DRIVERS OF CUSTOMER SATISFACTION IN NORTHERN THAILAND'S HOTEL INDUSTRY: THE MARKETING MIX AND SERVICE QUALITY FACTORS

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Abstract

This study examines the impact of the 7Ps marketing mix and service-related factors on customer satisfaction within the hotel sector in Thailand's Upper Northern Region. Data were collected from 400 respondents across nine provinces through structured questionnaires and analyzed using descriptive and inferential statistical methods. Results show high overall perceptions of the marketing mix (mean = 3.97), with personnel (mean = 4.32) and product (mean = 4.28) receiving the highest ratings, while distribution channels were rated moderately (mean = 3.40). Service factors were also rated highly (mean = 4.13), particularly employee personality (mean = 4.25) and training provision (mean = 4.19). Customer satisfaction was high overall (mean = 4.24), especially for reputation and image (mean = 4.35). Regression analysis showed that product, price, promotion, personnel, physical evidence, and process significantly influenced satisfaction, but distribution did not. Similarly, employee personality and training significantly predicted satisfaction, whereas customer relations did not. The research provides actionable insights for hotel managers to enhance service quality and optimize marketing strategies to improve customer satisfaction and gain a competitive edge.
Keywords: Marketing Mix, Service Quality, Customer Satisfaction, Hotel Industry, Thailand

Introduction

From 2010 to 2019, the hotel industry consistently generated the highest revenue in the tourism sector each year. However, the hotel business itself has faced numerous challenges that have significantly impacted its operations. These challenges stem from both external factors, which are difficult or impossible to control, and internal factors that require effective management.

External challenges include globalization, which has rapidly transformed social, economic, and technological landscapes; pandemics; natural disasters; political instability; changing consumer behavior influenced by evolving societal trends; continuous technological advancements; and increasing competition within the hotel industry. According to statistical data from the Office of the Permanent Secretary, Ministry of Tourism and Sports, the hotel occupancy rates from 2015 to 2019 were 91.43%, 90.61%, 86.55%, 84.88%, and 86.32%, respectively. The declining trend in hotel occupancy indicates intensified market competition in the hotel industry (Hotelstars Union, 2021).

In addition to external factors, the hotel business also faces internal organizational challenges that hinder its operations. These include cost management related to energy consumption, food and beverage expenses, and employee salaries, which constitute fixed operational costs. Other challenges involve marketing strategies to attract tourists, human resource management to enhance employee competency and motivation, continuous skill development to meet customer expectations, and the integration of modern information technology systems for communication and service efficiency. Furthermore, establishing business networks with related industries such as travel agencies, restaurants, tourism promotion organizations, and suppliers is crucial.

Effective hotel management and leadership are also critical for achieving business success (Kajornatthapol et al., 2024). Regarding organizational management approaches, various theories and concepts have been applied across different businesses. One notable management framework discussed in this study is McKinsey's organizational management model, which emphasizes the need for businesses to adapt to emerging challenges by continuously evolving their internal management strategies. These strategies include: 1) Aligning business strategies with current circumstances and preparing for future challenges (Halmaghi, 2018). 2) Structuring the organization with flexibility and simplicity to enable swift responses. 3) Implementing advanced information technology systems for internal management. 4) Employing management styles that optimize business performance while aligning with contextual demands. 5) Systematically managing human resources to drive organizational success. 6) Promoting continuous employee skill development in accordance with organizational objectives and 7) Establishing a shared organizational culture that aligns employee values with corporate goals (Mehrabi et al., 2013).

Thus, hotels must adapt their organizations to maintain a competitive advantage and navigate rapidly changing environments. Moreover, transforming management strategies to establish a learning organization offers several benefits, including: 1) Developing systematic thinking to address problems efficiently. 2) Enhancing self-awareness and openness to different perspectives, fostering continuous self-improvement. 3) Strengthening cognitive frameworks to analyze and connect evolving situations logically. 4) Cultivating a shared vision to unify efforts toward organizational success. 5) Encouraging team-based learning to facilitate knowledge sharing and continuous innovation. These seven strategic principles are essential in driving the marketing policies of the Thai Hotels Association, which aims to establish excellence, uniqueness, and cultural identity in Thai hospitality. The goal is to elevate Thailand's hotel industry to meet international quality standards, ensuring certified service excellence that positions the sector as a primary revenue driver for the country (Morrison, 2013).

Analyzing the hospitality sector in the Upper Northern Region of Thailand reveals an imbalance between the supply of hotel professionals and the actual market demand. Despite its potential, the hotel industry in the region remains relatively unknown in certain areas, and public awareness, understanding, and confidence in its services are still limited. This lack of differentiation among service providers has led to price-driven competition. Additionally, there is a scarcity of widely available marketing management resources for prospective entrepreneurs. However, a notable case study involves a major hotel business in the Upper Northern Region of Thailand, which has built a reputable and extensive service network across the country. This company has consistently expanded its operations and adapted its management strategies to seize emerging opportunities and navigate industry shifts.

This study proposes an investigation into the marketing mix (7Ps) and service-related factors influencing customer satisfaction in the Northern Thai hotel industry. The findings will benefit the general public, business operators, and investors by providing insights for improving marketing strategies and service quality. Ultimately, enhancing hotel services in the Upper Northern Region of Thailand will contribute to overall economic growth and development.

Literature Reviews
Concepts and Theories of the 7Ps Marketing Mix
The Marketing Mix is a fundamental concept in formulating business strategies aimed at attracting customers and establishing a competitive advantage. The traditional marketing mix comprises the 4Ps: Product, Price, Place, and Promotion, which are widely applied to tangible goods. However, as the service industry expanded, scholars extended this concept to the 7Ps by adding People, Process, and Physical Evidence to better address the unique characteristics of service businesses (Booms & Bitner, 1981).

1) Product: A product refers to the goods or services that a business offers to customers, encompassing features, quality, design, and differentiation to meet market demands. Service businesses must focus on quality and service standards to maximize customer satisfaction (Kotler & Keller, 2016).

2) Price: Price is a critical factor influencing consumer purchasing decisions. Pricing strategies should align with the perceived value offered to customers and serve as a competitive tool. These strategies may include cost-based pricing, value-based pricing, or competition-based pricing (Nagle & Müller, 2017).

3) Place: Place refers to the distribution channels businesses use to deliver their products or services to customers. In service industries, efficient distribution channels enhance accessibility, such as online hotel booking systems or the expansion of hotel branches (Lovelock & Wirtz, 2016).

4) Promotion: Promotion involves communication strategies aimed at increasing awareness and encouraging customer engagement. Key promotional strategies include advertising, sales promotions, public relations, and digital marketing. These approaches are particularly vital in service industries, where credibility and brand image significantly influence consumer decisions (Belch & Belch, 2020).

5) People: People play a crucial role in service businesses, as service quality depends on employees' skills, competencies, and attitudes. Training and professional development are essential in ensuring high-quality customer experiences (Zeithaml et al., 2018).

6) Process: Process refers to the systems and procedures businesses use to deliver services efficiently. Well-structured processes help maintain service standards, reduce errors, and enhance customer convenience, such as automated hotel booking systems or streamlined check-in procedures (Johnston & Clark, 2018).

7) Physical Evidence: Physical Evidence encompasses the tangible aspects of a service environment that affect customer experiences, such as hotel design, cleanliness, convenience, and ambiance. These elements contribute to customer satisfaction and long-term brand perception (Bitner, 1992).

The 7Ps framework serves as a critical tool for developing marketing strategies in service industries. It enables businesses to effectively meet customer needs while differentiating themselves in competitive markets. The strategic application of the marketing mix enhances business success and fosters long-term competitive advantages.

Theories on Service Quality Factors

Service quality is a critical factor influencing customer satisfaction and organizational success. Services possess distinct characteristics, including intangibility, inseparability, variability, and perishability, which differentiate them from tangible goods and necessitate specific management approaches (Zeithaml et al., 2018). Scholars have developed various models and theories to explain the factors that influence service quality and effectiveness.

1) SERVQUAL Model: Parasuraman et al. (1988) introduced the SERVQUAL model to measure service quality based on five key dimensions:

1.1) Reliability: The ability to provide services accurately and consistently.

1.2) Responsiveness: The willingness to assist customers and deliver prompt service.

1.3) Assurance: The competence of employees and the confidence employees instill in customers.

1.3) Empathy: The level of personalized attention and care provided to customers.

1.5) Tangibles: The physical environment, facilities, and equipment used in service delivery.

2) Gaps Model of Service Quality: This model identifies gaps that may affect service quality, which can be categorized into four primary types (Parasuraman et al., 1985):

Gap 1: The discrepancy between customer expectations and management's perception of those expectations.

Gap 2: The difference between management's perception of customer expectations and the established service quality standards.

Gap 3: The inconsistency between service quality standards and actual service delivery.

Gap 4: The variance between service delivery and external communication to customers.

3) Grönroos' Model of Service Quality: Grönroos (1984) proposed a model dividing service quality into three key components:

3.1) Technical Quality: The outcome of the service, such as the accuracy of a medical diagnosis.

3.2) Functional Quality: The manner in which the service is delivered, including employee attitudes and interactions.

3.3) Corporate Image: Customers' perceptions of the organization, influenced by their experiences and the company's reputation.

4) Customer Experience Theory: Pine & Gilmore (1999) emphasized that customer experience is a fundamental factor in competitive differentiation. They identified four dimensions of customer experience:

4.1) Entertainment Experience: The enjoyment and satisfaction derived from the service.

4.2) Educational Experience: The knowledge or skills gained through the service.

4.3) Escapism Experience: The extent to which the service immerses customers in an engaging environment.

4.4) Aesthetic Experience: The physical ambiance and aesthetic elements of the service setting. Service quality factors significantly impact customer satisfaction and experience. The SERVQUAL model, the Gaps Model of Service Quality, and Grönroos' model provide structured approaches for improving service quality, while Customer Experience Theory highlights the role of experiential engagement in competitive advantage. Applying these models effectively can enhance service delivery and strengthen customer relationships in highly competitive markets.

Theories on Hotel Business Standards and Criteria

Hotel businesses operate within a structured framework of standards and criteria to ensure quality service, customer satisfaction, and competitive advantage. These standards are established by government regulations, international organizations, and industry best practices,

covering aspects such as service quality, facility management, sustainability, and safety (Ottenbacher et al., 2009). Several models and theories provide a foundation for understanding hotel business standards.

1) Hotel Classification and Rating Systems: Hotel classification systems categorize properties based on facilities, service quality, and amenities. Commonly used rating systems include:

1.1) Star Rating System: Used by organizations like Forbes Travel Guide and AAA, assigning hotels ratings from one to five stars based on criteria such as room quality, customer service, and luxury level (Minazzi, 2010).

1.2) European Hotelstars Union (HSU): Implements standardized classification across European countries based on criteria like facility standards, room comfort, and guest services (Hotelstars Union, 2021).

2) Service Quality Standards in Hotels: The SERVQUAL Model (Parasuraman et al., 1988) is widely applied to assess hotel service quality. It includes five dimensions:

2.1) Reliability: Consistency and dependability in service delivery.

2.2) Responsiveness: Prompt and helpful customer service.

2.3) Assurance: Staff competence and professionalism.

2.4) Empathy: Personalized customer attention.

2.5) Tangibles: Physical aspects of the hotel, such as decor and cleanliness.

3) Sustainable Hotel Management: Sustainability is increasingly important in hotel business standards. The Triple Bottom Line (TBL) Framework (Elkington, 1997) highlights three key areas:

3.1) Environmental Sustainability: Energy efficiency, waste management, and eco-friendly operations.

3.2) Social Responsibility: Fair labor practices and community engagement.

3.3) Economic Viability: Long-term financial stability and profitability.

4) Safety and Hygiene Standards: Hotels must comply with safety regulations, particularly in areas such as fire safety, food hygiene, and emergency preparedness (Chan & Lam, 2013). Organizations like the World Travel & Tourism Council (WTTC) and the World Health Organization (WHO) provide guidelines on sanitation and guest safety, particularly after global health crises such as COVID-19.

Hotel business standards ensure consistent service quality, sustainability, and guest safety. Classification systems, service quality models, and sustainability frameworks contribute to industry best practices, enabling hotels to maintain competitiveness and enhance customer satisfaction.

In the hotel industry, customer satisfaction is significantly influenced by various elements of the marketing mix and service factors. Key independent variables include:

1) Product (Service): The quality of the hotel's facilities, such as room cleanliness and amenities, directly impacts satisfaction (Kotler & Keller, 2016).

2) Price: Competitive pricing that aligns with customer expectations and service quality is crucial (Armstrong & Kotler, 2015).

3) Place: Easy access to booking services enhances customer convenience (Kotler & Keller, 2016).

4) Promotion: Promotional efforts, like discounts and loyalty programs, help attract and retain customers (Armstrong & Kotler, 2015).

5) People: The professionalism and friendliness of hotel staff play a key role in the guest experience (Kotler & Keller, 2016).

6) Physical Evidence: The hotel's environment, including décor and ambiance, affects customer perceptions (Armstrong & Kotler, 2015).

7) Process: Efficient service delivery, such as quick check-in/check-out, improves satisfaction (Kotler & Keller, 2016).

8) Personality: A hotel's brand personality influences customer emotional connection (Armstrong & Kotler, 2015).

9) Customer Relationship: Strong relationships foster customer loyalty and satisfaction (Kotler & Keller, 2016).
10) Training: Ongoing employee training ensures consistent service quality (Armstrong & Kotler, 2015).
The dependent variables influencing customer satisfaction include the responsiveness of staff in providing prompt service, the outcomes experienced after service delivery, the products and services offered by the hotel, and the hotel's reputation.

Research Hypotheses
Hypothesis 1: The 7Ps marketing mix positively influences customer satisfaction in the hotel industry in the Upper Northern Region of Thailand.
Hypothesis 2: Service factors positively influence customer satisfaction in the hotel industry in the Upper Northern Region of Thailand.

Research Methodology
Population and Sample
The population for this study comprises Thai citizens and tourists who use hotel services in the northern Thai provinces of Chiang Mai, Chiang Rai, Lamphun, Lampang, Phayao, Phrae, Nan, and Mae Hong Son. The sample group consists of individuals who have used hotel services in these provinces.
Since the exact population size is unknown but assumed large, the sample size was determined using Srisa-ard's (2002) formula for unknown populations. With a 95% confidence level (Z = 1.96), a margin of error of ±5% (e = 0.05), and maximum variance (p = 0.5, q = 0.5), the minimum sample size was calculated as 385. To ensure data completeness and account for potential loss, the final sample size was increased slightly to 400 participants.
The study employed a three-step sampling procedure:
1) Stratified Random Sampling: The sample was proportionally allocated across the eight provinces according to estimated population sizes, as follows: Chiang Mai (192), Chiang Rai (130), Lamphun (19), Lampang (9), Phayao (6), Phrae (4), Nan (26), and Mae Hong Son (13), totaling 400 participants.
2) Systematic Sampling: Data collection through questionnaire distribution to hotel service users in each province was conducted over one month, from February 1, 2024, to February 28, 2024, ensuring systematic coverage.
3) Purposive Sampling: Only individuals who had previously used hotel services in the specified provinces were included to ensure relevance and accuracy.

Data Collection
Data were collected via a structured questionnaire consisting of closed-ended questions focused on the 7Ps marketing mix and service factors influencing customer satisfaction in the hotel business in upper northern Thailand. The questionnaire was divided into three sections:
Section 1: Demographic Information - Collected general respondent data such as gender, age, marital status, occupation, education level, and income using a checklist format.
Section 2: 7Ps Marketing Mix Factors - Assessed Product, Price, Place, Promotion, People, Physical Evidence, and Process, using a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). Customer satisfaction was interpreted on the scale: 4.21-5.00 (Excellent), 3.41-4.20 (Good), 2.61-3.40 (Fair), 1.81-2.60 (Poor), and 1.00-1.80 (Very Poor).
Section 3: Service Factors - Focused on Personality, Customer Relationship, and Training, also measured using the same 5-point Likert scale.
Content Validity: Three experts reviewed the questionnaire for content validity using the Index of Item-Objective Congruence (IOC). Each item required a minimum IOC score of 0.5. After revisions, the final instrument contained 50 items with IOC scores ranging from 0.67 to 1. One item with a score of 0.33 was removed, confirming acceptable content validity.

Reliability Testing: The questionnaire was pretested with 30 participants outside the main sample group. Reliability was evaluated using Cronbach's Alpha, resulting in a high score of 0.876, demonstrating the instrument's consistency and reliability.

Data Analysis

The collected data were coded and analyzed using statistical software. Descriptive statistics such as frequency, percentage, mean, and standard deviation summarized the data. Inferential statistics, including t-tests, one-way ANOVA, and multiple regression analysis, were applied to test hypotheses and explore relationships among variables.

Research Results

Demographic Characteristics of Respondents

The study surveyed 400 respondents, including 135 males and 265 females. Most respondents were aged 31-40 years (24.8%) and 51 years or older (24%). Over half of the respondents were single (52%), and 40% held a bachelor's degree. The largest occupational group was self-employed or freelancers (40.3%), followed by private company employees (19.3%). The income distribution showed that 39.2% earned 15,000-25,000 baht monthly, while 25% earned less than 15,000 baht, and 15.8% earned over 45,000 baht.

Customer Perceptions of the 7Ps Marketing Mix

The study assessed customer opinions on the 7Ps marketing mix in hotels in northern Thailand, covering product, price, place (distribution channels), promotion, personnel, physical evidence, and process. Overall, customer satisfaction with the 7Ps was positive, averaging 3.97 out of 5. Individual scores were as follows: Product (4.28), Price (3.93), Distribution Channels (3.40), Promotion (4.03), Personnel (4.32), Physical Evidence (3.86), and Process (3.97). These results highlight strong appreciation for product quality, personnel, and promotion, with moderate views on distribution channels.

Customer Perceptions of Service Factors

The study aimed to evaluate customer perceptions of service factors in hotels located in northern Thailand, focusing on three key elements: personality, customer relationships, and training/service knowledge. Overall, service factors received a high satisfaction level, with an average rating of 4.13 out of 5. Among the three factors, personality was rated the highest, with a mean score of 4.25, highlighting the importance guests place on the demeanor, friendliness, and professionalism of hotel staff, which strongly influence their overall experience. Training and service knowledge followed closely, with a mean score of 4.19, indicating that customers highly value well-trained personnel who demonstrate expertise not only in general service but also in specialized areas, such as traditional healthcare practices relevant to wellness tourism. In contrast, customer relationships received the lowest mean score of 3.95, suggesting that practices such as personalized care, follow-up communication, and loyalty-building strategies may not be as strongly perceived or effectively implemented in these hotels, despite still reflecting general satisfaction.

Marketing Mix Factors and Customer Satisfaction

The analysis found no multicollinearity issues among the independent variables. The correlation coefficients between the seven factors (product, price, distribution channels, promotion, personnel, physical evidence, and process) ranged from 0.182 to 0.653, all below the threshold of 0.85, indicating that these variables are sufficiently independent for regression analysis. A homoscedasticity test, conducted through residual scatter plots, showed that residuals were narrowly distributed above and below zero, indicating constant variance of residuals regardless of changes in the dependent variable (customer satisfaction). The Durbin-Watson statistic was 1.827, falling within the acceptable range of 1.5 to 2.5, confirming no autocorrelation among residuals and supporting the validity of the regression model.

The multiple linear regression analysis revealed that the combined 7Ps marketing mix factors significantly predicted customer satisfaction ($F = 52.663$, $p < .001$), explaining 48.5% of the variance (Adjusted $R^2 = 0.475$).

The predictive equation is:
Y (Customer Satisfaction) = 0.816 + 0.204(X_1) + 0.089(X_2) + 0.003(X_3) + 0.114(X_4) + 0.205(X_5) + 0.090(X_6) + 0.127(X_7)
Where:
X_1 = Product, X_2 = Price, X_3 = Distribution Channels, X_4 = Promotion, X_5 = Personnel, X_6 = Physical Evidence, X_7 = Process
Individual regression coefficients indicated that product (β = 0.204, t = 4.153, p < .001), price (β = 0.089, t = 2.448, p = .015), promotion (β = 0.114, t = 3.683, p < .001), personnel (β = 0.205, t = 4.362, p < .001), physical evidence (β = 0.090, t = 2.390, p = .017), and process (β = 0.127, t = 3.040, p = .003) had statistically significant positive effects on customer satisfaction. However, distribution channels (β = 0.003, t = 0.128, p = .898) did not show a significant effect.

Table 1 Regression Results for 7Ps Marketing Mix and Customer Satisfaction

Model (7Ps Marketing Mix Factors)	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t	Sig.	Tolerance	VIF
(Constant)	0.816	0.190		4.284	.000*		
Product	0.204	0.049	0.200	4.153	.000*	0.569	1.757
Price	0.089	0.036	0.119	2.448	.015*	0.556	1.799
Distribution Channels	0.003	0.023	0.003	0.128	.898	0.661	1.512
Promotion	0.114	0.031	0.144	3.683	.000*	0.857	1.167
Personnel	0.205	0.047	0.212	4.362	.000*	0.571	1.753
Physical Evidence	0.090	0.038	0.125	2.390	.017*	0.478	1.090
Process	**0.127**	**0.042**	**0.156**	**3.040**	**.003***	**0.498**	**1.009**

*Statistically significant at the 0.05 level.

Service Factors and Customer Satisfaction
This study examined the relationship between service-related factors and customer satisfaction in the hotel industry in the upper northern region of Thailand. The independent variables included personality (X_1), customer relationship (X_2), and training and service knowledge (X_3), with customer satisfaction (X_4) as the dependent variable. Correlation coefficients among X_1, X_2, and X_3 ranged from 0.529 to 0.736, indicating moderate positive correlations and no multicollinearity, as all values were below the 0.85 threshold. A homoscedasticity test via scatter plot revealed residuals narrowly dispersed around zero, confirming constant variance. The Durbin-Watson statistic was 1.866, within the acceptable range of 1.5 to 2.5, indicating no autocorrelation in the residuals.
Multiple regression analysis showed that the model significantly predicted customer satisfaction (F = 186.586, p < .001), explaining 58.6% of the variance (Adjusted R^2 = 0.583). The predictive equation was:
Customer Satisfaction = 0.883 + 0.247(X_1) + 0.026(X_2) + 0.527(X_3)
Where X_1 = personality, X_2 = customer relationship, and X_3 = training and service knowledge. Both personality (β = 0.247, t = 6.126, p < .001) and training and service knowledge (β = 0.527, t = 11.959, p < .001) had statistically significant positive effects on customer satisfaction, while customer relationship (β = 0.026, t = 0.788, p = 0.431) did not. These results partially support Hypothesis 2.

Table 2 Regression Results for Service Factors and Customer Satisfaction

Model (Service Factors)	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t	Sig.	Tolerance	VIF
(Constant)	0.883	0.147		5.997	.000		
Personality	0.247	0.040	0.254	6.126	.000*	0.611	1.638
Customer Relationship	0.026	0.032	0.035	0.788	.431	0.533	1.876
Training and Service Knowledge	0.527	0.044	0.561	11.959	.000*	0.476	2.103

R = 0.765, R² = 0.586, Adjusted R² = 0.583 (58.30%)
F = 186.586, Sig. = .000, Durbin-Watson = 1.866

Interestingly, regression analysis showed that customer relationships did not significantly predict overall customer satisfaction. This contrasts with established service quality theories (Kotler & Keller, 2016), which emphasize the role of customer relationship management in building trust and loyalty. The finding implies that short-term hotel guests might prioritize immediate service quality, personality, and staff expertise over longer-term relationship building. This outcome invites further research into how customer relationships are defined and practiced in wellness-focused hotels, considering cultural factors, service models, and operational constraints that may impact their effectiveness.

Conclusion and Discussion

This study investigated the factors affecting customer satisfaction in hotels located in the Upper Northern Region of Thailand, focusing on demographic characteristics, educational background, income level, and the 7Ps of marketing. The findings suggest that demographic factors, particularly education level and income, significantly influence specific dimensions of customer satisfaction. Customers with lower education levels (below a master's degree) expressed higher satisfaction regarding treatment outcomes, whereas those with lower incomes (below 15,000 THB per month) reported lower satisfaction with the hotel's reputation compared to higher-income groups. These results align with psychographic segmentation theory, which proposes that socio-economic status directly influences customers' expectations and perception of service value (Kotler & Keller, 2016).

The 7Ps marketing mix (product, price, place, promotion, people, process, and physical evidence) explained 48.5% of the variance in customer satisfaction. Among these, personnel ($\beta = 0.205$) and product quality ($\beta = 0.204$) emerged as the most influential drivers. This finding emphasizes the critical importance of investing in front-line staff training and continuous innovation in health-related service offerings. These results are in line with service-dominant logic articulated by Vargo & Lusch (2004) and further supported by hospitality research from Kajornatthapol et al. (2024), highlighting the value co-creation process in service industries through employee knowledge and skill.

Furthermore, service quality factors accounted for 58.6% of the variation in customer satisfaction, with training and knowledge sharing ($\beta = 0.527$) being the most significant contributors. This underscores the need for ongoing development of hotel personnel, particularly in integrating traditional Chinese medicine (TCM) with modern service competencies. Previous studies in wellness tourism have also emphasized this integration as a means to elevate guest experience and differentiation (Liu et al., 2021; Kajornatthapol et al., 2023).

Practical recommendations for hotels in Northern Thailand include:

1) Implementing continuous training programs that integrate traditional Chinese medicine principles with service delivery techniques to enhance employee competence and customer trust.

2) Prioritizing innovation in health services, such as developing personalized wellness packages that incorporate wearable health monitoring technology.

3) Adopting income-based segmentation marketing strategies, offering long-term discount packages for lower-income groups, and premium, personalized services for higher-income guests.

4) Enhancing the physical environment by integrating elements of Feng Shui design and augmented reality (AR) to improve the customer journey and create a more immersive experience.

Finally, this study recommends future research that:

1) Expands the sample to include different categories of hotels, such as boutique wellness resorts and urban medical hotels, to better generalize the findings.

2) Investigates the influence of local cultural beliefs and values on customer expectations and satisfaction, to provide a more nuanced understanding of the hospitality landscape in the region. Overall, the findings contribute strategic guidelines for improving service quality, guest satisfaction, and competitive advantage for hotels in Northern Thailand.

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