

CHAPTER I

INTRODUCTION

A. The Initial Idea

The tourism sector has provided many jobs, wealth, social cohesion tool for the population. United Nations World Tourism Organization (UNWTO) states that through tourism itself, countries can live without poverty (UNWTO, 2018). The reason for this, is that the tourism sector doesn't hold onto only one or two businesses, but fifteen interrelated businesses, from lodging establishments, airlines, restaurants, cruise lines, car, retail firms, travel agents and tour operators (Burn, 2010).

This fact is no different to Indonesia. Looking at the GDP (Gross Domestic Product) of Indonesia in 2014, the tourism sector contributed 9% of the total GDP and employed as much as 11 million workers. It can be seen also that this is not a stagnant growth. In 2019, the tourism sector helped the GDP rise to 15% and employed 13 million workers. Therefore, it can be said that the tourism sector is worth investing in.

Looking more specifically to Bali, their economy was recorded with 5.63% growth in 2019. This growth was dominated by Category 1 (Provision of Accommodation and Food and Beverage) with a contribution of 23.26%. This indicates that there is a favorable trend in Bali as the sales have been increasing. Trip Advisor, a very well-known and used application for people's opinions has

awarded Bali with TripAdvisor 2019 Travelers Choice in the Best Destinations in Asia Category. In TripAdvisor 2019 Top 25 Global Destinations, Bali managed to place fourth making it the only Indonesian destination on the list. These claims can be supported by the flow of tourism Bali gets as seen from table 1 on the number of foreign visitors to Bali and table 2 on the number of domestic visitors to Bali.

TABLE 1
Number of Foreign Visitors to Bali by Month 2017-2018

No	Month	2017	2018
1	January	460, 824	358,065
2	February	453,985	452, 423
3	March	425, 499	492,678
4	April	477,464	516, 777
5	May	489, 376	528,512
6	June	504, 141	544, 550
7	July	592, 046	624, 366
8	August	601, 884	573, 766
9	September	550,520	555, 903
10	October	465, 085	517,889
11	November	361, 006	406,725
12	December	315, 909	498,819
Total		5,697,739	6,070,473
Growth		15.62%	6.54%

Source: Central Bureau of Statistics of Bali Province (2019)

TABLE 2
Number of Domestic Visitors to Bali by Month 2017-2018

No	Month	2017	2018
1	January	658,308	743,456
2	February	520,462	655,719
3	March	618,834	762,622
4	April	705,710	777,287
5	May	646,467	682,521
6	June	659,718	1,156,151
7	July	890,368	906,347
8	August	790,323	770,364

Source: Central Bureau of Statistics of Bali Province (2019)

TABLE 2
Cont'd Number of Domestic Visitors to Bali by Month 2017-2019

9	September	832,026	774,144
10	October	732,720	762,124
11	November	741,649	806,397
12	December	939,048	960,859
Total		5,697,739	5,697,739
Growth		-	11.7%

Source: Central Bureau of Statistics of Bali Province (2019)

The Tables show a significant growth from both international and domestic visitors. With the increase of visitors, that means the need for accommodation services is also greater. From Maslow's Hierarchy of Needs theory, on one of the first stage that needs to be met is shelter. A visitor won't be able to fully maximize their experience without a place to stay and rest. Therefore, with the continuous growth in visitors to Bali, an accommodation is the right option to be done.

Graha MadeSimon itself is a non-starred hotel that is family owned. The business initially started because both land, location, and building were ready to be used for operations with minor alterations. Graha MadeSimon is considered a non-starred hotel because it operates as a homestay also known as a guest house in Gianyar, Bali.

There are two types of hotels, starred hotels and non-starred hotels. In table 3, we can see that the occupancy rate of both starred hotel and non-starred hotels are at a stable rate. Showing that there is still demand for both types of accommodations. In table 4 visitors tend to book non-starred hotels in the region of Gianyar. Therefore, realistically Graha MadeSimon is still located in a very strategic place for an accommodation in Bali.

TABLE 3

Occupancy rate for Starred Hotels versus non-starred hotels in Bali

No	Occupancy in year 2019	Starred Hotel	Non-Starred Hotel
1	January	53.27	31.69
2	February	56.48	32.25
3	March	55.43	31.53
4	April	60.33	33.35
5	May	51.56	35.87
6	June	60.37	36.69
7	July	61.71	36.68
8	August	67.10	38.39
9	September	63.22	37.73
10	October	63.30	38.37
11	November	59.46	28.91
12	December	62.55	29.61

*Source: Central Bureau of Statistics of Bali Province (2019)***TABLE 4**

Number of Demands for non-starred Hotels in Bali based on Regency

No.	Province	2014	2015	2016	2017	2018
1.	Jembrana	70	69	-	88	88
2.	Tabanan	114	109	-	137	137
3.	Badung	477	491	-	1890	1890
4.	Gianyar	381	358	-	1060	1060
5.	Klungkung	99	96	-	201	201
6.	Bangli	24	24	-	43	43
7.	Karangasem	206	205	-	295	295
8.	Buleleng	210	195	-	288	288
9.	Denpasar	220	251	-	321	321
Total		1801	1798	-	4323	4323

Source: Central Bureau of Statistics of Bali Province (2019)

Considering the foundation of the place, there was only few adjustments that were required to create six rooms with built in bathrooms. After one year of operations there has been an overall satisfaction of the existing facilities and the service. One of the pages we partnered with, Booking.com, showed 17 reviews of guest that stayed with us. Overall we have scored 9.9 which is considered as exceptional and a high score in the region of Gianyar. For example, one of the

guest reviews mentioned how they extended their stay by ten days as they felt relaxed and enjoyed the large room, great bathroom and pool. Not only that they were also travelling with a baby, and despite that, the host was able to make the family feel comfortable.

However, despite the success in the first year of operations, Graha MadeSimon had to decline guests due to the room shortages during peak seasons. The declining of guests not only ruins our brand name, but also turning down potential loyal guests or returning customers. With the opportunity of adding more rooms, a new type of private housing, and a restaurant, Graha MadeSimon will be able to meet more of the guest needs. Table 5 will outline the current establishment before and after the renovation plans.

TABLE 5
Facilities of Graha MadeSimon Before and After the Renovation Plans

No.	Facilities	Current Facilities Qty	After Renovation plans Qty
1.	Twin Bedroom	1	1
2.	Deluxe Bedroom	2	2
3.	Superior Bedroom	2	2
4.	Suite Room	1	2
5.	Family house (Two rooms with private pool)	-	1
6.	Restaurant	-	1
7.	Public Swimming pool	1	1
8.	Lobby Lounge	1	1
9.	Parking area and garage	1	3
10	Laundry room	-	1

Source: Processed Data (2019)

It should be noted also that Graha MadeSimon needs to further explore its uniqueness and take advantage of that. Rollit-James (2011) that customer

awareness can improve through the creation of unique selling points. Therefore, if Graha MadeSimon knows and understand its USP that is different from its rivals, then it can increase bot sales volume and price. In Graha MadeSimon's case, its unique selling point is the more personal customer engagement. Because Graha MadeSimon is still a small business, it can monitor personally all the guest and give direct one-on-one attention to guest needs. By catering and specializing each service to guests, it will improve guest service experience. This can be achieved with proper recruitment of staff.

Graha MadeSimon has also decided to add a restaurant that provides all-day dining feature. However, this establishment will be run by a third party and outsourced to offer more job opportunities for the local community. In this restaurant the food that will be served is of both Indonesian and Western comfort foods so that guest may have a variety of choice but also get a taste of culture. Most guest houses are often paired with a food and beverage outlet. Hunter Powell and Watson (2011, p. 297) from the British Hospitality Association observed that 55 per cent of hotel revenue is derived from rooms while the other 33 percent are derived from food and beverage. By implementing both in Graha MadeSimon, it will maximize the opportunity and the sector.

Therefore, based on this, the writer hopes to improve the existing homestay of Graha MadeSimon by conducting these renovations. With these renovations, the homestay will be able to be more competitive and offer a more optimized service.

B. The Objectives

There will be two objectives that will be discussed, the major objectives and the minor objectives.

1. Major Objectives

The writer would like to improve the management and the occupation rate of Graha MadesSimon home-stay. We specifically look at how the accommodation is run, budgeting, a standard operating procedure and a proper visualization of the guest experience from booking to returning home.

2. Minor Objectives

- a. Provide new job opportunities. With the further expansion of the business, more job opportunities will arise to lessen the burden of the owner who is currently managing everything by themselves, with specialization.
- b. To better understand the strengths and weaknesses of the business and how to make use of the opportunities and prepare for the threats.
- c. To analyze competitors and the demand of the market for any potential further improvements that can be made to enhance guest experience.
- d. Find out what the reason to the low occupational rate is and how to improve it.

C. Research Method

The writer will be conducting two types of research methods which are primary and secondary data

1. Primary Data

The primary data that will be used will be in the form of structured interview.

a. Structured Interview

This method of primary data will only be used if further information is needed. It is more likely to use this method to interview specific guests in detail about their honest opinions of the facilities, opinions on further improvements, and perhaps. We will base the structured interview on the following information:

- 1) Who: Guests who are currently staying at the property, or has previously stayed.
- 2) What: To seek guest perspective on what the service is like and what other stuff can be placed to improve their experience with us.
- 3) When: Guests has received information about the need for an interview and has scheduled a time that they are available.
- 4) Why: By gaining the on-hand experience of existing guests, we can work on what we have and simply add stuff.
- 5) Where: The interview would either have to take place in the property itself (Bali) or through emails for the previous guests.

- 6) How: A plane ticket might need to be bought in order to make this interview happen.

b. Observation

In this method, the writer will directly go in field to look at the situation of the homestay. By doing this, the writer can make changes accordingly to the situation. This method will be used if additional information is required. We will base the questionnaire on the following information:

- 1) Who: The writer will observe the situations of the location themselves.
- 2) What: The writer will observe the operation of the guest experience from entering the establishment until the moment they leave. Not only that, the small details of the back office such as the kitchen, administration, finance, and etc.
- 3) When: Preferably the same time as when the structured interview is taking place.
- 4) Why: The intention of this is to improve the existing establishment. Observation is by far the best way to make these calls.
- 5) Where: The establishment itself (Bali).
- 6) How: A plane ticket might need to be bought in order to make this observation happen.

2. Secondary Data

The writer will use some secondary data to assist the writer's research which include:

- a. Central Bureau of Statistics
- b. Website or Internet (E-books or relevant articles)
- c. Books (Library)

D. Theoretical Conceptual Review

1. Understanding of accommodation

Hospitality industry scopes two principal features that are usually accommodation and food and beverage services. Accommodation is a part of the service that is offered at a hotel and is arguable is the most economical choice out of the two choices (Slattery, 2012).

According to the Central Bureau of Statistics of Bali province, accommodation refers to a place that offers a person to stay, get sustenance such as food to eat, and even to the extent of providing other facilities that are besides what is paid.

2. Different types of accommodation

a. Hotel

Hotel is a very common type of accommodation. There are many different categories of hotels that are divided into stars based on their quality and facilities. However, basically, a hotel is an accommodation that has achieved the qualifications and requirements that are set to be a

starred hotel by the Regional Tourism Agency. Usually starred hotels will have a restaurant under its management, as stated in the concept of hotel (Central Bureau of Statistics of Bali, 2018).

b. Motel

The name motel originated from the name of motorist hotel. Like its name, it is catered for people who have travelled a long distance. Unlike the hotel, they have only the basic requirements in terms of service and amenities. Its main purpose is essentially as a rest stop (Central Bureau of Statistics, 2018).

c. Inn

This type of accommodation has existed for over centuries. Its level of service and amenities lies in between a motel and a hotel. It provides satisfies basic food requirements and tend to be a lot cozier than a motel. Like the motel however, they target one to two night staying guests (Central Bureau of Statistics of Bali, 2018).

d. Homestay

Homestay are often under the category of privately-owned housing. Another name for homestay can be guest house, or even bed and breakfast depending on the region. Specifically, this term means that the owner is sharing their personal space to be rented by their guests and offer services (Central Bureau of Statistics of Bali, 2018).

Now because this is very appropriate for guests that want to experience the Balinese culture much more closely by living in a Balinese home. Not only will they get a hand-down experience in a Balinese home, but also live with one.

The terms of the stay would be confirmed by the owner first. For example the length of stay, what kind of facilities will be provided and so on. Guests may take in the form of long staying guests or short staying guest.

Graha MadeSimon offers six bedrooms with independent bathrooms, breakfast options, swimming pool, transportation, and other basic necessities. As it rents out rooms individually, and also serves breakfast, it can be considered as a guesthouse or a homestay.

3. Hotel management

Hotel management is much simpler in comparison to managing food and beverage Riley (2011, p. 92). The food and beverage industry demand a bigger range of expertise and creativity whilst rooms management does not. Hotels tend to have food and beverage outlet to remain competitive, while, if the expenses are truly accounted for, food and beverage operation would almost always show a loss (Mansbach, 2010).