

# FACTORS AFFECTING CHINESE TOURIST'S BUYING BEHAVIOR AT KING POWER DUTY FREE STORES IN BANGKOK

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## ABSTRACT

Nowadays, travel and shopping overseas is popular for Chinese tourist, especially at the duty free stores in Thailand. This study aims to identify factors affecting Chinese tourist's buying behavior at King Power duty free store, in Bangkok. Questionnaires were utilized to collect data from 200 respondents. The Chi-Square test will be use to test the hypothesis of this study.

The independent variables in this study are gender, age, working situation, marital status, and income level, and education level, regional residence in China, product, price, promotion, place, people, process, and physical evidence. And the dependent variables consist of what do Chinese tourists want to buy most, what time is best suit for Chinese tourists to go shopping, where do Chinese tourists prefer to go shopping most, who influence Chinese tourists buying decision most, why do Chinese tourists buy, how do Chinese tourists pay their bill while shopping.

This study revealed that there is a significant relationship between demographic profile and Chinese tourist's buying behavior and there is a significant relationship between service marketing 7Ps and Chinese tourist's buying behavior.

**Keyword:** Chinese tourist, Buying behavior, Service marketing 7ps.

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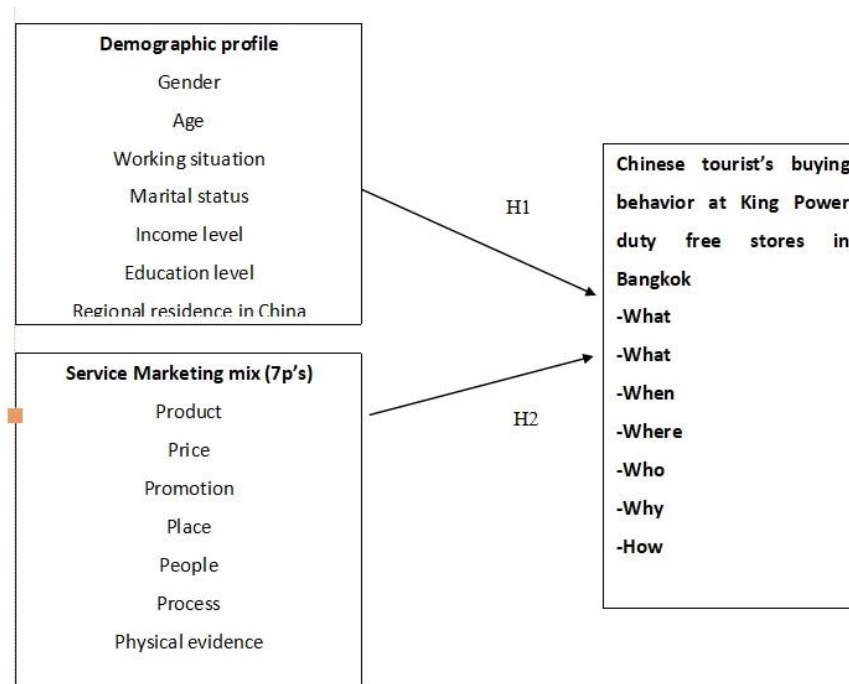
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## Introduction

Over the past years, the number of Chinese tourist travel abroad and shopping overseas is growing. Chinese people travel overseas is a big trend already, and Thailand is considered to be hottest destination for Chinese tourists. (People’s Daily Online, 2018). In 2015, 8 million of Chinese tourists travel to Thailand (Embassy of the people’s public of China in the kingdom of Thailand, 2016) in 2016, the number of Chinese tourists arrived in Thailand is 8.77million. (Ning Fukui, 2017) In 2017, 9 million Chinese tourists visited Thailand according to Gentlemen Marketing Agency. The global duty-free market development is in large part a result of the growing number of Chinese tourists traveling overseas. The global duty-free market growing rapidly in 2015, more than twice as much as it was 10 years ago according to BCG. In 2016 average Chinese tourist spent approximately US\$1,783 (¥11,343) on retail purchases, up 6.3% compare with 2015. Duty-free store is a favorite type of shopping channel for Chinese tourists while they travelling overseas, 32 percent of Chinese tourists surveyed by Coresight Research mentioned that they spend more money at duty-free store than at any type of stores. (Coresight Research, 2016).Furthermore, the largest duty-free retailer in Thailand is King Power international group which has 9 stores located in Thai airports and major tourist venues. Most importantly, over 50 percent of its customers are Chinese tourists. As the report by Tourism Authority of Thailand (TAT) Chinese tourists allocate 41% of their traveling budget to shopping and only 4% of their traveling budget to food. (Coresight Research, 2016).In general, with the numbers of Chinese tourist arrived in Thailand growing is benefit to the Thai duty-free market.

## Conceptual framework



**Figure 1** Conceptual framework of the study

In recent years, there are many scholars and writers ever done the research about marketing mmix has effect on consumer's behavior is significant, As (Schiffman Leon G , Kanuk Leslie Lazar, 2002) and (Kotler Philip) mentioned, the factors have effect on consumers buying behavior are cultural, social, personal and psychological. Among them, cultural factors have the strongest effect on buying behavior.

The study conducted by Kombenjas, W. & Lertrattananon, N. (2011) revealed that there is a relationship between marketing mix and consumer behavior including buying habit.

Demographic profiling is a tool used by marketers so that they are able to advertising their products or services effectively and identify the gaps in the market. Demographic profile consists of age, gender, social class, education, income level, etc.

Traditional demographic profiling has been centered on gathering information on large groups of people in order to identify common trends, according to (GfK. 2016).

Kotler (2003) defined the marketing mix is the set of selling tools for helping companies to aim the target customers in marketing. The most well-known marketing strategy tools are the 4 Ps model. McCarthy and Perreault (1994) suggested the 4 Ps models that the marketing strategy encompasses four factors, such as Product, Price, Promotion, and Place. Marketing Mix is the combination of four elements or parts, called the 4P's (Product, Price, Promotion and Place), that every company has the option of adding, subtracting, or modifying in order to create a desired marketing strategy. (Philip Kotler). In service marketing mix there are three additional "P" People, process, physical evidence respectively, according to (Booms & Bitne, 1981). In order to make the definition understandable, the marketing mix will be elaborated.

## **Methodology**

Population: Chinese tourists who shop at King Power duty free stores in Bangkok

3.1.1 Sample: Chinese tourists who shop at King Power Srivaree complex

3.1.2 Sample size: 200 structured questionnaires

3.1.3 Sampling method: Convenient sampling, because of the limited of time, limited of costs therefore, this study will collect the data at the King Power Srivaree complex. (The King Power Srivaree complex is the largest downtown duty free mall in Thailand according to DOUG NEWHOUSE, 2014). King Power Srivaree complex is located in 888 Srivaree Noi Road Bang Chaloang Bang Phli, Samut Prakan 10540.

## **Results and discussion**

The table 1 demonstrates the results are below:

Among the 200 respondents 57 percent are female and 43 percent are male and the female has the highest frequency. The respondent's age ranged from less than 20 to more than 60, among the respondents there are 5 percent of the population less than 20 years old, 20~30

are 55.5 percent, 31~40 are 21 percent, 41~50 are percent, 51~60 are 3.5 percent and more than 60 years old is presented by 2 percent and the people in the age group 21~30 years old have the highest frequency.

Among the 200 respondents there are 33.5 percent in single status, 62 percent were get married, 2.5 percent get divorced and 2 percent are separated, the married status has the highest frequency.

Among the 200 respondents there are 5.5 percent graduated from middle school, 25 percent graduated from high school, 21 percent gained a vocational certificate, 46 percent gained a bachelor's degree and 5 percent attained a master degree and the people got bachelor's degree have the highest frequency.

Among the 200 respondents there are 77.5 of them are working, 7 percent have retired, 9.5 percent are homemaker and 6 percent are student and the working option has the highest frequency.

Among the 200 respondents there are 18.5 get monthly income less than 3000CNY, 13 percent can get 3001~4000CNY per month, 25 can get 4001~5000CNY per month, 24.5 percent can get 5001~6000CNY per month, 7 percent can get 6001~7000CNY per month and 12 percent of them can get more than 7000CNY per month and people get 3001~4000CNY per month has the highest frequency.

Among the 200 respondents there are 10.5 percent come from Hebei province, 26 percent come from Guangdong province, 16 percent come from Guangxi Zhuang autonomous region, 8.5 percent come from Yunnan province, 3 percent come from Tianjin municipality, 7 percent come from Jiangsu province, 3 percent come from Chongqing municipality, 2.5 percent come from Qinghai province, 5 percent come from Zhejiang province, 2.5 percent come from Shanghai municipality, 2 percent come from Ningxia Hui autonomous region, 2.5 percent come from Gansu province, 2 percent come from capital city of Beijing, 3.5 come from Jilin province, 5 percent come from Shandong province and 1 percent come from Fujian province. In addition, people come from Guangdong province have the highest frequency.

## **Hypothesis test**

H1: Demographic profile has an effect on Chinese tourist's buying behavior at king power duty free stores in Bangkok.

**Table 1** relationship between Demographic profile and Chinese tourist's buying behavior at king power duty free stores in Bangkok.

<b>Buying behavior items</b>	<b>Value</b>	<b>df</b>	<b>Sig.</b>
<b>Gender</b>			
What do Chinese tourists want to buy most	31.905	5	.000*
How do Chinese tourists pay their bill while shopping	25.345	3	.000*
<b>Age</b>			
What do Chinese tourists want to buy most	49.627	25	.002*
What time is best suit for Chinese tourists to go shopping	37.848	15	.001*
Who influence Chinese tourists buying decision most	29.393	15	.014*
Why do Chinese tourists buy	30.884	10	.001*
How do Chinese tourists pay their bill while shopping	64.932	15	.000*
<b>Marital status</b>			
What do Chinese tourists want to buy most	28.192	15	.020*
Who influence Chinese tourists buying decision most	38.309	9	.000*
Why do Chinese tourists buy	22.495	6	.001*
<b>Education level</b>			
What do Chinese tourists want to buy most	61.574	20	.000*
What time is best suit for Chinese tourists to go shopping	33.118	12	.001*
Who influence Chinese tourists buying decision most	28.046	12	.005*
Why do Chinese tourists buy	21.817	8	.005*
How do Chinese tourists pay their bill while shopping	34.607	12	.001*
<b>Working situation</b>			
What do Chinese tourists want to buy most	31.754	15	.007*
What time is best suit for Chinese tourists to go shopping	23.175	9	.006*
Who influence Chinese tourists buying decision most	29.360	9	.001*

<b>Buying behavior items</b>	<b>Value</b>	<b>df</b>	<b>Sig.</b>
How do Chinese tourists pay their bill while shopping	43.035	9	.000*
<b>Monthly income</b>			
What do Chinese tourists want to buy most	49.172	25	.003*
Where do Chinese tourists prefer to go shopping most	18.406	10	.048*
<b>Resident of province</b>			
What do Chinese tourists want to buy most	37.710	20	.010*
Where do Chinese tourists prefer to go shopping most	18.465	8	.018*
Who influence Chinese tourists buying decision most	30.005	12	.003*
How do Chinese tourists pay their bill while shopping	23.836	12	.021*

Remark:\* is significant at  $\alpha=0.05$

Based on the table 1 , this study found that the demographic profile has significany effect on Chinese tourist's buying behavior at king power duty free stores in Bangkok.

H2: Service marketing mix (7P's) has an effect on Chinese tourist buying behavior at king power duty free store in Bangkok

**Table 2** relationship between marketing mix (7P's) and Chinese tourist buying behavior at king power duty free store in Bangkok.

<b>Buying behavior items</b>							
	What do Chinese tourists want to buy most	What time is best suit for Chinese tourists to go shopping	Where do Chinese tourists prefer to go shopping most	Who influence Chinese tourists buying decision most	Why do Chinese tourists buy	How do Chinese tourists pay their bill while shopping	Sig
IV1	.009*	.009*	.034*	.104	.657	.703	* is significant at $\alpha=0.05$
	.216	.318	.072	.730	.175	.016*	
	.008*	.820	.365	.361	.323	.500	
IV2	.071	.063	.094	.000*	.532	.859	

	.280	.005*	.005*	.001*	.087	.251	
IV3	.016*	.384	.009*	.134	.018*	.472	
	.253	.574	.035*	.299	.071	.023*	
	.908	.908	.421	.484	.414	.369	
IV4	.057	.023*	.325	.970	.925	.002*	
	.003*	.218	.801	.943	.450	.020*	
	.106	.229	.067	.027*	.597	.006*	
	.016*	.000*	.080	.080	.003*	.000*	
	.113	.006*	.026*	.106	.017*	.126	
	.126	.212	.680	.034*	.074	.027*	
	.009*	.071	.299	.008*	.068	.001*	
IV5	.000*	.521	.272	.183	.232	.336	
	.451	.736	.833	.045	.794	.375	
IV6	.006*	missing	.187	.000*	.794	.375	
	.000*	.063	.463	.804	.207	.058	
	.005*	.434	.430	.005	.062	.276	
IV7	.000*	.049	.463	.176	.004*	.008*	
	.464	.004*	.239	.032*	.963	.244	

\*\*remark: IV1=product

IV2= price

IV3 promotion

IV4 place

IV5 people

IV6 process

IV7 physical evidence

The table demonstrated that the product has significant effect on), what time is best suit for Chinese tourists to go shopping (Sig=0.009 <0.05), where do Chinese tourists prefer to go shopping most (Sig=0.034<0.05)and How do Chinese tourists pay their bill while shopping.(Sig=0.016<0.05).

Price has significant effect on what time is best suit for Chinese tourists to go shopping (Sig=0.005<0.05), where do Chinese tourists prefer to go shopping most (Sig=0.005<0.05), who influence Chinese tourists buying decision most (Sig=0.001<0.05)

Place has significant effect on what do Chinese tourists want to buy most (Sig=0.016<0.05), where do Chinese tourists prefer to go shopping most (Sig=0.009<0.05), how do Chinese tourists pay their bill while shopping (Sig=0.001<0.05)

Promotion has significant effect on what do Chinese tourists want to buy most (Sig=0.003<0.05), what time is best suit for Chinese tourists to go shopping (Sig=0.000<0.05), where do Chinese tourists prefer to go shopping most (Sig=0.026<0.05), who influence Chinese tourists buying decision most (Sig=0.034<0.05), why do Chinese tourists buy (Sig=0.003<0.05) how do Chinese tourists pay their bill while shopping (Sig=0.000<0.05).

People has significant effect on what do Chinese tourists want to buy most (Sig=0.000<0.05)

Process has significant effect on what do Chinese tourists want to buy most (Sig=0.006<0.05), who influence Chinese tourists buying decision most (Sig=0.000<0.05)

Physical evidence has significant effect on what do Chinese tourists want to buy most (Sig=0.000<0.05), what time is best suit for Chinese tourists to go shopping (Sig=0.004<0.05), who influence Chinese tourists buying decision most (Sig=0.032<0.05), why do Chinese tourists buy (Sig=0.004<0.05) and how do Chinese tourists pay their bill while shopping (Sig=0.008<0.05).

## **Limitation and recommendation**

The limitation of the study includes time spent, money spent, as well as the simple size of the whole population, because the research method utilize the traditional paper questionnaire collection, therefore it cannot be cover at a very wide range of the population. Additionally, the data only cover a small proportion of older people who are shopping at King Power duty free store, thus it cannot predict the elderly's buying behavior very accurately.

In this study, the majority of the respondents is from age 21 to 30 and female is more than male 14 percent, in order to predict the population more accurately; the proportion of gender should be close to fifty-fifty, as well as help the older population to answer the questionnaire due to some are not able to read. Additionally, in case the future researches cannot collect the data from elderly through questionnaire effectively, the researchers should utilize the interview or other innovative approaches that must suit for elderly. The more effective method such as online data collection should be utilize in the future, because it is more convenient and more effective for researchers input data in SPSS tool as well as reduce the cost, furthermore online data collection can cover a wide range of population.



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