CHAPTER I

INTRODUCTION

A. Research Background

The development of communication technology has taken over the world in all actions taken. Things that seemed impossible decades ago have become so easy to do now. The age factor of internet users also has a role in mediating gender differences (Weiser, 2004). It cannot be denied that the generation that grows together with technology has the expectations and experience of the use of digital media that is far different from the previous generation (Thanuskodi, 2013).

Generation X is the generation born in the early years of technological and information development such as the use of PCs (personal computers), video games, cable tv, and the internet. The characteristics of this generation are: being able to adapt, being able to accept change well and being called a tough generation, having independent and loyal character, prioritizing image, fame, and money, hard working type, calculating the contribution the company has made to the results it works (Jurkiewicz, 2000). Generation Y is known as millennial or millennial generation. The phrase generation Y came into use in the editorials of major US newspapers in August 1993. This generation uses a lot of instant communication technologies such as email, SMS, instant messaging and social media such as Facebook and Twitter, in other words Generation Y is the generation that grew up in the booming internet era (Lyons, 2004). Furthermore (Lyons, 2004) revealed that the

characteristics of generation Y are: the characteristics of each individual are different, depending on where he was raised, economic strata, and social family, communication patterns are very open compared to previous generations, social media users are fanatical and their lives are very much influenced by technological developments, more open to political and economic views, so they appear to be very reactive to the environmental changes that occur around them, have more attention to wealth. and Y is the most. In addition, a generation that began to enter the workforce began to be called the generation Z.

Bencsik, Csikos, and Juhez (2016) research showd that the inclusion of Generation Z in the generation group. The six generation groups have different characteristics. The youngest generation entering the workforce is the Z generation, also called iGeneration or the internet generation. Generation Z has similarities to generation Y, but generation Z is able to apply all activities at one time (multi tasking) such as: running social media using a cell phone, browsing using a PC, and listening to music using a headset. Whatever is done mostly related to cyberspace. Since childhood, this generation has been familiar with technology and familiar with sophisticated gadgets.

The development of science and technology globally can affect all aspects in the world. The development that is happening now is very visible in various fields, such as transportation, tourism, and the most striking is in the field of technology, which is certainly supported by the internet. The

internet is now a common thing in the eyes of the public, from children to adults at this time is able to understand and operate the internet.

In the Qur'an, it has been explained about suggestions for developing science and technology. The Qur'an does not specifically provide detailed instructions about it, but the Qur'an provides a basic capital in the form of common sense to be extracted and processed so that it can benefit human life. Basically, all knowledge in the world and the hereafter is regulated in the Qur'an. The word of God in surah Al Mujadalah verse 11 which means:

It means: "Surely Allah will elevate the level of those who believe among you and those who are given knowledge with a high degree" (Q.S al-Mujadilah [58]: 11). Nowadays humans are continuously improving and developing science and technology. Science and technology already occupy the necessary positions in life, because with high science and technology, humans will be elevated in their lives. Science and technology are able to make people change the world from a backward condition to an increasingly advanced state and full of creative thinking that is insightful for the good of life, happiness, and human well-being for high and modern science for the common good.

Lately, the internet had an effect on changing business practices in companies. In its use, the internet allows companies to offer products and services to consumers around the world. Many companies use the internet to promote their products or services because the internet is considered the most significant direct marketing channel. If in the past business activities could

only be done traditionally where the seller and buyer should meet and interact directly to make the process of buying and selling a product or service, but now there is an online business where sellers and buyers no longer have to meet directly but through the internet so that transactions can be easier, faster, effective and efficient. According to a survey conducted by the Association of Indonesian Internet Service Users (APJII), it states that in 2017 internet users in Indonesia reached 143.26 million users, while in 2016 there were 132 million users. This shows that there is an increase of 7.96 percent and is predicted to continue to increase every year. But today, the public has begun to realize the greater use of the internet, currently the internet has created new business trends among the public, one of which is buying and selling online or what is more commonly referred to as e-commerce. According to Peter and Olson (2014) electronic commerce or e-commerce is the process by which sellers and buyers exchange information, money and goods through electronic means through the internet media.

E-commerce at this time especially in Indonesia can not only be done on online trading sites that mostly sell daily necessities such as clothing, shoes, electronic devices and others such as Shopee, Lazada, Zalora, Open Stall and other online sites. But at this time along with the development of internet technology, e-commerce has penetrated in the field of transportation services buying and selling airplane tickets and booking hotel rooms. Currently there are many online sites in the field of transportation services that have offered various types of buying and selling airline ticket services

such as Traveloka, Tiket.com, Pegipegi, Nusatrip, Agoda and other online transportation services sites. Nusaresearch.com recently conducted surveys from 2017 to 2018 on internet users about hotel room and flight ticket booking services in Indonesia. From all points of view, Traveloka is the most popular site compared to other online sites such as Tiket.com, Pegipegi.com, Agoda and others in the survey.

Table 1.1
Nuseresearch Survey Results

Merek	Conversion Rate	Ever visited site	Brand Awarness	Top of Mind
Traveloka	77.0	68.8	89.4	42.5
Tiket.Com	62.1	41.2	66.3	13.4
Agoda	63.8	26.8	42.0	3.4
Wego	51.7	17.0	32.8	1.8
Pegi Pegi.com	50.7	17.5	34.5	1.3
Nusatrip	55.6	13.7	24.7	1.3
Tiket 2	46.9	10.0	21.2	0.7
Booking.com	50.6	13.6	26.8	1.0
Trip Advisor	55.1	14.1	25.5	0.0
U Tiket	57.9	10.1	17.5	1.1

Source: nusaresearch.

Based on table 1.1 Traveloka ranks number one in various ratings. Traveloka is the highest in terms of top of mind, brand awareness, presence in various advertisements, most visited and the main reference for future visits. Then the second position was occupied by Tiket.com and Agoda became the third position.

Traveloka is one of the fastest, cheapest and most complete flight ticket and hotel ticket sales services and prices displayed on the Traveloka website have been processed from a network of official sources. Traveloka cooperates

with official travel agents, airlines that have been trusted to issue tickets on the official Traveloka service site, this allows consumers who will make a ticket reservations can choose the desired airline. Until now, Traveloka has collaborated with various domestic airlines including Garuda Indonesia, Citilink, Lion Air, Sriwijaya Air, Batik Air and international airlines such as, Malaysia Airlines, Thai Airways, Etihad Airways, Emirates Airline and other airlines for more than 18,000 routes in the Asia Pacific. Traveloka was launched as a flight ticket and hotel search site from standard to premium prices with a secure payment system, various payment methods, price comparison mechanism between airlines listed on the website, then call a center that is ready to serve 24 hours and low-cost discounts every day, Traveloka is a travel service that offers a pleasant travel experience for everyone.

Traveloka is not the only one of online site that engaged in transportation services, buying and selling airline tickets and hotels, now many other online sites have sprung up that are competitors for Traveloka. However, the number of competitors does not become an obstacle for Traveloka to continue to develop as an online site provider of flight ticket and hotel booking services that are trusted and much in demand by the general public, even Traveloka has become an online site that ranks first in Indonesia and becomes an internet company providing applications booking airplane and hotel tickets for domestic and international travel destinations. Traveloka also won awards in two categories at the Top Brand Award in 2018, as shown in table 2. below:

Table 1.2
Top Brand Booking Flight Tickets and Hotels

SITUS ONLINE BOOKING TIKET PESWAT DAN TRAVEL		
MERK	**TBI**	**TOP**
Traveloka	45.7%	**TOP**
Trivago	6.5%	TOP
Pegipegi.com	3.1%	
Tiket.com	2.3%	
Agoda	2.1%	

Sumber: topbrand

As noted in table 1.2 above, Traveloka is an online site for flight ticket reservations and hotel room bookings that occupyes the most superior position. This achievement will certainly be a motivation for Traveloka to be better in the future in all aspects and still maintain the good qualities possessed by Traveloka.

Furthermore, inside from the number of online travel service sites Traveloka also offers many prices and is different from one online site to another online site. Currently the price factor is the factor that gets the most attention in the buying process, this is supported by the theory put forward by Peter and Olson (2014) which suggests that the perception of price is related to how price information is understood by consumers and made meaningful. Price is an important and influential role, pricing is one of the important factors that must be considered, because each prospective customer will definitely compare prices from every existing online service site. Traveloka offers a variety of discounts for airplane ticket bookings and hotel room bookings, as well as affordable Traveloka prices without having to charge transaction fees to consumers. On the other hand, service quality also plays an important role

especially for companies engaged in the service sector that markets their products online. A well-managed service quality can be a competitive advantage for a company. According to Tjiptono (2014) service quality focuses on how to fulfil the needs and desires of consumers and the accuracy of the delivery method to meet consumer expectations. Whether or not service quality depends on the company's ability to fulfil customer expectations and handle customer complaints. Quality of service can be said to be satisfactory if the services provided by the company are in accordance with the wishes of the consumers or exceed the expectations of consumers. Traveloka provides assistance services that are customer service at Traveloka call centers that are ready to serve in 24 hours, Traveloka also provides easy rescheduling services that allow consumers to change their own flight plans without having to contact the airline, at easy rescheduling there are services changing flight schedules, adding members or seats and change to another airline.

Another important factor that needs to be considered is the ease of buying online. This ease factor is related to how the system can be operated easily. Usually, prospective buyers will first visit the online site to learn it, after that if prospective buyers can understand and feel if the online site is easy to use, prospective buyers will use or operate the online site. Prospective buyers tend to discourage their intention to make purchases on the online site if the online site is difficult to operate. Traveloka released a mobile application for its users in Indonesia to facilitate booking, the Traveloka mobile application displays a wide selection of flight routes and various types of hotels. This convenience is carried out by Traveloka so as not to

lose in competition over prices, facilities and services from various segments, conducting surveys involving consumers, knowing the needs and desires of consumers and creating customer satisfaction in using services at Traveloka.

Based on several testimonies given by Traveloka service users, it shows that Traveloka's online site is a quality online site that is able to make its users feel satisfied with the quality of service and the prices offered to consumers. The more quality the products and services provided, the higher the satisfaction felt by consumers, the higher the customer satisfaction, it can lead to profits for the company.

Repurchase according to Peter and Olson (2014) is a purchase activity carried out more than once or several times. Satisfaction obtained by a consumer, can encourage consumers to make purchases repeated, so consumers can refer it to others about the pleasant experience using the services of Traveloka. With consumers feeling satisfied, consumers will buy again, where satisfied customers will not hesitate to continue to repeatedly use Traveloka.

Traveloka provides a variety of convenience to consumers with a flight ticket enlargement system, travel and hotel reservations that are fast, easy and safe payment, thus providing a wide choice of ticket prices, travel and hotels in accordance with the consumer budget. In addition, Traveloka provides information on the location or place of hotel recommendations, and tourist attractions. The various services provided by Traveloka are intended to provide the best quality of service to consumers so that it is expected to provide satisfaction for consumers.

The rapid growth experienced by the e-Commerce sector such as Traveloka makes companies need to always evaluate the quality standards of their services. So in this study the researcher interested in examining the quality of electronic services.

Based on the description that has been written, the researcher will conduct a study about the satisfaction of Traveloka application users with the title **"Factors Influencing Student Interest in E-Commerce Sites" Case Study on Traveloka Application Customers.**

B. Research Problem

Based on the background, the problem formulation can be arranged as follows

1. How does the quality of Traveloka influence students' buying interest in Yogyakarta?

2. How does the price influence the Purchase Interest of Traveloka consumers in students in Yogyakarta?

3. What is the effect of promotion on Traveloka consumers' buying interest on students in Yogyakarta?

4. How does the influence of Quality, price and promotion together on Traveloka Consumer Purchase Interest in students in Yogyakarta?

C. Research Purposes

In accordance with the problems raised in the study, the objectives of this study are as follows:

1. Analysis the effect of quality on buying interest of Traveloka consumers in students in Yogyakarta

2. Analysis the effect of prices on Traveloka consumer purchase interest in students in Yogyakarta

3. Analysis the effect of promotion on Traveloka consumer buying interest in students in Yogyakarta

4. Analysis the effect of service quality, price and promotion together on the Travel Interest of Traveloka consumers in Yogyakarta.

D. Research Objective

The research limits the problem under study so that the research conducted is not too broad and more focused. The research problem was carried out:

1. This research was conducted in one e-Commerce, Traveloka.

2. Research respondents are Yogyakarta Daearah Istimewah Students who use the Traveloka application.

3. This research in conducting data retrieval is done within a time limit of a week

E. Research Benefit

The writing of this research relates to ease of use, risk, and consumer confidence in buying interest in E-commerce through applications in the hope that it can provide several benefits. These things include:

1. For Authors

a) Getting knowledge directly through field observations.

b) It is a valuable experience for researchers in the hope that it will be useful in the world of work.

2. For Practitioners

This research is expected to increase knowledge about the factors that influence online buying behavior and become a reference for online businesses in understanding consumers so that they can determine managerial policy steps related to online business appropriately in order to retain customers and expand markets.

3. For Academics

This research is expected to provide information for academics that can be used as a reference in conducting further research.