

DIFFERENTIATION STRATEGY ANALYSIS IN KAPAL GARDEN HOTEL USING VALUE CHAIN ANALYSIS AND PERCEPTION GAP ANALYSIS

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Abstract:

The differentiation strategy analysis carried out in this study aimed to find out what types of differentiation strategies which are applied by Kapal Garden Hotel (KGH) based on Thomson's, et al. (2022) five types of competitive strategies. As supporting material, the analysis of consumer segments, the factors driving differentiation, and gap analysis were also examined. The gap analysis is used to determine whether there is any gap in differentiation perception between the management and KGH consumers in the company. This research is a descriptive quantitative study in which data collection is obtained from questionnaires distribution. The instruments were obtained from the distinguishing features of Thomson's, et al. (2022) strategy types, segmentation in the tourism industry according to Bowie, et al. (2016), and the differentiation driving factors which were analyzed using value chain analysis tool. The perception gap analysis was done by comparing the percentage of the results of consumer perception mapping and corporate strategic group mapping. The results indicated that KGH has a tendency to apply broad differentiation strategy which were supported by the results of the KGH consumer analysis which tends to target 3-star hotel consumers widely. KGH differentiated its products to target 3-star hotel consumers rather than specific consumers of certain niches, and perception gap analysis found that there was a perception gap between the management and KGH consumers.

Keywords: Differentiation Strategy, Differentiation Driving Factors

1. Introduction

The growth in the hotel occupancy rate in East Java is currently at 65%, which means it is higher than the hotel occupancy rate in 2021 which was 61%. However, competition in the hotel industry in East Java Province is quite tight. Based on the Central Statistics Agency (BPS), in 2022 it was noted that in East Java as a whole there were 44,627 hotels and accommodation units with a percentage of 11.21% of the total number of hotels and accommodations in Indonesia. The competition that occurs between these hotels can be seen from the price war competition and promotions carried out by hotel companies. Companies that are in the hospitality industry must have sufficient strength to survive and win in the business competition that occurs in their industry. One of the elements that can strengthen the company's internal resources is strategy.

Every company has a high enough urgency to increase the strength of internal resources in order to strengthen its competitiveness. Selection of the right strategy is a good first step to improve the company's capabilities. Hax and Majluf (1996) state that strategy is a company's response to the influences of external factors (opportunities and threats) within the industry, as well as internal factors (strengths and weaknesses) within the company to achieve sustainable competitive advantage. The strategy can act as a step guide that will guide the company in the decision-making process in the future. Strategy also assists companies in setting priorities and determining the focus of developing energy and resources to improve the quality of operations and services within them, as well as ensuring that all employees and stakeholders work to achieve common goals (Chandler, 1962).

The threat of recession and soaring inflation experienced by various countries is currently haunting the world economy. However, even though the Indonesian economy has been classified as safe until the second quarter of 2022, the threat of a recession has made many people feel insecure about their economic conditions personally. So that more and more people are starting to realize the importance of having emergency funds and long-term investments. Increased awareness of the importance of investment also makes people more aware of the many benefits that can be obtained from investment.

Driven by an understanding of the urgency of determining strategy, researchers try to carry out an analysis related to the strategy of the Kapal Garden Hotel company in order to increase its competitiveness in the business realm. Kapal Garden Hotel (KGH) is a company in East Java which is engaged in accommodation and hotel services. KGH is a newcomer in the industry, so it is necessary to have the right company strategy. KGH has a quite unique architectural concept. This hotel has a ship-shaped building design with exterior and interior decorations like a ship. This uniqueness is considered as a different added value by KGH management which can attract consumers to stay at KGH. The added value generated by this uniqueness is a differentiating factor in the products and services that can be offered by the company. This value provides an advantage for companies to be able to apply a differentiation strategy. According to Porter (1980), strategy describes an area where the company tries to be unique and different. Saturated competition in the market, encourages companies to create a different product so that it has its own meaning and value in the minds of consumers.

The uniqueness of KGH is sufficient to indicate that the company has implemented a differentiation strategy. A differentiation strategy is a strategy needed to create different values for products that aim to create distinct advantages for these products so as to create added value in the minds of consumers (Porter, 1980). Differentiation strategy is one of three types of Porter's Generic Strategy, namely low-cost provider, differentiation and focus. This generic strategy was further developed by Thompson, et al. (2018) into five competitive strategies namely overall low-cost strategy, focused low-cost strategy, broad differentiation strategy, focused differentiation strategy, and best price strategy.

The sale of all rooms and the smooth running of the company's operational activities are seen as an indication that the company has the power to survive and compete in the industry without knowing what added value it can have. Basically, companies must know their capabilities and capacities in the process of providing the products or services they produce so that companies can find their weaknesses and strengths to create value. Based on Thompson's five competitive strategies, et al. (2018), researchers try to analyze the type of differentiation strategy implemented by KGH, whether the company uses a broad differentiation strategy or a focused differentiation strategy. The right strategy will become a strength in itself for the company, so that the company can determine clear guidelines and objectives in its business activities which will affect the company's strength in industrial competition (Thompson, et al (2018).

Strategy determination cannot be separated from which consumer groups are the company's target market. Until now, KGH did not know the specific consumer segments it was targeting

to serve. As a result, KGH's management experienced difficulties in determining the standards of the products or services it offered. Porter (1980) states that an industry has many segments that companies can target within it. The company needs to know the appropriate segment so that it can optimize performance and focus on the allocation of its resources and facilities. KGH's management admits that as long as the business is running, KGH is still not the first choice for consumers in selecting hotels. Based on this information, the researcher will conduct a gap analysis of the perception of differentiation in the minds of KGH management and consumers regarding the advantages of KGH products.

This research will lead directly to determining the right type of differentiation strategy for KGH with the support of thematic differentiation in KGH. The next step is to determine the market segments that will be targeted by KGH in order to optimally improve the company's performance. Then the researcher analyzed the existing value at KGH to find the driving factors for the formation of different values as a form of differentiation that existed at KGH, and tested the extent of the difference in the perception of differentiation in the minds of KGH management and its consumers.

2. Literature Review

Differentiation Strategy According to Thompson, et al.

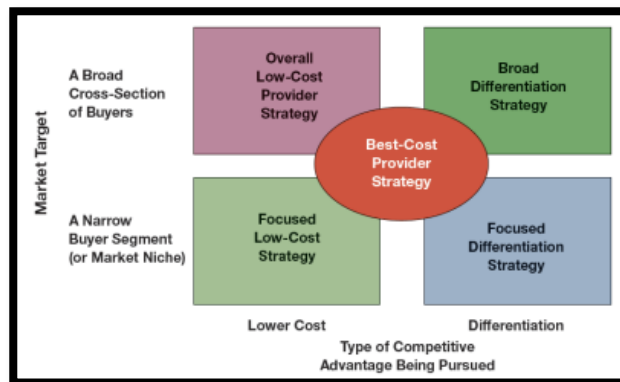


Figure 1. Thompson's et al. Five Competitive Strategy
(Resource: Thompson et al., 2022)

Based on Porter's three Generic Strategies, in his book, Thompson, et al. (2022) developed these three strategies into five types of competitive strategies, namely:

- **Low-cost provider strategy** (An overall low-cost provider strategy)- Companies implementing this strategy seek to achieve lower overall costs than competitors on similar products in order to attract a broad spectrum of buyers.
- **Broad differentiation strategy** (A broad differentiation strategy)- Companies implementing this strategy seek to differentiate the company's product offerings from competitors' products by offering superior attributes that appeal to a broad spectrum of buyers.
- **Focused low-cost strategy** (A focused low-cost strategy)- Companies implementing this strategy concentrate on a narrow buyer segment or niche market and try to outperform competitors on costs, thereby being able to serve niche members at lower prices.
- **Focused differentiation strategy** (A focused differentiation strategy)- Companies implementing this strategy concentrate on a narrow buyer segment or niche market by offering specific attributes to meet the tastes and needs of niche market members with better quality than competitors' products.
- **Best cost provider strategy** (A best-cost provider strategy)- Companies implementing

this strategy offer added value to customers by meeting their expectations of quality, features, performance, or key service attributes at a relatively low price. This option is a hybrid strategy that combines elements of a low-cost provider and a differentiation strategy. The goal is to have the lowest costs and prices among sellers offering products with comparable differentiating attributes.

Companies that implement a differentiation strategy offer added value to the products and services they sell in the hope of attracting consumer interest and making their products more easily identifiable among competitors in their industry. Successful differentiation will provide benefits for the company in the form of premium prices for its products, increased sales, and gain customer loyalty (Thompson, et al., 2022).

Hotel Industry Segmentation

Segmentation is the process of mapping a heterogeneous market into different consumer groups based on the same characteristics and needs. Segmentation is carried out with the aim of finding target markets that match the company's internal strengths and capabilities. Porter (1980) states that an industry has many segments that can be targeted by a company. According to Kotler and Keller (2015), a segment refers to a group of consumers with certain common characteristics that enable them to have similar product preferences and service needs. Knowing the specific segment that is used as the marketing target for its products and services is crucial for the company.

According to Kotler and Keller (2015), consumer markets can be segmented based on demographics, geography, psychographics, and behavior. Therefore, market segmentation refers to the process of sharing some similarities, preferences, or kinship so that members in a certain segment have the same preferences.

- **Demographic Segmentation-** Demographic segmentation includes age, gender, family size and structure, ethnic origin, religion, nationality, and socioeconomic class.
- **Geographic Segmentation-** Geographic segmentation divides the market into different geographic units, such as countries, provinces, counties, cities, counties, counties or regions.
- **Psychographic Segmentation-** Psychographic segmentation is the classification of consumers according to their personality traits and lifestyle. This segmentation groups consumers based on social status, lifestyle and personality. Social status, for example, is educators, community leaders, as well as the elite, middle class and low-income groups. While those included in the lifestyle category are modern, old-fashioned, traditional, extravagant, frugal, luxurious and others. While those included in the personality category, for example, are fans, addicts or observers of a particular product or service.
- **Behavioral Segmentation-** Behavioral segmentation divides consumers into homogeneous groups on the basis of their usage patterns, knowledge and responses to a product. The basis for division in this segmentation is events or events, benefits, level of product use, level of loyalty.

According to Bowie et al., in the hospitality industry the main segmentation variable used by almost all hotel and lodging companies is the purpose of travel. The three main categories are business, non-business (variously defined as leisure, vacation, personal, or social) and visiting friends and relations. Each of these main categories can be further divided into different market segments, but the main point is that the same person or individuals can have different customer needs and wants depending on whether the purpose of the trip is business or non-business.

- **Business-** Business consumers are individuals or groups who travel. The intensity of visits by business consumers to hotels and inns is quite high and is not triggered by certain seasons such as the holiday season or other seasons. Pure business customer visits are driven by their job needs such as the need to meet clients and so on. Following are some

of the characteristics of business consumers: a) Not price sensitive, b) Tend to stay for one night, or just a few hours according to the needs of the job, c) Accustomed to hotel accommodation due to frequent travel, d) Consider reasonable travel time (10-30 minutes) between lodging accommodations and their place of work.

- **Tourism-** Consumers with vacation needs will increase in certain areas that offer attractive following are general characteristics of consumers with holiday needs: a) Sensitive to price, b) The duration of staying at a hotel tends to be longer than consumers with business needs, c) Considering the distance of the location of stay from the intended tourist destination, d) Increases in certain seasons, both due to seasons, annual holidays, national holidays, and so on.
- **Visiting Friends or Relatives-** Viewed from the perspective of accommodation demand, this segment does not generate significant demand for the hospitality industry because individuals who travel to visit friends or relatives tend to prefer to stay at the homes of their friends and relatives. This market is more important for tourism companies in the leisure and restaurant sectors.

Differentiation Driving Factors

In implementing the differentiation strategy, a company requires several factors that encourage the company to create different added value as a form of differentiation carried out by the company. Thompson, et al. (2022), in his book states that there are eight factors driving the value of differentiation, namely: 1) Creation of different product features and performance, 2) Improving the quality of customer service or providing additional extra services, 3) Investment in research and development activities related to production, 4) Efforts to optimize innovation and use of technology, 5) Efforts to make sustainable quality improvements, 6) Increased marketing and brand building activities, 7) Search for quality input, 8) Emphasis on human resource management activities that enhance the skills, expertise and knowledge of company personnel. All of these differentiation driving factors are activities contained in the value chain analysis tool used to create value in a product or service.

Value Chain Analysis

Value Chain Analysis is a series of process activities or activities carried out by companies to produce a product or service (Porter, 1985). The value chain functions to identify and connect various strategic activities in the company (Hansen and Mowen, 2000). The shape of the value chain varies depending on the nature of the industry. The shape of the value chains of service companies, manufacturers, and non-profit organizations will differ from one another.

All the main activities in this value chain are related to the process of creating products and services to selling, maintaining and supporting them. The following is a description of the five main activities: 1) Incoming logistics: All processes related to receiving, storing and distributing internal input. 2) Operation- Activities that cover the entire transformation process that transforms inputs into outputs that will be offered to customers. 3) Outgoing logistics- Activities related to the delivery of products and services to customers. 4). Marketing and sales- The entire process which includes the marketing and sales process from product introduction, promotion and sales. 5) Service-Activities related to maintaining the value of the product or service to customers after purchasing the product. Some of the supporting activities include the following: 1) Enterprise infrastructure- This activity relates to the company's support system as well as its function to maintain day-to-day operations such as accounting, legal, administration and management. 2) Technical Development- Activities related to managing and processing information, as well as protecting the company's knowledge base. 3) Human resources- Activities related to increasing the company's ability to recruit, train, motivate, reward, and also retain its employees. 4) Procurement- Procurement activities help the

company to obtain the resources needed to carry out the company's operations. This value chain analysis helps companies to understand and identify the activities involved in the production process of their products or services starting from the first stage, that is raw materials, their formation activities, to the handling of products and services until they reach the hands of consumers. The results of the value chain analysis will show which activities provide value to the products or services being sold. Thus, activities that provide added value will be increased to maximize product value, while activities that do not provide added value will be removed.

Gap Analysis

Gap analysis is a method used to measure the actual performance of a variable and consumer expectations for that variable. The results of this analysis will help the company to determine what steps need to be taken to meet the company's expectations in the future (Martilla and James, 1977).

The purpose of this alignment analysis is to determine consumer perceptions when viewing a particular brand or product. This analysis can be carried out using various analytical tools, one of which is using consumer perception mapping (Customer Perceptual Mapping) and Strategic Group Analysis (Strategic Group Analysis).

3. Method

This research is quantitative research with a descriptive approach. The data analyzed in this study are primary data and secondary data from questionnaire, interview, and observation. The questionnaire aimed at consumers, researchers decided to take 50 respondents as a sample from KGH consumers who had experience staying at Syariah Radho Hotel, Fave Hotel Malang and MaxOne Hotel Malang as KGH competitors. While respondents from companies, researchers chose KGH's key persons as respondents from KGH management who were assumed to be able to represent the company. The following is the respondent's data from KGH management: 1) The General Manager: Shinta Suryanti. 2) The General Manager Executive: Teguh Hadi Saputro. 3) Sales and Marketing: Yosh. 4) Supervisor E-Commerce: Shanti Rachma. 5) Supervisor Front Office: Rhizkia S.A. 6) Supervisor House Keeping: Didik Iswadi. 7) Supervisor Engineering Control and Maintenance: Bagus Teguh Sedya A.

As for interviews, researchers conducted interviews with hotel management as resource persons to obtain additional information needed for each stage in this study. Observations were made by researchers for some time at KGH to find out the company's activities in implementing the existing differentiation strategy at the hotel.

In determining the differentiation strategy, researchers used the differentiating features of the types of differentiation strategies according to the theory of Thomson et al. (2022), namely: 1) Target strategic consumers, 2) Basic competitive strategy, 3) Product line, 4) The key to maintaining strategy, 5) Emphasis on production and marketing, 6) Resources and capacities. In this study, the authors used the features of a broad type of differentiation strategy which were assessed using a Likert scale. The sum of the rating scales consists of questions that state the attitude of respondents to the object of research, with levels of agreeing or disagreeing with the questions. Each response was given a numerical score to reflect the appropriateness of the attitude. The results of these scores can be added up to measure the overall attitude of the respondents to the questions given (Cooper and Schindler, 2022).

Researchers provide assessments using a Likert like scale based on hotel industry segmentation variables based on the theory of Bowie, et al. (2016), who differentiated hotel consumers based on their travel purposes, namely business and leisure. Meanwhile, segments based on age are divided into 5 groups, namely under 18 years, 18 to 24 years, 25 to 34 years, 35 to 54 years, and 55 to 65 years. Based on price preferences, hotel consumers are divided into 3 groups with

3 types of choices, namely luxury hotels, mid-range hotels and economy hotels. Based on the area of origin of consumers, they are divided into 3, namely domestic and international. In this research, the researcher considered including local consumer variables (those from East Java province) and non-local consumers (those from outside East Java province) based on KGH consumer data that the researcher had studied before conducting this research. The final segmentation is based on work which is divided into 4; students, employees, entrepreneurs, and others.

Factors related to differentiation strategy and its formation. The eight factors that drive the formation of a differentiation strategy are as follows: 1) Creation of differentiated product features and performance. 2) Improve the quality of customer service or provide additional extra services. 3) Investment in research and development activities related to production. 4) Efforts to optimize innovation and use of technology. 5) Efforts to make continuous quality improvements. 6) Increased marketing and brand building activities. 7) Search for quality input. 8) Emphasis on human resource management activities that increase the skills, expertise and knowledge of company personnel.

The questionnaire regarding factors driving differentiation was prepared based on the eight factors driving differentiation according to Thompson, et al (2022) mentioned above. The instruments in the questionnaire are dimensions and attributes related to each factor, prepared based on supporting materials that researchers took from theories related to the hotel industry. All of these eight factors will be explained through the value chain analysis introduced by Porter (1985), the results of which will show the location of differentiation in value formation activities in the process of processing the company's input into output that will be marketed. The following is a series of activities that will be analyzed in the value chain: 1) Main activities: a. Inbound logistics; b. Operation; c. Outbound logistics; d. Marketing and sales; e. Service. 2) Supporting activities: a. Company infrastructure; b. Technical Development; c. Human Resources; d. Procurement.

Gap analysis was carried out by comparing data obtained from consumer perception maps and strategic group maps. Researchers used 6 variables taken from factors driving differentiation which were considered to adequately represent the perception of differentiation that existed at KGH in the minds of consumers and KGH management. Consumer perception map data is data obtained from questionnaires given to KGH consumers, while strategic group map data is data obtained from questionnaires given to KGH management. Both have the same instruments, namely several variables as follows: 1) Price. 2) Quality. 3) Concept. 4) Service. 5) Differentiation. 6) Product Variations.

The stages and data analysis methods used in this research are as follows: 1) Researchers gave questionnaires related to the research to KGH's management and consumers. 2) Researchers conducted interviews to obtain additional information regarding the type of strategy, segmentation, value chain analysis, as well as management's perception of the differentiation strategy implemented by the company. 3) Researchers record the results of interviews, surveys and observations in the transcripts. 4) Researchers grouped data obtained from interviews, surveys and observations which were then analyzed using several tools used in this research. 5) Based on the data obtained from the analysis results, researchers make decisions to answer all research questions using the following method: a. Determining the type of differentiation strategy for Kapal Garden Hotel; b. Kapal Garden Hotel consumer segmentation; c. Factors driving the differentiation of Kapal Garden Hotel; d. Analysis of the Gaps in Perception of the Kapal Garden Hotel.

The researcher used a percentage comparison of the results of the assessment of the variables used as research instruments contained in the questionnaire given to management and the questionnaire given to KGH consumers. The six selected variables used in the questionnaire were used as the basis for creating consumer perception maps and strategic group maps. The

percentage gap that occurs between the results of the questionnaire assessment given to management and the results of the questionnaire assessment given to consumers is used to answer the final research question regarding the differentiation perception gap that occurs between KGH's management and its consumers.

4. Result and Discussion

Results

The analysis results obtained from the questionnaire regarding the type of differentiation strategy given to the company will show a tendency to apply the type of differentiation strategy found at KGH. The questionnaire consists of several dimensions that distinguish Thompson, et al.'s five generic strategies. (2022).

Tabel 1. Data Hasil Analisis Fitur-Fitur Pembeda Tipe Strategi Diferensiasi

| Features | Score | Conclusion |
|-----------------------------------|-----------------|---|
| Strategic Consumer Target | 4,33 (86,6%) | The consumers targeted by KGH are hotel consumers in the three-star class broadly |
| Basic Competitive Strategy | 4,5 (90%) | KGH offers different product attributes as advantages aimed at all three-star hotel consumers |
| Product Line | 4,33 (86,6%) | KGH has various product variants on offer which can support the company to expand into a wider market. KGH provides family room types and also single beds with sharing rooms which consumers can rent individually |
| The key to maintain strategy | 4,17 (83,4%) | KGH improves performance and quality and innovates products and services which are its differentiating factors |
| Production and marketing emphasis | 3,83 (76,6%) | KGH emphasizes differentiation by continuously introducing it to consumers and also charging higher prices for the added value it offers. |
| Sumber daya dan kapabilitas | 4,33 (86,6%) | KGH has sufficient resources to make it strong in implementing a differentiation strategy in its company. These resources include land, buildings, human resources and services. |

Source: Processed by Researchers (2023)

Based on the data obtained, it shows that KGH is targeting three-star hotel consumers widely by prioritizing product features that are different compared to other three-star hotels. This is proven by the management's assessment of the "Strategic consumer target" dimension targeted by KGH with a score of 4.33 (86.6 percent). Furthermore, the basic dimension of competitive strategy has a value of 4.5 with a percentage of 90 percent, which shows that KGH offers different product attributes as an advantage aimed at all three-star hotel consumers, not certain niche consumers. The third dimension is product line which has a value of 4.33 (86.6 percent). KGH has several types of products which are quite different from other three-star hotels. Apart from having general type hotel rooms (deluxe, executive), KGH also provides dormitory rooms consisting of 60-62 single beds which are rented to individuals and groups who have accommodation needs. The fourth dimension is the key to maintaining a strategy which has a score of 4.17 which shows that KGH's focus in its performance improvement activities and product and service innovation is on its differentiating attributes from competitors, rather than adapting to the needs and preferences of consumers from certain niches. The fifth dimension is production and marketing emphasis which has a score of 3.38 indicating that KGH emphasizes the differentiation in its products to consumers and also applies higher prices for the added value it offers. The final dimension is resources and capabilities. This dimension has a score of 4.33 which shows that KGH has sufficient resources to make it strong in

implementing a differentiation strategy in its company. These resources include land, buildings, human resources and services.

Table 2. Result of Business Consumer Segment Analysis

| Dimensions | Rating Results |
|------------------------|----------------|
| Meeting room | 3,67 (73,4%) |
| Group training package | 3,83 (76,6%) |
| Exhibition room | 3,17 (83,4%) |
| Corporate cooperation | 4,17 (83,4%) |

Source: Processed by Researchers (2023)

The analysis results obtained from the table above show that KGH has sufficient capabilities to serve the needs of business guests. The availability of meeting rooms, group training packages, as well as exhibition space and facilities at the company gives the company added value to serve as a reference for consumers with business needs. Collaboration with companies and agencies, both government and private, has helped increase the number of business consumers staying at KGH.

Tabel 3. Data Hasil Analisis Segmen Konsumen Liburan

| Dimensions | Rating Results |
|---|----------------|
| Family tour package | 4,33 (86,6%) |
| Entertainment program | 3,67 (73,4%) |
| Attractive holiday packages | 4,33 (86,6%) |
| Holiday packages to nearby tourist destinations | 4,33 (86,6%) |
| Honeymoon package | 3 (60%) |

Source: Processed by Researchers (2023)

The table above explains that KGH has the ability to serve consumers with holiday or tourism needs by providing family holiday packages, entertainment events, attractive holiday packages which include nature tourism, historical tourism and so on. KGH provides holiday packages in nearby tourist destinations. Apart from that, the honeymoon packages offered by the company are provided when there is request (by demand).

Tabel 4. Data Hasil Analisis Segmentasi Berdasarkan Usia (Demografi)

| Dimensions | Rating Results |
|-------------|----------------|
| <18 tahun | 2,17 (43,4%) |
| 18-24 tahun | 3,83 (76,6%) |
| 25-34 tahun | 4,33 (86,6%) |
| 35-54 tahun | 4,5 (90%) |
| 55-65 tahun | 3,17 (63,4%) |

Source: Processed by Researchers (2023)

Researchers divided consumers by age into five different groups. The research results shown in the table above, consumers aged 25-34 years and 18-24 years are the largest number of consumers who come as visitors to KGH. This is triggered by the facilities and services offered by the company. Consumers in the age range of 25-34 years generally have independent financial capabilities so they can easily make decisions about allocating a budget for their accommodation, either individually, as a family or as a group. Meanwhile, consumers in the age range of 18-24 years are the consumers who mostly choose the dormitory room type for their rest and eating needs only because most of them are people who go on holiday considering minimum expenses.

Table 5. Data Hasil Analisis Segmentasi Berdasarkan Harga

| Dimensions | Rating Results |
|---|----------------|
| Harga tinggi (<i>luxury hotel</i>) | 2,67 (53,4%) |
| Harga sedang (<i>mid-range hotel</i>) | 3,67 (73,4%) |
| Harga rendah (<i>economy hotel</i>) | 3,67 (73,4%) |

Source: Processed by Researchers (2023)

KGH is a three-star hotel that targets middle class hotel consumers, so the prices offered are standard prices that can be reached by consumers from this group. The table above shows that price preferences are adjusted to the targeted consumer class, namely middle price and can be said to be quite low compared to competitors in the same class.

Table 6. Data Hasil Analisis Segmentasi Berdasarkan Asal

| Dimensions | Rating Results |
|-------------------------------|----------------|
| Jawa Timur (lokal) | 4 (80%) |
| Luar Jawa Timur (luar daerah) | 4,5 (85%) |

Source: Processed by Researchers (2023)

The table above explains that there are more KGH consumers from other regions (outside East Java Province) compared to consumers from East Java Province. According to the company, KGH consumers mostly come from West Java Province and the Jabodetabek area which is the target of its digital promotions.

Tabel 7. Data Hasil Analisis Segmentasi Berdasarkan Pekerjaan

| Dimensions | Rating Results |
|-------------------|----------------|
| Pelajar/Mahasiswa | 3,83 (76,6%) |
| Karyawan | 4,33 (86,6%) |
| Wiraswasta | 4,17 (83,4%) |
| Lain-lain | 3,83 (76,6%) |

Source: Processed by Researchers (2023)

Based on type of work, the largest number of KGH consumers to date are employees and entrepreneurs, where they are individuals who have financial independence compared to students and others. However, the student category and other categories also show high results as KGH consumers. This cannot be separated from the variant room types offered by KGH. The unique ship theme owned by KGH is a distinct advantage for the company. KGH has various types of rooms and also dormitory room types which are quite unique when compared to other three-star hotels. The uniqueness of the theme is the driving force for having the highest score, which indicates that the uniqueness of the theme is a factor that consumers consider when choosing KGH as their choice

Table 8. Results of Product Performance Factor Analysis

| Dimensions | Rating Results |
|--|----------------|
| The uniqueness of the theme | 4,75 (95%) |
| Unique and different room types | 4,5 (90%) |
| The room is bright and the light is just right | 3,5 (70%) |
| Ease of regulating temperature and light | 3 (60%) |
| Clean toilets & hot water | 4,5 (90%) |
| Unique restaurant | 4,5 (90%) |
| Food variety | 4 (80%) |
| Quality of food taste | 4 (80%) |

Source: Processed by Researchers (2023)

The diversity of room types owned by KGH encourages the company to be able to offer its products and services to a wider market, including groups, families and individuals with various purposes, both tourist and business. KGH also has a restaurant with a ship concept and has various kinds of food variants with quite satisfactory quality.

Table 9. Results of Analysis of Research and Development Factors

| Dimensions | Rating Results |
|--|----------------|
| Providing services and facilities based on guests' preferences and needs | 3,75 (75%) |

Source: Processed by Researchers (2023)

KGH always carries out activities related to research and development to meet the needs of its consumers. KGH adapts to the preferences of three-star hotel guests by adapting the cruise ship characteristics embedded in the hotel attributes so that it cannot be separated from the theme it offers.

Table 10. Results of Extra Service Factor Analysis

| Dimensions | Rating Results |
|--|----------------|
| Ease of the ordering process (booking) | 4,75 (95%) |
| Speed of the check-in and check-out process | 4,25 (85%) |
| Comfort in the lobby | 4,25 (85%) |
| Availability of meeting and conference rooms | 3,75 (75%) |
| Availability of swimming pool | 3,75 (75%) |
| Availability of suitable internet connections for work, telephone and TV cable | 4,5 (90%) |

Source: Processed by Researchers (2023)

KGH provides a variety of extra services to improve the quality of services and facilities that the company can offer to meet needs and satisfy customers. In the table above, the ease of the ordering process has the highest score, triggered by the habits of modern consumers who rely on a practical and easy lifestyle. The easier and faster the ordering process, the more consumers will choose it. Other extra services offered by KGH include speed of the check-in and check-out process, lobby comfort, complementary facilities such as internet connection, cable TV and other supporting furniture. These services include unique features related to the hotel theme, such as the atmosphere in the lobby and so on.

Table 11. Results of Innovation and Technology Factor Analysis

| Dimensions | Rating Results |
|---|----------------|
| Providing a cruise ship atmosphere within the hotel | 4,5 (90%) |
| Implementation of an integrated information system | 4,25 (85%) |
| Providing discussion space for informal gatherings and gatherings | 4,25 (85%) |

Source: Processed by Researchers (2023)

KGH carries out various activities related to innovation and optimizing the use of technology for the products and services it offers as explained in the table above, such as providing a cruise ship atmosphere in the hotel, implementing an integrated information system that helps accelerate the process of distributing information to all divisions within the company. as well as providing a multi-purpose room that can be used for discussions, gatherings and meetings both formal and informal.

Table 12. Results of Service Quality Factor Analysis

| Dimensions | Rating Results |
|---|----------------|
| Complete and reliable service | 4 (80%) |
| Ability to be quick and responsive in meeting guest needs | 3,75 (75%) |
| Employees are able to work professionally | 3,75 (75%) |

| Dimensions | Rating Results |
|--|----------------|
| Employees pay attention to guest needs and can communicate them well | 4 (80%) |
| The exterior and interior appearance is neat and attractive to consumers | 4,25 (85%) |

Source: Processed by Researchers (2023)

The quality of service provided by KGH can be relied on with employees who are responsive in meeting guest needs and able to work professionally. This is also supported by the provision of exterior and interior appearances that attract consumers to use the services it offers.

Tabel 13. Data Hasil Analisis Faktor Kualitas Merek KGH

| Dimensi | Hasil Penilaian |
|--|-----------------|
| Nama "KGH" mudah dikenali dan diingat | 4 (80%) |
| "KGH" kredibel untuk mewakili produk dan jasa yang ditawarkannya | 4 (80%) |
| "KGH" menerangkan produk yang disediakan | 4 (80%) |
| Nama "KGH" menarik | 4,25 (85%) |
| Nama "KGH" memiliki citra merek yang unik | 4,25 (85%) |
| Konsumen akan memiliki kesan tersendiri atas produk dan jasa KGH | 4,25 (85%) |

Source: Processed by Researchers (2023)

The choice and use of the name "Kapal Garden Hotel" is quite a good thing because apart from being easy to recognize and remember, it is also credible in representing the products and services it offers. Apart from that, using the KGH name will give a special impression to consumers who use its services. As explained in the results of the KGH brand assessment in the table above, almost all aspects have quite high scores, indicating that the name "KGH" is a strong brand to represent its products.

Tabel 14. Data Hasil Analisis Faktor Pencarian Input yang Berkualitas

| Dimensi | Hasil Penilaian |
|--|-----------------|
| KGH berusaha untuk menarik minat konsumen potensial untuk menggunakan jasanya | 4 (80%) |
| KGH memiliki fasilitas-fasilitas yang mendukung kualitas pelayanan yang ditawarkan kepada konsumen | 4 (80%) |
| Pegawai KGH memiliki kapabilitas dan kredibilitas yang dibutuhkan untuk memberikan pelayanan terbaik kepada konsumen | 4 (80%) |

Source: Processed by Researchers (2023)

Quality input will encourage company performance so that it can operate optimally. In the service business sector, inputs include consumers, service support facilities, and human resources as company delegates in delivering the services offered. KGH does its best to be able to have and obtain these three inputs with the best quality.

Tabel 15. Data Hasil Analisis Faktor Sumber Daya Manusia di KGH

| Dimensi | Hasil Penilaian |
|--|-----------------|
| Pegawai ramah dan sopan | 4 (80%) |
| Pegawai memiliki pengetahuan akan pelayanan yang baik | 3,75 (75%) |
| Pegawai memiliki kemampuan berbicara dengan multi-bahasa | 2,75 (55%) |
| Pelatihan karyawan baru | 3 (60%) |
| Evaluasi kinerja secara berkala | 3 (60%) |

Source: Processed by Researchers (2023)

The quality of human resources at KGH has a high score on the level of friendliness and politeness with an average score of 4 and knowledge of good service with an average score of 3.75, while it has a low score on the ability to speak multilingually with an average score 3 (60%). KGH also has not maximized activities to improve human resources through training new employees and conducting regular performance evaluations.

The results of the value chain analysis for each primary activity and supporting activities are as follows:

1. Primary Activities

a. Inbound logistics - In order to provide the best service to its customers, KGH provides facilities and facilities that support maintaining the quality of its services, such as determining service standards and facilities that are applied to each of its business activities. Hotel employees as human resources owned by KGH have certain standards set by the company in each of their services.

b. Operations - The process of processing input into the final product of hospitality services offered by KGH is produced by the synergy of each division which carries out its duties and functions well. Starting with the reception of incoming guests carried out by the front officer, followed by the provision of room facilities, food and so on which are prepared by the house keeping division, food and beverage division, which cannot be separated from the technical control and maintenance process carried out by the engineering control and division. maintenance. At KGH, all activities are carried out in accordance with the operational standards imposed by the company.

c. Outbound logistics - The process of delivering the final product in the form of hospitality services offered by the company to consumers is very crucial. Service products are products that can only be assessed and felt after being purchased by consumers. In this case, KGH guarantees the best quality to every guest for every facility it offers.

d. Marketing and sales - In the process of marketing its goods, KGH uses various marketing strategies, including the following: 1) Strategy to attract consumers; KGH introduces its products and company brands as best as possible and also emphasizes the added value it offers as an advantage compared to other hotels in the area. These advantages include unique themes and services, locations that are integrated with tourist attractions in the city, and so on. 2) Customer retention strategy; Customers are a key element in the running of business activities, so KGH provides the best service to guests who stay at KGH. The company always strives for maximum quality service for customers to increase customer satisfaction with the products and services they have purchased at KGH. 3) Promotional strategy to dominate the market; The promotional strategy used by KGH includes advertising, promotion, service, quality of products and services it offers to attract new consumers and also retain existing consumers so that it can dominate the existing three-star hotel consumer market. KGH has a variety of quite different room variants which can help the company to reach a wider market.

e. Services provided - KGH guarantees customer satisfaction with the standard of service provided to its customers. In order to fulfill this responsibility, the management makes every effort to ensure the best quality of service it can provide. KGH management provides customer service to provide information about its products and services, and also accommodates all complaints, criticism and suggestions from its customers.

2. Secondary Activities

a. Procurement - Input procurement carried out by KGH is carried out in various ways with special provisions so that quality input is obtained that suits the needs of its business activities. KGH consumers are individuals and groups who need hotel services and are also interested in the uniqueness that KGH offers. Facilities and facilities to support services have met the standards for ongoing business processes at KGH.

b. Human resource management - All KGH employees are human resources owned by the company. KGH is responsible for the quality of their knowledge and abilities in handling every task that is their responsibility, including the process of delivering products and services offered by KGH to consumers. Therefore, KGH has special requirements as qualifications that must be possessed by each employee according to their respective divisions and duties.

c. Technology development - Throughout its business journey, KGH has tried to apply various systems that can help to create the best quality service. One of them is by providing a cruise ship atmosphere in the hotel which is supported by the exterior and interior design of the ship-shaped building. Apart from that, KGH also implements an integrated information system which helps disseminate important information in each division. Even though implementation is not yet optimal, KGH continues to make improvements with the aim of achieving optimal company performance.

d. Firm infrastructure - KGH is one of the business units owned by the University of Muhammadiyah Malang (UMM) where every decision taken by KGH management regarding a series of plans and activities must obtain official permission and support from the party (UMM) represented by the Executive General Manager . This position is quite profitable for the management because of the inter-company cooperation obtained through UMM relations. However, this relationship can also influence the performance and product development process carried out by KGH management.

The data obtained from distributing questionnaires to KGH consumers is the data used to create a consumer perception map. Each consumer perception map only has 2 variables, so researchers created 3 consumer perception maps to support this gap analysis. The three maps compare 6 variables including price and quality, hotel concepts both budget and luxury and service concepts, differentiation and product variations owned by 4 hotels, namely Kapal Garden Hotel, and 3 competitors, namely Syariah Radho Hotel, Fave Hotel Malang, and MaxOne Malang Hotels.

Table 16. Data from Consumer Assessment of KGH

| Hotel | Price | Quality | Concept | Services | Differentiation | Product Variety |
|---------------------|-------|---------|---------|----------|-----------------|-----------------|
| Kapal Garden Hotel | 6,1 | 7 | 3,5 | 3,5 | 7 | 8 |
| Syariah Radho Hotel | 6,6 | 6,6 | 3,3 | 3,2 | 3,5 | 4,5 |
| Fave Hotel | 6,8 | 3,8 | 3,3 | 3,1 | 2,5 | 3 |
| MaxOne | 6,8 | 8 | 3,2 | 3,1 | 2 | 3 |

Source: Processed by Researchers (2023)

Table 16 is the scoring data which was carried out based on the average data from the total results of the consumer questionnaire data assessment. The data in this table is used to compile three consumer perception maps in this research.

Figure 2 shows that based on price, the four hotels being compared set their prices at the same level because basically all four hotels play in the three-star hotel market class. Meanwhile, the quality of each hotel is quite varied. On the perception map, it can be seen that MaxOne has the best quality facilities compared to other hotels with a score of 7. Kapal Garden Hotel is in the second best position after MaxOne Hotel with a score of 7.

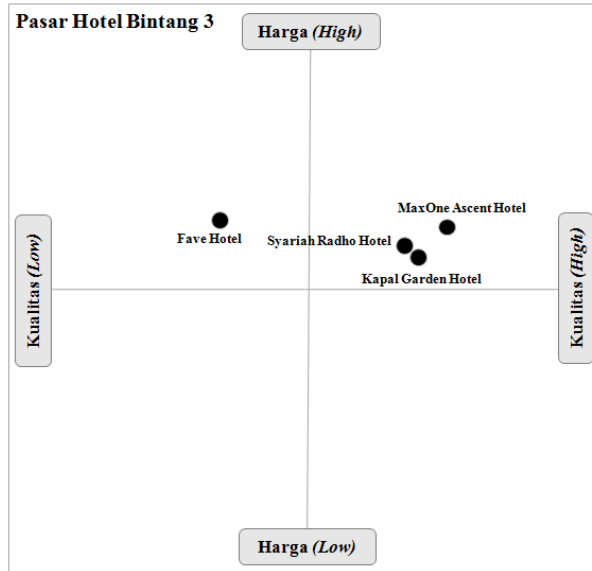


Figure 2. Consumer Perception Map (Price and Quality)

Source: Processed by Researchers (2023)

The second consumer perception map (Figure 3) shows the position of the circle representing KGH overlapping other hotel circles. So it can be concluded that KGH is similar in terms of hotel concept and service to other hotels, namely that it tends to be budget hotels because the three-star consumer market is consumers from the lower middle class. The type of service provided is also standard service for a three-star hotel class, namely the service and quality of the facilities provided are not far below or above the service standards of a three-star hotel.

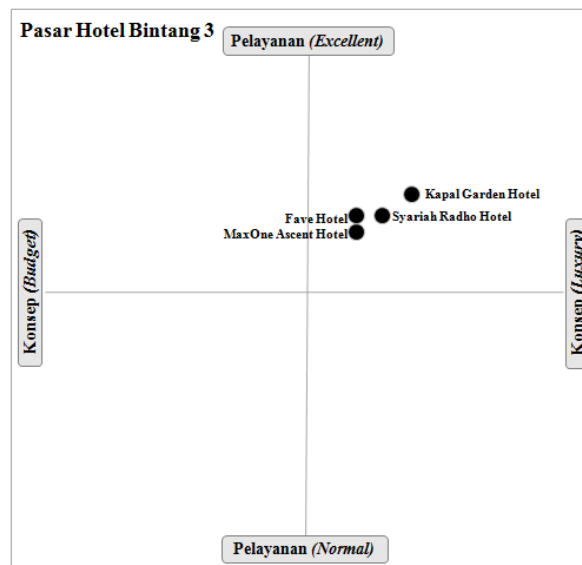


Figure 3. Consumer Perception Map (Concept and Service)

Source: Processed by Researchers (2023)

The final consumer perception map is in Figure 4 shows that KGH occupies the top position for the differentiation variable with a score of 7, supported by the differences it has in the building theme concept and several facilities and the variety of room types it has. The other three hotels provide standard building concepts and facilities like hotels in general, which can be seen in Figure 4 that the three hotels have a low level of differentiation. Likewise, for

product variations, KGH received a score of 8 because the company provides one type of room that is quite different from the others, namely two dormitory rooms that have 60 to 62 beds in them so that apart from targeting hotel guests in general, KGH can also simultaneously target backpacker consumers.

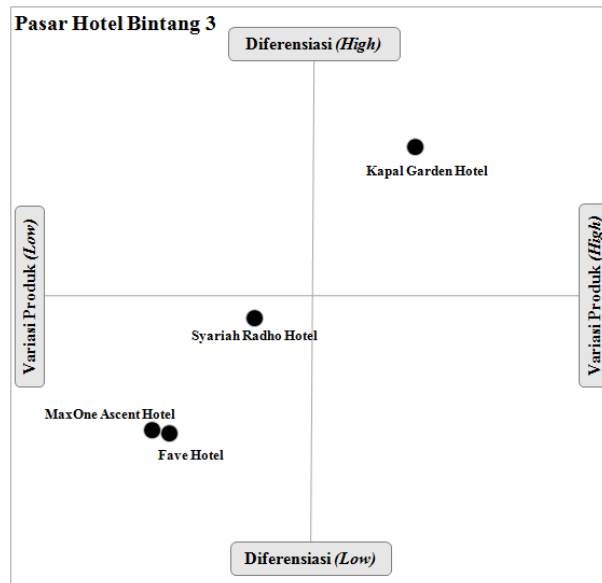


Figure 4. Consumer Perception Map (Product Differentiation and Variation)
Source: Processed by Researchers (2023)

The strategic group map depicts 4 companies based on data obtained from the results of a questionnaire filled out by KGH management. The four companies are Kapal Garden Hotel, as the research object, Syariah Radho Hotel, Fave Hotel Malang, and MaxOne Hotel Malang which are KGH competitors in the three-star hotel market in the Malang area.

Table 17. Results of the Company Management's Assessment of KGH

| Hotel | Price | Quality | Concept | Services | Differentiation | Product Variety |
|---------------------|-------|---------|---------|----------|-----------------|-----------------|
| Kapal Garden Hotel | 3,1 | 4 | 2,8 | 4 | 4,5 | 4,5 |
| Syariah Radho Hotel | 3,3 | 4 | 2,8 | 3,7 | 2,5 | 2,5 |
| Fave Hotel | 3,5 | 3 | 2,9 | 4 | 2 | 2 |
| MaxOne | 4 | 4 | 3 | 3,8 | 1 | 2 |

Source: Processed by Researchers (2023)

Table 17 shows the average total assessment data obtained from KGH management regarding important variables in the hotel. In accordance with the procedure in building a strategic group map, the researcher identified the competitive variables that exist in the company, namely price and quality (high, low), concept (budget, luxury) and service (normal, excellent), differentiation (full, partial) and product variations (high, low). Next, the researcher entered these companies on a two-variable map based on their suitability to the two existing variables, namely price and quality, concept and service, and product differentiation and variety. After knowing the company's position on the strategic group map, the researcher drew a circle representing each company in each strategic group with a size adjusted to the room capacity of each company. Syariah Radho Hotel has 130 rooms, MaxOne Ascent Hotel has 102 rooms, Fave Hotel has 88 rooms, and Kapal Garden Hotel has 45 rooms with 122 beds which can be rented by individuals so the guest reception capacity is 167 bookings.

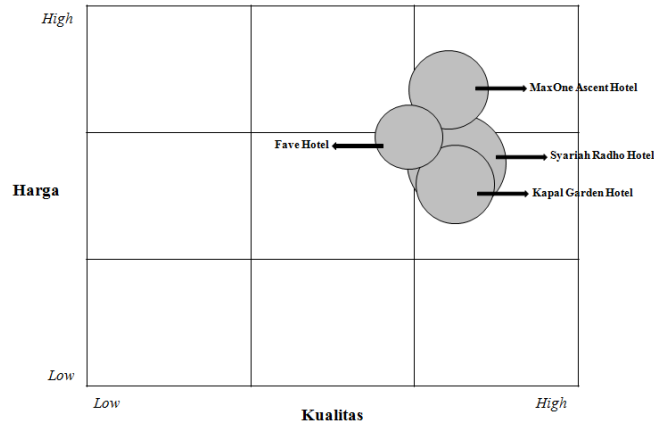


Figure 5. Strategic Group Map (Price and Quality)
Source: Processed by Researchers (2023)

Figure 5 explained KGH's position among its three competitors based on the company's price range and quality. KGH is in the same strategic group as SRH because the quality and price it offers are slightly different. As a company that plays in the 3-star hotel market, KGH has enough strength to survive the competition in the industry by offering standard prices with fairly good quality compared to other hotels even though the value obtained is not far apart.

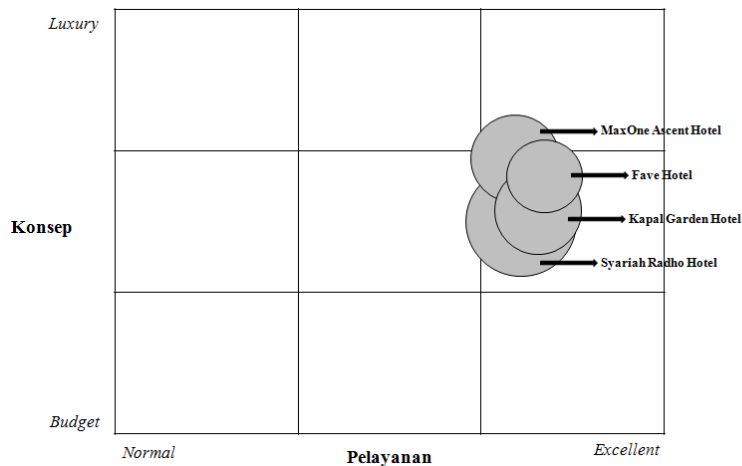


Figure 6. Strategic Group Map (Concept and Services)
Source: Processed by Researchers (2023)

Figure 6 is a strategic group map built based on concepts and services. Based on this map, it can be seen that the four hotels studied are in the same strategic group, that is, based on their concept, these hotels are in the middle between budget and luxury concepts like 3 star hotels in general. Meanwhile, the services offered by the four hotels are included in the good category for 3 star hotel class.

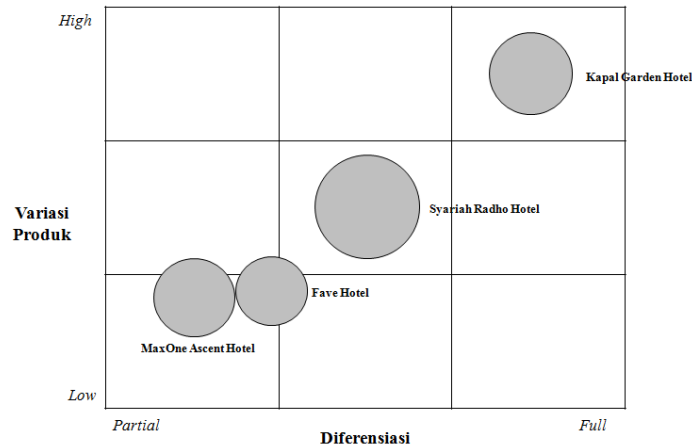


Figure 7. Map of Strategic Groups (Product Differentiation and Variation)
Source: Processed by Researchers (2023)

The final strategic group map is depicted in Figure 7 built based on the differentiation and product variations that exist in the four hotels studied. On this map, the four hotels are in different strategic groups. KGH is in the top right position which indicates that the company has a large variety of products and has a fairly high differentiation value. SRH is in the middle position with moderate product variety and differentiation values. Fave Hotel and MaxOne hotel have the same value for product variety, while the level of differentiation in both hotels is relatively low.

The results obtained from the consumer perception map and strategic group map will be compared to measure the perception gap that exists between KGH management and KGH consumers.

Discussions

Based on the results of data analysis obtained from the first questionnaire, in terms of various dimensions of differentiating strategies, KGH has a tendency to apply a broad type of differentiation strategy (broad differentiation strategy). KGH offers added value in several factors that drive its differentiation but has not targeted a particular niche or special group as target consumers. Table 4.18 shows that KGH has a tendency towards a broad differentiation strategy with a quite significant difference in scores compared to the score of a focused differentiation strategy.

Table 18. Comparison of Values for Differentiating Features of Differentiation Strategy Types in KGH

| Features | Score (Broad Differentiation Strategy) | Score (Focus Differentiation Strategy) |
|-----------------------------------|---|---|
| Strategic Consumer Targets | 4,33 | 0,77 |
| Basic Competitive Strategy | 4,5 | 0,5 |
| Product Lines | 4,33 | 0,5 |
| The key to maintain strategy | 4,17 | 0,83 |
| Production and marketing emphasis | 3,83 | 1,17 |
| Resources and capabilities | 4,33 | 0,77 |

Source: Processed by Researchers (2023)

The strategic segments that can be served by KGH according to the results of data analysis obtained through questionnaires are both types of consumers, both business and tourism. However, KGH has a tendency towards the tourism consumer segment, which is triggered by

the company's location in a city with quite diverse tourist destinations with relatively close travel distance to the KGH location.

The variety of room types offered by KGH supports the company to reach a wider range of consumers. Apart from consumers from the three-star hotel class market, KGH can also attract individual consumers and groups who travel backpacking. The age range of KGH consumers also varies from 18 years old to over 65 years old. Consumers aged 25-34 years and 18-24 years are the largest number of consumers who come as visitors to KGH. Based on these findings, KGH can allocate its resources and activities to meet consumer needs based on the interests and preferences of consumers in that age range.

In accordance with the market served by KGH, the prices offered by KGH are standard prices for three-star hotel classes. As an added value, the uniqueness offered by the KGH company does not add costs as a substitute for added value, making KGH room prices relatively low. The price range offered by KGH starts from Rp. 270,000,- to Rp. 450,000,- for deluxe and executive room types. Meanwhile, for dormitory room types, the price range for each bed is Rp. 70,000,- to Rp. 100,000,-. This price range is in line with the standards offered by three-star hotels in general so that KGH can target all three-star hotel consumers with its price offers. Based on their origin, KGH consumers are divided into two categories, namely local and foreign consumers. Local consumers are consumers who come from East Java, while consumers outside the region are those who come from outside the province of East Java. Based on the results of data analysis, it was found that consumers from outside East Java showed a greater number than consumers from East Java, both for holiday or tourism and business needs. Segmentation based on occupation shows that employees and self-employed people have the highest scores, followed by students and others. The diversity of room types that KGH has indicates that KGH is able to reach all groups of three-star hotel consumers and backpackers with various work backgrounds.

Based on the results of the value chain analysis, every business activity carried out by KGH supports each other to create unique added value to the products and services offered by KGH. Both the main activities and supporting activities, all business activities have the same goal, namely providing the best service for consumers.

In its primary activities, KGH tries to ensure that consumers, facilities and facilities, as well as human resources in the company are of good quality as part of controlling the company's input. In its operational activities, all company divisions carry out their activities in accordance with applicable operational standards so as to produce the best output according to the standards set by the company. KGH actively markets and promotes its products online and through the events it participates in. Likewise with the services provided to consumers. The company strives to provide the best quality service to its consumers.

The secondary activities of the KGH value chain show that the company tries to meet all needs in the form of facilities and equipment, human resources, and technology needed to support its business activities. Armed with the ship theme concept owned by KGH, all activities carried out by each division have a tendency to create different added value in KGH's facilities and services with the aim of encouraging the differentiation factor that exists in the company.

Based on the results of the analysis of consumer perception maps and strategic group maps, the data shown in Table 4.19 were obtained. This data is used to measure the perception gap that occurs between KGH management and its consumers. Data in the KGH Management column has a scale of 1-5, while in the KGH Consumer column it has a scale of 1-10, each of which is a percentage so that they have the same value and can be compared with each other.

Table 19. Percentage of Perception Gaps between KGH Management and Consumers

| Variable | KGH's Management (Scale 1-5) | | KGH's Customers (Scale 1-10) | | Gab Percentage |
|-----------------|---------------------------------|-----|---------------------------------|-----|----------------|
| Price | 3,1 | 62% | 6,1 | 61% | 1% |
| Quality | 4 | 80% | 7 | 70% | 10% |
| Concept | 2,8 | 56% | 3,5 | 35% | 21% |
| Services | 4 | 80% | 3,5 | 35% | 45% |
| Differentiation | 4,5 | 90% | 7 | 70% | 20% |
| Product Variety | 4,5 | 90% | 8 | 80% | 10% |

Source: Processed by Researchers (2023)

Based on the data contained in Table 4.19, it can be seen that the price variable has a gap of 1%, which means that both the company and KGH consumers consider the prices offered by KGH to be in the standard price range for 3 star hotel class.

According to KGH management, the quality of the facilities, facilities and services provided by the company has a score of 4 (80%), while consumers give a score of 7 (70%). The quality variable has a gap of 10%, which shows that consumers and management have quite close differences of opinion regarding the quality offered by KGH.

The concept variable has a gap of 21%. The company gave a score of 2.8 considering that KGH is a hotel that is in a middle position between the concepts of budget and luxury hotels, while consumers consider that KGH is a budget hotel. This happens because the variety of products offered by KGH is quite diverse, namely the dormitory room types which are generally budget hotel products.

In the service variable, the percentage gap that occurs is quite large, amounting to 45%, which means that management thinks the service provided is good enough while consumers have the opposite opinion. KGH management gave a score of 4 (80%), while consumers gave a score of 3.5 (35%). The services provided by the company should be able to meet the needs and provide satisfaction for its consumers, so in this case KGH has the task of finding service standards that suit the preferences and desires of its consumers.

In the differentiation variable, KGH believes that the different attributes and added value created by the company have meaningful value for consumers. Management gave a rating of 4.5 (90%) for the differentiation variable, while consumers gave a score of 7 (70%) for this variable. The fairly high assessment given by both parties, both consumers and KGH management, shows that both agree with the differentiation implemented by the company. However, the differentiation variable has a gap of 20%, which shows that KGH management and consumers also have different opinions in assessing the differentiation that exists in the company.

The last variable is Product Variation, which has a gap of 10%. KGH has a unique room type that is different from other 3 star class hotels, namely dormitory rooms. KGH management and consumers think that the variety of products available at KGH is quite diverse so that there is not a big gap in this variable.

The results of the perception gap analysis in this research show that there is still a gap between KGH management and consumers. The results of this research can be used as a reference for companies to find the company's strengths and weaknesses in the minds of consumers. Figure 4.7. explains the perception gap that exists between KGH management and its consumers.

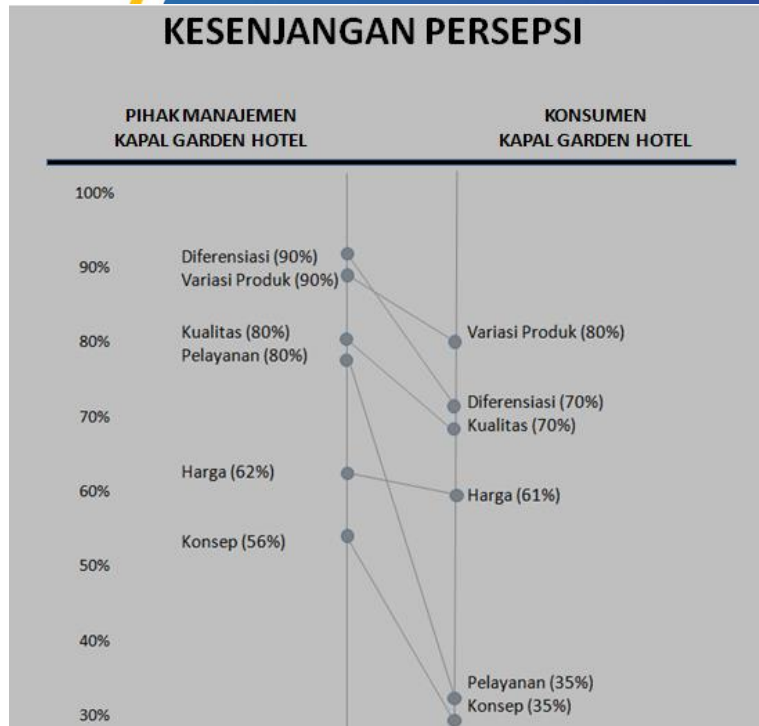


Figure 8. Perception Gap Between KGH Management and Customers
Source: Processed by Researchers (2023)

5. Conclusions

Based on the results of the analysis carried out by comparing the existing features of the company and adjusting them to the strategy type based on the distinguishing features of the strategy type Thompson, et al. (2022), it can be seen that the appropriate type of differentiation strategy for Kapal Garden Hotel is a broad differentiation strategy. The implementation of this strategy aims to enable the company to focus on directing business activities and allocating its resources in creating added value to the product which lies in its uniqueness and differentiation from other company products.

The results of segmentation mapping found that KGH has the ability to serve both types of hotel consumers, both business and tourist guests, and consumer groups with an age range of 18-24 years and 25-34 years. This is supported by the uniqueness of KGH's theme, the variety of room types and locations it has are something that is quite unique and different which is much sought after by young and middle-aged consumers. KGH has a fairly wide price range with different room choices, so that the company can gain a wider market share for backpacker consumers, families, groups, and so on. Based on the region of origin of consumers, most consumers come from outside East Java, which allows KGH to explore its market again locally. Based on consumer work, KGH has the potential to attract consumer markets with different backgrounds with several advantages it has.

The results of the value chain analysis show that the factors that drive differentiation at KGH include product performance which lies in its physical appearance, both interior and exterior with a ship theme, unique room types, unique restaurants, innovation and technology, service quality, human resources, facilities and amenities, and so on. Every business activity carried out by KGH supports each other to create unique added value to the products and services offered by KGH. Both in terms of main activities and supporting activities, all business activities carried out by KGH have the same goal, creating different added value to its products in order to provide the best service for its consumers.

Based on the results of the gap analysis carried out by comparing the results of the analysis of consumer perception maps and strategic group maps, researchers found that the biggest perception gap occurred in the service variable at 45%, budget and luxury hotel concepts at 21%, differentiation at 20%, quality at 10%, product variation is 10%, and the smallest perception gap occurs in the price variable at 1%. The gap occurs because of differences in perception between management and consumers. The company has the task of equalizing the perception between KGH management and consumers so that it can reduce the perception gap between the two parties.

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