Factors Affecting the Development of Ride-Hailing Platforms in Thailand

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ABSTRACT

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This paper focused on the factors that influenced the development of the online ride-hailing platforms such as, Uber, Grab, and Didi, and studies how ride-hailing platforms should be managed and developed. This article first analyzed the background and advantages of the rise of ride-hailing, the regulatory pressure faced by the government, consume review difficulties on the platform side, and how to improve customer satisfaction. It also analyzed a series of potential safety hazards that the review threshold of the ride-hailing platforms were too low. Based on this, referring to foreign methods of monitoring car-hailing services, the Thai government can formulate laws and set the platform-side access system to regulate the market. The ride-hailing platforms could address public concerns by strengthening the review system and improving safety. When faced with the needs of customer satisfaction, we can improve public satisfaction by establishing a perfect feedback mechanism and dedicated price promotions. This paper raised questions and provided reasonable suggestions from the above aspects. Therefore, the issues and suggestions affecting the development of ride-hailing platforms are of great significance to governments or enterprises.

Keywords: Government Regulation, Platform Management, Customer Satisfaction, Grab.
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1. Introduction

1.1 Research Background

With the rapid development of mobile Internet technology, the traditional transportation industry is undergoing profound changes. In 2009, a new type of industry appeared next to people: ride-hailing. Uber established a mobile Internet special car service company in the United States, and it quickly spread around the world. Grab was born in 2012 and entered the market. In 2017, Grab’s Seven countries/regions reached one billion rides, accounting for 97% of the market share in third-party taxi service markets and 72% of the market share in private car services (Azman, 2017). High travel efficiency, reducing information asymmetry between passengers and drivers, making up for service areas that cannot be covered by traditional taxi patrol modes, effectively solving problems such as high attendance rates and “difficult to take a taxi” inherent in traditional taxi industry (Ran, 2019).

The concept of the ride-hailing platform: It is based on Internet technology to organize the supply and demand information on travel orders and provide a service platform for booking travel. Ride-hailing is mainly operated by the company, and its main goal is to maximize profits. Ride-hailing is mainly operated by the company, and its main goal is to maximize profits (Chen, Sun, Chen, Ye, & Jin, 2016). Although the ride-hailing platform is technically useful, it has also caused much controversy. In 2016, when Thailand recognized the legitimacy of the ride-hailing platform, it was not clear whether the platform must strictly control the industry, so the ride-hailing platform deliberately let go under the condition of weak supervision, relying on providing lower prices, providing customers and drivers provide high subsidies to gain market share. In addition, the government is lack of supervision has also led to malicious competition in the market. Platforms in the market have engaged in price wars and eliminated a large number of competitors, all of which have a great impact on the development of the online car platform (Sun, He, Wang, & Ma, 2019).

In the beginning, the online ride-hailing platform company used the Internet to reduce the problem of low utilization caused by information asymmetry. This is the optimization and modest transformation of traditional technology by Internet technology, which has neither impacted the original market and not caused too many conflicts of interest. However, with the continuous expansion of the ride-hailing platform, under the strong market demand, a large number of private cars have poured into the market, the problems appearing on the ride-hailing platform have become increasingly prominent. Due to the simple registration process of the platform, the incomplete review mechanism, the review of driver and vehicle conditions has begun to relax, reduced service quality, customer safety issues, privacy issues, etc. are all factors that influence the development of the ride-hailing platform (Xu, Sun, Liu, & Wang, 2018).

As a tourist country, one of the characteristics of transportation is that it reaches its peak at a fixed time, and a fixed number of taxis and public transportation is not enough to meet market demand. At this time,
the appearance of the ride-hailing platform not only met the need for passenger travel also eases the traffic pressure in the city (Wang, 2016).

1.2 Research Problems

The ride-hailing platform can improve social travel efficiency and optimize resource allocation, but it also brings some new problems. Compared with traditional taxis, it has a clear unfair competitive advantage, and will not encounter the permits, entry requirements, insurance and tax requirements that taxis should have. Therefore, the platform faces problems of lack of legal supervision, lack of vehicles, driver access checks, and moral hazard (Tanakasempipat, & Thepgumpanat, 2017). With reference to foreign literature, we have learned that most countries strongly resist the legality of online car hire, and believe that the use of private cars without operating licenses cannot be used for operation or service, or there will be hidden dangers to passenger safety. The ride-hailing platform represented by uber has been strongly resisted during the course of global expansion, with developed countries such as France and some US states being the most severe (Clewlow, & Mishra, 2017).

From the perspective of the world, the ride-hailing platform is still free from control. Because the ride-hailing platform not only includes taxi services, but it will also continue to introduce private cars to access the platform. Therefore, foreign countries' policies on ride-hailing supervision mainly include the following: market access, operating services, and charging regulations. Some cities have also issued clear planning and supervision policies, which mainly involve the question of whether the online car driver needs to perform a background check, whether the vehicle standard should be issued for the corresponding car, whether the platform needs to purchase insurance for the online car driver (Beer, Brakewood, Rahman, & Viscardi, 2017).

After analyzing the foreign literature, we understand that the issues affecting the development of the ride-hailing platform are: 1) The ride-hailing platform lacks government legal supervision. 2) The ride-hailing platform lax on driver censorship. 3) The ride-hailing platform maliciously competes in customers.

1.3 Objective of the study

This article analyzes the current development status of ride-hailing platforms in Thailand and analyzes the problems of foreign ride-hailing platforms. It summarizes the factors that will affect the development of ride-hailing platforms in Thailand in the future. So in this paper, the research on the platform of Internet based ride-hailing is mainly focused on three aspects:

1) How should the government formulate laws to regulate the benign development of ride-hailing platforms?
2) Faced with the problem of low entry threshold, how to manage the ride-hailing platform?
3) How can we increase customer stickiness in the face of market competition?

This article explores these issues in-depth and provides a new direction for the current industry development of online ride-hailing platforms and government solutions.
1.4 Scope of the study

This article mainly studies the influencing factors of the development of the Thai ride-hailing platform. In the early stage of the development of the ride-hailing platform, it developed rapidly around the world. However, many problems related to the ride-hailing platform have not been resolved so far. The current traffic regulation in Thailand cannot be effective implementation, platform management issues have not been taken seriously, and malicious competition between platforms has also affected customer behavior. These are the factors that affect the development of the ride-hailing platform. This article has researched a large number of excellent domestic and overseas related journal articles and papers. It has sorted out the current research methods of online ride-hailing platforms and provided some directions for problems that need to be solved.

1.5 Research Significance

The development of ride-hailing platforms is relatively short, but it is now a very important mode of transportation. But at present, the supervision in Thailand is still in the exploratory stage. It is of great significance to study the factors affecting the development of the ride-hailing platform. It can better understand how to improve the platform for better development. Regulators in many parts of the world are working hard to modify taxis. Regulations, using Airbnb and Uber's platform development models to explore platform economy and government regulatory shortcuts (Edelman & Geradin, 2015), in foreign countries' research on the governance of ride-hailing platforms, more attention has been paid to the comparison and research of government regulations on borrowing traditional taxis. In the actual governance process, there is no unified approach. Basically, different governance measures are adopted according to the actual situation in the local area. (Kandlikar & Gulati, 2016).

In fact, in the actual series of governance processes, the main bodies of governments in various countries also generally follow the traditional thinking of the supervision of taxis. While incorporating online taxis into the supervision of traditional taxis, less consideration is given to the causes of problems and the future of such problems. When the problem reappears, the problems of the government, the company, and the customer have not been solved, so in the face of important factors for future development, these must be considered (He, 2016).

In combination with the background of Thailand's ride-hailing platform, the development of ride-hailing platforms is analyzed. Blindly incorporating traditional taxis into the supervision of online taxis will only stifle this emerging form of development. Therefore, I think this research topic is of great significance.

2. Literature Review

2.1 Government Regulation
As the main body of the country, the government is the only authoritative organization in industry management. It has the highest power and the right to allocate and use resources. In the face of the emerging issue of online car rental, we cannot follow the management of traditional rental models, because this will suppress the natural development of the ride-hailing market to a certain extent, and suppress its initiative (Pangbourne, Stead, Mladenovic, & Milakis, 2018). Ride-hailing is an emerging product under the background of "Internet +". It belongs to the service model of the integration of Internet technology and taxi industry. The model based on the supervision of only one transportation department in the past obviously has limitations (Silva, Andrade, & Maia, 2018).

In the Internet environment, the government supervision of the research on the online car rental market has different characteristics, and the system of each country is different. It cannot use only one supervision model to apply it to the supervision system of ride-hailing in different countries. We need according to the characteristics of each country, to explore the regulatory path to adapt to that country (Phun, Kato, & Chalermpong, 2019).

An important reason why the government has difficulty in effectively managing the Internet-based ride-hailing is that the attributes of the Internet-based ride-hailing are vague. The use of the Internet-free ride will occupy public resources such as highways. At the same time, its operation is also related to public safety and carrying the public interest (Kang, 2016). The ride-hailing platform in the development process involves the public interest of multiple layers of subjects. In recent years, the ride-hailing industry as a whole has shown a state of “Repeatedly banned, but not stopped” because the interests and demands of all parties have not been met (Rauch & Schleicher, 2015).

2.2 Platform management

As a product of the sharing economy and the Internet era, the ride-hailing platform meets the needs of some passengers and provides an efficient way to travel; it effectively uses vehicle and road resources to alleviate urban traffic pressure to a certain extent and reduce waste of social resources; Promote the diversification of employment channels, etc., but the harm caused by the lack of supervision of the online ride-hailing platform should not be underestimated, the healthy development of the online car rental industry has become an urgent problem for the online car rental industry (Sha, 2018).

As the ride-hailing platform company is a typical asset-light company, there is no pressure to maintain and repair vehicles, low operating costs, and scale effects. Private cars joining the platform do not need to pay as much as traditional taxis, there are a lot of companies on the ride-hailing platform, the driver's social background is also different. Not only are there unqualified drivers, but also drivers intentionally leak passenger information (Zhu, Li, & Zhou, 2018).
The operating characteristics of the ride-hailing platform company determine that it cannot be easily positioned by an e-commerce company. The reason is that it is not enough to rely solely on the platform company to complete the service, and even say that passengers pay more attention to whether the transportation behavior is realized rather than the presentation of information (Zuo, Zhu, Chen & He, 2019). In the driver's concept, he does not have a management relationship with the ride-hailing platform company. The driver is not actually controlled by the company's rules and regulations, and his working hours have a strong randomness. The punishment measures for offending drivers are limited to restricting their access to the platform to operate for a certain period of time, such punishment measures have no effect at all. Such a system will inevitably stifle the development of the industry (Chaudhari, Byers & Terzi, 2018).

2.3 Customer Satisfaction

Customer satisfaction refers to the potential or explicit needs or expectations of customers, and the degree of satisfaction is a psychological feeling. Satisfaction is a kind of feedback on customer satisfaction, which can be used to evaluate the performance of the product or service itself; it can also be used to evaluate the degree of pleasure obtained by the customer due to the product or service. The criteria for customer satisfaction are essentially changeable. A product or service with higher satisfaction may not satisfy all customers, and a product or service that can satisfy customers in this situation may not be the case in other cases. Can achieve the same effect. Therefore, it is necessary to investigate the satisfaction factors that affect the customer group, and achieve the purpose of satisfying customers by affecting key factors. (Huang, 2015).

Customer satisfaction is a psychological state that results from the comparison of customer perception results and expectations after purchase. This emotion may be satisfactory or unsatisfactory (Kotler & Keller, 2015). Customer satisfaction directly leads to customer loyalty. The higher the satisfaction level of ride-hailing users, the higher the user loyalty. In the study of ride-hailing passenger satisfaction, the user's satisfaction with ride-hailing is analyzed. The higher, the user will preferentially choose theride-hailing, forming a certain degree of loyalty, and the increase in loyalty will also reduce user complaints, thereby promoting the improvement of user satisfaction (Zhu, 2017).

2.4 Past research

As a new thing, the ride-hailing platform was initially adopted by the world in a negative attitude. But California, the United States of America, and the states of Lahua and Washington respectively passed legislation in 2013 and 2014 affirmed the legalization of ride-hailing, and created a new situation of legalization of ride-hailing. American scholars earlier recognized that the Internet-based ride-hailing service as a trend cannot be stopped, but they cannot be left in the regulatory gap for a long time, so they actively promoted the process of incorporating Internet-based ride-hailing into the legal framework (Yin & Sheng, 2016).
In foreign research on the governance of online taxis, discover more comparisons and studies on government regulation of traditional taxis in foreign countries, but in the actual governance process, there is no unified approach. According to different local conditions, different governance measures are adopted (Kandlikar & Gulati, 2016). Singapore has implemented online registration and registration of cars, and its supervision is relatively loose. In the United States, the legislative and regulatory agencies of various states first carried out legal research and discussion on the legal status of cars, and received recognition from multiple states within two years. Legal status In the UK, private cars are allowed to connect to the ride-hailing platform and are included in the supervision of car rentals. Other European countries, such as France, online taxis have severely affected the revenue of local taxi drivers, leading to ongoing demonstrations and protests, the government can only ban measures such as uber ride-hailing software (Moon, 2015).
3. Findings and Conclusions

**Government Regulation**
(Silva, Andrade & Maia, 2018)
(Phun, Kato & Chalermpong, 2019)
(Kang, 2016)
(Pangbourne, Stead, Mladenovic & Milakis, 2018)
(Rauch & Schleicher, 2015)

**The ride-hailing platform**
(Tanakasempipat & Thepgumpanat, 2017)
(Chen, Sun, Chen, Ye, & Jin, 2016)
(Xu, Sun, Liu, & Wang, 2018)

**Platform management**
(Zuo, Zhu, Chen & He, 2019)
(Zhu, Li, & Zhou, 2018)
(Sha, 2018)
(Chaudhari, Byers & Terzi, 2018)

**Customer Satisfaction**
(Huang, 2015)
(Kotler & Keller, 2015)
(Zhu, 2017)

Figure: 1 Established Framework
This paper mainly uses the literature research method to study the factors affecting the development of the Thai ride-hailing platform. The results show that with the rapid development of the Internet, the rapid development of the online ride-hailing platform has helped the rapid development of the city, solved many problems in the city and greatly facilitated our travel (Saral, 2018). Compared with traditional taxis, the online taxi industry has greatly reduced the management costs of the traditional taxi industry, and has shown advantages in many aspects such as energy-saving and environmental protection, and diversified consumption options (Xiong, 2016). The government should give full play to the corresponding market supervision functions, in a level playing field, the self-regulation of the ride-hailing platform should be the main role, and the government should mainly play a role in safety supervision (Tang, 2015). Customer satisfaction is a key factor in promoting customer loyalty. Studies show that most consumers will consider their previous satisfaction level when using products (Pham, 2017).

In the era of the rapid development of the Internet, the development of ride-hailing platforms is also facing huge challenges. The study found that there are three main factors affecting the development of the online ride-hailing platform, one is government supervision, the other is platform management, and the third is customer satisfaction. The development of the ride-hailing platform makes positive feedback on these three factors. At the same time, government supervision, platform management and customer satisfaction will also directly affect the development of the ride-hailing platform. When studying the issue of government regulation, the main focus is on perfect the laws, enforceability and transparency. When researching company management issues, the main concerns are security, censorship, and legitimacy. When researching customer satisfaction, the main concerns are consumer psychology, promotion and loyalty. After consulting a large number of documents, we know that in the era of rapid Internet development, the healthy and benign development of a platform cannot be separated from these three factors. If the platform wants healthy and benign development, it must start from these aspects and actively develop a solution.

4. Recommendation

4.1 Recommendation for Government Regulation

The government should take the initiative to update its concepts, improve the legal system, clarify the responsibilities and division of duties of the governance teams of all parties, and cultivate market entities and social organizations, so as to truly form an effective synergy in the governance of online ride-hailing in the future and further promote The future stable development of online car rental (Qi, 2018).

Once a policy is formulated, the process of commissioning and adjusting the policy is usually required. The government needs to ensure that the whole process is open and transparent, both in the policy-making process and in the course of the policy trial. As the implementer of public power and the guide of the
whole process of cooperation, the government also needs to accept the supervision of the society on its own initiative(Brail, 2018). First of all, the various processes of government policy formulation should be promptly disclosed to the media and subject to media scrutiny and questioning. Second, the government regularly holds press conferences to inform the public about the latest developments in the management of the ride-hailing platform, adjust its thinking, and accept public supervision. Finally, after the government has formulated the policy adjustment, it is necessary to consult the professional trade association, listen to its proposals for the program, improve the scientific and transparent program(Zhao, 2016).

4.2 Recommendation for Platform Management

First of all, companies should attach importance to the safety of ride-hailing platform from the source. After passengers use the platform, personal information and driving trajectories will be stored and recorded in the platform. So, companies should ensure that the platform itself does not have serious information security risks, and should develop a regular and targeted software version update plan. Personal privacy data should be transmitted in multiple encryptions to ensure that personal information is not stolen during transmission. Secondly, the company should formulate a strict information confidentiality system for the ride-hailing platform. On the basis of national regulatory standards, companies should formulate rules and regulations that regulate information collection and deal with leakage of customer information in accordance with regulations(Li, Taeihagh & De Jong, 2018).

The company should strictly review the onboarding information of the ride-hailing driver. Effectively distinguish between full-time drivers and part-time drivers on the platform, and sign labor contracts with them, and pay taxes in accordance with national laws. Drivers of ride-hailing vehicles should go through rigorous audits and checks by companies, check backgrounds and driver records, and meet the company's entry threshold(Yıldızgöz & Çelik, 2019). The enterprise sets the requirements for the driver's physical health, and regularly organizes and submits medical reports. At the same time, the enterprise should actively cooperate with the public security organs, and complete the information registration of the online taxi driver at the public security organs for the record(Li, 2018).

4.3 Recommendation for Customer Satisfaction

The primary goal of the ride-hailing platform is to protect the interests of customers. Companies should be more concerned with customers, carefully analyze the reasons for customers complaints, and actively handle customer complaints. Taking the "customer as the center", truly listen to the opinions of customer, implement improvements, companies must formulate clear solutions and compensation measures for customers complaints, and have a bad attitude and malicious misdeeds to the service of ride-hailing drivers, regularly hold trainings for drivers, strengthen the driver's personal quality, and at the same time, strengthen the background
data detection of the ride-hailing platform, respond quickly to abnormal situations, and improve user satisfaction (Wang, 2019).

The main reason for customers to choose a ride-hailing service is its economy. The ride-hailing platform can attract customers by sending some red envelope benefits on a regular basis, and promote users to continue to use the ride-hailing service. To provide the best quality service at the most reasonable price. Improve the transparency and rationality of the price, improve the service level of the ride-hailing platform, so that users can get the best service at the lowest price, and maintain user loyalty to the ride-hailing platform (Nguyen-Phuoc, Su, Tran, Le & Johnson, 2020).

Establish a customer management system, provide professional answers to customer questions, deal with customer complaints and suggestions as soon as possible, and set up a service satisfaction evaluation function; provide customers with a convenient complaint channel so that customers can get the fastest complaints with less cost and processes Feedback, the ride-hailing platform can give appropriate compensation to the customer's loss, so that the customer feels sincere and maintains the customer's loyalty to the ride-hailing platform (Phuong & Dai Trang, 2018).


