



Selecting the Best Alternatives of Virtual Hotel Operator Using SMART Analysis: A Case of CBS Hotel

Anly Syaban Nurul Hadi¹, Santi Novani²

^{1,2} Master of Business Administration Program, School of Business and Management, Bandung Institute of Technology

ABSTRACT: This study investigates the strategic decision faced by CBS Hotel in 2024, following the decline in revenue in 2024, despite stable occupancy rates. The decline was not caused by reduced demand, but rather by centralized pricing policies, and internal competition from an increasing number of properties managed by the same Virtual Hotel Operator (VHO). The purpose of the research is to analyze the root causes of the performance decline and evaluate whether the CBS Hotel should renew its partnership with RedDoorz or switch to OYO or Zuzu. The research employs a two-stage methodology, the first stage is a root cause analysis, which is conducted using the Ishikawa Diagram and Porter Five Forces Analysis to explore environmental, operational, and market-based pressures. Second, a structured decision-making framework is applied using Value Focused Thinking (VFT) and SMART (Simple Multi Attributes Rating Technique) method to assess three alternative VHO options. Six criteria are generated, which consist of: pricing autonomy, commission scheme, operational support, average room rate, occupancy, and contract flexibility. Findings indicate that RedDoorz scores highest across the criteria. Making it a more strategically aligned option. However, the study also recommends that CBS Hotel leverage its high-performing status to negotiate better terms, particularly in rate control and area exclusivity. This study demonstrates the value of combining root cause identification with multi-criteria decision-making analysis to guide hotel budget segments or industries to optimize the 3rd party partnership with the VHO business model company in a highly competitive urban market.

KEYWORDS: Ishikawa Diagram, Porter 5 Forces, SMART Decision Analysis, Value Focused Thinking, Virtual Hotel Operator.

I. INTRODUCTION

The growth of Indonesia tourism sector has driven the emergence of alternative hotel business models, such as Virtual Hotel Operator (VHO), from the customer perspective this business model became the attractive options because they will standardized the service of a budget hotel under their network, but with the affordable price and strategic location [1], from the hotel owner side this business model offer standardized branding, digital marketing, distribution of sales, and centralized booking systems for budget hotels. While these partnerships provide operational advantages and market access, they also present strategic challenges for hotel owners, especially in terms of pricing control, competition management, and long-term revenue sustainability [2]. CBS Hotel, a hotel property located in Bandung city, Indonesia, is one of the top revenue-generating hotels under the RedDoorz network. However, in 2024, CBS Hotel recorded a revenue decline, despite maintaining a stable occupancy rate. This become the anomaly that requires the management to re-assess and evaluate the partnership with RedDoorz, especially after the increase of properties affiliated with RedDoorz in Bandung, this could intensified the internal competition and potentially diluting the demand within the same networks or platform, especially at the end of this year, the CBS should decide whether they will renew its partnership with RedDoorz for the next 3 years contract agreement, or to switch to another operator.

The situation stimulates a strategic question such as “Which one of those options could be the best alternative for CBS Hotel to choose?” Given the high impact of this strategic decision, that could affecting the hotel financial future, operational autonomy, and most likely their ability to survive within the very competitive and rapidly changing industry, the structured decision-making approach is required, therefore, this study integrates the combination of root cause analysis to identify the cause of the issues of declined revenue throughout 2024, and with the insight generated from root cause analysis combined with value focused thinking (VFT) framework to identify the criteria based on CBS Hotel strategic objectives, and to assess the criteria using a Simple Multi Attribute Rating Technique (SMART) to identify CBS Hotel best alternatives.

By combining the qualitative diagnostic tools with quantitative tools such as multi-criteria decision analysis, this study aims to offer practical guidance for independent hotel owners who face similar dilemmas, particularly in saturated urban markets where VHO platforms dominate the budget segment.

II. LITERATURE REVIEW

The rapid expansion of the Virtual Hotel Operator business model, like RedDoorz, OYO, and Zuzu, is reshaping the structure and competitiveness in the Indonesian budget hospitality market [3]. This aggregator provides the hotel a solution of technological infrastructure, booking platforms, and standardized branding, which are beneficial for budget hotel accommodations [1]. To manage their hotel professionally because it became the pain point from the hotel point of view to manage every aspect all at once; however, this benefit also comes with a cost of losing pricing autonomy, contractual rigidity, and increasing dependency on an operator [2]. To understand this strategic shift, the Porter Five Forces model explains how competitive forces such as supplier power and rivalry shape strategic outcomes in any industry [4], and Porter Five Forces will offer a useful lens to analyze competitive dynamics and power distribution within the operator ecosystem [5]. By evaluating these forces, CBS Hotel could develop a sustainable competitive strategy to navigate the challenges and improve its market position and bargaining power, as it aligned with the previous research by [6], which demonstrated that the agreement between VHO and the Hotel does not contain principle of proportionality. Hotels affiliated with VHO often face an intense rivalry, low bargaining power, and limited differentiation options.

Root Cause Analysis tools such as the Ishikawa Diagram have been used to investigate how pricing controls, internal competition, and rigid fee structures affect performance [7]. It will be useful in breaking down complex performance issues into structured categories for a deeper analysis of the root causes [8]. And to prevent the research is only reaching the symptoms [9], which will cause ineffective solutions for CBS Hotel. After revealing the reason behind the revenue declined trend throughout 2024 performances, a reactive evaluation of alternatives from CBS Hotel (RedDoorz, OYO or Zuzu) may overlook the values central to hotel/business sustainability, the Value Focused Thinking (VFT) model could address this gap by helping the decision maker to, first, define core objectives before deriving the decision criteria [10]. This approach is particularly effective when combined with the SMART (Simple Multi-Attribute Rating Technique) method, which will supply the CBS hotel a clarity and a structured evaluation using a multi-criteria trade-off.

The integration of qualitative techniques, with quantitative tools like the SMART method, will allow a CBS Hotel to have a robust, mixed-method design [11]. This hybrid is especially relevant in the hospitality context, where decision-making will accommodate the stakeholder values, market complexity, and evolving customer expectations. Hence, the CBS Hotel case offers an ideal context for applying this integrative framework to determine the optimal VHO partnership aligned with their long-term strategic goals.

The different of these studies with the previous studies, which revealed the benefit of partnership with Virtual Hotel Operator [1], which emphasize that VHO is provide enhanced occupancy, customer satisfaction, guest loyalty and both domestic and international visibility [12], the critical success factor of partnership with Virtual Hotel Operator from the business owner perspective [3], and from the operator perspective [2], is that this studies will offer a practical decision support frameworks, that combining root cause analysis of the problem, and elaborate it using Value Focused Thinking framework to generate the criteria that align with the strategic goals of the business, and decide it using a SMART analysis with qualitative and quantified metrics, that will be a customizable and or replicable and model that will particularly offer valuable insight for independent hotel owners in emerging market who face a complex decisions related to third party operators.

To illustrate this research framework, which provides a structured approach for CBS Hotel VHO selection. By integrating root cause analysis, competitive strategy evaluation, and structured decision-making, this framework ensures that this research can provide a rational, transparent, and strategic decision regarding the CBS Hotel Issue. [10]. The structure of this research's conceptual framework is presented as follows:



Figure 1: Conceptual Framework

III. RESEARCH METHOD

This study applied a mixed-method framework to analyze CBS Hotel's strategic decision on renewing its partnership with RedDoorz or shifting its partnership to OYO or Zuzu. The research integrates Root Cause Analysis (Ishikawa Diagram), competitive assessment (Porter Five Forces), and value-based decision making, which combines a Value Focused Thinking framework and Simple Multi-Attributes Rating Technique tools to produce a replicable and stakeholder-aligned evaluation model.

The qualitative phase involves a semi-structured interview with the CBS Hotel owner as the decision maker and the representative of RedDoorz, OYO, and Zuzu. The response was to extract the strategic values and operational concerns [11]. Additionally, secondary data was also obtained from performance reports, such as average room rates, occupancy, and commission scheme.

For the diagnostic of the root cause analysis, the Ishikawa Diagram was used to visualize the root cause of the CBS Hotel issue, which was declining revenue. It's revealed that a lack of pricing autonomy and a centralized pricing strategy were the cause of this issue. This was reinforced by Porter's Five Forces analysis, which highlighted that supplier power and internal rivalry as pressures that affect the performance [4].

In the part of analyzing the best alternatives, the Value Focused Thinking framework was applied, resulting six strategic attributes: Pricing autonomy, commission rate, average room rate, operational support, contract flexibility, and occupancy. These attributes were prioritized using weighting obtained from decision maker input and evaluated using the SMART method by scoring each criterion from a scale of 0-100, producing the final score for each alternative, and choosing the one with the highest score.

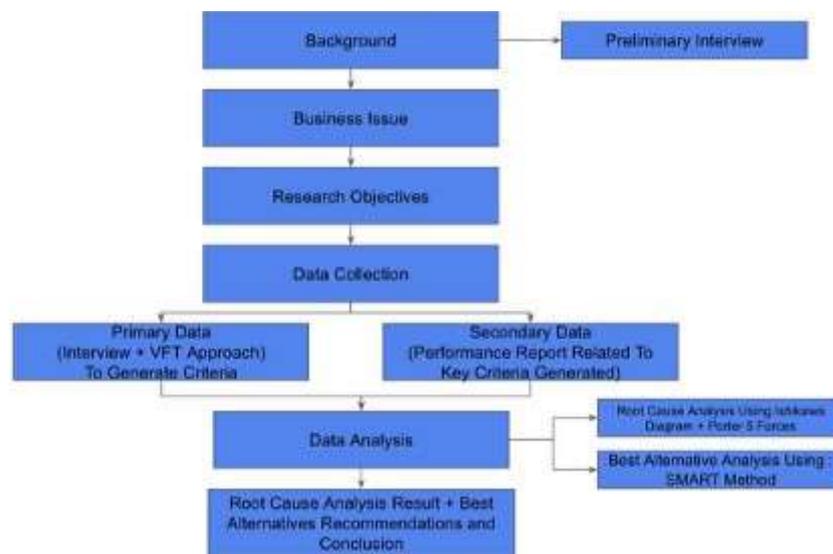


Figure 2: Research Design

To validate the model's robustness, a sensitivity analysis was conducted, assessing the impact of weight changes across two grouped dimensions: Strategic Flexibility and Performance Metrics. The model's output was visualized and triangulated with interview data to ensure internal consistency. This approach enhances both analytical rigor and managerial relevance in VHO selection for CBS Hotel.

IV. RESULTS AND DISCUSSIONS

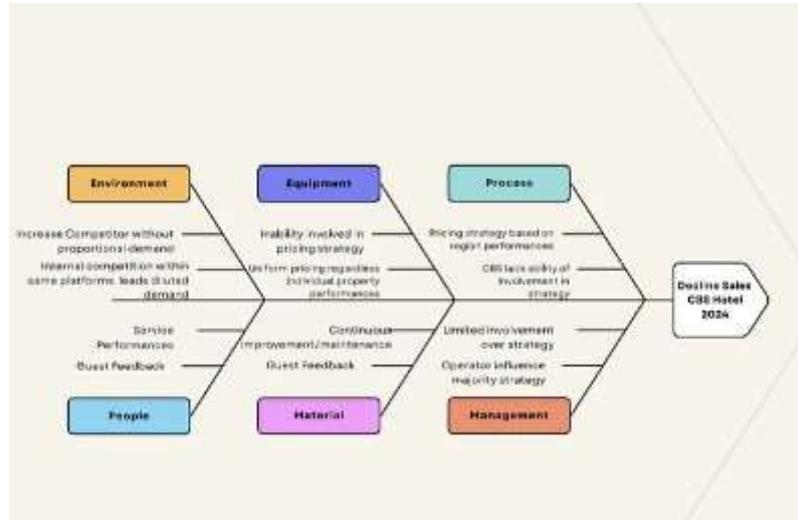


Figure 3: Ishikawa Diagram of CBS Hotel Root Cause

A. Root Cause Analysis

1. *Environment:* At the macro level, no major disruptions such as pandemics, disasters, or force majeure conditions happened throughout 2024 to discourage or restrict domestic travel. Tourism in Bandung remains healthy, with data showing a growing interest in local travel. However, at the micro level, CBS Hotel faced internal competition in the Bandung area due to the rapid expansion of RedDoorz properties within the same city. The number of RedDoorz-managed properties in Bandung is rising from 116 to 135 (16,38%) increase from 2023 to 2024. This growth of supply, unaccompanied by a proportional growth in demand, led to demand dilution, where hotels were forced to compete under the same brand, where a stable market was fragmented across more properties. Although CBS Hotel's occupancy performance throughout 2024 compared to 2023 is experiencing a slight increase (2.07%), it wasn't reflected in the average of their room-rate increase because of the excessive supply in the RedDoorz ecosystem, which prevented them from increasing the rate of CBS Hotel due to ensuring all the hotel is applying the parity concept within VHO Network.

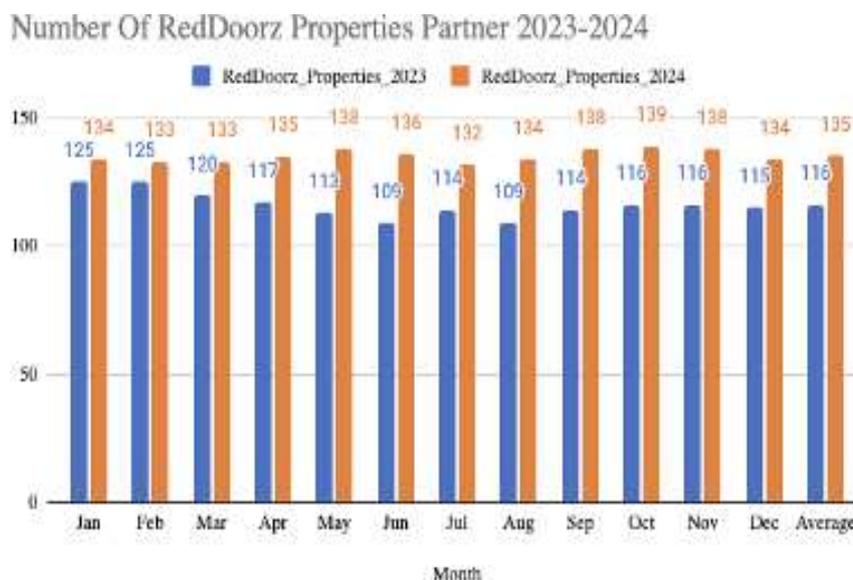


Figure 4 RedDoorz Properties Within 2023 and 2024

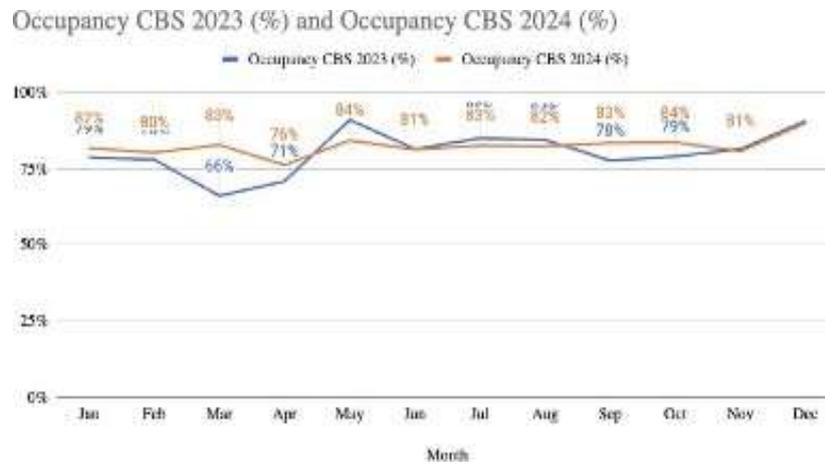


Figure 5 CBS Monthly Occupancy 2023-2024

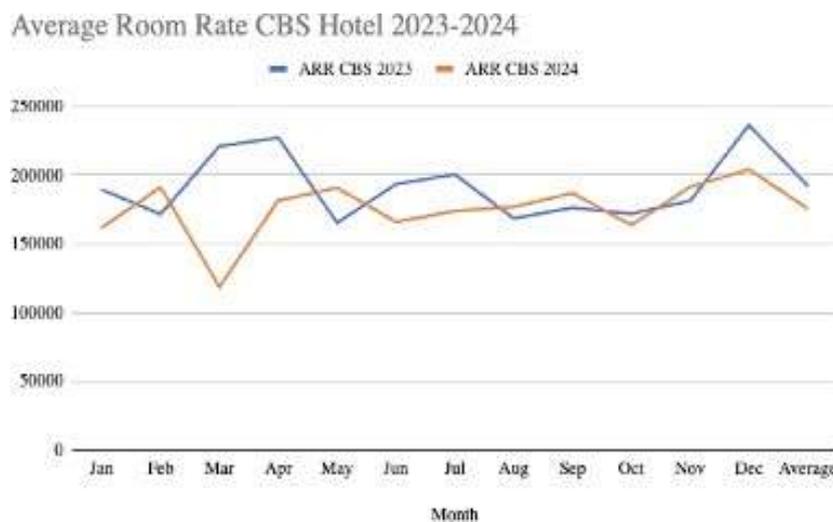


Figure 6 CBS Monthly Average Room Rate 2023-2024

2. *Equipment*: Physically, CBS Hotel maintained a high-quality infrastructure and service, because they have a policy to spend 20% of its revenue on infrastructure improvement. In 2024, the same policy was also applied. As a service or hospitality company that has strong relations from their equipment to guest satisfaction/response, CBS Hotel's assessment of equipment could be represented by their rating from their guest, throughout 2023 and 2024 the trend of their rating is showing good trend, they experienced a growth of +0.89% from their average rating throughout 2023 which at 4.7 to become 4.74 throughout 2024, meaning that based on the equipment perspective, they still maintain and get the positive judgment from their customer. But from the non-physique equipment such as software, they have limited autonomy to set the right price on certain conditions because the price-setting was conducted fully by RedDoorz as their operator based on regional metrics, this centralized control prevents CBS Hotel from optimizing their pricing strategy based on their individual property performances, as the result, CBS Hotel was unable to increase their room rates during high demand periods if the rest of other properties that operated within the same location or characteristic were underperforming. The pricing engine pulled CBS Hotel downward, despite the good performance, to balance the other properties and still apply the parity concept (similar price for similar property).

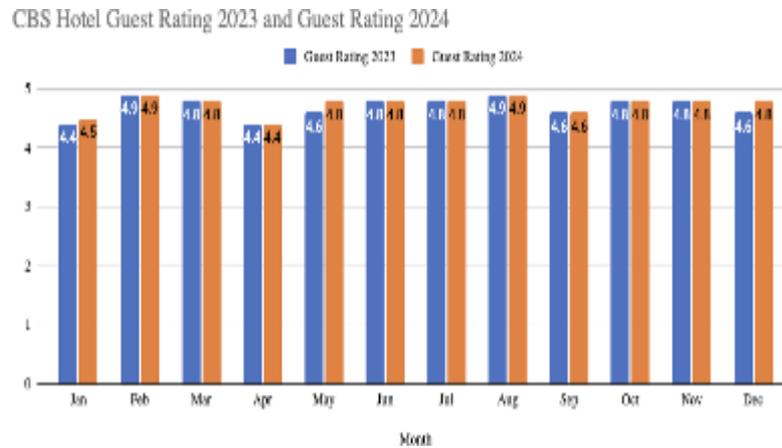


Figure 7 CBS Hotel Guest Rating Score 2023-2024

3. *Process*: CBS Hotel's daily operational process remained stable, efficient, and well-executed. No major internal issues or inefficiencies were reported throughout 2024. However, the CBS Hotel lacked autonomy, especially in price management; price setting was conducted collectively by RedDoorz as their operator based on their regional metrics. This centralized control prevented CBS Hotel from optimizing its pricing even when the good performance. As we can see in Figure 5. CBS Monthly Occupancy 2023-2024 and Figure 6 CBS Monthly Average Room Rate 2023-2024, the trend shows us that even though the trend of their occupancy performance has increased (2.07%) and not even decreased, however, the Average Room Rate from 2023 to 2024 is experiencing a decrease of 9.80% 2023 to 2024.

4. *People*: From the people's perspective, CBS Hotel showed no decline in service quality or customer satisfaction. In fact, the occupancy rates were slightly higher in 2024 than in 2023 (+2.07%), and the guest rating also shows a similar result (+0.89%) from 4.7 throughout 2023 to 4.74 throughout 2024. This indicates a good and consistent staff or people performance and could continue a good trend to attract customers. This suggests that the workforce was not contributing to a factor that caused the revenue decline of CBS Hotel in 2024. The hotel teams maintained their service delivery and stable guest numbers, reinforcing that internal personnel and operations of their people were not part of the problem.

5. *Materials*: No decrease in room quality, furniture, and service overall. CBS Hotel continues its maintenance policy to spend 20% of its revenue on maintenance purposes. Guest feedback regarding the room and service remains positive, as shown in Figure 7 CBS Hotel Guest Rating Score 2023-2024 The rating from 2023 has increased (+0.87%) from a monthly average of 4.7 in 2023 to 4.74 in 2024.

6. *Management*: The management part is already doing good things throughout 2024, it was proven by the number of satisfied guests through a number of good ratings as a result, and the ability to attract customers by their service through a number of occupancies demanded as a result. However, CBS Hotel had minimal control over key strategic decisions, such as pricing policy, because its operator controls all policy and strategy from the sales side. This was a crucial part because they have a direct impact on the revenue that will be generated in the end.

This study was conducted to support CBS Hotel's strategic decision on whether to continue its partnership with RedDoorz or to shift to an alternative Virtual Hotel Operator, such as OYO or Zuzu. The 1st phase of analysis focused on identifying the root cause of the CBS Hotel revenue decline issue throughout 2024. Although total room sales and occupancy rates remained relatively stable compared to the 2023 results, average room rate declined. A detailed root cause analysis by utilizing the Ishikawa Diagram framework revealed that the problem stemmed not from the demand decrease trend issue, but from internal structural factors, particularly CBS Hotel's lack of pricing autonomy and the increase in RedDoorz-affiliated properties in the Bandung area, which grew from more than 10% within a year. This high expansion led to demand dilutions, where CBS hotel was forced to compete with other hotels under the same brand [13], diluting its ability to optimize revenue despite strong relative performances.



This was further validated using the Porter Five Forces analysis, which highlighted the disproportionate supplier power held by RedDoorz and the intensified internal rivalry within its ecosystem. RedDoorz' centralized pricing control and unified branding limited CBS Hotel's ability to differentiate itself or adjust prices according to its real performances and local demand. In addition, switching costs and limited contractual flexibility left CBS Hotel in a dependent and unbalanced negotiation positioning. These findings are consistent with previous studies on the risk of platform dependency in the budget hospitality sector, which somehow did not reflect balanced proportionality. For example, found that VHO tend to centralize strategic control to achieve network-wide efficiency, often at the expense of the property level of autonomy. Similar to this, reported that independent hotels in Jakarta experienced similar difficulties in renegotiating terms under aggregator-driven contracts. This supports the broader notion that while VHOs offer a benefit, such as marketing leverage, they can impose a structural limitation that hinders individual revenue growth. However, this study explores and continues several previous studies by integrating a root cause analysis with a structured decision model (VFT-SMART), a method that has not yet been widely applied in the Indonesian hospitality context.

B. Porter Five Forces Analysis

1. Threat of New Entrants: The VHO model drastically lowers the barrier for new hotels, making it easy for small or previously unlisted properties to become CBS competitors. In CBS Hotel's case, this means that facing new competition that has emerged in the same operating ecosystem. RedDoorz added 19 new properties throughout 2024. CBS's relative ability to maintain its performance to achieve a good number of occupancy while ensuring a good number of the average room rate is relatively decreased, because the threat posed by of new entrants is quite high, and because the prices are set on certain conditions that are fully operated by their operator based on regional metrics.

2. Industry Rivalry: Competition in the budget hotel segment is intense, particularly within a unified platform like RedDoorz. CBS was not only competing with other brands outside their operator, but also with internal competition between the same RedDoorz Flag. This rivalry, diluted demand, and created pricing pressure.

3. Bargaining Power Of Suppliers: RedDoorz bargaining power over CBS is relatively medium to low, because, CBS Hotel itself is categorized as their top property from several assessments, from the revenue, CBS provides an anomaly result when the average of hotels in the Bandung area are generating only 2.5-3.5 Million per room in average, CBS resulted in 4.6 million/room in 2023 and even in 2024 when they experience a decrease of revenue trend they still able to generate 4.28 million per room as the result. This is still above the average number of properties operated by RedDoorz in the Bandung area. And, additionally, RedDoorz's social media is also promoting the CBS Hotel as the "recommended" property to stay in the Bandung area because they have a high number of ratings, reflecting that there are so many guests who are already satisfied with their experience by staying in the CBS Hotel as their accommodation. This fact could be utilized as a fact to have more bargaining power in the negotiation process of deciding whether to renew or to move to another operator, because, by this fact, the CBS Hotel also has its own bargaining power.

4. Bargaining Power of Buyers: The bargaining power of buyers is medium. In fact, consumers in the budget hotel market are highly price-sensitive and digitally agile, and a minor price difference can push potential guests to choose another hotel within the same platform or even a competitor on different apps. The result shows a vice-versa fact because even by the number of options, there are so many options to choose from if the priority of the customer is to always find a cheaper or affordable price, but until now, the number of guests or demand generated to CBS Hotel is showing a good trend (increase).

5. Threat of Substitutes: Alternative accommodations such as guest houses, hostels, and Airbnb concepts continue to rise, although they may have a different target and slightly different demographic. Nevertheless, the increased choice could fragment demand further. While not the main threat, substitutes add complexity to CBS Hotel's competition.

B. VFT and SMART Analysis

In response to CBS's current challenges, the 2nd phase of analysis applied a value-focused thinking framework to translate the hotel's long-term values into 6 strategic decision attributes:



Table I: Criteria, Weight, and Description

Criteria	Weight	Description
Pricing Autonomy	19.57%	Ability to set and adjust the rate independently
Average Room Rate	18.48%	The partner's influence on achieving competitive yet profitable pricing
Commission Scheme	17.39%	The percentage of booking fees charged by the operator and how it impacts the net revenue from the hotel
Operational Support	16.30%	The availability of a relationship manager, training, dispute resolution, and customer services
Contract Flexibility	15.22%	The degree to which partnerships allow for renegotiation, exit clauses, and localized exceptions
Occupancy	13.04%	The operator's effectiveness in driving traffic and bookings for their partner.

The result of VFT generated in here, is aligned with the previous research of Critical Success Factors (CSF) for small and medium sized hotel partnership with virtual hotel operators that combined the perspectives of owner and operators by [3], the result generated for CBS Hotel is not only aligned with their strategic objective goals, but also with the critical partnership factor revealed from the previous research.

Each of these attributes was then evaluated using the Simple Multi-Attribute Rating Technique (SMART) method. RedDoorz, OYO, and Zuzu score in the range of 0-100, based on the qualitative and quantitative insights and factual service comparison gathered during interviews and secondary data analysis.

Table II: Score For Each Criteria from RedDoorz, OYO and Zuzu

Criteria	Weight	RedDoorz Score	OYO Score	Zuzu Score
Pricing Autonomy	19.57%	70	60	50
Average Room Rate	18.48%	57.82035151	43.09650162	14.98313952
Commission Scheme	17.39%	62.7896812	58.33118689	13.60869523
Operational Support	16.30%	90	50	30
Contract Flexibility	15.22%	90	70	60
Occupancy	13.04%	70.37949729	77.13159192	27.05766387



The weighted score calculation produced the following results as the final scores:

Table III: Score For Weighted RedDoorz, Oyo, and Zuzu for Each Criteria

<i>Criteria</i>	<i>Weighted Score RedDoorz</i>	<i>Weighted Score OYO</i>	<i>Weighted Score Zuzu</i>
<i>Pricing Autonomy</i>	13.699	11.742	9.785
<i>Average Room Rate</i>	10.68520096	7.964233499	2.768884183
<i>Commission Scheme</i>	10.91912556	10.1437934	2.3665521
<i>Operational Support</i>	14.67	8.15	4.89
<i>Contract Flexibility</i>	13.698	10.654	9.132
<i>Occupancy</i>	9.177486447	10.05795959	3.528319369
<i>Total</i>	72.84881297	58.71198649	32.47075565

As a result of the SMART calculation, we could see that it clearly shows RedDoorz outperforms OYO and Zuzu, particularly on the 5 most strategically weighted attributes, such as: Pricing Autonomy, Average Room Rate, Commission Scheme, Operational Support, and Contract Flexibility. OYO scores a higher score in the criteria of occupancy performance. These attributes were relatively less prioritized in the CBS Hotel value based on the decision framework.

Table IV: Benefit-to-Cost Ratio

<i>Alternative</i>	<i>Cost (Commission)</i>	<i>Aggregated Benefit</i>	<i>Benefit-to-Cost Ratio (Aggregated Benefit / Cost)</i>
<i>Alternative 1: Renew With RedDoorz</i>	23.00	72.8	3.17
<i>Alternative 2: To Have a New Agreement With OYO.</i>	24.00	58.7	2.45
<i>Alternative 3: To Have a New Agreement with Zuzu.</i>	27.00	32.5	1.20



Benefit-to-cost evaluation is also done to further validate each alternative, to quantify how much value CBS Hotel receives relative to the commission cost paid to each Virtual Hotel Operator (VHO). RedDoorz, with a commission rate of 23%, achieved an aggregate weighted score of 72.8, resulting in a benefit-to-cost ratio of 3.71. In contrast, OYO and Zuzu, with a 24% and 27% commission rate, achieved a lower benefit score of 58.7 for OYO and 32.5 for Zuzu, resulting in a ratio of 2.45 for OYO and 1.20 for Zuzu. This indicates that for every 1 % commission paid, RedDoorz delivers 3.17 units of value, whereas OYO and Zuzu only provide 2.45 and 1.20. From a financial efficiency point of view, this reinforces that RedDoorz provides a higher value per cost incurred, making it not only a better-performing partner but also the more cost-efficient strategic choice for CBS Hotel.

To check and ensure the decision remains robust under changes in weighting or scoring assumptions, a sensitivity analysis was performed by dividing the six criteria into two groups:

Table V: Criteria Strategic Factor and Criteria Performance Metrics

Criteria Strategic Factor	Criteria Performance Metrics
Pricing Autonomy	Average Room Rate Performances
Operational Support	Commission Scheme
Contract Flexibility	Occupancy

Simulation was conducted by alternately zeroing out the weights of each group to test whether the ranking between RedDoorz, OYO, and Zuzu would shift as the best alternatives were generated. The results are summarized in the table below:

Table VI: Score Of Sensitivity Analysis

Alternative	Strategic Factor Score	Original Score	Performance Metric Score
RedDoorz	82.34042553	72.84881297	62.93632983
OYO	59.78723404	58.71198649	57.58930268
Zuzu	46.59574468	32.47075565	17.71432138

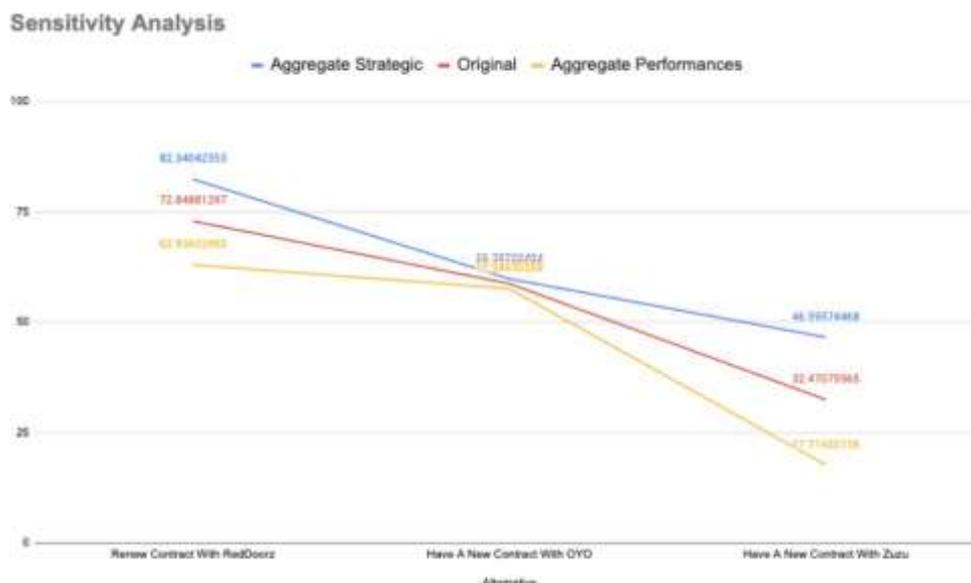


Figure 8: Sensitivity Analysis Graph



The analysis reveals that even when either set of attributes is excluded, RedDoorz consistently maintains a higher aggregate value than OYO and Zuzu. This demonstrates the robustness of the model and supports the conclusion that the CBS Hotel decision is not overly sensitive to changes in weighting assumptions, strengthening confidence in the final recommendations.

It is important to note that even though RedDoorz was identified as a better alternative in this case, this decision is not unconditional. The research recommends that CBS Hotel leverage its status as one of the top revenue generators within the RedDoorz network to renegotiate specific contractual terms, particularly those involving rate-setting autonomy and localized market exclusivity, to avoid further dilutions of demand and regain control over its pricing strategy.

By a combination of root cause analysis and VFT-SMART, this study not only identified the operational root cause problems CBS Hotel is facing but also offers a transparent and replicable decision model. It provides a clear and adaptable methodology for other independent hotels in competitive platforms to make decisions that align with their values and long-term strategic goals.

V. CONCLUSION

This research was conducted to address three key objectives: 1 is identifying the root cause behind CBS hotel revenue decline in 2024 which to systematically identify and analyze the root cause of the problem [14], 2 is to determine the key attributes and their relative importance in evaluating virtual hotel operator partnership instead of jumping straight into comparing VHO [15], 3 is to selecting the best alternatives VHO partner between RedDoorz, OYO and Zuzu using a structured decision making-tools to have a structured and proper analysis of decision using SMART method [16]. Through a comprehensive root cause analysis utilizing the Ishikawa Diagram and Porter Five Forces frameworks, the primary driver of CBS Hotel's financial underperformance was identified as internal pricing limitations and a centralized pricing strategy. While CBS maintained the high occupancy (+2.07% compared YoY to 2023) and guest satisfaction (+0.89% compared YoY to 2023) throughout 2024, its average room rate dropped by 9.80%, reflecting the impact of diluting demand and centralized pricing strategy within the RedDoorz property in Bandung.

This scenario created demand dilutions, limiting CBS's ability to optimize their rates based on their above-average performances. Additionally, CBS Hotel's lack of pricing autonomy and limited contractual flexibility further reduced their ability to respond to competitive pressures. These root causes indicate that the revenue challenge is not a symptom of declining service, guest satisfaction, or demand, but as a result of a lack of pricing autonomy, which caused a centralized pricing strategy that affects the decrease of average room rate performance and affects the declining revenue trend overall.

To address this issue, the study employed the Value Focused Thinking approach to derive six decision making criteria: Pricing Autonomy (19.57% Weight), Commission Scheme (17.39% Weight), Operational Support (16.30% Weight), Average Room Rate (18.48% Weight), Contract Flexibility (15.22% Weight) and Occupancy (13.04% Weight). And 3 alternatives: Renew with RedDoorz, move a contract with OYO, or Move a contract with Zuzu. Using a SMART analysis, as a result, RedDoorz outperforms OYO and Zuzu with a higher weighted score across the most critical attributes, particularly in the 5 criteria. Despite its centralized pricing system, this result suggests that while RedDoorz contributed to the revenue stagnation, it's overall support infrastructure, brand strength, and CBS top performer status within the RedDoorz ecosystem provide a strategic leverage to renegotiate partnership terms, rather than ending the partnership and move to another virtual hotel operator option.

Hence, the best course of action is for CBS Hotel to renew its partnership with RedDoorz, under revised contractual conditions, particularly improved pricing autonomy. This approach not only addresses the root cause but also leverages CBS Hotel's favorable positions within the RedDoorz network to regain rate-setting flexibility and preserve long-term profitability.

Future studies should explore dynamic pricing within the VHO ecosystem, especially for high-performing properties. Longitudinal research could assess how changes in commission schemes, platform competition, and customer booking behavior affect partner hotels over time [17]. Additionally, comparative studies involving other VHO models or independent operation strategies in similar competitive environments could further validate the generalizability of this research framework. Finally, ongoing monitoring of renegotiated partnerships would yield a valuable insight into the effectiveness of strategic leverage in asymmetric power relationships between VHOs and partner hotels.



VI. LIMITATION AND FURTHER STUDY

This study was conducted using a single-case qualitative and quantitative approach centered on CBS Hotel, a high-performing property within the RedDoorz network in Bandung. As such, the findings may not be directly generalizable to all hotel types or geographic contexts [18]. The decision criteria, weights, and SMART scores were derived based on in-depth interviews with a single decision maker, which, while valid for internal decision making, may introduce subjectivity when extrapolated to broader hotel management decisions. Another limitation lies in the exclusion of the customer-side behavior, while the study considers pricing autonomy and occupancy as strategic concerns, it does not empirically capture the consumer behavior point of view, such as sensitivity to price changes, brand perception of VHO, or loyalty aggregator platform.

For future research, a multi-case study involving different property types such as mid-scale, luxury, or another non-affiliated hotel would beneficially strengthen the external validity of the VFT-SMART framework. Further, investigating longitudinal outcomes of post-renegotiation strategies could help assess the practical impact of VHO renegotiation on hotel sustainability.

Finally, expanding this research to explore the power dynamics between the VHO and independent properties across multiple Southeast Asian Cities may uncover broader patterns and inform regional policy or partnership governance in the platform-dominated hospitality ecosystem.

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Cite this Article: Nurul Hadi, A.S., Novani, S. (2025). Selecting the Best Alternatives of Virtual Hotel Operator Using SMART Analysis: A Case of CBS Hotel. International Journal of Current Science Research and Review, 8(5), pp. 2637-2649. DOI: <https://doi.org/10.47191/ijcsrr/V8-i5-75>