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## Sustainable Competitive Advantage of Taximonger Among Taxi Companies

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### Article Information

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Customer loyalty,  
Service quality

### Abstract

Competition in business world is growing tremendously. Therefore, the business providers conduct analysis on what makes a company uniquely become more successful than its industry competitors. Most companies are struggling to diversify profitability. This study has the purpose to identify factors that contribute to the sustainable competitive advantage. The instrument used in this study is questionnaires of the Likert scale model with options of answers. As for the sampling, a total of 102 respondents were gathered by using convenience sampling technique. Most of the respondents are women in the range of 30-39 years old. The result of study indicates that customer loyalty and service quality contributes to the sustainable competitive advantage. Hence, we can conclude by introducing membership treat points and offering the best service efficiently may enhance the competitive advantage among taxi companies.

### INTRODUCTION

Taxi booking app nowadays becomes a popular application among all level of communities especially among corporate people. Pressures of global competition, technological advancements, interconnectivity and economic liberalization have made the organizational climate getting tougher than ever before (Huyett and Viguerie, 2005). TaxiMonger is a virtual call-centre allows passengers to make a taxi booking via computer, smartphone, or any other electronic devices which are connected to internet access. Consequently, confirmation booking notification will be sent via text message.

As there are various mode of public transportation, taxi service is the least preferred choice by the public. People are looking more on reliable public transport, comes with company good reputation which offered at affordable costs. According to Richards and Curran (2002), advertising has changed rapidly over the years due to new technology invention and multi-techniques. Nowadays, having an official website is a must as people tend to search on the corporate information using internet, and thus make a booking via online, at their convenience. Furthermore, developing successful technological innovation is essential in building and sustaining a company competitive advantage.

One of the prominent key to sustain in a competitive industry is by having loyal customers. Customers tend to stay and remain loyal to a company which provides them with warmth service and perceived as offering superior values (Lam, Shankar, Erramili and Murthy, 2004). In order to retain customer loyalty, it should starts

with having delighted customers. In service industry, interpersonal interaction with customers is important (Michel, 2004).

Obtaining feedback may enable the company to improve their services and facilities necessary. TaxiMonger was found to improve on their less attention in this matter. Better service quality delivery helps firms to become a leader in the market as they can create differentiation in offering, obtaining more deal with current customers and attracting new customers, simultaneously (Mukherjee, Nath and Pal, 2003).

## **COMPETITIVE ADVANTAGE**

The world has faced a new global economic and financial crisis since in the middle of 2007. This economic meltdown has had horrible effects on the economy of different countries, and caused many of the organizations worldwide were declared bankrupt. Only companies which have strong competitive advantage are sustained. The ever-changing and complex global competitive environment forces managers to be prepared for the different internal and external uncertainties (Cruz, 2006) and take the right decisions to maintain the core competencies and improves its position in the market. In order to achieve this objective, managers should aware on the current competitive context, policies and requirements set for the organizations.

### *Web Advertising*

Nowadays, web advertising becomes popular medium of channel as part to introduce the company profile in the mind of others. Indeed, a friendly website plays important roles for customer engagement, especially in service industry. According to Mehta (2000), consumers' beliefs and attitudes toward advertising are important indicators of advertising effectiveness.

Failure in managing the corporate website will lead to unpleasant customers who are having difficulties in doing online transaction. Therefore, webs technologies can be among the powerful tools for an organization to enabling effective information sharing to the customer. It is supported by Aberdeen (2008) stated that online business have been improving customer satisfaction and giving them direction for new product development and marketing decisions. A new emphasis on the website advertising creates a competitive advantage for companies as website using internet which is accessible at anywhere. By creating customer values through web advertising, the organization can strengthen the relationship with the customers through collaboration and networking (Sigala, 2008).

### *Customer Loyalty*

Loyal customers can be traced through the pattern behaviour of repeat purchasing or using a specific company brand, products or services with the affection regardless of environmental changes (Jacoby and Chesnut, 1978). It is usually obtained when the company have managed to gain the customers trust after having great experience. Next, Lam *et al.* (2004) stated that customer may also remain loyal to a company which they perceive as offering superior values than others. By having superior values, it seems that company are competing with each other to gain the trust and confidence from the customers. Therefore, strong commitment is the means of tightening the customers, such as offering customer loyalty programme, giving free complimentary items a sign of showing that the company always put them first.

### *Customer Satisfaction*

A happy or satisfied customer will tell other people on his or her great experience. Customer satisfaction is the key factor to determine whether the company's core business meet the customer needs and wants. The aspect driven to the outcomes are useful to generalize the whole consumption experiences and it enable to identify important process that reaches customer satisfaction through the measure of observing unique values (Oliver, 1989). Besides, Stauss (2002) found that satisfaction with complaint handling also lead to customer satisfaction as the organization put their highest priority to fix the complaints. In furtherance, the organization may improve their products and service delivery.

### *Service Quality*

Asunbonteng (1996) believed that perceived service quality is an outcome resulting from the customers' experience which is above their prior expectation. Service quality is judging by some aspects, such as timeliness, warranty, and pleasant services provided.

### *Innovation*

Innovation is a prime manifestation of innovativeness by an organization. Although, process innovations are defined as new tools, devices, procedures as well as knowledge in by putting technology as a mediator between

inputs and outputs, product innovation is seen to produced more beneficial outputs to the customers (Utterback and Abernathy, 1975). Organization’s success depends on employees’ knowledge, experience, creative activity and qualification. It emphasizes on continuous learning and research development. “Organizations can gain competitive advantage only by managing effectively for today while simultaneously creating innovation for tomorrow” and suggested that “there is perhaps more pressing managerial problem that the sustained management of innovation” (Tushman and Nadler, 1986). Innovations are needed to keep the technology always up-to-date.

## HYPOTHESIS

Guided by the purpose of the study, the research hypothesis underlying the investigation in this study are as follows:

- H1:** There is a significant relationship between web advertising and TaxiMonger’s competitive advantage
- H2:** There is a significant relationship between customer loyalty and TaxiMonger’s competitive advantage
- H3:** There is a significant relationship between customer satisfaction and TaxiMonger’s competitive advantage
- H4:** There is a significant relationship between service quality and TaxiMonger’s competitive advantage
- H5:** There is a significant relationship between innovation and TaxiMonger’s competitive advantage

## THEORETICAL FRAMEWORK

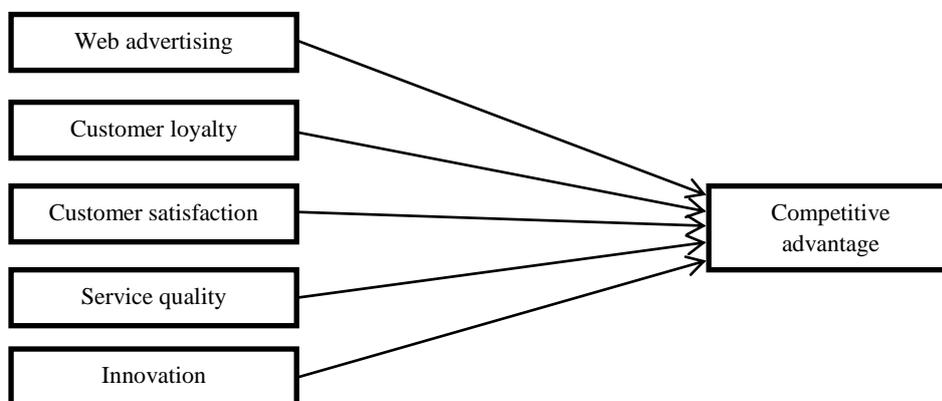


Fig. 1.  
*Theoretical Framework*

## METHODOLOGY

The questionnaire for this study consists of 46 items. The first part of the questionnaire is the demographic factors. The demographic factors consists of eight items that relates to the personal details of the employees which are the gender, age, marital status, highest level of education, as well as the number of years working in the organization. The items of the questionnaires were taken from previous research. The dependent variable which is competitive advantage is the second part of the questionnaire that consists of nine items. All of the items in all variables are using five-point Likert-type scale. On the other hand, the other independence variables are web advertising (8 items), customer loyalty (5 items), customer satisfaction (7 items), and services quality (6 items) and lastly innovation consist of 6 items. Through this research, about 200 questionnaires have been distributed to the respondents in Kuala Lumpur Sentral. However, out of this amount only 102 are successfully answered and collected.

## DATA ANALYSIS

Research showed a total of 102 respondents that have participate. Out of the 102 respondent, 66 of them are female with the percentage of 64 % followed by 36 male with the percentage of 35.5%. Meanwhile, in term of the age perspective, the result shown 36.3% are within the range of 30-39 years old whereas only 1% of the respondents is above 50 year old. Besides that, there were 64.7% of the respondents are already married and the rest are still single and widowed. At the same time, the races population of the respondents are contain of Malay, Chinese, Indian and other. Ideally, the highest user of taxi services is Indian with count of 40.2 % whereby, most of them are degree holder with the percentage of 30.4%. For the level of income, the highest

level among taxi user is Rm 7000 with the percentage of 27.5% and about 26.5% of them know about the services from electronic media compared with 6.9% know it from printed media.

**RELIABILITY ANALYSIS**

By referring to the table 1, the results showed the reliability analysis of independent variable toward dependent variable.

Table 1  
*Reliability Analysis of Independent Variable and Dependent Variable*

<b>Variables</b>	<b>Cronbach's Alpha</b>	<b>Explanation</b>
Competitive Advantages	0.886	Good
Web advertisement	0.785	Acceptable
Customer Loyalty	0.740	Acceptable
Customer Satisfaction	0.883	Good
Service Quality	0.742	Acceptable
Innovation	0.818	Good

**PEARSON'S CORRELATION ANALYSIS**

Pearson Correlation developed by Karl Pearson has popular and being tested by many researcher to find the correlation between independent variables and dependent variable. It also been used to find the strength of each independent variable toward dependent variables. Table 2 was shown the Pearson Correlation Analysis for each variable. The finding from this analysis is then compared against the hypotheses developed in this study.

Table 2  
*Pearson Correlation Analysis*

<b>Independent Variables</b>	<b>web</b>	<b>Cust.loy</b>	<b>Cust.sat</b>	<b>Serv.qua</b>	<b>innovation</b>
Web advertisement	<b>1</b>				
Cust.loy		1			
Cust. sat			1		
Serv.qua				1	
innovation					1
<b>Dependent Variable</b>					<b>1</b>
Competitive advantages	.733**	.659**	.082**	.790**	.343**

Based on the correlation coefficient test in the Table 2, result shows that there is a positive correlation between competitive advantages and web advertisement. The result shows the correlation between competitive advantages and web advertisement is  $r = 0.773$ . According to Guilford's theory, this result was high correlation, very strong relationship.

Meanwhile, there is a positive correlation between competitive advantages and customer loyalty. The result shows the correlation between competitive advantages and customer loyalty is  $r = 0.659$ . However, there is a negative correlation between competitive advantages and customer satisfaction. The result shows the correlation between variables is  $r = 0.082$ . According to Guilford's theory, this result was very low relationship correlation, substantial relationship. Meanwhile, the value of significant is 0.415 which higher than the significant level 0.01 ( $0.000 < 0.01$ ). Results verify that there is no significant relationship between competitive advantages and customer satisfaction. Service quality indicates that there is a positive correlation between competitive advantages and service quality. The result shows the correlation between variables is  $r = 0.790$ . According to Guilford's theory, this result was high correlation, very strong relationship. Last but not least, the result also

shows that there is a positive correlation between competitive advantages and innovation. The result shows the correlation between variables is  $r = 0.381$ . According to Guilford's theory, this result was moderate relationship correlation. Meanwhile, the value of significant is 0.000 in which under the significant level 0.01 ( $0.000 < 0.01$ ). Results verify that there is a significant relationship.

**MULTIPLE REGRESSION ANALYSIS**

Table 3  
*Summary of Regression*

C	R	R Square	Adjusted R square	Std. Error of the estimate
1	.845 <sup>a</sup>	.713	.698	.31480

Table 3 above show that the model summary of regression. The R square given in the table above is frequently used to describe the goodness-of-fit or the amount of variance explained by a given set of predicted variables. From the result of regression above, the value of R square were shown 0.713 which is indicates that only 71.3% of the independent variables were influence the dependent variable in the model.

Table 3.1  
*Table of Coefficeint<sup>a</sup>*

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.299	.372		-.804	.424
MEAN Web Advertisement	-.199	.204	-.182	-.976	.332
MEAN Customer Loyalty	.378	.079	.313	4.763	.000
MEAN Customer Satisfaction	.025	.057	.024	.432	.667
MEAN Service Quality	.781	.196	.767	3.987	.000
MEAN Innovation	.100	.070	.085	1.424	.158

a. Dependent Variable: MEANG (Competitive Advantages)

Table 3.1 indicate the significant level of the variables. The most signification variable can also be determined through the amount of sig. (p-value). The variable is said to be significant when the amount is equal to or less than 0.05 (5%). Based on the values, it can be concluded that there are 2 most significant variables that contributes to R-Squared which are Customer Loyalty (0.000) and Services Quality (0.000).

**HYPOTHESIS TESTING**

The hypotheses are being tested based on the sig. (p-value) amount that has been stated in the previous table. For a variable to be significant, the value must be equal to or less than 0.05 (5%). Based on the study, there is a significant positive relationship between web advertisement and competitive advantages where  $\beta = 0.332$ , as well as customer loyalty where  $\beta = 0.000$ . At the same time, the significant relationship between customer satisfaction and competitive advantages where  $\beta = 0.667$ . This shows that if the customer satisfaction is high, the levels of competitive advantages are achievable. Moreover, there is a significant positive relationship for service quality where  $\beta = 0.000$ . Lastly, there is a significant positive for innovation where  $\beta = 0.158$ .

## CONCLUSION & RECOMMENDATION

Based on the result, it is conclude that customer loyalty and service quality were positively and significantly influence the competitive advantages of Taximonger, thus, the hypothesis 2 and 4 can be accepted. Unfortunately, the other variables such as web advertisement, customer satisfaction and innovation was not significant and contributes a low relationship toward competitive advantages of Taximonger, thus, the hypotheses should be rejected. Hence, the overall research questions asked in the initial chapter can be answer as below:

1. There is no significant relationship between web advertisement and competitive advantages of TaxiMonger.
2. There is significant relationship between customer loyalty and competitive advantages of TaxiMonger.
3. There is no significant relationship between customer satisfaction and competitive advantages of TaxiMonger.
4. There is significant relationship between service quality and competitive advantages of TaxiMonger
5. There is no significant relationship between innovation and competitive advantages of TaxiMonger

Hence, for future research, it is suggested that the research should be conducted in the same company with variety of other independant variables. This will assist the researchers to identify the strength of competitive advantages from another spectrum of outlook. Other than that, the researchers are recommending upgrading the company web advertisement to be more attractive and pleasant. Beside that, Taximonger Sdn Bhd should improve their taxi services by guiding the taxi driver to be friendlier. The company also can improve the service such as in lead time for customer to get taxi by shorten it from three minute to two minute. The organization also should make a "cold call" to ask the customer about their riding experience and problem faced by them during the ride. From that the company can identified the problem and can try to fix it. Lastly, it is suggested that the timeline of the study should be more extensive in the future so that researchers are able to collect data in the large scales of respondents as well as adding more findings in the study.

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