Research Note

Shopping behaviors of individual tourists from the Chinese Mainland to Hong Kong

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Abstract

Since 2003, the Hong Kong and the Chinese Mainland (CM) governments have established Individual Visit Scheme (IVS) which simplifies the process for CM people to visit Hong Kong. The resulting tremendous increase of CM tourists affects significantly the Hong Kong fashion retailing industry (HKFRI). In this research note, we study the challenges and opportunities brought by IVS for HKFRI. Recommendations are proposed and managerial findings are developed.
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1. Introduction

Since the Chinese abrogation of tour group quotas in 2002 and the introduction of Individual Visit Scheme (IVS) in July 2003, there is a rapid growth in numbers of Chinese Mainland (CM) visitors to Hong Kong which directly led to a rise in the total tourism expenditure associated with inbound tourism. Amongst the 30 CM cities where IVS was launched, residents from Guangzhou, Shenzhen, Shanghai and Beijing were the major visitors traveled to Hong Kong and a key motivation for their visit is shopping (Zhang & Lam, 1999).

To the best of our knowledge, there is little published research done to identify IVS tourists' shopping preferences and behaviors. In this study, we focus on the shopping behaviors of IVS tourists from Guangzhou, Shenzhen, Shanghai and Beijing for fashion products during their trips to Hong Kong.

In the literature, tourism and its relationship with shopping behaviors have been investigated, and there are many studies trying to define tourism typologies. Under the

four-type tourism typology proposed by Littrell et al. (1994) and according to Yuan and McDonald (1990), CM tourists mainly belong to the styles "Ethnic, Arts & People" and "Urban Entertainment", as they tend to spend a comparatively large proportion of their time on fashion shopping during the trips. Besides, they enjoy having interactions with salespeople, particularly those having rich product knowledge.

Huang and Hsu (2005) summarize the motivations of CM travelers visiting Hong Kong and shopping is found to be a prominent push factor. On the other hand, they also reveal that time, language barrier and complexity of getting travel documents are some inhibitors for CM tourists to visit Hong Kong.

It is necessary for us to have a better understanding of how the Chinese culture affects CM travelers' behaviors. According to the theory of Hofstede's cultural dimensions (Hofstede, 1980), China can be defined as long power distance, collective, masculine, and with high degree of uncertainty avoidance.

In the study of Mehta, Lalwani, and Ping (2001), Asian consumers are found to be less individualistic and adhere more to social norms. Thus, the degree of consumers' susceptibility to reference group influence tends to be high when compared to the westerners. Hsu, Kang, and Lam (2006) study the reference group influence power of CM

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tourists. Their result reveals that friends, relatives, and reference groups would affect the decision making of CM travelers most. This behavior would be largely attributed to the fact that China is a collective society. The group-oriented behavior of CM people is also revealed in the literature (e.g. Mok & DeFranco, 1999).

Based on the in-store shopping experience construct (ISSEC) developed in Terblanche and Boshoff (2003), we explore in this research note the five dimensions in ISSEC (namely, personal interaction, merchandise value, internal store environment, merchandise variety and assortment, and complaint handling) which would influence the IVS visitors' purchasing behaviors for fashion products. We will compare our findings with the literature and recommendations are given.

2. Methodology and general findings

A face-to-face street intercept survey was carried out. The target group was IVS tourists and the survey was conducted at four locations. A random sampling was adopted to select the target respondents for the questionnaire survey. When a target respondent was selected, we would ask to ensure that s/he belongs to the target group. A total of 136 successful responses were achieved. The questionnaire is divided into three parts, with Part 1 designed to get the general data on shopping pattern, Part 2 with reference to Terblanche and Boshoff's (2003) ISSEC model, and Part 3 for demographic data. Statistical analyses, including hypotheses testings, are conducted. Details are available upon request. Some of the general findings are presented as follows.

2.1. Spending

Nearly half (43.8%) of the respondents claimed that their spending on fashion products is around RMB 1000–1999, which is substantial with respect to the income level in CM.

2.2. Shopping pattern

Department stores are ranked first, followed by clothing chain stores, as IVS visitors' favorite types of fashion retailers. It is consistent with CM consumers' shopping pattern in their home country.

2.3. Shopping destinations

Our findings show that the most popular shopping destinations are areas with high accessibility. Since IVS tourists are not too familiar with the places in Hong Kong, transportation convenience around shopping areas is very crucial. Another interesting finding is that IVS tourists are interested in both branded and non-branded fashion products because some of these popular shopping destina-

tions are places with big name brands while some are devoted to low-price non-branded apparels.

2.4. Brand preference

We find from the survey that the four most well-recognized brands for IVS visitors are Giordano, Espirit, Baleno, and Bossini. The high awareness of these brands is probably related to their well-developed retail networks and branding schemes in CM. On the other hand, the four most popular international prestigious brands are Louis Vuitton, Gucci, Burberry, and Christian Dior. One common feature of these brands is their long histories and reputations in the fashion market.

2.5. Tendency to purchase new brands

When CM tourists travel to Hong Kong, they have relatively little information about the price and product. Due to their risk-averse attitude (Zhou, Su, & Bao, 2002), they should hesitate in purchasing unknown brands. Surprisingly, our study shows that majority of IVS tourists (78.5%) are willing to purchase unknown brands. Feedbacks from these tourists indicate that the effort by the Hong Kong Tourism Board (HKTB) has successfully strengthened their trust of products sold in Hong Kong.

2.6. Decision-making style

Our survey reveals that IVS tourists would make their own purchase decisions most frequently; whilst in some cases, they would listen to their friends' or family's opinions. According to Hsu et al. (2006), CM residents in their home market depend heavily on the information available in the marketplace and salespeople's recommendations. Our result is hence interesting because IVS tourists show different behaviors in Hong Kong from in CM. Reasons for such difference are the language barrier (a lot of Hong Kong salespeople cannot speak Putonghua), the high education level of the respondents under this study and the risk-avoidance attitude of CM tourists in a new environment. As a remark, such difference is consistent with the literature (see Oh, Cheng, Lehto, & O'Leary, 2004).

Next, we are interested in exploring whether there is a significant difference in the in-store shopping experience among IVS tourists from the four major cities (FMC): Beijing, Guangzhou, Shanghai and Shenzhen. The dimensions under investigation include "product attributes", "in-store shopping environment", "salesperson service", and "store policy".

2.7. Product attributes

Our findings show that the most important entity in product attributes to IVS tourists is the price, followed by suitable size, style and cutting. This result differs in part