

CHAPTER I INTRODUCTION

1.1. Research Background

The pace of economic growth, particularly in transportation, is becoming increasingly competitive. Transportation companies, especially those providing online transportation, are progressively releasing new types of outstanding services, and even within a company, services are being diversified through the offering of distinct varieties and advantages. The behaviour of people who need and want quality services, prices, and advantages offered at competitive price levels is a potential that business owners must consider influencing customers loyalty. To progress and develop in the concept of marketing, a company must have the capability to comprehend the needs and preferences of the clientele to whom the product or service will be marketed (Farisi & Siregar, 2020). An instance of this is the Go-Jek corporation, presently a fledgling in the transportation industry that is growing increasingly popular in big cities.

PT. Go-Jek Indonesia is a company that operates in the online transportation sector. Along with the advancement of existing technology, Go-Jek is continually improving its services, which, apart from Go-Ride (a passenger transportation service by motorbike), also include Go-Car (a passenger transportation service by car), Go-Food (food delivery service), Go-Send (a goods delivery service), Go-Mart (a goods purchasing service at the consumers preferred merchant), Go-Box (a large-scale goods shipping service), Go-Clean (a house cleaning service), Go-Tix (a movie ticket ordering service), as well as many other services offered by Go-Jek. According to Nugraha (2020), Go-Jek offers a variety of services that are of substantial interest to Indonesians, resulting in the number of downloads of this application hitting 5.5 million downloads, while Go-Jek had a target of ten million downloads in 2016. Since Go-Jek first appeared in Indonesia, many other transportation start-ups have also developed, allowing them to become Go-Jek's rivals to compete with Grab and Uber. This has a negative impact on Go-Jek, which has to keep striving to compete and improve its performance, as Grab continues to develop its marketing strategy in accordance with the acquisition. In order to improve and maintain its business, one of the factors that should be considered is

the preservation and augmentation of customers loyalty (Taris & Purwanto, 2022).

Cichosz et al. (2017) indicate that the actual standard of service provided to a customer is directly proportional to that customers level of gratification. Customers satisfaction factors such as expectations, performance, and the rise of expectations outweigh performance results. One's feelings toward the services provided by Go-Jek may range from satisfaction to dissatisfaction. Devoted patrons are inclined to utilize a service throughout an extended duration. Aside from customers satisfaction, customers loyalty is also crucial for a company. A high degree of customers loyalty is an indicator of company success. Customers loyalty is defined as a persistent desire on the part of customers to repurchase products and a refusal to turn to other companies (Ishak & Azzaroh, 2017). Customers loyalty in loyal customers behaviour will result in a desire to purchase or using a product or service (Kamil et al., 2020).

To thrive in the business world, Go-Jek must unquestionably innovate to keep up with the ever-changing times and cultivate customers loyalty, one of the ways being sales promotions. The promotion encourages consumers to repurchase in a meaningful manner (Sholihat, 2018). Sales promotion refers to a company's efforts to emphasise the quality of its products and convince customers to buy them (Pemayun & Ekawati, 2016). Sales promotion is a practice employed to enhance the movement of products or services from producers to ultimate consumer (Hanjaya & Setiawan, 2022).

Sales promotions are marketing tactics that aim to increase customers demand for a product or service. Perceived sales promotion refers to how customers perceive and interpret the sales promotion efforts of a company. The interplay between perceived sales incentives and customers loyalty and satisfaction can be intricate and diverse. On the one hand, sales promotions can increase customers satisfaction by offering discounts or other incentives that make the product or service more affordable or attractive. This can result in heightened customers loyalty and repeat purchases. Conversely, if sales promotions are poorly executed or do not deliver on their promises, customers may become dissatisfied and lose trust in the company.

The variables influencing the connection between sales promotion and customers loyalty and satisfaction are complex, encompasses factors such as the nature and frequency of promotional activities, the perceived worth of the promotions, and the overall quality of the product or service being advertised. Companies must carefully balance their sales promotion efforts with other marketing tactics to ensure that they are building strong relationships with their customers and fostering long-term loyalty and satisfaction.

On the other hand, service quality is an additional factor that relates the company's performance to its capacity to deliver consumers with high-quality service and its strategy for defending itself and achieving victory in the midst of rivalry. Service is crucial in determining client satisfaction; the better the customers experience during the service delivery procedure, the greater their satisfaction will be. If the service received or experienced by the consumer is aligned with their expectations, in such cases, the service is perceived as being of high quality, meeting expectations and delivering satisfaction (Rahman et al., 2021).

The manner in which consumers perceive the quality of service has a significant bearing on both their satisfaction and their loyalty. When customers perceive that a company has delivered high-quality service, they are more prone to experience satisfaction and become loyal to that company. If customers perceive that a company meets their expectations on these dimensions, they are more likely to be pleased with the service they have received. Loyalty, on the other hand, refers the extent to which customers are inclined to their continued use of the service depends on their willingness to remain loyal to a particular company over time. When customers perceive that a service provider consistently delivers high-quality service, they are more likely to become loyal and continue using services from that particular company.

In conclusion, the interrelationship among perceived service quality, customers satisfaction, and loyalty forms a cyclical pattern. Increased levels of perceived service quality result in heightened customers satisfaction, resulting in greater customers loyalty. Conversely, when service quality is perceived to be low, it can result in reduced levels of consumer satisfaction and loyalty.

Mobile booking application-based services for transportation bookings have altered the transportation industry. Such an application not only provides private transportation for individuals, but it also saves the driver's effort, time, and money spent searching for passengers. Personalized transportation services enhance the customers experience, thereby increasing their satisfaction with the service. GPS and 4G have transformed the transportation sector through their impact on allowing systems access to personal driver data and the passenger rating history. The mechanism for consumer reviews is crucial in establishing chauffeur credibility. User feedback contributes valuable insights to the designs and preferences of prospective users, thereby aiding businesses in enhancing their operations. This innovative approach has substantially diminished the occurrence of adverse travel encounters for customers (Siyal et al., 2021).

Customers loyalty and satisfaction can be impacted by the perceived benefits of the booking application when customers recognize that the booking application offers them valuable advantages, their inclination to persistently utilize the application increases and encourage it to others, increasing both their loyalty and satisfaction with the product. Certain perceived advantages that can contribute to customers loyalty and satisfaction are convenience, customization, rewards and incentives, communication, and support. The perceived benefits of the booking application can exert a substantial impact on consumer loyalty and satisfaction. By providing customers with a convenient, customizable, and rewarding experience, a booking application can help build long-term relationships with its customers.

As was previously discussed, customer loyalty is essential to marketing because it signifies the willingness of customers, employees, or co-workers to make personal investments or sacrifices to strengthen relationships (Çerri, 2012). The company is now focused not just on achieving customers satisfaction but also on customers satisfaction since it is feasible to enhance customers loyalty by providing greater value. Customers satisfaction is the driving force behind customers loyalty and a business's success. If the business owner cannot match the expectations of the customers, it is unlikely that the customers will engage in the company services again (Bernarto, 2017).

1.2. Research Questions

The identified research problem is as follows, based on the provided context:

1. Does the perceived of sales promotions has an impact on satisfaction?
2. Does the perceived of sales promotions has an impact on loyalty?
3. Does the perceived of service quality has an impact on satisfaction?
4. Does the perceived of service quality has an impact on loyalty?
5. Do the perceived benefits of the booking application have an impact on satisfaction?
6. Do the perceived benefits of the booking application have an impact on loyalty?
7. Does satisfaction has an impact on loyalty?
8. Is there any impact of perceived sales promotions on loyalty, with satisfaction as the mediator?
9. Is there any impact of perceived service quality on loyalty, with satisfaction as the mediator?
10. Is there any impact of perceived benefits of the booking application on loyalty, with satisfaction as the mediator?

1.3. Research Objectives

1. To analyze whether perceived sales promotions impact satisfaction
2. To analyze whether perceived sales promotions impact loyalty
3. To analyze whether perceived service quality impact satisfaction
4. To analyze whether perceived service quality impact loyalty
5. To analyze whether perceived benefits of the booking application impact satisfaction
6. To analyze whether perceived benefits of the booking application impact loyalty
7. To analyze whether satisfaction impact loyalty
8. To analyze whether satisfaction mediates the impact of perceived sales promotions on loyalty
9. To whether satisfaction mediates the impact of perceived service quality on loyalty

10. To analyze whether satisfaction mediates the impact of perceived benefits of the booking application on loyalty

1.4. Benefits of the Study

This research is beneficial since it can be used both theoretically and practically, including:

1. Academic Benefits

It is expected that this research can be used as a resource for the development of knowledge as well as input for a broad audience, particularly academics, regarding the variables contained in this study, the research problem specifically focuses on examining the relationship between the following variables: the perceived benefits of the booking application, perceived sales promotion, perceived service quality, customers satisfaction, and loyalty.

2. Practitioner Benefits

This study has the potential to be useful for understanding function the of perceived sales promotion, perceived benefits of the booking application, perceived service quality on customers levels of satisfaction, and loyalty.

1.5. Research Limitations

This research has several limitations related to its objectives, including the limitations of place and time, which are based on the following factors:

1. The subjects of this study are men and women who has and used Go-Jek application to book an online transportation.
2. This research is limited to the variables of sales promotion, service quality, benefits of the booking application, loyalty, and satisfaction.

1.6. Writing Systematic

To provide context for this research, this study divides the research proposal into the five chapters are structured as follows:

CHAPTER I: INTRODUCTION

The backdrop of the research, the problem's identification, the study's advantages, and methodical writing are all covered in this chapter.

CHAPTER II: LITERATURE REVIEW

This chapter comprises a literature review, previous studies, hypotheses, and conceptual framework.

CHAPTER III: RESEARCH METHODOLOGY

This chapter encompasses research type, data type, data source, sample research method, research subject and object, data collection and measurement method, face validity, and operational definition.

CHAPTER IV: RESULT AND DISCUSSION

This chapter includes the findings of the present study as well as the corresponding discourse pertaining to the research.

CHAPTER V: CONCLUSION

This chapter encompasses the research conclusion, managerial implications, limitations, and recommendations.