

CHAPTER II

LITERATURE REVIEW

This chapter describes about hotel definition, hotel management, sales and marketing, room occupancy, and marketing strategy to increase occupancy

2.1 Hotel Definition

Hotel is a building, symbol, company or business entity that provides services accommodation, food and beverage providers and other service facilities where all the services are intended for the people, whether they are staying overnight at the hotel or those who only use the facilities. According to the experts the definition of hotel:

Rumekso (2002:2) states that hotel is a building which hires the rooms with the facilities such as food and beverage which is run well to get the benefits. Sulastiyono (2007:3) says that hotel is an accommodation that gives the facilities like rooms, food and beverage and other supporting facilities such as sport area, and laundry.

According to Tarmoezi and Manurung (2007:1) hotel is a building that provides the rooms with the supporting facilities such as the food and beverage. Base on the definition, hotel is not only sells the room but hotel is one of accommodation that sell the other facilities.

Steadmon (2003:8) in Fadmawati also states that a hotel may be defined as an establishment whose primary business is providing lodging facilities for the general public and which furnishes one or more of the following services.

Yoeti (1995:111) explains hotel must have 4 elements or main requirements. They are Physic infrastructure and facilities, quality of product and service, employees' attitude, and competitive price.

1. Physic infrastructure and facilities, includes:
 - a. parking area

- b. some types of room with full bedroom facilities (night table, TV, video, music channel, and bathroom)
 - c. telephone, fax, business centre
 - d. lobby
 - e. restaurant (coffee shop, Indonesian restaurant and Oriental restaurant), bar, meeting rooms, room service.
 - f. room or shop rental
 - g. sport and recreation facilities
 - h. laundry
 - i. office room
2. Quality of product and service, includes of tangible products and intangible product.
3. Employees' attitudes, means:
 - a. able to serve guest honestly.
 - b. have knowledge, ability and attitude fit with their position.
 - c. have feel of possess and responsible to their job, also have good personality.
 - d. awareness that advance of their career in hotel depends on the number of guest which use hotel service, so the employee should able to communicate and have good relationship with guests.
4. Competitive price based on managements decision and fix with the value that not always cheap.

From the explanation above, writer concludes that hotel is a big buliding that provides paid lodging and has some facilities and service for the guest. Hotel has some departments to support the activity of sell the product.

2.2 Hotel Management

According to Manullang (1999:69) management is controlling an organization for reaching certain purpose that has been decide before with general rule. Management is culture and planning science, organizing, arranging, coordinating, and controling human resource for reaching a certain purpose which has been previously decided.

Manullang (1999:69) states that hotel management is science which discusses about the way to manage a hotel.

There are 8 elements in hotel management:

1. Forecasting
2. Planning
3. Organizing
4. Leadership
5. Coordinating
6. Motivating
7. Controling
8. Reporting

2.3 Sales and Marketing

American Marketing Association defines that marketing is an organizational function a set of processes for creating, communicating, and delivering value to customers and for managing customer relationship in ways that benefit the organization and it is stakeholder. Marketing is made up of such physical activities as transporting, distributing, storing, and selling goods, annd of the decisions which must be reached by individuals or groups who want to move goods from production to use.

According to Amstrong in Ester (2008), marketing is human activity that aims to satisfy the needs and desires through exchange process. The main point to remind by sales team in promoting their product is communication.

Based on the opinion, the writer concludes that marketing is an activity of promoting the product to the customers. In hotel, sales and marketing department

is the main department which is responsibility to promote hotel product to the guest. Sales marketing is one of department that has important function to sell a product, before sales and marketing makes a product, there are elements that should be attention in order to attract consumer attention that is “Marketing Mix”.

Borden in Fadmawati (2011) says that the elements in marketing mix are:

1. Product

Product is a marketer’s offering as perceived by potential customers. The offering represents a bundle of benefits, both tangible and intangible, designed to satisfy the needs and wants of target market. A product may be a physical object, a service an idea, or some combination of that, most organizations market more than one product. A group of related products is called a product line, such as room, food and beverage, sugar and coffee.

2. Price

Price is the amount that is paid to the retailer in exchange for a product. There are two common methods by which prices are computed; (a) discount and (b) markup. In the discount method the manufacturer sets prices for wholesalers and retailers, which represent percentage discount from an assumed retail price. The markup method is just the opposite. The manufacturer sets the price to be changed to the wholesalers. The wholesaler marks up the wholesaler’s price by percentage when selling to the consumers.

3. Distribution

Distribution is the process of getting products and services from producers to consumers and users when and where they are needed. It provides time, place, and possession utilities and the transfer of legal ownership. Distribution occurs through a variety of channels which fall into one of two classifications: (1) direct is distribution from the producer to the consumer

of industrial user, and (2) indirect is distribution through intermediaries, the most common of which are wholesalers and retailers.

4. Promotion

Promotion is advertising or other activities to increase the sales of something. The elements of promotion are; (1) Advertising is any paid message presented in media, such as tv, radio, magazines, newspapers, or billboards by identified source, (2) Personal selling is sales contacts made with the trade, and users, or influencers by company sales persons, (3) Sales promotion is any other communication or persuasive device, a catch all term which includes things as diverse as coupons, product sample, cents of deals display, trade show booths, contest, and product brochures, (4) Publicity is any unpaid for mention of a company, brand, or product by the media.

2.4 Room Occupancy Definition

According to Hanggara (2009) room occupancy is occupancy rate that sold out of the amount available. Occupancy is always fluctuating from day to day, with the high of occupancy rate in a hotel which is expected to be able to improve the sales from outlet such as food, drink, phone, laundry, health club, etc. Therefore, the success of a hotel is measured from the room occupancy. Nevertheless, the high rate of room occupancy must consider with the prices of room rates. One of ratio which used to analyze the operational is occupancy or occupancy rate. Occupancy ratio shows the rate of facility use in a hotel which is sold to get the income. In hotel operational, occupancy is not only used to measure the level of room occupancy, but also be able to measure the level of occupancy of the seat (seat occupancy) at the restaurant.

2.5 Marketing Strategies to Increase Hotel Occupancy

According to Kotler and Armstrong in Fadmawati (2011) marketing strategy is a marketing logic which the company hopes to create customer value and achieve profitable relationships. Strategic planning is an activity of the

company to seek compatibility between the company's internal (strengths and weaknesses) and the company's external (opportunities and threats). Opportunities that occur today are not necessarily going to remain a chance in the future could have an opportunity to be a threat and the threat can become an opportunity, Changes in external factors can cause changes in internal factors so that strengths and weaknesses is also changing.

Reid and Bojanic in Fadmawati (2011) states there are four concepts in formulating marketing strategy in conjunction with the management of existing and new products in new markets, namely:

1. Market penetration strategy, the strategy of focusing on service and product mix of sales on the target market that already exist. In an effort to increase revenue, the management tried to raise prices and build market based on a solid and loyal customer to the company.
2. New product development strategy is an idea of the development of new products in existing markets. This strategy is usually used in the hospitality and tourism industry. There is no attempt in the hospitality and tourism industry can survive long without a change in a long time and expect profits. Changes in the market, and customers' changing needs must remain a serious concern of the hospitality and tourism industry.
3. Market development strategy is a strategy that focuses on the development of new markets for products and services that already exist. Under these conditions the hotels and restaurants usually do the construction of new units and carry out the expansion of the new market share.

4. Diversification strategy is a strategy of introduction of new products and services to a new market share. This strategy offers the potential for long-term, but this strategy also has a very high degree of risk.

Whenever a guest stays at a hotel, he or she has certain expectations: a quiet room, a good night's sleep, maybe some breakfast in the morning. Certainly the amenities a guest expects have changed over the last few years with the technology boom. Now, it's not enough to have a cable TV in the room; a guest wants lots of cable channels, HBO, and Showtime. They want a good breakfast. They need wireless internet to conduct business or play online games.

According to Wilson et al (2015) there are 5 strategies to increase occupancy

1. Free wireless internet access. For business travelers, the internet is essential to doing business. HotelManager.net says, "Today, quite literally almost everything is done through the Web, so being able to access those important facilities in the comfort of your hotel room is essential for most travelers. While some hotels offer WiFi on a pay-per-day system or free in common areas only, going the extra step by offering (and promoting) free in-room WiFi will bring a lot of people knocking on your door."
2. HDTV. Modern amenities like flatscreens increase the perceived value of your hotel.
3. Free food. Guests always want to feel like they got a good deal. Eating at the hotel saves money and time. "Have a nice spread as a welcome, offer free breakfast and room service, stock the guest rooms with high-end coffee products, and you've got yourself a winner with both leisure and business travelers," HotelManager.net says.
4. Luxurious Toiletries. Frequently, guests depend upon shampoo, soap, conditioner, and other toiletries being available because it means one less thing to pack. If you can't provide top of the line products, don't worry:

HotelManager.net says, “[I]f you don’t have the budget to offer designer toiletries, just ask a local artisan to help you out. Some smaller hotels in San Francisco provide guests with products from the homegrown San Francisco Soap Company, which are not only fantastic, but also lend a sense of community and help out a local business.”

5. **Fitness Center and/or Spa Facilities.** For some guests, the focus on health and fitness doesn’t go on vacation when they do.

According to Roberts in Demand Media Owning and operating a hotel is often rewarding and fulfilling, but it's not easy. In the hotel business, occupancy is essential, as the rate of a hotel’s occupancy determines the success of the business. Increasing occupancy starts with implementing a creative marketing plan that attracts new and repeat guests. Hoteliers can use various ideas to create a successful marketing campaign.

There are 4 ways to increase hotel occupancy

1. **Group Events**

Increase your occupancy rate by inviting groups gathered for weddings, retreats business seminars and reunions to stay in your hotel. In the hotel industry, group events are lucrative because you are booking many rooms at one time. Many group events occur annually, and that can mean repeat business for your hotel. Additionally, satisfied guests often return to enjoy the facilities for personal reasons throughout the year, creating additional business. Market your group event services by connecting with local business owners who might be looking for venues.

2. **Package Deals**

Create various package deals to attract guests to your hotel and increase your occupancy. Package deals are ideal for a "girl’s weekend," a holiday or an entertainment weekend. For example, a girl’s weekend package

would include complimentary wine, chocolates, a massage at the hotel or with a partnering practitioner and a gift basket with spa-themed toiletries. Hoteliers can price these packages slightly higher than normal rates, as the complimentary items add value to the overall experience.

3. Mat Release

A mat release -- or matte release -- is a promotional, consumer-oriented, formatted article that appears in magazines and newspapers, such as an article about a recipe for brownies that uses a name brand brownie mix. A mat release campaign is inexpensive and results in extensive media coverage, making this method of marketing an ideal way to increase occupancy in a hotel. Implement a mat release marketing campaign by hiring a mat release agency to write a release for you and submit the release to travel magazines or local newspapers.

4. Discounts and Specials

Use discounts and last-minute specials to encourage guests to visit your hotel. Discounts are ideal for making a guest feel as if he is getting a great deal. Use the discount to bring the guest to the hotel and use excellent service to encourage repeat business. Last-minute specials are ideal for filling vacant rooms. Offer last-minute specials to extend the stay of a guest or add a page to your website showing all last-minute specials for more spontaneous guests.

Based on Wilson et al (2015) came up with 8 easy ways for increasing hotel occupancy

1. Sign up with an online travel agency (OTA). Epitom Counseling says, "The important things to notice when you sign up with [an OTA] is that once signed up, they create a dedicated page for your hotel which is good for your search engine visibility. These online travel agent sites are visited by millions of travelers every month."

2. Sign up with an affiliate network. Affiliate networks will help promote your rooms and hotel. They have numerous sites and can get your name out there for people to see.
3. Use an internet booking engine. beginning an in-depth discussion of how internet booking engines (IBE) can help you gain more customers and attention. IBEs can be customized to your site and allow you to create your own brand.
4. Data segmentation. Take a look at your guests, past and present, and see why they are there. Is it for business? An anniversary? A birthday? Then create events based on their behavior.
5. Create your own loyalty program. Set up something similar for your guests, such as 5% off a stay or a voucher to a local restaurant. Making your guests feel special will keep them coming back.
6. Have a mobile website. Over 26% of reservations are made through mobile devices like phones or tablets. Don't miss out on last minute sales for people needing a room.
7. Be emotionally connected to your guests. Send them promotions on their birthdays and anniversaries, offer them special deals when they book with you, and be friendly always.
8. Utilize Google Hotel Finder. With Google's latest search tool, guests can look up hotels with more ease than ever. Guests can enter a city and state and instantly nearby hotels and a map appear on screen. Sign up with Google Plus then Google Hotel Finder to ensure.

According to Yoeti (2004: 152) there are 9 benefits from sales promotion.

1. They address specific needs and opportunities

Sales promotions can increase occupancy rates during low season. Sales promotions can attract attention and interest of the customers who renew to be passive. For example, held a festival of international cuisine to arouse the interest of people to come to visit the hotel.

2. They establish relationship with the customer and the public

This step can be done by creating the image that the hotel is one of the good citizens by coordinating various activities, such as cultural festivals, traditional dance, or sports. Activities are expected to increase contact between the parties with public figure personally in an informal atmosphere. This activity can be closer with surrounding communities and became the most popular hotels in town.

3. The appeal to basic human motivations

Sales promotion can motivation the people, especially if the parties can create events that become public pleasure. Thus they moved to join participates in activities organized by the hotel.

4. They insolve people who not otherwise be customers

Success in promotion is not always measured by the benefits to be received by the hotel in the form of increased sales or profit companies. The purpose of this campaign is stressed that new customers can come in and for the long term can be a faithful guest in the future.

5. They generate word-of-mouth advertising

The People will always talk about a promotion that he considered good, but in order for a promotional quite well should be supported by good products and services. This is where the importance of service excellence needs to be developed so that employees can serve guests eraser as

possible so that it becomes a byword and talks crowds. If it can be done, it has been a highly effective advertising and suggestive and certainly do not need to pay the cost of advertising in the press.

6. They can show the place in a different light

Customer's attention focused on the products and facilities owned hotel that has not had time to be known by the audience. For example, Function rooms many people do not know what its function if it were rented out. It needs to be informed, for example, for meeting the demands tranquility with a capacity of not more than 30 people with full service. Here the hotel should re-position the product and the facilities are not yet widely known.

7. They can solve weekly and seasonal down periods

Many hoteliers are confused how rooms can be filled on the nights a week. The solution is the hotel must create a package with a Saturday night special rate and organize special events to make them interested in staying the hotel room. Special event in question, such as the music festival, cultural performance, or bring a group of famous singers.

8. Prices can be submerged into add-on value products

In general, most of the promotional activities held in the form of an event package, which is offered by providing all inclusive price. This packaging system will be felt for the prospect as something valuable, because the room price includes food and drinks as well as a spectacle for the family.

9. They raise staff morale

A hotel which includes promotion-minded people will quickly be known as the hotel needs to be considered for selection. The reason is, typically what is being promoted is made up of products and facilities attractive and served by employees who are interest. Moreover, if many guests arrive or

visit, the situation can improve staff morale. The staff will feel proud when the busy work that eventually will add a tip they received.