Research Paper

Strategy Formulation SLIH Hotel Competitiveness in the Hospitality Industry in Bogor

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ABSTRACT

SLIH Hotel is a Business & Leisure Hotel with modern architecture located in the Sentul area. The hotel has 12 function rooms which are used for meetings, incentives, conventions and exhibitions from various organizations and agencies. Not only suitable for business and leisure guests, this hotel is also perfect for people who want to explore the Sentul Circuit. This study aims to formulate a strategy for developing the company's business competitiveness by providing alternative strategies.

The data collection methods used in this study are depth interviews, questionnaires, and surveys. Value chain approach is used to analyse the company's internal environment, whilst the external environmental analysis uses the Five Forces Porter and PEST (Politic, Economy, Social, Technology) approach, and AHP (Analitycal Hierarchy Process) method is used to determine the strategic priority order.

The result indicates that SLIH Hotel's main strength is the quality of service and products offered, while the weaknesses are the lack par-stock of linen and the 3-minute release room check system has yet to be implemented. The analysis of the external factors generates the key opportunity for the technology development, while competition is the main factor that threatens the company in the hospitality industry.

Based on the results of AHP weighting, there are 7 orders of strategic priority begin with maintaining service quality and adding service value, followed by realisation of room facilities according to SOP (Standard of Procedure), adjustment of company spending budgets to national economic conditions, application of the latest technology to simplify the work system and distribution of products and services as well as revamping the HR system in regard to rights and obligations, adjustment of the organization's work plan according to national political conditions, to uniquely package products and services according to market segments in a certain period, and the invitation to bid for open goods, respectively.

Keywords: Hotel, Value Chain, SWOT, AHP

INTRODUCTION

Hotel is a form of business in the tourism industry that acts as an accommodation service provider that uses a building specifically used to meet customer accommodation needs and also has various other services such as restaurants, fitness centers, spas, sports, entertainment, and conference facilities. In the tourism industry, the hotel has a role as an industry that opens up jobs and contributes to regional income. The hotel sector consists of various hotel categories, namely five star, four star, three star and other categories. This category is obtained based on the various types of services provided to guests. Each guest certainly has to pay a fee for each service they purchase according to the class and category of the hotel (Sheela 2002).

Bogor is an area in West Java Province that has an increase in tourist visits, it was recorded that in 2016 the regency and city of Bogor had 8,791,300 tourist visits and 5,262,224 people, this of course led to a growth in the number of hotels in Bogor. Based on data from the Central Bureau of Statistics, the number of rooms available in the regency and city of

Bogor tends to show an increase up to 2016, it was recorded that the city of Bogor in 2015 had a total of 7630 rooms increasing in 2016 to 7763 rooms, while in Bogor district there was a growth in the number of rooms in 2014. 2861, increased in 2015 and 2016 to 3244 rooms. The business strategy applied in a company must refer to the internal and external conditions of the company in order to produce the right strategy for the company. Therefore, an analysis of internal and external factors must be carried out before designing a strategy.

SLIH Hotel is a hotel with a total of 345 located in the Sentul area which was established in 2011 and is a hotel that is involved in the competition for the hospitality industry in the Bogor area. In its *market share* internal, SLIH Hotel has several hotel competitors that have been determined by management. Based on data on SLIH Hotel room occupancy in semester 1 2019, it decreased compared to semester 1 of the previous year, this shows a problem behind the decline, both in terms of marketing performance and quality of services and services provided.

In addition, referring to a review from travel agent's online room booking site (OTA) traveloka until August 21, 2019 SLIH Hotel has a low rating compared to its competitors, out of 9 hotels, SLIH Hotel is the bottom line which has 7.9 out of 6821 reviews. SLIH Hotel also has a low rating on the TripAdvisor hotel review site with a rating of 3 out of 5 with a total of 166 reviews.

Referring to these problems, SLIH Hotels must evaluate the performance of their services to improve ratings and re-increase room occupancy rates through the right strategy to increase competitiveness to be able to face changes in the competition in the hospitality industry in Bogor. For this reason, SLIH Hotel must analyze the internal and external factors of the company that affect the company's performance in competition in the industry so that it will produce the right strategy to increase competitiveness to be used.

LITERATUR REVIEW

Yose (2012) in his research explains that to improve brand image can be done through improving service quality and guideline facilities to international standards in the field of three-star hospitality and maintaining competitive price levels. Business strategy combined with existing *knowledge*, capabilities, and existing resources produces and perform *competitive advantage* that makes Surabaya Plaza Hotelbetter than its competitors (Anshori 2005).

Johan (2018) conducted research using internal analysis through VRIO and external analysis using the five forces porter method and PESTLE explained that the main strengths of Individual Hotels are employee loyalty and large areas of land, while the main weakness is the level of human resource education which is still below average. Septiana (2017) also states that to be able to get a competitive advantage, strategies that can be done are *differentiation* and *cost reduction.* To understand the strategy analysis of the competitive keuggulan better, companies can use the analysis *Value Chain* to increase the added value *(Value Added)* as well as a decrease in costs so as to make the business more competitive (Suhartini and Yuliawati 2014). According to Nayantakaningtyas and Daryanto (2012) the role of science and technology resources through research conducted and the role of associations and media are factors that influence the competitive advantage of the palm oil industry and its downturn.

Nurdyansa (2018) in her research entitled Public Relations Strategies of Hotel Entrepreneurs in Responding to the Prohibition of Civil Servant Meetings at Hotels in Kendari City, explained that there are several stages in an effort to restore hotel occupancy rates carried out by public relations, including problem discovery, model design. product, action and

communication through promotional media, and evaluation.

Gupta (2013) in his research concluded that PEST analysis is a very useful tool for understanding market growth and decline, determining the position, direction, and potential in a business. Bardis (2012) in his research found that the political, economic, social, technological, and political situations of the country affect the hotel industry significantly.

Cheng (2013) using the method *Five Forces Porter* in his research states that there are two important factors for a hotel to be well differentiated from its competitors, namely a location that is in accordance with a certain target market and good service quality.

METHODS

Data processing and analysis techniques in this study consisted of descriptive analysis with the company and analysis of the company's internal and external environment. The analytical tools used to formulate a strategy to the process of using it are analysis *Value Chain, Five Forces Porter*, PEST, IFE EFE, SWOT analysis, and AHP.

Value Chain Analysis

Porter (1994) states that a *Value Chain* (Value Chain) is a collection of activities starting from designing, producing, marketing, delivering, and supporting products so as to produce value. This value is defined as the amount that buyers are willing to pay for what the company gives them.

Five Forces Porter dan PEST

To analyze the company's external environment, *Porter's Five Forces* analysis and PEST analysis were used. Nature in Foris and Mustamu (2015) states that the purpose of Porter's five strengths analysis is to determine the company's competitive advantage. These five competitive forces vary depending on the industry and can change according to the development of the

industry (Porter 1994). According to Ward and Peppard (2003), it is stated that in the early stages of strategic thinking the factors of PEST environmental conditions must be taken into account because of the speed with which changes occur and the effect they have on business. A good analysis of these factors can create good opportunities and be able to prevent threats that have the potential to occur in the future.

IFE and EFE Analysis

According to Usman and Yaren (2013) IFE is an analysis used to determine the most dominant internal factors related to the strengths and weaknesses of the company. Meanwhile, the EFE analysis according to David (2009) is an analysis used to summarize and evaluate external factors related to opportunities and threats faced by the company.

SWOT Analysis

According to Rangkuti (1997) SWOT analysis is an analysis based on the assumption that an effective strategy is obtained by maximizing the strengths and opportunities of the company and minimizing the weaknesses and threats facing the company so as to produce several alternative strategies.

Analytic Hierarchy Process (AHP)

Saaty (1993) explains that the *Analytic Hierarchy Process* (AHP) is a model to describe complex multifactor or multicriteria problems in a multilevel structure with the first level being the goal, followed by the factor level, criteria, sub-criteria, and so on down to the alternative level used as decision support

RESULTS AND DISCUSSION
Company Overview

SLIH Hotel is a *Business & Leisure Hotel* with modern architecture, located in Sentul area. The hotel has 12 function rooms which are used for meetings, incentives, conventions and exhibitions. This hotel has 345 rooms with various types

ranging from Superior, Deluxe, Executive, Family Room, Club Suite, and President Suite which are supported with various facilities including 24-hour room service, free WIFI in all rooms, 24-hour security, daily housekeeping service, taxi service. Fitness Center, *Spa & Massage*.

Matching Stage
1. IFE EFE Analysis

Analysis of the company's internal and external environment was carried out using the IE matrix. Determination of the weight is done by identifying internal and external strategic factors to the expert sources. The weight and rating assessment process is obtained from the results of distributing questionnaires to three expert sources, namely the *General Manager, Executive Assistance Manager, and Director of Sales*. The amount of rating and weight is obtained from each factor in each respondent divided by the number of respondents. Meanwhile, the score is obtained by multiplying the average weight with the average rating.

1.1. IFE analysis

IFE analysis is the result of the identification of strengths and weaknesses which are internal factors of the company, the IFE score is 2.98. The main strength factor possessed by SLIH Hotel with a score of 0.292 is the quality of service and products produced, with this strength it makes SLIH Hotel able to compete with its competitors because SLIH Hotel can make existing human resources to be able to provide services and create products that can be accepted by the customers.

The main weakness factors are the lack of *par stock of linen* and the room check system for 3 *minutes release* which is still not running with a score of 0.018 each. With the lack of par stock linen, the process of preparing rooms that are ready to sell takes longer, especially if there are problems with late delivery of laundry, which often results in many complaints from guests waiting for their room orders

and for the 3 minutes release room check system that cannot run optimally This causes hotels often experience losses in the form of losing facilities or equipment in the room.

1.2. EFE analysis

EFE analysis is the result of identifying opportunities and threat factors which are external factors faced by SLIH Hotels. The EFE score is 2.88. The key opportunity factor that has the highest score with a score of 0.414 is the development of technology in the hotel industry. Technological developments in various fields are currently so fast, SLIH Hotels must be able to adapt to take advantage of these technological development opportunities to be able to compete in their industry. Meanwhile, the main factor that poses a threat to the company with a score of 0.414 is competition in the hospitality industry. The company must be able to continue to compete in running its business; the emergence of new hotels with a similar target market has made the hotel industry competition in Bogor increasingly fierce and threatens the company.

2. IE Matrix analysis

Based on the results of the previous EFE IFE analysis can explain the opportunities and threats faced by the company and the strengths and weaknesses of the company. After knowing the scores of the IFE and EFE, the current position of the company can be formulated using the IE Matrix approach.

The IFE score of 2.98 shows that the company has moderate or average strength, while the EFE matrix score of 2.82 shows that the company can take advantage of moderate or average opportunities. Then the score is used as a coordinate point to determine the company's position in the IE matrix. Companies in the IE matrix are in quadrant V meaning that the company has an internal position that is classified as medium and has a moderate response to

existing external factors. With this condition the company can use a strategy to maintain
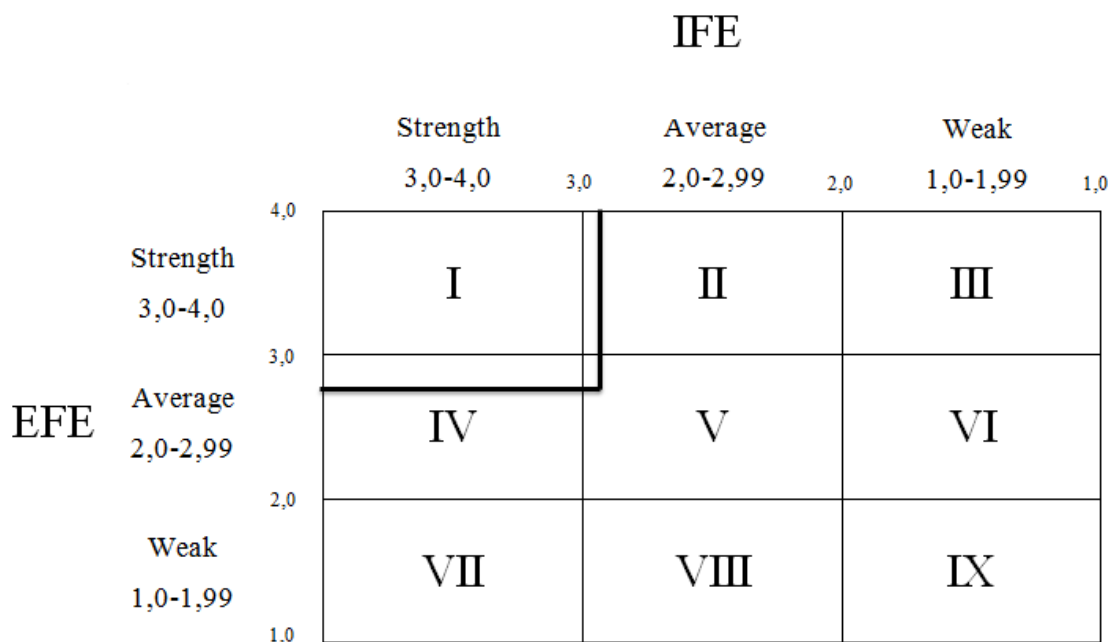
and maintain its business.

IFE

Figure 1 IE Matrix

Mapping Alternative Strategies

Alternative strategies are obtained through the SWOT analysis method by matching the factors of strengths, weaknesses, opportunities and threats using the TOWS matrix so that alternative strategies are formed SO, ST, WO, and WT. Based on this analysis step, the following strategies can be obtained:

SO *(Strength – Opportunity)*

1. Adjustment of the work plan of the organization in accordance with national political conditions. With the existence of an uncertain national political condition, the company must be able to anticipate it by adjusting the organization's work plan according to the latest political conditions and referring to past political conditions, so that the company is expected to have an effective and efficient work plan.
2. Application of the latest technology to simplify the work system and distribution of products and services to guests. With the current role of technology, companies must be able to adapt to create a more effective and efficient work system so as to provide greater benefits and convenience in service distribution to guests.
3. Uniquely pack product and service packages according to the market segment for a certain period. With the existence of substituted products, of course, it can be beneficial to further differentiate products and services according to the existing market segment. Through this, the company can also create new opportunities and competition to gain a wider market share, so that the company does not become fixated on competition between star hotels.

ST *(Strength – Threat)*

1. Adjustment of company expenditure budget with national economic conditions. With the threat of weakening national economic conditions, companies must make adjustments to their expenditure budget plans so that there is no waste or swelling of unnecessary expenditure costs, so that companies can continue to maximize their revenue.

2. Maintain service quality and add value to service. In the hospitality industry, of course, service is a strength and uniqueness that must be raised by the company. Through its services the company must also be able to answer guests' expectations for the services it provides. And to be able to get a better impression, the company must also provide value additional in its services so that it can make a difference with the services provided by its competitors.

3. Open tender procurement. With the strong bargaining power of suppliers that can lead to high market prices for certain or certain goods, companies must be able to respond well through open tender procurement by comparing prices between suppliers, so that it is expected that a tendency to weaken the bargaining power of these suppliers will arise and the company can obtain prices the best quality of goods or services.

WO *(Weakness – Opportunity)*

1. Improvement of the HR system regarding rights and obligations. With the existence of substituted products, the company views this as an opportunity to be able to grow new market segments that can be adapted by the company to expand its market. To be able to compete in this new market segment, of course, HR performance needs to be maintained in order to remain stable in providing services, therefore improving the system regarding employee rights and obligations needs to be emphasized again because this greatly affects the performance of employees as service distribution agents to guests.

WT *(Weakness – Threat)*

1. Fulfillment of room facilities according to work standards. Rooms as the main product of hotels are the largest contributor to revenue in the hotel industry. To be able to compete with competitors in the industry, of course, the company must be able to maintain the quality of its rooms. Room phenomena must of course be designed according to work standards to make work easier and of course reach the expectations of the guests staying in that room.

Determination of Strategic Priority

The method of determining strategic priority uses the AHP method, which is one of the methods commonly used to determine priority decisions from various existing factors. The use of AHP in this study is to obtain a priority order of the eight strategies that have been formulated previously. The AHP hierarchical structure in this study can be described in the following figure.

Based on priority determination through the AHP method, the strength factor has the highest score, namely 0.335. The strength that has the highest score of 0.066 among the other strengths is S7 which shows the company has good quality service and products. From the results of AHP priority determination, the strategic priority order is obtained, namely, the first rank is maintaining service quality and adding service value with a weight of 0.195, the second rank is the fulfillment of room facilities according to work standards with a weight of 0.165, the third rank is the adjustment of company expenditure budgets with national economic conditions with weight of 0.151, the fourth rank is the application of the latest technology to simplify the work system and distribution of products and services to guests, and improvement of the HR system with regard to rights and obligations with a weight of 0.134 each, The fifth rank is the adjustment of the organization's work plan in accordance with national political conditions with a weight of 0.127, the sixth rank is to uniquely package product and service packages according to the market segment in a certain period with a weight of 0.051, the seventh rank is the procurement of open goods tenders with a weight of 0.043.
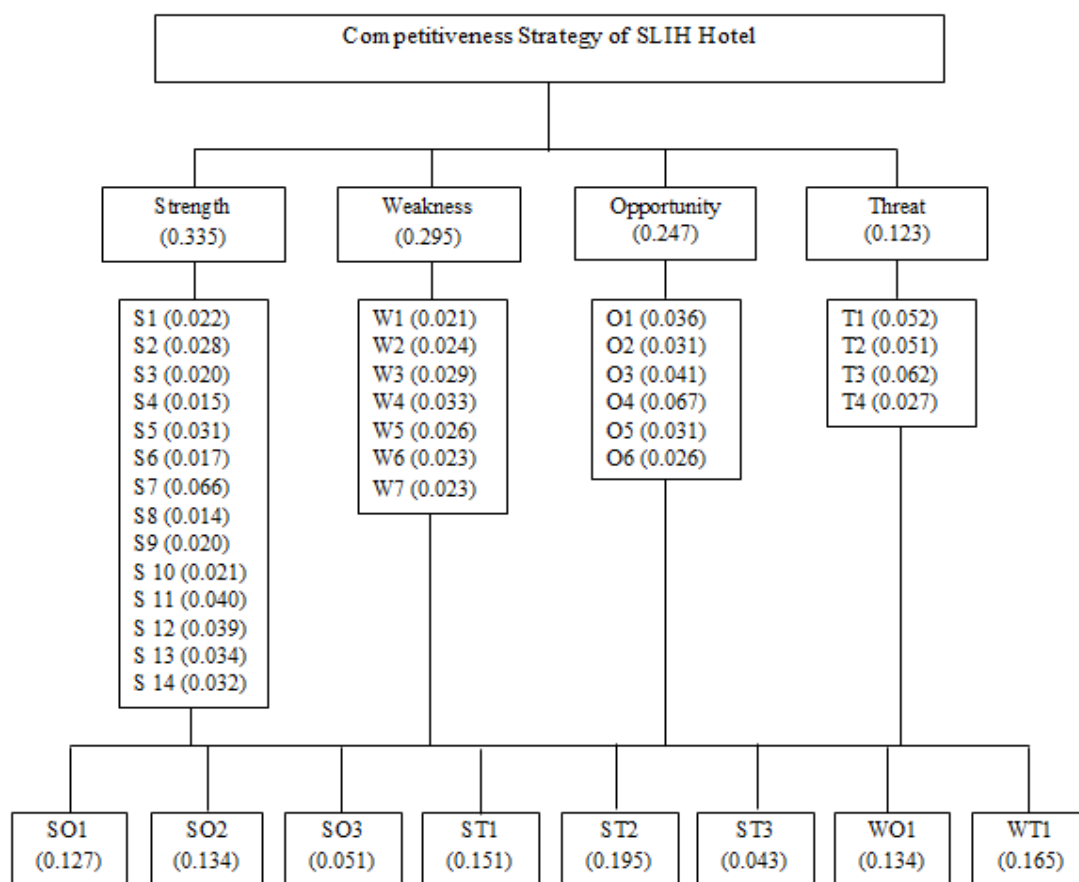
Figure 2 AHP Weight

By formulating the priority order of the strategy, the company can be more efficient in executing and executing the existing strategy along with the work program of that strategy.

CONCLUSION

1. Based on the results of the analysis of internal factors, SLIH Hotel has a major strength factor, namely the quality of service and products produced, while the factors that become weaknesses are the lack of par stock linen and the room check system 3 minutes release which is still not running. Analysis of external factors produces the key opportunity that has the highest score is technological development in the hotel industry, while the main factor that threatens the company is competition in the hotel industry.

2. SWOT analysis in this study resulted in eight strategic formulations which were then processed using the AHP method to obtain strategic priorities. The priority sequence of these strategies includes (1) Maintaining service quality and adding service value, (2) fulfilling room facilities according to work standards, (3) adjusting company expenditure budgets, (4) applying the latest technology to simplify work systems and distribution of products and services to guests, (5) reforming the HR system concerning rights and obligations, (6) adjusting the work plan of the organization in accordance with national political conditions, (7) packaging unique product and service packages according to market segments in a certain period, (8) procurement open tender.

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