

CHAPTER I

INTRODUCTION

1.1. Background of the Study

Hospitality industry is an industry that mainly focuses on providing services to meet customers' satisfaction and some are also sell their products. Nowadays, hospitality industry has been growing rapidly that more hotels were built, more restaurants or cafes were opened and also more businesses that were opened by providing services rather than selling products. Hotel as a part of hospitality industry that does not only provide services to meet guests' satisfaction but also has their own coffee lounge for guests to relax while selling their foods and beverages to their guests to increase revenue.

With the rapid growth of more hotels were built, it also means that competitors are increasing. According to *MedanBisnis* (2018), the growth of hotels in North Sumatera have been increasing with the total of 897 hotels at the end of 2016. It is also said that the percentage of growth is 10.46% from the previous year (PHRI Sumut, 2018). Based on the data of *Badan Pusat Statistik Provinsi Sumatera Utara* (2018), the table shows the data of hotels starting from one-star hotels until five-star hotels which were built every year combined with hotels that are still in operation in Medan since 2011 until 2017.

Table 1.1 Total of Hotels in Medan 2011 – 2017

Hotel	2011	2012	2013	2014	2015	2016	2017
One-star	13	16	15	13	11	4	8
Two-star	4	4	6	8	9	8	15
Three-star	8	9	14	17	18	16	25
Four-star	8	7	11	12	13	8	6
Five-star	4	5	5	5	5	3	7

Source: Prepared by the writer (2019)

From the table shown above, three-star hotels have been gradually growing since 2011 until 2017. With the increasing of the competitors of three-star hotels, guests will start comparing each hotels to choose for their stay. The main focus of guests comparing each hotels are the service

quality of the hotels that could meet their satisfactions. Guests will compare each hotel by reading the comments or reviews from other guests, friends or families that had ever stayed at the hotels. The reviews of every hotel can be seen from various websites such as TripAdvisor, Agoda, Traveloka, or directly type the name of the hotels on Google and all the reviews will be shown. Thus, businesses like hotels are competing with each other to meet the needs and demands of guests.

The main problem that all hotels often faced is the service provided to their guests. Service is very important because it acts as the main factor of the hotels operations. The service provided determines the happiness or the satisfactions of guests visiting or staying at the hotel. As a result, when a good service that meets the guest's expectations is provided, the satisfied guest will provide good or even excellent reviews of the hotel and if a bad service is provided, the guest will be disappointed and the consequence will be the bad reviews received from the dissatisfied guests, thus it will affect the reputations of the hotel. A good service quality also ensures that the guests will return to the hotel and bad service quality will create bad impressions for guests and it is certain that guests will never come back for the second time. Every hotels were classified based on their standard like the total of rooms, the facilities of the hotels, the size of the hotels, and the location (Yuvraj, 2017). Based on this standard, hotels are classified into one-star hotels to five-star hotels. Although the standard of each hotels is different, the service and the quality of service provided in every hotel is equivalent because the purpose is to satisfied guests. Many hotels still think that if their hotels are below four-star to five-star hotels, they do not have to provide a good service equal to the five-star hotels because based on the perspective of the hotels, the lower the star, the lower the price of the hotel. So, the hotels that are below four-star to five-star will provide the quality of service equivalent to the price of the hotels. The continuation of this mindset will lead to the failure of hotel businesses due to when guests complain about the service, employees will always think that the hotel is not a five-star hotel so the service provided will not

be equal to the five-star hotel. When guests complain or dissatisfied with the quality of service provided, they can easily change places to stay because there are other hotels that could meet their needs and demands. According to Castillo et. al. (2014), with the highly competitive hospitality industry, hotels are required to be attentive and conscious of the needs and demands of guests.

Hotels are divided into several departments which are Front Office Department, Food and Beverage Department, Food Production Department, Housekeeping Department, Engineering Department, and the Back Office Department. These departments are crucial and significant in the operation of hotel however, the most important department of the hotel is the Front Office Department because Front Office Department is the first department that guests meet when they enter the hotel and Front Office Department also acts as the core department of the hotel. The reason is due to Front Office Department is the department that connects the other departments with the guests. When guests need something in the room, guests will always call the Front Office Department and then the message will be transferred to other departments by the Front Office staffs. Even when the requests of guests are fulfilled, person in charge of the other departments will always report to Front Office Department that the requests are done. The service provided in Front Office Department must be able to meet the guests' satisfaction or even exceed the guests' expectations because it is the department that implement first impression and also last impression for guests.

Favehotel S. Parman Medan which is managed by Archipelago International is a three-star hotel located at the center of business district and it is convenient to all business destinations like government offices and also easy access to tourist destinations. Favehotel S. Parman Medan has 131 rooms that are suitable for either business travelers or leisure travelers and with four types of rooms which are Superior, Deluxe, Junior Suite and Suite room. The mottos of Favehotel S. Parman Medan are fun, fresh and friendly to have a pleasant stay experience for the guests. Apart

from rooms, Favehotel S. Parman Medan also have four meeting rooms named Mahoni, Meranti, Eboni and Damar for businessman to have private meeting or hold an event like seminar and stuffs. Compared to other hotel in Medan, Favehotel S. Parman Medan is ranked 12 out of 107 all hotels in Medan as stated in TripAdvisor website. According to the traveler ranked on TripAdvisor, Favehotel S. Parman Medan received the second highest rate out of 53 three-star hotels in Medan. The rank received is based on the reviews and ratings given by guests that had ever stayed at Favehotel S. Parman Medan and experience the service provided for them. Even though Favehotel S. Parman Medan is ranked 12 out of 107 hotels in Medan and as the second highest rate received from the travelers' reviews, there will always have issues or problems occurred in the hotel. For example, there are some cases happened before about bad service quality given to customers at Favehotel S. Parman Medan based on the reviews on Revinate websites which were the sudden ring of emergency alarm for maintenance but without prior notice to guests. The guests were very surprised and frightened that the guests ran all the way down to the front desk but the front desk staffs shown a very rude attitude to the guest. There were also complaints from guests that they had waited until three o'clock in the afternoon but the room was not ready to be check-in yet and when the guest asked about the room, they said that they need to clean the rooms that had just checked-out so they did not handle the previous room. There were also reviews shown on Google reviews that the check-in process was slow moreover, guests had to wait for about 30 minutes to be confirmed with the room that they booked three days ago because the front office staff said that there were no room reservation of the guests. These bad reviews mean that Favehotel S. Parman Medan did not maintain their service quality especially in the Front Office Department. When a hotel that has good rating, guests will definitely have high expectations for the hotel compared to other hotel competitors, thus, a hotel with good rating is obliged to always maintain their service quality to not disappoint their guests and also to compete with the other hotels. Opinions of guests could

determine the reputation of the hotel whether they are good or bad opinions and these opinions could be spread through word-of mouth or reviews on websites.

Based on the background of study, researcher has concluded the topic in understanding more on the importance of maintaining service quality in a way to meet guests' satisfaction in Front Office of Favehotel S. Parman Medan.

1.2. Problem Formulation

Based on the background of study above, the problem formulations are:

1. Why service quality is important in the Front Office Department?
2. What are the significant factors in maintaining the service quality provided in the Front Office Department of Favehotel S. Parman Medan?
3. Why is it important to maintain service quality in the Front Office Department?

1.3. Research Focus

The purpose of doing this topic as research is to understand the importance of maintaining service quality in the Front Office Department in order to prevent the opportunity of complaints from guests and increase the possibilities of return guests. So, this research will be focusing on the understanding of service quality of Favehotel S. Parman Medan moreover, this research will also be focusing on how to maintain the service quality in Favehotel S. Parman Medan and there will also be focusing on why maintain service quality is important in the Front Office Department of Favehotel S. Parman Medan.

1.4. Objective of the Research

The objectives of the research are:

1. To understand the importance of service quality in the Front Office Department of Favehotel S. Parman Medan.
2. To gain insight on the factors that are important in maintaining service quality to meet guests' satisfaction in the Front Office Department.
3. To understand why it is significant in maintaining service quality to meet guests' satisfaction in the Front Office Department of Favehotel S. Parman Medan.

1.5. Benefit of the Research

This research will provide two benefits for the related or even the unrelated parties which are:

1.5.1. Theoretical Benefit

The theoretical benefits of this research are:

1. This research is conducted to enhance the understanding of the service quality in the Front Office Department in a hotel.
2. This research is supposed to provide insight to the reader and also act as the reference for those who are keen to do similar research in the future.

1.5.2. Practical Benefit

The practical benefit of this research is:

1. This research is expected to aid Favehotel S. Parman Medan in understanding the importance of maintaining service quality in Front Office Department to meet guests' satisfaction.
2. This research is expected to be the information for the hospitality industry companies that have the similar dispute and aid to provide understanding of the importance in service quality so that the companies like hotels understand how to

maintain the service quality provided and diminish the possibility of receiving bad reviews about the service quality provided.

1.7. Systems of Writing

There is a system in writing this script which will be as follows:

Chapter I: Introduction

This chapter will discuss on the background of study of this research, problem limitation, problem formulation, research focus, objective of the research, benefit of the research, and the system of writing. Hospitality industry is an industry that mainly focuses on providing services to meet customers' satisfaction and some are also sell their products and hotel is one of it. The main purpose of the hotel is providing service quality that meet guests' satisfaction. The good and bad service quality will affect the level of satisfaction of the guests. Thus, it is required for the hotel to understand the important of service quality to meet guests' satisfaction. The problem limitation is about the limit to where the research will be observed. The problem formulations are regarding the question of the problem that could be found in this research and objective of the research will be about the solution or answer to the problem formulation. Research focus is about the main point of the topic of research and the research will mainly focus on those aspects. Benefit of research is about the advantages gained by the readers from this research and lastly, system of writing contains the overview of how the writing is done in this research.

Chapter II: Literature Review

This chapter consists of the theoretical background that are related to the topic of this research which include the definition of hospitality industry, hospitality management, hotel, front office, service quality, guests' satisfaction and the relationship between service quality and guests' satisfaction. Service quality is defined as an ability of service to fulfill two objects which are needs and demands of customers and there

are two main factors that affect service quality which are the experience expected and the service provided. Guests' Satisfaction plays the significant aspect and aids the hotel in the improvement of their standards and also conveys insight about the competitors moreover, it is broadly authorized that satisfaction is related to guests' expectations and is described as a comprehensive feeling or emotion ensuing from the guests' disapproved expectations. Service quality has been proven to be the best determinant of guests' satisfaction when thinking of the service sector. In this chapter, prior research and framework of thinking are also included. Prior research will be about the similar or the related research that has been conducted by the previous researchers and the framework of thinking is a structure that illustrates the thinking of the writer in doing the research.

Chapter III: Research Methodology

This chapter explains the way or method of the writer in doing this research and the contents of this chapter are the research design, research object, data collection method, and data analysis method. The research design used in this research is the qualitative method means that it is a descriptive method and not based on data statistics. The research object of this research is Favahotel S. Parman Medan which is a newly built three-star hotel in 2017. Data collection method describes how the data is collected in this research and the data is obtained through observation and interview in the hotel also the data based on the review websites. After the data is collected, the data will then be analyzed using case study and also the descriptive method.

Chapter IV: Data Analysis and Discussion

This chapter consists of the general description of the research object, the data analysis, and the discussion regarding the result of the data that has been analyzed. The general description of the research object is about the hotel's history which also includes the vision and mission of the hotel and the organizational structure. The data analysis consists of the analysis of the data in form of interviews and observation also the reviews

of the hotel that are related to service quality in Front Office Department and discussion is about the explanation of the result from the data that has been analyzed.

Chapter V: Conclusion and Recommendation

This chapter explains the result of the research study that has been summarized, the implication from the result of the research and recommendations for the business entity, society or the people that are related to this research. The implication of the research is to understand how to maintain service quality in the Front Office Department. The recommendation is provided to the hotel for the understanding of importance in maintaining service quality to meet guests' satisfaction.

