CHAPTER I

INTRODUCTION

A. Background of the Study

Nowadays, Indonesia has the largest Muslim population in the world with estimated about 207,176,162 people (Badan Pusat Statistik). As a consequence, Indonesian’s Muslim population contribute as the fastest developing religion in the world. Some of Muslims from Indonesia do Umrah rituals consistently (Shah, 2012). Indonesia drives the biggest Umrah pioneers in the world (Munawwaroh, 2012). In 2017 Indonesia achieved Hajj quota of 221,000 persons (Keputusan Menteri Agama Republik Indonesia Nomor 75 Tahun 2017), and also there are 471 Hajj and Umrah travel agencies registered in Indonesia (Anggota Resmi Himpuh, 2017).

In recent 20 years, Umrah service package in Indonesia has been available in two types, regular Umrah package and Umrah plus package. The contrasts between these two are fundamentally in the administrations offered and the cost needed. Regular Umrah is putting forth the standard administration, for example, the hotel service given is a general convenience which usually includes of 5 females or males in one room in case if they are a couple. Meanwhile, Umrah plus provides five-star hotel, and for a couple they can stay in the same room with deluxe room services. Each year there are a few enhancements in these two bundles which centering on the travelers’ fulfillment (Umar, Adiswisistra,
Murwani, and Sulityani, 2014). This phenomenon increase the Umrah cost. The cost of the Regular Umrah is viewed as exceptionally high for Indonesians considering the yearly per capita income is USD 3,515 (Worldbank, 2014). Many Indonesians need to spend money to have the capability to go to Mecca. The cost for the Regular Umrah in 2014 was between USD 1,000 to 1,500 for each individual. Umrah plus was first made accessible in 1987 (Pusponegoro, 2008) to accommodate rich people who did not have any desire to hold up to get a visa. Umrah plus packages give more deluxe and are offered by private visit specialists with the co-operation of the Indonesian government who give a level of the add up to portion of visas to them. The base cost of the Umroh plus in 2014 was around USD 2,000 for each individual relying upon the administration given (Elisiva and Sule, 2015). Umrah plus is costly because it includes additional journeys to some nations like Turkey, Egypt, Dubai, etc. However, Umrah and Hajj travel agency business grew in recent years. Because, the Ministry of Religious Affairs Controls Indonesian Hajj and Umrah journey flights, convenience, provided food, travel papers, and different coordination’s (Darmadi, 2014; Ichwan, 2008; Umar et al., 2014). The Umrah agencies capture prospective customer’s attention and loyalty with their offerings and services.

Loyalty is important for an organization and it is equally important to customers as well because customers are willing to invest their loyalty in products or services that are expected to bring greater value compared to the organization’s competitors (Reichheld, 1996). When a customer has developed loyalty towards
the products or services provided by a certain organization, it has directly
minimized the time consumed in searching, locating and evaluating the same
services provided by other competitors.

Furthermore, Harridge-March (2006) represented when customer have to
make a choice among different products of a same category then trust involves. It
is an essential asset of a person, product, organization, institution and skill, the
buyer will go for trust worthy asset mention above. Al Hawari (2011) suggested
customer trust as an important variable that enhance customer commitment, he
also stated that quality of services enhances customer trust. Loyalty, for years, has
an important and fundamental ingredient of marketing (Ball, Coelho & Macha’s,
2003). It has been a burning subject matter in marketing, not only for commerce
academics, but also for industry managers (Vieira & Damacena, 2007). Customer
loyalty can be measured by behavioral and attitudinal elements or both (Day,
1969; Grisaffe, 2001; Russell-Bennett, Mccoll-Kennedy and Coote, 2007). As a
result, customer loyalty can be a major source of sustained growth and profit and a
strong asset to an organization (Anderson and Mittal, 2000). Considering loyalty,
the fast development of Umrah travel agencies and the importance of customer,
the researcher is interested in conducting a research about post-purchase perceived
values. In addition, of their purchased Umrah packages the travel organizations
themselves, and other related values have never been considered as the research
topic.
B. Research Problems

a. Do perceived-values have positive and significant influence on customer loyalty in the context of Umrah travel agencies?

b. Do perceived-values have positive and significant influence on trust in the context of Umrah travel agencies?

c. Does trust have positive and significant influence on customer loyalty in the context of Umrah travel agencies?

d. Does trust mediate the influence of perceived-values on customer loyalty?

C. Purposes of the Research

a. To analyze the influence of perceived-values on customer loyalty

b. To analyze the influence of perceived-values on trust

c. To analyze the influence of trust on customer loyalty

d. To analyze the mediating ability of trust and the influence of perceived-values on customer loyalty

D. Benefits of the Research

a. For authors, Results from this study are expected to extend and apply the knowledge based on relationship marketing.

b. For companies, Results from this study expected to be used as references for further research and which can help travel agencies to improve perceived value, trust and customer loyalty.

c. For citizen, Results from this study to contributes of customer post purchased value, and preferences.
E. Contents of Research

The contents of research, are as follows:

CHAPTER I : INTRODUCTION

This chapter includes introduction which consists of background of study, research problems, purposes of the research, benefits of the research, and the contents of research.

CHAPTER II : LITERATURE REVIEW AND HYPOTHESIS

This chapter contains theoretical background of variables used in this study. Such as summary of previous studies, hypothesis of the study and theoretical framework.

CHAPTER III : RESEARCH METHODOLOGY

This chapter explains about the methodology of the research. It provides the information about research design, population and sample, sampling method, operational definition, source of data, data collecting technique, instrument analysis, data analysis, and hypothesis testing.

CHAPTER IV : RESEARCH RESULT AND DISCUSSION

In this chapter, results of data analysis and the discussion are presented.
CHAPTER V : CONCLUSION

The last chapter covers summaries and results of the research. It consists of conclusions, research limitation, implication of study and research suggestions.