THE INFLUENCE OF PRICE, TRUST, AND SALES PROMOTION ON PURCHASE INTENTION OF TRAVELOKA MOBILE APPLICATION

Alya Syahrini
Erfan Arif
Faculty Of Economics And Business
Brawijaya University
Malang

ABSTRACT

This research aims to discover the influence of price, trust, and sales promotion towards the purchase intention of Traveloka mobile application. The type of this research is an explanatory research which explains the relationship and the influence between one variable and another through the hypothesis testing. This research used a sample of 190 respondents where the survey was shared through online. The sample of this research consisted of the respondents who had already made transactions on Traveloka mobile application. The data analysis used in this research was the Multiple Linear Regression Analysis and the hypothesis were tested using the t test which is processed through the SPSS software ver. 20. From the results of testing three hypotheses, it can be concluded that the variable of Price, Trust, and Sales Promotion have a significant positive influence on the Purchase Intention of Traveloka mobile application consumers. This research shows that there is a need to increase and improve the price, trust and sales promotion in order to enhance the purchase intention of Traveloka mobile application. Furthermore, this research implies that sales promotion, including discounted price, free coupons and contests it may lead to more affordable price and increase purchase intention on Traveloka mobile application.

Keywords: Price, Trust, Sales Promotion, Purchase Intention.
INTRODUCTION
Nowadays, traveling has become a trend among Indonesians (Fitriandiani 2018). For some people who live in Indonesia, traveling can be categorized as an expensive hobby. Traveling out of town or abroad can cost quite a lot since it includes transportation, hotel reservations, meals, recreation, shopping, souvenirs, and so on. However, for some people, traveling nowadays is not only having a holiday, but also to learn deeply about the history and culture of places (Tribunnews 2017).

Referring to data recorded by Google, the trend of traveling has increased 30% in Indonesia since 2017 (Fitriandiani 2018). The statement also supported by the Ministry of Tourism in 2019, Arief Yahya is optimistic that Indonesia’s tourism will continue to record growth on number of visitors entering the second half of this year (Farhan 2019). The growing number visitor to Indonesia’s tourism also affects the traveling trend happening in Indonesia.

Nonetheless travelling is not a simple thing to be done. People need to be prepared for everything, such as ticket, hotel reservations, and transportation in places (Tribunnews 2017). With the developments of technology, those preparations can be done through online, in other words, the application facilitates people to have easier to travelling. According to the study done by Asosiasi Penyelenggara Jasa Internet Indonesia (APJII), of the total population of 264 million people in Indonesia, there are 171,17 million people who have been connected to the internet (Pratomo 2019). The study stated that out of the whole populations of people in Indonesia, more than half of it that connect to the internet.

Thus, to facilitate the needs of traveller while travelling, now in Indonesia there are a lot of Online travel agent (OTA) that greatly facilitates traveler to meet their needs while traveling. There are several online travel agents in Indonesia, including Traveloka, Tiket.com, Agoda, and so on. Each of the online travel agents has compete to be chosen as the online travel agents for the traveler to purchase hotel reservation, airline ticket, shuttle ticket, etc. Traveloka and Tiket.com often hold promos by cooperating with banks or cellular operators. While Agoda cooperates with airlines for promo options such as flight miles promos (Susilo 2019). Nonetheless, the online travel agent that is commonly used in Indonesia is Traveloka.

Traveloka is a leading online travel company in Southeast Asia that provides wide-ranging travel needs in one application. This platform enables people to create moments together with their loved ones. Traveloka provides tickets for flights, hotels reservations, trains, flight and hotel packages, attractions and activities, connectivity products, airport transport, and buses. This company has created partnership with more than a hundred domestic and international airlines, serving more than 200,000 routes throughout the world (Traveloka.com 2019).

The company has the biggest direct accommodation inventory, varying from hotels, apartments, guest houses, homestays, to villas and also resorts. Traveloka also offers more than forty payment options for customers around Indonesia, Thailand, Vietnam, Malaysia, Singapore, and Philippines. This company also has assistance in 24/7 from local customer service in native languages. Furthermore, the Traveloka mobile app has been downloaded more than 30 million times, it is supported that Traveloka is most popular online travel agent application in the region (Traveloka.com 2019).

Though, there are some factors that influence people in purchase intention through online travel application. Price is often used as an indicator to adjust towards the worth of product or service (Yulizar and Apriatni 2015). According to Agusty Ferdinand (2006), price is one of the important variables in marketing, where prices can influence consumers in having intention to buy a product, for various reasons. In this era, customers are more likely to make online purchases since it offers lower prices and more efficient than physical store (Ghose et al 2006). The factor also depends on e-tourism’s growth, for example eMarketer (2012) stated that 51.6% customer had planned to travel by purchase tickets through online.

Price in online travel agent may be fluctuate. Peak season like Eid al-Fitr, Christmast, New Year make the airplane ticket increase 50% in 2018 (Aderianti 2019). Thus electronic market has allowed customers to easily compare prices among vendors and find the cheapest possible alternative (Kim and Gupta 2012). That is why people would prefer to purchase ticket for the peak season long way before the departure. Online travel agent facilitates people to purchase transportation ticket, hotel reservation for quite a long time before departure to avoid the fluctuate and increases price. Thus people would have purchase intention on online travel agent like Traveloka because of it’s price offers. Previous research by Wardani (2015) focuses on the influence of price on purchase
intention. The result of the research explained that price has influence purchase intention. Thus, price is one of the factor that affect purchase intention.

The second factor that affect purchase intention is trust, Tang and Chi (2005) agree that trust is an important factor in online transaction activities. Trust is the foundation of business. A business transaction between two or more parties will occur if each of them trusts each other. The need to understand customer trust that will lead to purchase intention is important, based on recent studies (Oghazi et al. 2018). Customer trust will affect customers purchase intention (Bock et al., 2012). Literature business focus on trust in terms of business to customer, thus business to the customer are better if positive trust has developed (Roy et al. 2017). OTA always focuses on generate trust towards its customer.

Certainly, trust is mostly regarded as the most important prerequisites for e-commerce success (Hoffman et al. 1999; Pavlou et al. 2007). Trust is also an important bridge among company and consumer loyalty (Chaudhuri and Holbrook 2001). Between online travel agents and customer, the customer may have purchase intention if trust has developed. Thus, recent research has explained that both price and trust on online travel agent has influence on online purchase intention (Kim and Gupta 2012).

Another factor that might impact customer purchase intention is promotion, it is something that can make consumers willing to accept, buy, and loyal to the company's products concerned (Tjiptono, 2008). Recent studies mentioned that online customer likes sales promotions (Almendros et al. 2016). OTA such as Traveloka usually offers sales promotion in order to attract the customer and potential customer. There are several types of promotions, including price offs, particular feature heavily in airline communication strategies, are effective to attract customer (De Boer and Gudmundsson 2012; Forgas et al., 2010). In a study by Forrester (2014), 59% of the respondents stated that digital coupons and coupon codes are the promotions that most likely attract their purchase intention. Thus sales promotion is one of the factor that influence purchase intention.

Based on explanation mentioned above the researcher would like to analyze three variables named price, trust and sales promotion that have the possibility to help the online travel agent company which is Traveloka mobile application to develop the number of purchase intention customer on Traveloka mobile application.

LITERATURE REVIEW

Price

Price of a product is a measure of the size of the value of one's satisfaction with the product purchased (Wardani 2015). One of the strategies that can be carried out by the company in determining prices for consumers is to provide a lower price compared to other competitors. Quality products at an affordable price will have many enthusiasts. Conversely, if the price offered does not match the product, the consumer will think twice about buying it (Wardani 2015).

Price from a marketing point of view is a monetary unit or another measure including other goods and services exchanged in order to obtain ownership or use rights of an item and service (Dinawan 2010). According to Agusty Ferdinand (2006), price is one of the important variables in marketing, where prices can influence consumers in having intention to buy a product, for various reasons. Dinawan (2010), stated that consumers have a positive relationship between price and quality of a product, they will compare one product to another and then they consumers make the decision to buy a product. Ferdinand (2002) identifies three basic indicators of price, namely affordability of prices, price competitiveness and price matches benefits.

Affordability of prices is inexpensive, most people can afford it. An inexpensive product or service is one which is within the reach of most people (Market Business News 2020).

Price competitiveness is about setting the price at the same level as the competitors themselves (Grasset 2015). This approach is based on the idea that rivals have already worked extensively on its pricing. Most companies sell the same or very similar goods in any market, and the price for those products would be similar (Grasset 2015).

Trust

Tang and Chi (2005) agree that trust is an important factor in online transaction activities. Trust is the foundation of business. A business transaction between two or more parties will occur if each of them trusts each other. This trust cannot be easily recognized by other parties or business partners, but must be built from the beginning and can be proven. When someone who wants to make an online purchase, then he or she has to believe that the money sent does not lost just disappear, instead their wanted product will come according to what is displayed and explained in the intended
online store. According to Mujiyana & Elissa (2012) in their research, "when a person shops online, the main thing that a buyer considers is whether they trust the online shopping website and the online sellers on the website." The buyer's trust in e-commerce also lies in the popularity of the website. Whether they can see the popularity in the comments column on the website or at other places. Furthermore, the buyer's trust in the online shop website is also related to the reliability of the seller in selling products. It is related to the condition of goods sent after making a transaction or payment and the goods will be the same condition as those uploaded on the website or not.

Sales Promotion

Promotion is a form of marketing communication. Marketing communication is a marketing activity that seeks to spread information, influence or persuade or remember a target market or company. From above explanation, it can be concluded that promotion is something that can make consumers willing to accept, buy, and loyal to the company's products concerned (Tjiptono, 2008). The purpose of sales promotion is very diverse. Through sales promotions, a company or online shop can attract new customers, influence its customers to try new products, encourage customers to buy more, attack competitors' promotional activities, increase impulse buying, or seek closer cooperation with retailers. The goals of sales promotion are very diverse.

The sales promotion tools that are often used by marketers in promoting their business are as follows (Shimp 2010):

a. Price-off Promotions (Discount)
b. Coupons (Vouchers)
c. Contest
d. Sweepstakes

Purchase Intention

Purchase intention evaluates the possibility of the consumer to purchase a product (Schiffman and Kanuk 2004). Purchase willingness is affected by the high purchase intention (Chi et al., 2008). Products with well-known brand, it can win the consumer purchase intention (Chi et al., 2009). Furthermore, purchase intention can be divided into unplanned, partially planned, and fully planned (Engel et al., 1995). Unplanned means that consumer creates the decision to purchase a product category brand in one store, which can be considered as impulse buying behavior.

Partially planned means that consumer decide the category of a product and specification before purchasing the product and other things will be decided later. While fully planned means that consumer decides the product and brand to purchase right before coming to the store. Purchase intention is formed by the influence of consumer attitudes towards a product and their belief in quality and price (Yoebrilianti 2018). Individual attitudes and irregular conditions will influence purchase intention (Kotler 2001). Shahid et al., (2017) state that consumer purchase intention is influenced by internal and external factors, including:

a. Trigger
b. Expectation
c. Personal Association

Hypothesis

H1: price positively influences the purchase intention of Traveloka mobile application consumers
H2: trust positively influences the purchase intention of Traveloka mobile application consumers
H3: sales promotion positively influences the purchase intention of Traveloka mobile application consumers

![Figure 1: Research Framework](image)

**RESEARCH METHOD**

The research method that used was explanatory research with descriptive quantitative approach. The research location of this research is in Malang City, Indonesia. The population in this research is the consumers of Traveloka mobile application. In this research, the number of the sample size was based on the rules of Roscoe. Therefore, the number of items in the questionnaires will be multiplied by 10 (Hair et al., 2009). With the opinion explained above, the sample size of this research would be set for 150.
respondents in which the sample size was be multiplied by 10 from 15 items. However, to strengthen the results of the research, this research obtained a number of respondents as many as 190 people.

RESEARCH RESULTS AND DISCUSSION

Table 1. Regression Results

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Standardized Coefficients</th>
<th>Standardized Coefficients (Beta)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.292</td>
<td></td>
</tr>
<tr>
<td>X1</td>
<td>0.286</td>
<td>0.277</td>
</tr>
<tr>
<td>X2</td>
<td>0.295</td>
<td>0.429</td>
</tr>
<tr>
<td>X3</td>
<td>0.112</td>
<td>0.154</td>
</tr>
</tbody>
</table>

Source: SPSS Output

Table 2. Coefficient of Determination

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.749</td>
<td>0.560</td>
<td>0.553</td>
</tr>
</tbody>
</table>

Source: SPSS Output

Table 3. Partial Testing

<table>
<thead>
<tr>
<th></th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.754</td>
<td>0.081</td>
</tr>
<tr>
<td>X1</td>
<td>3.872</td>
<td>0.000</td>
</tr>
<tr>
<td>X2</td>
<td>6.849</td>
<td>0.000</td>
</tr>
<tr>
<td>X3</td>
<td>2.244</td>
<td>0.026</td>
</tr>
</tbody>
</table>

Source: SPSS output

In this research, as many as 190 people participated as respondents. The instrument of the study consisted of the validity test and the reliability test. The results obtained were the validity test shows a significance value greater than r table which mean that each item of the variable was valid, so it was concluded that these items could be used to measure the research variables. Furthermore, the reliability test used Cronbach alpha where each variable was found to be reliable. The classic assumption test that becomes the next test, the classic assumption test consists of a normality test, a multicollinearity test, and a heteroscedasticity test. Starting from the normality test used Normality Test Results table and was carried out using the Kolmogorov-Smirnoff method, with a significant value, which means it’s normally distributed. Then the second test is the multicollinearity test, it can be concluded that there is no multicollinearity between independent variables. The third test is the heteroscedasticity test with the results using a scatterplot diagram and does not form a specific pattern, so there is no heteroscedasticity, so it can be concluded that the homogeneity has a variety (constant) or in other words there are no symptoms of heteroscedasticity.

The research method used was multiple linear regression analysis techniques with the findings in the regression equation table. Price (X1), Trust (X2), and Sales Promotion (X3) towards Purchase Intention have a positive direction, which if Price (X1), Trust (X2), and Sales Promotion (X3) increases, it will cause an increase in Purchase Intention.

The Influence of Price (X1) on Purchase Intention (Y)

Based on the results of testing the price hypothesis that consisted of three items, the results of hypothesis testing indicate that the Price has a significant positive influence on consumer’s purchase intention towards Traveloka. Thus, H1 that predicts the Price has a significant positive influence towards purchase intention in Traveloka is accepted. The influence between the independent variables and dependent variable in this research explains that the purchase intention of Traveloka will be higher or be better if the price of the Traveloka is also considered good by its users.

In this research, it was proven that the price of Traveloka mobile application would improve the positivity in the purchase intention on Traveloka. When the user agrees that Traveloka price display given is affordable, the price given also competitive compared to the other mobile apps, and price given matches the benefits, then the purchase intention towards Traveloka will also be more positive. Price in Traveloka can be seen from the each categories that are available in Traveloka mobile application.

Furthermore, the price offered by Traveloka is also affordable and competitive, compared to other applications. Thus, consumers will be easily triggered to book tickets through Traveloka because they feel the price given matches the benefits. The result of this research is supported by previous research done by Wardani (2015), which explained that Price has a positive influence on Purchase Intention.

The Influence of Trust (X2) on Purchase Intention (Y)

In this research, it was proven that the trust of Traveloka mobile application would improve the positivity in the purchase intention on Traveloka. When the user agrees that Traveloka mobile application by Traveloka has a good reputation, transaction reliability, Traveloka has transaction
collateral, Traveloka has privacy security, and Traveloka provide good information quality to the customer, then the purchase intention towards Traveloka will also be more positive. Trust in Traveloka can be seen from the each category that are available in Traveloka mobile application.

Furthermore, the trust offered by Traveloka is also convincing. Thus, consumers will be easily triggered to buy tickets and booking through Traveloka because they trust the application. The result of this research is supported by previous research done by Perwira (2017) that explained trust has a positive influence on purchase intention in online store.

The Influence of Sales Promotion (X3) towards Purchase Intention (Y)

In this research, it was proven that the sales promotion of Traveloka mobile application would improve the positivity in the purchase intention on Traveloka. When the user agrees that Traveloka sales promotion make them want to book or purchase the tickets on Traveloka, free coupons from Traveloka are very profitable for them as the consumers, and Traveloka contest caught their attention to book and purchase the tickets then the Purchase Intention towards Traveloka will also be more positive. Sales promotion in Traveloka can be seen from the each categories that are available in Traveloka mobile application.

Furthermore, the sales promotion offered by Traveloka is also profitable and valuable. Thus, consumers will be easily triggered to book tickets Traveloka because the sales promotion are profitable for users. The result of this research also is supported by previous research done by Yoebrilianti (2018) which stated that sales promotion has significant a positive influence towards on purchase intention.

CONCLUSION & SUGGESTIONS

Conclusions
1. Based on the three independent variables and one dependent variable, it can be seen that the three independent variable influence the dependent variable, namely purchase intention. Although, it gives different amount of influence value. The variable that gives the biggest influence is trust variable followed by price and sales promotion.

2. However, the price given by Traveloka still does not fully suit consumers wishes. If the price given by Traveloka is more in line with the wishes of the consumers, then it will more influence the purchase intention of the Traveloka mobile application. However, the competitive price of Traveloka compared to other mobile application should be more suitable and affordable to make it easier for consumers to decide which application they have intention to purchase the product.

3. Trust created by Traveloka must be well maintained, based on this minor thesis trust variable is the highest influence on customer to have purchase intention with. Thus by maintain the trust created by Traveloka it can maintain or even increase the purchase intention of customer itself. Furthermore, the promo package offered by Traveloka such as discounted price, free coupons and contest still does not fully suit consumers wishes. If the promo offer is more in line with the wishes of the consumers, it will more influence the intention to purchase the product of Traveloka mobile application.

Suggestions
1. It is expected that the company can maintain and improve the quality of trust. Since trust have a dominant influence in affecting purchase intention.

2. Traveloka mobile application should improve its affordable price, as well as more affordable compared to other application. Because the affordable price may have triggered customer to have a purchase intention over and over again.

3. Traveloka mobile application should improve its sales promotion towards the application. Because the promotion given, discounted price, free coupons, and contests are very profitable for consumer and have triggered customer to have purchase intention in Traveloka.

4. For further researchers who will conduct research with the same topic, it is better to add other variables that have not been used in this research.

REFERENCES


