

**TOURISTS AND OPPORTUNITIES TO FILL HOTEL  
OCCUPANCY.  
(CASE STUDY AT NUSA DUA BEACH HOTEL)**

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***Abstract***

*Chinese tourists visit that increase each year have led to numerous impacts on the tourism industries, such as increasing the opportunities to invest in building more accommodation facilities to accommodate the influx. In addition to the development, there are also negative effects caused by it, such as intense competition among service providers to meet the level of occupancy. NDBH as one of the best hotels in Bali is quite keen to see these opportunities, by making advantage of the Chinese tourists visit in Bali. The research was conducted to study their potential room occupancy in NDBH to the viewpoint of academic realm. 2) Perform arguments proofing on negative issue of the scholars' thinking paradigm on our current tourism concerning the Chinese tourists. By using SWOT analysis it is found out that: 1) The strength of Chinese tourists rely on its huge population, a positive contributions against occupancies, and diverse classification of Chinese tourists, 2) The weaknesses of the Chinese tourists are; they are having lack of Behavior, They speaking influent English, and they tend to make reservation in a short notice, 3) Opportunities of Chinese tourists are; travel agents are distributing many Chinese tourists in Bali making them accessible, and group of Chinese tourists help boost occupancy rates, 4) The threat of Chinese tourists are; it is likely to harm the Cross Culture of the hotel, Chinese travelers are not a loyal customer (Price Oriented), operational processes has hampered hotels, and hotel loss profit on sub-department. Hopefully this research can help interested parties, especially those who deal directly with tourists from China, in order to take appropriate measures and policies in the future.*

**Keywords:** *Chinese Tourists, Hotel Occupancy, Opportunity*

**RESEARCH BACKGROUND**

This research was held due the increase in tourists' traffic that comes to Bali, in this case the phenomenon of Chinese tourists increase within the past five years (starting from 2015). The cumulative foreign tourists' arrivals in the period of January to December 2015 to Bali are as many as 4,001,835 people. The figure has risen 6.24 percent from the previous year in the same period by the number of 3,766,638 people. The multiplier effect on this phenomenon also occurs when

investors see opportunities to invest in accommodation facilities such as hotels, villas, bungalows, condo and similar buildings to accommodate the flow. This argument is also supported by statistics from Tourism Department of Bali in 2015, which states that Bali has around 2,212 hotels with 50,000 available rooms.

The statistical data about the number of accommodation facilities in Bali led to an assumption of increasing competition between the hotels. The competition by any means is aimed to increase the occupancy rate. In the preliminary study it is found out that there are three things investors and agents have been done; first is tidying up the infrastructure sector. This sector covers physical facilities such as the construction of swimming pool or restaurant, so it will gain luxurious impressions. Secondly, improving standard service quality of the human resources where in the world of hospitality everything should base on Standard Operating Procedure (SOP). Third one and no less important, as well as the focus of this research, is to design and plan a strategy to increase room occupancy rate. For the strategy matter, one particular strategy that can be done by the hotel s in Bali is to determine appropriate segmentation and potential market, in term of the ability to fill the room occupancy continuously. The idea was stated by the General Manager of the Lokha Ubud, Mr. Bagus Suddha Jinendra on March 10, 2016.

Relating to the potential market and room occupancy levels, the visit rate phenomenon of Chinese tourists that tend to increase for last few years have been an interesting issue to deal with. Chinese tourists visit has increased quite significantly from 2013 to 2015. In 2014 alone, the number of visit were as many as 586,300 where the number had increased by 51.29 percent from 2013 in which the level of visit as many as 387,533, and another 17.43 per cent increase in 2015 compare from 2014 in which the number of visits in 2015 is 688,469 (data from Bali Tourism Office, 2013-2015). Based on data from the Office it can be seen in that Chinese tourist arrivals is more stable than other markets such as Australia, Japan, and Europe with fluctuates condition. However, such conditions do not necessarily means that Chinese Tourists segmentation is excellent for many hotels in Bali, only for few hotels. One hotel that sees this potential Chinese market is Nusa Dua Beach Hotel (NDBH), as the hotel is located in the famous BTDC area with all its luxury facilities and services (Purnaya, 2015). Relying on the occupancy rate from Chinese tourists visit, with all the negative images from the Chinese tourists is considered, hypothetically, as a setback. To test the hypothesis, there will be a research on the strengths, weaknesses, opportunities and threats of the Chinese market segmentation from the standpoint of the Director of Sales & Marketing of Nusa Dua Beach Hotel & Spa as a tourism practitioners and an elite hotel management of NDBH. The purpose of this research in general is trying to provide an overview of the Chinese tourists market. For the specific purpose of the study, there are two points worth consideration, they are; 1) to study their room occupancy potential in NDBH to the viewpoint of academic realm. 2) Perform arguments proofing on negative issue of the scholars' thinking paradigm on our current tourism. Benefit of the research is as the first study to pave a way and give a research analysis contains information about the opportunity and challenge of the Chinese tourists in Bali.

For the literature sources, methodology and analysis, this study uses the theory of "Segmentation Criteria" by the reason that this theory is effectively

discussed Chinese traveler phenomenon as a potential market for occupancy rate. Related literatures were several books of references as: *Manajemen Pemasaran Edisi 12* (Kotler & Keller, 2016), *Manajemen Marketing Perhotelan* (Agung Permana Budi, 2013), *Prinsip-Prinsip Pemasaran* (Setiyaningrum, Udaya, Efendi, 2015), *Manajemen Pemasaran* (Suparyanto, Rosad, 2015). Related to Chinese Tourists, some reference are used, such as: *Wajah Pariwisata Indonesia* (Isdaryono, 2013), *Chinese Consumer Behaviour* (Frans Giele, 2009), *Understanding Chinese Tourists Travel Motivation: Investigating the Perception of Jordan Held by Chinese Tourist* (Internastional Journal of Business and Social Science, 2013).

## **METHODOLOGY**

The research data was collected through interviews and documentation to be able to identify the strengths, weaknesses, opportunities and threats, posed by Chinese market segmentation from the standpoint of Director of Sales & Marketing (NDBH), Iva Farida as a key informant. To get the a valid data, the review of key informants will be compared with the opinions of other tourism practitioners who are also involved in Chinese tourists matters, as well as the theory of market segmentation used.

### *The Overview of Chinese Tourists*

China is a country of 1.3 billion people, which made them the world's largest population in the world. The large population made the easily noticed by the world where many Chinese tourists are easily being spotted in airport or hotels and tourist attractions. Along with its development, China in 2003 has become the largest source of outbound tourist in Asia, and in 2006 around 34.5 million Chinese traveled abroad. It was driven also by the increasing number of countries that have received Approved Destination Status (ADS) from the Chinese government. ADS is a rule agreed upon between the governments of China and other countries to allow Chinese tourists to visit the country. Up until presently, there have been more than 100 countries received the status, and is still counting. The big idea behind that is by the year of 2020, China will become a country that produces 100 million tourists who travel to all over the world, and make this country the world's biggest producer of world tourists.

## **RESULT AND DISCUSSION**

It has not been a clear starting point about the development of the Chinese market segmentation in Bali. All we can see is that in 2000, the phenomenal success of their (Chinese tourists) arrival in Bali are more dominant to choose hotels, slightly different from what others would like to choose as like villa that provides a private pool and kitchen, which gave an idea that the Chinese tourists who come at that time was coming from middle to upper class or higher-end travelers. The development hits its peak from 2009 to 2015, and still continues to increase.

The phenomenon of Chinese tourists visit to Bali as an opportunity to fill up hotel's occupancy seems to have been assessed by the management of NDBH. The results of the interviews with the Director of Sales & Marketing (DOSM) of

NDBH has gotten some points into strengths, weaknesses, opportunities and threats of the Chinese market segmentation, as it is shown in the following table.

Table 1.1 SWOT Analysis of Chinese Tourists Market

▪ <b>Strengths</b>	▪ <b>Weakness</b>
The Chinese population is the biggest one in the world Positive Contributions on occupancy rate Various Classification of Chinese tourists	Lack of good behavior Chinese tourists are not speaking English well Tend to make a booking in a short time ▪
▪ <b>Opportunity</b>	▪ <b>Threat</b>
Many travel agents distribute Chinese tourists in Bali Group of Chinese tourists will help filling occupancy rate	Cross Culture that tend to harm hotels Chinese Market is not a loyal customer (price oriented) The process of hotel operations hampered Loss profit on the hotel sub-department

Source: Results of interview and observation research.

From the above table, it will then be analyzed from a theoretical point of view in terms of its strengths, weaknesses, opportunities and threats of the Chinese market segmentation.

### *Strengths*

It can be seen in the table that the strengths of Chinese tourism market are; 1) The Chinese population is the biggest one in the world 2. Positive Contributions on occupancy rate 3. Various Classifications of Chinese tourists. By comparing the first issue that said that Chinese population is the biggest one in the world with the theory and statements from informants from DOSM NDBH states that it is automatically causes Chinese tourists as the largest potential market and profitable to be served (Kotler & Keller, 2013). In addition to the large numbers of Chinese tourists as the strength, there is also diverse class of Chinese tourists, in this case the meant group visiting Bali are ranged from lower to middle up to middle to upper social classes which will make it a has continuity potential in visiting Bali. The categorization has already met Kotler and Keller theory (2016: 319) that states the segments are conceptually indivisible and gave a different response to the program of the mix marketing. Strengthening the fact that Chinese is a potential tourist is on the third point where Chinese segmentation brings positive impact towards room occupancy levels are in accordance with the theory of Kotler and Keller (2016: 319) that said one of the interesting characteristics of segmentation is to have growth. Also supported by documentation of [Geographical Segment Report by Country of Residence](#) Nusa Dua Beach Hotel & Spa, Chinese segmentation towards occupancy rate, the combine three entrance criteria and in accordance with the theory of Kotler and Keller (2016: 319) has given fact that Chinese tourists has a potential market, and for that has answer the specific objectives of the study.

### *Weaknesses*

As we can see in the table, there are three points of weakness of the Chinese tourist market, such as; 1) They have lack of good behavior, 2) Chinese tourists are not speaking English well, 3) They tend to make booking in a short time. Based on a literature review about the Chinese tourists style in the point of weaknesses, it turns out a number of travel agents complained about the frustrating behavior of Chinese tourists who often spitting in public carelessly, shouting, make reservation in a short time, they are also often making sudden change on events that have been agreed where the event is their own that make, and taking hotel's belongings because they felt it was being paid already (Isdaryono, 2013: 186).

Apart from the literature review, adding the argument about the weakness of Chinese tourists is supported by the results of an interview with Mr. Putu Raka as the General Manager of Lion Tour Bali, on July 1, 2016. In the interview it was obtained information as quoted:

"..... specific hotels are hard to accept Chinese tourists because of the notoriously of Chinese tourists as they do not know the rules, sometimes they are noisy in hotel, in restaurants they eat loose and slouchy, shouting, it will disturb other guests ... ".

These two sources have corroborated the argument of DOSM NDBH regarding the weakness of Chinese tourists and also prove negative arguments about Chinese tourists. The behavior has become one minus point of Chinese tourists who visit anyplace, including Bali.

### *Opportunities*

There are two points from the standpoint of DOSM NDBH regarding the Opportunity Analysis of the Chinese tourist market, which are: 1) Many travel agents distribute Chinese tourists in Bali, 2) Group of Chinese tourists will help filling occupancy rate. Having studied more deeply based on theory and statements from informants, it is found out that from DOSM NDBH information on Table 1 that states many travel agents distribute Chinese tourists to Bali is supported by data from ASITA (Association of the Indonesian Tours & Travel Agencies) in Bali, states that there are 65 travel agents who distribute Chinese tourists, that make the fact that Chinese tourists has made an easy market segment to be accessed in the sense that it can be reached by marketers (Kotler & Keller, 2016: 319).

The numbers of travel agents who distribute Chinese tourists in Bali have facilitated the NDBH in finding a group of Chinese tourists to fill the hotel room occupancy rate in which the current condition of tourism, especially in Nusa Dua has over supply issue in number of hotels. According to DOSM exposure NDBH on June 22, 2016, the number of Chinese tourists group can be a supplement to occupancy rate for hotels.

On the other hand, as a comparison, based on interviews with Mr Ketut Swabawa, a director of hospitality management said the fact that Chinese tourists would potentially fill the room occupancy in the hotel.

"..... They come in an intact group for the stay but have had a package tour from their travel agent, resulting in a group of Chinese tourists spend more time outside the hotel to undergo a tour program that has been designed...."

Study of different perspectives of the two tourism practitioners who engaged in Chinese tourists are at least support that population theory of a large market segment does not necessarily guarantee success because it needs to be seen from its purchasing power (Budi, 2013: 83) and the need for further comprehensive assessment at this point is truly needed.

### *Threats*

Threats from the point of view of DOSM NDBH regarding Chinese tourists market gets two points, include; 1) Cross Culture that tend to harm hotels, 2) Chinese Market is not a loyal customer (price oriented), 3) The process of hotel operations hampered, 4) Loss profit on the hotel sub-department. The first viewpoint of DOSM NDBH is regarding the attitude of the Chinese tourists, who seem not knowing etiquette such as move in clusters and were able to ruin image of the hotel, or in the wider sense the hotel will lose their loyal customers.

The second point is about the disloyal costumers, in this case is how they react to the market and is always cheap price oriented. It is of course very different from the European and Japanese markets loyalty, for instance in Ubud area as a pilot area (Picard, 2006: 123).

The third point is in terms of their communication issue, like what is stated by the NDBH the tourists are not fluent in English, in the instructions or signs in the hotel are not much using Chinese Kanji or mandarin supports from Guest Relation Officer (GRO) are not sufficient with the guests' quota.

For the last point is relating with low profit on hotel sub-department. It means that there are tendencies Chinese tourists that come with group has already bought packages (accommodation including travel packages) as what has been explained earlier. This assumption appears when hotels also require revenue from other profit center in the hotel. Other related profit center in hand are like Hotel's Restaurant and Spa, which will experience a loss of profits for the tourists have their own eat and drink packages that they had bought, in short sub-department in the hotel would lose income. This phenomenon is in contrast with other markets namely Europe, Australia or America who purchase travel packages once they come and stay in Bali.

### **CONCLUSION AND SUGGESTION**

Through this research, Chinese tourists and the opportunity to fill Hotel's Occupancy with a case study in the Nusa Dua Beach Hotel, it can be summed up as follows; 1) The strength of Chinese tourists rely on its huge population, a positive contributions against occupancies, and diverse classification of Chinese tourists, 2) The weaknesses of the Chinese tourists are; they are having lack of Behavior, They speaking influent English, and they tend to make reservation in a short notice, 3) Opportunities of Chinese tourists are; travel agents are distributing many Chinese tourists in Bali making them accessible, and group of Chinese tourists help boost occupancy rates, 4) The threat of Chinese tourists are; it is likely to harm the Cross Culture of the hotel, Chinese travelers are not a loyal customer (Price Oriented), operational processes has hampered hotels, and hotel loss profit on sub-department.

Basically, the standpoints of DOSM NDBH are already in accordance with the prevailing theory primarily on the points of strength and weakness. However,

there are several studies that in conflict that needs to be reexamined by the management of NDBH, like the ones in; 1) Cross Culture of each tourists market, 2) Chinese tourists are price oriented, 3) operations management, 4) low buying power of Chinese tourists towards other profit center of the hotel.

Based on the research results obtained in this study, there are some suggestions to put forward , they are: 1) to academic purpose, is to conduct further research and focus on the Chinese tourist market in particularly on the opportunities and threats of the Chinese tourists market, 2) to practitioners, in this case the management of NDBH, is doing trial and error on the Chinese tourists market within a certain period of time (like one year) so they can be monitored accurately about this market segment of foreign tourists.

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