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**A STUDY ON VISITORS' WILLINGNESS TO PAY
FOR ECOTOURISM PRODUCTS: A CASE
STUDY OF SHANGRI-LA'S RASA RIA
NATURE RESERVE,
KOTA KINABALU.**



LAVERNITA ALLYSA PEDRO BINGKU



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**SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITI MALAYSIA SABAH
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KOTA KINABALU.**

LAVERNITA ALLYSA PEDRO BINGKU

**A dissertation submitted in partial fulfillment of
the requirements for the degree of Masters of
Business Administration.**

**SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITI MALAYSIA SABAH
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DECLARATION

The materials in this dissertation are original except for quotations, excerpts, summaries and references, which have been duly acknowledged.

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ABSTRACT

A STUDY ON VISITORS' WILLINGNESS TO PAY FOR ECOTOURISM PRODUCTS: A CASE STUDY OF SHANGRI-LA'S RASA RIA NATURE RESERVE, KOTA KINABALU.

Concerns related to wildlife conservation are evident nowadays. This study was analyzed by using various statistical analyses, which investigates the psychographics and behavioral profiles of foreign visitors' who are willing to pay for ecotourism products, moderated by demographic factors. Results showed that visitors' behavior proves to have the most significant influence on visitors' willingness to pay for ecotourism products. Managerial implications for Shangri-La's Rasa Ria Nature Reserve and Sabah Wildlife Department and suggestions for future research are discussed.



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ABSTRAK

KAJIAN MENGENAI KESANGGUPAN MEMBAYAR PELAWAT: KAJIAN DI
SHANGRI-LA'S RASA RIA NATURE RESERVE,
KOTA KINABALU .

Keprihatinan terhadap pemuliharaan hidupan liar merupakan satu isu yang penting pada masa kini. Kajian ini dianalisis dengan menggunakan beberapa analysis statistic, unuk mengkaji psikografi dan profile tingkahlaku pelawat-pelawat asing yang mempunyai kesanggupan untuk membayar produk eko pelancongan, dengan faktor demografi sebagai pembolehubah (moderator). Keputusan daripada analisis SPSS menunjukkan bahawa tingkahlaku pelawat terbukti mempunyai pengaruh yang paling ketara terhadap kesanggupan membayar untuk produk eko pelancongan. Implikasi terhadap pengurusan Shangri-La's Rasa Ria Nature Reserve dan Jabatan Hidupan Liar Sabah, serta cadangan-cadangan untuk kajian dimasa hadapan turut dibincangkan dalam kajian ini.



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CHAPTER 1

INTRODUCTION

1.1 Overview

When tourists first arrived in Sabah, they were introduced to the natural features found abundantly in protected or undisturbed areas. A few sites developed into mass tourist attractions, notably the offshore coral islands, the Kinabalu Park where the highest mountain in Southeast Asia is located, and the orangutans at Sepilok (Fletcher, 1994). Tourism was officially recognized as an industry in Sabah by 1986, although on a very small scale. Sabah's reputation as one of the major nature tourism sites in Malaysia is based on its abundant range of forest habitats and wildlife species. Fletcher also stated that most of these sites are within protected areas where local communities' use of forest and land resources is nonexistent or minimal. The need to communicate and consult local communities to develop tourism activities within these areas did not arise.

Since 2000, the tourism industry has faced multiple international crises: economic recession, the SARS outbreak, terrorist attacks, and the expanding war on terrorism. Despite these setbacks to the industry, both consumers and travel companies show strong support for responsible tourism, including stating a willingness to pay more for ethical practices, to contribute to community projects, and to support certification. (Eco Current) Consumers continue to view safety, cost, weather, accessibility, and quality of facilities as paramount when planning vacations. However, their demand for ethical products, social investment, and eco-labels is growing, although most consumers do not actively inquire about

business practices. Tour operators are increasingly aware of the demand for socially and environmentally responsible tourism, and are exploring certification programs as a way to market their ecotourism products.

Theme tourism in Sabah's case is basically nature or ecotourism or green tourism as preferred by others, involving travel to observe nature and or participate in outdoor activities. The state of Sabah is indeed fortunate to be in a position of having a rich variety of sought-after characteristics, as well as the 'Borneo Image' and is in all a 'new 'destination. According to Lingham (1996), most neighboring ASEAN countries have beaches, greeneries, culture and modern facilities not to mention the attractions of golf-course easily accessible by ordinary people. But there is something else which modern tourists are seeking – that is, our natural environment and habitats which has abundant nature, tropical forest and wildlife. Lingham also stated that ecotourism is a relatively new concept that has shifted far from mass beaches and urban tourism which are characterized by large number of tourists in highly developed destinations. Ecotourism is becoming increasingly popular and it does not only generate revenue for the State and the country, but also heightened local awareness of the importance of conservation and preservation.

When considering the concepts of sustainable development in the context of tourism, new issues, views and challenges are exposed. This is because tourism continues to develop as a significant economic and social activity although it utilizes environmental resources (Honey,1999). It has significant environmental, economic, social and cultural impacts which can either be positive or negative, or both. Thus, tourism development has become one of the central challenges within the sustainable development topic.

The attempt to incorporate sustainable development concepts into tourism was – as still is – a result of the growing environmental awareness and cultural sensitivity the sustainable development debate has brought about, and the increased public education of the vulnerability of natural resources (Butler, 1992). This has caused increasing dissatisfaction with the previous tourism products, and so development of a new type of tourism has evolved – alternative tourism. Alternative tourism is usually taken to mean alternative forms of tourism (other than mass tourism) which place emphasis on greater contact and understanding between hosts and guests as well as between tourists and the environment (Butler 1992; Newsome et al. 2001).

1.2 Research Problem

Concerns related to the conservation of wildlife are evident in the ecotourism marketplace. Over the years, a majority of eco-tourist have realized that their purchasing behavior have a direct impact on many ecological problems. Perhaps the most convincing evidence supporting the growth of eco-tourists is the increasing number of individuals who are willing to pay more for ecotourism products.

An important challenge facing ecotourism product providers is to identify which visitors' are willing to pay more for eco-tourism products. It is apparent that an enhanced knowledge of the profile of this segment of visitors' would be extremely useful. The closer we move to an understanding of what causes individuals to pay more for ecotourism products, the better the management will be able to develop strategies specifically targeted at these visitors.

Shangri-La Rasa Ria Nature Reserve was established by the Shangri-La's Rasa Ria Resort in collaboration with the State Wildlife Department of

Sabah in June 1996. The main purpose of setting up this protected ecological space was to help facilitate rehabilitation programs for endangered species of fauna as well as those endemic in Sabah. In their work to facilitate, encourage and the conservation of wildlife, the Nature Reserve also provides educational programs for local students from across Sabah, especially targeting the west coast region. It too, actively conducts nature awareness and learning programs for visitors from all over the world. This Nature Reserve is partially self-financing and partially financed by the Wildlife Department of Sabah.

This research conducted consumer-based study with the aim to determine the characteristics of visitors who are willing to pay for ecotourism products in Shangri-La Rasa Ria Nature Reserve. It is typically focused on the relationship between willingness to pay and demographic characteristics, for example age, income and education level, and independent variables which is visitors' attitudes, values and product attributes.

Hence the research question is, **"To what extent does visitors' attitudes, visitors' behaviors, visitors' values and product attributes influence willingness to pay for ecotourism products"**.

1.3 Rationale of the Study

In exploring for the factors and attributes that might affect the visitors willingness to pay for ecotourism product, in the context of this study is Shangri-La's Rasa Ria Resort, Kota Kinabalu Nature Reserve. Based on interview done by the researcher with the manager of the Nature Reserve, up to date, there has been neither study nor research which has been done to investigate factors which influence visitors' willingness to pay a price premium for the ecotourism products in the Nature Reserve. Hence, this study is hoped to assist Shangri-La Rasa Ria

Nature Reserve management to identify and understand factors and attributes that may influence the willingness to pay for the ecotourism products which are being offered in their Nature Reserve, thus leading to possibility for further improvement of programs for the conservation of endangered species which are currently rehabilitated in the Nature Reserve.

1.4 Scope of Study

The scope of this proposed study will look into the visitors' willingness to pay for ecotourism products. Therefore, the researcher has proposed Shangri-La's Rasa Ria Resort, Kota Kinabalu Nature Reserve as the case study. The proposed site has been chosen based on the fact that Shangri-la Rasa Ria Resort has the one and only Nature Reserve which offers various ecotourism products including viewing of the Orangutans, in the west coast of Sabah.

The visitors that will be the subject of interest in this proposed research would be foreign visitors who visit the Nature Reserve, who spend their money to pay for the conservation fees especially for the Orangutans. The reasons as to why only foreign visitors will be the main sample is due to the fact that foreign visitors are required to pay an amount of RM65.00 for non in-house guests and RM50.00 for in-house guest whereas local need only pay RM10.00, for the conservation fees.

1.5 Objective of the Study

The objective of the study is:

- 1 To investigate the relationship between dependent variable (of visitors' willingness to pay for ecotourism products) and independent variables (of

visitors' values, attitudes and product attributes with demographic characteristics as moderators).

- 2 To suggest policy measures to improve wildlife conservation management in Shangri-La's Rasa Ria Nature Reserve.

1.6 Definition of Terms

For the purpose of this proposed study, the following terms may need to be further clarified to avoid confusion on what it means in the context of this study.

1.6.1 Willingness to Pay

Willingness to pay is defined by the willingness of an individual to part with an amount of money for a certain good. In the context of this research willingness to pay means visitors' willingness to pay for ecotourism products which are products which are being offered to visitors in Shangri-La Rasa Ria Nature Reserve.

1.6.2 Ecotourism Products

In the context of this research, the ecotourism product refers to the Orangutan watching activity which is currently being offered in Shangri-La Rasa Ria Nature Reserve. The Bornean Orangutans, or *Pongo pygmaeus* are a species of fauna which is endemic to the island of Borneo, is now recognized as a unique species in its own right, genetically distinctly different from its relative, the Sumatran Orangs, *Pongo abelii*. At the moment, due to the accelerated rate of both legal and illegal loggings, lost of natural habitat of the Orangs has brought the serious decline of the species number in the wild.

1.6.3 Product Attributes

Product Attributes refers to the attribute of the product which may influence visitors' willingness to pay. In the context of this study, product attributes are, the rarity and uniqueness of the product (wildlife), and the severity of extinction of the wildlife.

1.6.3 Visitor Attitudes

Visitors Attitudes refers to the visitors' attitudes towards the conservation of wildlife. In the context of this study, among the attitudes which will be look into is attitudes towards the importance of wildlife conservation and also attitudes towards the inconvenience of wildlife conservation.

1.6.4 Visitors' Behavior

in the context of this study, visitors' behavior refers to visitors' behavior in their preferences of choosing their holiday destination. And their preferences for either choosing ecotourism destination when going for a holiday or preference for 'hard ecotourism'.

1.6.5 Visitor Values

The aspects of ecotourism that distinguish it from other forms of tourism will appeal to some lifestyle groups, but not to others. (Cleaver & Muller 2002) This is because certain attributes of the ecotourism experience (greater cultural understanding, non-consumptive use of wildlife and nature, ecologically appropriate visitor behavior, a deep appreciation of natural beauty, etc.) may or may not provide personal value fulfillment. And it is well known, especially among consumer psychologists, that

values 176 *Journal of Sustainable Tourism* drive lifestyles, and lifestyles determine behaviors in the marketplace – including touristy and ecotouristic behaviors.

1.7 Background of Study Area

Shangri – La Rasa Ria Resort Nature Reserve.

Encompassing 64 acres within the resort's vast confines, the Nature Reserve is a conservation effort between the State Wildlife Department and Shangri-La's Rasa Ria Resort initiated in a Memorandum of Understanding signed in April 1996. The Nature Reserve is aimed primarily at nature conservation and Orangutan rehabilitation, with research, study and education of secondary importance. The Rehabilitation Program for Orangutans which is carried out at the Nature Reserve is the only one of its kind on the west coast of the state of Sabah. The Other is Sepilok Rehabilitation Centre in Sandakan East Coast of the state as the main Orangutan rehabilitation centre in the country. The Nature Reserve's role is the bastion of rehabilitation education on the West Coast and the only one of its kind on the entire West Coast of the state, indeed the island of Borneo. The nature reserve is in collaboration between the public and private sector.

It is home to a wide spectrum of Sabah wildlife such as Orangutans, two species of deer, long-tailed macaques, pheasants, civets, bear cat, masked musang, monitor lizard, water hens, porcupines, slow lorises, pangolins, pitcher plants, fruit bats and 63 species of birds.

Whilst maintaining its natural aesthetics, the careful creation of six trails within the Nature Reserve enables visitors to enjoy the dense flora and fauna of Borneo's secondary jungle. These trails - **Orangutan, Nature, Summit, Pitcher Plant Trail, Bird Watching Trail and Lookout Trails** - range from a leisurely