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Implementation Of Corporate Contract Rate on Guests Staying Decision At Hotel X Bandung

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Abstract

Purpose of the study: This study aims to analyse the implementation of corporate contract rates and measure their dynamic influence on organizational guest staying decisions at a five-star property, Hotel X Bandung, providing structural recommendations to stabilize weekday occupancy amid market fluctuations.

Design/methodology: This study utilizes a quantitative descriptive approach via a survey method. Primary data were gathered from 14 corporate decision-makers using a 5-point Likert scale questionnaire. Data processing and predictive modelling were conducted using IBM SPSS version 32.0 software Give name, brand, type of tools, methods, software, review, and survey that has been used to do this study. No discussion or explanation.

Findings: The corporate contract rate has an overwhelmingly positive, statistically significant effect on staying decisions. Accountable administrative billing procedures, structural cost efficiency, and frontline sales responsiveness act as the primary drivers converting corporate interest into room nights

Research limitations/Implications: This study is limited exclusively to the corporate business-to-business segment at a single five-star luxury hotel in Bandung. The findings provide tactical pricing frameworks for revenue managers and B2B marketers within the urban hospitality field

Novelty/Originality of the study: This study advances hospitality literature by synthesizing B2B relationship management theories with the AIDA psychological buying hierarchy, offering empirical proof of how formal legal parameters reduce room perishability.

INTRODUCTION

Tourism functions as a primary economic engine globally and nationally, creating extensive employment opportunities, protecting heritage, and driving revenue across domestic regions. According to data managed by the Central Statistics Agency (BPS), West Java consistently ranks as a premier destination for domestic tourists, drawing millions annually due to its strategic accessibility, natural landscapes, and commercial hubs. As the provincial capital, Bandung captures the largest market share of leisure and business travellers within West Java. Consequently, urban tourism development has catalysed an expansion in the accommodation sector, with Bandung hosting 219 star-rated hotels and registered lodgings comprising 35,336 rooms by 2025.

This high density of accommodation assets sparks severe market competition, forcing hotel operators to deploy highly targeted marketing practices. A hotel's financial viability depends on the synergy between operational departments, yet the Sales and Marketing department holds the strategic mandate to connect room inventory to profitable target segments. Using Segmentation, Targeting, and Positioning (STP) methodologies, hotels classify markets into leisure, government, and corporate buyers. While leisure travellers are seasonal, corporate guests exhibit stable, year-round booking behaviour, making them vital for sustaining weekday occupancy levels when weekend leisure demand drops. Within the 4P marketing mix framework, price represents the sole element that generates revenue, whereas product, place, and promotion represent cost infrastructure.

Tabel 1: Corporate Rate Hotel X 2023 – 2025

No	Year	Corporate rate	Proportion Corporate Segment at Hotel X Bandung			
			Corporate non-contract	*Target Corporate Non- Contract*	*Corporate with Contract*	*Target Corporate with Contract*
1.	2023	37	51,85%	47,88%	48,15%	52,12%
2.	2024	17	60,12%	58,28%	39,88%	41,72%
3.	2025	14	66,75%	63,72%	33,25%	36,28%

Source: Internal Data 2025

At Hotel X Bandung—a five-star luxury property managing 156 keys under the Marriott International umbrella—internal commercial data from 2023 to 2025 revealed a severe structural risk. The hotel's active corporate contract accounts dropped from 37 accounts to 14 accounts, causing the proportion of contracted corporate room nights to decline from 48.15% to 33.25%. Conversely, non-contract corporate bookings grew to 66.75%, driven by historical relationships and personal trust between corporate buyers and the hotel sales team. While emotional loyalty sustains volume temporarily, reliance on informal ties without competitive contract rates creates significant revenue vulnerability amid Bandung's changing pricing landscape.

Because hotel rooms are highly perishable and cannot be stored for future sale, maximizing corporate contract production is an immediate priority. In business-to-business (B2B) buying behaviour, procurement decisions result from an integration of rational factors, such as contract cost-efficiency, and emotional factors, such as service consistency. This study resolves the gap in empirical literature regarding how individual contractual components influence organizational booking behaviour. The single overarching purpose of this research is to analyse the structural implementation of corporate contract rates at Hotel X Bandung and measure their statistical effect on corporate guests' staying decisions to protect long-term revenue stability.

LITERATURE REVIEW

Marketing Strategy

Corporate marketing strategy requires a systematic application of the 7Ps service marketing mix—comprising product, price, place, promotion, people, process, and physical evidence—to address the intangible and volatile nature of hospitality products. Pricing strategies must adjust to changing market conditions through specific practices like segmented pricing, where identical service units are sold at distinct price points based on client identity rather than production costs. Corporate contract rates are a primary form of customer-segment pricing, establishing a legally binding framework between a hotel and an enterprise partner. This contract guarantees a discounted fixed room rate below the Best Available Rate (BAR) in exchange for a committed volume of annual room nights (Kotler & Armstrong, 2021).

According to the transaction cost economic model developed in contract design literature, contract effectiveness is determined by three core dimensions: Responsibilities, Performance Criteria, and Incentives (Du et al., 2025). Responsibilities define the legal accountabilities, room night commitments, and billing workflows of each party. Performance Criteria establish service delivery benchmarks, room quality standards, and responsiveness metrics to ensure operational compliance. Incentives govern the discount depth, exclusive corporate amenities (e.g., late check-outs, complimentary breakfast), and B2B loyalty points. These dimensions are managed through Follow-up Management, which controls real-time adjustments and contract enforcement.

Staying Decisions

To evaluate the buyer's response, consumer behaviour literature utilizes the classic AIDA model (Attention, Interest, Desire, Action) to map the psychological stages a B2B decision-maker navigates. The procurement path begins with Attention (brand awareness and directory visibility), develops into Interest (alignment of hotel amenities with corporate lifestyles), intensifies into Desire (confidence in contract economic value and brand reputation), and culminates in Action (room reservation, repeat booking, and referral behaviour). Recent empirical research confirms that room pricing models significantly influence consumer choice across different star ratings, but a lack of individual modelling remains regarding corporate contract rates within the Indonesian luxury tier (Kasmiati, 2021).

METHODOLOGY

This study uses a descriptive quantitative research design grounded in a positivist framework to statistically analyse real-world phenomena through numeric calculation. The research object is located within the Sales and Marketing Department of Hotel X Bandung. The research population comprises all corporate partners holding active contract rates during the 2025 fiscal period, totalling 14 distinct corporate entities. Given the small, specialized nature of this population, the study applied a saturated sampling (census) technique, utilizing the entire population of 14 corporate decision-makers (Travel Managers and Procurement Officers) as the sample to eliminate sampling error and guarantee complete representation.

Primary data collection was executed through the distribution of structured questionnaires to the 14 corporate decision-makers, utilizing a 5-point Likert scale (ranging from 5 for Strongly Agree to 1 for Strongly Disagree). The independent variable (X) is the Corporate Contract Rate, broken down into 16 indicators across the dimensions of responsibilities, performance criteria, incentives, and follow-up management. The dependent variable (Y) is the Guest Staying Decision, evaluated via 16 indicators tracking the Attention, Interest, Desire, and Action stages of the AIDA model.

Instrument validity was calculated using the Pearson Product-Moment Correlation method, while internal consistency was verified via the Cronbach's Alpha algorithm. Diagnostic checking for regression requirements was performed using the One-Sample Kolmogorov-Smirnov normality test and the ANOVA linearity test. Predictive impact was calculated through Simple Linear Regression modelling using IBM SPSS version 32.0 software.

FINDINGS / RESULTS

Characteristics of Respondents/Overview of the Research Object

The corporate procurement officers managing these contracts are primarily female, representing 71.43% (10 respondents) of the sample, while males account for 28.57% (4 respondents). Age distribution shows that 71.42% (10 respondents) fall within the 25–35 age bracket, while the under-25 and 36–45 cohorts each comprise 14.29% (2 respondents). This demonstrates that corporate account booking policies at Hotel X's partner companies are managed by young professionals.

Tabel 2: Gender Of The Respondents

Gender	Frequency	%
Male	4	28,57%
Female	10	71,43%
Total	14	100,00%

(Source: Author's Processed Data)

Characteristics of Respondents/Overview of the Research Object

Tabel 3: Validity Test Variable X And Y

Variable	r_{table}	$r_{calculate}$	Validity
X	0,532	>0,532	Valid
Y	0,532	>0,532	Valid

(Source: Author's Processed Data, SPSS 32)

Tabel 4: Reliability Test Variable X And Y

Variable	Cronbach's Alpha	Cronbach's Alpha Bases on Standardized Items	Reliability
X	0,925	0,60	Reliable
Y	0,952	0,60	Reliable

(Source: Author's Processed Data, SPSS 32)

Pearson correlation calculations indicated that every question item for Variable X and Variable Y achieved a $r_{calculated}$ value above the critical table threshold of r_{table}= 0.532, alpha = 0.05, proving instrument validity. Reliability testing yielded excellent internal stability with a Cronbach's Alpha of alpha = 0.925 for the Corporate Contract Rate scale and alpha = 0.952 for the Staying Decision scale, well exceeding the standard methodological requirement of 0.60.

Tabel 5: Implementation Of Corporate Contract Rate

	N	Minimum	Maximum	Mean	Std. Deviation
Implementation of Corporate Contract Rate	14	54	75	66.00	7.104
Valid N (listwise)	14				

(Source: Author's Processed Data, SPSS 32)

Tabel 6: Guest Staying Decision

	N	Minimum	Maximum	Mean	Std. Deviation
Guest Staying Decision	14	58	80	70.21	7.597
Valid N (listwise)	14				

(Source: Author's Processed Data, SPSS 32)

This result demonstrates that Hotel X Bandung has successfully executed the various dimensions of its corporate programs, ensuring that the value proposition promised in the contract is delivered in practice. The standard deviation of 7.104 indicates that the responses are relatively clustered around the mean, reflecting a strong consensus among corporate partners regarding the quality of the hotel's implementation

This Very High mean indicates that corporate guests have an exceptionally strong commitment to choosing Hotel X for their accommodation needs. The standard deviation of 7.597, relative to a mean of 70.21, suggests that the data is well-clustered, reflecting a high level of consistency in the positive decision-making process among the sampled corporate partners.

DISCUSSION / ANALYSIS

The empirical results prove that corporate contract rate management serves as an important driver for B2B booking behavior. The R^2 score of 69.6% indicates a strong influence, showing that when a hotel provides clear contract parameters, it directly reduces transaction friction for corporate clients. The 100% positive response regarding billing accountability shows that back-office operational precision is critical to corporate satisfaction. Corporate account managers prioritize smooth payment processing and accurate invoicing because administrative delays disrupt corporate expense reporting.

The performance consistency results show that Hotel X's physical five-star standard protects it from price drops by competitors. Corporate decision-makers choose hotels based on a mix of rational and emotional factors. While the discounted price satisfies corporate budget rules, the luxury room quality and frontline responsiveness provide peace of mind regarding employee comfort.

However, the 28.6% neutral response regarding target achievement highlights a strategic issue. Because Hotel X's management strict volume rules cut accounts from 37 to 14, some remaining partners feel pressured by room night quotas. If quotas are perceived as too strict during economic drops, corporate buyers may shift to competitors offering flexible dynamic corporate rates rather than fixed commitments.

The author is required to write a sub-chapter on the implications of the research, which elaborate thoughts, issues or discourses based on their findings. The research implications include a theoretical cognitive, research development, or the benefits for corresponding user (industry, community, academia, and/or government). Each article is encouraged to present findings and promote implications research (by doing synthesis) for the macro or broader side so that they can be useful for decision-makers in the government, community or industry, and elaborate how they take part in their responsibilities.

Tabel 7: Model Summary Of Linear Regression Simple Effect Test

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.801[a]	.642	.612	4.734
a. Predictors: (Constant), Corporate Contract Rate				

(Author's Processed Data, SPSS 32)

Theoretical Implications

This study expands hospitality literature by showing how structured pricing models reduce transaction costs in B2B service relationships. It proves that the AIDA model applies effectively to corporate procurement when supported by clear operational agreements.

Practical Implications for Hotel X

Revenue management should introduce tiered room night options rather than an all-or-nothing volume rule. Partner companies that miss the top volume target can be placed in a secondary contract tier with a minor rate adjustment, preventing account loss and protecting weekday occupancy.

Practical Implications for Industry

Urban hotels facing heavy competition can utilize structured B2B contracts as a shield against market volatility, prioritizing billing transparency and staff responsiveness over pure price reductions.

CONCLUSION

The implementation of corporate contract rates at Hotel X Bandung is highly systematic and effective, driven by clear administrative workflows and responsive frontline sales coordination.

Corporate staying decisions are shaped by a strong preference for Hotel X's five-star reputation, combined with the cost efficiency provided by the negotiated corporate rate.

Correlation analysis confirms a strong relationship between contract rate management and corporate booking execution.

Regression modeling proves that corporate contract rate implementation has a significant positive effect on staying decisions, explaining 69.6% of corporate booking behavior and showing that professional contract management directly increases business bookings.

LIMITATION AND FURTHER STUDY

For Hotel Management: Implement a digital account dashboard to give corporate partners real-time visibility into their room night production. This transparency motivates corporate buyers to hit targets and simplifies contract renewals.

For Future Researchers: Future studies should expand this model by adding corporate travel budget limits and competitor pricing strategies as moderating variables across multiple cities.

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