

PROCEEDING

IC 2018 MS

**The 4th International Conference on Management Sciences
Universitas Muhammadiyah Yogyakarta, Indonesia**

“Disruptive Innovation in Modern Business Era”

held in UMY, Indonesia, on March 28, 2018

Department of Management

FACULTY OF ECONOMICS AND BUSINESS
Universitas Muhammadiyah Yogyakarta

in collaboration with:
Universiti Sains Islam, Malaysia
Tamkang University, Taiwan
Khon Kaen University, Thailand



**The 4rd International Conference on Management Sciences 2018
(ICoMS 2018)**

March 28 2018

Universitas Muhammadiyah Yogyakarta, Indonesia

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Preface ICoMS 2018
The 4rd International Conference on Management Sciences 2018
(ICoMS 2018)
March 28 2018
Universitas Muhammadiyah Yogyakarta, Indonesia

Dear Presenters and Delegates,

Department of Management, Economics Faculty, University of Muhammadiyah Yogyakarta, in collaboration with the Tamkang University Taiwan, Khon Kaen University Thailand, USIM Malaysia, organized an International Conference which will be held on March 28 2018.

We are proud to know that there is a thick manuscript submissions came to our table for this conference. In detail, there are 42 international academic manuscripts which we received from Indonesia, Malaysia, Thailand. And in this conference we choose **Disruptive Innovation in Modern Business Era** as the main theme.

Our international conference is a manifestation of the Government of Indonesia through the Directorate General of Higher Education, which has encouraged the internationalization of research and teaching in order to foster high-caliber academic institutions globally and increase competitiveness in International Higher Education.

We are very confident that our presenters and delegates will get a lot of ideas together and experience of this conference. In addition, our participants will enjoy additional insight from our plenary session keynote speakers, namely, Prof.Dr.Shu-Hsien Liao from Tamkang University Taiwan, Dr. Kawpong Polyorat from Khon Kaen University Thailand, Prof. Dr. Syadiyah Abdul Shukor from USIM Malaysia, and Punang Amaripuja, S.E., S.T., M.IT. from Universitas Muhammadiyah Yogyakarta.

Through this conference, we are committed to promote and improve our mission and academic culture synthesize global progress with local knowledge. Therefore, it is my great honour to welcome you to ICoMS 2018 in great cultural city of Yogyakarta, Indonesia. I look forward to seeing you soon in the conference.

Best wishes,

Dr. Indah Fatmawati

Chair of ICoMS 2018

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ISBN 978-602-5450-32-7



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The Effect of Virtual Reality on Behavioral Intention to Visit a Tourist Destination

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Universitas Indonesia

ABSTRACT

Virtual Reality is now widely used by companies as a tool for advertising and to communicate with customers. This technology is also believed that may affect consumer behavior in their purchasing decisions. However, the effectiveness of the VR technology yet to be explored because the production for VR ads is quite costly. Therefore, this study aims to test the effectiveness of the use of VR as a marketing medium in tourism. From the consumer side, VR is a new technology that requires adaptation to use it. How consumers can accept new technologies in the form of VR as a medium that can connect them with a company can be explained using the Technology Acceptance Model, that how consumers may use the technology based on *perceived usefulness, perceived ease of use, perceived enjoyment, and perceived immersion*. In order to estimate the potential of VR in tourism industry, the TAM framework has been conducted in this study. This conceptual paper will show how VR technology can influence consumer decisions in determining the destinations through on *perceived usefulness, perceived ease of use, perceived enjoyment, and perceived immersion*. This paper also provides several important theoretical and practical implications for marketing and tourism.

Keywords : virtual reality, 360 video, TAM framework, tourism marketing, conceptual paper.

1. INTRODUCTION

The continuous advancement in technology raises the number of new marketing communication tools that certainly open up wider opportunities for marketers to be more creative in delivering messages to customers. Virtual Reality is one of the most technological developments which currently being discussed by researchers and practitioners in various fields. Virtual Reality is a technology that allow users to experience and engage in a responsive virtual world (Brooks, 1999), and gives users access to become a part of activities that showed in the virtual world.

Virtual Reality is an interesting topic to be discussed by researchers and practitioners nowadays (Griffin et al., 2017). VR is believed to be one of the technologies that can create telepresence where users may feel they are in an environment shown through the VR media (Biocca, 1992). Lee & Chung (2008) through their study about the use of Virtual Reality at a shopping mall shows that VR can affect consumer's convenience, enjoyment, and quality assurance. VR can also provide rich information about a product to consumers (Biocca, 1992). In addition, VR is also one of the technologies that can improve consumers' product evaluation and purchase intention (Mollen & Wilson, 2010; Steuer, 1992).

However, result of some prior studies related to VR technology have contradicted the findings that support the advantages of VR. For example, Li, Daugherty & Biocca (2003) in their study shows that there was no difference consumer product evaluations between ad stimuli using 3D technology and traditional marketing like tv ads. Another study conducted by Williams (2014) also shows there's no difference of presence and enjoyment in participants who play video games with 3D technology compared to participants who play video games with 2D technology. These contradictions in some previous literature shows the importance of more studies about the effectiveness of using VR as a marketing tool, also considering the production for VR ads is quite costly. From the consumer side, VR is a new technology that requires adaptation to use it. How consumers can accept new technologies in the form of VR as a medium that can connect them with a company can be explained using the Technology Acceptance Model, that how consumers may intent to use the technology based on perceived usefulness, perceived ease of use, perceived enjoyment, and perceived immersion. The objectives of this paper are to develop a conceptual model explaining how VR can be accepted by consumers as their tools both for communicate with company in general and for their travel planning in tourism industry and to more explore about the potential of VR. In order to estimate the potential of VR in

tourism, the TAM framework has been conducted in this study.

2. LITERATURE REVIEW

2.1 Virtual Reality

Virtual experience is defined as the psychological and emotional state that users perceived when interacting with a product in 3D (Li, Daugherty, and Biocca, 2001). The perceived virtual experience of the consumer can be created through virtual media such as augmented reality and virtual reality. In this study, we only focus on virtual reality alone. As stated before, Virtual Reality is a technology that allow users to experience and engage in a responsive virtual world (Brooks, 1999). Guttentag (2010) defined virtual reality as a virtual environment generated by computers in three dimensional form, allows users to direct and interact with the environment in the 3D world. In other words, virtual reality is a technology that allows users to interact with the existing environment in the virtual world that is simulated by the computer.

Nowadays, virtual reality is not only used as a research material for universities or large corporations and for military needs, but has expanded into business. The rapid development of technology now in both hardware and software, enables virtual reality to be a useful technology for society at large. The success of virtual reality technology can be reflected in how big companies like Google, Samsung, Oculus, and HTC are competing to create devices related to Virtual Reality. Not only that, big companies like Olympus, IKEA, and Honda now use VR technology to deliver messages and promotions to their customers. Not only in marketing practice, VR is also now an important research topic in the field of computer graphics (Nalbant & Bostan, 2006). Even in the field of marketing, VR has also been much discussed by previous researchers, because it is considered as a technology that can provide rich information about a product to consumers (Biocca, 1992). In addition, VR is also one of the technologies that can improve product evaluation and purchase intention to consumers (Mollen & Wilson, 2010; Steuer, 1992). Other research related to Virtual Reality in marketing is done by Li, Daugherty, and Biocca (2003). The study was also conducted with an experimental design that compares the effects of 3D and 2D technologies on product knowledge, brand attitude, and decision quality.

In the field of tourism, VR also has potential as a supporting technology. Surely the tourism industry can use the VR as a medium of communication and also as a marketing tool to promote tourism products by offering an experience to visit a tourist destination virtually before they do the real visit to potential travelers (Cheong, 1995; Williams & Hobson 1995). VR can also provide richer

information (Berger et al., 2007; Wan et al., 2007) than traditional brochures or online brochures that show only a glimpse of information about tourism destinations (Cheong, 1995). Through VR, potential travelers can travel virtually to a destination that is even difficult to reach. For example, potential tourists want to be in Jakarta and want to try to experience the experience of being in Hawaii, without sitting for few hours on the airplane, potential tourists can at least feel how the atmosphere in Hawaii virtually using this technology. The concept of the use of Virtual Reality in the field of tourism in practice has been applied by several tourism agents both private and government. For example, Dubai promotes their tourist destination using VR technology in the form of 360 videos uploaded on their social media such as youtube channel named Visit Dubai. Similar to Dubai, Australia is also currently promoting its tourism destinations through its official channel on Youtube using VR technology in the form of video 360. Not only that, the use of VR in the tourism industry is also being developed by Expedia as one of the major hotel reservation specialists whereby consumers will be able to view interior of the hotel, walk into hotel rooms, and view the whole room to a balcony through VR technology (Rao, 2017).

2.2 Technology Acceptance Model

Technology Acceptance Model (TAM) is widely used by researchers to investigate people's intention in using a new technology. This TAM model was first introduced by Davis (1989), to identify what factors might affect a person to want to use a technology. Davis, Bagozzi, and Warshaw (1989) in their study mentioned that perceived usefulness and perceived ease of use are major determinants of people's intentions to use a new technology. Davis (1989) defines perceived usefulness as the degree to which an individual believes his or her work would be strengthened if he or she uses a particular system, and defines perceived ease of use as the degree to which people believe that they will put in no effort to use an innovation or a new technology. In addition, the decision to use a technology is also influenced by perceived enjoyment that is the degree when someone feels happy to use the technology (Davis, Bagozzi, & Warshaw, 1989). Perceived enjoyment may also influence purchase intention in the context of mobile shopping (Lu & Su, 2009). In some previous studies, perceived enjoyment had a significant effect compared to other variables in the Technology Acceptance Model. As in the study. In addition, other variables that can also be determinant of people's behavioral intention to use technology is perceived immersion. Perceived immersion is a degree in which individuals feel involved and participate in a virtual environment or activities that presented in VR technology (Disztinger et al, 2017).

3. CONCEPTUAL MODEL

We developed a conceptual model in Figure 1 to explain how VR can be accepted by consumers as their tools both for communicate with company in general and for their travel planning in tourism industry.

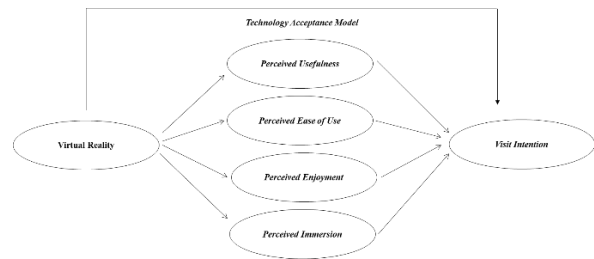


Figure 1. Conceptual Model

Technology Acceptance Model (TAM) is a framework that can be used to further understand the relationship between marketing through a technology with consumer desires (Huang et al, 2015). Since VR is one of the new technologies, this study employs Technology Acceptance Model (TAM) framework to see the effectiveness of VR as one of the promotional tools. The TAM variables used in this study include perceived usefulness, perceived ease of use, perceived enjoyment, and perceived immersion. Huang et al. (2015) in his research using the TAM framework with variables such as perceived usefulness, perceived ease of use, and perceived enjoyment to measure behavioral intention to see how travelers use virtual reality in the context of 3D virtual world in the field of tourism. Through VR, consumers can get rich information about a product (Biocca, 1992). The rich of information presented by VR will help consumers in recognizing some products so as to improve product evaluation as well as purchase intention (Mollen & Wilson, 2010; Steuer, 1992). Thus, perceived usefulness in consumers who are exposed to promotion video in the form of VR will be different from consumers who are exposed to promotion video in non-VR form. Hence, we offer some propositions as follows.

P1: Subjects who are exposed to virtual reality stimulus will have a greater perceived usefulness compared to those exposed to non virtual reality stimulus.

Prior study conducted by Pantano, Rese, and Baier (2017) stated that interactivity is one of the factors that affect perceived ease of use in consumers. Interactivity is a degree in which the user can control freely what is presented in a medium (Steuer, 1992). For example on the Honda website that using VR form, consumers can explore the collection room displayed on their website by moving the cursor on the computer screen. The level of interactivity that can be created by video formats in the form of VR is certainly different from the level of

interactivity created through the usual video format or non-VR, also there will be a difference between perceived ease of use on subjects who are exposed to virtual reality stimulus and non virtual reality stimulus.

P2 : Subjects who are exposed to virtual reality stimulus will have a greater perceived ease of use compared to those exposed to non virtual reality stimulus.

In addition to being easy to use and useful to consumers, VR is also one of the trusted technologies to provide fun while using it (Gibson and O'Rawe, 2017). Zhuang and Bao (2016) in their study compared the use of VR with the use of online catalogs and mentioned that participants spent more time using VR than looking at online catalogs. These indicate that participants prefer to use VR rather than online catalogs. In other words, the level of enjoyment on people in the VR group is different from the non-VR group.

P3 : Subjects who are exposed to virtual reality stimulus will have a greater perceived enjoyment compared to those exposed to non virtual reality stimulus.

Perceived immersion is a characteristic unique to VR and closely related to technology use (Disztinger et.al, 2017). There are three main characters of Virtual Reality, those are immersion, interaction, and imagination. Immersion refers to a degree in which the user is fully exposed to a content in the VR media so that the user feels genuinely involved in the activity presented in the VR (Li-xin, 2016). As with immersion, VR can also create telepresence where users may feel they are in an environment shown through the VR media (Biocca, 1992). Compared to usual video, video in VR form will give a higher perceived immersion.

P4 : Subjects who are exposed to virtual reality stimulus will have a greater perceived immersion compared to those exposed to non virtual reality stimulus.

One of innovation in technology mentioned by Yeh, Wang Li, and Lin (2017) is virtual reality (VR) that generate 3D exposure in a virtual environment. 3D ads significantly give a higher level of product knowledge and attitude toward the product than 2D ads. Suh and Lee (2005) in their experiment found that participants who exposed to websites in the VR form had significantly higher product knowledge, product attitudes, and purchase intentions than those who exposed to the website were not in VR form. In other words, the consumer's intention to purchase who exposed to VR stimulus will be higher than that consumers who exposed to non-VR stimuli. As same as Suh and Lee (2005), Griffin, et al. (2017) in their study showed that the level of visit intention on group participants who get a

stimulus VR is higher than the group participants who get non-VR stimulus.

P5 : Subjects who are exposed to virtual reality stimulus will have a greater visit intention compared to those exposed to non virtual reality stimulus.

Furthermore, the Technology Acceptance Model (TAM) was used by researchers to explain relationships between the technology and consumer behavior (Davis, 1989; Davis, Bagozzi, & Warshaw, 1989; and Lu & Su, 2009). The TAM framework can be used to see how individuals intent to use a technology. Pantano and Corvello (2014) employed TAM to see how new technologies can influence travelers' decision to choose their destination. The study showed the effect of perceived ease of use, perceived usefulness, and perceived enjoyment of attitude and behavioral intention. A similar study was also conducted by Disztinger et al. (2017), in their research results showed that in addition to the 2 main dimensions of TAM, perceived immersion also positively and significantly can affect people's behavior intention to use VR.

Perceived usefulness as mentioned before is a degree which a person chooses to use or not to use a technology depends on how helpful a technology for them (Davis, 1989). Ayeh et al. (2013) mentioned that a common belief where intention to do something will arise if it is considered useful. Research conducted by Jiang and Benbasat (2007) using online sales websites also shows that perceived usefulness affects people's intention to revisit a website. Another research conducted by Kaplandou and Vogt (2006) showed that perceived usefulness is one of the predictors of individuals' intention to visit a destination. Based on this, we guess there will be a strong and positive relationship between perceived usefulness and visit intention.

P6 : Perceived usefulness positively influences behavioral intention to visit a tourist destination.

Perceived ease of use refers to the level of ease of using a technology, or how much effort it takes to use a technology (Davis, 1989). Ease of use of technology based on the interface quality of a system or technology that can reduce the complexity of technology use (Castaneda et al., 2009). In research on e-commerce, perceived ease of use affects consumers' intention to reuse an e-commerce system through attitude (Kim, Kim, and Shin, 2009). In addition, the level of ease of use of virtual world systems also shows a positive and significant impact on individual intention to join the virtual world (Fetscherin & Lattemann, 2008 and Huang et al., 2015). In the context of this research, the ease of use of VR technology will influence people's decision to visit a tourist destination.

P7 : Perceived ease of use positively influences behavioral intention to visit a tourist destination.

Huang et al (2015) in prior research showed a significant effect between perceived enjoyment and behavioral intention on the respondents. Perceived enjoyment in the study refers to participants' perceived pleasure and fun after receiving a stimulus. Chen, Shang, and Li (2013) in their study shows that enjoyment when people were using the blog as a source of tourist destination information significantly affect their intention to visit a tourist destination. Similarly, the level of enjoyment that a person feels when using virtual reality will also affect their visit intention.

P8 : Perceived enjoyment positively influences behavioral intention to visit a tourist destination.

Virtual reality is closely related to telepresence, a feeling whereby the individual feels to be in the environment shown in the media (Hyun and O'Keefe, 2012). According to Biocca (1992), VR is one technology that can make users feel involved in an activity displayed through VR media. Like telepresence, perceived immersion is also a characteristic unique which attached to VR. Perceived immersion is defined as an individual's ability to fully engage in a virtual environment (Disztinger, Stephan, and Groth, 2017). Biocca et. al. (2001) in their study found that the higher sensory immersion will also increase brand attitude, product knowledge, and purchase intention. In other words, perceived immersion gives effect to a person's decision to make a purchase or to visit a destination in the context of tourism. The better the immersion is perceived by the virtual reality users, the increase chances of accepting this technology for travel planning (Disztinger et al., 2017).

P9 : Perceived immersion positively influences behavioral intention to visit a tourist destination.

4. CONCLUSION/IMPLICATION

In conclusion, the model presented here represents a first step in conceptualizing the potential of VR and its effect on tourists' visit intention to a destination. The proposed conceptual models suggest a number of research avenues. Through the model that showed in this paper, there is opportunity for theoretical and empirical research in this area. Each of proposition offers avenues for more detail assessment of the specific relationship and their outcomes. This conceptual framework that presented on this paper can be used as a first step to explore more about the potential of VR in marketing and tourism, it also can be tested empirically later. Furthermore, this conceptual framework can be developed by seeing another variables which related in future research.

From a practical marketing perspective, this paper would be of particular interest to tourism marketers who wish to utilize virtual reality to promote their destination. For instance, some marketers may create 360 promotion video to attract viewers on their social media to buy their product, including tourism products. This paper also suggests that a virtual reality could more effectively induce potential tourists' intention to visit a destination.

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