A COMPARISON OF STRATEGY USED IN RIDE HAILING SERVICES

Case study Uber Dar es Salaam, Tanzania & Go-Jek Bandung, Indonesia

THESIS

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HALAMAN PENGESAHAN

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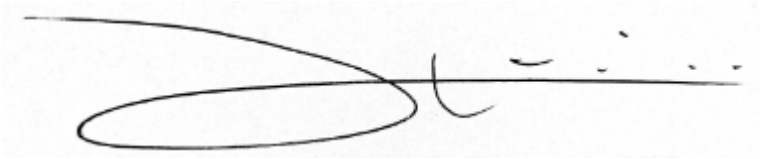

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Pernyataan

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Menyatakan bahwa Tesis dengan judul:

A Comparison of Strategy Used in Ride Hailing Services
Case study Uber Dar es Salaam, Tanzania & Go-Jek Bandung, Indonesia

adalah benar-benar karya saya sendiri di bawah bimbingan Pembimbing, dan saya tidak melakukan penjiplakan atau pengutipan dengan cara-cara yang tidak sesuai dengan etika keilmuan yang berlaku dalam masyarakat keilmuan.

Apabila di kemudian hari ditemukan adanya pelanggaran terhadap etika keilmuan dalam karya saya, atau jika ada tuntutan formal atau non formal dari pihak lain berkaitan dengan keaslian karya saya ini, saya siap menanggung segala risiko akibat dan/atau sanksi yang dijatuhkan kepada saya termasuk pembatalan gelar akademik yang saya peroleh dari Universitas Katolik Parahyangan.

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It needs to be understood that, it has not being easy as a student specializing in Strategic management, because so many people looks at you as someone who can provide something creative and helpful towards their daily struggles especially in the business area.

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"Terima Kasih"

Edgar Edmund Ngao

Bandung, July 2019

DEDICATION

I wish to dedicate this research to my Mother (Agness Wilson Ngao) and my younger sister (Monica Edmund Matoli) for their huge support and encouragement towards my studies in Indonesia.

They have been with me through thick and thin and their daily calls and messages have been a huge benefit - knowing I have people who love me.

Perbandingan Strategi yang Digunakan Dalam Bisnis Jasa Angkutan

Studi Kasus Uber Tanzania dan Go-Jek Indonesia

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ABSTRAK

Bisnis jasa angkutan berbasis online merupakan sebuah istilah baru bagi sebagian besar masyarakat baik di negara maju maupun di negara berkembang, sejak istilah tersebut muncul sekitar satu decade yang lalu. Perusahaan yang bergerak di bidang yang baru ini telah menggunakan sejumlah strategi untuk membantu mereka membangun diri dan membuka kelompok pelanggan yang potensial. Gabungan dari berbagai strategi tersebut termasuk Inovasi Teknologi (IT) telah diakui sebagai strategi inovasi nilai yang membuka jalan bagi banyak bisnis usaha baru untuk menciptakan pangsa pasar yang besar di dalam pasar saat ini sambil mengganggu para pemain yang sudah lebih dulu terjun di bidang ini.

Sebuah tinjauan pustaka mengenai Teori Tingkat Adopsi, Model Penerimaan Teknologi (TAM), Kerangka Kerja Lingkungan Organisasi Teknologi (TOE), teori dan strategi Inovasi Teknologi telah menjadi alat dalam menciptakan landasan teoritis yang kuat bagi penelitian ini, dimana Strategi Generik dan Strategi Pertumbuhan Intensif telah ditinjau berdasarkan Strategi Inovasi Teknologi.

Metodologi penelitian yang digunakan dalam penelitian ini melibatkan pendekatan kuantitatif yang bersifat deskriptif. Hasil data yang diperoleh dari sumber utama digunakan untuk prosedur statistic.

Selama penelitian dilakukan, peneliti tidak dapat memperoleh informasi yang relevan secara langsung dari perusahaan sehingga metode lain perlu digunakan. Penelitian ini menyimpulkan bahwa strategi yang paling efektif adalah gabungan antara kepemimpinan biaya dan strategi diferensiasi produk bersaam dengan teknologi, yang menjadikan Strategi Inovasi Teknologi. Penelitian ini merekomendasikan bisnis jasa angkutan berbasis online melakukan perbaikan dalam segi saluran komunikasi, kebutuhan akan adanya pelatihan yang berkelanjutan dari kontraktor dan staf mereka, dan kebutuhan untuk menyadari akan peraturan pemerintah.

Keywords: Strategi, Bisnis jasa angkutan, Blue Oceans, Generic Strategi, Inovasi Teknologi

A Comparison of Strategy Used in Ride Hailing

Case Study Uber Tanzania and Go-Jek Indonesia

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ABSTRACT

Ride hailing service is a new terminology to most of people in both developed and developing countries, since it came into existence about a decade ago. Companies in this new field have used a number of strategies to help them established themselves and unlock potential groups of customers. The mix of strategies includes Technological Innovation (TI) which has been acknowledged as a Value Innovation strategy which has paved the way for many new business ventures to create a large market share within the present market while disrupting established players.

A literature review of Rate of Adoption Theory, Technology Acceptance Model (TAM), Technology Organization Environment Framework (TOE), Technological Innovation theory and strategies has been a tool in creating a strong theoretical foundation for this study. Where Generic strategies and Intensive Growth strategy has been reviewed in light of Technological Innovation strategies.

The study methodology used involves the quantitative approach which is descriptive in nature. The data results obtained from the primary source were utilized for statistical procedures.

During the study the researcher was not able to get relevant information direct from the companies so other method needed to be used. The study concluded that the most effective strategies were a mix of cost leadership and product differentiation strategies along with technology, which made it a Technological Innovation strategy. The study recommends ride hailing services embrace the improvements of communication channels, the need for ongoing training of their contractors and staff, and the need to be aware of government rules and regulations.

Keywords: Strategies, ride hailing services, Blue Oceans, Generic Strategies, Technological Innovation

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ABBREVIATION

App – Application

ICT – Information and Communication Technologies

IOT – Internet of Things

TNC – Transport Network Company

TAM - Technology Acceptance Model

TI – Technological Innovation

TOE – Technology Organization Environment

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CHAPTER ONE

INTRODUCTION

The number of metropolitan cities in the world is increasing rapidly. It is projected that 66 per cent of the world's population will be living in cities by the year 2050.

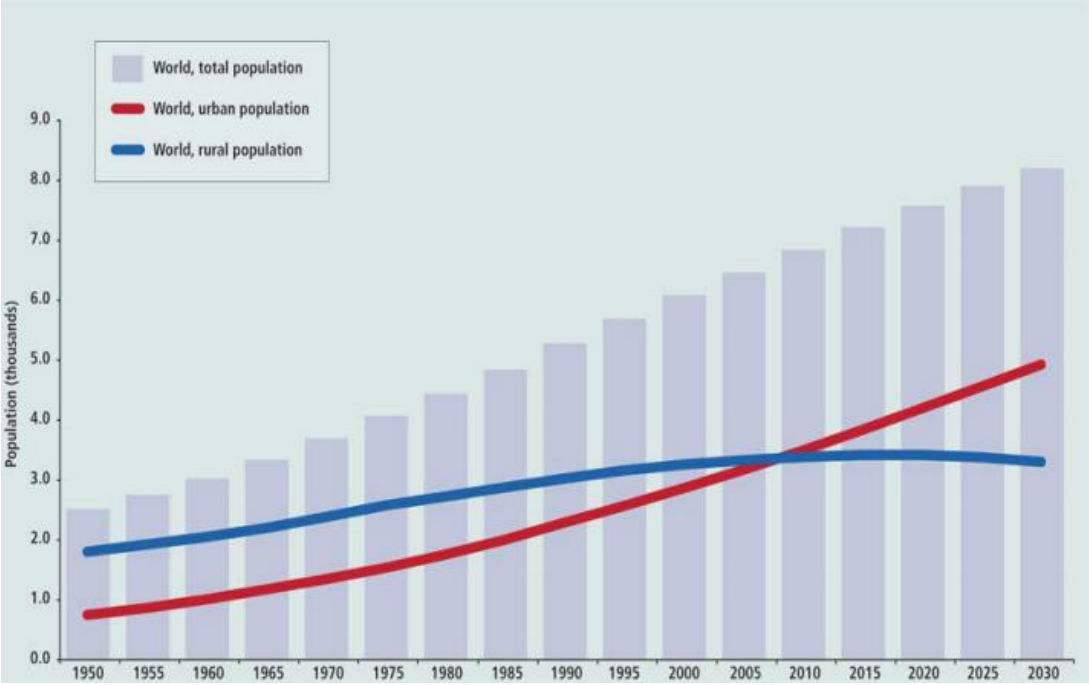

Figure 1.1, the urban and rural population of the world from 1950 to 2030.

Source: (World urbanization prospects, 2005 Revision)

From that growth, in developing countries especially in Asia and Africa, the population growth is projected to be 90 per cent (world urbanization prospects-2014)

This rapid urbanization process has exposed deep social, economic and technological changes, which has and is still posing new challenges that must be addressed, this requires a solid governmental framework to advance towards the merging of cities, so making their urban infrastructures well-organized, resilient and environmental sustainable (World urbanization prospects, 2014).

Transportation is one of main challenges in most large cities in developing countries which require greater Government and private institution awareness and involvement to meeting these transportation challenges. A recent example is the Rapid Transit Bus System in the city of Dar es Salaam, Tanzania. This project has been funded by the Tanzania Government with a contribution of $290 million from the World Bank (www.iafrikan.com/2017/02/02). The main intention being to provide sustainable public transport services to citizens of Dar es Salaam, (Tran and Kleiner, 2005).

The Rapid Transit System was first established in Dar es Salaam as a pilot project because the city had a pressing need to address the level of heavy traffic and associated traffic congestion. According to Hugh M. Clark (2017) the majority of people who use public transport and have been asked to describe their reasons for using it, 60 per cent prefer to use it because it is economical, 16 per cent prefer it because it is convenience and 24 per cent prefer it because of other intangible benefits.

The modes of transport in Dar es Salaam, Tanzania are mini buses (popularly referred to as “Daladala”) and rapid transit buses (popularly referred to as “Mwendokasi”). They are both perceived as the easiest and cheapest means of transportation. Meanwhile in the city of Bandung, Indonesia, angkot “mini buses” and large government buses called Damri. These are the easy and convenient means of transport for majority of people in Bandung.

Even though the above mentioned modes of transport are attractive in regards to costs and reliability, users can experience some level of confusion when using them. When a sample of customers were asked, of some of their main complains were: noise level produced by buses and other passengers, a bumpy ride due to poor infrastructures, overcrowding at the stations and terminals, poor hygiene and ventilation in buses and stations . According to Duwa Hamisi Chengula & keneth Kombe, 2017**,** chaos and confusion that has been reported and experienced by commuters using public transport in the city Dar es Salaam Tanzania is over-crowdedness, excessive waiting times, long and inconsistent travel times coupled with poor and unreliable services especially during peak hours. Meanwhile in Bandung from the researcher experience it is a little different from Dar es Salaam, majority of people in Bandung use motor bikes and to those who do not have a motor bike use the local angkot or damri. According to Ahmad Munawar, 2007 public transport in Indonesia does not have

good comfort and their quality is also very poor. He added that many of the vehicles (buses) are dilapidated and dirty.

The rapid change of technology has helped the rise of the ride hailing services such as Uber in Dar es Salaam and Go-Jek in Indonesia. This has brought much relief in terms of accessibility to transport services, time serving and security (Harrison Jacobs, 2018). Now, an individual can use the ride hauling application anytime and anywhere, to book trips even ones of a short duration which can overcome high traffic situation. Apart from the transportation service it offers customers, there are also many other services being offered. In Tanzania since the system has just started recently, people are still finding ways of accepting it. Currently it is not routine for majority of Tanzanians to use taxis due to their cost and other issues. While Go-Jek Indonesia offers a greater range of services such as Go-Car, Go-Jek, Go-Food, Go-Pay, and Go-Massage to mention the few (Saheli Roy Choudhury, 2017).

Some other advantages of ride hailing applications is that drivers get fewer passengers cancellations, passengers can check driver's profile and leave comments for another user to view, they can also check their lost items within the application. Payment method has been simplified, through the use of cashless payment also this benefit the driver not to have huge sum of money on hand. Plus, these ride hailing applications offer discounts and promotions that taxi services have never offered to their passengers.

1.1 Statement of the problem

Despite the presence of ride hailing applications there is still a problem of under-utilization of Innovation strategy which has led to less customers' satisfaction. However, where these strategies have been used, solutions have been implemented to address many of the problems customers have been experiencing and yet open the door for more customers' demand for this service. The challenges faced are delays, demands to pay extra, etc. Even though these challenges has been raised in previous studies the researcher thought another a study focusing on the utilization of the available Technological Innovation strategies would be useful. Moreover the study will compare strategies of two ride hailing services in regards to Technological Innovation, which can be used to make recommendations in this changing sector

1.2 Research questions

i. Is there significant relationship on how satisfactory customers are with the Technological Innovation strategy used in the application functionality?
ii. Is there significant relationship between customer satisfactions with the usefulness of ride hailing services?
iii. Is there any proof of the strategy used to develop products and services within the application of these ride hailing companies able in creating a Blue Ocean?

1.3 Objectives of the Study

The objectives of this study were:

i. To examine the impact of Technological Innovation strategy used in ride hailing by identifying the significant relationship between its application functionality (App simplicity and user friendly, App design, language, cashless payment and other services offered) with customer satisfaction (satisfied with the service, feel pleased with the overall experience, met customers expectation, satisfied with carry transaction, service provider has solved customer problems).

ii. To examine if there is significant relationship between usefulness of Go-Jek Indonesia and Uber Tanzania (quick available & faster, cheaper safe and transparent fare, safety on delivery, avoiding traffic jam and promotions) with bringing customer satisfaction while using it in their daily activities.

iii. To examine and prove the theories that have been used in the study, if they were able to support the strategies used in developing products within the application of these two ride hailing companies in creating Blue Ocean.

1.4 Benefits of the studies

The major reason for conducting this research was to find out how the Technological Innovation strategy played role in the ride hailing service sector in developing user friendly smart-phone based applications. To date, these Apps have helped densely populated cities that are struggling with transportation issues.

Also, the study has discuss how the same applications have been used to offer other products and services which have helped to create Blue Ocean and strong competitive advantages over the other service providers, moderating traffic congestion in urban areas as well as providing more customer choices.

Furthermore, the study conducted a comparison between the strategies that these two ride hailing companies that reside in some of the busiest cities in developing countries. One is in Indonesia, the city of Bandung and the other in Tanzania, the city of Dar es Salaam. These has help the researcher to come out with the conclusion which helped in seeing the differences that existed in these two companies in terms of their strategies in spite of being in the same industry.

1.5 Limitation of the study

This study was limited to only two cities, Dar es Salaam in Tanzania and Bandung in Indonesia. Also, the study was limited to two ride hailing companies which are Uber in Tanzania and Go-Jek in Indonesia.