

Original Article

Marketing Administration: Crafting a Comprehensive Marketing Mix for XBAG's Embroidered Bags of Malang

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Abstract: *With an emphasis on the Indonesian local brand, XBAG, this publication attempts to develop a thorough marketing mix (7P) specifically designed to satisfy the preferences of Malang clients for embroidered bags. This paper explores the strategic features of integrated online and offline presence, pricing strategies, partnerships and influencer marketing, and customer-centric procedures. It is based on the identified product development plans from the previous research.*

The integrated online and offline presence strategy places a strong emphasis on using social media, especially Instagram, to boost online marketing initiatives and generate buzz about upcoming items. To make easy online purchases, a feature-rich online store with an intuitive layout is also suggested. Considering tiered pricing depending on design complexity, introducing promotional pricing during launches or special events, and reflecting perceived product value are all examples of strategic pricing methods. Creating seamless online and in-store experiences and aggressively gathering consumer input to hone and enhance procedures on preferences and expectations are two examples of the customer-centric processes that are suggested.

Keywords: *Souvenir, Local Brand, Indonesia, Marketing Mix, 7P, Customer, Marketing Strategies.*

I. INTRODUCTION

Global trade, information exchange, and the consumption of cultural and technological products have all undergone significant changes as a result of the quick development of globalization and improved connectivity (World Bank, 2020). This transformative shift has produced a complicated and fluid global environment in which knowledge and creativity have become increasingly important assets in the context of competitive dynamics and growth in the economy (McKinsey Global Institute, 2019). One manifestation of this shift brought about by globalization is the rise of the creative economy on a worldwide scale. By incorporating value into the global economy, the creative economy sector has made a significant contribution to sustainable development. When we talk about sustainable development, we're talking about an economic environment that's marked by more competition and an abundance of renewable resources. For countries looking to progress and better their current situation, the creative economy is essentially a major objective (UNCTAD, 2021).

The creative economy can work in tandem with all of Indonesia's potential industries, particularly the travel and tourism sectors. With regard to the tourism industry, Indonesia's innovative economy is primarily driven by three subsectors: fashion, food, and crafts. These subsectors account for the majority of the country's GDP and exports. 14.9% of the country's GDP was generated by the creative economy subsector (Lukman, 2022). The tourism and creative economy outlook for 2021–2022 states that the three subsectors that contribute the most to GDP and exports are culinary arts, fashion, and craft. Furthermore, the creative economy sector is currently one of the largest contributors to the nation's GDP, accounting for 7.35% of it (PRNewswire2023).

Suppose a tourist destination recognizes the significance of the influence of tourist attractions, which, according to Hallman, Zehrer, and Muler in Suwanti (2014), are in terms of originality and natural beauty, variety, scarcity, and wholeness. In that case, there will be an increase in the number of visitors to these destinations. To boost tourism in Solo's region after the pandemic is over, one possibility that has emerged is the development of culinary tourism as a tourist destination. Culinary tourism is one of the tourism scenarios of Solo to raise tourist visits once more, as mentioned by Retno Wulandari (President of IMA-Indonesia Marketing Association Solo Chapter) in the ForKom Strategy to raise Tourist Visits Post Pandemic (Wulandari,2021).

There will be more tourists visiting a destination if it acknowledges the importance of the impact of tourist destinations, which, in the words of Hallman, Zehrer, and Muler in Suwanti (2014), are in terms of originality and natural beauty, variety, scarcity, and wholeness. One idea that has surfaced to increase tourism in Solo's area once the global epidemic is over is the creation of culinary tourism as a destination. According to Retno Wulandari (President of IMA-Indonesia Marketing



Association Solo Chapter) in the ForKom Strategy to raise Tourist Visits Post Pandemic, one of the tourism scenarios of Solo to raise tourist visits once more is culinary tourism (Wulandari, 2021).

In 2020, the tourism sector in Indonesia contributed 2.24 percent of the country's GDP, a decrease of nearly 2.7 percent from the previous year. Due to the COVID-19 pandemic, Indonesia's tourism industry will continue to contribute relatively little to the country's GDP in 2021. In 2021, the travel and tourism sector contributed approximately 413.73 trillion Indonesian rupiah to the country's GDP, a 10% decrease from the previous year. Due to the COVID-19 pandemic's negative effects on the nation's tourism industry, a continuation of 2019's decline was anticipated.

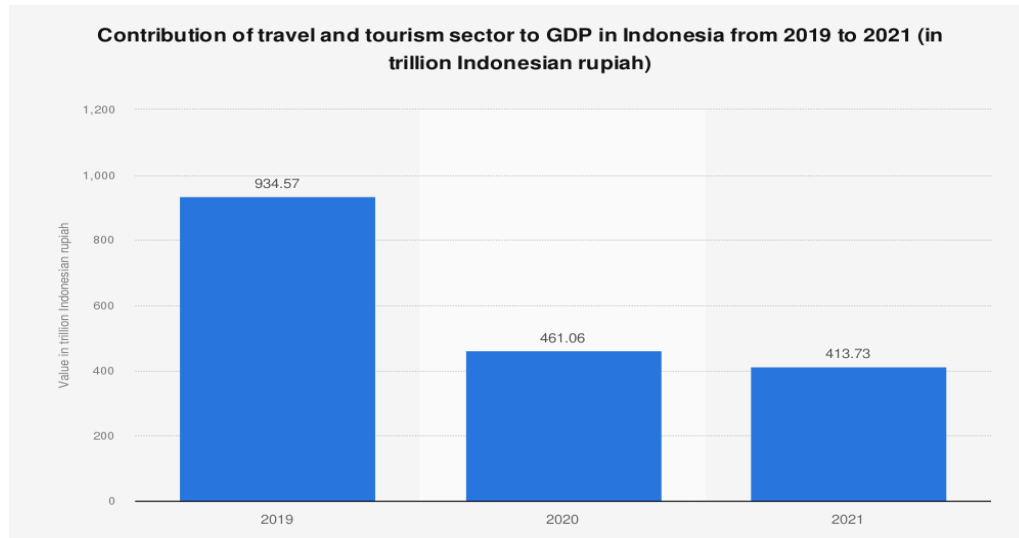


Figure 1: Contribution of the Travel and Tourism Sector to GDP in Indonesia

Sources: www.statista.com, 2023

Recent studies show that the tourism sector and the creative economy are still closely related and have the potential to be a potent catalyst for economic growth. Plenty of possibilities exist for the development and expansion of tourism provided by the creative industries. These opportunities include the ability to create demand for travel, launch new creative products, improve the quality and appeal of destinations, support the creative industries, and encourage creative exports (Petrova, 2022). Research done in Trenggalek, Indonesia, by Agustina (2020) also makes this clear. The burgeoning creative economy sector in remote areas, like Indonesia's Trenggalek Regency in East Java, offers a bright future for regional expansion. The creative economy has historically been concentrated in cities with excellent access to technology. But as regional influence grows and times change, the notion of fostering the creative economy in rural areas while preserving their distinct cultural heritage and way of life has emerged. According to Augustina et al. (2020), this strategy acknowledges the potential for rural communities to engage in the creative economy. These figures inform the XBag's desire to support the growth of creative industries and the tourism sector, particularly in Malang and the craft and fashion segments.

XBag aims to investigate Indonesia's unrealized potential, especially in East Java and the city of Malang. One of Indonesia's most popular travel destinations is Malang. In addition to being lucrative for business owners, the launch of souvenirs with Malang themes is a useful way to capitalize on the area's natural resources for development. This sustainable strategy fosters economic expansion and the general welfare while simultaneously guaranteeing environmental preservation.

Then, this research will have the primary objective of formulating a comprehensive marketing mix, commonly referred to as the 7Ps (Product, Price, Place, Promotion, People, Process, and Physical Evidence), to provide XBAG with a strategic framework that resonates with the diverse tastes and preferences prevalent in the Malang market. This tailored marketing mix serves as a roadmap, guiding the brand in its endeavors to expand its product range and enhance its market presence.

II. LITERATURE REVIEW

A) *Souvenir*

The idea of a souvenir and the idea of consumer behavior were extremely similar and relatable. Customers decide whether or not to move forward with a purchase based on the information at their disposal (Pappas, 2016). Purchase behavior is estimated and determined based on the intentions of individual behaviors. Research by Stancu et al. (2016), Giampietri et al. (2018), and Ma et al. (2018) predicts that the more strongly someone intends to purchase a souvenir, the more likely they are to

make a purchase. Manola and Balermipas (2020) discovered a dynamic relationship between tourism products and national identity markers.

The purpose of souvenirs themselves is crucial to the tourism industry. The national authorities have made several decisions, such as this one, to highlight specific facets of their cultural heritage. Furthermore, Ballengee-Morris (2022) asserts that tourist destinations can have a lasting effect on an individual's perception of a culture, location, and locals.

B) Internal Analysis

This study will make use of the VRIO Framework analysis, which is one of several techniques that can be applied when conducting an internal analysis of a company. A framework called VRIO Analysis is used to evaluate a company's resources and capabilities in terms of its competitive advantage. Value, Rarity, Imitability, and Organization are what it stands for. Murcia et al., 2022; Azevedo et al., 2022). A firm's operations can be examined using the VRIO study on a number of levels, including the company, particular business units, and even individual products and services. Thus, by having a complete understanding of its in-house assets and abilities, an organization may arrive at accurate strategic decisions. (Sultan, 2022).

The organization may regulate the benefits of its own resources—valuable, uncommon, and replicable—by utilizing the VRIO and adopting policies, procedures, or practices that safeguard the resources (AlQershi et al., 2020). In the end, the VRIO study provides valuable insights into the strengths and weaknesses of an organization and is an essential step in the strategic management process. By using the VRIO analysis, a company can also identify areas for improvement and the actions it needs to take to maximize the value of its resources and expertise (Azevedo et al., 2022).

However, the investigator will initially use the resources-based view before utilizing VRIO in order to evaluate the assets that the company or the XBag has. Regarding Wheelen's (2018) analysis, the Resource-Based View (RBV) theory contends that a business can create a lasting competitive edge by utilizing unique and priceless resources that are difficult for competitors to imitate or replace.

C) External Analysis

External analysis is an essential process that helps a brand comprehend how external factors, such as changes in the industry, affect its success. It comprises looking into the environment of competition, dynamics, and history of the industry in which a company operates. External analysis can be used to determine the possibilities and dangers facing a business or any segment that will impact profitability, growth, and volatility.

When conducting an external analysis of a business industry environment, factors such as competitive structure, position in the market, dynamics, and history must be taken into account. Instances of external analysis include macroeconomic, international, political, social, demographic, and technological analysis.

The primary objective of external analysis is to identify the opportunities and threats in a sector or industry that will promote profitability, growth, and volatility. For this investigation, the researchers will employ one of the PESTEL analysis-using technologies. "Beyond the direct influence of an individual organization" is how Fleisher and Bensoussan (2003) define PEST elements. These components can be found in the overall environment of the company, claim Fleisher and Bensoussan (2003). According to Kansongue et al. (2023), a PESTEL approach is taken into consideration because it aids in improving understanding of current external influences on the development of renewable energy by relying on assumptions rather than facts. It also aids in identifying factors that may change, mitigating risks, and seizing possibilities that are necessary to maintain competitiveness and create a better long-term strategy.

D) Marketing Mix

The marketing mix, according to Kotler (2018), is a collection of tactical marketing instruments that a business uses to elicit a desired reaction in the target market. The marketing mix of the company encompasses all forms of consumer interaction and value delivery to customers. The 4P and 7P marketing mixes are two examples of the different kinds of marketing mixes. Particularly in the area of marketing, the 4P concept—product, price, place, and promotion—that was first presented by McDaniel et al. (2012) in conjunction with the growth of businesses has undergone modifications.

In-service marketers Lovelock and Wright (1999) claim that the 4P instrument has developed into the 7P, which includes the addition of people, processes, and tangible evidence. A variable ability, the marketing mix is made up of the seven Ps: people, process, product, price, place, promotion, and tangible evidence. Considering that the subject of this study is XBag, a local Indonesian brand with an offline workshop where services are offered. As a result, researchers used the 7P marketing strategy in this investigation.

III. RESULTS AND DISCUSSION

The result and discussion section provides a detailed examination of XBag's strategic elements and market positioning. The PESTEL analysis uncovered the brand's adaptability to political, economic, social, technological, environmental, and legal factors, showcasing a comprehensive understanding of the external environment. This adaptability positions XBag favourably in navigating potential challenges and aligning with broader societal trends, fostering brand relevance. In the competitor analysis, XBag's unique selling proposition, particularly its distinctive floral motifs inspired by the City of Flowers, Malang, emerged as a key differentiator.

The brand's commitment to quality craftsmanship within its in-house workshop further solidifies its competitive advantage. By consistently delivering on its promise of unique, culturally inspired designs, XBag establishes itself as a leader in the embroidered bag market. The RBV and VRIO frameworks shed light on XBag's internal resources, emphasizing the rarity and inimitability of its workshop presence, designer team, and brand reputation. These resources collectively contribute to a sustained competitive advantage, reinforcing XBag's market position and highlighting its potential for long-term success.

The 7P Marketing Mix analysis delves into the intricacies of XBag's product strategy, pricing approach, physical and virtual places, promotions, people-centric focus, structured processes, and emphasis on physical evidence. The synthesis of these elements portrays a well-rounded marketing strategy, aligning the brand's offerings with diverse consumer preferences and creating a holistic brand experience. Throughout the result and discussion section, the overarching theme is XBag's commitment to quality, cultural inspiration, and consumer engagement. The brand's success lies not only in its unique product offerings but also in its ability to seamlessly integrate various marketing elements to create a cohesive and compelling brand reputation.

A) External Analysis

a. PESTEL Analysis

1. Political Factors

The analysis of political factors reveals that XBag is susceptible to changes in import duty tariffs imposed by the Indonesian government. Particularly, regulations on the Goods Classification System and Import Duty Tariffs for Imported Goods can significantly impact production costs and retail prices, especially for the exclusive "India Series" collection. The proactive assessment of political factors allows XBag to adapt its pricing strategy to potential regulatory changes, ensuring competitiveness.

2. Economic Factors

Economic factors, including economic growth, inflation rates, and GDP, play a crucial role in XBag's business. Economic growth in Indonesia, especially in Malang, can drive demand for embroidered bags. Inflation rates impact production costs and pricing strategy, while GDP reflects the overall market value. XBag's awareness of these factors enables informed decision-making in response to economic shifts.

3. Social Factors

XBag's initiatives to empower local communities, particularly mothers, contribute to social factors. The collaboration with local communities not only provides economic empowerment but also respects traditional skills. This social engagement strengthens XBag's connection with the community, aligning with consumer preferences for socially responsible businesses.

4. Technology Factor

The utilization of technology, as demonstrated by XBag's engagement in e-commerce and online platforms, reflects an understanding of the growing internet user base in Indonesia. The strategic use of technology, including social media optimization and targeted online advertising, aligns with the evolving landscape of online purchasing habits, especially during the COVID-19 pandemic.

5. Environmental Factors

XBag's commitment to embodying Sustainable Development Goals (SDGs), focusing on quality education, gender equality, decent work, and economic growth, and partnership for the goals, showcases a proactive approach toward environmental sustainability. By contributing to these goals, XBag aligns its business practices with global sustainability objectives that appeal to environmentally conscious consumers.

6. Legal Factors

XBAG Malang's commitment to legal compliance, particularly in protecting intellectual property through the registration of designs under *Hak Atas Kekayaan Intelektual* (HAKI), demonstrates a dedication to ethical business

practices. This legal safeguarding not only deters illegal reproduction but also enhances the company's credibility and authenticity in the market.

b. Porter Five Forces

1. Threats of New Entrants

The low threat of new entrants is attributed to the specialized nature of XBag's business, which requires artistry and craftsmanship for embroidered bags. The established brand presence and unique collections act as barriers to entry, safeguarding XBag's position in the market.

2. Bargaining Power of Buyers

While buyers have moderate bargaining power due to alternative options in the market, XBag's unique designs and cultural identity enhance the perceived value of its products. Strategic engagement through social media platforms strengthens customer loyalty, mitigating the potential impacts of external influences on buyer bargaining power.

3. Threats of Substitute Products

The low threat of new entrants is attributed to the specialized nature of XBag's business, which requires artistry and craftsmanship for embroidered bags. The established brand presence and unique collections act as barriers to entry, safeguarding XBag's position in the market.

4. Bargaining Power of Suppliers

The bargaining power of suppliers varies, with moderate influence overall. While there is flexibility due to the abundance of suppliers for raw materials, certain key suppliers, particularly in leather and hardware components, hold considerable influence. This dynamic requires careful consideration of alternative suppliers and their impact on cost structures.

5. Competitive Rivalry

Competitive rivalry in the market is moderate to high, emphasizing the need for continuous innovation and effective marketing strategies. XBag's distinctive designs and cultural emphasis provide a competitive advantage, but the presence of other participants necessitates ongoing efforts to fortify and sustain market positioning.

(i) Competitor Analysis

Table 1: Competitor Analysis

<i>Brand</i>	<i>XBag</i>	<i>Wentys Passion</i>	<i>Daster Zama</i>
Customer Segments: Who do they serve?	The primary focus is on tourists, followed by local citizens.	Locals and Tourist	The primary focus is on tourists, followed by local citizens.
Primary Benefits: What do they provide?	Fashion: Embroidery Bags, Embroidery Clutch, etc.	Fashion: Bags, clutch, etc.	Fashion: Embroidery Home dress/Daster
Channel Strategy: How do they provide?	Workshop & Online Store	Offline Store & Online Stores	Physical stores & Online Store
Customer Relationship: How do they acquire and retain customers?	Give service in their workshop & Online Store + Active on IG and TikTok	Give service in their physical store & Online Store	Give service in their physical store & Online Store + Active on IG
Pricing Strategy: How do they price the products and services?	The price range is from IDR 75.000 – IDR 425.000	The price range is from IDR 22.000 – IDR180.000	The price range is from IDR 190.000 – to IDR 370.000
Differential Advantage: What are the sources of their differential advantage?	XBag makes and produces bags with many varieties, with the differential advantage of the embroidery motifs on the bags.	They sell many types of bags at affordable prices.	They make with differential advantage is its wide variety of Home dress styles.

The competitor analysis indicates that XBag faces direct competition from Wentys Passion and Daster Zama. While all three brands focus on tourists and locals, each has a distinct pricing strategy, product range, and differential advantage. XBag's higher price range aligns with its unique selling point in embroidery, catering to diverse customer segments. Understanding these differences is crucial for XBag to refine its business strategy and capitalize on its distinct strengths in the market.

B) Internal analysis

a. Resources-Based View (RBV)

The RBV analysis identifies tangible and intangible resources contributing to XBag's competitive advantage.

No	Resources	Descriptions
TANGIBLE RESOURCES		
1	Machinery	The manufacturing process of XBags makes use of the machinery systems. Sewing and embroidery equipment are necessary equipment for creating embroidered bags and boosting production efficiency despite their widespread use in the industry.
2	Inventory Management System	XBags Teams can streamline the way it operates through the use of an efficient inventory management system, ensuring that the supplies required for the production of embellished bags are available. The approach to inventory management adds value by increasing operational effectiveness. It reduces carrying costs, ensures on-time manufacturing, and avoids stockouts.
3	Workshop Presence	XBags has purposefully set up physical workshops in Malang, where talented stitchers produce one-of-a-kind, intricately cultural embroidery designs. The physical workshops contribute significantly to the brand's uniqueness by offering a genuine link to Malang's cultural heritage. XBags has arranged its workshops in a way that maximizes the impact on distinctiveness while guaranteeing smooth collaboration between artisans and designers.
4	Distribution Channels	Effective distribution channels have been set up by XBags to guarantee that a large market can purchase its goods. This covers joint ventures with online retailers, resellers, and physical training centers.
INTANGIBLE RESOURCES		
1	Designer Team	For the embroidery bag designs, XBags has put together a talented design team that helps create embroidery designs that are both distinctive and rich in cultural references. It is difficult for rivals to match the designer team's skill and inventiveness. It calls for a group of people with comparable creative skills and a thorough awareness of regional customs.
2	Brand Reputations	XBags is a well-known brand that offers authentic, superior souvenirs from Malang. Customers recognize the brand as unique and reliable. Building a strong brand reputation is a relatively uncommon occurrence in the industry. Delivering consistently high-quality items becomes necessary over time. Strong brand awareness attracts customers searching for distinctive mementos. This bolsters clients' trust in the genuineness and caliber of XBags' merchandise.

b. VRIO

Table 3: VRIO Analysis

Resources	Value	Rare	Inimitable	Organization	Impact
TANGIBLE					
Machinery	YES	NO	NO	YES	The impact of the machinery on sustained competitive advantage is moderate, primarily contributing to the uniqueness of the products.
Inventory Management System	YES	NO	NO	YES	The impact of the inventory management system on sustained competitive advantage is moderate, mainly contributing to operational efficiency.
Workshop Presence	YES	YES	YES	YES	The impact of the workshop presence on sustained competitive advantage is significant, contributing significantly to the brand's authenticity and uniqueness.
Distribution Channels	YES	NO	NO	YES	Distribution channels contribute to market accessibility and reach but have a minor impact on sustained competitive advantage.
INTANGIBLE					
Designer Team	YES	YES	YES	YES	The designer team has a big influence on maintaining competitive advantage and helps create distinctive, culturally rich products.
Brand Reputation	YES	YES	YES	YES	Brand reputation has a major effect on maintaining a competitive edge, influencing consumer choices and fostering long-term success.

C) 7P of XBag

a. Product

XBags' focus on creating embroidered bags with unique floral motifs inspired by Malang's identity positions the brand as distinctive. The commitment to quality through meticulous in-workshop crafting ensures consistency and exceptional craftsmanship. XBag's international reach reflects the universal appeal of its designs, showcasing adaptability and success in catering to diverse markets.

b. Price

XBags' pricing strategy aligns with a diverse audience, spanning Baby Boomers to Generation Z. The range from affordable to premium caters to varying consumer preferences. Exclusive offers, especially on the India series, appeal to Baby Boomers, while affordable entry points and trendy designs resonate with Generation Z. Pricing reflects the

uniqueness and creativity of XBag's designs, justifying the perceived higher price point through intricate detailing.

c. Place

XBag strategically focuses on the physical workshop and online presence to enhance the consumer experience. The workshop provides transparency and a tangible connection to craftsmanship. Social media platforms serve as virtual showcases, engaging a wider audience and staying abreast of fashion trends. The combination of physical and virtual engagement creates a multi-dimensional brand experience.

d. Promotion

XBAG implements a comprehensive promotional strategy, including targeted online ads, collaborations with tour and travel agencies, and strategic event-based promotions. The use of data-driven insights ensures efficient targeting, and partnerships with agencies extend promotional reach. The collaborative promotion with tour guides enhances visibility among tourists, creating a memorable brand experience.

e. People

XBag recognizes the pivotal role of its teams in driving success. The alignment of tasks with individual expertise ensures efficient execution of marketing strategies. XBag's people, particularly XTeams and board members, play a critical role in creating memorable connections with customers and enhancing the overall hospitality sector experience.

f. Process

The process component unfolds through well-defined stages, ensuring seamless production and delivery of embroidered bags. XTeams navigate stages such as small-scale and large-scale purchases, B2B processes, and consignment processes. The structured and efficient process aims to surpass customer expectations and create a gratifying, memorable journey.

g. Physical Evidence

Physical evidence is highly valued by XBag, which highlights its distinctive features in workshops. Transparency and a strong bond between the client and craftsmanship are established through the live demonstration of embroidery machines in the workshop. The workshop turns the customer experience into an unforgettable journey, serving as a physical manifestation of XBag's dedication to authenticity and quality.

D) Discussion

The 7P Marketing Mix analysis provides insights into XBag's strategic elements. The distinctive product, pricing strategy, emphasis on physical and virtual places, comprehensive promotional approach, recognition of the role of people, structured processes, and focus on physical evidence collectively contribute to XBag's competitive advantage.

XBag's strategy aligns with its commitment to quality, cultural inspiration, and community engagement. The analysis underscores the brand's adaptability to diverse consumer segments, emphasizing the importance of creativity, transparency, and authenticity in the competitive landscape.

XBag can further capitalize on its presence in workshops and distinctive production processes in marketing communications to strengthen its competitive position. Expanding the brand's reach can be achieved through investigating creative partnerships and bolstering internet interaction. Maintaining competitiveness over time will require constant observation of external elements, especially changes in the economy and regulations. This will facilitate quick decisions. In conclusion, XBag is positioned as a distinctive and culturally relevant competitor in the market because of its strategic alignment with the 7Ps framework. A customer-centric strategy combined with the integration of material and immaterial resources lays the groundwork for long-term success and expansion.

IV. CONCLUSION

The comprehensive analysis of XBag's marketing strategy through the lenses of the PESTEL framework, Porter's Five Forces, competitor analysis, RBV, VRIO framework, and the 7P Marketing Mix offers valuable insights into the brand's current positioning and strategic strengths. The significance of these findings extends to their implications for XBag's sustained success and growth in the competitive landscape. The external analysis revealed XBag's proactive approach in considering political, economic, social, technological, environmental, and legal factors. The brand's understanding of the local and global economic landscape, coupled with its commitment to sustainable practices and legal compliance, positions XBag as a socially responsible and adaptive player in the market.

The internal analysis highlighted tangible and intangible resources contributing to XBag's competitive advantage. The workshop presence, designer team, and brand reputation emerged as key factors in maintaining a distinctive edge. The VRIO framework underscored the rarity and inimitability of these resources, emphasizing their significant impact on sustained

competitive advantage. The 7P Marketing Mix analysis revealed a well-aligned strategy where XBag's unique product, pricing approach, emphasis on physical and virtual places, comprehensive promotions, people-centric focus, structured processes, and attention to physical evidence collectively contribute to a compelling brand image.

The strategic study concludes by positioning XBag as a brand with a distinct value proposition, robust internal resources, and a skillfully designed marketing mix. The brand's dedication to community involvement, cultural inspiration, and excellence lays a strong basis for its future growth. By leveraging its advantages, embracing innovation, and remaining aware of market trends, XBag is in a strong position to grow steadily and leave a lasting impression on the market.

Interest Conflicts

The manuscript's authors affirm that they have no conflicting interests in publishing this work. This work's research, conclusions, and findings are the result of objective analysis and are only the authors' academic endeavors. The planning, carrying out, or reporting of this study has not been influenced by any financial or non-financial interests. The writers are not connected to any groups or companies that could be directly or indirectly interested in the topic of this work.

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