



## Reviving Halal Tourism After COVID-19 In Indonesia

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### Abstract

COVID-19 has shut down various sectors of human life, including the possibility of traveling from place to place. Indonesia, also affected by COVID-19, experienced a significant decrease in foreign exchange due to the decline in tourism sector activities. Indonesia, also known as a country with a majority Muslim population, is usually the leading destination for halal tourism, with the number of Muslim tourists as much as 18.24% of all tourists who come to Indonesia. However, as the impact of COVID-19, the number of Muslim tourists from other countries declined dramatically in 2020, along with the drop in foreign flights. Domestic Muslim tourists also witnessed a downturn.

Indonesia was ranked as the best halal tourism country in 2019. As COVID-19 hit hard, Indonesia became the 4th number in the ranking. But in 2022, Indonesia became the second-best country with halal tourism. To revive the tourism sector, many integrated programs for implementing health protocols are required to enhance the economy in the tourism industry, particularly halal tourism. This article aims to find out the strategy for Indonesia to revive the halal tourism sector during COVID-19. The method used in this study is a qualitative method with data collection techniques used in the literature study. The study results stated that the strategy to revive the halal tourism sector from the COVID-19 pandemic consists of 2 stages, recovery (Preparing Destinations Industry, Institutions, and Marketing) and normalization (Promote Dimensions of Halal Tourism). The GMTI of Indonesia proves that it increased the communication component, especially the destination marketing aspect. The enthusiastic community expects the implementation of this program to return to reinvigorate the tourism sector, especially halal tourism.

### Introduction

The tourism sector held a significant position in the global economy in 2019, representing 6.8% of total world exports and contributing 4% directly to the world GDP. However, the emergence of the COVID-19 outbreak in late 2019 had far-reaching consequences. As the virus rapidly spread worldwide, more than 130 countries implemented border closures by April 2020, effectively bringing the tourism industry to a standstill. This resulted in a sharp decline in the sector's share of global exports to 2.8% and its direct contribution to the world GDP to 1.8% (UNWTO, 2021). Consequently, the world economy experienced a significant downturn due to these circumstances.

The tourism industry in Indonesia, considered one of the country's key contributors to foreign exchange earnings, has experienced a significant downturn. Bali, in particular, stands out as a major region, accounting for over 40% of Indonesia's total international tourism revenue. Over the span of a decade from 2010 to 2019, the international market has played a dominant role in Bali, contributing more than 83% of the revenue share on average.

The outbreak of the COVID-19 pandemic has had far-reaching effects on various sectors, including the tourism industry. Restaurants, hotels, and retailers have also felt the impact caused by the virus (Nasution, 2020). The current global crisis resulting from the COVID-19 pandemic has created significant challenges and economic downturns, affecting various industries, including tourism and travel, which play a vital role in the global service sector (Abbas, 2021). Among these industries, the tourism sector has been hit the hardest by the consequences of COVID-19. Both recreational and domestic tourism have experienced a sharp decline, resulting in a staggering revenue loss of over 50%, equivalent to approximately 2.86 trillion US dollars.

The arrival data for all airports in Indonesia highlights the sharp decline in visitor numbers that began towards the end of January 2020. By comparing March 2020 to March 2019, it becomes evident that arrivals at Ngurah Rai Airport in Bali plummeted by 64.7%. As the situation worsened, all airports experienced a complete halt in arrivals by April 2020 (CEIC, 2021). The decline in tourism has had a notable impact on the demand for textile products, which are popular items purchased by inbound visitors in Bali. The significant reduction of 83.3% in international arrivals has contributed to a 24.6% decline in export demand for textile products in Bali (CEIC, 2022). This downturn has undoubtedly affected the overall economy and the tourism industry's contribution to Indonesia's foreign exchange earnings.

Besides being renowned for its diverse tourist destinations, Indonesia is also known for having a majority Muslim population. This presents an opportunity for the development of Muslim tourism in the country. Halal tourism, in particular, is based on four fundamental concepts. Firstly, it ensures that the food and beverages provided are safe and comply with halal standards. Secondly, there are convenient facilities for ablution and washing with water. Thirdly, there are designated areas for prayer and worship. Lastly, the products and services offered by businesses, including those in tourist attractions, are in line with a halal lifestyle, providing an environment conducive to practicing halal principles.

Similar to Indonesia's general tourism, the halal tourism industry in Indonesia has been significantly affected by the COVID-19 pandemic. The data reveals that out of the total number of 8,044,462 tourists, 1,434,041 were foreign Muslim visitors, constituting 18.24% of the overall figure. Mainly originating from Malaysia, Singapore, Saudi Arabia, India, and Australia, these Muslim visitors to Indonesia have witnessed a significant decline due to the implementation of social distancing measures and reduced international flights. This downturn has also affected domestic Muslim tourists, resulting in a notable decrease in their numbers as well.

The implementation of halal tourism in Indonesia has faced significant challenges due to the impact of the COVID-19



pandemic, as revealed in the Virtual Scientific Discussion organized by the Tourism Communication Research Group on April 29, 2020. The data presented during the event highlighted the profound effects on the Indonesian tourism sector, including extremely low hotel occupancy rates of 0-8% in Bali. Additionally, a total of 180 destinations and 232 tourist villages were closed until the second week of April 2020, impacting travel opportunities for tourists. Furthermore, based on an online survey of 50 operators from 16 provinces, it was found that 7,804 employees were laid off, indicating the severe economic impact on the industry. The retail sector, particularly shopping centers, suffered immensely with a drastic 95% decline in sales. These statistics demonstrate the significant challenges faced in implementing and sustaining halal tourism in Indonesia amidst the COVID-19 pandemic.

In the Global Muslim Travel Index (GMTI) of 2019, Indonesia and Malaysia both achieved the top ranking with a score of 78. This means that both countries were recognized as leaders in providing Muslim-friendly travel and tourism services. The score reflects the overall performance and attractiveness of the destinations for Muslim travelers, taking into account factors such as halal food availability, prayer facilities, accommodation options, and Muslim-friendly attractions. The GMTI, also known as the MasterCard-CrescentRating Global Muslim Travel Index, is a comprehensive ranking system that evaluates and rates destinations worldwide based on their Muslim-friendly offerings. It serves as a benchmark for countries to assess and enhance their efforts to cater to the Muslim travel market. The index provides valuable insights for both travelers and industry stakeholders by highlighting destinations that excel in providing halal tourism services and facilitating a comfortable and enjoyable experience for Muslim travelers.

Despite Indonesia's previous top-ranking position in the GMTI in 2019, the devastating impact of the COVID-19 pandemic resulted in a downturn for Indonesia in the 2021 GMTI rankings with a score of 73, placing it fourth after Malaysia, the United Arab Emirates, and Turkey. The pandemic severely disrupted the global tourism industry, including the Muslim-friendly travel sector. Travel restrictions, lockdown measures, and reduced tourism services affected Indonesia's ability to maintain its previous ranking. However, securing the fourth position in the GMTI rankings amidst the challenging circumstances demonstrates Indonesia's resilience and ongoing efforts to provide Muslim-friendly travel services.

After the impact of COVID-19, Indonesia showed progress in its post-pandemic recovery. In 2021, Indonesia ranked fourth in the GMTI, but in 2022, it managed to climb to the second spot with a score of 70, according to the recent release by Mastercard-CrescentRating. This significant improvement signifies the Ministry of Tourism and Creative Economy's efforts to enhance Muslim-friendly travel offerings. By prioritizing the development of halal tourism, Indonesia aims to solidify its position as a leading destination for Muslim travelers.

To revive the tourism sector, a comprehensive range of programs and active collaboration among government institutions and stakeholders are necessary to address the

challenges faced by tourism in Indonesia, specifically halal tourism. Based on the previous explanation, the objective of this research is to provide an overview of the issues surrounding halal tourism and the steps taken by the Indonesian government to restore halal tourism in the post-COVID-19 era.

### **Data and Method**

This study utilizes a qualitative methodology to undertake a comprehensive exploration. The data is sourced from secondary references, including scholarly journals, books, and institutional publications. Supplementary sources, such as magazines and news articles, are also incorporated to enhance the comprehension of the acquired data. The qualitative data analysis involves the meticulous selection of pertinent information to effectively address the research inquiries.

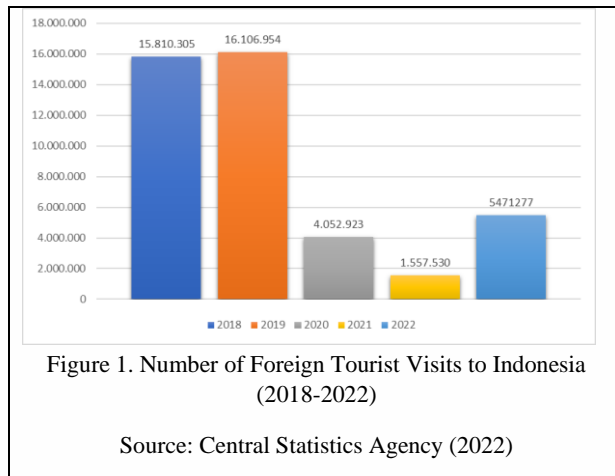
### **Result and Discussion**

#### **I. Chronological of Halal Tourism**

Halal tourism first entered Indonesia in 2015, leading the Ministry of Tourism and Creative Economy (Kemenparekraf) to establish the Halal Tourism Acceleration Team with three main destinations: Aceh, West Sumatra, and West Nusa Tenggara (Maris, 2019). For Indonesia, halal tourism serves as a key driver of the halal industry and an accelerator of economic growth. This is due to the significant number of international Muslim tourists visiting Indonesia. In 2018, approximately 140 million international Muslim tourists visited Indonesia, with a total online expenditure of USD 35 billion (Bank Indonesia, 2019).

Even before the government's specific plans for developing halal tourism, many regions had already received awards in the halal tourism sector. According to the official website of Kemenparekraf, Aceh Province was recognized as the World's Best Airport for Halal Travelers and the World's Best Halal Cultural Destination by the World Halal Tourism Award. Additionally, West Sumatra received three awards in the prestigious World Halal Tourism Award 2016, including World's Best Halal Destination, World's Best Halal Tour Operator, and World's Best Halal Culinary Destination (Kemenparekraf, 2021).

In 2019, according to the Global Muslim Travel Index (GMTI) report published by Mastercard and CrescentRating, Indonesia secured the first rank as the best halal tourism destination in the world, surpassing other countries such as Malaysia, Turkey, and Saudi Arabia. This achievement was not instantaneous, as the Indonesian government had previously formed the Halal Tourism Acceleration Team with three main destinations: Aceh, West Sumatra, and West Nusa Tenggara (Maris, 2019). Along the way, halal tourism in Indonesia became increasingly popular and developed across various regions. However, towards the end of 2019, an extraordinary and unforeseen event occurred—the global outbreak of COVID-19, which impacted the tourism sector in Indonesia and worldwide.



Based on the above graph, it can be seen that the number of foreign tourists visiting Indonesia experienced a drastic decline during the COVID-19 pandemic. As shown in the graph, the number of international tourists coming to Indonesia in 2018 was 15,810,305 and increased to 16,106,954 in 2019. During the COVID-19 period, the Indonesian government implemented social restrictions, resulting in tourists being unable to engage in their usual activities, leading to a decrease in the country's financial income (Sumarni, 2020). This aligns with the significant decline in the number of foreign tourist arrivals. Starting in 2020, the number of foreign visitor arrivals dropped to only 4,052,923 and further decreased to 1,557,530 in 2021. However, in 2022, the number of foreign tourists in Indonesia increased again to 5,471,277.

The Ministry of Tourism and Creative Economy (Kemenparekraf) considers the beginning of the new normal era, or post-COVID-19, as momentum to revive halal tourism in Indonesia. Kemenparekraf collaborates with various parties, such as industry players, hotel owners, and others, to prepare guidelines for activities and tourist destinations in accordance with the new normal. Based on the information, Kemenparekraf has taken various steps, such as building tourism infrastructure, improving the capabilities of human resources in the tourism sector, and empowering inclusive community participation through micro, small, and medium enterprises (UMKM) as agents of change in Indonesian tourism (KNEKS, 2022).

## II. Recovery Phase

The recovery phase refers to extensive preparations for destinations, industries, institutions, and marketing aimed at revitalizing and restoring the halal tourism sector in Indonesia. The government's primary focus during this phase is to support tourism sites in improving their facilities, tourist attractions, and accessibility in accordance with IMTI (Indonesian Muslim Travel Index) standards. Additionally, there is an emphasis on promoting investment-friendly policies and fostering the growth of the halal tourism sector. The revival of the tourism industry is given priority in national, regional, and international recovery initiatives, as well as national development assistance. The resilience of the halal tourism business during the pandemic crisis has been highlighted by Riyanto Sofyan, Chairman of the Indonesian Halal Tourist Association (PPHI). To ensure

the viability of tourist businesses, various measures need to be taken, such as restructuring the business model and effectively managing cash flow, which is a critical aspect of the tourism sector. Even in situations where a tourist business may be incurring losses, as long as there is positive cash flow, it can be considered operational (KNEKS, 2022).

There are various roles played by different parties in the development and restoration of halal tourism in Indonesia. The Organization of Islamic Cooperation (OIC) provides comprehensive understanding and context regarding the concept of halal tourism in Indonesia. This is due to the various terms circulating in the public domain related to halal tourism, such as Sharia tourism, Islamic tourism, and Muslim-friendly tourism.

The National Sharia Board of the Indonesian Council of Ulama (DSN MUI) has also regulated and established guidelines for the implementation of tourism through fatwa number 108/DSN-MUI/X/2016, based on Sharia principles. This fatwa serves as one of the legal foundations for the development of halal tourism in Indonesia. Furthermore, with the existence of this legal basis, it can encourage various parties to establish general principles for the implementation of Sharia tourism in accordance with the relevant provisions concerning parties and contracts, Sharia hotels, Muslim travelers, tourist destinations, spas, saunas, and massages, travel agencies, and tour guides.

Minister of Tourism and Creative Economy, Sandiaga Uno, aims to create halal-based business opportunities by adapting, collaborating, and innovating to revive the Muslim-friendly industry. Indonesia is committed to providing Muslim-friendly accommodations, halal food, and culinary experiences, as well as services that facilitate worship for Muslim tourists (KNEKS, 2022). Vice President Ma'ruf Amin issued specific instructions to the Ministry of Tourism and Creative Economy (Kemenparekraf) to develop halal tourism in Indonesia. This is based on the Mastercard Crescenting Global Travel Market Index (GMTI) 2019 report, which predicts that there will be 230 million Muslim tourists globally by 2026. Furthermore, the turnover from global halal tourism is expected to increase from \$177 billion USD (2017) to \$274 billion USD by 2023 (Kemenparekraf, 2021).

The Speaker of the Indonesian House of Representatives (DPR RI) held a bilateral meeting with the Chair of the Senate of Uzbekistan during the Women Speakers Summit of the Inter-Parliamentary Union (IPU). One of the outcomes of the meeting was an agreement between the two countries to promote cooperation in the field of halal tourism (Paat, 2022).

## III. Normalization Phase

The normalization phase is defined as activating promotional activities by the executor through various means. The executors of this phase are the stakeholders that provide accommodation (hotels), transportation, halal tourist attractions (recreation, museums, etc.), and dining places (restaurants). This phase's primary focus is on adjusting marketing strategies to align with the current conditions, promotion strategies, and media strategies. Efforts are also made to expand the marketing reach



domestically and internationally by promoting and branding “halalan toyyiban” tourism, or halal and safe tourism. Additionally, there is a focus on enhancing human resource development and prioritizing sustainable Muslim-friendly tourism.

Hotels play a crucial role in catering to the needs of tourists when visiting a destination. It is important for hotels to offer suitable facilities and services that align with the preferences of their guests. Failure to meet these expectations can result in a loss of customer loyalty. Therefore, hotels need to adapt their marketing strategies to the current circumstances and cater to the interests of individual and group travelers.

In West Nusa Tenggara, the tourism sector has implemented various discounts to attract visitors. The highest percentage of discounts, at 11.76%, is observed in the tourism sector of the region. Additionally, travel agents offer discounts of 4.41% on various services, including travel agency fees and tour guides, making it more convenient for tourists to explore the captivating attractions of West Nusa Tenggara. To revitalize tourism in West Nusa Tenggara, several hotels also implemented discount strategies. For instance, Hestia Hotel Lombok offers a 31% discount to its guests, while Fortune Hotel Lombok provides a 21% discount. Other accommodations, such as Narmada Hotel Convention Hall (35% discount), RedDoorz near Mataram University (5% discount), and OYO 1757 Villa Dende (5% discount), also contribute to attracting visitors to experience the hotels and tourism offerings in West Nusa Tenggara.

Based on several literature sources, one alternative during the normalization phase of the halal tourism sector is organizing an event to stimulate the growth of the halal tourism industry. The presidency of the G20 serves as a step taken by the Indonesian government to promote tourism in Indonesia. The implementation of the G20 serves as a promotional platform for the Indonesian government, despite the main objective of the G20 being to find collective solutions to global economic conditions. The G20 also provides an instant boost to Indonesia's foreign exchange earnings through the visits of delegations, thereby revitalizing the tourism sector, especially in Bali, which had experienced a drastic decline due to COVID-19 (Bonauli, 2022).

During the G20 event, Indonesia also promoted its unique halal products. The Minister of Tourism and Creative Economy explained to the delegates, particularly those from the Middle East, such as Saudi Arabia and the United Arab Emirates, that Indonesia is developing its own distinctive halal products, supported by various small and medium enterprises (SMEs) that have obtained certification (Kompas.com, 2022). This step is part of the tourism normalization process after COVID-19 to enhance market reach on an international scale. Furthermore, the government's involvement of SMEs in the promotion serves as a means to enhance human resources in the development of halal tourism.

### Conclusions

Based on the previous explanation in the results and discussion section, it is evident that Indonesia has strategically moved to revive its halal tourism sector post-

COVID-19. In broad terms, Indonesia has implemented two phases in revitalizing halal tourism:

1. Recovery Phase: This phase focuses on the impact of the COVID-19 pandemic on the tourism industry and the subsequent efforts made by the Indonesian government, particularly the Ministry of Tourism and Creative Economy (Kemenparekraf), to support the sector's recovery. The roles played by various organizations and institutions, such as the Organization of Islamic Cooperation (OIC) and the National Sharia Board of the Indonesian Council of Ulama (DSN MUI), have been highlighted. These entities have contributed to the establishment of comprehensive guidelines and the promotion of the concept of halal tourism.

2. Normalization Phase: This phase emphasizes the efforts made by related stakeholders, particularly at the executor level, to create a Muslim-friendly environment by providing halal accommodations, culinary experiences, and services that cater to the needs of Muslim travelers. The implementation of various discounts to attract visitors has also been observed at the executor level.

The main recommendation is for the Indonesian government to prioritize the growth of halal tourism domestically and globally. The significance of halal tourism in Indonesia and the ongoing efforts to foster its development and sustainability are evident. Enhancing infrastructure, facilities, and services for Muslim travelers, along with collaboration and supportive policies, will contribute to its success.

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