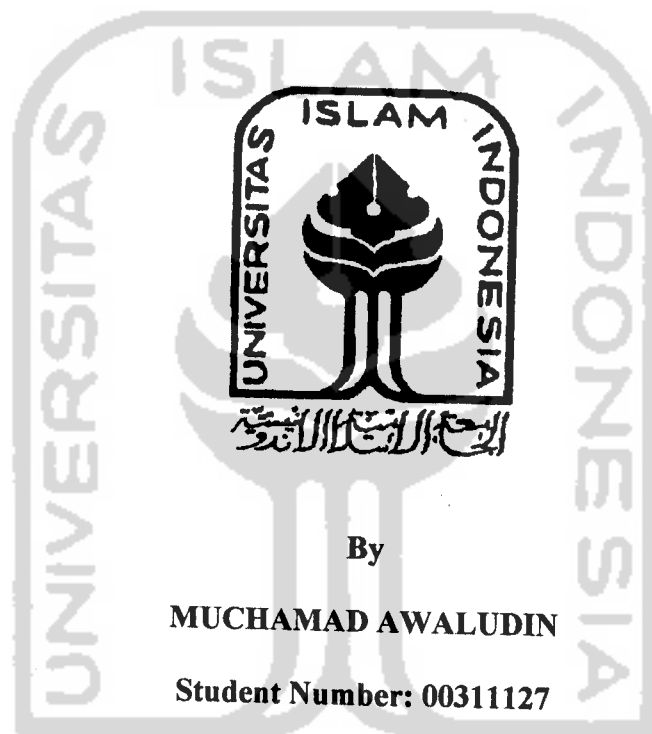


**THE STRATEGY OF PERTIWI HOTEL UBUD BALI
TO WIN THE COMPETITION IN CHALLENGING
BUSINESS ENVIRONMENT
“A CASE STUDY OF STRATEGY ANALYSIS”**

A THESIS

**Presented as Partial Fulfillment of the Requirements
To Obtain the Bachelor Degree in Management Department**



By

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FACULTY OF ECONOMICS
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YOGYAKARTA
2005**

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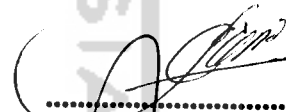
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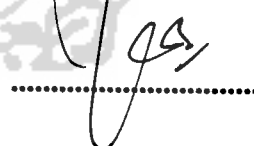
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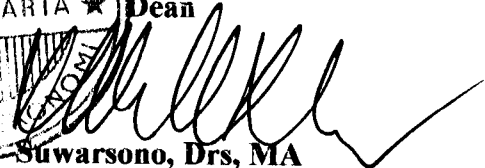
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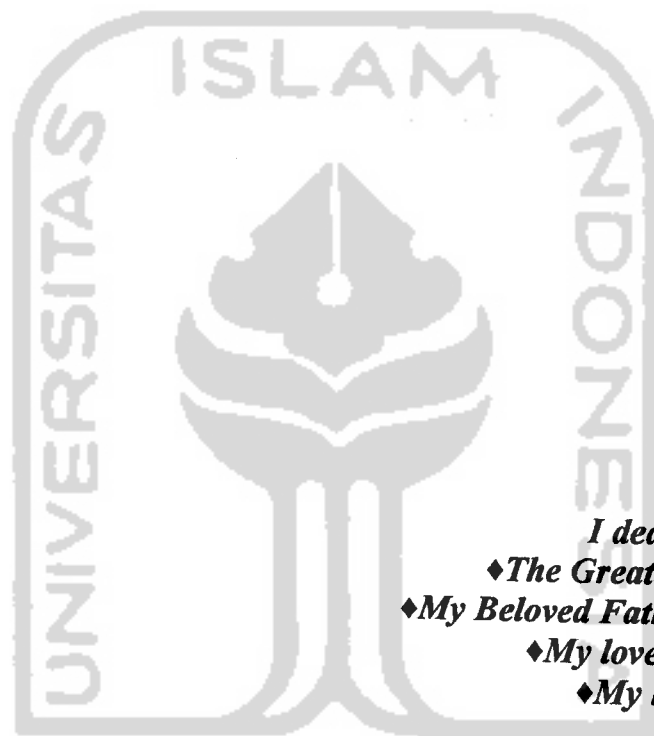


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DEDICATION



I dedicated this to...

- ◆ *The Greatest Allah S.W.T*
- ◆ *My Beloved Father and Mother*
- ◆ *My lovely brother Yudi*
- ◆ *My lovely sister Evi*
- ◆ *Dearest Dewi*
- ◆ *My family and friends*

...Thanks for everything...

MOTTO

*If we just worry about the big picture, we are powerless
So my secret is to start right away doing whatever little
work I can do*

*I try to give joy to one person in the morning
And remove this suffering of one person in the afternoon
That's the secret! Start right now...*

- Sister Chan Khong -

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In the Name of Allah, the Most Beneficent, the Most Merciful

All the praises and thanks be to Allah, the Lord of 'Alamin (mankind, jinns and all that exists), and *Salam* (peace) and *Shalawat* (Blessing of Allah) be upon the last (end) of Allah's Prophets and Messengers, Muhammad Ibn Abdullah SAW, the trustworthy to whom was revealed the Divine Inspiration (the Qur'an and *Sunna*) in the plain Arabic language.

The completion of this thesis, with the title of *The Strategy Of Pertiwi Hotel Ubud Bali To Win The Competition In Challenging Business Environment "A Case Study Of Strategy Analysis"*, would not have been possible without the support and guidance from a great number of people, to whom I am deeply indebted. They are:

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- Finally, the success of my studies at the IP FE UII would not have been possible without the grace of Allah the Almighty, the Most Gracious the Most merciful. The writer aware that this thesis is not perfect yet, therefore all critiques, suggestions and positive recommendations from the readers are welcome.

Yogyakarta, May 2005

Muchamad Awaludin

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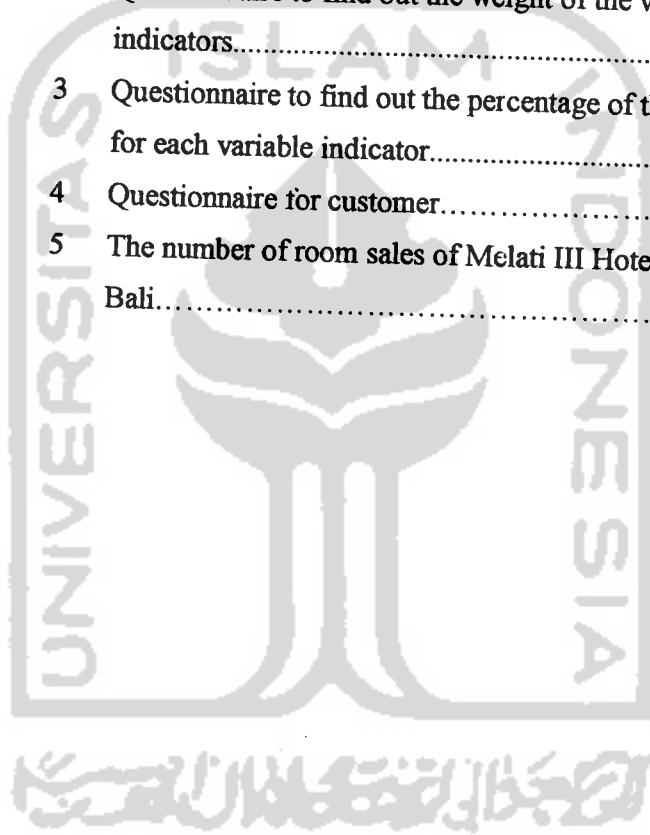
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ABSTRACT

Muchamad Awaludin (2005), *The Strategy Of Pertiwi Hotel Ubud, Bali To Win The Competition In Challenging Business Environment "A Case Study Of Strategy Analysis"*. Economics Faculty, Management Department, International Program, Universitas Islam Indonesia, Yogyakarta.

The fast growth of the hotel business has brought a tight competition among the hotel. To win the competition, a hotel should have a good marketing strategy that can be implemented in the system. Marketing strategy plays an important role since the hotel success or failure in achieving its aims are determined by the capability of a hotel in implementing their marketing strategy.

This research was conducted in order to analyze the existing marketing strategy of Pertiwi Hotel Ubud, Bali by finding out its market share, its position in the market and to propose the best marketing strategy that could be implemented by the hotel. Industry Attractiveness Matrix (IAM) was used for the analysis. To find out the position of Pertiwi Hotel in the market, questionnaire, interview and observation methods were used in this research.

Based on the research analysis, the results are presented as in the Industry Attractiveness Matrix (GE Matrix), Pertiwi Hotel is located in cell one with high market attractiveness (4.39) and strong business strength (4.55) in 2004 which means that the strengths and opportunities of the hotel is already good. Therefore, to maintain as a market leader, Pertiwi Hotel needs to improve its marketing strategy by imply a market leader strategy with the focus on expanding the total market and defending the market share. This would make the hotel stay as the market leader of Melati III Hotel in Ubud, Bali.

INTISARI

Muchamad Awaludin (2005), Strategi Hotel Pertiwi Ubud, Bali Untuk Memenangkan Persaingan Dalam Lingkungan Bisnis Yang Menantang "Studi Kasus Tentang Strategi Analysis". Fakultas Ekonomi, Jurusan Menejemen, Program Internasional, Universitas Islam Indonesia, Yogyakarta.

Pertumbuhan yang sangat cepat di bidang bisnis perhotelan membuat persaingan yang ketat antar hotel. Untuk memenangkan persaingan, sebuah hotel harus memiliki strategi pemasaran yang bagus yang dapat di terapkan di dalam system. Strategi Pemasaran mempunyai peranan yang cukup penting, karena sukses atau gagalnya suatu hotel dalam mencapai tujuannya ditentukan oleh kemampuan suatu hotel dalam menerapkan strategy pemasaran hotel tersebut.

Tujuan dari penelitian ini adalah untuk menganalisa strategi pemasaran yang digunakan oleh Hotel Pertiwi di Ubud, Bali dengan mengetahui pangsa pasar, posisinya di pasar dan menyarankan strategi pemasaran terbaik yang dapat di terapkan di dalam hotel tersebut. Alat yang di gunakan di dalam analisis ini adalah Matriks Daya Tarik Industri (MDTI). Untuk menentukan posisi pasar Hotel Pertiwi, metode kuisisioner, wawancara dan observasi digunakan didalam penelitian ini.

Berdasarkan hasil penelitian, di dalam MDTI, Hotel Pertiwi terletak di kwadran pertama dengan daya tarik pasar yang tinggi (4.39) dan kekuatan bisnis yang kuat (4.55) yang berarti bahwa kekuatan dan peluang dari hotel tersebut sudah bagus. Oleh karena itu, untuk mempertahankan posisinya sebagai pemimpin pasar, Hotel Pertiwi harus memperbaiki strategi pemasarannya dengan menerapkan strategi pemimpin pasar dengan menitikberatkan kepada perluasan pasar dan mempertahankan pangsa pasarnya. Strategi ini dapat mempertahankan posisi Hotel Pertiwi sebagai pemimpin pasar dari Hotel Melati III di Ubud, Bali.

CHAPTER I

INTRODUCTION

1.1. Background of the Study

Bali with so many beautiful tourism objects has attracted tourists come to the city. Beside the beauty of Bali's nature, people in Bali are also known as friendly people. One of the places that are interesting and familiar enough to the tourist is Ubud. There are a lot of tourist objects in Ubud, Bali such as Monkey Forrest, Puri Besakih, Art Museum such as Museum Neka, Agung Rai Museum, etc.

The existence of tourist object in Ubud, Bali has created a business industry which operates to give the best service to the tourist for their vacation; i.e. inn or hotel industry. That's why Mrs. Rai build a hotel named Pertiwi Hotel to deliver best service to the tourist that would stay in Ubud, Bali for their vacation and make the customer comfortable when they stay in Pertiwi Hotel.

The bustle in this business has created tight competition in the market of hotel industry in Ubud, Bali. Customers have so many choices to determine which hotels give services they expected to get. Even, sometimes they do not care how much they should pay, as long as the services satisfy them. It means that the hotel should be able to give their best services that are expected by the customers.

The tight competition makes Pertiwi Hotel does so many effort to be able to build costumer satisfaction on the services they offered. It is important, because

the ability of a hotel management in building the strategy to reach the customer satisfaction will give impact to the image brought by the hotels.

In the competition, Pertiwi Hotel is also use some strategies to be able to formulate and determine an appropriate competitive strategy in anticipating the threat and exploits every opportunity. If management makes a mistake on it, the hotel may lose an opportunity to defend the target market and increase the sales volume. But if it occurs, it can be improved by making a series planning formulated in the strategies.

Pertiwi Hotel in Ubud, Bali that concern to the satisfaction of its customers always tries to give their best service. Pertiwi Hotel management also has many ways in responding the market and customers needs and want. This hotel has operated its business for a long time. So, it has a lot of experiences in dealing with every kind of customers. The hotel management has understood well what kinds of service that customers expected from Pertiwi Hotel Ubud, Bali such as comfortable room, good price, good services, and the safety of the hotel itself.

Pertiwi Hotel is also familiar enough either for the domestic or foreign tourist. The customers feel that they have got the service like what they want to get from the hotel. Thus, it means that the hotel can give customer satisfaction from its service. Based on the explanation above the researcher would analyze what marketing strategy being implemented by Pertiwi Hotel and formulate best alternative marketing strategy that can be used by Pertiwi Hotel to win the competition and this thesis, therefore, will be titled:

The Strategy Of Pertiwi Hotel Ubud, Bali To Win The Competition in Challenging Business Environment. "A Case Study Of Strategy Analysis"

1.2. Problem Identification

A hotel is a form of service industry. As a service industry, supporting facilities such as nice and comfort room, parking lot, internet connection, good and qualified employees, friendly and easy for administrative process are important. These facilities give a contribution to the image of the hotel. Therefore, it is important for the hotel to pay more attention to those quality elements.

Pertiwi Hotel, which is one of the few players in the service industries in Ubud, Bali is the market leader in this industry. Pertiwi Hotel should use the best strategy in facing the competitive market and also should be able to identify its opportunity as well as its strength and weaknesses to compete with the competitors.

Therefore, Pertiwi Hotel should pay attention not only to supporting facilities provided to the customers, but also to its marketing strategy. A mistake in determining the strategy would affect them loses their market. And if it happens, it would also decrease the profit, because sales volume of the hotel is low. Regarding to this concern, the writer tries to analyze the existing marketing strategy of the hotel by finding out its market share, its position in the market and to propose the best marketing strategy that could be implemented in the hotel.

1.3. Problem Formulation

After identifying the problem, the researcher could formulate it as follows:

1. In which position in IAM was Pertiwi Hotel Ubud, Bali during the year 2004 in facing the competition?
2. Did Pertiwi Hotel use appropriate strategy in that position?
3. If not, what is the strategy should be used by Pertiwi Hotel to win the competition?

1.4. Limitation of Research Area

This research will primarily focus on:

1. The strengths, weaknesses, opportunities, and threats owned by Pertiwi Hotel Ubud, Bali that can be used to determine the strategy.
2. The current market position of Pertiwi Hotel Ubud, Bali.
3. The research only focuses at Melati III Hotel in Ubud, Bali.

1.5. Research Objectives

The objectives of this research are:

1. To find out the company's position in the market competition.
2. To find out whether the strategy used by company in that position proper strategy or not.
3. To find out the strategy should use by the company in the market competition

1.6. Research Contribution

The benefits that can be taken from this research are as following:

1. For the hotel

The hotel can use the result of the research in getting information and input as the references in formulating an appropriate strategy to improve the performance of the hotel itself.

2. For the writer

This research can help the writer to understand and apply the theories of marketing strategy. It also can increase the knowledge and point of view for the researcher related to the marketing problems.

3. For the societies

The research might also give contribution for other parties who want to make a similar research with the different location. It can be a resource of data for them in making their reports.

1.7. Definition of Terms

There are the definitions of some terms to avoid misunderstanding:

- Strategy is a long-term objectives and plans to which an organization can relate its particular characteristics and capabilities to customers, competitors and regulator. (Brierty,et.al, 1998: 219)
- Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products of value with others. (Kotler, 1997: 9)

- Threat is a challenge posed by an unfavorable trend or development that would lead, in the absence of defensive marketing action, to deterioration in sales and profit. (Kotler, 1997: 81)
- Opportunity is an area of buyer need in which an organization can perform profitability. (Kotler, 1997: 81)
- An industry is a group of firms that offer a product or class of products that are close substitutes for each other. (Kotler, 1997: 230)



CHAPTER II

REVIEW OF RELATED LITERATURE

2.1. Theoretical Review

2.1.1. Definition of Marketing

Even though every marketing expert has different meaning and definition of marketing based on their point of view, but basically the meaning and definition of marketing have the same purpose and objective. That is how the product and service that consumer needed can distribute in the right time with minimum cost and price which can adjust with capability of targeting market.

Marketing is one of important activities done by the company in order to maintain its existence, development and profit. The success of the company in achieving its business objective depends on their ability on marketing activity. Marketing is a total system of business activities designed to plan, price, promote and distribute want-satisfying products, services and ideas to target markets in order to achieve organizational objectives (Stanton, 1987: 6). It consists of all activities designed to generate and facilitate any exchange intended to satisfy human needs or wants.

While according to Swastha (2000: 10), marketing is the whole system from business activity that used to make a plan, determine the price, promotion, and distribute the product and services which can satisfy the needs of existing and or potential consumer. Marketing also defined as a social and managerial process by which individuals and groups obtain what they need and want through creating,

offering, and exchanging products of value with others (Kotler, 1996:7). It means in marketing, we are working with markets to create exchanges for the purpose of satisfying human needs and wants.

2.1.2. Marketing Management

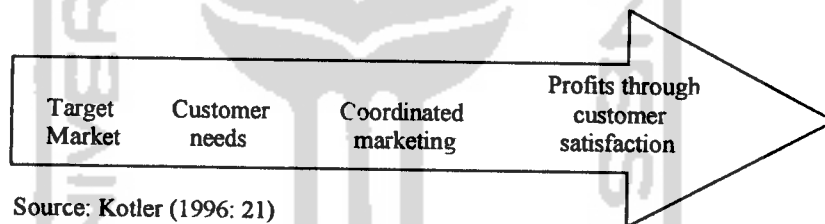
In his book, Stanley (1994: 22-28) defines marketing management as “... *the process of planning and executing the conception pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals.*” Many people think that marketing management role is to find enough buyers for their current output products, but this is not right. What really happens is that the organization has some points in time where their product is less desirable by the buyer and some points in time where their demand is equal, or even more than the product that they produced.

The real job of marketing management is to find ways to fit or deal with the fluctuation of the demands in the market, and to reduce or to increase that demand. In much simple word, marketing management is also known as *demand management* (Kotler, 1997: 15). Managing demand also means managing customers. Therefore, it is clear that marketing management encompasses all the decisions that were involved in the designing and running the marketing plans in order to implement the marketing concept.

2.1.3. The Marketing Concept

Marketing concept according to Stanton (1987: 11) is “*a philosophy of business that states that the customers want satisfaction is the economic and social justification for a firm existence*”. The marketing concept holds that the key to achieving organizational goals consist in determining the needs and wants of target market and delivering the desired satisfactions more effectively and efficiently than competitors (Kotler, 1984: 15).

The marketing concept focuses on the needs of buyer. Marketing with the idea of satisfying the needs of the customer by means of the product and the whole cluster of things associated with creating, delivering and finally consuming it. The flow of marketing concept will be shown on below:



Source: Kotler (1996: 21)

Figure II.1
The Flow of Marketing Concept

Marketing concept rest on four pillars (Kotler, 1997: 20): “*target market, customer needs, integrated marketing, and finally yet importantly is profit through customer satisfaction*”. This concept uses an outside-in perspective. It starts with specific market and focuses on the customers’ needs. Then it integrates all the strategies and actions that will affect the customers. Finally, the organization will gain profit through the satisfaction of the customers.

Thus, it means all company should observe the customers' wants and then think the way on how to satisfy the customers wants, while in the other hand company still make a profit over the long run.

2.1.4. Marketing Strategy

Basically, all organizations operated in the market realize that they cannot serve all the customers. It happens because customers have different needs, wants and they also not equally spread all over the market. Therefore, it is difficult for the organization to serve all customers. In this condition, the organization will be better to decide a narrower target market and to select the best and potential market segment and then entering the market effectively. To be successful, the organization should work harder than its competitors in satisfying its target market and use the marketing strategy as a positive force. Based on its size and industry position, the organization must decide how it will position itself relative to competitors in order to gain the strongest possible competitive advantage.

2.1.5. Marketing Mix

After the organization has decided their overall marketing strategies that are competitive, they now then ready to begin to plan their marketing mix details. According to Kotler (1997), *“marketing mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market”*. The marketing mix consists of everything that the firm can do to influence the demand for its product. McCarthy in 1975 formulated the concept of the 4Ps – *“product, price,*

promotion, and place” that can be used as variables in the marketing mix. For many years, these have been used as the principal foundation on which a marketing plan is based. However, with particular attention being paid to services marketing in recent years, theorists have identified additional variables which could be added to the 4Ps. Fifield and Gilligan (1996) recognized that *process, physical evidence, and people* as an integral part of the marketing mix as shown below.

Product	Place	Promotion	Price
Physical good features Quality level Accessories Packaging Differentiation Warranties Product lines Allowance Branding	Channel Type Exposure Intermediaries Locations Transportation Managing channels	Promotion Sales people Advertising Sales promotion Publicity	Flexibility Price level Terms Discount Storage
People	Physical Evidence	Process	
Employees Customers	Facility design Equipment Signage Employee dress Other tangibles	Flow of activities Number of steps Customer involvement	

Source: Zeithaml, et.al (2000:19).

Figure II.2
Expanded Marketing Mix for Services

2.1.6. Organization's Position Determination

Firms competing in a given target market will, at any point in time, differ in their objectives and resources. Some firms will be larger, others small. Some will have many resources, others will strap for funds. Some will be old and established others new and fresh. It is important to know where actually our position in the market, so that we can implement the best and effective strategy for the organization. The strategy for the new fresh organization is different from the existing and leading organization with the largest market share in the competition. In this research, the writer just uses industry attractiveness as a method to know organization's position determination.

2.1.7. Industry Attractiveness Matrix

There are many steps should be done to identify the competitive strategy, in order to make the directed evaluation. These steps are: (Suwarsono, 2002: 135)

1. Identify and appraise the internal variables
2. Identify and appraise the external variables
3. Determine the business position

In spite of those steps, still there is an important step; i.e. identifying the key success factor as a competitive strategy and compare with the competitors.

After identifying the key success factor, there is many steps should be passed, i.e.:

- a. Prioritize which of the key success factor for the company.

- b. Determine the weight of key success factor on the total of 1,00, then give rating to each variable by using five scale measurement. In this measurement, the rate of 1,00 is a major weakness, 2,00 is weaknesses, 3,00 is neutral, 4,00 strength, and 5,00 is the major strength.
- c. The next step is multiply the key success factor which has been weighted with the rates
- d. Sum the result of multiplication, so it will get a result which called as average value
- e. Take a conclusion about the company's competitive advantage and its weaknesses

Industry Attractiveness Matrix, which is popular with the name of General Electric (GE) approach, is operated based on the Growth Share Matrix's principle but it concerns more to the indicators of both the external and internal variables. Industry Attractiveness Matrix has two lines; vertical and horizontal. Vertical line is to show the business strengths of the company that has been identify and counted based on many indicators that agreed together and based on what has management chosen. For horizontal line is to show about the threats and opportunities came from many indicators in the business environment The business strength of the organization reflected the internal variables (strengths and weaknesses) and the market attractiveness reflected as the external variables (threats and opportunities).

Table II. 1
Variables External and Internal Indicator

External Variable Indicator	Internal Variable Indicator
Money depreciation	Market share
Inflation	Product variation
Purchasing power of the customer	Distribution effectively
Government regulation	Price
Technological requirement	Product efficiently
Market share	Location
Market growth	Product quality
Competitive intensity	Product image

Source: Suwarsono (2002: 145)

The industry attractiveness matrix has nine cells, which are made up after each axis was divided into three major parts. The parts are high, medium, and low. The best businesses are those located in highly attractive industries where the organization has high business strength.

For the business strength, the GE approach uses an index rather than a simple measure of market share. The business strength index includes factors such as market share, product variation, effective distribution, price, product efficiency, location, product quality and product image. These factors are then rated and combined in an index of business strength, which can be described as strong, medium, or weak. For the market attractiveness index includes factors such as money depreciation, inflation, purchasing power of the customer, government regulation, technological requirement, market share, market growth and competitive intensity.

		Business Strength		
		Strong	Medium	Weak
Market Attractiveness	High	Investment and Growth	Selective Growth	Selective Investment
	Medium	Selective Growth	Selective Investment	Harvest or Divest
	Low	Selective Investment	Harvest or Divest	Harvest or Divest

Source: Kotler (1997: 75)

Figure II.3
Industry Attractiveness Matrix

- SBU that lies on the cell made up from the crossing of strong business strength and high market attractiveness is the SBU that has a great position and great potential growth. The management needs to continue investment and growth strategy.
- SBU that lies in the cell made up from the crossing of medium business strength and medium market attractiveness has a potential growth but not quite great like before.
- For the SBU that lies in the cell made up from the crossing off the high business strength and low market attractiveness has the same meaning with the previous explanation.
- Moreover, for the SBU, which lies in the cells at the bottom right is the SBU which has no opportunities and potential growth at all.

- By using this matrix, the organization can find and identify the strengths, problems, major strategic issues and opportunities.

2.1.8. SWOT Analysis

SWOT analysis is an analysis to know both the internal condition of an organization reflected by its strength and weaknesses, and the external condition reflected by the opportunity and threat. The basic assumption of the SWOT analysis is that an effective strategy is a strategy that maximizes the strength and opportunity, which then also minimizes the weaknesses and the threat for the organization.

SWOT analysis consists of four words that can be defined as follows:

- **Strength**
An organization said to have strength when it has certain competitive advantage, and by using this advantage, an organization can perform better and cheaper than the competitors. (Suwarsono, 2002: 85).
- **Weaknesses**
An organization said to have weaknesses when it cannot perform something, which it turn out, could be perform better and cheaper by its competitors. (Suwarsono, 2002: 85).
- **Opportunity**
In his book, Kotler (1997: 81) said that, “marketing opportunity is an area of buyer need in which an organization can perform profitability.

- Threat

An environmental threat is a challenge posed by an unfavorable trend or development that would lead, in the absence of defensive marketing action, to deterioration in sales and profit. (Kotler, 1997: 81)

The strength of the organization is used to protect the business from the competitive strength and introduce it to the market in order to build the mobility barriers. The weaknesses of an organization are the attribute that makes the organization open to the competitive power in the industry. Opportunity is the situation that can be used by the organization to protect and keep the competitive position in the industry. The threat attribute results a declining the competitive position of the organization in the industry.

The SWOT analysis is one of the ways for the organization to find out its competitive position in the industry against the closest competitor. Through the SWOT analysis, the organization can set the best and appropriate strategy that can be applied to compete with the competitor's strategy. Any organization, which in setting its strategy pays attention to the strength, weaknesses, opportunity, and threat, may have a greater chance in succeeding the competition.

Basically, the SWOT analysis is divided into two main groups, these are:

1. External Environment Analysis

The objective of the external environment analysis is to find out the opportunity and threat faced by the organization. The reason why an organization has to analyze the external variable is that the environment changes rapidly. Doing the analysis and diagnosing the external environment

will contribute any opportunity for strategy's planner to anticipate the existence of the threat. In order to analyze and diagnose the environment, an organization should pay attention to some factors such as economic factors, government regulation, law, competitors, supplier, technology, geographic, and also social-cultural aspect.

2. Internal Environment Analysis

The objective of the internal environment analysis is to find out the strength and weaknesses possessed by organization. In order to analyze the internal environment, the organization should concern about the financial, production, marketing, and the human resources.

2.1.9. Service Marketing

2.1.9.1. Service Definition

There are many definitions for "service" available in the literatures. Zeithaml & Bitner (2000: 3), "*services are deeds, processes, and performances*", give the simplest term of service. They also said that the broad definition of services includes all economic activities whose output is not a physical product or construction, which is generally consumed at the time produced and provides added value in many forms such as convenience, amusement, timelines, comfort, or health that are essentially intangible concerns of its purchaser.

While many organizations rely on the simple, broad definition of services, they should aware that over time services and the service sector of the economy have been defined in subtly different ways. According to Kotler & Armstrong on

McCull, et. al. (1998:45), “A service is any act or performance that anyone party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product”. From this definition, it can be concluded that a service has four characteristics, which are intangibility, inseparability, variability, and perishability.

Four basic characteristics of services are: (Kotler & Amstrong, 1998: 45)

- a. Intangibility –means that service can not be inventoried or readily displayed, and it is impossible for customers to taste, feel, see, hear, or smell-services before they buy them.
- b. Variability – means that the quality of services depends on who provides them as well as when, where, and how they are provided.
- c. Inseparability – means that services cannot be separated from their providers, whether it is people or machines. Physical goods are produced, then stored, later sold, and still later consumed. It is contrasted with services, which are first sold, then produced and then consumed at the same time.
- d. Perishability – means that services can not be stored for later sale or use.

2.1.9.2. Service Quality

It is important for the organizations running in service business to pay high attention to the quality of their products. The product of services must have a good quality in order to survive in the market. Poor quality will tend to make the

customers run away from the organization. A good service quality must be provided by the producer to fulfilling the customer's needs, because customers of services are very aware of quality offered by the services producers.

There are six criteria of good perceived service quality (Gronroos, 1990: 47). These six criteria of good perceived service can be viewed as guidelines based on a solid body of empirical and conceptual research as well as on practical experience.

Those six criteria are:

1. Professionalism and Skills

The customers realize that the service provider, its employees, operational systems, and physical resources, have the knowledge and skills required to solve their problems in a professional way (outcome-related criteria).

2. Attitudes and Behavior

The customers feel that the service employees (contact persons) are concerned about them and interested in solving their problems in a friendly and spontaneous way (process-related criteria).

3. Accessibility and Flexibility

The customers feel that the service provider, its location, operating hours, employees, and operational systems, are designed and operate so that it is easy to get access to the service and so that they are prepared to adjust to the demands and wishes of the customer in a flexible way (process-related criteria).

4. Reliability and Trustworthiness

The customers know that whatever takes place or has been agreed upon, they can rely on the service provider, its employees and systems, to keep promises and perform with the best interest of the customers at heart (process-related criteria).

5. Recovery

The customers realize that whenever something goes wrong or something unpredictable unexpectedly happens the service provider will actively and immediately take actions to keep them in control of the situation and find a new, acceptable solution (process-related criteria).

6. Reputation and Credibility

The customers believe that the operations of the service provider can be trusted and gives adequate value for money, and that it stands for good performance and values, which can be shared by customers and the service provider (image-related criteria).

As shown in the six criteria above, it is absolutely important for the organization to pay attention to each of those criteria. If an organization can increase each of the criteria and quality, the customers will be increasing in number and eventually the organization will have a competitive advantage.

2.1.9.3. Service Marketing Triangle

The service-marketing triangle shows the three interlinked groups that work together to develop, promote, and deliver services. The players in these triangles are organizations, customers and providers.

Between those players below, there are also three types of marketing that must be undertaken successfully if a service organization would like to be successful in the competition, which are:

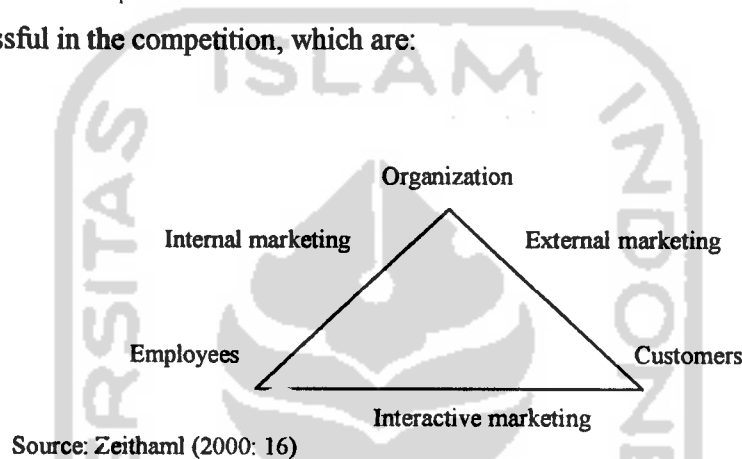


Figure II.4
Triangle in Service Industry

The external marketing which lies on the right side of the triangle has responsibility to the customer's expectations and always tries to promise the best to the customers before the service conveyed. The service firm can communicate its service through a series of promotion activity.

Internal marketing on the left side describes the function to increase skill and motivation to the employees in order to give the best service to all the customers. The consistency on high service quality delivery from the firm to be important factor, marketers must get everyone in the organization to practice a

customer orientation. Thus, it means that internal marketing must precede the external marketing.

On the bottom there is interactive marketing which is also called as real time marketing. Along this line, the transaction between employees (the one that give the service) and the customer (the one that expect the service) occurs. So, it means the promise that has been spread out by the external marketing should be realized by the interactive marketing department.

2.1.10. Hotel Marketing

The definition of hotel marketing is not always the same. Each expert gives different definition, because they also have different study background. *Hotel Marketing is science that has a goal to satisfy the customer and from that activity the hotel get the profit* (Yoeti, 1999: 10). Also from that book, Prof Denney G. Ritherford from Washington State University gives definition about hotel marketing. *"Hotel marketing is thus an umbrella term that covers a number of strategic and tactical activities designed to tell the clientele the story of the hotel's, services and encourage that the clientele to make choice based on how one hotel's marketing message compares to those of alternatives"*.

From the definition above means that the main task of marketing is giving motivation and driving the consumer in order to attract to buy the product and hotel's service. But marketing can also cut off and even shatter the demand of product and services of other hotel's competitor. This action usually called as 'counter marketing' (Yoeti, 1999: 11).

The objective of hotel marketing is increasing the sales volume of the room, food and beverages. By the increase on sales, means the increase on profit. So, in order to realize these marketing tasks, a marketing manager should analyze the marketing aspect, which involves: determination of location, the architecture of the building, interior decoration, the facility, etc.

2.1.11. Market Leader Strategy

There are several characteristics of market leader, which are (Kotler, 1997: 374):

1. Has the largest market share in the relevant product market.
2. Lead in price changes, new product introductions, distribution coverage and promotional intensity.
3. Last but not least is that, as market leader, they are an orientation point for competitors of an organization to either challenge, imitate or even avoid.

The leaders' life is not easy. They must maintain a constant watch for the competitors who tried to take advantage of their weaknesses. Therefore, to remain as a leader, an organization should take action and must apply some strategy.

There are three strategies that the leader can apply, which are:

1. Expanding The Total Market

a) New users:

- Market penetration strategy: convince target market that does not use the product to use their product.

- New market strategy: Convince other segment to start using the product.
 - Geographical expansion strategy: sell to other geographical areas.
- b) New uses: Convince customers to use the product as new function or new form.
 - c) More usage: convince the customer to use the product more often or to use more per occasion.

2. Defending Market Share

- a) Position defense: build on impregnable fortification around its current position.
- b) Flanking defense: erect outpost to protect a weak front or possibility serves as an invasion for counter attacking.
- c) Preemptive defense: attack enemy before it starts its offence against the organization.
- d) Counter offensive defense: response to an attack.
- e) Mobile defense: the leader stretches its domain over new territories that can be served as future counter for defense and offence. Marketing boarding: shift its focus product to underlying generic need; this action needs intense research and development. Market diversification: involve into unrelated industries.
- f) Contraction defense: also known as planned contraction (strategic withdrawal) is a move to consolidate one's competitive strength in the market and concentrate mass at pivotal position.

3. Expanding Market Share

The organization can increase the profitability through expanding market share. That is why it is important for organization to consider about the strategy to expanding the market share.

2.2 Theoretical Framework

This research tries to help Pertiwi Hotel Ubud, Bali in analyzing the marketing strategy that has already been done by the management. Then, from the result of the analysis, some recommendations and suggestions could be proposed to implement a new strategy, which is more appropriate with the recent situation. In turn, it will improve its performance.

In this case, Industry Attractiveness Matrix will be utilized as a tool to analyze the position of Pertiwi Hotel in the competition. From this position, it can be found out whether the strategies implemented by Pertiwi Hotel have already been appropriate with the situation or not. If it is inappropriate with the real situation, then recommendation and suggestion of a new strategy will be proposed. Besides that, the internal and external condition of the organization will be analyzed in order to know the brief picture of the existing industry of Pertiwi Hotel. Finally, it can be revealed from the research finding, the position of Pertiwi Hotel in the market of hotel business.

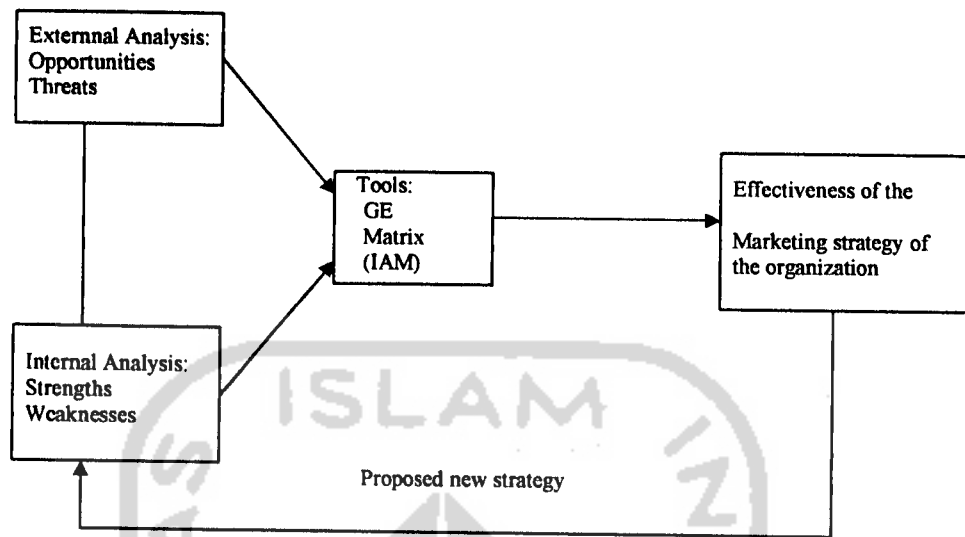


Figure II.5
Theoretical Framework

2.3. HYPOTHESIS FORMULATION

A strategy will determine company's position in the market. A big and growth company should be able to win the competition by maintaining the customer's loyalty. It should also build a service image by making the customer believe that the service is a special service.

Hypothesis is a statement of supposition about the correlation between two or more variables. Two criteria of good hypothesis are: firstly, hypothesis is statements about the correlation of variables; and secondly, hypothesis consists of clear implication for evaluating the real correlation.

Therefore, the hypothesis of this research is that Pertiwi Hotel Ubud, Bali is a market leader in the competition. A market leader is an organization that has high market share, high market attractiveness and has strong business strength. From the industry attractiveness matrix its position is in the first row which is high market attractiveness with strong business strength.





CHAPTER III

RESEARCH METHOD

3.1. Research Methods

In this research, the types of study used here was qualitative analysis. Therefore, in this analysis, statistical method will not be used but some few simple calculations will be applied to calculate data processing from the questionnaire. Determining the organization's position in the competition is the first step of the research; then, based on the position, the marketing strategies are designed to anticipate the competition. The next topics will discuss more detail about the next steps taken in order to analyze the industry.

3.2. Research Subject

The subjects being investigated in this study were the strategy used by Pertiwi Hotel to reach its success. From those objects, the researcher took the growth of the hotel's data for the year 2004 as the sample of the research. The researcher will analyze the current marketing program carried out by Pertiwi Hotel Ubud, Bali, then to find better form of the strategy if it needs any improvement.

3.3. Research Setting

The research is conducted at Pertiwi Hotel on Monkey Forest Street Ubud, Bali. The survey and the interview were done in March 2005.

3.4. Research Instrument

Research instrument is a tool for finding out the data needed for the research. The tool which can be used to measure the data should be valid. The instrument also should be reliable. This research just uses industry attractiveness as a tool for finding out the data.

The business strength of Pertiwi Hotel was developed from the purchasing power of the customer, market growth, and instrument of the competition focused on the market growth from the last year. Data were collected qualitatively. This method based on the assumption that marketing strategy is not exact and it cannot be numbered. There is only logic as a reason for decision-making.

3.5. Research Variables

The title of this research is *The Strategy of Pertiwi Hotel Ubud Bali to Win The Competition in Challenging Business Environment. "A Case Study Of Strategy Analysis"*; therefore, it is clear that the marketing strategy is the only variable that will be analyzed. However, there are sub-variables in this research such as marketing mix. Each of these marketing mix sub-variables is connected to each others and cannot be separated. For example, the designed product will have an important impact to the price, which eventually will influence the promotion strategy. Beside of the marketing mix, analyses of internal and external variables also will be used to find out the strengths, weaknesses, opportunities and threat of the organization.

This research will not analyze the influence of one variable to another variable. The researcher focuses on how is the condition of Pertiwi Hotel today, which opportunities that the hotel will take, and will find out which strategy would be rearranged by the hotel.

3.6. Data Collection Method

The research data must have a correlation and should be relevant to the problem analyzed. Therefore, the research should have a certain methods or procedures. There are some methods or procedures that can be used to collect data, for examples observation method, questionnaire method, interview method, and documentation method.

Three methods of data collection were carried out in this research: questionnaire method, interview method and observation method. Questionnaire methods were used to collect data of industry attractiveness. To collect the data about promotion program done by the hotel, the researcher used the interview method, while to collect the data about market share; the researcher used the observation method.

3.7. Technique of Data Analysis

Qualitative analysis is an analysis presented in the form of non-quantitative numbers; rather, it is in the form of opinion or information as to the situation of research objects analyzed. In its process, this kind of analysis results

in using the approach of the Likert Scale that is ranging from agree strongly = 5, agree somewhat = 4, neutral = 3, disagree somewhat = 2, to disagree strongly = 1.

The tool used to analyze the data in this research is Industry Attractiveness Matrix (McKinsey). Besides of that matrix, both micro and macro environments will be analyzed using the observation method.

3.7.1. The Growth Rate of The Organization

The level of the growth rate of the organization can be calculated based on the data of sales volume of the industry in the past. In general, the growth rate can be calculated with the formula as follow (Suwarsono, 1996: 118):

$$\text{Growth Rate of the Market in N Year} = \frac{\text{Volume of Sale in N Year} - \text{Volume of Sale in N-1 Year}}{(\text{Volume of Sale in N Year} + \text{Volume of Sale in N-1 Year}) : 2} \times 100\%$$

3.7.2. The Market Share of The Organization

The market share is the comparison between the sales volume belongs to the total sales volume of the organization. The market share can be calculated by using the formula as follow (Suwarsono, 1996: 120):

$$\text{The Market Share in N Year} = \frac{\text{The Sale Volume of the Organization in N Year}}{\text{The Total Sale Volume of All Organization in N Year}} \times 100\%$$

Those calculation can be see in appendixes 5, (page 89) so that we can know the market growth and market share of Melati III Hotel in Ubud, Bali especially Pertiwi Hotel. From the data shown in appendixes 5 (page 89), then we can continue with industry attractiveness matrix to determine the position of Pertiwi Hotel.

3.7.3. Industry Attractiveness Matrix

Industry Attractiveness Matrix tries to show the position of SBU in the recent year and try to predict the position of SBU in the future. The position of SBU can be arranged after the management can identify and assess to internal and external variables that influence significantly to the business opportunities appeared and the strengths of the company. Besides, the prediction of SBU position in the future also what position that management want that can be known after the management can predict and assess to internal and external variables that predict as the main variables.

1. Procedure to arrange the GE Matrix

In order to arrange the GE Matrix, there are many steps to do to get the data for the research in determine the position of the business. After we found out the position of the business then we can give several strategies that can be used by the organization in implement the appropriate strategy in order to run the business well. The procedure can be shown below:

Table III.1
Procedure to Arrange the GE Matrix

No	Present Position	No	Future Position
1.	Identify internal and external significant variables	5.	Predicts the internal and external variables(if there is differentiation)
2.	Assessing the external variables	6.	Assume the external variables tendency
3.	Assessing the internal variables	7.	Assume the assessment of internal variables
4.	Determine the business position	8.	Predicts the business position
		9.	Formulate the strategies

Source: Suwarsono (2002: 135)

2. The indicators underlying external and internal variables of Pertiwi Hotel

Table III.2
Internal – External Variables Indicators of Pertiwi Hotel

Internal Variable Indicators	
Strengths	Weaknesses
1. Market share	1. Promotica
2. Service image	
3. Service variety	
4. Service quality	
5. Customer service	
6. Price policy	
7. Facilities	
8. Location	
External Variable Indicators	
Opportunities	Threats
1. Market size	1. Market entry barriers
2. Market growth	2. Competitors action (The Promotion)
3. Consumer's demand	3. Inflation
4. Changing on customer preferences	
5. Purchasing power of customer	
6. The price competition	

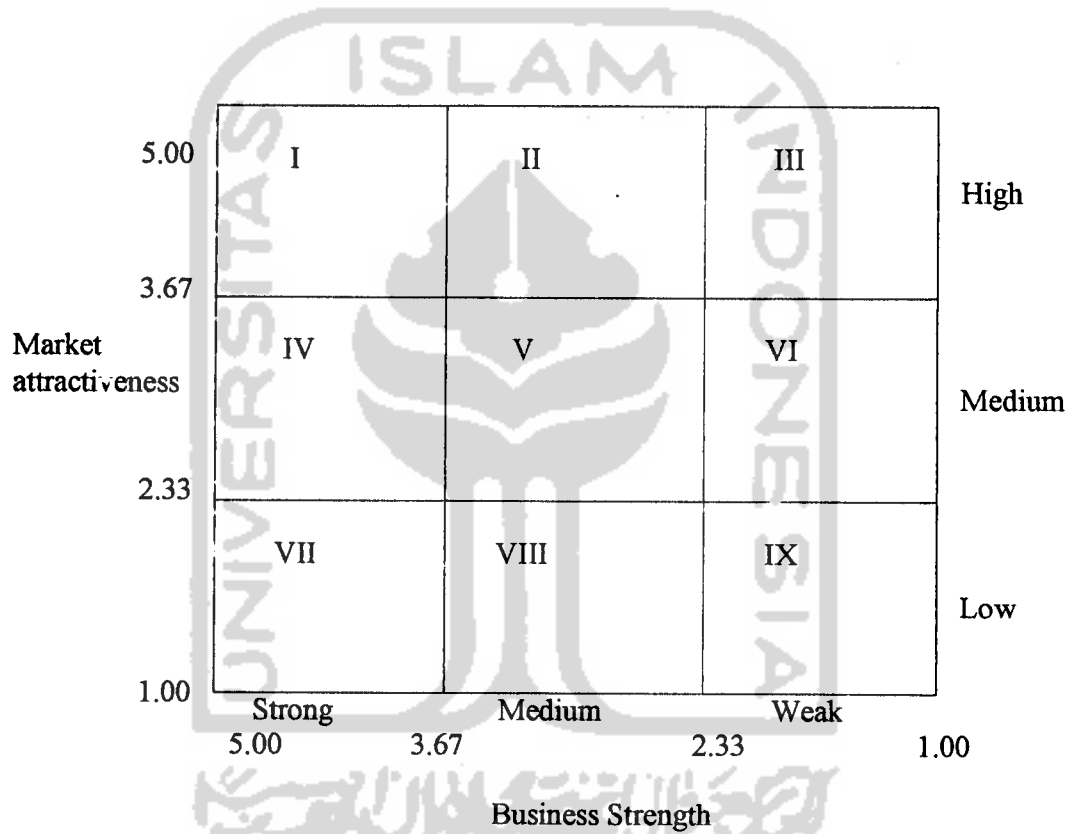
Source: Taken from Pertiwi Hotel 2004

3. Assessing the external and internal variables

These will be describing briefly in the next chapter when assessing the external and internal variables of Pertiwi Hotel.

4. Determine the business position (Jain, 1997: 253)

a. Classification



Source: Suwarsono (2002: 147)

Figure III.1
Market Attractiveness Competitive

b. Strategies

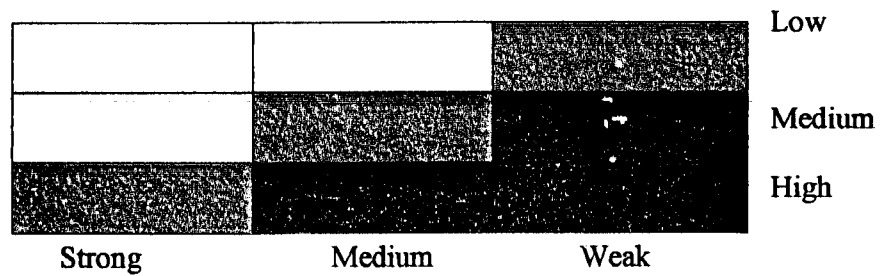
	Strong	Medium	Weak
High	<p>Protect Position</p> <ul style="list-style-type: none"> Invest to grow at maximum digestible rate Concentrate effort on maintaining strength 	<p>Invest to Build</p> <ul style="list-style-type: none"> Challenge for leadership Build selectively on strength 	<p>Build Selectively</p> <ul style="list-style-type: none"> Specialize around limited strength
Med	<p>Build Selectively</p> <ul style="list-style-type: none"> Invest heavily on most attractive segments 	<p>Selectivity</p> <ul style="list-style-type: none"> Concentrate investment in higher profit segments 	<p>Harvest</p> <ul style="list-style-type: none"> Expand without high risk
Low	<p>Protect and Refocus</p> <ul style="list-style-type: none"> Concentrate on attractive strength 	<p>Manage for Earning</p> <ul style="list-style-type: none"> Protect most profitable segments 	<p>Divest</p> <ul style="list-style-type: none"> Cut fixed cost and avoid investment

Source: Suwarsono (2002: 148)

Figure III.2
Choices of Strategy

5. Formulating the strategies

Generally, strategies that can be applied according to the level of market attractiveness and business strength can be seen in the figure below:



Source: Fairfield (GE: 1975)

- Invest and grow strategy
- Selectivity earning strategy
- Harvest/ divest strategy

Figure III.3
The GE Business Screen

The GE Matrix divided into nine cells, which in turn fall into three zones as mentioned on the figure 3.3. The three cells in the upper left corner indicate strong positions in which the company should invest or grow. The diagonal cells stretching from the lower left to the upper right indicate positions that are medium in overall attractiveness. The company should pursue selectivity and manage for earning in these positions. The three cells in the lower right corner indicate positions that are low in overall attractiveness. The company should give serious thought to harvesting or divesting the company assets. The detailed strategies can be shown in figure 3.2 (b) strategies.

CHAPTER IV

RESEARCH DISCUSSION, FINDINGS, AND IMPLICATION

4.1. Research Description

4.1.1. Company Profile

4.1.1.1. Brief History

Bali is one of the most beautiful places for tourists who want to take holiday. It becomes one of the attractive places for the investor to invest their money. One of the investments is building a service industry such as hotel. It may open employment for Balinese and other party who is interested in the field. For this goal, Mrs. Rai build a hotel in Ubud, Bali named Pertiwi Hotel. The hotel was established on September 14th 1992. Pertiwi Hotel is an individual company that almost all of the employees are Balinese. At the beginning, Pertiwi Hotel was just a cottage, but now it has grown up to be a resort and spa or Melati III Hotel with 50 rooms.

4.1.1.2. Company Vision

The company vision is to make the customer or guest feel comfortable and satisfy by giving them the service with hotel standardization service. By giving satisfaction to the customer, the profit might be increased through the increasing sales or room rent.

4.1.1.3. Company Mission

The company mission is to make Balinese have a better chance to work because the company open one. It will give good impact for Balinese because it can decrease the unemployment in Bali.

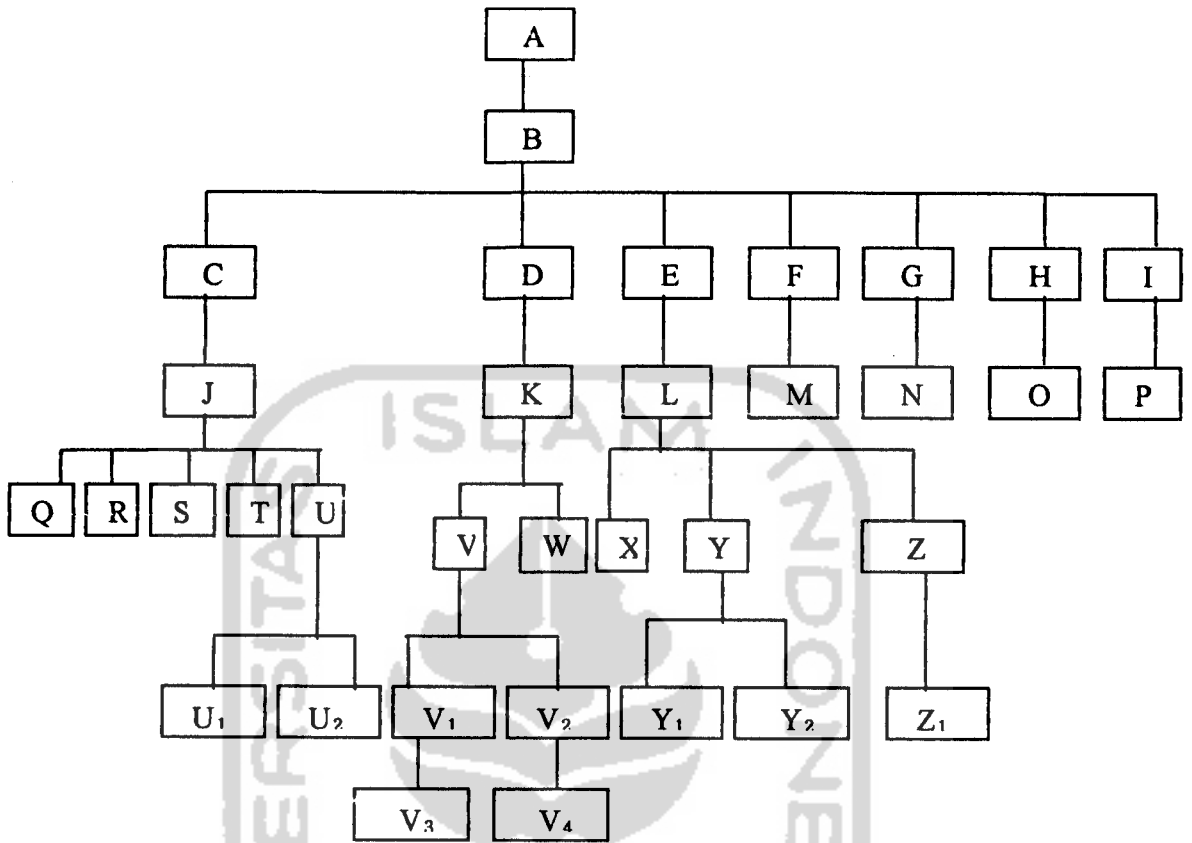
4.1.1.4. Location

Pertiwi Hotel is located in the Monkey Forest Street Ubud, Bali. This location is situated 210 km from the capital city, Denpasar and placed near Monkey Forest.

4.1.1.5. Organization Structure & Job Description

Organization structure is important to make a control in a company. By using the organization structure, each people in the organization will be able recognize their tasks and responsibilities to achieve the company objectives.

Each company has different organization structure depend on the characteristic, kinds, and size of the company. M-Joint has the line of organization structure where each upper has subordinates who responsible to them. Based on the current organization structure, the position, task, authority and responsibility in Pertiwi Hotel can be explained as follow:



Source: Taken from Pertiwi Hotel 2004

Figure IV.1
Organization Structure of Pertiwi Hotel

Explanation:

A	GENERAL MANAGER	S	RESERVATION
B	ASSISTANT GM	T	TELP
C	FOM	U	RECEPTIONIST
D	FBM	V	PRODUCT
E	HKM	W	SERVICE
F	HRD	X	GARDENER
G	ENGINEERING MANAGER	Y	ROOM
H	MARKETING MANAGER	Z.	DRY CLEANING
I	ACCOUNTING MANAGER	U ₁	BELL BOY
J	ASS. FOM	U ₂	DORRMAN
K	ASS. FBM	V ₁	FOOD & BEVERAGE
L	ASS. HKM	V ₂	PASTRY
M	STAFF	V ₃	CHEF
N	STAFF	V ₄	CHIEF
O	SALES	Y ₁	ROOM BOY
P	STAFF	Y ₂	ROOM PLANNED
Q	CASHIER	Z ₁	LAUNDRY
R	SECURITY		

A. General Manager

The jobs of general manager are:

- Leading, coordinating, controlling, and being responsible to all departments and the hotel's survived.
- Developing a plan of work and budget, also managing and controlling hotel operation as determined in the plan.
- Establishing a good relationship among the employees so that the family atmosphere can be achieved and beneficial relationship toward the hotel occurs.

B. Assistant General Manager

The jobs of assistant general manager are:

- Representing the entire leader in the hotel when General Manager is absent.
- Controlling orderliness in all of the hotel area.
- Making job planning and preparation for the next month.

C. Front Office Manager

- Accomplishing sales, room ordering and making report everyday to Accounting and General Manager.
- Being responsible toward every tool and equipment in Front Office in order to be used.
- Controlling Front Office Cost to achieve maximum profit without decreasing the pleasure of guest.
- Looking after good working situation in Front Office surrounding and cooperating with related department to give information one for another.
- Keeping the guest comfortable when they stay in the hotel.

D. Food and Beverage Manager

Food and beverage manager jobs are:

- Making sales, food and beverage order in room, restaurant, and swimming Pool, and other facilities that provided by the hotel.
- Making report for every sale to Accounting Department and General Manager.
- Being responsible toward all of tools and equipments inside Food and Beverage in order to be used well.

- Looking after raw material stock according to the necessity and always ready if needed any time.

E. House Keeping Manager

House Keeping Manager jobs are:

- Handling all of cleanliness activities.
- Coordinating house keeping staff either technique of job implementation or administration.
- Examining or looking after inventory goods, guest supplies, and cleaning services for the easiness daily operational.
- Arranging the smoothness of administration treatment or tools treatment and other equipments and accomplishing controls and examining tools. This is to maintaining the longer use of the equipments.

F. Personnel Manager (HRD)

Personnel manager jobs are:

- Making recruitment toward vacancy and accomplishing test together with department which need it.
- Delivering cost to accounting department about subordinate who are proper to get working achievement premium, bonus, service money, etc.
- Accomplishing the changes for subordinate status such as promotions, mutation, suspension, and retired and increasing wages periodically.
- Making good cooperation which other department that is related with the activities of personnel department.

- Controlling the implementation of regulation and also subordinating stipulation that already done in order match with appointment that has been decided before.

G. Engineering Manager

Engineering manager jobs are:

- Looking after and keep all tools that are going to be used and treated.
- Controlling directly all things related with improvement, and construction that is accomplished by contractor or itself.
- Making plans, design, picture, proposal from all planning and approved by General Manager of the hotel.
- Pressing all expenses either for consumption energy, water, building, and accelerated raw material without decreasing the smoothness of guest in the hotel.
- Paying attention and service all demand from other department that have relationship with increasing quality, treatment and standardizes.
- Making report about engineering and product activities.
- Looking after good working situation in engineering area surrounding and cooperating with related department to give information one for another.

H. Marketing Manager

Marketing manager jobs are:

- Handling the hotel's marketing strategy and making a promotion in order to sell the room and other facilities.

- Examining and evaluating tools facility and hotel service in order to be ordered to business contact.
- Examining, evaluating, and choosing culture event, sport and other event that can be ordered related with the using of services and facilities in the hotel.
- Cooperating, keeping and increasing good relationship with business customers and other tourism party deal with the tourist such as tour, travel biro, etc.
- Monitoring and controlling activities that are done by other similar companies.

I. Accounting Manager

Accounting manager jobs are:

- Coordinating all of the accounting activities and company treasury so that it creating a healthy internal control system to protect all of company's property.
- Evaluating implementation of pressing a claim and completeness of data administration.
- Preparing operational cost for every department according to the budget that has been forecasted.
- Keeping good relationship with financial institution for the company interest.
- Developing yearly income and expense budget.
- Making a hotel's financial report (book keeper).

- Developing yearly income and expense budget.
- Making a hotel's financial report (book keeper).

4.1.1.6. Hotel Facilities

Pertiwi Hotel Ubud, Bali always tries hard to be able to sell the rooms everyday by using their best marketing strategy in order to get the maximum output. So, the management thinks that it is important to pay attention toward factors that can satisfy the needs of their customers from the facilities until service given by hotel. Facilities which are provided by the hotel are:

The facilities are: 8 Standard Rooms, 16 Superior Rooms, 14 Pool Villa Deluxe Rooms, and 12 Garden Villa Rooms. Room rate of Pertiwi Hotel Ubud, Bali is appropriate with the rooms they offer. So, the customer will choose the room based on the tariff and type of the room.

Table IV. 1
Room Rate of Pertiwi Hotel Ubud, Bali

Room	Number of Room	Rate
Standard	8	US\$ 45.00
Superior	16	US\$ 55.00
Deluxe	14	US\$ 70.00
Garden Villa	12	US\$ 200.00

Source: Taken from Pertiwi Hotel 2004

A. Facilities in Pertiwi Hotel Ubud, Bali

1. Recreation Facilities

- Warm Spa, Massage, Sauna Rooms and Aromatic Spa.
- Outdoor swimming pool in lush tropical garden.
- Children's playground.

2. Business Center

- Secretarial services, typing, photocopying, telex, telefax and internet 24 hours.
- Mail packaging.
- Rental typewriter, personal computer, word processor and internet services can be arranged.

3. Restaurant and Bar

There are two restaurants and one pub in Pertiwi Hotel. Each of them serves different food and atmosphere. Sari restaurant is offers Indonesian menu and International menu such as pasta, pizza, and salad. While Mertha restaurant is well known for Mediterranean cuisine.

Table IV.2
Restaurant and Bar

Name	Seating Capacity	Opening Hours	Location
Sari Restaurant	40	07.00am-10.30pm	Lobby level
Mertha Restaurant	60	07.00am-10.30pm	Lobby level
The Pub	40	09.00pm-midnight	Lobby level

Source: Taken from Pertiwi Hotel 2004

4. Banquet and Conference Facilities

Pertiwi Hotel also provides places for banquet and conference. It has so many kinds of places. So, the guest can choose which one is appropriate for their needs.

B. Pertiwi Hotel Ubud, Bali services:

- Currency exchange
- Tour & travel desk

- Internet service
- Laundry & dry cleaning
- Doctor on call 24 hours
- Taxi services

C. Besides the facilities owned by Pertiwi Hotel, it also offers a special package for the guests. The two special packages are always offered everyday in the whole year. These packages are:

1. Pertiwi Convention Package

This package offers for:

a. Fullboard Meeting Package

There are two prices of room rate offered by the hotel, they are Rp. 400.000 net/room/night (for double occupancy) and Rp. 300.000 net/room/night (for single occupancy). The available facilities on this package are:

- Accommodation at Deluxe room.
- Welcome Drink.
- Breakfast at Sari restaurant.
- 2 x coffee/tea breaks with snacks.
- Business Buffet Lunch.
- Dinner Buffet.
- Free using of meeting room and secretariat room.
- Standard meeting and Banquet equipment (sound system, mike, OHP/slide projector, screen, white board, note pad + pen).

- Standard 'Welcome Banner' and backdrop in the meeting room.
- Free shuttle service to Ngurah Rai airport.
- Free shuttle service to downtown (Denpasar).
- The package use for minimum 25 persons.

b. One Day Seminar Package

The rate for this package is Rp 80.000,- net/person. The facilities they will get are:

- 2 x coffee/tea break with snack.
- Business Buffet Lunch.
- Free using of meeting room and secretariat room.
- Standard meeting and Banquet equipment (sound system, mike, OHP/slide projector, screen, whiteboard, note pad + pen).
- Standard backdrop in the meeting room.
- The package use for minimum 25 persons.

2. Table Manner Package

The skill on 'table manner' is one of the success supports, even in our social intercourse or business relationship. The rate of this package offers from Rp. 30.000,- net/person. In this package, the guests will get:

- General information about hotel.
- International table manner theory.
- Cake decoration/cooking demonstration.
- Making bed.
- The method of making various juices in hotel style.

- Lunch and practice.
 - International table manner.
- D. The service of the hotel involves the friendly of employees. It's started when the guests are check-in, stay in a hotel until they are check-out from the hotel. The hotel also gives quick, accurate and comfort service for the guest when they stay in the hotel. Pertiwi Hotel Ubud, Bali also has multi lingual hotel staff. Eventhough the guests come from various countries, they are able to communicate with hotel staff.
- E. There are so many interesting places in Bali offered by Pertiwi Hotel to be visited by their customers. The guest may visit those interesting places by themselves or request the hotel accommodations. Those interesting places are:
- Monkey Forest.
 - Kuta Beach.
 - Tanah Lot.
 - Besakih.
 - Kintamani.
 - Tabanan.
 - Nusa Dua Beach.
 - Etc.
- F. The administration procedure in Pertiwi Hotel Ubud, Bali, concern about the process of guests reception, reservation, and a simply way of payment by credit card.

Table IV.3
The Number of Room Sales of Pertiwi Hotel

Year	Pertiwi	Sales Growth
2000	14600	
2001	16425	12.50%
2002	18250	11.11%
2003	10950	-40%
2004	18980	73%

Source: Taken from Pertiwi Hotel

4.2. Research Findings

This chapter discusses about the position and competitive strategy of the hotel, which will become the object of the research based on the data gathered. The position in the statement above means the position of the hotel as shown in the General Electric or Industry attractiveness matrix. Pertiwi Hotel used investment strategy to make their business run well and to make Pertiwi Hotel become a leader in Melati III Hotel in Ubud, Bali. They try hard in the investment to make them survive in the competition. In this research Industry attractiveness is a tool for the hotel to analyze and set the appropriate competitive strategy and to know that Pertiwi Hotel strategy is appropriate or not, related to their position in the current year.

4.2.1. Industry Attractiveness Matrix

Industry attractiveness matrix is a matrix used to show the current position of the *strategic business unit* (SBU) and also tries to forecast the future position of the SBU in market. In order to know the position of Pertiwi Hotel in the matrix,

the business strength of the hotel should be analyzed first based on the internal variables, and then the external variables are used as the based for the market attractiveness. Questionnaires were given to the General Manager of Pertiwi Hotel to find out the scores (see appendix 1, page 82 and 83) and weights (see appendix 2, page 84 and 85) of internal and external variables that influence the organization.

		Business Strength		
		Strong	Medium	Weak
Market Attractiveness	High	Investment and Growth	Selective Growth	Selective Investment
	Medium	Selective Growth	Selective Investment	Harvest or Divest
	Low	Selective Investment	Harvest or Divest	Harvest or Divest

Source: Kotler (1997: 75)

Figure IV.II
Industry Attractiveness Matrix

There are many Melati III Hotels in Ubud, Bali. To complete the research, the writer gives the data of room sales, market share and market growth of Melati III Hotel in Ubud, Bali from the year 2000 until 2004 (see appendix 5, page 89).

4.2.1.1. The Internal Variables

The internal variables could be divided into two categories, strengths and weaknesses of the organization. From those variables, the organization will know

how big the chance it has in the market and also the possibility to find a way to fix its weaknesses. It can be seen from the questionnaire given to respondent (General Manager of Pertiwi Hotel) in appendix 1 (see page 82).

a. The market share of Pertiwi Hotel

The market share of Pertiwi Hotel is increasing in number. It is reflected by the increase of the number of room sales in Pertiwi Hotel every year. Although there was a bomb in Bali in 2002, Pertiwi Hotel market share is still better than the competitors shown at appendix 5 (see page 89). Until the year 2004, Pertiwi Hotel has reached 16.20% of the market share better than other competitors (see appendix 5, page 89).

b. Pertiwi Hotel service image

Pertiwi Hotel service image is well known by the customer because of the best service that Pertiwi hotel always give to their customer. It could be known from the questionnaires that delivered to the customer (see Table IV.12, page 69 for the result).

c. Service variety given by Pertiwi Hotel

Pertiwi Hotel has many services that customer could get from the hotel such as internet service, doctor on call 24 hours, and many others. They become the advantages for the customer. Customer could get those services whenever they need. That's why the customer prefers to stay at Pertiwi Hotel.

d. Pertiwi hotel service quality

Pertiwi Hotel is very careful in recruiting the employee. They must have a good skill in work and also has good cooperation with others so that they can deliver good service to the customer and satisfy them. From this, customer can get the best service when they stay in Pertiwi Hotel. That's why, Pertiwi Hotel take the requirements into consideration so that get the customer satisfaction.

e. Customer service of Pertiwi Hotel

Pertiwi Hotel is an organization operated in the field of service industry. It is, therefore, important for Pertiwi Hotel to provide the best services to the customer. Not only that, Pertiwi Hotel also always makes the customer comfortable with the management and hotel staff by giving whatever the customer needs. Pertiwi Hotel management and staff try to make themselves as a friend to their customer so that the customer will feel comfortable when they stay at the hotel.

f. The rate to stay at Pertiwi Hotel

Pertiwi Hotel always tries to give the rate that could be reached by the customer but with high quality as if the stay in a star hotel. Pertiwi Hotel tries to give the customer the best quality that they can get and the feeling as if they are staying in star hotel but of course with the lower price. Not only that, Pertiwi Hotel always given discount in special moments such as Lebaran, Christmas, etc.

g. Facilities provided by Pertiwi Hotel

Facilities provided by Pertiwi Hotel is increasing and becoming better over the time. At the beginning, Pertiwi Hotel just has small building, of course, with just few rooms and facilities. It did not have swimming pool at the beginning, but now Pertiwi Hotel even has two swimming pools. Pertiwi Hotel also gives the customer internet service to make them easy to get the information they needed. Pertiwi Hotel must always pay attention to this aspect and always try to improve the facilities provided for the customer.

h. Pertiwi Hotel's location

The location of Pertiwi Hotel is strategic and accessible. It is in the central of Ubud and near Monkey Forest. The most important thing is that this location is easy to be reached by the customer who wants to stay in Ubud. It is also familiar with the people who live in Ubud so that people who want to stay at Pertiwi Hotel could ask with the people in Ubud if they are new comer in Ubud, Bali.

i. The promotion of Pertiwi Hotel

Even though Pertiwi Hotel has made some promotion such as internet or advertisement, they could not get their target in room sales. It is because not many people see the advertisement or the internet because the appearance of the advertisement itself is not interesting enough for the customer. The marketing department should give more attention so that Pertiwi Hotel can reach their target in room sales and maintain its position

in the market. If Pertiwi Hotel could increase its effective promotion, the total number of room sales might increase.

From the strengths and weaknesses analysis as mentioned above, it is clear that the organization has more strengths than the weaknesses, which make it possible to grow larger and increase its market share.

Table. IV. 4
The Strengths and Weaknesses of Pertiwi Hotel

Strengths	Weaknesses
The market share of Pertiwi Hotel	The promotion of Pertiwi Hotel
Pertiwi Hotel service image	
Service variety given by Pertiwi Hotel	
Pertiwi Hotel service quality	
Customer service of Pertiwi Hotel	
The rate to stay at Pertiwi Hotel	
Facilities provided by Pertiwi Hotel	
Pertiwi Hotel's location	

Source: Taken from Pertiwi Hotel 2004

4.2.1.2. The Weighting of Internal Variable

To find out how big the strengths and weaknesses of the hotel, the internal variables could be calculated by giving each variable a weight depending on the influence of the hotel. All nine internal variables influence the hotel. The weight value of a variable depends on the influence level of that variable to the hotel. The total value of the weights must be equal to one. From the questionnaires as shown in appendix 2 (see page 84), it can be found out that all nine variables are extremely important in influencing the hotel. Therefore, using the result of the questionnaires in appendix 3 (see page 86), the weights of internal variables are as follows:

Table IV.5
The Weighting of Internal Variables

Internal Variables	Weight
The market share of Pertiwi Hotel	0.25
Pertiwi Hotel service image	0.30
Service variety given by Pertiwi Hotel	0.15
Pertiwi Hotel service quality	0.10
Customer service of Pertiwi Hotel	0.05
The promotion of Pertiwi Hotel	0.05
The rate to stay at Pertiwi Hotel	0.04
Facilities provided by Pertiwi Hotel	0.03
Pertiwi Hotel's location	0.03

Source: Taken from Pertiwi Hotel 2004

Table IV.5 shows that the most important internal variables in influencing the hotel are the hotel service image (0.30) followed by the market share (0.25) and service variety given by the hotel (0.15). Therefore, Pertiwi Hotel Ubud, Bali should focus extremely to these internal variables.

4.2.1.3. The Scoring of Internal Variables

The scoring can be done by the hotel with five as the maximum value that can be achieved and one for the minimum value. The scoring depends on the influence level of that variable to the hotel. From the questionnaire given to the General Manager of Pertiwi Hotel (see appendix 1, page 82), it can be found out the strengths and weaknesses of the hotel. In the questionnaire Likert Scale is used to find out the score of each variable according to the hotel's point of view, where the range vary from very good= 5, good = 4, average = 3, bad = 2, to very bad =1. The details are shown in the table below:

Table IV.6
The Scoring of Internal Variables

Internal Variables	Score	Explanation
The market share of Pertiwi Hotel	5	Very Good
Pertiwi Hotel service image	5	Very Good
Service variety given by Pertiwi Hotel	5	Very Good
Pertiwi Hotel service quality	4	Good
Customer service of Pertiwi Hotel	4	Good
The promotion of Pertiwi Hotel	4	Good
The rate to stay at Pertiwi Hotel	5	Very Good
Facilities provided by Pertiwi Hotel	5	Very Good
Pertiwi Hotel's location	5	Very Good

Source: Taken from Pertiwi Hotel 2004

It is clear from the table above that according to the hotel's point of view, three out of nine internal variables are already good and six out of nine of these variables are actually very good. This could be the strengths of the hotel. Moreover, Pertiwi Hotel could use these strengths to gain greater profits, and at the same time, its weaknesses can be recognized so that they can be covered and decreased and eventually those weaknesses can be changed to be its strengths in the future.

4.2.1.4. The Calculation of the Weighted Score of Internal Variables

The weighted score of internal variable is the result of the calculation of the weight (see appendix 3, page 86) multiplied by its score (see appendix 1, page 82). From this result, the hotel can then calculate and find out its strengths and

weaknesses. Table IV.7 below is the full calculation of the weighted score of internal variables.

Table IV.7
The Weighted Score of Internal Variables

Internal Variables	Weight	Score	Weighted Score
The market share of Pertiwi Hotel	0.25	5	1.00
Pertiwi Hotel service image	0.30	5	1.50
Service variety given by Pertiwi Hotel	0.15	5	0.75
Pertiwi Hotel service quality	0.10	4	0.40
Customer service of Pertiwi Hotel	0.05	4	0.20
The promotion of Pertiwi Hotel	0.05	4	0.20
The rate to stay at Pertiwi Hotel	0.04	5	0.20
Facilities provided by Pertiwi Hotel	0.03	5	0.15
Pertiwi Hotel's location	0.03	5	0.15
Total	1.00		4.55

Source: Taken from Pertiwi Hotel 2004

Table IV.7 shows that the weighted score is 4.55 out of the maximum value of five. This means that the hotel has very little weaknesses because the strengths are much bigger than its weaknesses. This can be its competitive advantage to win the competition in the market.

4.2.1.5. The External Variables

After the indicators of external variables are known, then the analysis is undergone to find out the external variables that influence the hotel. The data used in the analysis come from the questionnaire given to the respondent (General Manager of Pertiwi Hotel) in appendix 1 (see page 83). From the external variables, it could be found out that the opportunities and threats faced by Pertiwi Hotel as explained below:

a. The market size of Pertiwi Hotel in Ubud, Bali

The market size of Pertiwi Hotel Ubud, Bali is relatively competitive with many competitors and still in the top position of Melati III Hotel in Ubud, Bali (see appendix 5, page 89). From that table it could be seen that Pertiwi Hotel can compete with the competitors in the same level even when the numbers of room sales decrease after the bomb, Pertiwi Hotel is still the market leader of Melati III Hotel in Ubud, Bali. This happens because Pertiwi Hotel could compete with others in many aspects such as cheap price with the best service that customer could get from the hotel. However, in the future the market size of Pertiwi Hotel will more competitive as the new competitors will enter the market and more people will choose the best hotel for them to stay in Ubud, Bali.

b. The market growth of Pertiwi Hotel Ubud, Bali

The market growth of Pertiwi Hotel is increasing in number. It is reflected by increasing number of room sales in Pertiwi Hotel every year. Even though there was a bomb in Bali in 2002, the growth of Pertiwi Hotel is still better than the competitors. It could be seen from appendix 5 (see page 89). Then, the growth of Pertiwi Hotel in 2004 has reached 54% (see appendix 5, page 89). It shows that the growth of Pertiwi Hotel is better than others.

c. Customer demand

The demand of customer to the hotel service is relatively high. This demand of rooms and other service in Pertiwi Hotel could be very high in

holiday season (in July). It is also the aspect that should be considered by the hotel in giving the best service to the customer.

d. Customer want

This is important because by knowing the customer wants, the hotel can be a successful hotel. What customer wants in this globalization era are the best and qualified services that the hotel could give to their customer. People want to get satisfaction from the service that provided by the hotel. And after there was a bomb in Bali, people are afraid to come to Bali. Because of that condition, the hotel should give more attention to this factor by increasing their security in order to make customer feel safety when they stay at Pertiwi Hotel. Pertiwi Hotel also doing extra promotion in order to give more information to the customer that the condition is safety for the customer who want to stay at Pertiwi Hotel. Those can be the factor for the customer in choosing the hotel they want to stay. That's why, the hotel should give attention to those aspects.

e. Purchasing power of the customer

Because of the unstable economic condition, Pertiwi hotel must consider the purchasing power the customer to stay at the hotel by give them a competitive price. It could be affecting the purchasing power of the customer itself. From this, Pertiwi Hotel expected that customer will spend their money to stay in the hotel. This is the reason why the management needs to know the purchasing power of the customer before setting and implementing the strategy.

f. The rate of Pertiwi Hotel against the rate of the competitors

In setting the price to stay at Pertiwi Hotel, the hotel set the competitive price with other competitors. The customer can stay at Pertiwi Hotel with lower price but with the environment and the services which are similar to those given by luxurious hotel. The customers who stay at Pertiwi Hotel feel like staying at the luxurious hotel. From the questionnaires given to customer (see table IV.12, page 69 for the result), it is clear that the price of Pertiwi Hotel is competitive price means not expensive than others.

g. The barrier of new hotel to enter the market (Entry Barrier)

In general, people will who want to stay in a hotel that has been recognized by them, and they will not take a chance to stay in unknown hotel. Moreover, as a good hotel, Pertiwi Hotel has already known by the customer (see table IV.12, page 69). It's because the hotel has had a good image on its customer's view, the quality of the service that given by Pertiwi Hotel, the facilities provided by Pertiwi Hotel such as Swimming pool, meeting room, etc.

h. Competitor's action (The Promotion)

In influencing the customer, promotion is needed. The promotion can be in the form of leaflet, web site, mouth to mouth or other formats. In the promotion Pertiwi Hotel can inform the benefits to the customer who stay at Pertiwi Hotel will feel as they stay at luxurious hotel such as good facilities, qualified service given by the hotel, etc. If a hotel could handle this well and consistent, the customers might be interested to stay at the

hotel. That's why Pertiwi Hotel tries to do best promotion to attract the customer.

i. Inflation

Economic condition which tends to go down and unstable because of the long economics crisis doesn't make the hotel in crisis. Since Pertiwi Hotel does not depend on foreign tourist, this condition does not really affect the hotel. Even the domestic markets just come to hotel and get its best service, especially when hotel offers a special package in special event.

The inflation as the part of economic crisis also brings Pertiwi hotel to the opportunity to attract more customers. Most foreign tourists come to Indonesia, because the dollars exchange rate toward rupiah is low.

From the opportunities and threats analysis above, it is clear that the hotel has more opportunities than threats. This is good for the hotel as it can still operate and develop its programs with focusing to anticipate the threats that may attack the hotel at anytime.

Table. IV. 8
The Opportunities and Threats Faced by Pertiwi Hotel

Opportunities	Threats
The market size of Pertiwi Hotel in Ubud, Bali	The barrier of new hotel to enter the market (Entry Barrier)
The market growth of Pertiwi Hotel	Competitor's action (The Promotion)
Customer demand	Inflation
Customer want	
Purchasing power of the customer	
The rate of Pertiwi Hotel against the rate of the competitors	

Source: Taken from Pertiwi Hotel 2004

4.2.1.6. The Weighting of External Variables

All nine external variables influence the hotel. The weight value of a variable depends on the influence level of that variable to the hotel. The total value of the weights must be equal to one. From the result of the questionnaire as shown in appendix 2 (see page 85), it can be found out that five out of nine variables are extremely important to the hotel and four of those are important in influencing the hotel. This is because the five indicators (the market growth of Pertiwi Hotel, purchasing power of the customer, the promotion of Pertiwi Hotel, entry barrier, and inflation) is more influence the hotel than the four indicators (the market size of Pertiwi Hotel, customer demand, changing on customer preferences, and the price of Pertiwi Hotel against the price of the competitors) based on the management of Pertiwi Hotel. In order to find the balance proportion, extremely important and important variables were given the important value by 60% and 40% respectively, and then each of this value multiplied by the total variables as shown below:

Extremely important variables	=	0.6×5	= 3.0
Important variables	=	0.4×4	= 1.6
Total			= 4.6

The total value above (4.6) used as the basis to find out the balanced proportion of the weight for each variable in two different categories as shown in the calculation below:

$$\text{Extremely Important} = 3 \div 4.6 = 0.65$$

$$\text{Important} = 1.6 \div 4.6 = 0.35$$

Then, each value in the questionnaire as shown in appendix 3 (see page 87) multiplied by 0.65 for extremely important variables and 0.35 for important variables. The results of the calculations are shown as follows:

Table IV.9
The Weighting of External Variables

External Variables	Weight
The market size of Pertiwi Hotel	0.11
The market growth of Pertiwi Hotel	0.23
Customer demand	0.14
Customer want	0.02
Purchasing power of the customers	0.20
The promotion of Pertiwi Hotel	0.07
The rate of Pertiwi Hotel against the rate of the competitors	0.08
The barrier of new hotel to enter the market (entry barrier)	0.09
Inflation	0.06

Source: Taken from Pertiwi Hotel 2004

Table IV.9 above shows that, the most important external variables in influencing the hotel are market growth of the hotel and purchasing power of the customers. Therefore, Pertiwi Hotel Ubud, Bali should focus extremely to these external variables. After the external variables were weighted, the next step is to score it and give a rank from one to five.

4.2.1.7. The Scoring of External Variables

The same as in the scoring of internal variables in the previous discussion, the external variables scoring uses questionnaire that given to the General Manager of Pertiwi Hotel (see appendix 1, page 83).

The form of the questionnaire is using form of Likert Scale which ranged from very good = 5, good= 4, average = 3, bad = 2, to very bad = 1, depends on the influence of these variables towards the hotel. Furthermore, Table IV.10 below shows the details of the scores of external variables.

Table IV.10
The Scoring of External Variables

External Variables	Score	Explanation
The market size of Pertiwi Hotel	4	Good
The market growth of Pertiwi Hotel	4	Good
Customer demand	4	Good
Customer want	5	Very Good
Purchasing power of the customers	5	Very Good
The promotion of Pertiwi Hotel	4	Good
The rate of Pertiwi Hotel against the rate of the competitors	5	Very Good
The barrier of new hotel to enter the market (entry barrier)	5	Very Good
Inflation	4	Good

Source: Taken from Pertiwi Hotel 2004

4.2.1.8. The Calculation of the Weighted Score of External Variables

After the weighting and the scoring have been done, then the weighted score of each variable can be calculated. The weighted score is the result of the calculation of weight (see appendix 3, page 87) times by the score (see appendix 1, page 83). From this weighted score, the hotel knows the opportunities and threats that they are facing.

From the data below, the weighted score is 4.39 out of the total value of 5. This means that the business opportunities for the hotel are big with very little or even nearly with no threat from the potential competitors. The details of the results of the weighted scores are shown below:

Table IV.11
The Weighted Score of External Variables

External Variables	Weight	Score	Weighted Score
The market size of Pertiwi Hotel	0.11	4	0.44
The market growth of Pertiwi Hotel	0.23	4	0.92
Customer demand	0.14	4	0.56
Customer want	0.02	5	0.10
Purchasing power of the customers	0.20	5	1.00
The promotion of Pertiwi Hotel	0.07	4	0.28
The rate of Pertiwi Hotel against the rate of the competitors	0.08	5	0.40
The barrier of new hotel to enter the market (entry barrier)	0.09	5	0.45
Inflation	0.06	4	0.24
Total	1.00		4.39

Source: Taken from Pertiwi Hotel 2004

4.2.1.9. The Position of the Business

After the internal and external variables are measured and weighted, then the result could be drawn into the matrix. The internal variables are in the horizontal axis as the business strengths and external variables in the vertical axis as the market attractiveness. By joining the weighted score of internal variables and internal variables, the business position can be found out. In this case, the weighted score for the internal variables is 4.55 and the weighted score for external variables is 4.39.

The position of Pertiwi hotel in industry attractiveness matrix is in the cell one with high market attractiveness and strong business strengths. It also describes that the growth of Pertiwi Hotel is in very good condition. Pertiwi hotel needs to invest (in promotion for example) in order to keep growing and hold the position of market leader. Through the time, Pertiwi Hotel has increased its

strengths by improving the facilities provided, the quality of services such as customer services, and last but not least is improving the variation and quality of the service that given by the hotel. It also can be known in appendix 5 (page 89) that Pertiwi Hotel has higher room sales, market share and market growth than other competitors. That factors also an indicator that Pertiwi Hotel is market leader in Melati III Hotel in Ubud, Bali.

From the data above, the position of Pertiwi Hotel is as shown in the matrix below:

		Business Strength		
		Strong	Medium	Weak
Market Attractiveness	High	PERTIWI		
	Medium			
	Low			

Source: Taken from Pertiwi Hotel

Figure IV.3
The Business Position of Pertiwi Hotel in year 2004

In that position, Pertiwi Hotel could use protect position strategy which are; making investment to grow at maximum digestible rate and concentrating effort on maintaining strength. It is appropriate with the strategy done by Pertiwi Hotel in making the business run successfully by doing maximum investment in making the hotel bigger than before. In this position they also could use market leader strategy in protect their position and compete with other competitors.

4.2.2 The Business Strength Based on the Perception of the Respondents

The business strengths of the hotel are divided into eight variables, they are service image, service variety, service quality, customer service, promotion of the hotel, supporting facilities, the rate to stay at Pertiwi Hotel compares to the service given, and the location of Pertiwi Hotel. Each variable then divided into five elements which then filled by the respondents (see appendix 4, page 88) based on the real situation of the hotel. These five elements are very good, good, average, bad, and very bad. This could be as comparison with the questionnaires given to General Manager of Pertiwi Hotel and to help the writer in collecting the data for the business strength. In doing this questionnaire, 30 peoples of respondents were ask to give a rank in the questionnaires to found out the business strength of Pertiwi Hotel based on the customer perception. The results of the questionnaires could be shown below:

Table IV.12
The Result of the Questionnaire

	Var. 1		Var. 2		Var. 3		Var. 4		Var. 5		Var. 6		Var. 7		Var. 8	
	Σ	%	Σ	%	Σ	%	Σ	%	Σ	%	Σ	%	Σ	%	Σ	%
VG	4	13.33	15	50	15	50	20	66.67	0	0	13	43.33	20	66.67	25	83.33
G	26	86.67	15	50	9	30	9	30	10	33.33	17	56.67	10	33.33	5	16.67
AV	0	0	0	0	6	20	1	3.33	8	26.67	0	0	0	0	0	0
B	0	0	0	0	0	0	0	0	12	40	0	0	0	0	0	0
VB	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tot.	30	100	30	100	30	100	30	100	30	100	30	100	30	100	30	100

Note:

Var. 1: Pertiwi Hotel service image	VG: Very Good
Var. 2: Service variety given by Pertiwi Hotel	G: Good
Var. 3: Pertiwi Hotel service quality	AV: Average
Var. 4: Customer service of Pertiwi Hotel	B: Bad
Var. 5: The promotion of Pertiwi Hotel	VB: Very Bad
Var. 6: The rate to stay compares the service given by Pertiwi Hotel	
Var. 7: Facilities provided by Pertiwi Hotel	
Var. 8: Pertiwi Hotel's location	

From the result of the questionnaire given to respondents, it is clear that 75% of the respondents agreed that service image, service variety, service quality, the supporting facilities provided by Pertiwi Hotel, and the rate to stay at the hotel comparing to the service given are good even very good. It is the same as what the Manager said about the strength and weaknesses of the hotel. But from the promotion of the hotel is not good enough because 65% of respondents know the hotel from third parties such as their friends or families not from the hotel itself. The management should pay attention to this if they want to make the hotel known by people they must to improve their promotion strategy. They can promote using the internet or electronic media such as television, radio, etc of course with attracting features to make the customer attracting to stay in the hotel. If this strategy success, it also give the good impact for the hotel and could increase their room sales better than before.

4.3. Strategic Implication

Modern hotels must be aware that they should have some set of strategy used to win the competition. However, before they can set and implement that

strategy, they first should know their strengths and weaknesses, opportunities and threat (SWOT) so that they can choose and implement the best strategy for their hotels. Marketing mix is a useful tool that can be used for this purpose.

The marketing mix for service businesses consists of seven elements, which are product, price, promotion, place, physical evidence, people and process. Moreover, those are the things that Pertiwi Hotel has to focus on. Because Pertiwi Hotel operated as a service business, its products consist of all services given by the hotel. As mentioned in the discussion before, Pertiwi Hotel has many services that customer could get benefit from these, such as internet service, doctor on call 24 hours, foreign exchange, etc.

The second element in marketing mix is the price. The price of Pertiwi Hotel is relatively cheap. These prices are relatively cheap compared to what the customers will receive when they stay at Pertiwi Hotel. The customer who stay at Pertiwi Hotel, will feel that they stay at the luxurious hotel because of the services and facilities that provided by the hotel.

The third element is the place or the location of the hotel. Pertiwi Hotel was located in a strategic place, in Central of Ubud near Monkey Forest where this location is easy to be accessed by the people. Lots of restaurants and food stalls were located around this area. This can give advantages to Pertiwi Hotel.

The fourth element is the promotion. As mentioned in the discussion above, Pertiwi Hotel has done some promotions, for example through, internets or advertisements. Furthermore, Pertiwi Hotel tries to do more promotion action by internets and also by electronic media with attracting features so that people in all

city and all nations will attracting to know about Pertiwi Hotel and its benefits when they want to stay at Pertiwi Hotel in Ubud, Bali. This strategy seems to be working as the number of room sales of Pertiwi Hotel is increasing.

The fifth is physical evidence consists of any tangible components that facilitate performance or communication of the service (Zeithaml, 2000, p. 26). Pertiwi hotel has many facilities that could be the strength of the hotel such as 2 swimming pools, warm spa, business centre, restaurants and bar, etc. Not all of the same level of Pertiwi Hotel provides these facilities, that's why this could be the strength of the hotel.

The sixth is the people or all human actors who play a part in service delivery and thus influence the buyer's perceptions (Zeithaml, 2000, p. 26). These include the customer services, employees, the workers, and the customers. The customer service of Pertiwi Hotel runs an important part in delivering the service and influences the customers. The perception of the customers on Pertiwi Hotel depends on its customer service. If the customer service is good, then the perception will also be good. Moreover, in Pertiwi Hotel, the general manager, assistant general manager, staffs, and all people that involved in the process of delivering services must be capable, friendly, and try to give the best service to the customer. This could also influence the perception of the customers towards the hotel.

The last is the process, where this is the actual procedures, mechanisms, and flow of activities by which the services is delivered (Zeithaml, 2000, p. 27). The process consists of flow of activities whether standardized or not, number of

steps, whether it is simple or complex, and the level of the customer involvement. Pertiwi Hotel tries to follow international standard of hotel services that could make the customer comfortable to stay at the hotel. The staffs and the employees must be ready to help the customer whenever they need a help and try to make the customer feel the staffs and also the employees as their friends.

From the marketing mix above, it is clear that the hotel must focus on improving the whole seven elements in the marketing mix and not focuses only on one particular element. For example, once the hotel focuses only on the price of the product and set very cheap prices, it does not focus on the other elements. The customer could see that product is cheap, but the physical evidence or the appearance is not good because the hotel used cheap material for example. This could influence the customers' perception of the products. The customers will think that this service is not good, not because of the price but because of the appearance. In this case, therefore, Pertiwi Hotel must focus on every single aspect in the marketing mix elements so that it can give the best services to its customer, with cheap price, high quality products, and high quality employees and so on. Each of those elements adds an additional point to the other elements in the marketing mix which results in the high quality services.

The second tool that the hotel could use in order to choose and set a strategy is by looking at the matrix. In this case is the *Industry Attractiveness Matrix (GE Matrix)*. This matrix shows Pertiwi hotel's position and from this position the hotel could set the best strategies that suit to the current condition.

The position of the hotel in the Industry Attractiveness Matrix (GE Matrix) reflects the opportunities and competitive strengths. Pertiwi Hotel is located in matrix one with high business strengths and high market attractiveness. It is appropriate with the hotel's strategy in order to run the business by doing maximum investing. In this position, Pertiwi Hotel also could use many market leader strategies, one of them is to protect and defend its position in the market or to invest its extra cash to expand and develop the hotel to strengthen the position as a market leader.

A growing hotel is a hotel that could increase the total number of room sales, expand its market share, high profits gained, the variation of the products, quality of the products and many more. There are three ways to grow (Kotler, 1997, p. 77-79): *“the first is intensive grow which include the market penetration and market development; the second is integrative growth which include the backward integration and forward integration; and the last is diversification growth which include the concentric diversification and horizontal diversification”*.

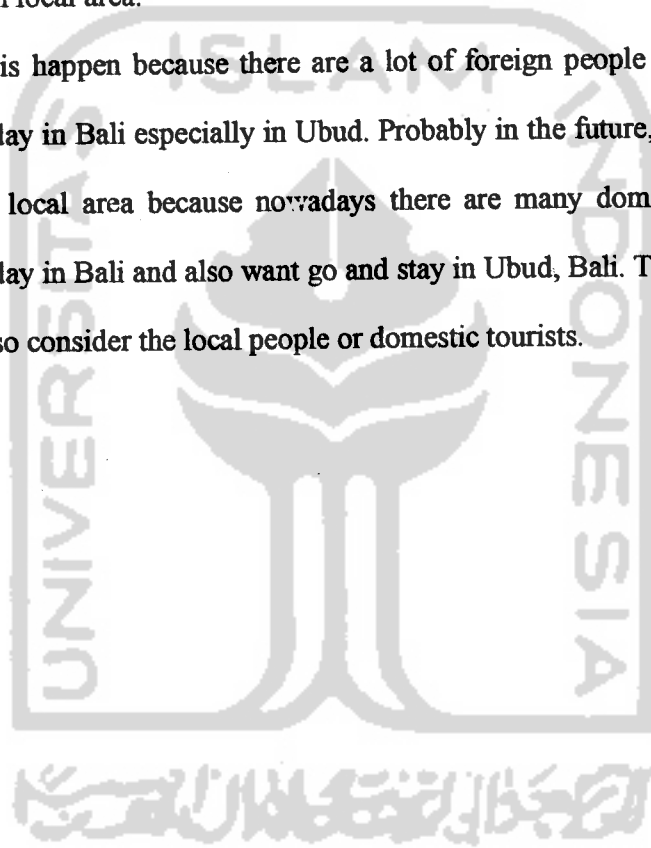
One market leader strategy that the hotel could use is to expand the total market by using the market penetration strategy and market development strategy. These are likely the most appropriate strategies that can be used by Pertiwi Hotel regarding to the result of the analysis above and the strategies placed Pertiwi Hotel at its present position in the GE matrix.

Market penetration strategy can be done by selling the present products or services in the same market through an aggressive marketing and promotions,

such as what Pertiwi Hotel has already done by giving extra discount especially in holiday seasons. Pertiwi Hotel has set up a good market penetration strategy.

As for the market development strategy, the hotel could sell its services or products by looking for new markets in new geographical segments. At the moment, Pertiwi Hotel focuses its geographical segments prefer on overseas rather than local area.

It is happen because there are a lot of foreign people who like to spend their holiday in Bali especially in Ubud. Probably in the future, Pertiwi Hotel also considers local area because nowadays there are many domestic people spend their holiday in Bali and also want go and stay in Ubud, Bali. That's why the hotel should also consider the local people or domestic tourists.



CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusions

5.1.1. The Position of the Hotel

The position of Pertiwi Hotel Ubud, Bali has already been strong, it is reflected from the position of the organization in the GE Matrix (in cell one with high market attractiveness and strong business strength).

5.1.1.1. The Industry Attractiveness Matrix

The Industry Attractiveness Matrix is divided into two categories, they are internal variable analyses (Strengths and Weaknesses) and external variable analyses (Threats and Opportunities). From the internal and external variable indicators of the hotel, it can be revealed that Pertiwi Hotel has little or almost nothing to worry about its threat and weaknesses, which could influence the hotel. The strengths and opportunities owned by Pertiwi Hotel is much bigger than its threats and weaknesses.

In 2004, the position of Pertiwi Hotel in the Industry Attractiveness Matrix (GE Matrix), is located in cell one with high market attractiveness (4.39) and strong business strength (4.55) which shows that strengths and opportunities of the hotel is already good. Therefore, the hypothesis that the position of Pertiwi Hotel in the Industry Attractiveness Matrix is a market leader in the competition of high market share, high market attractiveness and strong business strength is

accepted. And for the strategy that Pertiwi Hotel has already done is appropriate related with the position of Pertiwi Hotel that reflected from Industry Attractiveness Matrix. Nevertheless, Pertiwi Hotel has to focus in improving its quality of service in order to stay as market leader.

5.1.2. The Effectiveness of Pertiwi Hotel's Marketing Strategy Based on the Perception of the Respondents

Based on the marketing mix strategy, the strategy of Pertiwi hotel is not optimum yet. This happens because according to the result of the questionnaires which are given to the customers, one out of seven variables of marketing mix, which is promotion, is relatively low. From the result of the questionnaires, 65% of the respondents feel the promotion is not good enough (means that they do not get brief explanation about the hotel). This shows that the marketing strategy of Pertiwi Hotel has not been effective yet based on the questionnaires given to the customers.

5.2. Recommendations

5.2.1 Market Leader Strategy

From the position of Pertiwi Hotel in the GE Matrix (in cell one with high market attractiveness and strong business strength), it is better for Pertiwi Hotel to imply a market leader strategy with focusing on expanding the total market and defending the market share.

5.2.1.1 Expanding the Total Market

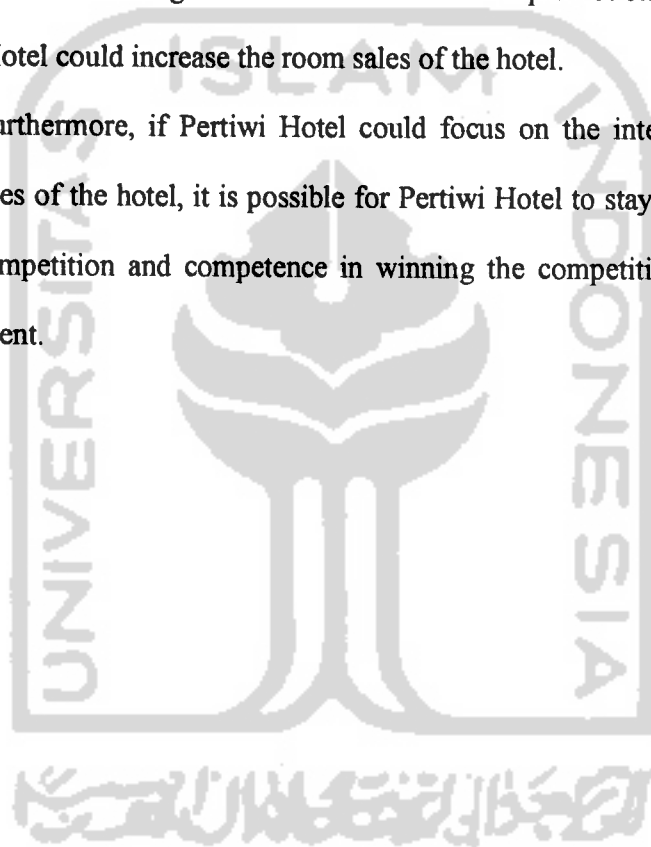
In expanding the total market, Pertiwi Hotel could try to find new users or new customers, which not only focuses in overseas means foreign people but also from domestic people. This could also increase the image of Pertiwi Hotel as the hotel that could give best services to the customer even domestic people who stay at the hotel. Besides, it will also increase the market share of the hotel as the total market is expanding.

5.2.1.2 Defending the Market Share

In defending the market share, Pertiwi Hotel should be aware of the weaknesses and the threats. They should try to overcome those problems. Pertiwi Hotel, actually, has already done this by measuring the performance of the employee in delivering service to the customers. However the customers still feel that the management has undertaken no real action. The management must pay attention to this and must try to increase the performance of their staffs and also the employee in the management of the hotel and quality of the service given to the customer. Pertiwi Hotel could increase the quality of their employees by giving them training to fulfill the requirements in delivering best services to the customer. Furthermore, not only the quality of the employees that must be increased, but the facilities provided must also be increased by for example adding new luxurious rooms, increasing the meeting room capacity, and other factors that are important to increase the quality of Pertiwi Hotel.

The promotion strategy of Pertiwi Hotel has not been optimum yet. The management must be aware that many customers did not know Pertiwi Hotel directly from its promotional program, but they know from the third parties, i.e. families and friends. From this information, the management could try to promote Pertiwi Hotel by using internet, advertising media such as, newspapers, television, radio, etc with attracting features. From this kind of promotion, it is expected that Pertiwi Hotel could increase the room sales of the hotel.

Furthermore, if Pertiwi Hotel could focus on the internal strengths and weaknesses of the hotel, it is possible for Pertiwi Hotel to stay as a market leader in the competition and competence in winning the competition in the business environment.



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APPENDIXES



APPENDIX 1
LIST OF QUESTIONS

Below are the lists of questions that are used to find out the strength and weaknesses of the company. Please give your opinion about the questions by giving the mark (√) in the appropriate column with the real situations.

Explanations:

VG = Very Good, G = Good, A = Average, B = Bad, VB = Very Bad

A. To find out the score of the Variable Indicators

Table. 1

Internal Variable (Strengths and Weaknesses)

To find out the level of capabilities of the company

INTERNAL VARIABLES	The Level of Capabilities of The Company				
	VG	G	A	B	VB
The market share of Pertiwi Hotel	X				
Pertiwi Hotel service image	X				
Service variety given by Pertiwi Hotel	X				
Pertiwi Hotel service quality		X			
Customer service of Pertiwi Hotel		X			
The promotion of Pertiwi Hotel		X			
The price to stay at Pertiwi Hotel	X				
Facilities provided by Pertiwi Hotel	X				
Pertiwi Hotel's location	X				

Table. 2
 External Variable (Opportunities and Threats)
 To find out the level of capabilities of the company

EXTERNAL VARIABLES	The Level of Capabilities of The Company				
	VG	G	A	B	VB
The market size of Pertiwi Hotel		X			
The market growth of Pertiwi Hotel		X			
Customer demand		X			
Customer want	X				
Purchasing power of the customers	X				
The promotion of Pertiwi Hotel		X			
The price of Pertiwi Hotel against the price of the competitors	X				
The barrier of new hotel to enter the market (entry barrier)	X				
Inflation		X			

APPENDIX 2

B. To find out the weight of the variable indicators

Below are the lists of questions that are used to find out, which variables that are most important for the company and which are the least important. Please give your opinion about the questions by giving the mark (√) in the appropriate column with the real situations.

Explanations:

ENI = Extremely Not Important, NI = Not Important, N = Normal, I = Important, EI = Extremely Important

Table. 3
Internal Variable
To find out the level of the importance for the company

INTERNAL VARIABLES	The Level of Capabilities of The Company				
	ENI	NI	N	I	EI
The market share of Pertiwi Hotel					X
Pertiwi Hotel service image					X
Service variety given by Pertiwi Hotel					X
Pertiwi Hotel service quality					X
Customer service of Pertiwi Hotel					X
The promotion of Pertiwi Hotel					X
The price to stay at Pertiwi Hotel					X
Facilities provided by Pertiwi Hotel					X
Pertiwi Hotel's location					X

Table. 4
External Variable
To find out the level of capabilities of the company

EXTERNAL VARIABLES	The Level of Capabilities of The Company				
	ENI	NI	N	I	EI
The market size of Pertiwi Hotel				X	
The market growth of Pertiwi Hotel					X
Customer demand				X	
Customer want				X	
Purchasing power of the customers					X
The promotion of Pertiwi Hotel					X
The price of Pertiwi Hotel against the price of the competitors				X	
The barrier of new hotel to enter the market (entry barrier)					X
Inflation					X

APPENDIX 3

THE INTERNAL VARIABLES

No.	Indicators	Percentage According to the Influence for the Organization
1	The market share of Pertiwi Hotel	25
2	Pertiwi Hotel service image	30
3	Service variety given by Pertiwi Hotel	15
4	Pertiwi Hotel service quality	10
5	Customer service of Pertiwi Hotel	5
6	The promotion of Pertiwi Hotel	5
7	The price to stay at Pertiwi Hotel	4
8	Facilities provided by Pertiwi Hotel	3
9	Pertiwi Hotel's location	3
	Total	100%

THE EXTERNAL VARIABLES

No.	Extremely Important Indicators	Percentage According to the Influence for the Organization
1	The market growth of Pertiwi Hotel	35
2	Purchasing power of the customers	30
3	The promotion of Pertiwi Hotel	10
4	The barrier of new hotel to enter the market (entry barrier)	15
5	Inflation	10
Total		100%

No.	Important Indicators	Percentage According to the Influence for the Organization
1	The market size of Pertiwi Hotel	30
2	Customer demand	40
3	Customer want	5
4	The price of Pertiwi Hotel against the price of the competitors	25
Total		100%

APPENDIX 4
LIST OF QUESTION

Below are the lists of questions that are used to find out the business strength of Pertiwi Hotel Ubud, Bali. Please give your opinion about the questions by giving the mark (√) in the appropriate column with the real situations.

Explanations:

VG = Very Good, G = Good, A = Average, B = Bad, VB = Very Bad

INTERNAL VARIABLES	The Level of Capabilities of The Company				
	VG	G	A	B	VB
Pertiwi Hotel service image					
Service variety given by Pertiwi Hotel					
Pertiwi Hotel service quality					
Customer service of Pertiwi Hotel					
The promotion of Pertiwi Hotel					
The price to stay compare the service given by Pertiwi Hotel					
Facilities provided by Pertiwi Hotel					
Pertiwi Hotel's location					

APPENDIX 5
The Number of Room Sales of Melati III Hotel In Ubud, Bali

HOTEL	2000			2001			2002			2003			2004		
	S	Ms	%	S	Ms	%	S	Ms	%	S	Ms	%	S	Ms	%
Arma	3285	3.16%	28.57%	4380	3.49%	28.57%	4745	3.48%	8%	2190	2.73%	-73.68%	3650	3.12%	50%
Barong	2190	2.11%	40.00%	3285	2.62%	40.00%	3650	2.67%	10.52%	1825	2.27%	-66.66%	2555	2.18%	33%
Biyukukung	1825	1.75%	57%	3285	2.62%	57%	3650	2.67%	10.52%	1460	1.82%	-85.71%	2190	1.87%	40.00%
Champlung Sari	11680	11.23%	14.49%	13505	11%	14.49%	14600	10.70%	7.79%	9125	11.36%	-46.15%	12775	10.90%	33.33%
Gubah	1095	1.05%	50.00%	1825	1.45%	50.00%	2190	1.60%	18.18%	1460	1.82%	-40%	2190	1.87%	40%
Pertiwi	14600	14.04%	11.73%	16425	13.08%	11.73%	18250	13.37%	10.52%	10950	13.64%	-50%	18980	16.20%	54%
Puri Bunga	4015	3.86%	30.76%	5475	4.36%	30.76%	5840	4.28%	6.45%	3650	4.55%	-46.15%	5110	4.36%	33.33%
Santi Mandala	5475	5.26%	18.18%	6570	5.23%	18.18%	6935	5.08%	5.40%	4380	5.45%	-45.16%	6205	5.30%	34.48%
Sri Ratih	7300	7.02%	18.18%	8760	7%	18.18%	9490	6.95%	8.00%	5110	6.36%	-60%	7665	6.54%	40%
Suly Bukit Kembar	4380	4.21%	22.22%	5475	4.36%	22.22%	5840	4.28%	6.45%	2555	3.18%	-78.26%	4380	3.74%	52.63%
Taman Harum	5110	4.91%	13.33%	5840	5%	13.33%	6205	4.55%	6.06%	2920	3.64%	-72%	4745	4.05%	47.61%
Taman Rahasia	2555	2.46%	11.76%	2920	2.33%	13.33%	3285	2.41%	11.76%	1460	1.82%	-76.92%	2190	1.87%	40%
Semana	2920	2.81%	11.76%	3285	2.62%	11.76%	3650	2.67%	10.52%	2190	2.73%	-50%	3285	2.80%	40%
Waka di Ume	4745	4.56%	14.28%	5475	4.36%	14.28%	5840	4.28%	6.45%	2555	3.18%	-78.26%	4380	3.74%	52.63%
Waka Namya	2555	2.46%	35.29%	3650	2.91%	35.29%	4015	2.94%	9.52%	2555	3.18%	-44.44%	3650	3.12%	35.29%
Cahaya Dewata	8030	7.72%	8.33%	9490	7.56%	8.33%	10220	7.49%	7.40%	8760	10.91%	-15.38%	9855	8.41%	11.76%
Komaneka	5840	5.61%	11.76%	6570	5.23%	11.76%	6935	5.08%	5.40%	4015	5%	-53.33%	6205	5.30%	42.85%
Tjampuhan	12775	12.28%	6.66%	14600	11.63%	6.66%	16060	11.76%	9.52%	10950	13.64%	-37.83%	13505	11.53%	20.89%
Yulia	3650	3.51%	26.08%	4745	3.78%	26.08%	5110	3.74%	7.40%	2190	2.73%	-80%	3650	3.12%	50%
Total	104025	100%	20.70%	125560	100%	20.70%	136510	100.00%	9%	80300	100%	-41.17%	117165	100.00%	46%

Source: reform from PHRI Bali