

CHAPTER I

PRELIMINARY

1.1 Overview of Research Objects

1.1.1 The Profile of The Papandayan Hotel

The Papandayan Hotel Bandung was founded in 1982 and inaugurated in 1990. The name Papandayan was derived from the hotel's former street name, which has subsequently been altered to Jalan Gatot Subroto. The four-star Hotel Papandayan Bandung featured 235 rooms, a restaurant, a bar, a swimming pool, meeting spaces, a laundry facility, and a tennis court. The property was restored in 1992 to accommodate the largest ballroom in Bandung at the time, the Grand Ballroom. It was inaugurated by the Governor of West Java, Bapak Nuriana.

Figure 1.1 The Papandayan Hotel



Source: *The Papandayan Hotel* (2021)

The Papandayan Hotel is managed by Media Hospitality and owned by Media Group, in which Media Group has several other business fields. Among them are fifteen fields in the News segment, eight areas in the Food Industry & Services segment, four in the Hospitality segment, and five in the Investment segment. Of the many business segments owned by Media Group, The Papandayan Hotel is a company that belongs to the Hospitality segment (Media Group, 2021).

The Hotel Papandayan Bandung was taken over by Media Hospitality in 1996, and after 13 years of operation, the management decided to expand and renovate the property. The hotel was closed in 2009, reopened on April 30, 2011, and was inaugurated by Bapak Yusuf Kalla, vice president of Indonesia. The hotel is now known as The Papandayan and has been upgraded to five stars.

The Papandayan's new modern design and sophisticated old-world charm offer intimacy, comfort, and exclusivity. There are 172 stylishly furnished guestrooms and suites with all the necessary amenities and services for a comfortable stay in the modern world.

1.1.2 Logo



Figure 1.2 The Papandayan Hotel Logo

Source: *The Papandayan Hotel* (2021)

1.1.3 The Papandayan Hotel Organizational Structure

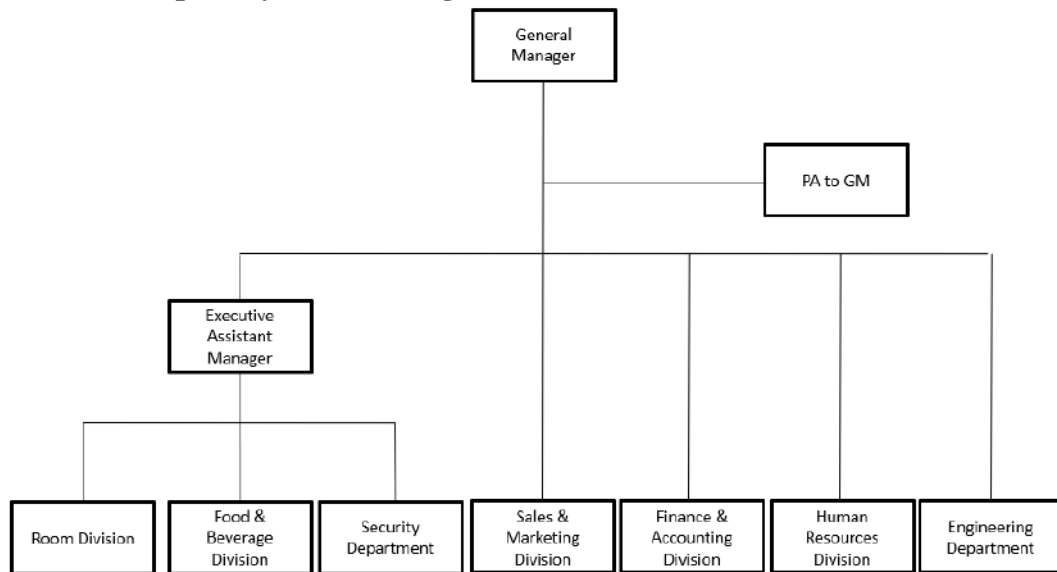


Figure 1.3 The Papandayan Hotel Organizational Structure

Source: *The Papandayan Hotel* (2021)

1.1.4 The Papandayan Hotel Vision and Mission

Vision:

To become the best 5-star boutique hotel in Bandung with its unique character of warm, caring hospitality, trusted quality of service, and uniquely innovative products.

Mission:

To provide an exceptional hospitality experience in a unique city by delivering quality service in an atmosphere of professionalism, comfort, openness, and friendliness. We will adhere to sustainability and environmental responsibility principles while providing excellent returns to our investors and stakeholders.

1.2 Research Background

The COVID-19 pandemic has affected the tourism industry and the creative economy in Indonesia. According to the Ministry of Tourism and Creative Economy's 2021 Tourism Trends Book, the number of foreign tourists entering Indonesia has decreased significantly since February 2020, with the peak occurring in April 2020 with only 158,000 tourists (Kemenparekraf/Baparekraf, 2021). Since the Covid-19 pandemic, the Bandung City Culture and Tourism Office (Disbudpar) has seen a decrease in the number of domestic or domestic tourists visiting the city

of Bandung. It was recorded that in 2020 there was a decrease of 50 percent or around 3.2 million tourists. This figure is lower than the 7.4 million recorded in 2019. Meanwhile, the number of foreign tourists in 2019 was estimated to be around 350 thousand (Disbudpar, 2021). Data on tourist arrivals to Bandung City can be seen from Table 1.1.

Table 1.1 Tourist Arrival to Bandung City

Number of Tourist Visits		
Year	Number of Tourist	Growth
2017	4801108	-
2018	8041208	67,48%
2019	8411064	4,59%
2020	7299588	-13,21%

Source: *Open Data Jabar* (2021)

Based on table 1.1, it can be seen that the average tourist visitors have increased every year except for the year 2020, where it shows a decrease of -13,2%. Without hotels, tourism activities cannot run optimally because accommodation is one of the supporting factors in tourism activities. In general, a hotel's purpose is to provide accommodation for tourists who are visiting or planning to visit a particular area. (A. Putra, 2020).

Table 1.2 Hotel Accommodation in Bandung City

Classification	Amount	Rooms
1 Star	10	285
2 Star	25	1642
3 Star	42	3699
4 Star	32	3493
5 Star	9	1958
Non-Star	218	4238

Source: *Department of Culture and Tourism* (2018)

Based on table 1.2, 5-star hotels have the lowest amount meaning a small competition in that classification. Currently, there are many hotels with various types of classification, including several 5-star hotels, namely Padma Hotel Bandung, The Trans Luxury Hotel Bandung, and Hotel InterContinental Bandung

Dago Pakar, where these hotels compete in the same classification as The Papandayan Hotel (Indra, 2021).

Table 1.3 The Papandayan Hotel Occupancy Rate

Year	Occupancy	Growth
2018	52,06%	-
2019	67,49%	15,43%
2020	51,01%	-16,4%
2021	54,88%	3,87%
2022	55,10%	0,22%

Source: *The Papandayan Hotel (2022)*

Based on table 1.3, the occupancy rate of The Papandayan Hotel grew 15,43% in 2019 but was followed by a reduction the following year in 2020 with a decrease of 16,4%. The occupancy rate of the following years has not been able to surpass the occupancy rate of the 2019 period and is based on the data taken on the financial reports regarding the occupancy rate, and it can be used as an illustration to see consumer purchase intention at The Papandayan Hotel.

Figure 1.4 Instagram Account of Competitor Hotels



Source: *Instagram (2022)*

Based on figure 1.4, other 5-star hotels such as Padma Hotel Bandung, The Trans Luxury Hotel Bandung, and the Hotel Intercontinental Bandung Dago Pakar use social media marketing to conduct their marketing program by promoting products and services that they provide through Instagram. With the use of social media, a wider range of audiences can be reached since it eases communication with consumers. Kotler et al. (2020) also said that social media had become a platform for businesses to have deeper and easier communication with their customers.

The population of Indonesia increased by 2.9 million (+1.1 percent) between January 2019 and January 2020, from 272.1 million to 272.1 million people. Indonesia had 175.4 million internet users in January 2020, and the number of internet users increased by 25 million (17 percent) between 2019 and 2020. Additionally, Indonesia had 160 million social media users. Between 2019 and 2020, the number of social media users in Indonesia increased by 12 million (8.1%) (Kemp, 2020).



Figure 1.5 2020 Indonesia Digital Growth

Source: *Datarerportal.com* (2020)

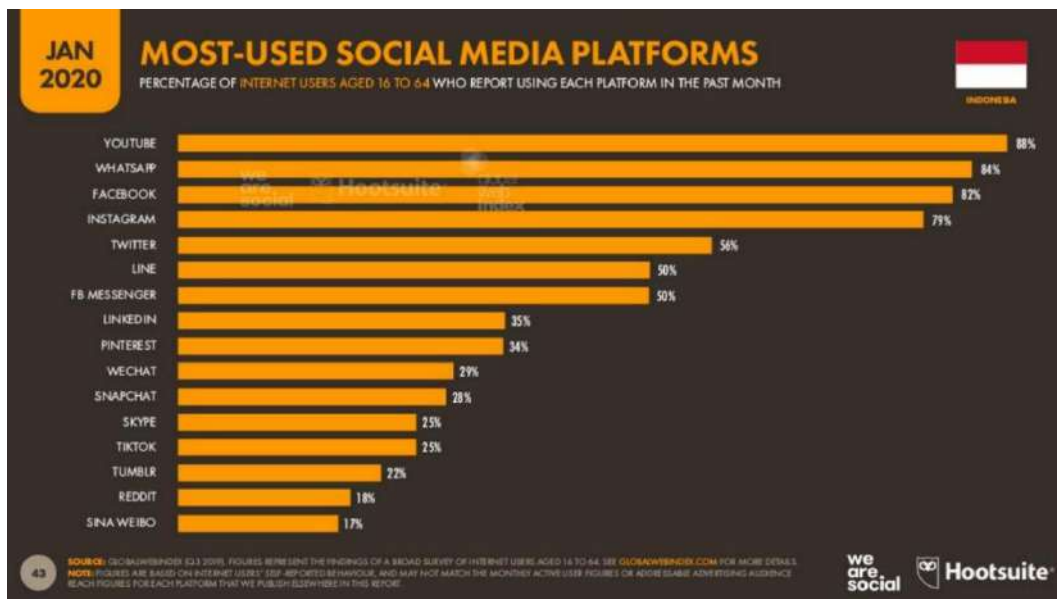
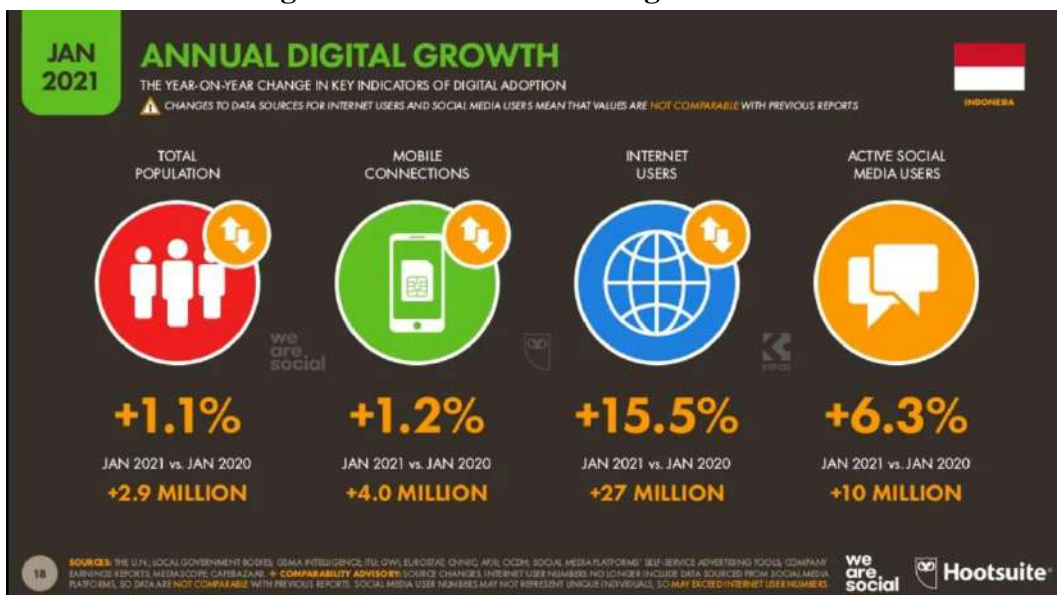


Figure 1.6 2020 Most-used Social Media Platforms in Indonesia

Source: *Datarerportal.com* (2020)

According to the Digital 2020 report from February 2020, YouTube was the most popular social media platform in Indonesia, followed by WhatsApp, Facebook, and Instagram in that order (Kemp, 2020).

Figure 1.7 2021 Indonesia Digital Growth



Source: *Datarerportal.com* (2021)

Internet users in Indonesia are increasing over time. As the number of internet users increases, so does the use of the internet, including the use of social media. Between January 2020 and January 2021, the population of Indonesia

increased by 2.9 million (+1.1%). The number of internet users in Indonesia grew by 27 million (15.5%) in the past year. Between 2020 and 2021, the number of Indonesian social media users increased by 10 million (+6.3 percent), for a total of 170 million. In January 2021, social media users in Indonesia represented 61.8% of the country's total population (Kemp, 2021).

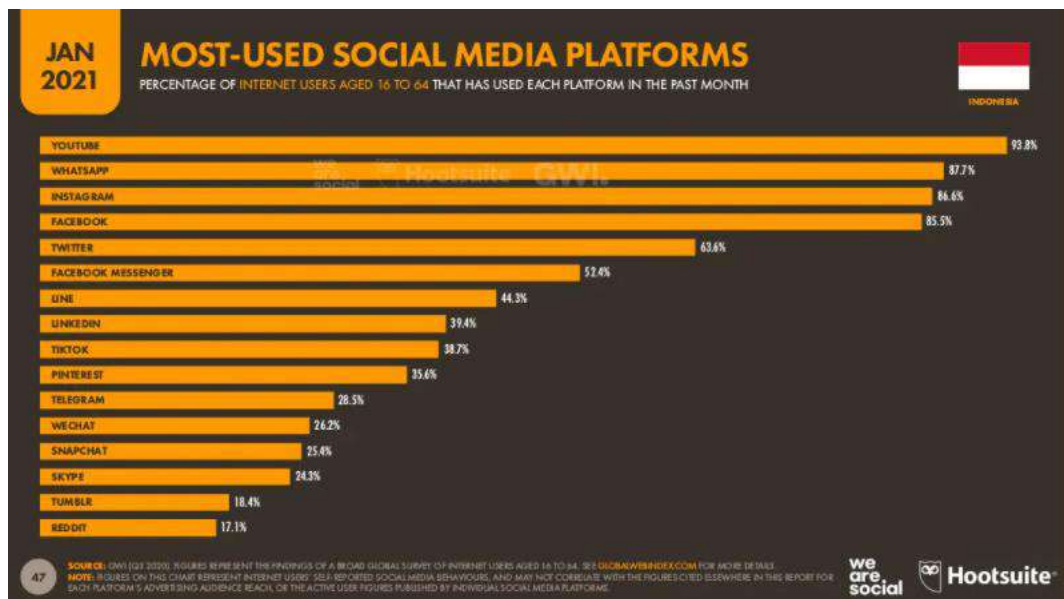


Figure 1.8 2021 Most-used Social Media Platforms in Indonesia

Source: *Datarerportal.com* (2021)

YouTube was the most popular social media platform in Indonesia in February 2021, followed by WhatsApp and Instagram, according to datareporting's Digital 2021 report (Kemp, 2021).

According to the 2019-2020 Indonesian Internet Service Providers Association (APJII) survey, the 15–19-year-old age group dominates internet user penetration in Indonesia (91 percent), followed by the 20–24-year-old age group (88.5 percent). The average internet user (51.5 percent) uses it to open social media and communicate (32.9 percent) (Asosiasi Penyelenggara Jasa Internet Indonesia, 2020). For that reason, this research will focus more on the millennial generation.

The increased number of internet users and increased use of social media presents an opportunity for hospitality industry players to connect with consumers. According to a study conducted by Umair Manzoor et al. (2020), consumers purchase intentions are significantly impacted by trust and social media influence.

Social media marketing influences customers' social networking site purchase intentions more than customer trust.

The rapid growth of the Internet as a communication medium will make it simpler and more advantageous for businesses to distribute information to consumers as providers of goods and services. The study by Toor et al. (2017) demonstrated that social media can be used effectively as a marketing tool to stimulate consumer purchase intent. Given the characteristics of social media that enable viral effects, consumers may be provided with more opportunities to share their personal experiences and other pertinent information about brands, products, and services.

According to Brodie in Toor et al. (2017), consumer satisfaction, loyalty, trust, and commitment can all be achieved by incorporating consumer engagement into every marketing effort; however, if the relationship is properly nurtured, all of these aspects can flourish. Consumer engagement, according to Mollen and Wilson (2010), synonymous with consumer involvement. Involvement necessitates a consumption entity, an active relationship with the brand, and a sense of satisfaction with the experiential and instrumental values of products and services. Consumer engagement is repeated contacts that strengthen a customer's emotional, psychological, and physical involvement in a brand (Perks & Sedley, 2008).

Companies increasingly value social media's ability to shape consumer brand perception and influence purchase intention, and a review of the existing literature on social media use and brand perception can aid in the identification of new and effective strategies for enhancing consumer engagement through social media (Pütter, 2017). According to a research conducted by Nguyen et al. (2020), entrepreneurs can use social media platforms such as Instagram, Twitter, and Facebook to predict consumer interests, political views, and specific activities such as food services and travel. In addition, consumers can use social networks to exchange information, provide feedback, and promote ideas and concepts to others, all of which are novel and added features that enable them to interact with one another more (Nguyen et al., 2020). Emotional engagement with social media demonstrates the ability to engage more with the company (VanMeter et al., 2015).

Through social media marketing, consumers will be actively engaged through the use of constructive responses to particular products and brands. The use of social media has become a required communication strategy for companies in the Indonesian tourism industry, including The Papandayan Hotel, according to the explanation provided.

With the government's efforts to boost the tourism sector in various regions, the hotel industry in Indonesia is being more highlighted by the government to be given more support. It must also be able to differentiate itself through products and services that have elements of uniqueness and authenticity. To realize this strategy, there must be a correlation with the marketing side because new consumers are increasingly empowered by digital trends like now. It's easier to turn a business challenge into a new business opportunity if the hotel moves quickly. Players in the hotel industry must be able to adapt to new competitors who serve customers using technology (Arifin, 2019). There are numerous advantages to using the internet. Some of these benefits are means of connectivity and communication, access to information, knowledge, and education, addresses and mapping, ease of business, and entertainment. Based on an interview conducted by the author with the Department Head of Marketing Communication in The Papandayan Hotel, Ms. Gita, it was known that The Papandayan Hotel takes advantage of the internet's availability by implementing a social media marketing system as part of one of its competitive strategies, namely a marketing communication strategy. The Papandayan Hotel has been using Instagram, Facebook, Twitter, and the official website as social media marketing tools, including Instagram since April 29, 2014, Facebook since January 4, 2011, Twitter since March 11, and the official website since 2015. The author will be mainly focusing on The Papandayan Hotel's Instagram for this research due to it having the largest number of followers and having most social media marketing activity done through the account.

Based on an interview conducted by the author with the Department Head of Marketing Communication in The Papandayan Hotel, Ms. Gita, it was confirmed that social media is the main marketing communication channel that is used by The Papandayan Hotel Marketing Communication Department. It was also determined

that social media marketing had an effect on consumers purchase intentions. Based on a survey conducted by the Marketing Communication team regarding customer feedback, Social Media Marketing is included in the top five positions in the marketing tools that act as the influencer toward Consumer Purchase Intention. According to Ms. Gita, paid content has a bigger influence as they reach a larger audience compared to organic type of content. Ms. Gita added that using paid content may reach a larger audience because paid content allows the ability to target a certain city or demography.

The Papandayan Hotel is one of the largest five-stars hotel in Bandung that utilizes social media marketing through consumer engagement as one of the company's marketing strategies. Based on Toor et al. (2017), the goal of implementing consumer engagement, among other things, is to generate consumer satisfaction, loyalty, trust, and commitment, as well as to have an impact on consumers' long-term purchasing intention. However, with the efforts of social media marketing carried out by The Papandayan Hotel not yet producing the expected feedback, they are still not able to increase their occupancy rate to match their occupancy rate from pre-covid term. This is a question considering that The Papandayan Hotels social media marketing is quite large and why can't it attract even greater consumer purchase intention. Based on this question, the purpose of this study is to assess "*The Effect Of Social Media Marketing Towards Consumer Purchase Intention With Consumer Engagement As Mediating Variable (Study Case On The Papandayan Hotel Consumers)*".

1.3 Problem Formulation

Based on the research background mentioned previously, the research questions are as follows:

1. Does the *social media marketing* of The Papandayan Hotel have an effect towards *consumer purchase intention*?
2. Does the *social media marketing* of The Papandayan Hotel have an effect towards *consumer engagement*?
3. Does the *consumer engagement* of The Papandayan Hotel have an effect towards *consumer purchase intention*?

4. Does the *social media marketing* of The Papandayan Hotel have an effect towards *consumer purchase intention* with *consumer engagement* as the mediator?

1.4 Research Purposes

Based on the research questions mentioned previously, the research purposes are as follows:

1. To find out the effect of *social media marketing* of The Papandayan Hotel's towards *consumer purchase intention*.
2. To find out the effect of *social media marketing* of The Papandayan Hotel's towards *consumer engagement*.
3. To find out the effect of *consumer engagement* of The Papandayan Hotel's towards *consumer purchase intention*.
4. To find out the effect of *social media marketing* of The Papandayan Hotel towards *consumer purchase intention* with *consumer engagement* as the mediator.

1.5 Benefits of Research

1.5.1 Theoretical Benefits

The findings of this study are expected to add to and complement scientific knowledge in the field of marketing management, particularly in digital marketing, which has the potential to influence consumer buying interest.

1.5.2 Practical Benefits

This study is expected to be one of the input materials used by The Papandayan Hotel to develop a better strategy for increasing consumer interest in The Papandayan Hotel.

1.6 Systematics of Writing

Systematics of writing is used to facilitate readers in providing directions and descriptions of the material contained in the writing of this thesis so that the authors compile them as follows:

CHAPTER I. INTRODUCTION

This chapter explains, in general, the object of research, background, problem formulation, objectives, uses, and research systematics.

CHAPTER II. LITERATURE REVIEW

This chapter describes the topics and variables used for research, such as theory, frameworks, and hypothesis formulation. This chapter consists of sub-chapters summarizing the theory and framework of thought.

CHAPTER III. RESEARCH METHODS

This chapter describes the approaches, methods, and techniques used in collecting and analyzing data. This chapter includes a description of the types of operational research variables, research stages, population and samples, data collection, and data analysis techniques.

CHAPTER IV. RESEARCH RESULTS AND DISCUSSION

This chapter describes the results of the research systematically in accordance with the formulation of problems and research objectives. This chapter consists of a description of the research results and a discussion.

CHAPTER V. CONCLUSIONS AND SUGGESTIONS

This chapter describes the conclusions from the research results and suggestions that can be taken into consideration for the company.