

ALTERNATIVE STRATEGY TO INCREASE ROOM SALES AT PRAMANA WATER KURUNG

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ABSTRACT

Purpose: The Pramana Watu Kurung is a local chain hotel under Pramana Hotels & Resorts. The promotional strategy is online and offline to increase room sales. Data shows revenue growth from 2018 to 2019. However, it fell in 2020 due to the COVID-19 pandemic; there were massive cancellations and a drop in revenue due to Bali's starting to lock down in March 2020. This study aims to determine the strategy applied to increase Room Sales at Pramana Watu Kurung in facing competition and developing business growth and to find an alternative approach to increase room sales at Pramana Watu Kurung.

Methods: This study is quantitative and qualitative, with the questionnaire on the Likert scale. Its method uses SWOT analysis on IFAS and EFAS.

Implication: The second strategy to maximize the strengths to eliminate threats is applying dynamic pricing to be competitive against the competition and focus on the current target market. The second strategy is to maximize the opportunities to eliminate the weaknesses through an attractive promotion, including packages, email marketing, and seasonal campaigns to push room sales.

Keywords: room sales, marketing mix, SWOT, EFAS, IFAS.

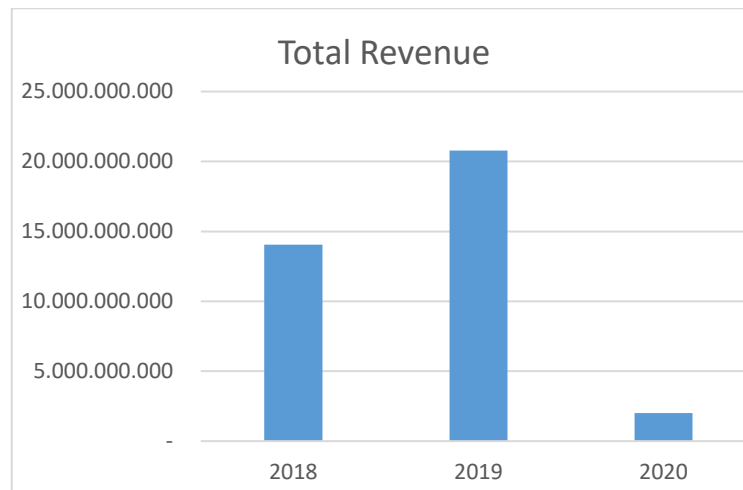
INTRODUCTION

In the hotel business or some other form of business that caters to tourists, hotels and other hospitality industries are essential in finding ways to reach the audience and market hotels, services, entertainment, or other tourist items. There are steps to plan the marketing strategy, including online and offline efforts to reach the target market and persuade them to do business with the organization (Lorette & Weller, 2021).

At this moment, there is much challenge for the management to manage small hotels, which have much competition. Corporate management should have comprehensive strategies for the advertising and marketing plan so that the evaluation of marketing strategies work and which ones are costing you money without paying off in the end (Lorette & Weller, 2021). The comprehensive strategies can be measured effectively by the total number of rooms sold while the management running the promotion.

The Pramana Watu Kurung is a local chain hotel under Pramana Hotels & Resorts that always counts on the marketing mix strategy to reach the customers and gain a fair share from the competition. The marketing strategy is both online and offline to increase room sales throughout the year. The existing strategy has been able to drive the business. However, as expected, it requires aggressiveness, engagement, and an understanding of the market conditions to steal business opportunities from the competition.

Below is the last three years' room occupancy after this study took place and seeing the growth in room revenue YoY from 2018 to 2020:



Graphic 1. Total Revenue YoY Growth 2018-2020

(Source: Pramana Watu Kurung Ubud actual, 2018-2020)

Based on the above explanation, it is exciting to see the revenue growth from 2018 to 2019 growing nicely; however, it fell in 2020 due to the COVID-19 pandemic. There were massive cancellations and a drop in revenue due to Bali starting to lock down in March 2020. The hotel is never closed. Continue to drive the staycation business and try to survive in 2020. Pramana Watu Kurung also cut down some employees to balance their cash flow to survive the harmful impact of COVID-19 in the tourism industry, which made the revenue fall behind.

It is essential to develop and thesis the position of Pramana Watu Kurung in the market to identify the right marketing strategy to increase room sales and the overall top-line sales target before and during the COVID-19 pandemic. Therefore, this study will be titled "Alternative Strategy to Increase Room Sales at Pramana Watu Kurung."

METHODS

This study was conducted at Pramana Watu Kurung at Jalan Watu Kurung 4, Banjar Bunutan, Kedewatan, Bali, Indonesia. It was conducted to understand the alternative strategy to increase competitiveness, which resulted in how the hotel faces competition and business growth. Its initiative was conducted from March to July 2021.

This study is quantitative with the questionnaire on the Likert scale and also qualitative with the variable in this study is the company's internal factor 7 Ps (Kotler & Armstrong, 2016, p. 62), i.e., product, price, distribution, promotions, people, process,s and physical evidence; (2) external factor of 6 Ps are purse string, partnership, policy, people, perception, promotion (Salman et al., 2017). This study uses SWOT Analysis to develop an alternative strategy to increase room sales at the Pramana Watu Kurung.

RESULTS AND DISCUSSION

Internal Factor Analysis

The internal factor analysis matrix determines the influence of the Pramana Watu Kurung internal factors. Internal environment analysis is done by identifying the hotel's internal factors and determining the strengths and weaknesses of the Pramana Watu Kurung. The strengths and weaknesses are determined by the average of all internal summarized indicators, divided by several internal indicators. An internal indicator rating of more than 2,60 is expected to become a strength, and an internal rating of less than 2,60 is expected to become a weakness. After it is identified in each variable, summarize the weight and rating for every internal indicator that belongs to strength or weakness to get and sort out the (IFAS Matrix) internal indicator factor analysis summary matrix that can be seen in Table 2.

Table 1. IFAS Matrix

| No | STRENGTHS | Weight | Rating | Score |
|---|--|--------|--------|-------|
| 1 | The product is design the market offering and its quality control | 0,20 | 3,20 | 0,64 |
| 2 | The cost of the product and service to be sold affordable prices | 0,20 | 3,00 | 0,60 |
| 3 | All personal in the service process was on one side can employees and on other service, consumers are co-producers and another consumer as people who can influence the overall perception | 0,15 | 2,80 | 0,42 |
| 4 | Create message, choose media (communication) channels | 0,12 | 2,80 | 0,34 |
| 5 | Product and service available conveniently located | 0,15 | 2,60 | 0,39 |
| Total | | 0,82 | | 2,39 |
| No | WEAKNESSES | Weight | Rating | Score |
| 1 | Implies to an environment that facilities transaction or effect the expectation and those are ambient conditions, special layout, signs, and symbols | 0,09 | 2,40 | 0,22 |
| 2 | Rules and procedures mechanism and flow of activities by which services are delivered to the customers suit to the Procedure Standard | 0,09 | 2,40 | 0,22 |
| Total | | 0,18 | | 0,43 |
| Total Weight & Score for the Internal Factors | | 1,00 | | 2,82 |

Table 1 shows that the calculation results of total weights and rating for the internal factors are 2.82, above the average or in a good position for Praman Watu Kurung's overall strategy effort to utilize its strengths and cover its weaknesses to win the market competition.

External Factors Analysis

External Factor Analysis Summary (EFAS) analyzes external indicators that become opportunities and threats at Pramana Watu Kurung. After determining the weight and rating, the next step is scoring each external indicator, and this external matrix will show the influence of external factors at Pramana Watu Kurung. The total value in this matrix is the sum of each external strategic factor. In Table 3, the results of the multiplication of weights and rating for the external factors is 2.70, which is above the average of the overall strategies used by Pramana Watu Kurung in maximizing the opportunities to overcome the threats.

Table 2. EFAS Matrix

| No | OPPORTUNITIES | Weight | Rating | Score |
|---|--|--------|--------|-------|
| 1 | External rules and regulation of the government support the company | 0,18 | 3,20 | 0,58 |
| 2 | Stakeholder and the customer who is served daily support the company | 0,16 | 2,80 | 0,45 |
| 3 | It is a cognitive or knowing process through which persons make interpretations of the stimulus or situation they are faced with | 0,14 | 2,80 | 0,39 |
| 4 | The people who can help and support the company | 0,20 | 2,60 | 0,52 |
| Total | | 0,68 | | 1,94 |
| No | THREATS | Weight | Rating | Score |
| 1 | Media Channel used for promotion | 0,19 | 2,40 | 0,46 |
| 2 | The funding source easy to get | 0,13 | 2,40 | 0,31 |
| TOTAL | | 0,32 | | 0,77 |
| Total Weight & Score for the Internal Factors | | 1,00 | | 2,70 |

The Position of Pramana Watu Kurung Hotel Internal – External Matrix

The average value of IFAS is 2,82, and the average EFAS is 2.70. This value shows the position of quadrant V of the internal-external matrix. The IE matrix can be seen in Figure 1 below.

Total Score of IFAS

| | Strong 3,00 - 4,00 | Average 2,00-2,99 | Weak 1,0-1,99 |
|-----------------------------|-------------------------------|--|---|
| Total Score External Factor | Strong 3,00 - 4,00 | I GROWTH (Concentration Through Vertical Integra- tion) | II GROWTH (Concentration Through Horizontal Integration) Turnaround |
| | Aver- age 2,00- 2,99 | IV STABILITY Wary | V GROWTH (Concentration Through Horizontal Integration) STABILITY (There is no change in the strategy profit) |
| | Weak 1,0-1,99 | I GROWTH (Concentric Diversification) | VII GROWTH (Conglomerate Diversifica- tion) IX RETRENCH- MENT Bankrupt or Liquidation |

Figure 1. The Position of Pramana Watu Kurung in Internal – External Matrix

The above figures show that Pramana Watu Kurung, set in Quadrant V, shows that the marketing strategy carried out by the Sales & Marketing department is at the Growth Strategy stage with control through horizontal integration. This strategy is designed to increase room sales and profit growth, as well as increase the types of products and services at Pramana Watu Kurung. They are maintaining the current strategy and enhancing it to win against the competition.

In order to increase room sales, Pramana Watu Kurung is trying to increase its products, services, and marketing strategy. The results of this IE matrix will be considered when formulating a technical marketing alternative strategy in the SWOT matrix analysis.

Table 4. The Position of Pramana Watu Kurung in SWOT Matrix

| IFAS/EFAS | Strengths (S) Product, Price, Promotion, Place, People | Weaknesses (W) Physical Evidence Process |
|---|--|--|
| Opportunities (O) Policy, Perception, Partnership, People | S-O Strategy | W-O Strategy |
| | SO1. Create an attractive package to appeal to the domestic market, stay long, and work from Bali to be competitive. | WO1. Maximize online strategy, especially OTAs, to drive room revenue and other online channel |
| | SO2. Create incentive packages for key partners based on productions. | WO2. Offer value Add packages including a spa to percept the visible spa at the hotel. |
| Threats (T) Purse String Promotion | S-T Strategy | W-T Strategy |
| | ST1. Spend money on sponsor ads on social media channels to increase visibility against competition. | WT1. Improve the hotel product and maintain quality. |
| | ST2. Set a discount pricing strategy to appeal to the market trends and face the competition | WT2. Service delivery to create guest loyalty and increase business conversion |

Based on the SWOT matrix analysis above, four vital alternative strategies can be applied at Pramana Watu Kurung Hotel to increase room sales.

1. Strength - Opportunities (S-O) Strategy

It creates an attractive package to attract domestic markets and become competitive against the competition. This includes the visibility of some services, especially Spa and Lembah Ayung restaurant, to offer authentic Balinese choices, and the hospitality and employees are the key elements to create guest loyalty. It is considering that Pramana Watu Kurung has many opportunities to develop new products that can support room sales. The product was chosen because the joglo house and private pool offer an intimate holiday in Ubud. The attractive and dynamic pricing strategy has proven business conversion at Pramana Watu Kurung.

Another product that can be created is the extended stay package for monthly rental. This new product package creates an opportunity for guests who want the facilities for long-term usage, and the company will get payment in advance to cover the operational cost. Also, there is an option for the "work from Bali" package, which has an opportunity to grab the domestic market for an F&B product like coffee, cake, lunch menu, and another menu in return for the guest being able to enjoy the scenery and facilities of Pramana Watu Kurung while working. Creating an incentive scheme for the top producers to ensure they focus on selling the hotels.

2. Strengths - Threats (S-T) Strategy

Pramana Watu Kurung has a dynamic price that anticipates the competition hotel in Bali. The development of the hotel industry is currently experiencing very rapid progress. Competition among accommodation service providers is inevitable, especially regarding tariff wars. Many hotels implement discounted rate strategies to increase hotel revenue. To anticipate this, Pramana Watu Kurung Hotel is aggressively promoting the product to generate more room sales. Spend on sponsor Ads in social media channels to increase visibility against competition and set discount pricing strategy to appeal to the market trends and face the competitions

3. Weakness - Opportunities (W-O) Strategy

To increase room sales at Pramana Watu Kurung, they must create attractive online and offline promotions. Increase visibility for all key partners, including agent OTA and active social media promotion, by maximizing online strategy, especially OTAs, to drive room revenue and another online channel. Offer value Add packages including a spa to percept the visible spa at the hotel. In this case, the sales and marketing department employees must maximize marketing by utilizing existing social media platforms to promote their products.

4. Weakness Strategy - Threats (W-T)

They prioritize guest satisfaction by keeping the product shining and well-maintained and providing additional benefits for repeat customers to create guest loyalty. Providing this will increase customer loyalty, benefitting the company in the long run and increasing room sales.

The Most Effective Marketing Strategy to be Implemented by Pramana Watu Kurung

Based on the calculation of the QSPM matrix, the eight alternative strategies that have been formulated will be ranked based on the largest to the smallest TAS values. The ranking of alternative strategies is obtained based on the TAS value in the QSPM matrix, which can be seen in Table 4.

Table 5. Alternative Strategy

| Ranking | Strategy Code | Strategy | TAS |
|---------|---------------|---|--------|
| 1 | ST1 | Spend on sponsor Ad in social media channel to increase visibility against competitions. | 137,50 |
| 2 | WO2 | Offer value Add packages including spa to percept the visible spa at the hotel. | 135,70 |
| 3 | ST2 | Set discount pricing strategy to appealing to the market trends and facing the competitions | 130,55 |
| 4 | WO1 | Maximize online strategy especially OTAs to drive room revenue and other online channel | 130,30 |
| 5 | WT1 | Improve the hotel product and maintain quality. | 126,65 |
| 6 | WT2 | Service delivery to create guests loyalty and increase business conversion | 123,80 |
| 7 | SO2 | Create incentive packages for key partners based on productions. | 123,55 |
| 8 | SO1 | Add attractive product package to appeal Domestic Market i.e discounted rate to be competitive. | 120,45 |

(Source: Data processed, 2021)

Based on the QSPM Matrix, it can be seen that the strategy with the highest TAS value will be the top priority strategic choice to be implemented by the sales and marketing department at Pramana Watu Kurung to increase room sales and the strategy with the lowest TAS value will be last option. The alternative strategy that becomes the main priority is the ST strategy, a part of the beautiful product suites and villas; visibility in the markets, both offline and online, is critical; therefore, to have an aggressive approach to sponsor Ads in social media channels to increase visibility against competitions including to promote that the hotel has been certified CHSE and this will be ensuring the guests has confidence who look for holidays in Ubud, Pramana Watu Kurung will show up in their mind, with these marketing strategy expecting better conversion for the hotel, with a TAS value of 137,50. In order to survive the competition during the pandemic, Pramana Watu Kurung shall spend ads via social media like Instagram or Facebook, which target the local Balinese people who want a staycation or domestic travelers for their holiday to Bali. Also, because this is the highest TAS value, Pramana Watu Kurung management shall invite the local artist or influencer to stay in Pramana Watu Kurung and share their experience with their follower so that the engagement of the Pramana Watu Kurung brand can be raised among the competitor.

The second strategy is WO, which offers value-added packages, including a spa to percept the visible spa or afternoon tea with a minimum 2-night stay. With this strategy to ensure the guests feel the hotel services and create engagement with the hotel's team, there is potential to do an upselling after interacting with the guests. at the hotel, with a TAS value of 135,75.

Set discount pricing strategy to appeal to the market trends and face the competition as ST2 strategy is essential with a TAS value of 130,55 and similar priority with WO1 to maximize the opportunity in the offline and online channel of bookings including Travel Agent and OTAs, with a TAS Value 130,30. It is essential to ensure that hotels have competitive prices to be affordable by domestic markets during the pandemic. As mentioned earlier, creating last-minute offers with added value might impact business conversion.

If seen from the differences not too far from rank 5 to rank 8, the management can combine the three alternative marketing strategies in increasing room sales carried out by Pramana Watu Kurung in this competitive market to gain a fair share. Customers must know the hotel through this great channel of marketing. The management of management can achieve an excellent channel of marketing and can choose the right influencer to be endorsed, since in the current social media market, some influencers can bring massive attention to your product, which is a room or an F&B product in Pramana Watu Kurung.

However, if successfully executed, the above strategies will drive room sales and other revenue that could drive the top line and profitability. This will ensure that the hotel is always shining and appealing to intimate guests who want to spend time in Ubud, and it will also create guest loyalty.

CONCLUSION

By analyzing the internal indicator and external indicators through the IFAS and EFAS matrix, it was found out the current position of Pramana Watu Kurung is in quadrant number V (5), where the business is growing and developing. The main strategies are market penetration, focus on the current market, and product development. There were also two strategies given to maximize the strength and opportunity, which intensifies the promotion to the offline market, and also the room packages based on the current season, two strategies to maximize the strengths in order to eliminate threats, which apply dynamic pricing to be competitive against the competition and focus on the current target market. Two strategies to maximize the opportunities to eliminate the weaknesses are an attractive promotion, including packages, email marketing, and seasonal campaigns to push room sales. Two strategies to minimize weaknesses and threats are maintaining the product fresh and service delivery to drive guest loyalty due to excellent services.

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