

Exploring the Characteristics of Tourism Industry and Antecedents to Competitive Advantage Creation

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Abstract—The tourism sectors, hence, comprises of wide range of industries in order to serve domestic and international visitors from business to leisure purposes. The aim of this paper is therefore to explore on the topic of tourism, highlighting the characteristics of tourism industry and the antecedents to Competitive Advantage Creation (CAC). This paper uses exploratory study from 46 articles published in journals as well as conference proceedings. The result found that the characteristics of tourism product adopted from service products. Service characteristics are based on IHIP (Inseparability, Heterogeneity, Intangibility, and Perishability). In the case of the tourism industry, competitive advantage could create by providing an extraordinary experience which is the ultimate goal for travel and lead to customer satisfaction and customer loyalty. Thus, this paper explains further the six competitive advantage creation through customer satisfaction. In conclusion, it is suggested that tourism industry should have collaboration between tourism players, in order to serve tourist better. Hence, exploring the tourism value chain activities will be advantages.

Keywords—*tourism, characteristics, antecedents, competitive advantage*

I. INTRODUCTION

Tourism sector is one of the most powerful drivers of economic growth. It proved by earning export revenue from international tourism reached USD 1.7 trillion in 2018. It can be concluded that international tourism among top five economic sectors in the world after chemical and fuel but ahead from food and automotive industries [1]. The tourism sectors, hence, comprises of wide range of industries in order to serve domestic and international visitors from business to leisure purposes. Supporting industries ranging from accommodation and transportation to food and beverage, retail and culture, sports and recreation. Therefore, real benefits for all countries, particularly to all local communities, creating opportunities for jobs and entrepreneurship [2].

As tourism sector provided more benefits to nations, then, tourism studies become more popular these days. However, despite many scholars' study tourism topics, lacked on explaining the basic characteristics of tourism industry itself. Most of studies direct analyzing the tourism performance such as tourist satisfaction and tourist loyalty [3]–[6] which lead to competitive advantage creation (CAC) [7], [8].

The aim of this paper is therefore to present an explorative research of the literature on the topic of tourism, highlighting the characteristics of tourism industry and the antecedents to CAC. This paper might be benefited to researchers who would

like to study more on tourism industry and how to create a competitive advantage.

Tourism industry is under service product whereby, characteristics of tourism study have unique characteristics which different from conventional manufactured products [9], [10]. Further, the products in tourism industry are varies provided by multiple different entities from air carriers, hotels, restaurants, and tours [11]. Therefore, the interdependence feature of tourism industry makes them heavily reliant on each other, sharing and appreciating the long-term interest and environment [12], [13]. Finally, successfully in collaboration of providing tourism products could create a competitive advantage [14].

II. METHODOLOGY

This study taken from 46 articles published in journals as well as conference proceedings. The purpose of this exploratory study is to better understand on tourism studies and how to create a competitive advantage for tourism industry. According to the main topics covered in this study were done by firstly explaining the characteristics of tourism industry based in IHIP characteristics of service industry. Later, followed by looking at the antecedents on how to create a competitive advantage based on the six competitive advantage through customer satisfaction. This information aim for better understand how the tourism-related research was conducted to reach the aim of the study.

III. DISCUSSION

A. Characteristic of Tourism Industry

As tourism product called to be service product and the characteristics as a unique product, which makes different from physical goods [15]. Therefore, the characteristics of tourism product will follow for service products. Service characteristics are based on IHIP (Inseparability, Heterogeneity, Intangibility, and Perishability) [16]–[21]. Later, some scholar added some characteristics with compliment the previous one, which are variability [22]–[24], interdependence [9], [25], simultaneity, cost structure, and labor intensive [26]. Specific studies mentioned service characteristic for tourism and hospitality industry which majority explain in terms of IHIP characteristics [9], [10], [22]–[24], [26]–[29]. Below will be explain further on the definitions of each characteristics of service in terms of IHIP.

The first characteristics is Inseparability which generally discuss as the service product do not engineered at manufacturing plant then later send to customer, instead

customer has participation in the process of production [30], in other hand it can be said that the simultaneity of production and consumption with customer has interaction during the process compared to physical goods whereby having sequential nature of production, purchase, and last is consumption [16]–[21]

The second characteristics of service industry which used by tourism industry is Heterogeneity. Many scholars discussed about this characteristic which come out in many definitions. Heterogeneity defined as performance often varies from customer to customer, producer to producer [30], others might defined as no standardization [16], [17], [21], multifaceted different experience that may be had from a single type of service is considered as a factor to distinguish goods from services [19] where there is also define as customer value [18]. For specifically in tourism context, heterogeneity defined as variation in the service delivery from customer to customer which difficult to standardize the interaction of employee-customer [26].

Intangibility is the next characteristics that tourism industry employed based on service context. Based on the original definition from service context, intangibility defined as something which cannot be counted, measured, inventoried, tested, and verified in advance of sale to assure quality [18], [20], [30]. Further, intangibility means that a service product has an effect on consumer behavior, especially on buying behavior. The uncertainty of the buying decision is therefore assumed to be higher than deciding on goods, which can be tested and returned. For the tourism industry, intangibility could be define as the interaction and experience in delivering service product which critical for satisfaction [26]

Last characteristics is perishability. General definition of perishability is the inability to inventory service, so there is no cost of inventory, storage, and transportation of goods compared to physical goods [16], [17], [20]. Thus, it can be said that service is produced and consumed in instant and leaving with no value behind but the experience is stored [18], [19]. Additionally, for the tourism industry, the meaning of perishability is when the service product is not sold, then the value will be lost forever [26].

B. Antecedents to Competitive Advantage Creation

In the case of the tourism industry, forming competitive advantage could be done by providing an extraordinary experience which is the ultimate goal for travel—to make them outperform their competitors and to lead to customer satisfaction and customer loyalty. Customer satisfaction can provide major competitive advantage [8], which can directly lead to an increase in profitability and growth.

There are six competitive advantage through customer satisfaction, the first three are attaining for profit objectives and the last three are attaining for growth:

- Repeat buying results in lower costs. For this case, in order to achieve a suitable level of profits as more repeated visits leads to greater sales revenues which form the basis of competitive advantage [3], [7], [31]–[34]
- Customer Satisfaction create price advantage. Satisfied customers are unlikely to switch suppliers, similar case with tourist. Once they are satisfied, it increase a

propensity of revisit, those interrelated process able to create a competitive advantage[7], [35], [36].

- Protection from satisfied customers in a crisis situation (loyalty in crisis). Customers' experiences is the key element for competitive advantage through loyal customers [4], [7], [37], [38].
- Product diversification growth through one stop shopping. Once tourist satisfy in one tourism products, it can create the intention to visit the tourism destination again and try other tourism products [39].
- New market growth by word of mouth. As satisfied customer, it tends to recommend the product or service to others [40]. The more satisfy and loyal tourist could impact to the positive word of mouth publication (WOM) and thus said to be the most influential in purchasing decision for the prospectus tourist. [3]
- New product development through lead users (sharing experience) [35]

Satisfaction has always been a central focus of business operation. It is a leading indicator of destination performance and a key point of differentiation [35]. Satisfaction is the key in creating and maintaining good service in the service provider which focusing on customer relationship which is important performance indicator of successful business operation [3]. Therefore, understanding the satisfaction creation is crucial and the interaction between factors related is important [5], [7].



Figure. 1. Six Competitive Advantage through Customer Satisfaction

C. Link IHIP ke Competitive advantage, the need of Value Chain Concept

IHIP characteristics of service industry which actually adopted to tourism industry, the interdependent nature of tourism industry requires all tourism players to work together to add value and deliver product and services to the customer. Further, one of the crucial tools for analyzing the sources of competitive advantage is the value chain concept [41]. Indeed, the next major source for competitive advantage likely will come from more outward orientation toward customers, as indicated by the many calls for organizations to compete on superior customer value delivery.

The primary goals for tourism industry are creating competitive advantage through creating an extraordinary travel experience from a tourist perspective helping destinations managers' evaluation for future arrivals and expenditures. Therefore, to analyze travel experience, manage and measure

the whole value chain, focusing on customer's need is important [27].

Value chain concept allows a systematic evaluation of the entire tourism value chain activities help in identify leakages and opportunities [42]. Additionally, competitive advantage formed by serving the quality of tourism products and services satisfactorily which leads to customer satisfaction in enhancing propensity to revisit those interrelated processes could able to create a competitive advantage [7]. Hence, exploring the tourism value chain activities will be advantages. The tourism value chain activities in this study based to previous studies [7], [14], [15], [33], [43]–[46]. This action expected to leads on achieving a suitable level of profits as more repeated visits leads to greater sales revenues which form the basis of competitive advantage come from tourist satisfaction and loyalty [31]–[33], [47].

IV. CONCLUSION

This explorative study has able to explain the characteristics of tourism industry also the antecedents of competitive advantage in tourism industry. The characteristics for tourism industry was adopted form IHIP characteristics of service industry, while the antecedents of competitive advantage are through customer satisfaction. Customer satisfaction could enhance the propensity to revisit which interrelated processes could able to create a competitive advantage.

As the tourism industry is an interdependent nature, coordination in providing tourism products requires all tourism players to work together. Therefore, analyze the value chain will be important. For further research, applying and analyzing tourism value chain will be useful to help in coordinating the activity which can benefits for tourist in their travel experience. As tourists satisfied during their travel, it enhances the propensity to revisit those interrelated processes could able to create a competitive advantage

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