



Factors Affecting Customers Satisfaction of Electronic Hailing Services in Addis Ababa, Ethiopia

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Statement of Declaration

I the undersigned, hereby declare that work contained in this research project entitled **“Factors Affecting Customers Satisfaction of E-Hailing Services in Addis Ababa, Ethiopia”** is my own original work and that I have not previously, in its entirety or in part, submitted at any university for a degree. I have undertaken the study independently with the guidance and support of my research advisor and that all the sources of materials used for the thesis have been duly acknowledged by citations giving explicit references.

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Abstract

The main purpose of this study is to identify the factors affecting customers' satisfaction of E hailing services in Addis Ababa, Ethiopia. The research gathered questionnaire via google form from 216 respondents who were selected using a purposive sampling to select most recurrent clients for the data synthesis. The collected data was analyzed employing parametric statistical correlation, regression analysis. In general, the results indicated the presence of a significant positive relationship between two of the independent variables, i.e. Service quality, trust (security) and a negative relationship between Price and customer satisfaction. However, among all the variables, Trust has the most effect on customer satisfaction of e hailing users. This finding suggests E hailing service providers to focus on price and trust (security) of E-hailing services because both factors have more significant influence on the customer satisfaction. This result benefits to e hailing service providers may refine their understanding of the factors that have the most impact on customer satisfaction. Future researchers can consider other variables to study the customer satisfaction of E hailing services in Addis Ababa, Ethiopia.

Key words: *E-hailing, Price, Service quality, Trust, loyalty and Customer Satisfaction.*

Contents

Statement of Declaration	i
Acknowledgment.....	iii
Abstract	iv
Contents.....	v
List of Tables	vi
List of Acronyms.....	vii
1. CHAPTER ONE	1
Introduction	1
1.1. Background of the Study	1
1.2. Statement of the Problem	3
1.3. Research Questions	4
1.4. Objectives of the Study.....	5
1.5. Significance of the Study.....	5
1.6. Scope of the Study	6
1.7. Operational Definition of Terms.....	6
1.8. Organization of the Study	7
2. CHAPTER TWO	8
Related Literature Review	8
2.1. Empirical Literature Review	18
2.2. Conceptual Framework.....	19
3. CHAPTER THREE	22
Research Methodology.....	22
3.1. Description of the Study Area.....	22
3.2. Research Approach	22
3.3. Research Design.....	23
3.4. Target Population and Sampling Method.....	23
3.5. Sampling Technique and Sample Size.....	24
3.6. Data Source and Type	25
3.7. Method of Data Collection	25
3.8. Method of Data Analysis.....	26
3.9. Validity and Reliability	26
4. CHAPTER FOUR	29
Discussions, Analysis and Interpretation	29
4.1. Data Presentation	29
4.2. Normality Test	35
4.3. Results, Analysis, and Interpretations	35
4.4. Discussion of Findings	43
5. CHAPTER FIVE	45
Summary, Conclusion and Recommendation.....	45
5.1. Summary of Major Findings.....	45
5.2. Conclusion.....	47
5.3. Recommendations	49
5.4. Limitation and Future Research Direction.....	50
Bibliography	51
Annex 1- Regression	54
Annex 2– Test for Homoscedasticity	55
Annex 3-Questionnaire	56

List of Tables

Table 1- Sampling Technique and Sample Size	24
Table 2- Gender distribution of respondents	30
Table 3- Age distribution of respondents.....	30
Table 4-Education of respondents	30
Table 5-Occupation of respondents	31
Table 6-Experience of respondents.....	31
Table 7-Income of respondents.....	31
Table 8-E-hailingusage of the Respondents	31
Table 9-E-hailingpreference of the Respondents.....	32
Table 10- E-hailing usage of the Respondents	32
Table 11 E-hailing usage period	32
Table 12-Type of Vehicle	32
Table 13 -Descriptive Statistics for factors affecting customer satisfaction	33

List of Acronyms

CS: Customer Satisfaction

E-Hailing – Electronic Hailing

IBM SPSS - IBM Statistical Package for Social Sciences version 25

SQ: Service Quality

SERVQUAL – Service Quality Dimensions

VIF- Variance Inflation Factor

CHAPTER ONE

Introduction

This research endeavoured to examine factors that affect customers' satisfaction of electronic hailing companies in Addis Ababa, Ethiopia. In doing so, the introductory chapter of the paper provides the background of the study, statement of the problem, research questions and the objectives of the study. In addition, the chapter covers the significance and scope of the study, limitation of the paper, definition of some operational terms and organization of the paper.

1.1. Background of the Study

In the recent years, the public transportation industry in Ethiopia has drastically changed when the application-based taxi-hailing service has been introduced to the market. These application-based taxi-hailing services have changed the traditional way of hailing a taxi. Previously, individuals needed to hail one from the street or reserve a ride by calling for local service from the taxi call-centre. Now, the system enables individuals to secure a taxi or reserve a ride only by a tap from their mobile devices from anywhere and at any time (Jalloh, M., 2014).

According to the Grand Review (2011), one of the rapid business growths in the digital market today is e-hailing service. Sometimes called as ride hailing, it is a process of booking a car and a driver through e-hailing service provider's platform using a smartphone application. With the increasing use of smart phones and good internet connectivity, it is now easier for taxi aggregators to reach out to wider markets thereby increasing their customer base. The rising penetration of smartphones and internet connectivity is driving the demand for e-hailing services across the globe. It has become one of the preferred public transportation modes due to its 24-hours availability, door-to-door service, safety features, and choices of vehicles, among others (Giddy (2019).

Over the years, taxi services have become one of the important and a major element in a transportation systems taxi services have been able to provide a flexible and a comfortable service to the customers. However, the taxi industry faced drastic changes over the years and Information Technology has been one of the main reasons that contributed to such changes (Gupta & Tomar, 2018).

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E-hailing has become the most interesting area of development for mobility industry leaders, which can be seen by the amount of investment that is happening in this segment over the last 10 years. E-hailing reduces the dependence on privately owned cars or multiple transport apps by combining services from taxis, car rental, car sharing, and even public transport under a single platform that is accessible from a smartphone (Future Bridge, 2020).

E-hailing services include a private vehicle used to provide public transport services to passengers who book through electronic applications. One of the key benefits of E-hailing users' ability to see the profile of both passengers and drivers to avoid anonymity and provide security via their interactive app those records. This would allow better protection for both parties especially in the case of robbery or other crimes. A large share of usage by riders actually tends to be done via phone-based bookings rather than directly through the app, revealing some limitations to a fully digital service delivery based on apps and location-based identification.

People travelling around the town are using several types of mode in transport. One of the main transportations that used by most of residents is taxi services. Considering this, the new digital model was a significant disruptor of the pre-existing 'contract' or 'lada' taxi market, cutting prices by as much as half, and bringing many more drivers and users into the market. E-hailing also brought a standardization to the taxi service industry and streamlined the service in a way only a digital disruption could have done (Cepheus, 2020). E-hailing companies like Ride, Feres, and Zay Ride are among the most successful digital companies capturing a significant user base and almost mainstream adoption within the capital city. With comparatively simpler operational complexity and a strong use case, ride hailing has become one of the digitally based businesses attracting many entrants. In terms of technology, the main providers use a combination of a mobile app and a 4-digit telephone short code for assisted booking via a call centre operator (Rest of the world, 2022). According to Cepheues's study, an estimate of 90,000 trips are ordered a day over the major ride-hailing platforms in Addis Ababa. These trips cost an average of 150

Birr implying 13 million Birr in daily transactions and around 1.3 million Birr in commission revenue for the platforms (Cepheus, 2021).

E-hailing service is among the main business activities that are directly impacted or affected by customers' satisfaction. The factors that users use to choose on E-hailing firm over another become increasingly important, especially as the number of e-hailing service providers grows. Since e-hailing service is relatively a new phenomenon in Ethiopia, identification and study of the factors that influence the satisfaction of e-hailing passengers sounds relevant. To this effect, the study examines the key factors influencing passengers' satisfaction of e-hailing service in Ethiopia and specifically in Addis Ababa.

1.2. Statement of the Problem

Walking and public transport are the dominant forms of mobility in Ethiopia's capital, Addis Ababa. High-capacity buses operated by Anbessa bus, Higers, Sheger buses, provide public transport in Addis Ababa and by other minibus that can carry passengers with a max capacity of 12 passengers. However, in recent times, the advent of e-hailing companies has resulted in a tough competition with the existing taxi market.

Over the past three to four years, with the rise in e-hailing demand, especially among young adults, the e-hailing service provider found it crucial to understand how they could improve their services. Major alarms such as passenger safety and security, convenience, pricing and accessibility are determinants of passenger behaviour towards their ride intention (Teo., et al, 2018). These determinants are being notice in with the development and evolution of e-hailing services making significant waves in the capital city.

Given that e-hailing service are relatively new in Ethiopia, there is limited research work found in Addis Ababa Ethiopia, based on customer satisfaction. In addition, there are no research works conducted to explore factors that influence passengers' choice of e-haling companies. This has motivated the researcher to look at the factors affecting customer satisfaction of e-haling users in Addis Ababa, Ethiopia. This helps e-haling companies to improve the service quality to get excellent customer satisfaction level.

Moreover, from competition perspective, there are various e-hailing service giving companies (Forty-two), which have been registered in Ethiopia as of June 2021 (Cepheus, 2020). Due to this, competition in the e-hailing business has gone tougher and tougher. This calls for all e-hailing companies to give attention for customer satisfaction to hold their existing customers and

to attract new ones because satisfied customers are every company's biggest advocates. Their positive word-of-mouth lends brand credibility, popularity, and helps acquire new customers. This prevents brands a lot of money that they would spend on marketing and promotional campaigns to acquire new customers. However, since the electronic hailing industry is relatively new to Ethiopia, we believe the factors that influence passengers' satisfaction has not been exhaustively identified and studied.

Understanding passenger behaviors towards e-hailing could also assist policymakers in ensuring passenger safety and protection and fair pricing practices, which were the major problems facing e-hailing companies (Teo., et al, 2018). However, there are no studies made in Ethiopia to adequately understand passenger behaviors towards e-hailing transport services, and whether the level of the stated major problems in our context. Concerned about these gaps, this research aims to investigate the effects of pricing, service quality, trust (security) and coupon redemption or loyalty rewards on passengers e-hailing service satisfaction among Addis Ababa residents.

Therefore, this study focused on finding the major factors that influence the satisfaction of passengers in using e-hailing services in Addis Ababa. With this the study created a better understanding of factors influencing e-hailing customers satisfaction and whether the specified e-hailing company's strategies are having a positive or negative effect on the passenger's satisfaction. This investigation conducted on selected e-hailing company's users in Addis Ababa. The study findings help the companies to understand the satisfaction level of customer and to improve their service for better customer satisfaction and similarly lessons can be used for peer companies as well as policymakers in ensuring passenger safety and protection and fair pricing practices.

1.3. Research Questions

To answer the stated problem and study factors influencing passenger's satisfaction of e-hailing service in Addis Ababa, this study asked the following leading questions:

- What is the relationship between price and customer satisfaction in Ethiopian electronic hailing industry?
- What is the relationship between service quality and customer satisfaction in Ethiopian electronic hailing industry?

- Is there a relationship between trust (security) and customer satisfaction in Ethiopian electronic hailing industry?
- Is there relationship between coupon redemption (loyalty rewards) and customer satisfaction in Ethiopian electronic hailing industry?

1.4. Objectives of the Study

General Objective

The general objective of this study was to assess, examine and understand factors influencing customer satisfaction of e-hailing users. In doing so, the study tried to understand the relationship that exists between customer satisfaction and price, quality of service, security or trust and promotional activities such as loyalty rewards.

Specific Objectives

- To assess the relationship between price (fare) of e-hailing services and customer satisfaction.
- To identify the relationship between service quality and customer satisfaction.
- To explain the relationship between trust of e-hailing services and customer satisfaction.
- To explain the effect of expected loyalty rewards on e-hailing customer satisfaction.

1.5. Significance of the Study

Now, whether passengers are at the office, mall, airport, or anywhere in the city, thanks to the ever-evolving technology, booking a taxi is becoming a breeze. The traditional taxi service has transformed into the latest innovative technology-based e-hailing service. To this end, results from this study on e-hailing services helps all e-hailing company managements to understand which factors have a significant effect on their customer satisfaction and to identify the areas that need improvement to give good quality service to satisfy their customers. It also helps them to create awareness on how and when to increase their resource to fill the gap between the customer expectation and the real performance to make better service. Additionally, as the study assess the companies' customer service weaknesses; the top e-hailing service providers' lessons can be applied to other e-hailing businesses in Ethiopia.

Measuring customer satisfaction is a major concern for most companies to develop effective strategies, improve their services and gain a competitive advantage. Hence, the study helps the

management of the e-hailing companies to know the current level of their customer satisfaction and act for a better level. The study is also important for future researchers in providing literature on areas of factors affecting customer satisfaction in E-hailing service.

1.6. Scope of the Study

According to the number of users, Feres Technologies, RIDE, and ZayRide are the top three e-hailing service providers in Ethiopia. This study attempts to evaluate, analyse, and comprehend the elements determining customer satisfaction. Even though there are many different aspects of customer satisfaction, including experience, compliant handling, customer ethics, emotional connection, and ethics, the current study aims to focus exclusively on the variables that have an impact on customer satisfaction.

The current study solely focuses on factors affecting customer happiness at the chosen e-hailing companies; it does not measure customer satisfaction levels for all e-hailing companies in Addis Ababa. In order to do this, the dependent variable is customer satisfaction, while the independent variables are pricing, service quality, trust, and loyalty rewards.

This study has significant academic contribution to the research field particularly in terms of adding knowledge base to this newly emerging transport sector, as well as changing the research focus in the public transport industry. The study provides a framework from which subsequent studies can employ diverse research and refine the methodologies towards more results. These could include a wide representation of participating regions, a rich longitudinal collection of data and a significant amount of data with large and small fare changes to provide an adequate database for analysis. The relevance of e-hailing in Ethiopia businesses has risen. Each one of these firms is in direct competition with the other, offering a wide range of services that benefit both consumers and drivers.

1.7. Operational Definition of Terms

- **Electronic – hailing (E hailing):** refers to the process of ordering a car, taxi or any other mode of transportation by way of computer or mobile device. ‘E’ here refers to ‘electronic’ and ‘hail’ means the traditional process of signalling an approaching taxicab to stop. To book an electronic ride customer’s pickup location is required which can be provided either by entering his address or his current location via GPS connectivity. These applications are

designed by both car service companies and application start-up companies together (Dhawan & Yadav, 2018).

- **Service Quality:** Service Quality is defined as the difference between the customer expectation regarding a service and actual performance customers received from the service (Parasuraman & Zeithaml, 1985).
- **Customer Satisfaction:** Is a customer's judgment of the consumption experience formed through some kind of psychological process that involves some form of comparison of what was expected with what was received.
- **Price:** Price is defined as the amount of value the customer is willing to exchange for products or services to fulfil their needs and wants (Kotler & Keller, 2016).
- **Trust:** Trust is identified as the mind set one party has that the other party will not take any actions or behave in any way that will injure or harm them (Yusepaldo., eta al, 2018)
- **Loyalty Rewards (Coupon Redemptions):** Coupons identified as short-term incentives offered by an organization to their customers to stimulate and control their purchasing behaviour. A coupon is considered "redeemed" when a customer purchases a product associated with an active coupon and that customer has attached the applicable coupon to his or her account (Kotler & Keller, 2016).

1.8. Organization of the Study

The research is organized into five chapters in which chapter one is the introductory chapter that presents the background of the study, statement of the problem, objective of the study (general and specific), research questions, scope of the study, significance of the study, limitation of the paper, and operational terms. Chapter two presents the review of related literature consisting of theoretical, empirical, and conceptual frameworks. Chapter three covers the research approach, research design, population, sample size, sample procedure, and methods to be used during data collection and data analysis. The fourth chapter presents the analysis and interpretation of empirical data to be collected from respondents, and the final chapter provides the conclusion and recommendation of the study.

CHAPTER TWO

Related Literature Review

This chapter deals about the literature review of the study topic. It emphasizes theoretical issues and concepts, which shed light to context and objective of the study. The main objective of this chapter comprises review of theoretical literature, identification, and review of empirical evidence, as well as development of conceptual framework based on existing literature and concepts.

2.1.Theoretical Literature Review

This theoretical review section discusses the existing literature, theories and concepts underlying factors affecting customer satisfaction in service giving companies.

Overview of E-hailing Service

2.2.History of E-hailing

According to the Internet World Stats, 2021, as of March 2021, the rising traffic congestion and increasing fuel costs are further boosting the demand for e-hailing services. The investment in the e-hailing cluster has been constantly increasing every year, which is impelling the market growth. Several market giants are forming partnerships and collaborations in the mobility sector to meet the increasing customer demand which is increasing the competitiveness of the market.

Growing traffic on the roads, high fuel costs, and decreasing parking spaces are other factors that would further contribute to the growth of the shared mobility market in the coming years. Factors that are restraining the growth of the E-hailing market are the reluctant nature of individuals toward sharing their vehicle with strangers and less knowledge about such type of service models. In addition, low network infrastructure and poor internet connectivity are negatively affecting the E-hailing market, especially, in developing geographies. At the commuter level, station-based mobility is a viable option, wherein scooters, bikes and other forms of personal transit offer to consumers – low prices, speeds in cities, and on-demand availability. This type of mobility is a major challenge for the E-hailing market. With the increasing penetration of autonomous vehicles, coupled with vehicle electrification, there is a high possibility to have a new slice of revenue from E-hailing services for the automakers(Future Bridge, 2020).

Some of the most common e-cab hailing services are Ola, Uber, Taxi For Sure, Meru Cabs, etc. With the increasing use of smart phones and good internet connectivity, it is now easier for the Cab Aggregators to reach out to wider markets thereby increasing the customer base (Dhawan & Yadav, 2018).

The world's largest ride-sharing company, Uber Technologies, which was founded in 2009 and quickly grew to become the world's most valuable start up. In 2010, Uber began as a cab/taxi-hailing app and company and by 2022; it has become one of the world's largest transportation companies. Following Uber's example, Ethiopian ride E-hailing companies have followed in their footsteps and launched in the Ethiopian market bringing all Ethiopians a new way of commuting (All about ETHIO, 2022).

In Ethiopia, despite a challenging environment, a subset of Ethiopian companies have successfully adopted and applied the use of digital platforms and channels across a number of traditional businesses (Cepheus, 2020). E-hailing services continue to gain popularity among drivers and customers. The common issues regarding the public transportation can be linked back to the unreliable time of arrival. This problem is affecting public users, as they are unable to plan their journey properly. Recently there are different e-hailing service providers available in Addis Ababa with mobile app new added-features and competitive price to provide competition and more option to the e-hailing users. The emergence of many e-hailing service providers aiming to provide better proposition has seen traditional taxi drifted away from the competition.

In relation to this determining factor that affects customers satisfaction is vital in shaping service quality of e-hailing service to remain competitive with other service giving companies, it is important that companies continuously maintain, build stronger relationships, and assess the level of customers satisfaction with the increasing number of E-hailing companies in Ethiopia, companies are competing to attract more customers.

2.3. Customer Satisfaction

Customer satisfaction is a term commonly used in marketing. It is a measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction is defined as "the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals (Farris et al., 2010). The cause customer always expects something

when they buy product or services the compared result between predicted service is known as customer satisfaction (Parasuraman & Zeithaml, 1985).

In this competitive world, customers become more demanding and expect to be served better by the services organizations. Customer expectations are beliefs about service delivery that serve as standards or reference points against which performance is judged (Parasuraman & Zeithaml, 1985). Customer satisfaction is one of the main goals of the organizations. It gives many advantages such as profitability, growth, good image, and success. The success of organization is directly related with the satisfaction of customers. Customers take the first place to get the top position in the market. The company that works to increase customer satisfaction in all stage can achieve its goal.

In addition, customer satisfaction also leads to favourable word-of-mouth publicity that provides valuable indirect advertising for an organization. Customer satisfaction is one of the main goals of the organizations. It gives many advantages such as profitability, growth, good image and success. The success of organization is directly related with the satisfaction of customers. Customers take the first place to get the top position in the market. The company that works to increase customer satisfaction in all stage can achieve its goal.

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In predicting the effects of service evaluation and customer satisfaction of disparity between expectations and actual or objective performance, the below psychological theories may be considered

- 1. Cognitive dissonance (assimilation),**
- 2. Contrast and,**
- 3. Assimilation-contrast.**

2.4. Dissonance (assimilation) theory

Dissonance or assimilation theory posits that consumers make some kind of cognitive comparison between expectations about the product and the perceived product performance. This view of the consumer post-usage evaluation was introduced into the satisfaction literature in the form of assimilation theory.

According to Anderson *et al.*, (1973) consumers seek to avoid dissonance by adjusting perceptions about a given product to bring it more in line with expectations. Consumers can also reduce the tension resulting from a discrepancy between expectations and product performance either by distorting expectations so that they coincide with perceived product performance or by raising the level of satisfaction by minimizing the relative importance of the disconfirmation experienced.

(Peyton R. M., 2003) argues that Assimilation theory has a number of shortcomings. First, the approach assumes that there is a relationship between expectation and satisfaction but does not specify how disconfirmation of an expectation leads to either satisfaction or dissatisfaction. Second, the theory also assumes that consumers are motivated enough to adjust either their expectations or their perceptions about the performance of the product.

2.5. The contrast theory

Dawes et al (1972) define contrast theory as the tendency to magnify the discrepancy between one's own attitudes and the attitudes represented by opinion statements. Contrast theory presents an alternative view of the consumer post-usage evaluation process than was presented in assimilation theory in that post-usage evaluations lead to results in opposite predictions for the effects of expectations on satisfaction.

While assimilation theory posits that consumers will seek to minimize the discrepancy between expectation and performance, contrast theory holds that a surprise effect occurs leading to the discrepancy being magnified or exaggerated. According to the contrast theory, any discrepancy of experience from expectations will be exaggerated in the direction of discrepancy. If the firm raises expectations in advertising, and then a customer's experience is only slightly less than that promised, the product/service would be rejected as very un-satisfactory. Conversely, under-promising in advertising and over-delivering will cause positive disconfirmation also to be exaggerated (Anderson et al., 1973).

2.6. Assimilation-contrast

The assimilation-contrast theory was suggested as another way of explaining the relationships between variables within the disconfirmation model (Hovland et al, 1957). This paradigm posits that satisfaction is a function of the magnitude of the discrepancy between expected and perceived performance.

This theory tries to illustrate the fact that both the assimilation and the contrast theory paradigms have applicability in the study of consumer's satisfaction. Various researchers tried to test this theory empirically (Lucian Isac Florin & Rusu Sergiu, 2003). The theory assumes that individuals have ranges or latitudes of acceptance, rejection, and neutrality. Whether assimilation or contrast effects develop a function of the relative disparity between expectations and actual product performance. Assimilation-contrast theory suggests that promotional messages should create expectations for the product as high as possible without creating a level of disparity between expectations and objective performance, which falls outside the consumer's range of acceptance. Product perceptions will vary directly with expectations over a range around actual performance, but above and below this threshold, product perceptions will vary inversely with the level of expectations (Anderson et al., 1973).

2.7. Factors Affecting Customer Satisfaction

Customer satisfaction can be experienced in a variety of situations and connected to both goods and services. It is a highly personal assessment is greatly affected by customer expectations. Satisfaction also is based on the customer's experience of both contacts with the organization and personal outcomes. While individuals vary in exactly what they look for from a company, there are some universal truths when it comes to customer satisfaction. This means that no matter what product or service they are shopping for, customers expect certain things.

There are different factors that affects customers satisfaction and since satisfied customers are the core to use e-hailing applications. Many different factors influence customer satisfaction. Some of those factors as mentioned in various literatures service quality, price, security features, incentives etc.

In the modern competitive environment, the pursuit of service quality, which is closely related to customer satisfaction, is now considered an essential strategy. Offering a superior product is no longer sufficient, as firms in the 21st century economy compete on a much broader platform (Abedin, 2015). Similarly, e-hailing is expected to grow exponentially as passengers continue to accept convenience, price, speed, and delivery as benefits of such services. However it must be

iterated the need for security practices of the drivers as well as passenger safety must be addressed by the e-hailing companies to ensure economic and social sustainability of this business model (Teo et., al, 2018).

Customer satisfaction is a vital issue in the ride sharing and e-hailing industry because dissatisfaction can cause switching of customers to other service providers (Jahan, 2019). According to the study the speed, cost, and convenience of the ride can significantly influence customer satisfaction with the ride-sharing industry. So, decreasing the cost, increasing the speed and convenience can improve customer satisfaction more than before (Jahan, 2019). Therefore, e-hailing service providers should focus on fare reduction, increase the speed and convenience of the ride, and other factors that directly affect customer satisfaction. On the other hand, a study by (Devika & John, 2019) discussed about the factors that influenced the customers for using Uber Cab app and found that safety, availability, cashless option, and refunding system are the factors strong enough to attract the customers.

2.7.1. Monitoring Satisfaction

Many companies are systematically measuring how well they treat customers, identifying the factors shaping satisfaction, and changing operations and marketing as a result. Wise firms measure customer satisfaction regularly because it is one key to customer retention. A highly satisfied customer generally stays loyal longer, buys more as the company introduces new and upgraded products, talks favourably to others about the company and its products, pays less attention to competing brands and is less sensitive to price, offers product or service ideas to the company, and costs less to serve than new customers because transactions can become routine.

Suppose customer satisfaction is rated on a scale from 1 to 5. At a very low level of satisfaction (level 1), customers are likely to abandon the company and even bad-mouth it. At levels 2 to 4, customers are fairly satisfied but still find it easy to switch when a better offer comes along. At level 5, the customer is very likely to repurchase and even spread good word of mouth about the company. High satisfaction or delight creates an emotional bond with the brand or company, not just a rational preference. It is also important to know how satisfied customers are with competitors in order to assess “share of wallet” or how much of the customer’s spending the company’s brand enjoys: The more highly the consumer ranks the company’s brand in terms of satisfaction and loyalty, the more the customer is likely to spend on the brand. (Kotler & Keller, 2016)

2.7.2. Service Quality

In today's competitive environment, the interest is largely driven by the realization that high service quality results in customer satisfaction and loyalty, greater willingness to recommend to someone else, reduction in complaints and improved customer retention rates. It is well established that service quality is heavily dependent on the behaviours of customer-contact personnel. Although many customers do take note of brand and reputation in making their initial choice of a service firm, the individual characteristics of known and trusted customer-contact employees have been shown to be of importance for repeat customers (Parasuraman & Zeithaml, 1985).

Customer satisfaction and service quality are considered as a vital aspect in business, for the development of a company, which highly depends on how good they maintain their customer through service. Indeed, good service quality is expected to result in customer satisfaction. Service quality is defined as a comparison of customer expectations with service performance. Good service quality leads into customer satisfaction and, therefore, makes the firms more competitive in the market. High service quality can be achieved by identifying problems in service and defining measures for service performances and outcomes as well as level of customer satisfaction.

Moreover, service quality can be defined by examining the differences between expected service and perceived service. The SERVQUAL model, which is short for the Service Quality model, is the research method to capture and analyse consumer expectations and perceptions of the service. SERVQUAL is a multi-dimensional research instrument designed to capture consumer expectations and perceptions of a service along five dimensions that are believed to represent service quality.

When the SERVQUAL questionnaire was first published in 1985 by a team of academic researchers, A. Parasuraman, Valarie Zeithaml and Leonard L. Berry to measure quality in the service sector. It represented a breakthrough in the measurement methods used for service quality research. The diagnostic value of the instrument is supported by the model of service quality, which forms the conceptual framework for the development of the scale (i.e., instrument or questionnaire). The instrument has been widely applied in a variety of contexts and cultural settings and found to be relatively robust. It has become the dominant measurement scale in the area of service quality.

2.7.3. Trust

According to (Kotler & Keller, 2016) Trust is a firm's willingness to rely on a business partner. It depends on several interpersonal and inter organizational factors, such as the firm's perceived competence, integrity, honesty, and benevolence. Personal interactions with employees of the firm, opinions about the company as a whole, and perceptions of trust will evolve with experience.

A firm is more likely to be seen as trustworthy when it:

- Provides full, honest information
- Provides employee incentives aligned to meet customer needs
- Partners with customers to help them learn and help themselves
- Offers valid comparisons with competitive products

Building trust can be especially tricky in online settings, and firms often impose more stringent requirements on their online business partners than on others. Business buyers worry that they will not get products of the right quality delivered to the right place at the right time. Sellers worry about being paid on time or at all and debate how much credit they should extend. Some firms, such as transportation and supply chain management company Ryder System, use automated credit-checking applications and online trust services to assess the creditworthiness of trading partners

2.7.4. Price

According to Wikipedia's definition of Price, it is the quantity of payment or compensation given by one party to another in return for goods or services. In some situation, the price of production has a different name. If the product is a "good" in the commercial exchange, the payment for this product will likely be called its "price".

Price is the one element of the marketing mix that produces revenue; the other elements produce costs. Price also communicates the company's intended value positioning of its product or brand. A well-designed and marketed product can still command a price premium and reap big profits. However, new economic realities have caused many consumers to re-evaluate what they are willing to pay for products and services, and companies have had to carefully review their pricing strategies as a result.

Traditionally, price has operated as a major determinant of buyer choice. Consumers and purchasing agents who have access to price information and price discounters put pressure on retailers to lower their prices. Retailers in turn put pressure on manufacturers to lower their prices. The result can be a marketplace characterized by heavy discounting and sales promotion (Kotler & Keller, 2016).

2.7.5. Coupon Redemption (Loyalty Rewards)

A coupon is a voucher or code (or some other form of identification), which allows the customer to receive a discount on their purchase at the time of their purchase. In other words, it is usually an immediate discount. A coupon provides an immediate discount. Most people will know coupons from newspaper advertising where the consumer will cut out a special offer. However, these days promotional codes are available via the internet, and direct marketers may provide a coupon via a direct mail program. Coupon redemption according to the level of the customer's satisfaction the advertisement or promotion.

2.8. Conceptual Variables

Price and e-hailing Customer Satisfaction

Price is defined as the amount of value the customer is willing to exchange for products or services to fulfil their needs and wants (Kotler & Keller, 2016). Price is usually considered as a very important factor for organizations as they use it as a tool to quickly adapt to market changes. It is also an important factor for customers, when purchasing a service or product (Perera & Samarasinghe, 2021). Studies related to mobile app-based taxi services have justified the significant impact of Price on customer satisfaction and customers always expect lower prices when using app-based taxi services and in online platforms customers always prefer to pay lower prices (Ziyad et al, 2020). Therefore, based on the above justification following hypothesis (H1) is formulated:

H1: Price has a negative effect on e-hailing Customer Satisfaction.

Service Quality and e-hailing Customer Satisfaction

Service Quality is difference between the customer expectation regarding a service and actual performance customer received from the service. Organizations tend to identify service quality as a prerequisite to maintain and deliver superior service quality to their customers. By maintaining superior service quality many organizations have succeeded in their industry (Parasurama & Zeithaml, 1985).

Prior studies have also identified service quality as an influencing factor of customer satisfaction (Nuredin, 2013). In addition to this, studies related to e-hailing taxi industry have identified that Service Quality has a significant positive impact towards customer satisfaction (Perera & Samarasinghe, 2021). Therefore, based on these justifications, service quality is expected to have a positive influence on customers' satisfaction. Therefore, based on the above justification following hypothesis (H2) is formulated.

H2: Service quality has a positive effect on Customer Satisfaction.

Trust and e-hailing Customer Satisfaction

Trust or sense of security is defined as the mindset one party, a customer in our case, has that the other party, which is a driver in this case, will not take any actions or behave in any way that will injure or harm them (Perera & Samarasinghe, 2021). Customers' trust towards the organization will help the organization to establish strong relationships and ensure customer retention as well and as long as customers trust the organization, they are willing to transact continuously with such organizations. (Garbarino & Lee, 2003).

With regard to online platforms such as e-hailing services, customers mostly rely on trust because in such platforms the human interaction is less and there are many incidents on misuse of personal information (Garbarino & Lee, 2003). In this regard, Trust was identified as a significant determinant of customer satisfaction in past studies (Akbar & Parvez, 2009). Therefore, based on the above justification following hypothesis (H3) is formulated:

H3: Trust has a positive effect on e-hailing Customer Satisfaction.

Loyalty Rewards and e-hailing Customer Satisfaction

Organizations plan to attract new customers and increase customer retention while the main intention of using such incentives is to retain the customer within the organization by increasing their loyalty and satisfaction. (Kotler & Keller, 2016). Coupons are identified as short-term incentives offered by an organization to their customers to stimulate and control their purchasing behaviour (Lovelock, 2000). These promotions include different forms such as coupon redemption, discounts, gifts, and free products. Past studies have identified Coupon redemption as a factor influencing customer satisfaction. Studies in app-based taxi services have also found Coupon redemption as a factor influencing customer satisfaction (Devika & John, 2019). Therefore, based on the above justification following hypothesis (H4) is formulated:

H4: Loyalty Reward has a positive effect on e-hailing Customer Satisfaction.

2.1. Empirical Literature Review

There have been a large number of empirical studies about customer satisfaction. Based on this there are many approaches about customer satisfaction and different ways are developed to measure customer satisfaction. According to Perera and Samarasinghe (2021) Quality, Trust and Coupon redemption as the most influencing factors. According to their findings Price, Trust and Coupon Redemption have a significant positive impact on customer satisfaction, while Service Quality did not have a significant positive impact on customer satisfaction.

On the other hand, empirical results based on a study by Pham and Nguyen (2020) showed that information significantly affects customer satisfaction, whereas Price and Tangibles slightly has an impact on customer satisfaction. Khuong and Dai (2016) indicated that reliability, responsiveness, price, and satisfaction directly affected customer loyalty. They also identified that comfort and price indirectly affected customer loyalty through the mediation of satisfaction. Other empirical findings indicated that among six service quality factors, four i.e., convenient use of mobile app, Driver behaviour, Time Reliability and Price Affordability indicated significant impact on customers satisfaction (Rasheed et al, 2018). Price of service that has a low elasticity of price, especially in online transportation fare shows that not really essential compared with price in an auto industry that has the most important effect that is directly proportional to customer experience and satisfaction level (Wang, Du, Chiu, & Li, 2018).

A study by Cavana and Corbett (2007), service frequency, reliability, convenience and responsiveness are service quality variables that are considered important in customer satisfaction. The study further indicated that quality is consistently doing the right thing and it is complex process to measure consumer perception of service quality. When it comes to customer satisfaction there are many different frameworks and models that have been developed and studied by different scholars in different contexts. Further, there are many studies conducted to identify the importance of customer satisfaction and factors affecting customer satisfaction in the transportation domain (Balachandran & Hamzah, 2017). Prior studies have identified some factors as having a very strong effect on customer satisfaction in app-based taxi services. Price is one of the significant determinant of customer satisfaction with taxi services that has been identified in prior studies (Kotler & Keller, 2016). Also, in the mobile app-based taxi services Trust was identified as a significant determinant of customer satisfaction because

customers always used to reconsider before doing online transactions or using online services (Mittendorf, 2017; Pasharibu, Paramita &Febrianto, 2018). Further, Service Quality was identified as a major factor that customers consider when using services (Khurshid et al., 2012). Many different aspects of service quality have been considered by customers when they determine their satisfaction with the service received (Berry, Parasuraman &Zeithaml, 1988)which is also applicable in transportation sector as well (Pasharibu, Paramita & Febrianto, 2018). Coupon redemption is another factor that is used very often when studying how customers are attracted to online environment to do e-commerce transactions (Kabra, Belavina &Girotra, 2016). It was identified that Coupon Redemption has a significant influence on customer behaviour (Lovelock &Wright, 2000) and since customers are price conscious they will be satisfied specially when using taxi services (Kumar &Kumar, 2016).

Researches by Jahan (2019) empirically confirmed that reducing the cost, increasing the speed and convenience of the ride can significantly impact customer satisfaction along with some other factors including maintaining business ethics, the confidentiality of personal data, improving vehicle fitness, service availability, and safety driving. An empirical study by Kurniawati *et al.* (2021) found that there is a positive correlation between economic factor, social factor and environmental factor and customer satisfaction. The findings indicated that environmental factor contributes as the largest predictor of the customers' satisfaction.

Finally, a study by Yusepaldo et al (2018) show that service quality and trust significantly affect customer satisfaction, but price does not exhibit a significant influence on customer satisfaction. Furthermore, the study indicate that price, service quality, and trust simultaneously exhibit significant influences on online transformation's customer satisfaction. The study practically implies that offering competent service quality, such as emphasizing cars' cleanliness and tidiness, providing responsive services and timely presence complemented by the enhancement of drivers' skills. Besides, firms have to maintain customers' trust by offering convenient, satisfying, and responsible services (Yusepaldo., et al).

2.2. Conceptual Framework

The conceptual framework is the representation of the connection among the particular variables in research. By using the framework in the study to create the relationship between dependent variable and independent variable in order to answer and explain the specific question in relation between e-hailing customer satisfactions.

There is limited study that examines antecedents effecting user satisfaction to use E-hailing service using the most common and used antecedents in the academic studies. Therefore, this conceptual paper is initiated to combine the most used constructs and developed hypotheses and conceptual framework for future study of factors influencing customers’ satisfaction to use e-hailing service in Ethiopia. To this end, based on the literature it was identified that among many constructs, Price, Service Quality, Trust and Coupon Redemption as much important factors when studying customer satisfaction in mobile app-based taxi services(Akbar & Parvez, 2009). A study by (Pasharibu et al., 2018) also indicated that service quality and trust have a significant positive influence on customer satisfaction. On the other hand, the price variable has no significant effect on customer satisfaction, especially in online transportation.

The research model proposed in this study used four constructs; Price, Service Quality, Trust and Coupon Redemption or Loyalty Rewards as these constructs had significant influence on Customer Satisfaction in mobile app-based taxi services (Clewlow, 2017). The study assesses and determine whether the influence of these variables on customer satisfaction is positive or negative, in Ethiopian context.

This conceptual framework is based on studies conducted by (Perera & Samarasinghe, 2021), which identified the factors affecting customer satisfaction in mobile app-based taxi services and to identify their impact as indicated below.

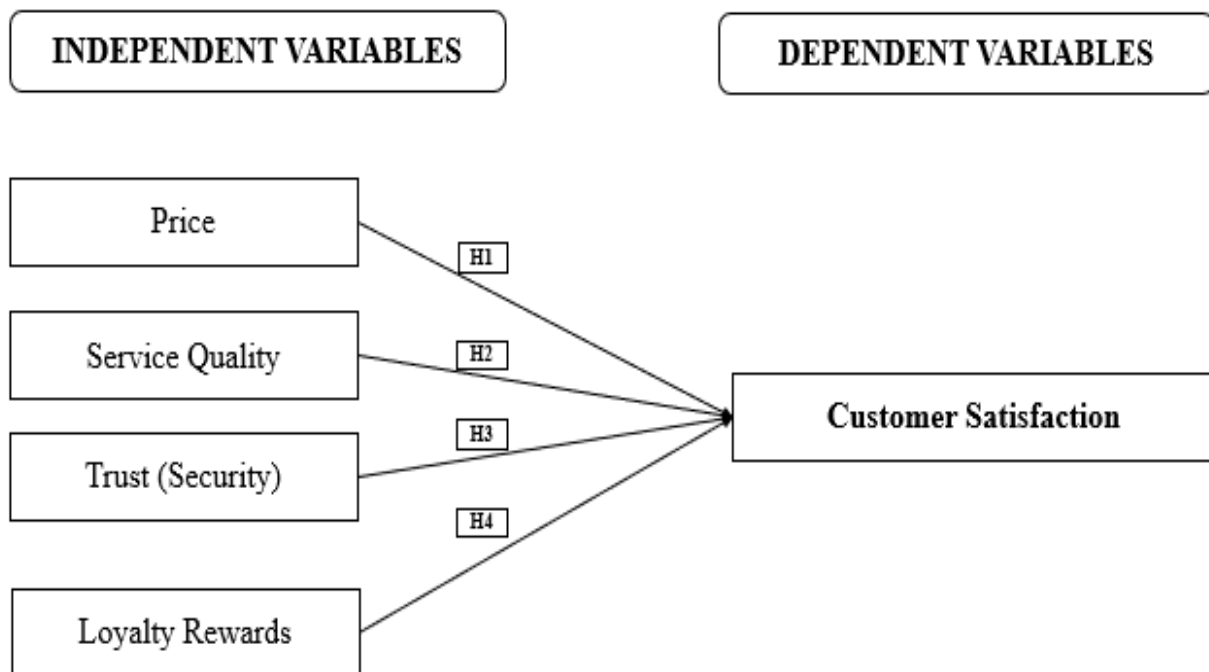


Figure 1- Relationships Between Independent and Dependent Variables (Perera & Samarasinghe, 2021)

As shown above, the independent variable delimited to four factors including price, service quality, trust (security) and loyalty rewards. The dependent variable, on the other hand is customer satisfaction. The questionnaires developed to collect the data were based up on the above conceptual model.

CHAPTER THREE

Research Methodology

This chapter of the study covers description of the study area, research approach, research design, target population and sample size, method of data collection producers, ethical consideration, and data analysis. The methodology helps us to generate statistical data on the factors influencing satisfaction of e-hailing service by applying mixed research design.

3.1. Description of the Study Area

The study was conducted in Addis Ababa, with particular reference to Addis Ababa e-hailing service users. Feres, Ride and ZayRide are taxi-hailing companies that has become major players in the ride-hailing sector after joining the market. Majority of the e-hailing taxi service users are located in Addis Ababa. The target population of the study was e-haling service users of the top three service providers in Addis Ababa who have subscribed into online applications.

3.2. Research Approach

There are three commonly used research approaches when conducting research: qualitative, quantitative, and mixed methods. During the literature review, the researcher noted that different researchers used those different approaches at different time. The difference between qualitative and quantitative researchers is based upon the debate in assumptions about what the reality is and whether or not it is measurable (Newman & Ridenour, 1998). Mixed methods is the general term used when both quantitative and qualitative data collection techniques and analysis procedures are used in a research design either at the same time (parallel) or one after the other (sequential) but does not combine them (Saunders., et al, 2012).

According to Saunders et al., (2012) there are two major advantages to choosing to use multiple methods in the same research project. First, different methods can be used for different purposes in a study and second it enables triangulation to take place. In this study, quantitative methods were used to answer the research questions posed, since quantitative research is critical to show the cause-and-effect relationship between dependent and independent variables. Quantitative research is also useful to quantify opinions, attitudes and behaviours and find out how the whole population feels about certain issues (Creswell, 2009).

To this end, a quantitative approach is implemented for the study with close-ended survey questions having five Likert scale. Scholars developed the principle of measuring attitudes by asking people to respond to a series of statements about a topic, in terms of the extent to which they agree with them, and so tapping into the cognitive and affective components of attitudes. It helps to gather information from a large number of people quickly. It also facilitates the study of human attributes. By using the quantitative approach, it can be used to determine the response towards the factors affecting customers of e- hailing.

3.3. Research Design

A research design depends on research purpose and is meant to present the conceptual framework within which the research is going to be conducted, to facilitate the research to be as efficient as possible, and yield maximum information possible (Kothari, 1990). According to (Saunders et al., 2012), there are three types of commonly known academic research depending on the nature of problem and phenomenon as well as purpose of the research including: explanatory, descriptive and exploratory research types.

As indicated on the conceptual framework, there are four major independent variables in this study, i.e., Price, Service Quality, Trust (Security) and Loyalty Reward as independent variables and Customer Satisfaction as a dependent variable, and the objective of this study assess, examine and understand the extent to which these factors influence customer satisfaction of the e-hailing users.

The study used explanatory research as it attempts to seek explanations of observed behaviours of e-hailing users in Addis Ababa. In addition, the study also measured the relationship between the independent variables and the dependent variable. Explanatory research seeks explanations of observed phenomena, problems, or behaviours. While descriptive research examines what, where, and when of a phenomenon, explanatory research seeks answers to why and how types of questions. It attempts to “connect the dots” in research, by identifying causal factors and outcomes of the target phenomenon (Bhattacharjee, 2012).

3.4. Target Population and Sampling Method

Population can be defined as all people or items (unit of analysis) with the characteristics that one wishes to study. The unit of analysis may be a person, group, organization, country, object, or any other entity that you wish to draw scientific inferences about (Bhattacharjee, 2012). The target population for this study includes online App subscribers of different E-hailing service

giving companies in Addis Ababa. In doing so, we have identified that there are over 495,000, 1 million, and 50,000 passengers who are using the RIDE, Feres and ZayRide applications respectively.

However, in order to manage the study, sample was drawn based on demographic information such as age, gender, lifestyle, occupation, and frequency of use. Accordingly, based on our preliminary assessment, it is noted that the total number of frequent users of the E-hailing service estimated to form our specific target population and sample.

3.5. Sampling Technique and Sample Size

Based on the estimated target population, which is 1,545,000 riders in our case, the expected sample sizes was determined. In doing so, the researcher used Slovin’s formula since it is the most commonly used formula when the researcher has no knowledge on the actions of the consumer.

$$n = \frac{N}{1+Ne^2}$$

n = Number of samples, N = Total population and e = Error tolerance

Table 1- Sampling Technique and Sample Size

Description	Symbol	Values
Number of Population	N	1,545,000
Error tolerance	e	5%
	e^2	0.0025
	$1+Ne^2$	3,864
Sample Size	n	400
Actual response collected		216

The researcher used a purposive sampling to select most recurrent clients for the data synthesis since; large number of customers can threaten the quality of the analysis in a qualitative evidence synthesis. The following characteristics was used, to align with target customers of E-hailing companies, and select our sample respondents.

Hence, the sampling strategy is used to decrease the number of one-time customers and to decrease the customers figure to a manageable number as determined by the help of Slovin’s formula above. The researcher chose to use this sampling technique to pick respondents in Addis Ababa in four direction who travels around the city regularly by E-hailing taxis, and who were

willing to participate and that use e-hailing service at least five times a week. The questionnaire was sent via email as well as in person to increase the response rate.

3.6. Data Source and Type

For this study, primary and secondary data sources were both employed. The primary data, which was gathered using surveys, served as the major data source. The secondary data was gathered from international literature and magazines that discussed various aspects of customer satisfaction with e-hailing services.

3.7. Method of Data Collection

The research is an explanatory survey study, and the questionnaire includes five major categories of questions related to Price, Service Quality, Trust (Security), Loyalty Rewards or Coupon Redemption and customer satisfaction. The study was based on a questionnaire survey of frequent e-hailing service users in the selected organization. A 5-point Likert scale questionnaire were used to collect the data primarily.

The researcher collected the data through a questionnaire, which were distributed through Google Form. This tool was used to distribute email invitation link having the online questionnaire survey and elicit responses from frequent e-hailing service users in Addis Ababa. The online data collection enables the researcher to reach wider e-hailing users among Addis Ababa residents ranging from students to workers.

Secondary information was also collected form the company's website, portal, policies, procedures, organizational structures, and annual reports, which are used to support and complement the survey questionnaire results.

Design of the Questionnaire

The survey consists of a 5-Likert-scale and yes/no questions. There are five different sections including the demographic profile of the respondents, section on the influence of price, service quality, trust (security) and loyalty rewards on customer satisfaction whereby each represent the independent variable as well as the section on customer satisfaction which is the dependent variable. Hence, through every question to be presented on the survey, the researcher hopes to gain a better perspective on the diverse views of the respondents towards each variable presented.

3.8. Method of Data Analysis

A data from surveys of e-hailing service frequent user is collected to analyses and understand the factors that influence customer satisfaction. To demonstrate the role of price, service quality, trust and loyalty rewards in influencing and shaping customer satisfaction, the data obtained through the survey were summarized & evaluated. The quantitative data that are collected by questionnaire were analyzed using the percentages and the result is presented in the form of table, as well as advanced Microsoft Excel functions and IBM Statistical Package for Social Sciences version 25 (IBM SPSS).

Summary of statistics presented using descriptive statistics in terms of means, standard deviations, minimum and maximum values etc. correlations, and cross tabulations and lastly frequency of distribution and graphs. The researcher also uses the following multiple linear regression model and correlations to summarize and study the relationships between the predictor variable and the outcome variable (customer satisfaction).

$$\hat{y} = \beta_0 + \beta_1 X_i + \epsilon_i$$

Where, \hat{y} is the dependent variable, β_0 is the intercept, β_1 is the slope coefficient, X_i represents the independents variable and ϵ_i is the random error term. The multiple linear regression model allows us to estimate the association between the independent variable and the outcome holding all other variables constant.

The findings were supplemented with information from the review of essential documents in order to address the research issues. Closed-ended quantitative instruments are used to collect data, which is then examined. The two data results were then examined to complement each other.

3.9. Validity and Reliability

Validity and Reliability tests were conducted. Validity and reliability are the two critical elements in evaluating measurement instruments. Sound measurement encountered the tests of validity, reliability, practicality, the validity and reliability of the data were checked carefully.

Validity refers to the extent to which a test measures what we actually wish to measure while reliability has to do with the accuracy and precision of a measurement procedure and practicality is concerned with a wide range of factors of economy, convenience, and interpretability (Kothari, 1990).

There are different content validation approaches discussed by several authors. One approach is using pre-existing questioners of similar studies as they have been extensively tested at the time of first use.

Reliability Analysis

The reliability of any given measurement refers to the extent to which it is a consistent measure of a concept, and Cronbach’s alpha is one way of measuring the consistency and internal reliability of multiple-item scales strength. Cronbach’s Alpha is computed by correlating the score for each scale item with the total score for each observation (usually individual survey respondents), and then comparing that to the variance for all individual item scores. Cronbach’s alpha is thus a function of the number of items in a test, the average covariance between pairs of items, and the variance of the total score. We conducted the reliability test for each scale that we have separately, to see how the participants were responding across all items.

Therefore, all the scales were first subjected to reliability analysis using IBM SPSS tool. The findings of the reliability test are presented in below. Almost all instruments presented alpha greater than 0.70 confirming their reliability.

Table 2- Reliability statistics Table

Scales and Dimensions	Cronbach's Alpha (Reliability)^a	Cronbach's Alpha Based on Standardized Items	N of Items
Customer Satisfaction	0.916	0.918	9
Price	0.720	0.728	4 ¹
Service Quality	0.840	0.842	9
Trust and Security	0.864	0.867	5
Loyalty Rewards	0.787	0.820	5

^a Highly reliable > 0.8 or 0.9 (Cronbach & Shavelson, 2004)

Source: IBM SPSS output, 2022

The reliability test result shows that the alpha value of price, and loyalty rewards are generally lower, while reliabilities values of service quality, trust and security and customer satisfaction generally higher. As most of the alpha coefficient’s approach one (1), it can be concluded that the items have shared covariance and measure the same underlying concepts related to customer satisfaction and factors affecting customer satisfaction. Thus, the internal consistency of both the dependent variable and independent variables scales can be acceptable.

Therefore, the questionnaire in this study were adopted from various empirical studies on similar topic and the questions were rephrased so that respondents can understand them easily.

The extent to which these measuring instruments were used in the past provides adequate coverage of the subject under study and researcher is somehow able to predict some outcome or existence of some relationship between the variables.

CHAPTER FOUR

Discussions, Analysis and Interpretation

In this section, we presented the data analysis and interpretation of results of factors affecting customers satisfaction in the case of E-hailing companies in Addis Ababa Ethiopia. For assessment of the customer satisfaction, we used the relationships between independent and dependent variables by Perera & Samarasinghe, 2021. The four factors affecting customer satisfaction dimensions included in this research are; Price, Service quality, Trust (security) and Loyalty rewards.

Finally, we have analysed the factors affecting customer's satisfaction of E-hailing services and discussed measuring the role of the factors state above. Measuring customer satisfaction is a major concern for most companies to develop effective strategies, improve their services and gain a competitive advantage. Hence, the study helps the management of the e-hailing companies to know the current level of their customer satisfaction and act for a better performance in satisfying their customers' needs.

4.1. Data Presentation

Demographic questions were asked to collect information about to E-hailing service customers in Addis Ababa, Ethiopia. Additionally, we checked factors affecting customers' satisfaction of e-hailing service providers. Next, the extent of customer satisfaction with the variables are assessed using four different categories of questions that measure factors affecting e-hailing customers satisfaction. Finally, the results are analysed together to look for any association in between.

4.1.1. Demographic Data Presentation

Background data about the respondents who took part in the survey for this research project make up the demographic data display. To this end, we have presented here below summary of twelve demographic variables including Gender, Age, Education, Occupation, Work Experience, Salary, Type of Vehicle, e-hailing usage, Frequency of usage, Preference, and Period (duration).

The descriptive statistics indicated below shows that, out of the total participants, males formed 56% while females formed 44% of the respondents, which indicates that there are more male participants in the survey than females.

Table 2- Gender distribution of respondents

	Frequency	Valid Percent
Female	95	44.0
Male	121	56.0
Total	216	100.0

Source: IBM SPSS output,2022

Looking at the Age of the respondents on below, majority of the respondents (i.e., 40%) are between 26-30 years followed by 20% of them falling between 31-35 years old. This generally shows that majority of the respondents (i.e., 60%) are between 26 and 35 years old, which is relevant in this kind of, study, that inquires perception of peoples.

Table 3- Age distribution of respondents

	Frequency	Valid Percent
20 years & below	3	1.4
21-25 years	44	20.4
26-30 years	86	39.8
31-35 years	48	22.2
36 and above	35	16.2
Total	216	100.0

Source: IBM SPSS output,2022

Looking at the Education level of the respondents on below, majority of the respondents (i.e., 60%) have Degree followed by 33% of them having master's and above. This generally shows that significant majority of the respondents (i.e., 93%) are Degree holders.

Table 4-Education of respondents

	Frequency	Valid Percent
Degree	130	60.2
Diploma	12	5.6
Masters and above	71	32.9
Preparatory/High School	3	1.4
Total	216	100.0

Source: IBM SPSS output,2022

According to Table 5 below, most respondents (i.e., 42%) work in the private sector, followed by 34% of them who work in the public sector. Generally speaking, this indicates that the majority of respondents (i.e., 76%) are employees (Both Private & Public).

Table 5-Occupation of respondents

	Frequency	Valid Percent
Private Sector	91	42.1
Public Sector	74	34.3
Self employed	23	10.6
Student	22	10.2
Unemployed	6	2.8
Total	216	100.0

Source: IBM SPSS output,2022

Looking at the work experience of the respondents on below, the majority of respondents (i.e., 37%) have between 5 and 10 years of experience, while 24% have less than 5 years.

Table 6-Experience of respondents

	Frequency	Valid Percent
A Student	23	10.6
Between 5-10 years	79	36.6
Less than 5 years	51	23.6
Less than a year	10	4.6
More than 10 years	53	24.5
Total	216	100.0

Source: IBM SPSS output, 2022

Regarding the income of the respondents below depicts that almost 33% of them earn more than 25,000. The remaining participants shows that majority of E-hailing users from the respondents earn above 15,000.

Table 7-Income of respondents

	Frequency	Valid Percent
Above 25,000	71	32.9
Between 15,000-25,000	49	22.7
Between 10,000-15,000	40	18.5
Between 5,000-10,000	21	9.7
Below 5,000	11	5.1
Preferred not to mention	24	11.1
Total	216	100.0

Source: IBM SPSS output, 2022

The table below shows that 97% of the respondents had experience using E-hailing service and the rest 3% had no experience using e hailing. The fact that majority of the respondents live in Addis Ababa are one of the main reasons, majority of the respondents use e hailing.

Table 8-E-hailingusage of the Respondents

	Frequency	Valid Percent
No	6	2.8
Yes	210	97.2
Total	216	100.0

Source: IBM SPSS output, 2022

According to below, Feres is preferred by 68.5% of respondents, who are followed by 30% of respondents preferring to use Ride. The rest 1% of customers prefer to use ZayRide.

Table 9-E-hailing preference of the Respondents

	Frequency	Valid Percent
Feres	148	68.5
Ride	65	30.1
Zay ride	3	1.4
Total	216	100.0

Source: IBM SPSS output, 2022

Regarding the frequency of the respondents below depicts that almost 36% of them use E-hailing once in a month. The remaining 23% of the participant's use two to three days per week this is relevant to the current study as the respondents are frequent users.

Table 10- E-hailing usage of the Respondents

	Frequency	Valid Percent
2-3 days per week	49	22.7
4-5 days per week	15	6.9
More than five times a week	9	4.2
Once in a month	78	36.1
Only once a week	65	30.1
Total	216	100.0

Source: IBM SPSS output, 2022

According to below, 78% of respondents have used e-hailing for more than a year, and the remaining 10% have been using the service for only a year. Most responders having used the service for more than a year demonstrates that they are knowledgeable about it.

Table 11 E-hailing usage period

	Frequency	Valid Percent
More than a year	169	78.2
New (less than Six month)	15	6.9
One year	23	10.6
Six to twelve months	9	4.2
Total	216	100.0

Source: IBM SPSS output, 2022

Finally, below table shows that vast majority (86%) of the respondents use Economy/Sedan vehicle type while 8% of them chose corporate type vehicles.

Table 12-Type of Vehicle

	Frequency	Valid Percent
Valid Corporate	18	8.3
Economy/Sedan	186	86.1
Corporate	3	1.4

English Speaker	9	4.2
Total	216	100.0

Source: IBM SPSS output, 2022

4.1.2. Descriptive Statistics

This section provides us with the summary, characteristics, and condition of our data on Price, Service Quality, and Trust (Security) and Loyalty. The findings of the descriptive statistics for customer satisfaction are presented in Table 13 below. The number of non-missing values (Valid N - listwise) and valid observations (N) is 216 which are also equal to the number of total observations in our case. The maximum score of all variables is five (strongly agree) while the minimum score is one (disagree).

Table 13 -Descriptive Statistics for factors affecting customer satisfaction

Variables	N	Mean	Std. Error of Mean	Median	Mode	Std. Dev.	Variance	Range	Min.	Max.
	Valid									
Price	216	3.27	0.051	3.00	3	0.748	0.560	4	1	5
Service Quality	216	3.53	0.046	4.00	4	0.681	0.464	3	2	5
Trust or Security	216	3.82	0.053	4.00	4	0.783	0.614	4	1	5
Loyalty Reward	216	3.48	0.056	3.50	4	0.829	0.688	4	1	5

Source: IBM SPSS output, 2022

4.1.2.1. Price

The mean value of the price is 3.27 indicating that the price effect on customer's satisfaction is relatively high. The standard deviation for price is 0.748, which shows that, on average, the statistical data set on the price dimension are, relatively distributed (clustered) near the mean value (3.27). The standard error of price is 0.051 indicating that that our sample mean of price is probably within 0.5 of the actual population mean. The variance value of this dimension (i.e., 0.560) is also relatively small indicating that the data points tend to be very close to the mean, and to each other. The minimum observation is 1 and the maximum observation is 5, while the range of statistics for a price data is 4 indicating high variability. Majority of the respondents responded "neutral" to price as a factor of customer satisfaction as indicated by the mode value of three (3), while the middle value is 3 indicating "neutral" to price as a factor of customer satisfaction.

4.1.2.2. Service Quality

The mean value of the service quality is 3.53 indicating that the service quality effect on customer's satisfaction is high. The standard deviation for service quality is 0.681, which shows that, on average, the statistical data set on the service quality dimension, which are relatively distributed (clustered) near the mean value (3.53). The standard error of service quality is 0.046

indicating that that our sample mean of service quality is probably within 0.5 of the actual population mean. The variance value of this dimension (i.e., 0.464) is also small indicating that the data points tend to be very close to the mean, and to each other. The minimum observation is 2 and the maximum observation is 5, while the range of statistics for the service quality data is 3 indicating moderate variability. Majority of the respondents responded “agree” to service quality as a factor of customer satisfaction as indicated by the mode value of four (4), while the middle value is also 4 indicating the respondents agreement to service quality as a factor of customer satisfaction.

4.1.2.3. Trust

The average score of the security or trust dimension is 3.82, which shows that trust has a significant impact on customer satisfaction. The standard deviation for trust or security is 0.783, which shows that, on average, the statistical data set on trust, or security dimension are relatively distributed (clustered) near the mean value (3.82). The standard error of trust is 0.053 indicating that that our sample mean of trust is probably within 0.6 of the actual population mean. The variance value of this dimension (i.e., 0.614) is also relatively small indicating that the data points tend to be very close to the mean, and to each other. Majority of the respondents responded “agree” to trust and security as a factor of customer satisfaction as indicated by the mode value of four (4), while the middle value is also 4 indicating the respondents agreement to trust as a factor of customer satisfaction.

4.1.2.4. Loyalty

The mean value of the loyalty dimension is 3.48 indicating that loyalty has also an impact on customer’s satisfaction. The standard deviation for this dimension is 0.829 which shows data set on loyalty are distributed (clustered) near the mean value. The variance values of this dimension (0.688) are also very small indicating that the data points tend to be very close to the mean, and to each other. The standard error of loyalty is 0.056 indicating that that our sample mean of loyalty is probably within 0.6 of the actual population mean. The minimum observation is 1 and the maximum observation is 5, while the range of statistics for a Loyalty data shows 4 indicating a high variability. Majority of the respondents (41%) responded “Agree” to loyalty as a factor of customer satisfaction as indicated by the mode value of Four (4). Majority of the respondents responded “agree” to loyalty rewards as a factor of customer satisfaction as indicated by the mode value of four (4), while the middle value is 3 indicating that the respondents are “neutral” to loyalty as a factor of customer satisfaction.

Generally, Comparison of the mean values of the independent variables indicates that, customers are more concerned about trust/security than price, service quality and loyalty rewards.

4.2. Normality Test

Normality test have been used to determine whether data set of the variables are modelled for normal distribution, as many statistical functions require that a distribution be normal or nearly normal. There are both graphical and statistical methods for evaluating normality and we used statistical methods using IBM SPSS to test data sets of the variables. The skewness values for price and service quality dimensions are -0.148 and -0.163 respectively whereas that of customer satisfaction is -0.084. On the other hand, the kurtosis values of the three variables are -0.284, -0.171 and -0.035 respectively.

The skewness values for Trust, Security & Loyalty Rewards are -0.608 and -0.345 respectively, while their kurtosis values are 0.868 and 0.396 respectively.

Values of both the skewness and kurtosis of all the dependent and independent variables are close to zero indicating that our data set is nearly normally distributed or approximately symmetric.

Table 14-Normality Test

		Price	Service Quality	Trust Security	Loyalty Reward	Customer Satisfaction
N	Valid	216	216	216	216	216
	Missing	0	0	0	0	0
Skewness		-0.148	-0.163	-0.608	-0.345	-0.084
Std. Error of Skewness		0.166	0.166	0.166	0.166	0.166
Kurtosis		-0.284	-0.171	0.868	0.396	-0.035
Std. Error of Kurtosis		0.330	0.330	0.330	0.330	0.330

Source: IBM SPSS output,2022

4.3. Results, Analysis, and Interpretations

In this section, the relationships between the key factors affecting customer satisfaction are thoroughly studied and explained using IBM SPSS output findings. This procedure has made use of correlations, cross tabulation, linear regression, and graphing.

4.3.1. Correlation Analysis

We tried to measure the strength and direction of the link between independent and dependent variables using correlation. Price, service quality, loyalty, trust, and security are the four independent variable dimensions. The Pearson correlation, which is the most often used

correlation statistic to gauge the strength of a link between variables that are linearly related, was used to analyse the correlation between these variables.

The correlation coefficient for each construct is displayed in the table below.

Table 15-Pearson Correlation between the research variables

		Price	Service Quality	Trust Security	Loyalty Reward	Customer Satisfaction
Price	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	216				
Service Quality	Pearson Correlation	-0.008	1			
	Sig. (2-tailed)	0.907				
	N	216	216			
Trust Security	Pearson Correlation	0.059	0.608**	1		
	Sig. (2-tailed)	0.386	0			
	N	216	216	216		
Loyalty Reward	Pearson Correlation	-0.027	0.314**	0.455**	1	
	Sig. (2-tailed)	0.689	0	0		
	N	216	216	216	216	
Customer Satisfaction	Pearson Correlation	-0.119	0.415**	0.469**	0.317**	1
	Sig. (2-tailed)	0.08	0	0	0	
	N	216	216	216	216	216

****.** Correlation is significant at the 0.01 level (2-tailed).

Source: IBM SPSS Correlation analysis result

The results indicate that the correlations between majorities of the variables are statistically significant at the 0.01 level. Comparison of the correlation coefficients values between each dimension revealed that the variables have greater positive effect on affecting customers satisfaction in service quality and trust (security) and relatively lower role in loyalty rewards of the organization. In the other hand, price has a negative effect on customer satisfaction as depicted by the negative correlation coefficient.

The primary goal of the study is to find out how pricing, service quality, loyalty, and trust affect customer satisfaction, which is also the main objective of the research question. The impact of each variable on customer satisfaction is depicted in the above table 16 which displays correlation coefficients for Price and customer satisfaction. The role of price in customers

satisfaction in E-hailing industry is low as indicated by the negative correlation coefficient of -0.119. In other words, there is a negative relationship between price and customer's satisfaction and the other dimensions at the 0.08 level.

The level of customer satisfaction is higher (Mean=3.80; SD=0.583), while the Price (Mean=3.27; SD= 0.748) is relatively lower. The Table displays a negative correlation between Price and Customer Satisfaction variables, which is a relationship in which one variable increase while the other decreases.

The role of service quality in customer's satisfaction in E-hailing industry is as indicated by the significant correlation coefficient of 0.415. In other words, there is a positive relationship between service quality and customer's satisfaction. The level of customer satisfaction is high (Mean=3.80; SD=0.583), while the service quality (Mean=3.53; SD= 0.681) is also relatively high. The above Table displays the positive correlation between service quality and Customer Satisfaction variables, which is a relationship in which both variable increases.

The role of trust in customer's satisfaction in E-hailing industry is also very high as indicated by the significant correlation coefficient of 0.469. In other words, there is a positive relationship between trust and customer's satisfaction. The level of customer satisfaction is high (Mean=3.80; SD=0.583), while the level of Trust/Security (Mean=3.82; SD= 0.783) is also significantly higher. The above Table displays a strong positive correlation between Trust/Security and Customer Satisfaction variables, which is a relationship in which both variables increase.

The role of Loyalty Reward in E-hailing industry is also high as indicated by the significant correlation coefficient of 0.317. The level of the loyalty reward and customer satisfaction is high (Mean=3.80; SD=0.783), which led to a higher loyalty reward (Mean=3.48; SD= 0.583). The above Table displays the correlation between loyalty reward and Customer Satisfaction variables, which is a relationship in which both variable increases.

4.3.2. Test of Linearity

We have tested for linearity to make sure that we have some balance of a linear relationship between the independent and dependent.

Table 16 – Linearity Analysis

Test of Linearity between	Sum Squares	df	Mean Square	F	Sig	Deviation from Linearity
Price and Customer Satisfaction	1.039	1	1.039	3.083	.081	0.444
Service Quality and Customer Satisfaction	12.578	1	12.578	45.136	.000	0.087
Trust and Security and Customer Satisfaction	16.074	1	16.074	61.190	.000	0.123
Loyalty Rewards and Customer Satisfaction	7.356	1	7.356	23.939	.000	0.432

Source: IBM SPSS Linearity analysis result

As indicated on the above table, there is significant linearity between Customer Satisfaction, which is the dependent variable, and each of the independent variables as indicated by the Sig value very close to zero. Moreover, the deviation from linearity in all cases are greater than 0.05, there is no significant deviation from linearity and in this case we can assume that the constructs have a linear relationship.

4.3.3. Test of Multi-collinearity

We have tested if there is a multi-collinearity problem in our model. Accordingly, as indicated on below table all the coefficients of Variance Inflation Factor (VIF) are less than 10.

Table 17 – Multi-collinearity Analysis

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	2.404	.256		9.407	.000		
Price Total	-.104	.046	-.133	-2.260	.025	.990	1.010
Service Quality Total	.162	.063	.190	2.566	.011	.627	1.595
Trust Security Total	.231	.059	.310	3.919	.000	.548	1.826
Loyalty Reward Total	.079	.046	.113	1.710	.089	.788	1.269

a. Dependent Variable: Customer Satisfaction Total

Source: IBM SPSS Multi-collinearity analysis result

To this end, we can assume that that a multi-collinearity problem does not exist in the model.

4.3.4. Test of homoscedasticity

Homoscedasticity is also an important assumption of parametric statistical tests because they are sensitive to any dissimilarities. Homoscedasticity is an assumption of equal or similar variances

in different groups being compared. We have checked for homoscedasticity by making a scatterplot with the independent variables against the dependent variable (**Annex 2**). The study addressed the variance of the residual was constant, which stated the assumption that the variation in the residuals exhibited somehow similar at each points across the model. This means the spread of the residuals should be fairly constant each point of the predictor variables.

4.3.5. Regression Analysis

To estimate and summarize the relationship between the dependent and independent variables, i.e., customer satisfaction (the outcome variable) and the rest of the independent variables (the predictor variable) we have run a simple linear regression analysis.

Before interpreting results of the regression, we have checked some assumptions for regression. First, given that regression is very sensitive to outliers we have checked whether outliers exist using the residuals statistics output. Accordingly, the standardized residuals the minimum and maximum residual values are -2.798 and 2.396. Since, the values should not exceed -3.29 and 3.29 suggesting that we do not have outliers. Hence, there are no extreme values that stand out greatly from the overall pattern of values in our dataset.

Table 14- Residuals Statistics

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.78	4.46	3.80	.306	216
Residual	-1.401	1.200	.000	.496	216
Std. Predicted Value	-3.309	2.154	.000	1.000	216
Std. Residual	-2.798	2.396	.000	.991	216

a. Dependent Variable: Customer Satisfaction Total

Source: IBM SPSS Regression analysis result

Moreover, we have checked for independence of observations by examining the independence of errors using the Durbin Watson test. Accordingly, the Durbin Watson statistic output is close to 2 (i.e., 1.5). Since the statistic is not less than 1 or greater than 3, the assumption of independence of observations has also been met.

Finally, we have checked for normality looking at the P – P plot of regression standardized residual dependent variable (organizational agility) and noted that the dots generally line up along a 45-degree line, so we have normality of residuals - the dependent variable is normally distributed. The scatter plot of the standardized residuals versus the predicted values looks elliptical as it should be. Therefore, the assumptions for regression have been met (See **Annex 1** for the details).

Table 15 - Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.525 ^a	.276	.262	.501	1.527

a. Predictors: (Constant), Loyalty Reward, Price, Service Quality, Trust Security

b. Dependent Variable: Customer Satisfaction Total

Source: IBM SPSS output,2022

As indicated on the table above the model shows whether changes observed in the customer satisfaction are associated with changes in the independent variables. The value of r is 0.525, which ranges between -1 to 1 indicating strong relationship since 0 indicates no relationship. R square value (i.e 0.276) in the above model summary box indicates 27.6% of the variance in customer satisfaction predicted from the level of price, service quality, trust and security as well as loyalty rewards.

ANOVA is an additional method to examine our regression model, and it reveals that our model with a single predictor performs better than just predicting while using the mean. The significance value (as indicated on the table below) indicated that the model is using predictor variables was significantly better than prediction without the independent variables in the model.

Table 16 - ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.158	4	5.039	20.109	.000 ^b
	Residual	52.879	211	.251		
	Total	73.037	215			

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Loyalty Reward, Price, Service Quality, Trust Security

Source: IBM SPSS output,2022

There is statistically significant relationship between the predictor and the outcome variable. The ANOVA showed that the model works, below we have figured out how it works.

As indicated under the unstandardized beta coefficients column the ‘b’ value is positive and is statistically significant as indicated by the comparison between the t-value and the significance value. The ‘a’ value is also positive (i.e., 2.404) which is the constant value. The negative sign of the first beta coefficient (b1) shows us that the dependent variable (customer satisfaction) decreases due to an increase in the first predictor variable which is price in our case. On the other hand, the positive sign of the rest of the beta coefficients (i.e., b2, b3 and b4) shows us that the dependent variable (customer satisfaction) increases due to an increase in the rest of the predictor variables which are; service quality, trust and security as well as loyalty rewards in our case.

Table 17 – Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1 (Constant)	2.404	.256		9.407	.000	1.900	2.908
Price	-.104	.046	-.133	2.260	.025	-.194	-.013
Service Quality	.162	.063	.190	2.566	.011	.038	.287
Trust Security	.231	.059	.310	3.919	.000	.115	.347
Loyalty Reward	.079	.046	.113	1.710	.089	-.012	.171

a. Dependent Variable: Customer Satisfaction

Accordingly:

- For every one-unit increase in price, customer satisfaction will decrease by 0.104 points.
- For every one-unit increase in service quality, customer satisfaction will increase by 0.162 points.
- For every one-unit increase in trust and security, customer satisfaction will increase by 0.231 points.

Loyalty rewards is not statistically significantly as indicated by the Sig. value of 0.089 which is greater than 0.5. Since the coefficient for loyalty is insignificant, this independent variable has no effect on the dependent variable, that is, its effect is statistically equal to zero.

Therefore, the regression equation for predicting customer satisfaction from price, service quality, trust and security and loyalty rewards is depicted as:

$$\hat{y} = 2.404 - 0.104b_1 + 0.162b_2 + 0.231b_3 + 0.079b_4$$

where y is the dependent variable (customer satisfaction), and b1, b2, b3 and b4 are the predictor variables (price, service quality, trust and security and loyalty rewards).

4.3.6. Hypothesis Testing

In this section, we have tested about the significance of the linear relationship between the variables using P-value. The summary of hypotheses testing resulted from the correlation analyses test is indicated Table 21 below.

Table 18- Summary of the results of hypotheses testing

<i>Hypotheses</i>	<i>Remarks</i>	<i>Results</i>
H1: Price has a negative effect on e-hailing Customer Satisfaction	($\beta = -0.104$, $p < 0.025$)	<i>Supported</i>
H2: Service quality has a positive effect on e-hailing Customer Satisfaction	($\beta = 0.231$, $p < 0.011$)	<i>Supported</i>
H3: Trust (Security) has a positive effect on e-hailing Customer Satisfaction	($\beta = 0.162$, $p < 0.000$)	<i>Supported</i>
H4: Loyalty Reward has a positive effect on e-hailing Customer Satisfaction	($\beta = 0.079$, $p < 0.089$)	<i>Rejected</i>

Source: IBM SPSS output, 2022

Price

Hypothesis H1: Price has a negative effect on e-hailing Customer Satisfaction

There is an effect of price on e-hailing customer satisfaction. Based on the regression analysis, the price has statistically a significant effect on e-hailing customer satisfaction, as the results showed ($\beta = 0.104$, $p < 0.025$), and the p-value is less than 0.05. Therefore, the result for hypothesis H1 is accepted.

Service Quality

Hypothesis H2: Service quality has a positive effect on e-hailing Customer Satisfaction

There is an effect of service quality on e-hailing customer satisfaction. Based on the regression analysis, the service quality has statistically a significant effect on e-hailing customer satisfaction, as the results showed ($\beta = 0.162$, $p < 0.011$), and the p-value is less than 0.05. Therefore, the result for hypothesis H2 is supported.

Trust and Security

Hypothesis H3: Trust and Security has a positive effect on e-hailing Customer Satisfaction

There is an effect of trust and security on e-hailing customer satisfaction. Based on the regression analysis, the trust and security have a statistically significant effect on e-hailing customer satisfaction, as the results showed ($\beta = 0.231$, $p < 0.000$), and the p-value is less than 0.05. Therefore, the result for hypothesis H3 is supported.

Loyalty Rewards

Hypothesis H4: Loyalty Rewards has a positive effect on e-hailing Customer Satisfaction

There is an effect of loyalty rewards on e-hailing customer satisfaction. Based on the regression analysis, the loyalty rewards have a statistically significant effect on e-hailing customer satisfaction, as the results showed ($\beta = 0.079$, $p < 0.089$), but since the p-value is greater than 0.05. The result for hypothesis H4 is rejected.

4.4. Discussion of Findings

In the previous section, the association between e-hailing customer satisfaction and the independent variables including price, service quality, trust and security as well as loyalty rewards were presented and analysed. The model used a five Likert scale measurement to assess how the variables affect customers' satisfaction of e-hailing companies in Addis Ababa. The results indicated that there is a statistically significant negative relationship between price and e-hailing customer satisfaction. The results also indicated that there is a statistically significant positive relationship between e-hailing customer satisfaction and the rest of the variables such as service quality, trust and security as well as loyalty rewards.

The results regarding e-hailing customer satisfaction indicated that there is positive linear relationship between all the dependent variables and independent variables except Price. This indicates that all are very critical for the e-hailing companies to positively affect customers satisfaction except Price.

The results show that majority (i.e., 60%) segment of the population group that uses e-hailing services are the population between the ages of 26 and 35 years old. This shows that, relatively speaking, e-hailing services are preferred by the most hustling segment of the population. On the other hand, degree holders constitute significant majority (i.e., 93%) of commuters that use e-hailing services a mode of transportation. The results also showed Feres e-hailing is the most preferred e-hailing company (i.e., 68.5%) followed by Ride (30%). There are relatively equal number of male (56%) and female (44%) respondents but the number of male e-hailing service users is somehow higher than that of females.

The study revealed key findings that are important to understand the factors that affect customer's satisfaction. The findings are discussed here below based on the research hypothesis resulted from the regression analysis.

Hypothesis H1: Price has a negative effect on e-hailing Customer Satisfaction

The first hypothesis analyses whether price has a negative effect on e-hailing customer satisfaction or not. Accordingly, based on the regression analysis, the above finding shows that there is a negative effect of price on e-hailing customer's satisfaction. Therefore, the result for hypothesis H1 is supported, and accepted. This is in line with previous studies related to mobile app-based taxi services that have justified the significant impact of Price on customer satisfaction and customers always expect lower prices when using app-based taxi services and in online platforms customers always prefer to pay lower prices (Ziyad et al, 2020).

Hypothesis H2: Service Quality has a positive effect on e-hailing Customer Satisfaction

The second hypothesis analyses whether service quality has a positive effect on e-hailing customer satisfaction or not. Accordingly, based on the regression analysis, the above finding shows that there is a positive effect of service quality on e-hailing customer's satisfaction. Therefore, the result for hypothesis H2 is supported, and accepted. This finding is in line with prior studies that have identified that a significant positive impact of Service Quality towards customer satisfaction (Perera & Samarasinghe, 2021).

Hypothesis H3: Trust and Security has a positive effect on e-hailing Customer Satisfaction

The third hypothesis analyses whether trust and security have a positive effect on e-hailing customer satisfaction or not. Accordingly, based on the regression analysis, the above finding shows that there is a positive effect of trust and security on e-hailing customer's satisfaction. Therefore, the result for hypothesis H3 is supported, and accepted. With regard to online platforms such as e-hailing services, previous studies indicated that, customers mostly rely on trust because in such platforms the human interaction is less and there are many incidents on misuse of personal information (Garbarino & Lee, 2003). In this regard, Trust was identified as a significant determinant of customer satisfaction in past studies (Akbar & Parvez, 2009).

Hypothesis H4: Loyalty Rewards has a positive effect on e-hailing Customer Satisfaction

The fourth hypothesis analyses whether loyalty rewards have a positive effect on e-hailing customer satisfaction or not. Accordingly, based on the regression analysis, the above finding shows that there is no statistically significant positive effect of loyalty rewards on e-hailing customer's satisfaction. Therefore, the result for hypothesis H4 is not supported.

Finally, further to the intuitive & correlation analysis done a simple linear regression is conducted to summarize the relationship between the two core variables, i.e., price, service quality, trust and security (as predictor variables) and e-hailing customer satisfaction (as an outcome variable). The results indicate that there is a significant positive relationship the dependent variable and all the independent variables. All price, service quality, trust and security as well as loyalty rewards predicts the level of e-hailing customer satisfaction. There is statistically significant relationship between the predictor and the outcome variables.

CHAPTER FIVE

Summary, Conclusion and Recommendation

5.1. Summary of Major Findings

The purpose of this study was to identify the effect of price, service quality, trust and security and loyalty rewards on e-hailing customer satisfaction. The study was carried out on three major brands of e-hailing service providers including Feres, Ride and ZayRide, guided four-core research questions (hypotheses) focused on e-hailing customer satisfaction and factors affecting it. The study used explanatory research as it attempts to seek explanations of observed behaviours of e-hailing users in Addis Ababa. A structured questionnaire was used to collect primary data from the sample. The measurement of all the constructs were adopted from a standard customer satisfaction measurement models adopted from Perera & Samarasinghe, 2021, while measurements for service quality was adopted from. The model used a five Likert scale measurement to assess how the variables affect customers' satisfaction of e-hailing companies in Addis Ababa.

The data collected from the respondents were analysed using both descriptive and statistical analysis with the help of IBM SPSS tool and the findings were presented on tables and charts. To discover the relationship and effect of the independent variables on e-hailing customer satisfaction, intuitive graphical analysis, Pearson's Correlation, and multiple linear regression model were used. To this end, survey questionnaire feedbacks from 216 respondents were presented and analysed in detail. The association between e-hailing customer satisfaction and the independent variables including price, service quality, trust and security as well as loyalty rewards were presented and analysed. This section, therefore, summarizes and presents the core points and major findings as follows:

The results show that majority segment of the population group that uses e-hailing services are the population between the ages of 26 and 35 years old. This shows that, relatively speaking, e-hailing services are preferred by the most hustling segment of the population. On the other hand, degree holders constitute significant majority of commuters that use e-hailing services a mode of transportation. The results also showed Feres e-hailing is the most preferred e-hailing company followed by Ride. There are relatively equal number of male and female respondents, but the number of male e-hailing service users is somehow higher than that of females.

The findings show that there is a negative effect of price on e-hailing customer's satisfaction which is also in line with previous studies related to mobile app-based taxi services. The findings also show that there is a positive effect of service quality, trust and security and on e-hailing customer's satisfaction while loyalty rewards has a statistically insignificant result. With regard to online platforms such as e-hailing services, previous studies have also indicated that, customers mostly rely on trust and security, and customer service because in such platforms, the human interaction is less and there are many incidents on misuse of personal information. This indicates that enhancement of all factors is very critical for the e-hailing companies to positively affect customers satisfaction except Price.

Finally, further to the intuitive & correlation analysis done a simple linear regression is conducted to summarize the relationship between the core variables, i.e., price, service quality, trust and security (as predictor variables) and e-hailing customer satisfaction (as an outcome variable). The results indicate that there is a significant positive relationship the dependent variable and all the independent variables. All price, service quality, trust and security predict the level of e-hailing customer satisfaction. There is statistically significant relationship between the predictor and these three outcome variables, while loyalty rewards does not contribute to the variation in our dependent variable.

5.2. Conclusion

This study investigated factors affecting customer satisfaction of E-hailing in, Ethiopia with a special focus on Addis Ababa. The main objectives of the study were to assess, examine and understand factors influencing customer satisfaction of e-hailing users. In doing so, the study tried to understand the relationship that exists between customer satisfaction and price, quality of service, security (trust) and loyalty rewards.

The results of the correlation analysis showed that service quality and trust, with the exception of price, which has a negative correlation with customer satisfaction, have a significant positive correlation with customer satisfaction. As the price is one of the main factors that influence passenger choice and competitor. The ability of companies to engage in surge pricing and pricing will allow companies to attract passengers and have a competitive advantage over conventional taxis. Thus, the lower rate offered by E-hailing companies can be one of the clinical factors that drive passenger demand for e-hailing rides. Therefore, all service providers in Addis Ababa must maintain and pay closer attention to their pricing strategies given that price has evolved into the key factor influencing customer satisfaction with e-hailing services. In every strategy implementation they must always ensure that it meets the customers expectation and satisfy them.

The findings in this study also show that among all the factors, trust (security) shows the highest effect on customer's satisfaction, followed by service quality and loyalty reward. It is abundantly evident that clients using E-hailing in Addis Ababa, Ethiopia, place a high value on trust and security. Leading to a conclusion customer choose E-hailing companies for safety reasons and they trust their chosen companies allows them to be flexible and feel safe due to the interactive application that records the profile of both passengers and drivers that provides evidence to avoid anonymity and ensures security. Thus, service providers can improve or maintain trust and security of the customer in order to achieve their customer's satisfaction.

Furthermore, this study suggests that E-hailing service providers service quality leads into customer satisfaction and, therefore, makes the firms more competitive in the market. Companies can achieve high service quality by identifying problems in service and defining measures for service performances and outcomes as well as level of customer satisfaction. In addition, to retain their existing customers and help distinguish their companies from stiff competition in the transport sector; It is important for the service providers to address the issues being faced by customers for sustainable and better future of these services. In terms of

drivers' behaviour, E-hailing firms should improve the quality of drivers such as safe driving skills, behaviour and attitude with passengers through training sessions before allowing them to start working with their company.

The last research objective was to explain the effect of expected loyalty rewards on e-hailing customer satisfaction, and it has been concluded that a loyalty rewards do not have statistically significant impact on electronic hailing customer satisfaction. Generally, E-hailing companies can improve in the marketing factors, brands and customer satisfaction to create and raise competitive advantage over competitors.

5.3. Recommendations

Based on the findings of the study, the following recommendations are put forward:

The researcher recommends the E-hailing service providers should focus on price and trust and security of E-hailing services because both factors have more significant influence on the customer satisfaction. E-hailing service providers need to continuously work around making electronic hailing service affordable to the public, especially by introducing ride sharing services, while also creating additional security features at the back end, to earn trust of riders or customers.

E-hailing organizations must actively invest on security features of their e-hailing platforms and should strategically set prices along with promotional items in order to sustain their business performance in the transportation industry. The study also recommends that a review of existing traffic and criminal laws be done to take care of the emerging security risks associated by app-based taxi or e-hailing service providers. Existing rules and regulations in the transport and security sectors need to be aligned with the developments of E-hailing services.

On the other hand, E-hailing companies need to structure their prices in such a way that attracts more of the low-income customers and including ride sharing techniques that reduce the commute cost per customer. The government also needs to standardize e-hailing prices from a consumer protection perspective.

5.4. Limitation and Future Research Direction

Research e haling is relatively new in Ethiopia, but its expansion has increased over the past years in Addis Ababa, Ethiopia. Even though this research area is now topical, there is lack of similar published studies specifically in Ethiopia's context, which made our discussion less comprehensive. This is an important and dynamic field of research, and we are hopeful that this project paper will help speed progress in Ethiopia in this area by highlighting key issues that need attention on the subject.

Finally, one of the limitations of this study is it did not consider qualitative. Had it been mixed research method, the quantitative and the qualitative data will complement each other, and we would have got rich and quality data. In general, there are more future research opportunities, which should be considered in the field with alternative methodologies and approaches. Given that the study was limited to a few chosen e-hailing businesses in Ethiopia and targeted samples, this study also had certain limitations regarding representativeness and generalization of results. The study was conducted at a time when E-hailing was still in its infancy in Ethiopia, with scant knowledge of its legal framework and applicability. Therefore, future research can focus on the economy, mobility, poverty, unemployment, congestion, health, and accidents as well as other e-hailing companies and larger samples to examine the effects and social, legislative, and economic impacts of this new disruptive technology on transportation in a nation.

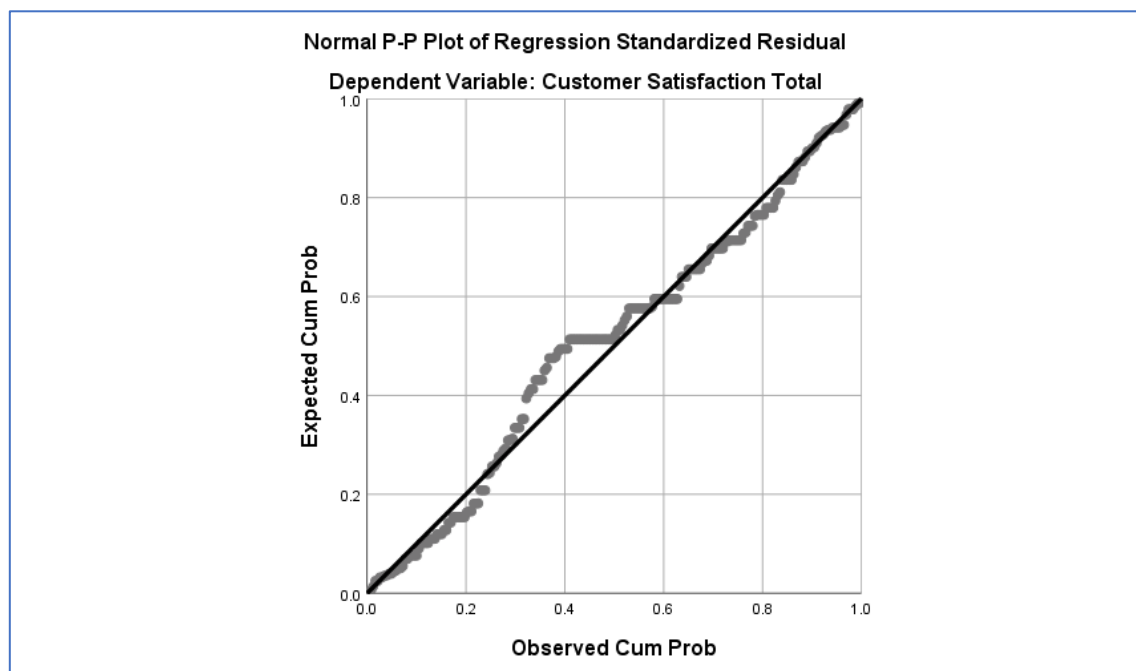
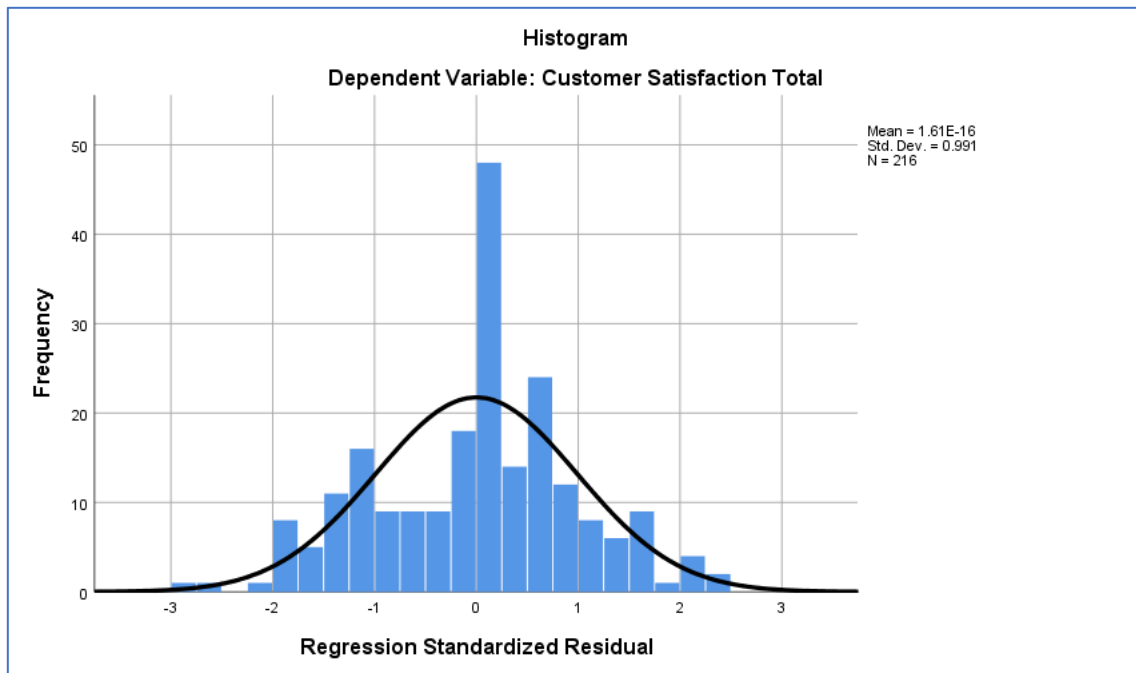
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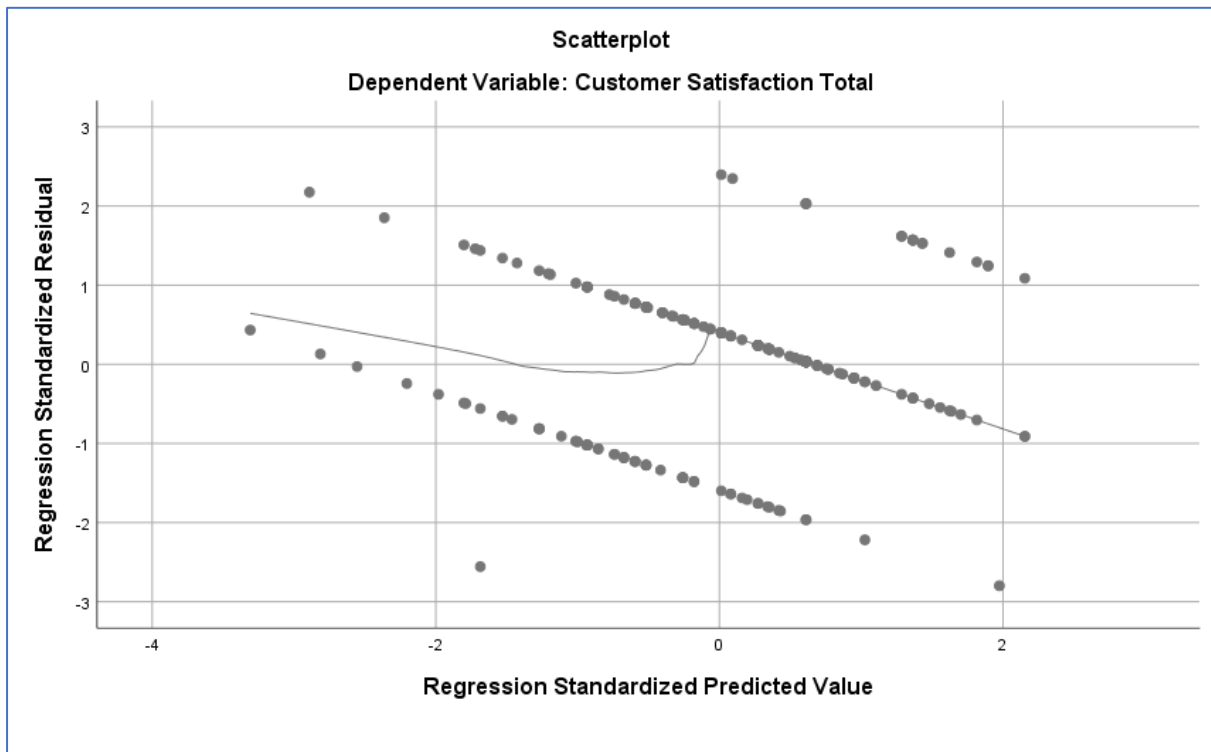
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Annex 1- Regression



Annex 2– Test for Homoscedasticity



Annex 3-Questionnaire

Section 1 of 7

E-hailing Customers Satisfaction Survey

Dear Participant,

My name is Yenatfanta. I am currently pursuing my Marketing Management Master's degree from Addis Ababa University, College of Business and Economics - School of Commerce. As part of the fulfilment for my graduation, I am conducting a study on **Factors Affecting Satisfaction of E-Hailing Services in Addis Ababa**. You are hereby cordially invited to participate in this short survey. The questions are organized in four major parts and mostly request your perception in a close-ended format that would only take about 10 minutes to complete. Your responses are anonymous, will be treated with strict confidentiality, and there are no identified risks from participating in this research. Participation is voluntary and you may refuse to participate without any consequence.

Thank you so much for your participation and your swift reply is highly appreciated!

Section 2 of 7

Personal and Occupational Information

1.1. What is your gender?

- Male
- Female
- Prefer not to say

1.2. Age

- 20 years and below
- 21-25 years
- 26-30 years
- 31 -35 years
- 36 years and above

1.3. What is your level of education?

- Elementary
- Preparatory/High school
- Diploma
- Degree
- Masters and above

1.4. What is your current occupation?

- Public sector
- Private sector
- Self Employed
- Student
- Unemployed

1.5. Years of Work experience

- A Student
- Less than a year
- Less than 5 years
- Between 5 and 10 years
- More than 10 years

1.6. What is your monthly salary on average?

- Below 5,000
- Between 5,000 and 10,000

- Between 10,000 and 15,000
- Above 15,000-25,000
- Above 25,000
- I prefer not to mention

1.7. Do you have experience using Ride-hailing or E-hailing service (electronic taxi application)?

- Yes
- No

1.8. If "Yes" what is your most preferred e-hailing service?

- Ride
- Feres
- Zay Ride

1.9. If you chose one of the above options, how frequently do you use the service?

- Only once a week
- 2-3 days per week
- 4-5 days per week
- More than five times a week
- Once in a month

1.10. How long have you been a customer?

- New (less than six month)
- Six to twelve months
- One year
- More than a year

1.11. Which vehicle type do you frequently use?

- Economy/Sedan
- Minivan
- English Speaker
- Corporate

Section 3 of 7

1. Price

Please rate the following questions in respect to question #1.8 (your PREFERRED E-HAILING SERVICE PROVIDER) on a scale of 1 (Strongly disagree) to 5 (Strongly agree).

- 1 = strongly disagree,
- 2= Disagree,
- 3 = Neutral,
- 4 = Agree,
- 5 = strongly agree

1.1 Are you satisfied by the price offered by your preferred E-HAILING SERVICE provider?

Strongly disagree Strongly agree

1.2. The tariffs that are imposed by your preferred E-hailing service provider are affordable and worth the quality of the service?

Strongly disagree Strongly agree

1.3. The tariffs that your preferred E-HAILING SERVICE provider applies are worth with the benefits received.

Strongly disagree Strongly agree

1.4. The tariffs of your selected e-hailing company are much cheaper than other online taxis

Strongly disagree Strongly agree

1.5. Payment transaction modes offered by of your selected e-hailing company is convenient (e.g., Mobile banking, e-birr, Telebirr)

Strongly disagree Strongly agree

Section 4 of 7

2. Service Quality

Please rate the following questions in respect to question #1.8 (your PREFERRED E-HAILING SERVICE PROVIDER) on a scale of 1 (Strongly disagree) to 5 (Strongly agree)

1 = Strongly disagree,

2= Disagree,

3 = Neutral,

4 = Agree,

5 = Strongly agree

2.1. The navigation of route arrangement is reasonable and affordable.

Strongly disagree Strongly agree

2.2. The cars that your chosen e-hailing company uses are in good condition.

Strongly disagree Strongly agree

2.3. Your preferred e-hailing company's drivers always help customers and provide services quickly.

Strongly disagree Strongly agree

2.4. The selected company's drivers properly respond to customer complaints.

Strongly disagree Strongly agree

2.5. Your preferred e-hailing driver maintains effective client communication.

Strongly disagree Strongly agree

2.6. Your preferred e-hailing company's customer support staff always responds quickly.

Strongly disagree Strongly agree

2.7. Your preferred e-hailing company's drivers are responsive to solving problem.

Strongly disagree Strongly agree

2.8. Your preferred e-hailing company's drivers are always on time in their services.

Strongly disagree Strongly agree

2.9. Your preferred e-hailing company's drivers are good at driving and know all the Shortest /fastest routes.

Strongly disagree Strongly agree

Section 5 of 7

3. Trust (safety)

Please rate the following questions in respect to question #1.8 (your PREFERRED E-HAILING SERVICE PROVIDER) on a scale of 1 (Strongly disagree) to 5 (Strongly agree)

1 = Strongly disagree,

2= Disagree,

3 = Neutral,

4 = Agree,

5 = Strongly agree

3.1 I feel comfortable when using my preferred e-hailing company

Strongly disagree Strongly agree

3.2. I feel satisfied when using my preferred e-hailing company

Strongly disagree Strongly agree

3.3. My preferred e-hailing company's drivers can be trusted

Strongly disagree Strongly agree

3.4. I feel secure using my preferred e-hailing company's because every trip transaction is logged.

Strongly disagree Strongly agree

3.5. I trust that my preferred e-hailing company will work to protect my personal information.

Strongly disagree Strongly agree

Section 6 of 7

4. Loyalty Reward

Please rate the following questions in respect to question #1.8 (your PREFERRED E-HAILING SERVICE PROVIDER) on a scale of 1 (Strongly disagree) to 5 (Strongly agree)

1 = Strongly disagree,

2= Disagree,

3 = Neutral,

4 = Agree,

5 = Strongly agree

4.1. Loyalty rewards of my preferred e-hailing company makes me feel good.

Strongly disagree Strongly agree

4.2. I enjoy using loyalty rewards while using my preferred e-hailing company

Strongly disagree Strongly agree

4.3. When I use loyalty rewards, I feel that I am getting a good deal.

Strongly disagree Strongly agree

4.4. My preferred e-hailing company always comes with the biggest surprise for its customers

Strongly disagree Strongly agree

4.5. I may consider e-hailing services offered by other than my preferred e-hailing company, that have better loyalty programs.

Strongly disagree Strongly agree

Section 7 of 7

5. Customer Satisfaction

Please rate the following questions in respect to question #1.8 (your PREFERRED E-HAILING SERVICE PROVIDER) on a scale of 1 (Strongly disagree) to 5 (Strongly agree).

1 = Strongly disagree,

2= Disagree,

3 = Neutral,

4 = Agree,

5 = Strongly agree

5.1. I am satisfied with the services provided by my chosen e-hailing company.

Strongly disagree Strongly agree

5.2. My preferred e-hailing company can meet the expectation of customers

Strongly disagree Strongly agree

5.3. My chosen e-hailing company services are in line with my expectations

Strongly disagree Strongly agree

5.4. I would recommend my chosen e-hailing company to my friends or colleague.

Strongly disagree Strongly agree

5.5. I am satisfied with the drivers' behavior while driving

Strongly disagree Strongly agree

5.6. I am satisfied with the service punctuality and reliability

Strongly disagree Strongly agree

5.7. I am satisfied with the service availability and readiness

Strongly disagree Strongly agree

5.8. I am satisfied with the convenience of the mobile apps (user- friendly)

Strongly disagree Strongly agree

5.9. Overall, I am satisfied as a customer

Strongly disagree Strongly agree