

# CHAPTER I

## INTRODUCTION

### 1.1 Research Background

In modernity, the developments of information technology are progressively changed. The internet serves as an electronic medium with diverse applications, such as communication, research, business, transactions, and numerous other activities (X. Li & Huang, 2020). According to Qureshi (2022), internet become as a key driving force to the growth regarding the matter utilization of e-commerce services. The rapid advancement of the internet has emerged as a highly cost-effective communication infrastructure that enjoys widespread acceptance, making internet as a supporting facility and even as a motor of a business. One of the trends that accompany business on the internet is e-commerce, both business-to-customer and business-to-business. The reasons above have caused internet becoming a popular electronic mean for running a business, which is known as electronic commerce or e-commerce. Abroad, there are many internet-based transaction services such as amazon.com, e-bay and so on. Besides being able to make sale transaction, we can also sell our work or our merchandise in it, stated by Meena (2020).

In Indonesia particularly, the pervasive influence of the internet has brought about a paradigm shift, rendering the country interconnected within a compact virtual realm. The majority of individuals are now linked through advanced technological means, contributing to a global network of interconnectivity (Sari et al., 2020). According to Tereza (2022), e-commerce is the fact of using internet including all electronic transactions. Based on Nielsen Global Survey

(Mahendratmo & Ariyanti, 2019), approximately 55% of the Indonesian population intends to engage in the purchase of online tickets, while 46% plan to utilize online platforms for hotel bookings within the forthcoming six-month period. Furthermore, 40% of consumers anticipate procuring eBooks, while an equivalent percentage envisage acquiring accessories and clothing through online channels. Additionally, 37% of individuals express a desire to purchase shoes online, and finally, 34% contemplate the acquisition of event tickets through online platforms. Those results showed that Indonesians have begun to move towards the digital economy by using internet in their daily life.

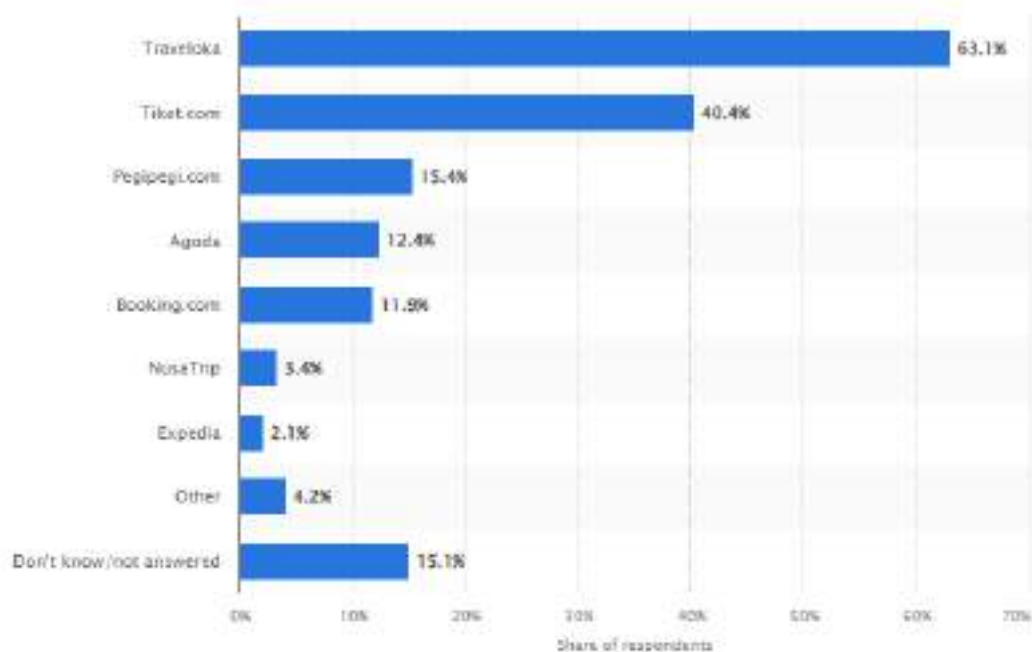
According to Setyowati et al. (2022), many companies have implemented electronic commerce systems and have made this a new business target. Many companies use e-commerce as a means to sell their products such as cell phones, computers, bags, clothes, shoes, watches, household appliances and so on. In terms of marketing, to fulfill the market needs, applications are attainable. In order to remain viable and competitive within their respective industries, companies employ strategies to offer advantageous preferences to customers. The level of attractiveness, usability, and profitability of the sales system directly impacts the advantages that are obtained by the company. Therefore, it is crucial to prioritize the development and enhancement of the sales system as it is intricately linked to the advancements in information technology. Consequently, the advent of e-commerce has emerged as a viable alternative for conducting business in today's contemporary era, driven by the ever-evolving dynamics of the market and intense competitive forces. These developments have led to notable changes in consumer behavior.

As reported by Keller and Swaminathan (2020), given the intensity of competition, customer satisfaction assumes a significant role in establishing enduring relationships with them. One of the prevailing approaches utilized by companies is referred to as "customer focus," wherein customers are placed at the core of business decision-making processes. The objective of this strategy is maintaining the market profitability and also the satisfaction of the customer.

Concerning travel agents, the hotel booking and air ticketing service industry has experienced significant advancements in innovation, necessitating their adaptation to customer needs and preferences. As a result, they have capitalized on this opportunity by introducing online sales and service platforms, commonly referred to as Online Travel Agents (OTAs). Through OTAs, customers can conveniently book hotels and travel at their preferred time. Traveloka, a renowned OTA in Indonesia, has gained popularity as a prominent flight ticket and hotel search platform in Southeast Asia, was founded in 2012. Over the years, Traveloka has formed alliances with more than 70 domestic and international airlines, providing customers with access to an extensive network of over 100,000 routes spanning across Asia, Europe, and America. Moreover, Traveloka offers a vast selection of over 100,000 hotels in Southeast Asia as well as other Asian and European countries, thereby enriching the travel journey for individuals who choose to make their reservations online (Sahir et al., 2021).

As stated on Traveloka's official website, they offer customers a range of conveniences through their efficient the system for booking tickets and reserving hotel accommodations., along with a user-friendly and secure payment process. And lastly, they provide can choose what customers want and based on their budget

(Traveloka.com, 2019). Therefore, in accord with Similarweb (2023), it stated that Traveloka still maintain the number one of the websites most visited in Indonesia in March 2023 and still wanted to keep the first place by doing the right method to increase its e-service quality towards national customers and foreign customers. (Statista, 2023) confirmed it with the graph below;



Source : Statista (2023)

**Figure 1.1**

### **The most used Online Travel Agencies in Indonesia**

According to Figure 1.1, approximately 63.1% of survey participants from Indonesia asserted that they have utilized the services of Traveloka.

For that reason, the quality of e-services plays a significant role in influencing customer satisfaction. Derived from Saraswati and Indrian (2021), the evaluation of e-service quality by customers is commonly derived from the comparison between their expectations and the actual service delivered by particular service providers.

It is important for companies to take e-service quality seriously as it can significantly impact customer satisfaction. E-service quality can be evaluated based on customers' assessments, which involve comparing a company's performance to their level of satisfaction. Accordingly, Customer satisfaction in online travel agent companies can be influenced by the quality of e-service provided. To ensure an optimal experience for Traveloka online users, it is essential for companies to have a good understanding of their customers' needs. Traveloka has prioritized offering high-quality services, including user-friendly application interfaces, website competency, and reliable delivery of orders to their destinations. Perceiving e-service quality as a continuum of the capabilities offered by a website, the focus is on facilitating service activities in a highly effective and efficient manner (Verina et al., 2021).

The present investigation will center its attention on foreign customers. As its definition by Law Insider, n.d.(2022), the words foreign customer means a customer who is not a citizen, national or resident of the place where they consume or use the products. Kumara Suksmajati (2023) confirmed that, in December 2022, the influx of foreign tourists visiting Indonesia recorded a substantial rise, with 895,000 visits, indicating a remarkable increase of 447 percent compared to the corresponding period in December 2021. Moreover, throughout the entire year of 2022, Indonesia witnessed a noteworthy surge in foreign tourist arrivals, reaching a total of 5,470,000 visits, reflecting a significant growth rate of 251 percent when compared to the number of tourist visits observed in 2021.

As reported by the Jakarta Post (2023), according to a report by the Jakarta Post in 2023, the number of international students studying in Indonesia has reached

around 6000. This indicates a growing trend of foreign students choosing Indonesia as their preferred destination for higher education. The country's strides in developing and expanding its education system, with approximately 150 public and 3000 private universities supervised by the Ministry of Education and Culture, likely contribute to its attractiveness as a study destination. Indonesia's commitment to providing quality education through its traditional three-tier degree system, as well as its reputation as a safe place for international students, may also play significant roles in drawing students from around the world to pursue their academic goals in the country.

Therefore, based on the huge number of tourists and international students in Indonesia but still an isolated case, pushes the researcher to study about them since their daily life relate to OTA which is the fact of using Traveloka.

Hence, referring to the explanations and all phenomenon that have been talked above, this research will concentrate on examining the quality of e-service and customer satisfaction specifically at Traveloka, with a case study involving foreign users. As a result, the title of this study will be formulated as follows: **“The Effects of E-Service Quality Factors on Customer Satisfaction (Case Study of Traveloka’s Foreign Users in Indonesia)”**.

## 1.2 Problem Statement

Based on the background description, the problem formulation for this study can be summarized as follows:

1. What are the effects of efficiency aspects of e-service quality on the level of customer satisfaction among foreign users of Traveloka in Indonesia?

2. What are the effects of reliability aspects of e-service quality on the level of customer satisfaction among foreign users of Traveloka in Indonesia?
3. What are the effects fulfillment aspects of e-service quality on the level of customer satisfaction among foreign users of Traveloka in Indonesia?
4. What are the effects of privacy aspects of e-service quality on the level of customer satisfaction among foreign users of Traveloka in Indonesia?
5. What are the effects of responsiveness aspects of e-service quality on the level of customer satisfaction among foreign users of Traveloka in Indonesia?
6. What are the effects of compensation aspects of e-service quality on the level of customer satisfaction among foreign users of Traveloka in Indonesia?
7. What are the effects of contact aspects of e-service quality on the level of customer satisfaction among foreign users of Traveloka in Indonesia?

### **1.3 Objectives of the Research**

To accomplish the research goal and in light of the problem identification, the subsequent research objectives are formulated:

1. Assessing the influence of efficiency aspects of e-service quality on the level of customer satisfaction among foreign users of Traveloka in Indonesia.
2. Assessing the influence of reliability aspects of e-service quality on the level of customer satisfaction among foreign users of Traveloka in Indonesia.

3. Assessing the influence of fulfillment aspects of e-service quality on the level of customer satisfaction among foreign users of Traveloka in Indonesia.
4. Assessing the influence of privacy aspects of e-service quality on the level of customer satisfaction among foreign users of Traveloka in Indonesia.
5. Assessing the influence of responsiveness aspects of e-service quality on the level of customer satisfaction among foreign users of Traveloka in Indonesia.
6. Assessing the influence of compensation aspects of e-service quality on the level of customer satisfaction among foreign users of Traveloka in Indonesia.
7. Assessing the influence of contact aspects of e-service quality on the level of customer satisfaction among foreign users of Traveloka in Indonesia.



#### **1.4 Contribution of the Research**

##### **1.4.1 Theoretical Contribution**

This study aims to expand, develop intellectual dynamics as well related to Management Science, more precisely in Marketing. The outcome of the study can help students in terms of getting more knowledges and the study itself can be a reference for the upcoming researches.

Basically, the primary objective of this study is to collect empirical data concerning the potential impacts of e-service quality on the satisfaction levels of customers, as well as to examine the impacts of efficiency, reliability, fulfillment, privacy, responsiveness, compensation, and contact aspects of e-service quality on



customer satisfaction specifically at Traveloka. Besides, the author, companies, and the academic can get benefits from this research as well.

## **1.4.2 Practical Contribution**

### **1.4.2.1 For the Companies**

This research can be used as input in the form of a contribution of thoughts that might be useful in helping to evaluate the implementation of the online service given and help them to improve their performance and their strategies of marketing in order to gain more target market.

### **1.4.2.2 For Academics**

The outcome of the study can help students in terms of getting more knowledges and the study itself can be a reference for the upcoming researches.

### **1.4.2.3 For Researcher**

The author has the potential to broaden their comprehension, enhance their ability to present arguments, and refine their skills in establishing connections between ideas. He also can get knowledge in terms of analyzing issues and can use theories that have been learned from his bachelor degree.

## **1.5 Scope of the Research**

The researcher must impose research limitations to ensure that the scope of the study is sufficiently focused, considering time constraints and the researcher's capabilities. In this study, the researcher restricts the investigation solely to Traveloka's foreign users in Indonesia. Furthermore, the problem under scrutiny is confined to examining customer satisfaction subsequent to the analysis of e-service quality dimensions.

## **1.6 The Organization of the Research**

To analyze the aforementioned problem effectively, it is essential to structure and divide this research study into the following chapters:

### **CHAPTER I: INTRODUCTION**

This chapter will talk about the background issues, the problem statement, the goal of the research, its contribution, scope and its organization.

### **CHAPTER II: LITERATURE REVIEW**

This part will provide the theories and point of views from earlier studies. Also, it explains the description of variables and its indicators used by exploring the theories, then generate the hypothesis considered refers to the result of previous study and conceptual framework which explain the relationship of each other.

### **CHAPTER III: RESEARCH METHOD**

In this section, the researcher determines the research's design, population and sample, operational definition and measurement of the research variable, sources and techniques for data collection, and techniques for analyzing data.

### **CHAPTER IV: DATA ANALYSIS AND DISCUSSION**

This chapter encompasses various key components, including the profiling of respondents, a detailed descriptive analysis, an overview of the data collection process, and the presentation of research findings. It provides comprehensive insights into the characteristics of the participants involved in the study, offers a thorough examination and interpretation of the collected data, and presents the outcomes and discoveries obtained through the research endeavor.

## CHAPTER V: CLOSING

In this chapter, the conclusions drawn from the research results are expounded upon, along with the discussion of result implementation. Additionally, recommendations for future research are provided. Through a comprehensive analysis of the research findings, the chapter presents the implications and significance of the study's outcomes. Furthermore, it explores potential avenues for applying these results in practical contexts and offers valuable insights for further investigation and exploration in related fields.

