

Implementation of Value Proposition Design in Indonesian Tourism Industry



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ABSTRACT: In tourism industry, competitiveness of tourism products which cover tourism attraction, accessibility, and tourism facility have potentials to increase business and industrial competitiveness. But today, those three components are still considered lacking, therefore it needs strategy or business model also innovation in the implementation. Value proposition design as a business model tool which can help a company or organization to know more about a product or service that will be designed or developed and relate it to market interest, so it can create product or service value in order to fulfill consumer need and request. The concept of value proposition design is regarded to be able to be applied in Indonesian Tourism Industry. This value proposition design in tourism industry of Indonesia is expected to create tourism products according to market interest. This study is aimed to figure out the condition or phenomenon relating to the implementation of value proposition design in Indonesian Tourism Industry. Based on the research result, it is known that customer profile of Indonesian Tourism Industry is on customer job which is then divided into four segments, such as segments that focus on cultural experience, natural experience, natural and cultural experience, and personal challenge. The risks of safety, epidemic, and political condition are parts of customer pain. Meanwhile, tourist attraction, facility, and tourist accessibility are tourist perception, while affordable price means customer gains. In addition, the value map of Indonesian Tourism Industry is consisted of product and service which this industry offers natural and cultural resource wealth, on pain relievers, it is consisted of policies that are offered as solutions to minimize safety risk and epidemic risk. On the other hand, gain creator contains of how the natural and cultural resource wealth of Indonesia can make customer gains for tourists.

KEYWORDS: Value Proposition Design, Tourism Industry

I. INTRODUCTION

Tourism is a sector that plays an important role to encourage and drive world economy. Globally, this industry is able to support economic growth, create employment, decrease poverty, and accelerate development, and reinforce tolerance. Recently, the tourism has been through sustainable expansion and diversification and becomes one of the largest sectors, and it has fastest growth in the world.

According to the Ministry of Tourism and Creative Economy, the condition of Indonesian tourism during period 2015 – 2019 has been through a significant and consistent growth, although it has experienced a decline in 2016. The achievement of contribution of the tourism sector for national GDP (Gross Domestic Product) has experienced an increase, so it can achieve the target. Therefore, this sector is becoming a leading sector and recorded as the largest contributor to the country's foreign exchange after palm industry. The consistency towards this achievement is not apart from support to the achievement of domestic tourist visit which has a value that always exceeds the target that has been set.

Based on the data published by the Ministry of Tourism and Creative Economy, the government has targeted tourism sector and creative economy to produce a contribution increase to Indonesia's economic resilience. The tourism sector is targeted to increase foreign exchange value in 2020 from US\$ 3,3 – 4,8 Billion into US\$ 21,5 – 22,9 Billion in 2024. Besides, the tourism sector is also targeted to contribute to the gradual development of GDP from about 4% in 2020 into 4,5% in 2024. The increases of quality and tourist number are attempts to support the development of contribution. In 2020, it has been recorded that the number of foreign tourist visit is around 2,8 – 4,0 million tourists, and it is targeted to be increased in the next 2024 into 16 – 17 million tourists. The total spending of foreign tourists is also targeted to be increased from US\$ 1166,67 – 1213,87 in 2020 into US\$ 1345 in 2024. Meanwhile, for the domestic tourists is around 120 – 140 million movements in 2020 into 330 – 355 million

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movements in 2024. The Indonesian tourism is also targeted in 2021 to be in 36 – 39th rank and improved into 31 – 34th ranks in 2023 in the ranking of Travel and Tourism Competitiveness Index (TTCI), the index of tourism competitiveness rate released by World Economic Forum.

In National Mid-term Development Plan 2020 – 2024, the tourism sector is targeted to contribute and play a strategic role through transformation of national economic development in the next five years. The economic development transformation is focused on the improvement of foreign exchange value of tourism and added value of national creative economy (Ministry of Tourism and Creative Economy, 2021). As an effort to fulfill the target of national development achievement, tourism sector needs strategy and innovation in the implementation. This strategy is implemented in order to deal with challenges, for instance non-natural disaster like corona virus pandemic that is occurring until now. COVID-19 pandemic situation is believed to be a turning point of tourism change and model design of creative economy business, including in Indonesia.

The Value Proposition Design is a development from Canvas Business Model proposed by Osterwalder. The Value Proposition Design as a business model tool which can help a company or organization to get to know more about particular product or service that will be made or developed and then relate them to market interest or demand, so it can create value in order to fulfill consumer need and request (Osterwalder Pigneur, 2014).

Topic of Value Proposition Design is taken because according to business perspective, it is valued as a significant topic to find idea, ability, and business match with problem, obstacle, and consumer expectations (Osterwalder Pigneur, 2014). In the tourism industry, competitiveness of tourism products which include tourist attraction, accessibility, and tourist facility are potential to increase business and industrial competitiveness. Generally, the competitiveness of Indonesia's accessibility is lacking, regarding to the low frequency and number of flight seats and infrastructure of road, port, and airport in many tourism destinations of Indonesia that are contained of tourism facility or business. All this time, tourism business in many Indonesia's tourism destinations is less developed due to the lack of tourists who visit and use tourism facility and business service, even though they have promoted their tourism product and business service either carried out individually or in collaboration with other parties such as local government. The development of tourism industry that is not in line and in accordance with accessibility development has affected to the lack of tourism business capability in fulfilling market demand, which then cause the lack of competitiveness of Indonesia's tourism facility and business (Ministry of Tourism and Creative Economy), 2021).

Based on the explanation above, the concept of Value Proposition Design is regarded to be implemented in Indonesian tourism industry. The value proposition design in Indonesian tourism industry is expected to be able to create tourism products which are in accordance with market interest. This research is aimed to be a description of condition or phenomenon regarding to the implementation of value proposition design in Indonesian tourism industry in general. Moreover, this value proposition design concept is dynamic, which it can be used by organization or business from various business scales starting from small, medium, or large class. Further, the value proposition design has a big potential to create business sustainability in a company from many industries except tourism industry and open up new markets that have been reached previously. Hence, this research can be exerted as a reference for the tourism entrepreneurs to run strategies of business governance system.

II. RESEARCH METHODS

This research was a literature study which exerted descriptive qualitative research method through literature review which examined about the implementation of value proposition design on tourism industry in Indonesia. The sources of this literature study were from scientific articles, journals, and research documents that were relevant and related to this research. This research focus was the implementation of value proposition design in tourism industry, where it was contained of some sources relating to value proposition design, either about the implementation of business model to some industries or the combination between theoretical concepts on the other business tool models. This literature study was conducted by looking through publication of articles in period of 2010 – 2020. Next, an analysis was exerted on some selected relevant articles or documents. Furthermore, conclusion and evaluation of previous researches relating to the implementation of value proposition design on tourism industry in Indonesia.

III. RESULTS & DISCUSSION

Value proposition design was about how to design product or service as the consumer wanted. Through value proposition design, it would help businessmen to be able to understand the pattern of value creation, regulate information about what the customer wanted and requested with a simple way which could make the pattern of value creation was easily visible to everybody. Then, the businessmen would be more effective designing value proposition and profitable business model which directly targeted customers to important job, loss, and gain (Osterwalder, et al., 2014).

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The value proposition design was formulated simply but effectively and instructively, so it could result a depiction that explained about what was being talked about (Kyhna J & Nielsen C, 2015). Due to the ease of use, many companies and organizations from several scales and industries applied this tool which was aimed to formulate strategy of value creation based on market interest. A number of business types from several industries have implemented the concept of value proposition design which has been recorded in many scientific articles as below:

Table 1. Scientific Articles Review

No	Year	Author	Title	Description
1	2022	Aki Nagano	Value Propositions for Small Fashion Businesses: From Japanese Case Studies	The objective of this article was to analyze how SMFBs developed the interactive nature of value proposition based on the case studies of the Onomichi Denim Project and the REKROW and addressed what elements which were associated with value proposition based on the human-centered perspectives. This research result identified four value elements contributing to the value proposition: environmental value, embedded social value, synergetic value, and educational value. These elements could develop through various forms of interaction, such as a unique co-production system embedding social ties and establishment of a production-oriented circular economy. This study proposed value creation through value proposition as a crucial strategy to manage SMFBs.
2	2021	Dhimas Satria Buana and Isti Raafaldini Mirzanti	Value Proposition Testing Using Indirect Customer Observation Method for Personafic	The research object was personafic, an Indonesian men's cosmetic brand. In this research, the hypothesis of value proposition was validated using indirect customer observation method using ads and landing pages, and the assessment based on customer actions, not words. Tests included interest validation, preference validation and willingness to pay validation of the customer. The results of test showed that the value proposition related to skincare product ingredients was the most attractive and most relevant value to customers.
3	2021	Gembong Baskoro	Importance of Rapid Adaptation of Value Proposition to the Customer Wants: A Dynamic Change in Customer Wants Due Tto Pandemic of Covid 19	This paper would introduce the concept of (rapid) adaptation to capture the change of customer request and need in the situation of pandemic of COVID-19. This paper would also elaborate the what-if scenarios in the new normal era to ensure the change of customer need which could be captured so that improvement and or innovation to the product and or service were done accordingly. Hopefully, this approach could improve the lack of matching between value propositions to customer need.
4	2020	S. C. Fernandes; Pigozzo; McAlloone; dan Rozenfeld	Value Proposition of Product-Service Systems: An Experimental Study to Compare Two Different Design Approaches	This study was aimed to create a prototype of a gamified approach to design PSS value propositions and to compare its application to a traditional design approach. Based on a design experiment, the advantages and problems for both approaches were evaluated, providing insights for further development of the new version of gamified approach.
5	2020	Astri Ghina dan Nurul afifah	Value Proposition Design for Custom Clothing Start-up Using Design Thinking Approach	This research was aimed to explore the interaction between custom clothing businesses and their users so that the concerns coming from both parties could be used as the basis for creating digital-based solutions. The result showed a concern between tailors and their users. As a digital-based solution, the proposed idea was project management with a transparent sewing service process that sewing service users could see.

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6	2019	Nugroho Wisnu Murti & Kristina Sisilia	An Analysis of Customer Profile for Designing Indeks Application through Value Proposition Design Approach	This study was aimed to determine the consumer profile which included perceptions and expectations for the homestay application customer segment, namely students, so that it could be a reference for creating value propositions that were relevant for homestay applications. In this study, the design of a consumer profile was consisted of three parts, namely customer jobs, customer science, and customer gains in the Value Proposition Design taken from Alexander Osterwalder and Yves Pigneur. In this study, generated perceptions and expectations of consumers of boarding room applications, among others, required complete information, a lot of boarding references, there were features of ratting, booking, and chat forums, as well as there were goods transport services.
7	2017	Sylwia Gierej	Techniques for designing value propositions applicable to the concept of outcome-economy	The purpose of this article was to analyse and present some techniques that support the design of a value proposition in the context of the outcome-economy. The result referred that the process of creating a value proposition should start with the use of techniques, which were simple and cheap to use. Such techniques include, among others, Empathy Maps and the Value Proposition Canvas. Because of this concept, an organisation was able to develop the initial product vision. To verify the initial assumptions, another technique could also be used, namely, the Minimum Viable Product. It allowed you to test the basic functions of the product and obtain feedback from customers to design the final solution.
8	2017	Yoseph Richie & Liliani	An Evaluation of Value Proposition in Sambal Nusantara Company	This research was carried out through qualitative method in order to identify the proper value proposition that fitted to Sambal Noesantara Company. This study found that the value proposition of Sambal Noesantara hasn't able yet to answer what customer needed majorly. The conclusion showed that Sambal Noesantara value proposition hasn't fitted yet
9	2017	M. Rizky Setiawan Wilopo	Efforts of Development of Value Proposition Concept to Meet Customer Profile in Low Cost Carrier Airline (A Case Study in PT. Indonesia AirAsia)	The research discussing about customer profile found that the majority of customer job was when the customer felt as having a low-priced holiday and needed a flight with an efficient cost. Further, the customer pains were often related to flight delay, unpleasant cabin services, and baggage issues. Meanwhile, the main customer gains were gain of on-time flights, increasing domestic routes, and free foods, and entertainment during on-board. The fit between value proposition and customer profile was that AirAsia has been already getting into the stage of scalable business model.
10	2016	Justin Wijaya & Liliani	An Evaluation of Value Proposition in Conresca Company	In this research, there would be done an evaluation towards Conresta's value proposition by doing customer profiling to Conresca's consumers in order to find out the needs, problems and expectations of the consumers. Based on the customer profiling that has been done, consumer needs used container as an alternative of fulfilling property needs. The consumers' problems are difficulties in doing design and limited product knowledge. The consumers' expectations were having full service from the beginning until the end and after sales like periodic improvement.

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Based on the table, it could be identified that value proposition design was implemented in different business scales and in several industrial fields, in certain contexts, the value proposition design could be formulated in certain condition as in the research done by Sylwia Gieriej entitled "Techniques for Designing Value Proposition Applicable to the Concept of Outcome-economy".

According to Osterwalder (2014), value proposition canvas was consisted of two parts: customer profile and value map. The customer profile in value proposition canvas was contained of characteristics or variables in order to identify consumer. The customer profile was consisted of customer jobs, customer pains, and customer gains. Whereas, value map was defined as a diagram that helped describing more specifically about the value of product or service that would be offered to the customers. The value map was in square shape and divided into three sections to describe the product value: products and services, pain relievers, and gain creators. The following would describe when the concept of value proposition design was generally implemented into tourism industry business in Indonesia:

Customer Profile

Customer Job

Customer job would describe about everything that the customer do, it could be an assignment that should be presented and accomplished, problem that should be solved, or unsatisfied needs. Generally, tourism industry has two consumer segments: domestic tourist and foreign tourist. If the consumer segment was further identified into customer jobs, it was divided again into many segments. The researchers decided to determine customer jobs based on approach of tourist psychographic segment concept by Greenland Tourism, since it was valued to fit the context of customer jobs, which Greenland Tourism (2015) has divided tourist psychographic segment into two variable mappings, one of which was interest focus. The interest focus was defined as an interest or motivation to go on trip (travel) and what happened during the trip. The customer job in Indonesian tourism industry consisted of these following segments:

1. Segment that purely focused and only interested in cultural experience
2. Segment that purely interested in natural experience
3. Segment that was interested to look for balance between natural and cultural-based experience
4. Segment that decided to take a trip with a completely different reason such as pursuing personal challenges or doing certain hobby.

Customer Pain

Customer pain was described as anything that might bother you before, during, and or after. Basically, the customer pain was described as an intended situation or risk experienced by the customers in the context of Indonesian tourism industry.

Security and safety risks were the initial factor of tourist to consider tourism destination. Moreover, the issue of disease outbreak or pandemic, political condition in destination area, and other risks of tour would be concerns of tourist to build trust in a tourist destination (Sonmez & Graefe in Sudarsana W.I., 2017). The epidemic has been a potential tourist concern and worry for their health (Maditinos & Vassiliadis in Hakim, I.N., 2020).

Customer Gain

Customer gain was described as an illustration relating about any results and benefits expected by consumer either functionally, emotionally, or costly. The researcher would determine customer gains in Indonesian tourism industry according to tourist behavior and preference either from foreign or local tourist discussed in a number of literatures.

Indonesia was perceived by foreign tourists as a country with beautiful natural sites, friendly people, and low price life cost (Muktaf & Zulfiana, 2017). According to Yusendra (2016), several attributes of tourism destination that could affect tourist behavior was attraction point of particular tourism destination, either in nature, culture, or event in the tourist perspective, availability of main and supporting facilities in tourism destination, accessibility to tourism destination, image of tourism destination, price rate of tourism destination, and promotion from tourism organization which was aimed to introduce a tourism destination. Based on the explanation, it was concluded that the customer gains of tourist were attraction, availability of facility, perceived accessibility of tourism destination, and affordable price rate of tourism destination.

Value Map

Product and Service

Based on Strategic Plan 2020 – 2024 arranged by the Ministry of Tourism and Creative Economy, a number of potentials as well as the strength of Indonesia to be able to develop as a competitive and sustainable tourism destination were wealth and diversity of national tourism resources including to natural and cultural reosurces.

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Pain Reliever

Pain reliever was described about anything that could relieve customer pain. The pain reliever does not have to be identified as relieving every pain that has been described in customer profile (no value proposition canvas can do this task). The good value proposition canvas was focused on reduction of some pains according to the product description. To deal with safety risk, it could be done by evaluating every hazard risk through hazard management containing acceptance of tolerated events, risk minimization, and risk transfer (Achjar, 2020). While, to deal with COVID-19 epidemic risk as nowadays, many policy options were taken. The government through Minister of Tourism and Creative Economy by implementing policy of community activity easing, including tourism activity that started to reopen, but still adapting new normal health protocols in both industrial sector and tourism sector. This COVID-19 pandemic would be a good opportunity to strengthen a sustainable ecotourism which was based on the need of health and clean environment also need of wider and open space (Suprihatin, W., 2020).

Gain Creator

Gain creator was described as how the product and service could make customers receiving customer gains. The wealth of natural tourism resources and national park were huge potentials for either natural tourism or ecotourism or green tourism development as one of alternative tourism forms that have recently become a world trend today and in the future. Indonesia was a country that was on the active path of ring of fire in the world with the most widely spread mountains in the world. Treasures of geological and volcanic potential were enormous capitals for the development of geotourism in Indonesia. Indonesia which was occupied by more than 300 tribes and has 742 languages and dialects also different cultural expressions and traditional customs was regarded as the largest cultural laboratory in the world and therefore it could be a tourism potential (Ministry of Tourism and Creative Economy).

IV. CONCLUSIONS

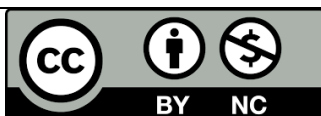
Value proposition design was formulated and designed simply, so it could be easily used and adopted by many business sectors from several industries, including tourism industry in Indonesia. The deduction of customer profile was on customer job consisting of four segments: segment that focused on cultural experience, natural experience, natural and cultural experience, and personal challenge. The safety risk, epidemic, and political condition were parts of customer pains. Meanwhile, tourism attraction, facility, and tourism accessibility that became tourist perception as well as affordable price were included as customer gains.

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