

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In the current era of globalization, the business world has a lot of intense competition, especially companies in the hospitality sector. This makes various companies compete to seize and maintain their market share. With conditions of increasingly high competition between companies, many companies are looking for better ways or strategies to attract more customers. Marketing activities are important because hospitality is one of the service businesses that are quite complicated to manage. In addition, hotel business can also support the activities of entrepreneurs who are on business trips or tourists, people who need places to stay, eat and drink. This is expected to expand the market and increase sales so that it will have more customers. However, several things must be considered by companies as producers, which is the more customers, the more difficult it will be for the company to identify its customers, especially regarding whether customers like or dislike the product or service offered also with the reason.

The hotel industry is a service sector that combines products and services. In addition, the manufacture and construction of hotels are designed to be as comfortable as possible, starting from hotel buildings that are made modern, combined with attractive interiors and exteriors both in

rooms, restaurants, lounges, meeting rooms, and other facilities must be very comfortable for customers to visit and stay. A very different atmosphere is created when customers stay at the hotel and the staff always greets, smiles, and is polite and courteous in serving.

The hotel industry is known to sell hospitality services and is supported by the skills of hotel staff in providing services to customers. Therefore, entrepreneurs are competing in attracting customers to stay at their hotels. There are several ways to do this, including promotions, discounts, placing advertisements on social media, and so on. One of the considerations for customers in determining the choice to stay at a hotel is the quality of service provided by the staff. Providing services that meet customer expectations will affect customer satisfaction. The higher the quality of service or have standards, the service will always be used because service quality and satisfaction are interrelated.

Besides service quality, facilities also play a very important role in attracting customers. For the sake of creating customer satisfaction, facilities in a service business greatly affect the progress of a business, especially regarding what is felt directly by service users. Customer satisfaction can be achieved if the company provides adequate facilities to add value to the service. Companies must always provide for customer needs by knowing whether the services and facilities are in accordance with the costs incurred by the customer, like a product or service with the same price level or not much different will greatly affect customer choice.

Therefore, the sense of satisfaction and comfort felt by the customer will make the customer choose to return to the hotel, including the completeness of the facilities. Because if the customer is satisfied with the facilities that have been presented, then this will create a good relationship between the customer and the hotel where which will have a long-term effect on business relationships and can provide a good image for the hotel in the future.

Based on previous research entitled "Pengaruh Kualitas Pelayanan Dan Fasilitas Terhadap Kepuasan Tamu Menginap Di Hotel Sahid Batam Center" by Rahmadi,D. (2021), the results of this research show that service quality partially has a significant positive effect on customer satisfaction, then facilities partially have a significant effect on customer satisfaction. Customer satisfaction, as well as the quality of services and facilities simultaneously have a significant positive effect on customer satisfaction.

There is a hotel located in the city of Medan, namely Prime Plaza Hotel Kualanamu, Medan.



Figure 1. 1 Prime Plaza Hotel Kualanamu, Medan
Source: kno.pphotels.com (2021)

There are some pictures of the facilities available at Prime Plaza Hotel

Kualanamu, Medan:

a) Swimming Pool



Figure 1. 2 Swimming Pool

Source: kno.pphotels.com (2021)

b) Room



Figure 1. 3 Room

Source: kno.pphotels.com (2021)

c) Fitness Center



Figure 1. 4 Fitness Center
Source: kno.pphotels.com (2021)

d) Ballroom



Figure 1. 5 Ballroom
Source: kno.pphotels.com (2021)

e) As-Salam Mosque



Figure 1. 6 As-Salam Mosque
Source: kno.pphotels.com (2021)

f) Restaurant



Figure 1. 7 Restaurant
Source: kno.pphotels.com (2021)

There are some reviews regarding customer satisfaction at Prime Plaza Hotel Kualanamu, Medan.

Table 1. 1 Customer Review

Customer Name	Review	Rate
Rina	<i>Kolam renang sangat jorok.</i>	6.4
Md	Inconvenient, difficult to get hotel shuttle service, always asking topay for the shuttle service rather than asking for guests' convenience.	4.8
Fazi	The swimming pool - was poorly maintained and not clean as there were a lot of dead insects and dry leaves inside. We required ironand board upon check-in and it was not delivered at all.	7.1
Martha	Aircon not working well. Windows can not open	7.5
Muhammad	I asked for iron n ironing board. But nobody sends to my room. The aircon is not cold n I ask front office for assist but nobody come n take a look too	7.1
Bas	While the staff is friendly they aren't good at their job. Expect a lot of waiting and poor communication from them. They try but need more training	7.5
Paul	Restaurant was atrocious, pool was full of dead bugs, staff was lovely	5.2
Adek	The hotel is nice and good location but it was annoying that no one picks me up at the airport I already confirmed with reception before my stay and they said they got my airport pick-up booked and recorded.	6.8
Rita	AC not working properly, took ages for room to cool down	7.1
Tabitha	Food was not good, my partner even got food poisoning. Also, the majority of the staff doesn't speak English	5.1

Source: agoda.com (2021)

Based on the reviews from the table above, it can be seen there are still some customers who are not satisfied with the service quality and facilities. This is very influential because there are companies where service quality and facilities are tools to provide convenience for customers of Prime Plaza Hotel Kualanamu, Medan. If problems like this continue to arise, it will greatly affect the satisfaction of customers who use the service and will have an impact on reducing customers visiting again. Because when customer is satisfied with the service quality provided by the staff,

customer will continue to use that service, also with the facilities, if customer is satisfied using the facilities provided by the service provider, customer will always return to use the facilities.

Table below shows total customer data from Prime Plaza Hotel Kualanamu, Medan.

Table 1. 2 Total Customer Data

Number	Month	Total
1	January	1,927
2	February	1,355
3	March	2,064
4	April	1,725
5	May	1,642
6	June	1,727
7	July	2,310
8	August	2,145
9	September	1,705
10	October	2,168
11	November	1,477
12	December	1,709

Source: Prime Plaza Hotel Kualanamu (2021)

It can be seen from the data table above that customers have increased and decreased starting from February, then increased in March but decreased in a row in April and May. In June and July there was a slight increase and then decreased again in August and September. Then it increased again in October and experienced a drastic decrease in November and then have a slight increase in December. Based on the description above, a decrease in customers staying overnight can occur due to the influence of problems from the quality of service and facilities that are not good every month.

Based on the phenomena stated, the writer decided to figure out whether service quality and facilities influence the problem of customer satisfaction. Therefore, the writer will conduct a research study entitled **“The influence of Service Quality and Facilities Towards Customer Satisfaction At Prime Plaza Hotel Kualanamu, Medan”**.

1.2 Problem Limitation

The writer focused to study the service quality and facilities of the hotel between staff and customers. In avoiding deviations from the topic, the writer set some problem limitations in this research, service quality (X1) and facilities (X2) as independent variable , and customer satisfaction (Y) as dependent variable. For each variable, it will be supported by several indicators. There are 5 indicators of service quality, which is responsiveness, reliability, assurance, empathy, and tangible. The indicators for facilities are spatial planning, room planning, equipment or tools, lighting, colours, and messages conveyed graphically. For customer satisfaction, the indicators are willingness/expectations of customers to continue to use the service, expectations of customers to recommend to others, satisfied with the quality of service provided. Therefore, the writer will observe One of the hotels in Medan, Prime Plaza Hotel Kualanamu, Medan.

1.3 Problem Formulation

Based on the background story, the problem formulation of this research study is as follows:

1. Does service quality partially influence customer satisfaction at Prime Plaza Hotel Kualanamu, Medan?
2. Do facilities partially influence customer satisfaction at Prime Plaza Hotel Kualanamu, Medan?
3. Do service quality and facilities simultaneously influence customer satisfaction at Prime Plaza Hotel Kualanamu, Medan?

1.4 Objective Research

Based on the research problem, the objectives of this research study are as follow:

1. To find out whether service quality partially influences customer satisfaction at Prime Plaza Hotel Kualanamu, Medan.
2. To find out whether facilities partially influence customer satisfaction at Prime Plaza Hotel Kualanamu, Medan.
3. To find out whether service quality and facilities simultaneously influence customer satisfaction at Prime Plaza Hotel Kualanamu, Medan.

1.5 Benefit of Research

The benefit of this research will be divided into two which are:

1.5.1 Theoretical Benefit

This completion of this study is expected to give a better understanding of how service quality and facilities have an influence customer satisfaction. Thus, this study is expected to be an extra knowledge for future researchers or readers who will conduct the similar topic.

1.5.2 Pratical Benefit

a. For Prime Plaza Hotel Kualanamu, Medan

This research is expected to be a platform to give information about service quality, facilities, and customer satisfaction at Prime Plaza Hotel Kualanamu, Medan so it can become the concern for the leaders in making future policies.

b. For Future Researchers

This research is expected to bring additional references in learning service quality and facilities and how they influence customer satisfaction.