

AN INVESTIGATION OF BORDER SHOPPING  
DEVELOPMENT, ACTIVITIES AND FACILITIES  
FROM THE TOURISM SUPPLY CHAIN PERSPECTIVES

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DEVELOPMENT, ACTIVITIES AND FACILITIES  
FROM THE TOURISM SUPPLY CHAIN PERSPECTIVES

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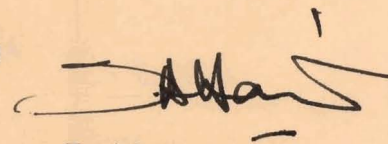
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## ABSTRACT

Padang Besar has been well known with its shopping activities since the establishment of several shopping venues at the town. However, the development and shopping facilities offered to the visitors seem insufficient. Hence, the main purpose of this study is to gain a better understanding of the border shopping scenario at Padang Besar, in terms of its development, activities and facilities. Grounded theory qualitative data analysis strategy was employed as an attempt to understand the border shopping scenario from the tourism supply chains perspective. The data was gathered through an initial interview followed by a final interview, and observation. Open coding, selective coding and theoretical coding were identified and categorized based on the data collected, the destination supply factors, and the retails factors at Padang Besar. Each coding was analyzed using constant comparative method to present the final conceptual mapping of shopping scenario at Padang Besar. The relationship between border shopping development, border shopping activities and border shopping facilities were also introduced in this study as a new theory of study in border shopping. The result of the study reveal that Padang Besar Business Arcade Complex (PBAC) is the anchor for shopping activities and represent what is perceived to be the main attraction at Padang Besar. Cheap imitation goods offered are the main reasons visitors shop at PBAC. The study concludes that shopping activities and trading activities at PBAC are the main reasons behind the infrastructure development at Padang Besar. The findings also indicate the tourism supply chains in Padang Besar have failed to cooperate with each other and thus had resulted in improper planning and development of the town. The town of Padang Besar does have a potential to be developed into a border shopping tourism destination since the town itself is associated mainly with border shopping activities. Nevertheless, it requires a concrete support from the government, private investors and the tourism destination supply chain in supporting the border shopping venues at Padang Besar with adequate and proper development of shopping infrastructure, facilities and amenities to the visitors.

Keywords: Border Shopping, Destination Supply Factors, Retail Factors

## ABSTRAK

Padang Besar mula terkenal dengan kegiatan membeli-belah sejak tertubuhnya beberapa pusat membeli-belah di pekan tersebut. Namun begitu, pembangunan dan kemudahan membeli-belah yang disediakan untuk para pengunjung agak terbatas serta tidak mencukupi. Sehubungan itu, kajian ini bertujuan memahami dengan lebih mendalam senario membeli-belah di sempadan negara, khususnya di Padang Besar dari segi pembangunan, aktiviti dan kemudahan. Pendekatan kualitatif yang mengupayakan 'grounded theory' telah diguna pakai untuk memahami senario membeli-belah di sempadan negara dari perspektif pihak rangkaian bekalan pelancongan. Data diperoleh menerusi temuduga awal, temuduga akhir serta pemerhatian. Pengekoden terbuka, terpilih dan teoritis telah dikenal pasti dan dikategorikan berdasarkan data yang telah diperolehi, faktor-faktor bekalan destinasi, dan faktor-faktor runcit di Padang Besar. Analisis untuk setiap kod dikendalikan melalui kaedah perbandingan malar untuk membina konsep pemetaan yang muktamad berkenaan senario membeli-belah di sempadan negara di Padang Besar. Hubungkait antara pembangunan membeli-belah di sempadan, aktiviti membeli-belah di sempadan dan kemudahan membeli-belah di sempadan juga telah diperkenalkan dalam kajian ini sebagai teori baru dalam penyelidikan membeli-belah di sempadan. Hasil kajian memperlihatkan bahawa Kompleks Arked Niaga Padang Besar (PBAC) bertindak sebagai peneraju aktiviti membeli-belah dan merupakan tarikan utama di Padang Besar. Produk tiruan yang murah yang ditawarkan merupakan alasan utama pengunjung membeli-belah di PBAC. Kajian ini menyimpulkan bahawa aktiviti membeli-belah dan aktiviti perdagangan di PBAC merupakan pemacu pembangunan prasarana di Padang Besar. Selain itu, dapatan kajian mendedahkan bahawa pihak rangkaian bekalan pelancongan di Padang Besar gagal berkerjasama antara satu sama lain dan hal ini mengakibatkan perancangan dan pembangunan yang tidak teratur di Padang Besar. Pekan Padang Besar berpotensi untuk dibangunkan sebagai destinasi pelancongan membeli-belah di sempadan memandangkan pekan ini sering dikaitkan dengan aktiviti membeli-belah. Walaubagaimanapun, perkara ini memerlukan sokongan yang padu daripada pihak kerajaan, pelabur swasta dan pihak rangkaian bekalan pelancongan bagi menyokong pusat-pusat membeli-belah di Padang Besar dengan pembangunan yang mencukupi dan teratur dari segi prasarana dan kemudahan membeli-belah untuk pengunjung.

Kata kunci: Beli-belah di Sempadan, Faktor-faktor Bekalan Destinasi, Faktor-faktor Runcit

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# **CHAPTER 1**

## **INTRODUCTION**

### **1.0 Overview of the Study**

Tourism industry has entered a new and different phase of growth, as what has been described by the United Nations World Tourism Organization (UNWTO, 2011) as more moderate, more solid and more responsible. More moderate because it is unlikely to produce the double-digit growth rates of the past, in which the growth was around 4% annually from 2002 to 2007. In 2010, world tourism recovered more strongly than expected from the shock it suffered in 2008 and 2009 due to the global financial crisis and economic recession. The vast majority of destinations worldwide reported positive and often double-digit increases, sufficient to compensate recent losses or bring them close to this target.

The industry has expanded to such a vast extent that understanding of the planning, development, management, and marketing needs has been imbalanced, and is generally at an underdeveloped stage throughout the world. While industries produce physical products, tourism is seen to have much more fragile products. The experiences tourists have of their travel, of being at the destination, of the attractions, of human interactions, and of the resources based nature experiences affect the formulation of the tourists' perceptions. Tourism is not just the assembling of product components, like transport, hotels, attractions, services, and so on, but also the fit of real experience to advance the expectation of the tourist. It has to do with product integrity.

Tourists invest high expectations of their tourism experiences which they may want as a climax of their year - social, spiritual, or other types of annual rejuvenation of the individuals.

This means that tourism products involve quality factors of experience, as much as quantitative aspects such as product assembly. Facilities for tourists are essential components to the accomplishment of tourism. Central and local governments often act as key providers of infrastructure. In some countries, the commercial sector may build the tourism superstructure. Government and public administrations are often confined to such provisions within administrative authority. Thus tourism plans for districts or regions often conflict with the functional boundaries of a destination area, to serve all the needs of one or more distinct sets of tourists.

Praman (2007) noted that the potential tourists will choose a single destination or multiple destinations based on the images, perceptions, information available, financial means, and attitudes of local population and all these will form a part of their tourism experience. Their socio-economic characteristics, interests and demands, culturally determined, and financially influenced, will link to the seasons or times they will take their journeys. Transport and communications will then take tourists to the destination regions, and from airports, seaports, frontier road crossing, railway stations, etc., to their destination accommodation. Upon arrivals at the destinations tourists will then look for interesting places to visit. The places may act as an attraction to the destinations. The attractions at the destinations are the things that tourists come to see and do; they may provide the incentives to travel. These attractions in turn, require the

supporting services and facilities namely accommodation, catering, and leisure activities such as shopping.

Shopping has become an attraction at the destinations although previously shopping was considered to be just an added activity and was always put off until the last day of travel itinerary. Shopping is seldom mentioned as the primary motive for undertaking a trip. It is however an important leisure and tourist activity and also a significant contributor to the economy (Timothy & Butler, 1995; Jansen-Verbeke, 1991). In Malaysia, shopping has been part of the leisure activities as well as economic contributors. As one of the important economic contributors, shopping is addressed inside the Malaysian Tourism Transformation Plan 2020. According to Malaysia Ministry of Tourism, in 2011 tourists from China and Middle East prefer to shop in Malaysia as they perceived goods here are cheaper. Shopping events such as Malaysia Mega Sales Carnival, Malaysia-Year End Sale and Malaysia International Shoe Festival have been held yearly and recognized in the Tourism Malaysia Calendar of Event.

In recent years much of academic writing starts to focus on shopping. This is because shopping is not a laborious activity as it used to be. It seems to be the most enjoyable activity for the tourists and even in many tourist destinations, shopping is the preferred activity and tourists often spend more money on shopping than on food, lodging, and other entertainments (Timothy, 2005). Shopping has become a major economic activity. Travel and shopping go hand in hand to generate revenue in tourism. More people travel just to shop. Shopping is now a major motivator for travelling overseas or closer to home. The primary reasons people travel specifically to shop are related to the products available away from home, the price differences at the destination

compared to those at home, and finally, the image and environment of the destination, which may or may not have developed in conjunction with products and prices.

Shopping activities emerged not only as tourist's attractions to certain destination but there are new locations that have been purposely developed for shopping activities in order to boost tourism. Since then, countries around the globe have put shopping as an important agent for the economic growth. Several places around the world have attracted visitors from near and far mainly for the purpose of shopping. Dubai, Hong Kong and Singapore are among the famous shopping destinations in Asia. Recently in 2012, a global news network, Cable News Network (CNN) ranked Kuala Lumpur, Malaysia as the fourth best shopping cities in the world based on the survey of '10 top best shopping cities in the world'. New York was ranked first, followed by Tokyo and London. Paris is in fifth place, followed by Hong Kong, Buenos Aires, Vienna, Dubai and Madrid (Bernama, 2012). Apart from these famous shopping destinations, another area that has become a common place for shopping is the border town.

Shopping in border area has become a common activity in many parts of the world. Shoppers nowadays are willing to travel outside their home environment just to shop. These shoppers are known as the "outshoppers". Economic and leisure have been the two motivating factors that attract them to travel to the border town and shop (Timothy, 1995). Shopping at borderlands are located adjacent to, or directly on political boundaries. Besides shopping, others tourism activities at borderlands are gambling, prostitution, alcohol tourism, enclaves and international parks (Timothy, 2000).

Shopping at borderlands has long been a significant of tourism activities between the towns in Malaysia and Thailand. Padang Besar, Wang Kelian, Bukit KayuHitam, and RantauPanjang are examples of border towns in the north of Peninsular Malaysia that are famous for its shopping activities. These border towns are located in the Malaysian states that share borders with Thailand. Most Malaysians visit border town for shopping besides indulging in other leisure activities and adult entertainment there. Adult entertainments are referring to gambling, prostitution and alcohol tourism.

Shopping activities in the border region are not only leisure activities for the tourists but most importantly they generate economy for the local people as in a shopping destination, more than half of the business opportunities are retail businesses. The shop operators or the businessmen are the main supply agents in a shopping destination, as they supply the products and set prices before offering the products to the tourists. This retailing activity happens when tourists visit the destination and purchase goods or services offered to them. These businessmen can be either the locals themselves or foreigners from nearby areas.

## **1.1 Personal Context**

This study presents a qualitative investigation of the border shopping scenario at Padang Besar. The aims of this study is to enable the researcher and the reader to arrive at the better understanding of the overall border shopping development, activities and facilities at Padang Besar, Perlis from the tourism supply chain perspectives.

This chapter presents an overview of the study. Researcher started by describing the location of Padang Besar and how Padang Besar Business Arcade Complex (PBAC) has been the centre of shopping activities and of what visitor perceived as main tourism attraction in Padang Besar. Results from the pilot study and the number of visitor arrivals at the PBAC have inspired the researcher to investigate on the PBAC representation of Padang Besar based on the retails factors.

Researcher interest in investigating the border shopping scenario at Padang Besar also stemmed from her personal experience as she is from Perlis. Most of her friends and relatives that lives outside Perlis perceived PBAC as what Padang Besar is all about. Not only that, wherever she goes when people know that she is from Perlis, they would always asks about PBAC and shows their interest to visit Padang Besar just to shop. Rarely people mention about other touristic attractions available in Padang Besar or Perlis as a whole. Therefore this study also will look at border shopping development, activities and facilities at Padang Besar.

Actually, there are two border towns in Perlis, Padang Besar and Wang Kelian. Padang Besar has been chosen for this study since it is a major town compared to Wang Kelian. Padang Besar does receive competition from other border towns in Malaysia such as Bukit Kayu Hitam and Rantau Panjang that are also known for their border shopping destination, but due to cost and time constraints, researcher only focuses on the study in Padang Besar. Covering all border towns in Malaysia would cause the study to be too wide.

Apart from that, Padang Besar has its own special problems compared to Bukit Kayu Hitam and Rantau Panjang. It is a border town located in the Malaysian territory. Visitors or tourists do not have to cross the border to shop and this is in conflict with Bukit Kayu Hitam and Rantau Panjang. Bukit Kayu Hitam has only one duty free complex and a few small stalls on the Malaysian side and the shopping is mainly done in Danok, Thailand which is across the border. Meanwhile, Rantau Panjang is more on shop houses. Shopping venues at Padang Besar creates a more convenient and pleasant environment for shopping as everything is within the Malaysian territory. Most of the shopping venues at Padang Besar are also suitable places for family to shop and better prospects to develop as a border shopping destination.

Moreover, inside The Tourism Malaysia website, the news on smuggling, border retailing issues on commercial media, and the promotion of border shopping portray the image of PBAC instead of the picture of the town itself or other shopping venues. This has made researcher come to an agreement that PBAC symbolizes Padang Besar, the arcade is the main tourism product at Padang Besar, it is the destination that drives visitor to Padang Besar. But the question is what about the overall border shopping development at Padang Besar? Does it support the town as border shopping town? Therefore most of the discussion in this study will be based on the overall border shopping scenario at Padang Besar, but the retail factors will be based on the issues surrounding PBAC. The result from this study will be limited to border shopping development, activities, and facilities at Padang Besar and cannot be used to signify development in other areas.

## **1.2 Physical Context**

### **1.2.1 Padang Besar, Perlis**

Padang Besar is a border town which is situated in Perlis (Figure 1.1). Perlis is the northernmost and smallest state in Malaysia. This state lies at the north western tip of Peninsular Malaysia, bordered by Thailand in the north and by Kedah in the east and south. It is on the western coastline border of the Straits of Malacca. Due to its small size, there are no districts in Perlis. Instead, the state is divided into three territorial divisions that are Kangar, Arau and Padang Besar. Kangar is the capital of the state, while Arau is the royal town. The palace of the Raja of Perlis is situated in Arau. Padang Besar is the second most important centre after Kangar. Padang Besar is located about 36.1 km to the north of Kangar and lies in Titi Tinggi areas under the jurisdiction of the Kangar Town Municipal Council. Padang Besar is about 511.3 hectares in size and according to Perlis Statistic Department (2009), Titi Tinggi possesses about 19,087 residents.

Padang Besar is a town that borders the south of Songkhla province in Southern Thailand and Perlis, the northern state in Peninsular Malaysia. This town serves as a major stopover along the rail route that stretches from Singapore, to Thailand. The road crossing between this Malaysia - Thailand border is less busier than the more direct Sadao-Bukit Kayu Hitam crossing. The town on the Malaysian side of the border is called Padang Besar and most Malaysians usually refer to the town on the Thai side as "Pekan Siam or Padang Basa". This border town is synonym with shopping. Tourists visiting Padang Besar normally cross the border to Thailand to enjoy the adult entertainments that Thai border towns are famous for and shopping at Malaysian territory.



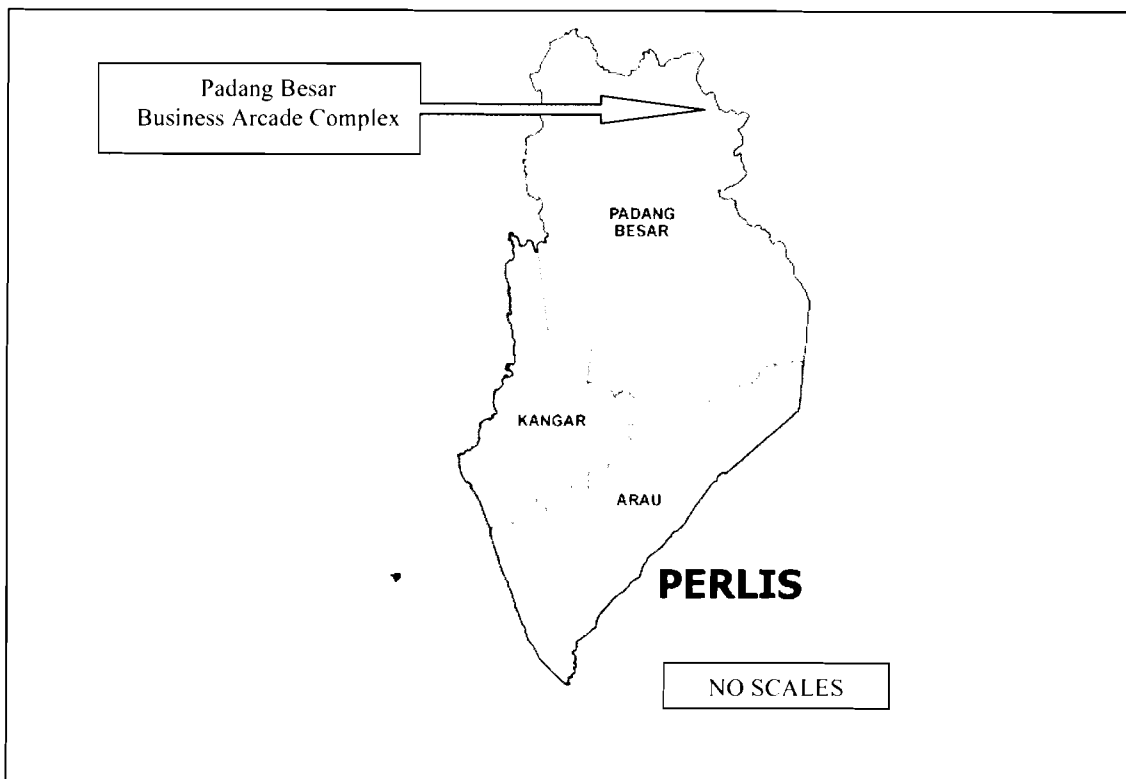


Figure 1.1: Location of Padang Besar, Perlis and PBAC

There are less documented data about the name of Padang Besar. Many historians still do not have any conclusion regarding the derivation of the name of Padang Besar. Compared to other places, almost all areas have their own history. For examples, Kangar town is named after one of the tree and the name for royal town Arau is taken after the name of Tok Arau, a prominent figure a long time ago. However, based on the informal interview conducted with a few senior local people and local residents of Padang Besar, it is found that Padang Besar history goes back before the independence. According to the locals, earlier there was no border line between Padang Besar, Malaysia and Pekan Siam, Thailand. The areas were bordered by a 400 hectare field. This field used to be a place for cow traders from Thailand to stop and feed their cows

before continuing their journey to Malaysia. Padang Besar used to be the transit town for these traders and their cows. Since the field is big, it is called “Big Field” or “Padang Besar”.

Until now Padang Besar acts as a gateway and a transit state for tourists travelling to Thailand. Those who travel by train to Hadyai and Bangkok will transit at Padang Besar before they continue their journey. There are two main ways for tourists to reach Padang Besar. First is by road from Kangar to Padang Besar and the second is by rail network. A train to Hatyai and Bangkok will transit at Padang Besar. On a way to Padang Besar, ones will encounter several attractions, both man-made and natural attractions. Tasoh Lake Resort, Gua Kelam and Ostrich Farm are among the attractions which tourists can find on their way to Padang Besar. Tasoh Lake Resort is a resort build surrounding the Timah Tasoh Dam. There is a belief that supernatural phenomenon exist at the lake area which makes the road to Padang Besar becomes silence and dark after seven o`clock in the evening.

### **1.2.2 Border Shopping at Padang Besar**

Padang Besar offers a huge marketplace which houses all sorts of items for sale. This market is called PBAC. This study will be focusing on the border shopping development, activities and facilities at Padang Besar and the issues surrounding retail factors at PBAC as this arcade is the centre of shopping activities and can be considered as the main tourism attraction in Padang Besar(Figure 1.2). Other shopping venues available at Padang Besar include The Market (TM), Gapura Square (GS), Warisan Limpahan Duty Free Shops (WL) and Emas Kerajang Duty Free Complex (EK). Based on observation and field work done at Padang Besar, the biggest

attendance would still be at PBAC. Visitors to Padang Besar prefer to shop at PBAC compared to the rest of the shopping venues.

The main purpose of the development in Padang Besar was for trading, both free trade and industrial zone, along with its policy to develop Padang Besar as a logistic and halal hub while maintaining the tourist attraction (Perlis State Economic Planning Unit, 2009). The idea of making Padang Besar as a shopping destination started many years ago. People generally associate Padang Besar with shopping, therefore, in 1980 there was a proposal to make Padang Besar a Satellite Town by Bukhory Foundation. The idea came from Malaysia long service Prime Minister, Tun Dr Mahathir Mohamad. Hotels and shopping malls were planned but after sometime, the plan did not materialize. After that, since the element of shopping was still strong in Padang Besar, State Economy Development Corporation (SEDC) took the opportunity to build the PBAC in 1990 to enhance the shopping facilities. Now the PBAC has become the centre of attractions for tourists visiting Padang Besar.

Padang Besar has good potential in the aspect of commerce and business. The place is potentially superb as an inland port where business and the duty free zone would flourish (Padang Besar Regional Plan, 1985). To ensure that a PBAC is beneficial to everyone, the administration must take heed of the planning, leadership and control (Pishal & Rozhan, 1991). Trading activities at the PBAC can be considered as a town building activity because it was through the trade conducted there that Padang Besar became renowned and received many visitors (Asmidar Sofina, 2002).

The PBAC is famous among the visitors and tourists to Perlis. The shopping activities surrounding the PBAC are not a cross border shopping but as domestic out-shopping destination because most of the shoppers are Malaysians from the other states in Malaysia. Meanwhile for the Thais or Malaysians who want to cross the border, Padang Besar is just a transit point. This is because there are less activities and tourist attractions in the Malaysian side. For example, at Bukit Kayu Hitam and Pengkalan Hulu borders, there are no tourism activities or tourist attractions available while in Sadao and Betong, the developments are highly booming where one can see not only shopping activities are being offered, but also tourist attractions and hotels for tourists to stay overnight as well. Whereas in Padang Besar or even Rantau Panjang, there is a shopping area for tourists to shop but most of the products are from Thailand.

It is noticeable that most of the shopping and trade activities in Padang Besar occur around PBAC. The PBAC is not only an attraction for travellers, but also for business owners. Most products available at the PBAC are also available at other places as some of business owners get their supplies from the PBAC and sell the items to end customers at affordable prices. On the positive side, those who do not have the opportunity to visit the PBAC, but would like to buy something from here would still be able to get it from these business owners.

Shopping activity at PBAC has contributed to the economic development of the town. Shopping activity surrounding the town also contributed to the trade development especially the area surrounding PBAC as the PBAC is the centre of attraction for shoppers. Padang Besar has become an anchor for shopping activities since the establishment of the PBAC. Most of the attendance in Padang Besar focused at the PBAC. Even in the Tourism Malaysia webpages, they

portray the PBAC as the whole entity of Padang Besar (Appendix E). The pictures accessible show the inside view of the PBAC, the shop lots and the whole area surrounding the PBAC. Accordingly, these pictures are depicting the PBAC as the main attraction of Padang Besar. It is clear that the tourism activities in Padang Besar occur only at the area surrounding the shopping venue. Figure 1.2 show the location of the town. The PBAC is located at the centre of Padang Besar's shopping venue. Near to the building is the TM or what local people called as 'pasar'. The blue colour is GS and WL is located at one of the shop lots opposite the Fishery Department. The EK is located after the Immigration, Custom and Quarantine Complex (ICQ) building.

Apart from that, Ministry of Tourism Perlis Office has introduced the 7 Wonders of Perlis inside the Perlis Government Portal in 2010. The 7 Wonders are the places that visitors and tourists have to visit when they come to Perlis. The 7 wonders include Padang Besar, Sugar Cane Plantation, Timah Tasoh Dam, Snake Farm and Reptile, Harummanis (the sweet and fragrant mangos), and Laksa Kuala Perlis (rice noodles in fish gravy). Focusing on Padang Besar as one of the 7 wonders, it is again plainly portray the image of the PBAC to represent Padang Besar. The PBAC has been synonym with Padang Besar not only on the tourism Malaysia webpage and government portal but also for the people of Perlis. If we asked anyone in Perlis, they will mention going to Padang Besar to shop at PBAC. Most people perceived the PBAC as the destination and as the main tourism product in Padang Besar.

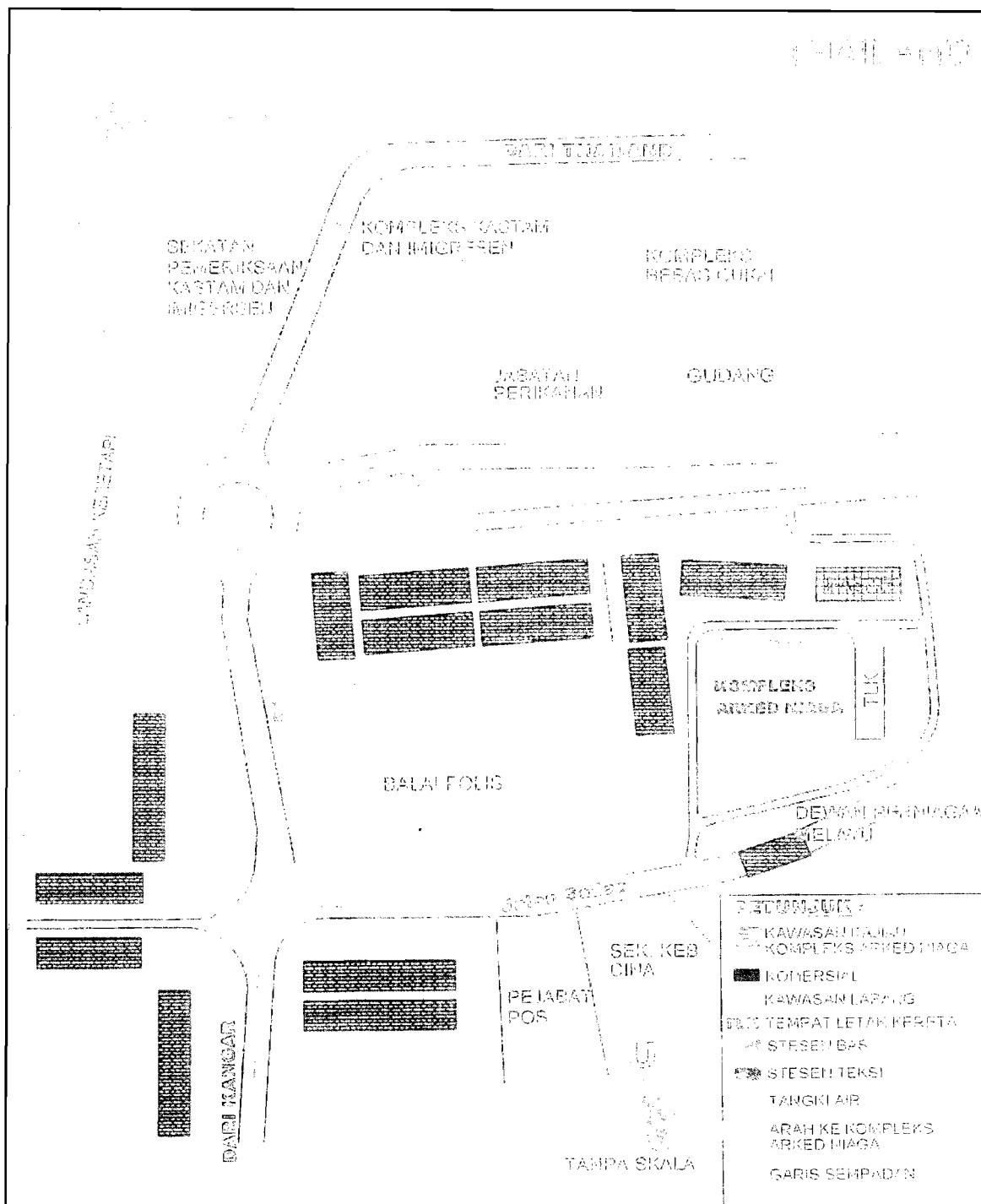


Figure 1.2: The Shopping Venue at Padang Besar, Perlis  
 Source: Perlis State Economic Development Corporation (2009)

In 2012, the PBAC has also been recognized and promoted as one of the tourism icons in Perlis. The Ministry of Tourism Perlis Office has come out with 10 icons and PBAC is listed as number two. This tourism icon is printed in brochure and front page of the notebook distributed freely to the tourist during any event held in Perlis (Appendix F). The notebook is also available freely at the Tourism Ministry Office in Kuala Perlis and Tourist Information Centre in Kangar. Other icons promoted include Gua Kelam, Wang Kelian, Muzium Kota Kayang, Ladang Anggur, Taman Negeri Perlis, Gunung Perlis and Woodball.

### **1.3 Problem Statement**

There are various researchers' forwarded different ideas of tourism development depending on the scope of their study. Inskeep (1991) outlines the basic component of tourism destination development; several tourism geographers devote great efforts to studying the role of spatial and physical attributes during the development of a destination (Pearce, 1995; Leiper, 1990; Britton, 1982). In modern competitiveness studies, the management of individual business and its competitive environment are viewed as the core factors for regional development (Spears, 2000; Porter, 1991). Moreover, when a tourism destination considers as the product, tourism marketers have developed their own marketing mix and concepts for successful marketing of a destination (Johnson, 2000; Buhalis, 2000; Morgan, 1996). Some tourist behavioral studies try to find an explanation with both demand and supply-side attributes (Um & Crompton, 1990; Woodside & Lysonski, 1989). The detail of the supply attributes has been mentioned by several researchers (Goeldner, Ritchie, & McIntosh, 2000; Gartner, 1996; Gunn 1988; 1994). Most of the studies on supply side tourism have used a systematic approach based on the marketing perspectives to

investigate tourism distribution channel (Pearce & Tan, 2004; Johnson, 2000; Buhalis 2000) and recently, most current study been conducted within the scope of tourism supply chain theory in developing a tourism destination (Zhang & Murphy, 2009; Zhang, Song & Huang 2009). Although these researchers have adopted different perspectives, one common argument is the importance of supply-side research and commitments. It raises the question about how the tourism destinations supply chain (destination supplier, destination organizations and destination distributors) as the supply agent views the development and how much have they contributed.

With respect to the literature on shopping tourism, fruitful research has been done so far in various areas: tourists' shopping preferences and degree of satisfaction (Heung & Cheng, 2000; Reisinger & Turner, 2002); shopping satisfaction among tourists from various nationalities (Wong & Law, 2003); differences in the personal characteristics of on-line shoppers and non-shoppers for tourism products (Card, Chen, & Cole, 2003); the synergistic effect of the shopping and leisure experiences of tourists (Jansen-Verbeke, 1994, 1991, 1987); the planning strategy of tourist shopping villages (Getz, 1993); cross-border shopping behaviours, e.g. USA and Canada (Timothy & Butler, 1995); debates on the issue of authenticity when tourists purchase souvenirs (Pretes, 1995; Asplet & Cooper, 2000); and how the shopping intention is influenced by the attributes of craftwork and tourists' shopping experiences (Yu & Littrell, 2003).

As presented in the literature review, it can be concluded that most areas of research have been heavily concentrated on demand side, tourist as the main respondent. There were limited and less appropriate or suitable frameworks to discuss about shopping development at border areas. Most of literatures were focusing on the growth of cross border shopping, shopping tourism and tourist



shopping. As the discussions in previous literature are mainly from the demand side which the respondents were tourists, this study looks at the supply side, from the tourism supply chain perspectives.

Researcher began this study with a general interest about the border shopping tourism development at Padang Besar in view of the fact that the town has been well known with its shopping activities. However, the development and shopping facilities offered to the visitors seem insufficient and not well maintained. The cleanliness of amenities like the food court, toilet, and Muslim prayer room are inadequate. This raise the questions about the border shopping facilities offered to the visitors.

The previous section has mentioned PBAC symbolized Padang Besar as most of the shopping activities centre there. Rarely others researcher discussed about the others shopping venues available at the town - TM, GS, WL and EK. Hence this study, will discussed on the border shopping development and facilities at all shopping venues at Padang Besar.

Conversely, scare attention has been paid to the perception and contribution of the tourism destination supply chain at shopping destination, particularly at border town. Therefore, this research aims to bridge the research gap by investigating the perception and contribution of the tourism supply chain towards border shopping development, activities and facilities at Padang Besar, Perlis.

#### **1.4 Purpose of the Study**

The main purpose of this research is to gain better understanding and investigate the issues surrounding border shopping scenario at Padang Besar and retail factors at PBAC from the tourism supply chain perspectives. It indicates how the tourism supply chain at Padang Besar perceived and contributed to the border shopping development, border shopping activities and border shopping facilities. By examining their perception and contribution, it will enable the researcher to understand: (1) the tourism supply chain perception to border shopping development, activities and facilities at Padang Besar, (2) the roles of tourism supply chain in transforming Padang Besar into a better border shopping destination, (3) an in depth understanding of border shopping scenario at Padang Besar; and (3) the retail factors that influence PBAC as the main border shopping venue in accessing shopping venue at Padang Besar into better border shopping facilities.

#### **1.5 Research Objectives**

A number of objectives have been developed to achieve the purpose of the study. The objectives are as follows;

1. To identify the tourism supply chain perception and contribution to border shopping development at Padang Besar.
2. To identify the tourism supply chain perception to border shopping activities at Padang Besar's shopping venues.

3. To identify the tourism supply chain perception of border shopping facilities at Padang Besar.
4. To explore the retail factors that help access PBAC as the main border shopping venue in Padang Besar.

## **1.6 Research Questions**

In grounded theory, research questions are “the statement that identify the phenomenon to be studied” (Backman & Kyngas, 1999) and are “always broad” (McCallin, 2003). The research questions are formulated to give researcher the flexibility and freedom to explore the phenomenon in depth, hence, the researcher is not able to know beforehand what the essential matters are and in any event, the research questions may even change during data collection (Glaser, 1978). Interacting with the respondents will define their problems or concerns (McCallin, 2003). In other words, the research problem defined by the research participants themselves, as said by McCallin (2003) the way the research problem and questions are formulated in grounded theory studies reflects its methodological objectives “grounded theory explains what is actually happening in practical life, rather than describing what should be going on”.

The research questions for this study were generated from the data obtained from initial study and from some part of literature review. The main question for this research is “how the tourism supply chain perceived and contributed to the border shopping development at Padang Besar?”

This question discussed about how traders, suppliers, government officers, chamber of commerce and tourism distribution channel perceived about the destination supply factors at Padang Besar. The respondents later called tourism supply chain.

The question also explores how much has they contribute in developing and promoting border shopping tourism at Padang Besar. As explained in literature review, destination supply factors are the factors that need to be asked for any tourism destination to be competitive and sustainable, while the retailing mix factors are the factors that must be present in any shopping destination to be attractive to the shoppers. Since this study is grounded theory, there are no particular theory related to border shopping destination and these two factors were chosen as they are related to tourism development and shopping store characteristics.

To answer the question, a few subsidiary questions were developed to help answering the main research question. Subsidiary questions were chosen over the contributory questions as subsidiary questions derived from the main questions and should be answered after answering the main questions, while contributory questions should be answered before answering the main questions (Andrews, 2003). In present study subsidiary questions were developed during the initial and final interview based on respondent responses. These questions also help researcher to gain a better understanding about the border shopping development at Padang Besar. The subsidiary questions are:

1. How the tourism supply chain perceived the border shopping activities at Padang Besar's shopping venue?

2. What are the perceptions of tourism supply chain towards border shopping facilities at Padang Besar?
3. What are the provisions of retail factors that contribute to the PBAC as the main border shopping venue at Padang Besar?

Shopping activities at Padang Besar have attracted many tourists to Padang Besar. Through the shopping activities, Padang Besar becomes well known among the domestic tourists. Hence, subsidiary question one identifies the tourism supply chain perception towards border shopping activities at Padang Besar's shopping venue which includes PBAC, TM, GS, WL and EK, and from their responses researcher can have a clear picture why PBAC is famous compare to other shopping venues. Subsidiary question two and three seek to know the overall border shopping facilities in Padang Besar and evaluate what are the retail factors at PBAC. It also explores the extensions of the factors in facilitate PBAC as the main border shopping venues in Padang Besar.

### **1.7 Significance of the Study**

This study will provide useful understanding and in-depth description of a border shopping scenario at Padang Besar. Information on the current development progress at Padang Besar might help the government to understand in-depth what respondents perceived as the development at the town and what they expect from the development and also the problems and issues surrounding Padang Besar border shopping development. In light of researcher intention to focus the study on border shopping development at Padang Besar, shopping activities and

facilities comes along the way. Discussion on the shopping activities might help in understanding why shopping development in Padang Besar is not as what it supposes to be.

Shopping facilities at Padang Besar shopping venues were also discussed in details particularly at PBAC as this arcade is the main border shopping venues at Padang Besar. Information gathered about the retail factors at PBAC can help improve the facilities, services and amenities at the arcade and other shopping venues at Padang Besar for the convenient of the visitors. The result in the study also explores the important roles of PBAC as the main attraction for tourists visiting Padang Besar and the real problem surrounding the shopping arcade. Therefore, the local authority can manage and plan the activities to overcome the problems.

The relationship between border shopping development, border shopping activities and border shopping facilities together with the accountability of tourism supply chains in Padang Besar were also discussed at the end of the research. The understandings of each other roles responsibilities of the supply chain will help improve the cooperation between them to facilitate border shopping development in Padang Besar. A conceptual mapping will further explain the scenario of border shopping at Padang Besar.

Thus, this research has the potential to be significant to the local planners, policy makers, business operators, and tourism promoters in considering the real concerns and issues of the type, size and complexity of border shopping development, activities and facilities at Padang Besar in order to ensure appropriate policies and actions are implemented. This study also contributes towards providing practical and insightful information relating to the issues in Padang Besar and

theoretically the results of this study may add to an interesting development of knowledge in tourism research since few researches have been done about the border shopping development, activities and facilities in Padang Besar.

## **1.8 Methodological Framework**

In this study, researcher have discovered and understand how the tourism supply chain perceived and contributed to border shopping development, activities and facilities at Padang Besar. The conceptual mapping developed based on data collected provides an overview of border shopping scenario at Padang Besar particularly towards the border shopping development, border shopping activities and border shopping facilities. This is an in-depth exploratory situation analysis study of Padang Besar and PBAC and based on grounded theory qualitative research format. It is a fragmented study, based on systematic grounded theory data collection and analysis. Most research on shopping tourism and border shopping focusing on consumer behaviour, which is more on demand side, but this study, will be based on some parts of tourism supply chain theory. The respondents involved in the study are the shop operators (traders and shop assistant) who operate businesses in PBAC, TM, GS, WL, EK and the suppliers who supply goods in Padang Besar, government officers, Chamber of Commerce and the tourism distribution channels. These respondents link together as the supplier in Padang Besar. The term supply chain is used as Zhang and Murphy (2007) mentioned that the supply chain in tourism destination might be different from each other. The actual supply chain involved the supplier, manufacturer and retailer, but in reality it does not happen in Padang Besar. Therefore, they are grouped accordingly. There are two groups of traders in Padang Besar, the locals and the foreigners. The

local traders are the Malay and Chinese community in Padang Besar and the foreigners are the Thai traders from Southern Thailand. All traders conduct their business in Malaysian territory. They own businesses at Padang Besar.

The visitors to Padang Besar also have been interviewed during the pilot study just to have a clear understanding of which, what and where the tourism activities is famous at Padang Besar. The questionnaires were distributed to them on their way back from Padang Besar and few questions were asked based on their respond inside the questionnaire.

Researcher used multiple method of data gathering: semi-structured interview, archival and observation. The main method used for this study was the personal (one to one) interview. First an initial interview was done with few respondents which include the visitors and tourism supply chain. This was done to gather a better understanding of the issues of border shopping scenario at Padang Besar. Second, the actual in-depth semi structured interviews were conducted among the tourism supply chain. The questions asked during the interview are based on the research question presented in chapter three. The interview questions explore respondent's perception and contribution towards the border shopping development, border shopping activities, border shopping facilities at Padang Besar and retail factors at PBAC. Second is archival or document review on selected data about development in Padang Besar. Third method is observation of the whole shopping areas and shopping venues in Padang Besar. This is to support the respondent responses about shopping activities and facilities in Padang Besar. Due to budget constraints, researcher personally conducts the interview and observation without any research assistant.



## **1.9 The Structure of the Thesis**

This section describes the structure of the thesis. The thesis is divided into five chapters. The first chapter outlines the background of the study. It starts with description on the personal and physical context of the study, followed by problem statement, the purpose of the study and some methodological aspects of the study. Operational definition of key terms were also included at the end of chapter one. Chapter two draws on relevant literature on border shopping which describe the border shopping development, facilities and activities in Padang Besar and the factors of destination supply and retailing mix that must present at the border shopping town. Chapter three reports the researcher discussion on the methods used in conducting the study. The result from the initial study is explained further in this chapter. Results from the scoping study also present in this chapter to give a clear understanding of visitors motivation to Padang Besar. Data is collected based on questionnaires and in-depth semi-structured interviews conducted in Perlis during the year 2009 - 2011. This chapter also explains about the sample of the study, data collections and data analysis technique. Chapter four reports on the finding of the study as it provides an analysis, interpretation and a description of the data collected based on constant comparative methods. Conceptual mapping were also presented in chapter four based on the data analysis. Chapter five provides a discussion of the results and implication of the study. This includes discussion of the findings of this research in relation to the literature, implication of the study together with research limitation and suggested directions for future research. Appendices are included at the end of the report to support and justify the significant findings of the study. A list of referred articles, journals and text labeled as bibliography is also attached. The encoding

process of data analysis is also included for details understanding of the analysis and results of the study. There are pictures included in the appendix for a clear view of the study area.

### **1.10 Operational Definition**

For the purpose of this study, the definitions of key terms are as follow:

- Border tourism refers as tourism activities and/or attraction located adjacent to political boundaries.
- Border shopping activities refer as shopping activities engaged by a visitor at the border of their country of resident and not cross over to the neighbouring country.
- Border shopping development refers as shopping development done by local government, federal government and/or non-governmental organization at the border area of a country to enhance border shopping activities and facilitate border shopping facilities.
- Border shopping facilities means shopping venues located at a border of one country develop either by local government, federal government and/or non-governmental organization to facilitate and enhance border shopping activities.
- Destination supplier defined as individual, group or companies provides tourism product and/or services directly to the tourist at a tourism destination.

- Destination supply factors means tourism supply factors at a tourism destination which includes accountability of the agency, attraction of the destination, accessibility to the destination, availability of facilities and services, awareness of the market and attentiveness of service provider.
- Destination organization is referred as public sector and/or private sector involved directly or indirectly in developing and promoting tourism at a destination. They include the local and federal government, and non-governmental organizations.
- Destination distributor is referred as individual, group or companies providing information and promotion about tourism attraction, product and/or services either directly or indirectly to the tourist. They also were referring to the direct and indirect tourism distribution channel.
- Retail factors means product and price offered to the shoppers, salespeople which include traders or shop assistant who sell goods and/or services directly to the shoppers or buy goods directly from supplier or manufacturer, and the overall retail environment at the shopping venue.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter will review the related literatures on tourism destination development, tourism destination supply chain, shopping tourism and cross border shopping. The chapter is divided into several parts. The first section discusses about the tourism destination development in general. Then, the following section reviews the components of supply within the tourism supply chain concept in tourism development before reviewing the factors to be considered in developing a tourism destination. After that, the review focuses on the shopping tourism and the retailing factors as the main supply components for shopping tourism development. Finally the last section will focus on the unique types of shopping activities that happen in border town and it attributes to the growth of cross border shopping.

#### **2.2 Tourism Destination Development**

Development can be viewed as either a process or a state (Gartner 1996). Development as a state refers to the relative condition of the object of interest, while defining development as a condition or state of being requires the acceptance of a unit of measurement. Development can also be viewed as a process. Tourism development is often viewed as a process of physical change.

Table 2.1: Components of Tourism Development

Components of Tourism Development	Description
Tourist attractions and services	All those natural, cultural, special features and related activities of an area that attract tourists to visit it
Accommodation	Hotels and other types of facilities and their related services where tourists stay overnight during their travels
Other tourists facilities and services	Necessary for tourism development, including; <ul style="list-style-type: none"> <li>• Tour and travel operations</li> <li>• Restaurant and other types of eating establishments</li> <li>• Retail outlets for handicraft, souvenirs, specialty and convenience goods</li> <li>• Bank, money exchange and other financial facilities and services</li> <li>• Public safety facilities and other services (police and fire protection)</li> <li>• Entry and exit travel facilitation of customs and immigration</li> </ul>
Transportation facilities and services	Access into the country, region and development area, the internal transportation system linking the attraction and development area and transportation within the development areas included all types related to land, water and air transportation
Other infrastructure	Including: <ul style="list-style-type: none"> <li>• Water supply</li> <li>• Electric power</li> <li>• Sewage and solid waste disposal</li> <li>• Telecommunication of telephone, telegraph, telex, telefax and sometimes radio</li> </ul> <p>At the development area level, drainage is also important infrastructure consideration</p>
Institutional elements	Necessary to develop and manage tourism including: <ul style="list-style-type: none"> <li>• Manpower planning</li> <li>• Education</li> <li>• Training program</li> <li>• Marketing strategies and promotion program</li> <li>• Public and private sector tourism organizational structures</li> <li>• Tourism related legislation and regulation economy, environmental and socio cultural programs and impact controls</li> </ul>

Source: Inskeep (1991).

Economically, tourism is developed to improve the balance of payments in a country, attract foreign exchange, aid regional (or local) economic development, diversify the economy, increase income levels, increase state revenue from taxes, and to generate new employment opportunities. For social and cultural reasons, attempts have been made by government to develop tourism in order to achieve social objectives related to social tourism; ensure well being and health of families and individuals; protect cultural morals, traditions, resources and heritage; promote a greater cultural awareness of an area and its people, and promote international understanding.

On the environmental grounds, the public sector takes on tourism to protect the environment and tourism resources, to ensure that the agents of development do not destroy the future basis for sustainable tourism development, and to create a natural resource which will serve as tourist attractions. Politically, the government promotes tourism to further political objectives by promoting the development of tourism in order to broaden the political acceptance of a government among visitors, control the development process associated with tourism, protect the public interest, and to further political ideology.

Table 2.1 shows several classifications of the components that relates closely to the tourism development. Basically, the original framework explains the total economic and socioeconomic environment from each element of the components, the market of international and domestic tourists the destination serve, and the attractions, facilities, services and infrastructure which the residents use (Inskeep, 1991).

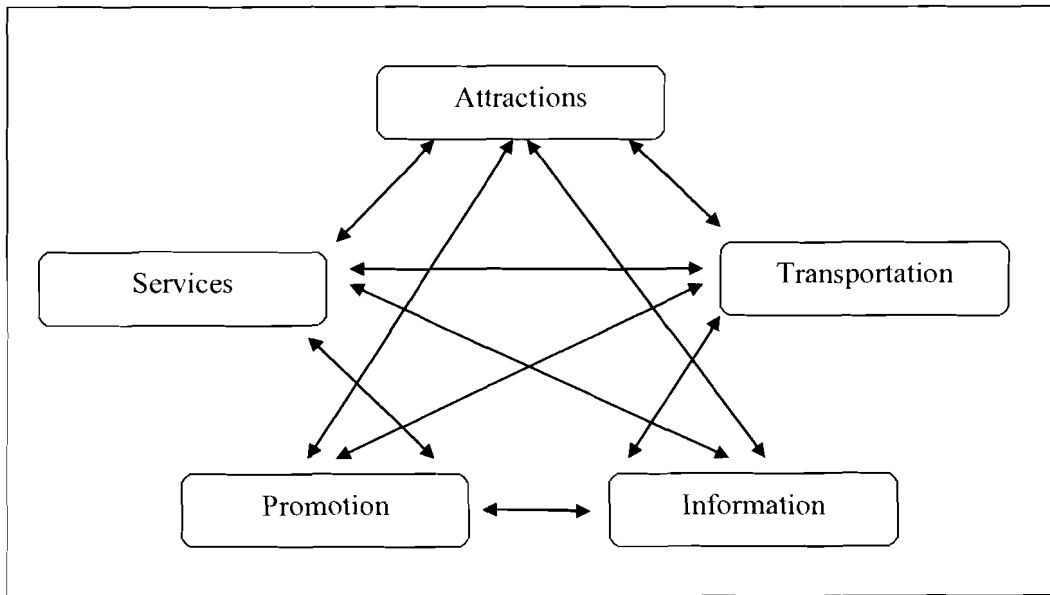


Figure 2.1: Functioning Components of Supply Side (Gunn, 1994)

Attractions, facilities, and tourists are the visual signs of tourism development. In order to satisfy the market demand, a nation, region, or community must be able to provide a variety of supply of development and services. Any tourism development must strive for a balance between the demand and the supply. Planners and developers must be clear in understanding between what travel markets seek and what is provided for them in the region. Whenever the demand or supply is out of balance, planning and development for tourism should be directed towards improving the supply demand match. The balance between demands and supply can be understood by identifying the component of tourism supply and their relationship to demand (Figure 2.1).

### **2.2.1 Stages of Tourism Destination Development**

Noronha (1976) identified three stages of tourism development. The first stage begins with the discovery of an area by tourists. As word of the discovery spreads, tourist flows to the area increase and host societies respond to this new economic activity, usually by beginning to construct facilities and offering services in demand by tourists. If tourism continues to expand, it enters the last stage of development in which it is fully institutionalized. It becomes a formal business activity complete with attractions, service facilities and organizations dedicated to supporting and promoting tourism to the area. The risk of major socio-cultural and environmental changes accelerates as development evolves into the institutionalized state which at the same time may affect residents' attitudes.

In similar views, Miossec (1976) models the tourism development with respect to physical change. The changes in one destination start to occur when developers start to develop facilities development to cater tourist needs. Then the marketing experts will make promotional efforts to lure tourist to the destination. If the promotion is successful and tourist becomes aware of the destination, the process of change begins to hasten. From here, other facilities like infrastructure needs, including transportation network are concurrently constructed. When it becomes increasingly saturated with new tourist facilities, the land use patterns also change. The image of the destination then spread through word of mouth as tourists themselves become the promoters of the area. The destination continues to develop and offers facilities to cater different market. When the destination reaches this stage, lack of planning controls will result in increasing environmental and socio cultural impacts.



Meanwhile, the same with Miossec (1976), Butler (1980) also models tourism development as a physical process. He introduces the tourism life cycle model. This model describes the six stages of the evolution of tourism development. The first stage is exploration. This is similar to discovery stages as small number of tourists arrived at the destination. Once significant numbers of tourists have arrived, the stage of involvement commences. The destination begins to enter the involvement stages when there is an appearance of small facilities or business catering to tourists. The third stage is development. At this stage extensive facility was constructed to provide either attractions or services to tourists. This is the most critical stage as the results will either be positive or negative. The impact is most likely to occur when a destination evolves from a small scale provider of tourist services to one dominated by the tourism industry. Advertising and promotion are now necessary to maintain the size of the created industry. Eventually, the destination will enter the consolidation or stagnation period when the number of tourist arrival is not increasing. There is no growth in new arrivals. There are two reasons why it happens, it is either physical capacity has been reached or the tourist interest has declined. At this stage, the destination has two options, it can either enter the decline stage when tourists move to newer or more appealing destinations, or can begin a period of rejuvenation. Rejuvenation can occur in two different ways. If the facilities constructed to accommodate tourist needs have reached capacity, another round of development can begin but if tourists are no longer interested in the destination, the product line may have to change.

The three models of tourism development mention by Noronha (1976), Miossec (1976), and Butler (1980) focusing more on physical development. Tourism development should not only be viewed as a physical phenomenon. It is simply a continuous process of economic, physical, and

social restructuring and it requires the actors that involved directly in the industry to collaborate each others to achieve a sustainable tourism development.

### **2.3 Tourism Supply**

Tourism supply will surely affect tourism demand and for tourism destination to attract market demand there must be an adequate amount of tourism supply. The importance to analyze supply-side perspectives goes far beyond demand-side as by tradition also, tourism destination is defined in terms of its products, not its consumers. Therefore, it is crucial to study the supply elements of tourism for destination development. In general the tourism supply comprises the businesses and agencies that provided goods or services to facilitate tourist (either for the purpose of business, pleasure, and leisure activities) away from the home environment. These include both profit-oriented firms as well as non-profit organizations (Smith, 1995).

The process of supply can be technically complicated in terms of identifying what is the right goods or services to be promoted and achieved the desired quality. It is important to identify the right product and to make sure the product available to potential customer. This is where the tourism distribution channel fits in.

Tourism is part of service as it involves experience and it is different from the physical product. Even in a marketing field, tourism product is more on supply-led rather than other services. Classically marketing for a product begins with a bottom-up sequence of planning that starts with detailed analysis of the consumer, the market and the environment and only then does marketing

planning begin. Marketing a tourism product tends to be supply-side rather than demand side. It involved a matter of taking an existing place product and then determining who might be interested in purchasing it. It tends to be promotion focus rather than customer driven (Seaton, 1996).

As mentioned in the previous point, tourism is not only made up of facilities and services or so called tourist industry, it is a system that linked all the major components together in an intimate and interdependent relationship. The component of supply side includes all those programs and land uses that are designed and managed to provide for receiving visitors. Figure 2.1 illustrates the five major components of supply; attractions, transportation, services, information, and promotion. The supply components are related and dynamic as any successful development within any component is dependent on action within all other components. Attraction will provide the stimulating power for the tourism system to function and it serves to lure travellers and provide satisfaction. Services will integrate the attractions as they facilitate the tourist needs and wants. Transportation will access tourists to all the components. Information is critical to tourist's experience as it will provide traveller with a greater understanding about the places and activities offered there. All the components need to have a promotion for the area to be known for the public. Although other literatures have described the supply components with different labels and terms, it is generally agreed that it still carries the same meanings and represent the supply side of tourism (Gunn, 1994).

All these components are created and managed by the three sectors – private enterprise, non-profit organization and government. Therefore for any tourism development to function properly,

all the sectors must be aware of the supply components and how the market relates to all the components. The sectors need to know how these components function and the main considerations involved in creating a more viable tourism system. In fact, the development of the existing tourism destination can be improved by evaluating the tourism supply components. However, there are several external factors that can influence the supply components and indirectly influence tourism development Gunn (1988):

- The extent and quality of natural and cultural resources as most of the tourism development depends and related to natural assets and many travellers today demand for the heritage attractions instead of man made one.
- The availability of entrepreneurs, finance and labour. In providing the attractions to the travellers, it requires an optimistic and creative entrepreneur who can manage existing development and visualize opportunities for new development to meet the current market trends. As the market demands are higher, it does require a well trained and competent people to deliver the services to the travellers. Finance is another external factor affecting the tourism development as capital is required for any kind of development and it becomes a problem when public and private lenders are sceptical and have negative perception of tourism financial stability.
- The extent of competition. The development of a tourism destination also needs to survey the competition that exists like what other destination is offering in order for the destination to be authentic and different from the others.
- The social economic standing and attitude of the communities. For the tourism development to be sustainable, it should consider the community. Community can

influence tourism development. Political, environmental, religious, cultural, ethnic of the community can make or break the development of tourism.

- The policies of governments to formulate the laws and regulations and the leadership within the organizations can influence the degree of tourism development.

All the above factors also part of the essential elements required for regional tourism development (Gartner, 1996; Gunn 1988). In addition to that, the others elements are; viable community service at the region in providing the attraction or resources and the service, quality and product and other infrastructure; easy access to the region as tourism expansion depends heavily on access and not all region are equally serve by transportation and access; existing development to establish reputation and provides clues to the resource potential in the region; favourable development image that can deter or favour tourism future expansion; and the availability of suitable land for expansion of tourism development.

### **2.3.1 Supply Chain**

Supply chain involves the network of retailers, distributors, transporters, storage facilities and suppliers that participate in the sale, delivery and production of a particular product. However, according to Porter (1980), every industry has an underlying structure, or set of fundamental economic and technical characteristics, that gives rise to its operational and competitive characteristics. That is, every supply chain varies according to the type of products supplied.

Generally, in manufacturing industry, supply chain is defined as an integrated process that involved several business entities. They are the suppliers, manufacturers, distributors, and retailers. They involved in the process if conversation and movement of raw materials into final productsto the customers. In details, they work together to acquire raw materials, convert the raw materials into specified final products and deliver the final product to the retailers (Beamon, 1998).

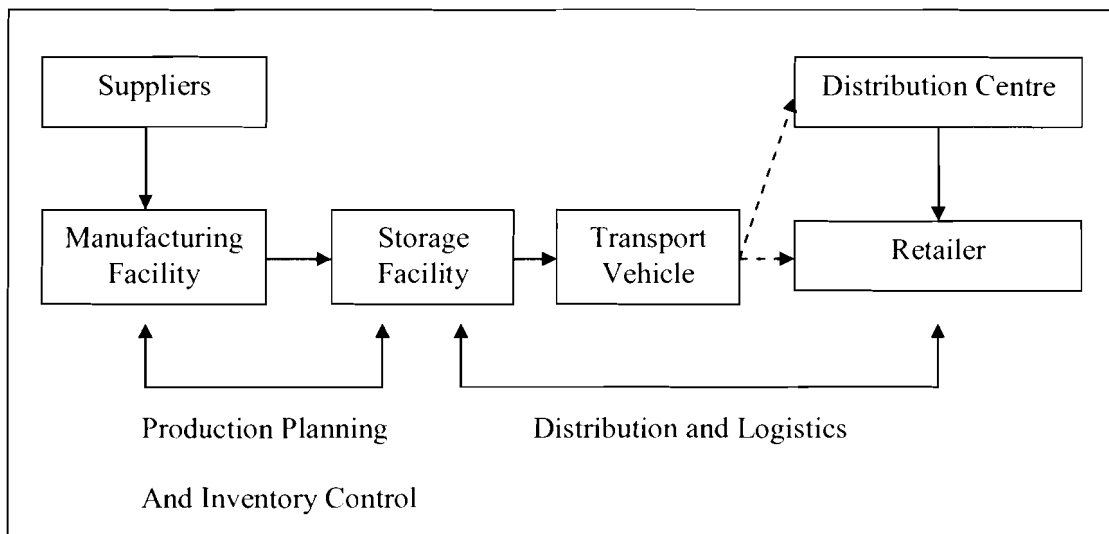


Figure 2.2: The Supply Chain Process (Beamon, 1998)

Figure 2.2 show the basic framework for the conversation and movement of raw materials into final products in manufacturing industry. The supply chain process is divided into two categories, first the production planning and inventory control process and second the distribution and logistics process. Both processes interact with one another to produce an integrated supply chain. The design and management of these processes determine the extent to which the supply chain works as a unit to meet required performance objectives.

In the case of shopping destinations, the retailers or the traders can get the goods from the distributors, manufacturers or directly from the suppliers. It depends on the types of goods sold by the retailers. For examples, traders who sold handmade or traditional clothing in their shops might get the cloth directly from the sewer, while for traders who sold branded clothing get the goods from the distributors appointed by the manufacturer to distribute the goods to all the traders in the areas.

### **2.3.2 Tourism Supply Chain**

In tourism industry, the features of tourism product have a great importance in describing a tourism supply chain. For instance, tourism products are normally based in a specific territory and provided to tourists from a specific source market, so they often vary according to destination and source market. The study of tourism supply chain is still limited and most of the authors defined the tourism supply chain in terms of the tourism value chain that consists of four components – the tourism supplier, tour operator, travel agent and consumer which is the single linked chain. As tourism supply chain is viewed more on single linked chain, Tapper (2004) defined tourism supply chain as the “*suppliers of all the goods and services that go into the delivery of tourism products to consumers*”. This comprises all suppliers of all the goods and services whether or not they are directly contracted by tour operators or by their agents which include the ground handlers or suppliers of accommodations or food and beverages providers.

However, Zhang, Song, and Huang (2009) suggested that the study of tourism supply chain needs to be more in-depth and viewed as a whole system. It should include various service

providers including the government and other destination organizations. Therefore, for the purpose of this study, tourism supply chain definition by Zhang et al (2009) will be used. They defined tourism supply chain “*as a network of tourism organizations engaged in different activities ranging from the supply of different components of tourism products or services such as flights and accommodation to the distribution and marketing of the final tourism product at a specific tourism destination, and involves a wide range of participants in both the private and public sectors*”. From the definitions, in a case of tourism product at the destination, *the network of tourism organization* may refer to the destination organizations, *supply of different components of tourism products or services* refers to the destination suppliers and *distribution and marketing of the final tourism product* refers to the destination distributors (Seaton, 1996). Although, the definition is more on the management of tourism supply chain, it is more advanced and reflects the characteristics of the whole tourism industry.

Supply chains can be divided into two categories: push and pull supply chains. In push supply chains, the production of a product is authorized based on demand forecasting of customer purchases. Demand is forecasted based on historical sales data. The demand for products by end users can be met through inventory. In contrast, in pull supply chains, the final assembly of the product components is triggered by customer purchasing orders. Inventories are minimized in pull supply chains, and flexible capacities are required to meet variations in demand. The type of supply chain is determined by the nature of the product produced and the production process. A tourism supply chain can be categorized as a push system because the production of tourism products is normally based on demand forecasting. Therefore, inventory plays a key role in a tourism supply chain. In a tourism supply chain, hotels and airlines often collaborate with a



number of tour operators whose offices are located in various destinations. The agreements on inventory allocations from hotels and airlines to different tour operators are usually assigned on a regular basis.

Tourism is a coordination-intensive industry in which different service products (transportation, accommodation, excursions, and so on) are bundled together to form a final tourism product. Coordination is a pattern of decision making and communication among a set of interrelated players who perform tasks to achieve goals such as maximizing their utilities or the overall profit of the supply chain (Malone, 1987). It requires that each actor within a supply chain perform its task by considering the impact of its actions on the other players. Researchers generally agree that through coordination, redundant activities and repetitive efforts can be reduced to achieve a sustainable and competitive supply chain.

Supply chain coordination can take a variety of forms, ranging from full or partial integration of business processes to contractual arrangements between individual firms, either horizontally or vertically. In the context of tourism supply chain, coordination occurs between service providers such as hotels and airlines, and tour operators and travel agencies, within the same level and/or among different levels. For example, major European tour operators are highly vertically integrated with airlines, hotels, and other travel intermediaries (Theuvsen, 2004).

## **2.4 Destination Marketing Mix**

As mentioned previously, tourism destination is often viewed as a product rather than an industry or a system. Once a tourism management and marketing strategy have decided the destinations they will have to develop their marketing mix. This will enable them to approach each target market with a comprehensive range of offerings and to propose an integrated solution to consumer needs and wants.

Marketing mix is the heart of marketing planning. Developing a marketing mix for destinations will depend on each destination, the types of target markets and a whole range of issues on the external environment. The destination marketing mix deals on how the products in the destination are offered to the public. The basic marketing mix includes product, place, price and promotion.

Traditionally, the development of tourism destination concentrates on increasing visitation and treats tourism like any other commodity. However, this approach fails to recognize unique needs and limitations of each destination as well as their particular geographical, environmental and socio-cultural characteristics. In contrast, planning literature concentrates more on the impacts of tourism and on limiting tourism development, often ignoring the market dynamics and the requirements of entrepreneurs at the destination and the place of origin. Ryan (1991) explains that companies and governments have applied only part of the marketing mix to tourism (i.e., promotion), with little attention being paid to the other components of marketing. However, if tourism is to survive by generating satisfaction among interacting tourists and hosts, it must

adopt societal marketing strategies. This involves carefully monitoring tourist satisfaction levels and using these as part of the criteria for success, rather than increasing numbers of tourists; continually monitoring host reactions to tourists, for host-tourist interaction is an important component of the tourist experience; and being aware that infrastructure development of tourism resort areas has implications for the types of tourists that will be attracted (Johnson, 2000; Morgan, 1996).

Most destinations comprise a core of the basic marketing mix components, which can be characterized as the six A's framework as illustrated in Table 2.2. Therefore, a destination can be regarded as a combination (or even as a brand) of all products, services and ultimately experiences provided locally. It also enables us to assess the impact of tourism regionally, as well as manage demand and supply in order to maximize benefits for all stakeholders.

Table 2.2: Six A's Framework of Tourism Destination

The A's Framework for Analysis of Tourism Destination
Attractions ➤ Natural, man-made, artificial, purpose built, heritage, special events
Accessibility ➤ Entire transportation system comprising of routes, terminals and vehicles
Amenities ➤ Accommodation and catering facilities, retailing, other tourist services
Available packages ➤ Pre-arranged packages by intermediaries and principals
Activities ➤ All activities available at the destination and what consumers will do during their visit
Ancillary services ➤ Services used by tourists such as banks, telecommunications, post, newsagents, hospitals, etc

Source: Buhalis (2000)

The six A's framework discuss more on marketing of facilities and services at the destination. From the six A's framework, Buhalis (2000) has defined destination as an combination of tourism product and services that consumed under the brand name of the destination. To develop the product and services at the destination, Buhalis (2000) describes destination marketing mix that involves the process of formulating the tourism product, pricing the destination, distributing tourism destination and promoting the destination. In the case of tourism development in Padang Besar, researcher uses the term destination supply factors instead of destination marketing mix as this study focuses more on supply chain perspectives rather than both demand and supply.

## **2.5 Destination Supply Factors**

The components of tourism development and their interrelationship have been mentioned by various tourism literatures, but the same basic types of the components are always included. Gunn (1988; 1994) and Mill and Morrison (1992) used the tourism system model to elaborate each components of tourism supply and demand that can ensure destination success, while Inskip (1991) comes out with the components of tourism plan as the basic understanding of the tourism development. Pearce (1991) stated the physical attributes as the agent of supply development in tourism, Gartner (1996) looks at the impacts of tourism development, Goeldner, Ritchie, and McIntosh (2000) elaborates the details of tourism supply, Buhalis (2009; 2000) defines destination as an combination of tourism product and list the six A's framework for analysis of tourism destination (Table 2.3) and recently Din (2009) elaborates the nine factors of destination development in promoting a destination image. The nine attributes is called the nine A's framework as all the attributes starts with A. The attributes are; attraction, accessibility,

availability, affordability, agency, accountability, awareness, acceptability, and attentiveness. All the A's framework also can be used accordingly to achieve sustainable destination development.

The tourism destination must be attractive enough to attract tourists and must easily be accessible and available for the tourists all the time with basic services and facilities offered to cater their needs and wants, not to forget the destination must be affordable for the tourists to come and stay for more than a day. There must be an agency from both public and private sectors to provide the services and facilities and also to coordinate the planning and development of a particular destination. They must be accountable in doing their job. In developing the destination, awareness from both demand and supply side is a must, meaning both from the tourists and the community, as for the tourists to come and for the community to accept tourism in their areas. As tourism in a service industry, it requires the service provider to be attentive when dealing with the tourists.

Although the six A factor was used for marketing destination and the nine A factors was used to facilitate the image of tourism destination, for the purpose of understanding border shopping tourism development in Padang Besar, the A factors will be applied interchangeably to suit the issues and scope of the study. The framework was chosen as it is simple, straight forward and easy to understand. For the purpose of the study, the term destination supply factors is used to group together all the selected A variables to match with the components of tourism supply within the tourism supply chain concept.

Researcher puts the “attraction” factor as the main issues for discussion as both A frameworks put attraction as their main concern and the other A factors as the supporting factors that ensure the destination success. Most of the literatures in tourism development also focus attraction as the core components for any tourism destination. Attractions are the main supply elements for tourism destination. It provides the incentives to travel as well as attract tourist (demand/market) to a particular destination. Tourism planner and developer must look at these factors in analyzing the tourism destination (Figure 2.3).

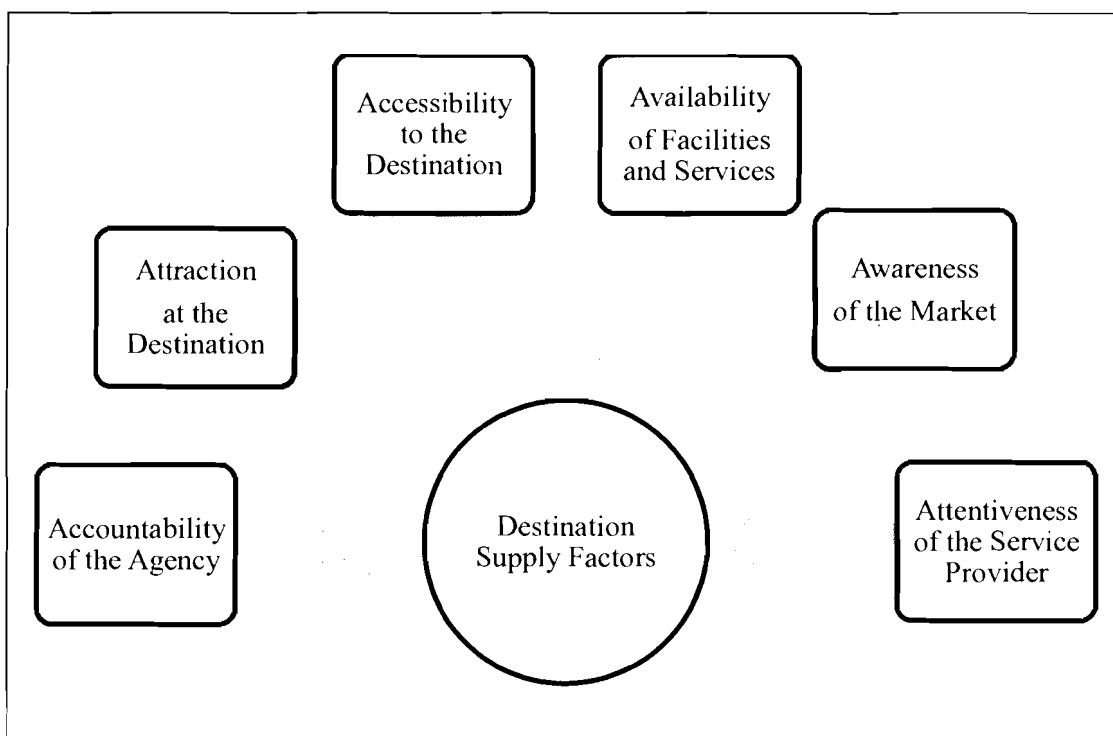


Figure 2.3: Destination Supply Factors at Tourism Destination

Apart from that, researcher also groups together the “agency” factor and “accountability” factor under “accountability of the agency” as both are similar to each other. The original framework mentioned by Din (2009) also divides the “Awareness” factors into two. The first is how to make people aware of the attraction available and second how to make the community aware about the

opportunities available due to the development of tourism in their environment. However, this study used the terms “awareness of the market”. “Affordability” will be put under “awareness of the market” and community awareness will be discussed under “attentiveness of the service provider” as both “awareness” and “acceptability” of the community is related to each other and in the case of border shopping tourism in Padang Besar, the traders are the service providers who deal directly with the tourist.

Each attributes in the destination supply factors model will be explained by relating at the major supply component mentioned by various authors. Although they discuss the supply component in variety of contexts depending on how they view and define the destinations, it is still acceptable that the supply components can be used in measuring and evaluating the tourism destination as all the elements are within the tourism system and linked to each other to balance the demand and create an attractive tourism product which is the destination itself.

### **2.5.1 Accountability of the Agency**

When a country or region wants to develop or expand tourism attractions, there are certain people, association and/or organization that will make the development comes to reality. They are commonly known as the public and private sectors. Both of them need to coordinate each others as their action will influence the tourism development. Public sectors refer to the government and local authorities while private sectors refer to any individual, institution, company or organization that offers tourism related facilities and services to support the tourism activities in the country or region.

After identifying who should be present in planning, managing and developing the tourism area, they must be aware about their responsibility. Responsibility in this case refers to each of them in delivering, providing and supplying the tourist facilities and services. Tourism development must always involve both public and private developers as each sector can best contribute certain parts of a project. Government typically provides the infrastructure, such as road, water supply, sewers, public transportation terminals, and parks, while private developers normally supply superstructure such as hotels, restaurants, recreations facilities, and shopping areas (Goeldner, Richie & McIntosh, 2000).

Public sector will determine the types of ownership for the attractions and the types of services that can be provided (Gartner, 1996). They can also help considerably in making financing available and the private sector must deem an investment in a tourist facility attractive from the stand point of financial return and risk before funds will be committed. For the purpose of the study, the agency refers to the supplier within the tourism supply chain theory. They are the destination supplier, destination organization and destination distributor or the travel organizer. Both public and private sectors are grouped under these three categories depending on their roles either as the supplier of the tourism product (destination supplier); organizing, developing or managing the tourism destination (destination organization); or distributing and delivering information and promotion for the tourism destination (destination distributor).



### **2.5.1.1 Destination Supplier**

Destination supplier is the supplier of tourism product in the destinations. The private sector often refers to the destination supplier. Different from the roles of the public sector, the private sector's prime role in developing tourism is to make profit. The nature and extent of public sector participation is influenced by this basic goal and by multi-faceted and geographically complex nature of tourism. The private sector in the tourism destination often refers to the developers and operators, multinational hotel chains and airlines, but these are complemented by multitude of small and medium-scale operators and businesses, particularly in the attractions and supporting services sectors.

Pearce (1991) notes that the degrees of private sector involvement are varies depending on the size and types of attractions in the destination. In the accommodation sector, for instance, at the international destination, it does require a five star hotelier but in the regional or small town area, it just needs motels or bed and breakfast establishments that are managed by local individual entrepreneurs. Airlines operations to the destination are usually preserved of major companies while transportation within destination is often carried out by small-scale owner-drivers. Table 2.3 lists examples of tourism products in the destinations and the suppliers for each of it.

Table 2.3: Tour Operators' Main Contracted Products and Suppliers

Tourism Products	Suppliers
Accommodation	Hotels, bed and breakfasts, self-catering, apartments, campsites, cruise ships
Transport to and from the destination	Public transport, airports, scheduled air carriers, air charters, scheduled sea passages, chartered sea passages, coaches, cruises
Catering and food and beverage	Restaurants and bars, grocery stores, farmers, fishermen, local commerce/markets, bakers, butchers, food wholesalers
Ground transport	Car rentals, boat rentals, fuel providers, gas stations, coach rentals
Ground services	Agents, handlers or inbound operators in the destination
Cultural and social events	Excursion and tour providers, sports and recreation facilities, shops and factories
Environmental, cultural and heritage resources of destinations	Public authorities, protected site managers, private concessionaires and owners

Source: Tour Operators Initiative for Sustainable Tourism Development (2003)

Although the above table does not specify shopping as part of the product but the terms 'shops' mentioned as the supplier to the 'cultural and social event'. 'Social event' may refer to shopping activities as one as various scholar mention shopping is one of the enjoyable social activities tourist do at the destination (Timothy, 2005; Jansen-Verbeke, 1991).

Traders, supplier, Chamber of Commerce, travel agency, money changer, parking facilities and transport companies were the private sector groups. Based on observation in Padang Besar, there are no accommodation facilities, food and beverages outlets. Therefore, with regards to the tourism supply chain concept, the traders and supplier identified as the main tourism destination supplier in Padang Besar Business, while the Chamber of Commerce is identified under the destination organization, and travel agency is identified under the destination distributor groups together with the other tourism distribution channel in Padang Besar.

### **2.5.1.2 Destination Organization**

In tourism industry, there must be an organization that is responsible for the management and or marketing of the destinations. One of the common terms used and defined by the World Tourism Organization (WTO, 2004) is Destination Management Organization (DMO). DMO organizational structures also vary. Various authors (Franch & Martini, 2002; Ritchie & Crouch, 2003) have described various organizational structures including a government department or a division of a government department, a quasi-governmental organization (such as a crown/government corporation), a joint public/private agency, a not-for-profit membership-based organization, and private organizations. DMO funding may be derived from several sources but is generally reflective of the organizational structure as well as the context in which the DMO operates. Therefore the DMO can be divided into public and private sector.

For the purpose of this study, the term Destination Organization (DO) is used instead of DMO because DO scope defined in the tourism supply chain by Zhang et al (2009) is more precise than DMO. The public sector only refers to local authorities, local government related to development, management and marketing of tourism in Padang Besar, while the private sector refers to Chamber of Commerce within Padang Besar and Northern region. Chamber of Commerce is included in the DO categories because the selling of the tourism products and services at the shopping destination is done by the individual traders and they have formed the association to manage their activities. Additionally, the non-governmental tourism organizations in the northern region were also identified as the Chamber of Commerce at Padang Besar.

Basically, there are three main reasons why government should be involved in tourism; the political reasons, environmental reasons, and economic reasons. The nature of tourism involves travelling across national boundaries and government must get involved in terms of policies related to traveller entry and exit procedures. For the political purpose also government can further expand the international relations between two countries as a tool to enhance international collaboration of promoting and developing tourism destination. This also will enhance the national and international image of a particular destination. Tourism also does not sell the physical product as it sells the experience, the scenery, history, and cultural heritage of a region and in providing this elements to the tourist, the destination itself might be in danger if the development are not properly controlled and managed, therefore for the environmental reasons, government must be involved to make the national environment more acceptable to a foreign market without destroying the ecosystem and promote a sustainable development concept. Finally, for the economic reasons government must be involved to enhance the economic advantages to the host destination as tourism generates incomes, create jobs, helps in economic diversification, complements certain other local industries and might as well provide foreign exchange earnings (Mill & Morrison, 1992).

There are six main roles of government in tourism;

1. Coordination of public and private sector groups.

Coordination is necessary among many governmental bodies relating to different aspects of tourism; among government at national, state or provincial and local levels; between public sector and the private sector; between the public sector and nonprofits organizations.

2. Tourism policy setting and tourism planning.

Government is involved in the planning for tourism development. Government also will develop national tourism policy and plan and decide which tourism sector will be developed, what the appropriate rate of growth will be, and who will provide the needed capital for expansion. The development must be balanced between supply (attractions, facilities, transportation, infrastructure, and human resources) and demand (the number of tourist arrivals).

3. Legislation and regulation of tourism.

Government becomes a legislator and regulator of tourism. This include policies for passport and visas, regulation to run tourism business include safety and health regulations and also meet the zoning, building, and licensing requirement, licensed given to the tour guide, and also restrictions regarding entry to and use of fragile natural resources in order to protect the environment and other resources.

4. Tourism development and operations.

Government needs to provide the infrastructure for tourism development such as roads, airport facilities, sewerage, electricity, water, and other essential services. In certain cases, government also owned and operated certain attractions, facilities and services.

5. Stimulation of investment, development, and marketing.

There are three ways in which government can do to stimulate tourism industry. The first is through the financial and fiscal incentives given to the private sector such as low-interest loans or non-payment of taxes for a specified period of time. Second is by giving a research grant to researcher in conducting a research that in turn will be beneficial for

the tourism industry. And the last is through spending money on promotion to attract demand for the tourism attractions and facilities.

6. Education and training of tourism personnel.

It is important for the government agencies to provide education and training program for those involved in the tourism industry. This includes courses, seminars, workshops, books, manuals, guides, audio and videotapes for the management level. Training also can be provided at the skills levels where the government operates their own hotel and restaurant training schools.

Eventually, accountability of government involvement varies from one country to another. Their roles can either be passive active, or somewhat intermediate in developing a tourism destination depending on the destination capacity to accept and offer tourism to the public (Inskeep, 1991). Their active involvement with tourism development can be seen when the country or region wants to develop or expand tourism and this includes adopting tourism policies, plans, and regulations, making certain basic infrastructure including access to that area. Meanwhile for the newly developed tourism area especially in developing countries, government must perform very active roles to get tourism started. Normally the development at this stage developed by inexperienced private sector with underdeveloped infrastructure, limited development of domestic tourism, and has little international knowledge of the attraction of the country and other constraints. Government roles then often include development and management of major hotel, tour, and travel operations and other facilities and services. After tourism has been established, government roles will be more normal active roles likes divesting itself of actual ownership and management of tourist facilities and services. Government will be passively involved in tourism

development when the government neither discourages nor encourages tourism, and adopt measures for the general development process that assist tourism that are not specifically designed for this sector, for example air traffic agreements and investment incentives.

### **2.5.1.3 Destination Distributor**

Destination distributor (DD) in this study refers to direct and indirect tourism channel of distribution. WTO (1975) suggests that *“a distribution channel can be described as a given combination of intermediaries who co-operate in the sale of a product. It follows that a distribution system can be and in most instances is composed of more than one distribution channel, each of which operates parallel to and in competition with other channels.”*

In the tourism supply chain concept, DD is the distributor agent for the tourism destination. In manufacturing industries, goods are transported to consumer but in tourism, the consumer is transported to the product. In tourism, the destination is the product, while attractions, facilities and services are the compilation of attributes that support the product development. Traditionally, consumers in tourism are physically unable to inspect the product or services in the destination, but they are forced to rely on the information and promotion about the product. It is the jobs of the DD to not only deliver and distribute the information and promotion about the destination to the consumer, tourist but also arrange the trip to the tourism destination (Bennett, 1996).

Normally the terms travel trade intermediaries are used to categories different types of DD. The tour wholesaler and operators, retail travel agents are the two basic DD. Others include corporate travel department, incentives travel planners and convention or meeting planners that distributes the travel services for the corporate client and the purpose of travel to destination normally associated with business agenda or other formal activities.

Tour wholesaler is the company or individual who plans, prepares, markets, and administrated travel packages from several suppliers and carriers. The terms tour wholesaler and operators are often used interchangeably, tour operators jobs include operating the packages tours by providing the necessary ground transportations and guide services (Morrison, 2002). Tour wholesaler does not sell directly to the tourist but they receive reservation from other travel intermediaries, such as from travel agent. From the tour wholesaler, the retail travel agency will act as a middleman, acting on behalf of the tourist, making arrangements with travel suppliers (transportation, accommodations, tour wholesalers, or operators) and receives commissions from the suppliers. Among the services they provide for the tourist include handle the sale, reservations of tours, vacations packages, airlines tickets, hotel rooms, car rentals, cruises, travel insurance, and other related services.

Although, recently most tourists prefer to travel on their own and purchase the facilities and services directly from the suppliers, the role of DD is still important for the purpose of promoting the destinations. In this study, the terms DD is used and referred only to the travel agency located in Perlis, transportation companies in Padang Besar, banking industry in Padang Besar and parking operators in Padang Besar. Based on the ground observation, only these groups of people



provide services for tourist and visitors in Padang Besar. There is no accommodation or lodging facilities in Padang Besar.

## **2.5.2 Attraction of the Destination**

Most of the literatures in tourism development focus attraction as the core components for any tourism destination. Attraction is the main supply element for tourism destination as it provides the incentives to travel as well as attract tourist (demand/market) to a particular destination. Therefore it is important for the tourism developers, planners, public and private sectors to understand the nature and relationship between different types of attraction for the purpose of attraction development.

Attraction refers to the tourism product that one destination offers to the tourist. Attraction is the reasons people travel and attractions also one of the most important supply components in tourism system (Gunn, 1994; Gunn 1988), it is the main travel motivation as well as the first main consideration in planning and development of one tourism destination (Pearce, 1991; Mill & Morrison, 1992; Inskip, 1991; Goeldner, Ritchie, & McIntosh, 2000).

### **2.5.2.1 Categories of Attractions**

Attraction can be categorized into several categories, however in general it can be categorized into three major groups; natural attractions that are based on features of natural environment,

Table 2.4: Categories of Tourism Attractions

Natural Attractions	Cultural Attractions	Special Types of Attractions
Climate-Warm, sunny and dry climate offers opportunities for recreation activities at the beach, marine and mountain area	Archaeological, Historical and Cultural Sites-cultural and national monument, historic buildings, districts and towns, important religious building such as churches, synagogue, temple, mosques and monasteries, places of historic events such as battlefield	Theme Parks, Amusement Parks and Circuses-fantasy, futurism, excitement, fun
Scenic Beauty-Scenic, view, hiking, picnicking, camping, wildlife viewing	Distinctive Culture Patterns-customs, dress, ceremonies, lifestyle, religious belief and practices	Shopping-large department store, mall, arcade, bazaar, duty free shopping
Beaches and Marine Areas-Sunbathing, swimming, boating, board surfing, water skiing, parasailing, snorkelling, scuba diving, sport fishing	Arts and Handicrafts-performing art of dance, music, drama, theatre; fine arts of painting, sculpting	Meeting, Conference and Conventions-trade and convention centre for seminar, training, workshop
Flora and Fauna-Zoo, aquarium, botanic gardens, safari parks	Interesting Economic Activities-operation of tea, rubber plantations, traditional fishing farm, agricultural farms	Special Events-sport contest, fairs and expositions, Olympic, commonwealth, Asian games for short time periods
Special Environmental Features-High mountain, unusual geological formations, caves, geysers, hot springs, mild forms of volcanic activities	Interesting Urban Areas-large urban area with their varied architectural style, historic buildings and districts, civic centre, shopping facilities, restaurant, parks, theatre, urban trails tours for urban sightseeing	Gambling Casinos-developed in the area that have limited natural and cultural attractions: Las Vegas, inside cruise ship
Parks and Conservation Areas-National or regional parks, nature reserves, wildlife refuges	Museums and Other Cultural Facilities-national and regional museums, contemporary museum associated with specific archaeological, historical or natural features, cultural centre, art gallery, antique shop	Entertainment-traditional and contemporary performing arts associated with gambling casinos and resort environment; night club, disco, restaurant that provide evening entertainment
Health Tourism-Spa based on hot mineral water, diet resorts, treatment centre for drug addiction and alcoholism	Cultural Festivals-cultural festivals related to the local traditions likes large religious festivals, pageants, carnivals, arts festivals, music festivals	Recreation and Sport-championship golf courses, tennis centres, polo grounds, horse and other types of race tracks, and stadiums for major spectator sports events such as football, soccer, baseball, basketball, rugby, bull fights
	Friendliness of Residents-friendly, hospitable, tolerance, acceptable, honesty, reliability of the residents when tourist visiting their places.	

Source: Adapted from Inskeep (1991)

cultural attractions that are based on man's activities, and special types of attractions which are artificially created (Inskeep, 1991).

Table 2.4 lists the categories of each attraction and examples for each of it. It is clearly seen that shopping activities was grouped under the special types of attractions as these activities are mainly man-made attractions. This study identified shopping activities as the main attraction and tourism activities in Padang Besar, but as the town is located within the border area, it is referred as border shopping.

Apart from the list of attractions in Table 2.4, Inskeep (1991) also notes that the tourist facilities and services can be attractions in themselves and attract tourists to visit the destination. This includes interesting well designed building, historic or unusual hotel or resorts and transportation systems. In addition to that, special types of food in that area also can induce tourist to that area.

#### **2.5.2.2 Attraction Development**

Regardless of any categories of attractions, Gartner (1996) notes the determining factor in attractions development "*is not what exist or can be built, but how the attractions are managed, where the attraction is located, who the target market is, how it is interpreted, and what significance it has for local residents and visitors*". There are three stages involved in developing and or evaluating a tourism attraction;

1. Understand what currently exist (Inventory)
2. Assessment approach for the attractions identified in step one (Assessment)

### 3. Formulated an attraction mix strategy (Attraction Mix)

First step in attraction development is to inventory all existing and potential attractions. A potential attraction refers to the one that may already exist but has not been previously recognized as an attraction. According to Inskip (1991) the first step in evaluating the existing and potential attractions is to document research and interview the government officials and other local resources person to determine the general types and locations of attractions available.

Second step is the assessment step. Once the attraction is inventoried, it should be evaluated. At this stage, normally a field study is undertaken to visit the attractions. Then the attractions is identified systematically indicating the name, type, location, accessibility, special characteristics, types of any existing development, including advantages or problems of existing development (Inskip, 1991).

Tourism Centre University of Minnesota (1991, in Gartner 1996) identifies that there are five criteria for evaluating attractions; quality, authenticity, uniqueness, activity expansion, and drawing power. Quality refers to the quality of the tourism product offered. This can be done by reviewing the service quality offered at that particular destination. Many private sector organizations provide quality assessment of attractions by rating and evaluating member business, however for the attraction that is not affiliated with large organization, quality assessment must be done at local level. The attraction quality must be integrated with the community resource value.

Attractions also must be authentic in the sense that it must be natural and represent the image of the destinations. Uniqueness related to authenticity as what is authentic resources base can be the key to uniqueness. Attractions offer to the tourist must be something new and not just replacing what already exist in the market. Attraction also requires activities. Once people arrive at the tourism destination, they must have something to do on or with the resources. The more activity option they have, the greater the opportunity for them to increase their length of stay and contribute to the tourism multiplier effect to the area.

Attractions in one area should be grouped into primary and secondary and this can be done by studying the visitor drawing power to the attractions. Their drawing power to the attractions deals with the questions of where they come from, how far they travel, and by what means of transportation. Drawing power for existing attractions can be easily measured using visitor profile studies and for planned or potentials attractions requires a feasibility study.

The last stage in attraction development mentioned by Gartner (1996) is to formulate an attraction mix strategy to be implemented to the attractions. There are two concepts suggested for the right attraction mix: Organic Bunching and Thematic Appeal. Organic Bunching is when the attractions is grouped together to create a synergistic effect, for examples grouping together the supporting attractions like all the eating outlets in the area was placed in a food court near to the main attractions. Thematic Appeal refers to the attractions that adopting a theme approach. For examples theme park that create the atmosphere of escape and fantasy. The idea of this kind of development is psychologically transforming the individual to a different place and time, including places of make believe or fantasy and at the same time creating the uniqueness of the

attractions. It provides a basic identity to the attractions and indirectly develops the image of the attractions. Thematic appeal not only refers to the theme adapted to the attraction, it also includes certain concept applies for the attractions. For examples a public attractions like museum embraces certain concept for certain period like having special exhibitions of Islamic paintings.

Generally attractions constitute the primary reason for the existence of supply element for the tourism destination namely infrastructure, accommodations, transportation, catering, retail, recreation and entertainment. All the supply elements will be discussed in the next points.

### **2.5.3 Accessibility to the Destination**

Accessibility is one of the important considerations in tourism destination. Accessible place is easy to find or get by. The accessibility of the tourism destination should be measured in terms of its physical accessibility and market accessibility. Physical accessibility depends to a large degree of infrastructure which includes the location of access routes, highways and railways, the proximity to the airport, while market accessibility refers to the features of proximity to the market in terms of travel time, cost or distance (Pearce, 1991; Mill & Morrison, 1992). In the case of supply side, accessibility in this point refers to the way of how the tourist can reach the destinations. Basically this refers to the transportation facilities and services (Gunn, 1994). Besides access to the destination, it includes internal transportation system and the various modes of transportation as air, land and water. However, for the purpose of this study, the infrastructure was discussed under facilities and services, while the entry and exit procedures were considered as parts of the accessibility issues.

### **2.5.3.1 Transportation**

Transportation in the destination refers to the entire transportation systems (Buhalis, 2000). According to Inskip (1991), the evaluation of access for any mode of transportation must be related to the location of the major existing and potential tourist markets and capabilities to handle the number of tourists from their origin areas. The evaluation for land and water access need to consider the capacities, frequency of scheduled services, efficiency and maintenance level of bus and rail stations and ship docking facilities, particular problems, and future plan. For land access the major consideration includes the road network to the destination. The availability of highway and first class road networks adds greatly to the accessibility to the destinations. For the air access facilities and services, the evaluation may include adequacy of the airport, flight frequency and schedule.

Meanwhile for the public transportation, it is important to evaluate the quality levels of comfort and service provided. For any internal transportation system, it should be evaluated with respect to its capabilities to serve the present and possible future levels of tourism. It is important to evaluate access from the tourists' entry points to the tourism development areas, tourist attractions, and urban places. It is also necessary to map out the transportation network and its characteristics as this can help in grading the quality level of the network components and can be related to the mapping of tourism development areas and tourist attractions.

### **2.5.3.2 Entry and Exit Procedures**

For international tourism, accessibility may include the entry and exit facilities procedures when dealing with immigration and customs. At this point, it should be evaluated with respect to adequacy of physical facilities, convenience and logical sequence of procedures. However, there is certain destination that becomes an attraction because of the difficulty to reach them. When the lack of accessibility increases the attractiveness of the place, the destination should be spectacular with magnificent view, great food or have a wonderful culture.

### **2.5.4 Availability of Facilities and Services**

Availability means the destination must be available all the time, meaning it is open to the public, with the main products and the basic and support facilities and services offered with the basic infrastructure development; it means a tourism destination cannot be accessible to the tourists' use until the basic infrastructural needs of the destination have been met.

Availability in this case also referred to the availability of the destination to receive tourist arrival. The destination must be available in terms of safety and security for the tourist to visit it at any time. This includes the political stability at the destination or neighbouring region. Whether realistic or not, the extent of political stability of an area and the popular perception of political stability may influence the tourist arrivals at that particular destinations.



#### **2.5.4.1 Amenities and Facilities**

The basic facilities and services at the destination are necessary to serve the tourist away from home. The facilities normally developed at the same time or after the attractions are developed as it induces the attractions growth. Sometimes, the facilities itself can be the attraction for the destination. Accommodation, food and beverages are the basic facilities in which the destination must have. While tourists are away from home, they need to eat and sleep and it is vital for the success of tourism destination to have sufficient quantity of accommodation with the right quality to the tourists.

#### **2.5.4.2 Ancillary Services**

In addition to accommodation, food and beverages, there are others support facilities to provide either staple needs or requirement or pleasure related by providing impulse or entertainment purchase. For tourism, the support facilities and services tend to refer to small business within the area. These may include the variety of shops oriented specifically to the tourists such as souvenir or duty free shops, laundries and guides, and other range of supplying general goods like pharmacies, food stores or clothing shops. Other ancillary services include recreational facilities, medical centres and commercial institutions like banks and several ATM machines place near to the attractions. Many of these ancillary facilities and services may serve a predominantly residential clientele.

### **2.5.4.3 Infrastructure Development**

Infrastructure development is necessary to stimulate tourism development. This includes all the underground and surface development. A newly developed tourist attractions may be able to satisfy tourist needs without developing a full infrastructure system but when the destinations start to attract more tourists it may require an upgrading infrastructure. The infrastructure in the destination should be shared by both tourists and residents and any upgrading of the elements of the infrastructure not only can attract tourist to the destination but also will benefit the residents. Survey and evaluation of infrastructure is generally done at the national and regional level. Normally the development of infrastructure is the public sector responsibility.

Inskeep (1991) and Mill and Morrison (1992) discuss the transportation facilities and services as the main infrastructure development and researcher has discussed the transportation under the accessibility point. The other important infrastructure developments that need evaluation include the availability and quality of water supply, the types and energy conservation of power supply, appropriate sewage disposal techniques to prevent pollution of underground, surface water and unpleasant odours, proper solid waste collection and disposal systems, and finally the availability and reliability of communications network.

### **2.5.5 Awareness of the Market**

Market or tourist awareness can be increased by providing the information and promotion components mentioned by Gunn (1994). Although both information and promotion aims to

market the destination, it is important to differentiate both two as most of the public and private agency still confuse between these two. Promotion like advertising is extended to attract and create tourist awareness about the tourism attraction whereas information will provide a detailed description about the attractions and activities offered.

#### **2.5.5.1 Information**

Information is simply a communication process that draws tourists to the destinations. The fact that the tourism products are intangible was the main key reason of why it is important for the destination organizations and travel organizer to supply as much information as they can to the public to create market demand. Information gives the ideas or first impressions about the destinations to the markets. In fact, information is an important component of the tourism system (Mill & Morrison, 1992). This includes maps, guidebooks, videos, magazine articles, tour guide narratives, brochures, and traveller anecdotes. It is essential for the public and private agency to choose the best marketing tools and provide clear, detailed and truthful information about the tourism attractions.

It is important to provide truthful information about the destinations, with an advanced in the technology, traveller can easily find information about the destination through the webpage such as in individual blog and other free travel online services such as lonely planet. Normally, the travellers will tell a true story about their previous vacations experience and their judgement about the destination may influence the future travel demand.

### **2.5.5.2 Promotion**

After all the attractions elements have been developed in the tourism destination, it needs to be promoted to create tourist awareness. Promotion needs to include the right information at the right time and for the right target market. Promotion is the strong linkage to all other supply components in the tourism system (Gunn, 1994). Basically, tourist awareness of the existence of the attraction varies depending on how effective the public and private sectors in selling their tourism product to the public. In selling the tourism product, different strategies are required depending on the types of destinations either new and unknown or developed and recognized. At the beginning stage of promoting the destination, personal selling is the most common practices by the marketers. Personal selling is defined as the persuasive personal communication that marketers practice to help customers buy the product that fulfils their wants and needs. Personal selling can be practices at micro and macro level. At the macro level the destination supplier will work together with the tour operators or wholesalers to publicize or package the destinations. Micro personal selling consists selling directly to consumers and takes places once the visitor has arrived in the destination (Gartner, 1996).

When a potential traveller decided whether or not to visit the unknown destination, the destination needs to bring the awareness or attention of the potential travellers and advertising is very influential to practice at this stage (Mill & Morrison, 1992). Advertising methods can be either non-comparative that intended to increase product awareness and brand identifications or comparative nature that can be used to establish product attributes superiority over a similar

brand from another manufacturer. Comparative advertising often used to promote the tourism destination as it focused almost exclusively on developing distinctive place images.

Tourism is a perishable product and will experience seasonal problems. Most of the tourism destinations will suffer during the slow sales period. At this stage, sales promotion is the best options for the marketers to deal with the seasonality. Sales promotion refers to marketing activities that are used to supplement other forms of promotion. This may include the use of coupons, free gifts, discount or any other incentives program seeks to increase sales during the specific time period.

Public relation and publicity is another promotional technique to create traveller awareness. It is one of the important functions of the official tourist organizations and they are primarily the public relations organizations. It involves the activities that range from distributing as simple press release to newspaper to organizing familiarization visits for key personnel in the travel trade. The purpose of public relation is to create a favourable climate for sales support and advertising by transmitting facts and information to advertising media and to sales intermediaries. Publicity is one of the public relations techniques that involve nonpaid communication of information about an organization's service (Mill & Morrison, 1992).

Apart from tourist awareness, another consideration is the cost of travel to the destination and the cost of using tourist facilities and services at the destination compared to the cost of travel to and within similar destination elsewhere. This cost may vary depending on tourist income but what is important the tourist expect the good value for the money they spend (Inskeep, 1991). The cost

of travel to the attraction and using the support facilities and services must be made affordable within the tourist budget and cater for all types of visitors. Planner and developer must evaluate the cost of the development and their returns. For the existing tourism development, the present costs of the destination should be reviewed but if there is little existing tourism, the projected future cost needs to be considered within the framework of the present and projected future costs of visiting competing destinations.

### **2.5.6 Attentiveness of the Service Provider**

Attentiveness refers to the service providers in dealing with the tourist. The main consideration for attentiveness is hospitality resources of the service provider. The way in which services are delivered is particularly important because tourism is consumed on the spot as the sales and service occurs at the same time. The tourist needs to feel welcome and warmth when visiting the attraction. The degree of attentiveness is different depending on the service provider background and mood. However it can be improved by attending the hospitality training. The tourism personnel need to be trained to be hospitable and encouraging positive feeling toward tourism and tourists. Apart from that, the tourism association can be formed to be attentive in discussing the tourism issues in one area.

#### **2.5.6.1 Hospitability Resources**

The hospitality of the host in accepting the guests is one of the most important components in tourism destination development. As the tourists are aware about the destination they want to

travel to, the community at the destination also should be aware about tourism attractions in their areas. Although tourists are mostly directly affected by the degree of hospitality shown by service providers, the overall feeling of welcome within the community will also enhance or detract from the vacation experiences. It is somehow difficult to train the resident to act in a hospitable way toward tourists, but a community awareness program can help develop a more positive attitude towards the tourists. However, in the event where the tourist activities happen not within the community areas, the host may refer to the service providers. The terms customer service and service quality is often used to discuss the degree of attentiveness among the service providers.

#### **2.5.6.2 Customer Services**

For international tourism, the evaluation of attentiveness at the entry and exit facilities refers to the immigration and custom personnel. They must be honest, friendly, and efficient in carrying out their duty as it is the first impression the tourists receive about the visiting destination when they arrived at the entry point and it ideally should be a pleasant one. However, in evaluating the attentiveness of the personnel, it should be realized that some regulations are essential and the personnel must be strict in applying these.

At the destination itself, the service provider may include those that manage or handle the support facilities and services, such as the front office staffs at the hotel, the waiters at the restaurant and retailers at the gift shops. These are the people that have direct contact with the

tourists. They need to be educated in their field to provide excellent hospitality to the tourist and to be attentive in delivering their work and or services to the tourists.

## **2.6 Shopping Tourism**

Shopping is one of the attractions that can be found in a tourist destination. According to Goeldner, Ritchie, and McIntosh (2000), shopping is considered as an important tourist activity since it is an essential element in the tourism supply hence it affects the success of the tourist destination area. Tourism and shopping naturally have a common linkage with each other as it has been noted that tourism is an important form of leisure behaviour and shopping is an important leisure activity.

According to Jackson (1991), there are three part typologies that explain the relationship between shopping, leisure and venue. First is shopping for leisure. This refers to the situation in which the individual purchases goods that can be used later during leisure time. For examples buying books, music, games, and sporting equipment. The vacation holidays are also included in this type. Second is shopping and leisure. This is when the shopping activity is done in conjunction with recreational activities along the way or at the retail establishment. Shopping malls are a good example of this category as it provides many opportunities for other forms of leisure such as movie theatres, video arcades, and dining out. Finally, shopping as leisure. Shopping is considered as leisure activities when the act of shopping itself is more on recreational pastime. Window shopping, browsing around and watching other people are examples of few activities under this category.



If it is accepted that shopping has now become a leisure activity of considerable significance, it is not surprising that it should also be an important element in tourism. Indeed, shopping has long been an important tourist activity in many destinations. The importance of shopping as one of the oldest and most important aspects of tourism has often been addressed and several researchers have concluded that for many visitors no trip is complete without spending time to shop (Hudman & Hawkins 1989; Keowin 1989; Prinsky 1977). Shopping activities create an attractive and inviting environment and added an incentive to travel as it develops an attractive tourist product, and it is a source of pleasure and excitement (Turner & Reisinger, 2001).

### **2.6.1 Shopping Destination Development**

As shopping demand continues to increase, many destinations have begun to initiate major shopping promotional campaigns and have adopted retailing and tourist shopping as official policies in their tourism development strategies. In North America, there are several small villages and towns that adopted shopping as a tourism strategy. Other destinations like Dubai, Hong Kong, and Thailand are also examples of countries or regions that have adopted shopping as an official promotional policy.

Shopping is often viewed as the leisure activities and retail sectors have adapted in different ways to this trends. Howard (2007) has suggested three different approaches to creating a pleasant environment to attract shopping tourists; ambient leisure, magnet leisure in a mall, and heritage destination leisure. First, the ambient leisure. In this setting, the environment is not commercial leisure at all, but the facilities and environment are intended to make shopping a

pleasant or less stressful experience. Ambient leisure is required to increase the attractiveness of any trip or place. Second, the magnet leisure environment in a mall. The mall is designed to attract its own incremental traffic or dual purpose visits to both commercial leisure facilities and retail outlets. Activities in this mall added to the retail mix and attract more leisure-oriented trips which may or may not also be shopping trips. Lastly, shopping environment is developed within the leisure destination. It may produce a similar mixture of leisure and shopping or mixed trips. The ambient-magnet-destination model however combines place and functional attributes and it may be helpful now to distinguish kinds of place more carefully. It is important to recognize that all shopping centres are to some degree leisure centres, which may be the destination of leisure visits, in the same way as it is necessary to recognize that trips to make any kind of purchase may to some degree be leisure trips.

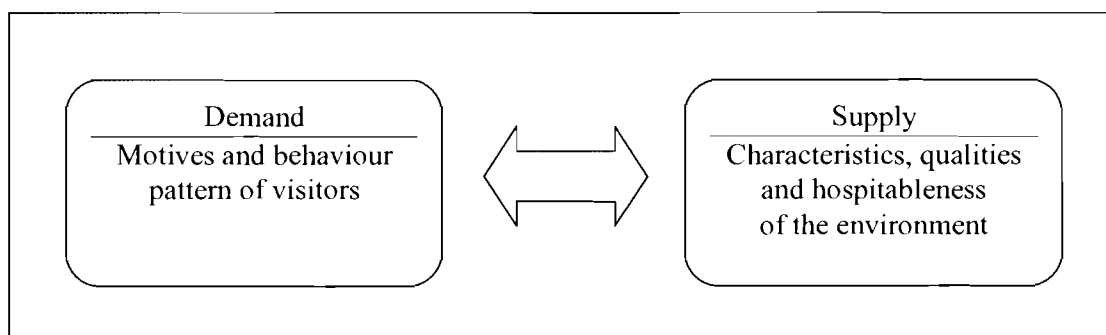


Figure 2.4: Shopping Tourism Development Criteria  
 Source: Adapted from Janson-Verbeke (1991)

Most of the literatures on shopping tourism focus on tourist behaviour and so far there are less research being done on the development side. It always be a question of how, where and when can a shopping environment function as a tourist attractions. In answering the questions, Janson-Verbeke (1991) stated that there are certain criteria to be taken into consideration when

analyzing and developing shopping tourism. For easy understanding, researcher divides these criteria into demand and supply side (Figure 2.4).

Both demand and supply criteria are related to each other as tourists will travel to shopping environment that is attractive to them according to their needs and preferences. The shopping destination therefore needs to offer an attractive shopping environment to cater for all types of markets. This can be done by understanding what makes the potential shoppers to purchase or travel to the shopping destination. In others words, planners and developers need to study the market characteristics. It is important to understand the motives and behaviour pattern of visitors, including trip length (short, possibly longer); length of stay (limited or rather unplanned); time of stay (a few hours during the day, an evening, a full day); kinds of activity (window shopping, intentional buying, drinking, eating; various leisure activities, cultural activities, sightseeing); and expenditure (goods, possibly some souvenirs, drinks, meals, entrance fees, leisure facilities).

Meanwhile, on the supply side, it important to the planner, developer and supplier to research their environment conditions as noted by Jansen-Verbeke (1990) shopping development depends heavily on the environment rather than product. Functional characteristics of the environment, consisting of retail shops, department stores, catering, leisure and other facilities, tourist attractions, and spatial clustering of facilities; parking space and easy access; and street retailing, pedestrian priority in open spaces. Quality of the environment, referring to the image of the place, leisure setting, display of goods on the street, and street musicians and artists; accessibility during leisure time, including weekends and evenings; aesthetic value, image of maintenance and safety; architectural design of buildings, streets, shops, windows, sign boards, and lighting;

social effective value, and liveliness of the open space; and animation, entertainment, amusement and surprise. On top of that, another supply side of shopping development include the hospitability of the environment which refers to the social, visual, and physical attributes; and orientation, information, symbolism, and identification.

The four criteria mentioned above can be used in analyzing the potential of one area to be developed as a shopping destination. In developing a leisure shopping environment that are attractive and inviting to the tourist, the criteria can also be considered as tentative planning and design criteria for improving the attractiveness of the shopping area. However, on the supply side component, analysis is more on the environment factors. It is agreed that the success of some tourism destination will depend upon providing shopping satisfaction to the shoppers, but the potential for shopping to develop into a tourism resource still depends heavily on the quality and attractiveness of the environment involved, rather than the supply of goods (Janson-Verbeke, 1990). Attractive and inviting environment can create an incentive and opportunities to impulse shopping. In fact, the developments of attractive shopping facilities are considered as the important instrument in tourism promotion. Similar to that, other researcher notes that a shopping environment must provide a sense of freedom to make shopping a pleasure and facilitate social interaction. Janson-Verbeke (1994, 1998) presents certain attributes for an inviting shopping environment and it can be characterized by:

1. Wide variation on the supply side, with a flavour (or an illusion) of uniqueness
2. Diversity in the types of shops, with the predominant image being that of high quality
3. The spatial proximity of supporting amenities such as restaurants, pubs and entertainment
4. Pedestrian areas, good accessibility and parking facilities

## 5. Multi-functionality of the environment which guarantees that the place feels 'alive'

It is notable that the criteria of the shopping environment mentioned above basically similar with the supply side component mentioned by Gunn (1988) as it mainly referring to the destination accessibility, and the availability of services and facilities offers at the destination. The quality of the environment plays a vital role in shopping tourism development. However different destination might have different characteristics and it does require different settings.

Regardless of any types of tourist shopping environment, good planning is necessary to enhance the positive effects of the shopping destination development. There are three types of development that will occur with regards to shopping destination (Getz 1993 and Timothy 2005). All these three factors need to be studied before any development can take place.

1. Natural evolution – Tourist-oriented services growth is naturally due to the increase in demand of extant natural and / or heritage attractions. It does not involve any promotional interventions and no single business or individual dominates the tourism development there. When the tourism development continues to grow, local planning and environmental control measures normally become necessary in order to reduce the loss of cultural and natural amenities
2. Entrepreneur-driven – In this situation, an individual or company purposefully leads the development initiatives and this provides a catalyst for others in the community to get involved. They make an effort by bringing the visitors to the town to shop and enjoy local amenities. As a result of this conscious effort, tourism starts to develop in that particular

area. However, left uncontrolled, this scenario may result in over-dominance by one or a few individuals or to be sell-out to non-locals.

3. Development with purpose - A potential site is selected to be developed as a tourist shopping village. Necessary infrastructure and attractions will be developed by the developer. The risk of this development will be the potential respond from the local residents which can be either positive or negative; or loss of local control in the development and planning process. This is happening in Padang Besar as the local loss control of their business and rent out their shop to the foreigner.

After recognizing the stage of development in which the shopping destination is at now, the tourism planner needs to make sure that the shopping development can appeal to both visitors and the local community. This can be done by finding the right mixture between types of shops, leisure activities and tourist attractions (Timothy, 2001).

### **2.6.2 Supply in Shopping Destination Development**

Shopping may give pleasure to some people and some people do seek pleasurable outcomes of shopping more than others. Different store environment can influence one emotion (Howard, 2007). There are two main factors that can make shopping a pleasurable leisure experience, the retailer factors and the customer factors. Jones (1999, in Howard 2007) examined retailer factors as the prices, selection, store environment and salespeople and customer factors referring to the social aspects, tasks, times, product involvement and financial resources of the customer. In a

case of the retailer in Padang Besar, they can be assumed as the retailer factors that supply the product, set the price, take care of their retail environment and hire the salespeople.

The nature of shopping activities involves the retailing activities and to be successful in retailing, it requires the retailers to understand the travellers and shoppers psychology (Turner & Reisinger, 2001). One of the ways is to understand the tourist shopping behaviour in terms of their propensity to buy. Keowin (1989) has developed a model of international shopping behaviour and among the variables that influences tourists' buying decision are availability of products, the value of price and quality, and the stores' retail strategy. Meanwhile, Jansen-Verbeke (1990) focuses more on the quality and attractiveness of the retail environment rather than supply of goods as the key success in shopping development.

Therefore, it can be concluded that, a shopping destination needs to have the basic elements of product and price and other retailer factors of retail environment and salespeople (Keowin 1989; Jansen-Verbeke, 1990; Timothy, 2005; Jones, 1999; in Howard 2007). The details of each of the factor will be discussed in the next section.

## **2.7 Retailing Mix**

Retailing is the retail activity that involves the process of selling of goods or commodities in small quantities directly to consumers. The elements of retail activity normally involved four main policies:

1. Products and services policy - every type of merchandise sold must be carefully defined as well as the services that accompany it. This implies assortment planning, assortment control, buying practices and supplier relationship, inventory, service policy before/at/after selling;
2. Price policy – activity costs must be established, as well as the brand price, in order to price the products correctly;
3. Distribution policy, which refers to the following elements: location of the store; selling methods; logistics; the system which registers the sales; the battle against losses; decoration of the store
4. Communication policy, which refers to: the staff; the shop window; publicity; public relation policy.

Retailing mix is a specialized form of marketing terms. It refers to the mix of variables that the retailer can combine in alternative ways to arrive at a marketing strategy for attracting its consumers. It is the combination of factors that retailers use to satisfy customer needs and influence their purchase decisions. The factors usually include merchandise and services offered pricing, advertising and promotions, store design, location and visual merchandising (Levy & Weitz, 2001). All the factors form the overall strategic marketing components of retailing.

The previous section has discussed the elements of supply in a shopping destination and for the purpose of this study, the terms retail factors are used. The retail factors are divided into four main factors (product, price, salespeople, and retail environment) that match with the supply components of shopping destination development.



### **2.7.1 Product**

Product offered by the retailer is divided into two categories; product involvement and product selection. Product involvement can be seen from two perspectives, first is when the customers are able to handle or interact with the products. For examples trying on new clothes, reading books, and testing computers. This first-hand exposure to products is the most important source leading customers to buy. In the case of clothing, it is necessary for the retailer to provide the fitting room for their shoppers. A second perspective of product involvement is when shoppers have personal interest for the product offered. This may relate to their hobby or preferences, for example a teacher would be more interested on the book fair instead of shopping for fishing rods. This two different product involvement is an important consideration to the retailers in understanding their target market (Timothy, 2005).

There are three types of product classified by Bucklin (1962): shopping goods, convenience goods and specialty goods. Shopping goods are the goods which the consumer involved the process of selection and purchase characteristically compares on such bases as suitability, quality, price, and style. Convenience good and specialty goods are the non-shopping goods. Convenience goods are the goods that consumer tends to purchase as most accessible item with a minimum effort for examples grocery, while specialty goods refer to the goods that have particular attraction and customer willing to make a special purchasing effort likes handicraft and antiques items.

A good shopping outlet should have selections or variety of products to offer to their customers. In fact, products are the single most important items in a shop as without products there will simply be no business. The types of products available can be imported, domestic, souvenirs and miscellaneous necessities. More to that, the level of import duties on foreign goods; the level of tax on domestic goods; the presence of duty-free stores also influence the way product being sold to the consumers.

It is common for people to travel for a specific item they wish to purchase. It is more interesting to shop when the products that they want to purchase are only available in certain destinations. Whenever people look at the product they will know where it is from. This is what we call a signature product. It can portray the destination where it is from.

Lambert (1996) mentions that most of the famous shopping destinations are normally associated with one or a few primary products. For example, Venice is popular for its hand-blown glass, Hong Kong for its electronics and Bandung for its factory outlet clothing. The most important single element in shopping is the authenticity of the products offered for sale as they relate to the local area. A product that is supposedly a "native handicraft" should be like that in nature. If it is an imported one, the purchaser may be disappointed as his or her prior expectation was an authentic, locally made item.

Tourists are particularly interested in handicraft items that are typical or indigenous to the particular locale or region. Tourists can be encouraged to spend more money on shopping if displays are of high quality, imaginative, and attractive. This product may be purchased in other

places besides its place of origin but they would not get the same quality. The community can control the product originality.

### **2.7.2 Price**

Besides the uniqueness of the products sold, cheap and reasonable prices are also important elements for a shopping destination. An attractive price is one of the most influential factors in generating shopping tourism. The cheaper the prices are in a destination, the more popular the destination would be for shopping. While it is obvious that many more variables come into play in shopping tourism demand, prices of goods are an important influence in the development of shopping tourism.

International shoppers normally go for the value of specific goods as compared to their home countries. It refers to both price and quality (Keowin, 1989). Shopping for good values can have effect on making shoppers feel like smart shoppers, therefore a successful retailer should be more concerned on prices (Howard, 2007). This is because many shoppers compare prices from one store to another, therefore, they should be as consistent as possible and in line with costs. If the shopkeeper resorts to unethical methods of selling such as deception, selling imitation goods or products of inferior quality, refusing to exchange damaged goods, or short-changing or short-weighting, the seller is hurting the tourist trade and should be prosecuted by local authorities.

The good value and low cost products in Thailand have raised the popularity of that country as a shopping destination. Thailand has become popular for both its upper-class department stores

and its inexpensive night bazaars where tourists can purchase handicrafts, clothing, ceramics, and cheap designer jewellery (Brown, 1995). The Tourism Authority of Thailand (TAT) is taking considerable strides in developing shopping tourism, in part as a way of counter balancing the negative image that sex-related activities have brought to the international fore and also as a way of diversifying the tourism economy. As part of these efforts, the TAT in cooperation with American Express, planned and executed Thailand's 'Grand Sale' in 1997. Dozens of shopping centres and department stores throughout the country participated in the event, which was aimed at boosting revenues from shopping tourism. Discounts of 20-70% were offered on Thai and imported designer products. This coupled with the advantageously low value of the Baht that year, was seen to be considerable value for shoppers from abroad (Far Eastern Economic Review, 1997).

Several other places in Asia are beginning to blossom as inexpensive shopping destinations as well, including Korea, Taiwan, and China (Laderman, 1995). The same goes to Padang Besar, where the prices of products are cheap. Visitor can bargain almost up to 50% of the original price. When visitors discover a good bargain or participate in a major sales event, it is in fact an important fact of entertainment-based shopping (Timothy, 2005). Study done by Jones (1999, in Howard 2007) did recall the feeling of excitement and pleasure when they can bargain at their affordable price.

The low currency exchange also contributes towards the increase of visitors to a shopping destination. Previously, the considerably lower value of the Thai Baht in comparison to the Malaysian Ringgit has caused many Malaysians to shop in Hadyai.

### **2.7.3 Salespeople**

The shopkeepers and clerks should be amiable and courteous with their customers. Furthermore, the shopkeeper should not be so anxious to close a sale that the tourist is pressured. Tourist who is courteously served in a store and who makes a good purchase will tell friends back home. Thus, future business can be developed in this way. Salespeople should also take the time to explain the value of the item and relate something of its history that would be otherwise unknown to the purchaser. Of course, this information should be accurate and truthful.

The salespeople also must have sufficient language ability to conduct conversations with the visitors. The most common language is English, but the knowledge of other languages that are commonly spoken by tourists who visit a particular area is a necessary qualification of clerks who serve these visitors. Even though he or she may have some difficulties when entertaining potential purchasers, the salespeople must always be patient and try to understand their behaviour and entertain them cheerfully at all times. One quarter of the Jones (1999, in Howard 2007) study respondent also mentions salespeople are part of the reason for them for having negative experiences.

### **2.7.4 Retail Environment**

Retail environment refers to retail setting in all aspects of a shopping context that people encounter in their shopping pursuits. It is the place where the retail activities happen and in fact it is one of the major actors on the supply side (Jones & Simmons, 1990). According to Timothy

(2005), retail environment not only refers to product and sales people but also to store layout and design, tenant variety in shopping centres and the physical locations of the shops themselves. The frequency of visit and length of stay of the shoppers are unquestionably due to the visual content and architectural design in shopping centre and stores. Store environments can act both as an attraction and as a deterrent to leisure (Jones, 1999 in Howard, 2007).

The stores' retail strategy is one of the influencing variables for tourist shopping behaviour in terms of propensity to buy. The store location must be convenient to tourists' hotels or places where sightseeing occurs. Moreover, the image of the store must consist of assortment and display pricing and negotiation policy, and personal selling. Promotion to the tourist also can be done about the store in the media and by word-of-mouth of tour guides or friends (Keowin, 1989). Jansen-Verbeke (1990) also stated that the retail outlet must consider its location which is accessible with car parking facilities and proximity to other services. The outlet opening hours also will influence tourist shopping pattern and preferences.

Research on shopping malls in Malaysia indicates that shopping malls have transcended their initial role as an economic activity to become a community centre for social and recreational activities. There is an increasing trend of Malaysians shopping for pleasure and spending their leisure time in shopping malls (Zafar, Morry & Zainurin 2007). Malls and business arcade complexes are of course very different, but both are considered as shopping venues that supply products to consumers. In both cases, the activities take place inside the building. Therefore, some criteria of the mall can be applied to the business arcade.

Shopping malls have become social and recreational centres where people go for multiple purposes: shopping, recreational pursuits, entertainment, meeting friends, or simply browsing around, and so on. Therefore, developers of malls must adapt to the fact that malls have evolved into something more than simply a place for buying products. Mall management should make sure that their mall offers an environment that is pleasing to multiple senses, to ensure it is conducive for shoppers to stay and spend more of their time and money. Mall management must also see the needs and wants of the targeted consumers to build and maintain share.

Shopping activities in Padang Besar can be considered as a leisure shopping since most of the visitors to the town are not among the local community but those coming from out of the state. Most of them arrange a trip to Padang Besar just to shop.

## **2.8 Border Tourism**

For the past hundred years, border had played its role as a place that limit people to cross by and had been developed into a place for people or tourist to transit to other places. Political boundaries function as physical and psychological barriers hindering interactions between neighbouring countries. For a government, boundaries mark the limits of national territory and help to control the movement of people, goods and services between countries. The study of international boundaries offers precedents as far back in history as the Roman Empire and ancient China (Prescott, 1987). The development at border is less if compared to other city as the function is only to manage the flow of people to the bordering country. International boundaries are invisible, vertical planes that transect the airspace, the soil and the subsoil between adjoining

states and they mark the limit of territory in which a state can exercise its sovereign authority (Timothy, 1995). In other words, border is a place that limits the contact between people of each country and can act as a military defend. As what happen today, border can be seen as important places to defend the country from terrorism especially like what happen in Israel and Palestine for the past few decades. The subject of the security fence between Israel and the Palestinians in the West Bank has become a major topic of debate in Israeli society and in the world in recent years. The security had been reinforcing to avoid terrorist in these two countries.

Today, tourism activities have been actively developed in most international boundaries such as border between Canada-USA and Malaysia-Thailand. According to Timothy (2006), most international boundaries have been clearly defined and well marked on the landscape and they are even more of an attraction than they have been in the past. International boundaries have been changed from the past, as a line of transit to tourism attraction as more and more attraction had been developed to attract tourists. Governments today are not only concerned about the safety and security issues of border but also concerned about tourism activities where it can attract more tourists and at the same time, will generate the local economy and increase the standard of living for the local community.

Tourism has become one of the economic strategies for development in a number of border provinces. Border tourism is not a new product in North America or Europe but in Southeast Asia Country especially border between Malaysia-Thailand, it is a new products that have potential to develop into tourism attraction. Several borders between Malaysia and Thailand had been developed into tourism attractions for the past few years. Different lifestyle and culture



would be attractive products to attract more tourists to experience it. It would be an advantage for a country if it has different type of tourism products that can attract people from neighbouring countries. People travel because they want to experience different things that they cannot find in their own country. The people on the two sides of a border are usually not homogenous as they belong to different governments and have developed different life styles, communication and cultures. A territorial border separates economies, forms of agriculture, government regimes and much more (Rumley & Minghi 1991). The development of tourism at a border location is largely contingent on conditions prevailing at the adjacent locations on the other side. These mean that, the development of the tourism activities at the border side of one country is influenced by the needs and wants of tourist from the neighbouring countries.

Perhaps the simplest manifestation of the 'border as attraction' phenomenon is people's propensity to want to straddle borderlines, so that they can claim to have been in two places at once or at least having been abroad, even if only by a few meters (Timothy, 1995). At the border, we can usually see the tourist-taking photo in front of the signboard of 'welcome'. Border itself can remain as an important icon of tourist attraction such as the East-West German separate into two countries by famous Berlin wall and the China Great Wall. The historical and the different ideological on the existence of a border line has made it as a tourist attraction for the country.

### **2.8.1 Border Town Development**

Border has been developed as a new tourism destination in the last few years where lots of developments have been done to attract more tourists and this situation had changed the role of

border as line of transit to the new tourist destination. A lot of new tourism attractions have been developed in borders such as Peace Garden at USA-Canada border, casino in the border of Israeli–Egyptian, shopping bazaar at Malaysia-Thailand border and many more. All of these attractions are being developed in political boundaries not only to attract more tourists but at the same time to increase the standard of living for the local people.

Tourism is one of the activities that promote the major success in border town development. Developments at border areas are unlike any other regional development schemes. In many situations the border itself is always the key reason why development emerged in the first place. The economic, safety, political, and social issues surrounding the border areas are the main key issues to be considered when developing the attraction at the border town (Timothy, 2001).

#### **2.8.1.1 Economic Issues**

Economy is always the important issue for the country, not because it can generate more income to the country but also will increase the standard of living for local people. In term of economic issues, it will be the main purpose for the government to develop border into a new tourist attraction. Since border tourism booming in last century, many investments have been made to develop political boundaries into a new tourist attraction.

Today, political boundaries not only function as a transit point but also as a tourism destination. For example, the International Peace Garden on the border between Manitoba, Canada and North Dakota, USA, internationally recognized for its theme of peace and international cooperation,

attracts approximately 200 000 visitors every year (Timothy, 1995). The botanical garden that is situated in the border between USA-Canada generates a lot of income for both countries. Souvenir shops on both sides of the border within the park have been established to offer variety of souvenirs to tourists. By operating the small business such as souvenir shop in the tourist attraction, it will give income for the local people and at the same time, it will provide opportunity for the local people or aborigine to involve themselves in tourism industries. Not all the borders are fully developed, there are still political boundaries which are less developed such as Wang Kelian at the border between Malaysia-Thailand. In these political boundaries, there still exist aborigine and with the development of border into tourist attraction, it will provide opportunity for them to involve in tourism industries and at the same time, it will increase the standard of living. Participation of the local people in border tourism is very important, as this can improve their life and provide more opportunity for them to learn new things.

Besides that, cross border shopping is another activity that will increase the economy for both countries. In fact, shopping has become a major leisure activity in part because the setting for shopping has become much more leisure oriented, as malls and other shopping centres continue to add amenities for customers such as food outlets, fitness studios, skating rinks, cinemas, and swimming pools (Martin & Mason 1987). Shopping as one of the major activities of tourism contributes the largest income for the country. As we can see today, shopping has become one of the most important activities for tourists when they travel.

Jansen-Verbeke (1990) noted, shopping tourism in border areas is a well-known pattern all over the world and the tourist flows are changing, in intensity and in direction, according to the price

fluctuations in the neighbouring countries. Tourist goes for cross-border shopping due to several reasons such as cheaper products, low tariff and tax, simplification border procedures and stable political situation. Malaysia-Thailand borders such as Bukit Kayu Hitam, Wang Kelian and Rantau Panjang provide tourists with multiple of cheaper products. At weekends they attract thousands of tourists who go there for shopping and this type of tourist can be considered as day-trippers or same day visitors. The purposes of day-trippers or same day visitors to go to political boundaries are for shopping and they do not stay overnight.

As early as the mid twentieth century, countries began to realize the value in working together to further one another's economic development (Timothy, 2007). Since that time many countries form up an alliance to work together in term of economic, tourism, culture and so on. The alliance works together to increase the economy not for one country but for the whole regions and some of them have been successfully operated for more than 50 years. The alliances such as European Union (EU), the North American Free Trade Agreement (NAFTA), the Association of Southeast Asian Nations (ASEAN) and many more had been successful in increasing the standard of living of local people.

One other factor that was considered a major influence in the increase in cross-border shopping was the introduction of ASEAN Free Trade Area (AFTA). The objective of the AFTA is to lower the intra-regional tariffs through the Common Effective Preferential Tariff (CEPT) Scheme for AFTA. More than 99% of the products in the CEPT Inclusion List (IL) of ASEAN-6, comprising Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand, have been brought down to the 0-5% tariff range (ASEAN, 2007). By the establishment of

AFTA, it lowers the tariff that will stimulate the shopping activity in the border between Malaysia-Thailand borders. Low prices of products and goods can be purchased at the border and this will increase the activities of the tourism in that area. Currency exchange is another reason for the booming of border tourism where currencies for the country are stronger than the border country and this will make the goods sold in the country cheaper. For example, last few years our Malaysia currency was higher than Thailand Bath and that made the goods in Thailand cheaper than in Malaysia. This situation encouraged the cross-border shopping activities.

Gambling is another activity that will bring economic benefit to the country. With the development of the interstate highway system and with the increase of long-distance automobile travel, people in neighbouring countries where gambling is not allowed are ready and willing to drive to the nearest border town for recreation purposes (Timothy, 1995). As what happens in today's tourism industry, gambling becomes one of the most favourable tourism activities that will bring a lot of benefits to the country. For example, for the past 40 years, Singaporeans are willing to cross abroad and gamble in Genting Highlands Resort. Gambling activities are not allowed in Singapore. Therefore many tourists from Singapore cross over and gamble in Malaysia and this brings a lot of economic benefits to Malaysia. Gambling has become one of the most beneficial tourism activities and more and more countries are willing to build casinos as they will provide tourism activities that will bring economic benefit to them. Macau already changed their policy to allow foreigner to invest in gambling activities and this makes Macau the most beneficial gambling country in the world today. Singapore opened two new casinos in 2010 and this has increased the number of tourist arrival. Gambling activities in border towns will be beneficial activities if the neighbouring countries do not allow such activities to be carried out in

their own countries. However, these activities have to be controlled. It should be carried out in proper way, if not it will bring more negative impact than good for border tourism.

Such economic activities would bring negative impact to one side if they are not being managed in a proper way. Over development of tourism facilities and activities in one side will affect the economy on the other side. For example, the growth in cross-border shopping increased the balance of trade deficit between two countries. In the case of Malaysia and Thailand border, the tourist flow from Malaysia to Thailand is higher than the tourist from Thailand to Malaysia due to the development of tourism facilities and activities which are better in Thailand than Malaysia. In the long term, it will affect the economy of Malaysia where trade deficit will cause the local people who stay at the border loses their jobs.

#### **2.8.1.2 Security and Safety Issues**

Security and safety has always been the important issues in political boundaries. Uncertainty of the environment in the political boundaries will affect the safety of the border and this will give a negative impact to the development of tourism in the border. Tourists will only travel to places that they feel safe and harmony.

Because border areas are notoriously connected to political discord and criminal activities, they sometimes invoke feelings of insecurity, even when there is actually very little to fear (Seekings, 1993). Most of the time, the environment itself at the border will give some impacts for tourist perception about the safety of the place. In a think-tank conference on safety and security issues

in the global tourism and hospitality industry, it was concluded that crime would continue to escalate as travel increases. This is expected to become particularly apparent in those destinations where there is a large discrepancy between the wealthy and the poor. When the time government develops the tourism industry, it should involve all parties in that area, this is to make sure that their contribution to the tourism industry will bring benefit to themselves. Local people participation is very important to the development of tourism industry because it will decrease the number of crime if resident sat that area make enough money for themselves and their family.

Safety may be significant factors affecting future ties with the place. In the development of border tourism, safety will be the main and important issues to consider. According to Timothy (2001), on a small scale, conflicts in one country often negatively influence tourism in contiguous countries. The safety of one country will affect the perception of the other border country's citizen where they will feel unsafe to travel in that country. Furthermore, Richter (1992) pointed out that political instability in one country might affect tourism in another country, even when the contention does not actually spill across the border.

Several researchers have recognized the relationships between tourism and crime and have proposed that criminal activities, especially economic crimes such as theft, pick pocketing and drug dealing are sometimes directly related to the growth of tourism (Ryan, 1993; Mathieson & Wall 1982; Timothy, 2007). Although crime happens everywhere, but the management of the country should control it by increasing the number of police to patrol during the peak season. For example, the subject of the security fence between Israel and the Palestinians in the West Bank

has become a major issue in Israel and in the world in the last several years (Gelbman & Keinan, 2007). The security fence is an operational mechanism concept conceived by the Israeli defence establishment in order to reduce the number of terrorist attacks originating in the Palestinian territories, usually in the form of booby-trapped vehicles or suicide bombers intended to kill non-combatants people (Kliot & Charney 2006). In the perspective of West Bank issues, although Israel has lots of heritage attractions that already exist hundreds of years, but at the situation where safety is not concerned by both countries, it is difficult to attract tourist to visit these attractions. The war between Israel and Palestine had destroyed the tourism industry in the border area where citizen of both countries will not visit each other due to security problem. War becomes an important barrier to the tourism industry where it influences the flow of tourism to the countries that are directly involved in the conflict (Timothy, 2001).

Many countries had tightened their control on border entry and therefore resulted in greater barriers to tourism industry. Following the terrorist attacks in the United States in 2001, the US Government immediately sealed its border with Mexico and Canada, as well as all sea and air gateways, for several hours. This immediate reaction was the first step in a series of efforts to tighten border security on the northern and southern boundaries (Ackleson, 2005)

Southern Thailand issues were another safety and security issues that affect the development of border tourism. In the last decade, terrorism and crime had seriously influenced the flow of tourism to Thailand especially in the area of Pattani, Narathiwat and Yala provinces. The fighting between the local people and the government make the situation become worst and it was a huge negative impact for the tourism industry at southern Thailand. In 2009, the border of



Malaysia-Thailand, Padang Besar has been the venue for the armed smuggled and in early 2010, a couple of Thais has been arrested at the border with the home made-gun. The couples claimed that it was for their own used to shoot the animal in the forest where they tapped the rubber. These two current issues happened in Padang Besar might affect people perceptions on safety of the town.

Realizing that terrorism is a direct challenge to tourism development in Southern Thailand and Malaysia, the Tourism Ministers of the ASEAN had work together to recover the situation. For example, on 24 January 2003, for the Sixth Meeting of ASEAN Tourism Ministers, recalling the ASEAN Declaration on Joint Action to Counter Terrorism signed by ASEAN Leaders on 5<sup>th</sup> November 2001 in Bandar Seri Begawan, Brunei Darussalam and the Declaration on terrorism by the Eight ASEAN Summit held on 4<sup>th</sup> November 2002 in Phnom Penh, Cambodia (ASEAN, 2007). The cooperation of each country is very important in protecting the terrorism industry controlling the crime. As mentioned above, safety and security issues are becoming the major issues in the development of tourism industry especially in the countries that faced this problem such as Thailand. Effective solution has to be designed to overcome the situation where tourism brings a lot of benefits to the country especially country like Thailand that relies on the tourism industry to generate income.

### **2.8.1.3 Political Issues**

Tourism has become one of the economic strategies for development in a number of border provinces. However, stable political situation in one country will influence people perception to

visit to one country or not. Research has shown that violence and political instability can have grave effects on tourism (Hall, 1994; Timothy, 2007). For example, the political instability in China during 1989 Tiananmen Square Incident reduces the number of tourist arrival for a couple of years. Tourists today are very concerned about their safety and they only travel when they feel safe. If their safety is in question, less people will travel abroad or they will choose other alternative. In this matter, strong and safe political situations need to be preserved to attract more tourists.

For a government, boundaries mark the limits of national territory and help to control the movement of people, goods and services between countries (Hall, 1994). A stable political government will attract more people. Wars, border disputes, coups d'état and crimes all contribute to unsafe condition and usually result in sheer declines in tourist flows and border crossing (Timothy, 2007). Wars that happened in North and South Korea, Croatia and Bosnia contribute to the decline of tourism activities between these two countries. Besides that, some of the countries are still involved in a dispute over the exact location of the international borderline such as China and Russia, Thailand and Cambodia. This issues if not manage in a proper way will bring negative impact to the tourism activities in border. Another example happened in Southeast Asia Countries was in Southern Thailand that faced instability of Political issues. In Southern Thailand, some of the provinces request to separate from Thailand and become independent country. This incident causes instability in Southern Thailand where many people had been killed by terrorists and some places were bombed. Furthermore, the army of Thailand switched political loyalty and took over the government from the current government in 2007 making worst the situation in Thailand. All of these unstable political issues will affect tourist

perception to travel to Thailand and they may choose other countries. During that period, lesser Malaysian tourists travel to Thailand due to the unstable political happening in Thailand and the safety issues.

On the other hand, border formalities were another issue that had been argued for many years. Tourist commonly view borders as barriers in the sense that they must present proof of citizenship, declare goods purchased and respond to a series of questions from intimidating immigration and customs officials (Timothy, 1995). All of these procedures make tourists feel nervous when they cross borders even though they are not hiding anything. The procedures at the border always change from time to time and that cause much trouble to tourists they may not get the latest information from the government and when the time they cross over by, they may be stopped by the official to be investigated.

Besides that, some of the tourists face problem in getting visa. For example, tourists who wish to travel to USA or Japan, they have to go through an interview where they have to state their objective of visiting these countries. This will make them feel frustrated and may cancel the trip. For some people this is merely annoying, but for others it can be frightening (Timothy, 2003). Going through a long and complicated procedure will decrease their interest to travel. By the way, some of the border official takes time to investigate tourists and this will give a negative impact to the tourists. Actually, this procedure is needed for security concern but if the officials misuse the right that was given to him/her, it will create trouble to tourists. For example, in the case that is happening in Malaysia's border. Bukit Kayu Hitam. In Bukit Kayu Hitam border, when a tour bus crosses the border, it will be investigated six times by different officials and this

creates trouble to not only the driver but also the tourists. In this case tourists need to wait for a long time to continue their journey and it gives a negative perception for the tourists. They may not come again in future.

In some of the borders such as Malaysia and Thailand, Vietnam and China, only a valid entry document is needed to enter a country. Border tourism on the Vietnam-China frontier began to grow after 1992 and it is a special form of tourism arranged for the nationals of Vietnam and China visiting each other's country. It is arranged with special types of travel documents, no passports or visas are required (Chan, 2006). In Malaysia and Thailand, citizens that stay in northern region are allowed to use border pass to cross the border and other citizens need to use passport to cross the border. For the citizens from northern region, it is easier and cheaper to use border pass to cross by and this will encourage them to travel to Thailand. Thailand's citizens are also allowed to use travel document to cross by to Malaysia.

#### **2.8.1.4 Social and Culture Issues**

The social and culture on the border could affect the cultural style of neighbouring country. The extent of the similarity of the social and culture on both sides of a border will also determine the barrier effect of the boundary. Culture itself may bring positive impact to the country where it can be used as one of the attraction to attract tourist attention but at the same time, it also could be of negative impact to the country.

Long established borders, on the other hand, will have separated societies for a long enough time that each will have developed individually from those across the border. With time, values change and social representations of the world are altered (Timothy, 2007). This is why we can see a lot of countries tend to have similar culture but possess different value systems on opposite sides of a border. For example, Canada is going to promote their tourism industry internationally but USA is more focus on domestic tourism.

Language and culture differences on both sides are the barriers that are faced by border tourism. In this matter, when both countries have different language used, tourists may feel scared to cross abroad because they cannot understand the language and even the road sign is in foreign language. Language difference will be the problem for tourists to travel to other country.

Furthermore, different culture of both countries in the border would bring negative impact for tourists that are not aware of the local culture. For example, when we want to visit a Malay house, we should take off our shoes and this culture may not be followed by the tourist from neighbouring country. This will create negative impact for both countries if they do not manage it well. In this matter, we have to respect other country's social and culture values when we travel to their country.

In fact, social and culture differences may bring benefit to the country if they know how to promote it. One of the reasons people travel is they want to search for different and new things, which they cannot find it in their country. Different social and culture values of both countries would be an attractive tourism product that will attract tourist attention. Tourists travelled as they

want to experience the different culture and social values those countries offered. For example, Thailand is one of the most successful tourism countries in the world, each year it attracts million of tourists. Tourists go to Thailand because they want to experience Thailand's culture that has existed more than 500 years. The cultural performance is an attractive tourism product that attracts million of tourists such as the Fantasy Show at Phuket Island. At the border between Malaysia and Thailand, the culture differences attract a lot of tourists from Malaysia to cross abroad to Thailand especially during the water festival in April. From here, we can see that culture and social values will bring positive and negative impacts for the border tourism itself. It depends on how to use the culture as an important product to attract tourists.

### **2.8.2 The Growth of Cross Border Shopping**

Shopping tourism activities occurring in many border towns are being discussed more and more everyday by scholars. There are many border towns that grow due to cross-border activities and one of the common leisure based or economic based activities is shopping. When the shopping activities happen in the border areas, they are called "cross border shopping or out-shopping". It is the term used when people shop beyond their home environments or communities, and it has become common trips in all part of the world where people are more interested to shop in the neighbouring countries. International out-shoppers on the other hands refer to consumers who purchase away from their home country and identify shopping as a motive of going abroad (Tansuhaj, Ong & McCullough, 1989). International out-shopping is more complex than domestic out-shopping due to greater differences between international market environments and national controls on the movement of goods across boundaries.

Out-shopping activity is preferred by the border communities because of the cheaper products, lower taxes, wider arrays of goods, and different hours of operation in neighbouring countries. This phenomenon can be found at international borders everywhere, even in fairly remote locations. For people who live near to the border, the trip to the shopping area may be short, lasting from minutes to hours, but for people who live farther from the border, the trip usually takes a longer duration, sometimes lasting days and tends to be more leisure oriented (Timothy & Butler, 1995).

Leimgruber (1988) notes there are four conditions which must be present for cross border shopping to take hold and develop. First there must be sufficient contrast between the home environment and the other side of the country. These differences can be viewed in terms of price, product quality and selection. Second, the residents of one country have to be aware of what is on the other side. Populations must have adequate information on the goods offered beyond the customs barrier either through media for examples through advertising or through personal visits. Third, potential shoppers need to be able and willing to make trip to the other side of their home environment, especially taking into account such things as exchange rates and personal mobility. Finally, the boundary location also must be sufficiently permeable. At the risk of stating the obvious, it is clear that borders with fewer restrictions will become the locations of choice for out-shopping rather than those with extensive formalities and barricades.

Timothy (2001) then notes more specifically several factors that contribute to the growth of cross-border shopping. First, there must be favourable exchange rates between the neighbouring countries. This is one of the major motivations for shopping in countries where currencies are

weak. Often the case is when the exchange rates are favourable in country A, residents will travel to country B. Second, like the exchange rates, when taxes in one area are higher than in a neighbouring region, people from the high tax area will travel across the border for cheaper goods and services. Low sales, liquor, tobacco, and gasoline taxes are all contribute to cross border shopping. Third, as the result of economy of scales, and a lack of competition in smaller economies, higher profit margin exists and driving up the cost of consumer goods at home. Therefore when the distribution channels in smaller countries are sometimes or competitive as in larger states, resulting in profit margins being usually higher in order to make up for the limited market base. The fourth reason is a wider selection of goods offered in neighbouring countries particularly in the areas of fashions, brand names, and product quality may promote the growth of cross border shopping. In situations where one country has a smaller population, or market, product lines have traditionally been less varied than those in adjacent nations with larger market bases. Consumer service is the fifth factor for cross border shopping to grow. Many people reported enjoying the level of service and individual attention they received while travelling to the neighbouring states. The sixth factor is the differences in the opening hours between the states, for example since the time different between Malaysia and Thailand is one hour, therefore we have one hour extra when we shop in Thailand. Finally the last factor is when the shopping trip is pleasurable and can function as a family vacation or other recreational activities. It can be seen that much of the activity in border shopping are motivated by economies, however it is often viewed as pleasurable and can sometimes act as a sort of a mini vacation (Timothy & Butler, 1995).



In America, most of the international out-shopping research literature focuses on the Canada - US border and Mexico - US border although some attentions have recently been directed toward boundaries in Central and South America. Several Canadian studies were undertaken in the early 1990s in a frantic attempt to understand consumer motivation for shopping in United States. The literatures noted that the main reason to shop in the US was the lower price of goods in the United States owing to the strong Canadian dollar, lower taxes, more retail competition, lower profit margins, and shops accepting Canadian currency on par with the US dollar (Timothy, 2001). On the other hand, the Mexican border town has long been an important day trip destination for Americans and other tourists visiting the south western United States. This border town has become a well-known destination for drinking, prostitution, bullfighting, authentic Mexican food, and shopping. Souvenirs, pharmaceuticals and dental and medical services are the usual items purchased by US residents in Mexico and their activities are more leisure oriented than Mexicans' shopping activities in the United States.

There is also small but growing literature on this activity in Asia. Shopping tourism situated in South East Asia's border towns has developed towns like Singapore - Batam, Johor Bharu - Singapore and Padang Besar - Sadao. Malaysia is bordered by Thailand, Singapore, Indonesia and Brunei Darussalam. East Malaysia or Borneo shares borders with Brunei and Indonesia. While West Malaysia or the Peninsular shares a border with Thailand and Singapore.

A study done by Anaman and Rose (2002) has identified the factors that influence the level of cross-border tourism from Brunei to Eastern Malaysia. Labuan, Limbang and Miri are the districts in Eastern Malaysia that can be reached from Brunei within an hour either by land or

seas. The availability of cheaper prices of goods and services, better quality of goods and services in Eastern Malaysia and high personal income on the part of the visitors are the main factors that determine the level of visits to East Malaysia by Brunei residents. Moreover, the respondents in this study also indicated that Eastern Malaysia provided a better place to rest and relax and to get away temporarily from stress and pressure. The study also estimated that in year 2000, Brunei residents spent about B\$426 million a year on goods and services while visiting Eastern Malaysia and this annual outflow is about 5.7% of Brunei GDP. This high flow of consumers spending away from Brunei to Eastern Malaysia has affected the slow growth of Brunei's economy in the last decade, particularly in retailing and hospitality sectors.

Compared to the Malaysia-Brunei border, there is not much information on the cross border shopping at the Malaysian - Indonesian border. The boundary separates the Indonesian provinces of East Kalimantan and West Kalimantan, and the Malaysian states of Sabah and Sarawak. Serikin, which is situated in Bau, Sarawak, is famous for its shopping activities. There are stalls on both sides of the road selling Indonesian products. There is less or almost no development being done in Serikin.

Meanwhile, West Malaysia is bordered by Singapore and Thailand. Singapore is a well developed, modern city - state and a shopper's paradise, however, most Singaporeans prefer to shop in Malaysia, particularly in Johor Bahru. This town is situated at the southern tip of Peninsular Malaysia town and acts as the main gateway to Singapore. The border between these two countries can be categorized as a 'young border' and has become highly significant only

since 1965. Historically, Singapore was part of Malaya (and then Malaysia) before it chose to walk out of Malaysia in 1965 (Barter, 2006).

Studies done by Piron (2001) on Singapore's out-shopping notes that Singaporeans prefer to shop in Malaysia, either on occasion or on a regular basis because of economic reasons since the prices are much cheaper in the neighbouring country. As the number of Singaporeans out-shopping in Johor Bahru increases, the retail industry in Singapore has been sluggish, bracing for a shake up because of the competition from Malaysia where they can receive better value for money. In 1995 Singaporeans spent \$1.6 billion on shopping in Malaysia and in 2000, there were about 1.9 million tourists who visited Johor during the Malaysian mega sales carnival. The retail environment in Johor Bahru is modern with its departmental stores, restaurants and supermarkets. Many Singaporeans go to Johor Bahru every weekend to buy groceries and refill their fuel. Although there is an increase in fuel price in Malaysia, the price is still cheap compared to Singapore.

Thailand is another country bordering with Malaysia in the north. Along the Malaysia - Thailand boundary, there are seven border entries which allow citizens between each country to cross abroad (Table 2.5). Four of the borders town in Malaysia are located at the north - western part of Malaysia and the other three are located in Kelantan. The seven borders between Malaysia and Thailand have their own roles and the border between Bukit Bunga (Kelantan) and Ban Buketa (Narathiwat) is the latest border that started operating on 21<sup>st</sup> December 2007.

Table 2.5: Border Towns between Malaysia - Thailand

No.	Malaysia		Thailand	
	State	Town	Town	District
1.	Perlis	Wang Kelian	Wang Prachan	Satun
2.	Perlis	Padang Besar	Padang Basa	Songkhla
3.	Kedah	Bukit Kayu Hitam	Sadao	Songkhla
4.	Perak	Pengkalan Hulu	Betong	Yala
5.	Kelantan	Bukit Bunga	Ban Buketa	Narathiwat
6.	Kelantan	Rantau Panjang	Sungai Golok	Narathiwat
7.	Kelantan	Pengkalan Kubur	Tak Bai	Narathiwat

Source: Adapted from Tan (2008) and Praman (2008)

Cross border shopping happens in most of the Malaysia - Thailand border towns, especially in Wang Kelian, Padang Besar, Bukit Kayu Hitam and Rantau Panjang. These small towns are often visited by tourists who either shop there or stop there in transit before continuing across the border. Hat Nyai, Tak Bai and Sungai Padi are among the shopping tourism destinations in Thailand that have become the preferred destinations for shopping for Malaysians. However, not all visitors cross the border. Many of them simply choose to shop in small towns scattered at the border. Among these small towns that have become tourist attractions are Padang Besar in Perlis, Rantau Panjang in Kelantan and the Wang Kelian Sunday Market in Perlis.

### 2.8.2.1 Duty Free Shopping

Duty free shopping basically refers to the items that can be purchased free of duties and import tariff at the point where people depart a country since the goods will not be consumed in the country where they are bought. Almost in all international airports, harbours, and land border crossings provide duty-free shopping for travellers once they have cleared departure inspections and, on many vessels, like aeroplanes and ships duty-free shopping can commence once in

international airspace or waters. On land, duty-free shops are normally located between the customs office of each country. By purchasing merchandise after leaving the effective control of one country but before entering the next country, travellers can avoid paying import duties on highly taxed and deluxe items (Timothy, 2001). This does not mean, however, that shoppers are exempted from paying import duties on the merchandise they purchased by the country they are entering. Duty-free goods are not goods offered at a discount but rather that there are simply no taxes or fees added to the prices. Thus, there is no guarantee that visitors will always find a bargain.

The traditional model of duty-free shopping is changing. Some countries are beginning to follow tax-free purchases on arrival (Bia, 1996). Australia and some countries in Asia and Africa are recent examples of this. Tax-free shopping is also not limited to international gateways. For instance, the state of Louisiana adopted a sales-tax-free shopping program in 1990 for international visitors-the only one of its kind in the United States. Most of Louisiana's visitors know of the tax refund program and almost 82% of them used the program for sales-tax refunds in 1998. While the success of this program has yet to be fully determined, government leaders and tourism promoters anticipate an increase in tourist numbers to the state (Dimanche, 2003).

In 1947, the Irish Parliament passed the Customs Free Airport Act, which, to all intents and purposes, brought about duty-free shopping, as it is known today. The world's first duty-free shop opened in Ireland at Shannon Airport the same year and sold tax-free alcohol and tobacco to transit passengers on their way to and from the United States. Inflight duty-free sales are thought to have started with Air Frances in 1955 and Lufthansa in 1960. By 1960, the idea and

practice of duty free had spread to airports in Brussels, Dusseldorf, Osaka, Oslo, London, Frankfurt, Miami, Amsterdam, and Tel Aviv (Bia, 1996).

Duty-free shopping is a highly important tourist activity, estimated to be worth tens of billions of dollars each year. According to Bia (1996), approximately 30% of all spending by travellers on each trip comprised of some kind of duty-free shopping. The most popular items are wines and spirits, perfumes and cosmetics, sweets and chocolates, jewellery and watches, and tobacco products, although the single most common item purchased in the mid-1990s was women's perfume (11% of total purchases), which was a change from earlier years, when cigarettes were the most commonly purchased item. The fastest growing items are confectionaries and clothing accessories like ties, purses, and scarves. Bia (1996) also argues that duty-free shopping is a unique form of tourist shopping because it focuses on prestigious brands and products, has a different pricing system, caters to a captive audience, and is regulated by spatial rules and regulations.

While Europe traditionally has been the largest area of duty-free commerce, the abolition of duty-free sales within the EU in 1999 created a complex situation. The most recent policy on duty-free in the EU states that, when people travel between EU member countries, they may purchase certain items tax-free like perfumes, cosmetics, sweets and gifts, while other items like tobacco and alcohol products can be bought at taxed prices and tax-free when travelling outside the EU. This is regulated by requiring passengers to show their passports and boarding passes to shop personnel. Before 1999, there

was considerable opposition to the abolishment of duty-free sales within the EU, particularly by retailers and distributors of tax-free merchandise (Graham, 2001).

### **2.8.2.2 Imitation Goods**

Imitation goods refer to the goods that carry the brand names but using different materials. The manufacturer will copy the original design from the designer; some with the licence and some are not. Imitation goods have been one of the trademarks for shopping at border town as nowadays most of the visitors who go to border town just for the reason to buy imitation goods as the price is cheaper than the original brand, and not many people can afford the branded items. In fact, most of the border towns are known for the imitation goods sold.

The neighbouring country normally will supply the goods to the border town. In the case of border shopping in Malaysia, it is clearly seen that almost every store sold imitation goods ranging from handbags, bags, shoes, clothing and accessories like watches and sunglasses. Even nowadays, it has already become a trend for the shopper to shop for imitation items rather than the branded ones, maybe due to economic crisis.

Some imitation goods are good in quality and some are not, depending on the grade of the imitation, for example shoppers can choose to buy imitation handbag from either grade A, double A or triple A. The triple A grade is the best one and a bit expensive compared to grade A and double A. The grades refer to the type and quality of materials used and the degree of similarities they are to the original design.

### **2.8.2.3 Trading Activities at Border Town**

As have been mentioned before, among the smaller towns that have become tourist attractions for shopping near the Thai border are Rantau Panjang in Kelantan, Wang Kelian Sunday Market in Perlis and Padang Besar, also in Perlis. However, it is questionable whether the development can benefit the local economies and the local communities because of the business conflicts between the local and Thai traders. Taylor (1995) mentions that tourism entrepreneurs within a community may actually not be part of that community. They are the “off comers” or strangers that gain profit from the tourism development. Although they are foreigners, they need to be included in the planning and development of border tourism as in many cases, most of them are active in their roles compared to the local people. They are also the ones that interact more with the tourists compared to the local people.

The traders in a border shopping located in Malaysian territory can be seen in Rantau Panjang, Wang Kelian and Padang Besar. Mat Som, Mohamed, and Wong (2005) conclude that the growth of tourism related activities in the border market in Wang Kelian has increased the local participation in tourism. The involvement of local communities in tourism-related business activities in Wang Kelian can be seen through trading at Wang Kelian Sunday Market, which is another border shopping attraction in Perlis, located in Titi Tinggi district and is near to one of the most remote Malay villages and a Chinese town; Kampung Wang Kelian and Pekan Kaki Bukit. Goods sold at the market include agricultural produce such as fruits and vegetables, cheap household items, clothes and handicrafts that are mostly from Thailand. The visitors can bargain with the sellers to get the lowest price possible.



The unique feature of this popular border market is all visitors can cross the border without the use of passports, provided that they remain within the market area. This border crossing activities is called the 'Free Flow'. The Village Head of Wang Kelian estimates that about 20 families from Kampung Wang Kelian and 80 families from Kaki Bukit benefit directly from activities at the Sunday Market (Mat Som, Mohamed & Wong 2005). However, the degree of involvement tends to decrease over time due to high permeability between the two different societies, which allows intrusion of foreign traders into local territories. According to Suksuwan (2002), there is a perception among the local community in Wang Kelian that a leakage of revenue is occurring, whereby Thai traders are benefiting more from the Sunday Market compared to local traders. The local traders lack the necessary resources to sustain in the competitive business environment.

Nevertheless, the opening of Perlis State Park in 2000 located beside the Wang Kelian Sunday Market has made development in that border more sustainable. Although trading activities at the Sunday Market are still monopolized by Thai traders, the state park is monopolized by the locals. The development of the park has a direct impact on the two local communities around the park, Kampung Wang Kelian and Kaki Bukit. The general workers at the park headquarters are sourced from local communities to carry out maintenance work. Some of the general workers are also qualified nature guides, and they double up as guides for visitors to the natural attractions whenever required.

At one time visitors have been disallowed to cross the border at Wang Kelian without passports or border passes. This has decreased the number of visitors there. Most tourists have shifted to Padang Besar because it remains open every day whereas Wang Kelian Sunday Market only

operates once a week. After realizing the decrease in the number of tourists, recently the border has been reopened but to cross the border, the tourist has to show their identity card.

Rantau Panjang is different from Wang Kelian. It is more similar to Padang Besar as both towns offer similar shopping experience in the form of bazaar shopping and not modern business style. (Kartiman & Zaihasrawati, in Yahya, Mohammad & Habibah, 2008). In spite of this, business activities among foreign traders are not as widespread as in Padang Besar. It can be said that many local residents are involved in business there. Rantau Panjang is a town situated in the district of Pasir Mas, Kelantan. This border town lies on the bank of Golok River that separates Malaysia and Thailand. As it is in Padang Besar, business activities here are carried out inside a premise and traders get their goods supply from Thailand.

Kartiman and Zaihasrawati (in Yahya, Mohammad & Habibah, 2008) state that tourism activities that are able to generate the local economy are activities that encourage tourists to stay at least overnight, spend their money on various aspects such as food and drinks, entertainment, recreation, relaxing and moving about using local transportation mode and various local services. This causes much inflow of money from outside. Tourism multiplier effect will be spread through a variety of tourism related facilities and services. However, a situation like this does not exist in either Rantau Panjang or Padang Besar as most tourists who visit these towns are day trippers who merely shop but do not stay overnight. In other words, the visitors do not use the local services offered.

#### **2.8.2.4 Business Activities at Padang Besar**

Figure 2.5 illustrates the business situation in Padang Besar that bears a number of problems physically, socially, economically and legally. The figure explains the relationship between traders, residents and government that is happening in PBAC. This figure is adapted from Amir Salim (2002), though with a little change in order to describe the shopping tourism in that town. The figure also shows the area in which this study focused, the tourism supply.

Business activities in Padang Besar involve the traders, the chamber of commerce and the government which are the supply side of tourism. Traders are divided into two groups i.e. the Malaysian traders and the Thai traders from Thailand. The Chamber of Commerce is the body that looks after the interests of the traders and the government acts as the developer and catalyst for the development.

During the initial stage of Padang Besar development, the government provided the incentives by building the PBAC. The local community grabbed this chance by buying Thai goods and selling them there. Visitors began to get interested to visit this place. The Thai traders saw how lucrative it was to trade there and take the opportunity to come and do business. Cheap prices and the opportunities to bargain up to more than 50% are the attraction for the visitors to travel to Padang Besar.

There are two types of transactions responsible for outward flow of cash in Padang Besar. The first is when local traders get the supply from Thailand and second when Thai traders trade on

Malaysian soil and take the profit back to Thailand. There is a trade competition at the PBAC between the Thais traders and the Malaysian traders. For many years the Thai traders have dominated the trade and business in Padang Besar until it has expanded into a shopping tourism at the border, while community involvement has dwindled. Government was only involved in the initial stage of development and provided surveillance from time to time, with the cooperation from the police, customs and immigration departments at the border.

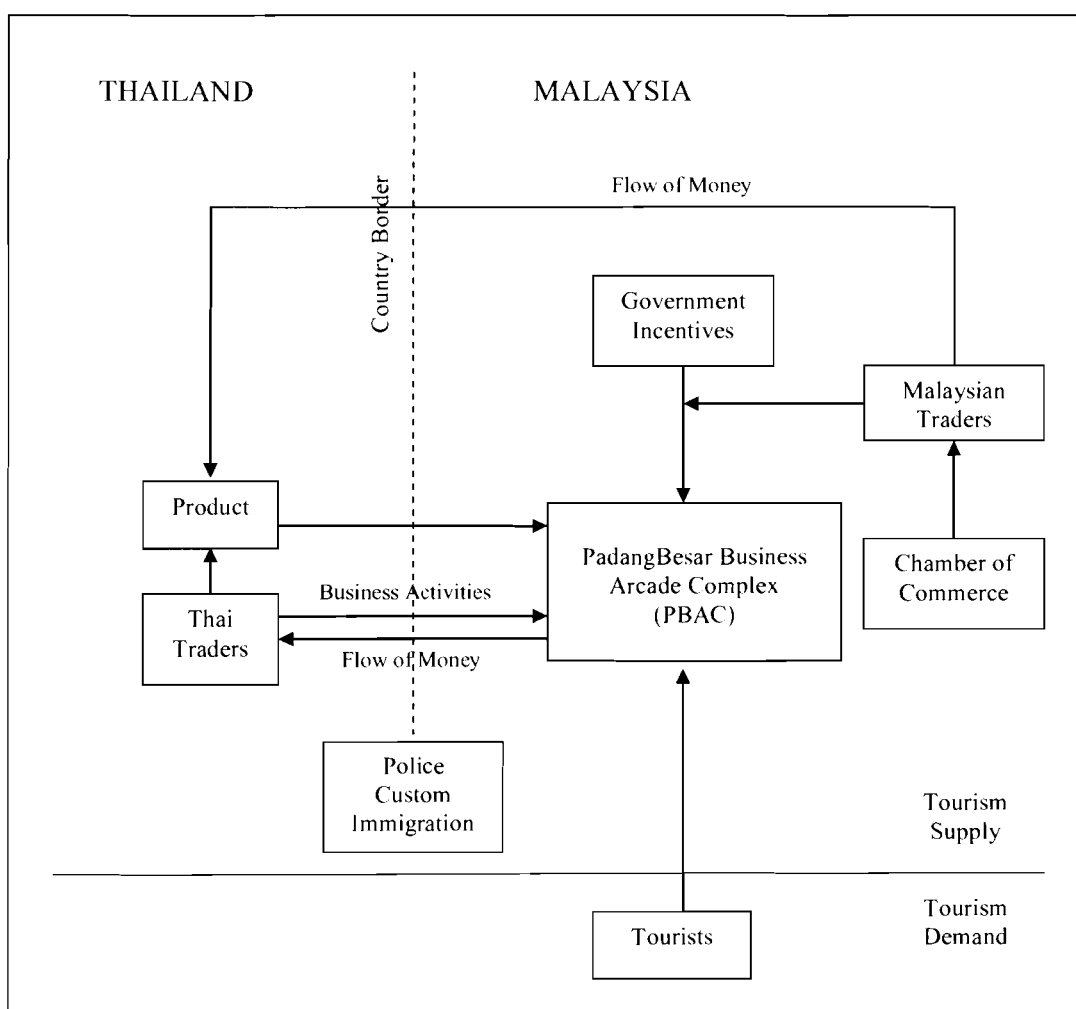


Figure 2.5: Business Activities at Padang Besar  
 Source: Adapted from Amir Salim (2002)

### **2.8.2.5 Shopping Venue at Padang Besar**

There are several shopping venue at Padang Besar; The Padang Besar Business Arcade Complex (PBAC), The Market (TM), Gapura Square (GS), Warisan Limpahan Duty Free Shop (WL) and Emas Kerajang Duty Free Complex (EK). Each of the shopping venue are located at Malaysian side, at the border town of Padang Besar.

The PBAC is situated in the Padang Besar commercial area that is an inland port commercial area. The business arcade complex became fully operational in 1992. This complex is about 3800 square feet in size and houses 104 premise lots that are about 320 square feet each. It is only two storeys high and has a lobby in the middle. This lobby initially had about 64 stalls with the rent of about RM65 per month each. In May 2000, a fire caused the stall keepers to move out from the arcade to the dry market. At present, the lobby houses 10 kiosks selling goods from Thailand. The building and the shop lots belong to the Perlis State Economic Development Corporation (SEDC) but the kiosks are owned by the SEDC subsidiary company, the Perlis Property. Perlis Property acts as the management body for the arcade.

Among the products that can be found inside the PBAC are bags, accessories, clothing, household items, kitchen utensils, food items as well as snacks. All these can be purchased at bargain prices. Many tourists spend their money buying households items such as comforters, home decors, towels, etc. Ladies would purchase handbags and clothing. Youngsters prefer to buy jerseys, while the children love to go there because there are many toys, and snacks sold

there. Shoppers can shop for casual clothing and enjoy fresh coconut drinks and Thai delicacies at the nearby stalls while waiting for their spouses to finish shopping.

TM is scattered small shop located at on the left side of the PBAC. This market is owned by Bakau Jaya Development, the subsidiary company of Perlis Development Corporation. Accordingly there are 70 traders owned each lot inside the market. The traders are required to pay deposits between RM680 to RM260 depending on the legroom they trade. They also are required to pay monthly fees every two years. The fees are RM200 for two years. Due to privacy concerns, the name and background of the rental is kept confidential.

GS was previously known as 'Pusat Niaga Utara', or Northern Trade Centre. It was built in 1998 but not recorded on when it was finished. The buildings consist of two and three storeys. The two storey buildings were sold in 2003 at RM250,000 while the three storey buildings were sold in 2000 at RM380,888.11 units shop lots of the two storey buildings are owned by Malay traders in Padang Besar but they use the shop as warehouse. Some of the shops are rented to the Thai traders and suppliers. The buildings are located behind the PBAC.

There are 69 shop lots for three storey buildings are owned by few agencies in Perlis, Majlis Amanah Rakyat (MARA), Tenaga Nasional Berhad (TNB), and Pertubuhan Peladang. The details of the owner who bought the buildings from these agencies are undisclosed due to privacy concern. The duty free shop, WL is located in one of the buildings opposite the Fishery Department in Padang Besar while EK duty free complex which is owned by The Zon Duty Free is after the ICQ Complex. It is normally visited by the visitors who opt for imported chocolates

and liquors, besides a selection of branded household goods, perfumes, watches, luggage, sunglasses and clothing.

## **2.9 Critical Reflection on the Limitation of Current Literature**

Having conducted a literature review, a number of limitations in existing literature emerged. The first limitation concerns the lack of conceptual and empirical evidence with regards to border shopping development, activities and facilities. Most of the previous studies are cross-border shopping whereby the residents in country A will travel to country B to shop. The situation in Padang Besar is different since the visitors to Padang Besar are Malaysian, who shops at their own country and referred to as domestic-outshoppers. Most of the cross-border shopping studies focus on demand perspectives, the previous researchers study on visitors' characteristics rather than supply perspectives.

The second limitation highlights the lack of integration of, and interaction between border shopping development, border shopping activities and border shopping facilities as most of previous researches focus to look at cross-border. The final limitation is the lack of recognition on tourism supply chain roles in the border shopping destination. Their perception and contribution are crucial and required in understanding the overall development, activities and facilities of border shopping at Padang Besar. There were also less documented data about border shopping at Padang Besar as again most of the previous researches focus on Wang Kelian. Shopping activities at Wang Kelian are considered cross border since visitors are allowed

to shop across the border. It is a different scenario in Padang Besar as visitors shop at Malaysian territory. They did not cross the border to shop.



## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This chapter discusses how the research is conducted. The researcher started by discussing the nature of the study and the rationale for choosing qualitative investigation as the main approach to the study. This is followed by a description of the initial study which was the first step in this research. The initial study was conducted to gain some information about the tourism development in Padang Besar that leads to the understanding that Padang Besar is meant for border shopping tourism. The discussion from the initial study has led to the design of the main study, the context of the study, the participations in the study, the data collection procedures, the data analysis methods in analyzing and interpreting the qualitative data. This chapter also discusses the procedures used to ensure the study is believable, accurate and right from the view of qualitative research. Finally, this chapter discusses on ethical issues as this study involves interaction with human beings before the researcher closes with a conclusion.

#### **3.1 Qualitative Investigation**

There are two broad categories of research data, qualitative data and quantitative data. Qualitative research refers to the meanings, concepts, definitions, characters, metaphors, symbols and descriptions of things while the quantitative research involves the counting of things; it has a specific amount to be counted, calculated and measured. It depends on data to interpret the result.

A qualitative interpretive research perspectives adopted for this study is “tries to understand the action in a substantive area from the point of view of the actors involved” (Glaser, 1998). This research approach was chosen for this study because this study is an exploratory research and intends to study about human approach on how the respondents become involved and contribute in developing a border shopping destination. Accordingly there are five major tradition of qualitative research: biography, case study, ethnography, grounded theory and phenomenology but in terms of interpretive, researchers can adopt a range of methodologies such as ethnography, case study and grounded theory (Creswell, 2003).

This study adopted grounded theory which is one of the interpretive methods that used to describe the world of persons under study or in other words interpretive researchers have to rely on the knowledge from the “inside”. Grounded theory was introduced by two sociologists, Barney Glaser and Anselm Strauss. In grounded theory approach, this means that the research participants’ concerns shape the direction and form of the research. The researcher then seeks to learn how they construct their experience through their actions, intentions, beliefs and feelings (Charmaz, 2006). This types of methodology also recognizes the important of people in “shaping the world they live in through the process of symbolic interaction” and interrelationship between peoples’ perceptions and action. It emphasizes the need to, “get out in the field” (Glaser, 1992; Robson, 2002), study phenomena using the perspectives or voice of those respondents; collect and analyze data simultaneously and refine theory using wider range of data including secondary data. The researcher will then present the study, interview the selected respondent, analyze the data using constant comparative methods and finally come out with the theoretical framework or also called conceptual mapping to understand the situation at Padang Besar.

A qualitative method also was considered appropriate for an analysis of border shopping development from the perspectives of tourism supply chain, about which relatively little was known and about which in-depth understanding was desired. Moving on further, this study fits into the framework of “naturalistic” ontology. Naturalistic research includes the following characteristics: natural setting (to keep realities in their contexts), qualitative methods, purposive sampling, inductive analysis, grounded theory or case study reporting mode, tentative application of findings, and special criteria of trustworthiness (Robson, 2002; Creswell, 2003)

### **3.2 Initial Study**

In search for a research problem and research question, researcher conducts a few initial interviews with both demand and supply at Padang Besar. Visitors were given a set of questionnaires while government officers related to Padang Besar development were interviewed (Appendix C).

After a number of initial interviews, researcher comes to an understanding that the tourism supply chain in Padang Besar did not link as a supplier and in order to gain better understanding of what are the main tourism attractions at Padang Besar and about the actor behind the tourism development in Padang Besar. Since most respondents perceived Padang Besar is famous for border shopping activities, the final interview questions asked details about their perception and contribution of border shopping development and facilities at Padang Besar. Respondents also cited the PBAC as the main shopping venues for domestic tourist to Padang Besar, thus, researcher finalized the question about the retail factors only focusing at the arcade. Visitors to

Padang Besar also agreed that shopping activities only happened at the PBAC based on their responds to questionnaire given.

### **3.2.1 Scoping Study**

In this is scoping study, researcher would like to see whether Padang Besar is the core for shopping destination or not from the visitors' perceptions. Results of the study also prove that PBAC is the centre of attraction in Padang Besar. This is just a descriptive study done randomly for two months. The data was collected on weekend and school holiday since biggest attendance at the Padang Besar occurs on that period. The respondents were visitors to Padang Besar. Researcher intercepted them while they madetheir stop for Anti-Smuggling Unit (UPP) inspection on their way back from Padang Besar (Table 3.1). Researcher also conducted an informal interview with them asking questions based on their responses at the questionnaire.

7 questions were developed for this scoping study and these questions are available in Appendix B. Researcher managed to personally distribute 72 set of questionnaire but only 59 are useable. As shown in Table 3.1, high percentage of people from Selangor (28.81 per cent) visiting Padang Besar followed by visitors from Malacca (20.34 per cent). There were two international tourists who made their transit at Padang Besar. They arrived from Bangkok by train. There were no visitors from Kelantan, Terengganu and Pahang as it is assumed that these states are near to Rantau Panjang, another border town neighbouring to Thailand. 43 of the respondents (72.88 per cent) claimed that they know about Padang Besar from their friends and relatives. 16 respondents

(27.12 per cent) know the town from commercial media while none of the respondents mentioned about travel agents, tourist information centre and internet.

Shopping seems to be the highest reasons 48 respondents go to Padang Besar (49.48 per cent) and followed by 32 respondents (32.99 per cent) just following friends. Thus, 15 respondents went to Padang Besar are for business (15.46 per cent). They are the wholesalers from other states and mostly from Selangor. While in Padang Besar, clothing (19.09 per cent) and food items (16.36 per cent) seem to be the most products bought by the respondents. This followed by other products such as kitchen utensils (12.27 percent), accessories (10.91 percent), shoes (8.64 percent), household items (6.82 percent), perfume (6.36 percent), jewellery (5.45 percent), watches (4.09 percent), bags (3.18 percent), toys (2.27 percent) and others (4.55 percent).

As respondents were intercepted while stopping for the UPP inspection, 57 (53.77 percent) of them did their shopping at the PBAC. They also visited other places in Padang Besar. 24 respondents (22.64 percent) visited Wang Kelian while they were in Padang Besar while 11 respondents (10.38 percent) shopped at GS besides the PBAC. 8 respondents (7.54 percent) shopped at TM for food items as most of the food items are sold at the market besides the PBAC. Meanwhile, only 4 respondents (3.78 percent) visited the duty free shops (WL) at Padang Besar and 2 respondents (1.89 percent) visited the duty free complex (EK). The 2 respondents who were travelling in their own car visiting the duty free complex only to buy perfume and later shop at PBAC. These 2 were the locals of Perlis.

In terms of accessibility to the town, 46 respondents arrived at Padang Besar by tour group, specifically by the tour bus (77.97 percent) and they were mostly from Selangor and Malacca. 11 respondents (18.64 percent) came to Padang Besar using their own transport and driving from Penang and Kedah as it takes only one to two hours drive. Only 2 respondents (3.39 percent) used taxi to the town and they were the foreigners that made their transit at Padang Besar on their way to Kuala Lumpur from Bangkok.

Most of the respondents (64.41 percent) visited other places before they come to Padang Besar and after visiting Padang Besar, they prefer to go home (77.97 percent) as they said there were not much to do in Padang Besar besides shopping. Only 2 respondents (3.39 percent) wanted to visit other places after visiting Padang Besar, while 11 respondents (18.64 percent) still had not yet decided where to go.

As a conclusion, shopping at the PBAC seems to be the most preferred activities respondents do while there were in Padang Besar. Researcher also asked why they prefer to shop at the PBAC and most of them perceived shopping at the PBAC is a must activity to do. They perceived goods at TM and GS is not as much as being offered in the PBAC. Goods offered inside the PBAC also are within their budget as they perceived goods offered inside the duty free shop and duty free complexes are international standard and higher. They said if they want to have those branded goods with a duty free price, they prefer to buy it at Langkawi or airport. They want to visit Padang Besar just to experience shopping within the border community and enjoying the bargain activity with the Thai Traders.

TM and GS are not in their mind while in Padang Besar and when their pass thru those facilities, they prefer to shop at the PBAC. TM is perceived to be dirty and only offered food items from Thailand. Most of the food items are also sold inside the arcade. Most of the visitors did not know and did not realize the existence of the GS as they perceived GS is part of the PBAC due to its location which is within the PBAC area. While filling in the questionnaire, most of the visitors asked the researcher ‘what is GS and where does it located?’ After explaining to them the location of GS, they said they did not visit the facilities as they perceived GS is only for storage because when they pass thru this facilities, most are closed look like a warehouse and not attractive as in the PBAC. The GS does not represent the element of shopping compare to the PBAC which is more lively and packed with goods. Therefore, based on the visitor’s response, it is no doubt that the PBAC is the centre of shopping attraction for visitors to Padang Besar. It is the nucleus for Padang Besar’s shopping activities.

Table 3.1: Motivation of Visitors to Padang Besar

	Frequency	Percentage
<i>1. Originating states</i>		
Kedah	4	6.78
Penang	7	11.86
Perak	8	13.56
Selangor	17	28.81
Malacca	12	20.34
Negeri Sembilan	3	5.08
Johor	6	10.17
Kelantan	0	0.00
Terengganu	0	0.00
Pahang	0	0.00
International	2	3.39
Total	59	100

## *2. Information about Padang Besar*

Friend or relative	43	72.88
Commercial media	16	27.12
Travel agency	0	0.00
Tourist Information Centre	0	0.00
Internet	0	0.00
Others	0	0.00
Total	59	100

## *3. Reason to Padang Besar*

Business	15	15.46
Transit	2	2.06
Education	0	0.00
Shopping	48	49.48
Relaxation	0	0.00
Visit friend and relatives	0	0.00
Just following friends	32	32.99
Total	97	100

## *3 (a) Good buy at Padang Besar*

Clothing	42	19.09
Food items	36	16.36
Household items	15	6.82
Kitchen utensils	27	12.27
Jewellery	12	5.45
Accessories	24	10.91
Bags	7	3.18
Shoes	19	8.64
Watches	9	4.09
Perfume	14	6.36
Toys	5	2.27
Others	10	4.55
Total	220	100

## *4. Place visited in Padang Besar*

GuaKelam	0	0.00
Wang Kelian	24	22.64
Ostrich Farm	0	0.00
Tasoh Lake	0	0.00
Business Arcade	57	53.77
Gapura Square	11	10.38
Duty Free Shops	4	3.78
Duty Free Complex	2	1.89



The Market	8	7.54
Total	106	100
<i>5. Transportation to Padang Besar</i>		
Tour group	46	77.97
Own transport	11	18.64
Local Bus	0	0.00
Taxi	2	3.39
Train	0	0.00
Total	59	100
<i>6. Other destination visited before Padang Besar</i>		
Yes	38	64.41
No	21	35.59
Total	59	100
<i>7. Next destination after visiting Padang Besar</i>		
Going home	46	77.97
Go to other places/destination	2	3.39
Don't know yet	11	18.64
Total	59	100

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Source: Interview with 59 respondents of this study

### **3.2.2 Initial Interview**

Initial interview was conducted with the government officer related to Padang Besar's tourism development. There were asked simple questions about attraction and accessibility of Padang Besar as a tourism destination. The questions were 'What is the main tourism attraction at Padang Besar?' and 'Is Padang Besar readily accessible to the tourist?' Most of them said shopping as the main attraction in Padang Besar. They elaborated further that shopping at Padang Besar are mainly for domestic visitors. They were also confirming that most visitors only shop at the PBAC and worried about the numbers of Thai traders that flock at the town but over

time they tend to accept the facts that those traders are part of the attraction visitor to Padang Besar.

Most of them they realized how the retail sectors have made a significant contribution to the tourism industry and formed a major tourist activity at Padang Besar, however they said little information has been collected about how much the government and retailers contribute to offer shopping experience to the visitors and how shopping arcade can contribute and represent the overall shopping destination. They concern retailers play a vital role in delivering the products and services to the customers at their best. However the key questions they raised to the researcher are - how willingly the retailers, who mainly the foreign traders are making such inputs and whether the government, chamber of commerce will provide the kind of support these retailers expect and need? They perceived the retailers whom are the Thais traders' just concern on trading while the governments are more on the industrial aspect of developing Padang Besar.

The question pointed out by the officers interviewed then helps the researcher to go in-depth in exploring the perception and contribution of government officers, traders, suppliers, chamber of commerce and tourism distribution channels towards the shopping development, activities and facilities at Padang Besar. The interview done with the government personnel also helps researcher to indentify the respondents for the study.

### **3.4 Research Strategy**

This research chooses the grounded theory approach. Grounded theory was introduced by Barney Glaser and Anselm Strauss in 1967. Research in grounded theory 'seeks to generate a theory which relates to the particular situation forming the focus of the study'. This approach involves going to the actual environment and collecting data there and also useful in a research that are novel and where the theoretical approach to be selected is not clear or is non-existent (Robson, 2002). In present study, most of the discussions in the literature review were based on the tourism destination supply factors and retailing mix factors since there were limited theory to support the study of border shopping development at Padang Besar. Therefore, the actual theory to support the study was generated from the data collected during the study and the most suitable approach for this study is the grounded theory.

### **3.5 Data Collection**

This section provides a brief description of the rationale in selecting the respondents and also the multiple types of data collection methods.

#### **3.5.1 Sampling and Respondents**

There are two actions that need to be taken into consideration when sampling in the qualitative method (Miles & Huberman, 1994). First, the researcher should set boundaries to define aspects of the cases or subjects that the researcher wants to study within the time and resource limits and

connect the research directly to the research questions. Second, the researcher needs to create a frame to help uncover, confirm, and qualify the basic constructs on which the study is based.

The purpose of the study and the research question developed from the initial interview help set the boundaries for sampling decisions and the respondents chosen for this study are believed to be the experts in an area or privileged witnesses to the event. It is important to note that in qualitative sampling, the information is the important point and not the number of people. The selection of the respondent in this study was determined by a purposive sampling method and the respondent were approach based on snowballing techniques.

The recruitment of respondents during the initial interview was initially done by purposive sampling. This technique was used because it is important to recruit individuals with appropriate knowledge and expertise. Patton (2002) noted that the aim for purposive sampling is to gain a greater understanding or insight into the phenomenon under investigation. This is unlike empirical generalization, which is the aim of studies using randomized samples of study population. Purposive sampling in grounded theory often referred as theoretical sampling. Robson (2002) also gives a brief suggestion that sampling in grounded theory studies is supposed to be purposive, as he noted down "sampling of people to interview or events to observe is undertaken so that additional information can be obtained to help in generating conceptual categories".

In this study, the first participants selected were based on purposive sampling. They were the government officers in Padang Besar and Perlis. They were believed to have better information

about the tourism development at Padang Besar which leads to the understanding of border shopping at the town. During the initial interview they lead the researcher to the other participants in this study. The conceptual framework for this study was developed based on the data analysis collected. The process developing the framework was based on interviewed data collected referred to theoretical sampling.

During the final interview, the snowball sampling technique was used for this study to determine the respondents. Snowballing allows for potentially better insights into the issue being investigated. The snowballing process for this research began in the first fieldwork where relevant representatives were identified using strategies such as suggestions from the respondents and authorities contacted. The first successful interviews often provided the information and the opportunity to snowball to the next persons, either in the same organization or in a different one.

Bear in mind that the study is about border shopping scenario at Padang Besar, researcher first approach during the initial interview has led to list of person to be interviewed. In present study, the researcher's communication with the destination organization - the government department in the first fieldwork revealed information about possible contacts for state-level chamber of commerce in Padang Besar. Communication with the chamber of commerce then led to the identification of individual suppliers and traders at Padang Besar. Communication with the chamber of commerce also had led to the selection of tourism distribution channel at Padang Besar. In some cases, the snowballing occurred because the first person was either less knowledgeable or less experienced or perhaps not very confident discussing the issue. Therefore to support the discussion in this study, a few visitors to Padang Besar were interviewed during

the initial study, but the findings of the interviews were discussed separately as it is just a descriptive study.

Robson (2002, 1993) and Creswell (2002) noted that it is difficult in qualitative research to pre-specify the sample size because the sample size depends on the data. Researcher would to have as many respondents as she could, however during the data analysis phase, researcher stopped collecting data when she came to a saturation point as no new data were provided thus resulting in no new codes or themes. As a result the total number of respondents in this study is 36 as the researcher reached it saturation point. The respondents were the tourism supply chains in Padang Besar, Perlis. They grouped accordingly; 17 respondents from destination supplier, 13 respondents from destination organization and 6 respondents from destination distributors (Table 3.2). Due to the confidentiality of data, the respondents' background and their affiliation were undisclosed. During the data analysis, they were only referring as traders, shop assistants, suppliers, government officers, chamber of commerce, travel agency personnel, taxi drivers and money changers.

Table 3.2: Respondents in this Study

Group	Categories	Total
Destination Supplier	1. Traders 2. Shop assistant 3. Suppliers	17
Destination Organization	1. Government officers 2. Chamber of commerce	13
Destination Distributor	Tourism Distribution Channels 1. Travel agency personnel 2. Taxi drivers 3. Money changers 4. Parking operators	6

In selecting the site and participants of the study, researcher also needs to make sure it follows the criteria of manageability, accessibility and willingness (Bowen, 2005). Respondent were chosen from the list of organization gathered from the authority and also suggestion from the respondents which fulfilled the criteria of accessibility. The number of participants in this study is manageable due to the richness of data and order to meet the willingness criteria, respondents participated in this study were contacted and agreed to participate voluntary and upon the informed consent (Appendix A).

#### **3.5.1.1 Destination Suppliers: Traders, Shop Assistant and Suppliers**

Traders, shop assistants and suppliers at Padang Besar are grouped as the destination suppliers. The selection of traders, shop assistants and suppliers at Padang Besar as the key informants for destination supplier group is believed to be the appropriate one since they are main suppliers at Padang Besar. They have their own story and are perceived by the government and chamber of commerce that they can have a clear picture about the development, activities, facilities as well the retail environment since most of them trade at Padang Besar for more than ten years. Most of the traders trade at the PBAC and TM while the shop assistants are those working at the duty free facilities; WL and EK.

The suppliers are interviewed just to understand the flow of goods supply in Padang Besar. Only two suppliers were interviewed. Researcher only interviewed two of them as the way they respond to the questions is similar to the traders. It is difficult to get them to be interviewed due to language barrier. They did not give much cooperation. Researcher also could not manage to

interview the manufacturers since most of them are from Bangkok, China, Korea, Taiwan, and Vietnam due to cost and time constraint. Both of the suppliers are foreigners and have been supplying the Thai goods to Malaysia for more than ten years.

#### **3.5.1.2 Destination Organization: Government Officer and Chamber of Commerce**

Government officer in Perlis and chamber of commerce at Padang Besar are referred to the destination organization. Padang Besar is not an administrative centre, it is just a small town and it does not have many government agencies or chamber of commerce attached to or in that area. Because of the small number, the researcher selects the senior staffs who have been working for more than five years in that particular department. They were chosen based on their seniority and their department roles and responsibilities that related to the tourism development and border shopping development as well as promotion in Padang Besar. Each government department is being represented by one or two person based on their roles and responsibilities that are closely related to Padang Besar tourism development and shopping facilities. Meanwhile the chamber of commerce were selected based on government officer suggestion which locally and internationally. The nongovernmental tourism organization in the Northern region were also selected and grouped as chamber of commerce. The members and chairman of the selected association and organization were interviewed to see their initiatives and efforts towards trading activities, shopping development, and shopping activities at Padang Besar.



### **3.5.1.3 Destination Distributors: Tourism Distribution Channels**

Tourism distribution channels at Padang Besar are grouped as the destination distributors. They are the travel agency personnel, transport companies, banking industries, and parking operators at Padang Besar. They were selected after the interview with the destination suppliers for the researcher to have a better understanding about the facilities and services provided at Padang Besar. They were also assumed and perceived by the government to provide a service and facilities to the visitors at Padang Besar.

Travel agency personnel refer to individual working in retail travel agency located around Perlis. They can be the manager, or anyone from the tour and marketing department within the company. The list of travel agencies in Perlis were gathered from the Ministry of Tourism Office and their participation is chosen based on their active involvement in bringing tourist and visitors inbound and outbound. There are a total of 15 travel agencies in Perlis registered under the Ministry of Tourism. Researcher did not interview all of the travel agencies because based on the observation, most of the travel agencies in Perlis are not actively involved in the true sense of travel agency responsibility. Most of the agency involved in ground services within the region like bus services and car rental outside Perlis.

From the observations, the only transport company that is available in Padang Besar is the taxi company. There are no car rental companies and bus companies in Padang Besar. There are two taxi companies in Padang Besar and only one is registered and active. Therefore, the taxi drivers

were interviewed to represent the transport companies as they commute everyday from major districts in Perlis to Padang Besar.

There are two banking facilities available in Padang Besar but only one is considered as the commercial bank. The commercial bank refused to cooperate as they said they did not help much in Padang Besar, therefore the money changer operators were interviewed to represent the banking industries. According to the authority in Padang Besar, there are five registered money changers in Padang Besar but again only two are active, the other three always close their shops. Out of two who are active, only one was available for an interview as the other one simply said he had no time to be interviewed. There is only one parking operator in Padang Besar. The parking operators were interviewed as they not only provides the services to the tourists but also located within the study area.

### **3.5.2 Interview**

Qualitative data can be obtained in several ways but the common methods are through interviewing, ethnography and unobtrusive measures. Since this study required researcher to study human approach, interview is the most suitable method. Interview also is the most common data collection method in grounded theory study (Creswell, 2007; Robson, 2002; Glaser & Strauss, 1967).

Interviewing is a technique that is primarily used to gain an understanding of the underlying reasons and motivations for people's attitudes, preferences or behaviour. There are three types of

interview format - structured, semi structured and unstructured. Structured interview will be based on carefully worded interview schedule while unstructured interview involved an in-depth interview by beginning with asking a general question and letting the respondent talks freely. Semi structured on the other hand focuses on asking certain narrowed scope questions for the respondent to express himself or herself at length.

For the purpose of this study, researcher used the personal (one to one) in-depth semi-structured qualitative interview format. This approach involves one to one meeting between the researcher and the respondents in the study area. Researcher has a list of predetermined questions to be asked to the respondents. The questions are open-ended and the interview is informal and semi-structured. Among the disadvantages of using an interview format is that this approach is very expensive and time consuming, however the biggest advantage of this approach is that the researcher can surely get back full responses on the questions posted. The responses are usually perfect with no questions or statements unanswered.

Moreover, this approach lets the researcher to have face to face interaction with the respondents and detect any non-verbal cues from their expression. This type of interview can also let the researcher control the interview environment and let the respondents only answer questions that are being asked and not other things unrelated to the questions. In-depth interview was also chosen for this study since most of the respondents cannot read well especially the foreign traders who do not know all the measurements in the quantitative methods. By having qualitative methods, researcher was able to clarify the question to the respondents, cleared any doubts and added any new questions from time to time based on the respondents' responses. The

main advantage of in-depth interview is that a better understanding of respondents' thinking on some issues could be achieved compared to structured interview.

Although this type of interview has the highest possibility of interviewer bias, the response rate is higher compared to semi structured and unstructured interview. Researcher also has a high ability to detect who actually responded to the questions. According to Marshall and Rossman (1999) bias can be minimized by explaining to the respondents the purpose of the interview and assuring them with a complete confidentiality and this has been done by the researcher in the present study by presenting a statement of consent to the respondents. Due to budget constraints and the nature of qualitative research that required a better understanding throughout the data analysis process, researcher led all the interviewed sessions by herself.

#### **3.5.2.1 Interview Guide**

An interview guide (Appendix C) was prepared soon after the initial interview and scoping study. The questions in the interview guide were translated to Malay as the interview was carried out in that language since most of the respondent are Thais and not familiar with the English language. The interview guide also helps the researcher to continually focus the interviews with the research focus. Since this study employed a qualitative research format, the questions asked during the interview were not followed strictly. Compared to structured interview that follows the questions in order, the order and specific wording of the questions in this study varied from interview to interview. In order to keep the respondents on track, researcher has a copy of the interview guide in front of her. The development of the interview questions were based on the

purpose of the study, research questions, initial interview and with some parts of destination supply factors and retailing mix factors.

As explained by Bowen (2005) the use of the interview guide also indicated that there was some structure to the interviews, even though they were treated as conversations during which the interviewer drew out detailed information and comments from the respondents. “One way to provide more structure than in the completely unstructured, informal conversational interview, while maintaining a relatively high degree of flexibility, is to use the interview guide strategy” (Patton, 1990).

### **3.5.2.2 Interview Process**

The interview was conducted on weekdays during office hours because during this period respondents were free and had no customers to entertain. At this time they were able to spend time with the researcher. The interview could not be conducted during weekends and school holidays as these are the peak periods for tourists and visitors arriving in Padang Besar and the traders will be busy entertaining their customers. Meanwhile for the government officers, the interview was conducted during office hours following the date and time set by the respondents.

The interview was conducted in different areas depending on respondent group locations, in Padang Besar (inside the shopping venues, the immigration complex and custom office and the police department) and in government offices in Kangar, Perlis. Each interview began with the researcher explaining the purpose of the interview in general terms. Then, the researcher showed to the respondent the informed consent. The informed consent explained to the respondents that

their participation was voluntary, and their identity and responses would be kept confidential. Respondents were also asked if their interviews could be audiotape. If the respondents agreed, the interview would be conducted but if they refused to be interviewed, the researcher would approach another respondent in the area.

Audiotape recordings were chosen because recordings can easily be retrievable and this way is particularly helpful because it allows the accurate typing for subsequent use in data analysis. Audiotape recordings also can help assured that responses are accurately captured and can detect any interruptions caused by awkward pauses in conversations. Researcher can record the full answer given by the respondents and avoid any mistakes during the note taking. The researcher also can review the answers anytime she wants so that the data can be analyzed systematically and thus minimizing any errors.

On average, each interview carried out was about one to two hour long. These include the several minutes spent chatting with the respondent to establish a comfortable rapport as this is the basic rule for conducting interviews explained by Robson (2002). In other words, the researcher should be able to make the respondent feel comfortable when answering the questions so that they can provide an informative and truthful answer. Being pleasant, sincere, sensitive, and non-evaluative are among the strategies practiced by the researcher when approaching the respondents. This in turn created a better communication environment between the researcher and the respondents. They even felt more comfortable with the researcher when she used a local language (the Northern Malaysian dialect) when communicating with them. Moreover, the

researcher also motivated the respondents to give an honest and trustful answer by explaining to them that their contribution would indeed help their quality of life and business in the future.

At the end of each interview, the researcher summarized the key points of the ideas given by the respondents and the respondents were asked to confirm these points. This also can ensure the credibility of data collected (Creswell & Miller, 2000). Respondents were thanked for their participation and briefed on how to contact researcher if they had additional questions or comments. Normally, in many in-depth interview cases, when sufficient number of interviews had been conducted and adequate information were obtained to understand and describe the important factors, the researcher would stop the interviews. The information gathered then be tabulated and analyzed. This helps the researcher to accomplish the task set out to be done. Much qualitative research is done in this manner (Robson, 2002).

### **3.5.3 Non-participant observation**

Multiple source of data were use to maximize the validity of the study. Robson (2002) pointed out that observation can be used as a supportive or supplementary method to collect data. Marshall and Rossman (1999) noted that “observation entails the systematic noting and recording of events, behavior, and artifacts (object) in the social setting chosen for study”. The observation record is frequently referred to “field notes”. Through observation researcher can document and describe complex actions and interactions.

The informal observation method or unstructured observation was adopted in present study as this approach was less structured and allowed considerable freedom in what information was gathered and how it was recorded. Researcher sat down at the corner of each shopping venues in Padang Besar for about a few hours to see the shopping activities and the interactions of traders, shop assistants and suppliers while trading. Researcher also observed the development of the town by driving around the town area particularly at the shopping area to see any events or progress at the town. During the observations, researcher jotted down any relevant notes related to the study. The notes are detailed with date and time. Immediately after the observation, when reaching home, researcher would compare the observation notes with the interview transcript and other related printed document.

#### **3.5.4 Document review**

Document or an archival is simply a record or a set of records” (Robson, 2002). Documents are invaluable in promoting wider understanding of social phenomena as they provide the researcher with a glimpse of the past that can influence the present and guide the future (Abdul Rahim, 2008 in Puvanesvary, Abdul Rahim, Naidu, Badzis, Mat Nayan & Abd Aziz). They are various types of documents, either text based or non-text based as well as public and private documents. Archival research in present study included both electronic (i.e., Internet-based) and hard-copy issues of newspapers, state structural plan from SEDC in addition to promotion materials from Tourism Malaysia and Perlis Ministry Tourism Offices, and similar documents. The documents were analyzed in line with interview transcripts and the field notes collected during observation.



### **3.6 Data Analysis**

Qualitative data analysis deals with huge amount of data collected. The data were collected from initial interview, final interview, document and observations and all these data need to be brought together to give meanings. In dealing with the huge amount of data, researcher followed the advice given by various experts in qualitative analysis. They advised that the data analysis should be done in conjunction with data collection. The most common problem in qualitative studies is when researcher letting the unanalyzed field notes and transcripts file up making the task of final analysis difficult and discouraging (Merriam, 1998; Maxwell, 2005). This in turn encourages the researcher to start analyzes the data concurrent with the data collection.

The data collected in this study were analyzed using the grounded theory approach. Grounded theory not only provides researcher a methodology with philosophical direction for substantive and formal theory development, but it also provides a method that assists the researcher in all aspects of data collection, analysis and the writing of their theory (Glaser, 1998). Grounded theory involves systematic procedures for collecting and analyzing qualitative data. This methodology enables the researcher to build theory from the 'bottom-up' from the actions, words and behavior of the participants (Creswell & Miller, 2000). Described below are the techniques of grounded theory data analysis for this study.

### **3.6.1 Transcription and Organizing**

The first step in analyzing qualitative data is transcribing the interviews' recorded and translating the transcripts. Maxwell (2005) suggested that researcher should listen to the interview tapes few times to get familiar with what the respondents had said. Researcher had listened to the interview recording again and again to get familiar with the respondents' words. The transcription process requires researcher to give full attention, time and patience. The translated data was typed with right hand margin to allow researcher to make early comments or notes about different aspects such as the main issues or theme that may surface; the research questions and variables in the initial framework that may be touched upon; and new speculations that may be suggested.

Researcher was aware that the interview tapes began to file up, and she started the transcription before completed the entire phase of data collection. Researcher did the transcription on her own because she believed that by doing so this would familiarize herself easily to the data. As the interviewed were conducted using the Malay Language, the transcriptions too were made verbatim in the Malay Language. Researcher then translated the transcripts from Malay to English. Kayat (2000) noted the primary purpose of qualitative research is to understand the meaning of respondent's words as he or she does. Therefore, during the transcription process, researcher made every effort to include words, sentence structures, and punctuation marks that seems to best express the respondent's perspectives. Apart from that, to retain the meaning of the statements and ideas contained in the transcripts, the researcher avoided word-to-word translation. Instead, the translation was made on each sentence without leaving any words.

Researcher continued the process of interviewing, listening to the recording and transcribing, writing notes and collecting documents for the whole phase of the field work. At the end of the field work, the data that have been collected consisted of 36 responses from the respondents. After completing the data collection procedures, researcher continued transcribing and organizing the data.

### **3.6.2 Constant Comparative Analysis**

The analysis of interview transcripts was based on inductive approach geared to identify patterns in the data by means of thematic codes. Patton (1980) explained inductive analysis means “the patterns, themes, and categories of analysis come from the data; they emerge out of the data rather than being imposed on them prior to data collection and analysis”. The grounded theory method was employed in this study. “A grounded theory is one that is inductively derived from the study of the phenomenon it represents. That is, it discovered, developed, and provisionally derived through systematic data collection and analysis of data pertaining to the phenomenon” (Corbin & Strauss, 2008).

Constant comparative analysis is a fundamental technique of grounded theory. Glaser and Strauss (1967) noted that the constant comparative method of analysis occur simultaneously during the data collection, coding and analysis. It is the method that allowed researcher to move back and forth within the data, to change focus and pursue new leads as they are revealed in the ongoing data analysis. There are four stages of analysis using constant comparative method:

(1) comparing incidents applicable to each category, (2) integrating categories and their properties, (3) delimiting the theory, and (4) writing the theory. Comparing incident takes place during the line-by-line coding. Once a concept has been generated, more incidents are to be compared in order to saturate the emergence concept. Then concepts are compared between themselves so that more abstract concept can be generated. Once the concept has reached its theoretical completeness, it is to be compared with the general body of literature or personal experience (Glaser, 1978).

Constant comparative analysis continues for the duration of this research. Researcher began with coding the incidents that in turn lead to the emergence of categories and their properties, and finished with the theoretical codes that connect the categories with each other and the core category. This means all the data collected during the data collection and data analysis stages have been compared and analyzed and the theory emerges is a true reflection of not only the data that has been collected but also of the respondents involved in the study. Line, sentence and paragraph segments of the transcribed interview were reviewed to decide what codes fit the concept suggested by the data. Each code was constantly compared to all others codes to identify the similarities, differences and general pattern (Bowen, 2005).

In this study, the concept of “border shopping development”, “border shopping activities” and “border shopping facilities” were compared with the respondents’ responds and literature on destination development, destination supply factors and retailing factors of shopping destination. The interview data were given more weight in the analysis that was the observation and the document reviews. The data then were reduced and analyzed by means of thematic codes and

concepts in a systematic substantive coding: (1) open coding, (2) selective coding, and (2) theoretical or axial coding. The three types of coding are not necessarily sequential, they are likely to overlap (Corbin & Strauss, 2008; Robson 2002).

In coding the data, researcher also followed Mahmud (2010) strategies to have the research questions in mind while coding the data. *“I read the transcript with the research questions in mind, so that the research questions guided me through this process. When I found data that I thought relevant to answer the research questions, I considered whether I should create a category from it. Without predetermined themes set before conducting the data analysis, codes emerge directly or indirectly from the data”*. This in turn helps the researcher to select the appropriate coding and categories during the data analysis.

### **3.6.3 Open and Selective Coding**

Open coding is the first stage of constant comparative analysis, before delimiting the coding to a core category and its properties – or selective coding (Glaser, 1978). Robson (2002) noted that the objectives of open coding is “to find the categories” thus resulting the conceptual categories. Open coding begins with raw data obtained from, for examples, fieldwork observation or interviews, which have been transcribed in a verbatim fashion. The researcher begins to code each segment of the data, examining it closely and comparing each portion of the data for similarities and differences (Glaser 1992; Glaser & Strauss, 1967).

At this stage the data is coded openly and as many ways as possible (Glaser, 1978). The data is examined word-by-word, line-by-line or even larger sections such as paragraphs or pages. The researcher then looks for emerging patterns, beginning with no preconceived conceptual thoughts or ideas. As explained the focus of grounded theory is that the research is grounded in the data. The researcher therefore is only interested in information that is obtained inductively from the data itself (Glaser & Strauss, 1967).

During open coding, many codes emerge and as the process continues these codes are grouped together to form subcategories and categories. A category is a set of codes or concepts that are similar and are therefore by definition grouped together. It is at this stage of analysis that there may be some indication or evidence of a core category. A core category is the main category that explains the variations in the data and therefore the behavior or actions of the participants in the research.

The second stage of constant comparison analysis is selective coding. Strauss and Corbin (1978) the selective coding aims to establish the core category or categories. Selective coding means that “the analyst delimits coding to only those variables that relate to the core variable in sufficiently significant ways to be used in parsimonious theory. The core variable becomes a guide to further data collection and theoretical sampling” (Glaser, 1978). The focus of selective coding is usually on the limited number of categories that best represent the major aspects of the data. Selective coding basically is similar to open coding as the data were constantly compared and the researcher continues to look for similarities, categories and properties of the categories. As in open coding, at the selective coding researcher continues to search for a core category.

Once the core category has been discovered it becomes the guide to ongoing data collection and theoretical sampling.

Selective coding is more analytical and uses conceptual and theories codes that become the foundations of the developing theory. Unlike open coding, which uses substantive codes, which the participant own words, selective coding is more analytical and abstract leading to conceptual names for categories. At each level of analysis there are more integration and a refining of the abstract concepts covering the variations in behavioral patterns of the respondents (Glaser, 1978).

In selective coding, researcher selects one aspect as the core category and focuses on it. The core category acted as the centerpiece of data analysis (Robson, 2002). The search for the core category begins from the outset of data analysis. As codes and then categories emerge and are compared, the researcher is looking for the core category that explains the main concerns or problem for the respondents. Accordingly, there are only three essential characteristics of a core category; it must occur frequently, connect codes and categories together and explain the major variations in the data.

In this study, open coding took place in the first phase of data analysis (Appendix D). During the coding analysis, researcher keeps on listening to the audio, reads and re-reads the transcription and the observation notes to decide on the codes. Each line of transcript was coded, and substantive codes were then compared and integrated, if necessary. Once a set of substantive codes were used effectively to explain the social process involving the respondents in the field,

incidents in other interviews or slices of data relating to these codes were further identified and coded in order to saturate them.

### **3.6.3 Theoretical Coding**

Theoretical coding is a phase of which the connection or link between the categories and the core categories were identified (Glaser & Strauss, 1967). "Axial or theoretical coding is about linking together the categories developed through the process of open coding. Axial coding is viewed as leading to an understanding of the central phenomenon in the data in terms of its context, the condition which gave rise to it, the action and interaction strategies by which it is dealt with, and their consequences" (Robson, 2002). The connection between the categories enables and guides the process of theory generation, development and integration. The forms of axial coding should appear from the data rather than being forced into any particular pre-determined format (Glaser, 1992).

There are number of ways in which theoretical links or connectors can be established and presented. These include diagrams or models that represent the relationship between the categories and core category. Alternatively Glaser (1978) recommends the theoretical codes known as the *six Cs family*. This type of theoretical normally fits into a casual, consequences or a condition model. It will help the researcher to identify the theoretical connectors between the various categories and the core category. To do this a few questions are asked when analyzing the data. The examples of questions that should be asked of each category are: "is this category or a condition of some other category?" "is it as cause, context or a contingency of another



category?” “does this category co-vary with other categories?” and “is this category a strategy”. These series of questions acted as guidelines in developing the theoretical mapping in this study. Conceptual mapping presented at the end of chapter four elaborates in details theoretical relationship between open and selective coding in this study. The coding and interrelationship between the codes were emerging from the discussion of data analysis in chapter four.

### **3.7 Trustworthiness**

Trustworthiness is an opposed terms used to provide an internal and external validity, reliability and objectivity of qualitative research (Denzin & Lincoln, 1994; Lincoln & Guba, 1985; Creswell & Miller, 2000; Robson, 2002). Denzin and Lincoln (1994) suggest that there are four factors to be considered in establishing the trustworthiness of finding from the qualitative research: credibility, transferability, dependability and conformability.

With regards to this, Creswell and Miller (2000) pointed out that validity procedures in qualitative research normally routinely employed triangulation, member checking, thick description, peer reviews, collaboration and external audits while Padgett (1998) added prolonged engagement and negative case analysis to the list. Researchers are advised to engage to one or more of these procedures in their investigation to ensure that the data presented are credible, transferable, dependable and conformable. The choice of trustworthiness or validity procedures for qualitative research is governed by two perspectives: the lens researcher chooses to validate the studies and researchers' paradigm assumptions. To enhance the rigor of this study, researcher employed five validity procedures; triangulation, collaboration, peer debriefing,

member checking and prolonged engagement. Each of the procedures was explained in the next section.

### **3.7.1 Triangulation**

Triangulation is the validity procedures that researcher search for “convergence among multiple and different sources of information to form theme and categories in a study” (Creswell & Miller, 2000). Creswell (2008) describes “triangulation is the process of corroborating evidence from different individuals, types of data, methods of data collection in description and themes in qualitative research”. Triangulation is highly recommend in qualitative research as these types of validity is believed to reduce the researcher and respondent bias (Padgett, 1998).

As reflected in a previous section, there are multiple source of data that have been used to understand border shopping scenario at Padang Besar: initial interview and final interview with the respondents, pilot study with the visitors, observation of the trading area, shopping area and the overall development of the town, and finally the document review based on the state structure development plan. These different sources of data and methods of data collection were employed as they help to the consistency of the data and thus ensure credibility of the study, accurate because the information drew on multiple sources of information and individuals, not on researcher’s belief. All these help to avoid threats to validity in terms of researcher bias, which accordingly what Robson (2002) refers to what researcher brings to the situation in terms of assumptions and preconceptions, which may affect the analysis of the data.

### **3.7.2 Collaboration**

Creswell and Miller (2000) notes the credibility of qualitative analysis also comes from close collaboration with respondents throughout the process of research. Collaboration means “the participants are involved in the study as co-researchers or in less formal arrangement”. In practice, collaboration may assume multiple forms, for example the participant may help form the research questions, assist in data collection and analysis, and be involved in writing the narrative account. Present study develops collaboration with few government officers in Perlis. They help researcher in formulating the research questions during the initial interview. One of the departments related to tourism development at Padang Besar did provide information about the trading activities at Padang Besar and in turns researcher was required to present the result from the study to the organizations. They expect to share the results for the improvement of development at Padang Besar. This in turns will ensure the credibility of the study.

### **3.7.3 Member Checking**

Member checking involves taking data, analysis and interpretations that researcher had made to the participants to validate the accuracy and credibility of the research (Creswell, 1998; Robson, 2002). Lincoln and Guba (1985) describe member checking as the most crucial technique for establishing credibility in a study. Researchers were required to take the data and interpretations back to the respondents in the study so that they can confirm the credibility of the information and narrative account. Creswell and Miller (2000) suggest the researcher to have the respondents to view the raw data (transcription or observational notes) and comment on the accuracy.

“Throughout this process, the researchers ask participants if the themes or categories make sense, whether they are developed with sufficient evidence, and whether the overall account is realistic and accurate. In turn, researchers incorporate participants’ comments into the final narrative”. By doing this, the respondents add credibility to the qualitative study as they were giving a chance to react to both the data and final narrative. Bowen (2005) mentioned at least two persons from each site need to ask to confirm the accuracy of the data.

In this study member checking was done after the transcription stages. It took place as data collection segued into data analysis. The transcript interview data were shown to the respondents to confirm them. Few government officer, chamber of commerce and tourism distribution channel were contacted through phone and personal meeting to check the accuracy of the transcription and were asked to comment or suggest anything to help researcher interpret the true and meaningful analysis. Meanwhile, few traders, shop assistants, suppliers at Padang Besar were met face to face for a second time to check the transcriptions. They were given a set of transcription. Feedback from the respondent adds credibility to the data.

#### **3.7.4 Peer Debriefing**

Peer debriefing or peer review is “the review of the data and research process by someone who is familiar with the research or the phenomenon being explored. A peer reviewer provides support, plays devil’s advocate, challenges the researchers’ assumptions, pushes the researchers to the next step methodologically, and asks hard questions about methods and interpretations” (Lincoln & Guba,1985; Creswell & Miller, 2000). This type of credibility is established by someone

external to the study but familiar with the situation explored. He or she normally provides written feedback to the researchers or gives supportive ideas to add credibility to the study.

Previous section explained that researcher conduct the interview in Malay Language as the participants are comfortable to have conversation in this language, therefore in transcribing and interpreting the findings, researcher needs to translate it to English. Researcher personally translates the data to English as she believes she was the only person who could really understand the context, the topic and the nature of the conversation. To validate the translations, researcher employed a back-translation process to ensure that the meanings from the original transcript were similar to English. This process was done by an English educator in Perlis. The educators are competent users in both languages as they use to teach English and Malay Language in Perlis. They also give better understanding about the issues of border shopping development, activities and facilities at Padang Besar since they were from Perlis.

Meanwhile, the coding process also was validated. Researcher sought help from one of the academician from her university. The academician is an associate professor majoring in qualitative studies and engages in qualitative data analysis. Researcher had frequent conversations about the coding and categories of data. Researcher did the same in the process of interpretation of the data. This was done as a strategy to employ the perspectives from someone who is not involved in this study to avoid researcher bias and ensuring the dependability and conformability of the study. The steps taken in peer review were in line with Creswell (1998) suggestion that “both dependability and conformability are established through an auditing of the research process”.

### **3.7.5 Prolonged Engagement**

Prolonged engagement is validity procedures in qualitative research that required researcher to stay at the research site for a prolonged period of time. Researcher who stays and spends a long time in the study area tends to become accepted and any initial reactivity reduces (Robson, 2002). This in turns permits the development of trusting relationship between researcher and respondents which is less likely to give biased information. As explained further by Creswell and Miller (2000) “During repeated observation, the researchers build trust with participants, find gatekeepers to allow access to people and sites, establish rapport so that participants are comfortable disclosing information, and reciprocate by giving back to people being studied”.

In present study, researcher visited Padang Besar shopping area almost every day during the data collection period. During the visit, she would spend hours window shopping and end up sitting in the corner of each shopping venues to get familiarize with the situation and make friends with the traders, shop assistants and suppliers. After some time respondents started to recognize her. This in turns made them comfortable for interviewing and to have conversation in an informal way. Some of the respondents did give present and buy meals for researcher. Researcher stop visiting the shopping venues once the data collected reach it saturation points as according to Creswell and Miller (2000) prolonged engagement did not have duration of time, it continues as long as the data reach it saturation points.

### **3.7.6 Transferability**

Transferability refers to how the research may be used by the readers in other contexts (Lincoln & Guba, 1985). Researcher must demonstrate that the findings will be useful to others in similar situations, with similar research questions or questions of practice. This means other researchers can apply the findings of study to their own (Marshall & Rossman, 1999). In order to make the research transferable to others, researcher can provide a thick description of the research to enable the readers to reach a conclusion about whether transfer can be considered as a possibility. To provide transferability, this study presented findings with thick descriptions of the border shopping development at Padang Besar and the relationship between shopping activities and shopping facilities at border town. It is hoped that other researchers or readers can determine the transferability of this study to other specific contexts.

### **3.8 Research Ethics**

According to Robson (2002) and Creswell (2008), ethical issues in qualitative study start at the beginning of a study. Klave (1996) outlines three ethical issues to be stressed on when collecting the data using interview methods: informed consent, confidentiality and consequences. Since the main data in this study were collected using semi-structured interview, researcher has applied all the ethical practices mentioned.

Informed consent means that the respondents have the right to know that they are being researched, the right to be informed about the nature of the research and the right to withdraw

their participation at any time (Ryen, 2004). In other words informed consent refers to the statement that provides the information of the research to the respondents and also to obtain their agreement to participate in the research. In present study, researcher presented it to the respondents before an interview started. Respondents were asked to clearly read and understand the purpose of the interview and be willing to participate. In addition to that researcher also explained about her intention to invite them as respondents, the reason for choosing them, and the reason for conducting this study. The method of data collection was also explained and how much time was required to interview and recorded their responds. In certain cases, when the traders are not familiar with both Malay and Thai language, the researcher personally explained the purpose of the research in a simple sentence.

As all the interviewed sessions with the respondents were recorded, the respondents were informed and assured that their identity, background and their answer during the interviewed are kept confidentially. They were guaranteed that only the result of the study is presented. In fact, this has been written inside the Statement of Informed Consent (Appendix A).

The respondents also were informed that they have the right to decide whether to participate or not participate as this study was looking for respondents who volunteered and felt comfortable to the interview. Respondents also have the right to choose not to permit the publication of his/her data and the researcher has to agree with the request. In present study, all the respondents had willingly participated and the data collected only when the respondents agreed to be audiotaped during the interview.



### **3.9 Conclusion**

This chapter presented the research design, methodology, and data collection and analysis tools used in this study. Grounded theory has been chosen as the methodological framework for this study as there is limited research on supply side of border shopping development, activities and facilities and the role of tourism supply chain. Grounded theory is appropriate for such areas of inquiry as it offers a systematic approach to data collection and analysis that will result in a theory that adequately reflects the central issues and challenges that would have impact on the participants and their practice. The data were collected using semi-structured interview, observation and document review while the analysis was undertaken using constant comparative method of data analysis, a technique used in grounded theory methodology. The chapter concluded with a discussion about trustworthiness and ethical issues of qualitative research. The following chapter presents the findings of the study including the initial interview conducted.

## **CHAPTER 4**

### **RESULTS AND ANALYSIS**

#### **4.0 Introduction**

This chapter focuses on the analysis and results of the study. This chapter analyzes the data that has been collected to answer the research objectives and research questions. This chapter is divided into several sections which represent the research question. The first three section of this chapter provides an overview of attraction and accessibility of Padang Besar and followed by the discussion on border shopping development and promotion at Padang Besar. The fourth section provides the discussion on border shopping activities at Padang Besar's shopping venues focusing on PBAC, TM, GS, WL and EK and then followed by the fifth section that provides the discussion of shopping facilities at Padang Besar and retail factors at PBAC. Retail factors are focused only at PBAC since most respondents perceived PBAC to be the main border shopping venues at Padang Besar. Each interviewed answers were presented and discussed in detail together with the research questions in relation to the purpose of the study. The result of the study was based on the analysis of the in depth semi structured interview conducted with the respondents. This chapter also discusses the open coding, selective coding and theoretical coding selected based on the interviewed data and finally, this chapter concludes by presenting the conceptual mapping of the border shopping scenario at Padang Besar.

The preceding section will focus on the analysis and the discussion of data in relation to the research question. The views from these respondents were discussed in relation to the interviews conducted. The views from the respondents were categorized under four main headings;

- i. Traders, shop assistant and suppliers perspectives
- ii. Government officers perspectives
- iii. Chamber of commerce perspectives
- iv. Tourism distribution channels perspectives

For the purpose of this study, the destination suppliers who are the traders, shop assistant and suppliers were analyzed and discussed first since they are the main destination suppliers in Padang Besar.

Before going in-depth into the respondents' perception and contribution towards the border shopping development, activities and facilities at Padang Besar, respondents were asked a few general questions during the initial interview about the attraction and the accessibility of the town as a tourism destination. Respondent responses were discussed in this section in order to give an overview about the tourism attraction at Padang Besar. The main question is to perceive their mind about the main attraction in Padang Besar and how the town is accessible to the tourists. The questions are: 'What is the main tourism attraction at Padang Besar?' and 'Is Padang Besar readily accessible to the tourist?'. The initial theme developed for these questions were "attraction at Padang Besar" and "accessibility at Padang Besar".

## **4.1 Attraction at Padang Besar**

### **4.1.1 Traders, Shop Assistant and Supplier Perspectives**

Most traders, shop assistant and suppliers interviewed in this study mentioned shopping activities as the main attraction in Padang Besar, with some of them mentioning that the prices of goods are cheap. Most traders who participated in this study mentioned shopping activities as the main attraction in Padang Besar. They used the word “*shopping*” directly. They are other traders and suppliers who described about the price of goods and availability of goods in Padang Besar which connote that people come to Padang Besar to buy goods which is related to shopping. Indirectly these people perceived visitors to Padang Besar come to shop. According to the traders and shop assistant, clothing and Narita comforters are the most popular products purchased by the visitors when shopping at Padang Besar. Narita is a brand for comforter made in Thailand. The quality is quite good and the material used is comfortable.

A few traders used the word “*border town*” to describe the image of Padang Besar. They said so since the location of Padang Besar is near to the Thai side. Padang Besar is a border town in Perlis. To the other respondents, they talked about the image of Padang Besar which can be seen as closely associated with shopping image, and they are also opinions that Padang Besar is associated with the availability of Thai cuisine. Some of them even claimed that the dish “*Tom Yam*” as the most popular Thai food in Padang Besar. Most food stalls in Padang Besar are found to sell Tom Yam as their main dish. This dish seems to be the most in demand among the visitors. The respondents also admitted that there are visitors who purposely travel to Padang

Besar just to have Thai food for their meals. The Thai foods are both available on Malaysian and Thailand side. These food lovers mostly consume the Thai foods on the Malaysian side. They do not have to cross the border to have a taste of Thai food as it is originally prepared and is available both in Padang Besar or Pekan Siam, Thailand. These foods are prepared by the Thai also known as Pattani Malays who are mostly from Thailand and these dishes are perceived by the local as “Halal”. Apart from that, some visitors to Padang Besar enjoy buying the food items like snacks, rice, and fruits that are manufactured in Thailand.

Meanwhile, there were other traders participating in this study said Padang Besar is not attractive as they define attractiveness as a beautiful place, that will allure visitors to the place and Padang Besar failed to fit their description. To them Padang Besar is just a trading town. Trading town refers to a place for them to work, make some trading and earn some money. For the traders, Padang Besar is a trading town and for the visitors Padang Besar is a shopping town.

#### **4.1.2 Government Officers Perspectives**

The government officers participated in this study tends to echo with the traders that “*shopping*” is the main attraction at the town. They also explained further that the shopping activities happen only at the PBAC. Only a few officers are of views that the location of Padang Besar is an attraction by itself because it is located at the border area. One officer mentioned that Padang Besar is an icon for domestic tourism in the north, by saying

*“The town, particularly the arcade area is an icon for domestic tourism in the North. The image that the area holds is that of shopping.”*

For the government officers, they agreed that shopping activities only happen at the PBAC and within the area surrounding it. However, there are a few who offered their opinions on how the town should be further developed. Some respondents' felt that the town has the potential to be developed as a manufacturing destination by virtue of the cheap labour available from Thailand.

One officer commented that Padang Besar does not portray the image of Perlis as Malaysia's domestic shopping destination because most of the products sold at Padang Besar originated from Thailand. He laminated that

*"The attraction in the area is only shopping. We do not project the image of Perlis as a whole. It's a border attraction. The products there for sure are the products of Thailand."*

Although Padang Besar is situated at the Malaysian side, most products sold are from Thailand. The traders are also from Thailand. Since both the products and traders are from Thailand, the town presented the image of Thai culture instead of the image of Perlis.

#### **4.1.3 Chamber of Commerce Perspectives**

Respondents from the member of Chamber of Commerce group depicted Padang Besar as "*just a shopping destination*" while the other member of Chamber of Commerce pictured Padang Besar as a shopping as well as food destination. Some of the respondents in this group perceived Padang Besar as a border town and local people who visit Padang Besar shops for Thais products especially the snacks as there are variety of Thais snacks and tit bits offered.

Those who viewed food as an attraction in Padang Besar explained that there are varieties of exotic food from Thailand that can be commercialized and promoted in Padang Besar. These delicacies can be promoted together with Malaysian Kampung style cooking. Since people have more favourable perceptions of Thai food in Padang Besar, he suggested that the Malaysian Kampung style cooking should be tied along with the Thai food promotion in order to introduce Malaysian food in Padang Besar.

On the ground observation at the destination, it is found that there is neither proper food court nor a decent family dining restaurant available in Padang Besar. The member of chamber of commerce said accordingly

*"...when people come they should have a special place to eat. In terms of image....it is still under developed, nothing....Truly speaking....to become a tourist destination, there is nothing to offer, no place of interest or beautiful mountain....except that its geographically positioned at the border. It's the border of two countries."*

When people come to shop at Padang Besar, they need a proper place for food facility where people could come and enjoy authentic Thai food in a proper, organized and clean area. The members also complained that the image of Padang Besar only as a border town. He defined the attractiveness of a destination as a beautiful place with beautiful scenery.

#### **4.1.4 Tourism Distribution Channels Perspectives**

There are three travel agencies that participated in this study. There are two travel agencies which involve in outbound tourist and one travel agency which caters for both inbound and outbound tourist. All these three travel agency personnel concurred that shopping activities as the

main attraction in Padang Besar. One respondent from the travel agencies asserted that Padang Besar served as a dumping ground for Thai products. Other personnel declared that there is nothing interesting to see or visit at Padang Besar and no one wants to go there. They viewed Padang Besar as an “*economic centre*” rather than a tourist shopping destination. The “*economic centre*” explained that people are engaged in retailing activities. This conforms as a shopping destination. This explained their inclination to be more interested in promoting outbound tourist rather than inbound tourist to Padang Besar. Only one travel agent in Perlis offered a tour package to Padang Besar.

Other respondents in these groups that are the parking manager, taxi driver and money changer described Padang Besar as “*shopping destination*”. Most of them singled out that Thailand goods as an attraction in Padang Besar. People come to Padang Besar to buy goods in Business Arcade. The taxi drivers claimed that economic activities in Padang Besar as the second major concerned of the town. The economic activities refer to the business transaction among the traders and visitors. Besides the trading activities, he noted that Padang Besar is a transit town. Most of his relatives come to Padang Besar just to cross the border to Thailand. These visitors are more interested in visiting Thailand, rather than to shop at Padang Besar. Even the money changer informed that when people come to change money, they are more interested to travel to Thailand. This shows that to certain group of people, Padang Besar is just a transit point before entering Thailand. The same group of travellers, who travel by train to Hatyai and Bangkok, considered Padang Besar as a transit point to stamp their passport. The location of the Padang Besar train station is not within the walking distance to the shopping area in Padang Besar.



People cannot see the shopping activities from the train station as it is situated beside the border gate.

## **4.2 Accessibility of Padang Besar**

### **4.2.1 Traders, Shop Assistant and Suppliers Perspectives**

On the question about the accessibility to Padang Besar, majority of the traders, shop assistant and suppliers interviewed in this study commented about the present road condition. Since there is only one main route from Kangar to Padang Besar, they felt that the road to Padang Besar is not conducive enough to travel, nor to attract people, or to cater to the tourists, or the road users to visit Padang Besar. They complained that the road constructions have been inactive for a long time. The road is still not completed until today. It is found that there are too many pot holes along the road. The road is muddy during rainy seasons and becomes dusty during dry seasons.

There are two groups of traders in Padang Besar, the Thai and Malaysian. The Thai traders would commute back to their country while the Malaysian traders commute back to Kangar using this route. The Thai traders who seldom use the route observed that the road is bad and hinder tourists from travelling. They seldom use the road but they are concerned about the tourists who use the road. The Malaysian traders and shop assistant who use the road still found the road in a very bad condition. The new road near to the town area is still under constructions.

In terms of transportation services, one trader simplified that it is easy for visitors to come to Padang Besar because it is accessible by trains, taxis and buses. To support the statement, a few traders talked about a group of tourist who comes to Padang Besar by tour buses. There are also tourists who come in their own transport.

Accessibility also includes safety and security issues and in responds the traders and suppliers participating in this study perceived safety in Padang Besar seem to be “okay”. They perceived Padang Besar as a safe town for tourists to come. Padang Besar is a small town and there are less criminal cases reported so far compared to other towns. According to the custom department the smuggling activities in Padang Besar are still under control.

#### **4.2.2 Government Officer Perspectives**

The government officers interviewed for this study considered the roads to be unsystematic. The road construction is not well-planned due to land and contractor issues being some of the problems. Among other things they described the road condition as..“*the road is bad*”, “*the road is not systematic*”, and “*the road still under constructions.*” This problem leads to traffic congestions which in turn affect traffic flow at peak hours. The road to Padang Besar also has no specified places for U-turn as one of the officer said accordingly..

*“Road condition is bad and is still under construction for the building of a highway..this has been going on for such a long time and there isn’t any U-turn along the way. This has cause traffic congestion at the roundabout near the border gate.”*

The congestion at the border gate has affected the incoming and outgoing traffic especially at peak hours in the evening between 5 pm to 6 pm. During these hours, the Thai traders cross over

to Thailand as the Business Arcade closes at around 6 pm. The officers who work at the Custom, Immigration and Quarantine Complex and those who work at the duty free shop will also head home at this time.

The other government officer tends to blame other government department for not doing the job properly in terms of planning and developing the roads. They also indicated that there is no direct highway to Padang Besar, to them if there is a direct highway to Padang Besar like Bukit Kayu Hitam in Kedah, the development will be better. The road at Padang Besar is used by lorries and other large vehicles that transport goods from Thailand to Malaysia and from Malaysia to Thailand. This has resulted to the damage of the road.

One personnel mentioned that there is no direct bus to Padang Besar from Kuala Lumpur as compared to Rantau Panjang in Kelantan. The current bus services from Kuala Lumpur only stop at Kangar. Kangar is the main town in Perlis. It takes about 45 minutes to travel from Kangar to Padang Besar. From Kangar traveller has to take another local bus or taxi to Padang Besar. However there is only one bus trip from Kangar to Padang Besar daily. The condition of the local bus is not satisfactory.

#### **4.2.3 Chamber of Commerce Perspectives**

The respondents from Chambers of Commerce said that the road is the main accessibility to Padang Besar.. *“Road is still the main life line to Padang Besar”* but they also commented that the road is bad. Another member of Chamber of Commerce viewed that there are lots of

weaknesses contributing to the construction of the road. He queried about the road construction schedule. He said there is a weakness in the government policies and then he questioned..

*“I just have questions to ask regarding the road..does it take too long time to complete? What is happening to the contractor? What is happening to the government?..please makes the road ready..whatever it is please get it done, rectify it.”*

Although the members commented about the bad road condition in Padang Besar, they said tourists still come to Padang Besar. One member pointed out that Padang Besar has a very good railway system and the highway from Chuping also connects to this town. This in turn still makes Padang Besar accessible to the tourists. However, people who travel using the railways system do not come down to the PBAC. The railways system does not cater for the tourism development in Padang Besar, it is just a transit point for those who travel to Thailand. The train stops about fifteen minutes to half an hour and this does not give enough time for people to do shopping at Padang Besar.

Besides the railways network to Padang Besar, one member commented about the ground transportation services at Padang Besar. He remarked on the poor public transport services at Padang Besar as from his observation, there were no trishaw or taxi to move around at the town. The taxi services are only for taking passengers from Padang Besar to others places. He suggested that there should be at least trishaw to bring visitors from the PBAC to duty free shops and other shopping facilities at Padang Besar.

#### **4.2.4 Tourism Distribution Channels Perspectives**

All respondents from the tourism distribution channels group echoed the bad road conditions in Padang Besar. They suggested that the construction of the road needs to be completed as soon as possible. Three out of six respondents in this group believed that after the road is ready, the traffic will be smooth and this will make it easier for the tourists to travel to Padang Besar.

There is one travel agency personnel who complained about the insufficient transportation services at Padang Besar. He referred it to the poor local bus service to Padang Besar. He expressed the same opinion with the government officer as he mentioned that there is only one local bus trip daily to Padang Besar.

Most respondents also noted that the safety features in Padang Besar is better as compared to other border towns in Malaysia. There is no problem on the road safety at Padang Besar since there is a road block along the way. However, only one respondent in this study had a bad experience in Padang Besar where he was a victim of snatch theft by a foreigner when he was crossing the road.

#### **4.3 Border Shopping Development at Padang Besar**

This section answer the research question ‘How the tourism supply chains perceived and contributed in developing and promoting the border shopping development at Padang Besar?’ The questions explore the different point of views each respondent have towards the border

shopping development in Padang Besar. The research question solicited on how the tourism supply chains viewed the border shopping development in the area. The objective is to evaluate the members of the tourism supply chain's perception and contribution on the border shopping development and promotion. On the promotional aspect, the section seeks respondents' view about how to make potential visitors aware of the shopping attraction in Padang Besar and what have they done so far.

The question that underpins researcher effort to understand their perception and contribution to the border shopping development and promotion are: 'What is your perception and contribution towards border shopping development at Padang Besar?' 'How do you help in promoting and developing border shopping at Padang Besar?' 'Is there any association or committee to discuss border shopping tourism development in Padang Besar?' and 'Do you foresee any problem related to border shopping development at Padang Besar?' In order to understand the overall business environment and shopping activities in Padang Besar, it is vital to first identify what are the situations surrounding the tourism supply chain in Padang Besar. These factors might answer the question why border shopping development is not being developed and promoted extensively or the factors that might hinder the supply chains from taking part in the development. The respondent responds were divided into four initial themes: "border shopping development", "border shopping promotion", "tourism association" and "problems". The result of the study only indicates the shopping venue and not the whole area or the town of Padang Besar.

### **4.3.1 Traders, Shop Assistant and Suppliers perspectives**

#### **4.3.1.1 Border Shopping Development**

Most traders, shop assistant and suppliers agree that Padang Besar, if not well-developed, is well planned even though the progress is quite slow. Many are satisfied with the rate of development there however, as development is generally equated with having things today that was not there in the past, their understanding of what constitutes development is rather misled of that what it is supposed to be.

Generally most traders do not concern much about the border shopping tourism development within the shopping facilities. They are only concerned with trading. They prefer to promote Thai products. For the traders, they come early in the morning and return home in the evening. Few traders emphasized that the development should be done by the government. They believed that any development should be done by the government. Some of the local traders who received formal education in Malaysia and are therefore able to understand better on the questions posed and answered accordingly. They reflected that trading is an important part in shopping and they do contribute to the economic development at these facilities.

Meanwhile, the suppliers said they just help to supply the goods to the traders. One supplier interviewed acted like a forwarding agent as he has three lorries to transport and supply the goods to the traders in Padang Besar. Another supplier interviewed has a mini factory beside her house. She supplies handmade clothing to the traders in Padang Besar. She herself can be

considered as the manufacturer since she purchases the raw materials and sews them at her place. Most suppliers from Thailand cross the border to Padang Besar almost everyday. They come for two main reasons, first to supply the goods to the retailers at Padang Besar and secondly to collect the payment. They supply the clothing only to PBAC since most of the retailers, which are the Thai traders, are located at PBAC. As mentioned previously, most Thai traders are allowed to take credit from the suppliers. There are also suppliers who supply fruits and snack to the TM. He commented that the TM building is old and not clean as it is a market. He also added that PBAC is cleaner compare to TM.

The shop assistants at both duty free facilities, WL and EK said they do not know much about the border shopping development at Padang Besar, but they comment on the unfinished road construction at the town. Other than that, they perceived the border shopping development at Padang Besar is slow and not planned properly. These can be seen at TM area. They perceived the TM is not clean.

#### **4.3.1.2 Border Shopping Promotion**

On the promotional aspects, the respondents in this group gave varied responses. Some of them gave confused answers, like "*I do not know*" and others was of the opinion that there is no need for promotions because Padang Besar is already well known. These traders assumed that Padang Besar already has a name and whenever people talk about Padang Besar, they know that this town offers variety of cheap goods from Thailand.



Most traders, shop assistants and suppliers agreed that Padang Besar should be promoted on TV and radio commercials. Some suggested that the trading activities at Padang Besar to be shown during the business news. One trader wanted Padang Besar to be promoted to the “*world*”. She wanted the government to let more people know about Padang Besar. A few traders also hoped the government can put more effort in promoting Padang Besar to the potential tourists. Among other promotion effort traders suggested is by producing or distributing pamphlets. Pamphlets have to be put at the railway station of Padang Besar so that the transit travellers can spend their time to come down to the town and shops. The suppliers suggested that story about Padang Besar can be published in the magazines in Thai, English and Malay language. This can expand the information about shopping at Padang Besar.

The traders from Thailand are being nice to their customers so that the customers can spread the information to their friends and relatives to come to Padang Besar. Some of the traders asked their friends to come to Padang Besar. They talked about the availability of good Malaysian product to their friends and relatives since it is found that most Thais cross over to Padang Besar to buy groceries.

#### **4.3.1.3 Tourism Association**

When asked about any tourism association related to tourism development in Padang Besar, they cited two names of the associations. These people named Business Arcade Association and another group named as the Traders Association. According to them, the reason they joined the association is to promote business at the business arcade. Upon further investigations about the

existence of these two associations, the researcher found that actually there is only one association. What happened was these traders are confused with the name of the association. They assumed that there are two associations. In the real registration, the name of the association is the Association of Owners and Traders of PBAC. Meanwhile the shop assistants at duty free facilities are not member of the association since they are not working at PBAC. They said the association only meant for those who trade at PBAC, TM and GS.

Most of the traders, shop assistant and suppliers are not members of any association. They are not members of the tourism association in Padang Besar or Perlis. They did not even join the business association within the business arcade. These traders answered in simple ways. They said..

*“I do not join any association here” and “I do not know there is an association here.”*

Some of them commented that the Association of Owners and Traders of PBAC is not an active association and they found that it is not helpful to them. A few said that they are not aware of the existence of any association. The Thai traders seemed not to concern about joining the association since they just come to Padang Besar to trade, after the shop closes they return to Thailand. The association also is not interested in the welfare of the traders and suppliers but it is mainly interested in community welfare which is religious matter that will be discussed later.

One trader noted that they had had meetings with the Immigration officers. All shops inside the business arcade were required to send one representative. During the meeting, the immigration officer told the traders that they received complaints from the visitors regarding the

unfriendliness of a few traders at the business arcade. The traders then were advised to be more courteous and attentive towards the tourists.

#### **4.3.1.4 Problems**

Among all the traders, eight of them said they do not have any problems trading at Padang Besar. They also did not want to comment further. It shows the attitude of traders who are not concerned about their environmental surrounding; they just come to make money and return home. The others traders and suppliers interviewed for this study expressed their problem not only in Padang Besar but also the problems they are facing in their country, Thailand. The problems in Thailand include their difficulty to find a job and do business. There are two traders who mentioned the hard life in Pattani, Thailand that drove them to find work in Padang Besar. There are traders and suppliers that complained about the lack of parking space and the standard of cleanliness. They hope the parking area would be re-opened soon so that more people will come to Padang Besar because during the peak season, it is difficult to find parking spaces.

Two of the traders commented about the decreasing number of tourists making purchases and thereby affecting the business profit margin. There was another complaint about the diminishing profit margin but it was attributed to the economic recession.

There is one trader who felt that his only problem is the high cost of getting trading permit. Normally for the foreign traders in Padang Besar, the trading and working permit is done by the

owner of the shop lots, the local retailers. The local retailers will collect money from the Thai traders or sometimes the fees will be deducted from their monthly salary.

The suppliers mentioned that they face problems at the border gate. Previously they can use the entry-lane as the visitors' vehicles but now they have to queue up with the other forwarding agents. They have to use the containers and cargo entry-lane which takes a longer time as they are required to fill in the forms and pass through strict procedures. At one time they could supply about four to five trips in a day but now only one or two trips per day. This means they are not making much profit compared to before. Most of the suppliers pay 30% tax to Malaysian Customs every time they pass through the border gate.

Meanwhile for the shop assistants they said they do not have any problem related to Padang Besar development but they comment on the number of people visiting the duty free facilities is not as much as the number of people visiting the PBAC.

### **4.3.2 Government Officers Perspectives**

#### **4.3.2.1 Border Shopping Development**

Most officers felt that development in Padang Besar was unplanned and slow. This can be seen from the road constructions at Padang Besar. However Padang Besar has a huge potential for further development. A feature of development in Padang Besar is that it involves various government departments. And the present development is usually economic in nature rather than

concerning tourism as one put it, as to him, tourism means interesting and/or recreational places and historical sites. However, there is an officer that said that the sluggishness of certain project in Padang Besar is understandable because it involves the law and various government circulars, and the development is usually ill-planned and disorderly.

Reflecting on development in Padang Besar, another officer mused over the fact that there has been not much changes for the last twenty years and this is perhaps due to the fact the government does not see the potential. He believed that if the government builds the north-south highway right up to the town, development would have reached Padang Besar sooner.

There are also officers who answered the questions based on the scope of their work. When asked about their contribution to the border shopping development at Padang Besar, they tend to provide an overview of the jobs first and from there make the connections to Padang Besar shopping development. They assist in planning and development of the town, promoting activities and events besides controlling incoming and outgoing activities at the border gate.

From another government officer perspective, the development process of Padang Besar should concentrate on making the destination as a comfortable place for tourists to shop. They had converted section of the parking area for pedestrians. The officers also explained that other development planning for Padang Besar is still under discussion at the State level. They plan to crumple the TM area and move it to the building beside the PBAC. Meanwhile there is no discussion about the development at GS, WL and EK since these shopping venues are still okay.

Most of the enforcement officers interviewed carried out the enforcement activities at the border gate and PBAC. Enforcements at the border gate are carried out to check the travel documents and of the incoming suppliers and retailers. Accordingly, most of the enforcement activities are conducted at PBAC since most of the trading activities in Padang Besar happens inside the arcade. The enforcements carried out at the PBAC by the officers are to check the business licenses, standard of cleanliness and safety. This includes trading at corridors or traders displaying their wares at public places, and also hawkers operating without licenses. The goods that are brought into Padang Besar are also monitored and taxed accordingly at the border gates but it is difficult to control the movement of goods at Padang Besar especially those traders and suppliers who cross the border using a motorcycle. These traders normally bring with them only a small amount of fruits, snack and other food item and they cross the border more than five times a day to bring the supplies to the TM.

The promoting body in Perlis is hesitant about promoting the town. Few tourism officers believed that Padang Besar does not have enough attractions to be promoted besides shopping at PBAC; therefore they do not put much effort in promoting other shopping facilities in Padang Besar. There is a brochure about Perlis tourism that includes PBAC as a border attraction but in terms of advertising less is being done. They only do marketing through brochure and there is no tourist information centre at Padang Besar.

One officer interviewed from the tourism department would like to see Padang Besar developed into a town like the Singapore-Johor border, and with similar facilities. Also mentioned as a good example of a vibrant border town that Padang Besar could emulate was the Thai – Laos

border. Another hoped that Padang Besar would one day complement the state capital, Kangar. Yet another hoped that Padang Besar would be able to attract people to come to Perlis and that tourists would not have to go to Thailand to buy Thai products because they would be available here.

However, there are a few who offered their opinion on how the town should be further developed. Some respondents felt that Padang Besar has the potential to be developed as a manufacturing destination by virtue of the cheap labour available from Thailand.

Many officers believed that the town has the best potential to be further developed compared to other border towns, although the trade balance should be addressed, referring to the domination of Thai products sold there as opposed to local products. Domestic tourism should be encouraged by improving the infrastructure.

There are officers who noted that the local people together with the government officers must be aware of what role they have to play in the development of Padang Besar. Despite the amount of development money poured in by the government, the people's mindset remained largely third class, causing the development to not fully materialize. The planners must possess the right kind of experience in order to understand the basic problems in the town and find ways to change people's perception. On the other hand, there are different opinions. Development in Padang Besar is considered rapid although there is room for improvement.

#### **4.3.2.2 Border Shopping Promotion**

Some of the government officers interviewed felt that there are already enough promotions to create awareness of the existence of Padang Besar to the tourists. They explained that the promotion should be in accordance with the tourism development. Since there is less tourism development in Padang Besar, they are in the opinion that there also should be less promotional activities.

A few government officers complained that less promotion is done at Padang Besar due to less tourism activities available to the tourist, but they preferred to leave the tourist awareness to the proper authorities in the tourism industry. They assumed that the promotion to create tourist awareness should be done by the Tourism Malaysia and Tourist Information Center.

The current promotion about Padang Besar is just on the brochure of Perlis. One of the officers clarified that the FAM trip was conducted in 2009 to promote the interesting places in Perlis including Padang Besar. There were nine media representatives from Thailand in this trip and hopefully they will promote Padang Besar in Thailand.

In terms of public awareness, one of the tourism departments in Perlis has carried out a few short courses to the students, tourism industry players, front liners and food service operators. The participants for these courses were introduced to Tourism Act and simple English Tourism. But these short courses were held in Kangar, Gua Kelam and Tasoh and there was no recorded data



that those traders and suppliers in Padang Besar attended this course, perhaps they were not informed about it.

One officer felt that there must be numerous activities to attract potential visitors to Padang Besar. To him, he felt that Padang Besar is a dead town with not much activity to attract people to come. Accordingly, the officers observed that there is less tourism packages offered to Padang Besar. Most packages from Kuala Lumpur are to Rantau Panjang in Kelantan. He believed the shopping activities in Rantau Panjang to be more attractive as there are lots of shopping facilities i.e. shops at the border of Kelantan and Thailand compared to Padang Besar.

#### **4.3.2.3 Tourism Association**

None of the government officers interviewed are members of any tourism association, however, a few officers showed awareness on the need to do that. They are concerned about the association as some of them said that there should be an association of tourism among the government officers. Although their job scope does not directly focus on tourism, for them as they work in Padang Besar, they must know and have a clear view of what Padang Besar is facing right now. They also talked about Perlis Tourism Exco carrying out four meetings in a year with both the public and private sectors that are having connections with the tourism industry in Perlis, while the rest of the officers mentioned that all the meetings and discussions done were just related within their job and did not focus on tourism. This shows that there is lack of linkages between the government and NGO to create awareness and co-operation in order to develop tourism in Padang Besar.

Some of the officers interviewed mentioned that they do not have any agenda to discuss about tourism and maybe if they want to discuss about it, they could invite somebody from the tourism department. Among the government department interviewed, only a few departments have sent their staffs to attend the tourism courses. This is because other departments may not see the tourism courses as important for their staffs to deal with tourism in Perlis.

#### **4.3.2.4 Problems**

The officers said that the problem in Padang Besar is in terms of capital development. The state government does not have enough capital to make Padang Besar comfortable for the tourists. Therefore, it is difficult for the Tourism Council to maintain any tourism project in Perlis. The same goes to Padang Besar, all the planning are put on hold due to not enough capital. Most projects in Padang Besar took a long time to complete due to land ownership and capital constraints.

Another problem with tourism area in Perlis is vandalism. It is difficult for the state government to control the vandalism of tourist signs. The City Council has put a proper sign of “Welcome to Padang Besar” near the Business Arcade Complex but it did not last long. After only a few months part of the sign was broken and a few wordings were lost.

The issues of smuggling also happened in Padang Besar. Most of the border states in Malaysia are facing the same situation. Smuggling of fuel and groceries items like onion, rice, flour, sugar and cooking oils occurred. Yet, there were no reported cases but the local people talked about it.

Two officers pointed out those traders who flouted the rules posed a problem. These groups of traders are those who display their goods outside the corridors. There is a perception that the Thais traders in Padang Besar are like the Dutch..

*“Today they put their things way out of their shop, tomorrow they will add more until beyond the line mark their shop and this hinders the pedestrian walking along the corridor.”*

The officer admits that this is just a small problem but they still have to follow the rules. The traders also have difficulty in paying the fees to the management body.

Another problem revealed by an officer is the diminishing authority of the State Economic Development Corporation over shop owners as they had sold their shops to two different people, causing partitions to be erected by new owners. It is difficult to give agreement to the owner since the shop is split into two.

### **4.3.3 Chamber of Commerce Perspectives**

#### **4.3.3.1 Border Shopping Development**

One of the Chamber of Commerce interviewed said that shopping development at Padang Besar only revolves around the domestic visitors. He said the town is popular among the Malaysian shoppers to buy average and medium Thai goods. He never saw any international tourist shops at the town and the only international visitors found is the Thais who live near the border.

On the other hand, the Chambers of Commerce interviewed clarified that they are not directly involved in the developing and promoting border shopping tourism in Padang Besar as their

purpose is to help the traders at PBAC. However, one Chamber of Commerce is of the opinion that the management of the association is bad and thus concluded that the association is no longer active in dealing with the traders' welfare. He even gave a hint at the possibility of mismanagement of funds, causing much unhappiness among the members at PBAC.

The Chamber of Commerce also expressed that they want to help the development in Padang Besar. They mentioned that they have the capacity in terms of money and talent, they have the expertise to facilitate the border shopping development in Padang Besar but there are so many procedures put up by the government that they have to go through. Government also has posted so many barriers on them which make them feel disappointed. As a result, most of the rich businessmen together with the investors have already moved out from Padang Besar and invested in other places. He believes the PBAC and the TM has vast potential to be developed further since visitor can experience buying Thailand goods within the Thai community. He perceived the Thai traders at PBAC and TM has formed a community since the numbers of them are exceeding the local traders.

One of the Chamber of Commerce mentioned the Northern Corridor Economic Region (NCER) is supposed to be responsible in developing the policy on economic development in various aspects and tourism is one of the major economic sectors. He said that Padang Besar is one of the active economics regions in the state of Perlis, but most of the development is done on a medium scale. Some of the respondents explained further that this mainly due to development of other border town like in Bukit Kayu Hitam, Kedah. He perceived that the development of Padang Besar as a tourist shopping destination is still a long way to go.

The Chamber of Commerce committee member suggested that we have to set up cottage industry of different culture from the neighbouring counties, from Thailand, Vietnam, and Laos together with Malaysia in Padang Besar. There were investors who have given the proposal to the government but the government refused to take any actions. He added that Padang Besar should be made into mini shopping paradise for the local tourists with proper food court, entertainment outlets, and other complimentary activities and facilities to make the day activities more vibrant.

One Chamber of Commerce committee members said that he does not see any point in developing Padang Besar as an attractive shopping destinations as he said..

*“It is not necessary to make any more improvement to attract people to Padang Besar. Those who come to buy things have only helped in the economy of foreigners. For what reasons the government wants to develop Padang Besar and make it into a popular tourist spot? I do not see any point in doing so..this will only benefits the Siamese. The product and the traders are mostly from Thailand. Every day the Siamese take back the profit they made to their own country. What do we get in return as the local Perlis? This has been taking place ever since.”*

He seems disappointed with the present situation at Padang Besar as majority of the retailers are from Thailand and any development done will only benefits the foreigner. Respondents commented that they would like to see changes in Padang Besar but that they are worried that more Thai traders would come when they see that the town is becoming more developed, because this would mean that the local people would find it difficult to compete with them in business.

Another member also disappointed with the present development at Padang Besar, however he believed that Padang Besar has a great potential to be developed as border shopping destination. He said accordingly..

*“If you look at the destination life cycle, Padang Besar is showing indication of going into a downward trend. Road construction had been halt for several years and this contributes to the local people irritation. The business complex, the anchor of Padang Besar attraction, is in a depleted stage. The Business complex should be managed professionally and the business units should be run by local people.”*

Other respondents noted that in the past Padang Besar was a very attractive transit town. It was the only entry point to Thailand besides Golok. Although in the seventies and eighties the town could be termed as “*cowboy town*”, it had a vibrant atmosphere. The town got no law whereby three people can easily ride a motorbike without wearing helmets and cars can be parked anywhere around the town. It was a town full of activities, but despite the enormous growth potential, the town now has nothing. He thought that Padang Besar is more of a “*sick town*” and it has now turned into a “*Thai town*.” That is one of the reasons why Perlis has not developed.

The respondents also suggested that the authorities allowed investors from outside Perlis to invest in Padang Besar as many of the outsiders have the talent, the capital and proposal on developments. The respondent who is a Malaysian Chinese believed that it is better to allow Malaysian Chinese to trade there as that would prevent the flow of Malaysian ringgit into Thailand.

However, there are a few who offered their opinion on how the town should be further developed. Some respondents felt that Padang Besar has the potential to be developed as a manufacturing destination by virtue of the cheap labour available from Thailand. He is on the perception that Padang Besar is not only for shopping but also for manufacturing.

#### **4.3.3.2 Border Shopping Promotion**

Instead of answering the questions about border shopping promotional activities at Padang Besar, the first Chamber of Commerce showed his disappointment with the members. There is lack of co-operation among the members to promote awareness to the tourist. He assumed that..

*“Maybe if the traders cooperated with each others, perhaps we can make some activities that will make people aware about attraction in Padang Besar..but it is impossible to do that since the traders are not cooperative and the chairman prefers to do everything by himself without having any discussion with us”.*

The present association at the PBAC only collects money for donations of feast and religious purposes. Their members are not interested in promoting Padang Besar. They are not exposed to the nature of tourism as there are no awareness courses given to them.

Meanwhile, the second member of the Chamber of Commerce suggested that Padang Besar to be promoted together with Gua Kelam as people normally visit these two places simultaneously. Gua Kelam is one of the popular attractions in Perlis. It is situated within the Padang Besar district, about half an hour drive. Usually the tour buses to Padang Besar will make a stop at Gua Kelam before or after visitors do their shopping. There are also visitors who just travel to Gua Kelam and to create awareness to these visitors to Padang Besar, proper signs should be placed along the road leading to Padang Besar.

The last respondent from the Chamber of Commerce interviewed thought that there were no proper and extensive promotional campaigns to attract people to Padang Besar. He assumed the relevant authority and the NGO did not have much funding to invest in promotional activities.

He perceived the present cooperation on tourism activities only happen among the governmental levels and the industrial player, and not among the Small Medium Entrepreneur (SME), while the tourism activities in Padang Besar involved almost all the SME.

#### **4.3.3.3 Tourism Association**

The Chambers of Commerce interviewed in this study does not belong to any tourism organization and none of them admitted that they have any affiliation to the tourism association neither they conduct any business related to tourism in Padang Besar. One Chamber of Commerce members mentioned that he has attended several meetings with the Indonesian Malaysia Thailand Growth Triangle (IMT-GT) sub-committee on tourism. He claimed that the meetings discussed mostly on the problems and not the solutions. He commented that..

*“The meetings only discuss on problems, nothing moving forward. Normally during the IMT-GT meeting, people come with all the ideas, and we discussed about the cross border trades and everything.. After the meeting, a few months later, the Thais people already start doing it, but Malaysia does not do anything. Then in the 2<sup>nd</sup> meeting the Malaysian comes again with all the problems.”*

The Chamber of Commerce interviewed also complained that the businessmen in Perlis especially the Chinese traders are not getting enough information from the government regarding the development of Padang Besar. He hoped the government can open the trade to non-Bumiputra and they will help assist government with the development.

There is a Chamber of Commerce that did not get involved in managing the development of local amenities at Padang Besar, but he suggested and hoped that the local business association in



Padang Besar to provide feedbacks to the authority about what they believe should be done at the town.

#### **4.3.3.4 Problems**

Only one member from the Chamber of Commerce groups discussed the problems faced by the Association of Owner and Traders Padang Besar Business Arcade Complex. He said it is difficult to carry out any planning or suggestions as majority of the traders are foreigners and they are more interested in making money rather than be active in the associations. It is difficult to conduct any meetings because the owners and the renters of the shops stay in Thailand. Most of the traders available at the Business Arcade are the shop assistants.

Another member from the Chamber of Commerce groups mentioned the main problems regarding development in Padang Besar were mainly because of funding and political. The state government did not have any funding to invest at the town and at the same time they did not allow any investors to invest at Padang Besar. He also commented on the product choices and product quality at Padang Besar shopping venue as he said..

*“There are many problems. First, the choices of products are limited, mostly clothing. The quality is substandard, but the shopkeepers are promoting them as quality products. The shopping mall is badly in needs for facelift. The place is smelly and dirty.”*

#### **4.3.4 Tourism Distribution Channel Perspectives**

##### **4.3.4.1 Border Shopping Development**

A few travel agency personnel interviewed were rather unenthusiastic about having more development in Padang Besar as they felt that it would only benefit the Thais who traded there. Others felt that there are so much more to be done there, without elaborating on this view. The third personnel suggested that more hotels and motels should be built in Padang Besar. They also admitted that they do not help much in promoting Padang Besar because they do not see the town as a tourist attraction. There is only one agency that offers shopping trip packages to Padang Besar and upon arrival the groups only spend their time shopping at PBAC and TM. None of the group members request to shop at WL or EK duty free since they perceived goods there are expensive. Most of them perceived GS to be a warehouse and not a place to shop.

It is noticeable that most travel agencies in Perlis offer outbound packages rather than inbound packages. However, not all agencies play active roles. Some are registered as travel agents but they merely act as tour operators. They act as suppliers of travel services for bus companies, ferry companies and some act as the tour operators that provide ground services. Out of two travel agency personnel interviewed, one travel agency offers a tour package to Padang Besar. The other travel agency personnel just seem quite disappointed with the attraction in Padang Besar and comment ....

*“Padang Besar is not a tourist destination. There is nothing interesting in Padang Besar.....and nobody wants to go there”.*

They perceived Padang Besar as not attractive to the tourists. However, based on observations, during peak seasons, particularly during school or public holidays, there were numbers of tour buses parked at PBAC.

When asked to comment further, one personnel declared that tourism in Perlis is unique but the situation is getting from bad to worse due to high cost of maintenance. If the circumstances are not properly addressed, the industry might just die out. Other personnel were not satisfied with the state government, who, he thought makes hasty decisions about developments. He is clearly fed up with giving suggestions that were largely ignored. However, little had been done and by virtue of this, he said.. "*The tourism in Perlis is zero.*" In other words, he felt that there is less development for tourism industry in Perlis, it is nothing special and that there is nothing to promote. The third personnel believed that the tourism sector in Perlis is lacking in many aspects. There are not many interesting places that have the availability to attract visitors. The development in Padang Besar is concentrated mainly on the shopping complex where tourists could buy goods from Thailand. The economy in Padang Besar is being monopolized by the Thai traders and to a certain degree, this status quo jeopardizes Perlis's economy. It is not easy to compete with the Thais as they could easily bring into Padang Besar goods from Thailand. However, she felt that if the traders could speak Thai, the problem could be solved.

A parking operator said his company has already contributed to the development of PBAC parking facilities. They not only manage the parking facilities but also put up the signboard to differentiate between the parking area for traders and parking area for the visitors. They also constructed the parking plan in TM and GS. Both are done without the help from the

government. However their suggested plan to make a proper parking at PBAC, TM and GS is vanished as it is not approved by the state government.

The money changer said that he helped the bank in Padang Besar for tourists to change their money as there is only one commercial bank available in Padang Besar. He also planned to open up a travel agency in Padang Besar to help assist the tourist needs, but he will be focusing more on promoting tourists to Thailand instead of Padang Besar. It shows that he is more interested with out-bound tourist.

The taxi drivers on the other hand are aware of their importance in contributing to the tourism sector in Padang Besar. They support the development in giving the transportation services for tourists who come to Padang Besar. In terms of promotion, a taxi driver said that he always tells his friends and relatives about Padang Besar and invites them to come. When his relatives come to Padang Besar, he noticed that most of them only flock at the PBAC instead of going to WL and EK duty free. He perceived that PBAC is the only lively attraction at Padang Besar compares to TM, GS, WL and EK.

The taxi driver also admitted that he is now simply waiting for what the government has in mind concerning the planning for Padang Besar. He thought that the town is developing well although there is less number of visitors, which means a decrease in taxi passengers. This could be due to the unrest in Thailand and the lack control of entry of Thai vehicles to Padang Besar. He now relied on foreign tourists. Besides, many Malaysian visitors usually drove their own cars, and yet

others came by coach buses. He also proposed that there should be a proper bus and taxi terminals to make the place more organize.

A few respondents from this group were obviously unsatisfied about the development in Padang Besar and felt that it needs more or further improvement. At present they said that it is rather slow and not well-planned. The town looks disorganized. They reflected that in the past the town received many visitors but the number has decreased. The buildings and banks are not enough. The respondents asked the government to add more attractions to the town.

The last respondent suggested that the border of Padang Besar should be open freely like Wang Kelian border during weekends. Wang Kelian is another border town in Perlis but this place is more like a Sunday market and not a proper shopping arcade like Padang Besar. It is difficult to do so in Padang Besar since it might involve the national security. It is difficult to control the incoming and movement of visitors at the border gate as they might go out from the town without being noticed. Padang Besar border is different from Wang Kelian. The surrounding area in Padang Besar is wider, while Wang Kelian is narrow and it is easy to control the movement of the border crossers.

#### **4.3.4.2 Border Shopping Promotion**

One of the travel agents interviewed was rather lackadaisical about promoting Padang Besar as there are less night activities in this town. He based his views on the lack of visitors at night. He clarified that there is less demand from outbound tourist to visit Padang Besar but the demand for

inbound tourist is quite high. The other personnel interviewed, however, admitted to resorting to the MATTA program and advertising in tour itinerary. When asked about how they can attract the crowd to Padang Besar, one of them simply said.. *“There is nothing to promote in Padang Besar.”* Only a few travel agencies in Perlis offer packages to Padang Besar, whereas the rest are not interested in promoting this town to the tourist.

When asked for suggestion on how they want Padang Besar to be promoted, the other members of tourism distribution channels gave varied answers. The parking operator commented *“..there is nothing interesting, those who come here only want to shop.”* This means that there is no other activity which visitors can engage in Padang Besar besides shopping. He then mentioned that all agencies should help in promoting this town.

The money changer suggested that the relevant authorities should come and visit Padang Besar and promote their visit in newspaper and TV commercial. He dreamt that someday Padang Besar will be visited by the kings or ministers.

The taxi driver chose to spread the news about the development of Halal hub in Padang Besar to the public. He said so because he felt that people nowadays are more concerned about the Halal products. He seemed to be more optimistic as he said accordingly..

*“I am informed that Padang Besar will be developed into halal-hub destination..perhaps we should start telling everyone about it. Now we in Padang Besar are waiting for the development to be carried out.”*

#### **4.3.4.3 Tourism Association**

According to the members of tourism distribution channels, there is no tourism association in Padang Besar. Most of the travel agency personnel interviewed admitted that they are a member of Malaysian Association of Travel and Tour Agency (MATTA) in Perlis but they seem not willing to discuss further about that membership. From their behaviour it seems that they are not happy to be a member of any tourism association as the association does not provide any service to them.

There is a Travel Agency Association in Perlis but they are not interested in joining the association as the association is not active. A few tourism agencies in Perlis expressed their disappointment towards the association since most of the proposals submitted for the tourism development in Perlis were rejected. Perhaps the government has a different agenda about developing tourism in Perlis.

A few members of the tourism distribution channels in Padang Besar are aware that Padang Besar should have at least one tourism association. The only association that has only link with tourism in Padang Besar is the Taxi Association. However, the association is more towards transporting the tourists rather than focusing on tourism. The taxi drivers do not have the knowledge to form any tourism associations. There should be someone from the tourism department to start forming the discussion and inviting the distribution channel as their members.

#### **4.3.4.4 Problems**

The problem mentioned by the travel agency representatives was the lack of supply chain among the tourism and hospitality business in Perlis. According to the respondents, this causes the travel agents to miss out on the special hotel rates. Some of them believed this must be due to the lack of tourist attraction around Perlis for tourist to stay overnight. Perlis is just a transit state for those who wish to travel to Thailand and Langkawi Island.

The other three respondents mentioned varied problems regarding their jobs. The parking managers are not satisfied with the City Council as the council has rejected their proposal to make the area more systematic with standard parking facilities.

The money changer complained about the availability of the shops lots which they considered as not enough to be rented. Most of money changers in Padang Besar just rent a small space inside the shop lots. Some of them just open a small table to do the transactions.

On the other point, the taxi driver is not satisfied with the numbers of foreign vehicles from Thailand entering Padang Besar. The Thais drivers do not have proper license, road tax and insurance but they can still enter Padang Besar. This will cause so many problems if accidents happen in Malaysia and this problem has been going on in Padang Besar for quite some time. All the complaints and suggestions given to relevant authorities are futile.



There is an act under Tourism Law that every tour buses must have proper license and plate number when entering other countries. For example, tour buses from Singapore entering Johor need to have a license, insurance, plate number and a tour guide from Johor. However, in Padang Besar, the authority does not implement the procedures for any vehicles from the foreign country that enter the town.

#### **4.4 Border Shopping Activities**

This section answer the research question ‘How the tourism supply chain perceived the border shopping activities at Padang Besar’s shopping venue?’ The questions explore the different point of views each respondent have towards the border shopping activities in Padang Besar. The research question petitioned on how the tourism supply chains viewed the border shopping activities at Padang Besar’s shopping venue. The objective is to evaluate the members of the tourism supply chain’s perception on the border shopping activities.

The question that underpins researcher effort to understand their perception to the border shopping activities are: ‘What is your perception towards border shopping activities at PBAC, TM, GS, WL and EK?’ and ‘Which of these venues is more appealing to the visitor?’ The results of the study only indicate the border shopping activities at PBAC, TM, GS, WL and EK. Initial theme selected was “border shopping activities”.

#### **4.4.1 Traders, Shop Assistant and Suppliers Perspectives**

The traders, shop assistants and suppliers at Padang Besar are in agreement that the shopping activities at the town can be seen during weekend and public holidays. A number of visitors come and shop at Padang Besar. They said the visitors normally shop at PBAC. The shop assistants at the duty free facilities also agree with the traders that the shopping activities happened at PBAC. They said visitors come to Padang Besar mostly by groups and rarely do they shop at duty free. Visitors to duty free, particularly the domestic visitors only come during December to buy perfume as at this month perfume is given twenty to thirty percent discount.

Most of the traders, shop assistants and suppliers are in agreement that PBAC is more appealing to the visitors since the location of the arcade is at the centre of Padang Besar. When visitors shop at the PBAC, it is easy for the visitors to eat and withdraw money while shopping since the facilities are located within the PBAC area. They also said that GS is not suitable to shop since most of the goods at GS are for the retailers. GS is more like a transit warehouse for traders at Padang Besar to keep their supplies before shifting to Thailand vice versa.

#### **4.4.2 Government Officer Perspectives**

For the government officers, they agreed that shopping activities only happen at the PBAC and within the area surrounding it. The area surrounding the PBAC includes TM and GS. However they said that the main trading activities are at the PBAC. Visitors only visit TM to buy snack, but most of the snacks are available at PBAC. Most of the shops at GS are closed since these

facilities are mainly for warehouse. Those traders at PBAC keep their supply at GS and that is the reason why most of shops at GS are not open to public.

Officers from the ICQ said the shopping activities at PBAC are more lively and interesting compares to WL and EK. They describe that shoppers prefer to shop at PBAC because of the variety of goods offered at these facilities. They have never seen a tour bus parked at WL and EK. Normally those who visit WL and EK travel by their own car. Upon inspection at ICQ complex, those who visit WL and EK only buy chocolate, perfume and for non-Muslim, they will purchase a few bottle of liquor.

Perlis tourism officers mentioned that the shopping activities at PBAC are a landmark for tourists or visitors who visit Perlis. They claimed the visitors to Padang Besar are mostly those middle income groups and as a result they prefer to shop at PBAC and not at duty free facilities. There are perceptions those goods at duty free are expensive and not within their budget. Even the officers themselves prefer to shop at PBAC, but if they want to buy perfume, they will go either WL or EK, as they said, they will get a better price if they purchase it at the airport because the price offered at both duty free facilities at Padang Besar is not really cheap.

#### **4.4.3 Chamber of Commerce Perspectives**

The Chamber of Commerce interviewed in this study said shopping activities happened at all shopping venues in Padang Besar, however the biggest attendance is still at the PBAC. They are

in opinion that those who shop at the PBAC do not have time to shop at duty free since some of them spend nearly one whole day only to shop at PBAC.

Although most of them perceived PBAC is the main attraction at Padang Besar, they also commented on the other shopping venue at Padang Besar. Some said that the TM is hot and humid, while GS is only a row of empty shop lots, similar like a back street in Hatyai. Most of them also perceived that both duty free shops at Padang Besar are quite a distance to visit when the visitors arrived at Padang Besar.

#### **4.4.4 Tourism Distribution Channels Perspectives**

Most of the travel agency personnel in Perlis perceived PBAC to be the only shopping attraction in Padang Besar. They commented that the rest of the shopping venues are only to support PBAC. They said PBAC can survive without the other shopping venues. The travel agencies who offered a package tour to Padang Besar also said that most of their customers will request to shop at PBAC and not mentioning other shopping venues. They also perceived that visitors may felt reluctant to visit the WL and EK since they have to pass through the immigration and customs inspection. They will be asked to open their car to check what they bought. As a result, most visitors visited the PBAC and TM.

The taxi drivers too said that PBAC is more appealing to the visitors since most of their passengers will asked them to stop at PBAC and not others shopping venues. They normally take passengers from Kangar or Arau to Padang Besar. There are passengers that took a train from

Penang and stop at Arau. From Arau they went to Padang Besar to shop and when they were done with their shopping they took the train from Padang Besar to Penang. He said accordingly..

*'Since I become a taxi driver, I encounter with many types of customers with different attitudes..at one time I took passengers from Arau train station and dropped them at the arcade..then I asked them where they come from and to my surprise they were from Butterworth, came only to shop at the arcade..they told they prefer to come by train since it is easy for them to bring all the goods..once they paid for the taxi fees, they asked for my phone number..and later in the evening they called me and I sent them to the train station..but actually these cases happened to most of my friends..'*

Based on the experience, the taxi driver perceived that the PBAC is well-known for shopping compares to other shopping venues. Not often did they hear people mentioning about going to shop at TM, GS or duty free. Therefore they perceived that PBAC is mainly for visitors to shop.

On the other hand, the money changer said he often sees people come to shop at PBAC and also shop for adult entertainment at Pekan Siam. He added, recently there was one gambling centre open at Pekan Siam. Numbers of men were seen crossing the border to gamble. He observes that the men will bring their spouse and while waiting for their partner to shop at PBAC, they will cross the border to lay the bets. After a few hours they will cross back to Malaysia and pick up their partner. Normally their partner did not realize this since the location of the border gate is not within the arcade.

The parking operators said most shopping activities happened at the PBAC and TM. The parking facilities fees are only charged at these two facilities. Parking facilities are also available at both duty free however there is no proper space for bus to park. They said visitors will park and walk to the PBAC and later they will go to the TM to buy fresh fruits from Thailand. There are also visitors who parked and did not pay the parking fees as these visitors normally would inform the

parking attendant that they only parked for a couple of minutes to buy food. Normally these people are the government officers or private officers who buy their packed lunch or the domestic visitors who parked just to buy fruits at TM.

#### **4.5 Border Shopping Facilities**

This section answer the research questions ‘What are the perceptions of tourism supply chain towards border shopping facilities at Padang Besar?’ and ‘What are the provisions of retail factors that contribute to PBAC as the main shopping venue at Padang Besar?’ The objective of the questions is to let the respondents describe the shopping facilities at Padang Besar, especially at the shopping venues and to further explore the retail factors that help access PBAC as the main border shopping venues at Padang Besar.

The questions that underpin researcher effort to understand respondent’s perception to the border shopping facilities are: ‘What is your perception towards border shopping facilities at Padang Besar?’ and ‘What are the retail factors (product, salespeople, and retail environment) at PBAC that influence the visitors to visit the arcade compare to other shopping venues in Padang Besar?’ The discussions for these questions are divided into two, one is for the shopping facilities and another one is for retail factors. The initial theme chosen for the shopping facilities were “border shopping facilities”. The result in this discussion only indicates the border shopping facilities at Padang Besar and the retail factors at PBAC only, not the whole the town of Padang Besar.

#### **4.5.1 Traders, Shop Assistant and Suppliers Perspectives**

When asked about the shopping facilities to the tourists, most of traders interviewed in this study answered that there are lack of accommodation facilities at Padang Besar. Most of them answered that there is not even a single hotel available for the tourists. However, there is a homestay and budget hotel available to the tourists at Padang Besar but these respondents did not realize the existence of the two. They did not know on how to categorize budget hotel as most of them perceived hotel to be big hotel. They did not consider budget or small hotel. Currently there is no business ventures interested to setup a proper hotel in Padang Besar as road accessibility to the area is not conducive enough. However, some of the respondents interviewed differed in views, they believed that the town does not need hotels as people come to Padang Besar mainly to shop, and not to stay overnight.

Their next concern was the lack of ATM machines in the vicinity, especially in the PBAC, causing inconvenience to shoppers. At present there are two ATM machines available at Padang Besar, one is situated near to the taxi station and the other one is placed inside the 24 hours 7-eleven shop. Both ATM machines are located quite a distance from the shopping area and not within the walking distance. Most travellers sometimes do not know where the ATM machines are located. It seems that most of the banks are reluctant to put ATM inside the business arcade for safety reasons. The business arcade closes at around 6 pm and there is no security guard at night.

One trader commented about the lack of fast food outlets in Padang Besar. This was also a reason given to illustrate the lack of availability of the facilities to tourists. If they want to have a fast food they have to travel to Kangar which is quite a distance from Padang Besar. Besides fast food, there is also no karaoke centre opened in the town. Padang Besar is quite a boring town for teenagers.

There are also a few respondents who said "*the town is ok*" when asked to comment on the availability of facilities at Padang Besar to the tourists. One even said that the town has "*everything*" which cannot be verified. They do not seem to know as they just spend their day inside the business arcade. They seem to take a laissez-faire about the situation; they seem ~~do~~ not to know and give an ambiguous response.

There are traders, shop assistant and suppliers that complained about the lack of parking space and the standard of cleanliness at PBAC. They hope the parking area would be re-opened soon so that more people will come to PBAC because during the peak season, it is difficult to find parking spaces. One trader suggested that the authorities should take action in solving the parking problem. Another hoped that Padang Besar would become more popular and experience further progress and that there would be more trading opportunities for the Malays.

According to the traders and suppliers interviewed, Padang Besar needs to be improved in various aspects. These ranged from the basic facilities, landscaping and retail environment. There should be more basic facilities like Automatic Teller Machine (ATM) which is still not enough in Padang Besar. The available ATM machine is placed quite a distance from the



shopping area. Facilities like hotel and food outlet also should be provided for the tourists. There is no proper dining restaurant and fast foods available at this town.

In terms of landscaping, the traders and suppliers hope PBAC to be more comfortable for the tourists. There should be benches for tourists to relax while shopping and playground for children. PBAC also needs more trees and flowers to green and beautify the town. They also hope the facilities and cleanliness at the retail environment will be improved. The toilet should be cleaned all the time. The praying room should be spacious to accommodate the people who want to perform their pray. They suggested the parking space to be open to provide more parking for the visitors.

Most respondents in this group perceived the WL and EK duty free facilities are “okay” at the moment as both facilities sold branded items. Nevertheless, less visitors visit the facilities since most prefer to shop at PBAC and TM. In terms of cleanliness, they said WL and EK are clean but the buildings are not attractive as they are painted white. They hope the facilities to be more colorful so that people will notice it while they shop at PBAC and TM. Meanwhile the shopping facility is not commented further at GS since they said GS is not a shopping facilities but a shopping warehouse where those traders at PBAC keep their supplies.

#### **4.5.2 Government Officer Perspectives**

Many government officers considered Padang Besar as a tourist town, but felt that the facilities and services for the tourists need to be upgraded. There is no hotel facility available in Padang

Besar. The nearest hotel property is in Kangar, which is too far from this town - 70 km and about 45 minute drive. There are not much touristic facilities catering for the tourists. One officer elucidated the future planning of Padang Besar, said..

*“Among other things that we are going to have in Padang Besar.....is to give tourist better facilities such as parking facilities, resting areas, hotel. The hotel will be build next to Maybank....just budget hotel. At present piling is being carried out, however there isn't any name given to it yet. Secondly, we are going to upgrade the cleanliness there. At present it is very bad over there. We are going to have the basic first. Actually there is a lot to be done in Padang Besar.....to make the town a better place...”*

For the officers, Padang Besar is not a proper town. Their perceptions are influenced by what Padang Besar offers. All the respondents were of the opinion that what Padang Besar needs is more infrastructure and that the existing ones need to be upgraded. Some officers interviewed in this study felt that there should be a supermarket in the town.

Another government officer commented that the town is safe since there is a 24-hour security provided by the security forces at the border gate. He also mentioned that most of the smuggling activities that happened in Padang Besar are performed by local people. The Thais only involved in transporting the goods but the leaders of the activities are the local people.

There are suggestions pertaining to the ICQ complex. It is thought that the building is located on too small a site. There should be separate lanes for cars, lorries, cargo and containers. Other departments should also play a role in controlling the influx of Thai traders so Bumiputera traders could be given more opportunities to trade. One officer mentioned Padang Besar should be developed as Nilai, using the factory lot concept because the area will be more spacious and easy to move around among the shops lots.

Most officers involved responded that there should be better facilities and infrastructures. Two officers believed that the town's cleanliness should be improved. The infrastructures like the road need to be ready to attract more tourists to Padang Besar. A few budget hotels also should be available in Padang Besar to attract tourists to stay. One asserted that there should be a Tourist Information Centre (TIC) in Padang Besar.

One officer considered Padang Besar to have a potential of becoming an attractive shopping destination but the town should have one factor that would attract the Thais and people from other states to shop there. He believed in order to be attractive Padang Besar should have a proper supermarket to support the present Business Arcade. By doing this, shopping activities in Padang Besar can be expanded not only to the low and medium range of shoppers but also to high end shoppers.

Most respondents do hope that the shopping facilities in Padang Besar would one day be able to attract people to come to Perlis and that tourists would not have to go to Thailand to get Thai products because these would be available at PBAC and TM. They perceived the goods at WL and EK duty free are not representing the image of a Padang Besar. They also hope PBAC and TM to be improved in terms of its cleanliness. The officers also conclude that the overall arrangement of shop lots and food stalls surrounding the PBAC and TM should be arranged properly and kept tidy. The environment should be more presentable to the tourists by beautifying the building and the area surrounding it. The town must offer some interesting activities, for example karaoke, cinema, bowling and recreation facilities for the tourists and the local people.

Apart from that, the officers commented that the shopping facilities at WL and EK are mainly for international tourists but it is difficult to see an international tourists shop at these facilities. Normally those who shop at WL and EK are domestic tourist from Perlis and a also Thais. Some of the goods at the duty free are not within the current trends and lack of variety. The shopping facilities at these buildings are also not friendly to the visitors, because no toilets are built for the visitors there. There is a toilet at both facilities but only for the staffs, not for the visitors. If the visitors need to use the toilet, they need to go to the PBAC or to the ICQ complex.

#### **4.5.3 Chamber of Commerce Perspectives**

The first members of Chamber of Commerce were asked about the shopping facilities at Padang Besar. Some of them simply answered that the facilities and services are enough at the moment.. *"Yes, it is enough with everything that we have at present."* Similar to the traders, the members of Chamber of Commerce also gave a simple answer.

One member of Chamber of Commerce concurred with other respondents that there is no hotel in Padang Besar but he questioned on who wants to spend a night in Padang Besar as there is no night activities. He blamed it to the limited development that makes this town rather boring as there is no place to hang out at night and the place has no proper supermarket. There is no entertainment outlet available at night and the local populations just stay at home and watch television. One of the reasons is the border gate closes at 10 pm as compared to Bukit Kayu Hitam in Kedah that closes at 12 mid night. Since there are no night activities at Padang Besar, people normally cross over to Pekan Siam, Thailand. Even if people cross over to Pekan Siam,

the entertainment activities offered is not as much as in Bukit Kayu Hitam. After 7 pm, Padang Besar seems to be like a ghost town as people cross over to the other side, Thailand, to seek entertainment.

There is a member who said that the shopping area at Pekan Rabu, Alor Setar is in a better condition and clean as compared to PBAC. He assumed that some of the visitors might prefer to shop at Kangar, Alor Setar or Bukit Kayu Hitam since these places are clean and organized. Some of the goods sold at Padang Besar are also available there. They perceived PBAC as dirty, congested and disorganized. On top of that, he commented that the shopping facilities at Padang Besar are getting worse. He said..

*“Shopping facilities are sub-standard and getting to look like a ghetto areas. Something has to be done as soon as possible before the place is losing its competitive edge to Bukit Kayu Hitam.”*

#### **4.5.4 Tourism Distribution Channels Perspectives**

Most of the respondents interviewed in this group had the same opinions on border shopping facility at Padang Besar to the tourists. They mentioned that there are no proper hotels and other facilities like a standard restaurant for tourists in Padang Besar. They concluded that the tourist facility is barely available.

One of the travel agency personnel participating in this group thought that Rantau Panjang in Kelantan has better facilities compared to those found in Padang Besar since there are a few hotels there. He viewed hotel as one of the tourism facility. Rantau Panjang has more hotels and

are available for the tourist to stay overnight. There is a budget hotel available at Padang Besar, but he did not consider it appropriate for the tourist.

Conversely, other travel agency personnel noted that Padang Besar is safer than Rantau Panjang. As echoed by the traders and government officers, safety in Padang Besar is not alarming since there are few criminal cases reported so far. There are no night activities at Padang Besar and people have no place to go to at night. People do not travel at night and this has lessened the number of criminal cases.

The parking managers are not satisfied with the City Council as the council has rejected their proposal to make the area more systematic with standard parking facilities at PBAC. He perceived that with a proper development, the parking facilities surrounding the PBAC will be more systematic and easier for the visitor to park their vehicles.

Respondents from this group suggested that there should be more buildings in Padang Besar as at the moment only PBAC is available for the visitors. One suggestion provided was there should be attractive activity that could support each tourism product. As a border town, Padang Besar has enormous potential for development. It could be turned into a theme park like Tambun and Bukit Merah, or perhaps like Gold Coast, China or Hong Kong. That would attract the Thais to come over.

#### **4.6 Retail Factors at Padang Besar Business Arcade Complex (PBAC)**

This section is the continuous from the shopping facilities section. The discussion in this section are focused only at PBAC since the PBAC is the centre of attraction in Padang Besar and perceived by the respondents as the main shopping venues at Padang Besar. Retail factors in this study refer to PBAC since most of the shopping activities in Padang Besar take place around the PBAC. Generally respondents answer the question based on retail factor at PBAC and most of the discussion based on the condition of the PBAC in Padang Besar. It is important to see how the supply chain perceived and commented about the product sold, salespeople and the overall retail environment of the PBAC. From the analysis we can see what needs to be done, and what needs to be improved. The initial themes developed for the question on retail factors were “product”, “salespeople” and “retail environment”.

##### **4.6.1 Product**

Here, the respondents were asked general questions about what are the products offered in Padang Besar, it rated quality and price. It may come in all forms, some answered regarding what they see and some assumed of what they normally bought as the products at PBAC. This question is to evaluate the products purchased by the respondents. This evaluation would enable the researcher to visualize the kinds of product popularity and to examine the specialty or signature product that would go with Padang Besar image.

#### **4.6.1.1 Traders, Shop Assistant and Suppliers Perspectives**

The traders interviewed answered the questions based on the products they sold at their premises. After all, the products are mostly from Thailand and some from China and Vietnam. Among the things that the traders sold in their shops are clothing, bags, shoes, jewellery, household items, kitchen utensils, toys, food stuff, snacks, and wedding accessories. There is also Malaysian Traditional clothing like Baju Kurung sold in PBAC. This Baju Kurung is made in Thailand and sold by the Thais traders.

However, some traders said that there is nothing special with the product in PBAC as it is the same as in other countries' shopping arcade. On the questions about the quality of the product sold, some traders said they are honest and always explain clearly to their customers that some products sold in PBAC do not last long as they are the same as products sold in other places. There is also a trader who claimed that all the goods in PBAC are imitations as not all people can afford to have the original. They expressed that the quality of the imitation goods from Thailand generally have a better quality than those imitation goods from China. The imitation goods from China do not last long. They also perceived the qualities of goods from Thailand are of the same quality with those in Malaysia. In addition to that, some traders said it is better for PBAC to offer the Thai goods to the visitors as Padang Besar is a border town of Thailand and people do come to this town in search of Thai goods which might not be available at their hometown.



Goods sold in PBAC especially handbags and clothing have their own grading depending on the quality. One trader from this group explained that there are different types of grading for handbags sold in at her shops

*“All the handbags have grading, the grading for handbags are A, AA, and AAA. The best is triple A’s because they are almost of original quality”.*

The traders used the word “almost of original quality” and this shows that the handbags sold are imitation and not original.

Most of the traders get their supply from Thailand either from Hatyai or Bangkok or both. However, there are also a few traders who claimed that they get their supply from Taiwan, Korea, China and Vietnam. Based on the interview, majority of the traders agreed that among all the supplies, the quality of Thailand products is better compared to other supplied countries. The products from Hatyai and Bangkok are taken by the traders themselves or through agents. The agents will handle all the incoming supplies and deal with the customs. Supply is not a problem to Thai traders as all of them can get the credit from the suppliers and manufacturers in Thailand while it is difficult for the Malaysian traders to get the credits. This might be due to the issue of trust as most of Thai suppliers only give credit to the Thais traders. There are Thais traders who pay their supplies at the end of the month. Some of them pay the supplies when they make a sale, on consignment basis.

Besides being a trader, most traders in PBAC are also the suppliers. They get the goods from Thailand and supply them to other states in Malaysia. Malaysian traders and suppliers from other States get their goods from the traders in PBAC. Normally the Malaysian traders from other

states get the supplies either by personally purchasing them at PBAC or the traders in PBAC will send or post the supplies directly to them.

The interview with the suppliers reveals that the suppliers in Bangkok get their supplies from several Indochina countries; China, Korea, Taiwan and Vietnam. The suppliers from Bangkok then shift the goods to the suppliers and traders in Hatyai, Pekan Siam and Padang Besar. Normally, those traders in PBAC who run a small business get their supply from Pekan Siam, Thailand and those who run a big business get the supply directly from Hatyai or Bangkok. The suppliers in Bangkok get the goods from Korea, China and Vietnam. Besides the supply of foreign goods in PBAC, the retailers in Perlis also become suppliers in PBAC to re-channel to other places. These are the middle man. Several times in PBAC researcher found that the salesmen come and offer the goods to the traders.

There are also traders who are the suppliers among themselves. Besides supplying the goods among other shops around PBAC, they also supply the goods to all around Malaysia especially to Kuala Lumpur. Therefore, they can sell their products cheaper since they buy in bulks. Researcher often saw retailers from other states in Malaysia come to PBAC and buy Thailand products in bulks.

Most of the traders, shop assistant and suppliers have the same perspectives when it comes to pricing of goods in PBAC. Majority of the traders and suppliers answered that the price of goods sold in PBAC is reasonable and a few of them claimed that the price is cheap. Almost half a number of the traders said "*The price is okay.*" There are also traders that said the price is "*okay*

*and reasonable.*” Few of them explained the price suits with the quality and most cheap price products do not last long and they believed that the expensive products last longer. One trader explained the price is okay since the goods from Thailand are being taxed twice. The traders interviewed said they do explain the quality of goods sold to the customers. This shows that they are attentive in retailing, are concerned about customers’ budget and preferences.

They are other traders, shop assistant and suppliers who described about the price of goods and availability of goods in PBAC which connote that people come to Padang Besar to buy goods which is related to shopping. Indirectly these people perceived visitors to Padang Besar come to shop at PBAC. According to the traders and suppliers, clothing and Narita comforters are the most popular products purchased by the visitors when shopping at PBAC. Narita is a brand for comforter made in Thailand. The quality is quite good and the material used is comfortable.

#### **4.6.1.2 Government Officer Perspectives**

Majority of the government officers in this study knew that the products sold in PBAC are all from Thailand. They believe that more items are sold at PBAC as compared to others shopping venues in Padang Besar and they perceived that the goods sold in PBAC are Thai goods and therefore are Thai-dominated products. However, two of the respondents have different perceptions on the definition of product; one looking at the products itself that are originated from Thailand, while another perceived Padang Besar as a product by itself, that as a shopping destination. The first government officer said..

*“What inside Padang Besar is a product, the destination itself..the Thai, the Malay, the location which is near to the border. The border lines itself is a product. The shopping activities at the arcade are the product. It is one package.”*

He perceived Padang Besar offers *“the combination of people, location, goods and shopping”*.

This statement refers to the situation in which the Thai traders trading at the Malaysian soil but selling goods from Thailand. Therefore people who travel to Padang Besar can experience trading within the Thais culture especially at PBAC.

Another officer had different answers as he said the products in PBAC are of the same quality as the products in Malaysia. He told that there are Thais who travel to Padang Besar to buy petrol, flour, biscuits, and other groceries items. Petrol in Malaysia is far cheaper than in Thailand while the biscuits, flour and other grocery items not only are cheaper but also have better quality than Thailand. They also perceived the goods sold in Malaysia are Halal and clean as compared to those from Thailand. Those Thais do not shop at PBAC since most of the goods at the facilities are originated from their country.

The officers interviewed perceived the imitation products in Thailand are graded accordingly. The prices range from expensive to cheap depending on the quality. Although most products sold in PBAC are imitations, the quality is quite okay. There are officers who travel to Padang Besar for shopping. Most of them bought clothing like jeans, t-shirt, and blouse. He bought these goods at PBAC.

Most of the government officers interviewed also mentioned the suppliers in PBAC are located in Hatyai and Bangkok and only one officer claimed that the Thai traders are the suppliers

among themselves. A few officers commented that the suppliers are from Thailand since those who travel to PBAC are interested in buying Thai goods. Since most products are from Thailand, the Thai traders can get cheap supply.

The government officers interviewed in this study had themselves patronage at the PBAC. They commented that the prices of goods sold in PBAC are reasonable and cheap. They also give an opinion about the quality and grading of the goods sold in Padang Besar. Nine of the officers echoed with the traders as their answers are *"the price is cheap"* and *"the price is reasonable."* There are three of them added that the price is coincided with the quality of the goods. One commented the quality of the goods is low and another one said the quality is not original. The goods sold are mostly imitation goods. Normally, the price of the imitation goods is cheaper compared to the original price.

The officers believed that those who come to shop at PBAC are aware about the price and quality of goods sold. One officer said

*"Reasonable in accordance to the product quality..those people who come to buy the goods already knew that Siamese goods are not original goods."*

Therefore, for those who travel to Padang Besar and shop at PBAC cannot expect much on the quality since the goods are imitations.

There is one officer who noted that the price of goods sold at PBAC is not cheap. There are goods that are sold at higher price. Some prices are the same as those sold at shopping malls. Although certain goods sold in PBAC are quite expensive, the customers are welcomed to

bargain up to 50 percent off the original prices. In shopping malls, buyers cannot bargain the price but on certain days, discount is offered to the customers.

#### **4.6.1.3 Chamber of Commerce Perspectives**

The Chamber of Commerce members said that most products originated from Hatyai and Bangkok, Thailand. One Chamber of Commerce claimed the majority of products offered at PBAC are from Thailand. He also realized that other foreign products have entered PBAC. He believed the suppliers are mostly from Thailand, and few from China and Vietnam.

The other one agreed with one of the government officers as he perceived the Thais traders get the supply directly from Hatyai and Bangkok and supply the goods to other states in Malaysia. Based on observation, there are a few Malay traders who become the suppliers at Business Arcade. Normally, these Malay traders are married to the Thais and it is easy for them to get the supply and credit from the suppliers in Thailand.

Both Chambers of Commerce interviewed in this study have different answer regarding the price of goods sold in PBAC. One member of the Chamber of Commerce described the prices of goods sold are balanced as there are cheap and expensive products sold at PBAC. The goods are priced accordingly depending on the quality and supply. Some traders are able to sell the goods at a cheap price since they get cheap supply and some traders are unable to do so since they do not buy in bulks and need to use the third person to get the supply. Another member from the Chamber of Commerce only commented that "*the price is okay.*" He did not give further

comment about the price of goods sold in PBAC since he perceived the visitors are aware of the price of goods at PBAC.

#### **4.6.1.4 Tourism Distribution Channel Perspectives**

Most of the respondents in this group mentioned about the Thailand products while one respondent negatively said... *“Nothing interesting because most of the suppliers are the Thais traders.”* They also mentioned about the availability of duty free goods in Padang Besar while there is one respondent who mentioned the imitation clothing from Thailand that sold at PBAC.

Most of them do not have any comment regarding the quality of the goods since the goods are all from Thailand. Only one respondent from this group claimed that those shoppers who used to wear original clothing can notice the difference between the imitations...

*“I only see many types of imitation clothing in PBAC that come from Thailand..from the aspect of quality, for those who usually use original brand will know that these are imitation goods.”*

*“Reasonable”, “cheap” and “okay”* are among the keywords mentioned by this group when responding to question about price of goods sold in PBAC. Majority of the respondents described the prices as *“the price is okay”* and *“the goods are cheap.”*

Respondents in this group know that the supplies are from Thailand and there are only a few of them assumed that the traders get the supply by themselves hence the price is cheap. One respondent suggested that the Malaysian traders order the goods from the Thai traders so that they can get better price since the suppliers in Thailand only give credits to the Thai traders.

Some respondents in this category mentioned the price of goods is reasonable with the quality offered. The quality is imitation and the price is cheaper than the original. There are also respondents interviewed assumed the price of goods sold in PBAC is normal and is the same like in other places. By saying that, he might want to mention the price of goods in PBAC is similar to other border shopping venues at other towns in Malaysia.

Some respondents compared the price of goods in PBAC with the price in Pekan Siam, Thailand. From their experiences, they advised visitors to do their shopping in PBAC instead of Pekan Siam in Thailand, where the traders in PBAC get the goods directly from the manufacturers in Bangkok, while the traders in Pekan Siam, Thailand, get their supplies from the middlemen in Hatyai, Thailand. Therefore, there are some prices differences between those in PBAC and Pekan Siam, where the former is cheaper than the latter.

#### **4.6.2 Salespeople**

In present study salespeople refers to the people who conduct business or work at PBAC. They can be grouped into two main groups, the shopkeepers who are mainly the owners or renters of the shop lots, and the shop assistants who work for the shopkeepers. In PBAC both the shopkeepers and the shop assistants are called “the traders”.

The sections explore the general composition of traders at PBAC and how the salespeople are part of the attraction for visitors to shop. Most of respondents commented on the number of Thai traders and Malaysian traders. We have both Thais and Malaysian traders in PBAC but most of



them are the Thais. The Thais generally made up of Pattani Malay traders. Some respondent called them the Thai traders, or Pattani Malay traders while others mentioned Siamese and a few used the word foreigners from Thailand. Whatever they called them, they belong to the same group of people, and they are residents from Thailand who trade on Malaysian soil. There are several respondents commented and more are interested to discuss on the issues of Thai traders who monopolize the economy in Padang Besar, particularly at PBAC.

#### **4.6.2.1 Traders, Shop Assistant and Supplier Perspectives**

Most respondents in this group admitted that there are a number of Malaysian traders in PBAC. According to the Chamber of Commerce, there are a small number of Chinese and Malay traders in PBAC. The Thai traders perceived that the Malay traders have lacks of competitiveness spirit compared to them. Most Malaysian traders own the shop lots but they rented out and even sold them to the outsiders, particularly to the Thai traders.

The Thai traders assumed the Malaysian traders prefer to rent out their shops and get the monthly income without putting much effort on trading. They also perceived Malaysian traders are not interested in trading as trading requires patience and Malaysian traders give up easily as one of the traders commented..

*“Not many Malays do business here, because doing business means one will encounter many obstacles, one must have patience. Sometimes after three days of business not a single sale is made. One must have a strong desire for business. The Malays may have some other source of income that can give them more profit than trading. Business has its ups and downs. Unlike the Malays, the Pattani Malays are hardworking and at the same time they have to work to get money. In Thailand they go through hardship.”*

The traders and suppliers also make a comparison among them. They said the Thai traders used to live a hard life in Thailand so they do not mind trading and facing the fluctuated of sale. The Malaysian traders as perceived by the Thais, they like to travel during school holidays but if they do business, they cannot go for a holiday as it is the peak period.

Most Thai traders mentioned that they are more patience compared to Malaysian traders. One trader responded to the questions to show how she spends her time waiting for customers in PBAC..

*“The Malaysians are not patience to sit here like us..waiting for customers to come..look at me as I sit here I say my prayers. Thinking about it, of course it is more comfortable to just sleep at home..but we are poor, we must work to buy food for the children.. so that they have something to eat.”*

Most shop assistant at the duty free facilities commented that without the Thai traders, the PBAC might be empty. It will be a quiet place as at this point only the Thai traders prospered the economy in Padang Besar. However, the available Malaysian traders at PBAC interviewed hope the government can control the number of incoming foreign traders in PBAC. They hope the government can give them a second chance and open up a new building just for the Malaysian to trade. This might balance the number of traders in PBAC.

#### **4.6.2.2 Government Officer Perspectives**

When responding to the questions of entrepreneurship at PBAC, a few government officers explained the historical event leading to the development of PBAC as a shopping venue in

Padang Besar. This started when the Malaysian traders rented their shops to the Thai traders. From there, the number of Thai traders participating in trading in PBAC keeps on increasing.

A few officers who transferred from other states to Padang Besar were quite surprised with the situation of the large number of Thai traders as compared to the local traders in PBAC. They do not blame the Thai traders. They considered the situation which leads to the development of Thai traders in PBAC is due to become the culture of the Malay traders in PBAC who are not good in business.

One of the officers discussed the supply issue in PBAC. One of the things that make it easy for the Thai traders in PBAC to trade there is that they are given the supply of credits while the Malaysian traders do not get the supply of credit from the suppliers in Thailand. So it is difficult for the Malaysian to trade in PBAC since the main suppliers are from Thailand. There exist strong ties among the Thai traders and they help each other in business..

*“The present of the Pattani Malay traders is a challenge to the local traders, because all the goods are from Thailand. Thailand gives credit to the Thai traders, not to the Malaysian traders. Although there are a few Malaysian traders at the business arcade, their businesses are not as good as the Thai traders. There exist strong ties..among the Thai people in their own community. They trust each other and can survive in business.”*

Since the Thai traders trust each other and control the economy in PBAC, the local traders should take the presence of the Thai traders as a challenge for them to do better in trading.

The officers interviewed in this group also commented that Malaysian traders cannot compete with the Thai traders in trading as they are not as ambitious as the Thais. The Thai traders are found to be friendly and accommodating when entertaining the customer compared to the

Malaysian traders who easily show their discomfort faces when buyer starts to ask too many questions about the price and product sold at their shops. One officer added that the Thai traders are disciplined, and pay the rent accordingly. Few relevant authorities mentioned that the Thai traders abide by the rules and do not commit any serious crime so far. Those who commit to the crime are not the traders but the foreigners who come to Padang Besar.

Although the government aspiration is to help the local traders is in vain, the presence of Thai traders help the economic development in Padang Besar especially the trading activities at PBAC. The trading activities at PBAC benefited the Thai traders but in different views it does help the development of facilities and infrastructure to the town. All of the officers agreed that without the presence of the Thai traders, the PBAC will vanish.

#### **4.6.2.3 Chamber of Commerce Perspectives**

The Chamber of Commerce members interviewed have a similar responds with the traders and government officers. They mentioned there are both Malaysia and Thailand traders in PBAC. Among the Malaysian traders in Padang Besar, there are a small number of Chinese traders and Malay traders. Similar to the government and the traders, the Chamber of Commerce also perceived the Thai traders to be more patient in serving the customers compared to the Malay traders who prefer a quick business transaction.

The Chamber of Commerce also perceived that the main problem with our Malaysian traders in PBAC is they are not interested in doing business in a hard way, they prefer to have an easy life and get monthly payment..

*“The problem of our people is we prefer to work for people and get paid at the end of the month. To do business we must be patience, we are a little bit better than a beggar because we have goods that we can exchange them for money, beggars do not have anything. The Siamese will go back to their Kampung to get money from their relatives..they are some who sell off their land, paddy field just to rent a shop at RM100,000 to RM200,000. Those shops owned by the Chinese, they don't want monthly payment but they want the rent paid for 5 years. This does not include their capital. If it is our people where do we find all the money.”*

One Chamber of Commerce officer commented that although the Malay traders are present at the PBAC, their attitude towards cleanliness is more like the Thai traders. This might result as they are surrounded by the majority of Thai traders. However, it is difficult to differentiate between the Thai traders and the Malay traders since both of them appear to be similar in terms of language used and dressing.

#### **4.6.2.4 Tourism Distribution Channel Perspectives**

The respondents interviewed in this group have similar answer. They mentioned that most traders in PBAC are not local people. All three travel agency respondents interviewed mentioned the Thais are the traders in PBAC with one stressing on the word “*monopoly by the Thais*”. By saying this he meant that the business transactions in PBAC are controlled by the Thai traders from Thailand.

The other three respondents in this group said there are Malay traders, Chinese traders and Thai traders in PBAC. One commented that it is difficult to find local traders in PBAC as most come

from Thailand. Another one used the word "*outstation*" traders referring to the Thai traders as they come early in the morning, cross the border and return late in the evening. They just do an outstation business in Malaysia.

The last respondent in this group complained that the Thais do not only monopolize the PBAC, but they also monopolize the market that was used by our local people to sell fish and vegetables. Now the market sells a few handicrafts, snacks, food stuffs and fruits from Thailand.

#### **4.6.3 Retail Environment**

There are three ways in which the respondents responded to the questions asked. Most of them gave positive and negative comments regarding the overall cleanliness of the PBAC since for most respondents the only shopping venue that is available for the visitors is PBAC. Some gave suggestions for improvement of the building and area surrounding it, a few of them explained on the reasons for certain things that happen in the PBAC and what have they done to overcome the situation. They also expressed their hope for the betterment of the trading area.

##### **4.6.3.1 Trader, Shop Assistant and Supplier Perspectives**

There are traders that said the PBAC building is okay without commenting any further. It is okay for them since it is up to their standard. They are being passive as they want to protect their interest. They are afraid of what they said might jeopardize their interest in trading at the PBAC. Those traders who are concerned about the building complained about the overall cleanliness of

the building. They said the building needs improvement. They perceived a bigger building may be able to increase the visitors' comfort while shopping therefore they wished to have a bigger building with new paint and decorations.

Both traders and suppliers at PBAC and TM commented on the toilet conditions, the prayer rooms and the parking space. There are three toilets available inside the PBAC. The toilets are not well maintained and dirty. The traders and suppliers interviewed hoped that the toilets are well maintained and clean. They also wished the toilet to be open during the peak periods as most of the time only one toilet is available for the whole building, the other two are closed. One trader suggested that the toilets in the building are to be made of the same standard as the toilets on the highway with the Rest and Relax facilities so that it can reflect PBAC as a tourist shopping venues.

Since most of the traders, shop assistant and suppliers are Muslims, they commented about the small prayer room that cannot accommodate the people who perform their prayer at one time. There is also no room separation for the female and male as it is supposed to be. Actually they have solicited funds of RM50 each from the retailers to build up the prayer room as the actual plan of the building has none. Therefore, the present prayer room was an initiative from the retailers at PBAC. They hoped the relevant authority could help them in providing a more comfortable place to pray.

In 2009, half of the parking areas in front of the PBAC were closed for the pedestrian. The traders complained about the parking space as it is difficult for the suppliers to bring in their

supply to the PBAC. They also hoped the parking space can be reopened soon as most visitors do complain they have to walk far to reach the building.

There are rows of food stalls beside the PBAC. Most food stalls sell Thailand dishes such as “Tom Yam” and glutinous rice with fried chicken. From observations, it is found that the food stalls are also owned by the Thai traders. The conditions of the food stalls are a bit messy and smelly. There are traders who suggested the food stall area should be cleaner and more organized since it is dirty and not up to the standard of becoming a tourist destination.

Based on the traders and suppliers' responses, most of them called upon the government to invest money to improve the conditions of the buildings. Most commented about the toilets and prayer room but interviews with the government officers reveal that the government only can supervise the building since it belongs to the individuals and no longer owned by the state government. The government can only help in terms of landscaping and infrastructure facilities of the town. The traders already have their own association for the traders and owners inside the PBAC, so they have to make use of the association to improve on the building. However, interview with the association reveals that the traders do not want to give cooperation to the association and the management body to beautify the building. The Chamber of Commerce commented earlier that the traders can afford to pay their rental in advance, therefore there should be no problem for them to do something about the building.



#### 4.6.3.2 Government Officer Perspectives

The government officers have a rather negative perception about the PBAC. All of them realized that the building is old and needs improvement in terms of its facilities and the overall cleanliness. It can be summarized that the condition of the building is a bit messy, not tidy, not in order and dirty. They said the building is not properly taken care of. Most of them commented on the fact that there should be a renovation and the building need to be repainted.

Apart from the negative complaints, a few officers gave an explanation about the building condition. Almost all of the shop lots inside the business arcade have been sold to the individual owners and the strata title has been released. The officer said...

*"..the building itself has been privatized and no longer owned by the state government, it belongs to the individual..the state can only supervise from time to time and help in the aspects of landscape and the land area around the building."*

Based on interviews and observations, so far there is no private sector or any developer interested to invest at PBAC. Therefore, it is up to the traders to beautify the building. They must have an effort to cooperate among themselves in order to improve the building conditions. So far there is an initiative from the traders in having the prayer room inside the building. According to the officers, the original plan of the building does not have any prayer room. He also commented that the building is too old to be cleaned. Perhaps the government should consider on building up a new building to accommodate the PBAC.

#### 4.6.3.3 Chamber of Commerce Perspectives

With regards to the questions of retail environment, the members from Chamber of Commerce commented on the attitude of the traders that results in the overall condition of the building. One committee member has given the suggestions to the traders to collect money and repaint the building, to beautify it, make it look more attractive, but the suggestions are not accepted by the traders. He said..

*"I make a suggestion that we collect RM5 from each trader so that we can repaint and make the building look more attractive but the Siamese do not agree. They prefer the building to be as it is. It is not easy even to make the building look nice."*

He said since most traders are foreigners, they just think about making money without much concern about other things. According to the Chamber of Commerce, the traders have to pay RM35 a month to the management body of the PBAC but it is difficult for them in doing so since the traders want everything for free. Another member from Chamber of Commerce just commented that the building is old and dirty. He claimed that the Thai traders are making a lot of profits from the trading as they can afford to pay the rent for the shop in advance, while the local retailers make money from the rental. Therefore they should be able to pay to the management body in the effort to improve the cleanliness of the building.

There are two members of Chamber of Commerce who agree that PBAC is more popular among the visitors at Padang Besar because PBAC has more shops, which means more choices. The eateries are also nearby, and facilities like car parks and prayer rooms are available. PBAC is also located near few the government agency complexes so the shoppers will feel safe to shop

there. Most of the tour buses from outside Perlis also will stop and park their buses at PBAC as the bus drivers already know where to bring their clients while at Padang Besar.

#### **4.6.3.4 Tourism Distribution Channels Perspectives**

The respondents in this group have various answers regarding the questions on retail environment. Two travel agency personnel interviewed said the building needs an upgrading of its facilities since it is an old building while other personnel just commented on the bad condition of the building. Another two respondents from this group mentioned the building is crowded during the peak seasons and it is time to build a new building nearby to facilitate the shopping activities. However, one respondent mentioned that there is a little improvement in the building compared to before and another one said there is no resting place for the visitors inside the building. There is also no proper ventilation at the market area and the walkways are narrow. Apart from that, there is one respondent from this group who said that the building is okay but there are not much development being done. He added that Padang Besar does not offer any accommodation facilities to the tourists. However, there is a budget motel located under the shop lots near the business arcade. It is not a proper type of accommodation.

#### **4.7 Codings and Categories**

The previous section presents the respondents answer based on initial themes. Initial themes were the themes develop based on interview questions, while this section groups the interview data based on selective coding and theoretical coding. Each of their answers was coded as open coding, selective coding and theoretical coding. Each selective coding was presented on a

conceptual mapping. The selected coding developed was based on the constant comparative analysis of open coding (Appendix D). There are two new codes arise based on the interview data, which are “image of Padang Besar” and “potential of Padang Besar”. Each of the coded data will be explained together with the conceptual mapping. The theoretical coding was later used in developing the conceptual mapping in understanding the scenario of border shopping at Padang Besar.

#### **4.7.1 Shopping Activities and Trading Activities**

The first question asked to the respondents was what the main tourism attraction at Padang Besar and the initial theme developed was “Attraction at Padang Besar”. Although the researcher asked the respondents about the attractions, the respondents tend to portray the image of Padang Besar as the attractions for the town. Almost all of them referred to the shopping activities which mainly occurred at the PBAC. It seems that the PBAC is the centre of gravity for Padang Besar. For most travellers to Padang Besar, the PBAC seems to be the place they would visit compared to other places.

Most respondents described the attractiveness of Padang Besar by using the common phrases like “shopping spot”, “shopping places”, “shopping activities”, “to shop”, “to buy goods”, and “shopping” which all these terms lead to shopping. There were also respondents mentioning “trading activities” as an attraction at Padang Besar and when asked further they mentioned PBAC as the popular place to trade. There are few respondents who described Padang Besar as an economic attraction. Shopping and trading are also part of economic activities. Only one respondent mentioned Padang Besar as the domestic tourism icon in the north. The word

shopping seemed to be repeated many times than the word tourism itself. Therefore it can be concluded that the attraction in Padang Besar is more towards shopping, and to be more specific, a shopping activities and trading activities. Therefore the appropriate coding for shopping and trading activities were “Shopping activities at PBAC” and “Trading activities at PBAC” (Figure 4.1).

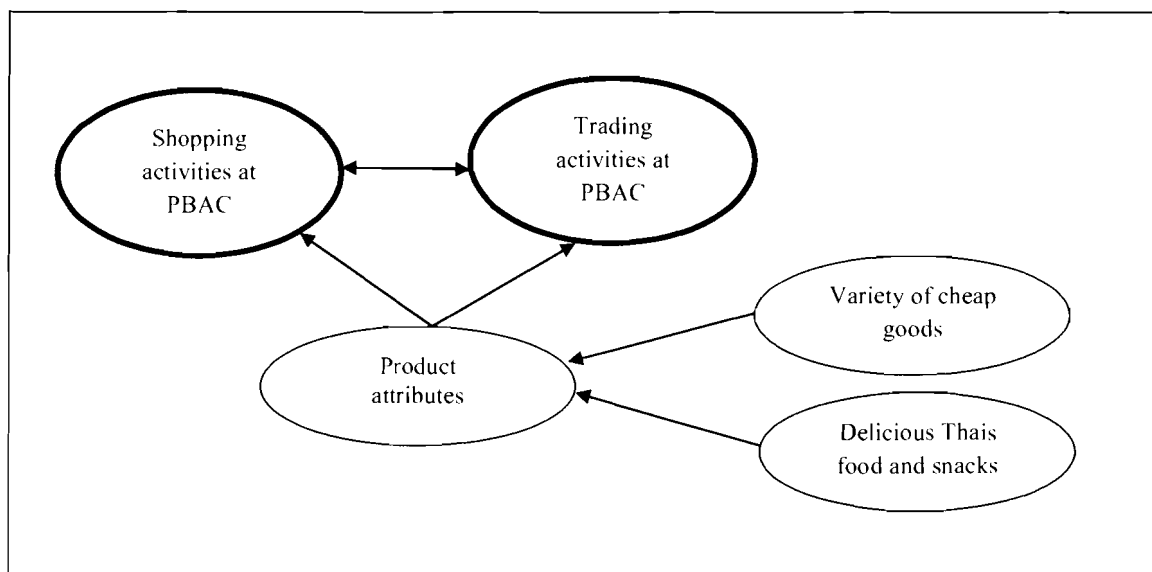


Figure 4.1: Shopping Activities and Trading Activities at PBAC

For Malaysians, visiting Padang Besar was perceived as a convenient place to shop for Thai products rather than crossing over to the Thai borders as crossing over the border may require them to have a proper travel document. Prices offered in Padang Besar are also almost the same as in Thailand. The other attraction besides shopping is food. According to the respondents, there is no other attraction in Padang Besar besides the Thai goods and Thai food. People come from all over Malaysia just to buy the Thai goods and enjoy Thai food. However there is no proper food court or even a standard restaurant in Padang Besar since none of them ever mentioned

developed and they also complained that constructions have been going on for quite some time. The main road construction has been going on for a long time. The construction has been delayed for the last five years.

Respondents from the tourism related organization also complained about the number of ground transportation services at Padang Besar. At the moment only one local bus trip available to the town while the taxis were focusing more on transport the visitors out from Padang Besar. The rail networks were perceived as good but most visitors who travel by rail just transit at the border of Padang Besar to stamp their passport before commuting to Thailand.

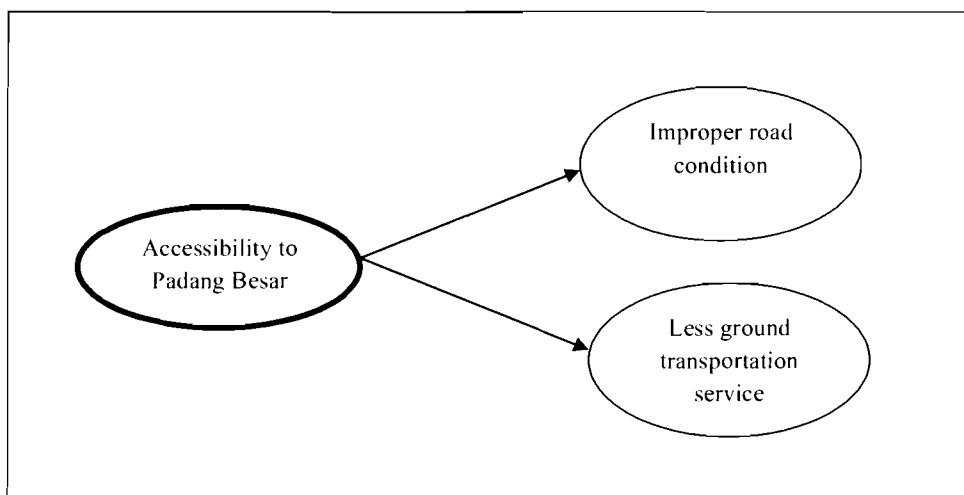


Figure 4.2: Accessibility to Padang Besar

Figure 4.2 shows the present condition of accessibility to Padang Besar. Most respondents gave a negative perception about road and the ground transportation services, the coding selected were “improper road condition” and “less ground transportation services”. These two factors represent the accessibility to the town. Accessibility in this point refers to the way of how the tourists can reach the destinations. Basically this refers to the transportation facilities and services (Gunn,

1994). Buhalis (2000) and Inskeep (1991) noted that public transportation services are crucial in any tourism destination as the services will determine the quality and comfort for the visitors. In fact, the transportation services are the main infrastructure that should be developed prior than attraction (Mill & Morrison, 1992).

#### 4.7.3 Infrastructure and Facilities Development at Padang Besar

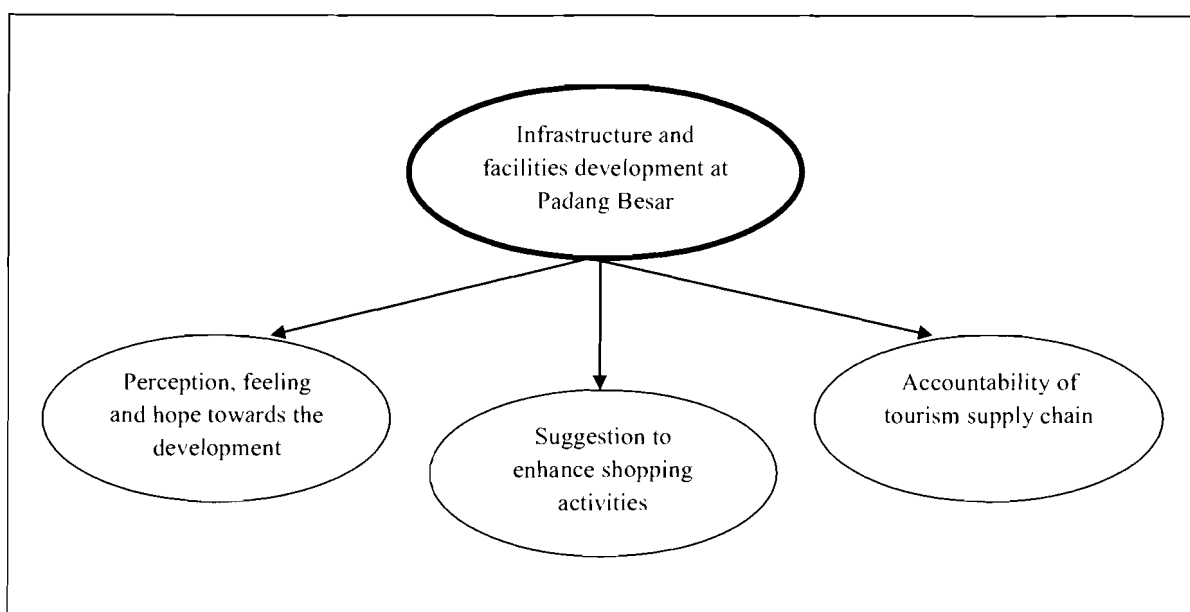


Figure 4.3: Infrastructure and Facilities Development at Padang Besar

The initial theme chosen for this section was “border shopping development”. Accordingly when asked about their perception of shopping development at Padang Besar, most respondents seem unsatisfied with the present development. They express their feeling and hope that the development at Padang Besar to be well planned and improved in infrastructure especially the road to Padang Besar. At present the only development they see was the road constructions. Some of them did give their suggestion on how to enhance shopping activities at Padang Besar.

As most respondents complained about the infrastructure and facilities development, their responses were coded as “infrastructure and facilities development” (Figure 4.3). The respondents also hope that with proper planning and development, the town can complement Kangar and the border of the town can be similar like Singapore-Johor border.

When questioning to the respondents about their contribution to border shopping development at Padang Besar, most of them also are aware of the accountability of their job. However, they are not aware of their accountability in developing and promoting tourism in Padang Besar. There is no synergy among all the respondents as there is no leadership to lead this group of people in understanding the importance of border shopping development to Padang Besar. Most of them view Padang Besar only as a trading town and not a tourist town. The respondents participating in this study also explained their problems in terms of works, development and some respondents also shared their personal problems which are not related to the questions. Pearce (1991) point out that the involvement of the authority will be depending on the size and types of attraction in the destinations, however at Padang Besar most respondents seemed were not interested in tourism development agenda.

#### **4.7.4 Promotional Activities and Effort**

Seaton (1996) noted that marketing for a tourism destination supposes to be supply-side rather than demand-side. In other word, the marketing activities should be done by the authority at the destination. On the question of border shopping promotion at Padang Besar, the answers given by most of the respondents were related to advertising, promotions and word of mouth. Most of



the responses can be categorized into three main categories. The first category involves the use of media to promote awareness (radio and TV commercials/program, pamphlets), while the second category places the responsibility to the government to promote Padang Besar and the third category is related to effort at the personal/individual level i.e. being nice to customers, spreading the word to friends and relatives. The selective coding for the promotional effort suggested were “promoted in media network” and “word of mouth”.

There is an effort done by some of the tourism departments in Perlis to promote Padang Besar. Awareness is created in two ways, first by creating the tourist awareness and secondly the public awareness. Tourist awareness is enhanced through the use of information tools like brochure and promotion tools of FAM trip. Short courses are given to the community especially to the tourism industry players to introduce them to the nature of tourism. This was coded as “involvement of tourism related agencies”

People are aware of the existence of Padang Besar but they are not aware of the activities except for shopping. The awareness people talk about is more like domestic shopping. To them, Padang Besar is a shopping destination to buy Thai products. There is less promotion being done at Padang Besar since the town does not create enough volume of quality visitors. Those who come to Padang Besar are domestic shoppers. The shopping activities suggested and promotional effort done at Padang Besar were presented at Figure 4.4. Initial theme selected for this section was “border shopping promotion”, but since respondents were suggested on how the promotional activities should be carried out at Padang Besar and what the related tourism agencies has done so far, the appropriate coding chosen were “promotional activities and effort”.

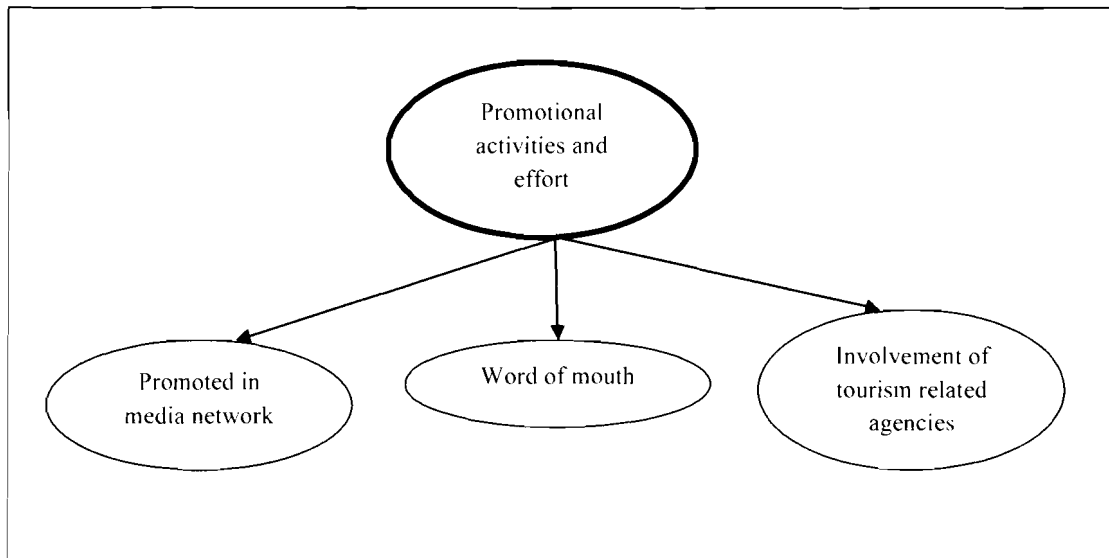


Figure 4.4: Promotional Activities and Effort at Padang Besar

#### 4.7.5 Types of Shopping Venue and Visitor Preferences

The initial theme for this section is “border shopping activities” and respondents were asked about their perception of the shopping activities at Padang Besar. Shopping activities at Padang Besar were vigorous during weekend and public holidays. The shopping activities happened at both sides of the border, Malaysia and Thailand. On the Malaysian side most visitors choose to shop at PBAC while at Thailand visitors will shop for adult entertainment of gambling and prostitutions. Most respondents perceived the shopping activities mainly happened at PBAC and other shopping venues, TM, WL and EK but PBAC received the most visitors. GS was perceived as warehouse and it is supported by the traders and retailers that GS is where they kept all their supplies.

The respondents also cited that each of shopping venues visited by different group of visitors, this study concludes that they were three groups of visitors who shop at Padang Besar. Lower

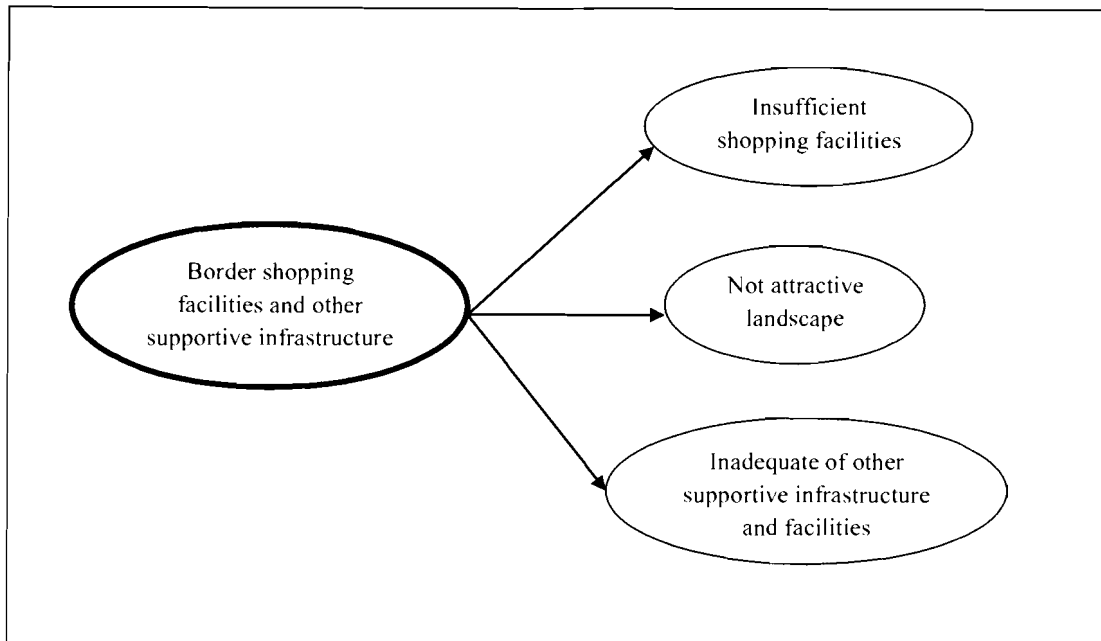


Figure 4.6: Border Shopping Facilities and Other Supportive Infrastructure

#### 4.7.7 Ineffective Roles of Association

“Tourism association” was the initial theme opts for this section. From the interview, there is no tourism association formed at Padang Besar either by the government or private sectors. Most respondents are aware of the importance of having tourism association at Padang Besar but none of them starts the first move. There is a committee within the government department and private sectors to discuss issues regarding tourism but rarely did they focus to discuss about Padang Besar. Figure 4.7 concluded the reasons of ineffective roles of association available at Padang Besar and Perlis which suppose to be related to tourism development at Padang Besar. It seems that respondents have a different understanding, perspectives and efforts to promote shopping tourism development at Padang Besar. They do not have a single effort to promote Padang Besar

as a tourist shopping destination. There is no single vision to lead Padang Besar as a shopping destination.

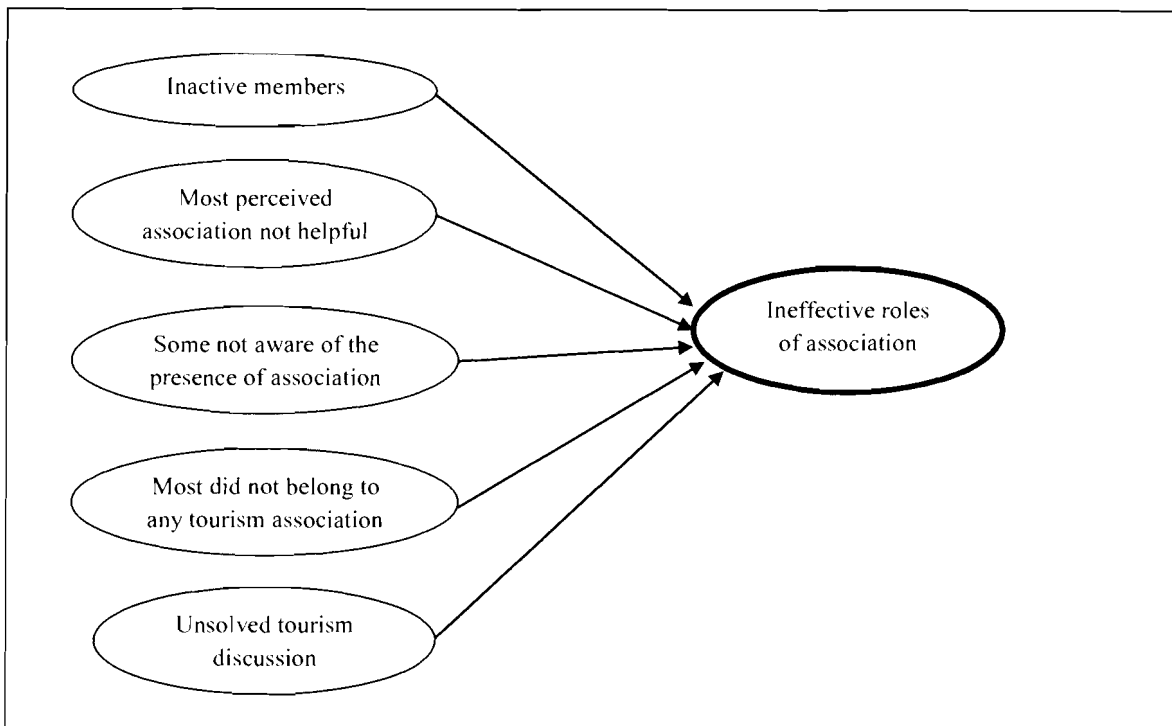


Figure 4.7: Reasons of Ineffective Roles of Association

#### 4.7.8 Problems at Padang Besar

The interview question also did asked the respondents if they posses any related work problems at Padang Besar and the initial theme for this question were “problems”. Most traders and suppliers mentioned their personal problems as the reasons they trade at Padang Besar and were coded as “personal problems”. There were also traders who complained about the opportunities to trade, their capital constraints, land ownerships, government barriers and the number of foreign vehicles entering Padang Besar were coded as “bureaucracy issue” while “trade commerce issue” were referring to smuggling activities, vandalism, lack of supply chain among

respondents and trading activities at Padang Besar (Figure 4.8). There were also respondents that mentioned the problem at Padang Besar is that the town is lacking in its attractions as the only attractions there were shopping. These were not coded as problems as most of the previous coded data were discussing on the problems. Each of the selective codings were linked to the problems. This is also part of data reduction in qualitative study. Some data might have to be eliminated for the theoretical codings when other selective codings also represent the same data (Creswell, 1998).

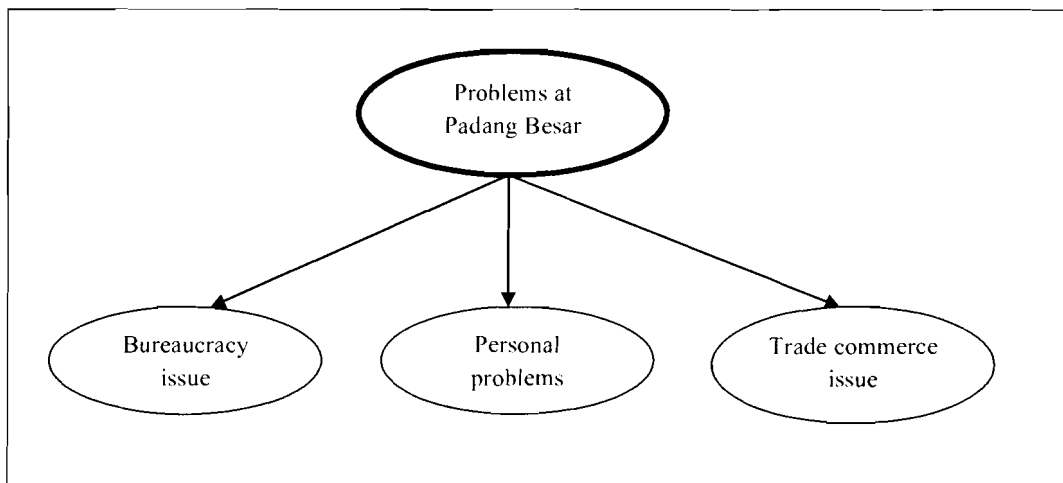


Figure 4.8: Problems at Padang Besar

#### 4.7.9 Product Attributes

Initial theme for this section was product and later change to “product attributes”. Figure 4.9 outlines the categories of product attributes that make PBAC the most preferable shopping venue at Padang Besar. Most respondent gave their answer related to product sold at PBAC as most shopping activities happened at this shopping venue. The “*Thailand products*” is the hits mentioned by most of the respondents when asked about products at PBAC. Even the

government department admitted that all products sold in PBAC are from Thailand. Since they believe that all products are from Thailand, the suppliers are also from Thailand. However, the interviews with the traders, suppliers and Chamber of Commerce in Padang Besar disclose that most products sold in Padang Besar are not only made in Thailand but there are also products from China, Korea, Taiwan, and Vietnam which come in via Bangkok and straight to Hatyai and Padang Besar. Therefore the data were coded as “products from Indochina”.

Based on the data collected, generally there is no signature product in Padang Besar but there is a general perception that most products are imitations. The saleable good at PBAC was clothing. There is a perception that PBAC is famous for its imitation products which are mostly from Thailand. Imitation products in PBAC are from well-known brands like Gucci, Guess, Coach, LV for ladies handbag, and Adidas and Nike for sport attires. The respondents from tourism department and transportation company admitted that products sold in PBAC are mostly imitation products while the rest of the respondents especially the traders, suppliers and Chamber of Commerce did not mention the word ‘imitation’ but they know all products are from Thailand. The traders will say the products are good in quality since they want to promote them. The same goes with the suppliers and Chamber of Commerce as they have interest in PBAC. Not all respondents from the government department mentioned the word imitation because most of the officers are already aware that most shoppers went to PBAC looking for the imitation goods. As imitation goods were the most mentioned words, the selective codings chosen were “imitation quality” and “clothing is the most saleable goods”.

In terms of supply, most traders from Thailand have more capital to start their business compared to the Malaysian traders in Padang Besar. They can afford to pay their rent in advance. They also receive a constant supply from the suppliers in Thailand as they are allowed to take the goods by credit. Based on the interview with the suppliers from Thailand, they only give credit to Thai traders for the reason that if anything happens, it is easy for the suppliers to find the traders. They rarely give credit to the Malaysian traders. Most of traders in PBAC also act as suppliers among themselves and this might be the reason for them to receive constant supplies and can offer cheaper prices to visitors as they buy in bulk. They supply the goods to other states in Malaysia and to the others traders at PBAC. The appropriate coding for the suppliers is “traders as suppliers”.

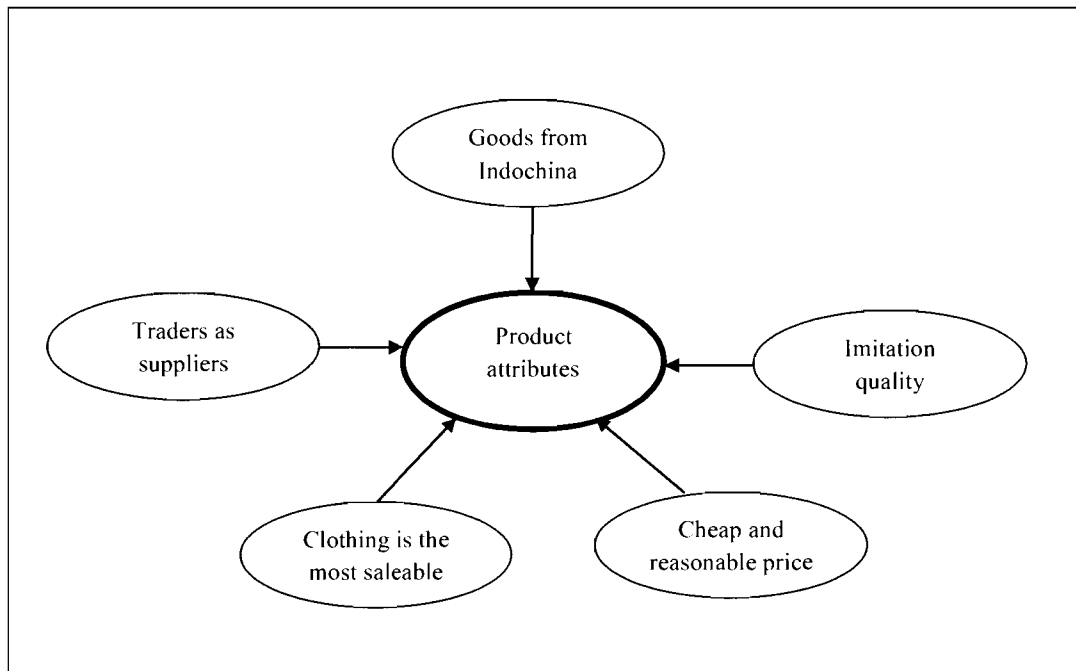


Figure 4.9: Categories of Product Attributes at PBAC

Most respondents elaborate their experiences when buying and selling goods in PBAC. In terms of price, most of the respondents who stay at Padang Besar prefer to say “the price is okay”. Most respondents perceived Padang Besar offers cheap Thais goods. The price is reasonable in accordance with the quality offered. None of the respondents commented further about the price since they are aware that products sold in PBAC are from Thailand with average quality and some good quality products are not that cheap. They felt that PBAC is not a shopping mall, therefore there is a perception among the respondents that the overall price of goods sold is cheap. The respondents described the price of goods in Padang Besar as “okay”, “cheap”, and “reasonable.” There are also a few respondents who mentioned that the price is in accordance with the product quality and its grading. Therefore it was coded as “cheap and reasonable price”.

#### **4.7.10 Traders’ Attitudes and Limitation**

In this study it is concluded that majority of the traders in Padang Besar are from Thailand. There are a few traders from Malaysia, which are only Malays and Chinese, however most Malay traders in Padang Besar have relatives or are married to the Thais. The reason of married to the Thais traders as it will make it easy for them to received credit from the suppliers, who mainly were the Thais.

The objective of the establishment of the PBAC is to develop the local retailers in Padang Besar so that they are able to open up a business and improve their standard of living, but after a few years our local traders started to rent out their shops to the Thai traders and slowly sold the shops to this group of foreigners. This happened because the local traders do not have patience in trading, they prefer to work for others and earn a quick profit which is different from the Thais



traders. The local traders were incompetence in trading. This resulted in the increase of numbers of the Thais traders at PBAC. There were only a few numbers of local traders at PBAC.

The Thai traders seem to have patience. They have a strong determination in trading. They keep on finding ways to trade in Padang Besar, if we do not allow them to own or rent the shop lots, they will set up makeshift tables along the corridor or even set up a tent around the Business Arcade area just to trade. They are willing to do anything for business, some of them even sold their land just to buy the shop lots in Padang Besar. However, both local and Thais traders seem not to concern about the cleanliness of the retail environment. They just concentrate on trading activities.

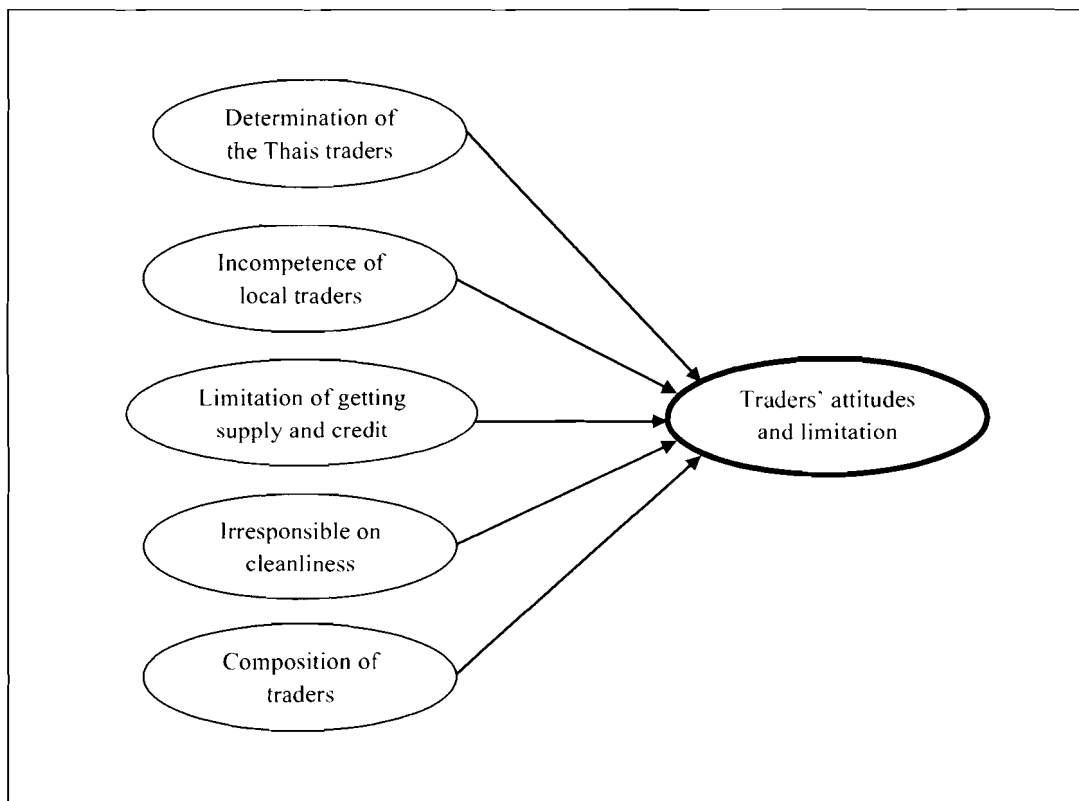


Figure 4.10: Traders' Attitudes and Limitation.

Figure 4.10 discusses the traders' attitudes and limitation at PBAC. The initial coding was "salespeople" but since respondents were discussing on the composition of traders and the different attitudes those traders have, the appropriate codings that describe the situation of salespeople at PBAC were "determination of Thais traders", "incompetence of local traders", "irresponsible on cleanliness" and "composition of traders". All these coding were cluster as "traders' attitudes and limitation".

#### **4.7.11 Improper Retail Environment**

"Retail environment" was the initial theme selected for this section. As most respondents have the negative comments regarding the retail environment at PBAC, the appropriate selective codings were "improper retail environment". Among the negative comments they conclude are the facilities at the building is not well maintained. Generally, most respondents prefer to spell out their comment and give suggestions regarding the retail environment and there are no actions taken. They comment that the building is old, dirty, congested, not comfortable, have poor ventilation, small pathway, and there are roof leakages. Apart from the negative comments, there are a few who simply said the building is okay. There is a different perception of what cleanliness means to the local people and the foreigners. Cleanliness at the building means "okay" to certain Thai traders since they do not care much about it, what matter most is they can trade and make profit. But to the local traders and most officers cleanliness is important for their comfort while shopping.

Figure 4.11 concludes all the respondents' comments and suggestions in relation to retail environment at PBAC. The selective codings were "improves on building capacity and refurbishment", "involvement of authority in monitoring and maintaining the building", and "improper ventilation and narrow walkway".

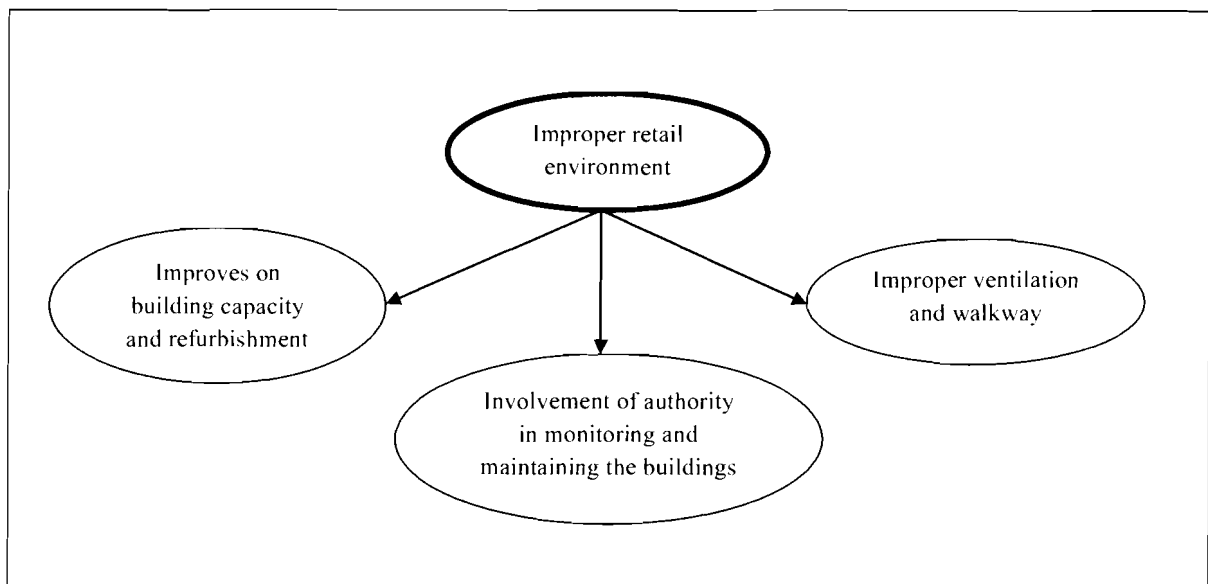


Figure 4.11: Improper retail environment.

#### 4.7.12 Image and Potential of Padang Besar

Image of Padang Besar is a new theme emerges from the interview data. Most of the images perceived by respondents were indirectly mentioned. Some of them mentioned it when discussing on the attraction of Padang Besar and some were derived based on their perception of the border shopping development, border shopping promotion and problems at Padang Besar.

Padang Besar is perceived as a "border town" due to its location which is located at the border of Malaysia and Thailand. Respondents also perceived Padang Besar as a "trading town" as those

who visit Padang Besar were engaged with shopping. As visitors visited Padang Besar for shopping, the town is also perceived as a “tourist town”. There were also respondents perceived Padang Besar as a “domestic shopping destination” as people from all over Malaysia comes to shop at Padang Besar, within the Malaysia territory.

The town of Padang Besar is perceived as a “safe town”. According to the police department there is no report of robbery along the road since there is a road block coordinated by the UPP (Anti-Smuggling Unit) but people seem not to travel at night because they are more concerned about the supernatural phenomena. Generally, the local populations believe on the supernatural phenomena. Even though it is not being reported but people talk about it and there is a perception by the local populations that the supernatural phenomenon exists along this stretch of road. In some areas especially around the Tasoh area it becomes especially dark at night and it scared away a lot of people to travel at night. This is a community perception and it still lingers on until today. This perception influenced respondents to believe Padang Besar as a “ghost town”.

The shopping and trading activities in Padang Besar only operate during day time. The shopping activities will lease up around 5 to 6 o'clock in the evening. After 7 pm in the evening, the whole town just becomes a ghost town. There are no more shopping activities and no people around the PBAC. The traders cross back to Thailand and the workers go home. The area becomes very quiet. The accessibility is one of the attributes to the ghost town. Another factor that contributes to this is the environment that normally gets too dark after seven o'clock. There are no street lights along the road from Padang Besar to Kangar. The situations lead to respondents'

perception of Padang Besar as a “boring town” and “sick town” as there is no night activities and no other activities for visitors except shopping.

As mentioned in this study, there were many Thais traders and suppliers at Padang Besar as compared to the numbers of local traders. Those Thais traders and suppliers were engaged with trading activities at PBAC, GS and TM. Therefore respondents perceived Padang Besar as a “Thai town”. It is obvious that Padang Besar was monopolized by the foreign traders and it is parts of the culture there.

Potential of Padang Besar is another new theme developed based on the interview data. There were three potentials of Padang Besar mentioned by most respondents. Padang Besar is perceived to have the potential to be developed as manufacturing destination with the belief that the town can get cheap labours from Thailand. This was supported by the planning of making Padang Besar as the Halal-hub destination. Respondents also believe that Padang Besar also has a great potential to become an attractive shopping destination as the town is mainly associated with shopping activities and comparing with other border towns in Malaysia, the respondents perceived Padang Besar has a better potential to develop further.

#### **4.8 Conceptual Mapping of Border Shopping Scenario at Padang Besar**

The main objective of this study was to gain an in-depth understanding of border shopping development, activities and facilities at Padang Besar from the tourism supply chain perspectives. Figure 4.12 presents the scenario of border shopping at Padang Besar. The conceptual mapping was developed based on the selective codings of interview data. Selective codings were the codes that are selected based on cross analysis among the open coding (Appendix D). Based on the respondent responds, it can be concluded that the main attraction in Padang Besar was shopping activities, particularly at PBAC. Most of the shopping activities at Padang Besar were related to trading activities at PBAC. People come for variety of cheap goods and delicious Thai food and snacks. Both shopping and trading activities at Padang Besar portray the image of the town itself.

The “shopping activities at PBAC” and “trading activities at PBAC” were the primary purpose for visitors at Padang Besar. This is supported by Butler (1991) as he stated that shopping activities can be either the primary purpose for travel or secondary activities. Gunn (1994; 1998) noted that when the attractions become the primary motives to travel, it will also become an important supply components within the tourism system and it should be the main consideration in planning and development in any tourism destination (Pearce, 1991; Mill and Morrison, 1992; Inskeep, 1991; Goeldner, Ritchie, & McIntosh, 2000). In a case of Padang Besar, the shopping activities and trading activities at PBAC were the main influence in its infrastructure and facilities development at Padang Besar. The local authorities start to bring in the “infrastructure and facilities development at Padang Besar”. One of the infrastructure developments done at

Padang Besar was the road. At present the road was bad and still under constructions as perceived by most respondents. The respondents also complained about the number of local ground transportations service at Padang Besar. The road condition and the ground transportation were coded under “accessibility to the town”.

As ascertain by Gun (1994) attractions, facilities, and tourists are the visual signs of tourism development and in Padang Besar, all these elements were fulfilled. Attractions were mainly shopping, facilities were developed by the local authorities and tourists referring to visitors. However the development in Padang Besar was improper, not well planned and not adequate for the visitors as well as the community. Supposedly visitors flow to the town will increase the authority respond and start to construct facility and offering related services based on visitors demand (Noronha, 1976). In a case of Padang Besar, the increase arrival of visitors at PBAC has encouraged the local authority to develop other shopping venues to facilitate the shopping activities at PBAC. These shopping venues are TM, GS, WL and EK. This has given visitors choices in shopping, however visitors still engaged at PBAC as the goods there perceived to be cheaper compares to the rest of the facilities.

“Product attributes”, “Traders attitudes and limitation”, “Border shopping facilities and other supportive infrastructure” and “Improper retail environment” were the characteristics of “trading activities at PBAC”. Product attributes also were the main reasons visitors come and shop at Padang Besar “shopping activities at PBAC”. Although the “retail environment” and “border shopping facilities and supportive infrastructure” at PBAC were inadequate and lacking in many aspects, the place still famous and visited by the shoppers all around Malaysia. The traders’

attitude that is not concern about the cleanliness of their retail environment resulted in “improper retail environment”. They do not have any effort to beautify the facilities.

Shopping development is believed to be depending heavily on the environment rather than the product itself (Jansen-Verbeke, 1988) but in Padang Besar, the retail environment was “improper” as the shopping venues there, especially the PBAC is perceived to be lacking in many aspects, nevertheless visitors still shop at the PBAC. The “product attributes” have overshadowed the “improper retail environment” and this is also discovered by Jones (1999, in Howard 2007) and Timothy (2005) that the retailer factors of price and selections of products were among the factors that can make shopping activities enjoyable and these factors are expected to link with each others as a motivation to travel. Meaning to say, the “product attributes” were the prime reasons visitors come and shop at Padang Besar, particularly at PBAC.

“Shopping activities at PBAC” and “trading activities at PBAC” also revealed the categorization of “shopping venue based on visitor preferences”. There are five shopping venues at Padang Besar, PBAC, TM, GS, WL and EK. TM, GS, WL and EK were also considered as parts of “border shopping facilities and other supportive infrastructure” as these facilities were developed to assist shopping activities at PBAC. Most respondents perceive that most visitors who shop at PBAC were lower and middle income groups. They prefer to come by tour bus and spend half day to shop. GS was perceived as a warehouse by most respondents. TM which is located beside PBAC was mainly for snacks and fresh Thais fruits. WL and EK were for niche markets as those who visit these shopping venues bought expensive duty free goods. Pekan Siam which is neighbouring with Padang Besar was mainly for adult entertainment. The number of visitors who



cross the border to Pekan Siam is only a few and not as many as those who engage in “shopping activities at PBAC”. Bukit Kayu Hitam offered better and more variety of adult entertainment than Pekan Siam.

The “promotional activities and effort” at Padang Besar only focused at the shopping and trading activities at PBAC. There is less documented promotional materials about the other shopping venues. This also might be the reasons shopping activities at PBAC were famous and well known compared to the others shopping venues. In chapter one, researcher has discussed on how the image of PBAC was published and promoted through the tourism related website, bunting and notebook.

“Ineffective roles of association” has resulted unhappiness among the members of certain public and private association relating to tourism development at Padang Besar and trading activities at PBAC. They are also unable to control the “traders attitudes and limitation” and “border shopping facilities and supportive infrastructure”. One of the problems that they suppose to be responsible for is the “improper retail environment”. As the buildings of PBAC belong to the individual owner, the associations have to play their effective roles in managing and maintaining the PBAC.

This study also found new themes which are “image of Padang Besar” and “potential of Padang Besar”. The image and potential of Padang Besar were discussed in the previous section. In the conceptual mapping the image and potential of the town were mainly influenced by “shopping activities at PBAC”, “trading activities at PBAC” and “infrastructure and facilities development at Padang Besar”.

As a conclusion, the “shopping activities at PBAC” and “trading activities at PBAC” depend on the internal and external factors. The internal factors are “ineffective roles of association”, “product attributes”, “traders attitudes and limitation”, “border shopping facilities and other supportive infrastructure” and “improper retail environment” while the external factors are “promotional activities and effort”, accessibility to Padang Besar”, “infrastructure and facilities development” and “types of shopping venue and visitor preferences”. The internal factors are the factors happened around the PBAC and can be controlled and maintained by tourism supply chain in Padang Besar while the external factors are difficult to control as they involved the funding from the state and federal government.

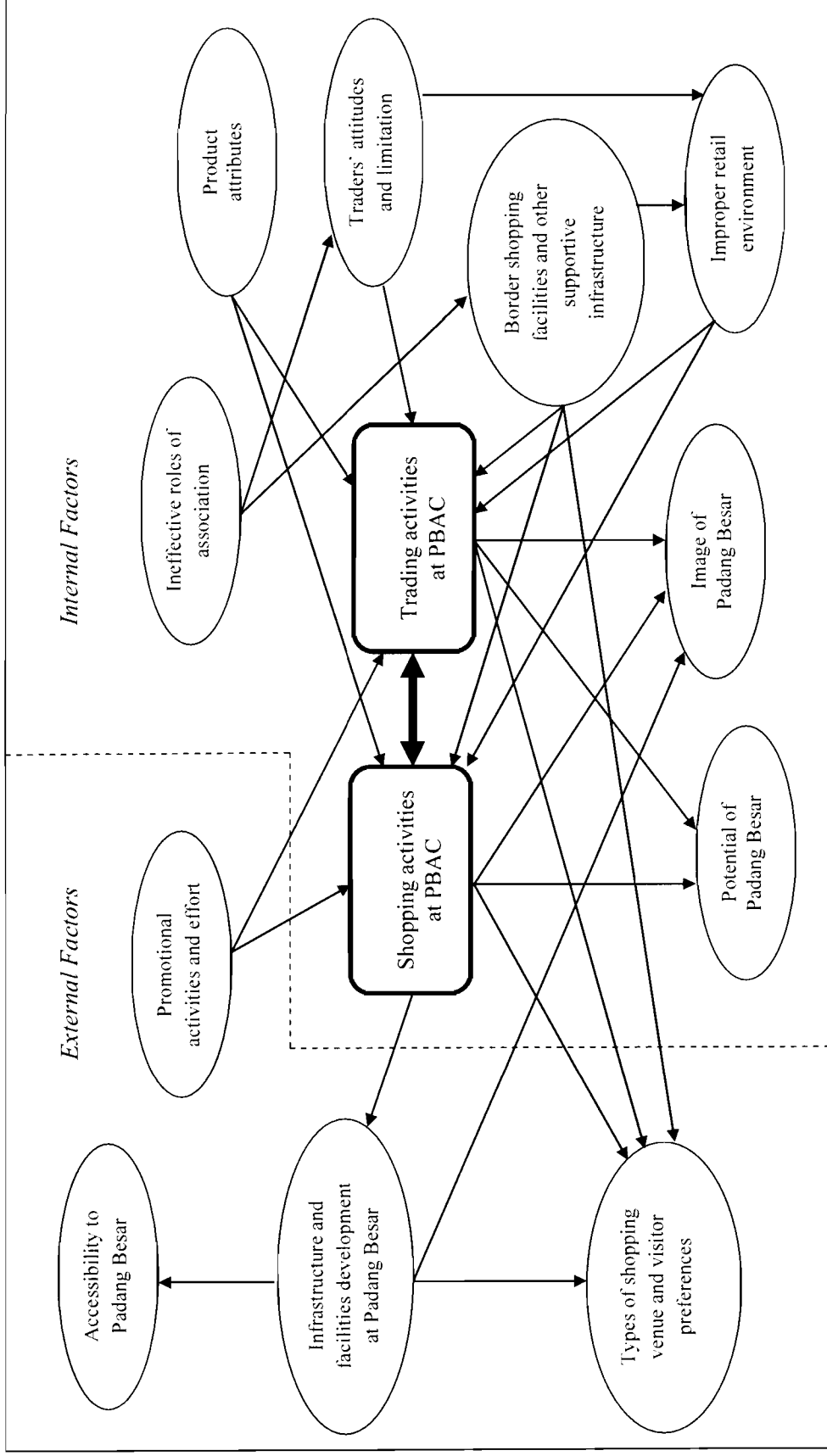


Figure 4.12: Conceptual Mapping of Border Shopping Scenario at Padang Besar

## **CHAPTER 5**

### **DISCUSSION AND CONCLUSION**

#### **5.1 Introduction**

This chapter provides an overall review and discussions of the results. The conclusions and recommendations from data analysis are presented. The chapter begins by summarizing the respondents' responses during the interview. This is followed by recommendations regarding the border shopping scenario in Padang Besar particularly on the border shopping development, activities and facilities. Finally, this chapter discusses the limitation of the study and makes suggestion for future research, particularly on the issues of border shopping.

#### **5.2 Border Shopping Development, Activities and Facilities in Padang Besar**

Respondents in this study perceived the attraction in Padang Besar depends on facilities available there and the main attraction mentioned by them were shopping activities and trading activities at PBAC. However, there were less shopping facilities developed at Padang Besar. The results of the study signify that respondents tend to have negative perception of the overall development in Padang Besar. They perceived the infrastructures at Padang Besar were inadequate and not well maintained.

PBAC is considered as the border shopping attraction and activities of Padang Besar and the infrastructures and development at Padang Besar started at the PBAC itself. The PBAC has

become an anchor that attracts people to visit Padang Besar. Currently they have upgraded several amenities around the PBAC like putting up the signage, rest area and surau. Unfortunately the level of promotion and development to attract people to Padang Besar as a border shopping destination is still at the low end of activities. Looking at the website, the current status shows that the image of Padang Besar is still being focused to PBAC as a border shopping attraction.

The biggest attendance at Padang Besar is domestic tourists and focused only at the PBAC. The shopping activities and trading activities mostly happened at PBAC. This study also notices that most of the visitors to Padang Besar are domestic tourists and they came in bus loads on weekends. All tour buses and even those who travel by their private cars congregate at the PBAC. These people do not venture to other places and other shopping venues in Padang Besar, namely TM, WL and EK. The reason for this is that they have been instilled with the perception that their journey to Padang Besar means going directly to the PBAC area and without the shopping activities and trading activities at PBAC, Padang Besar will become practically deserted.

Shopping products in PBAC are more on clothing and convenient goods. Most of the goods at PBAC were imported from Indochina (Thailand, China, Korea, Taiwan and Vietnam) and there was a significant lack of Malaysian products sold at PBAC. The respondents in this study perceived the shopping activities at PBAC are mainly foreign products where most of the traders are Thais. This study also shows that the quality of goods being sold at the PBAC are mid range

quality products and still high level of imitation goods. PBAC is just an extension of foreign product lines that attach to Malaysia.

There is a general perception that only Malaysian visitors shop at Padang Besar to buy foreign goods because they are cheap and reasonable. However based on observation and interviewed conducted, the study shows low significant amount of foreigners, mostly are Thais who come to Padang Besar to buy Malaysian goods like electrical and groceries as the Thais perceive that Malaysian electrical and groceries have better quality compared to Thailand products.

Padang Besar is more towards domestic border shopping destination, not at the international level although the town is situated at a border town as the shopping venues at Padang Besar do not have an international shopping flavour. There is a duty free shop and complex in Padang Besar but not as big as in Bukit Kayu Hitam. The location is quite a distance from the shopping area. The duty free shop is visited by few Malaysians. The Malaysians go over there just for window shopping or buy a few chocolates, perfume and cigarettes. They prefer to shop at the PBAC. Most tour groups found that it is not necessary for them to go down to the duty free shop even though they do not have to bring the travel document when crossing the border gate. The goods sold there are also not as cheap as the PBAC.

The perception of overall shopping activities at Padang Besar is not equivalent to a shopping mall concept. The image given by the respondents does not reflect the image of a true sense of shopping. The business arrangement in Padang Besar is more like a bazaar rather than true shopping mall concept. The image portrayed by the respondents and the shopping activities

surrounding the shopping venues shows that Padang Besar is just a domestic border shopping destination with daily needed items, it is not a shopping tourism destination.

The shopping venues at Padang Besar do not have modern amenities and the shopping area is very much still under developed. Border shopping facilities at Padang Besar are perceived to be lacking in many aspects by most respondents. They commented on the condition of the shopping venues and others supportive infrastructures at Padang Besar. PBAC, TM, WL and EK are the four shopping venues identified by the respondents. Basic facilities like toilet were unavailable at WL and EK, while toilets at PBAC and TM were dirty and inadequate for visitors. There were also less ATM facilities at the town, whereas there is a total absent of modern facilities like fast food, restaurant, hotel, entertainment facilities, recreational facilities and proper supermarket.

Tourist Information Center (TIC) is vital in any tourism destination as this centre will assist tourists by providing related information about that destinations or places. Unfortunately, there is no proper arrangement of TIC about Padang Besar. At one time there was a TIC in Padang Besar but it has been closed down several years ago. The location of the TIC is also not strategic. It was situated inside the CIQ complex which is a bit far from the tourist area. Even some people did not realize that there was a TIC at Padang Besar.

Therefore, it can be concluded that the tourist activity, especially shopping activities at Padang Besar, and particularly at PBAC is not being viewed as the economic activities as the authorities, the several government agencies did not provide adequate facilities or ventures that can be contributed to shopping development. Furthermore, from the interviews, it is noticed that the

tourism sector in Perlis does not run as a business as the authorities themselves do not view tourism as an industry, and this might be the reason shopping development at Padang Besar was not properly promoted and developed.

Generally, Perlis does not seem to have national or international tourism icon. However it does have several commercial places that can develop, for examples Gua Kelam, Timah Tasoh Lake, and Herbs Garden. One of the places should be developed which is having some potentials is border town of Padang Besar. However this place has not been fully developed due to the fact that the state does not have sufficient funding to develop it. Most of the tourism projects are funded by the federal government, mostly from the Ministry of Tourism. However, this place fail to be developed due to the fact that the state does not have sufficient money as there is no injection of money from the state.

There are several border shopping destination between Malaysia and Thailand, which are Padang Besar and Wang Kelian in Perlis, Bukit Kayu Hitam in Kedah, and Rantau Panjang in Kelantan. Among all these border towns, Padang Besar is seen to have better scope of physical development and safety features compared to the other border towns. Padang Besar is the most suitable to be developed as border shopping destination because of the physical development and safety which are much better compared to Wang Kelian and Rantau Panjang. The road network to Wang Kelian is rather undulating with winding and uphill road, with the security features of Wang Kelian is open to highway robbery exposure. Furthermore Wang Kelian in Perlis and Rantau Panjang in Kelantan are open border towns which are vested with smuggling activities due to lack of border security. Padang Besar on the other hand, the security is in better control.



Padang Besar security is easier to control as the entry border is patrolled by the local authorities and with the use of fences along the border. The facilities in Wang Kelian are rather limited in comparison to Padang Besar that has already been equipped with government clinic, bank, post office, fire station and petrol kiosk. Most visitors to Wang Kelian would have to go to Padang Besar to get access to these facilities.

Currently Padang Besar is still considered as a “dead town”, “boring town” as well as “ghost town” by most local people. The commercial activities are mostly operated during the day and close down at night and seem very quiet. The local people as well as local authorities even questioned about the level of development in Padang Besar as a border shopping development simply because the facilities and tourist services are very limited and are not well maintained. When it comes to development, it raises the questions of how serious is the authority in promoting border shopping when all the facilities and services are limited and not maintained.

Most traders in Padang Besar are concerned with their commercial activities rather than developing Padang Besar as a border shopping destination. An association does not seem to have a strategic focus to develop Padang Besar as a border shopping destination. Even most of the local authorities do not perceived Padang Besar as a tourism destination. For the local authorities, Padang Besar is just a center for commercial activity. There was a plan about ten years ago to develop Padang Besar as a satellite town with the industrial area within the development, however until today the plan has not been materialized. The local authorities also plan to develop Padang Besar into an industrial area but it is still under discussion.

For the government to develop Padang Besar as a border shopping destination, several concerted efforts have to be undertaken by every stakeholders that have an interest to see Padang Besar as a tourist destination mainly the traders, government agencies, Chamber of Commerce and the tourism distribution channels. Currently all these stakeholders have not provided sources and energy towards developing Padang Besar. Most of them are rather focused on doing their own activities.

One of the plans to develop Padang Besar is Halal hub project in 1998. Unfortunately until today such development has not taken off the ground. During that particular time, the local population was having a high hope that the Halal hub project would become competent for industrial zone in the region and this industrial zone would assist in the development of Padang Besar as a border town and this border town would also lead to the development of tourist shopping activities. The progress of Padang Besar development did not receive much support from the local authorities neither encouragement from the state government, even the level of encouragement was a bit low. This was attributed from the amount of planning and execution in the planning process. Most tourism planning and the development at Padang Besar are still at the recommendation stage.

This study concluded that the border shopping development in Padang Besar is rather slow as well as there is lack of concrete support from the state government. Most of the respondents in this study particularly the government officers were hoping that the state government would develop Padang Besar as the industrial zone with the fact that there will be a high level of economic activities, employment and development.

As this study revealed the present scenario of border shopping development, activities and facilities at Padang Besar, hence, the findings might be benefit to several interested party. First to the tourism policy maker within the national tourism organization especially to the Ministry of Tourism to reexamine the current policy and planning towards developing Padang Bear into a shopping destination. This study also might benefit to the industry player like tourism organization, hoteliers, service organization that related to shopping tourism activities at Padang Besar. They might interest to invest or providing related attraction, facilities and/or services to the visitors. Apart from that, this study might be benefit to the future researcher who interested to reexamine the past literature and research and plan for the future areas of action, and also to the academic society who interested to apply the knowledge for classroom uses and future research endeavor.

### **5.3 The Flow of Trading Activities at PBAC**

The flow of trading activities at PBAC is presented below. The trading activities at PBAC have enhanced the shopping activities at PBAC and Padang Besar. There is a flow of goods from manufacturer, suppliers and traders. Basically, there are three ways in which the traders can get the supply (Figure 5.1). Most traders prefer to receive the goods from the suppliers and only a few get the goods directly from the manufacturers. Those who get the goods from the manufacturers only went there for the first trade. After that, they either get the goods from the suppliers or directly receive goods which are posted to them by the manufacturers. Most of them prefer to get the goods from the suppliers as the suppliers themselves will have to handle all the

procedures at the ICQ Complex; but if they get the goods from the manufacturers they have to pick up the goods at the ICQ Complex and deal with all the incoming goods procedures.

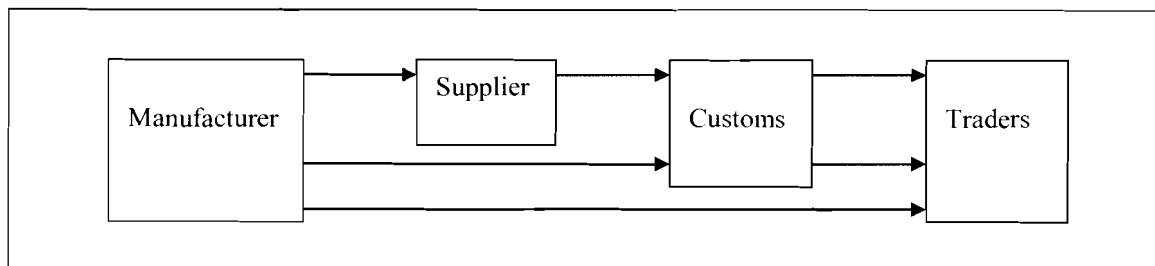


Figure 5.1: The Flow of Trading Activities at PBAC.

During the interview most traders obtained their goods from middleman. In order for them to make more profit, perhaps it better for the traders to get the supply directly from the manufacturers. In doing so they do not have to pay the cost for the supplier services, but the contra of getting the supply directly from the manufacturers is that, the traders also have to handle all the incoming goods procedures at the border gate and this might require more time. The traders will do all the procedures and send the supply directly to their shops.

#### 5.4 Tourism Supply Chain in Padang Besar

Tourism supply chain in Padang Besar does not have a link between destination suppliers, destination organizations and destination distributors. Each supplier is just into his or her own business. It seems like they have difficulty in giving their commitment. They are aware of their own roles and responsibilities but when it comes to taking action, they fail to cooperate with each other. Even the hotels in Perlis do not support the travel agency; they do not give any

contract rates to the agency. The following section summarizes the perspectives of each tourism supply chain in Padang Besar.

#### **5.4.1 Destination Supplier: Traders, Shop Assistant and Supplier**

Generally, it can be concluded here that all traders at the Malaysia-Thailand border focus more on trading and shop assistant are reluctant to have their own business due to financial reasons. It is difficult for local traders to compete with Thai traders. This study noticed that local traders prefer to rent out the facilities to the foreign traders rather than conducting their own business. This shows that the local traders are more inclined to make quick money rather than venturing into business.

Most of the traders seem not interested in developing the town, they are just interested in trading. Same goes to the shop assistant, they prefer to work for others rather than have their own business. Since there is a lack of support from the traders towards the development of the town, the authority needs to reorganize and re-evaluate the development at Padang Besar, perhaps making the town as a tourist town by adding other facilities and attractions.

It is noticed that the foreign traders are friendly compared to local traders. They are friendly in the way they interact with the visitors at Padang Besar. Most of the traders in Padang Besar are from Thailand. Upon enquiry they show Malaysia identification card but in reality they have dual citizenship – holding a Malaysian and Thailand's identification card at the same time. This political matter has made the study for this thesis difficult, as these people own the citizenship

legally. They said there they are Malaysians and they can do business over here because they have the citizenship, but when were asked for an identification card, they produced both citizenships. This is the reason why they can own the shops lots in Malaysia.

Some traders claimed that they are Malaysians, however the way they talk, their culture, and language show that they are not from Malaysia. This matter is something that they keep to themselves and the local authorities believe that they are foreigners but when asked these people admitted that they are Malaysians. They said they are the shop assistants but the truth is they are the owners and those who rent the shops. They said so because they do not want to expose themselves. Therefore, it is difficult to say the Thais monopolize the economy in Padang Besar as the Thais are the Malaysians, although they stay in Thailand they are still Malaysians.

From the observations and interviews conducted, most traders do not specialized in one product. They simply sell everything in their shop. It is a mixture of many products and it looks a bit messy. It is noticed that most Thais traders in Padang Besar are women and based on the interviews, one of them commented that the shop lots in PBAC or even the small lots inside the TM are rented by their husband but their husband stay home doing the house chores, while the wives go to trade in Padang Besar.

Most traders said they do not make lots of money from their sales but it is skeptical on how they survive and afford to pay the monthly fees in advance. Although one trader said that she will be rich if she is making lots of money but it is difficult to believe since they can survive and get the supply in bulks. This is confirmed by the respondents from Chamber of Commerce which

revealed that the traders can afford to pay their rental in advance, some even paid for a year. Most of them are the suppliers for businessmen in other states as it was noticed that they have seen several times the businessmen came to PBAC to get the supply from the traders.

The traders, shop assistant and suppliers interviewed have different roles in Padang Besar but the interview with the suppliers revealed that the way they think of Padang Besar as a shopping destination is the same as what perceived by the traders. This is because both traders and suppliers are in the same community, they are the Thais. Their comments and suggestions also are more or less the same. However, it is assumed that the suppliers are making lots of money as they supply the goods to Padang Besar almost every day and based on the interviews, in one month they manage to make sales for about RM4,000 to RM5,000.

#### **5.4.2 Destination Organization: Government Officers and Chamber of Commerce**

Government officer has so much planning about this town but most of the planning is still on paper. Whether it is going to be materialized or not is yet to be seen. They focused more on the problems and blame each other about the unplanned, limited and slow development in Padang Besar.

Most government officers talk with all the aspirations, but there is no performance, no implementation, and no contribution. This study can only summarize that what is happening in Padang Besar is not in tandem with the government aspiration. The government aspiration is to

develop Padang Besar as an industrial area, but the town is famous for its shopping activities and trading activities.

While many respondents said that Padang Besar is known for shopping, the government is thinking more towards having Padang Besar as an industrial town. The government plan to develop the border wholesales centre with Halal hub manufacturing facilities, but up until now there is no concrete support that shows the development is going on. Padang Besar already has its own name; it is a border shopping attraction. People generally associate Padang Besar with shopping. It is good efforts if the government wants to develop Padang Besar as an industrial town since Perlis does not have any industry but the development must be done properly. Hopefully after the industrial town is materialized, the government will think more on enhancing the shopping activities at Padang Besar.

This study also has interviewed few members from the business association around Padang Besar and Perlis and few nongovernmental organizations (NGO) in the northern region. From the conversation and observation with the business association, it is noticed that there are some unhappiness among the members about leadership, whereby there are lack of leadership discipline among members which result in ill treatment of the members' welfare and people are not giving cooperation to promote business venture among ethnic groups. When approaching the president it seems that the president did not want to be disturbed and tried to avoid having conversation with the researcher. He seems too busy for no reasons.



It is obvious that the traders are given less exposure about the importance of joining the trade association or perhaps they already know and aware of the benefits but they choose not to join the association. Most respondents interviewed in this study have an assumption that the association is no longer active.

This study also interviewed few NGO that was involved in discussion of tourism development at northern region. The members from these organizations also mentioned that most of the discussions at Padang Besar were more towards developing the town into an industrial zone, the Halal hub project. They agreed that shopping and trading were the main activities for visitors and it should be maintained and supported with proper infrastructure, however at the moment there is no allocation for shopping activities or facilities at Padang Besar.

#### **5.4.3 Destination Distributor: Tourism Distribution Channels**

Respondents from this group are the travel agencies around Perlis, and a few parking operators, owners of transport companies and money changer. They may not represent the true definition of tourism distribution channel but they can be considered as the tourism distribution channel in Padang Besar as they are involved directly and indirectly in servicing the visitors and tourists to the town.

Most of them focus on gathering wealth rather than to involve directly in promoting tourism in Padang Besar. Even the travel agencies do not want to promote Padang Besar as they said there is nothing to promote at the town. The only activity available is shopping. They are focusing

more on ticketing and outbound tourism. They even not interested in promoting Perlis as they were focusing on outbound packages.

The distribution channels in Padang Besar and Perlis also are not linked together. Each of the distribution channels have their own believe and agenda. It is found that most travel agencies in Perlis did not receive any contract rates from the hotel around Perlis. This might be the reason why most travel agencies in Perlis prefer to promote on outbound packages rather than inbound.

#### **5.5 Retails Factors at Padang Besar Business Arcade Complex (PBAC)**

In terms of product locality, once people picture PBAC as the centre of Thailand goods and are the economic grounds for the Thai traders but it turns out to be a sort of mini centre for Indochina goods besides Thailand. The product has expanded and it creates a different view of PBAC.

Whenever we mentioned about PBAC, visitors always assumed that this town is associated with Thai goods. Even most of the respondents said that the product in PBAC is from Thailand. However we cannot say that PBAC is a place for Thailand product as recently this study discloses that goods from China, Vietnam, Korea and Taiwan are sold in PBAC. The amount is as many as the Thai goods. The amount is balance. Therefore it can no longer be assumed that PBAC is a place for Thailand goods or PBAC is promoting Thailand goods.

Although most respondents said that the products are cheap but actually they are not that cheap. Some goods are quite expensive and not equal with the quality offered. The amount of cheap and low prices of goods is balanced and it serves different types of visitors' incomes. Most products in PBAC are resembled on quality brand names but actually they are imitations. From the observations, most visitors to PBAC are middle income groups and they come in groups.

Based on the interviews, the most popular goods purchase by the visitors is the imitation goods and the most saleable were clothing. Imitation goods have long been the image of the border town. It is difficult to decide what the signature goods in PBAC are since goods available in PBAC are also available elsewhere. However it is still worth for the visitors to travel and shop at Padang Besar since it offers a variety of Indochina goods.

The overall retail environment in PBAC is also quite crowded and to accommodate the demand for shopping, a new building of shop lots is under construction near to the PBAC. It is supervised by the City Council. Hopefully the shop lots will be able to accommodate Malaysian traders selling local products and not only foreign products since the PBAC is already being monopolized by them.

## **5.6 Relationship between Border Shopping Development, Border Shopping Activities and Border Shopping Facilities**

Figure 5.2 shows the relationship between border shopping development, border shopping activities and border shopping facilities. The relationships were identified based on conceptual mapping of border shopping scenario at Padang Besar (Figure 4.12), presented in chapter four. The border shopping activities generally will enhance the border shopping development because as visitors come to shop, they required amenities, facilities and other supportive infrastructure. They need a proper place to eat, rest and relax. They also need more choices of shopping venue. This is happening at Padang Besar whereby, once the government realizes the shopping activities at PBAC has attracted a number of visitors they tend to make an effort to facilitate the shopping activities. They start repairing and upgrading the roads, build a rest area where visitors can rest while shopping and in planning to built a proper food court for visitors. Since the shopping activities at the PBAC are flourishing, authority also starts to develop other shopping venues, namely TM for fruits and snack and the duty free outlet, the WL and EK.

Therefore it can be concluded that the shopping activities at PBAC has led to the development of overall border shopping development of Padang Besar and also to the presence of others shopping facilities. The internal and external factors indentified in Figure 4.12 also influence the development of border shopping facilities. To recapitulate, the internal factors identified were “product attributes”, “traders’ attitudes and limitation”. “ineffective roles of association”, “border shopping facilities and other supportive infrastructure” and “improper retail environment” while the external factors identified were “promotional activities and effort”,

“accessibility to Padang Besar”, “infrastructure and facilities development” and “types of shopping venues and visitor preferences”.

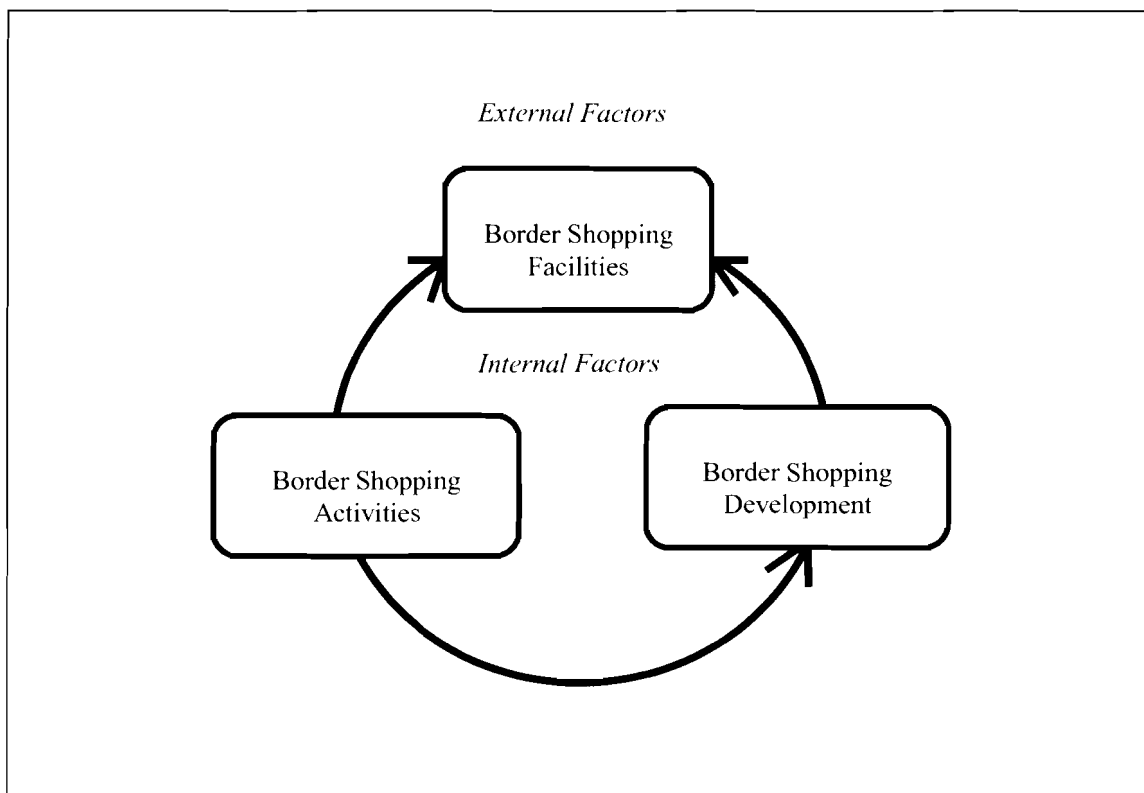


Figure 5.2: Relationship between Border Shopping Development, Border Shopping Activities and Border Shopping Facilities

## 5.7 Recommendations

The recommendations discussed are made with regard to the overall border shopping scenario in Padang Besar. In presenting the recommendations, the respondents' points of views are also considered and commented.

Padang Besar should be developed with proper planning and infrastructure besides having local plan and master plan. Interviews with the government officers reveal that at present only local plan and structure plan are available. This can be seen by the unsystematic development of the road to Padang Besar. The original plan of the PBAC building also does not offer any area for tourists to have their own space.

The government should consider developing this town into a shopping town as most respondents said the attraction of this town is shopping. Among all the respondents interviewed only a few from tourism distribution channel groups said Padang Besar has a potential to become a tourist shopping destination but it needs more capitalist to invest in.

Apart from development, most traders in Padang Besar do not have the social responsibility; probably they do not understand the meaning of social responsibility and its value. They have not been exposed to all these things. They seem to be spoon fed as they want all to come from the government. Government is not going to give money as these people already got land title for their shop lots at PBAC. As these people are not being exposed to social responsibility and domestic management, the authority can provide short courses on how to conduct and maintain a business, including their responsibility towards the area. In order to encourage the traders to attend the courses, the authorities should not charge any fees and the attendance should be made compulsory.

The present business association should play an active role in taking care of the traders' welfare, manage the whole shopping facilities and understand how to manage the property. Perhaps the

association should consider appointing one representative from the foreign traders. The association must have two chairmen, one from Malaysia and another one from Thailand so that the foreign traders feel appreciated and they might consider into cooperating with the activities organized in the future. The president should not monopolize the position, the authority and the accountability by himself. Meanwhile the related non-governmental organization which is link to the development of Padang Besar should conduct a discussion on how to provide better shopping places for visitors.

The shops inside PBAC also should be rearranged in terms of their selling areas. For example the ground floor should be a place for selling only household items, and costume jewellery and the second floor for clothing and handbags. Food items like snacks and groceries should be placed at TM nearby the PBAC. The same goes to the food shops inside the building. They are not supposed to sell food and clothing side by side. The food shops should move to the food stalls area. To make it more organized, each shop should have a standard and proper sign of the shop's name together with a list on what kinds of goods sold there.

PBAC building also needs more maintenance. The management body together with the traders should improve on the cleanliness of the building, prayer room, and toilets. The authority should provide more parking area because parking seems to be the problems to the tourists especially during peak seasons; weekends and school holidays. Most traders commented about the parking area since their customers told them so while shopping.

The Chamber of Commerce has proposed to the government about developing the cottage industry. The government should consider this proposal and allow investors to invest in this town. A cultural village can be built together alongside with the cottage industry. We can bring cultures from Thailand, Vietnam, Myanmar and Laos to Padang Besar. Each country may have its own speciality. This Cultural Village in Padang Besar can provide or encourage the supportive activities besides shopping. It also may encourage foreigners to visit Padang Besar if the town offers something new and different. Besides that, other attractions like theme park or water park can be build at the Padang Besar to compliment the shopping activities.

There should be at least one proper hotel in Padang Besar. On the ground observation and informal conversation with the traders and visitors in Padang Besar, it is found that out of ten visitors to Padang Besar, at least there are five of them who wish to stay overnight and do shopping on the following day. For shop lovers, one day is not enough. Although the shopping areas at PBAC is not big but there are Malaysians who want to travel to Thailand and return on the same day, and might want to spend a night at Padang Besar if the town offers the facilities that cater for their needs and wants.

Therefore, the whole town of Padang Besar should be reshaped and redecorated with the right development agenda. The town should have its own image. Besides the border image it holds, it should either portray the shopping at the border or industrial activities at the border. The government should choose which area of tourism or industry they want it to be. If they want to make it a shopping place, then Padang Besar should be developed in such a way that when people come, they will know it is a shopping destination. Proper development equipped with



suitable facilities and variety of well arranged goods will make tourists happy to do their shopping. A coffee kiosk also should be available at the centre of the building so that visitors will feel relax and have a place to sit and relax while waiting for their spouses to shop.

As commented by most respondents, there are no activities in this town after seven o'clock in the evening. Padang Besar should have night activities. Light entertainment like karaoke centre, cinema, bowling centre and Muslim spa and massage for the sake of tourism should be available in Padang Besar in order to decrease or lessen the number of Malaysians crossing the border to Thailand.

There is only one commercial bank in Padang Besar, the banker might consider opening branches in Padang Besar. Furthermore at present there are only three ATM at Padang Besar. However, the location of these ATMs is a bit far from the shopping area. The machine should be placed inside the shopping facilities so that tourists can withdraw money easily if they run out of cash while they shop.

The authority should make use of the pedestrian area. There should be at least one event a month conducted in Padang Besar. The pedestrian areas which are converted from the parking spaces are spacious and can accommodate any event. Maybe the MATTA fair can be conducted here. Authorities also can provide facilities of a night market like bazaar or up town concept during weekends or at night as several respondents perceived that the town is boring with no night activities. Besides that, a playground for children also might make the place more accommodating. Parents can continue shopping as their kids can spend time at the playground.

Promotional activities at Padang Besar should focus at all shopping venues; PBAC, TM, WL and EK as currently most of the promotional activities were only focus at PBAC. The images of others shopping venues should be shown inside the tourism related website as well as printed on the bunting, brochure and other commercial media. The travel agencies at Perlis can assist in combining the attraction in Perlis with Padang Besar. Shopping at Padang Besar should be the main highlight for the tour. It can be place on the last day of the tour itinerary before the tour group heading home.

Padang Besar should have a different kind of supply chain since it is located in border town and it deals with lots of political and safety issues. There should be a community to discuss the tourism sector in Padang Besar. It must involve the government, traders, Chamber of Commerce, and other stakeholders so that we can have a clear picture of what Padang Besar is facing right now.

## **5.8 Limitations of Study**

This study only focuses on shopping venues at Padang Besar, therefore, the results cannot signify development in other areas. Padang Besar is not a regional centre; it is a small town so the population is small. There are not many government departments attached to that area. Padang Besar is a border town in the north and this study only focuses on Padang Besar and not other border towns nearby like Wang Kelian and Bukit Kayu Hitam. The result and discussion made pertaining to this study cannot be generalized to other border towns.

In addition, most of the documents related to tourism development at Padang Besar which owned by government agencies in Perlis were damaged during the flood several years ago. This resulting in a limitation of documented data about the previous, current, and future development of Padang Besar. There were also limited literatures related to border shopping as most study focus on cross border shopping. As a result researcher conducts a grounded theory study to obtain related information which can be presented to the related agencies.

Majority of the respondents in this study are foreign traders and suppliers. Most of them are illiterate, so it is difficult to understand what they really mean when they answer the questions. Most answers are irrelevant to the questions. It is also difficult to decipher when questioned regarding their perceptions. The interview questions were developed and changed to different languages to make the respondent understand. First it is in English, and then the researcher translated the questions to Malay since the interview was conducted in that language. However after the informal initial interview, the standard of the questions is changed again to a more simple language. During the interview, the researcher has to provide examples of answers to the respondents. Only by doing so, the respondents were able to answer the interview questions. Some of the traders and supplier even required researcher to ask the question in a brief explanations.

The interview sessions were only conducted during weekdays from 11 am to 5 pm. The traders were only able to make themselves available to spend time with researcher during this period of time as there is less number of customers during weekdays. Most visitors visit Padang Besar on weekends and during school holidays. However, during weekdays some traders open their shops

around noon and close early at around 4 o'clock in the evening. In one day, the researcher was only able to interview one or two traders since the time spent with one trader was two to three hours of talking especially with the Thais traders. They have their own dialects and own languages and it takes time to understand what they said.

After done with the informal initial interview and a few formal initial interviews conducted, researcher discovered that most respondents were not highly educated when answering the questions. They had difficulty in understanding certain terms, and the researcher has to restructure the questions all over again. Some of them have dual citizenships but still it is difficult to make them understand even a simple interview questions. This more or less questions on how they can get the citizenship, does it happen and relate with Malaysian election agenda? It is also difficult for this study to dig in details about the issues of dual citizenship and the issues surrounding the border shopping development in Padang Besar. Most of the government officers' interviewed tends to hide the real problems behind the issues. This issue more or less has narrowed the scope of this study.

The term "Thai traders" was used in this study instead of "Pattani Malay" traders because during the proposal defense, most of the examiners get confused the Pattani Malay traders to be the Malay traders in Padang Besar. From the interview also, it is found that the traders from Thailand are not only from Pattani, there are also from Satun, Songkhla, Yala and other parts of Thailand. Therefore the term "Thai traders" was appropriate with this study.

Apart from that, there are only a few distribution channels attached to the area. There are no car rental companies and the bus service to Padang Besar is only one trip daily. The bus does not stop at Padang Besar, it just makes a u-turn there as there is no place, no proper terminal to stop. Out of five active travel agencies only three are willing to be interviewed. Furthermore, there is only one active money changer in Padang Besar.

Researcher also prefers to conduct the interviews on her own, as she will be able to properly explain to the respondents each term that they do not understand. The data collection and data analysis process takes almost one and a half year to finish. As the researcher is doing the qualitative research, the numbers of respondents are small as the analysis does not deal with the numbers. It is more on the quality and researcher has reached the saturation point at thirty six respondents.

## **5.9 Future Research**

Other researchers might want to do comparison of other borders tourism in Malaysia, maybe the comparison of border shopping scenario between Rantau Panjang and Padang Besar since both are synonyms to each other. Both offer shopping of foreign goods on the Malaysian soil. They also can study on the potential of border tourism development in Malaysia.

Since this study is only on the supply side of tourism, others might want to look on the demand side. Other researchers might want to involve the tourists in this study to complement the research. They also can study on market positioning. They can study on how the travel agencies

in Malaysia think about border towns in Malaysia, it is more on the perceptual mapping of border towns in Malaysia and it involves a computer analysis.

It is quite clear by now that goods sold in PBAC are supplied by some Indochina countries like China, Vietnam, Korea, Taiwan, and Thailand. In the present study, only suppliers from Thailand are interviewed. Therefore future research might want to include other Indochina suppliers and manufacturers from the mentioned countries.

There is a perception by local that along the road from Kangar to Padang Besar exist supernatural phenomenal activities. Other researcher might be interested to study on how these phenomenal activities might affect the number of road users at night to Padang Besar. They can interview the local population of Titi Tinggi district as these supernatural phenomenal activities located in this area.

From the data collected, researcher have seen that there are many issues related to the tourism development in Padang Besar and Perlis as a whole, therefore, others might be interested to study on the state policy. It is noticeable that there are lots of potentials for Padang Besar to be developed into a border shopping town however there were problems arise regarding the state policy concerning the tourism development in Perlis.

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## APPENDIX A

### Statement of Informed Consent

Dear Participants,

Thank you for agreeing to participate in this interview. This study entitled “Border Shopping: An Investigation of Shopping Development, Activities and Facilities at Padang Besar”. This interview is a requirement as part of my study on how the traders, government officer, chamber of commerce and tourism distribution channels perceived and contribute to the border shopping scenario at Padang Besar.

The interview will last for about one until two hour or less and will be audiotaped. You will answer the questions provided by the researcher and all information from the interview will be kept confidential. Written report or publications relating to this study will be reported in aggregate form and only summary data will be reported. You are free to withdraw your participation at any time.

Even though your participation in this study will not receive any direct benefit from participating, but your participation may help others in the future.

Thank you for your time and kind consideration.

If you have any concerns or questions about this study, please contact;

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## APPENDIX B

### Questionnaire for Visitor

Dear Participant,

I am conducting a study on border shopping at Padang Besar. I am grateful if you could spare your valuable time to answer the following questions with appropriate answer. It will probably take you about 5 to 10 minutes to complete the questionnaire. Your sincere participation in the study is much appreciated and will be treated strictly as private and confidential.

If you have any concerns or questions about this study, please contact;

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1. Where is your home residence?

- Local (please specify which state) \_\_\_\_\_  
 International

2. How do you know about Padang Besar?

- Friend or relative  
 Commercial media (Newspaper, Television, radio, magazine, article and brochure)  
 Travel Agency  
 Tourist Information Centre  
 Internet  
 Other (Please specify) \_\_\_\_\_

3. What is your main purpose of travel to Padang Besar?

- |   |  |
|---|--|
| <input type="checkbox"/> Business               | <input type="checkbox"/> Transit                       |
| <input type="checkbox"/> Education              | <input type="checkbox"/> Visit friends and relatives   |
| <input type="checkbox"/> Shopping               | <input type="checkbox"/> Others (Please specify) _____ |
| <input type="checkbox"/> Relaxation             |  |
| <input type="checkbox"/> Just following friends |  |

## **APPENDIX C**

### **Interview Questions**

#### **Interview Question for Initial Study**

1. What is the main tourism attraction at Padang Besar?
2. Is Padang Besar readily accessible to the tourist?
3. What is your perception towards border shopping at Padang Besar?

#### **Final Interview Questions**

##### **Border Shopping Development**

1. What is the main tourism attraction at Padang Besar?
2. Is Padang Besar readily accessible to the tourist?
3. What is your perception and contribution towards border shopping development at Padang Besar?
4. How do you help in promoting and developing border shopping at Padang Besar?
5. Is there any association or committee to discuss border shopping tourism development in Padang Besar?
6. Do you foresee any problem related to border shopping development at Padang Besar?

##### **Border Shopping Activities**

7. What is your perception towards border shopping activities at Padang Besar Business Arcade Complex, The Market, Gapura Square, Warisan Limpahan Duty Free Shop and Emas Kerajang Duty Free Complex?
8. Which of these venues is more appealing to the visitors?

##### **Border Shopping Facilities**

9. What is your perception towards border shopping facilities at Padang Besar?
10. What are the retail factors (product, salespeople, and retail environment) at Padang Besar Business Arcade Complex that influence the visitors to visit the arcade compare to other shopping venues in Padang Besar?

If your answer is shopping, please answer Question 3 (a), if not please proceed to Question 4

3 (a). What did you buy in Padang Besar? (You can tick more than 1)

- |   |                                      |  |
|---|--------------------------------------|--|
| <input type="checkbox"/> Clothing         | <input type="checkbox"/> Jewellery   | <input type="checkbox"/> Watches                 |
| <input type="checkbox"/> Food items       | <input type="checkbox"/> Accessories | <input type="checkbox"/> Perfume                 |
| <input type="checkbox"/> Household items  | <input type="checkbox"/> Bags        | <input type="checkbox"/> Toys                    |
| <input type="checkbox"/> Kitchen Utensils | <input type="checkbox"/> Shoes       | <input type="checkbox"/> others (Please specify) |
- \_\_\_\_\_

4. Where have you visit in Padang Besar? (You can tick more than 1)

- |                                       |  |
|---------------------------------------|--|
| <input type="checkbox"/> Gua Kelam    | <input type="checkbox"/> Business Arcade Complex |
| <input type="checkbox"/> Wang Kelian  | <input type="checkbox"/> Gapura Square           |
| <input type="checkbox"/> Ostrich Farm | <input type="checkbox"/> Duty Free Shops         |
| <input type="checkbox"/> Tasoh Lake   | <input type="checkbox"/> Duty Free Complex       |
| <input type="checkbox"/> The Market   |  |

5. How do you come to Padang Besar?

- Tour group
- Own transport
- Local bus
- Taxi
- Train

6. Did you visit other destination before visiting Padang Besar?

- Yes (Please name the place/destination) \_\_\_\_\_
- No

7. What is your next destination after visited Padang Besar?

- Going home
- Go to other places/destination (Please name the place/destination) \_\_\_\_\_

Thank you for your participation.



Initial theme	Open Coding				Selective Coding	Theoretical Coding
	Traders and suppliers	Government Officer	Chamber of Commerce	Tourism Distribution Channel		
Border shopping promotion	PB is well known	no TIC	Joint promotion with others attraction	less demand from outbound tourist	*promoted in media network	Promotional activities and effort  Image of Padang Besar
	No need to promote	less advertising effort	should have proper signage	not interested in promoting the town	*word of mouth	
	should promote-tv, radio, magazine	enough at the moment		newspaper	*involvement of tourism related agencies	
	advertised on TV	less promotional activities		TV commercial		
	put pamphlets at KTM station	should be done by TM and TIC		promoted the Halal hub development		
	tell friends	courses-Tourism Act & English Tourism		FAM trip		
		less tourism packages				
				less night activities		
				nothing interesting		
				people comes only to shop		
Tourism Association	Business Arcade Assoc	Perlis Tourism Exco meetings	IMT-GT discussion	member of MATTA	*inactive members	Ineffective roles of association
	Traders Assoc	lack of linkages		Perlis Travel Agency Assoc-not active	*most perceived association not helpful	
	MARA Assoc for loan	fronliners tourism courses		member of Taxi Assoc	*some not aware of the presence of association	
		no tourism agenda			*most did not belong to any tourism association	
Problems	difficult life at Pattani, Thailand	capital development	government barriers	lack of supply chain	*bureaucracy issue	Problems at Padang Besar  Image of Padang Besar
	parking space	land ownership	competions with Thais traders	lack of attractions	*personal problems	
	cleanliness	capital constraints	dissapointed with association	proposal rejected	*trade commerce issue	
	decrease number of tourist arrivals	vandalism	less cooperation among members	not enough shop to rent		
	cost of trading permit	smuggling activities-local people		foreign vehicles		
	less visitor at duty free facilities	traders attitude-flouted the rules, difficult paying fees				
	difficulties at border gate	dimishing authority of SEDC				
				transit state		
Border shopping activities	weekend	Rantau Panjang is more attractive	most visitor go to PBAC	Shop only at PBAC	*PBAC for lower and middle income group	Types of shopping venue and visitor preferences
	public holidays	trading activities at PBAC	spend the whole day at PBAC	WL and EK offer expensive goods	*TM for snacks and fresh fruit	
	most visitors shops at PBAC	TM for Thai snack		GS are warehouse	*GS for warehouse	
	GS for retailers	GS is warehouse		shopping attraction-PBAC	*WL and EK for niche market	
	GS is transit warehouse	PBAC is lively		TM, GS, WL and EK-support PBAC	**Pekan Siam for adult entertainment	
	more trading activities for Malay traders	PBAC is interesting		most visitors request to shop at PBAC	*Most visitor shop at PBAC	
		PBAC offered variety of goods		most visitors stop at PBAC		
		Tour bus only parked at PBAC		Pekan Siam-adult entertainment		
		Visitor to WL and EK travel by car		Gambling centre at Pekan Siam		
		WL and EK-chochlate, liquor, perfume		TM for fresh Thai fruits		
		PBAC landmark of PB				
		visitor-middle income				
		duty free goods are expensive				
Border shopping facilities	less accomodation	less shopping facilities	enough at the moment	no parking space for bus-WL and EK	*insufficient shopping facilities	Border shopping facilities and other supportive infrastructure  Potential of Padang Besar  Image of Padang Besar
	lack of ATM machine	no hotel facilities	no hotel facilities	no proper hotel-only budget hotel	*not attractive landscape	
	lack of fast food outlet	need more infrastructure	no entertainment facilities	no standard restaurant	*inadequate of other supportive infrastructure and facilities	
	lack of parking space	WL and EK for international tourist	no proper supermarket	Rantau Panjang offer better facilities		
	lack of cleanliness-PBAC	no toilet at WL and EK		shopping facilities close at night		
	WL and EK-clean but not building not attractive	less variety of good-WL and EK		no proper parking facilities-PBAC		
	GS-warehouse	WL and EK building-not friendly environment		Safer than Rantau Panjang		
				more lodging	*Suggestion on landscaping and retail environment	
	playground for children	upgrade tourist facilities and services		theme park		
	trees and flower	open a supermarket-support PBAC		proper parking space		
	proper and clean praying room	separates entry lanes-types of vehicles				
	provide more parking space	controll the number of Thais traders				
	provide trading opportunities for Malay	give opportunities for Bumiputra traders				
	provide a clean toilet	factory lot shopping-similar at Nilai				
		improves cleanlines				
		provide TIC				
		proper arrangement of shop at PBAC				
		offer entertainment-karaoke, bowling, cinema				
		provide recreational facilities				
		attractive shopping destination				
	the town is okay	tourist town	Boring town	Unique		
	have everything	not a proper town	Ghost town	not many interesting places		
		safe town-24 hours security		no night activities		

Initial theme	Open Coding				Selective Coding	Theoretical Coding
	Traders and suppliers	Government Officer	Chamber of Commerce	Tourism Distribution Channel		
Product	Mostly from Thailand-Pekan Siam, Hatyai, Bangkok, Chiangmai	Mostly from Thailand-Hatyai, Bangkok	Mostly from Thailand-Hatyai, Bangkok	nothing interesting	<ul style="list-style-type: none"> <li>*Traders as suppliers</li> <li>*Variety of foreign goods - Indochina</li> <li>*Imitation quality</li> <li>*Cheap and reasonable price</li> <li>*Clothing is the most saleable goods</li> </ul>	Product attributes
	Some from Taiwan, Korea, China, Vietnam	Thai dominated product	Few from China, Vietnam	most suppliers are Thais traders		
	Did not last long	Padang Besar as a product	Thais traders supply to others states	duty free goods		
	Imitation goods better than China	People as a product	Few Malays traders are suppliers at PBAC	Thais imitation clothing		
	Have grading-clothing and handbag	location as a product	Malay traders married Thais-easy to get supply	Price is okay		
	those from Thailand is better	shopping as a product	Malay traders married Thais-easy to get credit	Goods are cheap		
	Thai traders received credit from supplier in Thailand	same quality as Malaysian product	Price are cheap and expensive	Price is reasonable		
	Traders supply Thais goods to others state in Malaysia	Thais come to PB-buy petrol and groceries	Price equal to quality and supply	Thais traders as supplier		
	Suppliers in Bangkok received supplies from Taiwan, Korea, China, Vietnam	Most Thais buy biscuit, flour-better quality	Price are okay	Price equal quality		
	Price is cheap	Thais perceived Malaysian goods are Halal	most visitor are aware of the price	imitation goods		
	Price is reasonable	Thais perceived Malaysian goods are clean		price is normal as other places		
	Price is okay	imitation goods have grade		goods at PB are cheaper than Pekan Siam		
	Expensive product last longer	Most purchase clothing-jeans,t-shirt,blouse				
	Most purchase-clothing,Narita comforters	Thais trader are suppliers				
		Price are reasonable				
		Goods are cheap				
		Price equal quality				
	Quality are imitation					
	most visitor are aware of the price and quality					
	Some goods are expensive					
	visitors can bargain up to 50%					
Salespeople	small numbers of Malay and Chinese traders	Malay traders are not good in trading	Mostly Thais traders	Most are not local people	<ul style="list-style-type: none"> <li>*determination of Thais traders</li> <li>*incompetence of local traders</li> <li>*limitation of getting supply and credit</li> <li>*irresponsible on cleanliness</li> <li>*composition of traders (most are Thais, few Malays and Chinese)</li> </ul>	Traders' attitudes and limitation
	Malay traders-less competitive	Thais traders received credit terms	Small number of Malay and Chinese traders	Thais traders at PBAC		
	most Malay traders-rent their shop to Thais	Malay traders did not received credit terms	Thais traders are more patience	Business transaction monopoly by the Thais		
	most Malay traders-sold their shop to Thais	Malay traders difficult to get supply	Malay traders prefer an easy life	Few numbers of Malay and Chinese		
	Malay traders not interested in trading	Thais traders are friendly	Malay traders prefer to received monthly payment			
	Thais traders are patience	Thais traders help the economy development PB	Malay and Thais traders does not care about cleanliness			
	Thais traders have a hard life in Thailand	Trading activities benefit the Thais	Malay and Thais traders have similar appearances (language and dressing)			
	Most traders at PBAC are Thais					
	Hope government control the number of Thais traders		Traders afford to pay rental in advance			
Retail Environment (PBAC)	Most building are okay	The building is old	Traders do not concern about cleanliness	The building is old	<ul style="list-style-type: none"> <li>*improves on building capacity and refurbishment</li> <li>*Involvement of authority in monitoring and maintaining the building-PBAC</li> <li>*improper ventilation and narrow walkway-TM</li> </ul>	Improper retail environment
	Prefer to have bigger building	The building is messy, not in order	Management body should manage the building	Upgrade the facilities at the building		
	Prefer to paint the building	The building is dirty		The building is crowded during peak season		
	Toilet is dirty and not well maintained	Should be repaint		Build new buidling to accommodate PBAC		
	Small praying room	Need major renovation		No resting place for visitors		
	Less parking space	The building (shop lots) belongs/sold to individuals-traders		No proper ventilation-TM		
	Provide better toilet-similar like R and R	State government have no authority		Narrow walkway-TM		
	Food stalls are dirty	Should have new building-facilitate PBAC				
Provide a clean and organize food stalls						
New theme	border town image	border town	Thai town	transit town	<ul style="list-style-type: none"> <li>*border town</li> <li>*trading town</li> <li>*tourist town</li> <li>*domestic shopping destination</li> <li>*safe town</li> <li>*Thai town</li> <li>*sick town</li> <li>*boring town</li> <li>*ghost town</li> </ul>	Image of Padang Besar
	trading town	domestic shopping destination	Sick town	Unique		
	the town is okay	tourist town	Boring town	not many interesting places		
	have everything	not a proper town	Ghost town	no night activities		
		safe town-24 hours security				
New theme		attractive shopping destination	manufacturing destination		*potential of Padang Besar	Potential of Padang Besar
		manufacturing destination				

## APPENDIX E

### Final Selective Coding and Theoretical Coding for Conceptual Mapping

Selective Coding	Theoretical Coding
<ul style="list-style-type: none"> <li>• Variety of cheap goods</li> <li>• Delicious Thais food and snack</li> </ul>	Shopping activities at PBAC Trading activities at PBAC Product attributes
<ul style="list-style-type: none"> <li>• Improper road condition</li> <li>• Less ground transportation services</li> </ul>	Accessibility to Padang Besar
<ul style="list-style-type: none"> <li>• Perception, feeling and hope towards the development</li> <li>• Suggestion to enhance shopping activities</li> <li>• Accountability of tourism supply chain</li> </ul>	Infrastructure and facilities development
<ul style="list-style-type: none"> <li>• Promoted in media network</li> <li>• Word of mouth</li> <li>• Involvement of tourism related agencies</li> </ul>	Promotional activities and effort
<ul style="list-style-type: none"> <li>• PBAC – lower and middle income group</li> <li>• GS – warehouse for traders</li> <li>• WL and EK – for niche market</li> <li>• Pekan Siam – for adult entertainment</li> </ul>	Types of shopping venue and visitor preferences
<ul style="list-style-type: none"> <li>• Insufficient shopping facilities</li> <li>• Not attractive landscape</li> <li>• Inadequate of other supportive infrastructure and facilities</li> </ul>	Border shopping facilities and other supportive infrastructure
<ul style="list-style-type: none"> <li>• Inactive members</li> <li>• Most perceived association not helpful</li> <li>• Some not aware of the presence of association</li> <li>• Most did not belong to any tourism association</li> <li>• Unsolved tourism discussion and issue</li> </ul>	Ineffective roles of association

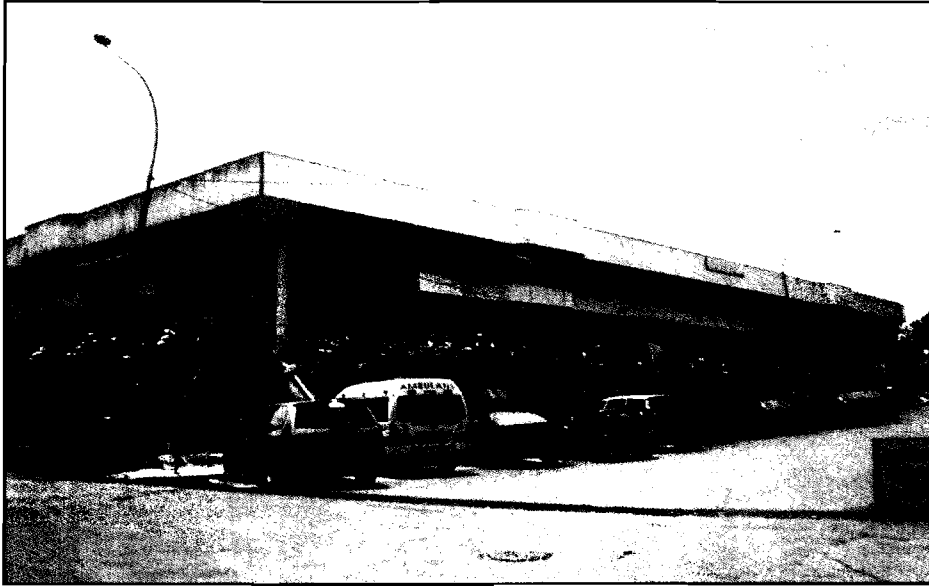


Selective Coding	Theoretical Coding
<ul style="list-style-type: none"> <li>• Bureaucracy issue</li> <li>• Personal problems</li> <li>• Trade commerce issue</li> </ul>	Problems at Padang Besar
<ul style="list-style-type: none"> <li>• Traders as suppliers</li> <li>• Goods from Indochina</li> <li>• Imitation quality</li> <li>• Cheap and reasonable price</li> <li>• Clothing is the most saleable goods</li> </ul>	Product attributes
<ul style="list-style-type: none"> <li>• Determination of Thais traders</li> <li>• Incompetence of local traders</li> <li>• Limitation of getting supply and credit</li> <li>• Irresponsible on cleanliness</li> <li>• Composition of traders (Most are Thais, few Malays and Chinese)</li> </ul>	Traders' attitudes and limitation
<ul style="list-style-type: none"> <li>• Improves on building capacity and refurbishment</li> <li>• Involvement of authority in monitoring and maintaining the building-PBAC</li> <li>• Improper ventilation and narrow walkway-TM</li> </ul>	Improper retail environment
<ul style="list-style-type: none"> <li>• Border town</li> <li>• Trading town</li> <li>• Tourist town</li> <li>• Domestic shopping destination</li> <li>• Safe town</li> <li>• Thai town</li> <li>• Sick town</li> <li>• Boring town</li> <li>• Ghost town</li> </ul>	Image of Padang Besar
<ul style="list-style-type: none"> <li>• Manufacturing destination</li> <li>• Attractive shopping destination</li> <li>• Better potential compares to other border town</li> </ul>	Potential of Padang Besar

Note: Due to bulk of data, researcher only include in the appendices the open coding, selective coding and theoretical coding from which extracts are taken to be included in various parts of the thesis. The remaining data sources are available and can be produced if necessary.

## APPENDIX F

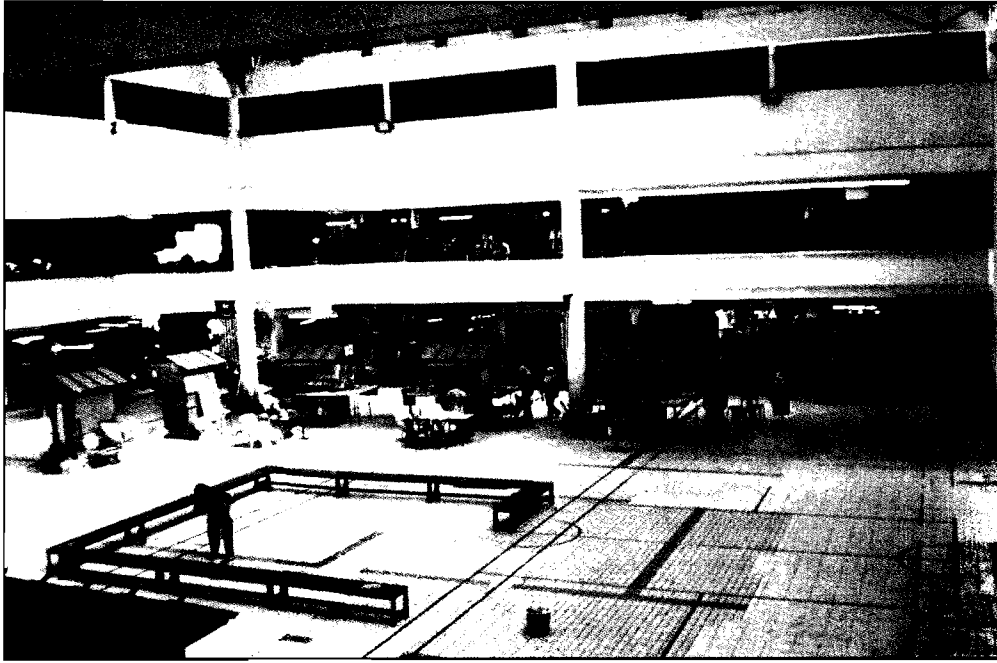
### Picture of Padang Besar



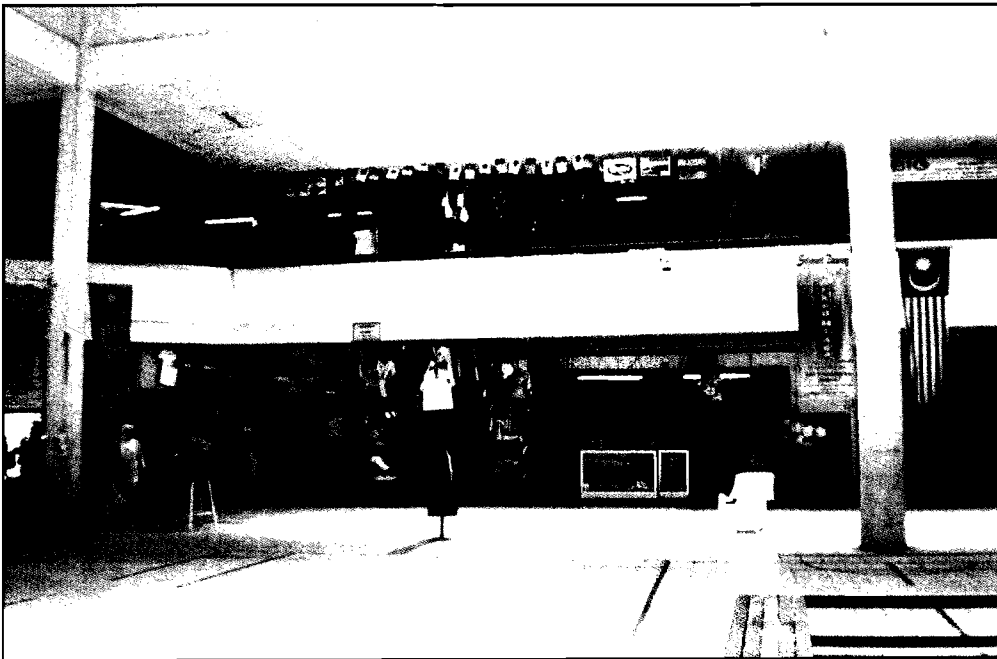
Picture E1: The Padang Besar Business Arcade Complex (PBAC)



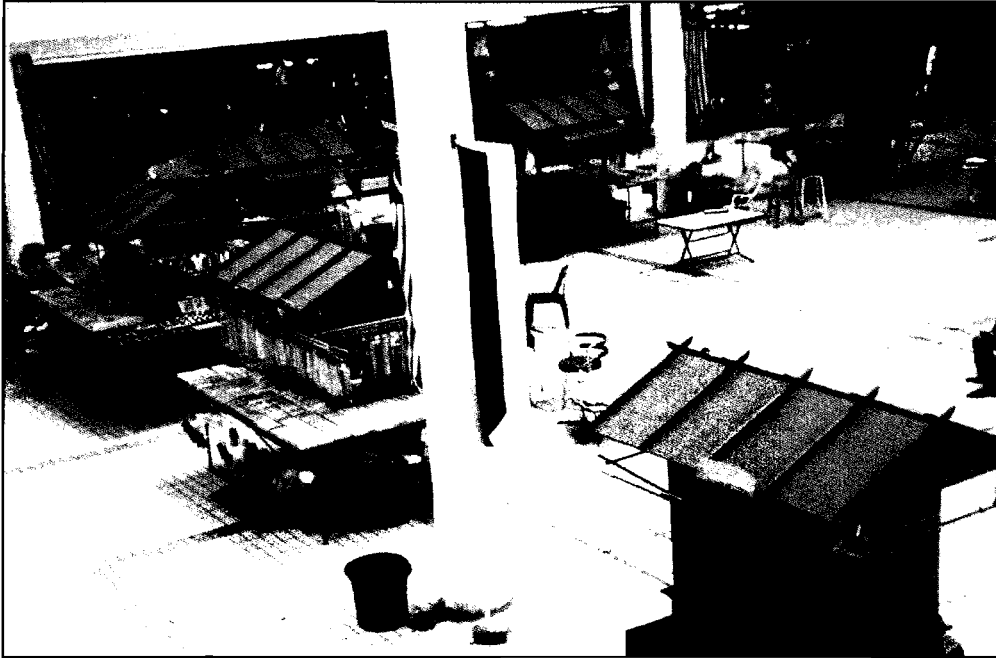
Picture E2: The view inside PBAC during weekends



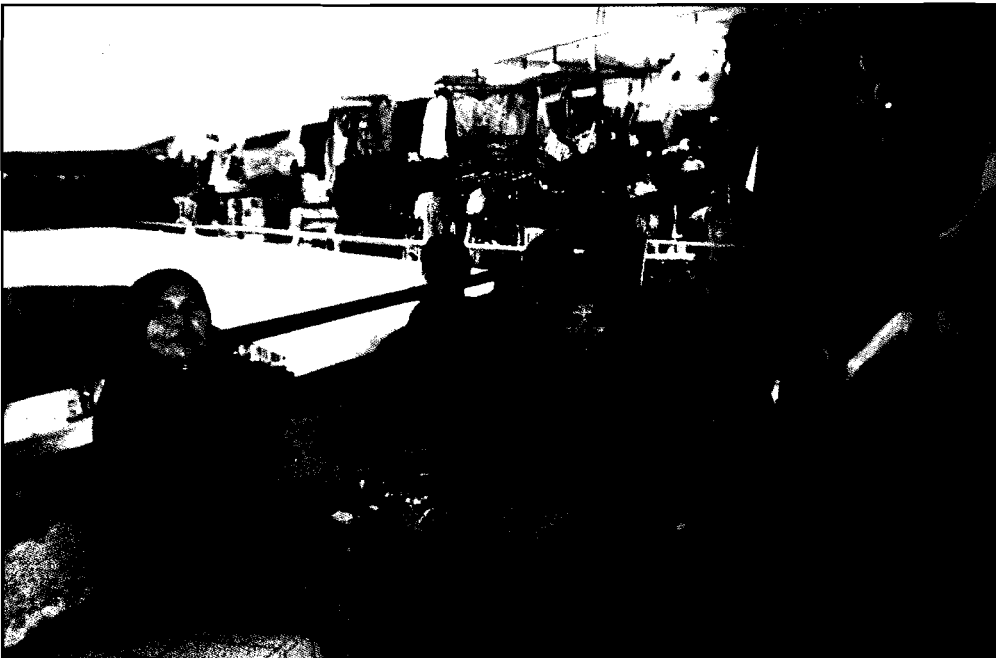
Picture E3: The view inside PBAC during weekdays



Picture E4: The shop lots inside PBAC Complex



Picture E5: The kiosk inside PBAC



Picture E6: The traders at PBAC



Picture E7: The traders display their goods at the corridor of PBAC



Picture E8: The praying room inside the PBAC



Picture E9: The toilet inside the PBAC



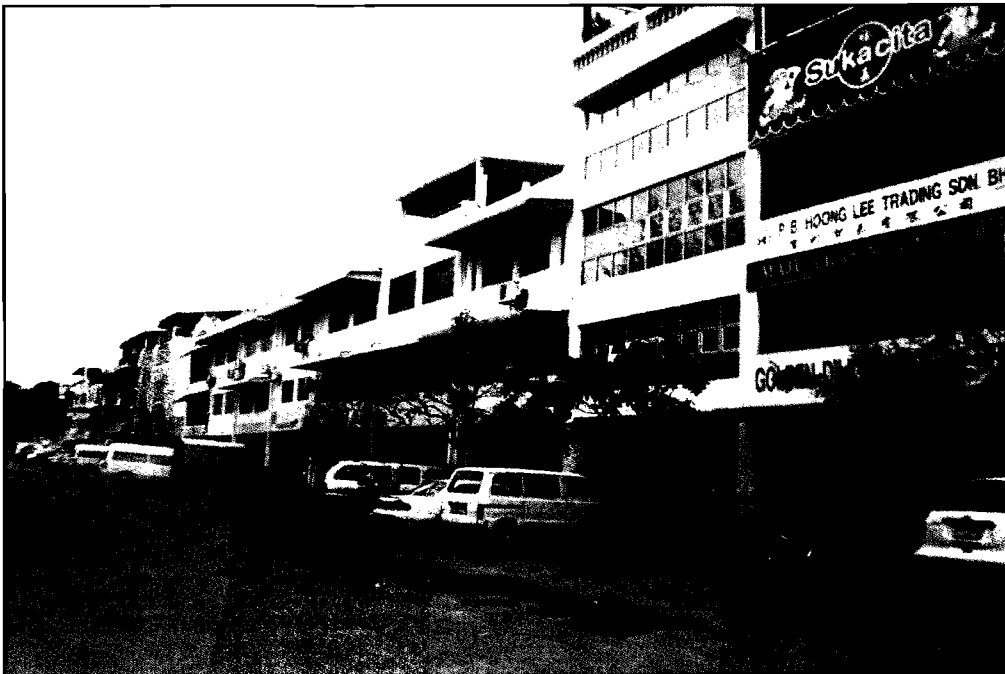
Picture E10: The Money Changer at Padang Besar



Picture E11: The food stall near PBAC



Picture E12: The Market at Padang Besar

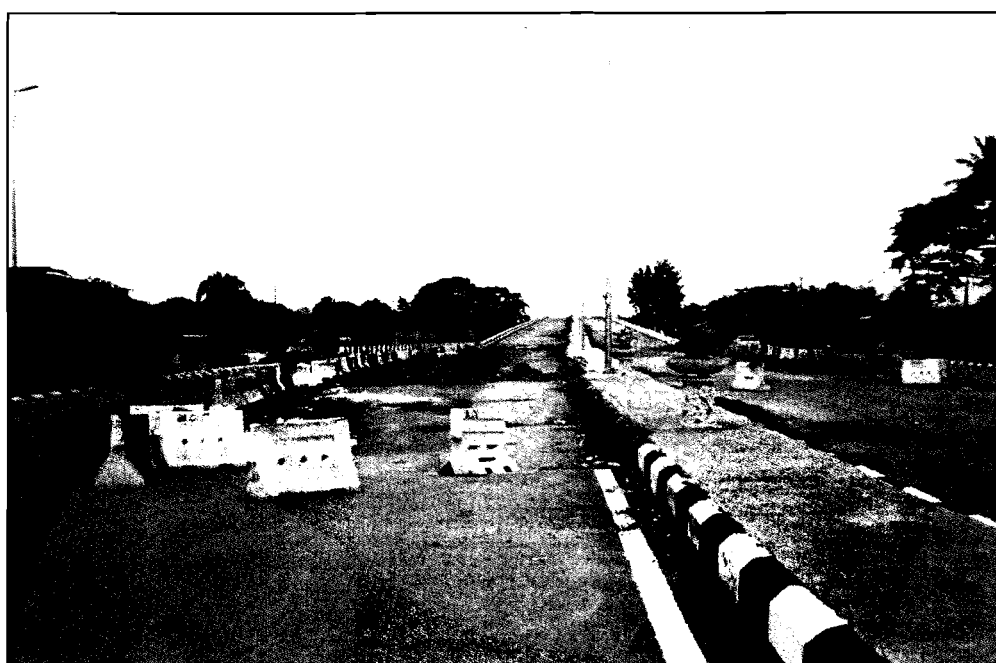


Picture E13: The shop lots at Gapura Square





Picture E14: Duty Free Facilities at Padang Besar



Picture E15: The road to Padang Besar



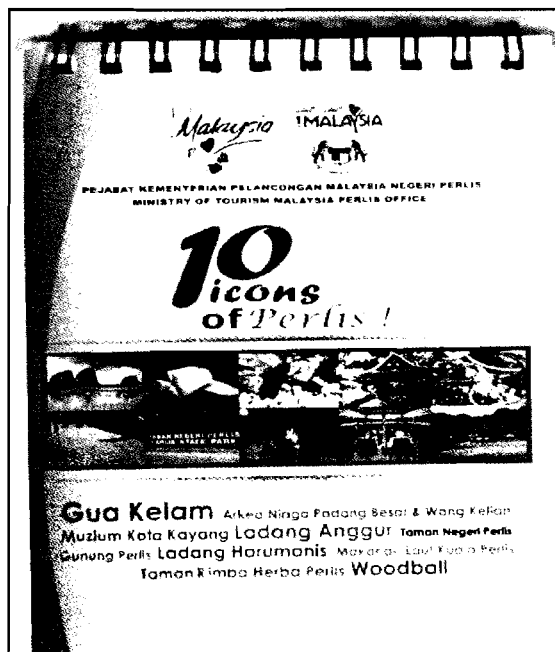
Picture E16: The road construction at Padang Besar



Picture E17: Vandalism of tourist sign at Padang Besar



Picture E18: The parking area that have been close



Picture E19: Notebook published by The Ministry of Tourism Perlis Office that mentioned PBAC as one of the icons of Perlis

## Destinations

Home > Destinations > Places > City & Towns > Padang Besar



### Padang Besar, Perlis

#### Information

This border town is the meeting point for Thais and Malaysians. Many Malaysians travel up to Thailand through this point and likewise for their Thai counterparts on shopping, business or recreational trips.

The railway station has a long platform, manned by Malaysians on one side and the Thais on the other. Besides the immigration checkpoints and some signs, it is hard to distinguish where the border actually lies because culturally, both sides are so enmeshed.

Beyond the rail tracks is Pekan Siam, 'bargain-hunters' paradise. The town is filled with textiles, clothing, handicraft, foodstuff, fruits and souvenirs.

#### How to get there

#### Who to contact

#### Accommodation Overview

#### Nearby Attractions

[http://www.tourism.gov.my/destinations/detail.php?theme=CF&map\\_code=padangbesar&...](http://www.tourism.gov.my/destinations/detail.php?theme=CF&map_code=padangbesar&...) 2/12/2012

Picture E20: Image of PBAC as the whole entity of Padang Besar inside Tourism Malaysia webpage