

# CHAPTER I: INTRODUCTION

## 1.1 Research Background

Times have changed, technology and the internet are growing rapidly. Most people cannot be separated from technology and the internet. The internet changes the way people communicate and change the way they conduct business. Buyers can find many sellers offering the same merchandise at comparable prices and with similar offers at any time. The internet offers various methods to facilitate business transactions. The internet also provides opportunities for marketing activities to develop so that there is ease in marketing their business to potential buyers.

In this era of globalization, marketing techniques have developed rapidly and expanded through digital platforms. The best practice of digital marketing can be through websites, blogging, e-mail marketing, social media marketing, media and sponsorship, content marketing, etc. Through the digital platform, the marketing has adjusted the conversation with the buyer and adjusted the content and product offerings accordingly. Marketers also know the best practice to bring the overall business in strong alignment with client expectations is to share the insights gained with other teams in the enterprise.

With the rise of digital technologies, increasingly informed consumers expect companies to do more than connect with them, more than satisfy them, and even more than delight them. They expect companies to listen and respond to them. Even the best-run companies have to be careful not to take customers for granted. Consumers are

better educated and better informed than ever, and they have the tools to verify companies' claims and seek out superior value alternatives. Hence, the conclusion can be drawn that marketing through digital platforms can improve the performance of customer relationship management in a company.

Customer Relationship Management (CRM) is truly matters in focusing on customer success management. The concept of CRM is an approach to engage with the customer and maintain the customer relationship in order to improve customer value and maximize shareholder value. CRM has the role of addressing customer problems and respond to existing client needs, ultimately enhancing customer experience, increasing revenue, and reducing costs.

Digital marketing strengthens customer relationship management efforts. It plays a critical role in successful customer success management strategy. Kahlon & Mayekar (2016) said that marketing focuses on establishing visibility, educating prospective buyers, and converting prospects. A deep understanding of buyer needs, behaviours, pain points and sentiment helps the marketer truly personalize conversation – across all channels. Good digital marketers know to capture customer feedback and data through multiple channels, segment customers, drill-down into customer experience and share that data across the enterprise.

The practice of digital marketing can be easily found at transportation practices. In Indonesia, transportation is a necessity and an important thing for Indonesian society, especially for small areas or small cities where public transportation is not sufficient enough. In the 1990s, public transportation was still limited and not as

sophisticated as today. But along with the development of the times, new innovations from transportation emerged that was more sophisticated, more efficient, and more flexible, namely GO-JEK.

GO-JEK, classified as a term of “ride-hailing services,” is a new innovation in transportation in Indonesia that uses the digital system in its use. GO-JEK uses the application to order transportation, choose the desired destination, and pay via e-money. Of course this is very easy for customers to use GO-JEK services. Through the application, in addition to being able to choose what type of transportation that wants to use, the users can also order food, medicines, freight forwarding services, and many other features.

This is interesting to study because digital-based GO-JEK definitely uses digital marketing practices. In addition, GO-JEK also needs to pay attention to and maintain customer relationships well through this digital marketing, as well as knowing the effects of digital marketing on customer relationships. Thus, based on the background above, is the reason for the author to conduct a study entitled with **“ANALYSIS OF DIGITAL MARKETING AFFECTS CUSTOMER RELATIONSHIP WITH CASE STUDY OF GO-JEK IN INDONESIA”**.

## 1.2 Problem Formulation

Based on the background above, so the formulation of the problems in this research are as follows:

1. Does online marketing communication positively affects customer behaviour?
2. Does online marketing communication positively affects customer value?
3. Does online marketing communication positively affects customer engagement?
4. Does online marketing communication positively affects customer loyalty?

## 1.3 Research Objective

The purpose of this research is to analyze and find some information if the digital marketing through online marketing communication (e-mail, website, apps, social media) will positively affect customer behavior / customer value / customer engagement / customer loyalty, thus, the research objective as follows:

1. To analyze the effect of online marketing communication to customer behaviour
2. To analyze the effect of online marketing communication to customer value
3. To analyze the effect of online marketing communication to customer engagement
4. To analyze the effect of online marketing communication to customer loyalty

#### 1.4 Research Contribution

This research is to get information about the effect of digital marketing to customer relationship especially in ride-hailing services, then this information can be applying properly by the user. Different users may get a different benefits. Below listed specifically of the benefit:

a. For the researcher

This research is to get information about the effect of digital marketing especially in the use of the tools to customer relationships in ride-hailing service.

b. For the company

GO-JEK will be benefitted by the information from this research. The information can be used in improving marketing strategy and strengthen customer relationship management so that the effort can be executed efficiently and effectively.

c. For the next researcher

This research can be some valuation additional information and can be used as a reference for the next researcher who needs similar information in the future.

d. For the reader

This research can be beneficial for the reader to gain some knowledge. The readers are expected to gain new knowledge and can use the information properly.

## 1.5 Systematic of Writing

This study has been compiled in the following five chapters:

Chapter – I: Introduction. This chapter explains the background of the study, problem identification, objective of the study, significance of the study and limitation of the study.

Chapter – II: Review of Related Literature. This chapter reviews the existing literature on the concept of digital marketing, customer relationship management, and ride-hailing service. It also contains reviews of journals, articles, and earlier research related to the subject and the hypothesis of the problem.

Chapter – III: Research Methodology. This chapter expresses the way and technique of the study applied in the research process. It includes research design, population and sample, place and time research, data collection procedure and processing, tools and method of analysis.

Chapter – IV: Analysis and Interpretation of Data. In this chapter collected and processed data are presented, analyzed, and interpreted using statistical tools.

Chapter – V: Conclusion and Recommendations. This chapter contains a summary of whole research, conclusions, and suggestions and recommendations.