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Examination of marketing mix factors in Chinese Tourists' Demand for Spa Service in Middle-sized Bangkok Hotels

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Abstract

This study aims to examine marketing mix factors in Chinese tourists' demand for spa service in middle-sized hotels in Bangkok. This study is a quantitative study and thus uses questionnaire to obtain information from 400 sample tourists. The information is quantitatively analyzed by using descriptive statistics to learn about marketing mix factors in Chinese tourists' demand in spa service in middle-sized hotels in Bangkok. It is found that the tourists give high importance to all 7 marketing mix factors or 7Ps: product, price, place, promotion, people, process and physical evidence.

Keywords: Marketing Mix, Spa, Middle-sized hotel

Introduction

Spa business in Thailand has seen continuous expansion and growth as it is directly related with wellness tourism, which is a trend of health consciousness in aspect of "prevention" and "promotion" of both physical and mental health. The trend is supported by 3 main factors: 1) expansion and increased wealth of the middle class people worldwide and more attention to tourism, 2) increased health consciousness of worldwide consumers due to presence of non-communicable diseases and work-related stress and 3) a newer tourism trend that focuses on new experience rather than traditional place, with more emphasis on wellness tourism that grows along with medical tourism, which is the main market of wellness tourism. According to the Center for Economic and Business Forecasting, University of Thai Chamber of Commerce, Spa business still ranked in the Top 5 trending business in 2018 when sale, capital, sale-to-cost difference, impact, risk factor and competition were considered. Aside from the main 3 supportive factors, Thai spa business is more likely to



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expand due to heavy public and private support, along with one goal of the National Development Plan (2017-2026) to turn Thailand into a medical hub, the government policy to support health service business in competition in World and ASEAN markets, and standardized health industry development that can effectively meet consumer demand.

Currently Thai spa business ranks the fifth largest in Asia, has above average growth rate at 8%, worth 35 billion baht, ranks the 16th in the world and ranks the fifth under China, Japan, South Korea and India. Thai spa business can be divided into 3 types: 1) Day spa that has short service session of 3 hours and is usually located in public areas or shopping malls, 2) destination spa or comprehensive spa service is a 8-to-28-day course which can be personalized to each customer and 3) hotel spa that is located in hotels and has high potential because it can add to the income from customers and hotels with spa service can set a higher price tag than those without. EIC (Economic Intelligence Center) of Siam Commercial Bank also strongly suggests that hotels should include spa service to generate higher income (Monchai Wongkittikraivan, 2018).

In the past spa service was usually found in 5-star hotels and was quite expensive, thus limiting the customer to foreigners or hotel guests. However since the last few decades, spa business has had rapid growth and finally become another common facility in hotels and resorts as it can generate income in addition to the usual room, food, conference and party services especially during low season, because local guests can use spa service year-round. Furthermore, survey on tour companies found that most customers would go for hotels with spa service anyway, despite them not really using it. In 2012, a survey was done by Hilton Hotels and Resorts and found that 45% of worldwide respondents stated spa service as a crucial factor, while the other 69% seemed to use the hotels' spa service during their stay. From the survey it was found that spa service was the most influential factor in decision to get the hotel by Chinese tourists, followed by Australian, British and American. The survey also revealed preference of spa service in local hotels (Hilton Hotels and Resort, 2012, online). CBRE Hotels also showed that accommodations with spa service in the United States would have 14-28% higher average room fee than normal. For this reason, hotel business can adapt to wellness tourism easier than other entrepreneur groups because they can directly access



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the tourists and extend their existing service by presentation of activities related with wellness tourism and expansion of existing services. One possibility is the use of local products.

Than Setakit Newspaper website found that the Chinese tourism market has strongly grown since the last year, and February 2018 is the month of Lunar New Year celebration. Survey of large Chinese tourism websites found that the current most popular Chinese tourists' destination is Thailand. It is thus speculated that the number of Chinese tourists to Thailand in February 2018 might increase to 1.12 million, and thus the first two months of 2018 would see more than 2.10 Chinese tourists or 27.3% higher than last year. In addition, Kasikorn Research Center forecasted that in 2018 the number of Chinese tourists in Thailand would be between 10.4 to 10.6 million—6.3-8.4% of growth from 12.0% in 2017. Meanwhile, revenue generated from Chinese tourist might be around 573,100-584,600 million baht—9.3-11.4% of growth compared to 15.8% in 2017 (Than Setakit Online, 2018).

Chinese tourists have dispersed to many hotels in Bangkok and thus it is evident that most 5-star hotels have their own spa service, while some middle-sized hotels might have spa service for the guests. While this study concurs with the national strategy in turning Thailand into a medical hub and generation of tourism revenue from spa business as one of the strategic businesses, it also sees importance of income boost in hotels through spa service and examine the Chinese tourists' needs in order to improve spa service in hotels.

Objectives

To study marketing mix factors in Chinese tourists' demand for spa service in middle-sized hotels in Bangkok.

Related works

Related Concepts and Theories

The word "Spa" was first used in the 17th century but nobody really knows where it exactly came from. A Spa archeologist Jonathan Paul de Vierville speculated that the three letters "S-P-A" were etched on Ancient Roman public baths. The three letters could mean "Salude per Aqua" in Latin or "Health or treatment by water" (Elizabeth & Bridgette, 2008) or



“Espa” in Walloon language (Ancient Belgian language) meaning fountain (Crebbin, J. & J., 2005). Some also said that Spa was the name of a small village near Ardennes in Belgium: Spau, which has hot springs and mineral water as discovered and used by the Romans to treat wounded legionnaires. For this reason, during the 16th-18th century Spau became a popular attraction for high-society European people for health bath (Freeya M., 2004). It is also speculated that the word “spa” comes from “KUR” in Europe or “Cure” which means a town that has a hot spring for health recovery (Sawitree Saesee, 2009). In 1626, the Oxford Dictionary on Historical Principles stated that Spa means a treatment spring and later in 1777 spa meant a place or resort with natural mineral water. During the 1970s, the health trend was on the rise worldwide especially in the United States, thus the meaning of spa expanded to health resorts and health institutes or centers. The ISPA or International Spa Association defines the word spa as “Spas are places devotes to overall well-being through a variety of professional services that encourage the renewal of mind, body and Spirit” (Online, 2015).

Concepts and theories related with service marketing mix

Theory of marketing mix (Siriwan Serirat, 1998) for service business consists of marketing mix or 7Ps as follows:

1. Product which the seller must provide for the client, who will receive benefit from such product. Product has two types: tangible and intangible.
2. Price means monetary value of product. The client will compare value to price and if value is higher than price, the client is more likely to purchase the service. Thus, price should be proportionate to value and able to distinguish service level.
3. Place is management of presentation environment and atmosphere to make the client aware of the service’s value and benefit. Location and channel must also be taken into consideration.
4. Promotion is a tool to shape attitude and service use behavior of the client.
5. People or employee which requires training, selection and persuasion to improve client satisfaction over competitors. This is relationship between the service provider and



client. The people or employee must have capability, good service attitude, initiative, problem-solving skills and ability to create a norm for the organization.

6. Physical evidence and presentation is creation and presentation of physical characteristics to the client by creation of overall quality, physical quality and service type to create value for the client. Examples are good dress code, gentleness and quick service, or other benefits the client should have.

7. Process is related with service procedure and operation presented to the client for quick, accurate and impressive service.

Related works

Wasamon Boonrung (2014) studied demand for spa service of clients in Bangkok and found that the client's education factor was related with the marketing mix, including people, atmosphere, promotion and news channel were related with decision to get service and objective of getting service.

Sitthichai Thamsanae (2011) examined spa business management in Mueang District, Chonburi Province and found that overall and individual factors like product, price, location, promotion, people, physical characteristics and service process had high impact on decision to use service. The client also saw that most individual factors had high impact on decision to use spa service.

Research Method

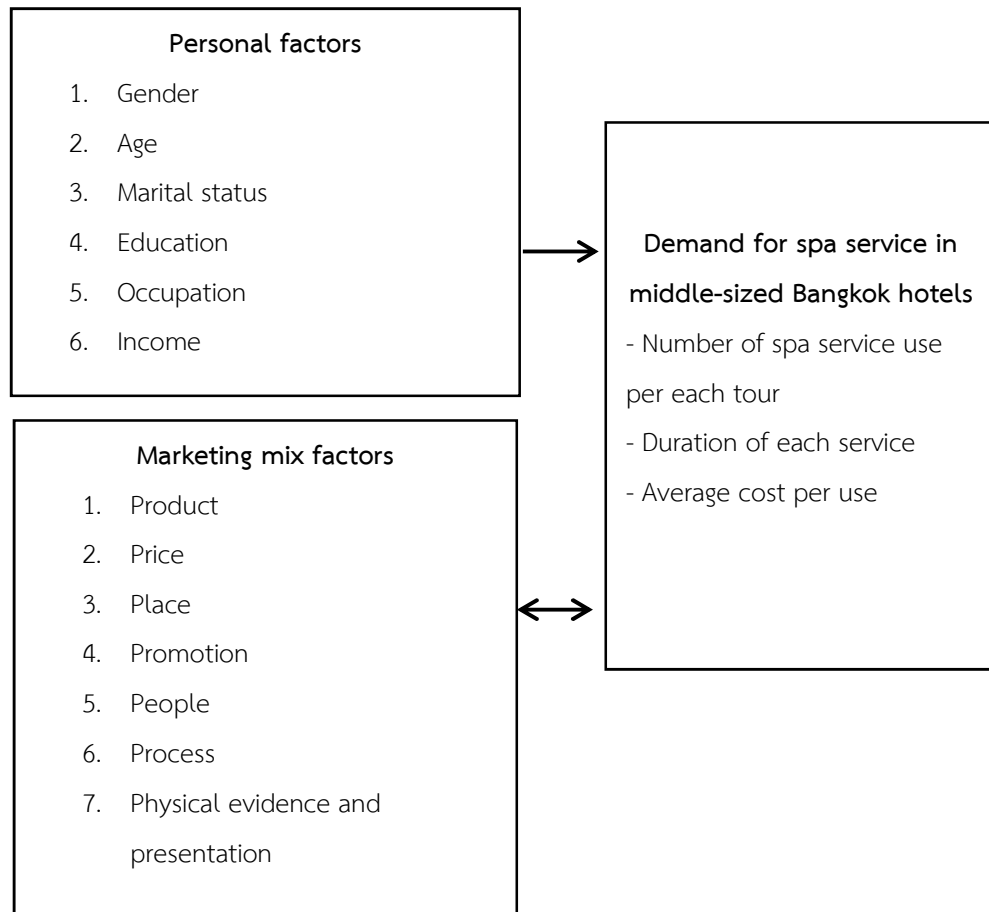
This study uses a questionnaire created by collection of related theories, concepts and research. The questionnaire used Likert scale with 5 ratings (Highest, high, average, low, lowest). Weight and score also range from 5 to 1.

Population used in this study are Chinese tourists (families) in the local area. Sample size is calculated by using Taro Yamane's formula (1973, p. 125) with reliability being 95%. As a result, 400 tourists are selected as sample by purposive sampling.



Research Concept

Chinese tourists' demand for spa service in middle-sized Bangkok hotels



Result

In presentation of data analysis and interpretation, the researcher has analyzed and presented the information in the form of a table summarizing opinion on the 7Ps of the sample group as follows:



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Marketing mix factor	\bar{X}	S.D.	Effect
1. Product	3.54	.094	High
2. Price	3.56	1.006	High
3. Place	3.57	.879	High
4. Promotion	3.52	.930	High
5. People	3.67	1.087	High
6. Process	3.76	.831	High
7. Physical evidence and presentation	3.83	.808	High

The above table shows that Chinese tourists pay equal attention to all the factors, with the top 3 factors being physical evidence and presentation (3.83 – good environment, updated and standardized equipment, good decoration, cleanliness, privacy and peace), process (3.76 – fast, accurate, honest, and mindful service), and people (3.67 – Chinese-communicable, knowledgeable, mindful, and behaved personnel)

Marketing mix factors such as price, place and promotion also have high impact on decision to use spa service by Chinese tourists and have similar average value. On place, the tourists are mindful of convenient location, along with varied contact and payment channel. On price, the tourists consider clear and multiple levels of pricing, along with their appropriateness. On product, variation of product and service is also desirable. It is notable that Chinese tourists pay attention to reputation of the spa and hotel. Although promotion scores lower than other factors at 3.52 but is still considered high, as Chinese tourists also pay attention to advertisements in various media, discounts and preference for rooms with included spa service.

Summary and Discussion

Examination of marketing mix factors in Chinese tourists' demand for spa service in middle-sized Bangkok hotels found that the most important factor in decision of Chinese tourists is physical evidence and presentation. Thus, spa service in middle-sized hotels must place emphasis on physical evidence and presentation, something the tourists will see and



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feel. Having good interior and exterior environment, updated and standard-level equipment will improve client confidence. However aside from such factor, spa service should pay attention to people and process as naturally spa service is related with service and requires “people” in general operation. Employees should be constantly trained in knowledge, skills, ethics and Chinese language. It is also necessary for them to understand and comply with the correct process while being mindful of the clients, especially those of the target group.

The study also found that aside from convenient location, Chinese tourists also want variation in payment and contact channels for maximum convenience. Although spa service in middle-sized hotels generally target guests in the hotels, the business should consider increase of variation in service, product and price to draw more clients from other groups as a means to improve income.

This study has a different ranking of factors compared with work by Kankanit Kulacharttheeratham et al. (2018) on marketing mix factors in decision to use spa service by tourists in Mueang District, Udon Thani Province, and work by Sitthichai Thamsanae (2011) on spa business management in Mueang District, Chonburi Province. Both studies showed that product was the top factor followed by price and place. It can be said that this study focuses on Chinese tourists and thus result in some difference, but this study also shows importance of physical evidence and presentation, which is one of the top factors in decision to use spa service. Therefore, spa businesses should take this into consideration.

Suggestions

This study only examines marketing mix factors in Chinese tourists’ demand for spa service in middle-sized Bangkok hotels. Marketing mix factors in tourists from other countries should also be examined especially major groups like Indians and Middle-easterners. The study would be useful for hotel spa services and standalone spas in Thailand to improve and develop their business in accordance with tourist needs.



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