Cross-border tourism and the emerging nation: taxonomy of the ignored shopper

By

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Abstract

The growth in Laos' economy has been increasingly important in terms of consumption and tourism within Thailand. Currently, however, few studies have attempted to develop a marketing strategy for regional retailers in this emerging nation. This research is concerned with developing an appropriate marketing strategy that balances supply and demand within this regional market.

Given that marketing relies heavily on understanding consumer behaviour, the objectives of this study are, first, to develop a cross-border shopper taxonomy in a regional market using benefit segmentation. In order to develop this marketing strategy, the research identified consumer expectations in order to explore how to achieve a competitive advantage that matches consumer needs with the available supplies. This cross-border shopping taxonomy provides a starting point for a holistic evaluation that will assist retailers in making marketing decisions. The study then attempts to understand the current market situations and marketing in practice from the perspective of suppliers. After assessing the correspondence between demand and supply, recommendations on strategic marketing are offered to Thai retailers at the end of the investigation.

This study employed both quantitative and qualitative research methods, with 337 questionnaires and seven in-depth interviews. The survey was conducted in Thailand between December 2013 and January 2014. The data were collected from three provinces in the northeast region of Thailand that share a border with Laos: Nongkhai, Mukdahan and Nakorn Phanom. These provinces have high potential in respect to both tourism and retail developments. In addition, the seven interviewees with retailers and policy planners examined the implementation of market segmentation and marketing strategies. The data from the interviews was interpreted and compared with the quantitative data in order to investigate the correspondence between supply and demand.

In order to classify cross-border shoppers, the major statistical analyses used were EFA and cluster analysis based on benefits sought. Segments were profiled with travel behaviour, shopping behaviour and demographic variables. ANOVA and MANOVA were employed to test differences between groups. After that, the research explored expectations through the Importance-Performance Analysis (IPA) in order to identify priorities for developing a competitive advantage.

The results show that cross-border shoppers in the regional markets of Thailand consist of four segments: the Enthusiastic shoppers, the Leisure-tourist shoppers, the Product-focused shoppers and the Practical shoppers. These segments relate to the benefits sought, and correlate with different demographic variables, shopping activities and consumption patterns. Moreover, they have different expectations towards place attributes which are important for designing a marketing strategy that is suitable to each segment. Unfortunately, the interviewees from the supply side provided less marketing response to the cross-border tourist marketing.

The implications of the findings are, first, that benefit segmentation is associated with demographic variables, shopping activities and expenditures. In addition, the evidence suggests some misunderstandings on the part of suppliers in respect to cross-border demand. The evaluation of demand and supply contributed recommendations for the design and management of effective marketing strategies for cross-border shoppers in this emerging nation.

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CHAPTER ONE: INTRODUCTION

1.1 Overview

1.1.1 Cross-border shopping

Cross-border shopping represents a significant element in tourism and retail studies. International borders, with their associated differences in administrative policies, can affect many activities. The existence of political boundaries creates a desire for something new or different that cannot be provided in the individual's home environment, such as language, political system, foods and festivals (Page and Connell, 2006). Besides, visitors may be motivated by activities that are not culturally acceptable in their home environment, such as gambling, casinos and drugs (Timothy and Butler, 1995).

Cross-border tourists are likely to have a variety of activities and consumption characteristics when they are outside the boundaries of their own nation – specifically, tourism and shopping in a neighbouring country (Jansen-Verbeke, 2012; Timothy and Butler, 1995; Tömöri, 2010a). Murphy *et al*. (2011) highlighted that a cross-border tourist might focus on acquiring necessities for daily needs, and shopping experiences become more a part of the tourism trip. A tourist can spend one-third of their total tourism expenditure on retail purchases while they are on vacation (Littrell *et al.*, 1993; Yu and Littrell, 2003). In addition, the spending of travellers, whether they are visiting or passing through a town, can generate income for local businesses, inward investment and infrastructure development (UNWTO, 2015 Edition). Retailers can also increase revenue from tourist expenditures, which may be higher than the income they receive from local residents (Ryan, 2006). This indicates that tourist shopping can be a key source of income for many businesses.

Indeed, there are many studies about tourist shopping (Geuens *et al.,* 2004; Murphy *et al.,* 2011; Timothy and Butler, 2005), but little is known about marketing cross-border tourist shopping. Conceptually, marketing is viewed as when businesses offer a preferable positional match with what segments want and where this offering is distinctly different from competitors (Dolnicar, 2008). One of the difficulties with cross-border shopping is the ambiguity in the criteria used to identify cross-border travellers. There are various potential categories that can be applied when describing people who travel across borders to other countries, such as a tourist or a shopper. This has led to a situation where marketers cannot identify their target markets. The classification of cross-border travellers seems to be essential, therefore, to provide information for researchers and practitioners so that they can respond to the needs of travellers in cross-border areas. This calls for more academic research to evaluate the different groups of cross-border travellers, and the linking of this method to practical business strategy.

1.1.2 The importance of an emerging market

Since the economic crisis in the late-2000s, trends in international marketing studies have changed from focusing upon wealthy nations to poorer ones (Kotler *et al.*, 2008). People from countries such as China and India are growing in prosperity, in numbers and in purchasing power. These shoppers have been recognised as the largest growing markets (Oppermann and Chon, 1997). Prahalad (2006) revealed the importance of these markets, noting that:

> "If we take nine countries--China, India, Brazil, Mexico, Russia, Indonesia, Turkey, South Africa, and Thailand--collectively they are home to about 3 billion people, representing 70 percent of the developing world population. In PPP (Purchasing Power Parity) terms, this group's GDP is $12.5 trillion, which represents 90 percent of the developing world. It is larger than the GDP of Japan, Germany, France, the United Kingdom, and Italy combined. This is not a market to be ignored."

The growing prosperity of these nations can result in changing travel behaviours, lifestyles and shopping behaviours, not only for domestic but also international shopping. In addition, advances in transportation, infrastructure and telecommunications also motivate consumers to travel. There is therefore a need for more study of consumer behaviour in emerging countries.

1.1.3 The essentials of a Laotian study

The growth in Laos' economy is expected to become increasingly important for Thai as well as and international businesses. Laos has experienced rapid economic expansion in recent years, leading to significant socio-economic changes. The economy of Lao PDR economy has grown at an average of 7% per annum since 2007, which has boosted annual output to 12.4 USD Billion in 2016. Consequently, GDP per capita has doubled to $5,320.4 in the past year (World Bank, 2017). These facts indicate that Laotian shoppers are a potential, yet relatively under-researched, factor in the tourist segment.

Linked to the above, Laotian cross-border shoppers have been increasingly significant travellers in Thailand, particularly in the regional provinces. The Thailand Tourism Department (2017) reported that Laotians are the second largest ASEAN tourists, after Malaysians. The numbers of Lao tourists have increased from 1.2 million in 2015 to 1.4 million in 2016 (Department of Tourism Operation Centre, 2017). Growing prosperity and an expanding Laotian middle class with sufficient income for travel has increased demand for products/services from Laotian consumers and created an opportunity for Thai retailers. More importantly, when considering market size, the population of Laos is growing rapidly; from 2.1 million people in 1960 to 6.8 million in 2015 (World Bank, 2017). This indicates the further potential of the market in the future.

Although there have been several studies on cross-border shoppers, there is still a lack of recent research studying the segmentation of cross-border tourist shopping within emerging economies. The changes in the business environment in these markets – the development of transport systems, new policies combined with global connectivity – have greatly increased the size of the Thailand – Laos regional markets in these economies. The researcher argues, therefore, that tailored marketing strategies are more effective for these regional markets than the current approach in order to reflect their distinct heterogeneities.

This would contribute to the knowledge of cross-border shopping and tourism studies in an emerging nation. This research, therefore, takes a market segmentation approach to build a taxonomy of cross-border tourist shopping with the focus upon tourism, shopping consumption and consumer satisfaction towards shopping attributes in the context of Laos and Thailand. A Laotian tourist shopping study is important for retail organisations when developing strategic marketing for regional markets.

1.2 Aim and Objectives of research

Cross-border shopping has unique characteristics. The shopping behaviour of different groups can express differences in buying consumption and shopping patterns, especially when consumers travel outside their own country (Timothy, 2005); therefore this further exploration is essential. Due to the changes in consumer behaviour, understanding the development of marketing strategies has become an interesting topic for research. Furthermore, the investigation of both the supply- and the demand- sides helps in providing information to match the characteristics of the retail, and thence the creation of guidelines for marketing in practice. A number of objectives are, therefore, investigated in respect to Laotian cross-border shoppers in Thailand:

1. To identify the different categories of cross-border shoppers;
2. To describe the characteristics of each segment, including the shopping activities, consumption practices and tourism-related behaviours;
3. To explore perceptions of the importance and performance of shopping area attributes;
4. To identify gaps in the existing retail and related provisions;
5. To provide recommendations for Thai retailers when designing marketing strategies for regional markets.

1.3 A research framework

This study could be considered as an initial attempt at developing a cross-border tourist shopping taxonomy by using market segmentation for the description, explanation and, possibly, prediction of consumer behaviour in regional markets within Thailand. A critical realist approach is adopted to explain the behaviour of cross-border shoppers in the regional markets of Thailand. Marketing based on critical realism relates to the existence of the things, structures and mechanisms revealed by the sciences at different levels of reality (Downward *et al*., 2002), allowing the researcher to make a clear distinction between unobserved, theoretical, constructs and reality (Easton, 2010; Sayer, 2010). Regarding the study, the context of the investigation is not only to consider cross-border shoppers but also the related environment factors such as local/regional government, society and local people. The mechanisms, in this case, are identified through the beliefs and values of shoppers, retailers and policy planners because they have the power to influence the development of a marketing approach in practice.

Based upon this research philosophy, a mixed method approach is used. *Quantitative research* is adopted to conduct a cross-border shopper typology and to analyse the causal relationships between variables. On the other hand, *qualitative research* is used to focus on understanding the implications of market segmentation and marketing strategy in practice. The adoption of a mixed method approach allows for the corroboration of findings from each method, thus strengthening the validity of eventual conclusions.

The first stage is to develop a cross-border taxonomy in respect to shoppers from Laos entering Thailand. When considering previous studies in marketing, customers are both complicated and cohesive (Keelson 2012); to cope with this diversity, the creation of a taxonomy seems to be a principal strategy for companies to make offers that provide unique value to selected consumers (Boejgaard and Ellegaard 2010; Kotler and Keller 2012). The first research question, therefore, is *"What types of cross-border tourists are involved?"* There are twofold aspects that need answering here. On the theoretical level, the study aims to provide a foundation for the monitoring of cross-border behaviour and the testing of a methodology for effective segmentation. The process starts by reviewing the choices involved in a basic segmentation approach; then, the analytical process that is best for the market in question needs to be identified through a literature review.

The second stage aims to complete the profile of the cross-border tourist shopping taxonomy. The second research question, therefore, is *"What are the shopping behaviours engaged by different segments of cross-border shoppers?"* To answer this, choices of variables are required in terms of matching tourist characteristics with activities and travel-related behaviour and shopping patterns. Previous tourism studies therefore need to be reviewed in order to develop a framework of variables.

Next, the study works on the assumption that the more retailers know about the expectations of their consumers, the better chance they have of satisfying those consumers. Moreover, a better understanding of consumer expectations, if then reflected in marketing activities, could shape a tourist's attitudes and increase their time spent in a shopping destination (Tosun *et al.*, 2007). Moreover, this research is concerned with environmental conditions such as economic, cultural and political issues, in order to generate the highest level of consumer satisfaction (Dubois *et al.*, 2007). Thus, the range of shopping provisions that consumers seek, and the external forces affecting the regional market, are reviewed in order to give an outline for further investigation. The associated research question, therefore, is "*What are the perceptions of cross-border shoppers towards shopping area attributes?"*

After respondents have been identified, it is important to identify their views of the shopping area attributes. Accordingly, the fourth objective is to identify gaps in the existing retail and related provisions. Turning marketing into a competitive strategy, the researcher looks at the link between segmentation and positioning from two perspectives; consumer satisfaction and current marketing responses.

The last objective aims to establish a holistic marketing strategy that satisfies both the consumers and the retailers. After understanding tourist shopping characteristics, the second requirement needs to balance these answers with the current market situation. The development of a marketing strategy, therefore, focuses upon investigating the current retail and related practices. To achieve that, retailers and policy planners are interviewed in order to understand the overall marketing mix strategy they have adopted\. The results from all tasks are used as an input to match correspondence. Figure 1-1 sets out the research framework.

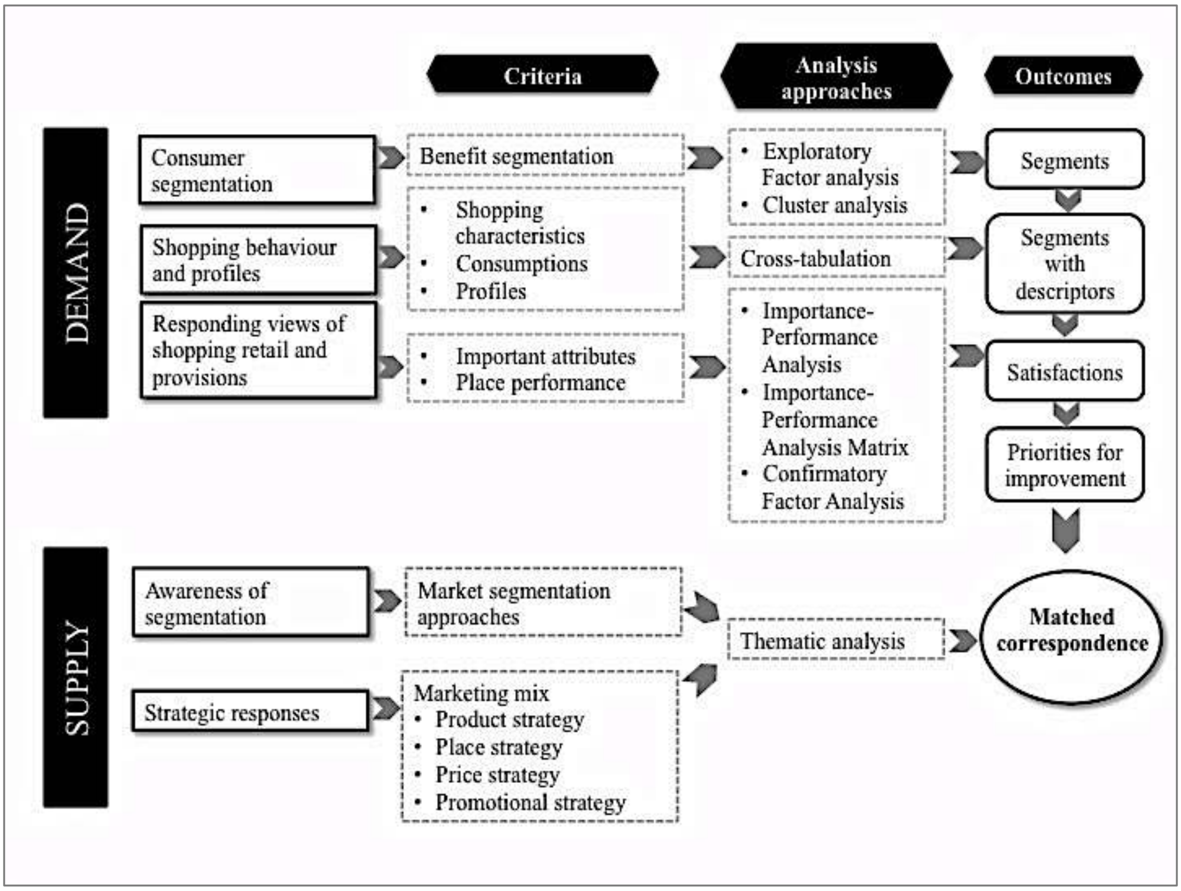

Figure 1- 1 The research approach

1.5 Thesis outline

This thesis is divided into ten chapters. **Chapter One** explains the background to the study and the rationale for developing a cross-border shopping study. This chapter introduces the importance of studying cross-border shopping behaviours. The aim and objectives of the research are outlined.

Chapter Two introduces the concept of market segmentation. This chapter investigates how market segmentation was developed and how it has changed. The chapter begins by tracing the concepts of market segmentation. Then, its process, criteria, benefits and limitations are reviewed. Important issues from previous studies developing cross-border shopper taxonomies are highlighted. In the last section, the appropriate bases and approaches are introduced.

Chapter Three provides an overview of cross-border tourism. Then, the definitions of tourists and tourist roles are explained. These allow an outline to be established for the subsequent development of variables for the research framework. The last sub-section demonstrates the significance of the Laotian markets in Thailand in order to view the potential market.

Chapter Four examines the retail sector and related commercial provision in Thailand. The major interest of this chapter is to investigate policy and external factors that could influence or obstruct marketing implementation. This chapter also provides background information about the regional markets. The second part focuses on competition within regional markets. Then, the determinants involved in examining consumer expectations in respect to shopping area attributes are discussed. At the end, the research framework is developed and the components that make up a marketing mix are defined.

Chapter Five presents the research methodology for the study. Firstly, the philosophy and research paradigm are discussed. The research strategies are identified based on the adoption of a critical realist paradigm to underpin the research method. The qualitative and quantitative approaches are described. Specifically, quantitative research is used to develop a cross-border consumer taxonomy using a market segmentation approach. Then, a qualitative method is applied through in-depth interviews with four retailers and three policy planners.

Chapter Six focuses upon reporting marketing in practice from the perspectives of policy planners in respect to national marketing. As highlighted earlier, this research is directed at drawing information in a critically realist way. This chapter looks at how policy planners respond to market competition. In addition, the opinions from the policy planners regarding marketing strategies and cross-border travellers are identified from national and regional levels.

Chapter Seven examines the empirical findings from the quantitative research. A market segmentation approach is adopted to classify the Laotian respondents using Exploratory Factor Analysis (EFA) and Cluster Analysis. Then, these respondents are profiled with travelling patterns, shopping behaviours and demographic profiles. After that, the consumption patterns of each segment are compared.

Chapter Eight considers the gaps between expected importance and perceived performance. The research then develops an IPA Grid (Importance-Performance Grid) to identify consumer intentions and the priorities for future marketing developments.

Chapter Nine determines the perceptions of retailers and their marketing decisions. Firstly, the market segmentation approaches that retailers have adopted are evaluated. Then, marketing strategies and marketing mixes are analysed to illustrate how retailers adjust their marketing strategies to meet cross-border shopper demand. Finally, the results from the interviews are compared with the results from the empirical data.

Finally, **Chapter Ten** discusses and summarises the study. All information gathered from three perspectives: policy (national and local authorities), demand (the cross-border tourist taxonomy) and retailers are discussed. A set of recommendations is offered. Finally, the conclusions are presented along with study’s contributions, directions for future research, and recommendations.

Table 1- 1 A research framework

Objectives	Research approaches	Dimensions	Questions
1. To explore cross-border shopper taxonomy	Literature review of effective bases and approach (Chapter Two)	To evaluate the effective bases and approach of market segmentation	How to classify cross-border tourists?
	Empirical study: a questionnaire (Chapter Seven)	- Benefit-based variables - *A posteriori* segmentation	What types of cross-border tourists are involved?
2. To explore shopping behaviour and consumer characteristics	Literature review of tourist shopping behaviour (Chapter three)	A nature of cross-border tourist characteristics	- Who can be considered as a tourist? - What shopping behaviours are engaged in cross-border shopping?
	Empirical study: a questionnaire (Chapter Seven)	Shopping behaviour and demographic profiles	What shopping behaviours are engaged by different segments of cross-border tourists?
3. To explore perceptions of the importance and performance of shopping area attributes	Literature review of influence factors for cross-border shopping (Chapter four)	Place attributes	What are the factors that affect consumer decisions?
	Empirical study: a questionnaire (Chapter Eight)	Importance-Performance	What are the perceptions of cross-border shoppers towards shopping area attributes?”
4. To identify the gaps of the place in each segment.	Empirical study: a questionnaire	The Importance-Performance analysis Grid	- What are the competitive advantages of businesses in terms of attracting cross-border segments?
5. To provide recommendations for Thai retailers when designing marketing strategies for regional markets.	Literature review of a regional market in Thailand (Chapter four)	The nature of Thai retail markets Policy and development of a regional market	- What is the current market situation in a regional market of Thailand?
	Empirical study: Interviews	Perceptions and attitudes towards marketing implications	- What are their marketing responses to cross-border market?

CHAPTER TWO: MARKET SEGMENTATION

This chapter aims to understand market segmentation by investigating the concepts of the marketing theory. The chapter begins with a review of the antecedents and consequences of marketing theory along with market segmentation. After that, the process of developing a segmentation approach is explained. Then, the criteria for the selection of bases are analysed. Next, *a priori* and *a posteriori* segment approaches are identified, followed by the consideration of the advantages and disadvantages of each approach. The last section focuses upon analysing previous studies in order to identify a suitable method for the research.

2.1 Marketing and the development of market segmentation

Market segmentation involves developing a group of customers who share a similar set of wants and then identifying the way that customers and potential customers can be profiled (Hackley, 2009). Before developing a segmentation process, this sub-section starts by discussing how the core theories of marketing and market segmentation have been developed. From this review it is seen that the development of marketing can be divided into four periods on the basis of different marketing philosophies: product-centric marketing, consumer-orientation marketing, value-driven marketing and a new marketing concept. This part aims, therefore, to find an explanation as to how the market segmentation theory has evolved within marketing concepts and techniques.

2.1.1 Product-centric marketing (prior to the 1960s)

In the early 1960s, manufacturing businesses were largely the domain of the developed economies. In such an environment, marketing strategies aimed to increase unit sales, sell the whole product line, gain market share, earn greater immediate profitability and open new territories (Engel *et al.*, 1971). The concepts of market segmentation were to distinguish the goods/services of a seller from those of another on any physical basis (such as size, design, colour and shape), or by marketing (such as by distinctive packaging and other promotional techniques) (Chamberlin, 1965).

To assist in marketing activities, in addition, the study of market segmentation was largely conducted at a macro level. Geographic segmentation was the most commonly used technique for increasing sales and for establishing a market territory. Consequently, marketers could apply their products, advertising and promotions to consumers in these areas rather than nationwide. During this period, a lot of market segmentation studies tried to find relationships between consumers' purchasing behaviours and a particular location. For example, Namias (1959) studied the relationship between purchasing households correlated with actual purchases and their geographic location – small cities and large cities. She found that people in small cities appeared to buy more durable household goods than consumers in large cities. The problem with this kind of geographic criteria, however, was that the methods were too general in explaining consumer needs and the reasons behind purchasing behaviour (Kotler and Armstrong, 2010). Later, the interest in market segmentation shifted to consumer characteristics so that products were sold related to consumer profiles. Demographic variables were introduced to explain consumer characteristics and buying behaviour. Unfortunately, there was little or no correlation between demographic variables and buying behaviour, indicating that demographic segmentation was helpful in terms of descriptive analysis, but limited in explaining the causal factors of consumption behaviour.

In order to develop further descriptive segmentation, Haley (1968) developed a new approach using a cluster segmentation technique— *benefit segmentation.* The aim was to identify markets based on the benefits sought and to begin to understand causal factors. He found relationships between buying behaviour and product differentiation among different people. Since then, the segmentation approaches have shifted from focusing on a basic method to cluster based management in order to get a better understanding of customer behaviour.

2.1.2 Consumer-driven marketing (the 1970s and the 1980s)

In the 1970s and the 1980s, one concept of marketing in this context was the attempt to adapt products or services to the preferences of different consumers. Hence, marketers were interested in understanding consumer behaviour, reasons for buying, decision-making behaviour, buying patterns and consumption. Behaviour segmentation was a basic framework for analysing the pattern of a product's usage, the value derived from the usage, buying attitudes and motivations. Marketers assumed that the differences in buying behaviours relied on differences in personal characteristics and the uses of a product. For example, Nicosia and Wind (1977) studied the characteristics of purchasers who were involved in buying decisions in order to help create marketing strategies. They believed that behavioural variables would help to identify target markets more closely and thus to increase marketing efficiency. In addition, the influence of personality on purchasing behaviour also interested many market researchers, especially the relationships between attention, perception and motivation in creating a salesforce (Dubois *et al*., 2007).

Later, during the 1980s, many researchers were interested to know *how* consumers think and *what* their values and attitudes are, as well as *why* they buy (Gunter and Furnham, 1992). These approaches were associated with exploring consumer behaviour from lifestyle characteristics because they related directly to purchasing behaviour (Blythe, 2008). A new segmentation approach was developed, called the List of Values (LOV). LOV distinguished between external and internal values and dealt with the importance of interpersonal relations, and personal and non-personal factors in value fulfilment. Kahle and Kennedy (1988), explained the advantages of the LOV in terms of its use to classify people and how it was related to the major stages in a person's life (such as marriage, parenting, work, leisure and daily consumption).

2.1.3 Value-driven marketing (the 1990s and the 2000s)

In the 1990s and the 2000s, the development of technology had changed the marketing concept from a pure marketing orientation to a societal marketing philosophy (Kotler *et al.*, 2008). Organisations needed to determine the interests of target markets and to deliver the desired satisfactions more successfully than competitors (Kotler *et al.*, 2008). Hence, the concept of market segmentation was generally involved with apportioning heterogeneous markets into smaller, more homogeneous segments, allowing a marketer to apply a marketing mix that matched the needs of customers in the selected market.

Different segmentation schemes were expected to be used at different levels of planning to serve distinct purposes of an organisation (Piercy and Morgan, 1993). The implementation issues related to the translation of segmentation findings into strategy in an effort to inform management decisions, such as the definition of markets, creation of the mission statement, new market entries, and design of organisations (Weisteing, 2006). In terms of turning market segmentation into a competitive strategy, market segmentation was viewed as a process whereby businesses offered a preferable positional match with what segments wanted such that this offering was distinctly different from competitors. Hackley (2009), explained the concept of market segmentation as a competitive strategy as:

> "Segmentation, Targeting, and Positioning are perhaps the most significant concepts of managerial, marketing and strategy. A marketing plan has to have an idea of who the consumer group of interest (segmentation), it must have an idea of how to communicate the offer to them and deliver it to them (targeting) and it must have an idea of how the offering is to be described, differentiated and branded (positioning) (p.89)"

For example, Peltier *et al.,* (1998) developed need-based segmentation classifying consumers by focusing on the similarities of their motivations, perceptions and salient attributes, combined with the benefits that they want to attain. They believed that consumers shared a common set of needs and expectations. The advantage of developing these types of market segmentation models lay in the ability to extract the characteristics of customers as cluster attributes in order to reduce the complexity of customer value analysis.

2.1.4 New marketing concepts (the 2010s – present)

Marketing and marketers are more concerned with the 'whole' essence of consumers than they were in previous decades (Kotler, 2012). Market segmentation has been widely discussed in tandem with environmental conditions such as economic, cultural and political issues in order to generate the highest level of consumer satisfaction (Dubois *et al.*, 2007). Many research studies have revealed that the use of multiple variables with attribute-based experiences is important in describing consumer behaviour, especially purchasing behaviour (Faraone *et al.*, 2012; Park and Lee, 2009; Tsai and Chiu, 2004). As such, new segmentation approaches have continued to be developed for grouping the similarities between individual consumers. Besides, the concept of consumer segmentation has expanded to global segmentation, although a multi-dimensional is still generally used to classify consumers' thought in order to predict purchasing and consumption. Not surprisingly, the trends towards such complex models are seen as advantageous in market segmentation studies.

The concepts of marketing have been discussed based on consumer-orientation and the value creation process (Egger *et al.*, 2016). The processes of marketing, meanwhile, have transformed into an ‘outside-in’ perspective, which means marketers sell what customers want rather than sell what they make (Kotler *et al.*, 2010; Schiffmann *et al.*, 2012).

In summary, the study of segmentation indicates that changes in the business environment — such as economic recession, new social media, new wave digital, international business and consumer empowerment — have created a massive shift in approaches to market segmentation. These developments started from a simple style of segmentation, such as those based on geographic and demographic variables, to sophisticated methods aimed at providing more insightful information about consumers. In addition, the shift from the external person-oriented characteristics to internal person-oriented characteristics has created a combination of consumer needs and consumer characteristics in different situations or environments. The study also suggests that businesses need to focus on the new movements in the market as well as providing businesses with a competitive advantage. Figure 2-1 compares the development in the concepts of marketing and market segmentation.

	Product-centric Marketing	Consumer-oriented Marketing	Value-driven marketing	new marketing perspectives
Objective	Sell products	Satisfy and retain consumers	Make the world a better place	Consumer participation
Forces	Industrial Revolution	Information technology	New-age technology	Internet technology
Consumer trends	Product development	Differentiation	Values	Value Co-creation
Interaction with consumers	One-to-many transaction	One-to-one relationships	Many-to-many collaboration	One-to-many collaboration
Segmentation bases	Geographic and Demographic methods	Behavioural and Psychographic methods	Multi-variables methods	Multi-variables methods
Segmentation method	Easy, one-step segmentation	→	→	Sophisticated, multi-dimension approaches
Size of segment	Large	→	→	Small

Figure 2- 1 Summary of marketing and market segmentation development

2.2 The market segmentation process

Accordingly, market segmentation plays an important role in developing both the typology and taxonomy processes in terms of subdividing customers into similar groups. Bailey (1994) explained the differences between two approaches as being that while construction of a typology requires conceptualisation, taxonomy begins empirically rather than conceptually. Dubois *et al*., (2007), defined a typological analysis as being when a universe of potential consumers is classified into groups, called consumer types, with specific methods applied in different characteristics. This information allows marketers to understand the characteristics of the target consumers (Schiffman *et al*., 2012).

The main focus of this study is the identification of a cross-border taxonomy of Laotian shoppers. Moreover, the fundamental purpose of this study is to explore cross-border tourist shopping behaviour. Taxonomy was therefore selected to determine consumer behaviour and the decision-oriented approaches of marketing programmes. Retailers can use consumer taxonomy approaches to predict consumers' behaviour and to control a situation in such a way as to result in stimulating purchases (Spiggle, 1986). As such, the issues related to finding efficient taxonomies are interesting topics in this research.

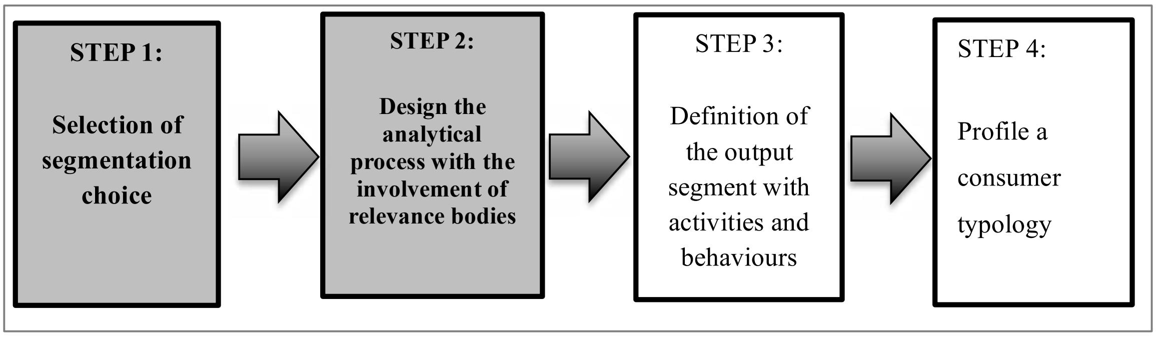

Figure 2- 2 Four steps of segmentation analysis
Source: Modified from Dubois *et al.*, (2007)

Figure 2-2 outlines the four steps of segmentation analysis. The process starts with choosing a basic segmentation approach. Then, the analytical process that is most appropriate for the market needs to be identified. Next, an approach to define segments is required in respect to matching tourist shoppers' benefits, activities and travel-related behaviours and characteristics. Then, a new consumer taxonomy is profiled. Steps one and two are reviewed in this chapter

2.2.1 Choices of segmentation bases

Despite the application of segmentation, some critical concerns have been expressed in the literature about the bases used to segment markets. Any criteria choices and measurements need to be evaluated with care. This research has classified market segmentation approaches into four key attributes. First, the descriptive attributes are frequently associated with geographic and socio-demographic segmentation in order to identify 'who buys.' Second, the behavioural elements explain what one does and how one does it. Third, psychographic bases demonstrate 'why they do it'. Finally, the benefit-sought segmentation seeks to understand the reasons 'why' people do the things they do (Table 2-1).

Table 2 - 1 Attributes of market segmentation approaches

Attributes	Market segmentation approach	Purposes of investigations
Descriptive attributes	Geographic segmentation Demographic segmentation	To identify 'who they are'
Behavioural attributes	Usage segmentation	To understand 'what they do', 'when they do', and 'how they do'
Psychographic attributes	Lifestyle segmentation Value segmentation	To understand 'why they do'
Benefit attributes	Motivation segmentation Value segmentation Benefit segmentation	To examine 'why they do'

2.2.1.1 Descriptive attributes

Many marketers use descriptive variables such as geographic and demographic attributes to describe and target customers. This focus is upon understanding who the customer is.

I. Geographic segmentation

A geographic approach involves segmenting consumers into regions, cities or neighbourhoods on the assumption that the majority in a pre-determined area would be likely to react to a particular offer in the same way (McDonald and Dunbar, 2009). With the growth of globalisation, geographic segmentation has become important when firms want to enter international markets (Steenkamp and Ter Hofstede, 2002). There are two key geographic approaches in marketing research: the location of consumers, and the location of resources (Table 2-2).

Table 2 - 2 Geographic-based variables

The location of tourists	
Area types	Metropolitan area, city, town, village, province, country, continent, region urban, sub-urban, rural
Economic regions	EU/Non-EU; Developing countries, Emerging economic countries, non-developing countries. 0-50 km or 51-100 km; near-home or far-home; short-haul or long-haul, respectively
The attractive resources	
Types of destination	Costal, rural, urban, sea, nature, historical place
Climates	Winter, Summer, Warm, Snow, Monsoon

Source: Modified from McDonald and Dunbar (2009)

First, the location of consumers includes area types, economic regions and travel distances. These variables are associated with differences in legal, linguistic, communication media, and distribution channels. These approaches are essential for some businesses such as ski resorts, airline businesses and airports. For example, one airline classified its consumers along territorial lines according to particular routes and geographic zones. Through the use of geographic delineation, airlines can bring a 'local flavour' to their customers, such as menus suitable for local tastes (McDonald and Dunbar, 2009). In this example, geographic segmentation is used to help vary the organisation's product mix. Second, a number of studies have been carried out on purchasing behaviours in different places (Hamilton *et al.*, 2005). For example, Jarratt (1998) investigated consumer attitudes towards retail trading areas. Consumers were classified by place of purchase: inside or outside of their resident city. The sample demonstrated the relationships between consumers' attitudes regarding destination choices.

It can be seen that the advantage of geographic segmentation is the simplicity of measurement and access to information. This approach is suitable for some businesses where the data desired is not complicated, and is often used as a foundation for consumer profiles. The use of the geographic approach alone, however, cannot explain causation, and it fails to explain consumer behaviours, which represents data with important further uses. Geographic segmentation, therefore, is often combined with other variables.

II. Demographic segmentation

Demographics, or socio-demographic segmentation, is usually used to classify customers in terms of their physical and social characteristics, such as age, gender, income, occupation, social class and family life cycle. Besides these demographics, nationality, race, culture, sub-culture, religion and language are also frequently used for consumer classification in marketing research. In addition, relationships between socio-economic, socio-cultural variables and consumption behaviours have been of interest to marketers (Table 2-3).

Table 2 - 3 Demographic variables

Demographic	Age, gender, family-life cycle
Socio-economic	Income, education, occupation
Socio-cultural	Nationality, culture, religion, race, sub-cultures

Source: Modified from McDonald and Dunbar (2009)

Demographic segmentation is essential for marketers to recognise who the targets are, so that they can communicate with them efficiently. Several studies have indicated associations in socio-demographic and travel behaviours, expenditures and consumption patterns (Bojanic, 2011; Gokovali *et al.*, 2007; Hsu and Lee, 2002). For example, Bojanic (2011) reported that discretionary income correlated with family life cycle (people's age, getting married, having children and losing spouses). In addition, Palmer (2012) used consumer expenditure to determine spending patterns within the family life cycle segmentation. Their study revealed that there was a relationship between family life cycle segmentation and expenditure on travel. Some argue, however, that socio-economic criteria are too simplistic and that consumers may be motivated by other factors such as needs, wants or influences (Greene *et al.*, 1989; Yankelovich and Meer, 2006).

There are many advantages of using demographic bases. Marketers prefer to use demographic segmentation because it helps them to identify a target group easily. Moreover, researchers can collect data conveniently from secondary sources such as a statistics centres, public resources or the Internet. Users, however, have become more individual and act differently than before, so using only information from the descriptive attributes may not be sufficient to develop viable marketing strategies.

2.2.1.2 Behavioural attributes

I. Behaviour-based segmentation

Behavioural attributes aim to group consumers according to their consumption of particular products (Swarbrooke and Horner, 1999). Behavioural segmentation was first demonstrated by Twedt (1964), who provided a basic framework for segmenting people into groups based on usage categories: i.e. heavy-users, light-users and non-users. In the beginning, the qualities of behaviour segmentation research were concerned with issues such as the inefficiency of selection of segmentation scales, and the difficulty of measurement (Wind and Green, 1974). Many marketing studies have used behavioural criteria because these bases can provide more detail than the descriptive attributes (Gunter and Furnham, 1992; Yankelovich and Meer, 2006). For example, Park *et al*. (2010) classified a group of luxury tourist shoppers based on frequency of shopping and the importance of shopping, in order to understand the reasons why they chose a particular destination. Three types of tourist were identified: *infrequent shoppers*, *sometime shoppers*, and *frequent shoppers*. The target groups were then clustered, based on the degree of importance of shopping, which are *non-shoppers*, *neutral shoppers*, and *great shoppers*. Multi-level segmentation offer a member of advantages over other studies since they provide several dimensions of tourist behaviour.

Since the concept of behaviour-based segmentation was recognised as a valid measurement to identify consumer behaviours, different models have been developed and used in various forms. Several studies have focused on building predictive models of customer behaviour. These models aim to be built for specific groups in order to overcome the difficulties related to one-to-one marketing and personalisation applications (Faraone *et al.,* 2012). Two significant variable bases – need base segmentation and the FRM model – have been established to respond to this transformation. For example, the *RFM (Recency, Frequency, and Monetary) segmentation* is created for direct marketing regard as a tool for targeting and prediction. Marketers use RFM analysis to mine databases in order to identify the customers who spend the most money and create the biggest value for enterprises (Shim et al., 2012). It is claimed that the RFM analytic model is a very effective value analysis for customer segmentation (Kaymak 2001). Its advantage is to extract characteristics of customers by using fewer criteria (a three-dimension of Recency, Frequency, and Monetary) as cluster attributes so as to reduce the complexity of the customer value analysis model.

2.2.1.3 Psychographic attributes

Psychographic segmentation is a process to classify customers by intrapersonal factors such as perceptions, needs, wants, values, emotion and risk. These bases could assist tourism organisations to understand the reasons why tourists travel and what they were expecting when they were on trips. Despite the fact that a large body of tourism literature uses psychographics to provide markets with more insightful information than geographic and socio-demographic segmentation, the predictive power of these approaches in terms of actual purchasing behaviour remains limited (Yankelovich and Meer, 2006).

One of the most widely popularised approaches for market segmentation, according to psychographic segmentation is the “Values and Lifestyles” scale (VALS) developed by Mitchell (1983). The VALS programme aims to identify typical demographics and buying patterns (Gunter and Furnham, 2014). Consumers are grouped into eight segments: Survivors, Innovators, Thinkers, Believers, Achievers, Strivers, Experiencers and Makers. These approaches are still in use today. For instance, Kotler *et al.* (2010) classified consumers from poor countries (Bottom Of the Pyramid) using the VALS system (Table 2-4), identifying four different groups of shoppers and behaviours. The results show that groups of customers from dissimilar economic backgrounds and shopping attitudes exhibit differences in consumption and behaviour patterns.

Table 2 - 4 VALs of BOPs

Types	Definitions
Believers	Believers are conservative consumers with a strong belief in traditional values, love their family and communities, have a predictable consumption pattern, and have high brand loyalty
Strivers	They are driven by social approval, pursue achievement to impress their colleagues, but have limited supporting resources to move forward; in addition, they buy products to mimic the wealthy.
Makers	This group of people like to express themselves through concrete activities, prefer practical and functional products and are not impressed with emotional values.
Survivor	They focus on meeting basic needs rather than fulfilling desires because their material resources are lower than other segments. They are cautious consumers who will always look for bargains.

Source: Modified from Kotler *et al.* (2010)

2.1.2.4 Lifestyle segmentation

Lifestyle segmentation has been extended to the interpretation of consumer behaviour related to similarities in patterns of living, spending time and money (European Travel Commission, 2007a). Lifestyle variables are related directly to purchasing behaviour because they demonstrate more particularly the needs and values that are involved in consumer performance (Blythe, 2008). More importantly, this approach provides rich descriptive detail to develop customer profiles, such as those related to family orientation, price consciousness, self-indulgence and religious beliefs (Blythe, 2008). Researchers, therefore, prefer lifestyle variables to describe consumers compared to traditional demographic variables (Gunter and Furnham, 1992). For example, Spencer and Holecek (2007) segmented tourists based on their lifestyle to explain why tourists behave as they do and why they hold their current attitudes. These variables are helpful in terms of understanding the distinct types of tourist purchasing behaviours and to highlight marketing support. A drawback of using lifestyle segmentation as a criterion to classify tourists, however, is that it is complicated and thus requires more time and money to research (Seaton and Bennett, 2004).

In an alternative to VALS, lifestyle segmentation can be identified through activities, interests and opinions (AIO): Activities report behaviour associated with membership in each event; Interest refers to the degree of excitement; and Opinion is a belief in something (Plummer, 1974). For example, Littrell *et al.* (1994) studied tourist behaviours when they were shopping based on their travel activities and motivations. Three types of shoppers were identified: the Outdoor tourists, the Cultural and Sports tourists, and the Entertainment tourists. The understanding of activity participation can offer data for marketers to forecast volumes of consumers or the spending of money in a market.

Lifestyle segmentation has limitations in terms of the stability of each cohort, however. Buyers do not necessarily display consistent buying behaviours. Changes in behaviour can occur during the decision-making process which in turn, could cause some problems for marketers for long-term planning (Legoherel, 1998).

2.2.1.5 Benefit attributes

A benefit sought is defined, within tourism marketing, as a process of determining the environmental attributes that encourage an individual to visit a destination (European Travel Commission, 2007b). As the interests of market segmentation shifted from the external person-oriented characteristics to internal consumer characteristics, marketers have been encouraged to find reasons for buying behaviour in respect to attitude, values and needs. These variables are adopted to explain decision-making in relation to a marketplace (Molera and Albaladejo, 2007) and consumer preferences for retail attributes (Kang *et al.*, 2012). The results of benefit segmentation can help explain the way in which people make decisions and choose a destination. In addition, marketers often use benefit segmentation to design tourism products, and to develop facilities and marketing strategies (Lee *et al.,* 2006; Frochot and Morrison, 2000). These outcomes help destination marketers to design and modify facilities and activities to meet the needs of consumers (Frochot and Morrison, 2001). Wells *et al.,* (2010) suggested that benefit sought is a more powerful basis for brand choice. They also revealed the idea that demographic attributes are not very effective in the case of brand choice and in price selection.

Benefit-based variables are considered as a set of needs that cause a person to participate in activities and are related to destination selection. Marketers often use these variables to identify what a customer is seeking and what drives them to a destination (Lee *et al.,* 2006; Frochot and Morrison, 2000). The study of benefit segmentation aimed to encourage consumer experiences that would persuade consumers to integrate shopping with other travel activities (Park and Yoon, 2009). This could provide a contribution for marketers to make decisions about product developments, prices and distribution. Shoppers often have more than one motive for choosing a destination, therefore, it may be difficult for marketers to identify all the motivations behind consumption. This could cause confusion in explaining consumer behaviour. Solving this complexity requires sophisticated techniques to measure and analyse data.

2.2.2 Selection of segmentation choices

Evaluations of market segments are commonly discussed in terms of *base* (variables or criteria) selection. There is still much discussion on these issues, especially with respect to what are the best methods for segmentation. Wedel and Kamakura (2002), suggested six requirements to determine the most effective marketing segmentation criteria (figure 2.3):

I. **Identifiability** – It must be possible to measure the size of the market segment as a whole, and estimate a proportion of its market;

II. **Substantiality** – It must be possible to determine the value of a market. The cost of research must be worth what is to be gained from it. Dolnica (2004), suggested that selecting a segmentation strategy should increase tourism revenues at a destination or profits in a business;

III. **Accessibility** –Any potential segments need to be accessible through promotion and other marketing activities (European Travel Commission, 2007b);

IV. **Stability** – The target should be stable during the research;

V. **Responsiveness** – Market segmentation must be discrete and differentiated from others. They must differ in their behaviour patterns such as choice and attitude (Hooley and Saunders, 1993);

VI. **Actionability** – Segmentation variables must have significant impacts on consumer expectations as well as their consumption or usage behaviour.

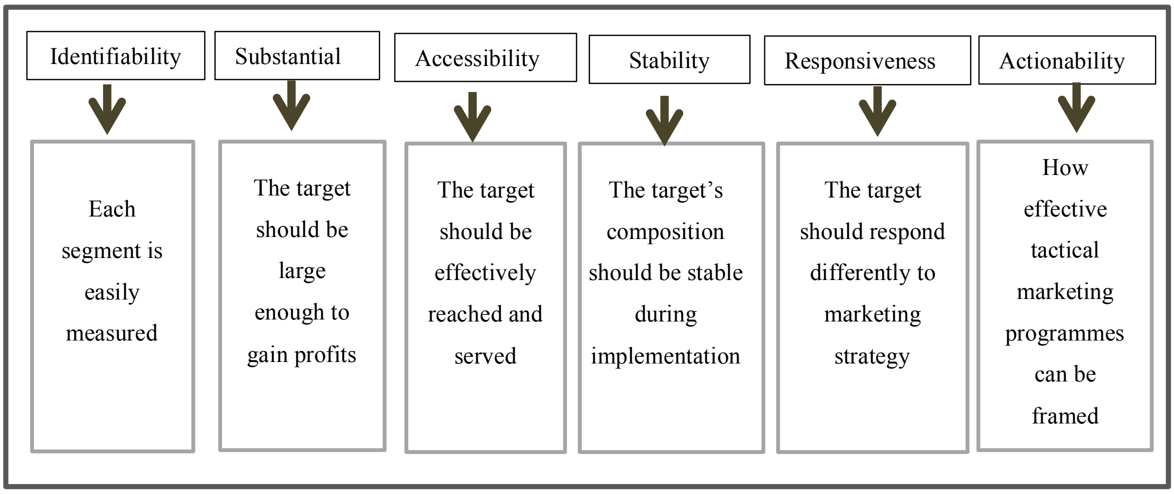

Figure 2- 3 Requirements for Effective Segmentation
Source: Modified from Wendel and Kamakura (2002)

When comparing among consumer segment variables, advantages and drawbacks can be found for each. The descriptive attributes are convenient in terms of reaching their targets and in the ease of data collection. Hence, these approaches are suitable for a study that is not complicated because marketers can collect data from secondary sources such as a statistical centres, public resources, or on the Internet. The descriptive attributes, however, ignore many factors that could contribute to an understanding of consumer behaviours.

On the other hand, behavioural attributes have benefits in terms of explaining consumer characteristics that relate to purchasing behaviour. As a consequence, marketers can design differences in marketing programmes, activities and information to meet consumers' requirements. Consumer behaviour, however, has become increasingly diverse and the actual buying behaviour is also related to hidden patterns in behaviour, such as the relationship of consumers to a product, their jobs, their friends, or their family, all of which contribute to buying decisions. In addition, shoppers do not necessarily have consistent behaviour when they visit a marketplace; they can change during a decision-making process.

Finally, benefit-based segmentation is distinctive in capturing some truth about real people's values, attitudes, self-image and aspirations (Frochot and Morrison, 2000). Moreover, this approach can explain the interaction between consumers' behaviour and the destinations they choose to visit. This interaction can lead to the ability to identify targets on the co-existence of business scenarios, which is important to develop a competitive advantage.

In conclusion, the strength of benefit-sought can be the link between the destination experience and shopping behaviours. It can link activities, settings and experiences in a sequence (Prentice *et al*., 1998). A benefit-based approach is effective in evaluating overall visitor experiences at an attraction, and identifying the tourist's final goals in consuming the tourist product (Beeho and Prentice, 1997; McIntosh and Prentice, 1999; Prentice *et al.,* 1998). Benefit segmentation is limited, however, in terms of its *instability* in strategic planning because certain shoppers may not necessarily have consistent purchasing behaviours (Legohere, 1998), even changing behaviour during the purchasing decision process. This problem needs to be investigated further. Next, segmentation approaches need to be evaluated.

2.2.3 Designing the analytical process

There are two key methods in market segmentation studies: *a priori* and *a posteriori* approaches. This section attempts to examine the advantages and disadvantages of segmentation methods through this lens. Table 2-5 shows an *a priori* approach and an *a posteriori* approach.

Table 2 - 5 A priori approach and A posteriori approach

A priori segmentation	Geographic	City, town, country
	Demographic	Age, gender, nationality
	Behaviour	Time spent, usage, occasion
A posteriori segmentation	Psychographic	Attitude, satisfaction, needs
	Benefit	Benefit-sought, motivation, value

2.2.3.1 *A priori* approach

An *a priori* approach is a segmentation process based on researchers' prior knowledge. Variables of interest are selected before collecting data. The *a priori* methods are often used with demographic, geographic and some behavioural segmentation approaches. The advantages of *a priori* methods are that they are easy to measure and access due to the fact that respondents are already established in a classification. This gives benefits when developing promotional activities. For example, Freathy and O'Connell (2012) used an *a priori* method to classify travelling passengers regarding their expenditure of time and money in commercial and non-commercial areas within an international airport. The initial choices of variables were set to respond to market stimuli, meaning that they can be more responsive in terms of product development and promotional strategies. A researcher can therefore produce an outcome that is more accessible to the specific needs of the identified segment by being able to view the response profile clearly from the beginning.

Dolnica *et al.* (2008), outlined a four step *a priori* approach (Table 2-6). First, a researcher has to choose a segmentation criterion such as age, gender or location. Second, respondents are grouped into segments and each segment is profiled. The samples are explained in terms of socio-demographics (age, gender), behavioural characteristics (duration of stay, travel companion, kind of holiday, accommodation and expenditure); and psychographics (motivation). Subsequently, a marketer could develop a marketing strategy to match these segments' needs.

Table 2 - 6 *a priori* approach

Step 1	Selection of the segmentation criterion (e.g. age, gender, expenditure, country of original)
Step 2	Grouping respondents into segments by assigning each respondent to the respective segment.
Step 3	Profiling of a segment by identifying in which personal characteristics segments differ significantly
Step 4	Managerial assessment of the usefulmess of the market segments (and formulation of targeted marketing activities).

Source: Modified from Dolnica (2008, pp. 131)

The selection of variables based on a researcher's prior knowledge could, however, be a limitation for developing an holistic marketing approach, since it can be risky mixing customers from the same sources and treating them as a single group. In addition, this method is limited in providing information about needs, motivations or attitudes, which makes it less applicable to marketing. Furthermore, since segments are determined in advance, they may reflect the researcher's own classification biases.

2.2.3.2 *A posteriori* techniques

The *a posteriori* procedure (Mazanec, 2000), or post-hoc (Wedel and Kamakura, 2002), or data-driven segmentation (Dolničar, 2004) are methods determined by the data, rather than by the researchers (Moscardo *et al.*, 2001). Haley (1968), first introduced an *a posteriori* approach to the field of marketing as a response to the criticism that demographic variables provided insufficient data to predict consumer behaviours. A new method of market segmentation was therefore invented using causal factors (i.e. a benefit sought approach).

There are three steps in developing the *a posteriori* approach. The first phase deals with the initiation of the search for a group. A researcher uses a proximity measure to assess the similarities or differences between individuals. At this point, the classification must be well-defined and stable because the application of the algorithm must lead to a single result. Then, the second stage deals with the allocation of objects to groups. When researchers have no prior information about the various groups, a satisfactory method is needed to classify consumers into a group. Customers are clustered through a clustering algorithm, such as multiple regression, conjoint analysis, profitability analysis or cluster analysis. Cluster analysis is commonly used in market segmentation, being aimed at creating homogenous clusters of people who are as different as possible from each other (UNWTO, 2012). The use of cluster analysis attempts to cluster respondents into groups that have similarities according to overall statistical measurements of several variables (all simultaneously considered and metric-independent). Lastly, after segmenting the market into groups, segments are developed in order to explain the different consumer characteristics. It can be seen that the implementation of an *a posteriori* approach is complex and requires a full understanding of analytical techniques if it is to be applied successfully.

2.3 The studies of shopper typologies

Marketing is largely undertaken by business sectors that wish to explain and predict consumer behaviour. Table 2-7 shows several forms of shopper typologies in the tourism literature. Often, consumers are classified by using personal characteristics and/or situational variables to explain consumer behaviour (Geuens *et al.,*2004).

Table 2 - 7 A study of shopper typologies based on segmentation approaches

Author (s)	Implication	Main variables	Approach	Segments Identified
Jamal *et al.,* (2006)	Investigates reasons consumers go shopping in Doha, Qatar	Motivation	*A posteriori approach:* Exploratory and confirmatory factor analysis, and cluster analysis	- Socialising shoppers - Disloyal shoppers - Independent perfectionist shoppers - Escapist shoppers - Apathetic shoppers - Budget conscious shoppers
Hu and Yu (2007)	Investigating shopping behaviour of craft souvenirs and travellers' shopping-related beliefs	Craft selection and Shopping involvement	*A posteriori approach:* A principle factor analysis and cluster analysis	- Shopping enthusiasts - Shopping lovers - Indifferent shoppers
Gilboa (2009)	Developing a typology of Israeli mall customers	Motivation and shopping activities	*A posteriori approach:* Cluster analysis	- Disloyal, - Family Bonders, - Minimalists - Mall Enthusiasts
Guiot and Roux (2010)	Profiling the characteristics of second-hand shoppers and their motivation	Motivation	*A posteriori approach:* Exploratory factor analysis, and Cluster analysis	- Polymorphous enthusiasts - Thrifty critics - Nostalgic hedonists - Regular specialist shoppers
Kuruvilla and Joshi (2010)	Understanding the characteristics of Indian mall shoppers	Shopping orientation, demographic and behaviour	*A posteriori approach:* Cluster analysis	- Mall enthusiasts - Price conscious shoppers - Traditionalists - Disinterested shoppers - Aspirational shoppers - Student shoppers - The experience shopper
Breazeale and Lueg (2011)	Developing a shopping typology of American teens	Levels of self-esteem, extraversion, and interpersonal communicati on.	*A priori and an a posteriori approach:* consumer characteristics, then cluster analysis	-Social Butterflies -Confident Techies -Self-contained
Yeung and Yee (2012)	Identifying the motivation for cross-border shopping from mainland China to Hong Kong	Motivation, and attitudes	*A posteriori approach:* Hierarchical cluster and discriminant analysis	- Leisure buyers, - Planned buyers - Infrequent buyers
Hampson and McGoldrick (2013)	Developing a shopper typology based on shopping adaptations in an economic crisis	Attitudes and behaviour	*A posteriori approach:* Exploratory and confirmatory factor analysis; and cluster analysis	- Eco-Cruncher - Caring thrifts - Maximum adopters - Minimum changers
Kohijoki and Marjanen (2013)	The ageing market is different from	Shopping orientations	*A posteriori approach:* Factor analysis	- Convenience oriented service seeker - Atmosphere oriented quality

Author (s)	Implication	Main variables	Approach	Segments Identified
	other consumer types		and cluster analysis	seeker - Traditional shopper - Convenience seekers - Price conscious public transport users - Recreational shoppers
Angell *et al.,* (2014)	Understanding the characteristics of older shoppers	Store image	*A posteriori approach:* factor analysis, and cluster analysis	Product-Oriented Shoppers Prudent Shoppers Selective-Convenience Shoppers Restricted-Convenience Shoppers Store-Oriented Shoppers Personalising shoppers

2.3.1 Personal characteristics

Personal characteristics are used as a variable in research, including variables such as *demographic characteristics* (social class, family-life cycle, income, gender, age, marital status, education and occupation), and *psychographic characteristics* (lifestyle, personality and self-concept). For example, Litteral *et al.* (2004) studied the behaviour of tourists when they are shopping. They classified 1500 senior travellers in the USA based on their travel activities and motivations. The tourists were classified into three groups: *outdoor tourists*, *cultural and sport* tourists and *entertainment* tourists. The study aimed to encourage travel experiences that would persuade consumers to integrate shopping with other travel activities. As a result, the use of activities segmentation helps marketers to provide a pleasing and authentic appearance for each group. Literal *et al.*'s typology, however, does not provide adequate information or information that is of benefit to create marketing strategies. It clearly could not help marketers make decisions about product development, price and distribution

2.3.2 Situational characteristic as a variable

Shoppers within different situations reveal different consumer characteristics and behaviours that involve different needs, information source preferences, store preferences and retail preferences. Researchers use this type of typology to support the recognition of spatial effects, and the extent of the growth of customers. Behaviour-based attributes are mostly used for understanding consumers in one environment and searching for correlations with demographic profiles, purchase behaviours, expenditures and channel selections. Situational variables, meanwhile, such as *physical surroundings* (such as store design, sales, staff and displays), *social surroundings* (such as the influence of companions and product popularity), and *collateral* (such as time, promotion, advertising and events) can be useful in predicting impulsive purchases in consumer behaviour (Mihic and Kursan, 2010).

For example, Jarratt (1998) aimed to identify the individual consumer characteristics of out-shoppers and in-shoppers. An exploratory study was carried out with the aim of identifying the individual consumer characteristics of out-shoppers and in-shoppers. One important feature of situational characteristics is the extent to which shoppers rely mainly on shops inside their local trading areas, or are motivated to travel outside their area to purchase the goods they prefer. Based on location, the study investigated consumer characteristics towards their local retail trading areas versus those who shop in more distant areas (out-shoppers) in Australia. Five different types of shoppers were presented; the *"Have to"* shoppers did not enjoy shopping activities; the "*Experimental shopper"* was likely to participate in shopping outside the trading areas; "the *service shopper"* was related to their evaluation of the service capability of local trading areas together with their assessment of product offerings; and the "*product-focused shopper"* emphasised product offers. The sample demonstrated the relationships between consumers' attitudes regarding destination choices.

In addition, Reynolds *et al.* (2002) compared shoppers' typologies from a traditional mall and a factory-outlet mall The shopper types were then profiled according to attitudes towards shopping, satisfaction, repeat visit intentions and other variables. As a result, five shopper subgroups (Basic, Apathetic, Destination, Enthusiasts and Serious) were described. This technique was beneficial in terms of creating new knowledge of the various groups which are highly relevant to consumer experiences.

The majority of the research into international cross-border shopping has been conducted within a Western setting, such as between the USA and Canada (Timothy and Tosun, 2003), and Hungary and Croatia (Michalkó and Timothy, 2001), and studies undertaken in South-East Asia are limited. One study in an Asian context is that of Yeung and Yee (2012), who studied cross-border shopping from Mainland China to Hong Kong. They segmented 194 tourists based on their motivation and attitude towards cross-border shopping into three groups, namely leisure buyers, planned buyers and infrequent buyers. Yeung and Yee (2012) stated that using motivation segmentation helped to predict cross-border shopper segmentation related to their shopping behaviour. These are important for cross-border shopping in terms of addressing both consumption behaviour and place selection. This research is limited, however, in respect to international cross-border shopping where shoppers have different cultural backgrounds, currencies and politics.

In discussion, much of the literature on shopper taxonomy is based or referenced on how to classify customers. This is because the predominant concept in the marketing literature is framed around understanding consumer needs and wants (Kotler, 2010). The competitive implications of this have yet to be tested empirically, however; raising a question that is central to the present study. This study, therefore, seeks to address this limitation by exploring the effectiveness of consumer taxonomy in generating competitive advantage.

In addition, situational characteristic variables could represent a potential method to link consumer value with place experience (Frochot and Morrison, 2000). It can be seen that many researchers have attempted to identify consumer buying behaviour by using transitional data. Following Gitelson and Kerstetter (1990), there are relationships between the benefits that visitors seek and the activities they engage in. These descriptions are provided in the segment characteristics to give a more comprehensive outlook on each cluster. Moreover, sophisticated methodologies had been developed in order to explore ways of effectively classifying buyers and determining market strategies. With the assumption that individual consumers may have quite different needs depending on the situational they are in, highly consumer-specific information is required. This research, therefore, classifies consumers by focusing on the similarities of benefits that they want, combined with their perceptions and salient attributes.

2.4 Conclusion

This chapter has evaluated market segmentation from a variety of different perspectives. There remains considerable debate over the most appropriate approach for segmentation. In examining market segmentation over different periods of time, this review suggests that changes in market environments have been reflected by transformations in the approaches to marketing. The effective market segmentation approaches are discussed in terms of their identifiability, substance, accessibility, stability, responsiveness and actionability. The analysis of the bases of market segmentation allows the researcher to find an approach appropriate to this research.

A number of items in the literature have categories based on situations, although some questions are still unclear about the benefits criteria they consider when making purchase decisions; as well as about the ways in which different segments in shopping tourism activity vary. Hence, it is essential to understand the nature of tourism and marketing before exploring a cross-border shopper taxonomy. In the next chapter, the components of tourism and cross-border shopping are therefore reviewed.

CHAPTER THREE: CROSS-BORDER TOURISM AND LAOTAIN MARKETS

After understanding how to select a segmentation approach and how to design the analytical process, the aim of this chapter is to understand customer behaviour and consumption, by focusing upon tourist characteristics. The evaluation of this chapter is divided into six sub-sections. First, the importance of cross-border tourism is analysed. Then, a discussion about the demand scope is described in terms of tourist definitions and tourist activities. Then, tourism products are identified. After that, attractiveness of the market is analysed. Next, current studies about cross-border shopping typologies are analysed. Finally, the critical issues surrounding marketing in cross-border tourism contexts are explored.

3.1 The importance of studying tourism with cross-border shopping

The UNWTO (2017) reported a growth in the number of international tourists visiting Thailand (+20%), with the country welcoming 5 million more international tourists than in 2015. In addition, the UNWTO (2017, pp. 12) summarised the trends in international tourism as follows:

> "The large majority of international travel takes place within travellers' own regions, with about four out of five arrivals worldwide originating in the same region. Source markets for international tourism have traditionally been concentrated largely in the advanced economies of Europe, the Americas and Asia and the Pacific. However, with rising levels of disposable income many emerging economies have also shown fast growth over recent years, especially in the market of Asia…"

Given the large numbers of tourists, the complexity of their requirements will also increase dramatically. For a variety of reasons, cross-border tourism is used as a means of improving the economies of many regional cities and towns. Income from tourists may go directly to local employment to create job opportunities, which affects the quality of life, as well as revitalising the retail townscape. Thailand, therefore, wants to create a competitive advantage over others to gain economic benefits.

3.2 Who is a tourist? Tourist definitions

There is as yet no universal definition for a tourist. Nonetheless, the understanding of a tourist can be divided into two main criteria: the technical definitions and the conceptual definitions. First, the United Nations World Tourism Organisation (UNWTO) has provided a definition of tourism in order to set the standard for collecting data. The focus of this definition is upon understanding the number of individuals who travel, or who want to use tourist facilities and services in a tourism destination (Page and Connell, 2006). They defined tourism as:

> "The activities of a person travelling and staying in a place outside their usual environment for not more than one consecutive year for leisure, business and other purposes."
>
> (United-Nations, 1994, p.8)

Under the UNWTO's definition, the criteria used to identify tourists revolve around three issues: (1) the journey, including the movement of people to various places or destinations outside their normal place of residence; (2) a temporary visit to a destination with the intention of returning within a few days, weeks or months; and (3) that the purposes of the stay are for leisure, business and other purposes (Sharpley and Telfer, 2014). To explain the meaning more clearly, travellers can be categorised into six specific types.

Table 3 - 1 Types of tourists

	International tourism	**Domestic tourism**
Visitor	A person who visits countries other than their usual residence, and which is outside their usual environment, for a period not exceeding one year, and whose main purpose is not for an activity remunerated from within the country visited.	A person living in a country, who travels to a place within the country, but goes further than his usual environment, for a period of time not exceeding six months, and whose main purpose is not for an activity remunerated from within the place visited.
Tourist	A visitor who travels to a country other than their typical place of residence for at least one night but not more than one year, and whose main purpose is not for an activity remunerated from within the country visited.	A visitor staying in a country, who travels to a place within the country, but outside his/her environment, for at least one night but not more than six months, and whose purpose is not for an activity remunerated from within the place visited.
Excursionist	A visitor staying in a nation who travels the same day to a country other than that in which he/she has as his usual residence for less than 24 hours without spending a night in the nation visited, and whose main purpose is not for an activity remunerated from within the country visited.	A visitor who travels to a place within the country but outside his usual place of residence, for less than 24 hours without staying the night in the place visited, and whose main purpose is not for an activity remunerated from within the country visited.

Source: Modified from United Nations (1994)

Table 3-1 shows that a tourist needs to be a temporary visitor staying for more than 24 hours but less than one year. Leiper (1979) explained that the reason for this distinction is because the overnight stay influences the psychological sets of the participants, which considerably affects tourist behaviour.

Conceptual definitions, meanwhile, can be viewed as explaining how tourists choose and pursue their leisure time. A tourist can generally be defined as a person who is travelling or visiting a place for pleasure. This concept is similar to Leiper (1990) who referred to a tourist as a person who travels away from home to extend their behaviours, which are motivated by leisure-related factors. Furthermore, Cohen (2004) agreed that a tourist is a voluntary, temporary, traveller, travelling in the expectation of pleasure from the novelty and change experienced on a relatively long and non-recurrent round-trip.

From an economic perspective, Ryan (2003) defined tourism as the demand for accommodation and supportive services for those staying away from home, thus generating expenditure, income and employment at a destination. Similarly, Timothy and Butler (1995) indicated that a tourist is any person who travels outside a country, even if he/she returns home the same day, because he/she visits a place for the purpose of pleasure and spends time and money in a destination, in addition to using spaces and facilities in the area.

Although it is helpful for tourism retailers to distinguish cross-border travellers from residents, the current definitions seem not to be usable to explain the sub-segment of cross-border shoppers. Since, the definitions provide some general ideas for separating tourists from other forms of travellers, they do not cover all consumer perspectives. These technical definitions enable marketers to produce a descriptive characteristic of customers, but do not assist in determining consumers' needs and tastes.

3.3 What does a tourist do when cross-border shopping?

The study of tourist behaviour mainly involves identifying the range of activities and behaviours engaged in by tourists to a destination from start to finish. This might include booking arrangements, decision-making processes, on-site experiences, travel patterns and length of stay (McKercher and Wong, 2004). The investigation of actual behaviours is useful for a marketer to track, to maintain and to monitor tourists, in order to improve their tourism products. In addition, the understanding of activity-participation is more valuable for developing marketing strategies because it could offer data for marketers to forecast purchasing volumes or spending of money in a destination (Williams, 2008), purchase cycles, aggregate spending levels, consumer loyalty and service usage (Frochot and Morrison, 2000).

3.3.1 Types of cross-border shopping activities

From the reviewed literature, a number of previous studies have been carried out with the aim of understanding consumer behaviours in different retail locations (supermarkets, department stores, shopping villages and shopping areas); and geographic areas (urban/rural, international area/local areas). Tourist shopping can be classified into three groups: utilitarian shopping, hedonic shopping and cross-border tourist shopping.

3.3.1.1 Utilitarian shopping

Utilitarian shopping is a purchasing activity that is motivated by economic reasons, leading to functional or conventional shopping (Wang *et al.*, 2011; Timothy, 2005). They are driven by a utility motive and the intent to find the exact products and services that they prefer. For example, Dmitrovit and Vida (2005) reported that most cross-border shoppers from Croatia and Serbia travelled abroad for utilitarian products, but for different reasons.

They found that Croatians were price-driven and seeking a bargain, while Serbian shoppers were looking for a better quality and larger assortment of goods.

While most of the cross-border shopping studies have reported that shoppers were motivated by the difference in price levels of goods available between the home countries and the destination countries (Dmitrovit and Vida, 2005; Guo *et al.*, 2006; Timothy, 1999), a study conducted in Thailand disagreed with those outcomes. The Regional Operation Centre (2015) argued that pricing was not the main factor for cross-border shoppers' decisions in Thailand, even though there were some large price gaps between markets in Thailand and Laos (Table 3-2). The Regional Operation Centre (2015) reported that most cross-border shoppers preferred the quality of products and a variety of products more than the lowest prices. The reasons that most of cross-border shoppers did not focus upon the lowest prices may be because they can find cheaper products in their country. Laos has imported consumer products from three main countries: Thailand, China and Vietnam (DEP, 2011). Products from China have gained a price advantage over those from Thailand (Myers and Wharton, 2005).

Table 3 - 2 Price comparison between Thailand and Laos

Products	Thailand (Baht)*	Laos (Baht)*	Price gaps
Meal, Inexpensive Restaurants	60.00	70.06	Δ15%
Meal for 2 people, Mid-range restaurants, 3-course	600.00	875.35	Δ 45.9%
McMeal at McDonald's (Combo meal)	157.00	166.39	Δ 6.0%
Milk (regular) (1 litre)	48.27	76.11	Δ 57.7%
Loaf of Fresh White Bread (500g)	38.21	73.63	Δ 92.7%
Rice (white) (1kg)	39.13	34.59	Δ 11.60%
Eggs (12)	51.96	53.08	Δ 2.2%
Chicken Breasts (Boneless, Skinless) (1kg)	100.42	113.85	Δ 13.37%
Beef Round (1kg)	287.83	350.30	Δ 21.7%
Water (1.5 litres)	16.00	19.49	Δ 23.7%
Bottle of Wine (Mid-range)	500.00	437.87	Δ 5.2%
Domestic Beer (0.5-litre bottle)	51.81	34.76	Δ 32.9%
Imported Beer (0.33-litre bottle)	84.51	61.30	Δ 27.5%
Pack of cigarettes (Marlboro)	95.00	61.30	Δ 35.5%

Sources: Numbo, 2016 *Price in June 2016

Moreover, the reasons for cross-border shopping could be the shortage of goods or limited products, with certain goods only available in areas distant from home, or through the intention to buy high-quality goods or products of famous international brands, as well as through differences in the circumstances of shopping (Michalko and Ratz, 2006). The Regional Operation Centre (2015) reported the top-ten purchased products that cross-border consumers brought were utilitarian products such as consumer goods, food, household goods, apparel and instruments (Table 3-3).

Table 3 - 3 Top-ten purchased products in Thai-Lao borders

Product categories	Examples
Foods/Beverages	GMS, Snacks, Soda water, Pantene (Shampoo), 5% concentrate orange juices (Dido), and Seafood
Ingredients	Fish sources, cooking oils
Consumer products	Soaps (Lux), Detergents
Kitchen housewares	Bowls, pots, dishes, ladles, knives, silverwares, rice cookers, spades, hangers, and sponges
Plastic housewares	Plastic wash basins, bottles, chairs, mattress, buckets, ice buckets
Electronics	Fans, radio, televisions, refrigerators, air conditions, stereo, speakers
Apparels	Shirts, trousers, sandals, skirts, TOTO duvets, sarongs, booths
Agricultural products	Seeds, Chemical fertiliser, Insecticides
Instruments	Light bulbs, galvanised iron roofs, electric cables
Fuels and motors	Fuels, motorcycles, tires

Sources: Modified from The Regional Operation Centre (2015)

3.3.1.2 Hedonic shopping

Hedonic shopping refers to shopping undertaken as part of a recreational experience involving fun and entertainment. Shoppers place higher value on the physical and atmospheric environment than a utilitarian shopper (Yeung and Yee, 2012). The prominence of an authentic environment is more likely to have an impact on the destination choice. An authentic environment includes unique architecture/building, unique local experiences and authentic products (Timothy, 1995; Kinley *et al.,* 2002; Yuksel, 2007; Murphy *et al.,* 2011). Murphy *et al.* (2011) suggested that when shoppers perceive a destination or environment positively, they are more likely to remain in a store for a longer period of time. In addition, they perceive malls as a destination and view shopping as a recreational activity (Kuruvilla and Joshi, 2010). They often combine their trips with visits to restaurants and other social and leisure activities. For example, Guo *et al.,* (2006), who studied motives for Mexican nationals to shop in the US, found that their hidden needs when crossing the border were to express their power, to enjoy a more civilised shopping environment, to be an opinion leader (egoism), and to be a dominant or successful person.

3.3.1.3 Cross-border tourist shopping

Cross-border tourist shopping considers tourism as a primary motivation and shopping as an additional activity while they are on a trip. Timothy and Butler (2005) highlighted that shopping has now become a significant sub-element in tourism because many visitors could not complete a trip without spending time on shopping. Likewise, Murphy (2011) suggested that cross-border shopping is a part of the tourist experience, involving purchasing souvenirs, artwork and handicrafts to act as reminders of the travel experience.

Rather than buying consumer products, tourism products are a diverse, fragmented and multi-sectional industry. It can be one or several features, depending on the target segments. Generally, the components of a tourism product can be classified into three elements: core, supporting and augmented products (Figure 3-1).

First, **core products** are the main features that motivate tourists to visit a city. The products can be tangible, such as local tourist attractions, cultural attractions, historical sites, entertainment and activities. At the same time, the product can be intangible, for instance, the weather, the level of customer service and degree of hospitality.

Second, **supporting products** are additional services and products that make the experience enjoyable, but that are not enough on their own to motivate a visit (Kolb, 2006). These can enhance the reason for travelling and visiting. The main supporting products/services are (1) transportation, such as airlines, railways, buses and shipping lines. (2) Accommodation, for example, hotels, motels, camping grounds; as well as food and beverages. (3) Miscellaneous tourist services, for instance, efficient sales staff, the attitude and the language ability of the sales staff.

Finally, **augmented products** can be considered as additional services/products around the core and supporting products, for example, events such as concerts, festivals and shopping. Other examples may include parking, convenient location, convenient access, opening hours, and the quality of food and drink. The combination of these components can be promoted when marketing a particular location as a tourist destination.

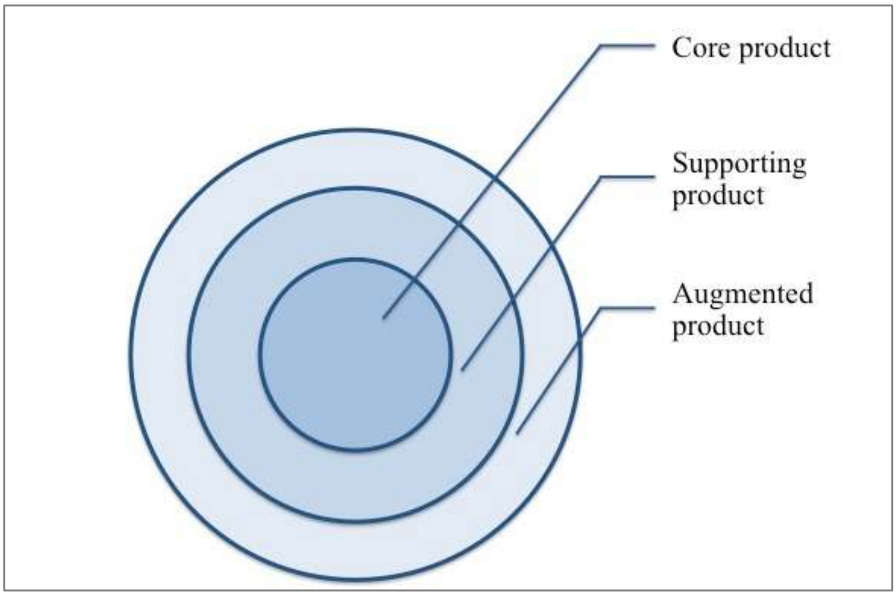

Figure 3- 1 components of a tourism product

From another perspective, the traditional view of a tourism product is considered as the exchange that takes place at a destination. There are four main elements involved in tourism products: tourist attractions, transportation and accommodation, miscellaneous tourist services, and tourism regulation and management, as follows: **Attractions** refer to places, events and facilities for tourists; **Transportation** comprises the carriers to and from the destination. These include passenger services such as airlines, railways, buses and shipping lines; **Accommodation** refers to temporary lodging and related services. This includes hotels, motels, camping grounds and guest houses, as well as food and beverage suppliers; and **Miscellaneous tourist services** include travel agencies, entertainment, tourist offices, retail outlets, interpreters, duty-free and souvenir shops (Figure 3-2).

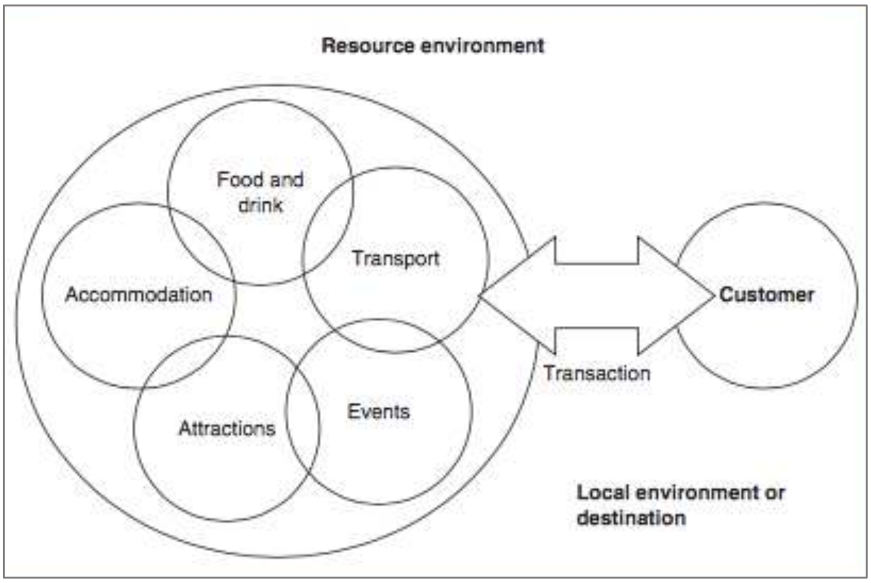

Figure 3- 2 The components of a tourism market
Source: Modified from Cooper (2008)

In summary, cross-border tourism involves multidimensional, multifaceted activities and several different motivations. The analysis of tourist activities allows us to understand where the link exists between different elements of tourism and where the tourist interacts (Page, 2007). Tourists in different groups, however, could express differences in buying consumption and shopping patterns, especially when consumers travel across national boundaries (Timothy 2005, Tosun *et al.,* 2007). Once the segments have been identified, marketers can develop the appropriate marketing strategies for those customers (McDonald and Dunbar, 2009). Moreover, it could be argued that tourist consumption differs from place to place, reflecting the features of a location, and that, therefore, specific characteristics may need to be explained. This indicates that countries with different cultures would display different behaviour patterns, reflecting the manner in which the members adapt to their environments.

3.4 Who are the potential market

The microenvironment provides another important issue as it may inhibit the marketing process. The changes in purchasing behaviour arising from the economic growth in Laos has challenged the researcher to focus on consumer behaviour, which can reflect activity participation, expenditure preference and personal characteristics. A range of relevant micro-level factors of the Laotian market might affect the ability to persuade people to visit a particular destination. Such factors can result in the creation of new and significant market forces that, in turn, can give rise to new tourism opportunities and threats.

With a long history and culture, Laotians have their traditional style of living and unique traditions. The influences of culture on consumer behaviour are important in determining purchasing behaviours and the types of goods they buy (Jansen-Verbeke, 2012; Timothy and Butler, 1995). This part, therefore, discusses the determinants that could contribute to differences in purchasing behaviour between residents (Thai) and cross-border tourists (Laotians). Moreover, these criteria are further used to determine the size of segments in relation to the population in the regional market.

3.4.1 Young age structure

Demographic profiles can directly affect individual desires and choices (Burkart and Medlik, 1981). While large percentage off the Thai population are in the working age population (25-54 years old) (46.5%), the largest proportion of the Laotian markets is comprised of young adults, with 58% of the population under the age of 25 and with a median age of 22 years (Bureau, 2015; IndexMundi, 2016). This young age demography suggests a high degree of uncertainty and instability in incomes and purchasing power. More importantly, it is essential to note that different age groups in Laos could have different life experiences. People who are over 40 years old lived through the war period; on the other hand, the new Laotian generation grew up within a new economic system and an era characterised by rapidly changing technology. This demographic diversity indicates that age might relate to a person's primary concerns in respect to lifestyle, tourism and product consumption. Marketing to younger generations may, therefore, encounter transformative patterns of expenditure, lifestyle and communication approaches (Kotler *et al.*, 2008).

3.4.2 Increasing income and purchasing power

Socio-economic variables are also related to buying behaviour such as purchasing power and price consciousness (Blythe, 2008). There is some disparity between the Thai and Laos economy. While Thailand had a GDP at Purchasing Power Parity (PPP) of about \$1.096 trillion in 2014, Laos had only \$35.59 billion in the same year (IndexMundi, 2016). Although Laos is a less developed country than Thailand, household incomes have been increasing faster than in any other South-east Asian country (The World Bank Group, 2015). The average national minimal monthly wage for private employees in Laos has nearly doubled from LAK 348,000 to LAK 626,000 in 2011(ASEAN Briefing, 2013). As a consequence, purchasing power parity in Laos has risen from US$ 2500 to US$ 2700 person/per with a 7.6% inflation rate in the same year (2011) (IndexMundi, 2016). Those factors are turning Laos into a 'lower middle-income' country, and it might achieve 'upper middle-income' status in the next four years (by 2020) (The World Bank Group, 2015). These new middle-class income consumers in Laos could become first-time buyers in Thai markets.

The review of the literature has suggested that Laotians have a wide range of customer characteristics. This suggests a need for further investigations in order to understand cross-border tourists better. Although tourists are individuals, they are not totally different in every respect, sharing many traits while differing in others. The differentiating characteristics of tourists are of interest in the context of cross-border shoppers in Thailand. Since tourists are heterogeneous, segmentation has played an essential part in understanding distinct types of tourist (Bieger and Laesser, 2002; Bloom, 2004; Lee *et al.*, 2006) and to highlight and recommend marketing strategies (Dibb, 1998; Jang *et al.*, 2002). Creating a tourist taxonomy allows destinations to tailor their product offering to suit their target markets.

3.5 The integration of cross-border shopping and tourism concepts

Since cross-border shopping is considered as both experiential consumption and functional consumption, this research attempts to expand the understanding of the nature of cross-border shopping by adding a concept of tourism in consideration. Although cross-border shopping is becoming increasingly important to tourism, both in terms of the consumption of goods and as a source of enjoyment, only a limited amount of empirical research has been carried out to analyse the cross-border tourist shopping activities. This indicates that it is important for a tourist destination to focus not only on the product features but also on the benefits that visiting can provide (McDonald and Dunbar, 2009).

Thus, it is important to understand a tourist's attitudes to increase their time in a destination (Tosun *et al.*, 2007). In theory, visitors who feel positive emotions tend to have positive behavioural intentions, which leads to loyalty and a willingness to pay more (Bigné *et al.*, 2008). Looking at previous work, the academic study of benefit segmentation has begun to receive more attention but there is still a lack of work on cross-border tourist shopping segmentation.

3.6 Conclusion

Tourism marketing is a process of matching visitors' needs and satisfactions with a place offering. The components of tourism systems can be considered to form a link between tourists and destination regions. The studies of supply and demand allow the researcher to understand where the link exists between different elements of tourism and how the tourist interacts with supplies. This provides an understanding of the components of the tourism industry, which could have an impact on the marketing strategy.

The concepts of cross-border tourism were explained. Then, an overview of the tourism industry was provided so as to develop a marketing strategy, and tourist shopping typologies were explained and discussed. It was shown that designing a marketing strategy for cross-border shopping relates to the specific market environment. These factors may also affect business performance. The next chapter, therefore, moves to consider the regional markets and retail systems in Thailand.

CHAPTER FOUR: RETAIL BUSINESSES IN A REGIONAL MARKET

Having segmented the market and understood customer needs, it is essential to consider the retail businesses that respond to those customers. The purpose of this chapter is to introduce the environmental forces that could make the contexts in Thailand differ from other cross-border shopping in developed countries. It should be noted that the findings of this chapter provide current information on policy and marketing strategies before the start of the ASEAN Economic Community in 2015. The changing economic environment subsequent to the establishment of the Community could lead to more competition. The first part of the chapter provides an overview of the markets in Thailand and Laos. Then, the market developments in the regional areas are described in order to view the market trends. Next, the current competitive situations in the regional markets are evaluated. After that, the influential factors that could impact cross-border shopping are reviewed.

4.1 An overview of the regional market

Geographically, Thailand is situated in the centre of South-east Asia. It borders with Lao PDR and Myanmar to the north, Cambodia and the Gulf of Thailand to the east, Myanmar and the Indian Ocean to the west and Malaysia to the south (National Economic and Social Development Board, 2011). Laos, meanwhile, is a landlocked and mountainous country, meaning that it is difficult to access. The country has a total area of 236,800 square kilometres and borders with Cambodia, China, Myanmar, Vietnam and Thailand (The United Nations in Lao PDR, 2015).

There are several ways to access Thailand from Laos. There are road links joining Thailand and Laos, as well as public transportation networks that connect all provinces with the border checkpoints. Rather than roads and railways, however, the main access points from Laos to Thailand are in the form of water-borne transport across the Mekong River (Regional Operation Center, 2015). In addition, Thailand has prepared for the launching of the ASEAN Community by reforming laws and regulations regarding transportation of passengers and goods, for example facilitating the National Single-window system that allows international (cross-border) traders to submit regulatory documents at a single location, as well as improving dual-track railway lines along major routes. These help to reduce business costs and increase the capacity of business development in Thailand. Table 4-1 shows the operation times of border checkpoints.

Table 4 - 1 Operation times at the Thai-Laos Border

Province (Thailand – Laos)	Crossing the border	Service times
Lei - Xayabury	Boats	Every day: 07.00 – 18.00
Lei - Vientiane	Boats	Every day: 08.00 – 18.00
Lei - Vientiane	Boats	Sun – Fri: 08.00 – 16.00 Sat: 08.00 – 17.00
Nong Kai – Vientiane	The Friendship bridge I	Every day: 06.00 – 22.00
Nong Kai – Vientiane	Boats	Every day: 08.00 – 18.00
Bung Kan - Bolikhamxay	Boats	Every day: 08.00 – 18.00
Nakorn Phanom - Khummouan	The Friendship bridge III	Every day: 06.00 – 22.00
Nakorn Phanom - Khummouan	Boats	Every day: 06.00 – 16.00
Mukdahan - Savannakhet	The Friendship bridge II	Every day: 06.00 – 22.00
Mukdahan - Savannakhet	Boats	Every day: 06.00 – 18.00
Ubon Ratchathani - Champasak	Walk/car	Every day: 08.00 – 22.00
Ubon Ratchathani - Salavan	Walk /car	Every day: 08.00 – 18.00

Source: Modified from Regional Operation Center (2015)

Apart from trading through formal channels, everyday transactions by small-scale traders are significant in the border regions. These traders often carry goods by themselves across the border and walk to local markets (Regional Operation Center, 2015). This means the growth of the regional market may anticipate a significant consumer shift and then adopt a pre-emptive channel strategy to encounter these changes (McDonald and Dunbar, 2009).

4.2 Analysis of the regional market

In Thailand, the public sector is the key mechanism for regional market developments. The responsibility for establishing policy lies with the central Government, such as the Prime Minister and Cabinet, and central agencies, such as the Ministry of Commerce, the National Economic and Social Development Board (NESDB), and the Board of Investment (BOI). While the main strategic plans are distributed by the central Government, the process is broken down into different sub-levels: province, district, sub-district and villages. Understanding the national policy and regulatory framework leads to a better understanding of the direction of development of the market.

The Thai Government has developed a number of policies aimed at decentralising industrial, agricultural and service investment to regional areas of the country (National Economic and Social Development Board, 2011). The government directly influences regional development through its fiscal and investment policies by (1) investment in the general infrastructure of a region; (2) investment in tourism infrastructure; (3) influence over exchange rate (BOI, 2015). The analysis shows that the Government is important to either enabling or constraining the market policy and development in the regional markets. These programmes would enhance trade flows and provide an investment climate in order to improve the living standards of the population in border areas. Consequently, a number of projects, such as intra-country road construction, and electricity development have been undertaken to improving the country's competitiveness.

As part of the ASEAN Economic Community policy, Thailand has established a collaborative relationship policy with Lao PDR. The idea was built on the premise that international marketing would help the sub-regional economies become more powerful (ASEAN Briefing, 2013). This policy of promoting the relationship between Thailand and these countries was pursued in order to ensure that Thailand becomes a major actor in the economic development of the Asia-Pacific region as articulated in the National Development plan;

> "5.5.9 Use Thailand as a business base for foreign investors in the Asian region, and support non-profit international organisations for regional development. Benefits and assistance shall be provided for Regional Operating Headquarter (ROHs) and non-profit international organisations in order to increase Thailand's role as a business hub and base for cooperation in the region."
>
> (11th National Economic and Social Development Plan, 2012, pp. xix)

As a result of these developments, the wholesale and retail trade in the Northeast provinces in Thailand has seen continued growth. Retail trades' Gross Provincial Product (GPP) in the regions grew by 8% in 2015, which is double the increase in the overall domestic GPP (National Economic and Social Development Board, 2012). The growth rate in the GPP of the wholesale and retail trades in the border provinces in northeast Thailand increased by more than 212.1% from 2009 to 2013, or by about 42.4% each year (figure 4-1). This shows that the retail markets in the border regions have the potential for substantial growth.

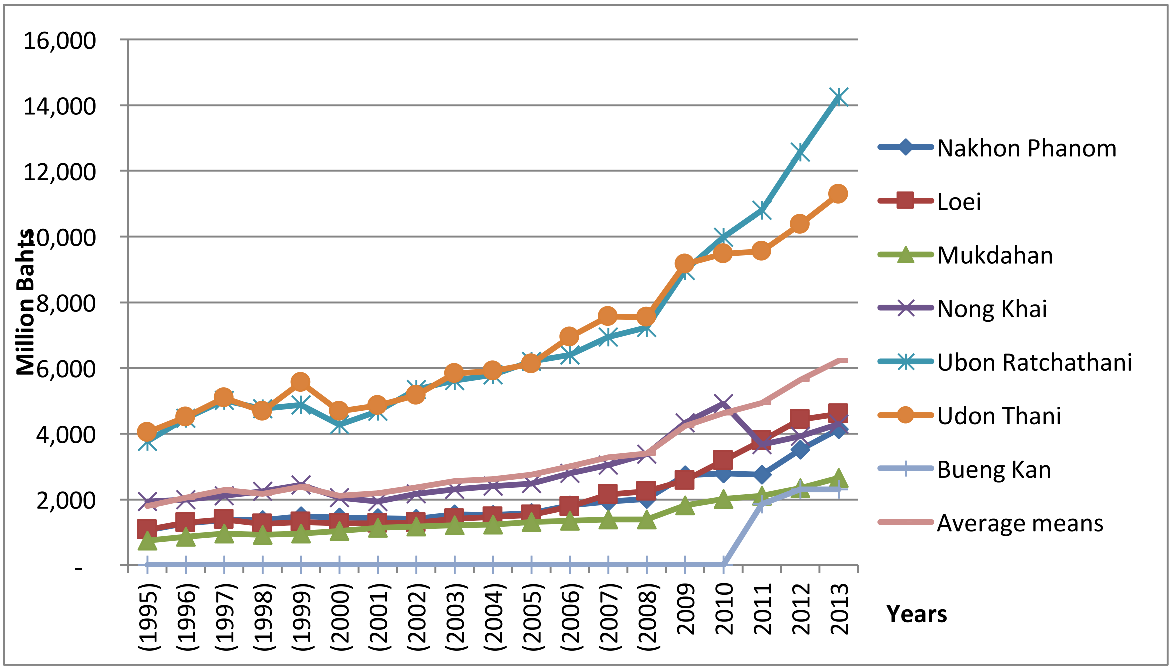

Figure 4- 1 The GPP of Wholesale and Retail Trade in the border region between 1995 - 2013
Source: National Statistical Office (2015)

4.3 Domestic competition

Since the borders with Laos were officially opened in 1997, the growth rate of Thai international business has plummeted but the total volume of border trade has continually increased. For instance, Nong Khai province gained more than 1,000 million Baht in Gross Provincial Product (GPP) after starting the collaborative relationship with Laos (from BHT 16,064 million in 1997 to BHT 17,520 million in 1998) (National Economic and Social Development Board, 2012). This indicates that the retail industry in this regional market is potentially becoming a more competitive market. The numbers of retail formats may generate numerous possible bases of business competition. In addition, this leads to competition between new domestic and international retail competitors.

Next, Thai retail structures are reviewed. The structure of the retail industry in Thailand is composed of traditional and modern operational styles. The traditional trades are considered as retail formats that existed in Thailand before 1985, while the modern formats are those from late 1985, after Thailand shifted to the free trading system (Gen, 2013).

4.3.1 Traditional retail trades

Traditional retail formats tend to be local, low-scale and mostly served by owner-managers. Several formats of traditional retail merchandise are in the Thai regional markets, such as mum and pop shops, traditional grocery stores, caravans and fresh markets.

I. Mum and pop shops tend to be family businesses and have a simple store management structure. Their strength is a location where most of the stores operate from a permanent location, typically in a local community. Most of them sell necessity goods, such as cooking oil, soap, shampoo and canned food.

II. Wet markets/ Fresh Markets have a solid position in selling perishable foods at low prices which are cheaper than supermarkets. It is important to note that Asian people typically buy just enough food for each day because perishable foods rot quickly in high temperatures and humid climates (Gen, 2013). Thus, wet markets have advantages in terms of freshness, with very low prices. Moreover, a shopper is able to bargain with vendors.

III. Indo-China Markets consist of hundreds of permanent hawkers or street vendors. This type of market gains advantages in terms of a variety of stores and bargain prices. The markets are called 'Indo-China Markets' because goods sold here are mainly from across the sub-region, for instance, China, Vietnam, Indonesia, Cambodia, Laos and Thailand. The standard products are souvenirs, car accessories, kitchen utensils, clothes, jewellery and foods. These vendors are licensed by the local authorities. The markets can be found only near international customs points, such as in Nong Khai, Mukdahan and Ubon Ratchathani. Many border provinces are now promoting the Indo-China markets as a tourist destination, particularly for domestic tourists.

IV. Caravan markets/night markets refer to marketplaces which consist of 100 – 500 hawkers or/and street vendors selling a variety of goods such as street food, vegetables, fruits, gifts and clothes. These are non-permanent markets and open at specific times. For example, the Caravan Market near the Nong Khai railway station consists of 400-500 hawkers, open on Sundays and Thursdays from 15.30 – 20.30 pm (Department of Foreign Trade, 2015). This format has advantages in terms of a variety of products and bargain foods.

V. Tourism outlets/ Craft shops sell a range of local antiquities and local goods that appeal to collectors. The OTOP (One District, One Product) shops are typically near a city centre or near tourist attractions. They sell products to local retailers who then distribute them to the tourist markets. These shops sell locally made handicrafts.

In general, the strengths of this traditional retailing are the close network of partners. John et al. (2016) explained that traditional retailing in developing countries operates through a close network of partners. An owner can act as a sales person and interact directly with customers. In addition, they can give credit to regular buyers and collect payments at the end of the month, or when payroll checks are due (Regional Operation Center, 2015). Moreover, Gen (2013) explained the positioning of the traditional format outlets as focused on consumers in rural areas, who still prefer to buy fresh foods, vegetables, fruits at hawkers in a wet market (a fresh market), due to the freshness and bargain prices. Similarly, a study by the Regional Operation Centre (2015) revealed that some cross-border shoppers in Thailand preferred to buy raw foods at a wet market near the customs point, due to the convenience, freshness and cheaper prices than the convenience stores.

There are some weaknesses of the traditional-format stores, however. A number of traditional retailers have a weak financial status and a lack of strong management and positioning. Furthermore, middle and small size stores have closed down, and/or converted to other retail formats, such as discount stores and mini marts (Kanasawat, 1997).

4.3.2 Modern trade model businesses

The modern retail formats in the regional market are supermarkets, convenience stores, department stores and hypermarkets. They differ from traditional markets in several ways. They have more power in dealing with manufacturers due to their larger chain operations. Moreover, they have an advantage over the traditional format retailers through their physical distribution and logistics systems. Modern retailers, such as Tesco-Lotus, Makro and Big C have invested a large amount of money in building up their competitive advantages over the traditional retailers, such as in locations, distribution systems and managerial support (Gen, 2013).

I. Supermarkets: A supermarket is one type of modern trading outlet that offers a format of self-service with foods and grocery products. They position themselves across various consumer segments; for example, mass market supermarkets such as Lotus express and Big-C, and more upscale supermarkets such as TOPS. This type of store has retail space larger than a convenience store but smaller than hypermarkets. For example, Tesco-Lotus and Big-C introduced a stand-alone format with a floor space of between 4,000 – 5,000 square metres (Big C Supercenter Public Company Limited, 2015).

II. Convenience stores: Along with traditional trades, new style formats which were cleaner, cooler and brighter places for grocery shopping have been established. Between 1997 and 2000, convenience stores expanded into rural areas, due to the slow economy and the oversupply of branches in urban areas (Gen, 2013). The main players in the upcountry market are 7-Eleven, Family Mart and Fresh-mart.

III. Department stores: Department stores are considered to be 'modern large-scale retail stores'. They represent the first example of a one-stop shop format in Thailand. This type of business offers luxury products, service staff and modern interior design. In addition, the price of every item is fixed. Some department stores in tourist destinations, like Chang Mai and Ubon Ratchathani, are positioning themselves as tourist shopping malls to serve both local residents and tourists (Central Pattana Public Company Limited, 2013).

IV. Hypermarket / shopping centre: The hypermarket is a hybrid format between a large-scale discount store and retail outlets. Many shopping malls in bordering provinces are a combination of shopping and recreation, offering additional amenities for local residents and tourists such as restaurants, bowling alleys, cinemas and children's playgrounds. This kind of market has become a leading form in Thailand's retail industry within a short period of time (Gen, 2013). As the base of middle-class customers with their own transport has grown, these stores have expanded aggressively.

Table 4 - 2 Retail models in Thailand

Types	Products/service	Positioning
Mum and Pop shops	Sell consumer goods and some necessity goods.	Located in a permanent location, typically in a local community, or near fresh markets or wet markets.
Wet market/ Fresh market/ Morning market	Sell as an assortment of fresh foods, vegetables, fruits, seafood	The traditional retailing in rural provinces. Wet markets are often near customs checkpoints.
Indo-China Market/ Tourism shop	The common products are souvenirs, car accessories, kitchen utensils, clothes, jewellery, and foods	The market consists of hundreds of hawkers or street vendors. This type of market can be found near customs checkpoints.
Supercentre/HyperMart/ Discount store	Sell a wide range of goods and are self-service.	A large-scale retail format combining a supermarket and discount stores. They generally have 10,000 – 15,000 square metres (Thai Retailer Associations, 2014).
Supermarket	Groceries and household products	Self-service stores
Convenience stores	Foods such as ready meals, frozen foods, and drinks, as well as consumer goods	Self-service stores, Located in a permanent location, typically in a local community
Department store	A wide range of goods	The store serves the high-end market with quality products. It usually provides good service staff and store-decorations.

4.4 Issues relevant to cross-border shopping in Thailand

From the literature, there are four main shortcomings that make a re-investigation of market segmentation necessary. Firstly, Chapter two reported that there is still no comprehensive segmentation study for developing a cross-border shopper taxonomy. Secondly, the majority of research into cross-border shopping has been conducted within Western settings such as between America and Mexico (Baruca and Zolfagharian, 2012), America and Canada (Timothy and Tosun, 2003), and Hungary and Croatia (Michalkó and Timothy, 2001), while the studies undertaken in Asia are limited. Most importantly, to date, much of the empirical work ignores middle-lower income shoppers. Some researchers have suggested that the shopping behaviour in different income groups could express differences in buying consumption and shopping patterns, especially when consumers travel across a national boundary (Timothy 2005, Tosun *et al.,* 2007). Third, while data from available resources offers an environmental analysis on 'regional competition', arguably, this may provide insufficient in-depth information to assist retailers and policy planners. Hence, the need to gain an understanding from empirical study.

4.4.1 Demand considerations

This research works under the proposition that customers are no longer satisfied with just a product and are more curious about participating in a production process instead of behaving as passive respondents (Egger *et al*., 2016). The principles of this concept are putting consumers first and recognising them as the initiating points of experience and value creation (Vargo and Lusch, 2004). Developing a marketing strategy regarding consumer value-propositions could provide opportunities for businesses to increase spending behaviours, loyalty intentions and positive word-of-mouth (Egger *et al.*, 2016). Armstrong and Kotler (2014) suggested that a customer-driven marketing process is needed to understand the marketplace and consumer needs and wants, before designing a customer-driven marketing strategy.

4.4.1.1 A cross-border tourist shopping taxonomy

First, the researcher focuses on developing a cross-border tourist shopping taxonomy. Yankelovich and Meer (2006) suggested that market segmentation not only sends the right messages to a potential target, but can also predict who buys what, when, why, where and how, for the purpose of developing new products/services and marketing communication campaigns to reach a target segment. Since the researcher considered a multivariate segmentation approach to the study instead of substituting a segmentation from a current shopper typology, the first research question is:

> *Q1: "What shopping is behaviour engaged by different segments of cross-border shoppers?"*

This task aims to extend the concept of market segmentation to classify a type of cross-border tourists in Thailand. The advantages of market segmentation lie in the ability to extract the characteristics of customers as cluster attributes in order to reduce the complexity of customer analysis. Quantitative research is adopted to conduct this cross-border tourist shopping taxonomy and to analyse causal relationships between variables.

Benefit-based variables are selected for describing cross-border tourist shopping characteristics. From the review of the literature, benefit-based variables can link activities, settings and experiences in a sequence (Haggard and Williams, 1991). Moreover, benefit segmentation is able to explain the customers' thoughts, values and expectations, correlating with place experience (Lee *et al.,* 2006; Frochot and Morrison, 2000). The scales of benefit-based variables are derived from the literature (Table 4-3). Benefit-based variables can generally be classified into three areas, which are here adopted as an outline for setting a questionnaire framework.

1) **Functional benefits** refers to benefits that originate from tangible attributes and that a consumer may directly experience when using or consuming the product.
2) **Social benefits** are the perceptual benefits associated in a social context through use of the product, such as social class, social status or a social group.
3) **Affective benefits** refer to the perceptual benefit that could arouse feelings such as novelty-seeking and variety-seeking consumption behaviour, as well as a need for enjoyment, fun or pleasure.

Table 4 - 3 A framework of benefit-based variables

Dimension	Variables	References
Functional benefits	- To buy products that I cannot find in my hometown - To buy a variety of products - To shop in reliable stores - To buy quality products - To purchase identical products that are cheaper than at home - To hunt for a bargain	Tosun *et al*. (2007); Arnold and Reynolds (2003); Timothy and Tosun (2003); Dmitrovit and Vida (2005)
Psychological benefits	- To get refreshed - To challenge myself - To release tension - To escape from daily routine or situation - To be entertained	Moscardo (2004); Frochot and Morrison (2000); Chen and Lin (2012); Delia and Wiskulski (2012); Getz (2012).
Social benefits	- To meet a lot of people - To enjoy a social life with local - To learn something new - For socialisation	Moscardo (2004); Tosun *et al*. (2007); Frochot and Morrison (2000); Getz (2012)

4.4.1.2 Segments' characteristics

Once the cross-border shoppers have been defined, the next step is to gather in-depth information on their buying behaviour to underline segmentation descriptions. The research question is:

Q2: Are there any distinctions between the activities engaged by different segments of visitors in the Thai border?

Dubois et al. (2007) suggest that the typical members of each segment must be described by data concerning their attributes, buying and usage/consumption behaviours. Kim and Sullivan (2003) reported that motivations arising from different perspectives of tourism and shopping could affect the desires for specialised activities such as products purchased, places visited and consumption, and, therefore, the attentions paid to and behaviour and activity-participations during a trip.

The best-suited variables for profiling segmentation are derived from answering questions about who they are, what they do and how to reach them, as well as the demographic, activities and travel-related data (Getz, 1993). These variables of consumer behaviour are derived from reviewing the literature in order to provide the segment characteristics to give a more comprehensive outlook in respect to each cluster. Table 4-4 provides a framework for segment descriptors.

Table 4 - 4 The variables of taxonomy characteristics

Questions	Variables	References
Visitors from where?	Place of origins	Getz (2007)
Who are they?	Age	Murphy *et al*. (2011)
	Genders	Tosun *et al*. (2007)
	Education	Jansen-Verbeke (1991)
	Income per month	
	Marital status	
What do they want?	Experience desired	Murphy *et al*. (2011)
	Trip motive	Tosun *et al*. (2007)
	Benefit gained	Jansen-Verbeke (1991)
	Expectation	
Under what conditions will they attend?	Holiday/Leisure	Murphy *et al*. (2011)
	Business	Tosun *et al*. (2007)
	Visit friends and relatives	Jansen-Verbeke (1991)
	Shopping	
	Eating	
How can we reach them?	Activities	Murphy *et al*. (2011)
	Purchased items	Tosun *et al*. (2007)
	Place to visit tourist attraction	Jansen-Verbeke (1991)
	Place to shop	
	Type of products	
	Purchasing proportion	
	Spending pattern (Expenditure)	
	Transportations	
	Accommodation	
How often they attend?	One time only	Murphy *et al*. (2011)
	First-time / Repeater	Jansen-Verbeke (1991)
	Once a month, etc.	
	Length of trip	
	Time to stay in the shopping area	

4.4.2 Supply considerations

The review in Section 4.3 suggests that the regional market is becoming a more competitive market. This study was developed under the proposition that a marketing strategy regarding consumer value-propositions could provide opportunities for businesses to create competitive advantages that meet the needs of segments. In order, therefore, to develop a competitive advantage, Dolnica (2004) suggested that businesses should seek to offer a positioning match with what segments want such that this offering is distinctly different from that of competitors. The fourth and fifth proposed questions aim to establish the factors of Importance, which underpin the development of recommendations.

Q3: What are the options of the existing retail and provisions?
Q4: What are the gaps between cross-border shoppers' expectations and the suppliers' perceptions

According to most research, the key variables in evaluate cross-border shoppers' expectations are found in six criteria: price differentiation, retail and provisions, supported facilities, products-oriented, destination characteristics and authenticity. Regarding benefits from on-site experience variables, a survey was conducted from the review of a study by Tosun *et al*., (2007); as well as, Printice *et al.* (1998), Timothy (2005), Murphy et al. (2011), Jansen-Verbeke (1991) (Table 4-5).

Table 4 - 5 A framework for evaluating consumer expectations

Factors	Variables	Authors
Price differentiation	- High price at home town, low price in destination - Bargain hunting - Inexpensive destination - Value for money	Timothy (2005); Murphy *et al*. (2011)
retail and provisions	- Search for specific items - Duty-free - Characteristics of the environment - The provision of quality dining opportunities and visually appealing heritage architecture - Merchandise selection - Variety of stores - Attractive décor - Higher end retail stores - Occupied shops - Close to accommodations - Physical layout of shops	Timothy (2005); Jansen-Verbeke (1991); Murphy *et al*. (2011); Kinley (2002)
Service quality	- Effective sales staff - Attitude sales staff - Language ability of sales staff - Opening hour - Restaurant choice	Kinley (2002)

Factors	Variables	Authors
	- Facilities for information and tour	
Products orientation	- Variety of products - Lack of products at home town - Quality of products - Fashion consciousness - Unique products	Timothy (2005); Kinley (2002); Guo *et al*. (2006)
Destination characteristics	- Place of the popularity of the products - Place for famous shopping areas - Festivals and events - Lively atmosphere - Nightlife and entertainment - Conveniently located - Convenient transport -Image	Timothy (2005); Murphy *et al*. (2011); Kinley (2002)
Authenticity	- Unique architecture/ building - Unique local experience - See local product being made	Kinley (2002); Murphy *et al*. (2011)

Based on the idea that different people are looking for different things, the Importance Performance analysis with market segmentation is conducted to help the researcher to understand how different destinations attract people, and how the same destination may serve different segments. For evaluating the competitive advantage, the Importance-Performance Analysis (IPA) is adopted to be a fundamental technique for evaluating consumer satisfaction (Martilla and James, 1977). The major strengths of the IPA approach are its simplicity and effectiveness to determine key areas of a firm's operations, based on managerial operations and the comparison of competitive priorities against their effectiveness in improving business performance within service firms (Lai and Hitchcock, 2015).

In addition, this study also focuses upon investigating current marketing practices. To achieve this, it examines the marketing mix strategy adopted by local retailers and related provisions, which takes the form of promotional strategies, assortment and supports, the assortment policy and marketing responses. The last proposed question, therefore, aims to establish the marketing strategies that underpin the practice of location marketing in the border areas.

> *Q5: What are the appropriate marketing strategies that are suitable for developing a regional market?"*

4.5 Conclusion

This chapter has reviewed the factors that could influence cross-border shoppers' decisions, such as economics, accessibility, prices, products, retail outlet structures and others. The retail model of Thailand consists of two main categories which were traditional trades and modern trades. While cross-border shopping in the regional areas is becoming increasingly important, developing a marketing strategy from both supply and demand perspectives could lead to a chance to push marketing into new directions. Consequently, retailers are able to add new features, enhance product functionality and respond to changing consumer tastes (Srivastava *et al.*, 2001).

CHAPTER FIVE: RESEARCH METHODOLOGY

A research philosophy aims to explain the implementation of a methodological framework. There are six sub-sections, including research philosophy, research strategy, quantitative research design, qualitative method, and limitations of the research. In the beginning, the research philosophy is explained. Then, the various rationales for selecting the theoretical perspective are discussed. Next, the research is designed into two parts: a quantitative part and a qualitative part. In Part I, the quantitative research designs are explained in terms of developing a survey instrument, identifying a sampling framework, and establishing measurement scales. Part II explains the sampling selection, interviews and data analysis approaches for the qualitative part of the research.

5.1 Research objectives

5.1.1 To identify the different categories of cross-border shoppers.

This part entailed two main tasks: first, on the theoretical level, to provide and test a methodology for market segmentation and second, on the practical level, to identify different segments of cross-border tourists. Benefit segmentation is adopted in order to explore a cross-border tourist shopping taxonomy with numbers, and analysis with statistical procedures. The scales, therefore, are developed not only from the literature, but also interviews, and a pre-survey of cross-border shoppers in order to generate a comprehensive list of scale items.

5.1.2 To describe the characteristics of the segments including the shopping activities, consumption practices and tourism-related behaviour.

After the market segment approach was developed, the next step is to gather information on their tourism and shopping activities in order to underline the segmentation descriptions. Moreover, the task focuses upon shopping patterns such as products purchased, place of purchase, expenditure and others.

5.1.3 To explore respondents' views on the importance and performance of shopping attributes

This objective investigates tourist cross-border shoppers' attitudes toward the existing retail and related provisions. A importance and performance analysis is conducted to identify any gaps between Importance and Performance towards a shopping area. The range of experiences that tourist shoppers seek within tourism shopping attractions and retail stores are examined in order to identify the variables. The results from this part are used to provide guidelines for the assembly of a marketing strategy.

5.1.4 To identify gaps in the existing retail and related provisions

The context of the investigation is not only to consider cross-border shoppers but also relates to suppliers such as retailers and local/regional government. The identification of policies and regulations that underpin regional development helps in the understanding of market characteristics and market structure. This research also investigates how retailers/policy planners translate the marketing mix into practice. This includes the ideas, perceptions and beliefs towards cross-border shoppers. As a result, this study provides recommendations for the development of marketing for a region in terms of marketing strategies and approaches.

5.1.5 To provide recommendations for Thai retailers when designing marketing strategies

Once all the information is examined, the last objective's emphasis is on combining three fundamental dimensions: cross-border shoppers, policy planners and retailers in order to contribute marketing recommendations for retailers in respect to the design of marketing strategies that are effective and appropriate to a regional market environment in an emerging country.

5.2 Research philosophy

There are two main types of philosophy frequently used in marketing research: *ontology* and *epistemology*. These philosophies provide guidance and justification for certain courses of action. *Ontology* relates to the nature of reality or being. This concept makes claims about what kinds of social phenomena can exist, the condition for their existence and the ways in which they are related (Blaikie, 2010). On the other hand, *epistemology* questions the relationship between a knower and what is known, and asks the questions "*how do we know, what do we know? What counts as knowledge?"* (Krauss, 2005).

When exploring various ontological and epistemological assumptions, there are three main research paradigms popularly adopted in marketing research: positivism, interpretivism and critical realism. The positivist paradigm sees reality as consisting of discrete events that can be accurately observed by the human senses (Blaikie, 2010). The approach commonly adopts a quantitative method, which aims to verify or disprove hypothetical propositions. Market segmentation has largely been studied using a positivist paradigm because the method and models are often developed for economic schools of thought. These schools are based upon developments of the demand sides in order to provide customers with a greater variety of product offerings and to be able to sell more products (Chamberlin, 1965; Smith, 1956). Consequently, collecting large amounts of data is required to give importance to the results under the study (Guba and Lincoln, 1994). In addition, the adoption of positivism gives the researcher the credibility arising from the application of statistical techniques. The positivist assumptions underpinning market segmentation have recently been criticised, however, on account of the complexity of the approach, which leads to unreliability (Dolnicar, 2004).

The *interpretive approach*, on the other hand, is concerned with a practical orientation and focuses on the issue of social integration (Saunders and Lewis, 2014). It can refer to the fact that interpretive researchers view the world as socially constructed and subjective, and they hold a central assumption that there is no reality outside of people's perceptions (De Vaus, 2013). Interpretivism is suitable when a researcher wants to understand what happened in a given situation and is required to see things from the point of view of participants being studied. Table 5-1 presents an overview of comparative research philosophies.

Table 5 - 1 Comparison of research philosophies

	Positivism	**Interpretivism**	**Realism**
Ontology	External, objective and independent of social actors	Socially constructed, subjective, may change, multiple	Is objective. Exists independently of individual thoughts and beliefs or knowledge of their existence (realistic), but is interpreted through social conditioning (critical realistic)
Epistemology	Only observable events can provide reliable data facts. Focus on causality and law-like generalisations, reducing phenomena to simplest elements.	Subjective meetings and social aspects. Focus upon the details of the circumstance, and the reality behind these details, personal meanings motivating action.	Observable events provide believable data, facts. Inadequate data means errors in sensations (direct realism). Alternatively, phenomena create feelings which are open to interpretation (critical realism). Focus on explaining within a context or contexts.
Data collection and techniques most often used	Highly structured, large samples, measurement, quantitative, but can use qualitative	Small sample, in-depth investigations, qualitative	Methods chosen must fit the subject matter, qualitative or quantitative

Source: Modified from Saunders et al., (2009b) pp.119

5.2.1 Critical realism

Critical realism is also known as social realism or post-positivism (Blaikie, 2010). This approach is often seen as a middle-ground between positivism and interpretivism by providing a grounding of social constructionism, as positivism has lost its appeal for some scholars (Gergen, 2010). The focus of critical realism is on the existence of the things (known as an event, or empirical domain), and includes that which we can observe – things that happen in such situations (Easton, 2010). Blaikie (2010, p.101) explains the concept of realism as:

> "The aim of critical realism is to discover the structures and mechanisms, some of which may be reasonably accessible by the use of instruments that extend the senses. However, inaccessible mechanisms require the building of hypothetical models of them and to search for evidence of their existence. Structures and mechanisms are independent of the event they produce; they exist at a deeper level of reality and may counteract each other to produce no observable event."

Realists seek to identify those deeper underlying mechanisms that are taken to generate empirical phenomena. Critical realism accepts that there exists in reality the domain of the structure containing generative mechanisms (of observed events), which exist in activated or deactivated form (Sayer, 2010). Sayer (2010) explains the distinction in critical realism as:

> "Critical realism endorses or is compatible with a relatively wide range of research methods, but it implies that the particular choice should depend on the nature of the objects of study and what one wants to learn about them (p.19)."

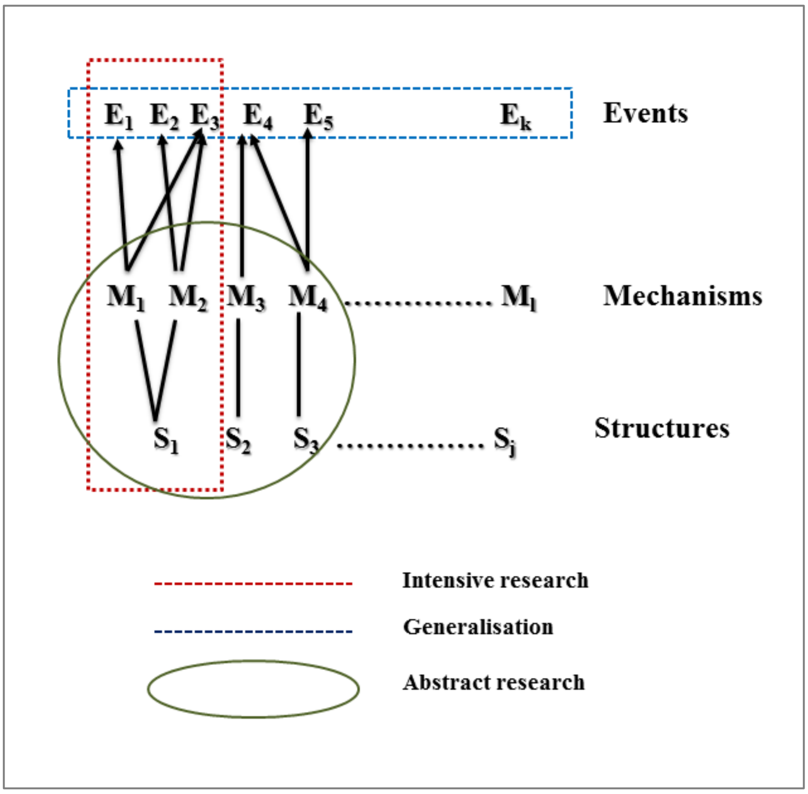

Figure 5- 1 The concept of critical realism
Source: Modified from Sayer (2010)

According to Figure 5-1, the concept of reality in critical realism consists of three domains – the structure (the actual domain), mechanism (or the real domain), and the event (the empirical domain). Blaikie (2010) explained that the event domain includes that which we can observe – things that happen and exist according to our immediate experience, while the domain of mechanism includes those contexts that are productive of different events and other surface phenomena. Finally, the structure domain is a broader one, and refers to that which emerges independently of the researcher or any other observer who might record it.

The understanding of marketing based on critical realism is built up in relation to the existence of the things, structures and mechanisms revealed by the sciences at different levels of reality (Downward *et al.*, 2002). This philosophy allow the researcher to make a clear distinction between unobserved, theoretical constructs and environment because this approach has a capacity to reveal multiple operational constructs, which may be unclear (Easton, 2010; Sayer, 2010).

5.2.2 The reasons for adopting critical realism

There are several underlying reasons for selecting critical realism. Regarding the nature of the study, the contexts of investigation are not only to with the individual but also have to cope with market dynamics. Understanding nature of the cross-border shopping tourist, therefore, involves multiple external factors such as local/regional government, the world economy, society, culture and people. Thus, the adoption of critical realism could allow a clear distinction to be made between unobserved, theoretical constructs and empirical measures. Critical realism, therefore, has the capacity to reveal multiple operationalisation constructs which may otherwise be unclear.

Second, few segmentation studies use a critical realist approach to explore consumer taxonomy. Adopting a critical realist paradigm provides an understanding of demand and supply and then interprets this through social conditioning (Saunders *et al*., 2007). The understanding of marketing through a critical realist perspective could therefore provide an opportunity for monitoring an external environment that exists independently of personal experiences (Bhaskar, 1989). This perspective could enable the researcher to determine the useful theoretical models that are in the relevance to the market environment.

5.2.3 Critical realism and the research framework

Sayer (2010) suggested that there are two broad types of research method: *intensive* and *extensive*. The *intensive* places the emphasis on individual agents using interviews, employs causal groups, and produces causal explanations that are limited to the situation studied. The *extensive* focuses on large scale surveys, formal questionnaires and statistical analysis, looks for regularities, patterns and similarities, accepts given taxonomic categories, privileges replication and restricts the ability to generalise to other populations and thus has limited explanatory power.

In another perspective on research strategy, Blaikie (2010) mentions that there are three main approaches to construct a research strategy: *deductive* (testing of theories and hypotheses), *inductive* (discovery of patterns), and *abduction* (uncovering and relying on the best set of explanations for understanding one's results) (Table 5-2).

Table 5 - 2: The logic of four research strategies

	Inductive	**Deductive**	**Abductive**
Aim	To establish descriptions of characteristics and patterns	To test theories, to eliminate false ones and corroborate the survivor	To describe and understand social life in term of social actors' meanings and motives Idealist or subtle realist
Ontology	Cautions, depth or subtle realist	Cautious or subtle realist	Idealist or subtle realist
Epistemology	Conventionalism	Falsificationism Conventionalism	Constructionism
Start	Collect data on characteristics and/or patterns	Identify regularity that needs to be explained	Discovery everyday lay concepts, meaning and motive
	Produce description	Construct a theory and deduce hypotheses	Produce a technical account from lay accounts
Finish	Relate these to the research questions	Test hypotheses by matching them with data explanation	Develop a theory and elaborate it iteratively
Major research purpose	Exploratory, descriptive	Explanation, prediction	Exploratory, descriptive, understanding

Source: Modified from Blaikie (2010, p.84, and p.105)

To follow an inductive approach in critical realism, the study requires an adequate description of the consumer behaviour to be explained. The inductive approach is useful for creating descriptions of a regional market, since this guides the process of research by focusing upon the cross-border demand and possible mechanisms from retailers and policy planners. Building up a pattern for the structural domain could provide an explanation of the specific contextual environments that influence mechanisms (marketing implication) (Danermark *et al.*, 2002).

The context of the investigation is not only to consider cross-border shoppers but also relate to suppliers such as local/regional government. Identification of the market components from documents helps build up an understanding of the structure domains. In addition, the association of policy and regulation that underpin regional development helps to understand how retailers/policy planners translate perceptions and values into meaningful associations (Reynolds and Gutman, 1988). This includes the ideas, theories, beliefs and values held by retailers and policy planners. Figure 5-2 presents a summary of the three layers of reality in this research.

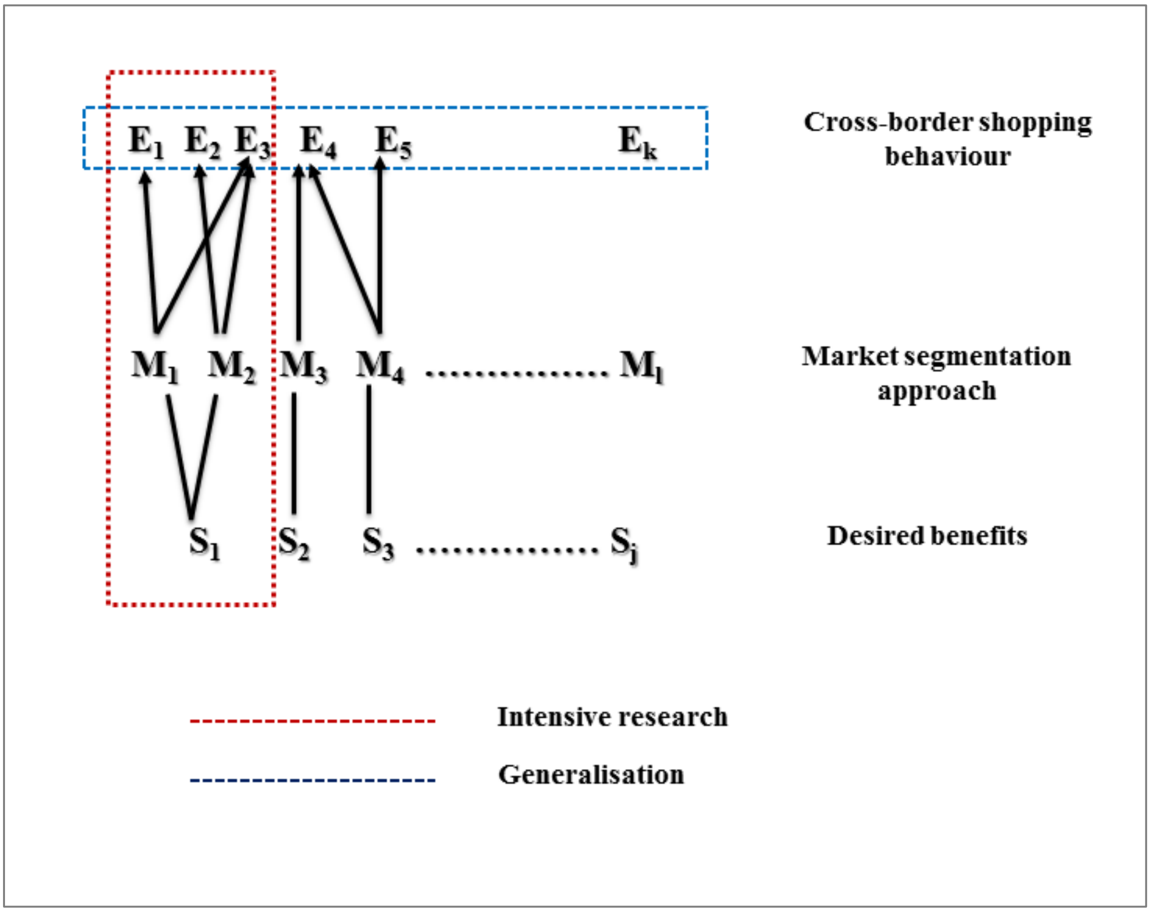

Figure 5- 2 A framework of cross-border shopping behaviour

5.3 Research strategies

The design of a research strategy is guided by philosophical assumptions, research objectives, research questions and time constraints. The most common research strategies in an academic study of commercial businesses are experimental, survey, action and case study research (Saunders *et al.*, 2009a) . **An experimental study** emphasises the causal links between independent variables and dependent variables. This strategy tends to be used in exploratory and explanatory research to answer 'how' and 'why' questions. In contrast**, action research** differs from the other types of research in terms of its explicit focus on actions, in particular promoting changes within an organisation (Saunders *et al.*, 2009a). It is useful for 'how' questions. On the other hand, **a case study** is a strategy for doing research that involves an empirical investigation of a particular contemporary phenomenon within its real-life contexts using multiple sources of evidence (Saunders *et al.*, 2009a). The case study has a substantial capacity to answer ‘why' as well as ‘what' and ‘how' questions. Finally, **survey research** is recognised as authoritative by people in general. It is most frequently associated with the deductive approach and is used to answer who, what, when, where, how much, and how many questions.

The adoption of the survey approach is to classify cross-border shoppers’ segmentation, because statistical measurement would be a more appropriate and reliable way to measure the nature of the relationships among variables, as well as to provide a contextual basis for validating the results to use in developing marketing strategies. Statistical tests indicate whether a particular measurement is significant, and help researchers to know whether the findings from the studies can be reliable for marketing implementation. Regarding the research objectives, the survey approach has been chosen over the other methods because it allows a researcher to assess a large number of shoppers, and produces more representative data, which leads to more valid information.

The research philosophy is outlined for selecting both qualitative and quantitative methodologies, known as the mixed-method. Mixed-method research is used when the researcher mixes or combines research techniques, methods, approaches, concepts or languages in one study (Johnson and Onwuegbuzie, 2004). The advantages of the mixed-method approach are that it could use the strength of one method to overcome the weakness in another method by using both in a research study. As some forms of statistical measures and control procedures are applied, the benefit of quantitative research is that its results allow for little bias than qualitative research. The implementation of the qualitative method, however, gives the researcher additional confidence in terms of the understanding of complex social phenomena (Yin, 1994). The application of the qualitative approach has the advantage of allowing the researcher to receive richer and more in-depth information from sources to explain the implementations of market segmentation. Table 5-3 shows the summary of the research methodology applied in this study.

Table 5 - 3: Outline of research methodology

Phase	Methodology
Part 1: Quantitative Research	
I. Research design and objectives	- Review of the literature
II. Design of survey questions	- Review of the literature
III. Development of a pilot questionnaire	- Pretesting, modification, and fine tuning of the questionnaire - Questionnaire completed
IV Selecting measure for segmentation	- Test of significance
V Investigating characteristics of different case group	- Test of significance
Part 2: Qualitative Research	
VI. Research design and objectives	- Review of the literature
VII. Design of interview questions	- Review of the literature
VIII. Pilot interview	- Validating interviews
IX. Conclusion, implication, critiques, and recommendation for segmentation implementation	- Interpretation of the results of the analysis

5.4 Quantitative research design

5.4.1 Critical realism and quantitative methods

This thesis aims to explore the cross-border taxonomy through a market segmentation approach in a particular social context. In addition, the development of a cross-border tourist shopping taxonomy is represented in the differences in behaviour and consumptions.

The event domain: The event domain is the layer of reality that is most accessible to the observer (Archer, 1995; Danermark *et al.*, 2002; Archer *et al.*, 2013). The investigation of the event domain relates to the study of consumer behaviour, as well as retailers' and policy planners' activities. This domain represents each segment in forms of demographic variables, activities, consumptions and behaviours. Thus, the event domain tries to answer two research questions.

1) Who are the target markets for cross-border shopping areas?
2) Are there any distinctions between the activities engaged in by different segments of visitors on the Thai border?

The mechanism domain: The mechanism domain consists of the things that cannot be perceived, but which still leave empirical traces (Danermark *et al.*, 2002). Cross-border shopper behaviours are assumed to be causal, whereby personal value ultimately influences their choice or activities. In this research, market segmentation theory is adopted as a tool for monitoring the cross-border behaviour that exists. In order to identify mechanisms, the study requires a thorough understanding of the multiple levels of causality that influence mechanisms at a particular level. Therefore, an Exploratory Factor Analysis is adopted in order to uncover the underlying structure of a relatively large set of variables (Hair *et al.,* 2010). The use of EFA with rotation of the factor axes (dimensions) was adopted in the initial extraction of factors in order to obtain a smaller set of simple and interpretable factors. This objective is not hypothesis testing but data interpretation.

The structural domain: The last stage is the relationships underpinning the events and mechanisms at the structural level (Sayer, 2010). From a critical perspective, people are agents, and as agents, they act with intentions and purposes, and assign meanings to things (Danermark *et al.*, 2002). The structural domain represents those factors that affect consumer value propositions (such as needs, motivations, desired values and others). In this study, benefit-based variables were developed to explain the customers' thoughts, values and expectations, correlating with socio-cultural, purchase and consumption factors (Lee *et al.,* 2006; Frochot and Morrison, 2000). The scales of benefit-based variables are primarily adopted as a tool to develop a questionnaire scale as an outline for exploring consumer behaviour at the event domain.

5.4.2 Design of survey questions

Fifteen Laotian shoppers who were shopping in Thailand were informally interviewed as part of the exploratory phase of the research. Respondents were recruited using a purposive convenience sampling method in November 2014 in Nong Khai Province. Each interview took 15-30 minutes. All the questions were open-ended because the researcher aimed to provide flexibility for the interviewer and the interviewee. Information was gathered on the purpose of the trip, the products purchased and the places visited. Table 5-4 shows samples of interview questions. In order to translate the survey into the Lao language, the content validity of the items was translated and screened by two Lao native speakers who were teaching in Thai Universities. The questionnaire was re-checked several times in order to identify potential sources of ambiguity.

Table 5 - 4 Interview questions for confirming scales

Criteria	Samples of interview questions
The reasons for cross-border shopping	- What are the triggers/reasons for this trip? - What is the main purpose of your visit? - What makes you cross-border shop? - How did this particular trip turn out? - What is the best thing about this trip? - What is the worst thing about this trip? - If you could go back in time, is there anything you'd change about this trip?
Cross-border motivations and expectations	- Did you consider any other destinations before choosing this destination? If yes, how many and what were they? - What are the limitations or constraints, if any, that influenced your decision to take this trip? - How do you know about this shopping place? - Have you had any experience in cross-border shopping before? - What makes you come to shop in Thailand? - Which factors could drive you to stay in a shopping area longer?
Place performance	- How did this particular trip turn out? - What is the best thing about this trip? - What is the worst thing about this trip? - If you could go back in time, is there anything you'd change about this trip?
Consumption behaviour	- What activities did you do during this trip? - What activities have you undertaken in this trip? - Where have you been shopping today?

5.4.3 Development of a pilot questionnaire

Then, a formal pre-test was undertaken by asking 50 cross-border shoppers to complete the questionnaire. Respondents were recruited using a purposive convenience sampling method. The pilot test was conducted in December 2014 in a border province (Nong Khai Province), using a street technique over a three-day period (Friday–Sunday). The data collection was undertaken near local shopping locations, such as a discount store, a fresh market, and the Indo-China market. The questionnaire was modified on the basis of the responses gathered here. A pilot test was used to ensure that the research instrument as a whole functioned well, as well as to ensure readability, willingness to answer and to measure the time taken to complete it.

5.4.4 Selecting scales for a questionnaire

Scales were developed for the cross-border typology across the different functions of consumer characteristics, external variable factors, the evaluation of shopping attributes, and the intention to shop.

5.4.3.1 Characteristics of cross-border shoppers

I. Benefit-sought variables: Benefit-sought is defined as the process of determining product attributes pursued by a visitor to a destination (UNWTO 2007). This definition led to a consideration of the benefits that visitors seek. To confirm the benefits of cross-border shopping, interviews were then conducted to identify additional benefits-sought that were not revealed by the literature review. The results reported that three items were eliminated and five new variables were added (Table 5-5). The items of ‘to get refreshed’, ‘to challenge myself’ and ‘to escape from a daily routine or situation’ were eliminated due to unclear meaning when translated into Laotian language. On the other hand, four variables were derived from the interviews; ‘to visit a place that I can later reflect upon’, ‘to enjoy the ambience of the store and retail environment’, ‘to enjoy the aesthetics of the location’, and ‘to buy a gift(s) for others’.

Table 5 - 5 Modification of benefit variables

Before	After
1. To buy products that I cannot find in my hometown	1. To buy products that I cannot find in my hometown
2. To buy a variety of products	2. To buy a variety of products
3. To shop in reliable stores	3. To shop in reliable stores
4. To buy quality products	4. To buy quality products
5. To purchase identical products that are cheaper than at home	5. To purchase identical products that are cheaper than at home
6. To hunt for a bargain	6. To hunt for a bargain
7. To get refreshed	7. (Eliminated)
8. To challenge myself	8. (Eliminated)
9. To release tension	9. To find somewhere to relax
10. To escape from daily routine or situation	10. To enjoy new experiences
11. To be entertained	11. (Eliminated)
12. To meet a lot of people	12. To enjoy the ambience of the stores and retail environment *(New)*
13. To enjoy a social life with local	13. To visit a place that I can later reflect upon *(New)*
	14. To enjoy the aesthetics of the location *(New)*
	15. To experience new shopping locations *(New)*
	16. To meet new people
	17. To learn about other cultures
	18. To buy a gift(s) for others *(New)*

II. Shopping activities and tourism-related behaviour: The cross-border shopping activities refer to the location of the shop, the role of shopping, the purpose of the visit, participant activities, items purchased, and the time and money spent. These variables gather information to associate with shoppers’ travelling behaviour in order to supplement the segmentation descriptions. The scales of shopping activity were derived from a review of the literature and from interviews conducted to see what they did, what they bought, and how they bought. Furthermore, the tourism-related pattern were analysed to further supplement the segmentation descriptions.

III. Demographic characteristics: The demographic variables were used for the profiling segmentation. The factors considered important were gender, age, family lifecycle, occupations and household income per month. These descriptions are shown in table 5-6.

Table 5 - 6 Summarised cross-border consumer characteristics and variables

Bases	Variables
Travel-related activities	Frequency Transportation Accompany Length of stay Activities undertaken
Role of shopping	Purpose of visiting Purchasing items Places of shopping Expenditure
Demographic	Age Gender Family status
Socio-economic	Income level Education Occupation

5.4.3.2 The evaluation of shopping-area attributes

A comparison between perceived importance and perceived performance of the shopping-area attributes provides a useful way of measuring perception. These variables are assumed to be reflected in aspects of the shopping experience and evaluation. In order to develop measurement scales, the importance of shopping-area attributes were assessed through interviews and from the literature. The importance and perceived performance of shopping area attributes were then tested. The scales of cross-border shopping area attributes were measured in the form of a five-point Likert-type scale (1= Not important and 5= highly important).

After interviewing, the items were reduced from 32 factors to 20 factors due to duplicate meanings and unreliability. For example, the factors of variety of stores and occupied stores were combined. Two variables from the pre-test interview were added, which were 'Hospitality of local people' and 'Similarity of the language and culture'. Table 5-7 summarises the modification of these shopping attributes.

Table 5 - 7 Modification of shopping attribute variables

Before	After
1. High price at hometown, low price in destination	1. Price
	2. Products' value for money
2. Bargain hunting	3. Standard of merchandise
3. Inexpensive destination	4. In-store decoration
4. Value for money	5. Reliability of shops
5. Characteristics of the environment	6. Safety and security within the store
6. The provision of quality dining opportunities and visually appealing heritage architecture	7. Exterior store design
	8. Reputation of shopping areas
7. Merchandise selection	9. Supportive facilities in shopping areas and signs in shopping areas
8. Variety of stores	
9. Attractive décor	10. Variety of places to dine and experience entertainment
10. High-end retail stores	
11. Occupied shops	11. Variety of products
12. Physical layout of shops	12. Quality of products
13. Restaurant choice	13. Accessibility to the shopping areas
14. Effective sales staff	14. Familiar with a destination
15. Attitude sales staff	15. Destination environment
16. Language ability of sales staff	16. Famous as a tourist destination
17. Opening hour	17. The destination being valued for money
18. Close to accommodations	
19. Facilities for information and tour	18. Shopping areas representing the local uniqueness
20. Variety of products	
21. Lack of products at hometown	19. Hospitality of local people *(new)*
22. Quality of products	20. Similarity of the language and culture *(new)*
23. Unique products	
24. Local products	
25. Place popular for the products	
26. Place with famous shopping areas	
27. Festivals and events	
28. Lively atmosphere	
29. Nightlife and entertainment	
30. Convenient transport	
31. Unique architecture/ building	
32. Unique local experience	

Then, a seven-page structured questionnaire was developed (Appendix A-3). Data were gathered across four dimensions: the socio-demographic profiles of respondents (age, gender, income, education, social status and occupation), their shopping characteristics (time spent shopping, locations visited, items purchased and the amounts spent), travelling patterns (purpose of visit, length of stay, activities undertaken, and transportation used) and expectations.

5.5 Developing a sampling framework

There are two primary methods often used to select a sample: **probability** (or representative sampling) and **non-probability** (or judgment sampling). The **probability** sampling methods select from populations that are unknown to the researcher and usually aim to be representative of the population (Saunders *et al.*, 2009a) . These include simple random, systematic, stratified and cluster sampling approaches. The **non-probability** methods, meanwhile, rely on the personal judgment and knowledge of the researcher rather than on chance to select sample elements. This method includes convenience, review and quota sampling approaches (De Vaus, 2013).

The researcher adopted a **non-probability** approach rather than probability sampling since the population was widely dispersed and thus probability sampling would be inefficient (De Vaus, 2013). Moreover, as a large sample is required to reflect populations, it would be very difficult to adopt a valid probabilistic approach in the limited time period available. The purposive convenience approach refers to a method of selecting respondents who are in the right place and at the right time (De Vaus, 2013). Although there might be some limitations in terms of being highly representative of the population, this method is more advantageous in terms of being more time efficient and less expensive. A purposive convenience strategy is therefore the most appropriate for this study.

De Vaus (2013) suggested that the selection of survey methods should depend on five criteria: response rates, obtaining representative samples, the survey method's effects on questionnaire design, the quality of the answers and the process of implementing the survey. According to the purpose of the quantitative method in this study, a high response rate and high representative samples were important in data gathering. Although a personal interview has a high response rate and accuracy, the purpose of this section considering consumers is to describe and to understand tourist shoppers. In order to collect the numbers required, interviews were not be appropriate because they are time consuming. Self-administered questionnaires were, therefore, the best way to collect the data for the quantitative study.

5.5.1 Sampling selection

The population comprised shoppers who cross the border from Laos to Thailand for shopping or for a short period of time for leisure, business and other purposes unrelated to being employed. These criteria meet the World Tourism Organisation's (1994) definition of a tourist. That is (1) that the purpose of the visit is not for immigration and remunerated employment; (2) the distance of travel should take place outside the normal place of residence; (3) the length of stay should be temporary.

Potential respondents were selected by observing vehicles with Lao license plates and the appearance of respondents. Individuals were asked their, age, place of residence and the purpose of their visit. If they came from Laos and the purpose of their visit was not for working, then they would be asked to participate in the study. One adult (aged over 18 years old) from any group was permitted to take part in the study.

5.5.2 Sample size

A sample size of 450 was chosen due to several considerations. First, the desire to reduce the sampling error as the sample size increases. Hill (1998) believed that a sample of approximately 500 people could provide satisfactory results and reliable information. Second, according to a quantitative approach, a large sample size is required in order to be able to make valid estimates of the population in each segment. Lastly, with a view to allowing an adequate examination of the multivariate techniques, such as chi-square, the number should not fall below 300 respondents (Hair *et al.,* 2010).

5.5.3 Data collection

Given that a high response rate was required due to cost and time constraints, a self-completion questionnaire was considered to be the best method in this research. The samples were collected from three cities that share a border with Laos (see map in figure 5-3). The choice of these three locations was based on a number of considerations. First, these three cities have high rates of investment and attract a significant number of cross-border tourists. Also, since there are inbound shoppers in the towns, it was possible to find a variety of suitable respondents with different motivations for visiting. Furthermore, since the researcher is familiar with these particular locations, it was easy to manage access and ensure higher response rates.

Figure 5- 3 Data collection locations

The data were collected from several places in these three provinces for four weeks during December 2013 and January 2014. Five college students in each province (fifteen in total) were recruited as research assistants due to their familiarity with the locations and time constraints. Before collecting data, the research assistants were briefed for about 15-20 minutes about the research objectives and how to collect data and target respondents. Data were collected on several different days of a month, including weekends, and in various periods of the day to increase the likelihood of a more diverse group of respondents. In addition, the research assistants were discreetly dispersed in different locations close to shopping areas, tourist destinations, gas stations, bus stations and international border checkpoints. Those locations were selected due to their reputation as trading areas or as tourist attractions. Furthermore, access and convenience also affected the choice of locations. Each research participant was limited to surveying ten persons/location on each day so as to ensure that the research would encounter respondents who exhibited a variety of different shopping behaviours. The data collection locations are demonstrated in Table 5-8.

Table 5 - 8 Data collection locations

Places to collect data	Number of data collections	Date
Nong Khai Province	**150**	**December 2013 – January 2014**
Tourist destinations	25	
Gas stations	10	
Bus terminals	10	
International border checkpoints	20	
Markets/retail outlets	75	
Mukdahan Province	**150**	**December 2013 – January 2014**
Tourist destinations/Events	40	
Gas stations	20	
Bus terminals	0	
International border checkpoints	0	
Markets/retail outlets	90	
Nakorn Phanom Province	**150**	**December 2013 – January 2014**
Tourist destinations/Events	25	
Gas stations	10	
Bus terminals	0	
International border checkpoints	50	
Markets/retail outlets	65	

5.6 Data analysis and interpretation

5.6.1 Development of a cross-border shopper taxonomy

Clustering techniques are appropriate for finding a cross-border shopper taxonomy since these are commonly used in market segmentation. The clustering of members into homogeneous groups was based upon their similarities according to several variables. In addition, cluster analysis helps to determine the homogeneity within clusters and the heterogeneity between groups without making any presumptions for categorising respondents.

A hierarchical cluster analysis approach using the Ward method with squared Euclidean distances was therefore adopted to determine how many clusters should be retained. This procedure attempts to identify relatively homogeneous groups of benefit-based variables. The distance or similarity measures were generated by the Ward method with squared Euclidean distances to find the ordinary straight-line distance between two points (Hair *et al.,* 2010). Next, a non-hierarchical, K-means partition was chosen, since this approach facilitated the formation of different groups. This approach, which can balance cluster sizes within the dataset, is one of the simplest algorithms that set data through a certain number of clusters (MacQueen, 1967).

Next, a profiling taxonomy was adopted in order to understand the distinguishing characteristics, demands and consumption patterns of each segment. Multivariate Analysis of Variance (MANOVA) and Analysis of Variance (ANOVA) were used to compare socio-demographics, tourism activities, cross-border shopping within and across four segments. Significance levels for all statistics levels were measured at the 0.05 level. Table 5-9 shows a summary of the steps and methods used for data analysis.

Table 5 - 9 Analytical steps and methods

Step	Analytical Process	Analytical method
1	Develop a taxonomy of cross-border tourist-shoppers	- Exploratory Factor analysis - Cluster analysis
2	Profile each segment of cross border shoppers	- ANONVA and MANOVA to compare variables, each segment in terms of (a) Demographic characteristics (b) Activities (c) Travel-related patterns
3	Compare perceived important factors to visit and performance of shopping attributes	- Components Factors Analysis - Importance-Performance Analysis

5.6.2 Comparing the Importance/ Performance

To evaluate the Importance and Performance of the destination, a three-step process was employed to identify consumer satisfaction.

5.6.2.1 Calculation of perceived importance and perceived performance factors: Mean scores were calculated by summing the values in each factor and then dividing by the number of attributes. There might be a relationship between Importance-Performance of visiting a shopping destination. In other words, if respondents regard a destination attribute as more satisfying to visit, that is reflected in their intention to visit the shopping destination. Next, correlation analysis was also conducted to determine whether such a relationship exists.

5.6.2.2 Evaluation of Importance and Performance attribute factors among segments: The Importance and Performance of each attribute was compared. When visitors feel positive emotions they are more satisfied and have positive behavioural intentions. Since shopping behaviour is a parametric variable, Analysis of Variance (ANOVA) was used to compare the shopping destination in terms of tourist-perceived importance factors and tourist-perceived performance factors. The results of this section serve as input variables for further investigation into the development of a marketing strategy.

5.6.3 Development of a competitive advantage

An Importance – Performance Analysis (IPA) grid was employed to present the results in four quadrants. This study was based on the work of Martilla and James (1977). Their study created the method of identifying IPA in areas of perceived high or low attribute performance combined with high or low attribute importance (Figure 5-4). This method provided the readers with the guidelines to the factors that:

(I) *Keep up the good work*, meaning the places were performing well, and need to continue working.

(II) *Concentrate here*, referred to a need for additional focus as they were underperforming.

(III) *Low priority* was of low priority and required little investment.

(IV) *Possible overkill* referred to a risk of over investment as they are of low importance to customers.

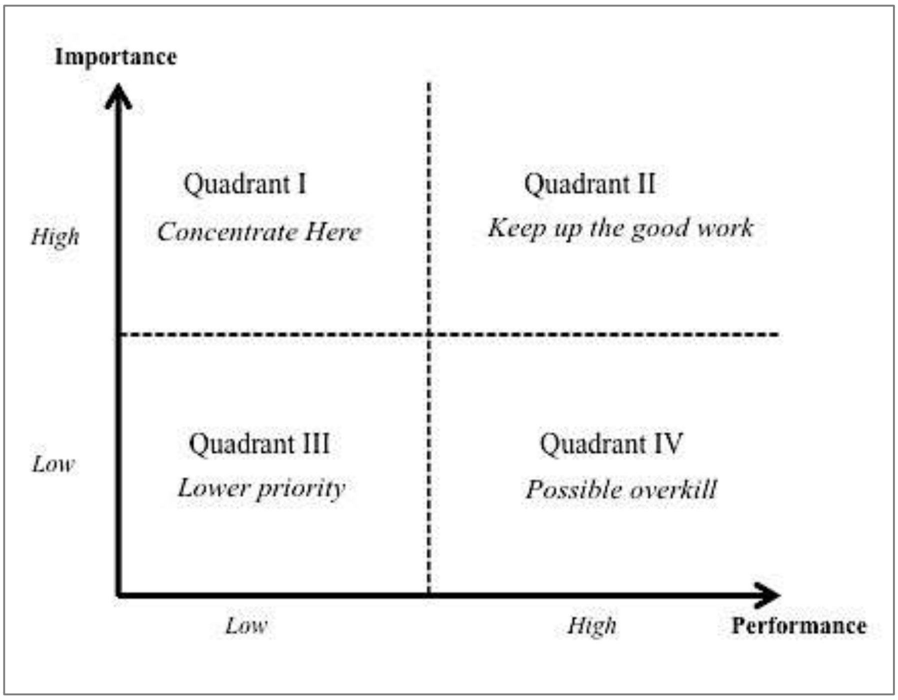

Figure 5- 4 the IPA Matrix
Source: Martilar and James (1977)

Moreover, this study seeks to compare expectations and perceptions against business's effectiveness. It is therefore important to develop the matrix to assist the formulation of an operations strategy. Consequently, the 'data-centred diagonal line' was applied in this research to divide the area of consumer satisfaction and dissatisfaction. This approach is more practical than the traditional IPA matrix because marketers can prioritise their resources regarding to their target groups expectation.

5.6.4 Evaluation of the Measurements

There are several types of validation procedures suggested in the literature. In this study, two main types of validity are applicable: content validity and construct validity. The content validity is used to identify the degree of correspondence between the items selected to constitute a summated scale and its conceptual definition, while the construct validity is used to confirm a network of related relationships generated from theory based on constructs.

Since the objective of this research is to test a segmentation theory and find relationships between destination attributes and consumption behaviour, the assessment of construct validity is significant. The validity of measurement is used to assess the construct validity so as to reflect the theoretical relationship with other constructs. The measurement scales were subjected to validity and reliability tests. To test the validity, an item is expected to show a relationship with others that measure the same constructs (convergent validity) but differ from items that measure different constructs (discriminant validity). The convergent validity of a scale was investigated by measuring a Structure Matrix. The results indicated high factor loading (<0.50) with significant t-values. The high level of associations contributed to the probability of satisfaction in cross-border shopping, given a contingent specification of the variables.

A discriminant validity test was performed to establish the distinction between the scales used in this study. The Pearson correlation coefficient was used to investigate the benefit sought and the explanatory variables, and referred to the strength of the association. The results show low associations between benefit segmentation and the significant explanatory variables (associations lower than 0.3). These factors suggest that the scales are sufficiently different from the other similar concepts. To assess the reliability of the measure, Cronbach's Alpha coefficients were calculated. Coefficients greater than 0.6 are considered acceptable in this form of analysis (Hair *et al.,* 2010).

5.7 The supply research designs

This section focuses upon the qualitative techniques used to understand the perspectives of retailers and policy planners. A qualitative approach has the advantage of allowing the researcher to receive rich and in-depth information from sources to explain the mechanisms and structures that impact upon a marketing strategy. The results help to understand the current marketing implications in practice.

5.7.1 Sampling selection

A purposive sampling technique was used to select participants. Respondents were chosen because they were responsible for planning marketing policies. Selection was partly dependent upon whether or not the respondents were available for interview. In the first group, three policy planners from different public sector organisations were selected. These were (1) the national tourism board, (2) the local tourism department that deals with cross-border tourism in the Northeast of Thailand, and (3) the local commercial department that takes responsibility for retail sectors in the regional markets. The involvement of these participants was useful in giving a picture of marketing strategies that specifically related to cross-border shopping and tourism.

Secondly, four organisations involved in retailing were selected to be a part of the study. The aim was to understand how market segmentation operated in practice in the regional markets. Regarding the selection of retail companies, the respondents were selected from different types of businesses: a department store, a cash and carry, a regional shopping mall, and a traditional mixed goods supermarket. This mix of businesses provides an understanding of retail marketing from several perspectives. Table 5-10 shows information about the interviewees.

Table 5 - 10 Information about interviewees

Interviewee	Organisation	Sector	Place of interview	Role/Responsibility
A	Tourism Authority of Thailand (TAT)	Policy planner	Bangkok	Head of national tourism organisation
B	Tourism and Sport Administration	Policy planner	Nong Kai	Head of local tourism and sport administration
C	Chamber of Commerce Administration	Policy planner	Mukdahan	Head of the local Chamber of Commerce committee
D	The National Department Store Chain	Retailer	Udon Thani	Marketing Manager
E	Cash and Carry	Retailer	Mukdahan	Managing Director
F	A regional shopping mall	Retailer	Nong Khai	Managing Director
G	A mixed goods supermarket	Retailer	Nakorn Phanom	Owner

A personal interview is the most flexible data collection method (Bryman, 2012). As such, different phrases could be used to get the response needed, depending on the situation and the person. In interviewing, all the questions are open-ended. They are designed to provide the utmost flexibility for the interviewer and the interviewee. In addition, queries on future strategies regarding market segmentation were also posed. The interview session took from as little as an hour and as long as two hours.

The researcher acknowledges that the sample size of the qualitative interviewees was small. It may be doubtful whether the four retailers and three authorities could be considered to represent the supply-side in Thailand. Due to the time constraints, this problem could not be mitigated but, on the other hand, this qualitative study was not intended to arrive at generalizable statements based on a large representative sample;

rather, the purpose was to gain an in-depth understanding of market segmentation implications in an actual business setting.

5.7.2 Conducting interview questions

The policy planners and retailers were asked separate sets of questions. The questions for the policy planners enquired about the common views regarding the key dimensions which drive cross-border shopping and tourism, for example policy, regulations, market trends, and how external changes had affected current marketing activities (Appendix A-4). In addition, the research explored the extent to which their organisations understood the concepts of marketing planning and market segmentation. The outcomes were intended to allow the researcher to understand how policy planners viewed cross-border shopping in the regional markets; as well as the marketing opportunities to Laotian consumers.

Secondly, the retailers were questioned about market segmentation and its application in a regional market. To help the interview process, retailers were interviewed in order to explore the implications of market segmentation by focusing upon how to classify Lao shoppers. This section focused upon the retailer and related market structure. For example,

- *Who are their cross-border customers? What type of customer is involved in their businesses?* The answers to these questions concentrated on understanding the contribution of consumers' profiles. Subsequently, the researcher combined these variables with demographic and socioeconomic variables, and motivations to shop in the areas, in an attempt to explain the cross-border shopping phenomenon.
- *Are there any distinctions between the activities engaged by different segments?* In this task, the understanding of shopping activities, consumption practices, and factors that related to cross-border shopping behaviour was examined alongside the previous research.
- *How can they develop segmentation approaches and how can marketing segmentation provide a useful platform for strategy development?*

In addition, data were focused upon marketing strategies, as well as business missions and objectives, assortment strategies and promotional strategies. In addition, the open-end interviews also asked for information about their Laotian customers demographics, attitudes towards shopping, product categories, and reasons for shopping in their store, their shopping activities and their consumptions. These questions helped in the understanding of whether interviewees acknowledged the different categories of cross-border shopper and their subsequent marketing responses. All interviews were recorded to ensure that data was captured accurately and to avoid misinterpretation. Throughout the interviews, the researcher was careful to approach the questioning in a sincere and non-threatening way.

5.7.3 Data analysis

The last stage was to interpret the data. Information was coded and transcribed in Thai, then translated into English. The transcripts were coded for thematic analysis in the Thai language which enabled the researcher to interpret textual information. Thematic analysis was adopted to figure out the core variables included within the data. To assist in the description, the transcripts were coded into conceptual clusters. The different components were interpreted regarding the structures and relationships involved; for example, the marketing that underpins business strategies, and the mechanisms that were involved in designing marketing to cross-border shoppers. Data analysis followed the critical realist descriptive analysis procedure, namely:

I. Descriptions of the opinions revealed in the study, including how the respondents' viewed the market segmentation and marketing activities they undertake. The transcripts were coded into conceptual clusters. The different components were interpreted regarding internal and external factors that influenced whether on developing marketing segmentation.

II. The interpreting of the different components from conceptual frameworks and interviewing, such as marketing mix (place, price, promotions, and products). The market segmentation from the interviews was matched with the quantitative study to identify recommendations.

5.7.4 Ethical considerations in respect to qualitative findings

Regarding ethical considerations, when seeking permission to conduct the research, marketing confidentiality and the anonymity of the companies and research participants was guaranteed when reporting the data. The researcher promised confidentiality of information and the anonymity of the businesses and individuals. Participants, therefore, were simply referred to as interviewees A, B, C, and D. To keep information confidential, the researcher put all electronic copies (audio recorded data) in a secure folder which is accessible only through a password.

5.8 Limitations

First, the data collection took only one month, so there was potential for some level of temporal bias. The results may not be illustrative of the overall population of Laotians who visit Thailand since Laotian consumers in different seasons may have different consumption needs. Due to the time constraints, this problem could not be avoided. The data was, however, tested for reliability and validity before interpretation.

In addition, the translation of the questions from English into Lao could cause problems. Language represents culture, and this posed potential problems when the requirements of English had to be met, yet the questionnaire and interviews had to be administered in another language, using non-technical language. This problem was minimised by consulting with native speakers and having a pre-test in order to find common words. The questions that tended to confuse the respondents were kept to a minimum by pre-testing with several groups.

5.9 Conclusion

This chapter has detailed the data analysis and explained the construction of the research through multiple approaches and from multiple sources of evidence. The study adopted critical realism as a research paradigm to explore segmentation approaches and to overcome the individual weaknesses of quantitative and qualitative methods. In addition, the adoption of a survey method provides substantial evidence for a conclusion. The responses were processed through 450 cross-border respondents and seven organisational representatives. Purposeful and convenience approaches were adopted. During data analysis, questionnaires and interviews were interpreted using statistical approaches and content analysis, respectively.

CHAPTER SIX: Qualitative Findings (1)

MARKETING BY THE STATE

This chapter analyses the marketing conducted by central and regional authorities in respect to the border region of Thailand from a critical perspective. In addition, the study is concerned with understanding how the policy planners operated, which may have marketing implications. The results contribute to the understanding of marketing and policy as mechanisms in the regional markets, and to match marketing concepts with the cross-border demand. Archer (1996) suggested that whether these beliefs are contradictory or complementary would influence the strategic marketing plans. There are five parts to the chapter. First, the details of the interviewees are presented. Second, marketing at the national level is explained. Third, the strategic marketing in the regional markets is evaluated. Finally, discussions about the implications of marketing are evaluated.

6.1 Source of data

The interviewees were representatives from three organisations that are responsible for tourism and retail in the border region of Thailand. Interviewee A was a representative of the Tourism Authority of Thailand (TAT), The TAT is acknowledged as the state enterprise organisation responsible for tourism marketing, promotions, and drawing the attention of both potential tourists and the travel and tourism trade to the country.

Interviewee B was from the Local Tourism Department that had responsibility for tourism and sports management in Nong Kai province. The interviewee was in charge of tourism matters such as setting policies and strategic plans for tourism development, developing infrastructure and its supporting factors in terms of tourism and recreation in the province.

The last informant, interviewee C, was a representative of the Chamber of Commerce Department involved with retailing and trading businesses in the Mukdahan province. The interviewee had a duty to provide advice to governmental sectors and to set out policies. Table 6-1 provides a summary of the informant profiles: organisations, place of the interview and responsibilities. Table 6-1 demonstrates the interviewee details.

Table 6 - 1 Summary of interviewee details

Interviewees	Organisations	Sectors	Place of interview	Role/Responsibility
A	Tourism Authority of Thailand (TAT)	Tourism	Bangkok	Head of national tourism product marketing
B	Tourism and Sport Administration	Tourism	Nong Kai	Head of local tourism and sport administration
C	Chamber of Commerce Administration	Commerce	Mukdahan	Head of the local Chamber of Commerce committee

The evaluation is divided into two parts. The first part investigates the retail development strategy in the border regions. Here, both local and national authorities were asked to comment upon future developments in the border markets. The second part deals specifically with tourism marketing.

6.2 Analysis process

The thematic analysis of interviews was done manually. All dimensions were coded. For example, the code 'intra-personal role' was used to refer to all data related to personal roles as a mechanism in the marketing process, and 'extra-national plan' was used to refer to all data related to external factors from national plans that dictate the design of a marketing strategy. The researcher was looking for words and phrases/sentences mentioned by each interviewee that could be connected to the structural domain and the mechanism domain of a regional market. This allowed the researcher to get a detailed and comprehensive view from interviewees. The outcome can provide a social phenomenon that could impact businesses in the regional market.

6.3 Place marketing in the national level

The analysis of the marketing of places is aimed at two things. The first is to understand the thought-processes behind the regional development and the second is to examine the results of the national plan. In this part, therefore, the national policy that has been announced in the official documents is reviewed. Thailand has a policy of building strategic partnerships with all neighbouring countries as part of a broad national objective to turn regional areas into economic zones for investment, trade and tourism. Consequently, the Government announced that the primary target groups were investors from developing regions such as East Asia, the Middle East, South Asia and Africa. The developments were mentioned in the 11th National Economic Development Plan;

> " 5.5.2 Develop investment bases by improving competitiveness in the region. This should be achieved through spatial development that improves connectivity with neighbouring countries and South-East Asia and is based on an integrated spatial development plan for mutual security and stability. It should lead to formations of the bases for development in industry, agriculture, tourism, border economic zones and border towns."
>
> (11th National Economic and Social Development Plan, 2012, pp. xviii)

It appears that Thailand uses a collaborative strategy that promotes the country as a single destination in order to gain a competitive advantage. As part of this policy, collaboration is promoted under the assumption that sub-regional collaborations can enhance the attraction of the destinations. The marketing activities for the regional target markets are built on the premise that international collaboration will be advantageous for the targets. As a result, a number of projects, such as inter-country road construction, have been undertaken, as well as the establishment of transport corridors within the sub-region (Figure 6-1).

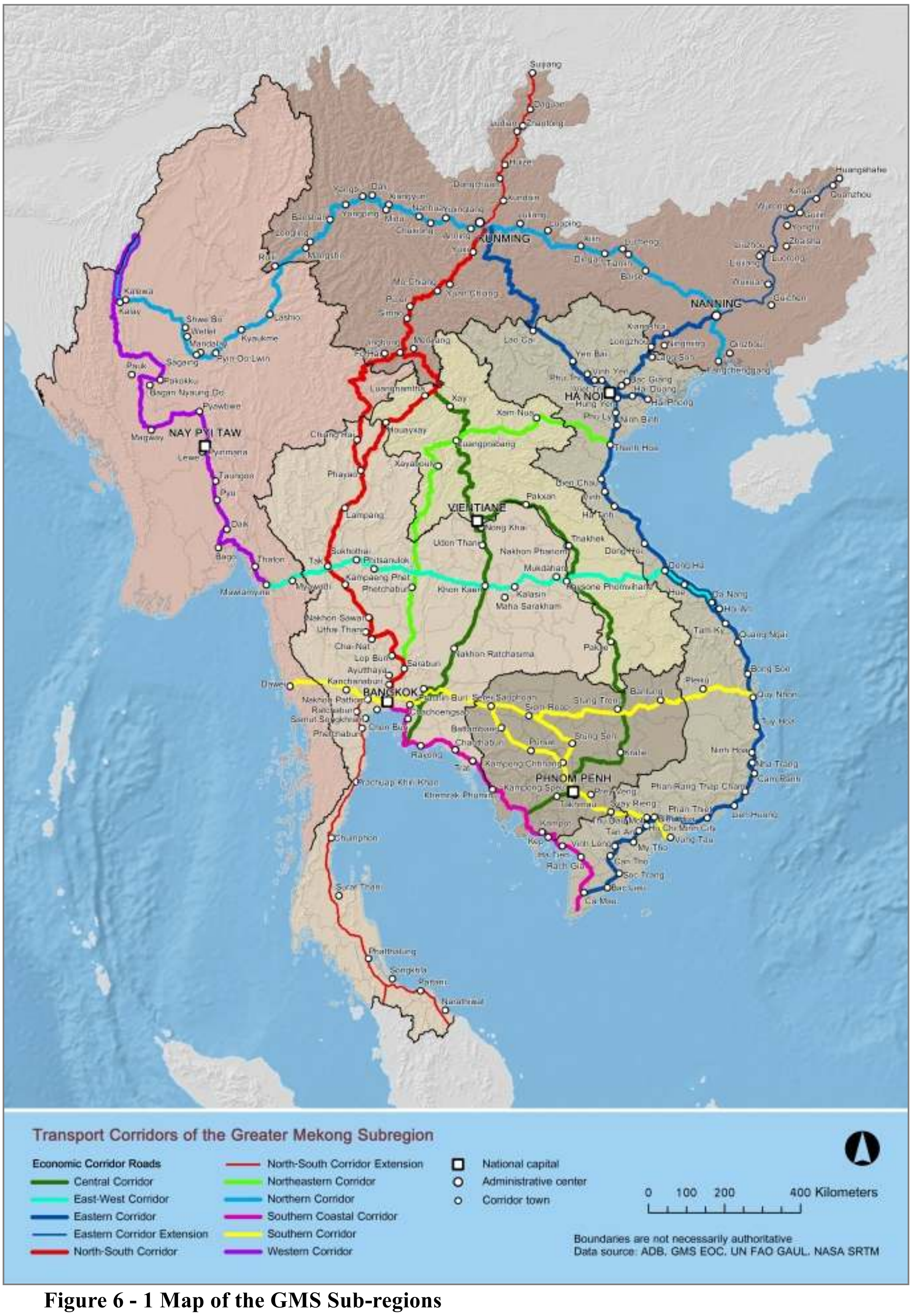

Figure 6 - 1 Map of the GMS Sub-regions
Source: ADB (2010)

6.4 Place marketing at the regional level

Analysing place marketing at the regional level helps to understand the structure domain. According to Archer (1996), the structure domain refers to all things capable of being grasped, deciphered, understood or known by someone. The extent to which people are willing or able to know or understand the changes in the regional market are identified here.

6.4.1 Place positions

Within the Thai regional market, the marketing of place appears to emphasise the locational advantage of sharing borders with Laos. For example, one province, Mukdahan, used its location to position itself as 'a gateway to ASEAN'. Mukdahan has established itself as a hub that connects Laos, Vietnam and China. The province aims to sell agricultural and consumer products both domestically and to adjacent countries. As one interviewee commented:

> "Mukdahan has been established as a province for just over 30 years. The population is around 340,000 people. The province has seven districts, but we have high potential in terms of geography over the other bordering provinces on the Mekong River. The province is on the East-West Economic Corridor (EWEC), which connected Mywadee, Myanmar – Khonkean – Kalasin - Mukdahan. Beyond Mukdahan's border, there are international customs to Banag, Nan Ning. The reason that Mukdahan is called a gateway to Asia is because Mukdahan has the potential to be triple-sister countries [Thailand-Laos-Vietnam]. Next year, we will position ourselves as a city of agriculture, trade/retail, tourism and a gateway to Indochina."
>
> (Interviewee C)

Similarly, Nong Khai, which benefitted from the first Thai-Lao Friendship Bridge, has been positioned to be both a popular tourist destination in the North-East, and a location-hubs to ASEAN. The interviewee explained some advantages of the province:

> "Nong Khai province gains an advantage over other provinces in terms of its location near the capital city of Laos, about 20 km. It is not far to come here (Nong Khai province). Due to the short distance, Nong Khai could gain an advantage from both shopping and tourism. The more the cross-border travellers come to travel and shop, the more the local community earns revenues… Nong Khai was positioned in terms of being a peaceful province, and a gateway to border trade."
>
> (Interviewee B)

It can be noticed from the interviews that location is considered to be a main priority for establishing the provincial marketing strategy. The border provinces have promoted their locational advantage of a shared border with Lao PDR, and along the Mekong River, to all segments: investors, tourists and residents.

Table 6 - 2 The border provinces and their marketing positions

Provinces	Marketing Positions
Nong Khai	A liveable city and a gateway to the ASEAN
Mukdahan	A town of trade, agriculture, tourism along the Mekong river, and connected to ASEAN
Nakorn Phanom	A liveable city and a gateway to ASEAN and Southern China

As a result of their development, retail businesses have expanded in these areas and the border provinces are now in a period of growth. The GPP of retail trading in these locations has increased (unlike in other parts of Thailand) (*in Chapter 4, section 4.2)*. The growth experienced by the border provinces was commented upon by Interviewee A, who gave a positive opinion about investment in border markets.

> "The markets in border towns have been continually growing. We can observe this from private sector investment. They opened in many bordering provinces. For example, Central Department Store spent at least 3 billion Baht on each shopping mall project… They have seen an opportunity in the large demands of cross-border shoppers. When the Lao shoppers come to Thailand, they spend a lot of money on Thai and international brand products. Although the cross-border shoppers do not buy high-end brands or luxury brands, they will look for products that are branded to assure them of its quality."
>
> (Interviewee A)

Moreover, these marketing strategies have boosted the economy of the region and share consequent benefits by linking business activities and investments, all of which contribute to the gross province profits (GPP). This development has significance beyond retailing, and has had a major impact on the growth of the other businesses, such as property, accommodation, transportation and manufacturing. As the interviewee from the Chamber of Commerce commented;

> "The local economy has grown in the last five years. Before we had the Thai-Lao Friendship Bridge, the province received revenue of about 2 million Baht. After the bridge, the province received 5,000 million Baht. Two years later, we got around 20,000-30,000 Baht. And last year, we received 100,000 million."
>
> (Interviewee C)

6.4.2 Private-public strategies

The Government has created conditions that appeal to private investors. One of the marketing strategies that has been promoted is the country's human resource capabilities and labour skills. To strengthen the advantages of the regional areas, the development plans were to strengthen the competitiveness of human resource capabilities such as labour skills, communication skills and educational development, within both the public and the private sectors. As announced in the development plan;

> "Preparations should be made through strengthening public-private cooperation to develop human resources in all economic sectors. There is also a need to enhance the capacity of public and private educational institutions to meet internationally recognised standards. In addition, labour skills development and minimum standards for goods and services are required in order to prevent the import of low-quality products into Thailand and neighbouring countries."
>
> (11th National Economic and Social Development Plan, xviii)

Interviewee B agreed that local government needed people who are competent, able to communicate in English and who can work in a dynamic environment. Interviewee B expressed that:

> "… I have been working in a traditional Thai system for a long time… the local government needs young generations who are able to communicate in English and multi-task… now we have to learn to speak English."
>
> (Interviewee B)

Besides, the interviewee from the Chamber of Commerce commented:

> "One of our strategies was to improve people such as labour skills, speaking English, as well as educate people about ASEAN…."
>
> (Interviewee C)

Unfortunately, many organisations were unable to deal effectively with the government projects. While policies were designed to support the small and traditional retailer, the research suggests that these businesses had not adjusted themselves to changes in the market environment. Several governmental projects failed in terms of the number of participants. One reason cited was the lack of public interest in Government projects. As the interviewee from the Chamber of Commerce commented:

> "We had tried several ways for traditional grocery retailers to be aware of the new market structure. But, they have not realised what would happen in the future yet. They just want to do what they want in their way."
>
> (Interviewee C)

6.5 Marketing to Retail Tourists

Tourism has been promoted as a major source of national income, creating jobs, spreading income benefits and increasing foreign exchange earnings. This industry has been viewed as an important mechanism for attracting foreign capital to the country. The government emphasised the tourism industry by aiming to double the revenue gained from foreign tourists in order to strengthen the country's capacity for resilience, and allow the country to recover from economic crises. Interviewee A further explained that:

> "The Government had the main mission to gain revenues for the country, no matter how. In response, we had to look at our plan and how to meet the government objective. With a short-term plan, we could not find a new target. So, we had to develop our [tourism] products to become attractive.
>
> (Interviewee A)

In responding to the Government planning, the Destination Marketing Organisation (DMO) targeted tourists from wealthy countries such as Germany, the USA and the UK. Then, marketers segmented the target segments into niche markets regarding their interests, such as honeymoon tourists, sport and golf tourists, and also shopping tourists. The interviewee from the DMO stated that:

> "When we were looking at the tourist numbers, Lao tourists were not our target. Hopefully, the number of tourists will increase in the future, as a result of the opening of new Thai-Lao friendship bridges…"
>
> (Interviewee A)

The marketing strategies were to increase tourist spending; then the incomes would go to other businesses. Interviewee A explained that:

> "One of our strategies was to increase tourists' spending rather than to increase the number of them. Therefore, we tried to encourage tourists to stay longer and spend more money. Consequently, the expenses for transportation, accommodation, and shopping would increase… and shopping is one of the activities that could increase tourists' spending."
>
> (Interviewee A)

For example, the government used the *"Thailand Grand Sale*" from 15 June to 15 August every year to promote both tourism and shopping. Around 5,000 retail stores offer discount prices during this period. It can be seen that the country sold a promotion by using a low-price strategy to increase the number of tourists and their spending. These campaigns were designed to attract international tourists through co-operation between the tourism and retailers in promoting Thailand as a value-price destination.

> "Thailand Grand Sale was a big project in which the TAT cooperated with the retail sectors. In this campaign, retailers from the major cities, around 5,000 stores such as shopping malls, community malls, and even shopping streets in several big cities, offered discount prices for tourists… Those shops offered around 80% discount…most of the tourists were the holders of VISA credit cards. The expenditures were around 20,000-30,000 million Baht. This amount was from credit card, not including cash."
>
> (Interviewee A)

The marketing strategies were to develop existing events and resources, and then to sell the tourism products (a city) with promotional efforts to increase the number of tourists. The notion is that this campaign would improve the country's economy during low season periods. Consequently, mass advertising was undertaken with large-scale promotional efforts to increase the international tourist volume and spending. This marketing campaign was reported to be a successful strategy in terms of promotion and advertising in that it attracted a large number of international tourists (Interviewee A).

6.5.1 Tourism marketing in regional planning

While marketing at the national level primarily focused upon tourists from advanced countries, the local authorities followed the national target groups. The main target groups of the regional markets were domestic tourists and international tourists who came from advanced countries, such as European and American tourists. Interview B explained that;

> "Our targets were Thai tourists who wanted to cross the borders to Laos, or needed to buy products from the Indo-China Market or who wished to visit the Mekong River. In addition, many of them wanted to purchase products from Lao duty-free. Some of them went to a Casino. Moreover, our main tourists were international tourists who wanted to cross the border to extend their visa… They had to stop here [the province] before they travelled to Laos. We had a lot of international tourists visiting the city."
>
> (Interviewee B)

6.5.2 Promotional strategies

The development strategies in the regional markets seem to imply a resource-orientation strategy. Marketing in the regional areas used a product development strategy for increasing sales volumes. It seems tourism marketing sought to improve existing products and then determine who might be interested in purchasing them. Similar to national tourism marketing, the authority stimulated demand through events that they could control, such as creating sports competitions, concerts and entertainment. For example,

> "Nong Kai could gain advantage from both shopping and tourism. In terms of tourism, Nong Kai had a position in cross-border tourism, nature, religions and cultural traditions. These issues were picked up as a marketing strategy. The more the cross-border travellers come to travel and shop, the more the local community could get the revenues…
>
> …Our promotional plans were creating massive events such as a New Year countdown, a Naga rocket festival, and concerts… We used these events to increase tourist demand. In addition, we also promoted religion for the Lao tourists. Consequently, those tourists would buy something before they went home."
>
> (Interviewee B)

Although regional marketing was driven by public organisations, the research suggests that local authorities seemed unfamiliar with the concept of market segmentation and implementation. Many local governmental marketers did not adopt a segmentation approach in planning their marketing strategies. This had the potential to create an overly-product centric focus resulting in market myopia and the changing needs of the market being ignored (Fyall and Garrod, 2005). As a consequence, cross-border tourists spent less money on tourism in Nong Khai province than in other provinces. For example,

> “We tried to attract Lao tourists by creating events, or competitions…But, some groups of rich Lao people would go to travel in Udon Thani or Bangkok….
>
> … We have to find how to attract tourists to stay and spend money in our province. Therefore, our strategy is to develop a town by developing tourist attractions, building landmarks, establishing photo corners, the creation of leisure parks and updating information."
>
> (Interviewee B)

6.6 Local political unity

The research suggests that local politics was strongly involved with the city marketing process. Local authority involvement is significant to either enabling or constraining the marketing policy and strategy in Thailand. Kotler (2002) suggested that the strong presence of a political element in place marketing contributed to a consistent style in the contexts of place marketing.

The findings revealed that the political structure in the regional markets seems to be an important condition for the implementation of marketing. The decision-making process in marketing has been the responsibility of many players, such as national officers, local officers. Most of development plans, including marketing plans, were developed by local departments, but approved by national departments. It was claimed that the process of administration had caused delays in the marketing process. For example:

> “Often, I have found that a lack of coordination among the departments leads to delays in official processes and duplication of work, while little information about the rationale for making decisions was explained to the local authorities.”
>
> (Interviewee B)

When the national political situation became unstable, there was a delay in decision-making in several public investment projects. The interviews for this research were conducted before the military coup of 2014, and the results show that the strategies enacted by the local authorities largely relied on the Central Government policy. It was claimed that the process of administration had come under considerable strain. For example:

> “The government sector is often unstable when carrying out policies and missions. Our government has changed quite often. During the changes, it has created a gap while waiting for a new government …We can’t do anything

> during this time … we are waiting for budgets from the government … as you know, the government can't do anything now.
>
> (Interviewee B)

The effect of delaying the economic development of the border region was in part blamed on the instability of the Central Government because the local budgets and resources depended on central support. It can be seen that the working system is dictated by impositions from those in power. These can impose constraints on the actions of the interviewees.

6.7 Discussions: ignorance of significant markets

The results indicate that the importance of Laos tourist seems to be overlooked by the interviewees from tourism organisations who were not aware of the significant growth of cross-border consumers. The number of Lao tourists has risen rapidly, by approximately 50% (from 2008 to 2014) (Tourism Department, 2015) (Figure 6-2). Although it could be argued the Lao tourists do not occupy the largest tourist base in Thailand, the demand from Lao travellers has increased dramatically. Figure 6-3 suggests that the volume of Lao expenditure in Thailand has increased rapidly in absolute terms since 2000.

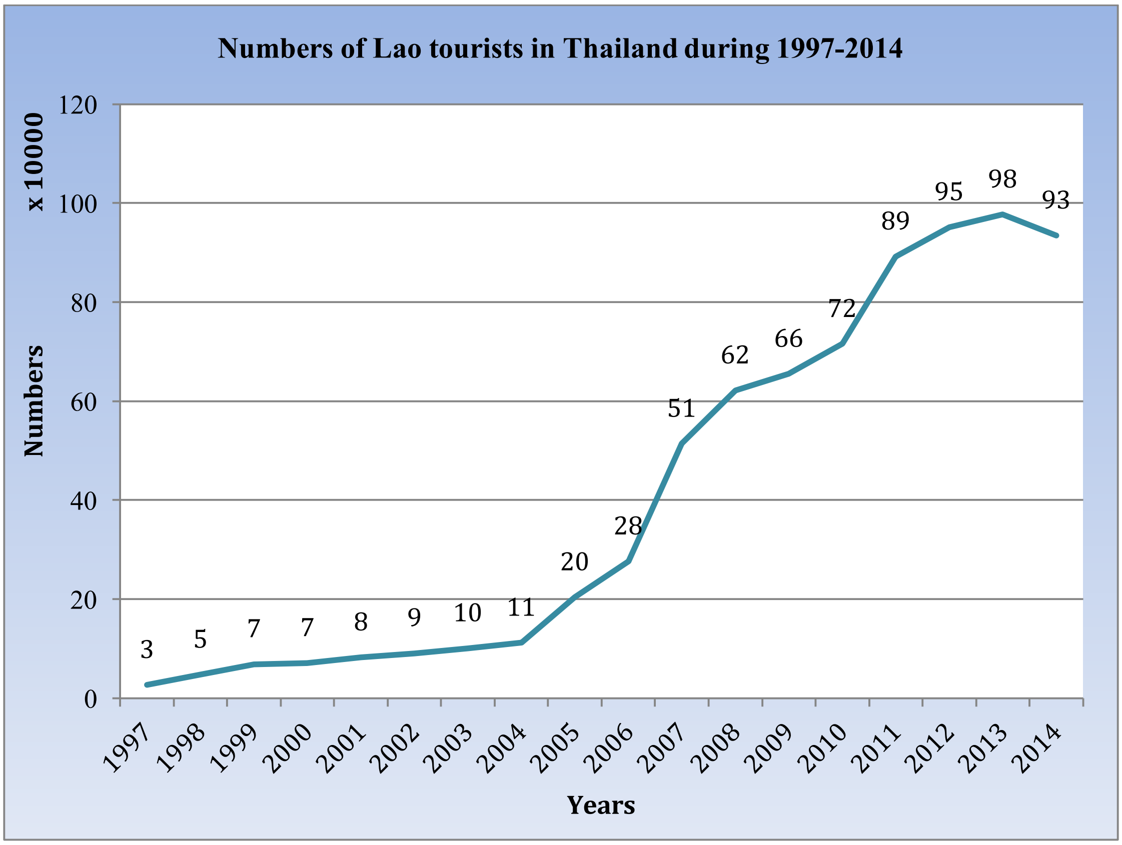

Figure 6 - 2 Numbers of Lao tourists in Thailand during 1997-2014
Source: Ministry of Tourism and Sports, Thailand (2015)

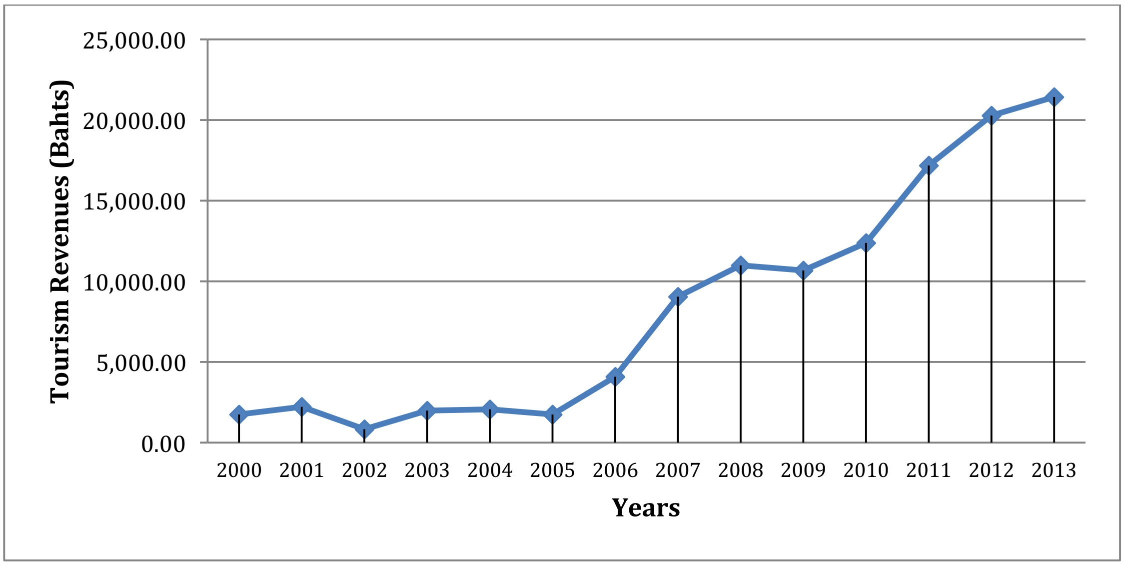

Figure 6 - 3 Tourism Receipts from Lao Tourists
Source: Ministry of Tourism and Sports, Thailand (2015)

The research identified several reasons why the interviewees seemed to underestimate demand from Lao tourists. Part of the issue came from the fact that the Thai authorities classified Lao shoppers using quite broad criteria.

> "…Lao had a consumption pattern that differed from shopping tourists. As far as I know, they would come to purchase consumer products, health and/or beauty services, and electronic devices. These products would differ from tourists. Ordinary tourists would come to purchase high-end products and Thai brand-name products, but Lao shoppers would come for consumer goods… talking with local officers in bordering provinces, such as Nakorn Phanom, Udon Thani, and Ubon Ratchathani, they said Lao shoppers would visit the shopping mall on Saturday and Sunday. The Laotian demands would probably increase in the future…These products (consumer goods and a Speciality store) were not our concern. The Commerce department was taking care of it."
>
> (Interviewee A)

The findings noted how Laos travellers who crossed the borders for only one day trips were not classed as tourists. Accordingly, a tourist was defined as an individual who stays at a location for at least one night. As a consequence, policy planners ignored day visitors. The results demonstrate that a lack of practical concepts has undermined marketing planning in the region. Consequently, the advertising and promotion campaign of TAT was not focused upon Lao tourists, and the Thailand Tourism Offices located in Laos have been closed due a lack of resources.

Secondly, tourism marketing in Thailand tends to focus upon resource-based developments more than consumer-based developments. This could lead to a form of marketing myopia whereby the changing needs and wants of travellers are ignored. As a consequence, interviewees failed to monitor the change of Laotian consumers. This led to difficulties when attempting to add value.

> "…Most Laotians are not coming for tourism because they are price-sensitive. They won't pay for any leisure activities. Most of them come to purchase consumer products. You will see a lot of Lao people at Tesco-Lotus."
>
> (Interviewee B)

In summary, the interviewees appear to have misunderstood the needs, wants and behaviours of Laotian cross-border shoppers. This subsequently led to difficulties in strategic planning. Part of the issue stems from the fact that the Thai authorities did not classify Lao shoppers from consumer-centric perspectives. This negligence in terms of consumer-orientation has led to a situation where the authorities were unable to analyse the market effectively.

6.8 Conclusion

The outcomes of this chapters aim to provide information before making recommendations for policy planners in developing a marketing strategy. Content analysis with a critical realist framework can be seen to explain interviewee's decisions and opinions. The findings were divided into two main stages: marketing at the national levels and marketing at the regional levels. As the Thai Government developed a number of policies aimed at decentralising industrial, agricultural and service investment to the regional areas, marketing was preoccupied with resource-based development and focused upon selling and convincing travellers to visit the country. Tourism was considered as a marketing approach to create revenues. The ideas of tourism were built on the premise that marketing strategies could bring international tourists and intra-regional tourists to regional markets. The process of developing the marketing plans was to attract visitors and their money to the city. The marketing, however, was concerned primarily with production rather than consumer satisfaction. The research shows that the problems of implementation in the regional areas were lack of information on Lao customers to assist the development of a marketing strategy. Hence, the next chapter will explore cross-border shoppers in the regional markets.

CHAPTER SEVEN: Quantitative findings (2)

DEVELOPING A CROSS-BORDER SHOPPER TAXONOMY

This chapter seeks to apply the market segmentation approach for understanding cross-border shopper behaviour. The findings consisted of six main parts. First, an overview of respondents and responding rates is identified. Second, a cross-border shopper taxonomy is explored using Exploratory Factor Analysis (EFA) and Cluster analysis. Four groups of shoppers are identified. Then, these four groups are adopted as inputs for further analysis. Forth, the four groups are explained in terms of shopping behaviours and travelling patterns. After that, the reliability and validity of the results is tested. Finally, the four groups are compared in terms of significant behaviours.

7.1 Responding rates

The data collection process was conducted in November 2013 and January 2014. 450 questionnaires were distributed to Lao travellers, of which 438 were returned. The questionnaires were then screened to reveal 384 usable questionnaires, 337 of which were completed, and 47 were half finished. A completed questionnaire means the respondents answered all sections, although there could be some missing data and/or some questions skipped. Half-completed comprised answers to questions in section A (shopping behaviour), E (profile), but with some other sections unfilled.

54 questionnaires were determined as unusable. The two main reasons for eliminating data were unanswered and unreliable answers. For instance, many of the respondents filled the questions on the first pages and then left the other parts blank. In addition, in some cases, the surveys had been answered haphazardly, such as selected the same degree of attitudes in Likert-scale questions. This type of reaction did not show reliable attitudes towards the issues. Since the sample size was quite large and employed multiple statistics, a decision

was made to delete all unanswered and unhelpful questionnaires. In summary, the response rate was 85.33% of the total delivered questionnaires, which was considered adequate to ensure an acceptable level of statistical validity for use in the research (Table 7-1).

Table 7 - 1 Summary of the response rate

Descriptions	Number
Distributed questionnaires	450
Return	438
Unusable questionnaires	54
Unfinished questionnaires	47
Usable questionnaires	337

7.2 Overview of respondents

The overview of the respondents provides the general background and the basic shopping behaviour before proceeding with further analysis. The data is presented in three parts: demographic profiles, travel-related patterns and shopping characteristics.

7.2.1 Background of the respondents

Table 7-2 shows the demographic and socio-economic profiles of the respondents. The majority of the respondents were females (66.7%) within the age range of 18 to 25 years old (43.0%), and 26 to 35 years old (36.5%). In addition, the majority were single (49.7%). Looking into the socio-economic background, most of them were literate and educated respondents; 31.8% had at least a bachelor's degree, followed by 29.2% with a two-year college degree, and 20.8% with a high school diploma. Moreover, 22.1% of these respondents were self-employed/business owners, 20.8% worked for the government, and 19.5% were students. The majority earned above the average income in Laos[1] (World Bank Group, 2014). The results showed that the largest proportion (26.3%) had incomes ranging than 3 million Kips (>£219 or more than 3.5 times the national average income), followed by from 1 million to 2 million Kips per month (or £73 - £146, or 1.8 times the national average income) (23.2%), and 2 million to 3 million Kips per month (£146 - £219, or 2.9 times over the national average income) (19.3%).

[1]The national average income per month = 852,000KIP (Calculated from GNI per Capita in 2012 = 1,270 USD), (World Bank, 2016)

Table 7 - 2 Demographic profiles

Demographic	N	Percent
Gender		
Male	128	33.4
Female	256	66.7
Age		
18-25 years	165	43.0
26-35 years	140	36.5
36-45 years	52	13.5
46-55 years	24	6.3
More than 56 years	1	0.3
Missing data	2	0.5
Family Status		
Single	191	49.7
Married with no children	35	9.1
Married with children living at home	131	34.1
Married with no children living at home	13	3.4
Divorced/widowed	12	3.1
Missing data	2	0.5
Education		
Less than high school	56	14.6
High school	80	20.9
Two-year college degree	112	29.2
Undergraduate degree	122	31.8
Graduate degree	14	3.6
Occupation		
Student	75	19.5
Governance officer	80	20.8
Self-employed/business owner	85	22.1
Private officer	57	14.8
Employee	30	7.8
Housewife	30	7.8
Agriculturist	22	5.7
Other	3	0.8
Missing data	2	0.5
Income per month		
Less than 500,000 Kips	61	15.9
500,001 – 1,000,000 Kips	59	15.4
1,000,001 – 2,000,000 Kips	89	23.2
2,000,001 – 3,000,000 Kips	74	19.3
More than 3,000,001 Kips	101	26.3

7.2.2 Travel-related behaviours

The next stage of the research examined the travel patterns of the respondents. Individuals were asked to indicate the purpose of their visit, length of stay, activities undertaken, the number of people travelling, the type of people accompanying them and the method of transport they used.

Table 7-3 shows that the majority considered shopping to be their main purpose for visiting (56.8%). This was followed by tourism (38.3%) and other purposes such as visiting relatives, participating in festivals and other activities (4.7%). Most of them engaged in purchasing products during their trip (66.7%). Following on from this, a large proportion of respondents participated in eating out (50.0%) and sightseeing in cities (41.1%). In contrast, a smaller percentage joined in tourism activities such as visiting attractive natural places like waterfalls and national parks (17.2%), and festival(s) or event(s) such as religious events (13.5%). 3.4%, meanwhile, were reported to be accompanying partners or drivers, so they did not intend to participate in any shopping activities.

Looking at travelling patterns, the data showed that more than 61.9% of the respondents were one-day visitors. Only 38.1% were short-term visitors. Respondents preferred to travel in a small group, ranging from 2-3 persons (52.6%), and came with their friends (42.4%) or family (41.1%). Lastly, more than half of the respondents crossed the border in their private car (64.0%), followed by public bus (29.2%).

Table 7 - 3 Travel-related behaviour

Variables	N	Percentage
Purpose of visiting		
Tourism	147	38.3
Shopping	218	56.8
Others	18	4.7
Length of stay		
One day trip	268	61.9
More than 2 days	116	38.1
Number of people travelling		
1	25	6.5
2	115	29.9
3	87	22.7
4	66	17.2
5	45	11.7
More than 5	43	12.0
The type of people accompanying		
Alone	36	9.4
Friend(s)	163	42.4
Family	158	41.1
Others	27	7.1
Transportation(s) *		
Private car	245	64.0
Public bus	112	29.2
Activities*		
Shopping	256	66.7
Eating out	192	50.0
Sightseeing in cities	158	41.1
Visiting attractive natural places (i.e. waterfalls, natural parks)	66	17.2
Participating in festival(s) or event(s)	52	13.5
Not participating in any activities	13	3.4

* Multiple responses allowed

7.2.3 Shopping behaviour

After understanding the background of the respondents and their travel patterns, the focus was shifted to investigate cross-border shopping behaviour. This section offers general information about shopping behaviour and consumption. Respondents were asked to answer multiple choice questions on shopping times, the frequency of their visits and shopping venues, as well as products purchased and the amount spent.

Table 7 - 4 Shopping characteristics

	N	Percent
Frequency of visits		
First time	56	14.6
Once a month	190	49.5
Once in 6 months	62	16.1
Once in a year	61	15.9
Over than a year	15	3.9
Shopping venues		
Discount stores	284	40.1
Indo-China market	85	12.0
Shopping mall	108	15.3
Fresh market	69	9.7
Retail outlets	80	11.3
Tourist shops	43	6.1
Night market	35	4.9
Others	4	0.6
Shopping times		
Less than 1 hour	32	8.3
App. 1-3 hours	182	47.4
App. 4-6 hours	135	35.2
More than 6 hours.	28	7.3
Missing data	7	1.8

*Multiple responses allowed

Table 7-4 shows that the majority crossed the border at least once a month (49.5%), followed by once in six months (16.1%), and then once a year (15.9%). Looking into shopping venues, most of the respondents purchased goods/services from discount stores such as Big C and Tesco-Lotus (40.1% of the total responses). This was followed by shopping malls (15.3%), and Indo-China markets (12.0%). Lastly, they mostly spent about one and three hours (47.4%). This was followed by one-day shopping which was between three and six hours (35.2%).

Apart from understanding shopping characteristics, this part of the survey was created to understand the type of products and services that were purchased. Table 7-5 illustrates that the most frequently purchased items were consumer goods such as cosmetics, cooking ingredients and skin care products (59.4%), household supplies such as toilet paper, laundry detergent and cleaning products (57.6%), and clothing such as T-shirts, sportswear and jeans (53.1%). Interestingly, a high percentage (34.7%) of respondents reported buying local foods/sweets as gifts. This indicates that Lao shoppers preferred edible gifts rather than authentic gifts such as key rings, magnets or handicrafts.

Table 7 - 5 Items purchased*

	N*	Percentage of cases
Clothing and Accessories		
1. Clothing (i.e. Shirts & tops, sportswear, trousers & jeans)	200	53.1
2. Bags/handbags	82	21.8
3. Jewellery/watches	43	11.4
4. Other types of clothing (i.e. Shoes)	16	4.2
Foods/Groceries		
5. Fresh foods (i.e. Seafood, vegetables, fruits)	153	40.6
6. Beverages (i.e. Liquor & spirits, water, soft drinks)	162	43.0
7. Consumer products (cooking ingredients, personal care items, cosmetics)	224	59.4
8. Household supplies (cleaning supplies, cooking items, kitchen tools and utensils)	217	57.6
9. Other groceries (books, medicine, school utensils)	15	4.0
Electronics		
15. Mobile phone	80	21.2
16. Computer/computer accessories (hardware and software)	44	11.7
17. Household appliance accessories (TV, radio, stereo)	62	16.4
18. Home media players (VCR, DVD, CD)	31	8.2
19. Other electronic items (games, car accessories)	6	1.6
Souvenir(s)		
20. Local souvenir(s) (Key rings, magnets)	48	12.7
21. Handicrafts	25	6.6
22. Silk/fabric(s)	44	11.7
23. Local foods/sweets	131	34.7
24. Other souvenirs	8	2.1
Total	1967	521.8

*(N = 298)

Table 7 - 6 Expenditure/trip

	Number responding	Minimum Expenditures (THB)	Maximum Expenditure (THB)	Total Expenditure (THB)	Average Expenditure (THB)
Clothing and accessories	277	0	50,000	471841	1,703
Foods and groceries	280	0	50,000	699974	2,500
Entertainment and services	278	0	10,000	237180	853
Electronics	278	0	300,000	1279079	4,601
Souvenirs	278	0	15,000	201239	724
Total	**278**			**2,889,313**	**10,393**

Looking into expenditures, the amount spent per person was disaggregated by product categories. Five categories were examined: clothing, foods/groceries, entertainment and services, electronics and souvenirs. As the purchasing currency was Thai Baht, the data was presented in the Thai currency and then converted into GBP and compared with the national average income for ease of understanding.[2]

[2]The national average income = 852,000 KIP/month.

Table 7-6 showed that average expenditures were 10,393 Baht/person/trip (around £192.5). This represents approximately 3.1 more than the national average monthly income for Laotians. In addition, electronic devices such as mobile phones, household appliances and computers accounted for an average expenditure of 4,601 THB/person (£85.2) (or 1.4 times over the national average income). This result was the opposite for frequently purchased items. An explanation could be that electronic devices are generally expensive. Hence, the amount of expenditure in this category would be the largest proportion. In addition, Thailand is a market for electronics for Laotian shoppers, who often cross the border to buy electronic devices. This was followed by purchasing food and groceries (around 2,500 THB/person, or about £46, around 0.74 times above their average income). Finally, the average expenditure on clothing and accessories was about 1,703 THB/person (approx. £19.9 or about half of the respondents' average income). The respondents spent less on the entertainment/services and souvenirs categories, however. In summary, the analysis identified that cross-border shoppers displayed a variety of shopping patterns. The next stage of the research was to determine whether respondents could be grouped into particular consumer segments.

7.3 Exploratory Factor Analysis (EFA)

To segment the respondents, a three-step analysis was adopted to classify them into groups. In the first step, EFA (Varimax rotation) was used to reduce items into a set of elements. Then, cluster analysis was applied to classify the shoppers into different groups. Finally, the shopper typologies were cross-tabulated with demographic and shopping behaviour.

Exploratory factor analysis (EFA) can show the degree of association among all of the variables. It is concerned with simply identifying groups of similar statements and combining them into factors by reducing unnecessary data in a given marketing situation. This approach is adopted because it can deduct large and complex databases into smaller sets of explanatory factors and it can be easily be carried out by readily-available computer programs. In this study, the application of EFA is to develop a comprehensive multiple-item scale by generating a large set of statements for measuring various marketing issues. Then it can reduce the set of statements by ensuring that the retained statements adequately reflect the critical aspects of the construct being measured.

In order to develop the cross-border shopper taxonomy, the respondents were asked to select the Likert scale (1 = very unimportant to 5 = very important) for fifteen items related to the benefits they were seeking from cross-border travelling. Then, an EFA with Varimax rotation was employed to reduce these items. The selection of the variables was based on the factor loading (equal or greater than 0.4), eigenvalue (greater than 1) and the percentage of variance explained (at least 50% of the total variance). To assess the reliability of the measure, Cronbach's Alpha was calculated. An acceptable and good indication should be greater than 0.6 (Hair *et al*., 2010).

Table 7 - 7 EFA based upon benefit segmentation

	Factor loading	Eigenvalue	Variance (%)	Reliability
Factor 1: Relaxation and Socialising		5.634	26.245	0.870
To meet new people	.520			
To visit a place that I can later reflect upon	.609			
To buy a gift(s) for others	.477			
To enjoy the aesthetics of the location	.623			
To find somewhere to relax	.531			
To enjoy new experiences	.635			
To learn about other cultures	.692			
Factor 2: Shopping Enjoyment		2.083	19.286	0.796
To buy products that I cannot find in my hometown	.503			
To buy a variety of products	.651			
To experience new shopping locations	.662			
To enjoy the ambience of the stores and retail environment	.593			
To shop in reliable stores	.527			
Factor 3: Product Focused		1.157	13.625	0.685
To buy quality products	.443			
To purchase identical products that are cheaper than at home	.753			
To hunt for a bargain	.653			

Table 7-7 shows the validity and reliability of the EFA. All fifteen variables possessed commonalities and exceeded the minimum point of loading (i.e. over .40). This showed the strength of factor loadings. Three common factors had an eigenvalue greater than 1, which accounted for 59.16% of the total variance. Moreover, reliability was from 0.685 to 0.870, indicating an acceptable internal consistency. The results demonstrated that these factors were acceptable for use in further analysis.

After testing the reliability of the cluster, three factors were labelled based on the character of the members. The first determinants displayed the largest number of participants and explained 26.25 percent of the variance. The high scores related to seeking social benefits, which were to meet new people, to visit a place that I can later reflect upon, to buy a gift(s) for others, to enjoy the aesthetics of the location, to find somewhere to relax, to enjoy new experiences, and to learn about other cultures. The first factor was therefore named '***relaxation and socialisation benefits'.***

The second group accounted for 19.29 percent of the variance. The respondents sought two main advantages: product availability and enjoyment of shopping environments. The product availability refers to buying products that I cannot find in my hometown, to buy a variety of products, to experience new shopping locations, to enjoy the ambience of the stores and retail environment, and to shop in reliable stores. Taking all of these into account, these participants were labelled as wanting to experience '***shopping enjoyment benefits'.***

The third factor described 13.63 percent of the total variance and was labelled '***Product-focused benefits***'. This is based on the expression of the desire to buy quality products, to purchase identical products that are cheaper than at home, and to hunt for a bargain. These three factors were then used as input for cluster analysis.

7.3.2 Cluster Analysis

In the next step, the respondents were classified into groups. As the researcher had no prior knowledge about which respondents belonged to which cluster, a combination of two cluster techniques – hierarchical and non-hierarchical analysis – was applied. To begin with, a hierarchical cluster analysis using the Ward method with squared Euclidean distances was adopted to determine how many clusters should be retained. A hierarchical tree diagram, a dendrogram, was used to show the outlines. Cluster analysis attempts to cluster respondents into groups that have similarities according to overall statistical measurements of several (all simultaneously considered and metric-independent) variables. It determines high homogeneity with clusters and high heterogeneity between clusters without making any pre-assumptions in terms of categorising respondents.

Next, the K-means approach, a non-hierarchical approach, was chosen since this facilitated the formation of groups of nearly equal size. Four clusters, five clusters and six clusters were tested to find relevant characteristics and interpretations for each cluster solution. After testing all of the cluster solutions, four groups were determined to be the most suitable in terms of members in a group and distinct characteristics.

The interpretation and profiling of the segments was performed based on EFA data. In order to ascertain the distinctiveness of the data, the F-statistics from one-way ANOVA were examined to investigate whether there were statistical differences between the four clusters. Table 7-9 demonstrates the F value and group members. The results show that there were significant differences related to the desired benefits in the four groups. Furthermore, the F-statistics revealed that the respondents are heterogeneous in terms of their recreational benefits (F values = 166.708) and least different in terms of product-focused benefits (F values = 12.395). Figure 7-1 illustrates the distinctive characteristics of each cluster. Then, the interpretation of the cluster analysis was explained by the average means.

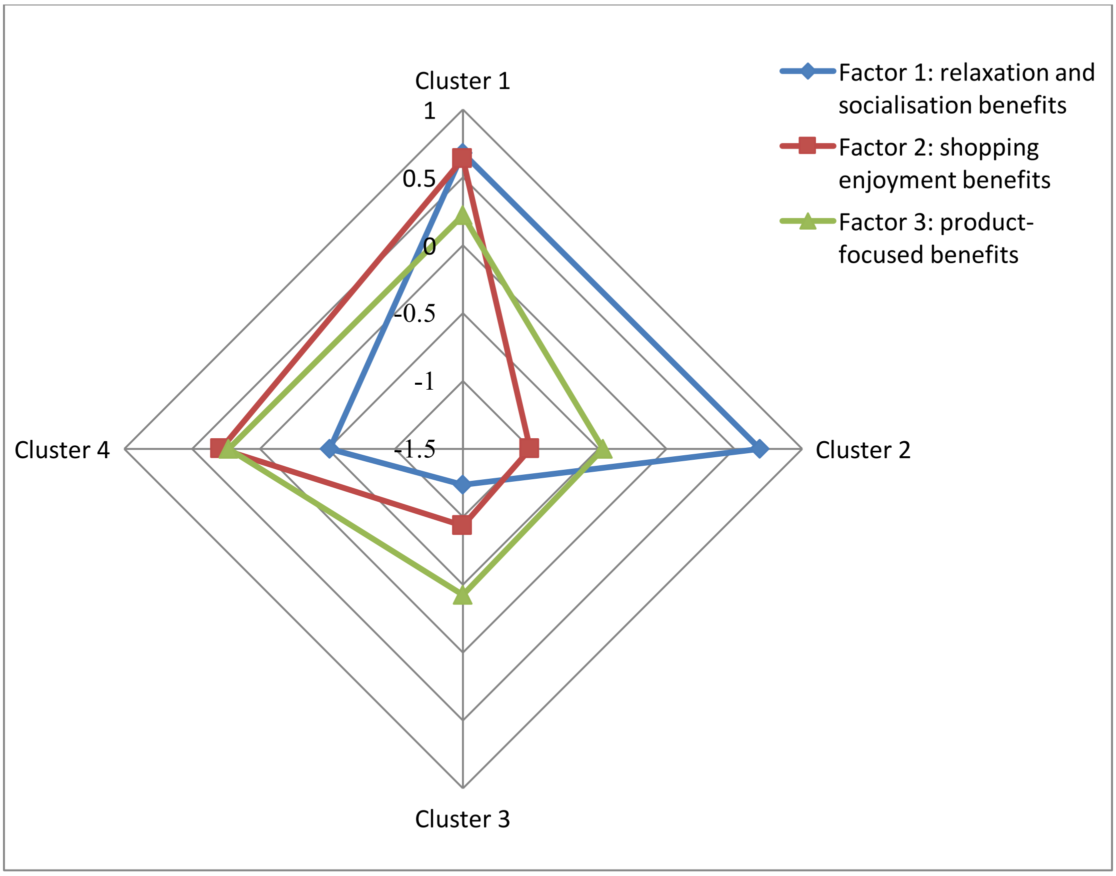

Figure 7 - 1 A cross-border shopper taxonomy

Table 7 - 8 Cluster analysis

Factors of benefits sought	Cluster 1	Cluster 2	Cluster 3	Cluster 4	F-test
Factor 1: relaxation and socialisation benefits	.6805063	.6895392	-1.2365848	-.5151593	166.708**
Factor 2: shopping enjoyment benefits	.6381130	-1.0053544	-.9316737	.2865181	107.939***
Factor 3: product-focused benefits	.2222208	-.4702584	-.4229613	.2276783	12.395***
Number (Percentage)	**128 (38.0)**	**53 (15.7)**	**60 (17.8)**	**96 (28.5)**	**337 (100.0)**

Cluster 1 contains 128 members or 38.0% of the sample. The results indicated that they had the highest mean values in all dimensions. This implied that this cluster appeared to be positively seeking all aspects. They looked for 'relaxation and social benefits' (0.681), 'shopping enjoyment' (0.638) and 'product-focused benefits' (0.222). This cluster was labelled ***'The Enthusiastic shoppers'.***

Cluster 2 contains 53 members or 15.7%. Respondents in this cluster intended to seek leisure benefits (0.690), but were more negative about shopping enjoyment (-1.01) and product-focused benefits (-0.47). Hence, this cluster was labelled based on the central desired benefit as ***'Leisure-tourist shoppers'.***

Cluster 3 contains 60 members or 17.8%. This cluster is characterised by a relatively negative score for every aspect. The product-focused benefits (-0.423) showed the highest scores in this cluster, followed by 'shopping enjoyment benefits' (-0.470), and a relatively low score for 'relaxation and socialisation benefits' (-1.01). Thus, this group was labelled ***'Product-focused shoppers'.***

Finally, cluster 4 contains 96 members or 28.5%. This cluster is characterised by positive scores for 'product-focused benefits' (0.228) and relaxation and socialisation benefits (0.222), but these individuals had a negative score for 'shopping enjoyment benefits' (-0.470). Hence, they were categorised as ***'Practical shoppers'***.

7.4 A Cross-border shoppers characteristics

After the respondents had been segmented using the factor and cluster analysis, a descriptive analysis was adopted to understand each group. The four types of cross-border shoppers were identified. These were:

1. The Enthusiastic shoppers (N = 128, 38.0%)
2. The Leisure-tourist shoppers (N = 53, 15.7%)
3. The Product-focused shoppers (N= 60, 17.8%)
4. The Practical shoppers (N= 96, 28.5%)

Step by step, each segment was analysed by cross-tabulating with the demographic background, associated shopping behaviours, purchased items and average expenditure. These results are presented in the form of frequency, percentage and significance level.

7.4.1 The Enthusiastic shoppers

The Enthusiastic shoppers related to the enjoyment of experiencing shopping markets, leisure and purchasing desired products/services. They are presented here in terms of their demographic background and shopping behaviours.

Table 7 - 9 Background of the Enthusiastic shoppers

	N	%
Gender		
Male	50	39.4
Female	77	60.6
Age		
18-25 years	47	37.3
26-35 years	58	46.0
36-45 years	20	15.9
More than 46 years	1	0.8
Family Status		
Single	51	40.5
Married with no children	15	11.9
Married with children living at home	52	41.3
Others (Married with no children, Widowed)	8	6.4
Income per month		
Less than 500,000 Kips (less than US $62)	7	5.5
500,001 – 1,000,000 Kips (US$62 - $120)	17	13.4
1,000,001 – 2,000,000 Kips (US$121 - $247)	31	24.4
2,000,001 – 3,000,000 Kips (US$248 - $371)	29	22.8
More than 3,000,001 Kips (US$372+)	43	33.9
Education		
High School (No quals)	17	13.4
High School Diploma	31	24.4
College Diploma	35	27.6
Undergraduate degree and higher	44	34.7
Occupations (N=301)		
Government officers	21	16.5
Private officers	20	15.7
Business owner	35	27.6
Student	12	9.4
Others (Freelances, Housewife, agriculturist)	39	29.1

Background

Table 7-9 indicated that the majority of the Enthusiastic shoppers were female (60.6%) and aged between 26 and 35 years old (46.0%). Regarding family status in this group, they were mixed between married with children living at home (41.3%) and single (40.5%).

Then, the socio-economic profiles were further explained by education, careers and income. The Enthusiastic shoppers were well-educated with over one-third (33.9%) achieving at least an undergraduate degree, 27.6% completing a two-year college degree and 24.4% completing a high school diploma. Besides, the majority were business owners (27.6%), government officers (16.5%) and freelancers (16.5%). With regards to income, they earned a high-level of income compared with the average national income. The results revealed that the largest group received more than 3 million Kips (33.9%) (more than £219/month[3], or 3.5 times higher than the national average income), followed by earnings in the range of 1 - 2 million Kips (24.4%) (or £73.01 - £146.00, or 1.8 times over the

[3] 1 GBP = 13,700 LAK.

average income), and 2 to 3 million (22.8%) (or £146.01 - £219.00, or 2.9 times over the average salary).

Shopping behaviour

Table 7-10 revealed that the primary purpose of the Enthusiastic shoppers was shopping (55.5%), followed by tourism (35.9%). Focusing on activity undertaken, the data showed that the majority participated in buying products (35.4%), followed by sightseeing (28.0%), as well as dining (21.8%).

In addition, the shoppers were frequent and repeat travellers. They visited at least once a month (62.2%) and stayed for a day (71.9%). The number of people travelling was within the range of two to three people (56.0%). Furthermore, they visited with friends (39.1%) as much as family (39.1%). In addition, most came by a private car (48.9%) or public transport (41.7%).

Table 7 - 10 Shopping behaviour of the Enthusiastic shoppers

	N	%
Main purpose of travelling		
Tourism	46	35.9
Shopping/ purchasing products	71	55.5
Others	11	8.6
Frequency of visit		
First time	12	9.4
Once a month	80	62.5
Once in six months	17	13.3
Once a year or less	19	14.9
Length of stay		
One day trip	92	71.9
Overnight trip	36	28.1
Activities[a]		
City sightseeing	72	56.3
Visiting tourist attractions	18	14.1
Participating in festival(s) or event(s)	16	12.5
Eating out	56	43.8
Purchasing products	91	71.1
Others	3	2.3
Number of people travelling		
1	11	8.6
2	42	32.8
3	31	24.2
4	22	17.2
5	14	10.9
More than 5	8	6.3
The type of people accompanying (N=304)		
Friend(s)	57	50.9
Family	50	44.6
Others (Partners, Tour group)	5	4.5

Regarding retail location and time spent shopping (Table 7-11), a high percentage of the Enthusiastic tourist shoppers preferred discount stores (78.1%), followed by the Indo-China market (43.8%). In respect to the time spent shopping, 46.0% spent between one and three hours shopping, and 45.3% spent between four and six hours shopping. Looking at the purchasing behaviour, they tend to be above average spenders and prefer to purchase necessary consumer products (65.9%), fresh foods (50.0%), household supplies (50.0%) and beverages (47.6%) (Table 7-21). In addition, 61.1% declared that they ate out. In terms of expenditure, Enthusiastic shoppers generally spent about 2,356 Baht/trip/person (or approx. £215, or 3.5 times more than the Laos average income/month) (Table 7-21).

Table 7 - 11 Travel-related behaviour of the Enthusiastic shoppers

	N	%
Transportation(s)		
Private car	68	53.1
Public bus	58	45.3
Rental vehicle	11	8.6
Others (boats, train, aeroplane)	2	1.6
Shopping time/day		
Less than 1 hour.	9	7.0
Approx. 1-3 hrs.	58	45.3
Approx. 4-6 hrs.	57	44.5
More than 6 hrs.	4	3.1
Shopping places		
Indo-China market	56	43.8
Flea market	30	23.4
Shopping mall	32	25.0
Discount stores	100	78.1
Tourism shops	18	14.1
Traditional outlets	28	21.9
Others	1	0.8

It can be seen that Enthusiastic shoppers represented cross-border shoppers who were young to middle-aged, well-educated, having careers and earned above the average income. They were made up of those who were married with children living at home and others who were single. The results indicate that they had a sizeable discretionary income. It is therefore not surprising that this group were the biggest spenders. Checking their shopping patterns, they appear to be frequent shoppers and had some experience of shopping in Thailand before. Furthermore, they preferred to shop in a hypermarket more than traditional retail outlets or wet markets.

7.4.2 The Leisure-tourist shoppers

The Leisure-tourist shoppers mainly looked for leisure benefits such as experiencing something new, enjoying the scenery and relaxing, while the retail offers or products encountered are not related to their travel.

Table 7 - 12 Background of the Leisure-tourist shoppers

	N	%
Gender		
Male	11	20.8
Female	42	79.2
Age		
18-25 years	41	77.4
26-35 years	6	11.3
36-45 years	5	9.4
More than 46 years	1	1.9
Family Status		
Single	41	77.4
Married with no children	2	3.8
Married with children living at home	8	15.1
Others (Married with no children, Widowed)	2	3.8
Income per month		
Less than 500,000 Kips (less than US $62)	17	32.1
500,001 – 1,000,000 Kips (US$62 - $120)	8	15.1
1,000,001 – 2,000,000 Kips (US$121 - $247)	13	24.5
2,000,001 – 3,000,000 Kips (US$248 - $371)	8	15.1
More than 3,000,001 Kips (US$372+)	7	13.2
Education		
High School (No quals)	2	3.8
High School Diploma	9	17.0
College Diploma	20	37.7
Undergraduate degree and higher	22	41.5
Occupations (N=301)		
Government officers	7	13.2
Private officers	9	17.0
Business owner	4	7.5
Student	28	52.8
Others (Freelances, Housewife, agriculturist)	5	9.5

Background

Table 7-12 indicated the majority of Leisure-tourist shoppers were single (77.4%), female (79.2%) and within the age range of 18 to 25 years (77.4%). The majority were students (52.8%). More than 60% of this group were educated, with 37.7% holding a two-year college degree and 30.2% having a bachelor's degree. In terms of salary, the results showed that the largest proportion of participants (32.1%) had an income of less than 500,000 Kips (approx. £36.5 or 0.6 times lower than the average), followed by 1 million to 2 million Kips (approx. £73.01 - £146.00 or 1.8 times over the national average) (24.5%).

Shopping behaviour

The shopping behaviour of the Leisure-tourist shoppers was described in terms of their travel-related patterns and shopping characteristics (Table 7-13). The largest proportion of this segment came for the purposes of tourism (45.3%), followed by shopping (32.0%). In terms of activities undertaken, shopping (24.8%) appeared to be the most frequently undertaken activity. Since they largely came for tourism purposes, it was no surprise to see them partake in many more activities than the other groups, for example, participating in events or festival(s) (15.2%) and visiting tourist attractions (historical sites and natural attractions) (15.3%). In addition, the majority of the individuals in this group were first-time travellers (32.1%) and one-day visitors (51.0%). Furthermore, by looking at the travelling patterns, it is evident that the respondents came in small groups of around two to three people (49.0%) and were accompanied by family (56.6%) and/or friend(s) (37.7%). Lastly, more than half of them came by personal car (60.3%).

Table 7 - 13 Shopping behaviour of the Leisure-tourist shoppers

	N	%
Main purpose of travelling		
Tourism	24	45.3
Shopping/ purchasing products	17	32.0
Others	12	20.7
Frequency of visit		
First time	17	32.1
Once a month	14	26.4
Once in six months	7	13.2
Once a year or less	15	28.7
Length of stay		
One day trip	27	50.9
Overnight trip	26	49.1
Activities[a]		
City sightseeing	21	39.6
Visiting tourist attractions	12	22.6
Participating in festival(s) or event(s)	16	30.2
Eating out	25	47.2
Purchasing products	26	49.1
Others	1	1.9
Number of people travelling		
1	0	0.0
2	13	24.5
3	13	24.5
4	7	13.2
5	9	17.0
More than 5	11	20.8
The type of people accompanying (N=304)		
Friend(s)	20	40.0
Family	30	60.0
Others (Partners, Tour group)	0	0.0

Furthermore, shopping behaviour was also investigated in terms of their preferred shopping destination, items purchased and expenditure. Table 7-14 showed that a significant percentage of Leisure-tourist shoppers preferred to visit discount stores (36.7%) and shopping malls (17.3%). The majority spent between one and three hours (43.8%) shopping. Looking at consumption behaviour, the most frequently purchased non-necessity items were clothes (62.3%), eating in a restaurant (58.5 %), and buying local food/sweets as a souvenir (50.9%). The most frequent necessity products were consumer products (64.2%), and household supplies (58.5%) (Table 7-23). In terms of expenditure, the Leisure-tourists shoppers were above average spenders with approximately 2,895 THB/person (£53.9 or approx. 0.87 times over the national average). Electronic devices such as household appliance accessories and mobile phones were the items that accounted for the largest proportion of expenditures (10,086 THB/person, £186.78, or 3.0 times the average income) (Table 7-21).

Table 7 - 14 Travel-related behaviour of the Leisure-tourist shoppers

	N	%
Transportation(s)		
Private car	35	66.0
Public bus	14	26.4
Rental vehicle	6	11.3
Others (boats, train, aeroplane)	3	5.7
Shopping time/day		
Less than 1 hour.	7	13.2
Approx. 1-3 hrs.	23	43.4
Approx. 4-6 hrs.	14	26.4
More than 6 hrs.	9	17.0
Shopping places		
Indo-China market	9	17.0
Flea market	19	35.8
Shopping mall	17	32.1
Discount stores	36	67.9
Tourism shops	10	18.9
Traditional outlets	3	5.7
Others	0	0.0

It can be seen that Leisure-tourist shoppers represent a cohort who were single, young, well-educated and studying. In addition, although they earned income below the national average income they were still above average spenders. This group spent more on electronic items than the others did. In addition, these shoppers also spent a considerable amount on clothing. Their consumptions seem to relate to their lifestyle and demographics. Regarding shopping behaviour, tourism was the primary purpose of visiting, and it was therefore not surprising that this group participated in tourist activities more than other segments, since they mainly sought relaxation and socialisation benefits.

7.4.3 The Product-focused shoppers

The third segment, the Product-focused shoppers, looked for a product orientation. They seem to be driven by finding price gaps and searching for quality products. To understand their characteristics, their demographic background and shopping behaviour were explored.

Background

Table 7-15 showed that they were female (75.0%), and made up of respondents who were between 18-25 year old (40.0%), and 26–35 years old (30.0%). In addition, the majority were married with children living at home (41.7%). Regarding the socio-economic data, they were educated people who were college-degree holders (36.7%), followed by a bachelor's degree (31.7%). Looking at occupations, the majority worked for the government (32.2%). Besides, their incomes were in the range of 1 million to 2 million Kips (28.3%) (or £73.01 – £146.00, or 1.8 times over the average income), followed by the same range as the national average income, 500,000 to 1 million Kips (26.7%) (or £36.51 - £73.00, or 0.9 times the average income).

Table 7 - 15 Background of the Product-focused shoppers

	N	%
Gender		
Male	15	25.0
Female	45	75.0
Age		
18-25 years	24	40.0
26-35 years	18	30.0
36-45 years	10	16.7
More than 46 years	8	13.3
Family Status		
Single	23	38.3
Married with no children	6	10.0
Married with children living at home	25	41.7
Others (Married with no children, Widowed)	6	10.0
Income per month		
Less than 500,000 Kips (less than US $62)	11	18.3
500,001 – 1,000,000 Kips (US$62 - $120)	16	26.7
1,000,001 – 2,000,000 Kips (US$121 - $247)	17	28.3
2,000,001 – 3,000,000 Kips (US$248 - $371)	11	18.3
More than 3,000,001 Kips (US$372+)	5	8.3
Education		
High School (No quals)	6	10.0
High School Diploma	10	16.7
College Diploma	22	36.7
Undergraduate degree and higher	22	36.7
Occupations (N=301)		
Government officers	19	32.2
Private officers	8	13.6
Business owner	7	11.9
Student	11	18.6
Others (Freelances, Housewife, agriculturist)	13	22.1

Shopping behaviour

Table 7-17 suggested that the Product-focused shoppers had shopping as a primary motive for visiting Thailand (55.0%), this was followed by tourism (31.7%). The largest proportion of this group were once-a-month visitors (41.7%), followed by once in a year (20.0%). Most of them undertook one-day trips (70.0%). Regarding activities undertaken, the distinctive activities were shopping (33.7%) and eating out (27.7%). A small percentage, however, undertook leisure activities such as sightseeing (14.9%), and participating in festivals or events (8.9%).

Table 7 - 16 Shopping behaviour of the product-focused shoppers

	N	%
Main purpose of travelling		
Tourism	19	31.7
Shopping/ purchasing products	33	55.0
Others	8	11.7
Frequency of visit		
First time	11	18.3
Once a month	25	41.7
Once in six months	8	13.3
Once a year or less	16	26.7
Length of stay		
One day trip	42	70.0
Overnight trip	18	30.0
Activities[a]		
City sightseeing	15	25.0
Visiting tourist attractions	10	16.7
Participating in festival(s) or event(s)	9	15.0
Eating out	28	46.7
Purchasing products	34	56.7
Others	4	6.7
Number of people travelling		
1	4	6.7
2	16	26.7
3	6	10.0
4	17	28.3
5	8	13.3
More than 5	9	15.0
The type of people accompanying (N=304)		
Friend(s)	27	48.2
Family	26	46.4
Others (Partners, Tour group)	3	5.4

Regarding Table 7-17, the Product-focused shoppers preferred to shop at discount stores (48.9%). A smaller proportion visited other types of market, such as shopping malls (15.9%), or wet market(s) (14.8%). Looking at the time spent, the majority spent half a day to a full day of shopping, while 52.5% spent between one and three hours, followed by between four and six hours (23.7%). The most popular products purchased were household supplies (62.7%), followed by clothing (59.3%), and local foods/sweet (55.9%) (Table 7-21). Focusing on the amount of expenditure, the Product-focused shoppers were the lowest average spenders in every category. The average expenditure of the Product-focused shoppers were 913 Baht (£16.91, or about 27% of their average monthly income) (Table 7-20).

Table 7 - 17 Travel-related behaviour of the Product-focused shoppers

	N	%
Transportation(s)		
Private car	33	55.0
Public bus	17	28.3
Rental vehicle	13	21.7
Others (boats, train, aeroplane)	3	5.0
Shopping time/day		
Less than 1 hour.	12	20.0
Approx. 1-3 hrs.	31	51.7
Approx. 4-6 hrs.	14	23.3
More than 6 hrs.	3	5.0
Shopping places		
Indo-China market	5	8.3
Flea market	15	25.0
Shopping mall	14	23.3
Discount stores	43	71.7
Tourism shops	2	3.3
Traditional outlets	5	8.3
Others	1	3.33

In summary, the Product-focused shoppers were a segment who were middle-aged, married, well-educated and had careers. The research indicated that they tended to have family commitments, and probably had less discretionary income. This group seems to be price-conscious. Hence, it was understandable that they spent less on the shopping. Many of the Product-focused group shopped once a month and seemed to spend money on household products.

7.4.4 The Practical shoppers

The Practical shoppers were the largest group who mainly looked for a combination of retail offers, price and product quality. Their motivations for cross-border shopping were similar to the Enthusiastic shoppers in terms of seeking retail offers and product orientation; however, the Practical shoppers had less interest in leisure benefits than the Enthusiastic shopper segment.

Background

Practical shoppers were female (65.6%) and single (56.3%). Furthermore, the majority were between 26 to 35 years old (42.7%). Looking at the socio-economic profiles, they comprised both well-educated and less-educated, as 29.2 % held a bachelor's degree and 26.0% had less than a High school diploma. Moreover, the majority of them had professions, with 34.4% being business owners, or government officers (19.8%). In addition, the largest portion of these shoppers earned a high-level of income. They received higher than 3 million Kips (36.5%) (or more than £219.01 /month, or 3.5 times higher than the Lao average income), closely followed by shoppers earning 2 million to 3 million Kips (20.8%) (or £73.01 - £146.00, or 1.8 times over the average) (Table 7-18).

Table 7 - 18 Background of the Practical shoppers

	N	%
Gender		
Male	33	34.4
Female	63	65.6
Age		
18-25 years	33	34.4
26-35 years	41	42.7
36-45 years	10	10.4
More than 46 years	12	12.5
Family Status		
Single	54	56.3
Married with no children	9	9.4
Married with children living at home	28	29.2
Others (Married with no children, Widowed)	5	5.2
Income per month		
Less than 500,000 Kips (less than US $62)	16	16.7
500,001 – 1,000,000 Kips (US$62 - $120)	10	10.4
1,000,001 – 2,000,000 Kips (US$121 - $247)	15	15.6
2,000,001 – 3,000,000 Kips (US$248 - $371)	20	20.8
More than 3,000,001 Kips (US$372+)	35	36.5
Education		
High School (No quals)	25	26.0
High School Diploma	19	19.8
College Diploma	22	22.9
Undergraduate degree and higher	30	31.3
Occupations (N=301)		
Government officers	19	19.8
Private officers	8	8.3
Business owner	33	34.4
Student	14	14.6
Others (Freelances, Housewife, agriculturist)	22	22.9

Shopping behaviour

Table 7-19 displayed that for more than half of this cohort (56.2%) shopping was the primary purpose of their visit, this was followed by tourist related activities (33.3%). A high percentage of respondents were repeat visitors who came at least once a month (62.5%) and on day trips (83.2%). Looking at the activities they participated in, the main activities were shopping (38.1%) and eating out (31.8%). In considering the number of people on the trip, the largest proportion was in the range of two to three people (55.8%), with friend(s) (51.0%), or family (32.3%). Lastly, the majority came by personal car (69.7%).

Table 7 - 19 Shopping behaviour of the Practical shoppers

	N	%
Main purpose of travelling		
Tourism	32	33.3
Shopping/ purchasing products	54	56.2
Others	10	7.3
Frequency of visit		
First time	13	13.5
Once a month	60	62.5
Once in six months	15	15.6
Once a year or less	8	8.3
Length of stay		
One day trip	79	82.3
Overnight trip	17	17.7
Activities[a]		
City sightseeing	28	29.2
Visiting tourist attractions	10	10.4
Participating in festival(s) or event(s)	6	6.3
Eating out	56	58.3
Purchasing products	67	69.8
Others	8	8.3
Number of people travelling		
1	9	9.4
2	32	33.3
3	21	21.9
4	12	12.5
5	12	12.5
More than 5	10	10.4
The type of people accompanying (N=304)		
Friend(s)	53	61.6
Family	31	36.0
Others (Partners, Tour group)	2	2.3

Regarding Table 7-20, the Practical shoppers preferred to shop at discount stores (43.1%), followed by traditional retail outlets (20.7%). Furthermore, the largest number of respondents spent between one and three hours (45.7%), followed by between four and six hours (42.6%). In addition, the most frequently purchased items were necessity items such as household supplies (63.8%), consumer products (58.5%) and beverages (46.8%). At the same time, recreational items/services, such as eating out (61.7%), and clothing (48.9) were purchased (Table 7-21). This segment spent less than the average, which was 1,915 Baht/person/trip (£35[4] or 50% of the Lao average monthly income) (Table 7-21).

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[4] 1£ = 54 THB.

Table 7 - 20 Travel-related behaviour of the Practical shoppers

	N	%
Transportation(s)		
Private car	69	71.9
Public bus	17	17.7
Rental vehicle	9	9.4
Others (boats, train, aeroplane)	4	4.2
Shopping time/day		
Less than 1 hour.	6	6.3
Approx. 1-3 hrs.	44	45.8
Approx. 4-6 hrs.	40	41.7
More than 6 hrs.	6	6.3
Shopping places		
Indo-China market	15	15.6
Flea market	15	15.6
Shopping mall	25	26.0
Discount stores	75	78.1
Tourism shops	7	7.3
Traditional outlets	36	37.5
Others	1	3.33

It can be seen that Practical shoppers represented cross-border shoppers who were young to middle-aged, well-educated career women who earned a higher level of income than other segments. Although they had a high discretionary income, they spent less than the Enthusiastic shoppers did. Regarding their shopping behaviour, the main objective of their visit was to shop. They preferred to eat out and buy grocery products.

Table 7 - 21 Average expenditure of cross-border shoppers

	The Enthusiastic shoppers (N=127)	**The Leisure-tourist shoppers** (N=53)	**The Product-focused shoppers** (N=60)	**The Practical shoppers** (N=96)	**Chi-square**
Clothing and accessories	174,349	68,246	48,604	76,829	106.343**
Foods/ Grocery	229,330	63,710	58,850	269,985	174.036**
Service/Entertainment	119,500	34,750	15,860	45,120	133.747***
Electronics	285,000	403,440	99,060	204,579	137.735**
Souvenirs	87,050	37,820	24,100	83,199	146.302***
Average	**2,355.87**	**2,895.08**	**912.87**	**1,914.68**	

*P<0.1, **P<0.05 *** P<0.001

Table 7 - 22 Purchased items of cross-border shoppers

Variables	The Enthusiastic shoppers (N=127)		The Leisure-tourist shoppers (N=53)		The Product-focused shoppers (N=60)		The Practical shoppers (N=96)	
	N	%	N	%	N	%	N	%
Clothing and Accessories								
1. Clothing (i.e. shirt& tops, sport wears, trouser &Jeans)	57	45.2	33	62.3	35	59.3	46	48.9
2. Bags/handbags*	30	23.8	17	32.1	10	16.9	15	16.0
3. Jewellery/watches	11	8.7	8	15.1	8	13.6	9	9.6
4. Other types of clothing (i.e. Shoes)	5	4.0	4	7.5	1	1.7	5	5.3
Foods/Grocery								
5. Fresh Foods (i.e., seafood, vegetables, fruits)	63	50.0	19	35.8	24	40.7	35	37.2
6. Beverages (i.e. liquor& spirits, water, soft drink)	60	47.6	22	41.5	26	44.1	44	46.8
7. Consumer products (cooking ingredients, personal cares, cosmetics)**	83	65.9	34	64.2	26	44.1	55	58.5
8. Household supplies (cleaning supplied, cooking wares, kitchen tools and utensils)	63	50.0	31	58.5	37	62.7	60	63.8
9. Other groceries (books, medicine, school utensils)	4	3.2	2	3.8	3	5.1	4	4.3
Entertainment/Service								
10. Eating in restaurants, and cafe	77	61.1	31	58.5	29	49.2	58	61.7
11. Movies **	4	3.2	9	17.0	3	5.1	11	11.7
12. Salon/spa **	21	16.7	10	18.9	1	1.7	6	6.4
13. Pub/nightclub	18	14.3	3	5.7	3	5.1	7	7.4
14. Other services (wedding studio, medical treatment)	4	3.2	1	1.9	1	1.7	2	2.1
Electronics								
15. Mobile phone*	22	17.5	18	34.0	10	16.9	20	21.3
16. Computer/computer accessories (hardware, and software)	12	9.5	10	18.9	6	10.2	10	10.6
17. Household appliance accessories (TV, radio, stereo)	15	11.9	9	17.0	11	18.6	22	23.4
18. Home media players: VCR, DVD, CD	12	9.5	7	13.2	2	3.4	6	6.4
19. Other electronic (games, car accessories)	1	0.8	0	0	1	1.7	2	2.1
Souvenir(s)								
20. Local souvenir(s) (key rings, magnets) **	23	18.3	4	7.5	2	3.4	10	10.6
21. Handicrafts	6	4.8	2	3.8	6	10.2	6	6.4
22. Silk/fabric(s)*	18	14.3	9	17.0	9	15.3	5	5.3
23. Local foods/sweets ***	31	24.6	27	50.9	33	55.9	31	33.0
24. Other souvenirs	3	2.4	2	3.8	1	1.7	1	1.1

Note: Percentages and totals are based on respondents

*P<0.1, **P<0.05 *** P<0.001

7.5 Group comparisons

In order to find out whether segments differed in terms of socio-demographics, tourist activities and shopping characteristics, a multivariate analysis of variance (MANOVA) was employed. This showed that there was a statistically significant difference in terms of socio-demographics in respect to the combined dependent variables (F= 4.488, p = 0.001, Wilks' Lambda = .751, Partial Eta Squared = .091). Significant differences were noted in the gender, age, income, education and occupation of each segment (Table 7-23).

Table 7 - 23 Comparisons among segments

	Enthusiastic Shoppers (N=128)	Leisure Tourists (N=53)	Product-Focused Shoppers (N=60)	Practical shoppers (N=96)	MANOVA
Gender	%	%	%	%	2.545
Male	45.9	10.1	13.8	30.3	
Female	34.2	18.4	19.7	27.6	
Age					7.656*
18-25 years	32.9	28.1	16.4	22.6	
26-35 years	47.2	4.9	14.6	33.3	
36-45 years	45.7	10.9	21.7	21.7	
More than 46 years	4.5	4.5	36.4	54.5	
Family Status					7.720*
Single	30.2	24.3	13.6	32.0	
Married with no children	48.5	6.1	18.2	27.3	
Married with children living at home	46.5	7.0	21.9	24.6	
Others (Married with no children living at home/ Divorced/Widowed)	38.1	9.5	28.6	23.8	
Income per month					11.735*
Less than 500,000 Kips (less than US $62)	15.4	32.7	21.2	30.8	
500,001 – 1,000,000 Kips (US$62 - $120)	33.3	15.7	31.4	19.6	
1,000,001 – 2,000,000 Kips (US$121 - $247)	40.8	17.1	22.4	19.7	
2,000,001 – 3,000,000 Kips (US$248 - $371)	42.6	11.8	16.2	29.4	
More than 3,000,001 Kips (US$372+)	47.8	7.8	5.6	38.9	
Education					3.950*
High School (No quals)	34.0	4.0	12.0	50.0	
High School Diploma	44.9	13.0	14.5	27.5	
College Diploma	35.4	20.2	22.2	22.2	
Undergraduate degree and higher	37.8	18.5	18.5	25.2	

The next stage of the analysis examined the travel patterns of cross-border shoppers and the activities they undertook. MANOVA was adopted to test for significant inter-segment differences between respondents' length of stay, purpose of travel, frequency of visit and the number and composition of the travelling group. Then, post-hoc Tukey tests were used to investigate which specifics significantly differ from each other in the dimension of benefits and behaviour outcomes. The results show a statistical difference between the four segments in travelling patterns (F=3. 063, p = .001, Wilks' Lambda = .872, Partial Eta Squared = .045) and activities undertaken (including sightseeing, participating in festivals or events and shopping) (F=6.221, p = .001, Wilks' Lambda =.849, Partial Eta Squared = .053).

Finally, the respondents were asked to indicate their preferred shopping venues, types of product purchased and their expenditure on five product categories (foods/grocery, drink/beverage, service/entertainment, electronic devices and souvenirs). Regarding the MANOVA test, four segments significantly differed in shopping venues (in terms of Indo-China markets, night markets and traditional retail outlets) (F=8.179, p = .000, Wilks' Lambda = .751, Partial Eta Squared= .091); four items/services which were watching movies, use of salons/spas, purchasing souvenirs and buying local food/sweets as a souvenir (F= 5.012, p = .001, Wilks' Lambda = .837, Partial Eta Squared = .058); and their expenditure on foods/grocery, service/entertainment category and souvenir categories (F= 2.406, p= 0.002, Wilks' Lambda = .842, Partial Eta Squared = .056).

7.5.1 The Enthusiastic Shoppers

The Enthusiastic Shoppers were considered to be multi-purpose seekers. They place high value on relaxation and socialising as much as on shopping enjoyment and being product conscious. They have high demands in both tourism and shopping perspectives, more so than other groups. Often, they enjoy shopping venues as much as a tourism activity.

Table 7-23 showed that the Enthusiastic shoppers tend to be older than the Leisure-Tourist Shoppers, but less than the Product-focused Shoppers and the Practical Shoppers. Their average income was in the second rank, after the Practical Shoppers. According to tourism activities, this segment is more likely to participate in tourism and leisure activities than other groups. The results indicated that they are highly associated with sightseeing and dining activities. At the same time, they are also more motivated by shopping-orientation than other groups. Interestingly, this segment has a positive association with the Indo-China market. Regarding their expenditure, the shoppers are more likely to spend on foods/grocery products, as well as service and entertainment, than other categories. In addition, they are twice as likely as other segments to spend money on local services such as spas and salons.

7.5.2 The Leisure-Tourist Shoppers

Leisure-Tourist Shoppers saw tourism as their main purpose / benefit. Regarding the demographic variables, the Leisure-Tourist Shoppers tend to be the youngest group and to be unmarried. Their income was lower than the Enthusiastic Shoppers and the Practical Shoppers, but higher than the Product-focused Shoppers.

Looking into their tourist activities, The Leisure-Tourists were the only segment that considered tourism to be the main purpose of their visit. It is unsurprising, therefore, to see that this cohort is likely to attend more events or festivals than the other segments, and that they are also more likely to visit the night market and tourism shops than other segments. This group seems to have the least motivation in respect to shopping-orientation compared to the other three segments. They tend to spend more money on entertainment, such as visiting the cinema and beauty salons than other groups. A positive correlation between service/entertainment in a shopping mall was found. This indicated that the Leisure-Tourists prefer to buy services and entertainment at the shopping mall. The Leisure-Tourists are the largest spenders across all four cohorts and spent approximately twice their average monthly income on a single trip (circa 2,895 Baht per person).

7.5.3 The Product-focused Shoppers

The Product-focused Shoppers seem to have the least motivation in respect to tourism. They seem to view cross-border activity as a form of functional shopping. Regarding their demographics, they earn the lowest average income. According to tourism activities, this segment shows the least participation in tourism activities and entertainment. Although they are less involved in tourism, they tend to purchase more souvenirs (local food/sweets) than the Enthusiastic Shoppers and the Practical Shoppers, but less than the Leisure-Tourist Shoppers. Finally, Product Focused Shoppers tend to purchase items such as household supplies, consumer products, beverages, clothing and local food items. The Product Focused Shoppers spend less on average than the other three segments (approximately 912 Baht per person), with this representing approximately 1.7 times their average monthly income.

7.5.4 The Practical Shoppers

The distinctive behaviour of the Practical Shoppers is that they expect benefits from stores, products and price. They are more likely to enjoy shopping than the Leisure Shoppers and the Product-focused Shoppers, but less than the Enthusiastic Shoppers. The Practical Shoppers tend to have the highest average income with fewer family commitments and have the highest average age. The Practical Shoppers seem to travel by private car, and they are more likely to visit a traditional retail outlet than other segments. In contrast, the shoppers primarily purchase functional goods (household supplies, groceries and clothing). Despite many in this group having higher than average levels of income, Practical Shoppers are comparatively light spenders (approximately 1,915 Baht per person).

7.6 Conclusion

This chapter answers the first objective of the research and identifies the different categories of cross-border shoppers. After adopting EFA, three factors of cross-border benefits were discovered: relaxation and socialisation, shopping enjoyment and product focused. Cluster analysis was then used to classify shoppers into groups. The results reveal four types of shoppers; the Enthusiastic shoppers, the Leisure-tourist shoppers, the Product-focused shoppers, and the Practical shoppers. Further analysis examined shopper characteristics by combining the desired benefits with demographic, socio-economic, travelling patterns and shopping behaviour. These variables were tested with ANOVA to find any significant correlations. Last, but not least, the four cohorts were compared to examine differentiations between groups. The results show that cross-border consumers display heterogeneity in desired benefits, characteristics and purchasing behaviours.

CHAPTER EIGHT: Quantitative findings (3)

IMPORTANCE – PERFORMANCE ANALYSIS

This chapter aims to explain consumer attitudes towards the regional cross border marketplace. The understanding of customers' perceptions is used to measure shopper satisfaction and thus to contribute to the development of competitive advantage. The investigation consists of three main parts. First, the perceptions of segments towards the shopping environment in the border provinces of Thailand are identified. Second, the findings of respondents were explained in terms of their expectations and perceptions towards the given factors. After that, an evaluation of gaps between expectation-performance is provided. Finally, the results from the previous sections are reduced by an EFA. This understanding is considered significant in order to design a marketing mix that more accurately meets the needs of customers in the selected market segment (Pride and Ferrell, 2012).

8.1 Analysis approaches

First, the importance and performance analysis was conducted in order to understand the perceptions of cross-border shoppers towards shopping attributes. This understanding has been found to be a fundamental technique for evaluating consumer satisfaction (Coghlan, 2012; Deng, 2007; Martilla and James, 1977; Ziegler *et al.*, 2012). Respondents were asked two questions about each attribute: '*How important is this factor?*' and *'How well did the place perform?'* A 5-point Likert scale was employed for both questions (1=not important at all to 5=very important).

Second, the evaluations of the performance and importance were then used to explain consumer satisfaction. For this evaluation, the means of the importance attributes and performance attributes were compared (Performance – Importance). In order to interpret the results, a positive score indicates that the respondents were satisfied with the shopping environment. Alternatively, a negative score indicates that the respondents were dissatisfied with the shopping attributes.

Lastly, an Importance–Performance Analysis (IPA) grid was employed to present the results. This study was based on the work of Martilla and James (1977) identifying IPA areas of perceived high or low attribute performance combined with high or low importance.

(I) **Keep up the good work** means the places were performing well, and need to continue working in this way.

(II) **Concentrate here** refers to a need for additional focus as they were underperforming.

(III) **Low priority** is a low priority area that requires little investment.

(IV) **Possibly overkill** refers to a risk of over-investment as this area is of low importance to customers.

Moreover, this study modified the IPA matrix by adopting the 'data-centred diagonal line' since the differentiations between Performance and Importance were often small. This line allows a marketer to view the distinction between satisfaction and dissatisfaction more clearly than in a traditional IPA approach (Abalo *et al.*, 2007).

8.2 Overview of respondents

This section explores respondents' views regarding the importance and performance of shopping area attributes, as well as gaps in the existing retail and related provisions.

8.2.1 The Importance attributes

From an overall perspective, Table 8-1 (column II) demonstrates that respondents scored the importance in the range of 3.40 to 4.04. This indicates that cross-border shoppers expected all items to be important. The results reveal that the hospitality of local people (4.04) was the most distinctive attribute, followed by a variety of products (3.98) and the standard of merchandise (3.96), while information and signs in shopping areas (3.40) and that shopping areas should represent the local uniqueness (3.60) tend to be the least important factors in respondents' decisions. It can also be seen that cross-border shoppers were concerned about atmosphere around a marketplace more than functional features.

Table 8 - 1 IPA of cross-border shoppers

	(I) Variables	(II) Importance	(III) Performance	(IV) Gaps Values	(V) Correlation
1 Products/ Merchandise					
6	Variety of products	3.98	3.97	0.06	.532*
7	Quality of products	3.90	3.95	0.05	.416*
9	Products' value for money	3.93	3.84	0.09	.537*
2. Place					
2.1 Retail offers					
1	Standard of merchandise	3.96	4.03	0.08	.517*
2	In-store decoration	3.77	3.81	0.17	.401*
3	Reliability of shops	3.77	3.79	0.02	.578*
4	Safety and security within the store	3.78	3.81	0.03	.449*
5	Exterior store design	3.94	3.93	-0.01	.591*
2.2 Supportive facilities					
11	Supportive facilities in shopping areas	3.74	3.74	0.00	.513*
12	Information and signs in shopping areas	3.40	3.31	-0.09	.503*
13	Variety of places to dine and experience entertainment	3.82	3.77	-0.05	.544*
10	Accessibility to the shopping areas	3.87	3.94	0.07	.507*
2.3 Destination atmosphere					
18	Hospitality of local people	4.04	4.22	0.18	.403*
19	Similarity of the language and culture	3.93	4.09	0.17	.520*
20	Familiar with a destination	3.66	3.68	0.02	.554*
21	Destination environment	3.74	3.81	0.06	.477*
3. Price					
8	Price	3.86	3.90	-0.04	.450*
4. Promotions					
14	Reputation of shopping areas	3.86	3.91	0.05	.571*
15	Famous as a tourist destination	3.85	3.88	0.03	.462*
16	The destination being valued for money	3.79	3.80	0.01	.385*
17	Shopping areas representing the local uniqueness	3.60	3.59	-0.01	.550*

8.2.2 The performance attributes

After the importance of place attributes had been evaluated, the performance of the shopping environment was ascertained in order to explain how the respondents actually perceived the shopping areas. As seen in Table 8-1 (column III), the range of scores was from 3.31 to 4.22. This indicates that the respondents perceived the place performance to be 'good' to 'excellent'. In addition, the data shows that a location performed well on the hospitality of local people (4.22), followed by the standard of merchandise (4.03), and a variety of products (3.97). In contrast, the weak performance factors were information and signs in the shopping areas (3.31), shopping areas representing the local uniqueness (3.59), and familiarity with a destination (3.68).

Regarding any value gap, the results report significant correlations in all factors (column V). This indicates important factors related to performance. Moreover, the outcomes indicate that most of the attributes exceeded the consumers' expectations. The results indicate that the respondents seem to be satisfied with the shopping locations in the regional markets. The largest positive gaps between expectation and performance were the hospitality of local people (0.18), the similarity of the language and culture (0.17), and in-store decoration (0.17). There were some small negative gaps, however, in respect to the information and signs in shopping areas (-0.09), variety of places to dine and entertainment experience (-0.05), Price (-0.04), followed by shopping areas representing the local uniqueness (-0.01) and the exterior store design (-0.01).

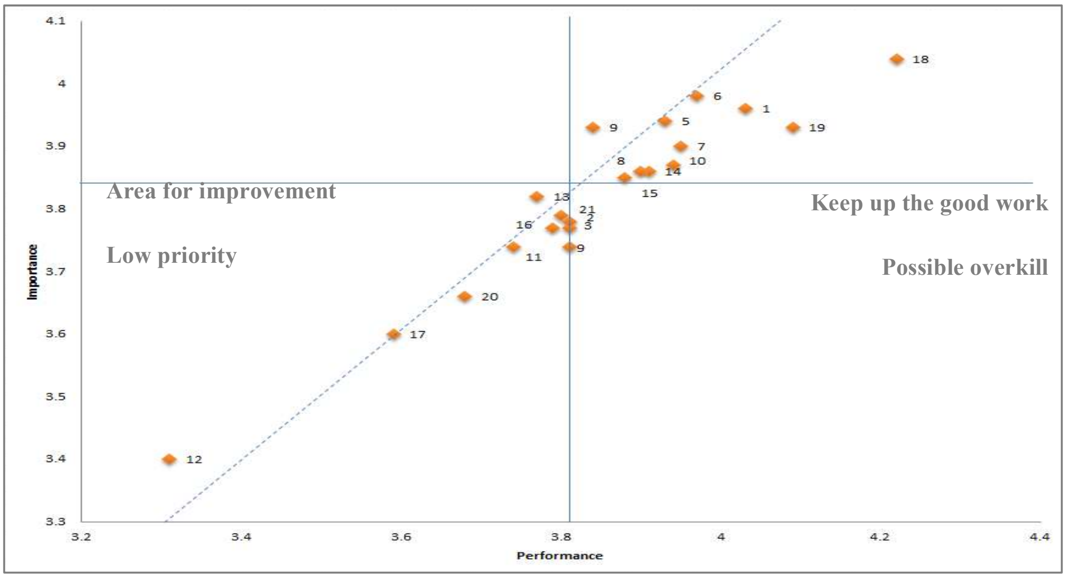


Figure 8- 1 IPA matrix of overall respondents
Average means: Performance 3.85/ Importance 3.82

Table 8 - 2 Implications of the IPA

Quadrant	No.	Items	Gaps*	Implication
Quadrant I: Keep up the good work	1	Merchandise quality	+	Maintain competitive advantage
	5	Store design	+	Maintain competitive advantage
	6	Variety of products	+	Maintain competitive advantage
	7	Quality of products	+	Maintain competitive advantage
	8	Price	+	Maintain competitive advantage
	9	Products value for money	-	Required management intervention
	10	Accessibility	+	Maintain competitive advantage
	14	Reputation of shopping areas	+	Maintain competitive advantage
	15	Famous for tourist destination	+	Maintain competitive advantage
	18	Hospitality of local people	+	Maintain competitive advantage
	19	Similarity of the language and culture	+	Maintain competitive advantage
Quadrant III: Low priority	2	Store layout	+	Do not necessarily focus additional effort here
	3	Reliability of shops	+	Do not necessarily focus additional effort here
	4	Safety and security within the store	+	Do not necessarily focus additional effort here
	7	Quality of products	+	Do not necessarily focus additional effort here
	8	Price	+	Do not necessarily focus additional effort here
	9	Products value for money	+	Do not necessarily focus additional effort here
	11	Supportive facilities in shopping area	+	Do not necessarily focus additional effort here
	12	Information and signs to shopping areas	-	Do not necessarily focus additional effort here
	13	Variety of places to dine	-	Do not necessarily focus additional effort here
	16	Destination value for money	+	Do not necessarily focus additional effort here
	17	Shopping areas represent the local uniqueness	+	Do not necessarily focus additional effort here
	20	Familiar with a destination	+	Do not necessarily focus additional effort here
	21	Destination Atmosphere	+	Do not necessarily focus additional effort here

8.3 The Enthusiastic shoppers

8.3.1 Importance attributes

Table 8-3 shows that the Enthusiastic shoppers considered products' value for money to be an essential attribute (4.31), followed by the accessibility attributes (4.27), and a variety of products (4.25). It can be assumed that the Enthusiastic shoppers had high expectations for products, price and accessibility.

Table 8 - 3 IPA of the Enthusiastic shoppers

	(I) Variables	(II) Importance	(III) Performance	(IV) Gaps Values	Correlation
1 Products/ Merchandise					
6	Variety of products	4.25	4.27	0.02	.476*
7	Quality of products	4.16	4.20	0.04	.311*
9	Products' value for money	4.31	4.28	-0.03	.404*
2. Place					
2.1 Retail offers					
1	Standard of merchandise	4.22	4.30	0.08	.436*
2	In-store decoration	4.09	4.05	-0.04	.444*
3	Reliability of shops	4.10	4.12	0.02	.409*
4	Safety and security within the store	4.12	4.14	0.02	.475*
5	Exterior store design	4.26	4.20	-0.06	.551*
2.2 Supportive facilities					
11	Supportive facilities in shopping areas	4.05	4.02	-0.03	.442*
12	Information and signs in shopping areas	3.71	3.69	-0.02	.591*
13	Variety of places to dine and experience entertainment	4.09	4.09	0.00	.566*
10	Accessibility to the shopping areas	4.27	4.28	0.01	.457*
2.3 Destination atmosphere					
18	Hospitality of local people	4.04	4.22	0.18	.403*
19	Similarity of the language and culture	3.93	4.09	0.17	.520*
20	Familiar with a destination	3.66	3.68	0.02	.554*
21	Destination environment	3.74	3.81	0.06	.477*
3. Price					
8	Price	4.07	3.97	-0.10	.380*
4. Promotions					
14	Reputation of shopping areas	4.09	4.24	0.15	.332*
15	Famous as a tourist destination	4.15	4.18	0.03	.487*
16	The destination being valued for money	4.21	4.15	-0.06	.409*
17	Shopping areas representing the local uniqueness	3.85	4.01	0.16	.519*

8.3.2 Performance of place

The results in Table 8-3 (column III) show that the Enthusiastic shoppers tended to be impressed by the standard of merchandise (4.30), followed by accessibility (4.28), and products' value for money (4.28). In addition, the results revealed that they had a large positive gap in respect to the hospitality of the local people (+0.18), followed by the similarity of the language and culture (+0.17). It can be interpreted that the local communities situated close to the marketplaces in Thailand did well in providing a warm, welcoming atmosphere to the Enthusiastic shoppers. Price factors and retail decorations did not meet their expectations, however, recording negative outcomes.

8.3.3 The priorities for the improvement of the experience of Enthusiastic shoppers

In order to identify the priorities for development, an Importance-Performance Analysis was conducted, and the results presented across four dimensions. Before that, the mean averages of importance and performance were evaluated. The means of the Importance were 4.12, while the Performance means were 4.15. Then, twenty-one attributes were plotted into four quadrants.

Interestingly, the data show that four segments can be calculated to predict consumer satisfaction (place performance) by using a simple linear regression (Appendix A-4). These results tend to confirm that consumers' expectations (Importance) are significantly related to satisfaction (perceptions of place performance). This indicates the possibility of developing a predictive model. A significant regression equation was found in respect to the Enthusiastic shoppers ($F(1,19) = 44.074$, $p<.000$), with an R^2 of 0.699. The enthusiastic shoppers' predicted level of expectation (Importance) is equal to 1.202 + 0.702 (performance) when performance is measured in level of satisfaction (Likert scale). This group of shoppers' satisfaction increased 0.702 levels for each level of expectation.

As the results in Figure 8-2 show, Quadrant I demonstrates that eight attributes provide opportunities for maintaining a competitive advantage. They were Standard of Merchandise, Store design, Variety of products, Quality of products, Value for money, Accessibility, Famous for being a tourist destination, and Hospitality of local people. This suggests that the retailers should focus on these items as their main priorities.

Regarding the low priority quadrant, this includes Low prices, Store layout, Reliability of shops, Safety and security within the store, Support facilities in shopping areas such as resting areas, Information and signs to shopping areas, Variety of places to dine, Familiarity with a destination, and Destination environment. This implies that the Enthusiastic shoppers did not look for the lowest price. In fact, they focused on the quality of a product, rather than the price. Lastly, the reputation of shopping areas, local uniqueness, and similarity in language fell into the 'possible overkill' category.

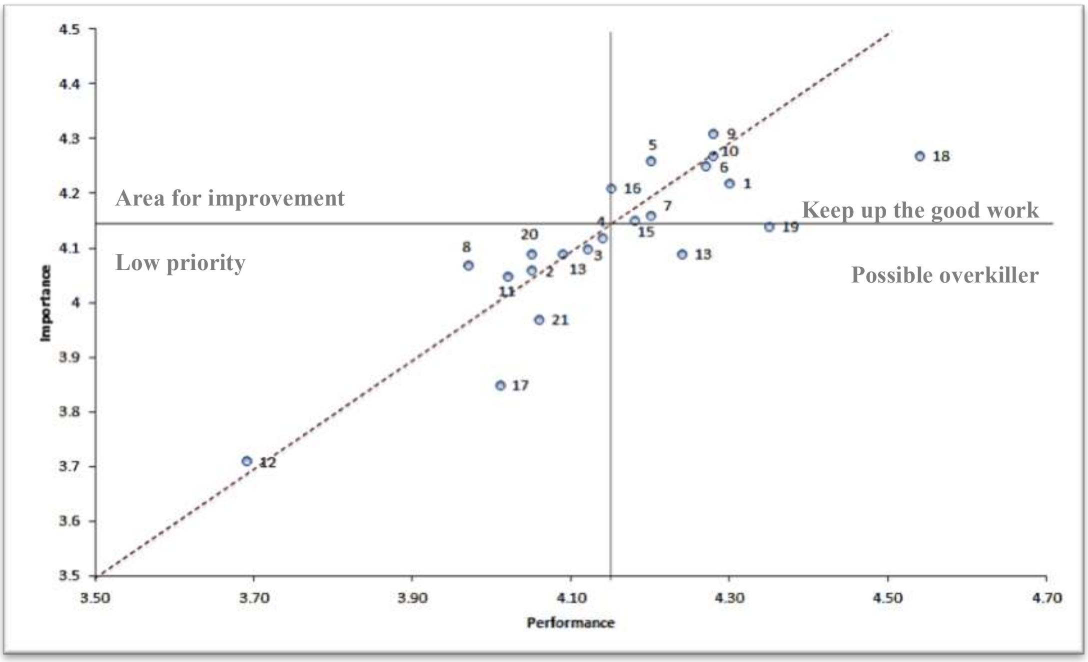


Figure 8- 2 Implications of the IPA of the Enthusiastic shoppers
Average means: Performance (4.15)/ Importance (4.12)

Table 8 - 4 Implications of the IPA of the Enthusiastic shoppers

Quadrant	No.	Items	Gaps*	Implication
Quadrant I: Keep up the good work	1	Standard of Merchandise	+	Gain or maintain competitive advantage
	5	Store design	-	Required management intervention
	6	Variety of products	+	Gain or maintain competitive advantage
	7	Quality of products	+	Gain or maintain competitive advantage
	9	Products value for money	-	Gain or maintain competitive advantage
	10	Accessibility	+	Gain or maintain competitive advantage
	15	Famous for tourist destination	+	Gain or maintain competitive advantage
	18	Hospitality of local people	+	Gain or maintain competitive advantage
Between Quadrant I and II: Area for improvement	16	Destination value for money	-	Immediate attention
Quadrant III: Low priority	2	Store layout	-	Unimportant issue
	3	Reliability of shops	+	Unimportant issue
	4	Safety and security within the store	+	Unimportant issue
	8	Price	-	Unimportant issue
	11	Supportive facilities in shopping area such as resting area	-	Unimportant issue
	12	Information and signs to shopping areas	-	Do not necessarily focus additional effort
	13	Variety of places to dine	=	Do not necessarily focus additional effort
	20	Familiar with a destination	-	Do not necessarily focus additional effort
	21	Destination environment	+	Do not necessarily focus additional effort
Quadrant IV: Possible overkill	14	Reputation of shopping areas	+	Less emphasis
	17	Shopping areas represent the local uniqueness	+	Less emphasis
	19	Similarity of the language and culture	+	Less emphasis

8.4 The Leisure-tourist shoppers' perceptions

8.4.1 The Importance attributes

The leisure-tourist shopper segments are those who are mainly looking for relaxation and socialisation benefits and who considered hedonic features as the most important attributes for their selection. They had high expectations towards the given factors, from 3.36 to 4.13. By focusing on the details, it was not surprising to see that the Leisure-tourist shoppers perceived the hospitality of the locals (4.13) to be the most important attribute, followed by price (3.96), and a variety of products (3.83). In addition, they also had high expectations regarding the reputation of a destination (famous as being a tourist destination) (3.83) and the destination environment (3.83). The results indicate that the Leisure-tourist shoppers tend to place higher expectations on emotional value than on functional value.

Table 8 - 5 IPA of the Leisure-tourist shoppers

	(I) Variables	(II) Importance	(III) Performance	(IV) Gaps Values	Correlation
1 Products					
6	Variety of products	3.83	3.68	-0.15	.539*
7	Quality of products	3.66	3.62	-0.04	.269
9	Products' value for money	3.72	3.51	-0.21	.344*
2. Place					
2.1 Retail offers					
1	Standard of merchandise	3.72	3.81	0.09	.358*
2	In-store decoration	3.83	3.68	-0.15	.539*
3	Reliability of shops	3.66	3.62	-0.04	.269
4	Safety and security within the store	3.83	3.68	-0.15	.539*
5	Exterior store design	3.66	3.62	-0.04	.269
2.2 Supportive facilities					
11	Supportive facilities in shopping areas	3.66	3.66	0.00	.309*
12	Information and signs in shopping areas	3.42	3.40	-0.02	.306*
13	Variety of places to dine and experience entertainment	3.68	3.70	0.02	.243
10	Accessibility to the shopping areas	3.68	3.74	0.06	.445*
2.3 Destination atmosphere					
18	Hospitality of local people	4.13	4.02	-0.11	.319*
19	Similarity of the language and culture	3.83	3.92	0.09	.484*
20	Familiar with a destination	3.36	3.32	-0.04	.456*
21	Destination environment	3.83	3.40	-0.43	.392*
3. Price					
8	Price	3.96	3.60	-0.36	.432*
4. Promotions					
14	Reputation of shopping areas	3.60	3.58	-0.02	.793*
15	Famous as a tourist destination	3.83	3.57	-0.26	.138
16	The destination being valued for money	3.53	3.47	-0.06	.087
17	Shopping areas representing the local uniqueness	3.55	3.45	-0.10	.513*

8.4.2 Performance attributes

The leisure-tourist shoppers perceived the location as having a ‘good performance’ overall. The range of area performance was from 3.45 to 4.02. In addition, the results demonstrate that the Leisure-tourist shoppers placed high scores on the hospitality of local people (4.02), followed by familiarity with a destination (3.92), and the standard of merchandise (3.81).

Table 8-5 displays six variables that had no significance between importance and performance attributes. They were quality of products, exterior store design, a variety of places to dine, famous as being a tourist destination, and the destination being value for money. This indicates that there was no relationship between expectations and perceived performance for these variables.

After the importance and performance attributes had been examined, the gap values were then investigated. The results show that most of the place performance expectations remained unmet for the Leisure-tourist shoppers (13 out of 21 factors). Table 8-5 (column IV) indicates that price, promotions and product issues did not meet their expectations. Distinct gaps between place performance and importance were found in price (-0.36), and product value for money. Prices were of greatest concern for the Leisure-tourist shoppers. This may be because most of this group were students who had no certain income (Chapter 7). Although this cohort was unsatisfied with pricing, they were heavy spenders in electronic items and entertainment.

8.4.3 The priorities for improvement and implications

The Importance-Performance Analysis (IPA) provided a useful construct upon which to develop further marketing strategies. For evaluation, the means of the x-axis and y-axes were identified. Then, the twenty-one Performance-Importance attributes were plotted into four quadrants.

Figure 8-3 illustrates the Importance–Performance Analysis (IPA) of the Leisure-tourist shoppers. A significant regression equation was found ($F(1,19) = 14.758$, $p<.001$), with an R^2 of 0.486. The respondents’ predicted level of expectation (Importance) is equal to 1.1141 + 0.7099 (performance) when performance is measured in level of satisfaction

(Likert scale). This group of shoppers' satisfaction increased 0.7099 levels for each level of expectation.

The mean averages of place performance were 3.62, and 3.67 for importance. Eight items fell into the 'keep up the good work' quadrant: Merchandise quality, Store design, Variety of products, Accessibility, Variety of places to dine, Hospitality of local people, and Similarity of the language and culture.

In quadrant II, five attributes were in the area of improvement. The items were Price, Product value for money, Famous for being a tourist destination, and Destination Atmosphere. The low performance, but high importance section suggests that retailers should pay attention to these attributes.

Quadrant III was considered to be a low priority for improvement. Seven elements were in this area: Reliability of shops, Safety and security within the store, Information and signs to shopping areas, Reputation of shopping areas, Destination value for money, Shopping areas represent the local uniqueness, and Familiar with a destination. These could be considered as possibly overkill, although they may also include variables that might be essential to attracting new customers. Figure 8-3 and Table 8-6 provide more details of the evaluation of the IPA for Leisure-tourist shoppers.

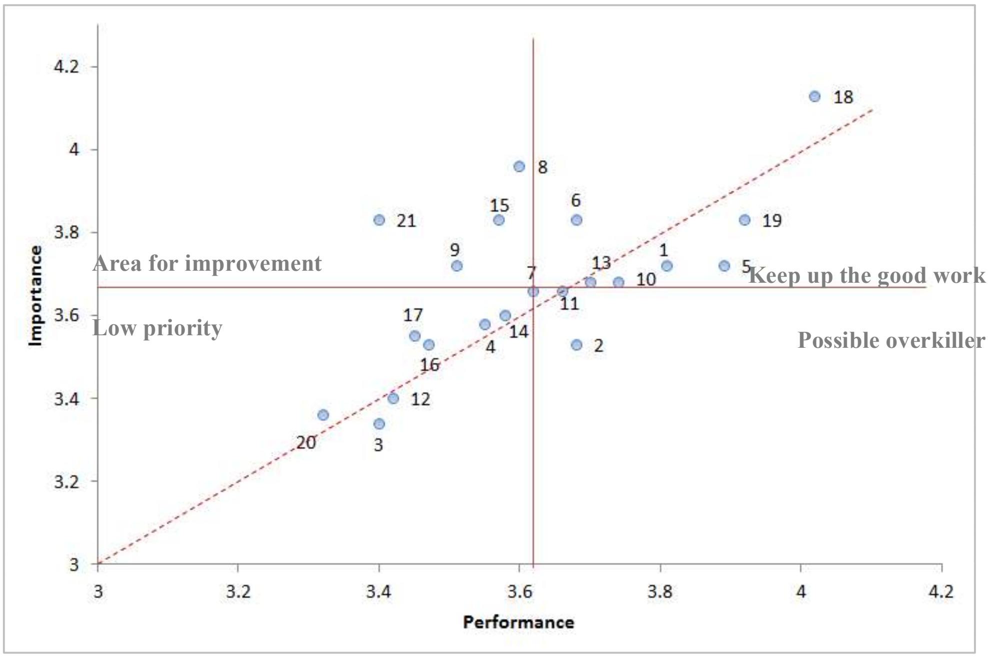


Figure 8- 3 IPA of the Leisure-tourist shoppers
Average means: Performance (3.62)/ Importance (3.67)

Table 8 - 6 The evaluation and implications of the IPA of the Leisure-tourist shoppers

Quadrant	No.	Items	Gaps*	Implication
Quadrant I: Keep up the good work	1	Merchandise quality	+	Maintain competitive advantage
	5	Store design	+	Maintain competitive advantage
	6	Variety of products	-	Required management intervention
	10	Accessibility	+	Maintain competitive advantage
	13	Variety of places to dine	+	Maintain competitive advantage
	18	Hospitality of local people	-	Required management intervention
	19	Similarity of the language and culture	+	Maintain competitive advantage
Quadrant II: Area for improvement	8	Price	-	Immediate attention
	9	Products value for money	-	Immediate attention
	15	Famous for tourist destination	-	Immediate attention
	21	Destination Atmosphere	-	Immediate attention
Quadrant III: Low priority	3	Reliability of shops	+	Do not necessarily focus additional effort here
	4	Safety and security within the store	-	Do not necessarily focus additional effort here
	12	Information and signs to shopping areas	-	Do not necessarily focus additional effort here
	14	Reputation of shopping areas	-	Do not necessarily focus additional effort here
	16	Destination value for money	-	Do not necessarily focus additional effort here
	17	Shopping areas represent the local uniqueness	-	Do not necessarily focus additional effort here
	20	Familiar with a destination	-	Do not necessarily focus additional effort here
Quadrant IV: Possible overkill	2	Store layout	+	Less emphasis
	7	Quality of products	-	Less emphasis
	11	Supportive facilities in shopping area	+	Less emphasis

8.5 The Product-focused shoppers' perspectives

8.5.1 Importance attributes

The product-focused shoppers, who tend to seek utilitarian benefits, seem to have an average level of expectation of importance. The range of means was between 2.95 to 3.82. As can be seen in Table 8-7 (Column II), the Product-focused shoppers expect the hospitality of local people to be the most important attribute (3.82), followed by a variety of products (3.67), and the standard of merchandise (3.65). On the other hand, they have low levels of expectations regarding the information and signs in shopping areas (2.95), local uniqueness (3.12), and the familiarity with a destination (3.17). The product-focused shoppers appear to have high expectations regarding functional factors in general; however, they are also concerned with the local environment. This indicated that beyond the functional values, emotional values were also important for them.

Table 8 - 7 IPA of the Product-focused shoppers

	(I) Variables	(II) Importance	(III) Performance	(IV) Gaps Values	Correlation
1 Products/ Merchandise					
6	Variety of products	3.67	3.67	0.00	.513*
7	Quality of products	3.57	3.72	0.15	.475*
9	Products' value for money	3.55	3.33	-0.22	.684*
2. Place					
2.1 Retail offers					
1	Standard of merchandise	3.65	3.77	0.12	.730*
2	In-store decoration	3.30	3.55	0.25	.653*
3	Reliability of shops	3.43	3.42	-0.01	.515*
4	Safety and security within the store	3.30	3.50	0.20	.358*
5	Exterior store design	3.53	3.53	0.00	.603*
2.2 Supportive facilities					
11	Supportive facilities in shopping areas	3.23	3.36	0.13	.643*
12	Information and signs in shopping areas	2.95	2.95	0.00	.446*
13	Variety of places to dine and experience entertainment	3.57	3.47	-0.10	.547*
10	Accessibility to the shopping areas	3.43	3.62	0.19	.267*
2.3 Destination atmosphere					
18	Hospitality of local people	3.82	3.75	-0.07	.640*
19	Similarity of the language and culture	3.58	3.63	0.05	.639*
20	Familiar with a destination	3.17	3.23	0.06	.623*
21	Destination environment	3.40	3.40	0.00	.614*
3. Price					
8	Price	3.52	3.47	-0.05	.487*
4. Promotions					
14	Reputation of shopping areas	3.55	3.47	-0.08	.567*
15	Famous as a tourist destination	3.40	3.50	0.10	.464*
16	The destination being valued for money	3.28	3.45	0.17	.095
17	Shopping areas representing the local uniqueness	3.12	3.17	0.05	.462

8.5.2 Performance of place attributes

After the importance of each attribute had been considered, the actual performance was then examined. The range of means was between 2.95 to 3.77. The results showed that the top place performance is the standard of merchandise (3.77), followed by the hospitality of the local people (3.75), and quality of products (3.72). The attributes of information and signs (2.95) and local uniqueness (3.17) are low, however.

Overall, the product-focused shoppers seem to be happy with the shopping environments. Sixteen out of twenty-one items were positive values. The results report that the Product-focused shoppers have positive attitudes toward products, places and promotions. High positive gaps are evident for in-store decoration (+0.25), safety and security within the store (+0.20) and accessibility (+0.19). This indicates that the place exceeded product focused shoppers expectations.

In contrast, the products' value for money (-0.22) was a dominant variable that did not meet the Product-focused shoppers' expectations. One explanation would be that the Product-focused shoppers were price sensitive (Chapter 7). In addition, the price of some products in Thailand are not cheaper than in Laos (Chapter 4). Laotian can find cheaper products in their country. Furthermore, this cohort expected a wide variety of goods.

8.5.3 Priority for improvement

After the gap values had been evaluated, the priorities for improvement needed to be identified. The analysis process indicate a significant regression equation ($F(1,19) = 44.365$, $p<.000$), with an R^2 of 0.700. The respondents' predicted the level of expectation (Importance) is equal to 0.8736 + 0.3943 (performance) when performance is measured in level of satisfaction (Likert scale). This group of shoppers' satisfaction increased 0.3943 levels for one level of expectation.

Regarding Quadrant I, “keep up the good work” contained seven attributes: Merchandise quality, Store design, Variety of products, Quality of products, Accessibility, Hospitality of local people, and Similarity of the language and culture. Retailers should keep these attributes. This implies a possible opportunity for gaining benefits to attract more of the Product-focused shoppers.

Looking into the areas for improvement, the five factors in this cell were Price, Variety of places to dine, Reputation of shopping areas, Reliability of shops, and Product value for money. This quadrant means that the product-focused shoppers expected these to be highly important in the selection decisions, but perceived the location to have low performance in these areas. This means that the retailers did not cope well with the product-focused shoppers’ expectations. As the shoppers had negative values, immediate attention is required from the retailers to reduce these gaps.

Regarding the possible overkill quadrant, Store layout, Famous as being a tourist destination, and Safety and security within the store were plotted in the low importance, high performance cell. This reveals that it is perhaps unnecessary to focus additional effort on these attributes.

Lastly, the low priority area consisted of six items: Destination Atmosphere, Information and signs to shopping areas, Shopping areas represent the local uniqueness, Familiar with a destination, Destination value for money, and Supportive facilities in shopping area such as resting area. These variables could be considered as less important for improvement.

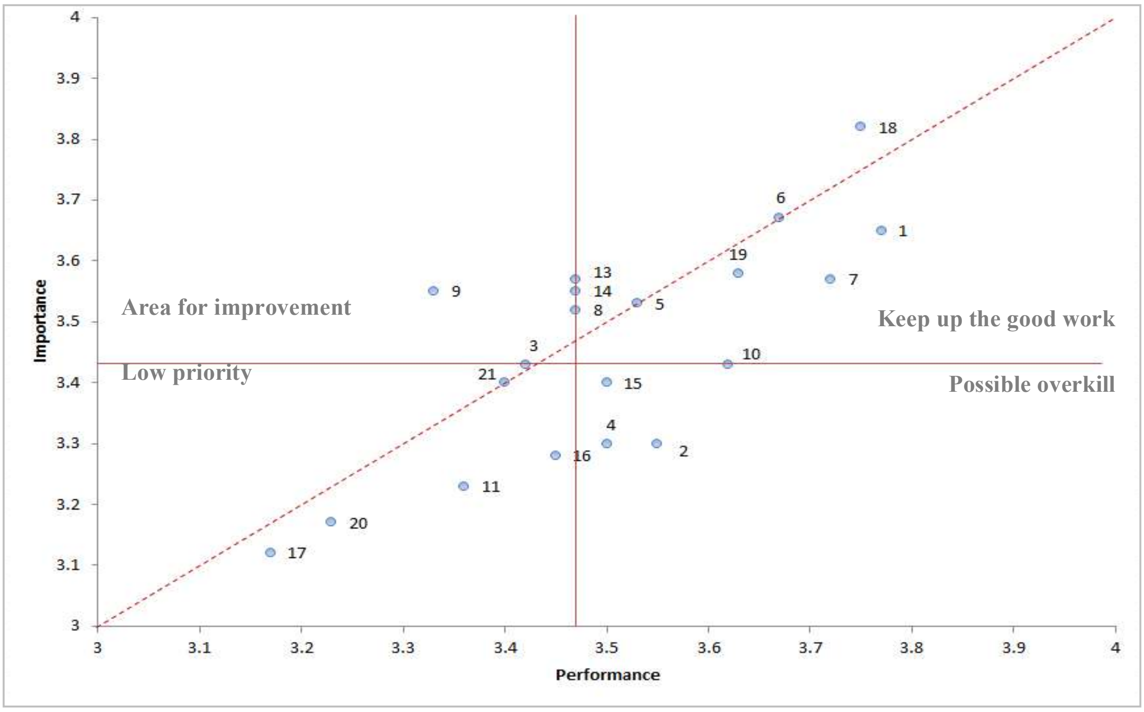


Figure 8- 4 IPA Matrix of Product-focused shoppers
Average Means: Performance 3.47/ Importance 3.43

Table 8 - 8 The implication of the Product-focused shoppers

Quadrant	No.	Items	Gaps *	Implications
Quadrant I: Keep up the good work	1	Merchandise quality	+	Gain or maintain competitive advantage
	5	Store design	=	Gain or maintain competitive advantage
	6	Variety of products	=	Gain or maintain competitive advantage
	7	Quality of products	+	Gain or maintain competitive advantage
	10	Accessibility	+	Gain or maintain competitive advantage
	18	Hospitality of local people	-	Required management intervention
	19	Similarity of the language and culture	+	Gain or maintain competitive advantage
Quadrant II: Area for improvement	8	Price	-	Immediate attention
	13	Variety of places to dine	-	Immediate attention
	14	Reputation of shopping areas	-	Immediate attention
	3	Reliability of shops	-	Immediate attention
	9	Products value for money	-	Immediate attention
Quadrant III: Low priority	21	Destination Atmosphere	=	Do not necessarily focus additional effort
	12	Information and signs to shopping areas	=	Do not necessarily focus additional effort
	17	Shopping areas represent the local uniqueness	+	Do not necessarily focus additional effort
	20	Familiar with a destination	+	Do not necessarily focus additional effort
	16	Destination value for money	+	Do not necessarily focus extra effort
	11	Supportive facilities in shopping area such as resting area	+	Do not necessarily focus extra effort
Quadrant IV: Possible overkill	2	Store layout	+	An area of strength to attract new consumers
	15	Famous for tourist destination	+	Gain or maintain competitive advantage
	4	Safety and security within the store	+	An area of strength to attract new consumers

8.6 The Practical shoppers' perceptions

8.6.1 Importance of attributes

The practical shoppers, those who are demanding in respect to products and shopping enjoyment, selected both utilitarian and hedonic features as the most important for them. They expect the standard of merchandise (3.93), followed by a variety of products (3.91), and the similarity of language and culture (3.90) to be the most important factors in their decisions. On the other hand, they have the least expectations in respect to the information and signs (3.23), the shopping areas representing the local uniqueness (3.59) and familiarity with a destination (3.60). This indicates that they look for both shopping enjoyment and economic benefits from merchandise; as indicated also in the fact that this cohort seems to access products in both traditional and modern markets (chapter 7).

Table 8 - 9 IPA of Practical shoppers

	(I) Variables	(II) Importance	(III) Performance	(IV) Gaps Values	Correlation
1 Products/ Merchandise					
6	Variety of products	3.91	3.93	0.02	.364*
7	Quality of products	3.89	3.94	0.05	.395*
9	Products' value for money	3.80	3.78	-0.02	.318*
2. Place					
2.1 Retail offers					
1	Standard of merchandise	3.93	3.97	0.04	.353*
2	In-store decoration	3.76	3.72	-0.04	.215*
3	Reliability of shops	3.79	3.80	0.01	.613*
4	Safety and security within the store	3.73	3.73	0.00	.481*
5	Exterior store design	3.87	3.83	-0.04	.485*
2.2 Supportive facilities					
11	Supportive facilities in shopping areas	3.69	3.68	-0.01	.395*
12	Information and signs in shopping areas	3.23	2.99	-0.24	.360*
13	Variety of places to dine and experience entertainment	3.66	3.52	-0.14	.516*
10	Accessibility to the shopping areas	3.70	3.80	0.10	.479*
2.3 Destination atmosphere					
18	Hospitality of local people	3.85	4.19	0.34	.373*
19	Similarity of the language and culture	3.90	4.13	0.23	.443*
20	Familiar with a destination	3.60	3.65	0.05	.412*
21	Destination environment	3.61	3.69	0.08	.309*
3. Price					
8	Price	3.78	3.82	0.04	.509*
4. Promotions					
14	Reputation of shopping areas	3.87	3.93	0.06	.391*
15	Famous as a tourist destination	3.72	3.86	0.14	.403*
16	The destination being valued for money	3.69	3.73	0.04	.298*
17	Shopping areas representing the local uniqueness	3.59	3.37	-0.22	.481*

8.6.2 Performance of Place attributes

The Practical shoppers appear to be pleased with many aspects of place performance. The range of site performance was 2.99 to 4.19. Looking into the details, the results indicate that the hospitality of local people (4.19), and the similarity of the language and culture (4.13) were the outstanding attributes. This is followed by the merchandise quality (3.97) and the quality of products (3.94).

After the perceptions of the importance and performance of the practical shoppers had been analysed, the gap values were investigated. The results showed that there were more positive scores than negative ones. Focusing on the distinctive gaps, outstanding differences were found in three variables: the hospitality of local people (+0.34), the similarity of the language and culture (+0.23) and Famous as being a tourist destination (+0.14). The practical shoppers, however, were most disappointed with the information and signs to the shopping areas (-0.24). This indicates that the Practical shoppers are satisfied with the local community around retail outlets, and thus that retailers should develop services with a purpose of maintaining these relationships with customers.

8.6.3 Priorities for improvement

The evaluation process was similar to the previous typologies. Figure 8-5 shows that there are many attributes attracting the practical shoppers. The data indicated a significant regression equation ($F(1,19) = 91.293$, $p<.001$), with an R^2 of 0.828. The respondents' predicted level of expectation (Importance) is equal to 1.6238 + 0.5625 (performance) when performance is measured in level of satisfaction (Likert scale). This group of shoppers' satisfaction increased 0.5625 levels for one level of expectation.

As can be seen in Quadrant I, ten items were contained in the "keep up the good work" categories. These were Merchandise quality, Reliability of shops, Store design, Variety of products, Quality of products, Price, Product value for money, Reputation of shopping areas, Hospitality of local people, and Similarity of the language and culture. This indicates the opportunities for retailers to gain competitive advantage in respect to the practical shoppers.

Regarding the areas for improvement, the in-store layout and the destination being value for money required immediate attention from retailers in order to shrink the gaps. Looking into the areas that were low priority for development, eight characteristics were perceived as low in both importance and performance. This suggests that it is unnecessary to focus additional effort on Safety and security within the store, Supportive facilities in shopping area such as resting area, Information and signs to shopping areas, Variety of places to dine, Destination value for money, Shopping areas represent the local uniqueness, Familiar with a destination, and Destination environment.

Lastly, Accessibility and Famous as being a tourist destination were considered as possible overkill attributes. This means that the practical shoppers attached low importance to these attributes, suggesting that the retailers could allocate resources somewhere else, or use these attributes to attract new customers

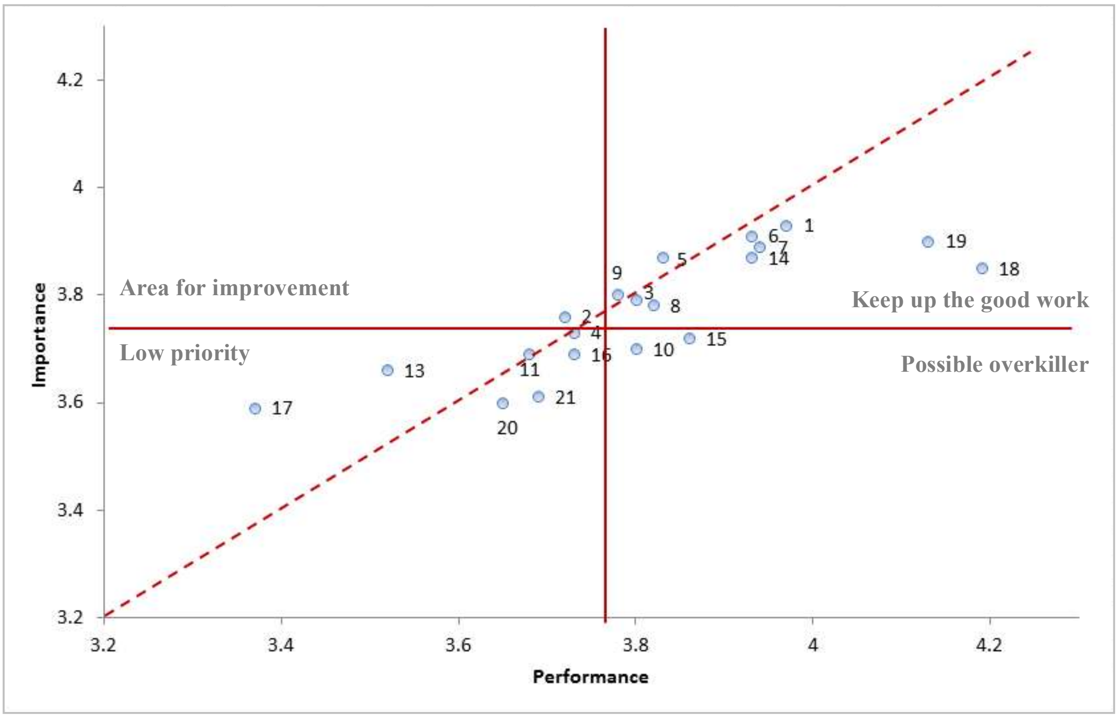
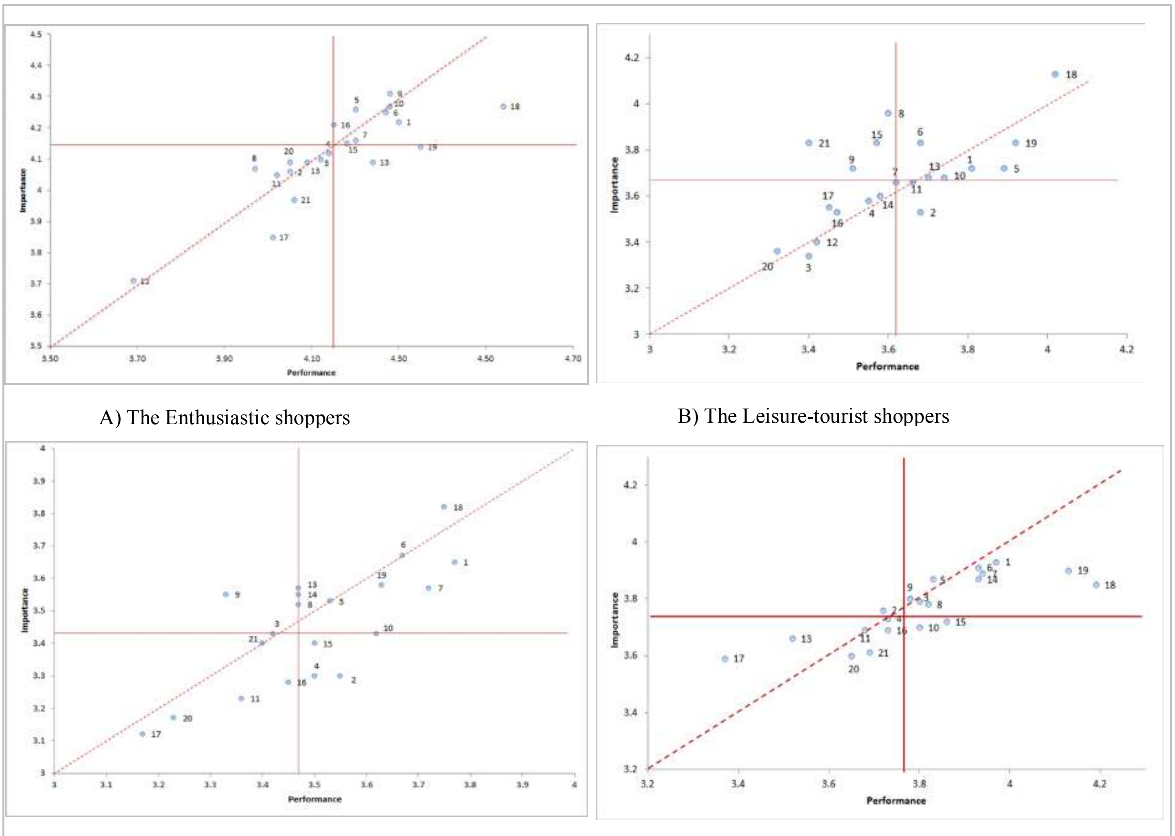


Figure 8- 5 IPA Matrix of Practical shoppers
Average means: Performance (3.78)/ Importance (3.74)

Table 8 - 10 The IPA and implication of the Practical shoppers

Quadrant	No.	Items	Gaps*	Implication
Quadrant I: Keep up the good work	1	Merchandise quality	+	Gain or maintain competitive advantage
	3	Reliability of shops	+	Gain or maintain competitive advantage
	5	Store design	-	Required management intervention
	6	Variety of products	+	Gain or maintain competitive advantage
	7	Quality of products	+	Gain or maintain competitive advantage
	8	Price	+	Gain or maintain competitive advantage
	9	Products value for money	-	Required management intervention
	14	Reputation of shopping areas	+	Gain or maintain competitive advantage
	18	Hospitality of local people	+	Gain or maintain competitive advantage
	19	Similarity of the language and culture	+	Gain or maintain competitive advantage
Quadrant II	2	Store layout	-	Immediate attention
Quadrant III: Low priority	4	Safety and security within the store	=	Do not necessarily focus extra effort
	11	Supportive facilities in shopping area such as resting area	-	Do not necessarily focus extra effort
	12	Information and signs to shopping areas	-	Do not necessarily focus extra effort
	13	Variety of places to dine	-	Do not necessarily focus extra effort
	16	Destination value for money	+	Do not necessarily focus extra effort
	17	Shopping areas represent the local uniqueness	-	Do not necessarily focus extra effort
	20	Familiar with a destination	+	Do not necessarily focus extra effort
	21	Destination environment	+	Do not necessarily focus extra effort
Quadrant IV: Possible overkill	10	Accessibility	+	An area of strength to attract new consumers
	15	Famous for tourist destination	+	An area of strength to attract new consumers

In summary, Figure 8-6 reports that the four types of purchasers had different expectations and perceptions against the chosen attributes. Considering how the store choices were made, moreover, it was found that place selections were not based only on functional features, but also on consumers' psychological needs. The data show that consumer decisions on retail purchases did not occur in isolation from the environment surrounding them. The results revealed that all cross-border segments had attached an importance to a community where they feel welcome and are able to communicate with local people. These factors could be interpreted, according to Maslow's Hierarchy of needs, as wanting to feel a sense of belonging and acceptance while in Thailand. This belonging factor is closely related to the concept of communalisation in Kotler's (2010) work on marketing, where it is mentioned that consumers, in the future, would want to be connected to other people in a community rather than to companies. This suggests that retailers should design marketing to fit with the segment needs.



A) The Enthusiastic shoppers

B) The Leisure-tourist shoppers

C) The Product-focused shoppers

D) The Practical shoppers

Figure 8- 6 Comparison of IPA matrices

8.7 Marketing Implications

To develop value co-creation, a consumer proposition is further developed. After Chapter 7 had indicated all the benefits each segment required, this chapter identified the ‘resonating focus’ that forced each segment to make a decision (Anderson *et al.*, 2006). This type of proposition can help a retailer to deliver the greatest value to the targets. Retailers can concentrate their offers on improving one or two points of difference that customers value most. In creating a value proposition for cross-border consumers, an EFA was used to reduce the number of place attribute items to a small grouping of internally consistent items.

8.7.1 Exploratory Factor Analysis

An EFA with Varimax rotation was employed on the importance of the 21 place attributes. The criterion for evaluation was based on the factor loading (equal to or greater than 0.4), eigenvalues (greater than 1) and the percentage of variance explained (at least 50% of the total variance). To assess the reliability of the measure, the reliability should be greater than 0.6 (Hair *et al*., 2008).

Table 8 - 11 an EFA of importance Attributes

	Factor Loading	% of Variance	Eigenvalue	Reliability
FACTOR 1:Reputation and facilities		17.222	8.480	0.827
Supportive facilities in shopping areas	.534			
Information and signs in shopping areas	.636			
Variety of places to dine and experience entertainment	.708			
Reputation of shopping areas	.600			
Famous as a tourist destination	.716			
The destination being valued for money	.638			
Shopping areas representing the local uniqueness	.624			
FACTOR 2: Merchandise and product selection		13.614	1.589	0.833
Merchandise quality	.614			
Variety of products	.619			
Quality of products	.558			
Price	.572			
Products' value for money	.606			
Accessibility	.602			
FACTOR 3: Local communities		13.458	1.402	0.799
Hospitality of local people	.541			
Similarity of the language and culture	.607			
Familiar with a destination	.616			
Destination environment	.710			
FACTOR 4: Retail offers		13.004	1.135	0.777
In-store decoration	.696			
Reliability of shops	.723			
Safety and security within the store	.733			
Exterior store design	.548			

Table 8 - 12 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.912
Bartlett's Test of Sphericity	Approx. Chi-Square	3263.123
	df	231
	Sig.	.000

Table 8-11 sets out the EFA of importance attributes. As shown, the report suggested a four-factor solution that explained 57.98% of the variance in the data with eigenvalues greater than 1.0, and factor loading greater than 0.40. This evidence indicates a clear correlation in each dimension.

To test the validity and reliability, the KMO and Bartlett's Test (Table 8-12) were applied, with a KMO value of 0.912. KMO values above 0.8 mean the variables were interrelated and shared common factors. In addition, the overall significance was P<.000 with a Bartlett Test of Sphericity value of 3263.123, suggesting that the data had a sufficient correlation to EFA. Regarding reliability analysis, the Alpha coefficients of the four factors ranged from 0.766 to 0.849, which is considered as good internal consistency and acceptable for use in further analysis. Next, the interpretation of factors was identified.

For interpreting the data, these four factors were labelled based on their characteristics. The first factor represented the largest proportion of the total variance (17.22%). These criteria included seven variables: information and signs in shopping areas, a variety of places to dine and experience entertainment, reputation of shopping areas, famous as being a tourist destination, the destination being value for money, supportive facilities in shopping areas and shopping areas representing the local uniqueness. Since four out of the seven variables were considered as store environment variables, this factor was named *'reputation and facilities'*.

The second factor encompassed 13.61% of the variance. It consisted of six variables: merchandise quality, variety of products, quality of products, price, products' value for money, and accessibility. Since most of these variables were functional variables, this factor was called *'Merchandise and product selection'*.

Next, '*local communities*', related to the hospitality of local people, the similarity of the language and culture, familiarity with a destination, a good place to be with family and friends and destination environment. This factor was the smallest group in the variance and accounted for 13.46%.

The final factor comprised 13.00% of the total variance. This dimension included four variables: In-store decoration, Reliability of shops, Safety and security within the store, and Exterior store design. These factors represented the offers from retailers. Thus, this factor was named *'Retail offers'*.

Table 8 - 13 Importance – Performance Analysis of marketing implications

Shoppers	Factors	Importance	Performance
The Enthusiastic shoppers	Reputation and facilities	4.02	4.05
	Merchandise and product selection	4.21	4.22
	Local communities	4.11	4.25
	Retail offers	4.14	4.13
The Leisure-tourist shoppers	Reputation and facilities	3.61	3.55
	Merchandise and product selection	3.76	3.66
	Local communities	3.79	3.67
	Retail offers	3.54	3.63
The Product-Focused shoppers	Reputation and facilities	3.30	3.34
	Merchandise and product selection	3.57	3.60
	Local communities	3.49	3.50
	Retail offers	3.39	3.50
The Practical shoppers	Reputation and facilities	3.58	3.58
	Merchandise and product selection	3.94	3.94
	Local communities	3.92	3.92
	Retail offers	3.77	3.77

Table 8-13 reveals that different cross-border segments have different value propositions. The researcher argues that instead of offering consumers as a passive target of marketing campaigns, a retail marketing strategy should develop its competitive advantage from a consumer value proposition. Next, the Importance-Performance of cross-border shopper segments is discussed.

8.7.2 The Enthusiastic shoppers

The Enthusiast shoppers expected the merchandise and product selection to be the most important attributes (4.21), followed by the retail offers (4.14), and the local community (4.11). The reputation and facilities, however, were considered as the least important attributes (4.02). This went in the same direction as their shopping characteristics in that shopping was the principal reason for visiting. Looking into the performance analysis, this group was impressed by the local community (4.25), followed by the merchandise and product selection (4.22), and the retail environment (4.13).

By investigating the IPA in Figure 8-7, the *merchandise and product selection* falls into the 'keep up the good work' quadrant, suggesting that investment should be focused on this attribute. On the other hand, the *retail offers* was considered to be an 'area for improvement'. The results showed that Enthusiastic shoppers had expectations of the retail offers; however, they perceived that this attribute was under performing.

The *reputation and facilities* group fell into the 'low priority' quadrant. This indicates that the enthusiastic shoppers had low expectations of these attributes, which are therefore considered low priority for investment. Lastly, *the local community* fell into the 'possible overkill' section; indicating that retailers might not necessarily need to focus additional efforts into these variables.

8.7.3 The Leisure-tourist shoppers

The results show that the most important expected attributes were a mixture of recreation attributes and the functional attributes. The most important attributes were the local community dimension (3.79), followed by merchandise and product selection (3.76), and then the retail environment (3.61). 'Reputation and facilities' (3.54) was seen as the least important, however. According to the place performance, the Leisure-tourist shoppers were satisfied with the local community (3.67), merchandise and product selection (3.66) and destination atmosphere (3.55) but reputation and facilities was the least satisfactory in performance (3.63).

Regarding the IPA grid, the results in quadrant I demonstrate that *the local community* and *the merchandise and product selection* provided the greatest opportunities for achieving a competitive advantage. In quadrant III, meanwhile, *the reputation and facilities* were considered to be a low priority for investment. Lastly, *the retail offers* were in the 'possible overkill' quadrant. This indicates that there was currently over investment in the offers, despite the fact that the Leisure-tourist shoppers considered them to be of low importance.

8.7.4 The Product-Focused shoppers

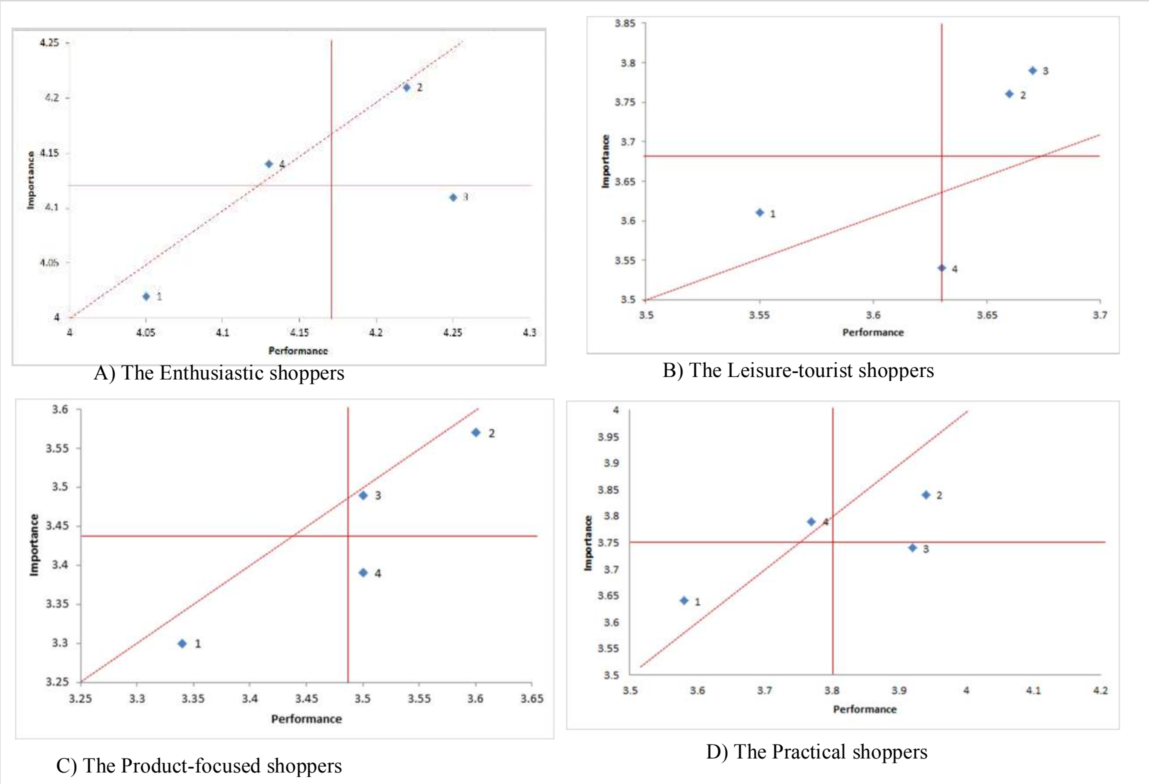
The product-focused shoppers expected the merchandise and product selection to be the most important attributes (3.57), and then the local community (3.49). The least important attributes were the retail offers (3.39), followed by the reputation and facilities (3.30). It can be seen that although the shoppers expected the functional attributes to be the most important, the destination atmosphere also played an essential role in their selection. Looking into the place performance, the results show that they were most satisfied with the merchandise and product selection (3.60), followed by the destination atmosphere (3.50), and the retail environments (3.50). Lastly, the reputation and facilities were the least satisfactory (3.34).

Considering the IPA, the results show that the priority for improvement was similar to that for the Leisure-tourist shoppers, but with a difference in degree. In Quadrant I, the *merchandise and product selection* and the *local community* fall in the 'keep up the good work' area, suggesting that the retailers should put more effort into these two factors. Looking into the area of 'low priority', *reputation and facilities* were considered as less important for improvement. It was therefore not necessary to add any effort into these variables. Lastly, in the possible overkill quadrant, the *retail offers* were at risk of over investment. This suggests that the product-focused shoppers had low expectations regarding the importance of the retail offers to them, but the place nonetheless showed high performance.

8.7.5 The Practical shoppers

The practical shoppers considered the merchandise and product selections to be the most important attributes (3.84), followed by the retail offers (3.79) and the local community (3.74). The least important attributes, however, were the reputation and facilities (3.64). They perceived the local community (3.94), followed by the merchandise and product selection (3.92), and the retail offers (3.77) had good performance. Lastly, the reputation and facilities (3.58) were the least satisfactory for the practical shoppers. It appears that the practical shoppers enjoy the recreational features more than the functional attributes.

Viewing Figure 8-7, as can be seen in quadrant I, the *merchandise and product selection* factors were advantage points to attract the practical shoppers. Regarding the area for improvement, *the retail offers* fall into this quadrant, which means retailers might not cope well with the practical shoppers' expectations. As the *retail offers* had negative values, immediate attention is required on the part of retailers to reduce the gaps and put more effort into improving this attribute. Looking into the factor that was considered to be a low priority for development, *reputation and facilities* were perceived as being of low importance and performance. Lastly, *the local community* was in the 'possible overkill' category. This means that the practical shoppers attached low importance to this factor, but perceived it to have high place performance.



A) The Enthusiastic shoppers

B) The Leisure-tourist shoppers

C) The Product-focused shoppers

D) The Practical shoppers

Figure 8- 7 IPA comparisons

Cross-border shoppers are multifaceted in their requirements. In this case, the core products of cross-border shopping were considered to be the main motivation for consumers to travel. These factors were considered to be the most important components for cross-border decisions, but they vary between segments, regarding their benefits sought.

8.8 Conclusion

In conclusion, differences were found between the Enthusiastic shoppers, the Leisure-tourist shoppers and the Product-focused shoppers. Similarities were noted between the Enthusiastic shoppers and the Practical shoppers since both placed high benefits on shopping enjoyment variables. As a consequence, the merchandise factor was over-expected as it was rated in the ‘Keep up a good work’ quadrant. The IPA shows how each segment perceived the benefit of crossing the border for shopping, and whether such benefits met their expectations. The Enthusiastic shoppers, the Practical shoppers, and the Product-focused shoppers felt that the Thai shopping attributes significantly out-performed in merchandise attributes, while the Leisure-tourist shoppers had a negative feeling in this regard.

In addition, the linear regression analysis suggested that the hospitality of the local people and the similarity of language are very important to the cross-border shoppers' satisfaction. This related to a sense of engagement in negotiation while visiting. Without a language barrier, the cross-border could enjoy the destinations. The research therefore suggests that cross-border shopping is related to the differences in perceiving physical environments and hospitality. The preferences of Laotian shoppers are based on affiliation attributes, and local authenticity could establish a competitive advantage by attracting, developing and maintaining relationships with customers through building destination images and making the commitment of quality benefits to cross-borders customers.

CHAPTER NINE: Qualitative Findings (4)

MARKET SEGMENTATION IMPLICATIONS

After exploring cross-border demand in previous chapters, it is also important to consider the ‘supply-side’, in the sense of how the shopping-area offers facilitate the match between consumer expectations and the offers that are available. The aim of this chapter, therefore, is to describe the retail environment in border towns, the factors affecting marketing, and the understanding of cross-border travellers in Thailand. In addition, the chapter provides some information on a marketing strategy in the regional markets of Thailand.

The results from previous chapters reported that cross-border shoppers had various shopping behaviours and patterns of consumption. These segments also had significant differences in expectations and perceived benefits. The aim of this chapter is to understand how Thai retailers have responded to the needs of these customers. In particular, the research investigates how retailers have responded to Laotian customers in terms of both segmentation approaches and marketing strategies. The relationship between consumers and suppliers appears to be problematic since Thai retailers believe that the shoppers are somehow dependent on the Thai market. The focus of this chapter is therefore on how market segmentation is used in reality. The chapter has five main sections. The first section explains the details of the interviewees, including their position and organisation. Then, how each organisation classifies consumers into groups is evaluated. Thirdly, the implications of market segmentation are discussed. After that, the analysis of marketing strategies is evaluated. Lastly, the gaps between theory and practice are investigated.

9.1 Overview of interviewees

The research examined the marketing strategy employed by four different types of retailers. These were a national department store chain, a cash and carry chain, a regional shopping mall and a traditional mixed goods supermarket. These companies have some differences in the nature of their business, but they share some similarities in terms of business goals, which included serving both residents and cross-border shoppers. The data used in this chapter was obtained from primary sources (interviews) and secondary information (documents and companies' annual reports). Table 9-1 illustrates the interviewee profiles.

Table 9 - 1 A list of interviews

Manager	Company	Positions	Place of interviews
E	The National Department Store Chain	Marketing Manager	Udon Thani
F	Cash and Carry	Managing Director	Mukdahan
G	A regional shopping mall	Managing Director	Nong Khai
H	A mixed goods supermarket	Owner	Nakorn Phanom

The first interviewee had been working as a marketing manager in the Udon Thani border branch of a National Department Store Chain (NDSC) for five years. The NDSC positioned itself as a luxury merchandise retailer offering innovative and lifestyle products. It opened in the border region in 2009 and had positioned itself as a lifestyle shopping retailer by focusing on providing a pleasant atmosphere, excellent customer service, and a wide variety of merchandise under one roof (The NDSC website, 2014).

The second interviewee had been working for a Cash and Carry Company for ten years before being promoted to Managing Director of the Mukdahan border branch in 2013. The company has been trading in Thailand since 1989. It mainly operates as a membership warehouse club that sells food and necessities in bulk at low prices. Currently, the company operates 77 cash and carry stores and 5 frozen food outlets and has 2.6 million registered customers (The Cash and Carry Annual Report, 2015). The Cash and Carry company interviewed during this stage of the research sought to address the needs of professional customers rather than those of the mass market.

The third interviewee had been working as a manager in a Nong Khai regional shopping mall for more than ten years. The regional shopping mall is a family operated business and was established in 1996. The regional shopping mall positions itself as an 'Everyman shopping mall' and aims to serve all customers who live in Nong Khai and Vientiane. The company has a simple organisational structure with one marketing team. This mall is acknowledged as the biggest regional shopping mall in the province (35,000 m^2) with more than 300 retail stores, a supermarket, a discount store, restaurants, an IT zone and entertainment areas (The regional shopping mall website, 2015).

Finally, Manager D is the second generation owner of a mixed-goods supermarket. This is a family business which is located near the border checkpoint. It has operated in the border region for more than 30 years. This mixed goods supermarket also has a wholesale operation as well as retail outlets. This means the mixed goods supermarket deals with both business and consumer markets. Similar to the regional shopping mall, the mixed goods supermarket is well known among local residents.

9.2 Market segmentation in the Regional markets

Adopting a critical realist paradigm provides an understanding of supply and then interprets this through social conditioning (Saunders *et al*., 2007). This section, therefore, aims to identify how each organisation classifies different cross-border consumers into groups. The research reveals that most of the sample companies applied *a priori* market segmentation to deal with the relatively varied activities in their store. Furthermore, a variety of segmentation approaches were used to identify groups of cross-border customers.

9.2.1 National Department Store Chain (NDSC)

Since the NDSC aims to serve the upper northeast regions of Thailand and some parts of Laos, its strategy is described in the company annual report as follows:

> "Located en route to Indochina is the lifestyle complex of the upper Northeast that finds popularity with Thais and those from neighbouring countries alike."
>
> (Company Annual Report 2016, p.44)

The company segmented the market based upon broad regional characteristics. Consumers were classified into three categories: residents, tourists and neighbouring country shoppers (Table 9-2). Firstly, the residential segments were classed as customers who lived in the target areas. Since the NDSC aims to respond to the regional market, the company sets the main market boundary to cover five provinces in the upper northeast region, which are Udon Thani province and its surrounding provinces; Nongkhai, Nongnulumpu, Bung Kan and Lei. Secondly, *tourists* referred to Thai domestic travellers who lived outside these residential areas. Finally, *neighbouring country shoppers* referred to the inbound cross-border shoppers, from countries such as Laos, Vietnam, Cambodia and China.

Table 9 - 2 Targets and descriptions of the National Department Store Chain

Targets	Descriptions
Residents	Consumers who live in the upper northeast region, which includes Thai and non-Thai residents.
Tourists	Thai travellers who from other areas.
Neighbouring country shoppers	Shoppers who from Laos, Vietnam, Cambodia and China.

Source: Adopted from the NDSC's annual report, 2014

To understand the behaviour of each segment, lifestyle characteristics were used by the company. The characteristics were described in respect to their activities, interests, and products being purchased from the shopping mall. A manager who had worked in this department store for five years explained the main difference between Thai and Laotian shoppers;

> "The Laotian shoppers are considered as premium customers in our store. They are a group of people who have a lot of money. When they come to our shopping mall, it means that they intend to buy something… We are quite sure that they will spend money. For example, of 1,000 people coming from Laos in a day, about 90% buy something at the mall. In a different way, Thai customers will come for leisure, for socialisation or eating out."
>
> (Interviewee E)

The consumer characteristics were firstly identified through demographic variables. The distinct differences between two nationalities (Thai shoppers and Laotian shoppers) were acknowledged through shopping, consumption activities and spending. While most Thai shoppers appeared to visit the NDSC for social and recreational activities, the Laotian shoppers demonstrated an intention to purchase products by spending their money in the store.

Laotian customers represented one of the main targets for the department store. The interviewee noticed a variety of lifestyles among cross-border shoppers. The interviewee further explained:

> "Our Laotian consumers consist of two main groups - tourists and business owners. For the tourists, this shopping mall could be considered as a tourist destination. When they want to travel to Thailand, it means that they will come here. They can come to relax, eat and watch a movie. Some of our

> Laotian teenage customers visit this shopping mall before going out at night. Some of them like to eat international foods, like pizza or Japanese food.
>
> Or they could come for a business meeting... As for business owners, they come to buy products here such as IT items, mobile phones… Laotian consumers prefer to buy electronic items and large quantities of computers in Apple shops."
>
> (Interviewee E)

As a result, two groups were identified: Laotian tourists and Laotian businessmen. The Laotian tourists refer to Laotian shoppers who came for relaxation purposes. This group tended to visit at the weekend, arrived with family members or friends and, would stay from morning until the border gate closed. In addition, some Laotian teenagers would come for the movies and international food stalls, or simply to hang out. For this group, purchasing products may not be the main purpose of their visit. Next, the Laotian businessmen comprised individuals who visited Thailand to attend business meetings, conferences, and for the purpose of purchasing products for re-sale. This category tended to visit the store both at the weekend and during the week. Most of these individuals are purposive shoppers whose mission is to purchase products in the store. Some of them were government officials who attended a conference and met in the store's convention hall. The results showed diversity in consumption, interests and activities between the groups of cross-border segments.

The results showed differentiation in lifestyle characteristics between the groups of cross-border segments. Market segmentation was used by the retailer to determine the number of potential cross-border shoppers. Market segmentation initially classified consumers by their geographic characteristics, then used lifestyle criteria to examine the consumption pattern of different of sub-segments. This approach helped the company understand both from where the customers are coming and their motivations for visiting.

9.2.2 Cash and Carry

In contrast to the NDSC, the Cash and Carry company used market segmentation to classify its consumers. The company initially segmented by the type of businesses followed by their geographical location and pattern of consumption. First, the company used business models to identify viable market segments and three main groups were identified: small retailers, 'HoReCa' (hotel, restaurants, catering), and services (Company Annual Report, 2015).

1) **Small retailers** represented the largest target group and included general grocery stores, community mum and pop shops, mini-marts, stationery shops and other outlets.
2) The **HoReCa** group consists of hotels, restaurants and catering businesses, as well as small food stalls or street vendors.
3) The **Services group** consists of businesses providing a service, and government organisations. This group includes both corporate and government offices, as well as schools, hair salons, launderettes, tour operators and general service providers. Table 9-3 summarises the cash and carry's segments.

Table 9 - 3 The Cash and Carry's segments

Segments	Descriptions
Small retailers	Grocery, community mum and pop shops, mini-marts, stationery shops and other outlets
HoReCa (hotel, restaurant, catering)	Hotels, restaurants, catering businesses, small food stalls, and street vendors
Service segments	Corporate and government offices, schools, hair salons, launderettes, tour operators and general service providers

Having used an *a priori* method of market segmentation, the company used geographic segmentation to assist the manager in allocating salespersons to a regional area and defining ways in which the store could align itself with the local market. Since the outlet in Mukdahan aimed to serve both the Thai provincial market and a part of the Lao market, geographic segmentation helped the company target particular market territories. Manager B explained his company's strategy as;

> "We separate our customers in terms of area. This branch serves Mukdahan Province, some adjacent towns, and Savannakhet, Laos… 85% of our clients were Thai, and 15% were Laotian."
>
> (Interviewee F)

In creating more detailed profiles, the Cash and Carry categorised its customers as active and non-active users. These members were then profiled based upon their shopping behaviour, which included identifying the range of products purchased in the store, travelling patterns, buying habits, time of purchase, volume and expenditure. Manager B gave this analysis:

> "Our Laotian customers include small retailers, mini-marts, restaurants, catering, or other businesses that purchased our products, for their businesses in Laos…. Our Laotian customers were utilitarian shoppers, who came to buy wholesale products by intention and then returned to their home country… They are not recreational shoppers who do leisure activities. You would not see

> Laotian students or Laotian teenagers here… Those would go to some other hypermarkets, such as Big C, Tesco-Lotus, or a shopping mall rather than our store….”
>
> (Interviewee F)

The interviewee revealed that although the size of the cross-border shopper market was nearly six-times smaller than the domestic market, it still represented a significant market. Its principal cross-border customers were small-size retailers and middlemen who had a purposive shopping attitude, a defined shopping list and a set budget. They mostly purchased consumer commodities such as foods, electronic items, and beverages. Furthermore, the Cash and Carry representative claimed that its cross-border customers differed from the NDSC shoppers in terms of shopping patterns, needs, and products purchased. The Laotian shoppers in the Cash and Carry store seemed to prefer the store for its convenience, the ability to select wholesale products, costs, and the fact that it was easy to access. In contrast, many of the NDSC shoppers were looking for leisure activities.

In pursuing market segmentation, the Cash and Carry business applied a different approach from the NDSC. It began with consumption attributes (type of companies) and then considered variations in consumer characteristics (locations, purchasing patterns, and demography). Its approaches have advantages in terms of actionability, where the company could easily allocate products to the identified segments. This method, however, did not attempt to determine consumers' insights; therefore, it lacked information related to needs and motivations. As such, its understanding of consumers could only be explained in terms of observed behaviour.

9.2.3 A regional shopping mall

In contrast to the NDSC and Cash and Carry businesses, the regional shopping mall acknowledges that cross-border shoppers might have some differences; but does not see these differences as significant in marketing terms. It therefore adopted only a rudimentary, socio-demographic form of segmentation, which was primarily used to identify its customer base.

The regional shopping mall was reluctant to delineate any specific target market, as it may have led to the exclusion of a particular segment. The idea of focusing upon specific markets contradicted the concept of selling as much as possible. Manager C explains the company’s thinking:

> "…We *do not* segment consumers into a group; what we do is try to serve consumers at every level (low-to-high income)… It was impossible for us to select specific customers. We served all customers".
>
> (Interviewee G)

At the same time, the interviewee acknowledged the importance of Laotian shoppers to the mall:

> "Laotian customers are one of our primary targets. In our store, the proportion of Thai customers is around 70% of the total customers, while the other 30% are from Laos…The Laotian people come to shop here for many reasons... More than 1,000 Laotian people come to shop here at the weekend…The store is congested at the weekend and holidays.
> …By focusing on Laotian customers, about 60% of them come to shop in Tesco Lotus, while the other 40% come for the IT, eating out and fashion items.… Laotian shoppers spent about 1,500 Baht during each visit, while Thai consumers spent approximately 500 Baht per visit…."
>
> (Interviewee G)

The research indicated that the regional shopping mall was applying market segmentation to describe its entire market through general characteristics. The company used income- and the value of each segment as bases. This approach was useful to view the size of a segment and to review the margins of the market. The use of market segmentation in the Regional shopping mall seems to assist communication among members within the organisation, including merchandisers, suppliers and salespersons. This allowed members within the store to pursue their own locally focused marketing strategy.

9.2.4 A mixed-goods supermarket

The mixed goods supermarket believed it attracted customers from both the surrounding community and shoppers who lived across the border. The store made a decision to reject any formal use of market segmentation because it was felt that this approach was unnecessary for a small business that already had a strong consumer base. The owner sought to view his customers as follows:

> "We did not use market segmentation because we *do not* treat them (Thai/Laotians) differently… They (the Laotians) had made a prior decision before they came to shop. We provide what they want. Our customers are returning customers. We have done business together since their parents' time. Some of them are retailers in Laos. This group comes to buy in bulk. I can remember most of them."

(Interviewee H)

The reason that the interviewee refused to perform market segmentation was because the mixed goods supermarket worked under the pretence that *'the store is chosen by the customers'*. In other words, the interviewee worked under a responsive strategy and only reacted to its customers who visited the store. Rather than developing a proactive marketing approach, therefore, the retailer responded to each consumer as an individual. The approach adopted appeared to be similar to a mass customisation, as it did not seek to segment particular groups but offered specific services to individuals. The interviewee believed that this approach was key to meeting the customer requirements, problems and product choices.

Unlike the other organisations, the interviewee did not identify particular differences in consumption behaviour between Thai and Laotian shoppers. The manager believed that consumers acted differently wherever they were located. The manager did describe his key Laotian customers as functional shoppers, however, who bought wholesale products, and then returned to their country. The interviewee explained a variety of observed behaviours among his Laotian shoppers:

> "Most of my customers are owners of small-scale businesses in Lao villages. When they (Laotian shoppers) came to my store, they bought as much as they could carry home… Some of them are middlemen. This group came quite often but did not buy a lot. They did this because they wanted to avoid paying taxes in Laos…
> …They were likely to purchase consumer products such as soft drinks, shampoo, and cooking ingredients. In addition, they also bought agricultural equipment or utensils related to religion. These cross-border shoppers came two or three times a week."

(Interviewee H)

The owner acknowledged that its customers displayed differences in patterns of consumptions and needs. The customisation approach seems to provide a close match in the store's operations. This method appears to be suitable for the small business that wants to respond to varying demands. While mass customised segmentation has many advantages, it can be criticised in that difficulties may be encountered in confirming the effectiveness of personal judgements.

9.2.5 Summary of market segmentation

The research reveals that cross-border shoppers were viewed in two, seemingly contradictory ways, through their similarities and their differences. Firstly, cross-border shoppers are considered as a mass market. This means they were regarded as having similar needs and wants. Although they might have some differences in customer characteristics (such as ages, income, social status and family life cycle), these differences were not considered as important for marketing purposes.

In contrast, cross-border shoppers were seen to display different needs and wants. Such differences led to varying responses. The study reveals that market segmentation did not evaluate beyond *a priori* applications. With *a priori* segmentation, two main schemes were used: the classification of consumer attributes and behaviour differences.

9.2.5.1 The classification of consumer characteristics*:* this segmentation approach starts with an analysis of consumer characteristics by measuring the characteristics of cross-border shoppers (such as geographic location, socioeconomic position, lifestyle). This is then related to variations in market behaviour (shopping patterns, consumption, and so on). This approach has an advantage in terms of identifiability and accessibility in terms of being able to measure respondents easily, and consequently reach out and serve them.

9.2.5.2 The classification of behavioural attributes: this method begins by classifying consumption behaviours (products purchased) and working backwards to variations in consumer characteristics (demographics and geographic location). The Cash and Carry business is an example of this case. This approach is practical in terms of actionability; the company can efficiently plan and allocate its resources to the right targets.

It can be seen that while the sample companies did develop shopper typologies these tended to be based on descriptive characteristics rather than causal factors.

9.3 Strategic responses

Having identified a variety of approaches to market segmentation, the aim of the next section is to understand how the market segmentation was used to inform marketing decisions. It is important to note that this study works under an assumption that the balance of power in the market lies with Thai retailers. Most of the sample companies seem to undertake a mass marketing approach in the forms of product strategy and promotional strategy.

9.3.1 Product strategy

Product strategies refer to how product assortments, product design and/or services, are specifically targeted to cross-border shoppers. The results demonstrate that the four retail providers utilise different product approaches to meet the needs of their audiences.

Most of the sample companies, however, used a mass marketing approach to deal with the cross-border segments. With a high demand for consumer goods, most of the interviewees agreed that it was necessary to make products available to all cross-border shoppers. A broad assortment product strategy, along with national brands, was offered in the sample companies. The interviewees believed that the cross-border shoppers looked for Thai products, which were perceived to be better quality, and hence the retailers provided a wide range of brands for the cross-border shoppers. As noted:

> "… Laotian customers like to purchase Thai products, seafood and salmon from Thailand… Some of the products could only sell in the borders, such as mineral water, a 50-inch television, and salmon. Thai people rarely buy these products."
>
> (Interviewee F)

> "Our business tries to meet the requirements of Laotian customers. Their requirements are Thai products; they use Thai products."
>
> (Interviewee G)

> "… Thai products have a good reputation in terms of the quality of food, consumer products, IT, fashion, and luxury goods. These cross-border shoppers like to purchase products here [in the regional mall]."
>
> (Interviewee G)

The interviewees perceived that products produced in Thailand often exceed the performance standards of those produced in Laos. From observation, the sample companies offered products by assuming what is best for a consumer without consulting them to find their opinions on product features. Of all those interviewed, the Cash and Carry business most clearly used market segmentation to influence its decisions. Since the company is based on high volume sales, a depth and range of products were stocked for its target sectors, on a massive scale. For example:

> "We offer fresh foods such as pork, fish or meat, which meet the standard requirements in terms of quality, size and storage because these products will go to hospitals or catering. For example, when a Chinese restaurant had a catering event, they needed 100 fish of the same size, so we had to provide them with the same size of fish…. The other stores can't do what we do."
>
> (Interviewee F)

Responding to the growth of the hospitality industry in Laos, the Cash and Carry business had gone one stage further and designed product lines for the Lao markets. This included products with a higher specification than were trading in the Thai domestic market. The company tried to offer leading national brands, along with house brands, to its cross-border retailers and HoReCa segments. In the sample outlet, food services such as fresh foods, seafood, cooking items and premium beverages, in deep assortments, were available for cross-border segments. For example, in the case of beverages; arranged brands, sizes, quality and cost were displayed in more than ten cases in the store. Some of those brands (such as Perrier and Evian) were not available in many Thai outlets. In addition, some services such as warranty services, business consulting and returns policies were communicated in the Thai language to Laotian consumers to make them feel confident in purchasing in the store.

In another case, the researcher noticed a mass customised approach in which products were offered in different sizes of packaging to meet the needs of their target low disposable income customers from Laos. A range of goods was converted into smaller units, such as sachets of 2-3 cigarettes, half packs of medicine, or as required. Although these products were only sold in small sizes, they attached higher margins and help avoid competition with discount operators and convenience stores. The supermarket owner mentioned:

> "… My store is better than Tesco Lotus and other conventional stores because the customers can tell me what they want and then I will get those products for them."
>
> (Manager H)

9.3.2 Offering shopping experiences/service

Interestingly, rather than focusing on product differentiation, the sample companies differentiated themselves from competitors through their service strategy. The interviewees felt that service and hospitality could create differentiation in the eyes of the Laotian customers. The promise of ‘a warm welcome’, ‘friendly service’ and ‘a close relationship’ were communicated directly to their Laotian customers, in order to produce an element of emotional engagement. This informal communication was acknowledged as a key method of selling their products to cross-border shoppers.

> “When Laotians visit our shopping mall, we offer a warm welcome that makes them feel comfortable about coming here. There are not many obstacles in this branch because our language is similar to their language.”
>
> (Interviewee E)

Interpersonal relations were considered necessary by all the respondents. For example, the NDSC aimed to attract urbanised cross-border customers. They undertook marketing campaigns to develop a luxury image and build better relationships with their high-end cross-border consumers. The store continued this strategy by providing exclusive services, such as salespeople who could communicate in the Lao language and car parking spaces exclusively for Laotian shoppers. It was felt that these factors had a significant influence over the consumers' choice of shopping location.

The research noted that Laotian consumers were found to prefer direct interaction with staff; it was felt that this interpersonal relationship made consumers feel more comfortable during their visit. It was suggested that if more attention was given to informal, interpersonal communication, this could increase the number of customers visiting. These relationships could also influence their choice of store selection. As noted;

> "Close relationships and trust do affect the consumers' decisions. I think they come back because we can remember them. When they come here, we have a chat. We know each other well. You cannot find this in any discount or convenience stores. This factor is more important than any strategy."
>
> (Interviewee H)

9.3.3 Operations strategy

Retail operations include elements of the store location, the store selling areas, its exterior aspect, interior design and layout. The sample firms sought to use comparable store location strategies in the cross-border region; and accessibility was the most frequently mentioned factor by the interviewees. Having a location near to the border checkpoints was considered as the main advantage in a place strategy. For example, the NDSC targeted residents, tourists and cross-border shoppers and was located in Udon Thani because it represented an area of economic development, with a large upper middle-class catchment area and an increasing tourism market. Furthermore, the NDSC was established in the central business district close to the provincial logistic hubs (a train station, a bus terminal and an international airport); as well as near to the Laotian border. As noted:

> "We are located in the city centre which is near public transportations. They can walk from a bus station to our department store…. Moreover, the store is not far from Vientiane, the capital city. They take less than an hour to come here. It is so convenient to come here…"
>
> (Interviewee E)

Similarly, other interviewees also considered that being located close to the Lao borders was a main advantage in terms of accessibility and convenience. These retailers focused upon both returning and new Lao customers who were unfamiliar with the destination. For unfamiliar shoppers, some sample companies offered a free-ride to the marketplace from the bus terminals or/and an international border checkpoint. Accessibility was considered necessary by the interviewees; however, there was no particular strategy catering to each cross-border segment.

Rather than a location strategy, the outstanding physical features of the merchandise were delivered in order to maximise consumer value. The store attributes were considered as a unique selling point for the cross-border segments. In this case, the NDSC design included a reproduction of the Mekong River, designed to reinforce the authenticity of the city (Figure 9-1). The shopping experience in the innovative destination aims to communicate to cross-border customers alongside products and marketing programmes. Figure 9-2 shows a car park reserved for Laotian customers.

Figure 9 - 1 Design of the Mekong River in the NDSC Udon Thani branch
Source: Skyscrapersity (2016)

Figure 9 - 2 A car park, reserved for Lao customers

9.3.4 Tenant mix strategy

There were no particular store selections that had been specifically designed for cross-border segments. This lack of a tenant mix strategy in the NDSC and the Regional shopping mall for the Lao sub-segments was due to the individual segments being too small to warrant commercial exploitation. The temptation is to let the local stores who designed their own marketing strategies.

Offering a variety of merchandise under one roof is a significant competitive advantage to appeal to cross-border shoppers, as Laos does not yet have any super-centres or hypermarkets. A one-stop shop could reduce the time and effort for customers in purchasing products. For example, the NDSC selected a range of both nationally and internationally recognised brands to provide to Laotian shoppers. Some well-known international chain restaurants and cafés were also added to the shopping mall, such as KFC, McDonald's and Starbucks. As a result, the retailers expected that the cross-border shoppers would be satisfied with what they had selected, as mentioned;

> "This shopping mall is the biggest and probably the best shopping mall in the north-east [of Thailand]… I think our strength position is in luxury shopping.

> They can come for business, leisure, or social activities. When they came, they wanted one-stop shopping, where they can do several things in one place. We serve all needs."
>
> (Interviewee E)

In addition, allied amenities were offered in a tenant mix strategy, such as food court places, family spaces, recreational spaces, ATMs and other service facilities. The main reasons for a maximum offering under one roof were to increase activities and consumer choices in the shopping mall. Table 9-4 provides examples of international and domestic brands in the NDSC.

Table 9 - 4 The tenant mix in the NDSC

Department	Tenants
Department store	Robinson Department store
Supermarket	TOP market
Fashions	**Clothes** (Dorothy Perkins, Giordano, Lacoste, MNG, Nautica, Zein, and other stores); **Jewellery and watches** (Accessorize, City Chain; Watch Station) **Shoes and Bags** (Bata, Charles & Keith, Samsonite, Udomagg)
IT	PowerBuy, Mobile Phone shops, I-beat, Mobile services
Food & Beverage	McDonald's, S&P, KFC, Fuji, Tummour, Black Canyon Coffee, Bar B Q Plaza.
Entertainment	Major Cineplex, Major Bowl Hit, The Ice Arena, Fitness First, Sport World
Books and Stationery	Asia Books, Best Books, B2S, Nai In, and SE-ED books

In another example, the regional shopping mall modified the range of its merchandise on the basis of an affordability range. It aimed to offer as broad a range of choice as possible, priced for a variety of income levels. The mix of discount to high-end stores was provided to appeal to mass customers. For example:

> "In terms of products, we try to provide an extensive range of products and merchandise, to serve all levels. For instance, the A-class customers (high income) preferred restaurants, IT products, fashion items and seafood; while the B and C classes looked for consumer goods at Tesco Lotus."
>
> (Interviewee G)

9.3.5 Price strategy

The results indicate several pricing strategies. Only one business had tailored a price strategy to cross-border customers. An affordable price was mentioned by the mixed-goods supermarket manager, who adopted a customised approach to its business. A price reduction was offered through the modification of packaging to reduce content and through offering cheaper substitutes such as non-branded products and imitation products. For example, soft drinks with substituted juice flavours and foods with low-quality ingredients were selected to sell in the supermarket. These substitute products have regularly been priced 50% - 70% cheaper than non-substitute prices. The interviewee highlighted that:

> "These more affordable products were usable and eatable, although they might be produced by cheaper materials. These products were considered as acceptable performance for some of my consumers."
>
> (Interviewee H)

The interviewees from chain stores, however, felt that there was no need to tailor a pricing strategy specifically to cater to cross-border segments. They noted that the price offered at their operating units was linked to their firm's objectives, and maintained across all outlets. For example, the Cash and Carry provided a cost leadership strategy which puts it in a strong position to attract price-sensitive shoppers. It used a number of techniques to create a position of price leadership in the customers' minds. A variety of pricing strategies, such as discounting and special price items were used. For example;

> “Our business tries to meet the requirements of the Laotian customers. Their requirements are Thai products. They use Thai products. Before coming to [Company name], those Laotian retailers bought products from local distributors in their province. When they come to [Company name] they love it here because here are cheaper. Many factors attract them to come here.”
>
> (Interviewee F)

Similarly, the regional shopping mall retained their customers through price promotions in parallel with creating in-store discount events. A variety of sales strategies were adopted, including discount coupons and special price items. The lack of price differentiation for cross-border segments was therefore attributed to the belief that Lao consumers who crossed the border have a higher purchasing power. It was assumed that pricing is not the main factor in cross-border shopper decisions, and thus that there is no need for price marketing for Lao customers (Interview A, 2015). In addition, the other main reason for the lack of price differentiation was the belief that the cross-border customers were willing to pay local market prices. As such, the companies were focused upon achieving volume of sales rather than tailoring prices for specific segments.

9.3.6 Promotional strategies

Few promotional strategies were tailored for cross-border segments, even though all of the interviewees recognised differences in the characteristics and shopping patterns of Laotian customers. The research identified a number of reasons for this.

Firstly, the mass media were assumed to be cost effective when targeting Laotian customers. Developing promotions separately was considered prohibitively high; therefore, standardised promotional strategies were used. Thai versions of promotional materials (such as magazines, leaflets and newspapers) were sent to those Laotian segments. The interviewee explained that:

> "We sent some direct mail to our customers in Laos, but in the Thai language. The cost of printing in Laos was so expensive, so we sent them in Thai. Some Laotian people are able to read."
>
> (Interviewee F)

Secondly, point of purchase advertising and sales promotions in parallel with indoor events were considered to be more practical for their consumers. When demand is high, interviewees felt their organisations were too preoccupied to tailor their marketing activities. These promotional campaigns were considered useful for all consumers. All campaigns were conducted in the Thai language, and it was assumed Laotian shoppers would understand the language and messages presented to both residents and cross-border shoppers. As one interview noted:

> "We do not think we are going to put much effort into promotions or advertising (to Laotian customers) at this moment because this is not the early stage of our business….so we are not paying much attention to engaging in promotions for that group."
>
> (Interviewee E)

Thirdly, providing obvious incentives specifically for Laotian customers could create conflicts with local customers. One company felt that if it offered promotions to cross-border segments, its Thai customers would be unhappy. For example, one company who aims to attract high-end customers encountered a problem when it offered specific incentives to its cross-border consumers. The conflicts were explained as follows:

> “We used to put some signs on a parking floor for Laotian shoppers only, but now we took a sign off because there were some issues with it… The residents

> felt it was not fair for them to preserve a car space for the others. They (as a resident) should have earned that benefit (to park on that floor) too… So, we had to take those signs out… but our securities know that… When they saw a Laotian driving licence, they would open the gates for them to park on the second floor."
>
> (Interviewee E)

Market segmentation has been concerned primarily with the areas of product and promotional decision-making. Although some assortments were tailored to meet cross-border customers' expectations, retailers' efforts were not mainly focused upon modifications of the marketing mix. In spite of a small degree of adapted marketing decisions, the results show that the chain stores largely relied upon headquarters' directions. The interviewees believed that the regional subculture has less of an impact on their businesses. Consequently, a similar marketing mix was implied for both Thai and Laotian consumers.

9.4 Discussion on a strategic marketing using by interviewees

This chapter has investigated structures and relationships that underpin market segmentation and helps to understand how retailers translate perceptions and values into their plans (Reynolds and Gutman, 1988). The research noted that the market segmentation was identified as following an *a priori* technique and was not specifically aimed at the Laotian market. While differences between Thai and Laotian customers were acknowledged, there was little evidence of marketing programmes specifically designed to target cross-border shoppers. This might be because the interviewees worked under the premise that the cross-border market depends upon the Thai market. As Interviewee G mentioned:

> “No matter what, the Laotian shoppers would come across the border to shop in Thai shopping malls every weekend…
>
> …Laotians [retailers] can't beat Thailand [Thai retailers] in terms of the quality of foods, general products, IT products, fashions, and luxury products. These cross-border shoppers would definitely purchase in Thailand… They have to come here…Although Laos has been developed…we still gain a lot of cross-border customers."
>
> (Interviewee G)
>
> “To be frank, I think that in the next five to ten years the number of cross-border shoppers might be reduced. Nowadays, Laos is developing rapidly. It

> might be unimportant for them to come here. If they come to purchase products in Thailand, they might have to pay extra money for travelling. However, the tourist demands will increase. People need to travel… it means they would come here [the store name]."
>
> (Interviewee E)

Under these assumptions, some interviewees did not translate market segmentation approaches into strategic implementation. As a result, mass marketing has been widely adopted in the form of focusing upon a wide range of products and merchandise that would appeal to both Thai consumers and the whole cross-border market. The retailers focused upon personal selling to generate desirable feedback, rather than using market segmentation in responding to cross-border consumers.

The reasons might be the lack of resources on one side of the border, but growing prosperity on the other side has led to a situation where the interviewees have ignored the importance of that cross-border market. Second, personal perceptions drive some forces that contribute to the marketing decisions. For example, several retailers relied on personal selling techniques to attract cross-border customers, rather than identifying the specific needs of each segment. The reasons for adopting personal selling are that it can sometimes be convenient.

9.5 Conclusion

The results showed the application of market segmentation techniques in retailing businesses in the cross-border region of Thailand. All of the examples from the qualitative interviews reflected different approaches to Laotian customers. For example, the NDSC, a chain store business, adopted geographic and lifestyle orientations to describe consumer behaviour in the shopping mall. Similarly, the cash and carry chose market segmentation to assist the manager in determining responses in the sales operations. The regional shopping mall used a socio-demographic segmentation to help with the selling of products in large volumes. In contrast, the mixed-goods supermarket applied a standardised marketing approach to understanding its consumers and claimed that there were no significant differences between residents and cross-border shoppers in terms of consumption.

Furthermore, the results indicated that market segmentation was mostly adopted to form a company's shopper taxonomy. Even though most of the interviewees admitted that the cross-border customers would have some similarities and differences, mass marketing was widely offered to those cross-border consumers. The evidence suggests that promotions and price strategies were less tailored for cross-border segments compared to distribution and product strategies, which were tailored to those groups to some extent. Only a limited example of market segmentation was identified. This evidence supports the argument there is a gap between market segmentation in practice and in reality.

CHAPTER TEN: CONCLUSIONS AND DISCUSSIONS

The purpose of this chapter is to discuss the findings. The findings of the quantitative and qualitative phases of empirical research are summarised. A number of objectives were investigated. The first objective was to develop a cross-border shopper taxonomy and then relate it to the characteristics of the segments. In order to match the consumers' needs with offerings, this study then explored respondents' views of the importance and performance of shopping area attributes, and thereby identified gaps in the existing retail and related provisions. Lastly, the outcomes were expected to provide recommendations for destination marketers and planners in designing marketing strategies.

10.1 A cross-border shopper taxonomy

This section answers the first two research objectives as described above. The research reported that although Thai retailers acknowledged that Thai consumers are different from cross-border consumers in terms of having lower spending levels during each visit and purchasing fewer product purchases per transaction, but spending more frequently than cross-border shoppers. They, however, did not fully respond to these differences. In contrast, the empirical research indicated that cross-border customers were more diverse in terms of seeking benefits and expectations than the interviewees' thought. The results revealed four segments of Laotian cross-border shoppers: Enthusiastic shoppers, Leisure-tourist shoppers, Product-focused shoppers and Practical shoppers.

10.1.1 Enthusiastic shoppers

Consumer profile: Enthusiastic shoppers represent cross-border travellers who are young to middle-aged with careers and who earn above the average income. Moreover, they appear to have a sizeable discretionary income.

Shopping behaviour: Enthusiastic Shoppers have high degrees of enjoyment and economic orientation. They are typically focused upon purchasing products for daily needs, shopping enjoyment as well as being a part of tourist activities. Moreover, this subgroup seems to be interested in all aspects of the entertainment available in Thailand, rating the service and leisure activities as above average. They appear to visit a variety of different retail outlets, such as hypermarkets and tourist marketplaces where they can enjoy activities such as eating, sightseeing, participating events with friends and family. This cohort is similar to the Social shoppers identified by Breazeale and Lueg (2011) who tend to consider shopping as a social and recreational activity. Similarly, as in Murphy's (2011) study, this type of cross-border shopper is defined a traveller who typically focused both on acquiring necessities for daily needs, and their acts of shopping being a part of tourist activities.

10.1.2 The Leisure-tourist shoppers

Consumer profile: Leisure-tourist shoppers represent single, young tourists. While this group has a relatively lower income, their spending power was not as low as their income level. They are considered as high spenders.

Shopping behaviour: Leisure-tourist shoppers mainly came for social reasons and relaxation. These shoppers tended to spend money on entertainment and tourism activities more than other groups. They place a high value on the entertainment and atmospheric environment within the store. Furthermore, Leisure-tourist shoppers are likely to visit a tourist outlet and a night market more than other groups. They appear to spend more time and money on entertainments, including on movies, spas and dining. Murphy (2011) explains that shopping is considered a part of the tourist experience, in which buying souvenirs, artwork and handicrafts are purchased as a reminder of their travel experience. Timothy (2005) agrees that the main reasons behind cross-border travelling could be relaxation, knowledge, adventure, social interaction, or authentic experiences. At the same time, shopping could fulfil a tourism trip.

Unlike other respondents, Leisure-Tourist Shoppers appeared to have high expectations of destination atmospheres, but were less interested in merchandise and retail offers. The Leisure-Tourist Shoppers, however, felt disappointed after visiting marketplaces in Thailand in several aspects, including price, product value for money and the hospitality of the locals (Chapter 8).

10.1.3 Practical shoppers

Consumer profile: this group consists of a large proportion of businessmen with high income and few family commitments. Although they had a high discretionary income, they spent less than Enthusiastic shoppers.

Shopping behaviour: Practical shoppers are concern with both functional benefits and shopping enjoyment. The practical shoppers tend to base their decisions on the perceived attributes of the merchandise and place a high importance on store design and layout. They require merchandise that has a good reputation and is reliable. The Practical shoppers are slightly different from the Enthusiastic shoppers in terms of not being interested in leisure benefits and not participating in tourist activities as much as the Enthusiastic and the Leisure tourist shoppers. This is similar to hedonic shoppers who are driven by an affiliation motive to enjoy shopping around (Kau *et al.,* 2003; Angell *et al.,* 2012). At the same time, they put more emphasis on price than other groups (chapter 8). As a result, it is reasonable to see this segment engaged in both traditional and modern-format retail.

10.1.4 The Product-focused shoppers

Consumer profile: Product-focused shoppers represent a cross-border segment who are middle-aged, married and well-educated. They tend to have family commitments and probably have less discretionary income. This cluster seems to have less disposable income with the lowest spending. This cohort is generally motivated to shop in stores where they can satisfy their need for economy. In general, these shoppers are financially sensible.

Shopping behaviour: they preferred to visit a discount store for favourable prices. Unlike the other cohorts, the majority of this group tended to visit only one provision before returning home. They seek out a variety of quality products at low prices and enjoy buying merchandise at a reduced cost. Regarding previous studies, this cohort are similar to functional shoppers, who seem to be driven by a utility motive. In addition, they tend to be price-conscious, searching for a bargain, and often look for the best deal (Angell *et al.,* 2012; Kau *et al.,* 2003).

In summary, the results appear to support the argument that cross-border tourist shopping taxonomies are diverse. This finding contrasts with the study of Sheth (2011), who argued that emerging markets were less driven by the diversity of needs, wants and aspirations of consumers because of income and net worth constraints.

10.2 Matched correspondence

When asking, *"What are the current marketing mix strategies adopted by local border retail and provisions and what are their performance requirements?"* This research has tried to look a holistic framework, encompassing both supply and demand. The qualitative phrases above aimed to capture the retailers' views of Lao customers while the quantitative findings in the earlier chapters were designed to explain consumption patterns from a consumer perspective. The results revealed a gap between retailers' perceptions and the researched cross-border taxonomy among the regional markets in Thailand.

The qualitative findings suggest that there is sufficient evidence to highlight three different types of cross-border shoppers that were mentioned by retailers and policy planners. These are tourists, hedonistic shoppers and utilitarian shoppers. These cross-border shopper characteristics are clarified in Table 10-1.

Table 10 - 1 The comparisons of cross-border shopper characteristics from three sources

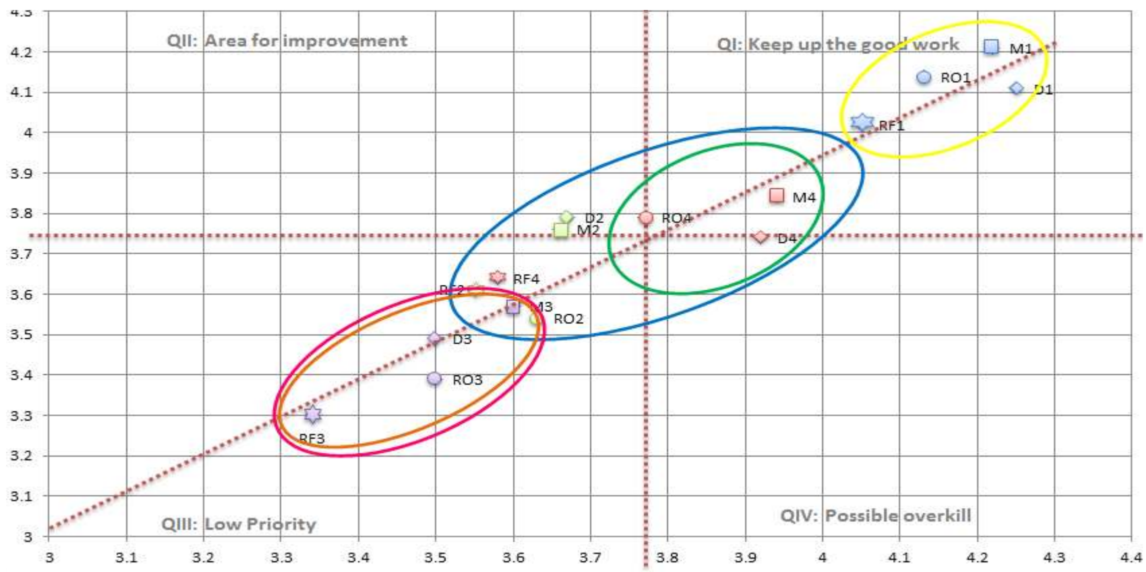
Type of shoppers from previous literature	Evidence from qualitative findings	The retailer perspectives
Tourists	"The tourists, this shopping mall could be considered as a tourist destination. When they want to travel to Thailand, it means that they will come here. They can come to relax, eat and watch a movie." (Interviewee E, The NDSC)	Leisure-tourist shoppers
Utilitarian shoppers	"Our Laotian customers were functional shoppers who came to buy wholesale products by intention and then returned to their home country." (Interviewee F, the Cash and Carry Business) "…By focusing on Laotian customers, about 60% of them come to shop in Tesco Lotus, while the other 40% come for the IT, eating out and fashion items.…" (Interviewee G, The Reginal Shopping Mall) "When they (Laotian shoppers) came to my store, they bought as much as they could carry home… Some of them are middlemen. This group came quite often but did not buy a lot… before going to their home" (Interviewee F, the Mixed Goods Supermarket)	Product-focused shoppers
Hedonic shoppers	"…They could come to a business meeting...Some of the businessmen came with their families. While they had a meeting, their family could visit a restaurant or relax in the shopping mall." (Interviewee E, The NDSC) "You would not see Laotian students or Laotian teenagers here… Those would go to some other hypermarkets, such as Big C, Tesco-Lotus, or a shopping mall rather than our store.…" (Interviewee F, the Cash and Carry Business)	Practical shoppers

Building on the interviewees' statements, three types of cross-border shoppers were matched between interviewees' perceptions, the literature review and the empirical data. First, **tourists** who mainly came for social reasons and enjoyment in the store were identified in the NDSC's interviews. This corresponds to the Leisure-tourist shoppers in the quantitative findings, who see relaxation as the main benefit.

Second, the **utilitarian shoppers** refer to a cross-border shopper who is looking for functional benefits, such as bargain prices, more efficient distribution channels, and a larger assortment of goods. This is similar to the economically driven Product-focused shoppers in the quantitative findings who were focused upon product and pricing but not on recreational activities. This depicts the customers in Cash and Carry and the Mixed-goods supermarket.

Last, **hedonistic shoppers** refers to buyers who are concerned with both leisure and/or functional shopping as the primary purpose for visiting. This type of buyer purchased both functional products and recreational activities. This criterion is similar to the Practical shoppers from the quantitative findings who focused on product orientations, as well as marketplace enjoyments. These were identified in the NDSC and the Regional mall interviews.

By comparing the cross-border taxonomy developed from the qualitative findings (Chapter 9) on the Importance – Performance Analysis (Chapter 8), the results show a gap in terms of solutions. While the NDSC focuses on the Leisure-tourist and Practical shoppers (blue circle), the regional mall (green circle) targets the same Practical shoppers. At the same time, the Cash and Carry (red circle) and the mixed goods supermarket (orange circle), focus on the Product-focused shoppers. It appears that none of the interviewees noticed the existence of enthusiastic shoppers (yellow circle), who show a high level of market attractiveness.



M = Merchandise and product selection
D = Local communities
RO = Retail offers
RF = Reputation and facilities

1 = Enthusiastic Shoppers
2 = Leisure-Tourist Shoppers
3 = Product-focused Shoppers
4 = Practical Shoppers

Figure 10- 1 Grid analysis of an attractive group

Figure 10-1 confirms the fact that cross-border shoppers are different in terms of expectations and perceived performance in market attributes. This enhanced market segmentation should, therefore, benefit decision-making and provide a competitive advantage. Rather than just pursuing a *mass marketing approach*, it is been argued that marketing strategies should be more appropriate at a time when cross-border demands are changing and expanding. Vinicius *et al.* (2011) suggests that mass marketing can cause a company to fail when it comes to responding to different consumer markets. Evidently, small retail businesses have some serious marketing weaknesses in differentiating themselves from competitors. The results of this study indicate that retailers are sending similar messages to all their cross-border customers by offering similar popular assortments, and that they make little effort to differentiate positions in the minds of their consumers. This suggests that consumers can buy similar products from wherever they are available since retail companies did not concentrate on differentiating themselves from the retail leaders. Without strong differentiations, it can be argued that small retailers would have difficulty in competing against larger competitors.

It can be concluded that there are several critical mismatches between consumer needs and retailer offers; as well as misused marketing concepts and strategy. The current marketing concepts have led to a situation where marketing is not necessarily developed for cross-border consumers, even though they represent significant markets in the region. As a result, business may experience increased vulnerability in the future.

10.3 Importance-Performance Analysis

To answer the third and fourth research objective, this study explored respondents' views on the Importance and Performance of shopping area attributes, and identified gaps in the existing retail and related provisions. Considering how the store choices were made, this research confirms linear relationships of importance and performance, as well as the correlation within segments. Four factors, standard of merchandise, consumer products, accessibility and hospitality of a local people, are shown to be strong predictors of consumer satisfaction.

10.3.1 Standard of merchandise: most cross-border shoppers have high expectations in respect to standards of merchandise. This relates to an avoiding uncertainty requirement. Similar to previous studies, most of the retail markets in less-developed countries, such as Laos, are local, fragmented, low scale, and mostly served by small enterprises (Alur and Schoormans, 2012). These disorganised retail outlets often offer a poor assortment of products with uncertain quality, and in unsanitary conditions. Cross-border shoppers' fundamental desire, however, is for good merchandise. Therefore, cross-border consumers require a store that can be trusted, is well organised, and which provides quality products.

10.3.2 Consumer products: Preferences in terms of purchased products were consumer products, foods, household supplies, and clothes. The important factors about products are a variety of products and quality of products. The probable reasons for purchasing products in Thailand may derive from a common problem in less-developed countries, namely the uncertainty arising from low-standard products, shortage of consumer products, and often a poor assortment of products (Subramanyan and Gomez-Arias, 2008, Alur and Schoormans, 2012; and Price *et al*., 2011). In this context, international cross-border shopping seems to address these limitations.

10.3.3 Accessibility: accessibility refers to convenience to access a store, to buy products and to participate in other activities in a one-day trip. Most cross-border shoppers took a one-day trip travelling, meaning that they have time to spend approximately 6-8 hours in Thailand (from the opening to the closing of the border gates). This means that the connectivity of infrastructure facilities, roads, river ports and custom processes, are important to shoppers' decisions. Offering well-connecting transportation links would provide opportunities for cross-border shoppers to visit more marketplaces and to do more activities in one day.

10.2.4 The hospitality of local people: The sense of belonging appears as the most important part in cross-border shopper's decisions. The results revealed that cross-border shoppers attach importance to a comfortable community where they feel welcome and are able to communicate with local people. These factors could be interpreted, according to Maslow's Hierarchy of needs, as they want to feel a sense of belonging and acceptance while they are in Thailand. The explanation might be because Laotians, like other Asian countries, have collectivistic cultures where it is important for people to be dependable and attentive to the needs of others (Uriely, 2005). Retailers should therefore design a programme that enhances an awareness of welcome destinations, so as to establish favourable feelings of association. Moreover, this Belonging factor is closely related to the concept of communalisation in Kotler (2010), where it is argued that consumers, in the future, would want to be connected to other consumers in a community rather than to companies. This means a community and locality become important in selecting merchandise.

10.4 Developing a competitive advantage from the IPA analysis

The contexts of markets between Thailand and Laos are unique. The findings showed that there are several conditions that should be of concern when applying marketing strategies in the regional market.

The results show that while the consumer markets are complicated, the development of marketing concepts go in opposite directions. The differences between the two countries in terms of their economies, such as a lack of resources on one side of the border, but prosperity on the other (Chapter Four), have led to a situation where the marketing may respond to the needs of sub-segments differently. In respect to their current marketing concepts, however, the respondents seem to have made few attempts to identify cross-border consumers' attitudes and values. Most of retailers tended to develop a supply-led marketing strategy based upon their resources, '*they sell what they have'*. Consequently, most respondents used an *a priori* approach in exploring descriptive information such as income, purpose of visitation and consumption behaviour. This method contradicts to some extent with existing of cross-border demand (Chapter 8).

Obviously, the regional markets have different attitudes in respect to the perceived Importance-Performance of places. There are multi-faceted requirements from the four segments. Building a competitive advantage through such proposition therefore could attract and maintain relationships with customers (Rainisto, 2003; Peter and Anandkumar, 2012). The outcomes indicate that the Enthusiastic Shoppers seem to be the most profitable target for Thai retailers, followed by the Practical shoppers. Suggestions are discussed below in terms of size of the membership, frequency of visits, spending patterns and probability of future visitation.

10.4.1 Enthusiastic shoppers are very active consumers, and their purchases reflect their sophisticated tastes for upscale products and services. This group prefers high quality and high satisfaction, with a convenient lifestyle. More importantly, this segment appears to visit a variety of different retail outlets such as discount stores, shopping malls and traditional retail outlets (Chapter Seven). The prominence of a hospitable community is more likely to have an impact on the Enthusiastic shoppers' destination choices. Tourism seems to have a positive impact in terms of promoting a sense of shopping place in terms of local hospitality to this segment.

10.4.2 Leisure-tourists shoppers are composed of a large proportion of first-time visitors. In addition, in respect to local communities, the attractiveness of a community and its environment is likely to have an impact on Leisure-tourist shoppers' decisions. Local communities are important in the context of the hospitality of local people, similarities in language, familiarity with a destination and destination environment. In addition, accessibility and a store design are a key issue for consideration when developing marketing strategies to attract new Leisure-tourist shoppers. Development of infrastructure in regional cities would be opportunities for retailers to encourage cross-border shoppers to come to a marketplace.

10.4.3 Merchandise and product factors are most likely to have an impact on **Practical shopper** segments' value proposition. Building a competitive advantage through quality of merchandise and quality of products could attract, and maintain, relationships with this segment (Chapter Eight). Practical shoppers are more rational when they come to buy products. In addition, the reputation of merchandise and the reliability of the shops have been shown to be a source of competitive advantage for Practical shoppers.

10.4.4 Product-focused shoppers appear to have lower expectations regarding merchandise quality and product quality more than other segments. This means they would buy products with acceptable quality. A retailer can offer comparable products for cheaper prices, or offer less optimal performance for a lower price. In addition, the similarity in language is shown to be a source of competitive advantage for Product-focused shoppers. The research suggests that a new communication channel may be needed, like communication in a local language. Furthermore, a personal contact has been identified as the key to success for retailers in regional markets. This approach could increase persuasion and keep good relations with Product-focused shoppers.

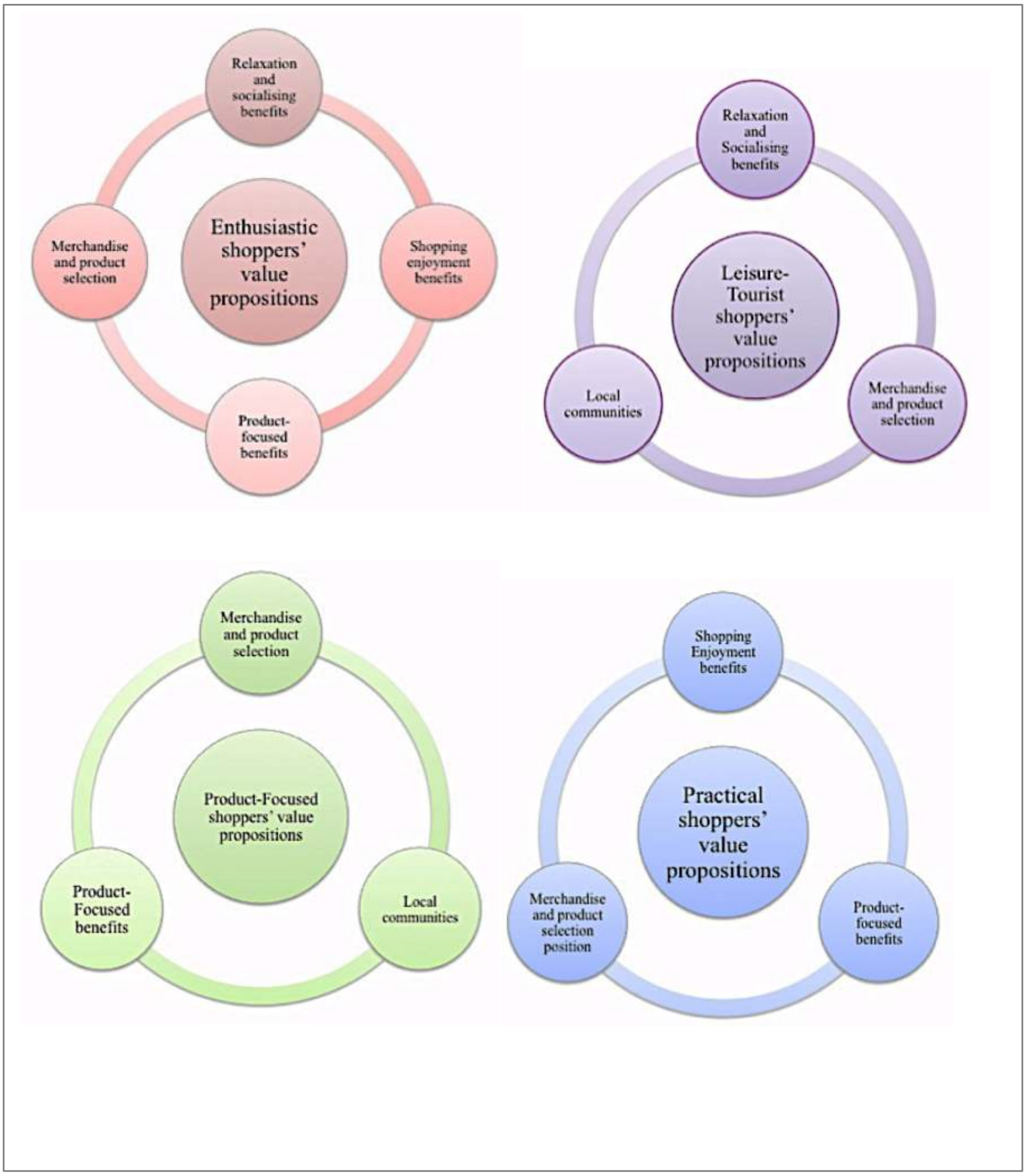


Figure 10- 2 Value repositions of each segment

10.5 Theoretical contribution

Few published studies have provided empirical investigation into the benefit segmentation of cross-border tourist shopping. It has been found that the concept of *a posteriori* segmentation is useful in terms of exploring a cross-border tourist shopping taxonomy. Indeed, the limitations of benefit-based approaches were that shoppers often had more than one motive for their decisions. Therefore, this study adopted a two-step clustering analysis (hierarchical and non-hierarchical) to classify shoppers. Then, the segments were described by the distinctiveness of the data. This is likely to solve the problem of using a single motive to classify customers.

There is limited marketing research addressing the profitability issue for the target market selection. Rather than pursuing an *a priori* approach, the researcher developed an *a posteriori* approach that is more appropriate to apply in a dynamic market. By comparing benefits sought with significant variables from a review of the literature (Jang *et al*., 2000; Frochot and Morrison, 2000; Moscardo *et al*., 1996; Lee *et al*., 2006), this study provided new perspectives on benefit segmentation (Table 10-2). This approach can identify the associations between benefit-based factors and purchasing behaviours.

Table 10- 2 comparing benefits sought with significant variables from literature reviews and empirical studies

Previous benefit criteria	Empirical study
Social benefits are the perceptual benefits associated in a social context through use of the product, such as social class, social status or a social group.	***Relaxation and socialisation***: tourists appeared to focus upon recreational needs and the social requirements such as to meet new people, to visit a place that they can later reflect upon, to enjoy the aesthetics of the location, and to find somewhere to relax.
Affective benefits refer to the perceptual benefits that could arouse feelings such as novelty-seeking and variety-seeking consumption behaviour, as well as a need for enjoyment, fun or pleasure.	***Shopping enjoyment*** represents two main advantages: product availability and enjoyment of shopping environments, such as to buy products that they cannot find in their hometown, to buy a variety of products, to experience new shopping locations, and to enjoy the ambience of the stores and retail environment.
Functional benefit refers to benefits that originate from tangible attributes and that a consumer may directly experience when using or consuming the product.	***Product-focused benefit*** is the expression of the desire to buy quality products, to purchase identical products that are cheaper than at home, and to hunt for a bargain

The advantages of benefit segmentation from this study lie in the ability of these variables to explain the customers' values and expectations, correlating with socio-cultural, purchase and consumption factors. These benefit-based variables are able to classify cross-border shoppers and to understand travellers' behaviour in the regional markets in Thailand. The results serve as a foundation for creating effective marketing designs that reach these customers. In addition, these benefit-based variables represent a major contribution to the literature.

The research suggests three main factors that drive Laotian shoppers to shop in Thailand: relaxation and socialisation, shopping enjoyment, and economic concerns. The reasons for cross-border shopping are further detailed. To begin with, in the ***relaxation and socialisation*** category, tourists appeared to focus upon recreational needs and the social requirements. In particular, Laotian cross-border tourists tended to seek for socialisation in the sense of belonging more than excitement. Most of segments gave high expectations on the hospitality of a local people, as well as a similarity in language. This contrasts with the study of Timothy (2005) that mentioned that cross-border shoppers were likely to want new experiences, to learn new cultures, and to enjoy the aesthetics of the location.

Second, ***Shopping enjoyment*** was a second key reason for cross-border shopping. The cross-border shoppers expected to experience a quality of merchandise and to buy a variety of products. Often, respondents enjoyed just being at a shopping mall, browsing products and trying international foods. Murphy *et al.,* (2011) explained that some of cross-border tourists considered cross-border shopping as an opportunity to sample a variety of different goods, fashion trends and innovative products.

Third, ***product-focused benefits*** was another reason for cross-border travel. Laotian shoppers appeared to shop for product quality and a variety of products more than price concern. These shoppers viewed cross-border shopping as a form of economic shopping. These were common reasons for cross-border shopping (Baruca and Zolfagharian, 2012; Tömöri, 2010b). Often, such cross-border shoppers had the purpose of buying products to resell in their home countries.

In summary, these benefits-based variables can describe, explain and predict cross-border tourist shopping behaviour. This study successfully identified four clusters based on the different levels of benefits accruing to shoppers: the Enthusiastic shopper, the Leisure-tourist shopper, the Practical shopper and the Product-focused shopper. Moreover, each segment showed differences in demographic variables, activities, consumptions and behaviours.

10.6 Conceptual contributions

Given that 'everything matters' in marketing (Kotler and Keller, 2012), the current marketing strategy has failed in creating effective marketing strategies to handle both sides. The author has worked on the proposition that instead of treating consumers as a passive target of marketing campaigns, a retail marketing strategy should develop a consumer value proposition based on consumers' thoughts. This research suggests that the cross-border shoppers did not only respond to the 4Ps (Price, Place, Promotion, and Product), but they also valued people in the community surrounding a marketplace (Chapter Eight). One of the weaknesses of the traditional marketing mix is that it ignores the influence of people around a store and lacks a representation of the connectivity between purchasers and residents. Given social networks and the changing technological environment, buyers may want to be connected to other consumers in a community rather than to companies (Kotler *et al.*, 2010).

As the literature review suggested, shopping and tourism marketing is a complicated topic that has been studied from a supply-side perspective. The lack of understanding of Laotian consumers can increase the vulnerability of Thai businesses in the long-term because companies may not have the ability to add new features, or respond to changing consumer needs and tastes. The conceptual framework of this study therefore reflects both supply and demand perspectives. This was considered essential in order to design a marketing mix that more correctly matches the demands of customers in the selected market segment (Pride and Ferrell, 2012). The outcomes indicate information for retailers in terms of developing marketing strategies that meet consumer needs.

First, the quantitative findings reveal that the **Enthusiastic shoppers** appear to be the most attractive segment in the regional market, but are mostly ignored by retailers. Enthusiastic Shoppers seem to be the most profitable segment for Thai retailers. In addition, they have the highest degree of enjoyment of Thai marketplaces, which could lead to a high probability of re-visitation. In addition, these shoppers have the greatest interest in shopping and tourism and accounted for the biggest market share, the highest profitability in terms of average shopping expenditures, and the highest frequency of purchasing tourism and consumer products. This suggests that retailers should work to retain these segments by increasing loyalty among light and moderate users; as well as monitoring their activities to ensure that heavy shoppers are still satisfied by the retail offers. Retailers should provide more benefits to allow them to charge higher prices. Often, the price difference could exceed the actual rise in quality (Kotler *et al.*, 2012).

Second, a company can attract **Leisure-tourist shoppers** by offering more leisure and cultural engagements for the same price. This group is composed of a large proportion of first-time visitors; therefore, marketers should design a marketing programme that is able to inform them about a destination before they visit. In addition, it is important to convert non-users to become users, and first-time visitors to re-visitation, whether it is for tourism, or visiting marketplaces. Promotional strategies should enhance an awareness of destinations, to establish favourable feelings associated with those destinations.

Third, **Product-focused shoppers** are conservative and look for durability and functionality in the products they buy. A retailer can offer comparable products for cheaper prices, or offer less optional performance for a lower price. This strategy involves meeting a consumer's low requirements at much lower prices. Pricing strategies should be focused on engaging in new product development by converting the packaging of existing products to smaller units.

Fourth, **Practical shoppers** have a positive profit structure since they have high purchasing power and high spending on products. Although they are seeking for enjoyment from shopping, they are more rational when they come to buy a product. This means they will buy products if those products are cost-efficient. Marketers should be able to point out the cost-savings with the same quality and benefits.

10.7 Managerial contributions

Little of the published research provides information about the benefit segmentation of cross-border shopping, particularly in emerging countries. Determining a marketing strategy to cross-border segments can be problematic, in that retailers need to balance the offers to a range of clusters with different expectations. This research tried to fill the gaps between marketing theory and practice.

This study demonstrates how an IPA, when combined with an *a-posteriori* segmentation approach, can allow retailers to understand their competitive priorities in order to commit resources appropriately (Prajogo and McDermott, 2011). The combination of market segmentation and the IPA can build an agenda to establish priorities, prevent business losses and gain competitive advantage in the regional market. In addition, this study contributes new information to the study of shopping and cross-border tourism. Perhaps the most significant point to be made here echoes both the cross-border tourism and cross-border shopping concepts. Without this approach, retailers could lose large amounts of revenue if Laotian consumers stop crossing the national border to shop in Thailand or go to other marketplaces. For such reasons, the principal concept of this research focuses upon the collaborations between retail outlets, shopping and tourism.

One limitation of the IPA is its inability to determine positive or negative attitudes about an attribute. Addressing this issue, this study modifies the IPA matrix by adopting a 'data-centred diagonal line' to view consumer satisfaction and dissatisfaction (Figure 10-3). This method is more practical than the traditional IPA matrix since it is able to show results even when the gaps between importance and performance are only slightly different. This matrix can help retailers in differentiating themselves from competitors, increasing consumer satisfaction and enhancing consumer retention/loyalty (Abalo *et al.*, 2007; Bacon, 2003; Srivastava *et al.*, 2001). The analysis is important for retailers not only to understand the strategic choices they need to make, but also the challenges involved in raising consumer satisfaction.

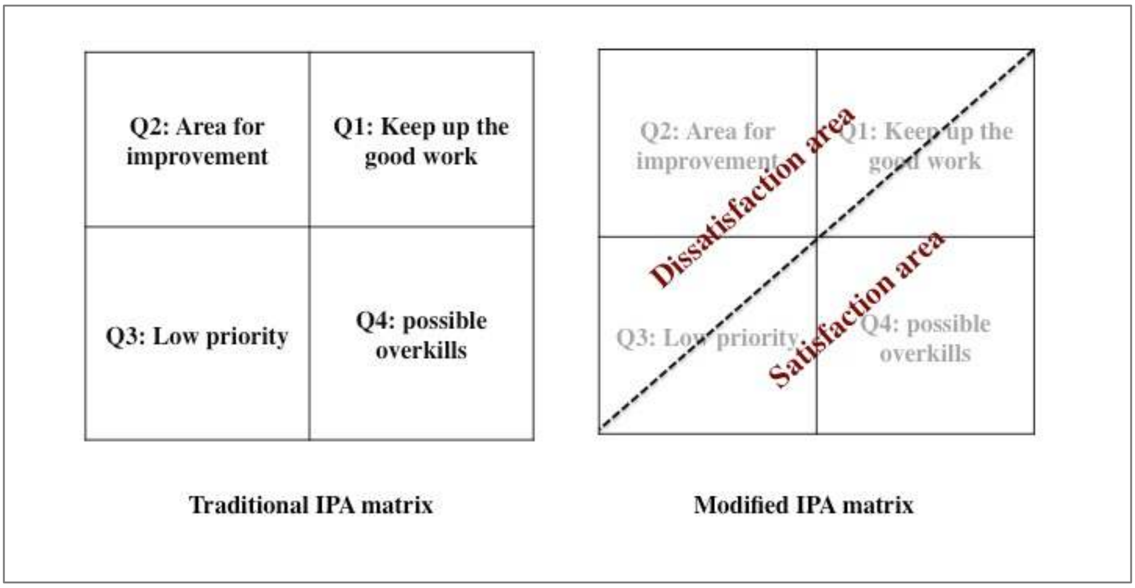


Figure 10- 3 A comparison between the traditional IPA matrix and the modified IPA matrix

10.8 Suggestions for further research

The implications of solving these problems are suggested in this section. Firstly, the research suggests that locations have impacts on the expectations of cross-border consumers. The results reveal that respondents from Nakorn Phanom province had different expectations and perceptions from the other two provinces. There is, therefore, a need for further study to compare this consumer taxonomy separately from Nakorn

Phanom province, allowing marketers to formulate marketing strategies to satisfy customer needs more precisely.

Second, since this research was conducted within the boundaries of Thailand, future research should be undertaken in Laos to find new Laotian shoppers or potential first-time shoppers. This would help Thai retailers to attract new potential Laotian markets. Little is known about how consumer lifestyles can drive cross-border shoppers in Thailand. The adaptation of other market segmentation approaches could assist retailers in understanding Laotian shopper behaviours better.

Third, there seems to be good growth potential for hospitality sectors such as restaurants and cafés in cross-border shoppers. They have high-expenditure in this sector, and this segment has a relatively large market share. The research suggests, therefore, that retailers should provide more opportunities for shoppers to spend in the hospitality sector, and design services to meet their needs and desires.

10.9 Conclusion

The results indicate that cross-border shoppers are distinctively different in terms of the benefits they seek. They consist of four segments: Enthusiastic shoppers, Leisure-tourist shoppers, Product-focused shoppers and Practical shoppers. The study of market segmentation based on benefits from retail and tourism provides a useful contribution to the existing framework of cross-border shopping behaviour in emerging countries. This conceptual framework is essential to develop a new form of taxonomy to describe tourist shoppers in a range of cross-border shopping activities, as well as of their perceptions of shopping attributes. This investigation provides information to help researchers and practitioners develop cross-border tourism retailing and tourism organisations.

The market segmentation was analysed within the framework of critical realism. The data used in this thesis was obtained from primary sources (interviews and survey) and secondary information (documents and company annual reports). A destination should recognise and cater for differences in tourists' shopping behaviours through distinct shopping venues that cater for tourists' expectation and desires. An understanding of tourists and their shopping behaviours allows destinations to tailor their product offering to suit their key target markets. The researcher aims to offer Thai retailers the opportunity to compete more effectively through the creation of appropriate marketing strategies for different segments of cross-border shopper.

In contrast, the results suggest that the Thai retail respondents seem to underestimate the complexity of the regional markets, leading to insufficient attempts to design a marketing response. For example, several interviewees seem to believe that most Laotians experienced low-standard products, a shortage of consumer commodities, and often poor assortments in their home country. This perception was identified as an obstacle to implementation of marketing. Although retailers were wary of competition from domestic and international sources, some interviewees did not foresee the changes in the market environment and had little preparation for or anticipation of such changes. The *a priori* segmentation has resulted in incompatible marketing strategies being offered, as recognised in Chapter Nine. Several retailers were relying on personal selling techniques to persuade cross-border customers, rather than identifying the specific needs of each segment. The reasons for adopting personal selling are that it can sometimes convince a buyer without doing market segmentation.

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APPENDIX A- QUESIONNAIRS

Appendix A-1: Pilot tests

Appendix A-2: An English questionnaire

Appendix A-3: A Lao questionnaire

Appendix A-4: Interview questions

Appendix A-1: Pilot tests

PILOT QUESTIONNAIRE

The aim of this questionnaire is to examine the cross-border shopper taxonomy and to discover factors that affect the shopping experience. Your contribution to this survey would be very much appreciated.

SECTION I: Shopping Activities and Tourism-related Pattern

1. Is this your first time to visit here?

☐ 1. Yes ☐ 2. No (Go to question 9)

2. What is the <u>main</u> purpose of this visiting? (Please select one)

☐ 1. Travel
☐ 2. Business/meeting/conference
☐ 3. Visit friends and relatives
☐ 4. Purchasing products to sell in the home country
☐ 5. Purchasing products for personal used (you, friends, or/and family)
☐ 6. Dining out, going to a movie, and other leisure activities
☐ 7. Others (please specify)________________

3. Which statement is most applicable to you most? (Please select one)

☐ 1. Shopping is the main reason for cross-border travel
☐ 2. Shopping plays an important part in my travel decision but not the main reason
☐ 3. Shopping is <u>not</u> a major part of my travel decision
☐ 4. I am not interested in shopping (Go to question 6)
☐ 5. Others (please specify)______________________

4. When I purchase products or service in Thailand, I will ……………..

☐ 1. Shop at only one shopping-area that I know would sell the products I want
☐ 2. Shop around in at least one or two shopping-areas
☐ 3. Shop around in more than three shopping-areas
☐ 4. Shop around in almost places that available

5. Where have you been shopping this time (Tick all that apply)

☐ 1. Duty free shop
☐ 2. Souvenir shops / Craft shops
☐ 3. Shopping mall
☐ 4. Local markets
☐ 6. Others (please specify)___________

6. How do you know about this shopping-area?

☐ 1. Internet
☐ 2. On my own
☐ 3. Tour guide
☐ 4. Friends/ family member's recommendation
☐ 5. Magazines/ Newspaper/ Advertising
☐ 6. Others _______________________

7. Whenever I cross-border to shop Thailand, the first three important things to me are

☐ 1. To shop in different kinds of stores
☐ 2. To experience store decoration
☐ 3. To buy products for personal used
☐ 4. To buy products for sell at home country
☐ 5. To find quality products
☐ 6. To buy imitation brand-name products
☐ 7. To hunt for bargain
☐ 8. To buy things that cheaper than in my country
☐ 9. To experience new things
☐ 10. To enjoy a vacation
☐ 11. To do something with family/friends
☐ 12. Others ________________

8. What are the products or service categories that you purchased? (Tick all that apply)

I. Apparel/Jewellery	**II. Household Item**	**III. Electronic**	**IV. Foods/Grocery**
☐ 1. Garment ☐ 2. Shoes/footwear ☐ 3. Pirated goods ☐ 4. Counterfeit goods ☐ 5. Leather goods ☐ 6. Bags/handbags ☐ 7. Jewellery/watch ☐ 8. Others …………	☐ 1. Kitchen Utensils ☐ 2. Bedding ☐ 3. House decoration ☐ 4.Others …………	☐ 1. Electrical household appliances ☐ 2. Audio – visual equipment ☐ 3. Photographic goods ☐ 4. Toy/electronic game machine ☐ 5. VCR, DVD, CD ☐ 6. Others …………	☐ 1. Personal care products ☐ 2. Daily food ☐ 3. Books/magazines ☐ 4. Food products ☐ 5. Others ……………..
Spending amount (approx.) ………………Baht	Spending amount (approx.) ………………. Baht	Spending amount (approx.) ……………. Baht	Spending amount (approx.) ………………. Baht
V. Duty-free Goods	**VI. Entertainment/ Service**	**VII. Suvenior(s)**	
☐ 1. Alcohol ☐ 2. Tobacco ☐ 3. Others…………	☐ 1. Eating ☐ 2. Theatre ☐ 3. Beauty/spa ☐ 4. Pub/nightlife ☐ 5. Beauty/hair salon ☐ 6. Massage service ☐ 7. Others …………	☐ 1. Key rings ☐ 2. Handicrafts ☐ 3. Local sweets ☐ 4. Others ………..	
Spending amount (approx.) ………………. Baht	Spending amount (approx.) ………………. Baht	Spending amount (approx.) ………………. Baht	

9. How long have you stayed in those shopping area? (Approximately)……………

10. For cross-border to Thailand, (in 2012) I come

☐ 1. At least twice a month
☐ 2. Once a month
☐ 3. Once in two months
☐ 4. Once in two-three months
☐ 5. Once in four to five month
☐ 6. Once in six months to a year
☐ 7. Once in a year

11. How far have you travelled from your accommodation to the shopping area? (Please select one)

☐ 1. Less than 5km.
☐ 2. 6 – 50 km.
☐ 3. 51 – 200 km.
☐ 4. More than 201km

12. How did you travel to the cross-border shopping-area today? (Tick all that apply)

☐ 1. Private car
☐ 2. Rental car
☐ 3. Bus
☐ 4. Plane
☐ 5. Taxi
☐ 6. Walk
☐ 7. Others ___________

13. Who do you come with?

☐ 1. Alone
☐ 2. A spouse or partner
☐ 3. Family members
☐ 4. a group of friends
☐ 5. Tour group
☐ 6. Others (please specific)___________

14. In this trip, I come to Thailand

☐ 1. One day trip
☐ 2. 2-3 days
☐ 3. 4-7 days
☐ 4. More than 7 days

15. What activities have you taken part in this visit? (Tick all that apply)

☐ 1. Day trip sight-seeing
☐ 2. Visit historical/cultural place(s)
☐ 3. Visit natural tourist attraction place
☐ 4. Outdoor activities / Event
☐ 5. Visit friends/relatives
☐ 6. Visit the events/ festivals
☐ 7. Others (please specify)____________

16. After this visit, I will go to (place or location)? ……………………………………

17. How did this trip turn out?

☐ 1. Absolutely satisfy
☐ 2. Satisfy
☐ 3. Just ok
☐ 4. Not satisfy
☐ 5. Absolutely not satisfy

SECTION II: Consumer Lifestyle

How much of these statement apply to you?
Please indicate your reaction to the following items by using scale below:
(1 = Strongly disagree, 2= disagree, 3= neutral, 4 = agree, 5 = strongly agree)

Factors		Scales				
1	If I shop in Thailand I feel that I go to a place that I can talk about when I get home	1	2	3	4	5
2	I feel happier if I tell my friends that I brought products from other countries	1	2	3	4	5
3	I feel comfortable to shop in Thailand	1	2	3	4	5
4	I prefer to shop in a safety place	1	2	3	4	5
5	I prefer to shop alone	1	2	3	4	5
6	While I am on a trip or traveling, I like to buy a gift(s) for others	1	2	3	4	5
7	I like shopping because that I can enjoy with friends or/and family	1	2	3	4	5
8	I try to accomplish just what I want to on a shopping trip	1	2	3	4	5
9	I enjoy buying things that I like, although they are not practical	1	2	3	4	5
10	While shopping, I try to find just the item(s) I am looking for	1	2	3	4	5
11	Compared to other things I could do, spending time for shopping is truly enjoyable	1	2	3	4	5
12	I enjoy shopping for its own sake, not just for the items I may purchase	1	2	3	4	5
13	I do not feel confident in my ability to cross-border shopping on my own	1	2	3	4	5

SECTION III: The Important Factors that Influence Cross-border Shopping

The important factor for making decisions

Consider the reasons for you to cross-border shopping in Thailand, **how this factors important for you before you cross- border shopping?**

(1 = not important at all, 2 = not important, 3 = neutral, 4 = important, 5 = strongly important)

Factors		Scales				
A. Retail and provisions						
1	Merchandise quality	1	2	3	4	5
2	Variety of shops	1	2	3	4	5
3	Variety of souvenirs shops	1	2	3	4	5
4	Shops decoration	1	2	3	4	5
5	Location	1	2	3	4	5
6	Liability of shops	1	2	3	4	5
B. Supported facilities/service						
8	Quality of sales persons	1	2	3	4	5
9	Service from sales persons	1	2	3	4	5
10	Information and signs shopping areas	1	2	3	4	5
11	Variety of places to dining and entertainments	1	2	3	4	5
12	Supportive facilities such as resting areas, restrooms, and etc.	1	2	3	4	5
13	Easy to access	1	2	3	4	5
C. Products and price orientation						
14	Variety of products	1	2	3	4	5
15	Quality of products	1	2	3	4	5
16	Lack of products at home town	1	2	3	4	5
17	Variety of choices of payment	1	2	3	4	5
18	Cheap products	1	2	3	4	5
19	Unique products	1	2	3	4	5
20	High price at home town, and low price in destination	1	2	3	4	5
21	Product values for money	1	2	3	4	5
D. Destination characteristics						
22	Place for famous shopping areas	1	2	3	4	5
23	Atmosphere of destination	1	2	3	4	5
24	Good/Unique architectural building	1	2	3	4	5
25	Famous tourist attractions	1	2	3	4	5
26	Image of the destination	1	2	3	4	5
E. Authentic experience						
27	Social interactions with friends or family	1	2	3	4	5
28	Hospitality of local people	1	2	3	4	5
29	Somewhere to relax	1	2	3	4	5
30	A good place to be with family and friends	1	2	3	4	5

The performance of the shopping areas

For each statement, please indicate the performance of the shopping area. **How do you feel about the performance of the shopping-area in Thailand?**

(1 = not satisfy at all, 2 = not satisfy, 3 = neutral, 4 = satisfy, 5 = strongly satisfy)

Factors		Scales				
A. Retail and provisions						
1	Merchandise quality	1	2	3	4	5
2	Variety of shops	1	2	3	4	5
3	Variety of souvenir shops	1	2	3	4	5
4	Shops decoration	1	2	3	4	5
5	Location	1	2	3	4	5
6	Liability of shops	1	2	3	4	5
B. Supported facilities/service						
8	Quality of sales persons	1	2	3	4	5
9	Service from sales persons	1	2	3	4	5
10	Information and signs shopping areas	1	2	3	4	5
11	Variety of places for dining and entertainments	1	2	3	4	5
12	Supportive facilities such as resting areas, restrooms, and etc.	1	2	3	4	5
13	Easy to access	1	2	3	4	5
C. Products and price orientation						
14	Variety of products	1	2	3	4	5
15	Quality of products	1	2	3	4	5
16	Lack of products at home town	1	2	3	4	5
17	Variety of choices of payment	1	2	3	4	5
18	Cheap products	1	2	3	4	5
19	Unique products	1	2	3	4	5
20	High price at home town, and low price in destination	1	2	3	4	5
21	Product values for money	1	2	3	4	5
D. Destination characteristics						
22	Place for famous shopping areas	1	2	3	4	5
23	Atmosphere of destination	1	2	3	4	5
24	Good/Unique architectural building	1	2	3	4	5
25	Famous tourist attractions	1	2	3	4	5
26	Image of the destination	1	2	3	4	5
E. An authentic experience						
27	Social interactions with friends or family	1	2	3	4	5
28	Hospitality of local people	1	2	3	4	5
29	Somewhere to relax	1	2	3	4	5
30	A good place to be with family and friends	1	2	3	4	5

SECTION D: Profile

Please tell us about yourself

1. You are

☐ Male ☐ Female

2. You are

☐ 1. Under 18 years old
☐ 2. 19-25 years old
☐ 3. 26-35 years old
☐ 4. 36-45 years old
☐ 5. 46- 55 years old
☐ 6. 56 – 65 years old
☐ 7. More than 66 years old

3. You live in

☐ 1. The Northern Laos
☐ 2. The Central Laos
☐ 3. The Southern Laos
☐ 4. Other country (Please specific)________

4. You are

☐ 1. Single
☐ 2. Married with no children
☐ 3. Married with more than two children
☐ 4. Divorced/ separated / widowed

5. You work in

☐ Private sector as an office worker
☐ Private sector as a manager
☐ Government office as an office worker
☐ Government office as a manager
☐ I am a house wife
☐ I am retired
☐ I am a student
☐ I am self-employment
☐ I am not working

6. Which best describes your household income in this year (2013)

☐ 1. Under 5,000 Baht
☐ 2. 5,000 – 15,000 Baht
☐ 3. 15,001 – 25,000 Baht
☐ 4. 25,001 – 35, 000 Baht
☐ 5. 35,001 – 45,000 Baht
☐ 6. 45,001- 55,000 Baht
☐ 7. More than 55,001 Baht

-- THANK YOU FOR YOUR COOPERATION --

Appendix A-2: An English questionnaire

Questionnaire

Instruction:

1. The aim of this questionnaire is to examine the cross-border shopper taxonomy and to discover factors that affect the shopping experience. Your contribution to this survey would be very much appreciated.
2. This questionnaire consists of 4 parts, and 22 questions. The questions included shopping activities and travel-related patterns, motivations, attitudes, and profiles.
3. Fill ✓ in blankspaces

SECTION A: Shopping Activities and Travel-related Pattern

1.1 Travel-related patterns

1. What is the <u>main</u> purpose of your visit to Thailand? (Please select one)

☐ 1. Tourism
☐ 2. Shopping
☐ 3. Visit friends and relatives
☐ 4. Business
☐ 5. Meeting/Conference
☐ 6. Participated in festival/ events
☐ 7. Eating out
☐ 8. Others (please specify)_____________

2. How often do you cross the border into Thailand (Please select one)

☐ 1. First-time
☐ 2. At least once a month
☐ 3. At least once in 6 months
☐ 4. At least once a year
☐ 5. More than once a year

3. How did you travel here? (Tick all that apply)

☐ 1. Private car
☐ 2. Rental car
☐ 3. Bus
☐ 4. Train
☐5. Tour coach
☐6. Taxi
☐ 7. Air Plane
☐ 8. Others ____________

4. How many people are you travelleing with (exclude yourself)_________ person(s)

5. Who are you travelling with? (Please select one)

☐ 1. Alone
☐ 2. Friends
☐ 3. Family members
☐ 4. A spouse
☐ 5. Tour groups
☐ 6. Others (please specific)

6. On this trip, how long will you spend in Thailand (Please select one)

☐ 1. One day
☐ 2. 2-3 days
☐ 3. 4-7 days
☐ 4. More than 7 days

7. What activities have you / will you undertake on this visit? (Tick all that apply)

☐ 1. Sight-seeing
☐ 2. Visit historical/cultural place(s)
☐ 3. Visit natural tourist attraction place(s)
☐ 4. Participating in event(s)
☐ 5. Eating out
☐ 6. Shopping
☐ 7. Do nothing
☐ 8. Others (please specify) ....

1.2 Travel-related patterns

8. Have you bought anything today?

☐ 1. Yes (please specify) ☐ 2.No .... (go to Question 12)

9. Which of the following have you visited (Tick all that apply)

☐ 1. Indo-China market
☐ 2. Fresh markets
☐ 3. Shopping mall/ Department store
☐ 4. Night market
☐ 5. Discount stores i.e. Big C, Lotus-express
☐ 6. Souvenir shops / Craft shops
☐ 7. Retail outlets
☐ 8. Others (please specify) ....

10. Which of the following products or service have you purchased? (Tick all that apply)

<table>
<tr><td colspan="2">I. Clothing and Accessories
☐ 1. Clothing
☐ 2. Bags/handbags
☐ 3. Jewelry/watch/rings
☐ 4. Others ....</td><td colspan="2">II. Foods/Grocery
☐ 5. Food items/ Dairy products
☐ 6. Beverage
☐ 7. Personal care
☐ 8. Household supplies
☐ 9. Others groceries</td><td colspan="2">III. Entertainment/ Service
☐ 10. Restaurant
☐ 11. Movies
☐ 12. Salon/spa
☐ 13. Pub/nightclub
☐ 14. Others services</td></tr>
<tr><td colspan="2">Spending amount (approx.)
.... Baht</td><td colspan="2">Spending amount (approx.)
.... Baht</td><td colspan="2">Spending amount (approx.)
.... Baht</td></tr>
<tr><td colspan="3">IV. Electronics
☐ 15. Mobile phone
☐ 16. Computer / Computer accessories
☐ 17. Household Appliance accessories
☐ 18. Home media player: VCR, DVD, CD
☐ 19. Others electronics</td><td colspan="3">V. Souvenir(s)
☐ 20. Local souvenir(s)
☐ 21. Handicrafts
☐ 22. Silk/ fabric(s)
☐ 23. Local foods/ sweet
☐ 24. Other souvenirs</td></tr>
<tr><td colspan="3">Spending amount (approx.)
.... Baht</td><td colspan="3">Spending amount (approx.)
.... Baht</td></tr>
</table>

11. How long have you spent shopping on this visit?

☐ 1. Less than 1 hour
☐ 2. Approx. 1-3 hours
☐ 3. Approx. more than 3 hours – 4 hours
☐ 4. Approx. more than 4 hours – 6 hours
☐ 5. More than 6 hours

SECTION B: Benefits from cross-border shopping

12. Consider these items below; **how these factors affect your decisions** for cross-border to Thailand **(please answer all questions)**

Factors		**Scales**				
		Very Important	Important	Neutral	Not important	Not important at all
1	To buy quality products					
2	To purchase identical products that are cheaper than at home					
3	To hunt for a bargain					
4	To buy a variety of products					
5	To experience new shopping locations					
6	To enjoy the ambience of the stores and retail environment					
7	To shop in reliable stores					
8	To buy products that I cannot find in my home town					
9	To meet new people					
10	To visit a place that I can later reflect upon					
11	To buy a gift(s) for others					
12	To enjoy the aesthetics of the location					
13	To find somewhere to relax					
14	To enjoy new experiences					
15	To learn about other cultures					

SECTION C: Importance of place attributes

BEFORE CROSS-BORDER SHOPPING

13. For each statement, please indicate the attributes of the shopping area, **how these factors important for your consideration** before making-decision to shop in Thailand. **(Please answer all questions)**

Factors		Scales				
		Very Important	Important	Neutral	Not Important	Not Important at all
1	Merchandise quality					
2	Variety of shops					
3	In-store decoration					
4	Reliability of shops					
5	Safety and security within the store					
6	Modern retail store design					
7	Variety of products/services					
8	Quality of products/services					
9	Low Price					
10	Products value for money					
11	Accessibility					
12	Leisure facilities in shopping area such as resting area					
13	Information and signs in shopping areas					
14	Variety of places to dine					
15	Reputation of shopping areas					
16	Reputation as a tourist destination					
17	Value for money destination					
18	Shopping areas represent local uniqueness					
19	Hospitality of local people					
20	Similarity of the language and culture					
21	Familiar with a destination					
22	Destination environment					

- **AFTER SHOPPING –**
-

14. For each statement, please indicate the performance of the shopping area. **How do you feel about the performance of the shopping-area in Thailand? (Please answer all questions)**

Factors		Scales				
		Very Important	Important	Neutral	Not Important	Not Important at all
1	Merchandise quality					
2	Variety of shops					
3	In-store decoration					
4	Reliability of shops					
5	Safety and security within the store					
6	Modern retail store design					
7	Variety of products/services					
8	Quality of products/services					
9	Low Price					
10	Products value for money					
11	Accessibility					
12	Leisure facilities in shopping area such as resting area					
13	Information and signs in shopping areas					
14	Variety of places to dine					
15	Reputation of shopping areas					
16	Reputation as a tourist destination					
17	Value for money destination					
18	Shopping areas represent local uniqueness					
19	Hospitality of local people					
20	Similarity of the language and culture					
21	Familiar with a destination					
22	Destination environment					

SECTION D: Profile

Please tell us about yourself

15. Gender

☐ 1. Male ☐ 2. Female

16. Age

☐ 1. 18-25 years old
☐ 2. 26-35 years old
☐ 3. 36-45 years old
☐ 4. 46-55 years old
☐ 5. More than 56 years old

17. Family status

☐ 1. Single
☐ 2. Married with no children
☐ 3. Married with children living at home
☐ 4. Married with no children living at home
☐ 5. Divorced/ separated / widow

18. Education

☐ 1. Less than high school
☐ 2. High school
☐ 3. Two-year college degree
☐ 4. Undergraduate degree
☐ 5. Graduate degree

19. Place of living

☐ 1. Khammuan
☐ 2. Champasak
☐ 3. Xiangkhuang
☐ 4. Xaiyabuli
☐ 5. Sekong
☐ 6. Bokeo
☐ 7. Bolikhamxai
☐ 8. Phongsali
☐ 9. Vientiane
☐ 10. Savannakhet
☐ 11. Salavan
☐ 12. Luang Namtha
☐ 13. Luangphabang
☐ 14. Huaphan
☐ 15. Attapue
☐ 16. Oudomxai
☐ 17. Others ………………….

20. Occupation

☐ 1. Government / Public Sector worker
☐ 2. Private Sector Employee
☐ 3. Business Owner/ Self-employed
☐ 4. Student
☐ 5. Housewife / Homemaker
☐ 6. Unemployed
☐ 7. Agricultural worker
☐ 8. Others (Please specific)________

21. Income per month

☐ 1. Under 500,000 KIP
☐ 2. 500,001 – 1,000,000 KIP
☐ 3. 1,000,001 – 2,000,000 KIP
☐ 4. 2,000,001-3,000,000 KIP
☐5. More than 3,000,001 KIP

Appendix A-3: A Laos questionnaire

OFFICAL ONLY
NO. ____________________
DATE: __________________
PLACE: _________________

ແບບສອບຖາມນັກທ່ອງທ່ຽວ

ຄຳຊີ້ແຈງ :
1. ແບບສອບຖາມສະບັບນີ້ແມ່ນສ່ວນໜຶ່ງຂອງວິທະຍານິພົນ ເລື່ອງ ການແບ່ງປະເພດນັກທ່ອງທ່ຽວຂ້າມແດນເພື່ອຊື້ເຄື່ອງ ແລະພຶດຕິກຳການທ່ອງທ່ຽວແບບຊື້ເຄື່ອງຂ້າມແດນ ໂດຍຂໍ້ມູນຂອງທ່ານຈະເປັນປະໂຫຍດຕໍ່ການສຶກສາ ແລະວິໄຈໃນເທື່ອນີ້ຢ່າງຫລວງຫລາຍ ເຊິ່ງຜູ້ວິໄຈຈະເກັບຂໍ້ມູນຂອງທ່ານໄວ້ເປັນຄວາມລັບ
2. ແບບສອບຖາມສະບັບນີ້ປະກອບດ້ວຍ 4 ຕອນ ຈຳນວນ 21 ຂໍ້ ຄື ກິດຈະກຳການຊື້ເຄື່ອງແລະການທ່ອງທ່ຽວ, ແຮງຈູງໃຈໃນການເດີນທາງ, ຄວາມພໍໃຈໃນບ່ອນຊື້ເຄື່ອງ ແລະ ຂໍ້ມູນສ່ວນຕົວ
3. ໃຫ້ເຮັດເຄື່ອງໝາຍ ✓ ຫລືຕື່ມລາຍລະອຽດໃນຊ່ອງວ່າງທີ່ກຳໜົດ

ຕອນທີ 1 : ຂໍ້ມູນກ່ຽວກັບຮູບແບບການເດີນທາງທ່ອງທ່ຽວ ແລະການຊື້ເຄື່ອງຂ້າມແດນ

1.1 ຮູບແບບການເດີນທາງທ່ອງທ່ຽວ

1. ວັດຖຸປະສົງໃນການເດີນທາງຂ້າມແດນ (ເລືອກໄດ້ຂໍ້ດຽວ)

❑ 1. ທ່ອງທ່ຽວ	❑ 2. ຊື້ເຄື່ອງ	❑ 3.ຢ້ຽມຢາມ
❑ 4. ທຳທຸລະກິດ	❑ 5. ຮ່ວມກອງປະຊຸມ	❑ 6. ຮ່ວມງານເທສະການ
❑ 7. ກິນເຂົ້າ	❑ 8. ອື່ນໆ (ຂຽນຕື່ມ)	

2. ທ່ານເດີນທາງຂ້າມແດນດຸເທົ່າໃດ (ເລືອກໄດ້ຂໍ້ດຽວ)

❑ 1. ເທື່ອທຳອິດ	❑ 2. ຢ່າງໜ້ອຍ1 ເດືອນ ເທື່ອ	❑ 3.ຢ່າງໜ້ອຍ 6 ເດືອນ ເທື່ອ
❑ 4. ຢ່າງໜ້ອຍປີລະເທື່ອ	❑ 5. ຫລາຍປີເທື່ອ	

3. ຍວດຍານທີ່ນຳໃຊ້ໃນການເດີນທາງທ່ອງທ່ຽວຂ້າມແດນ (ເລືອກໄດ້ຫລາຍຂໍ້)

❑ 1. ລົດຍົນສ່ວນຕົວ	❑ 2. ລົດເຊົ່າເໝົາ	❑ 3. ລົດປະຈຳທາງ
❑ 4. ລົດໄຟ	❑ 5. ລົດບໍລິສັດທົວ	❑ 6. ລົດຕັກຊີ/ຈຳໂບ້
❑ 7. ຍົນ	❑ 8. ອື່ນໆ (ຂຽນຕື່ມ)	

4. ຈຳນວນຄົນເດີນທາງນຳໃນເທື່ອນີ້ .... ຄົນ (ຮວມທ່ານນຳ)

5. ປະເພດກຸ່ມເດີນທາງ (ເລືອກໄດ້ຂໍ້ດຽວ)

❑ 1. ຄົນດຽວ	❑ 2. ໝູ່ເພື່ອນ	❑ 3. ຄອບຄົວ
❑ 4. ຄົນຮັກ	❑ 5. ບໍລິສັດທົວ	❑ 6. ອື່ນໆ (ຂຽນຕື່ມ) .

6. ໄລຍະເວລາໃນການເດີນທາງເທື່ອນີ້ (ເລືອກໄດ້ຂໍ້ດຽວ)

❑ 1. ໄປ-ກັບ	❑ 2. 2-3 ມື້	❑ 3. 4-7 ມື້
❑ 4. ຫລາຍກວ່າ 7 ມື້		

7. ທ່ານເຮັດກິດຈະກຳຫຍັງແດ່ໃນການເດີນທາງເທື່ອນີ້ (ເລືອກໄດ້ຫລາຍຂໍ້)

❑ 1. ທ່ອງທ່ຽວອ້ອມເມືອງ	❑ 2. ວັດ ສະຖານບູຮານ	❑ 3. ທຳມະຊາດ ຕາດ ແມ່ນ້ຳ
❑ 4. ຮ່ວມເທສະການຕ່າງໆ	❑ 5. ກິນເຂົ້າຢູ່ຮ້ານອາຫານ	❑ 6. ຊື້ເຄື່ອງ/ເຄື່ອງຕ້ອນ
❑ 7. ບໍ່ໄດ້ເຮັດຫຍັງ	❑ 8. ອື່ນໆ (ຂຽນຕື່ມ)	

1.2 ພຶດຕິກຳການຊື້ເຄື່ອງຂ້າມແດນ

8. ທ່ານຊື້ຫຍັງເຄື່ອງຫຍັງບໍ່ໃນການເດີນທາງຂ້າມແດນເທື່ອນີ້

❑ 1. ຊື້ ❑ 2. ບໍ່ຊື້ (ຍ້ອນຫຍັງ) ....(ໃຫ້ໄປຕອບຂໍ້ 12)

9. ທ່ານຊື້ເຄື່ອງຈາກບ່ອນໃດແດ່ (ເລືອກໄດ້ຫລາຍຂໍ້)

❑ 1. ຕະຫລາດອິນດູຈີນ ❑ 2. ຕະຫລາດສົດ ❑ 3. ຫ້າງສັບພະສິນຄ້າ

❑ 4. ຕະຫລາດມືດ ❑ 5. ຮ້ານໂລຕັດ ບິກຊີ ❑ 6. ຮ້ານໃກ້ບ່ອນທ່ອງທ່ຽວ

❑ 7. ຮ້ານຂາຍເຄື່ອງຍ່ອຍ ❑ 8. ອື່ນໆ (ຂຽນຕື່ມ) ....

10. ທ່ານໄດ້ເລືອກຊື້ເຄື່ອງ ຫລືບໍລິການໃດແດ່ ແລະເສຍຄ່າໃຊ້ຈ່າຍປະມານເທົ່າໃດ (ເລືອກໄດ້ຫລາຍຂໍ້)

1) ເຄື່ອງນຸ່ງ/ເຄື່ອງເອ້ ❑ 1. ເຄື່ອງນຸ່ງ/ເກີບ ❑ 2. ກະເປົາ ຖົງພາຍ ❑ 3. ເຄື່ອງເອ້/ໂມງ/ແຫວນ ❑ 4. ອື່ນໆ	2) ເຄື່ອງໃຊ້ ❑ 5. ອາຫານ ຫມາກໄມ້ ❑ 6. ເຄື່ອງດື່ມ ❑ 7. ເຄື່ອງໃຊ້ສ່ວນຕົວ ❑ 8. ເຄື່ອງໃຊ້ໃນເຮືອນ ❑ 9. ອື່ນໆ	3) ການບໍລິການ ແລະຄວາມບັນເທີງ ❑ 10. ຮ້ານອາຫານ ❑ 11. ໂຮງຮູບເງົາ ❑ 12. ຮ້ານເສີມສວຍ/ສະປາ ❑ 13. ສະຖານບັນເທີງ ❑ 14. ອື່ນໆ ....
ລວມລາຄາ ....ບາດ	ລວມລາຄາ ....ບາດ	ລວມລາຄາ ....ບາດ
4) ເຄື່ອງໃຊ້ໄຟຟ້າ ❑ 15. ມືຖື ❑ 16. ອຸປະກອນຄອມພິວເຕີ ❑ 17. ເຄື່ອງໃຊ້ໄຟຟ້າ ❑ 18. VDO /VCD ❑ 19. ອື່ນໆ	5) ເຄື່ອງຕ້ອນ/ເຄື່ອງທີ່ລະນຶກ ❑ 20. ເຄື່ອງທ້ອງຖິ່ນ ❑ 21. ເຄື່ອງຫັດຖະກຳ ❑ 22. ແຜໄຫມ/ແຜຝ້າຍ ❑ 23. ຂະຫນົມ/ອາຫານທ້ອງຖິ່ນ ❑ 24. ອື່ນໆ	
ລວມລາຄາ ....ບາດ	ລວມລາຄາ ....ບາດ	

11. ສະເຫລ່ຍເວລາທີ່ນຳໃຊ້ໃນການຊື້ເຄື່ອງແຕ່ລະເທື່ອ

❑ 1. ຫນ້ອຍກວ່າ 1 ຊົ່ວໂມງ ❑ 2. ປະມານ 1-3 ຊົ່ວໂມງ

❑ 3. ປະມານ 4-6 ຊົ່ວໂມງ ❑ 4. ຫລາຍກວ່າ 6 ຊົ່ວໂມງ

ຕອນທີ 2 ແຮງຈູງໃຈໃນການເດີນທາງຂ້າມແດນ ຄວາມຄາດຫວັງ ແລະປະສົບການຈາກການສະຖານທີ່ຊື້ເຄື່ອງ

12. ເຫດຜົນໃນການເດີນທາງແລະການຊື້ເຄື່ອງຂ້າມແດນ ໃຫ້ທ່ານຂີດເຄື່ອງໝາຍ ✓ ໃນຕົວເລກເບື້ອງຂວາ

ປັດໃຈ		ລະດັບຄວາມສຳຄັນຕໍ່ການຕັດສິນໃຈ				
		ຫລາຍສຸດ	ຫລາຍ	ປານກາງ	ໜ້ອຍ	ໜ້ອຍທີ່ສຸດ
1	ເພື່ອຊື້ເຄື່ອງທີ່ມີຄຸນນະພາບ					
2	ເພື່ອຊື້ເຄື່ອງລາຄາຖືກທີ່ປະເທດໄທ ແຕ່ຣາຕາແພງໃນປຣະເທດ					
3	ເພື່ອຊື້ເຄື່ອງລາຄາຖືກ					
4	ເພື່ອຊື້ສິນຄ້າຈາກຮ້ານຄ້າຂະໜາດໃຫຍ່ທີ່ມີສິນຄ້າຫລາກຫລາຍ					
5	ເພື່ອຊື້ເຄື່ອງຈາກຮ້ານຄ້າທີ່ມີຊື່ສຽງ					
6	ເພື່ອຊົມແຫລ່ງຮ້ານຄ້າທີ່ຕົກແຕ່ງສວຍງາມ					
7	ເພື່ອຊື້ເຄື່ອງຈາກຮ້ານຄ້າທີ່ວາງໃຈໄດ້					
8	ເພື່ອຊອກຊື້ເຄື່ອງທີ່ຫາຍາກ ຫລືບໍ່ມີຂາຍໃນປະເທດ					
9	ເພື່ອພົບພໍ້ຜູ້ຄົນຫລາກຫລາຍ					
10	ເພື່ອໄດ້ມາສະຖານທີ່ນັ້ນແລ້ວນຳໄປບອກຄົນອື່ນໆ ຕໍ່ໄດ້					
11	ເພື່ອຊື້ເຄື່ອງຕ້ອນ					
12	ເພື່ອຊົມສະພາບອ້ອມຂ້າງແລະບັນຍາກາດຂອງເມືອງ					
13	ພັກຜ່ອນ					
14	ເພື່ອຫາປະສົບການໃໝ່ໆ					
15	ເພື່ອຮຽນຮູ້ກ່ຽວກັບພາສາແລະວັດທະນະທຳອື່ນ					

ຕອນທີ່ 3 ການປະເມີນຄວາມຮູ້ສຶກກ່ອນເດີນທາງ ແລະຫລັງເດີນທາງຂ້າມແດນ

ກ່ອນເດີນທາງ

13. ກ່ອນເດີນທາງ ປັດໃຈທີ່ມີຄວາມສຳຄັນຕໍ່ການຕັດສິນໃຈເລືອກສະຖານທີ່ຊື້ເຄື່ອງ/ ເລືອກເຄື່ອງຂອງທ່ານ ໃຫ້ກາເຄື່ອງໝາຍ ✓ ໃນຊ່ອງເບື້ອງຂວາ

ປັດໃຈ		ລະດັບຄວາມສຳຄັນຕໍ່ການຕັດສິນໃຈ				
		ຫລາຍສຸດ	ຫລາຍ	ປານກາງ	ໜ້ອຍ	ໜ້ອຍທີ່ສຸດ
ຮ້ານຄ້າ						
1	ຄຸນະພາບຂອງຮ້ານຄ້າ					
2	ຄວາມຫລາກຫລາຍຂອງຮ້ານຄ້າໃນບໍລິເວນດຽວກັນ					
3	ບັນຍາກາດ/ການປະດັບຕົກແຕ່ງຮ້ານຄ້າທີ່ສວຍງາມ					
4	ຄວາມນ່າເຊື່ອຖືຂອງຮ້ານຄ້າ					
5	ຄວາມປອດໄພໃນການເບິ່ງຊົມສິນຄ້າ					
6	ຮ້ານຄ້າທັນສະໄໝ					
ສິນຄ້າ ບໍລິການ ລາຄາ						
7	ຄວາມຫລາກຫລາຍຂອງສິນຄ້າ/ບໍລິການ					
8	ຄຸນະພາບສິນຄ້າ/ບໍລິການ					
9	ສິນຄ້າລາຄາຖືກ					
10	ສິນຄ້າຄຸ້ມຄ່າກັບເງິນທີ່ເສຍໄປ					
ສະພາບ ອ້ອມຂ້າງຂອງຮ້ານຄ້າ						
11	ທີ່ຕັ້ງຂອງຮ້ານຄ້າສະດວກໃນການເດີນທາງ					
12	ມີບ່ອນນັ່ງພັກຍາມເມື່ອຍ					
13	ມີປ້າຍບອກທາງຊະແຈ້ງ					
14	ຮ້ານອາຫານຫລາກຫລາຍ/ພຽງພໍຕໍ່ຄວາມຕ້ອງການ					
ເອກະລັກທ້ອງຖິ່ນ ຄວາມປະທັບໃຈ						
15	ຄວາມມີຊື່ສຽງ					
16	ສະຖານທີ່ທ່ອງທ່ຽວເປັນທີ່ນິຍົມ					
17	ເປັນແຂວງ/ເມືອງ ທີ່ຄຸ້ມຄ່າກັບເງິນທີ່ເສຍໄປ					
18	ຮ້ານຄ້າຕົກແຕ່ງສະທ້ອນເອກະລັກທ້ອງຖິ່ນ					
19	ການຕ້ອນຮັບເປັນມິດດີ					
20	ພາສາແລະວັດທະນະທຳໃກ້ຄຽງກັນ					
21	ຄວາມຄຸ້ນເຄີຍກັບເມືອງ/ແຂວງ					
22	ສະພາບອ້ອມຂ້າງເມືອງສວຍງາມ					

ຫລັງເດີນທາງ

14. ຫລັງເດີນທາງ ຂ້າມແດນແລະຊື້ເຄື່ອງ ທ່ານພໍໃຈເທົ່າໃດ ໃຫ້ກາເຄື່ອງໝາຍ ✓ ໃນຊ່ອງເບື້ອງຂວາ

ປັດໃຈ		ລະດັບຄວາມສຳຄັນຕໍ່ການຕັດສິນໃຈ				
		ຫລາຍສຸດ	ຫລາຍ	ປານກາງ	ໜ້ອຍ	ໜ້ອຍທີ່ສຸດ
ຮ້ານຄ້າ						
1	ຄຸນະພາບຂອງຮ້ານຄ້າ					
2	ຄວາມຫລາກຫລາຍຂອງຮ້ານຄ້າໃນບໍລິເວນດຽວກັນ					
3	ບັນຍາກາດ/ການປະດັບຕົກແຕ່ງຮ້ານຄ້າທີ່ສວຍງາມ					
4	ຄວາມນ່າເຊື່ອຖືຂອງຮ້ານຄ້າ					
5	ຄວາມປອດໄພໃນການເບິ່ງຊົມສິນຄ້າ					
6	ຮ້ານຄ້າທັນສະໄໝ					
ສິນຄ້າ ບໍລິການ ລາຄາ						
7	ຄວາມຫລາກຫລາຍຂອງສິນຄ້າ/ບໍລິການ					
8	ຄຸນະພາບສິນຄ້າ/ບໍລິການ					
9	ສິນຄ້າລາຄາຖືກ					
10	ສິນຄ້າຄຸ້ມຄ່າກັບເງິນທີ່ເສຍໄປ					
ສະພາບ ອ້ອມຂ້າງຂອງຮ້ານຄ້າ						
11	ທີ່ຕັ້ງຂອງຮ້ານຄ້າສະດວກໃນການເດີນທາງ					
12	ມີບ່ອນນັ່ງພັກຍາມເມື່ອຍ					
13	ມີປ້າຍບອກທາງຊະແຈ້ງ					
14	ຮ້ານອາຫານຫລາກຫລາຍ/ພຽງພໍຕໍ່ຄວາມຕ້ອງການ					
ເອກະລັກທ້ອງຖິ່ນ ຄວາມປະທັບໃຈ						
15	ຄວາມມີຊື່ສຽງ					
16	ສະຖານທີ່ທ່ອງທ່ຽວເປັນທີ່ນິຍົມ					
17	ເປັນແຂວງ/ເມືອງ ທີ່ຄຸ້ມຄ່າກັບເງິນທີ່ເສຍໄປ					
18	ຮ້ານຄ້າຕົກແຕ່ງສະທ້ອນເອກະລັກທ້ອງຖິ່ນ					
19	ການຕ້ອນຮັບເປັນມິດດີ					
20	ພາສາແລະວັດທະນະທຳໃກ້ຄຽງກັນ					
21	ຄວາມຄຸ້ນເຄີຍກັບເມືອງ/ແຂວງ					
22	ສະພາບອ້ອມຂ້າງເມືອງສວຍງາມ					

ຕອນທີ 4 ຂໍ້ມູນສ່ວນຕົວ

15 ເພດ

❒ 1. ຊາຍ ❒ 2. ຍິງ

16 ອາຍຸ

❒ 1. 18-25 ປີ ❒ 2. 26-35 ປີ ❒ 3. 36 -45 ປີ

❒ 4. 46-55 ປີ ❒ 5. 56 ປີຂື້ນໄປ

17 ສະຖານະພາບ

❒ 1. ໂສດ ❒ 2. ສ້າງຄອບຄົວແຕ່ບໍ່ມີລູກ

❒ 3. ສ້າງຄອບຄົວແລະມີລູກຢູ່ນໍາ ❒ 4. ສ້າງຄອບຄົວມີລູກ ແຕ່ລູກບໍ່ໄດ້ອາໄສນໍາ

❒ 5. ຫມ້າຍ/ຮ້າງ

18 ການສຶກສາສູງສຸດ

❒ 1. ຫນ້ອຍກວ່າມັດທະຍົມປາຍ ❒ 2. ມັດທະຍົມປາຍ ❒ 3. ຊັ້ນຕົ້ນ ຊັ້ນກາງ ຊັ້ນສູງ

❒ 4. ປະລິນຍາຕີ ❒ 5. ສູງກວ່າປະລິນຍາຕີ

19 ອາຊີບ

❒ 1. ພະນັກງານລັດຖະການ ❒ 2. ພະນັກງານເອກະຊົນ ❒ 3. ທຸລະກິດ

❒ 4. ນັກຮຽນ ❒ 5. ແມ່ເຮືອນ ❒ 6. ຮັບຈ້າງທົ່ວໄປ

❒ 7.ກະສິກໍາ ❒ 8. ອື່ນໆ ....

20 ລາຍໄດ້ຕໍ່ເດືອນ

❒ 1. ບໍ່ເກີນ 500.000 ກີບ ❒ 2. 500.001 – 1.000.000 ກີບ

❒ 3. 1.000.001 – 2.000.000 ກີບ ❒ 4. 2.000.001 – 3.000.000 ກີບ

❒ 5. ຫລາຍກວ່າ 3.000.001 ກີບ

21. ຂໍ້ສະເຫນີອື່ນໆ ....

6

ຕອນທີ 4 ຂໍ້ມູນສ່ວນຕົວ

15 ເພດ

❒ 1. ຊາຍ ❒ 2. ຍິງ

16 ອາຍຸ

❒ 1. 18-25 ປີ ❒ 2. 26-35 ປີ ❒ 3. 36 -45 ປີ

❒ 4. 46-55 ປີ ❒ 5. 56 ປີຂື້ນໄປ

17 ສະຖານະພາບ

❒ 1. ໂສດ ❒ 2. ສ້າງຄອບຄົວແຕ່ບໍ່ມີລູກ

❒ 3. ສ້າງຄອບຄົວແລະມີລູກຢູ່ນຳ ❒ 4. ສ້າງຄອບຄົວມີລູກ ແຕ່ລູກບໍ່ໄດ້ອາໄສນຳ

❒ 5. ໝ້າຍ/ຮ້າງ

18 ການສຶກສາສູງສຸດ

❒ 1. ໜ້ອຍກວ່າມັດທະຍົມປາຍ ❒ 2. ມັດທະຍົມປາຍ ❒ 3. ຊັ້ນຕົ້ນ ຊັ້ນກາງ ຊັ້ນສູງ

❒ 4. ປະລິນຍາຕີ ❒ 5. ສູງກວ່າປະລິນຍາຕີ

19 ອາຊີບ

❒ 1. ພະນັກງານລັດຖະການ ❒ 2. ພະນັກງານເອກະຊົນ ❒ 3. ທຸລະກິດ

❒ 4. ນັກຮຽນ ❒ 5. ແມ່ເຮືອນ ❒ 6. ຮັບຈ້າງທົ່ວໄປ

❒ 7.ກະສິກຳ ❒ 8. ອື່ນໆ ....

20 ລາຍໄດ້ຕໍ່ເດືອນ

❒ 1. ບໍ່ເກີນ 500.000 ກີບ ❒ 2. 500.001 – 1.000.000 ກີບ

❒ 3. 1.000.001 – 2.000.000 ກີບ ❒ 4. 2.000.001 – 3.000.000 ກີບ

❒ 5. ຫລາຍກວ່າ 3.000.001 ກີບ

21. ຂໍ້ສະເໜີອື່ນໆ ....

Appendix A-4: Interview questions

Interview questions for policy planners and retailers

Current situation

1. In your opinion, what are the factors that lead people to cross-border shopping?
2. Have there any changed in cross-border market in these recent years (3-5 years)? What are the factors driving these changes?
3. How this change impact cross-border shopping and travel behaviour?
4. In your opinion, what will the cross-border market be in the future?
5. What are the marketing strategies that you have used in previous years? How effective were they?
6. In your opinion, what are the key success factors for marketing for cross-border shopping?
7. What are the challenging issues in Thailand/a company to gain competitive advantages over other countries?
8. What are the obstruct issues that could drive the cross-border shopping within implement marketing strategies
9. What advices would you give to improve the place?

Probe questions

1. How segmentation variables are chosen?
2. Identify segmentation schemes which are compatible with managerial objectives
3. What are the marketing strategies that you have used in previous years? How effective were they?
    - Products
    - Price
    - Place
    - Promotion
4. Who is your target?/ please explain

Questions for developing the Questionnaire

Date (dd/mm/yr):			
Respondent's name:			
location of interview:		Interview duration	
Contact Number:		E-mail	

1. What are the triggers/reasons for this visiting?

Nongkhai)?

3. Did you consider any other destinations before choosing this destination? If yes, how many and what were they?
4. Where did you normally shop in your country?
5. How do you feel while you shop in Thailand, comparing with your own country?
6. What are the best things about shopping in this area? Does it affect your decision-making? Why it is important?
7. What are the worst things about this shopping area? Does it affect your decision-making for the next trip?
8. What activities did you do during in Thailand? Please describe your activities while you are here?
9. What have you brought? How much? Why did you buy it in Thailand?
10. How did this particular trip turn out? ( ) Bad trip, ( ) Just Okey trip, ( ) Good trip. What makes you say that?
11. Which factors could drive you to stay shopping longer?
12. What advice would you give to someone to shop here?
13. What advice would you give to improve the place?

APPENDIX B: STATISTIC DATA

Appendix B- 1: Cluster analysis

Appendix B-2: MANOVA data

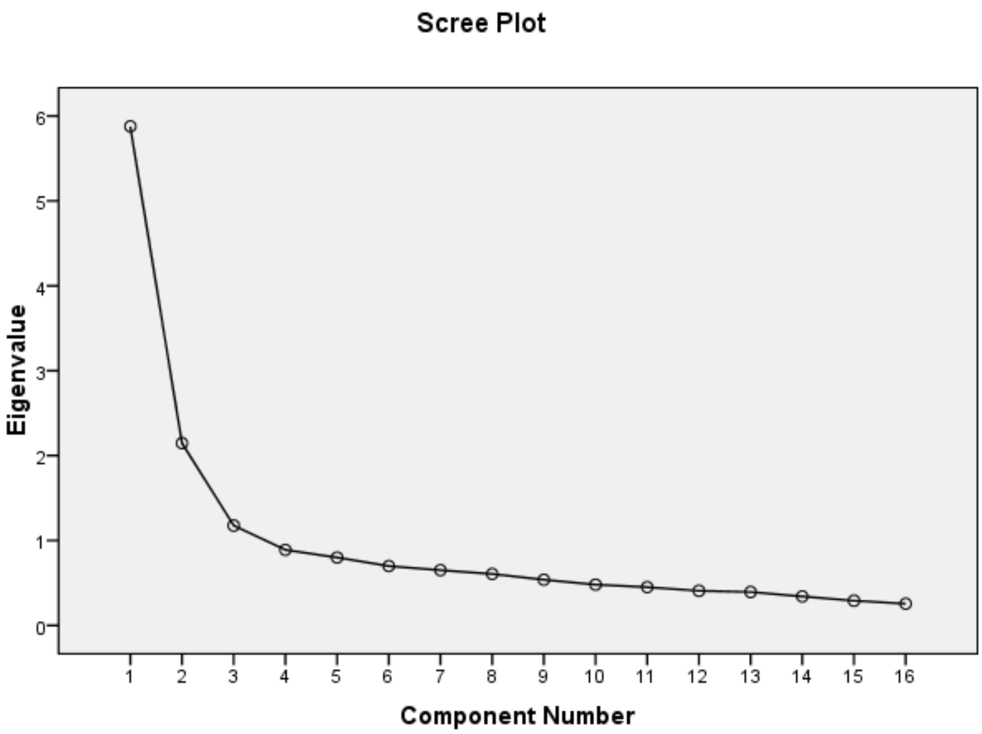
Appendix B-3: Linear regression of Importance-Performance Analysis

Appendix B-4 : Correlation od tourist shopping taxonomy and variables

A

Appendix B- 1: Cluster analysis

1. Scree plot of benefit-based variables



2. Principal Component Analysis Of benefit-based variables

	Component		
	1	2	3
To buy quality products			.576
To buy products that I cannot find in my home town		.571	
To purchase identical products that are cheaper than at home			.855
To hunt for a bargain			.788
To buy a variety of products		.779	
To experience new shopping locations		.760	
To enjoy the ambience of the stores and retail environment		.653	
To shop in a reliable stores		.645	
To meet new people	.577		
To visit a place that I can later reflect upon	.679		
To buy a gift(s) for others	.652		
To enjoy the aesthetics of the location	.782		
To find somewhere to relax	.707		
To enjoy new experiences	.767		
To learn about other cultures	.823		

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

	Factor loading	Eigenvalue	Variance (%)	Alpha
Factor 1: Relaxation and Socialising		5.634	26.245	0.870
To meet new people	.577			
To visit a place that I can later reflect upon	.679			
To buy a gift(s) for others	.652			
To enjoy the aesthetics of the location	.782			
To find somewhere to relax	.707			
To enjoy new experiences	.767			
To learn about other cultures	.823			
Factor 2: Shopping Enjoyment		2.083	19.286	0.796
To buy products that I cannot find in my home town	.571			
To buy a variety of products	.779			
To experience new shopping locations	.760			
To enjoy the ambience of the stores and retail environment	.653			
To shop in reliable stores	.645			
Factor 3: Product Focused		1.157	13.625	0.685
To buy quality products	.576			
To purchase identical products that are cheaper than at home	.855			
To hunt for a bargain	.788			

Appendix B-2: MANOVA data

1. MANOVA – demographic analysis

Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Type	Status	25.361	3	8.454	7.164	.000
	Income	63.911	3	21.304	11.967	.000
	PC	250.943	3	83.648	8.611	.000

a. R Squared = .061 (Adjusted R Squared = .052)

b. R Squared = .098 (Adjusted R Squared = .090)

c. R Squared = .072 (Adjusted R Squared = .064)

2. MANOVA- Travelling patterns

Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.	Mean differences
Type	Accom	326.009	3	108.670	6.422	.000	PF > E (2.63) PF > P (2.52)
	Touring	5.776	3	1.925	8.502	.000	E>PF (0.31) E>P (.27)
	Events	1.985	3	.662	5.714	.001	L > E (.18) L>P (.24)
	Shopping	2.529	3	.843	3.780	.011	E>L (.22), P>L (.21)
	Public Bus	4.398	3	1.466	7.140	.000	E>P (.28)

a. R Squared = .055 (Adjusted R Squared = .046)

b. R Squared = .071 (Adjusted R Squared = .063)

c. R Squared = .049 (Adjusted R Squared = .041)

d. R Squared = .033 (Adjusted R Squared = .024)

e. R Squared = .061 (Adjusted R Squared = .052)

3. MANOVA – Activities

Tests of Between-Subjects Effects

Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.	Mean differences
Visiting Indochina-market	4.781	3	1.594	10.631	.000	E>L (.25) E>PF (.34) E>P (.30)
Visiting Night market	1.162	3	.387	4.658	.003	L>E (.18) L>P (.20)
Visiting traditional retail outlets	3.583	3	1.194	9.073	.000	P>L (.29) P>PF (.31)
Watching movies	2.216	3	.739	3.274	.022	E>PF (.26)
Spending on beauty service	1.641	3	.547	5.246	.002	E>PF (.20) E>P (.15) L> PF (.18)
Purchasing souvenirs	1.075	3	.358	3.360	.020	E>PF (.18)
Purchasing local foods as a souvenir	4.293	3	1.431	6.270	.000	L>E (.24) PF>E (.34) PF>P (.25)
Spend money on foods/grocery	2.945E8	3	98169085.934	3.344	.020	
Spend money on service/Entertainment	61025443.994	3	20341814.665	8.265	.000	E>PF (1,300.89) E>P (976.51)
Spend money on souvenirs	25738380.767	3	8579460.256	2.996	.031	

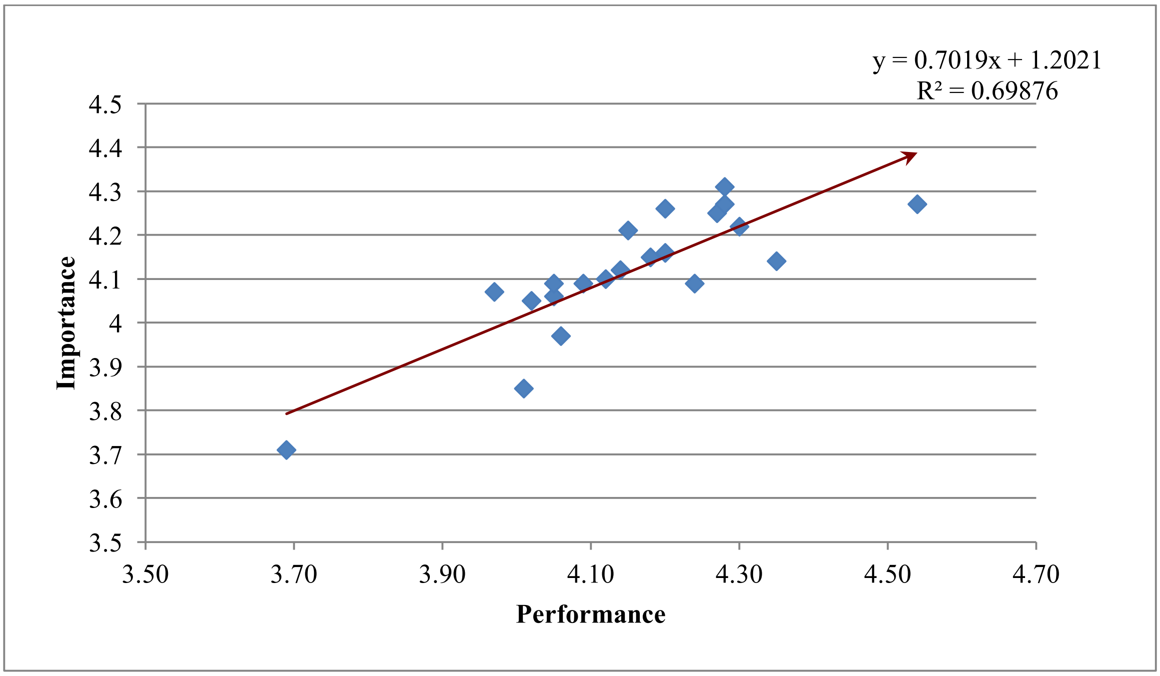
a. R Squared = .119 (Adjusted R Squared = .108)
b. R Squared = .056 (Adjusted R Squared = .044)
c. R Squared = .103 (Adjusted R Squared = .092)
d. R Squared = .040 (Adjusted R Squared = .028)
e. R Squared = .063 (Adjusted R Squared = .051)
f. R Squared = .041 (Adjusted R Squared = .029)
g. R Squared = .074 (Adjusted R Squared = .062)
h. R Squared = .041 (Adjusted R Squared = .029)
i. R Squared = .095 (Adjusted R Squared = .084)
j. R Squared = .037 (Adjusted R Squared = .024)

4. MANOVA – the comparisons of tourist activities among segments

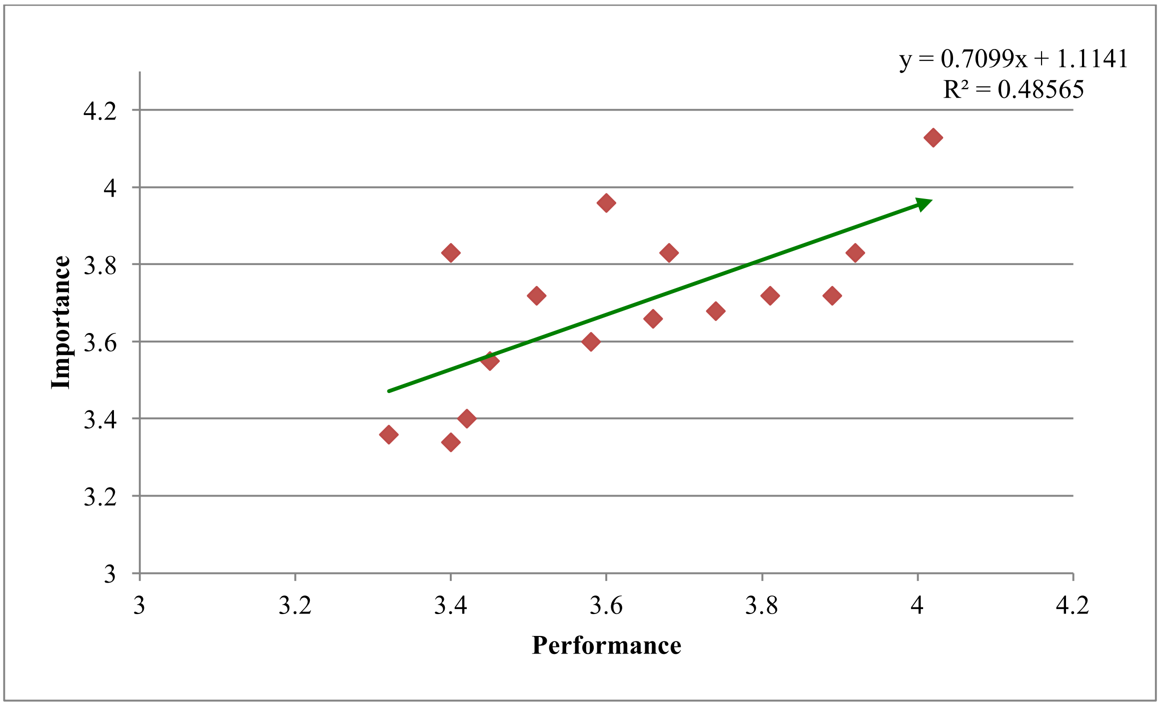
	Enthusiastic Shoppers (%)	Leisure Tourists (%)	Product-Focused Shoppers (%)	Practical shoppers (%)	
Main purpose of travelling					4.395*
Tourism	36.3	21.5	14.6	27.7	
Shopping/purchasing products	40.6	9.7	18.9	30.9	
Others	31.3	25.0	25.0	18.8	
Length of stay					5.693*
One day trip	38.3	11.3	17.5	32.9	
Overnight trip	37.1	26.8	18.6	17.5	
Activities					
City sightseeing	52.9	15.4	11.0	20.6	24.317*
Participating in festival(s) or event(s)	34.0	34.0	19.1	12.8	16.667*
Shopping	41.7	11.9	15.6	30.7	10.753*
Transportation(s)					
Private car	33.2	17.1	16.1	33.7	9.724*
Public transport	54.7	13.2	16.0	16.0	20.990*
Shopping place					
Indo-China market	65.9	10.6	5.9	17.6	39.287*
Tourism shops	48.6	27.0	5.4	18.9	10.290*
(Traditional) Retail outlets	38.9	4.2	6.9	50.0	30.659*

Appendix B-3: Linear regression of Importance-Performance analysis

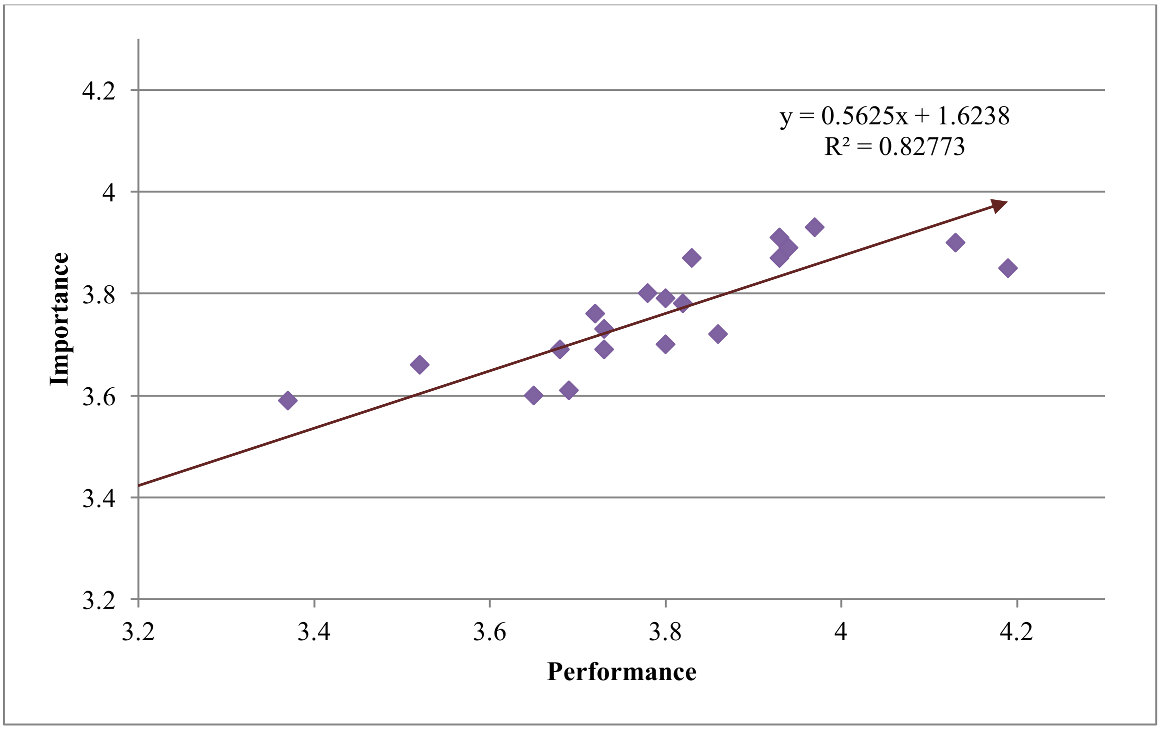
1. Linear regression of Enthusiastic shoppers



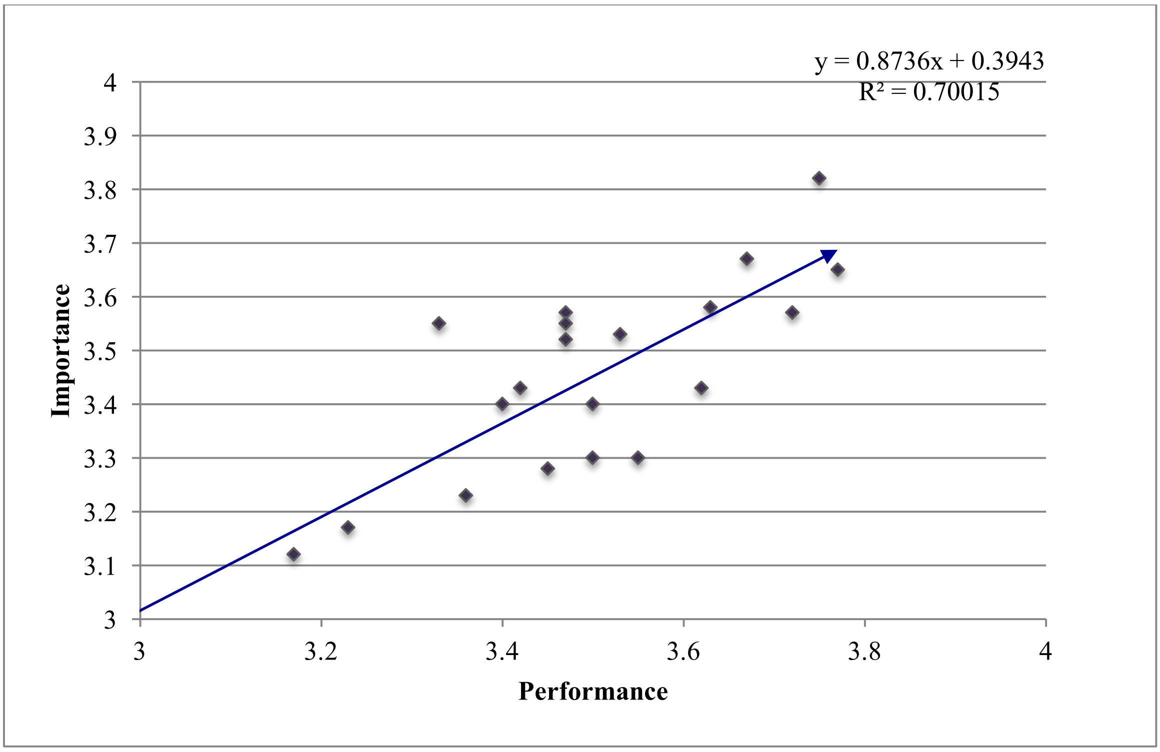
2. Linear regression of Leisure-tourist shoppers



3. Linear regression of Product-focused shoppers



4. Linear regression of Practical shoppers



Appendix B-4 Correlation of tourist shopping taxonomy and variables

1. Correlation of tourist shopping taxonomy and demographic variables

		Type	Gen	Status	Edu	PC	Car	Income
Type	Pearson Correlation	1	.049	-.061	-.078	-.252**	.001	-.069
	Sig. (1-tailed)		.187	.132	.077	.000	.491	.104
	N	337	336	335	336	232	335	336
Gen	Pearson Correlation	.049	1	-.214**	-.078	.060	.035	-.252**
	Sig. (1-tailed)	.187		.000	.065	.166	.249	.000
	N	336	383	382	383	266	382	383
Status	Pearson Correlation	-.061	-.214**	1	-.037	-.013	-.280**	
	Sig. (1-tailed)	.132	.000		.235	.418	.000	.000
	N	335	382	382	382	265	381	382
Edu	Pearson Correlation	-.078	-.078	-.037	1	.183**	.224**	.100*
	Sig. (1-tailed)	.077	.065	.235		.001	.000	.025
	N	336	383	382	383	266	382	383
PC	Pearson Correlation	-.252**	.060	-.013	.183**	1	.218**	-.351**
	Sig. (1-tailed)	.000	.166	.418	.001		.000	.000
	N	232	266	265	266	266	266	266
Car	Pearson Correlation	.001	.035	-.280**	.224**	.218**	1	-.271**
	Sig. (1-tailed)	.491	.249	.000	.000	.000		.000
	N	335	382	381	382	266	382	382
Income	Pearson Correlation	-.069	-.252**	.210**	.100*	-.351**	-.271**	1
	Sig. (1-tailed)	.104	.000	.000	.025	.000	.000	
	N	336	383	382	383	266	382	383

**. Correlation is significant at the 0.01 level (1-tailed). *. Correlation is significant at the 0.05 level (1-tailed).

2. Correlation between cross-border tourist shopping taxonomy and travel-related patterns

		Type	Obj	Fre	Dura	Touring	Visiting historical		Natural Events	Dinning	Shopping	Nothing	Others	ppl	Private car	Rental car	Public Bus
Type	Pearson Correlation	1	.021	-.054	-.083	-.247**	-.041	-.034	-.084	.111*	-.016	.048	.143**	.027	.134**	-.001	-.235**
	Sig. (1-tailed)		.350	.161	.065	.000	.229	.269	.061	.021	.385	.192	.004	.311	.007	.493	.000
	Covariance	1.567	.057	-.069	-.096	-.152	-.014	-.012	-.037	.069	-.010	.009	.029	.014	.082	.000	-.137
	N	337	337	337	336	337	337	337	337	337	337	337	337	337	337	337	337
Obj	Pearson Correlation	.021	1	.132**	.118*	-.075	.006	-.076	.190**	.027	-.025	.042	.231**	.017	-.081	-.083	-.025
	Sig. (1-tailed)	.350		.005	.010	.071	.451	.068	.000	.300	.315	.204	.000	.369	.058	.052	.310
	Covariance	.057	5.219	.315	.241	-.085	.004	-.048	.148	.031	-.027	.018	.092	.017	-.089	-.046	-.026
	N	337	383	383	382	383	383	383	383	383	383	383	383	383	383	383	383
Fre	Pearson Correlation	-.054	.132**	1	.110*	.085*	.129**	-.058	.041	.017	.019	.098*	-.034	.067	-.054	.074	-.013
	Sig. (1-tailed)	.161	.005		.015	.048	.006	.129	.214	.367	.352	.027	.250	.094	.146	.074	.396
	Covariance	-.069	.315	1.094	.102	.044	.038	-.017	.015	.009	.010	.019	-.006	.030	-.027	.019	-.006
	N	337	383	384	383	384	384	384	384	384	384	384	384	384	384	384	384
Dura	Pearson Correlation	-.083	.118*	.110*	1	.262**	.125**	.234**	.131**	.137**	-.137**	-.011	-.072	.047	-.153**	.115*	.012
	Sig. (1-tailed)	.065	.010	.015		.000	.007	.000	.005	.004	.004	.412	.079	.180	.001	.012	.406
	Sum of Squares and Cross-products	-32.012	91.639	39.115	300.308	43.695	12.086	21.963	15.191	23.219	-21.854	-.702	-4.264	6.789	-25.029	9.473	1.872
	Covariance	-.096	.241	.102	.786	.114	.032	.057	.040	.061	-.057	-.002	-.011	.018	-.066	.025	.005
	N	336	382	383	383	383	383	383	383	383	383	383	383	383	383	383	383
Touring	Pearson Correlation	-.247**	-.075	.085*	.262**	1	.075	.093*	-.022	.064	-.150**	-.069	-.089*	-.033	-.086*	.068	.022
	Sig. (1-tailed)	.000	.071	.048	.000		.072	.035	.337	.107	.002	.089	.040	.261	.046	.091	.331
	Sum of Squares and Cross-products	-51.042	-32.319	16.818	43.695	92.990	4.010	4.833	-1.396	6.000	-13.333	-2.349	-2.937	-2.641	-7.807	3.125	1.917
	Covariance	-.152	-.085	.044	.114	.243	.010	.013	-.004	.016	-.035	-.006	-.008	-.007	-.020	.008	.005
	N	337	383	384	383	384	384	384	384	384	384	384	384	384	384	384	384

		Type	Obj	Fre	Dura	Touring	Visiting historical		Natural Events	Dinning	Shopping	Nothing	Others	ppl	Private car	Rental car	Public Bus
Visiting historical	Pearson Correlation	-.041	.006	.129**	.125**	.075	1	.138**	.037	.073	-.130**	-.008	-.003	-.018	.006	.033	.022
	Sig. (1-tailed)	.229	.451	.006	.007	.072		.003	.232	.076	.005	.441	.474	.359	.454	.259	.335
	Sum of Squares and Cross-products	-4.567	1.577	14.682	12.086	4.010	30.990	4.167	1.396	4.000	-6.667	-.151	-.062	-.859	.307	.875	1.083
	Covariance	-.014	.004	.038	.032	.010	.081	.011	.004	.010	-.017	.000	.000	-.002	.001	.002	.003
	N	337	383	384	383	384	384	384	384	384	384	384	384	384	384	384	384
Natural	Pearson Correlation	-.034	-.076	-.058	.234**	.093*	.138**	1	.073	.075	-.167**	-.056	-.054	.028	-.067	.195**	.014
	Sig. (1-tailed)	.269	.068	.129	.000	.035	.003		.075	.070	.001	.135	.145	.295	.095	.000	.394
	Sum of Squares and Cross-products	-4.039	-18.457	-6.417	21.963	4.833	4.167	29.333	2.667	4.000	-8.333	-1.083	-1.000	1.250	-3.417	5.000	.667
	Covariance	-.012	-.048	-.017	.057	.013	.011	.077	.007	.010	-.022	-.003	-.003	.003	-.009	.013	.002
	N	337	383	384	383	384	384	384	384	384	384	384	384	384	384	384	384
Events	Pearson Correlation	-.084	.190**	.041	.131**	-.022	.037	.073	1	.076	-.140**	-.032	-.027	.056	-.161**	.055	.114*
	Sig. (1-tailed)	.061	.000	.214	.005	.337	.232	.075		.068	.003	.266	.297	.135	.001	.141	.012
	Sum of Squares and Cross-products	-12.294	56.366	5.573	15.191	-1.396	1.396	2.667	44.958	5.000	-8.667	-.760	-.625	3.156	-10.177	1.750	6.833
	Covariance	-.037	.148	.015	.040	-.004	.004	.007	.117	.013	-.023	-.002	-.002	.008	-.027	.005	.018
	N	337	383	384	383	384	384	384	384	384	384	384	384	384	384	384	384
Dinning	Pearson Correlation	.111*	.027	.017	.137**	.064	.073	.075	.076	1	.155**	-.158**	-.150**	-.018	.190**	.043	-.149**
	Sig. (1-tailed)	.021	.300	.367	.004	.107	.076	.070	.068		.001	.001	.002	.360	.000	.200	.002
	Sum of Squares and Cross-products	23.288	11.742	3.500	23.219	6.000	4.000	4.000	5.000	96.000	14.000	-5.500	-5.000	-1.500	17.500	2.000	-13.000
	Covariance	.069	.031	.009	.061	.016	.010	.010	.013	.251	.037	-.014	-.013	-.004	.046	.005	-.034
	N	337	383	384	383	384	384	384	384	384	384	384	384	384	384	384	384

		Type	Obj	Fre	Dura	Touring	Visiting historical		Natural Events	Dinning	Shopping	Nothing	Others	ppl	Private car	Rental car	Public Bus
Shopping	Pearson Correlation	-.016	-.025	.019	-.137**	-.150**	-.130**	-.167**	-.140**	.155**	1	-.143**	-.127**	-.065	.215**	-.023	-.105*
	Sig. (1-tailed)	.385	.315	.352	.004	.002	.005	.001	.003	.001		.003	.006	.103	.000	.328	.020
	Sum of Squares and Cross-products	-3.214	-10.172	3.667	-21.854	-13.333	-6.667	-8.333	-8.667	14.000	85.333	-4.667	-4.000	-5.000	18.667	-1.000	-8.667
	Covariance	-.010	-.027	.010	-.057	-.035	-.017	-.022	-.023	.037	.223	-.012	-.010	-.013	.049	-.003	-.023
	N	337	383	384	383	384	384	384	384	384	384	384	384	384	384	384	384
Nothing	Pearson Correlation	.048	.042	.098*	-.011	-.069	-.008	-.056	-.032	-.158**	-.143**	1	.049	-.024	-.009	-.048	.007
	Sig. (1-tailed)	.192	.204	.027	.412	.089	.441	.135	.266	.001	.003		.168	.320	.432	.172	.449
	Sum of Squares and Cross-products	3.056	6.721	7.143	-.702	-2.349	-.151	-1.083	-.760	-5.500	-4.667	12.560	.594	-.711	-.294	-.813	.208
	Covariance	.009	.018	.019	-.002	-.006	.000	-.003	-.002	-.014	-.012	.033	.002	-.002	-.001	-.002	.001
	N	337	383	384	383	384	384	384	384	384	384	384	384	384	384	384	384
	Pearson Correlation	.143**	.231**	-.034	-.072	-.089*	-.003	-.054	-.027	-.150**	-.127**	.049	1	.012	-.114*	-.046	-.016
	Sig. (1-tailed)	.004	.000	.250	.079	.040	.474	.145	.297	.002	.006	.168		.407	.013	.182	.374
	Sum of Squares and Cross-products	9.688	35.204	-2.406	-4.264	-2.937	-.062	-1.000	-.625	-5.000	-4.000	.594	11.625	.344	-3.656	-.750	-.500
Others	Covariance	.029	.092	-.006	-.011	-.008	.000	-.003	-.002	-.013	-.010	.002	.030	.001	-.010	-.002	-.001
	N	337	383	384	383	384	384	384	384	384	384	384	384	384	384	384	384
ppl	Pearson Correlation	.027	.017	.067	.047	-.033	-.018	.028	.056	-.018	-.065	-.024	.012	1	.046	-.033	-.109*
	Sig. (1-tailed)	.311	.369	.094	.180	.261	.359	.295	.135	.360	.103	.320	.407		.186	.259	.016
	Sum of Squares and Cross-products	4.849	6.339	11.539	6.789	-2.641	-.859	1.250	3.156	-1.500	-5.000	-.711	.344	69.852	3.602	-1.313	-8.125
	Covariance	.014	.017	.030	.018	-.007	-.002	.003	.008	-.004	-.013	-.002	.001	.182	.009	-.003	-.021
	N	337	383	384	383	384	384	384	384	384	384	384	384	384	384	384	384

Private car	Pearson Correlation	.134**	-.081	-.054	-.153**	-.086*	.006	-.067	-.161**	.190**	.215**	-.009	-.114*	.046	1	-.231**	-.685**
	Sig. (1-tailed)	.007	.058	.146	.001	.046	.454	.095	.001	.000	.000	.432	.013	.186		.000	.000
	Sum of Squares and Cross-products	27.570	-33.859	-10.378	-25.029	-7.807	.307	-3.417	-10.177	17.500	18.667	-.294	-3.656	3.602	88.685	-10.312	-57.458
	Covariance	.082	-.089	-.027	-.066	-.020	.001	-.009	-.027	.046	.049	-.001	-.010	.009	.232	-.027	-.150
	N	337	383	384	383	384	384	384	384	384	384	384	384	384	384	384	384
Rental car	Pearson Correlation	-.001	-.083	.074	.115*	.068	.033	.195**	.055	.043	-.023	-.048	-.046	-.033	-.231**	1	-.071
	Sig. (1-tailed)	.493	.052	.074	.012	.091	.259	.000	.141	.200	.328	.172	.182	.259	.000		.082
	Sum of Squares and Cross-products	-.095	-17.593	7.187	9.473	3.125	.875	5.000	1.750	2.000	-1.000	-.813	-.750	-1.313	-10.312	22.500	-3.000
	Covariance	.000	-.046	.019	.025	.008	.002	.013	.005	.005	-.003	-.002	-.002	-.003	-.027	.059	-.008
	N	337	383	384	383	384	384	384	384	384	384	384	384	384	384	384	384
Public Bus	Pearson Correlation	-.235**	-.025	-.013	.012	.022	.022	.014	.114*	-.149**	-.105*	.007	-.016	-.109*	-.685**	-.071	1
	Sig. (1-tailed)	.000	.310	.396	.406	.331	.335	.394	.012	.002	.020	.449	.374	.016	.000	.082	
	Sum of Squares and Cross-products	-46.003	-10.099	-2.458	1.872	1.917	1.083	.667	6.833	-13.000	-8.667	.208	-.500	-8.125	-57.458	-3.000	79.333
	Covariance	-.137	-.026	-.006	.005	.005	.003	.002	.018	-.034	-.023	.001	-.001	-.021	-.150	-.008	.207
	N	337	383	384	383	384	384	384	384	384	384	384	384	384	384	384	384

**. Correlation is significant at the 0.01 level (1-tailed).

*. Correlation is significant at the 0.05 level (1-tailed).

3. Correlation between cross-border tourist shopping taxonomy and travel-related patterns

		Type	Indo-China	Market	Mall	Night market	Discount stores	Tourism shop	Retails	Others	time
Type	Pearson Correlation	1	-.292**	-.059	-.005	-.065	-.011	-.121*	.129*	.022	-.023
	Sig. (2-tailed)		.000	.284	.931	.239	.847	.027	.018	.684	.671
	N	337	332	332	332	332	332	332	332	332	332
Indo-China	Pearson Correlation	-.292**	1	.009	-.059	-.040	.019	.107*	.001	.006	.071
	Sig. (2-tailed)	.000		.867	.251	.433	.711	.038	.986	.902	.171
	N	332	379	379	379	379	379	379	379	379	376
Market	Pearson Correlation	-.059	.009	1	.005	.109*	-.043	.025	-.043	.018	-.079
	Sig. (2-tailed)	.284	.867		.921	.033	.408	.624	.404	.724	.125
	N	332	379	379	379	379	379	379	379	379	376
Mall	Pearson Correlation	-.005	-.059	.005	1	.081	-.093	.069	-.040	-.008	.022
	Sig. (2-tailed)	.931	.251	.921		.114	.069	.180	.437	.877	.666
	N	332	379	379	379	379	379	379	379	379	376
Night market	Pearson Correlation	-.065	-.040	.109*	.081	1	-.299**	.058	-.076	-.033	-.007
	Sig. (2-tailed)	.239	.433	.033	.114		.000	.258	.142	.523	.887
	N	332	379	379	379	379	379	379	379	379	376
Discount stores	Pearson Correlation	-.011	.019	-.043	-.093	-.299**	1	-.273**	.075	-.059	.238**
	Sig. (2-tailed)	.847	.711	.408	.069	.000		.000	.143	.249	.000
	N	332	379	379	379	379	379	379	379	379	376
Tourism shop	Pearson Correlation	-.121*	.107*	.025	.069	.058	-.273**	1	.019	-.037	-.043
	Sig. (2-tailed)	.027	.038	.624	.180	.258	.000		.715	.473	.403
	N	332	379	379	379	379	379	379	379	379	376
Retails	Pearson Correlation	.129*	.001	-.043	-.040	-.076	.075	.019	1	-.053	.082
	Sig. (2-tailed)	.018	.986	.404	.437	.142	.143	.715		.300	.114
	N	332	379	379	379	379	379	379	379	379	376
Others	Pearson Correlation	.022	.006	.018	-.008	-.033	-.059	-.037	-.053	1	.011
	Sig. (2-tailed)	.684	.902	.724	.877	.523	.249	.473	.300		.829
	N	332	379	379	379	379	379	379	379	379	376
time	Pearson Correlation	-.023	.071	-.079	.022	-.007	.238**	-.043	.082	.011	1
	Sig. (2-tailed)	.671	.171	.125	.666	.887	.000	.403	.114	.829	
	N	332	376	376	376	376	376	376	376	376	377
	Sig. (2-tailed)	.112	.004	.314	.009	.046	.147	.860	.002	.777	.589
	N	218	218	218	218	218	218	218	218	218	218

**. Correlation is significant at the 0.01 level (1-tailed).
*. Correlation is significant at the 0.05 level (1-tailed).

APPENDIX C: RESEARCH FRAMWORK

Objective to investigate	Research approaches	Dimensions	Measurements	Questions
1. To explore cross-border shopper taxonomy	Literature review of effective bases and approach (Chapter Two)	To evaluate the effective bases and approach of market segmentation	Six criteria for effective market segmentation	-
To explore shopping behaviour and consumer characteristic	Literature review of tourist shopping behaviour (Chapter three)	A nature of cross-border tourist characteristics	Tourist definitions and concepts	- Who is a tourist?
		Shopping behaviour	Consumption Expenditure	- What activities do they do during this trip? - What the main purpose of your visit? - Where have they been shopping? - How much have you spent on each item? - What are the products and/or service categories that you purchase?
		Consumption behaviour	Length of stay Travel-related	- How long have you shopped today?
		Demographic variables	- Age - Gender - Marital status - Employment - Household income	- Who are the respondents?
	Literature review of influence factors for cross-border shopping (Chapter four)	Place attributes	- Retails and provisions - Products and price orientation - Destination characteristics	- What make people cross-border to shop in another country?
	Empirical study: a questionnaire	Expectation and performance	- Retails and provisions - Products and price orientation - Destination	- What make respondents come to shop in Thailand? - Consider the reasons for them to cross-border shopping in Thailand, how this factor important

Objective to investigate	Research approaches	Dimensions	Measurements	Questions
			characteristics	for you to make a decision? - How do they feel about the place performance after shopping in Thailand?
To identify the competitive advantage of the place in each segment.	Empirical study: the Importance-Performance analysis Grid		- Retails and provisions - Products and price orientation - Destination characteristics	- What are the competitive advantages of business to attract cross-border segments?
To provide the effective tools and approaches	Literature review of a regional market in Thailand (Chapter four)	- The nature of Thai retail markets - Policy and development of a regional market	- Market structure - Competition analysis	