

CHAPTER IV
RESEARCH METHOD, DATA ANALYSIS,
AND RESEARCH FINDINGS

4.1. RESEARCH METHOD

4.1.1. Type of Research

This research uses qualitative research method, which emphasizes on qualitative approach. It does not mean that quantitative approach is not needed at all. This research is still needed quantitative approach to make a company profile in a clear description, although it is not remain the management judgement role. But this will bring into the understanding that the discussion will not stress on hypothesis analytical but more or less on the effort in answering the research problem through argumentative approach.

4.1.2. Type of Data

A. Primary data

Primary data is collecting the data through directly research to Puri Artha Hotel as research object. Interview and questionnaires were given to the representatives of Puri Artha Hotel, including:

1. Managing Director
2. Secretary Manager
3. Personnel Manager
4. Marketing Manager

B. Secondary data

The research collected the data; in order to get basic theory of marketing strategy and the similar data of the problem through literatures.

4.1.3. Collective Data Method

A. Interview

Interview is gathering data by using questionnaire to Puri Artha Hotel management as the object of research.

B. Observation

Observation is a direct observation to activities on object's being researched at research place.

C. Bibliography

Collecting written data related to the object of research including books, references, literatures, connected to the research or the research done previously.

4.1.4. Research Setting

The research took place in Puri Artha Hotel at Cendrawasih Street number 36, Demangan Baru, Jogjakarta.

4.1.5. Technique of Data Analysis

SWOT Analysis

SWOT analysis is based on maximizing strength and opportunity, but it may be based on weaknesses and threats all together.

External and internal variable identification is the first step from SWOT analysis arrangement to find out the strength-weakness and chance-threat

commonly happen in a company. In this variable identification, the researcher did the direct research by interviewing the company's management. From that research the external and internal variable indications that influence the company can be determined.

The indicators of external variables to evaluate the opportunity and threat from the outside of the company and the indicators of internal variables to evaluate the strength and weakness from the inside of the company are compiled as Table 4.1.

Table 4.1 Indicators of External and Internal Variables

Indicators of External Variables	Indicators of Internal Variables
Overall market size	Market share
Annual market growth rate	Share growth
Competitive intensity	Product quality
Technological requirement	Brand reputation
Inflation vulnerability	Promotional effectiveness
Consumer's purchasing power	Productive capacity
Social – political – legal	Unit costs
	Material supplies
	R & D performance
	Managerial personnel

Source: Kotler, *Marketing Management* (2000)

4.2. DATA ANALYSIS AND RESEARCH FINDINGS

4.2.1. the Evaluation of the External and the Internal Variables

After the external and internal variables are known, the next step needs to be done is giving evaluation toward each indicator to find out what contribution it gives to SWOT analysis. The approach which the researcher uses to conduct the evaluation is a quantitative approach by determining the weight of each indicator ranges from 0.0 (the least important) to 1.00 (the most important). This weight is administered based on the understanding of and the agreement with the company's management. The rating given to each indicator is administered after all indicators' weight is determined. The rating of each indicator begins from 1 to 5 and it is the description of the following explanation:

1. Very unattractive.
2. Unattractive.
3. Neutral.
4. Attractive.
5. Very attractive.

A. the Evaluation of the External Variables

Table 4.2 External Strategy Factors Analysis Summary

Indicators of External Variables	Weight	Rating	Weight Score
Overall market size	0.125	2	0.25
Annual market growth rate	0.075	3	0.225
Competitive intensity	0.3	1	0.3
Technological requirement	0.05	4	0.2
Inflation vulnerability	0.05	4	0.2
Consumer's purchasing power	0.1	2	0.2
Social – political – legal	0.3	1	0.3
Total	1.00		1.675

Source: Primary Data Processed (2003)

B. the Evaluation of the Internal Variables

Table 4.3 Internal Strategy Factors Analysis Summary

Indicators of Internal Variables	Weight	Rating	Weight Score
Market share	0.05	2	0.1
Share growth	0.05	3	0.15
Product quality	0.15	4	0.6
Brand reputation	0.15	4	0.6
Promotional effectiveness	0.2	2	0.4
Productive capacity	0.1	3	0.3
Unit costs	0.05	3	0.15
Material supplies	0.05	3	0.15
R & D performance	0.1	4	0.4
Managerial personnel	0.1	3	0.3
Total	1.00		3.15

Source: Primary Data Processed (2003)

4.2.2. the Evaluation Result of the External and Internal Variables

A. the Evaluation Result of the External Variables

Table 4.4 External Strategy Factors Analysis Summary

Indicators of External Variables	Weight	Rating	Weight Score
Opportunities :			
Technological requirement	0.05	4	0.2
Inflation vulnerability	0.05	4	0.2
Annual market growth rate	0.075	3	0.225
Threats :			
Overall market size	0.125	2	0.25
Consumer's purchasing power	0.1	2	0.2
Competitive intensity	0.3	1	0.3
Social – political – legal	0.3	1	0.3
Total	1.00	2.43	1.675

Source: Primary Data Processed (2003)

The evaluation result of threat and opportunity of Puri Artha Hotel shows that it has larger threat (1.05) than opportunity (0.605). The 0.425 – difference comes from the subtraction of 1.05 and 0.605. If the weighted value of external variable (1.675) compared to its average rating number (2.43) is lower than 0.755 or, in other words, shows that the figure is negative – the result of external variable evaluation has a negative number – it means Puri Artha Hotel has higher threat than opportunity.

1. Technological Requirement

The advance of technology gives opportunity to the company to improve their product and service to meet the customers' needs effectively and efficiently. Moreover, AFTA (ASEAN Free Trade Area) allows it to have many cheaper alternative technologies that have no difference quality of the expensive ones. Because of that, Puri Artha Hotel management evaluate that technological requirement can give an attractive opportunity (4) with 0.05-weight.

2. Inflation Vulnerability

In line with the raising value of Rupiah, the distribution of good and service reruns well, the growth of primary-money is under-controlled, the 2002-inflation decreases to 10% from 12.5% (2001).

In 2003 the inflation will be maintained if the issued-money is under-controlled, the risk premium related to politics is low, the financial condition is stable, and the increase of BBM value announced by the government a few time ago did not make a very high inflation.

The stable monetary condition and the decrease of inflation is an attractive opportunity (4) for Puri Artha Hotel with 0.5-weight. Because its market target is mostly for foreign tourists, it depends largely on the global economic condition. However, Indonesian economic condition seems to run on a narrow and slippery path, so that it needs to be very careful.

3. Annual Market Growth Rate

Tourism is one of the mainstay sectors for Jogjakarta Special District (DIY) in increasing local budgeting. Since the district autonomy begins, DIY is an

area with the poorest natural resources. One indicator that shows tourism activities is the number of tourists coming to Jogjakarta.

From the percentage of the 1997-2001-period, the number of foreign tourists coming to DIY were decreased. In 1997 the number of the staying foreign tourists was 45.58% and the following years up to 2001 was only 13.15%. But the percentage of the staying domestic tourists has a sharp increase in the same period. In 1997 the staying domestic tourists was 54.42% and the following years up to 2001 was 86.85% compared to the previous years.

The increase of domestic tourists happens because the consumers' buying power decreases which is caused by monetary crisis and political and economical chaos and SARS in international world. It makes the domestic tourists prefer to stay in their own country to go abroad.

The management of Puri Artha Hotel evaluates, even though the percentage of foreign tourists decreases, we could still be optimist that the government effort to stabilize economic, political, and social conditions in Indonesia will result in the positive influence of foreign tourists. And, the increase of domestic tourists staying in classified hotels gives a neutral opportunity (3) for annual market growth rate in DIY with a significant weight (0.075).

4. Overall Market Size

The overall market size for classified hotels in DIY was 38, for limit service hotels or non-classified hotels was 934 in 2001. The large amount of overall market size of classified hotels can give a threat to Puri Artha Hotel,

although the company has loyal customers. It is represented by the evaluation of its unattractive threat (2) and weight (0.125).

5. Consumer's Purchasing Power

The battle of America versus Iraq, the tragedy of WTC (World Trade Center) – September 11, and the anxiety of the failure of the recovery of the super-power-county after experiencing a falling, has helped stabilizing Rupiah value in the range between 8,500 and 9,000/US\$.

But the consumer's purchasing power depends on the Indonesian economic, political, and safety conditions. After the tragedy of Bali bomb, SARS attack, and the uncertainty of politics in Indonesia, the investors and foreign customers will think twice to invest and visit Indonesia. Even though the monetary stability is getting better, the level of people belief has not fully recovered until Indonesian government shows a satisfying result in overcoming any friction in their country. It means the Consumer's purchasing power is still an unattractive threat (2) with a significant weight (0.1).

6. Competitive Intensity

Competitive intensity has a very significant influence for Puri Artha Hotel because it will have many competitors especially after this open era (AFTA). In 2003, AFTA (ASEAN Free Trade Area) is administered by all ASEAN countries by an agreement of conducting free trades, market flow, payment and other supporting factors in ASEAN areas with the boundary of 0-5% and no more non-tariff-boundary.

The condition of Jogjakarta city is suitable for the entrance of competitors to invest. Because the condition is still good enough for the investors to invest, its indicator is still a very unattractive threat (1) with a significant weight (0.3).

The World Competitiveness Report 2001 published by World Economic Forum (WEF 2001) did a survey to 49 countries and Indonesia is in the lowest position. It means Indonesian competitiveness is worse than in 2000.

7. Social-Political-Legal

International market is easily influenced by social-political-legal, especially related to the safety and stability of a country.

Since the going down of Suharto, Indonesian government experiences a shock. It continues by the failure of the peace-agreement between GAM (The Movement of Aceh Independence) and Indonesian government and the closer general election that will be held in 2004. The peak was the Bali bomb explosion followed by the explosion of bomb in Sukarno-Hatta airport and SARS spreading in Asian countries. Those have disturbed Indonesian tourism business.

Because of that, social-political-legal is a very unattractive threat (1) for Puri Artha Hotel with the most significant weight (0.3) because safety and comfort-ability are main factors for visitors to come to Indonesia.

B. Evaluation Result of the Internal Variables

Table 4.5 Internal Strategy Factors Analysis Summary

Indicators of Internal Variables	Weight	Rating	Weight Score
Strengths :			
Product quality	0.15	4	0.6
Brand reputation	0.15	4	0.6
R & D performance	0.1	4	0.4
Share growth	0.05	3	0.15
Productive capacity	0.1	3	0.3
Unit costs	0.05	3	0.15
Material supplies	0.05	3	0.15
Managerial personnel	0.1	3	0.3
Weaknesses :			
Market share	0.05	2	0.1
Promotional effectiveness	0.2	2	0.4
Total	1.00	3.1	3.15

Source: Primary Data Processed (2003)

Internal factor evaluation shows the strength owned by Puri Artha Hotel (2.65) that is larger than its weakness (0.5). The 2.15-difference is achieved from the subtraction of 2.65 by 0.5 and it shows a positive figure. From the figure it can be concluded that, overall, Puri Artha Hotel shows a satisfying profile. It can also be seen from the comparison of the weight score result (3.15) that is larger than the average rate (3.1). It means Puri Artha Hotel has a great strength but it must minimize the weakness.

1. Product Quality

Puri Artha Hotel management realized that product quality is one of its attractive strengths (4) with the weight of (0.15). Puri Artha has a good product quality by meeting the standard quality of the customers' wish for their satisfaction. By the uniqueness of its product, the design and service arranged from the combination of Balinese and Javanese's culture is the company's strength.

2. Brand Reputation

Since 1970, Puri Artha Hotel has owned a better brand reputation especially to foreign tourists rather than domestic tourists. However, brand reputation is the company's attractive strength (4) with (1.5)-weight.

3. R & D Performance

Puri Artha Hotel always conducts R & D towards their company to meet their customers' need. One of them is renovating and improving their service following the trend that has been doing until now.

R & D performance is considered having an attractive strength (4) with (0.1)-weight.

4. Share Growth

There is always an increase of the company's share growth even though only less than the previous one. The management considers that share growth indicator is the neutral strength (3) with the weight of (0.05).

5. Productive Capacity

The company's productive capacity has a neutral strength (3) with a significant weight (0.1).

Puri Artha' Hotels productive capacity depends on the demand of guest, and until now the company can meet the guest's need.

6. Unit Costs

The company can minimize their costing to meet their customer's satisfaction and employees. Therefore, the management considers that unit cost is not their weakness; it means it is the neutral strength (3) and the weight is (0.05).

7. Material Supplies

The company uses more local product than non-local ones, so that it has no problem with it. Moreover, it has loyal suppliers. The management realizes that material supplies is a neutral strength (3) with the weight of (0.05)

8. Managerial Personnel

Human resource is an important factor in supporting the business. In recruiting employees, Puri Artha Hotel concerns with the quality employees either from their skill or from their loyalty to the company. It also employs people who have quality or skill and full of experience in their field.

In recruiting employees, Puri Artha Hotel also gives certain conditions, giving special tests and conducting training periods in each field.

The company keeps monitoring their Human Resource performance, even though recently there is no more intensive additional training and education for their Human Resource to reduce cost.

The company's management realizes that a managerial personnel is neutral strength (3) with the weight of (0.1).

9. Market Share

The market share of Puri Artha Hotel is niche market – foreign tourists, whereas local tourists are not their main target and the political and safety instability in Indonesia, and also SARS, has made foreign tourists cannot come to Indonesia.

In the last two years, Puri Artha Hotel has changed the strategy of their target market from 90% foreign tourists and 10% domestic tourists to 50% foreign tourists and 50% domestic tourists to increase their earning with the wish that the tourism condition will recover in the future.

The management evaluates that the market share indicator is a n unattractive weakness (2) with the weight of (0.05), because their new strategy is just running and not yet showing a satisfying result and the foreign tourist coming to the hotel decreases sharply.

10. Promotional Effectiveness

So far, Puri Artha Hotel is more promoting their product to foreign tourist market so that their domestic tourist market does not recognize the hotel brand well. When there was chaos in Indonesia, the company had a decreasing foreign tourist.

Promotional effectiveness is an unattractive weakness (2) with very important weight of (0.2).

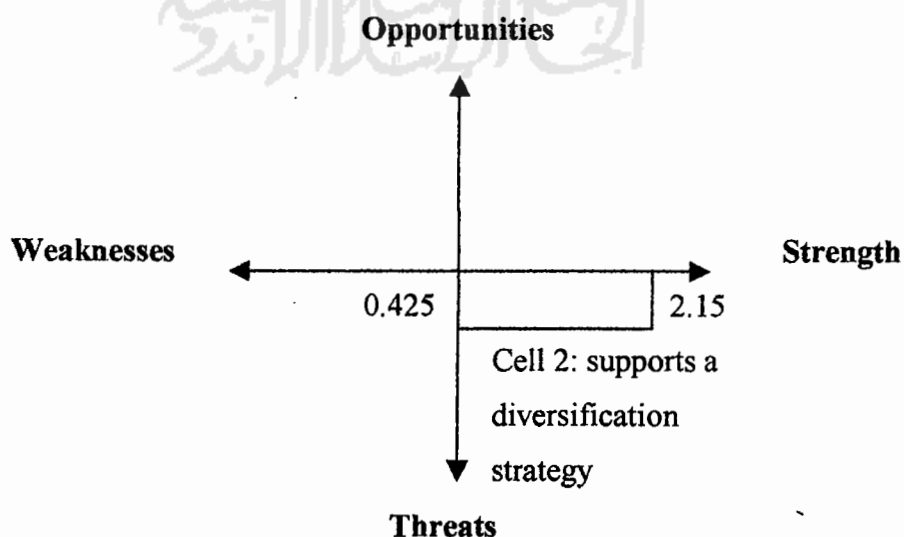
C. Determine the Business Positions

This study is intended to analyze the data in Puri Artha Hotel that consists of its strength, weakness, opportunity, and threat indicators used to formulate market strategies. SWOT analysis is used as a method.

From the external factor evaluation about opportunity-threat, it is concluded that the threat (1.05) of Puri Artha Hotel is higher than its opportunity (0.625), so, if the difference is counted, the figure is 0.425 from subtraction of 1.05 by 0.625. It means the external factor is negative.

From the internal factor evaluation about strength-weakness owned by Puri Artha Hotel, it can be concluded that the strength (2.65) is higher than the weakness (0.5). The difference is 2.15 from 2.65 subtract by 0.5. It means that the internal factor evaluation is positive. It can be seen from the following diagram in Figure 4.1.

Figure 4.1 Puri Artha Hotel's SWOT Analysis Diagram



Source: Primary Data Processed (2003)

From Figure 4.1 above, it can be seen that Puri Artha Hotel is on Cell 2 that is a business unit that has various internal powers in facing non-profitable environment situation. The common strategy to consider is diversification strategy in which strategy that uses the current strength to open a long-term opportunity in more opportunistic product or market.

D. Recommendation Strategies

Beside company can use diversification strategy, they can also use other strategies that can be seen from internal and external variables that give the company threat and weakness.

From the result of external variable evaluation, the highest threat for Puri Artha Hotel is problems of competition and social, politics whereas it is no problem from the government legalization, and the result of internal variable evaluation, the highest weakness for Puri Artha Hotel is the problem of promotion.

From the explanations above, the alternative strategy that can be used by Puri Artha Hotel is promotion strategy and positioning strategy to minimize weakness and threat and maximize the existing power, and open new opportunities for the company.

Promotion strategy is used because the company must promote more their products to domestic customers other than to foreign customers; whereas the positioning strategy is used because the company must follow the desire of their customers that always changes any time, beside the influence of business condition that has changed and the future competition that will be more tight

because of free trading, AFTA (ASEAN Free Trade Area), that has been conducted and then followed by APEC in the year of 2020. There will be unlimited competition in the globalization era. This hotel will face International Chains Hotel that has a strong position already in global market; it also will face national hotels that develop themselves.

