Study of Food Promo Phenomenon on Online Food Delivery in Surabaya

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ABSTRACT: The culinary business is a business that is growing rapidly, especially with online food delivery service applications such as Gofood and Grab food, which help MSMEs to market their products. However, the increasing number of merchants who join as partners, especially with the promo program, makes merchants compete with one another. This research approach is qualitative where researchers observe and interview MSME merchants in Surabaya who have joined as Gofood and Grabfood partners. The results obtained are that MSME merchants benefit by taking advantage of promos such as additional sales and increasing brand awareness to consumers, but they do not only rely on sales media through this service so that profit margins can be more optimal. Suggestions from the author for application providers, it is better to provide subsidies for promos that can be distinguished between MSME merchants and large class ones.

KEYWORDS: Food Delivery Online; Promotion; MSMEs Merchant

1. INTRODUCTION

Culinary business is a business that never ends, because of the human need to consume food. Day by day, the type of food is growing so that consumers have many choices when they want to buy food. Nowadays people are very easy to order and buy food, they don't even have to bother to queue and go to the location. Especially with the Covid-19 pandemic, many people are ordering food through online food delivery applications. So this application is very helpful for consumers to be able to order the desired food easily and practically.

The online food delivery application is currently provided by 3 major startups, namely Gojek (Gofood), Grab (Grabfood), and Shopee (Shopeefood). According to data (Katadata.co.id, 2021), 2 market leaders in Indonesia, namely Grabfood, have accumulated purchase value through the application of US $ 1.96 billion (53%) and Gofood of US $ 1.74 billion (47%). So Shopee can still be said to be a new player in online food delivery. Furthermore, in the article, based on reports from Google, Temasek, and Bain, food delivery transactions are predicted to increase from US$ 5.2 billion in 2019 to US$ 20 billion in 2025. While Research and Markets predict, that the value of this service business globally reached US$ 84.6 billion in 2019 and became US$ 164.5 billion in 2024. So this is a great opportunity for startup companies to be able to reach the market and collaborate with culinary business partners.

On the other hand, from the point of view of culinary entrepreneurs, this is also a great opportunity to market their food products where they can join as partners to sell food. According to Ningsih, C., & Sudono, A. (2016) in the digitalization era, culinary entrepreneurs must utilize renewable technology to advance their tourism and culinary arts, so that they can compete at home and abroad. This is an impetus for culinary entrepreneurs to use digital media to sell their products, one of the media that can be used is an online food delivery platform. However, with the large market in Indonesia, application provider companies also have to cooperate with many culinary entrepreneur partners or better known as merchants. So from the merchant's point of view, there will be more and more food brand competitors in the application, where consumers have many choices of types of food and brands to choose from.

Culinary companies also have many classes, ranging from small merchants, and MSMEs, to large franchise companies such as Mc. Donald and Burger King. For micro, small, medium, and street vendors (MSMEs) joining as partners in the online food delivery service application, it is progress in itself because they have started using digital media for sales. They are all in the same application to market their products.

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With the increasing number of merchants who join online food delivery, inevitably they also have to compete to attract consumers, one of which is by using promo offers, both programs from their applications and their tenants. This also has an impact on competition from one merchant to another. Especially for MSME merchants to be able to compete in the same service, namely in online food delivery. This phenomenon is very visible when MSME merchants compete for promos with other MSME merchants, even with large companies. Based on the background that has been stated, this study intends to determine the effect for MSME merchants of the phenomenon of the number of promos in online food delivery services.

2. LITERATURE REVIEW
2.1 *Food Delivery Online*
According to Christopher Lovelock (2012), food delivery service is the creation of a website that provides information and takes orders, and even serves as a channel for delivering information-based services.

There are 3 applications currently used by the public for online food delivery services, namely Gofood, Grabfood, and Shopeefood, but the 2 largest applications currently controlling the market are Gofood and Grabfood (Katadata.co.id, 2021). Each application has features that can make it easier for partners to apply such as promo features, sales, menus, etc.

2.2 Advertising
According to Moriarty, Mitchell, & Wells (2014: 9), advertising or advertising is a paid form of communication that uses mass media and interactive media to reach a broad audience to connect a clear sponsor with a buyer (target audience) and provide information about products (goods). , services, and ideas).

2.3. *Promosi*
According to Tjiptono (2011) promotion is: "Marketing activities that seek to disseminate information, influence or persuade and remind the target market of the company and its products to be willing to accept, buy, and be loyal to the products offered by the company concerned".

The online food delivery application has promo options where merchants can set their promos, such as promos for each menu, menu category, free shipping, or total sales. This promo is very attractive for consumers to choose the types of food available in the application.

3. RESEARCH METHOD
The approach used is qualitative. Based on its nature, this research is a qualitative descriptive study where the research procedure produces descriptive data in the form of descriptions with written sentences that focus on the phenomena that are happening when the research is carried out as it is. Qualitative descriptive research is a research method that aims to describe in full and in-depth social reality and various phenomena that occur in the community that is the subject of research so that the characteristics, characters, characteristics, and models of these phenomena are described.

While the data sources that will be used in this study are as follows:

1. Primary Data

    Primary data is data obtained or obtained by researchers directly from the data source. Sugiyono (2010:137) states that: "Primary sources are data sources that directly provide data to data collectors". To obtain primary data, researchers must collect it directly. The technique used by researchers to obtain primary data is by interviewing respondents.

2. Secondary Data

    Secondary data is data obtained or obtained by researchers from various existing sources that can be obtained from various sources such as literature, books, research journals, and others.

    The population is the whole subject of the study where someone wants to examine all the elements that exist in the research area. The population of this research is SMEs in Surabaya. According to Sugiyono (2011), the sample is part of the number and characteristics possessed by the population. The characteristics of the sample in this study are MSME actors who use online food delivery service applications both at Gofood and Grabfood in Surabaya as a sales medium. However, because this research is qualitative, we took several MSMEs as respondents.

While the data collection tool used in this study is observation where the researcher observes several implementations of merchant sales as well as conducts interviews with respondents consisting of MSME actors who use the application as a marketing medium.

4. RESULTS AND DISCUSSION

To become a Gofood or Grabfood partner, merchants must first register with the system. They can download applications provided by the provider, so they can monitor and manage promos, products to be sold, etc.

Regular application provider to provide posters, promos, tips, and webinars as a form of support to MSME merchants where merchants always get knowledge updates and network with one another.

Figure 1. MSME Support Poster from Grabmerchant

Another form of support for MSME merchants is the promo feature. Gofood and Grabfood always provide offers to tenants to give them a choice whether they want to arrange promos automatically from the provider program or merchants want to arrange their own. One of the promo programs for merchants is as follows:
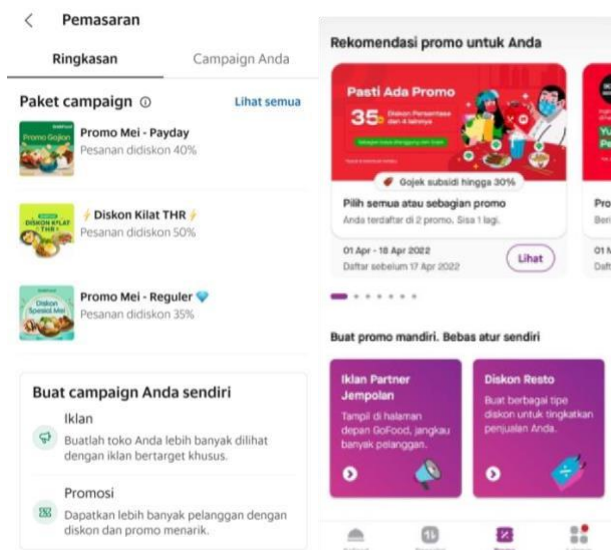

Figure 2. Choice of Promo Programs from Grabmerchant and Gobiz

The promo above is a program held by the application provider, this makes it easier for merchant users to choose one or several programs without having to set promos one by one per menu category or total sales. This promo program has a time limit and is held at certain moments such as national holidays, paydays, special discounts, etc. Each program also has a different amount of discount.

However, when merchants decide they want to set up their promos, users can choose whether they want promotions based on menu category, menu, free delivery, or total purchases with discount offers starting from 10%. Application providers recommend that consumers are interested in promo offers, then merchants can provide a promo of at least 20%.

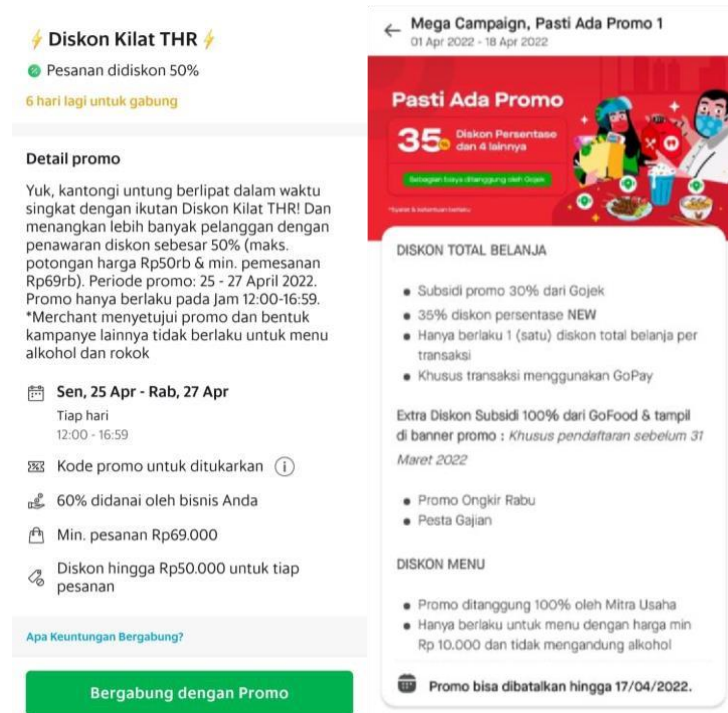**Study of Food Promo Phenomenon on Online Food Delivery in Surabaya**

Figure 3. Details of the Promo Program from Grabmerchant and GoBiz

Promos are held to attract consumers to merchants because according to Cholili R & Rachmi A (2020) promos influence consumer purchases from merchants. However, for merchants, this promo has several systems where the merchant bears the promo fee of around 40-70%, and excludes revenue sharing of about 20-25%, this automatically reduces the merchant's profit margin.

When viewed from the system above, there are a lot of discounts given by MSME merchants, thereby reducing net profit margins. Therefore, the author asked several MSME merchants who have joined as application provider partners.

Table 1. Merchant Respondent Data

No	Merchant Name	Gofood Rating	Grabfood Rating
1	Nagesushi	4,6 (600+)	4,7 (300+)
2	Bellycious	4,6 (90+)	4,9 (90+)
3	Kebab Jepang Gyubab	*Baru	4,7 (200+)
4	Sop Janda Suroboyo	4,6 (1rb +)	4,6 (1rb+)

From the results of interviews by several culinary businesses that use online food delivery applications, the effects and benefits they get when using promos include the following:

1. Additional Sales

MSME merchants not only use marketing media through online food delivery service applications, but they also have other sales channels such as using social media, outlets, and direct sales to consumers. Because the margin is not big enough, especially if you follow the promo, so this service is only used as a form of additional sales, not the main media to market their products.

2. Increase brand awareness

The system in the application makes it easier for consumers to find the desired food. With promos being one way for consumers who are looking for food that is currently on promo, the merchant will appear on the consumer's homepage. This will become brand awareness where consumers will often see the merchant's brand on their homepage and more and more people will know the merchant's brand, thus providing the potential for buying and selling transactions.

3. Creating a database

One of the application providers displays the mobile number and name of the customer, so this can give the merchant the opportunity to save the contact. The importance of databases for MSMEs is that they can provide information at once to the

consumer database. Information can be in the form of new products, promos, or just a greeting to consumers. This also provides the potential for sales to occur.

4. CONCLUSION

Basically, various kinds of sales media can be done from offline or online. The online food delivery application is one of the media that can be used by culinary business actors from small to large, especially many who use the cloud kitchen concept without having an outlet. Moreover, in this application, there is a promo service that merchants can use to increase sales even though the profit margin is not that big.

The promos held by Gofood are very helpful for culinary businesses to sell their products, but because of the large subsidy given to be able to participate in the promo, MSMEs only get a not-so-big net profit margin and some even don't get any profit at all. So the main thing that culinary SMEs are looking for is to increase brand awareness among Gofood users so that their brand is more widely known by the public. So suggestions for providers that this promo is fair for MSME merchants, so that MSMEs do not lose to compete with large merchants, then the distribution of opinions and subsidies to MSMEs can be adjusted, for example based on sales turnover and business scale. With suggestions like this, MSMEs are also able to compete with large merchants and their sales can be helped without reducing their profit margin much.

The limitation of this study is that the respondents interviewed are MSMEs, while the brands at Gofood are many, both MSMEs and big brands such as Mc. Donald, Burger King, etc. Research that can be carried out in connection with this research is to look at the perception of platform provider companies, namely Gojek and large culinary brands such as Mc. Donald and Burger King who are also actively using promos. So by looking at all perspectives, the results of the research can be given to platform providers and provide policies so that there is no disparity between culinary SMEs and big brands.

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