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Research Paper

Shopping decisions of international tourists to Korea: The Heckman sample selection approach

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ABSTRACT

Most tourist destinations strive to attract more international tourists because shopping expenditures by those tourists affect the balance of international payments and can invigorate a sluggish domestic economy. With a large sample of international tourists to Korea (N=9636), this study examines how they make shopping decisions, and how their shopping behaviors are differentiated by gender. Using the Heckman sample selection model, assuming a sequential decision-making process for shopping activities, the study also attempts to identify several factors that shape international tourist shopping behaviors. Findings indicate that international tourists first consider whether or not to purchase products and then determine how much they will spend. The results show that gender plays an important role in the formation of consumer behaviors. Based on these findings, the study suggests some useful management implications that will enable destination marketers to improve the quality of their clientele's shopping experiences.

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1. Introduction

Most tourism and economic authorities endeavor to attract more international tourists because they are capable of generating an influx of foreign money, which may significantly improve the economy of the destination (Lee & Chang, 2008). Tourism spending by international tourists contributes directly to the balance of international payments, and it indirectly enhances several important economic indicators such as domestic investment and employment rates (Kim & Chen, 2006). Accordingly, a sizable body of previous research (e.g. Hall, 1994; Schubert, Brida, & Risso, 2011) has provided empirical evidence that expenditure by international tourists is crucial in invigorating a sluggish economy. According to a national immigration report released by the Korea Ministry of Culture, Sports and Tourism (2013), more than 11 million international tourists visited Korea during 2012, which was a sharp 13.7% rise over the previous year. The total amount of overseas travel was considerably reduced by the global economic crisis, so this growth in international tourist arrivals to Korea was believed to be an extraordinary phenomenon. The increase in the number and expenditures of international tourists to the country is a definite indicator of the ongoing expansion of the Asian tourism market (Wong & Law, 2003).

A number of previous studies (e.g. Di Matteo & Di Matteo, 1996; Timothy & Butler, 1995) have suggested that international tourists view shopping as one of their most important activities: one that often determines the overall quality of their travel experiences. The term shopping is defined as 'the action or activity of purchasing goods from stores' (Oxford University Press, 2015). According to the Travel Industry Association of America (2001), tourists tend to spend at least three times more money on purchasing a variety of products while traveling than general consumers do when participating in shopping activities in their everyday lives. The report released by the Korea Ministry of Culture, Sports and Tourism (2013) indicated that the majority of international tourists regarded shopping participation as one of their most important reasons for visiting Korea.

It has been shown that gender significantly affects tourist shopping behaviors. Lehto, Cai, O'Leary, and Huan (2004) found that female tourists were relatively more interested in, and spent more money on, shopping activities than male tourists. Oh, Cheng, Lehto, and O'Leary (2004) also revealed that gender differences affected where to shop and what to purchase. More specifically, Oh et al. (2004) noted that women prefer purchasing clothes and cosmetics, while men show preferences for liquor products and cigarettes. While shopping experiences are widely acknowledged as important elements of international tourism, there is only limited information concerning how international tourists make their decisions for shopping and how gender differences affect the consumer behaviors.

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The main goal of this paper is to examine international tourists' behavioral patterns for shopping, which are known to vary according to their socio-demographics as well as their travel and shopping characteristics. Except for a handful of impulse buyers, most wise consumers with budget limitations determine whether to purchase a product first, and then decide how much to spend (Jang, Ham, & Hong, 2007; Lyu & Hwang, 2015), which is the basic premise of the Heckman sample selection approach. Accordingly, this study utilizes the Heckman models to assess how international tourists make sequential shopping decisions. The paper also focuses specifically on gender differences in shopping behaviors, which is the most efficient segmentation criterion in many consumer behavior studies. Based on study results, useful management implications will be provided to help tourism destination marketers enhance the quality of their clientele's shopping experiences.

2. Literature background

2.1. Tourist shopping participation and expenditures

Shopping is generally considered to be the most essential component of tourists' behavioral patterns (Heung & Qu, 1998). A large portion of tourists share a belief that purchasing local products and souvenirs prior to departing from a tourism destination is an important ritual in their travel experiences (Hsieh & Chang, 2006). Hudman and Hawkins (1989) provided evidence supporting the idea that shopping is a typical leisure and recreation activity in which tourists normally engage. According to Jansen-Verbeke (1990), many tourists tend to experience feelings of pleasure and excitement while participating in shopping activities during their stay at tourism destinations. Kent, Shock, and Snow (1983) also noted that tourists commonly regard shopping activities as their central travel enjoyment, though most of them were reluctant to report consumer activities as the main motive for their travel.

Conversely, in light of the fact that shopping can be a principal reason for travel to particular destinations, several studies (e.g. Guillet, Law, & Leung, 2012; Oh, Uysal, & Weaver, 1995) have utilized a motivational approach to better understand tourist shopping behaviors. For example, Timothy and Butler (1995) have stated that shopping participation serves as a substantial motive for individuals making decisions about travel to overseas countries. In a related vein, Mak, Tsang, and Cheung (1999) have suggested significant implications for this motivational approach while revealing that a large proportion of Taiwanese tourists choose Hong Kong to fulfill their desire to shop for a variety of products.

Among different aspects of travel experiences that international tourists encounter, shopping behaviors have received a great deal of attention from destination marketers. A growing number of international tourists are eager to participate in shopping activities and allocate a considerable amount of travel expenses to their consumption behaviors (Iverson, 1997). Jansen-Verbeke (1991) has pointed out that international tourists tend to spend more money on shopping than on accommodations, food, or entertainment while traveling in several developing countries. Law and Au (2000) have also indicated that international tourists to Hong Kong spend over half of their total travel expenditures on purchasing local products and souvenirs, which significantly contribute to the economic development of the world-famous shopping paradise. In this regard, earlier studies (e.g. Oh et al., 2004; Timothy & Butler, 1995) have consistently stressed that destination marketers need to make efforts to promote international tourists' vigorous participation in shopping activities.

International tourists purchase a wide variety of products ranging from cheap souvenirs and gifts, both local and industrial products, to expensive luxuries that may be uncommon or unaffordable in their home countries (Dimanche, 2003). The choice of shopping sites among international tourists is heavily dependent upon their motivations for the consumer activities (Christiansen & Snepenger, 2002), as are their distinctive preferences for particular product items (Anderson & Littrell, 1996). Hsieh and Chang (2006) have noted that almost eight out of ten international tourists with a novelty-seeking motivation show a strong preference for participating in shopping excursions to several night markets in Taiwan, where they would have more opportunities to experience the authentic local culture. With a study sample of major shopping mall visitors, Park, Reisinger, and Noh (2010) have asserted that tourists who reported shopping participation as their main reason for international travel, exhibit positive attitudes toward different well-known shopping malls that deal in a range of luxury and expensive goods. Swanson and Horridge (2006) have also emphasized the dynamic nature of tourist shopping behaviors, which are affected by multiple factors including distinctive attitudes toward particular product types and shopping places.

2.2. Gender differences in shopping behaviors

It is particularly important for destination marketers to understand what factors affect tourists' attitudinal and behavioral aspects for shopping engagement. A number of previous studies (e.g. Lehto et al., 2004; Oh et al., 2004) have utilized different factors, including socio-demographic and travel characteristics, to address the multifaceted nature of tourist shopping behaviors. Among several socio-demographic variables, gender has served as the most common base for market segmentation to more accurately view tourists' underlying group diversity in consumption behaviors.

While gender roles have transformed substantially during the last century, a sizable body of earlier research (e.g. Deem, 1986; Thrane, 2002) highlighted sexual differences in order to establish successful management strategies in multiple areas. In particular, previous studies focused on consumer behavior (e.g. Grewal, Baker, Levy, & Voss, 2003; Settle & Alreck, 1987) have consistently asserted that females tend to show more positive attitudes toward shopping activities. Alreck and Settle (2002) have similarly noted that women generally consider shopping participation to be one of their most delightful leisure activities, and seek pleasure and happiness by browsing and purchasing a variety of products. With a study sample of shopping participants in the Christmas season, Cleveland, Babin, Laroche, Ward, and Bergeron (2003) revealed gender differences in shopping behaviors, which were present regardless of individuals' social status. More interestingly, they found that, from a biological perspective, females tend to be dependent upon the left hemisphere of their brain when participating in shopping activities, whereas males make shopping decisions through a heuristic process, which is largely controlled by the right hemisphere.

Many previous tourism studies (e.g. Littrell, Anderson, & Brown, 1993; Murphy, Moscardo, Benckendorff, & Pearce, 2011) demonstrated that women are willing to spend more and participate more frequently in shopping activities during their trips. Jansen-Verbeke (1990) argued that middle-aged female tourists are more likely to exhibit positive attitudes toward shopping participation compared to younger and older women. While examining shopping experiences and souvenir preferences embedded in female tourists, Anderson and Littrell (1995) identified a meaningful behavioral heterogeneity between early and middle adulthood. To be specific, early adult women displayed unplanned shopping behaviors, purchasing several items for themselves or

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