

# CHAPTER I

## INTRODUCTION

### 1.1 Background of The Study

The evolving landscape of the service industry demands that every service provider company strategizes to enhance its competitive edge through marketing. The primary aim of these marketing efforts is to meet and satisfy consumer needs and desires. Consequently, marketing involves perceiving, understanding, stimulating, and fulfilling the requirements of carefully chosen target markets, utilizing an organization's resources effectively for this purpose. Thus, marketing entails aligning an organization's capabilities with market demands (Djaali, 2020).

With intensifying competition in the service sector, where more producers are striving to meet consumer demands, each company must prioritize customer orientation as its main objective. Achieving this involves implementing effective marketing strategies that not only attract but also retain consumers, thereby influencing their decisions to purchase the services offered over time. According to Firmansyah (2023), consumer purchase decision-making involves individuals solving problems by selecting appropriate behavioral options from multiple alternatives, which is considered the most suitable approach when making purchasing decisions after undergoing decision-making stages.

Currently, there are many service sectors that are of interest to entrepreneurs, especially in the hospitality industry. Hospitality is an industry related to providing temporary accommodation, food and beverage services, and

various additional services to guests staying at accommodation facilities such as hotels, resorts, motels, or other lodging establishments. The hospitality industry encompasses various aspects including hotel management, daily operations, marketing, finance, and customer service. The primary objective of the hospitality industry is to provide a pleasant and satisfying experience for guests while maintaining operational sustainability and profitability for the property owners or managers. Given the importance of hotels for tourists, business travelers, and other visitors, every entrepreneur applies marketing strategies in running their hospitality business, one of which is the Aryaduta Medan Hotel.

The Aryaduta Hotel has become one of the well-known hotels among the people of Medan city. Residents of Medan are usually familiar with Aryaduta Hotel, and there is a lot of information circulating about the hotel, both positive and negative. Based on initial observations conducted by the researcher, it has been found that the number of consumer visits to Aryaduta Hotel is decreasing each year. The following data can be seen in the following table:

**Table 1.1. Number of Room Reservations**

Year	Total Room Used
2019	31.269
2020	12.372
2021	21.516
2022	27.304
2023	25.921

Sources: The Aryaduta Hotel Medan, 2024

The table shows that the total number of rooms used in 2019 was 31,269, while in 2020 it dropped to 12,372. In 2021, the total room usage increased to 21,516, and in 2022 it further rose to 27,304. By 2023, the total number of rooms

used was 25,921. This can be seen from customers who used to frequently visit gradually starting to explore other hotels because in Medan, there are many alternative hotel options that can attract consumers, such as Adimulia Hotel, J.W. Marriott Hotel, Grand Aston Hotel, and others. The decline in consumer visits to Aryaduta Hotel is known to be influenced by several factors such as customer experience, corporate image, and social media marketing.

At its core, marketing focuses on understanding and fulfilling customer needs and wants. When customers make a purchase decision, they are looking for products that meet their needs or wants. In the context of consumer behavior, the purchase decision plays a central role. It encompasses the individual steps involved in selecting, purchasing, and using a product, as well as the entire decision-making process involved. A thorough understanding of consumer behavior is essential to achieving sustainable marketing success (Sriwendiah, et al. 2024).

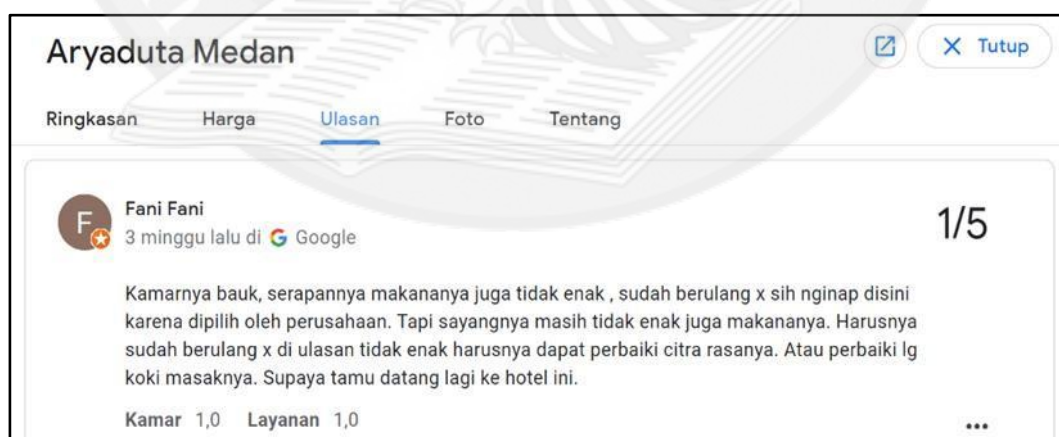
Customer experience is how customers perceive or feel about how they interact with a business. Customer perceptions of a brand can change throughout the buyer's journey, from the first conversation to after-sales support, and have a long-term impact on a company, including the bottom line. Implementing customer service and improving the customer experience is a critical aspect of the success of any business (Tuti, 2024).

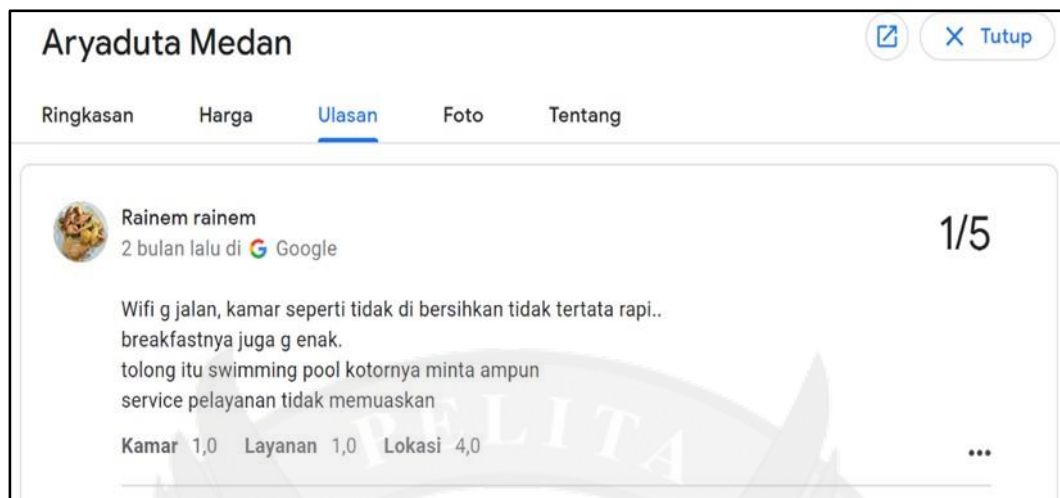
Corporate Image, is the image of an organization as a whole. The better the corporate image, the easier it will be for the institution to be accepted by the public. Corporate image is a valuable asset and must be managed by PR's. Corporate image is what a company does by defining it as a perception that covers

everything from the visual impression of the logo to the observation and experience of the company's products, services and behavior in general (Siregar, et al. 2024).

Social Media Marketing is a digital marketing format that utilizes social media platforms to promote products, services, or brands. Since its inception, Social Media Marketing has grown rapidly and is now an integral element in the marketing strategies of various companies. The basic concept of Social Media Marketing involves creating attractive and relevant content for the target audience, using various social media platforms to distribute that content, and actively interacting with followers. This strategy allows companies to build increasingly personal relationships with consumers that can increase consumer loyalty and retention. Social Media Marketing also allows companies to target audiences more precisely through paid advertising features and data analysis available on social media platforms (Erwin, et al. 2024).

At Aryaduta Hotel Medan several consumers complained that their experience during their visit to Aryaduta Hotel Medan was disappointing.





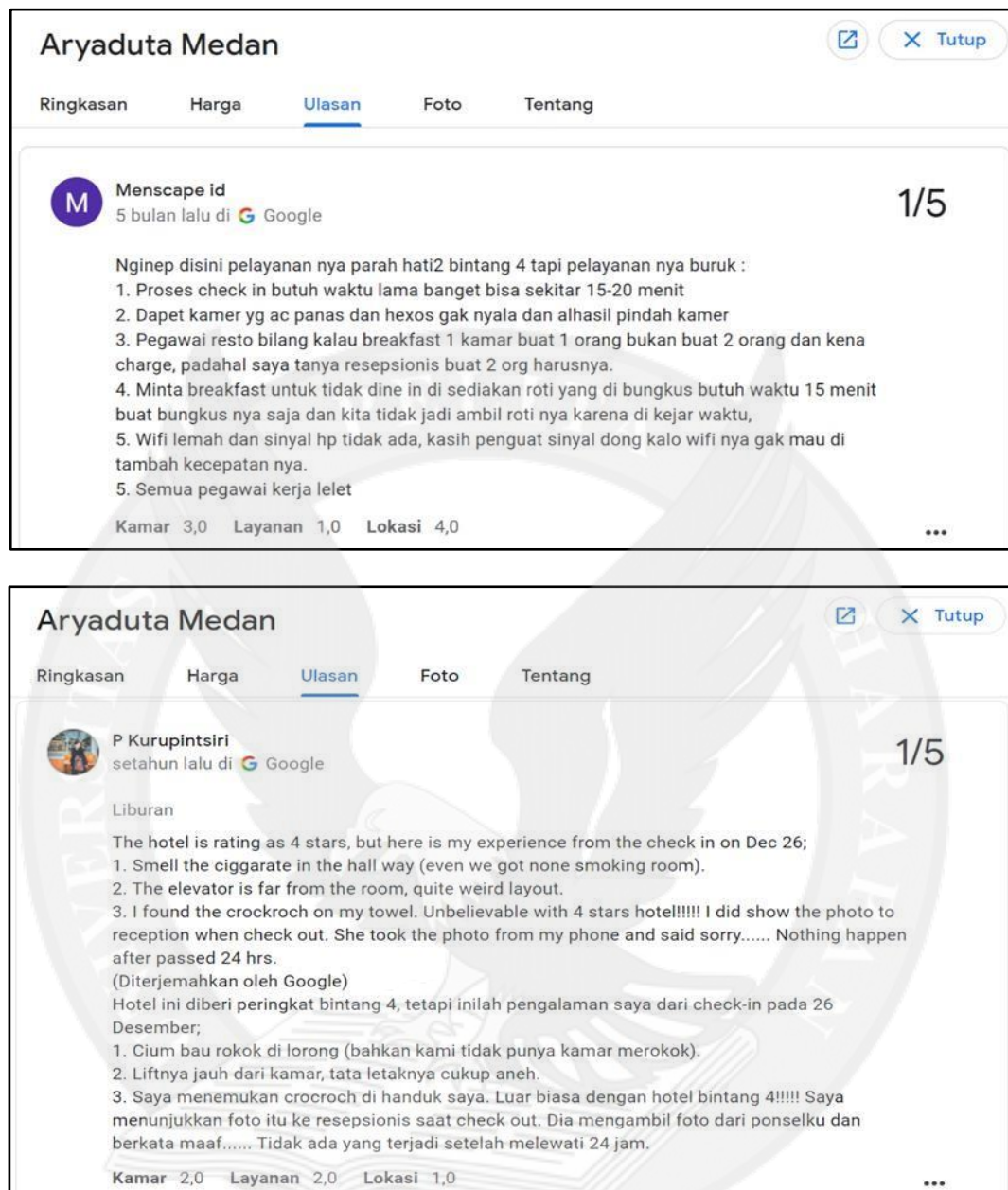
**Figure 1.1. Consumer Experience**

Sources: Google Review, 2024

Consumers have expressed a variety of complaints concerning their experiences, including issues related to the hotel's facilities, relatively high pricing, subpar service, and more. As a result of these negative experiences during their visits, many customers opt to explore other hotel options that offer better amenities and higher levels of customer satisfaction.

In terms of corporate image, Aryaduta Hotel Medan is marketed as a four-star hotel renowned for its luxurious and expensive offerings. However, this prestigious image does not accurately reflect the actual experiences provided to consumers, leading to a significant number of customers assigning low ratings, typically ranging from one to three stars. These ratings often include direct critiques aimed at Aryaduta Hotel Medan, highlighting the disconnect between the hotel's perceived reputation and the service it delivers.

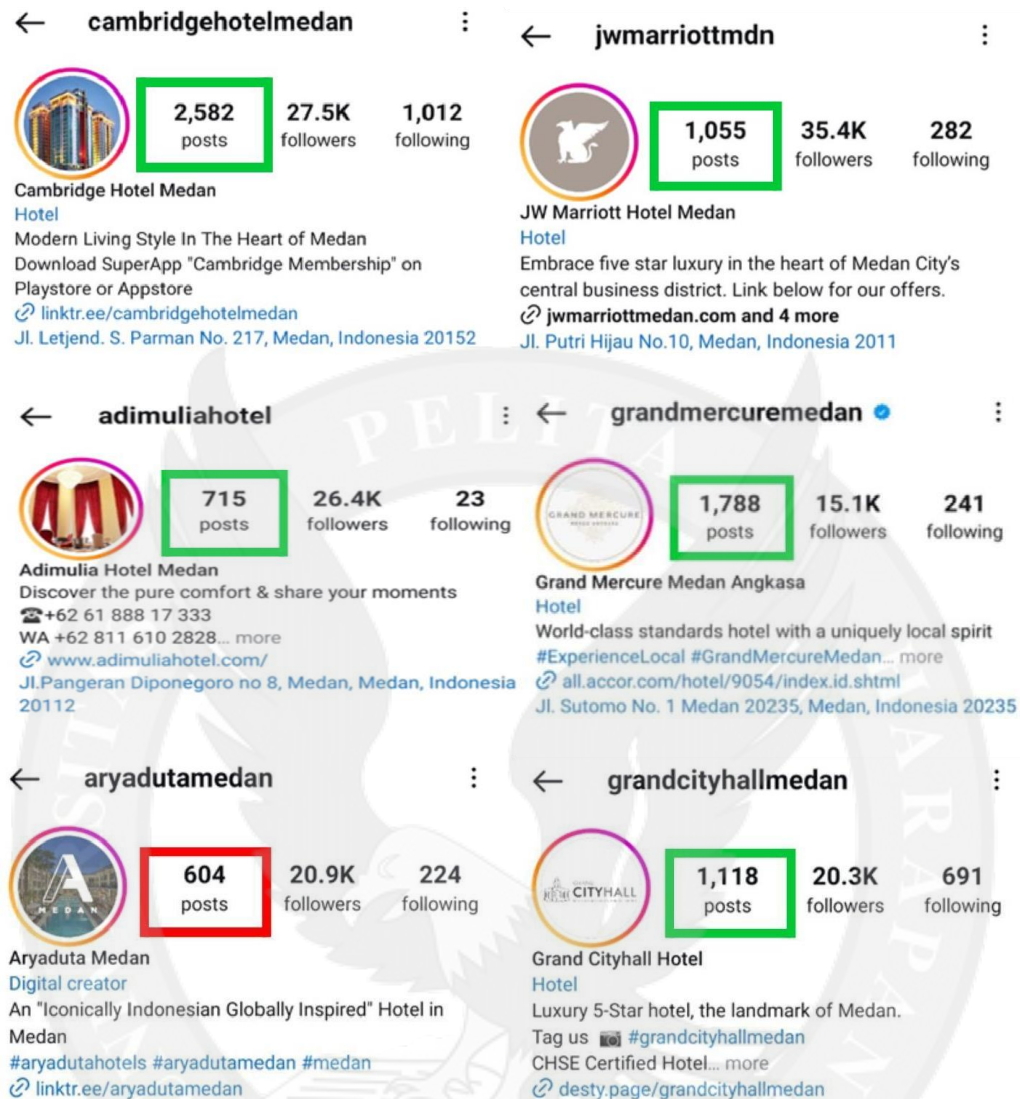




**Figure 1.2. Consumer Complaint**

Sources: Google Review, 2024

In terms of social media marketing, Aryaduta Hotel Medan is perceived as being less active in promoting its hotel online through social media because they believe that their hotel is widely known among the public and hence do not pay much attention to this aspect. In contrast, other hotels are very active in promoting and showcasing their facilities, as well as offering discounts to visiting consumers.



**Figure 1.3. Promotion Activities**

Sources: Instagram, 2024

Based on the table above, it can be seen that The Aryaduta Hotel Medan can be said to be not very active in carrying out promotional activities where of the many hotels that are widely known by the public, The Aryaduta Hotel Medan has the fewest number of promotional posts.

Based on the background study, the writer is interested to conduct research with the title: **“The Impact of Customer Experience, Corporate Image and**

## **Social Media Marketing Toward Customer Purchasing Decisions at Aryaduta Hotel Medan.”**

### **1.2 Problem Limitation**

Due to limitations in the abilities, funds and time that researchers have, therefore, the discussion was not long and effective. To limit the problem, the author will focus on three variables: customer experience, corporate image and social media marketing as independent variable while purchase decision as dependent variable. This thesis aims to study the extent to which customer experience, corporate image and social media marketing can effect purchase decision. This study will focus on Hotel Aryaduta Medan.

### **1.3 Problem Formulation**

The problem formulation in this research can be described as follow:

- a. Does customer experience have a partial impact toward purchase decision at Hotel Aryaduta Medan?
- b. Does corporate image have a partial impact toward purchase decision at Hotel Aryaduta Medan?
- c. Does social media marketing have a partial impact toward purchase decision at Hotel Aryaduta Medan?
- d. Do customer experience, corporate image, and social media marketing have simultaneous impact toward purchase decision at Hotel Aryaduta Medan?



#### **1.4 Objective of the Research**

The objective of the research as follow:

- a. To analyze whether the customer experience has partial impact toward purchase decision at Hotel Aryaduta Medan.
- b. To analyze whether the corporate image has partial impact toward purchase decision at Hotel Aryaduta Medan.
- c. To analyze whether the social media marketing has patial impact toward purchase decision at Hotel Aryaduta Medan.
- d. To analyze whether the customer experience, corporate image, and social media marketing has simultaneous impact toward purchase decision at Hotel Aryaduta Medan.

#### **1.5 Benefit of the Research**

The benefit of the researches as follow:

- a. **Theoretical Benefit**

The findings from this study serve as evidence for readers to understand the influence of customer experience, corporate image, and social media marketing on purchasing decisions. This research offers valuable insights, practical experiences, and observations that reflect real-life situations, which will be beneficial for the author in future endeavors. Furthermore, this study can act as a reference for individuals interested in exploring similar issues in their own research in the future. By shedding light on these

critical factors, it contributes to a broader understanding of how these elements interact and affect consumer behavior.

b. **Practical Benefit**

1) **For Hotel Aryaduta Medan**

The researcher expects the result from this study could benefit the business to evaluate, and take the result as suggestion to know the effect of customer experience, corporate image, and social media marketing towards purchase decision.

2) **For Writer**

The result from this study can make the writer gain new experience and more knowledge about the importance of customer experience, corporate image, and social media marketing towards purchase decision.

3) **For Future Research**

The researcher expects the result from this study could become a comparison for the future researchers who are interested of studying the same topic which is the effect customer experience, corporate image, and social media marketing towards purchase decision.