THE INFLUENCE OF PRICES PROMOTION AND E-SERVICE QUALITY ON CUSTOMER REPURCHASE INTENTION OF TRAVELOKA: STUDY ON TRAVELOKA USERS IN INDONESIA

By
Nita DwiPuspita Sari
Faculty of Economics and Business, Universitas Brawijaya
nitadwipsari@gmail.com

Supervisor
RiscaFitriAyuni

ABSTRACT
This study aims to determine the effect of Price Promotion and E-Service Quality through Efficiency, System Availability, Fulfillment, and Privacy on Repurchase Intention of Traveloka customers in Indonesia. This is an explanatory research that explains the causal relationship between the variables described through hypothesis testing. This study used a sample of 262 people who had made transactions using Traveloka application for the last 2 years, within the criterion between the ages of 19 and 34 years old. Hypothesis testing is done using t test or t-statistic value. The data analysis tool used is Partial Least Square (PLS) and assisted with SmartPLS 3.2.7 software.

The results of the analysis obtained in this study are four variables in this study, namely Price Promotion, Efficiency, Fulfillment and Privacy have a significant influence on Repurchase Intention of Traveloka customers with Fulfilment being the dominant variable; whereas, System Availability does not have significant influence on repurchase intention of Traveloka customers.

Keyword: Price Promotion, E-Service Quality, Repurchase Intention, Traveloka

ABSTRAK
Penulisan penelitian ini memiliki tujuan untuk mengetahui pengaruh Price Promotion dan E-Service Quality melalui dimensi Efficiency, System Availability, Fulfilment, serta Privacy terhadap Repurchase Intention pelanggan Traveloka di Indonesia. Jenis penelitian ini adalah explanatory research yang menjelaskan hubungan kausal antara variabel-variabel yang ada melalui pengujian hipotesis. Penelitian ini menggunakan sampel responden sebanyak 262 orang yang telah melakukan transaksi menggunakan aplikasi Traveloka selama 2 tahun hingga sekarang, dengan kriteria usia antara 19 hingga 34 tahun. Uji hipotesis yang dilakukan menggunakan uji t ataupun uji t-statistic. Alatanalisis data yang digunakan adalah Partial Least Square (PLS) dan dibantu dengan software SmartPLS 3.2.7.
Hasil analisis yang didapat dalam penelitian ini adalah empat variabel pada penelitian ini yaitu Price Promotion, Efficiency, Fulfilment dan Privacy memiliki pengaruh yang signifikan terhadap Repurchase Intention pelanggan Traveloka dengan Fulfilment menjadi variabel yang dominan dan System Availability tidak memiliki pengaruh yang signifikan.

Kata kunci: Price Promotion, E-Service Quality, Repurchase Intention, Traveloka

I. Introduction

In recent years, the production process can be done in one link of technologies or Web-based application called industry 4.0 (Marr, 2018). In Indonesia, the government through the Minister of Industry was facilitated the startup company in order to grow more unicorn or startup companies that have a valuation above USD 1 Billion (Ant, 2018). For now, Indonesia have four Unicorn Company, they are Bukalapak, Traveloka, Tokopedia, and Gojek (Sukandar, 2018).

According to the survey of 2017 that released by APJII (Association of Indonesian Internet Service Providers), internet users in Indonesia has reached 143.26 million people or equal with 54.68% of the total population in Indonesia which is 262 million people. Tourism industry has built OTA or Online Travel Agent which is a travel agency that did the marketing activity through website or mobile application. OTA on Southeast Asia has become the greatest value from digital sector with almost 23 trillions dollar in 2018 (Eka, 2019).

Based on Zebua (2018) from DailySocial.id, the results of Online Travel Agencies (OTA) survey 2018 in Indonesia has showed that 71.44% of the respondents prefers to used OTA when it comes to plan and execute their vacation, because it make every plan of their vacation and execute it become more easier. They also said it is more economical when they purchased through OTA.

Traveloka always have a good innovation to maintain their service quality by providing special beneficial feature for their loyal customer
member. Traveloka is also a leading Southeast Asia online travel company that formed in 2012 and headquarter in Indonesia.

Traveloka provide all ranges of travel needs in one platform. Based on PRNewswire (2017), on August 9, 2017 in Jakarta, Traveloka was awarded the number one Most Powerful Indonesian Technology Brand and number one Most Innovative Brand in WPP Brands Indonesian annual awards. Traveloka also become “Most Innovative Brand” with acquisition of 144 index points that provide Traveloka as a brand who committed to pursue innovative to ensure their convenience through technology.

Traveloka have many beneficial features that can be used by the Traveloka users, there are TravelokaQuick, Easy Reschedule, Price Alert, Traveloka Point, Traveloka Pay, PayLatter by Traveloka and Stay Guarantee feature.

By all of the feature that Traveloka have has shown that Traveloka is trying their best to maintain the customer loyalty and satisfaction by providing a high service quality. Service quality in e-Business is one of the important factor that can affect the customer perception about the company and defines the success and failure of electronic commerce (Sukasame, 2005).

Service quality can be easily measured by looking at the store design, the customer response and service to the customer, the music, the level of cleanliness, the taste or the result of the services itself. While in e-Service quality (E-SERVQUAL) the customer cannot get and feel the service directly, so e-service quality can be measured by identifying some factor, which is efficiency, system availability, fulfillment, and privacy (Parasuraman, Zeithaml, & Malhotra, 2005).

Some research found that e-service quality were positively and strongly effects the levels of customer satisfaction and customer repurchase intention (Bernardo, Marimon, & Alonso-Almeida, 2012).

Another factor that make Traveloka become number one online travel company is because
Travelokaprice promotion options. It can increase the volume of sales and attracted an increased amount of attention from the customer that can influence the customer brand evaluations and repeat-purchase behavior (Huang, Chang, Yeh, & Liao, 2014).

The previous research has found that price promotion is positively influence customer repurchase intention (Huang et al., 2014). Thus, price promotion can be one critical strategy to increase customer repurchase intention, especially to attract price-sensitive customers.

II. Theoretical Framework

Price Promotion

According to Huang et al. (2014), service company usually use price-related promotion, like discounts, coupons, bonus packs, refunds or rebates.

According to Kotler and Armstrong (2001) “Sales promotion is a short-term incentive to encourage buyers of a product or service.” According to Simamora (2001), “Promotion is a persuasive, and convincing promotion of products produced by individual organizations, as well as households for the purpose of increasing sales turnover of firms and firms to be known in the wider community.”

E-Service Quality (E-S-QUAL)

Voss (2003) defines service in the electronic environment (E-Service) as “the delivery as service using new media as the web.” The definition means the delivery of services using a new medium of web. The existence of evidence of the quality of service over website submission is a very important strategy success in comparison with low prices and web presence (Zeithaml, Bitner, Gremler, & Wilson, 2016).

According to Parasuraman, Zeithaml and Malhotra (2005), e-service quality (E-S-QUAL) have four dimensions, which labeled and defined as follow:

a. Efficiency: the easy and speed of accessing and using the site.

b. Fulfillment: the extent to which the site can fulfill the order
delivery and item available that they promised.

c. System Availability: the correct technical functioning of the site.

d. Privacy: the degree to which the site is safe and protects customer information.

Zeithaml et al. (2016) identify that E-Service quality is the extent to which websites can facilitate customers effectively and efficiently in purchasing products or services, purchases, and up to the delivery of products or services.

**Repurchase Intention**

According to Tjiptono (2004) as cited in Farisya (2012), the difference is that loyalty reflects the psychological commitment to a particular brand or product, whereas the repeat purchase behavior involves the purchase of the same product over and over again. Repeat purchase can be a market dominance by a company that manages to make its product the only one available.

According to Assael (1998) as cited in Farisya (2012), repurchase intention is the result of the evaluation process of a product or service.

Figure 1
Research Framework

Source: Secondary Data, 2018

Based on the research conceptual framework on Figure 1, the hypotheses are:

**H1:** Price Promotion have significant influence on customer Repurchase Intention.

**H2:** Efficiency have significant influence on customer Repurchase Intention.

**H3:** System Availability have significant influence on customer Repurchase Intention.

**H4:** Fulfillment have significant influence on customer Repurchase Intention.

**H5:** Privacy have significant influence on customer Repurchase Intention.

III. **Research Methodology**
This is an explanatory research that explains the causal relationship between the variables described through hypothesis testing. Research location was in Indonesia in general. The population is Traveloka users in Indonesia.

This study used a sample of 262 people who had made transactions using Traveloka application for the last 2 years, within the criterion between the ages of 19 and 34 years old. The sampling technique used is a non-probability sampling technique with purposive sampling method. Hypothesis testing is done using t test or t-statistic value. The data analysis tool used is Partial Least Square (PLS) and assisted with SmartPLS 3.2.7 software.

The input data was collected by using Google form questionnaire that using Likert scale as the measurements.

IV. Result & Discussion

Outer Model Analysis

The research that uses the help of SmartPLS software, testing the outer model (evaluation of measurement models) is used to determine the validity and reliability of a research instrument (Hair, 2014).

Validity and Reliability Testing

Convergent Validity

This chapter explains about loading factors which are correlations between indicators and their constructs, the higher the correlation value means to show a good level of validity. The value expected in loading factors is more than 0.7 (Hussein, 2015), but Chin (1998) in Hartono and Abdillah (2009) revealed that the value of loading factors between 0.5 - 0.6 is sufficient.
determine whether the construct has an adequate discriminant by comparing loading values to the intended construct must be greater than the value of loading with other constructs (Hussein, 2015).

**Average Variance Extracted (AVE)**

Evaluation of the value measurement model of Average Variance Extracted (AVE) is to compare each construct with a correlation between other constructs in the model. Formmel and Larcker (1981) cited in Ghozali (2008) state that the recommended AVE value must exceed the value of 0.50.

**Composite Reliability and Cronbach’s Alpha**

Composite Reliability and Cronbach Alpha are used as reliability testers. Hussein (2015) suggests to get data that has a composite reliability of more than 0.7 has a high level of reliability, while for Cronbach’s alpha the expected value is more than 0.6 for all constructs. But Cronbach’s alpha with value >0.5 still reliable (Ghozali, 2006).

**Inner Model Evaluation**

Analysis of the inner model is carried out to ensure that the structural models are built accurately (Hussein, 2015). Evaluation of the inner model can be seen from several indicators which include the coefficient of determination (R²), Predictive Relevance (Q²) and path coefficients.

**Coefficient of Determination (R²)**

The bootstrapping calculation using the SmartPLS program can be seen from the R-Square value. Repurchase Intention is 0.485.

**Predictive Relevance (Q²)**
The magnitude of $Q^2$ has a value with a range of $0 < Q^2 < 1$, where getting closer to 1 means the model is getting better.

$$Q^2 = 1 - (1 - R_1^2)(1 - R_2^2)\ldots(1 - R_n^2)$$

$$Q^2 = 1 - (1 - 0.485)$$

$$Q^2 = 0.485$$

**Goodness of Fit Index (GoF)**

$$GoF = \sqrt{AVE \times R^2}$$

$$GoF = \sqrt{0.663 \times 0.485}$$

$$GoF = 0.567$$ (big GoF value)

Based on these results, the structural model in the study has good goodness of fit with value of 0.567 or 56.7% that indicate as a Big GoF value. according to Tenenhau (2004) as cited in Hussein (2015), small GoF value = 0.1, medium GoF value = 0.25 and big GoF value = 0.38.

**The Hypothesis Test Result (T Test)**

Hypothesis testing can be seen from the value of t-statistics and probability values (Hussein, 2015). Hypothesis testing uses structural values so for alpha 5% the t-statistical value used is 1.96, so the acceptance criteria or rejection of the hypothesis when t-statistics > 1.96.

**H1 :** The calculation results show that there is a significant influence of Price Promotion on Repurchase Intention. This hypothesis 1 is proven through the value of t count > 1.96 which is equal to 3.424. This means that price promotion has an influence on the customer repurchase intention of Traveloka. This means that hypothesis 1 is accepted.

**H2 :** The calculation results show that there is a significant influence of Efficiency on Repurchase Intention. This hypothesis 2 is proven through the value of t count > 1.96 which is equal to 3.832. This means that efficiency has an influence on the customer repurchase intention of Traveloka. This means that hypothesis 2 is accepted.

**H3 :** The calculation results show that there is no significant influence of System Availability on Repurchase Intention. This hypothesis 3 is proven through the value of t count < 1.96.
which is equal to 0.947. This means that system availability has no influence on the customer repurchase intention of Traveloka. This means that hypothesis 3 is rejected.

**H4:** The calculation results show that there is a significant influence of Fulfilment on Repurchase Intention. This hypothesis 4 is proven through the value of $t$ count > 1.96 which is equal to 4.853. This means that fulfilment has an influence on the customer repurchase intention of Traveloka. This means that hypothesis 4 is accepted.

**H5:** The calculation results show that there is a significant influence of Privacy on Repurchase Intention. This hypothesis 5 is proven through the value of $t$ count > 1.96 which is equal to 2.586. This means that privacy has an influence on the customer repurchase intention of Traveloka. This means that hypothesis 5 is accepted.

**IV. Conclusion & Recommendation**

**Conclusion**

The conclusions of the research results are described as follows:

1. Price promotion variable have significant influence on customer repurchase intention. The results of this analysis show that more higher the experience given through the variable prices promotion will have an impact on the increasing level of customer repurchase intention.

2. E-service quality (Efficiency, System Availability, Fulfilment, and Privacy) on the dimensions of efficiency, fulfilment and privacy has a significant influence on customer repurchase intention while system availability has no influence on customer repurchase intention. The results of this analysis show that more higher the experience given through the variables of efficiency, fulfilment and privacy will have an impact on the
increasing level of customer repurchase intention.

**Recommendation**

The following are some suggestions that can be applied:

1. For Traveloka, the results of this study are expected to increase sales through increasing customer repurchase intention. The suggestions put forward are:
   a. Traveloka is expected to maintain the application of variable price promotion, efficiency, fulfillment and privacy because there variables have a significant influence in increasing customer repurchase intention.
   b. Traveloka is expected to make improvements to the implementation of system availability variables, because this variable still does not have a significant influence in increasing customer repurchase intention.

2. For further author, the results of this study can be used as additional references for future research. The suggestions for future author are as: add new variables and indicators in order to enrich and influence the model, also try this model into different objects.

**DAFTAR PUSTAKA**


APJII. (2017). *Infografis Penetrasi & Perilaku Pengguna Intenter Indonesia (Survey)*.


traveloka-becomes-first-indonesian-tech-company-to-receive-two-brandz-awards


APPENDIX

Variable Operational

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicator</th>
<th>Item</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price Promotion (Xi)</td>
<td>PP1</td>
<td>Promo discount for holiday gift packages is provided by Traveloka</td>
<td>(Huang et al., 2014)</td>
</tr>
<tr>
<td></td>
<td>PP2</td>
<td>Promo discount on appreciation day is provided by Traveloka</td>
<td></td>
</tr>
<tr>
<td>Variable</td>
<td>Indicator</td>
<td>Item</td>
<td>Source</td>
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<tr>
<td>E-Service Quality</td>
<td>Efficiency ((X_{2,1}))</td>
<td>EFF1. Traveloka makes it easy to find what I need for my traveling journey</td>
<td>(Bernardo et al., 2012)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EFF2. Traveloka’s mobile application is easy to navigate</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>EFF3. Traveloka’s mobile application could made me complete the transaction quickly</td>
<td></td>
</tr>
<tr>
<td>System Availability</td>
<td>SA1.</td>
<td>Traveloka mobile application always available for transaction</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SA2.</td>
<td>Traveloka mobile application does not delayed</td>
<td></td>
</tr>
<tr>
<td>Fulfillment</td>
<td>FUL1.</td>
<td>Traveloka confirmed the availability of ticket or hotel room within a suitable time</td>
<td></td>
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<tr>
<td></td>
<td>FUL2.</td>
<td>Traveloka booked the items I order</td>
<td></td>
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<tr>
<td></td>
<td>FUL3.</td>
<td>Traveloka has available option of ticket and hotel room the company claimed available</td>
<td></td>
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<tr>
<td></td>
<td>FUL4.</td>
<td>Traveloka is truthful about what they offered</td>
<td></td>
</tr>
<tr>
<td></td>
<td>FUL5.</td>
<td>Traveloka allowed reservation changes (reschedule) and cancellations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>FUL6.</td>
<td>All service to individual customers (invoice, promotion, etc.) are available</td>
<td></td>
</tr>
<tr>
<td>Privacy (X&lt;sub&gt;24&lt;/sub&gt;)</td>
<td>PRI1. Traveloka is protected the information about my online shopping behavior</td>
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<td>------------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>PRI2. Traveloka did not share my personal information with another site</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PRI3. Traveloka is protected the information about my credit card</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repurchase Intention (Y)</td>
<td>RI1. I have the willingness to return purchasing my Traveling needs using Traveloka</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RI2. I have the willingness to recommend Traveloka to my family and friends</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>RI3. I have an intention to return purchasing my Traveling needs using Traveloka</td>
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<td></td>
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<tr>
<td></td>
<td>RI4. I have a high likelihood of repurchasing at Traveloka</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Secondary Data, 2018