

CHAPTER I

INTRODUCTION

1.1 Research Object Overview

PT Traveloka Indonesia operates as an online ticket purchasing website for flight, trains, tourist attractions, to hotel room reservation, domestic and International. The official page of Traveloka is www.traveloka.com.



Figure 1.1 Traveloka Logo

Source: blog.traveloka.com (accessed in 2017)

The company was founded by Ferry Unardi, Derianto Kusuma, and Albert in 2012 and is based in West Jakarta, Indonesia. At their first year, Traveloka only serve as a search engine to compare airfare from various websites. In the middle of 2013, Traveloka change became a flight ticket reservation website. As a small startup enterprise, it is hard for Traveloka to corporated with the airlines company. They only sell ticket as a reseller, without any share profit. Along with the progress of website traffic, the airlines began to glance and finally corporate with Traveloka with 5% share profit.

Traveloka began to grow rapidly and now they have been cooperated with many Indonesian airlines such as Lion Air, Garuda Indonesia, Malindo Air, Citilink, Sriwijaya, Batik Air, Nam Air, Xpress Air, as well as International airlines such as Tiger Air, Turkish Airlines, Vietnam Airlines, Jetstar, Thai Airways, Oman Air, Roya

Brunai Airlines, Singapore Airlines, Swiss International, Etihad, China Airlines, Cathay Pacific, and many others.

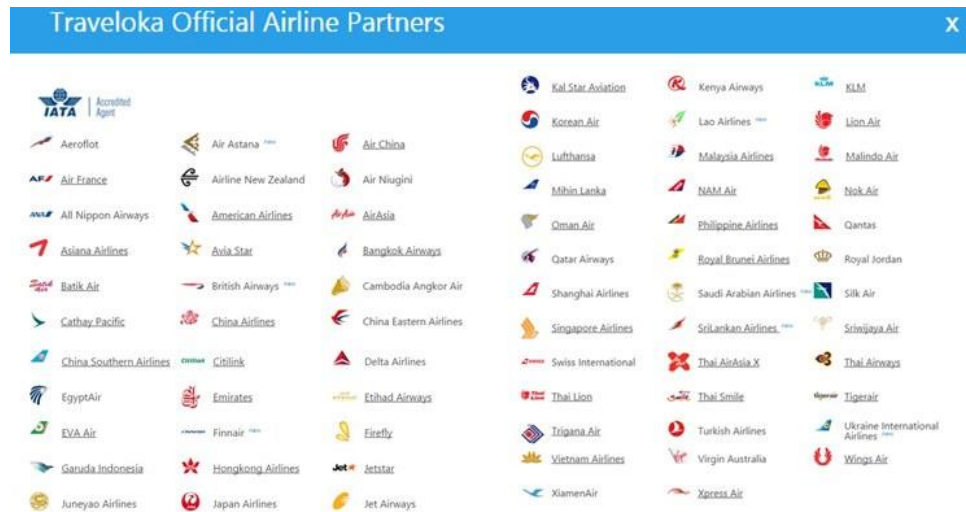


Figure 1.2 Traveloka Official Airline Partners

Source: www.traveloka.com (accessed in 2017)

Since that time, many foreign investors began to look at Traveloka startup, including Global Founders Capital which in mid-2013 gave its first investment in Asia and Traveloka be the first in Asia to get investment from the Global Founders Capital.

Continue in 2014, Ferry Unardi stated that Traveloka entered hotel room reservation business and cooperate with thousands of hotels in Indonesia, Singapore, and Malaysia. The launch of this hotel room booking service makes it easier for consumers to plan the trips where consumers do not have to bother to book hotels elsewhere after ordering airline tickets. (PRLM, 2014) Still in the year of 2014, Traveloka launched a mobile application with the technology of iOS and Android support. The mobile app offer many features where their regular website doesn't have.

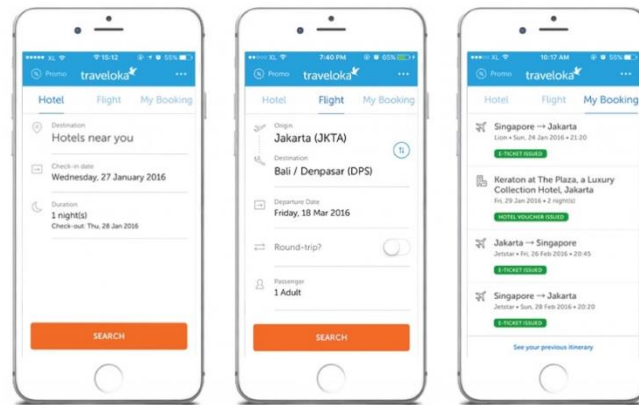


Figure 1.3 Traveloka Mobile App Interface

Source: dailysocial.id (accessed in 2017)

In less than a week after its launch, the mobile application of Traveloka was ranked number one in the App Store in the Travel category by the number of downloads of more than 17 thousands. (PRLM, 2014)

In 2017, Traveloka expanded its business by launching several services such as train booking service, flight and hotel package booking service and tourist attractions ticket for Indonesian market. Now, Traveloka not only managed to become the best airline ticket booking website, but also became one of the famous startup in Indonesia. Follow is some awards achieved by Traveloka:

1. BrandZ Awards 2017: #1 Most Powerful Indonesian
2. Forbes Indonesia: 20 Rising Global Stars
3. Indonesia Most Admired Company 2017 (IMACO)
4. Indonesia WOW Brand 2017: Gold Champion in OTA Category
5. The Best Local App in SELULAR Award 2016
6. Google Play: The Best App in 2015
7. Garuda Indonesia's Best Performing GOS Agent 2014
8. 1st Winner of Top Brand Award 2015 for Flight Booking & Hotel Reservation

1.2 Research Background

According to Todd Gebski, Vice President Marketing of Motus LLC, over the last two decades, humans' lives have been slowly taken over by technology. (Gebski, 2015) Both people professional and personal lives are now technology dependent. Technology has improved on how people discover new way they do things with things like mobile phones, and internet.

eMarketer, a market research company, reveal that Indonesia is in the seventh position as the biggest number for smartphone users in the world and predicts it will pass 100 million smartphone users, firmly established as the fourth-largest smartphone user population in 2018.

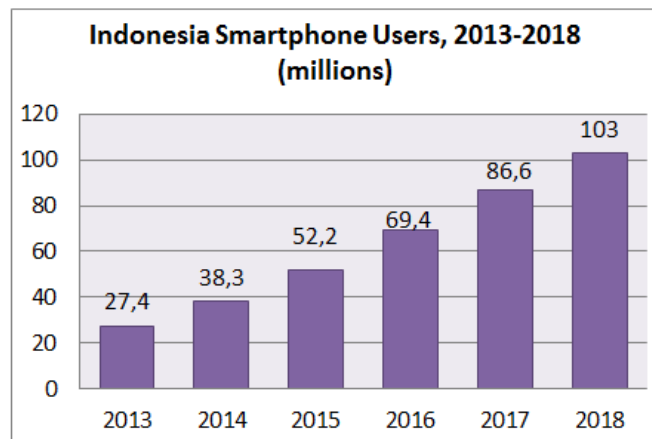


Figure 1.4 Indonesia Smartphone Users 2013-2018

Source: dazeinfo.com (accessed in 2017) Modified by author

In line with the increasing of smartphone users, the number of Internet users in Indonesia is also increasing every year. In 2014, the Ministry of Communication and Informatics reveals that the number of Indonesian internet users based on a survey from eMarketer are as many as 83.7 million people and keep increasing for the next year. This number puts Indonesia ranked as the sixth largest in the world in

terms of Internet users and estimates that Indonesia will reach 112 million people, beating Japan in the fifth rank with slower growing number of internet users.

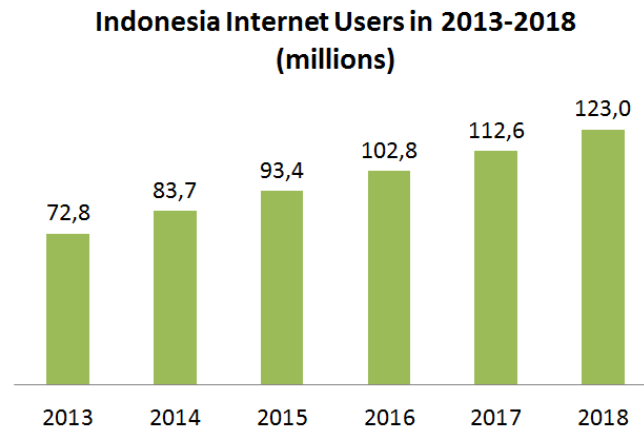


Figure 1.5 Indonesia Internet users in 2013-2018

Source: kominfo.go.id (accessed in 2017) Modified by Author

Seeing the significant growth of internet users in Indonesia has changed the pattern of social interaction from traditional interaction into a modern society, one of which is started to digitalize their activity such change the shopping habit by explore store to store to the online shopping. In the business world, the Internet allows consumers to get information and more choice than ever before. The success of an enterprise can be achieved by managing information more and more quickly in order to be one step ahead than other competitors. One example of a business utilizing internet use is the E-commerce. E-commerce refers to the use of electronic means and technologies to conduct commerce (sale, purchase, transfer, or exchange of products, services, and/or information), including within business, business-to-business, and business-to-consumer interactions. (Whinston, Choi, & stahl, 1997: 13)

Furthermore, Shopping-on-the-go is a new increasing trend for smartphone users. E-commerce has been on the rise massively in recent years, but it may not be the next true frontier for shopping as m-commerce continues to become more popular.

(Meola, 2016) The industry called m-commerce, involves shopping through a mobile device (typically a smartphone). Nielsen Global Survey of E-Commerce, Q1 2014, shown us that more than six out of ten Indonesian consumers (61%) said they would use most mobile phones for online shopping, while more than half (58%) of consumers said they would use computers. The use of Tablets as a means of accessing online retail sites has also increased, with more than a third (38%) of consumers saying they will use it to shop online. (Lubis, Indonesian Consumers Flock Online To Purchase Products and Services, 2014) (See Figure 1.6)

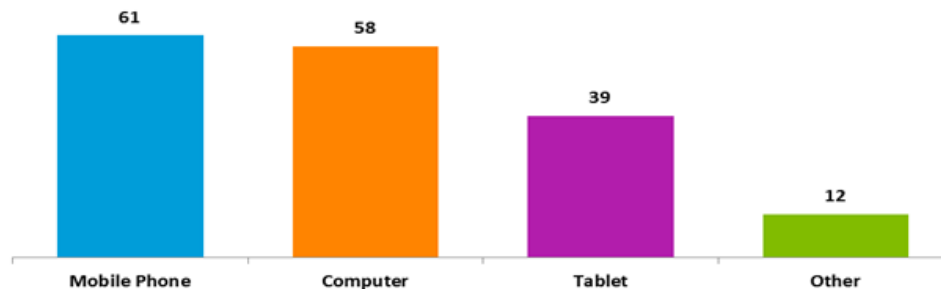


Figure 1.6 Device Use for Online Shopping in Indonesia

Source: Nielsen Global Survey of E-Commerce, Q1 2014 (accessed in 2017)

The growth of these technologies becomes an opportunity for E-commerce businesses to combine their online business with mobile phone technologies and create a mobile-based innovation such as mobile platform that can provide an ease, not only for customers but also to the business itself. The key to staying ahead is in the ability to identify and understand consumer desires, keep abreast of changes in online behavior and apply tactics that build long-term relationships with consumers.

It is a huge importance for retailers and online shopping industry to adapt the fast changes of mobile commerce and to make profit out of the related advantages for their mobile traffic likewise for their offline traffic. (Liebman, et.al., 2008; retrieved from Master's Thesis, 2015:1) To take advantage of this opportunity, it is necessary to understand the nature of mobile commerce as well as the key factors that affect its

adoption. Many successful online companies have created mobile app and mobile-compatible websites to accommodate for this expanding market, such as Amazon, eBay, Argos, and Auto Trader, and have developed effective business strategies and marketing techniques as a result. (Milnes, 2015; retrieved from Marriott, 2017)

A mobile device provides users both entertainment and productivity through mobile app. Simply installing a mobile app to a smartphone allows users access to mobile commerce services, such as mobile banking, mobile investing, mobile auctions, and mobile shopping.

According to a survey conducted by Nielsen in 2014, the results in Figure 1.7 reveal that travel services are the most service widely planned by consumers to purchase online, along with the services of event ticket sales such as theater tickets, shows, exhibitions and sporting events, where these categories are included in the order of the top five to be purchased consumers online. Half of consumers in Indonesia are planning to buy air tickets online.



Figure 1.7 Online Purchased Product Percentage by Indonesian

Source: Nielsen Global Survey of E-Commerce, Q1 2014 (accessed in 2017)

The International Airline Travel Association says that by 2034, China, India and Indonesia will be three of the five fastest growing markets in terms of aircraft passengers annually. At that time, the number of new passengers in China will reach

856 million, in India there will be more than 266 million, and Indonesia 183 million passengers. This Figure certainly shows how big the potential for tech startup. (Doni, 2017)

A startup company, PT Traveloka Indonesia, one of the online travel agent providing airlines ticket booking services and hotel, launched a new way to booked a ticket and hotel room using a mobile app on July 31st, 2014. The app makes it easy for travelers to be able to access and monitor ticket price anywhere and anytime via their android and/or iOS smartphone without having to come to the travel agent offices and also the new feature that make a check-in process in the airport become faster. By using this application on-the-go using their smartphone, consumers could save a lot of time booking their flights

Ferry Unardi, Managing Director of Traveloka, stated the launch of mobile applications is one strategy of Traveloka for the Indonesian market. They targeted a contribution of 10% for booking tickets through this application. Within less than a week after being launched, Traveloka app has been ranked number 1 at Travel category on App Store in Indonesia and chosen as the best local app for flight ticker and hotel reservation with 10 million downloads in 2016.

In the description written by Traveloka on Google Play Store, they promise the best and fastest hotel and ticket booking process in just seconds. It is supported by the features 1-click and easy payments by using a credit card or bank transfer. In 2017, Traveloka add fingerprint authentication feature. This feature used for authentication when using a credit card or add contact info (for Marshmallow and above).

In the first year of release, Traveloka app has been downloaded as much as 17 thousand in Google Play store and increase significantly in the next year that as many as 6 million downloads.

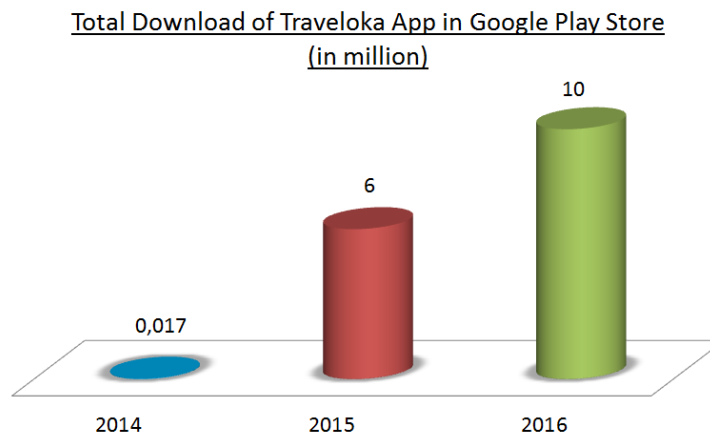


Figure 1.8 Traveloka app Download Summary

Source: press.traveloka.com (Accessed in 2017)

Based on the number of downloads shown by Table 1.1 below, mobile application of Traveloka has the highest number of downloads than any other ticket reservation application. It proves that Indonesian consumers are trust Traveloka more than other service in terms of online flight ticket and hotel room reservation.

Table 1.1 Ticket Reservation App

App Logo				
App Name	Traveloka Book Flight & Hotel	VIA - Flight Hotel Holiday Bus	Pegipegi Hotel Train Flight	Tiket.com - Flight Tickets, Train, Hotel Booking
Updated	November 2, 2017	November 24, 2017	November 21, 2017	November 24, 2017
Category	Travel & Local	Travel & Local	Travel & Local	Travel & Local
Number of Download	10 million	1 million	1 million	1 million
Rating	4.4	4.3	4.4	4.2
Features	1. Ticket and	1. Flights,	1. Hotel,	1. Change

	Hotel Booking 2. Price Alerts 3. Travel Quick 4. Maps Direction 5. Easy Reschedule	bus, hotels booking 2. Trip planner app 3. EMI payment options	flight tickets, and train tickets booking 2. Map View feature	Payment 2. Flight tickets, train tickets, hotel booking and car rentals
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Source: Modified from Google Play Store by Author

How people know Traveloka is reveal by www.similarweb.com based on the external source in Figure 1.9 that 41,3% people discover Traveloka mobile app from searching the related keyword such as “Traveloka”, “harga tiket pesawat”, “cek tiket pesawat” and “download traveloka”. Followed 40% from the referrals, 18.3% from mail and 0.4% directly open the app in Google Play Store.

From around the web to the store page



Figure 1.9 Traveloka External Sources Visitors

Source: similarweb.com (accessed in 2017)

Based on the tour & travel category, Traveloka is in the second position in Indonesia which defeated by Gojek app. However, it can be said that Traveloka is in

the top position as a provider of airline ticket purchase or hotel room reservation service and then followed by pegipegi.com which is in tenth position.

App	Publisher	Usage Rank	Change	Store Rank	Change
1  GO-JEK	PT. Aplikasi Karya Anak Bangsa	2	=	1	=
2  Traveloka Book Flight & Hotel	Traveloka	4	=	2	=
3  WiFi Map — Free Passwords	WiFi Map LLC	5	=	3	=
4  GO-JEK Driver	PT. Aplikasi Karya Anak Bangsa	3	=	4	=
5  Google Earth	Google Inc.	19	+2	5	=
6  Airy - Tiket Pesawat & Hotel Murah	Airy Tech	10	=	6	=
7  Maps - Navigation & Transit	Google Inc.	1	=	7	=
8  Friend Locator : Phone Tracker	Friend Locator Inc.	24	=	8	=
9  GoCar Driver	PT. Aplikasi Karya Anak Bangsa	7	=	9	=
10  Pegipegi Hotel Train Flight	Pegipegi	13	=	10	=

Figure 1.10 Tour & Travel Google Plays Store Popular App

Source: similarweb.com (accessed in 2017)

Busyra Oryza, Public Relations Manager of Traveloka, explain that Traveloka does not focus on marketing activities, but always focus on providing the best products and services to all consumers. By providing innovative products and features, Traveloka believes it can provide added value to consumers and will increase consumer trust in choosing Traveloka to book flight tickets. (Setiaji, 2017) Ferry Unardi, CEO of Traveloka, said that the online travel agent industry in Indonesia is still in the early stages. Thus, there is still a lot of homework to do to improve the services in the industry. Therefore, Traveloka is not focused on competition but on improving the best products, features, and services for consumers. (Marketeers, 2015)

Since its launch in 2014, Traveloka has added several features to its app with the goal of providing the best features to its customers. In 2015, Traveloka add 'TravelokaQuick' feature that enables users to book flight or hotel in less than a minute. According to Traveloka (Traveloka, 2015), there are at least two major

advantages of the TravelokaQuick feature. First, users can automatically save passenger data details, such as name, birthday, passport number, and nationality automatically when booking in the app. Secondly, users can save their credit card data by logging in through the mobile application of Traveloka. With these advantages, users will not be bothered to fill the data passenger and credit card in the next transaction so that the booking process becomes faster and easier.

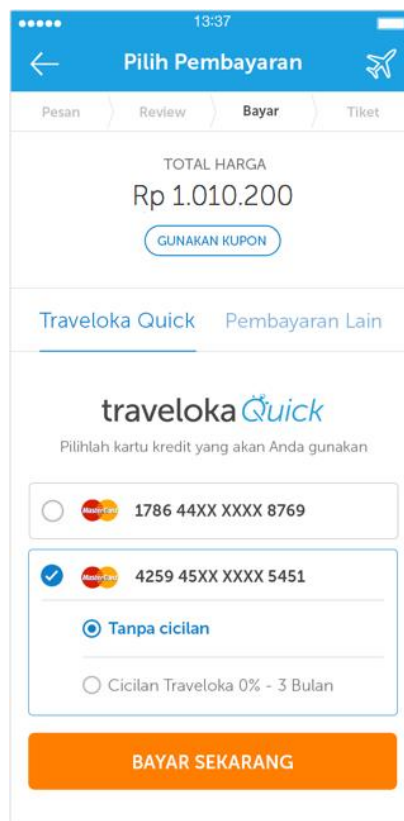


Figure 1.11 TravelokaQuick Interface

Source: Traveloka.com (accessed in 2017)

Continue in 2015, 'Easy Reschedule' feature added to make flight changes much easier. The addition of the Easy Reschedule feature makes Traveloka the first online travel service in Southeast Asia that is revolutionizing how to change flight

plans. (Dinisari, 2016) In addition to changing the time and date of departure, users can change the airline according to their wishes simply by following a few simple steps following the instructions. Ferry Unardi, CEO of Traveloka, said that by adding Easy Reschedule, Traveloka want to eliminate the difficulty so that customers can do booking and rescheduling in one app, which will also save their time.

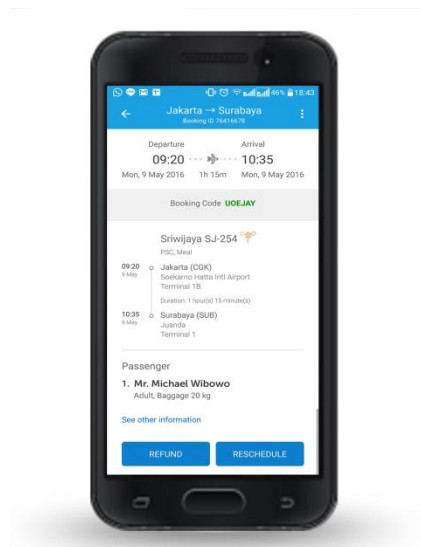


Figure 1.12 Traveloka Reschedule Interface

Source: press.traveloka.com (accessed in 2017)

Within four months, Traveloka added new feature into its app and this time the feature is called 'Price Alerts'. 'Price Alerts' used to ease customers in finding the most affordable airfare on their desired date and route. Customers will receive an alert whenever the prices match their budget via push notification and email, in a daily or weekly basis.

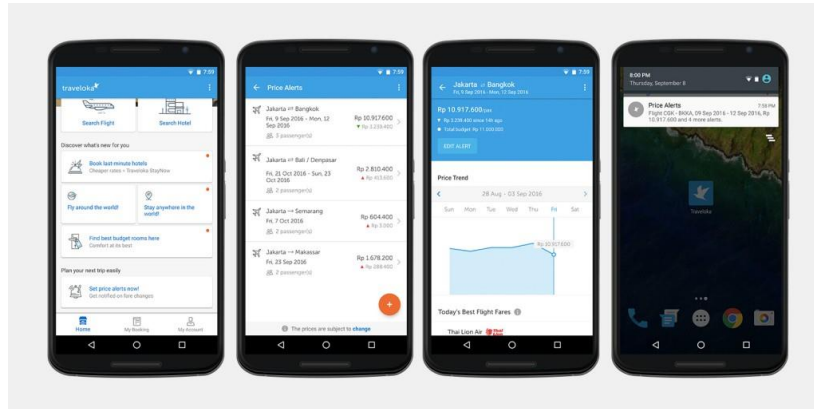


Figure 1.13 Traveloka Price Alerts Interface

Source: press.traveloka.com (accessed in 2017)

From the description above, it can prove that Traveloka is the most used hotel and ticket booking application in Indonesia that always providing the convenience and best service for their customers. However, there are some problems related to consumer acceptance and usage related to the application, one of them is the inconvenience due to app's error features. Here is a summary of feedback from some customers on twitter and Google Play Store, who feel uncomfortable because of the application's error.



Figure 1.14 Traveloka Customer Feedbacks on Twitter

Source: twitter.com (accessed in 2017) & modified by author

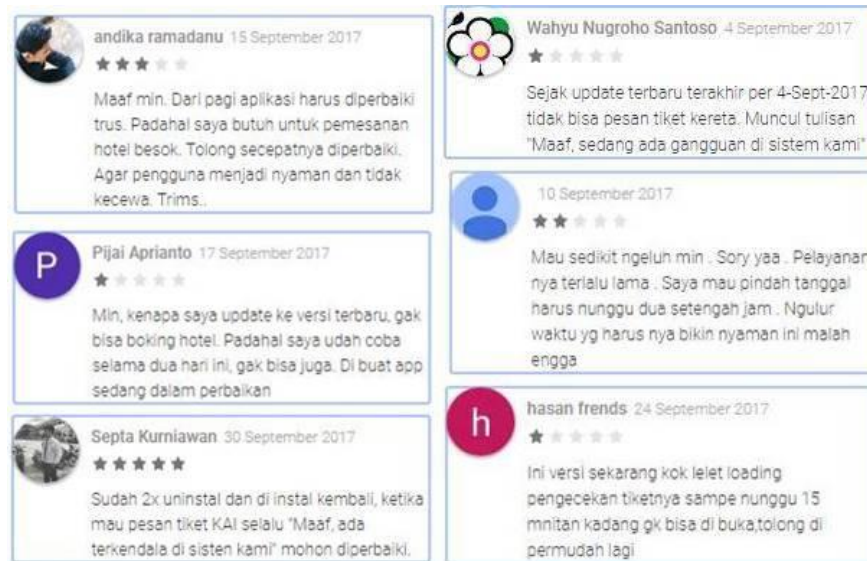


Figure 1.15 Traveloka Customer Feedbacks on Google Play Store

Source: Google Playstore (accessed in 2017) & modified by author

In its official blog, Traveloka also stated that some people may feel no need to update Traveloka App in its gadgets because the customer thinks the latest version will not be much different from the previous version. In fact, the developer's teams have fixed and completed the latest version with promising new features.

The decision to adopt an information technology system depends on the acceptance and use of each individual user. Technological user behavior is formed from attitudes and perceptions of the information system. Thus, one of the ways that can be done in improving the technology of the application is to evaluate and to know the extent to which users receive and use the application. In addition, it also uses to find out what are the factors that affect the user in receiving and using the technology. One of the most widely used models for analyzing the acceptability and use of information systems is UTAUT2 (Unified Theory of Acceptance and Use of Technology 2).

Many theoretical models have been developed in the research of user acceptance and adoption of new information technology innovation, each with different focuses and tested in different contexts and countries. Venkatesh et al. (2003) reviewed and synthesized eight theories/models of technology use into single Unified Theory of Acceptance and Use of Technology (UTAUT) model to integrate the fragmented theory and research on individual acceptance of information technology into a unified theoretical model. The eight theories/models are Theory of Reasoned Action (TRA), Technology Acceptance Model (TAM), Motivational Model (MM), Theory of Planned Behavior (PTB), Model Combining the Technology Acceptance Model and Theory of Planned Behavior, Model of PC Utilization (MPCU), Innovation Diffusion Theory (IDT), dan Social Cognitive Theory (SCT). To make the model more consumers centric, Venkatesh et al. (2012) extended UTAUT to UTAUT2. (Tak & Panwar, 2017).

From research conducted by Venkatesh et al. (2012), the indicators contained in the UTAUT 2 model can explain up to 70% in explaining consumer behavior towards the tendency to use information technology when viewed from the value of the variance produced.

Based on the explanation above, the author would like to do research with title **“The Consumer Acceptance of Traveloka Mobile App Affects Behavioral Intention: Analyzing 7 Factors of UTAUT2”**

1.3 Problem Statement

The rapid growth of smartphone and internet in Indonesia makes the businesses looking for the opportunity by utilizing these two technologies to engage the customers. This increasing brings an increasing in online buying habit to Indonesia which led many businesses create mobile platform for their business which aims to enable customers to access information and make purchases easily by using the mobile app.

The businesses engaged in e-commerce, such as Traveloka, expanding their business activities which aim to adjust the needs with consumer mobility and provide services that facilitate consumers in making purchases by creating a mobile app called “Traveloka Book Flight & Hotel”, using technologies of android and iOS that can be accessed by using smartphones. Through this mobile application, Traveloka provides several features to makes it easy for consumers to booked a hotel or tickets and receive their e-tickets in a seconds and no need to print the ticket as well as the after sales services.

Traveloka mobile app focus on improving service features for consumers requires consumers' preference for the technology used to support their mobile applications and is considered important to know. However, some customers felt Traveloka has not been able to provide good adoption service of ticket and hotel booking technology for consumers. The number of Traveloka users in Indonesia is high, but there are indications that the use of the service is minimal. More research is needed on how Traveloka’s customers in Indonesia accept its mobile app. This study aims to determine the factors that have the most influence on the acceptance and use of Traveloka mobile app by Traveloka customers in Indonesia by using the Unified Theory of Acceptance and Use of Technology 2 (UTAUT2).

1.4 Research Questions

The Unified Theory of Acceptance and Use of Technology 2 (UTAUT2), a theoretic framework being derived from the TAM and the UTAUT, is a powerful predicting framework being proposed by Venkatesh et al. According to Chi-Yo & Kao (2015), the UTAUT2 can effectively explain and analyze people's technology acceptance behaviors towards online purchasing using mobile app. The UTAUT2 model will be used to explore the influence relationship between the constructs, which include the performance expectancy, effort expectancy, social influence, facilitating conditions, hedonic motivation, price value, habit, and behavioral intention.

However, a model or theory that can be implemented properly in an object is not necessarily suitable to be implemented in another object. Therefore, the research question that will be answered by this research is as follows:

1. Based on users' perception of Traveloka mobile app users in Indonesia, how big is the user's assessment on the independent variables in the modified UTAUT2 Model (Performance Expectancy, Effort Expectancy, Social Influence, Facilitating Condition, Hedonic Motivation, Perceived Security, and Habit) towards Behavioral Intention in the context of Traveloka mobile app adoption services in Indonesia?
2. Based on the modified UTAUT 2 model, what variables that influence Behavioral Intention of customer in Indonesia in using Traveloka mobile app?
3. Does Behavioral Intention variable affect the Use Behavior of Traveloka mobile app in Indonesia?
4. Do the differences in gender, age and education level affect the influence of variables in the UTAUT2 modification model on the Behavioral Intention of customer in Indonesia in using Traveloka mobile app?
5. Does the proposed model in this study can be used to predict Behavioral Intention of customer in Indonesia in using Traveloka mobile app?

1.5 Research Objective

In accordance with the background obtained, the purposes of this study are:

1. To know how big the respondent's assessment on the independent variable (Performance Expectancy, Effort Expectancy, Social Influence, Facilitating Condition, Hedonic Motivation, Perceived Security and Habit) towards Behavioral Intention in the context of Traveloka mobile app adoption services in Indonesia.
2. To know the variables based on the modified UTAUT2 model that influences Behavioral Intention of customer in Indonesia in using Mobile Traveloka mobile app.

3. To test if Behavioral Intention affect Use Behavior of Traveloka mobile app in Indonesia.
4. To know if the differences in age, gender, and educational level affect the influence of variables in UTAUT2 modification model on the Behavioral Intention of customer in Indonesia in using of Traveloka App.
5. To test whether the proposed UTAUT2 modification model can be used to predict Behavioral Intention of customer in Indonesia in using Traveloka mobile app.

1.6 Significance of the Study

1.6.1 Theoretical Aspects

1. The results of the study in using the Traveloka App is expected to have a very significant value in verifying the application of the UTAUT2 modification model in investigating Behavioral Intention in using the Traveloka App. Furthermore, the results of this study also expected to provide benefits for the study development, especially in the areas of marketing, primarily associated with the factors that influence customer behavior using mobile application.
2. The results of this study are expected to be used as reference material for further research in terms of mobile app adoption.

1.6.2 Practical Aspects

1. From a business standpoint, the research is expected to provide information that benefit to Traveloka to determine the factors that may affect the buyer's intention in using mobile applications provided. So Traveloka can improve their service and increase consumer interest in using their services primarily through mobile applications.
2. The results of this study may be a consideration for other mobile-based businesses to improve the strategy and quality of service to be better.
3. For the author herself, this study gain analytical skill experience and make a conclusions on the existing problems.

1.7 Scope of the Study

1.7.1 Research Location and Objects

This research studied about customer behavioral intention in using technology-based services such as the use of mobile application service of Traveloka. To determine the factors that influence behavioral intention in using Traveloka mobile applications, should be based on the perception of the users of smartphones. It is because this mobile application can only be accessed using a smartphone with iOS or android-based system operation. So, the object of this study is Traveloka Mobile app and Smartphone users. In addition, the experience of Traveloka's consumer also required to performing the analysis for this research.

The research location is limited only by collecting the respondents from Indonesia. Variables that will be used on this research are Performance Expectancy, Effort Expectancy, Social Factors, Facilitating Condition, Hedonic Motivation, Perceived Security and Habit. This research also uses moderate variable Gender, Age and Educational level.

1.7.2 Research Period

The period of this research is approximately 4 months, which is from September 2017 to January 2018.

1.8 Writing Systematic

The structure of this study is made in order to give general description about the study which will be conducted. It is presented into five chapters, where chapter one already described above. The existence of systematic writing is intended to provide the core of the discussion that became the writing of this study is arranged in sub chapters as follows:

CHAPTER I INTRODUCTION

In Chapter I contains of research object overview, research background, problem statement, research questions, research objectives and significance of the study.

CHAPTER II LITERATURE REVIEW AND SCOPE OF THE STUDY

In Chapter II contain of theories, framework, hypothesis that support this study and the scope of the study.

CHAPTER III RESEARCH METHODOLOGY

In Chapter III contains of type of research, operational variables, measurement scale, steps of research, population and sample, data type and resource, validity and reliability test.

CHAPTER IV RESEARCH RESULTS AND DISCUSSION

In Chapter IV describes the results of research consisting of respondent characteristics, research results, discussion of research results conducted along with the discussion in chronological and systematic in accordance with the formulation of the problem and the purpose of research.

CHAPTER IV CONCLUSION AND SUGGESTION

In Chapter V contains conclusion of the study that has been conducted, analysis that can be used as a guideline practical for the company and suggestion for the further research.