**RESEARCH PROPOSAL**

**Determinants of Customer Satisfaction in Mobile taxi booking service in Sri Lanka with respect to the Colombo city**

**Submitted by**

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**Contents**

[1. Background of the issue being addressed 2](#_Toc10226560)

[1.1 Abstract 2](#_Toc10226561)

[1.2 Background of the Research 2](#_Toc10226562)

[2. Problem Statement 5](#_Toc10226563)

[2.1 Problem Statement 5](#_Toc10226564)

[2.2 Literature Review 6](#_Toc10226565)

[2.3 Objectives 7](#_Toc10226566)

[3. Proposed Methodology 8](#_Toc10226567)

[3.1 Approach 8](#_Toc10226568)

[3.2 Sources of Data 8](#_Toc10226569)

[3.3 Data Analysis 8](#_Toc10226570)

[3.4 Population 9](#_Toc10226571)

[3.5 Sample 9](#_Toc10226572)

[3.6 Conceptual Framework 10](#_Toc10226573)

[3.7 Hypothesis testing 10](#_Toc10226574)

[4. Significance of the Research 11](#_Toc10226575)

[4.1 Limitations of the Research 11](#_Toc10226576)

[4.2 Conclusion 12](#_Toc10226577)

[5. Time Plan of the Research 13](#_Toc10226578)

[6. References 14](#_Toc10226579)

# Background of the issue being addressed

## Abstract

The purpose of this study is to examine the factors that passengers consider when selecting a taxi service in Sri Lanka. The study also examines how the considered factors can be used to achieve customer satisfaction in taxi services.

The survey was performed within the city of Colombo in Sri Lanka. The sample of the survey included 250 of mobile taxi booking app users in Colombo. Primary data were collected based on a convenient sampling method using a self-administered online questionnaire and secondary data were collected based on other related literature. The research questionnaire was designed based on the previous literature related to SERVQUAL model to understand the customer satisfaction in different aspects.

The constraints of the study were identified since the research is limited to users in Colombo area, which hinders the potential to grab an overall view of the study. Therefore, future researches can be conducted and expand the research focusing on other areas in Sri Lanka as well.

## Background of the Research

The initiation of traveler transport by taxis that are currently working in Sri Lanka goes back to the history until last piece of 1978. After the open monetary economy policy adopted by the government of Sri Lanka during that period, many changes have occurred in almost all the divisions, including work, merchandise and enterprises. The administration which is involved in procuring three taxis can also be named as one such division. Morris Minor was the vehicle that had turned out to be the most frequent as an employing auto around back then. The taxi benefit was worked by sole proprietors and companies that owned vehicles through recruiting drivers ( Khuong & Dai, 2016).

Taxis were familiarized among the population since it is found to be a vehicle which satisfies the transportation needs of the people for a high service than transporting through public modes. This familiarization demonstrated that taxis could be purchased at a cost than an auto vehicle due to several reasons (Horsu & Yeboah, 2015).

As we all know, the emergence of smart phone technology has led to extraordinary changes in all aspects of the global society. It is widespread in work and family, education, health and entertainment, as well as in many other areas. Key features of smartphone technology, such as mobility and broad coverage, create five value-added attributes that transcend geographic and temporal barriers. Five value-added attributes are instant connection, customization and localization of products and services, ubiquitous, practical (Rainer, 2013). Thanks to these added-value attributes of smartphone technology, mobile applications are developing rapidly since Apple Inc. first launched the iPhone in 2007. Mobile applications are end-user software, created for operating systems for mobile devices, which expand their capabilities. Mobile device and Mobile apps are typically operated by four mobile operating systems, including Apple App Store, Google Play, Windows Phone Store and BlackBerry App World. Mobile apps are usually offered at the lowest cost or for free.

Taxis play a significant role in providing personalized service in the urban transportation system in Sri Lanka. One of the challenges of operating an efficient taxi service is the mismatch between the taxi supply and passenger demand. This makes it difficult for passengers to be picked up on time, and vacant taxis must waste lots of cruising time searching for customers, which worsens existing traffic congestion and air pollution problems. To deal with the above dilemma, taxi booking systems have been developed in cities as a bridge to connect customers and taxis. Besides the conventional telephone booking fashion, recently innovative online mobile booking techniques have already been introduced into the taxi market. As an impressively growing taxi market, these new taxi booking systems have experienced rapid development in Sri Lanka. At present, there are at least approximately two hundred thousand taxi service orders generated daily through the top three mobile booking apps in Sri Lanka's major city Colombo. These emerging booking systems indeed bring significant changes to the taxi market, and almost all of them are claiming that they have a great effect in promoting the travel experience of passengers and reducing empty taxi cruising time. More and more taxi drivers and customers are using various telephone/online booking programs.

In the recent years, the number of organized taxi services have increased as a result of the stringent competition among various taxi operators such as Kangaroo cabs, Nano cabs, Budget taxi, Fair taxi, Pick me and Uber etc. In this regard, it is important to understand the behavior of customers during the past decade since the facilities of transportation have undergone tremendous changes in urban areas. Out of all the available modes of transportation, the three wheelers and cabs have become the most popular and frequently used mode of transportation in metropolitan and urban cities in Sri Lanka.

In a developing country such as Sri Lanka, rapid economic and land use growth increase the need for liveable living and workplace. Primarily, taxis are positioned to provide a door-to-door service as a mode of choice for city centre trips at Colombo region. Further, the taxi in. dusty supports others mobility requirements, including as a viable transport option outside rail and bus operational hours. Passenger getting a taxi is not easy, passenger need to be concern on their safety, reach their destination on time and negotiation on fares.

Online Taxi Apps had a disruptive revolution all around the world including Sri Lanka. Currently Sri Lanka and people experiencing different taxi booking apps like uber, pickme, dropme, kangaroo cabs etc. People started heavily using online taxi apps replacing conventional ways of arranging personal transportation services. This study attempted to investigate the factors affecting the adoption of online taxi apps in Sri Lanka, hence utilized the Theory of Planned Behaviour to examine the above research context. The implications of this research study are to be very helpful for online taxi booking apps including uber and pick me to optimize their service and operational excellence

As a result of the development in technology, the taxi service industry is currently growing at a rapid pace. In the present era, the customers have the facility to book a cab or three-wheeler using mobile applications at any time given the location of the passenger. The pricing strategies of the taxi operators have influenced the demand of the customers in making a choice over a traditional mode of transportation such as auto vehicles, public and private buses etc. Similar to most of the industries, the taxi service industry also has undergone many transformations in internet technology.

# Problem Statement

## Problem Statement

There are lots of online taxi booking companies in Sri Lanka who can give same product and service to the customers in very effective way. But it is very difficult to select best service provider among those, maintaining the cost and service quality.

In Sri Lanka, still Logistics and Transport industry is in a very preliminary stage. Though the transport and logistics industry have a little growth but development of service which provide by mobile taxi booking companies has not seen the paralleled growth. There are lot of drawbacks can identify with in the industry of mobile taxi booking in Sri Lanka. For instance, lack of infrastructures such as vehicles, lack of professionals, and lack of value-added services by those services providers. Therefore, mobile taxi booking firms should address these shortcomings to improve their respective activities. Those companies must not only care and focus on the current customer expectations and satisfaction but also should develop the capability to motivate the customers to repurchase or to maintain long-term relationship with them

In this changing business environment selection of a transport service provider has become a multi-criteria decision problem which involves qualitative and quantitative criteria. In Sri Lanka, people identify the best service provider using their past experience. The main reason for this is relatively few studies have focused on the factors that influence the customer satisfaction in taxi services like Uber and other relevant local taxi services in countries such as India, Indonesia, and Vietnam etc.

In the recent years, wide range of taxi providers have identified the importance of customer satisfaction towards the sustainable survival of the companies. According to ( Khuong & Dai, 2016) one of the main challenges in achieving customer satisfaction is through effective management of service quality. Therefore, it is important to focus on the factors that satisfy the customers in terms of service quality.

Even though previous studies have been done to examine the factors influencing the customer satisfaction in taxi services in different countries, sufficient studies have not been conducted in the Sri Lankan context using the SERVQUAL model for the same. Therefore this study fulfills this gap by investigating the factors influencing the customers when selecting a taxi service in Sri Lankan context by relating the SERVQUAL model (Parasuraman et al., 1988) to it and presenting how these factors can be used to achieve customer satisfaction.

Therefore, it is very important to carry out research study regarding to the mobile taxi booking app selection in the aspect of Sri Lanka. This research is targeted on determine the factors that affect to the mobile taxi booking app selection in Sri Lanka with respect to the Colombo.

The following research questions are intended to address in this study.

* What are the positively and negatively correlated factors that are affecting to the customer satisfaction in mobile taxi booking industry in Sri Lanka?
* What is the current overall satisfaction level in mobile taxi booking industry in Sri Lanka?

## Literature Review

As in other industries the survival of a taxi service provider significantly depends on the extent to which they address their customer requirements. Therefore, customer centric perspective is adopted by most of the taxi drivers to retain their customers loyal whilst achieving a competitive advantage. Accordingly, as earlier literature indicates, taxi drivers and companies should pay attention on improving quality of service and charging fare prices from passengers for their rides (Gustafsson, et al., 2005).

By improving the quality of the service customer satisfaction can be achieved. Therefore, it is critical to focus on improving the service quality of the taxi services. (Horsu & Yeboah, 2015) did a study that focused on the impact of service quality and customer satisfaction in the minicab taxi services in Ghana and found out that service quality variables especially reliability, influenced the customer satisfaction. Through a similar study conducted by (Techarattanased, 2015) it was revealed that the service quality of Metered taxi services in Bangkok, Thailand was significantly affected by responsiveness aspect of service quality.

In addition, research conducted by (Dachyar & Rusydina, 2015) to identify the link between customer satisfaction and service quality in Jakarta’s taxi industry in Indonesia found that customer satisfaction is greatly affected by 6 factors; company image, perceived value and perceived quality, customer expectations, customer trust and customer complaints. (Horsu & Yeboah, 2015) highlighted with their view point traveller fulfilment is profoundly affected by comfort which was determined by comfortable seating, cleanliness of the vehicle and proper conditioned vehicles, sensible entertainment and Air condition could be impacted to passenger satisfaction. However, researcher’s points out that availability of taxis, well-timed departure at destinations and safety factors can be taken as vehicles having functioning seat belt, drivers driving carefully and having excellent knowledge of route have been enclosed in passenger approximation of satisfaction.

Accordingly, extensive review carried out on the earlier studies reveal that customer satisfaction in taxi industry is determined by numerous factors. Therefore, through this study researcher identifies the factors that consumer perceive to be present in a quality taxi service and how these factors can be used to achieve customer satisfaction.

## Objectives

The main objective of this research is to determine the factors affecting to the customer satisfaction towards the mobile taxi booking service industry in Sri Lanka. When selecting a service provider there are lot of criteria and sub criteria and it depends on person to person.

Further, the following secondary objectives are formulated,

* To study the overall customer satisfaction of the mobile taxi booking service industry in Sri Lanka.

# Proposed Methodology

## Approach

Quantitative, qualitative and mix methods are the main three types of research methods that it has. Qualitative research design is mainly based on the qualitative data whereas the Quantitative design is based on the numerical and measurable or quantifiable data. Among these two methods quantitative methods are highly reliable and less bias than the qualitative method and also it is a fast design (Norman & Yvonna, 2011).

This research is based on both quantitative and qualitative data to achieve its objectives. Therefore, this study has implemented mix research design to identify the factors that affects for the consumer satisfaction.

Literature review will be conducted to identify the possible factors for this research study. Traditional concepts and methods have been quizzed for measuring the service quality and customer satisfaction in business to business environment. SERVQUAL instrument is widely used and most popular method of evaluating service quality for service industries. Earlier (Parasuraman et al., 1988) have presented a model known as SEVQUAL to measure quality in service sector which has 10 determinants. Later he was modified and introduced broader fivefold model to measure service quality. These dimensions can be defined as Tangible, Empathy, Responsiveness, Reliability and Assurance. (Parasuraman et al., 1988)

## Sources of Data

**Primary Data**

Primary data will be collected using a questionnaire. The respondents to this questionnaire are people in Colombo city area.

**Secondary Data**

This research depends on the previous studies conducted on supplier selection, published researches, papers, documents and other related literature.

## Data Analysis

To analyse the data SPSS will be used. Factor analysis will be conducted to factors in mobile taxi booking industry in Sri Lanka.

## Population

This research includes the people who are living in Colombo city in Sri Lanka as the target population.

## Sample

The sample considered in carrying out this study is limited to passengers in the Colombo city. Colombo is the main commercial city of Sri Lanka including plenty of government and private sector offices, schools, banks, hotels and etc. Thus, people from many economic classes are centered in the city for different purposes. So, the sample of the research is people who are in the Colombo city. Research is planning to do using 250 size of sample from all over the Colombo. The sample design is convenience sampling coming under the non-probability sampling.

Table 3.1: Sampling Numbers

|  |  |
| --- | --- |
| **Divisions** | **Number of Consumers** |
| Colombo 01-03 | 50 |
| Colombo 04-06 | 50 |
| Colombo 07-09 | 50 |
| Colombo 10-12 | 50 |
| Colombo 13-15 | 50 |

## Conceptual Framework

Reliability

Tangible

Customer Satisfaction

Empathy

Responsiveness

Assurance

## Hypothesis testing

Below hypothesises going to be analysed in the final research.

H1a= Customer satisfaction is independent from Reliability

H1b = Customer satisfaction is dependent from Reliability

H2a= Customer satisfaction is independent from Tangible

H2b = Customer satisfaction is dependent from Tangible

H3a= Customer satisfaction is independent from Empathy

H3b = Customer satisfaction is dependent from Empathy

H4a= Customer satisfaction is independent from Responsiveness

H4b = Customer satisfaction is dependent from Responsiveness

H5a= Customer satisfaction is independent from Assurance

H5b = Customer satisfaction is dependent from Assurance

# Significance of the Research

This study is significant in different aspects. First it is scientifically significant since this area of the study has not been very much focused on the academics in related to the field of logistics and transport. Still there is lack of research and surveys conducted for the mobile taxi booking industry in Sri Lanka.

Secondly this study has a higher significance to the mobile taxi booking service providers and their customers who are gain services from them. Hence there are several companies in Sri Lanka which profit oriented mind set where as they go for customer-oriented strategy. They should more focus on fulfilling customer expectations and satisfaction. That led the companies to the more profitable and sustainable in the long run. Identified factors can be used to develop a model, which will enable people to mitigate the selection of incompetent service providers. Apart from that this research will helpful for future researchers since there are no any research articles on this topic to refer in Sri Lanka.

## Limitations of the Research

There are specific limitations related with the study. This research is primarily based on the respondents within the area of Colombo, which limits the access of data related to respondents from other areas.

Lack of previous literature in Sri Lankan context and online taxi booking industry context is another limitation for the study, therefore research has to redesign according to the Sri Lankan context.

## Conclusion

Throughout this research proposal researcher describes about background of the study, problem statement, objective of the study, research questions, significant of the study and a summary outline of the whole research. Main objective of this research is to determine the factors affecting to the customer satisfaction towards the mobile taxi booking service industry in Sri Lanka

According to the literature review, it is clear that the topic has been attractive in the global context but still a requirement for a proper analysis of the Sri Lankan context is missing. Therefore, it is important to do a proper research to online taxi booking service industry, Sri Lanka.

Under the research methodology the has discussed about the methods that researcher is planning to do to achieve research objectives. In the sample design explained about the population of the research study and under data collection methods that have used to collect data have been described.

Timeline describes the researcher time allocation for each task of the research study. It helps to plan the whole research since this has to complete within given timeframe.

# Time Plan of the Research

Table 5.01: Time plan of the research

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Activity Description | May-21 | May-31 | Jun-20 | Jul-Aug. | Aug-Sep. |
| Preparation and submission of the research proposal |  |  |  |  |  |
| proposal presentation |  |  |  |  |  |
| Questionnaire preparation |  |  |  |  |  |
| Data collection |  |  |  |  |  |
| Data entry |  |  |  |  |  |
| Data cleaning |  |  |  |  |  |
| Data Analysis |  |  |  |  |  |
| Finalizing the research |  |  |  |  |  |

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