

CHAPTER I

INTRODUCTION

1.1 Background of Study

The development of technology has brought changes to the booking process of any kind of reservation in a Hospitality sector. One of the changes affect Aryaduta Medan Hotel that is a 5-stars hotel from Lippo Group. Based on the Aryaduta Medan Hotel system (2023), the Market Segment Report from January 2023 to June 2023 shows a phenomenon that occurs at the Aryaduta Medan hotel where the majority of reservations that interface with the hotel system are reservations from Online Travel Agents.

According to Ronny Octavianus (2023), as the Front Office Manager at Hotel Aryaduta, he stated that Aryaduta is dominated by online reservations where this phenomenon requires the hotel to pay approximately 15% commission fee for every reservation made to the third parties. Some of the third-parties travel agents that make a lot of hotel reservations are Traveloka, Booking.com, Agoda, Expedia, and so on.

Since the beginning of time, people have understood that the definition of Hospitality includes welcome, warmth, kindness, and generosity. In the past, according to Dr. Radhika Kapur (2019), people do really valued hospitality highly for its impact on their ability to practice in their religion. The act of generously providing care, civility, and courtesy to those in need is known as Hospitality.

The definition of hospitality itself is the pleasant and inviting attitude or behaviors of visitors and strangers. This thing specifically refers to the warm, pleasant, charming, and generous welcoming or greeting. A Hotel is a specialized establishment in the Hospitality sector that will charge the visitors for lodging and a bunch of additional services. The Hotel itself will provide the travelers a place to stay, rest, and frequently to conduct a business or leisure activities. Therefore, Hotel is an essential part of the Hospitality industry to give visitors memorable stays.

In Hospitality sectors, Hotel often provide several key characteristics that include:

a) Accommodation

The hotel room provides a range of comforts as well as conveniences. These accommodations frequently come with in-room conveniences which include Wi-Fi and basic furnishings like beds, bathroom, and sofa.

b) Services

To improve the guest experience, hotels offer a variety of services that include laundry, room services, concierge assistance, housekeeping, etc.

c) Facilities

The hotel frequently features amenities on-site to meet the needs of the visitors. The facilities could be restaurants, bars, gym facilities, conferences, an event, business venue, public area, etc.

d) Location

Hotels itself are thoughtfully positioned in areas that serve traveler demographics, whether they are close to commercial areas, tourist attractions, airports, or other important locations.

e) Hospitality

One of the pillars of the hotel business is offering first-rate customers services. The staff members at the hotel, including those at front desk, cleaning and restaurant are educated to make visitors feel at home during their stay.

f) Booking

The development of technology has led to changes in the booking procedure. Therefore, the hotel reservation now be done through the hotel's website, phone calls, or online travel agent companies.

Aryaduta Hotel is a division of the "Lippo Group" that has concentrated on the Indonesian hotel market since 1976. The total of 10 hotels owned and operated by Aryaduta, which are spread out across 9 cities and one of them is Aryaduta Medan. Aryaduta have earned recognition as a hotel brand that offers the customers a genuine Indonesian Warmth and Hospitality.

Aryaduta Hotel known as a symbol of traditional-modern Indonesian hospitality that consistently improving its product offerings, training, and service experiences while maintaining its distinctively.

Aryaduta Medan is part of the Lippo Group that located in the Grand Palladium Mall in the center of the third-largest city in Indonesia provide 195 of rooms and suites to satisfy the local as well as vacation travelers.

The following are the Room Category that available at Aryaduta Medan:

Table 1.1 Room Category at Aryaduta Medan 2023

| Room Types | Qty | Smoking | Size |
|-----------------------------|-----|---------------------------------------|---------------------|
| Aryaduta Presidential Suite | 1 | No | 216m ² |
| Business Suite | 1 | At Terrace only | 120m ² |
| Executive Suite | 2 | At Balcony for Room #1122 only | 80m ² |
| Junior Suite | 1 | At Balcony | 50m ² |
| Deluxe Suite | 11 | No | 40-45m ² |
| Pool Terrace | 13 | At Terrace only | 34m ² |
| Grand Deluxe | 8 | At Balcony | 34m ² |
| Premier Deluxe | 113 | Smoking and Non-smoking are available | 34m ² |
| Deluxe | 45 | Smoking and Non-smoking are available | 28m ² |

Source: Aryaduta Medan Hotel System (2023)

Table 1.1 shows the data obtained from Aryaduta Medan Hotel System; the company itself provides 195 rooms starting from the highest category which is Aryaduta Presidential Suite, and the lowest category which is Deluxe room.

Talking about Booking, (Lipinski, 2021) stated that Direct Booking enables the hotel to conduct business with clients directly. Direct sales have two benefits, namely the hotel has a direct relationship of communication with the consumer and avoids paying commission to third parties.

Direct booking from the hotel might change the way customers decide, the customers can conduct direct bookings by directly booked through the hotel website, walk-in reservation, phone calls, through hotel official WhatsApp. Customers can easily book accommodation from the website which is known as www.aryaduta.com. The website of a hotel will give the first impression to the potential guests who might stay at Aryaduta. Hotel should create a website that gives a great impression, that way it will create a great user experience.

Marketplaces that offer customers a choice of hotels to choose are referred to as Online Travel Agencies. Online travel agents usually known as OTA act as intermediaries between travelers and hotels, charging a modest commission in the process. Online Travel Agent Bookings have exploded in popularity recently because OTA are used by millions of travelers around the world to organize their trips and stays.

OTA is welcomed by lodging establishments/hotels since it facilitates communication or distribution between lodging establishments and consumers. Business to Business (B2B) system, which is an electronic transaction of one business object to another business object, several OTAs

also launch collaboration programs with lodging providers (Hendriyati, 2019).

An online Travel agent now widely used by tourist worldwide, which means the guests can create their reservation online and conduct the payment through the OTA website. This will keep the agreed-upon commission per reservation in place before giving the hotels their share of the remaining sum.

Both Direct Booking and Online Travel Agent Bookings might change the way customer decides when making a reservation at a hotel. Customers Decision Making is the process in which customers make decisions involves acquiring information and weighing the advantages of a product or service that the business is offering. Consumer decision-making has a significant impact on the company's ability to develop its sales and generate profits.

Thus, businesses must use a variety of pertinent methods to persuade consumers to make judgments and decisions. (Alina Stankevich, 2019) mentioned that the traditional approach to consumer decision-making Consumers will go through five steps in the "Five-stage model of the Consumer Decision Making Process" while making a purchase of a good or service. The following are the Five-stage model of Customer Decision Making Process:

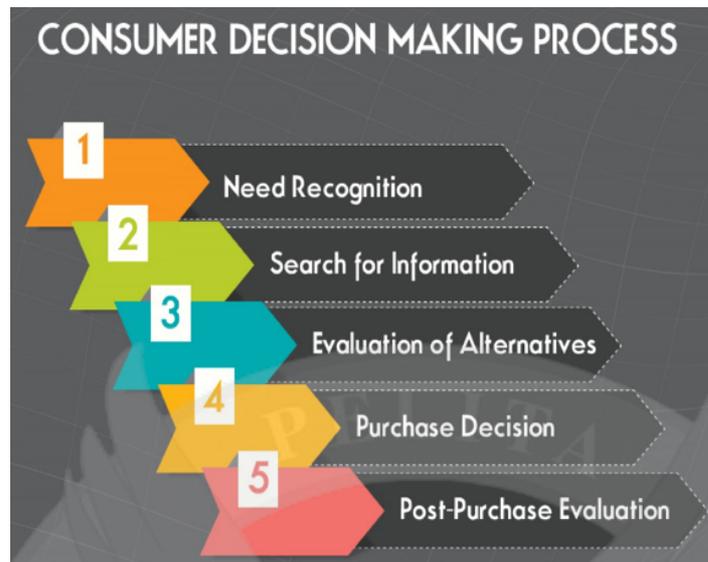


Figure 1.1 Five Stages Model of Customer Decision Making

Source: Business Study Notes (2020)

Figure 1.1 shows the Customers Decision Making process that includes recognizing the needs, acquiring all important information, evaluating the alternatives that exist, deciding, making the decision as well as reflecting on the outcomes. Making wise judgements in both personal and professional life requires an understanding of The Customers Decision Making process and the elements that will affect the decision.

Previous research conducted by Hanna Willman-Livarinen, shows that the concept of consumer decision-making methods will depend on various elements namely context and situation, the changes in these variables will affect the decision-making process. Other changes like mediatization, the power of social networks, the expansion of possibilities, time constraints, and lack of attention can change the way people decide something. This shows that every customer has a different concept of

decision-making. Therefore, in this context there are customers who prefer Direct bookings but there are also those who prefer Online Travel Agent bookings.

With this paper titled “**THE ANALYSIS OF DIRECT BOOKING AND ONLINE TRAVEL AGENT BOOKING TOWARDS CUSTOMERS DECISION MAKING IN ARYADUTA MEDAN**”, the writer aims to study the customer decision making in Aryaduta Medan.

1.2 Problem Limitation

The scope of this research has several limitations as the research object, Aryaduta Medan is located at Jl, Kapten Maulana Lubis No.8, Petisah Tengah, Kecamatan Medan Petisah, Kota Medan, Sumatera Utara. In this study, the research will be based on observation, documentation, and interviews with Aryaduta’s customers and the staff that working at Aryaduta Medan. In addition, this research will focus on 3 variables which include 2 independent variables and 1 dependent variable. The independent variables include Direct Booking and Online Travel Agent Booking. Therefore, the dependent variable is the Customers Decision Making.

1.3 Problem Formulation

1. Why do the customers at Aryaduta Medan prefer to book hotel rooms using Direct Booking?
2. Why do the customers at Aryaduta Medan prefer to book hotel room using Online Travel Agent Booking?

3. Between Direct Booking and Online Travel Agent Booking, which one is more desirable to customers at Aryaduta Medan?

1.4 Objective of The Research

This study aims to:

1. To analyze why the customers at Aryaduta Medan prefer to book hotel rooms using Direct Booking.
2. To analyze why the customers at Aryaduta Medan prefer to book hotel rooms using Online Travel Agent Booking.
3. To observe which one is more desirable to customers at Aryaduta Medan, The Direct Booking or Online Travel Agent Booking.

1.5 Benefit of The Research

The benefits of the research will be divided into two points, namely Theoretical Benefits and Practical Benefit. The following are the explanations:

1.5.1 Theoretical Benefit

This research is expected to be a guide for a company namely Aryaduta Medan. The guide can be used as a reference for what factors the company should improve or re-evaluate the performance in the hotel industry.

1.5.2 Practical Benefit

For Practical benefits, derived from this research can be divided into two benefits, namely benefits for researchers and for readers.

1. For the Researcher

Talking about benefits for the researcher, the writer becomes able to implement the knowledge that has been learned during lectures. In this context, the writer can also analyze further about the Aryaduta Medan company and the actual cases that occurred rather than just studying them in theory.

2. For the Company

It is expected that this research will give the company suggestions and guides to improve the hotel performance in the reservation section.

3. For Reader or Future Researcher

The benefit that the future researcher will get is being able to learn about this topic which can be used as the references or guides if the reader is considering starting a hotel business.

