

Designing The Marketing Mix through Competitive Profile Matrix and Importance-Performance Analysis Case Study of a Travel Agent in Yogyakarta

Esti Dwi Rinawiyanti^{1,*}, Rosita Meitha Surjani¹, and Adi Setyo Nugroho¹

¹Study Program of Industrial Engineering, Engineering Faculty, University of Surabaya, Indonesia

*Corresponding author. Email: estidwi@staff.ubaya.ac.id

ABSTRACT

XY Tour operates as a travel agency in Yogyakarta. The pandemic and its associated travel restrictions affected XY Tour's operations, including a decline in Yogyakarta tourism. Care must be taken while dealing with post-pandemic circumstances that boost tourism. This study aims to design an appropriate marketing mix to strengthen XY Tour's competitive edge. This study employs qualitative and quantitative methods through interviews and surveys. Data from 100 respondents were processed using the Competitive Profile Matrix (CPM) and Importance-Performance Analysis (IPA). CPM generates six critical success factors from the XY Tour whereas IPA generates six variables in Quadrant I. According to survey results, this study provides several suggestions, including segmenting customer based on consumer behavior, targeting new demographic segment, expanding an online and social media presence, and creating unique backpacker trip package. In terms of the marketing mix, this study suggests a number of recommendations, such as creating culinary and themed tour packages, introducing cost-based pricing, enhancing social media management and efficacy, providing customer service training, hiring new staff with social media management expertise, utilizing Chatbots, and incorporating cultural identity into assets. These recommendations can guide XY Tour to maintain its operations and boost its competitive edge in the travel sector.

Keywords: *tourism, tour package, physical evidence*

1. INTRODUCTION

The tourism industry is one of the largest industrial sectors in Indonesia, with a total contribution of 5.6% of Gross Domestic Product in 2019 (WTTC, 2020). The tourism industry can bring various benefits to local communities. Tourism can help conserve local culture (Timothy, 2021) by attracting tourists with the uniqueness of the culture. Nonetheless, travel restrictions due to COVID-19 pandemic in 2020 and the global economic downturn have had a major impact on tourism (Gossling et al., 2020). In 2020, the number of foreign tourists visiting Indonesia reached 4.02 million visits, or decreased by 75.03% compared to those in 2019, 16.11 million visits (BPS, 2021). After the pandemic, the Indonesian government has taken several actions to revive Indonesian tourism, such as the Indonesia Care (I Do Care) program to prioritize cleanliness, health, safety, and environmental (CHSE) standards (Kemenparekraf, 2020).

XY Tour has been a travel agent in Yogyakarta since 1989 that provides tour services to Yogyakarta and various destinations in Indonesia, namely Java, Bali, and Lombok. XY Tour's specialty is serving backpacker tourists from France, Germany, and other countries. Backpackers prefer budget accommodation, travel independently with flexible schedules, have longer vacation periods and usually travel by carrying all their equipment in one backpack, providing mobility and flexibility during their trip (Martins & da Costa, 2022).

During the COVID-19 pandemic, XY Tour's customers declined significantly, but after the pandemic, the number of foreign tourists visiting Yogyakarta increased. However, competition is getting tighter from other tour agents and online platforms such as Traveloka and Tiket.com. In order to deal with this condition, XY Tour needs to prepare a proper strategy. Based on these considerations, this study was conducted to design the proper marketing strategy for XY Tour, including CPM, IPA, segmentation, targeting, positioning, differentiation, and marketing mix.

2. RESEARCH METHODS

This study employed a mixed-methods approach, combining qualitative methods through interviews and quantitative methods by conducting an online survey in May 2023 using Google Forms. It used secondary data from existing sources,

such as company records and the Internet, and primary data through interviews and surveys, including an initial survey of ten respondents and a main survey of 100 respondents.

This study employed purposive sampling. Using the Slovin formula (Sugiyono, 2019) with an error level of 5%, the sample was rounded to 100. The assessment with SPSS 26 showed that 19 variables had Cronbach's alpha values above 0.6, which indicated that the data is valid and reliable for further analysis.

3. RESULTS AND DISCUSSION

3.1. Competitive Performance Matrix (CPM)

CPM is an analysis tool that measures the strengths and weaknesses of business competitors (David & David, 2017). Through interviews with owners and the initial survey, six Critical Success Factor (CSF) variables can be identified, and two primary competitors, AB Travel and HI Tour, were chosen. Table 1 shows that AB Travel had the highest CPM score (2.85), followed by XY Tour (2.65) and HI Tour (2.4). Three variables with lower CPM scores than those of competitors are ease of booking, online booking process, and comfortable transportation.

Table 1. CPM of XY Tour

CSF	Weight	XY Tour		AB Travel		HI Tour	
		Ranking	CPM	Ranking	CPM	Ranking	CPM
Professional guide	0.15	4	0.60	3	0.45	3	0.45
Easy booking	0.20	2	0.40	3	0.60	2	0.40
Online booking process	0.25	1	0.25	2	0.50	1	0.25
Transparent pricing	0.10	4	0.40	4	0.40	4	0.40
Caring customer service	0.20	4	0.80	3	0.60	3	0.60
Comfortable transportation	0.10	2	0.20	3	0.30	3	0.30
Total	1.00		2.65		2.85		2.40

3.2. Respondents' Profile

Table 2 shows the profile of 100 respondents, consisting of 55% males and 45% females. 39% of respondents were under 20, and 37% were in the 20-40 age group. Many respondents came from Asia (24%), 31% from Western Europe, and 19% from Eastern Europe. Besides, 28% were workers, 16% students, 15% entrepreneurs, and 10% had retired. The annual income of 30% of respondents was below \$10,000, and 15% from \$10,000 to \$20,000. Most respondents travelled overseas 2-3 times a year (33%), more than 5 times a year (21%), and 4-5 times a year (13%). The favorite destinations were shopping destinations (19%), cultural/historical destinations (16%), beaches and rural areas (16%), and rural or countryside (14%). Many respondents expected tour agents to provide unique and interesting destinations (36%), interesting travel plans or itineraries (19%), and affordable tour prices (17%).

Table 2. XY Tour respondents' profile

Variable	Answer	Number	Variable	Answer	Number
Gender	Male	55	Employment status	Employed full-time	26
	Female	45		Employed part-time	2
Age	Less than 20 years old	39		Prefer not to say	17
	20-30 years old	28		Retired	10
	31-40 years old	9		Seeking employment	14
	More than 40 years old	24		Self-employed (entrepreneur)	15
Origin	Africa	4		Student	16
	Asia	24		Income	Under \$10,000
	Eastern Europe	19	\$10,000-\$20,000		15
	Latin America	5	\$20,000-\$30,000		6
	North America	12	\$30,000-\$40,000		12
	Western Europe	31	\$40,000-\$50,000		15

	Australia and Oceania	5		More than \$50,000	4
Frequencies of overseas vacations	Once a year	14	Favorite destinations	Prefer not to say	18
	2-3 times a year	33		Beaches	16
	4-5 times a year	13		Cultural/historical destinations	16
	More than 5 times a year	21		Mountains	9
	Rarely travel overseas	19		Rural or countryside	14
Expectations of the tour agency	Affordable tour prices	17		Shopping destinations	19
	Comfortable tour transportation	15		Wellness retreats (e.g., spa, yoga)	13
	Interesting itinerary/travel plans	19		Wildlife and nature reserves	13
	Knowledgeable, reliable staff	13			
	Unique, cool destinations	36			

3.2. Importance Performance Analysis (IPA)

The importance-performance analysis (IPA) method is one method that can be used to measure customer satisfaction and conduct a quadrant analysis of the reality and importance of service. The results of the quadrant analysis indicate which attributes need improvement (Martilla & James, 1977). Based on the survey results, the IPA of XY Tour is shown in Table 3. The overall average value of the level of importance is 3.33, while the level of satisfaction gets an average value of 2.30. From these values, an IPA matrix can be made as in Figure 1.

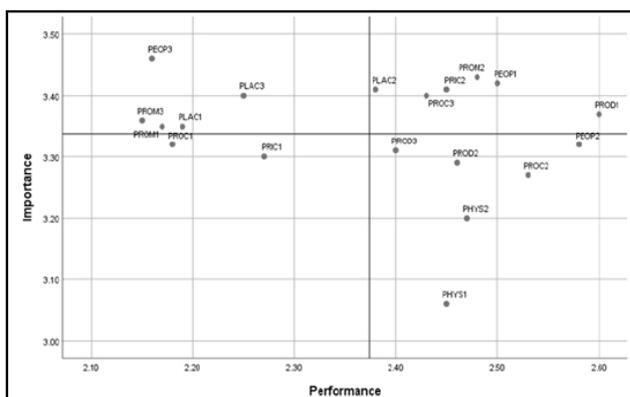


Figure 1. IPA Matrix of XY tour

Table 3 also displays the variables in each quadrant of the IPA matrix. In particular, the recommendations focus on the variables in Quadrant I, because they are considered very important, but their performance levels are relatively lower than the average value. Thus, companies should focus on improving this area (Martilla & James, 1977).

Table 3. IPA of XY Tour

Quadrant	Code	Variable	Mean of Importance Level	Mean of Satisfaction Level
Quadrant I (concentrate here)	PEOP3	Good staff availability	3.46	2.22
	PLAC3	Improve customer communication channels	3.40	2.25
	PROM3	Provide special offers to increase customer loyalty	3.36	2.34
	PLAC1	Increase online presence	3.32	2.23
	PROM1	Increase online and social media advertising and content	3.35	2.34

Quadrant	Code	Variable	Mean of Importance Level	Mean of Satisfaction Level
Quadrant II (keep up the good work)	PLAC2	Increase partnerships and community involvement	3.41	2.38
	PROC3	Provide live assistance during booking	3.40	2.43
	PRIC2	Price matches the tour quality	3.41	2.30
	PROM2	Use beautiful images to promote destinations	3.43	2.30
	PEOP1	Knowledgeable and helpful tour guides	3.42	2.35
	PROD1	Offers guided tours to beautiful nature and cultural destinations	3.37	2.25
Quadrant III (low priority)	PROC1	Create a dedicated online booking service	3.27	2.53
	PRIC1	Affordable prices	3.30	2.27
Quadrant IV (possible overkill).	PROD3	Facilitates engaging photography-friendly tours	3.31	2.30
	PROD2	Provide a variety of tour destinations	3.29	2.28
	PROC2	Improve the booking process	3.27	2.53
	PEOP2	Good English skills	3.32	2.16
	PHYS2	Good customer reviews	3.20	2.23
	PHYS1	Excellent, comfortable tour transportation	3.06	2.22
Grand Mean			3.33	2.31

3.4. Segmentation, Targeting, Positioning, and Differentiation (STPD) Analysis

STPD analysis for XY Tour is as follows:

- a. **Segmentation.** Based on interviews with the owner, XY Tour has identified its geographic and demographic market segmentation. Geographically, they target foreign tourists from Western Europe, Eastern Europe, Japan, and Australia by providing fluent English-speaking staff. For demographic segmentation, they target male and female travelers aged 28-50, mostly single or couples without children, and retirees. When it comes to the destinations of interest, XY Tour ought to take into account the psychographic segment based on consumer behavior (S1). Because a cultural and historical destination is one of the most popular travel destinations (18%), the cultural element deserves more focus. Another suggestion is to target a new demographic segment (S2), such as providing a relaxing and comfortable tour for the retiree segment, because 10% of respondents were retired.
- b. **Targeting.** XY Tour selects target markets by providing staff with English fluency and budget tours. To increase its presence in digital and social media (T1), XY Tour can expand its online marketing through social media platforms like Facebook, Instagram, and Twitter. Social media can help companies select specific demographics and simplify targeting (Kumar et al., 2016). Special backpacker tour packages with low budget and tour flexibility (T2) can also be offered, considering the characteristics of backpackers, a low budget, and looking for holiday experiences without spending too much money. According to survey results, 16% of respondents were students who frequently travel with backpacks.
- c. **Positioning.** According to Kotler and Keller (2016), positioning is forming a consumer's opinion of a company's brand or product relative to its rivals. The cultural nuances of Yogyakarta continue to be the main focus, even though XY Tour offers natural tourism in other locations. This range of locations broadens their product offering and gives them the appearance of being a "one-stop" travel agency. Strengthening the role as a "Yogyakarta cultural tour specialist" (PO1) is the recommendation that will improve the stance against rivals who might concentrate on different locations or provide more general tours. This recommendation supports the survey's findings, which showed that 18% of respondents enjoyed cultural tourism.
- d. **Differentiation.** Foreign travellers greatly value the subtleties of Yogya culture, which are included in every tour. Warm and caring customer service also differentiates XY Tour, creating memorable experiences and long-term bonding with customers. This differentiation can be strengthened by presenting distinctive aspects of Yogya culture that many visitors might not know (D1), such as exploring regional customs, art, food, and folklore. It can be as unique, cool destinations as 36% of respondents requested.

3.5. Marketing Mix Analysis

Here is a marketing mix analysis that consists of 7Ps and recommendations for XY Tour.

1. **Product.** According to Kotler and Keller (2016), XY Tour offers the following three product levels: (i) core product: an amazing tour trip that covers Yogyakarta and other Indonesian destinations' cultural, historical, and natural attractions; (ii) actual product: specific tour packages, itineraries, customer service, tour guides, tickets, and access to these attractions; and (iii) augmented product: customer service, extra support for unique travel plans, and convenient payment options. The survey showed 36% of respondents enjoyed unique and cool destinations, and 19% desired interesting itineraries or travel schedules. The PROD1 variable (Offers guided tours to beautiful nature and cultural destinations) was positioned in Quadrant II IPA (keep up the good work). Therefore, by including distinctive aspects of Yogyakarta culture in their tour packages, XY Tour can develop thematic tour packages (P1). For instance, they could create a tour of batik workshops and galleries that offer batik-making lessons. Storytelling of local history and mythology can also enrich tours to the Kraton, Taman Sari, Prambanan, or Borobudur Temples, providing travellers with a more fulfilling experience. Culinary tours introducing traditional Yogya cuisine, like *gudeg* and *bakpia*, might be an extra attraction because food plays a significant role in culture (P2). Besides, XY Tour can work with regional musicians and dancers to plan classical Javanese dances or puppet shows. XY Tour can provide a more distinctive and genuine experience than an ordinary trip by fusing these diverse cultural elements. The survey found that 46% of respondents travel abroad two to four times a year, and 21% travel abroad more than five times a year. XY Tour might consider creating a loyalty program (P3) that rewards returning customers or referring others. This recommendation can support the PROM3 variable (Provide special offers to increase customer loyalty) in Quadrant I IPA.
2. **Price.** Price is the amount consumers pay to obtain a product or service (Kotler & Keller, 2016). XY Tour offers competitive pricing, ranging from IDR 200,000 to millions of rupiah. Price is a significant consideration, particularly for their target market of backpackers who typically seek out low-cost travel options. Additionally, XY Tour regularly provides group customers with discounted rates. This tactic successfully draws customers searching for more affordable and advantageous travel packages, particularly for big travel groups like families, couples, and friend groups. The survey results stated that 45% of respondents have an annual income of under \$ 20,000. In addition, the target market served is low-budget backpackers. Therefore, XY Tour needs to consider a cost-based pricing (P4) strategy by setting prices based on the production cost plus a reasonable profit margin. This approach helps maintain the company's financial balance and meets customer needs and expectations for affordable tour packages, requested by 17% of respondents.
3. **Place.** The location of XY Tour is in Prawirotaman, Yogyakarta, a popular area for foreign tourists. This location enables XY Tour to interact with and directly offer its services to the target market. XY Tour also works with ticket and transportation companies for travel destinations outside of Yogyakarta so that customers can access its services more easily. The website for XY Tour has grown to be a significant component of the Place dimension. Its website, with a contemporary style and an intriguing culture, offers helpful advice and ideas for travelers and details about tours, costs, and schedules. This information makes XY Tour's website a useful tool for prospective customers, reaching a wider audience than just their location. Moreover, PLAC1 (increase online presence) and PLAC3 (improve consumer communication channels) are in Quadrant 1 IPA. Enhancing social media management is the best advice that can be given (P5). XY Tour can use Linktree to connect all key connections in one location and leverage Instagram's special features, such as IGTV, Stories, and Posts, to target various demographics and market its services more successfully and efficiently.
4. **Promotion.** Promotion involves marketing communications to inform, persuade, and remind consumers about the products or services (Kotler & Keller, 2016). XY Tour uses conventional promotional strategies, such as word-of-mouth and brochures. Nevertheless, these methods were effective, considering the XY Tour has survived since 1989. The PROM1 variable (Increase online and social media advertising and content) is in Quadrant I IPA, indicating that it needs improvement. The recommendation is to increase the effectiveness of social media (P6) by using social media automation and analytics tools to help it handle large volumes of interactions and monitor trends that emerge from those interactions. XY Tour can also create user-generated content contests on social media (P7) as an effective way to encourage user interaction and engagement (Hollebeek & Glynn, 2014). For example, XY Tour can hold a photo or video contest by asking customers to share their best moments during the tour with a specific hashtag. This activity can generate many interesting contents that XY Tour can re-share and strengthen the community and customer loyalty.
5. **People.** XY Tour stopped operating during the COVID-19 pandemic because no tourists visited Indonesia. It also cut staff, leaving just five staff. Professional guides are a critical factor in CPM (15%). According to survey results, 13% of respondents desire knowledgeable and reliable staff. The PEOP2 variable (Good English skill) is in Quadrant IV, which means a low level of importance, but a high level of performance. However, the PEOP3 (Good staff

availability) is in Quadrant 1, which requires improvement. Recommendations can include providing effective customer service training to improve staff availability and responsiveness (P8) and recruiting new staff who can maximize the potential of social media (P9).

6. Process. Process involves the steps and activities involved in creating, delivering, and consuming a product or service (Kotler & Keller, 2016). XY Tour now uses WhatsApp to book the tour. Potential customers who browse the XY Tour website or Instagram can find the Linktree page, which provides direct chat via WhatsApp and online brochures for all the destinations offered. Online booking process (25%) and Easy booking (20%) are two critical factors in CPM. The PLAC3 variable (Improve customer communication channels) is in Quadrant I IPA. To address these issues, using chatbots (P10) can be recommended. Chatbots may automatically and instantly respond to frequently asked inquiries and consumer requests, allowing customer service to operate around the clock without requiring human resources. Additionally, chatbots can gather user input, which can be utilized to enhance future booking procedures. Tour package sales on online travel agencies (OTAs) like Traveloka and Agoda can also be offered (P11), which enables XY Tour to expand its reach and awareness.
7. Physical evidence. Applying cultural identity to XY Tour personnel and assets is one of the recommendations regarding physical evidence (P12). The company's identity can be further clarified in the public eye and used as a free marketing tool by using batik uniforms for staff and adding car stickers with batik designs to the fleet of vehicles. In order to preserve the coherence and distinctiveness of XY Tour's identity, website and brochure designs that incorporate cultural elements should present a contemporary, minimalist vibe while remaining deeply rooted in cultural values. As a result, the physical evidence used in XY Tour operations becomes a tangible representation of Yogya culture. Because of the PROM2 variable (Use attractive photos to promote destinations) in Quadrant II, this recommendation supports the IPA results and indicates that this variable is very crucial and performs better than the average value.

Table 5 lists the recommended marketing strategies, including STPD and the 7P marketing mix, for XY Tour. The recommendations have been discussed with the owner of XY Tour. Most of them are approved and will be implemented immediately. However, some strategies need further review and are considered for long-term implementation (P3, P7, and P11).

Table 5. Marketing strategy recommendations

Dimension	Recommendation
Segmentation	S1: New psychographic segment S2: New demographic segment
Targeting	T1: Increasing its presence in digital and social media T2: Offering special tour packages
Positioning	PO1: Strengthening the role as a "Yogyakarta cultural tour specialist"
Differentiation	D1: Presenting distinctive aspects of Yogya culture
Product	P1: Offering thematic tour packages P2: Creating culinary tour packages P3: Loyalty program
Price	P4: Cost-based pricing
Place	P5: Improving social media management
Promotion	P6: Improving social media effectiveness. P7: User-generated content contest on social media
People	P8: Providing effective customer service training P9: Recruiting new staff with social media management skills
Process	P10: Using chatbots P11: Selling tour packages on OTA
Physical Evidence	P12: Applying cultural identity on XY Tour assets and staff

4. CONCLUSIONS

The tourism industry in Indonesia is booming again after the pandemic. In addition to facing current competitors, travel agents also compete with OTAs. Thus, XY Tour needs a proper marketing strategy to survive and compete in this dynamic industry. This study aims to design the appropriate marketing strategy for XY Tour through CPM and IPA.

CPM identified six critical factors: online booking process, easy booking, caring customer service, professional guide, transparent price, and comfortable transportation. The XY Tour has a CPM score between the two major rivals, AB Travel and HI Tour. Meanwhile, IPA resulted in five variables in Quadrant I (concentrate here): good staff availability, improve customer communication channels, provide special offers to increase customer loyalty, increase online presence, and increase online and social media advertising and content.

This study suggests that XY Tour should segment based on consumer behavior, target new demographic segments, increase its presence in digital and social media, and offer special backpacker tour packages, as well as enhance its brand as a "Yogyakarta Cultural Tour Specialist" and increase the uniqueness of cultural elements. In terms of marketing mix, this study recommends offering thematic and culinary tour packages, implementing cost-based pricing, improving social media management and effectiveness, providing effective customer service training, recruiting new staff with social media management skills, using chatbots, and implementing cultural identity on assets, such as staff uniforms and putting attractive stickers on the vehicles.

This study's findings contribute to improving travel agents' marketing strategy. Overall, the results of this study can help travel agents better understand their market and how best to interact with customers, especially in today's digital era, where the application of technology in service is key to competing. Investment in a user-friendly online platform with fast and easy booking features is essential. In addition, improving the quality of service, such as responsive customer service, innovative and sustainable tour packages, and partnerships with various parties, will greatly assist in retaining and attracting new customers. Through the recommendations in this study, travel agents can improve their services to attract more foreign tourists visiting Indonesia.

However, this study has limitations. First, data was collected by distributing questionnaires online via Google Forms, which relies on respondents' trust to fill them out correctly. Further research can complement face-to-face data collection and interviews. Second, the sample was 100 customers; thus, the results cannot be generalized. Further research can increase the number of samples to make the results more comprehensive.

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