

CHAPTER 1

INTRODUCTION

1.1 General Description of Research Object

a. Company Overview

a. Vision

To be the best One Stop Travel & Entertainment site in Indonesia.

b. Mission

To fulfill customer needs with the best solution for every consumer who wants to travel and get entertainment in Indonesia.

a. Company Logo

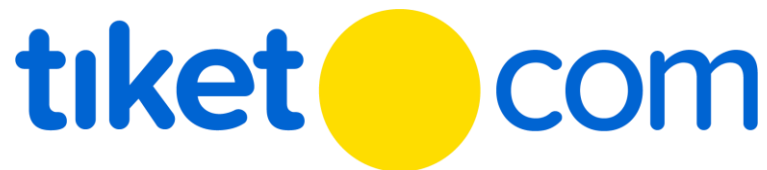


Figure 1. 1 Tiket.com Logo

Source: Company data

Yellow circle: The yellow circle symbol is referred to as the happiness dot or point of joy that draws dynamic consumers.

1.2 Background

Digitalization opens up new opportunities in developing business and also keeps business in touch with the current trend. In facing digitalization era, adaptation and creativity is highly needed to adjust the business with the ever-changing environment. The activity of buying and selling through social media has been done a long time ago but in the past few years business practitioners took advantage of social media in adapting their business online. Businesses are highly encouraged to promote and advertise their product and services online through any media that is available to them in reaching new customer segment and increase customer engagement. Besides social interaction, social media is

also being used as a business environment where businesses establish their online entity and perform business activities digitally. By establishing an online entity, businesses can be more flexible and agile in reaching their customer and expanding their business through digital marketing. The development of digital marketing continuously improved as the digitalization trends progresses. Every online channel are being intensely used a marketing media especially social media where the traffic is high and the environment are very active.

An interesting example of content marketing in Tiktok is Tiket.com, an online travel agency in Indonesia that offers plane tickets, train, and hotel. Tiket.com was established in 12 August, 2011, and developed their business digitally by erasing the complicated long process of travelling plan by creating one platform that can be access real-time. What makes Tiket.com is favored by many people is because they offers daily promotions, thousands of hotel to choose from, simple booking process, multiple payment methods, membership, and many more. Tiket.com has many interesting contents with millions of engagement in Tiktok that could lead people into deciding to buy their travelling plans.

Before online travel agency was developed into what it is currently, people needs to gather information about where they should go, which hotel should they phone, what transportation would they use, how much the expense they need to pay, and what extra cost they need to prepare. The process of gathering information until they are able to purchase their needs was quite long and takes time. The first online travel agency in Indonesia which is Tiket.com, shortened the process of analyzing what people needs and what behavior would they express after experiencing travelling by providing them an online travel platform to meet their demands. In November 12, Tiket.com officially bonded with PT. KAI as Tiket.com's first partner. By collaborating with PT. KAI, Tiket.com was able to earned 1300% of profit from the previous year. In 2018, Tiket.com showed a significant development, including Tiket.com's recorded transaction reached 8 million times with a growth of 250% (www.blog.tiket.com).

Tiket.com are currently rank no.1 in travel and tourism category in website traffic. The engagement counts has reached 3 million and is still counting. Most of their traffic

counts from social media comes from Youtube that covers 55,7% of the total social traffic while the mobile app is downloaded 10 million times (www.similarweb.com, 2021). Tiket.com recorded flight ticket sales that skyrocketed 3 times or 240% compared to Q2 2020. Not only that, hotel reservations also skyrocketed at 250% in the same period (Q3 2020) (www.infokomputer.grid.id, 2020). For the record, the Local OTW is present for eight full days from November 23-30 2020. Consumers can hunt for additional special prices from the discounted price of the OTW LOCAL promo of up to 50 percent + 20 percent for flights, accommodation, and tours or activity rides contained in the Tiket feature (www.traveling.bisnis.com, 2020). To Do. In Q1 of 2021, flights booking on Tiket.com rose by 331%, hotels booking skyrocketed to 321%, and TO DO ticket reached a new popularity level of 10.083%. While Tiket.com user increased to 299% or 3 times more than previously. The rising numbers also came from several Tiket.com campaigns such as “Malu Tanggal Muda” (MTM) and day off campaign. There is also Tiket.com’s annual party, “Mendadak OTW” (Online Ticket Week), that gives an additional numbers in the start of Q2 and lifts flight tickets purchase by 81%, hotel bookings by 131%, and TO DO tickets by 75% (www.finance.detik.com, 2021).

Social media users has drastically increase in the past few years making the online population greater than before. There are 3.96 billion people worldwide currently in 2021 using social media as the number almost doubled in 2015 from 2.07 billion. Since 2015, the social media growth has an average of 12.5% year over year but declines in 2019-2020 at a 9.2% growth rate with the highest growth rate was reported led by Asia (www.backlinko.com, 2020). As In January 2021, Indonesia had a population of 274.9 million people with the population increased by +1.1% between January 2020 and January 2021. At the same time, there were 202.6 million internet users in Indonesia and 170 million uses social media. Below is the figure of social platforms that is favored between genders (www.Datareportal.com, 2021).

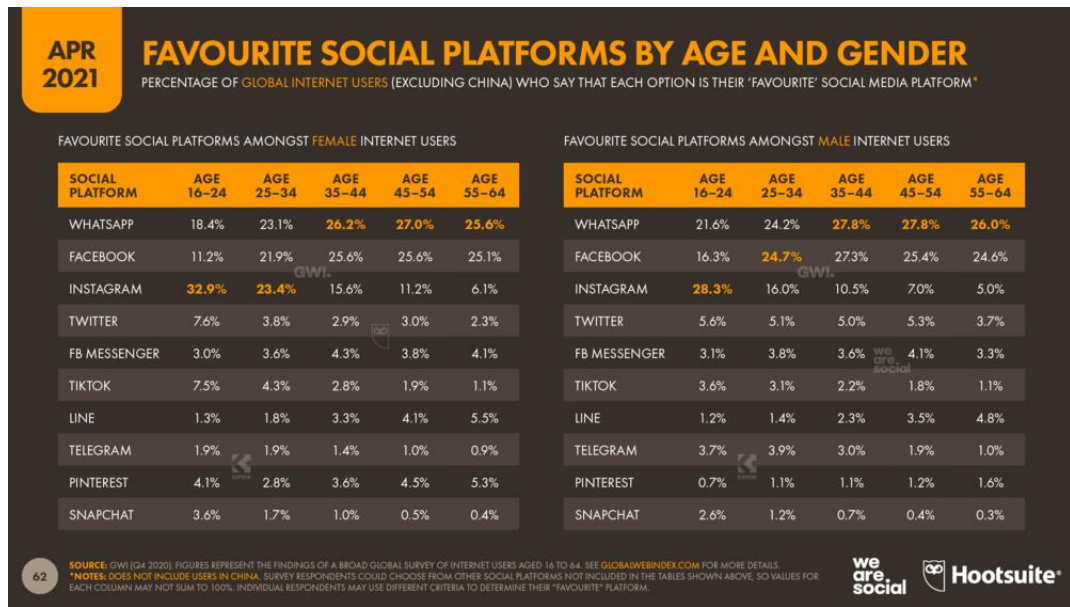


Figure 1. 2 Favourite Social Platforms By Age and Gender

Source: Datareportal.com

The number of social media users has increased significantly from 2020. One of the factors affecting the increased number of social media users is the pandemic of COVID-19 which can be said as the major factor that drives people to be more active digitally specifically within the internet. An example from the U.S. of people who believe they will use Youtube more often when being confined in their homes during the COVID-19 pandemic as of March 2021 can be seen from figure below.

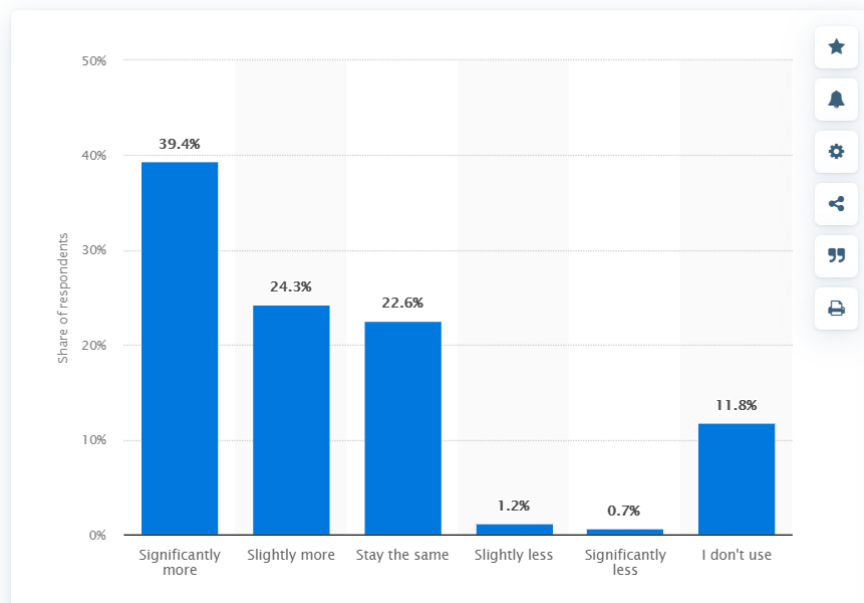


Figure 1. 3 Youtube Usage Statistic During COVID-19 Pandemic

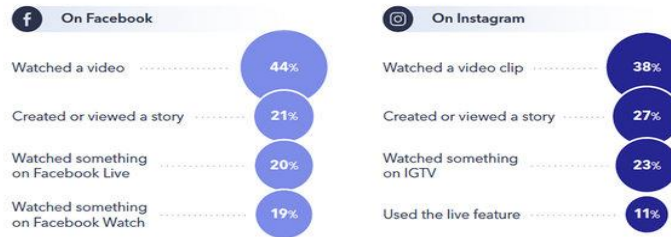
Source: Statista.com

The behavior are statistically proven where consumers visits Youtube, Instagram, Whatsapp more frequently and outside of China, internet users who visit Instagram monthly grew 8% from 2019 to 2020 and of all of Whatsapp user, 24% of them will not cut their time spent in messaging services. In overall from 20 countries, 44% of consumers have increased time on messaging application since the start of the pandemic (www.Thebrandonagency.com, 2020). Interestingly, people’s behavior within social media are shifting more towards video content or virtual events. Some behaviors shift towards social media are as the following figure:

Video and live content

THERE'S A GENERAL APPETITE FOR VIDEO AND LIVE CONTENT

% of each platform's visitors/users who have done the following in the last month



YOUNGER CONSUMERS ARE WATCHING VIRTUAL EVENTS VIA THE FOLLOWING

% of U.S./UK Gen Z and millennials who have watched a livestream/virtual event on the following in the past 2 months



EXPLORE DATA

EXPLORE DATA

Question: On Facebook/Instagram, which of these have you done in the last month?

Source: GlobalWebIndex Q1 2020

Base: 124,267 Facebook users and 99,693 Instagram users aged 16-64

Question: On which of the following platforms, if any, have you watched a livestream or virtual event in the past 2 months?

Source: GlobalWebIndex Recontact study, May 2020

Base: 530 (U.S.) and 259 (UK) Gen Z and millennials aged 16-37

Figure 1. 4 Social Media Behavior Survey Result

Source: Thebrandonagency.com

The increased number of social media users can also explain the changes of people's behavior. People would spend more time in their mobile devices exploring their social media; hence, the content that is available to them would also expand to their liking. Another is that the social media traffic has also increased, making the flow of information faster to users and will get notice of updates in a blink of an eye. Besides the increased traffic of social media, users' behavioral patterns often change from time to time. The user's behavioral pattern affects the intensity of traffic in a certain period of time simultaneously. Some of the interesting themes that may be worth paying attention to such as; changes in how people search for information, online audience's demographic evolution, the growing importance of e-commerce, etc. These themes describe not only social media users but the internet user as well how their behavior and environment changes and adapt dynamically (www.Datareportal.com, 2021).

Currently there are various social media platforms that people use every day. Below is the world's most used social platform on January 2021.

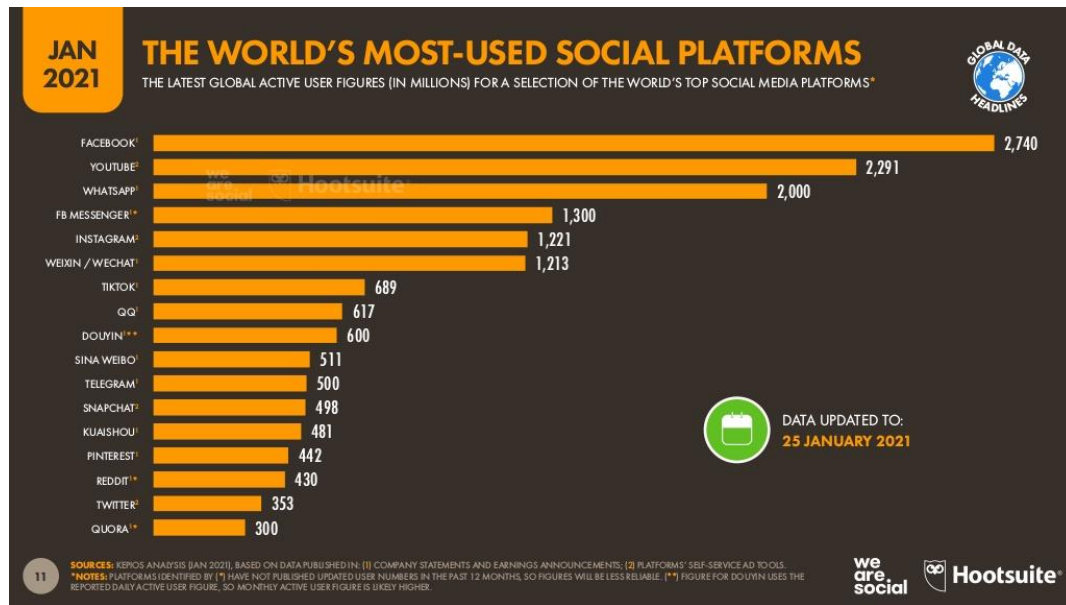


Figure 1. 5 World’s Most Used Social Platforms Survey Results

Source: Datareportal.com

Based on figure 1.3 of Hootsuite survey result, the top 10 most used social platforms include: Facebook, Youtube, Whatsapp, Facebook Messenger, Intstagram, WeChat, Tiktok, QQ, Duoyin, Sina Weibo. Some platforms included in the top 10 are very common to people especially Facebook, Youtube, Whatsapp, Instagram, and Tiktok. These social platforms holds their own value and unique features that keeps people to stay online interacting with anyone in the world non-stop. What makes social platforms more interesting currently is the speed it took for people to be informed of news and updates worldwide. News and updates can be access faster in social media more than radios and TV Channel. Besides the fast updates of social platforms, the next thing that keeps everyone online is the availability of content provided. People can access content that is available according to their interest without having to filter or choose what contents they want to be displayed with beforehand. Using the social platforms algorithm, the platform will automatically analyze the user’s behavior pattern and interest. Then, the algorithm will adjust the data they’ve had acquired to results of content that matches with the user’s interest. Changing a user behavior pattern and interest will also affect the algorithm and change the content that is provided to them

TikTok's growth has increased greatly since 2020. Quoted from Forbes, the hit mobile app just hit 53.5 million weekly average users in the U.S. in the first week of September, according to mobile analytics firm App Annie. Competitors such as Likee, which has also been growing in 2020, only has 1.6 million weekly average users. Dubsmash and Zynn are at only 600,000, and Byte, another TikTok competitor, is down almost 900,000 weekly average users to only 200,000 (www.forbes.com, 2020). In April 2021, TikTok users have reached 732 million, indicating that the social platform has added at least 40 million new users since August 2020 (www.Datareportal.com, 2021).

Quoted from Sindonews, The Verge Podcast, Adam Mosseri, The head of Instagram, stated that Instagram isn't satisfied with the reels feature that is designed to rival TikTok. Despite designing the reel feature where users can upload and share a 15-second video to their Instagram stories, explore feed, and user highlight reel, Instagram still couldn't rival TikTok's video-based content (www.sindonews.com, 2021). TikTok is an app for making and sharing short videos. A user can navigate their timeline by scrolling displayed videos shared by other users. Video editing tools are also provided to users to create and make their videos more interesting by adding filters and audios. TikTok also encouraged their users to interact with other users through responses such as stitch, reply, or "duet" their videos with other user videos. In expanding the reach of a user's content, hashtags play an important role to reach another user's timeline that probably has the same interest as another by simply adding some hashtags into the video caption and the video just might appear in other user's timeline. Algorithm also designed what a user will see in their timeline and the result of this algorithm is called "For You Page". There are a few key points on what affects TikTok's Algorithm mentioned by Sirclo.com (2021) below:

1. User interaction

Users tend to see contents from certain accounts if they interact with them often. How TikTok works is that after a video is uploaded, the algorithm will share the content to a fraction of users. Followers of the creator can be included as the fraction. Based on their behavior, the followers are rated by TikTok to have more interaction with the content. Positive responses that is shown as strong indicators such as watching duration, share, likes,

comments, and if a user follows the content creator will affect the algorithm. Tiktok will then share and distribute the content to other users that may have the same interest with the previous fraction.

2. Video information (Caption, Hashtag, Audio)

Tiktok's video created by a user can include caption, hashtag, and audio. By using these information, users can find and explore other contents by searching through a certain hashtags and audios. Certain hashtags within Tiktok such as #fyp or #foryoupage in a caption, will increase the chance of a content to be displayed in other user page.

3. Account setting (Device used, Location)

The account setting of a user will also affect the content distribution such as the device used, location, and if a user is in the same country with the video creator.

Tiktok has grown into a consistent growing population which it is an advantage to businesses. Quoted from Bisnis.com press conference, Tiktok's new feature helps brands and marketer in Indonesia creatively connected with large communities around them. This connection will be helped and found by users through Tiktok. Tiktok for business opens new opportunities for business practitioners to interact with users and gain benefits for their brand (www.Bisnis.com, 2021).

Generally, a user with tons of followers may generate more likes and views in a social platform especially in Tiktok but their algorithm doesn't close off opportunities to users with a low amount of followers. Through the algorithm, users can increase their account engagement not just by creating an interesting videos but also paying attention to trends, captions, hashtags, and audio used.

The emerging of Tiktok trends pushes businesses to be more interactive towards Tiktok users as a potential customer. Tiktok provides accessibility of creating content that encourages users to post frequently, increases engagement, and hopping trends to fuels virality. Trends are an option for businesses to stay and be relevant. The first one, business can recreate trends to generate responses and follow the current trend. Second, businesses can try to create trends by revamping audios or creating a new hashtag challenge which is harder than the latter (www.theinfiniteagency.com, 2021). Tiktok's average engagement

rate in 2020 is 17.5%. Unlike Instagram engagement rate, Tiktok’s audience is far more engaged and doesn’t depend on the profile’s audience size (www.hypeauditor.com, 2020). Tiktok trends would generate high engagement rates for businesses. An organic engagement rates range from 3%-9% based on their following compared to Instagram where good engagement is over 3% and its high engagement over 6% (www.influencermarketinghub.com, 2020).

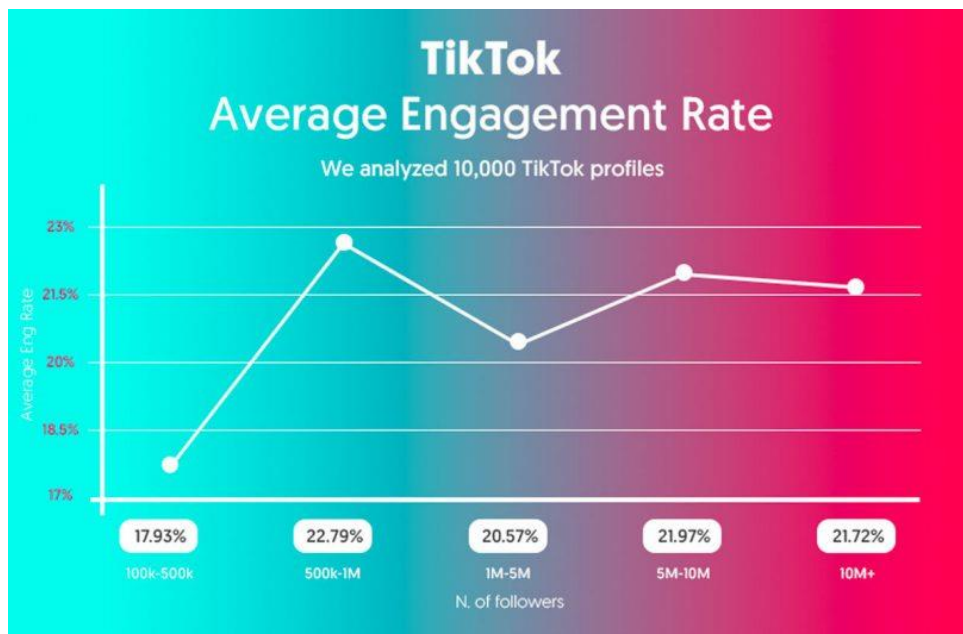


Figure 1. 6 Tiktok’s Average Engagement Rate Analysis Result

Source: Influencermarketinghub.com

Customer engagement offers opportunities that is given through building an emotional connection between a customer and a brand or business. Gallup research shows that 23% more revenue is earned than average that is represented by fully-engaged customer (www.clarabridge.com, 2021). As an example quoted from Contentmarketinginstitute.com, Last fall, e.l.f. Cosmetics launched its #eyeslipsface campaign, inviting Tiktok users to show off their makeup talents to the tune of a 15-second track the cosmetic company had made for the challenge. The campaign smashed records. Its initial video garnered 2.5 billion views in the first two weeks and sparked over 3 million user-generated videos (www.contentmarketinginstitute.com, 2020). Another example how a brand took Tiktok social platform as an advantage is Chipotle. In 2019,

Chipotle received 250.000 video submissions and 4.3 million video starts during a six-day run from their Chipotle's Guacdance challenge that they popularize where fans are urged to show off dances move dedicated to avocados. The challenge resulted in the brand's largest amount of guacamole ordered on National Avocado Day (www.Digitalmarketinginstitute.com, 2021). According to Mollen and Wilson (2010), online customer engagement is the customer's cognitive & affective commitment to an active relationship with the brand as personified by the website or other computer-mediated entities designed to communicate brand value. Another definition of customer engagement according to Vivek et al. (2012) is the intensity of an individual's participation & connection with the organization's offerings & activities initiated by either the customer or the organization.

By increasing engagement rates and receiving positive replies it will contribute to the brand's image, develop sense of awareness to their products and services, and the possibility of customer to buy their products and services afterwards. Affecting buying decision into the brand's favor through engagement rates are what marketers trying to achieve in content marketing. Even before the launching of "Tiktok for business", Tiktok was becoming a key advertising platform for brands to launch their social media campaign. In Germany and UK, 40% and 30% of 16-24 years old respectively have been influenced to purchase a product or service affected by influencers across Tiktok. In the US, 37% of 35-44 years old were affected by influencers to purchase a product or service (www.prmoment.com, 2020). According to Devaraj et al., 2002, online buying decision are influenced by; the efficiency of searching, value, and interaction. Efficiency of searching regards the time conveniences for customer to utilize search platforms for their products. Value represents the price and the quality of the goods. How interaction influence online buying decision is through the available information, the security provided, necessary loading time, and ease of navigation.

To find out the respondent's response towards buying decision through customer engagement on Tiktok, which was distributed to 69 respondents that was conducted on 2 June, 2021, namely to Tiktok users who had bought a product or at least viewed the product's promotional content. The response collected regarding buying decision on Tiktok can be seen in table 1.1 below.

TABLE 1. 1
PRE-QUESTIONNAIRE

Factors	Items	Percentage
Have bought a product on Tiktok	Yes	52 (75.4%)
	No	17 (24.6%)
Have considered alternatives before buying a product on Tiktok	Yes	57 (82.6%)
	No	12 (17.4%)
The product bought from Tiktok is as expectation	Yes	51 (73.9%)
	No	18 (26.1%)
Will buy the product if the content is attractive	Yes	60 (87.0%)
	No	9 (13.0%)
Will share or recommend a product or service that has attractive content to friends or family	Yes	64 (92.8%)
	No	5 (7.2%)
If the quality and creativity of a content affects the respondent's perception	Yes	63 (91.3%)
	No	6 (8.7%)
If customer engagement affects the respondent's intention to buy a product	Yes	57 (82.6%)
	No	12 (17.4%)
Will give a positive feedback if the content	Yes	63 (91.3%)
	No	6 (8.7%)

provide new information and insight		
Will give a positive feedback if the content empathized with the respondents	Yes	64 (92.8%)
	No	5 (7.2%)

Source: Author processed data, 2021

Based on Table 1.1, proves that creative and attractive content in Tiktok increase the interest for users to buy the product and mostly would give a positive feedbacks supported by the evidence as much as 85% of the total respondents. There are still roughly 15% that are still less interested in buying a product in Tiktok or are not that attracted to creative content. Consumer still consider alternative option before deciding to buy a product from Tiktok. Consumer tends to buy a product if the product has an attractive content in Tiktok. The content would also get a better engagement rate if it provides insight and empathize with consumers.

Digitalization era pushed businesses to develop and improve their brand intensely within social media to increase their engagement to their customer, reaching new market segments, and increasing their brand reputation. How businesses are able to deliver their brand properly is through the use of digital content that is currently at the moment trending as the means of creative and interactive marketing which is Content marketing. Content marketing stated by Pulizzi J. e Barret N. (2009), is a marketing technique of creating and distributing relevant and valuable content to attract, acquire, and engage a clearly defined and understood target audience with the objective of driving profitable customer action. Content marketing is owning, as opposed to renting media. It's marketing process to attract and retain customers by consistently creating and curating content in order to change or enhance a consumer behavior. Salah satu penelitian terdahulu menyatakan bahwa content marketing memiliki significant effect terhadap customer engagement (Dharmayanti&Elissa, 2020)

Tiket.com developed their digital marketing on Tiktok and currently has 675.000 followers and 13.3m likes in total. Their contents covers tourism spot in Indonesia and

also promotes tickets and hotels. Many of Tiket.com Tiktok's content has been seen by millions of views and thousands of likes. Below is an example of Tiket.com most viewed and liked videos.

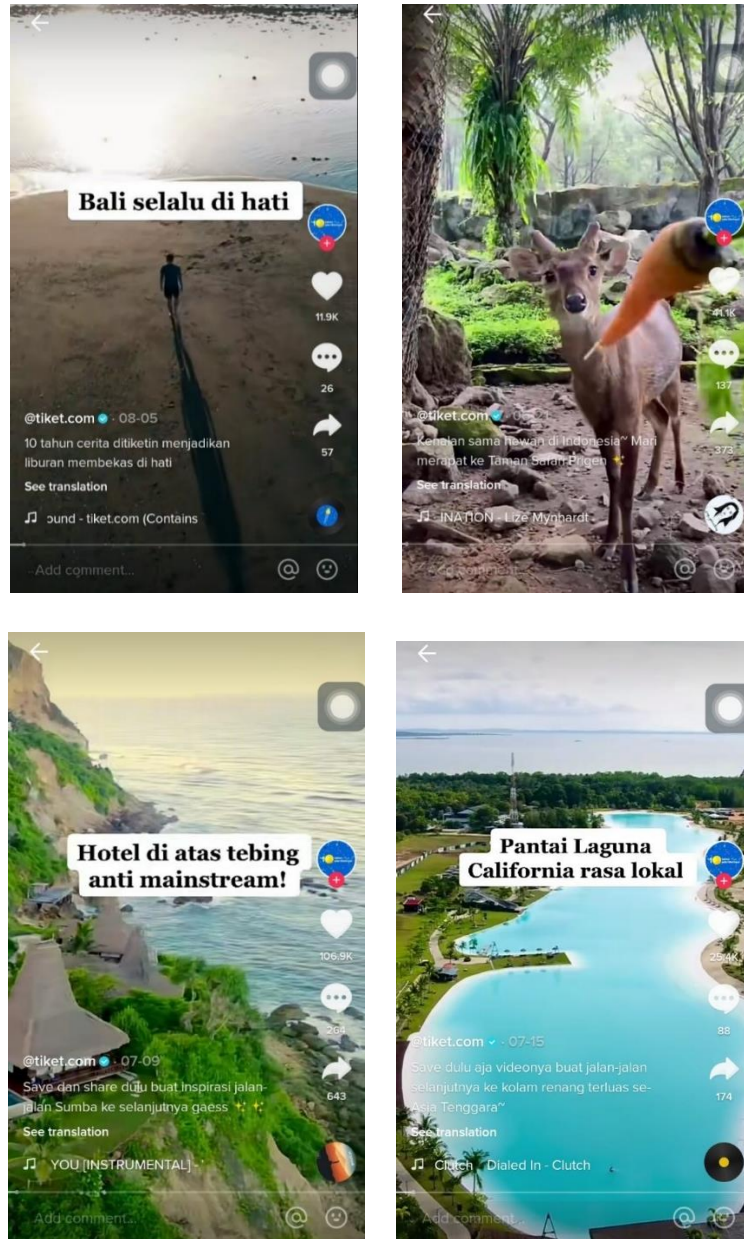


Figure 1. 7 Tiket.com Tiktok Content

Source: Company Data

From figure, Tiket.com promotes tourism spot and hotels to attract people interest in taking a vacation through their platform and the engagement counts of how many likes,

comments, and post shared to can be seen in Tiktok’s app features. To reach Tiktok users widely, Tiket.com used hashtags and captions for a higher chance of reaching Tiktok users page.

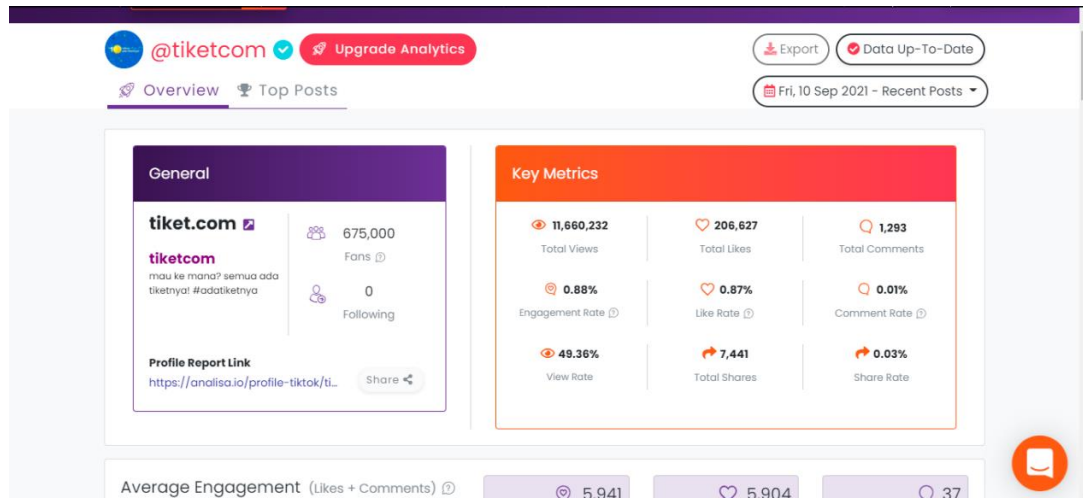


Figure 1. 8 Tiket.com Tiktok Analytics

Source: Analisa.io

. As of September 2021, Tiket.com has gained 11.660.232 views, 206.627 likes, 1.293 comments. Another interesting sight of Tiket.com engagement is their view rate that reached 49,36%. The average engagement Tiket.com gained is 5.904 likes per post and 37 comments per post with a total of 5.941 engagement by combining likes and comments Tiket.com get per post. The highest engagement counts Tiket.com gained was from between January 2021 and February 2021 as seen from figure 1.7 below (www.analisa.io, 2021).

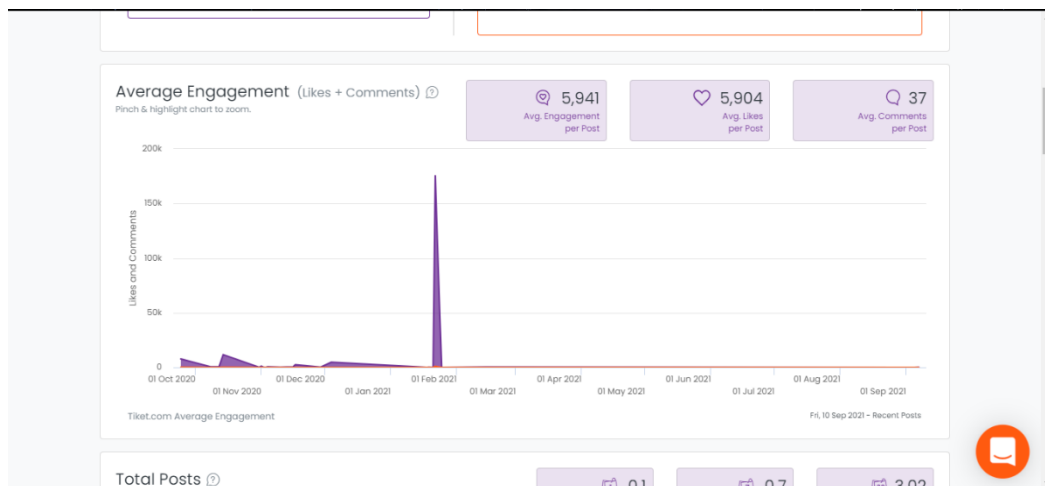


Figure 1. 9 Tiket.com Tiktok Highest Engagement Counts

Source: Analisa.io

Tiket.com’s marketing in Tiktok assist them in delivering information and promoting travel and tourism which people can get attracted to and will lead them to Tiket.com’s platform for purchasing.

In content marketing besides increasing engagement rates and brand reputation, businesses will also focus on how content marketing affects their customer behavior in making decision. Take an example from Tiket.com contents that promotes tourism and travel plans which they did to attract Tiktok users interest by giving them promotions and discounts that allows Tiket.com to increase their sales and engagement. Tiket.com were able to make their customer interested with buying their product by providing a creative content which directly affects the customer buying decision. Hence, developing a creative and interactive program that would build a better connection with customers would result in stronger loyalty and the possibility that positive reference would be spread.

With the aforementioned explanation of how content marketing affect customer engagement and buying decision process in a social platform especially with Tiket.com as the object, the researcher decided to conduct the research in Bandung because the increasing travelling statistics and hotel occupation. According to Badan Pusat Statistik Kota Bandung, the rate of airborne vehicle and train passengers in West Java compared to June 2020 increased by 1.660,9% and 72,44% respectively in June 2021 (year on year).

Husein Sastranegara airport in Bandung is the biggest contributor with a total of 15.957 passengers in May 2021 and 24.222 passengers in June 2021. The volume of train passengers of West Java in May 2021 is 977.260 and dropped to 726.210 in June 2021 but the volume increased significantly compared to 2020. As for hotel occupation in West Java, the rate of occupation reached to 32,90% in June 2021 compared to May 2021 which increased by 2,32%. The average of gues staying in a starred hotel stated 1,63 days and a non-starred hotel stated 1,17 days (www.bps.go.id, 2021). According to Zudan based on population administration data per June 2021, Indonesia's population reached 272.229.372 souls, where 137.521.557 souls are men and 134.707.815 souls are women. From the total of 272 million population, as much as 56,01% concentrated in West Java province, where the province has biggest total population in Indonesia of 47.586.943 souls and with Bandung as its capital city (www.dukcapil.kemendagri.go.id, 2021). Based on the background, the author chose the title **“The Effect of Content Marketing Buying Decision Process Through Customer Engagement on Tiktok (Case Study Tiket.com)”**.

1.3 Problem Formulation

Based on the research background that is discussed previously, the problem formulation the author has included in his research are as follow:

- a. How does Content Marketing impact Tiket.com Customer Engagement in Tiktok?
- b. How does Content Marketing impact Buying Decision Process in Tiket.com's Tikok?
- c. How does Customer Engagement impacts Buying Decision Process in Tiket.com's Tiktok?
- d. How does Content Marketing impact Buying Decision Process through Customer Engagement in Tiket.com's Tiktok?

1.4 Research Purposes

As for the purpose of this research are as follow:

1. To analyze how content marketing impacts Tiket.com customer engagement in Tiktok.
2. To analyze how customer engagement impacts Tiket.com buying decision process in Tiktok.

3. To analyze how content marketing impacts Tiket.com buying decision process in Tiktok.
4. To analyze how content marketing impacts Tiket.com buying decision process through customer engagement on Tiktok.

1.5 Research Boundaries

For the research to be able to provide a clear understanding and the discussion does not deviate from the problem formulation, so the research boundaries are as follow:

1. The research is conducted from April to December
2. The research is only inspected on Tiktok.
3. The research is using quantitative method

1.6 Research Function

The result from this research is hope to provide numerous usefulness as follow:

1. For Companies
 - a. As guidance and reference to improve the quality of content marketing implementation in Tiktok.
 - b. As an evaluation to the content marketing that is formed.
2. For Author
 - a. To provide a deeper understanding of the author, especially in content marketing Tiktok sector, customer engagement, and buying decision.
 - b. To heighten knowledge and applying all sorts of practice that maybe weren't provided in college orientation.
3. For Institutes
 - a. As a comparison or reference for the next researcher, that specifically are going to discuss Tiktok's content marketing or any other social media, customer engagement and buying decision which has not been researched yet.

1.7 Thesis Writing Systematic

The systematic is made to provide an overview of the conducted research and for a clearer research result writing with the writing systematic as follow:

Chapter 1 Introduction

This chapter gives explanation regarding the overview of the research objects, research background that relates with the phenomenon which becomes the important issue so that it is feasible to be researched along with existing theoretical argumentation, problem formulation that is based on the research background, research purpose, and research function theoretically and practically, along with writing systematic generally.

Chapter 2 Literature Review

This chapter express clearly and concise regarding the theoretical basis of strategic marketing implementation and research variable that is consumer engagement and marketing affectivity related with the content marketing phenomenon. This chapter also outlines previous researches as research standard, the outlines that discuss about the mindset to describe the problem formulation, research hypothesis as temporary answer of the research problem and as a guidance for data validity, along with the research scope that explains in detail of the boundaries and scope.

Chapter 3 Research Method

This chapter explains the type of research, research approach conducted, dependent variable identification and independent variable, operational variable definition, research stages, types and data resource (population and sample), and data analysis technique.

Chapter 4 Research Result and Discussion

This chapter outlines the situation of respondent observed, research result description that has been identified, analysis model and hypothesis, and independent variable effect discussion.

Chapter 5 Conclusion

This chapter consists of analysis result conclusion of research findings and suggestion that is to be given.