

CHAPTER 1

INTRODUCTION

1.1 Background of the study

Indonesia is a diverse and alluring tourist destination renowned for its breathtaking natural landscapes, rich cultural heritage, and welcoming hospitality. As the world's largest archipelago it consists of over 17,000 islands, each of which offers visitors a different travel experience from romantic beach vacations sports, including some of the world's top diving locations like Raja Ampat., wellness journey, culture, and thrilling adventures.

The island of Bali is one of the few small islands in Indonesia that has a big enough impact on Indonesian tourism. One of the businesses that feel the impact of increasing tourist arrivals to Bali is the hotel industry. The need for hoteliers to offer outstanding hotel experiences for guests is becoming more and more critical as the hotel business in Indonesia faces greater competition. The possibility that guests will return to a hotel and sustain their loyalty can be increased with an improved understanding of how they create such experiences.

W Bali- Seminyak is one of the five-star hotels in thirty brand properties under Marriott International Company. W Bali-Seminyak is surrounded by fierce other five-star hotels such as The Legian, The Seminyak Beach Resort & Spa, The Akasha Luxury Boutique Villas. Due to the intense competition, W Bali- Seminyak must constantly raise the quality of the products and services it provides in order to retain and grow its customer loyalty. The purposes of this research is to look into

the effects of service quality and brand reputation towards customer satisfaction in W Bali- Seminyak.

Service quality is an important component of customer perception, because it contains information regarding customer satisfaction according to Ismail, Haron, Ibrahim, & Isa, 2006 cited in Sitorus, T., & Yustisia, M. (2018). The ability of a company to give high-quality service will ultimately lead to effective customer retention in today's modern, competitive, and globalized business environment. Poor hotel service will result in disappointed guests, which will decrease demand and lower hotel performance. Based on (Othman et al. 2019) implementing an effective service quality strategy will be necessary since excellent service will result in satisfied customers.

Another key component that might influence customer satisfaction is brand reputation. In the hospitality industry, building a brand is a lifetime commitment that can earn referrals and high percentage of business repetition. According to Kotler and Armstrong (2018) state that brands are not just names or symbols, but brands are a key element in the relationship between a company and its customers. According to Mcpheron (2021) and Wardhana, et al. (2021) Customers are more likely to repurchase a product if they have a positive view of the brand. On the other hand, there are few chances of repurchasing a product if the brand's image is poor.

Customer satisfaction can be strongly effected by excellent service quality and good brand reputation. Excellent service quality will lead to meeting customers' expectation, building trust, creating a loyal customer, resulting in

improved customer satisfaction. A good brand reputation will help to attract new customers and resilience towards negative incidents.

Recently, on a platform called Trip Advisor, guests have offered ratings to Hotel's service and reputation. The writer found that the ratings and feedback left by the guest to the hotel complained that the Hotel services fell short of their expectations and that the hotel's reputation and services provided were poor.

Table 1.1 Table of Guest Review at W Bali Seminyak

Name	Reviews	Time Frame
V Barnes	<p>I had high expectations staying at the W given the eye watering prices. We waited a long time to check in to find we were upgraded to a sea view room - that made things better. Only to find our friends who checked in 5 Minutes later got upgraded to their own Villa and pool. It felt a little inconsistent in service.</p> <p>Decor feels outdated and not as luxurious as other W hotels previously visited. Breakfast service was very slow in the Starfish Bloo. Overall felt disappointed with the service and hotel given it is supposed to be the best place to stay in Seminyak.</p>	October, 2022
Evan K	<p>We checked into W today on the last part of our honeymoon stay. It has been very disappointing and by far not in line with other Marriott branded hotels. Very disappointing and by far not in line with other Marriott branded hotels. After checking in, we had lunch in Starfish Bloo. We ordered a seafood platter. Upon bringing the seafood platter to the table, we were instantly swarmed by flies and Mosquitos. It was Very unappetizing! When I told the server. He said it is</p>	September, 2018

	<p>common because flies like seafood. Strange response. If your'e going to serve seafood in a open air setting. You might want to deter flies and mosquitos so they don't contaminate your food you're serving. We complained and the meal was camped by the manager. We stayed at St Regis and Mandapa before ending our Bali honeymoon at the W. These hotels set such a high standard and unfortunately the W doesn't even come close.</p> <p>I cannot recommend this hotel and wouldn.t stay here again. Disappointing end to out otherwise excellent stay in Bali.</p>	
Prakashchoudhary	<p>Booked Room with ocean view and on checkin they said You will get high floor room by tomorrow as of now rooms are not Available and that tomorrow never came requested them three times for same in 5 nights stay but they didn't change. Will never recommend this hotel to anyone.</p>	May, 2023
Sisoysun	<p>I been W bali couple hours ago. And i such as hotel with 2 stars. Not 5 stars hotel.</p> <p>Alright, I can say that ur hotel is quiet busy. But, please maintain ur staff to take care more about whoever come. I came and sit in the Woobar. I saw a lot of staff there. But, nobody give me a menu. Straight away I walk out from there. Seriously you're not 5</p>	July, 2018

From the above-mentioned case, the reviews and feedback left by customers on the trip advisor site indicate that there is a lack in services provided and brand reputation that their expecting from the hotel. As a result, the guest felt disappointed and unsatisfied with the hotel service and the brand reputation.

Based on my observation during my internship program at W hotel, I also had experience regarding complaints from guests about their dissatisfaction. First their complain about the tangible things like the facilities and equipment in the hotel is incomplete like they don't provide the USB cable for each room and need to request it and also the USB cable are limited so they have to wait another guest return it and then they can use it. Second, they complain about the employee reliable enough that they have request many times to change room and the employee said the guest will get it tomorrow but for the whole stay, they didn't change it. In term of responsiveness, the guest complained that she come to the hotel bar and see a lot of employee there but nobody give her the menu, and she already asking for help and nobody response.

For the assurance, the guest complained about their assurance at the hotel when they met an employee who suddenly entered their room with the excuse that he had pressed 3 times but no one answered. The W Hotel Protocol does say that if the staff presses the bell 3 times and no one answers, the W staff can come in to check the situation because they are afraid that something might happen. But the guest felt uncomfortable with this situation and said what if the staff could come in while they were taking a shower if they didn't hear the bell. Lastly, for empathy the guest feel dissatisfied with the response of the employee at their honeymoon lunch. They complained about they were swarmed by flies and mosquitos and got a response by the employee there that it is common because flies like seafood.

During my internship at W Hotel, I gained insights into the hotel's brand reputation through various guest complaints that highlighted service shortcomings.

These instances shed light on key indicators such as brand quality, brand features, brand characteristics, and brand stability in the market, collectively shaping the overall perception of W Bali Seminyak.

Guests expressed dissatisfaction with the need to pay for basic photocopy and printing services, revealing a discrepancy in the perceived quality of the W Hotel brand. The imposition of charges for such amenities contradicts the expected standard of quality associated with a 5-star hotel, impacting the overall image of the brand in terms of excellence.

Furthermore, guests drew comparisons between W Bali Seminyak and other W hotels like W Shanghai and W Sydney. This comparative analysis encompassed service standards, amenities offered, and the overall guest experience. The identified differences highlighted a misalignment in brand features, raising concerns about the hotel's ability to consistently deliver the expected luxury experience associated with the W brand. The handling of guest complaints also revealed certain brand characteristics, particularly in terms of responsiveness and problem resolution. Instances where guests sought assistance but received no response or were provided with explanations that seemed dismissive reflected negatively on the brand's characteristics. The inability to address guest concerns promptly contributes to a perception of the hotel lacking in customer-centric characteristics.

Moreover, guest comparisons between W Bali Seminyak and competitors such as Potato Head and Alila Seminyak, based on feedback and ratings from platforms like TripAdvisor, indicated a potential instability in the market position

of W Bali Seminyak. The hotel's inability to meet or exceed guest expectations may impact its stability in a competitive environment.

In conclusion, the guest complaints during my internship at W Hotel provided valuable insights into the brand reputation of W Bali Seminyak. Addressing the identified issues related to brand quality, features, characteristics, and market stability is essential for aligning the hotel with the expectations associated with a 5-star brand. These strategic improvements are crucial not only for individual guest satisfaction but also for safeguarding the long-term reputation and market position of W Bali Seminyak. We can see the guest feedback and ratings from Trip Advisor to Potato Head and Alila seminyak in the table below.

Table 1.2 Table of Guest Reiew at Alila Seminyak and Potato Head

Hotel	Name	Reviews	Time Frame
Alila Seminyak	Andy	I had the most horrible stay at the Alila. So horrible that I didn't even last the first night. I checked out within the first night and had to find alternate accomodation. I paid \$450 aus per night not including breakfast but it was a 1 star experience. Such a scam. Staff were very rude and didn't acknowledge any arrival. The room was tiny, old and dirty. The room was so far from the main are that I felt not included	September, 2023
Potato Head	Ooodavski	Drink service is shocking, I waited at least 20 min from ordering to receiving 1 bin tang not just once but 4 times. Plenty of staff but I had to chase up every drink. Used to be cool but now it's a dive	January, 2023

Xxxx

From the description above, the writer conducts research in the form of thesis titled: **“The Influence of Service Qualiyy And Hotel Brand Reputation towards Customer Satisfaction at W Hotel Bali Seminyak”**

1.2 Problem Limitation

Due to a lack of resources and time, this research study has the following problem limitation:

1. This study will employ one dependent variable which is customer satisfaction and two independent variables which is service quality, and hotel brand reputation.
2. This research is limited to customer and visitor at W Bali hotel Seminyak.

1.3 Problem Formulation

Based on the context of the study mentioned above, this research is being done to examine several variables that affect customer satisfaction. The problem identified by the writer are:

1. Does service quality have influence on customer satisfaction?
2. Does Brand reputation have influence on customer satisfaction?
3. Do service quality and brand reputation have influence on customer satisfaction?

1.4 Objective of research

The purpose of this research must be understood by the reader in relation to the problem formulation that has been written:

1. To find out if service quality has a significant influence on customer satisfaction.
2. To find out if brand reputation has a significant influence on customer satisfaction.

3. To find out if Service quality and brand reputation will simultaneously influence customer satisfaction in W Marriot.

1.5 Benefit of the research

All conducted research is anticipated to have two different types of benefits for all parties:

1.5.1 Theoretical benefit

The reader and the researcher both stand to gain from this research, which can be separated into two categories.

For the researchers: in this case me, is being able to use the material that have been learned in lectures to further analyze actual firms and cases as opposed to just understanding it conceptually. Besides that, personal growth, knowledge, and skill are developing and increase during this process.

For the reader: From this research the reader will be able to advance their understanding of the effect of service quality and brand reputation towards customer satisfaction.

1.5.2 Practical Benefit

For the writer: The process of carrying out this research requires a variety of skills, including research design, data collecting, analysis, and academic writing. These abilities will useful in upcoming academic and professional activities. Besides that, the writer also will advance the knowledge of improving customer satisfaction.

For the company: The Marriott Company can use this study as a guide to improve the customer satisfaction by understanding the effect of service quality and brand reputation.

For the researcher: The research findings may have practical applications for readers in their jobs, studies, or daily lives, resulting in better procedures or solutions for certain issues. For educational value, they can also utilize this material to instruct their students, or inspire further research into related subjects.

