

STRATEGIC INSIGHTS FOR HOSPITALITY INDUSTRY IN BANDUNG: CASANINA GUESTHOUSE CASE STUDY

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Abstrak

Industri perhotelan di Jawa Barat mulai menunjukkan pemulihan sejak pasca-pandemi Covid-19. Kunjungan wisatawan ke Bandung meningkat, berdampak pada tingkat hunian hotel di Bandung yang mencapai rata-rata 90%. Namun, peningkatan ini belum merata di antara semua pemain industri, seperti Casanina Guesthouse. Casanina, sebuah bisnis milik keluarga, hanya mencapai tingkat hunian 38% pada Oktober 2023, jauh dari target yang ditentukan yaitu 70%. Penelitian ini dibuat dengan menggunakan analisis SWOT untuk menentukan formulasi strategi yang tepat agar perusahaan dapat mencapai target tingkat hunian. Instrumen yang digunakan untuk mengumpulkan data internal adalah melalui wawancara semi-terstruktur dengan pemilik perusahaan dan analisis dokumen. Metode analisis yang digunakan adalah PEST dan Porter's Five Forces untuk mendapatkan faktor-faktor peluang dan ancaman dari eksternal. Dari metode ini, nilai IFAS dan EFAS diperoleh untuk menentukan posisi perusahaan pada Diagram Kartesius sehingga dapat diketahui strategi yang paling cocok antara strategi pertumbuhan agresif, diversifikasi, perubahan, atau defensif. Hasil IFAS dan EFAS menunjukkan bahwa Casanina berada di Kuadran I pada Diagram Matriks SWOT. Perusahaan dapat memanfaatkan kekuatan internal dan peluang eksternal dalam menentukan formulasi strategi terbaik. Strategi yang direkomendasikan untuk perusahaan adalah kebijakan pertumbuhan agresif yang berorientasi pada ekspansi perusahaan.

Kata Kunci: Kewirausahaan, Strategi Perusahaan, Perhotelan, Pariwisata

Abstract

The hospitality industry in West Java has begun to show signs of recovery since the post-Covid-19 pandemic. Tourist visits to Bandung have increased, impacting hotel occupancy in Bandung to an average of 90%. However, this increase has not been evenly distributed among all industry players, such as Casanina Guesthouse. Casanina, a family-owned business, has only achieved an occupancy rate of 38% by October 2023, falling short of the targeted 70%. Therefore, research utilizing SWOT analysis is applied to determine the appropriate strategy formulation to achieve the company's target. The instrument used to collect internal data is through semi-structured interviews with company owners. The analysis method used is PEST and Porter's 5 Forces to obtain external opportunity and threat factors. From these methods, IFAS and EFAS values are obtained to determine the company's position on the Cartesian Diagram so that the most suitable strategies can be determined, including aggressive, diversification, turnaround, or defensive strategies. The IFAS and EFAS results indicate that Casanina is in Quadrant I on the SWOT Matrix Diagram. The company can leverage internal strengths and external opportunities in determining the best strategy formulation. The recommended strategy for the company is aggressive growth policies oriented towards company expansion.

Keywords: Entrepreneurship, Firm Strategy, Hospitality, Tourism.

A. INTRODUCTION

The hospitality industry, as one of the main pillars in the service sector, is now showing signs of recovery following the Covid-19 pandemic. In 2019-2020, the revenue of hotels and other accommodation services in Indonesia decreased by more than 30% (Mangunsong 2023). The hotel industry began to show signs of recovery in June 2023 when the Central Bureau of Statistics (BPS) released the gross value added of accommodation service companies. West Java, DKI Jakarta and Bali were the top three provinces with the highest value added compared to other provinces. In 2021, BPS recorded West Java as the province with the most accommodation rooms, contributing Rp 5.8 trillion to the GDP (Mangunsong, 2023).

Tourist visits are one of the factors influencing the occupancy rates of hospitality services. Until June 2023, a total of 2,252,966 tourists visited Bandung. This number increased from the first quarter of 2023, which reached 1,422,673 tourists. Head of the Bandung Culture and Tourism Office stated that hotel occupancy rates increased to 90% on weekends (Ripaldi 2021).

Despite the overall positive trend, challenges persist for individual business within this industry, as they navigate through the complexities of the post-pandemic landscape. This research focuses on Casanina Guesthouse, a family-owned established in Bandung that has been operating since 2002. This business has not been managed well, resulting difficulties sales target. Until October 2023, Casanina's average occupancy was only 38%, while the owner's desired monthly target was 70%.

Understanding the strategic dynamics of small-scale hospitality businesses that classified by the number of rooms, affordable prices and has unique styles (Tubtimcharoon 2019), for instance Casanina Guesthouse is crucial for the broader revival of the hospitality industry in Bandung, West Java. By delving into the specific challenges faced by Casanina and

proposing tailored strategies for improvement, this research aims to contribute valuable insights to industry's overall efforts.

While there is existing literature on strategic management in the hospitality industry, there is a notable research gap regarding challenges and opportunities faced by small-scale businesses. Most studies tend to focus on larger hotel chains or resort properties, overlooking the unique dynamics of family-owned establishments operating at a smaller scale.

Casanina Guesthouse presents unique perspective as the example of ideal case study for several reasons. Firstly, as a long-standing family-owned establishment in Bandung. Secondly, Casanina has encountered difficulties in achieving its sales target, highlighting the need for strategic intervention. Thirdly, Bandung as a prominent tourist destination provides ample opportunities for growth and expansion in the hospitality sector. By focusing on this object, this research aims to provide actionable insights that can be applied to similar businesses across the region, ultimately contributing to the broader revitalization of hospitality industry.

B. LITERATURE REVIEW

1. SWOT Analysis

SWOT Analysis an acronym for Strengths, Weaknesses, Opportunities, and Threats, emerged in the 1960s as a tool for strategic planning. It aims to help organizations identify internal and external factors that can impact their objectives and overall performance (GÜREL 2017). Components of SWOT Analysis are elaborate as follows.

- Strengths: Internal attributes that give an organization an advantage over others. These can include a strong brand, loyal customer base, unique technology, and efficient processes.
- Weaknesses: Internal factors that place an organization at a disadvantage relative to competitors. Examples include lack of expertise, limited resources, poor location, or outdated technology.

- Opportunities: External conditions that could benefit the organization if exploited. These might include market growth, lifestyle changes, technological advancements, or favorable regulatory changes.
- Threats: External elements that could cause trouble for the organization. These include economic downturns, increased competition, changing consumer behaviors, or adverse regulatory policies.

2. Internal Factor Analysis Summary (IFAS)

The Internal Factor Analysis Summary (IFAS) is a tool used to assess the internal environment of an organization. It identifies and evaluates the internal strengths and weaknesses that affect an organization's ability to achieve its objectives. The factors considered in an IFAS analysis typically include aspects related to management, marketing, finance, operations, human resources, research and development, and information systems. Each factor is weighted based on its importance to the organization and rated to indicate its impact. The result is a score that helps organizations understand their internal capabilities and areas that need improvement

3. External Factor Analysis Summary (EFAS)

The External Factor Analysis Summary (EFAS) focuses on the external environment and assesses factors that can influence the organization from outside. These factors include opportunities and threats related to economic conditions, technological changes, political and legal issues, socio-cultural trends, and competitive dynamics. Like IFAS, EFAS factors are weighted and rated to reflect their significance and impact on the organization. The output is a score that highlights the external opportunities to be capitalized on and threats to be mitigated

4. Matrix Internal External

Both IFAS and EFAS matrices are essential components of the SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis framework (Rangkuti 2015). By

combining these matrices, organizations can develop a comprehensive view of their strategic position. The IFAS matrix helps in understanding the internal factors, while the EFAS matrix focuses on external elements. Together, they provide a balanced analysis that supports the formulation of effective strategies. The process involves:

1. Listing relevant internal and external factors.
2. Assigning weights to each factor based on its importance.
3. Rating each factor to assess its impact.
4. Calculating weighted scores to determine the overall influence of these factors.

These scores are then used in a SWOT matrix to create strategic options such as:

- SO Strategies (Strengths-Opportunities): Using internal strengths to take advantage of external opportunities.
- WO Strategies (Weaknesses-Opportunities): Addressing internal weaknesses to exploit external opportunities.
- ST Strategies (Strengths-Threats): Using internal strengths to counteract external threats.
- WT Strategies (Weaknesses-Threats): Minimizing internal weaknesses to avoid external threats.

By systematically analyzing and integrating these factors, organizations can develop strategic plans that are well-informed and aligned with their overall goals.

5. Diagram Cartesius

The Cartesian coordinate system, developed by René Descartes, is a fundamental tool in mathematics for graphically representing points on a plane using numerical coordinates. These coordinates are determined by their distances from two fixed perpendicular directed lines, usually referred to as the x-axis (horizontal) and the y-axis (vertical) (Nadler, Schmaltz, and Antoine-Mahut 2019).

- Axes: The system consists of two perpendicular lines, the x-axis and the y-axis, which intersect at the origin (0,0).
- Coordinates: Each point on the plane is specified by an ordered pair of numbers (x, y), where 'x' represents the horizontal distance from the origin and 'y' represents the vertical distance.
- Quadrants: The intersection of the axes divides the plane into four quadrants:
 - Quadrant I: (x > 0, y > 0)
 - Quadrant II: (x < 0, y > 0)
 - Quadrant III: (x < 0, y < 0)
 - Quadrant IV: (x > 0, y < 0)

C. RESEARCH METHODS

The research adopts a qualitative approach, employing an inductive method to delve into specific facts and derive a comprehensive understanding of the subject matter. Through semi-structured interviews with company owner and employees, internal data is collected, while external factor analysis is enriched through extensive literature reviews spanning scholarly journals, digital libraries, current news sources and relevant research references.

These internal and external factors are subsequently synthesized into questionnaires statements, which are evaluated by key stakeholders, including owner, managers, and staff, using a rating scale ranging from 1 (very weak) to 4 (very strong) for positive factors (strengths and opportunities), and vice versa for negative factors (weaknesses and threats) (Brahmanto et al. 2017).

The research methodology employs SWOT analysis to identify internal strengths and weaknesses, complemented by PEST and Porter's Five Forces analysis to uncover external opportunities and threats (Melasari, Sujana, and Suwena, 2018). Data collection stage is divided into several steps such as formulated matrix IFAS and EFAS. Continue to obtain Matrix Internal External (IE) values which derived from this analysis facilitate the positioning of the company. Subsequently, stage analysis can be done by

SWOT Matrix and develop four types of strategies. Following by the final stage is the decision-making step which presented on Cartesian Diagram, enabling the selection of appropriate strategies such as aggressive growth, diversification, turnaround, or defensive measures (Firdaus, Agustiani, and Agastya, 2018) (Samosir et al. 2020). These strategies aim to capitalize on the company's strengths while addressing its weaknesses, and to leverage emerging opportunities while mitigating potential threats, thus ensuring optimal management activities for the firm's advancement.

D. RESULTS

Following observations and interviews with Casanina's parties, the internal analysis can be defined by its resources, capabilities, core competencies, functional approach, and competitive advantages (Sammut-Bonnici and Galea, 2015). Various strengths of the establishment were identified. These include having staff who maintain positive relationships with both customers and the local community, a loyal and dedicated workforce, a high rate of repeat reservations from loyal clients, superior building conditions compared to nearby competitors, outstanding Google Reviews ratings, positive word-of-mouth referrals from local residents, a strategically accessible location near tourist attractions, supermarkets, and dining hubs, as well as competitive pricing relative to neighboring rivals.

Conversely, weaknesses were also noted, such as limited staffing numbers, inadequate training for hospitality services, reliance solely on WhatsApp and Instagram for sales distribution, ineffective marketing strategies, underutilization of technology in operational processes, incomplete amenities an accommodation features, a lack of defined organizational structure and management functions, and subpar financial management practices.

Several opportunities exist for Casanina to leverage, including the ongoing rise in tourist visits to Bandung, potential job creation opportunities for the local community, the notably high growth rate on

the accommodation sector within Bandung's GDP (13.94%) (BPS Kota Bandung 2023), a plethora of nearby attractions within easy reach, the presence of diverse online travel agent applications and social media platforms, as well as the emerging trend of cross-sector collaborations.

However, Casanina also faces threats that must be addressed, including the increased prevalence of budget hotels offering lower prices, a lack of consistent suppliers for accommodation necessities, competition from innovative offerings by other lodging businesses such as glamping or capsule hotels (Birru, Sudarmiatin, and Hermawan, 2022), the growing popularity of the sharing economy model in the tourism sector (Ridwan and Anugrah, 2021), and the adverse effects of low season on occupancy rates.

Subsequently, the internal and external factors collected for Casanina were synthesized into tables for both Internal Factor Analysis Summary (IFAS) and External Factor Analysis Summary (EFAS). These scores, representing the SWOT Matrix, serve as valuable tools for strategic decision-making within the company.

Table 1. IFAS in Strengths

Strengths				
No	Factors	Weight	Rating	Score
1	Staff maintains good relationships with customers and local community	0,04	4	0,17
2	Dedicated employees work for the company	0,06	4	0,23
3	High number of loyal customers place repeat orders	0,07	4	0,28
4	The building is in good condition compared to similar competitors in the nearby area	0,07	3	0,21
5	Excellent ratings on Google Reviews	0,07	3	0,21
6	Strong positive word-of-mouth referrals from residents	0,07	3	0,21
7	The location is conveniently near tourist attractions, supermarkets, and dining areas	0,07	3	0,21
8	Prices are affordable compared to similar competitors in the nearby area	0,06	3	0,17
Total Strengths		0,51	1,69	

Table 2. IFAS in Weaknesses

Weaknesses				
No	Factors	Weight	Rating	Score
1	Low number of staff	0,06	3	0,17
2	Staff have not been adequately trained in hospitality services	0,06	3	0,17
3	Sales distribution is limited to WhatsApp and Instagram only	0,07	4	0,28
4	Marketing strategies are not operating optimally	0,07	4	0,28
5	Current technology has not been implemented in business operation	0,06	3	0,17
6	Facilities and accommodation features are incomplete	0,06	4	0,23
7	Lack of organizational structure and management functions	0,07	4	0,28
8	Financial management is not optimal	0,06	3	0,17
Total Weaknesses		0,49		1,58
Total SW		1,00		3,27

Table 3. EFAS in Opportunities

Opportunities				
No	Factors	Weight	Rating	Score
1	Tourist visits to Bandung continue to increase	0,11	4	0,45
2	Creating job opportunities for the surrounding community	0,07	2	0,14
3	The accommodation sector has the highest growth rate in Bandung's GDP in 2022 (13,94%)	0,11	4	0,45
4	Numerous attractions within a reachable radius	0,09	4	0,36
5	The existence of various online travel agent applications and social media platforms	0,11	4	0,45
6	Trend of collaboration between business sectors	0,07	2	0,14
Total Opportunities		0,57		2,00

Table 4. EFAS in Threats

Threats			W	R	S
No	Factors	Weight	Rating	Score	
1	The increasing prevalence of hotels offering lower prices	0,9	4	3,6	0
2	Lack of consistent suppliers for accommodation necessities	0,7	3	2,1	0
3	Unique concept offerings by other accommodation businesses	0,9	4	3,6	0
4	The emergence of sharing economy trend in the tourism sector	0,9	3	2,7	0
5	Low season affecting occupancy rates	0,9	4	3,6	0
Total Threats		0	1	1	

	4	5
	3	7
	1	3
Total OT	0	5
	0	7

Strategic analysis is conducted to enhance business performance in the hospitality industry, particularly for Casanina Guesthouse. The approach utilized is SWOT Analysis. The SWOT Matrix aims to identify and elucidate the integration of opportunities and threats combined with the strengths and weaknesses of the firm. These four factors yield potential strategy options, referred to as SO, ST, WO, and WT strategies. The strategies are elaborated in the following Table 5.

Table 5. SWOT Analysis Matrix

STRENGTHS		WEAKNESSES	
<ul style="list-style-type: none"> Staff maintains good relationships with customers and local community Dedicated employees work for the company High number of loyal customers place repeat orders The building is in good condition compared to similar competitors in the nearby area Excellent ratings on Google Reviews Strong positive word-of-mouth referrals from residents The location is conveniently near tourist attractions, supermarkets, and dining areas Prices are affordable compared to similar competitors in the nearby area 	<ul style="list-style-type: none"> Low number of staff Staff have not been adequately trained in hospitality services Sales distribution is limited to WhatsApp and Instagram only Marketing strategies are not operating optimally Current technology has not been implemented in business operation Facilities and accommodation features are incomplete Lack of organizational structure and management functions Financial management is not optimal 		
OPPORTUNITIES	SO STRATEGIES	WO STRATEGIES	
<ul style="list-style-type: none"> Tourist visits to Bandung continue to increase Creating job opportunities for the surrounding community The accommodation sector has the highest growth rate in Bandung's GDP in 2022 (13,94%) Numerous attractions within a reachable radius The existence of various online travel agent applications and social media platforms Trend of collaboration between business sectors 	<ul style="list-style-type: none"> Utilizing loyal customers for marketing strategies Collaborating with nearby attractions 	<ul style="list-style-type: none"> Recruiting and training employees specifically in hospitality service Implementing basic technology in company operations Developing distribution and marketing through online platforms 	
THREATS	ST STRATEGIES	WT STRATEGIES	
<ul style="list-style-type: none"> The increasing prevalence of hotels offering lower prices Lack of consistent suppliers for accommodation necessities Unique concept offerings by other accommodation businesses The emergence of sharing economy trend in the tourism sector Low season affecting occupancy rates 	<ul style="list-style-type: none"> Product differentiation such as venue rentals for events Expanding market share through digital marketing 	<ul style="list-style-type: none"> Recruiting experts in the hospitality industry Establishing management functions and SOP for the firm 	

The internal analysis calculation in Table 2 resulted the X-axis point of the SWOT Matrix, with the calculation as follows:

$$X \text{ axis point} = \text{Strengths score} - \text{Weaknesses score}$$

$$X \text{ axis point} = 1.69 - 1.58 = 0.11$$

And the following external analysis calculation in Table 4 resulted the Y-axis point of SWOT Matrix, with the calculation as follows:

$$Y \text{ axis point} = \text{Opportunities score} - \text{Threats score}$$

$$Y \text{ axis point} = 2.00 - 1.57 = 0.43$$

Therefore, the company's position is at the coordinate point (0.11:0.43). These coordinates are then presented on the SWOT Matrix Diagram to determine the company's position, as depicted in Figure 1.

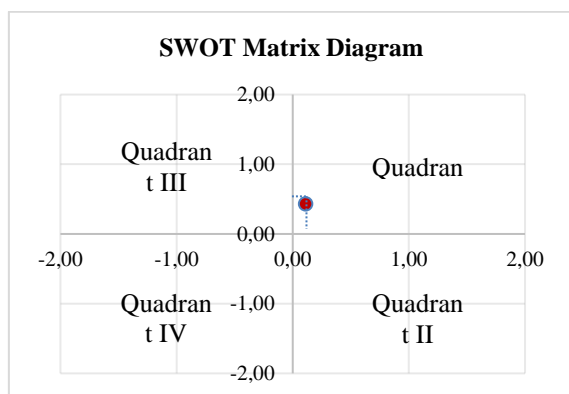


Figure 1. SWOT Matrix Diagram

Quadrant I on the SWOT Matrix Diagram indicates that Casanina is in highly advantageous position. The company can leverage its internal strengths and external opportunities to determine the best strategic formulation. The recommended strategy for the company is aggressive growth policies oriented towards company expansion (Verawati et al. 2023).

This strategic transformation aims to address challenges and overcome weaknesses in the hospitality sector. Internal strategic steps such as implementing technology within the company, as well as expanding distribution and marketing using online platforms or responsive and user-friendly website (Prismayadi and Surjawan 2016), are necessary to confront uncontrollable external threats. Expanding market share through digital marketing

utilization is crucial in a highly competitive industry.

E. CONSLUSIONS

From the analyzed research, several conclusions can be drawn. The hospitality industry in Bandung exhibits promising potential due to its growth rate and increasing tourist arrivals. Consumer preferences in the industry are diverse, highlighting the importance of quality management. Technological innovations are crucial for companies in hospitality sector. Therefore, the recommended strategies for Casanina are growth policies to leverage its strengths effectively. The research also provides actionable insights for industry practitioners. Overall, the study contributes to advancing knowledge and informing decision-making process in the related industry. As for future research, it is suggested to delve into formulating more detailed and applicable aggressive strategies.

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