CHAPTER I

INTRODUCTION

1.1 Background of the Study

We Currently live in a world that is overrun by advertising. Everywhere we go and at every time during the day, we come across advertisements. Advertising has developed from old mediums like billboards, newspapers, radio, or magazines into something more complicated and richer. business practices today offer various tools and techniques to assist consumers in making choices from a wide range of product options from variety of marketing channel.

These tools aim to simplify the term of the series of mental and behavioural steps that consumers go through when they are considering buying a product or service. One of frequently used techniques is providing information about product popularity, often indicated by labels like "best seller" or "top-rated", which is based on factors such as user reviews or consumer preferences.

One key factor's that can support all of marketing strategies such as advertising is the development of internet, the advantages of the internet provide opportunities for companies to seek innovation, develop opportunities, and realize everything can be spread easily right now.

Furthermore, according to (Bimaruci et al., 2020), the internet has significantly transformed certain aspects of contemporary business practices. In addition to e-commerce, another business that has effectively transitioned from traditional to digital is the online booking system, commonly referred to as an Online Travel

Agent (OTA). The exponential expansion of the hotel industry is propelling th7e emergence and advancement of online travel agent enterprises.

The primary services offered by online travel agents typically encompass two categories: transportation reservations and lodging arrangements, which may include hotels or guest houses. Indonesia boasts a plethora of captivating tourist locations, coupled with a substantial population, rendering it a promising country for the establishment of an online travel agent enterprise.

In 2011, Tiket.com. a pioneering online travel agency in Indonesia launched its operations. Despite being one of the most well-known OTAs in the nation, Top Brand award, which conducts research based on a number of factors, including top of mind, last used, repurchase cycle, and future intention, found that they lagged behind Traveloka.

It may also be caused by the lack of effectiveness advertising between Tiket.com and Traveloka. From the fact, UI & UX from advertising and application playing a big role in many aspects such as user scenario and user goal. Traveloka is often recognized for its user-friendly interface and seamless user experience in its advertising campaigns. Their advertisements tend to highlight the simplicity of the booking process. Attractive visuals, and clear navigation through their app or website. This contributes significantly to positive user scenarios, where potential customers find it easy to understand and use Traveloka's services.

Tiket.com might face challenges in its UI/UX design that could affect its advertising effectiveness. If their advertisement doesn't effectively communicate an intuitive and straightforward booking process, or if their app or website lacks user-friendly

features, it might lead to reduced user engagement and conversions. These issues could impact use scenarios, causing potential customers to opt for competitors like Traveloka, known for their smoother use experience.

Since Traveloka effective UI/UX in advertising and application likely aligns with user goals of easy booking, quick navigation, and a seamless experience. Conversely, if Tiket.com advertising and application lack such user-centric elements, it might hinder users from achieving their goals swiftly and effortlessly, prompting them to choose a more user-friendly platform.

With these comparison between Tiket.com and Traveloka. Advertising effectiveness should consider the critical role of UI/UX. Traveloka emphasis on the user-friendly interface and seamless user experience in their advertisements likely contributes to higher engagement and customer satisfaction, potentially giving them an edge over Tiket.com in attracting and retaining customers.

Since corporate competition has become fiercer over the past three years, the Tiket.com brand index has shown a decline trend. By the end of 2018, there were 8.9 million unique visitors to Tiket.com, which places it second in the industry behind Traveloka, which had 39 million visitors overall.

Tabel 1. 1: Top Brand Online Travel Agent

2016		2017		2018	
Traveloka.com	45.70%	Traveloka.com	78.50%	Traveloka.com	74.80%
Trivago.co.id	6.50%	Pegipegi.com	2.70%	**Tiket.com**	**10.30%**
Pegipegi.com	3.10%	**Tiket.com**	**1.60%**	Trivago.co.id	3.70%
Tiket.com	**2.80%**	Wego.co.id	1.20%	Utiket.com	3.20%

Source: Top Brand, 2023

Based on table 1.1 "Top Brand Online Travel Agent". It may be inferred from this that Tiket.com needs a strong strategy to compete with other online travel agency suppliers. More people viewing websites can enhance likelihood that they will make a purchase on Tiket.com, knowing a customer's intention in advance or beingable to measure them precisely would also enable tiket.com to better target their marketing efforts and provide the intended outcomes, such as stronger customer engagement and return on investment.

However, customer engagement refers to the communication or contact that occurs through numerous marketing channels between producers or business and external stakeholders like customer intention. According to earlier research by Setiawan., et al. (2021), viewing behavior on customer engagement on marketing channels that are promoted online is influenced by purchase intentions, informativeness, entertainment & credibility.

The term of informativeness, related to on how the company taking a part as a mediator to inform and giving any kind of information related to product or service that they offer. According to Kurniawan., et al (2021), informativeness is defined as the ability to provide customers with knowledge about product alternatives in order to maximize their satisfaction.

It refers to the ability of a business or salesperson to teach customers about various items they can choose from, assisting them in making a more informed decision and eventually raising their level of happiness with the product they finally choose.
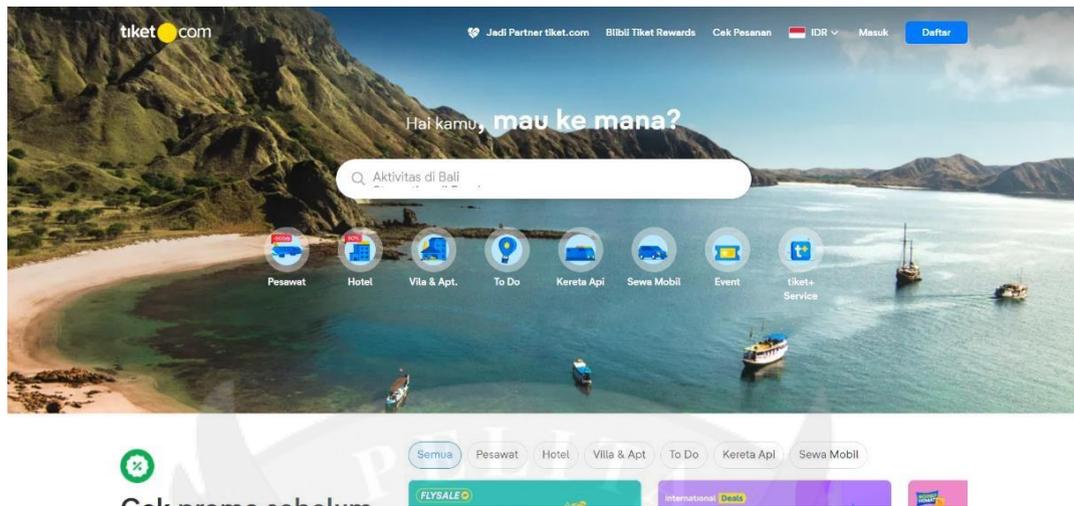
Figure 1. 1: Tiket.com website Homepages
Source: Tiket.com Website

According to figure 1.1 the Tiket.com website, customers or users have a wide range of option to pick from. These options encompass various types of tickets, such as those for airplane travel, hotel accommodations, villa and apartment rentals, automobile rentals, as well as tickets for recreational activities and holiday experiences.
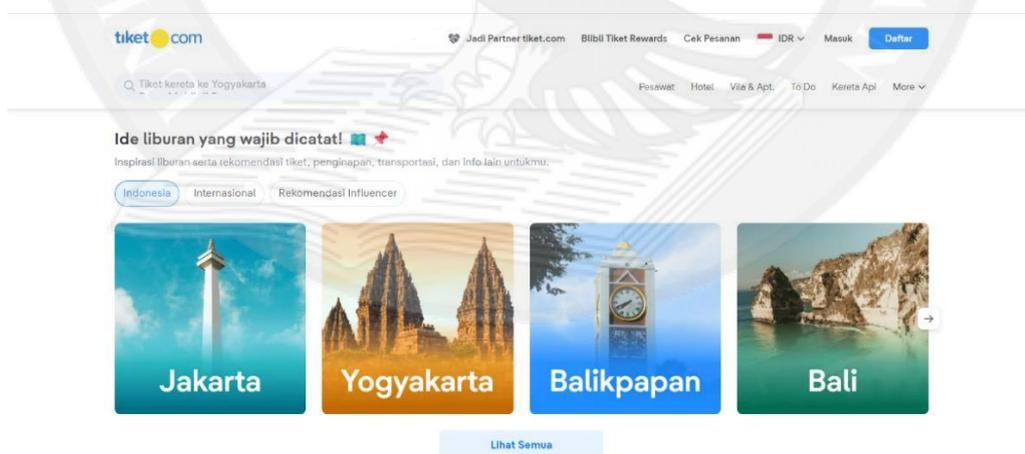

Figure 1. 2: Tiket.com website Homepages
Source: Tiket.com Website

In addition, based on figure 1.2 "Tiket.com Homepages", there are other notable destinations that are commonly recommended, including Jakarta, Yogyakarta, Balikpapan, Bali, Medan, and others. These locations are often highlighted to provide a comprehensive overview of their respective characteristics and attractions.
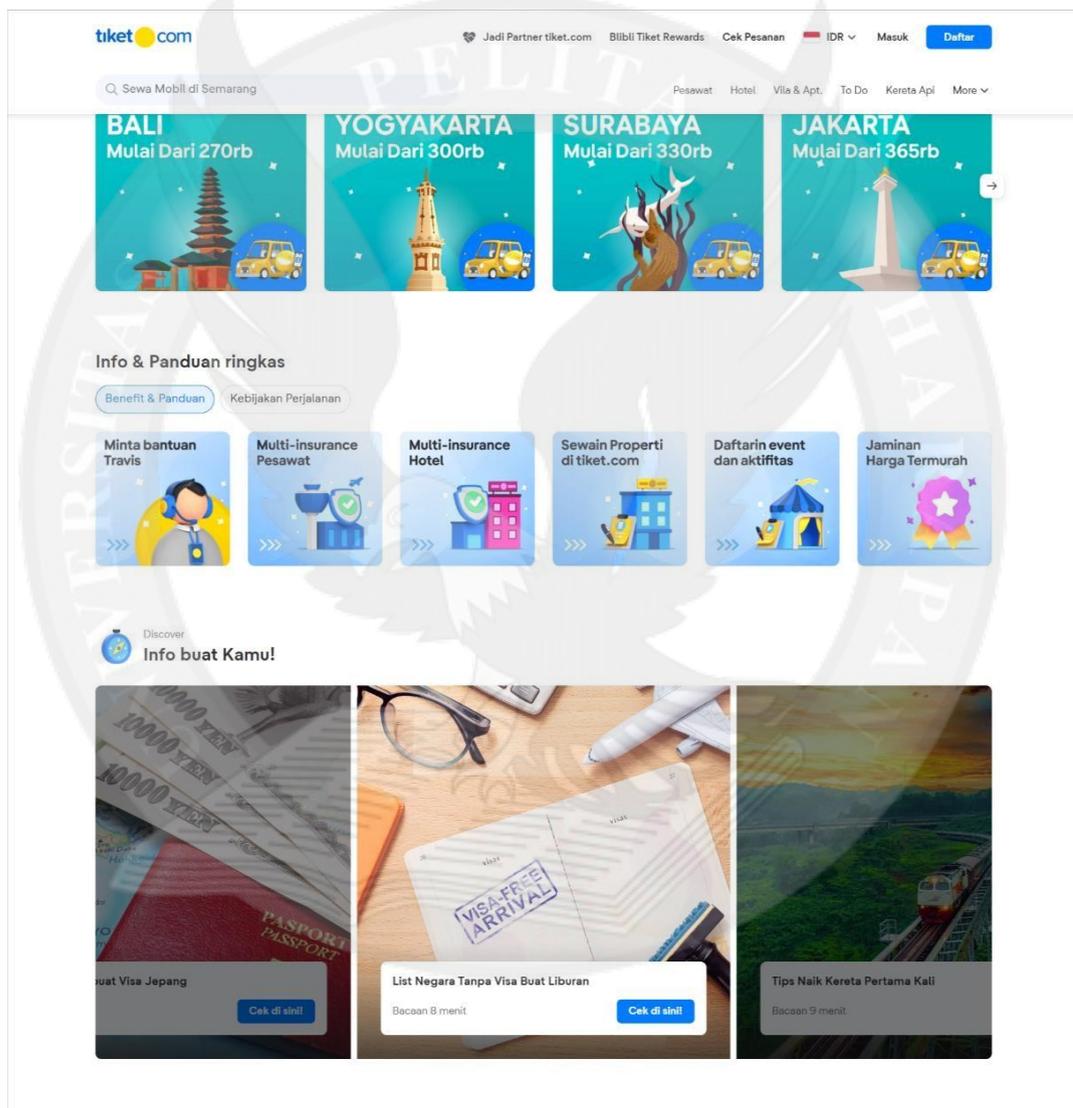

Figure 1. 3: Tiket.com Website Homepage
Source: Tiket.com Website

Moreover, based on figure 1.3 "Tiket.com Website Homepage", Tiket.com also generates multiple articles aimed at providing concise explanations regarding the necessary pre-travel information that customers should be aware of before to embarking on their journeys. Each of these articles contains a reminder guide that assists readers in completing the reading of the respective article. According to the tiket.com website, there have been four articles published in 2023 under thecategory "information for you".

Tabel 1. 2: Tiket.com website listing Article

Article Name	Total Reader/Views	Year Publish
Cara Perpanjang Paspor Online	344.585	9 August 2023
Cara Apply Visa Jepang Terbaru 2023 dan Syaratnya, Lengkap!	84.714	10 August 2023
Cara Naik Kereta Api Pertama Kali dengan Aman & Mudah	74.667	16 August 2023
Daftar Negara Bebas Visa Terbaru Untuk Paspor Indonesia, Cek di Sini!	162.684	26 January 2023

Source: Tiket.com Blog

Based on table 1.2 "Tiket.com website listing Article", it shows that in 2023, the average number of views for each piece of information published on their website exceeds 70,000. This indicates a significant level of engagement with the content provided on their platform. Not only that, but Each article also has internal linking to provide more information for readers seeking a more comprehensive understanding of the topics covered in previously read articles Hence, this feature

significantly facilitates the transition of readers to other articles which mean, user-friendly.

The ability to fulfil an audience's need by giving them an emotional of enjoyment can giving a chance to companies to gain a lot of attention for their advertising According to (Giao et al., 2020), the ability to satisfy an audience's requirements for escapism, diversion, aesthetic satisfaction, or emotional enjoyment is the definition of entertainment.

As more people are likely to finding their playful nature, by providing a game, interaction content, prize or even promo for every product or services which they wrapped into entertainment will be a successful way to attract and keep customers.
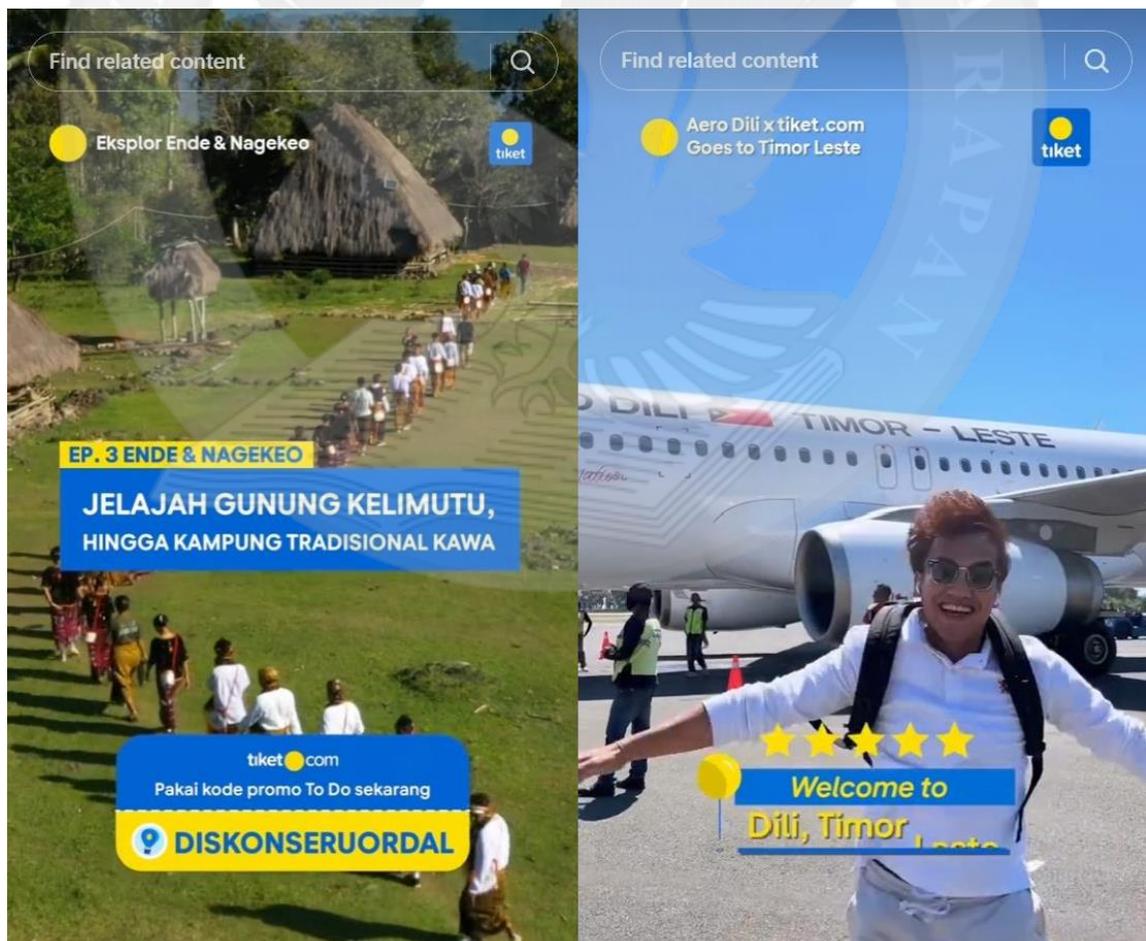

Figure 1. 4: Tiket.com TikTok Account
Source: TikTok Account

These aspects can be used to engage clients more deeply and familiarize them with the product or service being offered (Bolou., et al 2022).

One of the contents on figure 1.4 "Tiket.com TikTok Content" involved the utilization of the entertainment variable. This material aimed to provide concise explanations regarding various recommended destinations, with a focus on evoking emotions of enjoyment, fun, excitement, energy and satisfaction.

tiket.com also consistently incorporates various promotional strategies into their content creation process with the aim of enticing customers. Aside from that, there is an effort to engage and entertain users by incorporating enjoyable music and employing text-to-speech technology to audibly present each sentence displayed on the screen.
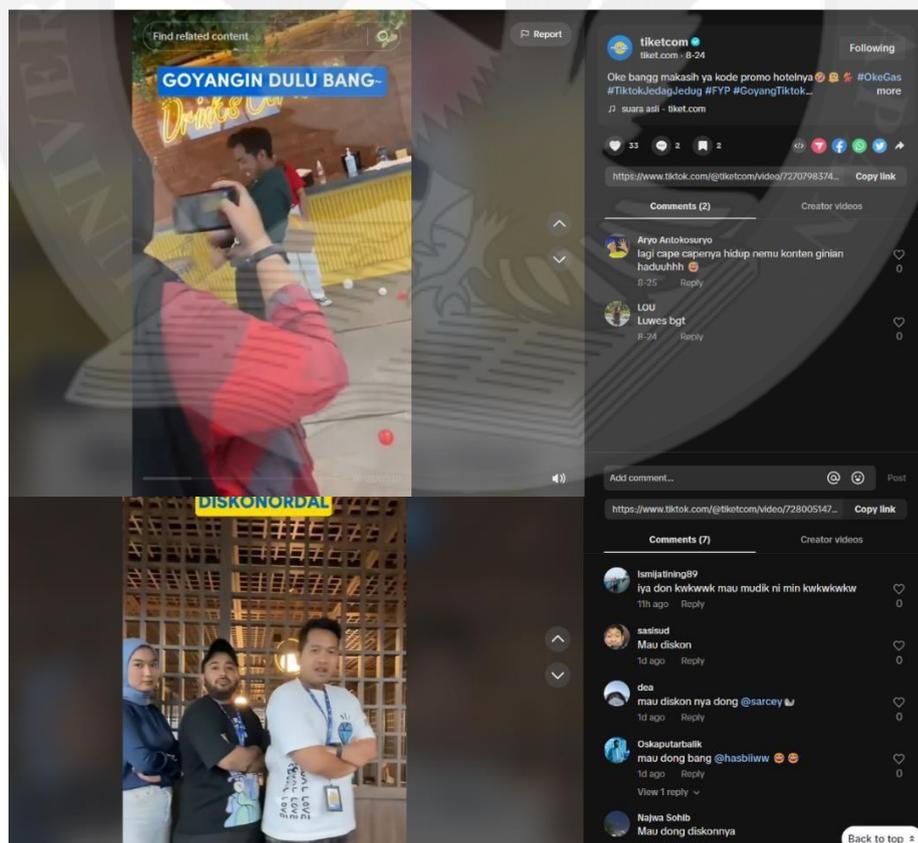

Figure 1. 5: Tiket.com TikTok Content
Source: Tiket.com TikTok Account

In addition, based on figure 1.5 the author also discovered a particular piece of content that effectively conveys a sense of enthusiasm by presenting promotional coupons in an engaging manner. In light of the aforementioned commentary displayed on the screen above. there are a comment also expresses the enjoyment experienced when watching the Tiket.com content.

Apart from that, mobile technology has become the travel industry's primary distribution channel in an effort to improve the guest experience and make it more enjoyable than it was previously (Law., et al 2018). As a result, according to Tom Dieck et al. (2018), hospitality marketers and application developers ought to create more enjoyable, entertaining, and informative app experiences for online travel agencies users.

The user-friendly interface and comprehensive functionality of the system enable individuals with limited technological proficiency to effortlessly make reservations for their travel arrangements. By utilizing a few simple gestures on their mobile device, individuals are able to meticulously organize and arrange every aspect of their journey commencing from the initial stages until its ultimate conclusion.

Moreover, credibility can also be one of important aspects that company's need to look after for instance, a customer who have intention to pay some product or service that's because of they started to believe on that brand's either from confidence or advertising. According to Devkota et al., (2021), credibility advertising can be defined as consumer's perception of the truthfulness and believability of advertising in general.

In other words, it's a measure of whether consumers believe that the claims made in advertisements are accurate and trustworthy, when consumers perceive advertising as credible, they are more likely to trust the information presented in ads and make decisions based on it.

Conversely, if consumers perceive advertising as credible, they are more likely to trust the information presented in ads and make decisions based on it, Conversely, if consumers perceive advertising as lacking credibility, they may be skeptical of the claims made in the ads and less likely to be influenced by them.

One solid component that might demonstrate the trustworthiness of tiket.com is its Instagram social media account, which consistently provides updates on upcoming events and information related to tiket.com news. According to (Arora et al., 2019) the reliability and trustworthiness of content on social media platforms are attributed to the presence of comments from established social connections.
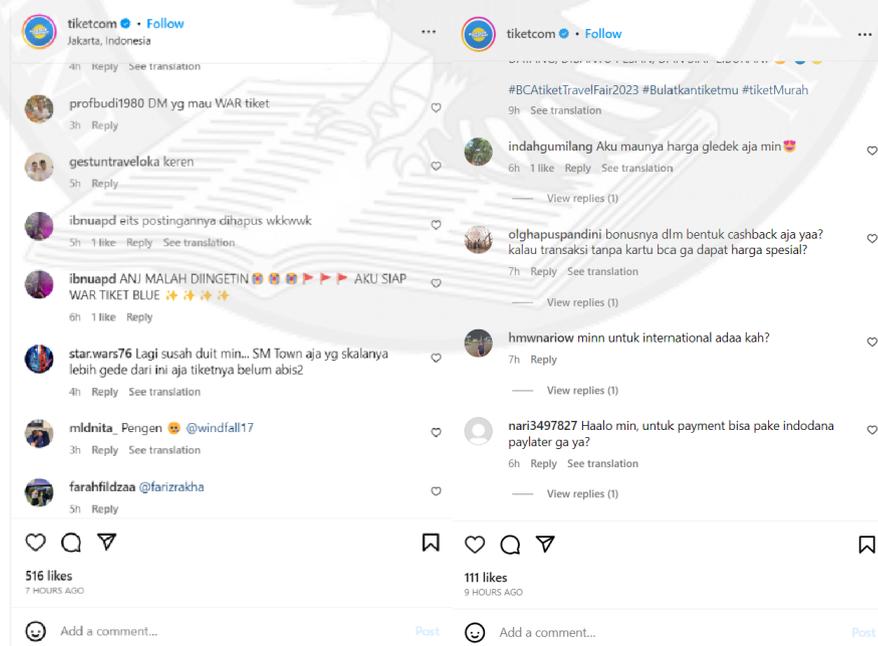

Figure 1. 6: Tiket.com Instagram Content Comment Section
Source: Tiket.com Instagram Account

The figure 1.7 displayed above was sourced from the official Instagram account of tiket.com. it serves as a platform for promoting forthcoming events and disseminating relevant information pertaining to the company. Consequently, authentic social media accounts are generally regarded as reliable sources of product-related information (Arora et al., 2019).

Figure 1. 7: Related Sources: Media Konsumen "Tiket.com Mengecewakan"
Source: Media Konsumen (https://mediakonsumen.com/2018/07/02/surat-

pembaca/tiket-com-mengecewakan)

Based on my research, I found out that there is one of Tiket.com consumer that losing trust and disappointed towards the product and services being advertised by Tiket.com. In the last 2018 especially in the consumer complaint forums called as mediakonsumer.com. The cases outlined concerning Tiket.com services reveal a series of concerning issues. Multiple transaction errors occurred during attempted ticket purchase. Leading to confusion and frustration. Payments made through the

platform did not consistently reflect accurate transaction statuses, creating discrepancies between successful payments and recorded transactions.

Furthermore, the customer service provided by Tiket.com appeared inadequate and unresponsive. Attempts to seek assistance through their call center yielded limited success, with reported difficulties in researching support representatives Email communication with cs@tiket.com resulted in delayed responses, as a result, credibility in Tiket.com reliability significantly diminished. The repeated issues with transactions and poor support have led to loss of trust in recommending Tiket.com to others, highlighting concerns about their commitment to resolving customer problems promptly and effectively.
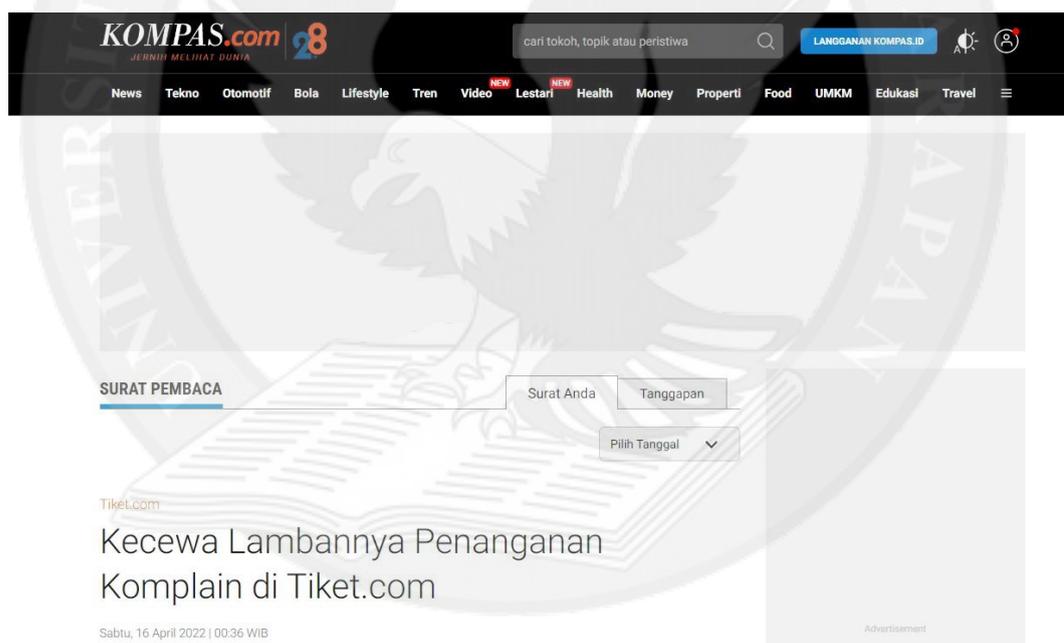

Figure 1. 8: Related Sources: Kompas.com
Sources: Kompas.com (https://inside.kompas.com/surat-

pembaca/read/62042/Kecewa-Lambannya-Penanganan-Komplain-di-Tiketcom)

One cases from KOMPAS.com in the last 2022 that reflect the lack of credibility

of the advertisement is the incident involving Tiket.com mishandling of

transactions, lack of proper refund procedures, and communication errors reflects a significant lapse in their service. The prolonged and unresolved nature of the complaint showcases inadequate customer service and an inability to rectify issues promptly. The contradictory information, unexpected ticket confirmations, and insistence on self-refunding despite the platform's error point to potential discrepancies in their systems. These experiences illustrate a concerning lack of transparency and reliability in Tiket.com practices, which ultimately undermines their credibility and leaves customers like IRA in distress.

From these above cases, Tiket.com trying to find the solutions by creating informative of how to article by inform they audience and customer how to get a 100% refund for their Ticket. Based on the article creation it could act as a significant opportunity for Tiket.com to regain trust and credibility among dissatisfied customers. By aligning their advertised refund policy with actual customer experiences, Tiket.com has a chance to rectify past shortcomings and rebuild confidence among consumers who faced transaction errors, refund difficulties, and inadequate customer service.

Implementing the 100% refund policy effectively, ensuring clarity and ease of access for customers to claim refunds for mishandled transactions, could serve as a crucial step in resolving the poor credibility problems highlighted in the reported cases. This alignment between the promised 100% refund and real customer experiences would demonstrate Tiket.com commitment to addressing issues promptly and effectively.

However, the success of this resolution would heavily rely on Tiket.com ability to not only advertise the refund policy but also efficiently execute it. Transparent communication, improved customer service responsiveness, and swift resolution of refund clams based on the 100% refund policy would be essential in rebuilding trust and credibility among dissatisfied customers who have faced challenges with Tiket.com services in the past.

In the contemporary landscape of commercial competition, firms continuously seek to create and implement efficient tactics that lead to development of a strong brand and the improvement of purchase intention to make purchases in the modern terrain of advertising. According to (Martins., et al. 2019) the study of advertising allows marketers and advertisers to gain insights into the impact of commercials on customer purchase intention.

The term of purchase intention is to describe the proclivity or readiness of a consumer to engage in the act of purchasing a particular product or services at a later point in time. Purchase intention indicates likelihood that consumers will plan or be willing to purchase a certain product or service in the future (Martins., et al. 2019)

In contemporary times, the presence of digital technologies including advertising, is ubiquitous. The widespread accessibility of the internet has facilitated easy access to these technologies. Consequently, these elements have had an impact on the alterations in customer sentiments towards future purchase.

The concept of purchase intention has evolved over time, being shaped by advancements in technology in consumer behaviour towards

purchase intention. the study of purchase behavior extends beyond traditional brick-and-mortar stores to encompass other areas of marketing research (Pena Gracia et al., 2020)

Business-to-business transactions and lastly online purchases (Wei and Ho, 2019). From the previous study proposed by (Pena Gracia et al., 2020) the concept of online purchase intention is defined as the frequency at which individuals engage in purchasing activities on the internet. E-shopping and commerce offers additional values for the customers compared to the old traditional commerce which may also impact consumers' online purchase intention (Dastane, Goi, & Rabbanee, 2020).

The focus of this research is on the pioneering efforts of an online travel agent (OTA) in Indonesia, which has successfully established its presence in the industry since 2011, Tiket.com is a prominent and all-encompassing online travel firm that provides a wide range of services including flights tickets, trains reservations, accommodations, event tickets, car rentals, and various other travel necessities. The company's objective is to provide optimal access to online travel booking services through web and mobile applications.
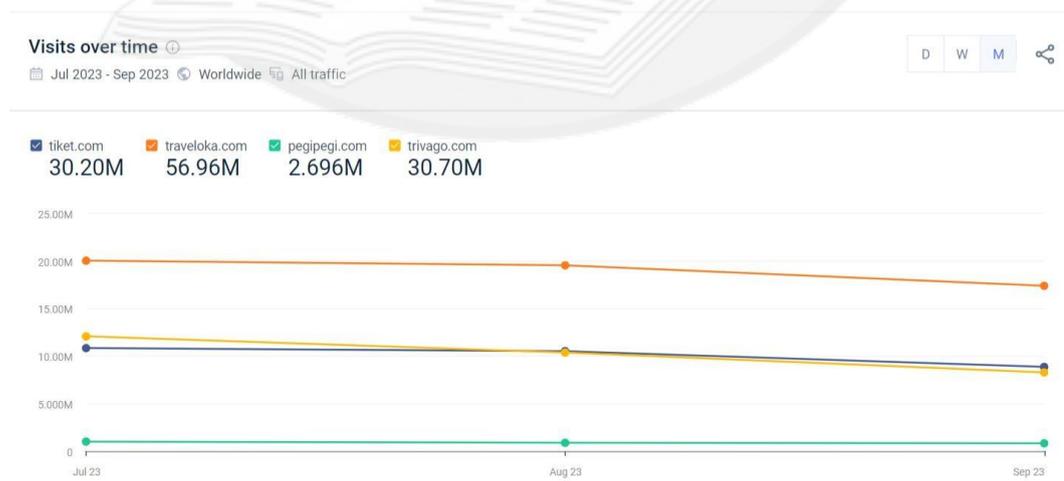

Figure 1. 9: Visitor data for online travel agent 2023 July – September
Source: Similar Web 'Website Analysis"

Based on, the statistics presented in Figure 1.9, which depicts the visitor data for the online travel agent in 2023, it is evident that Tiket.com witnessed a fall in its performance towards the end of September. Despite experiencing an increase, Tiket.com only managed to attract 30.20 million visitors, which is significantly lower compared to its competitor, Traveloka.com, which recorded 56.96 million visitors.
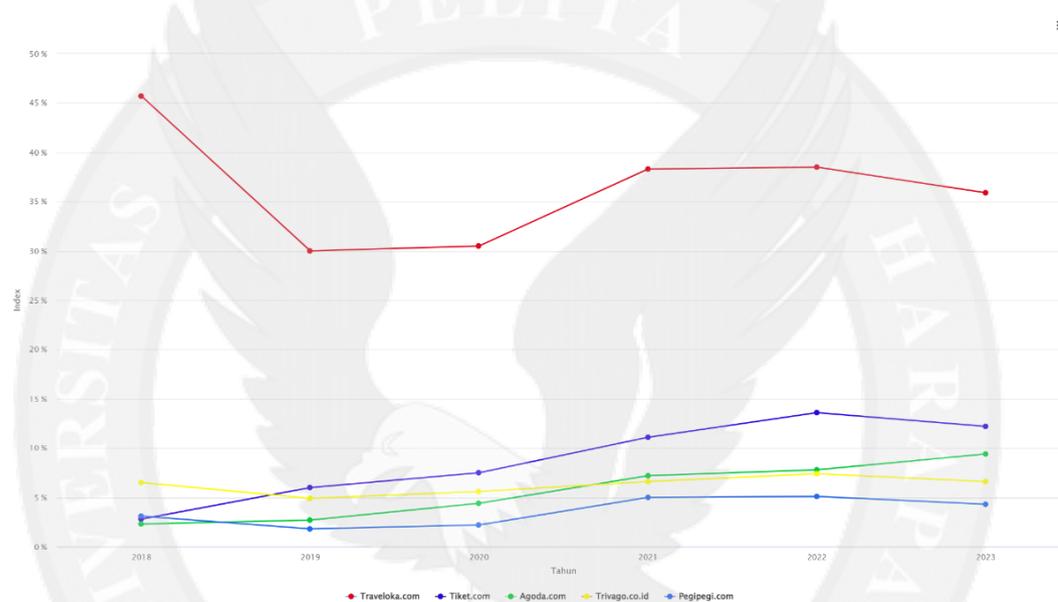

Figure 1. 10: Top Brand "Situs Online Booking Tiket Pesawat dan Travel"
Source: Top Brand Award (www.topbrand-award.com)

According to the Figure 1.10 in Top Brand Award for the online airline ticket buying and travel industry, in 2018 tiket.com was positioned as the fourth-ranked brand among a total of five competitors. In 2019, tiket.com experienced a significant surge in performance, propelling it to the second position among its competitors. The author is intrigued by the potential impact of indicators such as informativeness, entertainment, and credibility on the visitor count of the tiket.com application or website.

Research studies often utilize a range of methodological approaches, including surveys, experiments, and case studies, to collect data on perceived value of advertising, and purchase intention. Statical analysis techniques are frequently employed to investigate the associations and evaluate the magnitude and statistical significance of the observed effects.

1.2 Problem Limitation

There are some limitations on how informativeness, entertainment & credibility might influence tiket.com online purchase intention customer in Medan, Indonesia:

1. This Study still only has fourth variables to examine which consist of three independent variables that are: Informativeness (IF), Entertainment (ET), & Credibility (CR). And one dependent variable which is Online Purchase Intention (OPI)

2. The Object of this research is limited for tiket.com.

3. This research will be conducted using a questionnaire sent to customers in Medan who have experience should do it at least once in the last 6 months and returning customers. With the reference characteristics of men and women between ages 18-60 years who domiciled in Medan area.

4. The Respondent's information such as name will be treated as confidentiality.

5. Most of the research questionnaire will be conducted online.

6. The research has limitation of time, budget, and data access to conduct the study over there.

1.3 Problem Formulation

Based on the background of the study, the question to be answered in this research are as follows:

1. Does Perceived Value of Advertising (PVA) significantly affect online purchase intention (OPI) tiket.com customer in Medan?

2. Does Informativeness (IF) significantly affect Purchase Intention (OPI) of tiket.com customer in Medan?

3. Does Entertainment (ET) significantly affect Purchase Intention (OPI) of tiket.com customer in Medan?

4. Does Credibility (CR) significantly affect Purchase Intention (OPI) of tiket.com in Medan?

1.4 Objective of the Research

The objective of this research are as follows:

1. To identify whether Informativeness (IF) has significant effect on Online Purchase Intention (PI) of tiket.com in Medan.

2. To identify whether Entertainment (ET) has significant effect on Online Purchase Intention (PI) of tiket.com in Medan.

3. To identify whether the Credibility (CR) has significant effect on Online Purchase Intention (PI) of tiket.com in Medan.

1.5 Benefit of the Research

1.5.1 Theoretical Benefit

1. The result of these study can contribute a lot to the existing relevant theories for Informativeness, Entertainment & Credibility effect on purchase

intention and further research material for reader to analyze problem related to perceived value of advertising.

2. This Study can help the development of management study program to enrich the new knowledge of marketing strategy.

1.5.2 Practical Benefit

This research aims to provide benefits for several parties: writers, companies and other fellow researchers who can use this research as references in the future.

1. For Writer

   Expected to Enhance writer insight of Informativeness, Entertainment & Credibility for Purchase Intention

2. For Company

   This research is expected to help the company to gain input through several factors such as Purchase Intention through Informativeness, Entertainment & Credibility.

3. Another Fellow Researcher

   To help them add creativity and inspiration to provide valuable theories to generating ideas and offering alternative perspectives in the future.