CHAPTER I

INTRODUCTION

1.1 Overview of The Research Object

1.1.1 Company Profile

Figure 1. 1 Traveloka Logo

Source: Traveloka.com

Traveloka is a platform that leading in Southeast Asia online travel company that provides a wide range of travel needs. Traveloka offers flights, hotels, trains, flight + hotel packages, attractions & activities, connectivity products, airport transports, and buses. Traveloka built partnerships with more than 100 domestic and international airlines, serving more than 200,000 routes worldwide. Traveloka provides more than 40 payment options for customers in Indonesia, Thailand, Vietnam, Malaysia, Singapore, and the Philippines, with 24/7 assistance from local customer service in their native languages. Traveloka becomes more popular since the mobile app has been downloaded more than 30 million times ("Traveloka", 2019).

Traveloka business career begins with initiated from Ferry Unardi, together with Derianto Kusuma and Alber, built Traveloka in early 2012. The aim is for make people easier while do flight booking. At the beginning, the pilot team consists of only 8 members. On November 2012, Traveloka

received funding from an early stage investment firm East Venture. Followed by September 2013, Traveloka received Series A funding from Global Founders Capital ("Traveloka Press", 2019).

Traveloka launched their hotel booking service and its mobile application for Android and iOS in July and August 2014. On May 2015, to fulfil the needs of the customer regarding routes, added more international becomes Traveloka's choice to be added in their inventory to serve thousands of international routes. On July 2015, simultaneously with the launched of a new feature called TravelokaQuick that enables users to book flight or hotel in less than a minute, Traveloka also wins Top Brand Award 2015 in two categories. On October 2015, to ensure online payment reliability and security, Traveloka partnered with CyberSource ("Traveloka Press", 2019).

In the span of years 2016-2017, there were various of features that Traveloka has been launched, which are 'Easy reschedule' with purpose to make flight reschedule easier, 'Price Alerts' to ease customers in finding the most affordable airfare based on date and route, launched their first online travel fair in Indonesia with wide range of flight and hotel deals to international destinations, launched the non-economy class selection, launched trains booking service for Indonesian market, and bundling of flight and hotel package booking service for Indonesian market. And also, at that time, Traveloka redesigning its interface in the mobile application that has been changed into V.2.0 to facilitate a complicated booking process by easier navigation. During that time, Traveloka mobile app has reached 60 million downloads and becomes sponsorship to Liga 1 (which the highest professional level competition for football clubs in Indonesia), sponsor for Asia's Got Talent season 2 and a Gold Sponsor in 29th SEA Games 2017 in Kuala Lumpur. On March 2018, Traveloka becomes official media & broadcast sponsor of 2018 FIFA World Cup in Indonesia ("Traveloka Press", 2019).

1.1.2 Awards and Achievements

Traveloka has received several awards and achievements during their business career because of the dedication to making the Indonesia's tour and travel agency industry become more develop as stated in their website ("Traveloka Press", 2019).

1. 1st Winner of Top Brand Award 2015 for Flight Booking & Hotel Reservation
2. Bubu Awards v.09 for Travel & Destination Category
3. Google Play: The Best App in 2015
4. Marketing Champion 2015 in E-Commerce Category
5. Forbes: CEO Traveloka as 30 under 30 Asia in Retail & E-Commerce Category
6. The Best Local App in SELULAR Award 2016
7. Indonesia Travel and Tourism Awards in OTA Category
8. Forbes Indonesia: 20 Rising Global Stars
9. ASEAN Entrepreneur Award 2018
10. BrandZ 2018: The Most Innovative Brand

1.1.3 The Advantages of using Traveloka

The advantages that Traveloka offered regarding their services are as follows ("Traveloka Blog", 2016).

1. Cheap flights all year round
2. Plenty of hotel choices
3. Traveloka give lots of discounts
4. The promotions that Traveloka offered are meaningful
5. The app of Traveloka is worth the download
6. Traveloka always inform the customers about their deals
7. Traveloka rewards the customers loyalty and support
8. Traveloka has responsive customer service
9. Traveloka is clear about the price (honest)
10. Traveloka provides safe online booking

1.2 Research Background

Digital business transformation is a rapid change that shown in organizational processes, structures and systems implemented with the purpose to improve organizational performance through digital media and technology platforms. In this era, the growth of social media is a major trend in digital business that helps social media marketing develop time by time to monitor and facilitate customer interaction and participation throughout the web to encourage positive engagement with a company and its brands (Chaffey, 2016).

Tech companies in Indonesia arised in 1997. In that time, businesses that related to the Internet were growing all over the world. The use of tech in the country increased after the businesses survived the crisis that makes them are able to compete again. Indonesia's startup ecosystem started in 2010 with the released of tech startups in the country such as Go-Jek, Tokopedia, Traveloka, and Bukalapak (Yongjiranaon, 2018). Among the 7 startups in Asian which has gained the status as "unicorn". As of March,2019 another Indonesian startup has also succeeded to receive the status, following the previous 4 startups which is Ovo, according to the declaration of Minister of Communication and Information.

Unicorn is a startup company which is worth over 1 billion US Dollars (equivalent to Rp13.5 trillion in the exchange rate of USD is 13,500 per USD) (Djumena, 2018). CB Insights, the machine intelligence platform that analyze millions of data points, provided the information about the source of funding and the valuation of Indonesian unicorn which consist of Go-Jek, Tokopedia, Traveloka and Bukalapak as shown in Figure 1.2 ("CBInsights", 2019)
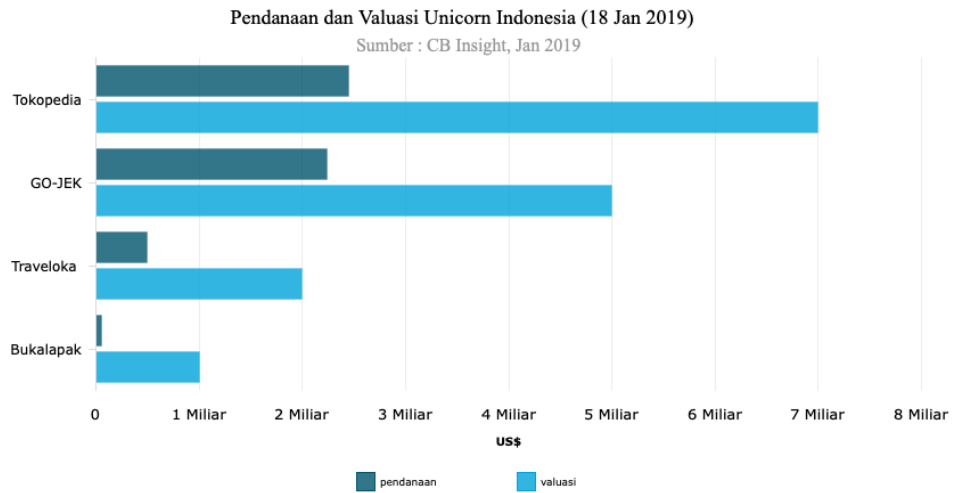
Figure 1. 2 Indonesian Unicorn Funding and Valuation (per 18 Jan 2019)

Source: CB Insights (2019)

US-based comScore, a firm in the fields of marketing data and analytics of world's large enterprises, agencies, and publishers, recorded that Traveloka becomes Indonesia's number one flight search and booking service. Followed by becoming favorable conditions and good timing and also a lean e-commerce model with high demand and high transaction value (Milward, 2015). Katadata, an online media, data and research company in economics and business released the information about the latest valuation of Indonesian unicorn per-August 2019 as shown in figure 1.3 ("Katadata", 2019). Traveloka is in third position after the first position is Go-Jek and following in the second position is Tokopedia. Traveloka reached the valuation until US\$ 4 Billion or around Rp56,1 trillion with five series funding ("Katadata", 2019).

Figure 1. 3 The Valuation Information of Indonesian Unicorn (per August 2019)

Source: KATADATA (2019)

Traveloka has been offered by Indonesia Stock Exchange (IDX) regarding Initial Public Offering (IPO).

The latest data of CB Insights on November 2019 show the current position of Indonesian unicorns and their selected investors. As can be seen from the following table:

Table 1. 1 The latest position of Indonesian unicorns

Company	Valuation ($B)	Data Joined as Unicorns	Industry	Select Investors
Go-Jek	$10	8/4/2016	Supply chain, logistics, & delivery	Formation Group, Sequoia Capital India, Warburg Pincus
Tokopedia	$7	12/12/2018	E-commerce & direct-to-consumer	SoftBankGroup, Alibaba Group, Sequoia Capital India
OVO	$2.9	3/14/2019	Fintech	Grab, Tokopedia, Tokyo Century Corporation
Bukalapak	$2.5	11/16/2017	E-commerce & direct-to-consumer	500 startups, Batavia Incubator, Emtek Group
Traveloka	$2	7/28/2017	Travel	Global Founders Capital, East Ventures, Expedia Inc.

Source: CBInsights (2019)

In Indonesia, Business-to-Consumer (B2C)-based e-commerce has developed in the fields of tour & travel services that have many enthusiasts from both local and foreign tourists. Many companies are competing to develop their business regarding the fields of information services and facilities through websites that are easily accessible to the public (Januarti & Priantinah, 2018). The use of online services in the fields of tour & travel such as purchasing online airline tickets are growing because this kind of services is relatively cheap, quick, and easy to be obtained by the consumers (Firdausy & Idawati, 2017).

SimilarWeb, the platform of website analytics services for businesses, show various analytics from Traveloka. The website performance analytics of Traveloka show that Traveloka ranks in 2,206 in the global rank position, in 61st in the country rank, and 14th in the category rank. Traveloka's website audience displays the total of Traveloka's website visitors for the past three months reached until 75.05 million which apparently increased 6.82% from last month ("SimilarWeb", 2019). This data shows the position of Traveloka in the worldwide and calculates the traffic of Traveloka website visitors that helps to predict the user productivity in visiting Traveloka website. And these data can complement the purpose of this research.

The successful of startups company in Indonesia is begin from knowing the audience where the media/channels they often use to find information and for being able to capture those audiences, the company should manage their content activation on social media as one of their content marketing activities. In order to gain the optimal results, there are some important things that need to be considered in the preparation such as setting the goals, setting the target audiences, planning the content, choosing the most appropriate channel, and evaluating the performance (Gityandraputra, 2019).
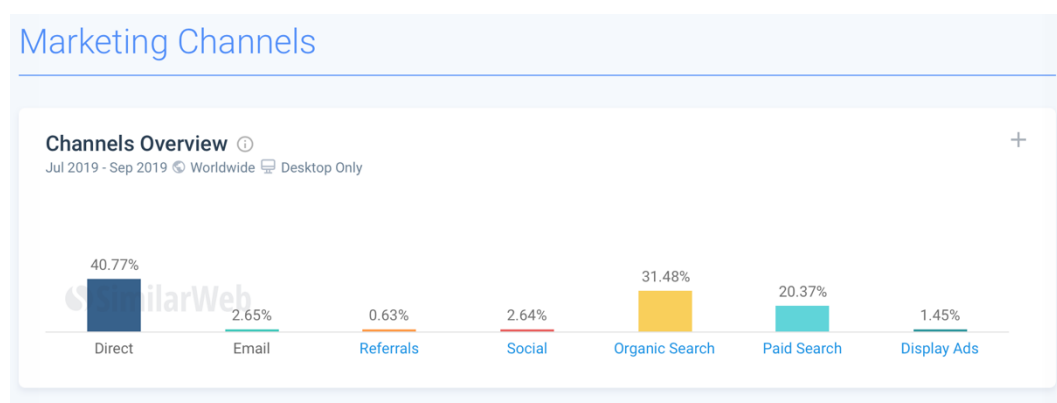

Figure 1. 4 Marketing Channels Analytics of Traveloka

Source: SimilarWeb (2019)

The marketing channels that used by Traveloka are divided into several channels as shown in Figure 1.4 (the results shown in the Figure 1.4 are accessed

by PC/desktop). From various comparisons of channels overview, the direct channel is the highest percentage that reached until 40.77% following by the organic search channel that reached until 32.48% and also the paid search that reached until 20.37% ("SimilarWeb", 2019).

1.3 Problem Statement

Traveloka only took five years to become one of the companies classified as a unicorn. One of the reasons Traveloka could be classified as a unicorn is technology utilization. At that moment, Traveloka also launched the smartphone application to make it easier for people to buy flight tickets through their own phone. The technology has brought Traveloka out of its comfort zone in the website by adding some channels in the mobile applications. Following the traveler market trends make Traveloka should be transformed from transportation ticket service to solution solver for people who wants to travel (Dhimas, 2019).

According to the data from comScore, by not including the official airline websites, Traveloka is became the number one flight booking site in Indonesia. Even with a tight competition from online travel agency such as Tiket.com, Pergi, Wego and PegiPegi, Traveloka keeps the firm on top by providing the convenience of ease-of-use and simple booking experience in their site (Nastasia, 2016).

Since Traveloka provides the ease-of-use and convenience of user experience, one of the ways to predict the marketing activities carried out by Traveloka through their digital marketing which makes them as one of the unicorn companies is through investigating consumer trust toward consumer-generated media (CGM). Therefore, several factors are needed to be investigated such as information quality, perceived website quality, user satisfaction, and perceived website trust as intervening on their influence towards consumer intention to follow other users' advice as referral, to encourage repurchase intention, and preferences of reject other options. Understanding such factors is essential to gain insights for Traveloka in obtaining more customer loyalty.

Moreover, the exposure of startups unicorn is relatively new in Indonesia, thus there is the need to further investigate the market's preference to continue using

such startups. Related to this phenomenon, there has not been a research that explores the consumer trust toward consumer-generated media (CGM) in supporting Traveloka to become one of the startups unicorns and to measure the customer's loyalty in supporting Traveloka survives as the only one online travel service that included to the startup unicorns.

1.4 Research Question

Based on the phenomenon and literature reviews, the appropriate model to explain this situation is the antecedents and consequences of trust model. In this research, the independent variable source credibility and user experience are eliminated and the dependent variable repurchase intention is added.

Therefore, determined research questions are as follow:

1. How much is the consumers' assessment on the independent variables of this research? (Information Quality, Perceived Website Quality, and User Satisfaction with previous experience).
2. How much is their trust on the website?
3. How much is their loyalty? (Referral, Repurchase Intention, and Reject Other).
4. Do Information Quality, Perceived Website Quality, and User Satisfaction with previous experience influence Perceived Website Trust?
5. Does Perceived Website Trust influences loyalty? (Referral, Repurchase Intention, and Reject Other)
6. Is the proposed model in this research can be used to predict the loyalty of the customers? (Referral, Repurchase Intention, and Reject Other)

1.5 Research Purposes

The purposes of this research are:

1. To analyze consumer's assessment on Information Quality, Perceived Website Quality, and User Satisfaction with previous experience in the context of Traveloka's services.
2. To analyze the consumer's trust towards Traveloka's websites.

3. To analyze the consumer's loyalty towards Traveloka's services.

4. To investigate the value of Information Quality, Perceived Website Quality, and User Satisfaction with previous experience toward Perceived Website Trust on Traveloka's website.

5. To investigate and analyze the effect of intervening variable such as Perceived Website Trust in influencing Referral, Repurchase Intention, and Reject Other while using Traveloka's services.

6. To explore and test whether this proposed model can be used for predicting the loyalty of the customers of Traveloka's services.

1.6 Aims of Research

1.6.1 Business Aspects

The aims of this research hopefully can help Traveloka to optimize the performance by understanding the consumer behavior especially, to gain the consumer trust and also to deliver a better value thus achieving consumer loyalty.

1.6.2 Academic Aspects

The aims of this research hopefully add more understanding in the terms of influence from digital marketing. And also expected to support marketing literature and similar research in the similar object.

1.7 Research Scope

1.7.1 Location and Object of Study

The research will be conducted in Indonesia. The object of the study is Traveloka users that had been using the platform for at least three times visit in the range of age between 17-65 years old.

1.7.2 Time and Period

The period of this study starts from November 2019 to January 2020, which lasts three months.

1.8 Writing Systematic

CHAPTER I : INTRODUCTION

This chapter shows the research object overview, research background, problem statement, research question, research objectives, and research writing systematic.

CHAPTER II : LITERATURE REVIEW

This part tells about theories, previous researches, framework, hypotheses, and scope of the research.

CHAPTER III : RESEARCH METHODOLOGY

This chapter consists of type of research, operational variable, research stages, population and sampling technique, data gathering, type of data, data analysis technique and hypothesis testing.

CHAPTER IV: RESULTS AND DISCUSSION

This chapter consists of respondents' characteristics, research result, and study of research result.

CHAPTER V : CONCLUSION AND SUGGESTION

This last part of the research contains conclusion, research limitations, and suggestions of the research.