

## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1 Background of the Study**

In the current era of globalization, the business has a different place than the previous era. In the modern world, more and more modern businesses appear in society and they overthrow many traditional businesses like small kiosks at the side of the street. Today, modern businesses have more chances to achieve success rather than traditional businesses; it is also easier for modern businesses to fit into the society today as corresponding to the era. Although the fact that both modern and traditional business has the same purpose which is to find income, there are some differences in the management (Hasan, 2015).

In today's worldwide competitive business environment, Service quality has ended up an essential idea in service research. It is definitely not possible for a business organization to live on without constructing consumer satisfaction and brand loyalty. Numerous studies have empirically confirmed that carrier pleasant considerably affects company performance, marketplace share, improves income margin and promote consumer loyalty, improve brand image. Kotler (2018), It is apparent that the perceptions of service quality and dedication are associated with loyalty, however, every one of the aforementioned factors, can also additionally have an exclusive effect on consumer loyalty in a specific marketplace. There are 2 reasons which could determine breakdown among the consumer and

the organization which is the natural causes (customer demand for extinction) and artificial causes (insufficient product specifications, inadequate pleasant of service level. It is apparent that which will increase consumer loyalty the organization has to are seeking for to cast off each natural and artificial consumer exit motives.”

Porter (2016), In today's business environment, fierce competition has led to a variety of strategies for corporations to outsmart their rivals. As a result, in recent years, many businesses have placed a greater emphasis on providing excellent customer service as a means of gaining new clients and retaining existing ones. As a result, providing excellent customer service has become a major competitive advantage. While many of them have done a good job of improving services and laying the groundwork for long term success, there are evidence that the majority of them are still working hard to establish rules that will address challenges in successful business strategy. Many of them are unable to endure competition due to a lack of superior customer service. Many clients are dissatisfied with the level of service they received, and some have experienced not only discourtesy but also severe misconduct and other forms of employee behavior. As a result, sales and revenue have been steadily declining, sometimes dramatically.

According to Hana (2018), competitive advantage can be obtained through innovation, which is If competitive advantage is to be realized, which are a vital information and essence. The findings of this study back up Liu's (2019) research, which found that service innovations have a considerable impact on competitive advantage. Because these factors are very weak in contributing to the competitiveness of minimarkets, Consumers place a high value on service quality

and innovation. The service given must be able to provide and add value, and the service must be able to offered value and add more value. The findings of this study back with earlier research that has shown that service quality and service innovation have a significant impact on competitive advantage.

JW Marriott Hotel Medan first opened at 25th February 2009 and located Jalan Putri Hijau No. 10 Medan, owned by Mr. Ishak Charlie. It is first Marriott brand in Medan and 5-star hotel in Medan, North Sumatra. JW Marriott Hotel Medan welcome everyone to Indonesia with an excellent location in the city's core business center and sophisticated luxury. The JW Marriott Hotel Medan is Medan's first and only 5-star international hotel, offering a great experience for both leisure guests and business. Competitors JW Marriot in the form of Grand Aston, Adimulia Hotel Santika, Inna.

JW Marriott Hotel Medan decreased Competitive advantage that is seen from the number of complaints and a review that is less good for the consumer. Some of the complaints related to facility and packages offered then the lack of innovation from JW Marriott Hotel Medan. In addition, it also rates less competitive because the given package is almost the same with the hotel's competitors with the same facilities, but the price is quite a lot different.

Table 1.1 Complaints Customers

| Month          | Complains |   |
|----------------|-----------|---|
| September 2020 | 6         | <ol style="list-style-type: none"> <li>1. Check-out time where consumers wait almost 2 more hours</li> <li>2. Hand sanitizer that does not vary because it exists only in the form of a gel instead of search</li> <li>3. Less good service from the car park</li> <li>4. Protocol health in the elevator is not apply with good and proper</li> <li>5. The parking lot is narrow</li> <li>6. The lack of taste and variety of the menu at breakfast</li> <li>7. There is no swimming pool on the pandemic</li> </ol> |
| October 2020   | 8         |   |
| November 2020  | 5         |   |
| December 2020  | 6         |   |
| January 2021   | 7         |   |

Sources: JW Marriott Hotel Medan, 2021

The advantages of providing a better service to customers consist of improved profitability, customer loyalty, customer satisfaction, customer retention and word of mouth (Giese and Cote, 2016). However, it's far argued that the small firms, however, have a tendency to be seemed as implicitly in contact with their customers and consequently problems surrounding customer care and service quality withinside the context of the small company are overlooked. The importance of enhancing service quality with a help the developing company in accomplishing success in a more competitive marketplace (Pauline and Pauric, 2019). Sri Lanka is an under developed country and there's an increase. However, the survival of these start up still in doubt. Therefore, it is really important to focused on the quality of the service provided to improve the low quality of services.

Quality service JW Marriott Hotel Medan is still not optimal as sometimes guests can long enough and slow, so that consumers have to wait quite a long time, some employees are less skilled in the mastery of information about JW Marriott Hotel Medan is so less can satisfy consumers from information that is

less detailed. This sparked complaints and frequent review that is less good is given by the consumers.

Based on the discussion above, researchers are interested in conducting research with the title **“The influence of Service Quality towards competitive advantage at JW Marriot Medan”**.

## **1.2 Problem Limitation**

In this study only discuss about the Service Quality, Competitive Advantages on JW Marriot Medan.

## **1.3 Problem Formulation**

Based on the background of the study above, the problem that can become the benchmark of research in identifying problem are:

1. How the condition of service quality at JW Marriot Medan?
2. How the condition of competitive advantages at J JW Marriot Medan?
3. Is there influence service quality on competitive advantages at JW Marriot Medan?

## **1.4 Objective of the Research**

The objectives of the research are as follows:

1. To analyze the condition of service quality at J JW Marriot Medan.
2. To analyze how is the condition of competitive advantages at JW Marriot Medan.
3. To analyze how the influence of service quality on competitive advantages at JW Marriot Medan.

## 1.5 Benefit of Research

Benefit of research is:

### 1. Theoretical Benefit

The Practical aspect and uses of theoretical study. The research at the management can help student to have better understanding the problem that the firms are facing and this data may clear up the company problem and allow researchers to gain their academic mission.

### 2. Practical Benefit

#### a. Writer

The investigation might assist the writer in comprehending additional theories taught at university.

#### b. Company

This research can help the organization strengthen its competitive advantages at JW Marriot Medan and achieve its full growth potential.

#### c. Future Researchers

This research can be used as a reference to gather relevant information and assist with challenges for future research on the same topic.