

CHAPTER II LITERATURE REVIEW

2.1.Theoretical Background

2.1.1.Perceived Sales Promotion

The purpose of the sales promotion was to motivate the immediate acquire and trial of a product during a specific time frame. As a result, the promotion is highly likely to induce impulse purchasing (Wiranata & Hananto, 2020). Promotional offers are explicit incentives that offer supplementary benefit or drive for the product to the sales team, distributors, or final consumers in order to generate an instant purchase. Increased sales revenues result from promotions, and increased store traffic results from promotions supported by advertising (Joseph et al., 2020). Advertising offers a purpose to purchase, whereas sales promotion induces purchase. The marketing communication blend includes both advertising and sales promotion as instruments. This combination includes direct promotional strategies, face-to-face selling, public image management, and media exposure. A marketing campaign is also a temporary stimulus designed to promote the purchase of a product or service or the completion of a transaction (Rahman, 2020). In fiercely competitive industries, the promotional tactics employed by companies would be inadequate without a designated budget for sales promotion. Sales promotion stands as one of the components of the promotional mix or marketing plan (Rajagopal, 2007). The promotional mix encompasses other components like advertising, personal selling, public relations, and publicity. These various tools are utilized to effectively communicate the value to customers and establish enduring customer connections (Kotler et al., 2014). According to Ringold & Weitz (2007), sales promotion serves as a crucial element in marketing campaigns, encompassing a diverse range of incentive measures such as coupons, rebates, samples, and sweepstakes.

2.1.2.Perceived Benefits of the Booking Application

The online transportation ticketing software is a mobility distribution model that services the transportation requirements of consumers via a unified platform, such as a web interface or mobile application, forms the basis of this commerce

model leveraging mobile technology. This model offers passengers an expanded range of booking options and enables faster and more flexible access to travel services (Nguyen-Phuoc et al., 2021). The ability to estimate the location of the location, the distance and duration of travel, and the accessibility of the fleet, is another quality of a good application for booking transportation services online (Justitia et al., 2019). A mobile application for reserving transportation online is a digital marketplace, thereby altering the nature of the transportation industry. Sharing economy application that connects users with chauffeurs directly decentralises supply and demand (Fenton et al., 2020). Technology encompasses the infrastructure that integrates a combination of hardware, software, and network technologies to provide up-to-the-minute data, facilitating more astute decision-making for all stakeholders (Kennedy-Eden & Gretzel, 2012). Applications, commonly referred to as "apps," are software programs devised to operate on computers or mobile devices, fulfilling specific objectives (Wallace et al., 2012). In urban areas, mobile taxi booking (MTB) application have emerged as a conduit connecting passengers with taxi services (Shen et al., 2015). Passengers employ MTB application to request rides, employing GPS or manual input to pinpoint their desired destinations, enabling drivers to easily locate them (Chen et al., 2014). These applications also empower passengers to search for available taxis in their vicinity and place orders.

2.1.3. Perceived Service Quality

Due to its connections to a number of desired outcomes, including customers satisfaction and repurchase intent, service quality is one of the topics that has been widely examined in the marketing literature (Bello et al., 2021). Decades ago, service quality became a crucial factor in service industries. In this context, it is imperative for service providers to have a comprehensive understanding of customers anticipations and evaluations, in addition to the elements that influence their assessment and satisfaction regarding the services rendered (Padlee et al., 2019). A service is an intangible good from activities between service providers (producers) and service recipients (customers) to suit consumer requirements. Service quality is the degree of quality anticipated from mastering these advantages to fulfil consumer needs (Nasution & Syahputra, 2022). The notion of service quality revolves around achieving a balance between satisfying consumer requirements and desires and maintaining a healthy profit margin between customer expectations and the precision of service delivery. As outlined by Tjiptono & Diana (2015), service quality denotes the company's endeavour to meet customer expectations regarding their services. Subagyo (2010) proposes five determinants that can be employed to gauge the extent of service quality. Firstly, tangibles encompass the tangible elements that illustrate the physical appearance and services extended to customers, demanding that companies leave a positive impression regarding the quality of their services. Secondly, reliability signifies the capability to consistently and accurately deliver the promised service. Thirdly, responsiveness involves the inclination to assist customers promptly and furnish timely services. Fourthly, assurance entails exhibiting courtesy, knowledge, and the ability to in still trust. Lastly, empathy encompasses demonstrating personal concern and attentiveness towards customers.

2.1.4. Satisfaction

Customers satisfaction can be described as how well customers believe their needs were met compared to how well they were met (Man et al., 2019). In general, customers satisfaction is an evaluation of the provided service and performance based on the customer expectations. If the customers are provided with a certain

service which meets their expectations, they will respond positively. Accordingly, customers who express satisfaction with the service they have received demonstrate a propensity to engage in repeated consumption of the same service (Park, 2019). The customers may express disappointment or pleasure through the customers satisfaction through the comparison of anticipated service with the actual service provided. An excellent customers satisfaction is a goal which every company strives to achieve for the sake of survival (Hamzah et al., 2021). Customer satisfaction can be broadly described as the sense of joy individuals derive from utilizing goods or services, diverging from their anticipated performance. Grasping consumer satisfaction through the lens of service quality expectations and perceptions can lay a foundation for enhancing service quality, bolstering repeat patronage, and augmenting customers inclination to recommend the service to others. The degree of customer satisfaction hinges upon the performance of products and services, as well as the alignment between this performance and consumers expectations (Chen et al., 2019).

2.1.5. Loyalty

Loyalty is represented through the customers commitment to repurchase the same brand in various situations (Atulkar, 2020). The perspective of loyalty is focusing on the customers behaviours such as the purchasing pattern or the repurchasing probability. However, loyalty cannot be accurately measured by considering the purchasing action of this perspective solely. Therefore, considering the psychological predispositions aspects is necessary to enhance the accuracy of measurement of the customers loyalty including the customers attitude, preferences, and commitment to repurchase a certain brand (Ebrahim, 2020). Building a good image for the brand is necessary to enhance the brand's appeal which eventually increases loyalty. Loyalty is forged through the robust connection between the patrons and the brand (Shin et al., 2019). Sustaining its existing clientele is vital for a company's success. Customer loyalty has long been a pivotal factor. Customer loyalty refers to a customer degree of commitment, both in attitude and behaviour, even when alternative suppliers are available (Jenneboer et al., 2022). Consistently purchasing from the same customers holds immense significance for numerous

enterprises. The expenses involved in acquiring new customers far exceed those incurred in retaining existing ones.

2.1.6. Previous Studies

Table 2.1 Previous Study

Title and Author from Article Journal	Variable	Analysis Tool	Conclusions
Title: Pengaruh Transaction Convenience, Coupon Sales Promotion, dan Perceived Value terhadap Repurchase Intention dengan Customer Satisfaction sebagai Variabel Intervening: Studi pada Pengguna Shopee Pay di Kabupaten Kebumen. Author: (Sukma & Riptiono, 2022)	Perceived Sales promotion and Satisfaction	SPSS 25	The findings indicate that coupon-based sales promotion significantly impacts customer satisfaction among Shopee Pay users in Kebumen Regency. Therefore, based on the discovered outcomes, it can be deduced that sales promotion exerts a substantial influence on consumer satisfaction.
Title: Pengaruh Sales Promotion dan E-Service Quality terhadap E-Customer Satisfaction dan Dampak nya terhadap Repurchase Intention Author: (Alwie, 2021)	Perceived Sales Promotion and Satisfaction	SPSS 26	The results show that sales promotion significantly impacts e-customer satisfaction.
Title: Pengaruh E- service Quality dan Sales Promotion terhadap Customer Loyalty pada Transportasi Online Author: (Hilmawati, 2022)	Perceived Sales Promotion and Loyalty	Partial Least Square (PLS)	The findings of the data analysis show that there is a positive and statistically significant impact of sales promotion on customer loyalty.
Title: Analisis Pengaruh Promosi Penjualan terhadap Loyalitas Pelanggan dengan Peran Mediasi Kepuasan Pelanggan Pada Layanan Go-Food di Surabaya	Perceived Sales Promotion and Loyalty	Partial Least Square (PLS)	The results indicate that sales promotion has a beneficial impact on customer loyalty, but this impact is not statistically significant for Go-Food service in Surabaya. However, sales promotion does not have enough power to increase customer loyalty. To improve promotions to customers, companies

Title and Author from Article Journal	Variable	Analysis Tool	Conclusions
Author: (Taris & Purwanto, 2022)			should better understand customer needs.
Title: Pengaruh Prinsip Technology Acceptance Model (TAM) Terhadap Kepuasan Pelanggan Aplikasi Ojek Online XYZ Author: (Subowo, 2020)	Perceived Benefits Booking Application and Satisfaction	SPSS 17.00	Drawing from the outcomes, it can be inferred that the convenience and benefits obtained from the application demonstrate a positive and statistically significant impact of sales promotion on customer satisfaction.
Title: Pengaruh Kualitas Layanan Dan Pemanfaatan Teknologi Informasi Terhadap Kepuasan Dan Loyalitas Pelanggan Jasa Transportasi Online di Jakarta Author: (Erica & Al Rasyid, 2018)	Perceived Benefits Booking Application and Satisfaction	Structural Equation Model (SEM)	The findings demonstrate that the utilization of information technology through the application has a constructive and substantial impact on customer satisfaction.
Title: What keeps the mobile hotel booking users loyal? Investigating the roles of self-efficacy, compatibility, perceived ease of use, and perceived convenience Author: (Ozturk et al., 2016)	Perceived Benefits Booking Application and Loyalty	Structural Equation Model (SEM)	The results indicate that users have favorable attitudes towards the convenience of MHB technology, which influences customer loyalty.
Title: What makes passengers continue using and talking positively about ride-hailing services? The role of the booking app and post-booking service quality Author: (Nguyen-Phuoc et al., 2021)	Perceived Benefits Booking Application and Loyalty	Partial Least Square - Structural Equation Model (PLS-SEM)	The results revealed that the usage of the transportation booking application has an impact on customer loyalty but is not significant.
Title: Interrelation between E-service Quality and E-satisfaction and Loyalty Author: (Behjati et al., 2012)	Perceived Service Quality and Satisfaction	Partial Least Square - Structural Equation Model (PLS-SEM)	The results of the research show that customer satisfaction is significantly influenced by the quality of e-services. The results show that customer satisfaction and the quality of e-services are positively correlated.

Title and Author from Article Journal	Variable	Analysis Tool	Conclusions
<p>Title: A comprehensive framework for service quality: an investigation of critical conceptual and measurement issues through a longitudinal study</p> <p>Author: (Dabholkar et al., 2000)</p>	Perceived Service Quality and Satisfaction	Partial Least Square - Structural Equation Model (PLS-SEM)	The data show a strong relationship between service quality and client satisfaction.
<p>Title: Customer Relationship Management Quality and Customer Loyalty: Evidence from Sudanese Bank Customers</p> <p>Author: (Ibrahim et al., 2015)</p>	Perceived Service Quality and Loyalty	SPSS 16	The findings indicate a noteworthy impact on the quality of service received by bank customers on customer loyalty.
<p>Title: Influence of Service Quality on Customer Satisfaction and Customer Loyalty in the Private Banking Sector of Bangladesh</p> <p>Author: (Al Karim, 2019)</p>	Perceived Service Quality and Loyalty	Partial Least Square (PLS)	The findings imply that in the banking industry, service quality is crucial and significantly impacts loyalty.
<p>Title: Impact of customer satisfaction on customer loyalty and intentions to switch: Evidence from banking sector of Pakistan</p> <p>Author: (Mohsan et al., 2011)</p>	Satisfaction and Loyalty	SPSS 16	The results show a strong relationship between service quality and customer satisfaction.
<p>Title: Effect of service quality and online services cape toward customer satisfaction and loyalty mediated by perceived value</p> <p>Author: (Widyawati & Widowati, 2021)</p>	Satisfaction and Loyalty	Structural Equation Model (SEM)	The data show a significant relationship between customer satisfaction and customer loyalty, showing a significant impact.
<p>Title: The Influence of Promotion and Trust on</p>	Perceived Sales Promotion,	SPSS 21	The results showed that sales promotion positively impacts customer loyalty by

Title and Author from Article Journal	Variable	Analysis Tool	Conclusions
Customer Loyalty through Customer Satisfaction Author: (Widodo & Murwatiningsih, 2019)	Satisfaction as the mediation variable, Loyalty		means of customer satisfaction.
Title: The Effect of Service Quality on Customer Loyalty Mediated by Customer Satisfaction in Tourism Villages in Badung Regency Author: (Surahman et al., 2020)	Perceived Service Quality, Satisfaction as the mediation variable, Loyalty	Partial Least Square - Structural Equation Model (PLS-SEM)	The results show that the relationship between service quality and customer loyalty is indirectly mediated by customer satisfaction. Customer satisfaction thus completely mediates the relationship between service quality and customer loyalty.
Title: The formation of passenger loyalty: Differences between ride-hailing and traditional taxi services Author: (Nguyen-Phuoc et al., 2021)	Perceived Benefits of The Booking Application, Satisfaction as the mediation, and Loyalty	Structural Equation Model (SEM)	The findings indicate there was a notable indirect impact of the booking method's perceived benefits on loyalty was mediated by satisfaction.

2.2.Hypotheses Development

Shopee, one of the largest e-commerce platforms in Southeast Asia, offers many benefits to the customers, including free shipping program throughout Indonesia, flash sale program which offers a cheaper price for a certain product within a certain period of time, and cash back program for a certain purchase. Hence, the increase of promotion which benefits the customers tends to increase the customers satisfaction and the probability of repurchasing. According to Sukma & Riptiono (2022), coupon sales promotion significantly impacted customers satisfaction of Shopee Pay users in Kebumen.

Furthermore, Alwie (2021) stated that the distribution of incentives is necessary for sales promotion because it significantly impacts customers satisfaction. Within e-commerce platforms, sales promotion is vital to increase the customers satisfaction. Therefore, the distribution of incentives is required to increase sales and benefit the customers. Previous research proved the simultaneous

impact of sales promotion towards customers satisfaction within e-commerce platforms.

H1. Perceived sales promotion has an impact on satisfaction

According to Hilmawati (2022), sales promotion is a type of communicative marketing. Communicative marketing encompasses marketing activities, including distributing information regarding the product or the company to the target market and influencing or persuading the target market to stimulate the purchase of the product offered by the company. If the promotion succeeded, it would enhance the customers trust and loyalty towards the product offered by the company. Accordingly, it will increase the probability of repurchasing the product. Based on the analysis, it can be inferred that sales promotion had a substantial impact on customer loyalty.

Therefore, it can be inferred that the use of sales promotions exerts a noteworthy influence on customer loyalty for the Go-ride category in Go-Jek's digital transportation services. For example, is the customers loyalty in using online transportation such as Go-Food, a feature in the Go-Jek application. The sales promotion method which used to appeal to the customers is by informing the customers regarding the products characteristics and services of Go-Food. This method aims to fulfil the needs of the customers and increase sales and customers loyalty by preserving a good relationship with the customers, offering affordable prices, and providing the customers with affordable and necessary products. According to Taris & Purwanto (2022), sales promotion has impact, however not significant to the customers loyalty in using Go-Food services in Surabaya.

H2. Perceived sales promotion has an impact on loyalty

According to Subowo (2020), transportation services companies shall improve their technology in order to enhance the company's efficiency and maintain the company's competitive edge.

Many companies developed application in order to enhance the performance, minimize expenses and resource utilization while enhancing the efficiency of time management. For example, the XYZ online transportation application which provides delivery services and allows the customers to reserve or book beforehand.

Previous research proved that the customers are satisfied with this application as they responded positively.

Electronic commercial or e-commerce developed massively because of various factors, including the increasing amount of internet users and the requirement of a quick process of information distribution and an availability of 24 hours transaction. This situation drives many transportation services companies to develop online application which enhance the sales promotion of the provided services. According to Erica & Al Rasyid (2018), the utilization of technology impacted positively and significantly towards customers satisfaction.

H3. Perceived benefits of the booking application have an impact on satisfaction

The transformative advancements in communication and information technology greatly altered the field of business, including hotels. The development of technology is implemented through the creation of online applications. Accordingly, it will enhance the effectiveness of service and the customers loyalty. Companies which provide services will always try to understand the customers wholeheartedly to give them the best solutions to their problems. Due to the progress made in mobile technologies, the utilization of mobile platforms for hotel bookings has emerged as a significant avenue for lodging establishments and internet-based travel platforms (OTAs). Therefore, mobile hotel booking (MHB) service providers must perceive the loyalty intentions of MHB users, as customer retention is a top priority for them. As per the results of Ozturk et al. (2016), MHB has had a substantial and positive impact on consumer loyalty.

Based on Nguyen-Phuoc et al. (2021), the development of technology eased the customers to gain information globally, in low- and middle-income nations with inadequate public transportation infrastructure, ride-hailing services are progressively establishing their presence within the transportation sector. These services have effectively addressed the challenges often faced by traditional taxi services in such countries. Transportation summoning facilities are formulated to facilitate individuals in effortlessly identifying, engaging with, and soliciting transportation from nearby operators, all while preserving documentation of the

journey, operator, and conveyance through a web-based interface. Referred to by various terms, these platforms, which include ride-sourcing, ridesharing, and on-demand travel services, provide passengers with personalized and private transportation options through a registration portal accessible via a mobile application or a mobile website. However, the previous research proved that the booking application has impact, however not significant on the customers loyalty.

H4. Perceived benefits of the booking application have an impact on loyalty

The type of good service quality is one that satisfies and meets the expectations of customers. However, if a company's service exceeds customer expectations, then this type of service quality can be categorized as highly qualified or highly satisfactory. On the other hand, inadequate service quality pertains to the category of service that significantly deviates from established standards or fails to meet customers expected service requirements. Based on the findings derived from the analysis of prior research carried out by Behjati et al. (2012), the service quality demonstrates a positive and substantial impact on customer satisfaction.

Recognizing the importance of customer retention, sustainable growth, and survival, marketers acknowledge the imperative of delivering superior service quality. As a result, the services marketing literature has witnessed sustained academic and managerial attention towards the topic of service quality over the past few years. Providing and maintaining consumer satisfaction is the greatest challenge of purchasing. A strategy emphasising services is crucial for thriving in a fiercely competitive e-environment for gaining customer satisfaction. The outcome of an investigation that has been conducted by Dabholkar et al. (2000), stated that overall, the quality of e-services had an impact on customer satisfaction.

H5. Perceived service quality has an impact on satisfaction

In the research that was done by Ibrahim et al. (2015), businesses employ various approaches to ensure customer satisfaction, including the establishment of dedicated customer service departments. However, customer service should not be viewed merely as a department but as an attitude that influences customers perception of the company's service. Cultivating customer loyalty can prove to be financially beneficial in the long term, as loyal customers tend to refer others to the

product or service. In the service industry, success is measured by the extent of customer loyalty. If clients believe they are receiving high-quality service that exceeds their expectations while still meeting their requirements, they are more likely to remain loyal clients. Hence, the delivery of exceptional service by service providers plays a crucial role in fostering customer loyalty. Based on the finding of a research study, the conclusion is that service quality significantly and positively impacts consumer loyalty.

In today's fiercely competitive business landscape, the fundamental strategy for any business organization's success and longevity lies in delivering exceptional services to customers. This is because service quality significantly impacts the overall performance and profitability of the organization. Financial institutions, such as banks, constantly strive to introduce new products and services to satisfy consumer requirements and ensure their loyalty. For instance, in the highly competitive banking industry of Bangladesh, customers hold significant leverage, prompting banks to engage in intense competition to meet their demands for superior service quality. As stated in research conducted by Al Karim (2019), customer loyalty is positively and significantly impacted by service quality.

H6. Perceived service quality has an impact on loyalty

In the research that was done by Mohsan et al. (2011), The user's experience while consuming a product or service determines his or her level of satisfaction. Customer loyalty will be shaped by enduring customer satisfaction. To ascertain the impact on consumer loyalty and expectations, it is necessary to measure customer satisfaction over time. For predicting consumer satisfaction constructs, the specifications and standardization of service quality become indispensable. Inability to manage service delivery effectively will result in low customer satisfaction and loyalty. A study's findings imply that customer satisfaction positively influences consumer loyalty.

Numerous scholars and researchers from all over the world have emphasised the significance of consumers. Given that it significantly impacts consumers intentions to make another purchase, customer satisfaction is obviously important in today's changing business climate. Contrarily, customers inclinations to transfer

providers have been linked primarily to their discontent. In the corporate sector, customer satisfaction is paramount because a business can only exist with satisfied and loyal customers. Financial institutions of the 21st century must be able to anticipate their client's requirements in order to maintain consumer loyalty and limit switching behaviour. As stated in research conducted by Widyawati & Widowati (2021), significant correlation exists between customer satisfaction and customer loyalty.

H7. Satisfaction has an impact on loyalty

According to the research conducted by Widodo & Murwatiningsih (2019), promotional activities emerge as a primary obligation in disseminating information, exerting influence or persuasion, or reminding the intended audience about the organization and its offerings, with the ultimate goal of enticing the target market to embrace, procure, and maintain loyalty towards the organization's merchandise. Promotion not only serves as a channel of communication between a business and its clientele but also acts as a mechanism for shaping customers purchase choices (Laksana, 2008). Accomplishing effective promotion can enhance customer satisfaction and fortify their loyalty. Promotion has contributed to the impact of customer satisfaction on customer loyalty. Alternatively, customer satisfaction operates as an intermediary between sales promotion variables and customer loyalty.

H8. Satisfaction mediates the relationship between sales promotions and loyalty

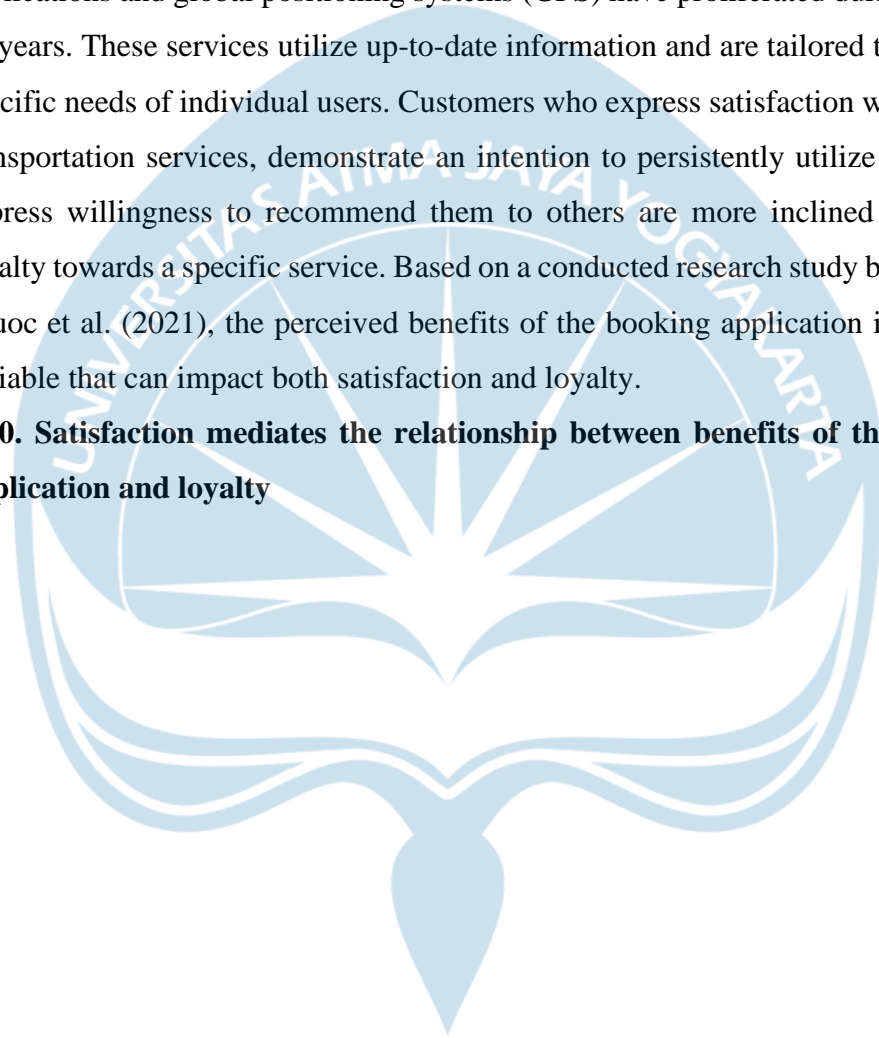
Meeting customer anticipations is achievable through the provision of service quality, encompassing the organization's physical infrastructure and an all-inclusive support system. Customer satisfaction arises when the standard of the service surpasses their projected standards. Satisfied customers tend to revisit the establishment and engage with its offerings repeatedly. If the service quality remains exceptional, customers who are satisfy with the organization's services will exhibit long-term loyalty by consistently utilizing them over an extended duration. Continually achieving customer loyalty depends on achieving satisfaction. As

stated in research conducted by Surahman et al. (2020) that the relationship between service quality and consumer loyalty is entirely mediated by customer satisfaction.

H9. Satisfaction mediates the relationship between service quality and loyalty

Innovative transportation options that heavily depend on smartphone applications and global positioning systems (GPS) have proliferated during the last 10 years. These services utilize up-to-date information and are tailored to meet the specific needs of individual users. Customers who express satisfaction with overall transportation services, demonstrate an intention to persistently utilize them, and express willingness to recommend them to others are more inclined to exhibit loyalty towards a specific service. Based on a conducted research study by Nguyen-Phuoc et al. (2021), the perceived benefits of the booking application is a crucial variable that can impact both satisfaction and loyalty.

H10. Satisfaction mediates the relationship between benefits of the booking application and loyalty



2.3. Conceptual Framework

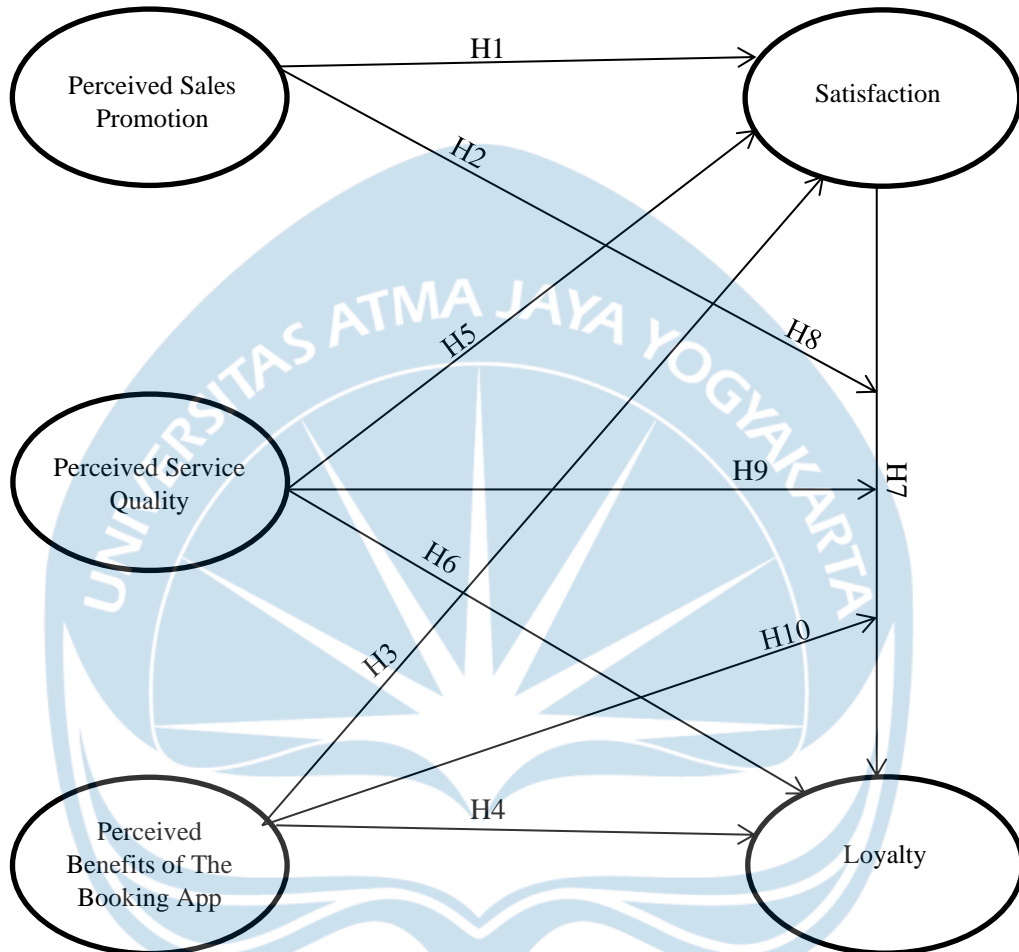


Figure 2. 1 Conceptual Framework

Adaption from: (Nguyen-Phuoc et al., 2020)