

CHAPTER I

INTRODUCTION

1.1 Review of the Research Object

1.1.1 Company Profile

Research's object : Hotel Balairung, Jakarta

Business Line : Hotel Industry

Corporation : (Perusahaan Daerah), Sumatra Barat

1.1.2. Company Logo :

Figure 1.1



1.1.3. Company Overview

(Hotel Balairung) Ethnic hotel in Matraman, East Jakarta, is located between the center of government and business center. Its presence at the crossroads between eastern and central Jakarta hotels that make this building a smart gain easy access to the Mangga Dua shopping center , Atrium Senen and Ancol recreational areas as well as 2 km distance between Station Cikini and Manggarai train .

Plus a three -star hotel Balairung has **92 exclusive rooms**, Pagaruyung Ballroom and Meeting Room.

The hotel is also facilitated with Dapua Hall Resto , B ' Corner Lounge , Mocktail Bar , side walk cafe , Room Service 24hr , Business Center , Virtual Office , Drug Store , Smoking area , Sago 's City View & Dining on the 12th floor, the entire facility is supported with a capacity of 15 mbps internet.

Type of room Balairung Hotel	
Superior twin	43
Superior King	18
Deluxe Twin	8
Deluxe King	13
Balairung Executive Deluxe	4
Balairung Club Suite	4
Balairung Executive Suite	1
Royal Balairung Suite	1

Source: Data Internal Balairung Hotel 2014

1.2 Backgrounds of the study

The global hotel industry posted average Occupancy rate of Hotel Industry growth between 2013 - 2014, and should strengthen as world travel demand builds momentum in the second half of the year and in 2015. Increasing investment in emerging markets, particularly Asia, the Middle East, Latin America, and Eastern Europe, will further boost industry growth. *Industry Trend Hotel 2014.*

TABLE 1.1

Hotels & Tourism — Industry Performance						
	2009	2010	2011	2012	2013	2014ytd*
AMERICAS						
Hotel Occupancy Rate (%)	54.7	57.8	60.1	66.8	70.2	72.6
RevPAR (US\$)	54.6	58.0	62.8	61.4	62.3	66.6
EUROPE						
Hotel Occupancy Rate (%)	60.5	64.3	66.1	65.8	67.4	69.2
RevPAR (Euro\$)	57.5	62.5	65.9	67.1	68.0	71.5
ASIA PACIFIC						
Hotel Occupancy Rate (%)	60.6	66.7	67.9	68.0	68.0	69.0
RevPAR (US\$)	72.3	85.5	87.1	86.8	83.3	81.6
MIDDLE EAST & AFRICA						
Hotel Occupancy Rate (%)	61.3	61.3	56.8	65.8	67.4	68.3
RevPAR (US\$)	93.4	94.7	92.4	86.3	90.4	94.9
World Tourist Arrivals (% chg.)	-3.9	6.5	4.9	4.0	5.0	4-4.5f
Global Hotel & Resorts Revenue (% chg.)	-7.5	4.6	2.7	1.3	0.5	2.5f

* January - May 2014. Source: STR Global, UNWTO, & IBISWorld.

Source: STR-Global, UNWTO & IBISWorld

Investments in Indonesia's tourism industry are primarily aimed at the hotel and restaurant sector. Indonesia's Minister of Tourism and Creative Economy, Mari Elka Pangestu said that investments in Indonesia's tourism industry reached a total of USD \$602.6 million in 2013. This consisted of foreign investments (USD \$462.5 million) and domestic investments (USD \$140.2 million). <http://www.indonesia-investments.com/id/news/todays-headlines>. The hospitality industry of Indonesia is booming, evidenced by the steadily increasing number of tourists each year. Moreover, expansion of Indonesia's low-cost carrier segment is also partly responsible for the increase because more and more people - both domestic and foreign (particularly from the Asia Pacific region - can afford to fly. Earlier this week, Statistics Indonesia announced that foreign tourist arrivals in Indonesia rose 3.57 percent (year-on-year) to 702,666 in February 2014 despite several natural disasters that plagued the country (floods and volcano eruptions). In the first two months of 2014, Indonesia welcomed 1,455,745 foreign tourists, a 12.6 percentage growth from the same period last year. Pangestu is content with this growth and is optimistic that the country's target of 9.3 to 9.4 million foreign tourists in 2014 can be achieved.

TABLE 1.2

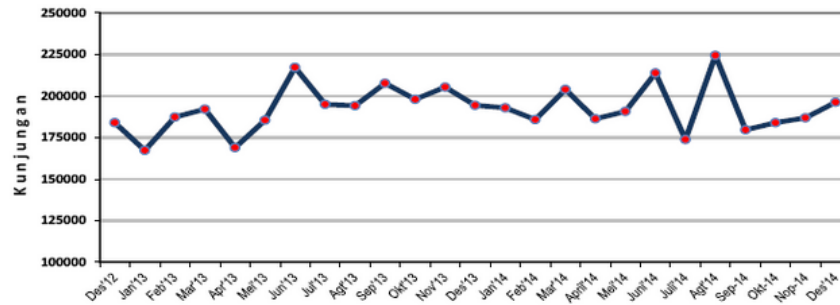
Foreign Tourist Arrivals 2012-2014

	2012	2013	2014
Foreign Tourist (in millions)	8.04	8.80	9.3

Source: Statistic Indonesia (BPS)

TABLE 1.3

Grafik 1 Perkembangan Jumlah Kunjungan Wisman ke DKI Jakarta
Desember 2012 s.d Desember 2014

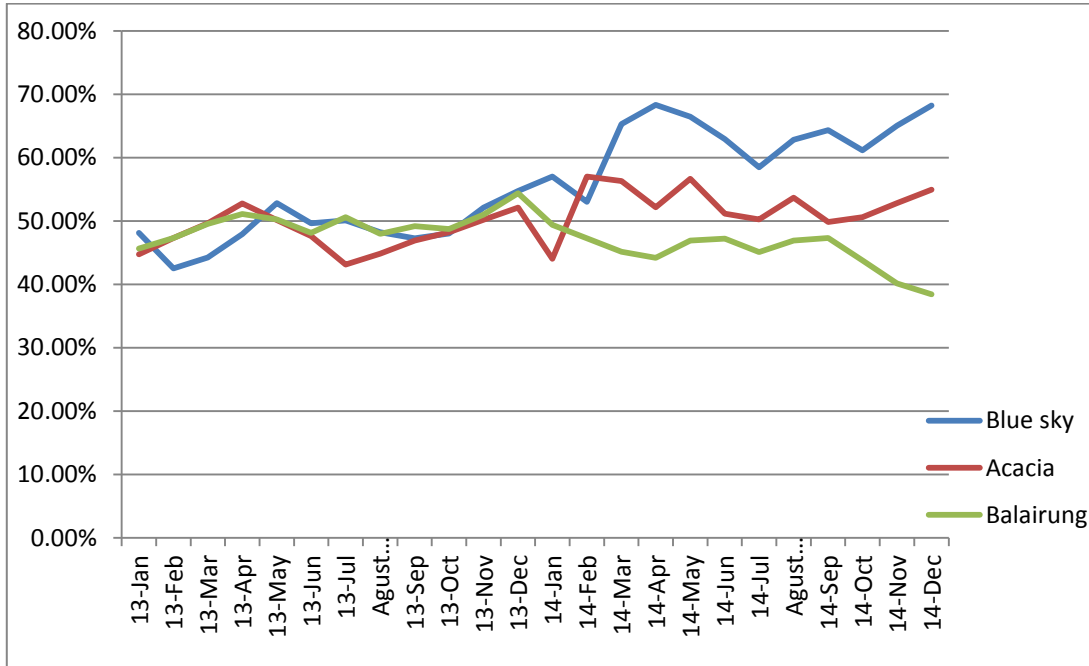


(<http://www.jakarta.go.id/pariwisata-dki-jakarta-2015>)

The occupancy rate is the ratio between the number of occupied rooms and the number of rooms offered by the hotels that are open or the percentage of all rental units (as in hotels) are occupied or rented at a given time.

The average of Occupancy Rate Hotel 2014 in Jakarta is 53.2%.
<http://www.bps.go.id/>.

Balairung Hotel Occupancy Rate compare to Hotel Competitor (2013-2014)

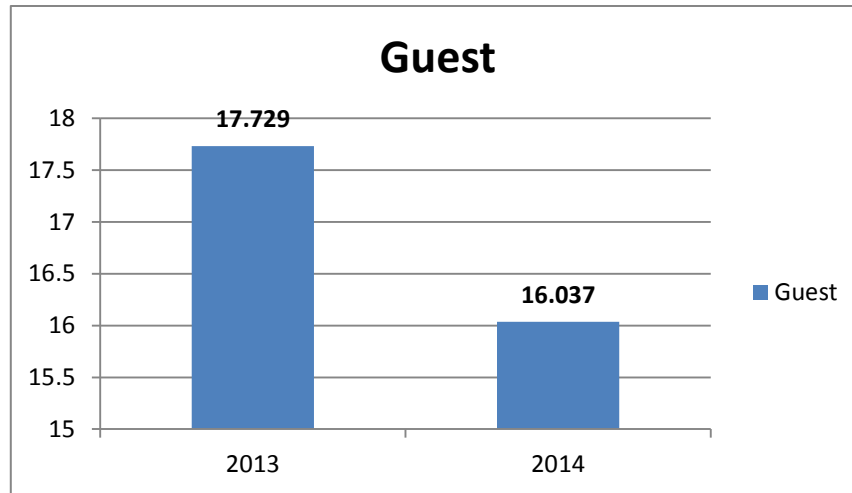


Source: Data Internal Balairung Hotel

FIGURE 1.2

In the figure 1.2 shows the decreasing of Occupancy rate of Balairung Hotel 2013-2014 compare to Balairung competitor such as: Blue Sky Hotel and Acacia Hotel. Occupancy rate of Balairung Hotel below the average of Hotel occupancy rate in Jakarta is 53.2%. It becomes the parameter of the Balairung Hotel face the decreasing of customer.

Guest of Balairung Hotel (2013-2014)



Source: Data Internal Balairung Hotel 2013-2014

FIGURE 1.3

In the figure 1.3 the data shows that the decreasing guest of Balairung Hotel in 2013 the number of guest that the author found is 17.729 and in 2014 the guest is decreasing to 16.037.

Customer Complain of Balairung Hotel (2013-2014)

TABLE 1.4

(Q1-Q4) 2013	Number of Complaints	(Q1-Q4) 2014	Number of Complaints
Q1	33	Q1	52
Q2	47	Q2	66
Q3	25	Q3	71
Q4	54	Q4	87

Source: Data Internal Balairung

In the table 1.6 shows the number of complaints that the researcher found on guest comment for services in Balairung Hotel. In 2013 the number of complaints that author can found is 159 complaints and in 2014 the complaints is increasing to 276. In conclusions the increasing number of complains show the dissatisfaction of Balairung Hotel customers is increasing.

TABLE 1.5

Date	Room		Guest Name	Nationality	Other	Comment
	Type	No				
5/6/2014	DLXK	612	DITKESAD	INDONESIA		AC PANAS
6/5/2014	DLXT	1107	MRS. MIRNA	INDONESIA		AIR PANAS TIDAK KELUAR DAN AC TIDAK HIDUP
6/5/2014	DLXT	712	DADAN	INDONESIA		KAMAR BAGUS, PELAYANAN KURANG RAMAH
7/5/2014	SPRT	603	DODDY DISPAR	INDONESIA		COMPLIMENT HOTEL BAGUS EXCELLENT SERVICE, KAMAR NYAMAN
7/5/2014	SPRK	608	PBNU	INDONESIA		TELEPON KURANG TERDENGAR BAIK, RESPON DARI PETUGAS KURANG
7/5/2014	SPRK	1008	MR. RAI GUNAWAN	INDONESIA		KAMAR FASILITAS BAGUS DAN LENGKAP TAPI CHANNEL TV BERMASALAH
8/5/2014	SPRK	708	BPOM DISTRIBUSI	INDONESIA		TELEPON BERDENGUNG, LAYANAN KAMAR KURANG

Source: Data Internal Balairung

I.e. guest comment of Balairung Hotel

In the table 1.5 shows the guest comment, there are a positive and negative comment, thus positive and negative comment become an example of ; consumer perceived and consumer expectation. (Zeithaml, Bitner and Gremler, 2009:87).

Based on the condition that happened in Balairung Hotel, the author would like to conduct research with title *The influence of service quality and customer satisfaction of Hotel Balairung Jakarta, Indonesia*.

1.3 Problem Statement

Nowadays, tourism and hotel industry has become one of the most important players of economies worldwide during the past decades (Shahin and Dabestani, 2010). The increasing of tourist number in Indonesia especially in Jakarta, the growing demands for a hotel, customers' satisfaction is a key for a hotel's success. Evans et al. (2006) also stated that customer satisfaction can be described as the feeling or attitude of a customer towards a product or service after it has been used. Parasuman Valerie A. Zeithamal and Leonard L. Berry (1985) has developed Service Quality (more known as SERVQUAL). Parasuman *et al.* (1985) elicited ten dimensions. They are tangibles, reliability, responsiveness, communication, security, credibility, courtesy, access, competence and understanding the customers. Further Parasuman *et al* (1988) reduce this ten dimensions into 5 dimensions, they are **tangible, reliability, assurance, responsiveness and empathy**. The definition of service quality variable; Tangible is an appearance of physical facilities, equipment, personnel and communication materials, Empathy is caring, individualized attention the employees provide to each other, Reliability is an ability to perform the promised service dependably and accurately, Responsiveness is willingness to help (internal) customers and provide prompt service, Assurance is knowledge and courtesy of employees and their ability to convey trust and confidence. This attributes developed global measurement for service quality.

Quality of service is essential for customer satisfaction (Cronin and Taylor, 1992). As the data shows that the declining of Occupancy Rate, increasing complaint, and the decreasing of guest 2013-2014 of Balairung Hotel need to be managed-well, with the intense competitions, the hotel must maintain their service to keep the satisfaction of customer to win the competition among the competitor. Thus the issue of customer satisfaction and service quality is very important for research, now a day every company tries to improve its service quality for customer retention and satisfaction (Gilbert and Veloutsou, 2006).

1.4. RESEARCH QUESTIONS

There are several questions that have been pull from the introduction. They are:

1. Does Tangible have a significant impact to satisfaction of customer Hotel Balairung?
2. Does Empathy have a significant impact to satisfaction of customer Hotel Balairung?
3. Does Reliability have a significant impact to satisfaction of customer Hotel Balairung ?
4. Does Responsiveness have a significant impact to satisfaction of customer Hotel Balairung?
5. Does Assurance have a significant impact to customer satisfaction Balairung hotel?

1.5 OBJECTIVES

1. Testing the effect of Tangible to customer satisfaction.
2. Testing the effect of Empathy to customer satisfaction.
3. Testing the effect of Reliability to customer satisfaction.
4. Testing the effect of Responsiveness to customer satisfaction.
5. Testing the effect of Assurance to customer satisfaction.

1.6 SIGNIFICANT STUDY

1.6.1 Academic Aspect:

This results of this research are hopefully can give useful information regarding developing more knowledge in the field of Hotel business and academic that related to the effect of service quality to customer satisfaction. This study is the way to investigated the Zeithamal models Service Quality to customer satisfaction terms.

1.6.2 Business Aspect:

The results of this research are going to be used by Hotel Industry, especially in service quality and customer satisfaction terms. In other hands, this research hopefully also can be used as a reference for the company that has to do this research, especially in Hotel business. This research can be used to improve business knowledge.

1.7 Writing Systematic

This study is presented into 5 chapter, a part from chapter 1 that already described above, the other chapters are described as follow :

CHAPTER 2 : LITERATURE REVIEW

It contains about theory, framework and hypothesis.

CHAPTER 3 : RESEARCH METHODOLOGY

This chapter contains about the description about research variables, sample determination, data size and sources, and also data analyze methods.

CHAPTER 4 : RESULTS AND DISCUSSION

In this chapter tell about the result of research in systematic than analyze with research methodology that has been established and held for further discussion.

CHAPTER 5 : CLOSING

This chapter contains conclusion, research limitations and suggest from research results.