The Effects of Destination Attributes and Benefits on Decision Making of MICE Stakeholders in Medan City

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Abstract—**Medan City is one of the government-appointed MICE-destination. Harsh and strict competition amongst tourist destinations demands support, participation, and investment from stakeholders. This study is focused more on the perceptions of stakeholders towards the destination attributes of Medan City and the benefit of MICE activities on decision making. The population used in this study is MICE stakeholders in Medan City, consisting of planners who have experience as EOs (Event Organizers), travel agencies, hotels, venues, and the government tourism office. Using the Lameshow formula, a sample of 96 people was determined. The sampling technique used in this study was the purposive sampling technique. PLS (Partial Least Square) structural equation modelling was used for the analysis. The results showed that destination attributes had a positive but not significant effect on decision making. Destination attributes have a positive and significant effect on benefits. Benefits have a positive and significant effect on decision-making. Destination attributes through benefits have a positive and significant effect on decision-making.**

Keywords—Benefits, Decision Making, Destination Attributes, MICE Stakeholders

I. INTRODUCTION

The MICE (Meetings, Incentives, Conventions, and Exhibitions) sector is one of the fastest-growing tourism market segments and was greatly affected during the Covid-19 pandemic. The potential loss during 2020 is estimated to be around Rp. 2.69 trillion - Rp. 6.94 trillion. This is because around 96.43 percent of events in 17 provinces in Indonesia had to be postponed during the pandemic. Data from ICCA (International Congress and Convention Association) as of February 27, 2020, recorded that 12 events were postponed, and two were canceled [1]. In the New Normal era, this sector must be able to rise by aligning strict health protocols in organizing events and using information technology in their activities.

Medan City is one of the government-appointed MICE-destination. Medan City is strategically located on the Strait of Malacca, which is the entrance to western Indonesia. This has permitted Medan City to be the center for tourism and trading on a domestic and international scale. The city of Medan is close to Kuala Lumpur and Singapore, which are the world's MICE cities. The government's plan to increase national and international MICE activities is faced with firm competition between destinations. For this reason, it is necessary to make decisions (decision making) by stakeholders in the form of support, participation, and investment in the MICE sector.

A lot of researches on stakeholder behavior have been carried out including the behavior of MICE stakeholders, consisting of hospitality workers and tour officers [2]. Zhiyi & Hanyu examined the impact of the transformation of the destination governance structure on stakeholder perceptions [3]. The needs and expectations of MICE stakeholders for tourism development in the Barents region were carried out by Konovalenko [4]. The decision-making to organize a MICE event is a difficult process for event organizers in a MICE destination. Destination attributes play an important role in this decision-making process. This variable is considered an attracting factor that can inspire delegates and event planners to a destination [5], [6].

MICE activities are recognized to have benefits in various aspects which are referred to as the multiplier effect. Various studies showed that the benefits resulting from holding MICE activities are the basis for investing in this business [7]–[12].

Therefore, this research is more focused on stakeholder perceptions of destination attributes and the benefits of MICE activities on decision-making in supporting and investing in the MICE sector. This is important considering the intense competition between destinations to attract participants to carry out MICE activities. So that in the post-Covid-19 pandemic, Medan City can be transformed as an icon of destinations in Indonesia.

II. MICE STAKEHOLDERS

Biset in Azheri stated that Stakeholders are those who have an interest and are motivated by profit expectations [13]. The company is not an entity that only operates for its own interests but must provide benefits to its stakeholders [14].

Stakeholder groups are categorized into three groups, which are primary, secondary, and other groups. The primary

group consists of city officials, marketing organizations, competitors, tourism attraction operations, service companies, tourists, restaurants, and hotels. Meanwhile, the secondary group consists of chambers of commerce, incentive planners, and community groups. Other groups are made of property owners, local businesses, coastal area managers, and employees [15]. In the context of this study, the selected stakeholder category is business owners consisting of hotels, venues, EOs, and travel tours.

III. DESTINATION ATTRIBUTES

Destination attributes are deemed critical by event planners, associations, attendees, and destination hosts. Competition between destinations in holding MICE events has increased, which led to the need for identifying key criteria to satisfy clients and meet their needs and expectations. Push factors are wants, needs, and perceptions that affect the clients, while attracting factors are destination attributes [16].

Destination attributes are factors that attract tourists to a destination [17]. The dimensions of the destination attributes are Amenity, Accessibility, Accountability, Affordability, Attractions, and Activity. Amenity is described as adequate facilities for conventions and exhibitions, and meeting room facilities and their ability to have certain basic services such as fire, police, water, etc. Accessibility refers to the ease with which participants can travel to and from the event location by considering time and effort. Accountability refers to the ability of the host destination to provide overall quality to MICE tourism participants in terms of customs, telecommunications, health care, and qualified employees. Affordability refers to the overall price or cost of participating in an event. Attractions refer to the ability of the host goal to provide attractions and points of interest to meeting participants. Activity refers to recreational activities before, during, and after meeting events [5].

IV. MICE BENEFITS

MICE benefits can be described as acknowledgment of the benefits and contribution of MICE activities in the form of investment incentives that encourage investment. In a behavioral study, attitudes toward recognizing the socioeconomic impact of MICE business and the contribution of MICE were found to significantly influence the behavior of respondents [7].

MICE benefits to various aspects will foster curiosity about how potential investors make decisions to invest in this sector. The literature shows that the benefits resulting from holding MICE are valuable. This is the basis for doing business in this sector.

Dimensions of these benefits include facilitating access to new technologies, attracting high-spending visitors, providing high yields and returns per capita, improving international economic relations, creating more economic multiplier effects and competitiveness, and can occur outside of peak season [7].

MICE delegates stay longer with large expenses [18]. Furthermore, MICE contributes to community development, urban renewal, and the growth of national identity [19]. Kay emphasizes the profit criteria and motives behind the establishment of convention and exhibition centers; These include airport repairs, subway systems, highways, host city renovations, parks, and other various urban renewal schemes [20].

V. DECISION MAKING

Investment in decision-making is considered a critical factor for any business entity that affects its prosperity, competitiveness, and long-term performance [21]. Theoretically, the investment decision process goes through four main things, namely the initiation phase and initial thinking, investigation, evaluation, and final decision[22]. For Sykianakis & Bellas, there are five stages: introduction, diagnosis, screening, development and design, and negotiation stages [23]. More comprehensively, Niskanen & Niskanen describe seven phases of the investment process: recognition, search, information search, selection, funding, and implementation and monitoring of investment projects [24].

The stages of the decision-making process will differ sequentially according to the nature of the project. For tourism, including MICE, recognition, search, information retrieval, diagnosis, investigation, evaluation, and screening will be the necessary stages before the final decision. These phases can be combined into fewer ones. However, there has been no research to examine the effect of these phases on investment decision-making in tourism, especially MICE.

For this reason, the phase that precedes decision-making is represented by stakeholder perceptions of destination attributes and recognition of the benefits of MICE. The availability of information about destination attributes allows investors to choose alternatives to maximize profits. Meanwhile, the lack of information affects the benefits and increases the risk that can lead to bankruptcy. Therefore, decision-making ultimately refers to the dimensions of action taken after analyzing the destination attributes and benefits of MICE in the form of decisions to support, participate and invest in MICE activities [15].

VI. RELATIONSHIP BETWEEN VARIABLES

A. The Effect of Destination Attributes on MICE Benefits.

Getz & Page stated that MICE tourism, an event-based business, requires facilities that are part of MICE destination attributes [25]. The completeness of these facilities will shape the image of the destination and will further provide benefits for tourist visits to carry out MICE activities at the destination. Thus destination attributes play a crucial role in winning the competition to seize MICE activities and provide multiplier effect benefits to various sectors in a MICE-destination.

H1: Destination attributes affect the MICE benefits.

B. The Effect of MICE Benefits on Decision Making

Leong defines MICE as a type of tourism in which participants are gathered to achieve certain goals. It is known as the event business in Australia, the MICE industry in Europe, and MICE tourism in Asia and North America [8]. The benefits derived from organizing MICE activities are recognized as affecting decision-making. On the other hand, benefits are the initial stage of the investment decision process which is described as a driving factor because it includes some form of incentives. Decision-making depends on investment return rate, risks, and expected costs [26].

H2: MICE Benefits has a positive and significant effect on Decision-Making.

C. The Effect of Destination Attributes on Stakeholders' Decision Making

Before making a decision, stakeholders need to conduct an analysis and feasibility study of the project to be implemented. This is done so that the success of the implemented project can be predicted. For this reason, stakeholders of MICE activities can conduct analysis and feasibility studies through information about destinations such as the destination attribute.

Decision-making in investment in the MICE sector should be made after analyzing a detailed feasibility study of the project in question. The availability of information about destinations along with destination attributes allows investors to choose alternatives to maximize profits. Investors need to base their investment decisions on complete and accurate data, while a lack of information will affect the investment benefits and increase the risk of loss. These risks are related to uncertainty and insufficient information that can even waste company resources and lead to bankruptcy [27].

H3: Destination attributes have a positive and significant impact on investment decision-making in the MICE sector.

D. The Effect of Destination Attributes on Decision Making through the MICE Benefits.

Good destination attributes will bring benefits to the MICE implementation so that it will affect stakeholders in making decisions to invest in this sector. The benefits of MICE activities are providing access to new technologies, attracting high-spending visitors, providing high yields and returns per capita, increasing international economic contacts. Moreover, the benefits of MICE activities also are creating more economic multiplier effects and competitiveness, bringing more visits outside of peak seasons, causing visitors to stay longer and to have higher expenses than ordinary tourists (Huo, 2014). Furthermore, MICE contributes to community building, urban renewal, and the growth of national identity. Through MICE contribution benefits, it will affect decision-making [19], [20].

H4: Destination attributes have a positive and significant impact on stakeholder decision-making through the MICE benefits.

VII. RESEARCH METHODS

A survey with a quantitative approach was conducted in this study. The independent variable is the destination attributes and the moderating variable is benefits. Moreover, The dependent variable is decision-making. The research population used in this study were stakeholders represented by both government and privately owned travel agencies, tour operators, investors, restaurant owners, event organizers, hoteliers, and other parties who have held MICE activities in Medan City. The number of samples, determined using the Lemeshow formula, was 96 people. Furthermore, the data were analyzed using the PLS path model.

VIII. DATA ANALYSIS AND RESULTS

A. Descriptive Analyisis

Descriptive analysis was conducted to determine respondents' perceptions of each variable. The average respondent's response to the destination attributes is in the category of 3.78 or is at a good level or has met 75.6% of the specified criteria. Respondents' perceptions of the benefits of organizing MICE in Medan City are in the category of 3.90 or are at the good category or reaching 78% of the specified criteria. Respondents' perceptions of Decision Making on the implementation of MICE in the city of Medan are in the category of 4.20 or are at the good category or have reached 84% of the specified criteria.

B. Analysis of the Measurement Model.

1) Validity and Reliability Test

Analysis of the measurement model is carried out by conducting validity and reliability tests (outer model), consisting of Convergent validity, average variance extracted (AVE), to see composite reliability, discriminant validity. Convergent validity can be seen in the outer loading. The results of the outer loadings for measuring the convergent validity of the measurement model (instruments) show a score above 0.50-0.70, except for indicators Y1.1, Y1.8, and Y1.9. Therefore, the three indicators were removed and the measurement of the model was carried out again. Composite reliability is above 0.6 with an alpha above 0.5. Thus, the measurement model is valid and reliable. Convergent validity and AVE can be seen in Table II.

Discriminant validity can be assessed from the correlation value of the variable with itself and with other variables. If the correlation value against the variable itself is higher than the correlation value with other variables, then the discriminant variable validity is satisfied.

TABLE I. CORRELATION VALUE

	Destination Attributes	Benefits	Decision Making
Destination Attributes	0.726		
Benefits	0.604	0.784	
Decision Making	0.469	0.619	0.857

From the Table I, it can be seen that all variables have the highest correlation on themselves compared to the correlations on other variables. Thus, the discriminant validity requirements in this study are met.

TABLE II. CONVERGENT VALIDITY AND AVE

No.	Variable	Indicator	Loading Factor	Alpha	Results	Composite Reliability	Alpha	Results
1	Destination Attributes (X)	$X_{1.1}$	0,775	0,0000	Valid			
		$X_{1.2}$	0,610	0,0000	Valid			
		$X_{1.3}$	0,772	0,0000	Valid			
		$X_{1.4}$	0,718	0,0000	Valid			
		$X_{1.5}$	0,741	0,0000	Valid	0,847	0,527	Reliable
2	Benefits (Y)	$Y_{1.2}$	0,773	0,0000	Valid			
		$Y_{1.3}$	0,740	0,0000	Valid			
		$Y_{1.4}$	0,795	0,0000	Valid			

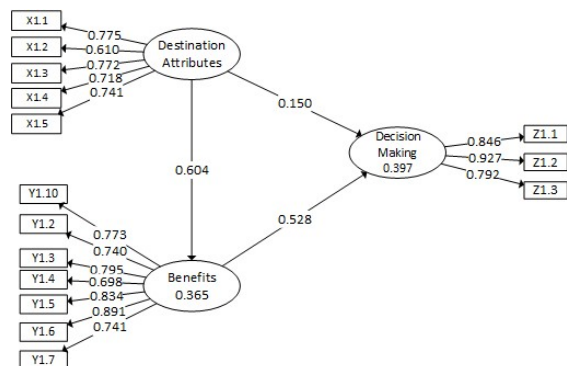| No	Variable	Indicator	Loading	P-value	Validity	CR	AVE	Reliability
		Y1.5	0,698	0,000	Valid			
		Y1.6	0,834	0,000	Valid			
		Y1.7	0,891	0,000	Valid			
		Y1.10	0,741	0,000	Valid	0,917	0,615	Reliable
3	Decision Making (Z)	Z1.1	0,846	0,000	Valid			
		Z1.2	0,927	0,000	Valid			
		Z1.3	0,792	0,000	Valid	0,892	9,734	Reliable

Fig. 1. PLS Research Model

2) Multicollinearity Test

Multicollinearity occurs when the VIF (Variance Influence Factor) value is > 10. It can be seen from Table III that there is no multicollinearity, because all VIF values are < 10.

TABLE III.   VIF VALUE

Indicator	VIF	Indicator	VIF	Indicator	VIF
X1.1	1,682	Y1.2	1,934	Y1.7	2,196
X1.2	1,237	Y1.3	3,034	Y1.10	2,653
X1.3	3,034	Y1.4	2,053	Z1.1	1,856
X1.4	2,053	Y1.5	3,360	Z1.2	2.458
X1.5	1,643	Y1.6	3,655	Z1.3	1,733

IX.   STRUCTURAL MODEL

Measurement of the structural model or the measurement of the inner model was carried out to see the relationship between the construct, significance value and R-square of the research model. The results of the research model can be seen as shown in Fig.1.

The destination attributes have a positive and significant direct effect on benefits (0.604; P-value <0.05). The hypothesis is accepted. The destination attribute has a positive but not significant direct effect on decision-making (0.150; P-value>0.05). The hypothesis is rejected. Benefit has a positive and significant direct effect on decision-making (0.528; p-value <0.05). The hypothesis is accepted. Destination attributes have a positive and significant influence through benefits on decision making (0.319; p-value <0.05). The hypothesis is accepted. Furthermore, in the figure above, it can also be seen that the coefficient of determination (R^2) of the endogenous benefit and decision-making variables is 0.365 and 0.397. This indicates that the model is categorized as moderate in explaining the variation of the proposed model.

X.   DISCUSSION AND CONCLUSIONS

The results of the study reveal that stakeholder decision-making to support, participate and invest in Medan City as one of the tourist destinations in Indonesia is influenced by destination attributes thorough knowledge of the benefits of MICE activities. Therefore, to increase the desire to invest in the MICE sector, it is necessary to disseminate information to stakeholders regarding the benefits of MICE events to create a multiplier effect for the regional economy. In addition, the government also needs to complete and improve the attributes of destinations in Medan City in an effort to increase the desire of stakeholders to invest in the MICE sector. The positive attitude of respondents in making decisions to support, participate and invest in the MICE sector gives hope that businesses in the MICE sector will continue to receive support during and after the COVID-19 pandemic.

The insignificant relationship between destination attributes and decision-making could be due to the Covid-19 problem that has an influence on decision-making in the MICE business. Therefore, strict rules are needed for the CHSE (Clean, Heathy, Safety, Environment sustainability) program in the new normal period.

Stakeholders' positive perception of the destination attributes of Medan City is the growth of stakeholder confidence in the attributes of the Medan City destination so that the government needs to strengthen destination attributes such as facilities for venues, quality of human resources, competitive prices, ease of transportation, and the ability to provide quality service for MICE participants in customs, telecommunications, health care, and eligible employees. Both the government and private sectors need to encourage the growth of professionals in the MICE field with the availability of PCO (professional Conference Organizer), PEO (Professional Exhibition Organizer), CVB (Conference Visitor Berau) so that they are able to promote destinations, build databases and information about MICE services and organizations in Indonesia. Medan city.

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