Evaluating the Factors Influencing Outbound Shopping Tourism among Maldivians

Suha Mahmoodh
Asia Pacific University of Technology and Innovation, Malaysia
suhamahmoodh@gmail.com

Rohizan Binti Ahmad
Asia Pacific University of Technology and Innovation, Malaysia
rohizan@apu.edu.my

Abstract

Shopping tourism is one of the emerging trends in the global market. More researchers are investigating the effects of shopping tourism and the behaviour of these tourists. As similar behaviour is observed among Maldivian consumers, this study intends to identify and evaluate the factors influencing outbound shopping tourism among Maldivian consumers. Thereby, three potential variables namely product availability, shopping experience and destination attributes were studied. Past works of literature and primary research were used to investigate the relationship of the variables. For the primary research, a web-based questionnaire and an interview was carefully designed and distributed to Maldivians residing in the capital who engage in outbound shopping tourism. The results of the data gathered were thoroughly analysed and are comprehensively discussed on the relevancy of the findings and past research. The results of this study should assist the related ministries and governments to develop the retail industry of Maldives and retain its consumers to reduce any adverse effects from outbound shopping tourism on the economy.

Keywords: Shopping Tourism, Outbound Shopping Tourism, Product Availability, Shopping Experience, Destination Attributes, Maldives.

1. Introduction

Advancements in technology have made consumers more knowledgeable about the products and services consumed worldwide, resulting in more consumers travelling to the geographical locations where it is available. Literature indicated that the role of shopping has converted into a determinant factor affecting destination choice and the prime motive for travel (UNWTO, 2014; Olukoya, 2011). Consumers worldwide are spending huge amounts of money in international tourism, for instance, Chinese tourists had spent approximately USD $102 billion in 2012 (UNWTO, 2014). Similarly, Maldivians had spent USD $209 million in 2011 (MMA, 2014). Given the small population of Maldives, massive outflow of currency could worsen the economy. As per Maldives Monetary Authority (MMA), “outflow of foreign currency in large amounts will further worsen the pressure in the foreign exchange rate market” (MMA, 2014). The reason for the trend in Maldives could be due to the few small-scale retailers in the
country unable to fulfil the demands of its advanced and knowledgeable consumers. According to Asian Development Bank (ADB), the 3500 active retail businesses registered in the country fall into the category of micro, small or medium-sized businesses (ADB, 2014).

This study therefore aims to 1) profile the respondent’s characteristics among the Maldivian consumers who engage in outbound shopping tourism; 2) investigate the relationship of product availability and outbound shopping tourism; 3) access the extent to which shopping experience influence Maldivian consumers towards outbound shopping tourism, and 4) examine the role of destination attributes in influencing Maldivian consumers towards outbound shopping tourism.

2. Literature review

2.1 Outbound shopping tourism

The UNWTO defines an outbound market as residents travelling to another country from the point of view of the country of origin (Chaudhary, 2010). When tourists visit a country with the prime motive of shopping it could said as outbound shopping tourism. Referring to Timothy, shopping is regarded as one of the most common activities carried out by tourists as it provides motivation for travel (Timothy 2005 as cited by Olukoya, 2011). Likewise, Mirones (2014) highlighted that “shopping tourism is transitioning from being a complementary factor in establishing itself as a major determinant in the tourists’ decisions about their preferred destinations”. Additionally, the UNWTO’s Global Report on Shopping Tourism disclosed the average visitor expenditure on shopping for the year 2012; China (USD $1060), Korea (USD $737), and Taiwan (USD $649) (UNWTO, 2014). Furthermore, a large component of the expenditure of tourists to Australia, Hong Kong, and Thailand comprises of shopping expenses as well (Lehto, Cai, O’Leary and Huan, 2010). This rise in trend could be due to various reasons. Literature suggest substantial difference in price levels, circumstances of shopping and availability of higher quality or branded products that are unavailable at home country, drive consumers towards outbound shopping tourism (Michalko, 2004 as cited by Tomori, 2010; Raluca and Gina, 2008). Since similar behaviour is observed from Maldivians, this study concentrates on analysing key factors affecting Maldivian consumers to shop abroad; product availability, shopping experience and destination attributes.

2.2 Product availability

A product could be defined as anything that can be offered to a market for acquisition, use or consumption that might satisfy a need or want (Kotler, 2012). Refering to the above literature, shortage of products in the home country could be one of the factors that drive consumers to engage in shopping tourism. Plus, consumers may perceive that the products available across the border are better than what is obtainable in the home country, leading to further motivation to travel abroad. According to Tomori, many Hungarians shopped in neighbouring countries due to the price advantages, a wider range of products and favourable exchange rates (Tomori, 2010). Additionally, consumers could be motivated to travel to gain an advantage of branded or higher quality products that may not be available in the home country. Xu and McGehee, highlighted that respondents were motivated by low prices for well-branded in the United States (Xu and McGehee, 2012). In the Maldivian market, there are only few shops that sell genuine
branded clothing and footwear; Reefside, Le Cute and Sonee Sports (sevenholidays.com, 2015). These could be motivating factors for Maldivian shoppers to involve in outbound shopping tourism.

2.3 Shopping experience

As pointed by Chen, “shopping experience is a combination of tourists’ behaviours, perceptions, expectations and attitudes towards their shopping decisions” (Chen, 2013). In order to enhance the shopping experience for customers, marketers must understand the various kinds of shopping behaviour and customize the experience for each segment to maximise their satisfaction thus retaining them for a longer period. Filipovic, Jovanovic and Kostic (2012) suggests that shopping malls must adjust its marketing mix to as per the various customer groups. Additionally, marketers could improvise other factors such as the store environment, payment options, promotional efforts, etc. Firstly, the store environment including the size of the store, merchandise arrangements, entertainment facilities and the ambience of the store would encourage consumers to engage in shopping. As per Peter Walker, more than 70 employees who can speak Mandarin were hired at Harrods not only to communicate with the customers but to make them feel at home (Walker, 2011). Secondly, the shopping experiences of consumers are enhanced by the provision of flexible and numerous payment options. By the introduction of multiple payment methods such as the debit and credit cards, tourist shoppers could easily carry shopping activities without the worry of cash at hand and exchange rates. Chunyan and Haizhou (2011) highlights that the primary factor for the growth in sales from tourist shoppers of Harrods is due to the introduction of 75 UnionPay terminals. Finally, the promotional endeavours by marketers such as mega sales with discounted prices, buy one free one, rebates, etc. attract the tourist shoppers to visit the destination. A few countries also engage in major activities organised on particular days as practiced by Dubai (Dubai Shopping Festival), USA (Black Friday). These signal the impact of shopping experience in driving tourist shoppers to the stores.

2.4 Destination Attributes

Literature indicate that consumers are likely to assess the destination based on multiple attributes similar to the evaluation of product attributes, thereby more destinations are realising the importance of improving the destination attributes and have implemented tax programmes and developed other tourist attractions (Sparks and Pan, 2008; Moscarado, 2004). Kim and Agrusa identified the five main destination attributes consumers seek namely safety, beautiful scenery, well-equipped tourism facilities, various cultural resources, and good weather (Kim and Agrusa, 2005). Likewise, Sparks and Pan identified that language, distance, cost, and government control could also be factors considered by consumers before making a travel decision (Sparks and Pan, 2008). Similar to this Crawford, Jackson and Godbey identified time, financial resources, climate and family life cycle stage as structural barriers that may affect the travel decision (Crawford, Jackson, Godbey, 1991 as cited by Sparks and Pan, 2008). Though most literature suggests the importance of other destination attributes, some of the literature highlights that consumers look only for the shopping options. According to Lorrie King, consumers are looking more for shopping options when selecting their next destination (King, 2014).
Despite the different views in literature, it could be understood that most of the destination attributes have an impact on the destination choice for shopping.

The following hypotheses are developed to study the relationship of outbound shopping tourism with product availability, shopping experience and destination attributes.

Table 1. Hypotheses for the study

<table>
<thead>
<tr>
<th>Ho</th>
<th>Statements</th>
<th>Types of analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>There is a significant correlation between product availability and outbound shopping tourism among Maldivians</td>
<td>Pearson Moment Correlation Test</td>
</tr>
<tr>
<td>H2</td>
<td>There is a significant correlation between shopping experience and outbound shopping tourism among Maldivians</td>
<td>Pearson Moment Correlation Test</td>
</tr>
<tr>
<td>H3</td>
<td>There is a significant correlation between destination attributes and outbound shopping tourism among Maldivians</td>
<td>Pearson Moment Correlation Test</td>
</tr>
</tbody>
</table>

2.5 Models

The first model referred in this research is the consumer decision making process described by Barry Berman and Joel R Evans (2007). This model is drawn up to describe the stages a consumer goes through when deciding to purchase an item or service. The process consists of two main categories; the process itself and the factors affecting the process (Berman and Evans, 2007). The first category explains six steps that consumers undergo while deciding. They are Stimulus, Problem Awareness, Information Search, Evaluation of Alternatives, Purchase and Post-purchase behaviour. The second category explains the factors affecting the process which may bring significant changes to the consumer’s decision. The variables discussed in this category are demographics and lifestyle.

Figure 1. Consumer Decision making process

Source: Berman and Evans (2007)
2.6 Elements of Leisure and tourist shopping

The second model referred in this study is the elements of leisure and tourist shopping by Dallen J Timothy (2005). This model is based on several works of literature relating to shopping, retail, leisure and tourism. The model comprises of variables that work side by side to make shopping experiences as leisure endeavours and an activity pursued by millions of tourists (Timothy, 2005). These elements assist in making shopping more of a leisure activity tourists involve in. Half of the variables in this model are studied in this research to identify its effect on encouraging Maldivian consumers to engage in outbound shopping tourism.

![Figure 2. Elements of Leisure and Shopping Tourism](source: Timothy (2005))

2.7 Theoretical Framework

The theoretical framework for the study is as depicted below.
3. Methodology

3.1 Research design and sampling

This study has employed the mixed method approach. The core method utilised is quantitative method followed by qualitative method to gain further insight of the subject. Moreover, this study exercised convenience sampling methodology. The sample in this study refers to Maldivians residing in the capital city, Male. The sample size was determined through Raosoft which suggested a minimum of 68 sample size of the survey with 10% margin of error and 90% confidence level.

3.2 Instrumentation

Two research instruments are constructed as per the type of analysis. An interview is drawn up with six open-ended questions for the qualitative analysis. This interview is conducted on consumers who frequently engage in outbound shopping tourism. Next, a web-based questionnaire is designed using Google Forms consisting of two sections; Section A (focusing on the demographics of the consumers) with eight close-ended multiple choice questions and Section B (focusing on the independent variables) with 3 main questions with a five-point Likert scale. Lastly, an overall question
is posed to identify consumers’ perception regarding the understanding of Maldivian retailers about their needs and wants. This is presented in Table 2 and 3.

Table 2. Questionnaire design Section A

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Rationale</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>To identify the age group of consumers engaging in outbound shopping tourism</td>
<td>Olukoya, 2011</td>
</tr>
<tr>
<td>2</td>
<td>To identify the gender of consumers engaging in outbound shopping tourism</td>
<td>Lehto, Cai, O’Leary and Huan, 2004</td>
</tr>
<tr>
<td>3</td>
<td>To identify the life stages of consumers engaging in outbound shopping tourism</td>
<td>Sparks and Pan, 2008</td>
</tr>
<tr>
<td>4</td>
<td>To categorize the occupation of the consumers engaging in outbound shopping tourism</td>
<td>Khaleel, 2012</td>
</tr>
<tr>
<td>5</td>
<td>To categorize the income groups of consumers engaging in outbound shopping tourism</td>
<td>Khaleel, 2012</td>
</tr>
<tr>
<td>6</td>
<td>To identify the travel patterns of consumers engaging in outbound shopping tourism</td>
<td>Ipsos, 2014</td>
</tr>
<tr>
<td>7</td>
<td>To recognize which countries consumers prefer to travel for their shopping needs</td>
<td>MMA, 2011</td>
</tr>
<tr>
<td>8</td>
<td>To identify the consumers preference for travel companions among the consumers</td>
<td>Moscarado, 2004</td>
</tr>
</tbody>
</table>

Table 3. Questionnaire design Section B

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Rationale</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>To identify the influence of product availability on outbound shopping tourism</td>
<td>Chen, 2013</td>
</tr>
<tr>
<td>10</td>
<td>To identify the influence of shopping experience on outbound shopping tourism</td>
<td>Olukoya, 2011</td>
</tr>
<tr>
<td>11</td>
<td>To identify the influence of destination attributes on outbound shopping tourism</td>
<td>Sparks and Pan, 2008</td>
</tr>
<tr>
<td>12</td>
<td>To identify the perception of consumers regarding the understanding of Maldivian retailers towards their needs and preferences</td>
<td>Khaleel, 2012</td>
</tr>
</tbody>
</table>

4. Results

A total of 125 questionnaires were collected based on the sample. These data were then keyed into SPSS to run the statistical analysis and hypothesis testing. The results of Cronbach’s Alpha value for the 18 variables is 0.861 which is higher than
the standard value of 0.7, suggesting a good internal consistency. Moreover, D’Agostino’s test for Skewness and Anscombe-Glynn test for Kurtosis showed negative skew for all variables signalling the asymmetry of data; and positive kurtosis denoting a peaked distribution. This is shown in Table below.

Table 4. Descriptive Statistics

<table>
<thead>
<tr>
<th>N</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statistic</td>
<td>Statistic</td>
<td>Std. Error</td>
</tr>
<tr>
<td>Product availability</td>
<td>125</td>
<td>-2.219</td>
</tr>
<tr>
<td>Shopping Experience</td>
<td>125</td>
<td>-.604</td>
</tr>
<tr>
<td>Destination Attributes</td>
<td>125</td>
<td>-.823</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>125</td>
<td></td>
</tr>
</tbody>
</table>

Moreover, hypothesis testing was conducted to examine the relationship between variables that are proposed in this study. The bivariate correlations were significant at 0.05 level and all hypotheses were accepted with the “r” values as presented in Table 5.

Table 5. Summary of Hypotheses

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Statements</th>
<th>Findings</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1:1</td>
<td>There is a significant correlation between product availability and outbound shopping tourism among Maldivians</td>
<td>r=2.30</td>
<td>Accepted</td>
</tr>
<tr>
<td></td>
<td></td>
<td>p ≤ 0.05</td>
<td></td>
</tr>
<tr>
<td>H1:2</td>
<td>There is a significant correlation between shopping experience and outbound shopping tourism among Maldivians</td>
<td>r=1.95</td>
<td>Accepted</td>
</tr>
<tr>
<td></td>
<td></td>
<td>p ≤ 0.05</td>
<td></td>
</tr>
<tr>
<td>H1:3</td>
<td>There is a significant correlation between destination attributes and outbound shopping tourism among Maldivians</td>
<td>r=1.80</td>
<td>Accepted</td>
</tr>
<tr>
<td></td>
<td></td>
<td>p ≤ 0.05</td>
<td></td>
</tr>
</tbody>
</table>

5. Discussion

5.1 Profile of the respondents

The demographics of the respondents were examined to create a profile of the characteristics of a typical Maldivian consumer who engage in outbound shopping tourism. Firstly, it is identified that majority (82.4%) of the Maldivian consumers who shop abroad are youths aged between 18-35. Plus, the primary data suggests that more female consumers have travelled abroad with the intention of shopping and that most consumers travel at least annually for their shopping needs. A bigger fraction of the respondents also travels numerous times a year. The popular destination choices are Sri Lanka, Malaysia and India. Secondly, majority of consumers who travel for shopping are in the stages of either young singles or family with children and prefer to travel with families or friends and family. Moreover, these consumers earn between MVR5000 to MVR10000, which is a considerably lower income group. Lau, highlighted that Chinese
travellers save up for many months before travelling abroad (Lau, 2004 as cited by Xu and McGehee, 2012). In conclusion, a typical Maldivian consumer engaging in outbound shopping tourism is female youth at the life stage of either young singles or married with children, employed with an income range of MVR5000 - MVR10000, travelling once annually with family or both friends and family to Sri Lanka, Malaysia or India.

5.2 Product availability

Approximately 69% of the respondents who travelled in various patterns strongly believed that there was more variety of products, 39.2% of the respondents agreed on higher quality products and 66.4% of the respondents strongly agree that more branded products are available abroad compared to Maldives. The qualitative data added on the empirical findings highlighting on the limited number of products available in Maldives and willingness to purchase even at higher price due to better quality products. Although, the findings suggest that 59.2% of the consumers strongly believed that the prices of products they purchase are lower in stores abroad compared to Maldives. These are in agreement with Tomori (2010) indicating that many Hungarians shopped abroad due to price advantages, a wider range of products and favourable exchange rates and Xu and McGehee (2012) suggesting that high quality products, hospitable services and reasonable prices were the main reason Chinese consumers were attracted to travel. Amongst these respondents the majority constitute of young females signalling that female customers have trouble to find products that they desire. Furthermore, it was also observed that consumers who were frequently travelling within a year to have stronger belief towards the unavailability of products and higher quality. Moreover, respondents who have travelled to countries not specified in the research are more prominent in their decision that there are more branded products available abroad compared to Maldives. This could be due to their perception of more branded products being available at distant countries.

5.3 Shopping experience

The findings show that 53.6% and 67.2% of the consumers strongly believe that the store environment of shops and customer services provided abroad are better. More male consumers have agreed on the matter than female. According to Chen, male consumers consider friendly staff, cleanliness and neatness of store interior to be the most crucial store attributes (Chen, 2013). These opinions have been formulated regardless of the destination choice. Moreover, many of the interviewees also highlighted on the better organization of stores, the eye-catching arrangement of products and the pleasing environment. In contrast to the Chinese tourist shopping behaviour described by Chunyan and Haizhou (2011), it is observed that approximately half of the Maldivian consumers are motivated by the flexible payment methods whilst the other half are either neutral or not motivated. This could be due to the difference in the adoption rate of the various payment methods. Moreover, as consumers who travel several times annually have strongly agreed on the matter, it could be deduced that flexible payment methods have pushed them to engage in shopping tourism more frequently. Moreover, the results of the primary data indicated that 27.2% agreed, 24% disagreed and 23.3% of customers strongly agreed that they prefer to travel due to promotional activities, indicating towards various customer segments in the market. Moye and Kincade state that in clothes-buying-
behaviour alone there are four types of female shoppers (Moye and Kincade, 2003 as cited by Chen, 2013).

5.4 Destination attributes

Majority (81.6%) of the consumers suggested that safety is a very crucial factor in deciding the destination. Amongst this were older consumers at life stage of Family with Children, Mature singles and Empty nester. The difference in view could have arisen due to the generation gap and the lifecycle stage. Crawford, Jackson and Godbey identified that time, financial resources, climate, and family life cycle could affect the decision process (Crawford, Jackson and Godbey, 1991 as cited by Sparks and Pan, 2008).

Concerning on the importance of natural beauty and favourable climatic conditions when selecting a shopping destination, Kim and Agrusa (2005) suggest that Chinese consumers seek safety, beautiful scenery, well equipped tourism facilities and good weather. Likewise, Maldivian consumers also have noted these factors are important as well. Moreover, the life stage of the consumers has affected on the choice as consumers in all life stages except for young singles have agreed on the factor. This could be due the difference of attitude and preferences of young singles. According the data gathered it was observed that there was no particular preference for the interaction with locals based on age or gender and half of the respondents believed that accommodation and entertainment facilities being available are very crucial. However, as the frequency of travel increases, the significance these factors diminishes. This is unlike the research by Sparks and Pan, where language, cost and distance were important factors to be considered (Sparks and Pan, 2008).

6. Recommendations and Conclusion

Some recommendations are made in this paper. Firstly, retailers should do proper market research to recognise these wants, trends and preferences of the customers segments especially focusing on the youth as more percentage of the youth population have frequently engaged in outbound shopping tourism. Secondly, few of the interviewees suggested retailers to offer up to date products that are demanded by customers with a wide variety of options and sizes to choose from. This leads to the instructions by Filipovic, Jovanic and Kostic that “shopping centres must adjust its marketing mix to according to the various customer groups” (Filipovic, Jovanic, Kostic, 2012). Thereby, retailers could implement innovative promotional techniques along with proper product portfolios, set reasonable attractive prices and design a pleasant store environment. Thirdly, retailers should discontinue old methods for example, shifting from transactional marketing to relationship marketing which have proven to be more effective in satisfying customer needs. Moreover, as proposed by a percentage of the interviewees, one shopping mall could be constructed in the capital, etc. Furthermore, the government could assist the retailers in retaining consumers to the local market by providing subsidies or loan schemes that would help the retail businesses to implement the overdue changes. Besides that, the government could allow foreign business to set up in Male’ to improve the competition levels in the market. This action assist to retain a fraction of consumers from travelling abroad. Finally, the researcher advises Maldivian consumers to understand the restrictions and the limitations faced by local retailers.
The findings of the research confirm that the three variables studied in this research namely product availability, shopping experience and destination attributes have a significant influence on outbound shopping tourism behaviour. These factors were proven to have motivated various consumers though some factors contributed less to selected consumers. Thus, the research is concluded by suggesting retailers and government to implement clever strategies which would assist in fulfilling the demands of customers, leading to decreasing of potential adverse effects if shopping tourism on the economy.

7. Limitations and future research considerations

This study only covered the three factors influencing Maldivian consumers to engage in outbound shopping tourism and was limited to Maldivians living in the capital who engage in outbound shopping tourism. Moreover, as only 125 questionnaires were gathered, the results of the study may not accurately represent the view of all the consumers who travel abroad for their shopping needs. Furthermore, the research instrument was reduced to 22 questions, considering the time constraint to complete the study. Additional relevant information might have been gathered if the instruments were lengthier. Therefore, taking this research as a platform, future researchers could focus on conducting a similar research on a national level, if cost and time is not a constraint, to further understand Maldivian consumers’ behaviour towards outbound shopping tourism. The results of the research would vary as other cities are brought into the picture. Finally, future research could explore other motivating factors that influence outbound shopping tourism or examine the impact of emerging outbound shopping tourism on the Maldivian economy.

References


April 2015).


