



The Depreciation of the Rupiah and the Increase in Tourist Arrivals: A PESTEL Analysis of Indonesia's Tourism Competitiveness

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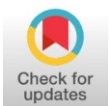
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Abstract:

This study examines the relationship between the depreciation of the Indonesian rupiah and the increase in international tourist arrivals through a PESTEL analysis of Indonesia's tourism competitiveness. The issue is important because currency depreciation may improve destination affordability for foreign tourists, yet its contribution to competitiveness depends on broader political, economic, social, technological, environmental, and legal conditions. Using a qualitative descriptive design, this article relies entirely on secondary data, including exchange rate information, tourism statistics, government documents, institutional reports, and scholarly literature. The analysis shows that rupiah depreciation can strengthen Indonesia's price competitiveness by increasing foreign tourists' purchasing power and making tourism services relatively cheaper. However, this advantage is conditional because tourism businesses may also face higher operational costs, especially when they depend on imported inputs, foreign-denominated expenses, and international digital platforms. The findings further indicate that tourist arrivals are shaped by digital visibility, online reviews, destination image, policy coordination, community readiness, environmental carrying capacity, and regulatory certainty. Therefore, rupiah depreciation should not be treated as an independent driver of tourism growth, but as a temporary opportunity that must be supported by integrated destination governance, sustainable management, digital promotion, and local economic participation. The study concludes that Indonesia's tourism competitiveness will improve only if short-term affordability is transformed into long-term, inclusive, and sustainable destination value for future national tourism development.

Keyword: Tourist Arrivals, PESTEL Analysis, Tourism Competitiveness, Indonesia Tourism



INTRODUCTION

The depreciation of the Indonesian rupiah has become an important issue in discussions on tourism competitiveness because exchange rate movements directly

influence the relative affordability of a destination for international visitors. When the domestic currency weakens against major foreign currencies, travel-related expenses such as accommodation, food, local transportation, and tourism activities may appear cheaper for foreign tourists, thereby potentially increasing destination attractiveness. However, the relationship between currency depreciation and tourist arrivals is not automatic because tourism demand is also shaped by income levels in origin countries, travel costs, destination image, safety, accessibility, and broader macroeconomic uncertainty. In the Indonesian context, the weakening of the rupiah raises an important question: does currency depreciation merely create short-term price advantages, or can it strengthen Indonesia's tourism competitiveness in a more sustainable manner? This article positions the issue within the broader literature on tourism demand, price competitiveness, exchange rate sensitivity, and destination competitiveness by examining rupiah depreciation not only as an economic variable but also as a multidimensional policy issue. (Lim, 1997; Dwyer et al., 2000; Song & Li, 2008; Irandoust, 2019).

Previous studies have shown that exchange rates play a significant role in shaping international tourism flows, particularly because tourists compare the cost of travel across competing destinations before making decisions. A weaker destination currency can improve price competitiveness, but it may also signal macroeconomic vulnerability if depreciation is accompanied by inflation, political uncertainty, or declining investor confidence. For tourism-dependent economies, this dual effect is crucial because depreciation may stimulate tourist arrivals while simultaneously increasing operational costs for tourism businesses that rely on imported goods, foreign-denominated debt, or international marketing expenses. Therefore, the relationship between rupiah depreciation and tourist arrivals must be understood through a balanced perspective that connects tourist purchasing power, destination affordability, business resilience, and the long-term stability of tourism governance. (De Vita, 2014; Martins et al., 2017; Kim et al., 2017; Ding et al., 2023).

The issue is also closely related to the concept of tourism destination competitiveness, which emphasizes that a destination's ability to attract and satisfy tourists depends not only on price but also on the quality of resources, infrastructure, institutions, human capital, marketing, innovation, and sustainability. Indonesia may benefit from rupiah depreciation if foreign tourists perceive the country as offering better value for money compared with competing destinations in Southeast Asia. Nevertheless, price advantage alone is insufficient when service quality, environmental carrying capacity, transport connectivity, safety standards, and destination management remain uneven across regions. For this reason, the increase in tourist arrivals during a period of currency depreciation should not be interpreted merely as a monetary effect, but as part of a wider competitiveness structure that involves economic, institutional, social, technological, environmental, and legal dimensions. (Crouch & Ritchie, 1999; Enright & Newton, 2004; Kovačević et al., 2018; Cronjé & du Plessis, 2020).

This article uses the PESTEL framework to examine the relationship between rupiah depreciation and the potential increase in tourist arrivals because the framework allows the issue to be analyzed through political, economic, social, technological, environmental, and legal dimensions. The political dimension concerns government stability, tourism policy coordination, visa facilitation, and destination promotion. The

economic dimension focuses on exchange rates, purchasing power, inflation, tourism receipts, and business costs. The social dimension relates to tourist behavior, local community acceptance, cultural attractiveness, and service readiness. The technological dimension concerns digital marketing, online booking systems, data-driven tourism promotion, and smart destination management. Meanwhile, the environmental and legal dimensions highlight the importance of sustainable tourism standards, environmental protection, consumer protection, business regulation, and destination carrying capacity. By adopting PESTEL analysis, this article avoids a narrow economic interpretation and instead frames rupiah depreciation as a complex external condition that interacts with broader tourism competitiveness factors. (Dwyer et al., 2009; Barkauskas et al., 2015; Segura et al., 2018; Appiah et al., 2021).

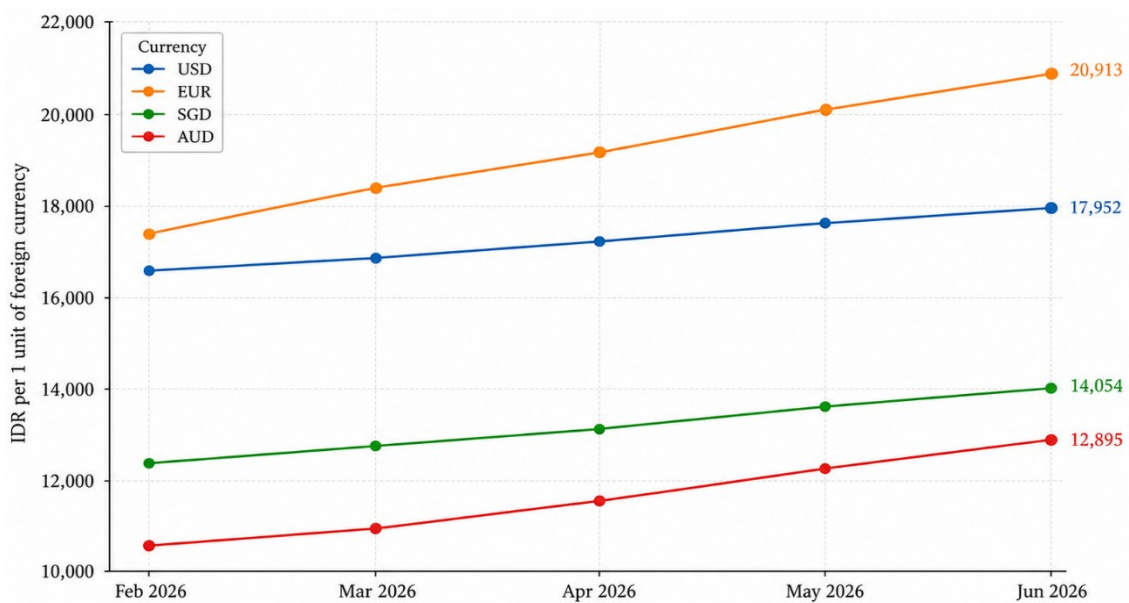


Figure 1. Graph of Rupiah Depreciation over the Last Five Months
 Source: Author, 2026

From the political and governance perspective, rupiah depreciation may become an opportunity for tourism growth only when supported by coherent public policy, institutional coordination, and destination-level governance. Tourism competitiveness depends on how national and local governments respond to changing market conditions through promotion strategies, investment facilitation, transportation policy, visa arrangements, safety management, and support for micro, small, and medium tourism enterprises. If policy responses are fragmented, the benefits of depreciation may be concentrated only in already-established destinations such as Bali, Jakarta, or Labuan Bajo, while peripheral destinations may remain unable to capture the increased demand. Thus, the political dimension of PESTEL is important because government capability determines whether exchange rate advantages can be transformed into inclusive destination competitiveness rather than temporary growth in visitor numbers. (Zehrer et al., 2015; Luštický et al., 2021; Tribe, 2023; Pham et al., 2025).

From the economic, social, and technological dimensions, rupiah depreciation can influence tourism demand by making Indonesia more affordable, but the actual

effect depends on tourist confidence, digital visibility, and the quality of the tourism experience. International tourists increasingly rely on online platforms, social media, digital reviews, and real-time price comparisons before selecting destinations. As a result, a weaker rupiah may attract attention only if it is accompanied by effective digital promotion, transparent pricing, reliable service information, and positive destination narratives. Socially, increased arrivals may create opportunities for employment and local income, but they may also generate pressure on communities if tourism growth is not managed responsibly. Therefore, the competitiveness effect of rupiah depreciation should be understood as a combination of affordability, digital communication, visitor experience, and social acceptance within destination communities. (Buhalis & Law, 2008; Hays et al., 2013; Kumar et al., 2020; Chan et al., 2022).

The environmental and legal dimensions are equally important because a rise in tourist arrivals driven by currency depreciation may create pressure on ecological resources, local infrastructure, and destination carrying capacity. Indonesia's tourism competitiveness cannot be measured only by the number of visitors, because unmanaged growth may weaken destination quality through congestion, waste accumulation, environmental degradation, and social resistance. Legal instruments related to tourism business licensing, environmental standards, consumer protection, spatial planning, and investment governance are therefore necessary to ensure that increased arrivals contribute to sustainable development. In this regard, rupiah depreciation should be treated as a market opportunity that must be governed through sustainability-oriented policies so that tourism growth does not undermine the natural and cultural assets that make Indonesia attractive in the first place. (Cucculelli & Goffi, 2016; Goffi et al., 2019; Mohan et al., 2021; Zhang et al., 2025).

Based on this background, the main objective of this article is to analyze how the depreciation of the rupiah may influence the increase in tourist arrivals and what this means for Indonesia's tourism competitiveness. The originality of this article lies in its attempt to connect exchange rate depreciation with a PESTEL-based competitiveness analysis, rather than treating the issue solely as a matter of price advantage. By doing so, the article offers a more comprehensive explanation of how monetary conditions interact with policy, business costs, tourist behavior, digital transformation, environmental sustainability, and legal certainty. This approach is expected to contribute to tourism studies by showing that the relationship between a weaker currency and increased tourist arrivals is multidimensional, conditional, and dependent on the capacity of the tourism system to transform short-term affordability into long-term competitiveness.

RESEARCH METHOD

This study employs a qualitative descriptive research design using a secondary data-based approach to analyze the relationship between the depreciation of the Indonesian rupiah, the potential increase in tourist arrivals, and Indonesia's tourism competitiveness through the PESTEL framework. The qualitative descriptive design is considered appropriate because the study does not seek to test statistical causality, but rather to interpret macroeconomic, institutional, social, technological, environmental, and legal factors that shape tourism competitiveness in the context of currency depreciation. The data used in this study consist entirely of secondary sources, including official exchange rate data, tourism arrival statistics, government policy documents,

institutional reports, and relevant scholarly literature on tourism demand, destination competitiveness, exchange rate sensitivity, and strategic environmental analysis. This approach enables the study to construct a systematic and evidence-based interpretation of how rupiah depreciation may influence destination affordability and international tourist decision-making within a broader competitiveness structure. (Creswell & Creswell, 2018; Yin, 2018).

The data collection process was conducted through document review and literature-based analysis by identifying, selecting, and interpreting credible secondary sources relevant to the research topic. The literature review focused on studies discussing tourism demand, exchange rate movements, destination competitiveness, tourism policy, digital tourism transformation, sustainable tourism, and PESTEL analysis. Documents were selected based on relevance, credibility, publication quality, and their connection to the Indonesian tourism context. The analysis was carried out by classifying the collected data into six PESTEL dimensions: political, economic, social, technological, environmental, and legal. Each dimension was then examined to identify how rupiah depreciation may create opportunities, risks, and policy implications for Indonesia's tourism competitiveness. This method allows the study to combine macroeconomic interpretation with strategic tourism analysis while maintaining analytical transparency and conceptual consistency. (Bowen, 2009; Snyder, 2019).

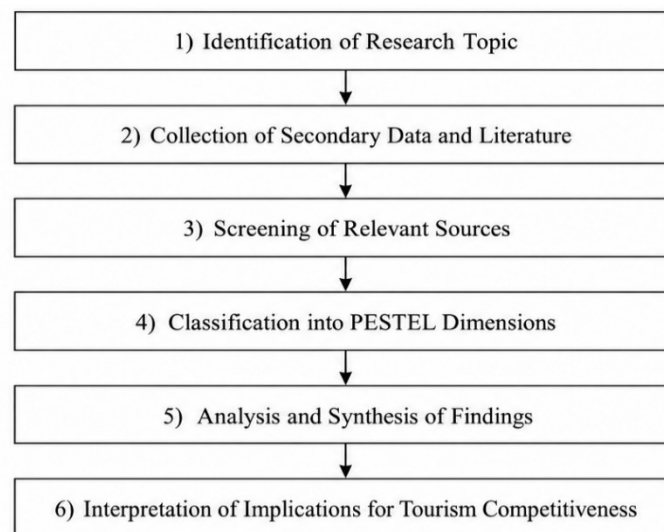


Figure 2. Literature Review Process for Analyzing Rupiah Depreciation, Tourist Arrivals, and Tourism Competitiveness
Source: Author, 2026

Since this study relies exclusively on secondary data, it does not involve direct interaction with human participants, surveys, interviews, experiments, or personal data collection. Therefore, ethical considerations are focused on the responsible use of published sources, accurate citation practices, avoidance of data manipulation, and transparent interpretation of official and academic materials. The analytical procedure consists of three main stages: first, identifying secondary data and relevant literature; second, categorizing the information according to the PESTEL dimensions; and third, synthesizing the findings to explain how rupiah depreciation may affect tourist arrivals

and Indonesia's tourism competitiveness. Through this methodological structure, the study provides a systematic, replicable, and academically grounded basis for understanding currency depreciation as a multidimensional tourism competitiveness issue.

RESULTS AND DISCUSSION

1. Rupiah Depreciation and Destination Price Competitiveness

The analysis indicates that rupiah depreciation creates a potential price-competitiveness advantage for Indonesia's tourism sector because foreign tourists may experience higher purchasing power when converting their currencies into rupiah. In practical terms, accommodation, local transportation, food, cultural attractions, and domestic travel services may become relatively more affordable for international visitors. This affordability effect is important because tourism demand is often influenced by relative prices between competing destinations. However, the advantage should not be understood as an automatic increase in competitiveness, because tourists also consider service quality, safety, accessibility, infrastructure, and destination reputation before choosing where to travel. Therefore, rupiah depreciation may function as an initial economic attraction, but its impact on tourist arrivals depends on how effectively Indonesia converts price advantage into a high-quality tourism experience (Dogru et al., 2017; Han et al., 2006).

The findings also show that the depreciation of the rupiah may benefit destinations that already have strong international visibility, such as Bali, Jakarta, Yogyakarta, Batam, and Labuan Bajo. These destinations are more likely to capture the purchasing-power effect because they are already connected to global tourism markets through international flights, hotel chains, online travel agencies, and digital promotion. In contrast, destinations with weak infrastructure and limited international exposure may not benefit equally, even when Indonesia becomes cheaper for foreign tourists. This means that currency depreciation creates an opportunity, but the distribution of benefits depends on destination readiness and market accessibility.

In terms of economic competitiveness, rupiah depreciation can strengthen Indonesia's position compared with regional competitors if tourism operators are able to maintain stable service prices while offering better value for money. The "value for money" perception becomes crucial because tourists do not simply look for cheap destinations; they seek destinations where the quality of experience is perceived to exceed the cost paid. Indonesia's cultural diversity, natural attractions, maritime tourism potential, and hospitality services may become more attractive when combined with favorable exchange rates. Nevertheless, price competitiveness can quickly weaken if inflation, high transportation costs, or inconsistent service standards reduce the real benefits felt by tourists.

The analysis further suggests that rupiah depreciation may increase tourism receipts if foreign tourists extend their length of stay or spend more on local products and experiences. A weaker rupiah may encourage tourists to purchase culinary products, souvenirs, local tours, wellness services, marine tourism packages, and cultural activities because these expenditures become more affordable in foreign-currency terms. This can generate multiplier effects for hotels, restaurants, transport providers, guides, creative industries, and small tourism enterprises. However, this

potential can only be optimized if tourism supply chains are locally embedded, so that increased tourist spending circulates within local economies rather than leaking through imported goods or externally owned businesses.

Despite its potential benefits, rupiah depreciation also creates cost-side pressures for tourism businesses. Hotels, restaurants, transport operators, and tour agencies that depend on imported food products, imported equipment, international technology platforms, fuel, or foreign-denominated loans may face higher operating costs. If these costs are transferred to tourists through higher prices, the affordability advantage created by rupiah depreciation may decline.

Table 2. Economic Effects of Rupiah Depreciation on Indonesia's Tourism Competitiveness

Economic Aspect	Potential Opportunity	Potential Risk	Implication for Tourism Competitiveness
Destination Affordability	Foreign tourists may perceive Indonesia as cheaper than competing destinations.	Affordability may decline if inflation raises tourism prices.	Price advantage must be supported by stable tourism costs.
Tourist Spending	Tourists may spend more on accommodation, food, souvenirs, and local experiences.	Spending may concentrate in major destinations only.	Local supply chains are needed to distribute benefits.
Business Operations	Increased arrivals may improve hotel occupancy and tourism revenue.	Imported inputs and foreign-denominated costs may become more expensive.	Tourism businesses need cost-efficiency and local sourcing.
Regional Competitiveness	Indonesia may become more attractive in Southeast Asia.	Competing destinations may respond through promotion and pricing strategies.	Indonesia must combine price advantage with service quality.
Local Economy	Tourism income may support MSMEs and employment.	Economic leakage may occur if tourism ownership is externally dominated.	Community-based tourism can strengthen local value capture.

Source: Author, 2026

Overall, the economic dimension shows that rupiah depreciation should be treated as a temporary competitiveness window rather than a permanent development

strategy. A weak currency may make Indonesia more attractive in the short term, but sustainable competitiveness requires stronger infrastructure, consistent service quality, destination management, human resource capacity, and diversified tourism products. Therefore, the central finding of this section is that rupiah depreciation can support tourist arrivals only when integrated with broader destination competitiveness policies. Without such integration, the tourism sector may become overly dependent on exchange rate movements rather than building long-term structural competitiveness.

2. Tourist Arrivals, Market Behavior, and Digital Travel Decisions

The analysis shows that tourist arrivals in the context of rupiah depreciation are strongly shaped by market behavior and digital travel decision-making. Foreign tourists increasingly compare destinations through online platforms, social media, digital reviews, travel blogs, booking applications, and price-comparison websites. In this context, the depreciation of the rupiah becomes meaningful only when tourists are aware that Indonesia offers better value than competing destinations. If favorable exchange-rate conditions are not communicated effectively through digital tourism promotion, the price advantage may not significantly influence tourist decisions. Therefore, the rise of tourist arrivals depends not only on macroeconomic conditions but also on how destination value is constructed and communicated in digital spaces (Xiang et al., 2015; Leung et al., 2013).

Tourist decision-making is influenced by several stages, including information search, destination comparison, perceived risk assessment, budget calculation, and final booking. Rupiah depreciation may influence the budget-calculation stage by making Indonesia appear more affordable, but the final decision still depends on perceived experience quality. Tourists may choose Indonesia if they find convincing information about destination attractions, accessibility, hotel quality, safety, local transportation, and travel convenience. This means that the exchange-rate advantage must be supported by credible information and persuasive destination narratives that reduce uncertainty and increase confidence.

Digital trust also plays an important role in transforming currency depreciation into increased tourist arrivals. Even when a destination is affordable, tourists may hesitate if online reviews indicate poor service, unclear pricing, safety concerns, or weak infrastructure. Positive reviews, high ratings, and user-generated content can strengthen tourist confidence because they provide social proof from previous visitors. For Indonesia, this means that tourism competitiveness during rupiah depreciation depends on the ability of destinations and businesses to manage digital reputation, respond to tourist feedback, and maintain consistency between promotional messages and actual experiences.

The analysis further indicates that online reviews and digital ratings may amplify or weaken the benefits of rupiah depreciation. A favorable exchange rate may attract initial interest, but hotel booking intentions and destination choices are often influenced by review quality, reviewer credibility, response patterns, and perceived service reliability. If tourists perceive that Indonesia offers both affordable prices and trustworthy experiences, the likelihood of conversion from search intention to actual visit becomes higher. Conversely, if digital reviews highlight congestion, poor hygiene,

environmental degradation, or service inconsistency, the price advantage may be insufficient to generate arrivals.

Social media also shapes how tourists interpret the affordability and desirability of Indonesia during periods of rupiah depreciation. Visual content, influencer narratives, short videos, travel recommendations, and destination storytelling can convert macroeconomic advantage into emotional attraction. This is especially relevant for younger travelers and independent tourists who rely heavily on digital platforms before making travel decisions. Therefore, rupiah depreciation can support tourism demand only when it is connected with digital marketing strategies that emphasize experience, authenticity, accessibility, and value for money.

Table 3. Tourist Response Patterns to Rupiah Depreciation

Tourist Response Pattern	Main Consideration	Digital Influence	Competitiveness Implication
Budget-Oriented Tourists	Lower travel costs and cheaper local spending.	Price-comparison platforms influence destination choice.	Indonesia can attract tourists seeking affordable experiences.
Experience-Oriented Tourists	Quality of attractions, culture, nature, and hospitality.	Visual content and travel storytelling shape expectations.	Affordability must be combined with memorable experiences.
Risk-Sensitive Tourists	Safety, health, transport reliability, and policy stability.	Online reviews reduce or increase perceived risk.	Trust-building is essential for destination credibility.
Digital-First Tourists	Online booking convenience and digital information access.	Apps, reviews, and social media guide travel decisions.	Digital visibility strengthens market conversion.
Long-Stay Tourists	Accommodation value, local mobility, and daily expenses.	Travel forums and remote-work communities influence decisions.	Rupiah depreciation may support longer stays if facilities are adequate.

Source: Author, 2026

The overall result of this section is that tourist arrivals cannot be explained by exchange-rate movements alone. Rupiah depreciation may create a favorable cost perception, but tourist decisions are mediated by digital visibility, online trust, social media narratives, and perceived destination quality. This finding is important because it shifts the analysis from a purely economic interpretation toward a behavioral and technological understanding of tourism competitiveness. In other words, Indonesia's ability to benefit from rupiah depreciation depends on whether the tourism sector can transform affordability into a credible, attractive, and digitally visible travel proposition.

3. PESTEL Dynamics in Indonesia's Tourism Competitiveness

The PESTEL analysis shows that rupiah depreciation interacts with political, economic, social, technological, environmental, and legal factors in shaping Indonesia's tourism competitiveness. Politically, the government's ability to coordinate tourism promotion, visa policy, aviation connectivity, destination security, and interregional tourism development determines whether the currency advantage can be translated into broader tourism growth. Economically, depreciation affects both tourist affordability and business operating costs. Socially, increasing arrivals may generate employment and income, but may also create pressure on local communities. Technologically, digital platforms influence tourist choices. Environmentally and legally, tourism growth must be managed through sustainability standards and regulatory certainty.

The political dimension demonstrates that tourism competitiveness is not only a market outcome but also a governance outcome. A weaker rupiah may create external demand opportunities, but without coordinated policies, those opportunities may remain concentrated in a few destinations. National tourism promotion must be aligned with local destination management, transportation planning, investment facilitation, and community-based tourism development. This requires collaboration among ministries, regional governments, tourism boards, private businesses, and local communities. Therefore, political coordination becomes a key condition for transforming exchange-rate advantage into inclusive tourism competitiveness.

The economic dimension confirms that rupiah depreciation produces both demand-side and supply-side effects. On the demand side, Indonesia may become more attractive because foreign tourists can obtain more goods and services for the same amount of foreign currency. On the supply side, tourism firms may face increased costs due to imported inputs, energy prices, digital platform fees, and foreign-denominated financial obligations. This dual structure suggests that tourism competitiveness during currency depreciation depends on the balance between increased tourist demand and the capacity of businesses to manage cost pressures.

The social dimension indicates that increased tourist arrivals may support employment, entrepreneurship, and local income, especially in communities connected to accommodation, food services, transportation, guiding, culture, and creative products. However, tourism growth may also create social tension if local communities experience rising living costs, cultural commodification, spatial displacement, or unequal distribution of benefits. Therefore, social acceptance is essential for competitiveness because tourists increasingly value destinations that are not only attractive but also socially responsible and culturally authentic.

The technological dimension shows that tourism competitiveness is increasingly determined by digital readiness. Rupiah depreciation may create favorable price conditions, but tourists discover, compare, and evaluate destinations through digital channels. Destinations with strong online visibility, integrated booking systems, multilingual information, real-time customer service, and data-driven marketing are more capable of converting currency advantage into actual visits. In contrast, destinations with weak digital presence may remain invisible despite being affordable. Thus, technology functions as a bridge between macroeconomic opportunity and tourist decision-making.

The legal dimension emphasizes that clear and consistent regulation is needed to protect tourists, businesses, communities, and the environment. Tourism competitiveness is strengthened when investors and visitors trust the legal framework governing licensing, consumer protection, environmental standards, safety, taxation, and land use. In the context of rupiah depreciation, legal certainty is especially important because increased demand may attract new investment and business expansion. Without clear regulation, rapid tourism growth may produce uncontrolled development, unfair competition, environmental damage, and declining destination quality.

4. Sustainability, Risk, and Long-Term Tourism Competitiveness

The environmental dimension of PESTEL reveals that an increase in tourist arrivals during rupiah depreciation may create pressure on natural resources, especially in destinations based on beaches, islands, marine ecosystems, forests, and cultural landscapes. Indonesia's tourism competitiveness is strongly connected to environmental quality because many international tourists are attracted by its natural and maritime resources. If increased arrivals are not managed through carrying-capacity policies, waste management, conservation measures, and responsible tourism standards, short-term growth may damage the very assets that support long-term competitiveness.

The analysis also indicates that overtourism may become a risk when currency depreciation stimulates demand in destinations that already face congestion and infrastructure pressure. Popular destinations may experience traffic density, waste accumulation, water scarcity, rising land prices, and conflicts between tourism use and local community needs. These problems can reduce visitor satisfaction and weaken destination image over time. Therefore, the success of tourism growth should not be measured only by the number of arrivals, but also by the ability of destinations to maintain quality of life, environmental balance, and visitor experience.

Sustainability-oriented competitiveness requires Indonesia to strengthen destination governance beyond promotional campaigns. Policy attention should be directed toward visitor management, local economic participation, environmental monitoring, tourism zoning, green infrastructure, and responsible investment. Rupiah depreciation may attract more tourists, but without sustainability safeguards, growth may become extractive and uneven. Sustainable competitiveness means that tourism development must generate economic value while preserving ecological systems and respecting local communities.

The findings further show that local communities should not be positioned merely as supporting actors in tourism development. They are central to the authenticity, social stability, and cultural attractiveness of destinations. If rupiah depreciation increases tourist arrivals, community participation becomes more important in ensuring that tourism benefits are fairly distributed. Community-based tourism, local entrepreneurship, cultural preservation, and participatory planning can help convert tourism growth into social welfare rather than social pressure. This is particularly relevant for Indonesia's archipelagic regions, where tourism development often depends on local culture and coastal resources.

From a risk perspective, reliance on rupiah depreciation as a tourism growth driver may be problematic because exchange rates are volatile and shaped by external

macroeconomic forces. A destination strategy based primarily on weak currency conditions may become fragile when the exchange rate stabilizes or when competitors offer similar price advantages. Therefore, Indonesia must use the depreciation period as an opportunity to strengthen structural competitiveness, including product diversification, human resource quality, transport connectivity, digital capacity, sustainability certification, and destination branding.

CONCLUSION

This study concludes that the depreciation of the Indonesian rupiah has the potential to support an increase in international tourist arrivals by improving Indonesia's relative destination affordability. When foreign tourists exchange stronger currencies into rupiah, tourism-related expenses such as accommodation, food, transportation, local attractions, and cultural activities may become more attractive in terms of value for money. However, the findings also show that this price advantage is not sufficient by itself to strengthen tourism competitiveness. Rupiah depreciation can function as an entry point for attracting tourists, but its effectiveness depends on service quality, accessibility, infrastructure readiness, safety, destination image, and the ability of tourism businesses to provide reliable experiences.

The PESTEL analysis demonstrates that the relationship between rupiah depreciation and tourist arrivals is multidimensional. Politically, tourism growth requires policy coordination, visa facilitation, promotion strategies, and destination governance. Economically, rupiah depreciation creates both opportunities and risks because it may increase tourist spending while also raising operational costs for businesses that rely on imported goods, foreign-denominated expenses, or international platforms. Socially and technologically, tourist decisions are increasingly shaped by digital information, online reviews, social media narratives, and perceived destination credibility. Therefore, the impact of rupiah depreciation on tourism cannot be interpreted only through exchange rate movements, but must be understood through broader institutional, market, and behavioral dynamics.

The study also emphasizes that increased tourist arrivals must be managed carefully to avoid negative consequences for environmental sustainability and local communities. If tourism growth is driven only by affordability without adequate carrying-capacity management, waste control, spatial planning, environmental protection, and community participation, Indonesia may face destination degradation and social pressure. Sustainable tourism competitiveness requires the government, tourism industry, and local communities to ensure that rising tourist demand contributes to employment, local income, cultural preservation, and ecological balance. In this sense, rupiah depreciation should be used as a temporary opportunity to strengthen long-term tourism resilience, not as the main foundation of tourism development.

Overall, Indonesia should not rely solely on a weaker rupiah as a strategy for increasing tourist arrivals. The more important policy agenda is to transform the short-term affordability advantage into structural competitiveness through integrated tourism governance, digital promotion, service quality improvement, sustainable destination management, local economic empowerment, and legal certainty. By connecting exchange rate dynamics with PESTEL-based analysis, this article shows that tourism competitiveness is shaped by the interaction between macroeconomic conditions and

broader strategic factors. Therefore, the increase in tourist arrivals during rupiah depreciation will be meaningful only if it supports inclusive, sustainable, and competitive tourism development in the long term.

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