



Emerging Market Entry: Innovative Marketing Approaches for Tirtagangga Hot Spring Resort Targeting Gen Z and Millennials

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ABSTRACT: Indonesia, a populous country, exhibits a significant population size. As per data from the Ministry of Home Affairs of the Republic of Indonesia via the Dukcapil Directorate General, the largest generation in Indonesia comprises Gen Z and Millennials. These two generations display various behavioral differences compared to preceding generations, particularly in their travel habits. In order to attain the national tourism target, the Ministry of Tourism and Creative Economy (Kemenparekraf) has designated Gen Z and Millennials as the primary target demographic. Tirtagangga Hot Spring Resort, currently undergoing rebranding efforts, aims to penetrate the Gen Z and Millennial market. Initial research suggests that Tirtagangga Hot Spring Resort faces challenges in attracting hotel guests from this new market. This study employs a quantitative approach, utilizing a questionnaire for customer analysis, and employs SMARTPLS for data processing and hypothesis testing. The research entails conducting interviews with 12 individuals, including business owners and their marketing department. The outcomes reveal a positive impact of Social Media Marketing on Brand Awareness and Brand Image, while Brand Awareness and Brand Image, in turn, positively influence Purchase Intention. Based on these findings, the authors propose several strategies to augment sales, leveraging the SWOT and TOWS tools encompassing both external and internal analyses. The recommended strategy revolves around diversifying promotional strategies that specifically target the hotel's updated style and activities, aiming to captivate attention and generate interest. A key focus is placed on highlighting the hotel's unique blend of modern aesthetics and hygienic surroundings. The promotional efforts should emphasize the newly adopted style of the hotel while concurrently advancing its renovation endeavors. This approach effectively showcases the hotel's fresh aesthetic while preserving its renowned heritage. Additionally, the hotel should enhance its offerings by introducing supplementary activities and amenities, enriching the overall guest experience.

KEYWORDS: Brand Awareness, Brand Image, Gen Z, Millennials, Purchase Intention, Social Media Marketing.

INTRODUCTION

Indonesia has a substantial population, with Gen Z and Millennials being the largest generations. Gen Z, born between 1997 and 2012, accounts for 27.94% of the population, while Millennials, born between 1981 and 1996, represent 25.87%. Gen Z, having grown up after the 1998 political reform, exhibit distinct characteristics and behaviors as digital natives. Millennials, on the other hand, contribute significantly to Indonesia's economic growth. The activities of both generations are influenced by various factors, including socio-economic status. Studies indicate that studying and housework are not perceived as routine activities for most Gen Z individuals, although this perception may change in the future. Shopping decisions are primarily influenced by financial considerations, with familiarity with e-commerce platforms impacting behavior. Attitudes towards work vary based on socio-economic classification, with work serving as a status symbol for the upper class and a necessity for the middle and lower classes. Economic pressures have led Millennials to engage in entrepreneurial activities [1]. In terms of travel behavior, Gen Z and Millennials are highly valuable demographics with significant purchasing power. They are sensitive to pricing and prefer domestic tourism. The Ministry of Tourism and Creative Economy has identified Gen Z and Millennials as key target demographics to achieve the national tourism target. These generations prioritize adventure and possess strong technological literacy. They are drawn to nature, culinary experiences, urban settings, and staycations [2]. Cultural elements also play a significant role in attracting Gen Z tourists. The tourism industry has recognized the importance of targeting Generation Z and Millennials as a distinct market segment, and businesses, such as Tirtagangga Hot Spring Resort, have adopted strategies to attract these demographics. Tirtagangga Hot Spring Resort embarked on rebranding and renovation efforts starting from 2020, aiming to appeal to Generation Z and Millennials while maintaining its existing customer base of adults and the elderly.



BUSINESS ISSUES

Tirtagangga Hot Spring Resort, a well-known establishment dating back to the 1960s, has gained popularity for its natural hot springs and the associated health benefits they offer. This has primarily attracted an older demographic, consisting of adults and elderly individuals. However, a marketing representative at the resort acknowledges that the current branding strategy is outdated and needs a refresh to appeal to a new target market comprising young families and individuals. The resort aims to maintain its authenticity while undergoing rebranding efforts to attract a broader audience. This rebranding strategy involves updating elements of the corporate identity, such as the logo, hotel name, and color scheme. Tirtagangga Hot Spring Resort is also embracing digital marketing by utilizing sales tools like e-flyers, e-compro, e-magazines, barcode menus, and launching more aggressive social media campaigns. Additionally, the resort plans to incorporate booking engines on its website and enhance its activation with Online Travel Agencies (OTAs) through promotional initiatives. Despite these endeavors to rebrand and attract a younger target market, data shows that 75% of visitors to Tirtagangga Hot Spring Resort fall within the age range of 36 to 50 or older, while only 25% are aged 18 to 35. Based on this data, a preliminary study was conducted involving 12 individuals aged 20 to 30. Out of the 12 participants, six were unfamiliar with Tirtagangga Hot Spring Resort, three had previously visited the resort, and three were aware of the resort but had not visited. The three respondents who were aware of the resort but had not visited expressed a lack of interest in staying at an older hotel and found the content on social media platforms, particularly Instagram, unappealing. Conversely, two of the three individuals who had visited the resort expressed satisfaction with their experience and showed interest in returning, while the third individual was dissatisfied with the resort's outdated appearance and was unaware of the ongoing rebranding and renovation efforts. Based on this preliminary research, it can be concluded that the promotional efforts undertaken following the rebranding and renovation have not effectively reached the intended new target audience, specifically Gen Z and Millennials. The findings from the preliminary research indicate that some respondents were unaware of the existence of Tirtagangga Hot Spring Resort, while others perceived it as an antiquated hotel. Moreover, they did not receive information about the ongoing renovation and rebranding efforts. Additionally, several respondents found the promotional activities conducted through social media unappealing, as they still conveyed an outdated impression. These factors have contributed to a lack of interest among the target audience in staying at Tirtagangga Hot Spring Resort.

METHODOLOGY

The selected research approach for this study is applied research, which aims to utilize research findings to address specific challenges encountered by firms or organizations [3]. The collected data will be subjected to quantitative analysis using the SMART PLS program, a widely recognized software tool for structural equation modeling based on partial least squares (PLS-SEM). PLS-SEM is particularly advantageous when dealing with skewed data distributions and limited sample sizes [4]. Primary data will be gathered through various techniques, including observation, interviews, and questionnaires. The questionnaire will be administered to a sample of 208 respondents. The sampling unit in this study refers to the research objects exhibiting several characteristics that reflect the study's elements. Non-probability sampling was employed, allowing the authors to exercise judgment in selecting respondents based on convenience and suitability [5]. The questionnaire will employ a five-level Likert scale with an interval scale measurement. Since the questionnaire will be distributed online, it will be referred to as an online survey.

RESULT AND DISCUSSION

A. Validity Analysis

Validity Analysis using Convergent and Discriminant Validity from SMARTPLS Software. An acceptable AVE is 0.50 or greater, indicating that the concept accounts for a minimum of 50 percent of the differences observed in its items. In Discriminant Validity, the Square Root of the AVE for each construct should surpass its highest correlation with any other construct in the model.

Table 1. Convergent Validity Result (SMARTPLS, 2023)

Construct	Average Variance Extracted (AVE)
Brand Awareness	0.732
Brand Image	0.696
Purchase Intention	0.788
Social Media Marketing	0.595



Table 2. Discriminant Validity Result (SMARTPLS, 2023)

<i>Construct</i>	<i>Brand Awareness</i>	<i>Brand Image</i>	<i>Purchase Intention</i>	<i>Social Media Marketing</i>
Brand Awareness	0.856			
Brand Image	0.421	0.834		
Purchase Intention	0.467	0.747	0.888	
Social Media Marketing	0.445	0.551	0.426	0.772

Based on the table above, all of the AVE value are greater than 0.50, it can be concluded that all variables have good convergent validity and the root of AVE > the correlation value between the latent variables (the numbers above), it can be said that all latent variables have good discriminant validity

B. Reliability Analysis

The composite reliability value of the construct indicator is analyzed. The outcomes of the test on composite reliability will indicate a desirable value if it exceeds 0.6.

Table 3. Composite Reliability Result (SMARTPLS, 2023)

<i>Construct</i>	<i>Composite Reliability</i>
Brand Awareness	0.916
Brand Image	0.932
Purchase Intention	0.918
Social Media Marketing	0.855

C. Customer Analysis

1) R-Square

The R square number will explain how much a research model will represent the phenomenon.

Construct	R-square
Brand Awareness	0.194
Brand Image	0.300
Purchae Intention	0.583

R square (0.194). This model (X Social Media Marketing and Y1 Brand Awareness) is only able to explain as much as 19.4% which represents the phenomenon. The remaining 80.6% cannot be represented (there are outside variables that affect Brand Awareness)

R square (0.300). This model (X Social Media Marketing and Z2 Brand Image) is only able to explain as much as 30% which represents the phenomenon. The remaining 70% cannot be represented (there are outside variables that affect Brand Image)

R square (0.589). This model (Y Purchase Intention and Z1 Brand Awareness and Z2 Brand Image) is only able to explain as much as 58.9% which represents the phenomenon. The remaining 41.1% cannot be represented (there are outside variables that affect Purchase Intention)

2) Path Coefficient

Statistical T values > 1.96 can be concluded that the relationship between latent variables is significant (it has a positive influence). Significance also can be tested by looking at the p-value. while the criterion is significant if the p-value < 0.05.



Table 4. Path Coefficient Result (SMARTPLS, 2023)

<i>Construct</i>	<i>T statistics</i>	<i>P values</i>
Brand Awareness -> Purchase Intention	3.736	0.000
Brand Image -> Purchase Intention	12.501	0.000
Social Media Marketing -> Brand Awareness	7.079	0.000
Social Media Marketing -> Brand Image	8.127	0.000
Social Media Marketing -> Purchase Intention	0.680	0.497

- Based on the table above, the results of respondents who agree that the variable Brand Awareness and Brand Image affects Purchase Intention, also the Social Media Marketing affects the Brand Awareness and Brand Image based on the questionnaire's questions.
- Based on the table above, it can be seen that 4 of 5 variables have a significant relationship (positive influence) except for Social Media Marketing variables on Purchase Intention

Table 5. Hypothesis Analysis (Author, 2023)

<i>Hypothesis</i>	<i>Description</i>	<i>Result</i>
H1	Social Media Marketing has positive influence on Brand Awareness	Accepted
H2	Social Media Marketing has positive influence on Brand Image	Accepted
H3	Social Media Marketing has positive influence on Purchase Intention	Rejected
H4	Brand Awareness has positive influence on Purchase Intention	Accepted
H5	Brand Image has positive influence on Purchase Intention	Accepted

The research employed the SMARTPLS software as a powerful tool for analysis in order to examine the interrelationships among Social Media Marketing, Brand Awareness, Brand Image, and Purchase Intention. The data were gathered through a questionnaire, with a sample size of 208 participants, which provided a representative sample of the target population. The findings of the study indicate strong support for the majority of the hypotheses tested, suggesting a significant relationship between the variables. The results demonstrate that Social Media Marketing has a positive influence on both Brand Awareness and Brand Image, thereby enhancing the brand's visibility and reputation within the market. However, the relationship between Social Media Marketing and Purchase Intention did not have a positive influence. This suggests that there might be additional factors at play, serving as mediators in this relationship. Furthermore, the study reveals that both Brand Awareness and Brand Image significantly influence Purchase Intention. This implies that consumers who possess a higher level of brand awareness and hold a positive perception of the brand's image are more inclined to express an intention to purchase the brand's products or services.

CONCLUSION

The Tirtagangga Hot Spring Resort, a well-known hotel established in the 1960s, is famous for its natural hot springs that offer health benefits. While the resort has tried to attract a younger audience by changing its branding strategy to target young families and individuals, its older customers remain loyal. The research findings suggest that there are certain factors that could affect the



likelihood of Gen Z and Millennials considering the Tirtagangga Hot Spring Resort for their stay. These factors include the positive influence of social media marketing on brand image and awareness, as well as the positive influence of brand image and awareness on the intention to book a stay at the resort. To effectively utilize social media marketing, the resort can actively engage in promotional activities on platforms like Instagram and TikTok. Informative content showcasing the newly renovated aspects of the hotel and incorporating customer stories and memories can help establish and maintain the hotel's image as a legendary and welcoming establishment. Collaborating with Key Opinion Leaders (KOLs) can also aid in broader promotion. Additionally, partnering with existing communities in Garut and creating specific programs within the hotel can enhance its appeal to young people and further build brand awareness and image, ultimately increasing the intention to book a stay.

RECOMMENDATION

In order to enhance the overall image and awareness of the Tirtagangga Hot Spring Resort, it is suggested that they implement an effective social media marketing strategy. By leveraging the power of social media platforms, the resort can reach a wider audience and strengthen its brand image. This strategic move is anticipated to have a positive impact on the customers' intention to make a purchase. However, the findings obtained from a quantitative analysis utilizing PLS-SEM (Partial Least Squares Structural Equation Modeling) revealed an interesting insight. It was discovered that social media marketing alone does not directly influence customers' purchase intention. Instead, its effect on purchase intention is mediated by two intermediary factors: brand image and brand awareness. In other words, the resort's active presence on social media platforms may not directly convince potential customers to make a purchase. However, through the process of building and enhancing brand image and brand awareness, social media marketing indirectly contributes to customers' inclination to choose the Tirtagangga Hot Spring Resort as their preferred destination. Therefore, it is essential for the resort to recognize the significance of developing a strong brand image and brand awareness through social media marketing. By creating engaging and captivating content, sharing positive customer experiences, and showcasing the unique features and amenities of the resort, Tirtagangga can establish a favorable brand perception among its target audience. This, in turn, is expected to influence their purchase intention positively, resulting in increased bookings and revenue for the resort.

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