

CHAPTER II

TOURISM AS THE PRIORITY OF INDONESIAN NATIONAL DEVELOPMENT

This chapter describes tourism background in Indonesia, as one of the national development priorities. The discussion starts with identifying the general description on the tourism potentials and its history in Indonesia. This chapter also discusses the profile of the Indonesia Ministry of Tourism as the official institution of the Indonesian government directly involved in implementing tourism programs. Also, it describes the “Wonderful Indonesia” program that is being promoted as the Indonesian tourism campaign program.

A. Indonesian Tourism Potentials

Tourism has become the most significant industry and shows consistent growth from year to year. As known tourism has existed since the beginning of civilization. The human being has moved from one place to another due to particular motives. Since long time nations in the world such as Sumeria, Phonesia, and Romans traveled from one home to another, but they do so due to commercial trading, improvement of life knowledge and political science as well. Then along with the times, it has been accelerated by the globalization process, the interconnectedness of the various sectors, nations, and individuals living in the world. Tourism has been developing into a massive industry that may produce foreign exchange for many countries.

According to IUOTO (International Union of Official Travel Organizations), tourism should be developed by every considering that tourism may:

- 1) serve as a triggering factor for national and international economic development;
- 2) trigger prosperity through the development of communication, transportation, accommodation, and other services;

- 3) provide particular attention to cultural preservation, social values for economic values;
- 4) create equitable welfare due to tourists' consumption at a tourism destination;
- 5) produce foreign exchange;
- 6) trigger international trading;
- 7) trigger the growth and development of educational institutions of tourism professionals and institutions that specifically build reliable, polite hospitality spirit, and;
- 8) create a market share for local products and hence, various products continue to grow in line with the socio-economic dynamics in a destination area.

According to Law No. 10 of 2009 on tourism, tourism defines as a variety of tourism activities that are supported by various facilities and services that community, businessmen, government and local governments provide. Indonesia is a country with a high artistic taste and the richness of its traditional arts. Indonesia is also an enchanting country with its natural and cultural diversities, combined with its friendly society and may provide a deep impression. In Indonesia, tourism has been introduced since the time of the kingdom ruling the archipelago, although it was based on the interest of controlling local area.

According to Law No.10 of 2009, concerning Tourism, tourism is defined as a variety of tourism activities that are supported by various facilities and services that the community, businessmen, the government, and regional governments provide. Tourism development turns out to be an integral part of a national event that is carried out in planned and integrated manner and based on the principles of sustainable development while it also still preserves the values of religion, culture and the natural environment and keeps the integrity of the Unitary of the Republic of Indonesia (NKRI).

B. History of Indonesian Tourism

Tourism plays a significant role in national development. Besides, to be one of income and foreign exchange producer, the tourism sector is closely related to foreign investment. Tourists coming to Indonesia involve those who are doing business with Indonesia.

Indonesian tourism sector is considered to be significantly developing. Tourism development exists since tourism has a crucial role in Indonesian development, mainly as a foreign exchange producer in addition to the oil and gas sector. Previously during the Indonesian post-independence period, the government focused on the development and improvement of the national economy, hence, that it could stand on its own at that time. Development priority was carried out on the agriculture sector, and the basic foundations of industrialization, particularly primary industries, and heavy industries were built.

The objectives of Indonesian tourism development is clearly stated in the Instruction of the President of the Republic of Indonesia Number 9 of 1969, in specific Chapter II Article 3, saying "Tourism development effort in Indonesia refers to the development of tourism industry and it is a part of improving and developing the welfare of the people and the country". Indonesian tourism industry is developed to boost the foreign exchange earning for this country.

During the post-independence era also known as the Old Order, Indonesian economic development was based on the development of the *Pembangunan Nasional Semesta Delapan Tahun 1961-1969* (the eight-year National Development of 1961-1969) that was stated in the Decree of the Republic Indonesia MPRS (the *People's Consultative Assembly*) Number II/MPRS/1960 on the Outlines of the First Stage National Development Planning Pattern of 1961-1969.

In 1969 the number of tourist visits to Indonesia reached 86,000 tourists¹⁷. This was addressed by planning a tourism

¹⁷ Jafari, (2000). *Encyclopedia of Tourism*. USA: Routledge.

development master for the first time in Indonesia with Bali Island as its center. The government conducted such an effort through the establishment of the Bali Tourist Development Corporation (BTDC) in 1970. Bali, then, became a pilot project for Indonesian tourism development. This island is home to most of Indonesia's Hindu minority and offers tourists all sorts of Balinese Hinduism-related arts and culture.

Entering the new order in Indonesia, the social, economic, and political conditions gradually began to be organized step by step. National development at that time referred to the *Garis-Garis Besar Haluan Negara/GBHN* (National State Guidelines) established by MPR. The GBHN contained the provisions to implement 25-year national development, i.e., the implementation of five-year Development (PELITA), from the First to Fifth PELITA¹⁸. Tourism started to have the government's attention as outlined in the first government policy began in 1967-1968 and ended 1998-1999.

The growth has been fluctuating. Around 1970 Indonesia again brought up a new tourism promotion tagline. "Indonesia, there is more to it than Bali," "Indonesia Bali and Beyond," and "Indonesia, Bali plus Nine" which was enhanced by the PELITA III - Indonesian Tourism program.

The Indonesian tourism campaign was formally marked by the launch of the first "Visit Indonesia Year (VIY) in 1991 along with the issuance of Tourism Law No.9 of 1990, which was followed by Visit Indonesia Year 1992, 2008, 2009 and 2010. Tourism campaigns were conducted through "Sapta Pesona" (Seven Enchantment) program that the government organized to increase awareness, a sense of responsibility of all levels of the community, either government or private sector and all the community members to be able to do and make it happen in daily life. The "Sapta Pesona" describes natural elements involving seven elements, i.e., safe, orderly, clean, fresh, beautiful, friendly, and memorable.

¹⁸ Esti, 2013. *Pembangunan Kepariwisata: Overview, Tantangan dan Kebijakan Pembangunan ke Depan* (03 ed.). Bappenas.

In 2002, Bali was rocked by bombs killing foreign tourists. The 2002 Bali Bombing attacks claimed hundreds of lives from several countries in the world. From the recorded data, the most substantial number of dead victims were Australian citizens, i.e., 88 people out of a total of 202 people.

¹⁹ Even though tourism objects in Indonesia are not only Bali, however, since Bali is the province contributing the most massive tourists among other areas in Indonesia, the growth foreign tourists visiting Indonesia was at the lowest point after the bombing incident. The bomb blasts provided the impact to Balinese social-economic condition.

The number of foreign and local tourists visiting Indonesia, especially Bali, was declining in the following years after the bomb attacks. The number of foreign tourists visiting Bali dropped 2.3% and the number of foreign exchange foreign tourists reduced by 20.2% this provided impact on the increasing unemployment rate in Bali, whose people relied on the tourism sector, due to their lost jobs²⁰. Therefore, regional income reduced. Also, based on the data from the Bali Provincial Labor Office, the number of workers absorbed declined to 1,538,917 people in 2003 from 1,712,954 people in 2002²¹. Hence, it is that the political stability of a country influences its tourism sector, even this sector is vulnerable to international security threats such as terrorist acts. In addition to its impact to regional economy, the Bali bombing also caused foreign direct investment (FDI) in Indonesia to decline in the years following of the Bali Bombing I. The Bali Bombing was not only the most significant terrorist act in Indonesian history, but it was also recorded as one of the most significant attacks against the tourism destination in the Southeast Asia Region.

¹⁹Bali bombings: Full list of victims' names, 2013, SBS News

²⁰ Simanjuntak, Analisis kerja sama bilateral Indonesia dengan Australia dalam penanggulangan terorisme sebagai kejahatan transnasional teroganisir (2002-2015) 2016

²¹ ibid

In 2008 was the turning point of the promoted Indonesian tourism campaign. Indonesia adopted the “Visit Indonesia Year 2008” campaign by taking the momentum of the 100th Anniversary of National Awakening. “Visit Indonesia Year 2008” served as a milestone in the rise of Indonesian tourism by optimizing tourism promotion and competitiveness at national and international levels. In this year the slogan "unity in diversity" began to be echoed.

C. Overview of the Tourism Ministry

1. Background

The Ministry of Tourism was officially established on 29 October 2014 based on the RI Presidential Decree Number 121/P in 2014 concerning the Establishment of Ministry of and the appointment of the Minister of Work Cabinet for the 2014-2019 period. Since the President Joko Widodo’s cabinet establishment some development priorities of the Working Cabinet era have been echoed; one of them is related to tourism. Increasing economic growth, higher foreign exchange earnings and greater labor absorption turn out to be a series of long-term goals to be achieved through tourism development.

Considering the global strategic environment and the various directions of national tourism development policy, and the RI Law No. 10 of 2009 concerning tourism, RI Government Regulation Number 50 of 2012 about the master plan of National Tourism Development in 2010-2025, the tourism strategic targets of the RI Tourism Ministry in the 2015-2019 RPJM (Mid-term Development Plan) turn out to be the reflected mandate of the visions and missions of the Joko Widodo and Jusuf Kalla’s regime as stated in NAWA-CITA.

2. Structure of Tourism Ministry

Based on the RI Minister of Tourism Regulation No. 6 of 2015 concerning the Organization and Work Procedure of Tourism Ministry, the tourism ministry

refers to the executing element of the government headed by a minister who is under and reports to the president and is assigned to assist the president in organizing administration business in terms of tourism sector.

In carrying out the duties, the Ministry of Tourism has the following tasks:

- 1) Formulating, identifying and implementing tourism services;
- 2) Managing the state's properties and assets that the Ministry of Tourism should be responsible for;
- 3) Supervising and executing tasks in the Ministry of Tourism environment ;
- 4) Providing technical assistance and supervisions on the implementation of the affairs of the ministry of tourism at a local level;
- 5) Implementing of regular scale professional activities;

The minister of tourism is assisted by nine echelons consisting of ministerial secretaries, four deputies, and four ministerial expert staffs.

3. Vision

The vision is to envisage Indonesia which is sovereign, independent and having a national identity based on cooperation.

Based on this vision, the president of the Republic of Indonesia has formulated a mission that was integrated into the nine priority agenda of the government stated as NAWACITA. It contains the 2015-2019 priority agenda of the Indonesian government, and tourism is at the sixth priority agenda; i.e., to improve people's productivity and a competitive edge at international markets, and hence, Indonesian people can achieve advanced development and rise together with people from other Asian nations.

4. Mission

In the 2015 regulation of Minister of Tourism concerning the Ministry of Tourism's Strategic Plan, there are four pillars of tourism development to get priority, i.e., the development of destination, marketing, industry, and institution. The missions of the RI Ministry of Tourism are:

- 1) Developing tourism destinations that are competitive, environmentally and culturally-oriented in increasing national income and creating an independent society;
- 2) Developing international level tourism products and services, enhancing business partnerships and being ecologically and culturally responsible for;
- 3) Developing tourism marketing in a synergistic, superior and accountable manner to improve domestic tourist travel and foreign tourist visits so that they are competitive at an international market, and
- 4) Developing government institutions, local governments, private sectors, and human resources, effective and efficient regulation, and operational mechanisms and enhancing international cooperation to increase the productivity of tourism development and promote sustainable tourism development.

5. Objective

Based on the 2015-2019 vision and mission of the Ministry of Tourism, then the 2015-2019 objectives of the Ministry of Tourism are formulated, like the following:

- 1) Improving the quality and quantity of tourism destinations that are competitive in an international market;

- 2) Realizing the tourism industry that can drive the national economy, and hence Indonesia can be independent and can rise together with other Asian nations;
- 3) Maximizing the productivity of tourism marketing performance by adopting integrated marketing strategies which are effective, efficient and responsible, as well as the incentive, innovative and interactive;
- 4) Realizing tourism institutions that can synergize the development of tourism marketing, tourism destinations, and tourism industry in a professional, effective, and efficient way to achieve maximum productivity.

The researcher identifies some of the abundant Indonesian tourism potentials spreading across various islands in Indonesia, which are categorized into seven particular²² interest tourism, namely:

a. Nature and Ecotourism

Indonesia provides natural wonders with water packages in Bali or Lombok, tropical rainforests in Kalimantan, lines of volcanoes in Sumatra, Java, Bali and Flores which are part of the Pacific fire ring, or climbing tracks on Mount Leuser, Mount Kerinci, Komodo Island and Ujung Kulon Forest Reservation which have registered as world heritage areas.

b. History and Heritage

Indonesian history and heritage present a variety of the most ancient cultures in the world that are still maintained and beautifully expressed through arts, dance stories, music and the sites itself, as seen in the Toraja funeral rituals, Minangkabau culture, Asmat woodcarving

²² Wonderful Indonesia: *Jantung keajaiban dunia sebagai partner Resmi ITB Berlin 2013*. (2013) from Republic of Indonesia Ministry of Tourism

traditions, and ancient communal rituals of the Mentawai people.

c. Sports and Recreation

With more than 17,000 islands, Indonesia has diving and surfing points including Bunaken and Raja Ampat. Also, there are also golf courses, bike tracks, triathlon sites, trekking sites, and many other adventure tours.

d. Cruising

Indonesia is a famous destination for foreign cruise ships. Shipping voyage requests to this country ports have been increasing from year to year. The application includes three large cruise companies, i.e., Solstice Celebrity, Radiance of the Seas, and Diamond Princess.

e. Shopping and Culinary

Indonesia produces high-quality textiles, knick-knacks, ceramics, unique furniture with the best styles and qualities. Indonesia also shows a variety of Indonesian delicious culinary

f. Spa and Health

As a tropical country, Indonesia is in a quiet site. Indonesia provides bath and health care with the best local ingredients of Indonesia.

g. MICE

In the MICE sector (Meetings, incentives, conventions, and events). Indonesia provides world-level destinations and facilities for conferences, congresses, and events.

In developing tourism, the Ministry of Tourism serves as the primary driver, i.e., as a catalyst, advocator, regulator, coordinator, facilitator, agency, public outreach and at the same time as a consumer who always maintains the balance of economic, social and cultural and environmental aspects.

D. The Overview of Wonderful Indonesia

As known, in the Republic of Indonesia government regulation number 50/2011 concerning the 2010-2025 national tourism development master plan, the National Tourism Development Objectives involve conveying the Indonesian tourism destinations through effective, efficient, and responsible marketing media. Jero Wacik, the Minister of Culture and Tourism (2004-2011), stated that the campaign was inspired by Bali winning the best choice by the U.S. The images behind that award was nature, culture, people, food, and value of money. The criterion of this brand image was a long process. There were four stages passed to establish "Wonderful Indonesia" as a new tourism brand in Indonesia. The first stage involves researching suitable words and language to market and advertise in Indonesia. The words "Wonderful Indonesia" has been chosen to represent a promise that Indonesia is rich with its wonders, regarding both human and nature as well, which will inspire heart and mind, while offering a new exciting experience for visitors.

The establishment of brand, slogan, and tagline exploration was the next step required all stakeholders' agreement to decide which visions, identities, values, characteristics, cultures, and aspirations that were most representative to market Indonesia. The third step was completed by establishing the brand guidelines, including font, language, logo design, colors, visualization, and multiple advertisement deliveries. The brand then was implemented in an array of marketing and promotional activities.

Branding turns out to be an essential thing in marketing because it is an effort to shape the identity of a brand. According to the RI Minister of Tourism, Arief Yahya, branding is an investment that may earn money. By using a brand, hopefully, anyone who listen or see "Wonderful Indonesia" will immediately remember tourism of Indonesia with its all potentials according to the brand.

“Wonderful Indonesia” is believed to adequately represent the image of the equity and richness of Indonesia. “Wonderful Indonesia” or the Enchantment of Indonesia is the promise of Indonesian tourism to the world. The word “Wonderful” or “Pesona (charm)” contains the hope that Indonesia is rich in amazement from all aspects and its native cultures, which disturbs heart and promises a pleasant new experience. The general rule is that “Pesona Indonesia (Indonesian Charm)” should be used primarily for domestic audiences and domestic media, while “Wonderful Indonesia” should be used for international audiences and international media.

The initial description of branding refers to information that tourists need to know to increase knowledge about tourism destinations of the countries visited. Indonesia itself has set “Wonderful Indonesia” as an umbrella brand in the tourism industry. To be able to convey the message of branding well, the high level of brand awareness among tourists is highly necessary. This is also part of an effort to strengthen Indonesia’s tourism marketing strategy.

“Wonderful Indonesia” and the Indonesian are confirmed as the branding of Indonesian tourism through the Degree of the Minister of Tourism of the Republic of Indonesia Number km.03/ um.001/ Mp/ 2014 concerning the Wonderful Indonesia logo and/ or Indonesian Charm logo. The Wonderful Indonesia logo or the Indonesian Charm logo consists of a bird logo component called the logogram, and the words “Wonderful” and “Indonesia” or “charm” and “Indonesia” are called logotype.

Since the January 2011, the previous Indonesian tourism promotional campaign ‘Visit Indonesia has been replaced by “Wonderful Indonesia”. Then, the RI Minister of Culture and Tourism of Indonesia, Jero Wacik stated that “Wonderful Indonesia” was used to reflect beautiful Indonesian nature, unique culture, varied food, hospitable people, and value of money. The “Wonderful Indonesia” brand has been considered more attractive to describe Indonesia.

The Minister of Culture and Tourism firstly officially launched “Wonderful Indonesia” in the ASEAN tourism ministry forum on January 17-18, 2011 in Cambodia. After its launching, it was reported that the number of foreign visitors to Indonesia increased from 7,002,944 to 8,044,46223. The tourism branding of “Wonderful Indonesia” and “Pesona Indonesia” refer to the following three main messages:

1) Culture

Indonesia has the most prominent and most various cultures regarding tribes, languages, traditions, and customs.

2) Nature

It is true that the view of Indonesia is beautiful in the world, i.e., its underwater, coasts, mountains, forests, and biodiversity, from Sabang to Merauke.

3) Creative Man-made

Creative work presents the creative power of Indonesian people who can create a variety of jobs, attractions, and attractions that captivate the citizens of the world.

The first key message of "Wonderful Indonesia" campaign is to introduce new tourism areas in Indonesia that are supported by the facts that Indonesia is rich in cultural history and natural resources. To support the nation, tourism infrastructure is densely developed in the targeted area. The second key message is to promote sustainable tourism through the variety of initiatives to help the unique of Indonesian tourism, primarily which is based on cultures, traditions, and local wisdom. The third key message is emphasizing the creative economy, and creative human resources in Indonesia are seen as a unique psychological component of the vital message²⁴.

“Wonderful Indonesia” campaign aims to disseminate the identity of Indonesian tourism to the whole world so that

²³ Badan Pusat Statistik, 2012

²⁴ Rahayu, 2014

Indonesia is increasingly recognized and is provided with a right image in the international world. The Ministry of Tourism has created “Wonderful Indonesia” to project the desired image of beautiful Indonesian nature, unique culture, varied food, hospitable people, and value of money. The improvement of the Indonesian model in the international world will have a positive impact on the increase in foreign tourist visits to Indonesia.

Based on the international promotions that the Directorates of the Ministry of Tourism and Ministry of Creative Economy, “Wonderful Indonesia” has been implemented by targeting the market and done through marketing approach focused on specified market forces and needs. Based on the World Banks' classification, Indonesia campaign was potential to attract international visitors, with high income earned more than the US \$ 12.00 per year. Wonderful Indonesia campaign has been targeted to at least 16 international primary market focus, i.e., Singapore, Malaysia, Australia, China, Japan, South Korea, Taiwan, the Philippines, United States, Britain, France, India, Germany, the Netherlands, the Middle East (consisted of 18 countries), and Russia.

Indonesia gives priority to the countries mentioned above since those countries have enormous potential on doing travel as well as the facts that those countries are likely to be classified as high-income countries, including Singapore, Malaysia, and Australia as the priority market. As high-income countries, they are less affected by the impact of an economic crisis which could lead to an increase in the price of tourism products. It is also identified that the higher the income of the population in a country is, the higher the potential of the people of the country to travel and the higher their consumption of tourism products are.

Indonesia also classifies the market priority based on the number of incoming foreign tourists, the distance of the country of origin and Indonesia, as well as the potential number of outbound travelers from the state of origin. These

factors are added with foreign exchanges earned from the tourism sector. Indonesia considers China, Japan, South Korea, Philippine, Taiwan, United States, England, and France, also other countries such as India, Netherlands, Middle East, and Russia as potential markets.

In the next five-year development program, the Indonesian government focuses on infrastructure, maritime, energy, food, and tourism sectors. The underlying consideration for those five sectors is that the significance of their roles in the short, medium and long-term on national development. Of the five industries, tourism is defined as the leading sector because, in the short, medium, and long terms, their growths are positive. Indonesia also considers tourism as the leading sector in the development. Indonesia has set ten priorities of destinations, including Lake Toba-North Sumatra, Tanjung Kelayang-Bangka Belitung, Tanjung Lesung-Banten, Seribu Islands-Jakarta Special District Province, Borobudur Temple-Central Java, Bromo Tengger Semeru-East Java, Mandalika-Lombok West Nusa Tenggara, Labuan Bajo-Flores East Nusa Tenggara, Wakatobi-Southeast Sulawesi, and Morotai-Maluku.