

# Strategic Development Plan for MICE Destinations to Increase Comparative Advantage using the Cooper Method

Nursiah Fitri

*Department of Business Management, Politeknik Negeri Medan, Jl. Almamater No.1 Kampus USU, Medan, Indonesia*

**Keywords:** Strategy, Destination, MICE.

**Abstract:** The purpose of this research is to understand the conditions of attributes of MICE destinations in Medan City and strategic development plan for MICE destinations to increase comparative advantage using the Cooper method approach in Medan City. This research is conducted using quantitative survey method. Questionnaire and interview are carried out as the data collecting method. The population of this research are the government stakeholders, which are represented by Medan City Tourism Office, and MICE industry entrepreneurs. The sampling technique is conducted by choosing the appropriate respondents which fit the sample criteria. Gap analysis is used as the data analysis method. The outcome of this research shows that the perceptions of the government stakeholders regarding the attribute of MICE are higher compared to those of the MICE industry entrepreneurs. Only the attribute of amenities has low gap, with the value of -0.1. The attribute of attraction possesses the highest gap value. Therefore, it is important for the government to increase the attribute of attraction which includes everything that can be shown to the tourists whether it is culture, natural riches, or man-made attractions of Medan City to increase the level of comparative advantage of Medan City as a tourism destination.

## 1 INTRODUCTION

Nowadays, government continues to try developing the MICE industry. MICE can be defined as all activities revolving around Meeting, Incentives, Conference and Exhibition. Medan City has the potential to be one of the MICE destinations in Indonesia (Siregar, 2017). Sitepu (2012) stated that there are three factors which affect Medan City as MICE destination which are participation from government, business and educational institutions.

However, Medan City has not been able to compete with other cities as a MICE destination. Significant decrease, with the value of 24 %, in the number of tourists visiting Medan City. Tourist arrival drops from 28.642 visits at the end of 2017 to 21.769 visits in Desember 2018. Upon observing, the average of monthly occupancy of 5-star hotels in December 2018 was 43.96% which decreased compared to previous month with average occupancy of 50.54%. The length of stay of both domestic and international tourists in hotels averages at 1.40 days. There was a decrease of 0.56 points of length of stay in December 2018, compared to the one of December 2017 (BPS Sumut, 2018). This

decrease shows that Medan City has not been able to compete as MICE destination with other cities in Indonesia, not to mention in the international scale. Therefore, it is important to analyse the conditions of attributes of MICE destinations in Medan City, followed by analysis of strategic development plan for MICE destinations to increase comparative advantage using the Cooper method approach.

To increase the comparative advantage of Medan City as a MICE destination, problems are formulated, which are:

- 1) How are the conditions of attributes of MICE destinations in Medan City?
- 2) How to develop strategic development plan for MICE destinations to increase comparative advantage using the Cooper method approach?

## 2 LITERATURE REVIEW

### 2.1 MICE Destination

According to Pendif (in Indrajaya, 2015), MICE activities can be categorized into tourism activities

which brings the visitors to attend Meeting, conferences, incentives, and exhibitions. Kesrul (in Indrajaya, 2015) said that Meeting is an event where a group of people congregate to spread information and publication, to develop human resources, and to create an environment where staffs and committees can work together. Noor (2007) defines incentives in MICE activities as a mean to recognize employers' achievement in the form of interesting travel. This can lead to an increase in performance. Conference can be defined as an activity when people gather to discuss and exchange ideas in regards of particular mutual problem. In practice, the term Meeting is inter-changeable with the term Conference. Meanwhile, the term Exhibition defines an activity which serves a purpose to spread information and to promote goods and services (Pendit, 2004).

In all simplicity, MICE Destination can be defined as destinations in which MICE activities are being held. The development of the destinations can be seen as a management system. This system must be able to respond to the problems and manage the complexity of the problems to fulfil the needs of tourists, tourism industries, and domestic tourists. (Howie in Presenza, 2010).

Fitri (2019a) stated that the marketing mix, which are product, price, place and promotion, entirely and partially affect the decision to use a MICE destination. Fitri (2019b) also stated that there are three factors which affect the decision making of event organizers in term of usage of exhibition venues. These factors are cost, comfort, and capability.

In addition to the statement above, Cooper at all in Sunaryo (2013) described that a MICE destination must provide:

1. Tourism attractions which includes everything that can be shown. These attractions can be culture, natural richesse, or man-made attractions.
2. Accessibilities, which includes everything related to local transportations, land transportations, and air transportations which connect people to the destinations.
3. Amenities, which can be defined as additional and supporting facilities, such as hotels and resorts, restaurants, gifts and souvenirs, and other supporting facilities.
4. Ancillary Services, which can be described as all service facilities needed during the stay in which the tourists resides including hospitals, banks, post office, and telecommunications means.

## 2.2 Comparative Advantage of Destination

Comparative advantage of destination can be defined as the ability of a destination to provide better various goods and services when compared to other destinations (Cvelbar et al. in Ardiansyah, 2018).

Comparative advantage of destination can also be described the power of a destination to gain advantage to compete with other destinations. According Philip Kotler and Gary Armstrong (2003), comparative advantage in competition can be defined as the superiority in term of the ability to provide goods and services with better quality and lower price. Other definition also describes advantage in competition as the ability of a company to behave better than other companies in the same industrial environment. (Kuncoro, 2006).

Comparative advantage of destination is closely related to the ability of the tourism destination to provide better goods and services compared to other destinations that serves as the mean to provide a better tourism experience for the tourists (Komšić and Dorčić, 2016). Aquilino and Wise (2016) define comparative advantage of destination as the ability of the tourism destination to create additional integrated values which can sustain the acquired resources while maintaining the position in the market along with other competitors. Cooper et. al. in Pangestuti (2018) said that to analyse existing conditions of a tourism destination can be done with 4 (four) 'A', which are Attractions, Accessibility, Amenities, Ancillary service. In this research, Cooper theory is used to evaluate the strategic plan of Medan City as a MICE destination.

## 2.3 Strategic Development Plan of MICE Destination

Rangkuti (2013) said that strategy is the act to plan detailed and clear activities by an organisation so that the initial goals can be achieved. Therefore, it can be concluded that strategy is an activity that must be carried out to achieve the initial goals which are determined at the beginning of the activity.

Hamel and Prahalad in (Rangkuti, 2013) said that a well-developed strategy must be able to be improved from time to time to be able to sustain and maintain the activity and to be able to be focus towards the future goals.

Strategic development plan of MICE destination can be defined as a plan carried out by stakeholders so that the MICE destination can be marketed

towards the public using a long-term plan and various tactics so that the number of tourists visiting the MICE destination can be improved.

To create a competitive MICE destination, Indonesian government issued a Regulation of Ministry of Tourism No. 5 year 2017 which describes the guidelines for a MICE destination. This regulation is used as guidelines to help MICE destinations to increase their comparative advantage. There are four criteria to measure the power of a destination, described by indicators of power of destinations. These four criteria are Attractions, Accessibility, Amenities, Ancillary service, including human resources services and MICE stakeholders. This regulation is based on the theory presented by Cooper at all in Pangestuti (2018).

### 3 EXPERIMENTAL METHOD

This research uses survey method to evaluate things happening at the location of the research. This research is descriptive with quantitative approach. The method used in this research is research and development method with hope in mind to create a strategic development plan for MICE destination in Medan City to improve the comparative advantage. The Cooper theory is used in developing this research, combined with the criteria of MICE destination according to the Ministry of Tourism of Indonesia. The chosen location for this research is Medan City.

The population of this research are the government stakeholders, which are represented by Medan City Tourism Office, and MICE industry entrepreneurs, which are represented by professional exhibition and conference organizers.

A hundred (100) samples were taken from the population, referring to Roscoe in Sugiono (2012, p. 91) which stated that the appropriate size of the sample is between 30 to 500 samples. Samples are determined based on quotes and chosen from each population which fit the criteria. Those who are chosen must have been involved in MICE activity.

Using the Cooper method approach, the conditions of attributes of MICE destination were evaluated. These attributes are Attractions, Accessibilities, Amenities, and Ancillary service. From these attributes, an indicator was created based on the priority scale from 1 to 5 in a questionnaire form. The gathered data is analyzed using GAP technique analysis which are used to understand the disparity of perception between the MICE stakeholders and MICE entrepreneurs. The results of GAP analysis are then evaluated to create a strategic development plan for MICE destination in Medan City to increase the comparative advantage.

Matolla in Puspendika (2007) set criteria used to determine the level of Gap. The following are the criteria: a) Low Level Gap, if  $G_i < 0,35$ , b) Medium Level Gap, if  $0,35 \leq G_i \leq 0,5$ , c) High Level Gap, if  $G_i > 0,5$ . The indicators used in this research can be found in Table 1.

Table 1: MICE destination criteria.

No.	Cooper Theory	Indicators
1	<b>Accessibilities</b> Everything related to transportations to connect people to the destination.	1. Marine, air, and land Transportation. 2. Road facilities and infrastructure. 3. Customs, immigration and quarantine. 4. Airport connectivity.
2	<b>Attractions</b> Everything that can be shown to tourist, including culture, nature, and man-made attractions.	1. Interesting Attractions and Locations, 2. Shopping centres. 3. Art show 4. Nature, 5. City events
3	<b>Amenities</b> Supporting facilities such as hotels, meeting room, restaurants, souvenirs, and other supporting facilities.	1. Hotels 2. Meeting rooms 3. Exhibition galleries 4. Culinary/Restaurants
4	<b>Ancillary Service</b> All services needed during the stay in a MICE destination.	1. Support from association of industry/profession 2. Human resources of Professional Exhibition Organizers and Professional Conference Organizers 3. The presence of MICE suppliers 4. Support in marketing the MICE Destination 5. Security

## 4 RESULTS AND OUTCOMES

### 4.1 Stakeholders' Perception in Medan City

Table 2 shows the results of the questionnaire of stakeholders' perception represented by Tourism Ministry Office of Medan City and North Sumatera.

Table 2: Stakeholders' perceptions of conditions of attributes of MICE destination in Medan City

No.	Attributes	Government	Categories
1	Accessibilities	4.1	Very Good
2	Ancillary Service	3.9	Good
3	Amenities	4.0	Very Good
4	Attractions	3.6	Good
Average		3.9	Good

Respondents representing government perceive accessibilities as the best attributes, followed by amenities, Ancillary Service. Attractions attributes placed as the last. The average value of perception is 3.9. This value falls into Good categories.

### 4.2 MICE Entrepreneurs' Perception in Medan City

Table 3 shows the results of the questionnaire of entrepreneurs' perception represented by Tourism Ministry Office of Medan City and North Sumatera

Table 3: Entrepreneurs' perceptions of conditions of attributes of MICE destination in Medan City.

No.	Attributes	MICE Entrepreneurs	Categories
1	Accessibilities	3.4	Good
2	Ancillary Service	2.8	Quite Good
3	Amenities	4.1	Very Good
4	Attractions	3.0	Good
Average		3.3	Good

Respondents representing the entrepreneurs perceive Amenities as the best attributes; followed by Accessibilities, Attraction and Ancillary Service in the second, third and last position respectively. The average value of perception is 3.3. This value falls into Good categories.

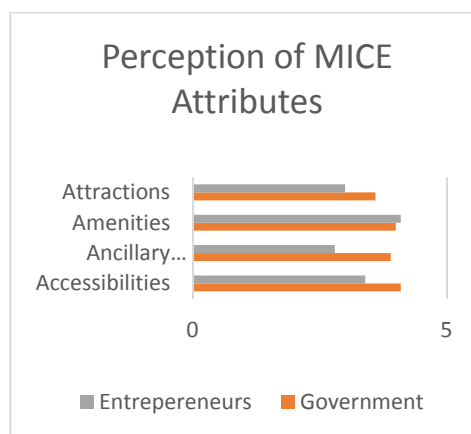


Figure 1: Perception of government stakeholders and MICE entrepreneurs in Medan City

### 4.3 Gap Analysis of Perception of MICE Destination Attributes of Government Stakeholders and MICE Entrepreneurs in Medan City

Figure 2 shows the gap of perception between government stakeholders and MICE entrepreneurs in Medan City regarding the conditions of attributes of MICE destination. The perception of government stakeholders represents the management side of MICE destination, meanwhile the one of MICE entrepreneurs represents the consumers of MICE destination.

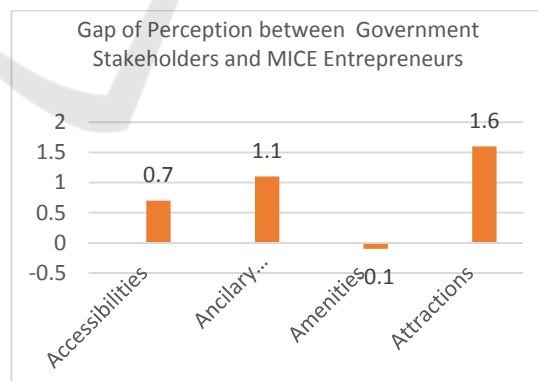


Figure 2: Gap of perception between government stakeholders and MICE entrepreneurs in Medan City

The chart above demonstrates the gap of perception between government stakeholders and MICE entrepreneurs. The Amenities attribute has the lowest gap, with the value of -0,1. This means that there is almost no difference in perception between the two groups regarding the Amenities attributes.

Both groups are confident that supporting facilities such as hotels, venues, restaurants, exhibition galleries, and other supporting facilities already have the potential to develop MICE activities in Medan City. However, there is still room for improvement.

The Accessibilities attributes has the gap value of 0.7, which is a high-level gap. This means that there is a significant difference in perception between the two groups regarding the Accessibilities attributes. Therefore, government must put an effort to improve infrastructures which connect tourists to the destination, such as local, marine, and air transportations. This also includes better service in customs, immigration, quarantine, and airport connectivity.

The attributes of Ancillary service have the gap value of 1.1. This means that the MICE entrepreneurs perceive that there is a lack of participation from the associations of industry and lack of human resources competences in Medan City. There is little to no effort to market the city as MICE destination and to provide adequate security.

The attributes of Attraction have the highest gap value, with the value of 1.6. This can be interpreted that MICE entrepreneurs perceive that all of the attractions shown in Medan City, including culture, nature and man-made attractions, are far from adequate.

Based on the gap analysis above, the proposed strategic development plan for MICE destination based on Cooper theory can be prioritized as the following:

1. Attractions
2. Ancillary Service
3. Accessibilities
4. Amenities

## 5 CONCLUSIONS

1. Government stakeholders' perception towards attributes of MICE destinations in Medan City has the value of 3.9, which is higher compared to the one of MICE entrepreneurs, with the value of 3.3. The gap of perception has the value of 0.6 which can be categorized as high-level gap.
2. The attributes of Amenities have the lowest gap, with the value of -0.1. There is no difference in perception between the government stakeholders and MICE entrepreneurs towards attributes of amenities.
3. The attributes of Attractions have the highest gap, with the value of 1.6.

## 6 SUGGESTION

Based on the gap analysis, it is found that the average value of Government stakeholders' perception towards attributes of MICE destinations in Medan City is higher than the one of MICE entrepreneurs. Therefore, it is important for the government to improve the conditions of attributes of Attractions, Ancillary service, Accessibilities and Amenities to increase the comparative advantage of Medan City as MICE destination. This can be done by implementing regional tourism regulations which will benefits Medan City as a MICE destination.

From the gap analysis, it is also found that the attributes of Attractions have the highest gap. Therefore, it is crucial to make these attributes as number one priority while developing the MICE strategic development plan in Medan City. The improvement of attributes of Attractions can be done by incorporating technology in various attractions to increase the interests of tourists.

## REFERENCES

- Ardiansyah, M., Aisjah, S., Rofiq, A., 2018. Penilaian *memorable tourism experiences* sebagai faktor penentu daya saing destinasi wisata dengan menggunakan pendekatan rapid appraisal (RAP), *MIX: Jurnal Ilmiah Manajemen*, 8(2).
- Aquilino, L., Wise, N., 2016. Evaluating the competitiveness of the Northern and Southern macro-regions of Italy, *Almatourism*, 13, 23-47.
- BPS Sumut., 2018. *Perkembangan Indeks Harga Konsumen/Inflasi*. Retrieved from <https://sumut.bps.go.id/pressrelease/2018/01/02/503/de-sumber-2017--medan-inflasi-0-73-persen.html>
- Fitri, N., 2019a. *Analisis pengaruh bauran pemasaran terhadap keputusan pembelian paket mice di Hotel Santika*. Retrieved from [www.researchgate.net/publication/332103192](http://www.researchgate.net/publication/332103192).
- Fitri, N., 2019b. *Analisis faktor-faktor yang mempengaruhi keputusan penggunaan venue pameran oleh event organizer di Kota Medan*. Retrieved from [www.researchgate.net/publication/332104018](http://www.researchgate.net/publication/332104018).
- Indrajaya, 2015. Potensi industri MICE (*meeting, incentive, conference and exhibition*) di Kota Tangerang Selatan, Provinsi Banten, *Jurnal Ilmiah Widya*, 3(2).
- Komšić J., Dorčić J., 2016. *Tourism Destination Competitiveness and Online Reputation: Conceptualization and Literature Framework Analysis*. Tourism & Hospitality Industry, Congress Proceedings, 144-157. Retrieved from [https://bib.irb.hr/datoteka/828293.Komsic\\_Dorcic.pdf](https://bib.irb.hr/datoteka/828293.Komsic_Dorcic.pdf)
- Noor, A., 2007. *Globalisasi industri MICE*, Alfabeta. Bandung.

- Puspanдика, B.A., 2007. Analisis ketimpangan pembangunan di era otonomi daerah: Hubungan antara pertumbuhan ekonomi dengan kesejahteraan masyarakat. *Skripsi*. Fakultas Ilmu Ekonomi dan Manajemen, Institut Pertanian Bogor: Bogor.
- Prezenza, A. and Cipollina, M. (2010), *Analysing tourism stakeholders networks*, *Tourism Review*, 65(4), 17-30. Retrieved from <https://doi.org/10.1108/16605371011093845>
- Rangkuti, F., 2013. *Teknik membedah kasus bisnis analisis SWOT cara perhitungan bobot, rating, dan OCAI*, PT. Gramedia Pustaka Utama. Jakarta.
- Setyawan, H., Rudatin, Akbar.D., 2014. *Bali sebagai model pengembangan destinasi MICE di Indonesia*, Seminar Nasional Riset Inovatif II. Grand INNA Kuta Bali, 21-22 November 2014. ISSN: 2339-1553, pp. 569-574. Retrieved from <https://repository.stkipgetsempena.ac.id/bitstream/402/1/SENARI-2014.pdf>
- Siregar, I., 2017. *Strategi pengembangan Kota Medan menuju kota MICE (meeting incentive convention exhibition)*, *Integritas*, 3(2).
- Sitepu, E.S., 2010. *Tinjauan tentang Konsep Pengembangan Industri MICE Kota Medan*. Retrieved from [https://www.Academia.Edu/5280536/Tinjauan\\_Tentang\\_Konsep\\_Pengembangan\\_Industri\\_Mice\\_Kota\\_Medan](https://www.Academia.Edu/5280536/Tinjauan_Tentang_Konsep_Pengembangan_Industri_Mice_Kota_Medan)
- Sunaryo, B., 2013. *Kebijakan Pembangunan Destinasi Pariwisata Konsep dan Aplikasinya di Indonesia*. Fakultas Ilmu Sosial dan Politik, Universitas Gajah Mada. Yogyakarta. Retrieved from <https://repository.ugm.ac.id/id/eprint/101212>
- Wanda, I.B.K., Pangestuti, E., 2018. Pengaruh pengembangan komponen destinasi wisata terhadap kepuasan pengunjung (survei pada pengunjung situs Trowulan). *Jurnal Administrasi Bisnis*, 55(3), 83-91. Retrieved from <http://administrasibisnis.studentjournal.ub.ac.id/index.php/jab/article/viewFile/2307/2703>