

CHAPTER 1

INTRODUCTION

1.1. Research Overview

PT Trinus Travelindo, often known as Traveloka, is a travel company in Southeast Asia that offers a variety of travel options on one platform. Ferry Unardi, Derianto Kusuma, and Albert Zhang launched the firm in 2012. The concept stems from the experience of Ferry Unardi, who frequently has problems arranging flights while returning to Padang, Indonesia, from the United States. Traveloka's early goal is to act as a conduit for comparing airfares from many web sites. Traveloka converted into a flight reservation site (www.traveloka.com) in mid-2013, where users may make bookings fast and conveniently by filling in the relevant details on its official website (Traveloka, 2022).

Traveloka's products vary greatly from ticket planes, hotels, apartments, guest houses, homestays, villas, resorts, train.tickets, JR.Pass, bus.and.travel.tickets, restaurants, airfare +hotel packages, drop off service airport pick up, activities and recreation, car rental, credit, internet package, internet, postpaid card, PLN, BPJS health, PDAM, Telkom, game vouchers, credit installments, cable and internet TV, credit cards, UN, gifts.vouchers, Multifinance, PBB, E- Money, and insurance.(About Traveloka, 2022).



Figure 1.1 Traveloka's Logo

Source: Traveloka, 2021

Figure 1.1 depicts a Traveloka logo that incorporates the emblem of the Godwit bird.

Godwit birds may travel up to 11 thousand kilometers without stopping in the wild. Godwit bird also has a character who is adventurous throughout the world, thus Traveloka utilizes godwit bird as a logo to actualize the character into his firm that can transport people around the world even if the distance is great. The bird's hue is blue, which represents strength, trust, and responsibility. Traveloka is said to have the potential to be the number one travel service provider in Indonesia, as well as a sense of duty toward the firm and its consumers.

1.1.1. Company Vision and Mission

According to Traveloka (2022) their vision and mission are:

Traveloka's Vision:

1. Make traveling easier, faster, and more enjoyable through technology.
2. Become one of the best Travel Agency (Travel Agent) companies in Indonesia
3. Contribute in improving tourism and transportation/travel industry in Indonesia.

Traveloka's Mission:

1. Always present the best products and services.
2. Provide convenience and comfort for every customer.
3. Continuously improve the company's human resources and infrastructure. Capabilities so that it can provide the best service to all its customers.
4. Establish and enhance cooperation with all business partners, both domestic and international.

1.1.2. Company's Address

Traveloka's head office is located Jl. BSD Grand Boulevard Jl. BSD Green Office Park No. Kel, Sampora, Kec. Cisauk, Kabupaten Tangerang, Banten 15345

1.2. Background

The rapid growth of technological advances has provided opportunities for consumers to interact with companies across multiple channels. Technology has been widely used among generations from older generation to younger generation, consumers' experiences can be influenced by the usage of these modern technologies, which are becoming more commonly accepted (Ngarmwongnoi et al., 2020). Based on data from We Are Social in Figure 1.1, in 2022 active internet users around the globe have reached 4.95 billion users. When compared to the worldwide population, more than half of the world's population is online.

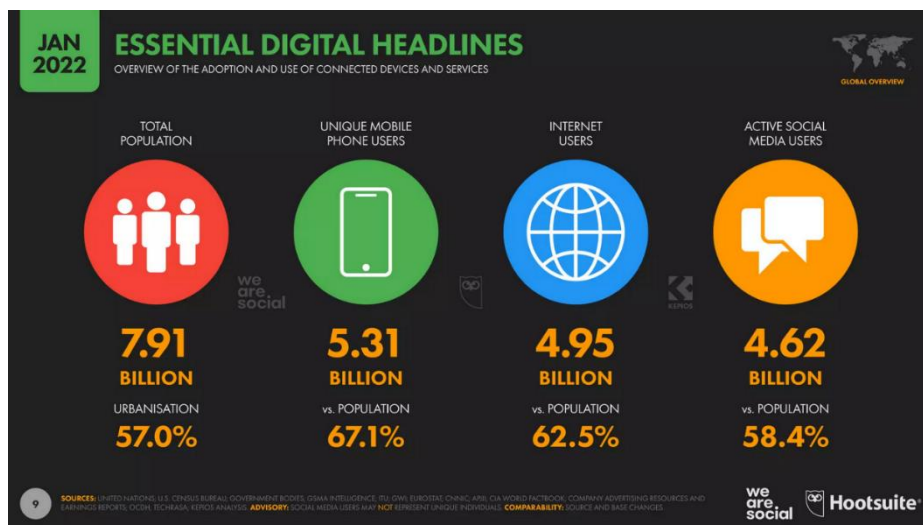


Figure 1.2 Amount of internet users in the world

Source: Wearesocial, 2022

With the increasing number of internet users around the world it is prevalent to see that social media has becoming a more accessible commodity for people around the world. Social media is online media that is used for long-distance communication necessities, the process of

interaction between one user and another user, and collecting information through a particular application device that uses the internet network to link people with a very large area coverage (Sekawan, 2020). Based on data from We Are Social in Figure 1.2 active social media users around the globe have reached 4.20 billion users, in Indonesia the active social media users have reached 191 million users. The internet activity most favored by Indonesian internet users is social media with the average time of 3 hours 17 minutes, until now there are 191 million Indonesians who are active users of social media increasing by 12,35% from 2021 (Rumahmedia, 2022). Figure 1.2 shows the active users of social media and internet users in Indonesia:

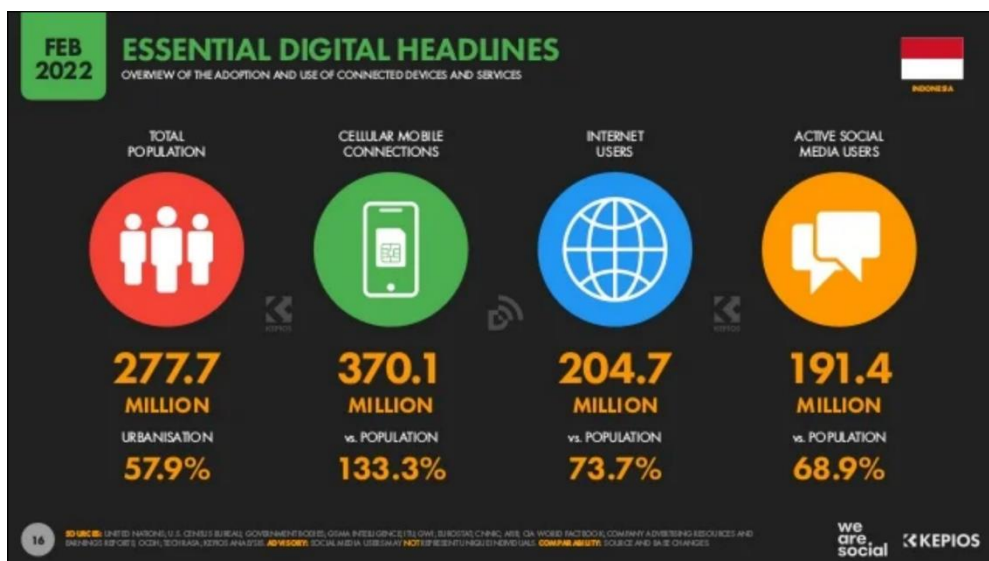


Figure 1.3 Amount of internet users in Indonesia

Source: Wearesocial, 2022

According to the digital report 2022 Wearesocial with Hootsuite that TikTok is rising to be the most used app in the world ranking in number 6 with the total of 1 billion active users subsequently Wearesocial also provided the average time spent in social media apps showing the rising

popularity of TikTok in Indonesia, rising by 67% from last year with an average time of 23.1 hours per month.

TikTok is a digital network that is gaining popular in Indonesian society, particularly among millennials aged 18 to 24. TikTok may undoubtedly be a solid market share for promoting SME and IKM products, with 99 million users in Indonesia and a total of 1,5billion users in the world (Wearesocial, 2022)

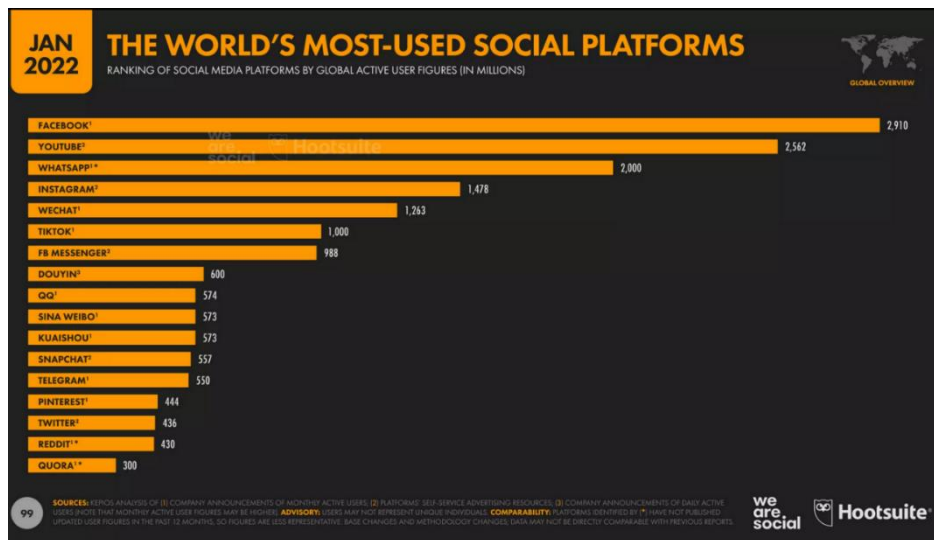


Figure 1.4 Most used social media platform in the world

Source: Wearesocial, 2022

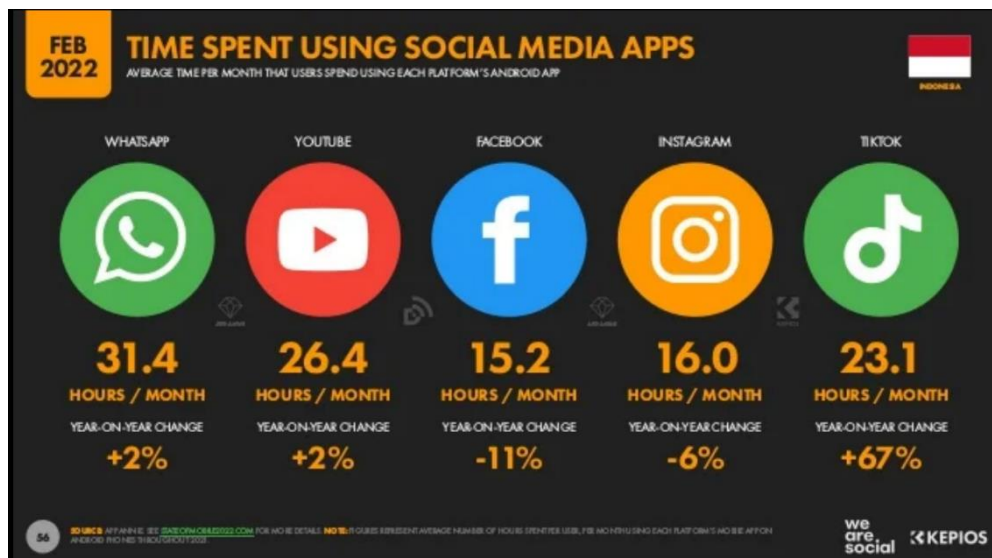


Figure 1.5 Time spent on social media apps in Indonesia

Source: Wearesocial, 2022

With the rapid development of technology, encouraging various types of system changes in the business world, particularly systems in product marketing, more advanced entertainment applications such as TikTok can cause business people to experience development and competition is also becoming increasingly competitive. TikTok is a Chinese and American leading short video sharing social network that allows users to produce films of singing and dancing, according to Tagar (2020). TikTok is currently used in 154 countries throughout the world, with 800 million daily active users, which increases TikTok's income proportionally to its expanding popularity.

Since its inception 9 years ago, Traveloka's development has been fairly rapid in the world of the Indonesian business industry. In mid-2013, Traveloka officially provides flight ticket reservation services. In 2014, Traveloka has expanded its wings to assist users in making hotel room reservations online. Traveloka does not only provide flight ticket reservation services. Customers can also make reservations for other means of transportation such as trains, buses, and even car rentals. In addition to providing hotel room reservation services. Customers can also make reservations for apartments, guest houses, villas, resorts,

and others. Now there are more than 100 airlines cooperating with Traveloka both domestically and internationally.

Apart from using the Traveloka website, access is also available in an application that can be downloaded for iOS and Android. To make reservations for services available at Traveloka, various payment methods are provided that make it easier for customers. However, with the Covid-19 pandemic making the Travel business Agents, airlines, and the tourism sector have decreased drastically because sales related to travel needs are increasingly being avoided every day because people are afraid of a pandemic, government regulations require convenience for the public before traveling, and convenience in passenger capacity for transportation and the tourism sector. tourism so this has a huge impact on purchasing travel agents which will be increasingly quiet. This was approved by the World Travel & Tourism Council (WTTC) where this industry will recover in 2022 (Supriyatna, 2020). However, as time went on, the positive number of Covid-19 in Indonesia began to decline. So that the tourism sector in Indonesia has the potential to develop again. This fact can be seen from the following Figure 1.4:

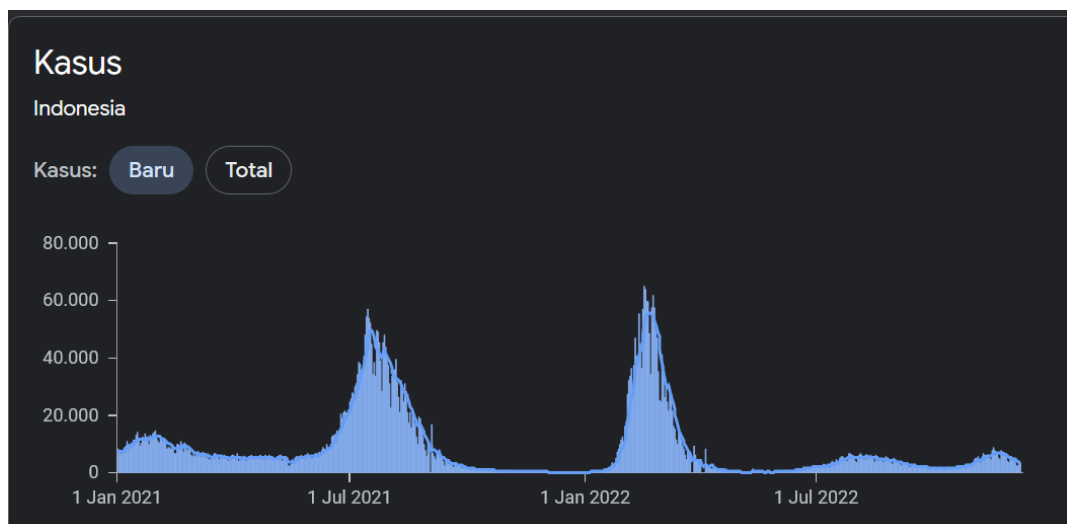


Figure 1.6 Covid Cases in Indonesia Period 2021-2022

Source: Google, 2022

From the picture above it can be seen that the number of cases of the Covid-19 virus is the most the number in July 2021 and in January 2022. However, currently it appears that in July 2022 the number of covid in Indonesia has dropped dramatically due to the government implementing the PPKM policy (imposing restrictions on community activities) and requiring vaccines for all people in various regions. This statement is supported with research conducted by Statista on 2022 about the total number of domestic trips in Indonesia decreasing in 2019-2020 by 200 million from 722 million to 518 million and a significant increase in 2020-2021 from 518 to 603 million trips.

According to Siti (2022) 80% of tourists use the internet to find hotel information. Apart from official hotel websites, booking through Online travel agents (OTA) is becoming very popular. Since the launch of Expedia in 1996, Priceline in 1997, Hotwire in 2000, and the introduction of other OTAs, hotel distribution channels have changed drastically.

The use of internet to find travel information has change the way people travel where travellers used to bring along a guidebook and trust the word-of-mouth recommendations, nowadays the internet eliminates the need for such endeavour instead travellers are equipped with new technologies that helped them plan their travel (Bearne, 2016). With the risen use of technology around the world, the online ticket business in Asia has risen each following years as shown as the figure below:

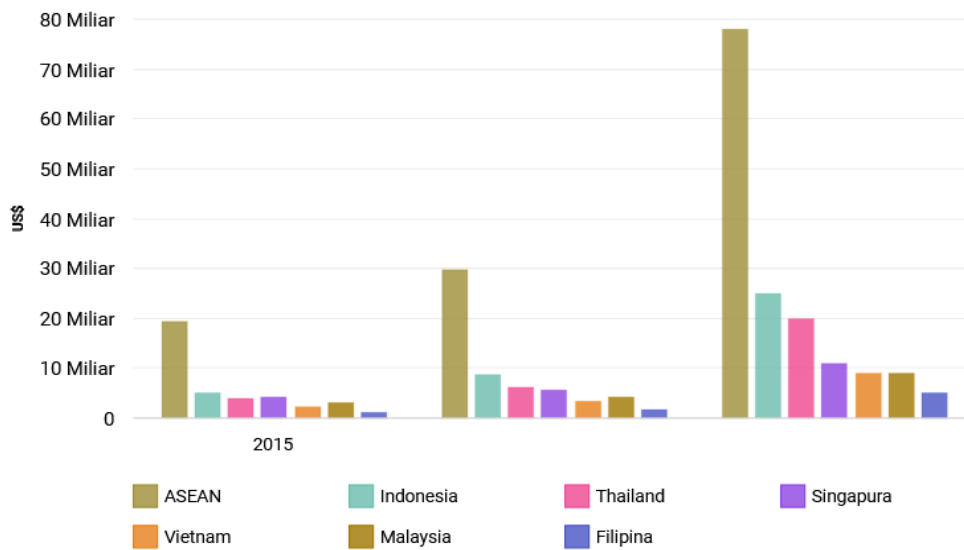


Figure 1.7 Online ticket transaction in SEA in 2018

Source: Databoks.katadata, 2018

The figure shows the increasing number of online ticket transaction in South East Asia (SEA), the numbers show the increasing value of SEA’s online ticketing industry with Indonesia as the biggest contributors, contributing 8,6 Million dollars an increase of 20% from 2015, and the number is predicted to reach 25 million dollars in 2025.

According to Travel Kompas (2022) globally, most international tourists spend more to gain experiences, than to buy things while in a destination. There is also an of 60% from pre-pandemic levels until March 2022.

According to an analysis by the Mastercard Economics Institute, if the flight ticket booking trend continues as it is today, it is estimated that at least 430 million passengers will fly in Asia Pacific compared to last year. Meaning there will be a very promising increase in the travel industry.

Table 1.1 Comparison of OTA Website and mobile visitors in Indonesia

No	OTA	Website and Mobile Visit
1	Traveloka.com	15.600.000
2	Tiket.com	11.300.000
3	Tripadvisor.co.id	3.900.000
4	Pegipegi.com	1.400.000

Source: Similarweb, 2022

The following is a list of the comparison of Online Travel Agent (OTA) website visitors for 2022 based on website and mobile traffic of the well-known OTA services according to Similarweb.com as of December 6, 2022: Based on table 1.5 data it can be said that according to category a domestically made Online Travel Agent (OTA) startup, Traveloka has entered the ranks of OTAs that have a lot of website visitors when compared to PegiPegi, Tiket.com and TripAdvisor. This is recognized by (CekAja, 2018) with the OTA website category having the most visitors in first place, and according to Daily Social research where Traveloka is the first most popular OTA in Indonesia surpassing Tiket.com (Zebua, 2018).

Viral marketing in this information centric era has a very important role it is important for companies to stay ahead especially in the world hospitality industry. Kotler & Keller, (2016:278) mentioned that viral marketing is one of the factors that can influence. According to Ina & Azis (2022) viral marketing has significant influence on purchase intentions and purchase decisions. In dealing with competitors, companies can use viral marketing as a means to provide an unforgettable information to its customers, Viral Marketing or also called WOM (Word of Mouth Marketing). According to Kotler and Keller (2016: 278), Viral Marketing is a form of online WOM or "word of mouth", that encourages consumers to pass along company-developed products and services or audio, video, or written information to others online. according to (Investopedia, 2022) viral marketing made this possible by the means of providing word of mouth information that would spread onto other potential customers. In the hospitality industry, of course, it will highlight its marketing strategy in terms of presenting existing products and services.

Products and services presented with excellent service will produce an experience for the guests who come, it will also be useful to get the best ratings from customers. According to (Chaffey & Chadwick, 2016:530) viral marketing occurs by creating entertaining or informative messages that would be shared in epidemic like fashion, often electronically or by email. This study will be using four dimensions of viral marketing, The dimensions that can be used as benchmarks in Viral Marketing strategy are informativeness, entertainment, irritation, Quantity and credibility, to examine its impact on the dependent variable, intention toward viral marketing (Tricahyono & Utami, 2019).

Adopting TikTok as part of marketing has its own drawbacks, online word of mouth can increase marketing effectiveness but can also destroy the reputation of the company's brand image that has been built, namely when there is a mismatch of activities within the company. The discrepancy in question is the incompatibility of the expectations that consumers want, if the consumer is dissatisfied with the product/service used, the consumer does not recommend it to potential customers through discussion and can destroy the company's brand image that has been built (Mardikantoro, A. A., & Wibowo, S. (2018).

With the TikTok platform, PT Trinus Travelindo (Traveloka) uses it as a promotional medium. With the addition of the Covid-19 pandemic which makes consumers feel afraid to leave the house even though with TikTok, consumers can see the products and services provided by Traveloka. One of the promotional media used by Traveloka is the TikTok application with the account name @Traveloka. Tourism practices and decisions to visit a destination are increasingly influenced by the opinions of content creators channelled through social media, because it is very interesting to explore the experiences felt in tourism travel content, the role of TikTok content is very important in the tourism sector because tourism is an information-intensive industry. (Oliveira, Araujo, & Tam, 2020).



Figure 1.8 Traveloka’s Viral Tiktok Content

Source: Tiktok, 2022

Based on the descriptions and problems that have been previously described, and research related journal. The author will use the Traveloka as the object. Viral Marketing Dimensions as the X variable (Independent Variable) that can influence Purchase intention as the Y variable (Dependent Variable). The title taken in this thesis is **“THE INFLUENCE OF VIRAL MARKETING THROUGH TIKTOK ON PURCHASE INTENTION ON TRAVELOKA”**

1.3. Problem Formulation

According to World Travel & Tourism Council (WTTC) the covid-19 pandemic has hit the tourism industry quite hard and has given the industry a major setback during this pandemic period, however the industry remained strong in the face of this adversity, WTTC mentioned that 58% of travellers prefer to take domestic trips for the rest of 2020 period, it is also mentioned that the tourism sector will recover in 2022. This is proven by the decreasing number of covid cases in figure 1.4 where it is shown the increase spike in July 2021 and again in January 2022, and slowly decreasing and stabilizing overtime. As the pandemic cases stabilized people have adjust their live back, according to Statista (2022) the number of domestic trips in Indonesia have been increasing in the 2020-2021 period increasing significantly from 518 to 603 million of domestic trips.

According to (Bearne, 2016) the internet has changed the way travellers plan their trips where travellers search for information about their destination to plan properly, and according to another research (Siti, 2022) 80% of tourist uses Online Travel Agent (OTA) services as their main tool to schedule their trips, the risen use of OTA services are prominent in South East Asia, where the online ticketing industry has risen each year from 2015 where it can be seen in figure 1.4 Indonesia as the key prominent country in the industry, and is predicted to reach 25 million US dollars in 2025.

The travel industry is expected to increase significantly, with an estimated 430 million passengers flying in Asia Pacific compared to last year. According to Travel Kompas (2022), international tourists spend more to gain experiences than to buy things while in a destination, and there is a 60% increase from pre-pandemic levels until March 2022.

Another prominent aspect of Indonesia is the main usage of social media as their most favoured activity as seen in figure 1.2 with the average time of 3 hours, one of the rising stars in the Indonesian social media industry is TikTok as seen in figure 1.4 consolidating its position as the world's second largest TikTok user country, notably among millennials aged 18 to 24. TikTok, with 99 million users in Indonesia and a total of 1.5 billion users worldwide, is surely a substantial market

share for advertising products (Wearesocial, 2022). Social media marketing is an effective approach for businesses of all sizes to reach out to prospects and consumers. On social media, people find, learn about, follow, and buy from businesses (Wordstream, 2020).

Traditionally word-of-mouth is known as a one-to-one communication between customers share information about the product or services that they have experienced with their friends and families even to a certain point towards a stranger. However, with the advancement of technology, this type of communication process has changed to suit the online nature of today's environment, networks such as Facebook, Instagram, YouTube, Snapchat, Twitter, TikTok, Etc. and thus the name Electronic Word-of-Mouth (e-WOM) Emerged (Hamade, 2021).

e-WOM is known for many names one of them being viral marketing, according to Kotler and Keller (2016: 278), Viral Marketing is a form of online WOM or "word of mouth", that encourages consumers to pass along company-developed products and services or audio, video, or written information to others online. Viral marketing has four dimensions that can influence consumers that being Informativeness, Entertainment, Irritation, and credibility (Tricahyono et al, 2019) This marketing technique functions to encourage someone to convey messages or product information back in a strong, periodic and sustainable manner (jurnal.id, 2022).

Related to this phenomenon, there has been research exploring the influence of viral marketing on purchase intention. However, there has not been research that explores the influence of viral marketing on purchase intention through TikTok with Traveloka's as the object.

Based on the background description above, the problem formulation of this study are as follows:

1. How much do the rate of Viral Marketing dimensions (Informativeness, Entertainment, Irritation, Quantity, and Credibility) of Traveloka based on respondents?
2. How much do the rate of Purchase Intention of respondents towards Traveloka?
3. Is there a significant influence of Viral Marketing dimensions (Informativeness, Entertainment, Irritation, Quantity, and Credibility) on Purchase Intention?

1.4. Research Purposes

Based on the formulation of the problem above, this study aims to analyze:

1. To find the rate of Viral Marketing dimensions (Informativeness, Entertainment, Irritation, Credibility of Traveloka based on respondents
2. To find the rate of Purchase Intention based on the respondents for Traveloka
3. To find if there are significant influence between Informativeness, Entertainment, Irritation, and Credibility on Purchase Intention

1.5. Significance of Research

1.5.1. Theoretical

The result of this study is expected to be a way of presenting information to give insights about the influence of Viral marketing in marketing, make use of Viral Marketing as a marketing strategy, and reference of marketing analysis of the OTA industry and a contribution towards future research in the same industry.

1.5.2. Practical

A. For Author

The result of this study is expected to help the author gain knowledge in marketing field, especially in social media and digital marketing to gain knowledge about the social media platform Tiktok and its potential use for other industry.

B. For Traveloka brand

The result of this study is expected to help Traveloka improve their marketing strategy on TikTok, and other social media platforms used by Traveloka and gain advantage with the use of electronic word-of-mouth to boost their marketing and sales.

1.6. Research Scope

The goal of research scope is to maintain the research within its area. To keep the research focused, the study's subjects are Indonesian TikTok users who have seen travel material on TikTok, are familiar with the Traveloka brand, and have seen Traveloka content on TikTok. This study employs independent factors linked to information appraisal, such as information quality, information quantity, information credibility, information usefulness, and information adoption. Purchase intention is chosen as the dependent variable.

1.7. The Systematic of Mini Thesis Writing

To present a clear image of the study, the author produces a systematic writing that includes information on the material and topics covered in each chapter, allowing this thesis to be directed and purposeful. This study's systematic writing is as follows:

CHAPTER 1: INTRODUCTION

This chapter is a general explanation of the object overview, research background, problem statements, research questions, research objectives, significance of research, scope of research and systematic of writing

CHAPTER 2: LITERATURE REVIEW

This chapter presents a summary of the theory, previous research, framework thinking, and hypotheses.

CHAPTER 3: RESEARCH METHODOLOGY

This chapter explains the description of the type of research, operational variables, stages research, population and research sampling techniques, data collection and analysis techniques data used in research.

CHAPTER 4: RESULTS AND DISCUSSION

This chapter contains findings in the data that have been successfully analysed by proving the research hypothesis.

CHAPTER 5: CONCLUSION

This chapter discusses conclusions and suggestions as a result and writing this final project