

The Effect of e-WOM Dimensions on Online Repurchase Intention: Survey on Generation Z (12 to 27 Years Old) of Online Travel Agent Users in Indonesia

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Abstract

e-WOM is one of the media used by Online Travel Agent (OTA) companies in increasing purchase intention. OTA is a company engaged in services that help potential consumers in traveling activities, like transportation and lodging services. Each OTA company has its own method of presenting content on its website. The method of collecting information is through a literature study, which aims to determine the effect of e-WOM on purchase intention on OTA in Indonesia. e-WOM has a different effect on purchase intention. In OTA Traveloka, e-WOM has a significant effect on purchase intention, but on OTA Agoda it does not have a significant effect.

Keywords

e-WOM; Online Travel Agent; Purchase Intention



I. Introduction

Indonesia is one of the countries with the largest population of internet users in the world. As of January 2022, the country had 204.7 million internet users, according to the We Are Social study. In comparison to the prior year, that figure climbed by 1.03%. There were 202.6 million internet users in Indonesia as of January 2021. In Indonesia, the trend of internet users has risen steadily over the past five years. Currently, there are 54.25% more people using the internet nationally than there were in 2018. In the meantime, early 2022 saw a 73.7% population-wide internet penetration rate in Indonesia. According to statistics, Indonesia had 277.7 million residents as of January 2022. Only 50% of the nation's population was online in 2018. This indicates that, in recent years, the national internet penetration rate has expanded rather quickly (<https://databoks.katadata.co.id/datapublish/2022/03/23/ada-2047-juta-pengguna-internet-di-indonesia-awal-2022>).

Traveling recently became a trend in several countries, including Indonesia. With almost all activities touched by technology and internet, the importance of communication and technology in tour-ism sector has significantly following to increase (Ariffin & Hashmi 2018). A lot of e-commerce are emerging and growing rapidly along with both that development of digitalization and travel trend in the world. However with the increasing number of Online Travel Agency (OTA) options, customers have to deal with the amount of information that must be faced before their purchase activities (Gavilan et al. 2018). They also have to deal with a lot of product review in various quality and credibility in order to get specific information about the product (Cheung & Thadani, 2012). The present of e-commerce in traveling industry like travel online agent (OTA) have been affecting communities behavior and consumer purchasing pat-terns. A lot of customers start considering to use a booking online whenever they need anything that re-lated to tourism especially for hospitality and trans-portation. As intangible products that can make them difficult to measured their quality prior from consumer to purchase (Yang, et al.

2018). From consumers generally always rely on information from word of mouth (WOM) from relative or acquaintance to know attributes and product quality (De Maeyer, 2012). Nowadays in digital era, consumers are more likely to use WOM through a social media model called electronic word of mouth (EWOM) (Chakraborty & Bhat, 2018). Although in a virtual community, consumers can not touch the product or meet EWOM writer to develop trust (Zahratu & Hurriyati, 2018).

Purchase intention is something related to consumer plans to buy certain products or services, as well as how many units of products or services are needed in a certain period. Kumala (2012). Purchase intention is able to create motivation that is recorded in the minds of consumers and can become a strong desire. When consumers have to fulfill their needs, consumers will actualize what is in their minds (Maunaza, 2012). Purchase intention as something that leads to goals or intentions, the tendency of consumers to buy what brand they like or are considered most attractive (Kotler & Keller, 2009). Electronic word of mouth can be said as a way of communicating that provides reviews of products/services that contain information about how to use and sell them through internet-based technology services (Torlak et al. 2014). According to Bambuer and Mangold (2011). Reviewing products on the internet before buying is the most important aspect of word of mouth communication. Therefore, electronic word of mouth greatly influences consumer product reviews and their purchase intentions. Research conducted by Torlak et al. (2014) shows that there is a significant positive relationship between electronic word of mouth, brand image and purchase intention.

II. Review of Literature

2.1 Online Travel Agent (OTA)

According to Hasan (2013), Online Travel Agent (OTA) is a travel agent that acts as a media for online promotion and sales through the website. Currently, almost all companies have websites for product promotion to consumers. The type of website varies according to the purpose and content or content. Website is used as a medium to offer products. Online Travel Agents are websites managed by OTAs that provide facilities and distribution of consumers in placing orders on the website. Website managers in this case carry out online promotions in the form of affiliate marketing.

2.2 Electronic Word-of-Mouth (e-WOM)

Electronic word of mouth (eWOM) is defined as the dynamic and ongoing information exchange process between potential, actual, or former consumers regarding a product, service, brand, or company, which is available to a multitude of individuals and institutions via the Internet (Ismagilova et al. 2017).

e-WOM has a definition as a communication medium to share information about a product or service that has been consumed between consumers who do not know each other and have met before (Gruen, 2006). According to Sen and Leman (2008) revealed that the main characteristic of e-WOM is that the source of information is independent. This can be interpreted that the source of e-WOM information is not tied to a particular company and does not benefit any company. Because the communication process through e-WOM is more trusted than the source of information coming from the company.

Electronic Word of Mouth or E-WOM can be used as a way to address purchasing decisions. E-wom is an interaction from consumer to consumer electronically regarding a brand or product (Sharifpour et al., 2016) indirectly or through an online platform. E-wom

is a type of communication, one of which can be done through stories (Yvonne & Jennifer, 2014 in Hijrianti et al., 2019). E-wom is an informal communication directed at consumers through internet-based technology related to the use or characteristics of certain goods and services. Including communication between producers and consumers as well as between consumers themselves (Litvin et al., 2017). The rationale for e-WOM started from Word of Mouth or WOM which developed from time to time, along with the development of the internet there was a change from word of mouth to electronic media in the form of reviews and comments (Goyette et al., 2010). Research conducted by Lin et al. (2013) looked at E-wom from three dimensions, 1) Quality of E-wom, 2) Quantity of E-wom, 3) Sender's expertise.

The dimensions of e-WOM can be divided into three, namely intensity, valence, and content. According to Goyette et al., (2010) intensity is the feasibility of consumers in providing information, interactions, and opinions between consumers on social networking sites (In Ramadhani, B. 2015). The intensity of e-WOM can be measured through three indicators Adaliasari et al., (2010):

1. Frequency of accessing information on social networks
2. Frequency of interaction between social network users
3. The number of reviews written by users of the social network

Valence of opinion
Goyette et al., (2010) explained that valence is the consumer's interest in a product by buying a product based on the opinions and recommendations of other consumers (In Ramadhani, B. 2015). Indicators of valence of opinion according to Adaliasari et al., (2010):

1. Positive comments from social network users
2. Consumer recommendations from social networks
3. Negative comments from social network users

Content
Goyette et al., (2010) explained that content is information on the quality, price, comfort, cleanliness, and hotel services that will be purchased by consumers (In Ramadhani, B. 2015). The following are content indicators based on information according to Adaliasari et al., (2010):

1. Information on hotel quality in social networking sites
2. Information on prices offered on social networking sites
3. Information on comfort, cleanliness, hotel services on social networking sites.

2.3 Purchase Intention

According to Kotler and Keller (2009) define purchase intention or what is commonly called buying interest is a form of consumer behavior that appears in response to objects that indicate the consumer's desire to make a purchase. According to Ferdinand (2008) in Sanita et al, 2019, buying interest can be identified through the following indicators:

1. Transactional interest, namely the tendency of a person to buy a product or relate to a company, meaning that consumers always have the intention to make a purchase of a product.
2. Referential interest, namely the tendency of a person to refer products to others.
3. Preferential interest, namely interest that describes the behavior of someone who has a primary preference for the product. This preference can only be overridden if something happens to the product of its preference.

Explorative interest, this interest describes the behavior of someone who is always looking for information about the product he is interested in and looking for information to support the positive properties of the product.

III. Research Method

Literature study is a method used in collecting information according to the topic to be analyzed or studied. The sources of literature or references used are the results of previous research published in journals, proceedings and books. Although the method used is not direct research, this activity is carried out in a measurable and systematic way in terms of collecting, processing and inferring data and using certain methods to get answers to the problems at hand (Sari, Milya, 2020).

This study began by collecting research journals about the effect of the eWOM dimension on online repurchase intention, especially related to online travel agents in Indonesia. Furthermore, these journals are then analyzed and synthesized to obtain important information from these researchers, which is in accordance with the information that we will study.

IV. Results and Discussion

In measuring the performance of eWOM, the researchers can use several indicators such as information quality, trustworthiness, loyalty, satisfaction, social relations, source quality, a quantity of information, and subjective norms (Sijoria et al., 2019). The previous research shows that the characteristics of information, consumer behavior, and technological factors positively influence purchase intentions. The involvement of eWOM also has a significant effect. The eWOM involvement has a significant positive effect on purchase intentions. However, not all measured indicators have positive impacts, such as information quality and social support (Yusuf, Che Hussin, & Busalim, 2018). When the customers are satisfied, they will consciously intend to share the information regarding the product (Fu, Ju, & Hsu, 2015). The existence of eWOM communication conducted by customers based on their experience can shape the brand image (Sijoria et al., 2019). However, in practice, eWOM communication does not always go according to what is desired by the company, namely, the occurrence of positive eWOM. Negative eWOM can also occur when customers' expectations do not match the reality in the form of received goods or services. The frustrated consumer behavior leads to negative eWOM associated with reduced purchases and decreased trust in the brand (Azemi et al., 2020). Companies must anticipate the negative eWOM by quickly responding to these customers (Lee et al., 2009).

The results of the DailySocial survey in 2018, show that consumers often use online agents to make their journey easier. They use it to make hotel reservations and transportation. Traveloka is the mainstay used by 70.37% of respondents. Tiket.com followed with the acquisition of 27.27% of respondents. The third and fourth positions are Airy Rooms and Agoda. Respectively used by 20.20% and 19.69% of consumers. DailySocial publishes its research results in the 2018 Startup Report. The survey on the use of online travel agencies was conducted in February last year. The number of respondents involved as many as 2013 people.

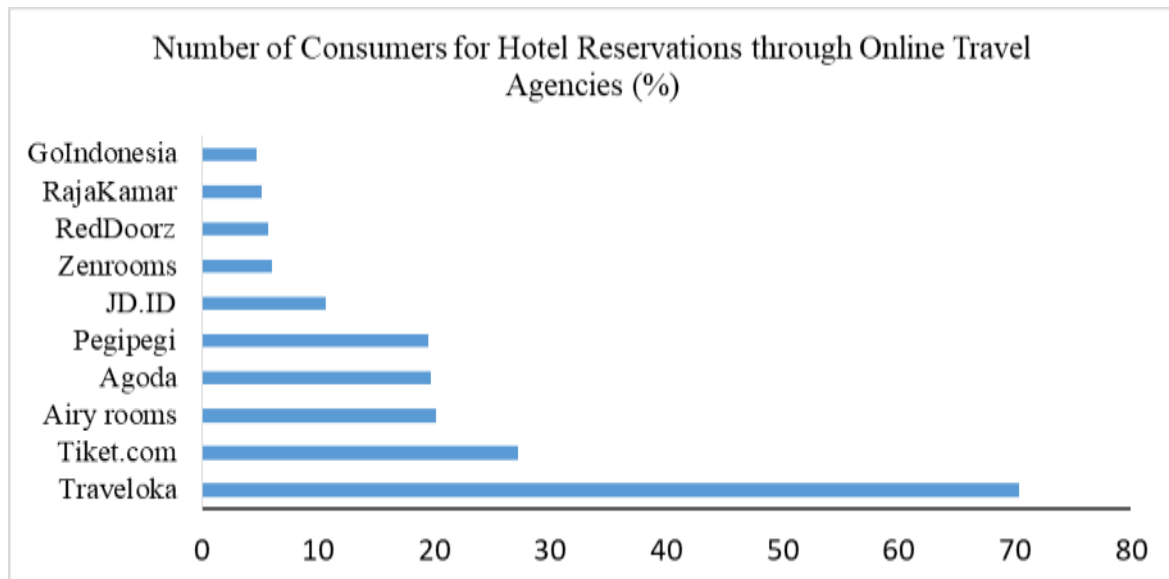


Figure 1. Number of Consumers for Hotel Reservations through Online Travel Agencies
Source: DailySocial survey (2018)

Companies must provide relevant information, content, and website design to attract attention to build positive eWOM. When the positive eWOM occurs, it means that the customers are satisfied with their experience. Then, it will lead to the purchase intention of those customers to repurchase or someone else who sees the eWOM distribution (Aslam et al., 2019). The eWOM has a positive effect on repurchase intentions and perceived value. At the same time, eWOM negatively affects perceived risk. The customers tend to look for information directly from experiences that match what they want to buy (Liang et al., 2018). When the proportion of negative online reviews increases, it will affect the customers' attitudes in choosing a product. However, not all products, such as popular products, are influenced by negative reviews. Otherwise, an unpopular product will decrease purchase intentions (Shihab & Putri, 2019). Companies must encourage customers to spread eWOM positively through excellent products and services (Ismagilova et al., 2020). The research focuses on the effect of customer satisfaction with eWOM and brand equity on increasing purchase intention by adding culture as the moderator variables. The researchers find that all independent variables have a significant influence on the dependent variable. However, culture as the moderator variable can not get significant results in the relationship between all the variables. On the contrary, it can directly affect purchase intention (Febrian & Fadli, 2021).

The increase in internet users in Indonesia is strongly influenced by the convenience of the community in meeting their needs in accessing information, whether for education, business, or entertainment purposes. The necessities of life for the Indonesian people are no longer only about food, clothing, and shelter. Indonesian people will choose traveling or traveling as a second priority after saving (Gustiawati, 2013). The increasing public need for traveling at this time makes domestic and foreign tourists visit new destinations in a certain area just for a trip or just for business trips in other areas to be a reason to travel. According to data compiled from the Nielsen.com website, around 55% of Indonesian consumers plan to purchase airline tickets online and 46% make hotel and travel agency reservations for the next six months. Furthermore, as many as four out of ten consumers or 40% plan to buy an electronic book (e-book), almost four in ten consumers or around 37%

plan to buy clothes, accessories, or shoes, and more than a third of consumers or around 34% plan to buy an e-book. to buy event tickets online (Bisnis Finance, Kompas, 2016).

Parama and Seminari (2020) conducted a study on the effect of brand image in mediating electronic word of mouth on purchase intention of traveloka users in Denpasar City. The results of the research show that the direct effect of e-WOM on purchase intention is 0.866. The direct effect of the electronic word of mouth variable on purchase intention is 0.625. The direct effect of the brand image variable on purchase intention is 0.366. This means that the purchase intention variable is more influenced by electronic word of mouth than Brand Image. While the indirect effect of the electronic word of mouth variable on Purchase Intention through Brand Image is 0.301. So the total effect of electronic word of mouth on Purchase Intention through Brand Image is 0.926. So it can be concluded that the total influence of electronic word of mouth on Purchase Intention through Brand Image is greater than the direct influence of electronic word of mouth on Purchase Intention without going through the Brand Image variable.

The results of testing the effect of electronic word of mouth on purchase intention in Traveloka show that the beta coefficient value is 0.625 with a significance level of 0.000 which is smaller than 0.05 which means that H1 is accepted. This shows that e-WOM has a positive and significant effect on purchase intention. This shows that the better the electronic word of mouth, the higher the Traveloka purchase intention, and vice versa if the electronic word of mouth is low, the purchase intention at Traveloka will also decrease. The results of this study are in accordance with previous research conducted by Gadhafi (2015), Bataineh (2015) and Syafaruddin et al. (2016). This indicates that a positive e-WOM also has a positive impact on purchase intention.

e-WOM does not always have a significant effect on purchase intention. As the results of the study reported by Meybiani et al. (2019) that a hypothesis test results that the significance value of the eWOM variable is $0.941 > 0.05$ and through the results of calculations obtained a t table of 1.980626, where t count $>$ t table to be significant. The t value for the eWOM variable is $0.074 < 1.980626$ which indicates that eWOM has no significant effect on purchase intention. This is based on the lack of consumer interest in reading reviews on the Agoda website.

V. Conclusion

e-WOM is one of the media used by online travel agent (OTA) companies in increasing consumer purchase intention in utilizing the services on the OTA. Some research results show that eWOM has a significant effect on increasing purchase intention and there are also research results that show no significant effect. This is strongly influenced by the quality of OTA in presenting its content and the desire of potential consumers to visit certain OTA websites.

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