

CHAPTER I

INTRODUCTION

1.1. Background of the Study

Despite the economic slowdown in Indonesia and globally, Southeast Asia's largest country continues to attract growing number of travelers from around the world. Demand for hotel accommodation is set to rise significantly over the coming years. The hotel industry in Indonesia is expanding with hotels being erected in practically every city. Starting with one-star hotels and progressing to five-star hotels. Hotels can sprout up in both large and small cities. At this point, the hotel industry has evolved into a very promising commercial field, with all modern people who travel out of town for work or leisure in severe need of accommodations or hotel services. Consequently, hotels are one of the primary drivers of Indonesia's tourism growth. As a result, the hotel industry has bright prospects, even though its management necessitates a substantial amount of capital and manpower. However, many Indonesian entrepreneurs are enticed and begin investing in the hospitality sector in order to maximize profits while also giving comfort to hotel visitors.

The hotel industry is a hybrid service industry in which products and services are offered in equal parts. Hotel product sales include meals, beverages, hotel rooms, and other tangible amenities. While the services supplied are intangibles such as employee friendliness and hotel staff/employees' skills in serving their customers. Previously, the hotel's main role was to accommodate the needs of guests (tourists or travelers) as a temporary place to stay while away from

their place of origin. In general, the major needs of hotel visitors are rest, sleep, bath, eat, drink, amusement, and so on. However, with the current development and improvement of hotels, the function of the hotel is expanding as a destination for conferences, seminars, workshops, national discussions, and other such activities, which of course give entire facilities and infrastructure.

Eventually, competition among hotels becomes more intense in order to attract tourists or customers. Every corporate operation is now motivated to exceed customer expectations. One of the most crucial tactics for surviving in an increasingly competitive market is to provide customers with high-quality services at reasonable costs in order to achieve customer satisfaction. One of Wing Hotel Kualanamu's strategies is to provide good facilities such as providing a gym, 3D museum, various packages (wedding packages, birthday, social gathering), mini markets, and surrounded by various cafes.

According to Rewa (2019) in a publication titled "*Pengaruh Harga dan Kualitas Pelayanan Terhadap Kepuasan Konsumen Di Hotel Grand Aquila Bandung,*" price and service quality have a substantial simultaneous influence on customer satisfaction. Customers consider price when deciding which services to use because cheap or expensive hotel room prices offered will cause distrust or beyond the customer's economic limits not to choose the hotel. Wing Hotel Kualanamu has competitors in the same location that give price competition to customers.

Table 1. 1 Normal Room Price Comparison

Hotel	Price
Wing Hotel Kualanamu	IDR510,000 - IDR1.471.000
Crew Hotel Kualanamu	IDR265,000 – IDR450,000

Source: Data Prepared by the Writer (2021)

In addition to price, one of Wing hotel's customer satisfaction strategies is to improve service quality. Based on google reviews, there are customers who are satisfied with the price and service quality provided by Wing Hotel Kualanamu, such as; nice restaurant architecture, comfortable bed, strategies location, affordable price and spacious room with complete facilities, and all of the are modern furniture. Apart from that, there are also customer complaints about the quality of services provided by Wing Hotel Kualanamu, including:

Table 1. 2 Customer Complain about Service

Customer Complain	Description
Azhar Gemstore	Ask to morning call at 5 AM, but the staff did not do it
	Ask to use free transportation at 6 AM, but the staff said we did not request when check in
Mary D	Roaches everywhere
Rifatus Zuhriyah	When stay 24 hours from 7 PM, the staff did not provide any mineral water because only stay in 24 hours
Daniel Sadikun	Did not get any Wi-Fi signal in room
Ted K Fong	The price is higher for overnight stay

Source: Data Prepared by the Writer (2021)

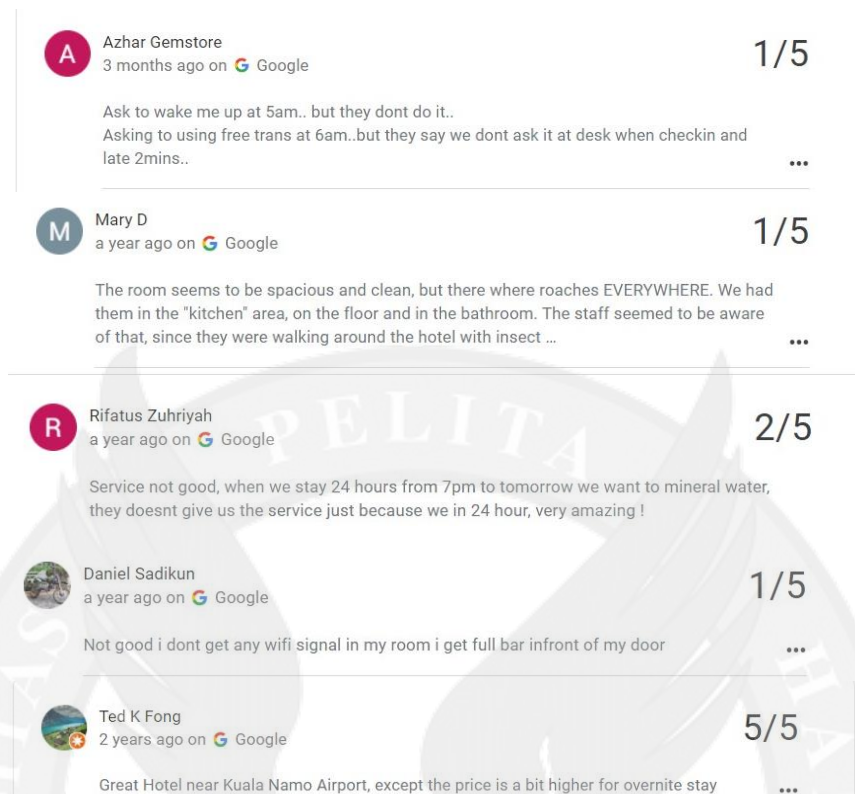


Figure 1.1 Customer Complain

Source: Google Review, Data Prepared by the Writer (2021)

Customer satisfaction is a type of behavior from decision-making units to make continuous purchases of goods or services from a chosen company. According to Figure 1.1, the number of customers choosing services increases and decreases between January and May 2021. This demonstrates whether the drop is the result of insufficient pricing or of Wing Hotel Kualanamu's ineffective service quality management.

Occupancy 2021

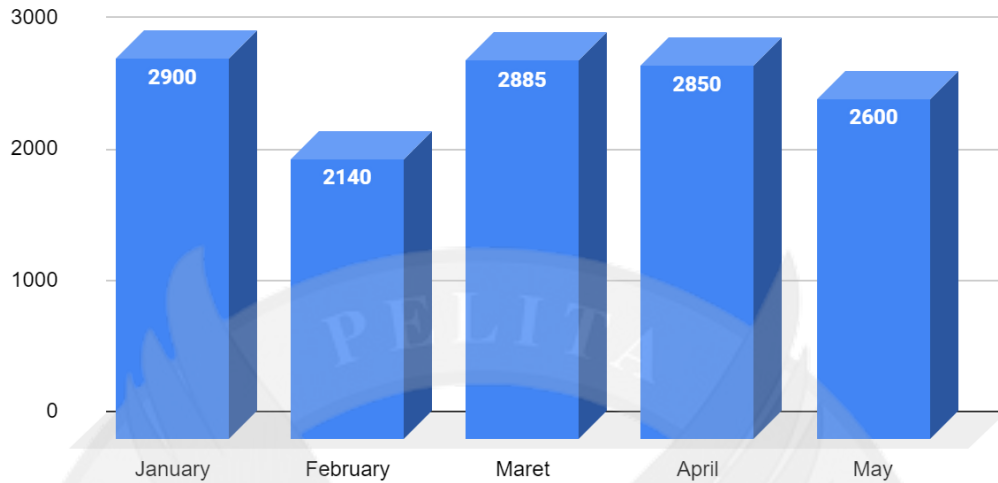


Figure 1. 2 Occupancy 2021

Source: Wing Hotel Kualanamu, Data Prepared by the Writer (2021)

Based on the explanation above, there are several problems with the service as well as the price provided by Wing Hotel Kualanamu to customers which causes a decrease in customer satisfaction. By understanding this situation has piqued the researcher's interest in carrying out a research titled **"THE INFLUENCE OF PRICE AND SERVICE QUALITY TOWARD CUSTOMER SATISFACTION AT WING HOTEL KUALANAMU MEDAN"**.

1.2. Problem Limitation

Based on the facts, there are issues that could be discovered, such as price and service quality at Wing Hotel Kualanamu Medan in terms of customer satisfaction. The scope of the research is limited at Wing Hotel Kualanamu in order to be more focused and easier to collect and process data. In this research, the dependent variable (Y) is customer satisfaction with the indicators are the conformity of customer expectation, willingness to recommend, and intention to

repurchase or revisit. Whereas the independent variables are price (X_1) which mainly focused on the room price provided to customers with the indicators such as affordability price, price compliance with product quality, price competitiveness, and price compliance with benefit. While the other independent variables are service quality (X_2) with the indicators such as tangible, reliability, responsiveness, assurance, and empathy.

1.3. Problem Formulation

To achieve the goals of demonstrating the influence of price and service quality on customer satisfaction at Wing Hotel Kualanamu Medan. The following will be the problem formulation:

1. How is price implemented at Wing Hotel Kualanamu Medan?
2. How is service quality implemented at Wing Hotel Kualanamu Medan?
3. How is customer satisfaction implemented at Wing Hotel Kualanamu Medan?
4. How the price influence partially on customer satisfaction at Wing Hotel Kualanamu Medan?
5. How the service quality influence partially on customer satisfaction at Wing Hotel Kualanamu Medan?
6. Do the price and service quality have influence simultaneously on customer satisfaction at Wing Hotel Kualanamu Medan?

1.4. Objective of Research

The aims of this research are as follows, in accordance with the description of the problem given above:

1. To know how good Wing Hotel Kualanamu Medan provide the price to customer
2. To know how good the quality of service delivers by Wing Hotel Kualanamu Medan.
3. To know the level of customer satisfaction at Wing Hotel Kualanamu Medan.
4. Understanding the partial influence of price on customer satisfaction at the Wing Hotel Kualanamu Medan.
5. Understanding the partial influence of service quality on customer satisfaction at the Wing Hotel Kualanamu Medan.
6. Understanding the simultaneous influence price and service quality on customer satisfaction Wing Hotel Kualanamau Medan.

1.5. Benefit of the Research

The findings of this research are expected to benefit the readers in both theoretical and practical ways.

1.5.1. Theoretical Benefit

The findings of this research are likely to be valuable for the advancement of education or the application of more education in the areas of price, service

quality, and customer satisfaction. This research was conducted to compare the theory studied with the facts in the field so that it can provide an idea of the study of marketing management. Furthermore, it is projected to provide value to scientific knowledge in the areas of price, service quality, and customer satisfaction in the hotel industry in Indonesia.

1.5.2. Practical Benefit

It is anticipated that the findings of this research will be benefit for:

1. For Company

Based on the findings of this research, the company can devise a strategy for addressing existing issues in order to improve service quality and set pricing that are commensurate with the level of service supplied to customers. Furthermore, the company can discover other aspects that can influence customer satisfaction aside from the price and quality of service given by Wing Hotel Kualanamu Medan.

2. For Writer

This research is deemed to be valuable as a training tool for learning price, service quality, and customer satisfaction in the hotel industry. Researchers can also investigate the problems that exist in the hotel, as well as the characteristics of hotel customers and other factors, in order to develop a strategy that makes customers feel satisfied with the products and services provided by the hotel, as well as knowledge to enter the hotel industry in the future.

3. For Future Research

This research is likely to be beneficial as a reference for future research on the influence of price and service quality on customer satisfaction in the hotel industry.

4. University

This research can be used by universities to improve the quality of education by assisting students in understanding the material of price, service quality, and customer satisfaction that was conducted through lectures.

