
DIFFERENCE STRATEGY ANALYSIS WHICH INFLUENCES ON COMPETITIVE ADVANTAGE IN THE HOTEL INDUSTRY AROUND DANAU TOBA

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ABSTRACT

KEYWORDS

competitive advantage;
danau toba; industry
around

This study examines the relationship between the Differentiation Strategy that has been implemented by the Melati III Hotel industry around Danau Toba and Competitive Advantage. The researcher proposes a conceptual framework in which the sources of Differentiation consisting of Price, Service, Size Promotion and Location are linked to Competitive Advantage. The Competitive Advantage gained by the Budget Hotel industry III Around Danau Toba is measured based on the occupancy rate. The empirical test uses the Multiple Regression Analysis method which is supported by an analysis of the competitive environment. The results of the study show that the variables of price, service, promotion and location have a significant effect on Competitive Advantage. While the size variable has no significant effect. Based on the analysis of Partial Determination, the results show that the factor that most influences competitive advantage is price with a coefficient of determination of 0.922. By understanding the importance of a Differentiation Strategy, Hotel Melati III can create a difference with its competitors, so that it is able to compete in a more competitive market. The results of the analysis show that in the Budget Hotel industry III there are several hotels that apply the Differentiation strategy. With this research, Hotel Melati III, which has differentiated itself from competitors, can further emphasize and communicate its differences

INTRODUCTION

Apart from the beauty of Danau Toba, geographically, the climate around Danau Toba has a cool climate. This climate encourages local governments to pay more attention to the tourism sector. With the deregulation of the government through Law. No. 22 of 2009, regarding regional autonomy, tourism is a sector with great potential to increase people's income

In relation to tourism, in 2020 there will be a decrease in the number of tourists coming to Danau Toba, both domestic and foreign tourists. There is no increase in the number of hotels around Danau Toba. In its development, the number of hotels around Danau Toba has experienced growth in terms of the number of rooms.

Based on its class, hotels can be classified into several classes, namely star hotels and budget hotels. Star Hotels are divided into Star I, Star II and Star III hotels. Meanwhile, Melati hotels are divided into Melati I, Melati II and Melati III hotels. With the division of hotel classes, each class has almost the same characteristics, starting from price, service and facilities. Hotels that are in one class have almost the same characteristics, so we need a strategy that can differentiate one hotel from another (Differentiation Strategy).

In conducting this research, the objectives to be achieved are:

1. To find out whether with a tight level of competition the Melati III Hotel Industry is implementing a Differentiation strategy.
2. To find out whether the research variables which are the sources of the Differentiation Strategy which include price, service, promotion, size and location significantly influence competitive advantage.
3. To find out the variables that most influence on competitive advantage.

A. Review of Previous Research

Ainhoa Urtasun and Isabel [Gutierrez \(2000\)](#) conducted a study entitled Strategic Similarity and Performance: A Panel Data Of Urban Hotels. This research was conducted in the hotel industry in Madrid, Spain. The purpose of this research is to find out the difference in the company's strategy compared to its competitors.

To measure the differences in the independent variables (Δg , Δp , Δr , Δs), the researcher uses the Euclidean Distance method, where the operationalization is as follows:

$$\Delta g = \frac{\sum_{j=1}^5 \sqrt{(x_i - x_j)^2 + (y_i - y_j)^2}}{5} \quad \Delta r = \frac{\sum_{j=1}^5 \sqrt{|r_i - r_j|}}{5}$$

$$\Delta p = \frac{\sum_{j=1}^5 \sqrt{|p_i - p_j|}}{5} \quad \Delta s = \frac{\sum_{j=1}^5 \sqrt{(s_i - s_j)^2}}{5}$$

Where : Δg = difference in hotel location; Δp = difference in hotel room rates; Δr = difference in hotel size ; Δs = difference in hotel services.

The results showed that the dimensions of price and service have a correlation with performance, meaning that the two dimensions have a high degree of similarity. The location dimension has a negative correlation with performance, meaning that the location dimensions differ from one hotel to another. While the dimensions of size are not related to performance.

[Richard Hall \(1992\)](#) with research entitled The Strategic Analysis Of Intangible Resources. The rationale is that the factors that support the creation of a competitive advantage for a company are the ability to differentiate itself from competitors. The ability to differentiate oneself is based on intangible resources.

From the data obtained it is known that in the period 1987 – 1990, 65% of service companies had an increase in Total Sales Revenue of 60%; 30 percent of other sector companies experienced an increase of 60 percent. The results of the analysis found that company reputation, product reputation and employee knowledge are the factors that contribute the most to business success.

Syarif (1997) examines the analysis of several factors that influence economic performance in the service industry (a case study at a one-star hotel in East Java).

Variables identified as follows: Y = Economic Achievement; X1 : Service ; X2 : Price ; X3 : Facility; X4 : Location ; X5 : Labor ; X6 : Distribution ; X7 : Promotion.

The results showed: 1) Service, price, facilities, location, labor, distribution and promotion factors affect the attitude of tourists in buying hotel products. 2) The price factor has a dominant influence on the economic performance of Saru star hotels in East Java.

B. Theoretical Study

• Definition of Strategy

Pearce & Robinson (1994) define strategic management as follows:

"Strategic management is defined as the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives".

While David Hunger and Thomas. Wheelan (2000: 3) defines strategic management as follows:

"Strategic Management is that set of managerial decisions and actions that determine the long run performance of a corporation".

From this definition, it can be interpreted that strategic management is a set of comprehensive and integrated actions that result in the formulation and implementation of plans designed to achieve company goals.

• Definition of Differentiation Strategy

Philip Kotler (2009), provides a definition of differentiation as follows:

"Difference is the act of designing a set of meaningful differences to differentiate a company's offering from competitors' offerings."

While Thompson and Strickland (1998), define differentiation as follows:

"Difference Strategies are an attractive competitive approach when preferences are too diverse to be fully satisfied by a standardized product or when buyer requirements are too diverse to be fully satisfied by sellers with identical capabilities."

The essence of a differentiation strategy is that a company can provide a more unique difference than its competitors, so that with that difference consumers have a higher value.

• Sources of Differentiation

Product Differentiation

Physical product is a potential thing to be used as a differentiator. Companies can differentiate their products on the basis of features, quality of performance, quality of conformity, durability, reliability, repairability, style and design.

Service Differentiation

The main service differentiator is the ease of ordering, delivery, installation, maintenance and repair.

Personnel Differentiation

There are 6 characteristics that indicate trained personnel, namely personnel ability, courtesy, credibility, reliability, responsiveness and communication.

Channel Differentiation

In conducting channel differentiation, companies can carry out strategies based on Exclusive Distribution, Selective Distribution and Intensive Distribution.

Image Differentiation

Companies can express images through symbols, written and audio-visual media and atmosphere.

• Competitive Advantage

Robert Grant defines competitive advantage as follows:

"When two companies compete (on the same market and customers), one company has a competitive advantage over another when the company gets a higher profit level, or has the potential to earn a higher profit."

One measure of a company's success is its relative dominance in the market. The company sets a target regarding its competitive position based on total sales (Pearce Robinson, 1997; 281).

The concept of the value of competitive advantage from the existence of core competence which emphasizes coordination between production skills and technology (Porter, 2000: 24), is described as follows.

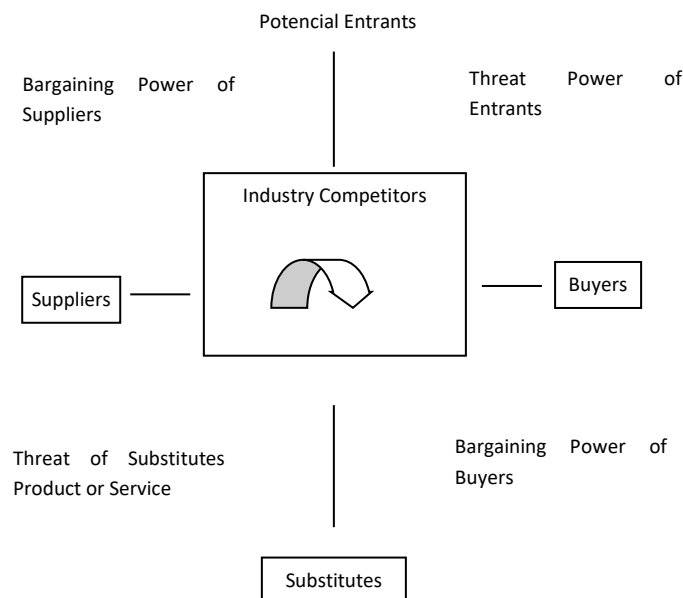


Figure 1
Forces Driving Industry Competitors

The picture shows the company's position among competitors, both the threat of new competitors, the form of substitution and the saturation of the customers themselves.

To achieve competitive advantage, Porter suggests several strategic options included in the Generic Strategy, namely:

- a. Cost Advantage. In this strategy, the firm becomes the low-cost producer in the industry.
- b. Differentiation. In this strategy, the company is unique in its industry on a number of dimensions.
- c. Focus. This strategy chooses to compete in a narrow range of competition in the industry.

Approaches in Applying Differentiation Based on Competitive Advantage

There are 4 differentiation approaches in creating value for buyers, namely:

- a. Product attributes and purchase features must be lower than the costs incurred by the buyer.
- b. Feature that is highlighted must be able to improve product performance.
- c. The features included must be able to satisfy the buyer.
- d. The features used must be able to provide value to consumers.

More Cost	Diferentiatioon
1. Cost Leadership	2. Diferentiation
3A. Cost Focus	3B. Cost Diferentiation

Figure 2
Generic Strategy

Hospitality Business

According to the decision of the Minister of Culture and Tourism Number: KM. 3/HK.001/MKP-02, what is meant by a hotel is a type of accommodation that uses part or all of the building to provide services, lodging and other services for the public that are managed commercially.

In Indonesia, hotel development is divided based on the needs of arriving guests and the length of time they stay, so there are two types of hotels, namely Resort Hotels and Transient Hotels.

Resort hotels and transient hotels are grouped into star and non-star hotels. Star hotels are divided into 5 classes, namely 1-star hotels to 5-star hotels, while non-star hotels are grouped into 3 classes, namely Melati 1 to Melati 3 hotels.

Hotel Class Classification

Hotels are an element of the tourism product which also determines whether the quality of Indonesian tourism products is good or bad. Provisions in Law no. 69 of 1985 stipulates the types of star and Hotel Melati based on the types and facilities provided.

Determination of hotel class categories is a tourism standard and norm that is national in nature, so that the arrangements are carried out by the Central Government in accordance with Government Regulation No. 25 of 2008 concerning Government Authorities and Provincial Authorities

- 1) This hotel class classification is outlined in the Decree of the Minister of Tourism, Post and Telecommunications NO. 69/PW.304/MPPT – 85. Based on this regulation, star hotels are classified into 1 star, 2star, 3star, 4 star and 5 star. Meanwhile, budget hotels are classified into 1 star hotel, 2star hotel and 3 budget hotel

RESEARCH METHODS

Based on data obtained from the Regional Tourism Office, around Danau Toba there are 8 hotels with the Melati III class category.

Population is the entire research object that can be used as a data source that has certain characteristics. The population shows the entire group of people, events or goods that are of interest to researchers to investigate (Sekaran, 2017).

In this study the authors took the object of research on the Melati III hotel industry around Danau Toba. Of the 8 research objects that have been mentioned, researchers took data from the last 3 years, so that 24 data would be obtained.

Differentiation Strategy is the center of study in this research. Some of the main criteria mentioned by consumers in making decisions to stay at hotels, namely; location, price, service, facilities and image. Hotels that are in one group will have the same form because the demand for accommodation facilities will occur when tourists choose accommodation facilities based on the distance between the hotel and their activities.

With the considerations described above, the independent variables used are price, service, promotion, size, and location. The hypothesis used will answer the problem of how much the differentiation strategy adopted by the hotel will affect competitive advantage.

In this study, to operate the analytical method used, the data entered is the level of price differentiation, service, promotion, size and location (ΔH , ΔP , ΔPr , ΔU , ΔL) and is formulated as follows.

RESULTS AND DISCUSSION

A. Characteristics of Research Objects

Each hotel has a different type and number of rooms. Determination of the type of room is based on the provision of hotel facilities. The more complete the facilities provided, the more expensive the price offered.

The average hotel room price increases every year, only Hotel F and Hotel H have a fixed price. The amount of increase in room rates ranged from 6% to 30%.

Each hotel provides different facilities compared to its competitors. Some hotels complement their main products by offering swimming pool, gym, sauna, karaoke facilities and so on.

Promotions carried out by jasmine III hotels around Danau Toba are generally still very limited, through brochures and yellow pages. But there are several hotels that have carried out promotions via the Internet and other information media.

The number of rooms owned by the hotel is different for each type. Besides having standard room types, the hotel also provides other types of rooms that provide better facilities. For operationalization, standard room types have more numbers than other room types. It can even be said that the type of standard room really dominates the number of rooms as a whole. The average hotel has a standard room type of more than 50% of the number of rooms owned.

The percentage of occupancy rate in the Melati III Hotel industry always increases every year (ranging from 5% to 10%).

B. Industry Analysis Hotel

In analyzing the hotel industry, it will be seen in terms of size, the level of competition that occurs in the hotel industry, the market growth rate in terms of the development of the number of rooms and the characteristics of the hotel.

1) Market Size

Comparison of the number of rooms between hotels included in the Melati Hotel class based on the number of hotel rooms provided can be seen in the table below.

Table 1
Comparison of Number of Budget Hotel Rooms

No	Hotel Name	Number of Rooms	Percentage (%)
1.	A	35 unit	10,4
2.	B	37 unit	11,0
3.	C	35 unit	10,4
4.	D	66 unit	19,6
5.	E	50 unit	14,8
6.	F	31 unit	9,2
7.	G	53 unit	15,7
8.	H	30 unit	8,9
Total		337 unit	100%

Based on the data above, it can be seen that D has the largest market size when compared to other hotels. This shows that D's market share is more potential.

2) Hotel Industry Competition Around Danau Toba

The number of tourists visiting around Danau Toba in 2019 was 110,086 people. Of these, 101,991 tourists stayed at hotels, 30,904 tourists stayed at Star hotels, and 79,187 tourists stayed at Melati hotels. Of the number of tourists staying at Melati hotels (79,723 people), 33,196 tourists stayed at Melati III hotels and 45,527 tourists stayed at Melati I and II hotels.

Table 2
Number of Tourists Staying at Hotel Melati III

No	Hotel Name	Number of Tourist	Percentage (%)
1.	Hotel A	4.562	13,7
2.	Hotel B	4.720	14,2
3.	Hotel C	4.720	14,2
4.	Hotel D	3.540	10,7
5.	Hotel E	4.326	13
6.	Hotel F	3.383	10,2
7.	Hotel G	4.877	14,7
8.	Hotel H	3.068	9,2
Total		33.196	100

Based on Table 2, it can be seen that there are hotels that dominate the market, namely Hotel G (14.7%), Hotels B and II (14.2%) and Hotel A (13.7%). As mentioned above, Hotel G has 5 rooms, Hotel B has 37 units, Hotel BI has 35 units, and Hotel A has 35 units. With the number of tourists staying at Hotel G as many as 4,562, the average occupancy rate for each room is 139 people. While the average occupancy rate for Hotels B and II is 135 people, and Hotel A is 130. The average difference between Hotel G and Hotel B and II is 4 people, then the difference between Hotel B and II and Hotel A is 5 people, this shows that the competition between hotels is quite tight.

Table 3
Average Occupancy Rate

No	Hotel Name	Number of Tourist	Number of Rooms	Average Occupancy Rate
1.	A	4.562	35	130
2.	B	4.720	37	135
3.	C	4.720	35	135
4.	D	3.540	66	101
5.	E	4.326	50	124
6.	F	3.383	31	97
7.	G	4.877	53	139
8.	H	3.068	30	88
Total		33.196	337	

Market Growth Rate

To analyze the market growth rate, we will look at the development of the number of hotel rooms and the number of tourist visits. Based on Table 1, in 2015 - 2020 there was no additional number of rooms, both Budget Hotels and Star Hotels. But in 2015 – 2020, star hotels have increased by 4 units (1.78%) and budget hotels have increased by 22 units (5.3%). In general, in 2015 – 2020, both star hotels and budget hotels experienced an increase in quantity of 55 units (4.06%).

The increase in the number of rooms was followed by an increase in the number of tourists visiting around Danau Toba by 10.94% in the 2005 – 2015 period. The increase in the number of tourists occurred after the 2015 – 2020 period there was a decrease of 17.87%.

C. Analysis of the Jasmine Hotel Industry III

◆ Competition Conditions

Competition that occurs in the Melati III Hotel industry in terms of facilities, price, promotion and quantity.

a. Hotel facility

In providing the facilities provided to consumers, hotel managers must be guided by the rules set by the Regional Tourism Office.

b. Price offered

Pricing is done by the company for its products according to the facilities provided. Relatively, when compared with the facilities provided, the prices offered by the Melati III Hotel industry are very competitive.

c. Promotion

In addition to communicating products, promotions can also be used as a strategy for companies to achieve their goals. With minimal promotional activities carried out by Hotel Melati III, this media can be used as a source of differentiation.

◆ Threats from Potential Migrants

Berdasarkan ukuran pasar, yang menjadi pesaing potensial dari hotel Melati III adalah hotel Berbintang karena perbedaan antara kedua kelas hotel tersebut tidak terlalu besar. Sedangkan yang dapat mengancam posisi hotel Melati III adalah hotel Melati I dan II.

◆ **Competition From Substitute Products**

Apart from Melati I and II hotels, Melati III hotels must also pay attention to other accommodation providers that could threaten their position. Other accommodations included in this substitution product are villas, bungalows and inns. Because these accommodations are not included in the PHRI membership so they are not monitored by the Regional Tourism Office, there is no detailed data regarding the occupancy rate. What can be seen from the existence of these other accommodations is that based on data obtained from transportation owners around Danau Toba, there are 14 accommodations around Danau Toba with 181 rooms.

Table 4
Comparison of Number of Rooms Provided by Hotel Melati III
With Other Accommodation Facility Providers

Hotel Melati III		Other Accommodation	
Number of Accomodation	Number of Rooms	Number of Accomodation	Number of Rooms
(1)	(2)	(3)	(4)
8	337	14	181

Based on Table 4 regarding the comparison between the number of tourists visiting and the number of tourists staying overnight, in 2019 - 2020 the number of guests staying overnight has decreased from 103,382 tourists to 99,972 tourists.

The difference between tourists who visit and tourists who stay is 38,317 people (26.07%). Of these, it is possible that tourists will use other accommodations to stay.

With the decline in the number of tourists visiting and the number of guests staying overnight, this is a loss for the local government and hotels. Losses for hotels occurred because the decline caused hotels to lose potential customers by 29.03% in 2018, by 26.83% in 2019, and by 26.07% in 2020.

◆ **Supplier Power**

It can be concluded that suppliers who are expected to be able to determine the company's position in order to have high competitiveness, have a very small number.

◆ **Buyers Power**

Based on data from the Population Service Around Danau Toba, the number of residents around Danau Toba tends to increase every year. Under these conditions, Danau Toba has a potential market.

Buyer power analysis can also be seen from the per capita income of the population. From table 12, it can be seen that the national income in 1998 was -11.43%. In 2019 national income increased to 1.40%, and in the following year it increased to 9.79%.

The National Income will affect the income level of each resident. In 2019 National income increased from 2018 by 12.28% and National Income Per Capita also increased by 13.11%. Likewise in 2019, National Income increased from the previous year by 8.39%, while Per Capita National Income also increased by 7.62%.

♦ *Government Regulations*

One of the government regulations governing the existence of hotels, is set forth in Ministerial Decree No.69/PW.304/MPPT-85 regarding the classification of hotel classes.

The advantage that can be obtained with this Ministerial Decree is that hotel performance becomes more focused, because in setting its policies each hotel must be based on existing provisions. Another advantage that can be obtained is that every hotel in the Melati III Hotel class has the same operational standards, so that the resources needed can be shared. The disadvantage that can be experienced by Hotel Melati III is that hotels that are less innovative and unable to distinguish themselves from competitors will be left behind.

Strategic Analysis Interpretation

The classification of this hotel class is based on the physical condition of the hotel with some of its elements and operational activities with its elements.

With this government regulation, market conditions become homogeneous, because every hotel has the same operational standards. Hannan & Freeman (1977, 1989) revealed that the intensity of competition will increase between organizations that have equal resources. In other words, the more the organization is the same as its competitors, the more intense the competition will be.

Based on the description above, the implementation of the Differentiation strategy carried out by Hotel Melati III is to highlight the characteristics it has. Based on the results of interviews we conducted with several hotel operational managers, in general they are very concerned about the differences they have with competitors.

Results of Multiple Linear Regression Analysis

Table 5
Recapitulation of multiple regression test results between Price Variable (X1), Service Variable (X2), Promotion Variable (X3), Size Variable (X4) and Location Variable (X5) to Occupancy Rate (Y)

Variable	Koefisien Regresi	t _{hit}	Sign t	Decision
X1	0.0002358	19.836	0.000	Significant
X2	1.516	2.313	0.033	Significant
X3	2.900	6.007	0.000	Significant
X4	-0.06758	-1.794	0.090	Not
X5	2.593	4.030	0.001	Significant
Constanta	= -3.743	Durbin Watson To Y = 2,055		
Multiple R	= 0.983			
R Square	= 0.966	$\alpha = 0,05$		
F-count	= 101.674			
Sig. F	= 0.000			

t-table	= 2.069
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Based on the results of multiple regression analysis of each independent variable (X) on the dependent variable (Y), it turns out that it has a multiple R (multiple correlation) of 0.98 and has an influence with a coefficient of determination of 0.96. That is, the contribution of the Variables Price, Service, Promotion Size and Location is 96% while the rest is influenced by other variables not examined in this study.

The calculated F value is 101,674, where this value is greater (\square) F table 2.77 with a probability of 0,000 which means it has a real influence on the confidence level of 5%. Thus the hypothesis which states "Allegedly the factors of differentiation strategy consisting of price, service promotion, size, and location have an effect on competitive advantage" can be accepted.

From the test per variable shows: the price variable (X1) has a significant effect on the Occupancy Rate (Y) with a t count of 19,836 greater than t table of 2,069 and a probability of 0,000, meaning that the effect of X1 on Y is significant. The value of the partial coefficient of determination (r^2) is 0.922, meaning that the price contribution to the occupancy rate is 92%. The regression coefficient value is 0.0002358, meaning that every time there is an increase in the price variable (X1) by one unit, the occupancy rate will increase by 0.0002358 units.

Service variable (X2) has a significant effect on Occupancy Rate (Y) with t count 2.313 greater than t table 2.069 and probability 0.033, meaning that the effect of X2 on Y is significant. The value of the partial determination coefficient (r^2) is 0.107, meaning that the service contribution to the occupancy rate is 11%. The regression coefficient value is 1,516, meaning that every time there is an increase in the Service variable (X2) by one unit, the occupancy rate will increase by 1,516 units.

The promotion variable (X3) has a significant effect on the Occupancy Rate (Y) with t count 6,007 greater than t table 2,069 and a probability of 0,000, meaning that the effect of X3 on Y is significant. The value of the partial determination coefficient (r^2) is 0.273, meaning that the promotion contribution to the occupancy rate is 27%. The regression coefficient value is 2,900, meaning that for every increase in the Promotion variable (X3) by one unit, the occupancy rate will increase by 2.9 units.

Variable Size (X4) has no significant effect on Occupancy Rate (Y). This is because the calculated t value -1.794 is greater than t table 2.069 and the probability is 0.090, meaning that the effect of X4 on Y is not significant. The value of the partial determination coefficient r^2 of the X4 variable is -0.091 , meaning that the contribution of size to the occupancy rate is -9% . The regression coefficient value is -0.06758 , meaning that every time there is an increase in the size variable (X4) by one unit, the occupancy rate will decrease by 0.06758 units.

The location variable (X5) has a significant effect on the occupancy rate (Y) with t count 4,030 greater than t table 2,069 and a probability of 0.001, meaning that the effect of X5 on Y is significant. The value of the partial coefficient of determination (r^2) is 0.216, meaning that the contribution of location to the occupancy rate is 22%. The regression coefficient value is 2,593, which means that for every increase in the location variable (X5) by one unit, the occupancy rate will increase by 2,593 units.

Thus the hypothesis which states "Allegedly the factors of differentiation strategy consisting of promotion, location, price and service partially influence competitive advantage" can be accepted.

The estimation equation of the variable Price (X1), Service (X2), Promotion (X3), Size (X4) and Location (X5) to Occupancy Rate (Y) is as follows:

$$Y = -3743 + 0.0002358 x_1 + 1.516 x_2 + 2.9 x_3 - 0.06758 x_4 + 2.593 x_5 + E$$

Discussion of Research Results

This study examines the causal relationship between the Differentiation Strategy which includes Price (X1), Service (X2), Promotion (X3), Size (X4) and location (X5) to Occupancy Rate (Y). The results of the research show that the independent variable (X) simultaneously influences the variable (Y).

The results of this study support the research put forward by Basiya (1996) concerning factor analysis of the variables that affect hotel customer satisfaction (a case study at hotel "X" in the Municipality of Semarang). From the results of this study it was found that there were 8 factors that caused consumers to feel satisfied staying at Hotel "X" Kotamadya Semarang, namely responsiveness of staff/employees, receptionist service, telephone facilities, facsimile facilities, transportation facilities, hotel rates, parking security, room security and hotel security.

The results of another study that support this research were conducted by Syarif (1997) regarding the analysis of several factors that influence economic performance in the service industry (a case study at a one-star hotel in East Java). The results showed that the factors of service, price, facilities, location, direct labor, distribution and promotion simultaneously affect the attitude of tourists in buying hotel products to achieve the economic performance of one-star hotels in East Java.

Managerial Implication

1) Price

From the qualitative analysis, it shows that in the last 3 years Hotel Melati III raised room rates. With this increase, hotel occupancy rates increased between 5 and 10%.

The implication is, based on national income and per capita income of the population in Indonesia which tends to increase, hotels can make price differentiation. With regard to price differentiation, hotels can offer high prices, where with this differentiation, the market segment to be taken is middle to upper class consumers.

2) Service

The results of this research show that the service variable has an effect on the occupancy rate. In this case the service is measured based on the facilities provided by the hotel.

With regard to service differentiation, Hotel Melati III can implement this strategy based on the provisions of the Regional Tourism Office. That is, Hotel Melati III can modify or add to the type of service.

3) Promotion

The results of the analysis show that the coefficient of partial determination (r^2) of promotion is 0.273. This means that the promotion contribution to the occupancy rate is 27.3%. With this contribution, promotion is placed second after the price variable as the variable that has the dominant influence.

Seeing the importance of the role of promotion on occupancy rates, hotels need to pay attention to the promotional activities that have been carried out. The way that can be done is to increase the intensity of the promotion and also the media used.

4) Size

The results of the analysis show that the variable size does not significantly affect the occupancy rate. That is, a hotel that has a large number of rooms does not guarantee that the occupancy rate is high.

One possibility that causes the size variable to have no effect on the occupancy rate is that the hotel never communicates the number of rooms owned to consumers.

5) Location

From the results of the study indicate that the location variable has a significant effect on the occupancy rate. This location measurement is based on the distance between the hotel and the city center.

The implication of the results of this study regarding the applied location differentiation is that Hotel Melati III can choose a location that emphasizes aspects of comfort and tranquility, where with these aspects the hotel is free from pollution.

Another alternative that can be taken with regard to location differentiation is Hotel Melati III choosing a location close to the city center. The consequence that must be received by the hotel when taking this location is that the number of hotels in one group is very large, so that the competition between hotels is getting tougher.

CONCLUSION

From the results of qualitative analysis, it can be seen that the competition in the Melati III Hotel industry is very tight. This can be seen from the pricing and facilities provided to consumers. The results of the analysis show that in the Melati Hotel industry, no one plays a dominant role.

The results of the competition analysis show that besides competing with hotels in the same class, Hotel Melati III is also being threatened by other accommodation providers. The providers of accommodation facilities are bungalows, villas and inns.

To deal with threats and to be competitive, Hotel Melati III must be able to increase its advantages by differentiating itself from its competitors.

From the results of quantitative analysis using the Multiple Linear Regression analysis tool, the results show that the factors of price, service, promotion and location are factors of competitive advantage used by the Melati III Hotel industry.

Based on the analysis of Partial Determination, the result is that the factor that has the most influence on competitive advantage is price with a coefficient of determination of 0.922.

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