

+62 813 8765 4578 +62 813 8765 4578 <https://dinastipub.org/DIJEFA> dinasti-info@gmail.com 

BLUE OCEAN STRATEGIES AT XYZ SAFARI RESORT'S HOTEL

Dedi Rustandi

Universitas Mercubuana, Jakarta, Indonesia

ARTICLE INFORMATION

Received: 26th May 2020

Revised: 20th June 2020

Issued: 30th July 2020

Corresponding Author:

Recruitment at the

E-mail:

rustandi2006@yahoo.co.id



DOI:10.38035/DIJEFA

Abstract: In the third quarter of 2018, growth in the hospitality sector by 4, 31% suffered a decline compared to growth in the third quarter of 2017 by 5, 58%. This is due to the increasingly intense competition in the digital era. Reported by the economics of Warta, economist from the Institute for Economic and Financial development, Bhima Yudhistira argues that the competition of hospitality business is becoming increasingly tight due to the increasing small hotels and Airbnb. Due to the increasingly competitive price, the hospitality business is hard to get too high profit. In the face of fairly tight competition, XYZ Safari Resort performs strategy analysis using the SWOT, TOWS, and Blue Ocean analysis methods, so that the appropriate strategy recommendation is achieved within the next period of time

Keywords: Strategic Management, SWOT Analysis, Tows Matrix, Strategy Blue Ocean.

INTRODUCTION

Based on the research report published by Colliers International Indonesia, the number of hotel rooms in Indonesia is increasing annually, with the prediction of adding hotel rooms as much as 2.282 rooms in 2019, 874 rooms in 2020, and 200 rooms at 2021. The addition of the hotel rooms is detailed as follows: In 2019, 21% comes from 5-star hotels, 57% of 4-star hotels, and 22% of 3-star hotels. The holiday spending in 2018 experienced a growth of 5.1% with the value reaching 368.9 trillion rupiah. In addition, the number of tourist attraction searches also increased to 30% in one year. This is due to travel applications such as Traveloka or Tiket.com.

Reported by the *Media Indonesia*, the completion of the Surabaya-Gempol-Pandaan Toll Road in 2018 brings benefits for tourism and hospitality in the Pandaan area and surrounding areas, including Prigen. According to the Chairman of the Association of Indonesian Hotels and restaurants (PHRI) Pasuruan, the increase is estimated to reach 20%. Previously, the average occupancy rate only reached 30%. However, after Pandaan toll was completed and inaugurated, the occupancy rate increased to 40% to 50%, including the increase in the meeting room facilities provided by these hotels.

Hotel XYZ Safari Resort is a unique type of Resort located in Prigen area, Pasuruan, East Java. It has been established since 3 (three) years ago. With the facilities offered by the hotel, XYZ Safari Resort is equipped with unique activities for families, especially children. This activity is an activity related to animals. Not only as a means of entertainment, the activities offered by Hotel XYZ Safari Resort can also be used as an education for families where children can learn about the conservation of animals.

With its strategic location, unique and attractive facilities, the management of Hotel XYZ Safari Resort felt the need to conduct strategy analysis to capture the market's potential along with the improvement of tourist visit data and the development of the room occupancy rate in East Java area.

LITERATURE REVIEW

1. Definition of Strategic Management

Strategy management consists of combining two words management and strategy. According to Hill (2012) strategy is a series of actions taken by managers to improve their company's performance relative to competitors. If The company's strategy results in superior performance, it is said to have a competitive advantage.

While strategy management can be defined as arts and sciences to compose, implement, and evaluate cross-functional decisions that enable organizations to accomplish those objectives. As This definition is impressive, strategic management focuses on integrating management, marketing, finance/Accounting, Production/operations, research and development, and information systems to achieve organizational success. Fred (2011).

According to David (2011:5), strategic management can be defined as art and knowledge in formulating, implementing, and evaluating cross-functional decisions that

enable an organization to achieve its objectives. Strategic Management focuses on efforts to integrate management, marketing, finance or accounting, production or operations, research and development, and computer information systems to achieve organizational success.

According to Thomas L Wheelen and J. David Hunger (2008:3), strategic management is a series of managerial decisions and actions that determine the long-term performance of the company. It includes environmental scans (both external and internal) formulation strategies (strategy or long-term planning) implementation and evaluation of strategy control.

2. Analysis External and Internal Environment

According to Ali (2020) in formulating strategies, it must first perform environmental analysis with the intention to adjust to the strengths and weaknesses that the company has. Before talking about everything about the business environment, it should be understood in advance some terms, namely the following:

- a. Environment (external): is the factors that are outside the scope of the company that can cause an opportunity or threat.
- b. Analysis: Search for opportunities or threats to its principality.
- c. Analysis of business environment: it is a process that strategy planners use to monitor the business environment in determining opportunities or threats.

While the internal environment is an environment within the organization consisting of employees, management and culture of the Organization. Organization environment as follows:

- a. The Organization's external environment/environment (Organizational Environment) includes all elements that are outside the organization but potentially affecting the organization. This Environment consists of:
 - b. The general environment is an external environment layer that affects the organization indirectly. Included in this environment include international dimension, Technology, Socio World e, economic and political legal.
 - c. The task environment is an external layer environment that directly affects the operation and performance of the organization. These environments include competitors, suppliers, customers etc.

Internal environmental analysis aims to identify a number of strengths and weaknesses that existing resources and the company's internal business processes. This analysis is done by comparing the resources and internal business processes owned by the company with the company's good competitors that produce similar products or substitution products.

3. SWOT Analysis and TOWS matrix

SWOT is an acronym for Strengths (Strengths), weaknesses (Weakness), Opportunities (Opportunities), and threats (Threats) from the company's external environment. According to Robinson and Pearce (1997) SWOT analysis is one of the crucial components in strategic management. This SWOT analysis includes the company's internal factors. Where it will eventually generate a company profile while understanding and identifying weaknesses and strengths of the organization. These weaknesses and strengths will then be compared to the extension threats and opportunities as a basis for generating options or alternative strategies.

According to Fred (2011), all organizations have strengths and weaknesses in the functional areas of the business. No Company is just as strong or weak in all areas of the business. Internal Strengths/weaknesses, coupled with opportunities/threats from external and clear mission statements, are fundamental to goal setting and strategy. Objectives and strategies are established with the intention of utilizing internal strengths and overcoming weaknesses.

The TOWS Matrix Analysis is an analysis that focuses on learning and magistrates external factors, because it is considered more dynamic and competitive, after which it analyzes the internal factors. The goal is to avoid and manage weaknesses and threats by maximizing and utilizing strengths and opportunities. TOWS analysis matrix generates 4 target achievement strategies, following table:

Table 1, 4 TOWS Strategies

No	Achievement Strategy	Remarks
1	SO (Strength & Opportunity)	Use internal power to take advantage of opportunities
2	ST (Strength & Threats)	Use internal power to avoid threats from outside
3	WO (Weakness & Opportunity)	Using existing external opportunities to reduce existing weaknesses

4	WT (Weakness & Threats)	Minimizes weaknesses and possible threats
---	----------------------------	-------------------------------------------

4. Blue Ocean Strategy

The Blue Ocean Strategy was introduced by Chan Kim & Renée Mauborgne. Blue Ocean strategy is a simultaneous pursuit of differentiation and low cost to open new market space and create new demand. It is about creating and capturing an undisputed market space, thus making the competition irrelevant. It is based on the view that market boundaries and industrial structures are not rendered and can be reconstructed by the actions and beliefs of industry players.

In practice There are some tools that are used to run the Blue Ocean strategy. One of these is the ERRC Grid (Eliminate-Reduce-Raise-Create). It is a simple matrix such as a tool that encourages companies to focus simultaneously on eliminating and reducing, as well as raising and creating when opening new blue seas.

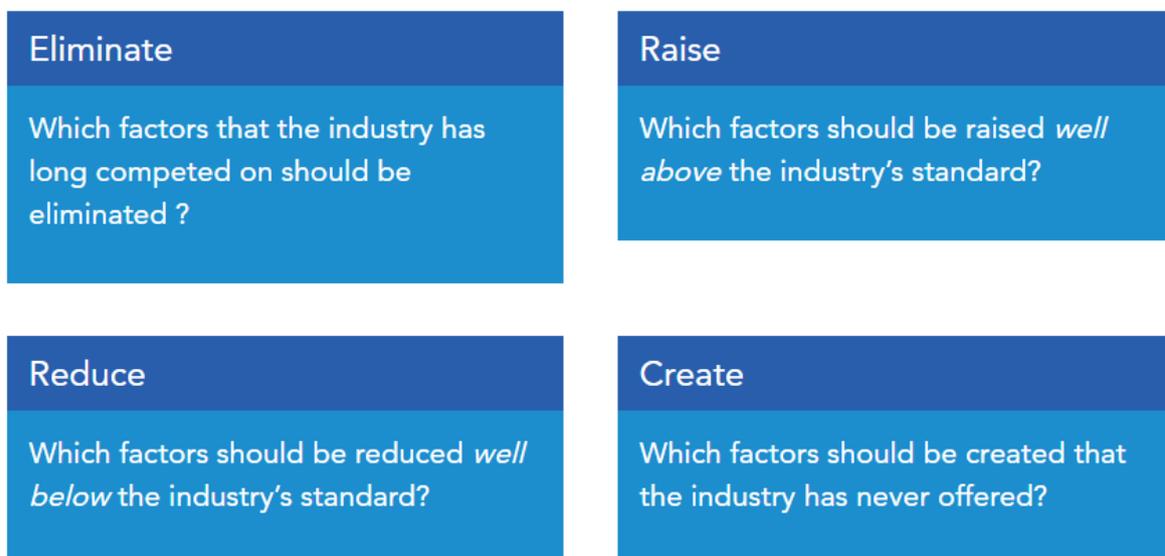


Figure 1. ERRC Grid, Resource <https://www.blueoceanstrategy.com/tools/errc-grid/>

This Analytic tool complements the four-action framework. It encourages companies not only to ask questions posed in the framework of four actions, but also to act on all four to create a new value curve (or strategic profile), which is important for unlocking new blue seas. The Grid provides four direct benefits to the company:

- It encourages them to simultaneously pursue differentiation and low costs to break the trading costs off.
- Immediately encourages companies focused solely on development and innovation, thereby lifting the cost structure and frequent over-Engineering products and services – a common anguish for many companies.
- It is easily understood by managers at any level, creating a high level of engagement in the application.
- Since completing grids is a challenging task, it encourages companies to carefully examine every factor that competes the industry, helping them find an implicit range of assumptions they make unconsciously in competition.

RESEARCH METHODS

The approach used is external analysis which includes industry analysis to see the influence of industry developments related to the hospitality business. Major Competitor analysis to know the strengths and weaknesses of competitors and Internal analysis to know the strengths of the operational, resources owned, and weaknesses. From the data that is summarized in the SWOT analysis.

The selection of strategies and recommendations uses the TOWS matrix that will find the appropriate strategy to capitalize on opportunities and effectively coordinate threats. Taking into consideration the strengths and weaknesses that companies have. And the conclusion will eventually use the growth strategy and Blue Ocean matrix.

FINDING AND DISCUSSION

A. Analysis Industrial of Hospitality in East Java.

Tourism in East Java is dubbed as ' The Awakening Giant ' aka The Giants that rise because of the potential of natural resources and The availability of adequate human resources (SDM) and supported by the development of infrastructure running by the government. In addition, tourism has become one of the 5 (five) sector of development priorities in addition to infrastructure, maritime, energy, and food.

**Growth in number of visits
Foreign tourists to East Java, 2018 -2020**

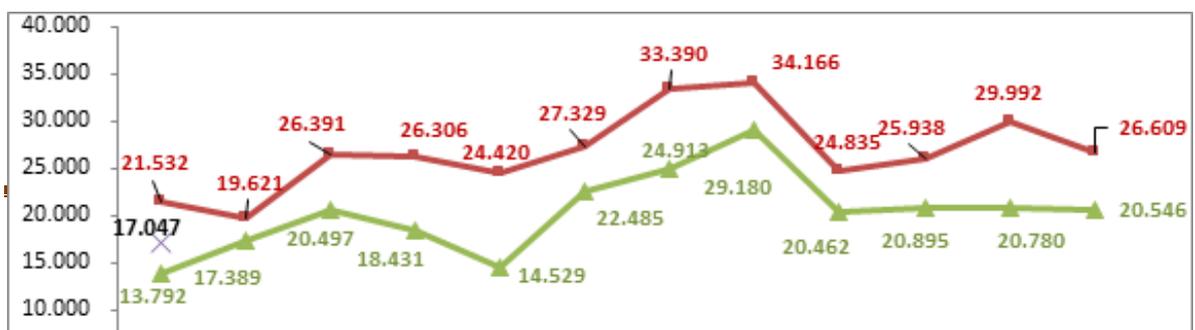


Figure. 02, Growth in number of visits,
Resource : Central Java Statistics Agency

**Growth of room occupancy rate (TPK)
 Hotel at East Java, 2018-2020**

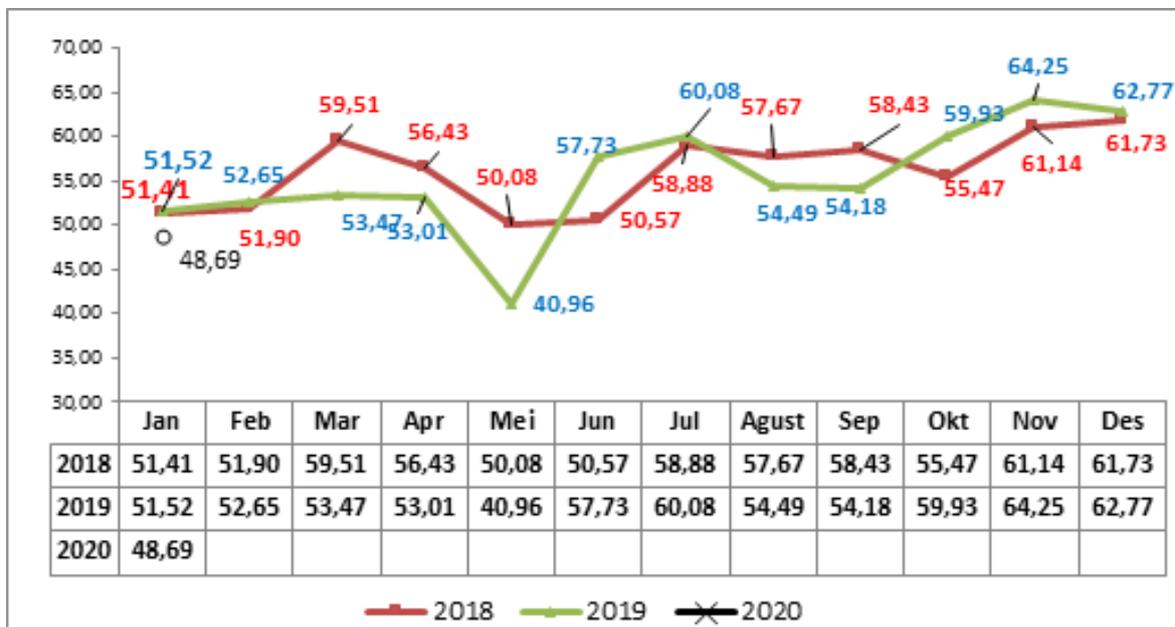


Figure. 03, Growth of room occupancy rate (tpk),
Resource: Central Java Statistics Agency

Room occupancy rate (TPK) is an indicator that represents the level of business productivity of the hospitality accommodation. The chart above shows the occupancy of the rooms at star hotels in East Java province in the last two years, the highest residential peaks occurring in November and December. This is due to the holiday season that happened at the end of the year. In addition, the occupancy of rooms in the star hotels in East Java province is also quite stable with the average occupancy rate above 50% year-round, except in May 2019.

TPK star Hotel in January 2020 amounted to 48.69% or dropped 14.08% compared to TPK in December 2019 of 62.77%. Just like in the previous years, TPK'S starred hotels in January had a decline. However, the TPK star hotel in January 2020 experienced a considerable decline and more than usual. This is due to the emergence of a globally occurring pandemic that is Corona virus or CoVid-19, so tourism activities are limited to avoiding the spread of the virus.

B. Competitors Analysis

East Java is continuously developing in the field of tourism parks (nature and artificial) and hotels. The hotels also provide the best facilities. Here's the competitor's analysis (weakness and strength) for the five biggest competitors:

Table 2, Competitor analysis

Competitor	Strength	Weakness
Parks * * * Golf Club & Resort	<ul style="list-style-type: none"> ▪ It has a large green field and adequate outdoor facilities ▪ It has activities and recreation for complete family, included fitness area. ▪ It has 3 properties which are Villa, Hotel, and bungalows. Supported by beautiful natural scenery. 	<ul style="list-style-type: none"> ▪ The Total number of rooms is not so many as 53 rooms. ▪ Cleanliness of the food and facilities are not maintained consistently. ▪ The structure of the building is quite old and requires renovation.
Hotels & Cottages	<ul style="list-style-type: none"> ▪ Spacious and clean room with large mattress for twin size ▪ There are recreational destinations nearby such as GRANDPA Bodo waterfalls ▪ There are many food centers in the vicinity, including ATM and Minimarket. 	<ul style="list-style-type: none"> ▪ Building looks old ▪ Inconsistent Service related to guest welcome. ▪ There are many complain on children's allowance and freedom to choose Room view.
Hotel Royal * * *	<ul style="list-style-type: none"> ▪ The staff were very friendly and helpful. ▪ Has a concept of boutique hotel. ▪ There are fitness facilities and small basketball courts. ▪ Has beautiful natural scenery. ▪ There is a culinary tourism area around the hotel. 	<ul style="list-style-type: none"> ▪ No open green land ▪ Room cleanliness and facilities are not maintained consistently ▪ Less convenient road access to enter the hotel location.

Golf & Country Club	<ul style="list-style-type: none"> ▪ Good and friendly service. ▪ Reasonable price According to the facilities offered. ▪ It has a ballroom with a large capacity of 700 people. ▪ There are outbound and camping ground, tents are provided. 	<ul style="list-style-type: none"> ▪ Room maintenance is less maintained, some facilities cannot be used. ▪ The furniture that Duse is quite old and poorly maintained. ▪ Many animals in the room at night.
Holland Resort Batu	<ul style="list-style-type: none"> ▪ There are quite complete facilities for families such as Kids club, game Room, etc. ▪ Offers beautiful views with cool air. ▪ The service was quite friendly and polite. 	<ul style="list-style-type: none"> ▪ The pool was dirty and the smell of chlorine was stinging. ▪ Do not have valet parking. ▪ The food quality is less awake, in terms of quality flavor and many flies. ▪ Service is not fast and time consuming.

C. SWOT Analysis

The following is an internal analysis of the company in its strengths and weaknesses as well as externally covering industry analysis and competitor analysis to know in threats (Threats) and its opportunities (opportunities). This SWOT analysis is found in addition to the data provided and the live interviews of the department heads and teams at the XYZ Safari Resort Hotel.

Table 3, SWOT analysis

No	Power	Weakness
1	Award for Excellence Best Hotel XYZ Safari Resort No. 5 se-Jatim per Tripadvisor in 2018/2019	There is no shuttle bus available from the Hotel to Park or to the airport, Valet at an additional cost
2	Integrated with the complete wildlife and conservation area in East Java	Ballroom capacity is only 300 people, while requests are usually above 500 people
3	Financial and Cash Flow is strong, without debt.	Beluma provide souvenirs or souvenirs typical of Hotel visits
4	Reliable and experienced Human Resources.	Some systems and procedures that must be repaired starting from Enterance process, Customer Database and Hotel management system are lacking updates.

5	The average Accupancy rate is 30-40% at weekdays, 80-100% in Weekend and Peak Seasons.	No Marketing research, Brand Awarness, and social Media usage are less active.
No	Opportunities	Threat
1	The existence of Surabaya toll-Gempol-Pandaan makes access faster and positively impacting tourism and hospitality.	There are several scale activities at the entrance of the tourist area and wild sale at the entrance of the Hotel area.
2	A better business Channel opportunity for travel business by offering tour packages and tour excursions.	Toll Access makes the trip to other hotels can also be reached more quickly, the competition is getting tougher.
3	Natural environment that supports, integrated with wildlife park, the slope of Mount Arjuna.	Some hotels add to and renovate a room or multipurpose space.
4	The increasing Eco-Tourism that supports the environment and useful important such as Dewa Wisata.	Developments in low-priced inns like Airbnb, Oyo, RedDoorz.
5	Opportunity to reach wider area.	Lack of cooperation with NGOS or governments, because local government tends to support the factory business.

D. Matrix TOWS

The TOWS (opposite of SWOT) matrix aims to find the best strategy by using power and optimizing the opportunity that Hotel XYZ Safari Resort has, to deal with weaknesses and threats effectively. Using the SWOT analysis discussed earlier, the opportunities and threats are coupled with strengths and weaknesses to create the Strategy object. The Strategic object Objectives listed above has been the action step of the mid-term plan for Hotel XYZ Safari Resort can take. Strategic Objectives is formulated by TOWS Matrix as follows:

SO strategy	WO's strategy
<ul style="list-style-type: none"> Increase brand leadership through the overall promotion activity 	<ul style="list-style-type: none"> Increase brand awareness and online presence to the public with promotional media and communication strategies

<ul style="list-style-type: none"> ▪ Making new innovations complete and spreading, for example: creating a kitchen production of F & B itself, the addition of airport transfer facilities- Hotel-tourist attractions ▪ Re-activating eco-tourism with go-green concept and tourism deity program ▪ Improve operational excellence through better business process, including risk management, emergency plan when facing outbreaks or dry season. 	<ul style="list-style-type: none"> ▪ Increase employee engagement in organization-level excepting ▪ Cooperate with nearby tourist attractions and provide integrated services between the Hotel and tour services. ▪ Develop the right SOP, which suits the needs of Hotel operations and in order to improve the best service to customers.
Strategy ST	WT strategy
<ul style="list-style-type: none"> ▪ Increase revenues through the addition of promotional Chanel and the right business partners. ▪ Creating mutually beneficial cooperation with local government or NGO ▪ Increase revenue through product development, decoration variation, food, or other interesting facilities. 	<ul style="list-style-type: none"> ▪ Increase awareness with aggressive publicity through social Media. ▪ Ensuring Operational Excellence: SOP passes the Audit, improving the professional quality of employees, and efficiency in operations. ▪ Conduct Market Research periodically, evaluate the right marketing strategy, integrated with the tourist environment around the Hotel.

Figure 4, matrix tows

E. Blue Ocean Strategy (ERRC)

In applying the Blue Ocean strategy using the ERRC tool (Eliminate, Reduce, Raise, Create), Hotel XYZ Safari Resort needs to eliminate several factors owned by the company, reducing factors that are insignificant or below industry standards, increasing factors that are important, and creating new factors that can attract the visitor base and improve the organizational capabilities, such as the following matrix:

Eliminate	Raise
<ul style="list-style-type: none"> ▪ Outdated facilities with renovation 	<ul style="list-style-type: none"> ▪ Integrated Digital Marketing Program

<ul style="list-style-type: none"> ▪ A minimal Program of fans 	<ul style="list-style-type: none"> Take advantage of social media aggressively. ▪ Operational & service excellence , SOP repair , and HR training. ▪ A typical experience, overnight on the slopes of Mount Arjuna.
Reduce	Create
<ul style="list-style-type: none"> ▪ Vacant or unused land ▪ Ineffective employee processes or work activities ▪ Door to door sales are not effective. 	<ul style="list-style-type: none"> ▪ Active Story telling about staying at Hotel XYZ Safari Resort . ▪ New Strategic Partnership partnerships ▪ Integration with nearby attractions ▪ Shuttle bus ▪ Market Research ▪ The package are more attractive

Figure 5, matrix ERRC (Eliminate, Raise, Reduce, Create)

CONCLUSION AND SUGESTION

Finally, to ensure the strategic plan is successfully implemented, the following four critical factors should be taken into account:

1. Communication

Strategic Planning is a process, not an event. The key elements in This process are effective communication of all elements in the organization. The Strategic planning process succeeds when both the bottom-up and top-down communicating approaches are taken.

2. Innovation

Innovations include not only developing new products or delivering New services, but also changing the way we conduct business, rearranging structure organizational or departmental structures, and managing Employees of the company.

3. Project Management

Project management involves two Important elements: what projects to work on, and their priorities. A project manager needs to be appointed to ensure that the project is done according to the plan.

4. Involvement

Employees need to believe that change is beneficial to him, for everyone involved and for the company. Senior Management needs to share a strategic plan with its employees and convince person 's involvement will help ensure the Company's success and employees individually. The company's plan must be aligned with individual objectives and attributed to its reward.

REFERENCE

- Ali,H. (2020), Strategic Management; Analysis of Lingkungan Internal Organization (resources based View and value chain management), SWOT analysis, SWOT Matrix and IE Matrix, mercubuana University,
- David, F. (2011). Strategic Management management Strategy concept, Issue 1 3. Jakarta: Salemba Empat.
- Robinson. P, (1997). Strategic Management, West Jakarta, Binarupa Aksara,
- Hill, C. (2012), Essentials of Strategic Management Third Edition, South-Western, Cengage Learning
- Hitt, M. A. (2011), strateGIC Management: Competitiveness and Globalization: Concepts, Ninth Edition, South-Western, Cengage Learning .
- Tanayastri Dini isna, (21 November 2018), the challenge of hospitality business in the 4.0 industry , from websit : <https://www.wartaekonomi.co.id/read204416/tantangan-bisnis-perhotelan-dalam-industri-40>, accessed on 25 May 2020, at 13:30.
- Singh, G., (2020), Hotel Insight: A Quarterly Digest of Key trends in the hospitalisty sector, Collier International Indonesia.
- "Blue Ocean", (2020), website: <https://www.blueoceanstrategy.com/what-is-blue-ocean-strategy/>