

INTERNAL AND EXTERNAL FACTORS DETERMINING THE PRICE OFFERING PT MELALI MICE IN WINING BIDDING

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ABSTRACT

The research was conducted in PT Melali MICE, one of the biggest MICE's companies in Indonesia. This research aims are to know the internal and external factors of PT Melali MICE's bid price in winning bidding. Data collection methods used were participatory observation and structured interviews. The analysis technique used is the analysis of Strength, Weakness, Opportunity and Threat (SWOT). The result of the research shows that the internal factors that influence the price determination of PT Melali MICE are the cost, the company's experience and the company's objectives while the external factors affecting the price determination of PT Melali MICE are economic conditions, supply and demand, bidding elasticity, competition and government control. Based on the results of qualitative descriptive analysis and discussion with the management of PT Melali MICE, which makes the main strength is the competitive price, the company has a lot of experience organizing events in various Big Cities in Indonesia and experience of event detail and quality, and the main weakness is not contract with suppliers so that the purchase price is as big as the selling price (not making a profit). the results of discussions with the management of PT Melali MICE, it is known that the main opportunity is the number of international events held in Bali and PT Melali MICE is the leading PCO in Bali, and the main threat faced is the expenditure of the State is more prioritized on the budget in the field of infrastructure, education, health and social assistance.

Keywords: MICE bidding, internal and external factors, bid price pricing.

INTRODUCTION

MICE industry is an industry that is so attractive to business people because this industry is considered capable of providing great benefits for all parties involved in it. This industry is also considered able to contribute high in terms of economy especially for developing countries. One of the advantages of the MICE event of both national and international event in an area is able to bring in MICE tourists in large numbers. This will certainly impact the size of the required needs and the number of parties involved, such as travel agents, accommodation providers, catering service providers, airlines, transport service providers, expedition / cargo service providers, audio visual equipment providers,

power suppliers, stage, security service providers, furniture rentals, logistics companies, documentation service providers, printing companies, translation services, souvenir manufacturers and publications.

So many needs and parties involved in the implementation of MICE activities, requires the initiator of the event to appoint the agent / company, hereinafter referred to as the Professional Conference Organizer (PCO) in the host country that is able to prepare all the needs of needs both pre- event), on-site event needs, as well as post event needs. In order to be able to appoint the appropriate Professional Conference Organizer (PCO), the initiator of the event often invites PCOs to file a bidding document containing the official request that has been completely compiled regarding the concept and specification of resources and needs as desired and required by the initiator of the event. This activity is often called bidding.

PT Melali MICE is one of the participating PCOs to enliven the competition of MICE tourism industry in Indonesia. Since its establishment in 2006, PT Melali MICE has been handling a number of national and international events, including conferences, seminars, workshops, incentive trips, exhibitions, festivals, inaugurations and more. Event that handled PT Melali MICE also take place inside and outside the country. PT Melali MICE also follows the bidding to get an event / project from the initiator. In following MICE bidding, PT Melali MICE does not always win and sometimes lose or fail.

The tight competition will affect the success of PT Melali MICE in winning MICE bidding. In order to be able to face competition and succeed in winning MICE bidding, PT Melali MICE needs to apply the right competitive strategy. One of the competitive strategies that can be used by PT Melali MICE is marketing strategy. With the right marketing strategy, PT Melali MICE will be more recognizable by the initiators of the event and is expected to attract the attention of the initiators of the event on the products offered by PT Melali MICE so that later decided to use the services of PT Melali MICE.

In setting marketing strategy, PT Melali MICE uses the concept of Marketing Mix (7P) or marketing mix. Marketing Mix 7P consists of place, product, people, process, promotion and price. When viewed from the data Document Auction Year 2017 can be seen that the cause of PT Melali MICE can't win the auction because the offered price is higher than the auction winning price. However, there is also data suggesting that low

prices do not necessarily win the auction because the technical documents offered do not meet the technical value threshold. So it is important that pricing strategy is determined because PT Melali MICE must be observant in determining the price of the technical proposal components of the technical bidding documents. In the technical bidding document will be described on the specification of goods or services requested by the user. And required details of the technical proposal that each component will affect the pricing. So the important factor in marketing strategy to win MICE bidding is price.

Based on the background of the problems that have been submitted above, then the formulation of the problem in this study are internal and external factors what affect the pricing of bidding documents or bidding by PT Melali MICE? The purpose of this research is to know the strengths, weaknesses (internal factors) and opportunities, threats (external factors) that affect the pricing of bid documents or bidding by PT Melali MICE. The benefit of this research is expected to give thought contribution for PT Melali MICE in determining bid documentation or bid bidding strategy that should be applied in winning MICE bidding as well as reference for further researcher better.

RESEARCH METHOD

This research was conducted at PT Melali MICE which is located at Jalan Raya Dewi Sri, The Lotus Complex No. 10, Kuta, Badung, Bali, Phone +62 361 766156, Fax +62 361 763435, website: www.melali-mice.com. This research is specifically conducted in the accounting department which is the part that regulates and manages the finance while setting the price on MICE bidding. The object of this research is internal and external factor of pricing bid to win MICE bidding by PT Melali MICE.

This research is a qualitative research, so variable in this research is internal factor of company with its indicator use factor influencing price, which consist of: 1) Cost, 2) Manager's objective and external factor of company with its indicator use factor influencing price, consist of : 1) Economic conditions, 2) Supply and demand, 3) Elasticity of demand, 4) Competition, 5) Government control. Meanwhile, the output variable is the internal and external factors that affect the pricing of the implementation of PT Melali MICE in winning MICE bidding.

The type of data used in this study is qualitative data. The qualitative data referred to in the form of description of interview result and observation related to factors influencing MICE bidding at PT Melali MICE and internal and external factors which become strength, weakness, opportunity and threat of company.

Sources of data in this study are primary data and secondary data. In this study, primary data were obtained directly by conducting interviews and distributing questionnaires to resource persons. The secondary data in this study, such as: literature, previous research results, activity reports by PT Melali MICE and all other documents required in accordance with the needs of research.

Data collection method of this research is participant observation and structured interview. The analysis technique used is the analysis of Strength, Weakness, Opportunity and Threat (SWOT).

RESULTS AND DISCUSSION

Based on the results of interviews with resource persons internal factors in pricing the bid document consists of cost, company experience and corporate objectives. Before setting the price there are several components that must be met first before setting the price. The component is an administrative and technical component. In following a bidding, PCO is required to meet the administrative and technical specifications established by the initiating committee.

Cost is an important factor in setting the price of the offer document. The cost in question is the costs incurred to fulfill the components requested by the proponent as stated in the bill of quantity and the company's operating expenses incurred to prepare an offer document comprising administrative documents, technical documents and price quotation documents. Considering the above two costs, it is expected that the price set by management will cover the expenses incurred both during the preparation of the document and at the time of the event if it is declared the winner.

Company experience is one of the factors considered in pricing. In this case the experience of the company in handling the auction / bidding can be used as a reference in determining the price of the tender document. PT Melali MICE has more than 10 years' experience in handling government auctions. With experience following the auction and

following the government event then PT Melali MICE can make reference and consideration in preparing the components in setting the bid document price.

The company's goal factor is a factor considered in pricing the offer document. PT Melali MICE's corporate objective is to gain a large profit by lowering costs as low as possible by using cost efficiency. So the management will set the price as best as possible in accordance with the cost to be incurred, the budget to be set to gain a large profit by lowering costs as low.

Based on the interviews with the resource persons, it is known that there are 5 (five) external factors that influence the pricing of the bid document. The five external factors are economic conditions, supply and demand, demand elasticity, competition and government control. These five external factors indirectly affect the pricing of the bid document but are still taken into consideration in pricing the bid documents. The following describes the external factors affecting the pricing of the bid document.

1. Economic condition. Economic conditions have little effect on bidding pricing. However, the condition of the economy is considered capable of influencing the bidding price determination if there are components requested pramarksa must be purchased from abroad, so that the condition of the rupiah is very concerned in setting the price.
2. Supply and demand. Supply and demand for PCO services in Melali MICE, influential in pricing of offer documents. Because in following the bidding, PCO will set the price according to the request of the initiator as stated in bill of quantity.
3. Elasticity of Demand The elasticity of demand can be interpreted as the nature of bidding. The nature of bidding can be interpreted as the behavior / nature of the agency that organizes the auction. For example A ministry always stipulates the winner who is domiciled in the area ie in Jakarta, then the possibility of small PT Melali MICE will win. The nature of this bidding depends on the behavior of the agency that organizes it, so to anticipate PT Melali MICE will analyze the auction of the previous year and learn from experience in following similar bidding.
4. Competition Competition is the most calculated external factor. Price competition in bidding can be said to be very strict considering that most bidding is won by PCOs that provide the lowest price. In this case the management of PT Melali MICE must be observant in determining the price so that the offered price is lower than the

competitors. In this case experience and ability to predict the price of a competitor is needed to set the price of the offer document.

5. Government oversight Government oversight is an important factor that must be taken into account when pricing documents are bidding. Since PT Melali MICE follows bidding organized by the government, then government regulations such as SBU (general cost standards) issued annually by the Ministry of Finance of the Republic of Indonesia are required to be fulfilled. SBU is also a reference in pricing of offer documents. PCO shall offer prices under the SBU or under the SBU.

Analysis of internal and external factors is the identification of strengths, weaknesses, opportunities and threats to the company in this case is PT Melali MICE. In this research, the researcher use factor approach which influence the price determination by Dharmesta and Irawan (2005: 242-246) The factors consist of cost, company objective, economic condition, supply and demand, elasticity of demand, competition and government supervision. In the internal factor analysis of this research, the researcher uses cost factor, budget and company objective and external factor analysis using economic condition, supply and demand factor, bidding elasticity, competition and government supervision in identifying internal and external factor of price document settlement of PT Melali MICE. The following is the identification of internal and external factors of price pricing of PT Melali MICE offering documents which are the strengths, weaknesses, threats and opportunities of the company.

Identification of Internal Factors of Price Document Pricing PT Melali MICE

Internal Factor	Strength	Weakness
a. Cost	<ol style="list-style-type: none"> 1) Equipment rental fee is cheaper because PT Melali MICE has a fairly complete conference equipment 2) Flexible cost according to client's need and desire (competitive price offered) 3) Having a connection with many suppliers so that it has many price options for a component 4) Own sub-unit of business under the management of PT Melali MICE so that the cost for shopping to other suppliers can be kept as low as possible 	<ol style="list-style-type: none"> 1) There is a shipping fee if the event is not held in Bali 2) There is no separate cost for preparing technical documents, because the cost of preparing technical documents is included in operational costs 3) Don't have a contract of cooperation with several vendors 4) Don't have budget for promotional costs

		5) Not domiciled in the city center / capital city of the country so it requires a fairly high travel costs
<i>b. Company Experience</i>	<ol style="list-style-type: none"> 1) Experienced for approximately 10 years in handling government auctions 2) Experienced in organizing national and international government events 3) Experienced in organizing events with service users from government agencies and agencies from abroad 4) It has been calculated as the top 3 largest MICE companies in Indonesia 5) Having competent and experienced experts in the field of MICE 	<ol style="list-style-type: none"> 1) Do not have experience handling events in ICE BSD City which is the biggest event venue in Indonesia 2) Have no experience of similar event concert or festival
<i>c. Company Objectives</i>	<ol style="list-style-type: none"> 1) Have a clear business objectives 2) Developing competent MICE experts 3) Build a good corporate image 4) Providing the best service 5) Maintaining the highest quality 	<ol style="list-style-type: none"> 1) The company's purpose has not been written 2) There is no SOP (standard operational procedure) written in preparing auction documents.

(Source: data processed, 2018).

Identification of External Factors Price Document Pricing PT Melali MICE

External Factor	Opportunity	Threat
a. Economic Conditions	<ol style="list-style-type: none"> 1) Indonesia's economic condition is improving 	<ol style="list-style-type: none"> 1) The current global economic condition is not stable yet 2) State expenditures are prioritized on budgets in infrastructure, education, health and social assistance
b. Supply and Demand	<ol style="list-style-type: none"> 1) Demand for PCO services is increasing both from government agencies and agencies from abroad 	<ol style="list-style-type: none"> 1) The increasing demand for PCO services more and more new PCO services
c. Bidding Elasticity	<ol style="list-style-type: none"> 1) Always follow the update of LPSE in order to have a chance to follow the fast auction that only a few PCO can follow 	<ol style="list-style-type: none"> 1) Can't comply the administrative requirements specified by several agencies. Example: expert with S3 education
d. Competition	<ol style="list-style-type: none"> 1) The leading PCO in Bali 2) PCO with sub-business units supporting MICE fields such as conventional logistics, travel and travel agents 	<ol style="list-style-type: none"> 1) PCO who is domiciled in Jakarta and have more experienced

e. Government Supervision	1) Orderly in paying taxes 2) The offered price is cheaper than the price of SBU the holding of events centered in Jakarta	1) PCOs domiciled in Jakarta are preferred as winners in several auctions considering
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(Source: data processed, 2018).

CONCLUSION

Based on the discussion and the results of the research in the previous chapter, it can be concluded that the internal factors that affect the price setting of PT Melali MICE is the cost, experience and corporate objectives while the external factors affecting the price setting of PT Melali MICE is economic, supply and demand conditions, bidding, competition and government oversight. Based on the results of qualitative descriptive analysis and the results of discussions with the management of PT Melali MICE, which makes the main strength is the competitive price, the company has a lot of experience organizing events in various cities in Indonesia and experience of event detail and quality, and the main weakness is yet has a contract with the supplier so that the purchase price is as big as the selling price (not making a profit). the results of discussions with the management of PT Melali MICE, it is known that the main opportunity is the number of international events held in Bali and PT Melali MICE is the leading PCO in Bali, and the main threat faced is the expenditure of the State is more prioritized on the budget in the field of infrastructure, education, health and social assistance.

The advice that researchers can give to PT Melali MICE is for the management to make the weakness of PT Melali MICE in setting the bid price to be an opportunity or strength by re-evaluating the suppliers who can be invited to work together and create a contract of cooperation agreement for the company to get a competitive price.

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