

CHAPTER II

LITERATURE REVIEW

2.1 Palembang

Palembang is one of the metropolitan cities in Indonesia. The total area of Palembang City is 400.61 km² which is administratively divided into 16 sub-districts and 107 sub-districts. Palembang is the capital of South Sumatra Province and is also the largest city and the center of socio-economic activities in the South Sumatra region (Chandra, 2015). It have a different region, namely in the north, east and west with Banyu Asin Regency, bordering Muara Enim Regency.

The Palembang City consists of two parts of the area, which is part of the Ilir in the north and part of the Ulu in the south which is separated by the Musi river. In Palembang, there is a magnificent 1,177 meter bridge that crosses over the Musi River. This bridge is called the Ampera Bridge that connects the Seberang Ulu and Seberang Ilir areas. This bridge is an icon of Palembang City.

The Palembang City is included in the sixteen list of MICE cities set by the Ministry of Tourism. The destinations are Jakarta, Bali, Bandung, Surabaya, Solo, Yogyakarta, Makassar, Batam, Medan, Manado, Padang, Palembang, Balikpapan, Bintan, Semarang and Lombok (Astuti, 2017). Therefore, Palembang city is one of the regions that is developing its potential to become a MICE city. Palembang also has hosted sports events in Southeast Asia. The event is Sea Games 2011, Islamic solidarity games 2013, Musabaqah Tilawatil Quran (MTQ) International 2014, ASEAN University Games 2014, and Asian games 2018. This shows that Palembang is able to hold international events.

Palembang has great potential for the city of MICE, because there are several facilities that can support Palembang to become a MICE city.

They are Palembang has many accomodation, complete transportation, various culinary, many venues, availability of professional staff for conducting MICE activities, etc. Palembang also has a MICE facilities that are not yet available in Palembang like less attractive destinations.

2.2 MICE (Meeting, Incentives, Conferences, and Exhibition)

MICE is a tourism activities whose activities are a combination of leasure and business, usually involves a group of people who together (Indrajaya, 2015). Meetings, incentives, conferences and events (MICE) are types of tourism that are well planned at the advanced level and are put together for a particular purposes such as business and leisure by involving a group of people. Therefore, MICE are tourism business activities where business and tourism are enjoyed together.

2.2.1 The Definition of Meetings, Incentives, Conventions and Exhibitions

In addition, MICE stands for meetings, incentives, conventions and exhibitions. The following are their own definition.

1. Meeting

A meeting of a number of people with an interest in discussing a problem and a solution related to mutual interests in one place. This can be done by booking a place at a hotel, convention center or other place dedicated to the meeting. Meetings bring people together in one place for the purposes of sharing information and discussing and solving problems (Lau, 2016).

Futhermore, usually the meeting is refer to corporate meetings. There are eights type of meeting that is held by the company in the following way (Lau, 2016) :

- Board meetings : a meetings of the board of the directors of a corporation, usually held annually.

- Management Meetings : the managers from different regions of a corporation meet when necessary to make decisions for the corporation.
- Shareholder Meetings : investors who own a share in a company meet quarterly
- Training Seminars : a company conducts these to train employees when needed
- Meetings with partners, suppliers and clients : a gathering to discuss business deals, usually held with little prior notice
- Product launches : usually a meeting with clients, the public, and journalists and reporters when new products are announced on the market
- Strategic planning : managers meeting with employees to discuss the future of the company
- Retreats : the entire company staff spends a day or two together to participate in team-building activities, training seminars and strategic planning sessions.

Every meeting types can determine how long the meeting lasts. In the service industry, the purpose of the meeting is to further develop work professionalism, membership consolidation, information dissemination, publications, and enhance cooperation with the community. Moreover, the meeting was included as one of the MICE activities where this activity was not only carried out to discuss a matter / problem but also there were tourism activities in it in a particular city. After the meeting was finished, the meeting participants were usually taken to enjoy the tour in the city they had just visited, which the schedule was arranged by the event organizer.

2. Incentives

Incentives are as compensation, bonuses, rewards, prizes of achievement given to members of organizations that aim to motivate and improve performance. In MICE, incentives are given to employees in the

form of travel incentives. Incentive travel is a management tool for rewarding and motivating sales representatives, dealers, distributors, production workers, support staff, and customers (Lau, 2016). The company rewards sales representatives who reach sales targets by sending them on trips.

Travel incentives are given to :

- Internal company is a person who is directly related to the company.
For example : employees and employees and their families.
- Extrenal company is a person who is outside the company. For example : distributors, suppliers, and customers.

Incentives are also included in one of MICE's activities because incentives are a travel activity carried out by a group / worker from an organization / company with their motivation in working. Usually given as a bonus that the company gave to the employees who had worked for the progress of the company.

3. Conference

Similar to meetings, conference are gathering of people with common objectives, organized to exchange ideas, views and information of common interest to the group (Lau, 2016). An organization, usually an association, will organize a convention each year with a theme related to the organization's topic. Conference is a meeting activity to negotiate or exchange opinions on issues discussed together. Participatory meeting designed for discussion, fact-finding, problem solving and consultation. Therefore, the conference is usually attended by many people from various countries to discuss an important issue carried out in a country that has been appointed as the host.

4. Exhibition

Exhibition is a series of events to exhibit / discuss the interests of the visual parties with the intention of introducing and promoting the existence of their products. Exhibitions are activities organized to show

new products, services and information to people who have an interest in them, such as potential customers or buyer (Lau, 2016).

There are five purposes of exhibition. They are :

- Sales leads
- Get New product introduction
- Build a network for influential contact so
- Gather latest information about the competitors
- Build the company's image

2.2.2 The Consideration of Implementation MICE

In the organizer of MICE activities, there are several things that need to be considered (Kesrul, 2004), including :

1. Determination of location and MICE space

In the determination there are 2 possibilities as follows :

- The client who sets and confirms the location of the location. The planner does not proceed further.
- Planners absolutely determine the location and place of meeting, for example holding a seminar or workshop or conference.
- Geographical place of consideration with spread of the person attending: too far from the participant's place, except in particular like no.1b, participants who need the seminar and conference once.
- Consideration in determining conditions around the location where the meeting will be held.

2. Equipment for MICE facilities

Facilities and secretarial service facilities from meetings or conferences are very diverse so there are no generally accepted standards (Kesrul, 2004). In determining the equipment of a meeting need to understand carefully the following points :

- Type of meeting and duration
- Number of participants

- Number of rooms needed
- Type and amount of equipment needed
- Form of seating arrangements
- Accommodation participant MICE

3. Handling of transportation

Meeting planner or PCO is responsible for transportation arrangements for all MICE participants. There are six points in transportation arrangements (Kesrul, 2004), namely :

- Air Transfers
- Airport shuttle service
- Multiple property shuttle
- VIP transportation
- Local tour
- Transportation staff

4. Food and beverage services

The meeting or conference proceeded smoothly and reduced the complaint of food and drinks (Kesrul, 2004). A meeting manager needs to check the location and regular placement of food and beverage, room service and banquet capabilities. Evaluation of the quality of food and beverages includes appearance and attractiveness, cleanliness, and types and variations of food and drinks during peak hours to determine the availability of stock of services and skills.

Moreover, including prices that are in accordance with the offer, besides, do you need to place an order in advance. Does the restaurant serve special or additional requests regarding the layout and type of food and drink.

5. Accommodation

The following is a list of accommodation handling that must be checked :

- Accommodation according to the expectations of participants

- Lodging: Number of rooms, room types and beds
- Free rooms for the committee or committee: number, type and facilities to be paid
- Special rooms for official organizations and guests: number, type and price.

From the explanation of the five points above, it can be seen that in running MICE, the Palembang city must fulfill these five things so that MICE activities run smoothly. Then, if one is not fulfilled or not available, the Palembang city does not have the potential to become a MICE city. As a result, there are no MICE events in Palembang city.

2.2.3 The Criteria of MICE Destination

Based on the Minister of Tourism Regulation of the Republic of Indonesia number 5 of 2017 concerning destination guidelines for holding meetings, incentive trips, conventions and exhibitions stated that there are 9 criteria for MICE destinations, as follows:

1. Accessibility

MICE accessibility is the ease of entry from outside to a MICE destination for both the flow of people and goods. Accessibility can be reached by land, air or sea. For example, in terms of international airports, destinations have international airports with international flight schedules.

2. Meeting and conference facilities

It is a facility in the venue of the destination that can display information on capacity, variation, layout, cost, atmosphere, security and service. It support the existence of a meeting, be it a congress, a corporation meeting, an association meeting, or a government meeting.

3. Exhibition facilities

A facility that is available at the exhibition venue with various types, capacities, layouts, atmosphere, services and security of an exhibition venue.

4. Accommodation facilities

It is a hotel facility and various types of lodging found in a destination.

5. Interesting places

Interesting places that can be an attraction for visitors such as the availability of buildings with unique architecture, museums, monuments, tourist attractions, city parks, theme parks, historic sites, local tours, shopping centers, restaurants, etc.

6. The situation of environment

It is a criterion concerning information related to the dimensions of the climate, the natural situation and the interesting environment, the infrastructure, hospitality of the population. Moreover, the destination have good infrastructure, tourist information center, hospital, money changer, police, banking, transportation, local culture, etc.

7. Destination image

It is information related to the reputation of the destination and the destination marketing business carried out. For example: the destination experienced to held international level MICE activities with satisfying performance. The destination reputation in the eyes of national associations, meeting planners, and international associations as international MICE venues.

8. MICE human resources professionalism

Destinations has MICE Human Resources that has competitive value and obtains national and international competency recognition. Readiness can be seen from the existence of PCO (Professional Congress/Conference/Convention Organizer), PEO (Professional Exhibition Organizer), EO (event organizer), travel business, Suppliers (Vendors) related to MICE, tour guides and other supporters such as field education institutions MICE.

9. Stakeholder support

It is the support of various parties, including local governments, destination market institutions, and certain professional associations or industries that can made an ambassador for the MICE destination.

2.3 SWOT (Strength, Weakness, Opportunities dan Threats) Analysis

SWOT analysis is interpreted as an evaluation of overall strengths, weaknesses, opportunities, and threats (Kotler, 2009). Strengths, weaknesses, opportunities, and threats (SWOT) analysis is a device that helps business managers to evaluate the strengths, weaknesses, opportunities and threats involved in any business enterprise, including farms and ranches.

2.3.1 The SWOT analysis

The SWOT analysis consists of four components (Suarto, 2017), namely :

1. Strengths

It is s a condition of strength contained in the organization, project or business concept that exists. The strength that is analyzed is the factor found in the body of the organization, the project concept of the business itself, namely what strengths are owned in tourism. By knowing the strength, tourism can be developed to be more resilient to be able to survive in the market and be able to compete for further developments concerning tourism.

2. Weaknesses

Weakness is a condition of weakness contained in the organization, project or business concept that exists. Weaknesses analyzed are factors found in the organization's body, the project or business concept itself, namely all factors that do not lead to or detrimental to the development of tourism objects.

3. Opportunities

It is conditions for opportunities to develop in the future that occur, conditions that occur are opportunities from outside organization, project or business concept, for example competitors and policies.

4. Threats

It is threatening conditions from outside. This threat can disrupt the organization, project or business concept itself.

The SWOT analysis can help them gain insights into the past and think of possible solutions to existing or potential problems, either for an existing business or for a new venture (USDA, 2008). The results of the analysis are usually referrals / recommendations to maintain strength and increase the benefits of opportunities, while reducing deficiencies and avoiding threats. Therefore, SWOT analysis is an analysis used to analyze and evaluate businesses that are ongoing and in planning.

2.3.2 External and Internal Factors of SWOT Analysis

To analyze more deeply about the SWOT, it is necessary to external and internal factors seen as important parts of the SWOT analysis (Fahmi, 2013).

1. External factors

These external factors influence the formation of opportunities and threats (O and T). Where this factors involves the conditions the occur outside the organization or program that effect in decision making.

2. Internal factor

Internal factor affect the formation of strengths and weaknesses (S and W). Where this factor is related to the conditions that occur within the organization or program, which also affects the formation of decision making company.

The function of the SWOT analysis is to get information from the situation analysis and separate it in the internal factors (strengths and weaknesses) and external factors (opportunities and threats). The SWOT analysis will explain wether the information indicates something that will help achieve the goal or provide an indication that there are obstacles to be faced or minimized. SWOT analysis can be used in various ways to improve analysis in the business of the strategy setting.

2.3.3 The Necessary of Using SWOT Analysis

It is important to use the SWOT analysis in identifying the strengths and weaknesses of the MICE business, namely there are 2 reasons:

1. Reducing Risk

To find out the threat to a MICE business that is being worked on, a businessman needs to use a SWOT analysis, because SWOT analysis is able to identify threats or risks to the business. Moreover, the important threats are coupled with company weaknesses, and the SWOT analysis identifies these risks (Markgraf, 2018). The threat can be known by looking for business weaknesses because it can endanger the future of a business. By using a SWOT analysis, business people can make the right decisions so they can reduce various threats and strengthen their business.

2. Improving Performance

The SWOT analysis tells you what actions you should consider to improve the performance of your business (Markgraf, 2018). By using a SWOT analysis, a businessman can analyze whatever their strengths and MICE business opportunities. Then, the results of this SWOT analysis can be used to take appropriate actions to improve MICE business performance or the performance of the employee.

From this explanation it can be concluded that conducting a SWOT analysis helps companies recognize both threats and opportunities that they need to be aware of and determine the appropriate actions for the MICE business. The results of this analysis can be used to improve business situations so as to reduce the possibility of developments that negatively affect business while improving performance.