

CHAPTER I

INTRODUCTION

The introduction to the study is very important because of the opening up of the research as a whole, it consists of the scope of the research, the material of the study, the research issue, as well as the aims, the significance of the study, and all of the organizations involved in the study.

1.1 Background

Technology has become a major necessity in everyday life. Technological advances have spread across various fields such as the educational environment, social environment, and other environments. As well as the advent of technological developments in various fields, internet users have also increased. Technology has driven the development of digital society. Society can now easily be connected to the internet all the time and digital devices are connected to the internet almost everywhere (Aziah and Adawia, 2018). Smartphones and tablet computers can be easily carried all the time. With this rapidly developing technology, it turns out that it brings many changes in all fields, one of which is transportation. Throughout the past years, we were accustomed to traveling by taxi or by other public transportation. To reach it we need more effort like coming to a taxi stand, some can be called to pick up at the front of the house but it costs more.

Today, transportation has started to switch from conventional to online transportation. The phenomenon of online transportation is currently being discussed often because application-based reservations are easily downloaded by

smartphone users both Android and iOS systems (Agustin, 2017; Tumuwe et al., 2018). The globally famous online transportation based applications are UBER and GRAB. The arrival of online transportation in this modern era has been an important support in daily activities, especially in urban areas. Online transportation offers convenience, lower costs, and security, so it is not surprising that many people are switching from conventional modes of transportation to online modes of transportation (Aziah and Adawia, 2018). The utilization of online transportation service assists customers with cutting the ordering time and furthermore makes it simpler for individuals to travel whenever and any place connected with the google guide to discover where drivers are and to estimate real-time travel (Putrianti & Samuel, 2018).

In Indonesia, the most popular and widely used online transportation today are GRAB and GOJEK, those two provide similar services such as online motorcycle taxis, online taxis, and delivery services. According to Bhima Yudhistira Adhinegara as an economic observer, in terms of expansion, GRAB transportation services are still more dominant than GOJEK. There are 10 million drivers from online transportation services, both motorbikes and cars, while Gojek is around 6 million drivers (Budiansyah, 2019). This is interesting because Grab is a foreign company that is newer in terms of entering the market in Indonesia than Gojek. The focus of the two ride-hailing companies is no longer just offering transportation services but becoming a super app that makes the business value of these two companies in the eyes of investors even greater. GRAB outside Indonesia is hard to defeat, but GOJEK as the work of the nation's children able to match

GRAB (Budiansyah, 2019). According to Deutsche Bank Banker Neel Laungani to the Financial Times, no one has yet won the competition between the two companies (Budiansyah, 2019). Although the focus of these two ride-hailing companies is no longer just offering transportation service, but why until now no one has won the competition between these two companies. This is a tough challenge for GRAB, which is a foreign company to dominate Indonesia's market even after Grab drivers expansion is stated larger than GOJEK.

Although online transportation services like GRAB have made it easier in a variety of daily activities, the quality of the service remains a primary assessment for users of online transportation. Services based on technology speak for a kind of service wherein the viability and the efficiency of service distribution are improved basically through the adoption of the innovation of the company (Walker, Craig-Lees, Hecker, and Francis, 2002; Kim and Lee, 2020). Services that based on technology offer the providers with advantages, for example, lower of work costs, the formation of significant worth especially services, and improvement of customer satisfaction and service quality (Zhu et al., 2002; Kim and Lee, 2020), and give clients the easiness of the transaction with dependable data (Agnihotri et al., 2002; Kim and Lee, 2020). According to Sinurat et al (2018), the level of the individuals who feel good on GRAB service quality was about 63.3% and the individuals who feel unpleasant on the services provided by GRAB were 36.6%. This shows the degree of the service quality gave is as yet insufficient and GRAB's online transportation must have the option to improve the service quality so as to endure and could rival with its rivals.

Service-based business management such as GRAB online transportation is indeed prioritizing the quality of the services provided, but there are other factors that also determine a person to use services from GRAB continuously. After providing good quality service, the company hopes that the customers see the value of the product/service offered in accordance with their expectations. Perceived Value gives the competitive upper hand, which in the end prompts organizations' long term progress (Day, 2000; Woodruff, 1997; Ravald and Grönroos, 1996; Aw et al., 2019). In this examination, perceived value alludes to buyers' observation toward the subjective value of product/service utilization (Babin et al., 1994; Aw et al., 2019). This leads the company to understand the customer satisfaction of GRAB online transportation, will the customers satisfied or unsatisfied.

Sinurat et al (2018), have conducted a survey taken from 30 respondents in Medan. The survey about GRAB customer satisfaction says that the level of users who are satisfied with the provided services given by GRAB was 60% and the users less satisfied by GRAB services were 40%. This means most of GRAB's online transportation users are happy with the services given, yet there are still clients who are disappointed because some other things that are not in accordance with their expectations (Sinurat et al., 2018). Service quality, perceived value, and customer satisfaction are some of the factors that influence GRAB users to continue using GRAB's online transportation services and intend to use GRAB again in the future. In addition, spreading a positive Word of Mouth through GRAB services can also form the behavioral intentions of GRAB customers in the future, such as becoming loyal customers.

As a preliminary study before the researcher conducts the research. Based on the pre-test that has been collected from the Users of GRAB online transportation by that time is a student at Pelita Harapan University and lives in Jabodetabek, the researcher found that 12 out of 12 people ever used an online transportation service based on a mobile application. 8 out of 12 use GRAB more often than Gojek and My Blue Bird. Therefore, researchers will use Grab online transportation users in Jabodetabek to conduct this research. Researcher also asked about the reasons for continuing to use online transportation services in Jabodetabek that they use frequently and these are the results, 10 people answered ease of use, 7 people comfortable with the ride-hailing company, 6 people said promotion but only 5 people said it's because of the quality of service. In this case, the quality of service provided by Grab still not fulfilled customer wishes and still has weaknesses that make several aspects of Grab's operational standards neglected by the Grab driver himself. Such as, unilateral cancellation from a driver without prior confirmation to the customer, a driver who smokes while driving which causing discomfort to cigarette smell or smoke. In addition, there are also those who drive recklessly so that customers do not feel safe and comfortable when using online transportation services (Soromi et al., 2019). Things like this greatly affect customer satisfaction and also the value will be perceived by customers in responding to service quality to meet customer satisfaction which certainly affect customers behavioral intentions.

The last survey question regarding if there is a choice of online transportation modes that are similar and offers the same services, will the

respondent be able to switch services according to their needs, and 9 out of 12 respondents answered "maybe". Based on the small survey that has been conducted, the researcher concludes that GRAB especially in Jabodetabek needs to improve its quality of service in line with the customers demand, and there is no loyalty for ride-hailing service users because customers can switch services according to their needs.

1.2 Problem Statement

From the studies that have been collected by the researcher, it can be concluded that there are some service quality problems which can inhibit GRAB's long-term existence. From what we know, GRAB online transportation service uses 2 media, they use their physical transportation such as cars, and motorcycles but also they use Mobile applications to run their business. To stay on the main page of the economy, GRAB needs to maintain the quality of its services along with the quality of e-services in order to maintain the competitive advantage and getting customer's loyalty. Since it is truly simple for clients to change to contenders in light of the fact that there is basically no cost to switching from one to the other on the web (Barutcu, 2010; Khairani & Hati, 2017). The complaints raised by customers are mostly similar, such as applications and grab GPS which suddenly have an error, reckless and unfriendly drivers, the unilateral cancellations, and so on. Therefore, the researcher wants to examine whether the phenomenon occurs on Grab users in Jabodetabek by using service quality, customer satisfaction, and perceived value to see the relationship towards Behavioral Intention.

1.3 Research Question

Based on the background discussion above, the researcher formulated the problem to be studied in this research as follows :

1. Is there a positive effect between the relationship of Service Quality on Perceived Value towards Grab online transportation users?
2. Is there a positive effect between the relationship of Service Quality on Customer Satisfaction towards Grab online transportation users?
3. Is there a positive effect between the relationship of Service Quality on Behavioral Intention towards Grab online transportation users?
4. Is there a positive effect between the relationship of Perceived Value on Customer Satisfaction towards Grab online transportation users?
5. Is there a positive effect between the relationship of Perceived Value on Behavioral Intention towards Grab online transportation users?
6. Is there a positive effect between the relationship of Customer Satisfaction on Behavioral Intention towards Grab online transportation users?

1.4 Research Objective

Based on the research question, research objectives can be stated as below:

1. To examine the positive effect of Service Quality on Perceived Value towards Grab online transportation users.
2. To examine the positive effect of Service Quality on Customer Satisfaction towards GRAB online transportation users.

3. To examine the positive effect of Service Quality on Behavioral Intention towards GRAB online transportation users.
4. To examine the positive effect of Perceived Value on Customer Satisfaction towards GRAB online transportation users.
5. To examine the positive effect of Perceived Value on Behavioral Intention towards GRAB online transportation users.
6. To examine the positive effect of Customer Satisfaction on Behavioral Intention towards GRAB online transportation users.

1.5 Significance of The Study

The significance of the study is as follow:

1. For the Researcher

This research is expected to help the researcher understand the relationship between Service Quality, Perceived Value, Customer Satisfaction, and Behavioral Intention to GRAB online transportation users in Jabodetabek.

2. UPH and Business School

This research is expected to help the organization as a reference for academic activities, hopefully, it may be a new insight for the university, especially the Faculty of Business in terms of the topic of online transportation in general.

3. Online Transportation Business Owners or Corporations

For online transportation business owners and GRAB business owners or corporations in specific, the researcher hopes that this study can be an input for the organizations for the sustainability of online transportation companies, especially GRAB.

4. The Next Researcher

For the next researcher that will discuss the topic of “Service Quality” and “Behavioral Intention” of online transportation service, it is hoped that carrying this research will help and added to be one of the reliable references for the topic.

1.6 Organization of The Study

CHAPTER I: INTRODUCTION

In this chapter, the researcher will mention and explain about the background of the study, research problem, problem limitations, research objectives, and the thesis outline.

CHAPTER II: LITERATURE REVIEW

In this chapter, both of the dependent and independent variables, the linkages, propositions, models, and hypotheses will be mentioned and explained along with the theories that support the variables.

CHAPTER III: RESEARCH METHOD

This chapter explains what methods will be used to test and measure the relationship between variables including research design and how to collect data in a quantitative approach. Along with the criteria from the population and sample to be tested.

CHAPTER IV: RESULTS AND DISCUSSIONS

This chapter outlines the result of data analysis which has been obtained and explained the result of statistical calculations of the relationship of each variable including the Testing of the hypothesis. In this chapter, the Validity and Reliability of the study will be tested.

CHAPTER V: CONCLUSIONS AND SUGGESTIONS

This chapter contains the conclusions of the result of analytical calculations and the implications which are appropriate with the problem. This chapter will also conclude this report as well as giving useful recommendations for any researchers who wish to analyze this case even further.