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STRATEGIC ANALYSIS AND RECOMMENDATION FOR THE HOSPITALITY INDUSTRY IN INDONESIA (CASE STUDY OF A HOTEL IN SOLO)

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Abstract

Indonesia is a major destination for international tourism as evident in the number of visitors of 15.8 million in 2018. Solo, the third-largest city in Central Java, attracts significant tourist attention with its numerous landmarks and traditional cuisine. As a result, the city's hotel industry has prospered. However, the pace has not kept up with that of Indonesia as a whole. The number of foreign tourists coming into the city has actually decreased, and the hotel industry has suffered from a supply-demand imbalance as the number of rooms increased whereas the number of guests declined at the same time.

This paper examines the competitive landscape, business environment and strategic positioning of De Solo Boutique Hotel, a three-star hotel in Solo, Central Java, which is facing pressure from various external factors. The hotel was established in 1962 as a guesthouse and was later upgraded into a hotel. This paper applies the conceptual framework of strategic management process. Research and data collection are conducted using qualitative approaches. The business issues identified include both external pressures (heavy competition and intense rivalry) as well as internal issues (service quality and facilities maintenance). This paper recommends a revised strategy to help the hotel establish its competitive positioning, and create service differentiation and identify its unique value proposition.

Keywords: Business Strategy, Hospitality Industry, Tourism.
