

Emerging Markets Queries in Finance and Business

Marketing Mix Affecting Accommodation Service Buying Decisions of Backpacker Tourist Traveling at Inner Rattanakosin Island in Bangkok, Thailand

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Abstract

This research is to study the buying behaviour and the level of marketing mix (consisting of service product, price, promotion, place /channel of contact, process, people, and physical evidence) on the accommodation service buying decision of backpacker tourists. A direct interview survey of 417 randomly selected backpackers who visited the inner Rattanakosin Island in Bangkok, Thailand is used. The statistical method used includes frequency, percentage, mean, standard deviation. The results indicated that most backpackers are men, age 20-30 years old, work as the employees in private companies, bachelor degree, annual income is more than 10,000 to 50,000 US\$ and come from Europe. Accommodation service buying behaviour includes daily rental expense is more than 10 to 20 US\$, spend a week or less, prefer to stay in the reasonable price guesthouse located nearby tourist site, make decision by themselves, make a reservation and get the information from website. The important levels of marketing mix ranking respectively are 1)service personnel factor in having a good manner with the friendly personality, 2)physical evidence factor in having a clean place, 3)accommodation product and service factor in being able to go to the tourist sites conveniently, 4)channel of contact factor in being able to contact through agency, 5)process factor in having a convenient reservation process, 6) marketing promotion in having been advised in travel guidebook column, and 7) price factor in being suitable to their budgets.

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1. INTRODUCTION

Backpackers are the tourists who travel by searching for the information, arranging time schedule and making decision about the traveling program by themselves. In other words, they do not use the one-stop service of travel agency. The name 'backpacker' comes from the character of tourists who carry their own baggage traveling to everywhere. The main purposes of being the backpackers are for economical budget and enjoying the local lifestyle.

As many foreign backpacker tourists visit Thailand every year, it enhances the accommodation service business like guesthouse, hostel, resort, rental apartment and etc. These accommodation service businesses increase rapidly because they need not much investment and customer demand keeps on rising. Thailand, as one of the most popular tourist site in the world, is decorated by beautiful natural sites, historic landmarks, unique cultural tradition and friendly people.

All facilities and service are available in reasonably budget. Many tourists from all over the world including backpackers visit and enjoy their vacation in Thailand, especially Bangkok. As the capital of Thailand, Bangkok is full of many tourist sites. The most popular one is Rattanakosin Island, an area surrounded by canals as an island and divided to three layers. The inner one is the location of many important Thai monarch places such as the temple of the Emerald Buddha, the Grand palace and Phra Chetuphon temple.

2. OBJECTIVE OF STUDY

2.1 To study the accommodation service buying behavior of backpackers include kinds of accommodation, location, decision making reason, the influencer in accommodation selecting, check-in method and source of accommodation information.

2.2 To study and compare the levels of marketing mix (7P) consisting of product/characteristics of accommodation, price/rental expense, place/channels of contact, marketing promotion, service process, service personnel and physical evidence in accommodation service buying decision.

3. LITERATURE REVIEW

Nonthaporn Krichkumchon, 2008 studied the decision to stay of foreign tourists in Patong Municipality, Kathu, Phuket. The results were that marketing mix factors affecting the decision to stay of foreign tourists in the accommodation were 7 P's: product, price, place, promotion, personal, physical evidence Process. These 7P are external factors encouraging the purchase of and services.

The hotel in Patong Municipality should focus more on strategic customer relationship management, strategic management and Total Quality Management strategy. The database management system for customer support should be available to find out customer requirement and evaluate satisfaction.

Boonsong Nubthong, 2009 studied the factors influencing the decision to use services of foreign tourists in Koh Lanta, Krabi, Thailand. The results were that most respondents were male, European, aged between 21 - 30 years old, single, bachelor's degree, works as an employee in private company, monthly income of less than U.S. \$ 4,000. Length of stay was 3-7 days, selecting double room and reserve in advance by using information from the Internet.

The hotel should focus on the greatest service and segmented customers by personal factors, age, hometown and occupation. The problem found was that some waste odor causing health problems, minor

misunderstandings in the communication of the staff and quality of service employees, respectively.

4. METHODOLOGY

4.1 Tools for Data Collection

Questionnaires are used in this study for backpacker tourists. The questionnaires consist of three parts as followings:

Part 1 : General information about the respondents.

Part 2 : Behavior of backpackers on the accommodation service buying.

Part 3 : The levels of marketing mix consists of characteristics of accommodation, rental expense, channels of contact, marketing promotion, service process, service personnel and physical evidence in accommodation service buying decision.

4.2 Population and Sample Group

The population used in this study is the backpackers travelling in inner Rattanakosin island Bangkok during January-April 2011. The sample group contained 417 foreign backpacker tourists from Europe, Americas, Asian and the others.

One of non probability sampling called a convenience sampling is deployed in backpacker tourist survey. The method of sampling is personal interview by using questionnaires.

4.3 Data Analysis

Descriptive statistics such as percentage and average value were used to analyze data regarding the respondents' general information, accommodation service buying behavior and levels of marketing mix consist of characteristics of accommodation, rental expense, and channels of contact, marketing promotion, service process, service personnel and physical evidence.

5. RESULTS

5.1 General information about the backpackers

Most customers are male (51.80%), age 20-30 years old (56.35%), company employees (31.65%), annual income 10,000-50,000 US\$ (61.01%), bachelor degree (40.05%) and come from Europe (66.19%). (Table 1)

Table 1 General Information of Customers

Personal Information	Number	Percentage
<i>Gender</i>		
Male	216	51.80
Female	201	48.20
<i>Age</i>		
< 20 years old	24	5.76
20-30 years old	235	56.35
30-40 years old	93	22.30

> 40 years old	65	15.59
Occupation		
Company Employee	132	31.65
Business Owner	24	5.76
Government Officer	39	9.35
Student	114	27.34
Housewife/retired	26	6.24
Unemployed	60	14.39
Others	22	5.28
Annual Income		
10,000 US\$ or less	49	22.48
> 10,000-50,000 US\$	133	61.01
> 50,000 US\$	36	16.51
Total	218	100.00
Highest Education		
High School or Lower	73	17.51
Certificate/Diploma	75	17.99
Bachelor Degree	167	40.05
Master Degree	76	18.23
PhD	17	4.08
Informal Education	9	2.16
Nationality		
American	45	10.79
Japanese	6	1.44
European	276	66.19
Korean	6	1.44
Asian	16	3.84
Others	68	16.31
Total	417	100.00

5.2 Accommodation Service Buying Behavior of Backpackers.

Accommodation service buying behavior indicates that most backpackers prefer 10 to 20 US\$ daily rental rate (28.78%), regular rate for backpackers which is not so high, enhancing long-stay trip.

Most backpackers spend a week or less (74.58%) in current accommodation. In fact, some backpackers change the place in order to try the new one, join in group with new friends and move to the nearby tourist sites such as Pattaya, Phuket or Chiangmai.

They prefer to stay in guesthouses (43.41%) where is the particularly place for backpackers. But some of them like more standardized accommodation as the hotel (37.65%). Normally, guesthouse rental rate is cheaper but hotel offers more service, so higher income backpackers may choose hotel.

Because most backpackers depend on public transportation, they choose the location nearby tourist spot which can save their time and energy (33.08%).

Most backpackers choose the accommodation according to the reasonable price (36.93%). This may not mean that the cheaper price is always an advantage because backpackers can compare the accommodation quality to rental rate. Still they need to be convenience to go to tourist spot (35.97%) according to the preferably accommodation location. Backpackers make decision on accommodation by themselves (50.36%) because most of them are single.

Many backpackers visit Thailand for joining famous festival like SongKran, Thai New Year celebration which is quite crowded, so they make a reservation (52.76%). But some of them make decision only after see the actual place so they walk-in and negotiate for good price (47.24%).

Because backpackers use internet to search for tourist information, including the accommodation, the traveling guide websites also link to website of accommodation so backpackers can easily get all information there (49.01%). (Table2)

Table 2 Behavior of backpackers in buying accommodation service.

<i>Daily rental budget</i>	Number	Percentage
<10 US\$	114	27.34
10-20 US\$	120	28.78
20-30 US\$	83	19.90
30-40 US\$	47	11.27
>40 US\$	53	12.71
<i>The period length in current accommodation</i>		
1 week or less	311	74.58
>1-2 week	60	14.39
>2-4 week	18	4.32
> 4 week	28	6.71
<i>Types of accommodation</i>		
Hotel	157	37.65
Resort	12	2.88
Guesthouse	181	43.41
Hostel	62	14.87
Others (Bungalow, house, apartment)	5	1.20
<i>Types of accommodation location</i>		
Near tourist spot	180	33.08
Near the mass transit stations	77	14.15
In the beautiful surroundings	123	22.62
Close to the amenities; shopping malls.	38	6.99
In the peaceful atmosphere for relaxation	112	20.59
Others (near cultural site, inexpensive)	14	2.57
<i>Reason to choose the accommodation</i>		
Convenience to go to tourist spot.	150	35.97
Have good service	80	19.18
Safety	33	7.91
Reasonable price	154	36.93
<i>Influencer in buying decision</i>		
Themselves	210	50.36
Spouse	56	13.43
Son or daughter	4	0.96
Friends or relatives	85	20.38
Front officer	2	0.48
Traveling guide	60	4.39
<i>Check-in method</i>		
Make a reservation	220	52.76
Walk-in	197	47.24
<i>Source of information</i>		
Website	271	49.01
Travelling guide book	144	26.04
Friends or through the word of mouth	100	18.08
Advertisement	23	4.16
Others	15	2.71
Total	417	100.00

5.3 Level of Marketing Mix Affecting Accommodation Service Buying Decision

Marketing mix of service business consists of 7 P; product, price, place, promotion, process, people and physical evidence. The results founded rank from the highest average value respectively.

The highest average value is on people, service personnel (4.13) because they are providers who take care customers in the accommodation and help backpackers to contact the other tourist service. Second is on physical evidence (4.02) as the occupant is directly affected by the quality of room and facility. Third is accommodation product and service (4.01) which indicates the responsiveness to backpacker's requirement.

Fourth is the place, channels of contact (3.94) which represents the convenience to the room reservation. Fifth is the process (3.83) due to the effectiveness and efficiency of service delivery. Sixth is the promotion (3.81) which communicates and attracts the customer. And the last one is price (3.66) because the rental rate defines service quality. Every factor has standard deviation less than 1.00 means there is not much difference in respondents' answer. (Table 3)

Table 3 Level of marketing mix affecting accommodation service buying decision.

	Average value	S.D	Rank
People	4.13	0.72	1
Physical evidence	4.02	0.64	2
Product	4.01	0.58	3
Place	3.94	0.81	4
Process	3.83	0.62	5
Promotion	3.81	0.76	6
Price	3.66	0.71	7
Total	3.89	0.45	

In P-people factor, good manner with the friendly personality is the most important characteristic of service personnel because it implies to service-minded performance. But foreign backpackers find not many English spoken personnel because Thailand has his own native language and do not use English as the official language. However, foreign backpackers require English spoken personnel.

In P-physical evidence, the cleanliness is the first priority of being a good accommodation. But foreign tourists pay not much attention in the outlook of building. They consider the interior decoration and may ask for looking inside the room. However, a beautiful surrounding can be attractive.

In P-product, backpackers prefer the accommodation which they can go to the tourist site conveniently. Nowadays, guesthouses or the other accommodations are not limited on Khaosan road or nearby area where is the most famous place for backpackers. New accommodations are available especially on MRT (Metropolitan Rapid Transit) and BTS (Bangkok Mass Transit System) route, so backpackers can reach the tourist site easily. Also backpackers need the safety place but they spend most of time travelling outside, they do not pay attention to the well-furnished or full facilities room.

In P-Place, most backpackers use the agency as a channel of contact to ensure the quality of accommodation. Some backpackers use walk-in method for price negotiation.

In P- Process, the convenient reservation is the most important issue because it is the cross-border transaction which needs accuracy. Most backpackers understand the accommodation service differentiation between each country so they do not expect an international standard service.

In P-Promotion, travelling guidebook is the best media. Travelling column written by reliable author is very useful for backpackers. The most popular sales promotion is low-season discount which becomes attractive pricing.

In P-Price, most backpackers choose the rental rate that is suitable to their budget. They understand that accommodation service quality normally varies to the rental rate (Table 4).

Table 4 Details of 7P Marketing mix.

<i>People / Characteristic of service personnel</i>	Average value	S.D
Be able to speak English.	3.79	1.13
Be able to speak your national language.	3.85	1.06
Have a good manner with the friendly personality.	4.12	0.80
Be able to advice about tourism.	4.00	0.75
Be able to work efficiently	3.98	0.84
Be able to solve the unpredicted problem.	4.07	0.70
Be ready to serve 24 hours.	4.13	0.72
<i>Physical evidence.</i>		

Have a beautiful building.	3.83	0.90
Have a beautiful interior decoration	4.00	0.89
Settled in the beautiful surrounding.	4.11	0.88
Be clean.	4.36	0.78
Have the full- scale facilities that you need.	3.99	0.87
Have an unique building and decoration character.	3.87	0.89
<i>Product / Characteristics of accommodation</i>		
Be able to go to the tourist site conveniently.	4.33	0.74
Be well known and recommended	4.20	0.80
Being together with the same nation's people.	3.88	1.04
Be safety for belongings and life.	4.25	0.78
Be well-furnished / with full facilities.	3.55	1.17
Have regular standard service.	4.08	0.81
Have customized service as each customer need.	3.87	0.95
Have supplementary service such as laundry, Internet room.	3.92	0.88
Have a recommendation from the tourist institution	4.00	0.90
<i>Place / Channels to Contact</i>		
Can contact through website/Internet.	3.58	1.16
Can contact through agency.	4.32	0.98
Can contact by phone.	3.83	1.38
Can contact by walk in inquiry.	4.01	1.12
<i>Process / Servicing Process</i>		
Being convenient in making reservation .	4.05	0.80
Being convenient in paying procedure.	3.80	0.91
Having an international standard service.	3.59	1.04
Having a good problem solving.	3.81	0.93
Having a self-service process.	3.84	0.88
Having a fast service procedure.	3.88	0.86
<i>Marketing Promotion</i>		
Have advertisement through mass media.	3.79	1.19
Have reputation through words of mouth.	3.90	1.14
Have low season discounts.	3.95	1.05
Have long-term stay discounts.	3.66	1.23
Have some complementary service.	3.52	1.17
Have been advised in travel guidebook column.	4.06	0.87
<i>Price / The accommodation rent</i>		
Be suitable to your budget.	3.85	0.96
Be economical compared to other place.	3.60	1.01
Being a reasonable price compared to the service.	3.67	1.13
Have several rental rates for choosing.	3.49	1.17
Have flexible price up to current situation.	3.66	1.07

6. CONCLUSION AND SUGGESTION

The most popular accommodation of backpacker is still the guesthouse with reasonably price. As guesthouse provides limited service, the rental rate should not be as high as the full service hotels. So guesthouse should focus on the main service rather than supplementary one. So self-service can be employed to reduce the operation cost. Generally, self-service are accepted by most backpackers who prefer to make decision in travelling program themselves. Most backpackers stay less than one week, spend most of their time travelling around Bangkok so they need nearby tourist spot location. However, some of them stay in the longer period and need peaceful atmosphere for relaxation. Therefore, accommodations for short term and long stay should have the different location according to the different target market. Most backpackers search the travelling information from website and make reservation in advance but some make decision when walk-in to see the actual place.

Backpackers need the accommodation service with the service-minded personnel. Even English spoken employee is still scarce, good travelling map or guide book which contain both Thai and English language can

solve communication problem. In term of physical evidence, cleanliness and beautiful surrounding play the significant role in attracting backpacker's attention. As foreign tourists are not much interested in exterior building, accommodation investor should emphasize in interior decoration.

The major strong characteristic of the accommodation for backpacker is changed. When backpackers entered to Bangkok more than 10 years ago, most guesthouses and hotels surrounded nearby tourist site like Khaosan road. Nowadays, Bangkok has more public transportation including MRT and BTS, so the suitably accommodations for backpackers become the guesthouses located on these public transportation routes. Staying in such accommodation can save time and expenses for backpackers, results in longer staying period. Moreover, backpackers need safety place, results in security system investment. In other words, accommodation investors should select the convenience location for travelling and prepare for safety of backpacker's life and belongings.

Even backpackers get most information from website, their room reservation still rely on agency. Some tourist may hesitate to choose the accommodation from website which they cannot see the actual place so they walk-in and decide. Therefore, accommodation service still can be sold through the agency/representative according to the fact that backpackers like the easy reservation process through agency. Internet reservation will play more important role if the easy process is used and strict legal fraud prevention is available. In addition, being recommended in travelling guidebook is the appropriate way to increase the reputation of the accommodation and confirm reliability.

And the most reliable source of information in this business is through the column in travelling guidebook. Providing service with fully service mind can create reputation and being recommended better than advertising. However, most backpackers do not expect the complementary service, they prefer to have low season discount as the sales promotion. Self-service process should also be employed for backpackers because they are more interested in discount.

Even backpackers like the low cost accommodation, but they accept the reasonable price. Penetration pricing strategy may not be necessary because backpackers understand the rule of "you get what you pay". The accommodation where is located in convenient place, clean and safety, provide a good service from the friendly personnel can charge higher rental rate. While guesthouse has limited service with lower rental rate, hotel provides more service with higher price. Backpackers can make decision according to their budgets and satisfaction.

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