

## Implementation of Offline Travel Agent Promotion Model to Increase Room Occupancy

Putu Wila Pradnya Paramita<sup>1</sup>, I Putu Astawa<sup>2</sup>,  
I Gusti Agung Bagus Mataram<sup>3</sup>, I Putu Sudira<sup>4</sup>

<sup>1</sup>Peace Tours and Travel, Indonesia, <sup>2,3</sup>Politeknik Negeri Bali, Indonesia,

<sup>4</sup>SMK Negeri 1 Tegallalang, Indonesia

email: <sup>1</sup>[wilapradnya@gmail.com](mailto:wilapradnya@gmail.com), <sup>2</sup>[putuastawa1@pnb.ac.id](mailto:putuastawa1@pnb.ac.id),  
<sup>3</sup>[mataram@pnb.ac.id](mailto:mataram@pnb.ac.id), <sup>4</sup>[sudira@pnb.ac.id](mailto:sudira@pnb.ac.id)

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### ABSTRACT

**Purpose:** The purpose of this research is to find out the implementation of a promotion model for offline travel agents at The Ritz-Carlton Bali, Indonesia, and to find out how is the influence of reservation through offline travel agents to increase room occupancy at the hotel.

**Research methods:** The data analysis technique was carried out with qualitative analysis and quantitative analysis. Qualitative analysis is performed on primary data by interview and direct observation, to find out the promotional model carried out at hotel for offline travel agents in an effort to increase room occupancy at The Ritz-Carlton Bali. Quantitative analysis is performed on secondary data, such as classic assumption test, simple linear regression analysis, correlation analysis, t-test, and coefficient of determination by using SPSS version 25.

**Results and discussion:** Nowadays the accommodation competition in tourism industries is very tight and The Ritz-Carlton Bali is trying to win the competition by implementing the offline travel agent promotion model in an effort to increase room occupancy rate.

**Implication:** Based on the result of coefficient determination in this study, reservation through offline travel agent has significant influence to the room occupancy rate of 54,8% while 45,2% is influenced by other factors.

**Keywords:** promotion, reservation, offline travel agent, room occupancy.

### INTRODUCTION

Hotel is a type of accommodation that provides a part or the whole building to provide lodging services, food and beverages, and other services to the public, which are managed commercially (Sulastiyono, 2006). With the increasing number of tourist visits followed by the hotel growth, the hotel has collaborations with various parties as potential sources of reservations it is expected to bring in guests and increase the hotel occupancy. There are 9 sources of reservation that can be contested in raising hotel occupancy rates, namely: individuals, airline companies, travel agents, companies, governments, central booking offices, car rental companies, airport representatives and event organizers (Sambodo, 2006).

Until now day, travel agent is being potential hotel business partner in increasing room occupancy (Dewi et al, 2018) both offline travel agents and online travel agents. Offline travel agent is a travel agent who sells travel related

products and services to customer and also has role as wholesaler, tour organizer, middleman, and adviser between the suppliers and customers (Elhaj & Barakeh, 2015). While online travel agent is a travel agent who acts as a medium for online promotion and sales through the website, online travel agent website is a website managed by OTA that distributes and facilitates booking with tourism business provider (Australian Tourism Data Warehouse, 2013). In this internet era, online travel agents are one of the modern businesses that currently get booming. Online users have a significant influence on online booking, especially changing the hotel business model to be based more on digital data (Thakran & Verma, 2013; Ye et al., 2011).

Although offline travel agents have an important role as a liaison for tourists and hotels, the development of technology and the internet seems to change the traditional relationship between hotels and travel agents. At present online travel agents appear not only as intermediaries but also more as business partners or vendors (Law et al., 2007; Lee et al., 2015), therefore online travel agent (OTA) is considered to have a huge impact on sales and promotions through online media. This fact is supported by studies suggesting hotels low occupancy rates and low average sales prices to collaborate with online travel agents (Ling et al., 2014).

Bali is well-known as one of the tourism icons by domestic and foreign tourists (Wiwin, 2019), therefore it is not surprising that the number of tourist arrival to Bali has increased. The number of tourists increased makes the competition in the accommodation business especially hotel become more stringent. One of the leading hotels in Bali is The Ritz-Carlton Bali. The Ritz-Carlton Bali is a five-star hotel located on Jalan Raya Nusa Dua Selatan Lot III Sawangan, Nusa Dua Bali. This hotel cooperates with various parties which is considered as potential sources of reservation. Reservation sources that have big impact to contribute in increasing the room occupancy in this hotel are travel agents both offline and online travel agents. Collaborating with travel agent is not an easy thing, the hotel needs a surefire strategy to attract a travel agent to become a business partner with hotel, the strategy applied in The Ritz-Carlton Bali to attract travel agent attention is doing the maximum promotion in various travel agent companies. The following are room night data generated by offline and online travel agents in 2017-2019 which have an important role in efforts to increase the room occupancy rate at The Ritz-Carlton Bali.

Table 1: Room night generated by offline and online travel agents

Year	Offline Travel Agent	Online Travel Agent
2017	48,370	13,794
2018	47,774	18,030
2019	45,816	29,380

[Source: Sales and Marketing Department, 2019]

Based on the table 1, it can be seen that, room reservations through an offline travel agent at The Ritz-Carlton Bali is very dominating compared with online travel agent, this is contrary to the existing research that state online travel agents will greatly affect hotel room sales, due to this phenomenon the authors are interested in conducting research on implementation of offline travel agent promotion model to increase room occupancy.

## RESEARCH METHODS

This research took place in Sales and Marketing department at Hotel The Ritz-Carlton Bali which is conducted for the period of 6 months starting from July 1<sup>st</sup>, 2019 until January 5<sup>th</sup>, 2020. Data source used for this research are primary and secondary data. The primary data acquired in this research is the interview result with Senior Sales Manager regarding the implementation of offline promotion model to increase room occupancy. While secondary data in this research are data on the number of room reservations through the Offline Travel Agent and the number of occupancy rates at The Ritz-Carlton Bali within 2017-2019 period.

Data analysis technique used in this research are qualitative analysis and quantitative analysis. Qualitative analysis in this study was conducted by collecting and compiling data obtained through interviews, observations and documents that related with implementation of offline travel agent promotion model to increase room occupancy at The Ritz-Carlton Bali. and qualitative analysis is also used to support quantitative analysis.

In addition, quantitative analysis techniques specifically used to analyze data on numbers with mathematical logic and through a statistical approach with using SPSS. The quantitative analysis techniques in this research are used to measure how strong is the offline travel agent can increase room occupancy through reservation at The Ritz-Carlton Bali. Quantitative analysis techniques used in this study are: classic assumption test, simple linier regression analysis, correlation analysis, t-test, and coefficient of determination.

## RESULTS AND DISCUSSION

The promotion model is one of the strategies undertaken by The Ritz-Carlton Bali in building cooperation with offline travel agents with the main goal is increasing the room occupancy rates at The Ritz-Carlton Bali. The activities carried out in this promotional model include: Market analysis is one strategy to analyze and find out how the current market conditions, starting from the condition of competitors, business partners, customers, and current trends. Creating an advertisement, with the advertisement the hotel can freely introduce and present their products. In this case, the ads needed in applying the promotional model of The Ritz-Carlton Bali to the offline travel agent are brochures, pamphlets, and hotel websites. Doing sales calls things that must be done by the hotel if they want to establish cooperation with an offline travel agent. Sales call is a crucial step in this promotion model, because the salesperson of The Ritz-Carlton Bali is demanded to be able to convince the offline travel agents that they can become good business partners and both parties can have benefited from this collaboration. Creating a contract rate is the next step that must be done by the hotel. If the travel agent has agreed with the preparation of the contract rate, this means a good sign that the travel agent wants to establish a serious collaboration with the hotel. The contents of the contract rate must be under the things that have been discussed when making a sales call. Closing the deal, this is the closing step in the promotion carried out by the hotel with an offline travel agent. Closing the deal means that both parties have agreed with all contents in contract rate.

After knowing the implementation of offline promotion model in The Ritz-Carlton Bali then, the researchers would find out how big is the influence of an offline travel agent to increase room occupancy at The Ritz-Carlton Bali by

examining through some tests of quantitative analysis. The first test is Classic Assumption Test. The result of Classic Assumption Test in this research is described as per detail below.

1. Classic Assumption Test

a. Normality Test

This normality test aims to find out whether the data on independent variables (Reservation through offline travel agent) and dependent variable (room occupancy) on the regression model are normally distributed or not. The normality test is done by Kolmogorov – Smirnov test. Kolmogorov – Smirnov test for this research shown that significance value is at 0.130 in condition that the value is higher than the alpha rate at 0.05 ( $0.130 > 0.05$ ). Therefore, the normality assumption in regression has been fulfilled. Table 2 is the result of normality test.

Table 2: Result of normality test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
	N	36
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	8.00803371
Most Extreme Differences	Absolute	.130
	Positive	.130
	Negative	-.110
Test Statistic		.130
Asymp. Sig. (2-tailed)		.130 <sup>c</sup>
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

[Source: Data Processing Result SPSS 25, 2020]

b. Heteroscedasticity test

Heteroscedasticity test aims to test whether the same or not variance of residuals from one observation to another. Heteroscedasticity test can be tested using glacier. Table 3 shows that the significance level of the reservation through offline travel agent variable is 0.506 bigger than 0.05 ( $0.506 > 0.005$ ), therefore it can be concluded that the data used in this study is free from heteroscedasticity.

Table 3: The result of heteroscedasticity test

Model	Coefficients <sup>a</sup>			t	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
1 (Constant)	8.693	3.268		2.660	.012
Offline Travel Agent	-.054	.080	-.114	-.672	.506

a. Dependent Variable: Abs\_Res

[Source: Data Processing Result SPSS 25, 2020]

c. Autocorrelation Test

This autocorrelation test aims to find out whether a linear regression model is correlated between a confounding error in a certain period (et) and an interfering error in the previous period (et-1). We can use the Durbin-Watson (D-W) number to check whether autocorrelation has occurred or not. Based on Table 4 is shown that the Durbin-Watson value is 1.352 which means the value can be between -2 and 2, so that the data meets the autocorrelation test requirements and can be used for simple regression analysis. Table 4 is the result of autocorrelation test

Table 4: The result of autocorrelation test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.749	0.561	0.548	8.12495	1.352

[Source: Data Processing Result SPSS 25, 2020]

Simple Linier Regression Analysis

Simple regression linier analysis is used to analyze how a linear relationship between two variables, namely the relationship of one independent variable (X) to one dependent variable (Y) the simple linier regression analysis result below is known that the constant value (a) is 27.081, while the value of the reservation through an offline travel agent (b / coefficient regression) is 0.950. Then the regression equation can be written as:

$$Y = a + Bx$$

$$Y = 27.081 + 0.950X$$

The equation can be translated as per detail: the constant of 27.081 = 27.081%, implies that if the variable X (Reservation through an offline travel agent) is zero, the occupancy rate at The Ritz-Carlton Bali is only 27.081 one unit or 27,081%. The regression coefficient X (Reservation through an offline travel agent) is 0.950 indicating that every additional 1% value of the Reservation from the offline travel agent will increase the occupancy room rate at The Ritz-Carlton Bali by 0.95%. The regression coefficient is positive therefore, it can be said that the direction of the variable X to Y is positive. Table 5 is the result of simple linier regression analysis.

Table 5: The result of simple linier regression analysis

Model	Coefficients <sup>a</sup>			t	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
1 (Constant)	27.081	5.905		4.586	.000
Offline Travel Agent	.950	.144	.749	6.593	.000

a. Dependent Variable: Room\_Occupancy

[Source: Data Processing Result SPSS 25, 2020]

2. Correlation Analysis

Correlation analysis is a method used to express a significant (linier) relationship between variables with another. From the result of Table 6, it can

be seen that the value of  $r$  is 0.749. (Sugiyono, 2016) states that if the correlation value is around 0,60-0,799 it means that the variable  $x$  with the variable  $y$  has a strong relationship. Therefore, it can be concluded that between the reservation variables through the offline travel agent to the room occupancy has a strong correlation due to the coefficient interval is 0.60 - 0.799. Table 6 is the result of correlation analysis.

Table 6: The result of correlation analysis

		Correlations	
		Offline Travel Agent	Room Occupancy
Offline Travel Agent	Pearson Correlation	1	.749**
	Sig. (2-tailed)		.000
	N	36	36
Room Occupancy	Pearson Correlation	.749**	1
	Sig. (2-tailed)	.000	
	N	36	36

\*\* . Correlation is significant at the 0.01 level (2-tailed).

[Source: Data Processing Result SPSS 25, 2020].

### 3. t-test

t-test is used to test the hypothesis by partially measuring the significant influence of each independent variable to the dependent variable. In t-test there are step for the authors to make two hypotheses. The first if reservations through an offline travel agent partially does not affect to the room occupancy rates ( $H_0$ ) and the second if reservation through an offline travel agent partially affect to the room occupancy rate ( $H_a$ ). The reservations through an offline travel agent partially does not affect the room occupancy rates in condition if  $t_{count} < t_{table}$ , otherwise reservations through an offline travel agent partially affect the room occupancy rates in condition if  $t_{count} > t_{table}$ . Based on Table 7, it shows that the value of  $t_{count}$  is at 6.593 and the  $t_{table}$  at 1.690 that means if the value of  $t_{count}$  is more than the value of  $t_{table}$ . Referring to this condition, the researcher can conclude that reservation through offline travel agent have partially affect to the room occupancy. Table 7 is the result of t-test.

Table 7: The result of t-test

Model	Coefficients <sup>a</sup>			t	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
1 (Constant)	27.081	5.905		4.586	.000
Offline Travel Agent	.950	.144	.749	6.593	.000

a. Dependent Variable: Room Occupancy

[Source: Data Processing Result SPSS 25, 2020].

### 4. Coefficient of Determination

Determination analysis is data analysis used to determine the size of the percentage of the variable  $X$  to  $Y$  as measured through the coefficient of determination. The calculation results obtained by the coefficient of

determination is 54.8% which means that reservation through offline travel agent contributes 54.8% to the hotel occupancy room while 45.2% is determined by other variables not discussed in this study. Table 8 is the result of coefficient of determination

Table 8: The result coefficient of determination

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.749 <sup>a</sup>	.561	.548	8.12495
a. Predictors: (Constant), Offline Travel Agent				
b. Dependent Variable: Room Occupancy				

[Source: Data Processing Result SPSS 25, 2020].

## CONCLUSION

The first step to implement an offline travel agent promotion model in The Ritz-Carlton Bali is conducting a market analysis, then the second step is making various types of advertisements, such as: brochures, pamphlets and advertisements on hotel website to facilitate the hotel in offering their products. The third step is doing sales calls by the sales person or in The Ritz-Carlton Bali it is called the sales manager. The sales call is an important step to convince the offline travel agent that we can become good business partners in order to increase the room occupancy rate, after negotiating during the sales call agreed by both parties, the fourth step is to make a contract rate that is arranged directly by the hotel contract rate contains the room price agreed by both parties. The final step is closing the deal to end the promotion process with the sign the agreement by both parties.

Based on the results of the coefficient of determination in this study, reservations through the offline travel agent have significant influence to the room occupancy rate of 54.8% while 45.2% is influenced by other factors. This research is opposite with some previous studies which states that currently online travel agents appear not only as intermediaries but also more as business partners or vendors to increase room occupancy. Proven in The Ritz-Carlton Bali reservation source through offline travel agent has strong influence to increasing room occupancy rate in 2017 - 2019. This means that the implementation of an offline travel agent promotion model adopted is success in helping hotel to increase room occupancy at The Ritz-Carlton Bali.

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