CHAPTER I

INTRODUCTION

A. Background of the Study

Entering the era of globalization, information technology makes the internet not only serves as a means of communication such as sending electronic mail or email but also penetrates to more complex interactions. The massive growth of e-commerce combined with the popularity of online social networks is having a profound impact on the global economy. Specifically, consumers shopping behaviors have undergone changes, and a novel type of e-commerce, called "social commerce," is emerging (Mohana Shanmugama, Shiwei Sun, Asra Amidi, *et al.,* 2016).

The existence of increasingly sophisticated technological development and more dynamic society with high mobility requires the ease, speed, and accuracy in conducting transactions, therefore sites and applications for booking online tickets are emerging in recent years, and this opens up opportunities for the travel industry in Indonesia. The travel industry currently uses a lot of sites and applications for purchasing an online plane ticket, which is more popular and exciting to the travel industry. The online application provide the ease of making transactions of airline ticket purchases and direct payments can be done all at once through the support system of *e-commerce* in the virtual world, without having to make payments to the ATM or meet in person ((Mohana Shanmugama, Shiwei Sun, Asra Amidi, *et al.,* 2016).

According to Nikbin *et al.,* (2012) *E-Commerce* is defined as the buying and selling of information, products, and services via computer networks. Anyone who has the internet network can participate in E-Commerce activities. The presence of e-commerce on the internet can be recognized through the existence of facilities for advertisement, sales, and service support for all of its customers with the best use of a web-shaped online store daily operation for 24 hours. E-commerce helps sellers and buyers do not need to meet, they can interact via the internet or communicating over the phone, in this process, trust becomes the main capital. According to Hardiawan, (2013) the main thing that is considered a buyer when doing online shopping activity is whether they believe toward the website and trust in online retailers, and the popularity of the online shopping website makes the level of trust of buyers gets high. The buyer will be more confident and believe that the website does exist. Without the trust from both sides, then the process of buying and selling through e-commerce cannot be implemented.

One of the companies engaged in the business of e-commerce is Traveloka. Traveloka is an airline ticket and hotel booking site which has a mission to make the trip easier and more interesting. In its initial concept, Traveloka serves as a search engine to compare the price of a plane ticket from various sites. Then, in the middle of 2013, Traveloka turned into a ticket reservation website. In the middle of 2014, Traveloka expanded its business segment with hotel room messaging services in Indonesia, Singapore, and Malaysia. The arrival of this hotel booking service complements the need to find airline tickets, airline ticket booking services, and hotel reservations. Traveloka allows consumers to book plane tickets and hotel

rooms in the same place. They simply click on the word "Hotel" in the upper left corner of the Traveloka site to reserve the appropriate hotel room (JPNN.com, 2014).

In recent years, comScore, a company providing data and market analysis from the United States, confirmed that Traveloka is ranked first for airplane ticketing and service, outside the official website of each airline. The coverage of online travel agencies in Indonesia is arguably still relatively small. However, growth continues to occur, as 10% of total airline ticket sales in 2013 are done online. In the same year, total revenue from travel bookings in Indonesia reached USD 10.5 billion (Rp 136 trillion), according to a Phocuswright study report entitled Indonesia Online Travel Overview: Arrived with a Bang, Brace for the Boom. Leaving about the travel industry's image, Euromonitor said that the growth of mobile application users and the number of Internet data packet customers is also the cause of the rapid penetration of mobile transactions, which is also utilized by airline ticket booking sites such as Traveloka, nearby competitor Ticket, and other players such as PegiPegi and Wego (Cosseboom, 2015)

Information Quality, Perceived Privacy protection, Perceived Security protection, and trust plays an important role to influence the consumer's intention to repurchase. A trust involves the willingness of someone to do certain behavior due to the belief that their partners would provide what he expects and an expectation that is generally owned by the person is that the words, promises or representations of other people can be trusted (Barnes, 2003). Before consumers

make a purchase on an e-commerce site, they will usually see information quality from online products as a basis to ask them to make a purchase (Moe, 2015).

Where the internet is concerned, privacy affects aspects such as the obtaining, distribution or the non-authorized use of personal information (Wang et al., 1998). As well as problems with the lack of privacy, the lack of security as perceived by online consumers is another obstacle to the development of e-commerce (Furnell and Karweni, 1999; Chou, 1999; Dong-Her 2004)

In March 2018, Similar Web noted that the number of visitors accessing Traveloka via desktop is estimated to reach 37.08 million visits.
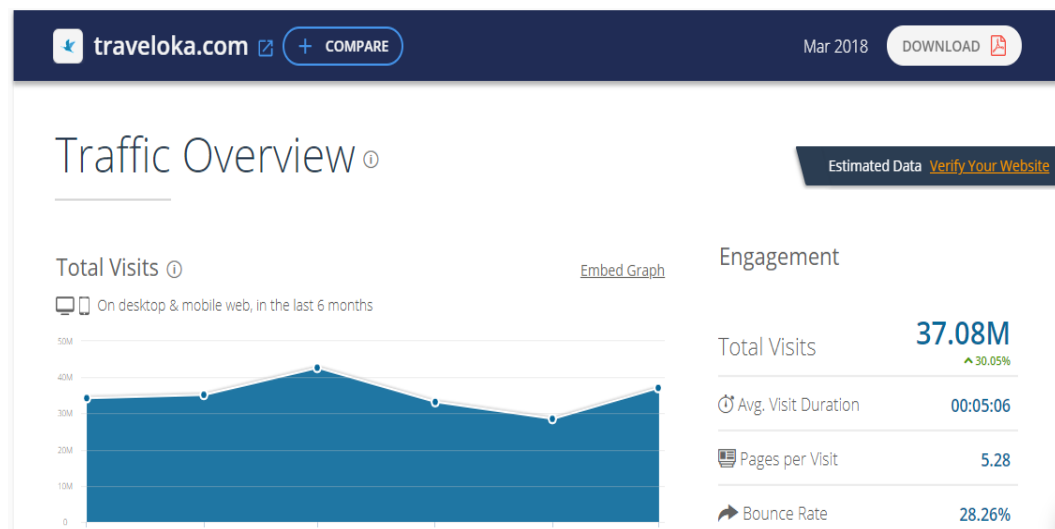

Figure 1.1. Traffic Overview Traveloka.com on Desktop, April 2018

To make it easier for consumers to book a plane ticket, in August 2014 Traveloka launched a plane ticket application for two operating systems namely iOS and Android. With this application, consumers can save more time when booking airline tickets. Currently, downloads on the App Store have reached over 10 million users and Traveloka Apps is ranked number one in the Travel category.

Based on the background that has been outlined the researcher is interested in conducting research entitled **ANALYSIS OF PERCEIVED INFORMATION QUALITY, PRIVACY, AND SECURITY ON CONSUMER REPURCHASE INTENTION AND TRUST AS MEDIATION VARIABLE IN THE CONTEXT OF TRAVELOKA SERVICES**

B. Research Problem

1. Does Information Quality have an impact on trust in the context of Traveloka services?

2. Does Perceived Privacy Protection have an impact on trust in the context of Traveloka services?

3. Does Perceived Security Protection have an impact on trust in the context of Traveloka services?

4. Does trust mediate the Information Quality, Perceived Privacy Protection, and Perceived Security Protection on consumer's repurchase intentions in the context of Traveloka services?

C. Purpose of the Study

1. To analyze the influence of Information Quality on trust

2. To analyze the influence of Perceived Privacy Protection on trust

3. To analyze the influence of Perceived Security Protection on trust

4. To analyze mediating relationship between Information Quality, Perceived Privacy Protection, and Perceived Security Protection to influence consumers repurchase intention

D. The benefit of the Research

1. For the researcher, the results from this study are expected to extend knowledge about marketing to be applied in real practice

2. For companies, the results from this study are expected to be used as references for further research to improve Information Quality, Perceived Privacy Protection, and Perceived Security Protection, trust, and customers repurchase intention

3. For customers, the results from this study is expected to contribute to customer post purchased value, and preferences.

E. The systematic structure of Writing

This research's systematic structure of writing is arranged as follows:

CHAPTER I: INTRODUCTION

This chapter includes an introduction which consists of a background of the study, research problems, purposes of the study, benefits of the research, and the explanation of writing systematics.

CHAPTER II: LITERATURE REVIEW

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

CHAPTER III: RESEARCH METHODOLOGY

This chapter explains the methodologies of the research. It provides information about research design, population and sample, sampling method,

operational definition, and source of data, data collecting technique, instrument analysis, data analysis, and hypothesis testing.

CHAPTER IV: DATA ANALYSIS AND DISCUSSION

This chapter consists of the results of data analysis and the discussion as the implication for this study.

CHAPTER V: CONCLUSION

This last chapter covers summaries and results of the research. It presents a conclusion, research limitation, and the implication of study and research suggestion.