



# **Reviewing Service Quality of UBER: Between Customer Satisfaction and Customer Expectation**

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## **ABSTRACT**

This paper examines the gap between the expected service and reality from Uber's customer perception. Service companies tend to be careful and pay more attention to their customers' satisfaction and aim to have a good relationship to ensure their loyalty. Service quality dimension was used and applied to find the gap between customer satisfaction and customer expectation. The hypothesis was tested in the empirical study to find how service quality (with five dimensions: tangibility, reliability, responsiveness, assurance and empathy) affects customer satisfaction on using Uber service. 105 international students from Indonesia who lives in Taiwan and experienced riding with Uber in Taiwan filled out the online questionnaire. SPSS 23 was used to do the analysis. The result of F-test shows that customer satisfaction positively influenced by service quality, while t-test shows that there is improvement needed on responsiveness and empathy dimension. Rating system from Uber declares that customer satisfaction is 4.6 out of 5, this paper shows that customer satisfaction is 4.3 out of 5 from service quality dimension. Statistically this is a significant gap that needs to be filled to reach a closer gap to the expected service. This research can be done with a wider range to know more about customers' delight on using Uber. Language barrier between customer and Uber driver could be the reason of the gap. Including Taiwanese students as respondents could be done for further research.

**Keywords:** Service Quality, Customer Satisfaction, Sharing Economy

## **INTRODUCTION**

What is quality and how is it distinct from customer satisfaction? In this study, perceived quality is taken to be a global judgment of a service provider current offering (Steenkamp 1989). This is similar in spirit to the position taken by Zeithaml (1988, p. 3) in summarizing an extensive review of the literature on quality: Perceived quality can be defined as the consumer's judgment about a service overall excellence or superiority. However, it is worth noting that there are several distinct conceptualizations of quality (Holbrook 1994). In marketing and economics, quality often has been viewed as dependent on the level of product attributes (e.g.,

Hauser and Shugan 1983; Rosen 1974). In the services literature in marketing, quality is viewed as an overall assessment (e.g., Parasuraman, Zeithaml, and Berry 1985). Service quality in this context is believed to depend on gaps between delivered and desired service.

Uber has transformed the transport sector, bringing a more customize answer to customers who needed to commute small distances. In this way, the firm offers a cheaper alternative to taxis, a more comfortable experience than MRT and quicker substitute to bikes. Uber is now worldwide known and has managed to expand its business to 570 cities worldwide.

The company is really careful to its customer satisfaction and aims at keeping a good relationship with them to ensure their loyalty. In this way, the firm tries to deliver the best customer experience in order to keep the satisfaction high. For example, when getting an Uber, customers used to enjoy free extra services such as a bottle of water and candies.

If Uber is bringing so much attention to its customers, it's because it is aware that quality service relates to retention of customers. Indeed, delivering a quality service is an essential approach to success and survival in today's competitive environment (Reichheld and Sasser 1990). The service quality in Uber is ensured by its monitoring of drivers' performances. Customers rate them at the end of each trip, giving them grades on a scale from 0 to 5. Similarly, every new driver has to maintain a minimum average score of 4.3 during its 25 first rides otherwise its account will be automatically deactivated. If the score is between 4,3 and 4,6 the driver is on probation during a certain amount of trips and has to improve. If the account gets deactivated the driver can attend an Uber class called quality improvement recovery. That's how they certify service quality. Thus, a question occur are those measures to ensure service quality were sufficient to guarantee customers' satisfaction hence retaining them from going to competitors? In this paper, I provide a framework for the analysis of quality service and customer satisfaction using the example of Uber.

## **LITERATURE REVIEW**

Literature on assessing service quality has been well discussed in the past three decades (e.g.,Parasuraman et al., 1985, 1988, 1993). Consumers are more and more demanding about the services and products that they purchased. They are well informed about what companies can provide and demand effortless, yet personalized service in real time. Customers also have an increasing power to communicate and express their opinion through different channels and touchpoints notably thanks to the social media. The gap between customers' expectations and the service they receive is widening, indeed. Customers don't hesitate to voice their disappointment which can quickly lead to brand erosion

and customer defection. However most of the firms are aware that favorable customer experiences are important: 60% of companies aim at differentiating themselves based on the experiences that they deliver.

Yet many firms today are enduring economic pressures due to a slow recovery subsequent to a prolonged global recession. Numerous companies balance the cost of doing business with customer satisfaction. Businesses that don't manage to meet their customers' expectations and that do not empower their customer service agents to deliver an adapted service run the risk of being neglected for the benefits of a competitor.

Service quality is a concept that has aroused considerable interest and debate in the research literature because of the difficulties in both defining it and measuring it with no overall consensus emerging on either (Wisniewski, 2001). There are a number of different definitions as to what is meant by service quality. One that is commonly used defines service quality as the extent to which a service meets customers' needs or expectations (Lewis and Mitchell, 1990; Dotchin and Oakland, 1994a; Asubonteng et al., 1996; Wisniewski and Donnelly, 1996). Service quality can thus be defined as the difference between customer expectations of service and perceived service.

In the quality survey I tried to evaluate this issue: I wanted to know what customers thought about Uber quality of service. The majority of the previous research on service quality has attempted to use the SERVQUAL (Parasuraman et al., 1985; 1988) methodology in an effort to measure service quality (e.g. Brooks et al., 1999; Chaston, 1994; Edvardsson et al., 1997; Lings and Brooks, 1998; Reynoso and Moore, 1995; Young and Varble, 1997; Sahney et al., 2004). Here I wanted to analyze the customer gap which was introduced by Parasuraman (1985) which is perceive service and customer service.

Based on previous literature, I'm focusing on the customer gap, I wanted to examine the perceived of customer gap and expected service, this paper construct six hypotheses represented in figure 1 which are:

H1: There are significant relationship between perceived service quality and customer satisfaction

H2: There are significant relationship between tangibility and satisfaction

H3: There are significant relationship between reliability and satisfaction

H4: There are significant relationship between responsiveness and satisfaction

H5: There are significant relationship between assurance and satisfaction

H6: There are significant relationship between empathy and satisfaction

This paper wanted to see the overall perceived of service quality and each dimension of service quality to what customers feel about while they are using Uber. Here, customer's delight is represented by customer satisfaction which supposed to get five point or the highest point if the customer really felt that way. I assume the perfect customer satisfaction or the expected service would be score five (5) and I will collect the perceived of service quality through questionnaire with Likert scale which are scored five (5) if you highly agree with the statement and 1 if you highly disagree with the statement..

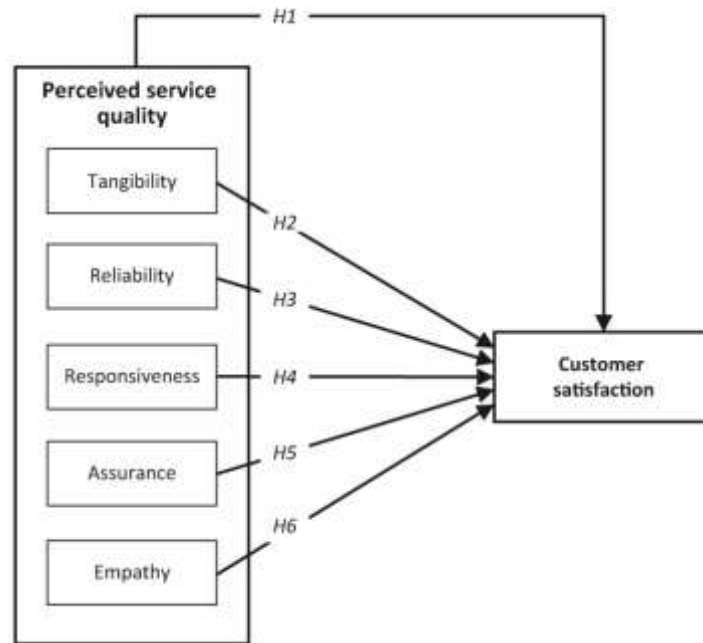


Figure 1. Framework of the relationship between service quality and customer satisfaction

## METHODS

Sample and data collection. The design of questionnaire in this paper follows the perceived of service quality outline to see how they influence customer satisfaction who use Uber's service. Following a review from literatures there are 29 questions in total, where 7 questions are respondent information, 16 questions stating about service quality and 6 questions for customer satisfaction and future of Uber. I distributed the questionnaire online using google form link through facebook group, whatsapp group and email. The respondents of the questionnaires are Indonesian students who study and live in Taiwan.

The questionnaire for Uber customer is divided into 4 parts in 6 pages of google form. First part covers page one to three in which page one gives an introduction for the questionnaire itself and second page general information about the respondent which is "Have you ever ridden in an Uber vehicle as a customer?" If the respondent answer is yes, he/she can proceed to the next page, otherwise he/she don't have to continue responding the questionnaire. Third page is the continuation of general information about the respondent such as range of age, gender, ownership of driver license, ownership of a car and how often do they use Uber. Second part in fourth page is the service quality questions for Uber customers on how they feel about the service, here the customers are asked to rate each of the statements on a five-point Likert scale from one (1) indicating highly disagree to five (5) indicating highly agree. Third part in

page five is about the respondent habits about Uber, this part represents the customer satisfaction. I wanted to know what are the reasons of the customer when they decide to order Uber, also which factor is most important for them. Here I also want to know are they willing to recommend Uber to their friends and colleague, this will show how satisfy are they with the service provided by Uber. Part 4 which is the last is about the future of Uber. One of future strategy of Uber is using autonomous car, so we wanted to know whether the customer ready or not for this, are they concerned about the social impact of Uber and I also want to know about their opinion on how Uber could improve their current service.

The questionnaires are delivered through google form. The validity has been tested through a theoretical review and pilot test. To summarize, a total of 127 responds were receive. Out of 127, 4 was invalid, 18 respondents never use Uber in Taiwan, which means 105 of our respondent are using Uber representing 82.7 % of the total respondents. This response remained for inclusion in the analysis.

Measures. Descriptive statistics was used to explain respondents and for service quality questions we use SPSS 23.0 is used to analyze the data including descriptive statistics and reliability. The reliability analysis of each construct is well above a Cronbach alpha value of 0.5 which is considered adequate for a satisfactory level of reliability (Sekaran, 1992). The result shows that the reliability ties of all the constructs (tangible, reliability, responsiveness, assurance and empathy) are between 0.960 And thus conforms the test of reliability. We also run the validity test and the result are all questions are valid. To test the hypothesis we run t-test and F-test. The rest of the questions on survey are analyzed based on the respondent information and the characteristics of each country represented by the respondents. There are different past experience from the customer's side.

## **RESULTS**

Sociodemographic profile. The sociodemographic profile of respondents of customers is summarized as follows. The majority of our respondents are female (65.40%), 20-30 (60.0%) age group. They use Uber services less than once a month (39%), don't own a driver license (62.9%) and do not possess a car (80%). Those who like to ride with Uber is because they don't have car and also don't own a license, this also correlate with the age of the respondents which most likely are student and fresh graduate who works within three years and don't own a car yet.

Analysis of Service Quality. In this research I wanted to know on how satisfy the customer of Uber with the current service. I assume that if the customer feel satisfied with the service. They will give the highest score for the survey and that means the expected mean is 5. In Table 1, shown that there are still gap between the quality that customers feel and the expectation of fulfillment.

There are gap between the mean of the service quality score and the expected service. Statistically the gap is significant, since the service provider would like to give the best service to their customers, the result from the survey should have been better than this. Most of the customer are using Uber for the convenience when they don't have their own car, but there is higher expectation from the customer to the service provider, Uber. The more Uber willing to give the better service, the more customer will satisfy and become loyal to Uber.

**Table 1. Result of Gap 5**

Items	Service Quality	Service Quality	Gap
	Score	Expected	scores
	Mean	Mean	Mean
Tangibles			
Tan1	4.41	5	0.59
Tan2	4.27	5	0.73
Tan3	4.10	5	0.90
Tan4	4.02	5	0.98
Reliability			
Rel4	4.26	5	0.74
Rel5	4.09	5	0.91
Rel6	3.85	5	1.15
Responsiveness			
Res7	4.00	5	1.00
Res8	4.11	5	0.89
Res9	4.22	5	0.78
Assurance			
Ass10	4.16	5	0.84
Ass11	4.31	5	0.69
Ass12	4.11	5	0.89
Empathy			
Emp13	4.22	5	0.78
Emp14	4.21	5	0.79
Emp15	4.21	5	0.79

Table 2. Gap scores of the five dimensions in SERVQUAL scale

Service quality dimension	P	E	Gap scores	t test	P value	Priority
Tangibles	4.20	5	-0.80	7.461	0.00	4
Reliability	4.06	5	-0.94	4.906	0.00	5
Responsiveness	4.11	5	-0.89	-0.609	0.54	2
Assurance	4.19	5	-0.81	8.779	0.00	3
Empathy	4.21	5	-0.79	0.034	0.97	1
Overall	P	E	Gap scores	F Value	P value	
Perceived of service quality	4.15	5	-0.85	336.39	0.00	

Compared to Uber rating from google play store, the result seems to be comparable and almost the same. The result in this paper shown the mean for all perceived of service quality is 4.15 where rating from google play store is 4.3. Then this can show that customer expect more than what they receive now. Improvement from the Uber team is needed, such as stricter rule on bring in a driver, be more available after certain time at night and need to have available car in certain areas, since customer who wants to ride with Uber also growing. As the expected service quality supposed to be 5 for a perfect satisfaction, based on the perceived of customers in our research there are 0.85 gap that need to be fill. Statistically this is a significant gap that need to be improved, to reach a better performance and make more customer satisfy. Because customer satisfaction has a direct link on the primary source of future revenue.

Table 2 shown that perceive service quality of customers from three out of five dimension: tangibles, reliability, assurance and empathy have a significant relationship, but on empathy and responsiveness more improvement needed.

The gap scores show that there is still need improvement from Uber to deliver the service to the customer. The highest priority is from the empathy and responsiveness. Most of the respondent mention that they couldn't order a car after certain time at night. This can be an evaluation for Uber to encourage the driver to take the order after certain time at night or make a clear announcement about the operating time of Uber.

Further analysis shown that Uber customer are more likely recommend Uber to their friends and really want Uber in a long term because the needs of transportation is bigger than before. Other things to consider is the convenience that Uber provide for it's customer, the comfort and safety on every information provided. Nevertheless, there are some parts that need to be improved, such as the accuracy of the GPS on locking the customer and the destination.

## **DISCUSSION**

This study was made when the author is an international students in Yuan Ze University, Taiwan, so the respondents are limited on international students from Indonesia. This research can be expanded into two further research. This research can be done with a wider range to know more about customer delight on using Uber. Research in different country could generate a different result.

## **CONCLUSION**

In this study I find that customer is satisfied enough with the service that Uber provided. Using service quality measurement to see which part of the service need to be improved, I find that reliability and assurance still need improvements.

Although this study confirms that there is still needed an improvement on Uber service quality, overall customer is satisfied and willing to recommend Uber to other customers.

This study concludes that many companies concentrate their efforts on customer service as a way to improve the experience that companies can deliver. Improving customer service operations takes time and coordinated efforts. The imperatives to delivering great customer service are therefore: 1) Align your customer service strategy to your customer experience strategy. All communication channels and all company touchpoints must be in line with your brand proposition. Make sure that your customer service strategy does not conflict with your overall company strategy. 2) Focus on your customers' expectations of quality of service. The communication channels that customers are using are changing rapidly, and the mix used is a reflection of the brand proposition. Understand the interactions that your consumers want to have via each channel. Also, make sure that your agents are empowered with the right content and information to deliver a useful service. 3) Choose accurately the technologies that empower your agents to deliver good experiences. Customer service technologies are at the heart of the solution for providing optimal customer service experiences. Customer service technologies must be able to standardize the customer service experience across communication channels, including social media. They must also be agile to allow companies to quickly react to changing business and customer needs. 4) The way the employees are organized are important factors that affect customer service success or failure and that make up an organization's corporate culture, leadership practices, performance measurement approaches, training programs, collaboration methods. They are, after all, the most important asset.



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