CHAPTER I

INTRODUCTION

1.1   Background of Study

In today's business environment, marketing activities have become increasingly essential and obligatory for every company aiming to sustain itself and expand its operations. The current economic conditions in Indonesia present significant challenges to all enterprises, whether they are involved in manufacturing goods or providing services. These challenges are especially acute for marketing teams, who must innovate continuously to devise strategies that attract and engage consumers, thereby encouraging repeat purchases by giving them satisfaction. Satisfaction is more defined from the perspective of consumer experience after consuming or using a product or service. Satisfaction is a response to fulfillment from consumers. Satisfaction is the result of consumer assessment that a product or service has provided a level of enjoyment where this level of fulfillment can be more or less.

In today's modern era, people are involved in a wide range of activities, and to keep up with their busy schedules, transportation has become a crucial tool for facilitating their daily tasks. Nowadays, many city dwellers own personal vehicles, which offer a convenient and efficient means of traveling from one location to another. However, this increase in vehicle ownership has not been matched by a corresponding growth in road infrastructure, leading to a new challenge traffic congestion. To tackle this issue, several entrepreneurs have

developed online-based public transportation services. These digital platforms have emerged as a practical solution to the growing demand for mobility in urban areas.

As cities become more crowded and traditional transportation systems struggle to keep pace, online transportation companies provide a convenient alternative. By leveraging smartphone technology, these services offer users a seamless way to connect with drivers, making it easier for individuals to move from place to place without the hassles of owning or parking a personal vehicle. This shift towards app-based transportation has not only eased traffic congestion but also provided more flexible and accessible options for city residents. Furthermore, with features like cashless payments and real-time tracking, these services have gained widespread popularity across different socioeconomic groups. As people seek faster, more efficient ways to navigate busy urban environments, online public transport solutions are rapidly becoming a preferred choice for many, revolutionizing the way we think about mobility.

Grab is one of the interactive applications that has been operating in various countries, including Southeast Asia, where the application can easily be used via smartphones, acting as a medium to connect passengers as service users with drivers as service providers. The easy payment system makes the application popular among all segments of society. To date, Grab has become the primary solution for everyone, whether for goods delivery, food purchases, or as a means of mobility. One of the most frequently used features is Grab Bike and Grab Car, where passengers can easily and quickly travel to their destinations.

Based on the initial observations made by the researcher, it is evident that consumer satisfaction with Grab Bike and Grab Car remains relatively low, raising important concerns about the overall effectiveness of these services. Several key factors contribute to this dissatisfaction. First and foremost, many users have reported inconsistencies in service quality, particularly in terms of driver professionalism and vehicle maintenance. Instances of rude or unprofessional behavior from drivers can significantly impact a user's perception of the service, leading to negative experiences. Furthermore, the timeliness of pickups has emerged as a critical issue; customers often find themselves waiting longer than anticipated, especially during peak hours or in congested areas, which diminishes their trust in the reliability of the platform. It is also known that Grab has received many negative ratings on Google Review and Play Store from dissatisfied consumers.

In addition to service inconsistencies, users have voiced frustrations regarding pricing transparency and fare fluctuations, particularly during surge pricing periods, which can create a feeling of being taken advantage of. This has led to a perception that Grab prioritizes profit over customer satisfaction. Another notable factor is the customer support experience, which many have deemed unsatisfactory. Users frequently encounter difficulties when attempting to resolve issues, such as ride cancellations or complaints about drivers, leading to a feeling of helplessness and dissatisfaction with the support system.

Moreover, the growing competition from alternative ride-hailing services adds another layer of pressure, as consumers now have more choices and higher expectations regarding quality and service. This competitive landscape underscores the necessity for Grab to enhance its offerings and improve customer

engagement to foster loyalty. As the researcher continues to analyze these issues, identifying specific areas for improvement will be crucial in formulating strategies to elevate consumer satisfaction with Grab Bike and Grab Car, ultimately helping the company to strengthen its market position and maintain a loyal customer base.

Consumer trust is a basic principle in business because if consumers feel cheated, it will certainly spread, causing consumers to switch to other products. Consumer trust issues surrounding Grab Car and Grab Bike have become increasingly prominent, significantly impacting user satisfaction and loyalty to the platform. One of the primary factors contributing to this lack of trust is the inconsistency in service delivery. Users often encounter variations in driver behavior, such as rudeness, unprofessionalism, or insufficient knowledge of routes, which can lead to negative experiences. When passengers feel unsafe or uncomfortable due to the demeanor or driving habits of their drivers, it erodes their confidence in the service as a whole. Additionally, reports of canceled rides or no-shows can exacerbate feelings of frustration and unreliability, as consumers come to question whether they can depend on Grab for timely and efficient transportation. It is also known that many drivers are unprofessional, rude and take unfamiliar shortcuts so it make passengers feel unsafe and uncomfortable.

Another significant aspect affecting consumer trust is the pricing structure. Many users express concerns about fare surges during peak times, perceiving these price increases as exploitative rather than reflective of actual demand. This sentiment can lead to skepticism regarding the platform's pricing policies, making consumers wary of using the service, especially when they feel they are being charged unfairly. Moreover, the transparency of the pricing model is often

questioned; when consumers feel that they do not fully understand how their fares are calculated, it can create a sense of mistrust.

The customer support system also plays a critical role in shaping consumer trust. Users frequently report dissatisfaction with the responsiveness and effectiveness of Grab's customer service, especially when it comes to addressing complaints or resolving issues related to their rides. If users feel that their concerns are not adequately addressed or that their feedback is disregarded, their trust in the platform diminishes further. In a highly competitive market, where alternative ride-hailing options are readily available, these trust issues can significantly affect Grab's ability to retain and attract customers. As such, it is essential for the company to focus on improving service consistency, enhancing communication about pricing, and strengthening customer support to rebuild consumer trust and ensure long-term loyalty to Grab Car and Grab Bike.

Corporate image is perception and encompasses everything from the visual impression of the company's logo, observation, and experience of products, services, and the company's overall behavior. Corporate image is the result of everything the company does or does not do. The phenomenon of corporate image problems surrounding Grab Car and Grab Bike has significant implications for the brand's reputation and customer loyalty. A corporate image is shaped by how consumers perceive a company based on their experiences, interactions, and the messaging conveyed through marketing and public relations efforts. In the case of Grab, persistent issues such as inconsistent service quality, negative driver behavior, and customer dissatisfaction have contributed to a tarnished corporate

image. When users frequently encounter unprofessional drivers, poorly maintained vehicles, or significant delays, these experiences not only deter repeat usage but also lead to negative word of mouth, which can spread rapidly in today's digital landscape.

Furthermore, Grab's corporate image is adversely affected by perceptions of pricing fairness. Many consumers view the surge pricing model as exploitative, especially during high-demand periods. This perception, combined with a lack of transparency regarding fare calculations, cultivates a sense of distrust and dissatisfaction among users, leading to the belief that the company prioritizes profit over customer welfare. Additionally, the response or lack thereof from the company to customer complaints and concerns plays a crucial role in shaping public perception. If consumers feel that their grievances are not taken seriously or resolved in a timely manner, they may view the company as indifferent to customer satisfaction, further damaging its corporate image. It is also known that there are numerous complaints about inaccurate pickup time estimates and high prices during rush hour so it make Grab being unreliable.

In a competitive landscape where numerous alternatives exist, maintaining a strong corporate image is essential for Grab to differentiate itself from competitors. The accumulation of negative experiences and perceptions can hinder the company's efforts to attract new users and retain existing customers, making it critical for Grab to adopt strategies that enhance its public image. This could include rigorous driver training programs, improved vehicle standards, transparent communication about pricing policies, and a robust customer service framework designed to effectively address user concerns. By actively working to improve these areas, Grab can rebuild trust and foster a more positive corporate

image that resonates with consumers and encourages long-term loyalty to its services.

Word of mouth is a communication channel that has an extraordinary effect because it is personal, more detailed, and easy to believe. The phenomenon of word-of-mouth (WOM) problems in Grab Car and Grab Bike presents a significant challenge for the company, as it directly influences public perception and consumer behavior. Word of mouth is a powerful form of communication, where personal experiences and opinions are shared among individuals, often shaping the reputation of a brand. In the case of Grab, many users have reported negative experiences, such as long wait times, inconsistent service quality, and unprofessional driver behavior, leading to unfavorable WOM that can quickly escalate through social media and online forums. These negative narratives can have a ripple effect, discouraging potential customers from using Grab's services, as they tend to trust peer recommendations more than traditional advertising. When dissatisfied customers share their experiences, whether through social media posts or conversations with friends and family, it can create a perception that Grab is unreliable or untrustworthy.

Moreover, the rapid spread of negative reviews can undermine the company's marketing efforts and diminish brand loyalty among existing users. As consumers increasingly rely on online reviews and ratings to make informed choices, a pattern of negative feedback can significantly damage Grab's image in a competitive marketplace filled with alternative ride-hailing services. The challenge is further compounded by the growing influence of social media, where

a single viral complaint can reach thousands, if not millions, of potential customers in a matter of hours. In contrast, positive word of mouth can be harder to generate, especially if customers do not feel compelled to share their experiences when expectations are met. Consequently, Grab faces an uphill battle in countering negative WOM while simultaneously striving to enhance customer satisfaction and build a loyal user base. To address this issue, the company must focus on improving service consistency, enhancing customer support, and actively encouraging satisfied users to share their positive experiences. By fostering a culture of transparency and responsiveness, Grab can work to mitigate the adverse effects of negative word of mouth and cultivate a more favorable brand reputation in the eyes of both current and prospective users. It is also known that manu people do not recommend Grab services on social media and online forum.

The research conducted by Zuhdi (2022), based on the results of partial and simultaneous tests, it shows that the variables of Corporate Image, Trust and Word of Mouth have a significant effect on Customer Satisfaction in Grab online transportation services in Bogor City. This indicates that a good corporate image in the eyes of customers can influence the formation of trust and satisfaction for customers in using a service. The research conducted by Sinaga and Realize (2023), the results of the hypothesis test showed that word of mouth, consumer perception, and trust partially and simultaneously.

The research conducted by Purwati and Zufrie (2021), service quality has a positive and significant effect on customer satisfaction, Experiential Marketing has a positive and significant effect on customer satisfaction, Word Of Mouth has a positive and significant effect on customer satisfaction, Corporate Image has a

positive and significant effect on customer satisfaction, simultaneously service quality, Experiential Marketing, Word Of Mouth and corporate image have a positive and significant effect on customer satisfaction

Based on the background study, the writer is interested to conduct research with the title: **"The Influence of Trust, Company Image, and Word of Mouth toward Consumer Satisfaction using Grab in Medan City."**

1.2 Problem Limitation

Due to limitations in the abilities, funds and time that researchers have, therefore, the discussion was not long and influenceive. This study will limited on Grab Car and Grab Bike in Medan City. To limit the problem, the author will focus on three variables: Trust, Company Image and Word of Mouth as independent variable while Consumer Satisfaction as dependent variable. This thesis aims to study the extent to which Trust, Company Image and Word of Mouth can influence Consumer Satisfaction. The indicator of trust that will be used consist of harmony, acceptance, participation simplicity.

The indicator of company image that will be used physical identity, non physical identity, organizational management, quality of result, activities and relationship patterns. The indicator of word of mouth that will be used consist of talkers, topics, tools, talkingpart, tracking. the indicator of consumer satisfaction that will be used consist of overall consumer satisfaction, confirmation of expectation, repurchase intention, willingness to recommend, and consumer dissatisfaction. Here are the details of the research timeline:

Table 1.1. Research Timeline

No	Information	August 2024				September 2024				October 2024			
		1	2	3	4	1	2	3	4	1	2	3	4
1	Research Title Submission	■	■	■									
2	Proposal Preparation				■	■	■						
3	Proposal Guidance							■	■	■			
4	Data Collection										■	■	
5	Data Processing												■

Sources: Writer, 2024

1.3 Problem Formulation

The problem formulation in this research can be described as follow:

1. Does Trust have a partial influence toward customer Consumer Satisfaction at Grab in Medan City?

2. Does Company Image have a partial influence toward customer Consumer Satisfaction at Grab in Medan City?

3. Does Word of Mouth have a partial influence toward customer Consumer Satisfaction at Grab in Medan City?

4. Do Trust, Company Image, and Word of Mouth have simultaneous influence toward customer Consumer Satisfaction at Grab in Medan City?

1.4 Objective of the Research

The objective of the research as follow:

1. To analyze whether the Trust has influence toward customer Consumer Satisfaction at Grab in Medan City.

2. To analyze whether the Company Image has influence toward customer Consumer Satisfaction at Grab in Medan City.

3.   To analyze whether the Word of Mouth has influence toward customer Consumer Satisfaction at Grab in Medan City.

4.   To analyze whether the Trust, Company Image, and Word of Mouth has influence toward customer Consumer Satisfaction at Grab in Medan City.

1.5   Benefit of the Research

The benefit of the researches as follow:

1.   Theoretical Benefit

   a.   For Readers

   The result of this study can be proof to know that Trust, Company Image, and Word of Mouth having influence towards Satisfaction.

   b.   For Writer

   The result from this study can provide insight and experience as well as observations in real life situation which is very useful for the writer in the future.

   c.   For Other Researches

   The result from this study can be used for reference for those who are interested in studying the same problem in the future.

2.   Practical Benefit

   a.   For Grab

   The researcher expects the result from this study could benefit the business to evaluate, and take the result as suggestion to know the influence of Trust, Company Image, and Word of Mouth towards Consumer Satisfaction.

b. For Writer

The result from this study can make the writer gain new experience and more knowledge about the importance of Trust, Company Image, and Word of Mouth towards Consumer Satisfaction.

c. For Future Research

The researcher expects the result from this study could become a comparison for the future researchers who are interested of studying the same topic which is the influence Trust, Company Image, and Word of Mouth towards Consumer Satisfaction.