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### **Abstract**

While previous studies have acknowledged the importance of cross border travellers to regional economic development, the significance of visitors from less developed and emerging nations, has received only limited academic attention. Through the application of market segmentation techniques to Laotian tourists, this paper identifies complex patterns of purchase behaviour that includes functional and utilitarian motives as well as more hedonistic practices. Such findings suggest that the economic impact of cross border travellers is not confined to the tourism and hospitality industries and that differences in consumption behaviour affords opportunities for a range of local businesses and service providers.

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## Introduction

For some commentators, uneven economic development remains an inherent aspect of the capitalist system. Markets are seen as both politically constructed as well as socially regulated. As a consequence, any attempt to understand variations in regional growth requires an understanding of both the contextual framework as well as the regulatory functions that stimulate and mediate change (Valler & Wood, 2010; Hadjimichalis & Hudson, 2014). The factors that govern the economic success of a region remain multifarious and include an appropriate infrastructure for inward investment, distinctive local economic development policies, spatially specific business networks as well as a socially cohesive culture and good industrial relations. Similarly, uneven regional economic downturn may be attributed to issues such as the loss of protectionism, delocalisation and declining global demand (Hudson, Dunford, Hamilton & Kotter, 1997; Hadjimichalis & Hudson, 2014).

While the economic prosperity of a location is often attributed to the interaction of political, social, cultural and regulatory processes, supply side constructs also have the potential to explain spatial disparities in regional development (Hadjimichalis & Hudson, 2014). For example, in addition to supporting businesses and generating employment, levels of consumer demand have been shown to impact upon the physical infrastructure and servicescape of a region (NESDB, 2012). However, spatial patterns of consumption remain dynamic and evolve in response to multifarious factors including changing tastes, new channels of distribution and product innovation.

The aim of this paper is to detail the consumption behaviour of Laotian travellers in the Thai – Laos border region. It suggests that individuals who enter Thailand exhibit complex

purchase behaviours that include functional and utilitarian motives as well as more hedonistic practices. Studies of cross border spending have frequently been linked to tourism and hospitality (Sullivan, Bonn, Bhardwaj & Du Pont, 2012; World Tourism Organisation, 2014), however, this research will argue that revenues from the Laos consumer supports a wide range of local businesses across a variety of different market sectors and, as a consequence, makes an important contribution to the development of the Thai regional economy.

Previous studies that have examined cross border consumption activity have often focused upon individuals from more developed countries. To date, few attempts have been made to understand the spending patterns of visitors from either less developed or emerging economies (Krainara & Routray, 2015; Timothy & Teye, 2005). This is despite bodies such as the ASEAN Economic Community (AEC) encouraging regional cross border trade and a recognition that inbound travellers from countries such as Laos, Myanmar and Cambodia can have a positive impact upon the economy of a bordering nation (Tourism Authority of Thailand, 2015). A greater understanding of the Lao consumer therefore offers a range of benefits that extend beyond the immediacy of either an individual business or market sector.

To achieve its aim, the paper first considers the factors that contribute to regional economic growth. The concepts of trade leakage and 'outshopping' are then discussed before the methodology is detailed. The findings from the research provide the scope to understand the complexity of different patterns of consumer demand and develop a typology of cross border shopper. Finally, a series of conclusions are drawn.

## Regional Development and the Cross Border Consumer

Differences in regional economic development have, in part, been attributed to the way in which regulatory functions operate across different spatial scales. Public planning policy, labour and housing markets, the availability of social capital as well as business networks all seek to structure and mediate the position of different localities (Peck & Tickell, 1995; Feldman & Zoller, 2012). For example, Kuklinski (1970) identified how disparities in regional planning outcomes could be attributed to differences in policy implementation and variations in the level of co-operation between national and local agencies.

Kemeny and Storper, (2015) further suggest that regional development is influenced by the level of economic specialisation evidenced in a particular location. While accepting the inherent difficulties associated with defining the parameters of specialisation, it is noted that regions that focus upon industries such as tourism, finance, IT and biotechnology create agglomerations of producers, economic agents and support services (Jansen-Verbeke, 1991; Timothy & Butler, 1995; Timothy & Teye 2005). These closely related activities give rise to spatially specific, functioning 'eco-systems' that in turn generate income and differentiate the area in terms of economic development.

Spatial agglomerations may also be constructed around evolving patterns of consumer demand. Guy and Bennison (2002) for example highlighted a synergistic relationship between future infrastructure investments and consumer market change. Retail planning decisions may seek to reflect new shopping behaviours, appeal to new customer groups and attract new market entrants. As a consequence, incumbent local businesses often struggle to survive within this competitive environment and are compelled to exit the market or focus

upon the more disadvantaged consumer (Arnold, 1998; D'Andrea, Lopez-Alleman & Stengel, 2006). While the creation of regional ecosystems and local agglomerations may therefore remain dependent upon production systems, dealmakers, economic agents and local government policy, such developments may also be predicated upon and informed by, an understanding of contemporary consumption practices (Kemeny & Storper, 2015).

Exploring the relationship between regional economic development and cross border trade is not new and has been examined in the context of manufacturing and assembly (Hanson, 2001); gambling (Garrett & Marsh, 2002), **the informal economy (Timothy & Teye, 2005)** as well as in relation to specific product categories such as alcohol, fuel and tobacco (Banfi, Filippini, & Hunt, 2005; Coats, 1995; Di Matteo & Di Matteo, 1996). While such activities may contribute positively to a particular area, other (neighbouring) localities remain vulnerable to revenue loss. In an international context this 'trade leakage' may represent a significant outflow of expenditure from one country to another (Jansen-Verbeke, 1991; Timothy, 2005; Tömöri, 2010).

Within a consumer context, a number of reasons account for both national and international "outshopping" behaviour. These include issues of product quality, availability and choice, access to branded goods and the existence of a superior shopping environment. By visiting a cross border shopping area, consumers are often exempt from specific taxes and duties, benefit from favourable exchange rates and enjoy more competitive prices. (Dmitrovic & Vida, 2007; Lee, Paswan, Ganesh & Xavier, 2009; Sullivan et al., 2012; Timothy, 2005). Although sometimes labelled an economically unpatriotic activity, cross border shopping has been identified as a popular and well exercised consumption practice (Piron, 2002). An understanding of the characteristics, behaviours and motivations of Laotian travellers may

therefore inform the business and marketing strategies of individual organisations as well as guide the direction of future retail developments.

Despite a number of investigations attempting to characterise who outshops, findings remain inconclusive. Studies have suggested that cross border shoppers are more likely to be both younger (Piron, 2002) and older (Wang, 2004), may have higher (Dmitrovic & Vida, 2005) or lower incomes (Piron, 2002) and most likely be male (Wang, 2004) or female (Jansen-Verbeke, 1987). While some have maintained that outshopping is most often associated with tourism and the purchase of luxury or symbolic items (Wang, Doss, Guo & Li., 2010), others have noted that cross border shoppers focus primarily upon the purchase of utilitarian items (Piron, 2002). Such conflicting views highlight the complex purchase and spending patterns of cross border consumers (Lau, Sin, & Chan, 2005).

Some have questioned whether cross border shopping without some form of leisure dimension can be considered a tourist activity. For example, Timothy and Butler (1995) recognised the complexity of cross border consumption patterns and suggested a typology based upon the motivations for travel and the individual's length of stay. Those who visited for less than a day and were driven by economic motives, were not considered tourists. Similarly, Sharma, Chen & Luk, (2015) draw a distinction between international and cross border outshopping, the latter being defined as individuals who undertake day trips to a neighbouring country and shop for economic purposes.

While cross border shopping often reflects rational, utilitarian motives, a number of studies have also identified that these visits may serve multiple consumption needs. For example, although many cross-border shoppers acquire basic necessities they also purchase souvenirs,

artworks and handicrafts. Such trips may be seen to provide an element of escapism from daily routines and by purchasing mementos of their visit, individuals became part of the tourist experience (Murphy, Benckendorff, Moscardo & Pearce, 2011; Timothy, 2005; Timothy & Teye, 2005).

The complexity of cross border shopping patterns have been reaffirmed in a number of studies that have examined the *benefits sought* by travellers. While for some consumers the principal purpose of a visit will be to undertake activities such as sightseeing, visiting attractions or attending festivals, for others this may only be a secondary consideration (Tömöri, 2010). Understanding the motives for visiting therefore remains essential to the creation of relevant market segments.

Kim and Sullivan (2003) suggested four categories of traveller based upon demographic and psychographic constructs. While their study reinforces Jarratt's (2000) observation that there is no such thing as a 'single shopper', their approach provides for only limited category construction (Swarbrooke & Horner, 2007). Significantly fewer studies have attempted to adopt a holistic understanding of the motivations consumers have for visiting a border region, the benefits they seek or their spending patterns (Díaz-Sauceda, Palau-Saumell, Forgas-Coll & Sánchez-García, 2015). This is despite such findings having strategic and operational value to businesses, planners and service providers.

Moreover, those studies that have examined cross border consumers have tended to focus upon travellers from more developed nations such as Hong Kong, Japan, Singapore and the USA (Hu & Yu, 2007; Muller, 1991; Piron 2002; Swarbrooke & Horner, 2007; Timothy &



Butler, 1995; Xu & McGehee, 2012; Yeung & Yee, 2012). The behaviours and characteristics of individuals from emerging economies remains largely unexplored.

### **Research Location and Context**

Geographically, Thailand is situated in the centre of South-East Asia and covers approximately 514,000 sq.km. It borders Cambodia and the Gulf of Thailand to the east, Myanmar and the Indian Ocean to the west and Malaysia to the south (NESDB, 2011). To the north, the country shares a common border with Laos PDR that extends for approximately 1750 km (Sirirusamee & Sukmun, 2009).

Krainara and Routray (2015) note that Thailand has a strong central core around its capital, Bangkok, but a weak periphery with the border regions accounting for eight of the ten poorest provinces in the country. In an attempt to stimulate regional economic growth during the late 1980s to the early 1990s, the Thai Government developed policies aimed at decentralising industrial, agricultural and service investment (National Economic and Social Development Board, 2011). A number of infrastructure projects, such as intra-country road construction and electricity generation schemes sought to enhance trade, stimulate private investment and improve the living standards of those in the border areas.

From the late 1990's connectivity to neighbouring countries was also considered a means of improving the country's regional competitiveness. Thailand therefore sought to exploit its geographical advantage at the centre of South East Asia and establish new collaborative trading relationships with a number neighbouring countries (including Lao PDR). Amongst the various initiatives was an attempt to simplify cross border trading procedures as well as

an effort to reduce the costs of operating between ASEAN member states. The relaxation of border controls also prompted an increase in the number of cross border visitors travelling across the region. For example, between 2005 and 2014 the number of individuals crossing from Lao to Thailand grew from 203,700 to over 934,500, while over the same period, tourist receipts increased by 524% (Tourism Authority of Thailand, 2015).

However, despite the recognised importance of cross-border trade to the Thai regional economy, there remains only limited information on the consumption activities of Lao travellers. This omission may in part reflect the significant difference in the purchasing power parity (PPP) of the two countries and the perceived unimportance of Laotian cross border consumers to regional economic development (it is estimated that the PPP of Laos consumers is approximately 32 times lower than those of Thailand) (WEO, 2015). Despite the Laos economy growing by over 210% between 1990 and 2014 (WEO, 2015) there is little to suggest that these evolving patterns of cross border consumption are either being monitored or responded to.

## **Methodology**

It has been recognised that the concept of segmentation occupies a pivotal role in contemporary management thought (Hassan & Craft, 2005; Hassan, Craft & Kortam, 2003). Within the tourism sector, market segmentation can help businesses understand consumer behaviour (Madrigal & Kahle, 1994; Pitts & Woodside, 1986), identify previously untargeted customer groups (Quinn, Hines & Bennison, 2007) and develop strategies aligned to their core competencies (Wedel & Kamakura, 2000). Other outcomes may include a reduction in competitive rivalry, pricing stability and protection against substitutions. Such advantages may also extend beyond the individual organisation. For example, locations that match the

needs of specific consumer segments may enjoy a competitive advantage over other, similar destinations (Dolnicar, 2004).

However, despite its importance as a marketing construct and its widespread adoption within the retail and tourism industry, its application to cross border consumers remains less common. Studies that have employed segmentation techniques have primarily used an *a priori* approach that categorises individuals according to pre-existing criteria including *socio demographic, lifestage* or *behavioural* attributes (Gunter & Furnham, 1992; Vinnciombe & Sou, 2014). Such studies have traditionally focused upon variables such as age, gender, expenditure and economic status in order to identify the characteristics of 'who buys'. Travellers are typically categorised by *what* they have done or *why* they have chosen to undertake a particular set of activities (Littrell, Paige & Song, 2004; Hu & Yu, 2007). While attempts have been made to incorporate more than one category dimension (see for example Park, Reisinger & Noh, 2010) these typologies have often been limited by their focus upon pre-determined target variables (Chetthamrongchai & Davies, 2000; Foedermayr & Diamantopoulos, 2008; Dolnicar, 2004; Quinn et al., 2007).

While categorising consumers on the basis of the survey information itself (*a posteriori*) remains less common, defining different sub groups from the collected data is seen to utilise more relevant attributes (Mazanec, 2000; Moscardo, Pearce & Morrison, 2001). To be of relevance to businesses, segments are required to be *identifiable, substantial, accessible, stable, responsive* and *actionable* (Wedel & Kamakura, 2000). Although complex to construct, *a posteriori* segmentation offers greater insights into consumer change and provides a more reliable basis for market forecasting and planning (Dolnicar and Leisch, 2003). The *a posteriori* attributes used to indicate evolving consumption practices amongst

cross border travellers are varied and may include usage rates, benefits sought, and patronage activities (Kinley, Josiam & Kim, 2003; Rudež, Sedmak & Bojnec, 2013; Wagner, 2007).

To construct a typology of cross border consumer using *a posteriori* attributes, each Lao respondent was first required to meet the UNWTO definition of a tourist:

“...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, p.8).

Adopting this designation ensured that the research would exclude Lao citizens who lived and worked permanently in Thailand. At the same time, the definition remains broad enough to capture the range of different motives for visiting the border area.

A list of scale items was initially derived from the existing literature (Timothy, 2005; Jansen-Verbeke, 1991; Guo et al., 2006). In addition, fifteen Laotian cross-border shoppers who met the WTO's criteria were interviewed using a semi-structured questionnaire. This aimed to identify whether cross border consumption behaviour displayed unique local or regional characteristics. The outputs from both stages were then combined and seventeen items were identified for pre-testing.

A questionnaire was developed and translated from English to Laotian and screened by two native Lao speakers. The questionnaire was then re-checked before a formal pre-test of 50 cross-border shoppers was undertaken. The pilot data was collected in the border province of Nongkhai over a three-day period (Friday–Sunday). Respondents were selected using a convenience sampling method and interviewed close to known tourist locations.

An exploratory factor analysis of the data from the pilot survey indicated that two items (Family Activities and Currency Gaps) had loadings less than 0.4. Costello & Osbourne (2005) recommend that items with a communality lower than 0.4 should be dropped. Both were therefore eliminated and the remaining 15 items re-analysed (Table One). The subsequent results identified a three factor structure with all items loading on their expected dimensions at, or above, 0.5.

*Table One about here*

The final questionnaire comprised four sections. The shopping characteristics and travel patterns<sup>i</sup> of cross border shoppers were initially detailed. The different *benefits sought* during the visit, (including the relative importance of each attribute and the level of satisfaction) were then recorded. Finally, the socio-demographic profile of each individual was captured.

Inbound travellers from Laos were then selected in three main border cities in Thailand (Nong Khai, Mukdahan and Nakorn Panom Province) (Figure 1). These three locations were chosen as each had publicly expressed their intention to position themselves as a shopping and tourism destination. In addition, each city had enacted a strategic civic plan that had been successful in attracting tourists from across the region.

*Figure 1 about here*

The survey itself was administered by fifteen trained researchers (five in each province) who were familiar with the region and able to converse in both Thai and Laotian. Respondents

were selected using a non-probabilistic, convenience sampling method and interviewers used a variety of direct observation techniques to identify suitable candidates. This included their physical appearance, the clothes they were wearing, their vehicle license plates (both motor bike and car) and the language spoken. Individuals were then asked for their place of origin and the purpose of their visit. If individuals came from the Lao PDR and met the UNWTO definition, they were asked to participate in the study. In order to access a range of Lao consumers, data were collected at different times of the day over a one month period (including weekends). Researchers were located at primary tourist attractions, main shopping areas, petrol and bus stations and international border checkpoints.

A total of 450 questionnaires were distributed of which 384 were returned. Of these, 337 were considered usable, providing a response rate of 74.88%. The interpretation of the data involved four stages. First, responses were analysed using Exploratory Factor Analysis (EFA) (with Varimax rotation). The variable selection was based on a factor loading equal to, or greater than, 0.5 and an eigenvalue greater than 1. In addition, communalities were required to exceed the minimum point of loading (over .40) and the percentage of variance explained was to be at least 50% of the total. The measurement scales used in the study were then subjected to both validity and reliability tests. Confirmatory Factor Analysis (CFA) using the R. Programme, 'Lavaan' package calculated the convergent and discriminant validity of the latent variables while Pearson's correlation coefficient was used to assess the external validity of the study.

Next, as respondents were clustered *a posteriori* (Frochot & Morrison, 2001; Mäenpää, 2006) a combination of two techniques were applied. Initially, a hierarchical cluster analysis using the Ward method with squared Euclidean distances was adopted to determine how many

clusters should be retained. A non-hierarchical, K-means partition was then chosen as this method facilitated the formation of four different clusters. A multivariate analysis of variance (MANOVA) determined whether respondent behaviour varied depending upon their reasons for travelling and the benefits they sought from visiting Thailand. Finally an analysis of variance (ANOVA) test was adopted in order to profile the distinguishing characteristics of each segment.

## Research Findings

*Table Two about here*

The research identified three common factors that accounted for 59.16% of the total variance. Reliability was acceptable and ranged from 0.685 to 0.870. As Table Two illustrates, the shopping and tourism benefits were grouped under three main dimensions. Factor One, *Relaxation and Socialising Benefits* displayed the greatest variance (26.25%) and consisted of seven items relating to social and leisure activities and undertaking new experiences. Factor Two, *Shopping Enjoyment Benefits*, (19.28% of the variance), contained five items linked to the utility gained from undertaking retail related activities. Finally, *Product Focused Benefits*, (13.63% of the variance), consisted of three items that related to the products themselves.

*Table Three: about here*

A hierarchical and K-means cluster analysis was then applied to these three factors and a four-solution cluster was considered to be most appropriate (Table Three). The interpretation and profiling was based upon the mean-centred values of each cluster. Cluster 1 (38% of the

total) displayed the highest means across all three dimensions. This suggests that individuals in this category sought both tourism and shopping related benefits. This group were labelled '*Enthusiastic Shoppers*'. In comparison, 15.7% of travellers crossed the border into Thailand in order to seek Relaxation and Socialising benefits (Cluster 2). These respondents displayed negative scores on both Shopping Enjoyment and Product Focused benefits which suggests that for this cohort, retail related activities remained a low priority (although paradoxically, actual spending remained high). This segment was labelled '*Leisure- Tourists*'. Cluster 3, represented (17.8% of the total) and were characterised as having negative values across all dimensions. These were labelled *Product Focused Shoppers*. Finally Cluster 4 comprised '*Practical Shoppers*' (28.5% of the total) and were characterised as having positive scores across two dimensions (Shopping Enjoyment and Product Focused benefits). However, this segment displayed a negative score in relation to the relaxation and socialising attributes.

Having identified that cross border tourists sought a variety of consumption related benefits, the demographic profiles, of each cluster was examined (Table Four).

*Table Four about here*

Table Four illustrates that the majority of *Enthusiastic shoppers* were female (60.9%) and aged between 26 and 35 years old (46.0%). They were well-educated with over sixty percent (61.5%) having completed some form of tertiary education. Individuals in this cluster were most likely to be self-employed / business owners (27.3%), and one third earned more than 3 million Kips<sup>ii</sup>, (3.5 times the national average income). The majority of *Leisure-Tourist* shoppers were single (77.4%), female (79.2%) and aged between 18 and 25 (77.4%). Over half were students (52.8%) and held either a College Diploma (37.7%) or degree (41.5%).



The largest proportion of this segment (32.1%) had an income of less than 500,000 Kips (0.6 times lower than the national average).

*Product Focused* shoppers were primarily female (75.0%), and between the ages of 18 and 35 (70.0%). The largest cohort in this group were married and had children living at home (41.7%). Over two thirds of were in receipt of a tertiary qualification (73.4%) earned between 1 - 2 million Kips (28.3%) (1.8 times the average income) and worked for the government or in the public sector (31.7%). Finally, the majority of *Practical Shoppers* were female (65.6%), single (56.3%) and between the ages of 26 - 35 years (42.7%). While over half of this cohort had a College Diploma or degree (54.2%), more than a quarter (26%) stated that they had no qualifications. The largest proportion of *Practical Shoppers* (34.4%) were self-employed / business owners and earned more than 3 million Kips per month (36.5%).

The next stage of the research examined whether each cluster displayed different behaviours while visiting Thailand. The findings suggest significant differences in the activities undertaken, travel patterns and behaviours of each segment (Table Five) ( $F=3.063$ ,  $p = .001$ , Wilks' Lambda = .872, Partial Eta Squared = .045).

*Table Five about here*

For the majority of *Enthusiastic shoppers* the primary purpose of visiting Thailand was shopping (55.5%). Individuals in this cohort were frequent cross border travellers with the majority making day trips (71.9%) at least once a month (62.2%). Over three quarters of

respondents in this group preferred to use discount stores (78.1%) with almost 45% stating that they spent between four and six hours shopping. In contrast, the majority of individuals in the *Leisure-tourist* segment identified tourism as the main reason for visiting Thailand (52.8%). However, while visiting the country they undertook an array of activities that included shopping (49.1%), eating out (47.2%) participating in events or festivals (30.2%) and visiting historical sites and natural attractions (22.6%). *Leisure-tourist* shoppers were most likely to visit discount stores (36.7%) although almost one third of individuals in this group were first-time travellers (32.1%).

Like the *Enthusiastic Shopper*, the *Product-focused* segment stated that shopping was the primary motive for visiting Thailand (55.0%). The majority undertook day trips (70%) on a monthly basis (41.7%), and like the previous two segments, preferred to shop at discount stores (48.9%). The majority of respondents (51.7%) spent between one to three hours shopping while almost a quarter spent between four and six hours (23.7%). Finally, for more than half of *Practical Shoppers* shopping was the primary purpose of their visit (56.2%). The overwhelming majority (86.4%) were repeat visitors who made day trips into Thailand at least once a month (62.5%). This cohort preferred to shop at discount stores (43.1%) and spent between one and three hours (45.7%) shopping.

*Table Six about here*

Table Six illustrates that *Enthusiastic Shoppers* were more inclined to purchase souvenirs, such as key rings, T-shirts and magnets (18.3%) as well as consumer products (65.9%), fresh

foods (50.0%), and beverages (47.6%). This segment spent approximately 2,356 Baht / US\$74 per person on each visit. *Leisure-Tourists* were the largest spenders across the four segments and spent approximately twice their average monthly income on a single trip (2,895 Baht / US\$90 per person). Paradoxically, despite their proclivity toward tourist based activities, this group were the most likely to spend money on local services (such as spas and salons), purchase electronic items as well as clothing and accessories.

*Product Focused shoppers* tended to purchase items such household supplies (62.7%), consumer products (64.2%), clothing (59.3%) and local food items (55.9%). However, this segment were the least likely to spend money on leisure / tourist related activities or local souvenirs. *Product Focused shoppers* had the lowest average spend with approximately 912 Baht / US\$28 per person (just over a quarter of their average monthly income). Finally, *Practical Shoppers* primarily purchased functional goods such as household supplies, (63.8%) consumer products (58.8%) and clothing (48.9%) and although this group used local eating establishments they were less likely to spend money on souvenirs, local crafts and entertainment. Despite over 70% of this segment having higher than average levels of income, *Practical Shoppers* were comparatively light spenders (approximately 1,915 Baht / US\$59 per person) possibly indicating that the needs of this segment currently remain unmet.

## **Discussion and Conclusions**

The aim of this paper was to explore the purchase patterns of cross border travellers in the Thai-Laos border region. Despite the noted importance of consumer demand to regional economic growth (Hadjimichalis & Hudson, 2014; Sullivan et al., 2012), the consumption behaviour of visitors from less developed economies has received only limited academic

attention (Timothy & Teye, 2005). Using *a posteriori* market segmentation techniques and enlisting multiple attributes to construct each segment, the research derived a typology of Laotian cross border consumers. The findings reinforced previous studies and revealed identifiable consumer groups (Dmitrovic & Vida, 2005; Piron, 2002; Jansen-Verbeke, 1987; Wang, 2004), who display complex patterns of spending and consumption (Lau et al. 2005; Piron, 2002; Wang et al., 2010) and have multiple motives for travel (Timothy & Butler, 1995).

For example, the majority of *Leisure-Tourists* were both first-time visitors and frequent travellers, moreover they were the only segment who considered tourism as the main reason for their visit to Thailand. In contrast, *Enthusiastic shoppers* engaged in both retail and leisure activities. While this cohort visited attractions, dined out and purchased souvenirs, shopping was the primary reason for crossing the border. Similar behaviour was identified by Tömöri (2000) who noted that for some tourists, visiting attractions was of secondary interest. *Product Focused shoppers* were the segment least likely to engage in tourist related activities, their principal focus was upon shopping with only a small percentage undertaking any form of recreational activity. Such findings reinforce Jarratt's (2000) observation that shopper typologies remain multi-dimensional and included both product and experiential motivations.

The utilitarian motives for cross border shopping discussed by Murphy et al. (2011) and Timothy and Teye (2005) were also noted in the research. While all four segments preferred to shop at discount stores, *Enthusiastic Shoppers* were most likely to visit the Indo-Chinese markets. These centres were primarily occupied by independent, local vendors and offered a wide range of regionally sourced products including clothes, jewellery, kitchen utensils, car accessories and foods. The purchase of functional and utilitarian products combined with

regular visits to warehouses and discount outlets suggests the economic impact of cross border travellers is not confined to the tourism and hospitality industries.

Supporting the work of Sullivan et al. (2012) and Lau et al. (2005), such findings have implications for a range of businesses, sectors and market regulators. For example, infrastructure investments that acknowledge and respond to differences in consumer demand, may serve to enhance regional economic specialisation. For individual organisations, understanding the consumption patterns of cross border travellers can inform marketing decisions. Businesses that target the *Product Focused* shopper may choose to emphasise the attributes of price and value, while for *Leisure Tourists* the focus may be upon the dimensions of quality and reliability.

### **Limitations and Future Research**

While the findings from this research provide a better understanding of the consumption practices of cross border tourists, the extent to which its conclusions can be generalised remains limited by the size of overall sample and the focus upon only three locations. Moreover, as the research data was collected over a period of only one month, there remains the possibility of temporal bias.

Although the results suggest that consumers from emerging nations can make a positive economic contribution to a host country, this paper has not attempted to quantify this impact. Estimating the value of outshopping to the Thai regional economy has therefore remained outside its remit and represents an opportunity for future research. While unable to comment upon the 'substantiality' of the segments, the findings do however suggest that they represent

groups who are 'identifiable', 'stable' and 'accessible to businesses' (Wedel & Kamakura, 2000).

While this paper has examined cross border travellers in three locations on the Thai - Laos border, it has not considered any inter-regional differences that may exist between each locality. Lau et al. (2005) for example noted the importance of differential tax rates and subsidisation policies upon consumer demand. Despite their role in helping to differentiate a specific location, neither these factors nor variations in the level of spatial agglomeration, market competition or local planning support was accounted for (Feldman & Zoller, 2012). A more detailed examination of how locationally specific functions and regulatory processes stimulate outshopping behaviour may further our understanding of the dynamics that govern the marketing of place.

In conclusion, this paper has argued that cross border travellers from emerging economies represent an important, but relatively under researched contributor to regional development. Through the application of market segmentation techniques to Laotian consumers it has demonstrated how demand side attributes may have a positive impact upon patterns of spatial growth. Understanding how consumer demand manifests itself in practice has practical benefits for businesses, service providers and regulatory bodies as well as offering an agenda for future research.

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<sup>i</sup> Shopping characteristics included (time spent shopping, locations visited, items purchased, amount spent). Travel patterns included (purpose of visit, length of stay, activities undertaken and transportation used).

<sup>ii</sup> 1 USD = 8,064 LAK.

For Peer Review

Table 1: Final scale items used in Factor Analysis

	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		

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

Figure 1 Map of Research Locations



Table 2: Factors with item loadings

	Item loading	Eigenvalue	Variance (%)	Alpha
<b>Factor 1: Relaxation and Socialising</b>		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			
<b>Factor 2: Shopping Enjoyment</b>		2.083	19.286	0.796
To buy products that I cannot find in my home town	.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			
<b>Factor 3: Product Focused</b>		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 3: Cluster Analysis: Mean-Centred Values

<b>Benefits sought</b>	<b>Cluster 1</b>	<b>Cluster 2</b>	<b>Cluster 3</b>	<b>Cluster 4</b>	<b>F-test</b>
	<b>Enthusiastic Shoppers</b>	<b>Leisure Tourists</b>	<b>Product Focused Shoppers</b>	<b>Practical Shoppers</b>	
Factor 1: Relaxation and Socialising Benefits	<b>.6805</b>	<b>.6895</b>	-1.236	-.5152	166.708**
Factor 2: Shopping Enjoyment Benefits	<b>.6381</b>	-1.005	-.9316	<b>.2865</b>	107.939***
Factor 3: Product Focused Benefits	<b>.2222</b>	-.4702	-.4229	<b>.2276</b>	12.395***
Number	128	53	60	96	337
(Percentage)	(38.0)	(15.7)	(17.8)	(28.5)	(100.0)

\*\*\*P&lt;.001



Table 4: Cross-Border Shopping Typologies

Demographic	Enthusiastic Shoppers (N=128)		Leisure Tourists (N=53)		Product-Focused Shoppers (N=60)		Practical shoppers (N=96)	
	N	%	N	%	N	%	N	%
<b>Gender</b>								
Male	50	39.0	11	20.8	15	25.0	33	34.4
Female	78	60.9	42	79.2	45	75.0	63	65.6
<b>Age</b>								
18-25 years	47	37.7	41	77.4	24	40.0	33	34.4
26-35 years	58	45.3	6	11.3	18	30.0	41	42.7
36-45 years	20	15.6	5	9.4	10	16.7	10	10.4
More than 46 years	1	0.8	1	1.9	8	13.3	12	12.5
<b>Family Status</b>								
Single	51	39.8	41	77.4	23	38.3	54	56.3
Married with no children	16	12.5	2	3.8	6	10.0	9	9.4
Married with children living at home	53	41.4	8	15.1	25	41.7	28	29.2
Others (Married with no children living at home/ Divorced/Widowed)	8	6.3	2	3.8	6	10.0	5	5.2
<b>Income per month</b>								
Less than 500,000 Kips (less than US \$62)	8	6.3	17	32.1	11	18.3	16	16.7
500,001 – 1,000,000 Kips (US\$62 - \$120)	17	13.3	8	15.1	16	26.7	10	10.4
1,000,001 – 2,000,000 Kips (US\$121 - \$247)	31	24.2	13	24.5	17	28.3	15	15.6
2,000,001 – 3,000,000 Kips (US\$248 - \$371)	29	22.7	8	15.1	11	18.3	20	20.8
More than 3,000,001 Kips (US\$372+)	43	33.6	7	13.2	5	8.3	35	36.5
<b>Education</b>								
High School (No quals)	17	13.3	2	3.8	6	10.0	25	26.0
High School Diploma	31	24.2	9	17.0	10	16.7	19	19.8
College Diploma	35	27.3	20	37.7	22	36.7	22	22.9
Undergraduate degree and higher	45	34.2	22	41.5	22	36.7	30	31.3
<b>Occupations</b>								
Government officer / Public Sector worker	21	16.4	7	13.2	19	31.7	19	19.8
Private sector employee	21	16.4	9	17.0	10	16.7	8	8.3
Self Employed / Business owner	35	27.34	4	7.5	7	11.7	33	34.4
Student	12	9.4	28	52.8	11	18.3	14	14.6
Others (Housewife, agriculturist Unemployed)	39	30.5	5	9.5	13	22.7	22	22.9

MANOVA Model:  $F = 4.488$ ,  $p = 0.001$ , Wilks' Lambda = .751, Partial Eta Squared = .091.

\* $P < .05$

Table 5: Cross-Border Typologies and Associated Shopping Behaviours

Variables	Enthusiastic Shoppers		Leisure Tourists		Product-Focused Shoppers		Practical shoppers		F-test/x <sup>2</sup>
	(N=128)		(N=53)		(N=60)		(N=96)		
	N	%	N	%	N	%	N	%	
<b>Main purpose of travelling</b>									4.395*
Tourism	47	36.7	28	52.8	19	31.7	36	37.5	
Shopping/ purchasing products	71	55.5	17	32.1	33	55.0	54	56.3	
Other	10	7.8	8	15.1	8	13.3	6	6.3	
<b>Frequency of visit</b>									0.735
First time	12	9.4	17	32.1	11	18.3	13	13.5	
Once a month	80	62.5	14	26.4	25	41.7	60	62.5	
Once in six months	17	13.3	7	13.2	8	13.3	15	15.6	
Once in a year or less	19	14.8	15	28.3	16	26.7	8	8.3	
<b>Time Spent Shopping</b>									3.148
Less than 1 hour.	9	7.0	7	13.2	12	20.0	6	6.3	
Approx. 1-3 hrs.	58	45.3	23	43.4	31	51.7	44	45.8	
Approx. 4-6 hrs.	57	44.5	14	26.4	14	23.3	40	41.7	
More than 6 hrs.	4	3.1	9	17.0	3	5.0	6	6.3	
<b>Length of stay</b>									30.011*
Day trip	92	71.9	27	51.0	42	70.0	79	82.3	
2-3 days	28	21.9	18	34.0	12	20.0	12	12.6	
4-7 days	2	1.6	4	7.5	1	1.7	2	2.0	
More than 7 days	6	4.7	4	7.5	5	8.3	3	3.3	
<b>Tourism activities</b>									
City sightseeing	72	56.3	21	39.6	15	25.0	28	29.2	24.317*
Visiting tourist attractions	18	14.1	12	22.6	10	16.7	10	10.4	4.259
Participating in festival(s) or event(s)	16	12.5	16	30.2	9	15.0	6	6.3	16.667*
Eating out	56	43.8	25	47.2	28	46.7	56	58.3	4.960
Shopping	91	71.1	26	49.1	34	56.7	67	69.8	10.753*
Other	3	2.3	1	1.9	4	6.7	8	8.3	
<b>Shopping venues</b>									
Indo-China market	56	43.8	9	17.0	5	8.3	15	15.6	39.287*
Night market	30	23.4	19	35.8	15	25.0	15	15.6	7.779*
Shopping mall	32	25.0	17	32.1	14	23.3	25	26.0	1.264
Discount stores <sup>i</sup>	100	78.1	36	67.9	43	71.7	75	78.1	2.861
Tourism shops	18	14.1	10	18.9	2	3.3	7	7.3	10.290
(Traditional) Retail outlets	28	21.9	3	5.7	5	8.3	36	37.5	30.659*
Others	1	0.8	0	0.00	1	3.33	1	3.33	

MANOVA model:  $F=3.063$ ,  $p = .001$ , Wilks' Lambda = .872, Partial Eta Squared = .045

\* $P < .05$

MANOVA model:  $F=8.179$ ,  $p = .000$ , Wilks' Lambda = .751, Partial Eta Squared = .091

\* $P < .05$

<sup>i</sup> Discount store retailers generally operated self-service, warehouse style operations (approximately 10,000 - 15,000 square meters) and offered a wide variety of branded goods as well as on-site parking.

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

Note: Percentages and totals are based on respondents

MANOVA model:  $F= 5.012$ ,  $p = .001$ , Wilks' Lambda = .837, Partial Eta Squared = .05

\* $P<0.1$ , \*\* $P<0.05$  \*\*\*  $P<0.001$