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Factors Affecting Customer Satisfaction: A Case Study of Grab in Vietnam

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Abstract:

Grab has recently become one of the biggest companies about applying technology in transportation. One of the key challenges would be how to manage service quality to achieve customer satisfaction. This study aimed to evaluate factors affecting customer satisfaction in order to help Grab gain more profit in Vietnam. Five dimensions used in this study were determined are Reliability, Information, Responsiveness, Dignity, Tangibles and Price. The research conducted a survey with participation of 213 respondents. The data was analyzed by using descriptive statistics, factor analysis and regression. The empirical results showed that Information significantly affects customer satisfaction, whereas Price and Tangibles slightly has an impact on customer satisfaction. Finally, this study recommended some solutions which Grab can apply to improve the service.

Keywords: Customer satisfaction, reliability, information, responsiveness, dignity, tangibles, price

1. Introduction

Traveling is one of the basic and indispensable needs of each person. The more the society grows, the more demand for travel increases. The transportation service has been put into operation and is growing strongly with many types such as taxi, motorbike taxi. With the development of science and technology, technology has been applied to travel service industry. Recent years in Vietnam, smartphones have become extremely popular, which has led to the development of mobile applications including ride-hailing apps such as Grab and Uber. The emergence of Grab and Uber has changed a lot of habits of using transport services. According to the survey conducted in July 2017 of Q&ME survey page about usage habits and opinions about car booking applications. The survey was conducted with 600 users of car booking applications in Hanoi and Ho Chi Minh City (Vietnam). The results of the survey showed that 61% users affirmed that they used traditional taxi services less often than a year ago. Nowadays, consumers become wiser and they require not only high quality but also more professional service. With the emergence of Grab and Uber, traditional forms of transportation such as taxi, motorbike taxi will face more intense competition in the market.

According to the survey results on Q&ME, 68% users used Grab more than Uber which means it could be seen that Grab is more widely used than Uber. Therefore, the research topic of us is focused on the study of Grab. One of the keys to success in the service industry is customer satisfaction. The more satisfied the customer is about the quality of service, the more profit the company will make. Therefore, Grab's rapid development in the past has also been related to customer satisfaction.

Grab Holdings Inc., formerly known as MyTeksi and GrabTaxi, is a Singapore based transportation network company. In addition to transportation, the company offers food delivery and digital payments services via mobile app. The company was originally founded in Malaysia and later moved its headquarters to Singapore. It now operates in the Southeast Asian countries of Singapore, Malaysia, Indonesia, Philippines, Vietnam, Thailand, Myanmar, and Cambodia. It is the region's first "decacorn" (a startup with a valuation of over US\$10 billion).

This study aims to analyze the impact of factors on customer satisfaction using Grab. Thereby, we recognize that factors have different effects on indicators reflecting customer service. Research data was collected from reliable sources and clear citations with high commitment of research group. To ensure the representativeness, completeness, and reliability of the collected samples, we collect the necessary information based on the following criteria:

2. Literature Review and Hypotheses

Customer satisfaction is defined as the determinant that how much the firm's goods, maintained, services and improvements are capable of meeting the expectations of customers. Satisfaction is a sentiment from assessment process, which means when customer consumed a product or service, compared between their expectations and what they received after using it (Kotler, 2009). Following by Parasuraman (1988) and Spreng (1996), satisfaction is reaction about the different between real feelings and expectation. Also, the study of Goode (2005) pointed customer satisfaction can be

defined as customers' evaluations of a product or service with regard to their needs and expectations. A theory called "Expectation – Confirmation" developed by Oliver (1980) which focused on customer satisfaction and product quality. Theory considered customer satisfaction through two small processes: primary expectation before purchasing products and feeling about products after using. For consumer researchers the issue of customer satisfaction is very important and for organizations to remain and keep their competitive advantages in present competitive scenario. A study of Henard (2001) identified some well establish determinants of customer satisfaction such as expectations, disconfirmation of expectations, performance, affect and equity. Customers are said to be satisfied when actual performance exceeds expectation (positive disconfirmation), and dissatisfied when expectation exceeds performance outcome (negative disconfirmation) (Goode, 2005).

A study of Liu (2008) identified that some criteria which can measure customer satisfaction which are satisfaction, gratification, credibility, novelty and surprise. In addition to Cavana and Corbett (2007), service frequency, reliability, convenience and responsiveness are service quality variables that are considered important in customer satisfaction. According to Olsen (1998) quality is consistently doing the right thing and it is complex process to measure consumer perception of service quality. Emmanuel Nondzor and Solomon Tawiah (2015) proved that service frequency, convenience, affordability and reliability had positive and significant impact on customer satisfaction. Nattapong Techarattanased showed in the study is tangibles, responsiveness, dignity and assurance highly impact on customer satisfaction. Dachyar and Rusydina (2015) concluded brand image has strong impact on customer satisfaction. Ho Khanh Ngoc Bich (2015) built a evaluation model with 7 criteria are tangibles, capacity, reliability, empathy, responsiveness and responsibility. A study of Mai Ngoc Khuong and Ngo Quang Dai (2016) listed 7 factors have significant impact on customer satisfaction which are reliability, comfort, information, responsiveness, dignity, tangibles and price. The most well-known scale of measurement for service quality is SERVQUAL developed by Parasuraman (1988). This study proposed ten dimensions of quality included reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding the consumer, and tangibles. Through an iterative process with alpha coefficient and among others, these dimensions were refined during SERVQUAL development period. Gronroos (2004) argued that there are seven factors to perceive the service quality and those are skills and professionalisim, behavior and attitude of employees, flexibility and convenience, trustworthiness and reliability, recovery of services, scope of service, credibility and reputation.

Service is the behaviors, processes, and ways of doing something to create value for customers to satisfy customers' needs and expectations (Zeithaml & Bitner, 2000). According to Philip Kotler (2012), service is an activity or benefit provided for exchange, mainly invisible and does not lead to transfer of ownership, the performance of services may or may not be associated with physical products. Parasuraman (1985) argued that Service quality is the difference between the expectations of customers and the services that customers feel. According to Parasuraman, customers' expectations are what the company must do, not what it will do. According to Hurbert (1995), before using services, customers have formed a "scenario" of that service. If the customer and supplier scenarios are not matching then the customer will not be satisfied. Service will be considered outstanding, if awareness exceeds expectations; it will be considered good or complete, if it is only equal to expectations; services will be classified as bad, poor or inadequate, if they do not meet their expectations (Vázquez et al, 2001).

Oliver (1993) pointed that customer satisfaction is a general measure of the experience received and expectations for using the service. Meanwhile, the quality of service only assesses a specific part of how the service is performed. Curry and Sinclair (2002) identified that by providing the service quality to meet customer expectations, it will lead to customer satisfaction and vice versa if the service quality is lower than expected, the customer will not be satisfied. Cronin et al. (1992) argued that service quality is the driving force for customer satisfaction, and that satisfaction affects loyalty to businesses. Satisfaction of the customer is an estimated result of executed activities of marketing; the firm can obtain the success by offering the quality products and services in this highly competitive business. According to Fornell (1992), the satisfaction depends on the overall buying and utilization of the target service and products presentation. Oliver (1997,1999) argued that customer satisfaction is an enjoyable completion which the customers get in the utilization. Spath and Fahrnich (2007) found that the satisfaction of the customer can also be measured through the life cycle of the relationship of the customer that contains different phases of the relationship of the customer and need to focus on definite goal and expectations of the customer in different phases.

From the review of the above studies, in this study, we focus on determining the impact of factors on customer satisfaction when using Grab service in Hanoi, Vietnam. We pay attention to the impact of reliability, information, responsiveness, dignity, tangibles and price on customer satisfaction.

3. Method

3.1. Theoretical Framework

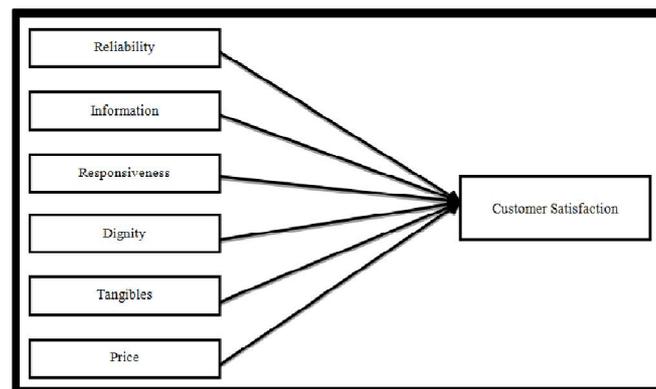


Figure 1: Diagram of Factors Effecting on Customer Satisfaction

According to all above dependent and independent factors, this study proposes two hypotheses:

- Hypothesis 1: Reliability, Information, Responsiveness, Dignity, Tangibles, Price has significantly impact on customer satisfaction.
- Hypothesis 2: The effect of Reliability, Information, Responsiveness, Dignity, Tangibles, Price are mediated by customer satisfaction.

3.2. Data Collection and Method

The study period is selected in 2019 when Grab owned all shares of Uber in Southeast Asia. At that time, a massive amount of consumers in Vietnam using Grab so it will be easier to conduct survey.

This research paid high attention on customer satisfaction. Quantitative data collection method is used for this study with using numbers, mathematics, statistics and vice versa in order to measure precisely research data with target of accepting or rejecting research hypotheses and answer research questions. Most of the questions in the survey were designed based on five-point Likert scale, respondents rate the items on the five-point scale, on which 1 and 5 indicated “strongly disagree” and “strongly agree” respectively.

The survey questionnaires were directly sent to people who have experiences of using Grab services in Hanoi, Vietnam. Participants are both males and females. To get more consistent, only people using Grab service within 5 months will be nominated. This research applied the convenience sampling method with 213 respondents were asked to fill in questionnaire. The questionnaires were mainly distributed in the public places such as supermarket, office, parks, school and vice versa. There were 59% female and 41% male.

The primary objective of this study is to investigate the effect of factors on customer satisfaction and measure level of impacts. To achieve the goals set out, in this study, the authors used quantitative methods, built regression models to show the relationship between factors and customer satisfaction; In which customer satisfaction is dependent variable; reliability, information, responsiveness, dignity, tangibles and price are dependent variables, by using software SPSS 20.0.

4. Result

4.1. Factor Analysis and Reliability

Exploratory Factor Analyses (EFA) were conducted with group of variables: 16 items of the independent variables and 3 items of the dependent variables. There are many factor extraction methods, the factor extraction method used in this study is the Principal Components method with perpendicular rotation (varimax). Moreover, descriptive statistics were used to illustrate the demographic data and other variables. Multiple regressions were applied to determine the effects of the independent variables on the dependent variables. The results off EFAs showed that Kaiser-Meyer-Olkin measure of sampling adequacy was 0.659 for independent variables, according to study of Tabachnick and Fidell (1996) the data were suitable for analysis. The Bartlett’s test off sphericity, significant = 0.000 < 0.05 which means the factor analysis was appropriate.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.659
Bartlett's Test of Sphericity	Approx. Chi-Square	1031.729
	df	136
	Sig.	.000

Table 1: Result of Factor Analysis EFA

The study provides that all components extracted and all eigenvalues are greater than 1. According to Hoang Trong and Chu Nguyen Mong Ngoc (2008), the eigenvalue quantity represents the amount of variability explained by the

factor, factors with eigenvalue less than 1 will be excluded from the analysis model because there is no summary effect information better than an original variable. The table of model summary shows the value of R square of factors on customer satisfaction (CUSA) is 0.586, which means that six factors can explain 58.6% the variation of customer satisfaction (CUSA). The Cronbach's coefficients ranged from 0.644 to 0.818 proving the consistency of these variables.

Names	Number of Items	Cronbach's alpha
Reliability (RE)	3	0.818
Information (IN)	3	0.738
Responsiveness (RS)	3	0.750
Dignity (DI)	2	0.644
Tangibles (TA)	3	0.770
Price (PR)	3	0.976

Table 2: Summary of Independent Variables

4.2. Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics
	B	Std. Error	Beta			Tolerance
(Constant)	-1.292	.328		-3.938	.000	
RE	.330	.035	.417	9.393	.000	.962
IN	.273	.029	.426	9.484	.000	.937
RS	.165	.026	.287	6.395	.000	.940
DI	.199	.038	.230	5.248	.000	.988
TA	.192	.043	.198	4.473	.000	.971
PR	.205	.047	.193	4.398	.000	.980

Table 3: Regression Analysis Result

$$CUSA = -1.292 + 0.417*RE + 0.426*IN + 0.287*RS + 0.23*DI + 0.198*TA + 0.193*PR$$

From the standardized regression coefficient beta, the most powerful factor affecting CUSA is the level of IN, when the impact of IN level increases by 1%, CUSA increases to 0.426%. Next is the factor of RE and RS, when the RE increases by 1%, CUSA increases to 0.417%. This is quite true in reality, when Grab provides the service as committed or promised to customers, it will make customers feel comfortable and secure when using the service. In addition, the RS improved, customer satisfaction also increased to 0.287. It can be seen that responding to customers when they have a complaint or want to know something quickly can make customers more satisfied with the service.

Meanwhile factors such as TA or PR have little impact on customer satisfaction. Grab is a fairly reputable and quality system which means that they hire drivers or the quality of the car is also carefully tested. This indicates that the level of IN provided to the previous customer has made it reassuring for the driver or driver. Likewise, the price is a factor that affects quite a bit, in fact, the price of Grab cars is quite cheap compared to any other types of motorbikes or regular taxis, and the previous information also makes customers know in advance. All of these factors are statistically significant, as evidenced by the fact that they all have Sig. <0.05.

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	28.860	6	4.810	53.643	.000 ^b
	Residual	18.471	206	.090		
	Total	47.331	212			

Table 4: Result of ANOVA Analysis

ANOVA analysis result with Sig value = 0.00 <0.05 shows that the variables included in the regression model have an impact on the dependent variable. Based on the model suitability standards proposed by Gujarati & Porter (2009); Hill et al. (2012) we can see that the research model is highly relevant for explaining the behavior of the dependent variable.

5. Discussion and Conclusion

With the results of regression analysis, we can see that information and reliability are the two factors that have the strongest influence on the dependent variable with beta coefficients of 0.426 and 0.417 respectively. Meanwhile, other factors of dignity, responsiveness, tangibles and price have a weaker effect on customer satisfaction when using Grab. This can be explained, because of these factors, Grab traditional taxi companies have responded quite well and quite similarly. With characteristics of the service industry such as taxis, the quality of service depends very much on the service provider - the driver. Drivers in traditional taxi companies are carefully selected, so the dignity of these people is always guaranteed. With Grab, the dignity of employees is good and there is no bad phenomenon of Grab's dignity. Customers can send recommendations, requests and feedback through the switchboard of each taxi company. Thanks to the disclosure of

vehicle, driver and fare information, Grab has built trust and "reliability" among customers. Perhaps, this difference has helped Grab improve customer satisfaction.

When looking at the results of the regression analysis, we can see that price has the weakest influence on the customer satisfaction (beta coefficient is 0.193), although the respondents highly appreciated according to the survey results obtained. Why is such an important factor in the market as prices so weak for students? In fact, Grab fare compared to some traditional taxi companies is quite similar. Along with that, Grab implemented many promotions and discounts to attract customers. However, the promotions have reduced the population recently. Especially, during peak hours, the price for each trip is very high, much different from the other time frames. Perhaps for this reason, the price factor does not have much effect on customer satisfaction.

Therefore, the team offers some suggestions to help Grab improve the quality of its services and thereby increase customer satisfaction. Although Grab's involvement with drivers is not limited, Grab should have training sessions with new people to increase service attitude to customers. Also, Grab need to check the driver's profile before they join Grab will help increase the reliability of driver information on the application. Besides, the company needs to check the quality of the car before letting these drivers join Grab. This will ensure a safer ride for Grab every ride. In addition, upgrading Grab's application so customers can book cars quickly and easily, especially during rush hours. There are specific penalties for employees that customers underestimate via the app after each trip. Lastly, resolve quickly and reasonably customer feedback to create trust in customers and increase the influence of reliability.

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