

CHAPTER I

INTRODUCTION

1.1 Background of study

For the past decades, hospitality and tourism industry have developed into a fast-growing sector worldwide including Indonesia. Based on the Indonesia statistics (BPS), tourists who visited Indonesia keep increasing gradually for the past years. In 2018, it was discovered that there is total 15,81 million tourists visited Indonesia and 16,11 million on the next year which an increase of 1,88%. Thus, people will see this as an opportunity to expand their accommodation business in Indonesia.

International hotel chain or local brand has started to compete with each other and strive to create a perfect hotel for the guests to stay. Therefore, it forces the employee of the hotel to come out with innovation and creation to seek for new or unique method to build the best experience for their guests and improve their hotel's brand image into a positive and memorable image.

Brand image is an image or perception of how people see and know towards a brand. Brand image not only represent the face of its brand but also their reputation of the company. Brand image consists of positive features of the company's product or services and it also reflects the organization or company characters as a brand. By

using branding as the marketing method and communication, it can help to create a unique characteristic of the product, memorable experience to the customers, and differentiate the company to any potential customers perspective from the competitors. The company needs to have a strong vision and mission, beliefs, and value to stay consistence in order to compete in a long time especially in the hospitality industry. As long as the company holds a strong belief in their company it also could form a strong brand image that will attract new customers, retaining loyal customers from switching to other competitors, gain profits and form a lasting experience to satisfy our customers' fulfilment.

Customers satisfaction plays an important part in creating emotional connection with the company. When a customer being asked about a brand name, they will automatically mention the product or the service of the brand which they are satisfied to. They will make recommendation towards the products or services to their relations to buy the exact products or services which could form a great brand image of the company and will welcome more new customers. Hence, customers satisfaction also plays a great part in building a great brand image.

Customer satisfaction is a state where people's needs are being fulfilled and exceed their expectations. Hotels industry are all about the service and experience that the guests can obtain while they stayed in the hotels that they choose. If the service and experiences exceed the guest's expectation or satisfied, they will absolutely make a good image of the brand on their mind.

Brand image of a company really determines the customers in choosing a products or services that they are satisfied to. Based on a research by Prameswari and Mahestu (2019), it stated that brand image did create a strong influence towards customers satisfaction. Meanwhile, other scholars named Mohammaed and Rashid (2018) and Giebelhausen et al (2016) stated that satisfaction refers as the feeling and gratification of customer engagement to the brand. Due to these reasons, brand image is a vital aspect to satisfy the customers.

Cambridge Hotel Medan is a five-star hotel and managed under local management since 2018. It located in Jl. S. Parman no. 217 consists of total 242 different types of rooms with facilities such as pools, spa, and a shopping mall. Originally, Cambridge Hotel was first established in 2008 with the name of Grand Swiss Belhotel under Swiss-Belhotel International management. Due to a reason of their brand contract period have ended, they decided to not continue the contract and started their own brand with an international standard. They decided to start a new chapter of tourism business and run by local management. As time goes by, the services that they promised as a global five star hotel standard services has failed the guest's expectation while they were staying in their hotel.

Some guests complained in google review that they are not satisfied with their services after they changed the brand of the hotel. As the customer stated, he has been staying here as a regular guest and disappointed because he did not get what he

expects.



Figure 1.1 Customer Testimonials

Source: Google Review (2021)

Other customer also expresses their disappointment towards their service quality of this hotel. They explained that they have been staying here for a numerous time and was satisfied but not until recently they discovered that the quality of the service was quite poor.

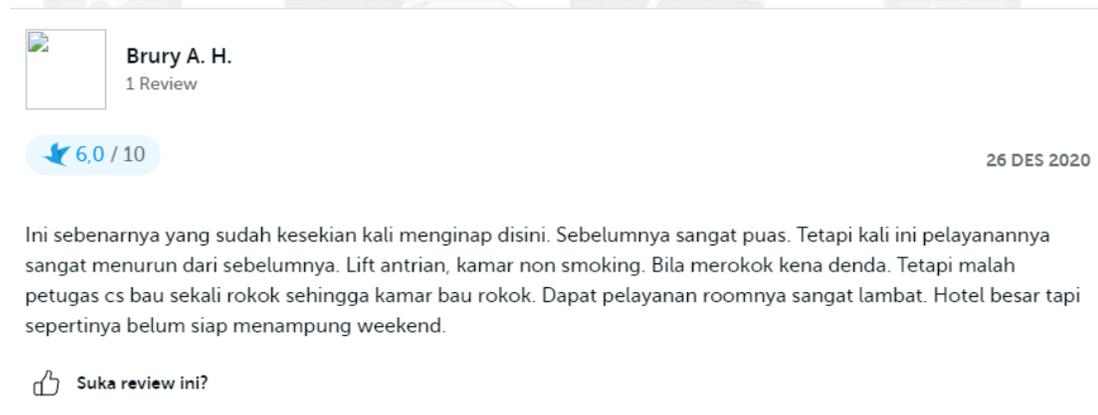


Figure 1.1 Customer Testimonials

Source: Traveloka (2021)

Therefore, in order to figure out the main problem causing the customer satisfaction, the author has done some preliminary interviews with few customers and discovered a phenomenon problem regarding the brand image of Cambridge Hotel. A

person with initial “J” who is from Jakarta and always visits Medan for some family events has confessed that she has never heard a hotel named Cambridge Hotel, but she did know Grand Swissbel Hotel which is the name of the hotel before it changed their brand name. This shows that the brand image of the hotel is not strong enough for people to recognize it and they do not have any information towards this hotel.

The stronger the brand image is, the more people will trust and be attracted to the brand company. Another person with initial “M” stated that, he preferred and favor other international chain hotel brand with a stable brand image rather than staying in a local hotel brand without knowing any information or knowledge about the hotel.

Based on the discussion of the problem above, the author decided to choose a title called **“The Influence of Brand Image towards Customer Satisfaction in Cambridge Hotel Medan.”**

1.2 Problem Limitation

Based on the title of the research “The Influence of Brand Image towards Customers Satisfaction on Cambridge Hotel, Medan”, the author want to focus on how to understand the brand image of the hotel plays an important element in determine its customers satisfaction. Thus, the author will obtain data from customers who have ever stayed in Cambridge Hotel at least once. The customer who stays in

Cambridge Hotel at least once can experience their service with the current brand image of the hotel to know whether they are satisfied or not with the hotel.

The author will use Keller in Semuel and Wibisono (2019) strength, favorability, and uniqueness as the indicator of the independent variable (X). As for the dependent variable (Y), the author will apply the indicator of overall customers satisfaction, satisfaction's dimension, confirmation of expectations, re-purchase interests, willingness to recommend, customer dissatisfaction by Tjiptono in Al Fian (2016).

1.3 Problem Formulation

Based on the background of the research, there are some problems found such as:

1. How is the brand image of Cambridge Hotel Medan?
2. How satisfied is the customers or guests in Cambridge Hotel Medan?
3. Are there any influences between brand image towards customers satisfaction in Cambridge Hotel Medan?

1.4 Objectives of the research

The purpose of this research is:

1. To know how the brand image in Cambridge Hotel Medan.
2. To discovered how satisfied is the customers in Cambridge Hotel Medan.

3. To understand the influence of brand image towards customers satisfaction in Cambridge Hotel Medan.

1.5 Benefit of the research.

In this research, the researcher is expected to spread knowledge, also to give theoretical benefit and practical benefit for the readers. The benefits of the research are:

1.5.1 Theoretical benefits

In theory, this research can help the author to gain more knowledge regarding on how brand image can influence customers satisfaction. This research can also be used as a references, information, and material for a further related research.

1.5.2 Practical benefit

In practical, the researcher expects that this research will be useful for the hotel itself and other related companies on the insight information regarding on how to maintain a good brand image to satisfy their customers.