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BENCHMARKING AND PRODUCT DEVELOPMENT OF HOTEL ATTRIBUTES: A CASE STUDY IN 3 STAR HOTELS IN JAKARTA

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ABSTRACT

The hospitality industry in Jakarta has always been a very competitive field and it forces 3 star hotel managers to analyze internally and externally. This study helps to provide information for 3 star hotel managers with benchmarking hotel attributes method in five 3 star hotels in Jakarta and analyze the strategy management of 3 star hotel using product development. We used a qualitative approach in this study. Methods of collecting data were through a questionnaire, interviews, and observations. The results of this study show some attributes like rooms (physical), hotel (physical) and food that affect hotel selection and product development can become the effective way to achieve competitive advantage in the hotel industry. The research results revealed customers prefer to stay in a comfortable hotel over price. There are several studies that apply benchmarking as their research method, however, it has never been applied in the hospitality industry.

INTRODUCTION

Benchmarking methods can be used to analyze some of the hotel attributes available and used in research. Tee (2016), as cited in Tsiotras (2017), provided benchmarks for best practices and better performance in higher education institutions. In the last four decades many articles have been written about the use of benchmarking in some industrial and service areas (Meybodi, 2005, as cited in Salem, 2013). However, implementing

strategies from the results of benchmarking by one company often cannot easily be adopted by another company; for example, there are differences in the environment that could render some practices or strategies unfeasible (Tyler, 2005 cited in Salem, 2013). Benchmarking provides ongoing performance evaluations that can facilitate organizations not only to determine their strengths and weaknesses, but also to identify best practices within organizations avoiding barriers to competition and more importantly applying performance-enhancing strategic plans (Shaw, 2010, as cited in Wu, Lan, & Lee, 2013). A study about the literature and practice of benchmarking was developed through the manufacturing and service industries (Yasin, 2002, cited in Salem, 2013).

However, there are no studies showing the concrete indicators or dimensions which can measure best practices and performance of hotels. This study aims to find the best rooms, hotels, food, prices, locations and staff among several hotels and offer strategies that can be used by hotels to face competition in the hospitality industry.

LITERATURE REVIEW

Benchmarking

Ranx Xerox pioneered benchmarking techniques in the West in 1979. Camp (1989) defined it is a continuous process of comparing business products, services and practice with the strongest competitor or a well-known industry leader. Besterfield (2011), explains that benchmarking is a systematic search for the best practices, innovative ideas, and highly effective procedures to learn from others what they do right and imitate it. Vermeulen (2003), identifies benchmarking as a process of identifying, understanding and adapting the best practice from within a company or other business to help improve performance. Benchmarking must be done continuously because practices in an industry are constantly changing and industry leaders can become stronger over time (Chen, 2002). The benefits of benchmarking repeatedly are: 1) to identify the strengths of the best companies that have outperformed other companies, while also providing a better and healthier model, 2) in some industries such as the hotel industry or transport, the subjects being studied may be seasonal (peak or low season), and 3) determine when a 'lagged-productive' or 'carry-over' effect occurs which is usually input/output credited or contributed from one period to another.

Product Development

Product development is a strategy to improve or modify the products or services to increase sales. It usually requires extensive research and expenditure to develop products or services. According to David (2013), five indicators for an effective product development strategy are 1) When the organization has a product that reaches the level of maturity in its product lifecycle; 2) When an organization competes in an industry characterized by rapid technological development; 3) When competitors offer better quality at competitive prices; 4) When organizations compete in fast-growing industries; and 5) When the organization has strong research and the ability to grow again.

Hotel Attributes

According to Lo, Stalcup & Lee (2010), increments of customer satisfaction will be very beneficial for the entire hotel. Many studies analyzed hotel attributes to understand their contribution to customer satisfaction (Chu & Choi, 2000, cited in Tolkach & Tse, 2016). Hotel attributes can be categorized as functional and emotional, and differentiated into tangible and intangible components (Zhang & Mao, 2012, cited in Tolkach & Tse, 2016). The hotel's attributes are also distinguished from those subcategories that are very attractive to customers, through to those not perceived by customers (Rhee & Yang, 2015). According to Callan and Bowman (2000), British tourists mentioned that there are 38 influential attributes factors such as price, cleanliness, the comfort of mattresses, courtesy of the staff and efficient service. Shanka and Taylor (2004, cited in Rhee and Yang, 2015) mentioned that there are 18 types of service and facility factors including front desk staff friendliness, check-in and out efficiency, and internet connection. The three types of attributes are physical facilities, room facilities, and reception services. The table below show 23 hotel attributes that are divided into ten major categories based on Zhou, Ye, Pearce and Wu (2014).

Table 1.
Hotel Attributes

Attribute	Attribute in detail
Room (physical setting)	In-room amenities; the size and layout of the rooms; cleanliness of the rooms; extra stuff in room
Hotel (physical arrangement)	Availability of Wi-Fi; public facilities (lounge, lobby, swimming pool and gym); noise level; entertainment facilities
Food (physical settings)	Variety of food; food quality; food environment; availability of special food fixings (room service, vegetarian and sugar free options)
Value	Room price; food and beverage prices; and other prices
Location	Adjacent to entertainment venue(s); closeness to the city center; closeness to airport/train station; and ease of access to the location
Staff	Staff friendliness; language skills possessed by staff; staff effectiveness in problem-solving

Source: Zhou, Ye, Pearce & Wu (2014)

MATERIALS AND METHODS

The approach of this study is qualitative with a grounded theory approach. The data was obtained through observation, interviews with Hotel Manager F Hotel, and questionnaires distributed to participants. Participants who fill out the questionnaire were selected and diverted through purposive sampling. In addition, literature studies were also used to find data for this study. Validation is also one of strengths and is based on the determination of whether the findings obtained were accurate from the viewpoint of the researcher, the participants, or the reader (Creswell & Miller, 2000). There are several strategies to be applied by researchers in testing the validity of data in order to triangulate different sources of data information, creating a

rich and thick description of research results, using prolonged time in the field or location research, and question and answer with peer debriefing to improve the accuracy of research results. Before the questionnaires were distributed, interview with several customer had been made. We used interview result to strengthen our benchmarking result.

RESULTS AND DISCUSSIONS

The 130 respondents stayed in one of five hotels; 49 people chose I Hotel, followed by F Hotel (35 people), H88 (17 people), M Hotel (15 people), and T Hotel (14 people). Half of the respondents were students (67 people). Many respondents chose <Rp. 3,000,000 (61 persons) and the majority were 18-28 years (80 persons).

Table 3.
Results

Rating	Hotel Attributes					
	Room	Hotel (physical)	Food	Price	Location	Staff
1	T Hotel	T Hotel	T Hotel	F Hotel	T Hotel	F Hotel
2	M Hotel	I Hotel	M Hotel	M Hotel	M Hotel	T Hotel
3	F Hotel	F Hotel	I Hotel	I Hotel	F Hotel	I Hotel
4	I Hotel	H88	F Hotel	H88	H88	H88
5	H88	M Hotel	H88	T Hotel	I Hotel	M Hotel

Source: Authors (2018)

Rooms

Based on the hotel room category, we found that T Hotel ranked first. Respondents felt that T Hotel offered a bathtub which was rarely found in 3 star hotels. The hotel also provides tea/coffee maker and hairdryer, which were highly rated by respondents. This was different from what F Hotel provided as a select-service hotel. A select-service hotel is a hotel that provides the needs or preferences of the hotel guests but only on request, and these are sometimes not available in the room. For room size and room cleanliness, respondents felt that the standards provided by F Hotel, M Hotel and T hotel were the same. In contrast to the perceived respondents staying at H88, the room seemed old and less comfortable. In addition, leakage under the bathroom sink made a respondent feel that H88 was the worst hotel. The data collected also indicated that H88 was the lowest rated in terms of rooms.

Hotel (physical)

In the case of WiFi, respondents reported no significant difference in the five 3 star hotels. Respondents who stayed at three hotels and visited the other 2 hotels said that WiFi was immediately connected upon entering the hotel lobby and walking into the front office. The most distinguishing feature of this was the availability of T Hotel's public facilities compared with the other four 3 star hotels. T Hotel provided gym facilities that could be used anytime. The respondents gave a high rating for T Hotel. This is in contrast to F Hotel which only offered a very simple outdoor gym. Indeed, this strategy was conducted to provide comfort for guests who stayed to be able to exercise, but this was deemed not enough considering the outdoor

gym had plastic equipment. The festivities on Christmas Day that were provided by the five hotels were equal. Ratings for these five hotels were approximately the same with not much difference (3.8 to 4). The noise levels of each hotel were more or less the same, located on the main road and also the same for the hotel rooms. A distinguishing feature was the availability of spa and sauna facilities at T Hotel which provided a high rating in terms of availability of entertainment facilities. F Hotel offered spa and sauna facilities, but the facility did not belong to F Hotel.

Food

The diversity of food at F Hotel was limited. Respondents tried breakfast from the F Hotel and the variety of food there was not diverse. They only had one type of cereal, while the main meal was only a choice of porridge and rice with a side dish amounting to approximately six different kinds. The respondents who stayed at F Hotel also suggested that food from F Hotel should have more variety. This is in contrast to the variety of food in T Hotel which was at the top of the list for food diversity. The quality of food at F Hotel was standard. There were some foods that the researchers felt were not fresh like the porridge that seemed to be purchased from outside. By buying food instead of making their own food it would not be fresh when eaten. But respondents felt that the quality of food at F Hotel was still better than H88. At the time the respondents stayed at H88, the respondents tried breakfast which was not very fresh. The respondents found that the food served had already been perched upon by many flies. The allegations of respondents were reinforced by questionnaire data collected by researchers that the food quality of H88 was the worst compared to the other four hotels. Respondents came to the restaurant for breakfast at 6.30 a.m. but the dining tables were already taken. The respondents even shared a table with other guests who also wanted breakfast. For the special request menu, respondents said that all hotels only provided eggs that could be cooked in various ways. For this food attribute, T Hotel was rated first while F Hotel occupied fourth rank.

Price

For the price attribute, there were some statements used to determine these five hotels' price rating. Statements were made on the basis of room, food and beverage prices as well as goods/services outside the room, and food and beverages (Zhou, Ye, Pearce, & Wu, 2014). In terms of room rates, F Hotel was rated first. The room rates offered were deemed not too expensive or too cheap. F Hotel had a program for room rates called grade rate. This rate helps sales staff to be able to provide a definite price to guests who want to stay. Rate grade is a flexible pricing program that suits the occupancy rate of rooms at F Hotel. The system provides a high price when on vacation due to high occupancy rates at that time and provides a low price in non-holiday times. Rate grade consists of several bars starting from bar 0-4. Bar 4 will be used when occupancy rate is below 30%, bar 3 at 50%, bar 2 above 70%, bar 1 at 80% -90% and the last at 95% was bar 0. Bar 0 is called a published rate, but if only one room is left, F Hotel will not offer a high price according to bar 0 especially if there are already guests who have come to stay. This was a very good strategy applied by F Hotel in terms of pricing. Respondents also got the cheapest price when compared to

staying at two other hotels. When compared to any hotel search site, F Hotel room rates were not as expensive as the other four hotels.

This research found other strategies applied by F Hotel in terms of room rates. Group guests from Archipelago International or guests from F Hotel make a one-year contract or cooperation on the price to be offered to other Archipelago International employees. This price is fixed and does not vary when compared to using rate grade, but F Hotel provides the price in the middle, so the price offered is not too expensive or cheap. F Hotel does a lot of cooperation with travel agents, domestic and overseas. Another strategy that was good was acknowledging regular guests in F Hotel. The hotel provides cheaper prices to regular customers staying at F Hotel. This strategy made the respondents give a high rating in terms of room rates for F Hotel. T Hotel occupied the lowest ranking in terms of room rates, when on other attributes they are first.

Location

In the case of this location attribute, the author asked some location-related statements to be able to rate every hotel. Some of the remarks were whether the location of the hotel was close to where you wanted to visit, close to the city center, near the airport/station and the ease of access to the hotel location (Zhou, Ye, Pearce, & Wu, 2014). In this case, the five hotels were located at an area not far from one another, but according to respondents, F Hotel was more difficult to reach. The location of F Hotel inside the 8th floor of a mall meant that guests had to first look for a special elevator to go directly to the F Hotel or for guests to directly drive to the parking lot up to the 8th floor. This is different from most other hotels which have their own building. The locations of every other hotel building were in crowded places which had the potential for congestion, such as H88 which was very close to the culinary center. By night, the culinary center gets increasingly crowded which causes severe congestion in front of H88. The T Hotel and I Hotel location were located on main roads that many vehicles passed very day. Respondents felt that F Hotel not having its own building caused difficulty in finding the hotel. F Hotel was quite close to Tanah Abang station and not so far from the center of the capital such as *Monas* (the National Monument) and *Istana Negara* (the presidential palace).

Staff

Respondents reported excellent staff friendliness when staying at F Hotel. All staff including guards and janitors were very friendly when they met directly with guests. This is in contrast to what respondents felt when staying at M Hotel and H88. While staying at M Hotel, the staff seemed to be busy with their own work and ignored and did not greet the guests who arrived. Respondents also tried to sit in the cafe in the M Hotel but respondents were not served well. The same happened at H88. Many staff did not greet when passing the guests. For T Hotel and I Hotel, the staff's friendliness was of a sufficient standard. The language skills of the hotel staff were also excellent. This was because courses were given to staff every month by bringing in foreign language specialists. Respondents also saw the ability to solve problems very well when there were guests from abroad who wanted to borrow chargers to recharge their mobile phone

batteries. The front office staff calmly provided some solutions and finally the guests got help.

Strategy Management F Hotel

The maturity stage in classical product life cycle theory happened when price competition became intense. The other four hotels offered almost the same price. F Hotel wanted to apply a new experience to their guests such as a tea/coffee maker placement in every room at F Hotel in 2018. It was the same as other indicators that mentioned finer and finer differentiations in the product (Levitt, 1965, cited in Cao & Folan, 2011). We also saw that the hotel manager wanted to improve service by making new innovations for customers, especially regular customers, but this was not in line with the concept of F Hotel which was a select-service hotel. Therefore, the F Hotel only prepared the items the guests requested but not directly in the room, only provided at the front office when guests requested the desired items.

The explosive development of internet users in social networking has had a huge impact in the hospitality industry which is changing its marketing techniques (Yazdanifard & Yee, 2014). In addition, social networking can be a communication tool that creates brand awareness and creates a good image of the brand (Bilgihan, 2014, cited in Yazdanifard & Yee, 2014). In this case, we see that the hotel industry began to follow the development of technology by applying it within their management strategy or in their products. In F Hotel the technology used was tailored to their concept of 'fun, fresh and friendly'.

From these indicators, we see that F Hotel, T Hotel, H88, M Hotel and I Hotel offered a fairly balanced price with different qualities. The respondents saw the best quality was T Hotel in terms of rooms, but in terms of price, T Hotel was the most expensive. F hotel had a bar strategy which has to be explained in terms of attributes. This strategy used a computer program consisting of bar 0-4 so there were five kinds of price that could be offered directly to consumers. But F Hotel was not very dependent on this computer program. If only a few rooms were left of course the price offered by this program would be very high even when the room would certainly generate more revenue. In this situation the hotel manager would take over and provide different rates from the program as the goal of F Hotel is to meet its room occupancy rate. In addition, cooperation with travel agents or companies like LTC Mall was also a good strategy. Collaboration with some parties provides more benefits so F Hotel can provide competitive prices. With this strategy, other hotels started offering prices like F Hotel with a similar quality.

The highly competitive hospitality industry is forcing hotels to find new ways and new strategies. One method is by offering different innovations (Dzhandzhugazova, Blinova, Orlova, & Romanova, 2016). F Hotel believes that although there are many new hotels built, the most important thing is how to make the guests feel the hotel is their second home. F Hotel has a team of researchers who conduct checks in the hotel industry internally and externally. At F Hotel, which is under the operator of the biggest hotel brand in Indonesia, there is regularly an audit to check everything. A mystery guest from Archipelago is one way to check how the guests are being served. F Hotel also holds meetings of every division every two

weeks to discuss the performance of each division. Each division has a different role, but to give the best attributes to the guests every division must cooperate as required by the F Hotel manager. In addition, F Hotel cooperates with Revinate. Revinate is a company that helps the hotel to know how it feels from the guests' point of view and redistribute this knowledge so that the hotel can get to know what their shortcomings are. Revinate's collect comments about F Hotel from the guests who have been staying, and share any comments which will help the F Hotel manager. With the research team and collaboration with Revinate company, F Hotel has strong research to improve itself internally and externally.

Discussion and Model Proposition

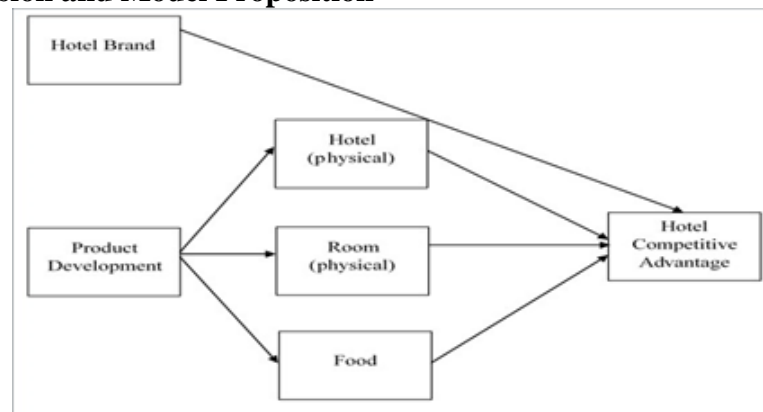


Figure 1. Proposition Model.

Source: Authors (2018)

1. T Hotel has the best physical rooms compared with F Hotel, I Hotel, H88 and M Hotel.
2. T Hotel is the best physical hotel compared with F Hotel, I Hotel, H88 and M Hotel.
3. T Hotel has the best physical food compared with F Hotel, I Hotel, H88 and M Hotel.
4. F Hotel has the best price compared with T Hotel, I Hotel, H88 and M Hotel.
5. T Hotel has the best location compared with F Hotel, I Hotel, H88 and M Hotel.
6. F Hotel has the best staff compared with T Hotel, I Hotel, H88 and M Hotel.
7. The best strategy for F Hotel in facing competition is to conduct product development in terms of rooms, physical hotel, and food which is worse than some other hotels and continue to maintain good brand awareness in the community.

From the results, F Hotel is still behind in those attributes. For example, although the location of I Hotel is in the lowest rating there are still many respondents who chose this hotel. F Hotel is rated first in terms of staff, but is not the first choice for respondents. F Hotel should develop its new product; the room (physical), food and hotel (physical) could be improved to maintain its brand. In accordance with the literature, product development can benefit F Hotel and render it more competitive.

CONCLUSIONS

This research revealed that price was still a major factor for the respondents who were mostly students. Other attributes that are important are the room and quality of food. The respondents suggested F Hotel to improve the food, in order to maintain the number of guests. F Hotel also should use meeting rooms to accommodate more guest at breakfast time.

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