

Customer Experiences and Continuance Intention in Malaysia E-Hailing Industry

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Abstract: This paper seeks to discuss the effect of product experience, outcome focus, moments of truth and peace of mind towards continuance intention among Malaysia e-hailing users. Today's society has become a more dependent consumer who is more attached to e-hailing services. E-hailing service enables consumers with an alternative transportation solution that is convenient and affordable. This paper suggests that all the variables, namely product experience, outcome focus, moments of truth and peace of mind, have a significant positive effect on continuance intention, specifically among e-hailing users. Data will be collected from 385 e-hailing users. The collected data will be analysed using the Statistical Packages for Social Sciences (SPSS) 26. The study will provide e-hailing companies to embrace the variables that, in turn, will enable them to develop effective and efficient plans that incorporate the criteria described to increase the level of customer continuance intention.

Keywords: Customer Experiences, Continuance Intention, Product Experience, Outcome Focus, Moments of Truth, Peace of Mind, E-Hailing Service

1 Introduction

With the advancement of internet technology, e-hailing services have become a phenomenon in Malaysia and are expected to experience substantial growth year by year, with demand expected to increase where people are using online and application platforms to get rides to go around town. The on-demand e-hailing service is rapidly becoming popular public transport for Malaysian because of its unique features, which are ubiquitous. Besides, it has transformed transportation in Malaysia, especially in big cities and towns. The introduction of e-hailing in Malaysia has brought travel a new dimension, with a map embedded in a smartphone which allows pick-up and drop-off points from anywhere [1]. Compared to busses, taxis, light railway trains (LRT), mass rapid transit (MRT), express rail link (ERL), trains and monorails, which are examples of traditional public transportation that require passengers to wait in designated areas, such as bus stop or train station to board on the transport. E-hailing plays a vital role in connecting drivers and passengers through the platform [8] and commuting passengers to the places they desire, making their life easier [18].

Continuance intention will occur when a customer experiences the service purchased. [17] indicate that customers will commit to continue using e-hailing services after they have had some experience with the services. For example, individuals with a positive experience with e-hailing services are more likely to have a higher continuance intention than those with a negative experience. As the saying goes, “*The experience begins before service encounters and continues after the encounters*” [10]. According to [2], customer experience is the most critical factor that influences continuance intention. The development of excellent customer experience is an effective way for e-business companies and is one way of achieving successful marketing outcomes and further improving the chances of company success [20]. [10] stated that managing a customer experience is one of the service organisation’s most challenging and critical issues. Therefore, providing customers with valuable experience has become a significant concern in developing consumer behaviour outcomes in the e-hailing business.

According to [14], continuance intention has been explored in the domains of information technology, service management, and marketing. However, studies on continuance intention have not been noticed in the context of e-hailing. As previously stated, e-hailing has several issues that cause customers not to have continuance intention to use e-hailing service. It is evidenced by the number of consumers choosing a traditional taxi service instead of e-hailing has increased from 22% to 40% by 2022 due to expensive fares and safety [12] [21]. The figure shows that e-hailing customers tend to switch to other public transportation due to issues they face with the service. As a result, the company’s return on investment (ROI) will decline. Therefore, e-hailing companies must keep their customer continuing to use e-hailing services from time to time which will give both organisation and the customer a win-win situation.

However, customers have raised numerous issues in the growth of e-hailing services in Malaysia. According to [7], there has been a significant increase in complaints filed against e-hailing services due to their poor service. These complaints should be managed effectively to increase the customers’ trust in the e-hailing service. The e-hailing services in Malaysia have been involved in numerous trust-breaching problems, including data privacy, fare surge and safety such as behaviour, sexual harassment, misconduct, assaults and accidents, which continue to affect this emerging industry [3][15]. For instance, an e-hailing driver was accused of acting out of control when he showed his genitals to a female customer [16] and recently, the action of a male driver who sexually harassed a female passenger by asking her to sleep with him and was willing to pay her RM200 [13]. This indicates one of the causes contributing to customers’ reluctance to continue using e-hailing in the future.

Therefore, this study would like to investigate the customer experiences towards continuance intention in e-hailing service which will provide organisation with more knowledge and help the organisation improve its strategies in dealing with customers and satisfy their needs and wants. This study also will help the organisation to maximize its return on investment (ROI) in global market.

2 Literature Review

2.1 Product Experience and Continuance Intention

[23] states that product experience is a component of customer experience that includes all interactions between the company and the customers. It may be described as the entire value of a product or service to consumers in terms of customer perceptions as they use it in

several scenarios. Well-experienced customers would take into account all aspects of the service they would like to use. Aspects such as the requirements of the product they are interested in and comparison of quality of the product with other companies. When customers can freely decide on the service, continuance intentions may improve as they have already experienced such a positive service. Product experience consists of four sub-dimensions: freedom of choice, cross-product comparison, comparison necessity and account management. In the context of e-hailing, customers are free to cancel and request a different driver if they feel like their safety is not assured or even if they feel uncomfortable. Customers are likely to choose drivers of the same gender, with higher ratings and better cars. In addition, customers can freely complain to the company if there are any issues during, while and after the service use. Being able to speak out their concern to the company would significantly enhance continuance intention. It is expected that product experience would influence the customer continuance intentions towards e-hailing service in Malaysia. The following hypothesis is therefore formulated for this study:

H₁: There is a positive and significant relationship between product experience and continuance intentions.

2.2 Outcome Focus and Continuance Intention

Consumer behaviour is ultimately goal-oriented, according to [11], and while these goals can range from unconsciously induced tendencies to well-designed desires, their choice of action generally involves a comparison of options with their associated costs and benefits. In other words, when customers are given specific prices on the service they use, they already have their own expectations on how well the customer will be treated and what kind of service they will get, which has set their expectations. According to a prior study by [9], result emphasis was discovered to have a substantial effect on previous experiences with the service firm in forming good behavioural intentions, such as the desire to continue using the service. In these terms, it can be said that when customers get a high-quality service, they would consider using the service again in the future, whilst continuance intentions have been achieved. Continuance intention is when a customer intends to use the service again. In this dimension of outcome focus, service management plays a crucial role in serving top-quality services to its customers. Companies should always ensure that they understand their customers' demands and expectations; this is to make sure that the customers' continuance intention is improved. In addition, [6] have stated that service providers should strive to obtain exposure to the goal-oriented experience that encourages clients to continue purchasing or using the company's services. Other than that, service providers should always keep in mind that all customers tend to switch to other companies anytime, anywhere. If customers are not motivated to stay with the same company only by reasonable advantages, they are likely to move. When clients stay with the same organisation, the legitimate benefits include better flexibility in service procedures and hassle-free processes that encourage them to utilise the service later [5]. It can be said that when the outcome focus of a customer is well taken care of, continuance intentions will be improved. Therefore, the hypothesis for this relationship is as such:

H₂: There is a positive and significant relationship between outcome focus and continuance intentions.

2.3 Moments of Truth and Continuance Intention

The dimension of Moment-of-Truth is where customers gain experience which may affect them positively or negatively. Experience gained in the service would automatically influence continuance intention. This experience includes before, while and after using the service. In terms of e-hailing, the situation that the user experiences before booking a car, while riding the car, and after riding the car plays an essential role in their decision whether to use the same service again in the future or not and thus, this can also be known as continuance intention. When a customer thinks of using the service again, it can be said that there is a continuance intention. In the context of after using the service, service recovery is important. For example, there were some service failures towards a customer, and how well employers handle the situation would affect their continuance intention. According to [4], a company's response to a service failure has the ability to deepen its customer connection. When failures happen, how service providers react to ensure customers get adequate compensation to cover the falling through of service plays a crucial role in the intention of continuing to use the same service again. Therefore, the hypothesis for this relationship is as such:

H₃: There is a positive and significant relationship between the moment of truth and continuance intentions.

2.4 Peace of Mind and Continuance Intention

Peace of mind has been seen as a factor that would improve the continuance intention of customers in using a company's service. [9] mentioned that peace of mind is when the customer's opinion of all contacts with the service provider before, during and after the transaction has been secured. Customers feel more at ease when they are labelled as valued customers rather than a well-behaved customers. Being regarded as a valued customer allows them to reach peace of mind and thus would affect their intention to continue with the service from the same company again. A customer's peace of mind is an appraisal of the firm, which impacts the quality of the customer's experience with the company. The dimension of Peace of Mind solely depends on the company. Companies are to make sure that their customers would always get top-quality services and thus should train workers so that they will be able to keep up with customer's demands, provide a safe and secure area of business and also continually strive to improve the quality of their management, as customers who are experienced would usually expect more when they use the service again. To be taken as an example, in terms of e-hailing, companies should ensure their users' safety whilst using their service. This includes monitoring drivers' behaviour towards users, appropriate measures taken when a problem arises, and reasonable prices for the services. All this effort symbolises how well the management is towards their customers, allowing them to feel welcomed in their service. In addition, users who have booked drivers with higher (3-5 star) ratings would feel more secure when they are using the service, compared to those who have gotten drivers with lower (1-2 star) ratings. Continuance intentions have been improved when customers are willing to use the service again in the future. It is expected that the peace of mind factor would influence the customer continuance intentions towards e-hailing service in Malaysia. Therefore, the following hypothesis for this study is as such:

H₄: There is a positive and significant relationship between peace of mind and continuance intentions.

3 Proposed Framework

The conceptual framework of the influence of customer experiences and continuance intention towards e-hailing service was constructed. The framework illustrates the proposed conceptual framework that serves as the foundation of this study. The framework focuses on the relationship among the four independent variables that consists of product experience, outcome focus, moments of truth and peace of mind towards continuance intention in using e-hailing service. Figure 1 below describes the influence of the independent variables and mediating factor towards the dependent variable.

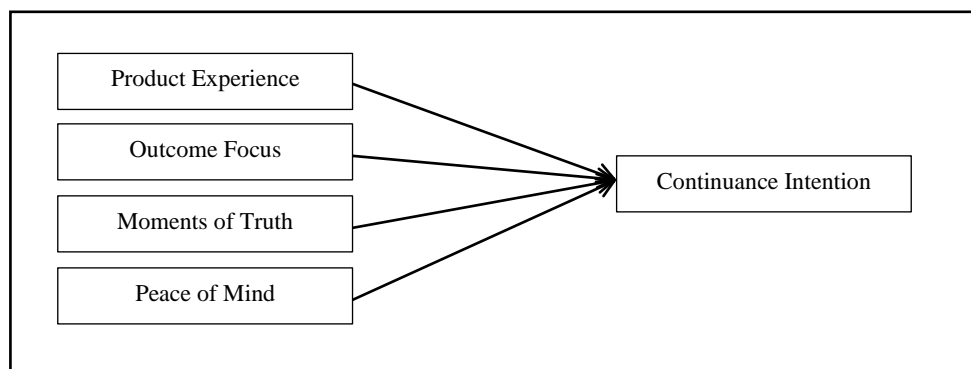


Fig. 1. Conceptual model of the study

4 Proposed Methodology

This study will apply the survey method, whereby questionnaires will be used as the measurement to collect the required data. This study is a cross-sectional study where the data is collected only once. The unit of analysis of this study is individuals representing the frequent customers of e-hailing. The total population of this study is 5.5 million e-hailing passengers in Malaysia, based on [22]. Referring to [19] Z-score formula, the data will be distributed to 385 passengers as a sample size of this study using a non-probability sampling technique, specifically a purposive sampling technique. The collected data will then be analysed using Statistical Package for Social Sciences (SPSS) 26 to test the hypothesis.

5 Conclusion

Derived from the literature review regarding a product experience, outcome focus, moments of truth, peace of mind, and continuance intention, it reveals the relationship between the variables. The product experience, outcome focus, moments of truth, and peace of mind will lead to improving continuance intention among Malaysia e-hailing users. The originality of this study, it investigates product experience, outcome focus, moments of truth and peace of mind simultaneously towards continuance intention since the previous study

examines the relationship of all the variables separately. Future research must look at more extensive literature regarding determinant factors that could affect the continuance intention, specifically in the e-hailing industry, since this industry is significant to the Malaysian economy. This study also suggested inserting the role of trust that could influence the relationship between customer experiences and continuance intention to have a better understanding in this context.

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