CHAPTER I
INTRODUCTION

A. Background of the Study

The tourism industry plays a significant role in life and is growing very rapidly, both in economic, social and environmental aspects. Over the past six decades, tourism has experienced continued expansion and diversification, to become one of the largest and fastest-growing economic sectors in the world. An ever-increasing number of destinations worldwide have opened up to, and invested in tourism, turning it into a key driver of socio-economic progress through the creation of jobs and enterprises, export revenues, and infrastructure development. (UNWTO Tourism Highlights 2015 Edition).

The tourism industry is becoming a promising sector for promoting Indonesia. This is also the right place to introduce the MICE industry that became known in Indonesia. MICE (Meeting, Incentive, Conference and Exhibition) has been a part of the tourism industry since its appearance in the decade of the 80s until now. The development of MICE industry has provided a new atmosphere to the type of service industry activities and contributes in the economic field for developing countries and is popular as well. According to Business Travel Insights 2014: headlines, just under half (48%) of business travelers made ten or more trips in the last year. The number of travelers who made between 11 and 20 trips increased to 21% (up from 16% in 2012), which means more tourists who travel while doing their business. UNWTO also stated that some 13% of all international tourists reported travelling for business and professional purposes in 2016.
In real terms, tourism receipts increased by 8% in Africa, 5% in Asia and the Pacific, 3% in the Americas and 1% in Europe, while they declined 2% in the Middle East (UNWTO). This data shows if Asia occupies second position with the increase of tourists up to 5%. In line with the ASEAN countries which can compete in the MICE industry, even Singapore can occupy the 25th position, followed by Malaysia, Thailand, Indonesia, Vietnam and Philippines.

One of the Asian countries that are still building their MICE industry is Indonesia. Indonesia is a country with a beautiful and charming natural wealth, combined with a unique diversity of arts and cultures. All of this wealth is a complete
package to attract the world traveler attention. The tourism sector in Indonesia grows positively and affects many areas of life, especially in order to increase the country's foreign exchange. In order to encourage economic growth, all business related to the tourism sector in Indonesia is a commercial business, such as investment opportunities, employment opportunities, business opportunities and improving the welfare of the community.

In line with the **Ministry of Trade Republic of Indonesia** which mentions that Indonesia is a strategic area and has a unique appeal, providing opportunities for the growth of the MICE industry. In December 2012, the Ministry of Tourism and Creative Economy through the Directorate of Tourism Destination Development stated that there are 15 MICE destinations in Indonesia: Jakarta, Yogyakarta, Surabaya, Bali, Lombok, Makassar, Medan, Padang, Batam and Manado, Semarang, Lombok, Palembang, and Padang. According to ICCA data from the city ranking in 2016, Jakarta, Bali and Yogyakarta, show their consistency to still develop the MICE sector.

![ICCA City Ranking](image)

**Figure 1.3. City Ranking that organized the largest MICE in the World.**

*Source: ICCA Statistics Report*
Maintaining the number of meetings and becoming a MICE destination is not an easy task. Jakarta, Bali and Yogyakarta are required consistently to organize MICE events, such as a travel mart, which is a special event and covers almost all MICE activities. Jakarta as the MICE destination with the most number of events organized a Travel mart event named AJTM (ASITA Jakarta Travel Mart) in 2016 and 2017. This event is the only Business to Business Travel Mart for the Domestic Market held in the Capital of Indonesia, Jakarta and authorized by the Department of Tourism & Culture of the Provincial Government of DKI Jakarta and the Ministry of Tourism of the Republic of Indonesia. Bali also have the same event called Bali & Beyond Travel Fair (BBTF) as the annual Travel & Tourism expo in Bali and choosing the date of exhibition event in every mid o June in conjunction with an annual Bali Art Festival for which will be held every mid of June of the year since 2014. Interestingly, Yogyakarta also has the same Travel mart event but has been running for 9 times the implementation, called Jogja Travel Mart (JTM).

*Jogja Travel Mart* (JTM) or now rebranding to international brand identity as *Jogja International Travel Mart* (JITM) *is established in 2008*. JITM have hosted about 972 buyers in the past eight years (2010-2017) and the top buyers from the key markets in EUROPE/ NA including The Netherlands, France, Germany, US, Spain, and Belgium. Top buyers from the key markets in ASIA PACIFIC include Japan, Malaysia, Singapore, Australia, Thailand and China. Top buyers from the key markets in INDONESIA include Bali, Jakarta, Medan, Bandung, Lombok and Surabaya.
JITM is held annually in a different theme, reunites international and national tourism industry leaders gathered for a series of table-top style meetings. International buyers seek the best-matched Yogyakarta tourism sellers. International buyers are free to search and determine the best and most suitable products from tourism vendors in Yogyakarta. The expected end result is that tourists can choose the best products or packages from the best through the experience of elections in Yogyakarta. Interestingly, these ‘buyers’ come from various countries and regions. For the last 8 years the number of buyers reached to 972 people, and 62% of them are international.

The Special Region of Yogyakarta, also well-known as DIY, is a province in the Southern part of Java Island with the capital city, Yogyakarta. Geographically, Yogyakarta is located in Central Java with covers around 3,169 km² with a population
of 3,109,142 people (census of 2000). The Special Region of Yogyakarta is divided into Regencies in Government Regulation Number 32 Year 1950 Law of the Republic of Indonesia. There are Bantul, Sleman, Gunung Kidul, Kulon Progo and the City of Yogyakarta. Before Indonesia became Independent, Yogyakarta already had a tradition of government because Yogyakarta is the Sultanate.

In addition to the famous tourist destinations such as Malioboro, Taman Sari, Kraton Yogyakarta, Merapi, Kaliurang and the beaches in Wonosari, Yogyakarta is also known for the tasty and cheap food. The atmosphere of Yogyakarta is comfortable and safe, making anyone who comes to Yogyakarta feel happy and want to come back again. Yogyakarta is the province that is still strong with the Javanese art and culture which is an important part of public life. No wonder if tourism becomes one of the sectors to be noticed by the Government. In addition, the MICE sector also began to invest in Yogyakarta in line with the national and international events which are quite often held in Yogyakarta.

In line with the start of many international events, this requires Yogyakarta to improve itself specifically, like the annual event that will take place in Yogyakarta on 8th to 10th May 2018 at Hotel Royal Ambarrukmo Yogyakarta, the 9th Jogja International Travel Mart (JITM). Yogyakarta must be ready and provide a variety of hardware such as physical infrastructure and expert human resource software with a first-class service mentality. In addition to improving infrastructure and improving the quality of human resources, the most important thing in terms of attracting the masses is to enhance promotion and marketing.

Marketing in one event will complement the entire system that has been designed, as well as for an event that has been sustainable every year. Hiam and Schewe (2008: 7) state that "marketing is the result of all activities that keep the company
always concerned with its customers and with good management, ensuring that the products or services the company offers are valued by its customers." The word ‘keep’ in this statement is very interesting and make the author interested in studying the marketing system used by the committee of Jogja Travel Mart in maintaining this event which has lasted for 9 years in Yogyakarta. However, there were no studies carried out on the process of organizing the marketing system, where the main focus is the marketing strategies and how to promote MICE event. Considering that were no similar research carried out up to date due to this study, the author does this research with the title "The Mice Marketing System A Study of The 9th Jogja International Travel Mart (JITM) 2018 in Yogyakarta".

B. Problem identification

In general, the MICE industry in Yogyakarta area has not been well studied, so there are many unanswered questions and only a few references. The thesis project implemented by the author is a complex and special activities, specifically in this case which focus on the MICE event. MICE industry has grown, developed and mirrored the changes of the overall hospitality industry (Montgomery & Strick, 1995; Rogers, 2008). Considering that the JITM event is on an international scale and has been continuous, and it is in line with the increasing number of events held in Yogyakarta, in line with the growing of MICE industry, promotion and marketing strategy still needs to be done.

Based on conceptual problems, the author question about how the marketing strategy of JITM worked? How many types of marketing strategy they used? How has the marketing strategy become an important problem to bring the participants joined this event? However, the success of the marketing strategy can be seen if this event has many participants. A thorough identification of the marketing strategy in this event is
highly necessary in order to bring more buyers. How to promote this event is the next factor related with conceptual problems. Some of identification problems are related to the marketing system in JTIM event certainly includes several important aspects, including:

1. The marketing strategy, such as promotion for the event;
2. Dissemination the information to the buyers as the main target for this event besides the seller;
3. The special event concept for travel mart event which affect the marketing system.

All these aspects need to be researched because in addition to tourism, products must be able to compete effectively in the market and must have a sustainable benefit to the economy. The sustainability of this event seems to be a fresh air for the MICE organizers, but the authors are interested in examining whether the organizers of JTIM have a marketing strategy that is used as a reference every year.

C. Problem Limitation

Limitation given by the author in the research will be achieved by staying within the scope of the problem and focus on research conducted. Some limitations of the problem in this study are as follows:

1. First and foremost, this kind of research will initiate more studies in the MICE industry’s field in JTIM.
2. The scope of this research area is The JTIM event which is held in Yogyakarta, specifically at Royal Ambarrukmo Hotel.
3. The area of the substance under study covers only the marketing system of Jogja International Travel Mart 2018 event, regarding the system used and its influence in the organization of JITM every year.

4. The information that the author want to get is about the marketing strategies used by the JITM committee and its components to promote the event.

5. The marketing Strategies are focused to how the marketing team promotes and dissemination this event and not the product, because this event is all about bring together the buyers and sellers in one forum, which is exhibition with table top style.

6. The information limited from the government as a facilitator, the travel agents association, ASITA and bring together Hotels & Restaurants from PHRI.

D. Research Questions

In an effort to make a quality and popular event in the current globalization era, the marketing system must be able to attract the participants to join this event. For that reason, the committee of JITM majoring in marketing and promotion must fulfill some of the required aspects. Based on the description above, the following research questions are formulated.

1. What is the Marketing Strategy used by the marketing team of Jogja International Travel Mart (JITM) 2018?

2. Why is Jogja International Travel Mart (JITM) using this marketing system?

3. How does the marketing system used by the marketing team of Jogja International Travel Mart (JITM) 2018 to attract the buyers?
E. Research Goals and Objectives

The objectives to be achieved by the authors in this study are to carry out a problem-solving efforts and plan answers to research problems, in this case specifically to aim to:

1. Examine what kind of marketing system is used in developing Jogja International Travel Mart event in Yogyakarta;
2. Learn more about the event marketing strategy that has lasted for 9 years;
3. Determine the concepts and strategic issues that are useful in influencing the marketing of MICE sector, especially in travel mart events.
4. To analyze all documents related to MICE event, especially table top style meeting.
5. To identify all the strategy needs by the marketing team to promote the travel mart events.
6. To improve the author performance, both increase the knowledge and experience in the field of marketing, especially in the sector of MICE.

F. Research Benefits

A study contributes to various parties and is divided into 2 (two) aspects, theoretically and practically aspects. The MICE events bring benefits to the host community, host organizer and event participants themselves. However, according to JITM event, there are many potential aspects can be utilized. Verbally and nonverbally, there are numerous benefits that can be obtained from it. These benefits deal with many aspects; from scientific, promotion strategy, handling event, as well as spin-off benefits which covers the local to international aspects. The benefits from theoretically and practically aspects can be described as follow:
1. Theoretical Aspects

The research is conducted in order to provide benefits directly, either to individual and institution as a reference to take the policy that related to marketing strategy in a MICE event, especially in table-top meeting style and travel mart events. Which means can be used as the reference of science development in MICE sector. In addition, this research is intended to contribute theories about competitive and sustainable marketing models or strategies for travel mart event. The study gives scientific benefit as it can be used as a model in order to conduct similar progressive qualitative research in marketing strategy for similar events.

2. Practical Aspects

The benefits of practical research can be applied directly in real life, both from the Government side and institutions directly that involved in the implementation of this event. This research is intended to be a reference for developing the MICE sector in Yogyakarta from the event marketing side, especially in travel mart events. In addition, the community also can take the positive side from this research to make them understand about MICE and ready to participate in the field. Educational institutions can make the results of this research as a reference in the development of science and increased the information for tourism side as well. Another operational benefit related to tourism policies and stakeholders, furthermore, to support the competitiveness and sustainability of the MICE sector, especially in Yogyakarta.