

THE UBER SERVICE TOWARDS CUSTOMER PERCEPTION IN MELAKA

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SUPERVISOR'S APPROVAL

'I hereby declared that I had read through this thesis and in my opinion that this thesis is adequate in terms of scope and quality which fulfill the requirements for the award of Bachelor of Technology Management (High-Tech Marketing)

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The thesis is submitted in partial fulfillment of the requirements for the award of
Bachelor of Technology Management (High-Tech Marketing)

Faculty of Technology Management and Technopreneurship

Universiti Teknikal Malaysia Melaka

June 2017

DECLARATION OF ORIGINAL WORK

“I hereby declare that the research I am submitting for assessment contains no section copied in whole or in part from any other source unless explicitly identified in quotation marks and with detailed, complete and accurate referencing.

Signature :

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Date : JUNE 2017

DEDICATION

I hereby declare to my family, my parents and my friends in University who are always
help and support me

ACKNOWLEDGEMENT

At first, I take this golden opportunity to express my deep sense of gratitude to my supervisor, Encik Kamarudin for guiding me to conduct my final year project with his patients in 14 weeks. I also appreciate to his advice and comment in improving the quality of my work.

I would like to thank my friends who assisted me in managing my final year project 1 and shared the information with each other all the time. They helped me when I faced problem and difficulty in implementing my works. My appreciation also extends to all my friends who give comment to improve my questionnaire during pilot test. After that, I'm appreciate and grateful to all the respondents who willing to spend their time in answering the questionnaire.

Lastly, I would like to express my gratitude to my parents and family members who always stand my side and support me to go through my studies in University Teknikal Malaysia Melaka.

ABSTRACT

Nowadays, most people are prefer to use their private car, compared to public transportation such as Uber service that are provided by Uber company. Creating the Uber service which provides ride sourcing service for customers to enhance the service level and meet the demands of customers. Customers can utilize the ride hailing application of smartphone to request a ride and communicate with drivers. Due to the safety issues, lack of familiarity, lack of transparency of pricing and privacy issue, it leads to poor usage of Uber in Malaysia. In addition, customer perception can be changed which depend on the service level provided. Thus, good level service can create positive customer perception on service provided by company and influence them to use the service. The objective of this research is to identify the significant variables of Uber service. It also analyses the correlation and relationship between the Uber service and the customer perception in the same time. Moreover, the questionnaire is developed and distributed to respondents who answered the questions based on their perception. Furthermore, this study uses SPSS software as data analysis tool to analyse and interpret the result that provided by respondents. After analysing data and developing description, the research model is developed with independent variable, sub variable of independent, dependent variable and hypothesis for reader easily to review and understand. In addition, the conclusion indicates that reliability and service quality was showed the significant and positive relationship with customer perception. However, safety of Uber service was insignificant since there had some limited reasons influence the result. The Uber company can refer the result of this research to make improvement for fulfilling the customer needs in Malaysia.

ABSTRAK

Pada masa kini, kebanyakan orang lebih suka menggunakan kereta peribadi mereka, berbanding dengan pengangkutan awam seperti perkhidmatan Uber yang disediakan oleh syarikat Uber. Kewujudan perkhidmatan Uber yang menyediakan perkhidmatan kepada pelanggan untuk meningkatkan tahap perkhidmatan dan memenuhi permintaan pelanggan. Pelanggan boleh menggunakan aplikasi telefon pintar untuk berinteraksi dan berkomunikasi dengan pemandu Uber. Walau bagaimanapun, hal ini disebabkan isu-isu keselamatan, kekurangan kebiasaan, kekurangan ketelusan harga dan isu privasi, pengguna tidak banyak mengguna Uber servis di Malaysia. Di samping itu, tanggapan pelanggan boleh diubah yang bergantung kepada tahap perkhidmatan yang diberikan. Oleh itu, tahap perkhidmatan yang baik boleh mewujudkan persepsi pelanggan yang positif pada perkhidmatan yang disediakan oleh syarikat dan mempengaruhi mereka untuk menggunakan perkhidmatan ini. Objektif kajian ini adalah untuk mengenal pasti variables perkhidmatan Uber dan persepsi pelanggan. Ia juga menentukan hubungan antara perkhidmatan Uber dan persepsi pelanggan dalam masa yang sama. Selain itu, kajian ini menggunakan perisian SPSS sebagai alat analisis data untuk menganalisis dan mentafsir keputusan yang diberikan oleh responden. Selepas analisis data dan huraian the keputusan, rangka kerja teori dibangunkan dengan independent variable, sub independent variable, dependent variable dan hipotesis untuk pembaca mudah untuk mengkaji dan memahami. Di samping itu, kesimpulan menunjukkan bahawa kebolehpercayaan dan kualiti perkhidmatan telah menunjukkan hubungan yang signifikan dan positif dengan persepsi pelanggan. Walau bagaimanapun, keselamatan perkhidmatan Uber adalah tidak penting kerana mempunyai beberapa sebab terhadap mempengaruhi keputusan. Syarikat Uber boleh merujuk hasil kajian ini untuk membuat penambahbaikan untuk memenuhi keperluan pelanggan di Malaysia.

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LIST OF ABBREVIATIONS

TNC = Transportation Network Company

CPUC = California Public Utilities Commission

TAM = Technology Acceptance Model

PU = Perceived Usefulness

PEOU = Perceived Ease Of Use

FYP = Final Year Project

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CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter has introduced the Uber service towards customer perception with background of study, research objective, research question, problem statement, scope, limitation, and significant of study.

1.1 Background of Study

In many developing countries, especially a middle-income country such as Malaysia has faced challenges in developing an efficiency and systematic public transport system to solve the problem of congestion (Dahalan et al., 2015). According to a national survey conducted in Malaysia, public transportation is a major concern, placed at number two after food prices (NST, 2013). In Malaysia, the modes of public transport are developed such as taxis, light rail transit, mass rapid transit, commuter trains, and busses have been used increasingly (Dahalan et al., 2015).

The residents worldwide are concern about mobility. In terms of mobility, previous studies confirmed that the urban mobility residents still fully rely on the

utilizing of their private cars (Azevedo & Maciejewski, 2015). Moreover, it is not anticipated that the system of public transport able to offer high service level to draw attention towards users of car to switch to public transport service. Because most of the people have negative feedback on the service provided by public transport. It is showed that perception of customer is affected by the service level of the transport system (Beirão & Sarsfield Cabral, 2007). Therefore, increasing the public transport usage is require an improvement in performance of public transport service to enhance opinion of customers.

An efficiency and systematic public transport system is significant for residents in Malaysia and also for tourists from other countries. However, less residents are prefer to use public transport, if compared to their own private vehicles. The most residents prefer private cars that are flexible, efficiency and reduce time than an unplanned system of public transport which is the main reason for poor usage of public transportation and overdependence on private cars (Chiu et al., 2014). Moreover, developing of Uber service is to improve service level of public transportation by using ride hailing application of smartphone. Hence, it is importance to better understand the customer perception towards service of public transportation.

1.2 Use of Public Transport Services

Taxi is a one type of traditional vehicle used by one or a group of customers (Yam, 2008). Previous surveys stated that 50% of the urban mobility customers prefer taking the taxi to the Airport in Europe (Costa, 2007). The customers can select their destination freely and the drivers of taxi send them from one destination to another destination. Moreover, a customer can hail or wait a taxi at taxi stand (Nistal, 2016). Taxi is the one of public transport system with significant feature and it can be concluded as door to door service (Razali & Hands, 2016). Hence, the service of taxi is totally different with other types of public transport services such as bus and train.

In recent years with development of wireless and mobile communication technology rapidly, there have various types of ride hailing applications (apps) are emerged in popularity of worldwide (X.Wang et al., 2016). Based on the research, the companies of ride sourcing service like Uber, Lyft, Grabcar are called Transportation Network Companies, TNCs (Rayle et al.,2014). The Transportation Network Companies (TNCs) that have emerged into the transportation sector to provide new options of service to customers around the cities in recent years (Johal et al., 2015). Besides, the TNCs have introduced the offering smartphone applications in order to link customers with community drivers (Rayle et al., 2014).

Now, customers can publish their travel demand to nearby ride sourcing service through ride hailing app, they no need to stand on the street to hail a taxi, and the drivers who are logged in the app can instantaneously receive the nearby demand and determine whether they would like to take the e-hailing orders or keep cruising and look for roadside hailing (X.Wang et al., 2016). Hence, taxis have long faced competition and challenges since ride sourcing service such as Uber had been launched so far in Kuala Lumpur, Penang, Ipoh, Johor Bahru and Kota Kinabalu which are the groups had been 'engaging with state regulators and wish to reach long-term regulations in the city (Chia, 2016). Recently, some taxi companies may be forced to shut down with the exodus of drivers from the industry due to stiff competition from ride sourcing services (Mohsen, 2016).

The consequence of poor transportation services is likely to reduce repeat visitations of tourists to the country. The compilation reports were shown that there are lots of customer complaints on Malaysia taxi services had severally marred as the bad service around the globe (Razali & Hands, 2016). According to data provided by The New York City Taxi between year 2010 to 2014, customers complaint toward service of traditional taxi in New York has been declined due to developing of Uber service (Wallsten & Wallsten, 2015).

Most cities in Malaysia still employ a traditional roadside-hailing taxi industry, meaning that the ride sourcing mode competes with the traditional roadside hailing

mode for both customers and taxi drivers (X. Wang et al., 2016). Based on the research, the results of survey provide data that an alternative choice has developed by Uber for customers and encouraged taxis to improve their own service in response to the new competition (Wallsten & Wallsten, 2015). Hence, development of newly introduced ride services such as Uber able to provide benefits for customers, improve service of traditional taxi and reduce customers complaint about taxi service.

1.3 The impression of customer

Customer perception is basically an organism which depicts the perception of individual towards image which she or he expect and look forward to any product or service's performance (Quratulain & Karachi, 2012). For example, customers perceive the taxi service is good when they take the service. One of customer may feel that the good attitude of taxi driver, while another customer may perceive that high price of taxi service. Hence, different users can have their own perception of the same object.

However, customer perception can be changed due to level of service providing, product types, value of culture and needs of shopping (Quratulain & Karachi, 2012). For instance, improvement of the services of public transport system is not going to make car users in general change from driving a car to using public transport (Beirão & Sarsfield Cabral, 2007). All the things that customers observe, experience and listen can be linked together and developed their own perception of the company (Aspfors, 2010). It is significant to bear in mind that customer perceptions are the way a user see the world, even though the user perception may valid or may not valid (Robert D. Reid, 2009).

According to Kotler, customer perception is the process by which the first impression of a user chooses, interprets, and organizes data to develop a meaningful

image. Due to its first image, the newly developing of products or services are able to draw shoppers' attention toward the newly things but they are find out that low conversions into buying than expectation (Quratulain & Karachi, 2012). Furthermore, the negative feedback of customers towards the current public transport framework in Malaysia has been increasing throughout several years (Razali & Hands, 2016). Therefore, the study find it significant to study the customer perception.

1.4 Problem Statement

Comfortable and convenience like private car are the advantages of ride sourcing service. The uniqueness services are offered to match the demand of customers during the peak hours or urgent. The citizens of city will face less difficulty and spend less time in finding the limited parking lots or address of new locations when they choose to use the ride sourcing services. Moreover, the ride sourcing service are accessibility for older citizens who inability to drive cars and citizens such as students and fresh employees who do not have their own cars due to financial reason. Safety and reasonable price are the reasons for customers switch to choose the service of ride sourcing service, compared to other public transport services.

Unfortunately, many ride sourcing service drivers do not play their roles or responsible since they offered the poor service of transportation for their customers in many cities. Because of regulation and behaviour monopolistic, problem of ride sourcing services is increasing significantly. According to the previous study, customer complaints were received each day and most of customer complaints were included higher price, problem of safety, and credit card privacy issues (Nelson, 2013).

Based on the survey made by Expat in 2005 towards 200 foreigners from 30 different countries worldwide, the majority of them gave a poor impression to the taxi service provided by Malaysia (Razali & Hands, 2016). As result of developing ride sourcing services, it has an impact on the taxi usage since it is judged by their demand