

ANALYTICAL HIERARCHY PROCESS (AHP) APPROACH ON CONSUMER DECISION MAKING TO STAY IN STAR RATING HOTEL IN MANADO CITY

PENDEKATAN PROSES HIRARKI ANALITIK TERHADAP KEPUTUSAN KONSUMEN UNTUK MENGINAP DI HOTEL BERBINTANG DI KOTA MANADO

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Abstract: *Hotel has become the new business that developing quickly in Manado. It is happened due to the Manado tourism city program established by the city government which indirectly opening up the opportunities for the growth of hospitality industry in Manado. The purpose of this study is to analyze the criteria hotel that influence consumer and analyze the most star rating hotel chosen by the people. This research held from May until June 2015 in Manado city. The respondent are 30 person with using purposive sampling technique to determine the respondent. The respondent must have an experience at least spend one night in three star rating hotel (Peninsula, Arya Duta, Novotel). The method used is Analytical Hierarchy Process (AHP) to compare each star rating hotel as the alternatives on each criteria developed based on the star rating hotel criteria and score it by using preference scale. As the result, there are two from four criteria that influence the consumer to choose star rating hotel. Price is the most preferred criteria followed by location in second position. In best hotel result, Peninsula become the best hotel chose by respondent, followed by Arya Duta and Novotel. The star rating hotel management hotel should consider about establish the price adjusted to the location and give the best service to consumer.*

Keywords : *analytical hierarchy process, consumer purchase decision*

Abstrak: Hotel menjadi bisnis baru yang berkembang pesat di kota Manado. Hal ini terjadi setelah Manado ditetapkan oleh pemerintah menjadi kota pariwisata yang mana secara tidak langsung telah membuka kesempatan untuk pertumbuhan industri perhotelan. Tujuan penelitian ini untuk menganalisa kriteria hotel yang mempengaruhi konsumen dan menganalisa hotel berbintang terbaik yang dipilih oleh konsumen. Penelitian ini dilakukan bulan Mei hingga Juni 2015 di kota Manado. Respondent sebanyak 30 orang menggunakan teknik *purposive sampling*. Respondent harus pernah menginap di ketiga hotel ini setidaknya 1 malam (Peninsula, Arya Duta, Novotel). Metode yang digunakan adalah *Analytical Hierarchy Process (AHP)* untuk membandingkan setiap hotel berbintang sebagai alternative pada setiap kriteria yang dibangun sesuai dengan kriteria hotel berbintang dan memberikan nilai terhadap alternative tersebut dengan menggunakan skala keinginan. Hasilnya, ada 2 dari 4 kriteria yang mempengaruhi konsumen dalam memilih hotel berbintang. Harga terbanyak yang dipilih diikuti dengan lokasi diposisi kedua. Hasil hotel terbaik, Peninsula menjadi hotel terbaik pilihan para konsumen diikuti dengan Arya Duta dan Novotel. Sebaiknya manajemen hotel berbintang mempertimbangkan harga dan lokasi dan memberikan pelayanan terbaik bagi para konsumen.

Kata kunci: *analytical hierarchy process, keputusan pembelian*

INTRODUCTION

Research Background

Indonesia is a big country with many potential tourism that capable in attracting people from whole over the world to visit the country. Indonesia has many province that stored tourism place, one of them is North Sulawesi province. Manado as the capital city of North Sulawesi has a lot of potential tourism sides similar with other areas in Indonesia.

Trade, tourism and restoran are the most important thing in economic structure of Manado city. As the capital city of North Sulawesi, Manado become tourism destination, national and international tourism gateway caused by the strategic location in east area of Indonesia. Regarding with Manado city government desire to make Manado as a tourism city, the enhancement is a must for the tourism sector to create a comfortable place for travelers that has a big desire to enjoy this city. As a tourism city, Manado is a potential market for the hospitality industry. Hotel has became the new business that develop quickly in Manado nowadays. This city has many various hotel from low level (without star; "melati") until high level (3 – 5 star), from cheaper to expensive hotel.

The attendance of hotels in Manado city had gave positive influence for Manado people such as rendering foreign exchange for country, opening new job fields and automatically decrease the amount of unemployment. All the hotels are offering something to attract the consumer or traveller such as extend the discount, bonus and etc. These things occurred because many travelers from whole over the world come to this city. Arya Duta hotel, Sintesa Peninsula hotel, and Novotel hotel are hotel that exist and famous in Manado. Many strategy are used to attract consumer, to make them a loyal consumer, by offer a discount, put an advertisement in newspaper or in advertising board, improve their service and others.

Tourism development is arranged to increase the tourism to become a main sector that able to activate economic activities, and other that related. Then, it will automatically reducing the unemployment and society income will rise too. One of support infrastructure for tourism is the availability of sufficient accommodation, room, and bedroom in hotel. Tourism has became the most important economic feature of Manado.

Research Objectives

The objectives of this research are, to analyze hotel criteria that influence customers to choose a hotel, to identify which criteria has influence the most in selecting a hotel, and to identify which hotel people choose the most.

THEORITICAL FRAMEWORK

Theories

Marketing

Kotler and Keller (2012:27) defines marketing is about identifying and meeting human and social needs. One of the shortest good definitions of marketing is meeting needs profitably. Burns and Bush (2006:4) defined marketing as an organization functions, not a group of persons or separate entity within the firm. Based on this researcher can defined that Marketing is the way or the process to make something nothing become something that have value through creating, communicating and delivering the information.

Consumer Behavior

Consumer behavior can be defined as the study of individuals, groups or organizations and the processes they use to select, secure, use and dispose of products, services, experiences or ideas to satisfy needs and the impacts that these processes have on the consumer and society (Hawkins, Best, Coney. 2001:7). Kotler and Keller (2008:172) considered that consumer behavior is the study of how individuals, groups and organizations select, buy, use and dispose of goods, services, ideas, or experiences to satisfy their needs and want. Based on this researcher can defined that Consumer Behavior is study of inviduals, groups or organization select, use and dispose of products and service to satisfy their want and need.

Consumer Purchase Decision

Schiffman and Kanuk (2007:3) defined consumer decision making is the process of making purchase decisions based on cognitive and emotional influences such as impulse, family, friends advertisers, role models, moods, and situation that influence a purchase. Kotler and Keller (2008:185) The Engle, Kollat and Blackwell model shows consumers buying decision process, based on the basic of consumer pass through five stages: problem recognition, information search, evaluation of alternatives, purchase decision and post purchase decision. Based on this researcher can defined that Consumer Purchase Decision is the process of buying product or services based on emotional influences.

Multi-Criteria Decision Making

Most decision making involves complicated procedures in which decision makers rank the alternatives of a choice according to multiple criteria (Saaty, 2008). There have been many studies that have provided solutions for complicated decision making including multiple criteria. MCDM consists of three components: goal, criteria and alternatives. In making a decision, ranked alternatives are generated by evaluating criteria or subcriteria if there are any. Alternatives will be ranked regarding to the weights of criteria and subcriteria. The rank order can be applied for selecting the best alternative.

Hotel

Hotel room can be viewed by consumers as a combination of various attributes (Jannach, et al, 2012), and consumers make trade-off decisions amongst various hotel attributes before deciding their final selection (Goldberg, Green & Wind, 1984). Researcher define hotel is place for tourist stay and place which provide additional facilities such as fitness room, meeting room, swimming pool, etc.

Location

Jammaree (2011), define location was found to represent the fourth most important factor for international travelers when making decisions on hotels/resorts choices. Locations such as location close to the beach, location close to shopping center/town and location close to the jungle should be highly considered as the correct location areas for hotel/resort owners and investors for future projects. McCleary et al (1993) also finding that location is the most important factor influencing hotel selection by all travelers.

Security and Safety

Marshall (1993) revealing that security was cited as one of the most important criteria in selecting a hotel. Tourists want to be safe and secure in their accommodation, and are willing to pay for this. The safety and security system may differentiate one property from its competition, hence becoming a competitive strategy that helps a hotel to gain tourists confidence and trust.

Price

A value that will purchase a finite quantity, weight, or other measure of a good or service. As the consideration given in exchange for transfer of ownership, price forms the essential basis of commercial transactions. It may be fixed by a contract, left to be determined by an agreed upon formula at a future date, or discovered or negotiated during the course of dealings between the parties involved. In commerce, price is determined by what a buyer is willing to pay, a seller is willing to accept, and the competition is allowing to be charged. With product, promotion, and place of marketing mix, it is one of the business variables over which organizations can exercise some degree of control.

Staff, Service, and Room Quality

The study indicated that international travelers give importance to employee attitudes when they make decisions about hotel choices as follows; Check-in/Check-out are efficient, Staff are helpful, Staff are polite and friendly, Staff provides efficient service, Staff understand their requests, and Staff have multi-lingual skills. In order to get the customers satisfaction to lead to repurchase, the hotels/resorts should provide Check-in/Check-out efficiency. According to Jammaree et al (2011), an excellent quality of service and facility offered to customers is perceived to be the means by which the service organization can achieve a competitor advantage, differentiate itself from competitors, increase existing customers, as well as attract new ones.

Conceptual Framework

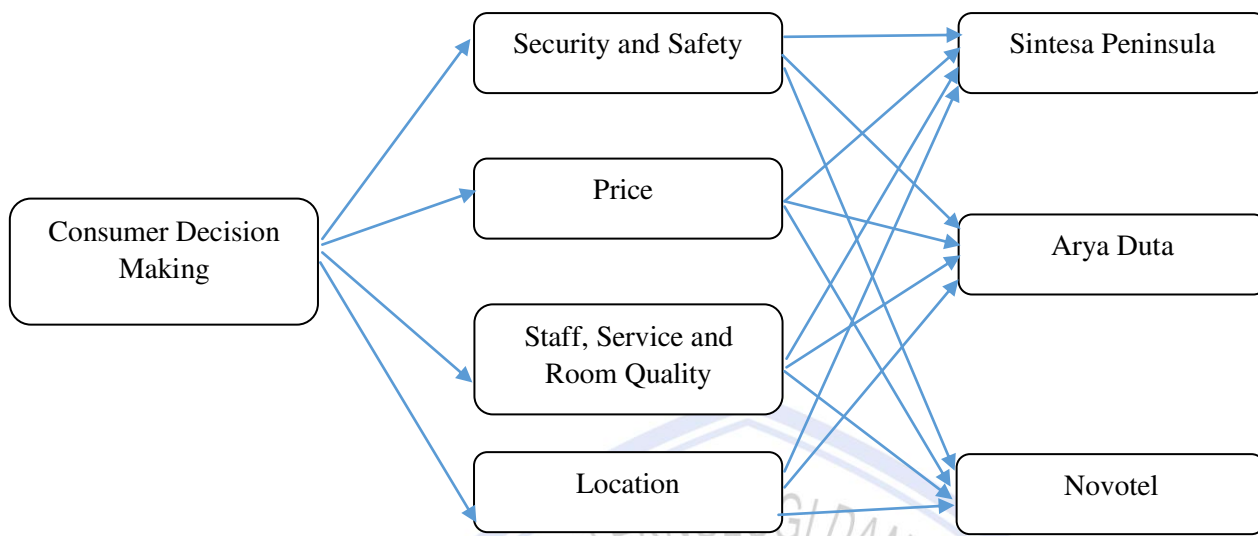


Table 1. Conceptual Framework

Source : Data processed, 2015

RESEARCH METHOD

Type of Research

This research will use quantitative method. Quantitative research seeks to quantify the data. It seeks conclusive evidence based on large, representative samples and typically involving some form of statistical analysis (Maholtra, 2009:180).

Place and Time of Research

This research is conducted in Manado city particularly at hotel area which is Sintesa peninsula hotel, Arya duta hotel and Sedona hotel. These research use customer that have experience at that three hotel as the respondent. This research will be held from May - June 2015.

Population and Sample

Population refers to the entire group of people, events, or things of interest that the researcher wishes to investigate. It is the group of people, events, or things of interest for which the researcher wants to make inferences based on sample statistics (Sekaran and Bougie, 2009:262). Population in this research is people in Manado and who has experience at least spend the night in Sintesa Peninsula hotel, Arya Duta hotel, and Novotel hotel. The sample of this research is all customers of Sintesa Peninsula, Arya Duta, and Novotel as many as 30 respondents that have experience of the hotels. The sampling design is purposive sampling. Purposive sampling is sample selected in a deliberative and non-random fashion to achieve a certain goal.

Data Collecting Method

This source of this research are primary data and secondary data. Data collecting method that was used is questionnaire. This research is conduct in Manado from May until June 2015. Primary data refer to information obtained first-hand by the researcher on the variables of interest for the specific purpose of the study (Sekaran and Bougie, 2009:180) Secondary data refer to information gathered by someone other than the researcher conducting the current study (Sekaran and Bougie, 2009:184). The secondary data used in this research is taken from books, relevant literatur and journals from library and internet. Secondary data in this research were used in the research background, literature review and research methodology.

Operational Definition and Measurement of Research Variables

This research defines the variable into:

1. Consumer decision making (Y) defined as a process of gathering and processing information, evaluating it and selecting the best possible option to make a buying choice or to make decisions regarding product and service offerings.
2. Hotel selection Criteria (X) means factor of hotel that influencing people or reason why people want to choose a hotel.
3. Alternative: Sintesa Peninsula Hotel, Arya Duta Hotel, Novotel Hotel.

Data Analysis Method

Analytical Hierarchy Process

The Analytic Hierarchy Process (AHP) is due to Saaty (1980) and is often referred to, eponymously, as the Saaty method. It allows users to assess the relative weight of multiple criteria or multiple options against given criteria in an intuitive manner. In case quantitative ratings are not available, policy makers or assessors can still recognize whether one criterion is more important than another. Therefore, pairwise comparisons are appealing to users. Saaty established a consistent way of converting such pairwise comparisons (X is more important than Y) into a set of numbers representing the relative priority of each of the criteria.

The AHP generates a weight for each evaluation criterion according to the decision maker's pairwise comparisons of the criteria. The higher the weight, the more important the corresponding criterion. Next, for a fixed criterion, the AHP assigns a score to each option according to the decision maker's pairwise comparisons of the options based on that criterion. The higher the score, the better the performance of the option with respect to the considered criterion. Finally, the AHP combines the criteria weights and the options scores, thus determining a global score for each option, and a consequent ranking. The global score for a given option is a weighted sum of the scores it obtained with respect to all the criteria. One common scale for AHP (adapted from Saaty) is :

Table 2. Common Scale for AHP (adapted from Saaty)

Preference Level	Numerial Value
Equally preferred	1
Equally to moderately preferred	2
Moderately preferred	3
Moderately to strongly preferred	4
Strongly preferred	5
Strongly to very strongly preferred	6
Very strongly preferred	7
Very strongly to extremely preferred	8
Extreme preferred	9

Source: Data Processed, 2015

The basic procedure to carry out the AHP consist of the following steps:

1. Structuring a decision problem and selection of criteria
2. Priority setting of the criteria by pairwise comparison (wighing)
3. Pairwise comparison of options on each criterion
4. Obtaining an overall relative score for each option

RESULT AND DISCUSSION

Result

Result of the overall criterion

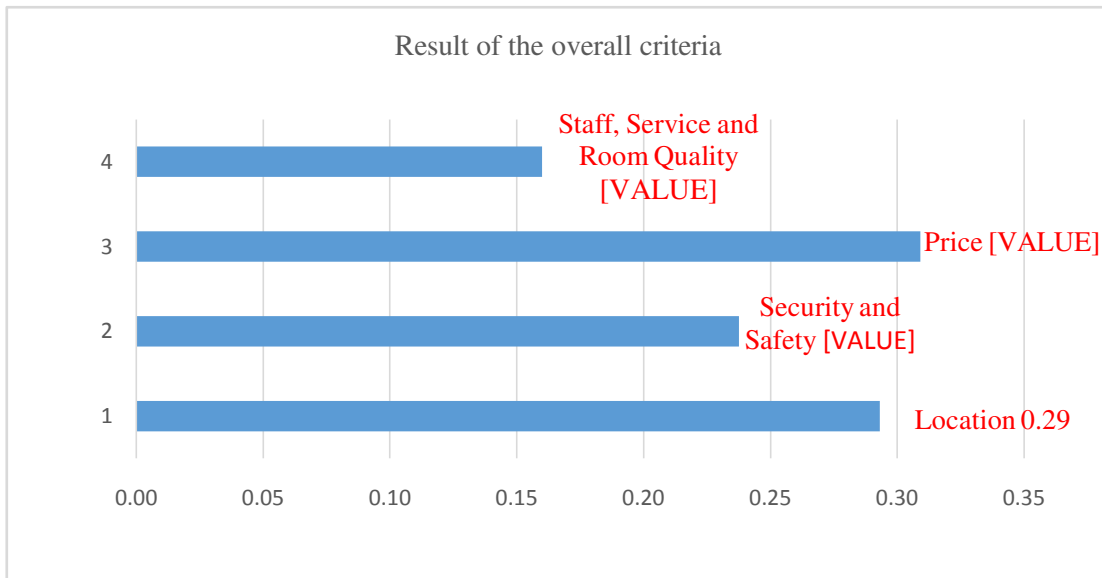


Figure 1. Result of the overall criteria

Source : Data processed, 2015

In this result show the highest score is price (0.31), it means price is the factor that have influence the most for people to spend the night among the others criteria. The second is location (0.29), security and safety is in third position with score (0.24), followed by staff, service and room quality (0.16). As the overall inconsistency = (0.09), it mean the data comparison in this result is valid and consistent. The Result indicates that price is the most important thing for consumer to choose the hotel.

Result of Analytical Hierarchy Process of Consumer Decision Making to stay in star rating Hotel.

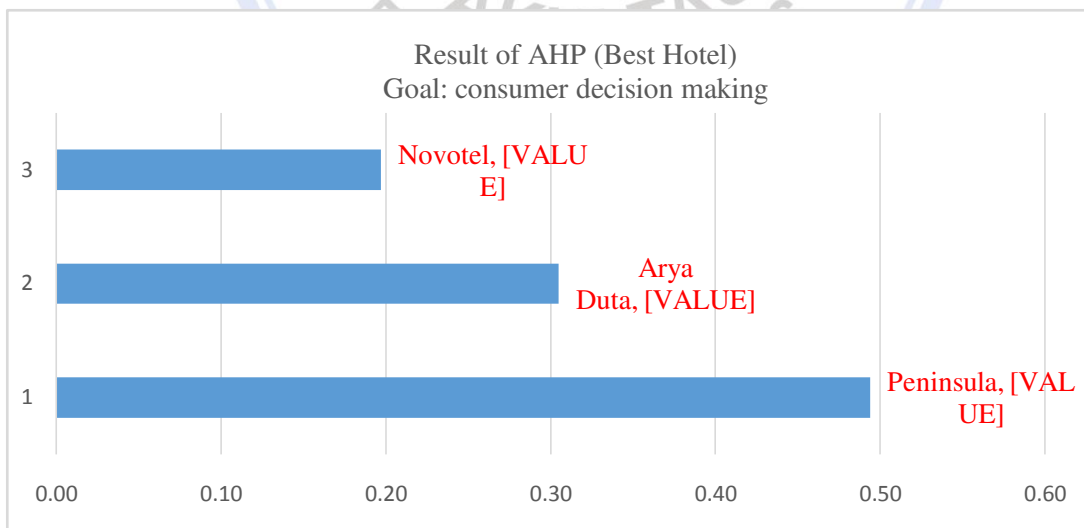


Figure 2. Result of AHP (best hotel)

Source : Data processed, 2015

The observation of this research shows that respondent choose Peninsula hotel as the best hotel for them to spend the night among the other alternatives. Peninsula have the highest score with (0.49), in the second position is Arya Duta with score (0.30), and followed by Novotel in the last position with score (0.20). In this result the overall inconsistency indicated = (0.07), it shows that the comparison of data in this research is valid and consistent.

Discussion

Pairwise Comparison for the Main Criteria Analysis

In Analytical Hierarchy Process (AHP), the criteria developed as the measurement of best star rating hotel selection has been compared. AHP determines the relative importance or weight of the criteria, to rank the criteria from most important to least important. A criteria with the highest average weight indicates the priority criteria among others.

Firstly, for the overall of main criteria (location, security and safety, price, staff, service, and room quality), based on table 3 the most important criteria that influence customer to choose a star rating hotel is price. Price is the most important thing that influence consumer to choose star rating hotel. Price is the first thing that consumer consider when choosing a star rating hotel. Hotel with achievable price, will be choose by consumer. Price have highest score criteria compare to the other, being the most preferred criteria by respondents and the most crucial criteria that influence customer in selecting a star rating hotel. The respondents are those who already have an experience at least spend one night at the hotel, on each alternative provided which are the three star rating hotel based on the requirement of using AHP method. So in this research, according to the respondent, price become the most preferred factor for the costumer in selecting the star rating hotel in Manado.

Second Place is location. Location factor is important because usually people will choose a hotel with strategic location, near with the place where people do the business. People also will choose a hotel with good location such as near with the supermarket, near with the mall, or near with city central. People do this to avoid some obstacle such as traffic jam and expensive taxi cost. That is why location is important thing to influence the consumer to choose a star rating hotel.

In third position, there are security and safety. Security and safety also become the important thing that influence consumer to choose a star rating hotel. People will choose a hotel with good security and safety because people want to feel safety when enjoy the hotel facility. Also when people take a rest, they want to feel comfortable and safety.

Next position and the last position are staff, service and room quality. Honest staff, good service, good room quality is important for hotel to maintain the of hotel credibility itself. People will enjoy the good service from the hotel. Good staff will give a good service to consumer to make a consumer feel comfortable when spend a night in that hotel.

There is a different with the other research, (Factors Influencing the Selection of Hotels/Resorts in Lanta Yai Island, Krabi, Thailand by International Travelers, 2014) show that in Lanta Yai Island, Krabi, Thailand, Security and Safety become the most important criteria choosed by consumer. This thing is contradiction with this researcher because price is the most important criteria for consumer to choose hotel in Manado city.

Result of Analytical Hierarchy Process of Consumer Decision Making to stay in star rating Hotel.

In researcher analysis, consumer will choose Peninsula as the best star rating hotel in Manado compares to the rest at alternatives. This result already shown in table 4, it shows that when people want to spend the night in the hotel, they prefer and make decision to choose Peninsula as the best star rating hotel among the other alternatives. Peninsula got highest score, followed in the second place by Arya Duta, and in the last place is Novotel.

CONCLUSION AND RECOMMENDATION

Conclusion

The result of this research shows the conclusion stated below, which are;

Based on the analysis, hotel criteria influence consumer to choose a star rating hotel in Manado city.

1. In four criteria (location, security and safety, price and staff, service, room quality), there are top two criteria that has the most influence for consumer to choose star rating hotel in Manado city. In the first place and got the highest score goes to price. According to the data comparison that developed in pairwise comparison of Analytical Hierarchy Process (AHP), price become the most preferred criteria for consumer when choose star rating hotel in Manado city. Second position of the highest score goes to location. The data show that price and location are the most important thing that influence consumer to choose a star rating hotel. Achievable price and good location is the main thing that influence the consumer. According the data, even Peninsula hotel is the most expensive price, but Peninsula hotel is the best hotel chosen by respondent that have an experience at least spend one night in three hotel. Arya Duta hotel has good location better than the others because the strategic location in the center of Manado city.
2. The result that developed using Analytical Hierarchy Process (AHP), shows that Peninsula hotel become the most preferred star rating hotel by the consumer, followed by Arya Duta hotel and Novotel hotel in the last place.

Recommendation

There are two recommendation based on conclusion above:

1. Price and location are the most important things that influence consumer to make a decision to choose a star rating hotel particularly in Manado. Consumer will choose hotel with an achievable price, but in this case, even Peninsula is the most expensive, this hotel still the best according to the data by respondent. Beside it, location is important thing that influence the consumer. Even the price is high but if the hotel is in good location, consumer will consider about it. Hotel management should consider about establish the price adjusted to the location of hotel itself. So, hotel with achievable price and good location will be chosen by consumer.
2. After price and location, the other things that influence consumer to do the decision making in choosing the star rating hotel are security and safety, and staff, service and room quality. These things also important because it influence to consumer privacy. Hotel must do the inspection for all people who want to enter the hotel area and hotel building. It can give comfortable feeling for people inside the hotel. This way also to prevent the outsider or terrorist for do the negative things inside the hotel area and hotel building. Beside it, hotel must give more attention to the staff, service and room quality. Good interior inside the room, honest and discipline staff, smiling staff that always give smile to consumer can give sense of belonging to the consumer that enjoy the hotel facilities. Hotel management should choose good, honest and discipline person to become their staff.

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