FACTORS OF TOURIST PERCEIVED VALUE OF INDONESIA SHOPPING TOURISM

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ABSTRACT

Shopping becomes a relevant component. Shopping has become a factor that influences the choice of destination, travel, travel and travel. With the desire to develop, it is an interesting phenomenon for policy makers, academics and business leaders around the world. The city of Bandung, as one of the cities called "shopping paradise" has attracted many foreign tourists (tourists). The purpose of this study is to analyze the factors of foreign tourists perceived value towards shopping tourism in the city of Bandung. The results of the analysis in this study stated that there are 5 (five) new factors of tourist perceived value of shopping tourism. The five factors are: (1) Emotional Value, (2) Value for Money, (3) Social Value, (4) Hedonic Value, and (5) Functional Value. Faktor yang paling dominan yaitu Emotional Value karena memiliki nilai Eigen Value yang paling tinggi. Penelitian ini mengharapkan adanya koordinasi antara Pemerintah Kota Bandung untuk memperbaiki infrastruktur kota sehingga memberi sisi kenyamanan bagi para wisatawan mancanegara saat berkunjung ke Kota Bandung. Selain itu juga adanya inovasi dari sisi pembayaran saat berbelanja, inovasi pada pusat perbelanjaan yang diharapkan dapat menambah kepuasan wisatawan sehingga terciptanya kunjungan berulang juga merekomendasi kepada wisatawan mancanegara lainnya.

Kata Kunci: wisata belanja, penilaian pelanggan, belanja, wisatawan mancanegara
Functional Value. The most dominant factor is Emotional Value because it has the highest Eigen Value. This research recommend coordination between the Government of Bandung City to improve the city infrastructure so as to provide comfort for foreign tourists when visiting the city of Bandung. In addition, there are also innovations in terms of payment when shopping, innovations in shopping centers that are expected to increase tourist satisfaction so the creation of repeat visits also recommends to other foreign tourists.

Keywords: shopping tourism, tourist perceived value, shopping, foreign tourist

**A. INTRODUCTION**

The contribution of tourism has become an essential for low and middle income nations. The importance of tourism contributes to employment opportunities in hotels, restaurants, retail establishments, and transportation (Christian et al., 2011; Kotler et al., 2010). For many countries, UNWTO (2016) stated that tourism is a source of foreign currency earnings and an important contributor to the economy, focusing on retention of the “hard-earned dollar” (McEwen & Bennett, 2010). Tourism believed to be one of the pillars that support governments around the world to stimulate economic growth, foreign exchange earnings, and job opportunities which involves millions of workers in the hospitality, food, transportation, tour guides, as well as craft industry (Jucan & Jucan, 2013; Nasution & Mavondo, 2005; PIDII, 2016). Tourism is a rapidly growing business that receives global attention. Successful tourism business will offer many benefits to the host countries. As Khuong & Ha (2014) said that Tourism as “the smokeless industry”, is one of the most essential multinational business activities in the world.

Mentioned by Yuan, Fowler, Goh, & Lauderdale (2013) and Rifai (2014) that shopping becomes a growing related element in the tourism industry as it converted to be main motivation for travel which affects destination tourism choice. Further, Timothy (2005) stated that there are three primary factors as the driving forces behind shopping as a primary reason for travel: the merchandise being sought, the destination selected, and price advantages. One of the most popular tourist activities globally is shopping activities. Destinations such as Hong Kong and Paris, shopping has become a main tourist attraction as a primary motive for visit which contributes to the economy.
Survey created by Hertinmalyana et al., (2012) found that most of foreign tourists always spent their time for shopping, no matter their main of purpose. Previous researchers have been studied regarding the similar field of this research, such as: the foreign tourists spending their holiday in Sri Lanka (Gnanapala, 2015), Taiwan tourist in China (Mohd et al., 2014), Tourism behavior and luxury shopping in the city of Vienna (Chen, 2013), tourist shopping behavior of domestic tourists in United States (Oh, 2007), and city branding strategy using setting of domestic and international tourists visiting Bandung (Yuwo et al., 2013). Indonesia also promoting its shopping tourism (Ministry of Tourism Indonesia, 2016), by introducing the 3 largest modern shopping tourism destinations in Indonesia which are: Festival Jakarta Great Sale, Surabaya Shopping Festival, and Semarang Great Sale also enhancing other shopping destinations hope that these events will attract more foreign tourists to visit Indonesia (PIDII, 2016).

In 2015, the Government of Indonesia provided visa-free policy to 169 countries whose citizens do not need a visa to come and live in Indonesia (for a maximum period of 30 days) (Jefriando, 2016; PIDII, 2016; Priyambodo, 2017). Meanwhile, the Government also introduced a new regulation on cruises and yachts. The new regulation abolished the obligation of sabotage for international cruise ships and yachts at the five ports of Indonesia, namely: Tanjung Priok (Jakarta), Tanjung Perak (Surabaya), Belawan (Medan) Soekarno-Hatta (Makassar) and Benoa (Bali). Although open more visa-free access to Indonesia causes the country to lose approximately USD. 11.3 million per year (as currently costs USD. 35 set for ‘visa on arrival’), the action is expected to attract an additional 450,000 foreign tourists per year. Given that each tourist spends an average of between USD. 1,100 to 1,200 per person each time they visit Indonesia, the country will receive approximately USD. 500 million as an additional foreign exchange earnings annually (domestic tourists spent approximately IDR. 711,000 per trip). Other benefits from visa-free policy are increasing number of foreign tourist visit Indonesia. In 2016 counted that it increased 15.54% of foreign tourist visiting Indonesia as compared in 2015. Further, the growth of private investment as jumped drastically to 53%

Additionally, neighboring countries, such as Malaysia, like to visit Indonesia because of the similarity of culture and affordable prices of Indonesia products (Puskompublik, 2012). Supported by Timothy (2005) about cross-border shopping as a travelling which may produce a
sense of pleasure and excitement. So, the development of shopping tourism is an important
drivers in international tourism.

Further, I Gede Pitara (2016) stated that every tourist has different characteristics on spending. Tourists are enjoyed with many activities either culture, nature or others. Most of them always
spent their time for shopping, no matter their main of purpose as Indonesia tourism has a price
competitive compare to their country. The most loyal foreign tourists in Indonesia are from
China and Uni Emirate Arab. They spend less in terms of lodgings and transportation; hence,
they are spending more on buying souvenirs. It is believe can contribute to the country which
directly impact to the community. These create government of Indonesia to boost the economy
creative to reach the demand from tourists. Exhibition, one of the examples done by government,
affects positively to boost up the international tourists visit Indonesia (Hertinmalyana et al.,
2012).

Today, customer orientation through perceived value. It is important for seller to emphasis on
customer perceived value as it leads to customer satisfaction and customer loyalty. There are
many studies regarding customer perceived value. In regard to shopping tourism, Mohammed
Ismail El-Adly & Eid (2016) created MALLVAL dimensions in order to analyses the customer
perceived value consist of seven values of hedonic, self-gratification, utilitarian, transaction,
epistemic, social interaction, and time convenience. Therefore, this study aims to find factors of
the tourist perceived value of shopping tourism in Indonesia which based on MALLVAL
dimensions which will be represented by Bandung City as a shopping paradise of Indonesia
tourism.

**Problem Background**

In terms of tourists’ spending, UNWTO (2014) reported that Asia Pacific destinations are
benefiting from booming visitor numbers and high visitor spending. In fact, the region boasts
some of the highest visitor expenditure on shopping as a proportion of the total travel budget.
Shopping, hence, is one of the major categories of tourists’ expenditure, representing a
significant source of income for national economies both directly and through the many linkages
to other sectors in the economy. Furthermore, Oh (2007) stated that shopping activities is a big
components of travel expenditures. His study found that 85% of international tourists participate
in shopping. In terms of total spend on all goods and services purchased while abroad, MasterCard, a valued PATA member found that Bangkok received the greatest visitor spend in the region (UNWTO, 2016a). According to the MasterCard Global Destination Cities Index 2013, the top ten Asia/Pacific cities by international visitors’ cross-border spending were (in USD) are shown in Table 1. Unfortunately, Indonesia was not listed in this list. Hence, shopping tourism precisely can improve the economic conditions of local businesses such as SMEs in Indonesia as more income derived from selling products to tourists.

In fact, Indonesia also promoted its shopping tourism (Ministry of Tourism Indonesia, 2016). As an example, Bandung City, called as shopping paradise which able to attract foreign tourists. Nonetheless, data shown a decreased number of foreign tourists visited Bandung City as shown in Figure 1. In the year 2011 was the highest number of foreign tourists visiting Bandung, but in 2012 was decreased and slowly improved until 2015. Unfortunately, in 2016 it was turned down again. Based on that conditions, it should have ways on how to improve the numbers of foreign tourists to visit Bandung City in the future.

Table 1: International visitors’ cross-border spending (in USD)

<table>
<thead>
<tr>
<th>Cities</th>
<th>Tourist Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangkok</td>
<td>$ 14.3 billion</td>
</tr>
<tr>
<td>Singapore</td>
<td>$ 13.5 billion</td>
</tr>
<tr>
<td>Tokyo</td>
<td>$ 12.7 billion</td>
</tr>
<tr>
<td>Seoul</td>
<td>$ 10.8 billion</td>
</tr>
<tr>
<td>Sydney</td>
<td>$ 10.4 billion</td>
</tr>
<tr>
<td>Taipei</td>
<td>$ 8.1 billion</td>
</tr>
<tr>
<td>Kuala Lumpur</td>
<td>$ 7.8 billion</td>
</tr>
<tr>
<td>Shanghai</td>
<td>$ 6.9 billion</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>$ 6.3 billion</td>
</tr>
<tr>
<td>Melbourne</td>
<td>$ 5.9 billion</td>
</tr>
</tbody>
</table>

Source: (UNWTO, 2016b)
There are several conditions faced by Bandung City which could impacted the decreased of foreign tourists visited, such as: traffic jam, flooding, and street vendors which create discomfort for foreign tourist and lead to negative word of mouth also reducing tourist satisfaction and revisit intention (Nugroho, 2009; Seputarbandungraya.com, 2017; Detik.com, 2013).

Based on above mentioned, this study will have several objectives:

1. To find factors of tourist perceived values on shopping tourism.
2. To find the dominant factors of Tourist Perceived Value on shopping tourism.

B. LITERATURE REVIEW

Shopping Tourism

Shopping has become an important factor affects destination option, important elements in travelling, said to be main motivation for travel (Sundström, Lundberg, & Giannakis, 2011; UNWTO, 2014). More importantly, shopping is one of the major categories of tourists’ spending, contribute as a source of national income (Meng & Xu, 2012). Tourism shopping could be an impulses activity during travel, as many factors drives tourist to purchase something during their trip such as unique store, social interactions, and tour guide. As a consequence, shopping malls play an important role in tourism, especially for the family vacation destination as shopping mall provide not only shopping but also dining and entertaining activities (Mohammed Ismail El-Adly & Eid, 2017).
Additionally, shopping is an gradually important aspect in tourism (Ralcau & Gina, 2003; Yuan et al., 2013). People might find very pleasurable when they can able to bargains, spending, and going somewhere involves travelling abroad, experimenting cultural differences, spending foreign currency, and different tastes of foods. The purpose of combining travel with shopping is to target tourist longer visits in order to gain a competitive advantage and create marketable image. Consequently, shopping remains one of the most interesting satisfying and stimulating form of leisure that will change the form of future travel and tourism industry.

Lastly, one of the most lucrative tourism activities is shopping (Mehta, Jain, & Jawale, 2014), Dubai, as an example of famous and popular tourist shopping destinations. Various factors such as infrastructure of Shopping destinations, hotels and the branding strategy followed in Dubai. Hence, as tourist’s behavior is changing, 'brand presence' and 'variety' are more significant as compared to 'price' and 'discounts'. Furthermore, UNWTO (2016a) mentioned an additional concept about shopping tourism. One of the trends shared was the so-called ‘Bleisure’ - the combination of Business and Leisure. People are likely to add a day or even a weekend to their trip for shopping activities. Diversity, price and quality, opening hours, customer orientation in shops, handicrafts and souvenirs quality were mentioned as key aspects to advance in shopping tourism.

**Customer Perceived Value**

Value is a function not only for costs to the customer but also of the results achieved for the customer. Value is always relative because it is based both on perceptions of the way a service is delivered and on initial customer expectations (Heskett, Jones, Loveman, Sasser, & Schlesinger, 2008). Customer value takes the perspective of an organization's customers, considering what they want and believe that they get from buying and using a seller's product. This section addresses this customer-directed concept. Customer value define as perceived by customers determined by a seller. Finally, these perceptions typically involve a trade-off between what the customer receives (e.g., quality, benefits, worth, utilities) and what he or she gives up to acquire and use a product (e.g., price, sacrifices) (Woodruff, 1997). Syarifuddin & Sofrosidiq (2012) added, building visitor value of customer value is the maximum effort must be made by tourism destination without having to spend big money, but the process is long
There are many studies of customer perceived value as shown in Table 2. Since this study focusing on shopping tourism, hence, MALLVAL dimensions by M. I. El-Adly & Eid (2015) assume to be most related for this study. The customer-perceived value constructs of shopping malls (MALLVAL) multidimensional construct comprising eight shopping values, namely, hedonic, utilitarian, self-gratification, epistemic, transaction, social interaction, spatial convenience, and time convenience. The result in this study found that all values play a role in purchasing decision.

Table 2: Studies of Perceived Value in Tourism and Hospitality

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Approach Method</th>
<th>Types of value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Nasution &amp; Mavondo, 2005)</td>
<td>Customer value</td>
<td>Reputation for quality, Value for money, Prestige</td>
</tr>
<tr>
<td>(Kotler et al., 2010)</td>
<td>Customer value</td>
<td>Cost: monetary and non-monetary, Benefit</td>
</tr>
<tr>
<td>(Syarifuddin &amp; Sofrosidiq, 2012)</td>
<td>Tourism customer value</td>
<td>Attractions, Accommodations facilities, Transportation facilities, Refreshments/catering (food and drink), Supporting facilities, Other infrastructures</td>
</tr>
<tr>
<td>(Wahyuningsih, 2012)</td>
<td>Customer Value</td>
<td>Functional value, Social Value, Emotional Value</td>
</tr>
<tr>
<td>(Chen, 2013)</td>
<td>Luxury shopping value</td>
<td>Conspicuous value, Snob effect, Bandwagon effect, Emotional value, Quality value</td>
</tr>
<tr>
<td>(M. I. El-Adly &amp; Eid, 2015)</td>
<td>Shopping value</td>
<td>Hedonic value, Utilitarian value, Self-gratification value, Epistemic value, Transaction value</td>
</tr>
<tr>
<td>Study</td>
<td>Customer Value</td>
<td>Value Type</td>
</tr>
<tr>
<td>-------------------------------------------</td>
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</tr>
<tr>
<td>(Siamiloy, Suharyono, Kumadji, &amp; Utami,</td>
<td>Customer</td>
<td>Utility, Hedonic</td>
</tr>
<tr>
<td>2015)</td>
<td>value</td>
<td></td>
</tr>
<tr>
<td>(Amoah, Radder, &amp; Eyk, 2016)</td>
<td>Experience</td>
<td>Enjoyment, Escape</td>
</tr>
<tr>
<td></td>
<td>Value</td>
<td>Atmospherics,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Excellence</td>
</tr>
<tr>
<td>(Danurdara &amp; Hidayah, 2016)</td>
<td>Customer Value</td>
<td>Cost, Benefit</td>
</tr>
<tr>
<td>(Gallarza, Arteaga-Moreno, Del Chiappa,</td>
<td>Intrinsic</td>
<td>Entertainment</td>
</tr>
<tr>
<td>&amp; Gil-Saura, 2016)</td>
<td>values</td>
<td>Ethics</td>
</tr>
<tr>
<td>(Gallarza, Ruiz-molina, et al., 2016)</td>
<td>Perceived</td>
<td>Utilitarian, Hedonic</td>
</tr>
<tr>
<td></td>
<td>Value</td>
<td>Social</td>
</tr>
<tr>
<td>(Martelo-Landroguez &amp; Martin-Ruiz, 2016)</td>
<td>Perceived value</td>
<td>Monetary sacrifices</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Non-monetary sacrifices</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Nazri, Raji, &amp; Zainal, 2016)</td>
<td>Perceived value</td>
<td>Monetary price</td>
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<td></td>
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<td>Behavior price</td>
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<tr>
<td>(Yang &amp; Mattila, 2016)</td>
<td>Customer value</td>
<td>Utilitarian value</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hedonic value</td>
</tr>
</tbody>
</table>

**C. RESEARCH METHODS**

This study conducted primary data collection methods by distributing questionnaires. This study will use a structured questionnaire design. The convenience sampling method applied for this study is due to the absence of a definite population (unknown population) so the sample from
this study was taken following the convenience of researchers in the data collection process. The survey in the form of a questionnaire was carried out and distributed in a place that had been planned and directly given to foreign tourists. The questionnaire was developed based on Eid & El-Gohary (2015) research and modified by researchers using a literature review and adjusted for content validity.

The scope of the study in this study is the shopping tourism sector, tourists who are sampled in this study are tourists visiting the city of Bandung with the aim of shopping and tourists visiting the city of Bandung with other destinations but on the way they also do shopping activities. Places of research include: traditional markets, shopping centers, and factory outlets (FO) which are spread in Bandung City also at the airport by asking foreign tourists in advance whether they are doing shopping tours in the city of Bandung. The reason for limiting research to the context of shopping tourism is to look at the impact of foreign tourist spending so that it can help businessmen in the trade sector improve their business performance. To analyze business performance in non-financial performance, customer satisfaction is believed to be a good representation.

Data analysis technique done by exploratory data analysis techniques which are indicators used in several variables or can also be said as a factor of the initial or previous variable. This technique can presented in several stages and processes such as: formulating problems, load correlation matrix, determine the number of factors, rotation factors, interpretations factors, and determine the accuracy of the model.

D. RESULT AND DISCUSSION

Respondents Characteristics

Majority of respondents in this study were women aged between 21-30 years and single. In terms of occupation, the majority of respondents are private employees. The majority of visits to the city of Bandung are between 2-4 visits with friends and relations with a 4-6 day visit. The majority of them know the shopping tourism of Bandung City through the internet and can spend around $ 100- $ 500 per visit. From the descriptive results above, researchers can draw
conclusions that foreign tourists feel interested in visiting Bandung seen from the frequency of visits more than once with the duration of visits between 4-6 days.

**Validity and Reliability Test**

Validity and reliability tests used to find whether all questions (indicators) in questionnaire is valid or not. Indicators said to be valid if the r value is higher than r table. Further, question can be stated to be reliable if the Cronbach alpha value is > 0.6 (Sujarweni, 2015). valid. The Reliability result found that all variables have alpha coefficient > 0.6 whereby all indicators in the questionnaire are reliable.

**KMO and Bartlett’s Test**

Kaiser Meyer Olkin Measure of Sampling Adequacy (KMO MSA) used to see whether all indicators are able to continue for next analysis. To be able to analyse analysis factor, the value of KMO should be at least 0.5 (Suliyanto, 2005). The result of KMO in this study is 0.901 which is higher than 0.5. Therefore, next analysis can be proceed.

**Total Variance Explained**

Total Variance Explained used to see the result of the factor analysis and to see the number of new factors developed. The new factor should having the value of eigen value of higher than 1 (Suliyanto, 2005). The result of factor analysis shows that out of 26 indicators, there are 5 (five) new factors developed which having eigen value of higher than 1. Those five factors are factors of tourist perceived value on shopping tourism in Indonesia.

**Rotated Component Matrix**

Rotated component matrix shows indicators distribution that has been extracted into factors that have been formed based on the loading factor after the rotation process has been carried out. Indicators that have a loading factor smaller than 0.5 are considered to have a weak contribution to the factors formed so that they must be eliminated or removed from the previously formed factor. Out of 26 indicators which analysed by Rotated Component Matrix, there are 3 indicators which have loading factor smaller than 0.5, therefore it should be eliminated and final indicators used are 23 indicators. Next, naming the new factors will be based on indicators formed in each factors.
Interpretation of Factor

Interpretation of factor done by forming indicators which have high factor loading to each new factors formed and named it based on indicators forming in the same factor. The result of cumulative variance for all new factors formed are 70.754% which consists of five factors. Those five factors named as: factor Emotional Value with variance of 48.067%, factor Value for Money with variance of 7.715%, factor Social Value with variance of 6.323%, factor Hedonic Value with variance of 4.673%, and factor Functional Value with variance of 3.977%. Those factors described as follows:

1. First factor, Emotional Value having the highest Eigen value of 12.497 which consists of indicators: feel excited, sense of joy, fun, escape from life pressure, able to forget problems, release and relax, find it open.

2. Second factor, Value of Money having Eigen value of 2.006 which consists of indicators: satisfy all family members, varieties of activities, varieties of products and stores, get some bargain, on sale, and find some bargains.

3. Third factor, Social Value having Eigen value of 1.644 which consists of indicators: have fun and good memories with friends and family, spent time together with friends and family, socialize with friends and family.

4. Fourth factor, Hedonic Value having Eigen value of 1.215 which consists of indicators: feel happy, truly enjoyable, to see what is interesting or innovating.

5. Fifth factor, Functional value having Eigen value of 1.034 which consists of indicators: everyone can find their needs, get ideas about new trends of fashion, keep up with newest trends, open till late.

E. CONCLUSION AND RECOMMENDATION

Based on respondent characteristics, most of respondents are women aged between 21-30 years and single and it can be said that they feel interested in visiting Bandung seen from the frequency
of visits more than once with the duration of visits between 4-6 days. The factors found in this study consist of five factors: (1) Emotional Value, (2) Value for Money, (3) Social Value, (4) Hedonic Value, and (5) Functional Value. The dominant factor is Emotional Value which having the highest Eigen value.

Based on the results of research and conclusions, there are several suggestions to improve this research in the future. First, there is a need for cooperation with the Government to overcome existing problems, such as infrastructure improvements to overcome congestion, flooding and other problems, so that foreign tourists are expected shopping activities with better conditions. Second, there is a need of improvement of the payment system. Facility in terms of use an EDC machine or simply swipe a credit card, making it easier for foreign tourists to make transactions. Further, the number of money changer facility needs to improve to make it easier for foreign tourists. Additionally, shopping centers in the city of Bandung need to pay attention to other aspects as supporting shopping tourism. Such as the availability of a culinary center, a gathering place for foreign tourists so as to provide more comfort for them and is expected to increase the growth of shopping tourism in the city of Bandung by providing recommendations to colleagues and family as well as making the next visit.

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