
Do Service Quality, Price, and Comfort Affect Consumer Satisfaction: The Study of Ride-Hailing Services in Malaysia

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ABSTRACT

The purpose of this study is to examine how service quality, price, and comfort affect consumer satisfaction towards ride-hailing services in Malaysia. In view of several ride-hailing service issues such as frequent booking cancellation by the drivers and increased scheduled price due to the unavailability of drivers, the consumers have, in turn, expressed a low level of satisfaction towards ride-hailing services in Malaysia. Hence, this study employed a quantitative technique to identify the associations between service quality, price, and comfort with consumer satisfaction towards ride-hailing services in Malaysia by distributing 250 questionnaires to the younger generation of age 18-35 years old in Klang Valley. All research hypotheses were accepted, thus affirming service quality, price, and comfort as the main factors influencing consumer satisfaction.

Keywords: *Ride-Hailing Services, Satisfaction, Service Quality, Malaysia*

INTRODUCTION

In the recent past, transportation has immensely grown with the increase in smartphone usage as the most essential tool utilized by numerous people across the globe. As a result, smartphone usage has become extremely convenient and this is evident in terms of how people, for example, can easily get ride-hailing services through a mobile application. In fact, the features of ride-hailing application do not only ease the passengers but also the drivers such as by allowing the passengers to reach their destinations by cars and enabling the drivers to instantiate appropriate payment method as well as detecting passengers who are ready to travel. Several ride-hailing brands are available in Malaysia with Grab as the most popular one. Launched in 2014, the Grab company has gained about 10 million subscribers to date

(Wong, 2017). This shows the significant potential development of ride-hailing services in Malaysia.

Despite the portability of ride-hailing services in Malaysia, this industry has, however, increased with many issues. For example, as reported by The ASEAN Post Team in 2019, in addition to the increased scheduled price due to the unavailability of drivers, some drivers also tend to cancel the passengers' booking. As a result, this leads to dissatisfaction among Malaysian consumers towards ride-hailing services in Malaysia. According to Ruangkanjanases and Techapoolphol (2018), the three vital factors influencing the acceptance of ride-hailing services among Thailand passengers are service quality, price, and innovation. Besides, Balachandran and Hamzah (2017) also asserted that comfort is the key to consumer satisfaction towards ride-hailing services. Hence, to mitigate the issues surrounding the ride-hailing industry, the current study employed three variables drawn from the past study service which is quality, price, and comfort to identify the factors influencing consumer satisfaction towards ride-hailing services in Malaysia (Hashim et al., 2020; Ruangkanjanases & Techapoolphol, 2018; Balachandran & Hamzah, 2017). This study is beneficial to ride-hailing service providers because the findings can help them understand the roles they play in satisfying their passengers.

LITERATURE REVIEW

Consumer Satisfaction towards Ride-Hailing Services

According to Hanif, Hafeez, and Riaz (2010), consumer satisfaction is the extent to which the consumers perceive that their requirements have been met; this also refers to how the expectations differ from the actual performance. Meanwhile, Kotler and Kellet (2006) described consumer satisfaction as an individual's satisfaction or dissatisfaction towards a particular product or service. As a matter of fact, consumer satisfaction can serve as the focal point for businesses to promote their products and services because this allows for the goal achievement of companies as consumers purchase from them, which further helps them achieve competitive advantages in the market. Briefly, the consumers are satisfied as their expectations of the products or services are fulfilled (Bismo, Sarjono, & Ferian, 2018; Nik Hashim et al., 2019; Hashim et al., 2020; Mohamad et al., 2020; Omar et al., 2020). In this regard, a study on consumer satisfaction towards transportation services is also warranted to measure consumer satisfaction level towards the benefits provided by transportation services (Balachandan & Hamzah, 2017; Abdullah et al., 2020, Anuar et al., 2020).

Service Quality

As indicated by Parasuraman, Zeithaml, and Berry (1985), service quality denotes a function of how expectations differ from service perceptions of the service. However, since services are intangible in nature, service quality is rather hard to define and this makes it subjective and only entails the perceptions of consumers of the particular service. Hence, the consumer satisfaction model yields the Disconfirmation Paradigm as a result of service expectations and real performance (Parasuraman, Zeithaml, & Berry, 1985; Nik Hashim et al., 2019; Hashim et al., 2020). Meanwhile, in relation to ride-hailing services, the two dimensions of

service quality, namely tangibility and reliability were identified by Balachandaran and Hamzah (2017) and this has contributed to the limited literature on consumer satisfaction towards ride-hailing services in Malaysia. Nonetheless, the service quality dimension of reliability was mostly highlighted in their study. In this regard, service quality can be described as the driver's ability to deliver reliable services to the passengers such as excellent communications, the flexible duration for arrival at the location, and the excellent use of scheduled or planned routes (McKnight, Pagano, & Paaaswell, 1986).

Price

According to Kotler and Armstrong (2012), price refers to the measurement of money that service providers charge to the consumers who benefit from their services. In truth, price crucially determines the extent of consumers' acceptance or rejection of the services. Button and Hensher (2001) further asserted that price is one of the key factors influencing how consumers deem the services and fares in the transportation industry reliable; thus, in the context of ride-hailing services in Malaysia, price definitely influences the satisfaction of the respective passengers (Mburu, Van Zyl, & Cullen, 2013; Ismail et al., 2019; Zainuddin et al., 2020). By definition, price denotes the exchange of value and the total amount of money paid by a consumer in order to acquire the benefits offered by ride-hailing services (Kotler & Armstrong, 2012).

Comfort

Comfort is the most influential factor affecting consumer satisfaction towards ride-hailing services, which is primarily associated with quality models relative to the transportation industry around the world (Le-Klähn, Hall, & Gerike, 2014; İmre & Çelebi, 2017). Prior studies have measured the factors influencing comfort in ride-hailing services such as ride comfort, openness, security, advisement, passenger care, accommodation, time or duration, and ecological impacts, which are all distinguished as assessed riding comfort, normal riding comfort, comfort issues, and impacts from the issues surrounding vibrancy and development (George, Gadhia, Sukumar, & Cabibihan, 2013; Bhat & Dubey, 2014; Hashim et al., 2020).

CONCEPTUAL FRAMEWORK

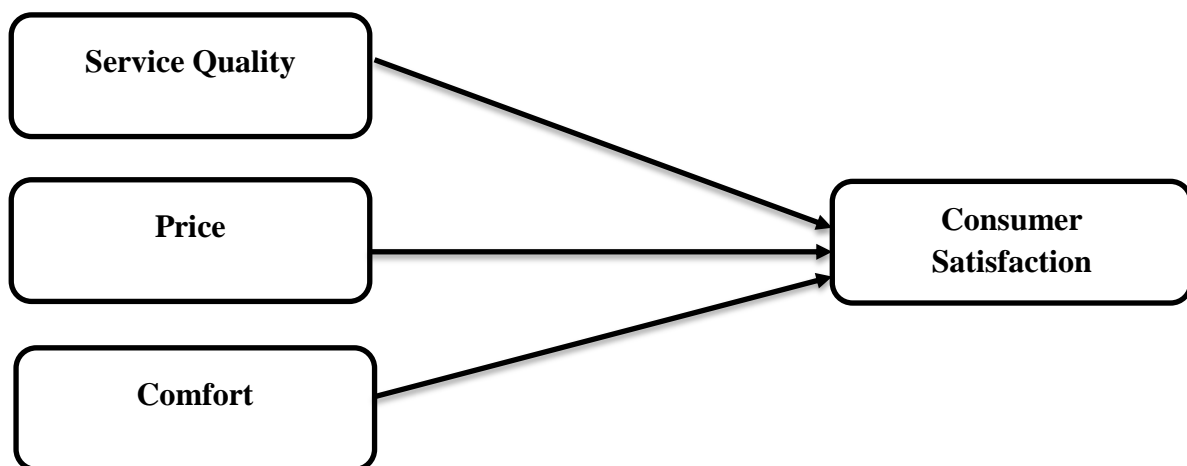


Figure 1: A conceptual framework

METHODOLOGY

This study employed a quantitative and explanatory research design (Saunders, Lewis & Thornhill, 2012), involving a population of the young generation (18-35 years old) in Klang Valley as the perceived main consumers of ride-hailing services in Malaysia who were selected via convenience sampling. Upon the distribution of 250 questionnaires to the respondents, data analysis was then conducted using IBM SPSS version 26 and SEM-PLS version 3.

The questionnaires consist of three sections, which were constructed to collect information from the respondents. Firstly, Part A entails the respondents' demographic profile, while Part B includes the questions related to consumer satisfaction towards ride-hailing services in Malaysia. Lastly, Part C entails the questions related to the variables of service quality, price, and comfort. Overall, the research instrument was adopted and adapted from prior literature (Aziz et al., 2019; Nik Hashim et al., 2020; Omar et al., 2020; Manshar et al., 2020, Zulkiffli et al., 2020; Omar et al., 2020). To ensure a thorough data collection, the items were also measured using a five-point Likert scale that ranges from 1 (Strongly disagree) to 5 (Strongly agree).

RESULTS

Demographic profile

Based on the respondents' demographic background in Table 1, the study consists of 167 female respondents and 83 male respondents, who mostly belong to the age group of 20-24 years old (174), followed by 25-29 years old (69), and 35-39 years old (12). Meanwhile, as for their race, the majority of the respondents are Malay (140) and this is followed by Chinese (76) and Indian (34). Additionally, in terms of marital status, the respondents are mostly single (220), some are married (28), while the remaining respondents are divorced (2).

Table 1: Respondents' demographic profile

Item	Frequency	Percentage
Gender		
Male	83	33.2
Female	167	66.8
Race		
Malay	140	56
Chinese	76	30.4
Indian	34	13.6

Age		
15-19	27	10.8
20-24	124	49.6
25-29	69	27.6
30-34	18	7.2
35-39	12	4.8
Marital status		
Single	220	88
Married	28	11.2
Divorce	2	0.8

Measurement Model Analysis

Based on the measurement model analysis, the reliability and validity of all constructs in this study have been confirmed. As recommended by Hair et al. (2016), the loading values should exceed 0.708; however, the values between 0.4 and 0.7 remain acceptable, thus fulfilling the criteria for the average variance extracted (AVE) value, which should exceed 0.5, and the composite reliability (CR) value, which best exceeds 0.8. In this study, the loading values for each item exceeded 0.708, thus corroborating Hair et al.'s (2016) recommendations.

Table 2: Measurement Model Analysis

Construct	Item	Loadings	AVE	CR
Service Quality	Q1	0.827	0.880	0.621
	Q2	0.753		
	Q3	0.752		
	Q4	0.801		
	Q5	0.705		
Price	P1	0.821	0.914	0.676
	P2	0.801		
	P3	0.783		
	P4	0.853		
	P5	0.877		
Comfort	C1	0.852	0.922	0.767
	C2	0.881		
	C3	0.846		
	C4	0.861		
	C5	0.836		
Consumer Satisfaction	S1	0.905	0.956	0.782
	S2	0.881		

	S3	0.891		
	S4	0.893		
	S5	0.851		

Discriminant Validity

In this study, the Fornell-Larcker criterion measurement was used to indicate any multicollinearity issues between the research constructs (Fornell & Larcker, 1978), and the findings revealed slight multicollinearity issues by which the square root of AVE (diagonal) is greater than the correlations (off-diagonal) between the constructs as presented in Table 3.

Table 3: Fornell-Larcker Criterion

Construct	Service Quality	Price	Comfort	Consumer Satisfaction
Service Quality	0.767			
Price	0.694	0.827		
Comfort	0.725	0.770	0.857	
Consumer Satisfaction	0.661	0.697	0.801	0.884

Path Coefficient Analysis

Path coefficient is generally used to measure the extent to which the independent variables have a significant impact on the dependent variable of research. Hence, this study constructed directional hypotheses (H1-H3) in which the t-value must exceed 1.657 and the p-value must not exceed 0.05 for the hypotheses to be accepted (Hair et. al., 2016). As shown in Table 4, all of the necessary criteria have been fulfilled; thus, all of the research hypotheses are accepted.

Table 4: Path Coefficient Results

Construct	Hypothesis	Direct Effect	T-Value	P-Value	Comment
Service Quality > Consumer Satisfaction	H1	0.125	1.784	0.037	Supported
Price > Consumer Satisfaction	H2	0.156	1.835	0.033	Supported
Comfort > Consumer Satisfaction	H3	0.590	6.914	0.000	Supported

CONCLUSION

This quantitative study was conducted to investigate how service quality, price, and comfort affect consumer satisfaction towards ride-hailing services in Malaysia. The findings revealed that service quality has a significant positive relationship with consumer satisfaction towards ride-hailing services, implying the need for the ride-hailing services to be reliable and

accurate in terms of the driver's performance so that the extent of service quality is affirmed (Sharma & Das, 2017; Horsu & Yeboah, 2015; Samengon et al., 2020). Subsequently, based on the results, price is also deemed a significant factor influencing consumer satisfaction towards ride-hailing services; thus, the rates charged for each ride-hailing service must be in accordance with the distance from the pick-up location to the passengers' destination with a detailed payment method and the amount shown in its application (Rample, 2016; Gabel, 2016). Finally, comfort also reportedly has a significant and positive relationship with consumer satisfaction towards ride-hailing services because the passengers prioritize comfort as per the transportation environment and the driver's emotional state (George et al., 2013; Bhat & Dubey 2014). Overall, as can be drawn from the findings of this study, it can be deduced that service quality, comfort, and price positively influences consumer satisfaction. Therefore, to maintain a competitive advantage in the market, the ride-hailing companies must ensure top-notch service quality as well as conforming to price and comfort to guarantee consumer satisfaction.

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