

# The Customer Attitude and Behavior of Boutique Hotels in Eastern Part of Thailand

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**Abstract**— This research aimed to identify important factors that effect customer satisfaction in boutique hotels and the important factors effecting customer loyalty in returning to boutique hotels. Furthermore, this study also aimed to study demographics, which effect variable factors. Four hundred questionnaires were completed by customers of the boutique hotels. The descriptive statistics used in this paper were percentages, means, and standard deviation (S.D.), while hypothesis testing was done using T-test, Anova, Correlation and Regression to analyze the relationship among those factors. In terms of the purpose in staying, it was found that the largest respondent was for ‘leisure purposes’. While the frequency indicated that most of the customers who stayed ‘once’ in the last two years in the hotels had less concern in the hotel’s image than other groups. For customer’s perceived value and income levels had an influence on customer perceived values in both functional value price and emotional value.

**Keywords**—Boutique Hotels, Customer Attitude, Customer Satisfaction, Customer Loyalty

## I. INTRODUCTION

IN Tourism is one of the most powerful industries generating revenue for Thailand. Although tourism in Thailand was affected by the flooding and unstable political situation, the number of arriving tourists again continued to increase after the decline caused by those situations. When we mention tourism, it includes tourists, destinations and transactions. This industry is inevitably involved with accommodations, such as guesthouses, inns, bed and breakfasts, serviced apartments, time-share hotels, luxury chain hotels and boutique hotels. There are many types of accommodations offered to customers these days. Hotels at all levels attempt to gain an additional marketing share by obtaining competitive advantages. The competitive advantage scenario causes the industry to change to meet customer needs and this is followed by marketing needs. Consequently, it leads to a new emerging market in the industry. The new popular emerging market is the “boutique hotel”.[1] The boutique hotel is considered as a type of niche market. Many researchers gave definitions of the niche market. The stated that niche market is a small market consisting of an individual customer or a small group of customers with similar characteristics or needs. It is similar to the definition which stated that “it is a more narrowly defined group seeking a

distinctive mix of benefits”. At the same time, and also defined “Niche Market” as “finding small groups of customers that can be served within a segment”. Interestingly, The proposed five key characteristics of niche markets: The customers in the niche market have a distinct set of needs; 2. They will pay a premium price to the firm that best satisfies their needs; 3. The niche market is not likely to attract competitors; 4. The niche marketer gains certain economies through specialization; and 5. The niche market has size, profit, and growth potential Therefore, all mentioned come to the conclusion that niche market is a suitable manner to describe the position of boutique hotel in the hospitality and tourism industry. [2] Because of its nature and characteristic, its concept is different from big chain hotels, such as size, unusual furnishings and family atmosphere. Boutique hotels gain the benefits from personalized services that large hotels cannot ensure to their customers. To run this type of hotel, the satisfaction of customers is extremely crucial because its uniqueness is its selling point and it is also the way to generate “customer loyalty” which is very challenging these days. The hotels must constantly study customer segmentation and serve their needs and wants. As mentioned above, generally, boutique hotels are well known for their uniqueness, such as services, ambiances and designs. The problems are that there are many hotels claiming to be boutique hotels and many customers interested in trying them. Therefore, what is the real competitive advantage which separates them from other hotels and what are the outstanding characteristics which draws customers’ attention? Because there are many replicable images, this implies that there is no outstanding uniqueness guaranteeing a particular hotel as being a genuine boutique hotel. Training for staff members in order to deliver customer-satisfying services is the key to success of a boutique hotel. Due to this emerging trend in Thailand, Krungthai Card (KTC), Krungthep, Turakij Newspaper, The Tourism Authority of Thailand (TAT) and Master Card have worked together to provide “The first Thailand Boutique Awards to promote small boutique hotel”. This award is to encourage the hotel managers to investigate themselves in terms of providing experiences to a customer which meet the customer’s satisfaction. [3]

Therefore, it is interesting to discover what are the outstanding benefits and uniqueness of “boutique hotel” in customers’ minds. This research intended to examine what image of a boutique hotel influences customer’s loyalty, how customer’s perceived value influences customer’s loyalty

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while staying at a boutique hotel and how hotel's image influences customer's loyalty. [4]

## II. LITERATURE REVIEW

### A. Boutique Hotel

An independent boutique hotel does not have the power support of a large brand behind it. An independent boutique hotel has its own uniqueness, individuality and independence in the market by its concept. It must compete and survive in the marketplace for itself. Independent boutique hotels, owners do not have the supporting corporation of other brand standards. Therefore, owners can easily convert their properties into their own concepts. Independent boutique hotels are distinct from branded chains in terms of operation and marketing. They do not have a chain affiliation. Independent boutique hotels are able to capture business themselves without marketing expenses; marketing representation companies and reservation companies. There are no third parties involved in running the business. Therefore, an independent boutique hotel is a hotel with no collaboration with other affiliated hotels or chained hotels supporting its business. An independent boutique hotel is unique, surviving by its individual concept and uniqueness. This research studied both types of boutique hotels mentioned above. [5]

#### Customer satisfaction

Organizations are increasingly measuring customer satisfaction because of high competition. Customer satisfaction can be widely experienced in both goods and services and also customer expectations afterward. Customer satisfaction is also the fundamental aspect of the marketing concept because it could lead to generating customer loyalty. In other word, the state of fulfilment and customer judgment of the fulfilled state are the effects from customer reaction when customer satisfaction is received. [17]

Customer satisfaction is related directly to the experience of a customer while purchasing and using the product. Importantly, customer satisfaction is widely used in the study on customer loyalty. Moreover, it has been found that customer satisfaction has an influence directly to higher customer loyalty toward the company. It could be said that the higher the customer satisfaction, the higher the loyalty to the company. Other research stated that they considered customer satisfaction by customer's experience through an organization, service contact and even in-depth details of each customer's experience with the company. The provider has to know what the customer needs in order to provide the right service and product to customer. [6]

Therefore the words "when product or service meets or exceeds a customer's satisfactions, they are usually satisfied" were described by. Customer satisfaction is considered as a predictor for behavior variables such as word of mouth, repurchasing and loyalty. Customer satisfaction is the reaction to the perceived value when exchange process occurred. In

conclusion, from related studies, customer satisfaction is the process generating a customer's reaction in buying a product. It happens once a customer perceives a value of the product such as experience through services or customer received a product itself.[7]

#### Customer perceived value

Customer perceived value is considered as the ratio of the consumer's outcome/input toward the service provider's outcome/input. Customers evaluate all services they consume to determine what is fair, right and worth the cost they paid and expected. Additionally, customers are always making comparisons to competitors' offerings and then find the one which makes them the most satisfied and provides the feeling of best- perceived value of the product and also stated that a customer's perceived value is positively associated with customer satisfaction in the service industries. Customer perceived value is the result of benefits which a customer received from a service in return for price paid plus other costs while value is the difference between perceived benefits and costs. The customer who perceived a value for money is more satisfied than customer who did not perceive a value for money; therefore it is an assessment of what customer has received compared to what hotel has given. [12] Customer perceived value is an abstract feeling such as perceived price, quality, benefits and sacrifices. They are all considered as important factors on value perceptions. Customer perceived value includes social, emotion and epistemic value components. Additionally, customer perceived value is considered as a trade-off between what a customer received and sacrificed in order to acquire a service.

In conclusion, referring to the related studies on customer perceived value in this context, customer perceived value is an evaluation after a customer received a service of a hotel. Customer perceived value is all about worth for money and expectations a customer spent at the hotel. Those factors are price, quality, benefits and sacrifices.

### B. Attitudinal and behavioural loyalty

Today, because of the fierce competition in marketing of the tourism industry, marketers are trying to build the commitment between "brand" and "customer" as loyalty. Customer loyalty will help promote the hotel by creating word-of-mouth and providing references as stated by stated that loyal customers will promote hotel by spreading positive word-of-mouth and also purchasing more of the hotel's products. Loyal customers cost less for hotel to serve because loyal customers have already perceived the valued of the hotels' products. [8]

Loyal customers also tend to purchase more food and beverages of the hotel than non-loyal customer as stated by.

All the definitions of customer loyalty state that when the hotel generates it successfully, it will automatically provide positive benefits to the hotel in long term.

The distinctiveness of loyal customer can be measured as follows: 1. Behavioural Measurements; 2. Attitudinal Measurements; and 3. Composite Measurements. There have

been a number of literature reviews written about the difference between attitudinal loyalty and behavioural loyalty. The defined that the image, switching costs and customer satisfaction are different in terms of attitudinal loyalty and behavioural loyalty. Customers' repurchase behaviors or intentions toward specific brand are described as the meaning of behavioural loyalty by customers' senses such as emotion and psychology toward some specific product and service are described as the meaning of attitudinal loyalty by. When a customer is behaviourally loyal, a customer intends to repurchase that brand and is fond of a good feeling toward the service provider. Moreover, The stated that customer's satisfactions effects behavioural loyalty directly. On the other hand, The paper found that chance and other factors generate behavioural loyalty, it does not need to be caused by attitudinal loyalty. Researchers implied that attitudinal loyalty does not ensure a decision to purchase while behavioural loyalty ensures the action of actual purchase by measuring consistency, repetitious purchase behavior. The third measurement is composite loyalty. Composite loyalty is a mixture of behavioural and attitudinal loyalties. It measures customer loyalty by product preference, propensity of brand-switching, frequency of purchasing and total amount of purchasing. [16]. Therefore, composite measurement is considered as valuable measurement which increases the predictive power of loyalty. Interestingly, repeating customers who have a strong habit but weak attitudinal loyalty are considered to make decisions differently from customers who have a weak habit but strong attitudinal loyalty according to the gave the definition of customer loyalty as a deep commitment between customers and sellers. Customers repurchase a preferred product or service consistently although there are many other marketing efforts attempting to persuade customers to switch behaviour. Additionally, Oliver stated that there are four stages of customer loyalty: cognitive senses (belief), affective sense (favoured attitude), cognitive stage (behavioural intention) and action. Travel and tourism literatures have consistently mentioned customer loyalty as the important factor effecting economic and marketing benefits perceived by a customer.

Each customer perception has a level of development, loyalty development; high, medium and low. High level is about the liability of a product and service, medium level is about some dissatisfaction which remains unresolved and low level is about having experienced some services with which the customer was dissatisfied and which mostly remain unresolved. [9]

### III. METHODOLOGY

#### The Questionnaire

The questionnaires consisted of structured questions; multiple choice and scale questions and question wording. The questionnaire consisted of 2 sections; personal section and scale questions. The questionnaires were distributed to

Thais and foreign customers of the boutique hotels in Bangkok and eastern part of Thailand. [10]

#### Data collection and samples

Firstly, the scope of study was at the center area of Bangkok; however, the research survey had a limitation due to the possibility of not being able to access the customers of boutique hotels around Bangkok. Therefore, the scope of the research was extended to eastern part of Thailand as mentioned in scope of study in chapter one. A 400-sample population was tested at boutique hotels based in Bangkok and eastern part of Thailand. The process of distributing questionnaires was that 400 questionnaires were sent to the front office managers of those boutique hotels (approximately 20-50 questionnaires distributed at each place). The completed data received were analyzed by using the SPSS for Windows quantitative method testing program.[11]

The research conceptual framework is shown in Fig. 1.

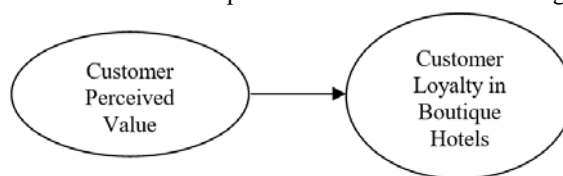


Fig. 1 Research Conceptual Framework

### IV. FINDINGS

Thais and foreign customers' personal information variables Both Thais and foreigner customers' demographic variables need to be investigated in order to know the frequency and distribution of the data. The personal information variables in the study were gender category, age category, income per month category, nationality category, purpose for staying category, reason for staying and frequency category. Below are the frequencies of each personal information variable asked in the questionnaire.

TABLE I  
RESPONDENTS' PERSONAL INFORMATION PROFILE

Personal Information	Frequencies (n)	Percentage
<b>Gender</b>		
Male	197	49.25
Female	203	50.75
<b>Age</b>		
25 under 25	41	10.25
26-34	131	32.75
35-44	122	30.50
45-54	62	15.5
55-64	35	8.75
65 or older	9	2.25
<b>Purpose for staying</b>		
Business	59	14.75
Visiting family and friend	58	14.50
Leisure	261	65.25
Shopping	18	4.50
Others	4	1.00
<b>Nationality</b>		
Thais	212	53.00
Foreigners	188	47.00
<b>Income (per month)</b>		

Below 1,000 USD (Below 30,000 THB)	123	30.75
1,000-2,000 USD (30,000-60,000 THB)	111	27.75
2,001-3,000 USD (60,000-90,000 THB)	42	10.50
3,001-50,000 USD (90,030-150,000 THB)	84	21.00
More than 5,000 USD (More than 150,000 THB)	39	10.00
<b>Frequencies</b>		
Once	140	35.00
Twice	158	39.50
3 times	48	12.00
4 times	19	4.75
5 times or more	35	8.75
<b>Main reason for staying</b>		
Have no choice	4	1.00
Collect the point	2	0.50
Convenience	197	49.25

In the gender category, most respondents involved in the study were female 203, 50.75% higher than male with the number of 197 respondents or 49.25%. In the age category, the customers from '26-34' category achieved the highest frequency of 131 or 32.75%, while '65 or older' category has the least respondents of 2.25% only. Another age categories had the respectively order as follow; '35-44' with 122 respondents, 30.50%, '45-54' with 62 respondents, 15.50%, '25 or under 25' with 41 respondents, 10.25%, '55-64' with 35 respondents, 8.75%. In terms of purpose for staying category, the largest group was 'leisure' with 261 respondents, 65.25%, followed by 'business' with 59 respondents, 14.75%, 'visiting family and friend' with 58 respondents, 14.50%. While the other purpose groups were 'shopping' with 18 respondents, 4.50% and 'others' with 4 respondents, 1% respectively. In terms of nationality category, two groups have nearly equal proportion, Thai customer respondents were 212 respondents, and 53.00%. While foreigner customer respondents were 188 respondents, 47%. The largest group of foreigner customers was Japanese with 26, 6.5%. In terms of frequency category, the largest group respondent was the customer who visited the hotels 'twice' with 158 respondents, 39.50% followed by 'once' with 140 respondents, 35%. Another categories frequencies categories followed respectively; '3 times' with 48 respondents, 12%, '5 times or more' with 35 respondents, 8.75% and the smallest was '4 times' with 19 respondents, 4.75%.

TABLE II  
DESCRIPTIVE STATISTICS OF CUSTOMER PERCEIVED VALUE

Customer perceived value	Mean	Std. Deviation
<b>Functional value price</b>		
1. The service is good for expense it causes me.	5.85	1.040
2. The total cost that causes me is reasonable.	5.84	1.022
3. The results of the service perceived were as expected.	5.85	.992
4. The waiting time until I am attended	5.78	1.031

to is appropriate.		
5. The price is worth to pay.	5.92	1.030
<b>Social Value</b>		
1. The hotel is very well considered by most people.	5.46	1.121
2. Many people I know like this hotel.	5.45	1.164
3. This hotel is well-known	5.48	1.128
4. The fact that I come here likes good to the people I know.	5.35	1.287
<b>Emotional value</b>		
1. I am happy with the service.	6.07	3.701
2. T feel relaxed	5.90	1.051
3. Staff give me positive feelings.	5.89	1.080
4. In general I feel at ease	6.07	1.014

The result showed the mean and standard deviation of each item in the questionnaire. The likert scale used in the questionnaire ranking from 1 (Strongly disagree/Strongly dissatisfied) to 7 (Strongly agree/Strongly dissatisfied). Customer perceived value consists Functional Value Price, Social Value and Emotional Value; 'The service is good for expense it causes me' and 'The results of the service perceived were as expected' were both items which have the same mean at 5.85 with the standard deviation at 1.040 and .992. They were the highest items in Functional Value Price, followed by 'The price is worth to pay' (5.92) with the standard deviation 1.030 and 'The total cost that causes me is reasonable' (5.84) with the standard deviation 1.022. In social Value, 'This hotel is well-known' achieved the highest item with (5.48) and the standard deviation was 1.128, followed by 'The hotel is very well considered by most people' (5.46) with the standard deviation 1.121 and 'Many people I know like this hotel' (5.45) with the standard deviation 1.164. I am happy with the service' and 'In general I feel at ease' were both items which had the same mean at 6.07 with the standard deviation at 3.731 and 1.014. They were the highest items in emotional value, followed by 'I feel relaxed' (5.90) with the standard deviation 1.051. While 'The waiting time until I am attended to is appropriate' was the lowest item in services (5.78) with the standard deviation 1.031 in functional value price. 'The fact that I come here looks good to the people I know' was the lowest item in Social Value (5.35) with the standard deviation 1.287. The last one was 'Staff give me positive feelings' was the lowest item in Emotional Value (5.89) with the standard deviation 1.080.

TABLE III  
DESCRIPTIVE STATISTICS OF CUSTOMER ROYALTY (ATTITUDINAL)

Customer royalty	Mean	Std. Deviation
<b>Attitudinal loyalty</b>		
1. I rarely switch from hotel just to try something different.	4.2	2.096
2. I would rather select this hotel than try other boutique hotels which I never stay.	4.86	1.913
3. I will introduce this hotel to my friends.	5.90	1.227
4. I am willing to select to stay at this hotel even if I know there are other boutique hotels around here.	5.43	1.478
5. I would like to select this hotel to stay in next time.	5.93	1.147

The result showed the mean and standard deviation of each item in the questionnaire. The likert scale used in the questionnaire ranking from 1 (Strongly disagree/Strongly dissatisfied) to 7 (Strongly agree/Strongly satisfied). The highest mean of customer loyalty which consisted of attitudinal and behavioral loyalties; 'I would like to select this hotel to stay in next time' (5.93) with the standard deviation 1.147, followed by 'I will introduce this hotel to my friends' (5.90) with the standard deviation 1.227. 'I am willing to select to stay at this hotel even if I know there are other boutique hotels around here' (5.43) with the standard deviation 1.478. While 'I rarely switch from hotel just to try something different' was the lowest item in customer loyalty (4.20) with the standard deviation 2.096.

#### V. CONCLUSION

The result found that there were the difference between male and female in 'The hotel is very well considered by most people', 'Many people I know like this hotel' and 'The fact that I come here looks good to the people I know' in social value category. [12] While in emotional value category was 'Staff give me positive feelings' and 'In general I feel at ease'. There was no difference in functional value price category. The result found that male concerned more about customer perceived value in both aspects than female. The result found that there were the difference between Thais and foreigner in 'The service is good for expense it caused me', 'The total cost that causes me is reasonable', 'The result of the service perceived were as expected', 'The waiting time until I am attended to is appropriate' and 'The price is worth to pay' in functional value price category. While in emotional value category was 'I feel relaxed', 'Staff give me positive feelings' and 'In general I feel at ease'. The result found that foreigner customers concerned more about customer perceived value in both aspects than Thais customers. There was no difference in social value category. The customers who had the purpose for staying at the hotel were 'Shopping' paid more attention on 'The service is good for expense' than customers who had the purpose for staying at the hotel were 'Leisure'. [13]

The customers who had the purpose for staying at the hotel was 'Business' tended to select this hotel than other boutique hotels which they never stay. Therefore, the research mostly found that they concerned more about customer loyalty than other groups. The customers who had the reason for staying at the hotels were 'Familiarity' had the significant difference relationship between 'Convenience' and 'Fond of the concept' groups. [18] The research found that the customers who had the reason for staying at the hotels were 'Familiarity' concerned more about customer loyalty than 'Convenience' groups and concerned less about customer loyalty than the customers who had the reason for staying at the hotels were 'Fond of the concept' groups. The customers who had the frequency of staying at the hotels '5 times' in the last 2 years' rarely switched from hotel just to try something different. The customers who had the frequency of staying at the hotels '4

times' in the last 2 years tended to introduce this hotel to their friends and tended to select this hotel to stay next time. While customers who had the frequency of staying at the hotels 'once' in the last 2 years mostly concerned less about customer loyalty than other groups. [14] Therefore customer perceived value and customer loyalty have the significant difference at 0.000 which below .050. Therefore it could be described that customer perceived value had the moderate relationship to customer loyalty. [15]

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