

CHAPTER I

INTRODUCTION

A. Research Background

Communication technology is developing rapidly, which started a new digital era (Al-dweeri et al., 2019). This is evidenced by the We Are Social report in 2023, which reveals that internet users worldwide have grown by 2.1 percent over the past year, reaching 5.19 billion in July 2023. Internet users have earned more than 64.5% of the world's population (We Are Social & Meltwater, 2023). Indonesia, one of the countries with the largest population in the world, is increasingly experiencing significant growth in the use of digital technology. The 2023 digital data reported by We Are Social also mentioned information about the number of internet users in Indonesia, which reached 212.9 million (77% of the total population) (We Are Social & Meltwater, 2023). The increasing number of Internet users also positively impacts the corporate sector or businesses that use Internet facilities (Rosiyana et al., 2021). This will encourage the company to continue growing, contributing, and innovating, creating market potential.

The development of science goes hand in hand with technological developments that result in everything that can be done online, one of which is electronic-based commerce (e-commerce) (Al-Khayyal et al., 2020). Since the emergence of e-commerce, people have begun to switch to

shopping using the online system; this can lead to competition between e-commerce, which is sure to compete in providing convenience in shopping so that purchasing decisions arise (Agustina et al., 2020). The company makes a platform application to facilitate purchases so that it can be done regardless of the distance between buyers and sellers because consumers in one area can easily purchase goods from other regions (Purwanto, 2022). Considering the increasing number of competing platforms, every existing platform must give confidence to consumers who will buy the product because it will be something that consumers will consider.

In a competitive era, the quality of a product or service will not be enough to become a sustainable competitive advantage in the service industry (Ramadhani & Roostika, 2022). So, the service providers must pay attention to quality and consumer experience. Service quality In the form of a website where companies can provide shopping, purchasing, and delivery facilities that run to be efficient and effective, called e-service quality (Zeithaml et al., 2009). The higher the level of e-service quality, the higher the consumers' awareness to continue using and recommending these online services. E-service quality in online business has become an important issue due to the ease with which consumers switch from one online site to another and the ease with which consumers can compare the purchase of the same product between different online sites (Elif Eroglu, 2014). Companies have realized that service quality alone is no longer a sustainable advantage in the service industry in today's highly competitive era.

The use of e-services by customers when purchasing products or services can encourage and improve customer engagement (Baldus et al., 2015). Customers become critical and always compare the company's services because many entrepreneurs are already engaged in online shopping. The quality of service provided by e-commerce companies can impact the satisfaction of customers who have purchased. Therefore, e-service quality must receive serious attention from e-commerce to guarantee customer satisfaction and customer trust.

The main challenge in purchasing online is ensuring and maintaining customer satisfaction. A strategic emphasis on services is an essential determinant of success in a highly competitive digital marketplace. A company must deliver superior service experiences to its customers so that they will repurchase and be loyal to the firm (Gounaris et al., 2010). Maintaining a high service quality standard is essential to achieve optimal customer satisfaction, frequently resulting in positive behavioral intentions (Brady & Robertson, 2001).

Trust is essential in attracting e-commerce buyers (Chang et al., 2013). However, only a few studies about the impact of service quality on trust, especially within the scope of online business, are available. (Rasheed & Abadi, 2014) tested the effect of e-service quality on trust in the overall services industry and found that trust was considered an antecedent of service quality. Several studies have examined the effect of e-service quality on trust and shown significant results (Blut, 2016; Udo et al., 2010;

Zemblytė, 2015). Previous research not only tests the impact of e-service quality on customer satisfaction and trust but also on customer behavior, such as repurchase intention, word of mouth, and site revisit (Rita et al., 2019).

Behavioral intention is when consumers have intentions or attitudes loyal to a good or service and voluntarily tell other people or parties about the advantages of the product or service (Kotler & K L Keller, 2016). Overall e-service quality is statistically significantly related to behavioral intention such as repurchase intention, word of mouth, and site revisit. Repurchase intention estimates an individual's tendency to engage in another purchase from the same company, depending on previous purchases (Hellier et al., 2003). WOM strongly impacts consumer behavioral attitudes. Consumers frequently employ word-of-mouth (WOM) to get information about various brands, products, services, and organizations (Smith et al., 2005). Site revisit happens when customers are satisfied with a product or service they buy, and they will purchase it again from the same provider or website in the future or search out product information (Supphellen & Nysveen, 2001).

Many researchers have studied the concept of e-service quality (Blut, 2016; Udo et al., 2010; Zemblytė, 2015). Previous studies focused on the four dimensions of the e-service quality model that better predict customer behavior (Blut, 2016). The analytical results showed that three dimensions of e-service quality, namely website design, security/privacy,

and fulfillment, affect overall e-service quality. Meanwhile, customer service is not significantly related to overall e-service quality (Rita et al., 2019). Thus, a company needs to focus more specifically on these dimensions and seek breakthroughs to improve its performance and e-service quality.

One of the growing online businesses in Indonesia related to the variables used in this study is the type of Online Travel Agent (OTA) whose entire activities are carried out online or through the internet system. An Online Travel Agent (OTA) is a travel agent with online-based sales or through a website provided by the company to meet consumer needs (Inversini & Masiero, 2014). One of the current online travel agent companies is Traveloka. Traveloka is a company that provides services focusing on domestic travel in Indonesia. It was established in 2012. Traveloka is the leading travel platform in Southeast Asia, providing access to find and buy various types of travel needs, local attractions, and financial service products. Traveloka's complete product portfolio includes transportation booking services such as flights, buses, trains, car rentals, airport transfers, and access to Southeast Asia's most complete accommodation options. Traveloka has been downloaded more than 114 million times, making Traveloka the most popular travel service purchase application in Southeast Asia.

Based on SimilarWeb's research, Traveloka's competitors are Tiket.com, Airpaz.com, and Airasia.com, which run the same business as

Traveloka. Data shows Traveloka is one of the most popular and widely used travel agent companies. Below is Table 1.1, an analysis of the SimilarWeb site that states a ranking comparison or ranking of how popular a website is compared to other websites in the same industry.

Table 1. 1 Traffic Rank Global dan Country Website Travel Agent

No	Online Travel Agent Website Name	Rank Global (Worldwide)	Monthly visit
1	Traveloka	3,033	20,0 M
2	Tiket.com	5,654	10,8 M
3	Airpaz.com	15,964	3,0 M
4	Airasia.com	3,249	13,5 M

Source: SimilarWeb, 2023

Table 1.1 shows that Traveloka's global ranking is higher than its competitors and Traveloka's number of monthly visits is higher than its competitors. So Traveloka is superior to its competitors in global rankings and monthly visits as a provider of online hotel room and ticket reservations. Therefore, researchers are interested in making Traveloka as a research setting in this study.

To explore the role of e-service quality in becoming a sustainable competitive advantage in the service industry, this research modified from the model (Rita et al., 2019; Sukendi et al., 2021) model while seeking to shed light on the marketing phenomena arising from the implementation e-service quality and customer engagement for Traveloka in Indonesia. Especially in the overall e-service quality model that better predicts customer behavior (Blut, 2016). This study aims to develop new knowledge to understand better the most important aspects of overall e-service quality

that impact customer engagement, customer satisfaction, customer trust, and customer behavior, building on existing literature on e-service quality in Traveloka.

B. Research Question

Based on the background above, researchers can identify the following questions:

1. Does overall e-service quality affect customer engagement?
2. Does overall e-service quality affect customer satisfaction?
3. Does overall e-service quality affect customer trust?
4. Does customer engagement affect customer satisfaction?
5. Does customer engagement affect customer trust?
6. Does customer satisfaction affect behavioral intention?
7. Does customer trust affect behavioral intention?
8. Does overall e-service quality affect behavioral intention mediated by customer satisfaction?
9. Does overall e-service quality affect behavioral intention mediated by customer trust?
10. Does customer engagement affect behavioral intention mediated by customer satisfaction?
11. Does customer engagement affect behavioral intention mediated by customer trust?

C. Research Objectives

From the formulation of the existing question, the objectives of this study are:

1. To determine the effect of overall e-service quality on customer engagement.
2. To analyze the effect of overall e-service quality on customer satisfaction.
3. To investigate the effect of overall e-service quality on customer trust.
4. To analyze the effect of customer engagement on customer satisfaction.
5. To determine the effect of customer engagement on customer trust.
6. To investigate the effect of customer satisfaction on behavioral intention.
7. To determine the effect of customer trust on behavioral intention.
8. To examine the effect of overall e-service quality on behavioral intention mediated by customer satisfaction
9. To examine the effect of overall e-service quality on behavioral intention mediated by customer trust
10. To examine the effect of customer engagement on behavioral intention mediated by customer satisfaction
11. To examine the effect of customer engagement on behavioral intention mediated by customer trust

D. Research Benefit

1. Theoretical benefits

The results of this research can be used to expand the horizons of enthusiasts on the same topic or to solidify specific theories. Hopefully, this research can help other parties and serve as a reference for conducting similar research.

2. Practical benefits

The findings give insight into a better understanding of how e-service quality is formed and how important each attribute of overall e-service quality is to ensure customer engagement, customer satisfaction, and customer trust, which, in the end, can help retain online customers in online platforms.