

## CHAPTER I

### INTRODUCTION

#### 1.1 Research Background

Historically, Hajj and Umrah have long been recognised as important forms of Islamic pilgrimage that hold profound spiritual significance for Muslims. Beyond being acts of worship, both pilgrimages reflect devotion, obedience, and the strengthening of religious identity. As explained by Haq & Wong (2010), Hajj and Umrah are not merely physical journeys but also spiritual experiences that shape pilgrims' religious commitment and values. This spiritual significance distinguishes Umrah from ordinary tourism activities and influences how prospective pilgrims evaluate travel services before making purchase decisions.

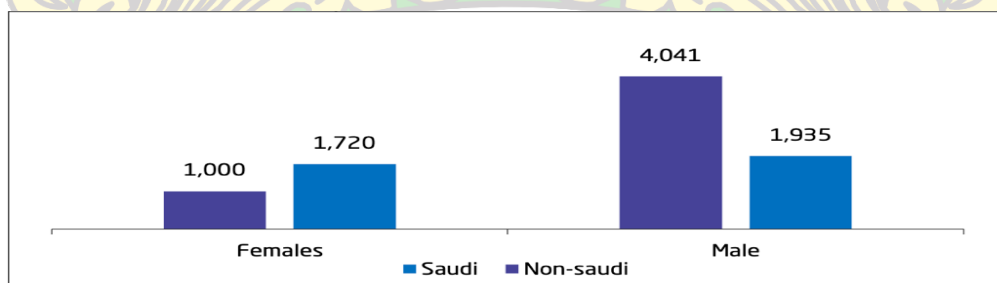
The Qur'an encourages Muslims to travel as a means of seeking knowledge and reflecting on the creation of Allah SWT, as stated in Surah Al-Ankabut verse 20 (Jafari & Scott (2014)). In Islam, tourism extends beyond leisure activities because religious values influence various aspects of life, including travel decisions and consumption behavior. Consequently, travel is regarded not only as a recreational activity but also as an opportunity for spiritual reflection, learning, and religious fulfillment (Jafari & Scott (2014)).

Pilgrimage is one of the oldest forms of travel and remains a fundamental component of Islamic religious practice. According to Jafari & Scott (2014), Hajj is a compulsory pilgrimage for Muslims who are physically and financially capable, whereas Umrah is voluntary and can be performed throughout the year. This flexibility has contributed to the growing demand for Umrah travel services while preserving its spiritual significance. Therefore, Umrah is not merely a tourism activity but also a religious journey that influences how prospective pilgrims evaluate travel services before making purchase decisions.

In recent years, Umrah has become one of the fastest-growing forms of religious tourism, contributing significantly to Saudi Arabia's economy and supporting the travel, transportation, and hospitality industries. Unlike Hajj, Umrah can be performed throughout the year and is commonly offered as a comprehensive travel package that includes visa processing, transportation, accommodation, and other pilgrimage services (Yousuf, 2020). This development has transformed Umrah into a complex travel service, requiring consumers to evaluate multiple service attributes before making purchase decisions.

Along with the rapid development of digital technology and changing consumer preferences, information has become an increasingly important factor in consumers' decision-making process. Prospective pilgrims now rely on various online information sources to evaluate Umrah travel services before making purchase decisions. Furthermore, the growing popularity of Umrah Plus packages, which combine pilgrimage with cultural and international travel experiences, has intensified competition among travel agencies and increased the importance of providing credible information and superior customer value (Muslim et al., 2020).

The data of the General Authority for Statistics (GASTAT) (2025) shows that the total number of Umrah participants in the first quarter of 2025 reached 15,222,497. Males comprised around 60.5% of total Umrah participants, while females made up about 39.5%. The second group of Umrah performers is the Saudi Umrah participants or internal Umrah performers. Saudi Umrah participants accounted for 24% of the total number of Umrah performers.



**Figure 1. 1 Distribution of Internal Umrah Performers by Sex and Nationality in the First Quarter of 2025**

*Data Source : General Authority for Statistics (GASTAT) (2025)*

The total number of internal Umrah performers reached approximately 8,698,867 pilgrims during the first quarter of 2025. Saudi residents made up about 42% of the total with 3,656,550 pilgrims, and non-Saudi residents made up the remaining 58% with 5,042,317 pilgrims. As for gender, most of Umrah performers were male with 5,977,249 pilgrims (68.7%) and female Umrah performers were 2,721,618 pilgrims (31.3%). Statistics indicate that the majority of Umrah performers in the first quarter of 2025 were non-Saudi residents and male pilgrims.

**Table 1. 1 Countries with Largest Muslim Population in the World**

| <b>Ranking</b> | <b>Country(s)</b> | <b>Muslim Populations</b> | <b>% World Muslims 2024</b> |
|----------------|-------------------|---------------------------|-----------------------------|
| 1              | Indonesia         | 242.700.000               | 12.27%                      |
| 2              | Pakistan          | 240.760.000               | 12.17%                      |
| 3              | India             | 200.000.000               | 10.11%                      |
| 4              | Bangladesh        | 150.800.000               | 7.62%                       |
| 5              | Nigeria           | 97.000.000                | 4.90%                       |
| 6              | Egypt             | 90.000.000                | 4.55%                       |
| 7              | Turkey            | 84.400.000                | 4.27%                       |
| 8              | Iran              | 82.500.000                | 4.17%                       |
| 9              | China             | 50.000.000                | 2.53%                       |
| 10             | Algeria           | 43.737.096                | 2.21%                       |

*Data Source: World Population Review (2025)*

Based on data from World Population Review (2025), Indonesia has the largest number of Muslims in the world, approximately 242.7 million Muslims (12.27% of the total Muslim population in the world), resulting in a significant market for Umrah travel. This demographic reality indicates a stable and steady demand for Umrah services with high religious engagement and a high financial investment, leading consumers to evaluate travel agencies and service offerings with great caution.

Nowadays, the development and diversity of the Umrah travel services in Indonesia. Real market has been obvious with a number of Indonesian Umrah pilgrims. Data over the years 2022 - 2024 show how demographic potential transformed into real demand under changing economic and service conditions. It shows the importance of studying purchase intentions especially among Gen Y.



**Figure 1. 2 Number of Indonesian Umrah Performers (2022-2024)**

*Data Source : SISKOPATUH, 2025*

According to Akhmad (2025) on his page, Sistem Informasi Komputerisasi Pengelolaan Terpadu Umrah dan Haji Khusus (SISKOPATUH) or also can be described as Integrated Computerized Management System for Umrah and Special Hajj by the Ministry of Religious Affairs mentioned the number of Indonesian Umrah pilgrims increased from 1,008,306 in 2022 (26,2%) to 1,467,005 in 2024 (38,2%) with growth 45.78% between 2022 and 2024, making one of largest pilgrims sending globally.

Indonesia's large Muslim population and the increasing number of Umrah pilgrims indicate that the demand for Umrah travel services is expanding across various regions. However, consumer purchasing behavior may differ depending on local market characteristics, competition among travel agencies, and demographic conditions. Therefore, this study focuses on Padang City, one of the major urban areas in West Sumatra with a predominantly Muslim population and an active

Umrah travel market. Previous studies have shown that Padang is home to numerous licensed Umrah travel agencies and has experienced increasing competition among Umrah travel organizers, encouraging agencies to continuously improve their marketing strategies and service offerings to attract prospective pilgrims (Efrizal et al., 2026; Kalsum et al., 2023). In addition, West Sumatra's strong Islamic socio-cultural environment further supports the relevance of examining Muslim consumer behavior in the context of Umrah travel services (Waryono, 2022). Therefore, these characteristics make Padang City an appropriate setting for examining consumers' purchase intention toward Umrah Plus travel packages.

This increase in demand has encouraged travel agencies in Indonesia to innovate, including offering Umrah Plus packages, which combine Umrah pilgrimage with religious and cultural tours to countries such as Turkey, Dubai, and etc. These packages are becoming increasingly popular as they offer a richer travel experience, both in terms of historical Islamic education and social-emotional aspects, especially for Gen Y (Rezky et al., 2025).

Millennials represent a substantial proportion of Indonesia's productive population and play an important role in travel consumption due to their higher mobility, purchasing power, and participation in tourism activities (Badan Pusat Statistik, 2025). As financially independent consumers with disposable income, Millennials are more likely to engage in high-involvement travel decisions, such as purchasing Umrah Plus packages, which require careful financial planning and evaluation.

Previous studies indicate that Millennials have travel motivations and decision-making patterns that differ from older generations. They are motivated not only by leisure but also by experiential and self-development needs, making travel an important part of their lifestyle (Richards & Morrill, 2020). Moreover, Millennials tend to evaluate information carefully by assessing source credibility, comparing alternatives, and considering perceived value before making purchase decisions. These characteristics make Generation Y an appropriate segment for examining

purchase intention toward Umrah Plus travel packages. The widespread use of the internet has transformed how Millennials search for and evaluate travel services. According to the Indonesia Millennial Report, 40% of Generation Y prefer social media platforms such as TikTok and Instagram over traditional search engines to obtain travel-related information (Pasaman & Hutauruk, 2025). This trend has strengthened the influence of user-generated content (UGC), online reviews, and content creators in shaping travel decisions. Furthermore, TikTok influences 74% of unplanned travel purchases, while 67% of Millennials actively use social media to seek recommendations and share travel experiences (Pasaman & Hutauruk, 2025). These findings indicate that digital information sources have become an essential part of Millennials' travel purchase decision-making process.

These digital dynamics are particularly important in the context of Umrah travel, where purchasing decisions involve substantial financial costs and strong spiritual commitments. As a result, prospective pilgrims tend to evaluate available information carefully before selecting an Umrah travel agency. Previous studies suggest that perceived value, including functional, emotional, social, and economic benefits, plays a significant role in shaping purchase intention toward religious tourism services (Harun et al., 2024; Oktora & Achyar, 2014). In addition, positive and credible electronic word of mouth (eWOM) enhances perceived service quality, reduces uncertainty, and strengthens consumers' evaluation of travel services, particularly for intangible and high-cost products such as Umrah Plus packages (Prayogo, 2021).

Although previous studies have examined the effects of source credibility, eWOM, and perceived value in tourism, limited research has investigated these variables simultaneously in the context of Umrah Plus travel packages. Moreover, few studies specifically focus on Millennials, despite their strong purchasing power, extensive use of digital information, and more evaluative decision-making behavior. This gap provides the basis for examining how source credibility, eWOM, and perceived value influence Millennials' purchase intention toward Umrah Plus travel packages.

Therefore, this study was designed to address this phenomenon through a proposal entitled **“The Effect of Source Credibility, EWOM, and Perceived Value on Umrah Plus Package Purchase Intention among Generation Y in Padang City”**

## **1.2 Research Problem**

The research problems can be formulated as follows:

1. How does source credibility influence the purchase intention of Generation Y toward Umrah Plus travel packages in Padang City?
2. How does electronic word of mouth (eWOM) influence the purchase intention of Generation Y toward Umrah Plus travel packages in Padang City?
3. How does perceived value influence the purchase intention of Generation Y toward Umrah Plus travel packages in Padang City?

## **1.3 Research Objectives**

The objectives of this research are as follows :

1. To examine the influence of source credibility on the purchase intention of Generation Y toward Umrah Plus travel packages in Padang City.
2. To analyze the influence of electronic word of mouth (e-WOM) on the purchase intention of Generation Y toward Umrah Plus travel packages in Padang City.
3. To investigate the influence of perceived value on the purchase intention of Generation Y toward Umrah Plus travel packages in Padang City.

## **1.4 Research Contribution**

### **1. Theoretical Contribution**

This study aims to explain the effect of source credibility, eWOM and perceived value on the purchase intention of Generation Y on Umrah Plus packages. This research contributes to the theoretical understanding of digital consumer behavior in the religious tourism field, which has been poorly studied in other studies.

Furthermore, this study will contribute to the existing literature and be used as a foundation for the development of marketing theories in the context of online information processing, perceived value formation, and intention-based decision-making in the digital era by integrating three digital behavioral variables in the context of Umrah travel.

## **2. Practical Contribution**

The findings of this study are expected to be a practical reference for Umrah travel agencies to understand the key factors that influence the purchase decisions of the Gen Y consumers. From this research travel providers can learn what elements of online communication, credibility cues and value perceptions influence customer intention most and thus develop more effective marketing strategies. In addition, the results may provide travel agencies with the opportunity to improve service offerings, enhance digital engagement, and optimize promotional content, thus improving competitiveness and supporting business sustainability in the growing Umrah Plus market.

### **1.5 Scope of Research**

This study examines the effects of source credibility, electronic word of mouth (eWOM), and perceived value on Millennials' purchase intention toward Umrah Plus travel packages. The study focuses on Generation Y aged 30–45 years in Padang City, as this segment is financially independent, digitally engaged, and actively relies on online information when making travel decisions. Respondents' demographic characteristics, including gender, education, occupation, and income, are presented only for descriptive purposes and are not included as research variables. Using a quantitative approach, this study collects data through an online questionnaire to measure respondents' perceptions and purchase intentions. The scope is limited to purchase intention and does not examine actual purchasing behavior, service quality, customer satisfaction, or post-purchase outcomes.