Market Segmentation Strategy Of Travel Agents In Royal Palm Resto: Opportunities And Challenges In The Restaurant Business In Sleman Regency

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KEYWORDS	ABSTRACT
travel agents; market segmentation; restaurant strategy; tourism development; customer retention	This study analyzes the market segmentation strategy implemented by Royal Palm Resto in Sleman Regency, Yogyakarta, specifically targeting the travel agent segment. This study uses a descriptive qualitative method with the approach of E. Jerome McCarthy's theory in 1960. Data collection techniques include observation, interviews, and documentation, with marketing managers and guests as the population and research samples. The purpose of this study is to help restaurants develop more effective strategies to attract and retain customers from this segment, as well as increase profitability and business sustainability in the competitive restaurant industry. Initially, this restaurant served regular guests, MICE events, and weddings, but due to obstacles in reaching the target market, the restaurant decided to focus on travel agents. This change involved adjusting the menu budget, food variety, and facilities offered for each travel agent visit, including commissions and free meals for the crew. Although there are great opportunities, challenges arise from the high cost of food production and additional facilities. The travel agent segment is divided into three clusters based on budget: economy, middle, and premium. This study also discusses price and production adjustments to reduce costs, especially in serving large tourist groups. Overall, the travel agent segment is expected to continue to grow along with the increase in tourism in Yogyakarta.

INTRODUCTION

The restaurant industry in Sleman Regency, Yogyakarta, continues to grow rapidly along with increasing tourism activities. Tight competition encourages business actors to develop innovative and targeted marketing strategies. One strategy that is starting to be widely implemented is focusing on the travel agent segment, which has proven to provide a significant contribution to the number of guest visits. Royal Palm Resto, as one of the restaurants operating in this area, initially positioned itself to serve regular guests, MICE (Meeting, Incentive, Convention, and Exhibition) events, and weddings. However, the difficulty in reaching the target market encouraged the restaurant to direct the focus of its strategy to the travel agent segment.

The travel agent market segmentation is not only applied by Royal Palm Resto, but also by several other restaurants in Sleman Regency, such as Floating Resto, Ramayana Garden Resto, Green Garden Ramayana, Kopi Legi Resto, Jati Kuno Resto, Omah Kluwung Resto, Bale Wukir Resto, and Warung Eyup Resto. Based on initial data collected from the Manager's information, the average number of guest visits from the travel agent segment in these restaurants reaches 20,000 visits per month. This fact shows the large market potential of this segment, especially with the increasing number of tourists visiting Yogyakarta every year.

Previous studies have revealed the importance of market segmentation in supporting the success of a restaurant business. McCarthy (1960) introduced the concept of 4P (Product, Price, Place, Promotion) which is the basis of modern marketing theory. Meanwhile, Kotler and Keller (2016) emphasized the importance of

analyzing market segment needs in increasing customer loyalty and business profits. In the context of tourism, Dredge and Jenkins (2007) showed that collaboration between restaurants and travel agents can increase the visibility and attractiveness of restaurants in the tourist market.

Local studies such as Sari et al. (2019) found that adjusting menu and service strategies to the preferences of domestic and international tourists can significantly increase restaurant revenue. However, this study has not specifically discussed the impact of travel agent segmentation on production cost efficiency and restaurant business sustainability. In addition, Raharjo (2021) highlighted the importance of flexible pricing strategies to face fierce competition in the Yogyakarta tourism market.

However, studies that integrate a market segmentation approach specifically for travel agents with an analysis of restaurant operational efficiency are still very limited. Royal Palm Resto, with travel agent segmentation covering economy, medium, and premium clusters, provides a unique opportunity to explore the effectiveness of this strategy. Adjustments to menu budget, food variety, and additional facilities such as commission and free service for crew are important factors that need further analysis.

Penelitian ini bertujuan untuk menjawab kesenjangan pengetahuan tersebut dengan mengidentifikasi strategi segmentasi pasar yang lebih efektif untuk menarik dan mempertahankan pelanggan dari segmen travel agent. Dengan pendekatan deskriptif kualitatif dan teori pemasaran dari McCarthy (1960), penelitian ini menggunakan data yang diperoleh melalui observasi, wawancara, dan dokumentasi yang melibatkan manajer pemasaran serta tamu restoran. Hasil penelitian diharapkan dapat memberikan kontribusi pada literatur akademik dan menawarkan solusi strategis untuk meningkatkan profitabilitas restoran dalam menghadapi tantangan biaya produksi yang tinggi serta persaingan yang ketat.

LITERATURE REVIEW

Market Segmentation Strategy

Market segmentation is the process of dividing a broad market into smaller, more homogeneous groups of consumers based on certain characteristics such as needs, preferences, behaviors, or demographics. According to Kotler & Keller (2016), market segmentation allows companies to focus on specific segments by offering customized products or services that can meet their specific needs.

Travel Agent

A travel agent is a business entity or individual who acts as an intermediary between travel service providers (airlines, hotels, transportation companies, and others) and consumers. Travel agents function to help customers plan, book, and manage their trips efficiently and according to their needs.

According to Holloway & Humphreys (2019), travel agents are responsible for offering travel consulting services, compiling tour packages, and providing relevant information about specific destinations or tourism products. In addition, they also assist in processing travel documents such as tickets, visas, and insurance.

Opportunity

Opportunity in the context of business and strategy is an external situation or condition that can be utilized by an organization or individual to achieve goals or create profits. According to David (2011), opportunity is a positive external element that can support a company in achieving its vision and mission through the utilization of existing resources and capabilities.

Threats

Barney and Hesterly (2018) explain that threats are external pressures that can affect business continuity if not managed properly. These threats often appear in the form of operational, market, or reputational risks. Meanwhile, according to Wheelen and Hunger (2015) in SWOT analysis, threats are described as negative external elements that can disrupt organizational performance, such as the entry of new competitors, changes in customer preferences, or economic fluctuations.

Restaurant

In some literature, several definitions of restaurants are mentioned. According to Kotler and Keller (2016), a restaurant is a form of service business that offers a combination of food products, atmosphere, and services to create a satisfying culinary experience for customers. Meanwhile, according to Walker (2017) explains that a restaurant is a place where customers pay to get food, drinks, and services in a certain environment. Restaurants not only serve food but also provide experience and comfort for consumers.

METHOD

This study uses a descriptive qualitative method, aiming to provide an in-depth description of a situation or phenomenon as it is, without making changes or manipulations to the variables involved. This method focuses on efforts to understand and explain social reality based on data obtained directly from the field (Sugiyono 2017). with the theoretical approach of E. Jerome McCarthy (1960). The following are the procedures for collecting and analyzing through observation, interviews, and documentation to then conduct descriptive data analysis to understand the market segmentation strategy applied. This study groups travel agents into three clusters based on budget, namely economy, middle, and premium.

RESULTS AND DISCUSSION (HEADING 1 STYLE)

    A.   Overview of Royal Palm Resto

Royal Palm Resto was established on March 23, 2023 and is located in Tirtomartani Village, Kalasan District, Sleman Regency, Special Region of Yogyakarta Province. This restaurant is about 13 km from the center of Yogyakarta City and is surrounded by several popular tourist attractions such as Prambanan Temple, Ratu Boko Temple, Kalasan Temple, Tebing Breksi, Obelix Hills, and HeHa Sky View. Royal Palm Resto occupies an area of 3,000 m² with a capacity of 300 seats and is equipped with various venues, including a main hall, dining café, outdoor rooftop area, meeting room, and gazebo. This restaurant also provides a choice of air-conditioned and non-air-conditioned rooms. Other facilities available include a large parking area, clean toilets, a prayer room, and other supporting equipment. Restaurant operations are divided into two work shifts with operating hours starting from 09.00 WIB to 22.00 WIB. This restaurant has 34 employees led by a Resto Manager. The organizational structure includes several departments, namely:

1. Food & Baverage Product

2. Food & Baverage Service

3. Finance

4. Sales & Marketing

5. Housekeeping

6. Security

The service system at Royal Palm Resto consists of a la carte and banquet, supported by a sales system using Moka POS for front-end transactions and A-Jurnal for back-office management. As a long-term vision, the owner of Royal Palm Resto hopes that this restaurant can become one of the best restaurants in the Yogyakarta area, providing benefits for all parties involved in management, be it the owner, management, or employees.

Guest visit data by segmentation in 2023

SEGMENTATION	MONTH							
	MAY	JUNE	JULY	AGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
corporate	656	250	130	45	150	15	370	298
government	45	177	0	308	340	480	575	148
regular	272	23	274	202	455	155	15	100
travel agent			335	944	975	1339	1965	3410
wedding						450	50	770
cooking clas								35
	973	450	739	1499	1920	2439	2975	4761
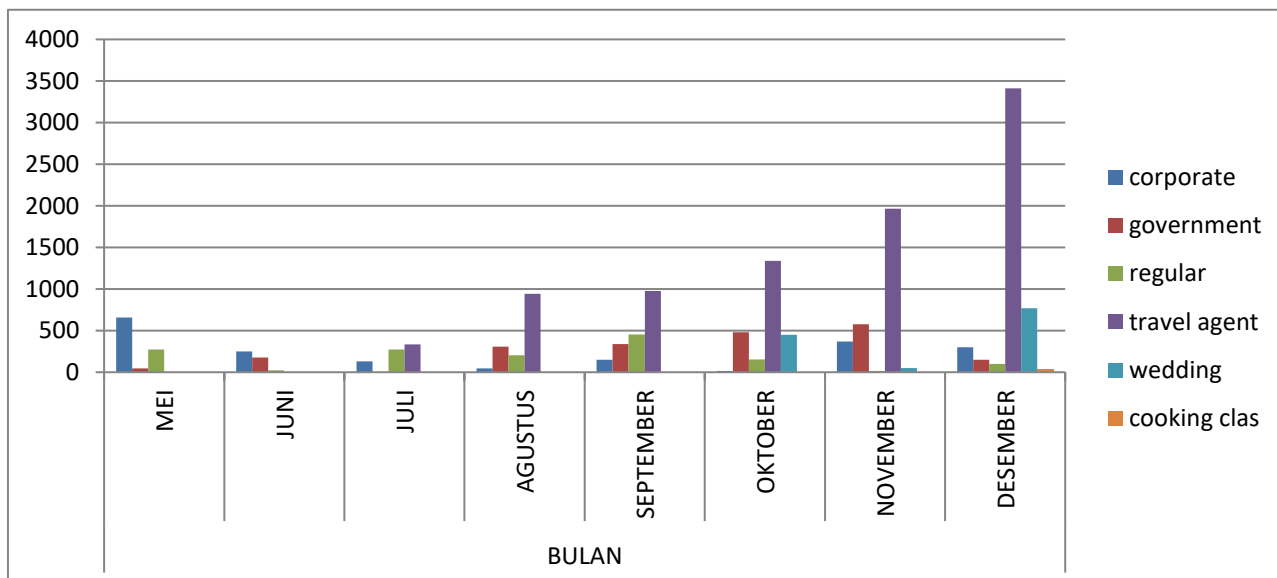
B. Marketing Strategy

Overall, the company is targeted an average of Rp. 450,000,000 per month, to support the success of what must be achieved, the management carried out several strategies at the beginning of this restaurant and grouped several market segments including regular and event segments, regular guests can be said to be those who come directly to the restaurant and order a menu when they arrive which is in small groups, while the event segmentation is guests who come in large numbers and usually make reservations in advance (meetings, weddings, social gatherings, group tours, birthdays, seminars, boxed rice, social events) from both segments have been given to each sales marketing team according to the segmentation that is their

responsibility, and to make it easier for the sales marketing team to run several alternative menu packages according to their segmentation.

1. **Product (menu) & Price**

Table of Menu package according to segmentation

Kind of Packet	Segmentation	Price Range
	Regular	**Rp.50.000 – 200.000/Person**
Event Package		
Meeting	Event	**Rp.75.000-250.000/ Person**
Wedding	Event	**Rp. 5.999.000-107.999.000/ Person**
Arisan	Event	**Rp. 68.000-100.000/ Person**
Rice Box	Event	**Rp. 25.000-45.000/ Person**
Birthday party	Event	**Rp. 75.000-128.000/ Person**
Travel agent		
(economics)	Event	**Rp. 25.000-35.000/ Person**
(medium)	Event	**Rp. 55.000-85.000/ Person**
(premium)	Event	**Rp. 100.000-200.000/ Person**

Special menu packages for travel agents are prepared based on management policy by setting a minimum order limit and menu composition that uses relatively low-cost raw materials. This strategy is designed to ensure that material costs are in accordance with predetermined targets. In addition, reducing production costs in large quantities is a top priority. One of the steps taken is to procure raw materials from the wholesale market when receiving large orders. Direct purchases at the wholesale market allow management to significantly reduce raw material costs, thereby supporting the operational efficiency of the restaurant.

2. **Place**

Royal Palm Resto is in a strategic location, close to various popular tourist attractions that are crowded with visitors. This location provides its own advantages, especially for travel agents, because it makes it easy for them to use this restaurant as a transit and resting place for tourists. With its distinctive classic modern building and competitive prices, Royal Palm Resto is the main choice for many travel agents. This restaurant offers many interesting photo spots that are an additional attraction for visitors. Some of them are nature paintings, Semar statues, classic stairs, gardens, and rooftop areas that offer views of passing trains and the background of Mount Merapi. If you are lucky, visitors can also enjoy the beauty of the sunset from this location.

For guests who want to visit, reservations can be made by phone, digital platforms, or by coming directly to the location. However, for large numbers of guests, it is advisable to make a reservation in advance to facilitate the service system. For large groups, the restaurant serves with a banquet service method for a minimum of 30 people in one visit. Meanwhile, for groups under 30 people, service is carried out with a family-style service method. Although it often receives a large number of guests, Royal Palm Resto maintains the quality of service from the beginning of arrival until guests leave the location. Every step of the service is designed to provide a deep impression and create comfort in order to build customer loyalty. Complete support facilities further add to the comfort of visitors. This restaurant has a large parking area that can accommodate up to 20 buses, 20 clean toilets, and a location that is easily accessible from various directions, either by bus or private vehicle.

3. **Promotion**

Royal Palm Resto implements promotional strategies through two main approaches, namely offline, online and sales calls.

a. Offline Promotion

Offline promotions are carried out through various routine activities, including:
1) Holding promo and voucher bundling for certain events, such as big days or holidays.
2) Installing banners and billboards in strategic locations to increase restaurant visibility.
3) Participating in social activities, such as tree planting programs and sponsoring other social events.
4) Carrying out special promotions for travel agents, with various activities such as:
    a) Sales trip, which is direct promotion to travel agents.
    b) Table top and fam trip (familiarization trip) as a promotional media to partners.
    c) Supporting joint programs of the Tourism Office and tourism associations through sponsorship activities.

b. **Online Promotion**.

Online promotions are carried out actively by utilizing various digital platforms, including:
a. Social media, such as Instagram and TikTok, to publish promotional content and support paid advertising strategies.
b. Web blasting, which is used to manage customer databases and is integrated with restaurant e-catalogs.
c. Preparation and planning of monthly promotional content, designed to strengthen brand awareness and customer engagement.

In addition, Royal Palm Resto also offers special programs for travel agent partners, such as providing free food and drinks, cigarettes, and commissions as a form of appreciation.

c. **Sales call**

To support marketing effectiveness, the marketing team routinely conducts sales calls, which are direct meetings with potential customers. This activity aims to provide offers, explain the services provided, and convince customers to choose Royal Palm Resto.

Palm Resto implements promotional strategies through two main approaches, namely offline, online and sales calls.

With a combination of offline and online promotional strategies, Royal Palm Resto seeks to expand market reach, build good relationships with partners, and continuously increase customer loyalty.

CONCLUSION

This study evaluates the effectiveness of Royal Palm Resto's marketing strategy with a focus on the travel agent segment in Sleman Regency, Yogyakarta. Based on interviews with marketing managers and observation data, it was found that this strategy successfully increased travel agent engagement through service adjustments such as menu variations, commissions, and free meals for crews. This is evidenced by a sample of guest visit data before and after implementing travel agent market segmentation, it was found that the number of guest visits in May and June was relatively small compared to the months after this strategy was implemented. However, the main challenge arises from the cost of food production and additional facilities which are quite high.

Identified opportunities include the growth of tourism in Yogyakarta and the potential for increased visits from large tourist groups. Market segmentation based on budget clusters (economy, middle, premium) is an important framework for tailoring services to the specific needs of each segment.

Price and production adjustments have been made to reduce operational costs, especially in serving large tourist groups. These measures include the use of local ingredients and efficiency in resource management, which helps improve the sustainability of restaurant operations.

Suggestion

1. Optimizing Production Costs: It is recommended to rely more on quality local raw materials and develop more efficient production processes to reduce expenses.

2. Service Diversification: In addition to travel agents, restaurants can start exploring other market segments such as community or family events to expand their customer base.

3. Partnership Development: Increasing cooperation with travel agents, including providing joint promotional packages, can strengthen business relations and increase loyalty.

4. Continuous Evaluation: Conducting regular evaluations of the results of marketing strategy implementation in order to adjust approaches that are more relevant to market dynamics.

5. Increasing Digital Branding: Using social media and digital platforms to promote restaurant excellence, especially to target markets outside Yogyakarta, can help increase visibility.

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