

## **Key Variables on Property Marketing in Bali: Application of *Micmac* Method**

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### **ABSTRACT**

Bali as a tourism area has its own charm and positive economic potential for the property business. Organizational and management aspects are needed to determine business strategies. This certainly affects the decision for investors in investing in the property sector that is most popular. This study seeks to analyse the key variables that affect the development of the property business in Bali in the long run. MICMAC (*Matrix of Cross Impact Multiplications Applied to a Classification*) is used to identify variables that influence the sustainability of *property* marketing in Bali.

Keywords: Bali, Property, Business, MICMAC, Variables

### **INTRODUCTION**

Property business in Bali experiencing rapid development. Bali as a tourism area has its own charm and positive economic potential for the property business. This can be seen with the construction of tourism facilities such as hotels, *villas*, restaurants, shops, to housing. Erratic economic fluctuations also influence the stagnant property market conditions. Economic Report of the Province of Bali in May 2019 published by the Bank Indonesia Representative Office of the Province of Bali, In the first quarter of 2019, the sector of food & beverage accommodation experienced a slowdown compared to the previous quarter. the sector of food & beverage accommodation in the reporting quarter was recorded to grow by 4.99% (yoy), lower than the quarter IV 2018 which grew 8.26% (yoy). The slowdown in the performance of the food & beverage accommodation sector is confirmed by the decline in growth in the number of foreign tourists visiting. Foreign tourist arrivals in the first quarter of 2019 to the Province of Bali grew lower than the fourth quarter of 2018. This decline in performance came from several major market countries such as China, Australia, India, Japan and the United Kingdom. Australian, Indian, Japanese and British tourist arrivals contracted during the quarter under review, while Chinese tourist arrivals slowed. The reduction in room occupancy rates at star and non-star hotels also confirms the slowdown in the performance of the dining and drinking accommodation business. The room occupancy rates of stars and non-stars declined during the quarter under review. However, the average length of stay still showed an increase during the quarter under review.

Bali Statistics Agency data shows that the growth in the number of starred hotel rooms in 2018 was -20.14% from the previous year while the room occupancy rate in 2018 was 65.15% up 3.56% from 2017 and the growth in the number of tourist visits increased by 9.67%. This shows that tourism accommodation in Bali has been oversupplied, if this is allowed to affect the condition of the commercial property market, especially hotels and *villas*, the direction is negative. Decreasing the number of rooms available indicates that there is a hotel close the business or do redesign to fit the market needs and demands.

Indicator shows that there are problems in the development and marketing of commercial properties in Bali so the property business can be sustainable. Seeing investors who remain optimistic that there will be growth that tends to rise in the future, along with number of government and banking policies that indirectly contribute to the movement of the property sector. Organizational and management aspects are needed to determine business strategies in marketing. This certainly influences the decision for investors in investing in the property sector that is most desirable and requires the property business to work more creatively in marketing their products by calculating the variables that play a role in this business. This study seeks to analyse the key variables that affect the development of the property business in Bali in the long run.

## RESEARCH METHOD

In identifying the main sustainability variable, a *Focus Group Discussion* (FGD) was conducted with 10 *property assessors* who were determined intentionally (purposive). MICMAC (*Matrix of Cross Impact Multiplications Applied to a Classification*) is used to identify variables that influence the sustainability of *property marketing* in Bali. Fauzi (2019) explained that the pattern of relationships between variables in MICMAC can occur directly between one variable and another variable, or occur because of the connecting variables that affect both. MICMAC applied to classification is a structural prospective analysis used to study indirect relationship. In a direct relationship, one can observe three variables and their direct effect, for example variable X effect variable Y, variable Y affect Z, X and Z have no direct effect, but their relationship with Y is a cross-correlation, where any change in Y can affect Z (Saxena, Sushil, & Vrat, 1990). MICMAC uses three basic steps that must be carried out including identifying elements (variables), explaining the relationships between variables, and identifying key variables (Godet and Roubelat, 1996). The first step of the MICMAC analysis in this study was carried out by identifying key variables in *property marketing* based on FGD with *property assessors* in Bali. Furthermore, the second and third steps are carried out automatically after the data is entered into the MICMAC software.

## RESULTS AND DISCUSSION

### 3.1 Identification of Elements

Based on the results of a *focus group discussion* with 10 *property assessors* in Bali, 10 elements (key variables) were agreed upon in the discussion. The following Table 3.1 shows the *long labels* and *short labels* to be input into the MICMAC software.

**Table 3.1 Identification of Key Variables**

No	Long Label	Short Label
1	Location	LOC
2	Building Design	DESIGN
3	Hotel Classification	CLASS
4	Trend	TREND
5	Competitor	COMPETITOR
6	Target Market	TARGET
7	Promotion	PROMOTION
8	Price	PRICE
9	Financing	FINANCE
10	Economic Diversification	ECODIVER

Source: Focus Group Discussion, 2019

All of these elements are evaluated through the *Matrix of Direct Influence* (MDI) as in Figure 3.1 below

	1: LOC	2: DESIGN	3: CLASS	4: TREND	5: COMPETITOR	6: TARGET	7: PROMOTION	8: PRICE	9: FINANCE	10: ECODIVER
1: LOC	0	3	3	2	3	3	3	3	3	3
2: DESIGN	2	0	3	2	3	3	3	3	3	P
3: CLASS	3	3	0	1	P	2	3	1	1	P
4: TREND	3	3	3	0	3	3	3	3	3	P
5: COMPETITOR	3	P	1	P	0	1	3	1	P	P
6: TARGET	3	3	3	1	P	0	3	3	1	P
7: PROMOTION	3	P	2	1	3	3	0	3	1	P
8: PRICE	3	3	3	1	3	3	3	0	P	P
9: FINANCE	P	3	1	1	P	2	1	P	0	P
10: ECODIVER	P	P	1	2	2	2	P	2	3	0

Figure 3.1 Contents of the *Matrix of Direct Influence* Table

### 3.2 Role of Variables

The role of each variable that appears can be identified in the *Direct Influence / Dependence Map* in Figure 3.2. The variables in Quadrant I are *driver variables*, namely trends (TREND). The tendency of consumer and producer behavior in choosing property greatly influences how marketing will be carried out and what products are needed, so there is no oversupply of property.

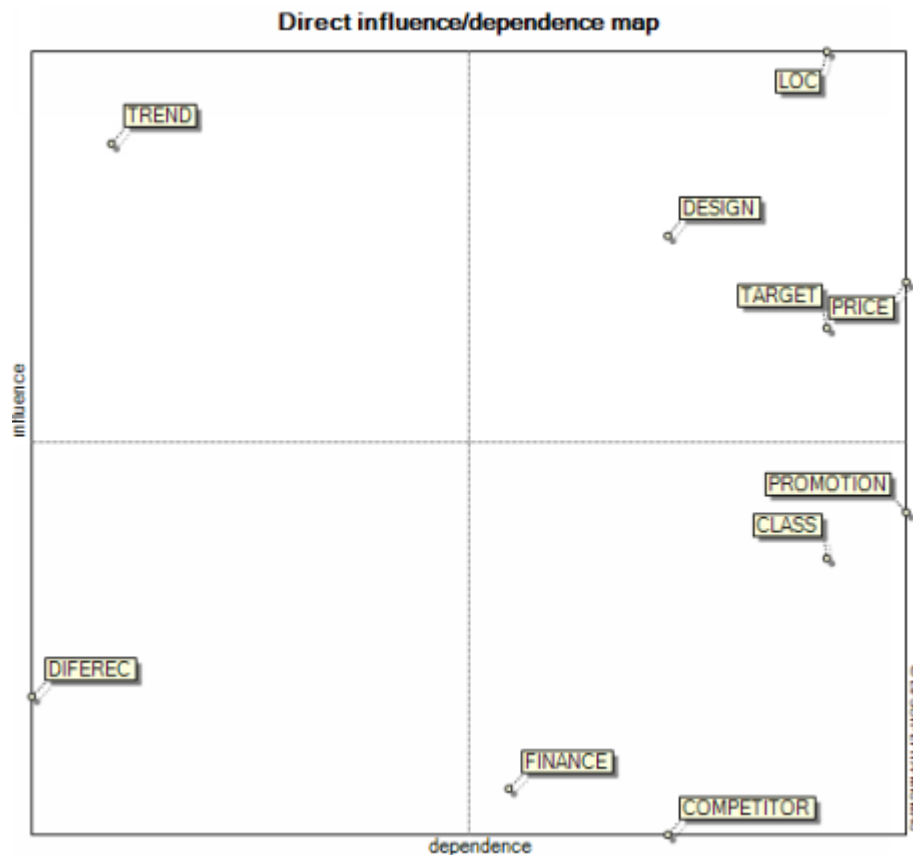
The variables that exist in Quadrant II are highly sensitive variables (relay variables), that means if the variable gain intervention, then it will affect the overall system. These variables include location (LOC), design (DESIGN), target market (TARGET), and price (PRICE).

In investment and property marketing the location of the property is located, design, target market, and property prices determine how and to whom the property must be marketed. The developer must consider the trends and market conditions in the property business, the right location, the suitability of the building design to the regulations, urban spatial planning, market targets and attractive prices that will make it easier for the existing property to be absorbed by the market. In Bali so far are still many properties built by not considering the rules and layout of the city so that marketing will be difficult and consumers are likely not interested in going to the property. This if left unchecked will threaten the property business in Bali. The target market in the property business in Bali tends to target more consumers outside of Bali. The price offered tends not to be attractive to the local market so that it can only be reached by consumers outside Bali. this is caused because the Bali economy is dominated by the tourism sector. This condition has a high enough risk because economic conditions in other regions and externalities will greatly affect market conditions. This happened in 2017, Mount Agung (the highest volcano in Bali) erupted, this has a very negative impact on Bali tourism and the stagnant economic conditions of western countries tend to decrease causing the level of visits to Bali to decrease, this has an impact on the level hotel occupancy dropped significantly and many of these hotels laid off employees . The

stagnant condition of Western economies tends to decrease causing the level of visits to Bali to decrease.

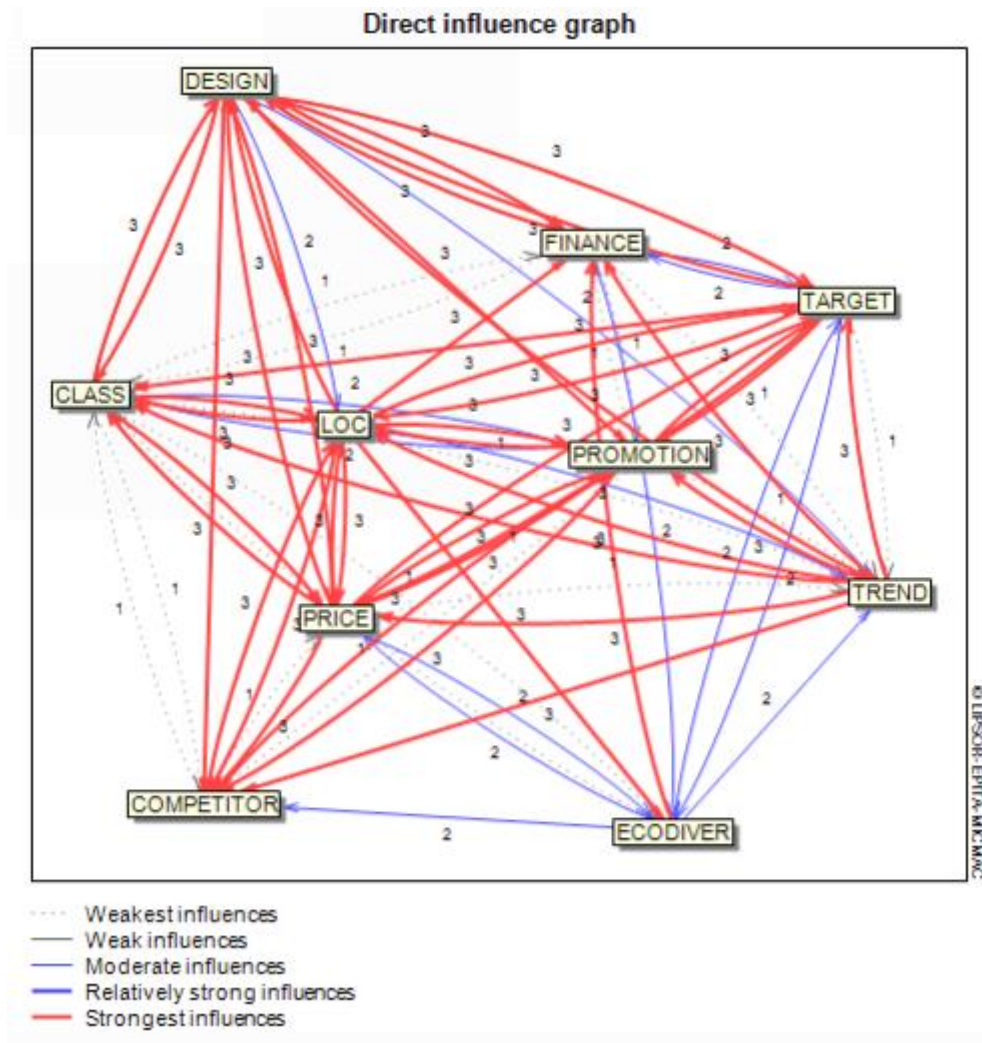
In Quadrant III there are variables of *promotion*, *hotel classification*, *financing*, and *competitors* which are the affected variables from other variables. Promotion variables, hotel classifications, and financing are strongly influenced by other variables. Property market trends, location, design, market targets, and prices will affect what type of hotel will be built, how the financing process for the project, how promotion will be carried out. In some cases, in Bali, hotels operating and marketing use international hotel chain operators but occupancy rates are low, this is because the price offered is too high so it is not attractive to consumers.

Quadrant IV shows the variable that has a small influence on the whole system, namely *economic diversification* (DIFEREC). The structure of the Balinese economy, which is dominated by the tourism sector, does not really affect the existing property marketing system.



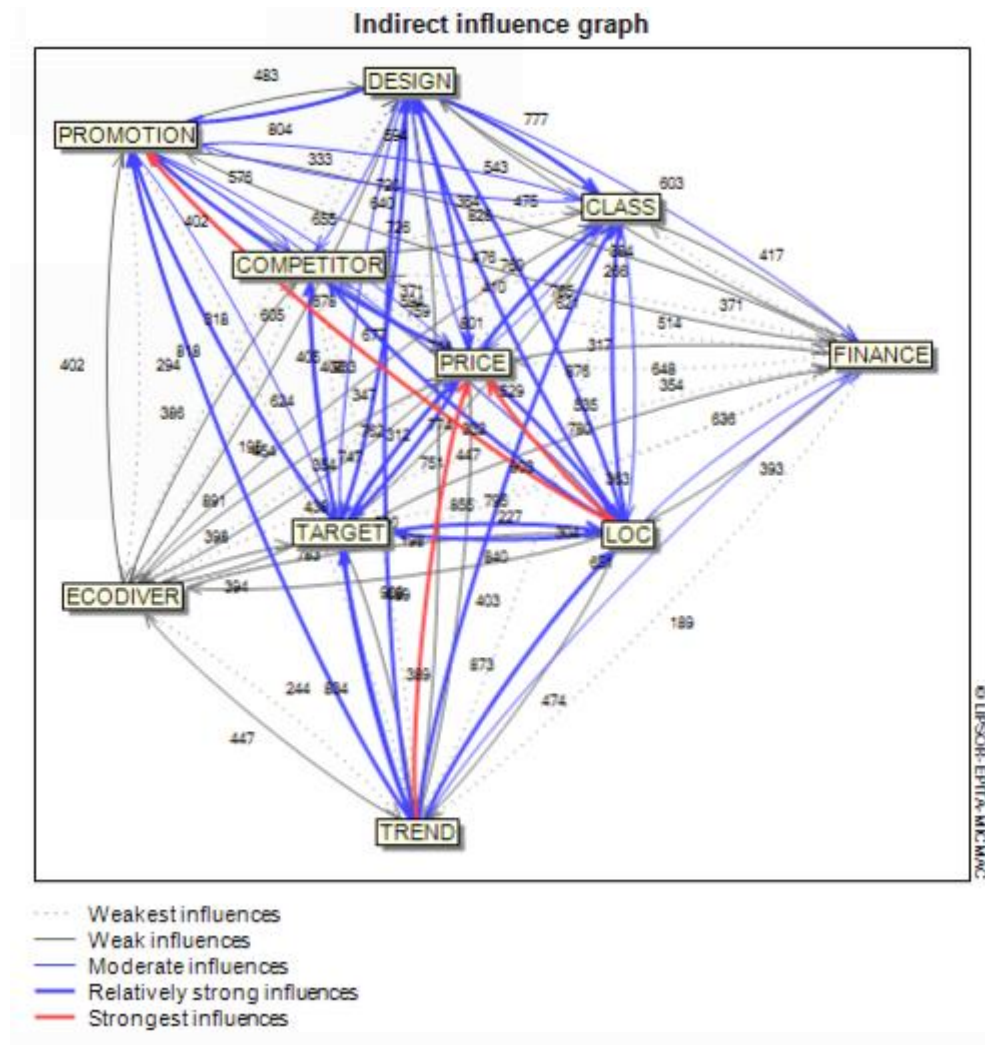
**Figure 3.2  
Variable Map According to Influence and Dependence**

Furthermore, in Figure 3.3 the following shows the direct influence influences between continuous variables. The red arrows indicate that there is a very strong influences between one variable and another. Blue arrows indicate moderate influences and dashed arrows indicate influences between weak variables.



**Figure 3.3**  
**Influences of Direct Effects Between Sustainability Variables**

Instead, the influences of indirect effects between continuous variables is shown in Figure 3.4. Other variables have a relatively strong influences between variables connected by blue arrows. Variables that have a weak indirect effect are indicated by the dashed arrow.



**Figure 3.4**  
**Influences of Indirect Effects Between Sustainability Variables**

Shifting the position of the whole variable from direct to indirect effects can be shown in the *displacement map* in Figure 3.5. The dashed line shows the change in the position of the variable from the initial position to the final position after calculating the indirect effect. The shift is still happening in the same quadrant, except the financing variable (FINANCE).

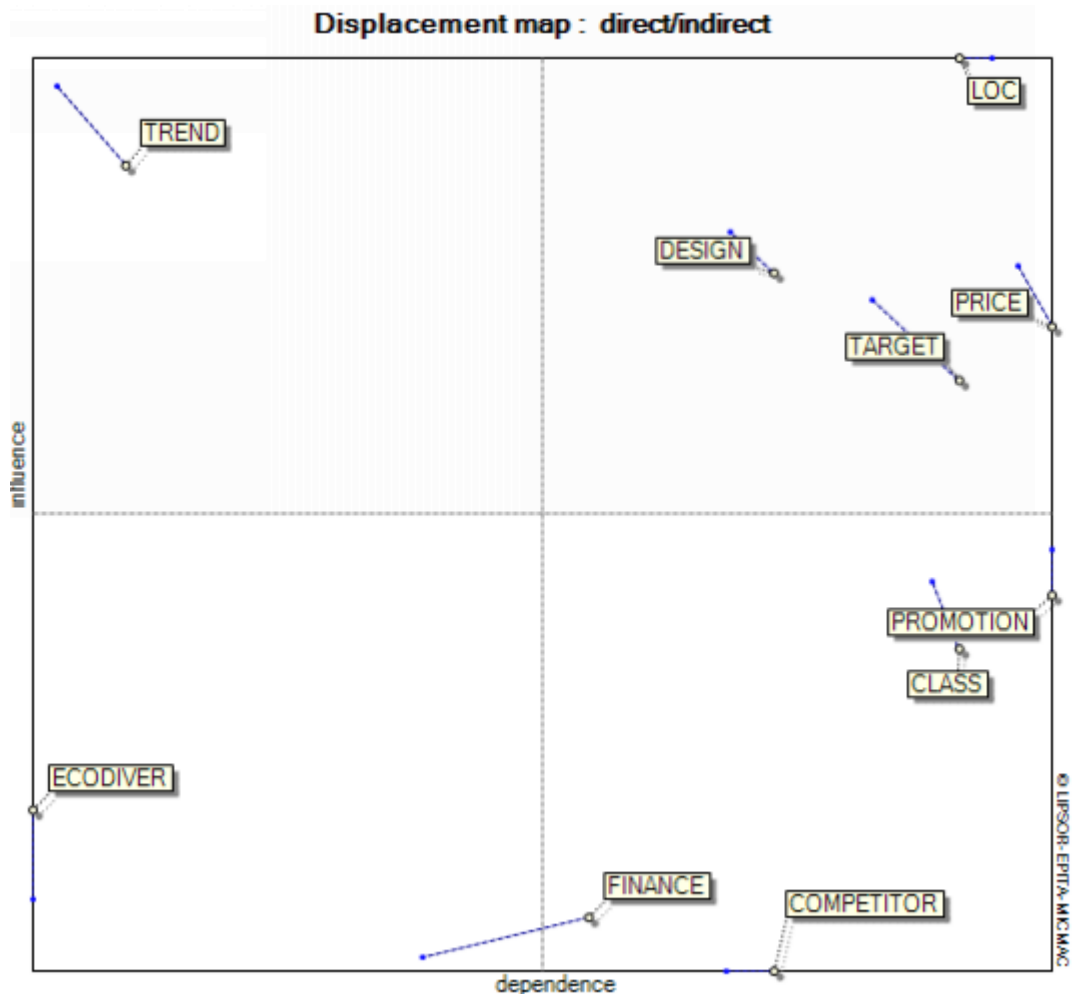


Figure 3.5  
**Displacement Map Between Variables from Direct to Non-Direct Influence**

### CONCLUSION

Analysis of variables is an important first step in analysing sustainability (Fauzi, 2019). The analysis results identified in this stage can help the government and property businesses to reference key variables that can make a system stable or not.

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