

CHAPTER 1

INTRODUCTION

1.1 Overview of Research Object

This study examines the influence of electronic word-of-mouth (eWOM) on hotel booking decisions via online travel agencies (OTAs) in Indonesia. With growing internet access and digital infrastructure, Indonesians increasingly use OTAs like Traveloka, Agoda, Booking.com, and Tiket.com. These platforms rely on eWOM—reviews, ratings, and recommendations—to build trust and enhance customer experience. In Indonesia’s thriving tourism sector, eWOM plays a key role in shaping consumer perceptions and decisions (Christin & Nugraha, 2022).

This research explores how eWOM influences consumer decisions in Indonesia’s OTA market, focusing on information credibility, quality, quantity, and reviewer expertise. Guided by the Information Adoption Model (IAM) and Theory of Reasoned Action (TRA), it examines impacts on trust, satisfaction, and purchase intention. It also considers the role of attitude and subjective norms—key in Indonesia’s collectivist culture where community recommendations matter. By analyzing multiple OTAs like Traveloka, Agoda, and Tiket.com, the study offers a broad view of Indonesia’s OTA landscape (Christin & Nugraha, 2022).

This study also aims to offer practical suggestions for improving eWOM effectiveness in Indonesia’s competitive OTA industry. Strategies include managing user reviews, using localized content, improving website/app usability, and building trust through credible and authentic information (Ye et al., 2019).

1.2 Research Background

The selection of hotels has significantly evolved with the advancement of the tourism industry in Indonesia. The increasing use of internet-based solutions and emerging technologies has shifted consumer behaviour, reducing reliance on traditional methods of booking accommodations. Online Travel Agents (OTAs) have played a crucial role in transforming the hotel booking process, making it more accessible and convenient for travellers (Pramudita et al., 2020).

Electronic Word-of-Mouth (eWOM) has become a key factor influencing consumers' purchasing intentions when booking hotels through OTAs. Electronic word-of-mouth (E-WOM) helps minimize the perceived risks and uncertainties consumers face when intentions to purchase a product or service, thereby increasing its influence on their intention to buy (Akbar et al., 2022). With many accommodation options, consumers rely heavily on online reviews, ratings, and recommendations to choose hotels. OTAs like Traveloka, Agoda, Booking.com, and Tiket.com make booking easy by including user-generated content. Understanding how eWOM affects hotel booking intentions helps OTAs improve services and meet consumer needs in a competitive market (Indiania et al., 2023).

In today's competitive digital market, strong promotional strategies are key for OTAs to attract and retain customers. Platforms use Instagram, YouTube, and Google ads to boost visibility and engagement. Discounts and special offers also encourage bookings. Understanding how consumers respond to these promotions helps improve marketing and sales (Giri & Alfuruqi, 2023).

Beyond promotions, consumer trust is crucial in online hotel bookings. Trust comes from clear pricing, accurate info, secure payments, and good customer service. Positive reviews and high app ratings (e.g., Google Play, App Store) help build confidence and loyalty. As eWOM influences consumer views, OTAs must focus on reliable service and trust-building (Wijaya & Widodo, 2020).

This research focuses on how eWOM—such as reviews, ratings, and testimonials—affects online hotel booking intentions in Indonesian OTAs. As consumers rely more on online feedback, understanding eWOM's role is crucial for OTAs to improve engagement and build trust in a competitive tourism market (Purba & Paramita, 2021).

OTAs like Traveloka, Agoda, Booking.com, and Tiket.com have transformed travel in Indonesia by offering easy bookings and many accommodation choices. However, consumer trust is still a challenge—especially with refunds, booking changes, and price fluctuations during peak seasons (Pangestu et al., 2024). Issues like hard-to-change dates or cancellations can reduce confidence and loyalty (Saunders, Lewis, & Thornhill, 2019). Clear pricing and

better customer service are needed to build long-term trust.

Past studies show that promotions like discounts, flash sales, and loyalty programs influence consumer decisions (Lak, 2019; Syahriyanti, 2021). Trust is also key to online engagement and brand loyalty (Sugara & Dewantara, 2021). However, there's still a gap in understanding how promotions help build trust—especially in Indonesia's OTA market. This study addresses that gap by exploring how eWOM and promotions affect trust, helping OTAs improve marketing and customer confidence.

E-commerce has reshaped the travel industry, with OTAs becoming major players (Buhalis et al., 2020). Younger travelers now depend on search engines, social media, and apps to plan trips (Cham et al., 2020). As a result, online hotel bookings are rising due to demand for convenience, transparency, and good pricing (Zahratu & Hurriyati, 2020). To stay competitive, OTAs need to understand what drives consumer decisions and loyalty (Dutta et al., 2019).

OTAs have changed how people find and book hotels. Since the late 1990s, they've grown rapidly—especially with digital advances during the Fourth Industrial Revolution. The COVID-19 pandemic also pushed more consumers to use online booking. In Indonesia, platforms like Traveloka, Agoda, Booking.com, and Tiket.com have become popular, helped by eWOM—reviews, ratings, and recommendations. These influence trust, perception, and purchase decisions. As digital use grows, understanding eWOM's role is key for OTAs to improve marketing and build loyalty (Wu, 2024).

Electronic Word-of-Mouth (eWOM) like online reviews, ratings, and recommendations strongly influences hotel booking decisions on OTAs. It helps consumers assess service quality, reliability, and trust. In Indonesia, where people rely on community and peer recommendations, eWOM is especially important for building trust and shaping buying behavior (Indiana et al., 2023). While eWOM's role in tourism is well-known, its impact in the Indonesian context with unique cultural and social factors has been less studied.

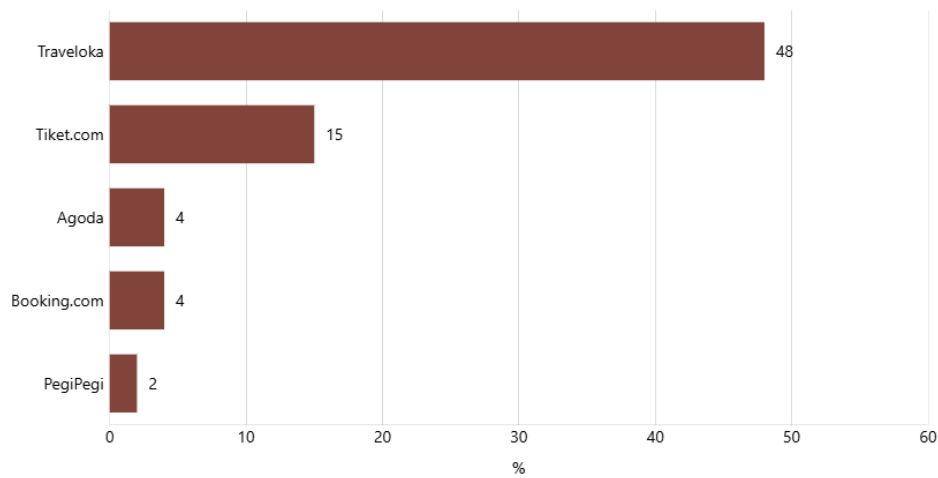


Figure 1. 1 People's Choice Hotel Ticket Booking App for Year-End Holiday

Source: databoks (2021)

Based on the figure above, Traveloka emerges as the most dominant platform used by the public for hotel reservations during the holiday season. Representing 48% of respondents, Traveloka significantly outperforms other platforms such as Tiket.com (15%), Agoda and Booking.com (each 4%), and PegiPegi (2%). This substantial lead highlights Traveloka's strong market position and high level of consumer trust in the online hotel booking industry in Indonesia. Several factors may contribute to this preference, including a user-friendly interface, a wide selection of hotel options, attractive promotional offers, integrated payment features, and its reputation as one of the pioneering travel-tech platforms in the region. Overall, the data reflect Traveloka's role not only as a market leader but also as the primary choice among Indonesian consumers when planning year-end travel accommodations.

With growing competition among OTAs like Traveloka, Agoda, Tiket.com, and Booking.com, it's important to understand how eWOM affects purchase decisions. This study explores key eWOM factors—information credibility, quality, and reviewer expertise (Hossain, 2024). Using the Information Adoption Model (IAM) and Theory of Reasoned Action (TRA), it examines how eWOM influences consumer attitudes and decisions. The findings aim to help OTAs in Indonesia improve trust, user engagement, and competitiveness by refining their eWOM strategies and platforms.

Indonesian OTAs like Traveloka, Agoda, Booking.com, and Tiket.com stand out by offering localized, all-in-one services for Southeast Asian travellers. Unlike global OTAs, they go beyond hotels and flights to include bus and train tickets, airport transfers, car rentals, attraction and event tickets, and dining. This integrated approach makes trip planning easier by letting users manage everything in one place without switching platforms (Meirejeki et al., 2023).

A key strength of Indonesian OTAs is their localized approach. Unlike global platforms with standardized models, local OTAs adapt to Southeast Asian preferences—offering local languages, currencies, and various payment methods. Since credit card use is low in the region, they support bank transfers, e-wallets, and even cash at convenience stores. This makes platforms like Traveloka, Tiket.com, and PegiPegi more accessible than global competitors like Expedia or Booking.com (Meirejeki et al., 2023).

Indonesian OTAs are strong in promotional strategies, offering more than just hotel or flight discounts. They provide bundled travel packages, seasonal deals, and work with local businesses to give discounts on dining, entertainment, and activities. Bundling options help users save money by booking flights and hotels together. These efforts make Indonesian OTAs more engaging and competitive in Southeast Asia's travel market (Giri & Alfaruqi, 2023).

A standout feature of Indonesian OTAs like Traveloka, Tiket.com, and PegiPegi is the "PayLater" option. It lets users book now and pay in installments, helping budget-conscious travelers manage costs. Since affordability is a key issue in Southeast Asia, PayLater makes travel more accessible. Features like price alerts also help users track ticket and hotel deals—something many global OTAs like Expedia and Booking.com don't offer (Meirejeki et al., 2023).

Transparency and user experience are major strengths of Indonesian OTAs. Unlike some global platforms with hidden fees or unclear refund policies, local OTAs clearly show prices and rules to build trust. Their user-friendly apps and websites cater to both new and experienced travelers. With smart filters—like flight times, hotel amenities, and transport options—users can easily find what they need for a smooth booking experience (Ye et al., 2019).

Indonesian OTAs like Traveloka, Tiket.com, and PegiPegi provide fast, localized customer support—a key advantage over global platforms. They offer 24/7 multilingual service in languages like Indonesian and Malay, helping users with cancellations, rescheduling, or refunds. This boosts customer satisfaction. In contrast, global OTAs like Expedia often have slower support and limited language options, causing frustration for non-English-speaking users (Pangestu et al., 2024).

Indonesian OTAs understand local culture and economy, which helps them tailor services to match regional preferences. Unlike global platforms with one-size-fits-all offers, local OTAs create travel packages and promos for festivals, holidays, and cultural events. This cultural fit gives them a strong edge over international competitors in Southeast Asia's travel market (Indiania et al., 2023).

This research studies how electronic word-of-mouth (eWOM) affects purchase intention in online hotel bookings via OTAs in Indonesia. The topic is based on the digital shift in travel and how more people rely on online reviews and ratings to decide. As internet and smartphone use grow, platforms like Traveloka, Agoda, Booking.com, and Tiket.com have become popular. These sites use user-generated reviews (eWOM) to influence future customer decisions (Purba & Paramita, 2021).

Research shows that eWOM strongly influences consumer behavior. Cheung et al. (2008) found that credible reviews and strong arguments help people adopt information, which then affects their decision to buy. Reviews that seem logical and come from experienced users are more trusted. Similarly, Ismagilova et al. (2020) found that a reviewer's credibility and experience directly affect how much consumers trust the review and their intention to book.

Lamba and Aggarwal (2014) explain that eWOM not only shares information but also persuades, using real experiences from other users. Khoirunnisa & Albari (2023) add that positive eWOM builds trust and reduces perceived risk, which increases people's willingness to buy. In Indonesia's collectivist culture, where people value group opinions, online reviews and ratings are often more influential than traditional ads.

This research is based on two main theories: the Information Adoption

Model (IAM) and the Theory of Planned Behavior (TPB). IAM shows that people are more likely to trust and use information if it's high quality and comes from a credible source. TPB explains that attitudes, peer influence (subjective norms), and control over behavior shape a person's intention to act. These models help explain why travelers rely on eWOM when making hotel bookings, especially when there's a risk of wasting money or having a bad experience (Hossain, 2024).

This research also addresses a gap in existing studies. While many studies explore eWOM generally, few examine how its components—credibility, quality, quantity, and reviewer expertise—together influence consumer trust and buying decisions in Indonesia's OTA market (Hossain, 2024). Most research also overlooks how Southeast Asia's cultural and economic context can affect the impact of eWOM. According to Ramadhan & Millanyani (2024), eWOM strongly shapes consumer behavior, particularly by increasing purchase intention. Their findings highlight the importance of managing positive online reviews and recommendations to influence consumer decisions.

This research is academically significant, as it contributes to the fields of digital marketing and consumer psychology. At the same time, it is practically useful for OTAs in Indonesia. The findings can help improve how platforms manage online reviews, enhance information credibility, and build long-term trust and customer loyalty (Christin & Nugraha, 2022). Overall, this study connects real consumer behavior with strong theoretical and empirical foundations, benefiting both scholars and businesses.

Therefore, based on this background and the phenomenon that occurred, the purpose of this research is to conduct further exploration related to this matter. **"THE INFLUENCE OF ELECTRONIC WORD-OF-MOUTH ON ONLINE HOTEL BOOKING PURCHASING INTENTION IN ONLINE TRAVEL AGENT"** It is expected that this study will contribute meaningfully to the field of marketing and digital consumer behavior, particularly in providing insights for online travel agent (OTA) platforms to better understand and enhance purchasing intention through effective electronic word-of-mouth strategies.

1.3 The Problem Formulation

Online Travel Agencies (OTAs) have become essential platforms for consumers seeking travel-related services. The success of these platforms largely depends on the credibility and quality of information available, as well as the influence of user-generated content such as reviews, ratings, and recommendations. However, despite the growing reliance on OTAs, consumers may face challenges in adopting and trusting the information presented, which in turn affects their purchasing decisions.

Existing research suggests that factors such as information credibility, information quality, reviewer expertise, the amount of available information, and product ratings influence the adoption of information on OTA platforms. Additionally, subjective norms and consumer attitudes may play a role in shaping consumers' purchasing intentions. However, there is a need for further investigation into how these factors interact and collectively impact consumer behaviour.

1. Does information credibility affect information adoption on OTA platforms?
2. Does the impact of information quality on consumers' adoption of information on OTA platforms?
3. Does reviewer expertise influence information adoption?
4. Does the amount of available information contribute to the adoption of information on OTA platforms?
5. Does the role of product ratings play in shaping consumers' adoption of information?
6. Does information adoption affect consumer attitudes towards OTA platforms?
7. Does consumer attitudes and purchase intentions have a relation on OTA platforms?
8. Do subjective norms influence information adoption on OTA platforms?
9. Does the effect of subjective norms on consumer attitudes towards OTA platforms?
10. Does subjective norms influence consumers' purchase intentions on OTA

platforms?

1.4 Research Objectives

The objectives of this research are designed to address critical gaps in understanding consumer behaviour, trust, and engagement within the Indonesian Online Travel Agent (OTA) market, with a specific focus on platforms like Traveloka, Tiket.com, and Agoda. Given the intense competition in the online travel sector, it is crucial for OTAs to analyse how promotional strategies, consumer trust, and electronic word-of-mouth (eWOM) influence customer loyalty and purchasing behaviour. This study aims to explore the key factors driving consumer decision-making, including the impact of discounts, social media advertising, refund policies, and transparent pricing strategies. Additionally, it will examine how social and cultural factors shape consumer perceptions of OTAs, particularly in a market where trust and peer recommendations heavily influence online booking decisions. Furthermore, the research will investigate the role of perceived value and trust as mediators in shaping consumer behaviour and purchasing intentions.

Beyond internal marketing efforts, this study will also analyse how the broader digital economy and external market forces impact OTAs' strategic directions and long-term growth. The findings will provide practical recommendations to help OTAs refine their marketing strategies, enhance consumer engagement, and build long-term customer relationships in Indonesia's evolving digital tourism landscape.

1. To examine the effect of information credibility on information adoption in OTA platforms.
2. To analyse the impact of information quality on information adoption in OTA platforms.
3. To assess the influence of reviewer expertise on information adoption in OTA platforms.
4. To investigate how the amount of available information affects information adoption in OTA platforms.
5. To evaluate the role of product ratings in shaping consumers' adoption of

information in OTA platforms.

6. To determine the impact of information adoption on consumer attitudes towards OTA platforms.
7. To analyse the relationship between consumer attitudes and purchase intentions on OTA platforms.
8. To explore the influence of subjective norms on information adoption in OTA platforms.
9. To assess the effect of subjective norms on consumer attitudes towards OTA platforms.
10. To examine the impact of subjective norms on purchase intentions on OTA platforms.

1.5 Research Benefit

1.5.1 Academic Benefits

1. Adding to the existing literature on e-marketing strategies, particularly on promotional activities and its relation with EWOM and impact on consumer behaviour in the OTA context.
2. Enhances the knowledge of how trust and perceived value work as moderators of consumer decisions, presenting theoretical guidelines for further research in the context of the digital economy and tourism.

1.5.2 Practical Benefits

1. Helps OTAs in Indonesia to optimize their marketing activities based on knowledge of the outcomes of promotions, trust-related activities, and EWOM on customer loyalty and purchase behaviour.
2. Provides practical advice and recommendations on how to increase the customers' loyalty and achieve their satisfaction regarding the organization's price policies, refund systems, and appeals to consumers' culture.

1.6 The Systematic of Mini Thesis Writing

a) Chapter I: Introduction

- 1.1 Overview of Research Object
- 1.2 Research background

1.3 Problem formulation

1.4 Research objectives

1.5 Research benefit

1.6 Systematic of mini thesis writing

b) Chapter II: Literature Review

2.1 Theory and Previous Research: This section will discuss the theories and the literature accomplished in the e-marketing and consumer behaviour in the tourism sector.

2.2 Framework of Thought: The following section in this research will describe the theoretical foundation of the study, such as the Technology Acceptance Model and Theory of Planned Behavior.

2.3 Research Hypothesis: Here, the hypotheses developed for the quantitative study considering the reviewed literature and theoretical frameworks formulated will be provided.

c) Chapter III: Research Methodology

Explanation of the study approach, the choice of participants, procedures for data collection and analysis.

d) Chapter IV: Results and Discussion

Overview of the research results, examination of the data, review of the consequences of the outcomes.

e) Chapter V: Conclusion

The conclusion of the research analysis, of the result deduced from the study and the recommendation for Traveloka and the overall tourism sector.