

# The Marketing Strategy for Tourism Industry Post Covid-19 Pandemic

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## ABSTRACT

Tourism is one of the most affected business sectors due to the Covid-19 pandemic. This resulted in a decrease in the number of tourists visiting destinations. The current study aims to describe the impact of Covid-19 on tourism sector and formulate marketing strategies for developing tourism, specifically post-Covid-19 pandemic. A qualitative research approach was used in this study by employing SWOT analysis to formulate marketing strategies for tourism service providers. The proposed marketing strategies are: (1) Implementing CHSE principle (Cleanliness, Healthy, Safety, Environment Friendly), (2) Targeting market on local, regional, and domestic tourists, (3) Segmenting market on individual tourist, (4) Green marketing, (5) Packaging of tourist destinations, (6) Digital marketing, and (7) Re-positioning. Theoretical and managerial implications of this study are offered.

**Keywords:** *Tourism, Marketing, Strategy, Covid-19*

## 1. INTRODUCTION

The Covid-19 pandemic has impacted all aspects of life including socio-cultural, political, and economy. One aspect of economy that is most affected is tourism industry [1]. Hotel, accommodations, cafes, restaurants and shopping center must temporarily close [2]. Various events called MICE (meeting, event, incentive, exhibition) had to be postponed. Hence, the condition leads tourism service providers have to reduce, or even lay off their employees [3]. In Indonesia, more than 15 million employees who work in tourism industry are losing their jobs during the pandemic. Meanwhile, there are 32.5 million workers who are indirectly affected namely tourism and creative economy workers, souvenir shops, money changers, tour guides, dancers, musicians, art workers in tourist areas, and others.

People's purchasing power tends to decline due to the Covid-19 pandemic. People prioritize their spending to purchase products, both goods and services that are categorized as basic needs. Meanwhile, tourism is a service product that is considered a need that can be postponed and is not urgent to be fulfilled. The decline of people's purchasing power has contributed to the decrease of income in tourism sector during the pandemic.

Tourism is one of the competitive sectors in Indonesia. This sector has contributed foreign exchange of around IDR 280 trillion with 16.11 million foreign tourists. Contribution of tourism sector was US\$63.6 billion or 6 percent of total Gross Domestic Product (GDP) in 2019. However, due to Covid-19 pandemic, the sector's contribution to GDP has

decreased by 3.7% throughout 2020. Based on these conditions, the objectives of this study are to: (1) describe the impact of Covid-19 on tourism sector; (2) formulate marketing strategy for developing tourism, specifically post-Covid-19 pandemic.

## 2. LITERATURE REVIEW

### 2.1 Marketing Strategy

Marketing strategy is a very crucial strategy for business and organization to succeed. It is directed to provide superior value to customers. According to [4], marketing strategy is a marketing mindset that will be utilized to achieve marketing objectives, in which there is a detailed strategy consisting of target market, positioning, marketing mix, and budget for marketing. Further it is an effort to market a product (good or service) by using a certain pattern of plans and tactics so that increasing marketing performance including sales performance.

Understanding marketing strategy can also be interpreted as a series of efforts made by the company in order to achieve certain goals. Marketing strategy has an important role in a company or business because it serves to determine the economic value of the company. Marketing strategy is a fundamental tool and marketing programs designed to achieve a company's objectives by developing a sustainable competitive advantage.

## **2.2 Tourism Marketing**

Tourism is everything related to tourism, including tourist objects and attractions and related businesses in that field. Tourism is a social, cultural and economic phenomenon that involves the movement of people to countries or places outside their usual environment for personal or business or professional purposes. Tourism marketing and development should be carried out in a responsible and sustainable manner, taking into consideration environmental, economic and social factors and positively contributing to the host community [5]. If examined in more detail, tourism marketing consists of several activities, namely tourism destinations, tourism business marketing, hospitality marketing, travel marketing and others that are definitely related to everything related to tourism.

The purpose of marketing is to provide optimal satisfaction to consumers [4]. In line with this argument, tourism marketing aims to create satisfaction for tourists with the hope that these tourists will revisit and recommend to others. To achieve maximum level of satisfaction, service providers need to provide best services, including amenities, accessibility, and attractions. Moreover, tourism is categorized as a service, therefore marketing mix strategy is not only 4Ps (product, price, place, promotion) but also include 3Ps (people, process, physical evidence) which is known as service marketing mix.

## **3. METHOD**

Aiming to develop tourism industry during and post global pandemic Covid-19, the current study's main research question is: Which marketing strategies will be implemented during and post a tourism crisis? To answer the question, the current study employs qualitative approach by using in-depth-interview with 12 key informants consisting of 3 persons from government institutions, 4 persons from tourism business service providers, and 5 tourists. To formulate marketing strategies, this study employs SWOT analysis.

## **4. RESULTS AND DISCUSSION**

### **4.1 The impact of Covid-19 Pandemic on Tourism Industry**

The Covid-19 pandemic has limited people's mobility because they prefer to stay at home and obey the regulation of Large-Scale Social Restrictions (PSBB) or Enforcement of Restrictions on Community Activities (PPKM). This policy was applied by government to limit community activities, especially to reduce crowds. It is expected that this policy will reduce the number of transmissions of Covid-19 cases. As a result of this regulation, it has an impact on the decline in the number of tourists visiting Indonesia. The number of foreign tourists visiting Indonesia in July 2021 account for 138,967 or decreased by 10.77 percent compared to July 2021 which amounted to 155,742. Most of them come from Timor Leste (76,666), Malaysia (44,995), China (3,145), United States of America (2,561), Papua New Guinea (2,187) and other countries.

The decline in tourist arrivals has an impact on the decrease in hotel occupancy rates. Based on data released by the Ministry of Tourism and Creative Economy, room occupancy rate for star-class hotel in Indonesia in July 2021 reached an average of 22.38 percent or decreased by 5.69 points compared to that of in July 2021 which was 28.07 percent.

Based on the above condition, economic activities in tourism industry are also experiencing a decline. Most of tourist destinations, entertainment venues, and creative industry that offers foods, souvenirs, etc. have to temporarily closed. There are 19.10 million people or 9.30 percent of the working age population affected by Covid-19 [6]. People who lost their jobs due to Covid-19 have contributed to an increase in the number of unemployment (1.62 million people). Further, the impact of Covid-19 pandemic on business activities in tourism industry is described as follows:

#### *1. Hotel*

Hotel, homestays, and other accommodation facilities are the industries most affected by Covid-19 pandemic. In general, hotels receive their revenue from tourist visits, and MICE (meetings, incentives, conferences, exhibitions). Since the number of tourists has decreased and many MICEs have been postponed, hotels have also experienced a drastic decline in revenue.

#### *2. Restaurant*

Restaurants have also been affected by Covid-19 pandemic. Restaurants including cafes, bars, stalls, coffee shops, and the like were closed because there were no buyers visiting due to the closure of tourist attractions in those areas. In the absence of support from travel agencies and tourist attractions, many restaurants are realistic not to open for serving customers.

#### *3. Travel agency*

The travel agency is one of the tourism service providers who are directly affected by the corona virus. Tour trips that had been scheduled in advance had to be canceled due to the pandemic. The percentage of cancellations caused by Covid-19 is almost 100 percent which has resulted in many travel agencies experiencing losses.

#### *4. Souvenir shops*

Souvenir shops have also been directly affected by the pandemic. They are small and micro enterprises (SME's) which supply products for souvenir shops center. Therefore, with the closure of souvenir shops, SME's experiencing a decrease in their income because there are no consumers.

#### *5. Car rental service*

Car rental is a service provider in tourism industry that is also greatly affected by the pandemic. Human mobility decreased drastically, thereby reducing the number of people renting cars. This is unavoidable because people tend to choose to stay at home so as not to get infected the virus.

#### *6. Employees in tourism industry*

Overall, employees who work in the tourism industry experience a decline in income and even lose their jobs because some of them laid off by the company. They are employees who work in hotels, restaurants, travel agents, creative economy services, event/meeting organizers, car rental services, souvenir shops, drivers, tour guides perceive a decrease in their income due to the declining number of tourists.

#### **4.2 Proposed Marketing Strategies**

Development of the tourism industry during Covid-19 pandemic needs a new approach. It is argued by [7] that marketing is being affected by this pandemic and how will change, not only the context of marketing, but how organizations approach their strategic marketing efforts. This is very important because tourism management under new normal conditions is different from that of before the pandemic. Rules to comply with health protocols such as maintaining distance, wearing masks, and washing hands must be strictly implemented. Cleanliness and hygiene are absolute requirements that must be obeyed by all tourism service providers.

Based on SWOT analysis, this research suggests several marketing strategies to develop tourism industry during Covid-19 pandemic. These strategies are described as follows:

##### *1. Implementing CHSE principle (Cleanliness, Healthy, Safety, Environment Friendly)*

Based on in-depth interview with service providers in tourism industry, they must maintain CHSE in implementing health protocols in tourist destination. This is in line with the study of [8] who suggest that tourism service providers need to emphasize their commitment to cleanliness to reduce tourist's perceptions of health risk. Besides, government needs to educate society in the application of the CHSE protocol using videos, booklets, and various media all tourism providers such as hotels, restaurants, shopping places, and others. Not only service providers, but tourist as the customers must also comply with health protocols. According to [9], tourists who travel across countries, travel insurance is needed to ensure their safety.

##### *2. Targeting market on local, regional, and domestic tourists*

In line with strategy implemented by the Ministry of Tourism with the slogan #diIndonesiaaja, the focus of tourist destination visitors is directed at local, regional and foreign tourists. #diIndonesiaaja is a creative tourism campaign movement in the recovery period due to Covid-19 which focuses on domestic tourism. Meanwhile, target market for foreign tourists are families, travel enthusiasts (adventurers, millennial travelers), 'bleisure' (business travelers, institutions, companies, corporations), government, and others.

##### *3. Segmenting market on individual tourist*

The Covid-19 pandemic has resulted in the emergence of several regulations so that people do not congregate in groups to avoid potential transmission and spread of the

virus. This causes tourists who visit cannot travel in a group, but prefer to travel alone. If they have to travel together, then they choose close family and friends. Based on interview, it reveals that tourists prefer to visit tourism destination alone without being accompanied by friends.

##### *4. Green marketing*

Based on rules of the United Nations World Tourism Organization (UNWTO), countries that have been depending on their income on tourism sector must begin to adhere to the principles of sustainable tourism. It is tourism that takes into account current and future economic, social and environmental impacts, meeting the needs of visitors, industry, environment and local communities. This is in parallel with principle of green marketing which refers to the satisfaction of customer needs, wants, and desires in relation to the maintenance and preservation of the environment.

##### *5. Packaging of tourist destination*

The existence of information stating that transmission of virus mostly occurs in closed air-conditioning rooms, causing consumers to reduce and even avoid these places. Therefore, tourists tend to select open-air palaces with beautiful panoramas and fresh air. Beaches, agro-tourism, mountainous areas are favorite places to visit during the pandemic. In addition, tourists also choose a fitness or health place to increase their immunity to avoid corona virus attack. Hence, tourism service providers need to provide tourist attraction package with natural freshness.

##### *6. Digital marketing*

Promotion that might be employed to market tourism services during the Covid-19 pandemic is digital marketing [1]; [10]. It is designed to promote a tourism destination on social media to attract tourists to visit. Digital marketing activities are usually carried out on websites, online advertising, social media, direct marketing email, and mobile applications. Tourism promotion strategy during the pandemic is certainly different from that of under normal condition. People's fears for travelling must be eliminated by guaranteeing CHS (Cleanliness, Health, Safety). For instance, hotel might the cleanliness and healthiness of rooms and facilities by showing pictures or videos during the process of spraying with disinfectant, preparing hand sanitizers in various corners of the rooms and signs to show social distancing, front liners who wear maskers, and providing temperature detectors.

##### *7. Re-Positioning*

Positioning is a strategy to win mind share of consumers by building Unique Selling Proposition (USP) so that destinations are perceived as different from competitors. During the pandemic, service providers need to re-position ensure positioning by adding CHS elements as an augmented experience. The insertion of CHS element is more about quality and consistency of its implementation. Hence, tourists will have a good image and believe that the destination is safe from virus transmission.

The formulation of alternative strategies above can be utilized as a basis to revitalize tourism industry during

Covid-19 pandemic. Therefore, it will increase the number of tourists, length of stay, and tourist spending.

## 5. CONCLUSION

The Covid-19 pandemic has forced people to stay at home and reduce their outside activities. This condition is certainly very detrimental to business actors engaged in the tourism sector. All tourism business actors are required to be able to adapt and remain optimistic that this condition can be overcome by continuing to carry out health protocols in a disciplined manner. All levels of society and stakeholders are expected to comply with the health protocols with full responsibility so that the tourism sector can bounce back soon. This is very important to build and maintain public trust, especially tourists, in tourism services. If tourism business actors can ensure that they provide tourism services that are clean, hygienic, comfortable, and safe in accordance with health protocols, then tourists will gradually return to visit. On the other hand, tourists who come must be ensured to comply with health protocols to keep their distance, wash their hands, and use masks when traveling. According to [11], in order for the tourism and hospitality industry to return to normal, it is necessary to increase the skills of workers in a professional manner, be more sensitive to hegemony, health SOPs, media involvement, and an optimistic attitude.

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