

MONITORING GROWTHS AND PRODUCT QUALITY OF LOCAL SOUVENIRS TO ENHANCE TOURIST DESTINATION IMAGE OF NORTH SULAWESI, INDONESIA

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Tourism development in North Sulawesi includes a variety of industry sectors, including the souvenir industry. Souvenirs representing local tourism products are an important component of the tourist experience when visiting North Sulawesi. However, the souvenir industries in North Sulawesi have not yet produced distinctively local souvenirs and is still limited in both quality and quantity. This study aims to identify and develop a souvenir model and design that supports a product development in North Sulawesi in terms of uniqueness, marketability and competitiveness, and with local characteristics of the region. Data and information were collected from home industries in North Sulawesi that produced souvenirs made from wood and coconut shell materials. This study employed survey based questionnaires, interviews and focus group discussions. The respondents were craftsmen and the souvenir sellers in North Sulawesi. The interviews were also conducted with tourists visiting North Sulawesi to get their opinion and recommendations. The results of the study identified several models and designs for coconut souvenirs in miniature form and related to local heroes, such as Sam Ratulangi, Toar-Lumimuut and Dotulolong Lasut. Miniatures related to local flora and fauna, such as the ancient fish (coelacanth), manguni bird and tarsius monkey also offered the uniqueness and specialties of North Sulawesi in souvenir form.

Keywords: monitoring, growth, product quality, souvenirs, tourism, marketing, production

Biographical Notes

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Introduction

Utilization of North Sulawesi natural potential namely coconut which has derivative products such as coconut wood and coconut shell can be developed to be souvenir products by the local community to support North Sulawesi tourism development. Forum of community play roles in discovering the natural potential of coconut farmers through training for the development of handicraft and small-scale businesses in the form of home industry. From the result of the preliminary research, that is, collecting information about the existing souvenir products and the better development model, there will be training for small-scale business development and the training for handicraft using coconut wood and nutshell as the basic materials for the community or villagers who have talents or interest in these activities. Hence, these souvenir-making activities apply community-based development theories that can enhance the local community empowerment through direct participant. The objectives of this research are (a) to describe the characteristic of souvenirs with coconut wood and coconut shell as their basic materials having a distinctive feature of North Sulawesi, (b) to map the groups of industry as well as determine the zonation of craft makers for easier control and better quality of products, (c) to improve the competitiveness of souvenir business with coconut wood and coconut shells as the basic materials having a distinctive feature of North Sulawesi. Souvenir product development in North Sulawesi will be sustainable and have a good quality if it involves the local community to participate directly. This must be done starting from the model development planning stage up to the program implementation or the income raising activities and the expansion of job opportunities for the local community in North Sulawesi that will finally improve the community's quality of life. Participation is a process of empowerment that helps to involve local people in problem identification, decision making and implementation processes, thereby contributing to sustainable development (France, 1998:224). This is strengthened by the delegation to community (community empowerment) that is the level of community involvement in the souvenir product management and development in North Sulawesi that be more profitable for the local community and will have positive influence on tourism development. Wearing and McLean (1988) puts for words that during the planning process it could be possible for the community to realize the potential benefits of such tourism without disadvantaging some sectors of the community. Therefore, community development or delegation to the local community requires community consultation from the planning stage, development up to the implementation of development activities, monitoring and growth of tourism souvenir products of North Sulawesi. In the development of souvenir product for having a strong competitiveness, there is a need for support from all the community, government and private sector. Some circles of society have enjoyed the direct benefits of tourism sector, but some are not yet aware of the importance of tourism development, for instance, the farmers and fisherman who usually oppose the development of tourism in their regions because they opine that tourism activities hinder their means of livelihood everyday. Hence, there is a need for maximal efforts to internalize the concepts of community-based tourism product development correctly and precisely and to continuously monitor its growth in order to be able to maintain the handicraft product quality. The local community are not only given the freedom to interact with the ecosystem around them but also given the opportunities to utilize and manage the natural resources in the region that will positively influence the life quality and the sense of responsibility of the management and the feeling of pride of having the natural resources. The development growth of handicraft product revenue of Indonesia in the international market in 2014 can be seen from graph 1 below where the

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United States has 67% and Japan has 17% showing that these two countries are very potential to be the market target of handicraft. The other countries are England with 6%, Germany and Netherlands with 5% each which means that these countries can also be the market target for the Indonesian handicraft. This shows that handicraft products have given significant contribution to the country's income (BPS, 2014).

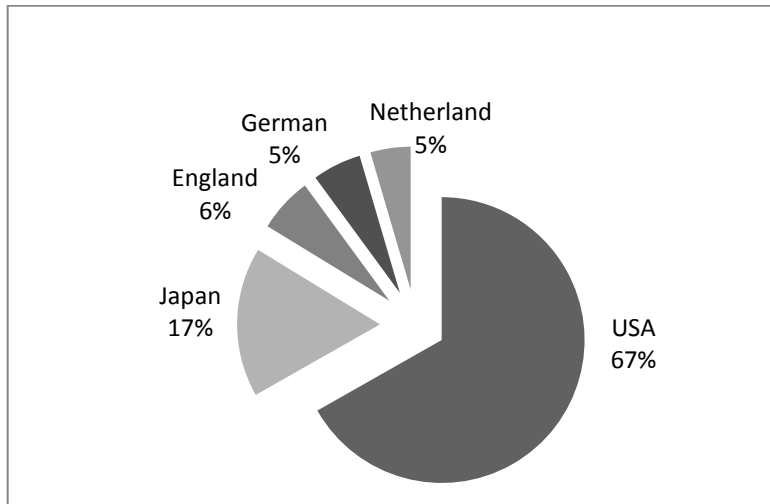


Figure 1: Indonesian handicraft product revenues in international market in 2014 (BPS, 2014)

Further, revenues from the Indonesian handicraft products in American have given a significant contribution to the national foreign exchange since 2012 as great as 695.000 million American dollars showing that the Indonesian handicraft products have a quite good market segment that the country can rely on and therefore the government should maximize the foreign exchange from informal sector. The following table presents the revenue from the Indonesian handicraft products in American dollars (BPS, 2014).

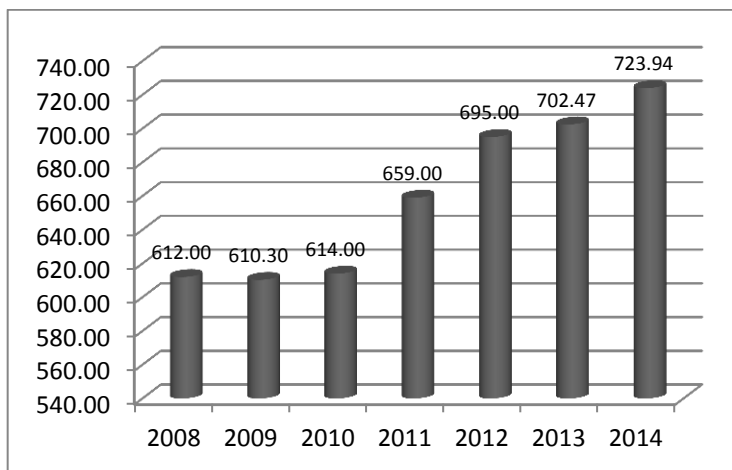


Figure 2: Revenue from the Indonesian handicraft products in \$ US (BPS, 2014)

The competitiveness of coconut products lies on downstream industry. The end products which have been well developed are coconut oil (CO) crude coconut oil (CCO), DC, coconut milk (CM), coconut charcoal (CCL) Activated Carbon (AC), Brown Sugar (BS), nata de coco (ND), coconut fiber (CF). Two news products are Virgin coconut oil (VCO) and coconut wood(CW). CO,CCO,DC,CM,CCL,AC,BS and CF products have entered the export market, although the derivative coconut products are highly demanded by export market, only very few Indonesian producers have gained profits from the coconut value added process. According to the Indonesian Coconut Forum (FOKPI), the Philippines is still the leader of export market with its 125 kinds of coconut processed products.

Table 1 : Area and coconut production of North Sulawesi 2007-2010

	2007	2008	2009	2010
Area (ha)	267.625	272.137	274.917	276.069
Production (millions)	229.613	209.994	265.451	273.234

Source: Biro Pusat Statistik of North Sulawesi, 2011

In North Sulawesi the development of agricultural sector is very important considering that North Sulawesi has a great potential of natural resources in Agricultural sector. Therefore, changes in price of derivative coconut products will directly influence the life standard of the farmers and their families. The revenue from derivative coconut products can give contribution to the foreign exchange for the producing country. North Sulawesi is one of the coconut producing regions in Indonesia which has largest areal of coconut plantation that this region is often called 'The coconut waving region'. In 2010, the area of coconut plantation in north Sulawesi was 276.069 hectares or 76.06%. The derivative coconut products of north Sulawesi have been able to be marketed internationally due to the good quality of the pressed coconut products in which the international market is interested, specifically the Netherlands and the United states (Tatengkeng, 2011).

Kinds of derivative coconut product export of North Sulawesi.

Coconut (*cocos nucifera* L) is a strategic commodity which has social, cultural and economic roles in the life of Indonesian people. The part of coconut which is beneficial is not only its meat that can be processed to be coconut milk, copra and coconut oil but also its other parts. So great is the benefit of coconut that some people call it 'the tree of life' or 'the heaven tree' (Asnawi and Darwis, 1985). Coconut plant is a tropical plant which has been long known by the Indonesian people. This can be seen from the spread of coconut plants in almost all plants of Indonesia, namely : Sumatra with an area of 1,20 million hectares (24,30%), Sulawesi with 0,716 million hectares (19,305), Bali, NTB and NTT with 0,305 million hectares (8,20%), Maluku and Papua with 0,289 million hectares (7,80%), and Kalimantan with 0,22 million hectares (7,50%). Coconut plants are grown by the farmers in both plantations and yards. Basically, all parts of coconut can be processed to be various products for various needs. Its processing technology and quality standard as well as certification have been mastered by the Indonesian experts. How ever, various weaknesses are still adhering to out coconut processing industry such as raw materials supply because the industry does not have coconut plantation and relatively large investment and therefore does not interest investors (FOKPI, 2006). Most of the coconuts are processed to be copra that is further processed to be cooking oil. But this business is getting weaker in both domestic and foreign trades in competition with palm oil. Besides being processed to be cooking oil, diversified coconut products have been developed such as desiccated coconut, coconut sugar, nata de coco, various products of coconut meat, dry fibrous shell, coconut wood furniture

and the latest development is ready to drink coconut milk with various packages (Alloerung and Lay, 1998). There are wider opportunities for developing coconut agribusiness with products of high economic value. Alternative products that can be developed among which are virgin coconut oil (VCO), oleochemical (OC), desiccated coconut (DC), coconut milk/cream (CM/CC), coconut charcoal (CCL), activated carbon (AC), brown sugar (BS), coconut fiber (CF) and cocon wood (CW) which are produced partially and integrally. These product business doers can increase their income 5-10 times higher than what they get just by selling copra. Based on the fact that there is a great potential for product development, coconut industry economic advanced at micro level (farmer's income, domestic value added and important substitution) seems to require a more serious cluster coconut industry development support as a prerequisite (Alloerung et al. 2005). The derivative coconut products which are exported all over the world among which are : coconut oil, coconut flour, copra, copra residue, coconut charcoal, activated carbon. Most of the derivative coconut products in North Sulawesi are potential to be exported to some destinations. Some country of destination and the kinds of exported products are presented in table 2 as follows:

Table 2. Kinds of the exported derivative coconut products and countries of destination.

Kinds of commodities	Countries of destination
Coconut oil	Singapore ,USA, The Netherlands, Germany, Saudi Arabia,
Coconut charcoal	Japan, Korea, Malaysia, Thailand
Coconut flour	Singapore, USA, The Netherlands, Africa
Copra	The Netherlands, Belgium, Malaysia
Copra residue	Singapore, India
Activated Carbon	USA, Thailand

Source : Trade and Industry Office of Nort Sulawesi, 2010

Table 2 shows that the derivative coconut products of North Sulawesi are exported to many countries of export destinations. Various kinds of derivative coconut products become main export commodities of North Sulawesi that give contribution to the export activities of North Sulawesi. These kinds of derivative coconut export commodity play a vital role in economy, especially in North Sulawesi.

Tourist Destination Image

Kotler and Gertner define a destination image as 'the sum of beliefs and impressions people hold about place. Images represent a simplification of a larger number of associations and pieces of information connected to a place. They are a product of the mind trying to process and pick out essential information from huge amounts of data about a place' (2004:42). The main idea of this definition is that the evaluation of a destination is based on quality, value and satisfaction. Destination image can influene a tourist to decide future intention to visit and their recommendation to others on palces to visit. Kavaratzis and Ashworth (2004) expalin that destination image influences tourists' decision-making in regards to where they will spend their vacation and money. The importance of the destination image for the consumers

allows us to think of any destination from the consumer's perspective in terms of how they sense, understand, use and connect to the place. The main thrust of these arguments is that image should be able to increase the benefits to the destination, including the local community.

Product Quality

Product is the key element of the whole market offer. Also, product can be defined as the perception of consumers that is spelled out by the producers through their products (Tjiptono, 2008). Based on the definitions above, product can then be defined as the collection of tangible and intangible attributes including packing, colors, prices, qualities and marks as well as services and reputation of selling. Quality has many senses such as 1) Compatibility with the requirement; 2) Appropriateness for use; 3) Sustainable improvement; 4) Free from damage/defect; 5) Fulfillment of the consumer's needs from the beginning and every time; 6) Doing everything correctly; 7) Something which can satisfy the consumers those given. Thus, quality can be defined as the totality of product characteristic (goods and services) that support its capability to satisfy needs. In this globalization era, it seems that the community or consumers are increasingly more critical in assessing a product. Product quality as an assurance in satisfying the customers' need in choosing a product and in this case the personal taste plays a vital role (Stanton, 2006). In this context, the researcher can quote several things in discussing the product quality i.e: 1) The word 'guaranty' means that the product offered to the consumers has gone through a process of careful and rational process of measuring and thus it is feasible to have guaranty; 2) The word 'taste' which becomes the consumers motivation in choosing a product is a factor that becomes the focus of attention of the producers or marketers. Thus who is the customer or buyer is worth knowing by the producers or marketers; 3) Between the guaranty and the need factor, there are rationalizing and relevance that must be accurately translated by the producers or marketers.

Souvenir as Tourism Product

From a souvenir product we can translate the meaning and value of a culture and region from where the souvenir come as pointed out that a creative design for a tourist souvenir is an effective way to promote its sales. As a souvenir designer, you are not only to design its beautiful shape and outside looking, but also to give it a clear regional characteristic and rich culture meaning (Xin-ting, 2004). Thus, the shape and design of a souvenir show the characteristic of a certain culture or region. So is the development of souvenir product with coconut wood and nutshell as their basic material in North Sulawesi. It becomes very important as supporting factor for tourism in North Sulawesi because the qualified value and uniqueness contained in the souvenir reflect the uniqueness of the region of tourism destination as explained that the core of tourism merchandise is the souvenir and the uniqueness is the intrinsic quality of souvenir (Xue-Ling, 2004). Souvenir is a handicraft which is a result of creativity of a craftsman that can turn the wasted and worthless things into interesting handicraft products many people, especially tourists, are interest in . Souvenir is usually small and relatively inexpensive article given, kept or purchased as a reminder of a place visited and an occasion (The Collins cobuild Dictionary, 2009). Souvenir is an object a traveler brings home for the memories associated with it. The meaning of souvenir in Indonesia is very similar to the meaning given by the Collins cobuild Dictionary or Webster English Dictionary, that is a small and relatively inexpensive article as a reminder of a place visited. Hence, souvenir is closely related to someone's travelling activities, therefore, it is not surprising that the term 'souvenir' adheres to tourism activities and it even becomes a part of tourism product. Thus, there is a positive influence of souvenir on someone's motivation to travel to a region of travel destination.

Characteristics of Souvenir Materials from Coconut

Nutshell : Physiologically, nutshell is the hardest part of a coconut compared to other parts. The hard structure is caused by a relatively high content of silicate (SiO₂) in nutshell. The weight of a nutshell is about (15-19)% of the weight of the whole coconut while its thickness is about 3 to 5 mm. From the point of view of quality, a nutshell which is qualified to be activated charcoal must be really old, hard, intact and dry. To produce a high quality activated charcoal, the nutshell must be clean and separated from its fiber. And to know the good quality of nutshell, when burned, the charcoal produced must look black, shiny, intact and easily broken (Mecoho, 2009). Nutshell can be used as firewood or be processed to be activated charcoal than can be used by various processing industries. Activated charcoal from nutshell has a high competitiveness because it has a high quality and categorized as a renewable resources. This nutshell is a plantation waste which has a considerable potential and can further be used as activated charcoal.

Coconut trees: Coconut consist of outer skin, fiber, nutshell, meat skin, meat coconut water and sprout. An old coconut has a fiber whose weight is (35%), a nutshell whose weight is (12%), endosperm (28%) and water (25%) (Setyamidjaja, 1995) nutshell is one of the activated carbon materials whose quality is good enough for making activated charcoal. The quality of nutshell and the burning process highly determine the sucrose content of the activated carbon produced (Mecoho, 2009)

Coconut wood : The processing of coconut wood for industrial scale follows the following stages : a) Tree selection : A physically old tree which bears only few coconuts (unproductive), minimally 60 years old and is physically straight; b) coconut tree felling and cutting after being felled and sawn with a 12 meters long size, it is cut into desired sizes. These pieces of wood are processed in accordance with their qualities; c) Wood drying : Air or natural drying under roof, drying with an oven (oven drying) and drying with a kiln (kiln drying). The level of dryness of wood for furniture materials, doors and windows is 10-12% and for the house building, the water content is about 18% ; d) selection of coconut wood and its use for making various kinds of furniture, carving and ornaments from first class (quality) coconut wood on designs. The coconut wood which is categorized as the second class (quality) is used as building materials or the props for furniture; e) Finishing : it can be done by using scouring machine or manually. The result of observation shows that the price of 1 cubic meter of first class (quality) coconut wood (half-finished materials) is IDR 750.000. The coconut wood which is used for furniture making and various kinds or ornaments is IDR 7-8 million. The value added of industry scaled coconut wood processing is high enough but in handling the process of processing, design and product marketing requires large investment and support of expertise (Gozal, 1997).

Research methodology

The research method used is descriptive qualitative method. The data used are primary and secondary data. The data are collected through interview, field observation, and Focus Group Discussion through information analysis. The researcher uses the theories of quality development related to destination image and competitive products. Data of research are collected from observation, recording, picture-taking and analysis of various document of souvenir products quality development. Research using field observation is done in North Sulawesi region at handicraft industrial centers and personal home industry as well as souvenir shops. The data of research are analyzed qualitatively accentuating the explanation of the data interpretation result through some stages: Identification, classification categorization and analysis to lead to conclusions and recommendations.

Result and discussion

The crafts makers of North Sulawesi have important roles in the survival souvenir business because souvenir business will exist and develop without them. The same are the quality of souvenir and the diversity of products. If they are not creative, innovative and skilled, this will be impossible. The results of interview show that the craft makers of north Sulawesi consist of :

1. Those who depend their lives on their handicraft business. They produce handicrafts from rattan, bamboo, cloth and wood.
2. Those who have double profession which mean that. They do not depend their lives only on their handicraft business. They are housewives, teenage girls who dropped out from school and senior high school graduates who do not continue their education to higher levels. They usually produce embroidered object both manually and with a machine, knit and sew garments such as traditional costumes, various kinds of bags, wallets, wall accessories, caps, nutshell and coconut wood, etc.
3. Seasonal crafts makers exist when there are MICE events in North Sulawesi such as conference exhibitions, visits, meetings and usually come for designing convection (embroidery, T- shirt silk screening, fabric, jacket, key hooks hats.

Thus, the resource potential which can enhance community economic empowerment in North Sulawesi is considerable, yet it has not been fully utilized. The community still do not consider such things as potential. However, when it is seriously done, it can overcome big social problems. The resources consisting of goods and service need to be processed to be commodities such as handicrafts, home industry products, traditional medicines including medical herbs, cosmetic product, traditional food and drinks, etc. in order that they can be sold to consumers. In the form of services, these resources consist of traditional medicinal treatment, steam bath and spa.

Result of Interview

From the results of interview with some craft makers in Bahoi, conclusion can be drawn that souvenirs produced are still mainly based on orders such as material from nutshell which are made kitchen- utensils, key hooks, tissue containers and also animal. Shaped objects like decorative fish and tarsius made of coconut wood and nutshells (informant 1: senior High School graduate who used to work a fisherman and coconut farmer but with innovative creativity he finally started a handicraft business. Now he has a son and has a monthly average income of IDR 6.000.000. In doing this business, the informan employs 6 permanent worker. Has created handicrafts made fro WOC event (World Ocean Conference,2009). The handicrafts are made from nutshells whose material were selected coconut from Tondano village in the form of coelacanth fish. However, this craftsman was still less creative in producing souvenirs with cultural values that it is necessary to socialize again the meaning of souvenirs that have regional characteristics (informan 2 in Telling atas village). This is supported by the result of interview with informan from Kalawat village that the handicraft she makes are ordered by souvenir shops located on Jl.B.W Lapian While another informan from Teling Atas said he prefers to open his own outlet when there is a national event in a hotel or when there is a handicrafts exhibition both conducted in North Sulawesi or in other regions. Another informan from Bahoi village often sells through outlets when there ore exhibitions etc.

Result of Field Observation

From the result of on site observation, it is found that:

1. The souvenirs available do not yet reflect the identify of Tourism object.

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2. The souvenir shell have low quality and uninteresting
3. The prices of souvenirs are too expensive/imbalanced with their quality
4. The souvenirs are too large-sized, unpacked and hard to bring home
5. The souvenirs offered are not in the form of simple objects.
6. Souvenirs sold are in the form of objects taken from the nature that result in environmental damage such as coral, sea animals, sea shells, snail, etc. Now many people are environmentally aware and hate the actions of taking the natural objects that in turn will result in degradation of natural values.

It is also found the zonation of craft makers in North Sulawesi that covers 11 regencies and 4 cities, namely : South Minahasa Regency, North Minahasa Regency, Central Minahasa Regency, South East Minahasa Regency, Sitaro Regency, Sangihe Regency, Talaud Regency, South Bolmong Regency, North Bolaang Mongondow Regency, East Bolaang Mongondow Regency, Manado City, Bitung City, Tomohon City and Kotamobagu City. Each af these regencies and cities has its own distinctive motive that become the national wealth with uniqueness for the tourists.

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Table 3: Zonation of Handicraft Industries in North Sulawesi.

Category	Center Names	Location	Handicrafts
Fish Scales	Manado	Karombasan	Clothes, brooches, earrings, bracelets, key hooks, bags
Recycle	Manado	Tuminting	Flower, Masks
Carved Stones	Manado Minahasa	Winangun	Statues
Rattan	Manado, Minahasa	Pinaasaan Tuminting	Furniture, baskets
Soldered Glass	Manado	Dendengan dalam	Modern glass accessories
Posters /Trophies	Manado	Titiwungen	Various shapes and kinds of trophies and posters
Embroidered Product	Manado Bolmong	Wenang	Cloth
Natural Stones	Manado, Minahasa	Pineleng, Winangun, Sonder	Tiles, Statues
Nutshells	Manado,Minut Minsel	Teling,Wori,Amurang,Bahoi	Table ware, bags, key hooks, decorative fish, women's bag, wall accessories
Earthenware vessels	Minahasa	Pulutan, Sonder	Table accessories, flower vases, hearts, clay pats, furniture
Bentenan Cloth	Minahasa	Tondano, Pinabetengan Kolongan, Sonder	Bentenan Cloth
Sea Shells	Talau, Minut Bitung	Melonguane, Likupang Batu putih	Decorative lamps, baskets, wall/room dividers, musical instruments
Bamboo	Tomohon	Tinoor, Kinilow	Decorative lamps, baskets, hats, plaited bags, flower pots
Wood	Tomohon	Woloan	Mini house, table wares, wall accessories
Dry Flower	Tomohon,Manad o	Kakaskasen, wenang	Preserved accessories
Water hyacinth	Tondano	Eris, Kaweng	Bags, mats, shoes

Source: Field Observation, 2015.

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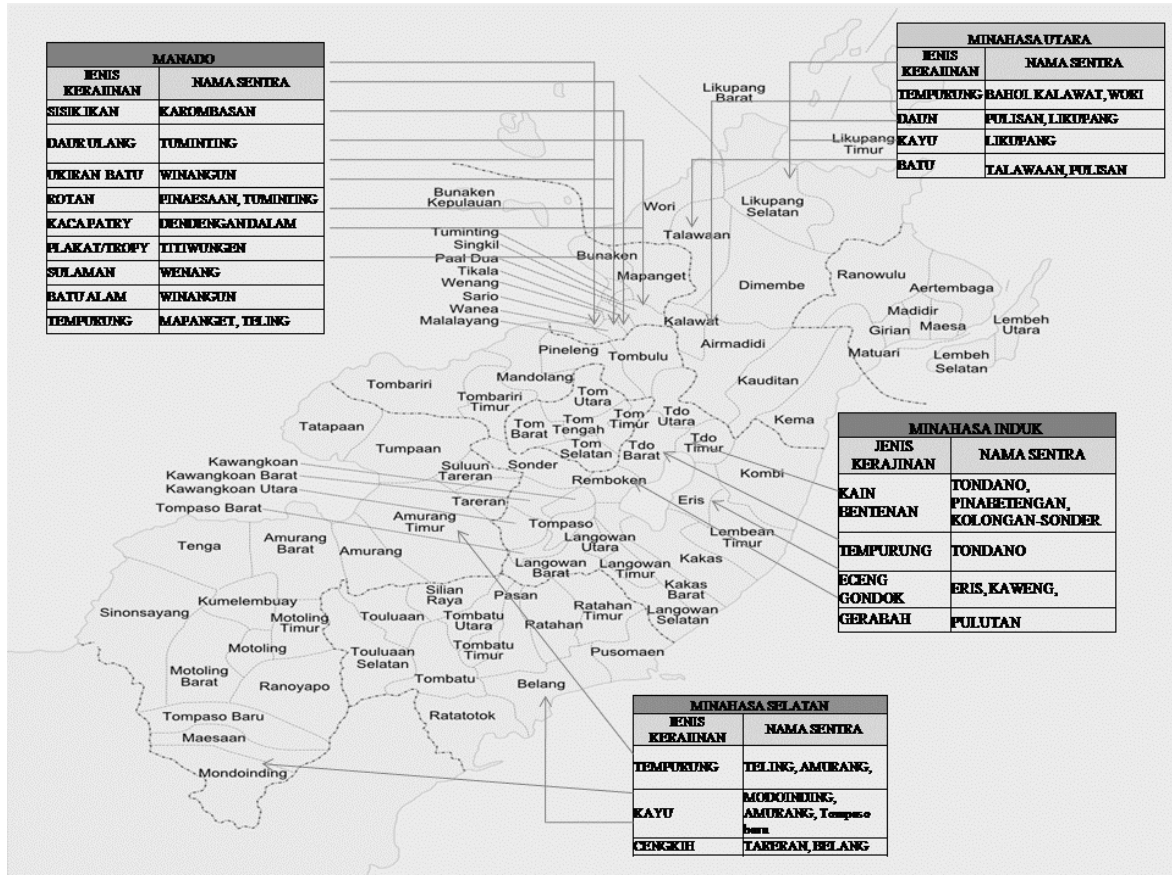


Figure 3: Map of location and zonation of craft makers in North Sulawesi (Field observation, 2015)

Based on the field observation and data from the industry and trade services office of North Sulawesi Province, 2015, it is known that many craft makers stay in Manado because their handicrafts are mainly marketed in Manado or outlets which are mostly found in handicraft shop in Manado. Craft makers are spread in some subdistricts such as Wanea, Wenang, Wonasa, Winangun, Tuminting, Tituwungen, Pinaesaan, Malalayang, and Mapanget. Meanwhile handicrafts from earth, wood and bamboo are centered at places where there are raw materials such as Pulutan village in Tondano and bamboo for Tomohon Kinilow and Wood for Woloan village, Tomohon City.

Result of Focus Group Discussion/FGD

Result of focus group discussion among craft makers, tourists and souvenir shop owners is that they agree to socialize the result of discussion to the craft makers.

1. The craft makers should think about the souvenir selling price, souvenirs which have no selling price should not be produced.
2. Another important consideration is that a souvenir should be rooted in the local culture of the community. This can be done if the souvenir is made by the local craftsmen / craftswomen because their spirit of arts is influenced by their culture that I poured into the souvenir. It is noteworthy that a souvenir that has no culture root will not sell well.

3. If the production of souvenir is large enough and varied, there is a need of outlets for selling such as terminals, stations, airports, bus halts and shopping centers. Outlet for selling the souvenir products should be planned well and carefully starting from the location, shape of building, lay out, etc. The next step is to fill the outlets with the souvenirs to be sold. The strategic location of outlet with a good attractive building and good layout as well as neat arrangement will make the souvenir products in the outlet more attractive.

Conclusions

This research concludes that in order to enhance tourist destination image and increase the souvenir sale volume in North Sulawesi, the crafts makers are required to consider some main things in souvenir business, i.e : 1) Seriousness of the crafts makers in making the souvenir products; 2) Improvement of the craft makers' skill in making the souvenir products can be done; 3) The craft makers need to know the consumers' taste in order that souvenirs are produced accordingly; 4) Development of outlets or places where the consumers can find the souvenir products; 5) In creating the souvenir products, the craft makers are required to consider making small- size souvenirs with competitive prices because small size and inexpensive price are important considerations when tourists buy souvenir products. The result of monitoring the growths of souvenir industries shows that crafts makers who fulfill the qualification mentioned above need to do some efforts through: 1) Well planned and directed training and improvement of skills of craft makers in North Sulawesi in order that they can produce souvenirs to compete with other products; 2) Business Capital aid and sustainable guidance are needed to enhance creativity, desire and willingness to develop souvenir products that in turn will result in the growth of craft makers who have sense of belonging of the souvenir business. The existing coconut industry needs to be maintained and developed while the coconut industry which is not yet optimal; 3) Souvenir industries should get serious attention from all the related parties for enhancing the processing capacity and market expansion in order that the potential of the existing raw materials can be optimally utilized for increasing the commodity value added, export value and income of the coconut farmers as well as the craft makers. The following are suggested: 1) Develop the derivative coconut products due to their great contribution to total export of North Sulawesi; 2) The community and government should pay attention to the plantation area for agriculture commodities, especially coconut that is now getting smaller and smaller dominated by unproductive coconut trees; 3) Processing of coconut products should be continuously increased in order to produce new derivative products that can give considerable value added to derivative coconut products.

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