

CHAPTER I

INTRODUCTION

1.1 Background

People's lives are increasingly centred around traveling, whether for work or leisure. As someone who frequently travels, accommodation is very important for everything to run smoothly. Online Travel Agencies (OTAs) are digital platforms that enable travelers to book accommodations with a single click (Christin & Nugraha, 2023). Online Travel Agencies (OTAs) have a significant and transformational impact on the contemporary travel business, influencing both the experiences of travelers and travel service providers (Zhou et al., 2024). Usually, people need to book hotels or other accommodations in advance, so finding a comfortable and reliable place is a top priority. Online Travel Agencies (OTAs) such as Traveloka, Tiket.com, and others have changed the way people search and book hotels. This research focuses on Online Travel Agencies (OTAs) because of the great interest in traveling and the hospitality industry. OTAs allow travelers to book multiple tourist activities through one platform. These services offer convenience, reasonable prices, and a wide variety of options that have made everything easier for modern travelers. Online Travel Agencies (OTAs) are growing throughout the year and have impacted traditional hospitality businesses to adapt to these changing consumer preferences. There are a lot of Online Travel Agencies that are available in Indonesia, but this research will focus on Traveloka and hotel bookings in general.

Currently, tourists and their activities are on the rise in Indonesia. The tourist industry in Indonesia improved by 5.40% from 2019 to 2020 (Permatasari et al., 2022). This highlights the high potential for tourism development. In today's digital age, the organization must be able to attract customers through both offline and online sales channels. The hotel industry is one of the businesses that have adopted the most benefits from the Internet or online systems. This shows that the opportunities for the tourist sector, especially hotels, are enormous. Therefore, it is important for hoteliers and agents to develop their potential. International visitor visits climbed by 25.43 percent between January and March 2024, compared to the

same period in 2023. This increase in international tourists was primarily seen at Ngurah Rai Airport-Bali and Soekarno Hatta Airport-Banten, which climbed by 31.49 and 33.03 percent, respectively (Statistics Indonesia, 2024). As shown in Figure 1.1 below, international visitors grew by 19.86 percent in March 2024 compared to the previous year. The number of international tourists is getting higher than when the COVID-19 outbreak began.



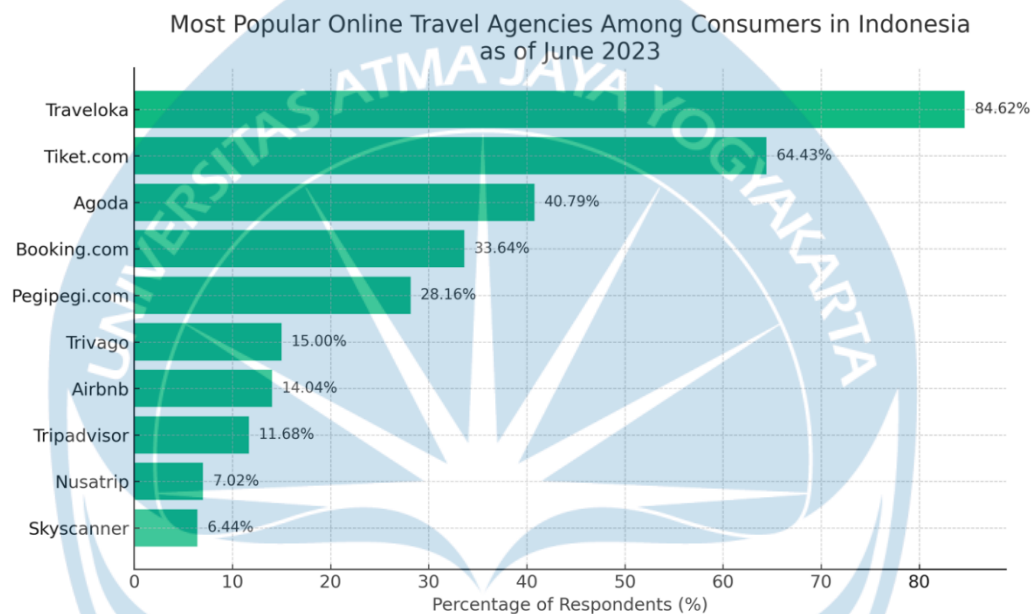
Source: Bps.go.id (2024)

Figure 1. 1

Growth of Tourism March 2024

Traveloka, founded in 2012 by Indonesian engineers Ferry Unardi, Albert, and Derianto Kusuma, began as a metasearch engine to address challenges in comparing flight options within Indonesia. Traveloka is a mobile-based app focusing on traveling services such as ticket or hotel booking that was launched back in 2012 and mainly serves to make traveling more accessible, and people can now book tickets from their smartphones (Diekson et al., 2022). In today's digital age, consumers no longer rely solely on traditional advertising for information on product purchases (Ahn & Lee, 2024). People rely more and more on OTAs to provide complete information, such as reviews, price comparisons, and various accommodation options. This makes the hotel reservation process easier and more

transparent. Traveloka is one of the leading technology companies around Southeast Asia that allows users to find, book, and make purchasing decisions on a variety of products such as transportation, accommodation, lifestyle, and financial services (Hazizah et al., 2021). With a variety of options gathered in one platform, Traveloka provides convenience and flexibility that we don't get from traditional booking methods. We can easily weigh the advantages and disadvantages before finally deciding. Traveloka facilitates local tourism to various sections of the country.

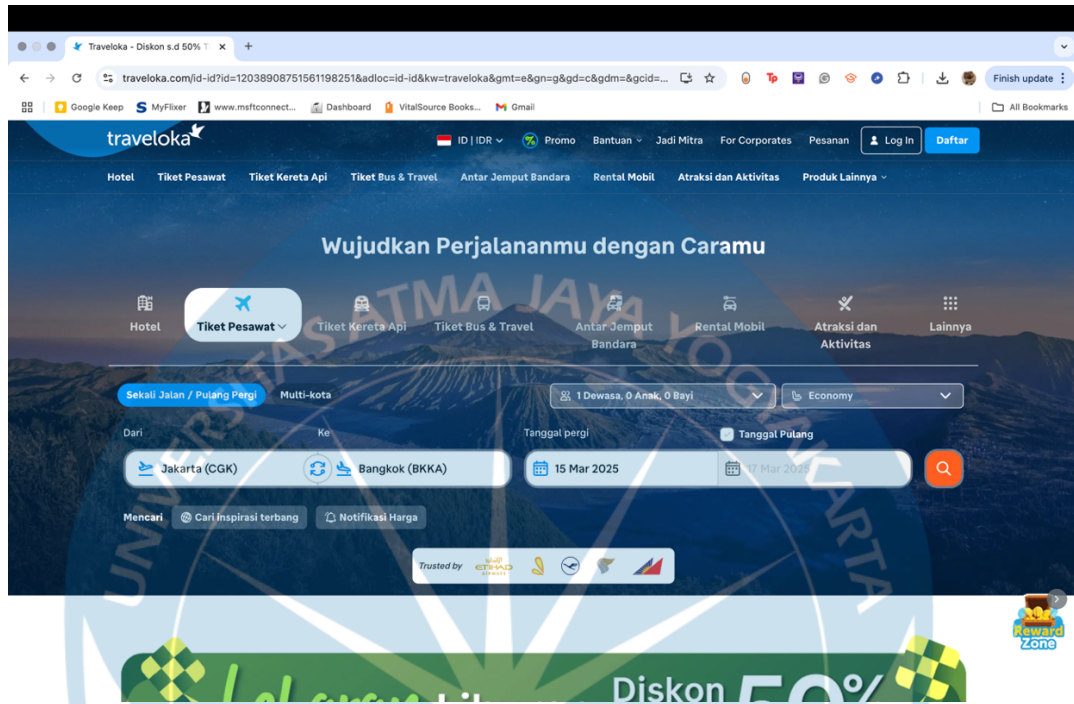


Source: Statista.com (2024)

Figure 1. 2
Most Popular Online Travel Agencies Among Consumers
in Indonesia as of June 2023

According to a Rakuten Insight survey, published on the Statista website in 2023, Traveloka is the most popular OTA in Indonesia, can be seen in Figure 1.2, with 84.62% of respondents using it to book travel services. It is trailed by Tiket.com (64.43%), Agoda (40.79%), and Booking.com (33.64%). Traveloka's popularity can be defined by its broad services, affordable prices, and reliable digital payment alternatives. The company's domination highlights Indonesians' rising preference for online travel bookings, which is fueled by the simplicity of managing travel plans on mobile devices. In the midst of OTAs' popularity, OTAs

need to keep updated. Traveloka keeps adding new features to their services, such as Price Alert, where the customer will be notified if the price of flights on the desired date and budget are met (Aulia et al., 2019).



Source: Traveloka.com (accessed on February 2025)

Figure 1.3
Traveloka's Web Page

Traveloka is an online travel agency that people can access through both a website and a mobile application; this feature gives flexibility for users to plan their trips according to their preferences. Looking at Figure 1.3, Traveloka's website offers a comprehensive view of services with detailed filters, allowing users to browse accommodations, flights, and activities on a larger screen, which is especially convenient for complex bookings. A website offers a broader reach, allowing travelers from around the globe to discover your services with just a few clicks (Banez, 2024). Figure 1.4 shows Traveloka's mobile application appearance. Overall, all the features offered are almost the same; the difference is, in the application, there is a TPayLater feature for the payment. Meanwhile, the mobile app offers a seamless experience for travelers on the go, with features like mobile-only discounts, push notifications, and in-app customer service chat for real-time

assistance (Aulia et al., 2019). This dual-platform solution fits various user behaviors, including those who want to book thorough desktop trip planning and last-minute bookings made on a smartphone.



Source: Traveloka mobile application (accessed on February 2025)

Figure 1. 4

Traveloka Mobile Application View

Analyzing factors that influence the booking intention through Traveloka, a lot of features in Traveloka play a crucial role, such as online reviews, price, and trust. An online review contains several types of information, such as review text, review title, and review score (Shimpi et al., 2022). Online reviews significantly impact consumer decision-making, as travelers rely heavily on the experiences shared by previous users to gauge the quality of accommodation or service. Meanwhile, price is a critical factor influencing consumer behavior, particularly in

the context of online hotel bookings. When the price is perceived as fair or providing high value for money, consumers are more likely to proceed with a purchase. Trust is another pivotal factor, especially in digital transactions. Elements such as secure payment systems, responsive customer service, and transparent policies help foster trust in the platform (Rahman, 2023). In essence, these factors play a very important role in customer decisions to book hotels, which will be discussed further in this study.

In addition, OTAs' pricing strategies, such as discounts and promotions, often influence customer behavior. Sometimes, it can encourage us to book impulsively, or even confuse us because of the variety of prices available. OTAs provide both online reviews and prices as requisite information (Christin & Nugraha, 2023). Existing customers share their travel experiences with those companies on different social platforms without hesitation, and potential customers evaluate the reviews before planning a trip (Hossain et al., 2024). These things are important because they directly affect our intention to book. Understanding things like trust in reviews and price transparency can help us better understand how people make decisions in this digital age.

According to the previous main journal, this study adopts a more precise object than the reference journal. The previous journal focuses on the OTAs and Hotel booking in general in Indonesia, while this research explores OTAs specifically on Traveloka, one of the largest online travel agencies in Indonesia. By concentrating on Traveloka, the study may explore more closely elements like online reviews, pricing, and trust, which directly relate to the special qualities and services of the platform.

Additionally, the subject of this study is young adults aged 18–26, a demographic that is highly engaged with digital platforms and has distinct preferences when booking accommodations. On the other hand, the reference journal does not restrict the age range of the respondents, so this study is more focused on comprehending the booking behavior of tech-savvy young tourists utilizing Traveloka.

1.2 Problem Statement

- 1) Do online reviews have a significant impact on consumer trust in Traveloka OTA?
- 2) Does price have a significant impact on consumer trust in Traveloka OTA?
- 3) Does trust have a significant impact on consumer booking intention in Traveloka OTA?
- 4) Do online reviews significantly impact consumer booking intention in Traveloka OTA?
- 5) Does price significantly impact consumer booking intention in Traveloka OTA?
- 6) Does trust mediate the relationship between online reviews and booking intention in Traveloka OTA?
- 7) Does trust mediate the relationship between price and booking intention in Traveloka OTA?

1.3 Research Objectives

- 1) To analyze the effect of online reviews significantly toward consumer trust in Traveloka OTA.
- 2) To analyze the effect of price significantly toward consumer trust in Traveloka OTA.
- 3) To analyze the effect of trust significantly toward consumer booking intention in Traveloka OTA.
- 4) To analyze the effect of online reviews significantly toward consumer booking intention in Traveloka OTA.
- 5) To analyze the effect of price significantly toward consumer booking intention in Traveloka OTA.
- 6) To analyze the mediating effect of trust significantly toward the relationship between online reviews and booking intention in Traveloka OTA.
- 7) To analyze the mediating effect of trust significantly toward the relationship between price and booking intention in Traveloka OTA.

1.4 Research Benefits

a. Theoretical benefits

This study adds to the theoretical developments of consumer behavior studies, specifically comprehending the relationship between online reviews, prices, trust, and booking intentions. It reinforces existing ideas by providing empirical evidence on these variables, giving academics a firm framework to investigate related concepts and advance scientific knowledge in marketing, hospitality, and digital platforms.

b. Practical benefits

This research is expected to provide practical benefits for Online Travel Agencies (OTAs) and hotels by understanding factors like online reviews, price, and trust that influence booking intentions. OTAs can refine platforms to meet consumer needs, while hotels can optimize pricing and review management. Additionally, this study serves as a reference for future research, offering insights into consumer behavior within the OTA ecosystem and guiding researchers in exploring related topics.

1.5 Research Systematics

CHAPTER I INTRODUCTION

In this chapter, we will look at the research's background, including the context and critical issues that make the study important. We will describe the research phenomenon, explain why it is important to investigate, and back it up with relevant facts or statistics. The chapter will also present the research questions, establish the study's objectives, and explain the theoretical and practical advantages. It will conclude with an outline of what each chapter will address, providing readers with a clear route through the thesis.

CHAPTER II LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

This chapter will lay the groundwork for the research by investigating relevant theories and prior studies linked to the research variables. The chapter will next walk readers through hypothesis formulation, reinforced by insights from previous research, before concluding with a visual research framework.

CHAPTER III RESEARCH METHODOLOGY

This chapter will break down how the research is conducted. This chapter will outline the sort of research, the research objectives and subjects, and the study location. It will describe the demographic and sampling methods, how data will be collected (by surveys or interviews), and the operational definitions of each variable. This chapter will also talk about how the data will be measured and processed, including descriptive statistics, instrument testing, and the methods used to test hypotheses.

CHAPTER IV DATA ANALYSIS AND DISCUSSION

This chapter will present and interpret the research results. It will begin with descriptive statistics that summarise respondent demographics and data dispersion. The findings will be presented in detailed tables, followed by explanations to assist readers grasp their relevance. Hypothesis testing will determine if each hypothesis is accepted or denied, and the discussion section will compare the results to previous studies, emphasizing agreements or contradictions in at least three comparisons per hypothesis.

CHAPTER V CLOSING

The final chapter will wrap things up by summarizing the research findings and providing judgments based on them. It will investigate the managerial consequences for firms or industries related to the research object and provide practical recommendations. The chapter will also address the study's limitations and provide areas for future research. Finally, it will offer a bibliography (APA style) and any necessary attachments, such as research questionnaires and raw data, for transparency.