codes or exclusive offers can help build awareness and engagement among students. It is also crucial to understand students' specific preferences and needs so that promotional offers can be tailored to the most popular food and beverages among them.
- c. Finally, regularly measuring the impact of promotions and discounts through app usage data analysis will help companies optimize their strategies. By doing so, they can effectively tap into the significant potential of students as a key market segment.

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