

ANALYSIS OF COMMISSION PAYMENT TO ONLINE TRAVEL AGENT IN IMPROVING ROOM REVENUE AT AYODYA RESORT BALI

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ABSTRACT

The role of Online Travel Agent is very important in contributing to the room revenue, which is as the source of business to business. Room sales are made through online travel agent is higher than other reservation sources. The purpose of this research is intended to know the effectivity of online travel agent in order to increase rooms revenue at Ayodya Resort Bali. The data we collected by interviews, participatory observation, and documentations. Type of data were used in this research are qualitative and quantitative. In this research, there were 2 person selected as a respondent using purposive sampling method to determine the informant. The technique of analysis used in this research is descriptive qualitative whis is helped by program Microsot Excel 2013. The data validity is uses triangulation of source. Based on the calculation, in terms of giving commission to online travel agents still need to be re-evaluated caused besides Booking.com, Agoda.com, and Expedia, there are 9 (nine) online travel agents such as Orbitz, Travel Hotel, Asiaroom.com, Rakuten, Asia Travel, Traveloka, Tiket.com, Hoterip, and Pegi-peggi that have not been effective yet in improving room revenue it can be seen from the GAP of revenue received that is still far away from the revenue received by Booking, com, Agoda.com and Expedia. However, in the era of globalization, the prospect of online travel agent is still very potential to be applied and developed in an effort to get maximum room revenue provit in Ayodya Resort Bali.

Keywords: online travel agent, giving commision, rooms revenue.

INTRODUCTION

Bali is one of the islands of Indonesia which became the center of the largest tourism activities. The more recognizable Bali as a tourist destination, it is characterized by the increasing number of tourist visits from year to year. Visits of foreign tourists to Bali in 2016 increased by 18.79% to 4,927,937 people from the 2015 that amounted to 4,001,835 people and in 2017 the tourist visit increased by 8.43% to 5,381,830 people. With the increasing growth of visitors will impact on the development of accommodation facilities. One of the most prominent business sectors in Bali

tourism is the business in the field of hospitality. Based on data from Central Bureau of Statistics of Bali Province, the number of hotels in Bali in 2015 increased by 11.38% to 281 hotels from 2014 of 249 hotels. In the competition in the era of globalization, the main priority is the satisfaction of tourists so that the hotel able to compete and control the market share. Hotel management must know the things that are considered important by tourists so that tourists are satisfied with the facilities and services provided and willing to stay back in the future.

In the current era of globalization, promotional activities are not very effective on increasing room revenue. The support from Online Travel Agent donated the highest room night each month. Online travel agents give a total of 15,090 room nights during the year 2017. Compared with offline travel agents who donated a total of 6,024 room night. Offline travel agents can not compete with the contributions provided from online travel agents. Ayodya Resort Bali needs to consider to cooperate with Online Travel Agent party considering its high role in competing for potential customers.

Based on information from the Revenue Manager there are 10 Online Travel Agents who work together in marketing the hotel room. Online travel agents will earn different commissions with a range of 15%-20%. With a high percentage of commission rates does not give a big influence in increasing room revenue this is due to the hotel must pay a commission with a large enough amount to the online travel agent so as to burden the hotel expenses that will cause serious problems. The cost incurred by the company becomes unbalanced with the result of room revenue earned.

Excessively high commission by the hotel to an online travel agent will not only affect the room revenue but will cost the tourists as the room's selling price is higher. If it is done continuously then the online travel agent and the hotel will not be able to compete with other competitors who are able to provide a more affordable price for tourists because the other hotels are less in paying commissions.

METHODOLOGY

This research took place in Ayodya Resort Bali. The object of this research focused on analysis of commission payment to online travel agent in improving room revenue Ayodya Resort Bali. The variable components use in this study are reservation sourced from online travel agent, commission fee is a reward in percentage given by Ayodya Resort Bali to online travel agent, and room revenue is the total amount of revenue earned from the sale of the Ayodya Resort Bali hotel's room.

To obtain data to support this research, method of collecting data is used interviews, participatory observation, and documentations. In this study the method of determining informant is purposive sampling technique. The purposive sampling technique referred in this research is the Revenue Department and E-commerce Manager of Ayodya Resort Bali who is suitable to provide information and to meet the data showing the commission to online travel agent to increase room revenue.

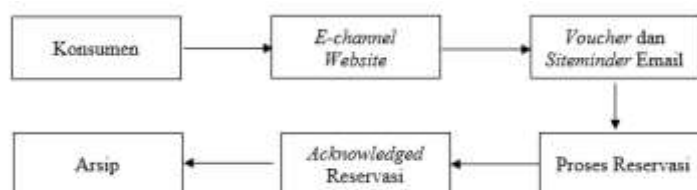
The data were analyzed uses descriptive qualitative analysis method by using triangulation technique, that is by comparing data obtained from in-depth interviews, observations and documentation study to obtain the same source of data simultaneously that is related to problems to be studied so that the results obtained can be tested for its validity and can be described in the discussion. The calculation and tabulation of data using Microsoft Excel 2013. The results of calculations and tabulation of data in the form of percentages, tables and graphs will then be analyzed, described, and interpreted systematically.

FINDINGS AND DISCUSSION

After doing the action in reservation department for six months, this part of discussion was done. There were 3 research question to know the effectivity of giving commission to online travel agent in improving room revenue.

Stages Admission Process Reservation through Online Travel Agent

Table 1
 Reservation Process Flow in Ayodya Resort Bali.



Based on the results of interviews with E-commerce Manager Mr. Surya Dharma, explained that table 1 is a reservation process flow in Ayodya Resort Bali as follow: the consumer will place a reservation by following the order steps that have been available on each website until the reservation is said to be finished and the consumer has received a notification letter from the agent. The reservation section will accept the reservation through online travel agent and then entering the data of the voucher in detail into the system. At a later stage the reservation division will inform

the hotel confirmation number on the online travel agent system. After the reservation process has been done, the reservation will perform the archiving as the final stage.

The Process of Commission Payment to Online Travel Agent

The process of commission payment to online travel agent at Ayodya Resort Bali hotel are companies should know the profile of online travel agents. Commission to an online travel agent will first be determined by an online travel agent company that will become a business partner. The hotel management will create the letter of offer and will showing up to the agent. The percentage of the commission is determined by taking into consideration some of the key aspects such as based on the hotel star, hotel type, services, products and also the number of rooms that Ayodya Resort Bali has. The hotel management will consider the percentage of commission with the revenue department strategy to be applied. The contents of the contract are: contract validity, deal of marketed room price, commission fee, promotion fee, special benefit, transaction processing for example through bank transfer or cash, extension policy and contract completion policy. In the final stages, both parties will sign the contract after the elements contained in the contract of cooperation agreement can be implemented for the benefit of income for the two businesses that work together.

Analysis of Effectivity Online Travel Agent in Improving Room Revenue

From the calculation of data analysis, it can be seen as there were five factor in knowing the effectiveness of online travel agent to achieve higher room revenue are room sold, total room sales, commission, contribution margin, and net. On the Table 2, it can be seen the average percentage of five factors for the last 5 years.

Table 2
 Five factor to knowing effectiveness of online travel agent
 in improving room revenue

No	Reservation Sourced	Average					Average
		Room Sold	Total Room Sales	Commision	Margin Contribution	Net Provit	
1	Booking.com	46.82%	52.40%	46.78%	62.60%	46.89%	51.10%
2	Agoda.com	30.21%	25.74%	28.59%	16.25%	31.15%	26.39%
3	Expedia	16.57%	15.46%	19.55%	14.98%	14.90%	16.29%
4	Orbitz	2.93%	2.52%	1.74%	1.07%	3.59%	2.37%
5	HotelTravel	1.21%	1.25%	1.39%	1.44%	1.11%	1.28%
6	Asiaroom.com	0.35%	0.55%	0.38%	1.15%	0.34%	0.56%
7	Rakuten	0.33%	0.51%	0.35%	1.01%	0.32%	0.51%
8	Asia Travel	0.54%	0.40%	0.28%	0.02%	0.68%	0.38%
9	Traveloka	0.40%	0.41%	0.28%	0.39%	0.40%	0.38%
10	Tiket.com	0.28%	0.30%	0.27%	0.35%	0.28%	0.30%
11	Hoterip	0.20%	0.30%	0.21%	0.57%	0.19%	0.29%
12	Pegi-pegi	0.17%	0.15%	0.17%	0.16%	0.16%	0.16%

Based on Table 2, it can be seen that Booking.com give highest contributed in the numbers of room sold of 46.82% with total room sales of 52.40%. In this case if the number of room sold and total room sales generated high, it will have an impact on the highest net provit received. For Agoda.com, the number of room sold of 30.21% with total room sales of 25.74%. This is contrast to the contribution generated by Booking.com so that the hotel will be burdened on commission payments to Agoda.com compared to the income earned by the hotel. On Expedia, it can be seen that this online travel agent is a potential online travel agent to serve as a business partner because Expedia gets room sold of 16.57% with total room sales of 15.46%. It can be seen that so far there was no GAP between room sold, total room sales, commission, margin contribution achieved with net provit received of 14.90%. Surely the hotel should be able to maintain a good relationship with this online travel agent to encourage Expedia's work productivity in attracting consumers to buy more products.

Related to other travel agent online such as Orbitz, Travel Hotel, Asiaroom.com, Rakuten, Asia Travel, Traveloka, Tiket.com, Hoterip, and Pegi-pegi. Based on the analysis that has been done, this 9 (nine) online travel agents have not contributed much in improving hotel room revenue seen from net provit generated ranged from 0.16%-2.37%. In this case Booking.com, Agoda.com and Expedia still play a high role in generating maximum net provit. Therefore, the hotel must pay more attention to the value of room sales policy, room rates and commission that have been set in the marketing of hotel rooms, so it will not affect the net provit received so that online travel agents can increase awareness in achieving the maximum goals of selling rooms.

Alternative Strategy Suitable of Giving Commission to Online Travel Agent in Improving Room Revenue

Based on analysis and direct observation in Ayodya Resort Bali, there are several strategies that are suitable to be applied in Ayodya Resort Bali in giving commission to online travel agent in improving room revenue.

- a. To check the credibility of the online travel agent. Checking the credibility of the travel agent online can be done by contacting some of the hotels that have worked with the online travel agent concerned. The purpose of checking this credibility is for the security and comfort of the hotel in conducting transactions so that in the next operational activities online travel agents who chosen as a partner can generate maximum contribution and revenue.
- b. To override commission. The commission will be added 2% - 5% higher than the total commission received if the target provided by online travel agents in each month can be achieved. By increasing the commission level, the online travel agent will make the hotel visibility on the website page or e-channel for the better. This visibility can be a benchmark for companies to check how many consumer awareness to buy hotel products so that the online travel agent can increase hotel room sales.
- c. To revise all commissions given to online travel agents. The hotel will provide a different percentage of commissions tailored to the market share and standards specified online travel agent.
- d. The hotel should be able to maintain a good cooperation relationship with online travel agents which make highest net income (net profit). The online travel agent is very potential to contribute to high room sales so that the hotel will receive an increased income each year.
- e. Hotel must provide reward or incentive like giving some objects, money or service such as stay for free if the highest target sales of room and income received from online travel agent. This is applied to encourage the work productivity of online travel agents in attracting market share to choose Ayodya Resort Bali hotel as a place for vacation or doing business.

Based on the five strategies that must be applied in giving commission to the online travel agent, in addition to the above strategies, the hotel must be control the productivity of online travel agent every day so that the hotel can take decisions in the

future in terms of commission to increase room revenue. Also, hotel should pay attention to the strategies implemented by each online travel agent in terms of promotions made, it aims to find out which travel agent online is potential to produce rooms with promotional strategies applied.

CONCLUSION AND SUGGESTION

Based on the research discussion above in order to know the effectivity of online travel agent in improving room revenue at Ayodya Resort Bali, the obtain conclusion are the source of online travel agent reservation is very effective to applied in increasing room revenue even though there was a commission that must be paid by the hotel to online travel agent. However, it seen on the current era of globalization, consumers inclined to make reservations by online because it's easier, practical and processes that can be done anytime and anywhere.

Giving commission to online travel agent in Ayodya Resort Bali still not effective to be applied because there are still some online travel agents that have not contributed maximum to room sales based on the contract that has been agreed. Ayodya Resort Bali must re-negotiate with online travel agent regarding all of the contents on the contract.

The most dominant factor in knowing the effectiveness of online travel agents in improving room revenue is the number of rooms sold that are sourced from online travel agent reservations. The higher rooms sold given, the higher income received by hotel to cover the commission payments and variable costs required in operational activities.

From 12 online travel agents as business partners of Ayodya Resort Bali, Booking.com, Agoda.com and Expedia is the most potential online travel agent in increasing hotel room revenue due to the contribution given in hotel product sales is very high. But with Orbitz, Travel Hotel, Asiaroom.com, Rakuten, Asia Travel, Traveloka, Tiket.com, Hoterip, and Pegi-peggi, the hotel still needs to increase the connectivity with this online travel agent to consider next cooperation relationship with routinely viewing the track record productivity generated by online travel agent.

As a consideration for the hotel management in order to maximize room revenue at Ayodya Resort Bali: Re-evaluate the contract of online travel agents and build good relationships with online travel agents that have low production levels in selling room sales and maintain good relationships with online travel agents that have

high production levels in order to hope that potential online travel agents doesn't move to other competitors. Cooperate with other online travel agent partners such as Amoma.com, KlikHotel.com, etc. So it is expected to maximize or increase room revenue at Ayodya Resort Bali due to the large number of requests coming from online websites. Conduct routine observation of competitor's room rates on online websites as a guideline to determine room rates at Ayodya Resort Bali in order to compete with hotels in the Nusa Dua area. For the next researcher we are expected not only research about reservation source through online travel agent but can add other reservation source such as from direct reservation, group reservation and corporate reservation.

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