

## BALI ATTRACTIVENESS AS THE INDONESIAN TOURISM DESTINATION IN STRATEGIC MARKETING PERSPECTIVE

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***Abstract:** Bali is the most wonderful tourism destination. Therefore the paper is aimed to demonstrate research result of the attractiveness – competitiveness matrix as the core strategic planning tool. It contributes to develop tools analyses of the external strategic and internal strategic factors. These analyses are able to determine the position of Bali competitiveness in the world. The result is expected to give inputs for the policy makers to study as of Bali find out the strengths to reach the opportunity and to reduce the weaknesses as the impact of the threats.*

### 1. INTRODUCTION

Tourism as the processes, activities, and outcomes arising from the relationships and the interactions among tourists, tourism suppliers, host governments, host communities, and surrounding environments that are involved in the attracting and hosting of visitors (Goldner, C. R., Ritchie, J. R. Brent 2009:6). To achieve competitive advantage for its tourism industry, every destination must ensure that its overall 'appeal', and the tourist experience offered, must be superior to that of the alternative destinations open to potential visitors. There are many tourism object and attraction, among others: Kuta, Dreamland, Sanur, Uluwatu, and Sanur Beach. Beside that, there are *Sukawati Arts Market* to offer statues and many kinds of handicrafts.

Eventhough so many and interesting of Bali Tourism Object and attractions, but after a Bali humanitarian tragedy, the international tourists arrival are not as much as before. From the international tourists arrival that although in 2013 are increased 9.26% comparing with the year 2012. Nevertheless the increase is not as it was before the tragedy.

Based on *The Tourism Travel and Tourism Competitiveness Index 2011*, in Asia Region and in the World respectively, The rank position of Indonesia with

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majority international tourists visit to Bali, i.e. 13 in Asia and 74 in the World. Meanwhile Thailand (10/41), Brunei (11/67), India (12/68). Existing and potential visitation to every destination is inextricably linked to that destination's overall competitiveness; however that is defined or measured.

A major aim of the paper is to develop a model and indicators of destination competitiveness that will be focused in Bali destinations. The development of Attractiveness competitiveness indicators would serve as a valuable tool in identifying what Attractiveness competitiveness aspects or factors. The development of an associated set of indicators will allow identification of the relative strengths and weaknesses of tourism destinations.

## **2. Literature Review**

### **2.1. Tourism Hyperlink**

Tourism is the entire world industry of travel, hotels, transportation, and all other components, including promotion, serve the needs and wants of travelers. Finally, tourism is the sum total of tourist expenditures within the borders of a nation or a political subdivision or a transportation - centered economic area of contiguous states or nations.

The paper was focusing on management point of view, especially marketing places and services marketing. Therefore, those goals are not separated from tourism destination as the main facility from tourism product. That is why planning, especially in tourism area becomes the strategic aspect that must be fully concerned. The accuracy of environment planning of tourism becomes the effective meeting point as a pull factor comprising the attractive conditioning for the tourists having a conductivity as the coherent push factor. The starting point of discussion is focus on strategic planning in decision making for determining the priorities based on TOWS.

### **2.2. The Unit of Study and Management Action**

From both a theoretical and managerial perspectives, the most manageable primary unit for the study as well as the management of tourism, is the "destination." Since this entity includes the totality of the cumulative interactions among tourists, hosts (including residents and suppliers), and the natural environment for a given destination, those can be observed, studied, and understood in a holistic and integrated manner. One framework of "the destination," has been formulated to help identify and understand the components of the tourism destinations and the relationships among components (Goldner, C.R.,Ritchie 2012).

### **2.3. Tourism System**

Tourism is a complex system unit starting on a desire to conduct a journey in the time limit, cost and facilities that will give spiritual and physical satisfaction as the result of enjoying the sustainability of meaning existent and the accents of God's creation which in turn can create a multiplier effect as the implication of the social cultural interaction among destination, region or states. Tourism sector should be properly explored, so that it will have a positive contribution towards the increase of Gross domestic product (Ali & Mohsin, 2008). Tourism is a complex industry and its promotion needs to be directed at a large number of people in various lands of different socioeconomic structures having different needs, tastes, attitudes, expectations and behavior pattern. Next, the theoretical foundation of the process mechanism for tourism activities in the context system for the sake of satisfaction of all stakeholders can be illustrated by this picture (Yahya D: 1995).

**Figure 1: Process Mechanism for Tourism Activities**

Noticing the above figure 1 that the Tourism System is an organization both internal and external. The tourism actor can be viewed from 2 sides. First as the others, is the group of the tourism commonly called as external customers; second, as the service provider forms supply side consisting of tourism entrepreneur, government and the local community including tourism location/object. All of the actors are the internal customers. Each of the tourism business has vision, missions, goals and expectation. Tourists always expect some tourist delivered values that become the total tourist value of total tour cost.

Total tourist benefit is compared to total tourist cost. The total tourist cost consists of the combination of product value, human resource value and image value. The total tourist cost is the combination of monetary price, time, energy and physic cost. These explanations mainly describe that the total tourist is very relative. Tourist entrepreneur expects the profit margin. Now we come to the local community and tourism object. The local community cannot be separated from location and tourism object, they have double functions. On one hand local

community as the tourism actors. They have to get high awareness to participate in giving good services to the tourist. And the other hand, they have to act as the host, they have to get good manner, good character, and good behavior to serve the tourists. By having the double functions they will be prosperous both in short and long term.

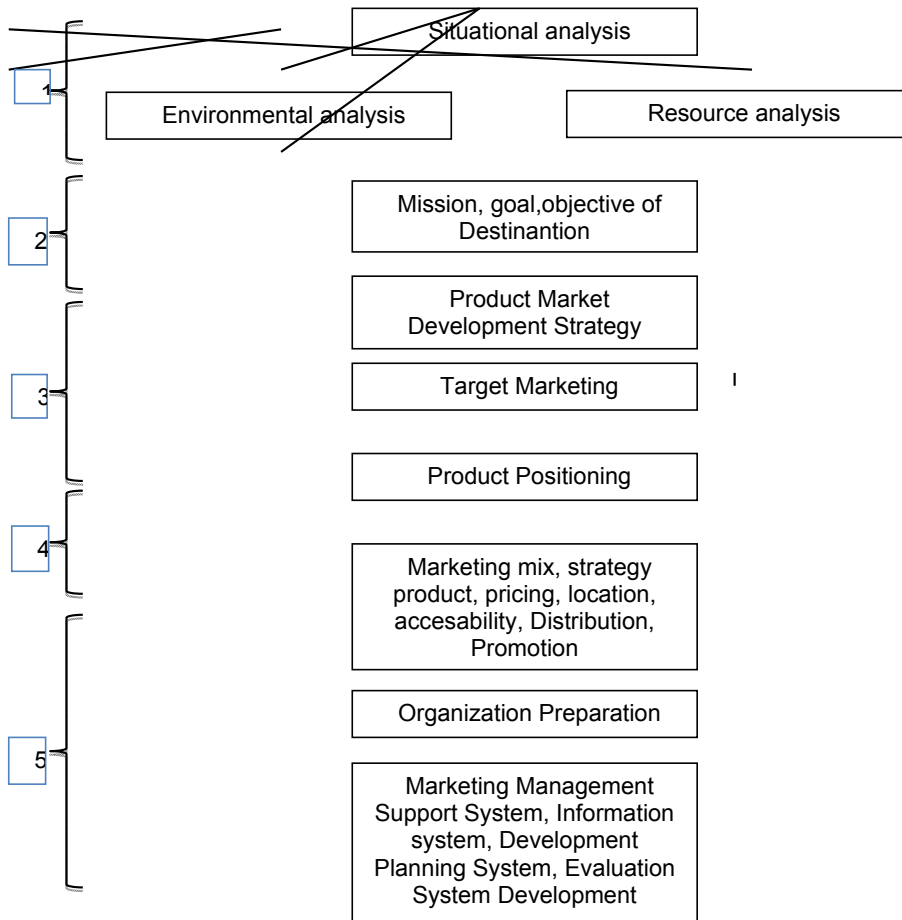
The next aspect of local community is tourism object. The tourism location, object, attraction including local community are the product offered. They are expecting to attract through attraction, amenities, facility, accessibility and environment. In this system the government expects taxes and income. To reach this the government needs to completely actualize its three function missions, those are as regulator, facilitator and stabilizer in the tourism contract. All of these actors will interact each other in conducting the value exchange. Essentially the normative relationship should be in the form of expectation from every individual and organization as the physiological contract. When all the units in the system can run harmoniously with the expectation this will achieve ultimate satisfaction of all parties involved.

#### **2.4. Tourism Marketing Planning**

The tourism plan seeks to provide a detailed, “on-the-ground” outline as to how each of the factors affecting the success of a tourism destination should be developed. Good tourism planning goes far beyond schemes to maximize profit. While profitable development brings positive economic and social benefits to the community, it also carries inevitable drawbacks. Therefore, developers must incorporate ways to enhance human welfare and happiness. These include insistence on quality architectural, landscape, and environmental design; planning for transportation; and energy conservation and education.

In order to make these concepts truly valuable from a tourism standpoint, they must be applied in a comprehensive, integrated manner. The process of application is known as marketing planning. The end result of this process is the marketing plan. Marketing planning is a process which continues rotating involving a series of activities designed to connect policies, action, and programs as well as the feedback from those. The marketing plan for a destination or firm is one of the most important working documents that exist. It serves to translate the many ideals of tourism policy into an active process for attracting visitors and providing the range of experiences they seek from a destination (Goldner, C. R., Ritchie 2012). There are five logical steps in a systematic marketing planning process. For giving the situational analysis comprehensively each step feeds into the next one with feedback loops built into the process, as noted with in Figure 2.

Figure 2: Tourism Marketing Planning



The analysis focus of this study is on the first step of figure 2 as presented in figure 3.

## 2.5. Competitiveness

Today's competitive situation among companies, characterized by globalization, and the need to survive has led to an urgent need for competitiveness management. The concept of competitiveness has been largely accepted across all industries and countries since Porter published "Competitive Strategy" in 1980 (Fulad, Kume; 2013).

Competitiveness is In order to develop, implement and monitor any initiatives for improving competitiveness, first, there is a need for a framework through

which competitiveness can be defined, measured and understood. Competitive positioning defines a firm's relative position in a competitive space. It enables a firm to create a defensible position by compiling and choosing the strategies based on the firm's strengths and weaknesses, and on the opportunities and threats imposed by the competitive space (Porter 1980, 1985). Porter argued that "Competitiveness remains a concept that is not well understood, despite widespread acceptance of its importance". Competitive for nations, industries and company level (Moon *et al.*, 1995) to increase the knowledge and understanding of competitiveness.

## **2.6. TOWS (Threats, Opportunities, Weaknesses, Strengths)**

Equipped with relevant information through the process of diagnosis, and the best indications of developing trends through prognosis, the next task is to assess what information means for marketing strategy and tactics. A framework for this assessment is contained in the traditional but still useful acronym SWOT, which stands for strengths, weaknesses, opportunities and threats (Victor T Midelton *at.al* 2009: 209).

Strengths are normally expressed as inherent current advantages, whether by earlier strategic decisions or historic good fortune. Strengths may exist in an organization's market/product portfolio and its operations in relation to competitors.

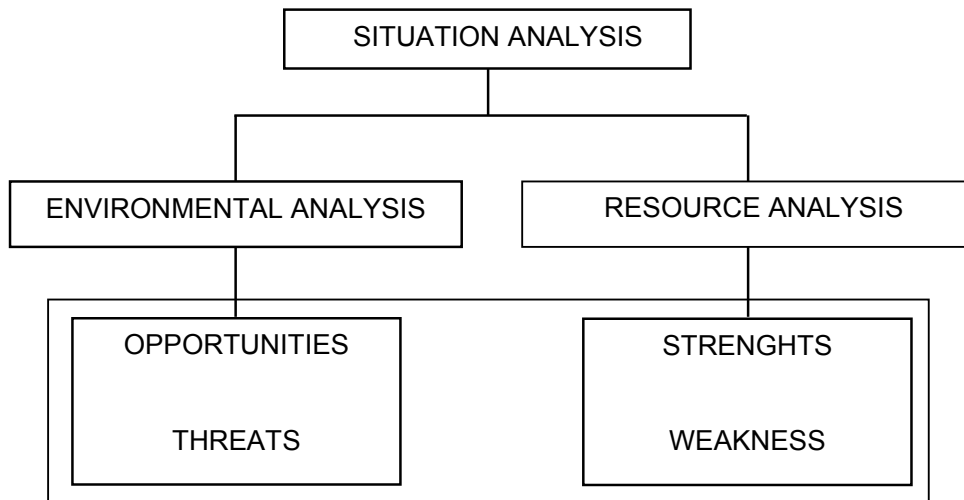
Weaknesses, ranging from ageing products in declining markets to surly customer contact staff, must also be clearly identified. Once identified, they may be subject to management action designed to minimize their impact or to remove them where possible. Weaknesses and strengths are often matters of perception rather than 'fact', and may often be identified only through consumer research.

Opportunities in a marketing context may arise from elements of the business under direct control, such as a particular product or process, or a particular set of staff competencies. They may also arise from shifts in the external environment, which a firm may exploit.

Threats may also be presented by internal elements within the business's control or by external events such as the exchange rate changes, rising oil prices or acts of international terrorism.

The Paper focuses to the first we come to Situation Analysis which consists of two factors; these are Environmental Analysis and Resource Analysis. The prior will analyze threats and opportunities and the Resource Analysis will analyze the weaknesses and strengths.

Figure 3: TOWS Analysis

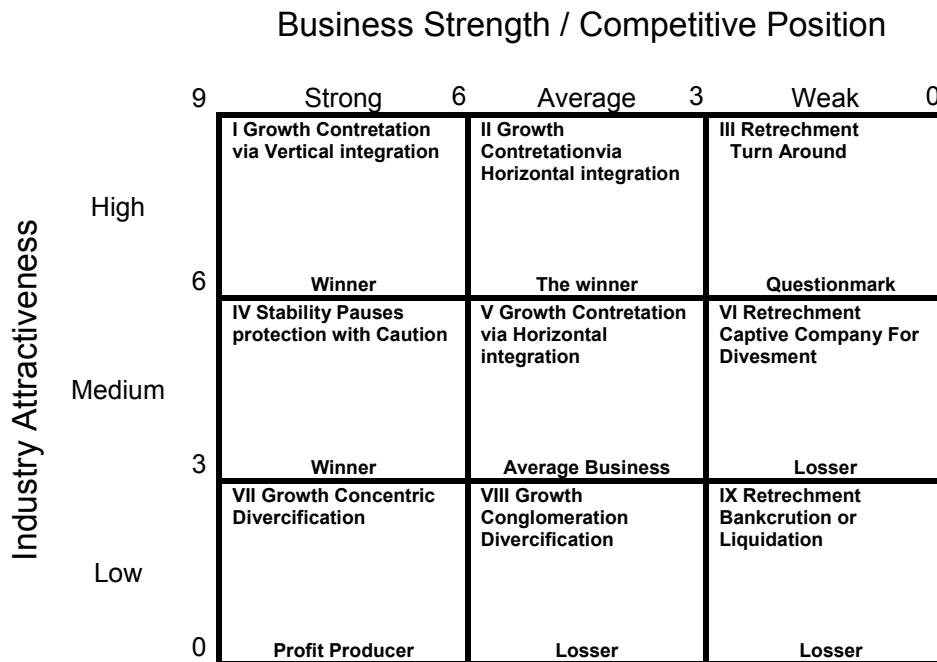


### 2.7. The Attractiveness-Competitiveness Matrix

The Attractiveness-Competitiveness matrix as a core strategic planning tool. Like the McKinsey (Directional Policy) Market Attractiveness-Business Strength matrix (McKinsey and Company cited by Johnson, Scholes and Wittington, 2008) and the Arthur D. Little Strategic Position matrix (Arthur D Little;Inc.ud) used in corporate and strategic business unit planning, it has two axes Attractiveness (horizontal) and Competitiveness (vertical).

In 1971, McKinsey and company developed a portfolio management tool for General Electric (GE). Popularly referred to as the McKinsey Matrix or the Industry Attractiveness – Business Strength matrix (Figure 5) was to evaluate each GE business unit along the composite dimensions of industry attractiveness and business strength. The matrix requires the identification and assessment of both external and internal factors, followed by positioning each of the unit in terms of overall industry attractiveness and business strength on a nine-cell grid. Three categories are used to classify both attractiveness and strength; to grow, to hold, or to harvest. This involves making moves in each controllable factor to result in a desirable competitive position. Strategies must be formulated aimed at securing long-term sustainable competitive advantage. The global strategy chosen has to be fitted to the actual internal capabilities of the firm.

Figure 4: The GE-McKinsey Matrix, 1971. McKinsey and Company, New York, New York, 1971 cited in Joson & Whittington. 2008.



## METHODOLOGY

The study is based on secondary data analysis comprising as the result of the analysis in the form of environmental monitoring. This is used for TOWS analysis with EFAS – IFAS in order to support the attractiveness – competitiveness matrik analysis. In addition, existing literatures have been extensively used for the purpose of strategy development. Data from the published (local & international) sources has been used as well. Furthermore, ideas from the experts, academician experts, Indonesian Government as well as business experts.

### Method Analysis

The First step is used the situation analysis of TOWS (Threats, Opportunities, Weaknesses, Strengths) with EFAS – IFAS that analysis external strategic factor and internal strategic factor.

The second step is used th Analysis of The Attractiveness-Competitiveness matrix by The GE Matrix referring to McKinsey.



## 4. RESULT

### 4.1. Environmental Monitoring in Bali Tourism Destination

The environment is one most important that can influence the organization activities that can't direct control; Inflation Economics, Political turmoil infighting between political parties, Communication Media Technology, Socio-cultural vacation time and Natural Environment Environmental protection. Table 1 is the result from the combination of secondary data, FGD, round table of mind sharing among Academicians, Business and the Indonesians Government.

**Table 1:**  
**Environmental Monitoring**

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<i>Influence Factors</i>	<i>Trends</i>	<i>Implications / Effect Of Tourism</i>
Inflation Economics	The inflation rate in 2014 is expected to reach double-digit	Population will reduce tourism activities and concentrate on meeting the needs of the primary or principal
Political turmoil infighting between political parties	Social unrest and anarchy occurs	Some tourist source countries (e.g. U.S., Japan) will prohibit its citizens to visit Indonesia travel
Communication Media Technology	The development of the Internet as a business tool and exchange through the application of e-business	New alternative to promote tourism through the home page. Health challenges local tourism businesses to apply e-travel.
Socio cultural vacation time	Tourism activities will grow in line with the increase in work routines.	Preparation needs of tourists over the interests and motivations of their visit as well as the diversity of products
Natural Environment Environmental protection	Increased public awareness of environmental conservation significance	Tourism planning should be more sensitive to environmental issues and the impact of a tourism activity.

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The unique source of Bali is the cultural uniqueness teaching the relationship between human being and the nature, with another person and the creator that becomes the indigenous and ethnical turning out to be the selling value for its business sustainability in the long term. Bali destination consists of Marine Tourism in Kuta, Dreamland, Uluwatu, Nusa Dua with the sunset panorama. Whereas in Sanur with the sunrise panoram. In both of the beaches, there can be done surfing and other watersport activities. The handicrafts and spouvenirs, especially Gringsing woven fabric can be found in Karang Asem Sun District with the tourism objects: Jumbul Hill, Besakih and Waja Lake. The Sabetan Salak (Bark) Agrotourism, Karang Asem Grand Castle, Sukada Ujung Garden, Candidasa, Tirtagangga Garden, Kemeluk Tenganan, Padang Bai and Tulamben. Gianyar Sub-District is popular with the center of sculptures and carving in Sukawati Art Market, Gold Silver handicraft in Tabanan Sub district, the webbing handicraft from bamboo, wood, ceramic, pottery. Silver and metal. The tourism objects are Tanah Lot, Alas Kedaton, Nedugul, Ulun Danau Beratan, and Eka Karya Botanical Garden. Buleleng sundistrict has Tambligan Lake and Buyan Lake with Gitgit waterfall. The result of the research until 2015, in one hand there has been the increase number of land owner switchover by the foreign investor by means of marrying an Indonesian person or by using an Indonesian name. In the other hand, the less number of host community of land as the result of the simplicity of land ownership permit based on UUD No. 5/1960 concerning The Main Rule of Agrarian in pursuing the ownership permit for the foreign investors. This condition has created the acculturation giving the positive impact for Bali government, those are: the stable taxation income, the offer of various products sold more flexibly which goes with the interest of foreign tourists, and they promote Baliness cultures to their own countries. However, the negative impact is there will be the human trafficking, prostitution, and drugs market as the result of the unpreparedness of the host community to reject the offer of the high income, besides there is lack of education given by the local government in accepting the negative impact of such cultural acculturation.

#### **4.2. TOWS Analysis with EFAS-IFAS**

These analysis as the result come from the expert judgement those are Academician, Business Expert, and Indonesian Government. To score the TOWS there are two factors to be scored, those are the weight and rating. The total score of weight is one, and rating ranges from 0-9. Every weight times rating equal to item scores will be some up the total 0-9. Likewise EFAS analysis's and the total sum up.

**Table 2:**  
**External Strategic Situation Analysis**

<i>External Strategic Factors</i>	<i>Weight</i>	<i>Rating</i>	<i>Item Scores</i>
<b>OPPORTUNITY</b>			
The growth of tourism supply resources	0,20	8	1,60
Availability of job allowances in the destination	0,10	8	1,60
Access to preserve local culture	0,10	7	0,70
An Emergence of technology	0,05	7	0,35
Words of mouth promotion	0,05	8	0,40
<b>Total</b>	<b>0,50</b>		<b>4,65</b>
<b>THREATS</b>			
Competition among tourism attraction	0,20	8	1,60
Natural disaster	0,10	7	0,70
Unsafety facilities and infrastructure	0,10	7	0,70
Lack of public transportation	0,05	7	0,35
Lack of the government support	0,05	8	0,40
<b>Total</b>	<b>0,50</b>		<b>3,75</b>
<b>Aggregate</b>	<b>1,00</b>		<b>8,40</b>

Based on the analysis data this of TOWS simulation, can be explained about the external strategic factors which consist of opportunities and threats. For the opportunities the higher the rating, the better opportunities for Bali to sell its tourism object. For threat, the less the threats occurred, the higher the rating is. Which means that Bali can well anticipate all the threats coming.

**Table 3**  
**Internal Strategic Situation Analysis**

<i>Internal Strategic Factors</i>	<i>Weight</i>	<i>Rating</i>	<i>Item Scores</i>
<b>STRENGTH</b>			
The beauty of natural scenery and the good weather.	0,20	8	1,60
A complete package of several facilities options	0,10	8	0,80
Unique and interesting attractions	0,10	7	0,70

Typical arts and culture	0,05	7	0,35
Hospitality of surrounding communities	0,05	7	0,35
<b>Total</b>	<b>0,50</b>		<b>3,80</b>
<b>WEAKNESS</b>			
Lack of tourist attractions such as art performances	0,20	8	1,60
Promotion is not maximized	0,10	7	0,70
Lack of souvenir shops	0,10	8	0,80
Price attraction expensive facilities	0,05	7	0,35
Human Resources poorer quality	0,05	7	0,35
<b>Total</b>	<b>0,50</b>		<b>3,80</b>
<b>Aggregate</b>	<b>1,00</b>		<b>7,60</b>

Now we come to Internal Strategic Analysis. It will be focused on the strengths and the weaknesses. The higher the strengths are the higher the rating is. Meanwhile, the fewer the weaknesses are, the higher the rating is. These mean that the business competitive position becomes stronger and the industry attractiveness becomes higher.

In External and Internal Strategic Situation can be drawn into nine quadrants of X axis in vertical, representing Industry Attractiveness and Y axis in horizontal representing Business Strength/Competitive Position. From the two tables above, calculations resulted the following values: External Strategic Factors which are 8.40 are placed on the Y axis (External-Market Business Attractiveness). Internal Strategic Factors which are 7.60 are placed on the X axis (Internal-Business Strength / Competitive Position).

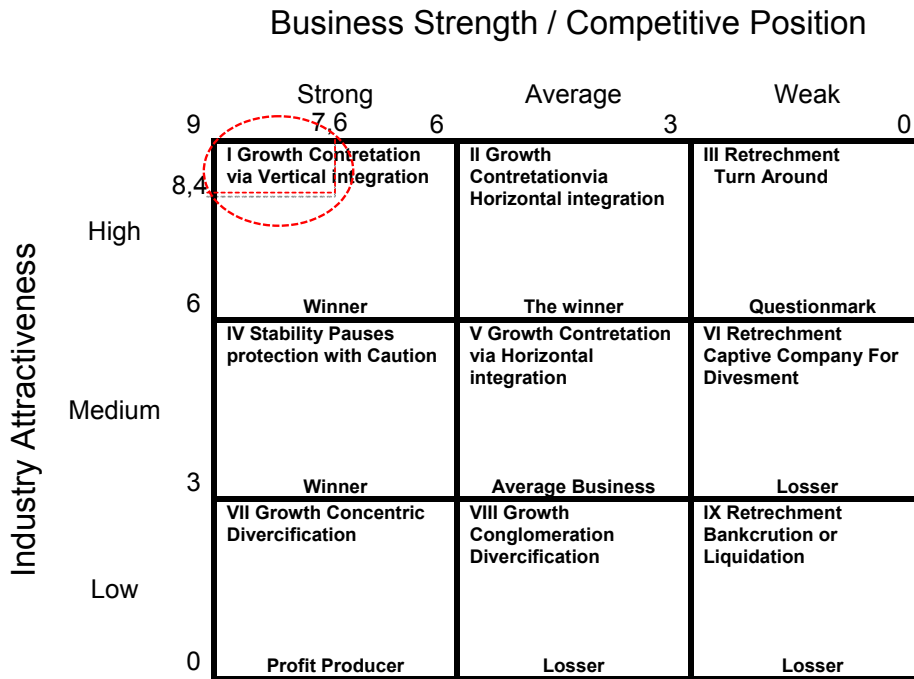
#### 4.3. ATTRACTIVENESS-COMPETITIVENESS MATRIX

Based on the results of the Situation Analysis, Bali is in the growth position. It means that Bali has strong business position and high industry attractiveness. In this position Bali must concentrate on vertical integration.

#### 4. CONCLUSIONS

The study is based on secondary data analysis. In addition, existing literatures have been extensively used for the purpose of strategy development. Data from the published (local & international) sources have been used as well. Furthermore,

Figure 6: The GE-McKinsey Matrix, 1971. McKinsey and Company, New York, New York, 1971 cited in Joson & Whittington. 2008.



the ideas from the experts, as well as academicians have also been taken into consideration.

The method analysis use is TOWS with EFAS-IFAS Analysis that analyze the external strategic factors and internal strategic factors.

As for Analysis for The Attractiveness-Competitiveness matrix is given by The GE Matrix of McKinsey.

Based on the analysis data this simulation of TOWS, can explain about the external strategic factors which consist of opportunities and threats. For the opportunities the higher the rating, the better opportunities for Bali to sell its tourism object. For threat, the less the threats occurred, the higher the rating is, which means that Bali can well anticipate all the threats coming.

Based on the results of the Situation Analysis, Bali is in the growth position, meaning that Bali has strong business position and high industry attractiveness. In this position Bali must concentrate on vertical integration.

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