

## THE EFFECT OF PROMOTION AND SERVICE QUALITY ON CUSTOMER SATISFACTION

### (STUDY CASE ON GRAB INDONESIA IN 2021)

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**Abstract:** Customer satisfaction is a feeling of pleasure or satisfaction that arises after using or consuming a product or service. The purpose of this study is to determine the effect of promotion and service quality on Grab customer satisfaction partially and simultaneously. The sample used was *Accidental Sampling* with 100 respondents. The research method was Quantitative method using multiple regression analysis. The test results show that the influence of promotion and service quality on Grab service satisfaction is partially and simultaneously strong and significant.

**Keywords:** Promotion, Service Quality, Customer Satisfaction.

### Introduction

Indonesian government makes new regulations to reduce activities during the Pandemic. The government has implemented several rules such as Large-Scale Social Restrictions Law No. 21 of 2020 which requires people to stay at home. There are rules that must be obeyed by the local community such as reducing public crowds, social activities, the operation of entertainment venues, and the operational activities of transportation. Government also implements WFH (work from home) in teaching and learning activities for school and offices. Most people follow the health protocol that has been implemented by the government by limiting activities in public areas. These regulations cause boredom for many people because their daily activities are restricted. Therefore, people need a solution to be able to fulfil their needs, without against health protocols.

The solution to meet the needs of the people is by emerging an online-based platform that provides food delivery services that utilizing the development of communication technology, such as GO-JEK with Go Food features, GRAB with the GRABFOOD e and recently E-Commerce platforms such as SHOPEE also issued a food delivery feature called Shopee Food. Those food delivery service companies must have a strategy that provides promotions and good service quality so that customers feel satisfied.

GRAB is a company that provides online transportation services; Grab also provides food delivery service. According to Andre (2017) from the Financial Times, many people use GRAB because of the big discount it gives compared to other online motorcycle taxis. In meeting the satisfaction of its customers, Grab carries out various promotions and quality services. GRAB experienced a fairly difficult experience when the pandemic came, because of the decline of grab customers because the public was afraid of exposure to the virus. According to Neneng from Kompas, the delivery sector including food, groceries and logistics covers 50% of GRAB's current business. That is grab's main livelihood to take advantage as many cities restrict the movement of their people and many partners from GRAB are affected. GRAB maintains its company by running many projects namely, GRABmart and GRABassistant to reach many markets so that market traders can still sell their wares thanks to these two services. There is also GrabProtect, a health and hygiene standard that Grab driver-partners and customers must adhere to for those who use the shuttle feature.

Promotion is a company activity to improve the quality of its products and persuade consumers to buy their products (Ginting, 2011), According to (Kotler & Keller, 2016) Sales promotions are various short-term incentives to encourage trial or purchase of a product or service including consumer promotion. (Kotler & Keller, 2016) also argues that the indicators for promotion are “Advertising, Sales Promotion, Events and Experiences, Public Relations and Publicity (Online And Social Media Marketing)”. Online and social media marketing (Online and Social Media Marketing).

GRAB does a lot of promotion through many social media platforms. GRAB offers promos such as free shipping and price cuts on products / services.. However, Grab faces high competition from other companies that has similar services as Grab. In addition to promotions, Grab is also trying to improve services, such as requiring all their drivers to take part in Health Protocols. This is to make the customers feel safe while using GRAB services since many people are afraid of infected by viruses.

According to (Tjiptono, 2012) Service quality is the totality of characteristics and characteristics of a product or service that affect its ability to satisfy stated or implied needs. Parasuraman in (Rambat, 2013) said that service quality is the difference between reality and customer expectations for the service they receive. Service quality reflects the comparison between the level of service delivered by the company compared to customer expectations.

If a service performance can meet the expectations, customers will be satisfied. Meanwhile, if a service performance does not meet the expectations, the customer will be dissatisfied. Moreover, If a service performance is more than the expectations, the customer will be very satisfied or happy (Kotler et al., 2014). (Yamit, 2013) also said that customer satisfaction is an after-purchase evaluation or evaluation result after comparing what is felt as the expectations. Satisfaction is the level of feeling after comparing performance or perceived results with expectations according to (Sumarwan, 2019).

The purpose of this study is to determine how strong the influence of promotion and service quality on customer satisfaction of GRAB Online transportation service users.

### **Research Methods**

This study uses quantitative methods. This study is conducted to determine the effect of online transportation services through promotion and service quality on customer satisfaction. The approach used in this study is a quantitative approach because this research describes or explains

systematically, factually, and accurately. The study uses Accidental Sampling method with 100 respondents of GRAB online transportation service customers who fill out the questionnaire through Google-Form. The instrument test techniques used in this study are validity, reliability and multiple regressions.

### Discussion and Result

The data analysis determines the effect of Promotion ( $X^1$ ), Service Quality ( $X^2$ ), and customer satisfaction at GRAB Indonesia Company. The data was obtained by distributing questionnaires to 100 respondents of the users of Grab Indonesia Company services. The characteristics of respondents are 54% of customers are dominated by the age of 15 to 25 years that indicates the stage of maturity, so they can provide opinions while using GRAB Indonesia services. The writers provide an overview through descriptive statistics. Then the validity and reliability tests were then tested with classical assumptions which included normality tests (kolomogrov-smirnov, probability plots, histograms), heteroscedasticity tests (glejser, scatterplot) multicollinearity tests, followed by multiple linear regression analysis, "F" (simultaneous) test.

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Promotion	100	13	35	24.40	4.202
Quality Service	100	13	35	25.66	4.916
Customer Satisfaction	100	13	30	20.59	3.397
Valid N (listwise)	100				

Table 2. Validity test results

Variable	Question Items	R count	R Table	Value Sig.	Probability	Description
Promotion ( X1)	P1	0,616	0,194	0,000	0.05	Valid
	P2	0,637		0,000		Valid
	P3	0,626		0,000		Valid
	P4	0,653		0,000		Valid
	P5	0,672		0,000		Valid
	P6	0,643		0,000		Valid
	P7	0,689		0,000		Valid
Quality Service (X2)	P1	0,750	0,194	0,000	0,05	Valid
	P2	0,707		0,000		Valid
	P3	0,689		0,000		Valid
	P4	0,705		0,000		Valid
	P5	0,707		0,000		Valid
	P6	0,692		0,000		Valid
	P7	0,714		0,000		Valid
Customer Satisfaction (Y)	P1	0,732	0.194	0,000	0,05	Valid
	P2	0,675		0,000		Valid
	P3	0,651		0,000		Valid
	P4	0,665		0,000		Valid
	P5	0,679		0,000		Valid
	P6	0,640		0,000		Valid

Source: SPSS data processing results

Based on the results of the validity test, all X1 questionnaire statements are declared valid. Because (r count > r table) and sig < 0.05. r table 0.194 are obtained from  $DF = N - 2$  i.e.  $df = 100 - 2 = 98$ .

## Reliability Test

Table 3. Promotion Reliability test result X1

Cronbach's Alpha	N of Items
.682	7

Source: Results of SPSS

Based on the results of the reliability test, the Cronbach Alpha for the promotion variable (X1) is  $0.682 > 0.6$ . Thus it can be concluded that the variable X1 is Reliable

Table 4. Quality Service Reliability Test result X2

Cronbach's Alpha	N of Items
.741	7

Source: Results of SPSS

Based on the results of the reliability test, the Cronbach Alpha for the Service Quality variable (X2) is  $0.741 > 0.6$ . Thus it can be concluded that the variable X2 is Reliable.

Table 5. Customer Satisfaction Reliability test result Y

Cronbach's Alpha	N of Items
.714	6

Source: Results of SPSS

Based on the results of the reliability test, the Cronbach Alpha for the Customer Satisfaction variable (Y) is  $0.714 > 0.6$ . Thus it can be concluded that the Y variable is Reliable.

Table 6. Value Recapitulation X1

Question	Average	Rubric
Grab often gives promos	3,47	Good
Grab offers a variety of vouchers	3,82	Good
Grab provides vouchers with easy terms	3,39	Good Enough
Grab has more attractive voucher offers than other companies	3,58	Good
Grab provides rewards in the form of cashback to customers who use Ovo	3,43	Good
Grab often gives free shipping grab food	3,32	Good Enough
Grab provides 100% discount	3,27	Good Enough
Total	3,47	Good

Based on the results of the table above, respondents' perceptions of the Promotion variable have an average of 3.47 which is included in the criteria of quite well. Average - the highest average is the "GRAB offers a varied voucher" as much as 3.82 that qualify as well, while the lowest average was "GRAB providing discounted 100%" as much as 3.27 that qualify as good enough.

Table 7. Value Recapitulation X2

Question	Average	Description
Grab follows health protocols when delivering customers or food	3,82	Good
Grab has customer service that is ready to serve complaints	3,70	Good
GRAB prioritizes the comfort and safety of its customers.	3,83	Good
GRAB drivers are always well behaved and polite	3,51	Good
GRAB app is easy to use	3,75	Good
GRAB drivers look neat according to the rules	3,54	Good
GRAB provides an easy place of communication between customers and drivers through the application	3,50	Good
Total	3,67	Good

Source: Results of data processing

Based on the results of the table above, respondents' perceptions of the Promotion variable have an average of 3.67 included in the Good criteria. The highest average is "GRAB prioritizes the comfort and safety of its customers." as many as 3.83 which meet the good criteria, while the lowest average is "GRAB provides an easy place for communication between customers and drivers through an application of 3.50 which meets the good criteria.

Table 8. Value Recapitulation Y

Question	Average	Description
I am satisfied with the quality of GRAB service	3,31	Good Enough
I feel GRAB meets my needs	3,44	Good
If you want to use an online motorcycle taxi, I prefer GRAB	3,51	Good
I am satisfied with the promotion given by GRAB	2,80	Not Good
When I want to order food, I always use GRABFOOD because I get a discount	3,83	Good
I recommend to my friends and family to use GRAB	3,70	Good
Total	3,43	Good

Based on the above results, respondents' perceptions of the Promotion variable have an average of 3.83 included in the Good criteria. The highest average is "When I want to order food, I always use GRABFOOD because I get a discount" as much as 3.82 which meets the

good criteria, while the lowest average is "I am satisfied with the promotion given by GRAB" as much as 2.80 which fit the criteria of Not good.

**Classical Assumptions Test**

The result shows in table 9 is the Kolmogorov-Smirnov value of 0.200. The value is greater than 0.5 (Normal), means the data of this study was normally distributed. It is concluded that the model meets the assumption of normality.

**Table 9. Normality Test result**

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		100
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	1.50414630
Most Extreme Differences	Absolute	.066
	Positive	.039
	Negative	-.066
Test Statistic		.066
Asymp. Sig. (2-tailed)		.200 <sup>c,d</sup>

Source: SPSS results

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.

**Table 10. Multicollinearity Test Result**

Coefficients <sup>a</sup>								
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
Model 1	(Constant)	-.791	.844		-.937	.351		
	Promotion	.358	.102	.370	3.525	.001	.106	9.459
	Service Quality	.532	.096	.584	5.570	.000	.106	9.459

Source: SPSS results

- a. Dependent Variable: Customer Satisfaction



Based on the results of the multicollinearity test, the basis for making decisions for the multicollinearity test is the Tolerance value is more than 0.1 and the VIF value is less than 10. The results from the table above the independent variable has a tolerance value  $> 0.1$  and VIF is less than 10, so it can be interpreted that the data does not occur multicollinearity.

**Table 11. Heteroskedasticity Test Result**

Model		Coefficients				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.017	.526		3.834	.000
	Promotion	-.033	.063	-.158	-.514	.608
	Service Quality	-.002	.060	-.008	-.026	.979

Source: SPSS results

a. Dependent Variable: RES2

Sig test criteria  $> 0.05$

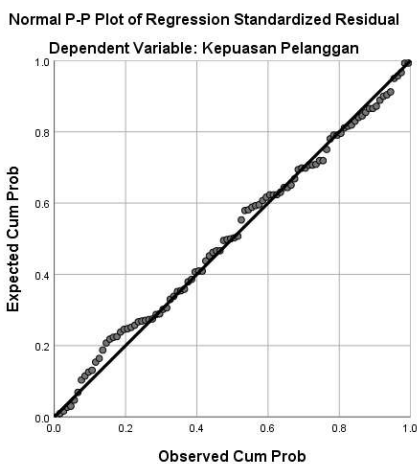
The results obtained:

1. Promotional Sig Value (X1) is  $0.608 > 0.05$
2. Service Quality Sig Value (X2) is  $0.979 > 0.05$

From the results of the independent variable Sig value greater than 0.05, which means there is no symptom of heteroscedasticity.

### Plot Probability Test

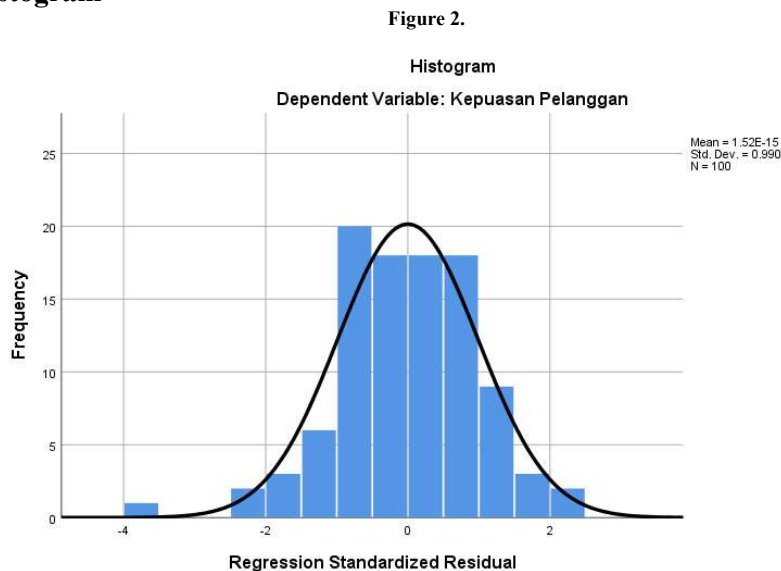
Figure 1.



Source: SPSS results

The picture above shows the results of the Heteroscedasticity test. The test results show that the regression model is normally distributed, because the points spread around the diagonal and spread evenly following the diagonal direction.

**Histogram**



The histogram test results show that the regression model is normally distributed, because the data results are bell-shaped and follow the direction of the diagonal line or histogram graph.

**Multiple Regression Analysis**

Table 12. Multiple Linear Regression analysis Test

Model		Coefficients <sup>a</sup>				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.791	.844		-.937	.351
	Promotion	.358	.102	.370	3.525	.001
	Service Quality	.532	.096	.584	5.570	.000

Source : SPSS Result

a. Dependent Variable: Customer Satisfaction

From the table above, the values is as follows:

Konstanta	( a )	= -0,791
Promotion	(X1)	= 0,358
Service Quality	(X2)	= 0,531

$$Y = -0,791 + 0,358 X1 + 0,532 X2$$

Based on the table above, it was found that the multiple linear regression equation is  $Y = -0.791 + 0.358 X1 + 0.532 X$ . In interpreting the results of the multiple linear regression equation for each of the values stated, in this case it can be explained that the value of constant (a) is obtained at -0.791 indicates that if Promotion, Service Quality, is equal to 0 (zero), then the customer satisfaction of GRAB transportation service users is -0.791.

The promotion variable has a coefficient value of 0.358, indicating that Promotion has a positive effect on GRAB Customer Satisfaction, if Promotion increases by 1 point, Customer Satisfaction increases by 0.358.

The service quality variable has a coefficient value of 0.532, indicating that service quality has a positive effect on GRAB customer satisfaction, if service quality increases by 1 point, customer satisfaction increases by 0.532.

The effect of promotion on customer satisfaction obtained by t count is  $(3.525) > t$  table  $(2,000)$  with a significant level of  $0.001 < 0.005$  Thus,  $H_0$  is rejected and  $H_a$  is accepted, which means that the promotion variable has a positive effect on customer satisfaction.

The effect of Service Quality on Customer Satisfaction obtained by t count is  $(5.570) > t$  table  $(2,000)$ , so that  $H_0$  is totalled and  $H_a$  is accepted. It means that the variable of Service Quality has a positive effect on Customer Satisfaction.

Table 13. R Square Result

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.942a	.887	.885	1.520

Source: SPSS result

a. Predictors: (Constant), Service Quality, Promotion

b. Dependent Variable: Customer Satisfaction

The table above shows the Adjusted R Square (Summery Model) is 0.885 (88.5%) and is found out that the percentage of the influence of the Promotion variable ( $X^1$ ), Service Quality ( $X^2$ ) on the Customer Satisfaction Variable (Y) produces the effect of customer satisfaction of 88,5%.

### F Test (SIMULTAN)

The test determines the effect of the Independent variable (X) on the Dependent variable (Y) simultaneously (SIMULTAN)

**Table 14. F Test Result**  
ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1760.057	2	880.028	381.112	.000 <sup>b</sup>
	Residual	223.983	97	2.309		
	Total	1984.040	99			

Source : SPSS Result

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Service Quality, Promotion

The basis of decision making Sig < 0.05 has a significant effect. SPSS output results above the Sig value of 0.000, F count of 381.112 and f table of 3.09 (significance 5%).

f count > f table = 381.112 > 3.09 Ho is rejected Ha is accepted so that it has a simultaneous effect. It means that Promotion variable ( $X^1$ ), Service Quality ( $X^2$ ) on Customer Satisfaction (Y) have a significant effect simultaneously.

How to calculate F table: sample – The number of variables -1 is 100 – (3-1) = 98

### Conclusion

Based on the results of the research conducted, the writers can draw the following conclusions;

Promotion has a positive and significant effect on customer satisfaction. It means if the promotion offered by GRAB Company increases, Customer satisfaction will also experience a significant increase. It is concluded that many customers are satisfied with the promotions provided by GRAB Company.

Service quality has a positive and significant effect on customer satisfaction. So if the quality of service increases, Customer satisfaction will also experience a significant increase. It means that many customers are satisfied with the services provided by the GRAB.

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