

CHAPTER II

LITERATURE REVIEW

2.1 Theoretical Background

2.1.1 Online Travel Agent

According to Britannica (2023), a travel agent assists people who wish to travel by reserving hotel rooms, purchasing airline tickets, etc. Meanwhile, an online travel agency (OTA) is a marketplace for travel-related goods and services consumers may discover and purchase directly from travel providers, such as flights, cruises, transportation, hotels, activities, and other accommodations. (Expedia, 2023). Additionally, an online travel agent is a tourism firm different from a conventional agency, enabling consumers to order travel-related services directly on its website (Rubio-Escuderos & Garca-Andreu, 2021). Roshani & Agarwal (2022) described online travel agents as businesses with websites that enable customers to purchase various travel-related products/services immediately through the internet.

Referring to Colorwhistle (2023), online travel agencies have six business models, the most frequent of which are merchant, agency (commission), and advertising models, followed by subscription, partnership, and peer-to-peer models. The merchant model is when the customer pays the online travel agency in advance before it has to pay its partners once the customer has completed the reservation, whereas the agency model is when the customer pays the partner before it needs to pay the online travel agency commission (Cloudbeds, 2023; GlossaryTech, 2023). The advertising model might primarily operate as cost-per-click metasearch engines where hotels can promote their services with connections to their direct booking engine (Cloudbeds, 2023).

Throughout the 1990s, there was a rapid transition from traditional travel agents to online travel agents (OTAs), aided by new technological standards, which resulted in the development of the first online booking system (AltexSoft, 2019). In the digital era, online travel agent provides customers with two main benefits: the

variety of travel products/services with affordable price and convenient mechanism. First, online travel agencies offer more apparent options with comparable costs and package offerings (Elliot, 2021). Second, an online travel agent enhances the customer's experience by providing a quick and convenient service for checking and booking accommodations (Chubchuwong, 2019). According to Puspitasari et al. (2021), the higher the quality of services, systems, and information an OTA provides, the more confident and pleased consumers will be, establishing a favourable attitude toward online travel agencies.

2.1.2 Perceived Security

Perceived security is described the consumers' perspective of the new product's acquisition as secure alongside the fact that the company has provided security (Mombeuil, 2020). Similarly, perceived security refers to the perception of customers toward system function and authority online over their personal information (Tahar et al., 2020). Thus, businesses may generate a favourable perception of security by employing these features of the platform: authentication, confidentiality, non-repudiation, and data integrity (Hassan et al., 2020).

Perceived security encompasses numerous characteristics, including private information privacy policies, payment security, and reliable partner (Yenisey, Ozok, & Salvendy, 2005). According to TechTarget (2013), a privacy policy is a legal document that specifies how a business manages any customer, client, or employee information obtained throughout its operations. Meanwhile, payment security is the vendor's, third-party's, and customer's transactions protection within the provision of security measures, regulations, and laws (Techfunnel, 2022). Vulkov (2022) defines a reliable partner as someone dependable, trustworthy, and consistent.

Therefore, security is essential in the context of websites since it refers to technological advancements such as firewalls, URL filtering, and TSL/SSL decryption, which most consumers do not understand how they function (Zscaler, 2023). It is supported by Cui, Lin, & Huang (2015) stated that a high tourism website perceived security encourages customers to trust the brand that would

express more e-loyalty, such as involving greater repurchase and recommendation activities. It was supported by research conducted by Silva & Alwi in 2008 that mentioned security influence on online corporate image, whereas Alam & Yasin in 2010 mentioned security influence on trust in e-retailing.

2.1.3 Consumer Innovativeness

Consumer innovativeness is described as a proclivity to purchase new things rather than remaining to well-known consumption preferences (Rašković et al., 2016). Feelings, emotions, and behaviours may all be utilized to convey consumer innovativeness (Lin, 2015). Im, Mason, & Houston (2007) described consumer innovativeness as "the tendency to purchase new and diverse goods and brands compared to continuing with prior preferences and consumption patterns". Referring to Hong, Lin, and Hsieh (2017), consumer innovativeness persists as a crucial concept to understanding new product adoption and innovative personality traits to forecast customer purchasing behaviour. Dwikesumasari & Ervianty (2017) stated that innovative consumers have a higher interest in a brand and tend to have a greater understanding of online products/services than non-innovative customers.

In this context, consumer innovativeness displays a proclivity to embrace IT-based products or utilize advances in technology. Referring to Ray, Ow, & Kim (2011), innovative customers are more trusting of online platforms and willing to accept new information systems. As a result, innovative customers are expected to create regular purchases of travel services via e-commerce and tend to participate in features offered by websites (Kamarulzaman, 2007). Store-related stimuli from retailers, such as offers, services, design, and activities, might encourage customer innovation (Al-Jundi, Shuhaiber, & Augustine, 2019).

Besides, the browsing activity of the most innovative tourist customers reflects their innovative attitude in the IT sector and interest in a specific site loyalty, proactive conduct in seeking information, a greater number of transactions, and active and cooperative engagement with the business in this context with an online travel agent (Couture et al., 2013). It could enhance consumer trust towards the online travel agent and, as a result, e-loyalty supported by Cui, Lin & Qu in

2018 on an online travel shopping website and Luo et al. in 2014 on an electronic-mediated environment.

2.1.4 Website Image

According to Kotler and Keller (2016), brand image is a consumer's judgement of a firm based on their memories. As a result, clients with a precise brand image may classify and assess products or services, decrease the cognitive risk of purchasing, check fulfilled objectives, and experience differences and satisfaction (He, Sha, & Yang, 2013). In this research, brand image as website image indicates a consumer's overall perception, thoughts, or beliefs about a travel website (Cui, Lin, & Qu, 2018). Brand image is a consumer's interpretation of a brand and its products and services offered, as well as their perception of the company's mission and values (Indeed, 2023). It is crucial for a company to provide products or services in order to distinguish it from competitors' offerings and assure consumers about the high quality consistently of the offering (Wilis & Nurwulandari, 2020).

The service provided by travel websites might easily be viewed as online transactions involving travel items. However, consumers will undoubtedly expect perceived transaction security to be a component of the service that the company offers to the customer. It is supported by Timothy (2016) stated that brand image includes the company's interaction with customers in order to build strong recognition among prospective customers. Regarding purchasing activity, it is not about the product or service but also about what the brand represents (Shahid, Hussain, & a-Zafar, 2017). As a business, the company needs to consider that customers are interested in purchasing items that are familiar or recognizable to them, as well as products from respected companies (Martínez-Costa et al., 2018). Bernarto, Purwanto, and Masman (2022) stated that product differentiation generates due to products with distinctive qualities that are difficult for competitors to replicate that would eventually recognize as a competitive advantage. The image also significantly involves customers' sense of comfort that could explain consumer opinions and behaviours concerning continued usage, leading them to believe that

the website's or app's quality is adequate (Tam et al., 2022; Dwikesumasari & Ervianty, 2017). Referring to Hendrawan and Agustini (2021), there is a positive and significant influence between image towards e-marketplace loyalty. It is supported by Cui, Lin & Qu (2018) mentioned that image influences e-loyalty in online travel shopping and Kresnadana & Jatra (2020) mentioned that brand image influences brand loyalty in Samsung smartphones products.

Due to mobile uses increase rapidly, the questions between mobile website and mobile application for business are undeniable which has some similarity and differences. According to Hetler (2022), mobile website offers broader audience (ability to share the URL easily), accessible for many devices, not necessary to download, and not required special adaption to the operating system in devices. Meanwhile, mobile application offers more specific function after download the application with unique features that mobile website is not able to provided, which more interactive. However, it is not accessible for many devices. Therefore, the researcher decides to utilized the website in this research to collect broader audience in this research.

2.1.5 Trust

Trust is defined as one party's trust about the actions of the other party will fulfil its future demands (Flavián & Guinalú, 2006). Referring to Kimery and McCard (2002), trust in the online context is described as customers' readiness to accept the vulnerability of online transactions due to favourable demands for future online purchasing behaviour. If customers perceive an online travel website to be safe, secure, responsive, easy to navigate, comforting, and empathetic, the consumer will build a favourable interpretation of the website that would eventually be considered decent. Moreover, Ika & Kustini (2011) described it as the brand's capacity for dependability or trustworthiness, which derives from customers' confidence that the product would deliver on its value claims.

Trustworthiness is one component of trust; however, there are additional factors such as competence, integrity, and benevolence, according to Mayer et al. in Isaeva, Gruenewald, and Saunders (2020). Referring to Lui & Ngo (2004) in

Connelly et al. (2015), competence based implies that a partner has the experience, technical skills, and dependability required for completing its duties. Lui et al. (2020) stated that integrity-based trust is described as the degree to consider the agents and operation responsible, truthful, and committed to public interests. According to Ridings & Gefen (2005), benevolence is described as a belief that people would have a favourable attitude or desire to contribute kindness.

Trust is crucial in developing business and consumer relationships (Bernarto et al., 2020). With customer trust, consumers are projected to conduct more purchases. It is supported by Wang & Fesenmaier (2006) in Syed & Saraswati (2016) stated that a company that has a trustworthy website is able to increase the customer's desire to purchase. Permatasari & Dwita (2020) also stated that brand trust has a significant influence on brand loyalty.

2.1.6 E-Loyalty

In an online context, customer or consumer loyalty is more generally referred to as "e-loyalty". Hur et al. (2011) described e-loyalty as the desire of customers to revisit the website, whether or not customers conduct a purchase. The capacity of the customer to resist competitors' initiatives convincing the consumer to substitute the offers and suggest the company to others is at the core of loyalty (Pratminingsih et al., 2013). In this research, e-loyalty defines as a customer's desire to revisit the website or conduct a future purchase on an online travel agent website (www.traveloka.com, www.tiket.com, www.pegipegi.com, www.trip.com). Ngatno & Ariyanti (2021) stated that loyalty to a website refers to the expression of loyalty, such as the desire to purchase the site, the desire to return to the same site, and the desire to suggest the visited site to others.

The customer loyalty construct was initially defined as frequent purchases; however, research has since diversified to include multiple dimensions, including behavioural, attitudinal, and composite (integration of behavioural measures) (Yoo & Bai, 2013). Behavioural loyalty consists of a willingness to conduct repurchases of products/services, whereas attitudinal brand loyalty involves a certain level of psychological and emotional attachment with persuasion regarding some distinctive

characteristics of the brand (Chaudhuri & Holbrook, 2001). According to Kiseleva et al. (2016), various typical instruments could affect behavioural loyalty as the foundation of corporate management, such as a discount program, a bonus program, awards for those who have purchased within a specific period, and a cash-back program. Meanwhile, composite loyalty measures the integration between attitudinal and behavioural loyalty that triggered and eventually formed the core of loyalty (Bhat & Dar, 2013). It is vital to recognize customers' needs and the service quality they desire from the organization in order to increase customer loyalty. Previous research has found that the factors influencing customer e-loyalty include perceived security and consumer innovativeness with the mediation of website image and trust (Cui, Lin, & Qu, 2018). Some researchers found brand trust is able to mediate the effect between brand image and brand loyalty (Permatasari & Dwita 2020; Kresnadana & Jatra 2020).

2.2 Previous Researches

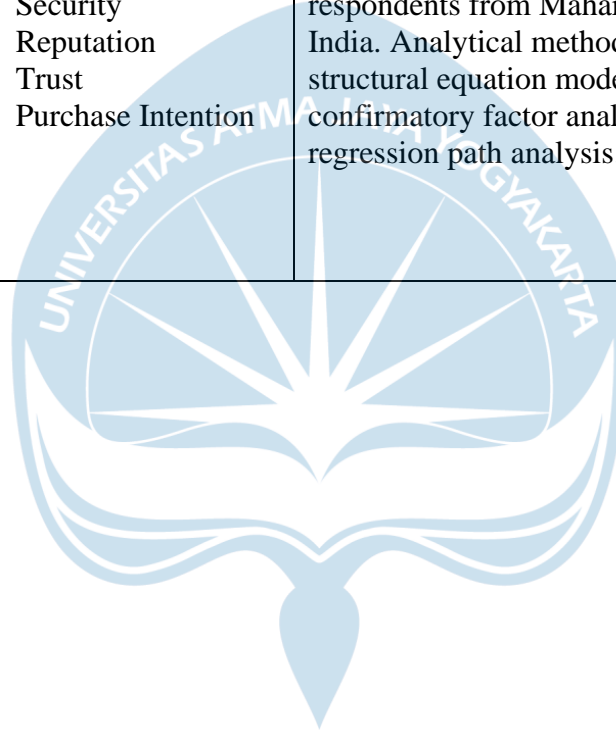
Table 2.1
Previous Researches

Journal Title & Author (Year)	Variable in Research	Analytical Tools	Research Result
The impact of perceived security and consumer innovativeness on e-loyalty in online travel shopping Cui, Lin & Qu (2018)	<ol style="list-style-type: none"> 1. Perceived security 2. Consumer innovativeness 3. Website image 4. Trust 5. E-loyalty 	Data was collected from 283 valid respondents in Xiamen, China. The analytical tools combination of SPSS 21, AMOS 21, and the R software using confirmatory factor analysis (CFA), a series of nested models, structural equation modelling (SEM) hierarchical regression analysis and the R-mediation.	Based on the research findings, (1) the impression of website image and trust is enhanced by greater perceived security; (2) greater consumers innovativeness creates greater trust to travel websites; (3) website image is able to mediate the effect between perceived security and trust; and (4) trust is able to mediate the effect between website image and e-loyalty.
The Impact of Perceived Security on Consumer E-Loyalty: A Study of Online Tourism Purchasing Cui, Lin, & Huang (2015)	<ol style="list-style-type: none"> 1. Perceived security 2. Perceived value 3. Website image 4. Trust 5. Satisfaction 6. E-loyalty 	Data was collected from 330 valid respondents in Xiamen, China. The analytical tool used is AMOS 21 with CFA (confirmatory factor analysis) and structural equation modelling (SEM). Finally, testing the mediating effects by utilizing the bootstrapping method.	Based on the research findings, perceived security has a positive and significant influence on consumer emotional aspects (e.g., trust and satisfaction), encouraging loyalty behaviour. Perceived value and website image have the mediating effect of perceived security on subsequent behaviour.

Journal Title & Author (Year)	Variable in Research	Analytical Tools	Research Result
The Mediating Effect of e-Satisfaction and Trust on the Influence of Brand Image and e-Loyalty Hendrawan & Agustini (2021)	<ol style="list-style-type: none"> 1. Brand image 2. Brand satisfaction 3. Brand trust 4. Brand loyalty 	Data was collected from 112 valid respondents in Indonesia. The analytical tools for validity use Pearson Product Moment correlation, while reliability tests use the split-half method. The Mediating Regression Analysis (MRA) test employed mediating effect.	Based on the research findings, brand image and e-satisfaction have a positive and significant effect on e-loyalty. E-satisfaction mediates brand image on e-loyalty. Trust does not mediate brand image and e-loyalty.
Explaining Consumer Satisfaction of Services: The Role of Innovativeness and Emotion in an Electronic Mediated Environment Luo, Dai, Liao & Cao (2014)	<ol style="list-style-type: none"> 1. Consumer innovativeness 2. Consumer emotion 3. Service quality 4. Perceived benefits 5. Trust 6. Perceived risk 7. Satisfaction 	Data was collected from 415 valid respondents from 10 organizations in a Chinese metropolitan city. The analytical tool used is SmartPLS 2.0 for both the measurement model and the structural model.	Consumer innovativeness and emotion are trust's important predictors. Meanwhile, perceived benefits, service risk perception, and service quality are critical aspects of customer satisfaction in the Electronic Mediated Environment EME.
The Effect of Brand Communication, Brand Image and Perceived Social Media on Brand Loyalty With Brand Trust as a Variable of Mediation in Rendang Asele in Padang City Permatasari & Dwita (2020)	<ol style="list-style-type: none"> 1. Brand Communication 2. Brand Image, 3. Perceived Social Media, 4. Brand Trust, 5. Brand Loyalty 	Data was collected from 130 valid respondents in Padang, Indonesia. Analytical tools used is SmartPLS 3 by conducting a partial least square (PLS) structural equation model with measurement and structural model followed by the bootstrapping method.	There is a positive and significant impact of brand trust on brand loyalty. There is no impact of brand communication on brand trust and brand communication on brand loyalty through brand trust. There is a positive and significant of brand image on brand trust and brand image on brand loyalty through brand trust.

Journal Title & Author (Year)	Variable in Research	Analytical Tools	Research Result
Online brand attributes and online corporate brand images Silva & Alwi (2008)	<ol style="list-style-type: none"> 1. Ease of use 2. Security 3. Personalization 4. Customer Care 5. Reliability 6. Corporate brand image 	Data was collected from 537 valid respondents in the United Kingdom. The analytical tool used is AMOS with exploratory factor analysis (EFA) and structural equation modelling (SEM).	The findings indicate that factors such as ease of use, personalisation, security and customer care are significant in determining the corporate brand image of the online e-retailer
What factors influence online brand trust: evidence from online tickets buyers in Malaysia Alam & Yasin (2010)	<ol style="list-style-type: none"> 1. Security/privacy 2. Brand reputation 3. Perceived risk 4. Good online experience 5. Quality of information 6. Word-of-Mouth 7. Online brand trust 	Data was collected from 289 valid respondents in Malaysia. Analytical methods used are validity, reliability tests, and causality analysis (multiple regression analysis).	Based on the research findings, security/privacy, word-of-mouth, online experience, quality information and brand reputation appear to have a significant and positive impact towards online brand trust.
The Role of Brand Trust Mediate The Relationship Of Brand Image With Brand Loyalty Kresnadana & Jatra (2020)	<ol style="list-style-type: none"> 1. Brand image 2. Brand trust 3. Brand loyalty 	Data was collected from 100 valid respondents in Denpasar, Bali, Indonesia. Analytical methods used are regression path analysis, direct, and indirect effects.	Brand trust and brand loyalty are influenced by brand image. Brand loyalty is influenced by brand trust. Brand trust is able to mediate the effect between brand image and brand loyalty.

Journal Title & Author (Year)	Variable in Research	Analytical Tools	Research Result
<p>Impact Of Social Media, Security Risks And Reputation Of E-Retailer On Consumer Buying Intentions Through Trust In Online Buying: A Structural Equation Modeling Approach</p> <p>Varma, Kumar, Sangvikar, & Pawar (2019)</p>	<ol style="list-style-type: none"> 1. Privacy 2. Security 3. Reputation 4. Trust 5. Purchase Intention 	<p>Data was collected from 287 valid respondents from Maharashtra, India. Analytical methods used are structural equation modelling, confirmatory factor analysis, and regression path analysis.</p>	<p>Based on research findings, e-commerce consumers' online purchase intentions are highly influenced by privacy, trust, security, and the reputation of the company.</p>



2.3 Hypotheses Development

2.3.1 The Effect of Perceived Security towards Website Image

In order to comprehend the brand image of the company in the online environment, customer service and personalisation are crucial (Silva & Alwi, 2008). The customer is not only purchasing the goods or services but also what the brand represents (Shahid, Hussain, & a-Zafar, 2017). The services provided by online travel agents could be in the form of online transactions. However, consumers would surely expect perceived transaction security to be a component of the service that the company offers to the customers.

Based on the findings of the previous research of Cui, Lin, & Qu (2018), perceived security positively influences website image. It is supported by Cui, Lin, & Huang (2015) mentioned that perceived security positively influences website image. The research journal of Silva & Alwi (2008) is also supporting the statement. Therefore, according to the support of previous research above, the hypothesis proposed is:

H1: Perceived security positively affects website image

2.3.2 The Effect of Perceived Security towards Trust

Definitely, the degree of risk that customers perceive in a specific brand influences the degree of trust in online purchase transactions (Yasin & Alam, 2010). Perceived security is one of the crucial aspects that represent how well the company could provide secure to the consumers' data. Without a doubt, the relationship between the concepts of trust and perceived security in personal data processing is reasonable and requires further investigation (Flavián & Guinalú, 2006).

Based on the findings of the previous research of Cui, Lin, & Qu (2018), perceived security positively influences trust. It is supported by Cui, Lin, & Huang (2015) mentioned that perceived security positively influences trust. The research journal of Alam & Yasin (2010) and Varma et al. (2019) are also supporting the statement. Therefore, according to the support of previous research above, the hypothesis proposed is:

H2: Perceived security positively affects trust

2.3.3 The Effect of Consumer Innovativeness towards Trust

According to Dwikesumasari and Ervianty (2017), innovative clients have a deeper understanding of online products/services and greater interest in specific brands than non-innovative customers. In addition, innovative customers are more trusting of online platforms and willing to accept new information systems (Ray, Ow, & Kim, 2011). Potential customer with a trait of personal online innovativeness has a tendency to generate more favourable perceived behavioural control regarding the website due to their significant prior experience (Fang, Shao, & Lang, 2009). With the presence of customers' positive attitudes, it could enhance trust in the company.

Based on the findings of the previous research of Cui, Lin, & Qu (2018), consumer innovativeness positively influences trust. It is supported by Luo et al. (2014) mentioned that consumer innovativeness positively influences trust. Therefore, according to the support of previous research above, the hypothesis proposed is:

H3: Consumer innovativeness positively affects trust

2.3.4 The Effect of Website Image towards Trust

Thimothy (2016) defines brand image as " the company's interaction with customers in order to build strong recognition among prospective customers". As a result, the company needs to consider the brand image as the interpretation of consumer towards the brand and its products/services, as well as their impression of the company's mission and values (Indeed, 2023). It would lead to a higher chance for customers to trust the company.

Based on the findings of the previous research of Cui, Lin, & Qu (2018), website image positively influences trust. It is supported by Cui, Lin, & Huang (2015) mentioned that website image positively influences trust. The research journal of Kresnadana & Jatra (2020) is also supporting the statement in the form of brand image and brand trust. Varma et al. (2019) and Alam & Yasin (2010) are

also supporting the statement in the form of brand reputation and trust. Therefore, according to the support of previous research above, the hypothesis proposed is:

H4: Website image positively affects trust

2.3.5 The Effect of Website Image towards E-Loyalty

Brand loyalty exists due to customers' favourable perception and repurchasing behaviour toward a particular brand (Ogba & Tan, 2009). According to Cui, Lin, and Huang (2015), brand image as website image reveals a consumer's entire view, ideas, or beliefs about a travel website. As a result, there is a certain connection between customers' perceptions and attitudes regarding their revisit or repurchase behaviour.

Based on the findings of the previous research of Cui, Lin, & Qu (2018), website image positively influences e-loyalty. It is supported by Kresnadana & Jatra (2020) mentioned that brand image positively influences brand loyalty. The research journal of Hendrawan & Agustini (2021) is also supporting the statement. In this context, the brand image could be in the form of a website image, while brand loyalty could be in the form of e-loyalty. Therefore, according to the support of previous research above, the hypothesis proposed is:

H5: Website image positively affects e-loyalty

2.3.6 The Effect of Trust towards E-Loyalty

Wang & Fesenmaier (2006) in Syed & Saraswati (2016) stated that a company that has a trustworthy website is able to increase the customer's desire to purchase. It is reasonable to suggest that greater levels of trust will lead to increase consumer loyalty to a website (Flavián & Guinalú, 2006).

Based on the findings of the previous research of Cui, Lin, & Qu (2018), trust positively influences e-loyalty. It is supported by Cui, Lin, & Huang (2015) mentioned that trust positively influences e-loyalty. The research journal of Kresnadana & Jatra (2020) is also supporting the statement. Therefore, according to the support of previous research above, the hypothesis proposed is:

H6: Trust positively affects e-loyalty

2.3.7 The Mediation Effect between Perceived Security and Trust through Website Image

In general, the high-security perception will give higher chances for customers to trust the brand. It is in accordance with the research journal of Alam & Yasin (2010) and Varma et al. (2019). However, high-security perception is insufficient to meet customer expectation if the website image received do not have a high value in customers' perception. Thus, establishing a good website image for customers is crucial to give a favourable attitude toward the products/services, such as trust in the brand (Wijaya, Surachman, & Mugiono, 2020).

Based on the findings of the previous research of Cui, Lin, & Qu (2018), perceived security has a positive and significant influence on trust through website image. It is supported by Varma et al. (2019) mentioned that brand reputation is able to mediate the effect of security on trust. In this context, brand reputation could be in the form of a website image. Therefore, according to the support of previous research above, the hypothesis proposed is:

H7: Website image mediates the effect between perceived security and trust

2.3.8 The Mediation Effect between Website Image and E-Loyalty through Trust

A strong company brand image will be able to generate brand trust for consumers to conduct repeat purchases or, in other words, encourage consumer loyalty to the brand (Rahmatulloh, Yasri, & Abror, 2020). It is in accordance with the research journal of Hendrawan & Agustini (2021). However, a high website image is insufficient to enhance e-loyalty if the customers do not trust the brand. Thus, creating trust towards customers is crucial to enhance customers' loyalty to the brand.

Based on the findings of the previous research of Cui, Lin, & Qu (2018) and Kresnadana & Jatra (2020), website image has a positive and significant influence on e-loyalty through trust. It is supported by Permatasari & Dwita (2020) mention that brand trust is able to mediate the effect of brand image on brand loyalty. In this

context, the brand image could be in the form of a website image. Therefore, according to the support of previous research above, the hypothesis proposed is:

H8: Trust mediates the effect between website image and e-loyalty

2.4 Research Framework

The research framework below consists of 2 variables: perceived security and consumer innovativeness as independent variables toward website image and trust as mediating variables. Finally, e-loyalty acts as the dependent variable. This framework is adapted from Cui, Lin, & Qu (2018), which showed the effect of perceived security and consumer innovativeness on e-loyalty through website image and trust (Figure 2.1).

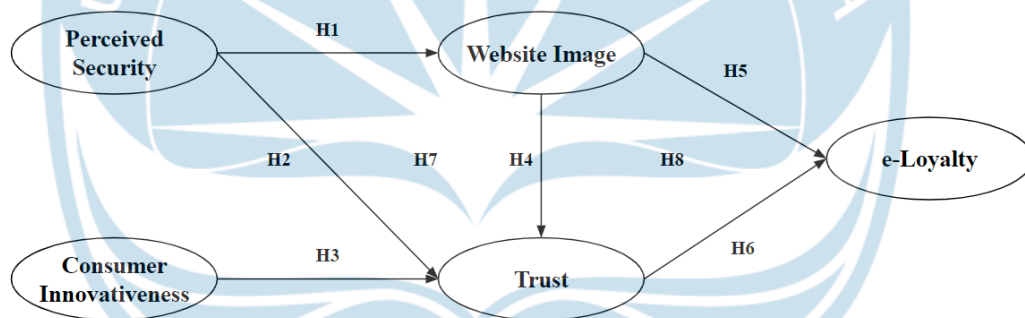


Figure 2.1
Research Framework
Source: Cui, Lin, & Qu (2018)