CHAPTER I
INTRODUCTION

1.1 Background of the Research

The coronavirus has significantly changed the marketing landscape beyond recognition, budgets are frozen, events are cancelled and consumer behavior has changed, also business environment has changed. In an early April McKinsey survey of nearly 700 respondents in Indonesia, 49 percent said they believed the Indonesian economy would recover in 2 to 3 months and grow at the same or even faster pace than before COVID-19. This consumer confidence stands in stark contrast to the feelings of people in more developed countries (Dahiya, Kapil & Potia, 2020). The situation in Covid19 has made the development of technology and the internet very fast, because in this Covid19 situation the government issued regulations to limit social interactions which have an impact on work from home and school from home policies.

This situation can be supported by the emergence of everything that is internet-based, facilitating online access, in the form of news, current information, even the very rapid growth of sales and purchases made online using the internet. Various studies and predictions of consumer behavior and preferences related to the COVID-19 crisis on behaviors that are beneficial to consumer health and consumer preferences (Borsellino et al., 2020) with the advent of internet-based applications, online purchasing and sales have increased through media platforms. With the Covid-19 pandemic, technological developments, especially the digital world, have led to more sales of products online because they can meet human needs to be more effective in time and efficient.

In today's modernization era, many businesses are starting to develop businesses that are managed off-line starting to go online using the internet. After the booming of the internet, people's lifestyle changes and the buying behavior also change its can be seen from the development of internet use every year. According to APJII Data from statistics on internet users in Indonesia in 2018 are based on the following detailed survey below:

Table 1.1

Data number of Internet User in Indonesia

Year	No of Internet Use	Population of Indonesia	Percentage
2017	143,26 million people	262 million people	54,68%
2018	171, 17 million people	264, 16 million people	64,80%

Source (www.apjii.com)

The survey from APJII (Indonesia Internet Service Provider Association) 2017 the number of Internet user in Indonesia showed 143, 26 million users of internet from total number of population in Indonesia 262 million people. The last survey at 2018 the user internet penetration increasingly to be 171, 17 million users of internet from total number of population in Indonesia 264, 16 million peoples. Based on that data we can see the data on population increase and also the user of the internet increase every year. Supported by research of Hootsuite (we are social) Data from statistics on internet users in Indonesia in 2020 are based on detailed survey results as follows:
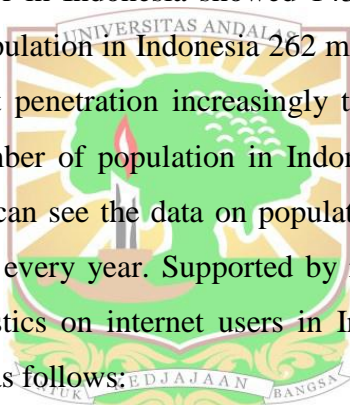
Table 1.2

Data number of Internet user in Indonesia

Year	No of Internet Use	Population of Indonesia	Percentage
2019	150.0 million people	268 million people	56 %
2020	175,4 million people	272, 1 million people	64 %

Source (www.wearesocial.com)

Based on data released at the end of January 2020, it is stated that the number of internet users in Indonesia has reached 175.4 million people, while the total population of Indonesia is around 272.1 million. Compared to 2019, the number of internet users in Indonesia has increased by around 8 percent or 25 million users. It is not surprising to see an increase in digital home entertainment and online food take-out & delivery in our survey, but non-traditional online categories in Indonesia, such as groceries, household goods, and snacks, also registered use are increasing (Dahiya, Kapil & Potia, 2020). This is done by

business actors to achieve effectiveness and efficiency for consumers in enjoying the products the company offers. During the Covid-19 pandemic, the internet was a basic necessity in the community both abroad and in Indonesia.

All activities are carried out, be it learning from home (study from home), working from home (work from home), worship at home requires the internet to communicate with other people. People who leave the house only for urgent purposes, for example shopping for daily staples and medical needs with conditions must follow health protocols. The condition of Covid 19 is an increase online shopping for consumers by shopping through e-commerce applications, where we only use cellphones and the internet then order what we want without have to leave the house (Bahera, 2020). So that online shopping behavior in the community becomes an option the solution. Because there is a shift in consumer buying behavior when do social distancing.

Based on the data obtained from APJII (2020) and wearesocial.com (2020) the internet is now a potential business opportunity. A wide variety of activities can be done via the Internet as a transaction of goods and services. The industrial revolution that has entered phase 4.0 encourages the industry to innovate, where one of the developing industries is Online Travel Agent (OTA). As part of an online travel agency (OTA), Traveloka.com through its e-commerce offers not only products but also services.

Many travel agencies that provide services purchasing air tickets with a variety of routes online through a website or application-based. Similarly, one of the travel agencies that is currently popular in Indonesia, namely Traveloka.com.com. Traveloka.com.com Internet Company engaged to provide services online travel agent, pioneered began in March 2012.

Traveloka.com premiere was not smooth without a hitch. As a small startup which pioneered a new, almost no airline would cooperate with Traveloka.com. However, the team Traveloka.com that only eight people have never been discouraged in developing a business and eventually. Traveloka.com released in 2012 and can thrive and work closely with a number of Indonesian airlines. According to to the SimilarWeb website, the website

www.Traveloka.com.com a booking sites online tickets in Indonesia's most visited and can be seen in the following:

Table 1.3
Travel and Tourism Air Travel Rank 2020

Rank	Website	Category
1	Traveloka.com.com	Travel and Tourism Air Travel
2	Lionair.co.id	Travel and Tourism Air Travel
3	Garuda-indonesia.com	Travel and Tourism Air Travel
4	Merpati.co.id	Travel and Tourism Air Travel

Source (www.similarweb.com, 2020)

According to similarweb.com website on 2020 the top rank is Traveloka.com.com, based on that data we can see the traveler using website for travel and tourism air travel most of them using the Traveloka.com.com, after that follow by lionair.co.id and garuda-indonesia.com and the last using the merpati.co.id website. The other data from traffic using the travel.com by country we know from the table above is Indonesia the most of country using this website.

Table 1.4
Traffic to Traveloka.com.com by country 2020

No	Country	Percentage
1	Indonesia	57,87%
2	Thailand	19,58%
3	Vietnam	11,04%
4	Malaysia	6,26%
5	Philippines	1,46%

Source (www.similarweb.com 2020)

Based on that data from SimilarWeb.com we know the Traveloka.com.com is the most website travel and tourism in Indonesia. Based on 100% using of Traveloka.com.com by country, we can see in Indonesia have 57.87% and number two is Thailand, Vietnam, Malaysia, and the last one is Philippines.

Even though Traveloka.com.com has occupied the most popular website for four consecutive years, but will consumers who use Traveloka.com.com for flight

ticket bookings, hotel bookings, etc. will feel not satisfied and will not be re-purchase. Now online travel agent (OTA) companies provide many promotions in the form of discounts and vouchers and paylater. However, this promotion method is only temporary because there are promotions at other online travel agent places that will make consumers not loyal to one company. So that online travel agent companies must provide quality service.

E-service quality is how the facility is the company has provided in purchasing activities, delivery of products / services with offers attractive features, good service to consumers and convenience received by consumers in the internet media and websites more efficient and effective. The online travel agencies that competed provide the e-services quality and promotional, Electronic service quality is the extent to which a website facilitates efficient and effective shopping, purchasing, and delivery of products and services. According to Abid & Dinalestari, (2019) E-service Quality as an effort to meet needs coupled with consumer desires and the accuracy of the delivery method in order to meet the expectations and satisfaction of these customers purchasing air tickets with a variety of routes online through a website or application-based. According to Ngo & Nguyen, (2016) One of the main element determining customer satisfaction is the customer's perception of service quality.

Before customer doing purchase customer will show the price before. According to Khafidatul Ilmiyah, (2020) price is the exchange rate equivalent to money in order to obtain ownership or use rights for goods or services. When consumers have made purchases of goods and services, they will create satisfaction with e-commerce. Customer satisfaction is described as the result of a comparison of the customers' expectations and his or her subsequent perceived performance of service quality (Nunkoo et al., 2019).

To maintain their so that they are known and prices must also compete with other online travel agents so that customer satisfaction will be created so as to make consumers satisfied and re purchase the booking. According to Hongdiyanto et al., (2020) Re-purchase intention defined as the customer's choice to purchase a product, goods or service. However Agustina et al., (2018) finds that experiential promoting has a positive and critical effect on re-purchase intention. After that

based on the research from Lu et al., (2019) said media advertising is an increasingly popular marketing channel and effect positively to re-purchase intention.

1.2 Research Question

Based on the background of the research, there are several questions with follows:

1. How does the e-service quality effect customer satisfaction on Traveloka.com?
2. How does the price effect customer satisfaction on Traveloka.com?
3. How does the media advertising effect customer satisfaction on Traveloka.com?
4. How does the customer satisfaction effect to re-purchase intention on Traveloka.com?
5. How does the e-service quality effect to re-purchase intention on Traveloka.com?
6. How does the media advertising effect to re-purchase intention on Traveloka.com?
7. How e-service quality does effect to re-purchase intention mediated by customer satisfaction on Traveloka.com?
8. How media advertising does effect to re-purchase intention mediated by customer satisfaction on Traveloka.com?
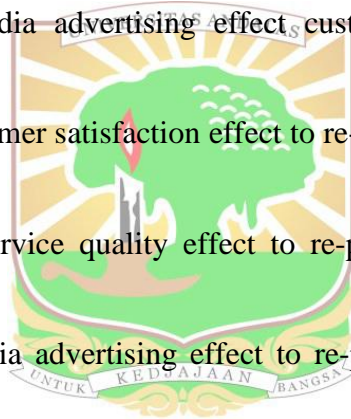
1.3 Objectives of the research

There are several objectives from this research:

1. To analyze the effect of e-service quality on customer satisfaction on Traveloka.com
2. To analyze the effect of price on customer satisfaction who have purchased on Traveloka.com
3. To analyze the effect of advertising media type on customer satisfaction who have purchased on Traveloka.com.
4. To analyze the effect of customer satisfaction on to re-purchase intention who have purchased on Traveloka.com.
5. To analyze the effect of e-service quality on re-purchase intention who have purchased on Traveloka.com.

6. To analyze the effect of media advertising on re-purchase intention who have purchased on Traveloka.com

7. To analyze the e-service quality to re-purchase intention mediated by customers satisfaction on Traveloka.com.

8. To analyze the media advertising to re-purchase intention mediated by customers satisfaction on Traveloka.com.

### 1.4 Contributions of the research

The contributions of this research are:

1. To Practice

    Contributing to the management of Traveloka.com.com to increase consumer re-purchase of its products using a strategy that will be used both to improve e-service quality, price, choosing the media advertising to increase the re-purchase intention and customer satisfaction.

2. To Academic

    As a reference material for further research, especially for research regarding e-service quality, price, and media advertising, to re-purchase intention mediated by customer satisfaction.
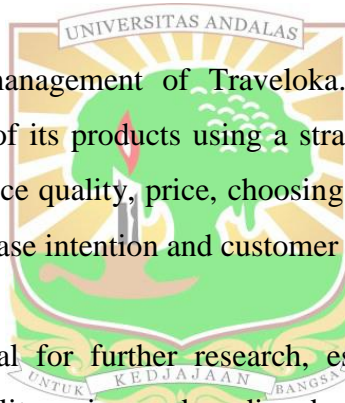
1.5 Scope of the research

This research will focus sets out to explore of effect e-service quality, price, and media advertising on re-purchase intention mediated by customers satisfaction online travel agent Traveloka.com.