

CHAPTER 1

INTRODUCTION

1.1 Object Overview

1.1.1 Gen Z Population

Generation Z, also referred to as the Post-Millennial Generation, encompasses individuals born from 1997 onward, following the designation of 1996 as the final birth year for Millennials (Dimock, 2019). Generation Z has been identified as the most achievement-oriented generation, with significantly enhanced economic well-being, higher levels of education, and greater ethnic diversity compared to preceding generations (Barna Group, 2020). Research conducted by Barna Group revealed that 65% of Generation Z in the United States aspires to achieve financial independence by the age of 30. The Indonesian Bureau of Statistics (Badan Pusat Statistik – BPS) defined Generation Z in its 2021 release as persons born between 1997 and 2012, currently aged 11 to 26 years.

Table 1. 1 Indonesian Census Result

No	Generations	Population(%)
1	Generation Alpha (2013-2024)	16.17
2	Generation Z (1997-2012)	32.22
3	Millenials (1981-1996)	23.28
4	Generation X (1965-1980)	18.62
5	Baby Boomer (1946-1964)	9.71

Sources: BPS, 2024

Indicates that Generation Z constitutes 32.22% of Indonesia's population, according to BPS data. The Millennial generation and Generation X constitute 18.62% and 23.28% of the population, respectively, following the top three demographic groups.

Table 1. 2 Top 10 Province with the most Generation Z population

Province	Population
West Java	11,886,058
East Java	9,252,385
Central Java	8,511,476
North Sumatera	4,316,515
Banten	2,979,697
DKI Jakarta	2,663,412
South Sulawesi	2,512,772
Lampung	2,249,587
South Sumatera	2,170,494
Riau	1,782,953

According to the Ministry of Internal Affairs of Republic Indonesia, with the data processed by DataIndonesia.id in 2022, there are 66.86 million people in Indonesia within the age of Generation Z. The data shows that the West Java province leads the pack with the Generation Z population of 11,886,058 people, followed by East Java with 9,252,385 people, then followed by Central Java province with 8,511,476 people, followed by North Sumatera with 4,316,515, followed by Banten with 2,979,697, followed by DKI Jakarta with 2,663,412, followed by South Sulawesi with 2,512,772, followed by Lampung with 2,249,587, followed by South Sumatera with 2,170,494, followed by Riau with 1,782,953.

Generation Z is the first generation to have grown up with widespread access to the internet, social media, and mobile phones from an early age (Budiman & Franky, 2021). According to Haratikka, this has significantly shaped their behaviors and preferences as consumers, particularly with regard to travel patterns. Often described as discerning, analytical, and pragmatic, Generation Z consumers tend to prioritize experiences over material possessions. Specifically, Generation Z travelers are more likely to use social media, travel apps, and online reviews to explore destinations, secure the best deals, and connect with other travelers (Haratikka et al., 2023). They are also driven by a desire for novel experiences, the influence of social media, and opportunities for education and personal growth. Additionally, Generation Z places a high value on diversity, inclusivity, and sustainability, all of which are reflected in their travel choices (Haratikka et al., 2023).

1.1.2 Traveloka



Figure 1. 1 Traveloka Company Logo

Source: Traveloka.com

Traveloka is a prominent online travel agency (OTA) based in Southeast Asia, particularly known for providing comprehensive travel services. Founded in 2012, Traveloka offers a wide range of products, including flight bookings, hotel reservations, and various travel activities. The platform has gained significant popularity due to its user-friendly interface, competitive pricing, and extensive inventory. Traveloka is a prominent travel company in Southeast Asia that offers a range of travel services on a single platform, enabling users to create memorable experiences with their loved one (Traveloka, 2023)

As one of Indonesia's startups, Traveloka focuses on enhancing both domestic and international tourism (Traveloka, 2023). The platform provides a wide array of products to assist users in planning their trips, including services for booking transportation such as flight tickets, buses, trains, car rentals, airport transfers, hotel or villa reservations, and access to an extensive selection of accommodations throughout Southeast Asia (Traveloka, 2023).

Initially known as Indonesia's largest online platform for booking flight tickets and hotels, Traveloka has broadened its services while maintaining a focus on customer convenience and comfort. This is facilitated by a range of payment options that customers can choose from. When it comes to accommodation, Traveloka offers competitive prices, high quality, and prime locations. By accessing the Traveloka website or app, users can find options that align with their budget.

Traveloka has launched a new tagline, "Life, Your Way." "Consumer travel needs are continually evolving, and we are noticing a trend where consumers now

seek more personalized travel experiences,” explained Traveloka's Chief Marketing Officer, Shirley Lesmana. “The tagline ‘Life, Your Way’ reinforces our position as a consumer-centric technology company that caters to a diverse range of needs across generations.

1.2 Research Background

The Online travel agencies (OTAs), such as Tiket.com and Booking.com as well as Agoda also pegipegi.com, AirBnB, Trip.com, AirPaz in Indonesia, are travel aggregators who interface with prospective travelers via the Internet to sell travel-related products such as flights, cruises, holiday packages, hotel rooms, and so on (Talwar et al., 2020a). Currently, online travel agencies (OTAs) are increasingly shifting their business model from web-based services to mobile applications, in line with the growing use of mobile devices among consumers. Mobile apps offer various conveniences, such as ease of downloading, faster access, and the ability to be used anytime and anywhere, providing convenience for busy user (Reinartz et al., 2019). This shift is also driven by the convenience of using apps, which are more practical compared to web-based platforms (Lee, 2019).

The growing popularity of Online Travel Agencies (OTAs) and the increasing competition within the industry have prompted significant academic interest in studying consumer behaviour related to these platforms (Talwar et al., 2020c). A variety of previous studies have explored different facets of consumer behaviour in the context of OTAs, examining factors such as customer satisfaction (Jedin & Ranjini, 2019; Kustiwi, 2020), customer loyalty (Reinartz et al., 2019) and innovation (Lee, 2019) These studies offer valuable insights into how consumers interact with OTAs and contribute to the broader understanding of the dynamics shaping the industry

Purchase intention denotes a consumer's propensity to execute a purchase and is a fundamental concept in comprehending consumer behavior (Winarno & Indrawati, 2022). It is shaped by multiple elements, such as socio-demographic attributes, perceived risk, personal attitudes, and the alignment between consumer desires and available alternatives (Amaro & Duarte, 2016). Among these, perceived

value has a particularly critical role. Perceived value denotes the consumer's assessment of the anticipated advantages of a product or service in relation to the associated cost or effort. Consumers are more inclined to demonstrate a robust desire to purchase when the perceived advantages surpass the related expenses (Carlson et al., 2020; Lu & Hsiao, 2019).

In the realm of Online Travel Agencies (OTAs), users' perceived value significantly influences their selection of platform (Talwar et al., 2020c). Key factors including service quality, usability, competitive pricing, and overall user experience shape this perspective (Mohd-Any et al., 2019). Consumers are more likely to choose OTAs that provide superior value through attractive offers, relevant features, and excellent customer service (Ozturk et al., 2021).

As the need for convenience and efficiency rises, OTAs that fulfill both the functional and emotional needs of consumers are more likely to attract and retain clients (Talwar et al., 2020). Talwar et al., (2020) assert that value is a complex and multidimensional construct embodying customers' desires, aspirations, and expectations. Therefore, a thorough understanding of the diverse dimensions of consumption value, encompassing monetary value, quality of benefits, social influence, and personal preferences, is essential for OTAs to enhance purchase intention and foster lasting customer trust and loyalty (Talwar et al., 2020c).

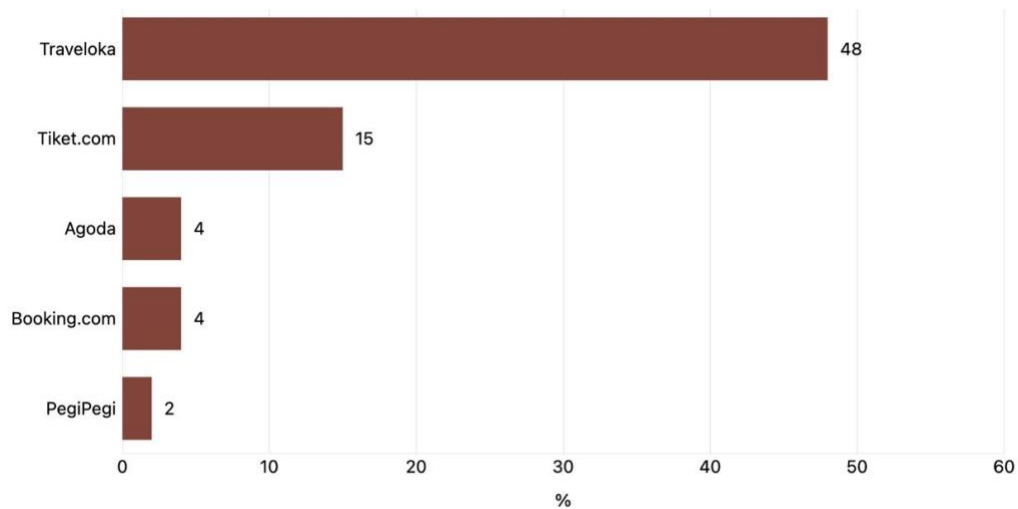


Figure 1. 2 Data People's Choice Hotel Ticket Booking App for Year-End Holiday (November 2021)

Source: databooks.katadata.co.id

From Figure 1.2 above A November 2021 Populix survey on Indonesian year-end holiday trends revealed a strong preference for online hotel bookings, with 76% of respondents opting for digital platforms. This finding reflects the growing influence of online travel agents (OTAs) and digital solutions in travel planning. In contrast, 13% booked through offline travel agencies, while 8% made direct, on-the-spot hotel bookings. Additionally, 3% had their accommodations arranged by their workplace. The conclusion is among online platforms, Traveloka was the top choice, used by 48% of respondents, indicating its strong market presence and brand trust in Indonesia. Tiket.com followed with 15%, while international options like Agoda and Booking.com attracted 4% each, and the local platform PegiPegi was used by 2%.

The survey sampled 1,012 respondents, primarily Gen Z and millennials from urban areas, highlighting the younger generation's preference for digital convenience in travel planning. These insights provide valuable information for businesses in the travel sector aiming to enhance customer satisfaction by understanding booking behaviour trends in Indonesia.



Figure 1. 3 Customer review data from the Google Play Store for Traveloka users

Source: play.google.com

Traveloka has emerged as the leading online travel agency in Indonesia, as reflected in the Google Play Store review data displayed in Figure 1.3 above, and supported by various market surveys and consumer usage data as of November 20, 2024. This success is largely attributed to its extensive service offerings, intuitive user interface, and strong brand reputation in the Indonesian market. However, despite its dominant market position, the platform faces ongoing challenges, the problem as evidenced by the negative reviews that continuously appear on the Google Play Store. These reviews often cite issues related to slow server responsiveness and technical bugs within the platform.

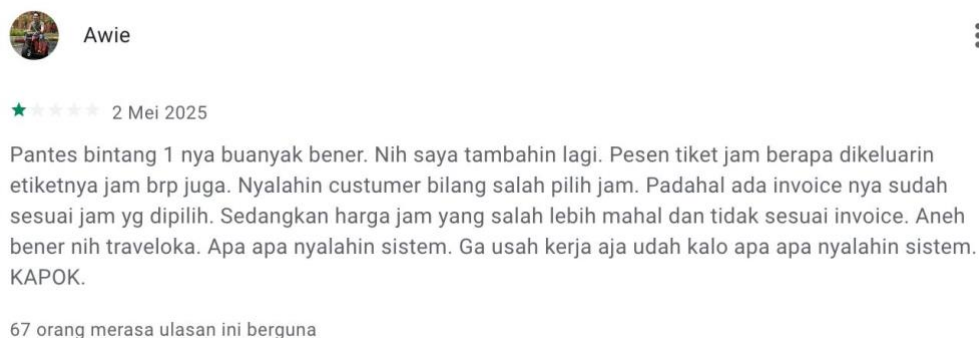


Figure 1. 4 User reviews of the Traveloka application on the Google Play Store

In addition, according to the Traveloka Application Rate, other technical problems, such as failed transactions, inaccurate hotel bookings, and difficulties in payment processing, further exacerbate the user experience. According to Talwar et al., (2020) , these issues impact not only the functional value such as efficiency and ease of use but also affect the social value, epistemic value, and conditional value. Social value, in this context, refers to users' perceptions of how Traveloka influences their social interactions, such as sharing recommendations or positive experiences. Epistemic value relates to users' curiosity and expectations for innovation or new experiences within the platform. Meanwhile, conditional value is associated with specific circumstances that make Traveloka's services more relevant, such as promotions during holiday seasons. To maintain customer loyalty and competitive advantage in an increasingly competitive market, it is crucial for Traveloka to address these technical issues promptly. Failure to resolve these problems may lead to decreased customer satisfaction, influence purchasing decisions, and ultimately threaten the sustainability of Traveloka's business in the Indonesian market.

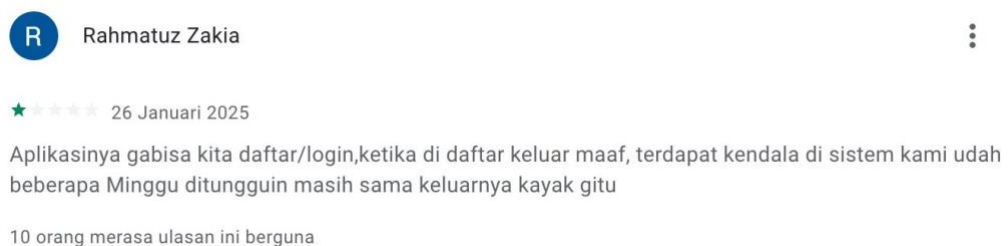


Figure 1. 6 User reviews of the Traveloka application on the Google Play Store

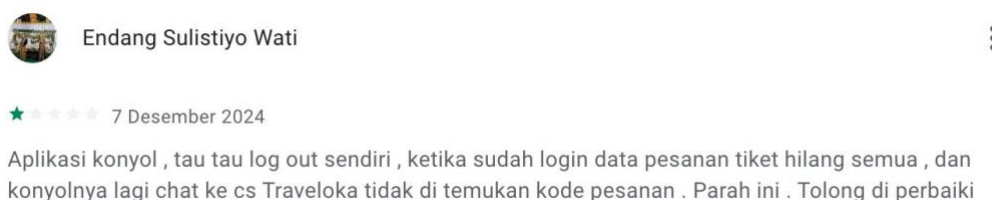


Figure 1. 5 User reviews of the Traveloka application on the Google Play Store

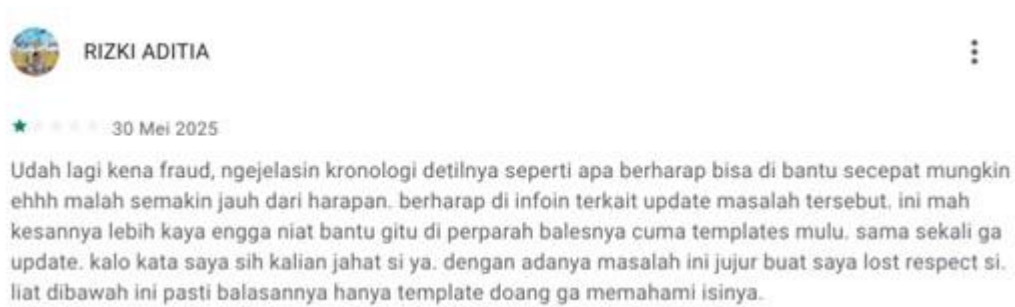


Figure 1. 7 User reviews of the Traveloka application on the Google Play Store

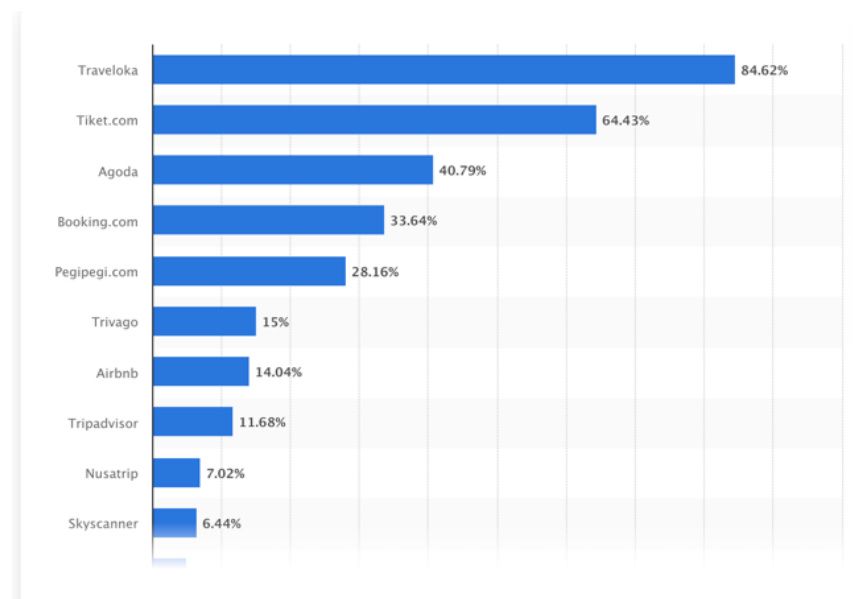


Figure 1. 8 Most popular online travel agencies among consumers in Indonesia

Source: Statista (statista.com)

The phenomenon described in figure 1.8 indicates that, despite Traveloka being the most popular and widely downloaded travel application in Indonesia, customer complaints about service quality continue to persist (Hanadian Nurhayati-Wolff, 2024). These complaints, including discrepancies between displayed and checkout prices, as well as mismanagement of partnerships with hotels or accommodations, have caused significant customer dissatisfaction. Users have reported encountering issues where the price listed on the app differs from the final price during checkout, often due to hidden fees, taxes, or unclarified additional charges. Furthermore, there have been instances where users arrived at hotels to

find that their reservations were not properly recorded due to lapses in coordination between Traveloka and its partner accommodations. Such problems lead to frustration among customers, particularly when they are left to resolve these issues independently.

These service shortcomings are likely to affect purchase intention and erode consumer trust in the platform. Although the Traveloka app maintains a high rating of 4.8 on the Google Play Store, a segment of users assigns lower ratings due to unresolved service issues, as highlighted by various reviews (Figure 4). According to data from Statista, Traveloka's brand value has consistently increased each year, supported by favorable customer ratings and overall reputation. However, the persistence of these unresolved issues underscores the need for Traveloka to address these challenges systematically to maintain consumer confidence and further enhance its service quality.

The issues faced by Traveloka in Google Play Application Rate, such as price discrepancies and mismanagement of hotel partnerships, can be effectively analyzed through the lens of the Theory of Consumption Values (TCV). These problems directly impact the core values that drive purchase intention, particularly the quality-of-benefits value and monetary value. Inconsistencies between displayed and checkout prices diminish the monetary value perceived by users, while unfulfilled bookings caused by poor coordination with partner hotels undermine the quality of benefits value. Furthermore, such service issues damage the social status value and preference value of the platform, leading to negative user experiences and decreased trust in the brand. The online to offline nature of OTAs like Traveloka underscores the importance of ensuring seamless integration between app functionality and the quality of physical services offered at destinations, as this alignment is critical for maintaining consumer trust and loyalty.

The case of Traveloka was selected because it provides a comprehensive representation of the challenges faced by online travel agents (OTAs) in balancing consumer expectations with service delivery. These challenges highlight the relevance of understanding the influence of various consumption values on purchase intention, particularly in the competitive and rapidly evolving OTA

industry. Therefore, the title of this study, *"The Influence of Consumption Value on Purchase Intention to Use Online Travel Agents: A Study of Gen Z Users of Traveloka in west java,"* is directly aligned with this case. It reflects the need to examine how the perceived values of monetary, quality, social, and preference dimensions, as well as moderating factors, influence consumer decisions to engage with Traveloka as an OTA platform.

This research aims to provide actionable insights into addressing these issues and enhancing Traveloka's overall value proposition to its users. In online travel agency (OTA) platforms, consumption value affects purchase intention according to extensive study. Most study focuses on value, including money, benefit quality, and knowledge. Social value and preferences affect user purchase intents, especially Gen Z, but are rarely discussed. This is especially true in Indonesia, where Gen Z buyers are more dependent on digital technologies, social media, and unique experiences when making purchases. This study examines how societal values and preferences affect Gen Z in Indonesia, a key market for OTAs like Traveloka, while making purchases. Consumption value and purchase intention in online travel agency (OTA) platforms have been studied. Most research focuses on value factors including money, rewards, and knowledge. Social value and preferences affect user purchase intents, especially Gen Z, but are rarely discussed. This is especially true in Indonesia, where Gen Z buyers are more dependent on digital technologies, social media, and unique experiences when making purchases. This research examines how societal values and preferences affect Gen Z in Indonesia, a key market for OTAs like Traveloka, while making purchases.

1.3 Problem Formulation

The evolution of digital technology has profoundly altered consumer behavior, especially with travel planning and purchasing. Online Travel Agencies (OTAs) like Traveloka have emerged as the principal platforms for service bookings, particularly among Generation Z, which is identified as the most internet-connected and digitally engaged cohort.

Although previous research has identified various consumption values such as benefit value, monetary value, and information value as factors influencing purchase intention in online contexts, few studies have investigated the concurrent impact of all five dimensions as delineated in the Theory of Consumption Values. These categories encompass benefit value, monetary value, social value, epistemic value, and preference value. Furthermore, limited research has particularly examined the functioning of these values within the behavioral context of Generation Z users on a local OTA platform like Traveloka in Indonesia.

Generation Z's unique traits such as their inclination towards convenience, tailored digital experiences, and awareness of social perceptions indicate a complex interplay between consuming values and purchasing behavior on digital platforms. These characteristics provide a persuasive justification for investigating the combined effects of consumption values on purchase intention within this demographic group.

1.4 Problem Statements

Based on the background previously described, the problem Statements in this study are:

1. Does monetary value influence the purchase intention of Traveloka users?
2. Does the quality of benefits value influence purchase intention toward Traveloka users?
3. Does the influence of social status value shape the purchase intention of Traveloka users?
4. Does the information value influence the purchase intention of Traveloka users?
5. Does the preference value influence the purchase intention of Traveloka users?

1.5 Research Objectives

Based on the problem formulation above, this research aims to find out the following things:

1. To analyze the Influence of monetary value on the purchase intention of Traveloka users in Indonesia.
2. To analyze the Influence of benefit value in influencing the purchase intention of Traveloka users.
3. To analyze the Influence of social status value in shaping the purchase intention toward Traveloka users.
4. To analyze the Influence of information value in influencing the purchase intention toward Traveloka users.
5. To analyze the Influence of preference value in influencing the purchase intention toward Traveloka users.

1.6 Research Benefits

1.6.1 Theoretical Aspect

This study contributes to the development of consumer-choice behavior theory by contextualizing the Theory of Consumption Values (TCV) Sheth et al. (1991) specifically for the OTA domain. A notable contribution lies in the use of a mixed-methods approach to identify a unique set of OTA-specific consumption values and develop measurement items for these values. Additionally, the OTA-specific values have been renamed to distinguish them from the generic consumption values proposed by (Talwar et al., 2020), ensuring that they better represent the unique characteristics of the OTA context.

1.6.2 Practical Aspect

Our findings offer keys insights for practical applications. The results demonstrate that all identified consumption values positively influence purchase intention, although the strength of these associations varies. Among these, the quality-of-benefits value shows the strongest influence, followed by preference value. This finding highlights areas where OTA service providers, such as

Traveloka, can focus their improvement efforts to generate a greater impact on perceived consumer value and, consequently, purchase intention.

1.7 Systematic Of Writing

Systematization of writing This writing systematic is made to facilitate in providing direction and description in writing this thesis. The writing systematics are as follows:

CHAPTER I INTRODUCTION

This chapter contains an overview about the object of research object background, problem formulation, research objectives, research benefits, and background, problem formulation, research objectives, research benefits, and writing systematics. writing systematics.

CHAPTER II THEORETICAL STUDY

This chapter contains theories from general to specific, accompanied by previous research and followed by a theoretical study. continued with framework research framework which ends with a hypothesis if required.

CHAPTER III RESEARCH METHODS

This chapter emphasizes the approach, methods, and techniques used to collect and analyze findings that can answer the research problem. collect and analyze findings that can answer the research problem. This chapter includes a description of: Type of Research, Operationalization of Variables, Population and Sample (for quantitative) / Social Situation (for qualitative), Data Collection, Validity and Reliability Test, and Analysis Techniques. and Reliability, and Data Analysis Techniques.

CHAPTER IV RESEARCH RESULTS AND DISCUSSION

The research results and discussion are described systematically in accordance with the problem formulation and research objectives and are presented in separate subtitles. This chapter contains two parts: the first part presents the research results and the second part presents the discussion or analysis of the

research results. Each aspect of the discussion should start from the results of data analysis, then be interpreted and then followed by drawing conclusions. The discussion should be compared with previous studies or relevant theoretical foundations.

CHAPTER V CONCLUSIONS AND SUGGESTIONS

The conclusion is the answer to the research question, then becomes a suggestion related to the benefits of research.