

CONSUMER SATISFACTION STUDY: SERVICE QUALITY, PRICE, AND USER CONVENIENCE OF GRAB APPLICATION IN MEDAN

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Abstract: This research aims to analyze the influence of service quality, price and convenience on consumer satisfaction of Grab application users in Medan city. The population in this study includes all people who have used the Grab application in Medan city. The number of samples was determined at 100 respondents based on the Lemeshow formula because the exact population size is not known. The sampling method uses purposive sampling, namely selecting respondents based on experience using the Grab application at least 3 times. Data collection techniques used questionnaires and interviews. The data analysis technique uses a quantitative approach with the Smart-PLS Version 3.0 statistical analysis tool. Testing begins by analyzing the outer model, inner model and hypothesis testing. The research results show that the service quality variable has a significant effect on consumer satisfaction. Price has a significant effect on consumer satisfaction. Convenience has a significant effect on consumer satisfaction of Grab application users in Medan.

Keywords: Consumer Satisfaction, Service Quality, Price, User Convenience.

INTRODUCTION

Digital technology has experienced very rapid development and touches almost all aspects of human life, including transportation. Transportation nowadays can be easily obtained in online form. *Online* transportation is transportation that uses applications as a booking medium to make it easier for consumers to meet transportation needs. Through this online transportation, all activities become easy and practical. Online transportation has experienced very rapid progress in Indonesia in the last decade. Many online transportation companies have sprung up with various brands such as Grab, Gojek, Indriver, Maxim, Shoope Food, and other brands that offer almost the same facilities and services. This, of course, makes business competition even more intense. In this case, the right business strategy is needed to be able to compete and be at the forefront in the eyes of consumers.

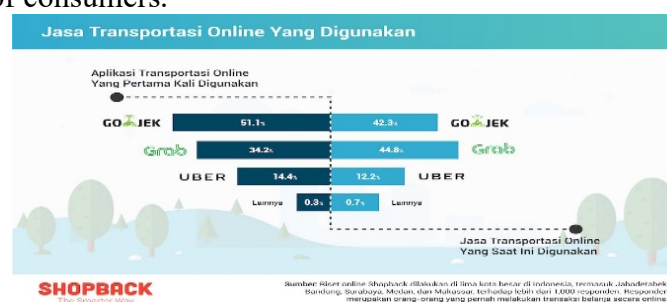


Figure 1: Online Transportation Services Used in Indonesia

Source: databoks.katadata.co.id

Figure 1 shows that the Gojek application is quite far superior compared to the Grab application. It can be seen that Gojek has 52.1%, while the Grab application has 34.2%. This is the author's concern as to why Grab cannot occupy the first position even though Grab is now the most popular online transportation service application in Southeast Asia that provides transportation services to connect more than 10 million passengers and 185,000 drivers throughout the ASEAN region (Ryani, 2021). The indication is that this can happen due to the implementation of Grab's business strategy that is not appropriate or optimal. One of the business strategies that companies can do is to create consumer consumers.

Satisfaction is an emotional reaction of post-purchase consumers that can be in the form of anger, dissatisfaction, aggravation, neutrality, joy or pleasure (Muis et al., 2020). In an effort to meet consumer satisfaction, companies are required to be observant to know the shifts in consumer needs and desires that are changing almost at any time. Buyers will move after forming a perception of the value of the offer and satisfaction after the purchase depending on the performance of the offer compared to its expectations. Retaining and satisfying current customers is much easier than constantly trying to attract or prospect new customers. The cost of retaining customers is cheaper than the cost of finding new customers. Satisfied consumers can make the relationship between the company and the customer harmonious, provide a good basis for repeat purchases and form positive word-of-mouth recommendations that are very beneficial for the company.

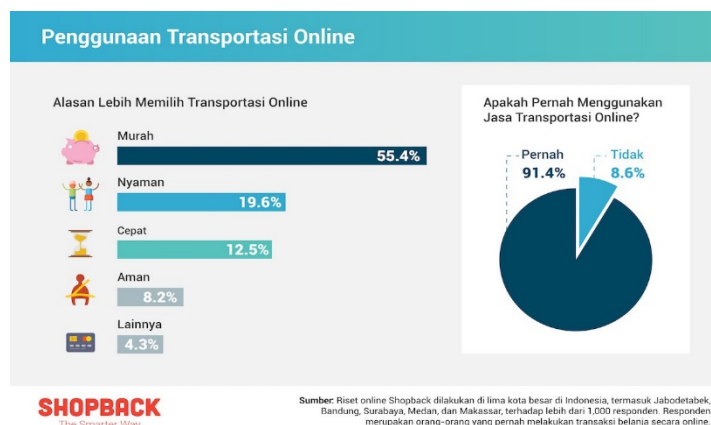


Figure 2: Why Users Choose Online Transportation
Source: databoks.katadata.co.id

Figure 2 shows the reason why users choose online transportation. Survey figures show that 55.4% of users choose online transportation because it is cheap, 19.6% of users choose online transportation because it is convenient for the facilities provided, 12.5% of users use online transportation because it is safe, and the remaining 4.3% for other reasons. Based on the results of the survey above, consumers are satisfied using online transportation because of the low price, comfort of the quality of service provided, fast time both during the booking process and arriving at the destination (convenience), security provided during the trip, and a few other reasons.

One of the factors that can affect consumer satisfaction is the quality of service. Service quality is defined as a consumer's subjective assessment of the services provided by the provider, according to the gap between customer expectations and realistic service perceptions (Astuti et al., 2020). Therefore, service quality is very important for customers in creating consumer satisfaction. If the quality of the service provided is satisfactory, then consumers will buy it back

and recommend it to others. And vice versa, if the quality of service provided does not meet expectations, then consumers are less likely to reorder and will switch to other brands.

Another factor that is no less important in influencing consumer satisfaction is price. Price is one of the determining factors in choosing a brand related to the consumer's purchase decision, the amount of money needed to get a number of combinations of goods and services (Radiman et al., 2019). In addition, price is also a determining factor for consumer satisfaction, if the price is not in accordance with consumer expectations, it will cause problems with customer satisfaction. Therefore, companies must really provide prices that are in accordance with the facilities and services offered so that consumers feel satisfied when using these services.

The convenience factor is also one of the factors that determine consumer satisfaction. The ease of use of a technology will facilitate a person's activities. The concept of ease of use of a technology can show the extent to which a person believes in using information systems very easily and does not require more effort from the user. From ease of use, an important factor to grow user trust is from the features of the service in making decisions to use a system (Nurvitasari & Dwijayanti, 2021). The perception of convenience can be interpreted as not requiring costs, easy to use, easy to do what you want, easy to learn to operate, easy to do what you want, and clear and understandable interactions.

The object of this research is focused on Grab application users in the city of Medan who have used the Grab application at least 3 times. The problems studied are related to the quality of service, the prices offered, and the ease of use of the Grab application. Consumers who use the grab application complain about the frequent drivers canceling orders unilaterally due to unfavorable weather, distant destinations or users using discount promos, cleanliness of helmets and completeness of attributes which are all included in the quality of service provided, thus affecting consumer satisfaction. In terms of price, consumers feel disappointed because prices rise very rapidly during less favorable weather, holidays or after work, so that it can affect consumer satisfaction. Furthermore, regarding convenience, consumers who want to order the Grab application are sometimes confused about ordering because they do not know, and do not understand how to use the Grab application. The ease of using the application affects consumer satisfaction. This is what makes researchers interested in conducting research on the problems that have been presented.

LITERATURE REVIEW

Consumer Satisfaction

Consumer satisfaction is the result of customer perception received in a transaction or relationship, where the perception of service quality has a value that is appropriate to the price and costs incurred by consumers (Nasution & Nasution, 2021). Satisfied consumers will consume the product continuously, encourage consumers to be loyal to a product/service and happily promote the product/service by word of mouth. Consumers will feel satisfied if the services provided from products and services please consumers. There are several factors that affect consumer satisfaction, namely product/service quality, service quality, emotional, price, and convenience (Handoko, 2017). Consumer satisfaction indicators are the suitability of expectations, interest in returning, and willingness to recommend to others (Tjiptono & Fandy, 2018).

Service Quality

Service quality is the sum of the various characteristics and characteristics of a product or service in terms of the ability to meet various needs that have been determined or latent in nature (Radiman et al., 2018). Quality of service applies to all types of services provided by the company when the client is in a position to use the application to meet the wants and needs of consumers. There are several factors that affect the quality of service, namely simultaneous production and consumption, high labor intensity, support for internal customers, communication gaps, treating all customers in the same way, excessive expansion or development of services (Nasution & Putri, 2019). Service quality indicators according to (Kotler & Keller, 2014) that is *Tangible, reliability, responsiveness, insurance, and Emphaty*.

Price

Price is the value of an item that can be expressed in money. The definition of price is the basic measure of an economic system because price affects the allocation of factors of production (Lupiyoadi, 2015). The company estimates that demand and cost have to do with the price level, and then decides on one particular price level that is expected to generate maximum profit, as much cash flow as possible and the highest possible rate. The price must be agreed by both parties in the contract, either less, greater, or equal to the value of the goods or services offered by the seller to the buyer. There are several factors that affect prices, namely value-based pricing, good value-based pricing, value-added pricing, and cost-based pricing (Handoko, 2017). Price indicators by (Tjiptono & Fandy, 2018) are price affordability, competitiveness, price suitability with product quality, and price suitability with product or service benefits.

Convenience

The ease of use of technology can help reduce one's efforts both time and effort, and easily get information in making online orders (Lupiyoadi, 2015). Perception of ease of use is defined as the extent to which a person is confident that using a technology will be free from effort. The perspective of convenience gives an indication that a system is not designed to make it difficult to use, but the use of the system actually makes it easier for a person to complete his work. There are several factors that affect ease of use namely, ease of learning, ease of becoming skilled, and ease of use. Ease indicator according to (Kotler & Keller, 2014) that is, easy to learn, can be controlled easily, clear and understandable, flexible to use, easy to use or use. The hypothesis proposed in this study is as follows:

H1 : There is an effect of service quality on consumer satisfaction in Grab application users

H2 : There is an effect of price on consumer satisfaction in Grab application users

H3 : There is an effect of convenience on consumer satisfaction in Grab application users

RESEARCH METHOD

This study uses a quantitative method to examine the population or samples taken. Data collection uses questionnaires and interviews. The population includes all customers who have used the Grab app in Medan. The sample was determined as many as 100 respondents based on the formula *Lemeshow* Because the population is not known for sure. Sampling using the *purposive sampling*, namely taking samples on the condition that they have used the Grab application at least 3 times. The data analysis technique uses quantitative analysis by conducting tests consisting of *outer model, inner model* and *hypothesis test*. Data analysis tools using *Smart-PLS* version 3.0. who are able to explain the relationship of variables in a complex manner and the direct effect of one or several variables on other variables (Sugiyono, 2017).

RESULT AND DISCUSSION

Measurement Model Analysis (Outer Model)

Table 1: Composite Reliability Test

	<i>Composite Reliability</i>
Price (X2)	0.947
Convenience (X3)	0.958
Consumer Satisfaction (Y)	0.913
Quality of Service (X1)	0.917

Source: Smart-PLS Data Processing Results Version 3.0. (2024)

Table 1 shows that all Composite Reliability values have values above the criteria that have been set, namely > 0.6, so it can be said that the data used is reliable.

Table 2: Discriminant Validity Test

<i>Discriminant Validity</i>				
	Price (X2)	Convenience (X3)	Consumer Satisfaction (Y)	Quality of Service (X1)
Price (X2)				
Convenience (X3)	0.742			
Consumer Satisfaction (Y)	0.619	0.489		
Quality of Service (X1)	0.676	0.453	0.624	

Source : Smart-PLS Data Processing Results Version 3.0. (2024)

Table 2 shows that the results of the *discriminant validity* test seen from the HTMT value for all variables have an HTMT value < 0.90, so it can be said that the construction has good discriminatory validity.

Structural Model Analysis (Inner Model)

Table 3: R-Square

	<i>R-Square</i>	R-Square Adjusted
Consumer Satisfaction (Y)	0.514	0.595

Source : Smart-PLS Data Processing Results Version 3.0. (2024)

The conclusion of the *R-Square value* test on consumer satisfaction is that the *R-Square Adjusted* for the path model is 0.595. This means that the ability of the variable service quality, price and convenience in explaining customer satisfaction is 59.5%. Thus, the model is classified as moderate.

Table 4: F-Square

<i>F-Square</i>				
	Price (X2)	Convenience (X3)	Consumer Satisfaction (Y)	Quality of Service (X1)
Price (X2)			0.369	
Convenience (X3)			0.182	
Consumer Satisfaction (Y)				

Quality of Service (X1)	0.191
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Source : Smart-PLS Data Processing Results Version 3.0. (2024)

The conclusion of the F-Square test in table 4 is that the price variable on consumer satisfaction has a value of 0.369, so there is a large effect of exogenous variables on endogenous variables. The convenience variable on consumer satisfaction has a value of 0.182, so there is a moderate effect of exogenous variables on endogenous variables. The service quality variable on customer satisfaction has a value of 0.191, so there is a moderate effect of exogenous variables on endogenous variables.

Table 5: Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STERR)	P- Value
Price (X2) -> Consumer Satisfaction (Y)	0.245	0.231	0.256	2.957	0.000
Convenience (X3) -> Consumer Satisfaction (Y)	0.159	0.193	0.165	2.966	0.003
Service Quality (X1) -> Consumer Satisfaction (Y)	0.349	0.335	0.106	3.298	0.001

Source : Smart-PLS Data Processing Results Version 3.0. (2024)

The conclusion from table 5 can be explained as follows: the price variable on consumer satisfaction has a path coefficient value of 0.245 and a P-Value of 0.000 (<0.05), meaning that it has a positive and significant influence. The convenience variable on consumer satisfaction has a path coefficient value of 0.159 and a P-Value of 0.003 (<0.05), meaning that it has a positive and significant influence. The service quality variable on consumer satisfaction has a track coefficient value of 0.349 and a P-Value of 0.001 (<0.05), meaning that it has a positive and significant influence.

DISCUSSION

The Effect of Service Quality on Consumer Satisfaction

The results of this study show that service quality has a positive and significant effect on consumer satisfaction in Grab application users in the city of Medan. Service quality can motivate customers to commit to a certain product or service to improve the company's performance (Kotler & Keller, 2014). This quality of service is very important in increasing customer satisfaction. If the quality of service is provided to consumers as much as possible, then these consumers will feel satisfaction in the services provided. To improve service quality, consumer satisfaction is one of the important factors in retaining customers who are in accordance with market needs.

Currently, the quality of service provided by Grab is quite good and is able to provide an encouragement to consumers to establish a strong bond to use Grab. In the long run, this kind of bond allows Grab to understand carefully the expectations of consumers about their needs. Grab may increase customer satisfaction by maximizing a pleasant customer experience and minimizing or eliminating a customer experience that is less satisfying than the services provided. Consumers will see and feel various changes that will make Grab users safer, easier, and more affordable. Therefore, Grab must constantly improve the quality of its services to consumers on an up-to-date basis in order to increase consumer satisfaction. This research is in

line with the research conducted (Massie et al., 2022), (Adi, 2021), (Suratni & Mayasari, 2021) and (Ibrahim, 2019) which states that service quality has a positive and significant effect on consumer satisfaction. This shows that the higher the quality of service provided, the higher the consumer satisfaction will increase.

The Effect of Price on Consumer Satisfaction

The results of this study show that price has a positive and significant effect on consumer satisfaction in Grab application users in the city of Medan. Price is the amount of money that a customer must pay to benefit from owning or using a product or service (Daulay et al., 2021). The price paid by consumers will be compared with the benefits provided by the company so that it will cause a sense of satisfaction or dissatisfaction to consumers. Price affects consumer satisfaction in deciding to purchase a product or service due to several aspects, namely affordable prices for consumers and competitive prices. Consumers will consider affordable prices, if the price set is in accordance with the services provided, consumers will get satisfaction and will become loyal customers.

Currently, Grab always provides competitive prices for all services in its application. In addition, Grab often provides promotions in the form of discounts, price reductions and special prices to loyal users of the Grab application. This of course makes consumers feel more satisfied using Grab application services and creates loyal consumers who will continue to use the Grab application in the next time. Therefore, Grab must continue to maintain the pricing model in its application as it is today and further increase the value of its discounts in the future so that consumer satisfaction is maintained in the midst of other competitors who continue to try to set prices lower than the prices set by Grab. This research is in line with the research conducted by (Jufrizen et al., 2020), (Tombeng et al., 2019) (Nasution & Nasution, 2021) and (Nuraeni, 2021) which states that there is a significant influence of price on consumer satisfaction. This shows that the better the price offered, the higher consumer satisfaction will be.

The Effect of Convenience on Consumer Satisfaction

The results of this study show that convenience has a positive and significant effect on consumer satisfaction in Grab application users in the city of Medan. Easy of use defined as the level at which a person believes that the use of information technology is easy and does not require great effort from the user (Tjiptono & Fandy, 2018). Fast and easy use of an application is something that is urgently needed by consumers for time efficiency. The easier a technology is to use, the more satisfying it will be for its users.

Currently, Grab provides many conveniences for Grab application users to find public transportation that is much faster and more practical to meet all consumer needs. With the Grab application, consumers can shorten time, get convenience when using, get safety, and save costs. In addition, the Grab app It also has an application with a user-friendly system so that it provides convenience for consumers in using it. This convenience will affect the sense of satisfaction for consumers so that it will using the Grab app continuously in the future. The results of this study support the research conducted (Safrika et al., 2018), (Ilmiyah & Krishernawan, 2020) and (Nurvitasari & Dwijayanti, 2021) which shows that the perception of convenience has a significant positive effect on consumer satisfaction.

CONCLUSION

Service quality has a positive and significant effect on consumer satisfaction. Price has a positive and significant effect on consumer satisfaction. Convenience has a positive and significant effect on consumer satisfaction for Grab application users in the city of Medan. The advice that can be given is that Grab must further improve the quality of its service, pay attention to the prices given to consumers to make it more affordable, and continue to update the application so that it is easier to use by all people so that consumers in using the Grab application feel satisfied. The limitation of this study is that it only uses the variables of service quality, price and convenience in influencing consumer satisfaction in Grab application users in the city of Medan. For the next research, other variables that can affect consumer satisfaction can be used so that they can explain more about the factors that affect consumer satisfaction. The number of samples is also expected to be larger in order to represent the number of existing populations because in this study only 100 respondents are used, so it is likely that it cannot represent the existing population.

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