

CHAPTER I

INTRODUCTION

1.1 Background of the Research

Tourism significantly contributes to the economic growth of Indonesia (Johanes and Takari, 2024). This sector contributes to job creation, increases community income, and promotes overall economic development. According to Siswahto and Muryani, (2020), tourism produces a multiplier effect by generating direct benefits for businesses and affecting other sectors, including transportation, hospitality, agriculture, and supporting services. As a result, tourism has become one of the key sectors continuously developed by the government. Efforts are carried out by improving tourist destinations, strengthening infrastructure, and utilizing technology to enhance service quality and attract local as well as foreign tourists.

In recent years, the tourism industry in Indonesia has experienced a positive growth trend. Based on data from BPS Indonesia (2024), the number of domestic tourist trips reached 1.02 billion in 2024, showing a growth of about 21.61% from the preceding year. This growth has resulted in a higher demand for accommodation, especially hotels, which are considered an important element of the domestic tourism sector. Among the various types of accommodation, star-rated hotels attract considerable attention due to their standardized facilities and services, making them a preferred option for many domestic tourists. Moreover, as star-rated hotels typically involve higher costs, consumers tend to seek more comprehensive

information and rely on online reviews before making booking decisions (Kandampully, 1998). Therefore, understanding the factors that influence tourists' decisions to stay in star-rated hotels has become increasingly important.

The growth of domestic tourist travel has encouraged Indonesia's hospitality industry to adapt through digital transformation. Hotels are jumping on tech solutions these days to streamline operations and make the whole guest experience that much better (Ramadhan and Suharto, 2024). One form of digital technology that has developed rapidly is the online travel agent (OTA) (Sitompul and Nurbaeti, 2023). Among the OTAs operating in Indonesia, Traveloka is recognized as one of the most widely used platforms, reflecting its extensive reach and high level of popularity (Irvania et al., 2022).

According to Yadi (2018), Traveloka is recognized as a leading travel company in Southeast Asia. It offers a wide range of travel services through a single platform, including bookings for flights, hotels, and train tickets, as well as travel packages and recreational and transportation services. Traveloka can be accessed through its website, which serves as a fast, effective, and efficient source for obtaining travel information and making reservations.

In the digital era, online promotion through OTAs and social media has become a fundamental necessity rather than an optional strategy for reaching a broader audience. The rapid expansion of internet and social media usage in Indonesia has prompted hotels to create diverse promotional content, including reviews, photos,

videos, and discount offers, which are subsequently shared through OTA platforms, especially Traveloka, and social media (Soegiarto and Yuliamir, 2025).

Marketing communication strategies hold significant importance within the tourism industry. They have a strong influence on tourists' perceptions, which in turn shape their interests and decisions regarding destinations and tourism products. One widely used digital promotional strategy is electronic word-of-mouth (eWOM) (Yudhiasta, Andrea, and Rahmatin, 2023).

Electronic Word of Mouth (eWOM) refers to consumer opinions about a product, whether favorable or unfavorable, expressed by prospective as well as previous customers and made accessible to internet users (Pentury, Sugianto, and Remiasa, 2019). eWOM has a strong impact on tourists' perceptions, enhances trust, and contributes to their decision to stay.

Throughout the recent three-year period, the hotel occupancy rate in East Java Province has remained relatively stable. According to BPS Indonesia, (2024), the average occupancy rate was recorded at 52.78% in 2022, increased to 53.56% in 2023, and slightly declined to 53.54% in 2024. Table 1 illustrates the average development of hotel occupancy rates in East Java Province over the 2022–2024 period.

Table 1. 1 Average Hotel Occupancy Rate

Year	Avarage Hotel Occupancy Rate (%)
2022	52,78%
2023	53,56%
2024	53,54%

Source: Data BPS - East Java, Indonesia

Stable occupancy rates indicate intense competition among hotels in attracting consumers, particularly in urban areas such as Surabaya. As the economic and business hub of East Java, Surabaya has a high concentration of star-rated hotels, which further intensifies competition within the hospitality industry. Within this competitive environment, hotels are required to examine the key drivers behind tourists' decision to stay. Therefore, it is important to analyze electronic word of mouth (eWOM) on Traveloka, as it may affect consumers' perceptions and guide their accommodation selection. In this context, this study focuses on domestic tourists who use Traveloka when making their decision to stay in star-rated hotels in Surabaya.

1.2 Formulation of the Problems

Referring to the background outlined above, the following research problems are proposed:

1. Do the eWOM dimensions (quality, quantity, and sender's expertise) simultaneously influence the decision to stay in star-rated hotels in Surabaya?

2. Does the quality dimension of eWOM on Traveloka influence the decision to stay in star-rated hotels in Surabaya through Traveloka?
3. Does the quantity dimension of eWOM on Traveloka influence the decision to stay in star-rated hotels in Surabaya through Traveloka?
4. Does the sender's expertise dimension of eWOM on Traveloka influence the decision to stay in star-rated hotels in Surabaya through Traveloka?

1.3 Purpose of the Research

1.3.1 General Purpose

This study looks at how electronic word-of-mouth (eWOM) influences tourists' choices to book star-rated hotels in Surabaya via Traveloka, zeroing in on three key aspects: eWOM quality, quantity, and the sender's expertise.

1.3.2 Specific Purpose

Specifically, this research aims to:

- A. Check out the combined impact of eWOM quality, quantity, and sender's expertise on tourists' decisions to stay at star-rated hotels in Surabaya booked through Traveloka.
- B. Dig into how eWOM quality affects those booking decisions for star-rated hotels in Surabaya via Traveloka.
- C. Examine the role of eWOM quantity in shaping decisions to stay at star-rated hotels in Surabaya through Traveloka

- D. Analyze effect of sender's expertise (the credibility or expertise of reviewers) on the decision to stay in star-rated hotels in Surabaya through Traveloka.

1.4 Benefit of the Research

1.4.1 Theoretical Benefits

This study should shed new light on tourism management and hospitality marketing, giving us a better grasp of how eWOM on Traveloka sways tourists' decisions to book star-rated hotels in Surabaya.

1.4.2 Practical Benefits

On the practical side, the findings from this study should offer some real benefits for:

- A. Star-rated hotels, in developing review management strategies and service improvements based on customer feedback to strengthen brand image and consumer trust.
- B. Traveloka, in understanding consumer behavior toward online reviews and how eWOM influences hotel booking decisions on the platform.
- C. Local governments and tourism stakeholders in Surabaya, in strengthening digital promotion strategies and supporting the development of the city's tourism sector through review-based information.