

Lembang Asri Resort's Competitive Advantage

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Abstract: Lembang Asri Resort, established in 1990, is one of the hotels that are located in Lembang, Bandung, West Java province. Badan Pusat Statistik (2016) data shows that there are 385 hotels with 21,212 room units in Bandung in 2016, which are the most in West Java province. Although the demand is high, the huge growing number of hotels developed by international hotel management chains, domestic chains and individual developers causes an oversupply in Bandung hotel industry. Thus, currently, hotel competitiveness in Lembang is considered to be particularly vigorous. This single instrumental case study offers an explicit insight into Lembang Asri Resort – a 3-star hotel – through qualitative research to induce factors impacting its competitive advantage to sustain and further become a 4-star or even 5-star hotel.

1 INTRODUCTION

Hariyadi Sukamdani as the General Head of IHRA (Indonesian Hotel and Restaurant Association), stated that Indonesia has the most hotel rooms than any other countries in ASEAN (Tempo, 2015). In 2016, there are 233,007 room units in 2,387 star hotels and 294,169 room units in 16,442 non-star hotels in Indonesia (BPS, 2016). West Java is a province that has the most hotels in Indonesia with 1,722 hotels consists of 314 star hotels and 1,408 non-star hotels in 2016 (BPS, 2016). The main attractions in Bandung are the retail stores that sell affordable branded clothing products, culinary destinations and natural destinations with cool temperature climate (Batchelor et al., 2016). Based on the recapitulation data of tourist visits to Bandung, Soemardi (2015) denoted the domestic demand dominates the tourist visits by approximately 97% of tourist arrivals in 2015. In addition, the number of foreign tourist visits to Bandung is significantly increasing for approximately 90.63% month-on-month in April 2016 after the reconditioning of Husein Sastranegara International Airport (Jakarta Post, 2016).

Lembang Asri received a certification as a 3-star hotel. Lembang Asri Resort contains 77 rooms and two villas with the total capacity of 300 to 400 persons. It provides facilities such as outbound area, swimming pool, tennis court, restaurants and many others for its guests. The average occupancy level

reached approximately 38% from January to August 2017. Domestic and international tourists stay in Lembang Asri Resort to enjoy holiday with family and friends or conduct meeting and event.

There are many factors from the external environment that might bring challenges to Lembang Asri Resort. The increase in competition pushes hotels to search for ways to retain the existing customers and to appeal to new customers. Particularly according to Perhimpunan Hotel dan Restoran Jawa Barat (Octaviani, 2016), Bandung hotel industry experiences oversupply that decreases average hotel occupancy and might further lead to hotel income loss. There is a possibility that Lembang Asri Resort cannot sustain for more years if the hotel is not able to implement appropriate strategy accordingly in its operation. Mihalic and Buhalis (2013) stated, in order to be competitive and experience increasing business performance, service companies have to identify the key resources while also access and capitalize those resources. Therefore, it is substantial for Lembang Asri Resort to focus on the factors that may contribute to its competitive advantage. In this research, the factors analyzed are the personal characteristics of the leaders and consumer behaviors in the industry. Lembang Asri could use the study to further explore the factors and try to take advantage from those.

Research Questions

1. What are the personal characteristics of the leaders that contribute to the competitive advantage of Lembang Asri Resort?

2. Why do consumers prefer to stay in Lembang Asri compared to other competitors?

2 LITERATURE REVIEW

2.1 Competitive Advantage

Competitive advantage based on Wagner and Hollenbeck (2014) is a special ability possessed by a company that cannot be duplicated by competitors. According to Porter (1985), competitive advantage develops from the value that the firm can create for the buyers. It can be generated from complementary capabilities of the company that may serve the customers better than competitors (Laszlo and Zhexembayeva, 2017). Competitive advantage possessed by a firm may increase the likelihood of the people to consume its product or service. It may be used to gain more sales or sales margin that may further positively impact the financial performance of the firm. Therefore, firms are giving much effort in creating a sustainable competitive advantage in order to be superior over the competitors.

Porter (1985) explained that a firm could generate competitive advantage from two main types, which are cost leadership and differentiation. Basically, a firm can gain a competitive advantage by being cheaper or being unique. The competitive scope chosen and firm's activities range also can affect the competitive advantage of the firm (Porter and Millar, 1985).

2.2 Leadership

Leadership theories have already been defined since a long time ago. Many researchers and philosophers have tried to describe leadership in theories. Therefore, there are several theories of leadership that can be examined including the Great Man theory, Trait theory, Behavioral theories, Contingency theories, Transactional theories and Transformational theories.

Particularly, for hotel managers, Clark et al., (2009) examine transformational leadership as the ideal leadership style in conducting the hotel's frontline employees. In addition, there are six components of leadership competency that are important according to Tavitiyaman et al., (2014), including leadership, motivational and interpersonal skills, strategic orientation, planning and implementation, team building and ethics, communication skills, flexibility, and concern for the community. Clark et al., (2009) state the role of

hotel managers in constantly influencing employees, so that employees may adopt manager's and firm's customer orientation and commitment to provide a good service.

Johnstal (2013) examines the importance of successful leadership development in creating a competitive advantage and coping with the challenges of global competition, advancing technology and the growing pace of change. There are several characteristics required such as thinking critically, breakthrough thinking, creating innovative solutions, inspiring others and taking complex and ambiguous challenges (Johnstal, 2013).

In order to become successful, the leader has to notice the importance of transfer of leadership. Transfer of leadership can be done through the leadership development. It is a process that involves facilitators to lead participants to pass a set of activities to conduct mental activities and help them to learn from the experiences in order to obtain the transfer of knowledge and skills in the work context (Burke and Collins, 2005). Furthermore, in order to conduct the process of leadership development successfully, there are three important components, such as are important including leadership support, evaluation and organizational issues (Johnstal 2013).

3 RESEARCH METHODOLOGY

In order to gain knowledge from this single instrumental case study research, qualitative research is chosen. Qualitative research tries to understand people's perspectives in experiencing reality (Corbin and Strauss, 2008). Taylor et al., (2015) denoted that qualitative research is inductive as it constructs concepts, insights and understandings from the data rather than collecting data in order to evaluate a model, hypotheses and theories. Furthermore, qualitative method views people and setting holistically, concerns about how people think and act, considers all perspectives, emphasizes the meaning of the research and considers the research as a craft (Taylor et al., 2015).

This case study research explores the factors that contribute to the competitive advantage of Lembang Asri Resort and tries to discover the personal characteristics of the leaders that contribute to the competitive advantage, consumer behaviors in the marketplace, and Lembang Asri's response towards customer needs and desires. Furthermore, this research applies single instrumental case study. *"Instrumental case study is the study of a case (e.g. person, specific group, occupation, department,*

organization) to provide insight into a particular issue, redraw generalizations or build theory” (Mills et al., 2010, p. 473). In order to achieve the goal, researchers have to access certain related materials to define the background of the study and state the issues that contribute to a single issue (Creswell and Poth, 2017).

In the duration of almost 5 months, the researchers used four main research methods: in-depth interviews, focus group discussions (FGDs), observation, and direct observations. The respondents were 2 upper-level leaders of the resort, 3 loyal guests categorized as Free Independent Travellers (FIT), and 4 loyal guests from Group Inclusive Tour (GIT) category. A couple of FGDs were conducted within the GIT guests. In addition, one of the researchers engaged in participant observation for about 30 days in Lembang Asri Resort. He worked in different hotel departments to associate with the guests and employees and “get accustomed” to the overall environments of the resort.

4 ANALYSIS AND DISCUSSIONS

4.1 Research Question 1: Personal Characteristics of the Leaders That Contribute to the Competitive Advantage of the Hotel

Proposition 1: Accountability (V6) and loyalty (V1) of the leaders of Lembang Asri influence the hotel and its employees. Their sense of responsibility for the hotel improvement and the employee development makes them want to stay working in Lembang Asri.

Proposition 2: Lembang Asri leaders possess loyalty (V1) that allows them to work and lead the employees with experience, knowledge and related skills. Thus, leaders' loyalty has an influence to their experience and skill (V8) for working in Lembang Asri. Experience and skilful leaders might suppress errors in their decision-making and be able to transfer their leadership, experience and knowledge to other employees.

Proposition 3: Leaders' desire to thrive (V2) makes them consistently willing to find ways in order to create improvement and development for the hotel. This attitude gives them the willingness to stay working in Lembang Asri. Therefore, leaders' desire to thrive affects their loyalty (V1) to the hotel.

Proposition 4: Desire to thrive (V2) allows leaders to

have the willingness to learn (V7). Their passion in developing the hotel leads to their eagerness to learn new knowledge.

Proposition 5: Willingness to learn (V7) characteristic brings leaders to continuously learn new knowledge and skills. Willingness to learn would certainly help them to gain their experience and skills (V8).

Proposition 6: Experienced and skilful (V8) leaders certainly contribute to the hotel competitive advantage (V30) as the leaders have the capabilities to manage, organize, assess, communicate and lead the hotel and the team of employees.

Proposition 7: Desire to thrive (V2) triggers leaders to find a way for improving the hotel's products and services by using their creativity (V9)

Proposition 8: Creativity (V9) possessed by the leaders is useful in finding unique ideas to improve hotel products and services. Therefore, it would contribute to the hotel competitive advantage (V30) because it might be an important element in increasing hotel sales and profits.

Proposition 9: Inspiring (V3) characteristic of the leaders allows them to influence and move the employees to work in a better way. These characteristic generate employees' motivation that further creates a better employees' work performance (V10).

Proposition 10: Caring (V4) characteristic of the leaders would make the employees feel accepted and noticed. It might contribute to the employee work performance (V10).

Proposition 11: Respectful (V5) leaders would establish a strong relationship between leaders and employees that would eventually increase employees' work performance (V10).

Proposition 12: Employees' work performance (V10) would be a competitive advantage (V30) of Lembang Asri Resort, as its employees perform their duties well.

4.2 Research Question 2: Consumers' Preferences to Stay in Lembang Asri Resort

Proposition 13: The location of Lembang Asri is considered as strategic by some guests because of its ease of access. Mr. Anton (FIT guest) said that Lembang Asri is located in an area with fewer traffic jams compared to other areas in Bandung. In addition, Lembang Asri guests have several route options to get to the hotel. Accessibility to the hotel

(V11) would be a factor of competitive advantage (V30) of Lembang Asri.

Proposition 14: Lembang Asri's modern room concept (V16) contributes to the hotel competitive advantage (V30) because the concept provides comfort and pleasure for the guests staying in Lembang Asri.

Proposition 15: Family-friendly rooms (V15) owned by Lembang Asri are sought by most customers because of the spacious area and complete facilities inside the rooms. This type of bedroom that is comfortable for family can increase the customer satisfaction (V29).

Proposition 16: For most family guests that bring children to the hotel, playground and games for kids (V12) are very important. Playground and games that are available inside the hotel building not only make the kids happy but also provide convenience for the parents, as they do not need to search for playground outside the hotel. Moreover, from interviews with several FIT guests (Mr. Benny & Mrs. Jessica, and Mr. Anton), they suggested some additions to kids' games in Lembang Asri. Therefore, it is expected to be a factor that contributes to customer satisfaction (V29).

Proposition 17: Natural (V13) environment in the hotel area provides convenience and comfort for the guests. This condition would bring customers' satisfaction (V29) during their stay at Lembang Asri.

Proposition 18: Food and beverages products (V17) provided by Lembang Asri restaurants are considered by guests as tasty and inexpensive. This creates convenience for guests as they like the hotel's meals, so that they do not need to bother searching for meals outside the hotel. Therefore, tasteful and inexpensive food and beverages products create satisfaction (V29) for the guest.

Proposition 19: Discounted room rate (V14) provided by Lembang Asri to the loyal guests might contribute to their customer satisfaction (V29).

Proposition 20: As most guests use a resort for holiday, meetings or outbound purposes, they prefer a location that is far away from the crowd. They require serenity (V19) inside the hotel to make their stay comfortable and enjoyable. Serenity around Lembang Asri Resort environment would be a factor contributing to the customer satisfaction (V29).

Proposition 21: Lembang Asri guests are mostly coming to Lembang to search for fresh air. The availability of fresh air (V20) in Lembang Asri Resort makes them enjoy their stay there. This is another factor that contributes to customer satisfaction (V29).

Proposition 22: Guest-friendly service (V21) is an important factor that makes guests' stay in Lembang Asri more pleasant, as friendly and helpful services increase guests' satisfaction (V29). Proposition 23: Guest-friendly services (V21) trigger guests' acquaintanceship (V22) with the employees, as they are friendly, helpful and initiative towards the guests. This will eventually establish a strong bond of friendship.

Proposition 24: There are many aspects of service that influenced the guests' familiarity with employees. The guests' familiarity with the employees (V22) would certainly give the guest the feeling of comfort and security. It also creates a trusting relationship between guests and employees (V28).

Proposition 25: Trustworthy employees (V28) increase customer satisfaction (V29) in staying at Lembang Asri. For example, in 26 August 2017, Lembang Asri employees' honesty and integrity were proven by not taking the guest valuable objects. This made the guest trusted them and appreciated their services. In this particular case, customer satisfaction increased when the guest knew that Lembang Asri employees could be trusted.

Proposition 26: GIT guests considered Lembang Asri marketing department was helpful in their process of reservation. GIT guests in their interviews said that the sales marketing employees were helpful, nice to talk to, responsive and easily contacted. The ease for reservation (V26), therefore, increases their customer satisfaction (V29).

Proposition 27: Responsive guest services (V27) in the hotel also improve customer satisfaction (V29). Responsive employees create convenience for the committee of GIT guests that are usually busy in organizing the details of the event. Mr. T. (GIT guest) in the interview told his experience when his group had a problem in room distribution at 1 a.m., and he then contacted Lembang Asri employees, the housekeeping and front office divisions were very responsive to assist him although it was already in the middle of the night.

Proposition 28: Lembang Asri is able to facilitate guests who want to organize events in a hall (V24) with a capacity of 500 people. This is the biggest capacity hall in Lembang. Thus, Murdania Convention Hall is a factor that contributes to the resort's competitive advantage (V30).

Proposition 29: Green function (V25) is useful to facilitate events held by guests such as outbounds and gatherings. On the other hand, the hotel sometimes uses green function to conduct events

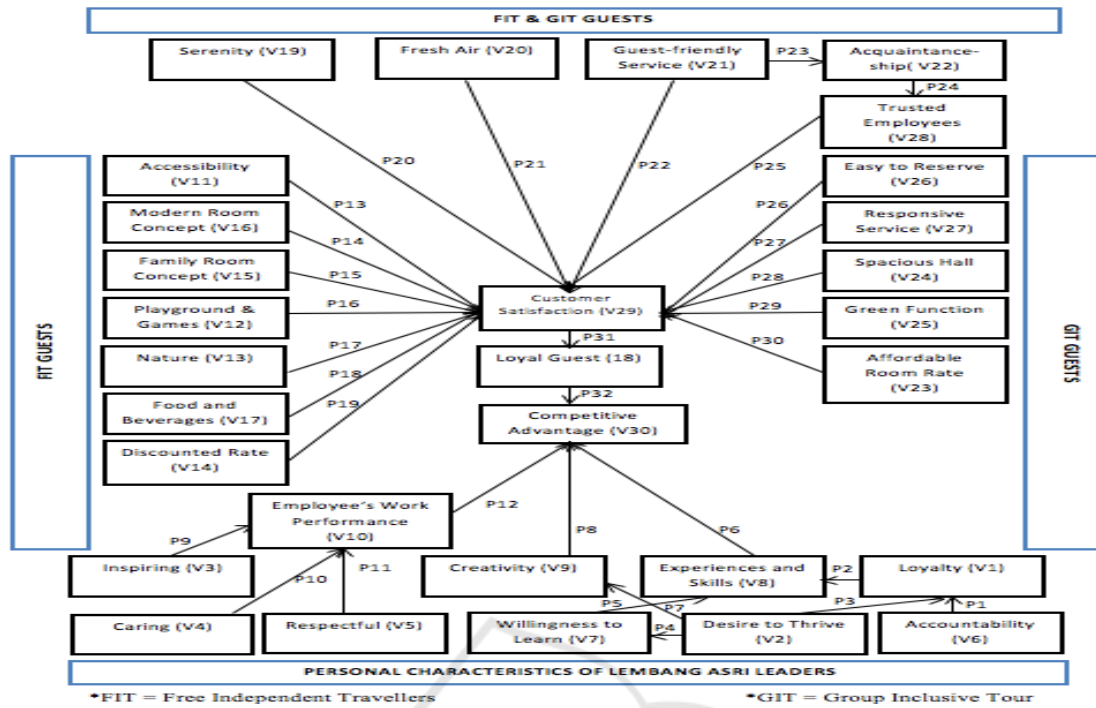


Figure 1: Proposed Conceptual Framework.

such as New Year's Celebration and other events that are beneficial in attracting guests. As it is able to facilitate and attract guests to stay in Lembang Asri, it would be considered as a factor that contributes to the competitive advantage (V30) of Lembang Asri.

Proposition 30: For the GIT guests, Lembang Asri's affordable room package rates satisfy them very much because some of them are from non-profit organizations with limited budgets. Therefore, affordable prices (V23) offered by the resort benefit them and increase their customer satisfaction (V29) towards Lembang Asri.

Proposition 31: Customer satisfaction (V29) that is influenced by several aspects in Lembang Asri would impact prospective guests' decision-making in choosing their stays. With high customer satisfaction, they are more likely to become Lembang Asri loyal customers (V18).

Proposition 32: Lembang Asri loyal customers (V18) can be considered as a factor that contributes to the competitive advantage (V30) of the hotel, because retaining customers are essential for the resort to maintain its competitiveness in the industry. On the other hand, loyal guests are also more likely to recommend Lembang Asri to other potential guests.

In summary, as shown in Fig. 1, the findings are depicted through propositions that elucidate

preferences of the guests to stay and revisit the resort. The induced latent variables are categorized based on the attributes of the leadership, the perspectives of the FIT guests, the perspectives of the GIT guests, as well as the combined perspectives of both the FIT and GIT guests.

5 CONCLUSIONS

Besides growing competitiveness in its segment, Lembang Asri Resort also facing a challenge to manage external forces, in particular the regulation to limit governmental meetings outside the office such as in hotel, resort, villa that are not owned by the government (Kementerian Pendayagunaan Aparatur Negara dan Reformasi Birokrasi, 2015), in order to improve efficiency and effectiveness of work among government employees. As a result, private hotels like Lembang Asri are being disadvantaged due to the shortage of governmental guests. Hence, the much-needed proposed conceptual framework (Fig. 1) would support Lembang Asri in recognizing factors contributing to its competitive advantage to develop hotel competitiveness and sustainability. Lembang Asri leaders, including the Director, the Manager and the Supervisors have to keep on developing positive influences into their teams. The team employees

must also continue to reinforce the factors contributing to guest satisfaction to retain customers or even attract potential guests. Consequently, Lembang Asri Resort would be able to sustain and further improve to become a 4-star hotel and even a 5-star hotel in the future.

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