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1-1-2008

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### Recommended Citation

Howard W. Combs, A. Anken, and S. Chaipoopirutana. "Psychographics and Patronage Behavior of Mature Consumers in Thailand" *International review of business research papers* (2008): 45-56.

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## **Psychographics and Patronage Behavior of Mature Consumers in Thailand**

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*The elderly market is critically important to many businesses due to its growing size and expanding economic potential. Lifestyles or psychographics have emerged as a viable means of determining market segments for this market. This research examined the relationship between lifestyle segments and retail patronage behavior of mature consumers in Thailand. Three lifestyle or psychographic segments of mature consumers, family oriented, young and secure, and quiet introverts demonstrated a low positive relationship with patronage behavior. Two additional lifestyle segments, active retiree and self reliant, demonstrated no relationship.*

**Field of Research:** Ageing Consumers, Thailand, Retailing Strategy

### **1. Introduction**

In the near future, virtually all countries will face population aging, although at varying levels of intensity and in different time frames. In recent years the elderly market has received increased attention in the marketing literature. Once viewed as an unattractive segment in terms of size and spending power, the elderly market has undergone a significant change in image. A number of studies on the mature or elderly market (also referred to as the grey market) have concluded that this segment is considerably better off than the preceding generations and distinctly different in terms of values, attitudes, outlook, self perceptions and financial possessions.

Some marketers have predicted that in the near future mature consumers will make more than half of all purchase decisions. Therefore, the grey market is beginning to be given significantly more attention than it ever has before.

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Rising incomes and distinctive lifestyles amongst affluent elderly have created demand for a variety of products and services targeted directly at the elderly (Dwight and Urman, 1985). This development is rapidly transforming societies toward a marketplace of increasingly demanding mature customers. Some of the industries likely to thrive are health care, drug manufacturers, elderly friendly consumer goods, elderly friendly housing alternatives, and travel services.

## **2. The Increasing Longevity of the World Population**

The number of older persons around the world has tripled over the last 50 years and it is expected to more than triple again over the next 50 years (see Table 1). Population aging is progressing rapidly in many industrialized countries and also in developing countries whose fertility declines began relatively early and are experiencing rapid increases in their proportion of elderly population. This pattern is expected to continue over the next few decades, eventually affecting the entire world (Gavrilov and Heuveline, 2003).

The developed nations already have a relatively high proportion of mature consumers, but the most rapid future increases in the elderly population will be in the developing world. Even in nations where the elderly percentage of the total population remains relatively small, absolute numbers may rise steeply.

The growth of elderly populations poses challenges to social institutions and policy makers who must adapt to this changing age structure. According to the data published by the United Nations, during the period 2000-2030, the projected increase in elderly population studied in 52 countries ranges from 14 percent in Bulgaria to 372 percent in Singapore. Today's older nations will experience relatively little change compared with many developing nations while in countries as diverse as Malaysia and Colombia, the elderly population is expected to expand to more than three times its current size in the near future.

Due to low fertility, universal access to health care, affluence and a relatively low fat diet, the number of elderly in Japan has grown more rapidly than any other population in history. The numbers of Japanese elderly 65 or over accounted for approximately 16 percent of the population in 1999. Demographers estimate that by 2015, one in four in the total Japanese population will be 65 or older. (United Nations, 2000)

**Table1:** Percent of World Elder Population by Age: 2000 to 2030

Region	Year	65 years and over	75 years and over	80 years and over
Europe	2000	15.5	6.6	3.3
	2015	18.7	8.8	5.2
	2030	24.3	11.8	7.1
North America.	2000	12.6	6.0	3.3
	2015	14.9	6.4	3.9
	2030	20.3	9.4	5.4
Oceania /Australia / New Zealand	2000	10.2	4.4	2.3
	2015	12.4	5.2	3.1
	2030	16.3	7.5	4.4
Asia	2000	6.0	1.9	0.8
	2015	7.8	2.8	1.4
	2030	12.0	4.6	2.2
Latin America/Caribbean.	2000	5.5	1.9	0.9
	2015	7.5	2.8	1.5
	2030	11.6	4.6	2.4
Near East/North Africa.	2000	4.3	1.4	0.6
	2015	5.3	1.9	0.9
	2030	8.1	2.8	1.3
Sub-Saharan Africa.	2000	2.9	0.8	0.3
	2015	3.2	1.0	0.4
	2030	3.7	1.3	0.6

Source: United Nations, 2000

### 3. Ageing Population in Asia, the Pacific Region, and Thailand

An inevitable consequence of the rapid fertility decline and sustained improvement in mortality levels in Asia is population ageing. Many countries in ESCAP (Economic and Social Commission for Asia and the Pacific region) are facing a challenge in terms of the unprecedented numbers and proportions of older persons defined as those aged 60 years and older in their populations.

Information provided by the United Nations in 2003 stated that in the year 2000, roughly 1 in 11 persons in this region was in the age group 60 years and older. The number will continue to rise until 2050 when one out of four people will be 60 years and older. From 1970 to 1996, the percent of population aged 65 and over in Japan doubled from 7 to 14 percent. A similar rapid increase is expected in China beginning in 2000. This will also occur in Southeast Asia (Malaysia, Taiwan, and Thailand) fueled by a significant decline in fertility levels.

The rapid change in this region stands in harsh contrast to some European countries where the comparable change occurred over a lengthier period. These rapidly ageing societies are soon likely to face the often fractious debates over health care costs, social security, and intergenerational equity that have emerged in Europe and North America.

An increasingly important feature of communal ageing is the progressive ageing of the elderly population itself. Over time, a nation's elderly population may grow older on average to 80 years and beyond. In many countries, the oldest old (people aged 80 and over) are now the fastest growing portion of the total population.

The number of older persons in Asia and the Pacific regions including Thailand is expected to rise dramatically over the next several decades (see Table 2). However, a more important issue for Thailand is the speedy growth of its ageing population. According to the United Nations medium variant population estimates and projections, between 1990 and 2010 persons 60 and older in Thailand will more than double in number and increase their share of the total population from 6 to 11 percent (United Nations, 2003). In 1960 only 4.6 percent of the total population in Thailand consisted of elderly people aged 60 and over. By the end of 1990, the elderly population share was 7.36 percent of the total population and it is estimated that by the year 2020 it will represent 15.28 percent (Jitapunkul and Bunnag, 1997).

This rapid speed of population ageing in Thailand may have consequences for socioeconomic developments which require timely and well planned policies and programs. Given the rate of population ageing Thailand is experiencing, the country has only a short period of time to deal with the consequences of these demographic changes (Jitapunkul, Chayovan, and Yodpetch, 2001).

The pattern of income sources reported by NSO Thailand showed that children (including children in law) are by far the most common source of income (see Table 3). However, the percentage of elders reporting children as a source of income declined modestly in 2002 when compared to the 1994 survey.

The second most common source of income is the respondent's own work with the percent quote work remaining constant. Spouses were a source of income for just over a fifth of respondents in 1994 and somewhat under a fifth in 2002. Savings and interest also are reported by close to a fifth of respondents in both years. The percentages reporting material assistance from siblings, relatives and from other sources, which was low in 1994, are even lower in 2002. The only source of income that was reported by noticeably more respondents in 2002 than in 1994 was government allowances, reflecting the expansion of the program by the government aimed at indigent elders.

**Table 2 Percentage of Population aged 60+ (ESCAP region) 2000-2050**

Country / Region	2000			2025			2050		
	Total	Males	Females	Total	Males	Females	Total	Males	Females
China	10.1	9.4	10.9	19.5	18.0	21.1	29.9	27.5	32.3
Japan	23.2	20.6	25.7	35.1	31.5	38.5	42.3	38.3	46.0
India	7.6	7.1	8.2	12.5	11.7	13.2	20.6	19.5	21.8
South Korea	11.0	9.1	12.9	24.1	21.5	26.7	33.2	30.2	36.0
Cambodia	4.4	3.2	5.4	6.7	5.4	7.9	11.7	10.4	13.0
Indonesia	7.6	7.0	8.3	12.8	11.9	13.7	22.3	20.5	24.2
Malaysia	6.6	6.2	7.0	13.4	12.2	14.5	20.8	19.0	22.6
Philippines	5.5	5.0	6.1	10.4	9.5	11.3	19.5	17.9	21.2
Singapore	10.6	9.7	11.4	30.3	28.2	31.9	35.0	32.3	37.7
Thailand	8.1	7.4	8.8	17.1	15.5	18.6	27.1	24.5	29.6
Vietnam	7.5	7.0	7.9	12.6	11.8	13.4	23.5	22.0	25.1
Nepal	5.9	5.7	6.2	7.1	6.7	7.6	12.4	11.7	13.1
Sri Lanka	9.3	9.2	9.4	18.0	17.0	19.0	27.6	25.2	30.0
Australia	16.3	14.9	17.7	24.8	23.1	26.6	28.2	25.9	30.5
New Zealand	15.6	14.2	16.9	25.4	23.5	27.3	29.3	26.5	32.0
Myanmar	6.8	6.3	7.2	12.1	11.1	13.1	21.6	19.8	23.3
ESCAP	9.3	8.4	10.2	15.4	14.1	16.6	23.5	21.7	25.3

**Source:** United Nations, 2003

**Table 3 Percentage of Thai elders' Income or Material support (1994 and 2002)**

Source of income	Total		2002 only					
	1994	2002	Sex		Age		Area	
			Male	Female	60-69	70+	Urban	Rural
Work	38.0	37.7	48.9	28.2	50.2	16.7	27.9	42.1
Pension	4.1	4.3	6.9	2.1	4.7	3.7	9.7	1.9
Government allowance	0.5	3.0	2.7	3.3	1.7	5.2	1.8	3.6
Savings/interest	17.1	18.0	19.7	16.5	18.9	16.5	27.9	13.5
Children	84.5	77.2	72.8	80.9	73.3	83.9	71.2	79.9
Spouse	21.4	17.4	16.5	18.1	22.9	8.2	15.8	18.1
Siblings	6.9	3.5	2.6	4.2	3.3	3.8	3.1	3.7
Relatives	8.0	5.3	3.9	6.5	4.0	7.5	5.2	5.4
Other	3.3	2.6	2.2	3.0	2.2	3.3	3.0	2.5

**Source:** National Statistical Office of Thailand (2002) Survey of elderly 1994 & 2002

Therefore, marketers should understand that these market segments will have a profound impact and force companies to change the way they do business. Recent studies have shown that the mature market is sophisticated, active and a potential target as they are prepared to spend a greater proportion of their income on indulging themselves than all the other segments in the population. They are looking toward a new lifestyle of spending more on personal indulgences from health and beauty aids to looking young as they age, to food products with extra nutritional value, to fashion apparel, to travel, to having more leisure time, to time sharing and owning condos as second homes, to owning exciting and expensive vehicles for traveling. This highly educated market which is affluent is into personal computers and online shopping, mutual funds, as well as new financial opportunities and second careers. It is increasingly important that marketers should understand and approach to this potential group uniquely.

#### 4. Methodology and Research Design

The theoretical framework adopted in this study was from empirical studies by Darden (1980) and Shim & Kotsiopoulos (1992). The framework takes into consideration three principal variables which are socio-demographic factors, lifestyle segments and patronage behavior. The patronage model of consumer behavior was proposed by William. R. Darden in 1980 as a complete structure of patronage behavior. This model was taken as a foundation for the present study.

The conceptual frame work was modified from the patronage behavior model of apparel shopping (Shim & Kotsiopulos, 1992). The lifestyle segments (a) family oriented, (b) young and secure, (c) active retiree, (d) self reliant and (e) quiet introvert were taken from the above conceptual framework.

The research questions were (1) are there any differences pertaining to patronage behavior of the mature consumers with respect to the demographic factors like age, gender, income and education and (2) are there any relationships between the mature consumers lifestyle segments and patronage behavior in the selection of Boots retail stores?

The survey method was applied to collect the data for this study. The target population for this study was the Thai consumers aged 55 and above residing and visiting Boots retail drug stores located in the Bangkok area.

This research applied descriptive research for this study, which is an approach merely to describe, not to prove new relationships or to demonstrate the value of new practices. Psychographics or attitudes, activities, interests and opinions (AIOs), have been used to group consumers and examine their store patronage practices (Hoch, 1988; Cooper, 1984; Lumpkin, et al., 1985; and Sorce, et al., 1989). Previous studies have found that psychographic information broadens marketer's understanding of consumer behavior.

## **5. Discussion of Findings**

The results of the hypothesis testing of the total of nine hypotheses found that six hypotheses failed to reject the null hypothesis and three hypotheses rejected the null hypothesis (see Table 4). From the results of the first four hypotheses it is determined that there is no difference in patronage behavior of the mature consumers in the selection of the Boots retail stores when the mature consumers are classified by demographic factors. Shopping at the Boots retail stores the mature consumers would not have any difference with respect to their demographic factors such as age, gender, income and education.

The five lifestyle segments of the mature consumer's hypothesis statements are 5, 6, 7, 8 and 9 of the study. The results for the five hypotheses statements have indicated that hypothesis 5, 6 and 9 statements have rejected the null hypotheses and these segments demonstrate a low positive relationship with patronage behavior of the mature consumers in the selection of the Boots retail stores. The hypothesis 7 and 8 statements failed to reject the null hypotheses and show no relationship between patronage behavior of the mature consumers in the selection of the Boots retail stores.



**Table 4**                      **Synopses of the Results of the Hypothesis Tests**

<b>Null Hypothesis Statement</b>	<b>Statistical test</b>	<b>Significance (2-tailed test)</b>	<b>Results</b>
Ho1: There is no difference in patronage behavior of mature consumers in the selection of Boots retail stores when classified by age groups.	ANOVA	0.277	Failed to reject
Ho2: There is no difference in patronage behavior of mature consumers in the selection of Boots retail stores when segmented by gender.	Independent T-test	0.709	Failed to reject
Ho3: There is no difference in patronage behavior of mature consumers in the selection of Boots retail stores when determined by income levels.	ANOVA	0.297	Failed to reject
Ho4: There is no difference in patronage behavior of mature consumers in the selection of Boots retail stores when classified by educational levels.	ANOVA	0.325	Failed to reject

Null Hypothesis Statement	Statistical test	Correlation coefficient	Significance (2-tailed test)	Results
Ho5: There is no relationship between Family Oriented and patronage behavior of mature consumers in the selection of Boots retail stores.	Pearson's correlation	0.199**	0.000	Rejected
Ho6: There is no relationship between Young and Secure and patronage behavior of mature consumers in the selection of Boots retail stores.	Pearson's correlation	0.175**	0.000	Rejected
Ho7: There is no relationship between Active Retiree and patronage behavior of mature consumers in the selection of Boots retail stores.	Pearson's correlation	0.006	0.906	Failed to reject
Ho8: There is no relationship between Self Reliant and patronage behavior of mature consumers in the selection of Boots retail stores	Pearson's correlation	-0.078	0.120	Failed to reject
Ho9: There is no relationship between Quiet Introvert and patronage behavior of mature consumers in the selection of Boots retail stores.	Pearson's correlation	0.340**	0.000	Rejected

## 6. Conclusion and Recommendations

As the global retail market is increasingly competitive, successful retailers must develop effective marketing strategies to gain a competitive advantage. Retailers must find ways to tailor their shopping environments to attract consumers and increase patronage behavior. To succeed in such a competitive market, retailers must understand that, as the market changes so will their specific target consumers. As such, retailers like Boots would benefit from conducting their own lifestyle research and using that information to structure their marketing campaign to obtain and retain loyal consumers.

This study indicates that there are major differences in the way in which some older consumer segments respond to various marketing offerings. The consumer behavior of older individuals does not only differ from that of their younger counterparts, it also varies widely by psychographic characteristics of mature consumer segments. Examining differences in such responses across the mature consumer market is a better predictor of individual responses to marketing offers.

While some retail offerings may appeal to all older consumer lifestyle groups, segments like family oriented, young and secure, and quiet introverts are most responsive. It is important therefore, for retailers to develop marketing strategies that nurture the loyalty of these important segments. For example, in order to gain the loyalty of the young and secure segment, retailers should carry well known brands and products as well as items suitable to the older individual's health needs. The segment of family oriented older consumers may be more influenced by appeals which show multigenerational shopping behavior and usage of the retailer's products. The quiet introvert segment may be more responsive to informational appeals combined with highly personalized service.

Further research is needed to provide a deeper understanding of the patronage behavior of different segments of mature consumers. Studying only one particular store type only provides a limited view of the behavior of mature consumers. These consumers may shop at various retail store types depending on the product or service sought. Research on the consumer behavior of segments of mature consumers in other business areas such as financial services, health insurance, computer and other electronic products could provide particularly insightful results.

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