

Influence of Sales Promotion and Service Quality on Consumer Purchasing Interest in Grab's Online Transportation Services: A Case Study Among Students at Universitas Negeri Medan.

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Abstract: This study aims to conduct a thorough investigation and analysis of the profound impact of two primary factors on consumer purchase intention in adopting the Grab online transportation service. The research took place within the premises of Universitas Negeri Medan and involved 169 students as the primary subjects. Data collection employed a questionnaire with a five-point scale to uncover consumer perceptions and preferences. The sampling technique utilized was proportional random sampling, ensuring the sample represented the population variations among students. Before widespread use, the questionnaire instrument underwent pilot testing on respondents outside the sample to measure its validity and reliability, ensuring the precision and dependability of the measurement tool. Instrument validity was assessed through the Product Moment correlation method, while reliability was tested via the calculation of Cronbach's Alpha coefficient. Preceding hypothesis testing, several prerequisite analyses were conducted, including data normality testing to ensure the data used in analysis adhered to appropriate distribution, and regression linearity testing to examine the linearity of relationships between variables. The findings of the study indicate that, firstly, sales promotion strategies have a significant positive impact on consumer purchase intention towards the Grab online transportation service. Secondly, service quality also possesses a robust positive influence on consumer purchase intention. By endorsing the proposed hypotheses, this research successfully formulated a robust theoretical model, delineating the framework of causal relationships between sales promotion, service quality, and consumer purchase intention in the context of utilizing the Grab online transportation service within the Universitas Negeri Medan environment. These findings offer valuable insights into the factors shaping consumer preferences and behaviors in selecting online transportation services

Abstrak: Studi ini bertujuan untuk melakukan investigasi dan analisis mendalam terhadap dampak dari dua faktor utama terhadap niat pembelian konsumen dalam mengadopsi layanan transportasi online Grab. Penelitian ini dilakukan di lingkungan Universitas Negeri Medan dan melibatkan 169 mahasiswa sebagai subjek utama. Pengumpulan data menggunakan kuesioner dengan skala lima poin untuk mengungkap persepsi dan preferensi konsumen. Metode pengambilan sampel yang digunakan adalah proporsional random sampling, memastikan sampel mewakili variasi populasi di antara mahasiswa. Sebelum digunakan secara luas, instrumen kuesioner diuji coba pada responden di luar sampel untuk mengukur validitas dan reliabilitasnya, memastikan ketepatan dan keterandalan alat ukur. Validitas instrumen dinilai melalui metode korelasi Product Moment, sementara reliabilitas diuji melalui perhitungan koefisien Alpha Cronbach. Sebelum pengujian hipotesis, beberapa analisis persyaratan dilakukan, termasuk pengujian normalitas data untuk memastikan data yang digunakan dalam analisis



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sesuai dengan distribusi yang tepat, dan pengujian linearitas regresi untuk memeriksa linearitas hubungan antar variabel. Temuan penelitian menunjukkan bahwa, pertama, strategi promosi penjualan memiliki dampak positif yang signifikan terhadap niat pembelian konsumen terhadap layanan transportasi online Grab. Kedua, kualitas layanan juga memiliki pengaruh positif yang kuat terhadap niat pembelian konsumen. Dengan mendukung hipotesis-hipotesis yang diajukan, penelitian ini berhasil merumuskan model teoretis yang kuat, menggambarkan kerangka hubungan kausal antara promosi penjualan, kualitas layanan, dan niat pembelian konsumen dalam konteks pemanfaatan layanan transportasi online Grab di lingkungan Universitas Negeri Medan. Temuan ini memberikan wawasan berharga tentang faktor-faktor yang membentuk preferensi dan perilaku konsumen dalam memilih layanan transportasi online.

INTRODUCTION

In the current era of the Fourth Industrial Revolution, advancements in information technology, particularly the internet, continue to reshape various aspects of life. These changes significantly influence daily routines and the fulfillment of needs, with the role of digital technology becoming inevitable (Marwiyah, 2022). In Indonesia, internet users have been consistently increasing year by year (Hamzah et al, 2021). According to a survey conducted by the Association of Indonesian Internet Service Providers (APJII) in 2021, more than 196 million people, or 73.7% of the population, have gained access to the internet. This phenomenon of technological development also impacts societal behaviors, gradually adapting to these changes. The transformation encompasses various facets, ranging from meeting daily needs to engaging in the business world. One of the business sectors experiencing rapid growth is transportation services, particularly in the realm of car and motorbike services once commonly referred to as "taxis." In this context, cutting-edge technology plays a pivotal role in altering the business landscape. The transportation business has undergone a transformation through the utilization of online applications (Agavanakis et al, 2022). This innovation allows prospective consumers to easily book transportation services at more affordable rates. The use of online applications also instills a sense of security among consumers, especially when using online-based public transportation services (Zhang, 2023). The results of a survey by APJII involving 7,000

respondents in 2020 revealed that the most popular online transportation service was Grab, chosen by 21.3% of the respondents. With the introduction of this innovation, the transportation business has successfully kept pace with technological trends, garnering positive responses from the public. With its open platform concept, Grab has united partners to uplift the lives of users across Southeast Asia. During 2016 and 2017, Grab secured the second position, trailing behind Gojek in first place. In 2018, Grab claimed the top spot, outperforming Gojek, but in 2019, Grab slipped to second place once again, yielding to Gojek's lead.

Promotions, alongside pricing, significantly shape consumer buying behavior. The sales price stands as a decisive factor in triggering consumer interest. According to Kotler & Armstrong (2012), the sales price reflects the amount charged for a product or service, representing the value consumers exchange to obtain or utilize said product or service. In the context of Grab, data analysis reveals that in 2020, Grab Car was priced at Rp7,000 per kilometer, Grab Bike at Rp2,650, and Grab Food at Rp3,000 during non-peak hours. However, increased order volumes, high user activity, or adverse weather conditions resulting in fewer available drivers can lead to automatic price increases, causing longer wait times and potentially affecting Grab's brand perception.

Kotler and Armstrong (2012) emphasize that pricing is the monetary value set for purchasing goods or services, benefiting the company. Price determination is influenced by various factors, including the targeted

market segment. To boost sales, companies often employ promotional strategies to disseminate information.

Central to pricing decisions is striking the right balance to ensure customer satisfaction without causing disappointment. This aligns with Luo & Chung's (2015) assertion that pricing strategies aim at creating conscious yet non-binding relationships with buyers. Anggriana's (2017) study further confirms the positive and significant impact of pricing on customer satisfaction in the online motorcycle taxi service industry.

Service quality entails meeting the desired level of excellence and controlling it to meet customer needs. Tjiptono & Gregorius (2016) identify five key factors determining service quality: tangibility, empathy, responsiveness, reliability, and assurance. In Grab's context, service quality profoundly affects customer interest. Sari's (2019) research confirms the positive and significant influence of service quality on brand image.

Service quality provided by Grab hinges on its drivers. Courteous driver behavior contributes to positive customer satisfaction, bolstering consumer interest, while the opposite can negatively affect Grab's reputation. Thus, Grab's service quality is inherently tied to driver conduct.

Grab has undertaken extensive promotional efforts, utilizing channels like social media and its proprietary app to reach a wide audience. These promotions often offer discounts through promotional codes. Kasmir (2016) affirms that promotions effectively attract and retain customers, while Assauri (2014) defines promotions as activities aimed at influencing customers to generate demand for products or services.

Kotler & Armstrong (2012) outline five primary promotional tools: advertising, promotions, public relations, personal selling, and direct selling. Simanjuntak & Ardani's (2018) research resonates with this, confirming the positive and significant impact of promotions on user interest in Uber Taxi services in Denpasar. Consumer

buying interest serves as the cornerstone for service companies. According to Tjiptono (2016), high consumer interest fosters strong seller-customer relationships. Satisfied customers are more likely to make repeat purchases, leading to sustained high interest and loyalty, ultimately benefiting the company.

METHOD

In this study, we employ a quantitative research approach, specifically utilizing the *ex post facto* method. Referring to Kerlinger's perspective (2015: 188), non-experimental research embodies a systematic empirical investigation where researchers lack direct control over independent variables due to their manifestations having already occurred or due to inherent variable characteristics that preclude manipulation. To explore relationships among various variables, we employ path analysis as our analytical tool.

The study population comprises students from the Faculty of Economics (FE) at Universitas Negeri Medan. With a total of 12 classes and an overall student count of 294, this cohort forms the research's population. Within this context, we utilize the sampling technique based on the Slovin formula as elucidated by Riduwan (2012:49), providing a foundation for appropriate sample selection.

$$n = \frac{N}{1 + (N \cdot d^2)}$$

Explanation:

n = Sample size

N = Population

d = Margin of error

For a population N = 294, and a margin of error d of 0.05, the sample size is calculated as follows:

$$n = \frac{294}{1 + (294 \cdot (0,05)^2)}$$

$$n = \frac{294}{1,735}$$

$$n = 169,452$$

n = 169

Based on the formula above, the research sample size is determined to be 169 students.

Adopting a quantitative approach, we aim to delve into the relationships among the involved variables. The ex post facto method affords us the ability to analyze existing data, uncovering patterns of association among these variables. As such, the research's objective revolves around identifying and comprehending potential relationships among the observed variables.

Path analysis, serving as our chosen analytical technique, enables us to depict and scrutinize the extent to which one variable influences another. Through this approach, we stand to gain deeper insights into the dynamics that might unfold among the investigated variables.

By employing this methodology, our aspiration is to contribute a more comprehensive understanding of the relationships among the pertinent variables within the context of this research. Consequently, we envisage that the outcomes of this study can offer a more profound and scholarly perspective on the phenomena under scrutiny within the student population of the Faculty of Economics at Universitas Negeri Medan.

RESULTS

In essence, the scrutiny of normality stands as a pivotal step in validating research findings. By evaluating the normality of data distribution, we ensure the robustness and credibility of subsequent analyses and inferences. The utilization of the Liliefors Normality Test and the systematic process outlined here lay a solid scientific foundation for our comprehension of the distribution characteristics of the variables under investigation. The evaluation of normality tendencies in research data demands a meticulous process, and within this study, we employ the Liliefors Normality Test. This test involves comparing the largest Liliefors value, termed as Liliefors count (L count),

with the corresponding critical Liliefors value, denoted as Liliefors table (L table), at a predetermined significance level of $\alpha = 0.05$. The formulated hypotheses are as follows:

H₀: The regression outcomes are not normally distributed. H_a: The regression outcomes are normally distributed.

In conducting this normality test, we employ the Z Table. The determination of data normality for each variable under examination adheres to the following criteria:

- a. If L count < Ltable at a 5% significance level: In this scenario, the data distribution is likely to originate from a population with a normal distribution, leading us to accept the alternative hypothesis (H_a).
- b. If L count > Ltable at a 5% significance level: In this context, the data distribution is unlikely to stem from a population with a normal distribution, prompting us to accept the null hypothesis (H₀).

Based on the outcomes of our normality evaluation calculations, we compile a summarized result, particularly concerning the examination of data distribution normality for each variable. The variables under consideration encompass Sales Promotion (X1), Service Quality (X2), and Consumer Interest in Grab's Online Transportation (X3), as elucidated in Table 1 below.

Table 1. Summary of Liliefors Normality Test Calculations

No.	Variable	N	L count	Ltable	conclusion
1	X3 over X1	169	0.0614	0,0682	Normal
2	X3 over X2	169	0.0455	0,0682	Normal

In delving deeper into comprehending the framework of the acquired data, we delve into the aspect of data distribution abnormality that has been captured. This approach, facilitated through the Normality Test of Data, enables us to contemplate the quality and characteristics of the data under our scrutiny. As a result, with utmost confidence, we present findings that provide a profound understanding of the validity and

strength of our analysis. In the initial phase of examination, we found that the Normality Test of Data for Variable X3 against X1 in the table above unequivocally shows that the Lhitung value falls below the critical Ltable value (5%). Through mathematical calculations of the Liliefors Normality Test, Lhitung = 0.0614, and Ltable = 0.0682. Hence, we legitimately accept the null hypothesis, Ho, at the significance level of $\alpha = 0.05$. This interpretation implies that the data distribution adheres to normality, consequently leading us to conclude that the distribution of data for the variable "Consumer Interest in Grab's Online Transportation Service (X3)" concerning "Sales Promotion (X1)" does not exhibit significant deviation from normal distribution. Meanwhile, in the Normality Test of Data for Variable X3 against X2, the L count value also demonstrates a figure lower than the critical L table value (5%). Upon computation of the Liliefors Normality Test statistics, it was determined that L count = 0.0455, and L table = 0.0682. Once again, this outcome steers us to accept the null hypothesis, Ho, at the significance level of $\alpha = 0.05$. This implies a comprehension that the data distribution conforms to a normal distribution pattern. Consequently, a robust inference can be drawn that the distribution of data for the variable "Consumer Interest in Grab's Online Transportation Service (X3)" concerning "Sales Promotion (X1)" and "Service Quality (X2)" does not demonstrate significant variance from normal distribution.

Through the exposition of the results of the Normality Test, we not only acknowledge the validity of our findings but also underscore the richness in the quality of our research approach. The meticulous validation of data distribution abnormality provides a solid scientific foundation for the inferences we intend to design further. To affirm the strength and precision of our conclusions, we can place our trust in the utilization of the Liliefors Normality Test along with the structured analytical methods that have been employed throughout this research endeavor.

Testing Linearity and Validity of Regression Equation

A concise summary of the linearity test and validity test of the regression equation for each pair of exogenous and endogenous variables was conducted using the calculations derived from SPSS for Windows version 21. The results are presented in Table 2 below.

No	Variable eksogen ke variable endogen	Uji linieritas			Uji keberartian regresi		
		fn	Sig	status	fn	Sig	status
1	X1 atau x1	0.908	0,639	linier	49,023	0,000	berarti
2	X2 atas X2	1,293	0.140	linier	68,295	0,000	berarti

Upon careful examination of the summarized calculations presented in Table 2 above, it becomes evident that in the linearity test, the magnitudes of the Fh values all exhibit significance levels (sig.) greater than 0.05. This compelling observation leads to the inference that every pair of exogenous and endogenous variables maintain a linear relationship. Delving deeper into the validity test of the regression equation, the revelation stems from the fact that the Fh values corresponding to all pairs of exogenous and endogenous variables showcase significance levels (sig.) below 0.05. Consequently, it can be confidently asserted that the regression coefficients hold meaning.

Hence, the results gleaned from this comprehensive analysis collectively signify that all instances of linear regression maintain substantial significance. Moreover, this validity is established with a significance level denoted by $\alpha = 0.05$. In essence, the interplay of exogenous and endogenous variables is intricately captured within the realm of linear relationships, and the coefficients extracted from these relationships possess statistical and practical significance. The combination of these assessments further strengthens the foundation of the analytical framework adopted in this study. By confirming both the linearity and the meaningfulness of regression coefficients, the findings not only enhance our understanding of the relationships between variables but also underscore the reliability of the results

generated through rigorous statistical examination.

DISCUSSION

Sales promotion directly and positively impacts consumer interest in Grab's online transportation services at Universitas Negeri Medan. This means that improving sales promotion will enhance consumer interest in using Grab's online transportation services on campus. This conclusion is drawn from hypothesis testing, where the path coefficient ρ_{31} is 0.225, the t-value is 3.412, and the significance level is 0.001. (Hypotheses are accepted when the t-value significance is <0.050 .) Thus, the significant direct effect of sales promotion on consumer interest in Grab's online transportation services at Universitas Negeri Medan is 0.050. This coefficient indicates that a one-unit increase in the sales promotion variable results in a 0.050 unit increase in consumer interest in Grab's online transportation services, assuming other variables remain constant. This signifies a 5% impact of sales promotion on consumer interest. Comparing path coefficient values within the substructure, the influence of the sales promotion variable on consumer interest in Grab's online transportation services ranks second among exogenous variables. Higher sales promotion levels correspond to increased consumer interest, while lower levels reduce interest. The quality of service has a direct and positive influence on the consumer purchase intention of Grab's online transportation services at Universitas Negeri Medan. This implies that an improvement in service quality will enhance the consumer's inclination to purchase Grab's online transportation services on the campus. This conclusion is drawn from hypothesis testing with a path coefficient ρ_{54} of 0.265 and a t-value of 3.627, yielding a significance level of 0.000. Consequently, the direct impact of service quality on the consumer purchase intention of Grab's online transportation services at Universitas Negeri Medan is determined to be 0.070. This coefficient signifies that a one-unit increase in the service quality variable will result in a 0.070-unit increase in the consumer's purchase intention of Grab's

online transportation services, assuming other variables remain constant. This indicates a significant 7% influence of service quality on the consumer purchase intention. Within the structural analysis framework, the impact of the service quality variable on the consumer purchase intention holds a prominent position compared to other exogenous variables (such as sales promotions). The findings suggest that as service quality improves, the consumer's purchase intention towards Grab's online transportation services also rises. Conversely, a lower service quality corresponds to a decline in the consumer's purchase intention.

Therefore, fluctuations in the consumer purchase intention of Grab's online transportation services at Universitas Negeri Medan can be attributed to the varying levels of provided service quality (Parhusip, A. A. 2022). . Through theoretical review and the analysis of exogenous and endogenous variables related to the consumer purchase intention of Grab's online transportation services, a suitable model has been identified that fits the data and is ready for adaptive implementation within the Universitas Negeri Medan environment.

CONCLUSION

Based on empirical observations, an adaptive model for consumer purchasing interest in Grab's online transportation services has been implemented at Universitas Negeri Medan. This model is constructed through associative causal relationships between sales promotion and service quality variables and the endogenous variable, Consumer Purchasing Interest. The model reveals that sales promotion has a direct positive impact on consumer purchasing interest, suggesting that stronger promotion enhances interest. Similarly, service quality also exerts a direct positive influence on consumer purchasing interest, indicating that improved quality boosts interest in the services.

SUGGESTION

Based on the research findings regarding the influence of sales promotion and service quality on consumer purchasing interest in Grab's online transportation services among Universitas Negeri Medan students, several key recommendations emerge. First, Grab should enhance its sales promotion strategies through tailored campaigns and exclusive offers to specifically target the student demographic. Second, prioritizing and consistently improving service quality is crucial to maintaining and increasing consumer interest. Additionally, Grab can benefit from personalized marketing, continuous monitoring of consumer preferences, and building partnerships with educational institutions. Technological innovation, long-term customer relationship-building, and educational campaigns are also recommended strategies. Lastly, benchmarking industry best practices and conducting further research for longitudinal insights can contribute to sustained growth and enhanced consumer engagement in Grab's services.

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