



Determinants of backpackers' expenditure

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ABSTRACT

The backpacker segment has been widely promoted for its positive impact on local economies, with their expenditure often used as a major reason. Nonetheless, research on backpackers' spending behaviours could best be described as superficial and scant. Employing econometric analysis, this study investigates the determinants of backpackers' aggregate expenditure, as well as their spending on various goods including accommodation, food and beverages and attractions using data from 650 respondents. Nationality and trip motivation (culture and relaxation) were established as the significant determinants of backpackers' average aggregate expenditure per day. Significant variations were also observed in expenditure on the various components in relation to several variables including sex, level of education, length of stay, social contact and learning. The study concludes that diverse factors impact backpackers' spending behaviour depending on the nature of the good, thus confirming the heterogeneity of backpacking and high complexity of the tourism good.

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1. Introduction

Tourists' stay in a destination involves spending on various goods and services. When spending is done directly into the local economy, it can be a source of income to providers of services. In the long run, it can also make significant contributions to economic growth at the national level in the form of revenue from fees at parks and taxation of related businesses in the tourism sector (Engström & Kipperberg, 2015; Marrocu, Paci, & Zara, 2015; Paci & Marrocu, 2014). Following from this, it makes sense to argue that tourism to an extent can salvage ailing economies, but on another breath, tourists' spending can worsen the plight of developing economies, especially when what is spent on is largely imported.

The backpacker segment is one group of tourists that have been eulogised for their positive impacts on local community development. This has been attributed to their direct contact and spending into host communities compared to institutionalised tourists (Lou, Brown, & Huang, 2015; Maoz & Bekerman, 2010). A study by Lou et al. (2015) notes that host communities in China perceive that backpackers contribute positively to the development of the local society. Backpackers' spending is argued as one way through which they contribute to local community development. Yet, the question of which factors influence their spending has hardly been the focus of empirical research. A review of literature by Brida and Scuderi (2013) reinforces that past studies have largely concentrated on spending patterns of mainstream tourists,

whereas niche tourists' segments, such as that of backpackers are given little attention. Inherently, the dearth of information on the backpacker segment is a limitation to the policy needs of destination management organisations and business operators who are targeting such a market.

Studies, such as Scheyvens (2002), Ateljevic and Doorne (2002), Westerhausen and Macbeth (2003), Moshin and Ryan (2003), Richards and Wilson (2004), Rogerson and Visser (2004), Maoz (2007), and Markward (2008), have made attempts to provide information on backpackers' expenditure in most developed countries. However, these research have been overly descriptive and lack rigorous econometric analysis of the amounts injected into local economies. In addition, these studies tend to consider backpacker expenditure as an aggregated component. Meanwhile, such an assumption is restrictive in the context of tourists' spending given that different groups of tourists spend different amounts on different category of goods and services. For instance, it has been reported that while female tourists spend more on shopping, particularly souvenirs and accommodation (Anderson & Littrell, 1996; Kim & Littrell, 2001; Yu & Littrell, 2005), male tourists are noted to be heavy spenders when it comes to food and beverages (Marrocu et al., 2015). Moreover, there are limited empirical studies on backpackers' expenditure in many destinations of sub-Saharan Africa. It is important to note that developing destinations, including Ghana, are becoming attractive to budget travellers (Adam, 2015; Dayour, 2013a,b; Scheyvens, 2002; Spreitzhofer, 1998; Visser, 2004), owing to the availability of budget accommodation facilities and diverse activity-based attractions. Yet, very little is known about the dynamics of this emerging market, which is a potential source of economic earnings for developing nations.

Given this knowledge gap, first, this study in addition to average daily total expenditure, seeks to estimate backpackers' spending on

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accommodation, food and beverages, transportation, attractions, and souvenirs. Information on the average spending per backpacker on these items is relevant to different stakeholders in the tourism sector in planning and forecasting sales. A more compelling reason is that providers of these services are more likely to be local entrepreneurs, implying empowering livelihood capacities, lower leakages and higher linkages. Given backpackers' quest for novel products and services (Adam, 2015), a further economic benefit is that their spending is spread over a wider geographical area. Second, the study also explores the influence of backpackers' socio-demographic, travel characteristics and travel motivation on their spending. Trip motivation has hardly been explored in the literature on tourists' expenditure (Wang & Davidson, 2010b). Understanding the determinants of backpackers spending constitute reliable information on market segmentation both at the firm and the destination level.

2. Literature review

2.1. Backpackers in relevant context

Over the last decade, literature points to competing conceptualisations of the term 'backpacker'. The controversies revolve around socio-demographics, economic and travel-related characteristics, as well as psychographics. A number of studies have closely associated backpackers with Cohen's (1972) drifters who are individual young leisure travellers, with flexible itineraries, have less contact with travel institutions and with limited budgets. Following Pearce (1990), a 'backpacker' can be best described socially than in economic or demographic terms. Consequently, Pearce (Pearce, 1990) contends that backpackers can be conceptualised based on their emphasis on: budget accommodation facilities, interaction with fellow backpackers, informal and participatory holidays, and independently flexible travel itineraries. The difficulty with this approach, however, is the fact that a traveller may be characterised by just one or two of these descriptions making their identification problematic and somewhat murky. Backpackers are also seen by Loker-Murphy and Pearce (1995) as young and budget-minded tourists who prefer low-priced accommodation, interested in meeting other people, have independent travel itineraries, engage in longer holidays, and participate in informal recreational activities.

As regards backpackers' demographics, Sorensen (2003) sees backpackers as those between the ages of 18 and 33. Westerhausen's (2002) observation is not so much at variance with that of Sorensen (2003), since the former posits that backpackers are travellers between the ages of 18 and 30. In addition to age, a number of researchers also propose the use of self-identification in categorising backpackers (Adam, 2015; Hunter-Jones, Jeffs, & Smith, 2008). Despite the inconsistencies saddling the definitions, it is palpable that most backpackers are relatively young travellers, mostly students (See Hunter-Jones et al. (2008)).

Furthermore, Hannam and Ateljevic (2008) also posit that backpackers usually resort to the use of air planes for long haul travels and public transport for in-country movement. They observe that the majority of backpackers travel by bus. They spend most of their time in the company of other backpackers at favoured places, and in unplanned groups formed along the road (Murphy, 2001). In addition, backpackers are noted to be less dependent on travel intermediaries (Desforges, 2000). The 'low budget' nature of backpackers suggests that their daily expenditure may be low compared to other tourists' groups. However, Scheyvens (2002) and Westerhausen and Macbeth (2003) assert that backpackers contribute more and directly into local economies than any other type of tourists since they stay longer in local communities and purchase products provided by indigenes. Relative to components spent on, they are more likely to seek lower cost products and services. For instance, backpackers may prefer budget accommodation facilities, indigenous cuisines, public transport facilities and local artefacts.

2.2. Determinants of expenditure

Interest in understanding tourists' spending behaviour and determinants has risen remarkably (see Abbruzzo, Brida, and Scuderi, 2014) and for scholars, it is extremely significant to recognise which factors influence tourist consumption decisions and to measure the effect of these factors on their expenditure using suitable econometric tools. Accordingly, various approaches including, dynamic multinomial logit models (Grigolon, Borgers, Kemperman, & Timmermans, 2013), logistic transition regression models (Wang, 2014), and the almost ideal demand system models (Lee, Jee, Funk, & Jordan, 2015) have been used to analyse tourists' expenditure. A number of studies on the subject have modelled expenditure as a function of socio-demographic, travel characteristics and psychographic variables (Brida & Scuderi, 2013; Wang, Rompf, Severt, & Peerapatdit, 2006).

Socio-demographic variables have been found to influence tourists spending behaviour. Some of these variables include age, sex, marital status, education, occupation, continent of origin and income. For instance, Mak, Moncur, and Yonamine (1977) establish that middle-aged American travellers had higher expenditure in Hawaii on a daily basis, but stayed significantly shorter than young and aged tourists. On the contrary, Leones, Colby, and Crandall (1998), Agarwal and Yochum (1999) and Wang et al. (2006) ascertain that age did not have significant influence on tourists' expenditure. Similarly, a study by Agarwal and Yochum (2000) finds that sex is not associated with level of spending. Likewise, Cannon and Ford (2002) and Wang et al. (2006) concluded that marital status does not influence spending. However, Mak et al. (1977) note that tourists who were not married spent more than married ones hence marital status has relationship with expenditure. On occupation, Perez and Juaneda (2000) and Cannon and Ford (2002) establish a negative relationship between occupation and tourists' expenditure while Asgary, De Los Santos, Vincent, and Davila (1997) and Cannon and Ford (2002) also realised that education had no influence on the expenditure of tourists. It stands to reason that the review so far paints a picture of competing findings on the influence of socio-demographic factors on tourists' spending. Though literature exists on the effect of socio-demographic on tourists' expenditure in general, studies on backpacking have not highlighted this.

Travel characteristics have also been found to have some effect on tourists' expenditure. These variables relate to travel party size, length of stay and travel experience. While Taylor, Fletcher, and Clabaugh (1993) and Wang (2014) observe that travel party size is inversely related to total tourists' expenditure, Agarwal and Yochum (1999) and Lee (2001) posit that travel party size has a significant positive impact on tourists' total expenditure. The greater the party size, the more the aggregate expenditure on goods and services. Studies have also revealed a significant influence of length of stay on total expenditure at destinations (Downward & Lumsdon, 2004; Nicolau & Más, 2005; Pouta, Neuvonen, & Sievänen, 2006; Thrane, 2002), but a negative effect on daily tourist expenditure (Mehmetoglu, 2007). For example, Downward and Lumsdon (2004) established a positive relationship between length of stay and visitor spending. The direct relationship between length of stay and spending is attributed to undertaking of more activities (Alén, Nicolau, Losada, & Domínguez, 2014; Barros & Machado, 2010). Conversely, Taylor et al. (1993) indicate that length of stay is negatively related to average daily expenditure. Mak et al. (1977) also indicate that there is no difference in expenditure between first-timers and repeat visitors. Contrarily, Jang, Bai, Hong, and O'Leary (2004) and Pouta et al. (2006) suggest that repeat visitors tend to spend less than first-time visitors. Other studies have also used other travel characteristics, such as mode of transport, accommodation type, number of sites visited, type of trip, information acquisition behaviour and trip purpose in modelling tourists' expenditure (Brida & Scuderi, 2013; Chen & Chang, 2012).

Following Swanson and Horridge (2006), trip motivation has an influence on tourists' expenditure. Trip motivation is deconstructed by

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