

Restaurant Search Service Membership Program: Zomato Gold's Case Study in Indonesia

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ABSTRACT

This study examines the 7Ps services marketing tool in determining the young adults' purchase intention of Zomato Gold exclusive membership program in Indonesia. It aimed to analyze the consumer behavior of the first restaurant search services membership program in Indonesia as well as aimed to reduce the theoretical gap in a one-stop online food search service's past studies. The data used in this research were gathered through an online questionnaire. It was targeted to young adults who live in Jakarta city and its greater areas of Bogor, Depok, Tangerang, and Bekasi. There were 204 valid respondents who completed the questionnaire and further data analysis was done by using a statistical software. The findings show that out of the 7Ps, the four elements of product, price, physical evidence, and place were the stronger elements in determining Indonesian young adults' purchase intention towards Zomato Gold exclusive membership program.

Keywords- 7Ps, services marketing, online search service, Zomato Gold, exclusive membership program, young adults, purchase intention.

1. INTRODUCTION

Service industry is an industry that increasingly dominates the global economy. Services are economic activities made by a party to another party, which often have expected the result to the service users, objects, or other assets [1]. Many kind of services are provided, such as: governmental services, real estate, business and professional services, wholesale & retail trade, transportation, finance, healthcare, arts, and accommodation and food services. In the area of food and beverages industry, it includes the activity in shipping the food to retail outlets, such as restaurants. The number of restaurants in Indonesia has been rapidly increased in recent years, which may initiate the increasing frequency of dining in a restaurant.

According to a Nielsen report "What's in Our Food and Our Mind" (2016), 9% of global respondents eat away from home once a day or more frequently, where Indonesia is at 11%. In addition, Indonesia ranked 4th to exceed the global average of street food consumers [2]. The high numbers of restaurants and street food available allow people to use a restaurant-search service in order to find the desired restaurants. One of the restaurant search services available in Indonesia is Zomato. Zomato was founded in Gurgaon, India in 2008 [3]. Zomato Indonesia launched an exclusive membership program in Jakarta, November 16th, 2018 [4]. This is an added value to the restaurant-search service offered by Zomato besides providing information service.

Zomato aims to attract more users to sign up as an exclusive member, by offering them some benefits with considerably affordable price packages. This exclusive membership program offers three benefits or called as "unlocks". They are: (1). "1+1" (buy one get one) on food, (2). "2+2" (buy two get two) on drinks, and (3). "Be the VIP" where members get invited to exclusive, members-only events. As of May 2019, there were more than 1,300 top-rated restaurants across Jabodetabek (Jakarta, Bogor, Depok, Tangerang and Bekasi) area who were partnering with Zomato Gold [5].

There are several restaurant search services in Indonesia, most of them do not have exclusive membership program, unless Zomato. Zomato Gold was the first exclusive membership program of a restaurant search services industry in Indonesia. This study applied the 7Ps services marketing mix elements: (1). Product, (2). Price, (3). Place, (4). Promotion, (5). People, (6). Process, and (7). Physical Evidence offered, as the main factors that affect the potential customers' purchase intention of Zomato Gold. The potential customers of Zomato refers to young adults segment in their late teens and early to mid-twenties who reside in Jabodetabek area (Jakarta, Bogor, Depok, Tangerang, and Bekasi). This study was expected to answer which factors that affect significantly the online qualified food search service providers like Zomato Gold, as well as to understand better its consumer behavior in-order to strategize its better positions in the market.

2. LITERATURE REVIEW

The theory of planned behavior (TPB) explains that an individual's behavioral intention depends on the attitude toward behavior, subjective norms, and perceived behavioral control. Attitude toward behavior refers to the feeling a person has, whether it is positive or negative, towards specific behavior [6]. Subjective norms are the opinions of important individuals about whether or not a behavior should be performed [7]. Finally, perceived behavioral control is defined as an individual's perceptions about ease or difficulty in performing a particular behavior [8]. These three TPB variables will influence Intention and lead to the actual behavior.

In this research study, the TPB model will be used as a reference in analyzing expected variables influencing the purchase intention of Zomato Gold. However, the model used was limited to the Intention variable. This research study was not aimed to analyze the actual behavior of the respondents in purchasing Zomato Gold to limit the other moderating variables which possibly motivate the actual behavior. The dependent variable is the Purchase Intention, meanwhile the independent variables would be the 7ps of services marketing mix elements (Product Price, Place, Promotion, People, Process, and Physical Evidence).

There were no past studies indicated that specifically discussed 7ps influence on purchase intention of restaurant search services exclusive membership program. However, there were studies that analyzes 7Ps as independent variables, yet discussing the influence on different scope of product or services, such as insurance and garment industry. In addition, the past researches about Zomato found were only limited into two discussions: SERVQUAL analysis that was done in India [9] and the general examination of the customer's adoption of restaurant search mobile application in China [10].

3. METHODOLOGY

A non-probability sampling technique was used to select a group of respondents from a larger population, specifically with a referral sampling technique. In addition, to determine the minimum number of sample size, the survey was using five samples to measure one indicator on each variable [11]. This study proposed 24 question items in total, therefore it resulted in a minimum number of sample of 120 respondents required.

There are two parts of the online questionnaire developed. The first part aims to obtain the background of the respondent. In this part, ten questions were developed to get their demographic and personal information. The questions include their knowledge about Zomato, Zomato account ownership status, gender, age, respondent's domicile, current occupation, income, main social media used, knowledge about Zomato Gold, and the Zomato Gold membership status.

The second part aims to obtain the respondent's agreeableness in several statements from each variable. The

variables are Product Price, Place, Promotion, People, Process, Physical Evidence, and the Purchase Intention. The questionnaire uses six Likert scale scores of respondent's alternative answers, which represent the degree of their agreeableness; starting from strongly disagree, somewhat disagree, disagree, agree, somewhat agree, and strongly agree. Validity and reliability tests were conducted to ensure that the developed questionnaires is a good and reliable instrument used for this study.

Research model was developed based-on the relationships between the 7Ps independent variables and one dependent variable of Purchase Intention, which defines as the degree of willingness to purchase Zomato Gold exclusive membership [12]. Linear regression techniques were applied to analyze the strength of relationships between the seven independent variables and Purchase Intention dependent variable. Multicollinearity test was also conducted to ensure the stability of its regression analysis. Further, F-Test was conducted to understand the effect of all independent variables towards the dependent variable. The relationships among independent variables and dependent variable can be seen in the Figure 1. Research Model.

The first independent variable of Product can be defined as the main component that supplies the desired experience or the problem-solving benefit that a customer is looking for for purchasing Zomato Gold offered package. The second variable, Price, is the redeemable amount of money for Zomato Gold's offered package. Where the company locates its products or services to be accessed by the customer, in this case the Zomato Gold's apps and website, can be referred as the Place variable. The fourth independent variable of Promotion is the tool which aims to inform, persuade, and remind potential Zomato Gold members to influence their opinions and elicit a response through social and advertising medias.

People independent variable can be measured by understanding the performance of Zomato Gold's customer service staff who delivers service excellence and competitive advantage via its apps and website. The sixth variable of Process can be referred to as the method and sequence creating the promised value proposition of Zomato Gold to the customer, specifically through its membership registration process. And the last independent variable, Physical Evidence, measures the Zomato Gold's member perceptions when they pay a visit to its official websites or apps or called as E-Servicescape.

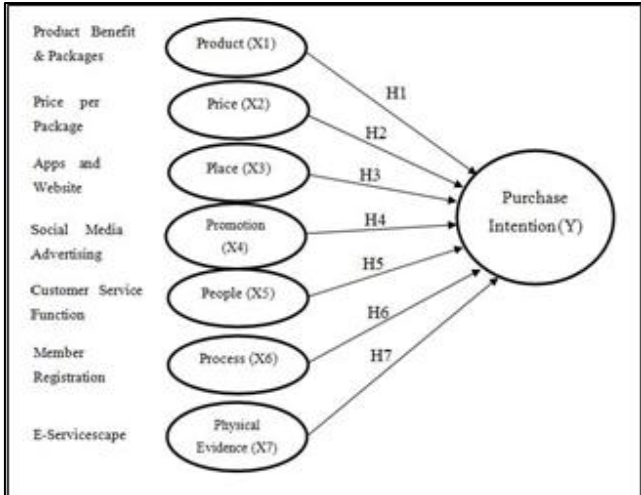


Fig. 1. Research Model

Based-on the explanation above, there are seven hypotheses development can be developed in this study. They are:

- H1: The Zomato Gold’s products offered positively affect the young adult’s purchase intention.
- H2: The Zomato Gold’s price offered positively affects the young adult’s purchase intention.
- H3: The Zomato Gold’s service place positively affects the young adult’s purchase intention.
- H4: The Zomato Gold’s promotion positively offered affects the young adult’s purchase intention.
- H5: The Zomato Gold’s people positively affects the young adult’s purchase intention.
- H6: The Zomato Gold’s process positively affects the young adult’s purchase intention.
- H7: The Zomato Gold’s physical evidence positively affects the young adult’s purchase intention.

4. FINDING & DISCUSSION

The validity and reliability test for survey instrument was done through a questionnaire pre-test by collecting the answers from 35 respondents. The tested questionnaire is used to measure seven independent variables consists of 24 item questions and the test results showed that all of them are valid. The tested questionnaire then distributed through online referral sampling technique. At the end of the survey, there were 204 eligible respondents gathered who completed all of the survey items. The respondents’ profile were 18-25 years old, with gender distribution of 32% male and 68% female. Their occupation status were 65.6% students, 21.6% employees, 2.6% entrepreneurs, and the rests were mixed status.

The multicollinearity test conducted in this study shows that all VIF values of the collected data are below 10 and its tolerance values are greater than 0.1. Thus, based-on the rule of thumbs it concludes that there is no multicollinearity that may cause the instabilities in the regression analysis [13],

therefore the data then can be used for further linear regression analysis. F-Test was also conducted to find the effect from all independent variables towards the dependent variable. The research model can also be concluded as significant as the test results showed that the F-statistic value is 0.000. It supports the rule of thumb that if the F-statistic value is less than α value ($0.000 < 0.5$), it means that the research model is significant.

The t-Test for each independent variable was conducted to measure the significance of its correlation with the dependent variable of Purchase Intention. The result shows that independent variables of Product, Price, Place, and Physical Evidence are positively significant in affecting the Purchase Intention towards Zomato Gold, since all of its values are above 0.05 and these variables’ hypotheses were accepted. At the other hand, the Promotion, People, and Process are not positively significant in influencing the purchase intention, therefore its four remaining hypotheses were rejected.

Based on the multiple regression test analysis, the equation of the regression model for this study can be generated as follows:

$$\text{Purchase Intention (Y)} = 0.852 + 0.156*(\text{Product}) + 0.133*(\text{Price}) + 0.129*(\text{Place}) + 0.092*(\text{Promotion}) + 0.027*(\text{People}) + 0.103*(\text{Process}) + 0.147*(\text{Physical Evidence})$$

The above equation shows the coefficient of 0.852 as the constant value and followed by seven independent variable coefficients which have positive influence toward the dependent variable. The seven independent variables are X₁ (Product), X₂ (Price), X₃ (Place), X₄ (Promotion), X₅ (People), X₆ (Process), and X₇ (Physical Evidence), which indicates have positive relationships towards Purchase Intention. It means that every time each independent variable’s value increases, it will bring positive effect to the purchasing intention toward Zomato Gold. In this case, if the Product variable (X₁) is increased by 1, the intention to purchase Zomato Gold will increase by 0.156. In addition, if the Price variable increases by 1, the intention to purchase Zomato Gold will increase by 0.133. As for the third variable in the equation model, it shows that if the Place variable increases by 1, the intention to purchase Zomato Gold will increase by 0.129.

In addition, if the Promotion variable increases by 1, the intention to purchase Zomato Gold will increase by 0.092. If the People variable increases by 1, the intention to purchase Zomato Gold will increase by 0.027. Moreover, if the Process variable increases by 1, the intention to purchase Zomato Gold will increase by 0.103. Lastly, if the Physical Evidence variable increases by 1, the intention to purchase Zomato Gold will increase by 0.147. Among the seven independent variables, this study found that the stronger variables that affect to Purchase Intention are Product (X₁), Price (X₂), Place (X₃), and Physical Evidence (X₇) since its significant values are less than 0.05. At the other hand, the other independent variables of Promotion (X₄), People (X₅), and Process (X₆) don’t show its strong significance since its significant values are greater than 0.05.

Based-on the above findings, the plausible explanation can be discussed further to understand better its consumer behavior. For example, the Product variable is strong because the young adults might perceive that the benefits offered by Zomato Gold is important. If there is no significant benefits received, then the potential customers still have several options to seek another online food search and ordering providers. The Price variable is significant because most of the potential customers may put consideration on the lower price benefit, knowing that most of them are students and employees who still earn lower salary level. Furthermore, Place variable is significant because most of the young adults segmentation can be categorized as early adopters on using new online media technology. In this case they are quite familiar and easy to reach Zomato Gold's website and mobile apps as online food and restaurant search's medium. And lastly, the Physical Evidence variable is important because the young adult's perceive that the website and apps design user friendliness and attractiveness is important for them that strongly affect their intention to purchase Zomato Gold.

5. CONCLUSION, IMPLICATION & RECOMMENDATION

This research study aimed to explore important 7Ps elements in the traditional services marketing field study in the context of new online media search of restaurant service membership program. Based-on the findings and discussion above, it concludes that among the seven services marketing mix elements, there are four independent variables of Product, Price, Place and Physical Evidence play more significant roles that affect the intention to purchase Zomato Gold membership program. Since there was no previous research that specifically analyzes another restaurant search services' exclusive membership program, the result of this study may contribute significant theoretical perspective in measuring young adults' purchase intention in the service industry.

By understanding which factors that are more impactful to the purchase decision, Zomato may want to maintain its market leadership position by understanding better which actions that they should improve to improve their potential customers' purchasing intention from young adult's target market. The benefits offered, competitive pricing, online media applications, including its user friendly and attractive design, are among the top priority actions to be considered in-order to keep Zomato survive from the growing online food start-up competitions in Indonesia. At the other hand, this study also useful for another restaurant search service providers which plan to launch similar membership program. Future research might be recommended to explore another generational market segmentation to be picked as the sample of the research, since this study was limited to observe young adults consumer behavior. The purchase intention of young adults and other type generational profile such as Gen-Y might result a different consumer behavior. This will adds more insight for Zomato Indonesia in developing more

profitable Zomato Gold exclusive membership program in the future.

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