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Research Article

Strategy To Increase Culinary MSMEs Sales Through Online Food Delivery

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Abstract

Medan Timur, a district in Medan, North Sumatra, is home to a rapidly growing culinary industry, with numerous micro, small, and medium-sized enterprises (MSMEs) utilizing online food delivery services such as GoFood, GrabFood, and ShopeeFood. This research aims to analyze the impact of online food delivery services on the sales growth of culinary MSMEs in the area. Using a qualitative approach, data were collected through observations, interviews, and a literature review from five culinary business owners who have joined these platforms. The findings reveal that nearly all MSMEs that joined the platforms experienced significant sales increases, with daily income rising by an average of 150% to 200%. Additionally, MSMEs gained other benefits, such as enhanced business visibility and broader customer access without additional advertising costs. The study also identifies technical challenges faced by some MSMEs, such as payment and transaction management issues, which were resolved with platform support. Overall, the research shows that online food delivery apps play a crucial role in helping culinary MSMEs in Medan Timur thrive, expanding their market reach and increasing their revenues.

Introduction

Medan, the capital city of North Sumatra Province, is a metropolitan city known for its diverse ethnic and cultural backgrounds. Its population consists of various ethnic groups, including Javanese, Batak, Malay, Karo, Mandailing, Padang, Chinese, and Indian. Trade, particularly the culinary sector, is one of the fastest-growing industries in Medan. As the population grows, so does economic growth, which in turn increases consumer demand. One of the most basic needs of the population is food, which is a fundamental requirement for human survival and is also closely related to public health and the development of human resources. In parallel, the global economy has undergone a revolution with the rise of the digital economy. The digital economy, which relies heavily on the internet, has significantly altered consumer behavior, particularly in Indonesia. The number of internet users is growing, and online businesses, especially in food trade, have flourished. E-commerce, especially in the food sector, is becoming increasingly popular, offering consumers the convenience of purchasing food via online platforms.

The introduction of transportation services based on mobile apps, such as Gojek, Grab, and Shopee, has revolutionized how people get around in urban areas. In large cities like Medan, these on-demand services provide significant convenience, especially for those with high mobility. Similarly, food delivery services like

GoFood, GrabFood, and ShopeeFood have gained immense popularity, allowing consumers to easily order food from various restaurants without leaving their homes. These services have also opened up new opportunities for food entrepreneurs, particularly Micro, Small, and Medium Enterprises (MSMEs), who can now sell their products through online platforms without needing a physical storefront. By joining platforms like GoFood, GrabFood, and ShopeeFood, food entrepreneurs can reach a larger customer base and increase sales. These apps also provide various promotions, making food affordable while saving consumers time and transportation costs. Moreover, they offer a range of benefits to both consumers and restaurant owners, driving more orders and contributing to economic growth.

There are a few issues faced by MSMEs food businesses in Medan Timur. Firstly, not all food businesses in the area are utilizing online food delivery services. Secondly, even those who are using these services are not always maximizing their potential to meet customer expectations. For example, food delivered may sometimes not match what was advertised in the app or fall short of consumer expectations. This research focuses on MSMEs food businesses in Medan Timur that have already joined online food delivery services like GoFood, GrabFood, and ShopeeFood. The research also aims to encourage other MSMEs businesses to join these platforms. Specifically, the study will look at the impact of these online food delivery services on sales growth for food businesses in the area.

The research questions for this study are as follows:

- How do the services of GoFood, GrabFood, and ShopeeFood impact the sales growth of food businesses in Medan Timur?
- How do the sales of food businesses in Medan Timur compare before and after joining GoFood, GrabFood, and ShopeeFood.

The objectives of this research are:

- To analyze the impact of GoFood, GrabFood, and ShopeeFood services on the sales growth of food businesses in Medan Timur.
- To compare the sales performance of food businesses in Medan Timur before and after joining these online food delivery platforms.

The benefits of this research include:

- For the author, it provides an opportunity to deepen knowledge on the role of online platforms in sales growth.
- For food entrepreneurs, the research findings can serve as valuable insights, especially for those who have not yet adopted online food delivery systems.
- For academic purposes, the results of this study can serve as a reference for future research on the impact of online food delivery services on business growth.

This research also discusses the delivery fees for services like GoFood and GrabFood in Medan. These fees vary depending on the distance and the payment method (whether the customer uses an online payment system like GoPay or pays in cash). For instance, GoFood charges a delivery fee of IDR 4,000 per kilometer for restaurants partnered with GoFood, whereas for non-partnered restaurants, the fee is IDR 9,000 for the first 5 km. GrabFood's delivery fee starts from IDR 5,000 for distances up to 7 km, with an additional charge of IDR 2,500 per kilometer for longer distances.

In Medan Timur, the culinary industry has seen rapid growth, with approximately 60 MSMEs culinary businesses in the area, 30 of which are already using online food delivery services like GoFood, GrabFood, and ShopeeFood. These services have become an effective way for food entrepreneurs to expand their customer base and increase sales. By leveraging online platforms, these entrepreneurs can reach a broader audience without the need for a physical store or traditional marketing efforts.

Based on the background provided, this study will explore how online food delivery services like GoFood, GrabFood, and ShopeeFood impact food businesses in Medan Timur. The study will examine how these services affect sales growth and compare sales data before and after joining the platforms. By analyzing these

factors, the research will provide insights into the role of digital platforms in the culinary sector and the benefits that can be gained by food entrepreneurs who embrace technology.

Research Method

This research adopts a qualitative approach, focusing on descriptive analysis. Qualitative research emphasizes the perspectives of the subjects, using theoretical frameworks as a guide to ensure that the research aligns with real-world observations. The aim of qualitative research is to explore phenomena in-depth, collecting comprehensive data to understand the essence of the phenomena. It prioritizes observing and interpreting the meaning behind those phenomena. The analysis relies heavily on the use of words and sentences to capture the depth of meaning. This study is categorized as descriptive qualitative research. The research process generates descriptive data in the form of written descriptions focused on phenomena occurring during the research period. The study emphasizes the diversity of perspectives and the unique viewpoints of different individuals involved. This qualitative approach is rooted in post-positivist philosophy and emphasizes meaning over generalization, aiming to provide detailed insights into specific events, behaviors, or occurrences.

The research was conducted among small and medium-sized enterprises (MSMES) in Medan Timur Subdistrict, Medan City. The location was chosen purposively due to the significant number of food businesses and the high usage of online delivery services in the area. Data collection occurred in March 2023, while the researcher was also working at one of the businesses involved, providing additional insights into the operations. The data collection involved three primary methods:

- a. Observation – This technique involves systematically observing and recording the phenomena occurring in the field. Data was collected through direct observation of culinary sales practices in Medan Timur without the use of external tools.
- b. Interviews – In-depth interviews were conducted with owners of culinary businesses, such as Dprank Café in Medan Timur, to gather firsthand information on their experiences and practices.
- c. Literature Review – The research was also supported by secondary data from academic articles, journals, books, and online sources relevant to the study's focus.

Data analysis is a crucial part of qualitative research. It involves systematically organizing and synthesizing collected data into categories, breaking it down into units, and identifying patterns. This process helps the researcher make sense of the data and draw conclusions that contribute to answering the research questions. Qualitative data analysis in this study does not rely on statistical methods but instead emphasizes descriptive interpretation, based on the researcher's intuition and creativity. The data analysis process involves several stages:

- a. Data Collection – This step includes gathering responses from interviewees that focus on themes related to the research questions. The responses are reviewed to identify commonalities and patterns.
- b. Data Editing – The collected responses are reviewed to ensure accuracy. The researcher checks whether the interview responses are consistent and relevant to the research questions. This process ensures that the data is reliable and properly reflects the participants' experiences.
- c. Data Coding – The responses are categorized based on the research questions. This helps in organizing the data into themes and sub-themes that can be further analyzed for insights into the phenomena being studied.

Following the collection and organization of the data, the researcher analyzes it by interpreting the findings within the context of the research problem. This involves transforming the data into a coherent narrative that conveys the experiences and perspectives of the participants. The findings are presented in written form, highlighting the key themes and insights that emerge from the data. Data processing in qualitative research includes identifying the key themes and patterns in the responses. This is done by continuously reviewing the collected data and grouping it based on similarities. This method allows the researcher to delve into the meaning behind the responses, uncovering the nuances of the participants' experiences and opinions.

Since this research is descriptive, the findings are presented through a detailed written account, offering a comprehensive overview of the study's context and results. This approach allows the researcher to convey the

complexity of the data and the richness of the experiences shared by the participants. Once the data has been analyzed, the researcher concludes by summarizing the findings and offering insights into how the study addresses the research questions. This final analysis forms the basis for drawing conclusions about the impact of online food delivery services on the businesses involved, based on the perspectives and experiences of the MSMES operators in Medan Timur.

Result

This research was conducted in the Medan Timur Subdistrict, which is one of the 21 subdistricts in Medan City, North Sumatra Province. This subdistrict covers an area of 7.82 km² and is bordered by several other subdistricts. Medan Timur is known for its diverse and rapidly growing culinary tourism and serves as a hub for small and medium-sized culinary enterprises (MSMES). The population of Medan Timur is approximately 117,000 people in 2023, with a near-balanced gender composition. Medan Timur has many culinary entrepreneurs who have utilized online food delivery applications such as GoFood, GrabFood, and ShopeeFood. Through these platforms, culinary MSMES can expand their market reach and increase sales. The research findings show that nearly all of the MSMES participants interviewed experienced positive impacts from joining these platforms. Each culinary business that joined these applications saw a significant increase in sales, particularly in promoting their products without additional advertising costs.

The study involved interviews with five culinary MSMES operators who joined food delivery applications. These businesses varied, including cafés, eateries, and small enterprises. Some of the businesses interviewed include Dprank Café, Bakso Sumsum Dking, Seblak Hot Jeletot, Salad Buah Dqueen, and Bebek dan Ayam Tulang Lunak. All business operators reported a significant increase in sales after joining the platforms. Based on the interviews, all MSMES operators who joined GoFood, GrabFood, and ShopeeFood reported an increase in income. For example, Dprank Café, which previously earned about Rp 250,000 per day, saw an increase to Rp 750,000 per day, marking a 200% rise. Similar results were observed in other businesses, with average daily income increases ranging from 150% to 200%.

A comparison table of sales before and after joining the applications showed significant growth. Previously, some businesses earned between Rp 300,000 and Rp 650,000 per day. After joining the platform, their earnings surged to between Rp 750,000 and Rp 1,200,000 per day. This increase highlights how effective the application services are in boosting the revenue of culinary MSMES. In addition to increased income, MSMES operators reported several other benefits, such as enhanced business popularity, reaching a wider consumer base, and the convenience of delivery through the app's courier services. Entrepreneurs were also able to promote their signature menus and attract more customers without spending on advertising.

Although most MSMES operators were satisfied, some challenges were encountered, such as technical issues with the payment system and transaction management. One example was errors in payment transfers that did not immediately reach the business owner's account. However, most operators found that these challenges could be resolved quickly, and in some cases, the platform offered compensation. Joining online food delivery applications has made it easier for MSMES businesses to increase their visibility. Customers can easily find restaurants or eateries using the location-based search features. This has provided an opportunity for smaller culinary businesses to become more widely known without needing large marketing budgets or high advertising costs.

By using the application services, food delivery costs have become more affordable. This is one of the reasons why many customers prefer using the app rather than buying food directly at the establishment. This factor increases the appeal for customers to order food without having to visit the location, especially for those living far from the culinary businesses. Joining GoFood, GrabFood, and ShopeeFood has helped entrepreneurs increase their sales revenue. With the convenience of ordering through the app, customers can not only buy from businesses near them but also from those they previously did not know. This application expands the market for MSMES culinary businesses.

GoFood, GrabFood, and ShopeeFood offer MSMES operators the ability to display their signature dishes with attractive visuals. This is very helpful in drawing the attention of new customers who see the menu through the app and are interested in placing an order. Business owners can also create appealing promotions to attract

more customers. One major advantage for MSME operators is that they no longer need to handle deliveries themselves. The app provides couriers who are ready to deliver orders to customers, allowing business owners to focus on their products and services. This is especially beneficial for small culinary businesses that lack the resources to manage deliveries.

Some MSME operators mentioned that although they received many orders through the app, they still had to manage the orders efficiently. This was particularly challenging for businesses with high order volumes, which made order management more complex. However, the app services continued to offer solutions for efficient deliveries. One strategy used by MSME operators to boost sales is by offering attractive promotions through the app. With promotions such as discounts or price cuts, businesses can attract more customers and increase their sales volume.

As more businesses join food delivery applications, market competition becomes more intense. This encourages MSME operators to be more creative in presenting their products and services to maintain customer attention. GoFood, GrabFood, and ShopeeFood provide customers with the convenience of ordering food anytime and anywhere. With GPS features and distance estimations, customers can select restaurants or eateries closest to their location, improving the convenience of ordering.

Joining these applications has provided culinary MSME with opportunities to grow faster. The apps provide access to a larger market and a platform for businesses to promote their products more effectively. Some MSME operators have realized the importance of good financial management when using online food delivery applications. Increased income needs to be properly managed to ensure the sustainability of the business.

This research indicates that with the support of online food delivery applications, culinary MSME operators have the potential for rapid growth. Although some businesses experienced smaller increases, overall, the applications contributed positively to local economic growth. Overall, the role of GoFood, GrabFood, and ShopeeFood applications has had a significant impact on culinary MSME operators in Medan Timur. The benefits include increased income, expanded market reach, and easier access for customers. These applications open new opportunities for MSME to thrive amid growing competition.

Conclusion

Based on the results of the research and discussion regarding the role of online food delivery applications in increasing the sales of culinary SMEs in Medan Timur, the following conclusions can be drawn:

1. The impact of online food delivery services in increasing the sales of culinary SMEs has had a positive effect on the businesses that joined these platforms as partners. The culinary business owners who joined these applications generally expressed satisfaction, as joining the platform not only increased their sales but also allowed them to promote their products without additional advertising costs, simplified transactions, and marketed their products even without a physical kitchen. In some cases, one of the businesses operated from a cart.
2. The sales of culinary SMEs in Medan Timur experienced an increase after becoming partners with GoFood, GrabFood, and ShopeeFood, with one of the SMEs in the area experiencing a significant sales increase of more than 100%.

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