CHAPTER I

INTRODUCTION

A. Research Background

Travelling is a fun activity for everyone because the mind that travels will come back refreshed and get lots of exciting experiences. Nowadays, everyone needs to travel to meet human needs in fulfilling spiritual and physical vacations after doing activities such as school, college or even work by visiting other places (Foster, 2000). In addition, tourism can provide health stimulation because travelling can restore excitement and reduce stress and fatigue.

Tourism is one of the fastest-growing markets as tourism, and its industry requires significant consideration. The right economic development policies can produce a higher multiplier impact because tourism plays a vital role in the economy and has driven other industries' growth. The existence of tourism development will provide benefits, especially in the economic aspect. With all of this, it can open employment opportunities, improve community welfare, lead to increased taxation, and multiple effects for other activities.

According to the Ministry of Tourism Pocket Book (2016), the tourism sector's contribution to the national Gross Domestic Product (GDP) in 2014 was 9 percent or as much as IDR 946 trillion. Meanwhile, foreign exchange from the tourism sector reached IDR 120 trillion in 2014. This contributed to the employment of 11 million people (Ministry of Tourism and Creative Economy of the Republic of Indonesia). In 2018 more than 15.81 million tourists

visited Indonesia. In 2014, the number of tourists was 9.43 million and continued to increase by 6.38 million until 2018 (DATABOKS, 2019)

Jumlah Kunjungan Wisman ke Indonesia 2009-2018
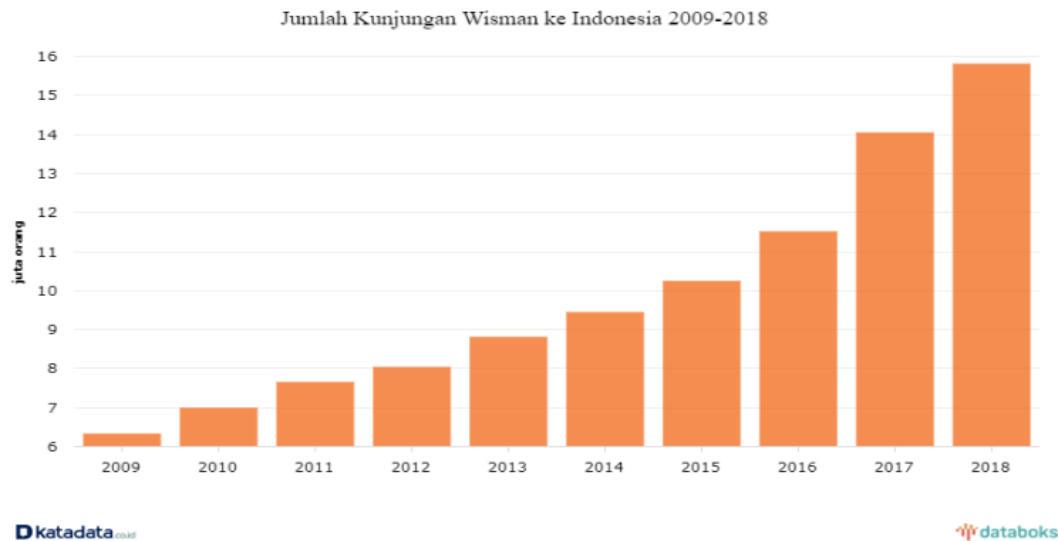
Figure 1.1 Tourist Arrivals in Indonesia

Source: Databoks (2018) Last 5 Years, Average Growth of Foreign Tourist Visits 14%.

Recognizing the value of tourism, recent research on tourist destinations has focused on its reputation. It has an impact on the destination selection process of tourists and their intentions to revisit a destination. The tourist destination literature has only begun to discuss branding elements, emphasizing creating powerful destination brands. Indonesia has started by branding the nation by using the name of Wonderful Indonesia and several cities. It will build synergies between the center and the regions to promote Indonesian tourism from each destination to the international public. According to Stepchenkova & Li (2014), branding appears to be a useful tool for differentiating between various destinations with the same characteristics as increasing competition between different destinations.

The importance of destination branding in the region will certainly have a positive impact on communication. Thus, the destination's image can influence the destination's branding related to the characteristics of the destination. However, in Boo, Busser, and Baloglu (2009), research on destination branding from the perspective of brand value perceived by consumers is still incomplete and inadequate. However, a partial understanding of consumer perceived brand value on destination brand loyalty can be obtained. Creating brand value can be measured by asking consumers whether they provide a good value for what they get. Perceived value and loyalty are positively related in the context of tourism (Boo , Busser, & Baloglu, 2009). Furthermore, based on research by Buhalis (2000) and Boo (2009), the quality of tourist destination brands such as the quality of infrastructure, cleanliness, security, and destination accommodation has a positive effect on the loyalty of tourist destination visitors.

Functional value is the desired values of tangible consumers, such as comfort, quality and others. Functional value involves consumer perceptions of the quality and performance of a product. This view is repeated by Hankinson (2004), which states that functional value consists of public facilities, such as transportation, infrastructure, toilets, restaurants, hotels, tourist attractions and others.

Emotional value is utility derived from effective/positive feelings or emotions arising from consuming the product. Emotional value is the emotional satisfaction and pleasure obtained by consumers through the use or consumption of certain goods or services (Sweeney & Soutar, 2001). Some examples include watching opera, exercising, and fishing, vacationing to exotic places, riding a horse-drawn carriage or tricycle and rock climbing. An emotional value is obtained when customers experience positive feeling when buying or using a service, giving

emotional value. In essence, the emotional value associated with feeling, that positive feeling will be experienced by customers when they are on vacation.

Social value (enhancement of social self-concept) is the utility derived from the product's ability to enhance social self-concept. The influence of celebrities and family, and friends influences the individual's perception of brand value, especially social value. Chon (1992) argues that relationships as part of the social value will increase their self-image knowledge among peers and observers. According to Uysal and Hagan (1993), the research suggests that consumers travel for internal and external purposes, needed for social connections and intrinsic motivation relationships.

Monetary value is the utility derived from the product due to reducing its perceived short-term and longer-term costs. Reducing the perceived monetary costs can certainly make monetary costs viewed as appropriate and reasonable for tourists. Tourists have a subjective perception of price, and that perception is a major factor in influencing their decision. Price value has been confirmed as one of the key factors influencing tourist satisfaction, which in turn influences tourist loyalty. (Lee et al, 2008).

Epistemic value is the utility gained by a tourist due to the activity's or destination's ability to arouse curiosity, provide novelty, and satisfy a desire. The individual's behavior of seeking a new experience activates product search, trial, and switching behaviors. Tourists travel to discover new locations, learn new cultures, and explore the new heritage and architectural features. Ashton (2015) said the epistemological interest responds to visitors' curiosity, and the need for innovation leads to the characteristics of the city's image. .

City brand attitude defines destination branding that customers can use to determine the importance of visiting a specific destination. However, their destination's perceived values and their destination's loyalty can be balanced by their attitudes towards the city's destination (Merrilees, 2009). This research explored the moderating impact city branding perceptions have on the relationship between visitors' perceived brand values and the loyalty of destinations

A millennial generation or Generation Y is also familiarly called echo boomers created by two American historians and writers, William Strauss and Neil Howe, in several books. There is no specific demographic in determining this generation group. However, experts classify it based on the beginning and end of the year. Generation Y classifications were forming for those born in 1982-2002 (Ministry of Communication and Informatics 2020). Millennials are selected as the sample in this research because tourism has become necessary for young people to let go of boredom. Millennials are more up to date than previous generations in using social media. According to data from Hootsuite 2019 in figure 1.2, internet users in Indonesia in 2019 were 150 million (up 13% or around 17 million from 2018). Active Social Media Users in 2019, 150 million (up 15% or about 20 million from 2018).

The preliminary study results, social media, especially Instagram, greatly influences millennials to visit destinations. Millennials more often spend their time looking for new experiences, then upload them on social media. Smith (2012) said that marketers have, besides, recently begun to reinvent communication techniques for decades, because they are more digitally-friendly and brand-conscious than other generations. Hershatter & Epstein (2010) said millennials described those who grew up alongside the Internet, online social networks, and cell phones.
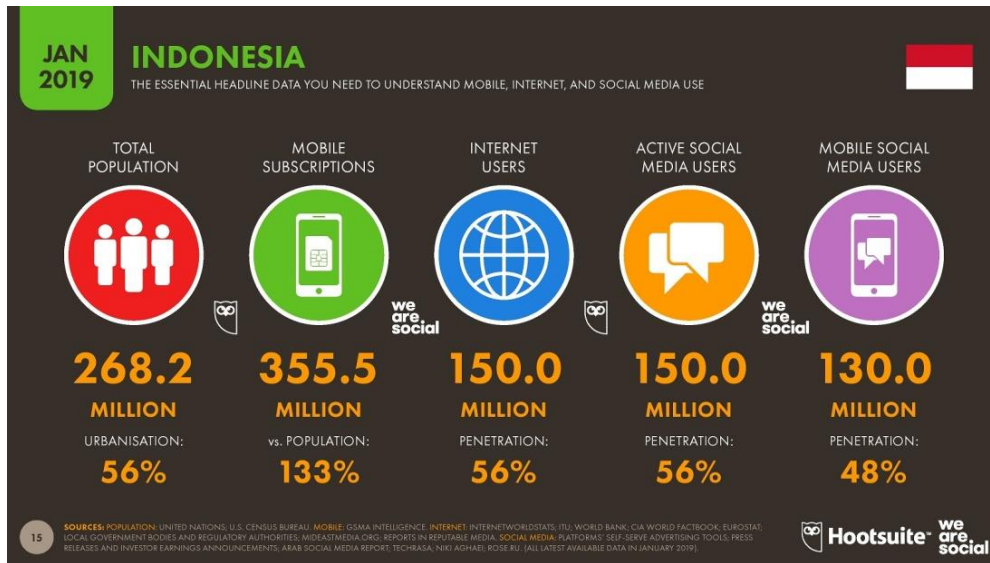
Figure 1.2 Internet Users in Indonesia 2019

Source: Hootsuite we are social Indonesian digital report 2019

Wonderful Indonesia is Indonesia's effort to promote various tourist destinations that mobilized to increase attractiveness in multiple destinations. Therefore, to increase traffic, foreign tourist with a target of 20 million visits in 2019. The Ministry of Tourism, besides promoting ten tourist destinations in Indonesia, now launches ten branding aims. The ten destinations with this new branding are Bandung, Bali, Jakarta, Riau Islands, Joglosemar (Jogja-Solo-Semarang), Miracle of Coral (Wakatobi-Bunaken-Raja Ampat), Medan, Makassar, Lombok, and Banyuwangi. As for the brand names launched, namely: Colorful Medan, Wonderful Riau Island, Enjoy Jakarta, Stunning Bandung, Java Cultural Wonders, Majestic Banyuwangi, the Bali Island of Gods, Friendly Lombok, Explore Makassar, and Coral Wonders for Bunaken, Wakatobi, and Raja Ampat (The Jakarta Post, 2017).
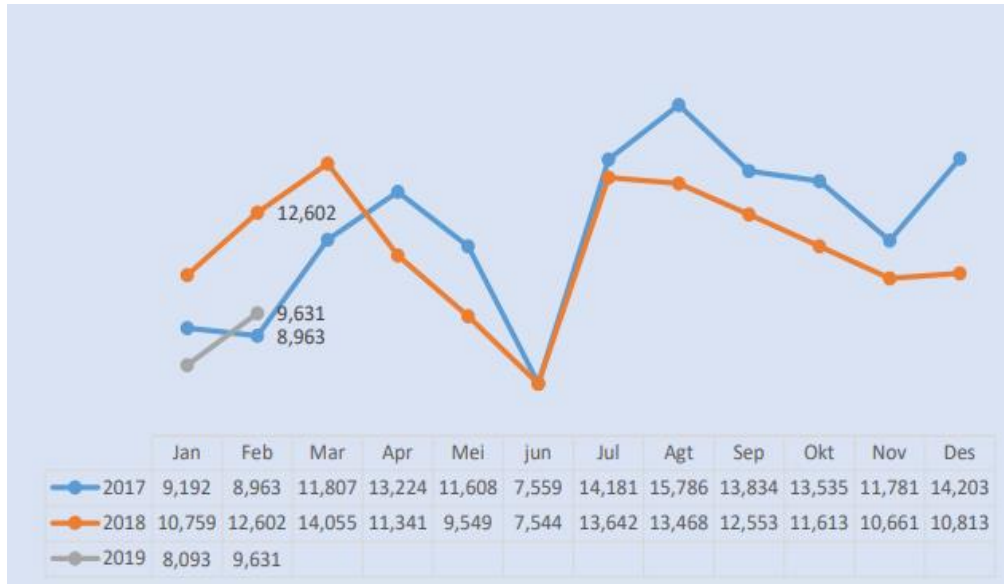
Joglosemar is a combination of the city of Jogja, Solo, and Semarang. Yogyakarta knew with the slogan of Jogja The never-ending Asia and its constant appeals. Nowadays, it is

also known as Jogja Istimewa, a tagline that elaborates its special philosophies. Yogyakarta one of the main cultural centers in Indonesia. Yogyakarta also has two categorize destination, nature and culture.

There are many ways to enjoy the city of Jogja, starting with indulging in natural wonders. Visiting beautiful beaches and photogenic landscape. Jogan, Siung, Krakal, Pok Tunggal, Parangtritis, and Indrayanti are famous town beaches. A breathtaking place like Pinus Pengger, Puncak Becici, and Jurang Tembelan are just a few of Yogyakarta's most exciting back-to-back destinations. The adventure also wonders plentiful in Yogyakarta. Explore Mount Merapi National Park, taking a thrilling jeep ride, and hiking Mount Nglanggeran, an ancient volcano in a beautiful village. Rock climbing can be performed at Siung Beach.

Yogyakarta has a lot of Ancient Heritage Wonders (e.g., the Kraton (sultan palace), Taman Sari, Tugu Jogja, Ratu Boko Temple, Malioboro, etc.) Many things can be done when visiting a destination that categorizes as a culture. An example is chasing sunrises in popular temples like Borobudur and Prambanan, spending the night hanging out at Alun-Alun, 0 km (near Malioboro), or monument Tugu Jogja with enjoying wedang ronde and angkringan around this area. There are many ways to around the city of Jogja, e.g., use traditional horse-drawn carts are known as Andong, becak, taxis, motorbike, car, and bus.

In 2017, Yogyakarta attracted approximately 3.4 million domestic local tourists (Secretary of Yogyakarta City Tourism Office) and 435.655 foreign tourists visiting Yogyakarta. According to the Central Bureau of Statistics Province D.I Yogyakarta reports, the number of Yogyakarta visitors has increased from year to year in figure 3.

	Jan	Feb	Mar	Apr	Mei	jun	Jul	Agt	Sep	Okt	Nov	Des
2017	9,192	8,963	11,807	13,224	11,608	7,559	14,181	15,786	13,834	13,535	11,781	14,203
2018	10,759	12,602	14,055	11,341	9,549	7,544	13,642	13,468	12,553	11,613	10,661	10,813
2019	8,093	9,631										

Figure 1.3 Number of Tourist Visiting through Adi Sutjipto 2017-2019

Source: Central Bureau of Statistics Province D.I Yogyakarta

This study is replication according to Jun Luo, Bidit L. Dey, Cagri Yalkin, Uthayasankar Sivarajah, Khanyapuss Punjaisrie, Yu-an Huang, Dorothy A. Yen (2020). This research has chosen Yogyakarta due to this research. To fill this gap in the literature, this study proposes to build on current knowledge of destination branding by combining branding and tourism literature to explain the effects of consumer brand value on tourists' destination loyalty. This study adds to the tourism literature by including a city brand attitude as a moderator in the relationship between perceived brand values and millennial tourists' destination loyalty. The proposed hypotheses are then presented in a conceptual model that shows how perceived values influence repurchase intention and are moderated by city brand attitude.

B. Research Question

According to the explanation in the research background, this research forwards research problem to following in below:

1. Does functional value affect the destination loyalty of millennial tourist?

2. Does social value affect the destination loyalty of millennial tourist?

3. Does emotional value affect the destination loyalty of millennial tourist?

4. Does monetary value affect the destination loyalty of millennial tourist?

5. Does epistemic value affect the destination loyalty of millennial tourist?

6. Does the city brand attitude moderate the relationships perceived functional on destination loyalty?

7. Does the city brand attitude moderate the relationship perceived emotional on destination loyalty?

8. Does the city brand attitude moderate the relationship perceived social on destination loyalty?

9. Does the city brand attitude moderate the relationship perceived monetary on destination loyalty?

10. Does the city brand attitude moderate the relationship perceived epistemic on destination loyalty?

C. Research Objectives

The objective research has guidelines to carry out their research, based on research background and research problem set out above this study aims to:

1. Analyzing a destination's functional value has a positive and significant impact on millennial tourists' destination loyalty.

2. Analyzing a destination's social value has a positive and significant impact on millennial tourists' destination loyalty.

3. Analyzing a destination's emotional value has a positive and significant impact on millennial tourists' destination loyalty.

4. Analyzing a destination's monetary value has a positive and significant impact on millennial tourists' destination loyalty.

5. Analyzing a destination's epistemic value has a positive and significant impact on millennial tourists' destination loyalty.

6. Analyzing the moderating effect of city brand attitude of relationships functional values and destination loyalty.

7. Analyzing the moderating effect of city brand attitude of relationship social value and destination loyalty.

8. Analyzing the moderating effect of city brand attitude of relationship emotional value and destination loyalty.

9. Analyzing the moderating effect of city brand attitude of relationship monetary value and destination loyalty.

10. Analyzing the moderating effect of city brand attitude of relationship epistemic value and destination loyalty.

D. Research Benefit

According to the research problems and research objectives above, this study aims to:

1. Business Field

   This research could be a source of information and referrals regarding the influence of perceived destination brand value on destination loyalty. In addition, it could use as a reference for the business field in strategic decision-making to increase the number of tourists and provide for tourist needs while on vacation in a city.

2. Future Research

   These study results are expected to provide knowledge and understanding of the relationship and influence of perceived brand value such as functional value, emotional value, social value, epistemic value, monetary value, and city brand attitude, especially in the destination city Yogyakarta. In addition, this research could be used as a reference for future researchers who have a similar topic.