

THE UTILIZATION OF INFORMATION TECHNOLOGY AND COMMUNICATION AS A DISTRIBUTION CHANNEL IN INCREASING THE COMPETITIVENESS OF LOCAL BUSINESS IN TOURISM INDUSTRY

(Case study: Homestay in Ubud Village, Bali)

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ABSTRACT

The priority of tourism development in Indonesia covers the development of home stay, digitization and air connectivity. The purpose of this study is to explore the utilization of ICT in its relation to distribution channels used by home stay owners in Ubud as a form of small medium business owned by local communities. Data collection techniques used were stratified random sampling, secondary research, focus group discussion and in depth interview. Through qualitative descriptive analysis techniques, the results of this study concluded that most of home stays in Ubud is familiar with ICT and has now become a major distribution channel that contributes greatly to the occupancy of home stay.

Keywords: *Homestay, ICT, Tourism*

INTRODUCTION

The advancement of ICT (Technology, Information and Communication) has influenced widely on human life both as economic and social beings. Utilization of ICTS has significantly brought about changes in the structure of industry and business. Computerized and networks have encouraged the performance of an organization to be more productive and effectively in the use of human resources as well as any major material or production support which indeed impact to cost efficiency.

Utilization of computers and technology today has become fundamental in the operation of an organization and society (Kroeker, 2010; Yonck, 2010). This is also

emphasized by Berisha-Shaqiri (2015), he said that economists greatly appreciate the importance of ICTs in business growth, especially in minimizing costs and promoting their best products. Utilization of ICT is of course not only used in running an organizational or production organization, but more broadly covering the marketing process of the production. Product innovation and supply chain/distribution channel innovation become an increasingly competitive and growing business globally. The company has changed its organization and business model so that they can build and develop productive and strategic activities (Achrol, and Kotler, 1999). ICTs have brought fundamental changes to all levels of the organization and

one of the key benefits is the marketing function through ICTs (Bond and Houston, 2003; Prasad et al., 2001; Roberts, 2000; Tatikonda and Stock, 2003; Tzokas and Saren, 1997).

The existing of conventional production and distribution model however will keep remain the market share (existing market), but the emergence of various innovations including based on ICT will finally be a serious threat and potentially disrupt the market of conventional products (disruptive innovation) as well as growing new market share who would prefer more innovative products in terms of product quality and ease of the distribution channel. Innovation, especially product innovation is known as the key in the process of providing value to the creation of a product (Han et al, 1998)

From the consumer perspective, there might be much conveniences obtained by consumers in choosing a product or service, including the activities related to tourism industry. In 2017 the Ministry of Tourism targets the development of 20,000 homestays in Indonesia. There are three priorities of the Ministry of Tourism which is implemented in 2017, 1; the establishment of home stay; 2. digitalization and; 3. air connectivity. This indicates that the government has now been considering an integrated, connected and pro-economic tourism development approach where tourism is no longer solely linked to the large scale investments but rather is regarded to improve the competitiveness of local products or build tourism and its communities.

Through ICT, the boundary between consumers and producers has been diminishing and of course this atmosphere is expected to be a good start for small entrepreneurs with limited resources to be able to perform an effective marketing process. But the question is what digitalization strategies should be

pursued by local business practitioners in this case the home stays owners in an effort to increase the competitiveness of their products and services. As is known local products have many limitations if required to compete with large national and international scale investors with their business standards, networks and resources.

This is also confirmed by Hillery (2012), which says that the fundamental problems faced by Micro Small Medium Enterprises (SMEs) is the limited information, the limitations of technology and human resources and SMEs do not know the development of products desired by the market and how to distribute it. This research will explore the role of ICT especially in relation to distribution channel by homestay owners in Ubud.

Research Method

In this study, the author use descriptive qualitative research methods that describe the relationship between the phenomena studied. The sampling technique used in this research is stratified random sampling. The basis of the random sampling technique is taken when the population of the research object is relatively heterogeneous, so it needs to be sorted into the sub-population. The stratified random sampling steps are, 1; prepare the sampling frame; 2. for sampling the frame based on the desired stratum; 3. determine the number of samples in each stratum; 4. select samples from each stratum randomly. According to Arikunto (2006), a stratified random sampling method is a sampling method by dividing the population into several strata or homogeneous groups, then samples taken from each strata randomly. In this study, the total population of local home stays incorporated in the Ubud Home Stay Association (UHSA) is 18 home stays (access August 2017).

To determine the sample, the author make the classification into three (3) strata with the provisions; 1) home stays with the number of reviews above ($>$) 131; 2) home stays with the number of reviews below ($<$) 131; 3) home stays that do not have any review. After placed the home stay's classification, the authors chose 1 sample at random from the list of

existing home stays. As a popular website used by tourists in assessing the quality of a tourist destination and its facilities, tripadvisor.com is adopted by the author to do an initial secondary research with the aim of seeing the rank and number of reviews provided by the guests who had stay experience at the homestays in Ubud village.

Tabel 1
Popularity Rate of Homestays (UHSA) in Ubud village According to Number of Reviews on Trip Advisor Page

No	Name of Home stays	Location Categories	Number of Reviews	Information
1.	Kori Bali Inn I	Monkey Forest	126 reviews	Very good
2.	GaneshaUbud Inn	Monkey Forest	36 reviews	Very good
3.	PondokTegal Home Stay	Monkey Forest	-	Unregistered on Trip Advisor
4.	Yarama Cottages	Monkey Forest	13 reviews	Very good
5.	Jati 3 Bungalows and Spa	Monkey Forest	249 reviews	Very good
6.	Bayu Guest House	Monkey Forest	119 reviews	Excellent
7.	KrisdaUbud Guest House	Monkey Forest	19 reviews	Excellent
8.	Taman Dewangga House	Sriwedari	36 reviews	Excellent
9.	Suparsa's Home Stay	Sriwedari	263 reviews	Excellent
10.	OmahD'taman	Sriwedari	26 reviews	Excellent
11.	Nyoman Sandi Guest House	Sriwedari	152 reviews	Excellent
12.	GunungMerta Bungalows	CokGdRai	85 reviews	Excellent
13.	Jati homestay	Hanoman	251 reviews	Excellent
14.	Nick's home stay	Hanoman	110 reviews	Very good
15.	Adijaya Cottages	Jatayu	34 reviews	Excellent
16.	Bombom Guest House	Ubud Raya	0 reviews	No Picture
17.	KarangMesariUbud Guest House	Suweta	120 reviews	Excellent
18.	Dewangga Bungalows	DewiSita	151 reviews	Excellent

Source: collected by the author from tripadvisor.com. Accessed 9th of Agustus 2017

From the above data, author can classify the level of popularity of homestay in the village of Ubud into three groups namely; 1) homestay with high-level reviews; 2) low level of review; 3) without any reviews or not yet registered.

Tabel 2

Strata / Homestay Classification by Level of Reviews on Trip Advisor

No	Strata / Classification	Name of Home Stays
1.	Homestay with high-level reviews (>131)	1. Jati 3 Bungalows and Spa 2. Suparsa's 3. Nyoman Sandi 4. Jati Homestay 5. Dewangga Bungalows
2.	Homestay with low level of reviews (<131)	1. Kori Bali Inn 2. Ganesha Ubud Inn 3. Yarama Cottages 4. Bayu Guest House 5. Krisda Ubud Guest House 6. Taman Dewangga 7. Omah D'taman 8. Gunung Merta 9. Nick Homestay 10. Karang Mesari Ubud Guest House 11. Adijaya Cottages
3.	Homestay without reviews and unregistered (0)	1. Bombom Guest House 2. Pondok Tegal Homestay

Source: collected by the author from tripadvisor.com.

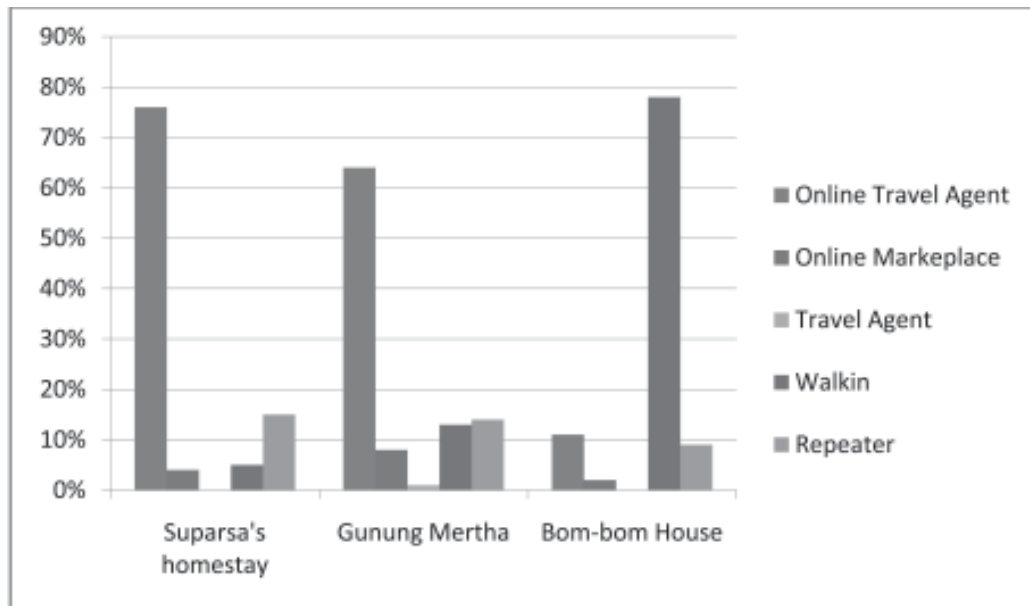
From the data, it can be seen that there are five home stays that have a high level of popularity with the number of reviews above 131 reviews, there are 11 home stays with low level of reviews with the category under 131 reviews, and the last two home stay that do not have reviews. The data will be the reference for the authors in determining the home stay sample where the author will take each one home stay from the three groups or strata. In case study, author takes three home stays samples which represent the 3 strata/classification, they are Suparsa's home stay, Gunung Merta home stay and Bom-bom house home stay. The next step is to conduct Focus Group Discussion (FGD) with UHSA's board

members; 1). I Nyoman Sudarma the owner of Omah D'Taman home stay; 2). Ida Bagus Wiryawan the owner of Gunung Amrtha; 3). I Ketut Retat the owner of Karang Mesari homestay. And the final stage is conducting in-depth interviews with other home stay's samples; 1). Ni Putu Lasmini the owner of Bombom house home stay and Ni Putu Niti the owner of Suparsa's homestay.

Result and Discussion

In-depth interviews and focus group discussions that have been conducted on interviewees and home stay samples show the following findings.

Diagram 1
The Guest Reservation Source



Source: Compiled by author (2017)

From result of data processing can be explain that Online Travel Agent (OTA) is the main distribution channel that contributes the largest market to two sample homestays that classified in the high and low-level review classes, it reaches an average of 50% of the total source of incoming home stays bookings on all three sample homestays. The second largest distribution channel source is the walk-in guests which contribute 32% of the total guests staying in the three homestay samples. While the third largest market source came from repeater guest who had stayed in previous period through individual reservation with an average percentage of 13%. Online marketplace and travel agency ranks last as distribution channels which only contribute an average of 5% for the marketplace and 0.3% of travel agents for the entire sample homestay.

From the interview with Ida Bagus Wiryawan (Head of UHSA and owner of gunungmertha homestay) stated that:

Booking.com becomes a major market contributor almost throughout the home stays in Ubud. As a home stay owner, Booking.com has provided features such as a pulse that allows the home stay owner to interact directly with prospective guests, and making it easier to communicate with the guest prior-arrival and see guest reviews after staying in the homestay.

From these facts it can be concluded that most of homestay as an household business has utilized the advancement of ICT in this case as the main distribution channel. Meanwhile, from the results of diagram shows that Bom-bom house as the representative of no-review and unregistered home stay became the only homestay sample that has a low percentage of OTA contribution. Currently the owner of bom-bom house still does not manage the account on Tripadvisor to the fullest. This is indicated by the absence of pictures and reviews on the account of bom-bom house on the Tripadvisor page.

Meanwhile, this is also confirmed by the owner of bom-bom house which stated that:

Bom-bom house currently does not much active in the Internet network, especially in using online travel agents. Bom-bom house joined booking.com and Airbnb.com since six months ago, April 2017 exactly.

This indicates that the bom-bomhouse became the only sample homestay that has not utilized ICT optimally to open a more varied distribution channel rather than relying on walk-in or repeater guests as the conventional model of distribution channels.

Although the dominance of room reservations in Ubud home stay has been dominated by booking.com as one of the largest online travel agencies in the world, but there is also an online strategy that will be

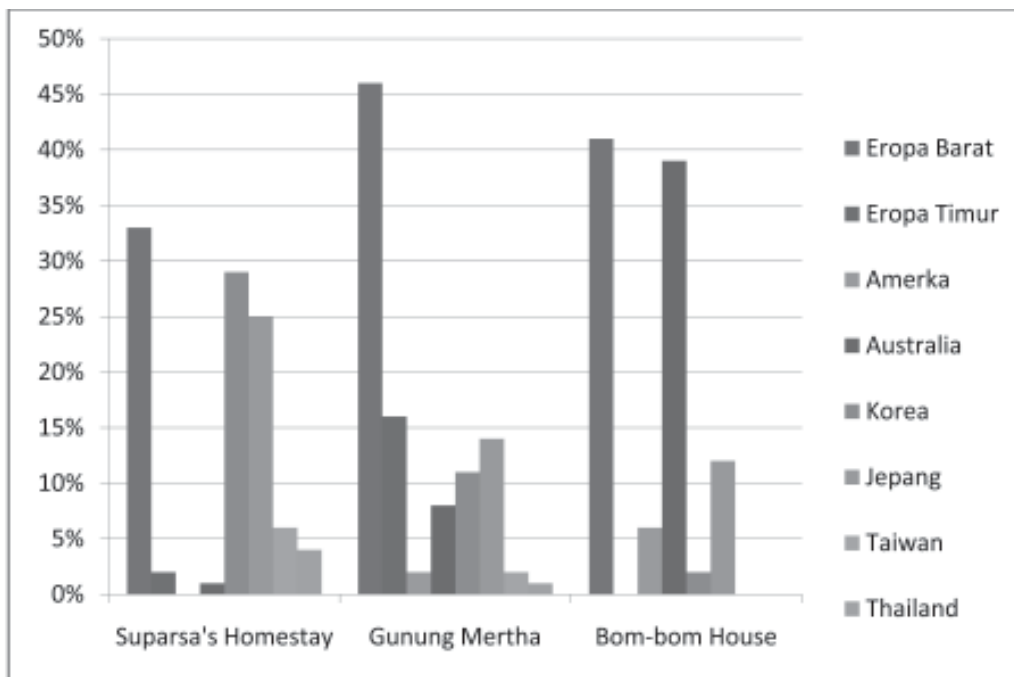
created to increase the level of interest of tourists to stay in home stay in Ubud.

According to INengahSudarma:

In the future, UHSA will create its own marketplace site that will accommodate prospective guests to make room booking directly through UHSA marketplace sites that feature other activities during the guest's stay.

By creating own-marketplace that will be managed by UHSA members, it is expected to enrich the promotional materials that more emphasized on cultural activities where the current content/promotional materials of homestay in Ubud more refers to the aspect of the commercialization of accommodation services with cheaper tariffs.

Diagram 2
Dominasi Pangsa Pasar



Source: Compiled by author (2017)

There is considerable variation in data obtained from in-depth interviews with the owners of three sample homestays. The same trend shown in the three samples is that Western European countries such as France, Italy, Germany, Netherlands, and Spain are the main market share of home stay in Ubud. The percentage of occupancy rate of western European market share from the three sample home stays reached 40%. The second largest market share is Japan which reached an average of 17%, followed by Australian tourists in the third position with an average percentage of 16% and followed by the Korean market share in the 4th position with an average percentage of 14%.

Conclusions and Recommendations

From the results of the discussion in the previous section, can be drawn some conclusions in this study that almost the majority of home stay in Ubud have utilized Information and Communication Technology in terms of distribution channel to maximize their home stay occupancy and competitiveness although there is one sample home stay that has not utilized the media of Information and Communication Technology to the fullest. Online Travel Agent in this case is Booking.com as the largest reservation source on homestays in Ubud has been innovating its business process which provides the same opportunity to local accommodation business either homestay, apartment or home sharing to be able to sell its products on Booking.com as well as hotels or villas that are designated and licensed for commercial purposes. While there are suggestions that need to be submitted by the author; 1). Bom-bomhouse as the lowest rated home stay sample and has also been confirmed by this research has not maximized yet in utilizing in

ICT should start to maximize the utilization of ICT in managing the variants of home stay distribution channels. The first step that needs to be done is to maintain and update the account of bom-bom house on the Trip Advisor site. This is certainly related to the current trend where Trip advisor has been used by potential travelers / potential customers as a reference through the reviews and assessment of previous consumers to decide to choose accommodation as a place to stay for a vacation; 2). Ubud Home Stay Association (UHSA) as a local association that bridge the internal communication among the home stay owner in Ubud is expected to conduct more training programs to maximize home stay marketing management model through the utilization of ICT.

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