

CHAPTER I

INTRODUCTION

1.1 RESEARCH BACKGROUND

A brand is the identity upon which each forward-thinking organization wishes to build its whole operation, on which it will make investments, and on which it will typically expand in cost over time in lockstep with the development of revenue. Internet advertising and marketing are phrases whose definition is expanding daily. Furthermore, communication with customers via online channels takes on new forms and names almost every day.

In general, there is a location that indicates rapid changes and new perspectives in all parts. As a result, it is critical to be knowledgeable with and keep up including all adjustments in Internet Marketing, keeping in mind that there is a brand-new technical term associated with various Internet-primarily based completely advertising and marketing strategies and techniques that are required to gain a sustainable competitive benefit.

There has been a significant increase in the demand for workers in the internet industry over the past few years. This industry encompasses businesses whose primary means of operation is the internet, such as websites and mobile apps. Mercer, a global human resources consulting business, conducted research in 2018 that found that all online (including large e-commerce enterprises) in Indonesia that the firm polled expected a growth in headcount, on average, that was 44% greater than the previous year (Mercer, 2018). Because of this, recruiting a vast pool of

talent has risen to the top of these companies' lists of priorities in order to bring their vision, mission, and business plan to fruition.

Cloud engineering, cyber security, machine learning, and big data are just a few examples of the types of scarcely available capabilities that the industry wants and even creates in order to function. Some new occupations are appearing in Indonesia, according to a study by LinkedIn (Loo, Chhabria, et al., 2020), and internet businesses are targeting the millennial and Gen Z generations since they are more interested in and qualified for the work (e.g. social media marketing, software applications, data mining, etc.).

A most common contrast would be between digital marketing and internet marketing. These concepts seem similar but not identical. While it is also known as Internet marketing, digital marketing, e-marketing, or data-driven marketing, digital marketing refers to a set of marketing methods that employ any relevant digital media channel and Internet technologies to advertise products and services. Its expansion is closely tied to the expansion of electronic data, the use of digital media, and the global football business. As a result, its evolution has been predominantly fueled by the expansion of the Internet, which explains why it has so many different forms.

Additionally, the Internet and contemporary technologies are influencing way people are behaving, interact, connect, and purchase big data is an industrial reality, and it is also a social reality, as consumers must adapt to the information age and establish new behavioral patterns. By entering the Internet market, the

corporation is effectively assuming the colossal veil of the new age market and audience, which cannot be disregarded.

Internet subscribers are easier to follow, especially now that smartphones have surpassed desktop computers as the primary mode of Internet access throughout all age demographics. They choose online channels for brand research, selection, and purchase.

The expansion of the Internet and e-commerce that is occurring now, particularly in Indonesia, it can be said that there has been a very rapid growth, especially in the last period. It is predicted that in Indonesia there will be continuous growth in the next few years in line with the rapid development of increasingly sophisticated and advanced technology. With the increasing number of Indonesian populations using the internet as well as opening up opportunities for business people who have a large market potential that can be achieved. The Ministry of Home Affairs of the Republic of Indonesia (Kemendagri, 2020) said that the total population in Indonesia in December 2020 reached 271,349,889 people.

Recent advancements in online profiling and monitoring technology have altered how we connect with people, most notably with consumers, by allowing real-time targeting and personalization processes while individuals are surfing the web (Moore et al., 2015; Sinclair, 2016). By evaluating the editorial content of websites, technology enables businesses to target clients based on their common interests on which adverts will appear (Goldfarb and Tucker, 2011). Thus, corporations may utilize data obtained from individuals' online behavior to

customize and target advertisements. This phenomena is referred to as online behavioral advertising (OBA) by researchers.

Internet users' digital footprints can be tracked and mined for a wealth of demographic and behavioral information thanks to tracking tools. In the context of online behavioral advertising and customisation of services, for example, cookies are an invaluable tool for profiling and targeting. Users may find value and ease in a bespoke experience. Nonetheless, there is a cost to profiling and online tracking. When users give up control of their data, they open the floodgates to new security dangers and invasions of privacy, often without even realizing it.

Europe has updated its ePrivacy directive to provide people with even more support in reclaiming ownership of their personal information. The directive is now an opt-in rather than opt-out system. Users should be given clear and thorough information about the placement and purpose of cookies and other tracking technologies, and their informed consent should be sought before such technology is used. But now that time has passed, it's too late to adopt. The European Union's regulations have only been implemented in a minority of member states. There are still too many unanswered questions about the rules' appropriate application and nagging doubts about their usefulness in addressing the issues at hand, both of which are detrimental to the process as a whole. How to effectively inform consumers about technically sophisticated topics like the placement and operation of cookies without unduly limiting the advertising sector is the most pressing question. Is it sufficient to meet the legal criteria if consent is granted by adjusting browser settings? In this age of information overstimulation and fragmented focus,

how feasible is it to obtain truly informed consent? How effective are the cookie regulations in stopping the tracking of users as they shop and chat online, and then using that information in ways that are not transparent to the user?

Following the lead of the European Union and the United States in successfully enacting rules and regulations on data privacy and recognizing the need of such regulation, not to mention the growing awareness of the importance of usage for cookie management and online behavioral advertising, the Indonesian parliament has submitted a data privacy law as its maiden motion few months after the Southeast Asian nation was the target of many data breaches.

The personal data protection measure, which the Indonesian legislators had been debating for more than a year, was finally approved by the legislature in September of 2022. If data handlers are found guilty of leaking or otherwise improperly utilizing confidential information, they face a possible prison sentence of up to five years. According to the legislation, those who misrepresent personal data for the purpose of gaining financial advantage could face a prison sentence of up to six years (DPR RI, 2022)

In addition, the law imposes sanctions on corporations that can be as high as 2% of the company's annual revenue in the event that confidential information is compromised. The assets of the company that was found to be leaking personal information could be seized or sold at auction (DPR RI, 2022).

After Singapore, Malaysia, Thailand, and the Philippines, Indonesia is now the fifth nation in the Southeast Asian region to have special legislation on the

protection of personal data. This development came about as a result of a recent action by the Indonesian government.

Advertisers have grasped the opportunity to leverage internet data on customers to customize and target advertising in today's digital world. This information may contain all sites visited, publications read, and videos watched, as well as anything a search engine searches for. This is referenced to as online behavioral advertising (OBA). As an example of an OBA, a marketing network (For example, a service provider may advertise on numerous websites) maintain track of consumers' website traffic. If a customer visits multiple automobile-related websites, the network concludes the consumer is interested in automobiles. The network may then display advertisements for property just to persons who are (said to be) interested in property. As a result, when two individuals visit the same website concurrently, one may see a house advertisement while the other (who visited a furniture page) may see an electronic advertisement.

OBA is widely regarded as a key component regarding advertising's future in online world. It is among the new targeting options available to marketers in promotions that enables more exact targeting (Keller 2016 & Kumar and Gupta 2016). According to leading researchers, advertise marketing will evolve more customized and segmented, involving more individualized communication in which marketers messages may be repeated based on customer behavior and requirements (Kumar and Gupta 2016; Schultz 2016; Rust 2016). It stresses the topic's significance not just in practice, but also in academia.

Although there are several definitions of OBA in the literature, they all share two fundamental characteristics: they involve the monitoring and tracking of consumer online activity and the use of data acquired to target advertising (Boerman et al., 2017; Varnali, 2019). This cutting-edge kind of advertising is focused on following users in order to get insight into their prospective interests and to offer relevant and tailored advertising based on their preferences and online activity.

The theoretical underpinnings of OBA research are extremely dispersed. Numerous researches have concentrated on the effect of OBA and how to quantify its acceptance and rejection (McDonald and Cranor, 2010; Ur et al., 2012; Smit et al., 2014; Boerman et al., 2017). However, attitudes about OBA tend to vary. Specifically, research indicates that OBA is defined by a constant contrast between advantages and risks.

In terms of advantages, OBA makes advertising more relevant to customers, who prefer to avoid advertising when they encounter commercials that are relevant and individualized to them (McDonald and Cranor, 2010; Ur et al., 2012). On the other side, when it comes to risk perception, users view the gathering and use of personal data as an intrusive strategy that results in unfavorable feelings of privacy loss (Ur et al., 2012; Smit et al., 2014; Moore et al., 2015; Phelan et al., 2016; Summers et al., 2016; Varnali, 2019).

The purpose of this study is to determine how consumers might be convinced to purchase a product or service via customize ads. The effort specifically aims to develop a structural equation model that will aid academics and practitioners in

better comprehending purchasing behavior in online retail environments in terms of the possible advantages and hazards associated with online activity and data-driven digital advertising.

Based on explanation above The position of this research is to propose a new research model, which is modified from previous research (Aiolfi, et al., 2021; McDonald & Cranor, 2010) with independent variable OBA Relevance, OBA Credibility, OBA Perceived Usefulness, OBA Transparency, Cookies Management with mediating variable OBA Acceptance, Privacy Concerns, OBA Avoidance and dependent variable Click Intention and Behavioral Intention. This research will be tested the empirical towards Radisson Hotel Group employee in Indonesia that either has been stayed or visiting the website of www.radissonhotels.com for the past year (2020-2021). The result of the research is can be use as guidance for companies that will implemented Online Behavioral Advertising.

1.2 RESEARCH PROBLEM

Based on previous research, there are several references that can affect the importance of raising research topics in order to know the benefits and risks of Online Behavioral Advertising (OBA). So this research was developed from various factors related to Online Behavioral Advertising (OBA) which refers to data driven Digital Advertising.

Research questions that can be taken are:

1. Does OBA Relevance have a positive effect on OBA Acceptance to customers from Radisson Hotel Group?

2. Does OBA Credibility have a positive effect on OBA Acceptance to customers from Radisson Hotel Group?
3. Does OBA Perceived Usefulness have a positive effect on OBA Acceptance to customers from Radisson Hotel Group?
4. Does OBA Transparency have a positive effect on OBA Acceptance to customers from Radisson Hotel Group?
5. Does Cookies Management have a positive effect on OBA Acceptance to customers from Radisson Hotel Group?
6. Does Cookies Management have a positive effect on Privacy Concerns to customers from Radisson Hotel Group?
7. Does Cookies Management have a positive effect on OBA Avoidance to customers from Radisson Hotel Group?
8. Does Privacy Concerns have a positive effect on OBA Acceptance to customers from Radisson Hotel Group?
9. Does Privacy Concerns have a positive effect on OBA Avoidance to customers from Radisson Hotel Group?
10. Does OBA Acceptance have a positive effect on Click Intention to customers from Radisson Hotel Group?
11. Does OBA Avoidance have a positive effect on Click Intention to customers from Radisson Hotel Group?
12. Does Click Intention have a positive effect on Behavioral Intention to customers from Radisson Hotel Group?

1.3 RESEARCH PURPOSE

Numerous research purposes have been established as a result of the context that explains online behavioral advertising, and they are as follows:

1. To analyze and test the positive effect of OBA Relevance on OBA Acceptance.
2. To analyze and test the positive effect of OBA Credibility on OBA Acceptance.
3. To analyze and test the positive effect of OBA Perceived Usefulness on OBA Acceptance.
4. To analyze and test the positive effect of OBA Transparency on OBA Acceptance.
5. To analyze and test the positive effect of Cookies Management on OBA Acceptance.
6. To analyze and test the positive effect of Cookies Management on Privacy Concerns
7. To analyze and test the positive effect of Cookies Management on OBA Avoidance.
8. To analyze and test the positive effect of Privacy Concerns on OBA Acceptance.
9. To analyze and test the positive effect of Privacy Concerns on OBA Avoidance.
10. To analyze and test the positive effect of OBA Acceptance on Click Intention.
11. To analyze and test the positive effect of OBA Avoidance on Click Intention.
12. To analyze and test the positive effect of Click Intention on Behavioral Intention.

1.4 RESEARCH BENEFITS

It is anticipated that the research would be beneficial, not only in a theoretical sense, but also in a practical one. The following is an outline of the advantages that the author anticipated gaining from the research:

1.4.1 Theoretical Benefits

The purpose of this article is to examine the potential for tailored and targeted messaging to affect consumer behavior. Particularly, the study provides a framework of behavioral intention from consumers of online behavioral and digital data Ads (OBA), which may help theoretical and empirical research into consumer purchasing behavior in the Hospitality or services marketing sector. Furthermore, the significance of privacy concerns in determining the avoidance or acceptance of OBA is the subject of the study.

1.4.2 Practical Benefits

This research is anticipated to provide practical benefits to companies owned by the Radisson Hotel Group as well as other hospitality companies engaged in industries that are comparable, or to companies that will carry out marketing promotions using Online Behavioral Advertising to provide information and influence customers. These benefits will be able to serve as a reference when developing strategies to identify customers. actions taken with the intention of boosting sales, which, in turn, will have the effect of growing the company's market share and, ultimately, its capacity to remain profitable.

1.5 SYSTEMATICS WRITING

Research writing will be arranged systematically as follows:

1. CHAPTER 1: INTRODUCTION

An explanation of the background of the problem, the phrasing of the problem, the research aims, the benefits of the research, both the theoretical and practical benefits, and the systematics of research writing are included in the introduction section.

2. CHAPTER 2: LITERATURE REVIEW

The information that underpins this research as well as the theoretical foundation may be found in the section devoted to reviewing the relevant literature. In this section, the theoretical foundation is presented with previous research and literature. In addition to the framework and research hypotheses, supportive journals, books, and other reputable sources can be used as sources for the literature.

3. CHAPTER 3: RESEARCH METHODE

Identification of research variables, operational definitions of population and sample variables, types and sources of research data, research data collection methods, and data analysis methods are all technical parts of the research that will be explained in the research methodology.

4. CHAPTER 4: RESULT AND DISCUSSION

The result and discussion chapter will detail the study object description, data analysis, and research interpretation based on the outcomes of data processing.

5. CHAPTER 5: CONCLUSION AND SUGGESTIONS

Contains findings that are drawn from the analysis and description presented in Chapter IV.