

# The Market Opportunities of Hotel Investment in Semarang

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**Abstract** - Semarang is the capital city of Central Java with its greatest economic structure in the trading sector, including hotels and restaurants. Hotel investment in Semarang still has an opportunity. This research is needed to determine the best types of hotels that are possible to be built in Semarang. The method that is used in this research is surveyed by questionnaire and descriptive analysis using mean - standard deviation diagram. The types of hotels that are possible to be built in Semarang are the boutique hotel and the budget hotel with 2 star, 3 star and 4 star hotel as tourism hotel.

**Term Index** - Hotel, investment, Semarang.

## INTRODUCTION

In 2013, Indonesia experienced a great economic growth with one of the largest investments in tourism, including hotels and restaurants [1]. Semarang is the capital city of Central Java with its greatest economic structure in the trading sector, including hotels and restaurants. Its average economic growth is 6-8% per year and contributes more than 30% per year for the city GDP [2]. One of hotel operators in Semarang stated that the average occupancy rate of hotels in Semarang from 2010 to 2013 in a row are 72,97%; 70,17%; 64,69%; 68,92%. Most of the guests are business travelers. Hotel development is recommended when the overall occupancy rate in a city is more than 50% [3]. This is related to the financial capability of a hotel to refund the cost of its investment.

The hotel investment in Semarang still has opportunities. Although there are some indications of a decline in the occupancy rate of the city, but the Average Room Rate (ARR) for any hotel continues to rise each year. So that the hotel's revenue will still be high.

There are several previous studies that are related or similar to this research. The previous studies are needed to determine the potential and current research position. Guillet et al. [4] conducted a study to find the opportunity of hotel investment in China. This research is needed because multinational hotel groups (MHGs) targeted China as the potential country for expansion of its new hotel investment. Most of the previous studies in the field of hotel investment are the feasibility study of a specific hotel in any location that the results only apply to the object studied.

Therefore, this research is needed to determine the opportunities of the types of the hotel that are possible to be built in Semarang.

## METHOD

The method that is used in this research is surveyed by questionnaire. The population of this research is the experts from the hospitality industry in Semarang. The sampling technique that is used in this research is purposive sampling. And the respondents are General Manager and Hotel Manager in Semarang. The respondent selection was based on the understanding that the General Manager and Hotel Manager understand how to operate the hotels and hotel markets [5].

The study started with collecting literature on types of hotel, according to some experts. This study aims to find the variables that are used to find the opportunities of hotel properties that still possible to be built in Semarang. Furthermore, handing out the questionnaires to the respondents. Descriptive analysis using mean - standard deviation diagram is needed to find the types of hotels that are possible to be built in Semarang for hotel investment.

## FINDINGS AND RESULT

The type of hotel is based on certain physical characteristics, criteria, facilities, and attributes that owned by the hotel [6]. According to Kim et, al. [7] grouping hotels by types of hotel are related to hotel services, facilities, operations and market segment. Therefore, in this research the type of hotel is a hotel grouping based on hotel target market, functional character and form. Meanwhile, star rating system or class star system is used as the technical parameters for measuring the quality standards and the provision of facilities and services at the hotel [6], [8]. In this research, it is based on the quality and type of services, number of rooms and prices.

Descriptive analysis using mean - standard deviation diagram is shown in Figure 1. This diagram is divided into 4 quadrants. The types of hotels that are possible to be built in Semarang are located in quadrant I.

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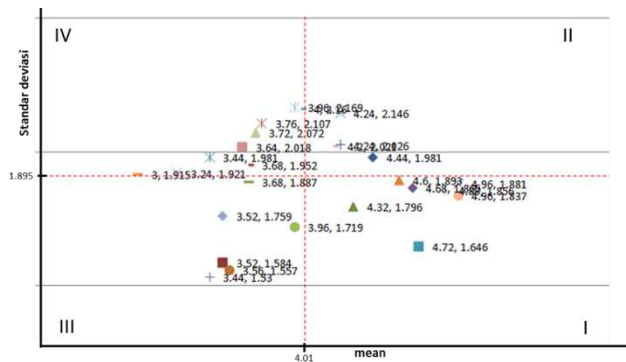


Figure 1. Mean – standard deviation diagram

#### Note:

◆ : Airport Hotel Tourism	✕ : Airport Hotel Convention
■ : Apartel/Condotel Tourism	● : Apartel/Condotel Convention
▲ : Boutique Hotel Tourism	+ : Boutique Hotel Convention
✕ : Budget Hotel Tourism	□ : Budget Hotel Convention
✕ : Motel Tourism	□ : Motel Convention
● : Residential Hotel Tourism	● : Residential Hotel Convention
+ : Resort Hotel Tourism	■ : Resort Hotel Convention
■ : Suites Tourism	▲ : Suites Convention
— : 1 Star Tourism	✕ : 1 Star Convention
— : 2 Star Tourism	✕ : 2 Star Convention
— : 3 Star Tourism	○ : 3 Star Convention
— : 4 Star Tourism	□ : 4 Star Convention
✕ : 5 Star Tourism	□ : 5 Star Convention

These types of hotels that are located in quadrant I have a higher mean value and low standard deviation value. The higher the mean value, means that the type hotel has been chosen by most of the respondents which means respondents agree that this type of hotel is more likely to be built in Semarang than other types of hotel. A low standard deviation indicates that more respondents agreed to the type of hotel that is likely.

Based on descriptive analysis using mean – standard deviation diagram on Figure 1. The types of hotels that are possible to be built in Semarang are located in quadrant I. There are boutique hotel (4,32; 1,796); budget hotel (4,96;1,881); 2 star hotel (4,68; 1,865); 3 star hotel (4,72; 1,646); and 4 star hotel (4,60; 1,893). All of those types of hotel are built as tourism hotel.

#### CONCLUSION

It is concluded that the types of hotel that are possible to be built in Semarang are the boutique hotel and the budget hotel with 2 star, 3 star and 4 star hotel as tourism hotel.

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