

# The Role of Competitive Advantage and Customer Relationship Management in Increasing Interest in Staying Back at Non-Star Hotels in Covid 19 Era

Wentri Merdiani<sup>1</sup>, Umi Narimawati<sup>2</sup>, Dewi Indriani Jusuf<sup>3</sup>

<sup>1,3</sup>International Women University, Indonesia

<sup>2</sup>Universitas Komputer Indonesia

Wentrysworld@gmail.com, ummi\_arie@yahoo.co.id, dewijusuf16@gmail.com

## Abstract

*Indonesian nonstar hotel offers guest satisfaction, especially in terms of rooms and food. The hotel level competition is also getting higher. Guests will be more likely to choose the cheaper promotional price offered by the new hotel. However, hotels can improve the quality of their services, so prices will no longer affect guests. Hotel competitors will not always be able to provide cheap prices, because they also have to be able to cover increasingly expensive operational costs. As well as establishing business relationships with travel agents. It is recommended that employees always build a good information system and be able to solve any problems based on existing information systems. The speed of processing data in providing information and the level of ability to store data must be increased. In establishing familiarity with tourists (customer intimacy), Indonesian nonstar hotels are asked to improve the quality of service to match the expectations of tourists. In this study, we examine how CRM and competitive advantage will later increase tourist confidence in the post-Indonesian tourism destinations and industry Covid-19. Non-star hotels in the city of Bandung need reliable communication actors, both from industry the tourism sector as well as the local government that can convince and guarantee that the tourism can be relied on to improve people's welfare and increase national economy.*

## Keywords

Covid-19; interest to stay; CRM; Indonesian non star hotel; competitive advantages



## I. Introduction

The development of tourism activities in Indonesia must be balanced with the provision of accommodation for tourists, because if it is not balanced with the provision of accommodation then tourism will not run well. According to the Ministry of Culture and Tourism (2012) tourism cannot be separated from elements that support tourism such as tourism accommodation consisting of restaurants, travel services, souvenirs and hotels. Based on the accommodation chosen by domestic tourists and foreign tourists, hotels are the first choice to become one of the supporters of tourism. The Bandung City Culture and Tourism Office (Disbudpar) noted that during the implementation of the restriction on community activities (PPKM) the hotel occupancy rate in Bandung only reached 10 to 20 percent. The West Java Indonesian Hotel and Restaurant Association (PHRI) stated that hundreds of hotels had gone bankrupt due to the impact of the COVID-19 pandemic. Before that, at the end of the year, hotel occupancy in Bandung was still at 40 percent.

Over time, the provincial government is responsible for developing the tourism industry in its area, so that tourism activities in Indonesia are no longer concentrated in some areas. One of the provinces in Indonesia that gets a lot of attention from tourists is

---

West Java. West Java is one of the provinces that is rich in tourist attraction objects including natural tourism, cultural tourism, art tourism, shopping tourism, heritage tourism, and culinary tourism, and has many hotel accommodations as tourism support suggestions. Tourism is one of the main drivers of economic activity.

The advantage of the tourism sector lies in its ability to increase foreign exchange and to drive various other business sectors such as the home industry. Thus, developed countries and developing countries continue to develop and improve the quality of their country's tourism (Amin et al, 2019). Sustainable tourism development can be completed by creating opportunities through networking and cooperation with service providers, where stakeholder engagement, the development of locally oriented codes of conduct, and local government participation are crucial factors for sustainable tourism success (Welford & Ytterhus in Nurlina, 2020).

The development of tourism in West Java cannot be separated from the number of visits by foreign tourists and domestic tourists (wisnus). To find out how much foreign tourists are interested in visiting West Java, it is to look at the number of foreign tourists who come directly through the entrance to West Java. The following presents the development of foreign tourists who come to West Java through the entrance of Husein Sastranegara Airport in Bandung City and Muarajati Port in Cirebon City. Widyawati (2011: 74) said that the tourism industry has various types of businesses that support tourism, one of which is the hotel business. The hotel is a place to rest for foreign and domestic tourists. The convenience of hotel visitors in using hotel services is the main requirement, so hotel managers must create the best possible comfort so that hotel occupancy services can be maintained.

The hospitality service industry according to Nunik Fadjrina (2013:3) tends to fluctuate, because the high and low Room Occupancy Rate (TPK) is strongly influenced by external and internal. External factors include social, economic, and government policies. While internal factors such as facilities, facilities and infrastructure owned by the hotel and the quality of services provided by the hotel. The hospitality business in West Java is quite tight. This is indicated by the growth of the hotel business from year to year which increases in number, both star and non-star hotels. Hotel occupancy in the city of Bandung, West Java has not moved up due to the lack of visitors (tourists).

The enactment of restrictions, ranging from PSBB, PPKM, Emergency PPKM, PPKM Level 1-4 to the extension of PPKM, the economy of the tourism sector in this city has fallen further. Since the implementation of the PSBB proportionally last June 2020, tourist attractions and entertainment venues in the city of Bandung have indeed closed to operate following government instructions. The low average length of stay of tourists at star hotels in West Java shows the unwillingness of tourists to stay at the hotel again. Customers or hotel guests want a new experience with the services received from a hotel, this search process will stop when customers get value and satisfaction from a product or service. Hotel entrepreneurs prefer lower guest turnover but relatively long stays. This is related to the unit cost of guests who stay longer than guests who stay short. This cost element includes welcome drink, stationery, and other administrative costs. If this continues continuously without any repairs and improvements from the hotelier so that guests can stay longer, it is likely to have an impact on the value perceived by customers and the company's revenue or the presence of a hotel in the industry. This condition also occurs in the hotel industry in the city of Bandung where the growth in room occupancy rates and the growth in the number of guests, especially in three and four-star hotels in the city of Bandung, tends to decline.

Bowen and Chen, (2012: 213) stated that "loyal customers will increase sales through purchasing a wider variety of products and purchasing more frequency". The impact of all that is the company's profitability. Dick and Basu (2011:99) state that the key to competitive advantage in a competitive situation is the company's ability to increase customer loyalty. Customer loyalty will be the key to success, not only in the short term but a sustainable competitive advantage. Kotler and Armstrong (2012:168) state that in forming stronger bonds with customers, relationship marketing can be done through three approaches, namely: financial benefits, social benefits, and structural ties. Relationship marketing can take place well if all customers have continuous needs or Relationship Marketing can be very effective if the target is at the right customers, namely customers who are truly bound by a certain system and want timely and consistent service.

In addition, relationship marketing also creates relationships and more attention to customers in retaining company customers, because companies are aware that the expenses incurred to find new customers are predicted to be 5 times greater than retaining existing customers, as stated by Tjiptono (2012: 140). which states that the potential benefits of relationship marketing for customers and companies are: confidence benefits, the emergence of trust/confidence in the company regarding the quality of services obtained, by maintaining relationships with well-known service providers. This will benefit customers, where customers are free from searching every time they need the same service. Social benefits, the establishment of social relations that lead to close relationships between service providers and customers. Special treatment benefits, in the form of special prices, special offers, and special treatment for special customers.

The Indonesian Hotel and Restaurant Association (PHRI) has prepared a number of strategies to increase hotel occupancy and tourist visits after being affected by the COVID-19 pandemic in 2020. The first step to take is to encourage PHRI members to implement health protocols and seek as much as possible to get CHSE certification or cleanliness, health, safety and environmental comfort. The packages offered range from staycations, working from hotels, self-isolation packages, to meetings and marriages with an antigen swab test. The challenge faced by hotel and restaurant businesses during the pandemic is that there are still restrictions on the activities and movement of tourists through Large-Scale Social Restrictions and the Enforcement of Restrictions on Community Activities. The question is whether customer relationship marketing and competitive advantage can still increase the interest of foreign tourists to stay at non-star hotels in Bandung City. However, according to a research by Knight Frank in April 2020, the return of demand of the UK hotel market including London and Edinburgh are likely to recover faster, and possibly be able to attain a full recovery by Q4 2021. If the lockdown is to be lifted by the end of June in 2020. Frank states that it "forecasts a V-shaped, stepped recovery, with occupancy growth beginning slowly in Q3 followed by substantially stronger growth in Q4 as travel confidence returns. This will then help to drive the ADR growth, leading to an overall recovery for the UK hotel sector. Q4 is also expected to see a surge in investment volumes. The speed at which the UK hotel market has recovered following major events in the past, such as the economic downturns in 2001 and 2009, SARS and Brexit" These findings provide some hope for a rationally instant return to positive growth numbers, notwithstanding there are still many unknowns ahead. So, what hoteliers should do during the COVID-19 crisis? This paper is about to find whether CRM and competitive advantages can help hoteliers in non-star hotels in Bandung city survive, how to maintain consumer relationships in the hospitality sector throughout this hard time. As well as how that will leads to a better image of the hotel brand post-COVID-19 when eventually the market is anticipated to slowly recover.

## II. Research Methods

This research examines the problem qualitatively, based on field observations, literature studies and previous research, this type of research is descriptive analysis. The data used are secondary from the . The Bandung City Culture and Tourism Office (Disbudpar), The Indonesian Hotel and Restaurant Association (PHRI), as well as the results of the previous research.

## III. Results and Discussion

Farazad (2020) state that Customer Relationship Management (CRM) is a business strategy to select and manage the most valuable customer relationships. CRM requires a customer-centric business philosophy and culture to support effective marketing, sales, and service processes. It is a set of strategies, processes, programs and systems to develop loyalty and repeat-purchase behavior among the customers. It helps to grow a relationship with the customer from the first introduction and throughout the entire client's lifecycle. They are the backbone of hotel industry, maintaining the relationship with them always leads to positive outcome. Increase in customer retention and satisfaction will increase repeat business and word of mouth. Farazad (2020) state that CRM processed that can be applied to nonstar Hotel strategies during Covid-19 pandemic are :

1. Collect Customer Data

Customer database, transactional information and recording of interactions. Big data helps hotels deliver a personalized proper CRM Programs

2. Analyse customer data and ID high value customers

Understand and analyse all types of information:

- Behavior (Length of stay, types of service in the hotel such as spa or dining)
- Characteristics (Age group, small or large group)
- Needs (Event space, meeting room, group booking)
- Expectations (Wi-Fi, complimentary breakfast, concierge)

3. Develop CRM Programs

Create loyalty program - but make sure the program is simple and transparent. Higher tier customers tend to be more loyal and they want to be rewarded for that. They tend to place more value on customer service than prices and promotions.

4. Implement CRM Programs

Many CRM systems combine email, SMS and other forms of communications. While hotels are closed and people are not allowed to travel, staying connected to the existing and new customers via the above mentioned are great way to drive booking when travel demand rises, as well as attract new upcoming customers. Some examples of CRM programs to fuel growth are as follows:

- Keep your hotel website updated. Share recent policy, prevention plan and announcement regarding COVID-19. Updates on when hotel is planning to open for new reservation with special offer/promotion and exclusive experience package.
- Allow flexible cancellation policy assuring customers feel at ease during this uncertain time.
- Launch an email campaign offering courtesy bonus or extra perks to incentivize cancelled reservations to rebook and purchase.
- Create personalized opportunity. Using data based on preferences of your existing customers, you can present them with free room upgrades, spa or

dining experience. For corporate customers, it can be offering a tiered selection of meeting-room snacks in the hotel restaurant.

- Automated marketing campaign for birthday or anniversary of the past guest's stay encouraging them to rebook and enjoy the great experience.

In conclusion, CRM is a crucial management tool that hoteliers can use to achieve more revenue and maximize the value of the customers. Hospitality sector's greatest assets are the data and knowledge of their clients. They can use this asset as the key competitive edge to retain these Relationship marketing is an effort to develop, maintain, improve and commercialize customer relations in order to achieve the goals of all parties involved (Gronroos, 2011:513). This is where the role of Hotel Public Relations must be able to convince and communicate well to tourists. Therefore the need for health standards in the tourism industry. Coordinating Indonesian Ministry for Sector Maritime Affairs and Investment (Kemenko Marves) prepares health protocols at destinations of nature-based tourism in Indonesia. This effort is expected to increase the number of local tourist visits in the new normal era while preventing the transmission of the virus corona customers who represent the highest lifetime value and profitability.

Rosanti et al (2020) suggest the implementation of health protocols in nature-based tourist destinations will prioritize Cleanliness, Health, and Safety (CHS) principles. This CHS is implemented to improve tourists' trust in Indonesia's post-Covid-19 tourism destinations and industry. Nature-based tourism destinations have a lower risk of transmission compared to tourist destinations in urban areas that usually invite crowds of people. Nevertheless, This minimal risk of transmission should not be underestimated. Therefore, every stakeholder must ensure that the implementation of health protocols in nature-based tourist destinations has been equipped with supporting facilities.

When the facilities don't support, then the promotion goes anywhere people will not believe. The key is cleanliness, health, safety. The tourism industry must build people's trust to travel. The Cleanliness concept that can be applied is Discipline & Stakeholder Commitment (Government/Industry/Community/Visitors), Adequate Hygiene & Disinfecting Facilities, Clean & Healthy WC, Routine Cleaning Staff. Health concepts that can be applied include: Availability of Clinics (Health facilities) & TIC, Valid Health Certificate, Thermal Scanner & Visitor Body Temperature Monitoring, Hand Washing Facilities, Free Masks, Free Hand Sanitizer, Routine Disinfection. New Healthy Protocol that must be done is as follows:

- Sanitation and hygiene will be very important
- Screening of employees who will work, especially those who come from the Red Zone area,
- Screening travelers using technology at check-in, contactless payments,
- More frequent cleaning of public areas, including toilets,
- Put the label 'Sanitized, highly clean, Covid-friendly' on equipment and tourist facilities,

Safety concepts that can be applied include Physical Distancing, Society Control, Street Lights & Road Signs, Law Enforcement. This is done by providing services with the principles of Cleanliness, Health, and Safety (CHS), friendly and courteous to tourists. Visitors are asked to wash your hands with soap and water, then the tissue is provided to dry hands and then sprayed with a cleaning liquid (hand sanitizer). Don't forget to do it Check body temperature and wear a mask.

## IV. Conclusion

It can be hard to look forward when the present seems to be in such a state of flux, but for hotels, a forward-thinking mentality is essential. This doesn't mean setting a reopen date and sharing it far and wide only to have to move it back repeatedly; it means having a generalized optimism about the end of this pandemic. Reinforce to your loyal consumer and followers that they will have the opportunity to share an amazing experience again in the future, and share with them that the hotel facilities are excited about seeing them as they are to be staying, whenever that may be. After all, this is not goodbye; it's just an enthusiastic see you later. This is a troubling time, especially for those who rely on travel and tourism for their revenue. As continue to tell clients, it is only possible to control what is within hotel ability to control — and for those who pride themselves on stellar service and hospitality, hotels still have a chance to shine as build and maintain relationships with loyal consumer.

## References

- Amin, M et al. (2019). Marketing Communication Strategy To Improve Tourism Potential. Budapest International Research and Critics Institute-Journal (BIRCI-Journal). P. 160- 166.
- Bowen, Shiang-Lih Chen, (2001),"The relationship between customer loyalty and customer satisfaction", International Journal of Contemporary Hospitality Management, Vol. 13 Iss: 5 pp. 213 – 217.
- Brown, D. H. (2000). Principles of language learning & teaching. (4th ed.). New York: Longman.
- Dick dan Basu, 2014 Customer Loyalty : Toward an Integrated Conceptual. Framework”, Journal of The Academy Marketing Science, Vol.22, p.99.
- Farazad, Kemal, Birdir, Sevda, Dalgic, Ali • 2020 • Business & Economics. mpact of ICTs on Event Management and Marketing.
- Frank, Knight. 2020.The Wealth Report. Flagship annual publication, offering a unique perspective on global wealth, prime property and investment. <https://www.knightfrank.co.id/research/the-wealth-report-2020-7019.aspx>
- Grönroos. C.2011. A Service Quality Model and its Marketing Implications Eur. J. Mark. 18 36–44
- Kotler, Philip and Kevin Lane Keller, 2016. Marketing Managemen, 15th Edition, Pearson Education,Inc.
- Nurlina, (2020). Tourism Development in Langsa, Indonesia: An Overview of Tourist Attractions and Accommodation. Budapest International Research and Critics Institute- Journal (BIRCI-Journal). P.923-931
- Parasuraman A, Zeithaml V and Berry L 1994 Alternative scales for measuring service quality: A comparative assessment based on psychometric and diagnostic criteria J.Retail. 70 201–30.
- Rosanti, et all. 2020. Tantangan dan Strategi Customer Relationship Marketing dengan Prinsip Cleanliness, Health, and Safety (CHS) dalam Upaya Pemulihan Ekonomi di Kawasan Wisata Samosir. Prosiding Konferensi Nasional Ekonomi Manajemen dan Akuntansi (KNEMA) Journal Homepage: <https://jurnal.umj.ac.id/index.php/KNEMA/> ISSN: 2776-1177.
- Tjiptono, Fandy. 2003. Strategi Pemasaran. Edisi Kedua. Yogyakarta: Andi Offset.