

PARTNERSHIP IN THE HOTEL INDUSTRY WITH VIRTUAL HOTEL OPERATOR (VHO)

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ABSTRACT; *The hotel business is experiencing the development of a modern cooperation system, namely Virtual Hotel Operator (VHO) which is a company that has a system that has its own application that provides virtual services or remote internet. This study aims to analyze the partnership business system agreement between the hospitality industry and VHO. The research method uses a juridical empirical approach, research that will explore data through field surveys, and uses secondary and primary data sources which are analyzed through qualitative methods. The results of the study explain that the partnership between the hospitality industry and VHO uses a standard form of agreement that makes the hotel not have a bargaining position but VHO is included in a different type of partnership cooperation with partnerships in other hotel industries. There are several disadvantages and advantages in this form of cooperation. The conclusion of this research is that VHO does not cooperate with the franchise concept which is usually done in the hotel industry, namely using and utilizing the values contained in its Intellectual Property Rights, but by implementing a profit-sharing cooperation system. Recommendations The Government needs to support the hotel industry. There is a need for a special law regarding the regulation of cooperation between the hotel industry and VHO in order to ensure certainty and legal protection in carrying out such cooperation..*

Keywords: : Hotel;Virtual Hotel Operator (VHO); Franchise.

INTRODUCTION

Technological developments are increasingly rapid in today's modern era or what is commonly referred to as the Industrial Revolution Era 4.0. The Industrial Revolution Era 4.0 was born due to technological developments that continuously occur in various industrial fields. Technology is the main source of running an industry with the concept of making an industrial workforce more effective and efficient. In a survey conducted by the World Economic Forum (Future of Jobs Survey 2018) it is known that there are 4 technologies that will dominate in 2018-2022, namely: high-speed mobile internet, artificial intelligence, big data analytics, and cloud technology. It is believed that these four technologies will greatly affect the company's business development. By 2022, based on the survey, 92% of companies in Indonesia will adopt the use of big data analytics as one of the main technologies. Likewise, a fairly large proportion will occur for the use of other technologies in the Industrial Revolution 4.0 such as the internet of things, machine learning, and cloud computing.¹

Companies in the hospitality industry are experiencing technological developments with the emergence of Virtual Hotel Operators (VHO). VHO was created to provide innovation to

¹ Taufik Hidayat, "Trend Teknologi Revolusi Industri 4.0," Unida, last modified 2019, <https://www.unida.ac.id/teknologi/artikel/trend-teknologi-revolusi-industri-40.html>.

hotel services to provide convenience. VHO was created with online network technology in the form of a platform. The Virtual Hotel Operator platform is a software medium that is useful as a container used to run software remotely. Technological developments in the hotel industry are in line with the growth of tourism in Indonesia. Indonesia, which is known as a tourism country, has tourist destinations from every region. Based on tourism growth performance data from the World Trade Tourism Council (WTTC), Indonesia is ranked in the top nine in the world. VHO was created to provide accommodation for tourists by providing places at affordable prices by inviting cooperation with hotels or guesthouses in the tourist area. Tourists can easily order from a distance without having to come in person like the old system. For hotel or guesthouse owners, it can increase revenue and the number of guests.

The development using a modern cooperation system called Virtual Hotel Operator (VHO) is a system that has its own application that provides virtual or remote internet services making it easier for guests to book with several choices of room types, room facilities and number of guests, cancel, to provide comments or ratings during the experience of staying at the hotel. VHO provides facilities in the form of a neon box that is placed along with the name of the hotel in front of the hotel to show that the hotel has a partnership with one of the VHOs. Virtual Hotel Operators (VHO) in Indonesia are as follows: Airy Rooms, RedDoorz, OYO Rooms, Nida Rooms, and Zen Rooms.

Virtual Hotel Operator (VHO) is a company that does not have its own hotel building but can sell various rooms by cooperating with various accommodations. The VHO company will rebrand several accommodation rooms that are partners and are sold under the VHO name. Usually the rooms that are sold and rebranded by VHO are rooms that are difficult for accommodations to sell. VHO generally focuses on providing budget hotels or it can be said that hotels at affordable prices with adequate standard facilities.²

With the presence of the VHO, guests can easily order with several choices of room types and room facilities without having to go directly to the hotel, if the guests are suitable, they can book hotels online with the system provided in the form of their respective platforms from the VHO. The number of online hotel bookings in Indonesia has increased from year to year. The number of online hotel bookings in Indonesia in 2017 reached 14.5 million users with a penetration rate of 5.5%. This number increased in 2018, reaching 15.7 million users with a penetration rate of 5.9% and 16.9 million users in 2019 with a penetration rate of 6.3%. This number is projected to increase quite dramatically in 2020, which is 18 million users with a penetration rate of 6.6%, then 18.9 million users in 2021 with a penetration rate of 6.9%, 19.6 million users in 2022, with a penetration rate of 7.1%, and 20.1 million users in 2023 with a penetration rate of 7.2%.³

Problem

Based on the description of the background above, the problems in this study can be formulated as follows:

1. What is the Agreement on the Virtual Hotel Operator (VHO) partnership?
2. What are the main characteristics of a Virtual Hotel Operator (VHO) as a hospitality business partnership that distinguishes it from a franchise partnership business partnership in general?

² Yofana Virgianne, Ni Made Ariani, and Fanny Maharani Suarka, "Pengaruh E-Service Quality Terhadap Kepuasan Wisatawan Nusantara Di AiryRooms Kecamatan Kuta Bali," *Jurnal Kepariwisata Dan Hospitalitas* 3, no. 1 (2019): 108–125.

³ Badan Pusat Statistik, "Statistik Hotel Dan Akomodasi Lainnya Di Indonesia 2020," *Badan Pusat Statistik*.

Research Methods

The research approach used in this research is the juridical-empirical method, which is a type of legal research that analyzes and examines the workings of law in society.⁴ The type of legal research used is descriptive, namely research that aims to describe a thing in an area at a certain time.⁵ The research location is one of the hotels in Pekalongan City. Data sources are in the form of primary, secondary and tertiary legal materials. Primary data can be collected through interviews, observations, and questionnaires.⁶ Secondary data is obtained by means of library activities of legal materials, both primary, secondary, and tertiary legal materials. Literature study in empirical legal research is a data collection method that is used together with other methods in primary data collection techniques.⁷ Tertiary legal materials, legal materials that provide instructions and explanations of primary and secondary legal materials such as dictionaries, encyclopedias, cumulative indexes and so on.

Discussion

1. Model Agreement on Virtual Hotel Operator (VHO) partnership

The cooperation agreement between the Virtual Hotel Operator (VHO) and the Hotel has fulfilled the agreement in Article 1313 of the Civil Code. Article 1313 states that "an act by which one or more people bind themselves to one or more other people." In this case, the hotel party who wants to join and collaborate with VHO voluntarily commits an act that binds itself which, if it has been agreed, is coercive, to bind it with other parties in carrying out its cooperation. The form of agreement in the agreement between VHO and its potential partners includes the standard form of agreement. Standard agreement is a form of contract which in compiling a contract is determined by one party without interference with other parties only then the other party agrees and approves it. While standard clauses are articles contained in standard agreements in the form of electronic/digital or non-digital.⁸

In the application of standard contracts, there are 4 (four) methods or methods for enforcing standard conditions in a standard contract, including:⁹

1) Contract agreement signing

The standard contract agreement document contains complete and detailed terms of the standard contract agreement. When making a standard contract, the document is given to the consumer to read and sign. With the signing, the consumer becomes bound to the standard terms contained in the standard contract agreement.

2) Notification via agreement document

According to prevailing custom, standard conditions are printed on agreement documents that are not signed by consumers, such as acceptance letters, order letters and purchase notes. The standard conditions are notified through the agreement document.

3) Designation in the agreement document

⁴ Salim. HS and Erlies Septiana Nurbaini, *Penerapan Teori Pada Penelitian Tesis Dan Disertasi* (Jakarta: Rajawali Pers, 2014). pages:12

⁵ Ibid. pages:9

⁶ Ibid. pages:28

⁷ Bambang Waluyo, *Penelitian Hukum Dalam Praktek* (Jakarta: Jakarta Sinar Grafika, 2002).

⁸ Fery Nurdiansyah, *Perjanjian Baku, Take It Or Leave It (Badan Perlindungan Konsumen Nasional, n.d.)*.pages:2

⁹ Abdulkadir Muhammad, *Perjanjian Baku Dalam Praktek Perusahaan Perdagangan* (Bandung: Citra Aditya Bakti, 1992).pages:24-26

The agreement document in this case does not contain or write about standard conditions but only refers to standard conditions, for example in a trade sale and purchase document a condition for delivery of goods for free on board means that the standard conditions regarding the delivery apply in the agreement.

4) Notification via bulletin board

Standard terms can be made part of the contents of the agreement by way of notification through the bulletin board. In this case, the notice board must be installed in a clear, easy-to-read place before the agreement is made. If it is seen from the four methods above that when the consumer signs the standard contract offered to him, it means that the consumer agrees to the terms of the agreement contained in the standard contract.

Agreements that have been prepared and determined by VHO are available on their respective website pages for example from one of the VHO websites PT. OYO Rooms Indonesia [https://partner.PT. OYO rooms.com/id/tnc](https://partner.PT.OYOrooms.com/id/tnc) to find out the terms and clauses of the content of the agreement in the form of documents that must be fulfilled by potential partners. Because each VHO uses a standard agreement, the potential partner cannot make an offer or as a bargaining position in the agreement clauses that have been made by the VHO. If the prospective partner agrees to the content clauses of the agreement that VHO has offered, then the potential partner contacts the contacts provided on the website. The VHO agreement is carried out in electronic/digital form, for further VHO visits potential partners to directly assess whether the hotel is worthy of meeting the criteria and requirements to become a VHO partner.

The standard agreement between VHO and hotel partners must still pay attention to the obligations and rights that have been agreed upon and stated in the cooperation agreement that has been agreed for a balance between the parties to the agreement. Although, the agreement is made based on the principle of freedom of contract in the form of a standard agreement considering the principle of balance or the principle of proportionality so that no one is more harmed or more benefited in the agreement.

Cooperation agreements made by a person or an entity whose arrangements have not been specifically regulated in the Law, both the Civil Code and the Commercial Code are called innominate agreements or anonymous agreements. Article 1319 of the Civil Code explains the nameless agreement, which reads: "all agreements, both those with a special name and those not known by a certain name, are subject to the general rules contained in this chapter and other chapters". An unnamed agreement must still be subject to the legal basis of the agreement arrangement in Chapter V to Chapter XVIII of the Third Book of the Civil Code.

In the regulations in the type of cooperation agreement above, PT. OYO Rooms Indonesia makes its own clauses of cooperation agreements freely according to the principle of freedom of contract. This means that the parties are free to make contracts and regulate the contents of the contract themselves, but still pay attention to as long as they fulfill the following conditions:

- a. Qualifies as a contract, and
- b. is not prohibited by law, and
- c. In accordance with the prevailing custom, and
- d. As long as the contract is executed in good faith.

The principle of freedom of contract is a reflection of the open system of contract law. In making a standard agreement/standard contract, if seen, it does not contain elements of the principle of freedom of contract but because of the limitations of the principle of

freedom of contract so that the standard agreement can apply.¹⁰ There is a clause in the CHAPTER 32 agreement in one of the VHOs, namely PT. OYO Rooms Indonesia regarding the Entire Agreement explains: "This Agreement constitutes the entire agreement between the Parties regarding the subject matter and supersedes all prior written or oral understandings or agreements between the Parties in this regard." A cooperation agreement made based on the principle of freedom of contract included in the VHO agreement means an agreement whose arrangements are not regulated by the Civil Code. But looking at Article 1338 paragraph (1) of the Civil Code, the freely made agreement that has been mutually agreed remains valid as law or binding on the parties who made it.

2. The main characteristics of the Virtual Hotel Operator (VHO) as a hotel partnership business partnership that distinguishes it from the franchise partnership business cooperation in general

Virtual Hotel Operator (VHO) is a type of business cooperation that is different from one type of hotel business in general, namely by franchising. In a franchise business, there are people who have rights from the business owner, called franchisors, while people who are given the right to run a business are called franchisees. Franchise business is basically a collaboration between the two parties to form business partners, so there needs to be a balanced fulfillment of rights and obligations. In this franchise, it can be said that as part of the business partner's compliance with the rules of the game given by the franchising entrepreneur, the business partner is given the right to utilize the Intellectual Property Rights and the operational activity system of the franchisor, either in the form of the use of trademarks, service marks, copyright for logos, industrial designs, patents in the form of technology, and trade secrets. The franchisor will then receive a royalty fee for the use of the Intellectual Property Rights and their system of operational activities by the franchisee.¹¹ The franchise business can be found in the food and beverage business in the form of cafes, restaurants and even independent small businesses, hospitals, and hotels. The hotel business is included in the property business as mentioned by the Urban Land Institute (ULI) and Pricewater houseCoopers (PwC) with the title "Emerging Trends in Real Estate Asia Pacific 2014": Hotel- while hotels ranked fifth for investment potential, the sector is still seen as general solid, due to a rapidly growing tourism industry and relatively high yields.¹² The hotel is ranked fifth for investment potential, this sector can be said to have succeeded in attracting business people to choose their investment in the property business, because the tourism industry is growing rapidly and very high returns make the hotel property business very rapidly growing. The hotel sector of the travel industry is the leader according to the indicator of economic growth, which is observed in both developed and developing countries. Even under the economic instability and global natural disasters, the industry has seen growth in recent years. The franchising model for expanding activities is central to all successful hotel chains.¹³

¹⁰ Yanti Malohing, "KEDUDUKAN PERJANJIAN BAKU KAITANNYA DENGAN ASAS KEBEBASAN BERKONTRAK," *Lex Privatum* V, no. 4 (2017): 5–12, <http://notarisnurulmuslimahkurniati.blogspot.co.id/2009/>.

¹¹ Gunawan Widjaja, *Waralaba* (Jakarta: RajaGrafindo Persada, 2003). pages:5

¹² Toman Sony Tambunan and Wilson R.G. Tambunan, *Hukum Bisnis* (Jakarta: Prenada Media, 2019).

¹³ Oleksandr P. Krupskyi et al., "Franchising Model for Expansion of the International Travel Business," *Problems and Perspectives in Management* 15, no. 4 (2017): 230–242.

The collaboration between the Hotel and the Virtual Hotel Operator (VHO) is a profit-sharing collaboration. This is often misunderstood by business actors or the public who want to open a business in cooperation with VHO. It is often understood that a partnership with a VHO is a type of franchise partnership. The difference is that the type of partnership at VHO in the hospitality sector is unique, that is, it has its own VHO platform. VHO uses a modern system with its VHO which is a system that has its own application that provides virtual or remote internet services, making it easier for guests to order with several choices of room types, room facilities and number of guests, cancel, to leave comments or ratings. during your stay at the hotel. In contrast to franchise hotels, they do not have a system on a platform that has its own modern system, but to market it, it can collaborate with Online Travel Agents (OTA), while VHO does marketing more broadly to consumers because it has its own VHO platform and can also partner with OTAs.

The Management franchise (Manchise) model is a model used in the form of cooperation between the hotel and the VHO. This can be seen from the collaboration, by means of the VHO contracting several rooms in the hotel, then all the service facilities available in these rooms are controlled by and on behalf of one of the VHOs. This business model implements a remote-control system with its platform and some hotel management is regulated by VHO. The hotel gives its management business to VHO by redesigning the interior of the selected room, all service facilities are under the name of the VHO brand and in the application contained in the VHO the hotel name is also under the name of the VHO brand, so there will be brand duality that will occur. VHO has the advantage of a more affordable price that has received comfort and good service so that it is in great demand by consumers. The problems that occur in this cooperation partner in determining prices are more controlled by VHO. In the application the price becomes more affordable for consumers but before being marketed the hotel owner must provide a lower price. Thus, the price causes the hotel to not benefit from this low price. The hotel sector is specially interesting for analysis, since: a) internationalization, given the high degree of consumer-supplier interaction, involves necessarily the physical presence in the target country, b) the different ways of entry of the hotel industry cover a wide range of possibilities (management contracts, joint ventures, acquisitions, franchises, wholly owned subsidiaries, etc.) and c) the different cooperative ways of entry have similar or greater importance for the company than the ways that involve total property.¹⁴

Starting a partnership between a Hotel and VHO there are Guidelines that must be met and the Hotel must meet the standard criteria set by the VHO. Starting a business partnership with VHO begins by contacting the VHO contact on the website online. Then, VHO will submit an agreement that it has made, the agreement contains the Marketing and Operational Consulting Agreement, attachments, and online terms and conditions. Then VHO will check on the hotel if it meets the standard criteria set, then VHO agrees to make the hotel its business partner.

Problems can occur in all agreements including standard agreements between hotel partners and one of the VHO partners. The problems that occur in the management franchise (Manchise) partnership business are the need for legal protection for the implementation of the partnership agreement in the hotel and VHO business. In the partnership agreement, it is necessary to explore the contents of the agreement which should have guaranteed the implementation and resolution of problems in the partnership

¹⁴ Juan M. Berbel-Pineda and José M. Ramírez-Hurtado, "ISSUES ABOUT THE INTERNATIONALIZATION STRATEGY OF HOTEL INDUSTRY BY MEAN OF FRANCHISING," *International Journal of Business and Social Science* 3, no. 6 (2012): 284–290.

business using the Virtual Hotel Operator (VHO) system. In essence, Indonesia is an attractive market in the development of VHO in the hotel business world, so it is necessary to pay more attention to juridical and supporting factors in supporting companies and the national business world. It can be noted that parts concerning the obligations and responsibilities of both franchisor and franchisee were investigated. From analysis of the franchisor's responsibilities, it can be noted that the formal contract focuses mainly on operational requirements, training, reservation services, consultation, and compliance with the manual, equipment and supplies.¹⁵

Based on the results of the study explained, the obstacles that often occur in cooperation agreements between Hotel partners and VHO are as follows:

- a. The price listed on the platform given to VHO is cheaper than the price determined by the hotel, but here the hotel works around this by not providing breakfast facilities if consumers order through the platform. This makes a difference that is often misunderstood by consumers with different facilities.
- b. Often the occurrence of differences in income results in monthly bookkeeping. The VHO, which is the source of data from the platform, then shares it with the hotel. Meanwhile, hotel partners also match the data contained in hotels where consumers come directly.
- c. The branding policies stated in the agreement are often more dominant from the VHO side, so that the public is more familiar with VHO than hotel partners.

The advantage of working in partnership between hotels and VHOs is that it makes it easier for hotels to get more consumers. This is because VHO has the advantage of having a sophisticated and efficient electronic platform application so that it attracts consumers and conducts marketing or marketing more broadly.

Conclusion

Based on the results of the research above, the writer can conclude as follows:

1. Partnership Agreement in the Hospitality Industry with a Virtual Hotel Operator (VHO). This is due to the standard form of agreement that makes the hotel not have a bargaining position. So, even hotels as business actors are still important to get legal protection.
2. Virtual Hotel Operators (VHO) are included in a different type of partnership from a franchise partnership. Although in principle the type of cooperation with VHO meets the criteria stated in Government Regulation Number 42 of 2007. VHO does not cooperate with the concept of a franchise that uses and utilizes the value contained in its Intellectual Property Rights, but VHO by implementing a profit-sharing cooperation system. The distribution of the profit sharing system with a percentage of income obtained by the Hotel by 76%, VHO by 10% and VHO Group or in this case Online Travel Agent by 14%.

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¹⁵ El sayed K, Tang CH, and Jones E, "Psychological Contract and the Hotel Franchising Relationship," *Journal of Tourism & Hospitality* 04, no. 02 (2015).

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