investigating consumer behavior essay sample

Sport & Tourism, Hotel

Industry Analysis

As Walsh (2014) stated that the sharing economy refers to the system of direct exchange of goods and services among individuals without an intermediary directly facilitating every transaction. Nielson (2014) said that in this type of economy people make advantage of the unused capacity of possessions they owned or service they can provide by offering them to others for a profit. As Burbank (2014) reported that these are becoming a bona fide economic phenomenon that share communities, people around the world offer rent for they own thing, created new value and possibly disturb existing business. A wide range of start-up companies is providing the collaborative consumption or share economy to their customers with different services, from rooms, transportation rides, lending and borrowing assets, etc..

Forbes (2014) gives some pioneers of this community, which includes Airbnb (renting accommodation), SnapGoods (lending and borrowing high-end household items), RelayRides (Neighbor car renting), among the others. According to Botsman and Rogers (2010) the worth of overall customer rental market is estimated $26 billion in 2010. Globally, as Nielsen (2014) reported, 68 percent of respondents in their survey are willing to share their assets in order to gain financial profit, and 66 percent are likely to use or rent others' products or services. Nielson (2014) reported that Asia-Pacific regions are the most receptive to the idea of sharing and also present some of the greatest economic opportunities. According to Nielsen (2014), seventy-eight percent of Asia-Pacific's respondents are willing to share their

own goods, and eighty-one percent are distinctly possible to rent from others.

Trend Identification – Uber

Uber is a ridesharing service, which use smartphones application to connect passenger with drivers of vehicles for hire (Shontell, The truth about uber: The personal driver app, tried and broken down for you, 2011). Travis Kalanick and Garrett Camp found the company in 2009, however the service was not launch until 2010. This peer-to-peer business was based on San Fransisco, California, United States. Uber stated on its website that they are now operated in 45 countries, over 190 cities worldwide (Uber, 2014). As reported by Siregar (2014), Uber has officially launched their car booking application in Jakarta, Indonesia on 13th August 2014. As until this day, Jakarta is the only city in Indonesia that Uber operate their services. Shontell (2011) said that the companies actually do not own or store any of the vehicles their service uses. They either make deals with car companies or have the drivers used their personal car to provide service. With these methods, they will always have cars on the road, which the customers can see on the application the available cars roaming in the city.

The customers can either SMS text or use the Uber application in their iPhone or Android application to request the service and track the reserved vehicles' location. It takes a few seconds for Uber to contact a driver on customers' behalf and send your pick-up location. Uber used rating system for their drivers, higher rate will make customers feel safer. Each Uber cars will have a smartphone mounted in them with Uber's service on the screen.

At the end of the service Uber will sent text and email with detailed cost of rides. Uber will charge all their service and tip to the credit card the user lists on its website, therefore no money is exchanged to the driver. As Shontell (2013) said that people who live in cities where taxis are reliable and hard to get are willing to pay more in order to avoid late or stranded. Uber only lets their customers to hail cars from their phone and only accepts real-time requests, hence there are no reservations for this service.

As Rayle, Shaheen, Chan, Dai, and Cervero (2014) found that thirty-five percent of their survey respondents choose to use Uber as they found the " ease of payment" and another thirty percent of the respondents favor it as Uber gives " short wait time". Shontell (2013) reported that not only ride-sharing service, Uber also provided some delivery service. Customers could hail an Uber driver who could pick up the packages and deliver it in minutes. The author also mention that the company also considering the possibilities of logistic, such as deliveries, furniture, food, and more, around the world using real-time request.

Uber in Jakarta

The company used relatively low-key strategy when entering Indonesia market. Tarigan (2014) reported that Uber first started their soft-launch in June by giving promotion voucher worth US$8. 35. Hence, this strategy works quite well as Siregar (2014) quote from the interview with the head of Uber's expansion team in Asia-Pacific, there are already tens of thousands of people who have signed up for Uber in Jakarta. In the Uber blog written by Tiger (2014) it posted that the company also made social media marketing

by promoting using Twitter hashtag feature that attract people to use it in their twitter. Some Indonesia celebrities and well-known entrepreneurs post their picture while using the Uber ride service in their Twitter accounts, which effectively promote Uber to their follower in the social media. On August 13th, 2014 Uber officially launched their car booking application in Jakarta. Luthfi (2014) said the base fare for their ride service in Indonesia is equivalent to US$0. 58, which will increase by US$0. 42 per minute or US$0. 28 per kilometer. The company also set a minimum fare and cancellation fees at US$2. 51. These rates are comparable with the rate use by regular taxi in Indonesia. As Latif (2013) stated that one of the sought-after taxi company, Blue Bird Group, have the same base fare with Uber, while their rate per kilometer is US$0. 30.

STEEPLE Analysis

Hofstede (2014) mentioned that Indonesia falls into category of country with culture that has low preference for avoiding uncertainty, as well as has high power distance, and feminine society. The low uncertainty avoidance means that Indonesia people are brave enough to take risk and not afraid of changes. The Indonesian culture is being dependent on hierarchy and power is centralized on the leaders, while the team members are expected to be obedient. In Indonesia status and visible symbols of success are important. However, they are more concern with their " outward appearance" than the material gain. These traits are also applicable to people living in Bali. Uber is a technology advance service that required their drivers and customers to have knowledge in using smartphones and its applications. Wallace, Pollock, Horth, Carty, and Elyas (2014) stated that using smartphones application will

gives customers easy access to order a car, which can be accessed anywhere including where hailing cab is impossible. eMarketer Inc. (2013) found that the ownership of smartphones in Indonesia has been doubled from twelve percent of the population to 24 percent. Nielsen (2014) also estimated that in the year of 2014 the smartphone penetrations in Indonesia will still growing by 23 percent.

Data from The World Bank Group (2014), Indonesia has lower middle income as 11. 4 percent of the 249. 9 millions population are falls into poverty line in year of 2013. However this percentage has been declined from year 2012. In the year 2013, the GDP condition of Indonesia is US$868. 3 as well as having 5. 8 percent of GDP growth. Indonesia was experiencing inflation on their consumer prices at 6. 4 percent in the year 2013. Rogowsky (2014) contributed that the Uber Company announced that they are testing a testing of a carpooling service, which will be called UberPool. This service will attempt to match the destination of the customers and the driver, and offer an additional forty percent discount from the normal price to each rider. The CEO of Uber suggested that it is not only about the money but also looking for saving the environment. This carpooling service from Uber could be useful for Indonesia, especially Bali as a tourism destination, to lower their pollution and decreased the traffic.

Uber in Jakarta has now been facing difficulties from the government. As Tambun (2014) and DailySocial (2014) said that the Deputy Governor of Jakarta claims that Uber Jakarta does not have the required taxi permit as well as tax regulation number, therefore he cannot allow them to operate in

Indonesia. Legally, the business operation of Uber is considered unethical in Indonesia. This is because the company are making profit from its business, however as it has not registered the company properly, they have been avoiding paying the income tax. In the other hand, Uber helps their drivers to increase their income and allow anyone to be their driver as long as they pass Uber required standards for drivers. By doing so, Uber helps the Indonesia economy by improving their society incomes.

Recommendation

The service offered by Uber can be used for the hotel guests going to airport or when they need rides and they are in hurry. As Masna (2014) said that in Jakarta, the Uber drivers are generally showed up between seven to ten minutes after they were requested. Some customers find it more efficient than regular taxi as it is sometimes not easily available or need to be reserved hours before. The hotel could hail Uber car when the guests need to go to airport or destinations, and the amount that are charged in hotels credit card can be invoiced to guests room settlements. Another way that the hotel could also consider is by using Uber when the sales personnel need to go for meeting or for other hotel staff that are required to go for business trips. Since there are no money exchanges with the driver and all the payments are charged directly to hotel credit card, therefore it will help to provide honest and precise expenses.

The delivery services that are offered by Uber also can be used as opportunities for the hotel. The hotel can used the delivery service for picking up outsourced dry cleaning and laundry, as well as groceries delivery

for the kitchen requirements. The hotel would not need to concerned about spending their funds in buying car for this propose. Further research would be beneficial for the hotel management in order to know more about the market segments, which are attracted to use Uber service. There are two segments that should be focused for conducting research on; the young independent travellers and the business executives. Research conducts to seek partnerships with Uber could be helpful to the hotel to know options they can use for their operations.

Conclusion

More and more people are now interested in share economy, both the providers and the customers. Indonesia is a great market to develop the share economy business with their big population and low uncertainty avoidance. As results, Uber Company has experience mix response from Indonesia people. Although the government gives threat to the company, Uber still got enthusiastic reaction from the community, which is shown from the eagerness of them to download the application and share their experience in the social media platform. The company has competitive rate compared with the regular taxi in Indonesia and they have competitive advantage by using smartphones applications that can be used anywhere and anytime. There is possibility for Uber trend to grow to other cities in Indonesia, including Bali, which allow them to attract more customers as well as affecting the hotel industry.

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