

# Tourism Destination Development Strategy using the SWOT Analysis Method

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## Abstract

The Kapasan Chinatown area has considerable potential to become a tourist destination that can attract tourists to visit. However, in reality, the number of tourist visits, both domestic and foreign, to the Kapasan Chinatown area is still very low when compared to other tourist attractions in Surabaya. For this reason, a tourism development strategy is needed to improve the quality of tourism destinations in the Kapasan Chinatown area. This study aims to find a strategic formulation for developing a tourist destination in the Kapasan Chinatown area by using a SWOT analysis tool. Kapasan's strengths, weaknesses, opportunities and threats as a long-standing tourist destination in Surabaya are analyzed comprehensively. From the results of the analysis, it can be seen that the Kapasan Chinatown area is seen as having low competitive power to face threats from tourist destinations

## Keywords

Strategy, tourism development, SWOT analysis

## INTRODUCTION

Under the leadership of President Joko Widodo, the Indonesian government has intensively carried out infrastructure development, such as building new toll roads, adding programming interface train lines, and building airports and ports. The central government assesses that Indonesia's infrastructure development is still far behind compared to other countries (Cabinet Secretariat of the Republic of Indonesia, 2017). Infrastructure development is designed to respond to changes occurring throughout the industrial world. One of the industrial sectors that is experiencing changes is tourism. Tourism is currently seen as a very profitable industry for Indonesia because of the large tourism potential that can be optimized (Cholik, 2017; Mariyono, 2017). One of them is that regional income also tends to increase in tourist destinations (Incera and Fernández, 2015). Thus, tourism development in Indonesia cannot be separated from tourism development at the regional level (Oktavio, 2017; Sutanto, 2016).

In Surabaya, the tourism sector has also not escaped the attention of the local city government. So far, the tourism development planning for the city of Surabaya is stated in the Regional Medium-Term Development Plan (RPJMD). One of the indicators used by the Surabaya city government in assessing

the success of its tourism sector development is the comparison of the number of tourist visits based on tourism objects compared to all out tourist visits to Surabaya. In the 2016-2021 RPJMD, it is known that the achievement of the comparison of the number of tourist visits based on tourism objects compared to the total number of tourist visits to Surabaya during 2010-2015 is still relatively small. This indicates that the attractiveness of tourism objects in Surabaya as a whole has not been able to attract tourists ideally so that efforts are still needed to develop effective and attractive tourism destinations and marketing (Surabaya City Government, 2016). The RPJMD also mentions strategic priority issues for the Surabaya city government, one of which is preserving local culture to prevent negative cultural influences. The Surabaya city government is of the view that with the increasing intensity of cultural interaction in the current global time, it can pose a threat to the loss of the city's local cultural wisdom. The measurement of the local culture index is a reflection of the performance of several variables that are correlated with the local wisdom of the city, such as the preservation of local culture. One of the tourist destinations in Surabaya that has the potential for cultural tourism but has not been managed and developed ideally is the Chinatown area. The potential in question is that there is still a

preserved Chinese cultural heritage, the open nature and hospitality of the local community, as well as other living societies that have a very close relationship with tradition and cultural heritage (Prasetya and Wibisono, 2015). So, if it is related to the strategic issue of the Surabaya city government, the cultural and historical values possessed by the Chinatown area should be preserved as well.

One of the oldest Chinatown areas in Surabaya is the Kapasan Chinatown, which has been a settlement for the Chinese community since the 19th century. It was named Kapasan because this area used to be overgrown with cottonwood trees or cottonwood trees, so it was named Kapasan. The Kapasan Chinatown area is still closely related to Chinese culture, both physical and non-physical, such as the Boen Bio temple which was founded in 1883 (Fitrianto, 2013) so that the Kapasan area is also called Kapasan Boen Bio or currently better known as Kapasan Dalam. (Kartono, 2012). The settlement of Chinese residents in the Kapasan Chinatown area is in the form of a small plot and there are still several houses that have a typical Chinese architectural design.

One of the kinship activities of Chinese citizens in the Kapasan Chinatown area which is still running is the kung fu practice field. In addition, there is also an annual cultural event called Alms Earth to commemorate the birthday of the prophet Confucius. The Earth Alms program features puppet shows and lion dances involving local residents

Seeing the picture of Kapasan's potential, Kapasan should be able to become a tourist destination that can attract tourists to visit. However, in reality, the number of tourist visits, both domestic and foreign, to the Kapasan Chinatown area is still lower than other tourist attractions in Surabaya. Tourists tend to visit tourist attractions that have a present day nuance such as malls or other entertainment centers (Arifah, 2015). According to Mr. Widodo Suryantoro, Head of the Culture and Tourism Office of the City of Surabaya, there are many tourist destinations that are the main destinations for domestic and foreign tourists when visiting Surabaya, namely shopping tourism such as shopping centers and SME centers culinary tourism and the third is park tourism, and the fourth is nature tourism (surya.co.id, 2017).

Based on the above conditions, Kapasan must have a strategy to develop the quality of tourism destinations in the area. Therefore,

this research was written with the aim of providing the formulation of a tourism development strategy in the Kapasan Chinatown area of Surabaya by using a SWOT analysis

## RESEARCH METHODS

This research is a descriptive study with a blended strategy approach (quantitative and qualitative). The type of research information is preliminary information and the instruments used for data collection are questionnaires, field surveys and interviews which were conducted for three months from September to November 2017.

In the tourism industry, the tourist population is fluctuating. The number of tourist visits can be influenced by uncontrollable factors, such as economic conditions and natural disasters (Louangrath and Rewtrakunphaiboon, 2013). Therefore, the number of populations in research in the field of tourism often cannot be known with certainty (limitless population). Louangrath (2014) provides two new methods for calculating sample size for an unknown population. One of them is Multistage Nonfinite Population (MNP) or  $n\text{-}\omega$  ( $n\omega$ ). The MNP method was introduced in 2014 which is the latest contribution to the field of research methodology in the social sciences. Both methods provide an efficient way of determining the least sample size where the least sample size is 30 ( $n = 30$ ). Louangrath (2014) assumes that using the standard blunder equation to determine the least sample size is an error. Based on the theory of Louangrath (2014), the number of samples in this study was set at 35 samples.

The research sample determination technique is purposive testing which is included in non-likelihood inspecting where the respondents who are used as research samples are tourists, both domestic and foreign, who have traveled to the Kapasan Chinatown area.

This study uses SWOT analysis as an information analysis method. SWOT analysis is a very complex strategic planning method to describe a situation and evaluate a problem based on interior and external factors, namely Strength (Strength), Weakness (Weakness), Opportunity (Opportunity), and Threat (Threat). The variables and indicators used in this study are elements related to interior and external factors of tourist destinations adopted from Butowski's (2010) research Other components of information analysis are Internal Factors Analysis Summary (IFAS) and External Factors Analysis Summary

(EFAS). IFAS consists of strengths and weaknesses while EFAS consists of opportunities and threats. IFAS-EFAS is determined by evaluating all aspects of SWOT (interior and external factors) associated with the seven variables in Table 1 and assigning a score between 0.00 and 1.00. The result of the complete score of each factor is 1. The next step is to multiply the scores of all factors with the criteria (rating) that have been designed previously. The criteria (ratings) in the IFAS-EFAS analysis for the tourism sector in the Kapasan Chinatown area are determined based on the following assumptions: a) criterion 1 is rated 1 (low), b) criterion 2 is rated 2 (enough), and c) criterion 3 is assigned a rating. rating 3 (high). The complete result of multiplication of scores and criteria (rating) will determine the value of factor X (strengths-weaknesses) and factor Y (threats) which are then entered into the IFAS-EFAS quadrant to describe the direction of the strategy that must be made.

### **IFAS-EFAS analysis**

IFAS-EFAS analysis is an analysis of various strategic factors in the internal and external environment by giving weights and ratings to each of these strategic factors. Strategic factors are the dominant factors of strengths, weaknesses, opportunities and threats that have an impact on existing situations and conditions and provide benefits when positive actions are taken (Dyson, 2004). Analyzing the internal and external environment is useful for monitoring problems that can affect tourism in the future (Goranczewski & Puciato, 2010; Lawton & Weaver, 2009).

Based on the IFAS analysis as presented in Table 3, it is known that the complete scores for strengths and weaknesses are 1.117 and 1.693, so the absolute weakness score is greater than the all-out score of strengths. Therefore, the first step that can be taken in the tourism development program in the Kapasan Chinatown area is to identify the inner noise problem and find a solution in order to minimize weaknesses. The factors that become weaknesses have a significant influence on inhibiting tourism development in the Kapasan Chinatown area.

### **Internal Factors Analysis Summary (IFAS)**

Based on the IFAS-EFAS quadrant, the development of tourism in the Chinatown area of Surabaya is in quadrant III, especially in the Turn Around Strategy region. This quadrant

describes a very unfavorable situation where one has to face various internal weaknesses and external threats (Tranggono, Dwiridhotjahjono, Aryani, and Rasyidah, 2015). The Kapasan Chinatown area is seen as having low competitive power to face threats from other tourist destinations. Therefore, the strategy that needs to be developed is to reverse various kinds of negative trends that are currently happening, which are most commonly focused on more ideal management efforts (Chang and Huang, 2006). One strategy that can be adopted to avoid threats is to carry out a defensive strategy that focuses on the most preferred market. However, if the defensive strategy fails, then divestment or liquidation can be used as the next strategic option.

Another step that can be taken to respond to the results of the IFAS-EFAS quadrant is to develop alternative strategies formulated from the results of the previous mapping of each SWOT aspect by combining each SWOT aspect (Goranczewski and Puciato, 2010) as follows:

a. Strategies that link Strength and Opportunity (SO), namely exploring historical and cultural heritage and realizing it in the form of unique and different tourist attractions from existing tourist attractions; promote promotion; and establish more intensive cooperation with other tourism business players

b. A strategy that connects Strength and Threat (ST), namely conducting further exploration of tourist destinations so that they have a competitive advantage and are able to attract investors; echo the importance of preserving cultural heritage as a legacy for future generations; establish more intensive communication with the government as the main stakeholder in the tourism sector in order to make a policy that can arouse and encourage tourists to visit the Kapasan Chinatown area.

c. Strategies that link Weakness and Opportunity (WO), namely improving the quality and quantity of infrastructure and supporting facilities such as establishing a souvenir center; open a tourist information center; schedule an annual tourism program; and promote the participation of local communities, especially young people, through youth organizations.

d. Strategies that link Weakness and Threat (WT), namely increasing information and promotion about the Kapasan Chinatown area; take advantage of CSR funds offered by large companies for the development of

historical and cultural tourism in the Kapasan Chinatown area; suggested that the Chinatown area be included in the agenda of the Surabaya city government's tourism program, for example during the commemoration of the anniversary of the city of Surabaya.

## RESULTS AND DISCUSSION

From the various analyzes of strategy formulation that the author did above, in the end it is necessary to choose a strategy that can increase the greatest opportunities for the Kapassan Chinatown area to develop its tourism potential so that it is highly competitive. Strategy formulation is often referred to as strategic planning and is an exposition of long-term planning, so the process uses more of an analytical process. Strategy selection also needs to consider several factors such as responsiveness to the external environment, involving competitive advantage, and alignment with other stakeholder strategies

## CONCLUSION

This study aims to formulate a strategy for developing tourist destinations in the Kapasan Chinatown area by using a SWOT analysis tool. Comprehensive analysis of the strengths, weaknesses, opportunities, and threats of Kapasan as a historic tourist destination in Surabaya. From the results of the analysis, it can be seen that the Chinatown area of Kapassan is seen as less competitive in facing threats from other tourist destinations. Therefore, the strategy that can be applied is a defensive strategy against the most preferred market. Steps that need to be taken include increasing information and promoting the Kapasan Chinatown area as a legacy tourism area; take advantage of corporate social responsibility funds provided by large companies; and recommended that the Chinatown area be included in the Surabaya City Government's annual tourism plan. The plan, such as in commemoration of the anniversary of the city of Surabaya. In addition, it is necessary to improve the quality and quantity of infrastructure and supporting facilities.

The presence of stakeholders in the Surabaya tourism industry has no effect in implementing the strategies recommended by the authors and conducting further evaluations. So if there are still shortcomings

or weaknesses, this can be an interesting learning material for further studyArticle text here article text here article text here. Article text article text article text article text article text here. (Arial 10 Normal, Sentence Case)

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