



Unlocking the Strategy of Indonesian Government in Developing Digital Tourism

ABSTRACT

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This study aims to understand to what extent the digital tourism development has been implemented by government of Indonesia and what strategies they use to reach that goal. Digitalization is an unavoidable change that has been influencing all aspect of people's life, creating opportunity to digitalize tourism in Indonesia as one of main strategies in recovering economic performance post covid-19. The fact that tourism is one of the most significant sectors in Indonesia, urges local government to take significant role to ensure the digital tourism development is smoothly implemented. The novelty of this study lies in its exploration initiative on government strategies while study about digital tourism development is lacking. Content analysis was utilized to explore information from books, journals, interview report in newspaper and government website. The study revealed out that by utilizing partnership strategy with state-owned enterprises, start-ups and local people, government of Indonesia consistently prepares the infrastructure and incentive to support digitalization of its tourism in 4 main aspects which are digital distribution channel, digital promotion, digital payment and digital training.

Keywords: Digital, Tourism, Government, Strategy

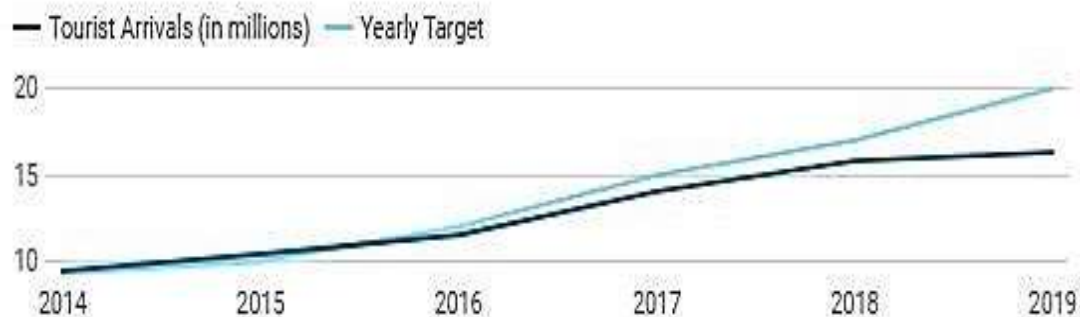
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INTRODUCTION

Covid-19 pandemic hurts the entire world's economy badly, Indonesia economic growth was minus 5,32% in quarter II, 2020 (Central Bureau of Statistics Indonesia, 2020). The national economy recovery will need a strong push from government, business and other stakeholders. Indonesia is one of the countries with the largest tourist visits in the world. Although it is still below Thailand in terms of regional tourism revenue, it is recognized that the regional tourism potential in this country can still be improved. Therefore, the Indonesian government needs to innovate and focus on differentiation without losing its competitive advantage in cultural element of its tourism.

It is worthy to note that both local and foreign tourists are the life for the sustainability of tourism in Indonesia. Tourist is one of the sources for foreign exchange, which is

targeted to continue to increase every year. As of 2017, the income from Indonesia's tourism potential continues to increase and until now it has become the largest contributor to foreign exchange after oil. It is theoretically claimed that foreign exchange can increase economic growth. Therefore tourism is today a strategic sector to revive Indonesia economic growth. Lately, Indonesian government also focuses on attracting more foreign investment since it is scientifically proven, can positively contribute to economic growth, even if the impact varies per sector (Susilo, 2018).



The 2019 data is based on BPS' prediction that around 1.4 million tourists will enter Indonesia in December 2019 on top of the 14.9 million tourist arrivals between January and November 2019.

Figure 1. Tourist Arrival and Yearly Target in Indonesia Tourism Sector

Source: Iswara, Gobriano & Mufti (2019)

Nevertheless as seen in graphic above, the yearly number of tourist in Indonesia did not meet the number as expected by its Government, leaving a big push to innovate the existing development and promotion strategy in order to make the gap between tourist arrival and its yearly target narrower gradually. The potential of digital trend has attracted a lot of attention in both academic and industrial world and it can be fresh strategy to foster the contribution of tourism sector to national and regional economy in Indonesia.

There is a shift in the lifestyle in public where now many Indonesians have relied on their devices such as computers and smart phones to do their daily activity, it should be a fundamental input to initiate a new breakthrough for the government to boost digital media as a more effective tourism promotion media. Consumer today no longer needs to come to travel agencies or tour package service providers, because they can get all their traveling needs digitally. This is proven by the increasing number of online ticket purchase and hotel reservation service users, thus travellers do not have to come to an agent office for manual transaction.

The emergence of the industrial revolution 4.0 is marked by easy access of information through digital media. Digital era is the cause of emergence in the tourism sector. The industrial revolution 4.0 approach was previously explained as the birth of industrial revolution, which was marked by a combination of technology as the cause of bias

between the fields, physical, digital and biological (Schwab, 2017). Change and development in this revolutionary era culminated in a common key, namely through the use of the power of digitalization of information. Technology conservation that occurs through the use of digitalization of information, termed the internet of things (IOT). This era causes many shifts in every important sectors of the world economy including the tourism sector. In the tourism sector, the IOT era has an impact on the emergence of digital transformation which leads to the birth of digital tourism 4.0.

As stated by the Indonesia Internet Service Provider Association in quarter 2, 2020, about 73,7% of Indonesia's population is an active internet user. From this data, it is explained that 196,7 million people are active users of internet, the is significant increase lately in the number of active internet user due to covid-19 pandemic (Jatmiko, 2020). This shows that the number of digital literate Indonesians has been increasing compared 3 or 4 years ago. The opportunity to apply digital strategy should be assimilated into the existing tourism strategy, which is cultural. Cultural strategy has been Indonesian tourism branding strategy since a long time ago, with tour and travel industry play major role in its socialization (Susilo, 2018).

Given the high number of smartphone and internet users in Indonesia, it is certainly an opportunity to maximize the use of digital media to boost tourist arrival. Marketing performance can be enhanced through digital-based information such as through social media, websites or blogs. Especially if those who are targeted are consumers of productive age, social media will be an efficient promotional tool. The development of applications that provide regional tourism information which includes travel costs, entrance tickets, nearby lodging and other information can also be a great strategy in optimizing digital marketing. Some people no longer hunt for information through printed media such as newspapers, newspapers or brochures. All information flows online and therefore can be found as quickly as travellers turn on their device.

The Indonesia government can collaborate with information and communication technology developers to build a forum that can make it easier for people to find information about regional tourism potential in Indonesia. This strategy can be used to introduce tourism potentials in remote areas that have not been exposed. Going digital can be a breakthrough in shifting the current tourism marketing styles to become more modern. Not only is it more effective, digital media is a marketing medium that can save operational funds. Instead of replacing cultural tourism brand strategy that Indonesia is good at today, digital strategy can be assimilated into it, thus it does not have to remove the original cultural value that has been put down from generation to generation and becomes competitive value of Indonesia tourism.

From the findings above, it is believed that there is a huge benefit when tourism development in Indonesia can be directed to digitalization. It is conclusive that digital media must be optimized to support tourism marketing strategies. With digital media, remote areas that have hidden tourism potential can be more independent and better known by local and foreign tourists. This paper focuses on examining to what extent

digital tourism development has implemented by government in Indonesia and what strategy they use to implement it.

LITERATURE REVIEW

Some previous researches have successfully defined digital tourism, such as Benyon et al. (2014) who explained that digital tourism is the utilization of digital support to enhance tourism experience before, during and after the tourism activity, it indicates there is a lot of digitalization opportunities that can be explored in order to improve tourist positive experience since the first phase when tourists are looking up information until finally they return back to their home after travelling. The tourism activities can include promotion, ticket purchase, transportation service, accommodation, dining, tour guiding, taking photos, making review and many more. Furthermore Benyon et al. (2014) also mentioned that digital tourism aims to personalize and customize tourist experience because each tourist has different interest, goal and expectation. Digitalization offers the value of flexibility at lower cost in order to reach different market segments at the same time. Meanwhile, Happ & Ivancsó-Horváth (2018) defined digital tourism as the use of information technology tool to improve competitiveness of business in tourism sector in order to meet the need of tourists. From some perspective above about definition of digital tourism, the author defines digital tourism as the use of information technology and communication in tourism activity and development strategy in order to improve tourism industry performance by offering innovativeness in technology aspect.

Digital tourism is claimed to offer a huge advantage over conventional tourism, in which business can eliminate physical and temporary barrier in direct selling, the automation will also reduce cost and allow customers to make purchase in shorter time, offering flexibility and customization in promotion. By digital tourism, the link between buyer and seller can be built up and it will eliminate cost for mediator such as travel agents. On the other side, digital tourism also has some disadvantages such as causing competition tight and lower profit margin because tourist or customer is exposed to many offers in internet. There will be growing demand in personalization and it is company's responsibility to deal with unique demand and interest by offering flexible arrangement. Travel agent is in threat and if they are not able to adapt, they can be dismissed from the market (Watkins et al., 2018).

METHODOLOGY

The type of this research is qualitative study with descriptive study design. The analysis method used in this study is content analysis, which is lately popular in tourism and hospitality studies (Camprubi & Coromina, 2016). Content analysis is a research that involves in-depth discussion of content in written or printed information in the mass media. Content analysis can be used to analyze all forms of communication such as newspapers, radio news, television advertisements and all other documentary materials. Not only content analysis can used to draw information from a message, but also it can be used to draw conclusions on the causes of a message.

There are 2 types of content analysis. They are quantitative and qualitative content analysis. This study adopted qualitative content analysis, the purpose of this qualitative content analysis research is actually systematic and analytical, but not rigid like quantitative content analysis. In other words, quantitative content analysis is only able to identify or identify the manifest messages from the content of the media under study. Meanwhile, qualitative content analysis is not only able to identify manifest messages, but also latent messages from a document under study.

Qualitative is fit to apply in research that is descriptive in nature and tends to use the data analysis process without using formulas and numbers derived from information from both primary and secondary sources, the primary source used in this research is observation and the secondary source includes journal, book, interview report in newspaper and government website were also used to strengthen output of this study, then the data is linked to the theoretical basis.

DISCUSSION

Digital Distribution Channel

Lack of skill and financial resource has been problem to Indonesia Small and Medium Enterprises (SMEs) since a long time ago, therefore Indonesian government through its state-owned telecommunication enterprise TELKOM has supported SMEs to go digital by providing them online marketplace for tourism product and service, named Indonesia Tourism Exchange. In the portal, buyers, sellers and partners all over Indonesia are all connected each other 24//7. The system allows businesses and tourists to buy and sell rapidly at low cost and ensure they can get the best deal in the market. The product includes tour package, entertainment site ticket, flight ticket, hotel, car rental and so forth. The transaction history is then recorded and used by government to monitor transaction and progress in tourism sector development at once. Indonesia Tourism Exchange website also regularly announces events and important update about Indonesia tourism to ensure dissemination of information to all stakeholders going well.

Government also pushes collaboration between Indonesia Tourism Exchange and start-up in order to nurture entrepreneurship in Indonesia. Lately, partnership agreement with Pigijo, a travel marketplace with 3,500 tour packages registered has been signed, this synergy is effective to foster innovation and efficiency while making remarkable outcome at the end (Bobby, 2019).

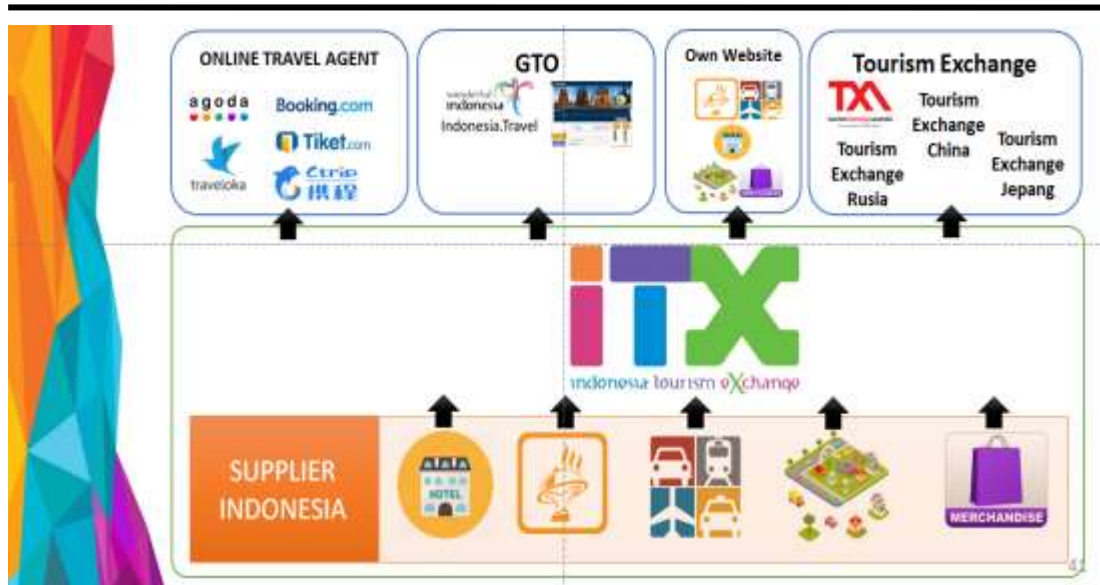


Figure 2. Indonesia Tourism Exchange Work Scheme

Source: Yahya, Ministry of Tourism and Creative Economy Indonesia (2017)

Digital Promotion

Indonesia government focuses on quality tourism instead of quantity tourism, which means that the promotion should be customized for each market segment so that it can attract the right tourist to the right destination, it aims to increase spending and demand from the tourist because they will find product or service where they are the most interested in. In order to do it, about 70% of its digital tourism marketing has been directed to digital with *wonderful Indonesia* remains as Indonesia tourism brand. Ministry of tourism Indonesia opens collaboration with big digital companies in the world such as Google, Baidu, Alibaba, Traveloka, Expedia and so forth to fasten the digitalization of digital marketing for each tourism destinations (Fitriani, 2018). The current tourism digital promotion from Indonesia government is focused on 10 New Bali, which consist of Borobudur Temple (Central Java), Belitung (Sumatra), Mount Bromo (East Java), Labuan Bajo (East Nusa Tenggara), Lake Toba (North Sumatra), Thousand Islands (Jakarta), Mandalika (West Nusa Tenggara), Wakatobi (Southeast Sulawesi), Tanjung Lesung (Banten), and Morotai (North Maluku). The 10 New Bali project was initiated by government to promote the 10 most potential tourism destinations other than Bali to increase tourist arrival and equitable development in Indonesia tourism sector.

Digital Payment

In term of payment technology, Bank of Indonesia has released digital payment tool named Quick Response Code Indonesia Standard (QRIS) in order to adapt with current technology trend and promote creative economy. The innovation has been adopted by Bali and it is considered as appropriate strategy of adapting to new normal in the mid of Covid-19 pandemic (Fikri, 2020), even if the promotion is still considered low and therefore it is still not highly adopted by business in Bali (Arianti et al., 2019). This

performance is not as good as foreign electronic money from China WeChat Pay that had been earlier introduced in 2018 and adopted by 2.000 merchants, with the largest market share in Bali, followed by Jakarta, Manado and Batam (Pardede, 2019). By paying digitally, people are safe from the virus transmission risk that is cling to money. Digital payment can ensure physical distancing because no human physical interaction needed during transaction. From the aspect of safety, digital payment is also kind of impactful innovation because it eliminates the risk of robbery as people do not carry money physically, instead they have digital tool with personal authentication code to ensure that it can only be used only by the owner. People do not also need to be worry that they money will be torn or dropped in water. This cheap, easy and safe technology is sponsored by government of Indonesia to support clean, health, safety and environmental sustainability, which is growing in demand especially after Covid-19 leaves trauma and significantly increase public awareness on health and hygiene issue.

Digital Training

Business in tourism sector has to acquire and use digital skill in order to create digital experience for tourists. Government in East Nusa Tenggara, one of the most famous tourism destinations in the country has cooperated with local start up named GOERS, which is technically a digital tourism platform that offers service in tourism activity, movie, event and travel package ticketing. GOERS is assisted by Caventer Indonesia, tour operator that has initiated a community development in tourism sector (Murdaningsih, 2019). They actively educate people in tourism villages about social media and how to utilize it for enhancing customer experience, for example providing instagramable photography spots with 3D backgrounds, it is proven work out in some areas, the same strategy has been used by Kampung 3D in Malang city, East Java and successfully attract foreign tourists to come. When local people has been empowered by digital skill training, it opens wide opportunity to other online service provider to invest and provide tourists easy access to online service at lower cost, for example online food delivery and transportation service, local people can make money by transporting tourist from one place to another place under management of online transportation service such as Gojek, Grab and Maxim, they can also provide better service than outsiders because local people know more about their home town and able to give recommendation for destinations that have not been widely exposed. The synergy between start up, tourist, local people and government can lead to employment and human capital development that finally will increase the regional competitiveness over other region. From findings above, the following framework of digital tourism development by government of Indonesia is presented.

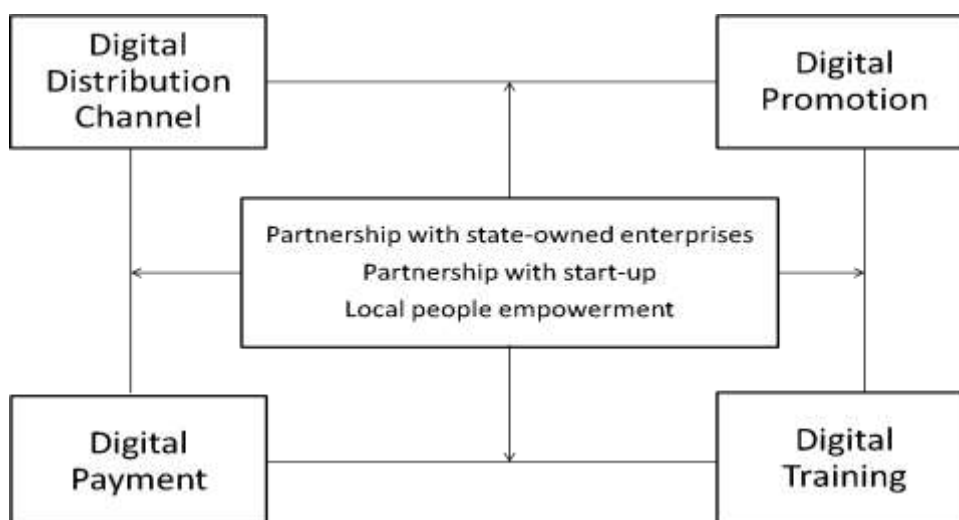


Figure 3. Digital Tourism Development Framework

Source: Author (2020)

The government of Indonesia focuses on 4 aspects in digitalizing tourism sector, respectively distribution channel, promotion, payment and training. Government implements the digital tourism development through partnership strategy with state-owned enterprises and start-ups, the partnership goal is establishment of infrastructure and technology transfer, local people has to be empowered because they are the one who will face tourists on the field and they play major role in giving memorable and immersive experience to tourists, also acting as value creator and collaborator in promoting their own hometown as tourism destination.

CONCLUSION

The role of government in local economic development is significant in order to increase competitiveness in the place. Tourism sector has been one of main contributors to Indonesia economic growth since a long time ago, considering the country strategic geographical location that makes it have a lot of beautiful places to visit. In line with global trend and industry 4.0, Indonesia is forced to adapt to avoid losing in global competition with other countries around it such as Thailand and Malaysia. The government of Indonesia is really aware of the high potential digitalization strategy in pushing more visitors so that it can reach maximum revenue in tourism sector, meeting target that is lately not achieved. The opportunity of going digital is in line with current pandemic situation because people are demanded to stay longer in online platform and do physical distancing to decrease virus transmission. The development of digital tourism is focused on digital distribution channel, promotion, payment and training, the role of state-owned enterprises and digital start-ups are essential in helping government to implement the program, local people is also key partner in it.

Government is recommended to increase collaboration with local start-ups in order to foster innovation and giving financial incentive to motivate more start-ups come up with

their unique innovation that can make Indonesia more superior than other competitors in global tourism market. The future researchers are suggested to explore more digital tourism development strategies from the perspective of local and foreign investors. They can also study further the effect of digital tourism development to national tourism sector, specifically to local business and residents.

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