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## THE RELATIONSHIP BETWEEN DEMAND AND THE MARKETING AND PROMOTION PLAN (CASE STUDY OF HOTEL XYZ)

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### **Abstract**

*The purposes of the research are to investigate the factors that influence consumers in staying at the hotel, to measure the level of customer satisfaction of Hotel XYZ and to develop the marketing plan of Hotel XYZ. The methodology uses in this research are questionnaire distributed to 50 respondents and Carthesius diagram analysis in order to identify the service attributes that should be improved. PHStat2 statistical program is used to measure the correlation between age, income and gender of the customers in relation to the service quality score of the hotel. The findings indicate that all of the five service quality dimensions have satisfaction levels higher than 90% although the tangibility aspects are still the main concerns that have to be improved. Another finding indicates that there are evidences that there are no correlation between the age, income and gender of the customers in relation to the service quality scores of the hotel.*

### **Keywords**

*customer satisfaction, hotel, service attributes*

## INTRODUCTION

The business environments nowadays are always changing. The way a company operates must be adapted to match the surrounding environment. This is the main reason on why a company should be able to understand the demand of the market and to be competent to match and satisfy the demand of the market. Market evaluation is the most critical element of successful business planning. The evaluation provides the basic data that will determine how a company can sell and provide the product or service successfully. The information collected can help, if necessary, adapt the company's product or service to better meet customer needs.

A company should also be able to have a proper planning and strategy in order to operate efficiently and effectively and also to be able to outperform its competitors. This also applies to a company that runs

hotel (hospitality) operation, in which each hotel attempts to give so many efforts in order to give satisfaction to its customers. In these days, the hospitality business in Indonesia continues to develop and also continues to grow. There are a lot of tourist destinations in Indonesia and the number of hotels in Indonesia continues to increase especially in major cities in this country. Basically, as a hotel provides service offering, a hotel must be able to give its best service to its customers. The best service that the hotel provides and performs can motivate people to choose that particular hotel rather than choosing other hotels. The definition of hotel is:

“Hotel is a type of accommodation that provides facilities (rooms) and service of such as food & beverages and other services for public that stay or intended to stay for a certain period of time, and operates commercially” (Sihite, 2000, p. 53).

Therefore, the main function of a hotel is to provide services for its guests as a place to stay while guests are away from home. Furthermore, each of the hotels makes an effort to build customer loyalty while at the same time seeking for future and potential customers. For that reason, each of the hotels must be able to know the motivation of the customers to visit and stay at the hotel. In this case, the hotel must be able to identify what are the determinations of the hotel demand.

Hotel is the main elements of the hospitality industry. In further, the hospitality industry is closely related to the tourism industry. The characteristic or nature of the hotel (hospitality industry) in Jakarta depends greatly on business travelers or tourists. Different with the nature of hotel (hospitality) in Bali, in which it depends more on the leisure purpose tourists (Sinaga, 2003). Therefore, the room occupancy rate of hotels in Jakarta is dominated by business travelers or tourists with business purposes. This can be seen by looking at the survey conducted by Horwath Asia Pacific (<http://www.horwathap.com>), a hotel, tourism and consulting company of the type of tourist visited Jakarta. The pie chart on the figure below shows that the 38% of the total tourists that visited Jakarta are for leisure purposes (20% domestic direct leisure and tour groups + 18% foreign direct leisure and tour groups). Therefore, the majority of the tourists that visited Jakarta are business tourists (43% business tourists vs 38% leisure tourists), not tourist with leisure purposes as in Bali.

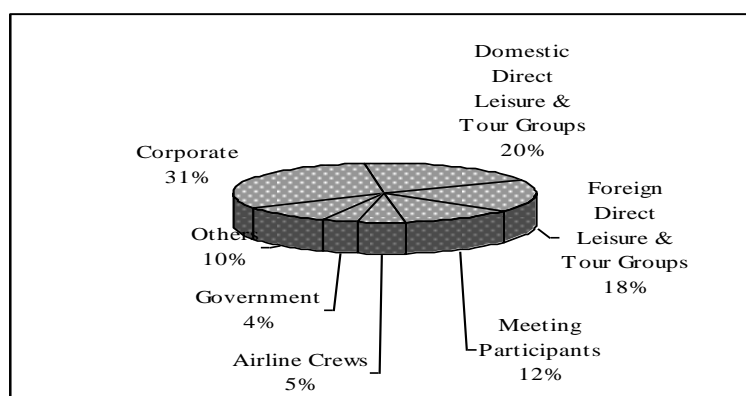


Figure 1 Type of tourist visited Jakarta

Source: Indonesia Hotel Industry Survey of Operations 2005(<http://www.horwathap.com>)

This research used Hotel XYZ as a hotel (company) in investigating the main motivations of the hotel demand. The research

and investigation will be important and useful in order for the hotel to develop a marketing plan in the future. The marketing plan relates closely with the demand drivers of the customers who have stayed or visited the hotel and also for the potential customers who have intention to stay or visit the hotel. Suppose that Hotel XYZ is able to identify the exact reasons of most of the travelers or tourist that choose to stay at the hotel, it will be able to discover the areas in which it has to be improved. If the areas that required the improvement will later match the demand of the customers, therefore it will be connected with the room occupancy rate of Hotel XYZ.

### **Research Problem**

The main aspects of the research problem are: "The investigation and examination of the demand drivers of the hotel to identify the purpose visit of the hotel and to evaluate and measure the level of customer satisfaction of the service attributes provided by the hotel". This research problem was intended to identify the significant correlations between the consumer demand driver and the facilities (service attributes) provided by the hotel. The research would identify the attributes that the customers perceived as important attributes for Hotel XYZ in order to provide the best service and also to satisfy the customers.

### **Research Questions**

The study attempted to investigate the following research questions:

- Question 1: What drives the demand of the hotel (room occupancy rate) or what is the motive of the customers to choose the hotel?
- Question 2: What is the level of customer satisfaction of the hotel?
- Question 3: How significant is the correlation between market demand and the demand for the rooms (occupancy rate) and the facilities of the hotel?
- Question 4: What is the appropriate marketing and promotion plan to match the demand driver of the hotel?

## **LITERATURE REVIEW**

### **Marketing**

Marketing is not only about selling and advertising a product or service. It is much more than that. Based of the American Marketing Association, marketing has the following definition:

"Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals" (Kotler, Ang, Leong, & Tan, 2003, p.10).

Another definition of marketing is:

"Marketing is a continuous, sequential process through which management plans, researches, implements, controls, and evaluates activities designed to satisfy both customers' needs and wants and their own organization's objectives" (Morrison, 2002, p.45).

From the two definitions of marketing above, it can be seen that the different definition of marketing are based on the core concept of marketing. The core concept of marketing covers several aspects such as needs, wants, and demands, product (offering), value,

satisfaction and quality, exchange, transaction and relationship and markets (Kotler , Armstrong, Brown, Adam, & Chandler, 1998).

### **Segmenting, Targeting and Positioning**

Market segmentation is dividing a market into direct groups of buyers who might require separate products or marketing mixes, it is the process of classifying customers into groups with different needs, characteristics or behaviors. Major variables that can be used for market segmentation are geographic segmentation, demographic segmentation, psychographic segmentation and behavioral segmentation (Kotler *et al*, 1998, p.299). Market targeting reveals from the market segmentation which means that after identifying market segmentation, the company must be able to decide its target market. Target market is a set of buyers sharing common needs or characteristics that the company decides to serve (Kotler *et al*, 1998, p.313).

As soon as the company has identified its target market, it must decide what position it wants to carry on for its target market. Positioning can be defined as:

“Positioning is the act of designing the company’s offering and image to occupy a distinctive place in the mind of the target market” (Kotler *et al*, 1998, p.296).

To build a position, the company must be capable to deliver and communicate its positioning strategy. The elements of the marketing mix are important devices to create an effective positioning. As a result, marketing mix (product, price, place and promotion) is closely related to segmenting, targeting and positioning. The company must create a marketing mix that matches its segmenting, targeting and positioning concept.

### **Marketing Mix**

The definition of a marketing mix is:

“Marketing mix is the set of controllable marketing variables that the company blends to produce the response it wants in the target market” (Kotler *et al*, 1998, p.57). Marketing mix consist of Four Ps which are product, price, place and promotion.

### **Service**

Services can be defined as a nonphysical, intangible attributes that management controls (or should), including friendliness, efficiency, attitude professionalism, and so on (Lewis *et al*, 1997, p.829).

According to Lovelock & Wright (2005), service is the action or output that creates an important usage by establishing a change as intended by the customer. In further, Lovelock, Patterson & Walker (2004) stated that service is a system. It is viewed as a system consisting of two main components which are (1) service operation where input creates service and (2) service delivery, in which the elements of service are brought together, completed and delivered to the customer. This system will create a “moment of truth” (Carlzon, 1987). Moment of truth (MOT) is the point where the service actually meets the customer and as a result it is the point where the customers can actually make first impression of the service (Irawan, 2002, p.54).

### Differences between Physical Product and Services

Grönroos (2000) has made a collection of differences between physical products and services as shown in the table 1. The table shows the obvious difference between service offerings and good offering is the natural form. While service is viewed as an intangible offering, good is viewed as a tangible offering.

### Hospitality Industry

Industry can be defined as a group of organizations or businesses units producing close substitute (Hubbard, 2004, p.51). In relation to the environment analysis, a company must also analyze its industry in order to be able to identify its competitive positioning. Once the company able to analyze its industry, it is able to identify what drives the competition among the companies and also able to identify the key success factor (KSF). Key success factors derive by the analysis of the consumer demand and competitive situation analysis.

Table 1. Differences between Physical and Services

Products	Services
1. Tangible	1. Intangible
2. Homogenous	2. Heterogeneous
3. Production and distribution separated from consumption	3. Production and distribution and consumption as simultaneous processes
4. A thing	4. An activity or a process
5. Core value produced in a factory	5. Core value produce in buyer-seller interactions
6. Customers do not (normally) participate in the production process	6. Customer participate in production
7. Can be kept in stock	7. Cannot be kept in stock
8. Transfer of ownership	8. No transfer of ownership

Source: C. H. Lovelock and L. K. Wright, *Principles of Service Marketing and Management*, 2005, p. 15, adapted from Grönroos, 2000.

The relationship between hotel and its industry is that the hotels are those elements that make up the industry. The industry is called the hospitality industry. By looking at the two definitions above, the characteristics of the hospitality industry can be derived. Hospitality has characteristics such as:

- Hospitality industry is a type of service provider in which the hotel's human resources (staff) process and produce the service at the same place in which the service is performed.
- Hospitality industry is an industry in which the products of the industry cannot be stored and distributed, therefore, the visitors are the one that have to come to get the product (service).
- Hospitality industry is closely influenced by the changes of economic, legal-political, social-cultural, technology and also the security situation of the country that the hotel operates.
- Hospitality industry operates 24-hours a day.
- Guest of the hotel is the most important to the hotel because the business of the hotel depends on the number of guests that come and stay at the hotel.
- Courtesy and politeness are the main ingredients of the hospitality industry.

## Service Quality

Service quality is a measurement of service satisfaction in the view of the customers. Parasuraman, Zeithaml, and Berry (1994) as stated in Tjiptono and Chandra (2005) have done a study of a service quality model which was named SERVQUAL model. In this model, Zeithaml *et al* (1994) identified a general model of SERVQUAL which is based on two proportions which are (1) the customer measured service based on two standards which are the desired service and the adequate service; and (2) zone of tolerance which separate the desired service and the adequate service. SERVQUAL measurement derived from the assumption that customer compares service with attributes relevant with the ideal standard for each service attribute, in other words SERVQUAL model has two main variables which are expected service and perceived service (Tjiptono and Chandra, 2005, p.158). There are five dimensions of service quality:

1. Reliability: the consistency and dependability for the company to perform the promised services accurately
2. Tangibility: the facilities, appearance and equipment of the company
3. Responsiveness: the ability of company staffs to provide service at the time when the customers need it
4. Assurance: the extent of the competency, courtesy, credibility and security
5. Empathy: communication to customers and understanding the customers

Table 2. Dimension and Attributes of SERVQUAL model

No.	Dimension	Attributes
1.	Reliability	1. Provide service as expected 2. Trustable to handle service 3. Deliver services in a right way 4. Deliver service on time 5. Keep record/documents correctly
2.	Responsiveness	6. Inform customers about the exact time of service delivery 7. Speed service delivery 8. Willingness to help customers 9. Readiness to respond to customer request
3.	Assurance	10. Employees build trustworthiness to the customer 11. Make customers feel save when doing a transaction 12. Consistent courtesy of the employees 13. The ability of the employees to answer the customers' questions.
4.	Empathy	14. Give individual concern to the customers 15. Serve customers with all concern 16. Put the importance of customers primarily 17. Employees understand the customer needs 18. Appropriate working hours
5.	Tangibility	19. Modern equipment 20. Visually attractive facilities 21. Professional and neat employees 22. Materials related to the service are visually attractive

Source: F. Tjiptono & G. Chandra, *Service, Quality & Satisfaction*, 2005, p.157, adapted from Parasuraman *et al*, 1994.

## Conceptual Framework

The conceptual frameworks of this research are service marketing and customer satisfaction. The reason is because the topic of the research develops around the hospitality industry in which service is the main element on running the business. Below is the figure of the conceptual framework.

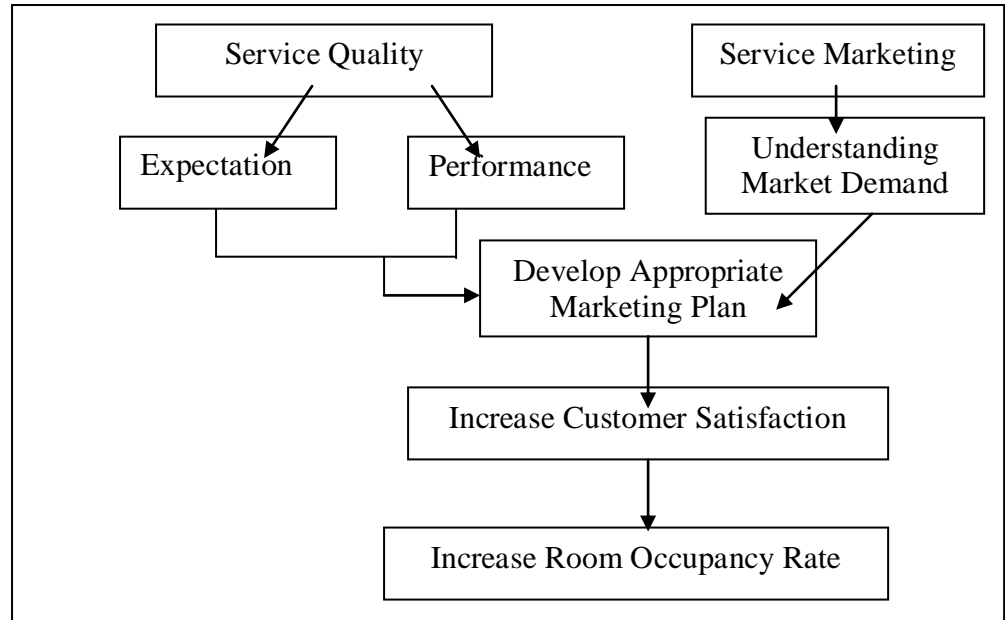


Figure 2. Conceptual Framework

## RESEARCH METHODS

### Type and Source of Data

The types of data that have been collected are primary data and secondary data. In this case, the primary data was obtained through the result of the reply or answers of the respondents that have filled up the questionnaire. The secondary data were generated from the internal data and external data of Hotel XYZ. The internal data was obtained from the report and record of Hotel XYZ. On the other hand, the external secondary data was obtained by researching the published data such as Internet sources, Central Bureau Statistics of Indonesia and other journals.

### Data Collection Method

1. Interview: Interviews was conducted in order to get the information from the employees of the hotel such as the company background, daily activities, the employees, the marketing and promotional activities.
2. Questionnaire: The type of the questionnaire distributed is a type of self-administered survey in which the respondents filled up the questionnaires by their own after the explanation on how to fill up the questionnaire have been given by the interviewer. Questionnaire was used in this survey due to its standardization of questions and answer. Self-administered survey gives advantages such as less expensive, the anonymity and privacy encourage more honest responses, less pressure on respondents

lack of interviewer bias, speed of administration and analysis and it is suitable for computer based research methods.

3. Literature Review: the writer has done a literature review by reading and studying service marketing and hospitality books that are used as the basis of the theory. The other reading and review has also been done such as reading magazine, articles and also newspaper.

### **Questionnaire Design**

There are two parts of the questionnaire. The first part consists of the general questions such as name, income, gender, age and nationality. Nationality is included here because the visitors might be domestic tourists or international tourists. Other than that, the questions in this part related to the factors affected the demand of Hotel XYZ. The second part of the questionnaire was designed in relation to the SERVQUAL dimensions (Reliability, Tangibility, Responsiveness, Assurance and Empathy). This part of the questionnaire was conducted in order to be able to measure the level of customer satisfaction. The SERVQUAL questionnaire uses Likert scale which enables the customers to give level of the attributes stated in the questions.

A Likert scale measures the extent to which a person agrees or disagrees with the given statement in the questionnaire. There are a variety possible response scales (1-to-5, 1-to-7, 1-to-9, 0-to-4). According to Kinnear (1998), Likert scale related to the question or statement regarding the respondent's attitude about something (Umar, 2005, p.69).

The Likert scale used in this research questionnaire ranges from 1 to 5, where:

- 1= Strongly Disagree
- 2= Disagree
- 3= No Opinion (Neutral)
- 4= Agree
- 5= Strongly Agree

### **Customer Satisfaction and Demographic Survey**

#### **Research Sample**

Sample is the proportion of the population that is selected for analysis (Levine, Stephan, Krehbiel, and Berenson, 2005, p.5). The sample in this research are those the customers of Hotel XYZ.

#### **Survey Sampling Method**

The research uses a non-probability survey sampling method, particularly with judgmental sampling and convenient sampling method. Non-probability sample is one in which the individuals included are chosen without regard to their probability of occurrence (Levine *et al*, 2005, p.10). The methods have been chosen due to the consideration that the respondents are able to answer the survey questions and the convenience it provides to choose a respondent from the population of this research. In this case, sampling is used to collect data in which only cover an element of the population which is the sample of the population itself (Supranto, 2003, p.71).

#### **Respondent**

The number of the sample is 50 respondents. Therefore, n=50 is the representative of the total population. 50 respondents are sufficient enough to be used in this research. This is because for descriptive



research, the minimal respondents are 30 respondents (Umar, 2005, p.79). The respondents are those visitors of Hotel XYZ who have actually visited and stayed overnight at Hotel XYZ, not people who have never visited or stayed at Hotel XYZ. This is done due to the objective of the survey which is to identify the demand driver and customer satisfaction of Hotel XYZ.

## Data Analysis

### Customer Satisfaction Measurement

Data analysis involves entering data into computer files, checking for errors that might occur and also continuing with the statistical test. The different types of data mentioned above (primary and secondary data), after being analyzed, can be changed into information. Information is a useful tool for supporting rational decision making of the management level.

Based on the result of the expectation and the perception scale of Hotel XYZ, there will be a measurement of the comparison between the expectation (importance) and the perception (actual performance) of Hotel XYZ. In further, the analysis will be implemented in the Carthesius Diagram in order to identify what attributes should be improved (Supranto, 2003). Carthesius diagram comprise of two variables which are the level of actual performance (X) and importance/expectation level view by customers of Hotel XYZ (Y).

In relation to the Importance/Performance Analysis, the Likert scale category for the importance (expectation) is modified as follows:

- 5= Very Important
- 4= Important
- 3= Somewhat Important
- 2= Less Important
- 1= Unimportant

For the performance (perception), the weight category is as follows:

- 5= Excellent
- 4= Good
- 3= Somewhat Good
- 2= Less Good
- 1= Not Good

Next, the average score for the importance and performance of each dimension that will affect the level of customer satisfaction can be calculated as follows:

$$\bar{X} = \frac{\sum Xi}{n} \qquad \bar{Y} = \frac{\sum Yi}{n}$$

Explanation:  $\bar{X}$  = Average score of Hotel XYZ performance

$\bar{Y}$  = Average score of importance/expectation view by customer of Hotel XYZ

n = numbers of respondents

The next calculation is the level of satisfaction, by comparing the performance score and the importance score. The formula used to analyze this customer satisfaction level as stated by Supranto (2003) is:

$$Tki = \frac{Xi}{Yi} \times 100\%$$

Explanation: Tki = Customer Satisfaction Index  
 Xi = Score of Hotel XYZ performance  
 Yi = Score of importance/expectation view by customer of Hotel XYZ

Cartesius diagram is used in this analysis. Cartesius diagram is generated from the Importance/Performance Analysis which was adopted from Martila and James (1977). The diagram can show the management level which attributes of the service consider being important for the customers but getting the least attention by Hotel XYZ, or vice versa.

There are four parts of the diagram divide up by the ( $\bar{X}$ ) and ( $\bar{Y}$ ). The horizontal axis ( $\bar{X}$ ) can be filled up by the performance score and vertical axis ( $\bar{Y}$ ) for the importance score. The average score in relation to the customer satisfaction level can be calculated using the formula (Supranto, 2001):

$$\bar{X} = \frac{\sum \bar{Xi}}{k} \qquad \bar{Y} = \frac{\sum \bar{Yi}}{k}$$

Explanation:  $\bar{X}$  = Average score of Hotel XYZ performance of all attributes  
 $\bar{Y}$  = Average score of importance/expectation view by customer of Hotel XYZ of all attributes  
 k = numbers of attributes

Cartesius diagram can be seen by the figure below.

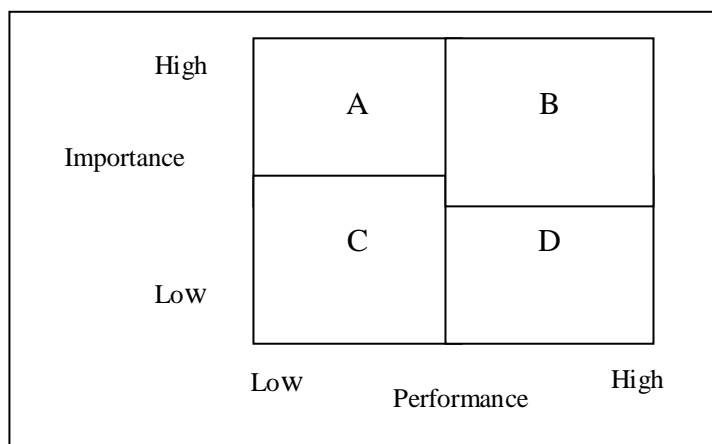


Figure 3. Cartesius Diagram

Source: Supranto, J. *Metode Riset, Aplikasinya Dalam Pemasaran (Research Method, Application of Marketing)*, 2003, p.140.

Explanation:

(A) Concentrate Here: Shows the factors or attributes consider having significant influences to customer satisfaction, therefore, must be improved because the expectation is high but yet the perception is not as high as the expectation.

- (B) Keep Up the Good Work: Shows the factors or attribute that the performance have to be sustained because consisting of the factors or attributes consider having high expectation and high perception. Hotel XYZ must be able to sustain the performances that already satisfy the customers.
- (C) Low Priority: Shows the factors or attributes having less influence to the customers, therefore consider as low priority.
- (D) Possible Overkill: Shows the factors or attributes having less influence but Hotel XYZ has done overwhelming efforts. Therefore, Hotel XYZ must relocate this overwhelm or overpower efforts to cover the higher priority performance.

By placing in the elements or attributes that affect the satisfaction of the customers in the diagram, the rank of service importance and performance of the attributes can be explained. As a result, the actions that are required for the improvement can be identified (Supranto, 2003, p.404).

### Validity and Reliability

Pearson or product moment correlation (r) is used in this research in order to find how the correlation between one variable correlate to another variable (Umar, 2005, p.132). The formula is:

$$r = \frac{n(\sum XY) - (\sum X \sum Y)}{\sqrt{n(\sum X^2) - (\sum X)^2 \times n(\sum Y^2) - (\sum Y)^2}}$$

Explanation: r = correlation  
X = attribute score  
Y = total score

For testing, the t statistic formula is used (Umar, 2005, p.134).

The formula is  $t = \frac{r\sqrt{(n-2)}}{\sqrt{(1-r^2)}}$ , with (n-2) degrees of freedom.

Explanation: n = respondents of the sample  
r = product moment correlation

Reliability calculation is conducted when the validity of the questions in the survey have been tested. The writer uses Cronbach's Alpha ( $\alpha$ ) to test reliability with the formula as follow:

$$\alpha = [b / (b-1)][(Vt - \sum Vi) / Vt]$$

Explanation: b = numbers of attributes  
Vt = Total variance score  
Vi = Variance i

For total variance, the formula is  $Vt = \frac{\sum X^2 - [(\sum X)^2 / n]}{n}$

Explanation: n = numbers of respondents  
X = attribute score

## Hypotheses Testing

Hyporesearch is a contemporary formulation about some issue that was made in order to explain the issue and also enable the research to be directed in the further research of the issue (Umar, 2005, p.104) The methodologies mentioned above are implemented in the aim as to respond to the question of to make an appropriate marketing and promotional plan that relates to the demand drives of the visitors of the hotel. Other than that, the methodologies are also being used to support the hyporesearch of the research. For this research, null hyporesearch is used in order to be able to respond the research questions. Below is the null hyporesearch.

Null hyporesearch: There is no significant correlation between the demand driver and the hotel facilities and services dimensions

Based on the survey conducted, the specific null hypotheses are breaking down as listed below.

### Null Hyporesearch #1

H<sub>0</sub>: There is no significant correlation between the respondents' age and the total perception score of the service quality dimension of Hotel XYZ.

### Null Hyporesearch #2

H<sub>0</sub>: There is no significant correlation between the respondents' income and the total perception score of the service quality dimension of Hotel XYZ.

### Null Hyporesearch #3

H<sub>0</sub>: There is no significant correlation between the respondents' gender and the total perception score of the service quality dimension of Hotel XYZ.

To test the significant existence of correlation, t test for a correlation coefficient is computed using PHStat2 statistical program to measure the strength of the relationship between two numerical variables (Levine *et al*, 2005, p.542). The formula is:

$$t = \frac{r - \rho}{\sqrt{\frac{1 - r^2}{n - 2}}}$$

with (n-2) degrees of freedom and where  $\rho = 0$  (No correlation) and  $\rho \neq 0$  (Correlation) and n is the number of the sample. The null hyporesearch is rejected if t stat > t<sub>48</sub> with 0.05 (5%) level of significance.

## DISCUSSION AND RESULT

### Segmenting and Targeting

Identifying a target market is very important. Once it has been identified, the analysis of the marketing mix must be developed in order to keep the customers satisfied by fulfilling their needs and wants. The market of Hotel XYZ make up by segmenting into four different types of

customers, which are Corporate, Group/Convention, Travel agent and F.I.T (Foreign Individual Travelers).

Based on the interview with the marketing manager, before the era of reformation, in 1997, 60% of Hotel XYZ guests were international visitors mainly form Australia and Asia and the rest of the guests (40%) were domestic visitors. However, since 1998, the number of international guests of Hotel XYZ decreased significantly due to the economic, political and security condition of Indonesia. According to the marketing manager of the hotel, the percentage dropped from  $\pm 60\%$  foreign guests to only  $\pm 8\%$  of international guests up until 1999. From this moment, the percentage fluctuates up to 21.39% of international guests up to 2005. There was a decrease of numbers of international guests from in 2004 (from 42.7% in 2003 to 32.96% in 2004) due to the bomb incident if J.W Marriot Hotel in Jakarta.

### Positioning

Hotel XYZ positioned itself as a four-star hotel which consistently presents conveniences of the highest standard. At the hotel, warm Eastern hospitality merge with Western luxury. This is reflected by the interior design that combined the classic Indonesian décor and modern facilities and also by the philosophy of the hotel which is "The Friendly Hotel that Cares".

### Rank of Scores

#### Rank of SERVQUAL Performance Dimensions

Based on the tables above which show the average score of each of the attributes, the calculation of each of the SERVQUAL dimension (Performance and Expectation) can be calculated with the formula:

$$\text{Dimension Average Score} = \frac{\text{Total average score}}{\text{number of attributes}}$$

In regards to the performance of Hotel XYZ, the five service quality dimensions that have been provided can be ranked as follow:

First, Reliability dimension average	: 20.66/5 = 4.132
Second, Assurance dimension average	: 15.82/4 = 3.91
Third, Responsiveness dimension average	: 15.62/4 = 3.905
Fourth, Empathy dimension average	: 18.10/5 = 3.62
Fifth, Tangibility dimension average	: 14.44/4 = 3.61

The performance average score can be consider as good of the average score is between 3.50 to 4.50 (Supranto, 2003, p.436). Looking at the score calculated above, it can be seen that performance results provided by Hotel XYZ is in between 3.61 to 4.132. Therefore, in general the performances given by Hotel XYZ have been appropriately done in such a way it matches the expectation of the customers.

#### Rank of SERVQUAL Expectation Dimensions

By looking at the importance level of the customers in regard to the service quality in which they expect that they can get from an excellent hotel, the rank of the scores can be seen as follow:

First, Tangibility dimension average	: 17.82/4 = 4.455
Second, Assurance dimension average	: 17.30/4 = 4.325
Third, Reliability dimension average	: 20.58/5 = 4.116

Fourth, Responsiveness dimension average :  $16.32/4 = 4.08$   
 Fifth, Empathy dimension average :  $20.3/5 = 4.06$

From the rank above, it can be analyzed that customers (hotel guests) in choosing a particular hotel as a place to stay overnight consider the tangibility dimension as the first priority. This means that customers perceive the hotel appearance, facilities of the hotel such as the lobby, parking lot and also the tidiness of the employees and staffs. Since service cannot be seen, the tangible aspects become important for customers to assess and measure the service quality (Irawan, 2002, p.58). On the other hand, empathy dimensions consider as the lowest consideration for the customers (hotel guests) on choosing a hotel. Assurance, responsiveness and reliability positioned in between tangibility dimension and empathy dimension which means that these are somewhat important consideration for the customers on choosing a hotel.

### Rank of Satisfaction Level (Index)

The rank of satisfaction level can be seen below. It is the comparison between Hotel XYZ performance and customers' expectations which shows the fulfillment level of each of the dimension.

First, Reliability dimension average :  $4.132/4.116 = 100.4\%$   
 Second, Responsiveness dimension average :  $3.905/4.08 = 95.71\%$   
 Third, Assurance dimension average :  $3.91/4.325 = 90.40\%$   
 Fourth, Empathy dimension average :  $3.62/4.06 = 89.16\%$   
 Fifth, Tangibility dimension average :  $3.61/4.455 = 81.03\%$

From the list above, it can be noticed that the satisfaction level between Hotel XYZ and customers' expectations is in between the range of 81.03% to 100.4%. Compare to the rank of performance and expectation, tangibility placed in the opposite rank. Tangibility has the lowest satisfaction level (81.03%) while the customers' expectation on the tangibility aspects of Hotel XYZ is the highest. For that reason, the tangibility aspects (modern looking equipment, visually appealing physical facilities, neat appearing employees and materials associated with the service are visually appealing) must be able to make improvement in order to give higher satisfaction level of the customers.

### Analysis of Carthusius Diagram

There are four parts of the diagram divide up by the X axis and Y axis. The horizontal axis ( $\bar{X}$ ) can be filled up by the performance score and vertical axis ( $\bar{Y}$ ) for the expectation (importance) score. The calculation of ( $\bar{X}$ ) axis and ( $\bar{Y}$ ) axis of the diagram are as follows;

$$\bar{X} = \frac{\sum X_i}{k} = \frac{84.64}{22} = 3.85$$

$$\bar{Y} = \frac{\sum Y_i}{k} = \frac{92.32}{22} = 4.20$$

Based on the average scores of each dimensions of the SERVQUAL dimension ( $\bar{X} - \bar{Y}$ ), all of the five dimensions can be positioned in the appropriate quadrant. Figure 4 shows the position of

each of the dimensions on the Carthesius diagram with the explanations of the position of each dimension.

- (a) Tangibility (3.61 – 4.455). This dimension is placed on (A) quadrant which is 'concentrate here'. This means that this dimension considers as important by the customers but Hotel XYZ do not put much attention on it. The result is exactly true in accordance to the satisfaction level in which the level of customers' satisfaction on this aspect is the lowest of all the other dimensions. If Hotel XYZ is able to improve the overall tangibility dimension, the level of customer satisfaction will increase.

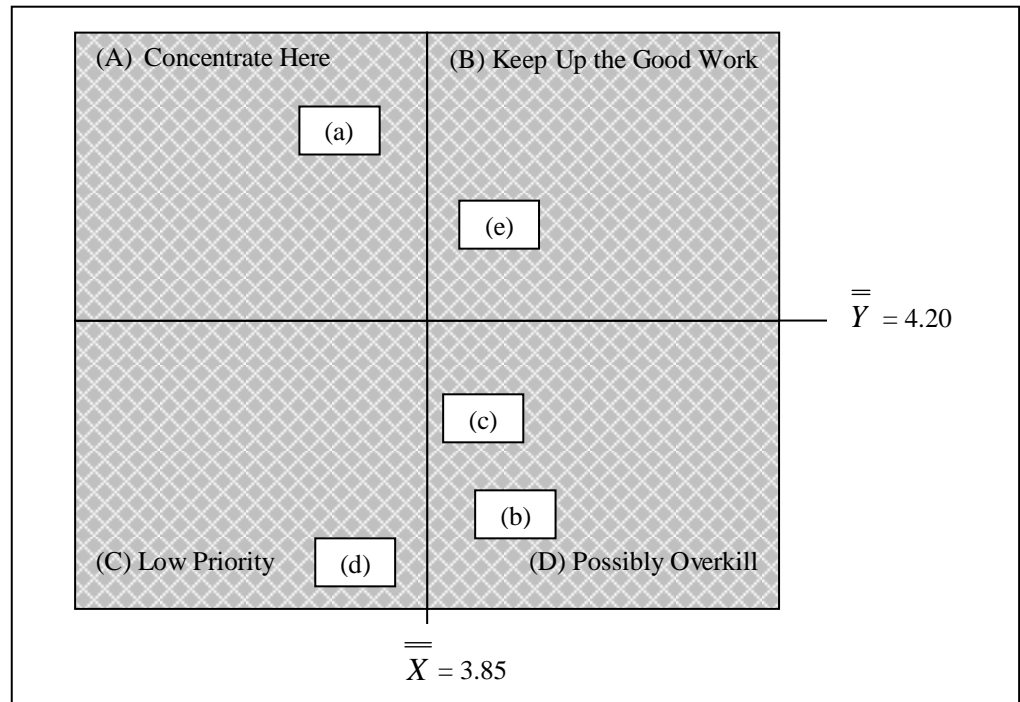


Figure 4. Carthesius Diagram SERVQUAL Dimensions

Source: Analysis of Hotel XYZ Customer Satisfaction Questionnaire Result

- (b) Reliability (4.132 – 4.116). This dimension is placed on (D) quadrant which is 'possibly overkill'. This means that Hotel XYZ has done excellent performance of this dimension but the customers perceive this dimension as a less important dimension. In this case, Hotel XYZ must be able to allocate the excess performance of this dimension into the other dimensions which require more improvements such as tangibility dimension.
- (c) Responsiveness (3.905 – 4.08). This dimension is placed on the (D) quadrant which is 'possibly overkill'. This dimension works the same way as the reliability dimension that has been explained above.
- (d) Empathy (3.62 – 4.06). This dimension is placed on the (C) which is 'low priority'. This quadrant shows that the dimension is not consider as high priority by the customers. From the side of Hotel XYZ, the hotel has done sufficient performance regarding this empathy dimension. Therefore, it does not need much attention for improvement.

- (e) Assurance (3.91 – 4.325). This dimension is placed on the (B) quadrant which is 'keep up the good work'. The performance of Hotel XYZ in this dimension viewed as excellent service by the customers. In this case, the customers feel satisfy. The task of the hotel is to keep up the good work in order to maintain the customer satisfaction level.

Most respondents (48%) felt that hotel services meet their expectations and only 6% felt that hotel service do not meet their expectation. 49 of total 50 respondents (98%) felt satisfied with staying at Hotel XYZ. This respondents have marked the satisfaction scale of strongly agree to somewhat agree. Only 2% (1 respondent) felt dissatisfied with staying at the hotel. In regards to recommend the hotel to friends and/or associates, the total 45 respondents (90%) have marked between strongly agree and somewhat agree to recommend the hotel. For a statement about experiencing problem with the hotel, 92% (46 out of 50 respondents) indicated that they had never experienced problem with the hotel while the rest 6% indicated that they have experience problem. However, 100% of the respondents indicated that their problem have resolved satisfactory by the hotel.

### Hypotheses Testing

Each of the null hypotheses is tested in order to find out the significant correlation that exists between the demographic elements of the customers (age, income and gender) and the customers perception of service quality dimensions of Hotel XYZ. Below is the analysis of the null hyporesearch using critical value of  $t_{48} = 2.0106$ .

Null Hyporesearch #1: There is no significant correlation between the respondents' age and the total perception score of the service quality dimension of Hotel XYZ.

$H_0: \rho = 0$  (No correlation)

Using the 0.05 level of significance, since  $t = -0.50481 < 2.0106$ , the null hyporesearch is accepted. It can be concluded that there is no correlation between the respondents' age and the total perception score of the service quality dimension of Hotel XYZ.

Null Hyporesearch #2: There is no significant correlation between the respondents' gender and the total perception score of the service quality dimension of Hotel XYZ.

$H_0: \rho = 0$  (No correlation)

Using the 0.05 level of significance, since  $t = -0.88859 < 2.0106$  the null hyporesearch is accepted. It can be concluded that there is no evidence of an association between the respondents' gender and the total perception score of the service quality dimension of Hotel XYZ.

Null Hyporesearch #3: There is no significant correlation between the respondents' income and the total perception score of the service quality dimension of Hotel XYZ.

$H_0: \rho = 0$  (No correlation)

Using the 0.05 level of significance, since  $t = 0.81847 < 2.0106$  the null hyporesearch is accepted. It can be concluded that there is no



significant correlation between the respondents' income and the total perception score of the service quality dimension of Hotel XYZ.

In relation to the Carthesius diagram analysis, an important point can be identified. After testing the hyporesearch above, it can be stated that the way respondents (customers) perceive and assess the service quality attributes of Hotel XYZ do not relate to the age, gender and income of the respondents. This means that age, gender and income or even nationalities of the customer do not necessarily correlate on how the customers view, observe and judge the quality of hotel services.

## **CONCLUSION AND RECOMMENDATION**

### **Conclusion**

The points of the conclusion are based on the research questions which can be seen below.

1. Several main points taken out from the survey showed that 96% of the total respondents are Indonesian and the other 4% are Japanese, 58% visited or stayed at Hotel XYZ for business purposes, only 10% of the respondents have leisure as their purpose of visit, 34% indicate that location is the main reason to stay overnight at the hotel, only 2% indicate the atmosphere of the hotel as the reason of choosing the hotel and 14% heard about the hotel from the media, mainly television. In choosing a hotel, customers tend to choose based on a hotel's tangibility dimension attributes and assurance dimension attributes. Based on the survey, both dimensions have the average score of 4.455 and 4.325 respectively. On the other hand, the empathy dimension attributes with average score of 4.06 tend to be the last priority of the customer in choosing a hotel.
2. All the five service quality dimensions in general have satisfied the hotel's customers. Four of the five service quality dimensions have satisfaction levels higher than 90%. Reliability dimension has satisfaction level of 100.4%, empathy dimension has satisfaction level of 89.16%, responsiveness dimension has satisfaction level of 95.71% and assurance dimension has satisfaction level of 90.41%. Only one dimension has satisfaction level lower than 90% which is tangibility dimension (81.03%). This tangibility dimension satisfaction level is in accordance with the average score of customer perception. The average score of tangibility dimension is 3.61 in which it is the lowest average score of customer perception compare to the other four attributes. This tangibility dimension score of expectation average based on the result of the survey is 4.455. This score is the highest score compare to the other four dimensions. Therefore, there is a gap between customers' expectations and the Hotel XYZ management perception.
3. The results of the Carthesius diagram, shows that the attributes included in quadrant A ('concentrate here') requires priority action for improvement. In other word, the attributes do not meet the customers' expectations. Three out of five attributes of the quadrant related to the tangibility aspects. Those attributes are modern looking equipments, visually appealing physical facilities and visually appealing materials associated with the service. Based on the Carthesius diagram, it can also be analyzed that there are seven attributes in quadrant B ('keep up the good work') which consider having good performances by the customers.

Those attributes are safe in transactions, consistently courteous with customers, have their customer's best interests at heart, neat appearing employees, insist on error free records, convenient operating hours and prompt service to customers.

4. For quadrant C ('low priority'), customers indicated that there are attribute that are not necessarily important for the customers. Those attributes are understanding the specific needs of their customers, giving customers personal attention, giving customers individual attention, never be too busy to respond to customers' requests and to tell customers exactly when services will be performed. From the perspective of the Hotel XYZ management, these attributes have low priority for attention. On the last quadrant which is quadrant D ('possibly overkill/excess'), there are attributes that consider to be insignificant for the customers but Hotel XYZ has done an excellent performance on these attributes. Therefore, these attributes judged as to have an excess performance. Those attributes are doing something by a certain time (on time), show a sincere interest in solving customers' problems, provide the service at the time they promise to do so, perform the service right the first time and always willing to help customers.
5. This question relates to the three null hypotheses stated before. All of the null hypotheses are accepted which means that there are no significant correlations between the age, income and gender of the customers in relation to how they judge or perceive the service quality of the hotel. In other words, age, gender and income are not important factors on the assessment of the service quality of the hotel.

### **Recommendation**

The researches and discussions on the previous chapters are useful for Hotel XYZ to make the marketing plan for next year (2007). The issues mentioned above are important issues when developing marketing plan, company objective only is not enough to make a marketing plan. Below is the overview of the marketing plan of Hotel XYZ for 2007 that relates to the last research question (Research Question 4).

Research Question 4: What is the appropriate marketing and promotion plan to match the demand driver of the hotel?

The marketing plan is based on the results and analysis of the survey that has been conducted for this research. The marketing plan of Hotel XYZ ought to include the strengths and weaknesses of the hotel. Based on analysis of the Carthesius diagram, the SWOT analysis and results of the survey, the strengths that must be maintained and the weaknesses that should be strengthened can be seen as follow.

#### **Strengths:**

1. Hotel XYZ must be able to maintain the service attributes such as the safety in transactions, consistently courteous with customers, have their customer's best interests at heart, neat appearing employees, insist on error free records, convenient operating hours and prompt service to customers. These are all the main drivers of the hotel demand in which the hotel has done excellent performances.

2. The location of the hotel is one of the strengths of the hotel since it is located at the heart of Jakarta. Therefore the hotel must be able to maintain the facilities relate with the business activities such as maintaining the business center with internet connection, providing speed internet connection which can be used in the room and also providing the convention room with more advance facilities. The ability of the hotel to provide speed internet connection could ease the business activities of the business travelers. Other than that, the hotel can set up alliances with travel agents and reservation offices by establishing meeting package to increase the demand of the hotel.

Weaknesses:

1. The facilities and interior designs of the hotel do not seem to match the customers' expectations. From the physical evidence (room décor and furnishing), the ambiance (atmosphere) of the hotel to the appearance of the staffs constitute to the service satisfaction provide by the hotel that is important for the assessment of the service quality. The improvement of the tangibility aspects (physical facilities) provides the improvement of the total service perception of the hotel.
2. The hotel is also recommended to continually sending a promotion and publicity letter or announcement to its regular customers. This is done in order to keep the customers informed about the events or occasion which will be held by the hotel. By doing this, customer can have a feeling of being recognized and appreciated by the hotel.
3. To broaden the network, the hotel must be able to develop a more advance website to enable the tourist, especially international tourists, to make reservation online. Therefore, the website must be attractive in order to appeal the visitors of the website which in the future could become the customers of the hotel.
4. In relation to the advance technology, the advancements in internet technology enable businesses to be vastly advertised. Internet enables the accessibility for the hotel to provide information on reservation availability online (on the net).

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