



Shopping Tourism and Trading Activities at the Border Town of Malaysia-Thailand : A Case Study in Padang Besar

Azila Azmi¹, Suria Sulaiman², Dian Aszyanti Atirah Mohd Asri³ and Mohamad Azli Razali⁴
Faculty of Hotel and Tourism Management, Universiti Teknologi MARA Pulau Pinang

Corresponding email azila.azmi@ppinang.uitm.edu.my

Article Information

Keywords

shopping tourism, trading activities, border town, Malaysia-Thailand, perception

Abstract

Padang Besar, Perlis, is a border town situated between the northern Malaysia and southern Thailand, and is well-known for its border shopping activities since the early 1950s. There are many shopping attractions to be found here where visitors can find a variety of goods at bargain prices. Therefore, this research was conducted to try to understand the shopping tourism activities from the perspective of both visitors and tourism supply chains. Qualitative data analysis strategy was employed through personal interviews along with observations of visitors and tourism supply chains. The findings indicated that most people visit Padang Besar because they are influenced by the perceived variety of cheap goods and delicious Thai food. Meanwhile, the tourism supply chains, particularly the trading activities in Padang Besar are the motivations that lure both visitors and retailers to the town. The concluding section of this paper suggests that Padang Besar would benefit from the concrete support given by every level of the supply chain, including the government and private investors. This cooperation would undoubtedly help improve the shopping zone by facilitating efficient development of shopping infrastructures, facilities, and amenities, not only for visitors, but also for the local communities as a whole.

INTRODUCTION

Shopping activities have been the traditional economic activities in popular tourist destinations. The success of this economic model has attracted several agencies to develop their destinations to lure tourists (Filipović, Jovanović & CicvarićKostić, 2013). Shopping destinations projects had thus become one of the impetuses for national economic development besides becoming a catalyst to attract foreign investors and to enhance tourism. Since then, countries around the globe have acquired shopping activities as an important agent for the economic growth. Numerous cities around the world have promoted themselves as tourist shopping destinations with the sole purpose of attracting visitors from near and far, mainly for the purpose of shopping.

Beck (1998), Jansen-Verbeke (1991), Timothy and Butler (1995), and Timothy (2005) noted that shopping activities are the primary reason for million travelers in taking up trip each year. It is also supported by McCormik's (2001) which states that 51% of travelers' survey said that the primary or secondary purpose of one or more trips during the previous year is shopping activities. Similar results were found, which estimated that 47% of all shopping person-trips that were taken by travelers claimed shopping as their primary or secondary reason for travelling (Travel Industry Association of America, 2001).

Shopping in border areas has become a common activity in many parts of the world. Border shopping generally attracts local population and domestic tourists. These shoppers are found to be willing to travel outside their home environment for the purpose of shopping. They are sometimes known as the “outshoppers”. Economic and leisure activities have been the two motivating factors that attract the outshoppers to travel to the border town and shop. Shopping attractions at border lands are located adjacent to, or directly on political boundaries. Besides shopping, other tourism activities at border lands usually include gambling, prostitution, alcohol tourism, enclaves and international parks (Timothy, 1995).

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

TRADING ACTIVITIES AT THE BORDER TOWN OF MALAYSIA - THAILAND

Among the smaller towns that have become tourist attractions for shopping near the Thai border are Rantau Panjang in Kelantan, Wang Kelian Sunday Market and Padang Besar, both 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 who 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 products 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 activity 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 the 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.

Recently, 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 along 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.

Shopping tourism and trading activities at Padang Besar, Perlis.

Padang Besar is a town that borders Songkhla Province in Southern Thailand and Perlis, the northern state in Peninsular Malaysia. This town serves as a major stopover along the rail routes that stretch from Singapore to Thailand. The highway linking Padang Besar to Thailand is considered as less busy compared to the North-South Highway that links Bukit Kayu Hitam and Thailand. The border town on the Malaysian side is known as Padang Besar, while the border town in Thailand is known as Siamese Town. These border towns are synonymous with shopping. Tourists visiting Padang Besar would normally cross the border to make their way to Thailand to enjoy the adult entertainments which Thai border towns are famous for. Meanwhile, the tourists' shopping activities mostly happen in Malaysian territory.

There are several marketplaces or complexes that house retail stalls. One of the marketplaces is Padang Besar Business Arcade Complex (PBAC). This is the largest business complex in Padang Besar. Other shopping complexes in Padang Besar are The Market (TM), Gapura Square (GS), Warisan Limpahan Duty Free Shops (WL), and Emas Kerajang Duty Free Complex (EK). The duty free shopping complexes are situated next to the Malaysian Immigration and Customs Complex. Malaysian travelers who plan to visit the duty free complexes need to declare at the Malaysia checkpoint. The other shopping complexes, namely TM and GS are essentially warehouses for traders.

From the observation and fieldwork studies conducted, PBAC attracted most visitors and shoppers. Domestic tour buses would drop their entourages at this particular business arcade compared to other shopping areas. There are taxi stands and large public parking areas available next to this building, which are absent at other business spots. Automated Teller Machines (ATMs) are not available at any shopping complexes and shoppers may have to walk for quite a distance to the nearest bank or ATMs available at selected convenience store along the main streets. The unavailability of ATMs at the business arcade denotes the lack of confidence on security issues at the premises, even though there has been no report of burglary or robbery in the arcade. Most importantly, the use of credit cards or debit cards is non-existence. In fact, all business transactions are on cash basis.

The main economic activity of Padang Besar is trading, both for free trade and industrial zone development. There were plans and policies developed to turn Padang Besar into a logistic and halal hub while maintaining its status as a tourist attraction. Initially, the idea of making Padang Besar as a shopping destination was mooted many years ago. Malaysians have always associated Padang Besar as a shopping destination. Therefore, in 1980s, there was a proposal to develop Padang Besar as a Satellite Town by Albukhary Foundation. The idea came from Malaysia's long-serving former Prime Minister, Tun Dr. Mahathir Mohamad. Hotels and shopping malls were planned, but to date, the plan did not materialize. While holding on to the aspiration to develop Padang Besar as a shopping destination, the Perlis State Economy Development Corporation took the venture to build PBAC in 1990 to strengthen and enhance the shopping facilities. Since then, this business arcade has become the anchor of attraction for tourists visiting Padang Besar.

However, in terms of touristic terminology, the shopping activities surrounding PBAC are not particularly cross border shopping as the arcade poses as a domestic outshopping destination. This situation can be explained by the fact that most of the shoppers are Malaysians from the other states in Malaysia. Padang Besar is also considered as a transit point for international travelers, particularly train passengers stopping by for immigration formalities.

It is rather unfortunate that Padang Besar lacks hotels and touristic amenities. It is noticeable that along the Malaysia-Thailand border, most of the sundry trading is within the Malaysian side of the border. The case in point can be observed in Padang Besar in Perlis, Bukit Kayu Hitam in Kedah, Pengkalan Hulu in Perak, and Rantau Panjang in Kelantan. Unlike in the border towns of Malaysia, the border towns of Thailand have high economic activities of infrastructural development such as hotels and other tourist ventures in Sadao and Betong (Azmi, Abdul Hamid, Abdul Wahab, Ramli, & Mohd Karim, 2014).

METHODOLOGY

The study began with an intensive literature review as an attempt to understand the present development in Padang Besar. Following the review, an initial study was conducted to gain information about the development of tourism in Padang Besar, which would further lead to the understanding of the location and act as a catalyst for border shopping tourism between Malaysia and Thailand. The discussion from the initial study led to the design of the main study, including the context of the study, the participants in the study, the data collection procedures, and the data analysis methods in analysing and interpreting the qualitative data. Personal (one to one) in-depth semi-structured interviews with the visitors and tourism supply chains were conducted for six months in order to understand their perception towards the shopping activities in Padang Besar. These conversations have been precisely and carefully recorded. This study captured 36 respondents from both visitors and tourism supply chains. The data were analyzed using constant comparative analysis with open, selective and theoretical coding.

RESULT AND DISCUSSION

The question asked to the respondents was on what is the main tourism attraction in Padang Besar and the initial theme developed was "Attraction in Padang Besar". Although the researcher asked the respondents about the attractions, the respondents tend to portray the image of Padang Besar as the attraction of 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 travelers 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 in 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 the 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, shopping and trading activities.

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 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 about any good quality restaurant. Food for them is just available at the food stalls and the food stalls in Padang Besar are not well organized. As the most mentioned words were cheap goods and Thai food, the suitable coding selected was "variety of cheap goods" and "delicious Thai food". These two coding were part of "product attributes". The product attributes were the main factors perceived by the respondents as the attraction at PBAC. Timothy (2005) also asserted that products or merchandise bought are part of the major factors that influence shopping activities. This is also supported by Jones (1999, in Howard 2007) who observed the range of prices as the factor that makes shopping activities as pleasure experience.

Shopping destinations that provide variety of goods and services to shoppers lure many visitors to flock there. Hence, shoppers can buy whatever they like and this gives them the opportunity to make a good selection of the products being offered. For example, Wang Kelian Sunday Market offers variety of goods to visitors and this includes agricultural products such as fruits and vegetables, household items, clothes, and also handicrafts (Mat Som, Mohamed, & Wong, 2005). The variety of products managed to attract visitors to shop at Wang Kelian Sunday Market. In addition, the differences in products variety are a special case of shopping in a border town. It occurs when there is no significant town in the neighbouring country which could compete with the range of products at the border (Tomori, 2010). Besides the variety of goods, price also is one of the main factors in the

selection of shopping destinations by the customers. Many researchers have already highlighted that products which are offered at lower prices will be more likely to attract shoppers. Most border town sellers are able to sell their products at lower prices because the products are usually produced in their own country. Moreover, the price of products in border land is highly competitive as most of the shopkeepers usually sell the same products to customers. Therefore, they must offer the best price to attract shoppers to purchase their products (Timothy & Butler, 1995; Subramaniam, Devadason, & Sundararaja, 2008; Mat Som, Mohamed, & Wong, 2005; Tomori, 2010; Ju, 2010; Kuncharin & Mohamad, 2013; Azmi, Abdul Hamid, Abdul Wahab, Ramli, & Mohd. Karim, 2014).

“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 in Padang Besar and they are 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 perceived that most visitors who shopped at PBAC were from lower and middle-income groups. They preferred to come by tour bus and spend half a day to shop. GS was perceived as a warehouse by most respondents. TM which is located beside PBAC was mainly selling snacks and fresh Thai fruits. WL and EK were for niche markets as those who visited these shopping spots bought expensive duty free goods. Pekan Siam, which is neighboring with Padang Besar, was mainly for adult entertainment. The number of visitors who crossed the border to Pekan Siam was only a few and not as many as those who were engaged in “shopping activities at PBAC”. Bukit Kayu Hitam offered better and more diverse adult entertainment than Pekan Siam.

CONCLUSION

Cheaper prices and variety of goods are the main factors that encourage shoppers to shop at border land. Both factors are available in cross-border and these make border land famous among shoppers. The shopping activities surrounding the border town have benefited both countries in terms of their economic status and improved the socio-economic status of the border community, particularly the small-medium retailers. Nevertheless, border towns are still being shackled with issues and problems which portray the negative image of the destination and indirectly influence the number of tourist arrivals. Besides shopping and retailing, border towns of Malaysia Thailand have potential to be developed into an international tourism destination. Both countries have their undiscovered attractions such as the history of Malay Pattani kingdom, the island of Tarutao and Adan in Satun, and the way of life of both border communities which can be promoted to the tourists. It is suggested that the local planner on both sides of the border to re-evaluate their core development on the border so that it can run as a business to generates income for the countries, enhance investments on major development projects, provide support for local retailers and becomes an attraction on its own.

REFERENCES

- Azmi, A., Abdul-Hamid, I., Abdul Wahab, M. F., Ramli, R. A., & Mohd. Karim, N. L. (2014). An investigation of border shopping development at Padang Besar. In Proceedings from The 2nd Tourism and Hospitality International Conference. Pulau Langkawi, Kedah, Malaysia.
- Beck, R. (1998). Forget the beach, travelers opt for the mall on vacations. *Sentinel Tribute* (Bowling Green), 30 July.
- Filipović, V., Jovanović, D., & CicvarićKostić, S. (2013). Attracting tourists to a shopping centre. *Journal for Theory and Practice Management*.
- Jansen-Verbeke, M. (1991). Leisure shopping: A magic concept for the tourism industry? *Tourism Management* 12, 9-14.
- Jones, M. A. (1999). Entertaining shopping experiences: An exploratory investigation. In E. Howard (2007). *New shopping centres: Is leisure the answer?* *International Journal of Retail & Distribution Management*, 35, 8, 661-672.
- Ju, P. (2010). Research on the characteristics of spatial behavior of Hong Kong cross-border consumer. *International Conference on e-Business, Management and Economics*, 2010.
- Kartiman, R., and Zaihasrawati, M. Bandar sempadan dan pelancongan membeli-belah (pp. 257-270) in Yahya, I., Sulong, M., and Habibah, A. (2008). *Pelancongan Malaysia, Isu Pembangunan, Budaya, Komuniti dan Persetempatan*. Malaysia: Penerbit Universiti Utara Malaysia.
- Kuncharin, W., and Mohamed, B. (2013). Cross-border shopping motivation, behaviours and ethnocentrism of Malaysia in Hatyai, Thailand. *International Journal of Social, Human Science and Engineering*, 7(4).
- Mat Som, A. P., Mohamed, B., and Wong, K.Y. (2005). Management issues of protected areas in Malaysia. The 2nd Tourism Outlook Conference. *Tourism Edge and Beyond*. Universiti Teknologi Mara, Shah Alam. 4-6 December.

- McCormick, R.R. (2001). Shopping. Paper presented at the Travel Industry Association of America Marketing Outlook Forum, 1-4 October.
- Subramaniam, T., Devadason, E., and Sundararaja, S. (2008). Cross-border shopping behaviour of Bruneians in Limbang, Sarawak: A preliminary analysis". *Borneo Research Journal*, 2.
- Suksuwan, S. (2002). Local communities and tourism in Perlis State Park: Challenges and opportunities in facilitating community participation. *Petaling Jaya: WWF Malaysia*.
- Timothy, D.J. (2005). *Aspects of tourism, shopping tourism, retailing and leisure*. Channel View Publications.
- Timothy, D.J. (1995). Political boundaries and tourism: Borders as tourist attractions. *Tourism Management*, 16, 525-32.
- Timothy, D.J., & Butler, R.W. (1995). Cross-border shopping: A North American perspective. *Annals of Tourism Research*, 22 (1), 16-34.
- Tomori, M. (2010). Investigating shopping tourism along the borders of Hungary: A theoretical perspective", *Geo Journal of Tourism and Geosites*. 6 (2), 202-210, November.
- Travel Industry Association of America (2001). *The shopping traveler*. Washington, DC: Travel Industry Association of America.