

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 Background of the Study**

The hospitality industry is part of a larger enterprise known as the travel and tourism industry. This industry is one of the world's largest and fastest-growing industry with a lot of potential and new requests of demand. Therefore, hospitality industry becomes one of the industries that must be developed by a country, because it gives a lot of contribution to a country, such as increase in the sector of gross domestic product or often known as GDP, contribute in foreign exchange, and also decreasing in the percentage of unemployment rate. This case emphasizes the increasing number of people who are demanding for booking services and tour packages for those who are traveling.

Travel agency business is thus on the rise because the demand of the customers keep increasing with the needs to visit different places for business functions or travelling. Travel agencies in Indonesia also have grown rapidly over the past years due to the development of technology and infrastructure. Company also appreciates the need to allow their employees to socialize in order to understand the needs of customer and thus build a good relationship. As the result, the demand for travel agency business is highly competitive and lucrative as well.

However, since there is an online travel agent such as traveloka, agoda and many more, the sales performance of traditional travel agent keep decreasing. Nowadays people prefer to buy their tour package from online travel agent sbecause they can do the transaction by using their gadget anytime and anywhere rather than going to the offline store, which is more practical. Besides that, an online travel agent helps us easier to compare the rate and schedule of different airlines. Therefore, offline travel agent need to plan a good marketing strategy in order to attract the customer to purchase their tour and travel packages. The fast growth of travel agencies makes every business to realize the need for marketing strategy.

Nowadays, tour and travel agency need to have a good marketing strategy in order to gain competitive advantage and customer loyalty.

This study will centralize on one of the hospitality industry field which is the travel and tourism industry. One of the offline basis travel agency that is going to be discussed in this research is PT. Elite Tour Medan. PT. Elite Tour Medan is a travel agency which makes travel arrangements for tourists or other travelers, as for transportation, hotels, and itineraries. It was established since 26 July 1999 and is located at Sutrisno Street No.3C/9 Medan, North Sumatra.

PT. Elite Tour cooperate with many airlines which can be divided into domestic and international airlines. PT. Elite Tour also has cooperate with many hotels. Besides selling flight ticket and hotel reservation, PT Elite Tour Medan provides tour package and expedited visa service too.

The reason the writer has decided to choose PT. Elite Tour as the research object because PT. Elite Tour is one of the traditional travel agency in Medan which was influenced by the development of online travel agency. From the interview with the owner of PT. Elite Tour, the problem occurred in the company are the decreasing sales performance since the price offered by the online travel agency are very competitive, besides that the product or service they offered are variety. While PT. Elite Tour is still lack of employees' knowledge on conveying specific information, since the company is aiming for fast and assuring information so that employees could take care of its customers. Employee are expected to deliver information clear, precise and confident in order to increase the sales performance. This case lead to the decreasing sales performance of PT. Elite Tour.

As we know, the customer are now better educated and the global whole of business today is a very complex one. In order to satisfy the changing need of customers, companies must first know the customers' needs and this is where the marketing strategy begins. An organization need to concern in satisfying customers' needs more effectively and efficiently through marketing strategies.

According to Tjiptono (2019:147) stated that, to be able to create customer loyalty, the organization need to have an accurate marketing strategy in marketing their products, because marketing strategy is also a fundamental tool planned to achieve organization goals by developing competitive advantages that are used to

serve targeted markets.

One form of marketing strategy that is able to support the sales performance of an organization is the use of marketing mix. According to Sunyoto (2014:27), Marketing Mix is a combination of four product elements contained in a company's marketing program including product, price, place, promotion.

While according to Philip Kotler and Gary Amstrong (2012: 75) stated that, after determining its overall marketing strategy, the company is ready to begin planning the details of the marketing mix, one of the major concepts in modern marketing. Marketing mix is the set of tactical marketing tools which can be divided into 4p, product strategy, place strategy, price strategy and promotion strategy.

Owomoyela, Oyeniy and Ola (2013) stated that marketing strategy is a strategy that organization use to provide their target customer with quality products, at affordable price, offer effective promotional strategy, and interact with their distribution outlets hence creating demand for their products and increasing sales performance. Organizations use marketing mix strategy for the purpose of identifying the needs of the customers and creating a marketing plan in order to boost organization sales performance.

Therefore, marketing mix strategy becomes one of the important factor that influence the sales performance of an organization, as for the indicators of marketing mix strategies can be divided into product strategy, price strategy, place strategy and promotion strategy. As for the indicators of sales performance in Bhakti Agung (2016:38) can be divided into three, achieve the sales volume, get certain profits and enhance the growth of the company.

Based on the problem that PT. Elite Tour faced and the theories above, this research is made to discuss about **“The influence of marketing mix towards sales performance of travel agent at PT. Elite Tour Medan “**.

## **1.2 Problem Limitation**

This research discussion is focus on the marketing mix and sales performance of PT. Elite Tour Medan in order to know the influence of marketing mix towards the sales performance of travel agent at PT. Elite Tour Medan. Marketing mix is the independent variable with four indicators which are product,

price, place and promotion (Philip Kotler and Gary Amstrong, 2012) while the sales performance is the dependent variable with three indicators which are achieve the sales volume, get certain profits and enhance the growth of the company (Bhakti Agung ,2016:38)

### **1.3 Problem Formulation**

According to the background of the study above, the problem formulation of this research will be:

Does the marketing mix influence the sales performance of travel agent at PT. Elite Tour Medan?

### **1.4 Objective of the Research**

The objective of this research are:

To show and find out is there any influence of marketing mix towards sales performance of travel agent at PT. Elite Tour Medan.

### **1.5 Benefit of the Research**

The benefit of the research will be divided into Theoretical Benefit and Practical Benefit:

#### **1.5.1 Theoretical Benefit**

The researcher hopes that the result of this research will be useful for future research as a reference.

#### **1.5.2 Practical Benefit**

A. Benefit for the travel agenc :

1. To find out and improve the marketing mix of the travel agent at PT. Elite Tour Medan.
2. To understand the influence of marketing mix towards sales performance of travel agent at PT. Elite Tour Medan.
3. To increase the sales performance at PT. Elite Tour Medan in order to reach the company's sales target.

B. Benefit for the social:

1. The researcher expects to bring a fresh research and ideas about the

marketing mix strategy and the sales performance especially in hospitality industry which is focus on the travel agent business that aims to build a good marketing mix strategy for the travel agency, and increase the sales performance of travel agency.

2. This research also means to increase knowledge and insight in the application of theories that have been obtained in college.

## **1.6 Systems of writing**

The systematic outline of writing this research will be listed as follows :

### **Chapter I : Introduction**

It begins with introduction which is divided into several parts, the first part explains about the research's background of study, followed by problem limitation, next followed by problem formulation which consists of the questions to be answered in the research, next followed by the objective of the research, and lastly followed by the benefit of the research which is divided into theoretical and practical benefit.

### **Chapter II : Literature Review and Hypothesis Development**

It explains briefly about theoretical background such as the definition of management, the definition of hospitality management and travel agent, the definition of marketing mix, the indicators of marketing mix, the definition of sales performance, the indicators of sales performance, and the relationship between marketing mix towards sales performance, next followed by the previous researches from another researchers that are used as references, then followed by hypothesis development, research model and lastly framework of thinking.

### **Chapter III : Research Methodology**

It explains about the research design used in the research, next followed by population and sample, also data collection method, then followed by operational variable definition and variable measurement, and lastly followed by data analysis method.

**Chapter IV : Data Analysis and Discussion**

It focuses on the general view of “research object”, then followed by data analysis, also descriptive statistic, next followed by result of the data quality testing and result of hypothesis testing, and lastly followed by discussion.

**Chapter V : Conclusion**

It is all about conclusion of the overall research, the implication, and lastly it ends with recommendation.

