Tourists' Behavior and Marketing of Boutique Hotels: The Case of Chiang Mai, Thailand

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ABSTRACT

Many local and foreign investors in Chiang Mai, Thailand have taken financial positions in boutique hotels, leading to high market competition. This is a relatively new sector with little in-depth research. To assist those involved to better understand the ins and outs of boutique hotels in Chiang Mai and survive in a very competitive environment, this paper examines the current situation from both hotels' and customers' viewpoints. The aims were to examine tourist behavior, motivation, and perception in selecting Chiang Mai boutique hotels, along with the marketing done in the hotels. The research was conducted using quantitative and qualitative methods. The boutique hotels were divided into upper level (price higher than $115 per night), and standard level (price below $115 per night). Semi-structured interviews were conducted with four managers of boutique hotels in Chiang Mai, focusing on marketing aspects. The results indicated that marketing was mainly targeted through online sources. Furthermore, upper boutique hotels generally focused their marketing efforts on the services provided, whereas standard boutique hotels focused on attractive pricing. For the quantitative research, questionnaires were completed by 266 hotel guests. The data were analyzed using the SPSS program in descriptive form. The results determined that most respondents were Thai male and aged between 18 and 30 with university degrees, working as private sector officials. The most important factors for the guests in selecting boutique hotels were cleanliness, convenience of location, design of hotel, and image. Regarding the

perception of the guests toward the boutique hotels, their overall qualities were

acceptable with a high level of satisfaction toward hotel service and room features.

CHAPTER I

INTRODUCTION

The tourism and hospitality industry is a large sector that has a significant effect on the economy of Thailand. The tourism industry itself contributed over 19.3% of the total gross domestic product (GDP; THB 2,345.1 billion) both directly (8.6%) and indirectly (10.7%) to Thailand's economy (Turner, 2015). As a large sector, it could attract many foreigners and domestic travelers. International tourist arrivals rose 167%, from 10 million visitors in 2000 to 26.55 million visitors in 2013, 24.78 million in 2014, and over 29.88 million in 2015 (Temphairojana, 2016). Despite many issues in Thailand, such as disease, disaster, and economic and political issues, Thailand can invariably recover its high number of foreign arrivals within a few years. Past issues include, for instance, the problem of severe acute respiratory syndrome (SARS) in 2003, the tsunami in 2004, riots in 2009, and the recent massive political demonstrations and military action in 2014 ("Tourism statistic," 2015). Most of the foreign tourists to Thailand are Chinese (4.6 million), Malaysian (2.6 million), Russian (1.6 million), Japanese (1.2 million), and South Korean (1.1 million). For local or domestic traveling, spending is around 30.1% of the tourism industry. With the support of organizations such as the Tourism Authority of Thailand (TAT), the country is expected to draw in even more foreigners as well as to boost domestic traveling in Thailand. Marketing is designed to entice Thai tourists to travel more through the use of social media (Chinmaneeyong, 2015). This creates an opportunity for the hospitality industry to grow as well.

Both Thai and foreign investors see the opportunity in the hotel industry, leading many hotels to operate in Thailand, especially in the Chiang Mai province. This city is

the second largest after Thailand's capital, Bangkok. It is well known for its culture, heritage, and natural environment, attracting many travelers. All kinds of accommodations have been built in Chiang Mai. These include hotels, motels, resorts, guesthouses, bed and breakfasts, and 'boutique hotels.' The latter are recognized as a new type of hotel and have gained in popularity in recent years. Boutique hotels have become a development trend in the Thailand lodging industry (Wongsuchat & Ngamyan, 2014). As hotel chains apply the same standards everywhere, the uniqueness of boutique hotels allows them to capture the interest of more tourists. The current trend also suggests that tourists want to experience new environments and absorb the culture of the city (Choochote, 2014).

The boutique hotel is considered a new hotel category compared to other accommodations. They are referred to as small hotels with upscale services. Some define these hotels as luxury hotels for a niche market group (Olga, 2009). Others believe that they are more related to personalized services and the uniqueness of the accommodations (Lim & Endean, 2008; Aretta & Husdrayah, 2014). The design of boutique hotels can be modern, contemporary, classic, or even built in a historical building. It all depends on the owner, since there is no boundary to the uniqueness of the design. As there are still unclear definitions of the term *boutique hotel*, there are no assessments that classify which hotels truly belong to the boutique categories. Additionally, some hotels have started calling themselves a boutique hotel without understanding the real definition or the main factors behind the classification.

1.1 Current Situation: Problem Formulation

Many investors are investing in more boutique hotels despite the high competition in the Chiang Mai market. The competition of hotels has been intense from 2010 to the present. Although economies are descending, this has not slowed down many boutique hotel projects around Chiang Mai. The first boutique hotel in Chiang Mai started in 2005 in the city center area. By 2006, there were 15 boutique hotels, increasing to 50 hotels in just one year (Ruankaew, 2010). In 2015, there are approximately 100 hotels calling themselves boutique hotels in Chiang Mai, and many more are planning to open in the middle of 2016. Additionally, some hotel owners manage their hotel themselves. Due to their lack of experience in the hotel industry, many cannot manage their hotels, while some did not do in-depth research on their target groups. This might lead to a problem in managing the hotel later. Accordingly, the leading problems in boutique hotels in Chiang Mai are 1) high competition (competitive marketing), 2) lack of experience in management, and 3) that managers do not truly understand their target markets. These problems were used to generate the research aims and questions, which are discussed in the sections below.

1.2 Research Aims and Objectives

Considering the few existing published papers relating to boutique hotels, it is significant to tackle the details of this industry. Most of the research related to boutique hotels has been written from an outside viewpoint. This allows the author to see the importance of studying the subject from the perspective of both guests and managers. By analyzing customer thinking and marketing aspects, this research aims to help hotel

businesses to learn more about customers and management in the boutique hotel industry, such as how managers do their marketing, what the customer perspectives are toward these hotels, and what can be done to attract more customers to the hotels.

The main objectives of this research paper are to:

1. Identify and understand current hotel marketing through the 7Ps (product, price, place, promotion, people, process, and physical evidence) and STP (segmentation, targeting, differentiation, and positioning);

2. Study Thai and non-Thai tourist behaviors in selecting boutique hotels;

3. Identify customer motivation in selecting boutique hotels (main factors in influencing customer decisions); and

4. Identify tourist perspectives toward the qualities of the boutique hotels they have selected.

1.3 Research Questions

To meet the aims of this research, the following questions are posed:

a. What is the current marketing situation of boutique hotels in Chiang Mai?

b. What are customer behaviors in selecting boutique hotels?

c. What are customer motivations in selecting boutique hotels?

d. What are the customer perceptions toward the quality of boutique hotels they have selected?

e. What are the current problems in the analysis of such research data?

1.4 Originality and Significance of the Study

The originality of this research is that most of the previous Thai boutique hotel research was conducted in Thai. By reporting on this research in English, it gives both locals and foreigners insight regarding the hotel industry in Chiang Mai. Some of the previous papers touched only on the factors related to customer selection of boutique hotels and did not widen their search areas in terms of the motivation, perception, or marketing aspects. In this paper, these points will be studied and analyzed. There will be both quantitative and qualitative data from customer and manager points of view. Another originality of this research is the research location. The previous studies mostly located their research in Bangkok, the capital city of Thailand. By choosing Chiang Mai as the location for this study, it opens a new area of study. The overview of the boutique hotel market in Chiang Mai includes marketing aspects, customer behaviors, and their motivations and perceptions, which can lead to the improvement in the management of boutique hotels later.

With high competition in the Chiang Mai market, this study can help investors, operators, and hotel owners in understanding more about customer needs along with manager thinking. It is important for managers to be able to maintain their businesses. Therefore, by understanding the real needs and actions of customers and managers, they can improve or find their own way in managing the hotels successfully.

1.5 Research Methodologies & Data Collection

Before the research data were investigated, the author separated tourists into Thai tourists and foreign tourists to study and compare the behaviors of both groups. Another category is the price ranges of the boutique hotels. The author separated boutique hotels into: 1) upper boutique hotels (price greater $115 per night) and 2) standard boutique hotels (price lower than $115 per night).

The qualitative research was done through in-depth interviews, which were face-to-face. Four boutique hotel managers were selected for these interviews. The sessions were in a semi-structured form that allowed managers to add new related ideas. The dialogs were recorded and translated from Thai into English.

For quantitative analysis, 400 surveys were distributed to 21 hotels in Chiang Mai city, in both Thai and English. However, only 311 surveys were returned and 45 of these contained errors. This left 266 responses to be studied. After the questionnaires were collected, the data were entered into the SPSS program to be analyzed descriptively using its frequency and crosstab functions. The research data were collected and analyzed through the use of two theories: consumer behavior and the model of customer-driven marketing strategies.

1.6 Dissertation Overview

In Chapter 2, keywords are defined along with the research on related literature about the boutique hotel industry. Moreover, the theoretical framework was created using three theories, which are theories on consumer behavior, the marketing mix (7ps), and the model of consumer-driven marketing strategies. This framework is used throughout the

research in developing questions for research, analysis, and discussion of the data. After that, Chapter 3 covers the methodology and how the author collected the data. Chapter 4 shows the results from both qualitative analysis and quantitative analysis using the SPSS program to show the descriptive data. This data is discussed and answered in Chapter 5, along with the conclusion and some recommendations for boutique hotels in Chiang Mai.

The research flow and structure from Chapters 2 to 5 are shown below.
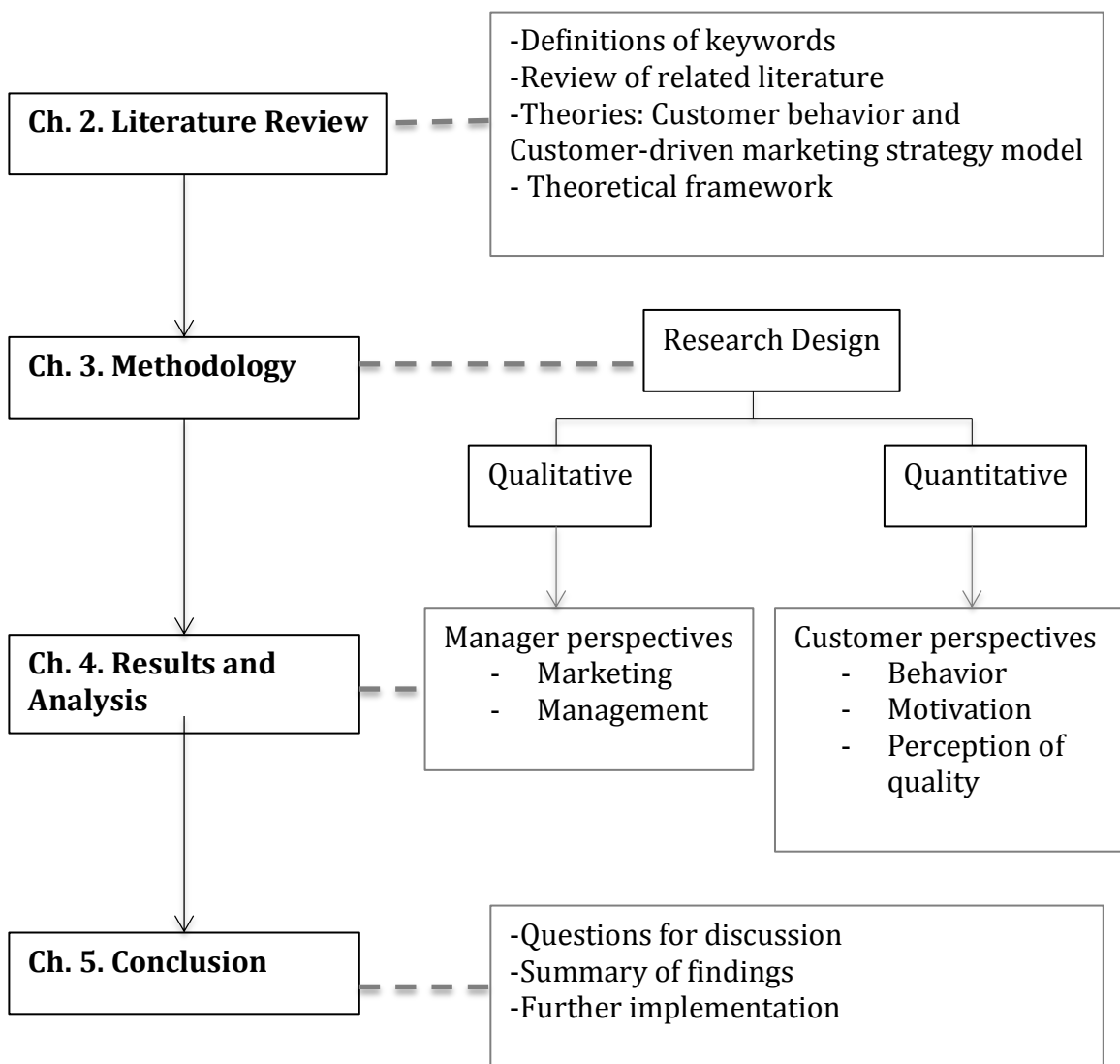
Figure 1.1: Research structure.

CHAPTER 2

LITERATURE REVIEW

This literature review includes three main parts: definitions of the key words and reviews of related literatures, theories used throughout the research, and the theoretical framework. The first section covers definition of boutique hotel, overview of Chiang Mai market, and Chiang Mai boutique hotel industry. It is then follows by definition of marketing strategies, online travel agencies, and consumer behavior along with the related literature review, which are used for developing questionnaires. Second part mentions three theories related to customer behavior and marketing: Consumer behavior theory (Kotler & Armstrong, 2010a), Marketing mix (7ps) (Kotler &Armstrong, 2010a; Vliet, 2013), and Customer driven marketing strategies by Kotler & Armstrong (Kotler & Armstrong, 2010b). Lastly is the author's theoretical framework that is being used in conducting the research.

2.1 Boutique Hotel Industry: Definition & Overview

Boutique hotels began in early 1980s in United Kingdom and North America when there were excess supplies of hotel chains (Anhar, 2001). But nowadays, the trend of travellers is more than just convenient and comfortable. They are seeking for new experiences (Jang, 2014). The guests are expecting hotels to give them new experiences, excitements, and entertainments during their stays. Along with the high demand of luxury hotels, this inspires many investors to build new lodging (Kiatsongchai & Choibamroong, 2014; Tha-in, 2014). The decreases in demand for hotel chains have opened up opportunity for 'boutique hotel' all over the world. It all started with niche

products and services that were made to satisfy specific group of customers (McKenney, 2015).

Hoteliers try to meet customer expectations by focusing more on styles, design, and creating differentiation from the already existed chain hotels (Ozarslan, 2014). These hotels are created to meet the customer's needs of staying in new environment and those who dislike the same standard hotels (Khosravi, Malek, & Ekiz, 2014).

Since 'boutique hotels' has no official definitions, many previous researchers come up with various characteristics and definitions to the term. According to *business dictionary* (2015), boutique hotel means "small and exclusive property with exceptional services at premium price." While the *Cambridge dictionary* (2016) states that it is a "small and fashionable hotel that is not part of a chain hotel." Despite the unclear definition, some similarities are found in these definitions. The term uniqueness is mentioned in most of the studies. It covers all aspects from services, designs, decorations, rooms, and facilities. Table 2.1 sums up the factors or characteristics that are mentioned in boutique hotels definitions given by many authors from year 2001- 2015.

Table 2.1: Characteristics of Boutique hotels from previous studies (2001- 2015)

Source: Author, 2015

Author	Year	Country of investigation	Characteristics of boutique hotel
Anhar	2001	In general	Design: warmth, distinction, intimacy Service: Differentiate, Personalized Size: less than 150 rooms Target market: 20s to 50s Location
Horner & Swarbrooke	2005	In general	Design: unique, modern Services: Personalized Size: small, intimate feeling

			Target market: high profile customers
Mcintosh & Siggs	2005	Nelson, New Zealand	Design: homely environment Services: Personalized, Upscale Experiences: Value added experiences
Victorino, Verma, Plaschka & Dev	2005	United States	Design: Unique accommodation, contemporary, minimalist, additional lifestyle amenities. Experiences: Innovative
Aggett	2007	Plymouth, UK	Design: Contemporary, design-led hotels Services: Personalized Size: Less than 100 rooms High tech facilities
Lim & Endean	2008	UK	Unique characteristics Services: Personalized Size: No limited Aesthetic/traditional
Aliukeviciute	2010	In General	Design: Unique, Intimate or family atmosphere, contemporary Services: upscale Size: 20-150 rooms Experiences: Unique
Tidtichumrernporn	2010	Chiang Mai, Thailand	Uniqueness: design, products, services, decor Design: Architectural beauty, luxury
Balekjian & Sarheim	2011	London, UK	Design: Trendy Services: Upscale Size: Less than 100 rooms Experiences: Unique
Srinivas, Singh, Khunrana & Wanlu	2013	Singapore	Design: Unique structure Services: safety and quality/ upscale Size: 20-150 rooms Easy accessible location Customization
Day, Quadri & Jones	2013	USA, Asia, Europe	Design: Unique Services: Personalized, Unique Experiences Customization High quality in room features
Aretta & Hudrasyah	2014	Jakarta, Indonesia	Design: Strong concept, good atmosphere Servicescape: physical surrounding Size: Less than 100 rooms

Choochote	2014	Phuket, Thailand	Design: Stylish, trendy, unique, warm, hip Service: Personalized, closed attention, inspiring Size: Small hotel Lifestyle and design hotel
Potocakova	2015	Spain	Design: historical value, luxury, notable architecture, unique Service: customized, personalized Location Ultimate experience

From the definition and attributes give by each author, it shows that boutique hotels research was conducted in many countries. Three of previous research papers cover boutique hotels in general, four research are done in United Kingdom, two studies are from USA, another two studies from Thailand, and the rests are conducted in Spain, Indonesia, Singapore, and New Zealand. From Table 2.1, all boutique hotel definitions share the same factors: Size (number of rooms), Design & Architecture, Service/ experiences, and Location.

Size of the hotels

As boutique hotels are small hotels, there is no exact number of rooms. Some claims that there are limited to number of rooms per each boutique hotel (Day, Quadri, & Jones, 2013), others disagree with the statement (Nobles, 2006). According to some authors, boutique hotels usually have around 20 to 150 rooms (Anhar, 2001; Aliukeviciute, 2010; Srinivas, Singh, Khunrana, & Wanlu, 2013). But Olga (2009) argues that there should be around 3 to 50 room. Some author thinks that it should have less than 100 rooms (Aggett, 2007; Balekjian & Sarheim, 2011; Aretta & Hudrasyah, 2014). Since there is no clear standard of how many rooms should be in a boutique hotel, many researchers come up

with numbers that they think is suitable for the term 'boutique.' So there is a question of whether there is a real limit to the size (Potocakavo, 2015).

Design & Architecture

Uniqueness is the keyword in designing the boutique hotels (Horner & Swarbrooke, 2005; Victorino, Verma, Plaschka, & Dev, 2005; Aliukeviciute, 2010; Tidtichumrernporn, 2010; Srinivas, Singh, Khunrana, & Wanlu, 2013; Day, Quadri, & Jones, 2013). The hotels require specific themes and designs that would differentiate them from other hotels. By creating their own designs, they can provide travellers with new experiences. According to Anhar (2001), warmth, distinction, and intimacy classify the design in boutique hotels. The decoration has to be unique, luxury, and beauty that distinguish them from other hotels (Tidtichumrernporn, 2010). Some authors define it as contemporary design hotel (Victorino, Verma, Plaschka, & Dev, 2005; Agget, 2007; Aliukeviciute, 2010). Other views it as architectural design with unique theme to give intimate environment to the customers (Srinivas, Singh, Khunrana, & Wanlu, 2013).

Service and experience

In boutique hotels, there is closer relationship between the guests and service providers. They believe that personalized services make them different from other types of accommodations and are a key factor in managing boutique hotels (McKenney, 2015). A personalized service is also known as the customized service. (Srinivas, Singh, Khunrana, & Wanlu, 2013; Day, Quadri, & Jones, 2013; Potocakova, 2015). As all customers have different needs, they can select what they like or dislike and share their ideas with the

hotels. The hotels also keep up with the changes in guest's need and adapt the services to meet with their guests. Day, Quardri, & Jones (2013) claims that each individual customers should feel that they are important and being recognized by the hotels.

Location

Location is viewed as important for attracting travellers (Anhar, 2001; Srinivas, Singh, Khunrana, & Wanlu, 2013; Potocakova, 2015). Srinivas, Singh, Khunrana, & Wanlu (2013) states that boutique hotels can only be located in urban area, whereas Callan &Fearon (1997) believe that there is no common area for boutique hotels but they are usually found in suburban area. To sum up, boutique hotels are located in two main destinations: city location (Anhar, 2001;Aggett, 2007; Srinivas, Singh, Khunrana, Wanlu, 2013) and resort location (Callan &Fearon, 1997; Anhar, 2001). For city destination, the styles of boutique hotels are modern and integration between historical and art. Technologies and other facilities are also important in satisfying customer's needs in city destination (Anhar, 2001; McKenny, 2015). For resort hotels, the accommodations are more exotic and intimate with small size hotel. Boutique hotels in resort area still maintain the luxurious as well as offering a chance for customers to experience the local. They have mixture of traditional architecture and modern style (Anhar, 2001).

2.2 Overview of Chiang Mai Market and the Boutique Hotel industry in Chiang Mai

       2.2.1 Chiang Mai Market

       According to Department of Tourism Thailand (2015), the number of tourists to Chiang Mai has increased from 5,5900,080 tourists in 2013 to 6,928,155 in 2015 (23%

changes). Out of 6.9 million, 4,260,660 (61.5%) are Thai tourists and the rest are foreigners. Nationalities that visit Thailand the most are Chinese (421,603 people), Japanese (183,858), French (158,882), American (153,587), and United Kingdom (145,325) (Table 2.2). But this numbers are based on the guest arrivals at accommodation in the Chiang Mai region, this means that there might be more tourists travelling to Chiang Mai per year. Air force Gen. Prachin Chan Tong (Deputy Prime minister) said that ChiangMai could attract over eight millions tourists per year and the factors that attract travellers include resources and environment (cultural heritage and natural environment of Chiang Mai (Prachachat, 2015a).

Table 2.2: Guest arrivals at accommodation establishments

Source: Department of Tourism Thailand

Nationality	January - December		2014/13
	2014	**2013**	**D(%)**
Thai	4,262,604	3,243,723	+31.41
Brunei	1,857	1,918	-3.18
Cambodia	2,978	3,262	-8.71
Indonesia	5,448	5,539	-1.64
Laos	7,303	7,210	+1.29
Malaysia	90,647	83,127	+9.05
Myanmar	18,899	19,184	-1.49
Philippines	12,374	12,332	+0.34
Singapore	66,994	63,031	+6.29
Vietnam	7,980	7,514	+6.20
China	421,063	280,125	+50.31
Hong Kong	20,051	17,611	+13.85
Japan	183,858	168,090	+9.38
Korea	83,067	78,339	+6.04
Taiwan	23,478	20,133	+16.61
Austria	31,446	25,478	+23.42
Belgium	26,946	24,637	+9.37
Denmark	27,732	25,099	+10.49
Finland	8,996	8,337	+7.90

France	158,882	163,896	-3.06
Germany	134,817	137,113	-1.67
Italy	27,426	25,175	+8.94
Netherlands	67,599	66,117	+2.24
Norway	11,893	11,274	+5.49
Russia	6,822	5,954	+14.58
Spain	41,141	36,720	+12.04
Sweden	27,391	15,157	+80.72
Switzerland	36,464	34,806	+4.76
United Kingdom	145,325	142,834	+1.74
East Europe	23,850	22,242	+7.23
Canada	40,721	40,613	+0.27
USA	153,587	136,300	+12.68
India	22,198	20,099	+10.44
Australia	138,664	125,419	+10.56
New Zealand	21,445	17,571	+22.05
Middle East	54,959	45,189	+21.62
Israel	59,950	54,680	+9.64
Africa	11,482	11,464	+0.16
Others	116,576	134,193	-13.13
Grand Total	**6,604,913**	**5,341,505**	**+23.65**

The average of tourists spending also increased from 3,160 baht per person per day to 3,265, which is shown in the figure below. Travellers are now spending more and this opens the opportunity for many boutique hotels to grow. As number of tourists is increasing, number of accommodations and rooms are also rising. In 2014, there are around 701 accommodations in Chiang Mai with 32,948 rooms. Most of the accommodations are in hotel form (Department of Tourism Thailand, 2015). But by 2016, online travel agency websites such as booking.com shows that there are 884 lodging and 1,047 accommodations are founded in Agoda website.

Table 2.3: Internal tourism in Chiang Mai

Source: Department of Tourism Thailand, 2015

| | January-December | | |
	2014	2013	D(%)
Visitor	**8,665,502**	**7,089,792**	**+ 22.23**
Thai	6,064,177	4,747,887	+ 27.72
Foreigners	2,601,325	2,341,905	+ 11.08
Tourist	**6,928,155**	**5,590,080**	**+ 23.94**
Thai	4,560,660	3,463,116	+ 31.69
Foreigners	2,367,495	2,126,964	+ 11.31
Excursionist	**1,737,347**	**1,499,712**	**+ 15.85**
Thai	1,503,517	1,284,771	+ 17.03
Foreigners	233,830	214,941	+ 8.79
Average Length of Stay (Day)	**3.06**	**3.10**	**- 0.04**
Thai	3.12	3.19	- 0.07
Foreigners	2.95	2.97	- 0.02
Average Expenditure (Baht/Person/Day)			
Visitor	**3,213.740**	**3,103.80**	**+ 3.54**
Thai	3,086.560	2,963.12	+ 4.17
Foreigners	3,490.940	3,369.40	+ 3.61
Tourist	**3,265.290**	**3,160.10**	**+ 3.33**
Thai	3,137.200	3,020.54	+ 3.86
Foreigners	3,526.260	3,404.16	+ 3.59
Excursionist	**2,584.260**	**2,451.91**	**+ 5.40**
Thai	2,607.290	2,469.38	+ 5.58
Foreigners	2,436.080	2,347.47	+ 3.77
Revenue (Million Baht)			
Visitor	**73,757.45**	**58,550.50**	**+ 25.97**
Thai	48,559.98	36,541.53	+ 32.89

Foreigners	25,197.47	22,008.97	+ 14.49
ACCOMMODATION ESTABLISHMENTS			
Rooms	**32,948**	32,077	**+ 2.72**
Occupancy Rate (%)	62.19	47.23	+ **14.96**
Number of Guest Arrivals	**6,604,913**	**5,341,505**	+ **23.65**
Thai	4,262,604	3,243,723	+ 31.41
Foreigners	2,342,309	2,097,782	+ 11.66

Deputy prime minister claims that the government is aiming to increase number of tourists in Chiang Mai. There are improvement in the infrastructures and transportations. Many roads are being enhanced for better safety and convenience in travelling. Airport areas such as parking space and terminals are expanded to support higher number of tourists (Prachachat, 2015a). So far, this shows the support of government on tourism sector in Chiang Mai. Another trend in Chiang Mai is the increase in number of Chinese tourists. In 2011, there were only 40,000 Chinese that traveled to Chiang Mai. But by 2014, the number increased to 480,000 travellers and is expected to have even more by 2016.

2.2.2 Boutique hotel industry in Chiang Mai

Chiang Mai boutique hotels industry started in 2005 with the first boutique hotel called Tamarind village hotel. By the consequence year, the number of boutique lodging had increased to 15 hotels and 50 boutique hotels in 2007 (Ruankaew, 2010). The industry expanded really fast until 2010 when many hotels were facing the over supply. This had caused high competitions and many were not able to survive in the market (Sam,

2010). Despite the high competition, many investors showed interests in boutique hotels. But since there is confusion to the definition of boutique hotel, some hotel owners might get confuse and believe that their hotels are boutique hotels without meeting the real requirement (Kiatsongchai & Choibamroong, 2014). By 2016, there are more than 100 hotels in Chiang Mai that are calling themselves as 'boutique hotels.' But there is no clear statistic that actually identifies the real number of boutique hotels in Chiang Mai. The boutique hotels in Chiang Mai are mostly in design of mixture between "Lanna" and modern design, showing the Lanna art and culture to differentiate their accommodations (Supanusorn, 2012). Lanna is the cultural development of northern people in Thailand in which it can be in form of location, tradition, music, food, and even design. Some boutique hotels are adapted from the old heritage building with historical background and customize services (Ruankaew, 2010). Because of its uniqueness, boutique hotels are able to attract many foreigners as well as local tourists to experience differences in designs and traditional. Many of boutique hotels in Chiang Mai are also participating in boutique hotel competitions such as Thailand boutique awards. It promotes tourism in Thailand and creates awareness to small to medium sized hotel around the country.

2.3 Consumer Behavior

Nowadays consumer behavior is difficult to analyze due to their uniqueness in thinking, culture, personalities, attitudes, individual, and etc (Choochote, 2014). According to Kotler & Armstrong (2010a), it is "the purchasing behavior of final consumers to obtain goods or services for their personal consumption." Another definition is "the study of customers and their process in selecting products or services to satisfy their needs, along

with studying the impact this process has on the customers" (Perner, 2016). Perner (2016) also states that by studying the buyer behavior, the marketers can improve the marketing strategies of businesses.

2.3.1 Related literature review:

Attributes affecting customer's behavior in selecting boutique hotels

From previous research, Khosravi, Malek, & Ekiz (2014) did research on attractive attributes of guests toward boutique hotels. These attributes are being use in developing the quantitative approach and analyzing data. The literature reviews have concluded into five main factors: Special services, Room features, Convenience, Hotel designs, and Pricing (Khosravi, Malek, & Ekiz, 2014) which are summarized as attractive variables in selecting boutique hotel (Table 2.4).

Table 2.4: Attractive variables in selecting boutique hotel

Source: Author, Adapted from Khosravi, Malek & Ekiz, 2014

Variables	
Services	Personalize service
	Friendly staff
	Homely environment
	Service quality
Room features	High tech facilities in the room
	Small and cozy place
Convenience	Additional entertainment
	Varieties of activities
	Location
Hotel designs	Aesthetic
	Unique architecture
	Uniquely interior design
Price	Price of accommodation
	Price of extra services

Special services

Special service is also known as individualized and personalized services. It is when boutique hotels offer extra service to the customers such as honeymoon package; handcraft sessions, personal assistance, or even facilities like private pool and internet access (Olga, 2009).

Room features

In boutique hotels, the features have to satisfy customer's needs. It should have high technologies devices in the room and the environment of cozy and convenience (Khosravi, Malek, & Ekiz, 2014). The comments from various online agency websites (Agoda, Booking, Tripadvisor) also suggest that customers are concerning about the room features as many are mentioning the facilities in the room, the size, and the environment of boutique's rooms.

Convenience

Khosravi, Malek, & Ekiz (2014) explains that the convenience aspect of boutique hotels cover entertainment inside the hotels, activities offered, and the transportation. Location is also important factors, as customers would see that it is convenient to travel around.

Hotel design

The design of boutique hotel can range from the historical characteristics to modern contemporary design (Potocakova, 2015). Since each individual have different tastes in hotel designs, it is hard to attract all customers at once. So each boutique hotels

differentiate themselves through the hotel designs in both interior and outside

appearances through creating themes or furnishing the hotels (Khosravi, Malek, & Ekiz,

2014).

Pricing

Pricing is important to some, but it might not be a factor that influences some people. So

in the pricing, it includes the price of accommodations and extra services inside the

boutique hotels.

2.4 Social Media

Due to the growth in usage of Internet since 1990s, Internet has turned into commerce

source as well as channel in interacting with their customers (Nikolova, 2012). Social

media acts as public contents that are reachable by the end users, which are utilize as

tools in marketing and sharing information between customers (Sullivan, 2013). Buettner

(2016) states that it is a tool that let people share their thoughts, interests, pictures, ideas,

and other communication in the computer network. Social media can be categorized into

social networks, blogs, podcasts, forum, wikis, content community, and lastly micro-

blogging (Sullivan, 2013). As one type of social media is social network, it allows

customers to comment and respond to contents such as Facebook and Linkedin. People

can also learn about others' opinion in other sources such as personal blogs, forums, or

through searching online. As people go through social media to learn more about the

hotels, they would learn more about previous customers comments on the products or

services. Individuals can even create their own article on their blog or create videos such

as in Youtube (Sullivan, 2013). Therefore the social media is used as marketing tools, along with sharing the thoughts in the reviews related to products and services. Before, the traditional marketing would be through marketers. Businesses would contact marketers in conveying message to their customers. People learn about product or services through word of mouths such as from friends, relatives, or travel agencies that they have hire to organize the trip. But currently, the online word of mouth has much impact on customer behavior in selecting particular thing (Nikolova, 2012). Online word of mouth is the reviews or comments given by the customers. Some people leave the comments without realize that it acts as a marketing tool for business.

2.5 Online Travel Agency

Online travel agency or known as OTAs is online distributor website that allows customers to check the price of traveling products and services and book through this websites (Tourism e-kit, 2011). They act as a middle person in communicating between customers and travel businesses such as airplane flight, hotels, transportation and even tour guide (Digithun, 2014). Furthermore, Digithun (2014) states that OTAs act as marketing tools in promoting the hotels and attractions with cheaper price and easier to access. As for its advantage in customer's point of view, they are able to search for the best offer in these OTAs website. It also benefit boutique hotel ventures in attracting new type of customers and create awareness among the travelers. Currently in Thailand, some well known online travel agencies are Agoda, Booking, Tripadvisor, and Expedia.

2.6 Theories

This research is based on customer behavior and marketing strategy models since the author tries to tackle both customer's and manager's role. The three theories are:

1. Model of Consumer Behavior

2. Marketing Mix (7ps)

3. Customer-Driven Marketing Strategy

2.6.1 Model of consumer behavior

Kotler & Armstrong (2010a) states that to understand the products, purchasing location, and the reasons behind the purchasing, researchers need to examine customer's mind and why they are buying the products or services. The model is use to study the motivation behind consumer behavior in selecting products (Wasantawisuwat, 2008). It starts of at the **stimuli**, which creates the needs of customers. This includes marketing stimuli consists of 7Ps: Product, Price, Place, Promotion, People, Process, and Physical evidence. The stimuli enters customer's thinking which is also known as the **buyer's black box**. To know about customer's mind, buyers' characteristics and buyer's decision process has to be identify. When purchasing products, customers are influenced by buyer's characteristics: personal, psychological, and social aspects. The decision process of customers is also in the customers' black box. Once buyer's black box is identified, this leads to the **buyer responses** and purchase decisions (Kotler & Armstrong, 2010a). This is where purchase behavior is identified such as product choice, brand choice, purchase timing, and purchase amount. In which the model is shown in figure 2.1.
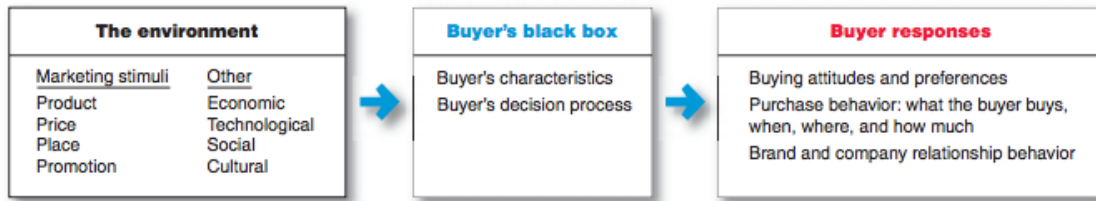
Figure 2.1: Model of consumer behavior

Source: Kotler & Armstrong, 2010a

In this research, the author focuses on three main points: marketing stimuli; buyer characteristics in customer's black box and buyer responses (Purchase behavior). This is due to the thesis, which is mainly on the motivation and perception of customers in selecting boutique hotels, along with the marketing of boutique hotels

2.6.1.1 Marketing stimuli

Marketing stimuli is the marketing environment that can influence customers thinking. The marketers have to come up with the marketing mix that is able to control by business (Kotler & Armstrong, 2010a). The marketing mix consists of 4Ps as mentioned above:

Product can be either goods or services that can attract market's attention and satisfies customer's needs. It is the combination of product mix, services, qualities, designs, and even branding (Londre, 2016). **Pricing** is the amounts of money that are being exchange in order to obtain the products and its benefits. **Places** included the trade channels, point of purchase, distribution channels, and sources that consumers have received information.

For **promotion**, it covers all type of communications to target market such as personal selling, advertising, sale promotions, direct market, Interactive/ online, events and experience, and public relations (Londre, 2016).

2.6.1.2 Buyer characteristics

Buyer characteristics or the factors that are affecting consumer behavior consist of personal factors, psychological factors, social factors, and cultural factors (Kotler & Armstrong, 2010a).

Personal factors

Personal factors that influence the purchasing include age, occupation, economic situation, lifestyle and personality. These personal factors would affect the products and services that customers bought and the behavior varies depending on each individual.

Psychological factors

Psychological factors consist of motivation, perception, learning, beliefs and attitudes (Kotler &Armstrong, 2010a). In this research, psychological factors mainly focus on the motivation of customers in selecting boutique hotels, perception of customer toward boutique hotels in Chiang Mai, and the learning or process in knowing about the hotels.

Motivation: Motive means drive or need that causes person to look for product and services to satisfy their need. Therefore, the motivation is the reason for wanting to stay in particular hotels.

Perception: Perception is how customers view the hotels. It is when someone interpret the information they obtained in to a picture or something meaningful

Learning: This is related to memory and affects the customer behaviors and thinkings. The indirect experiences can be information learns from marketing communication, word of mouth, or other online sources (Kotler & Armstrong, 2010a).

Social factors

Consumer behaviors are also being influenced by customers' groups, relatives, families, and friends through the word of mouth, buzz marketing and online social networks (Kotler & Armstrong, 2010a). Moreover, they get influenced by the groups that they do not belong to but wish to belong to. As Internet has a great impact on the consumer buying behavior by 2016, online social networks allow people to share and exchange information about products.

2.6.1.3 Buyer responses

As Kotler's buyer response covers what product, where, and when it is being purchased, some authors also adapt it by adding some factors into the buyer responses. One of the authors, Khan (2013) lists the important factors under buyer responses, which consists of product choice (what type of product the customer buys), brand choice (which brand do they select), purchase timing (when do they purchase it), and purchase amount (how many times or how much did they purchase).

2.6.2 Marketing mix 7Ps

4Ps were first developed by Kotler & Armstrong, which included product, price, place, and promotion. This was mentioned earlier in the literature review. Booms & Bitner later updated marketing mix. They added 3 new elements that are significant in service marketing. The extended elements consist of people, processes, and physical evidence.

People mean those that are related to the company, they are either staffs or managers that take part of the business in offering services to the customers. This includes who they are and what task or skill they are responsible for.

As for **processes**, it talks about how the services are being delivered to the customers and how things are being managed in the hotel.

Lastly is the **physical evidence** or the service-scape. It involves the building, designs, and other environments that have impact on customer satisfaction.

2.6.3 Customer driven marketing strategies

Apart from the first model, marketing aspect is really important factor in the business, which needs to be focus on. To really understand how to satisfy the customers and which type of customers to satisfy, businesses need to choose the segments and create strategies that would fit that group of customers (Kotler & Armstrong, 2010b). As there are many processes in this theory, the author selects 3 main points in understanding the customers for marketing. This includes marketing segmentation, marketing targeting, differentiation, and positioning.

2.6.3.1 Marketing strategy

Marketing strategy is known as the way to "create customer value and achieve profitable customer relationships" (Kotler & Armstrong, 2010b). It is a model and plan that allows business to choose their targets, analyzes the market, and creates strategies around the thinking of customers (Babaita, 2003)." It is about finding what customers need and plan to attract them to the products or services. Kotler & Armstrong (2010b) also states that the businesses need to identify whom they want to serve and how they will serve. Total market is being analyzed and divided into segments, after that the most important segments would be choose and focus on. But one factor that marketers are concerning are the changes in customers, competitors, and the organization (Ferrell & Hartline, 2011). Since people's thoughts and wants always change, it is a job for marketers to keep up with these changes through different marketing strategies.

2.6.3.2 Market segmentation

According to Kotler & Armstrong (2010b), marketing segmentation is when the market is being divided into distinct groups. They are grouped according to similar characteristics, behaviors, needs, or those that use and want same products. The segment would happen depending on the respond of the consumers. If they have similar behavior to the same marketing, then they would be segment into one group.

2.6.3.3 Market targeting

Once segmentation are created, each segment needs to be analyze and select to help business narrow down their customers. In selecting the segments, hotels have to

choose the most attractive one (Kotler & Armstrong, 2010). In the case of boutique hotels, they can select only few special segments to serve; this is known as niche market. According to the definition in businessdictionary (2016), niche market is the "small but profit segment." The niche market occurs from their needs that competitors cannot provide or majority of all people might not be interested in.

2.5.3.4 Market differentiation and positioning

By differentiating, company earns advantage and is able to give their customers more value (Kotler &Armstrong, 2010b). But to do that, they need to see where they are in the current market and where they want to position themselves. By market positioning, the company has to position themselves in unique place. For instance putting the products at same level as the competitors would not create value in customer's eyes.

2.7 Theoretical Framework

This thesis is the study of marketing aspect of boutique hotel and customer behavior in selecting boutique hotels in Chiang Mai, Thailand. In researching, the author had combine and adapts the framework from three theories mentioned above. The theoretical framework is display in figure 2.2. It is divided into three main parts as in the model of consumer behavior, which are marketing, buyer's black box, and buyer responses. In marketing, the thesis would only focus about the service of boutique hotels through the 7ps: product, price, place, promotion, people, process, and physical environment of the hotel. The customer driven marketing strategies are also including in marketing stimuli part, using the segmentation, targeting, and differentiation and position.

This is used to develop questions and analyzes the qualitative data. But buyer's black box and buyer responses are used to analyze quantitative data. In buyer's black box, it will concentrate on the buyer's characteristics, which are personal, psychological, and social as mentioned above. Beside this, the attractive factors of boutique hotels from Khosravi, Malek & Ekiz (2014) are included in generating questions for quantitative research. Therefore, this framework is the structure of this thesis and is applied for analyzing the data.
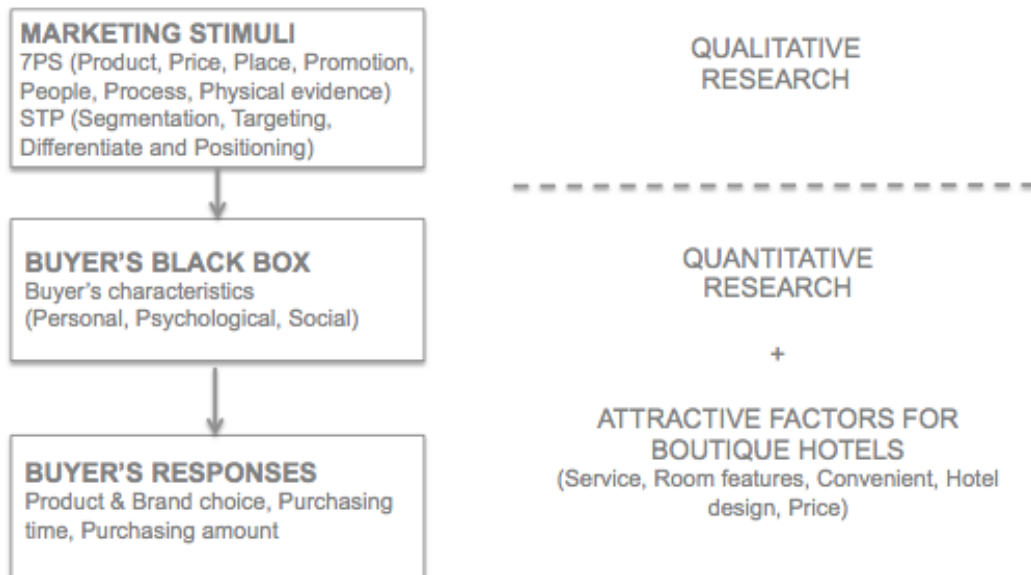
Figure 2.2: Author's framework

Source: Adapted from model of consumer behavior and customer driven marketing strategies by Kotler & Armstrong (2010).

CHAPTER 3

METHODOLOGY

This chapter covers the methodological part of this thesis, including how and why selected approaches were undertaken. The outline of this chapter starts from the research scope, which includes the area of study and the reason for the selection of particular regions, followed by the sampling method, which includes the sampling approach, sampling size, and reason for selecting the approach. Furthermore, this thesis applies two types of designs, qualitative and quantitative research. Then, the author discusses the data collection and analysis methods.

3.1 Research Region: Market Selection

First, the author selected Thailand because it is one of the top tourist destinations in the Asian Pacific, which can attract lots of travelers into the country (Fahmy, 2016). By the end of 2015, Thailand's hotel occupancy rate had increased from 59.8% to 73.4%. Furthermore, e-News Wire (2016) suggested that the travel and hotel industry in Thailand will continue to grow. Therefore, it is an interesting market in which to observe growth.

Chiang Mai was selected due to its large supply and demand in the boutique hotel market (Bangkokbiznews, 2015). Chiang Mai attracted over 6,928,155 tourists in 2015, of which 61% are Thai tourists and the rest are foreigners. Moreover, it has high competition, as there are currently over 700 to 800 registered hotels in Chiang Mai, according to various online travel agencies (OTAs).

The author also narrowed down the research in the urban or city center area of Chiang Mai. According to the location of boutique hotels in Chiang Mai, this is divided

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into two types of locations: city locations and resort locations (Anhar, 2001). In this thesis, the author emphasizes the city or urban area of Chiang Mai. This is because most boutique hotels in Chiang Mai are located in the city area, causing high competition in that area.

A.   B.
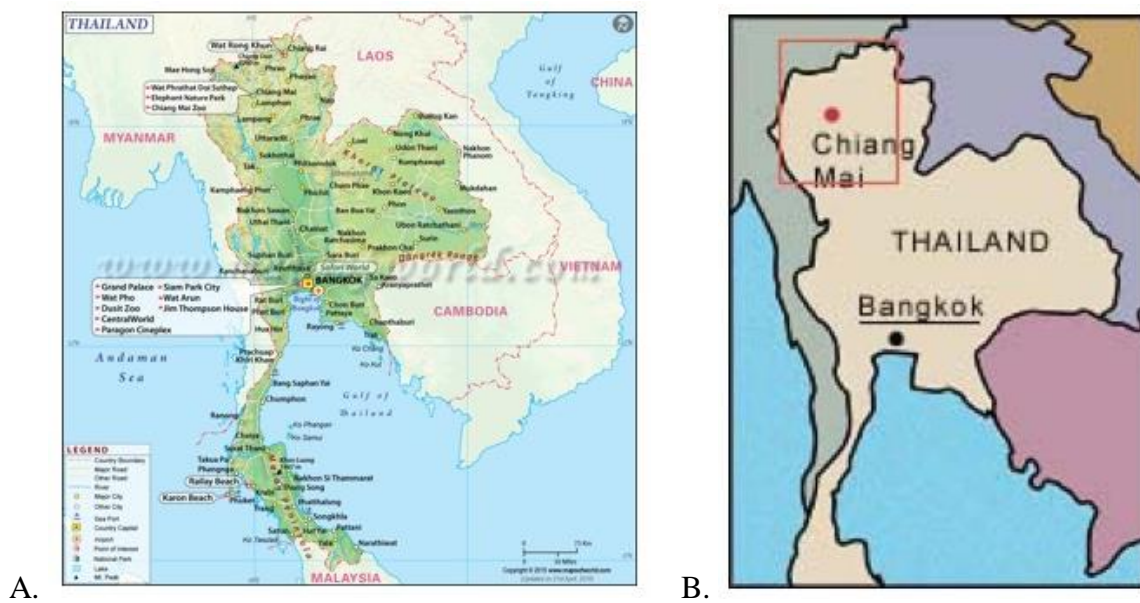
Figure 3.1: Map of Chiang Mai, Thailand
A. Location of Thailand in South East Asia Map
B. Location of Chiang Mai city in Thailand Map (located in northern part of Thailand).

3.2 Sampling Method

As this research is a study to improve the boutique hotel business in Chiang Mai, the approach utilized both qualitative and quantitative research. The qualitative method is in the form of in-depth interviews with the boutique hotel managers. The questions in these interviews are mainly about the marketing practices of the hotels. For the quantitative approach, the author used a survey questionnaire for guests of boutique hotels. These questions focused on the marketing aspects, and customer behaviors, motivations, and perceptions.

To create these two approaches, research was done to determine the sample for conducting both the surveys and interviews. Since there are no specific statistics for the number of boutique hotels, the author went into all hotel websites to see which ones claimed to be boutique hotels. The author found that approximately 100 of the hotels stated on their webpage that they are boutique hotels. This does not include those that have not been registered with an OTA. Out of these 100 boutique hotels, the author classified Chiang Mai boutique hotels into two main categories based on price per room. The two categories are 1) upper boutique (more than $115 per night) and 2) standard boutique (less than $115 per night).

3.2.1 Sample size and method of qualitative research

The author interviewed four boutique hotel managers from hotels located within the city area. Two were upper boutique hotels (Pingnakara Boutique Hotel and Spa and Tamarind Village Chiang Mai); another was a standard boutique hotel (Roseate Chiang Mai), and the last was At Pingnakorn, which can be seen as a standard or upper boutique hotel since its price range is from $25 to $200 per night.

Table 3.1: Name of sample boutique hotels.
Source: Author, 2016.

#	Name of Boutique Hotels	# of Rooms	Price Per Night (USD)	Type of Boutique Hotel
1	Pingnakara Boutique Hotel and Spa	19	190-388 USD	Upper
2	Tamarind Village Chiang Mai	45	157-230 USD	Upper
3	Roseate Chiang Mai	72	25-200 USD	Standard
4	At Pingnakorn (two branches)			
	a. Nimman	46	25-115 USD	Standard
	b. Huaykaew	46	85-200 USD	Standard/Upper

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In selecting the samples from 100 boutique hotels in Chiang Mai, the author used non-probability sampling as a purposive sampling method. This is the selection of samples based on the author's determination of which is the most appropriate to the study in the city area. After selecting ten samples of the boutique hotels, the author attempted to set up interviews with the hotel managers, but only four of the managers agreed to have in-depth interviews. The ten selected boutique hotels were Pingnakara Boutique Hotel and Spa, Tamarind Village Chiang Mai, Roseate Chiang Mai, At Pingnakorn, Tokyo Vendor, B2, Rati Lanna, Baiyok Hotel, Nimman Mai Design Hotel, and Victoria Hotel. These ten boutique hotels were selected because they are located in the Chiang Mai city area and are recognized by many tourists.

The first hotel is the Pingnakara Boutique Hotel, which was chosen due to the connection with the manager of the hotel. The author knows the manager personally and believes that much information can be obtained from the hotel manager. This hotel also received many awards, including TripAdvisor awards and Thailand boutique awards for many years. Their success would contribute to the study of boutique hotels in Chiang Mai as a whole.

The second hotel is the Tamarind Village Chiang Mai, which is the first boutique hotel opened in Chiang Mai, Thailand. They are known as the father of the boutique hotel industry in Chiang Mai, so it is important to learn from the experts in the field.

As for Roseate Chiang Mai and At Pingnakorn Hotel, the author has some connections, which make it easy for the author to contact the managers of these hotels and ask for interviews. These two hotels are relatively new when compared to the

mentioned boutique hotels; therefore, the author thinks that they would be able to give information on how to compete with existing boutique hotels.

As for Tokyo Vendor, they have been operating for a long time, and they have changed many managers and have been in and out of business several times. The author wants to learn about the problems in the industry and what they have done to deal with them. Unfortunately, the author did not have a chance to conduct an interview with this hotel due to the limited timeframe.

Next are B2, Baiyok Hotel, Nimman Mai Design Hotel, and Victoria Hotel. They are all selected because of their locations. They are all located on Nimmanhaemin Street, which is a well-known street among tourists in Chiang Mai, Thailand. The authors want to learn from the managers who are managing hotels in the busy area of Chiang Mai and how it has benefited or affected their management.

The last hotel that was selected is called Rati Lanna. It is an upper boutique hotel that emphasizes the services and decorations of the hotel. The author wanted to interview their managers since they have not been open for long but could gain customer awareness as well as be able to target high-income customers.

However, the researcher was able to set up a meeting with only the first four hotels. For Tokyo Vendor, the author could reach the manager, but he was always busy, so that both the author and manager could not set up a time for an interview. As for the other mentioned boutique hotels, the author could not reach their managers since some were away or do not allow any kind of interviews. Due to the limited time, the author was in Chiang Mai to conduct the interviews and the inability to contact some of the managers, the respondents decreased from ten to four interviewees.

The location of these four boutique hotels are shown in the figure below.

Figure 3.2: Location of four selected boutique hotels in Chiang Mai.
Source: Map adapted from Chiangmaiairportonline.com; Author, 2016

3.2.1.1 Sample profile for qualitative research

Four managers of boutique hotels in Chiang Mai were interviewed at their hotels about the current marketing being done, and below are their sample profiles.

Pingnakara Boutique Hotel and Spa

Mr. Chairat Usavangkul is currently both the owner and managing director of Pingnakara Boutique Hotel and Spa. He has published books related to the design of hotels and the branding of products. One of his books is called *Lanna Colonial*, which discusses different designs of hotels, including in-depth details about the design of his boutique hotels. He was able to win many awards in recent years, for both the design and services for his boutique hotel. The latest awards for this hotel were the award for 2014–2015 best small hotels in Thailand and the award as one of the top 25 luxury hotels in Thailand, which was from TripAdvisor. This boutique hotel is considered one of the top boutique hotels in Chiang Mai, according to different reviews on the OTA website. In TripAdvisor, Pingnakara Boutique Hotel and Spa is rated seventh out of all hotels in Chiang Mai. Therefore, the researcher wanted to find out how the manager competes in the competitive environment as well as how he ensures his hotel is one of the top boutique hotels in Chiang Mai.

The pictures of Pingnakara Boutique Hotel and Spa are shown in Figure 3.3.

A.

B.

Figure 3.3: Picture of Pingnakara Boutique Hotel and Spa.
A. Swimming pool area, B. Lobby area.
Source: Photograph by author, 2015.

Tamarind Village Hotel

Ms. Napat Nutsati is the general manager of the Tamarind Village Hotel, which is located in the middle of Chiang Mai city. It was the first boutique hotel opened in Chiang Mai. It was established in 2005, which is around 11 years ago, and acts as a model business to many of the boutique hotels in Chiang Mai. Ms. Napat Nutsati was hired by the owner and has been managing this hotel from the beginning. The hotel attained the 2016 travelers' choice award, is a top 25 Thai hotel, and one of the top 25 hotels for services according to TripAdvisor. It has an atmosphere of village life (Figure 3.4).

Figure 3.4: Picture of Tamarind Village Hotel.
Source: Photograph by author, 2015.

Roseate Chiang Mai Hotels

This boutique hotel has been open for just three years and is operated by Mrs. Wanatthamon Thamrongthippayakhun, a general manager. She used to work in the Imperial Mae Ping Hotel in Chiang Mai (a big chain hotel) and was later hired by the owner of Roseate Boutique Hotels. This hotel has over 72 rooms with modern designs. Since it is a new hotel, I wanted to interview its manager about how they manage and compete with the existing boutique hotels.

A.

B.
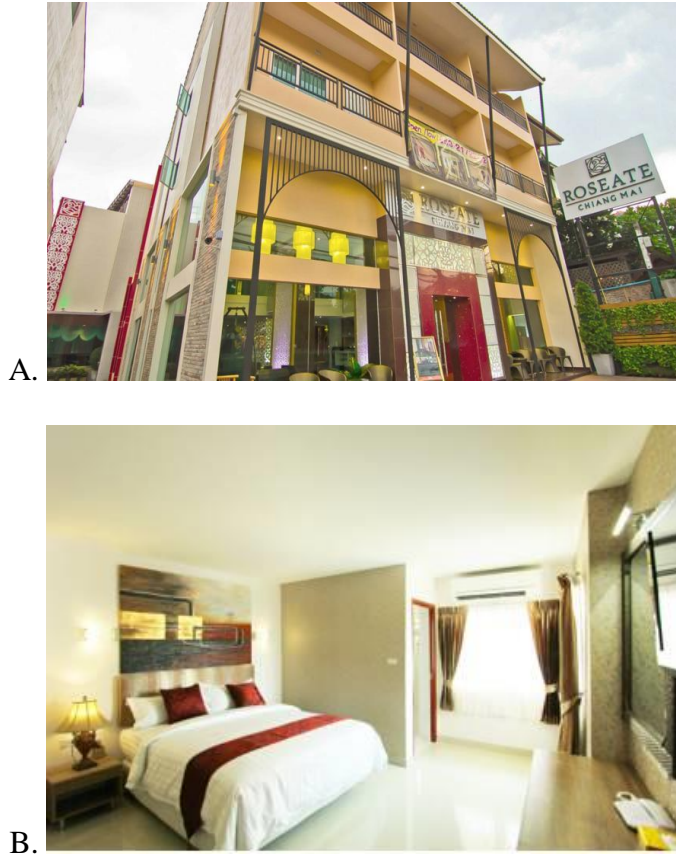
Figure 3.5: Picture of Roseate Chiang Mai Hotel.
A. Roseate building picture, B. Bedroom of Roseate Chiang Mai Hotel.
Source: Booking.com, 2016.

At Pingnakorn

At Pingnakorn Hotel has two branches, which are located in the city center area. The owner of this hotel (Mrs. Soontaree Donthawprai) is also the manager who is in charge of both branches. The first hotel was opened in 2007 on a famous street of Chiang Mai called Nimmanhaemin. With success in business, she was able to open a new one around three years ago and is planning to open a third one. Figure 3.6 shows the pictures of the At Pingnakorn Boutique Hotel.

A.
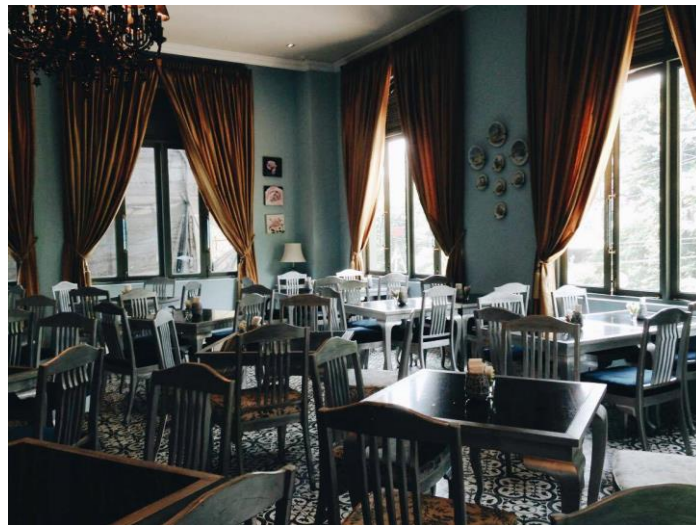
B.

Figure 3.6: Picture of the At Pingnakorn Hotel.
A. Bedroom at the At Pingnakorn Hotel, B. Restaurant in the At Pingnakorn Hotel.
Source: Photograph by author, 2015.

3.2.2 Sample size and method of quantitative research

For quantitative research, the survey questionnaires are distributed in paper-based format; 400 questionnaires (paper-based) were distributed to 21 boutique hotels in Chiang Mai. Both Thai and English questionnaires were handed out because the thesis is targeting both foreigners and local Thais. The author does not want to focus on only one nationality since Chiang Mai is one of the top destinations in Thailand and has attracted

all nationalities from around the world. In Table 3.2, the selected boutique hotels are listed along with the number of rooms, price per night, and type of boutique hotel, categorized by the author.

Table 3.2: Name of sample boutique hotels for questionnaires.
Source: Author, 2016.

#	Name of Boutique Hotels	# of rooms	Price Per Night (Thai Baht)	Type of Boutique Hotel
1	Roseate	72	1,000-4,000 baht	Standard
2	Rimping Village	34	3,000-7,500 baht	Upper
3	Na Thapae	15	1,000-2,000 baht	Standard
4	At Pingnakorn Nimman	46	3,000-7,000 baht	Upper
5	Villa Thapae	5	3,000-8,000 baht	Upper
6	Sabai Hotel	20	400-1,000 baht	Standard
7	Tokyo Vendor	110	500-1,000 baht	Standard
8	Mayflower Hotel	89	1,200-3,000 baht	Standard
9	Victoria	76	700-2,000 baht	Standard
10	B2 Green	76	500 baht	Standard
11	Dechai Hotel	40	3,500-6,000 baht	Upper
12	De Naga	55	5,000-10,000 baht	Upper
13	Baiyok Ciao Hotel	31	900-1,500 baht	Standard
14	Nimman Mai	56	2,000-4,000 baht	Standard
15	Aruntara	28	3,500-8,000 baht	Upper
16	Eastin	128	3,600-16,000 baht	Upper
17	Sawasdee Chiangmai	32	1,350-2,000 baht	Standard
18	The Story Hotel	6	1,000 baht	Standard
19	Artel Nimman	13	1,000-2,000 baht	Standard
20	Khammon Lanna	54	3,000-7,000 baht	Upper
21	Pingviman	35	4,000-34,000 baht	Upper

Figure 3.7: Location of selected boutique hotels for quantitative research.
Souce: Map adapted from Chiangmaiairportonline.com; Author, 2016

In selecting these boutique hotels, the author used multistage random sampling and convenience sampling to determine which hotels to study and the number of the respondents. The sampling was done through four processes:

1) The hotel must be located in Chiang Mai as it is considered one of the cities with a large growth in the boutique hotel industry. From the secondary research of the hotels, there are approximately 100 boutique hotels in Chiang Mai.

2) The second criterion was that the location had to be within or near the center city of Chiang Mai, Thailand. Moreover, the hotels needed to have unique

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characteristics. This made a total of around 50 boutique hotels since most of the boutique hotels are within the city area.

3) From the 50 boutique hotels, convenience sampling was used to select boutique hotels for study. This is due to the permission of placing the survey in hotel areas. Some luxury or upper boutique hotels did not allow the author to place the survey, believing that it might ruin their hotel image. This meant that there were only 21 hotels from which the authors could receive respondents.

4) Last was the selection of a sample number for the questionnaires. According to the Department of Tourism Thailand (2015), there were 6,928,155 tourists coming in to Chiang Mai that year. To determine the sample size, Taro Yamane's formula was used. In the formula, the confidence level is 95% and P = 0.5 (Israel, 2009).

Taro Yamane's formula:

$$n = \frac{N}{1 + Ne^2},$$

where n is the sample size, N is the population size, and e is the level of precision. Adding the values, we obtain:

$$n = \frac{6,928,155}{1 + 6,928,155(0.05)^2}$$

$$= 399.98$$

Therefore, the sample size should be 400 respondents along with convenience sampling.

Using the convenience sampling method, the author went to 30 boutique hotels in Chiang Mai and asked to place the questionnaires in their hotels. Most of the hotels did not want the researchers to interrupt their customers. Fortunately, by knowing some of the owners of the boutique hotels, the author was able to place the questionnaires at ten boutique hotels, which are the first ten names listed in Table 3.3. For another 11 hotels, the author was in the lobby area and attempted to persuade the customers to answer the questionnaire; however, only a few questionnaires were filled out from these boutique hotels because the staff of the hotels did not want the researcher to conduct the surveys, believing that it would disturb their guests. Of the 21 boutique hotels, nine were upper boutique hotels, and 11 were standard hotels (Table 3.3).

Table 3.3: Number of received respondents from boutique hotels.
Source: Author, 2016.

#	Name of Boutique Hotel	# of English Survey	# of Thai Survey	Total
1	Roseate	35	22	57
2	Rimping Village	36	2	38
3	Na Thapae	25	4	29
4	At Pingnakorn	22	6	28
5	Villa Thapae	23	1	24
6	Sabai Hotel	13	9	22
7	Tokyo Vendor	11	8	19
8	Mayflower Hotel	5	4	9
9	Victoria	0	7	7
10	B2	1	5	6
11	Dechai Hotel	4	1	5
12	De Naga	3	1	4
13	Baiyok	0	3	3
14	Nimman Mai	2	1	3
15	Aruntara	0	3	3
16	Eastin	1	1	2
17	Sawasdee Chiangmai	1	1	2
18	The Story Hotel	0	2	2

19	Artel Nimman	0	1	1
20	Khammon Lanna	0	1	1
21	Pingviman	0	1	1
TOTAL		182	84	266

From the 400 questionnaires distributed to different boutique hotels, 311 responses were received, a 77.75% response rate. Out of these 311 responses, 45 had errors, which left 266 responses from boutique hotels to be analyzed. This is 66.5% of the 400 questionnaires that were distributed in the beginning. The 45 errors were that the respondents chose the same number for every answer or did not answer all the questions in the questionnaires.

A limitation in this survey is that the questionnaires were placed at the reception desk of these boutique hotels for people who were checking out of the hotels to fill out the details and their comments. The number of responses is considered low, as the problem might be because the author was not allowed to stay in the reception area and hand out the surveys. Instead, the questionnaires were just left at the reception desk, so most of the guests might not see or be interested in filling them out. This problem of few respondents is also found in previous boutique hotel research (Siggs, 2004).

3.3 Qualitative Design: In-depth Interview

In order to meet the objective, the qualitative approach is a better design to understand a manager's perspective on hotel ventures and the marketing aspects of the hotels. As the main purpose of qualitative research is the "outcome of words rather than numbers" (Potocakova, 2015), the questions are design to be open-ended about general information, their view on customers and marketing aspects, and the future decisions of

managers or hotel owners. The interviews were designed to be semi-structured. This is a face-to-face interaction in which respondents and the interviewer are in a formal interview. The author already had a set of questions for respondents but allowed new ideas and questions to be brought up during the interview session (Cohen & Crabtree, 2006).

The questions in the interviews are separated into questions for the marketing aspects regarding the 7Ps and STP. However, for the flow of the interview, the questions were arranged so that they would go smoothly from general information about hotels to the marketing aspects. The rearranged questions are divided into general information, customers, and marketing categories. The data analysis will be conducted according to the 7Ps and STP.

The first section is general information. The researchers prepared questions to better understand the hotels, operations, management, offered products or services, and the motivation behind the services. In the customer section, we aim to understand the manager's ideas of segmentation, targeting, and positioning, to view which group of people are most important or contribute most to the income of hotels. Moreover, the channels of communications are examined to see which channels have earned the most reputation. It is important to know the main target market since hotels need to know who their customers are and what their needs and wants are to be able to provide the right services (Kotler & Armstrong, 2010b).

Lastly is the marketing aspect. The questions are mainly on marketing strategies and their effectiveness, competitors, and differentiation. This marketing information was

used to compare the marketing information and channels received by customers (survey questions) and the marketing done by the managers of boutique hotels.

3.4 Quantitative Design: Questionnaire/ Survey

As for the questionnaire design, the survey was created after the interview questions were developed. Since the questionnaires are not being used by hotel managers, the questions are relatively different. This questionnaire design was for the guests of the hotels or those who have stayed in boutique hotels in Chiang Mai, Thailand. This survey is mainly to understand customer behavior, their motivations in selecting boutique hotels, and their perceptions of boutique hotels in Chiang Mai.

The questionnaire was divided into three main parts: socio-demographic information, customer behavior (general information about trips to Chiang Mai), and motivation in selecting a boutique hotel. It has total of 20 questions and was a mixture of both closed- and open-format questions.

Part 1: Socio-Demographic Information.

This is the general information of respondents. It began with the socio-demographic information or the personal information of the respondents. In this section, questions are in closed format. The survey includes gender, age, nationality, occupation, monthly income, and number of visits to Thailand, which is considered a personal factor for buyer characteristics in a customer black box (Kotler & Armstrong, 2010a).

Part 2: Customer behavior (customer's trip to Chiang Mai, Thailand).

The second part then narrows down to information about the trip in Chiang Mai. This includes the number of times the customer has visited Chiang Mai, the main purpose for visiting, the type of selected transportation to Chiang Mai, the length of stay, the people traveled with, and the organization of the trip. The main point of this section is to study how each tourist behaves toward selecting boutique hotels.

Part 3: Motivation in selecting a boutique hotel.

This is where different of channels of communications are investigated along with the ranking of the level of satisfaction and the important factors in boutique hotels. The quality of the boutique hotels is requested by having customers rank the level of satisfaction. This question is developed to examine the perception of customers, which is a psychological factor in buyer characteristics (Kotler & Armstrong, 2010a). The quality of hotels is divided into five features, which are factors that were used in previous research: quality of hotel services, quality of room features, convenience of the hotel, hotel design, and hotel price (Khosravi, Malek, & Ekiz, 2014). Besides measuring the level of satisfaction, the level of importance is also rated by the customers. This is to analyze the factors that influence or motivate tourists in selecting boutique hotels. The level of satisfaction and importance range is shown below:

Level of Satisfaction/Importance	Point/Scale
Very satisfied/Very important	5
Satisfied/Important	4
Somewhat satisfied/Somewhat important	3

Not very satisfied/Not very important   2

Not satisfied at all/Not important at all   1

        The important factors in choosing hotels that were rated were: cleanliness of the hotel, accessibility of information, reliability of information, images of the hotel, design of the hotel, additional activities, good reputation, price, location, special services, convenience, size of the hotel. The first three factors (cleanliness of the hotel, accessibility of information, and reliability of information) were from previous questionnaires developed by chain hotels. The authors looked through many surveys done by hotels and selected common terms to use as factors in measuring which factors have the most influence on customer thinking. The remaining factors are from the related literature review. The questionnaire form and questions will be shown in the appendices.

3.5 Data Collection

The process of collecting data was divided into qualitative and quantitative research**.**

3.5.1 Qualitative data collection

As mentioned earlier, meetings were organized for in-depth interviews with the managers. The arrangement was done by phone. The researcher knew some people that have connections with these four managers. That allowed the author to have access to their phone numbers and to contact them directly. These face-to-face interviews were one

to two hours per respondent. The interviews were conducted at their hotels and were in the Thai language. They were recorded and later translated into English for the analysis of this research. In the translation of these records, there is no bias or any altering of the meaning. The translation has the exact same meaning and is quoted from the managers.

The first meeting, which was on 14 September 2015, was with Mr. Chairat Usavangkul, the manager of the Pingnakara Boutique Hotel and Spa. It took around two hours and was held in the hotel lobby. The author brought a fruit set as a gift for the interviewee and received a book written by the manager in return. This book helped the researcher in learning about the motivation of the hotel design, which is also mentioned in the results chapter.

The second interview was with the manager of the Roseate Chiang Mai Hotel, Mrs. Wanatthamon Thamrongthippayakhun. It was on the morning of 19 September 2015. The interview was conducted in her office room in the hotel. The author brought a coffee set as a gift. The interview was around 40 minutes, as the manager had to work after the meeting. Therefore, it was a short period compared to the interviews with the other managers.

After that, the author went to meet the manager of the Tamarind Village Hotel, Ms. Naphat Nutsati on the same day. The interview was held at the hotel restaurant and took 40 minutes. The author also brought a coffee set as a gift to the manager. After that, the manager of the hotel showed the author around the hotels and explained the use of each room, including the in-door activities, events, and local shops in the hotels. The total time for this interview was around 1 hour and 30 minutes.

The last interview was at the At Pingnakorn Boutique Hotel with Mrs. Soontaree Donthawprai. It was on 22 September 2015 at both branches of her hotel. We first met at her new hotel where the interview went on for around two hours. She took the author around the hotel and into many types of rooms. After that, the author and manager drove to another hotel that she manages. The interviewed went on for another two hours at the hotel restaurant. The author brought the coffee set as a treat and received lunch in return. Therefore, the total interview period with the manager of the At Pingnakorn Hotel was approximately four hours, including the tour of both hotels. All data were recorded on the phone including the photos of each hotel, which will be shown in the appendices.

3.5.2 Quantitative data collection

The author distributed questionnaires on September 2015. The author went to a total of 30 hotels (around three hotels per day). Some did not allow distribution, but in the end, the researcher was able to collect questionnaires from respondents at 21 hotels. The questionnaires were put at the receptions of each hotel by the end of September. The researcher gave each hotel four months before collecting the questionnaires. Before the collection dates, the author made a direct call to the hotels informing them of the date and time of picking up the surveys. All of the surveys were collected by the end of December 2015.

3.6 Analysis Method

The qualitative data was analyzed according to the theoretical framework using the 7Ps and STP as mentioned earlier in this chapter, while the quantitative analysis was done using the customer black box and customer responses.

3.6.1 Qualitative analysis: In-depth interview

Under the qualitative analysis, the researcher used two main sources of information, primary and secondary data.

3.6.1.1 Primary data

The interviews were analyzed for a better understanding of marketing strategies used by the hotel managers as well as their positioning and management. In the interviews, the author touched mainly on the environment of the market, marketing stimuli, and STP of the current boutique hotels. The data was analyzed according to the 7Ps and STP.

3.6.1.2 Secondary data

As for secondary data, it was found in both online and given materials by the managers of the hotels. For the 7Ps, data are found on each hotel website and in the brochures given by the hotels. The hotel manager of the Pingnakara Boutique Hotel and Spa also provided his book, which is about the design of his hotels and the motivation behind it. For positioning, the secondary data, such as that from TripAdvisor, was used to access customer reviews and ratings on the

hotels. This was to gather information about how they rate the hotels and how this may be different from the manager's views.

3.6.2 Quantitative analysis: Questionnaire/survey

The questionnaires were converted into code and analyzed through SPSS software. The analysis was divided into two parts according to Kotler's framework: buyer's black box and buyer responses.

1) **Buyer's black box**

The analysis used the buyer characteristics from the Kotler framework. The analysis was divided into personal, psychological, and social factors.

*Personal factors***:** The analysis was about the general information of the respondents (gender, age, nationalities, education, occupation, and monthly income). This was analyzed using the frequency analysis in the SPSS program to find the frequency and percentage of each respondent.

Psychological factors: Under the psychological factor, the topics of motivation, perception, and learning were analyzed. In this section, there is one main comparison, which is the comparison between the upper boutique hotels and standard boutique hotels.

The focus of this analysis is on the rating of the hotel quality and the importance of selecting boutique hotels. The crosstab function was used to find the differences between the two types of hotels.

Social factors: The questions were regarding who the customers are traveling with and how the trip was organized. The frequency function is used.

In order to interpret the score received by the respondents, class intervals need to be determined. To calculate class intervals:

$$class\ interval = \frac{highest\ value - lowest\ value}{number\ of\ class}.$$

In which both the importance and satisfaction levels were on a five-point scale, with the highest value being 5 and lowest value being 1:

$$= \frac{5 - 1}{5} = 0.80.$$

Therefore, the interpretation of numbers will be based on these class intervals:

Rating	Interpretation
1.00-1.80	1 = Not satisfied/important at all
1.81-2.60	2 = Not very satisfied/important
2.61-3.40	3 = Somewhat satisfied/important
3.41-4.20	4 = Satisfied/important
4.21-5.00	5 = Very satisfied/important

2) Buyer's response

In buyer's response, the purchasing behavior of customers is summarized by what they have selected, their brand choice, purchasing time, and purchasing amount. Product and brand choice cover how many people have selected particular boutique hotels and their reasons for choosing the hotels. This is described using the frequency function. For purchasing time, there is a limitation to this aspect because the time of distributing the questionnaires

was fixed. Last is the purchasing amount, for which the researcher used the frequency function to show the number of Thai and foreign customers in upper boutique and standard boutique hotels.

CHAPTER 4

ANALYSIS AND RESULTS

The research was divided into three main parts according to the adapted model of consumer behavior and customer driven marketing strategies by Kotler & Armstrong (2010) to meet with the research objectives.

The qualitative analysis (In-depth Interview):

Part 1 The environment (marketing stimuli)

- 7Ps & STP

The quantitative analysis (questionnaire):

Part 2 Buyer's black box

- Buyer's characteristics (Personal, psychological, social)

Part 3 Buyer responses

- Product and brand selection

- Purchasing behavior (timing & amount)

In Part 2 & 3, factors will be comparing into two ways. First is the comparison between Thai tourists and Non-Thai tourists. Second comparison is the different results in upper boutique hotel (price higher than 4,000 baht per night) and standard boutique hotel (price lower than 4,000 baht per night). The comparison will depend on the questions.

4.1 Qualitative Analysis (In-depth Interview)

As mentioned earlier, the interviews were conducted with four managers of boutique hotels. Two of the boutique hotels (Pingnakara boutique hotel and spa &

Tamarind village hotel) are from upper boutique hotels (or price higher than 4,000 baht per night). Another is a standard hotel (Roseate Chiang Mai). For At Pingnakorn hotel, it is considered as in between standard and upper boutique hotels. The structure of analyses would be 7Ps (Product, Price, Place, Promotion, People, Process, and Physical evidence) along with the STP or segmentation, targeting, and differentiation and positioning.

4.1.1 Products

Although boutique hotels all offer accommodation and services as their products, the hotels vary in size of hotel, room facilities, and the services. As many researchers have state that **boutique hotel rooms** should be around 20 up to 150 rooms (Anhar, 2001; Aliukeviciute, 2010; Srinivas, Singh, Khunrana, Wanlu, 2013), the selected boutique hotels are all in this range. Pingnakara boutique hotel and spa has less number of room (19 rooms), followed by Tamarind Village Chiang Mai hotel with 45 rooms. Roseate Chiang Mai hotel and At Pingnakorn hotel have 72 and 92 rooms, respectively.

The managers of the hotels claim that the size of their rooms allows them to create close and good relationships with their guests. Three of the interviewed managers stated that **service** is the most important aspect in attracting guests (Usavangkul, Nusati, Donthawprai, 2015).

> "The boutique hotel doesn't need to have perfect service, but they need unique services." [Usavangkul]

The upper boutique hotels (Pingnakara boutique hotel and spa; Tamarind village hotel) provided diverse services for the guests. For instance, Pingnakara boutique hotel and spa provides a classic Mercedes car as a free transportation if customers want to go somewhere not too far. They also have Buddhism practices for the guests to give alms to the monks who walk pass the hotel every morning. This is a way to let their customers experience local activities. Tamarind village hotel opens course in the hotel for customers to participate in. Some of the courses include umbrella paintings and cooking local food. This is free of charges as the hotels aim to differentiate themselves and let their customer experiences something different from other hotels (Nutsati, 2015). Roseate hotel & At Pingnakorn hotel does not have hotel activities, but has services such as bicycle rental. Pingnakorn hotels believe that service is significant, however they do not have many additional activities for their customers. They only cater personal services such as paying attention to the details of the customers, what they like and dislike. The manager of At Pingnakorn hotel always reallocates the furniture in each room to create a new environment for the customers.

> "For customers, we have to remember which room they stayed in before. So the next time they come in, we can put them into different room to experience the new theme and designs." [Donthawprai, 2015]

To simplify the products, upper boutique hotels have small number of rooms in which they emphasize the importance on services. Many activities and additional services are

being added into the hotels. Whereas, the standard hotel (roseate hotel) has higher

number of rooms and does not stress the important of services.

4.1.2 Price

With regard to pricing, Table 4.1 lays out the range of price for the four hotels.

The order of hotels are arranged from highest to lowest price per night in US dollars

Table 4.1: Price of accommodation per night

Source: Author, 2016

#	Name of Boutique Hotels	Price per night (USD)
1	Pingnakara Boutique Hotel and Spa	190 – 388 USD
2	Tamarind Village Chiang Mai	157-230 USD
3	At Pingnakorn	25-200 USD
4	Roseate Chiang Mai	29-115USD

For all boutique hotels, the **price of accommodation** varied depending on the seasons,

limitation of room, the size of room, and through the online travel agency. For season in

Chiang Mai, there are low and high season. Low season of Chiang Mai would be in from

May to September. The occupancy rate is really low in these months. For October to

April, it's called high season where the demand and prices of the hotels' rooms are really

high. People would book in advance for this period (Ruankaew, 2010). As for Pingnakara

boutique hotel and spa, their prices start from 6,600 baht for deluxe room in the hotel's

website, while the price for the same room is at 5,500 baht in Agoda. The difference in

price is because online travel agencies are buying the hotel rooms in bulk so they can sell

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it at cheaper price. But all of the manager prefer customers to book directly with hotels' website.

On another hand, the manager of Roseate Chiang Mai hotel trusts that price is the most essential element in attracting customers. But she states that sometimes hotel cannot just reduce the price to as low as their competitors, they have to see the costs and how much they can actually deduct so that they won't cut down their profit.

> **"**So we play all kinds of marketing, but the costs of hotel are the main factors in setting the price." [Thamrongthippayakhun]

4.1.3 Place

The hotels are all located within or near the city center area of Chiang Mai. Roseate Chiang Mai hotel and Tamarind village hotel is located inside the moat area in which all the hotels are only around 15- 20 minutes ride from Chiang Mai international airport. Some places are able to attract the travellers because they are near tourist's attractions or in city areas. Other travellers are interested by beautiful landscape of the remote areas.

> "Many boutique hotels are not in the city area. Some hotels are even in between city and the countryside. Even if the place has really nice design, they might not be successful. This is because of location. Customers would want to either experience the town life or just absorbing the environment in countryside." [Usavangkul]

So location is actually one factor of customers in selecting boutique hotels according to the four managers.

For **point of selling**, guests can book the hotels through walk-in, telephone, tour, travel agency, hotel's website, or even through the online travel agency (OTA). Managers of both upper boutique hotel and standard boutique hotel agreed that most of their customers know about their hotels and purchase through social media. This consists of OTA or online travel agency such as Agoda, Booking, Tripadvisor, Expedia, and many more websites.

> "Social media covers 90% of how customers come to boutique hotels. Before there was travel agency but now it has changed into online travel agency (OTA). Only few people know us from the print advertisement or published paper and word of mouth." [Usavangkul]

Currently, the main point of selling for all boutique hotels is through online. Pingnakara boutique hotel and spa, Tamarind Village, and Roseate Chiang Mai, rely on Tripadvisors (OTA website) as their main channels of booking. Although the managers don't really want customers to book through the online travel agency, but it is where most of their guests booked through. But for At Pingnakorn hotel, they depend on Chinese website, Agoda, and hotel's website.

"It all starts from when Chinese posted about our hotel in their famous website. So people followed to our hotel from the positive comments on that website."

[Donthawprai].

In conclusion, the locations of all boutique hotels are within the city center area. The tourists can purchase the rooms by walking in or through calling directly with the hotel and booking in hotel's website (which is the best way to book for the managers of boutique hotels). Lastly is through the online travel agency in which can charge the hotels up to 20% of their room sales.

4.1.4 Promotion

As the author had interviewed about the current marketing, all managers have brought up about the changes in marketing from the past. The managers state that in the past, the marketing would rely much on travel agency, sale person, and print ads such as newspaper, magazine, and billboards. But currently it had changed from travel agency into online travel agency or OTA. People do still use travel agency to book flight but the number had reduced dramatically. Another important source that has huge influence on traveller's decision is marketing through social media. The social media includes blogs, websites, facebook, youtube, or even their own websites. Words of mouth are usually become effective when they written as a review on the website or online travel agency websites.

From this current marketing that have been done, all managers agreed that the best way to reach their customers would be through social media and online travel agency.

The current marketing mentioned by the managers is summed up in Figure 4.1. These factors are communication channels that raise awareness to the travellers and have influence on their purchasing decision.

Current marketing

Social media
- Websites
- Blog
- Youtube

Online travel Agency
- TripAdvisor
- Agoda
- Boking
- Expedia

Print Ads
-Bochures
-Books
- Magazines

Travel agency
-Tour
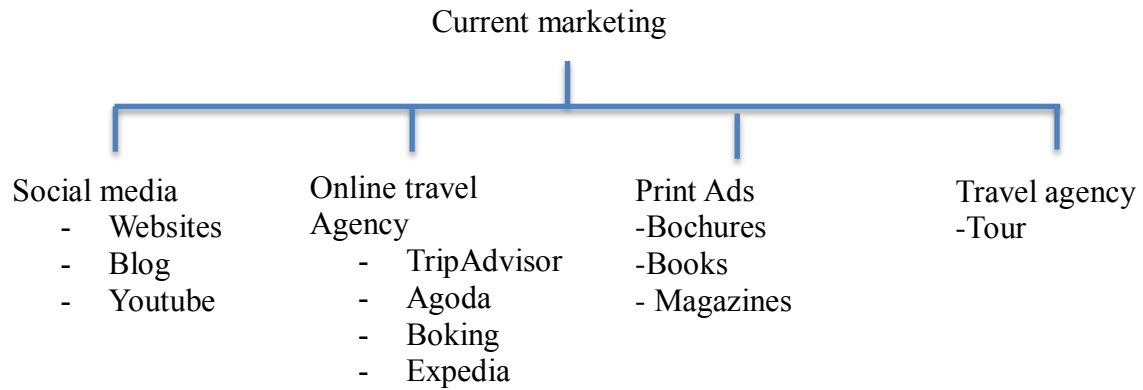
Figure 4.1: Current marketing of boutique hotels in Chiang Mai, Thailand

Source: Author, 2015; Summarized from the interviewed of Usavangkul, Nutsati, Thamrongthippayakhun & Donthawprai.

The researchers have also asked managers about which **marketing** or promotion they have done to reach the target markets.

As for Pingnakara boutique hotel and spa, the managers did marketing in both direct and indirect way. As for indirect way, the manager have submit hotel's name into various websites and published sources to earn more awareness.

"We send our hotel name into different contests. This is marketing to make people become aware of our hotel. Some bloggers also contact us to have free room or free breakfast and they would write a good review about our hotel. By putting our hotel into contests, this act as additional marketing." [Usavangkul]

By attending in various contest, Pingnakara boutique hotel and spa are considered as top boutique hotels in Chiang Mai from many websites including Tripadvisor and Thailand boutique contest. Furthermore, Pingnakara boutique hotel and spa is also in various magazines and youtube video. For the direct marketing, 90% of marketing is done online as another 10% is on print advertisement. The reviews on online travel agency along with rating from previous guests are also really important as it can influence the thinking of other travellers who have entered the websites.

But for Tamarind village hotel, they have their own marketing department that has direct contact with their customers and tour agency. Some of their customers book through online travel agency while some book through tour guide. Therefore, they have to do marketing in both online and offline.

> "For the website of marketing, Tripadvisors play important roles in attracting customers. But we don't just focus on it. We based on our services to customers. We also have saleman that goes to meet customers every year. These customers are the regular ones such as embassy employees or other government organization. We don't really have promotion." [Nutsati]

But one thing in common with Pingnakara boutique hotel and spa is they both attend in various contests to gain recognition.

Standard boutique hotel also do their marketing through social media and tour guide. Roseate manager said that the partnering with tour guides is mainly to attract Chinese and

Korean. Therefore, almost all of their staff could speak Chinese and English. The manager also added that promoting of social media should be regular thing. They should promote it both low and high season.

The **competition of boutique hotels** in Chiang Mai is also really tense as there are more businessmen investing in the hotels. One of the reasons behind the increase in number of investment in boutique hotels recently is:

> "When one person opens a gas station, other people would also open the same thing believing that it would give them profit. So now there are so many boutique hotels in Chiang Mai." [Usavangkul]

Thais are likely to go along with new trend. When they see things being successful, they would also want to do the same thing. This kind of thinking also applies to the coffee shop industry in Chiang Mai. Currently in Chiang Mai, coffee shops can be found in every corners and streets.

To survive in the competitive environment, managers have to differentiate themselves from the others including the promotion and marketing. The questions of how your competitors do their promotion and how does it effect the manager's decision in promotion have been raised. For upper boutique hotels, the managers said the competitors' actions do not effect their decision in designing the promotions. Higher number of boutique hotels would definitely have impacts but does not mean that they have to follow or supersede the other's promotion. Manager of Tamarind village hotel stated that,

"I think that our design is really unique and different from other hotel. So we cannot compare with other boutique hotel around here. With our unique design, it can always attract customers. We do have competitors but we are not competing with them; we are competing with ourselves. " [Nutsati]

In contrary, standard boutique hotel (Roseate Chiang Mai hotel) looks at the promotion of their competitors and adapt it to fit with their ideas.

"If other hotel nearby reduces their price to 500 baht. We cannot do that because the hotel would lose benefits. But we try to differentiate ourselves through the offering of services or activities." [Thamrongthippayakhun]

In brief, the marketing and promotion have changed from the past. Hotels used to focus on travel agency and sale person, but it had changed into social media and online travel agency. One manager even claims that online marketing is 90% of all the marketing. As for the promotions done by the competitors, the upper boutique hotels tend to ignore and find their own way of marketing where as the standard boutique hotels are more concerning about prices and what their competitors are doing.

4.1.5 People

For **the staffs** of all boutique hotels, they are able to communicate to their customers using various languages. For Pingnakara boutique hotel, the staffs have high English language skills and are able to assisting the guests through the facilities and

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accommodation provide by the hotel. All staffs are assigned to different position and all concern most about their customers. They all have high skill in interacting with the guests as well as doing personalize services such as the free transportation to nearby attractions with the help of hotel staffs. From the review on one of top online travel agency website (Tripadvisor), many comments were about the staffs of the hotel. One of the reviewers state that,

> "Really enjoyed our stay at this authentic warm boutique hotel. Rooms were spacious with lovely balconies. Staff was always helpful with a kind Thai smile. I also enjoyed a traditional 2-hour massage at the spa. Wonderful! Will definitely stay again if we re-visit Chiang Mai." [Lisa C.]

Many of the comments were positive side of the hotel staffs and how they have helped the guests throughout their stays. As for tamarind village, they emphasizes on the services. This means that the staffs were welled trained and has high skills in providing services to customers. They even have special staffs for indoor activities and guiding their guests in experience the Chiang Mai culture or 'Chiangmainess.' Besides the interacting with customers, Tamarind also has staffs that were in charge of marketing and selling.

> "We also have sale man that goes to meet customers every year. These customers are the regular ones such as embassy employees or other government organization. " [Nutsati.]

So in the both upper boutique hotels have trained their staffs in offering the best services to their customers. But At Pingnakorn boutique hotel has some problems in training and hiring their staffs. The manager said that one of the problems in managing hotel would be the high turnover rate for employees.

"Workers usually want to work in the big chain hotel because they give service charge as well. But for boutique hotels, we don't give them service charge and the salary won't be as high." [Donthawprai]

Due to lower salary when compare to big chain hotel, more experiences or skilled workers usually work for the big international hotel brand. As this hotel focuses their services on Chinese, the staffs were able to speak better Chinese than English. From Tripadvisor, one comment suggested that,

"… Most of the clients are Chinese and as a result, the staffs are more proficient in Chinese than English. We have stayed in many hotels in Thailand and the staff here were the most clueless ever...mainly because of their command of English…" [Michael D.]

As for the Roseate Chiang Mai hotel, which is standard boutique hotel, they also have some problems in getting staffs with high skills. The language barrier was also one problem for the staff of this hotel; only few were able to communicate in English or Chinese. One of the guests even wrote reviewed that, "the front desk staffs were not able

to communicate or answer basic questions at time." This is actually a big problem since it might effects the hotel images and can ruin their reputation later on.

In brief, the upper boutique hotels tend to have skilled employees that with high language skills where as standard boutique hotels have difficulty in hiring employees who have high experiences or high language proficiency.

The staff of hotels also did **after sale services** to keep their customers base. Managers of Pingnakara boutique hotel and spa and Tamarind village hotel say that they do not send any email related to promotion to their previous guests. They only send thank you letter after the stays, believing that many emails would annoy their customers.

> "Sometimes customers don't like hotel to contact them or send email to them. So we only keep data of our customers and send them thank you letter once they checked out from our hotels. If it were too much, then it would be spam. People wouldn't come because we sent promotion letter. They only come when they are on their holiday." [Usavangul]

But for standard boutique hotels like Roseate Chiang Mai and At Pingnakorn hotel, they send emails to their previous guests to inform about the special offers from the hotels.

> "We send email to customers about our promotion. We have to make everything to make customers like and want to come back to our hotel." [Donthawprai]

4.1.6 Process

As mentioned earlier in promotion section, the hotels reach their customer using **online sources** including social media and online travel agency. In which one of the manager's state that 90% are on the online sources. TripAdvisor is also one channel in which all the managers have used to do the marketing.

"Tripadvisor is the main source to choose hotel and has lots of weight. In the past, Tripadvisor is only used for giving reviews, but now they have changed into business. They now charge hotels base on clicks of customers and the purchasing number." [Thamrongthippayakhun]

Therefore, all of them emphasize TripAdvisor in conveying information to their guests. The TripAdvisor website allows travellers to view different price of the accommodations in other website. It allows the tourists to see which price is cheapest for them. Therefore, the managers believe that it plays huge role in attracting their customers.

As for hotel websites, all boutique hotels allow customers to book through them directly with many special packaging and promotion. The websites are also user friendly as it states each section clearly.

As for the **offline source**, brochures are being made but it's not for giving out. These brochures are usually left at the lobby of hotels for guests to see if they want to. Other offline marketing would be through print ads like magazines and even book. Tamarind also do offline source through the exhibitions inside the hotels. This exhibition is not only for guests but also for outsider to gain people's recognition.

" Our hotel also has events or exhibitions of various Lanna products. This is open up for customers and outside people. Like the end of this year we have silk exhibitions. After the exhibitions, the products would be display and sell in hotel's shop." [Nutsati]

4.1.7 Physical evidence

Regarding the *design* of each hotel, they have their own uniqueness. Out of all these four boutique hotels, two of them have contemporary design where by Pingnakara boutique hotel and spa adopted mixture of local Thai & classic and Roseate hotel used modern design. According to Usavangkul (2015), majority of the hotels in Chiang Mai are now using the contemporary design, which is the mixture of lanna (traditional Chiang Mai design) and western modern design. But he added that,

"As time passes, modern would turn into contemporary and contemporary would then be out of trend. So if we choose classic, the value would keep on adding to the product." [Usavangkul]

Therefore Pingnakara boutique hotel and spa have adopted "lanna colonial design (Usavangkul, 2015)." This is the mixture of lanna design and western classic. Additionally, he said

"When we create design, we create things that are non-existing and believe that people would like it. It doesn't have to be beautiful but people have to like it."

[Usavangkul]

As for Tamarind village, the design is crucial factor for boutique hotels. With Tamarind as its name, they emphasized on creating the design based on tamarind tree that are 200 years old and is located at the center of the hotel areas. The manager said that a temple called Wat Ton Guan with beautiful lanna architecture was inspiration behind the design. For At Pingnakorn hotels, the design is lanna contemporary despite the use of bright color in both interior and decorations. The manager said that,

"The definition of boutique is unique and depends on the owners of the hotels."

[Donthawprai]

4.1.8 Market segmentation

As the managers did not mention much about their segmentation, the author had concluded from the targeting that the managers have indicated during the interviews. The author found out that the managers chose their target groups from incomes and nationalities. The segmentation of income is then divided into low income, middle income, and high income. For nationalities, they segmented into Thai and Non-Thai in which Non-Thai would be separate into Asia, American, Europeans, and Middle East. But as for Tamarind village hotel and Roseate Chiang Mai hotel, they have two types of customers, which are the general customers who are grouped as mentioned above and the

corporation in which they send out saleperson to different companies. For corporation customers, they do not have segmentation but rather tries to target the big company or organizations.

Therefore, the segmentation of general customers are divided into 4 main groups:

1. Thai with middle to high income
2. Thai with low income
3. Non-Thai with middle to high income
4. Non-Thai with low income

4.1.9 Market targeting

From the four segments based on income and nationalities, each of the interviewed managers selected their target market. This selecting of target market was firstly selected in the beginning of their business, as managers would have to plan for marketing and way to reach their customers.

Pingnakara boutique hotel and spa. Their target market is Non Thai with middle to high income from the starts. As the price of hotel per night is high comparing to other boutique hotels, the manager believes that their guests would be people with high income in order to purchase the accommodation. The lanna colonial design was built to attract foreigners like European and American because managers found some research suggested that westerners like classic design. But this is the mixture between Thai class and western classic, which would bring different environment and experience to customers. By targeting westerners with middle to high income, the outcome shows that most of the

tourists that stay in the hotels are 70% foreigners in which most of them are from Tripadvisor website.

Tamarind Village Hotel. Since the price of this hotel is set at around 5,500 baht to 8,300 baht per night, they also tries to target non-Thai with middle to high income. They didn't set the specific nationalities but the managers say that most of their customers are

> "british, French, American, Australia. They book through website or tourist
> agency. " [Nutsati]

At Pingnakorn Hotel. For At Pingnakorn hotel, they are considered as in between standard and upper boutique hotel since their price range is really wide and they provide various types of rooms. For their targeting, they have changed it few years after they opened their boutique hotel. They firstly selected two groups of segment, which are Thai with low income and Thai with middle to high income. But as the hotels gain attention among Chinese's, the target has shifted to Chinese with low income and Chinese with middle to high incomes. Their style of hotels and furniture are also being renovated to please this new target group. She also added that Chinese tourists would increase every year,

> "I heard from various sources that only 5% of Chinese have been to Chiang Mai.
> But there are over 85% more that are willing and ready to come to our town but
> still have not got their passport." [Donthawprai]

Roseate Chiang Mai hotel. Roseate had opened for just 3 years and their target market was clear from the beginning as well. They tried to target Chinese with low to middle

income as they set the price as considerably cheap comparing to other hotels. Moreover, the modern design was build near the city center to attract both Chinese and Thai. Therefore, they have selected two segments, which are Chinese with low to middle income and Thai with low to middle income. But they focus more on Chinese.

"Last two years, a lot of Chinese came into Chiang Mai, so our hotel was always fully booked. We target Chinese and they like modern and new building. We only opened for three years, so our building and location was able to attract a lot of Chinese." [Thamrongthippayakhun]

From asking the managers, we also found out that 60-70% of all their guests are Chinese where as the remaining 30% are mostly Thai followed by westerners.

4.1.10 Market differentiation and positioning

Positioning is where the hotels have positioned themselves when comparing to their competitors, hotels' positioning in customer's mind, and where they want to be in customer's mind. The author gathers information from one online travel agency to measure the ranking and reviews the hotels have received from their guests. TripAdvisor was selected because most of the interviewed hotels rely on this website.

Pingnakara boutique hotel and spa. Currently, the manager thinks that as a main product of hotels is the accommodation, they need to differentiate. His hotel is said to be unique and different from others in term of design, decoration of hotels to services and additional activities.

"Boutique hotel is link with uniqueness. The more you are unique from other hotels, the more selling point it is for you." [Usavangkul]

The key of this hotel is to be unique to compete with their competitors. As for design, the manager mentioned that they create things that haven't existed before. For instance he invented the term and design of 'lanna colonial'. He creates something totally new. By competing with others, he also highlighted their services; make it unique and interesting for their guests. For example, the hotel allows guests to select the type of material used inside the pillow and selects the rooms by themselves. This is to point out that hotel cares about every details of their customers.

From the tripadvisor website, most customers give five stars for Pingnakara boutique hotel and spa (520 customers out of 747 customers), and four stars (96 customers) (TripAdvisor, 2016). The hotel is also ranked at number six of all the hotels in Chiang Mai and have received 2016 travelled choice.

Another question was raised to the manager: With lots of competitors, does it have huge impact on the hotel business? He agreed that it would definitely impact his business but it does not mean that every boutique hotels would be able to manage well. He indicated that,

"As there are many boutique hotels, many managers don't truly understand about the real concept of boutique hotels. They just open because they see other people open it." [Usavangkul]

Tamarind village hotel.

Comparing to their competitors, Tamarind village hotel thinks that they have their own unique design and services that can regularly attract customers. They want to position themselves as unique characteristics by providing local activities and the experiences of Thainess in the hotel.

Based on the customer's perception, the hotel had received same star ranking as Pingnakara boutique hotel and spa at 4.5. These two hotels are considered as upper boutique hotels with same target groups. They also have lots of similarity in activities and services but they do not see each other as competitors.

The ranking of Tamarind village hotel is in number nine out of all the hotels in Chiang Mai and also selected as 2016 traveler's choice by TripAdvisor. Most of their reviews have received five stars which is excellent (646 out of 1194 reviews), followed by four which is very good (215 reviews).

At Pingnakorn hotel

In facing with other hotels, the manager of At Pingnakorn hotel state that,

> "We always rotate and change everything. For example, we rotate breakfast, the designs at lobby or room. So we can change color in the room or the location of each furnitures. For customers, we have to remember which room they stayed in before." [Donthawprai]

She wants to position the hotel as best in service providing and design to attract tourists through the word of mouths. But as it has a wide range for pricing (900 baht to 7,000 baht

per night) and different type of rooms, it's hard for them to meet the need of all target groups.

In Tripadvisor (2016), they are ranked number 60 out of all the hotels in Chiang Mai. From the reviews, they have received 4 stars as most of the reviewers give them excellent and very good. Nevertheless, there are few negative comments given by the reviewers, which slow that need of improvement as one reviewer even pointed out that this hotel is not recommended for Europeans. By targeting only Chinese, they are actually limiting the popularity among the other group of customers.

Roseate Chiang Mai Hotel

Roseate hotel positions itself as a modern boutique hotel with affordable price. They focus more on the prices and promotion rather than services.

> "The promotion of breakfast or free transportation to airport is offered to customers. For Monday to Thursday, we might have something different from Friday to Sunday. It can either be "Stay with us 2 nights, get 1 night for free." So we play all kind of marketing, but the costs of hotel are the main factors in setting the price." [Thamrongthippayakhun]

But from customer's perspective, they are ranked at number 68 out of all the hotels in Chiang Mai (TripAdvisor, 2016d). They have received three stars for overall rating. Most of the guests gave them very good and average, most of only 19 reviewers gave them excellent out of 205 reviews in TripAdvisor. From most of the comments, they said that

room price is suitable with the facilities. The hotel is modern and new but does not provide any personal services.

4.2 The qualitative Analysis (Questionnaire)

The questionnaire is analyzed using descriptive approach in SPSS program. Frequency and crosstab functions are being used to gather the information from 266 respondents whom stayed in 21 boutique hotels around Chiang Mai.

4.2.1 Buyer's black box

In the buyer's black box, the author investigated general information about the customers, their motivations in selecting boutique hotels, and the perspective toward hotel's quality. Buyer's characteristics are being analyzed and divided into three main factors: personal, psychological, and social

4.2.1.1 Personal factor (General information)

The analysis of personal factor is the general information of the respondents. It consists of factors such as gender, age, nationalities, education, occupation, and monthly income.

Gender

Table 4.2: Frequency and percentage of respondents' gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	154	57.89	57.9	57.9
	Female	112	42.11	42.1	100.0
	Total	266	100.00	100.0	

Table 4.2 shows that 57.89% out of all respondents are male (154 males) which leave female at 42.11% (112 females).

Age

Table 4.3: Frequency and percentage of respondents' age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-30	107	40.23	40.2	40.2
	31-40	81	30.45	30.5	70.7
	41-50	39	14.66	14.7	85.3
	51-60	31	11.65	11.7	97.0
	61-70	8	3.01	3.0	100.0
	Total	266	100.00	100.0	

Out of all respondents, the age interval of 18-30 years responded the most with 170 respondents (40.23%). Followed by age between 31-40 years with 81 respondents (30.45%) and age between 41-50 years with 39 respondents (14.66%).

Nationalities

Table 4.4: Frequency and percentage of respondents' nationalities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Australia	14	5.3	5.3	5.3
	Austria	1	.4	.4	5.6
	Belgium	1	.4	.4	6.0
	Cambodia	2	.8	.8	6.8
	Canada	4	1.5	1.5	8.3
	China	35	13.2	13.2	21.4
	Denmark	1	.4	.4	21.8
	France	2	.8	.8	22.6
	Germany	5	1.9	1.9	24.4
	Hong Kong	5	1.9	1.9	26.3
	India	1	.4	.4	26.7
	Indonesia	4	1.5	1.5	28.2
	Irish	1	.4	.4	28.6
	Japan	3	1.1	1.1	29.7
	Korea	3	1.1	1.1	30.8
	Laos	2	.8	.8	31.6
	Malaysia	11	4.1	4.1	35.7
	Myanmar	1	.4	.4	36.1
	Netherland	2	.8	.8	36.8
	New Mexico	1	.4	.4	37.2
	New zealand	1	.4	.4	37.6
	Norway	1	.4	.4	38.0
	Phillipines	4	1.5	1.5	39.5
	Russia	1	.4	.4	39.8
	Singapore	10	3.8	3.8	43.6
	South Africa	1	.4	.4	44.0
	Spain	4	1.5	1.5	45.5
	Srilanka	1	.4	.4	45.9
	Sweden	1	.4	.4	46.2
	Switzerland	2	.8	.8	47.0

	Frequency	Percent	Valid Percent	Cumulative Percent
Taiwan	4	1.5	1.5	48.5
Thai	93	35.0	35.0	83.5
UK	23	8.6	8.6	92.1
US	19	7.1	7.1	99.2
Vietnam	2	.8	.8	100.0
Total	266	100.0	100.0	

Table 4.5: Number of Thai and foreign respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Thai Tourists	93	34.96	35.0	35.0
	Foreign Tourists	173	65.04	65.0	100.0
	Total	266	100.00	100.0	

There are over 35 nationalities of the respondents, in which most of the respondents have Thai nationality. It sums up to 93 Thais, which is 34.96% of all respondents. This followed by respondents from China and UK (England, Scotland, Wales) with 35 Chinese (13.16%) and 23 Britain (8.65%) respectively. This concludes in the second table that Thai tourists account for 35% of the respondents while the rest 65% are foreign tourists.

Education level

Table 4.6: Frequency and percentage of respondents' education level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Elementary school	4	1.50	1.5	1.5
	High school	19	7.14	7.1	8.6
	College/ Polytechnic	45	16.92	16.9	25.6
	University	154	57.89	57.9	83.5
	Graduate degree or higher	44	16.54	16.5	100.0
	Total	266	100.00	100.0	

Table 4.6 pointed out that the majority of respondents (154 respondents) had graduate from undergraduate program (57.89% of all respondents). 16.92% of respondents have received college degree (45 respondents) and 16.54% are in or graduate from master degree program (44 respondents).

Occupation

Table 4.7: Frequency and percentage of respondents' occupation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Government official	34	12.78	12.8	12.8
	Private sector official	89	33.46	33.5	46.2
	Student	44	16.54	16.5	62.8
	Self-employed	60	22.56	22.6	85.3
	Household	13	4.89	4.9	90.2
	Retired	14	5.26	5.3	95.5
	Others	12	4.51	4.5	100.0
	Total	266	100.00	100.0	

The majority of people (89 respondents) worked as private sector officials, which is

33.46%, followed by 59 self-employed (22.18%), and 44 students (16.54%). But from

266 respondents, 12 of the respondents have answered other type of occupations such as

unemployed or no job, traveling, and taking a gap year. The other occupations are list in

the table below.

Table 4.8: Other listed occupation by the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		258	97.0	97.0	97.0
	Banker	1	.4	.4	97.4
	Company	1	.4	.4	97.7
	Gap year	1	.4	.4	98.1
	No job	3	1.1	1.1	99.2
	Travel	1	.4	.4	99.6
	Unemploye d	1	.4	.4	100.0
	Total	266	100.0	100.0	

Income/ Salary

Table 4.9: Frequency and percentage of respondent's income per month

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<10,000baht ($285)	8	3.01	3.0	3.0
	10,001-30,000baht ($286-$850)	55	20.68	20.7	23.7
	30,001-50,000baht ($851-$1415)	44	16.54	16.5	40.2
	50,001-100,000 ($1416-$2830)	49	18.42	18.4	58.6
	>100,000 ($2831)	89	33.46	33.5	92.1
	Not applicable	21	7.89	7.9	100.0
	Total	266	100.00	100.0	

From table 4.9, most of the respondents (89 respondents) state that their salaries are more than 100,000 baht or $2831 per month, which is 33.46%. Followed by 10,000-30,000 baht or $286-$850 which accounts for 20.68% (55 respondents) and third is 50,001-100,000 baht or $1416-$2830 which is 18.42% of all the respondents (49 respondents). The author found that there are huge gap between the first and second ranges of monthly income. Therefore, the author analyzed the incomes by comparing between Thai respondents and foreign respondents.

Table 4.10: Monthly income compared between Thai and foreign tourists

| | | Tourists | | |
		Thai Tourists	Foreign Tourists	Total
Monthly income	<10,000baht ($285)	7	1	8
	10,001-30,000baht ($286-$850)	42	13	55
	30,001-50,000baht ($851-$1415)	21	23	44
	50,001-100,000 ($1416-$2830)	13	36	49
	>100,000 ($2831)	8	81	89
	Not applicable	2	19	21
Total		93	173	266

The author found that most of Thai tourists (42) said that their incomes are between 10,000- 30,000 Thai baht per month, where as 81 foreign tourists out of 173 claimed that they have earned more than 100,000 baht per month. This shows the different between the first and second range of income of the respondents.

4.2.1.2 Psychological factor

As mentioned earlier in the literature review chapter, the author would examine the motivation, perception, and learning of customers in this section.

Motivation

This includes the motivation of customers in visiting Chiang Mai (the main reasons for

visiting Chiang Mai), motivation in selecting boutique hotels (reasons in choosing

boutique hotels), and the main attributes in attracting customers into boutique hotels

For the main **reasons in visiting Chiang Mai**, there are total of 257 respondents

in Table 4.11. This is because 9 of the respondents answered that they live in Chiang Mai.

Therefore, they were asked to skip this question. The author found that over 184 out of

257 respondents (71.60%) are in Chiang Mai for leisure, followed by travelling for

business, and visiting their friends and relative, which is 33 respondents (12.84%) and 32

respondents (12.45%) respectively.

**Table 4.11: Frequency and percentage of reasons for traveling to Chiang Mai
categorize according to types of tourists**

			Tourists		
			Thai Tourists	Foreign Tourists	Total
What is the main reason for visiting Chiang Mai	leisure	Count	47	137	184
		%	55.95%	79.19%	71.60%
	Business	Count	16	17	33
		%	19.05%	9.83%	12.84%
	Visit friends and relatives	Count	17	15	32
		%	20.24%	8.67%	12.45%
	Others	Count	4	4	8
		%	4.76%	2.31%	3.11%
Total		Count	84	173	257
		%	100.00%	100.00%	100.00%

Next is the **reason for choosing the hotel** in which the main motivations behind

the selling of the lodging are summed up in Table 4.12. The author compared between

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Thai tourists and foreign tourists to see if their perspective in selecting boutique hotels

are same or not.

Table 4.12: Frequency and percentage of reason in selecting boutique hotels of Thai tourists and foreign tourists

The reason for choosing the hotel	Thai Tourists		Foreign Tourists		Total	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Hotel already known	32	34.41	35	20.23	67	25.19
Advertisement	25	26.88	78	45.09	103	38.72
Recommendation	20	21.51	30	17.34	50	18.80
Location	29	31.18	40	23.12	69	25.94
Meeting/Convention	2	2.15	5	2.89	7	2.63
Tour arrangement	5	5.38	20	11.56	25	9.40
Other; friends, husband chose, Know owner, Price, not expensive, Website	5	5.38	7	4.2	12	4.2

Note: Can tick more than one.

The researcher found out that the top three reasons for choosing the hotel according to

both Thai and foreign tourists are Advertisement (38.72%), Location (25.94%), and Hotel

already known (25.19%).

Apart from the quality of hotels in customer perceptions, there is also **important of**

factors in selecting boutique hotels. The respondents were asked to rate the importance

of each element in choosing the hotels from not important to very important (1 to 5). The

result is shown in Table 4.13.

Table 4.13: Mean and standard deviation of the importance of factors in selecting boutique hotels (Upper boutique hotel vs. Standard boutique hotel)

Factors	Upper boutique hotel (> 4,000 bath)		Standard boutique hotel (<4,000 bath)		Total		Interpretation
	$\bar{x}$	S.D	$\bar{x}$	S.D	$\bar{x}$	S.D	
Cleanliness of hotel	4.58	.659	4.52	.645	4.55	.650	very important
Accessibility of information	3.93	.756	4.00	.849	3.97	.812	important
Reliability of information	3.93	.898	4.12	.837	4.04	.866	important
Images of hotel	4.34	.686	4.16	.800	4.23	.760	very important
Design of hotel	4.53	.634	4.31	.739	4.40	.706	very important
Additional activities	4.08	.923	3.58	1.058	3.78	1.034	important
Good reputation	3.55	.914	3.67	.971	3.62	.948	important
Price	3.55	.944	4.18	.918	3.92	.976	important
Location	3.88	.959	4.29	.822	4.12	.901	important
Special services	4.35	.837	3.65	1.136	3.93	1.079	Important
Convenience	4.55	.704	4.34	.778	4.42	.755	very important
Size of hotel	3.06	.989	3.43	1.010	3.28	1.017	important
Overall	4.03	0.343	4.02	0.502	4.02	0.444	Important

The four factors that are seen as very important in customer's perspective are cleanliness of the hotel ($\bar{x} = 4.55$), convenience ($\bar{x} = 4.42$), design of the hotel ($\bar{x} = 4.40$), and images of the hotel ($\bar{x} = 4.23$).

In upper boutique hotels, the top four factors of customers would be cleanliness of the hotel ($\bar{x} = 4.58$), convenience ($\bar{x} = 4.55$), design of hotel ($\bar{x} = 4.53$), special services ($\bar{x} = 4.35$), images of hotel ($\bar{x} = 4.34$). Whereas the most important factors for standard boutique hotel would be cleanliness of the hotel ($\bar{x} = 4.52$), Convenience ($\bar{x} = 4.34$), design of the hotel ($\bar{x} = 4.31$), and location ($\bar{x} = 4.29$). So the factors that are different

from each other is that customer expect special services from upper boutique hotels and are more concern about the hotels' locations when they select standard accommodations.

Perception

This is customer perceptions or thinking toward the current boutique hotels. Table 4.14 to table 4.17 summed up the quality of hotels for both upper boutique hotels and standard boutique. In which this were rated by the respondents who are the guests of boutique hotels in Chiang Mai.

Table 4.14: Mean and Standard deviation of satisfaction in the qualities of hotels in terms of services (Upper boutique hotel vs. Standard boutique hotel)

Quality of hotel services	Upper boutique hotel (>4,000 bath)		Standard boutique hotel (<4,000 bath)		Total		Interpretation
	$\bar{x}$	S.D	$\bar{x}$	S.D	$\bar{x}$	S.D	
Reception services	4.49	.705	4.16	.776	4.29	.764	very satisfied
Room services	4.43	.660	4.00	.788	4.17	.767	satisfied
Personalized services	4.37	.721	3.97	.878	4.14	.840	satisfied
Restaurant services	4.01	.746	3.82	.918	3.90	.856	satisfied
Duration of services	4.21	.740	4.00	.763	4.09	.760	satisfied
Overall	**4.30**	**.526**	**3.99**	**.673**	**4.12**	**.636**	**satisfied**

* Note: 3.41-4.21 is satisfied, 4.21-5.00 is very satisfied

Table 4.14 shows that the overall satisfaction of quality of hotel services is at satisfactory level of $\bar{x}$ =4.12 and S.D= .636. The most satisfactory services would be reception services that have received $\bar{x}$ = 4.29 and S.D= 0.764.

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Table 4.15: Mean and Standard deviation of satisfaction in the qualities of hotels in terms of room features (Upper boutique hotel vs. Standard boutique hotel)

Quality of room features	Upper boutique hotel (>4,000 bath)		Standard hotel (<4,000 bath)		Total		Interpretation
	$\bar{x}$	S.D	$\bar{x}$	S.D	$\bar{x}$	S.D	
Convenience	4.36	.704	4.11	.763	4.21	.748	very satisfied
Style/designs	4.34	.658	3.96	.790	4.11	.762	satisfied
Arrangement	4.21	.697	3.92	.779	4.03	.759	satisfied
Room's size	4.37	.637	3.82	.831	4.05	.804	satisfied
Overall	**4.32**	**.445**	**3.95**	**.643**	**4.10**	**.598**	**satisfied**

* Note: 3.41-4.21 is satisfied, 4.21-5.00 is very satisfied

As in term of room features, the overall rating is seen as satisfactory with $\bar{x} = 4.10$ and S.D = 0.598. Out of all the room features, the convenience of the room is the most satisfactory by the customers. It has been interpret as very satisfactory with $\bar{x} = 4.21$ and S.D =0.748. But when comparing between upper boutique hotel and standard boutique hotel, guests in upper boutique hotel are much more satisfactory in term of room features than standard hotel.

Table 4.16: Mean and Standard deviation of satisfaction in the qualities of hotels in terms of convenience of hotel (Upper boutique hotel vs. Standard boutique hotel)

Convenience of hotel	Upper boutique hotel (>4,000 bath)		Standard hotel (<4,000 bath)		Total		Interpretation
	$\bar{x}$	S.D	$\bar{x}$	S.D	$\bar{x}$	S.D	
Additional entertainment	4.08	.826	3.54	.953	3.76	.941	satisfied
Hotel activities	4.20	.806	3.49	.947	3.77	.957	satisfied
Location of hotel	3.96	.990	4.24	.799	4.13	.889	satisfied
Check in/out process	4.26	.705	4.23	.737	4.24	.723	very satisfied
Overall	**4.13**	**.512**	**3.87**	**.626**	**3.98**	**.595**	**satisfied**

* Note: 3.41-4.21 is satisfied, 4.21-5.00 is very satisfied

For convenience of the hotel, it as received $\bar{x}$ =3.98 and S.D =0.595 which is satisfactory

by the customers. The most satisfactory in this category would be the check in and out

process with $\bar{x} = 4.24$ and S.D =0.723.

Just like other categories, the upper boutique hotels have received more ranking than the

standard boutique hotel. The mean of upper boutique hotel is at 4.13, which are

interpreted as very satisfactory. Whereas, the mean of standard boutique hotel is at

$\bar{x} = 3.87$ and S.D =0.626.

Table 4.17: Mean and Standard deviation of satisfaction in the qualities of hotels in terms of hotel design (Upper boutique hotel vs. Standard boutique hotel)

Hotel design	Upper boutique hotel (>4,000 bath)		Standard hotel (<4,000 bath)		Total		Interpretation
	$\bar{x}$	S.D	$\bar{x}$	S.D	$\bar{x}$	S.D	
Aesthetic	4.32	.623	3.89	.849	4.06	.794	satisfied
Unique architecture	4.38	.624	3.82	.838	4.05	.806	satisfied
Unique interior design	4.35	.660	3.81	.836	4.03	.812	satisfied
Overall	4.35	.500	3.84	.744	**4.05**	**.702**	**satisfied**

* Note: 3.41-4.21 is satisfied, 4.21-5.00 is very satisfied

The overall satisfaction level of hotel design is interpreted into satisfactory with $\bar{x} = 4.05$

and S.D =0.702. All three factors (aesthetic, unique architecture, and unique interior

design) all have almost the same mean number and standard deviation.

The overall of upper boutique hotel is $\bar{x} = 4.35$ which is considered as very satisfactory

among the customer's perspective. But for standard boutique hotel, they have $\bar{x} = 3.84$.

Lastly is the perspective of customers toward the hotel price.

Table 4.18: Mean and Standard deviation of satisfaction in the qualities of hotels in terms of hotel prices (Upper boutique hotel vs. Standard boutique hotel)

Hotel prices	Luxury hotel (>4,000 bath)		Standard hotel (<4,000 bath)		Total		Interpretation
	$\bar{x}$	S.D	$\bar{x}$	S.D	$\bar{x}$	S.D	
Price of accommodation	4.18	.787	4.19	.797	4.18	.791	satisfied
Price of additional services	4.04	.726	3.97	.871	4.00	.815	satisfied
Price of hotel activities	4.05	.782	3.91	.926	3.96	.872	satisfied
Price of hotel restaurant	4.04	.628	4.00	.955	4.02	.838	satisfied
Overall	4.07	.574	4.02	.769	**4.04**	**.697**	**satisfied**

* Note: 3.41-4.21 is satisfied, 4.21-5.00 is very satisfied

The overall mean of hotel prices is at 4.04 with S.D at 0.697. This means that the overall price is seen as satisfactory among the tourists. In which both upper boutique hotel and standard boutique hotels have almost the same means. But out of all the prices, price of accommodation is ranked as the most satisfactory by the respondent ($x = 4.18$ and S.D =0.791). To sum up the overall satisfaction of customers toward the quality of boutique hotels in fives aspects, table 4.18 had conclude the total means and standard deviation.

Overall qualities is at $\bar{x} = 4.06$ and S.D= 0.488 which is interpreted as satisfied by the respondents. Where as upper boutique hotel have higher mean at 4.23 (very satisfied), the standard boutique hotel is at 3.94 (Satisfied).

Table 4.19: Summary of mean and standard deviation of satisfaction toward qualities of hotels in five aspects (Upper boutique hotel vs. Standard boutique hotel)

Quality overall	Upper boutique hotel (>4,000 bath)		Standard hotel (<4,000 bath)		Total		Interpretation
	$\bar{x}$	S.D	$\bar{x}$	S.D	$\bar{x}$	S.D	
Quality of hotel services	4.30	.526	3.99	.673	4.12	.636	satisfied
Quality of room features	4.32	.445	3.95	.643	4.10	.598	satisfied
Convenience of hotel	4.13	.512	3.87	.626	4.05	.702	satisfied
Hotel design	4.35	.500	3.84	.744	4.04	.697	satisfied
Hotel prices	4.07	.574	4.02	.769	3.98	.595	satisfied
Overall	**4.23**	**.341**	**3.94**	**.534**	**4.06**	**.488**	**satisfied**

* Note: 3.41-4.21 is satisfied, 4.21-5.00 is very satisfied

Learning

Lastly is the learning process of the travellers, how they learn about the boutique hotels in Chiang Mai. The questions of analysis includes: where did you hear about this hotel and which website do you browse before selecting hotel?

First is the source of information that guests use in learning about the boutique hotels. The question is where di you hear about this boutique hotel. Majority of respondents received the information about the hotels from Internet (60.90%), friends (29.32%), and travel agency (9.02%). In which both Thai and foreign tourists use Internet as their main source in browsing the information. These numbers are shown in table below.

Table 4.20: Frequency and percentage of communication channel about boutique hotel (Thai tourists vs. Foreign tourists)

Information about the hotels	Thai Tourists		Foreign Tourists		Total	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Internet	54	58.06	108	62.43	162	60.90
Friends	36	38.71	42	24.28	78	29.32
Magazine	4	4.30	10	5.78	14	5.26
Tourism information	5	5.38	12	6.94	17	6.39
Movies	2	2.15	3	1.73	5	1.88
Travel agency	6	6.45	18	10.40	24	9.02
Tourism fairs	4	4.30	8	4.62	12	4.51
Others; Air Asia, guide book , walk in ,Tour	2	2.15	8	4.62	10	3.76

Note : can tick more than one.

The next question is for those that have answered 'Internet' as a source of hotels

information.

Table 4.21: Frequency and percentage of Internet websites in browsing before purchasing the hotels' rooms (Thai tourists vs Foreign tourists)

Information from internet	Thai Tourists		Foreign Tourists		Total	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Agoda	23	24.73	54	31.21	77	28.95
Booking	15	16.13	50	28.90	65	24.44
Trip advisor	12	12.90	44	25.43	56	21.05
Hotel's website	8	8.60	17	9.83	25	9.40
Expedia	7	7.53	11	6.36	18	6.77
Other; Chinese website, hotels.com, Review blogs, tour website	5	5.38	10	5.78	15	5.64

Note : can tick more than one.

This is to find which websites customers used to browse and purchase hotel's rooms. But note that the respondents were able to have multiple answers. The results suggest that most guests used Agoda (77 respondents) as the main source for learning about the hotels and in selecting (28.95%), followed by booking (24.44%), and TripAdvisor (21.05%).

4.2.1.3 Social factor

Social factor is the influence of consumer behavior by the social. This social is a group that customers are participating which can be groups, relatives, families, or friends. The questions use to analyzed are consists of who are you travelling with and how did you organize the trip. This group of people and process are effecting the customer's decision in selecting and perception as well.

Table 4.22: Frequency and percentage of people they are traveling with (Thai tourists & Foreign tourists)

			Tourists		
			Thai Tourists	Foreign Tourists	Total
Who are you traveling with	Alone	Count	14	27	41
		%	16.67%	15.61%	15.95%
	Family	Count	14	40	54
		%	16.67%	23.12%	21.01%
	Couple	Count	15	43	58
		%	17.86%	24.86%	22.57%
	co-worker	Count	15	11	26
		%	17.86%	6.36%	10.12%
	Friends	Count	26	52	78
		%	30.95%	30.06%	30.35%
Total		Count	84	173	257
		%	100.00%	100.00%	100.00%

Table 4.22 suggests that most guests travelled with their friends (78 respondents or 30.35%) and couples (58 respondents of 22.57%). These people are the one that influence their decision in selecting boutique hotels.

Second question is how did the tourists organize their trip. The respondents were asked to select between organizing on their own or by tour agency.

Table 4.23: Frequency and percentage of the way in organizing the trip

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Myself	225	84.6	87.5	87.5
	Package tour	32	12.0	12.5	100.0
	Total	257	96.6	100.0	
Missing	System	9	3.4		
Total		266	100.0		

Over 225 respondents state that they organize the trip by themselves (84.6%) while the rest has the tour arranged the trips and hotels for them (12%).

4.2.2 Buyer responses

As for the buyer response, this section covers the product choice and brand choice, purchasing time, and purchasing amount.

Product & brand choice

Table 4.24: Frequency and percentage of Thai and Foreign tourists in each boutique hotels

Hotel's name	Thai Tourists		Foreign Tourists		Total	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Artel Nimman	1	1.08	0	0.00	1	0.38
Aruntara	3	3.23	0	0.00	3	1.13
At pingnakorn	6	6.45	22	12.72	28	10.53
B2	5	5.38	1	0.58	6	2.26
Baiyok	3	3.23	0	0.00	3	1.13
De naga	1	1.08	3	1.73	4	1.50
Dechai hotel	1	1.08	4	2.31	5	1.88
Eastin	1	1.08	1	0.58	2	0.75
Khammon lanna	1	1.08	0	0.00	1	0.38
Mayflower hotel	4	4.30	5	2.89	9	3.38
Na Thapae	13	13.98	16	9.25	29	10.90
Nimman mai	1	1.08	2	1.16	3	1.13
Pingviman	1	1.08	0	0.00	1	0.38
Rimping village	2	2.15	36	20.81	38	14.29
Roseate	22	23.66	35	20.23	57	21.43
Sabai hotel	9	9.68	13	7.51	22	8.27
Sawasdee Chiangmai	1	1.08	1	0.58	2	0.75
The story hotel	2	2.15	0	0.00	2	0.75
Tokyo vendor	8	8.60	11	6.36	19	7.14
Victoria	7	7.53	0	0.00	7	2.63
Villa Thapae	1	1.08	23	13.29	24	9.02
Total	**93**	**100.00**	**173**	**100.00**	**266**	**100.00**

There are total of 266 guests from 21 boutique hotels. Most of the respondents have stayed in Roseate hotel Chiang Mai (57 respondents), Rimping village Chiang Mai (38 respondents), and Na thapae hotel for at least one night. 93 of the respondents are Thai and 173 respondents are foreigners.

Purchasing time

Due to the limited time of research, the questionnaire was able to distribute only during June to December 2015. Therefore all the respondents are those that are travelling during this period. But through some research, the period with high occupancy rate and high number of traveller would be October to April, which is high season in Chiang Mai. The reasons would be that after April, the air quality becomes polluted causing haze all over the city alone with the high rise in temperature during May- July.

Purchasing amount

Table 4.25: Number of Thai and Foreign customers in Upper boutique hotel and standard boutique hotel

| | | Type of hotels | | |
		Upper boutique hotel (>4,000 baht)	Standard boutique hotel (<4,000)	Total
Tourists	Thai Tourists	18	75	93
	Foreign Tourists	89	84	173
Total		107	159	266

According to the table, most of the Thai respondents (75 respondents out of 93) stayed in standard boutique hotels. But most of foreign tourists stayed in upper boutique hotels (89 respondents out of 173.

To conclude the quantitative research, most of the respondents were male with the age of 18 to 30 years old. Top nationalities of respondents are Thai, Chinese, and Britain. Most of their education is equivalent to undergraduate school and most are private sector officials. For income, majority of foreign tourists earned more than $2,831 per month while most Thai earned around $283-$850 per month.

As for the psychological factor, the main reasons for visiting Chiang Mai are for leisure followed by business. The guests tend to choose hotel because of advertisement, location, and already known the hotel before. Furthermore, the top three important attributes in selecting hotels are cleanliness of hotel, convenience, design, and image of the hotel. When looking at perception from customers, the overall qualities are classified as satisfactory. While upper boutique hotels are seen as satisfactory, standard boutique hotels still need some improvement. As for the learning about boutique hotels, guests tend to go through Agoda and Booking for searching and booking with the hotels.

From the questionnaires distributed to 21 boutique hotels, 9 of them are upper boutique hotels and the rests are standard. Moreover, the results from these hotels show that most Thai tourists tend to stay in standard boutique hotel where as foreigners prefer to stay in upper boutique hotels.

CHAPTER 5

DISCUSSION

The focus of this research was on the marketing of boutique hotels, customer behavior, customer motivation in selecting hotels, and their perceptions toward the qualities of the boutique accommodations in Chiang Mai. In this part, each of the research questions are answered and discussed. The problems are mentioned along with recommendations for future improvement and research in the Chiang Mai boutique hotel industry.

5.1 The Findings of the Research

The results of the analysis of the manager and customer perspectives are summarized and answered according to the five research questions in Chapter 1.

Question 1:   **What is the current marketing situation of boutique hotels in Chiang Mai?**

After interviewing the managers, marketing is summarized by the 7Ps along with STP. Regarding the product aspect, all hotels sell accommodations with different designs and services. The upper boutique hotels tend to emphasize providing the best services and design to their guests. This was supported by one of the earlier research studies that suggested that customers change their methods from basing their hotel selection on the star ratings of hotels to focusing more on the personalized services and unique design they receive (Kiatsongchai & Choibamroong, 2014). However, the standard boutique hotels focus more on the price of the rooms and other services. The managers of upper boutique hotels imply that personal services are provided as well as different activities for

their customers. As services were emphasized, the prices of upper boutique hotels are also higher when compared to standard accommodations. The pricing of boutique hotels is different according to the season of traveling, hotel ratings, limitation of rooms, room sizes, and the source of purchasing the room. The interviewed managers state that the price of accommodations is usually cheaper from OTAs, as they buy the rooms in bulk from the hotels. Therefore, the majority of their guests book rooms through OTAs, such as TripAdvisor or Agoda. However, the managers do not want their customers to book through these websites because the OTA charges hotels 15% to 20% every time they sell a room. Thus, this is one of the problems that leads to a reduction in earnings. Furthermore, upper boutique hotels set prices based on cost and value added to the hotel. They create a brand and a story behind each hotel to increase the hotel value. However, standard boutique hotels use competitive-based pricing. They compare their prices with other hotels in the market and try to attract customers by lowering the price.

Regarding the place or selling point, customers can book a hotel through online (hotel website or OTA website) and offline sources (walk in, telephone, or travel agency). The results from interviews showed that the managers believe that customers tend to use online sources more than offline channels. Customers mostly use OTAs, including TripAdvisor, Agoda, and Booking.com in reserving the hotel rooms. However, managers mainly focus on marketing and selling through TripAdvisor, believing that the majority of their guests browse that particular website before making purchase decisions.

When asked about promotion, the author found that the current marketing channels are divided into direct and indirect marketing. The direct channels for marketing are social media, OTAs, prints ads, and travel agencies. The managers use online

marketing more than offline marketing in attracting their target markets. The managers even stated that over 80% to 90% of marketing is done online. They also did indirect marketing, such as participating in many hotel competitions for awards as well as making themselves a top search result in OTA websites.

As for people, the staff in upper boutique hotels have extensive experience and are able to communicate in other languages, especially English. They are all trained regularly by the hotel to ensure customer satisfaction. On the other hand, standard boutique hotels have problems in hiring staff with experience in the hotel industry or those with good English skills. This is because most skilled workers tend to apply for jobs in chain hotels. Therefore, some reviews on the Internet pointed out that they had a hard time communicating with staff members in Chiang Mai standard boutique hotels.

Next, we review the process of how a hotel contacts their customers. This is usually through online sources, such as social media and OTAs, and most boutique hotels focus on the TripAdvisor website. Marketing is done on TripAdvisor either through promoting, entering competitions, or self-promotion by the guest comments. In the process of selecting a hotel online, the guests can actually see and choose the best offers themselves.

The last factor in the 7ps is physical evidence in which the designs of upper boutique hotels include contemporary designs (a mixture between Lanna and modern), classic, or even Lanna colonial. There is no fixed structure or theme to the designs. As for standard boutique hotels, simple designs are applied, which are the modern layouts and new facilities of the hotels. The atmosphere and room features also vary depending on each boutique hotel. Thus, the design acts as one way to attract customers as well.

Before any marketing is done, segmentation and targeting must be identified first. This is actually a first process in creating the business. Currently, hotels segment their customers according to only two factors: income and nationality. These are unclear and broad target markets. Managers need the right target groups to be able to convey the most efficient marketing for the hotels. Without a clear target group, this can lead to problems in management later.

Lastly is the positioning of boutique hotels; managers from upper boutique hotels were satisfied with their positioning. Due to their experience, they are able to gain high ratings and exceptional reviews on the websites. On the other hand, the standard boutique hotels still have some problems in positioning according to customers. Despite the overall satisfaction of the managers, some customers suggested the hotels should improve in terms of services, facilities, and activities.

Question 2:   **What are tourist behaviors in selecting boutique hotels?**

The behavior patterns of tourists when selecting hotels were investigated in the surveys of 266 guests in 21 boutique hotels around Chiang Mai and were later analyzed. The results illustrate tourist behaviors in traveling to Chiang Mai and the process of selecting a hotel. When traveling to Chiang Mai, the majority of tourists were visiting Chiang Mai for the first time. In addition, 78.21% of all respondents traveled to Chiang Mai by plane, followed by personal car (14%). As for the length of stay, Thai tourists tend to stay around three to four days for one trip, while foreigners stay longer, approximately five to six days for one trip. Most of the tourists travel with their friends, which shows that friends have influence on trip and hotel selection. Moreover, 87.55% of

all respondents also stated that they arranged the trip and booked hotel themselves, whereas the rest relied on a tour agency in preparing the trip and hotel for them.

As for selecting the hotels, 60.90% of all respondents learned about the hotels through the Internet, whereas another 29.32% learned from their friends. This supports the fact that hotel managers primarily rely on social media to market to their customers. Most guests that learned about the hotels from the Internet used Agoda (28.95%) as an information source, followed by Booking.com (24.44%), and Trip Advisor (21.05%). This contradicts the manager's rationale that they should rely on TripAdvisor as a main marketing tool in attracting new guests.

Question 3:   **What are tourists' motivations in selecting boutique hotels?**

In choosing hotels, tourists have their own reasons and motivations. The results show that guests selected hotels because of advertisement (38.72%), location (25.94%), or familiarity with the hotel (25.19%). Other motivations included social factors, such as friends, relatives, and members of the family who recommended them. However, guests mostly chose based on the information on the hotels through advertisements, either on online or offline.

Respondents were also asked to rate the importance of each factor in selecting hotels. The outcome shown in Chapter 4 suggests that the most significant factors are cleanliness of the hotel, convenience, design of the hotel, and the image of the hotel. In upper boutique hotels, the top four elements are cleanliness of the hotels, convenience, design of the hotel, and special services. The special services are crucial for upper boutique hotels; as Mckenny (2015) stated, special service is a key factor in

differentiating boutique hotels from other hotels. Nevertheless, for standard boutique hotels, the most important attributes consist of the cleanliness of the hotel, convenience, design of the hotel, and location. This supports the statement that, "location is viewed as important for attracting customers" (Anhar, 2001; Srinivas, Singh, Khunrana, & Wanlu, 2013; Potocakova, 2015). To summarize, the managers should be concerned about the cleanliness of the hotels, the convenience of the facilities in the hotels, and the design and image of the hotels. However, they should also stress special services in upper boutique hotels and location in standard boutique hotels.

Question 4:   **What are the customer perceptions toward the quality of boutique hotels they have selected?**

The overall quality of boutique hotels according to customer perception is seen as 'satisfied.' The qualities break down into the quality of hotel services, room features, convenience of the hotel, hotel design, and hotel prices. For hotel services, reception services are most satisfactory, followed by room service. Overall, the hotel services of upper boutique hotels are very satisfactory for the guests.

The managers of boutique hotels have emphasized services, and this has paid off based on they have done. Many reviews of upper boutique hotels also suggest that the staff of the hotels are really friendly and provide great service to the customers. While upper boutique hotels are able to meet the needs of their guests, standard boutique hotel services are seen as being just satisfactory. Since standard boutique hotels do not focus on their services like in upper accommodations, this explains why guests are more satisfied with upper boutique hotels.

The next factor is the quality of room features; the customers of boutique hotels are satisfied with room designs, arrangement, and room sizes. Additionally, the third aspect is the convenience of the hotel; this includes additional entertainment, hotel activities, the location of the hotel, and the check in and out process. However, only the check in and out process is very satisfactory according to their guests. In standard boutique hotels, the guests rated additional entertainment and hotel activities as relatively low. This indicates that there should be improvement in these two areas.

During the interviews, the managers of standard boutique hotels also said that they do not have any hotel activities, special services, or entertainment for their guests. However, the overall quality of the convenience of hotels in both upper and standard boutique hotels is satisfactory. Moreover, the quality of the hotel design was also rated, as it is a really important factor in attracting customers. The overall quality of hotel design in upper boutique hotels is very satisfactory, but standard hotels were rated as only satisfactory. This shows that managers emphasize design. Each upper boutique hotel has their own story behind the design, as they create new and unique themes to attract their guests. The last factor is the price of the boutique hotels. The overall price for both upper and standard boutique hotels is seen as satisfactory in Chiang Mai.

Out of all the qualities in upper boutique hotels, the hotel design was seen as the most satisfactory, followed by the quality of hotel services and the room features. This concurs with the managers' statements of focusing on creating the design. The managers also did research before the designs were finalized to target their customers. However, for standard boutique hotels, none of the qualities were seen as 'very satisfactory' but were considered 'satisfactory.' The most satisfactory aspect for standard boutique hotels would

be hotel price. This also proves the point made by the manager of the Roseate Boutique Hotel made about hotels focusing on the pricing.

Question 5:   **What are the current situations and problems in the boutique hotel industry from the analysis?**

From investigating all the aspects of boutique hotels in Chiang Mai, problems were discovered and divided into four main aspects, which are marketing, customer behaviors, customer motivations, and customer perceptions.

Marketing

Problem 1: Unclear segmentation and targeting.

The segmenting of the target groups of boutique hotels in Chiang Mai is based on nationalities and income factors. A sample of these segmentations would be Thai with low income or Chinese with middle to high income. By applying just two factors in segmenting, the segmentation can be seen as too broad. Previous research has claimed that boutique hotels target niche markets, which is understood to be a small but profitable group (Business Dictionary, 2016). Therefore, the current target group might not be enough for managers to know which marketing is suitable and efficient for the target group. It would be difficult for a manager to select marketing content and marketing channels and might create problems later in their management.

Problem 2: Customers book through OTAs more often than through hotel websites.

The managers claimed that most of their general customers book through OTA websites, such as Agoda, Booking.com, TripAdvisor, Expedia, and Hotel.com. However, when guests book through OTAs, these charge hotels 15% to 20% of the total sale price. This is the commission price for the websites in helping hotels find customers. Therefore, managers want customers to book directly with the hotels to save costs. Sometimes, the hotels cannot offer a price as low as the price of a travel agency. This is due to the hotel rooms that OTAs are able to buy in bulk since they purchase regularly from the hotel. Some people believe that the OTAs always provide cheaper prices, while others do not bother to look at the hotel websites at all. If more customers booked directly with the hotels, the hotels could save a large amount of money rather than paying commissions to the OTAs.

Problem 3: Managers only focus on online sources as marketing channels.

Social media is the main focus in marketing and provides channels for selling services. One of the managers even stated that social media marketing accounts for 90% of all marketing. This leaves 10% for offline marketing, such as brochures, books, and magazines. The result from questionnaires also supported that the majority of the guests know about the hotels from online sources. However, this does not mean that the offline sources should be neglected. As managers are targeting only one source, this actually narrows the group of customers. For instance, if the Pingnakara Boutique Hotel and Spa is focused on Europeans with middle to high incomes through an OTA website, this

could block the chances of those who usually book hotels through a tour agency or attain information from other offline sources.

Customer Behaviors

Problem 4: Hotel managers and their customers rely on different online OTAs.

Managers rely mainly on TripAdvisor, but the results show that most customers use Agoda as a source for purchasing hotel rooms. The TripAdvisor website and Agoda actually play different roles. TripAdvisor acts as a page that shows which website offers the best price, whereas Agoda allows travelers to book with them directly. Managers think that most of their guests would first go through TripAdvisor to search for the best price. However, some customers did not go through TripAdvisor; they went directly to another OTA website, such as Agoda or Booking.com. By placing lots of marketing in TripAdvisor, this might reach only some of their target customers.

Customer Motivations

Situation 5: Top factors that influence customer purchases are cleanliness, convenience, and hotel design and image.

As these factors affect customer behavior, they need to be emphasized by the managers. When comparing upper boutique hotels and standard boutique hotels, it was found that upper boutique hotels also focus on special services, while standard hotels focus on their location. Therefore, customers expect special services from upper boutique hotels and a good location for standard boutique hotels.

Customer Perceptions

Problem 6: Standard boutique hotels have received low ratings due to the lack of hotel activities and additional entertainment.

The quality of boutique hotels from the guests' perspectives is satisfactory overall. The upper boutique hotels have received a grade of very satisfactory in the quality of services, room features, and hotel design. However, their guests rated the standard boutique hotels as 'satisfactory.' The factors with the lowest satisfaction levels are hotel activities and additional entertainment. They do not provide many facilities or entertainment. Most of the standard boutique hotels also do not have indoor hotel activities; they only provide facilities, such as fitness facilities and swimming pools. This was determined through the hotel websites and from interviews with standard hotel managers.

5.2 Recommendations

In this section, the recommendations for each problem are suggested. These solutions can be used for further research and the improvement of boutique hotels.

Marketing

Problem 1: Unclear segmentation and targeting

Recommendation 1: As the targeting groups are too broad and unclear, it would be best for the managers to start by dividing different groups according to gender, age, nationality, income, occupancy, or even by the main reason for traveling. For instance, one of the segments could be Thai males between 30 and 50 years of age who are a

private company officers and travel to Chiang Mai for leisure. By segmenting the customers into niche groups, managers can research them in depth and be able to convey the right marketing messages to reach those target groups. If the manager thinks that this type of grouping is too specific, a few more groups can be selected, but the marketing would vary depending on the target group. A hotel does not need to pick only one target group. They can select several of the groups, but this must be a clear segmentation.

For this research, the author found that the majority of questionnaire respondents were Thai males between 18 and 30 years of age, and that most work as private sector officials and earn a middle income. Managers can brainstorm marketing ideas for this target group. One suggestion is the advertisement of the hotel through an OTA like Agoda since most of the respondents had selected Agoda as their main channel for receiving the information from hotels. They can promote special prices or offers in Agoda to attract this group. Another method is that the hotel can even select companies to partner with to offer special promotions to those that work in the partner company. By doing this, hotels are promoting themselves as well as bringing in more guests. Therefore, it is important for the hotel to have clear target groups for efficient marketing.

Problem 2: Customers book through OTAs more than through hotel websites.

Recommendation 2: Customers tend to book through OTAs more than directly with the hotels, believing that it is easier to research the hotel or that OTAs are offering them the best prices and offers. This is not always true; therefore, the author came up with two approaches to deal with this. To make customers book a hotel, the first approach is for the hotel to offer their best prices to compete with the OTA websites. The price of

the hotel should be lower than that on the OTA to grab the tourists' attention. However, if that is not possible, the hotels can provide the best offers to the guests, for instance, providing free transportations, allowing customers to select their own rooms, or even providing free indoor activities for those that choose to book with the hotels. They can promote free services on the first page of their websites or in an OTA website by adding a link in the content section asking customers to see more offers on the hotel website. In this way, customers can learn about the website and look for the best offers.

Problem 3: **Managers only focus on online sources.**

Recommendation 3: Despite social media and OTAs being the main sources of booking and searching, it not always good to narrow the focus to only online sources. There are still some customers who book hotels through tour agencies or get the information offline. The recommendation for this is for the hotels to increase their sales and marketing channels. Hotels should not have only one group of customers, who are regular customers, they should also think about companies or organizations with whom they can partner. The managers can create a sales department to contact companies in the area or even in other countries. Thus, when these companies have trips or want to hold meetings, they can let their employees stay in the hotel.

By targeting a company, hotels can earn repeated customers and gain more awareness. Another recommendation would be for hotels to start partnering with tour agencies and event organizers for promoting the hotel. The event organizers can help bring people to the hotels. One example is the concert in Chiang Mai. When people come from other cities or countries for this concert, the event organizers would recommend that

travelers to stay in partner hotels. Increasing the number of selling channels is one way for hotels to earn more profits as well as recognition.

Customer Behavior

Problem 4: Hotel managers and their customers rely on different OTAs.

Recommendation 4: The author recommends that the hotels should try a different source of OTA besides focusing on TripAdvisor. Agoda was chosen as the main source for browsing and purchasing hotel rooms by many of the respondents. Therefore, the managers should also use Agoda as a source of marketing. They can try to make themselves the top of the Agoda website by paying more to the website. However, if the manager does not want to pay extra, they can rely on customer ratings and comments to be at the top of the boutique hotels in Chiang Mai. Therefore, the hotel should not just narrow their marketing by focusing on only one website.

Customer Motivation

Problem 5: The top factors that influence customer purchases are cleanliness, convenience, and hotel design and image.

Recommendation 5: To attract customers, managers of boutique hotels should focus on the above-mentioned factors: cleanliness of the hotel, convenience of the rooms, and hotel image and design. In term of the cleanliness of the hotel, a manager should have someone checking the rooms even after the rooms have already been cleaned and should organize regular meetings about the cleanliness of the hotel since this is a priority factor based on the customer responses. Previous research on boutique hotels in northern

Thailand also suggested that staff meetings or training is a requirement for the hotels to meet the qualities and standards of the hotels (Chernbumroong, 2015). For the convenience of the rooms and image of the hotel, the rooms should be arranged for the comfort of the guests. They should be a nice design, providing customers with high technology or helpful facilities. One suggestion could be having a massage pillow in the room for the customers to relax along with tour books in the room, so guests can learn about activities and attractions in the city. However, the difference is that upper boutique hotels are advised to focus on the special services. This includes remembering all the guest's names. This should not be hard for the staff since boutique hotels usually have less than 100 rooms, and it is easy for them to be able to take care and create friendly environments for the guests. As for standard boutique hotels, they should be concerned about the location. Managers can create lists of nearby attractions for the customers so they can easily travel to them. Another option would be providing guests with bicycles for them to experience Chiang Mai city and get to places easily.

Customer Perception

Problem 6: Standard boutique hotels have received low ratings from the lack of hotel activities and additional entertainment.

Recommendation 6: To improve on the activities and facilities of standard boutique hotels, adding local activities that do not cost much money for their preparation is recommended. Some activities that do not cost much can include tie-dye shirt activities, handicraft sessions. or even teaching Thai dance. In Thailand, the materials for handicrafts are really inexpensive and skills can be taught by local Thais. Therefore, it is

good to add some activities for the guests to participate in when they are in hotels. Another facility to add in standard boutique hotels could be a spa. Alternatively, if the managers do not want to increase the costs of the hotel, they can simply hire a massage therapist when the customers want to have a massage in their rooms. Another option is to have library zones or other types of relaxation zones for the guests.

CHAPTER 6

CONCLUSION

The purpose of this research was to understand more about managers and customer perspectives in the Chiang Mai boutique hotel industry. The aim was to learn about how managers operate businesses in terms of marketing, customer characteristics in selecting boutique hotels, their motivations in selecting boutique hotels, and their perception toward the qualities of the hotels. This research provides content analysis, clarifies the problems existing in the industry, and gives recommendations. The main study is in Chiang Mai, a northern city of Thailand. This chapter is divided into findings of the research, theoretical contributions, practical contributions, and further research.

6.1 Summary of the Findings

The thesis analyses four main aspects: customer behavior, customer motivations, customer perceptions, and hotel marketing. Figure 6.1 illustrates the overview of the thesis and the key findings for each topic. The results were answered according to the research questions:

Q1: What are the current marketing situations of boutique hotels?

Q2: What are tourists' behaviors in selecting boutique hotels?

Q3: What are the main factors that motivate tourists in selecting boutique hotels?

Q4: What are customer perceptions toward the quality of the hotel?

Q5: What are the current problems identified by this analysis?

As the first point shown in the diagram is **customer behaviors**, the research question related to this topic is 'what are tourists' behaviors in selecting boutique hotels?' The key

finding shows tourists' behavior both when traveling to Chiang Mai and when they select the boutique hotels in Chiang Mai, Thailand. When selecting boutique hotels, the finding shows that 87.5% of the respondents organized the trip by themselves, whereas the rest relied on a tour agency to organize the trip and book the hotels for them. Out of those that booked the trip by themselves, the majority of guests had used online sources for searching or booking boutique hotels in Chiang Mai. Most online sources that were used included Agoda, followed by Booking.com and TripAdvisor. For customer behavior in visiting Chiang Mai, most guests travel with their friends, followed by couples and family. The next topic is that of **customer motivations**, which is linked to question 3 (what are the main factors that motivate tourists in selecting boutique hotels?). The figure summed up that most guests were traveling for leisure, whereas the rest were on a business trip or visiting their friends and relatives. The main factors that influence a customer's decision in selecting upper boutique hotels are cleanliness of the hotel, convenience, design of the hotel, and image of the hotel. But upper boutique hotels and standard boutique hotels have different factors that motivate their target group in selecting the hotels. Upper boutique hotels vary in that special service is another factor that is significant to customers' purchasing decisions, while the location of the hotel is crucial for standard boutique hotels. The third point is **customer perceptions** toward the quality of boutique hotels in Chiang Mai (question 4). The data shows that overall quality of upper boutique hotels is very satisfactory, especially the design, hotel services, and room features. This emphasizes how important service and design are for upper boutique hotels. Whereas the overall quality of standard boutique hotels was satisfactory for guests, the most satisfying aspect is the price of the hotel, which supports the point that standard

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boutique hotels should emphasize the pricing of the hotel. This all leads to **marketing strategies**, which need to be carried out in boutique hotels. They are related to the first research question: what are the current marketing situations of boutique hotels? Marketing is different in two types of hotels: upper and standard boutique hotels. In upper boutique hotels, the focus is more on providing a service to their customers but with a premium price. They try to conduct marketing by creating a brand value and offer various activities and services in attracting the customers. This includes the in-door activities that mix with the Lanna or northern Thailand culture. Therefore, they are trying to involve their customers in the experiences of Thainess. As for standard boutique hotels, the managers pay more attention to the price of the hotels, whereby lowering the prices to attract more customers. They are concerned more about the quantity of the guests and able to attract as many guests to increase their earnings. But both rely much on online marketing, including online travel agencies and other social media websites. The managers give much importance to online travel agency websites such as TripAdvisor, Agoda, Booking.com, Hotel.com, etc. From these four main factors that were analyzed in this thesis, the author found six main problems with the Chiang Mai boutique hotel industry. Therefore, the main **problems and situations of boutique hotels** that occurred were: (1) unclear segmentation and customer target groups, (2) customers booking through OTAs more than hotel websites, (3) managers only focusing on online sources as marketing channels, (4) hotel managers and their customers relying on different online travel agencies, (5) the top factors that influence a customer's purchasing being cleanliness, convenience, and the hotel design and image, and (6) standard boutique hotels having received low ratings due to the lack of hotel activities and additional

entertainment. After analyzing the problems that occur in the boutique hotel industry in Chiang Mai, recommendations were given to help improve the management of the hotels and the understanding of their customers.

Based on the findings of this research, six recommendations were given to the current situation and problem in the boutique hotel industry. They were suggested according to marketing aspects, customer behaviors, customer motivations, and customer perceptions.

Marketing

1. The author suggested clear segmentation and selecting the niche target groups for boutique hotels. The managers should have a specific and clear target group in order to convey the most effective marketing to this group of customers.

2. As customers book mostly through online travel agency websites rather than the hotel's own website, the author came up with two ways to solve this. The managers should first try to reduce their hotel room price to be the same as or less than those offered by online travel agencies. But if they cannot really lower the price, managers can provide the best offers to their target group. This includes services such as free transportation or free in-door activities. Managers should promote to their customers that they could get a better offer if they booked directly with the hotel.

3. For managers to not only focus on online sources in attracting their customers. They should be concerned about customers that book with a tour agency or get any information from offline sources. The hotel should not narrow their

sources; they can start to partner up with organizations that arrange events or those that could attract new customers to the hotel. The managers can even set up sales teams for working on finding new channels in gaining more customers.

Customer behavior

4. As the managers think that TripAdvisor is the main website that could attract people the most, the majority of the respondents use Agoda in booking the hotels. Therefore, the suggestion is for managers to not only focus on TripAdvisor. They should try to place themselves at the top of the search or even pay the other OTA websites for advertisements.

Customer motivation

5. The boutique hotels in Chiang Mai should focus on four main factors: cleanliness of the hotel, convenience of the rooms, hotel images, and hotel design. These attributes are seen as very important for the guests of the hotel. The operators have to check cleanliness of the rooms regularly, organize meetings that emphasize these points, rooms should be arranged for comfort of their guests, the design should be unique, and the boutique hotel should provide high-technology devices or useful facilities inside guest rooms.

Customer perception

6. Standard boutique hotels need to improve their facilities and activities in the hotel. Since guests want to experience the Thainess when they are traveling, it's important for boutique hotels to provide them with activities that allow them to learn the culture and experience local activities. The boutique hotels that have a limited budget can try to

organize low-cost activities such as tie-dye shirt activities, teaching Thai dance, or even

holding handicraft sessions. These recommendations would then lead to the optimal

management of boutique hotels in Chiang Mai, as the whole framework is summed up in

Figure 6.1.
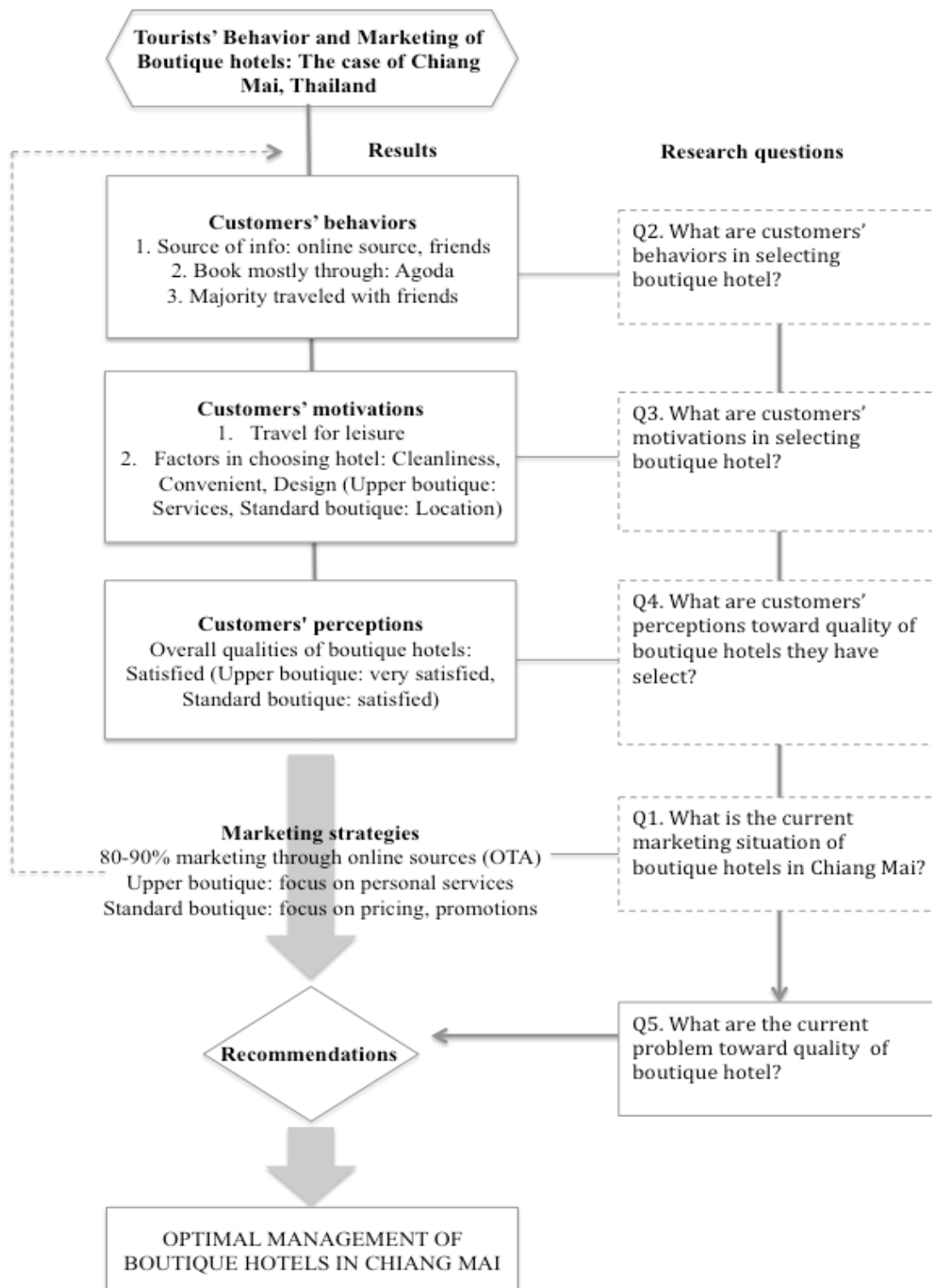
Figure 6.1: Flow diagram of this research

Source: Author, 2016

6.2 Theoretical contributions

Boutique hotels are relatively new when compared to other types of hotels in Chiang Mai, Thailand. Despite the wide use of consumer behavior theory and marketing strategies (7Ps), only few studies use this theory in the study of the boutique hotel industry. Some of the researches were focused on only one aspect but none of the researches had conducted both marketing aspects and customer behavior. This research is one of the pioneering studies investigating consumer psychological characteristics of those who have stayed in boutique hotels in Chiang Mai, Thailand. Consumer psychology includes customer behavior, motivations, and perception in selecting boutique hotels. These three factors are analyzed to better understand the insights of customers. Furthermore, strategic marketing was also focused upon by the author, which includes the 7Ps: product, price, place, promotion, people, process, and physical evidence, as well as the STP or segmentation, targeting, and differentiation and positioning. This thesis was also the first thesis in the case of Thailand to study both managers' and customer perspectives. As some of the researches in the area of Chiang Mai are conducted in Thai, this paper is one of the few that is written in English. This is for both local people and foreigners to know more about the Chiang Mai boutique hotels.

The results, as summed up above, show that there are still some areas that need to be improved in the industry. Various aspects of both customers and managers of boutique hotels were mentioned and analyzed to help enhance the industry as well as keep the hotels running in a competitive market. Therefore, the author conducted both interviews and questionnaires to better understand the overview of the industry in Thailand.

6.3 Practical contributions

As for the practical contribution, this study presents insightful, up-to-date, and holistic information that can assist the current industry and practitioners in their marketing. The author gives recommendations to the current problems that derive from this research. The findings and recommendations were mentioned above and are helpful to people in the industry. These include the investors, managers, employees or those that are interested in the boutique hotel industry. The findings were related to customer behavior, customer motivation, customer perception, and marketing strategies of the industry. With the high competition in this field, customer thinking needs to be understood as well as the action of managers, which would affect their business the most. Therefore, this research is helpful for those that are in the industry, or are planning to enter the industry in the future.

6.4 Limitations of the study

During the conducting of this research, some limitations in developing research and gathering information were met. First, the author was not able to conduct interviews with some managers. The research was planned to obtain information from 10 managers for qualitative data. But due to the limited time for research and the tight schedules of some managers, this study was only able to obtain information from four managers of boutique hotels. Although the information is enough for analysis, the results would be better if they had been obtained from more points of view. Second, the author had difficulty in gathering qualitative results, as it was hard to obtain information from the guests of hotels directly. Some of the hotels did not allow any questionnaires to be placed in the hotel, and do not allow researchers to interact with their guests. As mentioned,

even though the questionnaires were placed in the reception areas of 21 boutique hotels, this did not guarantee that the respondents would answer them truthfully or would fill out every question. Therefore, it would be best to talk to the hotel guests directly if the hotels allowed it. Third is the definition of boutique hotels. Some hotels might not truly be boutique hotels but are promoting themselves as one. Since there are no clear standards for this type of accommodation, it's hard to classify hotels as a boutique hotel. Another limitation is that the research is only conducted in one city, which means that the thesis cannot be applied to all cities, but rather those that have similar characteristic to Chiang Mai, Thailand. As Chiang Mai is a mountainous area, cities with a different atmosphere or geography, like a beach area, would be totally different in operating boutique hotels. Last is the concern of privacy issues. As mentioned earlier, some people might not want to give feedback to the hotel. This is because they want some privacy or some of the guests do not want to reveal themselves in public. Therefore, from this limitation, the author has some areas to improve upon in future research.

6.5 Further Research

For future research, the semi-structured interviews can be conducted again but with a higher number of respondents. Despite the privacy issue, it would be better to conduct the interviews with the guests later on, since this thesis was able to only get interviews with managers. The area of interviews can also be expanded, such as conducting the interviews with different government departments. They can be placed with diverse stakeholders, including government sectors and other people related to the boutique hotel industry. A higher number of interviews would make the thesis more

reliable. Further study could be the comparison of boutique hotels in Thailand with boutique hotels in other Southeast Asian countries, or the comparison of Chiang Mai to other cities that have a similar size or characteristics. For instance, Chiang Mai can be compared to the second largest city in a neighboring country. This would help to improve and better understand the boutique hotel industry later on.

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       2015.pdf

APPENDICES
Appendix A: Keyword of definitions from previous literature reviews and its repetitions

Keywords	Author(s)	Repetition(s)
Unique design	(Horner & Swarbrooke, 2005), (Victorino, Verma, Plaschka, 2005), (Aliukeviciute, 2010), (Tidtichumrernporn, 2010), (Srinivas, Singh, Khunrana, Wanlu, 2013), (Day, Quadri, Jones, 2013).	6
Personalized services	(Anhar, 2001), (Horner & Swarbrooke, 2005), (Mcintosh & Siggs, 2005), (Aggett, 2007), (Lim & Endean, 2009), (Day, Quadri, Jones, 2013), (Choochote, 2014), (Potocakova, 2015).	8
Unique	(Horner & Swarbrooke, 2005), (Victorino, Verma, Plaschka, 2005), (Lim & Endean, 2009), (Aliukeviciute, 2010), (Tidtichumrernporn, 2010), (Srinivas, Singh, Khunrana, Wanlu, 2013), (Day, Quadri, Jones, 2013).	7
Customization	(Srinivas, Singh, Khunrana, Wanlu, 2013), (Day, Quadri, Jones, 2013), (Potocakova, 2015).	3
Location	(Anhar, 2001), (Srinivas, Singh, Khunrana, Wanlu, 2013), (Potocakova, 2015).	3
Experiences	(Mcintosh & Siggs, 2005), (Victorino, Verma, Plaschka, 2005), (Aliukeviciute, 2010), (Balekjian & Sarheim,	6

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	2011), (Day, Quadri, Jones, 2013), (Potocakova, 2015)	
Contemporary	(Victorino, Verma, Plaschka, 2005), (Aggett, 2007), (Aliukeviciute, 2010).	3
Luxury	(Porocakova, 2015), (Tidtichumrernporn, 2010)	2
Modern	(Horner & Swarbrooke, 2005)	1
Intimate	(Anhar, 2001), (Horner & Swarbrooke, 2005), (Aliukeviciute, 2010).	3
Trendy	(Balekjian & Sarheim, 2011), (Choochote, 2014)	2
Upscale service	(Mcintosh & Siggs, 2005), (Aliukeviciute, 2010), (Balekjian & Sarheim, 2011), (Srinivas, Singh, Khunrana, Wanlu, 2013).	4
High tech facilities	(Aggett, 2007)	1
20 to 150 rooms	(Anhar, 2001), (Aliukeviciute, 2010), (Srinivas, Singh, Khunrana, Wanlu, 2013)	3
Less than 100 rooms	(Aggett, 2007), (Balekjian & Sarheim, 2011), (Aretta & Hudrasyah, 2014)	3

Source: Author, 2015

Appendix B: Interviewed questions for the hotels' managers in English and Thai

General information

1. How long did you operate this hotel? Owners or just manager?
   โรงแรมเปิดมากี่ปีแล้ว บริหารเองหรือเปล่า

2. Is the hotel operated by owners or managers?
   โรงแรมบริหารโดยเจ้าของโรงแรมหรือผู้บริหาร

3. What is the main style of this hotel?
   ธีมหรือดีไซน์หลักๆ ของโรงแรมนี้คืออะไร

4. What is the motivation behind the design? Are all the rooms the same?
   ได้แรงบรรดาลใจมาจากไหน แล้วห้องเหมือนกันหมดหรือเปล่า

5. Does your hotel focus on design, price, or service?
   โรงแรมของคุณเน้นด้านออกแบบ ราคา หรือบริการ

6. Any additional activities or accommodations?
   มีร้านอาหาร หรือพวกกิจกรรมอย่างอื่นไหม (ฟิตเนส, สปา)

Customers

7. Who are your target customers? Why do you choose this target group?
   ใครคือกลุ่มลูกค้าหลักของคุณ ทำไมถึงเลือกกลุ่มนี้

8. Are most customers Thai or foreigner?
   ลูกค้าส่วนมากเป็นคนไทยหรือต่างชาติ

9. What is the main channels of booking hotel for your customers?
   ช่องทางไหนเป็นช่องทางหลักในการขายห้องของคุณ

Marketing aspect

10. What kind of marketing that hotel had done previously? Any specific events?
    เคยทำการตลาดอะไรบ้าง มีอีเว้นหรืองานที่เจาะจงไหม

11. What is the current promotion and packages?
โปรโมชั่นกับแพคเกจตอนนี้มีอะไรบ้าง

12. With a lot of competitors, does it have any effect on the hotel?
การที่มีคู่แข่งเพิ่มขึ้น มีผลกระทบต่อโรงแรมคุณไหม

13. How do you deal with competitors?
คุณรับมือกับคู่แข่งอย่างไร

14. What is your uniqueness, how can you differentiate from other hotels?
โรงแรมมีจุดเด่นจากที่อื่นอย่างไร และทำไมให้แตกต่างจากโรงแรมอื่นยังไง

15. Is there any after sale services?
มีบริการหลังการขายหรือเปล่า

Future decision

16. What is your future plan? Any expansion?
ในอนาคตมีโปรเจ็คเพิ่มเติมอะไรหรือเปล่าคะ

Appendix C: Summary of interviews from managers of boutique hotel in Chiang Mai, Thailand

Questions		Name of hotels			
General Information		**A. Pingnakara Boutique Hotel and Spa**	**B. Tamarind Village Hotel**	**C. Roseate Chiang Mai Hotel**	**D. At Pingnakorn Hotel**
1.	How long did you operate this hotel?	5 years	12 years	3 years	Huay Kaew: 3 years Nimman: 8 years
2.	Do owners or managers operate the hotel?	Owner and relatives (Mr.Chairat Usavangkul)	Manager (Ms. Naphat Nutsati)	Manager (Mrs. Wanatthamon Thamrongthippayakhun)	Owner (Mrs. Soontaree Donthawprai)
3.	What is the main design of the hotel?	Lanna colonial (Lanna + Classic)	Lanna contemporary (Lanna + Modern)	Modern	Classic Colonial
4.	What is the motivation behind it?	Create thing that is non-existing. The owner wanted to create modern design but realized that modern would turn into old design. By having classic, the older it is, the more value it added.	The design was inspired by temple in Chiang Mai, What Ton Guan		
5.	Does you hotel focuses on design, marketing, or service?	Combination of all but focuses on service In the beginning, it's based on design but then it focuses on UNIQUENESS of decorations, services, and activities.	Combination of all but focuses on services	Price	Service

Questions	Name of hotels			
General Information	**A. Pingnakara Boutique Hotel and Spa**	**B. Tamarind Village Hotel**	**C. Roseate Chiang Mai Hotel**	**D. At Pingnakorn Hotel**
6. Any additional services & facilities	Facilities: Spa, Restaurant, Cake shop, Pool, Fitness Services: Transportation, tour & Excursion, In-door activities	Facilities: Spa, Restaurant, Pool, Fitness, Events hall Services: Transportation, Tour & Excursion, Babysitting service, In-door activities	Facilities: Meeting room, Restaurant, Fitness Services: Transportation, bicycle rental	Facilities: Restaurant, Fitness, Pool, Events hall Services: Transportation, personalized services
Customers				
7. Who are your target customers?	Non-Thai middle to high income	Non-Thai middle to high income	Chinese &Thai Low income	Chinese Low to high income
8 Are most customers Thai or Non-Thai?	70% Foreigners 30% Thai	Most are Europeans (Britain, French), Americans, Australians	60-70% Chinese 30% Thai, foreigners	80% Chinese 20% Thai, foreigners
9. Main channels of booking hotel	TripAdvisor	TripAdvisor, Tour Agency	TripAdvisor, Agoda, Booking, Tour Agency	Chinese website Directly with hotel Agoda, Booking, Expedia
Marketing				
10 What kind of marketing had hotel done previously? Any specific events?	Social Media- 90%, Offline- 10% TripAdvisor, Apply to many contests, Contacted bloggers	Direct contact with customers & tour agency Tripadvisor, Apply to many contests, saleman to organizations	Social Media- Tripadvisor, agoda, booking Through tour guides: mainly korean and Chinese	Social Media- Agoda, booking, expedia Focus on breakfast promotion

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	Questions	Name of hotels			
	Marketing	**A. Pingnakara Boutique Hotel and Spa**	**B. Tamarind Village Hotel**	**C. Roseate Chiang Mai Hotel**	**D. At Pingnakorn Hotel**
11	Promotions	1. Book direct- free transportation 2. Firm and Fix (Book one month in advance to get discount) 3. Stay five pay four 4. Midweek Special (earn 15% discount)	1. Early bird offer 2. Spa suit 2 night 3. Tamarind suit offer: free transportation & food 4. Simply lanna (Tour, food, massage, spa) 5. Resident of Thailand offer		Breakfast promotion
	Packages	1. Buy room +Thai food package 2. Room + Spa 3. Discovery Chiang Mai-Trip to tourists destinations 4. Honeymoon set: Food, spa, travel	In house activities: Paint umbrella, flower garland, hill tribe weaving, make spa soap, fold pandan leafs into flowers, tung flag making Half /full day excursion	We are family package: Free ticket to nearby aquarium	
12	With lots of competitors, does it have any effect on your hotel?	Yes	Maybe Not. They are not competing with other hotel. They are competing with themselves.	Yes	Yes

	Questions	Name of hotels			
	Marketing	**A. Pingnakara Boutique Hotel and Spa**	**B. Tamarind Village Hotel**	**C. Roseate Chiang Mai Hotel**	**D. At Pingnakorn Hotel**
13	How do you deal with competitors?	MARKETING High awareness: through social media and good reviews Not reduce price but keep hotel brand as high quality hotel	DESIGN & SERVICES - Different design , services	PRICE More promotion, good services	SERVICES Change furniture around in both guests' rooms and other area in hotel.
14	What is your uniqueness? How can you differentiate from other hotels?	Unique in design - Lanna colonials Unique in Service: - Classic mercedes cars - Buddhism practices	Activities/ services: Sell culture and heritage of the city ex,. Silk exhibitions - Shop that sells showed lanna products	Promotion: - Free transporations - Promotion for breakfast	Personalized Service
15	Any after sale services?	Yes	Yes	No	Yes: send promotion email to customers
	Future decisions				
16	What is your future plan?	Need total of 12 years to earn profit back (another 7 years) Try to keep this hotel as top boutique hotel in Thailand			Building third building near the main river of Chiang Mai

Source: Author 2016, Interviewed Usavangkul C., Nusati N., Thamrongthippayakhun W. & Donthawprai S., 2016

This appendix consists of the samples from the participants of the interviews. The interviews were all recorded and translated in from Thai into English.

PARTICIPANT 1

Name of participant: Mr.Chairat Usavangkul (CU)

Job position: Owner/ manager

Name of the hotel: Pingnakorn Boutique Hotel and Spa

Interview date: 14 September 2015

Interview duration: 2 hours

Some of the questions prepared were not asked since the participants already answered it when another question was asked.

Is the hotel mainly base on service, design, or marketing?

CU: Currently the marketing is really different from before. Customers come to our hotels because of social media. Social media covers 90% of how customers come to boutique hotels. Before there was travel agency but now it is online travel agency (OTA). Only few people know us from the print advertisement or published paper and word of mouth. For social media, we mainly focus on trip advisor. Each OTA will have different reviews and ranking.

If you have information please find out which OTA do tourists choose? Do they have to look at only one source or do they go through different processes in order to book hotels.

But for me I start of from trip advisor, and then I would check the prices in OTA and their own websites to find the best prices. I would book only top 10 or top 20 in trip advisor. After I know the top 20 boutique hotels, then I would go into the one that is suitable for my budget. I would see which one offers me the best "OFFER", NOT PRICE! For me as a manager of this hotel, I prefer customers to book through our own hotel website, since I have to pay OTA 15-20%. So for example if customers pay through the website, I would give free transportation. For our Mercedes benz transporation, it would costs 650 baht for one way. If round trip it would be 1,300 baht. So if the room costs 10,000 baht per night then the hotel has to give OTA 1,500 baht. This is why the boutique hotels have to fight with OTA through the pricing.

The only marketing that would happen in boutique hotel would be social media. By making our hotel viral, we send our hotel name into different contests. This is marketing to make people become aware of our hotel. Some bloggers also contact us to have free room or free breakfast to write a good review about our hotel. By putting our hotel into contests, this act as additional marketing. We need to be in the good ranking of the top websites. For example, tripadvisor or other OTA like Agoda and booking, but those are much harder. Because if someone give them high price or percentage, they would make it as top recommendation hotels for customers, unless the customers click on the ranking by other customers. Also when customers go into the OTA websites, it would remember the data that you have been purchased or viewed before. They would keep record of what kinds of person you are, what do you usually selected, how many rooms you usually purchase. So sometimes you can always see on the website, "this hotel is recommended for you." This is the big data marketing that is being done in OTA.

So the answer is it is the combination of all service, design, and marketing. But when you first start your hotel, it's based on design. Boutique hotel has many definitions. One of the definitions is that the room size is around 10- 100 rooms. If it's fewer than 10 rooms, then it is considered as bed and breakfast. It has its own uniqueness, unlike the standard hotel chain. The more you are unique, the more selling points it is for you.

Who are your target markets? Are they mostly Thai or Non-Thai?

CU: 70 % of our guests are foreigners while another 30 % are Thais.

With lots of competitors, does it have any effect on your hotel?

CU: The higher number of boutique hotels definitely have impacts on my business. Everything is over design. There is this one story of one village in japan, which is the passing road to other destination. So they build a gas station. When other Japanese sees that there is gas station, they then decide to build coffee shop, ramen restaurant, and then hotel .The place become more urbanize and developed. But Thailand is different case. When one person opens a gas station, other people would also open the same thing believing that it would give them profit. So currently there are so many boutique hotels in Chiang Mai.

As there are many boutique hotels, many managers don't truly understand the real concept of boutique hotels. They just open because they see other people open it. But when my hotel was build, it was during the transition of TA to OTA. Therefore, the

marketing changes a lot! So if there were many hotels, then every hotel would have to compete.

Thai people have the habit of reducing price. But by reducing the price, it would create higher competition.

For me, I already build this hotel so I have to do the best out of it and stay in the focus of consumers. So we create high awareness through social media and good reviews. In order to have good review, it would come back to management. Services need to be good or the rating and comment would turn into negative side.

People that can manage boutique hotel have to be CREATIVE. Ping Nakara grows really fast because we're creative.

How do you deal with competitors?

CU: Actually there is not much to do with the services. I just went to give lecture about the "BLUE OCEAN." Renee and Chan wrote this book. They mentioned about the theory of surviving in business. In which Michael potter says that marketing is separate into 2 things: COSTS and DIFFERENTIATION.

COST: do what ever to make the capital costs low.

DIFFERENTIATION: Try best to differentiate themselves from others.

"Jack trout" said that "Differentiate or Die."

Renee then research further into this statement, implying that these two can be put together. But the best way is to get to the blue ocean, not red ocean. If you stay in Red Ocean, it's like swimming with many sharks. You have to compete with others in the market. So you can't survive without differentiation.

For example there is one circus called Cirque de Soleil. They are the circus with animals in America but there was a period that it was not successful. This is due to the high costs and reduces in demand of people watching circus. People that go to circus are usually parents that take children to see animals and the show. There was no BLUE OCEAN at that time. Renee studied and invented the word blue ocean. Then he set the criteria.

> Problem of circus: Low demand – but why is board way still successful? Why does it have to only be family?

> Need to extend market boundary! So they changed themselves to circus without animals! They want to differentiate and reduce the costs. They found out that the most expensive costs for circus is animals and also reduce the tent for the show. So they add STORYLINE in to the show. When they go to broadways, they found out that people still watch because it tells story! So the circus should have their own story as well. They also create new music and story lines.

KEY OF BLUE OCEAN:

> 1. Reduce – reduce unimportant things

> 2. Eliminate

> 3. Increase

> 4. Create

This is the key of what Ping nakara use. When we do design, we create things that are non-existing and believe that people would like it! It doesn't have to be beautiful but people have to like it and it would last long. Before this, I want to make modern hotel but

modern doesn't last long. Like some hotels before it were modern, but now it turns into contemporary and contemporary into out of trend. So if we do classic, the more it gets old, the more it becomes classic. But at this location, we have to see which position we want to be in. With lots of boutique hotels now, we need to find uniqueness.

My hotel has unique design and services. We have a classic Mercedes car for free transportation if the customers want to go somewhere nearby. Our hotel also has Buddhism practices. Every morning three monks would walk pass the hotel and our kitchen staffs would prepare food in package for guests to give alms to the monks. This is one of the customs or tradition of Buddhists. So we tell tourists if they want to join they can wake up at early in the morning to experience Thai traditional practice.

Another important factor is LOCATION. Many boutique hotels are not in the town, the place might have really beautiful design, but they are not successful. This is because of location. Some are not too far, but it's between town and the countryside. Customers would want to either experience the town life or another one is to absorb the environment in countryside. Most people that come, they want to experience the lifestyle, nature, routine, and people. But if they live too far, they would only experience the nature.

What is your uniqueness? How can you differentiate from other hotels?

CU: Uniqueness is separated into three aspects,

1. Design

2. Services: If the hotel is five star, then everyone would expect the same standard. But you have to find what differentiate you from other kind of services. Boutique hotel

doesn't have to be good service, but unique service since boutique hotel in Thailand varies from one to five stars.

For example, there is one hostel "Lhubdee" differentiate itself. They make front office counter as a place for ordering food and a bar as well. When customers order food, the food would just be microwave and serve. The bed is sold at 400 baht per night. Every Wednesday, they would have free guide but customers have to pay for boat and traveling services. Since this hostel is at cheap price so the service is not as good but they have their own uniqueness. So I would say that they are not hostel but they are low cost boutique hotel.

3. Marketing

Is there any after sale services?

CU: Sometimes customers don't like hotel to contact them or send email to them. So we only keep data of our customers and send them thank you letter once they checked out from our hotels. If the mail contains too much messages, then it would be SPAM. People wouldn't come because we sent promotion letter. They only come when they are on their holiday. Their own date is the key factor to when they would travel.

Travelling town is divided into 2 types: resort town and scenery town. Chiang Mai is scenery town in that people come to do sightseeing, to travel and experiences the new places. Once they feel that they have seen everything, they wouldn't come again. But resort town is town that people come to relax and spend most of their traveling at the hotel or resort. These are usually town with ocean or sea to rela (Phuket). This makes our

guests new customers more than returning customers. If there are returning guests, then we would give special promotion or services to them.

So we don't do after sale services, because it's not effective and we believe that it would be disturbing customers.

Our city is the destination, not transit town. So there are not much repeated customers.

ADDITIONAL SERVICES:

Japan: hotel forza has ipad in every room, for customers to play

Hongkong: They give customers a phone that you can play wifi everywhere

And have location of different places to visit along with advertisement

From various restaurants and attractions. They partner up with 3rd

party. In which they don't have to pay much for the phone and wifi.

How long does it take to earn profit?

CU: Usually it takes 7 years for return in investment. But there is the first boutique hotel (Tamarind), it took only 3 years for them to earn the return of investment. But for this hotel, I spent a lot on the design and construction. So it would take around 12 years to earn the money back. Some people might think that this money could use to build other thing and get much faster return money.

Lately there are a lot of houses that turn themselves into boutique hotels. They receives much faster return rate

Occupancy rate? :

CU: The occupancy rate is 60%. We don't want to reduce price because first it would destroy the current market. If it is too cheap, people would wonder if something is wrong with the hotel. Another reason is that for me when I stay in other hotels, I don't look at the price for the first thing. I look at the best offer I can receive from each hotel. I would stay in 4+ stars but not too expensive. This is like playing with psychology. If the perfume were 500 baht, would you buy it? So this is why the hotel doesn't reduce the price.

There are strategies of price that we have to be concern in 4Ps and 5Ps.

PARTICIPANT 2

Name of participant: Mrs. Wanatthamon Thamrongthippayakhun (MT)

Job position: Manager

Name of the hotel: Roseate Chiang Mai hotel

Interview date: 19 September 2015

Interview duration: 40 minutes

Due to limited time in interviewing with the managers, the researcher was not able to cover all the questions in time.

What is the main design of the hotel?

MT: This hotel has modern design with new facilities. We only opened for 3 years, so our building and location was able to attract a lot of Chinese.

Who are your target customers?

MT: We target Chinese. Currently, there are not many customers but last year it was fully booked. Last two years, a lot of Chinese came into Chiang Mai, so our hotel was always full.

Main channels of booking hotel

MT: Currently tablet and phone can be use to book hotel. There are also reliable websites such as agoda, booking, expedia. The language can also be translate in hotel

website. Tripadvisor is the main source to choose hotel and has lots of weight. In the past, Tripadvisor is only used for giving reviews, but now they have changed into business. They now charge hotels base on clicks of customers and the purchasing number.

What kind of marketing had hotel done previously? Any specific events?

MT: We hardly do any sale marketing or going to meet customers directly. The used of travel agencies also reduced, only Koreans and Chinese uses tour guide in travelling. Mostly people travel on their own. Some people also walk in to hotel and book through Agoda and booking in the lobby.

Moreover, the competition is really high, there are many boutique hotels and much more are also being built.

With lots of competitors, does it have any effect on your hotel? How do you deal with competitors?

MT: We have to see the price of other hotels. We don't reduce price just to compete with them but we have to see the main costs of our hotel and see how much we can reduce our price without affecting the profit. For example if other hotels reduce their price to 500 bah, we cannot do that. But we try to differentiate ourselves through the offering of services or activities. For example, the promotion of breakfast or free transportation to airport is offered to customers. For Monday to Thursday, we offer different promotions from Friday to Sunday. One promotion includes, "stay with us 2 nights, and get 1 night for free." So we play all kind of marketing, but the costs of hotel are the main factors in setting the price.

Additional information:

In managing the hotel, we find our weak point and improve from that. Most boutique hotels don't do heavy sale or promotion for customers. And we don't have sale team since our conference or meeting room is not that big comparing to the chain hotels. Big chain hotels would go out and find their own customers from big company such as Bangkok bank to offer them special price of renting meeting room. They even have specific sale for each nationality for instance sale for Japanese customers or Chinese customers. Before I worked here, I was working in bigger hotel as a manager (Mae ping hotel). I have to run to many places and give special price to the private or public company. Currently the salesman or agency doesn't even have to go see their customer directly, they now also have website or online sales to sell the meeting room or lets customers book the meeting room through website. Our meeting room is only for 40 people, which is considered as very small size. So we do not have sale team or agency to do this. Our meeting room is mostly use for party of tour group or dinner.

PARTICIPANT 3

Name of participant: Ms. Naphat Nutsati (NN)

Job position: Manager

Name of the hotel: Tamarind village hotel

Interview date: 19 September 2015

Interview duration: 40 minutes

The participants could not give us much detail about the marketing aspect of the hotel, claiming that it is confidential for the hotel.

What is the main design of the hotel? What is the motivation behind it?

NN: The design starts from the designer who wants a village theme. We use tamarind tree, which is located in the center of our hotel. It is 200 years old so this is why our hotel's name is called tamarind village. We have field and Tamarind tree in the center and we build buildings around the center area. The houses or building have2 floors and we sells them by room. All the buildings are connected in which we got inspire by one temple in Chiang Mai called "Wat Ton Guan" with the most beautiful lanna architecture. We based it on lanna contemporary which is the mix between lanna design and modern and the tone of hotel is natural tones.

Does you hotel focuses on design, marketing, or service?

NN: Focus on everything but mainly on services

Any additional services & facilities

NN: We try to sell the culture and heritage of the city. So we have various activities that attract customers. For example, today we have umbrella painting at 3 pm. This is free of charge and customers can experiences the traditional act and learn more about Lanna culture.

Our hotel also has events or exhibitions of various Lanna products. This is open up for customers and outside people. Like the end of this year we have silk exhibitions. After the exhibitions, the products would be display and sell in hotel's shop.

Who are your target customers? Are most customers Thai or Non-Thai?

NN: Foreigner. Most are british, French, American, Australia.

They book through website and tourist agency.

Main channels of booking hotel

NN: Tripadvisors play important roles in attracting customers.

What kind of marketing had hotel done previously? Any specific events?

NN: We have marketing department in which they are in charge of attracting customers. We do many things such as getting to know the customers both direct and through tour agency.

We also have to keep renovate the hotel, since it has been open for a long time and it needs to keep its appearance for customers.

For the website of marketing, Tripadvisors play important roles in attracting customers. We based on our services to customers. We also have sale man that goes to meet customers every year. These customers are the regular ones such as embassy employees or other government organization.

We don't really have promotion.

Most of our award is from the architecture and designs of the hotel. We don't enter in all competition. But for Thailand boutique award, we won many years already, so we decide that we won't apply anymore so other hotels can also get the awards.

With lots of competitors, does it have any effect on your hotel? How do you deal with competitors?

NN: I think that our design is really unique and different from other hotel. So we cannot compare with other boutique hotel nearby. With our unique design, it can always attract customers. We do have competitors but we are not competing with them, we are competing with ourselves.

What is your uniqueness? How can you differentiate from other hotels? Any after sale services?

NN: We always keep the record of our customers. If they were our repeated customers, we would send letter on special occasion to them.

PARTICIPANT 4

Name of participant: Mrs. Soontaree Donthawprai (SD)

Job position: Owner/ manager

Name of the hotel: At Pingnakorn

Interview date: 22 September 2015

Interview duration: 2 hours

What is the main style of this hotel?

SD: Classic colonial

What is the motivation behind the design? Are all the rooms the same?

SD: The definition of boutique is unique and depends on the builder of the hotels. So

the design turns out to be mix between classic and colonial (old and new).

Before we opened, we did not know which design or color the guests would like. So we

stick with the simple color like white and gray tone. But once we open the second hotel,

we want to make it different from the first one, so we add pastel color into the design.

This could attract a lot of Chinese customers because they like the colorful and colonial

design of the hotel.

Does your hotel focus on design, price, or service?

SD: We emphasize on the services. Breakfast is our main thing that customers talk

about and got viral through the word of mouth. We also have part time workers or

employees that are able to speak Chinese and English to service them directly. Some Chinese that stay with us can not speak English so they rely on our help to let us communicate with them about the attractions or talking to other tourism agency for traveling advice.

Any additional activities or accommodations?

SD: We have transportation to airport. But if customers want to go to other place, we can contact taxi driver for them or guides to take them around. We have spa, fitness, and swimming pool. In which the around the swimming pool area is open for guests to relax with some tea set or they can even have their own party in the hotel. The hotel would organize the party for the guests but usually it will be during the day and cannot be so loud in that it might disturb other customers. For example, last week we have kid's birthday party, we organized all sweets, candies, and snacks for the kids. We also make things depending on the needs of customers.

Who are your target customers? Why do you choose this target group?

SD: Before there were a lot of Thai customers but now as more Chinese are coming into Chiang Mai, most of our customers are Chinese. It all starts from when Chinese posted about our hotel in their famous website (It's like pantip in Thailand). So people follow from the positive comments in that website. First of all Chinese people usually book the hotel in advance. So our hotel is always full. But our hotel branch in Nimman is usually full before Huay kaew branch because Chinese likes to walk on nimman road with a lot of activities and entertainment.

What is the main channels of booking hotel for your customers?

SD: Agoda, booking, Expedia, and Chinese website. They would call directly to the hotel and deposit some money to guarantee their appearance on the actual date. But actually the price is same everywhere either through travel online agency or directly with the hotel. But if they call directly to the hotel, they would receive the room first and able to select which room or color they want their stays to be.

What kind of marketing that hotel had done previously? Any specific events?

SD: For marketing, we didn't do much apart from the website. We focus on the services and give it the best. For promotion, we only just put the promotion in breakfast. So marketing is all depends on word of mouth (WOM).

With a lot of competitors, does it have any effect on the hotel?

How do you deal with competitors?

SD: If it's low season, we would reduce the price. If any hotel wants to focus Thai people, the only thing they need to do is to lower the price of the room. Thai would find rooms with best prices and offers for them.

Now there are many hotels in Thailand in which not all of them have the license in opening it as hotel. Because we have to build the hotel first then let them come and check. Once everything is fine, then we would be allowed to open for business. So some cannot ask for the license, they then open illegally.

There are also so many taxes for the hotel. It is not an easy business. For us to earn profit, it takes around 7 years to operate.

What is your uniqueness, how can you differentiate from other hotels?

SD: We always rotate and change everything. For example, we rotate breakfast, the designs at lobby or room. So we can change color in the room or the location of each furniture. For customers, we have to remember which room they stayed in before. So the next time they come in, we can put them into different room to experience the new theme and designs. Because every room is different. Customer's database is collected. We would know what they like or dislike, which color or design they prefer. For example when actress comes to our hotel, we would search in the internet about their personal like and dislike so we can put them into the most suitable room and give them unique services. By doing this, customers would be satisfied with the thing we offer them. Everything in boutique is really detailed.

Is there any after sale services?

SD: We send email to customers about our promotion. We have to make everything to make customers like and want to come back to our hotel.

Addition: Actually the expectation of Thai guests is much higher than other countries such as Chinese. For Thai people if they pay 2,000-3,000 baht, they would expect best service. If they feel that it's not good enough, they would yell and complain to the hotel. Now when Thai want to stay, they don't usually get room. This is because foreigners

usually book the room in advance, but Thai people like to wait until last minutes or a week before traveling. The expensive boutique hotel usually doesn't get many customers because they focus on the quality not quantity of the hotel. Before Tamarind hotel was fully booked and even have to reserve many months to get the room, but now there are not many guests anymore. The competition got more intense and people have more choices to select from. With expensive price, I don't think that they can sell much. If you set hotel at low price, your hotel would be able to sell the whole year. Like my hotel, it's always full and could gain loyalty in the customers as well.

What is your future plan? Any expansion?

SD: Now we are building the third building, which is right next to the second one. But this new building will have much more colorful color. Also we bought another land next to Maeping river. This one we bought the land at 60 million baht. But we still have to construct and build everything from scratch. This one, we got inspired by Wat Gade or temple in Chiang Mai. We will differentiate ourselves through various activities such as boat riding along the river. So this is Lanna style and colonial mix. We would also sell traditional Thai food that is being sold in the real temple or market.

What is the main problem in managing hotel?

SD: Employees: change in employees a lot. Workers usually want to work in the big chain hotel because they give service charge as well. But for boutique hotels, we don't give them service charge and the salary won't be as high.

Addition:

I heard from various sources that Chinese people that come to Chiang Mai now is only 5%. There are over 85% more that are willing and ready to come to our town but still have not got their passport (Ni hao ma book.) Foreigners like Chiang Mai because the expenses are really cheap and it's safe to walk around the city. The costs of living and traveling is much cheaper than in the central or southern part of Thailand.

Thai's perception of Chinese is not so good. We view them as loud, impolite nations. But actually they just don't know the rule. If the hotel tells them the rule or what not to do, they would follow and have no problem with our comments or suggestions.

Questionnaire Survey

This questionnaire survey is for Master Degree thesis of the student named below. We really appreciate your kind attention and time to fill out the survey. The questionnaire is confidential and for academic research purposes only. It will not be used, sold or given away for market research. The research has been approved by the Cluster of Tourism at the Ritsumeikan Asia Pacific University in Japan. Should you have any queries about the study, please contact the researcher.

Miss LAOHAJAROENYOT, Naphatsorn   E-mail: naphla14@apu.ac.jp
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1. **Your gender**   □ Male   □ Female

2. **Your** age   □ 18–30   □ 31–40   □ 41–50

  □ 51–60   □ 61–70   □ 71 or older

3. **Your nationality**   _____

4. What is your **education level** of completion?

  □ Elementary school   □ Junior high school / High school

  □ College / Polytechnic   □ University   □ Graduate Degree or higher

5. What is your **occupation**?

  □ Government official   □ Private sector official

  □ Student   □ Self-employed   □ Household

  □ Retired   □ others _____

6. What is your individual **monthly income**?

  □ Up to 10,000 baht ($ 285)   □ 10,001 baht to 30,000 baht ($286-$850)

  □ 30,001 baht to 50,000 baht ($851-$1,415)

  □ 50,001 baht to 100,000 baht ($1416-$2830)

  □ Higher than 100,000 ($2831)   □ Not applicable

7. How often do you **travel in Thailand** per year?

  □ Less than once a year   □ Once a year   □ Twice a year

  □ 3 times a year   □ 4 times a year   □ 5 times or more

8. How many times have you visited Chiang Mai including this time?

□ Once □ Twice □ 3 times

□ 4 times □ 5 times or more □ Live in Chiang Mai

(If you select 'Live in Chiang Mai,' you can skip to number 14)

9. What is the main reason for visiting Chiang Mai this time?

□ Leisure □ Business □ Visit friends and relatives

□ others _____

10. What is your transportation to Chiang Mai?

□ personal car □ public transportation (bus/ train)

□Plane (Airline: _____) □Other _____

11. How long are you staying in Chiang Mai?

□ 1 – 2 days □ 3 – 4 days □ 5 – 6 days

□ 7 – 8 days □ 9 days or longer

12. Who are you traveling with?

□ Alone (yourself) □ with family □ with fiancé (boyfriend or girlfriend)

□ with co-worker(s) □ with friend(s)

13. How did you organize your trip?

□ MYSELF □ as a member of package tour

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14. **Name of hotel**: _____

15. Are you a:

    □Repeated guest to this hotel □New guest to this hotel

16. Why did you choose this hotel? (Can tick more than one)

    □ Hotel already known   □ Advertisement   □Recommendation
    □Location   □ Meeting/ Convention
    □ Tour arrangement   □ others _____

17. Where did you hear about this hotel?

    □Internet/ email   □ Friends/ Family
    □ Magazines   □Tourism information□Movies
    □Travel agencies   □Tourism fairs   □ others _____

18. Which websites do you browse before selecting hotel (If number 17 you answered 'Internet/ email)

    □ AGODA   □ BOOKING   □ TRIPADVISOR
    □ EXPEDIA   □Hotel's website □ Other: _____

19. Rate the **quality of this hotel** in terms of **services, room features, convenience, and prices of the hotel**

(5= Very satisfied, 4= Satisfied, 3=Somewhat satisfied, 2= Not very satisfied, 1= Not satisfied at all)

Factors	Level of satisfaction				
	Very satisfied				Poor
	5	**4**	**3**	**2**	**1**
Quality of hotel services					
1. Reception services					
2. Room services					
3. Personalized services					
4. Restaurant services					
5. Duration of services					
Quality of room features					
1. Convenience					
2. Style/ designs					
3. Arrangement					
4. Room's size					
Convenience of hotel					
1.Additional entertainment					
2. Hotel activities					
3. Location of hotel					
4. Check in/ out process					
Hotel design					
1. Aesthetic					
2. Unique architecture					
3. Unique interior design					
Hotel prices					
1. Price of accommodation					
2. Price of additional services					
3. Price of hotel activities					
4. Price of hotel's restaurant					

20. Rate the **importance** of elements in **choosing hotels**
(5= Very important, 4=Important, 3=Somewhat important, 2=Not very important, 1= Not important at all)

Factors	Level of importance				
	Very Important				Not Important
	5	**4**	**3**	**2**	**1**
Important in choosing hotels					
1. Cleanliness of hotel					
2. Accessibility of information					
3. Reliability of information					
4. Images of hotel					
5. Design of hotel					
6. Additional activities					
7. Good reputation					
8. Price					
9. Location					
10. Special services					
11. Convenience					
12. Size of hotel					

Comment:

_____
_____
_____

Thank you very much for your kind cooperation.

Appendix F: Questions for surveys in Thai

<u>แบบสอบถาม</u>

แบบสอบถามนี้จัดทำขึ้นเพื่อการศึกษาของนักศึกษาระดับปริญญาโท จากมหาวิทยาลัย Ritsumeikan Asia Pacific
ในประเทศญี่ปุ่น ทางคณะวิจัยขอขอบคุณทุกท่านที่สละเวลาในการตอบแบบสอบถามนี้
แบบสอบถามจะใช้สำหรับการศึกษาและวิจัยเท่านั้น ข้อมูลจากแบบสอบถามจะไม่ถูกนำไปให้ หรือขายให้กับ
บุคคลภายนอก และได้รับอนุมัติจากกลุ่มอาจารย์การท่องเที่ยวที่มหาวิทยาลัย ดังนั้นหากท่านมีคำถามเกี่ยวกับ
การศึกษาในครั้งนี้ โปรดติดต่อนักศึกษา หรือนักวิจัยตามชื่อด้านล่างนี้

น.ส. นภัสสร เลาหเจริญยศ   E-mail: naphla14@apu.ac.jp
Prof. LEE Timothy E-mail: timlee7@apu.ac.jp

คำชี้แจง   **โปรดทำเครื่องหมาย** ✓ ลงในช่อง ☐ หรือ เติมข้อความลงในพื้นที่ที่เตรียมไว้ให้

1. **เพศ**   ☐ ชาย   ☐ หญิง

2. **อายุ**   ☐ 18–30 ปี   ☐ 31–40 ปี   ☐ 41–50 ปี

                        ☐ 51–60 ปี   ☐ 61–70 ปี

                        ☐ มากกว่า 71 ปี

3. สัญชาติ: _____

4. ระดับการศึกษา

        ☐ ต่ำกว่ามัธยมศึกษา   ☐ มัธยมศึกษาต้น/ ปลาย

        ☐ อนุปริญญา/ เทียบเท่า   ☐ ปริญญาตรี   ☐ สูงกว่าปริญญาตรี

5. อาชีพ

        ☐ ข้าราชการ/ พนักงานรัฐวิสาหกิจ   ☐ พนักงานเอกชน

        ☐ นักเรียน/ นักศึกษา   ☐ ธุรกิจส่วนตัว

        ☐ เกษียณ   ☐ อื่นๆ (โปรดระบุ _____)

6. รายได้เฉลี่ยต่อเดือน

        ☐ น้อยกว่าหรือเท่ากับ 10,000 บาท   ☐ 10,001 - 30,000 บาท

        ☐ 30,001 - 50,000 บาท   ☐ 50,001 - 100,000 บาท

        ☐ มากกว่า 100,000 บาท   ☐ ไม่ระบุ

7. เดินทางภายในประเทศเฉลี่ยกี่ครั้งต่อปี

☐ ต่ำกว่า 1 ครั้งต่อปี ☐ 1 ครั้ง ☐ 2 ครั้ง ☐3 ครั้ง

☐ 4 ครั้ง ☐ มากกว่า 5 ครั้ง

คำชี้แจง **โปรดทำเครื่องหมาย ✓ ลงในช่อง ☐ หรือเติมข้อความลงในพื้นที่ที่เตรียมไว้ให้**

8. ท่านเคยเดินทางมาเชียงใหม่กี่ครั้ง (รวมครั้งนี้ด้วย)

☐ 1 ครั้ง ☐ 2 ครั้ง ☐ 3 ครั้ง ☐ 4 ครั้ง

☐ มากกว่า 5 ครั้ง ☐ อาศัยอยู่ที่เชียงใหม่

(ถ้าเลือก อาศัยอยู่ที่เชียงใหม่ ให้ข้ามไปข้อที่ 13)

9. อะไรคือปัจจัยสำคัญในการเดินทางมาเชียงใหม่ครั้งนี้

☐ พักผ่อน ☐ ธุรกิจ

☐ เยี่ยมญาติ / เพื่อน ☐ อื่นๆ

10. ท่านเดินทางมาเชียงใหม่โดนพาหนะอะไร

☐ รถยนต์ส่วนตัว ☐ รถโดยสาร ☐เครื่องบิน (การบิน: _____)

☐ อื่นๆ _____

11. คุณจะอยู่เชียงใหม่เป็นจำนวนกี่วัน

    ☐ 1 – 2 วัน   ☐ 3 – 4 วัน   ☐ 5 – 6 วัน

    ☐ 7 – 8 วัน   ☐ มากกว่า 9 วัน

12. คุณเดินทางมากับ

    ☐ คนเดียว   ☐ ครอบครัว   ☐ คู่หมั้น (แฟน)

    ☐ เพื่อนร่วมงาน   ☐ เพื่อน

13. ใครเป็นผู้จัดทริปนี้

    ☐ คุณเอง   ☐ บริษัททัวร์

<mark>ส่วนที่3:ปัจจัยในการเลือกพักโรงแรมบูติค</mark>

คำชี้แจง   **โปรดทำเครื่องหมาย** ✓ ลงในช่อง ☐ หรือเติมข้อความลงในพื้นที่ที่เตรียมไว้ให้

14. ชื่อโรงแรม: _____

15. คุณเป็นลูกค้าประจำหรือลูกค้าใหม่

    ☐ ลูกค้าประจำ / เคยมาก่อน   ☐ ลูกค้าใหม่

16. เหตุผลในการเลือกโรงแรมนี้ (สามารถเลือกได้มากกว่า 1)

    ☐ รู้จักมาก่อน/ เคยมาพัก   ☐ ผ่านโฆษณา   ☐ มีคนแนะนำมา
    ☐ สถานที่   ☐ มีประชุมที่นี่
    ☐ จัดการ โดยบริษัททัวร์   ☐ อื่นๆ _____

17. คุณได้ยินเกี่ยวกับโรงแรมนี้จากไหน

    ☐ อินเตอร์เน็ต/ อีเมล   ☐ เพื่อน/ ครอบครัว   ☐ นิตยสาร
    ☐ ศูนย์ให้บริการข่าวสารการท่องเที่ยว   ☐ ภาพยนตร์
    ☐ บริษัทท่องเที่ยว   ☐ งาน/ อีเว้นต์การท่องเที่ยว

□ อื่นๆ _____

18. คุณดูข้อมูลมาจากเว็บไซด์ไหนก่อนตัดสินใจเลือก

(ถ้าข้อ 16 ตอบ "อินเตอร์เน็ต/ อีเมล")

        □ AGODA   □ BOOKING   □ TRIPADVISOR

        □ EXPEDIA   □ เว็บไซด์ของโรงแรม   □อื่นๆ_____

19.ให้คะแนนคุณภาพของโรงแรมในด้าน การบริการ/ลักษณะของห้องพัก /ความสะดวก สบายของโรงแรม /

ราคาของโรงแรม **คำชี้แจง** โปรดทำเครื่องหมาย ✓ลงในช่องที่ตรงกับความพึงพอใจ ของท่านเพียงระดับเดียว

โดยที่ 5= ประทับใจมากที่สุด ,4 =ประทับใจ ,3 =ไม่แน่ใจ ,2 =ไม่ประทับใจ ,1=ไม่ประทับใจอย่างมาก

ปัจจัย	ระดับความพึงพอใจ				
	ประทับใจมากที่สุด				ไม่ประทับใจอย่างมาก
	5	4	3	2	1
คุณภาพการบริการ					
1. การบริการพนักงานต้อนรับ					
2. รูมเซอร์วิส					
3. การบริการส่วนบุคคล					
4. การบริการของร้านอาหาร					
5. ระยะเวลาในการให้บริการมีความเหมาะสม					
คุณภาพของลักษณะห้องพัก					
1. ความสะดวก/สบาย					
2. รูปแบบ/ การออกแบบ					
3. การจัดวางของห้อง					
4. ขนาดของห้อง					
ความสะดวกสบายของโรงแรม					
1.ความบันเทิงต่างๆ					
2. กิจกรรมภายในโรงแรม					
3. สถานที่ตั้งของโรงแรม					

4. กระบวนการเช็คอิน/ เช็คเอาท์					
การออกแบบของโรงแรม					
1. ความสวยงามของโรงแรม					
2. โครงสร้างโรงแรม มีความเป็นเอกลักษณ์					
3. ดีไซน์ภายในโรงแรม					
ราคาของโรงแรม					
1. ราคาห้องพัก					
2. ราคาบริการเพิ่มเติม					
3. ราคากิจกรรมของทางโรงแรม					
4. ราคาของร้านอาหารโรงแรม					

20.ให้คะแนนความสำคัญของปัจจัยในการเลือกพักที่โรงแรมนั้นๆ

คำชี้แจง โปรดทำเครื่องหมาย ✔ลงในช่องที่ตรงกับความสำคัญ ของท่านเพียงระดับเดียว โดยที่ 5= สำคัญมากที่สุด ,

4 =สำคัญ ,3 =ไม่แน่ใจ ,2 =ไม่สำคัญ ,1=ไม่สำคัญอย่างมาก

ปัจจัย	ระดับความสำคัญ				
	สำคัญมากที่สุด ไม่สำคัญอย่างมาก				
	5	**4**	**3**	**2**	**1**
ปัจจัยในการเลือกโรงแรม					
1. ความสะอาดของโรงแรม					
2. เข้าถึงข้อมูลได้ง่าย					
3. ข้อมูลเชื่อถือได้					
4. ภาพลักษ์ของโรงแรม					
5. การออกแบบ/รูปแบบโรงแรม					
6. มีกิจกรรมเสริม					
7. มีชื่อเสียง					
8. ราคา					
9. สถานที่					
10. การบริการพิเศษ					
11. ความสะดวกสบาย					
12. ขนาดของโรงแรม					

ข้อเสนอแนะ

_____

_____

ขอขอบคุณที่ให้ความร่วมมือและสละเวลาในการกรอกแบบสอบถามค่ะ.

Appendix G: Frequency tables of questionnaire results

Part 1: Socio- Demographic Information

Q1: Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	154	57.89	57.9	57.9
	Female	112	42.11	42.1	100.0
	Total	266	100.00	100.0	

Q2: Age interval

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-30	107	40.23	40.2	40.2
	31-40	81	30.45	30.5	70.7
	41-50	39	14.66	14.7	85.3
	51-60	31	11.65	11.7	97.0
	61-70	8	3.01	3.0	100.0
	Total	266	100.00	100.0	

Q3: Nationality

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Australia	14	5.26	5.3	5.3
	Austria	1	.38	.4	5.6
	Belgium	1	.38	.4	6.0
	Cambodia	2	.75	.8	6.8
	Canada	4	1.50	1.5	8.3
	China	35	13.16	13.2	21.4
	Denmark	1	.38	.4	21.8
	France	2	.75	.8	22.6
	Germany	5	1.88	1.9	24.4
	Hong Kong	5	1.88	1.9	26.3
	India	1	.38	.4	26.7
	Indonesia	4	1.50	1.5	28.2

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	Frequency	Percent	Valid Percent	Cumulative Percent
Irish	1	.38	.4	28.6
Japan	3	1.13	1.1	29.7
Korea	3	1.13	1.1	30.8
Laos	2	.75	.8	31.6
Malaysia	11	4.14	4.1	35.7
Myanmar	1	.38	.4	36.1
Netherland	2	.75	.8	36.8
New Mexico	1	.38	.4	37.2
New zealand	1	.38	.4	37.6
Norway	1	.38	.4	38.0
Phillipines	4	1.50	1.5	39.5
Russia	1	.38	.4	39.8
Singapore	10	3.76	3.8	43.6
South Africa	1	.38	.4	44.0
Spain	4	1.50	1.5	45.5
Srilanka	1	.38	.4	45.9
Sweden	1	.38	.4	46.2
Switzerland	2	.75	.8	47.0
Taiwan	4	1.50	1.5	48.5
Thai	93	34.96	35.0	83.5
UK	23	8.65	8.6	92.1
US	19	7.14	7.1	99.2
Vietnam	2	.75	.8	100.0
Total	266	100.00	100.0	

Q4: Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Elementary school	4	1.50	1.5	1.5
	high school	19	7.14	7.1	8.6
	College/ Polytechnic	45	16.92	16.9	25.6
	University	154	57.89	57.9	83.5
	Graduate degree or higher	44	16.54	16.5	100.0
	Total	266	100.00	100.0	

Q5: Occupation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Government official	34	12.78	12.8	12.8
	Private sector offical	89	33.46	33.5	46.2
	Srudent	44	16.54	16.5	62.8
	Self-employed	60	22.56	22.6	85.3
	Household	13	4.89	4.9	90.2
	Retired	14	5.26	5.3	95.5
	others	12	4.51	4.5	100.0
	Total	266	100.00	100.0	

Q6: Monthly income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<10,000baht ($285)	8	3.01	3.0	3.0
	10,001-30,000baht ($286-$850)	55	20.68	20.7	23.7
	30,001-50,000baht ($851-$1415)	44	16.54	16.5	40.2
	50,001-100,000 ($1416-$2830)	49	18.42	18.4	58.6
	>100,000 ($2831)	89	33.46	33.5	92.1
	Not applicable	21	7.89	7.9	100.0
	Total	266	100.00	100.0	

Q7: How often do you travel in Thailand per year

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than once a year	124	46.62	46.6	46.6
	once a year	47	17.67	17.7	64.3
	twice a year	24	9.02	9.0	73.3
	3 times a year	27	10.15	10.2	83.5
	4 times a year	13	4.89	4.9	88.3
	5 times or more	31	11.65	11.7	100.0
	Total	266	100.00	100.0	

Part 2: Your trip to Chiang Mai, Thailand

Q8: How many times have you visited Chiang Mai including this time?

			Tourists		
			Thai Tourists	Foreign Tourists	Total
How many times have you visited Chiang Mai	once	Count	8	111	119
		% within Tourists	8.60%	64.16%	44.74%
	twice	Count	11	43	54
		% within Tourists	11.83%	24.86%	20.30%
	3 times	Count	19	16	35
		% within Tourists	20.43%	9.25%	13.16%
	4 times	Count	15	0	15
		% within Tourists	16.13%	0.00%	5.64%
	5 times or more	Count	31	3	34
		% within Tourists	33.33%	1.73%	12.78%
	live in Chiang Mai	Count	9	0	9
		% within Tourists	9.68%	0.00%	3.38%
Total		Count	93	173	266
		% within Tourists	100.00%	100.00%	100.00%

Q9: What is the main reason for visiting Chiang Mai this time?

			Tourists		
			Thai Tourists	Foreign Tourists	Total
What is the main reason for visiting Chiang Mai	Leisure	Count	47	137	184
		% within Tourists	55.95%	79.19%	71.60%
	Business	Count	16	17	33
		% within Tourists	19.05%	9.83%	12.84%
	Visit friends and relatives	Count	17	15	32
		% within Tourists	20.24%	8.67%	12.45%
	Others	Count	4	4	8
		% within Tourists	4.76%	2.31%	3.11%
Total		Count	84	173	257
		% within Tourists	100.00%	100.00%	100.00%

Q10: What is your transportation to Chiang Mai?

			Tourists		
			Thai Tourists	Foreign Tourists	Total
What is your transporation to Chiang Mai	Personal car	Count	23	13	36
		% within Tourists	27.38%	7.51%	14.01%
	Public transportation	Count	11	7	18
		% within Tourists	13.10%	4.05%	7.00%
	Plane	Count	48	153	201
		% within Tourists	57.14%	88.44%	78.21%
	Other	Count	2	0	2
		% within Tourists	2.4%	0.0%	0.8%

			Thai Tourists	Foreign Tourists	Total
Total		Count	84	173	257
		% within Tourists	100.0%	100.0%	100.0%

Q11: How long are you staying in Chiang Mai * Tourists Crosstabulation

			Tourists		
			Thai Tourists	Foreign Tourists	Total
How long are you staying in Chiang Mai	1-2 days	Count	17	14	31
		% within Tourists	20.24%	8.09%	12.06%
	3-4 days	Count	46	48	94
		% within Tourists	54.76%	27.75%	36.58%
	5-6 days	Count	15	64	79
		% within Tourists	17.86%	36.99%	30.74%
	7-8 days	Count	6	37	43
		% within Tourists	7.14%	21.39%	16.73%
	>9 days	Count	0	10	10
		% within Tourists	0.00%	5.78%	3.89%
Total		Count	84	173	257
		% within Tourists	100.0%	100.0%	100.0%

Q12: Who are you traveling with?

			Tourists		
			Thai Tourists	Foreign Tourists	Total
Who are you traveling with	Alone	Count	14	27	41
		% within Tourists	16.67%	15.61%	15.95%
	Family	Count	14	40	54
		% within Tourists	16.67%	23.12%	21.01%
	Fiance	Count	15	43	58
		% within Tourists	17.86%	24.86%	22.57%
	co-worker	Count	15	11	26
		% within Tourists	17.86%	6.36%	10.12%
	Friends	Count	26	52	78
		% within Tourists	30.95%	30.06%	30.35%
Total		Count	84	173	257
		% within Tourists	100.00%	100.00%	100.00%

Q13: How did you organize your trip?

			Tourists		
			Thai Tourists	Foreign Tourists	Total
How did you organize your trip	myself	Count	81	144	225
		% within Tourists	96.43%	83.24%	87.55%
	package tour	Count	3	29	32
		% within Tourists	3.57%	16.76%	12.45%
Total		Count	84	173	257
		% within Tourists	100.0%	100.0%	100.0%

Part 3: Motivation in selecting boutique hotel

Q14: Hotle's name

			Tourists		
			Thai Tourists	Foreign Tourists	Total
Hotle's name	Artel Nimman	Count	1	0	1
		% within Tourists	1.1%	0.0%	0.4%
	Aruntara	Count	3	0	3
		% within Tourists	3.2%	0.0%	1.1%
	At pingnakorn	Count	6	22	28
		% within Tourists	6.5%	12.7%	10.5%
	B2	Count	5	1	6
		% within Tourists	5.4%	0.6%	2.3%
	Baiyok	Count	3	0	3
		% within Tourists	3.2%	0.0%	1.1%
	Dechai hotel	Count	1	4	5
		% within Tourists	1.1%	2.3%	1.9%
	De naga	Count	1	3	4
		% within Tourists	1.1%	1.7%	1.5%
	Eastin	Count	1	1	2
		% within Tourists	1.1%	0.6%	0.8%
	Khammon lanna	Count	1	0	1
		% within Tourists	1.1%	0.0%	0.4%
	Mayflower hotel	Count	4	5	9
		% within Tourists	4.3%	2.9%	3.4%

	Na Thapae	Count	13	16	29
		% within Tourists	14.0%	9.2%	10.9%
	Nimman mai	Count	1	2	3
		% within Tourists	1.1%	1.2%	1.1%
	Pingviman	Count	1	0	1
		% within Tourists	1.1%	0.0%	0.4%
	Rimping village	Count	2	36	38
		% within Tourists	2.2%	20.8%	14.3%
	Roseate	Count	22	35	57
		% within Tourists	23.7%	20.2%	21.4%
	Sabai hotel	Count	9	13	22
		% within Tourists	9.7%	7.5%	8.3%
	Sawasdee Chiangmai	Count	1	1	2
		% within Tourists	1.1%	0.6%	0.8%
	The story hotel	Count	2	0	2
		% within Tourists	2.2%	0.0%	0.8%
	Tokyo vendor	Count	8	11	19
		% within Tourists	8.6%	6.4%	7.1%
	Victoria	Count	7	0	7
		% within Tourists	7.5%	0.0%	2.6%
	Villa Thapae	Count	1	23	24
		% within Tourists	1.1%	13.3%	9.0%
Total		Count	93	173	266
		% within Tourists	100.0%	100.0%	100.0%

Q15: Are you a repeat guest?

			Tourists		
			Thai Tourists	Foreign Tourists	Total
@15	Repeated guest	Count	28	24	52
		% within Tourists	30.1%	13.9%	19.5%
	New guest	Count	65	149	214
		% within Tourists	69.9%	86.1%	80.5%
Total		Count	93	173	266
		% within Tourists	100.0%	100.0%	100.0%

Appendix I: Crosstabulation table (Upper boutique vs. Standard boutique hotel)

Part 3: Motivation in selecting boutique hotel

Q16: Why did you choose this hotel? (Can tick more than one)

The reason for choosing the hotel	Luxury hotel (>4,000 bath)		Standard hotel (<4,000 bath)		Total	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Hotel already known	28	26.17	39	24.53	67	25.19
Advertisement	50	46.73	53	33.33	103	38.72
Recommendation	21	19.63	29	18.24	50	18.80
Location	24	22.43	45	28.30	69	25.94
Meeting/Convention	3	2.80	4	2.52	7	2.63
Tour arrangement	6	5.61	19	11.95	25	9.40
Other; friends, husband chose, Know owner, Price, not expensive, Website	6	5.61	5		2	0.75

Q17: Where did you hear about this hotel?

Information about the hotels	Luxury hotel (>4,000 bath)		Standard hotel (<4,000 bath)		Total	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Internet	71	66.36	91	57.23	162	60.90
Friends	34	31.78	44	27.67	78	29.32
Magazine	8	7.48	6	3.77	14	5.26
Tourism information	10	9.35	7	4.40	17	6.39
Movies	3	2.80	2	1.26	5	1.88
Travel agency	12	11.21	12	7.55	24	9.02
Tourism fairs	7	6.54	5	3.14	12	4.51
Others; Air Asia, guide book ,walk in ,Tour	1	0.93	9	5.66	10	3.76

Q18: Which websites do you browse before selecting hotel? (If answered Internet/email for number 17)

Information from internet	Luxury hotel (>4,000 bath)		Standard hotel (<4,000 bath)		Total	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Agoda	33	30.84	44	27.67	77	28.95
Booking	29	27.10	36	22.64	65	24.44
Trip advisor	34	31.78	22	13.84	56	21.05
Hotel's website	15	14.02	10	6.29	25	9.40
Expedia	8	7.48	10	6.29	18	6.77
Other; Chinese website, hotels.com, Review blogs, tour website	3	2.80	12	7.55	15	5.64

Q19: Rate the quality of this hotel in terms of services

Quality overall	Luxury hotel (>4,000 bath)		Standard hotel (<4,000 bath)		Total		Interpretation
	$\bar{x}$	S.D	$\bar{x}$	S.D	$\bar{x}$	S.D	
Quality of hotel services	4.30	.526	3.99	.673	4.12	.636	satisfied
Quality of room features	4.32	.445	3.95	.643	4.10	.598	satisfied
Convenience of hotel	4.13	.512	3.87	.626	4.05	.702	satisfied
Hotel design	4.35	.500	3.84	.744	4.04	.697	satisfied
Hotel prices	4.07	.574	4.02	.769	3.98	.595	satisfied
Overall	4.23	.341	3.94	.534	4.06	.488	satisfied

Q20: Rate the importance of elements in choosing hotels

Factors	Luxury hotel (> 4,000 bath)		Standard hotel (<4,000 bath)		Total		Interpretation
	$\bar{x}$	S.D	$\bar{x}$	S.D	$\bar{x}$	S.D	
Cleanliness of hotel	4.58	.659	4.52	.645	4.55	.650	very important
Accessibility of information	3.93	.756	4.00	.849	3.97	.812	important
Reliability of information	3.93	.898	4.12	.837	4.04	.866	important
Images of hotel	4.34	.686	4.16	.800	4.23	.760	very important
Design of hotel	4.53	.634	4.31	.739	4.40	.706	very important
Additional activities	4.08	.923	3.58	1.058	3.78	1.034	important
Good reputation	3.55	.914	3.67	.971	3.62	.948	important
Price	3.55	.944	4.18	.918	3.92	.976	important
Location	3.88	.959	4.29	.822	4.12	.901	important
Special services	4.35	.837	3.65	1.136	3.93	1.079	important
Convenience	4.55	.704	4.34	.778	4.42	.755	very important
Size of hotel	3.06	.989	3.43	1.010	3.28	1.017	important
Overall	4.03	.343	4.02	.502	4.02	.444	important