Formulating Strategy Through Boston Consulting Group Matrix In The Tourism Industry

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Abstract

The existence of the Covid-19 virus impacts daily activities carried out by humans, not only killing the human body but also economic growth throughout the region. One of the sectors affected by the Covid-19 pandemic is tourism, for example, in the Magelang City area, precisely in Kyai Langgeng Park. Kyai Langgeng Park has experienced a decline since the arrival of the Covid-19 virus, and it has impacted the surrounding economy and company income. This paper aims to determine market share and industry growth that needs to be developed through the BCG matrix analysis tool. This research uses quantitative methods from the results of BCG matrix analysis. It takes secondary data from the number of tourists according to tourism objects in Magelang City in 2016-2020, which are sourced from the Youth, Sports, and Tourism Office of Magelang City. The results of this study indicate that Kyai Langgeng Park is in the cash cow quadrant due to sales growth of -71.26% and a relative market share of 0.534. The results of this study are expected to help Taman Kyai Langgeng develop and improve its business strategy to survive in the era of increasingly fierce industrial competition.

Keywords: *Competitive Advantage; Matrix BCG; Strategic Management; Tourist;*

A. INTRODUCTION

Business in the tourism sector is one of the most profitable businesses because tourism is the second source of state income after taxes and ranks 4th or 5th as a foreign exchange earner (Indonesia, 2019). With the development of the order of life, the tendency of people to travel is increasing. The increasing number of Central Java tourist attractions will lead to tight competition. Data from the Central Statistics Agency (BPS) sourced from the Youth, Sports and Tourism Office shows that in 2018 there were 750 objects to 917 objects in 2019 and 1,069 objects in 2020. The tourism industry is here to accommodate the wishes of tourists to enjoy the beautiful natural panorama. They are wrapped with tourist visits. Tourism activities consist of several processes, such as regulation of government support, selection of good tourist sites, promotion of locations, to how services are provided to tourists.

There are many tourist sites in the Central Java region. Moreover, based on the BPS data above, there has been an increase in the number of tourist sites. For example, one of the most popular tourist attractions in Central Java in Magelang Regency is the Borobudur Temple. Borobudur Temple is a famous tourist spot on the international scene, so many local and foreign tourists visit these attractions. Besides Magelang Regency, there are also other tourist attractions in Magelang City which are geographically close together, and one example is Kyai Langgeng Park. This tourist park in the 2016-2019 period experienced a decrease in visitors due to the Covid 19 pandemic. This decrease in the number of visitors resulted in losses for Kyai Langgeng Park, which in nominal terms reached Rp. 1.8 billion (Magelang Ekspres, 2021). In addition, according to data, foreign visitors who visited Kyai Langgeng Park, the number sourced from the Department of Youth, Sports and Tourism of Magelang City also amounted to 0. This means that no foreign tourists are visiting Kyai Langgeng Park. Some foreign tourists visit other tourist objects in Magelang City,

such as the Diponegoro Museum and the OHD Museum. If we look deeper, Kyai Langgeng Park has a strategic place because it is located in Magelang City. The assumption is that the tourist location can be crowded with domestic and foreign visitors if it is in an urban area. A more in-depth study is needed regarding the strategies that can be carried out by the management of Kyai Langgeng Park so that the tourism park business in Kyai Langgeng Park can continue.
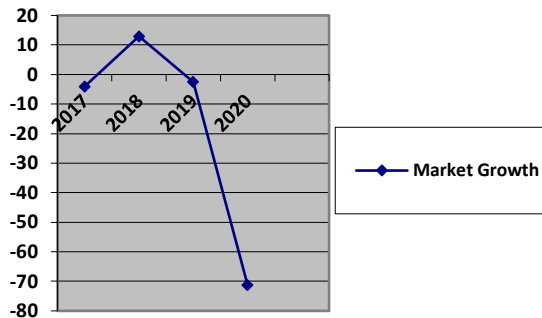

Figure 1. Market Growth Trends Downward Data

Source: Data processed by researchers (2022)

Figure 1 shows that market growth trends are down, so we must have strategic management. Strategic management is the art and knowledge of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its goals (Auliandri, 2017). Strategic management focuses on setting organizational goals, planning to achieve goals, allocating resources, and developing policies to achieve organizational goals. Business actors must be able to formulate strategies in the face of competition. The selection of the right design can extend the tourism industry in an area and provide added value to stakeholders in the region. In this case, an analysis is needed to determine the market position and growth using the Boston Consulting Group (BCG) model. The BCG Matrix can be used to analyze business strategy selection. By knowing the business position described in the matrix, it is hoped that the management will have a strong enough foundation in making decisions to determine the right strategy for the Taman Kyai Langgeng Magelang tourist spot.

Strategy Definition

For a business to continue and achieve the company's goals in the long term, a strategy is needed that follows the company's goals. Each company has its approach so that its business can survive along with the growing competition. Companies that want their business to continue during the intense competition must have a strategy. The strategy includes how the company can defend itself from opponents and a tool for formulating the steps to be taken.

Strategy is a tool to achieve company goals related to the long term, which in essence, is a choice to carry out activities that are different from its competitors (Juwono, 2012). Meanwhile, according to (Griffin, 2016), strategy is a complete plan to achieve organizational goals. In other words, strategy can be interpreted as an arrangement and concept in a company to achieve the purposes of the company (Kiki Maristia et al., 2020). Strategy is also an action carried out continuously and has increased, which is carried out based on the point of view of what is expected in the future.

Competitive Advantage

Companies need unique strategies that must be implemented to retain consumers. One is implementing a plan to increase competitive advantage (Muhammad Ainun Najib, Istiatin, 2020). Competitive advantage is a company's performance in selecting and implementing strategies for designing products, producing, marketing, and distributing products in a sustainable manner that is more reliable than other companies (Suprihatmi, 2008). The competitive advantage possessed by business units must create more value than competitors to be competitive. A business unit that wants to be sustainable must have a competitive advantage. Companies use a competitive advantage to develop or provide more value (Muhammad Ainun Najib, Istiatin, 2020). If a business unit wants to create a competitive advantage, it must be able to explore the potential of its resources. Good resource management is required for a business to excel in the competition. Managing the right help is carried out by large-scale companies and abundant resources and applies to micro and small-scale business units (Clarisa Alfa Lionora, 2021).

Strategy Management

Strategic management is a series of managerial decisions and actions that determine the company's performance in the long term. Strategic management is a science used in formulating, implementing, and evaluating decisions that enable an organization to achieve its goals. The purpose of strategic management is to review the implementation of the efforts that have been made, assess the chosen strategy effectively and efficiently, and evaluate performance by reviewing various adjustments in the implementation. Some benefits of implementing strategic management include making the best decisions from the different strategies studied previously and immediately resolving company problems more precisely. The strategic management process consists of 3 stages, namely a. Strategy formulation; b. Strategy implementation; c. Strategy evaluation

Matrix BCG (Boston Consulting Group)

The Boston Consulting Group (BCG) analysis method in research (Heni et al., 2020) is used in preparing a strategic business unit plan by classifying the company's profit potential. The elements in the BCG matrix (Suwarsono, 2007) are as follows:

a. Market growth rate

To measure market attractiveness (market attractiveness). The market growth rate placed on the vertical axis in the Boston Consulting Group matrix is the only industry indicator representing the level of available business opportunities.

b. Market share (market share)

It compares the company's sales with industry sales. In this Boston Consulting Group study, market share is indicated by the size of the circle. The process area shows the number of product sales issued by the company to its industrial sales.

Number of Tourists by Tourist Attractions in Magelang City, 2016-2020

Tourist Attraction Name	2016		2017		2018		2019		2020	
	Domestik	Manca	Domestik	Manca	Domestik	Manca	Domestik	Manca	Domestik	Manca

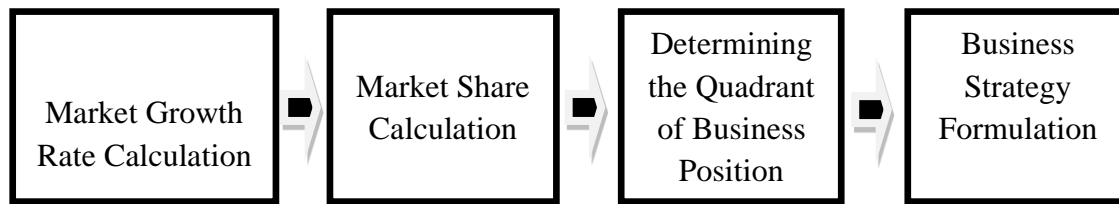|										
Taman Kyai Langgeng	561394	0	538677	0	608380	0	593133	0	170455	0
Museum Sudirman	5983	0	5946	0	4939	19	4101	3	905	0
Museum BPK RI	1251	0	44675	0	46437	0	62781	3	4697	0
Museum Diponegoro	6567	0	3848	0	0	0	10599	120	882	4
Museum OHD	4539	408	4320	645	3480	496	3455	443	590	44
Museum Abdul Jalil	26318	0	26063	0	29747	0	30539	0	10653	0
Museum Bumi Putera	879	0	1441	0	2053	0	495	0	252	0
Gunung Tidar	134182	13	148391	0	96992	0	120679	0	89644	0
Lain-lain	216815	0	308275	10	301203	41	442711	143	23854	0
Borobudur Golf	9832	4039	11730	4330	10902	3804	11931	5822	13334	3668
Jumlah	**966760**	**4460**	**1093366**	**4985**	**1104133**	**4360**	**1280424**	**6534**	**315266**	**3716**

Source: Dinas Kepemudaan, Olahraga dan Pariwisata Kota Magelang

Table 1. Number of Tourist Attractions in Magelang City 2016-2019
Source: ((Dinas Kepemudaan, 2022)

The change in the number of visitors yearly proves that this business engaged in tourism has considerable opportunities. Kyai Langgeng Park, one of the tourist attractions growing and developing in Magelang City, is facing increasingly fierce competition. With the emergence of competitors engaged in the same field, Taman Kyai Langgeng must take into account its position in the market to maintain and improve its competitiveness to face the competition. Therefore, Taman Kyai Langgeng needs to make strategic management to continue its business.

B. RESEARCH METHOD

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┌─────────────────┐    ┌─────────────────┐    ┌─────────────────┐    ┌─────────────────┐
│  Market Growth  │ ▶  │  Market Share   │ ▶  │  Determining    │ ▶  │    Business     │
│Rate Calculation │    │  Calculation    │    │  the Quadrant   │    │    Strategy     │
│                 │    │                 │    │  of Business    │    │  Formulation    │
│                 │    │                 │    │   Position      │    │                 │
└─────────────────┘    └─────────────────┘    └─────────────────┘    └─────────────────┘
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This research uses quantitative research. The research object is the Kyai Langgeng Tourism Park, Magelang City, which is located on Jalan Cempaka No. 6, Kemirirejo, Central Magelang District, Magelang City, Central Java. The determination of the location chosen in the study was based on the consideration that the area is quite strategic, located near the center of the crowd, and profitable in the long term.

The analytical tool used is the Boston Consulting Group (BCG) matrix, which is a product portfolio analysis that aims to help analyze the strategic position of the product market and help formulate the right strategy for resource allocation (Jawed Annisa Salsabilaa, 2022)
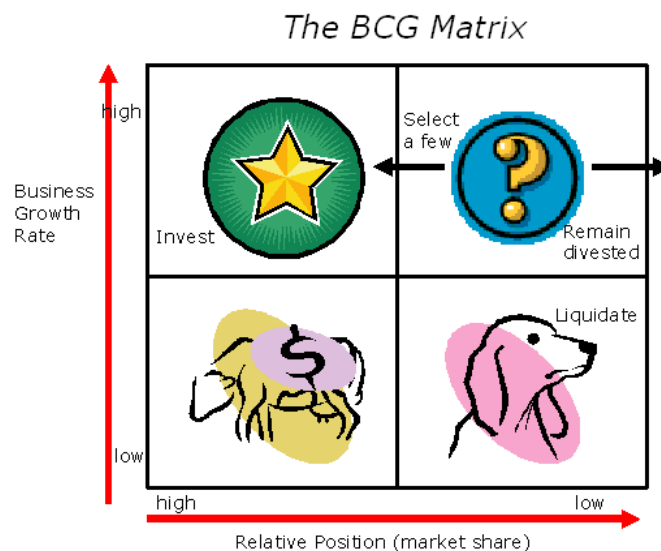

Figure 2. BCG Matrix

Source: (LSM, 2014)

In the BCG matrix, four quadrants describe the position of a business unit assessed in terms of market growth and market share, including:

• Star category: Business units in this position have high market share and growth rates. This is an excellent potential for a business unit to be developed for the long term.

• Question mark category: Business units in this position have a relatively low market share but have high growth. In this position, the business unit usually requires a large amount of money or investment to develop a strategy that can increase the market share of the business unit in this position.

• Cash cow category: Business units in this condition have a relatively high market share but have little growth. They named dairy cows because they generate income that exceeds what is needed and have a relatively high market share but slow growth

• Dog category: Business units in this category have a relatively low market share with a low growth rate, so the contribution made is insignificant to the unit's overall development. Business units in this position are generally liquidated, divested, or trimmed by retrenchment. Retrenchment can be a good strategy when the product is in this position by cutting costs and assets and becoming a viable business.

The steps taken to produce a BCG matrix include the following:

1. Calculating the market growth rate

The market growth rate on the vertical axis of the BCG matrix is used as an indicator of product attractiveness, indicating the level of business opportunities. Based on the approach (Heni et al., 2020), in determining the market growth rate, the formula is used:

$$Xn = \frac{XPn - XPn-1}{XPn-1} \ x \ 100\%$$

Information:

X n = Market growth rate

XPn = number of product sales in year n

XPn-1 = number of product sales in the previous year

2. Calculating market share

$$Market \ Share = \frac{last \ sales \ volume \ 2020}{total \ sales \ volume \ 2020}$$

3. Mapping the BCG matrix by comparing the market growth rate with the market share, which will later occupy a   quadrant position

a. Stars (Stars)

b. Question mark (question mark)

c. Cash cow (dairy cow)

d. Dog (dog)

4. Formulate a strategy

C. RESULTS AND ANALYSIS

The BCG matrix is used to determine the position of the Taman Kyai Langgeng tourist spot from its growth and market share with competitors. The following is a calculation of its development and market share.

1. Calculating the market growth rate

Data on the Number of Tourists by Tourism Objects in Magelang City, 2016-2020

Tourist Attraction Name	2016		2017		2018		2019		2020	
	Domestik	Manca	Domestik	Manca	Domestik	Manca	Domestik	Manca	Domestik	Manca
Taman Kyai Langgeng	561394	0	538677	0	608380	0	593133	0	170455	0
Museum Sudirman	5983	0	5946	0	4939	19	4101	3	905	0
Museum BPK RI	1251	0	44675	0	46437	0	62781	3	4697	0
Museum Diponegoro	6567	0	3848	0	0	0	10599	120	882	4
Museum OHD	4539	408	4320	645	3480	496	3455	443	590	44
Museum Abdul Jalil	26318	0	26063	0	29747	0	30539	0	10653	0
Museum Bumi Putera	879	0	1441	0	2053	0	495	0	252	0
Gunung Tidar	134182	13	148391	0	96992	0	120679	0	89644	0
Lain-lain	216815	0	308275	10	301203	41	442711	143	23854	0

| Borobudur Golf | 9832 | 4039 | 11730 | 4330 | 10902 | 3804 | 11931 | 5822 | 13334 | 3668 |
| Jumlah | 966760 | 4460 | 109366 | 4985 | 1104133 | 4360 | 1280424 | 6534 | 315266 | 3716 |

Source: Dinas Kepemudaan, Olahraga dan Pariwisata Kota Magelang

Table 1. Market Growth Calculation

Tourist Attraction Name	Market Growth 2016-2017	Market Growth 2017-2018	Market Growth 2018-2019	Market Growth 2019-2020
Taman Kyai Langgeng	4.05%	12.94%	-2.51%	-71.26%

Source: Data processed by researchers (2022)

2. Calculating market share

$$Market\ Share = \frac{last\ sales\ volume\ 2020}{total\ sales\ volume\ 2020} = \frac{170455}{318982} = 0.534$$

Table 2. Market Share Calculation

Source: Data processed by researchers (2022)

Tourist Attraction Name	Year					Market Share 2020
	2016	2017	2018	2019	2020	
Taman Kyai Langgeng	561394	538677	608380	593133	170455	0,534
Museum Sudirman	5983	5946	4958	4104	905	0,002
Museum BPK-RI	1251	44675	46437	62784	4697	0,014
Museum Diponegoro	6567	3848	0	10719	886	0,002
Museum OHD	4947	4677	3976	3898	634	0,001
Museum Abdul Jalil	26318	26063	29747	30539	10653	0,033
Museum Bumi Putera	879	1441	2053	495	252	0,0007
Gunung Tidar	134195	148391	96992	120679	89644	0,281
Lain-lain	216815	308285	301244	442854	23854	0,074
Borobudur Golf	13871	16060	14706	17753	17002	0,053
Jumlah	972220	1098063	1108493	1286958	318982	1

3. BCG matrix mapping

The calculation results from the results of the above analysis are then visualized in the form of a BCG matrix as follows:
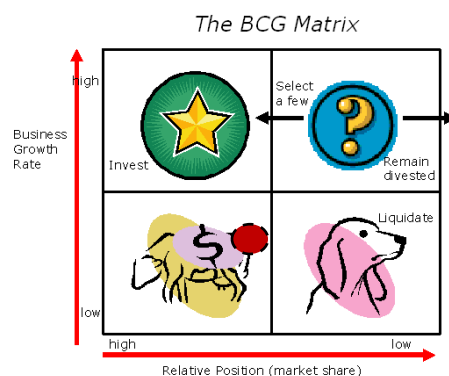
4. Formulate a strategy

From the results obtained from the BCG matrix, it is found that Kyai Langgeng Park is in the cash cow quadrant, so the strategy formulation is as follows:

a. Maintaining market position and dominance (Prasetyo, 2016)

Kyai Langgeng Park needs to maintain its position and power in the market by managing tourist destinations and explaining the added value it has as an advantage over other competitors to provide the opportunity to live longer in competition (Suhartapa, 2021).

b. Establish cooperation

Kyai Langgeng Park needs to create synergies or mutually beneficial relationships between one tourist location and collaborate with tourism offices in other cities (Bahrudin, 2017). This is intended so that the management can be carried out simultaneously (Maulana et al., 2016)

c. Product innovation

In research conducted by (Auliandri, 2017), product innovation can be adopted by Taman Kyai Langgeng by changing a problem in the company, which is then converted into an opportunity that provides added value for the company. For example, promoting outside the city of Magelang by distributing brochures about Taman Kyai Langgeng tourism to travel bureaus and hotels in Yogyakarta, Semarang, Magelang, and other areas (Bahrudin, 2017).

d. Nurturing the market (Naibaho et al., 2019)

Market maintenance that Kyai Langgeng Park can do following research conducted by (Jaka Waskita, 2014) is to improve services to tourists who visit these tourist attractions and good management of the tourism industry.

e. Marketing through e-WOM

Taman Kyai Langgeng can use e-WOM to continue its business because Electronic Word of Mouth (eWOM) is essential in turning on a tourist visit location. Opinion Leaders need to be identified so that they can create a pattern of visits which will then be followed by other potential tourists (Auliandri, 2017).

f. Be careful in investing

When investing in adding existing facilities at tourist sites, in a study conducted (Prasetyo, 2016) it is said that it is necessary to be careful so that the cash flow that is owned remains controlled and does not decrease significantly. So Kyai Langgeng Park needs to pay attention to this.

D. CONCLUSION

The BCG matrix in this study is used to determine the position of the Taman Kyai Langgeng tourist park in 2020 among competing companies. From the calculation of the BCG matrix results, in 2020 Taman Kyai Langgeng had a sales growth rate of -71.26% and a market share of 0.534. This shows that Kyai Langgeng Park has moderate market growth and a high market share. The BCG matrix of Taman Kyai Langgeng is in the cash cow, indicating that Taman Kyai Langgeng has cash that exceeds its needs. Kyai Langgeng Park can adopt strategies to survive in a high market share position. Kyai Langgeng Park can also apply product development strategies to tourist attractions, such as adding visiting spots for tours in the park and having to be careful when will plan to invest. The study results provide managerial implications for Kyai Langgeng Park to try strategies that can be implemented and increase innovation related to the marketing of the Kyai Langgeng tourist destination, which is expected to increase the tourism industry to increase number of visitors and income.

Based on the conclusions above, suggestions that the author can give include the following:

1. A good company can maintain its position and not be displaced by competing companies.

2. The results of the BCG matrix where Taman Kyai Langgeng is in the cash cow quadrant need to be considered because it means that in this quadrant, the company must be careful in investing so that cash flow is controlled.

3. Improvement and development of owned products.

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