Analysis of Digital Optimization Strategy at Al Eiman Royal Hotel Madinah during Pandemic

Zulkifli1, Redjeki Agoestyowati2, Nila Prasetyaningsih3, Yuni Heriyantri4, Endra Marsudi5

12345Institut Ilmu Sosial dan Manajemen STIAMI
Correspondent: zulkifli.nuh65@gmail.com

ABSTRACT: This research aims to analyze digital optimization Al Eiman Royal hotel, to analyze decision-making efforts are to deal with problems that arise during the pandemic. It also to see the digital optimization strategy carried out by hotels in Madinah during the pandemic. Data analysis source by searching, collecting data by conducting observations and interviews and then making conclusions so that they are easy to understand. The interview technique that will be used is a structured interview. The various data obtained are then processed and analyzed using the IFE (Internal Factor Evaluation), EFE (External Factor Evaluation), TOWS Matrix, and IE Matrix to conclude the strategies that have been carried out and inputs that can be used by Al Eiman Royal Hotel as a reference for optimizing the implementation of digital strategies during the pandemic.

According to the research result the IFE and EFE matrix with a total weight of 3.45 for IFE and 2.51 for EFE puts the hotel is in a Growth Stability position with a strategy to keep and maintain the existing market while being able to develop with new types of services also can formulate strategic options for hotel directions using the TOWS matrix.

Keywords: Pandemic covid 19, digital strategy, IFE, EFE, IE matrix, TOWS

INTRODUCTION
The COVID-19 pandemic is killing almost everything. Not only has it claimed lives, but COVID-19 has also destroyed many businesses in cross-sectoral industries, including the tourism industry. Whereas before the pandemic, the tourism industry worldwide was growing rapidly along with the digital transformation towards the tourism 4.0. Now with the pandemic crisis, the tourism industry in many countries has practically collapsed due to cross-country travel restrictions, crowd prevention, and human contact activities avoidance. This crisis also has a strong impact, especially on the hotel industry in Saudi Arabia (Bashir et al., 2021; Jiang & Wen, 2020; Orfali et al., 2021).
Average daily rate (ADR) aims to calculate the average room rental income calculated per day. Hotel performance is determined by this ADR calculation method. ADR is the number of rooms sold which will become revenue for the hotel. In this case, ADR is a performance indicator (KPI) of the hospitality industry. The higher the ADR the higher the income. While REvPAR (Revenue per available room) is also an indicator to measure hotel performance based on the income obtained from all available rooms (sold or not) can be obtained by calculating the total revenue with the total rooms available at the hotel. Occupancy means the number of rooms rented or occupied is calculated based on the comparison of the number of rooms rented with the number of rooms available in a certain period of time (AlFattani et al., 2021; Algaissi et al., 2020).

According to a report from KSA (Kingdom of Saudi Arabia), including Riyadh, Jeddah, Makkah, and Al Khobar in 2020, there was a 49% decrease in ADR compared to 2019 which was still around 60%. Room Occupancy Rate or the number of rooms sold at Makkah Hotels in 2020 reached 25% compared to 2019 which was 61%. While the number of daily visitors (Average Daily Rate or ADR) decreased by 45% with the number of available rooms (SAR) was 323. So the total Revenue per Available Room (RevPar) decrease to 77% with a total SAR of 81. The hotel market segment in Makkah and Madinah is the pilgrims and Umrah.
there are certain and temporary closures of these activities alone have a major impact on the hotel industry sector in Makkah and Madinah (Alahmari et al., 2021). During this period, the lowest total occupancy reached 2% during the first week of March 2019 due to the suspension of Umrah visits. In Jeddah even in 2020 there will be no hotel opening even though there are several major projects under construction and temporarily cancelled. Even cancelled. Makkah and Madinah are the main places of visit for pilgrims to perform Hajj and Umrah at the Grand Mosque and the Prophet's Mosque. So that the hotel industry is widely available in these two areas (STR Global Inc, 2021).

COVID-19 has even increased the need for technology, with a level of security that allows consumers to be monitored from any country or region. Implementation of IT and e-commerce is needed to the hotel and tourism sector. Including the use of Websites and social media that will facilitate a fast, safe, convenient, clear and minimalistic consumer experience (Gretzel et al., 2020; Sobaih et al., 2021).

The benefits of online technology in addition to being needed for survival and competitiveness of hoteliers globally can also be maximized for use for bookings, promotions, accommodation sales according to consumer segments and preferences. In other words, it is an effective marketing tool through development strategies, evaluation tools of the hotel website, social media used and existing applications. The classification of the two hotel sectors in Makkah consists of international luxury hotels and locally owned hotels. At the end of February 2019, the total rooms available and ready for rent were 127,209 rooms (with a large proportion of 23% five-star hotels, 21% four-star hotels, and 19% 3-star hotels). Meanwhile, in Medina, the total rooms available and ready to be rented in the same month and year were 37% five-star hotels, 26% four-star hotels and 23% three-star hotels (Assiri & Shamsudeen, 2019; Throsby & Petetskaya, 2021).

**Al Eiman Royal Hotel**

Al Eiman Royal hotel offering comfort, cleanliness, staff have English language skill, also have a strategic location in the North Central Area of Al Medina, from the hotel to the Prophet's mosque can be reached by a short walk. In addition, it is also close to the Al-Baqi' burial site, Dar Al Madinah Museum, al-Qiblatayn Mosque and also only a distance of approximately 21 KM between the hotel and Prince Mohammed Bin Abdul Aziz International Airport (Alsumairi & Hong Tsui, 2017; Khan & Alam, 2014).

a. Background

Digitalization in tourism is not something new. Even for the past few years, tourism 4.0 has become a hot topic and is still being discussed in the tourism industry worldwide. Tourism 4.0 is essentially tourism that utilizes the developments of digital, automation and technology in the current era of the fourth industrial revolution. It is increasingly being promoted as a significant means for tourism players to have flexibility, adaptability, and resilience to increase productivity, encourage growth and ensure business sustainability (Cuomo et al., 2021; Marx et al., 2021).

The role of digital, automation, and technology as part of tourism 4.0 are increasingly important, especially in dealing with the current pandemic conditions. Not only is the
business situation become more volatile, uncertain, complex, and ambiguous, but also the pandemic has limited human-to-human contact activities (low touch). Interestingly, digital, automation, and technology are the right solution to address the low touch pandemic problems. Therefore, digitalization specially in the form of implementing digital strategies, using platforms and applications, or collaborating with online travel agents (OTAs) needs to be done as part of the hotel business development strategies in the tourism industry (Tiago et al., 2021).

b. Research Questions
How to optimization of digital strategy at Al Eiman Royal hotel during the pandemic?

c. Research Purposes
The aim of this research to analysis digital optimization strategies At al Eiman Royal hotel, as decision-making efforts are to deal with problems that arise during the pandemic.

METHOD
Sources of data analysis called primary data by searching, collecting data by conducting observations and interviews and then making conclusions so that they are easy to understand. The interview technique that will be used is a structured interview. Where researchers already know that hotels already use digital technology, so that research instruments in the form of questions are prepared with a recording device as research documentation. Supporting primary data is secondary data, which is sourced from relevant and relevant literature studies such as journals, books, previous research, and other related documents. Data obtained from interviews with resource persons who can come from the General Manager or company managers. Qualitative research with a phenomenological approach is considered suitable for understanding social interaction experiences such as hospitality and marketing (Hughes & Brooks, 2020; Jamali, 2018; Liu & Tseng, 2021).

SWOT analysis

<table>
<thead>
<tr>
<th>Internal Environment</th>
<th>External Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strengths</strong></td>
<td><strong>Opportunities</strong></td>
</tr>
<tr>
<td>- Value systems</td>
<td>- The changing environment</td>
</tr>
<tr>
<td>- Culture</td>
<td>- The demand for new products</td>
</tr>
<tr>
<td>- Staffing</td>
<td>- The economic environment</td>
</tr>
<tr>
<td>- Support systems, operating environment</td>
<td>- Availability of resources</td>
</tr>
</tbody>
</table>

The Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix helps managers to develop four types of strategies namely SO (strengths, opportunities) Strategy, WO Strategy (weakness, opportunity), ST Strategy (strength, threat), and WT Strategy (weakness, threats). SO strategy by maximizing the company’s internal strengths to make maximum use of external opportunities (Zhou et al., 2019). ST strategy. The condition of the company to be able to minimize the main
weaknesses, and make these factors as strengths. When a company has a major threat, it will try to avoid it in order to concentrate on the opportunity. WO strategy by overcoming existing internal weaknesses by taking advantage of external opportunities. Selection of the right technology can be used to overcome this major weakness. ST strategy by maximizing the company's strengths to avoid or reduce the impact of external threats by reducing internal weaknesses and simultaneously avoiding external threats (Bakogiannis et al., 2019; Wongchui- Correa et al., 2020).

The key issues of external analysis are the major market segments, the motivation or needs of customers, general macro economical factors influence the market, and to know the existing or potential competitors. While internal analysis help a firms to determine if its resources and capabilities are likely sources of competitive advantage, establish strategies that will exploit any sources of competitive advantage, to analysis resources and capabilities are the primary sources of profitability, what resource and competences are the basis for sustainable competitive advantage (Cheba et al., 2021; Hong & Park, 2021; Simeth, 2021).

The Internal-External Matrix
A manager will need to evaluate the strategy that has been carried out this is also necessary because external and internal conditions are constantly changing. Three fundamental strategy evaluations activities are (1) reviewing external and internal factors that form the basis of the current strategy, (2) measure performance, and (3) take corrective action (Alvoubi, 2015; Dogan, 2015).

The Internal-External (IE) Matrix

![IE Matrix Diagram](image)

Source: (David, 2014)

The Internal-External matrix positions an organization’s various divisions in a ninecell display. The IE Matrix Criteria can be classified into three areas of strategy implications. First, strategies for areas that enter cells I, II, or IV are described by growing and developing conditions. In this area, strategies can be implemented (intensive market penetration, market and product development). In this area the usual strategies are market penetration and product development. Third, those that enter the cell area VI, VIII, or IX is harvest or divestment. successful
companies are able to achieve portfolio businesses positioned in or around cell I in the IE Matrix (David, 2014; Latupeirissa & Adhariani, 2020; Zeithaml et al., 2018)

RESULTS AND DISCUSSION

The preliminary interview was addressed to hotel manager Al Eiman Royal by phone. The interview with the hotel aims to determine the external conditions and internal conditions of its competitors during the pandemic. The questions to find out internal and external conditions are Implementation of digital strategies that have been carried out, collaboration with parties to travel agents, the influence of high levels of pandemic cases, unstable economy, and price strategies during the pandemic, government policies regarding wages in pandemic conditions.

After obtaining the external strategy factors and internal strategy factors (strengths and weaknesses), each factor is given a weight and rating. The weighting is done from 1.0 (very important) to 0.0 (not important). All these weights must not exceed the total score of 1.00. The rating is given by selecting a scale ranging from 4 (outstanding) to 1 (poor) based on the influence of these factors on the condition of the company concerned.

The Internal External Matrix (I-E)

The results of interviews with the Al Eiman Royal hotel in the form of weights and ratings are processed to obtain a weighting score by multiplying the weights by rating, adding up the weighting scores for IFE (Internal Factor Evaluation) and EFE (External Factor Evaluation). Formulation of strategy requires internal and external environmental analysis that consists of the EFE Matrix, the IFE Matrix, therefore, the ratings refer to strengths and weaknesses, where 4 = major strengths, 3 = minor strengths, 2 = minor weaknesses, and 1 = major weaknesses.

<table>
<thead>
<tr>
<th>Table 2. IFE Matrix(Internal Factor Evaluation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFE</td>
</tr>
<tr>
<td>Strength</td>
</tr>
<tr>
<td>Rating</td>
</tr>
<tr>
<td>--------</td>
</tr>
<tr>
<td>1 Hotel reputation</td>
</tr>
<tr>
<td>2 Ease of digital information communication</td>
</tr>
<tr>
<td>(website, online travel agent).</td>
</tr>
<tr>
<td>3 Have an easy application</td>
</tr>
<tr>
<td>4 Hotel cleanliness during the health standard pandemic</td>
</tr>
<tr>
<td>5 Clean public facilities (swimming pool/gym/playground/other public facilities)</td>
</tr>
<tr>
<td>6 Easy access for visitors to facilities for cleanliness in every room (Hand sanitizer, mask)</td>
</tr>
<tr>
<td>7 Spacious hotel parking</td>
</tr>
<tr>
<td>8 Hotel room comfort as promised</td>
</tr>
<tr>
<td>9 The professionalism of employees provides fast service</td>
</tr>
<tr>
<td>10 Employees’ friendliness</td>
</tr>
</tbody>
</table>
Analysis of Digital Optimization Strategy at Al Eiman Royal Hotel Madinah during Pandemic
Zulkifli, Agoestyowati, Prasetyaningsih, Heriyanti, Marsudi

Table 1.

<table>
<thead>
<tr>
<th>Weakness</th>
<th>Rating</th>
<th>Weight</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Negative consumer reviews online</td>
<td>1</td>
<td>0.08</td>
<td>0.08</td>
</tr>
<tr>
<td>2 Staff who are not optimal in using information technology</td>
<td>4</td>
<td>0.08</td>
<td>0.32</td>
</tr>
<tr>
<td>3 Prices during the pandemic are the same as before the pandemic</td>
<td>1</td>
<td>0.07</td>
<td>0.07</td>
</tr>
<tr>
<td>4 Cleanliness is not guaranteed</td>
<td>4</td>
<td>0.05</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>1.00</td>
<td>3.45</td>
</tr>
</tbody>
</table>

Sources: Data Generated (2021)

Table 1 shows the dominant strength parameter at the same time with the IFE matrix value of 0.32, namely the availability of applications that make it easier for visitors to obtain information and hotel reservations, hotel cleanliness, comfort, employee professionalism. The dominant element that becomes a weakness that can be used as hotel evaluation material is the presence of staff who are still less skilled in mastering information technology used. The total score of the strength and weakness factor is 3.45.

Table 3. EFE Matrix (External Factor Evaluation)

<table>
<thead>
<tr>
<th>EFE</th>
<th>Opportunities</th>
<th>Rating</th>
<th>Weight</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opportunities</strong></td>
<td>Bonus demographics as a market opportunity</td>
<td>2</td>
<td>0.10</td>
<td>0.2</td>
</tr>
<tr>
<td>1</td>
<td>The trend of digital lifestyle in society</td>
<td>2</td>
<td>0.08</td>
<td>0.16</td>
</tr>
<tr>
<td>2</td>
<td>The rise of tourism sector</td>
<td>3</td>
<td>0.09</td>
<td>0.27</td>
</tr>
<tr>
<td>3</td>
<td>Technological development and convenience</td>
<td>2</td>
<td>0.10</td>
<td>0.2</td>
</tr>
<tr>
<td>4</td>
<td>The same industry strong association</td>
<td>3</td>
<td>0.06</td>
<td>0.18</td>
</tr>
<tr>
<td>5</td>
<td>Stable economy</td>
<td>1</td>
<td>0.09</td>
<td>0.09</td>
</tr>
<tr>
<td><strong>Threats</strong></td>
<td>Pandemic conditions</td>
<td>4</td>
<td>0.10</td>
<td>0.4</td>
</tr>
<tr>
<td>1</td>
<td>Increasing number of Covid cases</td>
<td>4</td>
<td>0.09</td>
<td>0.36</td>
</tr>
<tr>
<td>2</td>
<td>Unbiased government regulations and policies</td>
<td>3</td>
<td>0.09</td>
<td>0.27</td>
</tr>
<tr>
<td>3</td>
<td>Threats of other services that are almost the same (resort/guest house)</td>
<td>4</td>
<td>0.06</td>
<td>0.24</td>
</tr>
<tr>
<td>4</td>
<td>Competitor Innovation</td>
<td>1</td>
<td>0.08</td>
<td>0.08</td>
</tr>
<tr>
<td>5</td>
<td>The growing number of hotel business developments</td>
<td>1</td>
<td>0.06</td>
<td>0.06</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>1.00</td>
<td>2.51</td>
</tr>
</tbody>
</table>

Table 3 shows that the dominant opportunity is at the same time with the EFE matrix value of 0.27, namely the increase in the tourism sector. The dominant element that becomes a threat that can become a threat to hotels is the increasing number of covid cases with a score of 0.36. The total score of opportunity and threat factors is 2.51.

According to the results of the IFE and EFE matrix research with a total weight of 3.45 for IFE and 2.51 for EFE which places the hotel in a strong medium position or Growth Stability with a strategy to maintain and maintain the existing market while being able to develop new types of services.
SWOT Matrix

**Strengths**
- Hotel reputation
- Ease of digital information communication (website, online travel agent).
- Have an easy application
- Hotel cleanliness during the health standard pandemic
- Clean public facilities (swimming pool/gym/playground/other public facilities)
- Easy access for visitors to facilities for cleanliness in every room (handsanitizer, etc)
- Spacious hotel parking
- Hotel room comfort as promised
- The professionalism of employees provides fast service
- The professionalism of employees provides fast service

**Weaknesses**
- Negative consumer reviews online
- staff who are not optimal in using information technology
- Prices during the pandemic are the same as before the pandemic
- Cleanliness is not guaranteed

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>SO strategies</th>
<th>WO strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonus demographics as a market opportunity</td>
<td>Increase app install rate through effective campaigns and promotions to take advantage of the technology convenience and potential increase in the tourism sector and digital lifestyle</td>
<td>Conduct training on digital technologies applied by the hotel to provide the best services for customers</td>
</tr>
<tr>
<td>The trend of digital lifestyle in society</td>
<td>Increase the number of partnerships with online travel agents (OTAs) to attract a wider range of potential customers</td>
<td>Increase the number of positive online reviews for existing customers with certain incentives</td>
</tr>
<tr>
<td>The rise of tourism sector</td>
<td>Aggressively promote hotel convenience, facilities, and hospitality to attract new customers</td>
<td>Develop clear SOPs and Work Instructions for employees on how to keep the hotel clean</td>
</tr>
<tr>
<td>Technological development and convenience</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The same industry strong association</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stable economy</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Threats
- Pandemic conditions
- Increasing number of Covid cases
- Unbiased government regulations and policies
- Threats of other services that are almost the same (resort/guest house)
- Competitor Innovation
- The growing number of hotel business developments

### ST strategies
- Clearly communicate on how strict the health protocols implemented to convince potential customers
- Increase hotel reputation by effectively communication on how the hotel provides room comfort, cleanliness, and how the employees provide excellent services to convince tourists to stay
- Offer hotel convenience to potential customers for a staycation during the pandemic (focus on local tourists)
- Maximize the function of the application as a source of information related to hotel services during the pandemic for existing and potential customers

### WT strategies
- Offer special packages and discounts during the pandemic
- Hire a digital agency to help the hotel communicate digitally about its services during the pandemic
- Improve and tighten inspections on hotel cleanliness during the pandemic

---

### Strategic Implication

According to the results of calculations from the IFE and EFE tables, Al Eiman Royal hotel can formulate strategic options for hotel directions using the TOWS matrix developed by Heinz Weirich. In addition to the various alternative strategies from TOWS Matrix above, based on the results of the IE Matrix analysis which has placed Al Eiman Royal in the Growth Stability position, which means it can keep and maintain the existing market while being able to develop new types or services, then Al Eiman Royal can also apply the following strategies:

- **Forward Integration**
  - In order to add and expand sales distribution channels, Al Eiman Royal may develop a digital affiliate program. In this case, Al Eiman Royal only needs to develop a system or software that can be used by external parties who are interested in becoming merchants who sell products from Al Eiman Royal, then they get a commission from each sale transaction.

- **Market Penetration**
  - During the pandemic, Al Eiman Royal can increase the occupancy rate by focusing on local tourists to make online bookings for staycations.
  - Al Eiman Royal can provide special rates and discounts for online bookings.
  - Develop a strong strategic partnership with a minimum of top 5 online travel agents in the country and worldwide.

- **Market Development**
o During the pandemic, Al Eiman Royal can develop new products, such as quarantine package or self-isolation package that target COVID-19 suspects.

- Product Development (during the pandemic)
  o Provide for room inspections services with virtual tours for customers who want to see the hotel condition before visit.
  o Provide online menus for food ordering services.
  o Provide lift with sensor, avoid touching buttons.
  o Enable the app not only as a means of selling, but also for communications and customer retention (loyalty) through various special offers and bonuses.

CONCLUSION
According to the IFE Matrix analysis, the Al Eiman Royal hotel has a dominant strength in the availability of applications that make it easier for customers to get hotel information and reservations, hotel cleanliness, comfort, employee professionalism. while the weakness is that there are still staff who are still less skilled in mastering the information technology used. In addition, the EFE matrix analysis shows that the dominant opportunity for Al Eiman Royal is an increase in the tourism sector, while the dominant threat for Al Eiman Royal is the increasing number of covid cases.

In addition, from the results of internal factors, namely Al Eiman Royal's strength is greater than its weakness, while from the external side the existing threats are greater than the opportunities, so that a more appropriate strategy to prioritize currently based on the TOWS Matrix is the ST strategy, namely:

- Clearly communicate on how strict the health protocols implemented to convince potential customers
- Increase hotel reputation by effectively communication on how the hotel provides room comfort, cleanliness, and how the employees provide excellent services to convince tourists to stay
- Offer hotel convenience to potential customers for a staycation during the pandemic (focus on local tourists)
- Maximize the function of the application as a source of information related to hotel services during the pandemic for existing and potential customers

Lastly, according to the IE Matrix analysis, that Al Eiman Royal hotel position is in the strong middle quadrant that also means in Growth Stability position, which means it can keep and maintain the existing market while being able to develop new types or services. Therefore, it is recommended that Al Eiman Royal implement the following strategies:

- Forward Integration
  o In order to add and expand sales distribution channels, Al Eiman Royal may develop a digital affiliate program. In this case, Al Eiman Royal only needs to develop a system or software that can be used by external parties who are interested in becoming merchants who sell products from Al Eiman Royal, then they get a commission from each sale transaction.
• Market Penetration
  o During the pandemic, Al Eiman Royal can increase the occupancy rate by focusing on local tourists to make online bookings for staycations.
  o Al Eiman Royal can provide special rates and discounts for online bookings.
  o Develop a strong strategic partnership with a minimum of top 5 online travel agents in the country and worldwide.

• Market Development
  o During the pandemic, Al Eiman Royal can develop new products, such as quarantine package or self-isolation package that target COVID-19 suspects.

• Product Development (during the pandemic)
  o Provide for room inspections services with virtual tours for customers who want to see the hotel condition before visit.
  o Provide online menus for food ordering services.
  o Provide lift with sensor, avoid touching buttons.
  o Enable the app not only as a means of selling, but also for communications and customer retention (loyalty) through various special offers and bonuses.

REFERENCES


Analysis of Digital Optimization Strategy at Al Eiman Royal Hotel Madinah during Pandemic
Zulkifli, Agoestyowati, Prasyetyaningsih, Heriyanti, Marsudi

https://doi.org/10.1016/j.onehlt.2021.100229


