

The Dominant Factors of Customers' Buying Decision: a Case Study on Go-Ride in Bandung City

V Paramarta¹, A Effendi² and H Prayitno³

^{1,2,3}Universitas Sangga Buana YPKP, Indonesia

vparamarta@yahoo.com

Abstract. The development of online motorcycle taxi is very rapid. Recently, more online motorcycle taxis exist with similar quality in various services, so that the business competition is getting tighter. It requires them to keep improving the quality of service to customers, so that consumers will be more satisfied. This research aims at knowing the dominant factors that make the customers use Go-Ride services, knowing the attributes that must be improved, maintained or reduced according to the priorities set by Go-Ride. The research employed a purposive random sampling to 303 Go-Ride customers. The data analysis method used was load factor analysis. The result showed that the lowest loading factors lied in the attribute of 'Recognizes Destination,' which was equal to 0.572. While the highest loading factors was on the reliable attribute associated with "Driver's Quick Pick Up" that was equal to 0.817.

1. Introduction

In 2010, Go-Jek was established on telephone technology basis in which a consumer can call a traditional motorcycle taxi by calling the operator of Go-Jek. The operator then sends a fleet to pick up the consumer. Although at first, it attempted to answer the consumers' difficulties, it turned out that Go-Jek could not simply overcome the problems. Consumers still have to make a phone call and pay for the phone charges.

By 2015, internet has grown rapidly in Indonesia, supported by the development of smartphone technology. Unimpededly, Go-Jek then seized the opportunities in the technology development. In January 2015, Go-Jek changed its platform into digital. Since then, Go-Jek has enlarged its market significantly, as consumers could easily access to via their smartphones.

In 2018, the number of online motorcycle drivers have exceeded over 1 million drivers. If one driver yields the revenue of 100 thousand only from Go-Ride, then it is multiplied by 1 million drivers, the revenue of one-month business will possibly reach IDR 3 trillion. Those amounts are absolutely fantastic for the business of online motorcycle taxi. In Indonesia, traffic jam becomes a huge problem that makes many people choose motorcycles. It has offered a great business opportunity for people to become ojek drivers. An *ojek* is a general public transportation that uses a base as a gathering place. However, a staying at the base is very time consuming. More than 70% work time of the motorcycle taxi drivers is just waiting for customers' order, plus getting trapped in Jakarta traffic jam. For the passengers, the efficiency of a motorcycle lies in their ability to slip through the traffic jams.

The Internet has changed the social patterns and the behavior of Indonesian society. It provides business and employment opportunities, as well as a wide range of information on economic, social, political, and cultural issues. [1]

Based on the explanation, the formulation of this research problem is the quality of service and the value of Go-Ride customers in Bandung.

2. Literature review

2.1 Mobile applications

The American Dialect Society voted “app” (noun, an abbreviated form of application, a software program for a computer or phone operating system) as ‘word’ of the year for 2010. It also stated that a mobile app is a software application developed specifically for small, wireless computing devices, such as smartphones and tablets, rather than desktop or laptop computers. These mobile apps are built to make things easier for the users; they have 12 different designs and colors from their website template. Moreover, they are designed for user-friendly site navigation and high-speed load time. [2]

2.2 Nature of Services

Services have the following four key distinguishing characteristics. [3]

a. Intangibility

This is the most basic and often quoted difference between goods and services. Unlike tangible goods, services cannot generally be seen, tasted, felt, heard or smelled before being consumed. The potential customer is often unable to perceive the service before (and sometimes during and after) the service delivery.

b. Inseparability

There is a marked distinction between physical goods and services in terms of the sequence of production and consumption: Whereas goods are first produced, then stored and finally sold and consumed, services are first sold, then produced and consumed simultaneously. For the production of many services (e.g. counselling, museums, hairdressing, rail travel, hotels), the customer must be physically present. Some services may be produced and delivered in circumstances where the customer’s presence is optional, e.g. carpet cleaning, plumbing. Other services may rely more on written communication, e.g. distance learning course, or on technology, e.g. home banking. Whatever the nature and extent of contact, the potential for inseparability of production and consumption remains.

c. Variability (or heterogeneity)

An unavoidable consequence of simultaneous production and consumption is variability in performance of a service. The quality of the service may vary depending on who provides it, as well as when and how it is provided. One hotel provides a fast efficient service and another, a short distance away, delivers a slow, inefficient service. Within a particular hotel, one employee is courteous and helpful while another is arrogant and obstructive. Even within one employee there can be variations in performance over the course of a day.

d. Perishability

Services cannot be stored for later sales or use. Hotel rooms not occupied, airline seats not purchased and college places not filled cannot be reclaimed. As services are performances they cannot be stored. If demand far exceeds supply it cannot be met, as in manufacturing, by taking goods from a warehouse. Equally, if capacity far exceeds demand, the revenue and/or value of that service is lost.

2.3 Attribute to Service Quality

SERVQUAL was designed to measure the gap between customer expectations of services and their perceptions of the actual service delivered, based on five dimensions. Those five main aspects of service quality in services businesses were developed by Parasuraman et al., (1988: 23) are as follows [4] [5]:

1. Tangibles - the physical facilities, equipment and employee's appearance. According to Brink and Berndt (2005: 60), this dimension refers to the facilities, equipment and material which must reflect positively on the organization. Presentation is fundamental to achievement. Within online shopping, every product will be assessed through photos and reviews before an online shopper even chooses to purchase a product.
2. Responsiveness - the willingness to help and respond to customer need. Management ought to be receptive to the moving or shifting needs of their clients and giving services the consumers need. Dale, van der Wiele and van Iwaarden (2007: 240) define responsiveness as the willingness to assist customers and to provide prompt service on a continuous basis. This dimension focuses on attentiveness and willingness in dealing with customer requests, queries and prompt complaint resolution.
3. Reliability - the ability to perform service dependably and accurately. Some organizations tend to oversell their services, prompting them to 'fabulous' guarantees that distort their genuine potential. The organizations must provide the client with the precise service it suggests through advertising and it must convey what is guaranteed in a particular time period set out within the specified time frame. If service delivery is done in a proper manner, it will enhance the perceived quality that the customer experiences (Brink & Berndt, 2005: 60).
4. Assurance - the ability of employees to inspire confidence and trust. Judgement of high or low service quality largely depends on how the customers perceive the actual performance based on their expectation. Quality assurance is connected to customer service and that terrible service offered to clients bring about disappointment or dissatisfaction.
5. Empathy - the extent to which caring individualized service is given. It is at times a challenge for businesses to surpass client desires and request.

2.4 Customers' buying decision

The buying decision process is the decision-making process used by consumers regarding market transactions before, during, and after the purchase of a good or service. It can be seen as a particular form of a cost-benefit analysis in the presence of multiple alternatives. [6], [7]. Consumer behavior entails "all activities associated with the purchase, use and disposal of goods and services, including the consumer's emotional, mental and behavioral responses that precede or follow these activities." [8] Understanding purchasing and consumption behaviour is a key challenge for marketers. Consumer behaviour, in its broadest sense, is concerned with understanding both how purchase decisions are made and how products or services are consumed or experienced. Consumers are active decision-makers. They decide what to purchase, often based on their disposable income or budget. They may change their preferences related to their budget and a range of other factors. [9], [10], [11].

3. Research method

- a. This research intended to answer several objectives that being question during the research process, that is to determine dominant factor from service quality and customer value from Go-Ride customers while in Indonesia there are so many competitors doing the same strategy.
- b. The research used quantitative and descriptive approach. It involved 303 respondents and the data that has been collected were analyzed with load factors as the initial goal of the study. Primary data collection using a questionnaire instrument and randomly distributed deliberately to those who have used Go-Ride.
- c. The data collected were processed using SPSS 19 with load factor analysis statistical tool and completed by correlation analysis.

3.2 Validity and reliability

The validity test was done by using Product Moment correlation. The criteria of a statement item are valid, if the value of *r-count* is greater than *r-table*. *R-table* value can be known by using the formula: *r-table* ($\alpha, n-2$) from Product Moment table. In this validity test, it is known that *n* is 303, and $\alpha = 5\%$,

then: $r\text{-table}(5\%, 303-2) = 0.113$. Each question item is said to be valid if r count is greater than 0.113. The obtained validity test results are:

While reliability test which was done by using Cronbach Alpha analysis technique. A questionnaire is said to reliable if the Cronbach Alpha value is greater than 0.60. Following are the obtained results of the reliability test as follows:

It can be concluded that all statements variable quality of service, and customer value is reliable, because Cronbach Alpha value was greater than 0.60.

3.3 Statistical analysis

Statistical analysis was important to determine the answer of the research objectives to know how the impact of service quality and customer value on Go-Ride customer behavior in Bandung. The analysis has been done by using the SPSS 19.

3.3.1 Correlation matrix

Correlation matrix is used to see the relationship pattern. The first thing to be done is to examine the significance values and search for the variables with values greater than 0.05. After that, examine the correlation coefficients for any that is greater than 0.9. If some are found, then there may be a problem arise because of the data singularity. It was found from the correlation matrix that there were no values of correlation coefficient that are greater than 0.9, so there would be no problem could arise.

Table 1. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.906
Bartlett's Test of Sphericity	Approx. Chi-Square	5807.102
	df	351
	Sig.	.000

Table 1 illustrates a number of vital elements of the output: The Kaiser-Meyer-Olkin measurement of sampling adequacy and Bartlett's test of sphericity. Barlett's test measures the null hypothesis that the original correlation matrix is an identity matrix. To make factor analysis works, there has to be some relationships between variables, and if R-matrix are an identity matrix, then all correlation coefficients will be zero. A significant test shows that the R-matrix is not an identity matrix; therefore, there are some relationships between the variables. The Barlett's test result showed that the result was highly significant ($p < 0.001$). Therefore, factor analysis is appropriate.

3.3.2 Rotated Component Matrix

Because of pages' limitation, it was unable to put some tables in this report. Then, directly move to Table 4 and explain variables respectively from Component 1 to Component 5 generated by *statistical load factor*.

Component 1

Component 1 consists of V12, V13, V14, V16, V19, V20, V24, V25, V26, and V27 variables. Overall, component 1 can be categorized as 'Professional Performance'.

Component 2

Component 2 consists of V1, V2, V3, V4, and V5 variables. Overall, Component 2 can be categorized as 'Flexibility and Convenience'.

Component 3

Component 3 consists of V21, V22, and V23 variables.

Overall, Component 3 can be categorized as ‘Confidence Level’.

Component 4

Component 4 consists of V11, and V18 variables.

Overall, Component 4 can be categorized as ‘Assurance’.

Component 5

Component 5 consists of V7, and V9 variables.

Overall, Component 5 can be categorized as ‘Trust and Reliable’.

It can be summarized that most dominant factors of customers’ buying decision made was their daily use of the application.

Component 1 is the most influencing factor that is labeled as ‘Professional Performance’. Component 2 has great influence for the customer to choose Go-Ride, since there are five parameters categorized as ‘Flexibility and Convenience’. Component 3 has a lower influence towards the service quality, and categorized as ‘Confidence Factor’. Component 4 has a lower influence from service quality towards Go-Ride customer, categorized as ‘Assurance’. The last component, Component 5 has an influence from service quality on customer in using Go-Ride, which is categorized as ‘Trust and Reliable’.

3.3.3 Correlation Analysis

Briefly from Table 2 can be concluded results of the analysis as follows:

Hn1. There was a positive relationship between Professional Performance (component 1) and Flexibility and Convenience (Component 2). Hn1 was accepted because there is a positive relationship which the degree was highly correlated (0.621)

Hn2. There was a positive relationship between Professional Performance (Component 1) and Confidence Level (Component 3). Hn2 was accepted because there was a positive relationship which the degree was highly correlated (0.507)

Hn3. There was a positive relationship between Professional Performance (Component 1) and Assurance (Component 4). Hn3 was accepted because there was a positive relationship which the degree was moderately correlated (0.374)

Hn4. There was a positive relationship between Professional Performance (Component 1) and Trust and Reliable (Component 5). Hn4 was accepted because there was a positive relationship which the degree was highly correlated (0.529)

Hn5. There was a positive relationship between Flexibility and Convenience (Component 2) and Confidence Level (Component 3). Hn5 was accepted because there was a positive relationship which the degree was moderately correlated (0.450)

Hn6. There was a positive relationship between Flexibility and Convenience (Component 2) and Assurance (Component 4). Hn6 was accepted because there was a positive relationship which the degree was low correlated (0.272)

Table 2. Correlation Among Variables

		Component 1	Component 2	Component 3	Component 4	Component 5
Component 1	Pearson Correlation	1	.621**	.507**	.374**	.529**
	Sig.(2-tailed)		.000	.000	.000	.000
	N	303	303	303	303	303
	Pearson	.621**	1	.450**	.272**	.524**

Component 2	Correlation					
	Sig.(2-tailed)	.000		.000	.000	.000
	N	303	303	303	303	303
Component 3	Pearson Correlation	.507**	.450**	1	.406**	.343**
	Sig.(2-tailed)	.000	.000		.000	.000
	N	303	303	303	303	303
Component 4	Pearson Correlation	.374**	.272**	.406**		.400**
	Sig.(2-tailed)	.000	.000	.000		.000
	N	303	303	303	303	303
Component 5	Pearson Correlation	.529**	.514**	.343**	.400**	
	Sig.(2-tailed)	.000	.000	.000	.000	
	N	303	303	303	303	303

Hn7. There was a positive relationship between Flexibility and Convenience (Component 2) and Trust and Reliable

Hn8. There was a positive relationship between Confidence Level (Component 3) and Assurance (Component 4). Hn8 was accepted because there was a positive relationship which the degree is moderately correlated (0.406)

Hn9. There was a positive relationship between Confidence Level (Component 3) and Trust and Reliable (Component 5). Hn9 was accepted because there was a positive relationship which the degree was moderately correlated (0.343)

Hn10. There was a positive relationship between Assurance (Component 4) and Trust and Reliable (Component 5)

4. Conclusion

Go-Jek stands out as an answer to a very basic consumer problem, "convenience". Before the existence of Go-Jek, consumers have to wait or go to the conventional motorcycle taxi base to use motorcycle taxi. There was no other way for consumers to be able to make a direct call to the conventional motorcycles taxi. Not only for consumers, "convenience" also turns out to be a problem for the conventional motorcycle riders. They have to navigate inefficient roads to get passengers as well as destination locations desired by passengers.

References

- [1] Natadjaja, Listia, and Setiawan, Paulun Benny, "Creating Community through Design: The Case of Go-Jek Online",IJCCI volume 4, issue 1, November 2016<Online: <http://www.ijcci.net/index.php?option=module&lang=en&task=pageinfo&id=219&index=5>>
- [2] Sakunlertvattana, Watchareebhorn, "Factors Influencing Consumer Brand Choice of Top 3 Taxi Booking Mibile Applications in Bangkok: Uber, GrabTaxi, and EasyTaxi", The Graduate School of Bangkok University, 2016. MBA Thesis. <Online: http://dspace.bu.ac.th/bitstream/123456789/1971/1/Watchareebhorn_saku.pdf>
- [3] Khanna, Virender, "Service Marketing", HOD, FDDI BUSINESS SCHOOL. E-Learning Module.<Onloine:https://www.fddiindia.com/academics/stu_section/noida/downloads/SM_ELearning-Module.pdf>
- [4] Tsietsi Mmutle and Last Shonhe, "Customers' perception of Service Quality and its impact on reputation in the Hospitality Industry," African Journal of Hospitality, Tourism and Leisure, Volume 6 (3) - (2017)

- [5] Parasuraman, A, Ziethaml, V. and Berry, L.L., "SERVQUAL: A Multiple- Item Scale for Measuring Consumer Perceptions of Service Quality' Journal of Retailing, Vo. 62, no. 1, 1988, pp 12-40
- [6] Engel, James F., Kollat, David T. and Blackwell, Rodger D. (1968) Consumer Behavior, 1st ed. New York: Holt, and Winston 1968
- [7] Nicosia, Francesco M. (1966) Consumer Decision Process. Englewood Cliffs, N.J.: Prentice Hall, 1966
- [8] Kardes, F., Cronley, M. and Cline, T., *Consumer Behavior*, Mason, OH, South-Western Cengage, 2011 p.7
- [9] Lynn R. Kahle; Angeline G. Close (2011). Consumer Behavior Knowledge for Effective Sports and Event Marketing. New York: Routledge. ISBN 978-0-415-87358-1.
- [10] Elizabeth A. Minton; Lynn R. Khale (2014). Belief Systems, Religion, and Behavioral Economics. York: Business Expert Press LLC. ISBN 978-1-60649-704-3.
- [11] Schöfer, Klaus, Word-of-Mouth: Influences on the choice of Recommendation Sources, 1998. Template: ISBN 978-3838641454