

Promoting Indonesian Tourism Potential Using Integrated Marketing Communication Strategies

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Abstract.As the world's fourth-most-populous nation, Indonesia boasts unique cultures, World Heritage Sites, pristine beaches, unparalleled diving and some of the world's rarest wildlife. Its tropical climate and balmy temperatures of between 28°C and 34°C in coastal areas with little variation from one season to the next, make the archipelagic nation an ideal beach holiday destination. The revamped Wonderful Indonesia campaign is a good start for Indonesia to begin making headway in building a national tourism brand with global and local appeal. The real impact will take some years to come into fruition, therefore the country needs to ensure that it maintains a consistent message backed up by real improvements in areas such as infrastructure and safety which are factors that are crucial in the field of marine tourism. This study uses qualitative research methods with data collection technique using observation, interview, and study documents with descriptive data analysis techniques. This study examines the role of Integrated Marketing Communication Strategies in promoting Indonesian tourism potential. The results indicate that integrated marketing communication strategies entirely different from the marketing of other forms of business. This is due to the nature of services offered and the competition existing in the tourism industry. There is also a noticeable need for marketing communication planning and evaluation to know where to put more efforts and which most effective communication tools to use. For instance, it was noticed that most clients are acquainted with and attracted to hotels by word-of-mouth that is friends, colleagues and peers' recommendation. Word-of-mouth publicity is the most effective promotion tools in hospitality.

Keywords: Integrated Marketing Communication Strategies, Indonesia Tourism Potential, Promoting Tourism.

Introduction

According to a 2015 report released by the World Travel and Tourism Council, Indonesia's travel and tourism industry has generated, directly and indirectly, a total of \$80 billion USD or approximately 9.3% of the country's GDP in 2014. That figure is larger than the GDP impact of the country's financial services, which is estimated at 6.8% making the Ministry of Tourism's recent efforts to boost the country's national tourism brand significantly and timely as commodity markets remain depressed. The

earmarking of increased funds towards marketing and promotion is a vital first step in raising awareness of Indonesia, while measures to dismantle bureaucracy and incentivize investment in the sector are also underway and already showing results.

Taking notice of the contribution and impact of the tourism and travel industry on the Indonesian economy, the current administration, through the now dedicated Ministry of Tourism, has begun to increase its effort to promote the country's national tourism brand under the

Wonderful Indonesia campaign for the international market, or Pesona Indonesia for the domestic tourism market. While the brand, logo, and slogan of the campaign are not new, having been originally conceived in January 2011, the Ministry of Tourism has now begun to significantly step up its efforts to promote through aggressive marketing campaigns on a global scale after appointing multinational marketing and advertising firm Ogilvy. Campaigns are running simultaneously in Southeast Asia, the Middle East, China, Hong Kong, Taiwan, Japan, South Korea, India, Australia, New Zealand, Europe, and USA. Advertisements are extending across the full spectrum of traditional and digital media such as on public transport as well as television slots. Mr Arief Yahya, the Minister of Tourism who spearheaded the campaign, said that "Wonderful Indonesia would knock on every door across the world".

Indonesia's Ministry of Tourism has been granted a 1.2 trillion rupiah (US\$ 88 million) budget for marketing and promotion in 2015. Although the budget has quadrupled from the previous year, it still pales in comparison to Malaysia's 'Truly Asia' campaign budget which stands at \$300 million USD annually. The budget is also modest considering the grand scale of the task that the Ministry has to undertake, that is to attract 10 million international visitors by the end of 2015 and 20 million international tourists by 2019. That is a 100% increase in 4 years, assuming that the Ministry is able to reach its 2015 target.

With four times the budget of 2014, as of September 2015 the Ministry of Tourism had managed to achieve only a 3.53% increase in the number of visitors compared to the same period of last year. Data released by the Bureau of Statistics (BPS) indicated that year-on-year growth for September, which is the highest boost thus far growing by 9.84% equating to 869,179 visitors in September 2015 as compared to 791,296 visitors in September 2014. From January to September 2015, the total number of international visitors reached 7,191,771. The goal of 10 million international tourist arrivals to Indonesia is therefore on track.

In 2014 Indonesia received a total of 9,435,411 foreign visitors. This means that the current goal is a 5.98% increase from last year. Previously, the Ministry of Tourism had aimed to attract 12 million visitors, but then revised down the figure to only 10 million international visitors. Many factors were named as causes for the revision, including the global economic slowdown and the eruption of Mt. Raung in late June 2015 that caused flight disruptions to favoured tourist destinations, such as Bali and Lombok throughout the popular summer holiday period of June – August 2015. The Sumatra and Kalimantan forest fire haze throughout June – October 2015 was also named as a factor that discouraged visitors to travel to Indonesia and the environmental fallout of the fires may have also put many tourists off visiting the country over the longer term.

The goal of 20 million international visitors by 2019 may not seem so far-fetched for Indonesia considering that neighboring countries such as Malaysia and Thailand have both reached more than 25 million tourists over the course of 2014. Indonesia might tick all the right boxes, but faces different challenges to its Southeast Asian counterparts in the form of infrastructure as an archipelago.

The tourism industry in Indonesia consists of broad category of fields within the service industry that includes lodging, restaurants, event planning, theme parks, transportation, cruise line, et cetera. The tourism industry is a several billion dollar industry that mostly depends on the availability of leisure time and disposable income. A hospitality unit such as a restaurant, hotel, or even an amusement park consists of multiple groups such as facility maintenance, direct operations (servers, housekeepers, porters, kitchen workers, bartenders, etc.), management, marketing, and human resources.

Due to the rapid globalization in past 20 years resulting in a vastly more complex marketing environment; businesses, including tourism sectors, are required to focus on satisfying their customers. Therefore, it is imperative for managers in this sector to examine and re-examine the impact created by their marketing strategies in order to constantly review their effectiveness and improve them.

This study consists of a descriptive analysis of marketing communication strategies applied by Indonesia's Ministry of Tourism dan Creative Economy in promoting Indonesian tourism potential.

Research Focus

The focus of this research is to examine marketing communication strategies applied by Indonesia's Ministry of Tourism dan Creative Economy in promoting Indonesia's tourism potential.

Methods

This study uses qualitative research methods with data collection technique using observation, interview, and study documents and descriptive data analysis techniques, with research informants and the relevant officials.

The Theory of Tourism Market Segmentation

Market segmentation is the process of breaking down the heterogeneous tourist market into relatively homogeneous segments (Pine, 1995). It is a strategy complementary to market differentiation. Market segments are the homogeneous groups of people, that "have the same needs and wants on one or more dimensions" (Lewis, 1989) defines segmentation as "the division of a market into different groups of customers having similar desires and needs, sharing similar buying approaches, are substantial enough to be profitable, and can be defended against competition". Stroud (2005) states that "market segmentation divides consumers into smaller groupings of likeminded individuals to create better consumer strategies, leading to better research, product development and communications. All aspects of marketing improve by having a better understanding and more refined focus on the customer. Segmentation, according to Paley (2001), helps to strengthen the market position of the company, direct the strengths against the weaknesses of competing companies. Every market segment requires different services. Segmentation defines the following strategies and activities of the company concerning the offered product and service, advertising

strategy, it affects the choice of distribution channels, pricing policy, etc (Crouch, 2004). According to Kotler et al (2003), market segmentation is the first of the three major steps in target marketing.

Segmentation Based on Trip Descriptors focuses on describing the person, and not the type of trip he/she takes. The four basic segments are identified: recreational pleasure, visiting friends and relatives, business, other (Seaton and Bennett, 1997). Go and Pine (1995) single out two main segments: pleasure travel and business. Pleasure travel segment is considered to be the largest segment, which includes the people with different travel purposes (visiting friends or relatives, educational trips, treatment), long- or short-term (from one day to a few years). This segment is more price-sensitive and thus easily influenced by economic conditions. The pleasure market segment consists of several sub-segments: package tour, free independent traveller, the resort segment, the senior-segment, the singles segment, the teenage segment, the eco-tourism, adventure segment (Go and Pine, 1995). Alongside with the pleasure travel market segment, Go and Pine (1995) singled out the business travel segment.

Segmentation based on tourist descriptors has common variables, approved by such researchers as Kotler et al (2003), are geographic segmentation, demographic segmentation, psychographic segmentation, usage segmentation (Lewis and Chambers 1989) and, after Kotler et al (2003) behavioural segmentation. Zineldin (2000) adds to this list benefit segmentation, usage segmentation, loyalty segmentation, occasion segmentation, segmentation by service. Lewis and Chambers (1989), include in this list price segmentation, benefit and usage segmentation. Stroud (2005) identifies age segmentation as an important and sufficient category.

Segmenting by geographic location is one of the most widespread approaches to segmentation. In terms of geography, the segmentation can be by country, region, city, town, part of city, even neighbourhood (Lewis and Chambers, 1989), urban, suburban, rural,

by population density, city size, climate (Paley, 2001).

This strategy can be easily implemented, as "individual segments can be clearly defined on a map" (Paley, 2001:130). There are differences in climate conditions, availability of transport means, regional customs and traditions, habits, which make it easier to understand, explain and predict behaviour and expectations of the customer in this particular segment. This segmentation is efficient if the needs and buying patterns are reflected (Paley, 2001) and by analysing the segment such factors as population, ethnic mix, growth, income, discretionary spending, household size and others are taken into account (Lewis and Chambers, 1989). The risk in this strategy is while developing and targeting market efforts in one area, the company can ignore other areas and buyers.

Demographic segmentation is considered to be the most widely used, as demographic factors can be easily measured and classified by sex, age, family size, family life cycle, racial or ethnical belonging, religion, education, income, occupation (Paley, 2001). For the hospitality industry, however, it can be tricky as Lewis and Chambers note (Lewis and Chambers, 1989), as the age, the similar income, the marital status, and having kids do not separate a college professor, a lorry driver and an accountant, whose needs and expectations can be different. The demographic lines become blurred and the income of the person can not always reflect his preferences and expectations from the product or service. In this case the company should understand the meaning of the demographic factors and their relation to other segmentation basics,

Lewis and Chambers state that psychographical variables are based on attitudes, interests, opinions, self-concepts and life-style behaviours (Lewis and Chambers, 1989), personality, self-image and cultural influences (Paley, 2001). The psychographic analysis helps the marketers and strategic developers to understand what the customers want and to work out the appropriate approaches that will conform to the life styles of those particular groups of people. According to Kotler et al (2003) usage segmentation is a part of

behavioural segmentation, which is based on the knowledge of people, attitude, use, or response to a product. Lewis and Chambers (Lewis and Chambers, 1989) consider that the usage segmentation is the more appropriate approach for the hospitality industry and covers a range of categories.

Each of the segments has particular needs and expectation, and some of them are very similar or common. A hotel can serve all the segmentation groups mentioned above, which is quite complicated, but is possible and reflects the complex nature of the hospitality business. It demonstrates that focusing only on broad segments as business or leisure can lead a hotel to a difficult situation, because the hotel, as a matter of fact, cannot afford use the same approach to all people. User segments are more narrow and predictable in distinct from the psychographic, demographic and geographic segmentation, as it's possible to know what influences them (Lewis and Chambers, 1989).

Benefit segmentation relates to the benefits the customers get when using the product or service. This approach is focused on the question why the customers buy this product or service, and not, for example, who buys it, as in demographic variable (Zineldin, 2000). These benefits, the customers get, can be prestige, comfort, suitable price, safety and quietness, friendly atmosphere. The weakness of this category, as well as the psychographics, is that it is difficult to measure it. But on the other hand, once the measurement is reliable, the desires and expectations of this group can be easily predictable.

Price segmentation is also benefit segmentation, but more visible and tangible (Lewis and Chambers, 1989). Nowadays hotels are segmenting a lot on prices. There is price difference not only between classes of hotels, such as upper scale and middle scale, but also within the scale, such as upper upscale, middle upscale. This slight difference is not always considered as segmentation, as the customer prefers to pay more mostly because of the intangibles, such as service, prestige, professionalism. But on the other hand, for a lot of customers, price is an important factor, which is almost always taken into consideration and

influences their choice of a hotel (Lewis and Chambers, 1989). Parasuraman, et al (1990) urge that the room price in the hotel must depend on the segment, which allows the customers to categorize themselves to the appropriate segment, based on their needs, behaviour, willingness to pay. In short, it is essential to note, that "most effective market segmentation involves multi-dimensional measures. "Thorough and diverse analysis is necessary for identifying the niche markets that may exist in apparently homogeneous mass markets" (Seaton and Bennett, 1997: p. 47).

Theory of Market in Integrated Communication Marketing

Strategic position deals with impacts of the external environment on the strategy, with strategic capability of the company (various resources) and the expectation and influences of stakeholders (Johnson et al, 2005). Market positioning is based on the market segmentation and market targeting, as they define to which market the positioning is directed. Market positioning is the third step in the target marketing and it deals with "developing a competitive positioning for the product and an appropriate marketing mix" (Kotler et al, 2003:264). Positioning is creating the image of the product in customers' minds (Lewis and Chambers, 1989). A product's position is the perception of customers about the product based on its various attributes. Marketers choose the positions which, in their opinion, will be successful in the selected target market, and then create the marketing mix to gain this position (Kotler et al, 2003). When the hotel marketers understand the target market, know about the images the customers have about the perfect stay at a hotel, the process of developing the positioning strategies can be effective.

According to Porter, differentiation is a strategy, when the company attempts to be unique and different from other companies, when producing the similar product or service, in the attributes (one or a few) significant for the consumer (Porter, 1998). Lewis and Chambers define the concept of differentiation as, "simply differentiation of your product from those of others for the entire potential market" (Lewis

and Chambers, 1989:197). That is making the product distinct from the other competitor, so that demand meets the supply.

The challenge of the marketer is to make the product unique and show the customer that this particular product or service has high utility, has better price value, better quality, and can become a better problem solution (Lewis and Chambers, 1989). As Porter states (1998:263), "differentiation can be based on the product itself, the delivery system by which it is sold, the marketing approach and a broad range of other factors". The differentiating strategy in the industry is considered to be successful if its price premium exceeds the costs of differentiating (Porter, 1998).

Lewis and Chambers (1989) assert that differentiation in tourism industry is internal, as the product is used right on the place and is mostly intangible. It is difficult to show to the customers of the hotel that this particular hotel is different from others, as the hotel building, hotel rooms and other facilities can be very similar to the ones in thousands of other hotels. Michman (1995) supports this theory, saying that difficulties in marketing of services arise because of their intangibility. A lot of hotels, which offer "unforgettable accommodation and services", cannot really demonstrate these in a tangible way.

Results and Discussions

The results if this study gives a comparative of the integrated marketing communication strategies. The striking facts about these efforts, which are actually not different from the reality in Indonesian tourism sector, the actor of tourism industry ever use the social media to reach the general public. Would advertising create more satisfied tourists than if our company spent the same money on making a better product, improving company service, or creating stronger brand experiences? Tourism company should spend more money and time on designing an exceptional product, and less on trying to psychologically manipulate perceptions through expensive advertising campaigns; the better the product, the less that has to be spent advertising it (Kotler, 2003). "The best advertising is done by your satisfied customers".

Another interesting fact is that none of the informants uses a private marketing agency; none of them advertises on billboard, none of them measures the contribution of marketing communication to sales and revenue, and they evaluate the effectiveness of the integrated marketing communication by using intuition only. This shows that tourism business actors do not aggressively seek to increase customers and market share.

On top of this, all informants experience a steady increase in marketing expenditures. This presumably signifies that there is an increasing competition which causes an increasing need for marketing communication among competitions. They all have basically the same peak and lean seasons. The period around April is a lean season for tourism industry where visits and businesses are almost put to a halt. And the period around December and January is the peak season for tourism basically because it is a festive season (for Christmas and New Year) when many people take their holidays and travel a lot.

The informants have almost the same strategy of dealing with seasonality. They reduce prices during lean season and increase promotional activities. They as well all have a strategy of dealing with customer complaints and they use them to improve service quality.

However, the two categories differ considerably on a number of issues regarding marketing in general and marketing communication in particular. First of all, the star category hotels have a separate marketing department with a marketing manager; they conduct marketing research and segment their prospect market into main segments. They also direct their marketing communication efforts towards specific segments. Their customers mainly come from abroad and especially include corporate businesses and international and government institutions. Whereas, the non-star category hotels do not have nor do any of the above. Their customers are mainly domestic tourists travelling from region to region inside the country.

In addition, another interesting mismatch is about the use of the internet. The star-category hotels each own a website with a web

master and they have a big database of customer emails while the non-star category hotels neither have a website nor an email database. Star-category hotels also have a periodic (annual) marketing plan/promotional strategy and they do conduct promotional campaigns to boost sales but the non-star category hotels do not.

Finally, every informants do not have a specific strategy of earning word-of-mouth publicity apart from improving service quality while we noticed in customers' perceptions that most customers are brought to the hotel by word-of-mouth references, peers and friends' recommendation. However, researchers tend to agree almost unanimously that word-of-mouth publicity is extremely important while it cost very little and in most cases nothing. Kotler (2003) for example, stated that "companies have been turning increasingly to word-of-mouth marketing. They seek to identify individuals who are early adopters, vocal and curious, and with a large network of acquaintances. When a company brings its new product to the attention of such influential, they carry on the rest of the work as 'unpaid salespeople."

Conclusion

This study helped us to understand that, in tourism industry, most of the marketing communication is done randomly and intuitively without prior planning. A periodic marketing audit should be conducted to systematically examine and analyze the market environment, strategies and activities to determine problem areas and opportunities, before laying down marketing communication strategies and plans. Moreover, it was noted that tourism industry do not use mass media (radio, TV, newspapers, posters, billboards...) and internet media to advertise and promote their services. Though unskillfully planned and inappropriate advertisements can result in a waste of resources (Kotler, 2003); the tourism business actors should carefully adopt advertising and promotional tools to increase their sales if they are to remain competitive in the present highly competitive era.

This study also revealed that most customers (about 80%) are acquainted with and

decide to stay in particular hotels through word-of-mouth reference by friends, peers, colleagues and family members. Therefore, it is advisable to department of tourism to devise a comprehensive strategy of earning word-of-mouth publicity from customers. Public relations, which are not normally used by hotels as a marketing strategy, could be an effective way of building and maintaining customer relationships and help to earn publicity. Kotler (2003), states that public relations are much better at establishing credibility.

Furthermore, internet is not effectively used especially by smaller tourism business whereas it presents ample marketing communication opportunities to be seized. The website, online reservation systems, email are nowadays becoming powerful marketing communication tools that hotels should take advantage of. Non-star category tourism business ought to include marketing in their management programmes to account for all the above mentioned gaps.

In short, the actor of tourism business can improve on their marketing agendas by increasing media coverage, setting up a strategic plan for word-of-mouth publicity and including public relations in their marketing communication mix. As competition increases as a result of globalization, liberalization and increased customer requirements, Tourism business sector should look for strategic sales partnerships, increase sales knowledge for their employees, as well as have a regular systematic

framework of improving service quality towards more customer satisfaction and loyalty.

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