The Sustainability of Competitive Strategy in the Tourism Services Industry

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ABSTRACT

Until 2017 the tourism and travel sectors continued to grow by four percent per year faster than financial services, transportation and manufacturing, despite slow economic growth in developed countries and geopolitical tensions in some regions, the travel and tourism sectors still account for most of the global economy estimated to be around nine percent of global gross domestic product. However, since the Covid-19 pandemic hit the world, tourism sector revenues have fallen by seventy-five percent due to restrictions on foreign tourists entering Indonesia. This research aims to analyse the influence of competitive strategies such as: cost of excellence, product differentiation, market factors, and pioneering products towards tourism services as service industries such as: transportation, hospitality services, culture, fugitives, adventure, new experiences, residence, food, beverages, banks, insurance, and security. The study respondents were Indonesia’s foreign and domestic tourists. The findings show that excellent costs, product differentiation, market factors, and pioneering products positively and significantly affect tourism services. This illustrates that tourism price innovation strategies, tourism products, tourist markets, and different products need to develop because they will improve the excellent services of the tourism industry.

Keywords: competitive strategy, creative industry, sustainability, tourism services.

I. INTRODUCTION

Tourism and travel sector continues to grow by 4% per year faster than financial services, transportation, and manufacturing (Albarq, 2014; Babu, 2008; Burns & Novelli, 2008; Kerr, 2003). Despite the slow economic growth in developed countries and geopolitical tensions in some areas, the travel and tourism sector still accounted for most of the global economy and is estimated to be around 9% of the global gross domestic product, or $7 trillion, with the number of international travellers continues to rise (World Economic Forum, 2017). The number of tourists is estimated at as much as 1.8 billion in 2030 (Travel and Tourism Competitiveness Report, 2017). Increased tourist visits to Indonesia made the domestic tourism sector could play a role in the Indonesian economy as a source of state revenues derived from the consumption of tourists during a visit to the tourist destination in Indonesia (Singagerda, 2014; Kertajaya, 2013; Suryadana, 2015). This tourism potential is developed and utilized by the government to obtain foreign exchange.

Indonesia has attractive places for tourism, the beautiful hinterland, the ruins of cultural and historic sites, beaches, night life in Jakarta and Bali, and more. Innovation and quality levels of tourism products’ capacity to reflect the destinations’ identity is tourism product competitiveness (Mira et.al, 2018; Fesenmaier, 2006; Sopyan & Widiyanto, 2015). Porter (2001) mentioned if an industry has something different or different characteristics or different attributes and has an operation better than its competitors in the same market, it means that the industry has a competitive advantage. Using an effective marketing strategy to change a market’s structure as part of competitive advantage, the industry will be a leading company amongst its competitors by acquiring a set of attributes (Hermawan, 2017; Wang, 2014; Khanna & Palepu, 2010; Investopedia, 2010). All companies do superior management strategies to pursue competitive advantage so that companies stay afloat amid competition and even win the competition.

Nevertheless, although economic growth is supported by the tourism sector and Indonesia is one of the tourist destinations supported by members of Asian countries (Nugroho, 2017), the tourism industry is an industry that is easily affected by the situation of unstable environmental conditions (Nusraningrum & Pratama, 2019; Dalidjo, 2014), as it has been since the Covid-19 pandemic late in 2019 until now, where the tourism industry has not recovered as before (Hunter, 2022). The tourism services industry is supported by internal and external factors, where internal factors focus on industry management, and external factors open up opportunities such as market development (Moraru, 2011; Pedregal, 2008), and others or disaster threats such as those we experience today, namely the Covid-19 pandemic. Organizational sustainability is a global challenge for organizational leaders in improving management functions to
support the company’s success in winning the competition (Hunter, 2022; Nusraningrum, 2018). When the tourism industry wants to survive and be responsible, then there is no other way but to improve management functions under the control of organizational leaders. The tourism industry is supported by the United Nations World Tourism Organization (WTO) advocating for the tourism industry to be responsible for the promotion of tourism development to improve the economy, preserve the environment in inclusive development to reduce the negative impact of the tourism industry (WTO, 2021; Yuliantini et al., 2019; Pedregal, 2008).

This research aims to analyse the influence of competing strategies from the external side, namely excellence costs and product differentiation, from the external side, namely market factors and pioneering products on tourism services consisting of transportation, culture, fugitive, adventures, new experiences, shelter, food, drinks, Banks, insurance, security (Moraru, 2011; Naidoo et al., 2011).

II. LITERATURE REVIEW

The notion of tourism is based on the legislation of Indonesia No. 10 Year 2009; tourism is mentioned as a wide range of tourist activities and supports a wide range of facilities and services provided by the public, employers, Government, and local governments. While tourism is the overall activities related to tourism that is both multidisciplinary and multidimensional that appears as a manifestation of the needs of each person and the state as well as the interaction between the travellers with the local community, fellow travellers, the Government, local authorities, and entrepreneurs (Elliot, 2002). Tourists are people who travel from their residences without settling in places that you visit, or just stay for a while during a visit (Soekadijo, 2001). The welfare of the community can be improved through the tourism business by developing the creative economy and creative industries as a catalyst for tourism needed by tourists while also being able to develop tourist destinations (Nusraningrum & Pratama, 2019; Fesenmaier, 2006; Howkins, 2001).

Those who are considered a tourist are a person who performs the pleasure, for health reasons etc.: the people who travel to meetings or in their capacity as representative (science, administration, diplomatic, religious, athletes and business reasons) (Foster, 1987; Sukarsa, 1999). The longer the tourists stay in a tourist destination, the more money is spent in a pull tourist destination (Fesenmaier, 2006; Austriana, 2005). With the activities of the consumerist either from foreign tourists or domestic, it will enlarge the income from the tourism sector an area. Therefore, with the increasing flow of tourists visiting, then the income of the tourism sector in a region will also be increasing. Tourism to meet the consumption needs and desires and expectations of the tourists in the form of goods and services can be a package of travel, accommodation, food and beverage, transportation, cultural and recreational sports, shopping and more (Pitana & Putu, 2009).

The competitive strategy includes the external dimension consisting of threats and opportunities, namely, social culture, macro-industrial environment, politics, technology, law, economy, and population. While internal factors include threats and opportunities for management functions such as finance, marketing, management information systems, corporate culture, human resources, finance, operations, development and research (Nusraningrum & Pratama, 2019; Cunninghame, 2008). Stevenson (2005) mentioned competitiveness is an important element in determining whether the company prospers or fails (Racherla & Hu, 2010, Moraru, 2011; Hunger, 2001) stated that development and the diversification of tourism services as strategic approaches recommended by the characteristics of the services supported by a series of related consideration of an international context, affected by economic instability and uncertainty, the possibility to increase the competitiveness of the tourism dynamics, fierce competition in the tourist market, as well as changes in consumer behaviour (Wang, 2014; Moraru, 2011; Khanna & Palepu, 2010; Investopedia, 2010; Suryadana, 2015).

Most of the private sector is a major player in the tourism sector as a service provider. While the Government has an important role in setting the policies and guidelines as necessary for the preservation of the environment, and the provision of infrastructure for the purpose of economic and community-based management (Sasonko, 2014; Muallidin, 2007). In the competitive strategy then the cost is an important element that is cost-competitive and attractive for tourists to visit tourist destinations. For that, the Government of Indonesia should be able to offer tourism to Indonesia is lower compared to neighbouring countries, namely competitors such as Malaysia and Singapore. Dimension of tourism is sold among them; dimensions of history (prehistory, Neolithic period, ancient civilizations, the middle ages, the renaissance, the industrial age and modern times), the psychological dimension/perception and attitudes (motivation, personality, values, learning), the psychological dimension (motivation, personality, values, and learning), the social and cultural dimensions (social and cultural behaviour, social interaction, social impact, cultural impact), the international dimension (the importance of international tourism, travel, international tourism flows, international tourism and Peace), economic dimension, the dimension of the environment (Fridgen, 2009). Strategies are established and selected by organizations to achieve goals and add value to customers (Nusraningrum & Dwi, 2018; Porter, 2001). Competitive advantage is a strategy that must be carried out by the tourism service industry in order to remain sustainable and responsible.

Fig. 1. Research framework.
III. METHODS

This research uses deductive or explanatory approaches to test hypotheses developed from theoretical studies through theoretical validation and testing of theoretical applications under certain circumstances (Creswell, 1994; Indriantono & Supomo, 2004). The population is tourists visiting tourist destinations in Indonesia during the research period from September to December 2019. The sample is determined randomly with a specific purpose, distributed 300 questionnaires, and returned 277 questionnaires.

Questionnaires that have been compiled before being distributed to respondents are first tested for validity and reliability. In the testing of data collection instruments, validity can be distinguished into the validity of factors and the validity of the item. The validity of factors is done by correlating the factor score (the addition of items in one factor) with the total factor score, while the measurement of the validity of the item by means of correlating between the item score and the total item score. A reliability test is a statistical test used to determine the reliability of a series of question items in their reliability in measuring a variable. Reliability comes from the word reliability, which means measurement reliability. Agreement in general reliability is considered satisfactory if $> 0.700$.

The data obtained is processed using multiple linear regressions to measure the intensity of the relationship between two or more variables and make predictions of approximate values $Y$ over $X$. Testing of classical assumption deviations is done first before testing the research hypothesis.

The classical assumption test is a statistical requirement that must be met on multiple linear regression analysis. The classic assumption tests that are often used are multicollinearity tests, heteroscedasticity tests, and normality tests. A multicollinearity test is a test performed to ensure that in a regression model there is an interrelation between free variables. Interrelation is a linear relationship or a strong relationship between one free variable or predictor variable and another predictor variable in a regression model. To find out the absence of multicollinearity can use the value VIF (Variance Inflation Factor), if the VIF is still less than 10, has the meaning of not collinearity. Thus, the resulting model is considered good for looking at the effect of free variables on non-free variables. The Heteroskedasticity Test is a test used to determine whether or not there is a deviation of the classical assumption of heteroskedasticity that occurs due to the inequality of variants of residuals for all observations on regression models. The prerequisite that must be met in the regression model is the absence of symptoms of heteroskedasticity. There are several testing methods that can be used including the Park Test, Glesjer Test, Seeing regression chart patterns, and Spearman correlation coefficient test.

Normality tests are useful for determining data that has been collected in the normal distribution or taken from normal populations. The classical method of testing the normality of data is not so complicated. Based on the empirical experience of some statisticians, data that is more than 30 numbers ($n > 30$), can be assumed to be a normal distribution. It is commonly said to be a large sample. The hypothesis test is to establish a basis so that it can collect evidence in the form of data in determining the decision whether to reject or accept the truth of the statement or assumption that has been made. Hypothesis tests can also provide confidence in objective decision-making.

IV. RESULT AND DISCUSSION

The characteristics of the respondents consist of 110 foreign tourists, 167 domestic tourists, 195 women, and 182 men. The validity of the test showed the extent to which a measuring instrument can measure what it wants to be measured. Test the validity of Competing Strategy variable ($X$) with 9 items of questions and tourism services ($Y$) with 11 items of questions. The measurement is carried out using questionnaires for 277 samples. The value of $r$ versus $r$-table with $5\%$ significance will be retrieved numbers $r$-table of $0.2882 r$, so that if the count is greater than $0.2882$ declared valid.

Reliability test, indicating that the measuring instrument or the nature of the research instrument was pretty accurate, stable, or consistent.

<table>
<thead>
<tr>
<th>TABLE I: RELIABILITY STATISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
</tr>
<tr>
<td>Competitive Strategy</td>
</tr>
<tr>
<td>Tourism</td>
</tr>
</tbody>
</table>

Table I shows the value of variable competitive strategy $\alpha > 0.2882$, and tourism $\alpha > 0.2882$, so it can be inferred that all variables are reliable.

Competitive Strategy variable was measured using the 9 (nine) items, a statement that the average assessment of the respondent on the variable of competitive Strategy was $4.3189$. Where there is the highest-scoring statement (the most dominating factor in the costs of decisions of domestic tourists to visit tourist places) with an average of $4.0259$ while the lowest assessment in the statement (Perception toward tourism in Jakarta is better than in other places) with an average of $2.6363$.

The tourism variables are measured using 11 (eleven) statements, it is known that the average assessment of the respondent against the tourism variables of $3.6458$. The highest assessment is found in the statement (Travellers get new experience while visiting the attractions) and the average of the lowest scoring $4.1298$, while the average on the statement (transport costs towards tourism affordable) is $3.0779$.

A normality test is done to find out if the data comes from a Gaussian population. A good regression model is a Gaussian or close to normal. If the data does not follow the pattern of distribution is a normal distribution, it will be retrieved if estimates are biased. Normality testing is done through a test of Kolmogorov-Smirnov.

Table II shows an analysis of the average based on the Kolmogorov-Smirnov method requires a normal curve if the value of Asymp. Sig is at the upper limit of the maximum error, i.e., $0.05$. As for in the regression analysis, which tested the normalcy is residual or variable breakdowns are stochastic random, from the table above normality tests can note that the value of asymp. Sig (2-tailed) of 0.037 because the value of
the sig (0.037) > 0.05 data above can be used as a variable residue Gaussian.

**TABLE II: ONE-SAMPLE KOLMOGOROV-SMIRNOV TEST**

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>77</td>
</tr>
<tr>
<td>Mean</td>
<td>3.6458</td>
</tr>
<tr>
<td>Std. Dev.</td>
<td>0.63080</td>
</tr>
<tr>
<td>Absolute</td>
<td>0.104</td>
</tr>
<tr>
<td>Positive</td>
<td>0.074</td>
</tr>
<tr>
<td>Negative</td>
<td>-0.104</td>
</tr>
<tr>
<td>Kolmogorov-Smirnov Z</td>
<td>0.597</td>
</tr>
</tbody>
</table>

a. Test distribution is Normal.
b. Calculated from data.

The test Multicollinearity is where some or all of the free variables are correlated using Variance Inflation Factors (VIF).

From the output in Table III, it can be seen that the value of the VIF is less than 10, so it can be concluded that there is no multicollinearity in the data.

**TABLE III: multicollinearity test**

<table>
<thead>
<tr>
<th>Model</th>
<th>Collinearity Statistics</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism (Y)</td>
<td>1,000</td>
<td>1,000</td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Tourism services (Y).

Heteroscedasticity test aimed at testing whether the regression model in the variance of the residual inequality occurred from one observation to another. If the residual variance from one observation to another is fixed observation it is called homoscedasticity. To test whether there is heteroscedasticity done with Glejser test.

From the output from Table IV, it can be seen that the influence of Competitive Strategy variable (X) against absolute residual is not significant. It is seen from the value of the p-value (Sig) greater than 0.05. So that can be inferred is not going heteroscedasticity on regression models.

**TABLE IV: HETEROSCEDASTICITY TEST**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>0.796</td>
<td>0.206</td>
</tr>
<tr>
<td>Competitive Strategy (X)</td>
<td>-0.105</td>
<td>0.065</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Abs_Res.

Based on the result of the above software SPSS output, obtained the correlation coefficients (R) by 0.383. This shows that there is a relationship between competitive strategy (X) the tourism services (Y).

**TABLE V: MULTIPLE CORRELATION ANALYSIS**

<table>
<thead>
<tr>
<th>Model Summary</th>
<th>R</th>
<th>R^2</th>
<th>Adjusted R^2</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.383</td>
<td>0.146</td>
<td>0.135</td>
<td>0.58670</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Competitive Strategy (X).
b. Dependent Variable: Tourism services (Y).

Multiple correlation analysis (R) is used to find out the relationship between the competitive strategy (X) towards tourism services (Y).

**TABLE VI: THE INFLUENCE BETWEEN VARIABLES**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Standardized Coefficients</th>
<th>Correlations</th>
<th>The influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive Strategy</td>
<td>0.398</td>
<td>0.859</td>
<td>0.694</td>
</tr>
<tr>
<td>(X)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TABLE VII: HYPOTHESES (T-TEST)**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>2.401</td>
<td>0.354</td>
<td>6.791</td>
<td>0.000</td>
</tr>
<tr>
<td>Competitive Strategy (X)</td>
<td>0.398</td>
<td>0.111</td>
<td>0.383</td>
<td>3.586</td>
</tr>
</tbody>
</table>
Regression equation from Table VII:

\[ Y = 2.401 + 0.398X \]

The regression coefficients of competitive strategy show that variable (X) of 0.398. The coefficient indicates a positive influence, which means that variable competitive strategy (X) has a direct relationship to the tourism services (Y), where if the competitive strategy (X) increased one unit then tourism services (Y) will be increased by 2.401. The variable X has a t-value of 3.586 > t-table (1.991), so it can be concluded that there is a significant influence of the competitive strategy (X) toward tourism services (Y).

Table VIII shows F-count of 12.856 and a value sig of 0.001 is greater than F-table (3.187) and the significant 0.001< 0.05. This shows that Competitive Strategy influence significantly to tourism services.

<table>
<thead>
<tr>
<th>TABLE VIII: F-TEST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>Regression</td>
</tr>
<tr>
<td>1 Residual</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Based on the empirical findings that the strategy of competing has a significant direct influence on tourism. The results of this study confirm the results of previous studies that a strategy of competing against the accommodation company's performance is very influential (Vajirakachorn & Chongwatpol, 2017; Tewal, 2010). Similarly, Pangestuti (2017) found that the image of tourism is an important factor in the competitiveness of the tourist destination. The increase in tourist visits to Indonesia makes the domestic tourism sector able to play a role in the Indonesian economy as a source of state revenue obtained from tourist consumption during visits to tourist destinations in Indonesia (Yuliantini et al., 2019; Pangestuti, 2017; Singagerda, 2014).

Creative industry innovation strategies such as tourism are strongly influenced by the strengths and weaknesses of the organization’s internal factors in terms of managing management functions within its organization, while external factors provide equally large opportunities and threats (Nusraningrum & Pratama, 2019; Yuliantini et al., 2019; Cunningham, 2008). For this reason, the tourism service industry must innovate in order to survive and be sustainable (Hermawan, 2017). The management functions that must be developed are Corporate culture, enterprise operating systems, information systems, financial systems, marketing systems, human resources, and always conducting product research and development. Enterprise operating systems, and information systems as part of business intelligence will enhance competitiveness in the tourism business (Nyanga et al., 2020).

This tourism potential is developed and utilized by the government to obtain state foreign exchange. Competitive advantage requires a strategy in accordance with the target market (Si et al., 2009). China's industry became a world-class industry by implementing a low-cost strategy. The application of competitive advantage in developed countries comes from the results of the product development process, process quality, and timely delivery by maintaining quality and application of efficiency (Ciravegna et al., 2010; Laoshongirithong & Dangayach, 2005; Sopyan & Widiyanto, 2015). Indicators used include changes in volume, product reliability, product performance, product mix changes, product durability, product customization, new product introduction, low cost, design changes, timely delivery, and product quality.

The implications are components of competing strategies that need attention and development i.e., internal organizational factors related to pricing policies and unique rare product offerings, as well as external factors of market development that have not been touched by competitors and products that cannot be defeated by competitors.

V. CONCLUSION

Competitive Strategy can be seen from the internal dimension consisting of excellent costs and product differentiation that requires continuous innovation in order to improve tourism services which are highly competitive industries. While the external dimension is strongly influenced by market factors and superior products contested by the tourism services market and the more different, unique, and updated (Hermawan, 2017), the market will increasingly enjoy these products. Tourism industry services that will increase when the factors of tourism excellence are met include the transportation industry (air, sea, land, river), local cultural wisdom, fugitive, new adventures, new experiences, lodging for tourists, food, beverages, banking, insurance and security is an ecosystem for the tourism industry that is needed by tourists. If the competitive advantage in the tourism industry is fulfilled, then the sustainability and responsibility goals of the tourism industry will be achieved. Tourism is known to also contribute to environmental damage such as garbage build-up, fading of culture and so on. However, affordable tourism industry costs are needed for tourists by including elements of environmental sustainability and local cultural wisdom supported by all interested parties in the tourism industry.

VI. THE LIMITATION

The competitive strategies measured in this study are limited to excellence costs, product differentiation, market factors, and product superiority. So further research is needed to deepen the sustainability and responsibility of the tourism industry more comprehensively.

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CONFLICT OF INTEREST

Author declares that there is no conflict of interest.
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