

## The Contribution Analysis of Online and Offline Travel Agent in Increasing Room Occupancy

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### ABSTRACT

The research enlightens the contribution of online and offline travel agent in increasing room occupancy at a 5-star hotel located in the southern part of Bali, and determining the most suitable strategy dealing with agent based on the Boston Consulting Group (BCG) matrix. This research aimed at analyzing the contribution of online and offline travel agent in increasing the room occupancy. Data collection techniques used were observations, interviews, documentation and literature studies. The analysis techniques used were descriptive statistics of mean, frequency supported by qualitative analysis: (BCG). The results of the research reveal that the contribution of online and offline travel agent for three years has fluctuated. The average contribution of online travel agent in 2016-2018 is 37.73%, while the average contribution of offline travel agent reservation of the period is 52.02%. There are 5 highest reservation contributions sourced from the offline travel agent which included Corona, Maestro, Go Vacation, Jason Travel, and Windys. In addition, there are 5 highest reservation contributions sourced from online travel agents which included Booking.com, Expedia, Agoda, Hotelbeds FIT, and Ctrip.com. Based on BCG matrix to determine the relative market share, it is concluded that the relative market share of the hotel in 2018 is 1.02 times  $> 1$  which means that the hotel has the highest market share among the hotel used as comparison in this research. In addition, based on the position of the hotel in BCG matrix in 2018 is at star position which indicates that the hotel's position is on high growth and high market share, it is because the market share of the hotel has a relative market share value over than one ( $>1$ ).

Keywords: contribution, offline and online travel agent, room occupancy, BCG matrix

### INTRODUCTION

Bali is one of the islands in the Indonesian that has become the center of the biggest tourism sector due to tourism in Bali uses the concept of community-based and cultural tourism. The natural beauty of Bali which is still preserved and culture of Bali is still thick become a tourist attraction a visit to spend a holiday or organize Meeting, Incentive, Convention, Exhibition (MICE) on this island. The diversity of activities owned by the community of Bali, that make Bali has an image embedded in the minds of tourists who come to visit Bali. The development of tourism is also accompanied by increasing the number of accommodation hospitality. Every company must have a goal to be achieved. In general, the company's goal is to gain as much as possible with maximum potential and capabilities. In the example of hospitality is to increase the occupancy rate would have an impact on sales volume.

In operating a hotel, the cooperation with the tourism business is usually done to facilitate the tourists in their reservation. Hotel management does the cooperation

with some the travel agent. Travel agent is instrumental to the advancement of tourism in Bali as through travel agent or tour wholesaler of tourists will get information about the hotel such as location, category of rooms available, room rate, food and beverage and the tourist no need to come directly to the hotel. The cooperation between the hotel and travel agent creates a price agreement called the contract rate.

Some online travel agents in cooperation with the hotel are Booking.com, Agoda, Hotelbeds, Asia World Indonesia, the C-TRIP, MG Holiday and others. Meanwhile, offline travel agents are Pegasus, Tour, Asia Collection Tur, Millennium Tour, HIS Bali Tours & Travel, Rama Tours Bali, Pacto Ltd., Korea Travel, Windys, Hana Tour, Jason Tour, and others.

The contributions provided by Online or Offline Travel Agent are strongly affecting to the room occupancy of the hotel. The contribution of Travel Agent is very large compared to contributions from other reservation sources such as Direct Booking, Corporate, and Government.

## METHOD RESEARCH

This research is done at Sales and Marketing Department especially in the reservation section at the hotel stated above. The object of this research is online, and offline travel agent and room occupancy. The type of data used in this research is qualitative and quantitative data. Sources of data used are primary and secondary data. Data collection methods used interview with reservation manager and observation, documentation and literature study. This research is also use technique of determining informants in order to select the informants before doing interview as sources of data in this research is based on subjects who master the problem, have well knowledge, have data, and are willing to provide complete and accurate information. Informants who act as sources of data and information must meet the requirements, which will be the informants in this research, is Reservation Manager because she are the most take an important part of processing online and offline travel agent reservations and know how the contribution of offline travel agents. The analysis techniques used are descriptive statistics of mean, frequenting, supported by qualitative analysis: Boston Consulting Group (BCG).

## RESULT AND DISCUSSION

### **Contributions Analysis of Online and Offline Travel Agent 2016-2018**

The hotel utilizes five sources of reservation such as: through offline travel agent, online travel agent, group, corporate, direct booking and government. The hotel already built cooperation within online and offline travel agent. Here are the data of sources reservation at the hotel. According to the table, it can be explained that the reservation that gives the largest contribution in 2016 until 2018 is the reservation from online and offline travel agents. The average contribution of offline travel agent in 2016-2018 is 52.02%, while the average contribution of online travel agent reservation is 37.73%, corporate contributed 5.80%, direct reservation is 2.72%, and the government contributed 1.73 %. In 2016, online travel agents contributed 12,031 or 36.09%, while offline travel agents contributed 17,438 or 52.31% of the reservation total. In 2017, the online travel agent contributed 13,773 or 42.59% of the reservation total, while offline travel agents contributed 16,051 or 49.64% of the reservation total. In 2018, online

travel agents accounted for 13,266 or 35.04%, while offline travel agents contributed 20,368 or 53.79%.

Table 1.  
Offline Travel Agent, Period 2016-2018.

Sources of Reservation	Year						Total (Room Night) In 3 Years	Average in 3 Years	Percentage (%) of Reservation Sources in 3 Years
	2016		2017		2018				
	Total of Reservation	%	Total of Reservation	%	Total of Reservation	%			
Offline Travel Agent	17.438	52,31%	16.051	49,64%	20.368	53,79%	53.857	17.952,33	52,02%
Online Travel Agent	12.031	36,09%	13.773	42,59%	13.266	35,04%	39.070	13.023,33	37,73%
Corporate	2.081	6,24%	1.525	4,72%	2.401	6,34%	6.007	2.002,33	5,80%
Direct Reservation	1.124	3,37%	559	1,73%	1.132	2,99%	2.815	938,33	2,72%
Government	664	1,99%	429	1,33%	697	1,84%	1.790	596,67	1,73%
<b>Total</b>	<b>33.338</b>	<b>100%</b>	<b>32.337</b>	<b>100,00%</b>	<b>37.864</b>	<b>100,00%</b>	<b>103.539</b>	<b>34.513,00</b>	<b>100%</b>
Average	6.667,60		6.467,40		7.572,80				
<b>Occupancy (%)</b>	<b>74,26</b>		<b>72,03</b>		<b>84,34</b>				

Source: Sales and Marketing Department of the hotel, 2018.

In the last three years, it can be seen that the development of online and offline travel agent at the hotel as below:

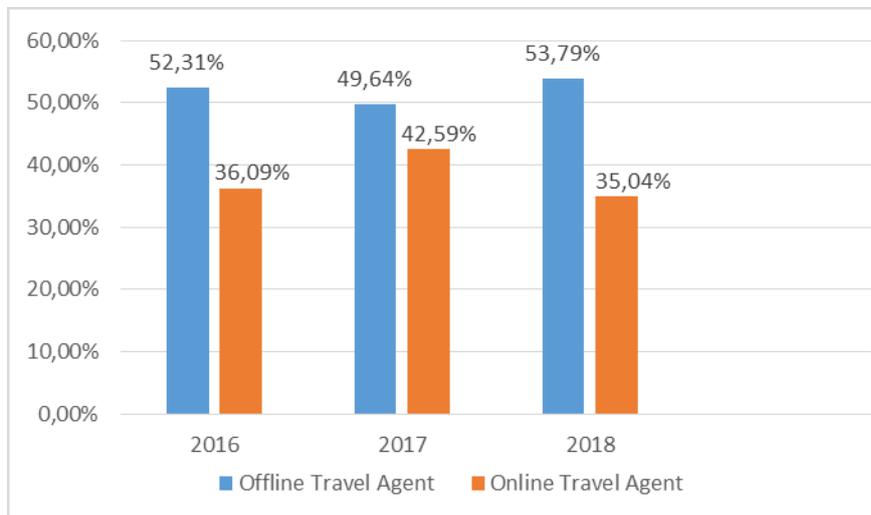


Figure 1. The development of Online and Offline Travel Agent period 2016-2018 (Source: Data Processed).

According to the figure 1, the development of Online and Offline Travel Agent at the hotel period 2016 to 2018 is fluctuated every years. In addition, offline travel agents had the greatest contribution to the room occupancy at the hotel. As for offline travel agent that provides the greatest contribution during 2016-2018 among others to Russia market are Corona Travel and Maestro, Germany Market is Go Vacation Indonesia, Korea Market is Jason Travel Service and China Market is Windy Travel. The cause of the high contribution of offline travel agents, as following:

1. The majority of tourists that visiting Bali is aimed at having vacation. Besides that, offline travel agents also supply around 60%, and which became the largest market at the hotel is the market Russia, then Germany, Korea, and China Taiwan. The most dominant is Russian market because lot of Russian guests to Bali for a vacation that would have a long stay period. In addition, the hotel has good agreement with some offline travel agent for Russian Market.
2. The price offered for the offline is cheaper than other sources, by giving a cheaper price then it would provide a good influence on the room occupancy at the hotel.
3. Guests could consult with offline travel agents, if guests would to change the reservation, the offline travel agents will provide the opportunity for guests to make changes and guests feel more confident and secure when booked through offline travel because the guests will immediately get a guide as a companion during a holiday in Bali.

Meanwhile, the online travel agent contributed in 2016-2018. It is also has fluctuated in every years. Besides that, the hotel has agreement with travel agents. By has cooperation with travel agents, its can increase the room occupancy at the hotel. There are 5 highest reservation contributions sourced from the offline travel agent which included Corona, Maestro, Go Vacation, Jason Travel, and Windys. In addition, there are 5 highest reservation contributions sourced from online travel agents which included Booking.com, Expedia, Agoda, Hotelbeds FIT, and Ctrip.com.

### **Position in Market Share Based on the Boston Consulting Group Matrix**

BCG Matrix is used to determine the position of the hotel of growth and market share. To determine market growth rate, can be calculated by determining the total of reservations of the company's last two years, where the total reservation of the hotel in 2018 are 37,864 and in 2017 are 32,337. By use the formula of BCG matrix, can finding the market growth rate as following:

Measuring Market Increase

$$TPP = \frac{VP N - VP N-1}{VP N-1} \times 100\%$$

$$TPP = \frac{37864 - 32337}{32337} \times 100\%$$

$$TPP = \frac{3203}{29007} \times 100\% \Rightarrow 17\%$$

Based on calculations using the BCG matrix above, it can be seen the market growth rate of sales room at the hotel is 17%, this means that the hotel has a high growth market.

### **Relative Market Share Analysis**

In determining the position of the hotel in a market segment, based on the theory of BCG market, writer must first determine the relative market between the hotel with some competitors. In this discussion, it is determined 3 hotels competitors of the hotel. The fundamental of the three competitors set the election is seen from some aspects are a five-star hotel locating in Nusa Dua, having room and villa, a venue to hold a wedding reception, a meeting place, a rate resemblance, a beach as their main view.

Relative market share analysis shows the magnitude of the market share of the room occupancy of company compared with potential competitors (Putra, 2014). Based on the room occupancy, where the writer compare the room occupancy of the hotel with the room occupancy of other hotel which has the second position of room occupancy in 2018. The relative market share itself is part of a company's total industry sales of a particular market.

The data used is the number of room occupancy at the hotel in 2018 and the data room occupancy of potential competitors in 2018. Below is BCG matrix calculations to determine the relative market share of number room occupancy at the hotel in 2018. Measuring the Relative Market Share with other hotel in 2018:

$$PPR = \frac{VP N}{VPP N}$$

$$PPR = \frac{84.33}{82.58}$$

$$PPR = 1.02$$

Based on BCG matrix calculations to determine the relative market share it has been known that the relative market shares of the hotel was 1.02 times > 1 which is meant to show that the hotel has a larger market share compared with the other hotel.

### BCG Matrix Position Analysis

The growth rate of the market in general distinguished in two dimensions. The first dimension looks at the products general level of growth within its market. The second dimension then measures the product's market share relative to the largest competitor in the industry. Analyzing products in this way provides a useful insight into the likely opportunities and problems with a particular product. While the relative positions competitor distinguished based on the market share of between 1.0 and 1.5, so it is high called the leader. Based on the calculation of the market growth rate at the hotel then obtained a yield of 17%, this means that a high level of market growth at the hot. The calculation of relative market share in 2018 was 1.02 times the results obtained and the following BCG Matrix at the hotel.

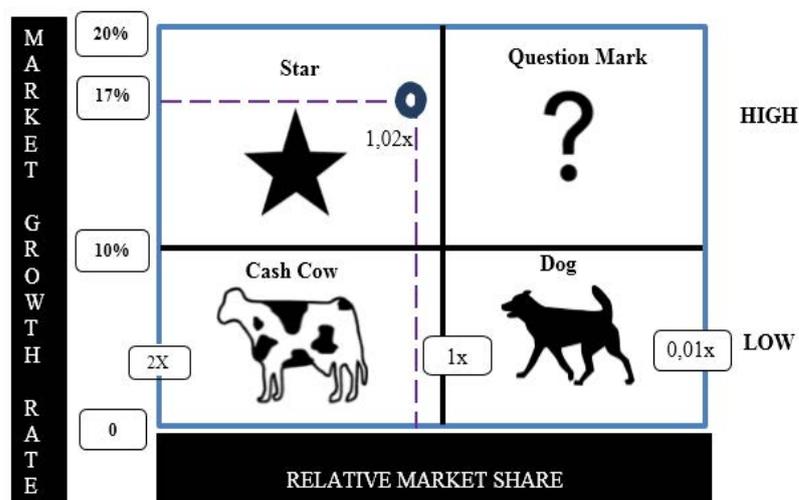


Figure 2. Position of the Hotel on BCG Matrix (Sources: Data Processed).

According to figure 2, the hotel in 2018 in the star position showing that the position of the hotel is located on a high growth and high market share because the market share of the hotel has a value market share relative over than one ( $> 1$ ).

### **The Strategy should be Applied to Exist in Market Share Based on BCG Matrix**

According to position result on BCG matrix, the hotel in 2018 has position in the quadrant point star with an indication of the high market growth and market share is relatively high. This means that the growth rate and market share of room occupancy at the hotel is high. It is clear that the BCG matrix is designed in order to assist an analyst in gaining insight to the feasibility of potential business ideas to simplify the decision making process. According to Bensoussan & Fleisher (2013), BCG matrix grants managers with an analytical framework to determine the optimal production as well as helping to set the best strategies, in star position by doing improving and maintaining the Quality of Product and Services. It is seen from the hotel, point of view related with this contention, to improve quality of product and service can be done as following:

#### 1. Quality of Product.

The hotel creates innovation, maintain and improve the product quality which is, in this case, is the room as the main product, therefore the market response to the product of resort will be better.

#### 2. Quality of Service

Maintain the service quality from every part is also important in order to provide a comfortable atmosphere to the guest, start from each staff. This strategy could improve the efficiency, productivity, facilities of the hotel, resources, and the operating costs of product quality must be strictly controlled. Besides those, systems and operational processes are evaluated and then do repairs. The services that have been applied and will be applied at the hotel to its services such as promoting the resort which is based on technological developments and community involvement projects and giving extra service to the guest.

Based on BCG's theory, if the company on star position, the strategy is to maintain the marketing strategy. In order to make brand awareness to potential customers as well as creating the great brand image. Besides that, management should spend a lot of investment, maintain and improve the strategies that has been done, and built the business further based on market projection.

### **CONCLUSION**

From the results of research and data analysis has been done before, it could be concluded are the largest contribution to the room occupancy is through offline travel agents. The average contribution is offline travel agent reservation in the year 2016-2018 in the amount of 52.02%. The average contribution reservation online travel agent in the year 2016-2018 was in the amount of 37.73%. Meanwhile, based on calculations using BCG matrix, it is known to the market growth rate of the hotel 17%, which means that the hotel has a high growth market. Besides that, the relative market share at the hotel is 1.02 times  $> 1$  it means indicate that the hotel has a market share over than its competitors. Based on BCG matrix position, the hotel in star position indicating that the hotel has high market growth and high market share because the

market share of the hotel in 2018 has a relative market share value over than one (> 1). The strategies that can be taken are to maintain the position of the star.

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