

## Flash Sale Promotion to Increase Room Occupancy and Room Revenue at The Royal Beach Seminyak Bali

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### ABSTRACT

**Purpose:** This research aimed to describe the implementation of flash sale promotions and the contribution of flash sales to room occupancy and room revenue at The Royal Beach Seminyak Bali (TRBS).

**Research methods:** The research uses interviews, observation, and documentation studies on the number of room nights per month data and room revenue from flash sales data for the last three years. The data analysis technique used is descriptive statistics processed with Microsoft Excel 2013.

**Results and discussion:** Form of the implementation of the flash sale starts with a communication plan in the form of promotions that are carried out using several platforms such as websites, mobile applications, and social media. During the execution of the flash sale, the discounted price is adjusted to the guest who is an AccorHotels member and not an AccorHotels member.

**Implication:** Implementing the flash sale promotion was quite helpful in increasing room occupancy and room revenue by contributing the third largest reservation with an average donation of 20% for room occupancy and 18% for room revenue over the last three years.

**Keywords:** hotel, flash sale promotion, room occupancy, room revenue.

### INTRODUCTION

Information and communications technology (ICT) developments and the internet have changed how business operates in several industries. One of the industries affected by the ITC development and the Internet is the tourism industry because of its information density (Ozturk et al., 2016). The presence of the Internet as a marketing aid is crucial to the success of marketing lodging services in the current technological era (Darma, 2019). Today's increasingly technology-savvy hotel guests travel with various technologies such as smart watches, mobile phones, tablets, and laptops, and they use them to pre-check into their hotel rooms, browse the internet, work, and, most importantly, purchase hotel products, services, and amenities during their stays (Gaffney, 2014). Responding to this behavior, the hotel industry has invested in information technology. In particular, many hotels have integrated the Internet into their commercial functions and distribution channels, which has developed an

electronic trading platform (e-commerce) because it increases competitiveness in global markets (Law & Cobanoglu, 2014).

E-commerce (electronic commerce) is a system built for media promotion to introduce goods or services to pro-services customers through an electronic system (Handika et al., 2018). At the same time, the hotel is a company that provides guests with rooms, food, drinks, and other facilities (Cahyani, 2020; Dewi, 2020; Putra, 2020; Artini, 2020; Dewi, 2019).

Most wheels have seen the opportunities provided by e-commerce and started with their website, which rates a series of appropriate business processes to persuade guests to visit their website to find and book lodging at a hotel (Toh & DeKay, 2011). However, the impact of all this is increased business competition, which is only between local businesspeople. The increase of players in the e-commerce world has led to new marketing and innovations in hotel products themselves, selves such as offering types of promotions and being more inclined to offer the best price prices such as hot days, value deals, flash deals sales, to free fee cancellations (Aryawan & Ridwan, 2017).

One of the hotels in the Seminyak-Bali area that implements e-commerce is The Royal Beach Seminyak Bali-MGALLERY Collection. The hotel carries out e-commerce business-to-consumer (B2C) marketing activities by offering the best price by holding a flash sale. Flash sales as electronic distribution channels used for time-limited heavy discounts for the advance purchase of products or services. They are also referred to as sometimes "Daily Deals or Deal of the Day" (Lee & Lee, 2021).

The most important thing about holding lash sales online distribution channels is to run massive customer databases to comprehensively access prospective hotel customers. Comprehensive evenness s it possible to promote and realize sales more likely, especially in low-season people with less potential for loss of income (Berezina & Semrad, 2016). International hotel chains hold flash sales for several reasons that help hotels in branding, customer acquisition, occupancy, revenue, profits, and desperation (Piccoli & Dev, 2012). The flash sale strategy is carried out because the target of room occupancy and room revenue in The Royal Beach Seminyak Bali in 2017-2019 cannot be achieved.

Based on the above explanation, the authors are interested in how the application of the flash sale promotion increases room occupancy and room revenue at The Royal Beach Seminyak Bali-MGALLERY Collection. The purpose of the research is divided into two: to apply for the flash sale promotion at The Royal Beach Seminyak Bali and to find out the contribution of the application of flash sale in increasing room occupancy and room revenue at The Royal Beach Seminyak Bali.

## RESEARCH METHODS

The data collection methods used in this study are interviews, observation, and documentation. According to (Sugiyono, 2016,) an interview is a data collection method if the researcher will conduct a preliminary study to find problems that must be examined. Also, the researcher wants to know the things the respondents in more depth. Interview in this research by making questions related to this research that tested the Sales Executive of the Sales and

Marketing Department at The Royal Beach Seminyak by asking how the application of the flash sale promotion at The Royal Beach Seminyak.

According to (Sugiyono, 2016), observation is a data collection used to collect research data through observation and sensing as its primary tool. In this study, observations were made directly on the flash process applied by the hotel. The researchers took notes, conducted an analysis, and, after that, concluded the research that had been done.

In a documentation study, according to Satori and Komariah (2014), researchers can obtain information not from people as sources. However, they obtain information from various written sources or documents available to informants through cultural relics and thought works. This study's documentation studies include the organizational structure, general description of the hotel, data room night flash sale, other data room nights than a flash sale, room revenue flash sale, and other room revenue than a flash sale.

This research has three variables: flash sales, room occupancy, and room revenue. The flash sale, or a daily deal, is part of a sales promotion that gives customers special offers or discounts for specific products for a limited time (Zakiyyah, 2018). In this research, a flash sale is a reservation sourced from sale promotions through e-commerce business to consumer (B2C), which is done by giving special discounts and is only valid for a short time and a limited quantity.

According to Sugiarto (2004), room occupancy is a condition in which extent the number of rooms sold is compared to the total number of rooms that can be sold. In this study, room occupancy is a percentage of the number of rooms sold in a hotel compared to the number of available rooms. The data used are the number of room nights sold at the hotel and the number of rooms that can be sold to guests every month for 36 months, counting from January 2017 to December 2019.

According to (Aneswari et al., 2013), room revenue is the revenue earned by the hotel from the sale of available rooms at the hotel. Room revenue benchmarks in this study are room or room revenue in Rupiah (Rp) units generated from flash sales and room revenue obtained by hotels outside of flash sales every month for 36 months from January 2017 to December 2019.

The data analysis technique used in this study is descriptive statistics and processed using Microsoft Excel 2013. Descriptive statistics are statistics that function to analyze data by describing data collected as it is without intending to make conclusions that apply to the public or generalizations (Sugiyono, 2019). Descriptive statistics will present data with regular tables and frequency distribution, line and bar graphs, pie charts, pictograms, and group explanations through mode, median, mean, and group variations through standard ranges and deviations (Sugiyono, 2019). In descriptive statistical analysis, there is a qualitative analysis in it.

The qualitative analysis includes data reduction, presentation, and inference (Sugiyono, 2016). Data reduction is summarizing, choosing the main points, and focusing on the essential things (Sugiyono, 2019). Second is the data presentation stage, describing information obtained through observation, interviews, and documentation. The third step of qualitative analysis is concluding. This analysis is used to answer the description of the implementation of the flash sale conducted by the hotel.

## RESULTS AND DISCUSSION

The operational implementation of the flash sale promotion at The Royal Beach Seminyak Bali can be described as follows: communication plan, booking period, and special offer.

### Communication Plan

Two types of promotional time are used in promoting flash sales: the private and public periods. A Private period is a promotion conducted earlier. It is privately aimed at Accor Plus members and Accor Le-Club members and is usually sent via guest e-mail registered as an Accor member. In contrast, the public period is a promotion intended for non-Accor members or generally accepted and carried out after the promotion of the private period ends. At the time of the promotion, guests can book rooms according to the media chosen by guests and will be processed by the reservation. The media used by The Royal Beach Seminyak in promoting flash sales include websites, mobile applications, and social media. This is in line with Kannan's research (in 2016), which proves that social media activities and flash sale promotions can boost sales figures after product launches.

### Booking Period

Room bookings at the time of the flash sale promotion are valid for a limited time. In line with the opinion (Sujata & Menachem, 2017), Flash sale is offered on online platforms with discounts and for a limited period. The time limit for booking a room at The Royal Beach Seminyak is 18 days, the same as when the flash sale promotion occurs. Guests who are Accor Plus and Le-Club Accor members get the chance seven days early to book a room. This is because the hotel sends a privacy email regarding the flash sale promotion to every Accor member guest, while non-members only get a time limit of 11 days.

### Special Offer

Flash sale at The Royal Beach Seminyak Bali is a special offer or promotion in booking a room with a predetermined time limit, so guests who book a room during the flash sale promotion will get an additional discount of up to 40%. This aligns with the opinion expressed by Zakiyyah (2018), which states that flash sales, or daily deals, are part of sales promotions that give customers special offers or discounts for specific products for a limited time.

Table 1. Type of Flash Sale at The Royal Beach Seminyak in 2019

Target	Accor+	Direct		Indirect
		LCAH Members	Public (not logged in/subscribers)	
Discount	40% OFF RA1 + Free Breakfast	30% OFF RA1 + Free Breakfast	30% OFF RA1	30% OFF RA1

Order line	Available on the offer page & booking path	Available on the offer page & booking path	Available on the booking path only	Available on OTAs
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[Source: Revenue Department of TRBS, 2020]

Based on Table 1, the flash sale targeted for Accor Plus members gets a 40% discount from the RA1 price package, which includes breakfast for two guests staying. In comparison, for Le-Club AccorHotels members get a 30% discount using the same price package as Accor Plus members who are rooms including breakfast every day for up to 2 guests staying, and flash sale for public or non-member members get a 30% discount from RA1 using room only rates excluding breakfast. Accor Plus members get the most significant discount because this member pays and gets several benefits, such as free stay vouchers, breakfast vouchers, room upgrade vouchers, and birthday cake vouchers. Le-Club AccorHotels members get the same discount as the public because Le-Club AccorHotels members are not paid members and will get other benefits, such as bonus reward points for stays at all Accor Hotels worldwide.

To find out how much the contribution made by flash sales in increasing room occupancy and room revenue can be seen in the following descriptive statistics table (Table 2).

Table 2. Descriptive Statistic Results

	Room Night <i>Flash Sale</i>	Room Revenue <i>Flash Sale</i>
Maximum	1051	1,954,356,175
Minimum	406	835,772,309
Mean	741	1,347,847,254
Std.Deviation	138	245,981,494

[Source: Ms. Excel 2013, data processed]

Based on Table 2, the highest contribution made by flash sales was 1051 room nights, while the lowest contribution was 406 room nights. The flash sale gave an average contribution of 741 room nights in January 2017-December 2019 with a standard deviation of 138 room nights; this can be interpreted that the average monthly flash sale provides an average contribution to room occupancy ranging from 603 room nights to 879 room nights. Meanwhile, the highest contribution is given by flash sales to room revenue of 1,954,356,175 and the lowest contribution of 835,772,309. Flash sales gave an average contribution of 1,347,847,254 in the last three years with a standard deviation of 245,981,494; this can be interpreted that the average monthly flash sale gave an average contribution to room revenue ranging from 1,101,865,760 to 1,593,828,748.

In addition to comparing room night and room sold to find out the amount of contribution made by flash sales to room occupancy and room revenue, the writer also groups categories based on interval data from room night generated

by flash sales for 36 months in the 2017-2019 period in distribution frequency using the Sturges formula.

Table 3. Percentage of Class Frequency Distribution Category Based on Room Night

Category	Frequency	Percentage
Very good (927-1056)	4	11.11%
Good (796-926)	6	16.67%
Sufficient (666-795)	17	47.22%
Less (536-665)	7	19.44%
Very less (406-535)	2	5.56%
Total	36	100.00%

[Source: Ms. Excel 2013, data processed]

Based on Table 3, flash sales contribute sufficiently to the room occupancy with the most frequency, which is 17 and the percentage 47,22%. In addition, a grouping of class categories is based on data from room revenue generated through flash sales, as in the following table (Table 4).

Table 4. Percentage of Class Frequency Distribution Category Based on Room Revenue

Category	Frequency	Percentage
Very good (1,730,639,405-1,954,356,178)	1	2.78%
Good (1,506,922,631-1,730,639,404)	6	16.67%
Sufficient (1,283,205,857-1,506,922,630)	16	44.44%
Less (1,059,489,083-1,283,205,856)	8	22.22%
Very less (835,772,309-1,059,489,082)	5	13.89%
Total	36	100.00%

[Source: Ms. Excel 2013, data processed]

Based on Table 4, flash sales contribute sufficiently to the room revenue with the most frequency, 16, and the percentage 44,44%. Flash sales fall into this good category in the frequency distribution table based on room night and room revenue because flash sale promotions are prioritized when the demand season is low. In line with statements made by Berezina and Semrad (2016), flash sales may present a valuable channel to address the problem of unsold inventory during low demand.

The following compares room night and room revenue generated through flash sale promotions at The Royal Beach Seminyak Bali.

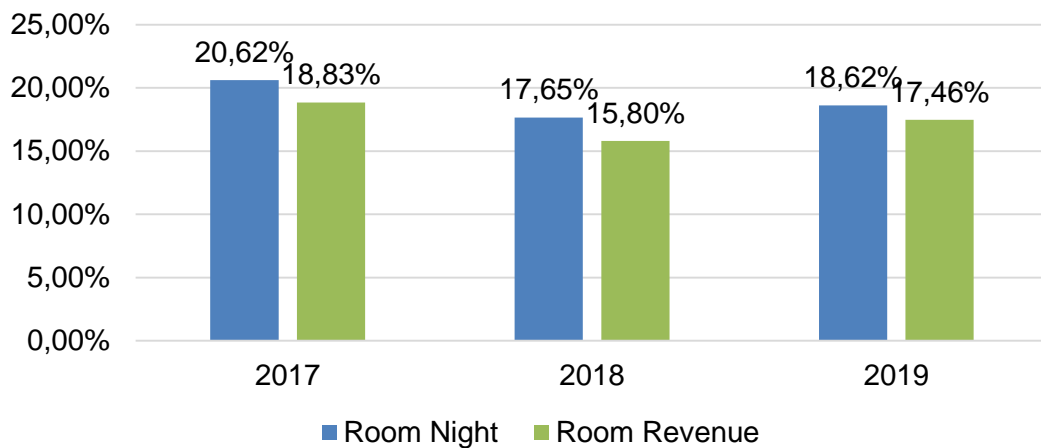


Figure 1. Comparison between Room Night and Room Revenue 2017-2019

[Source: Revenue Department TRBS 2019, data processed]

Diagram 1 compares room night and room revenue generated by the flash sale promotion at The Royal Beach Seminyak Bali for the last three years. These results show that the room revenue generated through the flash sale is always lower than the room night generated. That is because the price of rooms sold through flash sale promotions gets discounts or discounts ranging from 30% to 40%, so the room revenue generated through this sale is lower than room night.

The following is a picture of a comparison bar diagram of reservations that enter through the flash sale with other reservation sources in increasing room occupancy and room revenue.

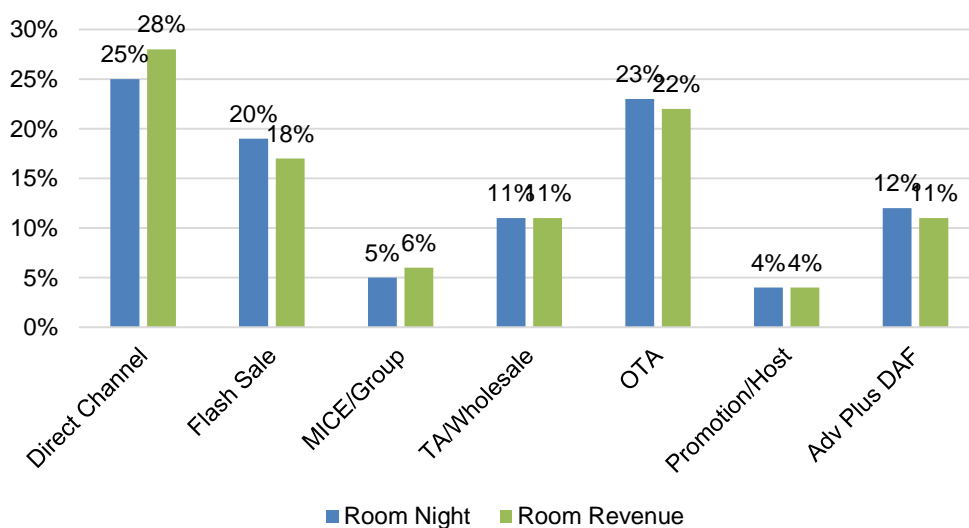


Figure 2. Comparison of Contribution of Flash Sale with Other Reservation Resources for 2017-2019

[Source: Revenue Department TRBS 2019, data processed]

Diagram 2 shows that the average contribution from the flash sale promotion is the third highest, with an average contribution for room occupancy of 20% and room revenue of 18% in 2017-2019. The highest contribution came from the direct channel, with a contribution for room occupancy of 25% and room revenue of 28%. At the same time, the second-highest contribution came from OTA (online travel agent), with 23% for room occupancy and 22% for room revenue. Flash sales can make a significant contribution because this promotion has a time limit, which puts pressure on guests to decide to book a room as soon as possible before the promotion is finished. Combining special discounts and limited booking time can stimulate guests to book a room. The increased contribution of flash sales also occurred due to the efforts of the Sales & Marketing Department by promoting flash sales to attract all customers to book rooms at The Royal Beach Seminyak.

## CONCLUSION

The flash sale implementation starts with a communication plan in the form of promotions that are carried out using several platforms, such as websites, mobile applications, and social media. Promotion is carried out in two stages: a private period for AccorHotels members and a public period for non-member guests. Furthermore, guests who wish to book a room during the flash sale promotion, booking periods during the flash sale are only given a time limit of 18 days with a special offer, a stay package, and various benefits offered at special discounts according to AccorHotels membership status.

Flash sale promotion at The Royal Beach Seminyak has contributed quite well in helping realize the hotel sales target for 2017-2019. Reservation entered through flash sales ranks third by giving 20.62% of total room occupancy and 18.83% of total room revenue in 2017, and in 2018 flash sales contributed 17.65% of total room occupancy and 15.80% of total room revenue. While in 2019, flash sales contributed 18.62% of total room occupancy and 17.46% of total room revenue.

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