

CHAPTER I

INTRODUCTION

1.1 Background of Study

The world is evolving – the hotel industry is growing over the diversity of customer behavior in ways that challenge hotel owners to perform with better strategies. The competition for the hotel industry is very competitive, which makes the hotel management are challenged to make strategies to increase hotel sales. The development of Indonesian tourism offers the potential for natural beauty, cultural richness and hospitality services which are the main factors for tourists to visit an area.

Various aspects could influence consumer decisions to stay at a hotel. The hotel business will usually increase during the holiday period due to many local and foreign tourists. However, in 2019, the global spread of COVID-19 gives negative impacts in all life aspects, especially in the hotel industry. According to Indonesia's Ministry of Tourism and Creative Economy, Indonesia's tourist arrivals are reported to decline since the beginning of lockdown announcement in April 2020. In tourism aspect, the virus leads to the shutdown of many tourist destinations.

Since the national lockdown in April 2020, the hotel industry begins to face various challenges to maintain the sustainability of the hotel, knowing that thousands of hotels were reported to shut down due to the pandemic.

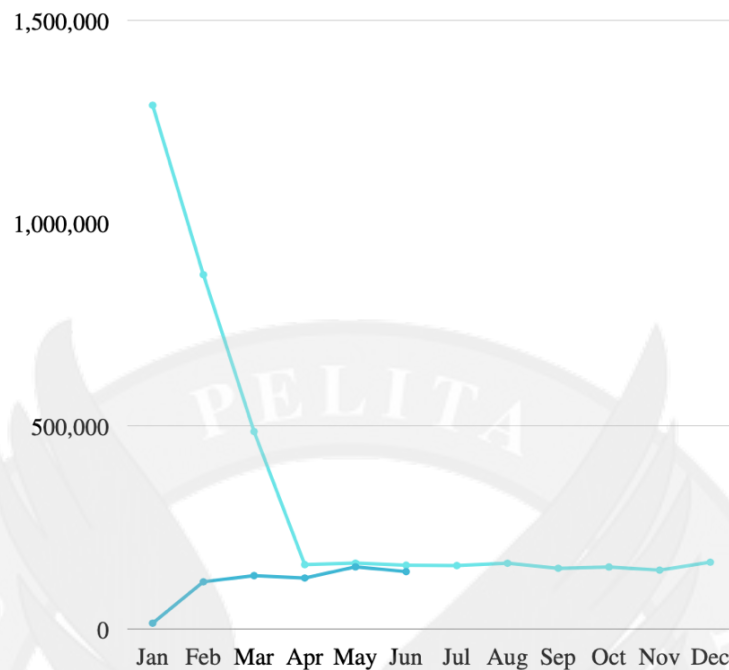


Figure 1.1 Indonesia Tourist Arrival Decline In 2020 and 2021

Source: Indonesia Ministry of Tourism and Creative Economy (2021)

Berastagi is popular for its cold weather, located at an altitude of more than 1300 meters above sea level. Thus, people in North Sumatra and international tourist love to visit Berastagi during weekend or holiday. Countless of hotels and other accommodation businesses are established each year offering distinctive features to attract prospective customers, the competition in accommodation business is becoming more furious than ever.

The decline of tourist due to COVID-19 has a major impact in the hotel's sales. Although Mikie Holiday Resort Berastagi has positively thrived every year, the hotel experience downward sales beginning from April 2020. Below illustrated Mikie Holiday Resort Berastagi sales between January 2020 until July 2021.

Table 1.1 Sales Decline Percentage in 2020 and 2021

Year 2020			Year 2021		
Month	RNS	OCC	Month	RNS	OCC
January	2816	53%	January	1832	34%
February	1452	46%	February	1963	47%
March	875	26%	March	1591	39%
April	87	3%	April	1415	35%
May	328	10%	May	1964	54%
June	725	23%	June	2114	61%
July	1126	29%			
August	1436	27%			
September	1060	20%			
October	1952	36%			
November	2400	46%			
December	2531	47%			
Total	16788	31%	Total	10879	45%

RNS = Room Night Sold

OCC = Occupancy Rate

Source: Prepared by Writer (2021)

At the beginning of 2020, hundreds of COVID-19 cases were found in many cities in Indonesia. The Indonesian government first announce a large-scale social restriction (PSBB) at the end of March 2020 that limit the mobility of people to leave their home, especially going on vacation. It highly influenced the sales growth of Mikie Holiday Resort Berastagi where it drops to 3% of occupancy rate.

With the low occupancy rate resulting from the pandemic, Mikie Holiday Resort Berastagi did not apply to any promotional activities according to their marketing executive. The authorities claimed that promotional activities were only held in their official Instagram account where they often post about the facilities at Mikie Holiday Resort. There are no promotional activities such as special discount and price related promotions at their official website and

walk-ins, also no banners or billboards were advertised about Mikie Holiday Resort during the pandemic.

Moreover, room bookings at Mikie Holiday Resort Berastagi are also available at third party booking sites, such as Traveloka, Agoda, etc. The marketing strategies of the third-party booking sites are more convincible. Thus, potential customers are more likely to book from the third-party travel sites and neglecting the official website of Mikie Holiday Resort Berastagi.

The hotel industry must face this challenge continuously as the pandemic is still happening until present days. Mikie Holiday Resort Berastagi ought to understand by analyzing specific factors that encourages sustainable purchase intention, especially in this millennials era where technology has allowed customers to explore endless mass media rapidly.

Moreover, digitalization also encourages prospective customers to access full information and make price comparisons, facilities, and reviews. Thus, it is undeniably easy to switch from one to another. Customers may select certain hotel that has more positive impressions from customers.

Research conducted by Huang et.al. (2020) have also found that customers that explore information from online reviews are positively influence their purchase decision. Therefore, customers reviews are highly important to increase profitability and credibility.

Seeking prospective and effective promotion in this pandemic era is very crucial where people judge a service according to what they want or not before making a purchase, namely through promotions carried out by the

company. Companies must be able to carry out promotions well and attractively as a way to stimulate potential consumers to determine their purchase decisions (Kristanto & Wahyuni, 2019).

In addition to execute good promotion of the hotel as the public's initial perception in determining their choice to make a purchase, facilities also play a role in attracting consumers. Nowadays, consumers are critical in spending money, they consider many factors to choose a product or service.

Mikie Holiday Resort Berastagi is one of the most popular hotels that is selected by most families and tourists in Berastagi. Among all the hotels operating in Berastagi, Mikie Holiday Resort Berastagi is one of the the longest established and surviving hotel in Berastagi. The author has collected Mikie Holiday Resort Berastagi review from the customer experiences between 2017-2021.

Table 1.2 Customer Comments at Google Review

Ratings	Total Reviews	Name	Comments
5	4618	AK	The room is very cozy, it's a nice place to visit with children.
		ED	The room is clean, it also has a nice landscape.
		WJ	The room is old and the furniture is old. Broken bathroom door in a suite. But overall, it is a nice place to stay.
		IM	The hotel is clean, swimming pool is well-maintained, but the taste of the food needs to be improved.
4	1202	YO	The room is comfortable. But, the bedsheets and bed covers did not smell good.
		JW	The water in the swimming pool is very cold.
		PE	The room is clean. The hot water temperature is hot enough, but the shower water pressure is a bit low

		AP	The room is spacious. However, the space for the closet is too small.
3	316	JG	Some bedsheets smell bad and we actually couldn't sleep well
		IP	There is no safe, fridge, and wardrobe like other 4 star hotel in the family room.
		AA	The room was dirty. Then, I cannot access the Wi-Fi because my room is located at the end.
		AA	The breakfast is not suitable for a 4 star hotel.
2	63	AN	The rate is too expensive for a small room.
		HL	The room is too small. It is dark at nights because the lights in front of the room are turned off.
		RM	The toilet water is small, exterior is not maintained, the floor is cold, inconvenient to bring disabilities.
		KN	The room is small and has a sense of oppression. There is no coffee or tea supply nor water boiler.
1	127	AS	No sugar nor tea or water boiler in the room. Not even a straw for 2 bottles of mineral water.
		LT	The room is humid. The parking lot is very complicated.
		ET	The room is full of dust and small. There are flies in the food.
		MM	Poor Wi-Fi, room smells really bad

Source: Google Review (2021)

From table 1.1, the author has analyzed the positive and negative comments regarding their stay experiences at Mikie Holiday Resort Berastagi. The facilities were often mentioned as it affects their further purchase decision and may shift to other competitors.

From the customer's comments, the author has analyzed deeper about facilities at Mikie Holiday Resort Berastagi. The facilities were not

maintained properly by the hotel due to the similar complaints by different customers in different time range (2017-2021).

According to Syahputra and Herman (2020), good facilities have become one of the considerations for consumers in purchase decision. The more complete the facilities provided by the hotel, the more satisfied the customer will be and he or she will continue to choose the hotel as a priority choice based on the perception he gets of the available facilities. Therefore, good room facilities are considered as a major influence on customer purchase decision at Mikie Holiday Resort Berastagi.

From the reasonings above, the author believes that promotion and facility are the main factors that influence customer purchase decision. According to previous journal conducted by Syahputra and Herman (2020), it is inevitably claimed that promotion and facility have significant effect on purchase decision. Therefore, the author would like to examine thoroughly about **“The Influence of Promotion and Facilities toward Purchase Decision at Mikie Holiday Resort Berastagi”**.

1.2 Problem Limitation

The research object is limited solely in analyzing the influence of promotion and facilities (as independent variables) toward purchase decision (as dependent variable) at Mikie Holiday Resort Berastagi as the research object specifying on the hotel as a whole within the duration of June until November 2021. This research is targeting those who ever stay and book online at Mikie Holiday Resort Berastagi.

The indicators of promotion (X_1) involve messages, media, time, and frequency, whilst the indicators of facilities (X_2) are bedroom and other amenities, restaurant, sports and entertainment, and parking lot. Moreover, the indicators to measure purchase decision (Y) will be limited to product introduction, information search, evaluation of alternatives, purchase decision and post-purchase behavior.

1.3 Problem Formulation

The author initiates to formulate the problem based on the background study as follows:

1. How is the promotion implemented at Mikie Holiday Resort Berastagi?
2. How are the facilities at Mikie Holiday Resort Berastagi?
3. How is the purchase decision towards Mikie Holiday Resort Berastagi?
4. Does promotion partially influence customer purchase decision at Mikie Holiday Resort Berastagi?
5. Do facilities partially influence customer purchase decision at Mikie Holiday Resort Berastagi?
6. Do promotion and facilities simultaneously influence purchase decision at Mikie Holiday Resort Berastagi?

1.4 Research Objectives

Based on the problem formulation, the author initiates to conduct the research with the purpose of:

1. Identify how the promotion works at Mikie Holiday Resort Berastagi.
2. Identify how is the facilities at Mikie Holiday Resort Berastagi.
3. Identify the purchase decision at Mikie Holiday Resort Berastagi.
4. Identify if promotion partially influence customer purchase decision at Mikie Holiday Resort Berastagi.
5. Identify if facilities partially influence customer purchase decision at Mikie Holiday Resort Berastagi.
6. Identify if promotion and facilities will simultaneously influence customer purchase decision at Mikie Holiday Resort Berastagi.

1.5 Benefit of the Research

This research offers two types of benefits:

1.5.1 Theoretical Benefit

This research is expected to act as reference about how promotion and facilities that impact the purchase decision. Thus, this research is expected to offer comprehensive insights about the real current issues for future researchers who will conduct similar topic.

1.5.2 Practical Benefit

1. For future researchers

This research may act as a parameter to bring additional references regarding promotion and facilities of a company and how they influence the purchase decision.

2. For Mikie Holiday Resort Berastagi

This research is expected to offer in-depth analysis about promotion, facilities, and purchase decision at Mikie Holiday Resort Berastagi. This might act as reference to formulate business development policies for better decision-making.

3. For the writer

This research is expected to provide more comprehensive understanding in regards the studies of analyzing the promotion, facilities and customer purchase decision its relationship in real-life settings.

