

# Turnitine\_Proceeding\_Strengthening Marketing Mix

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**Submission date:** 11-Apr-2023 11:24AM (UTC+0700)

**Submission ID:** 2061263044

**File name:** 125919339.pdf (2.28M)

**Word count:** 3327

**Character count:** 19392

# STRENGTHENING MARKETING MIX PERFORMANCE TO ENHANCE THE COMPETITIVENESS OF TOURISM MSMEs USING IMPORTANCE PERFORMANCE ANALYSIS APPROACH

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**Abstract**—In terms of globalization, turbulent and highly complex environment, competition is stronger and more ruthless. MSMEs are faced with the need to find new ways, paths, and methods for achieving sustainable competitive advantage. Tourism market is determined primarily by tourism demand and tourism offers. Marketing mix in tourism has its own characteristics that derive from the fact that the product in tourism is a service. Besides, the invisibility of a product gives even more important to marketing. This paper shows the importance of the marketing mix to enhance the competitiveness of tourism MSMEs using Importance-Performance Analysis Approach. This study result that to enhance the competitiveness of tourism MSMEs is operationalized through the improvement of a large and comprehensive set of attributes, including tourism services, accessibility, physical components, Information, and quality of services. In particular, the study identifies as a prior area of intervention is the improvement of information, pricing policy, tourism destination especially parking lots, the variability of services offering, accessibility, and communication.

**Keywords**— MSMEs, Tourism, Importance-Performance Analysis Approach, Competitiveness.

## I. INTRODUCTION

The tourism sector is a strategic sector because of its ability to revive economy activities, especially through the emergence of MSMEs around tourism destinations. The growth of MSMEs subsequently had a positive impact on the economy through its influence on increasing income, absorbing labor and exporting. So it can be said, the growth of the tourism sector can also reduce poverty. Tourism Ministry data shows the role

of tourism sector growth and has a significant contribution to Product Gross Domestic Product (GDP) of 4.23% or IDR 461.36 trillion, generating foreign exchange in the amount of US \$ 11.9 billion, and absorb labor as much as 12.16 million people (LAKIP Kemenpar, 2016). The tourism sector in Indonesia has an opportunity to become the fastest-growing sector in the world as stipulated as a Priority Program for Development of the 2015-2019 "Nawa Cita".

Pekalongan Regency has many and various tourist areas, including the tourist area of Kabalong (acronym of Karanggondang, Limbangan, Lolong, the three villages in Karanganyar sub-district). The area is directed as a natural tourist area. There are various kinds of tourism potential, namely natural, culinary, historical and cultural tourism. The durian and Lengkung bridge in Lolong village have become icons of this tourist area. Because of the potential, various MSMEs in the tourism sector have grown in the Kabalong tourism area. This research has virtue because poverty and unemployment are still remaining a fairly basic problem in the economy. The development of MSMEs around Kabalong area can be a strategic choice to reduce poverty as well as unemployment. However, those MSMEs has not been managed optimally and professionally. This research purpose to develop alternative methods/policies to enhance those MSMEs. Another issue concern with MSMEs of Kabalong tourism area is that there are still many MSMEs ignoring environmental sustainability. The objectives of this research are developing alternative strategies to enhance MSMEs in tourism based on Importance and Performances Analysis of MSMEs's Marketing Mix Elements and its facilities.

## II. LITERATURE REVIEW

Tourism is a phenomenon involving social, cultural and economic dimension. It refers to the movement of a person or group of people with recreational purposes with recreational goals or other purposes such as education, business, and just friends<sup>17</sup>. These people are hereinafter referred to as tourists. The development of tourism can be seen in the demand and supply side. On the demand side, tourism is related to meet tourist needs in obtaining goods and services, while on the supply side, tourism is a productive activity that serves the needs of tourists. In macroeconomic phenomena, the role of the tourism sector is the greater reflected in the six main targets of the Tourism Ministry's tourism development (Strategic Planning 2015-2019, Government Regulation No. 50 of 2011), Gross Domestic Product (GDP) increased from 9 percent in 2014 to 15 percent in 2019, (2) foreign exchange increased from IDR 140 trillion in 2014 to IDR 280 trillion in 2019, (3) contributions employment opportunities increased from 11 million in 2014 to 13 million in 2019, (4) index tourism competitiveness increase<sup>9</sup> from rank 70 in 2014 to 30 in 2019, (5) total foreign tourist arrivals increased from 12.4 million in 2014 to 20 million in 2019, and (6) the number of domestic tourist trips increased from 250 million in 2014 to 275 million in 2019.

MSMEs are business groups with certain criteria such as turnover, assets and amounts labor. MSMEs have long been seen as businesses that are able to survive in a crisis situation, absorb the largest labor force, and contribute the largest output in the economy national. MSME<sup>13</sup> are grouped into (1) livelihood activities five, (2) Micro Enterprise, (3) small dynamic enterprise, and fast-moving enterprises (UU No. 20 of 2008). Tourism MSMEs are a community who meet the criteria as MSMEs that support development tourism. Because of the nature of MSMEs that are resistant to economic turmoil, as well as the existence of tourism potential in Indonesia, tourism MSMEs can be relied upon in the face of competition global as well as reducing poverty and unemployment. Therefore, increasing capacity and innovation tourism MSMEs is needed.

Because of being aware of the strategic position of MSMEs, one of the development missions of Pekalongan Regency is empowering the community and all of the regional economic force<sup>15</sup> especially micro, small, and medium enterprises, by developing a populist economic system that relies on fair market mechanisms and based on productive natural and human resources, be autonomous, competitive, environmentally sound and sustainable "(Pekalongan Regional Regulation No. 9 of 2010, Pekalongan Regional Regulation No. 2 of 2011). To empower the community and driving the economy, one way that can be taken is to drive MSMEs as supporting of the tourism

sector (Novitasari, 2017; Dias, 2009, Hijriati, Emma and Rinna M, 2014, Merynda 2015, Nasir, Hijrah, 2017)

## III. METHODS

The objectives of this research are developing alternative strategies to enhance MSMEs in tourism based on Importance and Performances Analysis of MSMEs's Marketing Mix Elements and its facilities. Research conducted in the natural tourist area of Kabalong (Karanggondang, Limbangan, and Lolong) in the sub-district of Karanganyar, Pekalongan Region. The main input to be analyzed is primary data that is collected by questionnaires method. The questionnaire was distributed to 60 respondents, 60 respondents covering all stakeholders of MSMEs development, namely elements of MSMEs actors, the government as policymakers, area managers, sub-district heads, village heads, and public figure. Data analysis was carried out using technical descriptive analysis using Importance-Performances Analysis Approach.

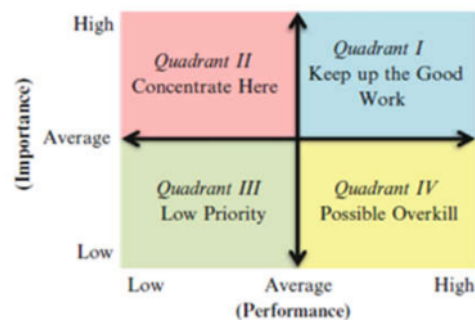


Fig 1. Importance Performance Diagram

## IV. RESULTS AND DISCUSSION

### A. Profile of Respondents

Using the questionnaire method, this study distributed questionnaires to 60 respondents. Since the enumerator accompanying at the time of filling out a questionnaire, the whole questionnaire could be fully collected and stated valid, so that the data could be processed to be analyzed. The elements of respondents in this research are government representatives from the related apparatus (22), sub-district representative (3), representatives of three villages (6), Forum for Economic Development and Employment Promotion (FEDEP) Pekalongan (2), Regional Research Council (3), area manager (1), and MSMEs actors (19).

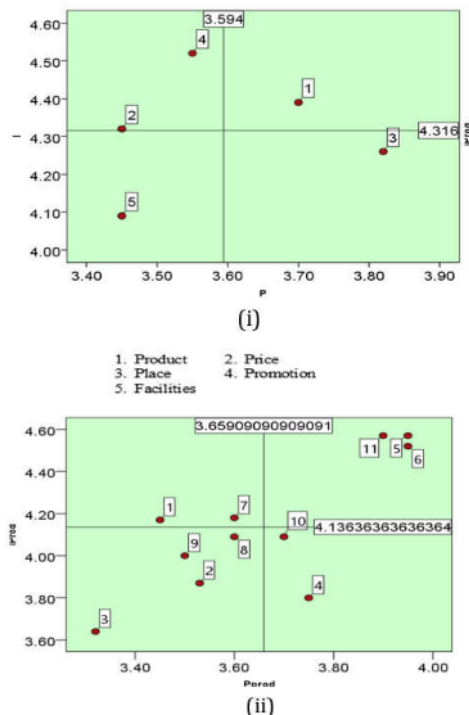
### B. Importance-Performance Analysis of Marketing Mix of Kabalong Tourism MSMEs.

The formulation of the appropriate marketing strategy requires an objective assessment of the marketing mix, both MSMEs actors, and related parties such as government agencies, area manager, and community. The level importance and performance of

marketing mix on tourism MSMEs data that have been collected from the relevant parties are processed and presented in the Cartesian diagram model. The Cartesian diagram consists four quadrants, I) High importance high performance where the organization must maintain good performance (II) High importance low performance, is a priority/concentration area, (III) low importance low performance, low priority and, (IV) Low importance high performance, possible over skill.

### C. Important - Performance (IP) Analysis for Marketing Mix

I-P analysis is carried out not only in the marketing mix but also in the elements of tourism MSME business facilities. Based on the Cartesian diagram of Figure 1, it can be seen that basically all elements of the marketing mix and facilities are considered important. This is indicated by the position of all the elements in the diagrams which are at the level of importance above number 4 of the maximum score of 5. However, overall the performance of each element of the marketing mix has not been seen as maximum.



**Fig 2.** (i) Importance-Performance Diagram for Marketing Mix

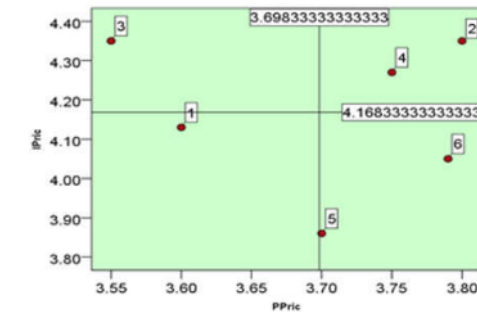
(ii) Importance-Performance Diagram for Product

In the Cartesian diagram, promotions and prices are in quadrant II. This shows that promotion is seen as a very important factor, but its performance is relatively low. Likewise with the price element, although not as important as the promotion element, the price element is also considered quite important and its performance is also considered low. Thus it can be concluded that the two elements are a priority in the formulation of the development of marketing programs. The facility is in quadrant III, means that the facility is perceived has low importance and relatively low performance. Therefore the facility is not seen as the main element to be considered. This is likely because the physical facilities have been well provided, both by the government, as well as from state-owned enterprises (State Electricity Company) CSR programs. However, it does not optimally use, so the performance is also seen low, as indicated by the low-performance appraisal. Place (accessibility) is in quadrant IV, it means that place has the highest performance assessment among other elements, but it is seen as less important than the elements of Promotion, Product, and Price. The place is position in a lower level of importance because the location of MSMEs in the Kabalong area is relatively easy to access so that performance related to accessibility (place) is good so that its performance is high. The product element is in quadrant I which indicates that this element is considered important and its performance is good. Because the position of the product element is still in the center of the performance line continuum, it means that the product element still needs to be optimized.

As shown in Figure 2, it can be seen that service, security, and quality are in quadrant I which indicates that this element is considered important and its performance is good. In quadrant II it can be seen the variety of product and packaging. This shows that variation of product and packaging are an important factor, but its performance is relatively low. Price, product completeness, brand, and feature are in quadrant III. This is indicated that the elements are perceived has low importance and low performance. Size and design are in quadrant IV, means that the highest performance appraisal among other elements, but it is seen as less important than the other elements.

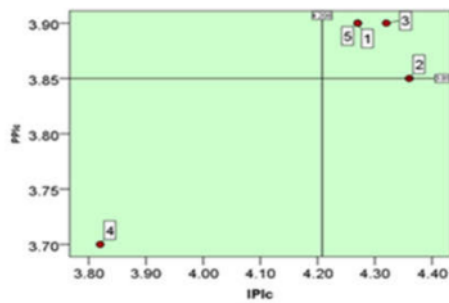
As shown in Figure 3, it can be seen that element of easy to reach, strategic location, transportation, and performance are considered important and its performance is good. The element of distribution channels is in quadrant III. This is indicated that distribution channels are perceived has low importance and low performance.





(i)

1. Easy to Reach
2. Infrastructure
3. Strategic location
4. Distribution Channels
5. Transportation



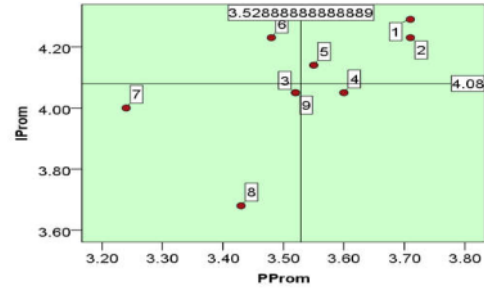
(ii)

1. An affordable price
2. Price Compliance with Quality
3. Price Compliance with Services
4. Price Competitiveness

Fig 3. (i) Importance-Performance Diagram for Price

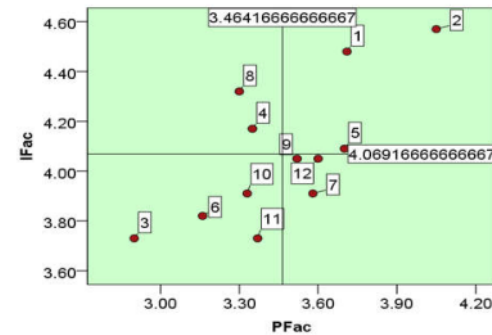
(ii) Importance-Performance Diagram for Place

The promotion mix is referred to all the decisions related to the promotion of sales of products and services. The important decisions of promotion mix are selecting advertising media, selecting promotional techniques, using publicity measures and public relations, etc. Result of this study shows that publication, utilization of social media, and exhibition (sales promotion) are in quadrant I, which indicates are important and its performance is good. Billboard, personal sales, and direct marketing are perceived have low importance and low performance. Every small business needs a strong marketing strategy. The reason is the internet has drastically changed the way that most businesses build and promote their brands as more and more consumers are engaging with brands online before making a purchase. Web design importance because 40% of consumers are heading to the search engines to get more information as they make their purchasing decisions.



(i)

1. Publication
2. Sales Promotion
3. Advertisement
4. Web Design
5. Utilization of SocMed
6. Directions Board
7. Billboard
8. Personal Sales
9. Direct Marketing



(ii)

1. Toilet
2. Mosque
3. ATM/Fintech
4. Communication
5. Guide
6. Souvenir
7. Product Information
8. Parking
9. Culinary
10. Restaurant
11. Café
12. Grocery Store

Fig 4. (i) Importance-Performance Diagram for Promotion

(ii) Importance-Performance Diagram for Facilities

As shown in figure 4 (ii), three items felt into the Keep up the good work quadrant, including toilet, mosque, and guide. On the other hand, the Concentrate here quadrant captured 3 items: grocery store, culinary, and product leaflet. Such elements seem to represent the first area of the parking lot and communication. The highest number of items felt into low Priority quadrant, including payment for noncash, souvenir, café and restaurant. They were rated as below average for both importance and performance. This implies that relatively fewer resources should be put into this area. This study supports the adoption of the Importance-Performance Analysis (IPA) (Martilla and James, 1977) as a low-cost/easily manage tool for evaluating tourist satisfaction. This study result that tourist satisfaction is operationalized through a large and comprehensive set of attributes, including tourism services, accessibility, physical components and quality of services.

## V. CONCLUSION

Given the increasing competition among national tourist destinations, the ability to provide high-quality tourism experiences represent a critical source of competitive advantage. Since tourism has been seen as a driving force of regional development, the availability of management tools aiming to help policymakers and practitioners to develop a more clear understanding of tourists' perceptions of the main strengths and weaknesses of the destination represents an essential input of the destination management process. This study result that to enhance the competitiveness of tourism MSEM should be operationalized through the improvement of a large and comprehensive set of attributes of the marketing mix, especially for promotion and pricing element. The improvement of the direction board and advertisement are the important focus of the promotion element of the marketing mix. This condition reflects the lack of tourist location signs. Another problem that must be solved is the limited number of advertisements; this causes tourist destinations not to be widely informed. Cartesius diagram shows that MSEM requires knowledge and ability of pricing policy. The price must be set according to the target market. The results of the study indicate that product variation and packaging find as the most important of product element, this shows that MSEM must be creative in designing a variety of product and service offerings with interesting and unique packaging. Furthermore, parking lots are important facilities for tourist destinations. To solve this problem requires good cooperation and coordination between the MSM and the local government and other stakeholders. The IPA results can be used as a benchmarking tool in order to support the further improvement of the level of competitiveness. At the same time, the proposed framework could be adopted by other destinations to evaluate the quality of the experience offered to visitors, also comparing their own strengths and weaknesses with other potential competitor destinations. In this sense, the proposed analysis may be useful also as a strategic marketing tool able to show the main elements for differentiating tourist offer.

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