

# VIRTUAL HOTEL OPERATOR; IS IT DISRUPTION FOR HOTEL INDUSTRY?

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## ABSTRACT

*Virtual Hotel Operator (VHO) concept in Indonesia has been rising in 2015. The first Virtual Hotel Operator in Indonesia is Nida Rooms, and more are coming in numbers such as Airy Rooms, RedDoorz, Zen Rooms and Tinggal. Economic to mid accommodation and lodging become the main target partner for Virtual Hotel Operator, either in strategic or remote cities in Indonesia. Less research provide data either VHO concept arises as disruption or not. The purpose of this paper is to examine Virtual Hotel Operator concept towards disruption in hotel industry. This is qualitative exploratory research. Literature study and documentation are applied as primary data sources. Lack of journal related to Virtual Hotel Operator concept acquired data obtained from news and articles. As the results, detail descriptions about Virtual Hotel Operator are elaborate; definition, concept, characteristic, advantages and disadvantages, target partner, target customer, the way it works, as well as the analysis either Virtual Hotel Operator comply as disruption in hotel industry or not. This paper contributes to broaden Virtual Hotel Operator concept in the new era of hotel industry. Further study should be conducted by involving Virtual Hotel Operator management representative and people who are Virtual Hotel Operator's user*

*Keywords: Virtual Hotel Operator, VHO, budget hotel, hotel operator*

## ABSTRAK

Konsep Virtual Hotel Operator (VHO) mulai masuk di Indonesia sejak tahun 2015. VHO pertama yang masuk dalam pasar Indonesia adalah Nida Rooms, yang kemudian disusul oleh Airy Rooms, RedDoorz, Zen Rooms dan Tinggal. Hal ini menjadikan VHO sebuah konsep baru dan masih belum jelas apakah dianggap sebagai pengganggu atau bukan dalam perkembangan industri perhotelan. Tujuan penelitian ini adalah untuk menganalisis konsep VHO apakah menjadi gangguan bagi industri perhotelan atau tidak. Metode penulisan yaitu kualitatif eksploratif dengan kajian pustaka dan dokumentasi sebagai sumber data primer. Keterbatasan jurnal terkait menjadikan berita dan artikel sebagai sumber data sekunder. Hasil penelitian mencakup definisi, konsep, karakteristik, keuntungan, kelemahan, partner yang dituju, tamu yang dituju, bagaimana cara kerja dari VHO. Penelitian ini memberikan kontribusi bagi perkembangan konsep VHO bahwa keberadaan VHO tidak menjadi faktor pengganggu pada industri perhotelan. Studi lebih lanjut dapat dilakukan dengan melibatkan manajemen dari setiap VHO dan juga tamu yang memilih menggunakan produk VHO

*Kata kunci: Virtual Hotel Operator, VHO, budget hotel, hotel operator*

## Introduction

As in any industry, it is important for those in the hospitality world to evaluate who the disruptors are, what they are doing right, and what it takes to stay competitive (Davis 2016). Staying competitive requires more flexible thinking around business procedures, a willingness to be open to new ideas, and an appreciation for expanding and enhancing business and human- networks (Rubin 2015). Even though the global travel market continues to expand and online bookings accelerate, all categories of the industry, including hotels, face disruption from a variety of sources. The travel industry, including hotels, is under threat from a range of disruptive forces (Watkins 2014). The technology shifts in the past five years are bringing about some pretty spectacular changes in the way companies do business. Not only moving to more into mobile commerce, but disruptive business models that employ collaboration with customers are rattling the cages of traditional commercial enterprise (Rubin 2015). Over the past few years a new business model has taken center stage in the market for transient lodging. The fundamental nature of this new model is an internet booking platform that facilitates and participates in the short-term transient rental of private homes and apartments (Brown & Lu 2016). Technology has helped swing the power of influence from hotels to savvy, sophisticated global travelers (Innroad 2016).

Budget travel is booming and is a multi-billion dollar market, so it is safe to say the business model has big market potential (Avili 2016). With a growing affluence in Southeast Asia, people now have the capacity to travel within the region or within their domestic shores. But travelers, particularly small and medium entrepreneurs do not have much budget for hotel accommodations. All they need is a clean room, clean sheets and with the most basic amenities huge budget (Magkilat

2016). Thus, with the advancement of technology and the booming of the need of clean but low budget accommodation, a concept called as Virtual Hotel Operator arise. To mention some are Nida Rooms, Airy Rooms, RedDoorz, Zen Rooms, Tinggal. In an industry with so many variables, one thing is certain; hoteliers are woefully inadequate when it comes to technological innovation. And that makes the impact felt by the so-called disruptors all the more disruptive. Instead of investing in new technologies, hoteliers are more obsessed with new guestrooms amenities that ultimately do not matter (Zelering in Hotel News Now 2015)

The research questions covers; what VHO is, how VHO concept does implemented, what does VHO characteristic, who are VHO in Indonesia, who are the VHO target market, who are the VHO target partner, what are the advantages and disadvantages of VHO. The purpose of this paper is to examine Virtual Hotel Operator concept towards disruption in hotel industry. The review results will be divided into nine parts; (1) VHO platform definition among Indonesia market, (2) VHO concept, (3) VHO characteristic, (4) VHO overview from five companies, (5) VHO; how it works, (6) VHO; target partner and target market, (7) VHO advantages and disadvantages from the partner point of view and customer point of view, (8) VHO potential disruption for hotel industry and (9) VHO future prediction

## Method

The approach of this paper is qualitative-exploratory research. Qualitative research tends to be more open to using a wide range of evidence and discovering new issues (Neuman 2014).

A form of research that seeks to establish basic attitudes, opinions, and behavior patterns or facts about a specific population or sample; are typically inductive and involve extensive probing of

the population or sample or data (Michaelson & Stacks 2014). There are three principle ways of conducting exploratory research; a search of literature, talking to experts and conduct focus group discussion (Saunders et al 2009). In this study, researchers use a search of literature, then analysis and interpret the texts from several sources such as articles and news which are related to the topic of this research. News is obtained from both national and international website. Articles are obtained from expertise summary as well as business reports. Documentation collected from five official website of existing Virtual Hotel Operator in Indonesia; Nida Rooms, Airy Rooms, RedDoorz, Zen Rooms and Tinggal. In this study, the researchers examine the existence of Virtual Hotel Operator, whether it can be an advantage or disruption for hotel industry.

### **Disruption**

Disruption describes a process whereby a smaller company with fewer resources is able to successfully challenge established incumbent businesses. When mainstream customers start adopting the entrants' offerings in volume, disruption has occurred (Christensen, Raynor & McDonald 2015). Disruption is largely misused in entrepreneurial circles. Entrepreneurs have confused innovation with disruption. While disruption certainly involves a lot of innovation, they are not the same. Whereas disruption turns an

industry on its head by offering customers something that previously did not exist, innovation merely makes an existing value offering better, cheaper or faster (Alton 2015). Key elements of the theory of disruption refer to are; (1) that incumbents in a market are improving along a trajectory of sustaining innovation, (2) that they overshoot customer needs, (3) that they possess the capability to respond to disruptive threats, and (4) that incumbent end up floundering as a result of the disruption. This illustration shows four important elements of the theory of disruptive innovation; sustaining innovation, overshoot of customer needs, the emergence of a disruptive innovation to which incumbents have the ability to respond, and incumbent firms floundering as they are disrupted (King & Baljir 2015). Disruptive innovation theory suggests a disruptive product should enjoy limited initial popularity, but then grow in size as it increasingly enters the mainstream market (Guttentag 2015)

### **Disruption for Accommodation and Lodging (Hotel Industry)**

Table 1 classifies research result and opinion from several expertises due to disruption for accommodation industry. To summarize, many articles and research list one of the disruption in accommodation sector relate to the technology, one of them is Airbnb. But less research shown about VHO

**Table 1.**  
**Disruption for accommodation industry**

No	Author/ Year	Description
1	Lehr (2015)	A new hotel industry paradigm is developing with the disruptive effects of Airbnb
2	Rach (2016)	Whatever the next disruption, it will be from outside the industry, a company and idea that simply reimagining a service or product in response to client desires. When this has happened (OTA's and Airbnb), hotel companies have not moved to combat the disruptor early on. Digital is now main stream and act as not a disruptive.
3	Daisyme (2016)	Startup Company such as Airbnb disrupted hotel industry in a way they able to provide affordable accommodations, Personalized Hotel Pricing, Cultural Experiences, Lodgings Suited to Your Needs, Last-Minute Options, Personal Connections
4	Choudary (2014)	Airbnb is the latest in a series of disruptions brought about by internet businesses over the last 10 years. The likes of YouTube, Wikipedia, the iPhone App Store, Amazon, Uber, oDesk, and even Twitter, restructure the value chain of traditional industries and threaten to put their traditional counterparts out of business
5	Revenue Strategy Summit in Hotel News Now (2015)	The hotel industry is notoriously slow to change. Two major disruptors that require the industry's immediate attention; (1) mobile and the technological changes driving it and (2) Airbnb and other sharing-economy platforms

Source: several source refer to references

**Virtual Hotel Operator Platform Definition**

The concept of VHO considers as new and the most updated issues in the hospitality industry nowadays. None hospitality textbook discuss about VHO yet since this VHO concept arise in 2015 and particularly in specific country which is India as the first country that brought up this concept. This is happen not only in

India, but also other country start to have this VHO coming, including in Indonesia. There are many VHO company, but as of September 2016 there is five VHO that hold the most market in Indonesia; Nida Rooms, Airy Rooms, RedDoorz, Zen Rooms and Tinggal. Thus, VHO definition itself obtain from official five VHO company as seen in Table 2

**Table 2.**  
**VHO platform definition**

No	VHO company	VHO Description
1	Nida Rooms	<a href="http://www.nidarooms.com/">http://www.nidarooms.com/</a> An online platform through which hotels may create listing for accommodations and guests may learn about and book accommodations The business to provide accommodations to rent with guest seeking to rent such accommodations which service are accessible at official website and any other website and as an application for mobile devices A platform of marketplace with related technology for guests and hotels to meet online and arrange for bookings of accommodations

2	Airy Rooms	<a href="https://www.airyrooms.com/">https://www.airyrooms.com/</a> An Accommodation Network Orchestrator (ANO) who partnership with broaden budget accommodation
3	RedDoorz	<a href="https://www.reddoorz.com/indonesia/id/">https://www.reddoorz.com/indonesia/id/</a> An online platform through which partners are offered to list their property for accommodations and guest may learn about and book accommodations
4	Zen Rooms	<a href="https://www.zenrooms.com/">https://www.zenrooms.com/</a> The business whom operates a branded accommodation network, with temporary accommodation available to rent at its partners where through the site and application provides an online facility which guest can make room reservation
5	Tinggal	<a href="http://www.tinggal.com/">http://www.tinggal.com/</a> A travel platform which provides a marketplace wherein the available accommodations have been listed The business of hospitality and management of hotels, apartment, guest houses, lodges, private house, bungalows, etc and operates this online platform for the purpose of providing access to the available accommodation and booking of the same by the users who make the booking of accommodation of avails the service through online reservation system through which participating accommodation partner makes their accommodation or rooms available for reservation and through which guest can make reservation at such accommodation

Source: VHO official website, 2015- 2016

### Virtual Hotel Operator Concept

Each VHO has promises that given to the customer and act as their business tagline.

Table 3 shows five VHO slogan or tagline or promises provide to the customer:

**Table 3.**  
**VHO Tagline**

No	VHO company	Tagline/ Slogan/ Promises
1	Nida Rooms	Transforming your hotel stay into a Good Night. Every Night (Instant confirmation, Get refreshed, Sweet dreams, Stay connected, Grab the essentials, Stay cool)
2	Airy Rooms	Sleep comfortably at the convenient price (Tidur nyaman, harga aman)
3	RedDoorz	Great Stays at Affordable Price
4	Zen Rooms	Where smart travelers stay
5	Tinggal	Best room. Best price. Best experience

Source: VHO official website, 2015- 2016

Aside from tagline or slogan, each VHO also create value provided to the customer or called as service guarantees. All value added act as the competitive advantages.

Table 4 shows VHO value added or service guarantee

**Table 4.**  
**VHO Service guarantee**

No	VHO company	# Value	Service guarantee
1	Nida Rooms	5	Comfortable bed, complimentary WiFi, top quality amenity kit, air conditioning, and hot water
2	Airy Rooms	7	Clean bedroom, free WiFi, Flat TV screen, AC, Hot water, bathroom amenities, Complimentary mineral water
3	RedDoorz	6	Free Wifi, Satellite Television, Mineral Water, Spotless Linen, Clean Washrooms, Toiletries
4	Zen Rooms	4	Clean rooms, Fast Free WiFi, A/C, In-room shower
5	Tinggal	5	Cozy bed, Free WiFi, Cleanliness, AC, In-room shower

Source: VHO official website, 2015- 2016

To summarize Table 4, from the vary value offered by each VHO, three service guarantee comply as the same

**Virtual Hotel Operator Official Website Characteristic**

As above five main VHO in Indonesia, each has official website. Table 5

and offered by most VHO; complimentary WiFi, A/C and clean/ comfortable/ cozy bed.

shows characteristic for VHO official website, thus able to provide the differences of each VHO

**Table 5.**  
**VHO official website characteristic**

Details	Nida Rooms	Airy Rooms	Red Doorz	Zen Rooms	Tinggal
Official website	Yes	Yes	Yes	Yes	Yes
Founded	2015	2015	2015	2015	2016
Language option	English	Indonesia	English Indonesia	English Indonesia Thai Portuguese	Mix Indonesia and English
Indonesia coverage	35 cities	35 cities	4 cities	10 cities	6 cities
Abroad coverage	Malaysia Thailand Philippines	No	No	Singapore Malaysia Philippines Hongkong Sri Lanka Thailand Brazil	No
Team	Yes	No	Yes	No	No
Feedback	Yes	No	No	No	Yes
Terms and condition	Yes	Yes	Yes	Yes	Yes



Link for business partner	Yes	Yes	No	No	No
Testimonial	Yes	Yes	Yes	Yes	No
Careers link	Yes	Yes	Yes	No	No
<b>Customer care/ customer service</b>					
Landline phone	Yes	Yes	Yes	No	No
Mobile phone	No	Yes	No	Yes	Yes
WhatsApp	No	Yes	No	Yes	No
Live chat	Yes	Yes	Yes	Yes	No
Email	No	No	Yes	Yes	Yes
<b>Mobile Apps</b>					
Apps Store	Yes	Yes	No	Yes	No
Google Play	Yes	Yes	Yes	Yes	No
<b>Social Media</b>					
Facebook	Yes	Yes	Yes	Yes	Yes
Twitter	Yes	Yes	Yes	Yes	Yes
Instagram	Yes	Yes	Yes	Yes	Yes
LinkedIn	Yes	No	No	Yes	No
Path	No	Yes	No	No	No
<b>Payment Method</b>					
Payment	Visa Master PayPal	Bank transfer ATM Transfer Visa Master	Bank transfer Credit card ATM transfer Alfamart Doku wallet Mandiri clickpay Kredivo	Credit card	Visa Master JCB Mandiri ATM/ Internet banking
<b>Cancellation Policy</b>					
Policy	Yes	n/a	n/a	Yes	Yes
Cancellation scheme	3	n/a	n/a	2 scheme	1 scheme

Source: VHO official website, 2015- 2016

## Virtual Hotel Operator Overview

### 1. Nida Rooms

Nida Rooms.com is owned and operated by Global Rooms Limited. Nida Rooms aimed to solve low occupancy and low average room rate problems by offering hoteliers a unique distribution channel for their unsold inventory, while simultaneously giving the

consumer a smart phone app that enabled them to choose accommodation at the right location for the right price. Nida Rooms is focused on transforming inconsistent budget hotel nights into consistent customer experiences. Nida Rooms is committed to provide quality low-cost accommodations

throughout multiple countries in South East Asia, supported by partnerships with a multitude of excellent three-star hotels and below. Nida Rooms has completed the first phase of its startup by partnering and branding over 3,500 hotels in four key countries and integrating its marketing activities with reputable online travel agents worldwide. Nida Rooms has partnered with over 1,000 hotels in various cities across Indonesia, with a target of 2,000 hotel partners by the end of 2016.

## **2. Airy Rooms**

Airyrooms.com is owned and operated by Nest Tech Pte. Ltd. Airy Rooms is an Accommodation Network Orchestrator (ANO) in partnership with a wide range of the best budget hotels throughout Indonesia. Supported by the latest technology, Airy Rooms provide the best stay experience at affordable prices. AiryRooms acquired the rooms that are scattered in various hotels throughout Indonesia, and set the same standard of comfort for every room. Airy Rooms ensure the success of hotel partner throughout three strategies; selling only the unsold room, marketing with

objective is to create Gold Standards in the unorganised budget accommodation space in Asia. Tinggal places the highest value on customer experience and in-hotel facilities. Tinggal assured to provide a comfortable, convenient and safe accommodation experience.

attractive offer and cooperate with several OTA comply with mobile apps and website that integrated one to another.

## **3. RedDoorz**

Reddoorz.com is owned and operated by Commeasure Pte Ltd, a private limited liability company established in the Singapore. RedDoorz was founded in July 2015 with the vision behind to create an ecosystem for travelers, to help them discover branded budget stays with a promise of high-quality services. RedDoorz helps hoteliers and guest house owners to showcase their property over a responsive platform, allowing them to reach out to larger audiences, increase their distribution, earn a brand name and streamline operations.

## **4. Zen Rooms**

Zenrooms.com is owned and operated by Zen eServices Pte Ltd, a company incorporated under the laws of Singapore. ZEN Rooms operates a network of branded budget accommodation. ZEN Rooms offers standardized quality rooms at the best prices

## **5. Tinggal**

Tinggal.com is owned and operated by OneStandard Group Pte Ltd started in February 2016. Tinggal

## **Virtual Hotel Operator; how it works?**

VHO basically do not own the hotels. It is like the 'uberising' of taxis, VHO is 'uberising' hotels, taking a number of rooms (usually five to 10) in each of qualified hotels and then rebrand them as VHO brands. The formula is simple – clean budget rooms in a good location at the right price (Avili 2016).



Most VHO have a comprehensive standard checklist of criteria (as seen in Table 4), which every hotel partner must meet this before run the partnership with VHO. After that, periodic plan and unplanned audit conducted to ensure the standard quality are met. VHO normally has teams on the ground to check out the rooms before listing them. They inspect the facilities and rooms based on service guarantee value and then categorized by quality before being rebranded as VHO brands and sell it to the public. Its revenue model is no commission but mark-ups on the net price that the hotels give to VHO. VHO audit all rooms on the network and invest to ensure all rooms respect the same strict standard of quality. No more unreliable budget rooms that do not meet with VHO standard. VHO simply make nice hotels affordable; select the best economy hotels in the area, audit them and help to become even better if needed by improving facilities and implementing monthly quality control.

#### **Virtual Hotel Operator; target partner and target market**

From the target partner, Nida Rooms focus on hotels in the mid and economy hotel segment that are strategically located, small hotels (60-80 rooms) that are individually branded that do not have any brand recognition (Avili 2016) said. From total of 98 hotels spread out in Jakarta under Nida Rooms, the room rate found out to be in a range from IDR 150.000 to IDR 1.350.000. From the target market for customer, Nida Rooms focus on budget traveler, youth travelers, and short business traveler.

Airy Rooms operate 58 hotel spread out in Jakarta, the room rate found out to be in a range from IDR 160.000 to IDR 550.000. To sum up, Airy Rooms

target partner cater budget hotel until middle class hotel in a range of two star hotels. Meanwhile, Airy Rooms target market is not only budget traveler, but also middle class traveler.

Zen Rooms use the statement “Find the best budget accommodation on Zen Rooms”. For example, from above 56 hotel spread out in Jakarta under Zen Rooms, the room rate found out to be in a range from IDR 170.000 to IDR 660.000. To sum up, Zen Rooms target partner cater budget hotel until middle class hotel in a range of two and three star hotel. Meanwhile, Zen Rooms target market is travelers who are clear about two things; they don’t like to waste money and they don’t like to sacrifice on the essentials

RedDoorz listed as providing budget standardized accommodation. From more than 100 hotel spread out in Jakarta under RedDoorz, the room rate found out to be in a range from IDR 200.000 to IDR 1.900.000. To sum up, RedDoorz target partner cater budget hotel until upper class hotel in a range of four and five star hotel. RedDoorz target market is not only budget traveler, but also middle class and upper class traveler.

Tinggal divide their accommodation into three class; budget, standard and premium. It is listed and can be seen in the website, thus provide easy access for customer to choose the hotel based on their budget level. Budget room rate are ranging from IDR 199.000 to IDR 230.000. Standard room rate are ranging from IDR 290.000 to IDR 420.000. Premium room rate are ranging from IDR 520.000 to IDR 620.000. Target partner for Tinggal is not only hotel and hostel, but also “kost”. In Indonesia, “kost” is used as a rent basis accommodation that usually caters student and employee.

While hotel normally paid on daily basis, “kost” paid on monthly basis. Target market customer is consider as budget to middle class traveler

To summarize, VHO target partner are vary, ranging from economic accommodation such as “kost”, apartment, guesthouse, hostel and hotel, even until five star hotel. Majority are individual brand, individual private owner without any brand at all and local chain hotel. VHO target market as customer are vary as well, ranging from low budget traveler,

middle class until upper class traveler who are open to technology and consider good value as their consideration.

### **Virtual Hotel Operator; advantages and disadvantages**

Table 6 shows advantages and disadvantages that might be occurred as VHO partner. While, table 7 shows advantages and disadvantages for those who book accommodation through VHO (customer’s point of view).

**Table 6.**  
**Partner point of view due to VHO**

Advantages	Disadvantages
1. VHO provide solution for small or economy hotels with no website presence through VHO website	1. VHO might determine own pricing without the need to confirm it in advance with partner
2. VHO comply with mobile applications such as Google Play and Apps Store thus partner will be automatically listed	2. VHO never use hotel brand on all marketing distribution channel that they run to. Instead, only VHO brand that will be listed
3. Partner information’s are instantly able to be accessed through mobile apps and website created by VHO	3. Partner brand awareness will be decrease as it will run as dual brand in the market
4. VHO provide hotel partners worldwide exposure and global reach	4. Partner must give VHO lower room price than published rate
5. VHO cooperate and partnership with many Online Travel Agent (OTA) company as one of their distribution channel, thus enable VHO to reach out more customer	5. Partner must allow VHO set up all their standard amenities or other facilities provided in the guest room, which all are usually contain VHO brand
6. VHO set a service guarantee standard that eventually will improve guest room quality and hotel facilities	6. Partner must allow VHO place a neon box in the hotel facade. Thus, dual brand took place in front of the hotel to be seen by people
7. VHO set most of their property in Google Maps	7. Partner must follow service guarantee set by VHO in their hotel. Once the service guarantee is not reached, then VHO wont list partner
8. VHO monitor set up process in the beginning as well as periodically basis to ensure the standard are met	8. Customer might recognized VHO brand better than partner brand itself
9. Partner revenue estimated can be obtained	
10. VHO appear in many social media	
11. VHO provide complimentary neon box for VHO brand to be place	

in front of the hotel (government tax goes to VHO), act as advertisement media

12. VHO comply with actual guest review and testimony

**Table 7.**  
**Customer point of view due to VHO**

Advantages	Disadvantages
1. Customer has many options to access hotel information's including for booking process; through VHO website and mobile apps	1. Customer might be confused with the hotel concept or hotel brand
2. Customer can reach VHO information through many social media	2. Customer might be mismatch once they arrive at the hotel and find another brand actually appear as the original hotel brand
3. Customer get guarantee of instant booking confirmation from VHO platform with just through the web or apps without the need to call directly to the hotel	3. Customer might be disappointed if they realize that the VHO is actually another hotel brand
4. Customer comply with reliable and trustworthy accommodation listed in VHO website and mobile apps as hotel partner has passed quality checked	4. Customer (at the moment) cannot booked for many rooms (more than 10 rooms) due to limit number of room in each hotel in range of 5 to 10 rooms per hotel partner
5. Customer might find easier to search for VHO brand in Maps/ Google Maps mobile/ website rather than the original partner brand itself	5. Customer who pursue to have extra bed, might have extra bed set up that differ from VHO set up
6. Customer provide with selection of payment method including credit card where normally economic accommodation accept cash only for their payment method	6. Customer might found the room rate differences between the one they find in VHO and the one in the hotel directly. It can be slightly higher room rate or even maybe lower
7. VHO provide customer with many accommodation options list to choose for, with affordable price but good facilities	
8. VHO allows customer to post review or testimonial about their stay	
9. VHO allows customer to not only booked for accommodation but also read the review or testimony in advance to ensure their option before going further for booking process	
10. VHO website allows customer to do live chat with customer service refer to any assistance needed, where most of economy accommodation do not have this type of service	

### **Discussion Virtual Hotel Operator; is it disruption for hotel industry?**

Refer to disruption definition from Christensen et al (2015), disruption come from smaller company with fewer resources that able to businesses. If all highlight point is acquired, then VHO is definitely disruption. First, indeed VHO is smaller company at the beginning compare to all accommodation list all around the country, with of course fewer resources. Third, VHO as of now cannot be said as successful yet due to its debut that just begin in late 2015. Third, VHO does not challenge established incumbent business, instead VHO cooperate and make partnership with incumbent business. VHO size will never be great enough to impact traditional hotel operators. VHO still should not be overlooked due to its size, as its footprint is already considerable. Thus, refer to above analysis; VHO is not a disruption to hotel or accommodation industry

VHO brand. Compare to total guest room number for each property, 5 to 10 is not a huge number. It is true that mainstream customer start to adopt VHO offering, but not in volume yet at the moment. Thus, refer to above analysis; VHO is not a disruption to hotel or accommodation industry that previously did not exist; innovation merely makes an existing value offering better, cheaper or faster. Is VHO act as disruption? Before answering the questions, VHO must be decided either it is act as disruption or innovation. What does VHO offered? Accommodation. Does the accommodation is something that previously did not exist? No. So, VHO does offer something that already exist but with better value. To answer, then VHO considered as innovation rather than disruption. Thus, refer to above

successfully challenge established incumbent businesses. From this statement, three points are highlighted; smaller company, fewer resources and successfully challenge established incumbent

Christensen et al (2015) also said that when mainstream customers start adopting the entrants' offerings in volume, disruption has occurred. From this statement, two point are highlighted; mainstream customers and offering in volume. If both statements are acquired, then VHO is definitely disruption. First, who are VHO's customers? Are they mainstream or anti- mainstream customer? Customers are those who look up for affordable accommodation option with good value or service provided. They are indeed mainstream customer. Second, are the customers huge in volume? Most VHO partner allocates only minimum 5 to maximum 10 rooms per hotel to be set up as

Refer to disruption definition from Alto (2015), disruption is different with innovation. Disruption turns an industry on its head by offering customers something

analysis; VHO is not a disruption to hotel or accommodation industry

The objective for all industries, including accommodation sector is of course to maximize profit. With the advancement of technology, enhance broaden distribution channel become a must. Rely only to one distribution channel definitely blocks broaden access. Most of distribution channel comply as sales point only, but VHO might comply not only as boosting the sales, but also encourage the hotel

management to increase their value throughout standard that VHO already set up. Whatever the distribution channel that hotel choose, additional marketing cost will occur. Rather than choosing a channel that act only as sales point, then why don't hotel choosing a channel that can be act both as sales point and value enhancement. VHO comes not 100% as a good value for hotel management and customer, some disadvantages might be occurred as previously explain. Thus, hotel must choose wisely which distribution channel that they have to select. The most crucial part of become VHO partner is that there will be dual brand under the same roof; hotel partner brand and VHO brand.

### **Virtual Hotel Operator; its future prediction**

As Avili (2016) said that budget travel is booming and is a multi-billion dollar market, so it is safe to say VHO business model has big market potential. As previously explain that VHO partner mostly come from economy to middle accommodation and local brand. On the other hand, VHO customers are those classified as budget travelers; who seek for an affordable accommodation with good value offered. This budget traveler comes surprisingly open to technology and maximizes the use of it very well. To sum up, since VHO cater budget traveler and provide an affordable accommodation with good value, then VHO future can be predicted as bright and will keep on booming in the future. This prediction can be seen as well from the growth of VHO in Indonesia. Since Nida Rooms start its debut in 2015, more VHO are coming in number as of now in the late of 2016. Within less than a year, there are already five VHO operate all around cities in Indonesia with the number of hotel partner that keep on increasing

by time. Support with tourism trend in high demand, the growth of VHO is considered fast.

### **Conclusion**

Instead of consider VHO as disruption, it might be consider as innovation. VHO is definitely improving the product's quality, create more value added, competitive price, make it accessible through many channel, provide easy access for payment and booking system, make it as an open forum for review and testimony. Accommodation all around Indonesia are not anymore in a beginning to respond to this new trend of VHO. More than 1000 properties have partnership with VHO. VHO are look up as a promising opportunities for accommodation industry to not only boost up their sales but also to enhance the quality. As Dubaere (2016) said that disruption empowers you, it empowers your business, and it can empower your people. Look at disruption as a positive. Rather than look at disruptive business models as the enemy, companies would do well to start thinking in terms of adding value through collaboration (Rubin 2015).

### **Limitation and Suggestion for Future Research**

Results in this research constitute only an exploratory understanding model of Virtual Hotel Operator concept. Additional researches are needed to obtain deeper and comprehensive understanding about Virtual Hotel Operator, not only as its concept but also as its contribution in hotel industry. Conduct Focus Group Discussion (FGD) among all Virtual Hotel Operator management representative and survey to VHO customer will bring broaden acknowledgement to be further analyzed



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