

GUIDELINES TO DEVELOP HOTEL BUSINESS FROM OLD SHOPHOUSE: A CASE STUDY OF NPAVILLE, HUAY KWANG, BANGKOK

Napa Lusawat¹

Winit Chinsuwan²

¹ *Master student, Master of Business Administration Program, College of Graduate Study in Management, Khon Kaen University*

² *Assistant Professor, College of Graduate Study in Management, Khon Kaen University*

Abstract

The independent study aimed to study in attitudes, behaviors and factors affecting hotel selection as well as study in current situations of Napaville hotel and define guidelines for business development planning of hotel modified from old commercial building; Napaville, Huay Kwang, Bangkok. The study was conducted by collecting data from samples using 400 sets of questionnaire and proceeded descriptive statistical analysis for the results of frequency distribution, percentage, mean, standard deviation and general environment analysis. The study results indicated that the service marketing mix factors which hotel customers gave highest level of importance were the field of people, physical evidence and process. In the fields of product, price, place and promotion were in high level. Afterwards, the results were used to define the guidelines for developing business of hotel modified from old commercial building; Napaville. The defined main target group was Thai travelers, both male and female, whom traveled to Bangkok for meeting, seminar (42%) or personal business (31.25%). The sample's ages ranged in 20-50 years old (92.25%), bachelor's degree or higher (97.25%), work as government officer or state enterprise employee (32.25%) and trader or businessman (29%), from 15,001 Baht of average monthly income (94%), provincial hometown (85.75%), traveled to Bangkok by plane (58%) or other public transportations (31.25%). The guidelines for developing business of hotel modified from old commercial building, Napaville, were classified into 7 fields such as product, price, place, promotion, people, process and physical evidence.

Keywords: hotel service, commercial building (shophouse), modify



Introduction

Nowadays, there are numerous shop houses or old style commercial buildings which were booming in an age but now tending to be old commercial building increasingly and their amounts are greater than new constructed modern style commercial buildings. These old style commercial buildings are left fallow or retained in existed state without taking care of, no correct management and results in security risk, inability to create income from that property as it supposed to be and transformed into economic loss. Currently, Thailand is proceeding to the rise of AEC which there are free trade, investment, labor and one very important field is service business. The business operation of hotel service is now popular for entrepreneurs because that business type is facilitation and providing services for travelers, workers which flow in to the center of capital city for trade negotiation, and national/international tourists. That is the reason why hotel businesses play important role. Hotel businesses are rapidly expanding either in Thailand's main scenery towns and Bangkok, there is higher severity of competition in various fields, particularly in the capital center areas. Statistical amount of travelers whom traveled to Bangkok in January 2015 is 4,562,434 peoples and rate of checking in hotel is 79% [1].

From that trend, the authors have created the idea to run a hotel service business due to one of the author has old commercial building located in Huay Kwang, Bangkok, Thailand, that its geographical and economic aspect is interested for business investment but the guidelines of running hotel are not yet defined. Therefore, the authors chose to study in guidelines for developing business from old commercial building to create economic returns as well as to adjust scenery around that building for its resurrection to response requirements and support incoming changes as well as changed expectation in travel of young generation travelers.

Objectives

1. To study in attitudes, behaviors and factors affecting hotel selection of customers for the hotel which was modified from old commercial building located in Huay Kwang, Bangkok.
2. To study in current situation of hotel Napaville, Huay Kwang, Bangkok.
3. To define guidelines for business development planning of the hotel modified from old commercial building; Napaville, Huay Kwang, Bangkok.

Methodology

The study in guidelines for developing business of hotel modified from commercial building using a case study of Napaville, Huay Kwang, Bangkok was survey research in factors related to hotel selection. The study employed secondary data from tables, research documents and theses. The primary data was derived from survey interview by deploying questionnaires to the customers of hotel as the objectives as follows:

1. **Study in attitudes, behaviors and factors affecting hotel selection of customer for the hotel which was modified from old commercial building located in Huay Kwang, Bangkok** as follows: The populations used in this study were the group of customers which come to check in at hotels in Huay Kwang area. The selected hotel businesses were similar to Napaville

in the field of location, room standard, newness, travel convenience, etc., within the 1 km radius of MRT, Huay Kwang station. The researcher determined samples using simple random sampling from the customers of hotels in Huay Kwang area which close to the Napaville location. Due to the large population size and certain amount of population was unknown, then, the sample size can be calculated by W.G. Cochran’s formula while the sample size was unknown. The confidence level was defined to be 95% and 5% for the error level [2]. Formula used in this study was:

$$n = \frac{P(1 - P)Z^2}{E^2} \quad (1)$$

- Where n = sample size
- P= proportion of population which researcher was sampling (0.50)
- Z = Defined confidence value (1.96 at 95% of confidence value)
- E = Maximum error (0.05)

Representing values:

$$n = \frac{(0.05)(1 - 0.05)Z^2}{(0.05)^2} = 384.16 \quad (2)$$

For data analysis, for the convenience of processing, the researchers used 400 samples. The data was collected in 2 months (March and April, 2015). The tool used was 1 questionnaire which separated into 4 sections as follows:

Section 1: Consisted of general information of respondent such as gender, age, educational level, occupation, monthly income, hometown and the questionnaire aspects was check list.

Section 2: The questionnaire related to attitudes and behaviors of customer. The aspect was check list and filling short messages into blanks.

Section 3: The questionnaires related to marketing mix factors which affected to the decision making of selecting hotel within Huay Kwang area included with the field of product/ room, place/location, facilities, price, channel of distribution, marketing promotion, personnel, service staff, step/procedure of services and physical by using Likert’s rating scale questionnaire with 5 levels as follows:

- 5 = extremely important
- 4 = very important
- 3 = moderately important
- 2 = somewhat important
- 1 = not at all important



Section 4: Recommendations for hotel improvement

The researchers conducted collected data analysis [3] as the following steps:

- 1) Analyzed general information of respondents such as gender, age, educational level, occupation, income by frequency distribution and determined percentage.
- 2) Analyzed data related to attitudes and behaviors of customers using application program to find mean and percentage.
- 3) Analyzed data related to decision making factors of customers as descriptive statistics for presenting or describing the collected data aspects by determining frequency distribution, percentage and standard deviation.

The standard for score level interpretation as Best's concept [4] was described as follows:

- Mean ranged in 4.50-5.00 means extremely important.
- Mean ranged in 3.50-4.49 means very important.
- Mean ranged in 2.50-3.49 means moderately important.
- Mean ranged in 1.50-2.49 means somewhat important.
- Mean ranged in 1.00-1.49 means not at all important.

2. Study in current situation of Napaville, Huay Kwang, Bangkok as following: Conducted study in internal and external environment for the hotel businesses around Napaville by using external state data which derived from PESTE Environment Analysis [5], Five Forces Model of Industry Competition [6], observation in internal and external state using SWOT Analysis [7].

3. Defining the guidelines for developing business of hotel modified from old commercial building: Napaville, Huay Kwang, Bangkok as follows: Adopted study of attitudes, behavior and factors affecting hotel selection of customers for the hotel which modified from old commercial building in Huay Kwang, Bangkok accompanied with the marketing mix 7P's [8] analyzed from data collected from questionnaires, study in current situation of Napaville, consumer behavior and decision making analysis, determining business position. After completely collected data, the guidelines for developing business of hotel modified from old commercial building, Napaville, Huay Kwang, Bangkok, would be derived.

Results

1. Study in attitudes, behaviors and factors affecting hotel selection of customer for the hotel which was modified from old commercial building located in Huay Kwang, Bangkok

Section 1 General information of customers: The results indicated the amount of each respondent gender was similar (52% for male and 48% for female), respondent ages ranged in 20-30 years old (38%), educated in bachelor's degree (32.25%), monthly income above 30,000 Baht (35.25%) and their hometowns were provincial (85.75%).

Section 2 Customer's attitudes and behaviors: It was found that the reasons of travel were conference or seminar (42%), the frequency of checking in hotel was above 3 months

a time (20.25%), traveled by plane (47.64%), and reserved directly by phone call (40.32%). The reason for selection was the location is close (81.75%), most of selection was single bed (78%), amount of staying days per time was 2 days (32.25%), selected 550 Baht of single bed included with bed, wardrobe, TV, air-conditioner, water heater, and Wi-Fi (32.50%), selected 650 Baht of double bed included with selected 550 Baht of single bed included with bed, wardrobe, TV, air-conditioner, water heater, Wi-Fi (32.50%), minibar and simple breakfast (29%), 2 accompanied persons (51%), the respondent has made decision of selecting hotel (84.75%), paid by cash (77.75%), recognized from the internet (93%), selected white room (76%), required arrangement of entertainment, relaxation, providing knowledge, skill reinforcement or supporting health (71.50%) and the popular selected activity was spa massage service (69.50%) as well as selected for the café at lobby (41.50%).

Section 3 Factors affecting hotel selection of customer for the hotel which was modified from old commercial building, a case study of Napaville, Huay Kwang, Bangkok: When considered each field, it was found that the field of product, the extremely important factor was cleanness, smell, brightness and darkness of the room (\bar{x} =4.71, S.D. =0.54), the secondary was other facilities such as Wi-Fi connectivity (\bar{x} =4.64, S.D. =0.55), also in the extremely important level. In the field of price, the extremely important factor was the price was reasonable as quality (\bar{x} =4.82, S.D. =0.40), the secondary was cheaper price than nearby hotels which was in very important level (\bar{x} =4.33, S.D. =0.63). In the field of place (distribution channel), the extremely important factor was various reservation channels (\bar{x} =4.56, S.D. =0.57), the secondary was advertisement on the internet (\bar{x} =4.54, S.D. =0.63), it was in extremely important level. In the field of promotion, the extremely factor was discount for customer (\bar{x} =4.66, S.D. =0.52), the secondary was extra services such as shuttle service to MRT (\bar{x} =4.34, S.D. =0.66), it was in very important level. In the field of people, the extremely important factor was courteous and manners of staff (\bar{x} =4.87, S.D. =0.34) which was identical to carefulness and willingness in serving of staff (equally \bar{x} =4.87, S.D. =0.34), the secondary was well human relation and gentleness of staff (\bar{x} =4.79, S.D. =0.49) and it was in extremely important level. In the field of service process, the extremely important factor was the rapidness of check in/out process (\bar{x} =4.59, S.D. =0.63) which was identical to daily cleaning in the case of several days staying (same \bar{x} =4.59, S.D. =0.63, 0.60 and same importance level). In the field of physical evidence, the extremely important factor was clean environment and livable (\bar{x} =4.79, S.D. =0.42) identical to safe environment (\bar{x} =4.75, S.D. =0.43 and same importance level), the secondary was peaceful atmosphere (\bar{x} =4.46, S.D. =0.69), classified in very important level. For the field of marketing mix factors affecting hotel selection, it was found that the extremely important factor was people (\bar{x} =4.70, S.D. =0.45), the secondary was physical evidence (\bar{x} =4.61, S.D. =0.47), classified in extremely important level and the next was service process (\bar{x} =4.51, S.D. =0.50) which was classified in extremely important level.

2. Study in current situation of Hotel Napaville, Huay Kwang, Bangkok

Analysis of general environment such as political and law environment, natural environment, social and culture and technology positively influencing hotel business but the economic environment negatively affected to hotel business.



Analysis of Five Force Model of Industry Competition indicated that industrial competitor threat, buyer's bargaining power, threat from new competitors and threat from substitute good have affected to hotel business in high level but the seller's bargaining power affected to hotel business in low level.

SWOT Analysis indicated the results as follows:

Strengths were: 1. Location which is adjacent to the road of city center. The customer could conveniently come to the hotel and the hotel was close to MRT and other public transportations; 2. The price was cheaper when compared with obtained quality; 3. Serving with closely carefulness because of the hotel is not large scale and managed by owner; 4. The room size is large included with built restroom and cloister, exquisite design and unique; 5. The hotel is new project which improve all parts; 6. Provided with facilities and complete public utility; 7. Provided with 24 hours security system and fire extinguishers;

Weaknesses were 1. No particular parking area due to it was existed commercial building, the parking area could not be allocated; 2. The hotel is new opened business, quite well-known and required for marketing promotion.

Opportunities were: 1. Changed trends of customer's requirement changing resulted in more various particular requirements; 2. Trend of travelers and tourists travel to Bangkok was annually increasing. In ranking, Bangkok was 2nd of first 10 popular scenery towns in 2015 from the survey of Mastercard Co., Ltd. which calculated and collected the data from payment and staying of tourist in 132 worldwide cities; 3. In future, there would be various fields which are free open such as hotel services for travelers, workers which flow in the capital center, then this business plays important role; 4. There was supporting from government which declared the year 2015 is the Discover Thainess 2015.

Threats were: 1. Competitors could access easily; 2. Competitors and customers could use various substitute goods; 3. Current political condition is untrusted and affected to hotel business; 4. The economy is continually decelerated influencing the moderate peoples hesitated to spend their money or tour.

3. Defining the guidelines for developing business of hotel modified from old commercial building: Napaville, Huay Kwang, Bangkok

The procedures of defining the guidelines were defining major target, minor target and marketing mix factors design in various fields of hotel as follows:

1) Product: Both outside and inside of building were modernly decorated, provided with big size room, provided high quality in area allocation in the room suitably, all rooms were designed and decorated with taste, completely provided the room furniture and provided maximum security for customers.

2) Price: The defined price was 650 Baht which it was positioning Napaville to get above other daily rooms by higher quality, cheap price, complete facilities and various payment methods for the fee.

3) Place (Location and distribution channel): Close to MRT, convenient to travel and there were various distribution channels such as phone call, hotel's website and

agoda.com, booking.com, etc.

4) **Promotion:** By creating hotel's website or Facebook, Tee-pak.com, agoda.com and booking.com, special price which is provided for customer whom made a reservation through website, creating pamphlets, brochures to announce the 10% discount provided for the second night staying, the promotion of discount provided for group staying and creating coupons for special price attached to touring festival.

5) **People:** Hired 5 staff included with 1 manager, 1 receptionist, 2 maids and 1 security guard. The staff qualifications included with courtesy, well manners, carefulness and willingness to serve, well human relation and gentility, able to find clear answer rapidly, capable of resourcefulness, readiness to serve. There were uniform provided for staff and potential enhancement training was also provided.

6) **Process:** Adopted computer application programs for accuracy and rapidness of checking in and out.

7) **Physical Evidence:** There was a small park arranged at the lobby inside the building to emphasize on naturalness and room decoration. The building structure was standardized and certified by design engineer.

Conclusion, Discussion and Suggestions

1. Conclusion and discussion

This study of guidelines for developing hotel modified from old commercial building by employing Napaville, Huay Kwang as case study aimed to study in attitudes, behaviors and factors affecting hotel selection of customers for the hotel which modified from improvement of old commercial building located in Huay Kwang, Bangkok as well as defining guidelines for business development planning of the hotel Napaville which modified from old commercial building, was concluded to define guidelines of service marketing that meets customer requirement and to be as guidelines for business development as follows:

Guidelines for business development planning of the hotel which modified from old commercial building, Napaville, Huay Kwang, Bangkok

Business positioning: Created by recognition and remembering image. Most of daily hotel businesses are not quite emphasized on design and decoration. The utility space is limited and less facilities than large scale hotel. This kind of hotel is not standardized and the location is difficult to enter, inconvenient travel, far from main road. Therefore, business positioning of Napaville was emphasized on high quality, low price, modernly designed and decorated, broad room, facilities are available to response the requirements of target group which come to hotel as well as convenience for travel.

Major target group is male/female tourists whom traveled to Bangkok for conference, seminar or personal business, ages ranged in 20-50 years old, bachelor's degree or higher, work as government officer or state enterprise employee and trader or businessman, 15,001 Baht of average monthly income, provincial hometown, traveled to Bangkok by plane or other public transportations



Minor target group was the group of Thai and foreigner tourists, ages ranged in 20-50 years old, working age, required to travel to the capital for touring and resting in comfortable climate with friends and family.

Product: The hotel is 3 units commercial building on the area of 41 square meters, 5 floors and modified as hotel employed architecture and engineer to design building and rooms as well as skillful technicians to improve various parts. The entrepreneur has strictly studied in the law of building modification before conduction for legal operations and safety as 11th Ministerial Regulation, B.E. 1985 according to the Building Control Act, B.E. 1979 and the Ministerial Regulation of defining types and regulation of running hotel business, B.E. 2008 to ask for the construction permission in totally 20 rooms.

1) The dimension of the room was 4x6.9 m or 27.6 m². The room area was separated into 20.6 m² of utility space, 2.6 m² of restroom, 4.4 m² of cloister area. 2 room types are single bed and double bed room. Inside the room included with bed, wardrobe, dressing table, bed lamp, set of reading chairs and table, 32" LED TV, cable TV connection, air-conditioner, water heater, high-speed internet LAN, drinking water, snacks, towels, bath towels, soaps, Shampoo, shower cap, bins which are serves in the room. The room colors are intersection of white and grey.

2) Outside the building, the mirrors were expanded to be fashion sliding panels which are safety, UV reflected and reduce heat inside the building, opened up for around visibility to allow light accessing, decorated with laths to cover the sunlight and eliminate accumulated heat, the air could be ventilated conveniently and able to save energy. The roof was replaced from roman tiles which were defected, leaked, and hard for maintenance to be metal sheets which are endure, light, easy for installation, cheap, which is very important for modification of high building which required lightweight materials such as foamed concrete blocks for partitioning to avoid affecting structure and gaining of the building's weight. The heat insulations were mounted as a layer to save energy. Due to a building maintenance is necessary, and then the budget for maintenance is annually reserved.

3) Inside the building, the cable wiring was floated inside the building for ease of maintenance. The sufficient brightness was provided suitably for both inside and outside the room. The bright lights were sufficiently provided at all points. The decorations were made by beautiful trees to provide shadiness and reduced roughness of building and square room to be resting at home. The small park was provided for relaxation.

4) Facilities such as vending washing machine, clothes dryers for customers which stay for several days, breakfast, high-speed wireless internet across the building without charge. The area around lobby was prepared for relaxation, café, food corner, internet café service, the customer could use that are for meeting, the relaxation corners are provided such as spa massage and decorated park.

5) Security system was considerably maximized for customers. The CCTV cameras were installed at all floors included with security guards, hazard lights, fire extinguishers and immediate rapid fixing system.

Price: Single bed room and double bed room price are identical as 650 Baht which is higher than other daily hotels in market. Due to Napaville was positioned above other daily hotels because of higher quality, cheaper price than large scale hotels but similar facilities. The customer could pay by several ways as convenient such as cash, debit card, credit card or transferring to hotel's account or contingency from contacted units.

Place (Location and channel of distribution): The hotel was located on Pracharatbumpen Rd., Huay Kwang District, center of Bangkok nearby MRT which is convenient for travel and contacting works around Huay Kwang market such as Fortune Town building, Central RAMA 9 and Esplanade department store, Thai cultural center and shrine of Genesha. There are various channels of distribution such as direct reservation by phone call, reservation through hotel's website or other hotel reservation websites such as agoda.com, booking.com, airbnb.com. On the webpage, customer could see the details of hotel simultaneously with reserving as reserving on the counter.

Promotion: Created recognition of new hotel by bringing the information of hotel, room, facilities and hotel extra services such as spa massage, music performance. The advertisement would be propagated in the internet such as hotel's website, Facebook, leaving the hotel information at the web-searches such as tee-pak.com, agoda.com, booking.com, airbnb.com, special price provided for customers whom booked through the website, creating pamphlets, brochures, provided 10% discount for second night staying, special price for the group staying and booked from company, creating coupons for special price attached with tour festival.

People: The business was run by one owner. 5 employees were hired, consisted of 1 manager, 1 receptionist, 2 maids and 1 security guard. The staff screening would consider the persons who have service mind, hardly staff trained, cheerful, greeting, polite conversation, able to solve facing problems, create maximal satisfaction for customer. The qualifications of every position of staff in Napaville were emphasized on well courtesy and manners, carefulness and willingness to serve, under the clean and tidy uniform. The announcement of job application was made and the staff was screened from external application forms and screened from employment agencies. The staff must pass the probation before actual work and monthly evaluation was conducted. Therefore, there were potential enhancement training provided for staff such as service knowledge, English, etc.

Process: There were systematic services provided for incoming customer, no complicated steps. With using computer application program, there was accuracy, rapidness and the customer could buy directly at counter which the staff is waiting to serve. For the case of advanced reservation, the customer just informs the name of reservation, register to check in and complete. Across the procedures are rapid, the customers would not waste waiting time. The tidiness, facilitation and checking for cleanness are always provided.

Physical Evidence: The area around hotel is peaceful for really resting of customers. The environment is livable, inside the building is arranged by small park emphasized on natural at the lobby with the room decoration which provided shadiness without feeling of sleeping on lime building as too much emotion of crudeness. The building structure is safety certified by design engineer.



2. Suggestions

1) Entrepreneurs should develop the communication channel to give information and create sustainable relationship and should perform carefulness in the details of each customer to response the current high requirements.

2) Minor entrepreneurs whom interested in hotel business investment for travelers and tourists should consider in self-availability of building and place identity, personnel, strategy and importance of financial to support the changes of tourist's behavior as well as the trend which future travelers expected.

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