

**THESIS**

**The Influence of SITEQUAL on E-loyalty through  
Customer E-Satisfaction of Indonesian Airlines Website**

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## **Chapter 1**

### **INTRODUCTION**

#### **1.1 Background**

With the rapid development of information and communication technology, Internet and World Wide Web (WWW) have become important tools in electronic commerce (e-commerce). The use of the internet and the web to transact business has significantly revolutionized in the last decade (Laudon and Traver, 2008:10).

Since the year 2000, many industries have been turning to the Internet to market their product, including the airline industry (J.Soc.Sci.,17(2):149-151, 2008). The developments in telecommunication and computer technology have spurred many new approaches to service delivery (Lovelock and Wirtz, 2007: 107). Widespread of enthusiasm for e-commerce has lead airline industry to venture into electronic ticketing or e-ticketing. For example, concept of e-ticketing has entered U.S as far back as in 1980's which is primarily adopted by its domestic carriers; United Airlines in 1984 (tourism.com, 2005). Even though e-commerce has started grown in the Unites States, economics and business around the globe include Asia are being similarity affected (Laudon and Traver, 2008).

A recent survey found, that airline tickets was the most frequently purchased items online in Indonesia and other Asia-Pacific countries. In Indonesia,

airline tickets topped the list, with 40 percent of respondents reporting having purchased tickets online (Wayansari, 2008). It is define that internet and web play a significant role in Indonesian airline industry.

Competition in the airline industry is at all-time high, challenging providers to reduce costs while improving quality. In this environment, attracting new customers and retaining existing ones through superior customer service is not only a key competitive differentiator but a necessity. Obstacles met in the search for flight information can diminish a customer's perception of an airline's capability, decrease the opportunity for future revenue, and open the door for other carriers to win the business (Communication News, 2000).

The airline industry is very competitive when it comes to Web development and companies can benefit from the independent evaluation of their online efforts," said William Rice, President of the Web Marketing Association. "Airline websites are no longer simple reservation sites. Many are creating a travel destination for visitors to learn about locations, events in the area, hotels, cars or complete vacation services." (24-7pressrelease.com, 2009)

Relate to the online travel services, airlines website offers electronic product in the sense of travel requirement – planning, searching, comparison pricing, reserving, and payment – which can be accomplished in online environment (Laudon and Traver, 2008:593). Some of main airlines website in Indonesia are: [www.garuda-indonesia.com/](http://www.garuda-indonesia.com/); [www.lionair.co.id/](http://www.lionair.co.id/); [www.kartika-airlines.com/](http://www.kartika-airlines.com/); [www.citilink.co.id/](http://www.citilink.co.id/); [www.deraya.co.id/](http://www.deraya.co.id/); [www.airasia.com/](http://www.airasia.com/); [www.mandalaair.com/](http://www.mandalaair.com/); [www.merpati.co.id/](http://www.merpati.co.id/).

Oliveria et al. (2002) state that electronic service (e-service) might be the key to long-term advantages in the digital times, and e-service quality is becoming even more critical for companies to retain and attract customers in the digital age (Oliveria et al. 2002). Based on Kotler (2003), delivery superior service in order to make differentiation and gain profitability is one of the important ways. Instead of a commercial website must compete with thousands of other sites on the web (Santos, 2003). This change raises questions concerning customer satisfaction with the airlines website quality.

High service quality is the main step to have satisfied customer, which has an important effect on customer retention (Patterson et al., 1997; Sedon, 1997). In addition, online trust is an important determinant for websites to succeed in market place (McKnight and Chervany, 2001). In order to satisfy customer's needs, many companies have to setup websites that provide quality information and services to customer (Saha and Zhao, 2005).

From the research perspective, lots of researchers talk about the dimensions of the e-service quality. Previous studies have revealed that service quality in online environments is an important determinant of the effectiveness of e-commerce (Yang, 2001). Increased e-service quality on the web can make online companies more effective and appealing, and can help them to achieve higher levels of customer satisfaction and retention (Gronroose et al., 2000). The research by Yoo and Donthu (2001) revealed that 4 dimension – ease of use, aesthetic design, processing speed, security aspect – called SITEQUAL are acceptable to measure online service quality of website.

Research is needed to determine the affordable dimensions of SITEQUAL (e-service quality) that works in measuring customer e-loyalty thru customer e-satisfaction of Indonesian airlines website.

## **1.2 Research Problems**

Based on the above problematic situation, the research problem conducted question as:

1. How does ease of use of Indonesian airlines website influence customer e-satisfaction?
2. How does aesthetic design of Indonesian airlines website influence customer e-satisfaction?
3. How does processing speed of Indonesian airlines website influence customer e-satisfaction?
4. How does security aspect of Indonesian airlines website influence customer e-satisfaction?
5. Does customer e-satisfaction of Indonesian airlines website lead the e-loyalty?

## **1.3 Research Objectives**

The development of this research had been purposed to achieve below objectives:

1. To describe the influence ease of use of Indonesian airlines website on customer satisfaction
2. To describe the influence of aesthetic design of Indonesian airlines website on customer satisfaction
3. To describe the influence of processing speed of Indonesian airlines website on customer satisfaction
4. To describe the influence of security aspect of Indonesian airlines website on customer satisfaction
5. To confirm that customer e-satisfaction on Indonesian airlines website will lead e-loyalty.

## **1.4 Advantages of the Research**

### **1.4.1 Theoretic Advantages**

To support knowledge of e-service quality regarding the affordable SITEQUAL dimensions that correlates and influence customer e-loyalty thru customer e- satisfaction on Indonesian airlines website. Research result can be used on further development research of website quality.

### **1.4.2 Empiric Advantages**

To give researcher an experience in analyzing research problem and conducting research result, by doing proper research methodology with Structural