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Original Research

THE USER EXPERIENCE: HOW RIDE FARE NEGOTIATION CAN ENHANCE CUSTOMER SATISFACTION IN RIDE-HAILING

[1]OGUNBAMERU, Olajide Ayokunle *and* [2]**ADENIYI, Adeoluwa Toluwa**
[1,2]Department of Sociology, Osun State University

Email: [1]jideogunbameru@gmail.com *and* [2]adeniyiadeoluwa@gmail.com

ABSTRACT
The research explored the impact that fare negotiation aspects of ride-hailing platforms have on customer satisfaction and drivers' compensation in the United States. Although the services such as Uber and Lyft have revolutionised transport in cities, their distinctive pricing strategies result in customers' frustration, especially during peak hours. In this paper, a survey of the available literature focused on the effects of fare negotiation on both the user side and the driver's side by analysing the publications of the academic articles, industry reports, and market research surveys. The research shows that 72% of users consider the transparency of fare calculation to be the top priority, with 67% of the users complaining about high surge prices. The study also reveals large discrepancies in the drivers' income; the drivers who work full-time in Chicago make between £31-£40 per hour gross of expenses, but after operational costs, the amount is between £18.90-£27.90. During the thematic analysis, essential factors influencing customer satisfaction were revealed, namely, the price transparency, dynamic pricing strategies, and relative estimation of service quality. The research concluded that the incorporation of fare negotiation features could improve the service quality, customer satisfaction, and driver's income. This points to the need to formulate policies that will classify and respond in equal measure to both the users and drivers that are involved in the provision of the ride-hailing services.

Key Words: Ride-Hailing Services, Fare Negotiation, Customer Satisfaction, Driver Earnings, Price Transparency, Service Quality, Dynamic Pricing

BACKGROUND OF THE STUDY
Understanding the user experience, in particular fare negotiation, is important in understanding customer satisfaction in the United States. Ride hailing platforms such as Uber and Lyft have changed transportation in urban areas quite dramatically (Brail, 2020). The fixed pricing models these firms use have generally turned customers away because, most of the time, customers feel that they have no control over the determination of fares, particularly at peak hours when prices tend to jump extremely high (Monahan and Lamb, 2021). This creates a feeling of injustice in pricing, thus scaring away potential users and hence the call for dynamism in pricing.

Recent innovations include allowing negotiations around fairs through the use of applications such as Indrive. The site invites users to suggest their price, thus infusing a sense of user control and equity into the pricing mechanism. Vignon, Yin and Ke (2023) gave the example of how, for example, if a ride was quote at $30, a passenger can suggest $25, which the driver would then need to accept or make a counter offer. This increases the level of transparency and credibility across both driver and passenger ends (Hsu and Chen, 2023). As supported, when one feels included in the price-setting mechanism, the satisfaction of the customers increases manyfold (Ofori, Anyigba, Adeola, Junwu, Osakwe & David-West, 2021).

Furthermore, data from various studies support the idea that the ability to negotiate fares leads to better customer experiences. According to a survey done by McKinsey, users who could negotiate fares showed higher satisfaction than others who were forced to pay fixed prices (Jain, 2024). This is pretty applicable in cities where demand fluctuates quite often. Allowing negotiations on ride-hailing platforms will reduce refused rides and waiting times for passengers, while also making sure that drivers receive a decent wage (Dhanorkar and Burtch, 2021).

Fare negotiation has considerable consequences for both drivers and passengers. The drivers have greater authority in being able to name fares according to demand and prevailing real-time conditions, such as traffic (Olayode, Severino, Justice, Macioszek & Tartibu, 2023). This is important in terms of driver satisfaction and loyalty in a very competitive ride-hailing market, as indicated by Qeeva (2024). Moreover, the platforms that implement this feature can have a competitive edge, since such policies cater most to users' preferences regarding flexibility and fairness in pricing.

Therefore, the present idea of extending fare negotiation into ride-hailing services is a new way to improve customer satisfaction. For a firm to stand a better chance of asserting influence and gaining greater levels of passenger and driver engagement, such firms are likely to benefit from this model given the growing trends in users' demand for control in travel spending (Brail, 2020). In the end, this can open up the way for a rational, more lasting, and fairer construction of the transport system in the United States of America (Brown, 2022).

OBJECTIVE

- To assess how fare negotiating elements affect consumer satisfaction in ride-hailing services in the United States.
- To examine how fare bargaining influences driver earnings and overall happiness on ride-hailing systems.

METHODOLOGY

This qualitative research undertook a systematic literature review on how negotiations of fares have impacted the US ride-hailing industry. Summing up, the dataset collected included academic publications, industry reports, and market research surveys, highlighting important themes identified in relation to activities that would elicit consumer satisfaction and driver earnings. The method of analysis and organisation of such findings was based on a thematic analysis approach so that the researchers could synthesise insights in relation to the identified themes. Ethical considerations have been taken here, and confidentiality and integrity have been given attention to data sources. This will provide a sound framework whereby this multi-factorial methodology should be applied to assess the complex dynamics involving fare negotiation in the ride-hailing sector and its implications, both for customers and service providers.

RESULTS AND DISCUSSION

Thematic Analysis

This analysis focuses on developing a systematic thematic analysis in relation to the fare negotiations of US online ride-hailing services, considering the implications for consumer satisfaction and driver welfare. With the systematic review of relevant existing literature, this paper points to specific themes for each of the research objectives.

Fare Negotiating Elements and Consumer Satisfaction

Theme 1: Price Transparency and Consumer Trust

Findings revealed that transparency in fare structure greatly affects customer trust and confidence in using ride-hailing platforms. A recent report quantified this at 72% regarding users for whom clear fare calculations are critical to their satisfaction (Statista, 2024). A related result reflects 67% dissatisfaction among users because of surge pricing unexpectedly during peak hours (Meshram, Jain, Bhaduri, Manoj & Goswami, 2024). The strong preference for transparency in pricing mechanisms may suggest that clarity in the fare structures is perhaps basic to building and maintaining consumer trust.

Theme 2: Dynamic Pricing and User Experience

Dynamic pricing models represent one of the most challenging areas of consumer satisfaction. Report showed that up to 60% of consumers favour fixed pricing over dynamic models (UITP, 2023), showcasing that there is a strong desire for predictability regarding costs. Indeed, this has translated into medium satisfaction scores, as key players reached 76 out of 100 regarding the American Customer Satisfaction Index (Statista, 2024). Dynamic pricing seems to work well to balance market demand, but it can suffer from consumer desires for stability and predictability.

Theme 3: Service Quality and Value Perception

One major theme of the relationship between service quality and perceived fare value is highlighted. Report showed that 58% of respondents would pay higher fares if guaranteed service quality improvements were provided, and ratings for the service are currently 4.2 out of 5 stars on major platforms (Statista, 2024). User engagement data indicates that 65 percent of ride-hailing users use the service more than once a month and that 45 percent would use the service more if negotiations could be done through app (Statista, 2024).

Table 1: Analysis of Fare Negotiating Elements' Effect on Consumer Satisfaction

Theme	Key Finding	Supporting Evidence	Implications
Price Transparency and Consumer Trust	Clear fare calculations and pricing structures are crucial for consumer satisfaction	- 72% of users prioritise clear fare calculations (Statista, 2024) - 67% express dissatisfaction with unexpected surge pricing (Meshram et al., 2024)	High transparency in fare structures directly correlates with increased consumer trust and service satisfaction
Dynamic Pricing and User Experience	Consumers strongly prefer predictable pricing over dynamic models	- 60% prefer fixed pricing over dynamic models (UITP, 2023) - Platforms score 76/100 on Customer Satisfaction Index (Statista, 2024)	Current dynamic pricing models may need refinement to better align with consumer preferences for predictability
Service Quality and Value Perception	Users willing to pay premium rates for guaranteed service quality	- 58% would accept higher fares for better service - Average satisfaction rating of 4.2/5 stars (Statista, 2024) - 65% report monthly usage with 45% wanting fare negotiation features	Service quality improvements could justify higher fares if properly implemented

Fare Bargaining and Drivers' Earnings and Happiness

Theme 1: Income Variability and Economic Security

Driver earnings have also greatly varied contingent upon the market condition that determines general job satisfaction. In a place like Chicago, for example, earnings for full-time drivers range from £31 to £40 per hour before expenses and £18.90-£27.90 afterward when the operational cost is put into account (Walk-Morris, 2024). The great gulf between gross and net earnings portrays the economic challenges of drivers more seriously as compared to an industry average of £11.77 per hour, significantly below the private-sector average of £32.06 (Mishel, 2018).

Theme 2: Operational Costs and Financial Sustainability

Operational costs begin creeping up to the point where driver welfare and happiness are directly affected. 85% of Southern California drivers even report significant impacts of rising fuel costs, and a documented case shows earnings dipping from £2.70 to £1.55 per mile between 2021-2023 (Walk-Morris, 2024). These results show that external economic forces have large effects on driver earnings and satisfaction.

Theme 3: Legislative Protection and Work Flexibility

Recent legislative activity has more recently begun to address driver welfare. Minnesota and Colorado have set minimum pay rates and mandated transparency in fare structures (Walk-Morris, 2024), while Washington State has put in expansive worker protection, including paid sick leave. While drivers do appreciate work flexibility, studies have also demonstrated that this constitutes the least important factor when pitted against concerns over the stability of their income. Chen, Chevalier, Rossi, and Oehlsen (2019) and Fielbaum and Tirachini (2020) postulate that balanced approaches protect driver autonomy and financial security.

Table 2: Analysis of Fare Bargaining's Impact on Driver Earnings and Happiness

Theme	Key Finding	Supporting Evidence	Implications
Income Variability and Economic Security	Significant gap between gross and net earnings affects driver welfare	- Chicago drivers earn £31-£40/hour before expenses, reducing to £18.90-£27.90 after costs (Walk-Morris, 2024) - Industry average of £11.77/hour vs private-sector average of £32.06 (Mishel, 2018)	Large discrepancy between advertised and actual earnings impacts driver satisfaction and financial stability
Operational Costs and Financial Sustainability	Rising operational costs significantly impact driver earnings	- Earnings decreased from £2.70 to £1.55 per mile (2021-2023) - 85% of Southern California drivers affected by fuel costs (Walk-Morris, 2024)	External economic factors have substantial impact on driver earnings and job satisfaction
Legislative Protection and Work Flexibility	Growing recognition of need for driver protections while maintaining flexibility	- Minnesota and Colorado implementing minimum pay rates - Washington state adding worker protections (Walk-Morris, 2024) - Tension between flexibility and income stability (Chen et al., 2019; Fielbaum and Tirachini, 2020)	Balance needed between protecting driver rights and maintaining work flexibility

DISCUSSION

The results show a strong relationship between the ability to negotiate fares and increased customer satisfaction in using ride-hailing services. The data show that 72% of users value transparent fare calculation (Statista, 2024), which also echoes Brail's (2020) assertion that ride-hailing platforms have to rework their pricing mechanisms to meet users' expectations. This large percentage shows how much the respondents are craving price control: it is an assurance that the fixed pricing model often distances the customers, particularly during periods of surge pricing (Monahan and Lamb, 2021).

The thematic analysis unveils that price transparency plays a crucial role in shaping consumer trust. This insight is directly linked to the research conducted by Vignon, Yin, and Ke (2023), which illustrates that negotiated pricing—where passengers are permitted to propose a fare of $25 in response to a $30 quote—enhances both transparency and credibility. The data indicates that a significant 67% of users express dissatisfaction with unforeseen surge pricing (Meshram et al., 2024), further reinforcing Ofori et al.'s (2021) conclusion that involving customers in price-setting mechanisms greatly elevates satisfaction.

The review of drivers' earnings shows that fare bargaining exhibits a rather multilayered scenario in terms of drivers' well-being. In Chicago, the drivers' gross earnings are between $31 and $40 an hour but the net pay after expenses is $18.90-$27.90 an hour (Walk-Morris, 2024). This finding supports Dhanorkar and Burtch (2021) suggestions that fare negotiation ensures that drivers earn their fair share yet prevents common refusals and excessive passenger waiting.

Positive impacts are being observed with regard to value perception and service quality while incorporating the features for negotiating fares. In this regard, it is found that 58% of the users accept higher fares in case the service is improved guaranteed, rating the current satisfaction at 4.2 stars out of 5 stars (Statista, 2024). This goes to reiterate a study by Olayode et al. (2023) that drivers have gained by having higher powers in price setting with real-time information. Where 65% of the users ride once a month, and 45% would be interested in services for ride negotiation on the platform. Through this, it solidifies the theoretical findings by Brail (2020) where the increasing trend of users gains more control about their travel expenses.

The results underscore the intricate relationship between driver satisfaction and customer experience. The drop in per-mile earnings, which fell from £2.70 to £1.55 between 2021 and 2023 (Walk-Morris, 2024), highlights the economic pressures that could adversely affect service quality. This connection reinforces the findings of Hsu and Chen (2023) regarding the necessity of balanced fare mechanisms that serve the interests of both drivers and passengers while upholding the system's credibility and transparency.

CONCLUSION

The study findings showcase the importance of such elements of fare negotiation in improving both customer satisfaction and driver earnings in the US ride-hailing industry. The results identify key themes around the issues of price transparency, balance between dynamic and fixed pricing, and the role of service quality in perceived value. The analysis on the driver side showed large income variability and how operational costs affect financial sustainability. A critical factor in this emerged as regulatory efforts that would protect driver rights while at the same time maintaining flexibility. Taken together, the results point to an approach to optimising fare that takes into consideration the needs and experiences of customers and those providing service.

RECOMMENDATION

Based on the comprehensive analysis of the impact of fare negotiation in the US ride-hailing industry, the study provides the following recommendations:

Enhance price transparency: The general guidelines in the report imply that the platforms offering ride-hailing should ensure transparent fare structures and fare estimates to enhance consumers' trust. Additional and specific information about the prices' structure and possible changes, such as, for instance, dynamic or surge prices, should be transparent for the users.

Introduce more flexible pricing models: Therefore, although dynamic pricing has specific advantages in relation to demand-supply gap, research evidence implies that there is a need for more moderate strategies that would consider the client's tendency towards cost stability. It would therefore be wise for platforms to consider approaches that are partially dynamic and partially fixed.

Improve driver compensation and benefits: The huge disparity between gross and net driver earnings, combined with high operating costs, is an argument for improving the work's compensation models. Appropriate measures should be taken to guarantee just and reasonable earnings to the contractors or the drivers to guarantee. Prescriptive measures should be undertaken to guarantee remuneration that is reasonable and adequate for the contractors or drivers to guarantee.

Foster collaboration between platforms, drivers, and policymakers: Creating effective ongoing communication and partnership between the ride-hailing platforms, drivers, churches and official bodies can assist in formulating optimal inclusive solutions to fares and demands for the drivers. This may result in win-win solutions for all groups of stakeholders nominated within the framework of theoretical and applied research.

The above recommendations, if adopted, go a long way in improving the position of ride-hailing platforms in the US in satisfaction of their consumers and fair remuneration to drivers, all in equal measure to the stability of the industry.

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