TOURISM MARKETING MANAGEMENT FRAMEWORK

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Abstract

The purposes of this paper is to deliver a conceptual model which enable analyzing insight to marketing strategy formulation and implementation of a local hospitality and tourism board administrator. Knowing organizational position in the market place is important and for that the Internal External (IE) matrix can be applied. In this model descriptive analysis method applied. Secondary data collected through the study of literature and other publication. The data analysis consists of external and internal environment assessments score, the marketing mix effectiveness, and Segmenting, Targeting and Positioning (STP) analysis. Matrix of the Grand Strategy carried out to overview options to the alternative strategies which the board has.

This model suggests that a local hospitality and tourism board should increase its corporate strategies and competitiveness by distinguishably offering products which are different from its competitors, enhancing values offered to attractive tourist destinations, as well as considering local wisdoms and culture embedded in its product offering, so as simultaneously to raise local revenues which can be gained through the increase in the number of tourist visits, and the enhancement of many small medium enterprises and local economy for the betterment of society’s wellbeing.

Keywords: Marketing for Hospitality and tourism, IE Matrix, Grand Strategy Matrix, Local Hospitality and Tourism Board

I. INTRODUCTION

The United Nation World Hospitality and tourism Organization (UNWTO) October 2011 report forecasted that International tourist arrivals will increase by 43 million a year on average between 2010 and 2030. International tourist arrivals will reach 1.8 billion by 2030. At the projected pace of growth, international tourist arrivals worldwide are to surpass 1 billion by 2012, up from the 940 million of 2010. By 2020 the number is expected to reach close to 1.4 billion. The 1.5 billion mark will be in sight by 2023 and 1.8 billion by 2030. Emerging economy destinations expected to surpass advanced economy destinations in international arrivals in 2015. From 2015 emerging economies will receive more international tourist arrivals than advanced economies and will surpass 1 billion arrivals by 2030. In 1980, 70% of international arrivals were recorded in the traditional destinations of the advanced, industrialised and diversified economies of North America, Europe, and Asia and the Pacific. In 2030, 58% will be recorded in the emerging economy destinations of Asia, Latin America, Central and Eastern Europe, Eastern Mediterranean Europe, the Middle East and Africa. The number of international arrivals received in emerging economies is still modest compared to the size of their population. In terms of the number of international tourist arrivals received per 100 of population there is still a large distance between advanced and emerging economies.

The role of the hospitality and tourism sector is immensely important for Indonesia where one of its main sources of the national income derived from the hospitality and tourism sector. Khumaedi (2017) cited that in 2019, which will be the end of the current president’s duty to finish the numbers of overseas tourists projected will be 20 million, and with 275 million will be domestic tourists, with the targeted domestic income Rp. 260 trillion. Five main priority sectors are foods, energy, maritime, hospitality and tourism, industrial complex including special industrial complex, Tanjung Lesung is one example for special industrial complex for hospitality and tourism sector.

The challenge for the sector has been to increase in the number of attractive hospitality and tourism destinations / areas, making hospitality and tourism as one of main important key source for export to generate income to the country’s GDP, creating more jobs, developing peripheral businesses and infrastructures.
According to the Statistical Bureau/Ministry of Hospitality and tourism in 2010 contribution of the hospitality and tourism sector to GDP was Rp. 261.05 Trillion and became Rp. 461.36 Trillion in 2015, and contribute income to the country from $ 7.603,45 million in 2010 to $ 12.225,89 million in 2015, at the same time contribution to employment sector counted from 4million in 2010 to 12.1 million or equivalent to 10.6% from the total workforce in 2015.

Local governments and local hospitality and tourism boards have important roles in enhancing hospitality and tourism sector in Indonesia, increasing the hospitality and tourism sector, trades, cultural development, and many contributions by other stakeholders have been playing more important roles and functions, and in effect local governments can increase its local income every year. The Ministry of Hospitality and tourism has a major role in boosting the hospitality and tourism sector in Indonesia, and has been cooperating with many local hospitality and tourism boards in almost urban and rural areas. Many local hospitality and tourism boards have not cultivated the sector optimally and it becomes a new paradigm for attracting more tourists both foreign and domestic, among the strategies have been developing and advancing local wisdoms and local characteristics as well natures conservation which can be used as a Competitive Tool for many local hospitality and tourism boards.

The development in hospitality and tourism in Indonesia need more extreme innovative ideas and there need the supports of all stakeholders, and intense cooperation between the central and the local governments, state owned enterprises and private sectors, as well as the societies. Many inputs from the tourists visited in several destinations revealed that there have been problems, and among others are; infrastructure problems, the image of the destinations which are not well known in the regional markets, limited tour packages in offer, limited publication and promotion efforts and strategies abroad. Thus, overall the quality of the services, increase in promotional efforts, increase in the number of new destinations, and further development of the existing tourist attractions and destinations would be most important to focus in order to increase the number of visiting tourists to the country. For the purpose, and to be a leading authority in the sector the City / Rural Competitiveness is being crucially important, and considerations of the internal and external factors which contribute to its success have also become more significant to focus. Many local hospitality and tourism boards need to formulate and renew their competitive marketing strategies to attract more of tourists to visit their areas.

Looking at the growth of overseas tourists and domestic tourists who would visit some destinations, the numbers have been fluctuated in some areas, thus affecting local incomes. Looking at the conditions there need be competitive marketing strategies for local hospitality and tourism board, at the same time also to counter competitors which obviously are other regional tourist boards offering more attractive hospitality and tourism packages. Based on the descriptions above, problem identifications for this conceptual model can be summarized as follow:

1. What are needed for the formulation of effective and efficient competitive marketing strategies, with the conditions where there have been changes affecting the hospitality and tourism environments?
2. What are the strengths and weaknesses which have contributed to local hospitality and tourism boards in order to increase local income?
3. Where should a local hospitality and tourism board positioned in the Internal External (IE) matrix?
4. What are needed to increase the image and the numbers of visit made by tourists in terms of adjusting Segmentation, Targeting and Positioning (STP) strategy, and the marketing mix to tourist destinations?
5. How to increase market attractiveness of destinations and to increase in the number of tourists with limited budget?

The aim of this conceptual model is to explore and gain knowledge as inputs for formulating competitive marketing strategies of local hospitality and tourism boards, and finding innovative hospitality and tourism concepts which will be useful for local hospitality and tourism boards.

2. LITERATURE REVIEW

To formulate effective and efficient marketing strategies of local hospitality and tourism boards should begin with proper steps of management review to reflect their current conditions problem identification, review of literatures, formulation of marketing mix, internal and external analysis, STP analysis, and strategy analysis as inputs for
formulating a fit model, as describe in Picture 1 below. Once a model is set up the next step would be data gathering activities for process analysis of external and internal conditions, and making competitive matrix, then, the general description of the object, IE matrix, SWOT matrix and grand strategy matrix, as bases for discussion analysis step. With all these steps completed then new strategies decisions can be made, follow by new STP and marketing mix, before making conclusions and recommendations for management of local authorities.

Olsen, M D (2004) conducts a literature review of strategic management research in the hospitality industry from 2002 to 2003. This includes theory relating to environmental scanning, strategic choice, the resource-based view, core competences and strategy implementation.

Okumus, F (2004) suggests, the author offers a rigorous review of research relating to environmental scanning and discusses the various challenges of employing this technique within the context of hospitality organizations. Olsen et al (1998) outlines the basic concepts used for assessing the external environment, placing this within the context of the hospitality industry. A relevant section on issues concerning environmental uncertainty and complexity is also included.

Peattie and Moutinho (2000) states whilst recognizing the shortcomings of the PESTEL approach, the authors forward the SCEPTICAL (Social, Cultural, Economic, Physical, Technical, International, Communications and infrastructure, Administrative and institutional, Legal and political) model as a more relevant concept for analyzing those factors within the external hospitality and tourism environment.

According to Nykiel (2005) in Kumus et al (2010), definitions of the hospitality and hospitality and tourism are often limited by the unique viewpoints of sectors within the industry. For example, a hotel operator may see the industry as accommodations with food and beverages. A food and beverage operator may view the industry as a dining experience with the focus on menu offerings and food service. A travel agency manager might believe that providing travel related services to people for business and leisure defines the industry best. An executive of a theme park may see hospitality as providing a unique Defining the Hospitality and Hospitality and tourism Context 21 entertainment and educational experience. In order to overcome this confusion, Nykiel (2005) placed all of these viewpoints under a wider perspective called “hospitality” and further stated that the hospitality industry encompasses travel, accommodations, food service, clubs, gaming, attractions, entertainment, and recreation.

Source: Researcher, 2018

Picture 1. Steps of Management Review
Kandampully (2007) in Kumus at al. (2010) notes that hospitality organizations operate within a network of service organizations. To a large extent, they are interrelated and interdependent, and include the following: tour operators, travel agents, and hospitality and tourism organizations; travel and transport operators & leisure, recreation, and entertainment venue and restaurants, bars, clubs, and cafes and hotels, resorts, motels, camping grounds, bed & breakfast (B&B) establishments, and hostels.

Butler and Jones (2001) in Kumus et al. (2010) use hospitality and tourism as an all-encompassing term that covers all aspects of people being away from their home and hospitality as a specific part of providing accommodations and meals for tourists. They note that the one difficulty in their definitions is that the hospitality industry also serves many people who are not tourists, such as local residents. They state that hospitality and tourism is often interpreted as the flow of visitors from one country to another for more than 24 hours of time and less than one year. Thus, these terms encompass travel, accommodations, food services, clubs, gaming, theme parks, attractions, entertainment, recreation, conventions, and nonprofit hospitality and tourism organizations such as national hospitality and tourism offices, destination management, and marketing offices. It is clear that the hotel and hospitality and tourism industry is a composite of a number of distinct industries that are closely interrelated and interdependent. These industries operate within a global network.

Wheelen and Hunger (2012) introduce Internal Factor Analysis Summary (IFAS) and External Factor Analysis Summary (EFAS) which describes a reflection of an organization by considering internal and external components which determine the success of an organization. This IFAS and EFAS analysis can be widely applied to reflect a hospitality and tourism board.

![IFAS EFAS Analysis Diagram](source: Wheelen – Hunger 2012)

### 3. METHODOLOGY

Methodology use for this conceptual model may include qualitative and quantitative research, secondary data obtained from desk research from the industry and surveys of selected stakeholders in hospitality and hospitality and tourism industry for a given period of time. The technique is a one shot, cross sectional study, and a non-probability sampling can be applied. Tools of analysis with SPSS 22.0 version used for analysis the primary data.
4. FINDING AND ARGUMENT

One suggested result of IFAS and EFAS analysis for a hospitality and tourism board can be described below at Table1:

<table>
<thead>
<tr>
<th>Tabel 1: IFAS and EFAS Matrix</th>
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<tbody>
<tr>
<td><strong>Internal Factor</strong></td>
</tr>
<tr>
<td>1. One stop services for hospitality and tourism investors</td>
</tr>
<tr>
<td>2. Number of staff</td>
</tr>
<tr>
<td>3. Ability to generate local income</td>
</tr>
<tr>
<td>4. Structure organization</td>
</tr>
<tr>
<td>5. Managing facilities</td>
</tr>
<tr>
<td><strong>External Factor</strong></td>
</tr>
<tr>
<td><strong>Opportunities (O)</strong></td>
</tr>
<tr>
<td>1. Hospitality and tourism potential</td>
</tr>
<tr>
<td>2. Multi destinations package offer</td>
</tr>
<tr>
<td>3. Domestic tourists incentives</td>
</tr>
<tr>
<td>4. Increase the number of frequency of visits by inbound tourists</td>
</tr>
<tr>
<td>5. The use of resources, business centers and government’s offices</td>
</tr>
<tr>
<td><strong>SO Strategy</strong></td>
</tr>
<tr>
<td>1. Increase synergy with all stakeholders</td>
</tr>
<tr>
<td>2. Cooperation with overseas travel agents, air carriers, the Ministry of Foreign Affairs &amp; Embassies</td>
</tr>
<tr>
<td>3. Increase MICE events</td>
</tr>
<tr>
<td>4. Simplification for process of hospitality and tourism investments</td>
</tr>
<tr>
<td><strong>Threats (T)</strong></td>
</tr>
<tr>
<td>1. Safety concern, terror prone</td>
</tr>
<tr>
<td>2. Competition</td>
</tr>
<tr>
<td>3. Endemic</td>
</tr>
<tr>
<td>4. Environment issues (natural disasters; flood, garbage, traffic jump, etc.)</td>
</tr>
<tr>
<td>5. Infrastructures &amp; facilities of competitors’</td>
</tr>
<tr>
<td><strong>ST Strategy</strong></td>
</tr>
<tr>
<td>1. Increase Service Quality and attractive product offers</td>
</tr>
<tr>
<td>2. Coordination with other Departments to combat safety, environmental &amp; infrastructure issues</td>
</tr>
<tr>
<td>3. Increase roles of Public Relations to increase image of the destinations</td>
</tr>
<tr>
<td><strong>WO Strategy</strong></td>
</tr>
<tr>
<td>1. Increase promotion budget</td>
</tr>
<tr>
<td>2. Create new packages for tourists</td>
</tr>
<tr>
<td><strong>Failure (F)</strong></td>
</tr>
<tr>
<td>1. Budget for promotion</td>
</tr>
<tr>
<td>2. Product innovation</td>
</tr>
<tr>
<td>3. Limited tour packages</td>
</tr>
<tr>
<td>4. Limited use of IT including in marketing</td>
</tr>
<tr>
<td>5. Human Resource competencies</td>
</tr>
<tr>
<td><strong>WT Strategy</strong></td>
</tr>
<tr>
<td>1. Maintaining target market &amp; keep up with better quality</td>
</tr>
<tr>
<td>2. Increase personal attention and services attentiveness to tourists</td>
</tr>
<tr>
<td>3. Execute low costs promotion activities such as via SocMed</td>
</tr>
</tbody>
</table>

Source: Researcher, 2018

Strategy analysis and choice is subjective decisions based on objective information, and organization must able to generate alternative strategies, then selecting strategies to pursue, best alternative course of action to achieve mission and objectives derived from vision, mission, objectives, external audit, and internal audit. In generating alternatives strategies participation should be as broad as possible.

A comprehensive Strategy - Formulation Framework is extensive management exercises, it needs back up of committed professional team to be successfully implemented, which can also be implemented for the hospitality and tourism industry, this consists of the following items:

- Stage 1 - Input Stage
  - EFE Matrix
  - IFE matrix
  - CPM
- Stage 2 - Matching Stage
  - SWOT
  - SPACE matrix
  - BCG matrix
  - IE Matrix
  - Grand strategy matrix
Stage 3 - Decision Stage

QSPM

Stage 1 is the Input Stage

It includes weighting the EFE and IFE scores, as well as the description for the Competitive Profile Market which detect all players in the industry.

![Picture 3: The Input Stage]

Stage 2 the Matching Stage

It should match between organization’s internal resources, skills and the opportunities and risks created by its external factors to the current and future competitive conditions. It is necessary that an organization needs to align its resources fit and adjusted to the existing environments.

![Picture 4: The Matching Stage]

Four type of strategies can be derived from the SWOT matrix:

- **SO** strategies use a firm’s internal strengths to take advantage of external opportunities
- **WO** strategies improve internal weaknesses by taking advantage of external opportunities
- **ST** strategies use a firm’s strengths to avoid or reduce the impact of external threats
- **WT** strategies defensive tactics aimed at reducing internal weakness and avoiding external threats

SPACE Matrix is Strategic Position and Action Evaluation Matrix, with alternative options of strategies: Aggressive, Conservative, Defensive and Competitive.

In the Boston Consulting Group (BCG) Matrix four positions can be derived:
- **Question Marks** – low relative market share in a high-growth industry
- **Stars** – high relative market share in a high-growth industry
- **Cash Cows** – high relative market share in a low-growth industry
- **Dogs** – Low relative market share in a slow or no growth industry

![The BCG Matrix](BCG Matrix.png)

Source: BCG (1974)

**Picture 8. The BCG Matrix**

The Internal-External (IE) Matrix can be described as follow:

- Positions an organization’s various divisions in a nine-cell display
- Similar to BCG Matrix except the IE Matrix:
  - Requires more information about the divisions
  - Strategic implications of each matrix are different

**IE Matrix**

- Based on two key dimensions
  - The IFE total weighted scores on the x-axis
  - The EFE total weighted scores on the y-axis
- Divided into three major regions
  - Grow and build – Cells I, II, or IV

![IE Matrix](IE Matrix.png)

**Picture 9. The Matching Stage – IE Matrix**
Hold and maintain – Cells III, V, or VII
Harvest or divest – Cells VI, VIII, or IX


Last part, Grand Strategy Matrix which is a tool for formulating alternative strategies.
- Based on two dimensions
  - Competitive position
  - Market growth

![Picture 11. Grand Strategy Matrix](image)

Picture 11. Grand Strategy Matrix

Quantitative Strategic Planning Matrix (QSPM) Matrix is the last component to implement.
Advantages:
- Sets of strategies considered simultaneously or sequentially.
- Integration of pertinent external and internal factors in the decision-making process.
Discussion:

By analyzing a complete Strategy Formulation Framework many local Hospitality and Tourism Boards can potentially explore a positive growth continuously. The IE matrix it can reveal the performance for strengths, weaknesses, opportunities and threats of a destination area. A local hospitality and tourism board can be positioned at Growth zone, where the organization is in growth stage, so that it needs market development and innovation to develop optimally. This is important for an organization whereby they have been facing strong competitive level in a very attractive industry, such as hospitality and tourism where viable plan and formulation strategic plan and actions play must be properly done.

Based on the analysis, it can be derived as follows:

1. For the SWOT matrix, it is found that external factors play more important role than internal, thus this is an advantage for an organization to cultivate so many opportunities available by optimizing the existing strengths it has.
2. At IE matrix at cell 1 it is designed to achieve growth in many perspectives, through increase in sales, assets or profit maximization or any combine of the three. This can be achieved by reducing prices, developing new products, increasing quality of products and services, or increasing access to larger market segments.
3. Condition for the competitive matrix for a local hospitality and tourism board can be at a competitive position and stronger than its competitors.

Grand Strategy Matrix

To clarify and enforce strategic direction of local hospitality and tourism board many of the organizations can use Grand Strategy Matrix as an alternative tool and guidance.

From SWOT analysis it can be described that the strengths of an organization in hospitality and tourism sector should be maintained at the highest level possible, data from the industry would reveal whether the trend has been fluctuated. If the condition reveals that it is located at Quadrant 1 which consist of:
1. Market Development, which is selling existing product at new target markets, such as:
   a. Opening new markets, by expanding regional and abroad.
   b. Attracting new target markets, done with enhancing current products which would be more attractive to the new target markets.
2. Market Penetration, which is an effort to increase market share with appropriately executing current products and current markets in an effort to increase the numbers of sales with more of sales and marketing efforts. It can be done by increasing the number of sales staff, increase the amount of spending for advertising, offering better promotional offers as well as increase in publicity.
3. Product Development strategy which is an effort to increase sales by modifying and enhancing current products into something new and different from previous forms, and spending on R&D with substantial amount of money for investment and sunk costs.

From seven strategies available at quadrant 1 at the Grand Strategy and with considering SWOT analysis which is exploration of existing resources, directing toward cultivation of using of internal strengths, where a company has ability in terms of capital, human resource, and marketing of services. Then, strategies suggested would be market development, market penetration, and product development.

5 CONCLUSION

5.1 Summary
This conceptual framework can conclude the following items:

1. **Internal and External analysis needed to derive at corporate strategic options for local hospitality and tourism authority board.** At Grand Strategy analysis optional tools can be used for expanding local hospitality and tourism include market penetration, market development as well as product development, or known as intensive strategies, given the existing current conditions but the authority would like to increase performance.

2. **Based on SWOT analysis to increase the number of tourists visit to a destination and increase in Original Local Income by looking at factors that contribute to the strengths and weaknesses, then SO strategy can be an option, which can be done by optimizing synergies between all stakeholders in the hospitality and tourism industry, cooperation with overseas partners, travel agencies and air carriers, cooperation the Ministry of Foreign Affairs and embassies at host and home countries, and also increase the intensity of MICE (Meeting Incentive, Conference and Exhibitions) activities.** Whereas WO strategies can be done through increasing promotional budget, creating new hospitality and tourism destinations with attractive holiday packages.

3. **If a local hospitality and tourism board position is at Growth area at IE matrix, then, it would mean the board has more strengths than weaknesses from the internal perspective and from the external perspective it has more opportunities than threats.**

5.2 **Recommendations**

1. **New marketing strategies that would increase the image of a tourist destination would be reformulation of the STP strategies, which can be suggested such as:**
   a. **Segmentation:**
      Looking at specific geographical areas for marketing purposes, with such as Asian and Australian markets being the biggest market shares, compared to Europe and American markets.
   b. **Targeting**
      Full market coverage strategy can be suggested with no specific differentiation, serving all kind of categories, and serving both local and overseas tourists.
   c. **Positioning**
      With preserving and continuing hospitality and tourism products and also increasing quality of services and product offerings that would create better image for a tourist destination or attraction. Offers better hospitality services by differentiating from other regions.

2. **Further, from the Marketing Mix strategies can be suggested as follow:**
   a. **Product.**
      Products should be unique and distinctive from other areas. Local wisdom needs to be boost up. Customer experience should be better enhanced offering memorabilia to customers. If the attractions are mature then they need to be rejuvenated, adjusting to current changes and trends. For example for exciting spots they must be “Instagramable”.
   b. **Price**
      Pricing strategies that can be adopted by local hospitality and tourism bodies could be offering competitive and attractive pricing to select if not all tourist attractions. Price bundling can be offered also with minimum stay on offer, as well as multi-access to many destinations. Price differentiation for toddlers, youngsters and elderly can also be attractive offered, whereas premium strategies are offered to high end target markets where the board offers exclusive and most comprehensive holiday packages with first class hospitality services.
   c. **Promotion**
      Promotion is one of the most important tools in attracting more of tourists for many local tourism boards, knowing that target market of visitors can come from diverse markets, then, unique strategies of promoting and informing exiting and new destinations would be big challenges for many areas. It can also create image and PR, because with promotion all given information is expected to reach the targeted customers effectively, thus, entice motivation to visit the destinations on offer. The use of e-marketing and social media tools have become more important nowadays as tools of promoting hospitality and tourism destinations. Other activities would include:
• Following hospitality and tourism expos in big cities at local and abroad.
• Facilitating business negotiations and info sessions for Table Top Meeting between buyers and sellers, both domestic and abroad.
• Actively follow world hospitality and tourism agendas and sales mission sessions at main markets in Asia, Australia, Europe and America, as well as prospective customers from the Middle East.
• Regular activities for dialogues and reflections to customer insights with stakeholders, listening and accepting their important feedbacks and suggestions.
• Campaigning strategies using BTL and ATL, looking at big impacts results in domestic and abroad. Though advertising costs the largest component at ATL components.

d. Place/distribution.
   Channels of distribution in hospitality and tourism sector would include travel agents, air carriers, own channel through e-marketing and direct order facilities. It is important that local hospitality and tourism board must have extensive links to stakeholders in distribution system. Increasing their links and cooperation would certainly increase sales. Thus CRM activities with all channels must also be maintained.

3. Promotion and activities which can be effective and efficient with low costs can be done through Internet of Things (IOT) activities. Local hospitality and tourism board should have attractive webs to their product offerings. The use of social media tools inevitably most important activities nowadays. Increase in the numbers of followers become considerable. Exposing attractive hospitality and tourism agendas regularly, providing attractive pictures and testimonies of satisfied customers would be important too. Even so personal selling through itemized personalized marketing activities can be more effective as there is human touch and sense involve in dealing with customers especially of high end customers.

4. Promotion budget should be allocated more for supporting new marketing programs of local hospitality and tourism board, while at the same time once increased should be used effectively in enhancing the success of many local hospitality and tourism boards in Indonesia.

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