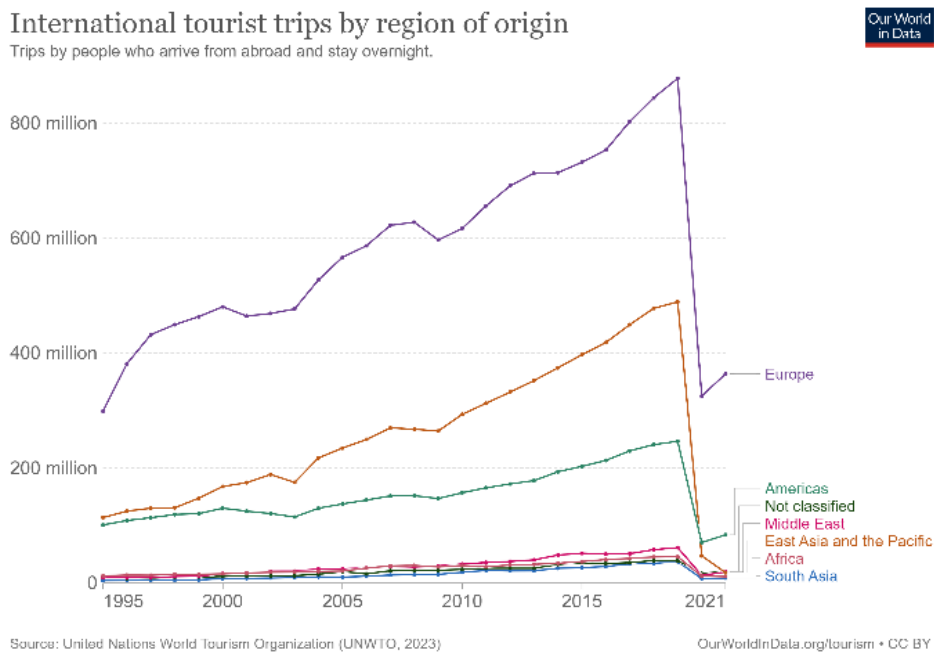
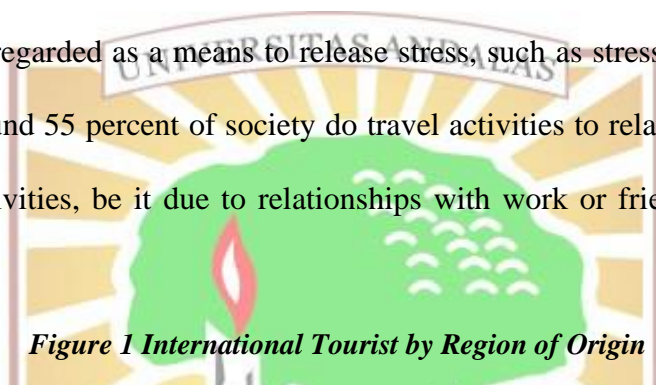


CHAPTER I

INTRODUCTION

1.1 Research Background

The current period of the industry 4.0 revolution is soaring across various sectors. Human resources are required to be able to adapt to the current era's environment. The high demands of human resources are experiencing high levels of stress. One activity that is considered a stress reliever is traveling. Traveling has become a lifestyle in people's lives today. Traveling is regarded as a means to release stress, such as stress due to work. Survey data shows that around 55 percent of society do travel activities to relax due to stress arising from their daily activities, be it due to relationships with work or friendships (Sofronov & Independen, 2018).



Source: United Nations World Tourism Organization

According to Lenggogeni & Angguni (2021), intention to travel can be interpreted as a person's intention or commitment to travel. In addition, intention to travel is the result of an

individual's mental processes, which will influence actions and change motivation into behavior or actions. The data from a survey by the United Nations World Tourism Organization (UNWTO, 2023) shows that there has been an increase in travelers by 200 million people. However, the number of travelers is sometimes not directly proportional to increased profits from tour agents. Based on research by Arbulaev et al. In 2020, one of the largest tour agents in Europe, namely the Thomas Cook Group, went bankrupt. This indicates that people are starting to change their traveling style.

Previously, consumers typically relied on paper-based media like books, brochures, flyers, printed advertisements, or travel agencies when organizing a trip. Nevertheless, as electronic technologies have progressed, particularly with the widespread use of the internet, consumers' information-seeking habits have shifted to the online realm (Li & Pan, 2021). The use of technology has changed how people buy travel and has made them more open to their decision-making. The tourism and travel industry has been identified as the most fantastic facilitator of online transactions, and hotel bookings are the next most prominent source of earnings by the number of sales through online channels, after air travel (C. Yu & Yang, 2023). Tourism is a type of service sector that offers scenic areas, accommodation, catering, and other related services.

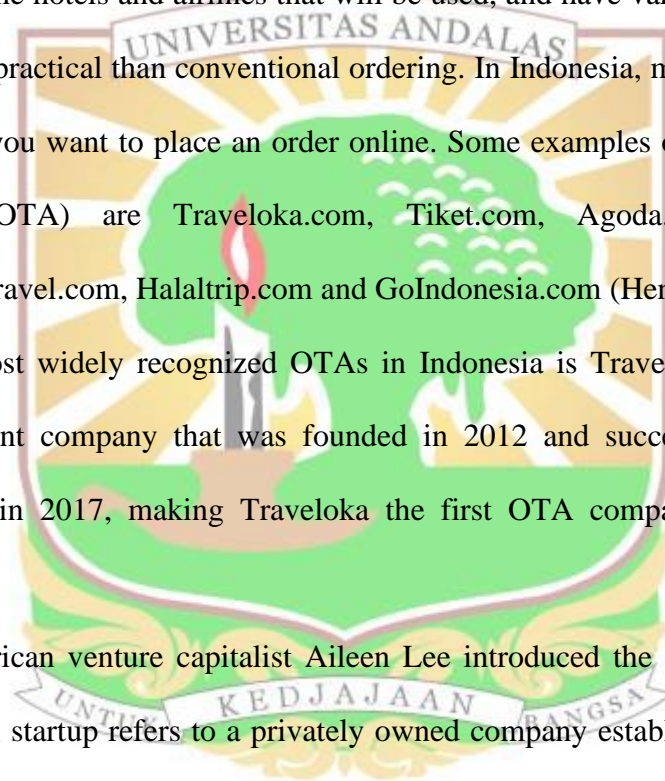
The change in tourists' behavior and the growing reliance on the Internet for travel planning can be attributed to the features of the Internet. It enables tourists to engage directly and flexibly with service providers, eliminating intermediaries and allowing travellers to adjust their trips according to their preferences (Kontis & Skoultsov, 2022). Researchers have recognized that today's modern travellers are typically well-informed, educated, and have a clear sense of what they seek when they embark on their journeys. Travelers' demand for tourism items is becoming more individualized, and both tourism companies and travellers

are paying greater attention to making tourism items more personalized (C. Yu & Yang, 2023).

Online Travel Agent (OTA) is traveling aggregators that use the Internet to sell travel-related products such as flights, cruises, vacation packages, hotel rooms, car rentals, and so forth (Talwar et al., 2020). This Online Travel Agent (OTA) aims to make it easier for users to determine the choice of hotels and airlines as desired because they have varied choices, can save time and effort because they can be accessed anywhere, can provide complete information about the hotels and airlines that will be used, and have various payment method so it is much more practical than conventional ordering. In Indonesia, many choices of OTAs can be used when you want to place an order online. Some examples of well-known Online Travel Agents (OTA) are Traveloka.com, Tiket.com, Agoda.com, Pegipegi.com, Nusatrip.com, Ezytravel.com, Halaltrip.com and GoIndonesia.com (Hendriyati, 2019).

One of the most widely recognized OTAs in Indonesia is Traveloka. Traveloka is an Online Travel Agent company that was founded in 2012 and succeeded in becoming a Unicorn company in 2017, making Traveloka the first OTA company to hold this title successfully.

In 2013, American venture capitalist Aileen Lee introduced the concept of "Unicorn" startups. A Unicorn startup refers to a privately owned company established in less than ten years that is valued at \$1 billion or more before going public (Antoine, 2021). The economist chose this fancy and mythical animal, the unicorn, to illustrate and highlight the rare and miraculous side of this type of new high-value startup. These successful ventures are rare because the market for new technologies is very competitive and miraculous because their development and evolution take place very quickly and in significant proportions (Gutter in Antoine, 2021).



Intense competition in the field of online travel agents in Indonesia requires OTA business innovation to have more advantages and uniqueness compared to its competitors. Therefore, Traveloka continues to innovate in order to maintain its status as the leader in the industry.

In mid-2018, after observing the market, Traveloka introduced a pay-later feature that users can use. Pay later is a payment method that offers instalments without using a credit card. Compared to its competitors, Traveloka is also the first OTA to have flight reschedule and stay guarantee features that can guarantee users if they experience difficulties when checking in to hotels. In 2022, Traveloka did not only offer airplane tickets, train tickets, or hotel bookings but also provided online food ordering services and other features in the form of paying various monthly bills such as electricity, water, credit top-ups, e-money, etc.

Traveloka also provides a loyalty program, namely a reward zone, where users will get prizes in the form of Traveloka points which can be used to buy discount coupons when making payments when completing daily missions. In 2023 Traveloka returned with various innovations, one of which is Let's Go with Traveloka, a travel guide in the form of a pdf booklet that can be accessed at any time. This booklet contains information about tourist destinations, accommodation, transportation, local attractions, and practical tips. These innovations that Traveloka consistently launches prove that Traveloka deserves the title of the most popular OTA in Indonesia, as can be seen in the image below:

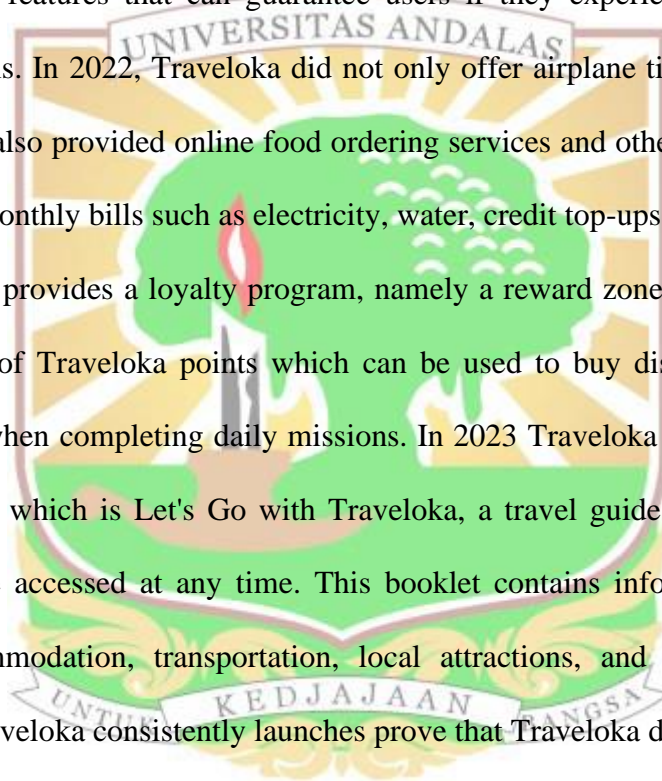


Figure 2 Online Site for Booking Airline Tickets and Travel 2019-2023



Source: Top Brand Awards (2023)

The Top Brand Award is an award given to the best brands, assessed based on the results of a national scale survey under the Frontier Consulting Group. In Figure 1.2, the online booking site for airline tickets and travel from 2019 to 2023, Traveloka is always in first place with a very high index compared to other OTAs. It can be seen that the competitor in second place is tiket.com.

Based on Figure 1.2 above, it also can be concluded that although Traveloka is at the top, there is a decrease in index value. This is due to new business competitors such as tiket.com, Agoda, PegiPegi.com, and Trivago.co.id. The decline in Traveloka's index value decreased again from 38.5% to 35.9% in 2023 due to various factors that occurred in the business. Therefore, even though Traveloka is the market leader in this business and has become a unicorn company, Traveloka still needs to maintain its business in various ways, one of which is by maintaining the purchase intention of its consumers.

Many factors can influence intention to purchasing travel product online. These factors include utilitarian value, hedonic value, and the sense of trust when going to shop

online. Purchase intention is the component of a consumer's cognitive behavior that describes a particular purchase intention to buy a specific product. (Dabrynin & Zhang, 2019). Purchase intention is often related to consumer behavior, perception, and attitude and can effectively predict purchasing (Mirabi et al., 2015). Therefore, purchase intention, especially for online transactions, is the incentive and desire to get an item that meets customer needs.

Value is an essential element of relationship marketing. Providing superior value to customers is seen as a highly effective competitive strategy for the 1990s. This capability serves as a way to differentiate and is crucial for finding a sustainable competitive advantage (Ravald & Grönroos, 1996). By increasing the value of core products through quality improvements and additional support services, companies not only differentiate themselves from competitors but also increase the product's attractiveness in the eyes of consumers. When customers feel they are getting more than what they paid for, they tend to have higher purchase intention, because they see the offer as a more valuable and worthwhile investment, which in turn can increase loyalty and strengthen marketing relationships.

Utilitarian value is one of the factors that can influence intention to purchasing ticket. Utilitarian value a more task-oriented, cognitive, and non-emotional outcome of shopping (Octalina et al., 2023). According to Jang & Shin (2019), Utilitarian value directly impacts purchase intention, which means if customers feel that using a product or service provides high utilitarian value, then these customers would have an increased desire to make a purchase. This result aligns with the research from Bonuke (2017), which found that utilitarian value increases purchase intention. This result also supported from the research of (Chen et al., 2020) which found that utilitarian value also has significant and positive effect on buying intention, this highlights how crucial the utilitarian value of online platforms is for consumers, directly impacting their willingness to purchase. In other words, platform

administrators should enhance their search engines to enable customers to effortlessly and swiftly discover their desired items.

Hedonic value is one of the factors that influences users' buying interest. This is supported by the results of research conducted by Febrina and Isnalita in 2019, which states that Hedonic Value has a positive and significant effect on Purchase Interest. In line with Moon and Khalid's research in 2017, hedonic value has a positive and significant effect on buying interest. For some consumers, searching for plane tickets through Traveloka can provide a pleasant adventure experience. With features such as exploration of new destinations and exclusive offers, consumers feel as if they are entering a new and exciting world, which increases the hedonic value of the purchasing process.

The hedonic values encompass the customer experience related to entertainment, such as new experiences, fun, fantasy fulfillment, escapism, and excitement. The hedonic intention may not meet expectations but enhances emotional attraction (Hosain, 2020). Hedonic value can indicate the behavior of using products that can create a sense of fantasy, produce feelings based on the senses, and produce emotional stimuli to satisfy themselves. Hedonic value refers to the value that customers perceive based on their pleasant experiences and pleasures. It is a more subjective and personal concept compared to utilitarian value and focuses more on enjoyment rather than the completion of tasks (Evelina, 2020). Traveloka also allows consumers to follow the latest travel trends and discover the latest offers. With access to information about points of interest and special offers, consumers can feel more connected to the latest trends and gain emotional satisfaction from discovering new and exciting products. Traveloka offers various promotions, discounts and special offers that can provide pleasure for consumers when hunting for the best prices. This aspect adds a gaming element to the purchasing process, motivating consumers to use Traveloka to find the best deals and feel satisfied with the value they get.

Trust is critical in consumer behaviour and marketing literature for developing purchase intention. Online trust is one of the key antecedents of purchase intention (Qalati et al., 2021), in line with the results of research by (Su et al., 2019), which stated there is a positive and significant influence on purchase intention by trust. This also supported with the research conducted by Ventre & Kolbe (2020), which stated that there is direct and positive effect between trust and purchase intention.

The scope of the study area is the Padang city. Padang city was chosen as the research area because the site is the capital of the province of West Sumatra. Based on population BPS data in the city of Padang in 2022, there were 461.712 male residents and 457.433 female residents, so a total of 919,145 residents were recorded. In 2022, Padang city had the highest Human Development Index in West Sumatra, with a percentage of 83.26%. That illustrates that the people's welfare level in Padang City is relatively prosperous. According to BPS data, the Padang city has internet access which has experienced a significant increase in 2018-2020.

Besides, based on data from Google Trends, Traveloka has become the most popular OTA in Padang in the last five years, with a percentage of 80%. The high quality of life and use of the internet for the people of Padang city has caused the author to be interested in researching the use of Online Travel Agents, especially the Traveloka application, by the people of Padang city when they want to traveling. Although Traveloka provides various services ranging from promotions through hotel vouchers and flight tickets to multiple destinations, there is no certainty whether utilitarian value, hedonic value, and online trust will affect intention to purchasing ticket from Traveloka users in Padang City.

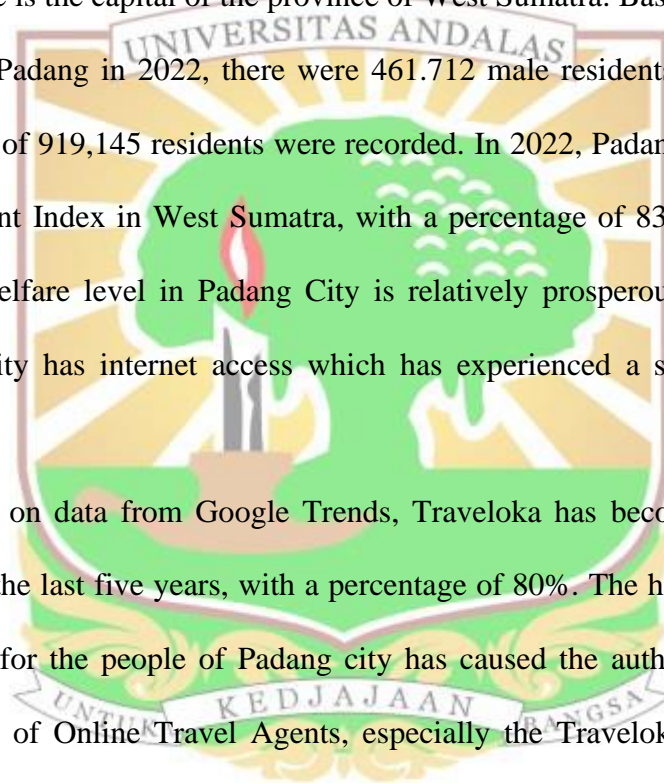
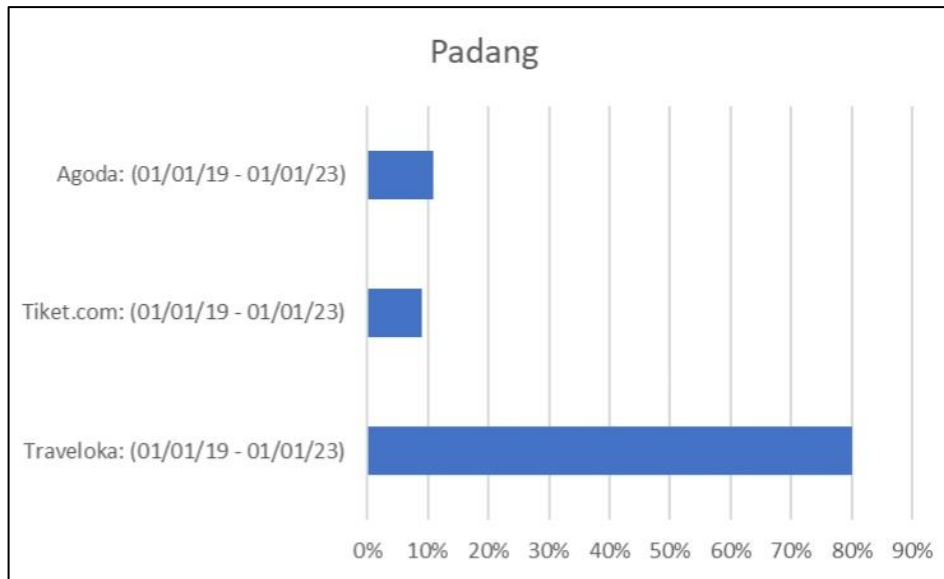


Figure 3 The Most Popular OTA in Padang from 2019-2023



Source: Google Trends

Based on the background described above, this research will focus on **“The Influence of Utilitarian Value, Hedonic Value, and Online Trust on Intention to Purchasing Airline Ticket Online Via Traveloka (Case Study: Traveloka Users in Padang).”**

1. 2 Problem Statement

Based on the explanation described in the background above, the study examined the following:

1. Does utilitarian value influence purchase intention of airline ticket online toward Traveloka users in Padang?
2. Does hedonic value influence purchase intention of airline ticket online toward Traveloka users in Padang?
3. Does online trust influence purchase intention of airline ticket online toward Traveloka users in Padang?

1.3 Research Objective

Based on the research problem above, the researcher aims to investigate the following:

1. The influence of utilitarian value on purchase intention of airline ticket online towards Traveloka users in Padang.
2. The influence of hedonic value purchase intention of airline ticket online towards Traveloka users in Padang.
3. The influence of online trust purchase intention of airline ticket online towards Traveloka users in Padang.

1.4 Research Implication

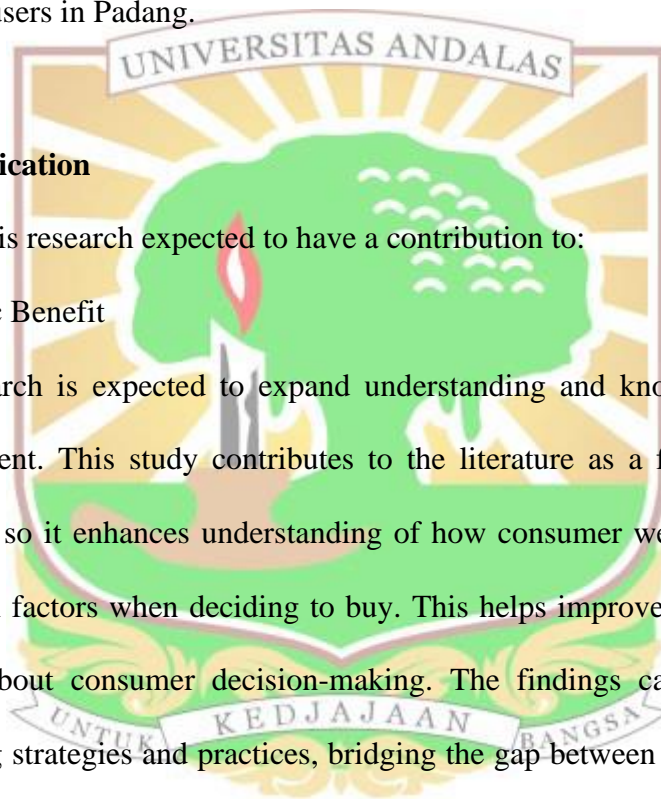
The result of this research expected to have a contribution to:

1. Academic Benefit

The research is expected to expand understanding and knowledge of marketing management. This study contributes to the literature as a few studies consumer behavior, so it enhances understanding of how consumer weigh functional versus emotional factors when deciding to buy. This helps improve existing theories and models about consumer decision-making. The findings can also inform better marketing strategies and practices, bridging the gap between theory and real-world application. Overall, this research deepens knowledge of how perceived value affects buying choices, benefiting both scholars and practitioners. In addition, this research is expected to contribute to the development of science and become a reference for further research.

2. Practical Benefits

- a) For the Traveloka brand



The results of this research are also expected to bring benefits to Traveloka marketing management and other Online Travel Agent (OTA) in identifying which marketing strategies are more effectively and efficiently used in improving purchasing intentions. This research is also intended to provide benefits to the Traveloka company and provide information input in developing the business now and in the future.

b) For the General Public

This research can be a source of information for the public to find out how much the Traveloka builds marketing strategy for its consumers and as a reference in purchasing intentions.

1. 5 Scope of Research

The scope of the research will focus on Utilitarian value, hedonic value, and online trust as independent variables. Purchase intention as a dependent variable. The object of this research is Traveloka users in Padang.

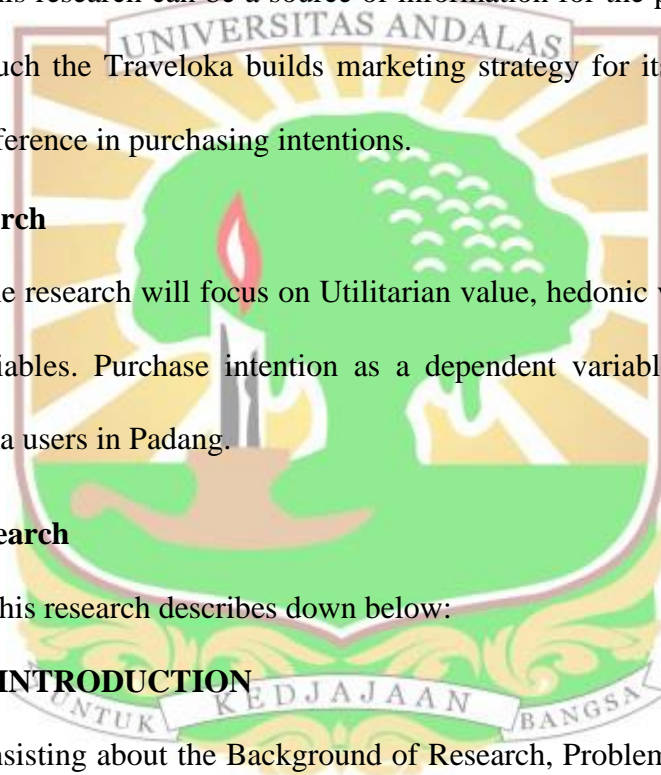
1. 6 Outline of Research

The outline of this research describes down below:

CHAPTER I: INTRODUCTION

This part is consisting about the Background of Research, Problem Statement, Research Objectives, Research Contribution, Scope of Research, Outline of Research. The problem here is limited to identifying the factors that influence utilitarian value, hedonic value, and online trust to understand its effect on consumer purchasing intention. Points and benefits of inquiry are also recognized in relation to the structure of the inquiry.

CHAPTER II: LITERATURE REVIEW



This section provides a conceptual and systematic overview of the variables, as well as hypotheses that support each variable used for analysis and a framework for developing research questions.

CHAPTER III: RESEARCH METHODS

This section covers research design, population and sample, techniques sampling, data sources, data collection methods, operationalization & measurement of research variables, and data analysis techniques.

CHAPTER IV: DATA ANALYSIS AND DISCUSSION

This section describes the analysis of data Presentation, interpretation of results and software product analysis, followed by a discussion of the research findings. The findings relate to the research questions that guided the study. Data were analyzed to identify, describe and explore the relationship between utilitarian value, hedonic value, and online trust on purchase intention.

CHAPTER V: CONCLUSION

This chapter is conclusion of the research, the implication of the study, the limitation and the recommendation for the future research.

