Factors Affect the Willingness of Foreign Tourists to Spend Money to Benefit the Local People

I Gusti Ayu Oka Suryawardani  
Udayana University  
Denpasar, Indonesia  
gungdani@gmail.com

Christine PETR  
EIREST, Sorbonne Université Paris1  
Paris, France  
drchpetr@gmail.com

Agung Suryawan Wiranatha  
Udayana University  
Denpasar, Indonesia  
balitruly@yahoo.com

ABSTRACT
Tourism has been a driving force of the economic development in Bali in the last two decades. This study was undertaken to examine factors affecting the willingness of foreign tourists to spend their money to benefit Balinese people. The results show that the opinions of foreign tourists regarding services provided by hotels and restaurants in Bali, expectations about the whole trip in Bali, the level of emotional experience, levels of satisfaction about the whole trip in Bali, the level of agreement on spending money to benefit Balinese people were varying between 5.31 to 6.15 on a 7-point Likert’s scale. Based on the relationships between variables, the results show that (i) all variables of familiarity (F) had significant relationships with all variables of satisfaction (S); (ii) Only the variable Periodicity of visit (F3) had a significant relationship with variable Benefit for Balinese (B); (iii) Positive correlations were found between perceptions regarding the quality of local products and benefit for Balinese, particularly on local furniture, local vegetables, and local building style. These results indicate that the higher the perception of quality of local products and services, the higher the benefits for Balinese people.

Keywords - foreign tourist; satisfaction; familiarity; motivation; perception; benefit for Balinese

1.0 INTRODUCTION
1.1 Background
Bali has been known as one of the most popular tourist destinations in the world due to its cultural activities and natural scenery. Tourism has now become a driving force in the economic development of Bali Province and has become the leading economic sector in Bali’s economy. As Bali’s economy has been developed mostly through tourism, it has resulted in changing in economic sectors of Bali Province from agricultural sector to service sector. The contribution of agricultural sector to the Gross Domestic Product (GDP) of Bali has decreased dramatically from 61.21% in 1969 to 16.84% in 2012 while the contribution of service sector (trade, hotels, and restaurants) have increased from 9.52% in 1969 to 30.66% in 2012. Meanwhile, the contribution of industrial sector (such as handicraft industry, etc.) has fluctuated but showing a growth trend from 1.67% in 1969 to 9.97% in 2010 [1] and [2]. Even though the contribution of agricultural sector has decreased, it still has a crucial role in Bali’s economy, as source of jobs and income, raw materials for industry, and foreign exchange earnings, and and tourist attractions [3] and [4].

Tourism in Bali has been developed significantly. The number of direct arrivals of foreign tourists to Bali increased dramatically from 23,340 tourists in 1970 to reach 3,278,598 tourists in 2013 [5]. However, there were several downturns in number of foreign tourists visiting Bali due to Bali bombings on 12th October 2002 and on 1st October 2005. The Bali bombs had the greatest impact on the number of foreign tourists to Bali than other crisis in the history of tourism in Bali [6]. Efforts were undertaken by the government to convince foreign tourists to visit Bali after the Bali bombing tragedy, it was resulted in gradual increases of foreign tourist direct arrivals since year 2007. During the period of 2007 up to 2013, the average growth rate of direct arrivals of foreign tourists to Bali was 14.9 % per year [5]. As a world-class tourist destination, Bali is supported by the availability of various tourism facilities within the region. There were 2,212 units accommodation with total of 46,025 rooms registered in Bali in 2012. These included 156 units star-rated hotel (20,269 rooms), 1,031 units
of Non star-rated hotels (21,114 rooms), and 1,025 unit homestays (4,642 rooms). However, Bali Hotel and Restaurant Association (PHRI Bali) accounted 3,346 units accommodation (62,407 rooms) in Bali in 2011, that was consisted of 165 units star-rated hotel (22,161 rooms), 1,371 units of Non star-rated hotels (28,585 rooms), 1,760 unit homestays (9,282 rooms), 15 condotels (1,793 rooms), and 35 units rental house (586 rooms). It could be more accommodation available in Bali than the above numbers as many more accommodations unregistered or operate illegally in Bali in year 2013. In addition, the average tourist expenditure and length of stay had also increased. The average expenditure of foreign tourists per person per day increased from US$ 137.90 in 2009 to US$ 158.87 in 2011. The length of stay of foreign tourists also extended from 8.75 days in 2009 to 9.27 days in 2011 [5]. Regarding the growth of number of tourists, the average tourist expenditure, and the length of stay, it seems that tourism in Bali will keep being promising as a source of household income for Balinese inhabitants, contribute to the national exchange rate as well as providing job opportunities.

Assessing foreign tourists’ familiarity, satisfaction, motivation and perceptions of a destination regarding their visit is really important in order to develop a pull marketing strategy which be based on customers’ need which could influence visitors’ perceptions, motivation and behaviour when travelling. These aspects affect human behavior which provide suggestions for increasing level of desire to learn, improve experience and enjoy activities effectively includes interest, relevance, confidence and satisfaction which leads people to choose and pursue certain goals. How to motivate and hold visitors’ attention to be sustained throughout revisit is really important as visitors become stimulated when they are actively and emotionally involved in their own experience. Willingness to participate in development of Bali’s tourism is also important to be assed by asking them to what extent they agree that the money was spent during their visits benefits the Balinese people.

1.2 Research Objectives

This study was undertaken to: (i) examine opinion of foreign tourists on accommodation and restaurants services, expectation and satisfaction level on the whole trips, emotional experience and level of agreement on spending money to benefit Balinese people; and (ii) to analyse the relationships between variables, i.e. relationships between satisfaction, familiarity, motivation and perception of foreign tourists regarding the quality of products and services in Bali’s tourism and willingness to spend their money to benefit the Balinese people. The research’s results are expected to give a better understanding of foreign tourists’ perception on several aspects of the destination, tourists’ need, and their desires on giving more benefits to the Balinese people.

2.0 Literature Review

2.1 Perception

Perception is defined as the ability to see, hear or be aware of something that expresses a particular understanding as a process of perceiving [7]. Perception is also defined as “the process by which these sensations are selected, organized and interpreted, while sensation refers to the immediate response of our sensory receptors: eyes, ears, nose, mouth and fingers to basic stimuli such as light, colour, sound, odors and textures” [8:43]. There are limitations in the brain’s ability to process information, so that people are very selective about what they pay attention to (called “perceptual vigilance”). Therefore, people practise a form of “psychic economy”, picking and choosing among stimuli to avoid being overwhelmed [8]. The people are more likely to be aware of stimuli that are related to their current needs. Moreover, people see what they want to see and don’t see what they don’t want to see (called “perceptual defense”) [9]. The degree to which consumers continue to notice stimulus over time is known as “adaptation” [9]. The process of adaptation occurs when consumers no longer pay attention to a stimulus because it is so familiar. A consumer can become habituated and require increasingly stronger “doses” of a stimulus for it to be noticed. Several factors can lead to adaptation, namely intensity, duration, discrimination, exposure and relevance. “Intensity” means that less intense stimuli are less likely to be noticed. “Duration” refers to the length of exposure to the stimulus; stimuli that require a relatively lengthy exposure time in order to be processed tend to habituate because they require a long attention span. “Discrimination” relates to simple stimuli that tend to habituate because they do not require attention to detail. “Exposure” refers to the frequency of exposure; frequently encountered stimuli tend to habituate as the rate of exposure increases. Perception is one of the social and psychological factors which, together with other factors such as personality, learning, motives and attitudes, play an important role in influencing a person’s travel decisions. In this study, these concepts of perception are adapted to obtain tourists’ opinions about certain imported and local products and services in Bali [10].

2.2 Familiarity

Familiarity is a quality or condition for being familiar which is classified into spatial proximity and expertise of the country [11]. Spatial proximity describes proximity to an area, while country expertise is the accumulation of a person’s experience of the quality of a destination. In this study, familiarity is related to the satisfaction of tourists during their visit in Bali. It was based on “country of residence” (F1) which covers five continents namely Europe, America, Australia, Africa, and Asia, while “large code of residence” (F2) denotes the residential areas where they live. Meanwhile, country expertise is the accumulation of experience of the
quality of a destination [11]. In this study, it is measured in terms of 'periodicity' in visiting Bali (F3) and "visit more than 5 times" (F4). All of the above variables influence people's travel choices [9]. The emotional experience of foreign tourists is one of the indicators which can be used to assess their level of satisfaction during their visit. Previous experience influences people's decision to revisit a destination [12]. This kind of experience was also assessed in this research.

2.3 Motivation

Motivation is defined as reasons for acting or behaving in a particular way toward attaining a goal [13]. As a basic psychological feature, motivation stimulates an organism to act towards a desired goal, controls and sustains a certain goal. It can be considered as a driving force which psychologically reinforces an action toward a desired goal [11]. Motivation is an internal factor that leads people to choose and pursue certain goals and experiences [14]. Meanwhile, motivation provides suggestions for increasing level of desire to learn effectively includes interest, attention, relevance, confidence and satisfaction [15]. Regarding this study, motivation related to reasons to visit Bali as a destination, which consists of vacation, visiting friends and relatives (VFR), office task, MICE (Meeting, Incentive, Conference and Exhibition), business, religious, education research, health/beauty, and sport.

2.4 Expectation

Expectation is a cognitive process of motivation which based on the idea that people believe there are relationships between the effort they have made, the performance they achieve and the rewards they receive from their effort and performance. People will be motivated if they believe that strong effort will lead to good performance and good performance will lead to desired rewards [16]. Expectancy theory is based on four assumptions [17]. The first assumption is that people join organizations with expectations about their needs, motivations, and past experiences. These influence how individuals react to the organization or activities. The second assumption is that an individual's behavior is a result of conscious choice which means that people are free to choose those behaviors suggested by their own expectancy calculations. The third assumption is that people want different things from the organization (experience, good salary, job security, advancement, and challenge), and the fourth assumption is that people will choose among alternatives to optimize outcomes for them personally. The expectancy theory based on these assumptions has three key elements, namely expectancy, instrumentality, and valence. A person is motivated to the degree that he or she believes that effort will lead to acceptable performance. Performance will be rewarded and the value of the rewards is highly positive [17]. Regarding this study, expectation relates to fulfilment of foreign tourists expectations regarding the whole trips in Bali.

3.0 RESEARCH METHODS

3.1 Research Location and Respondents

A survey on foreign tourists was undertaken during the period of April to June 2013 in four main destinations in Bali, i.e. Kuta, Nusa Dua, Sanur and Ubud. Accidental sampling technique [18] was chosen to select a sample of foreign tourists who were visiting Bali. Population was the number of foreign tourists who visited Bali in year 2011, which was about 2.6 million. Using the calculation method [19] and [20] with an error of 5% (α=0.05), the number of respondents was set at 600 tourists.

3.2 Identification of Variables

3.2.1 Familiarity (F)

In this study, familiarity means being familiar of Bali which was assessed based on: (a) the variable “country of residence” (F1) consists of “five continents”, namely Europe, America, Australia, Africa and Asia; (b) the variable “large code of residence” (F2) which is the code for the residential area where they live; (c) the variable “country expertise” was classified by: (i) the variable ‘periodicity in visiting Bali’ (F3), and (ii) the variable “visit more than 5 times” (F4).

3.2.2 Satisfaction (S)

Variable satisfaction was classified into four types, namely: (a) satisfaction with the services of accommodation and restaurant in Bali (S1); (b) satisfaction with the whole trip (S2); (c) satisfaction with level of emotion during visit (S3); and (d) satisfaction on the level of expectation (S4).

3.2.3 Motivation (M)

Variable motivation was classified into three types, namely: (a) visit friends and relatives / VFR (M1); (b) main purpose (M2); and (c) activities (M3).

3.2.4 Perception(P)

Variable perception was classified into (a) perception regarding services, i.e. services of accommodation (P1), and services of restaurant (P2); and (b) perception regarding products, i.e. imported meat (P3), local meat (P4), imported fishery products (P5), local fishery products (P6), imported dairy products (P7), local dairy products (P8), imported fruits (P9), local fruits (P10), imported vegetables (P11), local vegetables (P12),
imported beverages (P13), local beverages (P14), local building styles (P15), local furniture (P16), local room decoration (P17), and local architecture (P18).

3.2.5 Benefit (B)

Variable benefit (B) was defined as the benefit for Balinese people.

3.3 Method of Data Analysis

All variables were measured by using seven rating scale of Likert’s scale [21] and [22]. Data was analysed by using the JMP (John Macintosh Project) software.

4.0 RESULTS AND DISCUSSION

4.1 Opinion, Expectation and Satisfaction of Foreign Tourists

4.1.1 Opinion of Accommodation Services

The opinions of foreign tourists regarding the accommodation’s services were mostly “very good” (32.50%), “extremely good” (32.17%), and “good” (27.67%). Only a few of the respondents were unhappy with the accommodation services, i.e. “poor” (0.66%), “extremely poor” (0.50%), and “very poor” (0.33%). On average, the opinion of foreign visitors on the accommodation services in Bali was “very good” (5.86 on a 7-point scale). These results show that most of foreign tourists enjoyed the services provided by the accommodations in Bali.

4.1.2 Opinion of Restaurant Services

The opinions of foreign tourists regarding restaurant’s services in Bali were mostly “very good” (39.00%), “good” (36.50%) and “extremely good” (15.00%). Only a few were unhappy with the services of restaurants, i.e. “poor” (0.67%), “very poor” (0.50%) and “extremely poor” (0.33%). On average, the opinion of foreign tourists on restaurant’s services was “very good” (5.57 on a 7-point scale). These results show that most of foreign tourists enjoyed the services provided by the restaurants in Bali.

4.1.3 Expectation Level Regarding the Whole Trip in Bali

Regarding fulfilment of the expectations of foreign tourists about their whole trips in Bali, most of them said that their expectations matched the reality found in Bali, i.e. “agreed” (50.17%), “extremely agreed” (22.67%), and “slightly agreed” (13.33%). Some of them were still doubtful (9.50%), but only a few said “disagreed”, namely “slightly disagreed” (2.33%), “disagreed” (1.50%), and “extremely disagreed” (0.50%). On average, the expectation level was 5.75 on a 7-point scale (“agreed”). These findings show that foreign tourists felt that they got mostly what they expected during their visits in Bali.

4.1.4 Emotional Experience

Regarding the emotional experiences of foreign tourists in Bali, most of them said “pleased” (52.67%) and “extremely pleased” (32.67%). Only a few of them said “slightly pleased” (7.67%), “doubtful” (5.50%), “slightly displeased” (0.67%), “unpleased” (0.67%), or “extremely unpleased” (0.17%). On average, the level of emotional experience was 6.09 on a 7-point scale (“pleased”). These results indicate that foreign tourists felt good as they could cool down their emotion during their visits in Bali.

4.1.5 Level of Satisfaction with the Whole Trip in Bali

Regarding the levels of satisfaction of foreign tourists with the whole trip in Bali, they mostly said “satisfied” (53.83%), “extremely satisfied” (30.67%) and “slightly satisfied” (10.32%). Only a very few of them said they were unhappy regarding their trips in Bali, namely “dissatisfied” (0.67%), “extremely dissatisfied” (0.17%) and “slightly dissatisfied” (0.17%). On average, the level of satisfaction was “satisfied” (6.08 on a 7-point scale). These results indicate that most foreign tourists feel really satisfied with their whole trips in Bali.

4.1.6 Level of Agreement on Spending Money to Benefit Balinese People

The results show that 40.50% of foreign tourists agreed, 18.67% slightly agreed and 16.33% extremely agreed that their money was spent to benefit Balinese people. On the other hand, some were still doubtful (16.00%), and a few also slightly disagreed (4.17%), disagreed (3.50%), or extremely disagreed (0.83%). On average, the agreement level on this matter was 5.53 on a 7-point scale (“agreed”). These results indicate that foreign tourists in Bali mostly agreed to spend their money for Balinese people because it could improve the welfare of Balinese people. Furthermore, by improving the quality of life of the host communities, it could lead to the protection of the environmental quality. Therefore, it will provide a better quality of experience for tourists. Towards sustainable tourism, the three elements of triple bottom line should be coherent with each other, in order to improve the quality, continuity and balance between the needs of the tourism industry, protect the environment and enhance prosperity for the local community. To be able to enhance the prosperity for the local community, the economic benefits from tourism should not only be beneficial for the companies but also for the local communities, as the host [23].
The opinions of foreign tourists on services of accommodation and restaurant, expectation levels concerning the whole trip in Bali, levels of emotional experience, satisfaction levels on the whole trip, and level of agreement regarding spending money for Balinese people are presented in Figure 1.

![Figure 1: Opinion, Expectation and Satisfaction of Foreign Tourists](image)

4.2 Analysis of Relationships between Variables

Analysis of relationships between variables was undertaken to the variables of familiarity (F), satisfaction (S), motivation (M), perceptions on quality of services (P1 & P2), perceptions on quality of imported products and local products (P3 up to P18), and benefit for Balinese people (B). Results are outlined below.

4.2.1 Relationship between Familiarity and Satisfaction

Most of variables familiarity (F) had significant relationships with all of variables satisfaction (S), see Figure 2. More details are as follow: (i) variable familiarity F1 (Code of country of residence) had significant relationships with variables S1, S2, S3 and S4 (satisfaction with accommodation and restaurant services in Bali, satisfaction with the whole trip, satisfaction level of emotion during visit, and satisfaction level of expectation) with the p-value ≤ 0.0001; (ii) variable familiarity F2 (Large code of residence) also had significant relationships with variables S1, S2, S3 and S4 (p-value ≤ 0.0001); and (iii) variable familiarity F4 (More than five times visit) had a significant relationship only with variable S4 (Level of expectation) with the p-value ≤ 0.0001. These results indicate that the more often a person visits Bali, the higher their willingness to contribute to the Balinese people, see Figure 2.

4.2.2 Relationship between Familiarity and Perception of Quality of Services and Quality of Products

a. Relationship between Familiarity and Perceptions on Quality of Services (P1 and P2)

The results show that variable F1 (Code of country of residence) had significant relationships with variable P1 (Quality of accommodation services) with the p-value ≤ 0.0001, and with P2 (Quality of restaurant services) with p-value ≤ 0.0001. In addition, variable F2 (Large code of residence) had significant relationships with variables P1 (Quality of accommodation services) with the p-value ≤ 0.0001, and with variable P2 (Quality of restaurant services) with the p-value ≤ 0.05, see Figure 3.

b. Relationship between Familiarity and Perceptions on Quality of Products (P3 up to P18)

There were some significant relationships between variable F (Familiarity) and variable P3 up to P18 (Perception of the quality of products), as outlined below: (see also Figure 4)

(i) Relationships between F1 (Code of country of residence) and Perception of the quality of products were as follow: there were significant relationships between variable F1 (Code of country of residence) and the variables of imported meat (P3), local meat (P4), local fishery products (P6), imported dairy products (P7), local fruits (P10), imported beverages (P13), local beverages (P14), and local building style (P15).

(ii) Relationships between F2 (Large code of residence) and Perception of the quality of products were as follow: there were significant relationships between variable F2 (Large code of residence) and the variables of imported meat (P3), imported dairy products (P7), imported fruits (P9) and imported vegetables (P11).

(iii) There was no relationship between variable F3 (Periodicity of visit) and Perception of the quality of local products.

(iv) Relationships between F4 (More than five times visit) and Perception of the quality of products were as follow: there were significant relationships between variable F4 (More than five times visit) and the variables of imported meat (P3), imported beverages (P13), local beverages (P14) and local building style (P15).
4.3 Relationship between Familiarity and Motivation

Regarding the variables of Familiarity (F) and Motivation (M), only variable F1 (Code of country of residence) had a significant relationship with variable M1 (Visit friends and relatives/VFR) at a significance level of \( P \leq 0.0001 \), see Figure 4.

4.4 Relationship between Familiarity and Benefit for Balinese

There was a relationship between variable familiarity (F) and the willingness of spending money for Balinese people while visiting Bali (Benefit for Balinese, B). The result shows that only variable F3 (Periodicity of visits) has a significant relationship with variable B (Benefit for Balinese) at a significant level of \( p \)-value \( \leq 0.0001 \).

4.5 Relationship between Variables Satisfaction and Benefit for Balinese People

Positive correlations were found between all variables of Satisfaction (satisfaction with accommodation services, with restaurant services, and with the whole trip, the level of emotion while visiting Bali, and the level of expectation) and the variable Benefit for Balinese people (B). The results indicate that the higher the satisfaction of foreign tourists when visiting Bali, it could be the higher the benefits for Balinese people. However, these relationships were relatively weak (coefficient of correlations = 0.17 - 0.32), see Figure 4.

4.6 Relationship between Variables Motivation and Benefit for Balinese People

A positive correlation was found only between the variable Motivation M1 (Visit friends and relatives/VFR) and the variable Benefit for Balinese people (B), although the relationship was very weak (coefficient of correlation = 0.07). This result indicates that the more foreign tourists visiting friends and relatives in Bali, it could bring higher benefits for Balinese people, see Figure 4.

4.7 Relationship between Variables Perception Regarding Quality of Services and Products and Variable Benefit for Balinese People

Positive correlations were found between two variables of perception regarding quality of services (P1 and P2) and the variable Benefit for Balinese people (B). These correlations ranged from 0.18 to 0.20. Similar results were found between variables of perception regarding the quality of products (P3 - P18) and the variable Benefit for Balinese people (B). The correlations between all variables of perceptions regarding the quality of local products and the variable benefit for Balinese ranged from 0.01 to 0.80. Several of the variables of perception regarding the quality of local products had relatively strong correlations with the variable Benefit for Balinese people (B), namely local furniture - P16 (\( r = 0.8 \)), local vegetables - P12 (\( r = 0.7 \)), and local building style – P15.

FIGURE 2: Relationships between Familiarity and Satisfaction

Remarks:
- F1 = Code of country of residence
- S1 = Satisfaction with the services of accommodation and restaurant in Bali
- F2 = Large code of residence
- S2 = Satisfaction with the whole trip
- F3 = Periodicity of visit
- S3 = Level of emotion during visit
- F4 = More than five times visit
- S4 = Level of expectation
(r = 0.5). These results indicate that the higher the perception of quality of local products and services, it could bring higher benefits for Balinese people, see Figure 4.

![Diagram of Relationships between Familiarity and Perceptions on Quality, and Motivation](image)

**FIGURE 3:** Relationships between Familiarity and Perceptions on Quality, and Motivation

Remarks:
- P1 = Quality of accommodation services
- P2 = Quality of restaurant services
- M1 = Visit friends and relatives (VFR)

![Diagram of Relationships between Variables of Familiarity, Motivation, Satisfaction, Perception on Quality of Services and Products, and Benefit for Balinese](image)

**FIGURE 4:** Relationships between Variables of Familiarity, Motivation, Satisfaction, Perception on Quality of Services and Products, and Benefit for Balinese

5.0 **CONCLUSION**

The opinion of foreign tourists regarding the services provided by the accommodations and restaurants in Bali was “very good” (5.86 and 5.57 on a 7-point scale respectively). These results show that most of foreign tourists enjoyed the services provided by the accommodations and restaurants in Bali. Regarding the fulfilment of the expectation of foreign tourists about the whole trip in Bali, the level of agreement was 5.75 on a 7-point scale (“agreed”). This finding shows that foreign tourists felt that they got mostly what they expected during their visit in Bali. The level of emotional experience of foreign tourists in Bali was 6.09 on a 7-point scale.
This result indicates that foreign tourists felt good as they could cool down their emotion during their visits in Bali. The level of satisfaction with the whole trip in Bali was 6.08 on a 7-point scale (“satisfied”). The results indicate that most of foreign tourists felt really satisfied with their whole trips in Bali. Level of agreement on their spending money to benefit Balinese people was 5.53 on a 7-point scale (“agreed”). The results indicate that foreign tourists in Bali mostly agree to spend their money for Balinese people because it could improve the welfare of Balinese people.

Regarding relationships between variables motivation, satisfaction, perception of quality of services and benefit for Balinese people, the results show that most of variables familiarity (F) had significant relationships with all of variables satisfaction (S), and only variable F3 (Periodicity of visits) had a significant relationship with the variable B (Benefit for Balinese). There were also some significant relationships between variable familiarity (F) and the variables of perception of quality of services and products (P1-P18). The positive correlations were also found between perceptions regarding the quality of services and local products and the benefit for Balinese people (r = 0.01 to 0.8). Several perceptions of the quality of local products had relatively strong correlations with the benefit for Balinese, namely local furniture (r = 0.8), local vegetables (r = 0.7), and local building style (r = 0.5). These results indicate that the higher the perception of the quality of local products and services, the higher the benefits for Balinese people could be.

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