

CHAPTER 1 - INTRODUCTION

1.1 Background

The hospitality industry's development is currently accelerating, resulting in fierce competition among hospitality industries. They compete to provide the best possible facilities, service quality, and appearance to add value to the offerings they provide. These efforts are made in order to survive in the face of intense competition and remain the top choice for consumers, culminating in loyal customers and company goals. Each industry must implement a marketing plan in order to get acceptance and remain viable in the marketplace. One of the external variables influencing consumer behavior is marketing strategy. Consumer behavior includes any behaviors that people engage in before making a purchase, when consuming or spending money on goods and services after engaging in the aforementioned activities, or when evaluating activities (Sumarwan, 2011). Through this process, business people can find out what factors need to be evaluated from their products or services through consumer behavior by developing a marketing strategy. The marketing strategy includes specific plans for the target market, positioning, marketing mix, and marketing budget. Furthermore, a company's focus right now is not just on making a lot of money it's also on how a product can survive and grow, which will eventually make prospects for consumers, and existing customers can continue to be devoted. Brand loyalty, according to Durianto et al. (2001:126), is a measure of a customer's relationship with a particular brand. This size can give a general idea of whether a client might switch to another brand, especially if that brand has undergone changes in terms of pricing or other features.

Brand loyalty is an effective marketing strategy that allows companies to win the market and gain a larger market share than competitors. This can boost sales and cultivate brand loyal customers, encouraging them to make repeat purchases,

recommend the brand to others, and commit to the brand. Furthermore, loyal customers will not only repurchase, but will also spread positive word of mouth and become brand followers. Brand loyalty is easily formed if a brand is able to realize consumer expectations and make consumers believe in their choices, and they will always believe in the brand (Kotler & Keller, Marketing management, 2016) (Razati & Agustina, 2020). According to (Kotler & Keller, 2016), While evaluating the brands in the choice set, the consumer forms preferences. In addition, the customer may choose to set a purchase intention for their preferred brand. Brand loyalty will have an impact on consumers purchase intention to purchase decision either directly or indirectly. Brand loyalty is crucial for the success of the business. According to (Nezakatii, Yen, & Akhoundi, 2013) customer loyalty to a brand is a significant competitive advantage that has a significant impact on business success for many companies. Customer loyalty to brands can boost company profits because loyal consumers are willing to purchase products on a regular basis, Spending money to try new products and services, recommending products and services to others, and giving honest opinions to companies (Khan & Rahman, 2016).

One of the largest hotel chains in the world is the Accor Hotel group, and it controls a network of more than 4,000 hotels in 94 different nations. Accor always proposes various types of strategies to improve brand loyalty in order to strengthen its leadership in the hospitality industry and maintain consumer loyalty to the Accor brand itself.

4-star hotel is one of the hotels that provides excellent service and dominates the upper-middle market by offering high-quality services and facilities. Having a high-quality product or service is a great thing, because without satisfaction and quality, it will be difficult to form a strong customer base. Due to the huge accommodation industry's quick development in Tangerang, rival businesses will be vying for clients by providing a range of services.

TABLE 1.1
Room Occupancy Performance 4 STAR HOTEL At Tangerang MTD 2019-2022

Year	2019	2020	2021	2022
Novotel Tangerang	86.07 %	63.81%	86.48%	75.78%
Mercure BSD	7%	45,67%	68,91%	71,20%
Mercure Alam Sutra	83.60 %	49,89%	59,20%	73.62%

Source : Property management Accor Hotel, Realta System 2022

Table 1.1 shows the average room occupancy rate for the previous four years, from 2019 to 2022. When compared to 2019, the occupancy rate of Tangerang's 4-star Accor Hotels decreased by 10–11% in 2022. The start of the corona virus pandemic in 2020 resulted in a considerable decline in occupancy for all Accor's four-star hotel, nevertheless, in 2021 occupancy increased as a result of government repatriation business received by the three Accor hotels, raising occupancy by roughly 21-25% from 2020. The researchers have compared 2019 to 2022 since in the first quarter of 2022, the government issued the most recent regulations regarding the exemption of domestic and international travel and arrivals, as well as the relaxation the existing of COVID 19 health protocol regulations. The decrease in hotel occupancy between 2019 and 2022 can signify a decrease in hotel purchases. The management needs to consider the decline in the repurchase rate, which is reflected by the reduction in occupancy, considering that if this decline is not reversed, it will affect the hotels in the Accor network's brand loyalty.

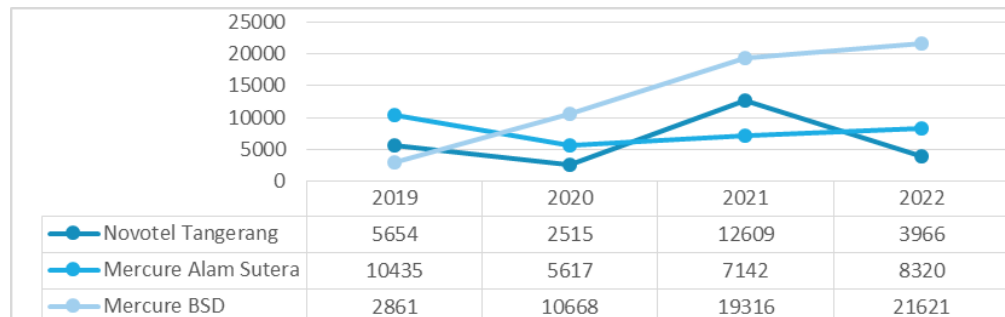


FIGURE 1.1 FIT GROWTH DATA 2019-2022

Source : Mixed Analysis Report, Realta System 2022

According to data on room night production growth from the FIT segment, results the room nights production of Novotel Tangerang and the Mercure Alam Sutera decreased by 1600–2115 nights in 2022. The covid 19 virus pandemic in 2020 greatly slowed the FIT segment's growth. Due to the outcomes of business repatriation received from early 2021, the graphic from Novotel Tangerang shows that the rise of the FIT category surged considerably, followed by others. However, in 2022 total room night production expansion from FIT was decreased in favor of Novotel Tangerang and Mercure Alam Sutera. Eventhough the occupancy growth on 2021, but the FIT growth is still considered low. The business environment is becoming more competitive as more companies use social media to market their products. Business people need to be aware of how social media is utilized in connection to their target market if they want the message they provide to be effective, efficient, and achieve the desired result. A company's success in converting customers into buyers in a highly competitive market is inextricably linked to its social media marketing campaigns that can significantly affect product sales. The Indonesian hospitality sector is expanding in terms of both goods and services. This study explains the problem of brand loyalty in the hotel industry, which can be expressed in terms of occupancy and FIT growth.

As one of the largest hotel chains in the world. Accor has currently implemented several marketing strategies to maintain and increase brand loyalty using a variety of techniques and tools. Marketing a company's products or services through social

media is one of the company's current marketing activities. Today, social media is favored by marketers due to its distinct personality and many benefits, and has been integrated into corporate marketing strategies (Orzan, Platon, & et all, 2016). Customers are enticed to visit hotel product profile by using eye-catching and distinctive photos in each hotel product that is shown and shared to social media. The social lives of people are significantly impacted by the presence of new media. The usage of social media in the hotel sector is crucial today. Customer involvement in the hospitality sector is positively impacted by innovative communication strategies and social media promotion techniques.

The growth of social media and the internet benefits successful businesses because they can use customer engagement techniques to forge relationships with customers for their brands and products (Santini, et al., 2020). Active interaction between customers and companies or stakeholders makes it easier for customers to learn about new competitive offers (Larivière, et al., 2017). The implementation of strategies involving meaningful interactions in the development of positive relationships, as well as a repeated word-of-mouth strategy with customers, is extremely beneficial to stakeholders (Pansari & Kumar, 2017) (Roy, Shekhar, Ali, & Quaddus, 2020). According to empirical studies, more than 80% of businesses use customer engagement to increase trust in the expansion of social media and internet access benefits successful businesses because these platforms allow them to use customer engagement tactics to forge relationships with customers for their brands and products. In the business industry, making customer engagement critical for business growth (Pansari & Kumar, 2017). Hotels are interested in taking the required actions to modify how they interact with customers in order to establish new marketing competencies, with the goal that accomplishing this will significantly increase customer purchase intention in the hotel (Parvez & Moyeenudin., 2018). According to marketing research, customer engagement may be able to anticipate consumer outcomes and business performance (Bijmolt, 2010); (Dutot & Moscon, 2016); (Pansari & Kumar, 2017) stated that customers become engaged when they develop rewarding connections based on commitment, trust, and emotional bonds.

TABLE 1.2
TRIPADVISOR ANALYSIS OF TOP 5 HOTELS IN TANGERANG 2022

Nama Hotel	Skor	Total Rekomendasi & Ulasan
Mercure Serpong Alam sutera	5.0	1894
Mercure Tangerang BSD City	5.0	1588
Hotel Golden Tulip Essential	4.7	1007
Hotel Novotel Tangerang	4,5	1.380
Aviary Bintaro	4.3	947

Source: Tripadvisor.com 2022

Table 1.2 demonstrates that Novotel Tangerang's consumer engagement is generally considered ineffective, as evidenced by the hotel ranking fourth in customer engagement interactions in the best hotel category in Tangerang City, as reviewed and recommended by customers on the TripAdvisor website or online booking site, among other reviews. This is especially relevant to businesses active on social media/the internet and recommended by clients with higher potential or interest, such as researcher. The emergence of global hotels in Tangerang has increased business competitiveness, and thus the public perception shows that the company's performance is one of the performance indicators for sales success and competitive advantage. Accor is currently trying to implement an efficient and effective social media marketing strategy. Not surprisingly, given how closely social media use has become a part of modern society. Three 4-star hotels operated by the Accor group are located in Tangerang itself.

TABLE 1.3
The engagement percentage from the insights report Overview of Novotel
Tangerang, Mercure Alam Sutera and Mercure BSD City.

Hotel	Follower	Total Posts	Interaction			% Accounts Engaged
			Like	Comment	share	
Novotel Tangerang	10,047	1,690	440	15	14	-65.8%
Mercure Alam Sutera	6.559	1,257	219	12	5	-57.9%
Mercure BSD City	4.026	260	72	3	1	-91.1%

Source: 2022 Instagram Insights Overview

Table 1.3 demonstrate that interaction element components such as total likes, comments, and shares show a minus number from the total followers of each hotel mentioned above, indicating that it is inversely proportional to the total followers of each hotel from the total post.

Active customer involvement demonstrates the success of good social media use. The most crucial aspect that determines how effective social media marketing is is consumer engagement. Social media activity has no impact on financial indicators, so businesses should use key social media marketing metrics as proxies for the effectiveness of the measures implemented (Jaakonmäki, Müller, & vom Brocke, 2017) (Paine, 2011). It is possible to include the following metrics in measuring the success of social media activities: number of followers, views, likes, and comments. Companies select specific metrics as indicators based on the goals that will be established during the marketing strategy planning process. Likes, ratings, comments, and shares are important social media usage metrics that can be used to examine the effects of social media's interactive and collaborative nature as well as the reasons for and effects of customer engagement (Barger, Peltier, & Schultz, 2016). One method of persuading customers is to involve and manage consumer attachment to the company, also known as customer engagement. Customer engagement has received a lot of attention in recent years as a crucial success element for customer relationship management. The potential for managing relationships with customers in order to promote long-term brand loyalty, have been dramatically altered by social media

platforms like Facebook, Instagram, Twitter, YouTube, and Google+ (Hennig-Thurau, 2010).. According to (Vivek, Beatty, Dalela, & Morgan, 2014) customer engagement is the intensity with which individuals current customers or potential customers participate in relation to organizational offerings or organizational activities carried out by customers or organizations. Smith (2014) also emphasizes that delivering a meaningful message, resonating with customers, and getting them excited and engaged with the brand results in engagement. By examining customer engagement, it is possible to assess the efficacy of social media marketing. By measuring engagement and realizing that value comes from the actions that people take when influencing others, brands can gain a more thorough understanding of consumer behaviour (Haven, 2007). Instead of focusing on short-term metrics, Hoffman et al. (2010) recommend that marketers focus on long-term metrics such as customer engagement. How many customers comment and like on a brand's social media posts, for example, and how much time they spend on the brand's social media pages. Hoffman et al. also argue that financial returns on social media investments cannot be fully quantified and that customer behavior (i.e. customer investment) should be considered. (Afifah, Nirmalasari, & Chan, 2020) (So K. , King, Sparks, & Wang, 2014). According to the findings of this study, customer engagement has a significant impact on brand loyalty. This means that any increase in customer engagement will increase brand loyalty. However (Rahmawati & SANAJI, 2018) shows that customer engagement has no effect on brand loyalty.

All businesses use social media to advertise their products and develop their brand image in today's world of new technologies (Chen, Fay, & Wang, 2011). The use of the Internet, mobile devices, search engines, social media, and other platforms to reach consumers is known as digital marketing (Barone, 2019). Considering social media users are more prone to flaunt their lives on social media platforms like Instagram, tiktok, and twitter, digital marketing is the most recent way to study customer behavior and will enable a company's products be promoted more effectively than traditional marketing. A company that creates a social media account should be able to communicate regularly with its customers and be aware of any preferences or changes in the most recent products that the public has for them. This is because social media is growing rapidly. Digital marketing is also comparatively

inexpensive, so it can be used as a strategy to achieve a company's objective (Ajina, 2019). There are numerous benefits to following developments in the use of digital

marketing in order to continue to increase their acquisition of new customers, using digital marketing assistance to improve product quality, and knowing customer needs and demands through digital channels (Chaffey, 2020). Digital marketing techniques are defined by online marketing search engine marketing, social media marketing, and even online gaming via smartphone applications.

Nowadays, social media marketing is more successful than conventional marketing strategies (Tuten & Solomon, 2016). According to (Mitic, 2012) Social media has taken on significant importance in people's lives and can be used to successfully ascertain their requirements and preferences. Social media can help businesses by enhancing brand exposure, product perceptions from customers, information exchange, and the incapacity to comprehend the wants and needs of their target audience. Social media has a favorable effect on how people express themselves, according to earlier research (Hudson, Roth, Hudson, & Rupert, 2015). The advantages of effective social media make it easier for customers to write product reviews or their experience after using a product, as well as for business stakeholders to overcome customer dissatisfaction. Social media has changed straightforward interactions between consumers and marketers into more complicated interactions involving a range of stakeholders, including consumers, organizations, stakeholders, and non-consumers (Jaakkola & Alexander, 2014). Social media has largely surpassed traditional media in the development of connections between customers and businesses and the development of long-term relationships between an organization and its customers. Considering social media as a facilitator of social networks is possible, claim (Larivière et al. 2017).

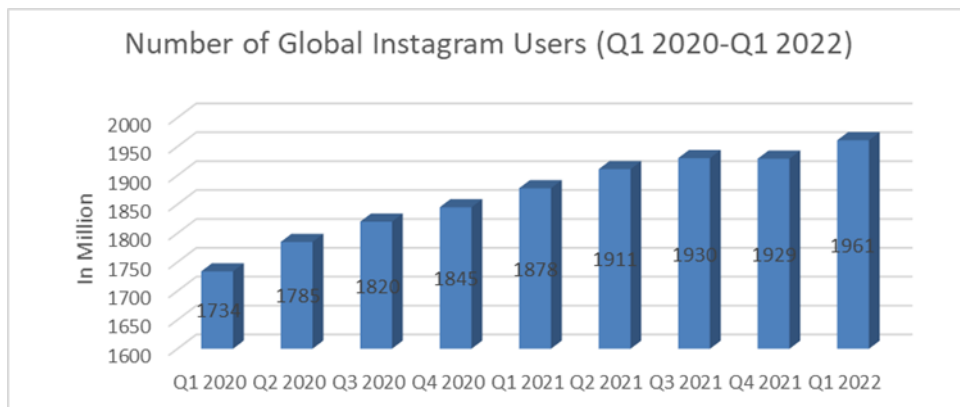


FIGURE 1.2 NUMBER OF GLOBAL INSTAGRAM USERS

Source: Statista 2022

Customers are increasingly using digital devices rather than visiting physical stores, making digital marketing for a product more effective. Many people all over the world now consider digital communication technology to be a necessity. As a social networking platform, Instagram is gaining popularity.

Increasing social media marketing activities is one of Accor's strategies. All Accor network hotels are diligent about posting the most recent material that appeals to social media users on each of their individual pages. The number of official social media followers (followers) of each hotel is higher than the number of official hotel social media followers (followers) of other local brands, indicating that social media users are very interested in the hotel industry.

TABLE 1.4

Explain Instagram Engagement Level, Novotel Tangerang, Mercure Alam Sutera and Mercure BSD City

Hotel	Follower	Posts	Engagement Rate	Average Likes	Average.Comments
@novoteltangerang	10,047	1,690	0.30%	29	1
@mercurealamsutera	6.559	1.257	2.28%	95	1
@mercurebsdcity	4.026	260	0.94%	36	0

Source: Hype Auditor

In a highly competitive market, a brand's success in turning customers into buyers cannot be divorced from its social media marketing initiatives, which may have a significant impact on the company's sales. In terms of products and services, Indonesia's hospitality industry is also expanding. Using attractive and unique photos in every hotel product displayed and uploaded to social media to encourage customers to access the hotel product profile. Social lives of people are significantly impacted by the existence of new media. Today, In the hotel industry, social media usage is essential (Riaz, Guang, Zafar, & F, 2020). The ability of social media to build engaged communities and allow the sharing of social proof contributed significantly to consumer purchase intention. The ability of social media marketing to build trust among their audience through valuable, tailored content is critical to shaping purchase intention (Manzoor et al, 2020). Unique communication strategies and The hotel industry benefits from using social media promotion techniques to increase engagement with customers. According to (Cheung, Pires, & Rosenberger, 2019). Entertainment, interaction, trendiness, customization, and word-of-mouth are the five elements of social media marketing activities (EWOM).

Instagram is extremely concerned on its "good" engagement rate. The majority of social media marketing professionals do, however, concur that the engagement rate is between 1% and 5%. According to website phlanx.com, the average number of likes, comments, and shares stated in the data. Engagement rate was very low engagement for accounts with more than 5,000 followers despite the fact that the ideal average engagement rate for followers is 5,000 to 20,000 is 2.43% (phlanx.com, 2020). It is hoped that this consumer interaction will foster and strengthen a company's brand loyalty. Social media customer engagement has been recognized as an essential component in identifying brand loyalty. Customer engagement techniques in social media marketing activities, on the other hand, are rarely thoroughly researched, particularly in the tourism sector (Kanje, Charles, Elly, Mossberg, & Andersson,

2020). The current research closes a knowledge gap by demonstrating a link between customer satisfaction, customer engagement, and brand loyalty (Barreda, 2014), observed that online interactions can impact brand equity by influencing brand equity, brand knowledge, brand awareness, and brand image. As a result, customer engagement on social media through effective interaction activities can generate positive word of mouth (PWOM) by satisfying and pleasing customers, which can lead to brand knowledge among customers and, ultimately, brand equity, particularly brand loyalty and perceived quality. Furthermore, according to (Mohamed, 2016) Customer brand engagement serves as a partial mediating factor between social media marketing and brand equity. Additionally, it is claimed that social media marketing has a favourable effect on customer loyalty to brands. Social media marketing is thought to increase brand loyalty and engagement because it allows businesses to create direct, two-way communication channels, interactive and interesting content, and fast communication with customers. However, research by Fernandes & Inverneiro (2020) demonstrates that social media marketing initiatives have no appreciable impact on brand loyalty.

A substantial amount of research on social media marketing activities is still being discussed and focused on the effect of customer satisfaction and social media engagement on Brand Loyalty in the hospitality industry with the transformation of delivery methods in the modern era, as well as the increasing growth of social media and the hotel industry, it re-explains the importance of social media and demonstrates that Accor Hotels must begin incorporating social media marketing into all of their marketing strategies. However, we discovered something quite unexpected. According to brand loyalty data from the 4-star Accor hotel in Tangerang, and engagement data in social media the number of likes is not proportional to the number of followers. Engagement Rate on Instagram is at a low level of engagement. This identity's development directly relates to how well the brand and its customers engage. Consumer brands are more powerful when there is more interaction between them and brands.

Brand loyalty and preference. In any case, the most important aspect of branding is that strong customer relationships can affect consumers' spending and loyalty. (Kotler and Armstrong, 2004: 191).

Given the significance of the preceding discussion, this research focuses on an integrative model that investigates the role of Social Media Marketing Activities on Instagram in shaping customer engagement and their impact on brand loyalty in Accor 4-star hotel business context in Tangerang. Future studies on social media marketing activities may benefit from the findings of this study. Conversely, the results of the research can be used to guide the creation of plans and programs. Utilizing social media for marketing purposes will specifically have an impact on consumer brand loyalty.

1.2 Research problems

1.2.1 It is suspected that the decreasing of Brand loyalty is caused by the lack performance of social media. The lack performance at social media is suspected caused by low customer engagement

1.3 Research question

1.3.1 How far does the Social Media Activities on Instagram have an effect on Customer Engagement?

1.3.2 How far does the Customer Engagement have an effect on Brand Loyalty?

1.3.3 In to which extend the Social Media Activities on Instagram have an effect on Brand Loyalty?

1.4 Research Objectives

1.4.1 To analyze the effect of social media activities on customer engagement at four-star hotels managed by Accor in Tangerang.

1.4.2 To analyze the influence of Customer Engagement on Brand Loyalty at four-star hotels managed by Accor in Tangerang.

1.4.3 To analyze the effect of social media activities on Brand Loyalty at four-star hotels managed by Accor in Tangerang.

1.5 Scope & Limitations

In addition to examining social media's impact on customer engagement, this study will give a general overview of how social media activities can be implemented

to raise customer engagement in general. In addition, Accor's 4-star hotels in Tangerang show a positive correlation between client engagement and brand loyalty.

1.6 Significance of the Study

The following is how this study contributes:

1.6.1 Practical

Practically, this research finds out what elements of activity in social media marketing can increase customer engagement. In addition, this research can provide input for the Accor group in increasing brand loyalty on hotel performance, and can be a reference in formulating the right hotel strategy.

1.6.2 Theoretical

- a. Theoretically, this research can support previous research. In addition, this research can be a reference for the development of further research, this research may be useful in solving problems and adding insight and information so that they can use the theory learned in lectures or from reliable sources, especially with social media marketing activity on brand loyalty through customer engagement.
- b. The results of applied research are intended to assist businesspeople in real-world ways, i.e., to offer recommendations or concepts for thought when addressing concerns about the impact of social media marketing on brand loyalty, using customer engagement as a mediating variable.