

CHAPTER I

INTRODUCTION

1.1 Background of the Study

The hotel industry has become very competitive and is considered to be in the mature stage of its lifecycle. The link between guest satisfaction and guest loyalty is neither straightforward nor simple and neither is its effect on guest loyalty. The purpose of this study was to examine the effects of guest satisfaction on guest loyalty in the hotel industry (Gandolf and Guzzo, 2018). The study sought to make recommendations on measures hospitality practitioners can employ in developing guest loyalty. It was expected that guest loyalty would have a positive impact on organizational performance in terms of gaining a competitive advantage.

Guest loyalty is received a great marketing attention since its implications are overstated for modern businesses. In fact, guest loyalty is regarded as a long-term asset and a key business outcome. Having guest loyalty is a required option for various companies based on its important role in creating sustainable competitive advantages (Dick and Basu, 2020). Marketing practitioners are also motivated to develop loyal guest towards their businesses as a central condition for the market success. Saturated markets motivate companies to re-focus on guest's loyalty to preserve their loyal guest. Loyal guest are considered essential for various service providers in competitive market as guest would recommend their preferred products to other guests in the market place. Guest loyalty leads to

several economic benefits, such as, price premium, cost reduction and additional sales revenue.

According to Fornell, et.al. (2018) the research results provide an overview of the positive relationship between guest satisfaction and outcomes are first, Loyalty, usage behavior, positive word of mouth; and second Reduced cost of future transactions, reduced costs related to warranties, complaints, defective goods and field service.

Guest Loyalty at InterContinental Jakarta Pondok Indah declined seen in the decrease in the number of guest InterContinental Jakarta Pondok Indah and an increase in guest complaints.

Table 1.1 Total Complaints Guest InterContinental Jakarta Pondok Indah (2020-2021)

Year	Total Complaints
2019	9
2020	12
2021	16

Sources: InterContinental Jakarta Pondok Indah, 2022

Table 1.1 shows that there was an increase in guest complaints to the hotel from 2019-2021. In addition, many guests give low ratings and review comments are not good. Some of the reviews stated the disappointment of the guest for the service provided because it is very slow, the receptionist who is lazy in resolve of complaints guest, many guests which states that the attitude of the staff is not good, trouble parking because the parking lot of the hotel and mall made one so that the guest of the hotel sometimes can't park. This triggers the level of disappointment guests so less loyal to the InterContinental Jakarta Pondok Indah.



Figure 1.1. Google Review InterContinental Jakarta Pondok Indah
Sources: InterContinental Jakarta Pondok Indah, 2022

Figure 1.1 shows that the level of loyalty that has decreased due to unsatisfactory service consumers can be seen from the provision of stars in Google reviews are low..

The desire of every business organization is to achieve its stated objectives. These objectives may incorporate maximum profit, increase in sales, expansion, growth, product accessibility, product awareness, guest satisfaction

etc. However, maximum profit serves as the backbone of business objectives. In a similar view, the degree of maximum profit depends on the level of guest satisfaction which has direct link with guest loyalty. Guest loyalty is one of the most important indicators of good performing organization. Since guest loyalty is directly linked to guest satisfaction, it is evident that measuring guest satisfaction must incorporate guest loyalty.

Guest satisfaction is the foundation for any organization to achieve its objective. In other words, the degree of guest satisfaction reflects the rate of achievement of organization objectives. Guest that is satisfied tends to create and friendly relationship with the organization. The loyalty of a guest to the organization arises from the satisfaction received from the consumption, uses, or services received from the organization. The vital nature of the understanding the degree of guest loyalty to an organization in this contemporary environment is a necessity for creating and sustaining relationship. In other words, a driving force needed for creating sustainable relationship is guest loyalty. However, guest loyalty depends to a greater extent on the degree of satisfaction derived from the organization's services or output.

Guest satisfaction is more likely to tell people about their experiences, more so, dissatisfied guest will also tell people about their experiences. Guest satisfaction is one of the business objectives, and can be achieved through understanding the needs of the target market, and the provision of needs-satisfying packages to meet and satisfy these needs to a greater extent, thus, building and maintaining a long-lasting relationship with the target market. The need to create

and maintain guest satisfaction has been emphasized by researchers. This is because the reality of other business objectives leans on the level and degree of satisfaction received by the target market. Satisfaction is an overall guest attitude or behavior towards the difference between what guest expect and what they receive regarding the fulfillment of some desires and needs. Guest loyalty plays a very crucial role in achieving competitive advantage in any organization. It is the result of an organization creating a benefit for guest so that they will maintain and increase repeat business with the organization. True guest loyalty is created when guest becomes advocate of an organization without any incentive.

Guest satisfaction of the InterContinental Jakarta Pondok Indah declines seen from the number of guest complaints to the management of the InterContinental Jakarta Pondok Indah and granting the ratings star low. Some of the things dissatisfaction with regard to the service not the maximum and optimal given to the guest, staff who are less competent in assisting the guest. Decreased the satisfaction of the guest is also less observed by the InterContinental Jakarta Pondok Indah. Dissatisfaction of hotel guests is caused due to the insolence of employees to guests in providing complete information, inaccuracies in providing information to hotel guests, hotel facilities that should be tailored to the hotel package.

From the description that has been there before, it encourages researchers to discuss in the thesis under the title **“The effect of Guest Satisfaction on Guest Loyalty at InterContinental Jakarta Pondok Indah”**.

1.2 Problem Limitation

Due to limitation of time and budget this research focus on InterContinental Jakarta Pondok Indah that Guest Satisfaction (X) and Guest Loyalty (Y).

According to the Setyo (2017), there an indicator of the satisfaction of the guest is meeting the guest's expectation, recommend to others, service quality, good reputation and location.

According to Hidayat (2019), Indicator of guest loyalty is: trust, emotion commitment, switching cost, word of mouth, and cooperation.

1.3 Problem Formulation

Based on the background of the study, the writer formulates several questions, as follows:

1. How is guest satisfaction at InterContinental Jakarta Pondok Indah?
2. How is guest loyalty at InterContinental Jakarta Pondok Indah?
3. Do guest satisfaction have effect on guest loyalty at InterContinental Jakarta Pondok Indah?

1.4 Objective of the Research

Based on the problem identification proposed in previous point, the objective of this research are:

1. To analyze guest satisfaction at InterContinental Jakarta Pondok Indah
2. To analyze guest loyalty at InterContinental Jakarta Pondok Indah.
3. To analyze guest satisfaction whether have effect on guest loyalty at

InterContinental Jakarta Pondok Indah.

1.5 Benefit of the Research

The writer expects that this research can give benefits both theoretically and practically.

1.5.1 Theoretical Benefit

The research result can be used to expand, improve and develop the relevant theories especially the guest satisfaction and its effect towards guest loyalty.

1.5.2 Practical Benefit

The practical benefits of this research are:

1. For the writer

The writer as the researcher to get more experience in doing the research and as an addition to knowledge with regard to guest satisfaction and guest loyalty.

2. For the company

To provide useful suggestion for the company in increasing guest loyalty especially improving the guest satisfaction.

3. For other researchers

To be an additional reference, reference material for further research and information to interested parties in assessing the problem the same in the future.