Sustainable Tourism In Indonesia – A Case Study of Integrated Tourism Planning

Professor David Hind
Tourism Consultant
London Metropolitan University, UK
Presentation Objectives

• Explain how the Indonesian Ministry of Tourism has developed an integrated tourism strategy to contribute positively to social, economic and cultural development

• Identify the environmental and infrastructure challenges that still need to be addressed
Professor David Hind

- Tourism Consultant, School Business & Law, London Metropolitan University
- President, Asia Pacific Institute for Events Management
- Chief Executive, Travel Industry Academy Ltd
- Managing Editor, Asia Pacific International Events Management Journal
- Visiting Professor at:
  - Bali Institute of Tourism, Indonesia
  - Bandung Institute of Tourism, Indonesia
  - Batam Tourism Polytechnic, Indonesia
  - Chung Hua University, Taiwan
- Over 32 years experience of designing and developing degrees in tourism, hospitality and events management
Selamat datang di presentasi saya
Sustainable tourism development requires the informed participation of all relevant stakeholders, as well as strong political leadership to ensure wide participation and consensus building. Achieving sustainable tourism is a continuous process and it requires constant monitoring of impacts, introducing the necessary preventive and/or corrective measures whenever necessary.

Sustainable tourism should also maintain a high level of tourist satisfaction and ensure a meaningful experience to the tourists, raising their awareness about sustainability issues and promoting sustainable tourism practices amongst them. “

World Tourism Organization, 2004
Responsible tourism is like sustainable tourism, however the word sustainability is often overused and not understood.

Responsible tourism is any form of tourism that can be consumed in a more responsible way.

Responsible tourism is tourism which:

- minimizes negative social, economic and environmental impacts
- generates greater economic benefits for local people and enhances the well-being of host communities
- improves working conditions and access to the industry
- involves local people in decisions that affect their lives and life chances
- makes positive contributions to the conservation of natural and cultural heritage embracing diversity
- provides more enjoyable experiences for tourists through more meaningful connections with local people, and a greater understanding of local cultural, social and environmental issues
- provides access for physically challenged people
- is culturally sensitive, encourages respect between tourists and hosts, and builds local pride and confidence

*Cape Town Declaration, 2002*
• Situated in S.E. Asia, either side of the equator

• Fourth most populated country in the world, devout Muslim population

• Archipelago of 17,508 islands, beach resorts, volcanoes (the Pacific rim of Fire), jungles, tropical rain forests, cities, tribes people, festivals, culinary delights, cultural diversity
THE IMPORTANCE OF TOURISM TO INDONESIA

• Developing tourism is a strategic priority for the Indonesian government
• The Ministry of Tourism was created in 1959
• Tourism is the fourth most important contributor to Indonesia’s economy
• In 2017 the Indonesia Government has allocated 9% of its budget to the travel & tourism industry
• 12 million international tourists visited Indonesia in 2016 (30 million international tourists visit Thailand each year) – a target of 20 million international tourist arrivals has been set for 2019
• The promotional budget for Indonesia is US$100 million
The Growth in International Tourist Arrivals in 2015

- Malaysia: -15.7% (From January – December 2015)
- Singapura: 0.9% (From January – December 2015)
- Indonesia: 10.3% (From January – December 2015)
- Thailand: 20.4% (From January – December 2015)

ASEAN, Growth: 5.1%
World, Growth: 4.4%
Indonesia, Growth: 10.3%
The Travel & Tourism Industry is Indonesia’s 4th Largest Employer of People

1st – Agriculture
2nd - Retail
3rd – Education
4th – Travel & Tourism
5th – Financial Services
6th – Mining
7th – Chemical Engineering
8th – Banking
9th – Automotive Manufacturing
Developing Sustainable Tourism in Indonesia

- Strategy
- Resources
- International Marketing
- Infrastructure
- Education
STRATEGY
### PORTOFOLIO STRATEGI PARIWISATA

#### 3 Customer Portfolio and 9 Product Portfolio

<table>
<thead>
<tr>
<th>CUSTOMER PORTFOLIO</th>
<th>BUSINESS</th>
<th>INTERNATIONAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERSONAL</td>
<td>TRAVEL AGENTS, SME, ASSOCIATIONS, LOCAL GOVERNMENTS</td>
<td></td>
</tr>
<tr>
<td></td>
<td>INTERNATIONAL VISITOR</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PRODUCT PORTFOLIO</th>
<th>Nature (35%)</th>
<th>Culture (60%)</th>
<th>Man Made (5%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. MARINE TOURISM (35%)</td>
<td>1. HERITAGE AND PILGRIM TOURISM (20%)</td>
<td>1. MICE &amp; EVENTS TOURISM (25%)</td>
</tr>
<tr>
<td></td>
<td>2. ECO TOURISM (45%)</td>
<td>2. CULINARY AND SHOPPING TOURISM (45%)</td>
<td>2. SPORT TOURISM (60%)</td>
</tr>
<tr>
<td></td>
<td>3. ADVENTURE TOURISM (20%)</td>
<td>3. CITY AND VILLAGE TOURISM (35%)</td>
<td>3. INTEGRATED AREA TOURISM (15%)</td>
</tr>
</tbody>
</table>

*Source: Passenger Exit Survey, 2014*
Strategic Objective to create “10 Mini BALI`s”
10 TOURISM PRIORITY LOCATIONS IN INDonesia

- Lake Toba, Sumatera Utara
- Tanjung Kelayang, Bangka Belitung
- Mandalika, Nusa Tenggara Barat
- Wakatobi, Sulawesi Tenggara
- Pulau Morotai, Maluku Utara
- Kepulauan Seribu, DKI Jakarta
- Tanjung Lesung, Banten
- Borobudur, Jawa Tengah
- Bromo Tengger Semeru, Jawa Timur
- Komodo, Nusa Tenggara Timur

Tourism Authority Board
Special Economic Development Zones
10 Priority Tourism Destinations in Indonesia Development Profile

<table>
<thead>
<tr>
<th>NO</th>
<th>DESTINATION</th>
<th>GATE</th>
<th>ESTIMATED AREA OF ZONE DEV’T (Ha)</th>
<th>SINGLE MANAGEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lake Toba</td>
<td>Great Sumatra</td>
<td>500</td>
<td>Tourism Authority Board</td>
</tr>
<tr>
<td>2</td>
<td>Tanjung Kelayang</td>
<td>Great Sumatra</td>
<td>1,200</td>
<td>Special Economic Zone</td>
</tr>
<tr>
<td>3</td>
<td>Tanjung Lesung</td>
<td>Great Jakarta</td>
<td>1,500</td>
<td>Special Economic Zone</td>
</tr>
<tr>
<td>4</td>
<td>Kepulauan Seribu &amp; Kota Tua Jakarta</td>
<td>Great Jakarta</td>
<td>1,000</td>
<td>Tourism Authority Board</td>
</tr>
<tr>
<td>5</td>
<td>Borobudur</td>
<td>Great Yogyakarta</td>
<td>1,000</td>
<td>Tourism Authority Board</td>
</tr>
<tr>
<td>6</td>
<td>Bromo-Tengger-Semeru</td>
<td>Great Surabaya</td>
<td>1,000</td>
<td>Tourism Authority Board</td>
</tr>
<tr>
<td>7</td>
<td>Mandalika</td>
<td>Great Bali</td>
<td>1,035</td>
<td>Special Economic Zone</td>
</tr>
<tr>
<td>8</td>
<td>Labuan Bajo</td>
<td>Great Bali</td>
<td>1,000</td>
<td>Tourism Authority Board</td>
</tr>
<tr>
<td>9</td>
<td>Wakatobi</td>
<td>Great Sulawesi</td>
<td>500</td>
<td>Tourism Authority Board</td>
</tr>
<tr>
<td>10</td>
<td>Morotai</td>
<td>Great Maluku Papua</td>
<td>300</td>
<td>Special Economic Zone</td>
</tr>
</tbody>
</table>

Total Estimated Area of Zone Development: 11,736 Ha*

* Indicative area based on updated plan on April 2016
RESOURCES
## Financial Resources for the 10 “mini” Bali’s

### Total Investment USD 20 Billion

(USD 10 Billion Public Investment and USD 10 Billion Private Investment)

<table>
<thead>
<tr>
<th>NO</th>
<th>DESTINATION</th>
<th>PERFORMANCE</th>
<th>PROJECTION 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>INTERNATIONAL TOURIST ARRIVAL (PEOPLE)</td>
<td>FOREIGN EXCHANGE (USD)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2012</td>
<td>2013</td>
</tr>
<tr>
<td>1</td>
<td>Lake Toba</td>
<td>15,464</td>
<td>10,680</td>
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<tr>
<td>2</td>
<td>Tanjung Kelayang</td>
<td>975</td>
<td>451</td>
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<tr>
<td>3</td>
<td>Tanjung Lesung</td>
<td>8,336</td>
<td>1,739</td>
</tr>
<tr>
<td>4</td>
<td>Kepulauan Seribu &amp; Kota Tua Jakarta</td>
<td>4,627</td>
<td>16,384</td>
</tr>
<tr>
<td>5</td>
<td>Borobudur</td>
<td>193,982</td>
<td>227,337</td>
</tr>
<tr>
<td>6</td>
<td>Bromo-Tengger-Semeru</td>
<td>34,466</td>
<td>33,387</td>
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<tr>
<td>7</td>
<td>Mandalika</td>
<td>121,482</td>
<td>125,307</td>
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<tr>
<td>8</td>
<td>Labuan Bajo</td>
<td>41,972</td>
<td>54,147</td>
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<tr>
<td>9</td>
<td>Wakatobi</td>
<td>2,179</td>
<td>3,315</td>
</tr>
<tr>
<td>10</td>
<td>Morotai</td>
<td>618</td>
<td>500</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>USD 20,000</strong></td>
<td><strong>10 Milion</strong></td>
</tr>
</tbody>
</table>
Natural resources - Kuta Beach, Bali an iconic Tourist destination that attracts International tourists seeking sun, sea, sand and s.....
Cultural resources - Ubud, Bali attracting international tourists seeking a cultural experience
Natural & Cultural Resources -
Lake Toba, Sumatra
an unspoilt destination
located in the crater of
an extinct volcano – the
largest lake in
Indonesia – home to
the Batak people some
of whom need to
be convinced about
tourism
Lake Toba currently attracts very few international tourists as it lacks the infrastructure – but it has tremendous potential – ESPECIALLY HOME STAY TOURISM
EDUCATION –
Human Resources
The Indonesian Ministry of Tourism operates six higher education institutes that offer tourism, hospitality and events management education.

Bandung Institute of Tourism is Asia`s oldest tourism school and in 2017 celebrates 55 years of success.
Bali Institute of Tourism – housed in a resort campus to give students opportunities for experiential learning – 39 years of success
Palembang Tourism Polytechnic – established in 2016 in south Sumatra
The Minister of Tourism approving Plans for Bandung`s new environmentally designed `Green Campus` that will triple its student population.
Congratulations David!!!

Thumb`s Up From Me !!!!
## VOCATIONAL EDUCATION CURRICULUM

<table>
<thead>
<tr>
<th>No</th>
<th>Curriculum</th>
<th>No</th>
<th>Curriculum</th>
<th>No</th>
<th>Curriculum</th>
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</thead>
<tbody>
<tr>
<td></td>
<td><strong>FRONT OFFICE</strong></td>
<td></td>
<td><strong>FOOD PRODUCTION</strong></td>
<td></td>
<td><strong>TRAVEL AGENCIES</strong></td>
</tr>
<tr>
<td>1.</td>
<td>FO Manager</td>
<td>12.</td>
<td>Demi Chef</td>
<td>23.</td>
<td>Public Area Cleaner</td>
</tr>
<tr>
<td>2.</td>
<td>FO Supervisor</td>
<td>13.</td>
<td>Commis Chef</td>
<td>24.</td>
<td>General Manager</td>
</tr>
<tr>
<td></td>
<td><strong>FOOD AND BEVERAGE</strong></td>
<td></td>
<td><strong>HOUSE KEEPING</strong></td>
<td></td>
<td><strong>TOUR OPERATION</strong></td>
</tr>
<tr>
<td>6.</td>
<td>F &amp; B Director</td>
<td>17.</td>
<td>Butcher</td>
<td>28.</td>
<td>Product Manager</td>
</tr>
<tr>
<td>7.</td>
<td>F &amp; B Outlet Manager</td>
<td>18.</td>
<td>Executive Housekeeper</td>
<td>29.</td>
<td>Sales and Marketing Manager</td>
</tr>
<tr>
<td>8.</td>
<td>Head Waiter</td>
<td>19.</td>
<td>Laundry Manager</td>
<td>30.</td>
<td>Credit Manager</td>
</tr>
<tr>
<td>11.</td>
<td>Executive Chef</td>
<td>22.</td>
<td>Room Attendant</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
MSc International Tourism & Hospitality Management
SUMMARY SO FAR - KEY FACTORS FOR SUSTAINABLE TOURISM

- Natural Resources
- Financial Resources
- Human Resources

Information
Knowledge
Education
Intelligence
International Marketing
WONDERFUL INDONESIA
INTERNATIONAL MARKETING STRATEGY
Key international markets where the Ministry of Tourism is investing heavily in a promotional strategy that uses multi-media techniques.
MARKETING STRATEGY

THREE LEVELS

S
Marketing Strategy

T
Marketing Tactic

V
Marketing Value

BASIC MARKETING THEORY

P
Positioning
Customer Portfolio

STP
Segmentation
Target
Positioning

D
Differentiating
Product Portfolio

SDM
Selling
Differentiating
Marketing Mix

B
Branding

BPS
Branding
Process
Services

CUSTOMER

PRODUCT

BRAND

Branding merupakan Elemen utama Dalam proses pemasaran,
1. Promise
2. Reputation
3. Long term investment
The Marketing Strap-line since 2011 using Louis Armstrong's Song - 'What a Wonderful World'

https://www.youtube.com/watch?v=TT8J3wUX_YY
ALLOCATING THE PROMOTIONAL BUDGET

**BRANDING - 30%**
(National Branding, Regional Branding, Local Branding)

**ADVERTISING - 30%**
(By Customer, By Product, By Event)

**SELLING – 40%**
(Travel Mart, Direct Sale, Festivals)
THE MULTI-MEDIA PROMOTIONAL STRATEGY
Branding Awareness Campaign Wonderful Indonesia

ITB Berlin 2016
PROMOTING WONDERFUL INDONESIA

BRANDING & ADVERTISING

TV Commercial in China

TV Commercial in Korea

Banner on TripAdvisor for Wonderful Indonesia

Branding on Public Transport in many countries
PROMOTING WONDERFUL INDONESIA THROUGH PUBLIC TRANSPORT

Melbourne, Australia

London, England

Singap

Amsterdam, Schiphol, Utrecht, Rotterdam, Belanda

Busan, Korea
Social Media Marketing Using Google, YouTube & TripAdvisor
ENDORSER

Working with Professor Philip Kotler as a Brand Ambassador for WONDERFUL INDONESIA
1. The winner of the UNWTO Award in Innovation in Public Policy and Governance: Culture and Tourism Banyuwangi Regency Office – Indonesia;

2. The first runner up of the UNWTO Award for Innovation in Enterprises: Garuda Indonesia and Coca Cola Amatil Bali Beach Clean-up – Indonesia;

3. The first runner up of the UNWTO Award for Innovation in Non-Governmental Organizations: Yayasan Karang Lestari - Coral Reef Reborn Pemuteran, Bali – Indonesia.
Awards from Malaysia
Global Leadership Awards
23 April 2016

1. Best Destination Marketing
2. True Award for Real Leadership
Infrastructure
Bandung International Airport – passengers have to walk from the airport terminal to the aircraft
Passengers wait `airside` while aircraft taxi to their parking stands.

The Bandung airport terminal is too small for the number of tourists who arrive and depart.
Medan Airport in north Sumatra is new and of an international standard with integrated and rapid transport into the city.
Passenger ferry boats do not meet international safety standards.
Infrastructure Challenges

• Providing broadband connectivity to rural communities
• Improving transport infrastructure:
  - airport capacity
  - port facilities for cruise ships
  - roads for overland travel & tourism
  - ferry boats that comply with international standards of safety
• Improving health, hygiene and water quality for all
Environmental Sustainability is a Serious Problem
Waste items thrown into rivers

Toxic exhaust fumes from vehicles
De-forestation of tropical rainforests

To create palm oil plantations
Deforestation threatens trekking to visit orangutans in their natural environment in North Sumatra
Volcanoes need protecting as well – car parks right on the rim result in large numbers of tourists who walk down into the cauldron.
Polluted beaches
Irreversible Damage to a Beautiful Underwater World
Indonesia`s ranking as a tourist destination (Travel & Tourism Competitiveness Report 2017)

• Ranked 5th out of 136 nations for it`s Travel & Tourism Policy & Strategy

• Ranked 16th out of 136 nations for it`s natural & cultural resources

• Ranked 60th out of 136 nations for it`s infrastructure

• Ranked 131st out of 136 nations for it`s environmental sustainability (deforestation and damage to coral reefs are serious problems)
Conclusion

• The Indonesian Government sees tourism as an economic priority and invests heavily in tourist destination development, education, infrastructure improvements and international marketing in order to increase the volume and value of tourism to the national economy

• An integrated strategic approach is being implemented to develop sustainable tourism in Indonesia led by the Ministry of Tourism

• Quantifiable objectives are set for the development of tourism and targets are set for each stakeholder responsible for achieving the objectives

• Challenges are faced – dispersing tourism throughout Indonesia, encouraging traditional communities to embrace tourism, improving the infrastructure for tourism, attracting international tourists and protecting the environment – all of these require continuing investment from the Indonesian government
Terimakasih sudah mendengarkan apakah ada pertanyaan????

Professor David Hind
Tourism Consultant
London Metropolitan University, UK