

The Effect Of Competitive Advantage, Digital Marketing On Supply Chain Management On Tourism Business Performance In Indonesia

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Abstract

The Indonesian tourism industry, which contributes significantly to the national economy and people's welfare, has experienced a decline in performance in recent years. Although it still shows growth compared to other countries, its performance is lower compared to the last two years. This decline was largely attributed to the impact of the Covid-19 pandemic which disrupted the global economy. The consequences of this decline in performance have a negative impact on the benefits this industry generates for Indonesian society. Therefore, appropriate strategies and techniques are needed to improve the performance of the tourism industry and restore its benefits for the people and economy of Indonesia. The purpose of this research is to examine the effects of competitive advantage and digital marketing on tourism business performance. The indirect effects of supply chain management (SCM) are also considered in this study. This study used a quantitative research approach and data collection was carried out through a survey instrument.

Keywords: Competitive Advantage, Digital Marketing, Supply Chain, Tourism



INTRODUCTION

The Indonesian tourism industry is one of the well-known industries in the world because it makes a big contribution both at the national and international levels. The industry currently generates a number of job opportunities for Indonesians and plays an important role in enhancing people's welfare. In addition, this industry contributes to the welfare of society by helping to create business opportunities and making a significant contribution to the Indonesian economy. Therefore, the business performance of this industry has important value for the economy. However, in recent years, the performance of this industry in Indonesia has been lower than in previous years. Although its performance still achieves a higher growth rate compared to other countries, the performance of this industry is lower compared to the last two years. There are several reasons for the decline in the performance of the tourism industry in Indonesia. But one of the most important reasons is the Covid 19 pandemic which disrupted entire economies globally. Thus, various important strategies are needed to overcome this situation and improve the declining industry performance. The decline in the performance of this industry has some disadvantages for Indonesia as the industry generates various benefits for society, but due to the decline in performance these benefits may no longer be of any use. Therefore, it is important to deal with various techniques and strategies to improve the business performance of the tourism industry in Indonesia. But one of the most important reasons is the Covid 19 pandemic which disrupted entire economies globally. Thus, various important strategies are needed to overcome this situation and improve the declining industry performance. The decline in the performance of this industry has several disadvantages for Indonesia as the industry generates various benefits for society, but due to the decline in performance these benefits may no longer be of any use. Therefore, it is important to deal with various techniques and strategies to improve the business performance of the tourism industry in Indonesia. But one of the most important reasons is the Covid 19 pandemic which disrupted entire economies globally. Thus, various important strategies are needed to overcome this situation and improve the declining industry performance. The decline in the performance of this industry has several disadvantages for Indonesia as the industry generates various benefits for society, but due to the decline in performance these benefits may no longer be of any use. Therefore, it is important to deal with various techniques and strategies to improve



the business performance of the tourism industry in Indonesia. The decline in the performance of this industry has some disadvantages for Indonesia as the industry generates various benefits for society, but due to the decline in performance these benefits may no longer be of any use. Therefore, it is important to deal with various techniques and strategies to improve the business performance of the tourism industry in Indonesia. The decline in the performance of this industry has several disadvantages for Indonesia as the industry generates various benefits for society, but due to the decline in performance these benefits may no longer be of any use. Therefore, it is important to deal with various techniques and strategies to improve the business performance of the tourism industry in Indonesia.

This study proposes strategies related to competitive advantage and digital marketing which are very important to achieve higher business performance. As proven by various previous studies that competitive advantage has an important role in improving business performance in every industry (Lestari, Leon, Widyastuti, Brabo, & Putra, 2020; Mehta, Ali, Farooq, & Tariq, 2020). In addition, in an advanced technological environment, the role of digitization cannot be ignored. This is shown in several studies that digitalization has an influential role in business performance. Therefore, this study proposes that digital marketing can play the most important role to improve the business performance of the tourism industry. As well as, this study also proposes that supply chain management (SCM) activities among tourism companies in Indonesia also have a positive influence. Supply chain activities are the most important part of every industry. This activity is also more helpful in the Indonesian tourism industry. The services provided by this industry can be promoted through better supply chain activities. In this way, along with competitive advantage and digital marketing, the role of supply chain is also important. Therefore, along with competitive advantage and digital marketing, SCM is also important for promoting business performance. So, the purpose of this study is to examine the role of competitive advantage and digital marketing on tourism business performance in Indonesia through SCM. Supply chain activities are the most important part of every industry. This activity is also more helpful in the Indonesian tourism industry. The services provided by this industry can be promoted through better supply chain activities. In this way, along with competitive advantage and digital marketing, the role of supply chain is also important. Therefore, along with competitive advantage and digital



marketing, SCM is also important for promoting business performance. So, the purpose of this study is to examine the role of competitive advantage and digital marketing on tourism business performance in Indonesia through SCM. Supply chain activities are the most important part of every industry. This activity is also more helpful in the Indonesian tourism industry. The services provided by this industry can be promoted through better supply chain activities. In this way, along with competitive advantage and digital marketing, the role of supply chain is also important. Therefore, along with competitive advantage and digital marketing, SCM is also important for promoting business performance. So, the purpose of this study is to examine the role of competitive advantage and digital marketing on tourism business performance in Indonesia through SCM. In this way, along with competitive advantage and digital marketing, the role of supply chain is also important. Therefore, along with competitive advantage and digital marketing, SCM is also important for promoting business performance. So, the purpose of this study is to examine the role of competitive advantage and digital marketing on tourism business performance in Indonesia through SCM. In this way, along with competitive advantage and digital marketing, the role of supply chain is also important. Therefore, along with competitive advantage and digital marketing, SCM is also important for promoting business performance. So, the purpose of this study is to examine the role of competitive advantage and digital marketing on tourism business performance in Indonesia through SCM.

LITERATURE REVIEW

The development of the framework in this study was carried out with the help of the literature and a resource-based view (RBV). This study reviews the extensive literature to develop a framework for this study by considering important aspects of tourism business performance for key contributions as well as practical implications. Through this way, we will propose the effects of competitive advantage and digital marketing on tourism business performance along with the indirect effects of the supply chain. This framework is supported with the help of the RBV. According to studies, it is important to have sufficient resources for business. Business success is largely based on business resources. A company's competitive advantage and digital marketing capabilities are key resources that can help promote business performance. In addition,



the effective SCM capability of the company is also one of the company's important resources. Because the technology-related ability to run a business is an intangible resource a company can contribute significantly. Finally, this study proposes a relationship between competitive advantage, digital marketing, SCM, and tourism business performance which is shown in Figure 1.

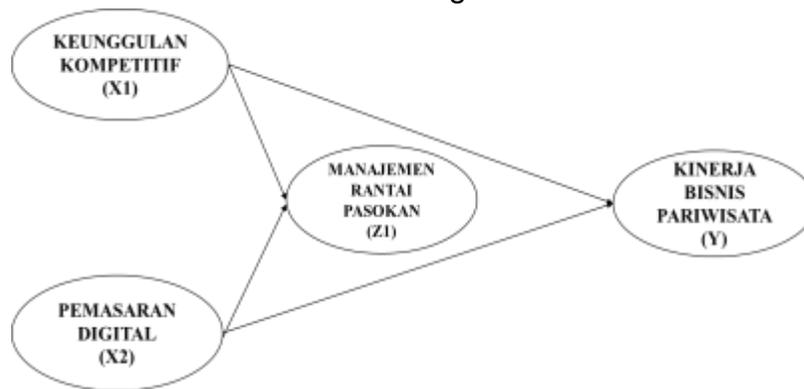


Figure 1. The relationship between competitive advantage, digital marketing, SCM, and tourism business performance

Tourism Business Performance

Competition in the tourism industry is increasing because it is one of the most revenue-generating industries for most countries (Inversini & Cantoni, 2011; Suau-Sanchez & Voltes-Dorta, 2019). Indonesia is also one of the countries that competes with other countries in terms of various tourism opportunities as well as business performance. Therefore, this study considers business performance which is very important for the Indonesian tourism industry. This study considers business performance with the help of return on assets. This is also considered with respect to the return on equity. The business performance of the Indonesian tourism industry is also measured using return on sales and profitability. These figures are considered to also refer to competitors' performance over the last three years. Increase or decrease in business performance is also considered. Some studies also measure business performance by examining the number of visitors coming each year. However, this study considers business performance based on recommendations from several previous studies.

Supply Chain Management (SCM)

The supply chain can be explained as one of the important networks of several individuals, organizations, various business activities and organizational chains that may be involved in selling various products as well as manufacturing various products (Asamoah, Agyei-Owusu, Andoh-Baidoo, & Ayaburi, 2021). The supply chain is involved from the first step of service to the last step of delivery to the consumer. Therefore, it is very important because it relates to the first step to the last. Any changes at any stage of the product can lead to product delays and a reduction in overall quality. Likewise, in the Indonesian tourism industry, the role of the supply chain is also very important. Supply chain processes in tourism are based on various activities and are quite different in nature compared to other supply chain activities. The tourism supply chain (González-Torres, Rodríguez-Sánchez, & Pelechano-Barahona, 2021) can be explained as a network of various tourism companies that may be involved in various sets of activities dealing with people and services such as accommodation, flooding, receipt and sale of various tourism products . So, there is an important connection between the supply chain and tourism activities and ultimately has a positive role to play in influencing the industry. Primarily, it is based on the management of various tourism organizations to facilitate tourists. Therefore, the supply chain has a relationship with the tourism business performance. As reported in previous studies, supply chain has a considerable effect on business performance (Kusumawati, 2021; Wong, Sinnandavar, & Soh, 2021).

Hypothesis 1. *SCM has a positive effect on Business Performance.*

Competitive advantage

Competitive advantage is based on company strengths that are not owned by competitors (Ismail, 2012; Lestari et al., 2020). This is generally based on the unique strengths of the business in the market which can provide better benefits to the business compared to other businesses. In general, competitive advantage can be explained as an advantage over competitors with respect to skills, services, and technology. In a highly competitive business market, it is not easy to gain competitive advantage and companies require a significant level of struggle to gain competitive advantage. All companies are always trying to gain a competitive advantage because it has many advantages for the company. The tourism industry is one of the most popular industries globally and most



countries are trying to promote this industry to generate high levels of income. In this way competition increases in the tourism industry globally. Therefore, it is necessary for companies to gain competitive advantage to survive in a competitive market which is useful for getting success in this activity because previous studies highlighted that competitive advantage has a positive role to influence business performance. So, higher business performance in the tourism industry can be achieved with the help of competitive advantage (Van Zyl & Mathur-Helm, 2007; Kerdpitak, 2022). In addition to the positive role of competitive advantage in business performance, it also affects supply chain activities. Better competitive advantage can enhance supply chain activities in any organization that has a primary interest for the business. According to this study, competitive advantage leads to a supply chain that can improve business performance in the tourism industry.

Hypothesis 2. Competitive advantage has a positive effect on business performance

Hypothesis 3. Digital marketing has a positive effect on the supply chain

Digital Marketing

Digital marketing, which is also known as online marketing, is the promotion of brands to connect with potential customers using the internet as well as other forms of digital communication. This includes not only email, social media, and website-based advertising, but also text and multimedia messaging as marketing channels. Due to the increasing benefits of digital marketing, most companies try to promote their products and services with the help of digital marketing. It is one of the important platforms for various businesses which connect with customers with the help of the internet as well as other media. Therefore, digital communication between employees as well as customers solves the problem. In general digital marketing through email marketing, Social media marketing and various advertisements through web-based resources are important. The need for digital marketing has increased significantly in the last two years. Still the need increases significantly because it has a number of advantages. Therefore, the concept of digital marketing emerged which has an influence on business performance. Previous studies have reported that digital marketing has a significant relationship with business performance (Purba, Simanjuntak, Malau, Sholihat, & Ahmadi, 2021; Rompis, Pangemanan, & Tumewu, 2021). So, the Indonesian tourism industry can be promoted



with the help of improving business performance through digital marketing. Digital marketing is also connected to supply chain activities (Agus, Yudoko, Mulyono, & Imaniya, 2021). Management of various activities through digital systems or with the help of digitization can solve various problems and can save costs and time. Therefore, this study proposes that digital marketing has a significant effect on promoting the supply chain which further has the potential to improve the business performance of the tourism industry.

Hypothesis 4. Digital marketing has a positive effect on SCM

Hypothesis 5. Digital marketing has a positive effect on business performance

Hypothesis 6. SCM mediates the relationship between competitive advantage and business performance

Hypothesis 7. SCM mediates the relationship between digital marketing and business performance

METHODOLOGY

Extensive research was conducted on the performance of the tourism business in Indonesia as well as in other countries. Each research discusses business performance with the help of different methods. Most of the studies are known to use primary data measures to consider business performance, while other studies consider business performance with the help of secondary data. Furthermore, various studies to measure business performance based on a mixed methods approach also include quantitative as well as qualitative research. However, this study considers various alternatives for selecting research methods. The relationship between competitive advantage, digital marketing, supply chain and business performance were considered in the study and it was observed that it is suitable to measure this relationship with the help of primary data by conducting a questionnaire survey. Therefore, a questionnaire survey was considered in the research to collect data from the respondents. Furthermore, a cross-sectional study design was used in the study. When measuring competitive advantage, this study considers the various strengths of tourism companies.

The strength of the company is considered as a competitive advantage. Digital marketing is considered taking into account the preferences of companies to adopt various digital marketing technologies. Furthermore, the supply chain is measured by



considering various measures related to the supply of various goods and services. Finally, this study measures business performance by considering the return on assets, return on equity, return on sales and company profitability. Taking business performance measures into account, the current research uses primary data rather than secondary data. A total of 500 questionnaires were distributed to managers of tourism companies in Indonesia. Cluster area samples were used in research to distribute questionnaires,

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