

Community Based Tourism Development: Learning from Indonesian Community

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1. Introduction

Tourism is one of the industries with very good performance. After the economic crisis in 2008, tourism industry continuously increases, maintains its performance, and recover relatively in short time. UNWTO World Tourism Barometer, in January 2009, stated that international tourist arrival at global level continued to increase. Despite its modest growth of 2% - a decrease from 7% growth in 2007 – tourism industry has been able to survive.

Global tourism showed a paradigm shift in how people make vacations. It is encouraged largely by increasing global campaign on climate change due to global warming. Various media and organizations worldwide continuously campaign on the needs of participation of all to reduce the pace of climate change by doing more environmentally friendly activities. It has affected the behaviors of tourists in deciding its holiday trip. Development of environmentally friendly tourism which involves local community now has also become the attention of international agencies; not only those in tourism sector but also in other focus, such ILO, UNEP, and UNESCO. It shows the close relation between tourism and other issues in environment, labor, as well as culture and heritage preservation.

Tourism activities which are sensitive to environmental conservation and community involvement as well as offer original experiences at the moment have developed significantly. They have become favorable by tourists. The ABTA (*Association of British Travel Agent*) annual survey in 2008 found out that 83% of tourists using ABTA members wanted that their vacation did not obstruct the environment; while 54% would like to know more about various social, cultural, and environmental issues at local level prior to reservation; and 77% of tourists wanted to have combination tour product both natural and cultural in their vacation. Similarly, more and more domestic tourists now are seeking for information about environmentally friendly tourism and community based tourism. More domestic tourists want to go to natural areas or traditional villages; as shown by growing interests of domestic tourists participating in conservation tourism such as coral adoption and tree adoption

Indonesia is the largest archipelago and the fourth most populous country in the world. It consists of 17,508 islands -about 6,000 islands are inhabited-, with five largest islands: Java, Sumatra, Kalimantan (the Indonesian part of Borneo), Papua (the Indonesian part of Papua New Guinea), and Sulawesi.

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Located in Southeast Asia and stretches 5,150 km between the Australian and Asian continental mainland, the Indonesian archipelago divides the Pacific and Indian Oceans at the Equator. It makes Indonesia greatly influenced in cultures, social, politic and economic. More than 250 ethnic groups with 350 local languages still spoken, united under the national Indonesian language. The ancient traditional life practiced by indigenous tribes living in the Stone Age lives in harmony with those who follow the post-modern culture.

Biogeographically, Indonesia territory lies in Malesia area (region straddling the boundary from Indomalaya to Australasia ecozones), with two center of biodiversity: Borneo and Papua. In between those two islands, there is a transitional zone that inhabited by ecotype floras (around Makasar Strait - Wallace's line). The country has been said as a mega-biodiversity country for its remarkable variety of species ever present in various landscapes and weather patterns. It occupies only 1.3 percent of the world's land surface, but has roughly 12% of the world's mammals, 16% of the world's reptiles and amphibians and 17% of the world's birds, 25 percent of fish and each year it finds more. Indonesia is second only to Australia in terms of total endemic species, with 26% of its 1,531 species of bird and 39% of its 515 species of mammal being endemic. 36% of total 500-600 mammals species are endemic, 25% of total 35 primate are endemic, 44% of 121 butterflies species are endemic (McNeely et. al. 1990, Supriatna 1996). Moreover, the percentage of endemic flora in Papua reaches 60-70%.

About 59% of terrestrial areas in Indonesia are tropical forest or 10% from the total forest area in the world (Stone, 1994). There are about 110 million hectares of the total Indonesia's forest classified as preserved forest which 18.7 hectares are conservation area. According to the World Resources Institute estimates that Indonesia has approximately 50.875 square kilometers of coral reefs. If this conservative estimate is accurate, 51 percent of the region's coral reefs and 18 percent (284.300 sq. km.) of the world's coral reefs are found in Indonesian waters. This abundance of coral reefs is not only contributed to biodiversity, but also to science and economic development in Indonesia and the world.

Natural resources, biodiversities, cultures and heritages richness are the potencies of tourism in Indonesia. Government of Indonesia now has been intensively developing a sustainable tourism in an effort to support environment and cultural conservation and to boost regional economic development by widening job opportunities in tourism. Ecotourism and community-based tourism are the example on how community participation, as well as natural and cultural conservation is the fundamental factors in this effort. Furthermore, community-based tourism development in Indonesia has been merged with ecotourism concept where its implementation is aiming for:

- Community empowerment in tourism business and natural resources management;
- Educating the public and tourists to take responsibility for the conservation of the environment and cultural heritage.

2. Indonesia Tourism

Tourism in Indonesia has been improving in the last five years, as seen from the number of international tourist arrivals. Tourism is the third rank - after gas petroleum and palm oil - in contributing to foreign exchange. This rank was one level higher than that in 2008, when rubber was in the third rank. The average number of international tourist arrivals in 2009 was 6,452,259 number of visits; with average length of stay of 7.69 days and daily expenditure around U\$D 129, 57. It implies that tourism has been contributing to national income around U\$D. 6.302.500 or the highest since 2000. The table below shows the progress of tourism in Indonesian economy from 2006 to 2009.

Table 1.
Contribution of Tourism for National Income of Indonesia (2006-2009)

Rank	2006		2007		2008		2009	
	Commodity	Value (Billion USD)	Commodity	Value (Billion USD)	Commodity	Value (Billion USD)	Commodity	Value (Billion USD)
1	Gas & Petroleum	21,21	Gas & Petroleum	22,09	Gas & Petroleum	27,71	Gas & Petroleum	19,02
2	Garments	5,61	Palm Oil	7,87	Palm Oil	11,64	Palm Oil	10,37
3	Rubber Products	5,46	Rubber Products	6,18	Rubber Products	7,58	Tourism	6,29
4	Palm Oil	4,82	Garments	5,71	Tourism	7,37	Garments	5,73
5	Electricity	4,45	Tourism	5,35	Garments	6,09	Rubber Products	4,87
6	Tourism	4,45	Electricity	4,84	Electricity	5,25	Electricity	4,58
7	Textile	3,32	Textile	4,18	Textile	4,13	Textile	3,60
8	Wood Products	2,86	Chemical	3,40	Paper Products	3,79	Paper Products	3,40
9	Paper Products	2,86	Paper Products	3,38	Food Product	2,99	Food Product	2,96
10	Chemical	2,69	Wood Products	3,08	Wood Products	2,81	Wood Products	2,27

The increasing rate of international tourist arrivals to Indonesia in 2009 is relatively small (0.36%) compared to the previous year (16.77%). It is greatly influenced by the global economic crisis, which was also happening in the same year. Singapore still dominates the number of tourists' arrivals; followed by western European countries like Holland, England, Germany, and France. Middle East, China, Japan and South Korea particularly are showing a significant increasing number of visits each year.

Positive progress is also shown in domestic market; which is mainly supported by the increasing number of flight operators and more routes available to regional destinations. Besides that, both government and private sectors collaboratively have been putting a lot of effort in improving product quality and product marketing. The number of domestic tourist has reached 119,150,000 with total expenditure around 128.77 trillion rupiah or U\$D 14 billion. The number of international tourist arrival and domestic tourist visits from 2001 to 2009 is shown in Table 2 and 3.

Table 2
Number of International Tourist Arrival in Indonesia from 2001-2009

Year	Visitor Arrivals	Growth (%)	Expenditure Per Person (USD)		Length of Stay (days)	Revenue (Million USD)
			Per Visit	Per Day		
2001	5.153.620	1,77	1.135,18	92,59	10,49	5.748,80
2002	5.033.400	-2,33	1.053,36	100,42	9,79	5.396,26
2003	4.467.021	-11,25	893,26	91,29	9,69	4.305,56
2004	5.321.165	19,12	903,74	93,27	9,47	4.037,02
2005	5.002.101	-6,00	901,66	95,17	9,05	4.797,88
2006	4.871.351	-2,61	904,00	99,86	9,09	4.521,89
2007	5.505.759	13,02	913,09	100,48	9,02	4.447,98
2008	6.429.027	16,77	970,98	107,70	8,58	5.345,98
2009	6.452.259	0,36	995,93	129,57	7,69	6.302,50
2010*)	2.767.122	14,59	-	-	-	-

Table 3.
Number of Domestic Tourists from 2001 to 2009

Year	Domestic Tourists (Million People)	Trips (Million)	Expenditure (Trillion Rp)
2001	103,884	195,770	58,71
2002	105,379	200,589	68,82
2003	110,030	207,119	70,87
2004	111,353	202,763	71,7
2005	112,701	198,359	74,72
2006	114,270	204,553	88,21
2007	115,335	222,389	102,01
2008	117,213	225,042	127,17
2009	119,150	229,950	128,77

3. Community Based Tourism in Indonesia

Historical Background

As the biggest archipelago in the world, Indonesia is blessed with abundance of beautiful natural resources, like amazing coral reefs, unique biodiversity, ring of mountains, lush green forest; as well as exquisite cultural resources, like more than 500 ethnicity, indigenous tribe, local languages, art, dances, and craft. All those have become a magnet for tourists. Community-based tourism in Indonesia basically has started since late 70's, in respond to this demand. Yet, it has developed rather spontaneously without any development plan; when tourist come then communities started to accommodate their needs by providing foods, guides, equipments rental, and lodging. The development of community based tourism at that time is more to economic driven, without considering the impact to the environment nor the community itself (social capital).

The Government of Indonesia through Ministry of Cultural and Tourism in 1995 tried to encourage community-based tourism development by implementing a special program called "*Pariwisata Inti Rakyat (PIR)*". *PIR* was defined as "tourism from people, by people, and for people". The national government also encouraged the establishment of "*Kelompok Sadar Wisata (Pokdarwis)*". It is a multi stakeholders group, which is initiated to accelerate tourism development at local or destination level.

In 1991, ecotourism concept was firstly introduced in Indonesia. Later on, from 1994 to 2002, there have been many seminars and workshop for exploring this concept. These seminars gave a big impact on community-based tourism concept and development. In 1995, some organizations who are focusing on ecotourism were established, such as Indecon (Indonesian Ecotourism Network), MEI (Masyarakat Ekowisata Indonesia)- Indonesian Ecotourism Society. Initially, the members of these organizations are people working in conservation based NGO. During that period, the development of ecotourism focused more in promoting community involvement in tourism management at rural areas. Thereafter, ecotourism concept has provided a strong influence to shift the paradigm in developing community-based tourism in Indonesia.

Definition

Conceptually, community-based tourism is defined as "*tourism which is owned, managed, and run by community that support nature and culture conservation*". This simple definition has been recently discussed and agreed during the workshop of members of Indonesia ecotourism network.

In its implementation, community-based tourism emphasizes some principles:

- 1). Environmentally Sound
 - Sustainable management of natural & cultural resources as tourism asset
 - Tourism activities management that put priorities on environmental carrying capacity
 - Optimize use of local resources to maximize profit

- 2) Management/Accountability

- Practice the partnership method of ‘win-win solution’ concept
- Distribute tourism profit for wider communities

3) Service Quality

- Prioritize the service quality to achieve visitors satisfaction
- Regular monitoring and evaluation

CBeT in Indonesia tourism context

Philosophy of national tourism development is rooted on religious norms and cultural values as a living concepts of Indonesian that holds a balance between each human relationship with God, other human, and environment (natural resources & geographic).

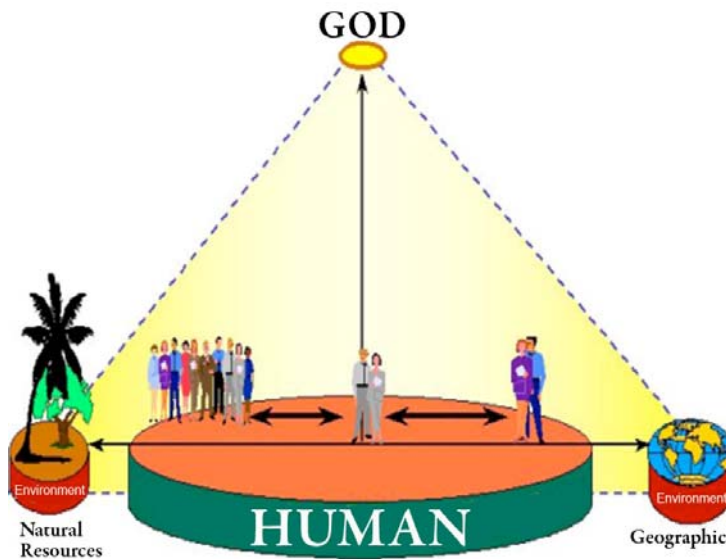


Image 1. The Balance of Life

“The balance of live” concept is a foundation of tourism development in Indonesia. This concept is harmonious with community-based tourism, which emphasizes the balance between economic development and natural-cultural conservation. Ecotourism also considers the importance of human interaction in the sustainable use of natural resources. Partnership between stakeholders who are involved in the use of natural resources is one of the crucial methods to be applied in community-based tourism practices.

In 1998, the number of illegal logging, poaching, fish bombing, and sianide increased largely as an impact of the Indonesian economic crisis and political crisis. The economic crisis had increased the number of poverty in Indonesia. Since then Community Based Tourism has been used more often as a vehicle for poverty reduction by NGO, as well as the government. In addition to that, CBT has also been used to prevent the environmental damage caused by destructive activities and to support the sustainable use by community. Based on that fact, Indecon with its partners have been campaigning about the important of community based tourism in Indonesia as a vehicle to preserve the natural and cultural conservation, to open job creation in order to increase the community income.

Indecon and its partners has experienced some good practices in developing Community Based Tourism in Indonesia; such as in Tangkahan, Gunung Leuser National Park in North Sumatra where the community transformed from illegal loggers to become ecotourism players and conservation actors. Another example is Candiredjo village, which is closely located to Borobudur, the World Cultural Heritage site in Magelang; where homestay and ecotourism activity had successfully increased the income of local people. In eastern part of Indonesia there are several good practices. Local community in Seram National Park, Moluccas has founded Wallacea Foundation, a local NGO who had turned more than 12 families of bird poacher to become guide for birdwatching group. Furthermore, these families have now become conservation actors. In Mount Rinjani National Park, together with local partners and New Zealand Aid, indecon had successfully developed a destination management organization named "Rinjani Trek Management Board" (RTMB). The board consists of 9 organizations; including local government, private sector, community, NGO, and traditional community. Today the number of visitors has increased significantly due to improvement of the management of services and environment. This effort was recognized by national and international tourism society; as RTMB has received Legacy Award in 2004 from National Geographic Travellers magazine and has become the Finalist for Tourism for Tomorrow Award in 2007 by WTTC.

4. Steps for CBT Development

Development of community based tourism can not be done in short time. It is a long process which comprises of several stages. The steps for development in general can be classified into stage of Planning, Implementation, Monitoring and Evaluation, and Dissemination of Process.

2.1. Planning Stage

Planning stage is a stage where the stakeholders determine *what, how, and when* to do the desired development. Although the steps in this stage are usually done consecutively, the process is not always linear. A good planning process should allow feedback and changes (due to the feedback) to happen. The steps can be described as follows:

2.1.1. Planning Stage: Initiation

CBT can be developed at various different scales. The smallest scale can be management of a trip or tour by a community group at village. Starting from that is development of village tourism by a community group until management of the village in different phases of development into a tourism destination. Most of time CBT is associated with tourism at the scale of a village; however a community based destination management involving several villages at several districts is possible yet a challenge. The larger the scale is, then more stakeholders from more background will be involved; thus increasing the complexity of the development. It requires a comprehensive and tangible approach to be able to reach the expected output. In community based tourism at destination level, the initiation phase is very important and requires meticulous implementation. Step 1 until 4 is crucial to do. Yet, at village level, the initiation phase can be simplified; yet the most important thing is to reach a same perception amongst stakeholders, which is followed by making a common workplan. This can be done by doing series of meeting amongst the community which are facilitated by facilitators.

1. Put the wants or concept into workplan

Ideally, this activity should be conducted by the community stakeholders; possibly assisted by facilitator. The concept should incorporate the objective (to do planning), the target, duration (of planning activities), and (both required and available) budget.

2. Choose the technical assistance

Technical assistance is the experts/researcher/practitioner, which will do the planning activities in focus and facilitate other people to get involved in the planning process. Therefore, the technical assistance should be chosen based on the *needs* of the activities; thus the number and composition highly depend on the scale of the planning activities. For example, to develop tourism activity in the conservation area, specific technical assistances is required. It can be consisted of expert in economy or tourism, ecology or biology, and tourism product specialist. For larger scale destination development with more complex situation, more technical assistances are required. Experts on

anthropology, social or community development, law, communication, architecture, or perhaps a geologist or geographic should be added to the team. In larger scale, the technical assistance team should be chaired by a coordinator who has outstanding knowledge of the tourism concept, has understanding of the local situation, and has the ability to work based on the terms of reference.

3. Establish local working group

In participatory process, it is extremely difficult to involve *all* community members in *all* planning activities. Therefore, it is important to select and agree on the representatives of the local organizations, who have interest and influence on tourism development. These representatives should get recognition in the form of assignment letter from each organization to get involved in the planning process. In return, they have the responsibility to disseminate the information about the progress of the planning to their organizations.

4. Determine the working methodology

The technical assistance team should determine the methodology to be used based on the approach to develop environmentally friendly tourism which involve local community; which is participatory approach by involving local stakeholders in the destination. The technical assistance will then develop a work plan, which also include time frame and detail budget; together with the local working group.

The intensity of participation of local stakeholders in the planning process is different depend on the scale of the activity. In small development, such as product or small facility, the intensity of participation of local stakeholders might not be too intensive. The technical assistance can consult or do series of meetings or dissemination to the local stakeholders. While in larger development such as for a destination, the intensity of participation of local stakeholders should be higher; for example becoming part of planning team or taking decision. The team should determine the type of participation level and which stakeholders should be involved in which process.

2.1.2. Planning Stage: Basic Information Gathering

At destination level, basic information should be collected in order to describe the current situation of destination in terms of natural environment, economy, socio-culture, institutional, politic, and legal. Moreover, basic information can also be used to estimate future situation *assuming* the development is implemented. Basic information gathering also includes finding out actual and potential threats, so they can based decision taking to overcome the threats. The information generally cover both scientific and traditional knowledge on ecology or natural environment, economy, social, culture, history, tourism and its management, policy, and regulation. At small scale, LWG is the community group itself. The technical assistant should transfer the knowledge about research method to the community and facilitate them to do data collection, which will become a baseline data. The data is very important as a basic data for monitoring the impact after program intervention; as an indicator to measure tangible impact of the program.

The steps for basic information gathering are:

1. **Scoping** should be done prior to data gathering to determine the type and source of information to be collected. It aims to ensure the appropriateness and accuracy of the basic information. This activity includes identifying the issues which will be studied, making priorities, and describing the information required. This description include: type, brief description, source, who (will collect the information), and cost (to collect it). Based on this identification, the technical assistance team and local working group will check the available information, in order to identify the gap between them and the required information to be able to conduct planning activities.
2. **Collecting secondary data** by studying the available documents at local government, universities, non governmental organizations, or community organizations.
3. **Collecting primary data** at field by doing observation, interviews, focus group discussion, participatory assessment (for example by doing participatory rural appraisal), or stakeholders meeting.

Basic data on tourism which is needed to be collected at the field :

- Structure and trend of tourism
- Tourism policy
- Tourism market and trend
- Land use or community mapping for natural and cultural resources
- Existing infrastructure
- Existing activities and facilities
- Tourism stakeholders and their activities
- Proposed tourism activities or facilities.
- Traditional knowledge on nature and culture.

Box 1. Samples: primary data collection by local working group, guided by facilitators



(Clockwise from top left) focus group discussion with fisherman group, natural observation, identification of rare flora fauna, interviews with tourism stakeholders, mapping of natural resources or asset owned by community, identification of traditional culture

4. **Check the collected data** to ensure the accuracy and completeness of the collected data. It can be done by crosschecking the data from different sources, or conducting meeting with stakeholders to check the data together.
5. **Structure the collected data**, by integrating all information in one reporting format which can easily provide information how development activities will run and their impact on environment, social, and economic condition; as well as strategies to overcome it.
6. **Making presentation** or consult the result to local stakeholders to obtain comments or feedback.

Criteria for Information Collected:

- *Reliable* – information should be recorded and reported accurately
- *Adequate* – the depth of information is according to what is required
- *Relevance* – the content of information is valuable and useful according to what is required
- *Credible* – the information is measured and gathered from trustworthy source

2.1.3. Planning Stage : Development of Vision, Target, and Objective

This is a very important step in planning process. In this step, we formulate a vision and a set of targets, and then develop a set of more detailed objectives to achieve the targets. In some cases, the vision has been determined in advance by the project owner; especially for small scale development such as product or small facility planning. However, for large scale destination development, vision should be developed after the basic data is collected in a process where local stakeholders are involved. The vision should be a general statement which states the desired future. It will become the main foundation in all activities, decision taking, implementation, management, establishment of management organization, etc. A clear vision will be very helpful to solve problems in a transparent, accountable, sequential process, especially in a large and complex development process. It will also help to ensure consistency in decision making process.

The steps to develop vision, target, and objectives are:

1. Develop vision

To ensure the accountability and transparency, this process should be conducted based on the collected basic information and should involve all stakeholders, including government, local community, and private sector. Technically, the process can be done by conducting a stakeholder meeting by inviting all stakeholders. The method for this meeting can vary greatly.

2. Develop target

Vision should be developed into some targets, which are the steps to be done in order to achieve that vision.

3. Develop objective

Once the vision and target agreed by stakeholders, then more specific objectives should be developed. They should be able to identify the steps and targeted timeframe for each target. The objectives should be able to answer all indentified threats and opportunities.

Box 1. Meeting to develop vision in Pangandaran, West Java Province, Indonesia

Process to develop vision during the development of Pangandaran Tourism Management Plan. First, the participants collected ideas for tourism development from magazine and newspapers. Facilitated by facilitators, they agreed on the desired condition for the next 10 years. The meeting also developed various media to disseminate the vision to wider public, which are through songs, poster, sticker, and newsletter.



2.1.4. Planning Stage: Development of work plan

Work plan is a list of specific activities to achieve the objectives. It covers: practical activities, schedule, budget, and person in charge. The steps to develop work plan are:

1. Identify and agree on the activities to achieve an objective.
2. Agree on the institutional/person in charge and schedule
3. Develop matrix or diagram of operational, which include activity-schedule-institution/ person in charge -budget

Development of activities and program should follow this characters:

- *Specific* – describe in detail the result including what, when, where, and why.
- *Measurable* – consists of measurable element to determine the successfulness of failure.
Achievable – use professional judgement to develop measurable expectation in terms of time, fund, and staff.
- *Result-oriented* – the final result is well described.
- *Timeframed* – the objective should indicate the time to achieve it
- *Institution in Charge* – a person in charge should be clearly defined for every activity ; as well as their potential partners

2.2. Implementation Stage

The biggest challenge after planning stage is to implement the planned activities. Therefore, involvement of tourism stakeholders since planning stage is very important, because it increase:

- (i) Knowledge and capacity of stakeholders; therefore they usually feel that it is easy to implement the planned activities;
- (ii) Ownership and legitimation of the planning result; therefore the stakeholders feel more comfortable and committed to implement the planned activities.

Steps in planning stage actually depend on *what* is planned, but in general it consists of the following steps: tourism product development, infrastructure and facility development, imaging and marketing, and establishment management organization.

2.2.1. Implementation Stage: Product Development

Tourism product is an important element in tourism development. The quality of a product and its packaging are often the key success in tourism. If they are both high quality, they will attract tourists to

buy the products, thus able to ensure the sustainability of tourism business. Therefore, it is very important to maintain the quality and continuously evaluate the existing products; as well as to develop new tourism products.

Type of tourism products varies much. They can be attraction, accommodation, food and beverage, retail, or transportation; but they are most often associated with **tour products** – as in this guideline. Tour product is tourism activity which is done by tourists in one place in one time, for example full day forest trekking, canoeing for 3 hours, or wild animal watching in the morning. Combination of several tour products, either in one place or several destinations is called **tour packages**. The component of tour products, such as transportation, accommodation, meals, entrance ticket, guiding services, and other are often offered as one package with a package price; thus it is cheaper rather than buy them separately.

Principle and Criteria for Product

In developing environmentally friendly tourism which involves local community, it is required to make tour products which follow the development principles of: environmentally friendly, community friendly, and tourist friendly.

Environmentally friendly tour products have the following criteria: have commitment for conservation activities; include conservation activities in tour activities; and continuously use natural resources in a responsible way. Community friendly tour products provides special attention to preservation of local culture; provide opportunities for local community to obtain benefit from tour activities in that particular place; and try as much as possible to encourage community participation; both for the interests of the tour and for the community. On the other hand, the tour products should be able to ensure things that determine tourist's satisfaction, such as cleanness, safety, hospitality, comfortability; as well as to provide educational value for tourist.

Stakeholders in Product Development

Product development is often done by tourism stakeholders, such as:

- Tour operators
- Guides/local guides
- Managers of protected areas (if conservation area include in the product)

Other tourism stakeholders, such as accommodation managers and transportation service providers, often develop tour products by themselves; mainly encouraged by the needs to capture more customers. Although product development is often considered as the private sector's domain, yet the process is actually inseparable from the role of government. The role of (local) government in product development, which are:

- Encourage tourism stakeholders to develop new tour products, for example by providing incentive
- Market tour products through promotion events which are joined by government

Product development is highly influenced by tourism market trend. Product marketing is used to be done based on destination, for example 3Day tour in Bali. At the moment, more products or tour packages are offered based on theme or main activities, for example nature tour products, adventure, or marine beauty. The current trend also demands tour packages to combine some main islands. Moreover, tour packages which combine several neighboring countries are now getting popular, for example Greater Mekong tour which combine Laos, Myanmar, and Vietnam.

In developing high quality products, natural conservation and respect for local culture are the factors to be highly considered. It can be done by several approaches, which are:

- Use environmentally friendly and low impact techniques, for example controlling the number and behavior of tourists in order to manage level of intrusion to nature
- Encourage tourists and local community to support natural conservation initiatives
- Understand that nature, culture, and local knowledge are the main elements for tourists experience
- Provide educational value both for tourists and local community
- Support local economy, for example by involving local community as local guide or buying local products
- Use guide or interpreter who have knowledge about nature and culture
- Ensure that wild fauna and flora are not obstructed
- Respect local culture and tradition.

The steps for product development are:

1. Collect data about tourism attraction

Data about tourism attraction is data about natural, cultural, historical resources, or other local information which can be used as the basis for product development. It can use the data collected during planning process. This activity can be conducted by field observation, discussion with local community, and mapping of tourism attractions. The result should be put in the database. The attractions should be grouped into several themes, such as:

- Data on nature and biodiversity
- Data on socio culture
- Data on facility and supporting services
- Data on potential risks

2. Determine the potential of tourism attraction

It can be done by analyzing the tourism attractions under some criteria:

- Level of attractiveness, uniqueness, abundance of landscape/flora/fauna
- Vulnerability of ecosystem or flora-fauna
- Accessibility
- Basic infrastructure
- Threats on local culture and tradition
- Market competitiveness

3. Examine market trend

Tour product should be developed based on market trend so it highly competitive and attractive for tourists; yet does not jeopardize its sustainable principle. This activity requires some analysis:

- **Market analysis;** it aims to find out the characters of actual and potential tourists. This analysis is important to determine the targeted market segment.
- **Competitiveness analysis;** it aims to find out the competitors. It will help to check whether the market is stagnant, the check the strength and weakness of competitor, to differentiate the products with other products, and the appropriate location for competing.
- **Product-Market Match analysis;** it aims to find out which product can be offered and to whom. It will also help to choose the suitable promotion strategy to capture the target market.

Characters of Tourist:

- Age
- Sex
- Country or city or origin
- Time of visit
- Duration of visit
- Education level
- Income level
- Reason for visit
- Source of Information
- Favorable attractions or activities

After that, the following activities should be done:

- Determine the targeted market
- Understand the needs, character, and preference of targeted market
- Determine main attraction or main activity according to targeted market

4. Develop itinerary

Based on the attraction or main activity, the next step is to select and combine the activities which can fulfill the tourist's needs. The activities should be put into a list of activities in timely order to obtain an *itinerary*. It can be located at one destination but also several destinations.

5. Estimate the cost and price of a product

Cost estimation breakdowns cost of all components in each activities. After total cost can be estimated, it is required to determine the other possible cost; such as marketing fee, agent commission, and expected profit either by percentage mechanism or minimum value. Price of a product is a sum of cost of tour, agent commission, expected profit, and tax. In calculating the expected profit, it is necessary to consider the component of office operational, communication cost, and marketing cost (i.e. joining travel fair or publishing brochures). The price then should be cross checked with other similar tour packages offered in market to consider the competitiveness of the product.

Cost component in estimating price of product

- Variable cost per person
- Fixed cost per person
- Operational cost
- Commission
- profit
- Contribution to natural or social environment

Price of the product should consider the following factors:

- Price should be reasonable, in expensive
- Price should be responsive to purchasing power of the targeted market
- Price offered by competitors

Box 3. Various tour products which are environmentally friendly and involve local community

Coral adoption in Pangandaran-West Java, caving in Candirejo with local community-Central Java, forest trekking with elephant in Tangkahan-North Sumatra. These activities are managed by local community groups together with managers of protected areas and local government.



6. Conduct the tour

Prepare the operation of the tour by calculating numbers of person, making standard operational procedures, establishing partnership with other parties or local community, and calculating financial requirements.

2.2.2. Implementation Stage: Marketing

Even a good and competitive tour product will not sell if the tourists do not know about it. Therefore, well targeted marketing activities are very-very important. Often, marketing activity ignores the market factor. Sometimes it regards the market yet irrelevant and unrealistic. Wrong understanding or implementation of promotional media which are not suitable for the targeted market invites failure of tour products.

Stakeholders in Marketing

Marketing of destination is usually conducted by local government, for example by making brochures or joining travel fairs; such as DEEP Indonesia, Gebyar Wisata Nusantara, ITB (international tourism fair in Berlin), etc. Marketing of destination is generally focused on tourism attractions, yet often ignores other elements in tourism such as transportation, tour packages, or other facilities. Meanwhile, marketing of tour products is usually done by tour operators. Actually, many tour products, which are developed by local community at medium or small level, have good quality and can give added value for a destination. These products cannot access the market due to limited marketing. The government should be able to facilitate the marketing of these products. A more mutual relationship should be developed between government and tourism stakeholders on behalf of the destination.

Marketing activities should be done inline to product development; some activities are even conducted prior to development. It aims to find out the situation and the response of market before designing a product. Penetration of a product to market requires certain time. The steps to do simple marketing activities are:

1. Learn the target market

Learn how the target market obtains information about destinations or products; as well as how the target market buys the products. Conceptually, there are 2(two) ways how tourists buy

products. First, they buy products directly (*direct selling*); thus seller can save cost on agent commission. The marketing process is also rather simple. Second, they buy products indirectly through tour operators or travel agents (*indirect selling*). If the product sells, this mechanism allows seller to capture bigger market in shorter period.

2. Making marketing concept and marketing plan

Placement of promotion media should be carefully thought about in order to get a cost effective and efficient media. If the targeted tourists buy products directly, then the marketing concept should be directed towards them. If the targeted tourists buy products through tour operators, then marketing should be directed more towards tour operators.

3. Conduct promotion

Promotion is differentiated based on: type of media, time, and location. The media can vary greatly depends on the characteristic of the targeted tourists. For tourists who buy products directly, the media can be brochure, leaflet, booklet, internet website, and information centre. Promotion through tour operators can include:

- Printed materials (brochure, leaflet, booklet)
- Exhibition
- Catalogue
- Internet website
- Information centre or kiosks
- *Journalist trip*
- *Familiarization trip*
- *Joint/collaboration promotion*

2.2.3. Implementation Stage: Establishment of Tourism Management Organization

Tourism development cannot be separated from management organization of where the tourism activities are located. The quality of destination management highly determines the successful of tourism industry. There have been many examples that show how weak management creates negative impact for natural environment and local community. At the end, it will destruct the asses of tourism and stimulate conflict with local community; thus later it will decrease the level of tourist visitation.

Establishment of a destination management organization at a tourism destination is very important to reduce this problem. Various experiences show that government institutions alone cannot run this management function solely. A management organization should be collaboration between multi stakeholders, both from government, private sector, NGO, local community, and academics. The management organization is expected to:

- Increase optimization, efficiency, and accountability of tourism management
- Create effective mechanism and clear cross sector coordination in sustainable tourism management
- Support and promote sustainable tourism for local economic development

- Increase active role of local community by enlarging working opportunities and increasing income level from tourism activities
- Conserve biodiversity both terrestrial and marine, as well as environmental services.

The steps to establish destination management organization are:

1. **Make preliminary study**, which cover law and regulation analysis, stakeholder analysis, tourism market analysis, analysis on existing plan, and study cases
2. **Make development concept** by technical assistance and transfer knowledge to local community through a series of public consultation, from the beginning until the final of the process
3. **Make an establishment committee**, which will establish the organization through a series of consultation with local stakeholders, followed by development of financial and administrative mechanism
4. **Officially legitimate** the establishment of the organization, which is followed by dissemination to various levels of government institutions and parliaments. This activity is important to clarify the legitimation of the organization by law to ensure that its work will run smoothly in the future.

2.3. Monitoring and Evaluation Stage

When the development activities are implemented, how to find out whether the activities run according to plan? To what extent the natural environment is affected by tourism activities? To what extent the local community obtains benefit? Is the market trend changed? Monitoring evaluation is required in order to answer these questions.

Monitoring is a process to collect information regularly and periodically to observe the possibility of changes. This activity is a tool to:

- see what happen after development activities started
- check the effectiveness in minimizing negative impact on natural and social environment
- check whether the assumed and agreed condition are run well
- identify the changes and impact of tourism activities on natural and social environment
- review how far the development objectives have been accomplished
- find out tourism, economy, and social trend

Monitoring activities are started by collecting basic information on nature, economy, and social. This basic information then is observed regularly and periodically to see the possible changes. The basic information and the data collected during monitoring process are then compared to see whether there are changes due to tourism activities. This is essentially the evaluation process. If the result show that there might be negative

impact affecting the quality of destination of product, then the destination manager should take

Key questions to be answered in conducting monitoring

- Who is responsible for monitoring activities,
- Indicator to be used,
- Frequency of monitoring,
- Format to be used for data collection,
- How the collected data is analysed and by who,
- How the collected data is reported.

appropriate action to minimize the impact. The possible options are revising the assumption, modifying the objectives, adapting the management actions, or changing the products.

The steps for conducting monitoring and evaluation activities are:

1. **Determine indicator** as the sign which show that everything still runs as expected or in contrary. Indicator should be measurable; sensitive to changes; accurate; have generally known similar definition; and consistent – something which does not naturally change. By observing the indicators, then the changes due to tourism activities or others can be detected in advance.
2. **Determine the method for data collection** which follow the criteria :
 - Accurate
 - Cheap, will not add considerable burden to products,
 - Possible to be implemented by the existing resources,
 - Appropriate, logical, and accepted by local stakeholders
3. **Determine the work plan for monitoring and evaluation**, which is when and by who the data will be collected. In each method, it is necessary to decide the frequency and the time for data collection. It can be decided scientifically or based on assumption. However, once the activities are started, the local situation will determine how much the data is required and how much it is possible to be collected. In order to ensure data collection runs smoothly, it is necessary to agree who will be responsible for this process. The person should have capacity and receive proper training, to avoid mistakes in data collection. It will also require good will of the destination manager to allocate time and budget for these activities.

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