

CHAPTER II

LITERATURE REVIEWS

A. Theory Based on Research

1. Understanding Tourism

Tourism comes from the Sanskrit language, namely the word "*Pari*" which means subtle, meaning that it has a high word of manners and "tourism" is a visit or a journey to see, hear enjoy and learn something. So, tourism define as presenting a visit in a manly and virtuous manner. Simply stated, Soekadijo (2000) formulate the definition of tourism as all activities in the community related to tourism. While in Kusmayadi, Sugiarto (2000), tourism is a temporary trip that people do on a particular purpose, in the short term, in a place that is not a normal place to visit (a place to live or work), and carry out activities at that place, where there are several facilities provided to meet their needs, including in a day visit and tour.

Kusmayadi and Sugiarto (2000) himself gives an explanation of tourism as an activity of people who take a break from work and travel from their home to another places. Moreover, the company where they facilitate and accommodate travelling cost can make their travel more enjoyable with the intention of making the trip not for business but leisure.

2. Tourism demand

The tourist demand factors affect to the level of demand for tourism according to (Medlik and Rahmawati 2014) define as follows:

a. Price

A high price in a tourist destination bring an impact on tourists who travel or other potential tourists. Hereafter, the tourist demand will decrease the number of visit cause by the price as well as vice versa.

b. Income

If someone's income is high, they tend to choose a higher cost tourism. Whereas, if someone's income is low, they tend to choose lower cost tourist destinations.

c. Socio-cultural

The unique of social culture and characteristics which differentiate every region in a country can improve the demand for tourism sector. This will attract tourist to come to visit and make them having a sense of curiosity about the tourist attraction as part of their culture.

d. Social politics

The socio-political impact can be seen if the condition of the tourist destination is in a state of insecurity and security. While the socio-political condition of an area in a safe and secure condition, the demand has not influenced.

e. Family intensity

Many families also participate in tourism demand, because if there are a large number of families, the desire to take a vacation from one family will increase, and this can be seen from the tourism interest itself.

f. Price of complementary goods

Price of complementary good is included into demand aspect where it substitute the tourism places with another region as their alternative of tourist object.

g. Types of Tourism

Each region is located in a different geographical and climate location, different types of tourism will arise, where tourism has its own advantages and disadvantages. Someone usually travels to just get rid of fatigue while he is working, besides that there are also some people who do tour trips and do business with their colleagues and so on, so usually someone chooses the type of tourism that he needs. The following types of tourism according to Spillane (1991):

1) Recreations Tourism

This type of tourism is carried out by someone who leaves his home for a vacation looking for new fresh air, looking for a new atmosphere, fulfilling curiosity, relaxing his body and mind, enjoying the beauty of nature, or even seeking tranquility and peace in areas outside the city.

2) Cultural Tourism

This type of tourism is carried out by someone who wants to fill his vacation time to rest, restore his physical and spiritual well-being after doing daily activities.

3) Cultural Tourism

This type of tourism is done because of the desire of someone to learn about institutions, ways of life, and customs in other regions, besides visiting historical sites, arts centers and religious centers or participating in the annual festival, music, theater and traditional dances of an area other.

4) Sport Tourism

This type of tourism is divided into two categories, the first is the Big Sports Event which is tourism that is carried out due to ongoing major sports tourism such as the Olympic Games, World Cup, and others. And secondly, Sporting Tourism of the Practitioner is sports tourism for those who want to practice for the sports they want such as shooting, hunting, swimming, riding and so on.

5) Tourism for business and business affairs

This type of tourism is carried out by someone because there is a connection with business ventures and trade related to work or position, and the perpetrator cannot determine the tourist attraction and the time they want to determine.

6) Convention Tourism

This type of tourism is carried out by hundreds or even thousands of people where they are participants in the convention, and usually, they settle in several regions or countries that hold the event.

3. Form of Tourism

Tourism does not only learn from the motivation and purpose of a trip. However, it can be seen from other performance such as forms of tourism. The form of tourism is divided into five categories in his book according to Pendit (1999).

a. According to tourists

Forms according to the origin of tourists are grouped into two, the first is domestic tourists, namely tourists who travel not out of their regions/countries. And the second is foreign tourists, tourists who come abroad.

b. According to the influence on the balance of payments

If a country arrives with foreign tourists, the tourist will bring the country's currency. Where this foreign exchange income has a positive impact on the balance of payments outside the country of a country visited. This is called active tourism. While the journey of someone who goes abroad will become passive tourism in his country.

c. According to the time period

According to the time period of tourist arrivals in an area or country, it must also be calculated how long these tourists stay in an area or country they visit. To regulate the long-term or short-term provisions in accordance with existing regulations in the country visited.

d. According to the number of tourists

The form of tourism according to the number of tourists is distinguished from the number of tourists who come, whether tourists come alone or come groups, and usually, tourists like this are called single travelers and group tourists.

e. According to the conveyance used

The form of tourism according to transportation means is the type of transportation used, namely motorcycles, cars, trains, planes, ships, and others.

f. Regional tourist destination

There are 5 elements of the area visited by tourists including planning, implementation of development and development of development (Nugroho, 2011).

1) Objects and tourist attractions

The object and tourist attraction is one of the indications for tourists to come to a destination.

2) Tourism market

The construction of good infrastructure is needed and adjusted to the graphics location and location of tourist attractions, with the aim of supporting the readiness of tourist objects that will be visited by tourists. The infrastructure in question is good road access, terminals, bridges, station, electricity supply, clean water, and telecommunication so on. Infrastructure development aims to increase the attraction of the tourist attraction itself.

3) Tourist facilities

The procurement of tourist facilities does not have to require facilities that are complete or the same as the facilities available in other tourist attractions,

must be adjusted to the needs of the tourist attraction facilities. Parts of facilities that must be provided by the tourism site are the hotel, transportation, restaurants, travel agents and other supporters.

4) Infrastructure

Infrastructure is very important because infrastructure is a supporting part of the functioning of facilities and infrastructure of a tourist object, both in the form of regulations, systems, and buildings that are on the ground or underground.

5) Society and environment

a) Society

People who first meet tourists are people who live around attractions. Where people around tourism objects are required to know what is needed by tourists, to overcome this problem people are encouraged to form communities. Because the existence of a community has a positive impact on the community because they will get benefit from tourists who spend their money.

b) Environment

The surrounding natural environment must also be kept in mind and maintained from the pollution of the environment around tourist objects such as waste, massive exploitation that can damage the environment. Because if the environment is not maintained, the flora and fauna ecosystem around the tourist attraction will be damaged. Therefore the surrounding community must also preserve the environment through regulations in the management of tourist attractions.

4. Non-Market Goods

Non-market goods are a group of goods and services for which the quantity or quality of the goods is not traded on the market. Non-market goods are goods and services that do not have an explicit monetary value in currency units or do not have a market price. The examples of non-market goods include environmental goods, such as clean air, fish populations, or health. In some literature, it is mentioned that non-market goods are often ignored and given inappropriate weight, even though the goods are classified as providing significant benefits to the community. So, that it is necessary to identify non-market goods in order to place a monetary value on the goods. The valuation theory for non-market goods is the development of the neoclassical market price theory of goods.

The economic valuation method for non-market goods is to estimate the monetary value of trade-offs experienced by someone on their willingness to pay for goods and services not mentioned in the market price. So that to determine the monetary value at economic valuation on non-market goods is divided into two approaches namely direct approach and indirect approach

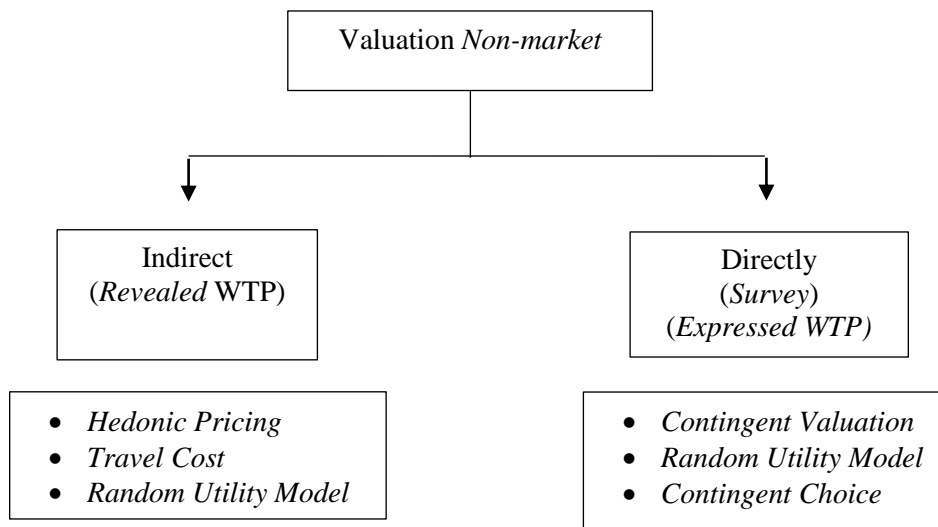


Figure 2. 1 Hierarchy of Non-Market Goods

Source: Fauzi (2010)

In general, the technique of economic valuation of goods or services, not having a market can be classified into two categories according to Fauzi (2010) the first category is valuation techniques that rely on absolute prices, where Willingness to Pay is revealed through the developed model. The technique is named revealed techniques. In revealed preference techniques a careful review of the individual and looking for links with individual choices and the economic value of these resources. Travel Cost Method (TCM), Hedonic Pricing (HP), and Random Utility Model (RUM) fall into the revealed preference techniques category.

The second category is valuation techniques based on stated preference techniques where willingness to pay (WTP) is obtained directly from respondents. Stated preference techniques rely more on expressed tendencies or values given by individuals. The techniques included in this category are the Contingent Valuation Method (CVM), Random Utility Model (RUM) and Discrete Choice Model (DCM).

5. Economic Valuation

a. Definition of Economic Valuation

Economic valuation is an effort to calculate the quantitative value of goods and services from various types of natural resources and the environment on market value or non-market value. The purpose of this study is to determine the value of the Total Economic Value (TEV) from the use of natural resources and the environment (Noya, 2012).

Total economic value is an economic value calculated from natural resources and the environment, either the value of its use or functional value that will be used to

make policies, so the policy can be used correctly on target. For example in the context of environmental economics to develop mangrove forest conservation when seen from the law of cost and benefit (a benefit-cost rule), the policy to develop mangrove forests is a right thing to do if the net benefits from mangrove forest conservation management are greater than the conservation benefits. To find the benefit, it can be seen from the Total Economic Value (TEV). The Total Economic Value (TEV) can be interpreted as the Total Economic Value (TEV) from changes in the quality of the environment managed.

Total Economic Value consists of the value of benefits and values, not benefits. For use value, it is divided into three choices, namely direct value, indirect value, and choice value. Then further for the value of non-use value, it is divided into two, namely inheritance value and existence value. This hierarchy can be described as follows:

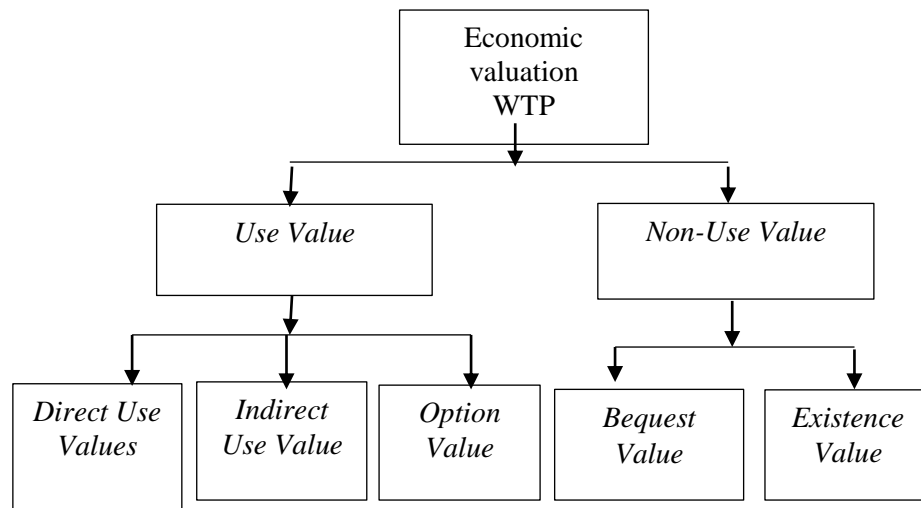


Figure 2. 2 Hierarchy of Total Economic Value

Source: Atkinson and Maurato (2006)

Explanation of Figure 2.2 for direct values, namely values that describe the current state of resource use, which is based on the use of resources from each object. Whereas for indirect value, the value that describes the current state of resource use is based on the indirect use of resources. For the value of choice, the value that describes the use of resources in the future. Furthermore, for inheritance value is the value obtained from carrying out the preservation of resources for future generations. Whereas the latter is the value of existence is the value obtained from the public's response to resources for personal gain, which does not require direct contact with the intended resource.

6. The concept of Willingness To Pay

In general, willingness to pay is the maximum measurement of someone who wants to sacrifice goods and services with the aim of obtaining goods and services produced from natural resources and other environments with better quality and service. Using these measurements, ecosystem ecological values can be "translated" into the language of economics by measuring the monetary value of goods and services. The concept of willingness to pay is actually the price at the consumer level which reflects the value of goods or services and the sacrifice to get it (Simonson and Drolet, 2003 in Ayu 2014). Based on graphics, willingness to pay is located below the demand curve area. The consumer surplus is the difference between the amount paid by consumers for goods and services and the willingness to pay. The consumer surplus arises because consumers receive excess from paid and this excess is rooted in a declining law of marginal utility. Benefits obtained by consumers because they can buy all units of goods or services in the

same low p/Unit Q , reflected by consumer surplus (Samuelson and Nordhaus, 1990 in Riahayu, 2017).

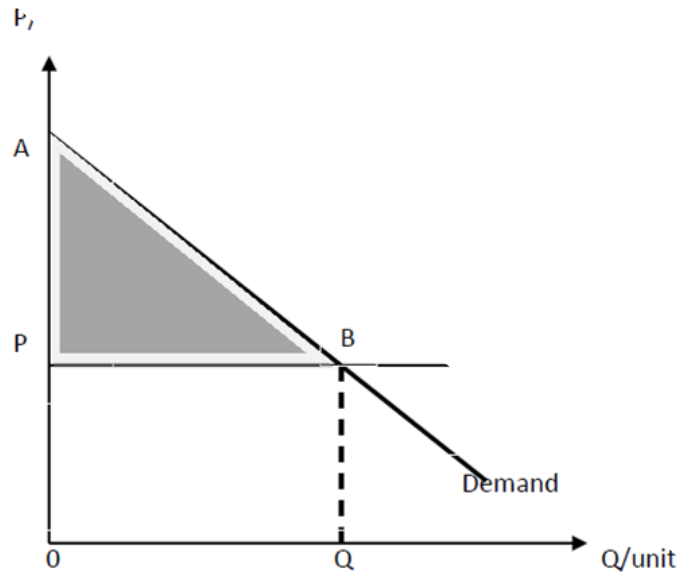


Figure 2. 3 Consumer Surplus

Source: Basuki, and Prawoto, 2014

Where:

0Q0EP is the willingness to pay

0EP is a clean social benefit

P0EP is a consumer surplus

0EPO is a producer surplus

The consumer surplus is the amount paid by the producer and minus the cost of production. The producer surplus is indirectly involved in the market and supply that illustrates the marginal costs of producing goods and services, while market demand illustrates the marginal benefits of consuming goods and services.

7. *Contingent Valuation Method (CVM)*

The Contingent Valuation Method approach in Prasetyo and Saptutyingsih (2013), the Contingent Valuation Method (CVM) is a survey technique used to ask the public about the value or price they will give to commodities that do not have markets such as environmental goods. The purpose of the Contingent Valuation Method (CVM) is to determine the Willingness To Pay (WTP) from the community and to know the Willingness To Accept (WTA) damage to an environment. Willingness to Pay (WTP) can be interpreted as how much people want to pay to improve the damaged environment (consumers' willingness to pay), while the willingness to accept define how much people want to be paid to prevent environmental damage (willingness of producers to receive compensation) with setbacks environmental quality. Willingness to Pay (WTP) and Willingness to Accept (WTA) reflect individual preferences so it is used as a parameter in economic valuation.

Amanda (2009) the purpose of the CVM method is to measure the desire to pay Willingness to pay from the community and to know the desire to accept Willingness to accept damage to an environment. In assessing public differences (Sure, 1997).

a. *Bidding Game*

Bidding Games is used to ask respondents how willing they are to pay in an effort to preserve the environment.

b. Payment Card

A Payment Card is a range of values presented on a card, indicate the type of expenditure a respondent has given to public service.

c. Open - Ended

Open Ended or open method is a method used to find out the respondent in declared the value. After explaining the good environment to be preserved, respondents were questioned to determine the willingness to pay the maximum they wanted in environmental conservation efforts.

d. Dichotomous Choice (CVM-DC)

This approach traces market behavior where people buy at a certain price. In this method, respondents were asked to describe the potential environmental changes proposed by a policy accompanied by a certain set of prices and asked whether they were willing to pay the amount to prevent environmental damage.

1) Excess Contingent Valuation Method

According to Hanley (1993) the advantages of the Contingent Valuation Method are as follows:

- a) Can be applied in any condition and has two important things, which is often the only technique for estimating benefits and can be applied in various contexts in determining environmental policies.
- b) Can be used in various kinds of research on environmental goods that are around the community.
- c) Compared with other research techniques, CVM has the ability to estimate non-user values. By using CVM researchers may be able to measure the utility

of using environmental goods even if not used directly. Although the techniques in CVM require competent analysis, the results of this study are not difficult to analyze and describe.

2) The weakness of the Contingent Valuation Method

Besides having the advantages of the CVM method, it also has a disadvantage, namely its bias in data collection. Bias in CVM according to Hanley and Spash (1993), namely:

a) Strategy Bias

There is a number of respondents who give a relatively small and a higher WTP value. So as to avoid this, researchers can contribute to providing knowledge to respondents that there is a policy for all visitors to be willing to pay for the ticket with the average value of the offer that has been set by the manager.

b) Design Bias

The design of the CVM study in question includes information presented, instructions given, format of questions, number, and type of information presented to respondents. Some things that can influence respondents to include:

(1) Selection of type of offer

When giving types of offers to respondents, the average value of offers offered to respondents can be affected.

(2) Starting point bias

In the game bidding method, the starting point given to the respondent can influence the value offered. This is because the respondents asked felt impatient or the starting point that suggested the size of the bid was appropriate to the tastes of the respondents.

- c) The nature of the information offered in the market hypothesis, the respondent combines the environmental information provided to them and how the market works. Respondents' responses were influenced by the hypothesis market and the specific commodity that was informed at the time of the survey, in this case the psychology of the respondents. This bias is related to the process of making an individual's decision in deciding how much income, wealth, and time can be spent on certain environmental objects in a certain period of time. Meanwhile, hypothetical market errors occur if the facts asked to respondents are not in accordance with what the researcher wants so that the resulting WTP value is different from the actual value. The hypothetical market bias depends on:

- (1) Format of WTP used.
- (2) How realization of respondents is the mortgage market.
- (3) Questions that were saved when carrying out the survey.

B. Previous Research

The following is the previous research that was used as a reference: The research was conducted by Saptutyningih (2017) on Valuing Ecotourism of a Recreational site in Ciamis District of West Java, Indonesia with the approach of Travel Cost Method (TCM) and

Contingent Valuation Method (CVM). The independent variables used were income, age, gender, education, travel costs, frequency of visits. The results of the study show willingness to pay visitors at ecotourism sites with an average of around IDR. 6,800. The results of the analysis of income and education variables have a positive and significantly influence on user willingness to pay. While other variables have no significantly influence.

Rahmawati (2014) had research entitled "Analysis of Willingness to Pay Pleret River Water Tourism "conducted in Semarang City. The object of this research is in the Pleret River, Semarang. This study used the Contingent Valuation Method (CVM) method, with variable perception of natural beauty, income variable, education variable, distance variable, frequency variable, knowledge of river environment. The results of the study stated that the average value that the visitors were willing to pay was IDR 2,900. This value can be used as a reference in determining the entrance fee, which will then be determined as the price to be determined by the manager.

In his research, Hasiani et al. (2013) entitled "Analysis of Willingness to Pay WTP in the Management of Pontianak Kapuas Alun Park Tourism Objects" conducted in West Kalimantan. This study used the Contingent Valuation Method (CVM) method, with age variables, gender variables, marital status variables, education level variables, occupational type variables, and income level variables. The results of this study indicated that as many as 84% of respondents were willing to pay in an effort to manage the environmental attractions of Taman Alun Kapuas. Factors that influence the willingness to pay visitor respondents in an effort to manage the environment of the Taman Alun Kapuas Tourism included income and knowledge. The average value of the respondents' PAPs is IDR. 3,360 per person. Factors that influence the WTP value of respondents were age.

Masruroh (2017) also examined the "Willingness To Pay Analysis of Ratu Boko Kraton Visitors in Environmental Conservation Efforts" in the city of Yogyakarta. The method used in this study is the Contingent Valuation Method (CVM), with age variables, gender variables, education level variables, income variables, and distance variables. The results of the analysis showed that there was not enough evidence that the age and gender variables influence WTP. Meanwhile, there is enough statistical evidence that the education level variable has a positive influence on WTP, while the distance variable has a negative influence on WTP. The value of Willingness to Pay is IDR.8, 685 with a total ticket value IDR.33, 685.

In the same year Sari (2017), examined the "Factors that Influence Willingness to Pay of Visitors of Ponggok Umbul Attractions" in Gunung Kidul District. This research used the Contingent Valuation Method (CVM) method. Using variable age, education variable and income level variable. The results of this study indicated that the age variable has a negative and significantly influence on willingness to pay (WTP), education variable has a positive and significantly influence on willingness to pay (WTP) and income level variable have a positive and significantly influence on the willingness to pay (WTP) visitors Umbul Ponggok tourist attraction.

Riahayu (2017) also examined the "Factors That Affect Willingness to Pay Visitors to Ngebel Lake for Preservation of Natural Attractions in Ponorogo City". The method used in this study is the Contingent Valuation Method (CVM). With income variables, recreation cost variables, old education variables and frequency of visit variables. The results of this study indicate (1) the income variable has a significantly and negative influence on the size of the WTP of Ngebel Lake visitors in an effort to preserve natural tourism objects in

Ponorogo City. (2) Recreational budget variables have a positive and significantly influence on Willingness To Pay Ngebel Lake visitors in an effort to preserve natural tourism objects in Ponorogo City. (3) The old variable of education has a significantly positive influence on Willingness To Pay Ngebel Lake visitors in an effort to preserve natural tourism objects in Ponorogo City. (4) Frequency of visit variables significantly has no influence on the size of the WTP of Ngebel Lake of visitors in an effort to preserve natural tourism objects in Ponorogo City.

Pantari (2016) examined the "Factors Affecting Willingness To Pay for Improving the Environmental Quality of Gembira Loka Yogyakarta Botanical Gardens and Zoos" the method used in this study was the Contingent Valuation Method (CVM). With variable travel costs, facilities, age, income level, and frequency of visits. The results of this study indicate that by using the Travel Cost Method (TCM), travel costs and facilities significantly influence the frequency of visits. While age has a positive and significantly influence on the frequency of visits. By using the Contingent Valuation Method (CVM), the Income Level Significantly Has a Positive Impact on Willingness To Pay (WTP) to improve the environmental quality of Gembira Loka Yogyakarta Botanical Gardens and Zoos. Whereas the frequency of visits significantly affected Willingness To Pay (WTP) to improve the quality of the Gembira Loka Yogyakarta Botanical Gardens and Zoos.

Sasmi (2016) examined "Factors that influence Willingness To Pay (WTP) visitors to Goa Cemara Beach Tourism Objects using the Contingent Valuation Method (CVM). The method used in this study is the Contingent Valuation Method (CVM). With variable age, education, income level. The results of this study indicate that age has a positive and significantly influence on PAPs for visitors to Goa Cemara Beach. The last education had a

negative and significantly influence on the PAPs of visitors to Goa Cemara Beach. The level of income had a positive and significantly influenced on WTP visitors to Goa Cemara Beach.

Fauziyah (2017) examined Willingness To Pay Analysis for Improving the Quality of Tourism Objects in Sermo Reservoir in Kulonprogo Regency using the Contingent Valuation Method (CVM) approach. The independent variables in this study were gender, age, marital status, education, income, frequency of visits. The willingness to pay tourists value for improving the quality of tourism in Sermo Reservoir is IDR. 8,200. With this value, 59 percent of respondents, as many as 59 respondents stated willingness to pay to improve the quality of tourism objects in Sermo Reservoir. From the results of the study it was found that the income variables and frequency of visits had a significantly and positive influence on tourist willingness to pay. For variables of age, sex, education, and marital status statistically did not significantly influence willingness to pay for the improvement of the quality of tourism objects in Sermo Reservoir. This was because the four variables are not able to reflect the concerns of respondents so they were compelled to be willing to pay.

Samdin, et al (2010) also examined the "Factors that affect the willingness to pay entry permits for Malaysian National Parks". This study uses the Contingent Valuation Method (CVM) method. With variable age, education and income. The results of this study show that the variables of age, education, and income have a significantly influence on the willingness to pay permission to enter the Malaysian National Park.

Chim (2013) analyzed the cost of Willingness To Pay to be paid to preserve world heritage sites, namely the City of Melaka, with the aim of living heritage that can still be enjoyed by the next generation. This research used two types of data, namely primary data and secondary data, while the analytical tool used was CVM. The results of this study

indicated that high-income, married respondents and foreign visitor variables who have high socioeconomic significantly have higher effect on PAPs for the conservation costs of inheritance in Kota Melaka.

In the research conducted El-Bekkay et al. (2013) with the title "An Economic Assessment of the Ramsar Site of Mass (Morocco) with a Travel Cost and Contingent Valuation Methods". This approach use the Travel Cost (TC) and Contingent Valuation Methods (CVM) approaches with variables of age, income level, age, distance, child dependence, visitor satisfaction, visiting hours, travel costs. Based on the results of contingent valuation, income level variables, number of dependents, visitor satisfaction and visiting hours significantly influence the amount of willingness to pay visitors to Ramsar Site. Willingness to pay turns out to have a good correlation with some of the visitor's socio-economic variables. Visitors earn higher income and are satisfied with their visit willing to pay more. We obtained average WTP in the range of 24,523 dirham Morocco (\$ 6, 20).

Table 2. 1
Significantly level of variable

Variables	Relations	References
Age	-	Masruroh (2017) and Sari (2017)
Income	+	Sari (2017), Pantari (2016), Fauziyah (2017), Sasmi (2016), Rahmawati (2014), Samdin, dkk (2010), El Bekkay, dkk (2013) and Saptutydingsih (2017).
Level of Education	+	Masruroh (2017), Sari (2017), Rahmawati (2014), Riahayu (2017), Samdin, dkk (2010) and Saptutydingsih (2017)
Distance	-	Masruroh (2017) and Rahmawati (2014)
Frequency of Visits	-	Riahayu (2017), Fauziyah (2017) and Pantari (2016)
Visitor Satisfaction	+	El-Bekkay, dkk (2013)
Recreational budget	+	Riahayu (2017)
Visiting Hours	+	El-Bekkay, dkk (2013)

C. Hypothesis

1. The age variable is assumed to have a positive influence on Willingness to Pay for improvement and development of Tirtamaya beach.
2. The income variable is assumed to have a positive influence on Willingness to Pay for improvement and development of Tirtamaya beach.
3. The educational level variable are thought to have a positive influence on Willingness to Pay for improvement and development of Tirtamaya beach.
4. The Distance variable are thought to have a positive influence on Willingness to Pay for improvement and development of Tirtamaya beach.
5. The frequency of visits variable is thought to have a positive influence on Willingness to Pay for improvement and development of Tirtamaya beach.

6. The visitor satisfaction variable is thought to have a positive influence on Willingness to Pay for improvement and development of Tirtamaya beach.
7. The Recreational budget variable are thought to have a positive influence on Willingness to Pay for improvement and development of Tirtamaya beach.
8. The visit time variable is thought to have a positive influence on Willingness to Pay for improvement and development of Tirtamaya beach.

D. Conceptual Framework

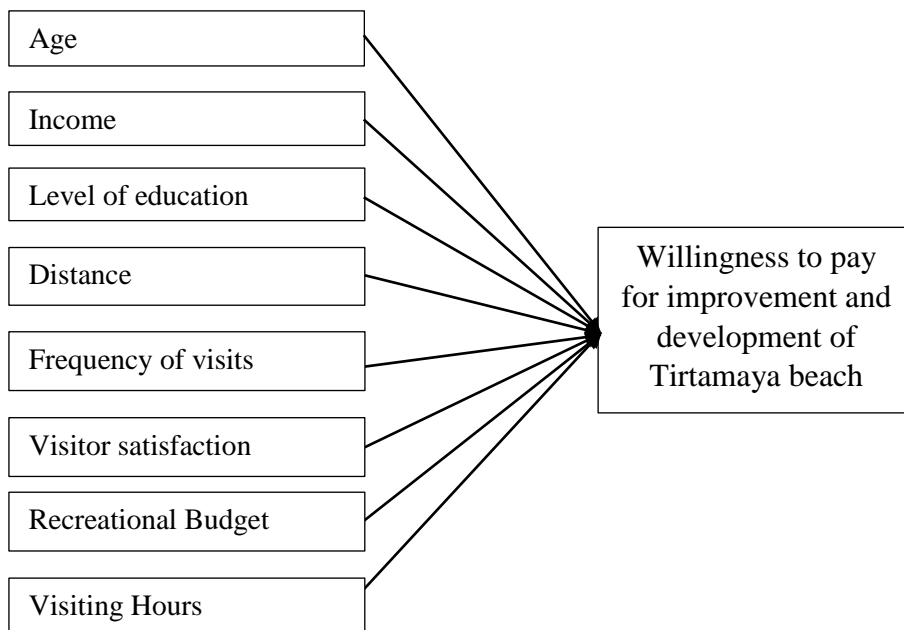


Figure 2. 4 Conceptual Framework