Competitive Advantage on Hotel Industry in Pekanbaru Indonesia

Didin Syarifuddin
STP Ars Internasional, Bandung, Indonesia

Abstract: A five-star hotel industry in Pekanbaru City Indonesia does not show optimal of hotel performance, in which there is still low of gaining competitive advantage. It is assumed that the low of competitive advantage, is because of the low of quality service given by hotel where human capital of employee is less qualified. Focus of this study reviewing competitive advantage on hotel industry for supporting from service quality. Reseach method that conducted is survey on customer hotel who ever stays overnight in five-star hotel that exists in Pekanbaru Indonesia. Study analysis of simple regression conducted with SmartPLS, to analyze in exploratory. The study results found competitive advantage will increase by existing the support of service quality. Service quality has an important role where the factor of tangibles, responsiveness and assurance are the forming factors of service quality that have the highest impact. This study has been conducted in the previous research but it is not conducted to hotel-service company, especially ini Pekanbaru City Indonesia. It seems the review in study results, it can be used as supporting information by hotel industry and for Indonesia government in solving the issue of economic development through travel destination.

Key words: Service quality, competitive advantage, city, travel, support

INTRODUCTION

Business competition occurred in several business sectors, it is no doubt that it is happened in tourism industry (Milohnic and Grzinic, 2010). Now a days, business competition is increasingly high and it is not avoided by businessman (Aykan and Aksoylu, 2013). As long as with business world development, it affects to company performance so business among the company is also increased (Crema *et al.*, 2014). Therefore, each company is charged to manage its business as good as possible to create advantage in competition and it can grow and hold out so it will be succeed to win competition and to get profit. To face a quite-high business competition, company is charged to have competitive advantage, remembering this case impacts to company's durability in business competition. Competitive advantage in an organization can be obtained from observing of superior value for customer (Macfarlane, 2014).

Business sector which is growing because of globalization is service sector. Service sector itself is considered as the highest stage in economic development process in a country and one of the rapid developments is tourism services sector (Lovelock, 2010). Today, hotel service is very needed in order to excite and encourage tourism industry in the future, because the necessity of hotel service for accommodation is much needed and it is a market chance that must be managed effectively (Zaei and Zaei, 2013). Central Bureau of Statistics explains that the number of guests on five-star hotel in Indonesia in

overall is getting increased; it is started from 2003 and continues increased until 2014. Obviously, it marks that hotel industry is the attractive industry in Indonesia, remembering the number of residential is more increased. However, it seems a problem for Riau Province where in 2003 is quite-high of residential rate and it gets decreased in 2014. It appears there is a problem of five-star hotel in Riau Province. It is assumed that competitive advantage of five-star hotel in Riau Province is lower from another province in Indonesia. The competition of international tourism industry is increasingly fierce, so only tourist destinations with the best managing that can be hold out (Lo *et al.*, 2010). So the policy of hotel operational will get changing and this case also impacts on market interest in selecting the lodging. But the case which is very attached in hotel industry is service quality (Milohnic and Grzinic, 2010). According to one of services theory, company's success in giving a qualified service is can be determined by service approach (Jelcic, 2014). Service quality is key success factor in a company that runs in service field, such as salon, hospital, bank and hotel.

Customer satisfaction is a case that becomes company's expectation, especially in hospitality field (Laohasirichaikul *et al.*, 2011). The satisfaction is derived if customer's need and desire is fulfilled while human's need and desire are always changed and unlimited (Kotler and Keller, 2012). Competitive advantage is the most important thing in company, so as with five-star hotel. It is obviously can increase the number of hotel occupation, remembering there is relationship of company

performance with competitive advantage. In hotel industry, there is the other important thing that must be concerned except competitive advantage; it is the same with banking industry which is service quality. It remembers that a good service quality is the measurement of success from hotel. However, it is must be reviewed related to service quality on five-star hotel in Pekanbaru city in which based on Central Bureau of Statistics mentioned that human capital who works in hotel is dominated by high school graduated is about 61.46%. It encourages the low of service quality and also the low of human capital from hotel employee in Pekanbaru City.

The study review focuses on gaining of competitive advantage, where the previous study result is stated that competitive advantage can be achieved by quality service (Warraich *et al.*, 2013). But the review of five-star hotel in Pekanbaru City has not been studied; remember there is problem phenomena related to the low of education from Hotel's human capital.

Literature review

Service quality: Service quality and customer satisfaction is a concept that connected (Jahanshahi *et al.*, 2011) but both of them are not really the same thing. Many researchers are sure that customer perception about service quality which based on long-term cognitive perception towards delivery of corporate service while customer satisfaction is short-term emotional reaction towards service experience itself. So, it seems clear the distinction of quality service and customer satisfaction.

Customer compares what they expect to be accepted with what they really accept during post-purchasing stage in service purchasing process, in this case is hotel service. They admit conducting the purchasing of service, one of them is based on service quality. Talking about quality, the first theory of quality is introduced firstly by Zeithaml (1988); he stated that "quality that is accepted by customer as service quality that is examined by customer is in form of the best thing as whole". That theory more focuses on assessment of quality from service factor in general room company to its customer. Quality is the whole of characteristic and also character of a product or service that influences on its ability to satisfy the necessity stated or implicit (Alamsyah and Angliawati, 2015). Customer in buying a product or use service has surely expectation in order to product performance or services itself fulfilled, or even it exceeds customer's expectation is not one time but it is continuously so it gives the satisfaction (Theodoridis and Chatzipanagiotou, 2009). Furthermore, customer perception is someone has obtained a qualified of product or service (Beneke, 2013).

Service quality itself according to Parasuraman *et al.* (1985), from the first theory stated that "service quality is comparison result among customer's expectation of the real service performance". The theory translates that service quality is divided into 2 cases which is expectation and real accepted. So, the meaning of service quality covers expectation component and the real performance of a service. It is different with Lovelock (2010)'s opinion explained that "service quality is the result of evaluation process where customer compares the obtained service with the given service". So it can be defined of service quality from user's point of view is service that given more than expected. Based on theory above, it can be a conclusion for Service Company which is service quality, is customer view of comparison between expectation and performance form service accepted. There is difference of perception of service quality, general perspective of service quality, consists of.

The transcendent view: In this approach, quality is assumed as innate excellence which is standardization and the high achievement. This point of view applied on performing art and visual art, this opinion stated that quality is conducted by experience obtained from the repeated exposure. From a practical point, however manager or customer will know quality, when the delivery of quality is not good.

Manufacturing-based approach: This perspective defines quality as conformity with requirements. This approach focuses on specification adjustment that developed internally; it is sometimes encouraged by the purpose of productivity increasing and cost suppression.

User based definition: This approach is based on the thought that quality is depended on people who observe it, so the most satisfied product of someone' preference, like perceived quality which is the highest-qualified product.

Value based definition: This approach assumes quality in terms of value and price. Based on the exchange between good and bad performance and price, so quality is defined as "affordable excellent".

In hotel industry, service quality assumed from all of the perspective (Maryam *et al.*, 2014). So all of the elements contained in hotel become consideration from manager that assessed by its customer (Lo *et al.*, 2010). This approaches rarely make a disagreement between managers with the function of other departments (Daramola and Adekunle, 2013), so it is needed to measure service quality by customer which is hotel guest.

In principle, service quality can be measured and the measurement of service quality has a difference from each expert. Service company has different characteristic with goods (physical product) (Bonroy and Constantatos, 2008). There are four principal characteristics on service that difference with goods, they are included.

Intangible: Service is intangible, it means that it cannot be seen, felt, touched, smelled or heard before it is paid (Alam *et al.*, 2011). This concept of intangible itself has two meanings which is: something that cannot be touched and it cannot be felt and something that is not ease to be defined, to be formulated or to be understood spiritually. Someone cannot assess the result of service before he/she enjoys herself. If customer buys service, so they only use, harness or rent it. The customer has no directly service that they buy. Therefore, to decrease the uncertainty, customer notices marks or proof of the quality of these services (Ang and Wight, 2009). They will conclude service quality from place, people, equipment, communication materials, symbol, price that they observe.

Inseparability: Goods are usually produced, then it is sold and then it is consumed (Goyal, 2008). While service is usually sold at first, then it is produced and consumed simultaneously. Interaction between service providers and customer are specific characteristic in service marketing (Zboja and Voorhees, 2006). Both of them influence the result (outcome) of the service. In the relationship of service providers and customer, the effectiveness of individual that submit service (contact personnel) is the most important element.

Variability: Service is most variable because it is nonstandardized output (Kotler and Keller, 2012), it means so many variations in shape, quality and type, depends on whom, when and where service is produced. There are three factors that cause variability of service quality such as cooperation or customer's participation during delivering service, moral/employee's motivation in solving customer and company workload (Kotler and Armstrong, 2005).

Perishability: Service is perishable commodity and it can be saved (Chi *et al.*, 2008). Therefore, if a service is not used, so it will go by. This condition will not be problem if the demand is constant. But in reality, customer demand of service generally is various and it is influenced by seasonal factors. Therefore, Service Company must evaluate its capacity (substitution of service inventory) in order to balancing supply and demand (Kotler and Armstrong, 2005)

A good service quality is started from customer needs and it ends on customer perception (Hosseini *et al.*, 2014). This case can be defined that a good quality image is not depends on perception of service providers but it depends on customer perception that has been got it (Alamsyah and Angliawati, 2015). Customer perception of service quality is the whole assessment of advantage of a service itself (Ranjbarian *et al.*, 2012). So, as hotel industry which can assess service quality is customer which is hotel guest. In measuring of service quality, the first research from Parasuraman *et al.* (1985) develops the study of service quality such as:

- Tangibles, includes physical facility, equipment and personal appearance
- Reliability, includes ability to do the promised service accurately
- Responsiveness, includes willingness to help customer and give a quick service
- Assurance, includes knowledge and employee's courtesy and their capability to give trust and confidence
- Empathy, includes caring, company individual attention to customer

Dimension explained above is often used especially for measuring service quality (Parasuraman *et al.*, 1985). One of the study of Maryam *et al.* (2014) and Warraich *et al.* (2013), who stated the fifth dimensions of service quality in the same company in the different country on telecommunication field. The same case also happened for hotel service sector where tangibles, reliability, responsiveness, assurance and empathy used as measurement dimension of hotel service quality. Although, many experts explained the opinion about dimension of service quality but the opinion that is often used in service study is stated by Parasuraman *et al.* (1985) and those dimensions are used in this study, remembering in this study focuses on hotel industry. Customer will use the fifth of quality dimensions to form the assessment towards service quality explained by five-star hotel.

Competitive advantage: Competitive advantage is an attractive concept in several study level (Chen and Chang, 2013), included in individual company level, micro economic level for industry policy and macro economic level for determining advantage position of national economic. A business organization, both it runs on the type of goods or service, in the effort to win market is need a strategy (Agyapong and Boamah, 2013). The effort to win the market means how to win the competition in the

market. In this condition, business organization is surely will need and use competitive strategy for competitive advantage.

In building competitive advantage is recommended to form an unique system and having advantage compared with the competitor which the core is providing good value for customer efficiently and it can be hold out. The good value in customer's view is when company can fulfill customer's needs well (Finisterra and Raposo, 2010). Competitive advantage is benefit strategy from company which conducts cooperation to compete more effective in the market (Foon, 2009). Strategy designed has a purpose to achieve competitive advantage simultaneously in order to company can continue become market leader (Agyapong and Boamah, 2013). Company gets competitive advantage when actions in an industry or market creates economic value and when some competitive companies involved in the same actions. Competitive advantage is expected to be able to achieve profit according to planning, increasing market segment, increasing customer satisfaction and also continuing of life sustainability of a business (Srivastava *et al.*, 2013). Competitive advantage is assumed as a profit compared competitor that obtained by offering more value to customer compared competitor supply (Kotler and Armstrong, 2005).

Basically, competitive advantage grows from the value that can be able created by a company for customer, that exceed company cost in creating it (Kumar *et al.*, 2011). It can be formed through creation of superiority customer value and competitive advantage from competitor side (Foon, 2009). From customer side, competitive advantage is stated by Longenecker as "a benefit that exists when a firm has a product of service that is seen by its target market as better than those of competitors". The meaning of those opinion is a profit obtained when company has service product that is seen by its target market as better than those competitors (Visser *et al.*, 2006). Besides that Walker (2009) reviews competitive advantage form competitor side and customer. Competing is not only a thinking but also a strategy and process. According to him, competitive company of five resources which are: human, time, money, technology and knowledge (Walker, 2009). So to create competitive advantage, company needs increasing superior customer value (Porter, 1985). Another definition related to competitive advantage mentioned that "competitive advantage is created not by the previleged end product market position but by distinctive, valuable firm-level resources that competitors are disability to make a same" (Brown and Blackmon, 2005). Those opinions can be concluded that competitive advantage is not only make

product that has position in market and superior from competitior but it is superior from competitor without is not been imitated. Hotel industry is same with other industry where they must have competitive advantage where it must have uniqeness, superior resources value that can be easy to imitate by competitors. The further theory of Walker (2009), makes simple of the previous study that "competitive advantage is the goal of strategic thinking and the primary focus of successful entrepreneurial action." The theory has a bit distinction in explaining from the previous study by Brown and Blackmon (2005), where in theory of Walker (2009) emphasizes on mindset strategic to win market competition depends on company's goal. In service company of hotel emphasizes "Competitive advantages are formed by such activities, features and qualities of a hotel organisation that are better than their competition" (Milohnic and Grzinic, 2010). From the previous study experts of definition of competitive advantage can be concluded that competitive advantage in hotel industry is advantage of service creation strategy from Hotel that cannot be immitated by competitior in winning the market depends on hotel's goal.

Competitive advantage is the result of strategy implementation that uses some resources that had been owned by company (Jelcic, 2014). It is as company's ability to create the value that has not been and cannot be immitated by competitor (Foon, 2009). It is a benefit strategy of company that do cooperation to compete effectively in market place (Porter, 1985). Strategy must be designed to make competitive advantage simultaneously, so company can dominate the old market or the new market (Chari *et al.*, 2014). The most important things in achieving strategy successful apllied is by identifying the true of company assett, in this case is tangible and intangible resoures that make organization unique (Choudhury, 2010).

One of competitive advantage of company lays on market orientation (Kumar *et al.*, 2011). Related to the effort creating output of competitive advantage and also determining of study dimension, that competitive advantage dimension in this study is depends on generic strategy, stated by Michael Porter. The researcher determines those dimension, based on the problem revealed and it can be explained by using those dimensions. Competitive advantage is not regardless from strategy used and it has been stated by Michael Porter that is called "Generic Strategy" here is the Generic Strategy that consists of 4 types of (Porter, 1985), such as:

Cost advantage strategy (Overall cost leadership): Is strategy where every business unit tries to get production

cost and the lowest of distribution, so the determined price is able to compete and finally it can achieve the big segment if it is compared with the competitors (Hilman and Kaliappen, 2014). Cost advantage is the clearest case between generic strategy (Porter, 1985). Some indicators than can be used like efficiency in raw material security, finding out to get decrease cost, operational efficiency level, the use level of production capacity and price competition (Parnell, 2011).

Differentiation: Is company's effort to have an advantage disinction (attribute of product characteristic) compared with the competitors (Rensburg and Niekerk, 2010). For example using method and new technology to create the superior product, building new product, introduction rapid of new product to market, offering number of new product to market, advertising intensity and marketing. Building and leverage of seller speed and building image of power identity.

Lower cost strategy: Is the effort to mix lower cost approach with the difference to hold out competitive advantage (Pereira and Reis, 2011). Company can be able to provide for customer the product that is distinguished with the lower of relative cost and it can get a high profit (Juanico and Dilalla, 2014).

Strategi fokus (focus strategy): Is effort to concentrate on one or more a narrow market segment than serve the whole of market segment but it is really matured and profitable (Rundh, 2011). Focus strategy is different with others because it emphasizes on the choice of narrow competitive scope in an industry. Therefore, the follower of focus strategy can achieve competitive advantage with adjusting on those segment exclusively (Porter, 1985). Some indicators that can be used such as: the uniqeness of product from function or design, targets a clear segment identification, offering the fit product for the higher price segment and offering special product suited for the specific customer group.

Generic strategy that stated by Porter used in this study. In line with the previous study on the same field which is hotel indsutry in Agyapong and Boamah (2013) and Milohnic and Grzinic (2010). In reality, service quality has really the relationship with competitive advantage of company in which it can be increased service quality. It is supported by some previous studies from Milohnic and Grzinic (2010) who explained that there is relationship between quality with competitive advantage, the quality itself is human resources inside. Furthermore, from who found the relationship between service quality with customer relationship management, customer satisfaction

Fig. 1: Research framework

and customer loyalty and also in gaining competitive advantage of company. It is continued in the study of Warraich *et al.* (2013) where in that time it is explained that service quality has the relationship with competitive advantage of company. And also in the newest study of Jelcic (2014) who emphasizes that competitive advantage of company can be achieved well through quality service. Based on the problem review and literature review, so the study hyphotesis stated below.

- H_0: service quality is not able to increase competitive advantage of hotel
- H_a: service quality is able to increase competitive advantage of hotel

In this study, it is assumed that there is influence of service quality on gaining competitive advantage in hotel industry. So, it appears from research framework, stated as follow on Fig. 1.

MATERIALS AND METHODS

This empirical study reviewed the impact of service quality on gaining competitive advantage, by survey on five-star hotel in Pekanbaru City Indonesia. The type of study used descriprive and verificative where the study result explained the fact of study problems and the correlation of study variable. Study focused on strategic management field with data and information obtained by questionnaire and direct survey to hotel guests in Pekanbaru City Indonesia. The number of respondents selected was 150 respondents and data obtained time-horizon and cross-sectional (one shot) in 2016.

This study measured the relationship between independent variable which was service quality and also dependent varible which was competitive advantage. The study construct was measured by dimension and indicator that stated in research questionnaire. In measuring of study construct used five points of Likert Scale which is 1-5 with the range "disagree" until "agree". The explanation of dimension and indicator on study variable explained below.

Service quality: was the result of comparison between customer's expectation for the real of service performance
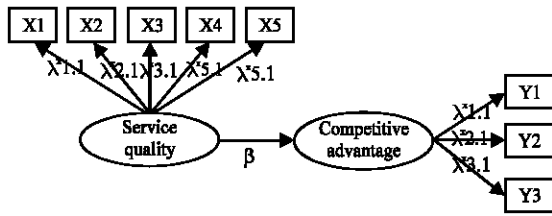
Fig. 2: The research model

Fig. 3: The study result

(Parasuraman *et al.*, 1985). In service quality, there was measurement that divided into dimension, such as: tangibles (parking, building sanitation and hotel room, the system of room refrigeration, telephone and computer, ATM machine, room interior how employee dressed), reliability (service speed, service accuracy, service time and day, service procedure), responsiveness (front office skill in serving customer, front office skill in responding customer's klaim, availability of employee in solving problem, easiness in contacting employee, employee's ability serves customer rapid action), assurance (trust to employee, courtesy of employee in service, the ability of employee's knowledge), empathy (proximity of employee in introducing customer, responsiveness of employee in solving customer's problems).

Competitive advantages: It was formed by such activities, features and qualities of a hotel organisation that were better than their competition (Milohnic and Grzinic, 2010). It could be measured by some dimensions which was cost advantage strategy (equipment cost efficiency, decreasing cost, operational efficiency, room capacity, price competition), differentiation (method and technology, new service, rapid of new service, offering of new service, advertising intensity, seller speed, image power), focus strategy (uniqueness of service, segment identification, service was fit to segment, service of group specific). Furthermore, the research model of this study stated on Fig. 2, where path analysis was analyzed through SmartPLS software.

RESULTS AND DISCUSSION

The study review explained, it is started from profile of study respondent until relationship of variable. This study is succeed collecting data from 150 customers of guest five-star hotel in Pekanbaru City. In which the gender is dominated by man is about 66% and the rest of them is woman. While the age of them is about 31-40 years old, the age is classified productive for the age of worker and married. From the background of education is dominated by bachelor is about 69%, with the rate of income is about 6-10 millions per month. Customer rate that stays overnight in five-star hotel in Pekanbaru City
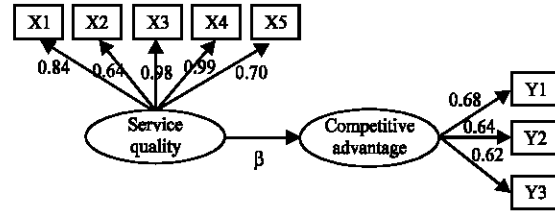
has a reason for business need is about 70% with selecting on hotel assumed strategy with the workplace and the range of it. From the background of respondents seem that almost of them stay overnight because of business need, so the approach of facilities and infrastructures can be adjusted with customer need that is mostly businessman.

In this study, reviewed the description and the relationship between research variable but before reviewing it further explained the result of good of fit test, to examine the conformity of research model conducted. The result on loading factor for service quality and competitive advantage appear a good value. In which the output result from software for Loading factor is tangibles (X1 = 0.84), reliability (X2 = 0.64), responsiveness (X3 = 0.98), assurance (X4 = 0.99), empathy (X5 = 0.70), cost advantage strategy (Y1 = 0.68), differentiation (Y2 = 0.64) and focus strategy (Y3 = 0.62), all of them are >0.5. Based on the result, so for all of study measurement conducted on research model is valid for this time. While for the value of composite reliability is service quality (0.875) and competitive advantage (0.953) has a value >0.7, so it can be stated that research model is reliable. Reviewing from two tests of loading factor and composite reliability, it appears good of fit from research model is quite good. Here is the result of data processing of research model on Fig. 3. The study result is emphasized the value through study hypothesis test as follows.

The result appears on Table 1 is obvious where Hypothesis supported. Based on the review is emphasized there is a positive relationship between service quality and competitive advantage (Jelcic, 2014). The higher of quality given by five-star hotel in Pekanbaru City, so the more increased gaining of competitive advantage.

The implementation of service quality and gaining competitive advantage of five-star hotel in pekanbaru city: This study gives image descriptively from each research variable to know how far the implementation of service

Table 1: Coefficients path and t-value

Hypothesis	Path coefficients	t-value	Results
H$_1$	0.89	8.22	Sig./supported

Table 2: Means value of service quality

Dimension	N	Sum	Mean	SD
X1	150	3110	3.45	0.522
X2	150	1897	2.16	0.446
X3	150	2376	2.16	0.430
X4	150	1443	3.20	0.410
X5	150	951	2.17	0.426

Valid N (listwise): 150

Table 3: Means value of competitive advantage

Dimension	N	Sum	Mean	SD
Y1	150	2395	2.19	0.463
Y2	150	3338	2.17	0.452
Y3	150	1950	3.25	0.517

Valid N (listwise): 150

quality and gaining competitive advantage on hotel industry in Pekanbaru City. Each customer of five-star hotel in Pekanbaru city, gives a different point of view on service quality and competitive advantage. So in this study it is concluded those point of view result that stated in indicator becomes dimensions of study measurement. In service quality has been conducted by five-star hotel in Pekanbaru City, it is done the measurement by using some dimensions, such as: tangibles, reliability, responsiveness, assurance and empathy. In further, it is presented on Table 2.

The result of Table 2 in form of Means, where it is found customer's point of view on service quality that has been conducted by five-star hotel in Pekanbaru City. Customer concludes that hotel has given tangibles well (X1) and then assurance (X2). However, it is opposite occured which is reliability (X2), responsiveness (X3) and empathy (X5), where it assumed quite bad. The whole of value is stated enough, remember respondent assessment for the whole dimensions are on the average of quite good. According to the review, it can be concluded that the implementation of service quality on five-star hotel in Pekanbaru City is not optimum-rate. The low of service quality done is surely has the impact on the low of customer's trust (Fang *et al.*, 2011). This review informs to hotel industry in Pekanbaru City that it is assumed need to be noticed of factors that become weaknesses of service quality given.

In gaining competitive advantage, hotel that is assumed by customer has the different assessment. In which competitive advantage that formed by some determining factors that is summed up in dimension which consists of cost advantage strategy, differentiation and focus strategy. Futhermore, it is explained data on Table 3.

In competitive advantage, it is trully formed by 16 questions in indicator. But it is concluded in dimension and it appears Means value on Table 3. Factor of competitive advantage that is good implemented by industry in Pekanbaru City Indonesia is focus strategy (Y3). While cost advantage strategy (Y1) and differentiation (Y2), they are assumed still not optimal to be implemented. This review result is positioning the achieved competitive advantage by hotel industry in Pekanbaru city is not maximum. Surely, this review is

important for hotel industry in Indonesia remembering there is correlation between competitive advantage with the achievement of business performance (Tuan and Yoshi, 2010). Whereas to increase competitive advantage is needed the optimal use from service quality given (Jelcic, 2014). The whole result from the description of research variable which is service quality and competitive advantage, it seems not to be optimal achieved. So it needs the improvement of strategy implementation by hotel management. The importance of improving service quality to increase gaining competitive advantage. Remembering there is impact on the continuity of hotel industry in Pekanbaru city. And also another impacts on contribution of foreign exchanged for customer that derived from foreigner tourist (Agyapong and Boamah, 2013).

Competitive advantage in hotel industry: Gaining competitive advantage is most important achieved recently, remember the high of competitive advantage, so the matured of company to continue developed and hold out in business competition (Gatti *et al.*, 2012). This case is also happened for hotel industry in Indonesia in particular of Pekanbaru City. The review result found that there is the relationship of service quality implementation given on gaining competitive advantage (Fig. 3). In which Coefficient value (r) obtained is 0.89, the value marks very strong relationship of service quality on competitive advantage. Based on the fact, it makes an abstract of every the improvement happened on creation of service quality, so it will happened the increasing on gaining competitive advantage. If it reviews more deeply, it is found the amount of influence of service quality which is about 79%.

The study result is line with the previous study of Warraich *et al.* (2013), that differences in the study currently is run on hotel service industry while on telecommunictaion industri before. In the previous study has been discussed, but the correlation for supermarket retail industry (Jelcic, 2014) and industry product. Based on the review, so the currently study completes the previous research, that there is correlation of service quality with competitive advantage. And this correlation can be used on hotel service sector, swalayan retail or another industries.

The effort to increase gaining competitive advantage on hotel industry in Indonesia, especially in Pekanbaru City and in another industry can be connected through improvement on the creation of service quality that conducted by company. Some cases that need to be noticed in service quality has been cited in theory of SERQUAL (tangibles, reliability, responsiveness, assurance, empathy) where tangibles, responsiveness and assurance become the major of other measurements in service quality. While in competitive advantage, some cases that become the important measurement to be noticed is cost advantage strategy, differentiation and focus strategy. This study has impact not only for service company on hotel industry in Indonesia, it has also effect on improving of company performance in general. In which before it creates competitive advantage on the creation of service quality for the better business performance, it is needed attention on the factors that encourage the creation of service quality (Sirikudta *et al.*, 2010) and competitive advantage (Husso and Nybakk, 2010). Another impacts is the effort on hotel industry in Indonesia should has encouraged government's effort in supporting tourism and foreign exchange earnings (Zaei and Zaei, 2013), so it needs the support from government on industries that encourages the happening of country economic improvement. It seems like there is support from government on tourism industry, by existing attention on tour destination in Indonesia that developed today. By increasingly hotel industry in Indonesia, so it will increase the effort of imaging in Indonesia in the view of national and international tourists.

CONCLUSION

This study result has been explained that there is problem facts related to the low of human capital which is education background from employee on five-star hotel in Pekanbaru City Indonesia. This case impacts on service quality and gaining competitive advantage. The low of gaining competitive advantage, it seems from that it is not optimal of service quality implementation and gaining competitive advantage that has been conducted by hotel industry in Pekanbaru city. The effort of competitive advantage improvement on hotel industry in Indonesia, it can be done by observing some factors exist on service quality that cited in SERVQUAL. And also the attention on the existing factor on gaining of good competitive advantage which is on cost advantage strategy, differentiation and focus strategy.

This study has not been perfect in form of competitive advantage, remembering it has no perfect of the value from service quality on gaining competitive advantage.

RECOMMENDATIONS

It is recommended for the next research to review the case that can increase competitive advantage like the review on green innovation and green intellectual capital (Chen, 2008). In which the review of this study has the impact on the effort of hotel industry creation that notices surrounding environment which it is launched by Indonesia government and the worldwide on the issue of "global warming".

REFERENCES

Agyapong, A. and R.B. Boamah, 2013. Business strategies and competitive advantage of family hotel businesses in Ghana: The role of strategic leadership. J. Appl. Bus. Res., 29: 531-543.

Alam, S.S., M.F.M. Jani, Z.C. Senik and A.K.M. Domil, 2011. Assessing barriers of growth of food processing SMIs in Malaysia: A factor analysis. Int. Bus. Res., 4: 252-258.

Alamsyah, D.P. and R.Y. Angliawati, 2015. Buying behavior of organic vegetables product: The effects of perceptions of quality and risk. Intl. J. Sci. Technol. Res., 4: 28-35.

Ang, S.H. and A.M. Wight, 2009. Building intangible resources: The stickiness of reputation. Corporate Reputation Rev., 12: 21-32.

Aykan, E. and S. Aksoylu, 2013. Effects of competitive strategies and strategic management accounting techniques on perceived performance of businesses. Aust. J. Bus. Manage. Res., 3: 30-30.

Beneke, J., R. Flynn, T. Greig and M. Mukaiwa, 2013. The influence of perceived product quality, relative price and risk on customer value and willingness to buy: A study of private label merchandise. J. Prod. Brand Manage., 22: 218-228.

Bonroy, O. and C. Constantatos, 2008. On the use of labels in credence goods markets. J. Regul. Econ., 33: 237-252.

Brown, S. and K. Blackmon, 2005. Aligning manufacturing strategy and business-level competitive strategy in new competitive environments: The case for strategic resonance. J. Manage. Stud., 42: 793-815.

Chari, S., C.S. Katsikeas, G. Balabanis and M.J. Robson, 2014. Emergent marketing strategies and performance: The effects of market uncertainty and strategic feedback systems. Br. J. Manage., 25: 145-165.

Chen, Y.S. and K.C. Chang, 2013. The nonlinear effect of green innovation on the corporate competitive advantage. Qual. Quantity, 47: 271-286.

Chen, Y.S., 2008. The positive effect of green intellectual capital on competitive advantages of firms. J. Bus. Ethics, 77: 271-286.

Chi, H.K., H.R. Yeh and B.F. Jang, 2008. The effects of service quality, customer perceived value, customer satisfaction on behavioral intentions: A study of mobile value-added services in Taiwan. Bus. Rev., 10: 129-135.

Choudhury, J., 2010. Performance impact of intellectual capital: A study of Indian it sector. Int. J. Bus. Manage., 5: 72-80.

Crema, M., C. Verbano and K. Venturini, 2014. Linking strategy with open innovation and performance in SMEs. Measuring Bus. Excellence, 18: 14-27.

Daramola, G.C. and J.A. Adekunle, 2013. Customer relationship management (CRM): An effective tool for business performance on mobile telecommunication network (MTN) in Nigeria. Intl. J. Inf. Bus. Manage., 5: 135-154.

Fang, Y.H., C.M. Chiu and E.T.G. Wang, 2011. Understanding customers' satisfaction and repurchase intentions: An integration of IS success model, trust and justice. Internet Res., 21: 479-503.

Finisterra, D.P.A.M. and M.L.B. Raposo, 2010. Green consumer market segmentation: Empirical findings from Portugal. Intl. J. Consum. Stud., 4: 429-436.

Foon, L.S., 2009. Capabilities differentials as sources of sustainable competitive advantage. Intl. J. Bus. Soc., 10: 20-38.

Gatti, L., A. Caruana and I. Snehota, 2012. The role of corporate social responsibility, perceived quality and corporate reputation on purchase intention: Implications for brand management. J. Brand Manage., 20: 65-76.

Goyal, A., 2008. Managing perceived risk for credit card purchase through supplementary services. J. Financial Serv. Marketing, 12: 331-345.

Hilman, H. and N. Kaliappen, 2014. Do cost leadership strategy and process innovation influence the performance of Malaysia hotel industry?. Asian Social Sci., 10: 134-142.

Hosseini, Z., S. Jayashree and C. Malarvizhi, 2014. Store image and its effect on customer perception of retail stores. Asian Social Sci., 10: 223-235.

Husso, M. and E. Nybakk, 2010. Importance of internal and external factors when adapting to environmental changes in SME sawmills in Norway and Finland: The manager's view. J. For. Prod. Bus. Res., 7: 1-14.

Jahanshahi, A.A., M.A.H. Gashti, S.A. Mirdamadi, K. Nawaser and S.M.S. Khaksar, 2011. Study the effects of customer service and product quality on customer satisfaction and loyalty. Intl. J. Humanities Social Sci., 1: 253-260.

Jelcic, S., 2014. Managing service quality to gain competitive advantage in retail environment. TEM. J., 3: 181-186.

Juanico, L. and N. Dilalla, 2014. Optimization of the hose-based low-cost solar collector. Intl. J. Renewable Energy Biofuels, 2014: 1-18.

Kotler, P. and G. Armstrong, 2005. Principles of Marketing. 11th Edn., Prentice Hall, New Delhi, pp: 467-500.

Kotler, P. and K.L. Keller, 2012. Marketing Management. Prentice Hall, Upper Saddle River, New Jersey, USA.,.

Kumar, V., E. Jones, R. Venkatesan and R.P. Leone, 2011. Is market orientation a source of sustainable competitive advantage or simply the cost of competing? J. Market., 75: 16-30.

Laohasirichaikul, B., S. Chaipoopirutana and H. Combs, 2011. Effective customer relationship management of health care: A study of hospitals in Thailand. J. Manage. Marketing Res., 6: 1-12.

Lo, A.S., L.D. Stalcup and A. Lee, 2010. Customer relationship management for hotels in Hong Kong. Int. J. Contemp. Hospitality Manage., 22: 139-159.

Lovelock, C., 2010. Services Marketing. 4th Edn., Prentice Hall, New Jersey, USA.,.

Macfarlane, M.A., 2014. Sustainable competitive advantage for accountable care organizations. J. Healthcare Manage., 59: 263-271.

Maryam, S., T. Marzieh and G. Marzieh, 2014. Relationship among market orientation, service quality and organizational performance from perspective of Gonbad Kavoos Telecommunication firm employees. Adv. Appl. Sci. Res., 5: 464-466.

Milohnic, I. and J. Grzinic, 2010. Quality competitive advantage of small hotels in croatia. Original Sci. Pap., 5: 44-51.

Parasuraman, A., V.A. Zeithaml and L.L. Berry, 1985. A conceptual model of service quality and its implications for future research. J. Market., 49: 41-50.

Pereira, C.F. and F.L.D. Reis, 2011. Regular airlines flying towards a low cost strategy. Intl. Bus. Res., 4: 93-99.

Porter, M.E., 1985. Competitive Advantage: Creating and Sustaining Superior Performance. The Free Press, New York.

Ranjbarian, B., A. Sanayei, M.R. Kaboli and A. Hadadian, 2012. An analysis of brand image, perceived quality, customer satisfaction and re-purchase intention in iranian department stores. Int. J. Bus. Manage., 7: 40-48.

Rensburg, M.J.V. and J.V. Niekerk, 2010. Value differentiation: Creating customised value propositions in the South African cement industry. Manage. Dyn., 19: 2-17.

Rundh, B., 2011. Development of customer value in a supply chain: Managerial thinking about strategic marketing. J. Bus. Ind. Marketing 26: 260-272.

Sirikudta, S., P. Archarungroj, S. Serirat and N. Gulid, 2010. Development of sustainable tourism industry along Chaophraya River. Intl. Bus. Econ. Res. J., 9: 69-75.

Srivastava, M., A. Franklin and L. Martinette, 2013. Building a sustainable competitive advantage. J. Technol. Manage. Innov., 8: 47-60.

Theodoridis, P.K. and K.C. Chatzipanagiotou, 2009. Store image attributes and customer satisfaction across different customer profiles within the supermarket sector in Greece. Eur. J. Marketing, 43: 708-734.

Tuan, N.P. and T. Yoshi, 2010. Organisational capabilities, competitive advantage and performance in supporting industries in Vietnam. Asian Acad. Manage. J., 15: 1-21.

Visser, E.M., R.D. Preez and H.S.J.V. Noordwyk, 2006. Importance of apparel store image attributes: Perceptions of female consumers. SA. J. Ind. Psychol., 32: 87-98.

Walker, G., 2009. Modern Competitive Strategy. 3rd Edn., Mc Graw Hill International, Hobokon, New Jersey, USA.,.

Warraich, K.M., I.A. Warraich and M. Asif, 2013. Achieving sustainable competitive advantage through service quality: An analysis of Pakistan's telecom sector. Global J. Manage. Bus. Res., 13: 38-45.

Zaei, M.E. and M.E. Zaei, 2013. The impacts of tourism industry on host. Eur. J. Tourism Hospitality Res., 1: 12-21.

Zboja, J.J. and C.M. Voorhees, 2006. The impact of brand trust and satisfaction on retailer repurchase intentions. J. Services Market., 20: 381-390.

Zeithaml, V.A., 1988. Consumer perceptions of price, quality and value: A means-end model and synthesis of evidence. J. Market., 52: 2-22