

Tourism sector takes flight

INTERVIEW WITH DR ARIEF YAHYA

MINISTER OF TOURISM, REPUBLIC OF INDONESIA



ARIEF YAHYA

was appointed Minister of Tourism in the cabinet of President Joko Widodo for the period 2014-19. Prior to his appointment, he was CEO of PT Telkom, as well as Commissioner of PT Telkomsel, the biggest cellular operator in Indonesia. Mr Yahya has also been an alternate member of the APEC Business Advisory Council since 2012 and was Head of Ikatan Alumni Elektro (IAE) from 2009 to 2013. He has shared his thoughts and experience in his book entitled *Paradox Marketing*, published in 2012, and his 'secret of happiness' through his book *The Great Spirit Grand Strategy*, published in 2013.

Indonesia has set its sights on attracting 12 million international arrivals this year, "a figure we intend to increase to 20 million annually by 2019", says Tourism Minister Arief Yahya, who is implementing a five-year strategy to increase the country's share of Asia's tourism sector.

The increased visitor numbers are expected to contribute 8 per cent of GDP, double the current figure, and see around 13 million people out of a 124 million-strong labour force working in the sector by 2019, when President Joko Widodo leaves office.

Mr Yahya, a former chief executive of PT Telekomunikasi, Indonesia's biggest telecommunications operator, says his objective is for Indonesia to join the global top 30 tourist destinations.

He explains that tourism is now a priority sector for the administration, along with infrastructure, shipping, food, and energy. "Given the current slump in oil and gas prices, tourism has an important role to play in generating foreign exchange earnings: by 2020, we expect tourism to be the country's biggest forex earner."

Indonesia is still behind regional rivals such as Malaysia, Thailand and Singapore in attracting tourists, but Mr Yahya says he aims to catch up fast by boosting marketing via the Internet.

"Our approach is to constantly compare our performance with that of our regional competitors," he says: "Indonesia attracted 9.4 million international tourists last year, compared with Thailand's 24.8 million and Malaysia's 27.4 million. These countries made tourism a leading industry years ago, but in Indonesia we're just starting out. Compared to last year, Malaysia and Singapore recorded negative tourism growth between January and May by 8.6 per cent and 4.1 per cent, respectively. Meanwhile, Indonesia registered positive growth of 10.3 per cent for 2015."

The Ministry of Tourism's efforts to boost the country's national tourism brand will also take advantage of the fall of the rupiah, which makes the country a more attractive destination for foreign visitors, Mr Yahya explains: "Indonesia came third out of 141 economies for price competitiveness in the World Economic Forum's Travel & Tourism Competitiveness Index 2015."

To further facilitate tourist arrivals, Indonesia has already extended visa-free travel, last year granting visa-free entrance to citizens of 30 countries including the

United States, the United Kingdom, France, China and Germany. More than another 50 other nations also enjoy visa-free travel to Indonesia. "This sends a distinct signal about the government's attitude towards prioritising Indonesia's image as being open and welcoming to international tourists," explains Mr Yahya.

International branding campaign

Under Mr Yahya, Indonesia has ramped up efforts to promote the country's national tourism brand under the *Wonderful Indonesia* campaign via aggressive marketing campaigns around the world with multinational marketing and advertising firm Ogilvy.

Campaigns are now running simultaneously in Southeast Asia, the Middle East, China, Hong Kong, Taiwan, Japan, South Korea, India, Australia, New Zealand, Europe, and the United States, says Mr Yahya. "Advertisements are extending across the full spectrum of traditional and digital media such as on public transport as well as television slots. Wonderful Indonesia will knock on every door across the world."

To do this, the government's marketing budget has been increased fourfold, to US\$75 million for 2016, a sign of President Joko Widodo's commitment to the industry, says Mr Yahya, adding that he will spend about half the money on digital media, including TripAdvisor, Google and Facebook, and focusing particularly on Singapore, Malaysia, China, Japan and Australia.

The marketing campaign is already producing results: at the ITB in Berlin in March, Indonesia's pavilion, which featured a traditional Phinisi tall ship, won the Best Exhibitor Award for the Asian, Australian and Oceania region. In late October 2015, Lombok received two awards for being the World's Best Halal Honeymoon Destination and World's Best Halal Tourism Destination at the World Halal Travel Summit & Exhibition 2015 in Abu Dhabi. This award will be a major boost to promote Indonesia as a Halal travel destination, particularly in Islamic countries. In 2014, visitors from Islamic countries such as Malaysia, Brunei, and the Middle East reached 1.7 million, with the bulk of the visitors coming from Malaysia.

Mr Yahya says his ministry will continue to promote Bali, Jakarta and the islands of Batam and Bintan close to Singapore, which generate about 90 per cent of the country's revenue from international tourists. "We cannot promote every destination in Indonesia, as it's very

expensive,” adds Mr Yahya: “Our strategy is that tourism development follows infrastructure development.”

As an archipelago of 17,000 islands covering the same distance as from Anchorage to New York, Indonesia faces different infrastructure challenges to its Southeast Asian competitors.

Mr Yahya explains that the government welcomes private investment in tourism infrastructure: “The state will take care of the basic infrastructure, such as roads, ports, airports, electricity and water; while the private sector will be invited to construct hotels, restaurants, and theme parks.” He says the government will put up US\$10 billion to provide for basic infrastructure, and that a similar amount will be required by the private sector. The tourism sector attracted nearly US\$467 million in investment in 2015, of which 90 per cent was from foreign investors.

If the country is to meet its ambitious arrivals targets, it will need an additional 120,000 hotel rooms, 15,000 restaurants, 10,000 travel agencies and other facilities, according to the tourism ministry. Foreign companies that have recently expanded in Indonesia include hotel chain operators Accor Group, Aston Group and Malaysia’s Tune Hotels.

New tourism zones

Meanwhile, the tourism ministry is pressing ahead to speed up development in 10 of the nation’s key tourist destinations this year, explains Mr Yahya.

The ten new destinations, “each of which has the potential to be a new Bali,” says Mr Yahya, are Lake Toba in North Sumatra, Tanjung Kelayang in Belitung,

Tanjung Lesung in Banten, The Thousand Islands in Jakarta, Borobudur Temple in Central Java, Mount Bromo in East Java, Mandalika in South Lombok, Labuan Bajo in East Nusa Tenggara, Wakatobi in Southeast Sulawesi and Morotai in North Maluku.

Mr Yahya says the government has established a single authority management model for the 10 new destinations to improve development and management coordination. The idea is to mirror the success of the Bali Tourism Authority and its development of the Nusa Dua area.

Individual area development would include the construction of basic infrastructure, such as roads, a port, water access, Internet and the development of key attractions, both natural and man-made, explains Mr Yahya, adding that one of the main problems hampering the development of some tourism areas, such as Borobudur in Yogyakarta, has been the existence of multiple institutions overseeing the same area.

In the case of Borobudur, for example, the new single management body would also have the authority to develop areas in close proximity to the tourism site, areas such as Yogyakarta, Solo and Semarang in Central Java.

The authority will consist of an executor body and steering committee, with the head of the steering committee being the Coordinating Maritime Affairs Minister. Representatives from ministries involved in infrastructure development, such as the Public Works and Public Housing Ministry and the Transportation Ministry would also be included, as well as regional administration heads.

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