The Role of Perceived Value and Gender on Customers' Purchase Intention of Ride Sharing Services

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ABSTRACT

Digitization, the mobile explosion and net connectivity in the developing nations has given birth to Customer 4.0 which are empowered tech savvy beings exposed to vast choices through online platforms. It is interesting how consumers 4.0 in developing markets are adapting to these new products and services and make buying decisions. In this article, the focus is on ride a sharing business which has some of the fastest growing startups, like Uber and Ola which together hold ninety-five percent of the market. This emergence of a new digital reality has important ramifications on the consumer buying decisions. This makes it imperative to study customer perspective; their value perceptions, and its influence on the customers' purchase intention. This article takes the perspective of a customer which adopts a value-based model to explain consumers' buying decisions and also explores the gender difference in value perceptions.

KEYWORDS

INTRODUCTION

The proliferation of internet-based platforms and mobile applications incessantly facilitates the rise of the app-based companies. Modern information and communications technologies allow organizations to reach out to the potential customer directly. Ride sharing services like Ola and Uber have changed the city travel. Mobile penetration and increasing usage of mobile internet has led to the popularity of such businesses in not only in major metropolitan cities but has penetrated into other less economically developed cities. According to a research (www.statistica.com) the smart phone penetration in India is 36 percent with more than 478 million mobile internet users, thus making the soil fertile for the growth of app-based taxi market in India. The app-based taxi market in India has been largely dominated by Uber and Ola who are capitalizing on this new trend from past five six years. However, all is not rosy. For a smooth sail in the market the consumer perspective, their

buying motives etc. need to be well understood. The paper therefore takes the consumer perspectives and explores the motives behind consumer buying these new age app-based ride sharing service. The paper in following section presents a review of consumer decision making theories, and adopted value based model to propose a conceptual framework to explain the consumer buying of the app based ride sharing services. The paper then presents data analysis followed by discussion and limitation.

LITERATURE REVIEW

Consumer decision making has attracted researcher since ages and various theories on decision making have been presented. Expected utility theory of Von & Morgenstern (1947), provided the classical model of decision under a risky environment. The model was later challenged by experimental paradoxes. The most influential alternative theories proposed were prospect theory (Kahnemanand & Tversky, 1972), and regret theory (Bell, 1982). Peter and Tapey (1975) presented a valence framework advocating that consumers perceive both positive and negative attributes of a product and make buying decision by maximizing the net valence (Yang, Chen, & Wei, 2015). However, with the fast development of information and communication technology consumers are offered new tech/app-based product and services. The new technology exposed the consumers to new buying ecosystems leading to technology acceptance theories. The technology acceptance model (TAM) has been widely used to explain why consumers accept or reject technology enabled services (Wang, Wang, Wang, Wie &Wang, 2018). A large number of studies have embraced TAM by extending specific variables (Wang et al., 2018; Yu, Yi, Feng & Liu et al., 2018). However, empirical research suggests that TAM-related models only provide comparatively lower explanatory power in predicting technology adoption intention (Zhu, So & Hudson et al., 2017).

The consumers' today are not passive actors that respond to the stimuli but rather empower themselves to justify their decision by weighing the explicit and implicit cost.Generation theorists propose that there are distinguishing changes in consumer behaviour with the changes in the macro-environment (Kitchen &Proctor, 2015;Strauss and Howe, 1999) thus creating a need to study consumer 4.0. Consumers' 4.0 are those who have embraced mobile and internet. They are always connected and exposed to proliferating internet. Empowered by their handheld devices which provides them all the information these consumers are independent and buy goods and services online. Their decisions are influenced and influence other customers through the net community. These hyper connected consumers have the power of information. On a click of a button on their handheld devices they get all necessary information, without much consulting their friends and family. Consumer 4.0 have been brought up in times when buying/shopping is not regarded as a mere act of purchasing. The explosion of product choices has led to a retail culture where buying has taken on new entertainment and/or experiential dimensions (Lee, 2005). The customers decide on the basis of net value received (Ponte, Carvajal & Escobar, 2015). They mentally tradeoff between the efforts incurred and value received. Today's consumer strives to derive maximum value from their consumption choices by reducing perceived risks and increasing the perceived gains.

Perceived value of the consumer can be defined as ''the customer's overall assessment of the utility of a product based on perceptions of what is received and what is given'' (Zeithaml, 1988, p. 14). Customer value has been widely studied in diverse context. Customer value is as perceived by the customer rather than what is objectively perceived and defined by retailer. Dodds, Monroe & Grewal (1991) proposed perceived value as a tradeoff between perceived quality and perceived psychological sacrifice and monetary sacrifice. Perceived value is an antecedent of consumers' purchase intention (Dodds& Monroe, 1985). According to Paananen & Seppanen (2013), the heart of customer value centres on "understanding and capturing customer expectations, creating and delivering desired customer experiences, and assessing and managing the customer evaluation" (p. 723). Customer value has been studied by various researchers (Flint & Woodruff., 2014). In the context of consumption, Sheth, Newman &Gross (1991) explained consumption in context of

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