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THE INFLUENCE OF SERVICE QUALITY, PRICE AND PROMOTION ON GRAB CUSTOMER LOYALTY IN WEST MEDAN DISTRICT

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ABSTRACT

This study examines the influence of service quality, price, and promotion on Grab customer loyalty in West Medan District. Using a descriptive quantitative method with data from 95 customers and analysis using IBM SPSS Statistics version 26, it was found that the quality of service and promotion had a positive impact, while the price had a negative impact on customer loyalty. Overall, these three variables have a positive impact on Grab customer loyalty.

KEYWORDS:- Service Quality, Price, Promotion, Customer Loyalty.

1. INTRODUCTION

I.1 Research Background

Online transportation has a contribution to economic development in the distribution of goods, services, and labor. With *online* transportation, we can find motorcycle taxis easily, motorcycle taxi drivers can pick up customers directly to the customer's location and can deliver customers to their desired destinations only through *a Smartphone application. The online* motorcycle taxi application provides a comfortable, effective, and easy choice for potential customers. With this application, customers do not need to haggle because the price is already listed on the application.

An example of *online* transportation in Indonesia is Grab, one of the technology companies that launched a public transportation application that includes two-wheeled and four-wheeled electric vehicles. In addition, the vehicle belongs to partners who participate in PT Grab Indonesia. City residents are now in dire need of transportation. New technology can help people who still need easy transportation, but are lazy to drive their own car. By touching the smartphone screen, customers can call a convenient car.

Loyalty is very necessary as a form of a consumer's sense of consistency towards a product or service. From the results of interviews with several existing Grab application customers, Grab application customers also sometimes still use other transportation applications other than Grab such as Maxim, In Driver and Gojek. This proves the low loyalty of Grab application customers.

The quality of service is very important to increase loyalty. By being given good service, of course, customers or customers will become more loyal. The quality of service provided by Grab is not so good, from the existing findings, where there are still drivers who are not friendly and do not apply smiles and greetings to customers who use Grab transportation services.

Price is a very important factor in the consideration of *customers of online* transportation applications such as Grab to remain loyal. Therefore, price setting must be able to compete with its competitors, especially in setting tariffs. From the results of observations made, Grab price rates are more expensive than other online transportation means such as Maxim, In Driver and Gojek.

Promotion is indeed very necessary to introduce products and services to the public at large. One way to improve promotion through its quality. One of the promotional methods carried out by Grab is by offering vouchers for transportation fee discounts, which now vouchers in the form of promo codes are rarely given by Grab to Grab application customers. From the above problems, the researcher is interested in making a title "The **Influence of Service Quality, Price and Promotion on Grab Customer Loyalty in West Medan District**".

I.2 Problem Identification

All problems in the background are derived into problem identification, namely:

1. The low loyalty can be seen from the customers of the Grab application who also sometimes still use other transportation applications besides Grab such as Maxim, In Driver and Gojek.
2. The low quality of service can be seen from the fact that there are still drivers who are not friendly and do not apply smiles and greetings to customers who use Grab transportation services.
3. The low price can be seen from Grab's price rates are more expensive than other online transportation tools such as Maxim, In Driver and Gojek.
4. The low promotion can be seen from the vouchers in the form of promo codes that are rarely given by Grab to Grab application customers.

I.3 Problem Formulation

From the above identification, a problem formulation can be made, namely:

1. Does the quality of service have an impact on Grab customer loyalty in West Medan District?
2. Does the price impact the loyalty of Grab customers in West Medan District?
3. Does the promotion have an impact on Grab customer loyalty in West Medan District?
4. Does the quality of service, price, and promotion have an impact on Grab customer loyalty in West Medan District?

I.4 Theory of Service Quality

I.4.1 Definition of Service Quality

According to Tjiptono (2016), service quality is the expected level of excellence and management to meet customer needs.

I.4.2 Service Quality Indicators

Ratnasari & Aksa (2011) revealed several indicators of service quality; the first is Reliability, then Responsiveness, then Guarantee, then Attention and finally Physical Evidence.

I.5 Theory of Price

I.5.1 Price Definitions

According to Venessa and Arifin (2017), price is one of the components of the marketing mix and plays an important role in the marketing activities of sellers and buyers.

I.5.2 Price Indicators

4 (four) price indicators were revealed by Tjiptono (2016), including: Price Affordability. Suitability of price with product quality. Price Suitability with Benefits and Price Competitiveness.

I.6 Theory of Promotion

I.6.1 Definition Promotion *Promotion is* the company's activity in conveying information to customers/the company's target market, aiming to make customers interested in buying the product (Kotler&Keller, 2016).

I.6.2 Promotion Indicators

Promotion indicators from Kotler and Keller (2016), namely: Promotion Reach. Quality Promotion. Promotion Quantity. Promotion Timing and Accuracy of Promotion Goals.

I.7 Theory of Customer Loyalty

I.7.1 Definition of Customer Loyalty

Customer loyalty is the action of customers to buy back a product regularly (Kotler&Keller, 2016).

I.7.2 Customer Loyalty Indicators

There are 5 indicators of customer loyalty put forward by Griffin (2016): Making purchases repeatedly and regularly. Purchase services/services on a continuous basis on the services offered by the company. Buying outside the service line. Refer to others and Demonstrate immunity to the attraction of competitors.

I.8 Conceptual Framework

By referring to the description, a conceptual framework is prepared as a guide in the development of the flow of thought, shown in the conceptual framework below:

Figure 1.1. Conceptual Framework

I.9 Hypothesis

Based on the conceptual framework above, several hypotheses can be formulated as follows.
Q1 : The quality of the waiter has an impact on customer loyalty.

Q2 : Price has an impact on customer loyalty.
Q3 : Promotion has an impact on customer loyalty.
Q4 : The quality of service, prices and promotions have an impact on customer loyalty.

2. CHAPTER II RESEARCH METHODS

II. Place and Time of Research

The research was carried out within 4 months from July 2023 to October 2023. The author made observations on Grab application users located in West Medan district.

II.1 Research Methods

II.1.1 Research Approach

The approach used is a quantitative approach with randomly taken samples and data collected through surveys. The analysis was carried out statistically to test the hypothesis (Sugiyono, 2017).

II.2 Research Population and Sample

The population in this study consists of Grab application customers in West Medan District.
In this study, the researcher adopted a sample calculation formula based on the method described by Hair et al. (2010), where the minimum number of samples was five times the number of indicators used. With 19 indicators, the results of the sample calculation of 95 respondents were obtained.

II.3 Data Collection Techniques

In the collection process, the author distributes questionnaires to collect data.

II.4 Research Data Sources

The data sources in this study include:

- Primary Data: Information obtained directly from respondents through questionnaires and interviews.
- Secondary Data: Information collected from books, magazines, financial statements, and articles.

II.5 Operational Definition of Research Variables

Table II.1 Operational Definition of Variables

II.6 Test Research Instruments

II.6.1 Validity Test

The validity test was intended for 30 consumers who were not a sample to assess how valid the data from the questionnaire was. By comparing the indigo calculation > the table value is 0.3610.

II. 6.2 Reliability Test

According to Sugiyono (2017), the appropriate reliability coefficient value is 0.6 or higher (strong) or 0.8 or higher (very strong).

II.7. Classical Assumption Test

II.7.1 Normality Test: This test is performed to determine if the distribution of variables in the regression model is close to normal.

II.7.2 Multicollinearity Test: This test aims to measure the correlation between independent variables in the regression model.

II.7.3 Heteroscedasticity Test: This test is used to check for the presence of residual variance inequality in the regression model.

II.8 Research Data Analysis Model

II.8.1 Multiple Linear Regression Analysis

Here is the equation of Multiple Linear Regression:

$$Y= a+b_1X_1+b_2X_2+ b_3X_3+e$$

Description:

Y: Loyalty. a : Constant. b1,-b3: Regression Coefficient.

X1 : Service Quality.

X2 : Price. X3 : Promotion.

e : *Standard Error*.

II.8.2 Coefficient of Determination

A Coefficient of Determination value close to 1 indicates a more accurate prediction. The use of adjusted R2 is recommended because it adjusts to changes in independent variables (Ghozali, 2016).

II.8.3 Test t (Partial)

The t-test was used to evaluate the partial influence of independent variables on dependent variables by comparing the t-value of the calculation and the t-table at a significance level of 5%.

1. If the calculated t is smaller than the table t and the significance value is more than 0.05, then the independent variable does not have a significant influence on the dependent variable.
2. If the calculated t is greater than the table t and the significance value is less than 0.05, then the independent variable has a significant influence on the dependent variable.

II.8.4 Test F (Simultaneous)

The F test was used to evaluate the combined impact of independent variables on the dependent variables by comparing the F value of the calculation and the F table at a significance level of 5%.

- If the calculated F is smaller than the F of the table and the significance value exceeds 0.05, then the independent variable as a whole does not have a significant impact on the dependent variable.
- If the calculated F is greater than the F of the table and the significance value is less than 0.05, then the independent variables collectively have a significant impact on the dependent variables.

3. CHAPTER III RESEARCH RESULTS AND DISCUSSION

III.1. Research Results

III.1.1. Grab Overview

Grab is a public transportation service with an application that includes two-wheeled and four-wheeled vehicles. With the help of the passenger app, it is easy to find a driver who will deliver them to their destination without having to wait for a long time. The vehicles used are owned by

partners who are members of Grab. Since its inception in 2011, Grab has grown rapidly until 2017, becoming the most efficient transportation solution in Southeast Asia.

III.1.2. Vision & Mission

Grab's vision is to lead Southeast Asia by tackling transportation issues and making mobility easier for the region's 620 million people. To achieve this vision, Grab is also committed to three main missions.

1. Create the safest stage of transportation.
2. Ensuring that everyone has access to good transportation services.
3. Raising the standard of living for all partners.

III.1.3. Respondents' Responses to Research Variables

Table III.1.
Respondents' Responses to Service Quality Variables

It	Statement	S.S		S		K.S		T.S		S.T.S	
		Jlh	%	Jlh	%	Jlh	%	Jlh	%	Jlh	%
1.	I rarely experience delays when using the service Grab.	30	31,6	30	31,6	35	36,8	-	-	-	-
2	Grab always comes on time to pick up customers.	37	38,9	23	24,2	35	36,8	-	-	-	-
3	I often get a quick response after booking Grab services.	35	36,8	30	31,6	30	31,6	-	-	-	-
4	Grab is very efficient in responding to complaints or problems that I convey.	42	44,2	33	34,7	16	16,8	4	4,2	-	-
5	Grab's services are very safe and secure to use.	29	30,5	31	32,6	35	36,8	-	-	-	-
6	I believe that Grab provides adequate guarantees regarding the safety and security of its passengers.	31	32,6	26	27,4	38	40	-	-	-	-
7	The driver is very friendly in serving customers.	30	31,6	32	33,7	32	33,7	1	1,1	-	-
8	Grab pays enough attention to special needs of customers.	36	37,9	33	34,7	22	23,2	4	4,2	-	-
9	Proof of transaction and trip information are available in the Grab app after completing the trip.	28	29,5	30	31,6	37	38,9	-	-	-	-
10	The route provided by the Grab app before booking the service is quite clear and accurate.	35	36,8	23	24,2	37	38,9	-	-	-	-

Source: Data processed with SPSS V. 26, (2024)

Responses were obtained from 95 respondents in general to 10 statements in the questionnaire where in the first statement, the fifth statement, the sixth statement, the ninth statement and the

tenth statement the most respondents answered not agreeing. These results indicate that customers often experience delays when using Grab services, feel less secure and less secure, and are less confident in the security and safety guarantees provided. In addition, proof of transactions and travel information are not well available in the app after the completion of the trip, and the route provided before booking the service is not clear and accurate.

Table III.2.
Respondents' Response to Price Variables

It	Statement	S.S		S		K.S		T.S		S.T.S	
		Jlh	%	Jlh	%	Jlh	%	Jlh	%	Jlh	%
1.	The price of Grab services is quite affordable for me.	-	-	1	1,1	15	15,8	55	57,9	24	25,3
2	The price offered by Grab is within my budget.	2	2,1	-	-	16	16,8	61	64,2	16	16,8
3	The price I paid for Grab services was proportional to the quality.	4	4,2	1	1,1	17	17,9	51	53,7	22	23,2
4	The service provided by Grab is worth the price I paid.	5	5,3	2	2,1	28	29,5	57	60	3	3,2
5	The benefits I get from the Grab service are worth the price I pay.	6	6,3	5	5,3	30	31,6	51	53,7	3	3,2
6	The price I paid for Grab services was proportional to the benefits I received.	1	1,1	1	1,1	17	17,9	56	58,9	20	21,1
7	Grab offers competitive pricing compared to similar services.	6	6,3	2	2,1	24	25,3	57	60	6	6,3
8	The prices offered by Grab compete with those of similar service providers.	4	4,2	4	4,2	36	37,9	51	53,7	-	-

Source : Data processed with SPSS V. 26, (2024)

Responses were obtained from 95 respondents in general to 8 statements in the questionnaire, where in the first to eighth statements, the most respondents answered disagreed. These results indicate that the price of Grab services is not affordable enough for customers.

The price provided by Grab is not in accordance with the customer's budget. The price that customers pay for Grab services is not proportional to the quality. The service provided by Grab is not worth the price paid by the customer. The benefits that customers get from Grab services are not worth the price paid. The price paid by customers for Grab services is not proportional to the benefits received. Grab does not offer prices that are able to compete with similar services. The prices offered by Grab do not compete with the prices of similar service providers.

Table III.3.
Response of Respondents to Promotion Variables.

It	Statement	S.S		S		K.S		T.S		S.T.S	
		Jlh	%	Jlh	%	Jlh	%	Jlh	%	Jlh	%
1.	The promotions carried out by Grab cover many different people or sub- districts.	31	32,6	45	47,4	19	20	-	-	-	-
2	Information about Grab promotions from various sources or channels.	45	47,4	31	32,6	19	20	-	-	-	-
3	Grab promotions are attractive and attention-grabbing.	36	37,9	43	45,3	16	16,8	-	-	-	-
4	The promotions offered by Grab provide real added value.	32	33,7	40	42,1	23	24,2	-	-	-	-
5	Promotions from Grab that are offered on a regular basis.	31	32,6	45	47,4	19	20	-	-	-	-
6	Grab is active in promoting its services.	33	34,7	43	45,3	19	20	-	-	-	-
7	Promotions from Grab are Often done at the right time.	29	30,5	47	49,5	19	20	-	-	-	-
8	Grab promotions usually happen when I need them.	42	44,2	37	38,9	16	16,8	-	-	-	-
9	Grab promotions are tailored to my interests or needs.	36	37,9	43	45,3	16	16,8	-	-	-	-
10	Grab promotions are relevant to my profile or preferences as a user.	32	33,7	40	42,1	23	24,2	-	-	-	-

Data processed with SPSS V. 26, (2024)

Responses were obtained from 95 respondents in general to 10 statements in the questionnaire, where in the fourth and tenth statements the most answered disagreement. The results indicate that the promotions offered by Grab do not provide any real added value and that Grab's promotions are not relevant to the customer's profile or preferences as a user.

Table III.4.
Respondents' responses to customer loyalty variables.

It	Statement	S.S		S		K.S		T.S		S.T.S	
		Jlh	%	Jlh	%	Jlh	%	Jlh	%	Jlh	%
1.	I often use Grab services regularly and regularly.	35	36,8	45	47,4	15	15,8	-	-	-	-

2	I tend to book services from Grab on a regular basis.	51	53,7	28	29,5	16	16,8	-	-	-	-
3	I use the different types of services offered by Grab constantly.	37	38,9	45	47,4	13	13,7	-	-	-	-
4	I tend to use more than one type of service or product provided by Grab consistently.	49	51,6	30	31,6	16	16,8	-	-	-	-
5	In addition to the main services offered by Grab, I also often use the additional services available.	28	29,5	48	50,5	19	20	-	-	-	-
6	I tend to use other services related to or recommended by Grab.	35	36,8	44	46,3	16	16,8	-	-	-	-
7	I recommend Grab services to friends, family, or acquaintances.	35	36,8	45	47,4	15	15,8	-	-	-	-
8	I provide referrals to others to use the service Grab.	47	49,5	32	33,7	16	16,8	-	-	-	-
9	Even though there are competitors, I still choose to use the service Grab consistently.	37	38,9	45	47,4	13	13,7	-	-	-	-
10	I was not affected by the Offers from Grab competitors.	49	51,6	30	31,6	16	16,8	-	-	-	-

Source : Data processed with SPSS V. 26, (2024)

Responses were obtained from 95 respondents in general to 10 statements in the questionnaire where the most respondents answered disagreed. The results indicate that in addition to the main services offered by Grab, customers also do not use the additional services available.

III.1.4. Validity Test Results

Table III.5.
Validity Test Results
Source : Data processed with SPSS V. 26, (2024)

From the table, it can be seen that the calculated value for each question on the variables of service quality, price, promotion, and customer loyalty exceeds the table, so all of these statements are declared valid.

III.1.5. Reliability Test Results

Table III.6.
Reliability Test Results
Source : Data processed with SPSS V. 26, (2024)

Based on the table, where the value of Cronbach's alpha for all variables > from 0.60. So it can be concluded that all variables are considered reliable.

III.1.6. Normality Test Results

1. Normality Test Results

Table III.7.
Normality Test Results
Source : Data processed with SPSS V. 26, (2024)

The significance value obtained in Kolmogorov Smirnov's table is 0.200, which means > 0.05, proving that it is normally distributed.

III.1.7. Multicollinearity Test Results

Table III.8.
Multicollinearity Test Results
Source : Data processed with SPSS V. 26, (2024)

The results of the multicollinearity test showed that the tolerance value of each variable exceeded 0.1 and the VIF value was below 10. Therefore, it can be concluded that there is no problem of multicollinearity.

III.1.8. Heteroscedasticity Test Results

Source : Data processed with SPSS V. 26, (2024)
Figure III.1 *Scatterplot Chart*

The scatter plot shows that the scatter plot is randomly spread without a clear pattern above and below zero on the Y axis.

III.1.9. Results of Multiple Linear Regression Analysis

Table III.9.
Multiple Linear Regression Analysis Results
Source : Data processed with SPSS V. 26, (2024)

The regression coefficient value of the formula is as below:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3$$

$$Y = 10.789 + 0.122 - 0.200 + 0.734$$

The achievements are:

1. The constant (a) = 10.789 indicates that if the quality of service, price, and promotion is equal to 0, then customer loyalty will be 10.789.
2. Service quality coefficient (b1) = 0.122 means that every increase in service quality increases customer loyalty by 0.122.
3. The price coefficient (b2) = -0.200 means that every increase of one unit in price reduces customer loyalty by 0.200.
4. Promotion coefficient (b3) = 0.734 indicates that every increment of one unit in promotion increases customer loyalty by 0.734.

III.1.10. Test Results (Partial)

Table III.10.
Test Results t
Source : Data processed with SPSS V. 26, (2024)

From the partial t test above, it can be seen that:

1. Hypothesis 1 was accepted because the tcount value of 2.219 was higher than the ttable of 1.98638, with a significance value of 0.029 which was less than 0.05. This shows that the quality of service has a positive impact on Grab customer loyalty in West Medan District.
2. Hypothesis 2 was accepted because the tcount value of -2.092 was greater than the ttable of 1.98638, with a significance value of 0.039 which was less than 0.05. This shows that prices have a negative impact on Grab customer loyalty in West Medan District.
3. Hypothesis 3 was accepted because the tcal value of 13.182 was higher than the ttable of 1.98638, with a significance value of 0.000 which was less than 0.05. This shows that the promotion has a positive impact on the loyalty of Grab customers in West Medan District.

III.1.11. Test Results F (Simultaneous)

The results of the F test can be seen in the following table:

Table III.11.
Test Result F
Source : Data processed with SPSS V. 26, (2024)

Based on the results of the F test, an Fcal value of 62,280 was obtained, which exceeded the value of Ftable 2.70 and a significance value of 0.000 which is less than 0.05. This shows that hypothesis 4 is acceptable, which means that the variables of service quality, price, and promotion have a positive impact on Grab customer loyalty in West Medan District.

III.1.12. Determination Coefficient Test Results

The results of the determination coefficient test can be seen in the following table.

Table III.12.
Determination Coefficient Test Results
Source : Data processed with SPSS V. 26, (2024)

The value of the determination coefficient of 0.662 proves that 66.2% of customer loyalty variables are influenced by the quality of service, price, and promotion, while 33.8% are influenced by other factors.

III.2. Discussion

III.2.1. The quality of service has a positive impact on the loyalty of Grab customers in West Medan District.

The quality of service positively affects the loyalty of Grab customers in West Medan District. To increase loyalty, ensure no delays, ensure security, and increase satisfaction by providing proof of transaction and afterward travel information, as well as providing clear directions before booking.

III.2.2. Pricing has a negative impact on the loyalty of Grab customers in West Medan District.

Prices have a negative impact on Grab customer loyalty in West Medan District. To increase loyalty, ensure that Grab services are affordable within the customer's budget, proportional to the quality and benefits received, and competitive with similar service providers. These efforts are being made.

III.2.3. Promotions have a positive impact on Grab customer loyalty in West Medan District.

Promotions have a positive impact on Grab customer loyalty in West Medan District. To increase loyalty, Grab needs to offer promotions that provide real added value and are relevant to customer profiles and preferences.

III.2.4. Service quality, prices and promotions have a positive impact on Grab customer loyalty in Medan Barat District.

Service quality, price and promotions simultaneously have a positive impact on Grab customer loyalty in West Medan District. To increase loyalty, Grab needs to inform customers about how to take advantage of the additional services available.

4. CHAPTER IV CONCLUSIONS AND RECOMMENDATIONS

IV.1. Conclusion

The conclusions obtained in this research are:

1. Service quality has a positive impact on Grab customer loyalty in West Medan District.
2. Prices have a negative impact on Grab customer loyalty in West Medan District.
3. Promotions have a positive impact on Grab customer loyalty in West Medan District.
4. Service quality, prices and promotions have a positive impact on Grab customer loyalty in West Medan District.

IV.2. Suggestion

1. Grab should conduct in-depth research into the causes of service delays, increase security and guarantees for customers, improve the availability of proof of transactions and travel information in the application, and optimize the clarity and accuracy of routes provided before making an order, in order to increase customer loyalty to Grab services.
2. Grab should better identify the factors that influence customer perceptions of prices and benefits, as well as improve pricing and value communication strategies so that they are more in line with customer expectations and budgets, with the hope of increasing customer satisfaction and strengthening loyalty to Grab services.
3. Grab should carry out an in-depth evaluation of the promotional strategies used, with a focus on providing added value that is more real and relevant to customer profiles and preferences.
4. Grab should offer more additional services outside of the main service to customers in order to increase customer loyalty.

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