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A Framework of Customer's Intention to use Uber Service in Tourism Destination

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Abstract

Transportation industry is the largest sector of the global economy and it changes rapidly according to the innovations of technology. Uber application (app) is the new technology advancement in transportation invented by Travis Kalanick and Garrett Camp in 2009. The first Uber app was initially accessed only via iPhones and it was later accessible for android after 3 years. The app has expanded internationally and operated over 377 countries worldwide. It has become an urban trend among the people to request for a ride via smartphone. Users need to download the Uber app and request for a ride by just a single touch. Due to many backlashes alleged that Uber service has intervened the taxi industry, taxi drivers are on rampage and they took proactive measures to ban Uber. Nevertheless, the choice still remains on the passengers to decide. This conceptual study discusses the factors that influence customer's intention to choose Uber app over traditional taxi in tourism destination. Technology Acceptance Model (TAM) was used to comprehend the customer's intention to use Uber apps technology. As a result, this study found that perceived usefulness influenced perceived ease of use of the Uber service. Additionally, this paper proposes that perceived price and perceived safety influence the intention of customers to use Uber service compared to taxi service in tourism destination.

INTRODUCTION

The emergence of internet-based technologies in information and communication technologies (ICTs) empowers new types of service innovation technology. ICTs has also opened up a new opportunity in brand new business. Uber Technologies (Uber) is a mobile ride request corporation started by Travis Kalanick and Garrett Camp in 2009 (Ngo, 2015). This company is grounded in San Francisco, USA, where the biggest and the fastest developing business in the evolving ridesourcing industry within the larger new sharing economy (Alley, 2016).

The advancement in technologies has brought up a new trend in millennium era. Nowadays, people start to look into the new trend. The growing technology has changed the customer's preferences to use Uber over any other mode of transportations. With this new technology, people now have better choices to make. In the past, we used to hail taxi by the roadside. Now, by utilizing mobile smartphones, people can request for Uber easily.

Uber Company has recently announced a new business initiative focusing on providing ride-hailing services to China's increasingly luxury tourists. Uber also proclaimed the new initiative as Uber + Travel. The partners are online travel agency, Chinese Airlines, and a few travel services providers. With the presence of the partners, it will provide the tourists with the smooth travelling experience. China is one of the famous tourism destinations. Uber has entered the country about one and a half year ago. Chinese people had accomplished nearly 1 million trips via the Uber app in countries outside China in the first five months this year and the tourists had completed 3 million trips in 24 cities when travelling in China between January and May 2016.

Limited studies have been executed in prior regarding the determinants of Uber rides as a substitute for a traditional taxi service and other public transport. Conversely, there is almost an absence of research on the reasons why people choose Uber over traditional taxi among the travellers in tourism destinations. Therefore, this study will bridge the gaps by discussing about the customer's intention to use Uber service, particularly in tourism destination. The subsequent sector in this paper will underwrite several factors that influence the customer's intention to use Uber service followed by a proposed conceptual framework and conclusion.

LITERATURE REVIEW

Technology Acceptance Model

According to Fathema, Shannon and Ross (2015), based on Ajzen and Fishbein's (1980) Theory of Reasoned Action (TRA) is TAM, which is one of the most influential theories to understand user acceptance of technology (Abdullah, Jayaraman, Shariff & Md Nor, 2016). A function of customer's attitude toward the act or behaviour and social norms is an individual's intention to perform a behaviour according to TRA. Perceived Ease of Use (PEOU) and Perceived Usefulness (PU) are two fundamental determinants of user acceptance of technology that claims by TAM (Davis, 1989). Following Davis (1989) defined perceived ease of use as "the degree to which a person believes that using a particular system would be free of effort" and posited that perceived ease of use has a positive effect on perceived usefulness as "the degree to which a person believes that using a particular system would enhance his or her job performance". Hence, TAM highlighted the links among external variables, perceived ease of use (E), perceived usefulness (U), attitudes (A) and behavioural intention (BI) toward the actual adoption of technology and believes that U and E are two major predictors for acceptance behaviour. Using TAM model, this study proposes several proposition to grasp customer intention to use Uber service in tourism destination.

Intention to use Uber Service

Uber service is a new technological innovation in transportation industry that connects the drivers and the passenger via smartphone apps. Based on a previous study by Ngo (2015), Uber provides better service than taxi service with faster time, reduces cost of money, cost of waiting, it is convenient and they are more concerned about handicap passenger. Uber service is always on demand for its availability and accessibility because technology advancement makes them possible. Customers view Uber as part of a suite transport option that serves previously unmet demand for fast, flexible and convenient mobility in urban areas (Hal, Chan & Dai, 2014). It will lead to customer's intention to choose Uber service than taxi service. Besides that, convenience is the main attraction on why customers choose Uber service. Based on a survey held by Rayle et al. (2014), 25% out of 313 respondents expressed that Uber service is more convenient, comfortable and gives them better experience. Meanwhile, Li et al., (2016) mentioned that Uber promoted trip "bundling" and greater use of alternative transportation and can also perfectly be a solution to traffic congestion in urban areas. In conclusion, customer's intention to use Uber were mainly because of its lower price, its convenience and availability, its technology advancement, its short waiting time and it reduces traffic congestion. This study proposes several factors that directly influence customer's intention to use Uber service which are; perceived price, perceived safety, perceived convenience and perceived accessibility.

CONCEPTUAL FRAMEWORK AND RESEARCH PROPOSITIONS

Figure 1 illustrates the conceptual framework for customer's intention to use Uber service in tourism destination. This paper proposes the external factors of safety, the significant influence of price on customer's intention to use Uber service in tourism destination as well as convenience and accessibility.

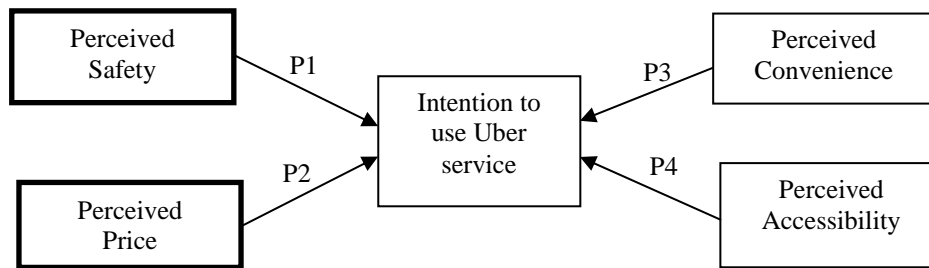


Fig. 1.
Conceptual Framework

Perceived Price and Perceived Safety

Rates charged may vary from city to city. Normally, taxi fare is higher compared to Uber (Rempel, 2016). Gabel (2016) also stated that the rates for an Uber ride is less than the taxi fare even when the charge is higher during high demand periods. “Surge pricing” will prevail during peak demand for Uber rides on the customer. “Surge pricing” is when the customers are being charged for higher fare. Before requesting the pickups, the higher price will be revealed in the Uber’s app; this will assist the customer whether to take the ride or otherwise (Rempel, 2016). “Surge pricing” is normally rare. Rempel (2016) also mentioned a repercussion that occurred in March, 2014 struck by Uber service due to its surge pricing practice, “Surge Drop” notification has been implemented, the function is to alert passengers whenever there is a decrease in rates in their areas or location. A recent survey by Partner and Legal (2015) mentioned that urban taxi rates are much more reasonable compared to traditional taxi. Basically, people travel at the same time to reduce their cost on the fares, for example, backpackers, and budget travellers. In order to minimize the travel cost, they would consider the price offered. Uber offers lower rates compared to the rates offered by a taxi. Hence, Uber would be a better choice for customers.

Another factor that is considered by customers when riding a taxi is safety. Safety inspection is the most important factor that can attract customers to choose Uber service. Rules and regulation are all set in order to ensure the safety of Uber’s customers. Before the driver got the license, they must pass the driver examination first. The driver must prove certificate liability insurance and the most important aspect is there is no criminal record. In addition, the car that is registered for Uber must fulfil several conditions, which include the vehicle types, model, and condition, the actual point-to-point route that the car follows, the minimum fuel efficiency standard and data reporting, the car should not exceed 5 years as well as the requirements for monitoring and evaluation (Ngo, 2015). Furthermore, Brazil and Kirk (2016) had mentioned that Uber service reduces drunk driving accident. In Uber service, customers have options whether to pay by cash or by bank card. They will have to choose the mode of payments in prior to their request. To relate, using credit card as a mode of payment is far safer than using cash money. The advantage for travellers is to avoid getting extra charge from the driver. For more safety, Uber connects the driver and passengers via smartphone so the passengers can know and evaluate their driver before agreeing to use the service. Passengers can evaluate the driver by rating the Uber service for future improvement.

As the price and safety are two significant elements for travellers in any tourism destination, these following propositions are proposed:

Proposition 1: Perceived price has a significant influence on customer’s intention to use Uber service.

Proposition 2: Perceived safety has a significant influence on customer’s intention to use Uber service.

Perceived Convenience

The presence of Uber or also known as urban taxi in the city has prompted a great concern over the increase in traffic congestion. Even though several studies have deeply investigated this issue, yet the discoveries are still uncertain. However Li, Hong, and Zhang (2016) executed an experiment and found that the entry of Uber in urban areas actually leads to a substantial reduction in carbon dioxide releases and traffic jam. Based on the same research, it also provides further proof that Uber can be a resolution to reduce the problem regarding traffic congestion in the city areas. FiveThirtyEight is a statistics source, retrieved from taxi and limousine commission about the analysis of the changes amount of pickups. Based on the statistics, it was found that other than the growing number of pickups, Uber can offer rides to places that are difficult for the taxi to reach (Alley, 2016). Uber service can aid travellers in ease of access to the particular travel destination in urban area.

Moreover, Rayle, Shaheen, Chan, Dai and Cravero (2014) stated that comparing the waiting time and hailing times for taxi against the waiting time for an Uber ride, Taxi took longer time than Uber. According to Rayle et al. (2014) as cited by Huges and McKenzie (2015), waiting time fell in second place as one of the most common reasons for customer to use Uber after ease of payment. Uber is interrelated with the transportation work company, found that the waiting time for automobile is influenced by travel speed and the length distance between current location of the driver and the pick-up location (Huges et al. 2015). However, most of them have come up with one conclusion that Uber service will not only save one's money but it also can save time (Carazan, Chow, Pham, Roswell & Sun, 2016). Using Uber can reduce waiting time as the traveller's itinerary differs from bus and train schedule. In addition, the possibility of lost among the travellers can be avoided as the Uber drivers are from the local area and indirectly act as their travel guides. Thus, this paper proposes the following proposition:

Proposition 3: Perceived convenience has a significant influence on customer's intention to use Uber service.

Perceived Accessibility

Uber is the most popular rideshare application and it assists both transportation and referral service (Woo & Bales 2016). As stated by Geradin (2015), the advantages of Uber app are Uber is user-friendly and it can transmit the current information regarding the location of the car requested, along with the capability to track its ongoing progress by using smartphone. By requesting a ride using Uber app, the passenger can monitor the progress of the Uber car via smartphone instead of waiting for traditional taxi and wondering when it will reach the destination (Geradin, 2015). Woo and Bales (2016) mentioned that customers must set their current location for the dispatcher to go to the pickup point, the location set can be accessed by customers and dispatcher as well as the expected time arrival at the stated location. This will be useful for the travellers as the apps can aid them to easily request an Uber ride to pick them up at the exact location and they do not have to walk out to hail taxi or any other public transports. In view of that, this study proposes the following proposition:

Proposition 4: Perceived accessibility has a significant influence on customer's intention to use Uber service.

CONCLUSION

Implications of the study

This paper proposes a framework to enrich the existing body of knowledge by introducing two new variables which are 1) perceived price and 2) perceived safety. The TAM framework mentioned that there are two more variables that influence the intention of the customers to use technology; 1) perceived accessibility and 2) perceived convenience. From the theoretical point of view, this framework underwrites new notions to researchers to study more on the factors that stimulus the customer's intention to use Uber service in tourism destination. From the practical perspectives, it can be beneficial to travellers in choosing the mode of transportation in tourism destination.

Recommendation for future studies

This paper has suggested several factors that can stimulus customer's intention to use Uber service in tourism destination. Since the study of Uber service is still at its infancy stage, future research could integrate the moderating variables by conducting research on the intention to use Uber service according to the types of tourists, which include business, leisure and VFR (visiting friend and relatives), usage styles (Azmi, Buliah & Ismail, 2016) as well as market characteristics (Azmi, Sapi & Rahman, 2015) in tourism destination.

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