ANALYSIS OF STRATEGY MANAGEMENT ACTIVITIES OF DIGITAL-BASED TOURISM INDUSTRY

Tuwanku Aria Auliandri (Universitas Brawijaya; Universitas Airlangga)
Armanu Thoyib (Universitas Brawijaya)
Fatchur Rohman (Universitas Brawijaya)
Ainur Rofiq (Universitas Brawijaya)

Email: tuwanku@gmail.com

Abstract—Tourism activities consist of a variety of processes ranging from supporting government regulations, choosing magnificent tourism sites, promoting tourism locations, to providing services to tourists. The concept of Strategic Management accommodates this and technology plays a role in helping the tourism industry to enter the digital era where all processes can be integrated using the Internet. The selection of the right strategy can develop the tourism industry in an area and provide added value to stakeholders in the particular region. All elements related to strategic management activities in the digital-based tourism industry will be reviewed by referring to the latest journal references that are relevant in each discussion.

Keywords—Strategy management, Government Regulation, Tourist sites, Island tourism, Product and service innovations, Tourism support technology, Tourism promotion.

I. BACKGROUND

The beauty of nature in a country is a gift that can be optimized for its potential to produce a positive contribution to the country. A beautiful natural panorama is not a product or design of a company, but is immediately present and ready to be treated and commercialized for a positive purpose. The tourism industry in a country is present to accommodate the desire of tourists to see and enjoy a variety of natural panoramas wrapped in the form of various tourist visit packages.

Tourism activities consist of a variety of processes ranging from supporting government regulations, choosing fabulous tourist sites, promoting tourism locations, to providing services to tourists. Strategic Management Theory accommodates this and technology plays a role in aiding the tourism industry into a digital era where all processes can be integrated with the Internet.

Strategy management is the art and knowledge in formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve goals (Davis, 2011). Strategic management focuses on the process of setting organizational goals, developing policies and planning to achieve goals, and allocating resources to implement policies and plan to achieve organizational goals.

According to Davis (2011), the strategic management process consists of three stages, namely:

A. Strategy Formulation

Strategy formulation is the initial stage in strategy management, which includes developing a vision and mission, identifying organizational external opportunities and threats, determining internal strengths and weaknesses, setting long-term goals, generating alternative strategies, and choosing specific strategies to achieve goals.

B. Implemented Strategy

The implementation of the strategy requires a decision from the authorities in making decisions to set annual goals, develop policies, motivate employees, and allocate resources so that the formulated strategy can be implemented. At this stage, the activities carried out include developing a culture supporting strategy, planning an effective organizational structure, rearranging the marketing efforts undertaken, preparing a budget, developing and utilizing information systems and linking employee compensation to organizational performance.

C. Strategy Evaluation

The evaluation of strategies is needed by companies because successful strategies for now do not always work for the future. In this stage there are three fundamental assessment activities, namely:

Review of external and internal factors that form the basis of the current strategy,

Performance measurement, and Taking corrective steps.

The selection of the right strategy can develop the tourism industry in an area and provide added value to stakeholders in the particular region. All elements related to strategic management activities in the digital-based tourism industry will be reviewed by

referring to the latest journal references that are relevant in each discussion.

II. PURPOSE

The purpose of this paper is to analyze strategic management activities in the digital-based tourism industry, based on references to previous research, which focuses on the following elements of tourism development:

1. Elements of government regulation
2. Elements of tourist sites in the archipelago
3. Elements of product and service innovation
4. Elements of technology to support the tourism industry
5. Elements of promotion to sell tourist locations

A. Government regulations to encourage tourism

Air transportation using scheduled commercial aircraft is an important node that needs to be parsed in order to encourage the arrival of tourists visiting an area. Indonesian territory, which consists of thousands of islands, is an opportunity for the aviation industry to be able to open new routes to tourist areas in various regions in Indonesia. However, on the other side, there are also obstacles where the government has strict rules regarding the opening of new routes for airlines, which consider its security standards, especially at airports. Another obstacle is the immigration authority which has a limited number of personnel resulting in them being unable to attend many airports throughout Indonesia.

These various things underlie the government to revise the rules that hinder the development of tourism industry in the region. detik.com website in its article on November 29, 2016, presented coverage on the success of President Joko Widodo to increase the visits of foreign tourists, mainly from China, to Manado region which previously only 12,000 people per year, and currently rises to 12,000 people per month.

This success statement was conveyed by the president in front of participants in the Forbes Global CEO Performance Seminar in Jakarta. The president revealed that the effort to develop tourism in Manado is a proof that the flight regulation revision that supports airlines to speed up approval for submission of new international routes has proven to be effective. The Immigration Office is present at Manado Airport, and will automatically facilitate tourists from abroad to go straight to Manado without having to transit in advance at Jakarta Airport, or Surabaya, or Bali. This shows that the government is proactive to change regulations in the aviation industry and adjust to market needs, which brings positive implications for the growth of tourism industry sector in the region.

B. Development of tourism potential in the archipelago

The majority of the tourism industry focuses on exploiting natural beauty. Island-based tourist locations have advantages because they offer new things for tourists from urban areas. Sunrises, sunsets, beach sand, and waves are the main menu of the island's tourist sites. Due to its location, geographically it tends to be isolated, so tourism industry stakeholders on the island need to collaborate actively with each other so that they can light up the tourism industry on the island.

An article entitled "Sustainable Tourism Development in Island: A Case Study of Gran Canaria", published by the Journal of "Business Strategy and Environment, 1999" seeks to explain the Stakeholder efforts on the Island of Gran Canaria to revive its tourism industry.

In general, the tourism industry can increase the number of work force, raise people's income, and create more developed infrastructure in the region, so that it can boost the economy in a region (Liu et al, 1987). The government on the island of Gran Canaria seeks Strategic Planning to be able to drive a tourism-based economy in its area by implementing concepts: (1) Identifying supply chains in the tourism industry, (2) Identifying long-term plans that are in line with the regional environment, (3) Empowering communities as agents of changes that can improve the tourism industry, and (4) Emerging "Sustainable Development" for all of these tourism factors.

Gran Canaria Island isone of 7 islands that is a part of Spain. The total area of the island is 1,560 km2, with a population of 714,000 people. The climate on this island is semi tropical with temperatures ranging between 18 degrees Celsius in March, and 25 degrees Celsius in October. Poverty is also an issue on this island, with unemployment amounted to 19%. This happened as an accumulation due to the presence of 25% of illiterate people that occurred in 1991, and only 6% continued their education to the University level. 70% of the residents on this island work in the tourism services sector.

Many environment-based tourism is promoted by local governments by focusing on: (1) Bio Diversity Tourism, (2) Coastal Area Tourism, and (3) Forest Tourism. All of these tourism activities make the local government pay attention to the various environmental impacts and economic impacts. One of the environmental impacts that arises is the need to fulfill water for its citizens, by pursuing 16% of water from the seawater distillation process, and 84% of it is rainwater storage.

Tourism development certainly takes into account the amount of accommodation for tourists. Data shows that in 1996 there were 126,179 beds spread across 168 hotels and 716 apartments / bungalows, with 3 and 4 star hotel standards of 73%, and 7% standard 5-star hotels. All of the infrastructure is useful for

accommodating as many as 2.6 million tourists in 1996. The tourists arrive from various regions around Europe, the majority of which are from Germany which amounted to 36%, and Britain that reach 21%. The tourists from the results of this study stated that the beach was their main destination to come on this island (39%), affordable accommodation (28%), entertainment and restaurants (14%), and beautiful scenery (17%).

This study produced a recommendation to create sustainable development on Grand Canaria island, namely:

1. Consolidation of beach tourism and sunrise tourism
2. Diversification of beach tourism and sunrise tourism
3. Diversification of new tourist formations
4. Identifying Social Issues
5. Identifying Environmental Issues
6. Managing natural resources wisely
7. Engaging politics in developing tourism elements.

Researchers see that the local government on the island of Gran Canari focuses on optimizing its regional income from tourism sources because tourism assets are already present in the region. Online platforms have also been developed by the local government to support this concept. The management of tourist assets in the archipelago needs to be sought for diversification so that it can be optimized to bring more tourists in the future. The concept of "Sustainable Tourism" is relevant to be appointed as a tourism conservation topic on the island of Gran Canari.

C. Turning a problem into an opportunity that contributes to added value

Routine company operational activities sometimes cause problems that need to be anticipated. Handling the right solution can solve these problems and even create new opportunities for the company so that it can produce new product innovations which develop the existing products. The online Infrastructure of the company also accelerates the process of Internal communication and ends with a variety of Innovations quickly present in the company.

The article entitled "Strategy, Problems, and Theory for the Firm", published by "Organization Science, Articles in Advance (2015)" explains the existence of a model for companies to change a problem in a company which is then converted into opportunities that add value for the company. This model has been applied to Starbucks and Apple and is well-received by consumers. The company has clearly identified its internal strength, and consciously waits for feedback from its customers. When the feedback appears, the internal team of the company has already had the right system to manage the problem and improve it, then create new products / services which will lead to added value to its customers.

D. Using technology to support the tourism industry

The digital age nowadays makes it easy for prospective tourists to be able to search for information on the Internet relating to tourist destinations that will be visited. Information obtained from the Internet will make it easier for tourists to choose tourist destinations that suit their preferences. The use of this technology can not be separated from the easier the user to own a gadget or computer which is connected to Internet access. Stakeholders in the tourism industry also understand this and also have created a website that makes it easier for prospective tourists to find information relating to their tourist locations.

Articles with the title "Re-Examining Perceived usefulness and ease of use in online booking - The case of Hong Kong online user", published by "International Journal of Contemporary Hospitality Management - Vol 27, No. 2, 2015" strives to explain about tourists Hong Kong, which uses the Internet as an effort to find tourist destinations that will be visited.

This research was conducted in Hong Kong between March - April 2013 period, with a total number of respondents as many as 213 people who have filled in the data validly. The number of male respondents is 42%, and the rest (58%) of respondents are females. At most 59% of respondents are in the age range of 18-25 years, and 68% of them have carried out activities to purchase tourism products online in the past 5 years. The majority of respondents as many as 32% are students, and 85% of all respondents access the Internet every day.

Technology Acceptance Model (TAM) from Davis (1989) is a reference used by researchers to design their questionnaires. The questionnaire entries are divided into 3 parts, namely:

1) *Perceived Usefulness*
    1. Easy Booking
    2. Usefulness in Booking
    3. Fast Booking
    4. Efficient Booking
2) *Ease of Use*
    1. Easy to Learn
    2. Less requirement of mental effort
    3. Being Simple
    4. Easy to follow instruction
3) *Behavior Intention*
    1. Willingness to use Internet in the future to book online
    2. Willingness to frequently use Internet in the future to book online
    3. Recommend others to book online

The data collected from the research questionnaires are calculated using Statistical Package for Social

Science (SPSS) software. Descriptive Analysis and Inferential Statistics from the sample data were performed using Exploratory Factor Analysis (EFA), Mean and Standard Deviation techniques, Independent T-Test, One Way Anova, and Regression Analysis.

The results of the study show that young users dominate users of Online Booking, while more senior users prefer the Traditional form that comes directly to the Travel Agent (Face to Face Intention). Another thing that emerged was that senior users did not understand the benefits of using the Internet as an activity for booking tours, even though the Travel Agent had directed the senior user to Online Booking Transactions to get more benefits

For Internet users on a daily basis, and for respondents at a young age, there are results of research that state that respondents in this type prefer "Perceived of Usefulness" compared to "Ease to use". The concept of "Usefulness" in this study refers to is good information, fast access, efficient and easy to search. In response to this, all respondents agreed that the website of the tourist destination was very important as an effort to present "Usefulness" in the Online Booking process. A good website is the main driver for users on the Internet to decide the location of their next tourist visit, so this can drive the marketing team to be able to design attractive promotions for prospective customers in Online Booking.

E. Promotion of Electronic Word of Mouth (eWOM)-based tourist destinations

Consumers who come to a tourist destination will have expectations for the location of the visit. After the tourists visit the destination, the response will appear from the tourist location. Satisfaction obtained by tourists will bring the effect of sharing experiences with other prospective tourists. Spoken and written, both online and offline, the tourist will communicate his experience with his colleagues. Not only satisfaction will be conveyed, but also dissatisfaction will also be raised. This is expected to affect the decision making process by other prospective travelers.

An article entitled "What drives cafe customers to spread eWOM? Examining self-relevant values, quality values, and opinion leadership, published by "International Journal of Contemporary Hospitality Management, April 2014" attempts to explain the efforts of consumers to share their experiences with other colleagues, using the Word of Mouth concept (WOM).

In this study, the researchers focused on respondents' motivation for their efforts to do eWOM. If the similar study was only conducted to examine the quality received by respondents, then specifically for this eWOM study the respondents not only had completed their activities in the activity, but were also motivated to spread their experiences to others (Jeong and Jam, 2011). Another aspect that also emerged from this study was the existence of "Leadership Opinion"

which turned out to make an effort to encourage comments on an opinion in a discussion forum (Lyons and Henderson, 2005).

The research respondents were obtained from consumers from the "Coffee Smith" café located in Gangnam Seoul, South Korea. A total of 380 questionnaires were distributed to visitors by café employees, and there were 330 valid questionnaires that could be further processed for research analysis. The average respondents' age is 26 years old, with the number of female respondents being 58%. The number of respondents with a bachelor's degree is 94%, and the majority of respondents are unmarried (96%).

The research questionnaire refers to previous research on "Perceived Café Quality" by Jang and Namkung (2009). The data analysis was conducted using Confirmatory Factor Analysis (CFA) to bring up a research model, then Structural Equation Modeling (SEM) is used to check hypothesis 1 until hypothesis 5. All of these analyses used the Analysis of Moment Structure (AMOS 19.0).

The results of this study show that young consumers are motivated to do eWOM. In this case, as all respondents are Koreans, the finding is consistent with previous research that young consumers want to show "Individual Identity" in a community. The price of the product from an activity is also not the main factor that will be shared through eWOM, but satisfaction when getting the facility is the most important thing. Consumer satisfaction after experiencing these activities is a reflection of "Individual Identity" from each consumer.

Analysis of the results of other studies also shows that "Opinion Leaders" provide an important role for eWOM. This Opinion Leader is often used as a reference by other colleagues so they can try the service. It has knowledge and experience so that they stand out in their community (Bertrandias and Goldsmith, 2006).

This study concluded that eWOM has an important role to be able to increase tourist destination's visits. Opinion Leaders need to be identified so that they can create a visiting pattern which will then be followed by other prospective visitors who have the same preferences as the opinion leader. The profile of the respondents also needs to be identified and tailored to the target market of consumers in the tourist location.

III. CONCLUSION

Tourism activities consist of a variety of processes ranging from supporting government regulations, choosing fabulous tourist sites, promoting tourism locations, to providing services to tourists. Strategic Management Theory accommodates this and technology plays a role in aiding the tourism industry into a digital era where all processes can be integrated with the Internet.

The selection of the right strategy can develop the tourism industry in an area and provide added value to

stakeholders in the particular region. All elements related to strategic management activities in the digital-based tourism industry has been reviewed by referring to the latest journal references that are relevant in each discussion.

Various research results relating to strategic management activities in the digital-based tourism industry can be summarized as follows:

A. Associated with elements of government regulation:

The current issue shows that the government is proactive to change regulations in the aviation industry and adjust to market needs; this has positive implications for the growth of the tourism industry sector in the region.

B. Associated with elements of tourist sites in the archipelago:

The results showed that the concept of "Sustainable Tourism" and "Diversification of Tourism Locations" are relevant to be appointed as the topic of tourism development in the archipelago.

C. Associated with elements of product and service innovation:

The results of the study show that there is a model for the company to change a problem in the company which is then converted into an opportunity which then provides added value to the company.

D. Associated with technological elements to support the tourism industry:

The results showed that respondents at a young age were more willing to "Perceived of Usefulness" than "Ease to use". The concept of "Usefulness" in this study refers to good web information, fast web access, and efficient and easy searching.

E. Associated with elements of promotion to sell tourist locations:

The results of the study show that Electronic Word of Mouth (eWOM) has an important role to be able to revive a tourism place, and Opinion Leaders need to be identified so that they can create a pattern of visits that will be followed by other prospective tourists.

REFERENCES

[1] Deniz Kucukusta, Rob Law, Alia Besbes & Patrick Legohérel (2015), Re-examining perceived usefulness and ease of use in online booking - The case of Hong Kong online users, International Journal of Contemporary Hospitality Management, (Vol. 27 No. 2), 185-198

[2] DongHee Kim, Soo Cheong Jang & Howard Adler (2015), What drives café customers to spread eWOM ? Examining self relevant value, quality value, and opinion leadership, International Journal of Contemporary Hospitality Management, (27).

[3] Fred David, Forest David (2011), Strategic Management - Concept and Cases, (Pearson: Fifteenth Edition)

[4] Juan Manuel Garcıa-Falcon, & Diego Medina-Munoz (1999), Sustainable Tourism Development in Islands: A Case Study of Gran Canaria, Business Strategy and the Environment, (8), 336-357.

[5] Muhammad Idris (2016), Jokowi: Turis China ke Manado Sekarang 12.000 orang / Bulan, dulu 12.000 orang / Tahun, < http://finance.detik.com/ekonomi-bisnis/3358136 > [Diakses 29 Nov 2016]

[6] Teppo Felin, Todd R. Zenger (2015); Strategy, Problems, and a Theory for the Firm; Organization Science, Articles in Advance, 1–10.