

# FACTORS AFFECTING THE PURCHASING BEHAVIOR OF CHINESE TOURISTS AT THE NARAYA SHOPS IN BANGKOK

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## **Abstract**

NaRaYa Shop is one of the largest fabric handbag companies in Thailand, which seems to be popular for Chinese tourists into come to shop in Thailand.

The researcher is interested in this topic because there has been limited academic research on fabric handbags and the effects of demographic profiles and marketing mix strategies on the purchasing behavior of Chinese Tourists at NaRaYa shops in Bangkok. This study collected data from 120 Chinese tourists using a questionnaire.

The research findings revealed that Chinese tourists with different demographic profiles are likely to differ in terms of their purchasing behavior. This study also found that marketing mix strategies affect the purchasing behavior of Chinese tourists.

The findings of this study can provide base information to NaRaYa shops to develop marketing strategies to better communicate with customers and gain a competitive advantage in this market. The results can be used in making the decision to invest and operating NaRaYa shops in other provinces in Thailand or in China.

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## **Introduction and Investigating Constructs**

NaRaYa belongs to NaraiIntertrade Co., Ltd. which was originally founded in 1989 by Vassilios and WasnaLathouras. NARAYA is a predominantly female bag trade company. It is mainly based on the design of bright colors and simple and easy products to attract customers. In 1994, NaRaYa started with less than 20 sewing machines. Its second store opened in the PATPONG night market. Six more stores in BANGKOK and PATTAYA were then opened. After nearly 30 years, it has become the leader in the field of handbags in Thailand. The company has 50 stores in Asia and Europe. It was known as “the cloth bag of LV”[ 1].

“Shopping” is one of the six key elements in the tourism industry. Bangkok, Thailand, is called a "shopping paradise". Shopping is a very simple matter. There are fashion goods, the most comfortable shopping environment, and some convenient facilities for shoppers. At malls, everything is available from expensive luxurious cars to all kinds of brand clothing designs.

In 2001, China’s entry into the WTO has brought unprecedented changes to its society, economy, culture and so on. China has become a developing country. Economic power and comprehensive national strength have been long-term developments.[2 ]National living standards have improved, and traveling abroad has experienced a boom in China. In recent years, the number of Chinese tourists to Thailand has increased year by year. Chinese particularly like to travel to Singapore, Malaysia and Thailand because the three countries are tourism countries, but have low consumption levels relative to China. This encourages large numbers of Chinese consumers buy local products. This also gives Thailand’s tourism and related industries huge income.

In 2013, China and Thailand reached an agreement in which Chinese tourists traveling to Thailand could enter the country visa-free, which prompted a large number of Chinese to come to Thailand to travel and go shopping.[3 ] This encouraged the Thai government to see China as the main international tourism market. According to the Department of Thailand Tourism Information [4], China is

now the top source of visitor arrivals to Thailand. China visitors totaled 4,623,806 in 2014, a slight drop from 2013 (-0.29%). In 2015, TAT is expecting 5.96 million with Chinese tourists generating revenue of 261 billion Baht, up from 190 billion Baht in 2014.

Chinese tourists have brought huge income TO Thailand's tourism economy, which has also led to the development of some products, such as NARAYA bags, FERERA bags and NANTITA bags. NARAYA is the most popular brand. In Bangkok, at NARAYA and other special goods stores, there is an endless stream of tourists who come to buy large numbers of bags. Many products are sold out.

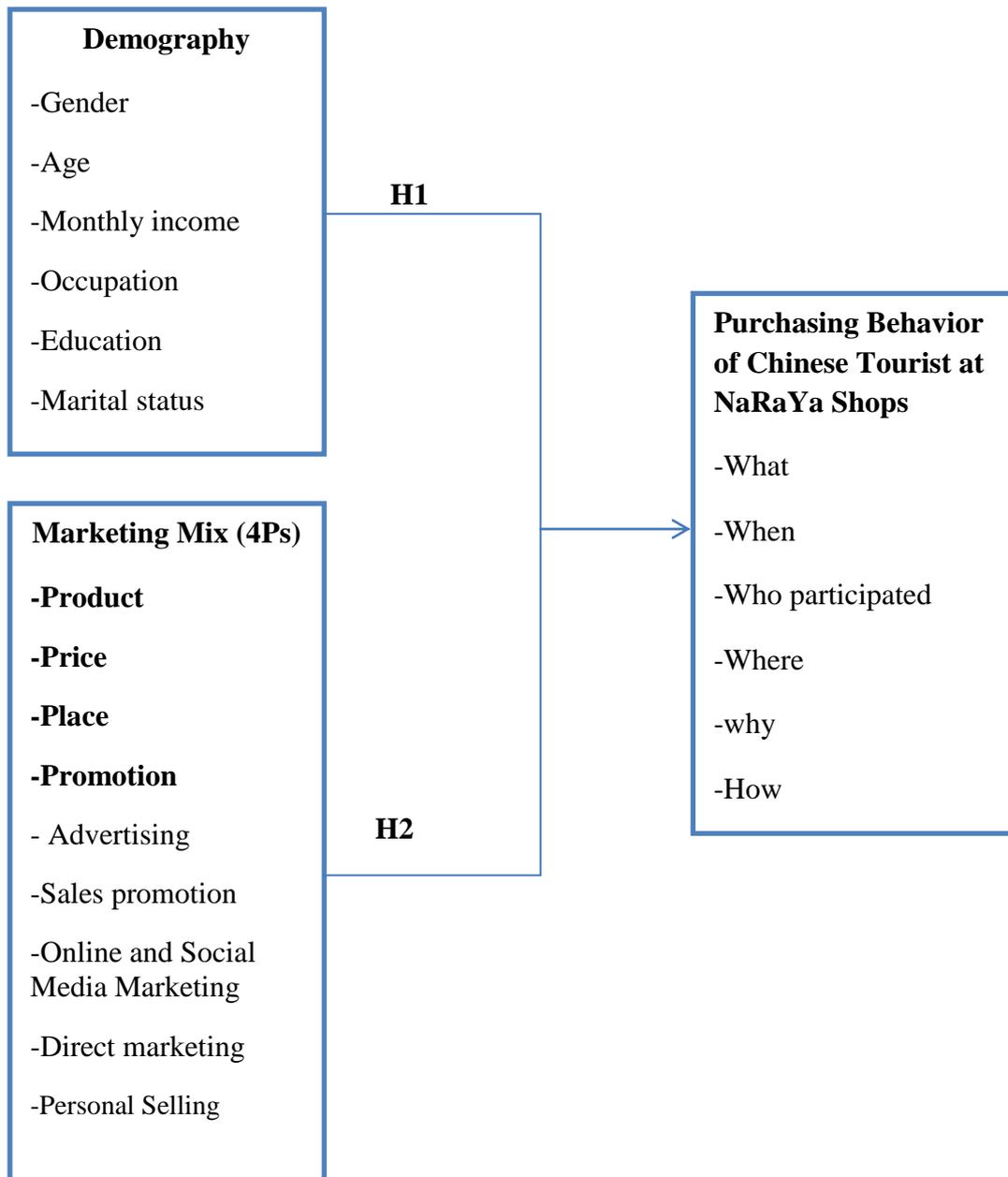
More and more Chinese tourists travel to Thailand. This will also help Chinese tourists understand Thailand society, culture, and economics.

Chinese consumers like to purchase local products as souvenirs of the trip. Chinese like also to purchase things to send to friends and relatives as well as cheap and good quality products. NaRaYa bags are in accord with Chinese consumer's purchasing behavior. NaRaYa has become a product that Chinese tourists want. It contributes to economic growth in Thailand. It therefore makes NaRaYa's products more and more internationalized.

Identifying this main purpose helps us to understand the purchasing behavior of Chinese tourists at NaRaYa shops, through integrated marketing communications.

Therefore, this research aims to investigate Chinese Tourists at the NaRaYa Shops in Bangkok and the possible influencing factors such as demographic profiles, marketing mix (product, price, place and promotion). A conceptual framework of this study is depicted in Figure 1.

**Figure 1: Conceptual framework of the study**



Based on the above research questions and a conceptual framework, the hypotheses of the study are as follows:

H1: Chinese tourists with different demographic backgrounds will have different purchasing behavior at NaRaYa shops in Bangkok.

H2: Marketing mix strategies will have effects on the purchasing behavior of Chinese tourists at NaRaYa shops in Bangkok.

### **Research Methodology**

The relationship between demography, marketing mix strategies on the purchasing behavior of Chinese tourists at NaRaYa shops in Bangkok is investigated using the following constructs:

1. Demographics: gender, age, monthly income, occupation, education and marital status
2. Marketing mix (4Ps): product, price, place and promotion(advertising, sales promotion, online and social media marketing, direct marketing and personal selling)

The study aims to collect Chinese Tourist data while respondents are purchasing at NaRaYa Shops in Bangkok. Due to the limitations of time of the study, the researcher was allowed to collect a reasonable number of respondents as data for analysis. Therefore, the researchers need to collect at least 120 respondents' data as a sample.

The research adopted the convenience sampling method by distributing questionnaires to Chinese tourists who travel to Bangkok and who are at NaRaYa shops in 3 districts of Bangkok (Central World, Siam Paragon, Asiatique the River Front). Convenience sampling was used for this study because the respondents are selected to be in the right place at the right time and it is the least time consuming method when compared to other sampling techniques.

**Table 1: Quota sampling method**

| <b>Purchase place<br/>Brands of NaRaYa</b> | <b>Number of Chinese<br/>tourists</b> |
|--|---------------------------------------|
| Central World                              | <b>40</b>                             |
| SiamParagon                                | <b>40</b>                             |
| Asiatique the River Front                  | <b>40</b>                             |
| Total                                      | <b>120</b>                            |

In order to measure the constructs of the study, the research uses the following items in each questionnaire section: Part1: respondents' demographic profiles including gender, age, monthly income, occupation, education and marital status; Part 2: Marketing mix (4Ps) consist of 4 key items which are product, price, place and promotion.

120 respondents were approached and completed the questionnaire, resulting in a response rate of 100%.

### **Data Analysis**

Each construct was analyzed by using descriptive statistics methods such as frequency, percentage, mean and standard deviation to find the descriptive results. The hypothesis test was conducted by using the Chi-square test ( $X^2$  test) analysis.

### **Research Findings**

The process of data screening showed that there was asymmetrical distribution of collected data. Next, the process of analysis focused on the factors influencing the purchasing behavior of Chinese tourists at NaRaYa Shops in Bangkok.

## **Results of the Demographic Profile**

The majority of respondents were female (73.3%) followed by male (26.7%). The majority of respondents were 21-30 years old (80.0%) followed by 31-40 years old (12.5%). The majority of respondents were company employees (30.0%) followed by students (25.8%) business owners (21.7%) other occupations (16.7%) and teachers (5.8%). The majority of the respondents had a bachelor degree (52.5%) followed by a technical or mechanical degree (24.2%) high school or below (12.5%) and a master degree (10.8%). The majority of respondents had income of 2000-4000 Yuan per month (25.0%) followed by 4000-6000 Yuan per month (24.2%) 6,000-8,000Yuan per month (17.5%) less than 2,000 Yuan and above 8,000Yuan(16.7%). The majority of respondents were single (69.2%) followed by married (30.8%).

## **Results of the Marketing mix strategies**

According to the marketing mix strategies measuring the standard analysis purchasing behavior of Chinese Tourists at NaRaYa Shops in Bangkok, it was found that the majority of the respondents agreed that they considered the variety of bags when selecting goods (mean=4.0933). The majority of the respondents agreed that they considered the price when selecting NaRaYa shops (mean = 3.7917). The majority of the respondents agreed that they considered the place when selecting NaRaYa shops (mean = 4.0472). The majority of the respondents did not seem to consider the promotions mix (sales promotion) activities where a discount is offered as a promotion (mean =3.119). The majority of the respondents did not seem to consider the promotions mix (Advertising) activities when considering NaRaYashops (mean=3.2194). The majority of the respondents did not seem to consider the promotions mix (Online and Social Media marketing) activities when considering NaRaYashops (mean=2.9). The majority of the respondents did not seem to consider the promotions mix (Direct marketing) activities when considering NaRaYashops (mean=3.1167). The majority of the respondents agreed that promotions mix (Personal selling) activities when considering NaRaYashops (mean = 4.0083).

## **Results on the Purchasing Behavior of Chinese Tourists**

The majority of respondents tended to buy fashion bag (76.7%) and old style/retro seemed to buy the least preferred NaRaYa bags (0.8%). The majority of respondents tended to buy leisure style (60.8%) followed by classic flap bag (15.8%) business bag (9.2%) round barrel bag (7.5%) tassel shoulder bag (5.0%) others (1.7%). The majority of respondents thought that the price of NaRaYa products is reasonable (50.0%); followed by very cheap (29.2%); cheaper than other brands (11.7%); expensive (6.7%); very expensive (2.5%). The majority of respondents liked to buy NaRaYa bags more than one year (38.3%); followed by other (25%); half a year (19.2%); one year (14.2%); within a month (3.3%). The majority of respondents bought 10 pieces per purchase (18.3%); followed by 2 pieces and 5 pieces (10.0%); 3 pieces (8.3%); 9 pieces (5.8%); 13 pieces and 18 pieces (4.2%); 4 pieces, 6 pieces, 7 pieces, 8 pieces, 11 pieces, 12 pieces, 15 pieces, 16 pieces and 20 pieces (3.3%); 14 pieces (1.7%); 17 pieces (0.8%). The majority of respondents chose Central World and Siam Paragon and Asiatique the River Front to buy NaRaYa bags (33.3%). The majority of respondents bought NaRaYa bags to give to a friend as a present (67.3%); followed by own use (18.8%); characteristics (5.5%); style (4.8%) and other (3.0%). The majority of respondents liked using cash payment (63.3%); followed by credit card payment (25.0%); union card payment (11.7%). The majority of respondents preferred to buy NaRaYa bags for less than 100Yuan (42.5%); followed by 100-200Yuan (41.7%); 200-400Yuan (13.3%); above 400Yuan (2.5%).

## **Results of the Hypothesis Tests**

H1: Chinese tourists with different demographic backgrounds will have different purchasing behavior at NaRaYa shops in Bangkok.

The study found that gender had an effect on the style of bags: females like round barrel bags and consider them to be fashionable. Occupation had an effect on the price of bags: student considered them to be very expensive and expensive because their money was from their parents; company employees considered them to be very cheap and cheaper than other brands because they have a monthly income.

H2: Marketing mix strategies will have effects on the purchasing behavior of Chinese tourists at NaRaYa shops in Bangkok.

The study found that the product (design of goods) and the price range had an effect on buying behavior. They felt neutral about the price when less than 100 Yuan and 100-200 Yuan; and thought the price at 100-200 Yuan and 200-400 Yuan was cheap. Regarding place (a good environment) and address, tourists agreed that Siam Paragon and Asiatique the River Front were the best because they have a comfortable environment.

### **Conclusion and Recommendations**

The study aims to identify the factors affecting the purchasing behavior of Chinese Tourists and to determine the relationships between different demographic profiles, marketing mix (4Ps) the purchasing behavior of Chinese Tourists at NaRaYa shops in Bangkok.

1. The study has found a significant relationship between the demographic profiles of Chinese tourists at NaRaYa Shops, such as status, monthly income and reason for buying.

2. The study revealed that customers with different gender have different purchasing behaviors, such as gender and style of bag. The study revealed that customers with different occupations have different price expectations for NaRaYa bags. The study revealed that Chinese Tourists with different levels of monthly income have buying behavior. The study revealed that Chinese Tourists with different marital statuses have different buying behavior with regard to quantity and location.

3. The study has found a significant relationship between the demographic profiles of Chinese tourists at NaRaYa Shops, such as gender, age, marital status and monthly income and reason for buying. The research found that Chinese tourists of different age groups and monthly income have different behavior with regard to price.

4. In terms of marketing mix strategies, the respondents agreed about the importance of product, price, place, and promotion (sales promotion, advertising, online and social media marketing, direct marketing and personal selling). The study

revealed that the most importance factors of the marketing mix strategies were product, price, place and promotion. Such a consistent result implied that marketing mix strategies (e.g. product, price, place, and promotion) factors affect Chinese tourist decisions to buy NaRaYa bags (style, price of NaRaYa bags).

### **Implications of the Study**

1. From the study, the majority of respondents who bought NaRaYa bags were influenced by product quality, clear price tags, a good environment and service minded staff. NaRaYa is the largest handmade bag company in Thailand and these factors represent their competitive advantage in the market.

2. The users considered NaRaYa bags to be very fashionable. In terms of decision making, customer always choose NaRaYa shops that have variety of designs of bags, and colors, and have seats for customers to relax. Almost every Chinese Tourist to Thailand will buy a lot of bags to take back home and give to friends as presents.

3. Personal selling is the most important promotion at NaRaYa shops. Most of the customers tended to find information about NaRaYa shops by contacting the staff. Chinese Tourists like to ask the opinions of others, either friends or relatives or personal selling. However, in the end, Chinese Tourists make a decision to buy NaRaYa bags so NaRaYa shops should consider the effects of personal selling.

### **Recommendation for Future Study**

1. Future study may replicate this study and extend the sampling frame to other districts in and different cities. A larger sample size may help to enhance the findings.

2. Other recommendations for future study include the study of NaRaYa product satisfaction in Bangkok or China

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