Co-Creation of Experience for Competitive Special Interest Tourism

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Abstract—**This study is intended to examine the effect of niche marketing and co-creation of experience to the competitiveness of tourism destinations. The method used is explanatory survey to the population of 64 (sixty-four) special interest tourism destinations, sailing tourism destinations in Indonesia. Data was collected by distributing questionnaire to the managers or acting managers of the tourist destinations. The observation unit is the managers of integrated yacht tourism destinations. Hypothesis testing used is Smart PLS (partial least square) to examine the series of relationships between latent variables in a limited population. The results show that niche marketing and co creation of experience are able to increase yacht tourism destinations, while co creation of experience has a greater role to improve destination competitiveness compared to niche marketing strategy.**

Keywords: niche marketing, co creation of experience, competitiveness, tourism destination, yacht tourism

I. INTRODUCTION

Yachting or yacht tourism is a special interest tourism activity that bounded in sailing activities along and over the water [1], using boats or vehicles as shelter, recreational facilities and transportation means [2], as well as offering unique tourist experiences for direct contact with sea, in groups or individuals, and enjoying exclusive marine tourism activities [3]. Tourism destinations in Southeast Asia have a great opportunity to be developed as yachting tourism, although the growth of yachting tourism in the region considered at an early stage as the number of yachts sailing in Southeast Asia is very small compared to Europe, Australia or North America [4]. The main challenge of yachting tourism in South-east Asia is the poor condition of infrastructure, the variation and limited of the quality and quantity services to serve the yacht tourists, the tradition of local people that are not encouraging yachting activities, the very limited traveling by yachts and yachting activities which are pioneered by the experts, as well as the limited growth of domestic industries especially leasing (charter) yachts and sailing schools. Yet, these factors affect intensely on the growth of yachting tourism. The Superyacht Report in 2013 also revealed that Indonesia's position as a yacht tourism destination in Southeast Asia is still under Thailand, Singapore and Malaysia [4]. Sailing in Indonesian

waters offers adventure, natural beauty, and lifelong experience. The above situations indicate that the competitiveness of Indonesia as yacht tourism destination is still low. The World Economic Forum has elaborated the model of competitive destination of Ritchie and Crouch [5] and using it to measure the competitiveness level of global tourism destination from 2011 to present, and has become the reference for global tourism destinations to measure level of competitiveness. The indicators include core resources, supporting resources, destination management, competitive factors and tourism policy. Lower competitiveness indicates that Indonesia has not yet provided superior value to its customers, which according to Hitt, Ireland, and Hoskisson strategic competitiveness is achieved when a firm success in formulating and implementing a value creating strategy [6].

Binkhorst and Den Dekker explains that in digital era, tourist experience is created in an experience network which involves many actors and stakeholders [7]. While each individual tourist has a different experience and their environments are constantly changing from being at home, while in decision making process, when traveling, and returning back home, therefore, the lack of capability to provide high value of experiences to travelers means destination has not yet been able to co create of experience effectively and efficiently. The main problem to co creation is the weakness in synergy, cooperation and collaboration orientation and the level of commitment amongst stakeholders in the value chains.

Another problem that is caused by the lack of competitiveness is because the destination has not yet been able to develop appropriate and integrated marketing strategies. Frochot and Batat state that in order to offer unique tourism experience to tourists, it is necessary to consider contemporary marketing strategies [8]. Based on the above phenomena, this study is aimed to examine how niche marketing and co creation strategies improve competitive advantage of yacht tourism destination.

II. LITERATURE REVIEW

A. Niche Marketing

Adopting niche marketing is an option of small businesses in today's competitive environment, as the firms that implement niche marketing know more about customers and can easily arrange their products according to the consumers' needs and wants [9]. Niche marketing is a defensive strategy which will be successful when the firm is able to implement a strategic initiative to reduce competition in the market place [10]. In this research, niche marketing consists of three dimensions; product specialization [11], focus market [9] and relationship marketing [12]. Product specialization consists of personalization, adaptation and distinctive competence. Focus market is indicated by segmented subgroup market and thorough customer's knowledge. Relationship marketing consists of digital marketing, continuous information system, synergy and close relationship with customers.

B. Co Creation of Experience

The dimensions of co creation of experience dimensions are hedonic experience, pragmatic experience, co creation environment, cognitive experience and personal experience [13]. Hedonic experience is intrinsic playful task which consists of aesthetic experience, enjoyment related benefits, fulfillment of promotion goals and pleasurable experience. Pragmatic experience is indicated by opportunity to meet likeminded people, solution on better meeting personal needs, reduction of risk associated with receiving inappropriate product, and compensation with efforts. Co creation environment consists of level of technologisation, level of connectivity and control variable. Cognitive experience is indicated with keep up with new ideas, acquiring new knowledge and develop new skills. Social experience consists of recognition and better status/social esteem.

C. Competitiveness

Competitiveness indicates the position of destinations based on enabling criteria to shape economic competitiveness and differentiate it from competitors [14]. While in Crotti and Misrahi's opinion, competitiveness is a collection of factors and policies that enable sustainable development of the tourism sector that contribute to the development and competitiveness of a country as a tourism destination [15].

The competitiveness measurement in this study uses the tourism destination's competitiveness developed by the World Economic Forum (WEF), which adapt Ritchie and Crouch [5] competitiveness later revised by the WEF in 2015 by Crotti and Misrahi [15] which measures tourism destination competitiveness based on four dimensions; enabling environments, policy drivers, infrastructure, and tourism resources.

Based on the above description, the dimension of yacht tourism destination's competitiveness proposed in this study is a modification of Ritchie and Crouch [5] and Crotti and Misrahi that includes tourism resources, conducive policy, competitive factors, destination management, and economic value [15].

D. Relationships Among Variables

1) Relationships between niche marketing and competitiveness: Ehmke states that niche marketing is a strategy to gain competitiveness [16]. Parrish et al., states that the application of niche marketing strategy is aimed at increasing opportunities in global market while increasing tourism destination's competitiveness [17]. Brynjolfsson et al., [18] states that niche marketing strategy allows executives to leverage small firms in businesses dominated by large corporations or superstars, gathering mixed people in a previously non-existent community, capable of filtering and controlling the most desirable communication and transforming research firms. Long tail marketing is a business strategy to excel in competition.

2) Relationships between co-creation of experience and competitiveness: Co-creation affects competitiveness positively delivered by Steiner [19]. Krishna and Dhaka even argue that value co creation should be one dimension of competitive advantage [20], while Gouillart argues that implementing co creation of experience creates competitive advantage and competitiveness [21].

Based on the above three variable relationships, the conceptual model of this research is as follows:
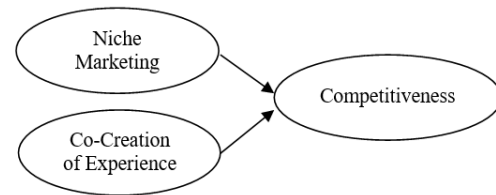

Fig. 1. The conceptual model.

The hypothesis proposed in this research is:

H1: Niche marketing and co creation of experience affect tourism competitiveness, both simultaneously and partially.

III. METHODOLOGY

This study is an explanatory survey. It is a verificative research that aims to test a hypothesis. Data was collected by circulating questionnaires to all managers or acting managers of marine tourism destinations servicing yacht tourists. The unit of analysis is yacht tourism destination in Indonesia, while the observation unit is the managers of integrated tourism destination which provide services to yacht visits.

All yachting destinations in Indonesia are observed in this study with total of 64 (sixty-four) destinations all over the country. Therefore, it uses census method and does not require sampling technique. The observation conducted in a cross sectional or one shoot time horizon, meaning that information or data obtained is the result of research conducted at one particular time.

IV. RESULTS AND DISCUSSION

A. Goodness of Fit – Inner and Outer Model

There are two submodels in a structural equation model; the inner model specifies the relationships between the independent and dependent latent variables, whereas the outer model specifies the relationships between the latent variables and their observed indicators.

1) Inner model: Analysis of the structural model (inner model) shows the relationship between the latent variables in the study. Inner models were evaluated using R Square and Prediction relevance (Q square) from Stone-Geisser's with a blindfolding procedure. Referring to Chin (1998), the R square values 0.67 (strong), 0.33 (medium) and 0.19 (weak) and Prediction relevance (Q square) 0.02 (minor), 0.15 (medium) and 0.35 (big).

Table 1 gives the value of R^2 on competitiveness as endogenous variable is in the criterion above medium (> 0.33), and the value of Q^2 is on the big criterion (> 0.35), so it can be concluded that the research model has been supported by empirical condition or model is fit. To check convergent validity, each latent variable's average variance extracted (AVE) is evaluated. From Table 1, it is found that all of the AVE values are greater than the acceptable threshold of 0.5, so convergent validity is confirmed.

2) Outer model: The outer model analysis is used to test the validity and reliability of the latent variables and the dimensions measured by the indicators. Measurement model explained by Cronbachs Alpha aimed to know the reliability of indicators in measuring dimensions and latent variables. If the Cronbachs Alpha value is greater than 0.70 [22], it shows that dimensions and indicators are reliable in measuring variables. Table 2 shows that Composite reliability and Cronbachs Alpha of the variable (> 0.70), so that the variables and dimensions in the model meet the discriminant validity criteria. Finally all variables have good reliability. The table 2 show the result of measurement model for each dimensions on indicators.

TABLE I.   TEST OF OUTER AND INNER MODEL.

	AVE	Composite Reliability	Cronbachs Alpha	R Square	Q square
Niche Marketing	0,587	0,894	0,865		0,682
Co Creation	0,543	0,889	0,942		0,753
Competi-tiveness	0,598	0,919	0,905	0,578	0,446

Source: SmartPLS 2.0

TABLE II.   LOADING FACTOR OF LATENT VARIABLE-DIMENSION-INDICATOR

INDICATOR – DIMENSION	λ	SE	t-value
NICHE MARKETING -> Product specialization	0,725	0,066	10,966
X11 <- Product specialization	0,838	0,035	24,044
X12 <- Product specialization	0,845	0,034	25,206
X13 <- Product specialization	0,768	0,056	13,753
NICHE MARKETING -> Focus market	0,845	0,033	25,770
X21 <- Focus market	0,854	0,028	30,389
X22 <- Focus market	0,883	0,025	35,229
NICHE MARKETING -> Relationship Marketing	0,909	0,023	40,186
X31 <- Relationship marketing	0,857	0,032	26,749
X32 <- Relationship marketing	0,874	0,025	35,197
X33 <- Relationship marketing	0,857	0,040	21,354
X34 <- Relationship marketing	0,711	0,081	8,832
CO CREATION -> Hedonic experience	0,739	0,068	10,910
X41 <- Hedonic experience	0,809	0,033	24,783
X42 <- Hedonic experience	0,801	0,087	9,197
X43 <- Hedonic experience	0,775	0,156	4,958
X44 <- Hedonic experience	0,706	0,138	5,103
CO CREATION -> Pragmatic experience	0,859	0,029	29,490
X51 <- Pragmatic experience	0,849	0,025	34,306
X52 <- Pragmatic experience	0,745	0,057	13,098
X53 <- Pragmatic experience	0,625	0,076	8,203
X54 <- Pragmatic experience	0,625	0,064	9,812
CO CREATION -> Co creation of environment	0,738	0,050	14,780
X61 <- Co creation of environment	0,826	0,051	16,199
X62 <- Co creation of environment	0,883	0,042	20,865
X63 <- Co creation of environment	0,874	0,024	36,913
CO CREATION -> Cognitive experience	0,638	0,075	8,543
X71 <- Cognitive experience	0,677	0,113	6,015
X72 <- Cognitive experience	0,874	0,047	18,788
X73 <- Cognitive experience	0,751	0,063	11,848
CO CREATION -> Personal experience	0,797	0,039	20,259
X81 <- Personal experience	0,869	0,029	30,278
X82 <- Personal experience	0,740	0,119	6,215

Table 2. Cont.

COMPETITIVENESS -> Tourism Resources	0,875	0,020	42,789
Y11 <- Tourism Resources	0,412	0,115	3,595
Y12 <- Tourism Resources	0,701	0,073	9,659
Y13 <- Tourism Resources	0,799	0,046	17,409
Y14 <- Tourism Resources	0,826	0,037	22,489
COMPETITIVENESS -> Conducive policy	0,797	0,041	19,643
Y21 <- Conducive policy	0,659	0,194	3,403
Y22 <- Conducive policy	0,779	0,043	18,115
Y23 <- Conducive policy	0,819	0,043	19,197
COMPETITIVENESS -> Competitive factors	0,946	0,010	93,695
Y31 <- Competitive factors	0,757	0,056	13,619
Y32 <- Competitive factors	0,727	0,056	13,011
Y33 <- Competitive factors	0,723	0,046	15,585
Y34 <- Competitive factors	0,783	0,043	18,091
Y35 <- Competitive factors	0,763	0,059	13,010
COMPETITIVENESS -> Destination management	0,866	0,030	28,730
Y41 <- Destination management	0,724	0,080	9,082
Y42 <- Destination management	0,808	0,033	24,221
Y43 <- Destination management	0,487	0,179	2,720
Y44 <- Destination management	0,653	0,079	8,273
Y44 <- Destination management	0,559	0,086	6,472
COMPETITIVENESS -> Economic Value	0,655	0,063	10,423
Y51 <- Economic value	0,895	0,036	24,769
Y52 <- Economic value	0,912	0,019	46,912

*valid for α=0.05

The result of measurement model of dimensions by its indicators show that the indicators are valid at the value of t < 1,99 (t table at α = 0.05). The results of measurement model of latent variables on their dimensions show to what extent the validity of dimensions in measuring latent variables. Following figure show the complete path diagram:
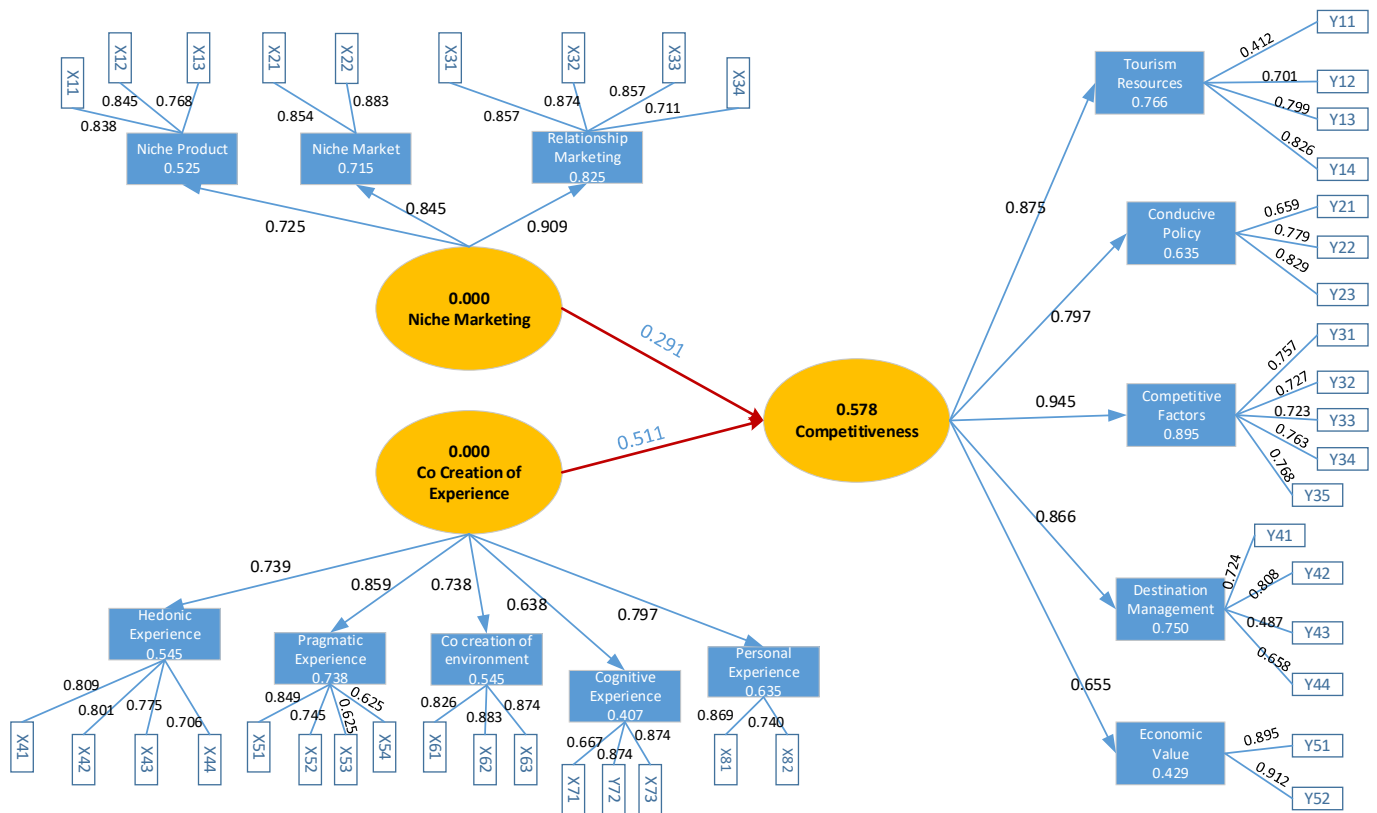

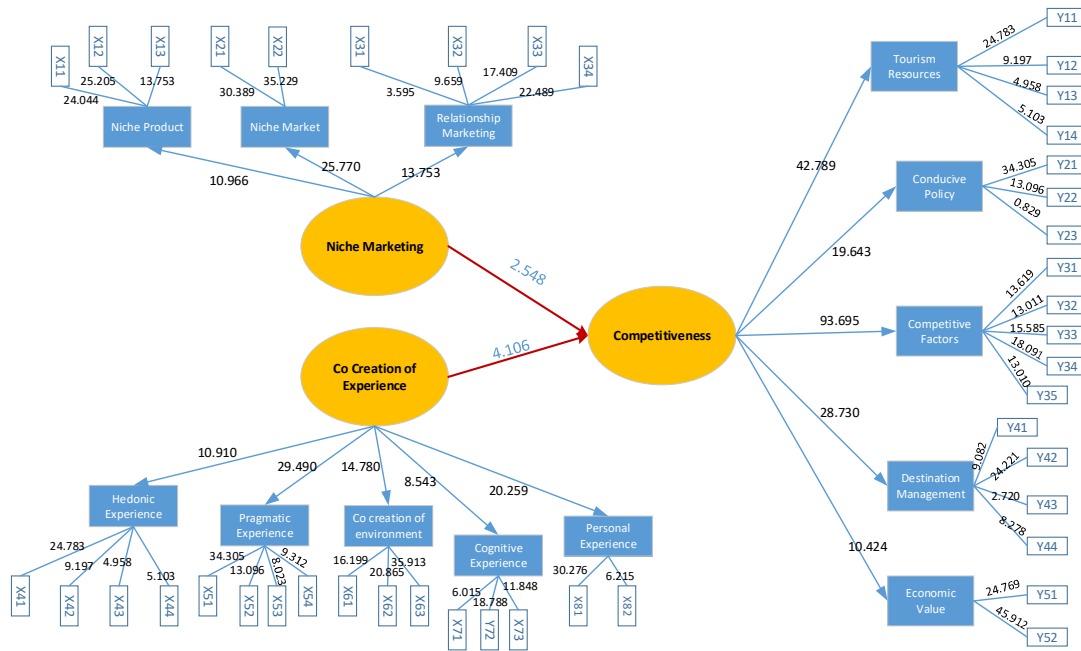
Fig. 2.   Complete path diagram of research model.

Fig. 3. Complete t-value diagram.

3) Structural model: Based on the research framework, then obtained a structural model as follow:

$$\eta_1 = 0.291\xi_1 + 0.511\xi_2 + \zeta_1 \qquad (1)$$

η_1 = Competitiveness
ξ_1 = Niche Marketing
ξ_2 = Co Creation of Experience
ζ_i = Residual

B. Hypothesis Testing

Below is the result of partial testing of hypothesis. Table 3 shows the result of hypothesis testing for simultaneously.

TABLE III.   SIMULTANEOUS TESTING OF HYPOTHESIS

Hypothesis	R^2	F value	Conclusion
Niche Marketing and Co Creation->Competitiveness	0,578	41.155*	Hypothesis accepted

* significant at $\alpha=0.05$ (F table =3,15)

The table show that simultaneously, Niche Marketing Strategy and Co Creation of Experience significantly affect to Competitiveness (57.8%).

Below is the result of partial testing of hypotheses:

TABLE IV.   PARTIAL TESTING OF HYPOTHESES

No	Hypothesis	γ	SE(γ)	t	R^2	Conclusion
1	Niche Marketing -> Competitiveness	0,291	0,114	2,548*	0,200	Hypothesis accepted
2	Co Creation-> Competitiveness	0,511	0,124	4,109*	0,378	Hypothesis accepted

* significant at $\alpha=0.05$ (t table =1.99)

C. Research Findings

Based on the hypothesis testing result, can be described the Research Model Finding as follow:
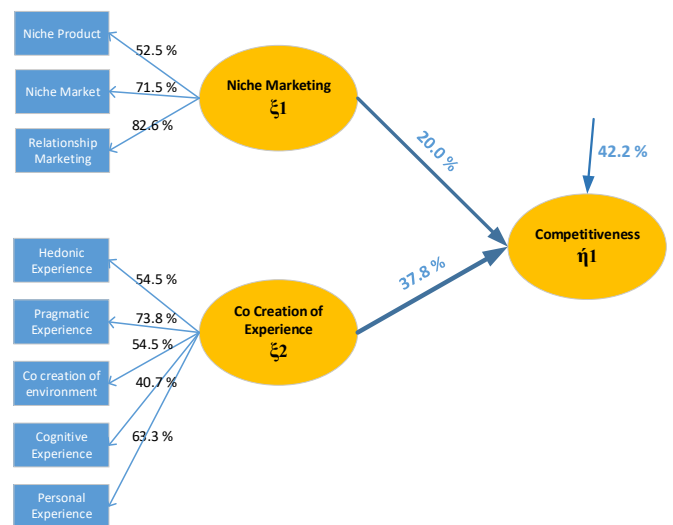

Fig. 4. Research finding.

The research findings show that niche marketing and co creation of experience are able to increase the competitiveness where co creation has a greater role than the niche marketing. Pragmatic experience has the highest role in developing co creation of experience. While relationship marketing is the most important aspect in developing a niche marketing. These findings indicate that the increasing competitiveness of yacht tourism destinations in Indonesia should be based on the development of co creation of experience, especially the development of pragmatic experience, which is supported by

the development of niche marketing especially related to relationship marketing.

The results of this study support the findings of Steiner [19], Krishna and Dhaka that co creation should be one dimension of competitive advantage [20], meanwhile Gouillart [21] argues that implementing co creation creates competitive advantage. Mostafa's demonstrates the positive effect of value co creation on competitive advantage [23]. Hsu's shows that value co creation strategy is aimed at improving the performance of new product development and enhancing the company's competitive advantage in competition [24].

These findings also support Ehmke who found that niche marketing strategy as one strategy to gain competitiveness [16]. Parrish et al., stated that the application of niche marketing strategy is aimed at increasing opportunities in global market while increasing the competitiveness of tourism destinations [17]. Brynjolfsson states that niche marketing strategy allows executives to leverage small firms in businesses dominated by large corporations or superstars, gathering mixed people in a previously non-existent community, capable of filtering and controlling the most desirable communication and transforming research firms [18]. Niche marketing is a business strategy to excel in competition.

V. CONCLUSION AND RECOMMENDATION

Niche marketing and co creation of experience are able to increase the competitiveness of tourism destinations where co creation has a greater role than niche marketing. The results of this study provide implications to the management of yacht tourism destinations in Indonesia, to develop competitiveness by relying on the development of co-creation of experience, especially in the aspects of Pragmatic Experience, and Niche Marketing Strategy, especially on the aspect of Relationship Marketing.

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