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What drives customer satisfaction and well-being in ridesharing? A developing country perspective

(Work in Progress)

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ABSTRACT

This study examines ridesharing services from the customer perspective in a developing country context and investigates two significant post-adoption and marketing consequences: satisfaction and well-being. Using a purposeful sampling technique, six semi-structured in-depth interviews were conducted in Sindh province, Pakistan. Among the major findings are that customers' awareness of the services and how to use the mobile application, convenience of use, high perceived value, the quality of information available in the ridesharing mobile app, real-time location services, and an effective complaint resolution mechanism promote customer satisfaction and well-being. This study includes implications and an agenda for future research.

Keywords: Sharing economy, ridesharing services, consumer satisfaction, consumer well-being, Sindh

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INTRODUCTION

Sharing or collaborative economy services, defined as an innovative business phenomenon that allows the consumer-to-consumer exchange of underutilised or idle goods and services via mobile apps (Qian and Ukkusuri, 2017), have disrupted traditional business models with new, innovative, affordable, and shared services and affected consumer behaviour. The shared, or collaborative, consumption phenomenon is rapidly changing consumers' values. These developments may also be quickly disrupting the less environmentally friendly capital-intensive industry and other sub-sectors of the economy. The sharing economy business models are becoming the cornerstone of investment, environment protection, consumer choice, and regulation.

Mobile technology now serves as the backbone of communication for both established industry players and start-ups and provides several benefits to consumers and industries, such as convenience, low-cost services, and access to new markets. Motivated by mobile technology, business models started evolving from being company-, product-, or service-specific to become more sharing-oriented and collaborative, allowing the wider stakeholder to share, collaborate, and grow. These sharing-based business models, which are widely considered more elastic and ambitious than traditional business models, are gaining immense attention from consumers, industry, national governments, and regulators for their ability to infuse economic activities (such as creating new employment opportunities) and new revenue streams for the sharing partners. According to PwC (2015), the global sharing economy is forecasted to grow to 335 billion USD by 2025, up from 15 billion USD in 2014.

Nonetheless, despite the sharing economy's impressive growth projections, benefits, and significance in the everyday life of the consumer, the research on it is still in its fledgling stage (Hamari et al., 2015). Moreover, sharing economy firms (including those for on-demand ridesharing) are still relatively young and undeveloped, and sharing services as an alternative method of consumption are still at the beginning of the S-curve, with limited empirical research (Wallenstein and Shelat, 2017; Kim et al., 2018). For example, according to a recent market survey report, Forrester (2018) believes that the sharing economy has plenty of room to grow. Less than 27% of US adults have used a sharing service in the past six months, one-fifth have used a vehicle-for-hire service, only 9% have used room and lodging services through sharing economy, and less than 4% have used vehicle/bike/goods-sharing and logistics services.

Although it is widely believed that the sharing economy now occupies a significant position in consumers' everyday lives, it is not clear whether it has enhanced customer well-being. Earlier research has examined consumer well-being in the context of social media usage (e.g. Facebook, Friendster, and MySpace) (Jang et al., 2018; Valkenburg et al., 2006), bike-sharing in China (Ma et al., 2018), and personal blogging (Jung et al., 2012). A significant portion of published scholarly research is in the area of ridesharing services (e.g., Kim et al., 2018; Wang and Mu, 2018; Peticca-Harris et al., 2018; Urbinati et al., 2017), particularly examining two popular mobility services (Uber and Lyft taxi service) in a developed country context (USA and Canada). However, other similar on-demand ridesharing services are seldom examined, especially in an emerging and developing country context. Understanding the characteristics of ridesharing services that promote customer well-being is an important area of research yet to be adequately addressed in Asia, Africa, and certain European countries.

For the sake of this study, some terms, such as 'consumer' or 'rider' and 'driver' or 'captain', are considered the same and have been used interchangeably.

RESEARCH QUESTIONS

How does ridesharing generate consumer satisfaction and well-being? Specifically, how does ridesharing service usage relate to consumer satisfaction and well-being?

LITERATURE REVIEW

The rise of the sharing economy for products and services is a global phenomenon, especially in emerging countries with high population density, stable telecommunication networks, and scarce resources. An increasing number of people in emerging and developing countries now use shared products and services in their everyday lives.

In the understanding of Rinne (2017), the sharing economy refers to the sharing of underutilised assets, monetised or not, in ways that improve efficiency, sustainability, and community. Various academic researchers have examined the sharing economy, and the term 'sharing economy' may be subsumed under terms such as 'access economy', 'gig economy', 'peer-to-peer markets', 'collaborative consumption', 'access-based economy', and 'commercial sharing systems' (Parente et al., 2017; Davidson et al., 2018). Nonetheless, recently, differences among these terms have been observed and widely accepted. For example, Fraanje and Spaargaren (2019) argued that collaborative consumption is a subset of the 'sharing economy'. Likewise, according to Baumber et al. (2019) and Frenken and Schor (2017), the sharing economy largely involves the exchange of or access to underutilised physical goods, and the skill-sharing category generally relates to the 'on-demand' or 'gig' economy.

Prior research (Parente et al., 2017) published in the area of the shared economy argues that the success of sharing economy firms such as Airbnb, Uber, Lyft, and Careem is powered by various factors, such as increasing consumer trust, the ubiquity of the internet and portable devices, declining transaction costs, cloud computing, freely downloadable mobile car-hailing applications, the abundance of goods in idle capacity, and growing consumer concern regarding environmental sustainability. Transport sector remains the dominant mode of passenger transport, and passenger cars contribute almost 45% of the transport sector's emissions in Europe alone (European Environment Agency, 2015).

Consumer well-being, also referred to as human well-being (Ayala-Azcárraga et al., 2019), is defined as a broad category of phenomena that includes users' emotional responses, domain satisfactions, and global judgments of life satisfaction (Ma et al., 2018). Initially, Ko and Kuo (2009) defined user well-being as users' consciousness and feelings about their lives, including pleasure perception, positive emotions, and higher satisfaction. Suggesting a more comprehensive definition, Ayala-Azcárraga et al. (2019, p. 28) has defined well-being as 'a state of the human being that arises when good health is maintained, social relationships of trust and cooperation are established, and individuals and groups can act to pursue their goals so that they are satisfied with their lives'.

RESEARCH METHODOLOGY

A qualitative research approach (semi-structured in-depth interviews) was adopted to collect empirical data from male and female respondents familiar with ridesharing services. The interview protocol was designed and pre-tested on a group of randomly selected people in the city of Karachi in July 2019 using ridesharing services for the last six months. Skype application was used to conduct the pilot test. Based on the feedback received during this pilot test, the interview protocol was refined in the language, quantity, quality, and relevance of the questions, and local culture and norms were taken into consideration.

The city of Karachi in Pakistan (the Sindh provincial capital) was selected as a study site for interviews for several reasons. First, Karachi is considered the gateway to Pakistan, with major seaports and airports located in this city. Second, Karachi is a major industrial and financial hub, with over 12 million population providing high demand for sharing services. Third, Careem (Similar to Uber) started its services in Karachi in early 2015. Fourth, the Sindh provincial government has facilitated the establishment and the growth of the ridesharing services (such as Careem, Uber) in the Sindh province to achieve the region's digital future targets.

The study participants were selected using purposeful sampling technique: participation in the study was purely voluntary; the study participants, both male and female, should own a smartphone; they should have been using Careem or Uber mobile ridesharing application for at least one year; and they should have taken at least 15 rides during the last year. The interviews were conducted face-to-face and tape-recorded, and the interviews were focused on how interviewees have understood the well-being aspects while using shared services.

RESULTS

The participants were asked several questions to examine their level of satisfaction with the ridesharing service and the effect of ridesharing services (Careem or Uber) on increasing their quality of life and meeting their everyday goals, such as reaching the office on time; attending festivals, concerts, and other social gatherings; and going shopping.

Following are some of the themes that emerged from the interview transcripts that resulted into increasing the consumer satisfaction and well-being.

User Awareness

When asked how they came to learn about Careem or Uber services, out of the six respondents interviewed for this study, five (or over 80%) had not received any message from Careem or noticed any advertisements from Careem or Uber on any channel such as social media. Instead, they received referrals or recommendations from their family and friends. In other words, word-of-mouth dominates the adoption and usage of ridesharing services in Pakistan.

'I was living in a student hostel. Someone introduced me to Careem and ordered a ride for me using his mobile car-hailing application. As soon as I took the first ride, I downloaded the application and started using the Careem service. It has been a good experience, and I have been happy using this service for the last three years'. (Sidra, 27, Female, Student)

User perceived security and trust

Technological advances are largely considered to be key enablers of ridesharing and other sharing services (Agatz et al., 2012). Examining the necessity and the importance of ridesharing services in achieving the user well-being, the three female respondents responded the technological benefits of using the Careem service. For example, these technological benefits include ridesharing mobile ridesharing applications provide several options, including viewing the real-time location of the car and details about the driver/captain. The following interviewee's statements illustrate this observation:

'Considering the prevailing law and order situation in the country, when a user orders a ride, Careem sends the details of the driver and the car, including the full name/picture of the driver and also the registration number/model/colour of the car, which allows me to verify the driver's identity and car. I share the location as well as the details of the driver/captain with my family and friends. In case of any unwarranted incident or situation, my family and friends can easily locate me in real-time. This increases my trust in the ridesharing services as well as provides me and my family peace of mind'. (Sassi, 32, Female, Employee)

'I consider using Uber very secure and tension-free. I do not need to carry cash. I can store my credit card information in the app for easy and secure payment. It is becoming a part of my lifestyle. Uber provides a convenient transit option'. (Punhu, 37, Male, Entrepreneur)

Prior research (Hawlitschek et al., 2016; Belk, 2010) has considered customer trust in sharing services one of the key motivations to use the sharing services. Regarding trust and the transparency of information available in the ridesharing services compared to traditional taxi services, all the respondents had favourable viewpoints and explicitly described positive correlation among the level of trust, transparency, and customer well-being.

'One of the important built-in features of the ridesharing mobile application is in advance calculation and information about the distance to my destination as well as the estimated fare. I can, therefore, easily decide if I should take the ride or ignore it. Bargaining on fare bothers me a lot, and the Careem application is, therefore, keeping me happy and at peace'. (Zulfiqar, 38, Employee)

Perceived value

One respondent recorded his increasing level of satisfaction and well-being thanks to the company policy of providing promo codes that allow handsome discounts as well as free rides:

'As compared to the traditional taxi that does not provide any discount or quality service, Uber is special. Good value for the money'. (Tunio, 21, Male, Student)

The relationship between the quality of the ride (car) and consumer well-being was also examined. Here, poor car quality (e.g. old age and poor maintenance) of car was considered the main source of damage to consumer well-being despite transparency in information, a good mobile ridesharing application, and increased convenience. This is, perhaps, due to the hard weather conditions that demand the car air conditioning system working nicely.

'The weather conditions in Sindh are very hot and humid. When I book an Uber, I am sure that it provides air conditioning facility as compared to traditional taxi service. Sometimes, when I find the A/C out of order, it kills the very purpose of booking the ride. The quality of the car/ride is deteriorating day by day'. (Sanwal, 22, Male, Student)

Complaint resolution mechanism

In the case of a dispute or complaint, Careem provides multi-channel options for lodging the complaint, including direct email, telephone, and mobile chat. Half of the respondents confirmed they had received responses to their complaints within 12 hours, and most of the complaints were resolved to their satisfaction. Citing a special case, one respondent narrated the following critical incident:

'One day, while travelling from Islamabad city to Karachi, I ordered a Careem taxi from the Karachi airport. The details of the driver/captain who accepted my ride appeared on my Careem mobile application. As soon as I reached the departure gate, I found a Careem taxi with a different driver and different car registration number. The driver, to my surprise, called my name and asked me to take the ride, I refused to take this ride because the of the security concern and immediately called Careem and informed them about the situation. The Careem representative appreciated my complaint as well as the decision to refuse to take the ride. The Careem representative booked another ride for me, and within 10 minutes, the driver came to pick me from the airport. At least, if anything happens, I can share the details of the driver and the car with the company. Accepting an unknown ride was risky and not advisable. Careem's complaint resolution mechanism was very effective. I am happy and satisfied'. (Brohi, 39, Male, Teacher).

DISCUSSION AND THEORETICAL/MANAGERIAL IMPLICATIONS

In this study, we have evaluated some critical factors that promote consumer satisfaction and well-being through ridesharing services in a developing country context. In total six semi-structured and in-depth interviews were conducted and analysed.

This study provide some theoretical contributions. For example, our empirical results show a strong relationship between various components of ridesharing services and consumer well-being. Among the various dimensions of ridesharing services that promote consumer satisfaction and well-being are consumer awareness about the services and how to use the mobile application, convenience of use (anyone can have a ride to anywhere at his or her fingertips), cost effectiveness, high perceived value (promotions, discounts, and cost savings), quality of information available in the ridesharing mobile app, real-time location services, and an effective complaint resolution mechanism (responsive customer service platform across multiple channels, such as email, phone call, or mobile chat). These findings are partially in line with the earlier findings Ma et al. reported (2018) in the context of bike-sharing services.

This study also provides some meaningful managerial implications for the sharing economy. For example, the findings of this study will assist marketing executives in better understanding customers' ridesharing usage behaviour. Moreover, it appears to be explicit from the opinion of the respondents that a lack of consumer awareness about ridesharing services in a developing market such as Pakistan hinders the development of this industry on a large scale despite the country's having a huge consumer market of over 200 million residents. Also, smartphone usage, a key enabler of ridesharing, surpassed 55 million users in 2018 (PTA, 2019) thanks to high-speed internet. This massive proliferation of cell phone usage in the country indicates a high level of mobile self-efficacy among various consumers. Therefore, companies facilitating ridesharing services in the metropolitan cities of Pakistan should design and implement a comprehensive consumer awareness campaign using various channels such as cell phones (Short message service-SMS), social media, print media, and electronic media. Also, the quality of the ride or cars should be ensured by the company, and the usefulness of the service should be further enhanced in order to encourage the upper or elite class in the country to use ridesharing services.

This study has limitations; since the data were collected from a single location, the findings cannot be generalised, and it would be difficult to establish cause-and-effect relationships. The benefits of using car-hailing services are not limited to customer satisfaction and increased well-being, so future research should consider additional outcomes of using car-hailing or shared services, including utilitarian, social, and hedonic aspects of ridesharing services and their effects on customer satisfaction and well-being. Comparative studies of two different cultural backgrounds and socioeconomic differences, such as developed and developing countries, could provide better insight into customer behaviour regarding shared services. Also, the scope of sharing or collaborative services includes various services or options, such as media and entertainment (Spotify), hospitality and dining (Airbnb), retail and consumer goods (Boatbound), and so forth. Future research may examine different sharing services with valuable theoretical, social, and practical implications. Finally, in addition to the customer well-being, the focus of this study, driver well-being and motivation for participating in ridesharing and utilising his or her assets should be examined in both developed and developing countries.

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