

The Effect of Tangible Assets on Competitive Tourism Destination Areas Based on Tourism Perception North Sumatera Indonesia

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Abstract. After the spread of Covid-19, many tourist destinations around the world were closed, and this had an impact on Indonesian tourism. Therefore, Indonesia, especially North Sumatra, must create competitive destinations, as it is one of the five super-priority destinations in North Sumatra. This research investigates how tangible assets can affect the competitiveness of destinations. This study utilized a questionnaire to collect data from respondents using a Likert scale and employed smart partial least squares 3.0 for hypothesis testing. The study determined that tangible assets are linked to competitive tourist destinations. The value of the relationship between the variables is 31.240, smaller than 1.96, and the P-value is smaller than 0.05, signifying that the hypothesis testing found a connection between tangible assets and tourist competitiveness destinations. The physical amenities attract tourists to a destination, while strategic marketing improves a destination's competitiveness.

Keywords: tangible assets, competitive destination, smart-pls

1. Introduction

The world is currently facing an economic crisis due to the spread of Covid-19. The most significant impact has been on the tourist sector, which has seen a decrease in visitors and an earnings loss of 1.1 trillion [1]. The next consequence is high unemployment in the tourism sector [2]. To attract more tourists, we must establish a destination with a competitive edge. A destination's competitiveness greatly influences a tourist's decision to visit. Before planning a trip, tourists typically seek information regarding COVID-19 protocols at the destination [3]. That means visitors will seek information about the tourist destination before deciding to visit the area. Heritage is a part of the tangible aspect and is not limited to promotion [4]. In line with that, creating a competitive destination must provide such heritage culture, and communication facilities [5]. In tourist destinations, visitors' intentions will be determined by why they come to that destination. The unique cultural heritage is a part of tangible asset of tourist destinations [6]. In line with that unique attributes refer to tangible assets [7]. Tourists usually try to find the uniqueness of the destinations. The successful destination depends on the tangible asset [8]. Tangible asset is the most important for creating competitive tourist

destinations. Because travelers are interested in the destination to visit based on external or tangible factors (destination attribute) [9], tangible attributes are the most important factors in creating an intention for people to visit the tourist destination. Based on that this research is trying to apply tangible assets to make a competitive destination.

Tangible assets are cultural heritage in a tourist destination [10]. Natural, building, and natural areas are a part of tangible assets [11]. Competitive destinations are determined by tangible assets such as accessibility quality, accommodation quality, natural resources, and tourism infrastructure are shown to be supported to influence destination competitiveness [12]. The tangible assets in the Resources view (RBV) must be *Valuable, Rare, Imperfectly Imitable, and Non-Substituable* [13]. The competitiveness destination has indicators such as core resources, supporting factors, and qualifying and amplifying determinants [14]. This indicator can create memorable tourism destinations.

2. Methods

The sample of this research uses people who visit North Sumatra with an accidental sampling method. The data collection using a questionnaire with Likert scale methods with 1 = strongly disagree and 5 = strongly agree with the statement. The sum of the respondent in this research are 250 people. After that the data is tested with Smart-PLS to find whether the hypothesis is accepted or rejected.

3. Result and Discussion

The result of data testing can be seen in Table 1 Construct and validity below:

Table 1. Construct and validity

	Cronbac h's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Tangible asset	0,861	0,863	0,905	0,705
Tourist Competitiveness Destination	0,717	0,743	0,839	0,636

Based on Table 1 the value of Cronbach's alpha and composite reliability is greater than 0,7. That means the research model is acceptance of the model. If the Average Variance Extracted (AVE) is bigger than 0.5, the criteria model is accepted. The next criteria are Fornell-Larcker Criterion requirements must be bigger than square root AVE. For the details of the calculation see Table 2 below.

Table 2. Fornell-Larcker

	Tangible asset	Tourist Competitiveness Destination
Tangible asset	0,840	
Tourist Competitiveness Destination	0,756	0,798

The next step is to test the hypothesis about the tangible influence on tourist competitive destinations. Where, the value with $\alpha = 0.05$, $p = 0.00$, the route association between tangible assets and tourism competitiveness destination is significant. This coefficient implies that a tangible asset has a strong positive influence on Tourist Competitiveness Destination. Table 3 also includes the r square. R square values vary from 0 to 1. The value of R Square can be seen in Table 3 below. As can be shown, the R Square coefficient for all endogenous constructs is more than 0.2. This result indicates that the model fits the data effectively. Based on the criteria of the T – Statistics is more than 1.96 and P–Value is smaller than 0.05 this research hypothesis is accepted; it can be seen in Table 4. Figure 1 illustrates the full investigation model.

Table 3. R - Square

	R Square	R Square Adjusted
Tourist Competitiveness Destination	0,571	0,571

Table 4. Results summary for structural model evaluation

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV EV)	P Values
Tangible asset -> Tourist Competitiveness Destination	0,756	0,758	0,023	33,062	0,000

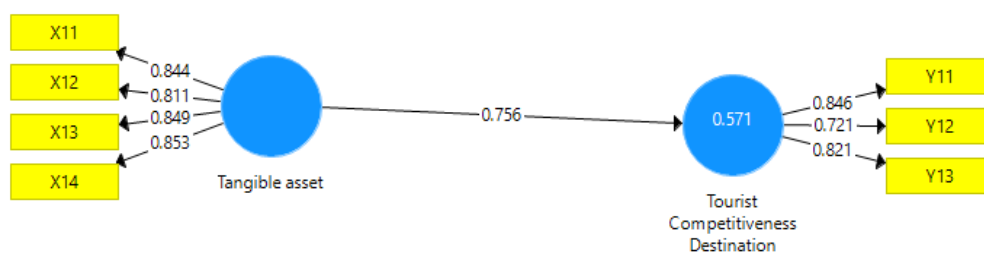


Figure 1. Research model

Based on the study we found that tangible assets influence Tourist competitiveness destination. People who visit the tourist destination are considered the tangible assets accessibility quality, accommodation quality, natural resources, and tourism infrastructure, and this research is in line with [12]. The tangible assets can increase tourist satisfaction [6]. This research found that tangible assets can build a competitive destination based on core

resources, supporting factors, and qualifying and amplifying determinants, and this research is in line with Akkus & Guluce, A., (2016).

4. Conclusion

Based on this research, this study can be concluded that tangible asset is the most important for tourist. Before visitors come to the tourist destination, they will seek information about the destination. After that, they will decide whether to visit or not based on the information about the destination.

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