

CHAPTER 1

INTRODUCTION

1.1 Background Of The Study

Changes in our society and everyday activities have resulted from the advancement in telecommunication and computer technology. The internet appears to be bringing significant changes to all aspects of life, especially in the business and marketing worlds. We can find various things on the internet, including information, social networks, apps, news, videos, images, and shopping, making it easier for people to shop without wasting time and energy. This convenience makes online shopping even more appealing. One of the businesses that take advantage of the development of the internet is the hotel industry (Carroll & Sileo, 2007).

A hotel is one type of public service that provides temporary housing for someone who needs it for a specific time. Meanwhile, according to the Decree of the Minister of Tourism, Post and Telecommunication No. KM 37/PW. 340/MPPT-86 in Sulastiyono (2011) is a type of accommodation that uses part or all of the building to provide lodging, food and beverage services, and other supporting services for the public that are managed commercially. People who want to stay at a hotel come from a different area from the hotel's location. Hotel reservations used to be considered "locked" because customers did not know room rates or availability. As a result, people who want to book a hotel must use an agent or come directly to the hotel. It is considered less effective if it is carried out when people are more aware of technological advancements. With the availability of websites that promote online hotel reservations, the general public can quickly and efficiently access the details they need about their travel plans.

Several travel agency companies in Indonesia are currently using e-commerce & digital economy transaction models, like Traveloka.com, Pegipegi.com, Tiket.com, Nusatrip.com, and other well-known travel agency

websites. The term “digital economy” refers to using the internet and modern technologies to allow people to buy whatever they want, whenever and wherever they want. As a result, online ticket booking enthusiasts are rising in size, and the number of tourists is increasing. This phenomenon is evidenced by the hotel forecast data from year to year (Bella, 2018)

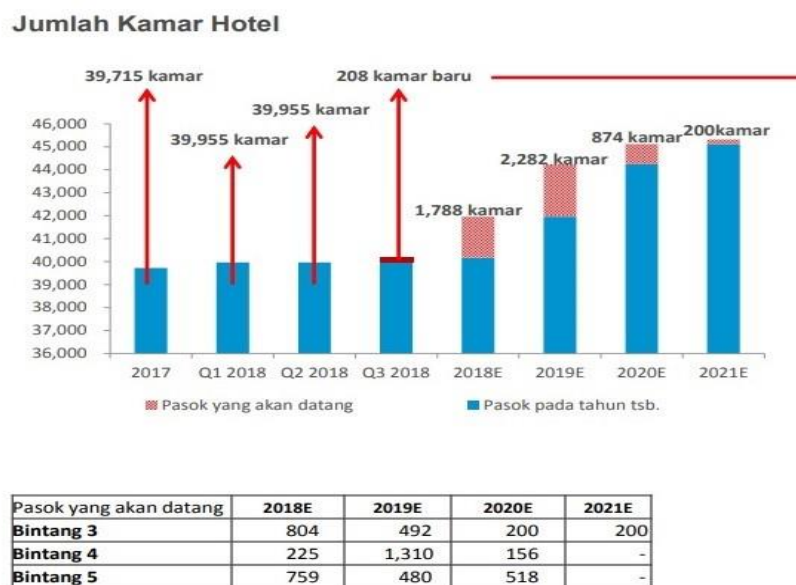


Figure 1.1 Number of Hotel Rooms

(Sources: Colliers International Indonesia, *Property Market Update Q3 2018*,
Accessed 3/28/2021 at 3.26 pm)

Figure 1.1 shows Colliers International Indonesia’s data regarding the Property Market Update Q3 2018. In this data, it is estimated that interest in booking hotels will continue to grow every year.

An online hotel booking service aims to make it easier for customers to make hotel reservations. This service can also have a good brand image in customers’ eyes by providing various prices with attractive quality to bring up a good perceived value. Perceived value is an overall consumer assessment of product benefits based on what they receive and provide (Lai, 2004)

If it follows the customer’s perceived value obtained from the service’s use, trust from customers will emerge. People are still reluctant to make online purchases in implementing online hotel bookings because the description does

not match reality. So, hotel owners must increase consumer confidence by joining a trusted third-party website. Based on Dong & Ling (2015), the hotel is working with third-party websites to improve its competitive position and achieve sustainable development in the era of e-commerce. Besides that, a hotel must also build trust in the hotel itself. To build trust in hotels, hotel owners need to provide an online review column. Positive reviews mainly encourage a change in positive attitudes towards the hotel (Vermeulen & Seegers, 2009).

After customers begin to believe in hotels, customers will start to enter the repurchase intention stage and choose the hotel they think is the best and worth it. In the opinion of Upamannyu, Gulati, Chack, & Kaur (2015), repurchase intention is a customer evaluation or activity of a customer when making the first purchase. It has a positive attitude to experience repeated purchases in the future.

There are several factors in the repurchase intention explained by Nurhayati & Murti (2012), namely:

1. Customer satisfaction: consumers are satisfied with the services provided and will increase repurchase intentions
2. Brand preference: a constituent attribute of differentiation that influences consumer perceptions
3. Customer experience: a positive experience with a product will lead to high repurchase interest
4. Price: It is an attribute that is easy to use in making comparisons to more easily have a sensitive influence on repurchase interest.

Based on this background, it is interesting to study the Analysis of Factors that Influence Hotel Repurchase Intention (Empirical study of online hotel bookings through Traveloka apps in Indonesia).

1.2 Research Problems

Based on the background, the research problems are formulated as follows:

1. Does a reasonable price have a significant impact on perceived value?
2. Does quality have a significant impact on perceived value?
3. Does perceived value have a significant impact on repurchase intention?
4. Does trust in third-party online ordering sites have a significant impact on repurchase intention?

5. Does online reviews have a significant impact on trust in hotels?
6. Does trust in hotels have a significant impact on repurchase intentions?
7. Does perceive value mediate price on repurchase intention?
8. Does perceive value mediate quality on repurchase intention?
9. Does trust toward hotel mediate online review on repurchase intention?

1.3 Purpose of The Study

1. To analyze the impact of price on perceived value.
2. To analyze the impact of quality on perceived value.
3. To analyze the impact of perceived value on repurchase intention.
4. To analyze the impact of Trust third-party (web) on repurchase intention.
5. To analyze the impact of the online review on trust.
6. To analyze the impact of trust hotels on repurchase intention.
7. To analyze the impact of price on customer repurchase intention mediated by perceived value.
8. To analyze the impact of quality on customer repurchase intention mediated by perceived value.
9. To analyze the impact of the online review on customer repurchase intention mediated by trust toward the hotel.

1.4 Benefit of Research

1. The results of this study are expected to expand and develop the theory of hotel repurchase intention.
2. For hotel managers/owners, this study's results are expected to be used to reference further research. They can help increase hotel sales, especially in price, quality, trust in hotels, and trust in third applications (websites).
3. For consumers, the results of this study can provide additional information about hotel trust, applications, prices, and hotel quality based on online booking through applications and websites.

1.5 Systematics of Writing

This research's systematic writing, arranged as follows:

CHAPTER I: INTRODUCTION

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

CHAPTER II: LITERATURE REVIEW AND HYPOTHESIS

This chapter contains a theoretical background of the variables used in this study. They are a summary of previous studies, the hypothesis of the research, 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, source of data, data collecting technique, instrument analysis, data analysis, and hypothesis testing.

CHAPTER IV: DATA ANALYSIS AND DISCUSSION

In this chapter, there are data analysis results and the discussion as the implication for this study.

CHAPTER V: CONCLUSION

This last chapter covers summaries and the result of the research. It deals with the conclusion, research limitation, implication of the study, and research bibliography.