

CHAPTER I

INTRODUCTION

1.1. Background of the study

In the contemporary landscape of hospitality and tourism, understanding the interplay between brand image, customer social media engagement, and perceived quality is crucial for influencing customer purchase intention. As the global economy has evolved, and specifically in the context of Indonesia's dynamic economic condition, the significance of these elements in shaping consumer behavior cannot be overstated. With the rise of digital platforms and social media, the way consumers interact with brands has undergone a dramatic transformation, influencing their purchasing decisions in unprecedented ways.

The concept of brand Image has long been recognized as a pivotal factor in shaping consumer perceptions and purchase intentions. According to Keller (2020), brand image encompasses the associations and perceptions that consumers hold about a brand, which can significantly affect their decision-making processes. A positive and strong brand image is essential in differentiating itself in a competitive hospitality market. A hotel's reputation, as reflected in various online reviews and media coverage, plays a critical role in shaping potential guests' perceptions and influencing their booking decisions. In Indonesia, where the hospitality sector is burgeoning and increasingly competitive, maintaining a robust brand image is crucial for attracting and retaining customers (Halim & Zainal, 2021).

Customer social media engagement has emerged as a critical component in influencing purchase intention, particularly in the digital age. The rise of platforms like Instagram, Facebook, and Twitter has revolutionized how brands interact with their audience. According to a study by Alalwan et al. (2019), social media engagement significantly impacts consumer attitudes and behaviors, often leading to increased brand loyalty and higher purchase intentions. The leveraging social media to engage with customers not only helps in building a positive brand image but also facilitates direct communication with potential guests. Engaged customers who actively interact with the hotel's social media content are more likely to develop a favorable perception of the brand and consider it for their future stays. The growing digital penetration in Indonesia amplifies the importance of social media engagement, as more consumers turn to these platforms for recommendations and reviews (Nugroho, 2022).

Perceived quality is another critical determinant of customer purchase intention. Perceived quality represents consumers' overall evaluation of service quality, service ratings, and the brand's value. It encompasses what consumers find important, as individual interests and preferences vary. These differing perceptions ultimately influence their intention to purchase products or services. (Mumin, 2023). For a hotel, perceived quality encompasses various aspects such as the quality of service, room amenities, facilities and overall guest experience. High perceived quality often translates into positive word-of-mouth and repeat business, which are essential for sustaining competitiveness in the hospitality industry. In Indonesia's growing economy, where disposable income is rising and

consumers are becoming more discerning, perceived quality can significantly influence a hotel's ability to attract and retain customers (Sutanto et al., 2021).

Indonesia is experiencing one of the most rapid increases in social media usage worldwide, which highlights the critical need for businesses to develop and implement robust social media strategies. The surge in user growth presents a significant opportunity for companies to connect with their audience on a deeper level by actively engaging with them through various social media platforms. By addressing customer feedback promptly and effectively, businesses can build stronger relationships and foster a sense of community. Furthermore, leveraging user-generated content not only enhances the brand's image but also boosts the perceived quality of products and services, creating a more authentic connection with the audience. Adopting this strategic approach is essential for businesses to remain competitive in a market that is constantly evolving and to ensure they are in tune with the preferences and behaviors of today's consumers, who increasingly rely on social media as a primary source of information and interaction.

This research centers on Four Points by Sheraton Medan, a well-known hotel brand in Indonesia that operates under the management of Marriott International. Despite being part of the globally recognized Marriott International portfolio, the hotel has been encountering challenges that prevent it from consistently meeting its monthly room sales targets. These issues, which may stem from a variety of operational, marketing, or competitive factors, have led to a shortfall in the expected revenue from room bookings. The study aims to delve into the underlying causes of these challenges, exploring the specific obstacles

that hinder the hotel from achieving its sales goals and examining potential strategies to overcome them.

Table 1.1
Room Were Sold in 2022 – 2023

Month	2022		2023	
	Number sold	Targeted	Number sold	Targeted
January	4,280	4,500	4,457	4,500
February	3,500	3,500	3,890	3,800
March	4,500	4,000	4,610	4,700
April	3,895	3,590	3,995	3,560
May	4,500	4,600	4,685	5,000
June	4,000	4,388	4,250	4,260
July	3,800	3,950	3,650	4,000
August	3,450	3,500	3,580	3,600
September	4,250	4,350	4,700	4,300
October	5,010	5,000	5,500	5,350
November	4,280	4,350	5,250	5,300
December	5,901	5,950	4,917	5,000
Total	51,366	51,678	53,484	53,370

Source: Prepared by Four Points by Sheraton Medan (2024)

From the table 1.1, the sales targeted is not achieved every month, though in the table it is seen that the hotel has sold many rooms, but in the reality the salesperson has been targeted to reach the number of rooms sold, where every month has different target number, which are set by the General Manager of Four Points by Sheraton Medan and every month has different targeted number. The writer finds this as a phenomenon, where the writer provides the customer purchase intention as the dependent variable.

The independent variables are the brand image, customer social media engagement and perceived quality. Brand image is chosen as the independent variable because the writer found that many people are not aware of Four Points by Sheraton Medan brand as this company have been rebranding for three times (before was Grand Elite and Grand Serela). The brand image of Four Points by Sheraton Medan in the terms of brand association is not strong enough as the

identity of the hotel that is under Marriott International management. However, locals are only aware of the previous brands, which are Grand Elite and Grand Serela hotel as this influenced the customer purchase intention of Four Points by Sheraton Medan. In terms of favorability to the brand, locals are still looking for a four stars hotel with better service quality. In terms of uniqueness of brand associations, Four Points by Sheraton Medan has the similarities on the room and facilities, which lack the quality that is set by Marriott International. In terms of overall brand attitude, customer that have stay in Four Points by Sheraton Medan did not recommend to their family due to the lack of service quality. According to the study that is conducted by Xiaoyan et al. (2019), the brand image has resulted in influencing the customer purchase intention in a hotel.

Customer social media engagement is how the company interacts with the customer to create a relationship between company and customer. In terms of social interactions, this hotel social media content are mostly a giveaway or quiz that encourages the customer to comment in the comments section of the social media. But in several posts, the customers are not engaged in the giveaway and the quiz contents that make the internal staff of the company commenting in the comments section of the social media, where each of the internal staff has followed each other in the social media platform. The writer identifies the account that comment in the hotel's official Instagram account as the internal staff is also following the writer Instagram account. In terms of surveillance, Four Points by Sheraton Medan lack of delivering the information regarding the hotel facilities in their social media. In terms sharing of information, Four Points by Sheraton

Medan does not upload their new post in their social media daily. In terms of attractions, customer found that this hotel does not have interesting content in visually. According to the previous study by Yoong & Lian (2019), the customer social media engagement has influenced the customer purchase intention in the hotel.

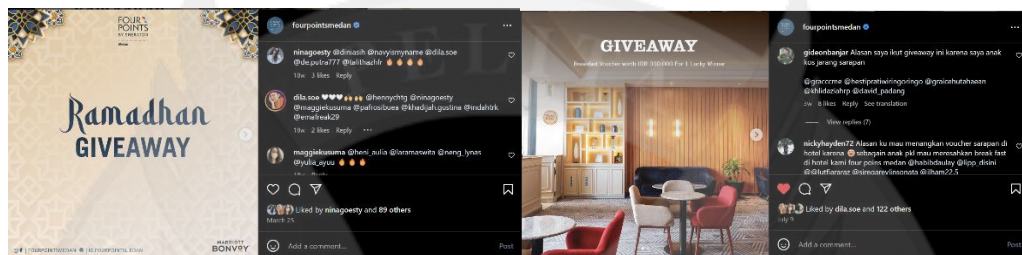


Figure 1.1 Second Variable Evidence

Source: Instagram Post Four Points by Sheraton Medan, 2024 (Prepared by Writer)

Perceived quality is the perspective quality from the customer towards a brand, product, services quality. Four Points by Sheraton Medan is known as the four stars hotel. In terms of tangible elements, several customers found that the facilities didn't work well as the customer expectations. The customer found that some toilets in the room is smelly, amenities are not complete, the corridor of non-smoking area room floor have the smells of cigarette, public facility are difficult to access and etc. In terms of reliability, customers found that check in and check out processed are slower than other hotel. In terms of responsiveness, Four Points by Sheraton has a lack of providing the complete amenities. In terms of assurance, the staff lack confidence when delivering the service to the customer. Based on the previous study that is conducted by Xiaoyan et al. (2019), it has resulted that perceived quality has the influence of the customer purchase intention in the hotel.



Figure 1.2 Third Variable Evidence

Source: Google Review Four Points by Sheraton Medan, 2024 (Prepared by Writer)

Customer purchase intention is the behavior of a customer in deciding whether they purchase a product or service. In terms of motivation to purchase the product, Four Points by Sheraton Medan does not motivate the customer to purchase as their price is not affordable when there is a promo. In terms of product involvement, Four Points by Sheraton Medan does not has the quality similar to other four stars hotel, and customers found that to access to a facilities is difficult. In terms of brand, Four Points by Sheraton in other city is a really well-known hotel in terms of service quality, however in Medan the brand of Four Points by Sheraton Medan, locals known this hotel as it has rebranded from Grand Serela/Grand Elite. In terms of product ratings, Four Points by Sheraton Medan still has a lot of low rating as it influences the customer purchase intention.

Based on the briefly discussion above, the writer wanted to see how perceived quality, customer engagement, brand image influences the customer purchase intention in one of the four stars hotel in Medan, therefore the writer conduct a study titled **“The Influence of Brand Image, Customer Social Media**

Engagement, and Perceived Quality on Customer Purchase Intention at Four Points by Sheraton, Medan.”

1.2. Problem limitation

To make this study more focused on data collecting and processing easier, the writer decided that the final paper is limited to the independent variables which are as follows: brand image (X_1) with the indicators: strength of brand associations, favorability of brand associations, uniqueness of brand associations, and overall brand attitude. Customer engagement (X_2) with the indicators: surveillance, social interaction, sharing of information and attraction to the customer. Perceived quality (X_3) indicators are tangible elements, reliability, responsiveness, and assurance. As the dependent variable is customer purchase intention (Y) with the indicators are the motivation to purchase the product, product involvement, brand, and product rating. In addition, the writer would also limit the object of the research which is Four Points by Sheraton Hotel Medan located at Jalan Gatot Subroto No. 395, Medan, North Sumatra, 20119, Indonesia.

1.3. Problem formulation

According to the background of the study, the writer can formulate several research questions, which are as follows:

- a. Does Brand Image have partial influence on Customer Purchase Intention at Four Points by Sheraton Hotel Medan?

- b. Does Customer Social Media Engagement have partial influence on Customer Purchase Intention at Four Points by Sheraton Hotel Medan?
- c. Does Perceived Quality have partial influence on Customer Purchase Intention at Four Points by Sheraton Hotel Medan?
- d. Do Brand Image, Customer Social Media Engagement, Perceived Quality have simultaneous influence on Customer Purchase Intention at Four Points by Sheraton Hotel Medan?

1.4. Objective of the research

Based on the problem formulation, the objective of the research as follows:

- a. To investigate whether Brand Image has partial influence on Customer Purchase Intention at Four Points by Sheraton Hotel Medan.
- b. To investigate whether Customer Social Media Engagement has partial influence on Customer Purchase Intention at Four Points by Sheraton Hotel Medan.
- c. To investigate whether Perceived Quality has partial influence on Customer Purchase Intention at Four Points by Sheraton Hotel Medan.
- d. To investigate whether Brand Image, Customer Social Media Engagement, Perceived Quality have simultaneous influence on Customer Purchase Intention at Four Points by Sheraton Hotel Medan.

1.5. Benefit of the research

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

1.5.1. Theoretical benefit

The research aims to highlight the significant impact of brand image, customer social media engagement, and perceived quality on customer purchase intentions. It is expected to enhance existing theories, particularly those related to the influence of brand image, social media engagement, and perceived quality on consumer purchase intentions.

1.5.2. Practical benefit

The practical benefits of this research are as follows:

a. For the Researcher

This study is anticipated to broaden the researcher's knowledge and provide additional insights that could enhance their expertise in the field.

b. For Four Points by Sheraton Medan

The findings are expected to assist the hotel in increasing customer purchase intentions. By developing strategies based on the research, the hotel can potentially boost occupancy rates and sales.

c. For Other Researchers

This research aims to offer new references and insights into how brand image, customer social media engagement, and perceived quality influence customer purchase intentions, contributing valuable information to the academic community.