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The Impact of Brand Image and Customer Value Upon the Buying Decisions and Brand Loyalty of Hotels in the Thai Tourist Industry: A Case Study of the Purchasing Decisions of Gay Men in Thailand Metropolitan Districts

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Abstract

One of the most remarkable niche markets, represented by the gay community, has been growing and developing around the world and has increasingly become a very strong market segment for hotel business providers to consider. This is because this community has developed a special identity of its own. This paper is focused on hotel businesses patronized by gay customers or interested in attracting gay customers with a focus travel to (or within) Thailand. This study shows that brand image and customer values have a positive influence on gay men’s buying decisions and on their willingness to become loyalty customers. The results of this research demonstrate that gay men tend to stick together and that gay buying power has rapidly expanded in Thailand. The author hopes that this research will be useful to those who are planning to do business with gay customers.

Keywords: Gay Travel / Marketing to Gay Men / Gay Hotel

Introduction

One of the most remarkable niche markets, represented by the gay community, has been growing and developing around the world and has increasingly become a very strong market segment for hotel business providers to consider. This is because this community has developed a special identity of its own. “Gay” is an informal term referring to men who are sexually attracted to men. Most recently, marketers have begun to target gay audiences with advertising that features gay characters, uses appeals and themes unique to this minority market segment, and is placed in media targeted to the gay community. Moreover, a recent study revealed that the gay traveler market segment has long been established even though some business segments are just coming to realize the potential of this market which recently generated over 64 billion dollars in the US (Uptmoor, 2014; Wardlow, 1996).

In recent years, gay niche markets have pulled in a lot of attention from marketing practitioners. “Gays as a group are relatively well-educated, with over fifty-nine percent (59%) having a college degree. The average homosexual in America reports an annual income in excess of \$55,000-much of this disposable income” (DeLozier & Rodrigue, 1996).



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Purposes of Study

This paper is focused on hotel businesses patronized by gay customers or interested in attracting gay customers. The purposes of this thesis were firstly to investigate the satisfaction of people in the gay community through the brand image of accommodation services. Secondly, to investigate gay customer’s values (social value, economic value and psychological value) that influenced their choices of using accommodation services. Thirdly, to analyze gay customers buying decisions based on how they spend on hotel accommodation in Thailand. Fourthly, to analyze the impact of brand image and gay customer’s values that governed gay customer buying decisions and gay loyalty customers in using hotel accommodations.

Research Scope

This study aimed for a quantitative type of research among a specific population of 400 gay men in such a popular gay cities such as Bangkok, Pattaya, ChangMai, Hua-Hin and Phuket over a period of two months. This survey was conducted in February to April, 2015 with the questionnaires distributed by hand to samples at gay venues like the Silom, Sukumvit and Boy Town Pattaya and other popular districts and through email, Facebook, and gay website forums. Populations for this study are gay males of any nationality who have had experience coming to Thailand for any reason and have previously stayed in a hotel in Thailand. However, because of the difficulty some gay people have coming out of the closet, the author has could realistically only sample 200 persons.

Literature Review

In this paper, the author gives good examples of prior studies related to the same issue; Paul Ormerod (2007) who studied decision making and also wrote his own book called “The Death of Economics” presenting the theory the changeability of the human mind; Julia Uptmoor (2014) who studied consumer power vs. brand power, and concluded that to maintain brand power, brands need to adapt to a new environment by taking on a collaborative approach instead a defensive approach or ignoring consumers. The results demonstrate an important positive influence between gay customer values and gay customer’s buying decisions which confirm some early facts from prior research of Parasuraman (1997) who researched ‘Reflections on Gaining Competitive Advantage through Customer Values.’ If we connect this study and Parasuraman’s research both clearly show that the owners of businesses interested in targeting gay customers must understand their customer’s perspectives, ideals, and beliefs and at this point their perspective is that they want to appear more elegant and look important within their society (social value). This is a key to success in increase their hotel accommodation sales.

This study has also found an important positive influence between brand image and gay customer loyalty which supports the earlier study by Srivastava (2012) who researched the Relationship between Brand Image and Brand Loyalty and concluded in his study that once a company understands their brand characteristics, they can make strategic decisions on how to develop their brand image.



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Methodology

This study is based on three important elements; brand image and customer values which are set as the independent variables, followed by the dependent variables which are the customer buying decisions, and brand loyalty of a specific gay target group. The populations for this study are defined as gay men (men who are attracted to other men) of all nationalities, ages, and all types of occupations as long as they fit into the gay category. The research methodology consisted of distributing a survey to members of my target gay group, and then applies the feedback result into statistical calculation by using the Yamane (1967) method.

This study includes information from the surveys with males who identify as gay are part of the resident and visiting population in gay areas of metropolitan cities of Thailand. These participants were randomly selected from all types of backgrounds, educations, ages, and occupations. The questionnaires were based on the four purposes as mentioned above.

The theoretical foundation which is used in this thesis originates from literature reviews and an analysis of empirical studies related to the subject of brand image, gay customer values, gay customer buying decision and gay brand loyalty. The connection and correlation between each theory and frame work are also presented in this study.

In the final chapter, the author summarizes all the important contents and the valuable results that have been discovered. The author also adds a lengthy discussion that relates to discovered results, which is very useful for future researchers on similar topics. This quantitative research will benefit all entrepreneurs, business investors, owners and marketing planners who specifically target the gay hospitality market segment. In order to gain competitive advantage, adapt marketing plans, and improve the quality of the hotel brand image, the results of this study could be used as a guideline to adapt businesses toward the gay world and suit the tastes of these clients.

The conceptual framework of this study is to outline how brand image and customer values could draw the attention of gay traveler’s decision on selecting a certain hotel and if they would return in the future. So this framework leads into four hypotheses. H1. Brand image influences gay customer buying decisions, H2. Brand image influences gay customer loyalty, H3. Customer values (money value and social value) influence gay customer buying decisions, H4. Customer values (money value and social value) influence gay customer loyalty.

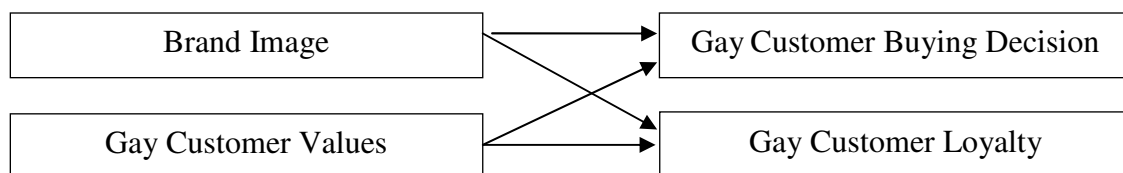


Figure 1: The conceptual frame work

On the demographical result analysis, the 200 of 389 sample that were calculated by using the Yamane’s formula (Yamane, 1967) participated in this study. The data can be summarized as follows. The majority of respondents are gay men from Thailand and their age



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 “Research 4.0 Innovation and Development SSRU’s 80th Anniversary”

ranks between 26-35 years old. They work in the labor/technician field, and their educational level is high school. Their frequency of travel is around two or three times per year.

In carrying out this study, the author carefully tested each variable and explained the results relative to the aspects of brand image. To become loyalty consumers, the biggest concerns for gay people are; Various Products and Services followed by Interesting Promotions, Welcoming Ambiance & Gay Friendly, and The Price is Affordable respectively. These four factors have a significant and positive influence on gay loyalty. They indicate that gay people behave and/or react toward these aspects of the venue more than anything else when it comes to loyalty issues.

In addition, after the author analyzed each variable with reference to Parasuraman’s study, the results clearly show that there is only one factor that influences gay buying decisions in these aspects of gay customer values; Appear More Elegant and Look Important. The eight remaining factors which are; Meet Other Gay People, Make Me Feel Welcome and Accepted by Other Gay Persons, Impress Others, Best Opportunity to Search for Partner, Expected High Quality of Service, Timeliness of Service, Easy Access to Use the Best Services, High Responsibility of Staff, had no influence at all on Customer Values. .

The Analytical Results for Hypothesis Testing by using Multiple Regression are as follows.

Table 1: Brand Image and Gay Customer Values positively influence Gay Customer Buying Decision.

Independent Variable	B	Beta	t	sig.
Brand Image	.525	.485	7.808	.000*
Gay Customer Values	.383	.328	5.281	.000*
Adjust R ² = .540		df: (2), (197)	F: 118.005	P=.000
Dependent Variable: Gay Customers Buying Decision				

*Significant at 0.05, and at 95% Confidence Interval for B.

Results in Table 1 revealed that the model has a rather moderate prediction power 54.00% (Adjusted R²=0.540, p<0.05) of total Gay Customers Buying Decision. Most important predictor variable is Gay Customer Values (Beta=0.328, p<0.05) which is positively related to Gay Customers Buying Decision. While the Brand Image (Beta=0.485) is also found to be significantly and positively related to Gay Customers Buying Decision. The two independent variables meet the requirement of multicollinearity and are statistically significant. According to H1, and H2, The Brand Image and Customer Values influence the Gay Customers Buying Decision. Furthermore, results indicated that Gay Customer Values has higher influence than that Brand Image, which mean that gay customers do concern about their self satisfaction interm of their social value and money values when they making decision of choosing the hotel.



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 “Research 4.0 Innovation and Development SSRU’s 80th Anniversary”

Table 2: Brand Image and Gay Customer Values influence Gay Customer Loyalty

Independent Variable	B	Beta	t	sig.
Brand Image	.698	.571	9.139	.000*
Gay Customer Values	.295	.224	3.586	.000*
Adjust R ² = .535 df: (2), (197) F: 115.330 P=.000				
Dependent Variable: Gay Loyalty Customers				

*Significant at 0.05 and at 95% Confidence Interval for B.

Results in Table 2 revealed that the model has a rather moderate prediction power 53.50% (Adjusted R²=0.535, p<0.05) of total Gay Loyalty Customers variance. Most important predictor variable is Brand Image (Beta=0.571, p<0.05) which is positively related to Gay Loyalty Customers. Gay Customer Values (Beta=0.224) is found to be significantly and positively related to Gay Loyalty Customers as well. The two independent variables meet the requirement of multicollinearity and are statistically significant. According to H3 and H4 Brand Image and Gay Customers Values are positively influence Gay Customers Loyalty.

Consequently, H3 and H4 are accepted because the two variables have positive influence Gay Customers Loyalty. Furthermore, results indicated that Brand Image is higher influence than Customer Values which is mean that Gay Customers do think about who well known the brand is among the gay society before they decided to become hotel’s loyalty customers.

Findings/Results

The results of this study show the positive relationship between gay customer values and gay customer loyalty which supports a previous study, “Customer Loyalty in the Hotel Industry; the Role of Customer Satisfaction and Image” by Kandampully and Suhartanto (2003). Their study divided Loyalty into three parts; Behavioral Measurement, Attitudinal Measurement and Composite Measurement. Also these two authors stated that there are two very common techniques to convince customers to become loyalty customers which are:

1. Low-cost leadership through price discounting
2. Providing unique benefits to customers.

However, they concluded that service quality is more important than discount on price. For those hotels that attempt to improve their market share by discounting the price, there are some negative impacts for the business in the long run. Low prices don’t make one hotel different from another. Obviously, customer satisfaction is more important than anything else. This point fits perfectly and confirms the results of this study. The only two factors that have a positive influence on gay customers to become loyalty customers are; Timeliness of Service, Appear More Elegant and Look Important, while the other seven factors have no influence at all (Meet Other Gay People, Make Me Feel Welcome and Accepted by Other Gay Persons, Impress Others, Best Opportunity to Search for Partner, Expected High Quality of Service, Easy Access to Use the Best Services, High Responsibility



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“Research 4.0 Innovation and Development SSRU’s 80th Anniversary”

of Staff). Furthermore, the author would like to clarify the differences between Expected High Quality of Service and Timeliness of Service as asked in the questionnaire. Gay people don’t care what way or how the hotel will deliver their services, but rather when the services will be delivered. After conducting this research, the feedback on the question of Appear Elegant & Look Important among their social class is the second most important issue with regard to customer loyalty. Another two authors continued the same topic of research, Cronin and Taylor (1992), proved that customer satisfaction has a significant effect on future purchase intentions. We know that gay people expecting a high quality of service and that is the key to adapting a business plan for hotel owners who target this type of customer.

This study clearly shows that the brand image and customer values do have a positive influence on gay men’s buying decisions and on their willingness to become loyalty customers. More importantly, this study shows the results from four hypothesis (H1, H2, H3, H4) that the key to success in attracting the attention of gay customers are; High Quality of Services, Welcoming Ambiance & Gay Friendly, Cleanliness of This Hotel, Service Accuracy of This Hotel, Various Products and Services Available, The Price is Affordable, Interesting Promotion, Appear More Elegant and Look Important, Timeliness of Service. These are the keys that matter for those who would like to unlock the gay market and adapt a business strategy to see what works best for their hotels. After using the above list as a primary guide line, customer after service feedback also is a useful contribution from the customer’s side. It will help in rearranging the above list based on what customers need the most.

Conclusion and Discussion

The research for this study was started in 2014 and completed in 2016 and the main focus has been on how gay people decide or choose their hotel accommodation when they travel to (or within) Thailand. As the times change, the economy changes and the author believes that people’s demands also change. In order to differentiate the gay hotel brand image apart from other competitors, provide more competitive advantage by enlarging the market segment to cover gay society and finally to succeed in earning higher profits, the author would like to recommend that future researchers use the results of this study as a guideline.

The results of this study came from respondents from many cultures and countries, but the venue was limited only to Thailand. The author would like to recommend that future researchers expand their studies to other countries attractive to gay visitors and compare the results showing where most pink dollars are spent on hotel accommodations and why. Perhaps Thailand could learn from those successes especially from countries that have supported gay equal rights from three decades ago.

Recommendations

1. The author also fact that the gay population keeps growing means that there are more potential customers with buying power continuing to enter the market. From a business angle, these gay clients are of greatest interest to business owners, investors, entrepreneurs,



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 “Research 4.0 Innovation and Development SSRU’s 80th Anniversary”

marketing planners, staff, parents, and even gay men themselves who can use the priceless results of this research to understand how gay customers behave when it comes to hotel accommodation. This information would also deliver some clues to parents who are unclear about their son at home and worry what might go wrong. As mentioned earlier, gay people are normal human beings, not people with a disease that can spread from one to another. To gain a competitive advantage in the fast moving world of business, those persons mentioned above must understand how gay customers react and interact among their group. This study clearly shows that the brand image and customer values do have a positive influence on gay men’s buying decisions and on their willingness to become loyalty customers. More importantly, this study shows the results from the hypothesis that the key to success in attracting the attention of gay customers are; High Quality of Services, Welcoming Ambiance & Gay Friendly, Cleanliness of This Hotel, Service Accuracy of This Hotel, Various Products and Services Available, The Price is Affordable, Interesting Promotion, Appear More Elegant and Look Important, Timeliness of Service. These are the keys that matter for those who would like to unlock the gay market and adapt a business strategy to see what works best for their hotels. After using the above list as a primary guide line, customer after service feedback also is a useful contribution from the customer’s side. It will help in rearranging the above list based on what customers need the most.

2. According to the immigration laws of Thailand which set a limit of time for foreigners allowing them to stay for very short periods, the author is very curious to find out if gay visitors with a high potential of buying power referencing hotel accommodation would raise GDP growth if the Thai government would extend their stay. Obviously, the longer gay tourists stay the more they spend. If this proves to be true, the large income from foreigner’s pink dollars is of great benefit of Thailand.

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