CHAPTER 1
INTRODUCTION

1.1. Background

The rapid development of communication technology provides a social change in society. Many businesses began to emerge by utilizing the development of communication technology, one of which was the emergence of online ojek transportation service providers. The existence of ojek online turned out to provide solutions and answer various public concerns about public transportation services. Congestion and fear of the public with the security of public transportation has been answered by the presence of an online motorcycle taxi that provides convenience and comfort for its users.

One of the online motorcycles that people already know is GO-JEK. First, ojek company technology with a social mission to improve the welfare and livelihood of workers in various informal sectors in Indonesia. What's more, with the merger of transportation services with the improvement of Internet technology and various features in the Go-Jek application such as: Go-Ride, Go-Car, Go-Bluebird, Go-Food, Go-Send, Go-Points, Go-Pulsa, Go- Bills, Go-Shop, Go-Mart, Go-Box, Go-Box, Go-Massage, Go-Clean, Go-Glam, Go-Tix, Go-Auto, Go-Med (go-jek, 2017)

With the many features provided by Gojek, changes in customers behavior towards buying interest began to grow for consumptive purchases, especially in the use of the Go-Shop feature, 80% -90% of users use Go-Shop as food delivery service. Nadiem as the CEO see a lot of interest from customer to order food, and then Go-food was established in April 2015 with the aim of making ordering easier. Customers don't have to manually enter the address and name of the store to find applications (inet.detik, 2018), and in the first launching the number of customers Go-Food is booming and this situation makes Go-food become the largest food delivery service in the world outside of China (liputan6, 2018). The facility inside the service is that people can see the various choice of food, the distance to know

the exact rate of transportation cost, how much time the driver needs to deliver food to the address you requested, the customer can know identification of the drivers, and the important one is that if something happens, Go-Food has free chat facility so the drivers or the customers don't need to ask the cell phone number.

Brand image is a determinant affecting customers subjective perceptions and consequent behaviors Ryu *et al*., (2008. cited in Lien CH., *et al*., 2015) based on what is felt by Go-Food customers, that go food is able to fulfill what they want, the recommended food feature makes customers do not have to worry about choosing a restaurant with the best taste, because there was a picture on each food so that there is satisfaction value in using it and is an extrinsic signal when customers are evaluating a product/service before purchasing (Zeithaml, 1988. cited in Lien CH., *et al*., 2015). New features have been given in 2018 with Artificial Intelligence (AI) technology such as merchant best seller, Go-Food social connect have the function to find out your favorite foods, and the Go-Jek account must be connected to Facebook, to enable easy re-order of the food that has been ordered, and discovery which is a feature to find a new food menu (liputan6, 2018).

A positive response was also given by the business owners to Go-Food, which currently has one hundred and fifty thousand join as merchants in Go-Food. With so many food merchants appear, will cause a variety of food choices available, Go-Food also received positive support from the Minister of Cooperatives and MSME Anak Agung Gede Ngurah Puspayoga that the culinary business is promising in Indonesia (CNN Indonesia, 2018). Positive brand image increases consumer trust of product and the services associated with the brand and furthermore can be called as a term, design, symbol or traits that indicate the identity or image of a product or service. With the existence of a brand it will show the background, the quality of the product, the way the producer runs the business, and how the producers convince their customers. With the existence of a brand, will make it easier for people to recognize a product. Branding is a collection of communication activities conducted by company owners in order to establish and enlarge the brand. The owners must have a well-planned strategy and well-planned communication to the customer, or a brand will not know and will be difficult for

the company to attract the target market. If the company succeeds in creating a positive and strong image then the result will be felt in the long run, especially if it is able to maintain it by always providing and fulfilling the promise the customer will confident to put their trust with the brand

Trust can be defined as the hope of a person to other person based on the expectation that the other person will do a particular action as ordered by the trustor, because the trustor doesn't have ability to monitor (Mayer *et al*., 1995. cited in Ponte *et al*., 2015). Researchers also believe it will affect the willingness of the customers. Kamel and Hussein (2001) suggest that customers are still being continuous towards online transaction on e-commerce. The main concerns is security and privacy issues especially when it comes to the product itself. There was a trust built when customers have confidence in the service provider reliability and integrity. Thus build customers trust is important for the company, so customers are more interested in using the Go-food application. The role of trust in social exchange relations has been the subject research interest.

In fact, the customers is easy to evaluating a brand image, because a good brand image will relate to the facilities inside. Go-Jek is a trademark and also as a public service, the result shows many customers are satisfied with the service. Go-Food is the other function inside Go-Jek application, therefore it is easy to attract customers using the Go-Food application, and does not need to go through various considerations because Go-Food has the same function from the various features provided by Go-Jek, used as second hand and trusted by customers. With the influence of good brand image and consumer trust in Go-Food, the perceived value becomes an interesting thing to get consumer interest because in perceived value there is a trust that customers give to get good service or other benefits they receive in a product/service that is worth the price they paid. It is generally accepted that the consumer's overall evaluation is based on the value obtained from the utility of the brand.

The value obtained from the brand, and trust between the drivers will make interest in customers to use the services of Go-Food. It has been proven that some of the values of customer problem can be resolved, including:

1. Get the desired food quickly
2. Get the appropriate values and trust
3. Get more economic value, for example, inter-promo (kompasiana, 2018).

Like proven facts above, changes in customer behavior towards the values that customers want to feel are about the use of effective time and the value of trust that the company gives to customers. Go-Food can be the only choice for customers to obtain these values, because Go-Food has a good brand image and is supervised by the Go-Jek company which is the number one company and its success in the field of public transportation.

Purchase intention is a behavior that can be seen as a response to an object, which shows the desire of customers to have a purchase intention to buy from customers is important for a company, to maintain its existence and to survive in the competition attract the attention of new customers. The values obtained from the Go-Food application also make interest in the community in several small cities in Indonesia, the transaction even exceeds its transportation (bisnis.tempo.co)

The similarity is also happened in the case study conducted by Lien CH., *et al.,* (2015) on online hotel bookings in Taiwan. Changes in customer behavior that are felt by Taiwanese citizens because the Taiwanese government encourages citizens to do vacation either domestically or internationally. The Taiwanese government forced its citizens because Taiwan citizens occupied the second highest level after India as a country that has a high level of stress and many Taiwanese citizens prefer to book hotels online this research examines brand image, and Trust has a significant role in the values that will be perceived by customers so that it will affect customers interest to make purchases at the hotel. Furthermore the study confirm by (Chiang and Jang, 2018) the internet has become an important distribution channel for the hotel business. The brand is another important factor in internet shopping because people with have high customers value are more likely to have greater purchase intention, additional trust in perceived value, trusts to play an important long-term role of improving customers value in online dynamics.

From the presentation of the phenomena that have been observed, the researcher found a topic that fits the context of the research object. Researchers

wants to examine purchase intention that is influenced by perceived value. Researchers also want to know the perceived value obtained by factors, namely brand image and trust. The object of research chosen is Go-Food because it is an e-commerce in the service sector that is very well known and rapidly growing in Indonesia. Researcher want to prove that the theory of previous articles by Chiang and Jang (2007) in which brand image and trust are important values to get customers to interest in purchasing.

1.2. Research Problems

1. Does brand image affect perceived value on Go-Food in Surabaya?
2. Does trust affect perceived value on Go-Food in Surabaya?
3. Does perceived value affect purchase intention on Go-Food in Surabaya?
4. Does perceived value have a mediating effect toward the impact of the brand image on purchase intention on Go-Food in Surabaya?
5. Does perceived value have a mediating effect toward the impact of trust on purchase intention on Go-Food in Surabaya?

1.3. The Purpose of the Study

The purpose of this study is to know and analyze the effect of:
1. Brand image towards perceived value on Go-Food customers in Surabaya.
2. Trust to perceived value on Go-Food customers in Surabaya.
3. Perceived value to purchase intention on Go-Food customers in Surabaya.
4. Perceived value as mediator towards the impact of brand image on purchase intention on Go-Food in Surabaya.
5. Perceived value as mediator towards the impact of trust on purchase intention on Go-Food in Surabaya.

1.4. Significance of Study

The benefits to be achieved from this research are:

1. For the company, this research is expected to be useful as a means to provide a contribution of valuation for the company in maintaining the customer and improve services.

2. For researchers, this research is expected to add knowledge and insight researchers by applying the theories obtained in lectures and relate it to actual reality. So that can add writer in the field of marketing especially brand image and satisfaction. This research is expected to develop the science of science in marketing management, especially for interested academics examines the effect of brand image and satisfaction Go-Food service user loyalty.

1.5. Writing Structure

Systematics of this writing is divided into five chapters that will be arranged systematically as follows:

CHAPTER 1. INTRODUCTION

Explain the background of the problem, the formulation of the problem, the purpose of the study, the significance of the study and the writing systematic.

CHAPTER 2: LIBRARY REVIEW

This section contains the theoretical basis, previous research that is relevant to the problem addressed within the study, hypotheses development and analysis models.

CHAPTER 3: RESEARCH METHODS

Describe the research design, variable identification, operational definition, variables measurement, types of data and sources, tools and methods of data collection, population, samples and sampling techniques, and data analysis techniques.

CHAPTER 4: ANALYSIS AND DISCUSSION

Regarding the characteristics of the research, the descriptive statistics of the research variables, the results of data analysis, hypothesis testing ,and discussion.

CHAPTER 5: CONCLUSIONS AND SUGGESTIONS

Contains conclusions from the results of hypothesis testing and discussion of findings of research conducted. To give suggestions in the form of problem-solving ideas that originate in the discussion of research findings that are useful for the company and subsequent research.