

# Consumer Decision on Online Food Delivery

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**Abstract**— The research conducted due to the existence of consumer ‘s alternative choices to deliver food both through online delivery services provided by the company it self or provided by online transportation such us GoJek and Grab. This research aims to determine consumer behavior on using online food delivery in order to design effective marketing strategy. The research conducted by distributing questionnaires to 200 respondents who use online applications of food delivery service from GoJek, Grab, McDonald, KFC and Pizza Hut. This research used cross tabulation using SPSS. This research result describes the consumer preference on their choice of online food delivery, terms of payment and transaction based on their gender and age.

**Keywords:** *food delivery, consumer decision, segmentation, online*

## I. INTRODUCTION

At present, online transportation services such as Go-Jek, Grab and Uber are not only serve human transport, but also serve other online service such us food delivery services. The most well-known online transportation services in Palembang are Go-Jek and Grab, while Uber has now joined Grab. Both Go-Jek and Grab have additional service features in the form of online food delivery services in their applications. Go-Jek with its Go-Food feature and Grab with its Grab Food feature.

Local to international Food & Beverage company also provided this application. National and international Food & Beverage company such as McDonald's, KFC and Pizza Hut did not miss the collaboration as Go-Food or Grab Food partners. The interesting thing is that each of these three companies have their own delivery service application, which can be downloaded for free on smartphones through the PlayStore and AppStore. Not only free but this application is also very easy to use because the language in this application can be adapted base on the language of each country. In addition, consumers can also get various payment facilities and promotions provided specifically for users of online delivery services. Following is a table of online food delivery service alternative for these three companies.

The existence of alternative choices between food delivery services makes them compete each other. Competition between online food delivery service providers make each company try to influence consumer decisions to use their services. Detail information about customer

behavior on using online food delivery service is really needed by companies in order to design the right strategy to win the competition.

TABLE I. ALTERNATIVE OF ONLINE FOOD DELIVERY

No.	Brand	Alternative of Online Food Delivery		
		1	2	3
1.	McDonald	McDelivery	McDonald Go Food by GoJek	McDonald GrabFood by Grab
2.	Pizza Hut	Pizza Hut Delivery	Pizza Hut Go Food by GoJek	Pizza Hut GrabFood by Grab
3.	KFC	KFC Pesan Antar Online	KFC GoFood by GoJek	KFC GrabFood by Grab

Source: Online Application of GoJek, Grab, McDelivery, PHD, KFC

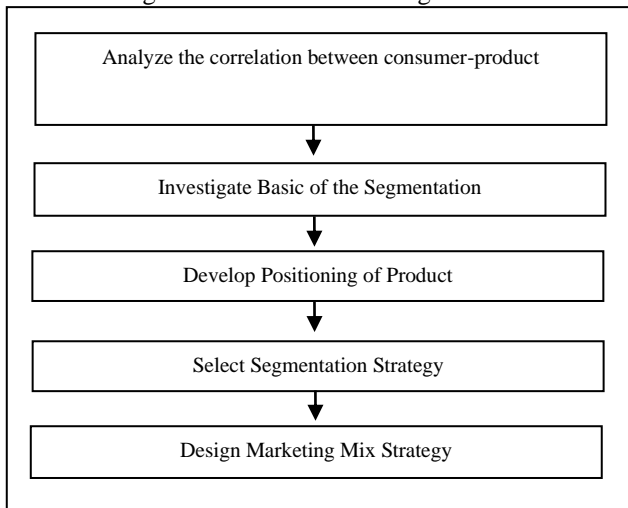
Based on this background, this research will discuss how the behavior of online food delivery users in Palembang based on their age and gender. From previous research, found that segmentation based on age and gender shows different result [1]. So, the result of this research would be helpful for the company to design the effective. Marketing Strategy, The urgency of this research is that digital industries in Indonesia start to growth but small number of research discuss about online food delivery service with application because it is a new phenomenon in Indonesia.

## II. LITERATURE REVIEW

### A. Market Segmentation

Market segmentation is the process of dividing the market into groups of consumers that almost similar, then these groups will be selected which is most suitable to be served by the company [2]. This market segmentation analysis is very important for the development of marketing strategy so that the strategy carried out is effective and efficient. The tasks in market segmentation can be seen in Fig. 1 as follow

Figure 1. Task of Market Segmentation



Source: [2]

B. Consumer Behavior

Dynamics of interaction between the influence of consciousness between influence and awareness, behavior and the environment in which humans exchange aspects of life where consumers involve the thoughts and feelings they experience and the actions they take in the consumption process is the definition of consumer behavior according to the American Marketing Association [2]. Recognizing the behavior of consumers can help the company in developing and designing marketing strategies so that products can be marketed to the maximum.

Consumer behavior in transactions can help companies in designing marketing strategies that can influence consumers to purchases [3]. In purchasing, consumers need a medium of exchange for payment. Knowing the type of payment most often used by consumers can help companies in designing their marketing strategies.

Consumers must have access to a medium of exchange in one form or another before an exchange occurs or also called funds access [2]. At the access to funds stage, the main problems in marketing are the methods used by consumers to pay for transactions and the types of marketing strategies used to increase the likelihood that consumers will access funds in transactions [2]. All strategies undertaken at the stage of access to funds have the aim of increasing the likelihood of consumers to make exchanges or transactions by increasing the likelihood of withdrawing funds.

The number of transactions made by consumers can help in designing marketing strategies. From number of transaction the company will be able to design the upselling strategy to increase the company profit.

III. METHOD

This study uses primary data by distributing questionnaires to 200 users of food delivery service applications through online transportation or online delivery service between direct producers domiciled in Palembang. Due to the huge and unknown number of food delivery service user, this research taking sample with non-probability sampling technic. Amount of sample taken more

than 5 times existing indicators. The objects of this research are food sellers that have their own delivery applications, McDonalds, KFC (KFC Online Delivery), and Pizza Hut (Pizza Hut Delivery) and also partner with online transportation applications that operate food delivery services. in Palembang such as Go-Jek (feature: Go-Food) and Grab (feature: GrabFood).

This research using crosstab to analyze the data, where the choice of online delivery, method of payment and minimum of transaction will be segmented based on consumer's age and gender.

TABLE II. OPERATIONAL VARIABEL

Variable	Definition	Reference
Age	Age is consumer attribute that has long been taken for granted and their ability to adapt their environment	[4], [5]
Gender	Gender of user that refer to socially constructed roles and cultural representations.	[6]
Online food delivery	Application for food delivery service with Android and IOS platform	[7]
Method of Payment	Alternatives way to pay in online application of food delivery in form of electronic payment  made via a web browser for goods and services or cash	[8]
Transaction	To data entry and retrieval transactions in several industries, including banking, airlines, mail-order, supermarkets and manufacturers	[9]

<sup>b</sup> Source: SPSS output.

IV. RESULTS AND DISCUSSION

A. Results

In market analysis, the first thing to do is establish the characteristics of the existing customers [10]. Company should know their market segment that potentially could be satisfied by their product and then they should involve the product positioning [2]. It can be concluded that to develop and decide the marketing mix strategy, online delivery food needs to analyze their basic market segmentation from respondent demographic information, which can be found from Tabel III as follow:

Based on respondent data, the gender that dominated the respondents were women (69.5%) and the rest were men (30.9%). Age of respondents is dominated by respondents with ages 15-24 years (63%), 25-34 years old (20%), 35-49 years old (15%) the remaining 50-64 years old (2%). The most respondents were students / jobseekers (61%), private

employees (21%), Civil servants / BUMD (14%), housewife (3%) and professionals / entrepreneurs (3%).

**TABLE III. RESPONDENT DEMOGRAPHIC INFORMATION**

Information	Frequency	%
Gender		
- Male	61	30.5%
- Female	139	69.5%
	200	100%
Age		
- 15-24 years old	126	63%
- 25-34 years old	40	20%
- 35-49 years old	30	15%
- 50-64 years old	4	2%
	200	100%
Occupation		
- Housewife	5	3%
- Private employee	41	21%
- Students/jobseeker	121	61%
- Profesional/entrepreneur	6	3%
- Civil Servant/BUMD	27	14%
	200	100%

d. Source: SPSS output.

Based on their age and gender, consumer preference on using application for online food delivery could be seen from Table IV and V as follow:

**TABLE IV. GENDER WITH THE CHOICE OF ONLINE DELIVERY**

Gender	Frequency			%
	<i>GoFood by Go-Jek</i>	<i>GrabFood by Grab</i>	<i>Company Delivery Service</i>	
Male	21.5%	8.5%	0.5%	30.5%
Female	43.0%	23.0%	3.5%	69.5%

e. Source: SPSS output.

**TABLE V. AGE WITH THE CHOICE OF ONLINE DELIVERY**

AGE	Frequency			%
	<i>GoFood by Go-Jek</i>	<i>GrabFood by Grab</i>	<i>Company Delivery Service</i>	
15-24 years old	38.0%	22.5%	2.5%	63.0%
25-34 years old	14.0%	5.5%	0.5%	20.0%
35-49 years old	10.5%	3.5%	1.0%	15.0%
50-64 years old	2.0%	0.0%	0.0%	2.0%

f. Source: SPSS output.

From those table, could be found that most of the male and female prefer to use GoFood as their online food delivery. The youth with age between 15-24 years old have almost the same number of distribution for their choice of online food delivery both GoFood and GrabFood, but for the respondent with age 25-34, 35-49 and 50-64 years old prefer to use GoFood. Based on their age and gender, consumer preference on using method of payment could be seen from Table VI and VII as follow:

**TABLE VI. GENDER WITH METHOD OF PAYMENT**

Gender	Frequency			%
	<i>Credit Card</i>	<i>Gopay/OVO</i>	<i>Cash</i>	
Male	0.0%	16.5%	14.0%	30.5%
Female	0.5%	37%	32%	69.5%

g. Source: SPSS output.

**TABLE VII. AGE WITH METHOD OF PAYMENT**

AGE	Frequency			%
	<i>Credit Card</i>	<i>Gopay/OVO</i>	<i>Cash</i>	
15-24 years old	0%	28.5%	34.5%	63%
25-34 years old	0%	15.5%	4.5%	20%
35-49 years old	0.5%	8.0%	6.5%	15%

50-64 years old	0%	1.5%	0.5%	2%
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<sup>h</sup> Source: SPSS output.

From the research result, found that either male or female prefer to use GoPay or OVO as their payment method. For the customer with age between 15-24 years old, prefer to use cash for their payment method, but for the customers >24 years old prefer to use digital money such as Gopay and OVO.

Based on their age and gender, consumer preference on minimum transaction could be seen from Table VIII and IX as follow:

TABLE VIII. GENDER WITH MINIMUM TRANSACTION

Gender	Frequency			%
	<50K	50K-100K	100K-500K	
Male	4%	20.5%	6%	30.5%
Female	15.5%	41.5%	12.5%	69.5%

<sup>i</sup> Source: SPSS output.

TABLE IX. AGE WITH MINIMUM TRANSACTION

AGE	Frequency			%
	<50K	50K-100K	100K-500K	
15-24 years old	16%	38.5%	8.5%	63%
25-34 years old	1.5%	11%	7.5%	20%
35-49 years old	2%	10.5%	2.5%	15%
50-64 years old	0%	2%	0%	2%

<sup>j</sup> Source: SPSS output.

The research result, found that most of male or female spend 50K-100K for online food delivery. Based on their age, most of the customers in every level of age are spending 50K-100K for online food delivery.

**B. Discussion**

From data analyzed, found that online delivery service provided by the company itself is not an interesting application for the consumer in Palembang to deliver food. From the data, found that online food delivery service from online transportation is more interesting for the customers and Go Food from Gojek is their preference application for food delivery rather than delivery service from its own product and Grab Food from Grab.

Currently, there are various types of payment methods. Digital era has change the payment method of transaction from cash in hand to electronic money. In this research

found that payment method of transaction in digital form are popular for respondent with age above 24 years old, whereas cash is the most favorite payment method for the youth with age between 15-24 years old. Digital payment method characteristics are efficient in cost and time, convenient and flexible for customer and business [8], that's explain why people with age 24 years old above prefer to use this payment method rather than cash.

Most of consumers are using digital payment such us Gopay and OVO for transaction in online food delivery. The ease of use for payment method could influence consumer spending in the future [3]. Not only that the digital forms of payment also one of the online shopping experience that could influence purchase decision [11]. In this research found that most of the consumer average spending is between 50K-100K. There's still a possibility to increase the consumer spending to 100K-500K in the future by providing an easy and friendly use payment method. The pleasant feeling after experienced the form of payment could influence consumer decision on choosing the alternative of online food delivery

**V. CONCLUSION**

To win customers in online food delivery, company can develop the ease and friendly user application including variant of payment method. The pleasant experience that will be felt by the consumer should be drive them to use the online food delivery.

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