

# A Success Model of Hotel and Lodging Business Operations for tourism in Thailand

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## Abstract

Nowadays, there is a hugely competitive rate in hotel and lodging business operations, so entrepreneurs should plan and define the operational strategies for their business growth and achievement. This research was aimed to; 1) study the level of entrepreneurship focus, digital marketing strategy, innovative capability, competitive advantage, and success of hotel and lodging business operations; 2) study the entrepreneurship focus, digital marketing strategy, innovative capability, and competitive advantage affecting the success of hotel and lodging business operations; and 3) develop a success model of hotel and lodging business operations in Thailand. There were 340 sample groups comprised of entrepreneurs, managing directors, assistant managing directors, and general managers using cluster sampling. The quantitative research data were gathered by using the questionnaire and the qualitative research data were gathered by using the interview. The questionnaire for gathering data of the qualitative research and the interview for gathering data of the quantitative research comprised 5 sections by the observation variables. Quantitative research analysis by using the structural equation and qualitative research using focus groups.

The findings revealed that; 1) the level of entrepreneurship focus, digital marketing strategy, innovative capability, competitive advantage, and success of hotel and lodging business operations were at a high level; 2) the entrepreneurship focus, digital marketing strategy, innovative capability, and competitive advantage affecting the success of hotel and lodging business operations; and 3) a success model of hotel and lodging business operations in Thailand that the researcher has developed, “B-F DIC Model” was the quality model of hotel and lodging business operations with entrepreneurship focus on using the management strategies in the digital era responding to the consumer needs and providing competitive advantage to other entrepreneurs.

**Keywords:** Entrepreneurship Focus, Digital Marketing Strategy, Innovative Capability, Competitive Advantage, Success of Hotel and Lodging Business Operations

## Introduction

The hotel and lodging business provides lodging for tourists or the general public, including providing food and beverages to respond to consumer needs by charging service

fees for their profit. Hotels are one of the most popular businesses as Thailand supports tourism, many foreign and Thai tourists are in various provinces, and the hotel and lodging business has become attractive. The hotel and lodging business relates to tourism as the GDP of accommodation in 2017-2019 was 2.5% of the total GDP, before decreasing to 1.0% in 2020, and 0.6% in 2021 by the COVID-19 pandemic. In this regard, the hotel business's revenue is mainly from room sales at 65-70% of total revenues, and food and beverages, consecutively. The hotel business tends to improve sequentially during 2022-2024 as the information of UNTourism specified that international tourism in 2023 tends to recover continuously as the number of international tourists at 87.82% of all passengers, there were 1,260 international tourists or 33.70% increased from 2022 (Trends of Hospitality Industry in Thailand, 2023). In 2024, the hotel business's revenue worth approximately 9.5 billion baht or 16.60% increased from 2023; 7.4 billion baht or 78.00% of all revenues were from room sales, and 2.1 billion baht or 22.00% were from other revenues.

Nevertheless, the hotel and lodging business's revenues have improved continuously with high competition and inequality of recovery. The issues of hotel and lodging business operations are from various factors comprising a lack of online presentation, a lack of employee training on service, ignoring to respond to the consumers, a lack of maintenance in various areas, inappropriate pricing for each market, and a lack of revenue management (Somsawadi, 2022).

The entrepreneurs should consider the trend of current tourism, follow up domestic and international economies, the progress of industrial technology, entrepreneurial competition, and service innovation as the guideline for improving service effectiveness and responding to consumer needs and expectations in the changing era. The researcher is interested in studying the factors affecting the success model of hotel and lodging business operations in Thailand.

## Research Objectives

1. To study the level of entrepreneurship focus, digital marketing strategy, innovative capability, competitive advantage, and success of hotel and lodging business operations.
2. To study the entrepreneurship focus, digital marketing strategy, innovative capability, and competitive advantage affecting the success of hotel and lodging business operations.
3. To develop the success model of hotel and lodging business operations in Thailand.

## Literature Review

The researcher defined the conceptual framework by the literature review as follows;

Entrepreneurship focus – an intention of the entrepreneurs to create and adjust the market demand by risk-taking in creating new products and services, and operate more proactive working than the rivals for market opportunity including process, operation, and

decision-making that the entrepreneurs will lead it to the new operation (Lumpkin and Dess, 1996).

Digital Marketing Strategy – a marketing tool that the coffee entrepreneurs apply for creating successful business operations using online marketing, creating their brand, using social influencers for building confidence, using online reputation for attracting consumers, and building brand loyalty that will affect the business effectiveness for customer satisfaction and impression towards the product image (Busser and Shulga, 2019).

Innovative Capability – a beginning of innovation as innovative capability indicates the organizational capability to create new things (Tutar, Nart, & Bingol, 2015). Innovative capability is the organizational strategy, and a focus on the competition through organizational innovation, and innovation is a tool that the organization applies to create a competitive advantage.

Competitive Advantage – an organizational capability to apply the strategy creating value-added for their business operation, higher profit, and competitive advantage over the other organizations that cannot be imitated (Porter, 1980).

The Success of Hotel and Lodging Business Operations – a business management and excellent operation to drive business for achievement according to the objectives and goals, and responding to the consumer needs of all stakeholders; executives, employees, consumers, society, and environment to create customer satisfaction towards product or service, and success of responding to the stakeholder needs (Puangnak, 2017).

## Research Methodology

### Quantitative Research

**Population and Sample:** The population of this research was 9,180 hotel and lodging entrepreneurs (information from the Revenue Department, 2022), defined the sample size according to the technique of using statistics to analyze the Structural Equation Modeling (SEM). The multivariate method defined the sample size as 20 times the observed variables (Schumacher & Lomax, 1996) or the proportion of 1 to 20. There were 17 observed variables and the sample size was 340. The calculation results were the minimum amount of the sample size for data analysis using statistical technical tools by Structural Equation Modeling (SEM). Consequently, the sample size of this research was adequate for statistical analysis.

**Research Tool:** The research tool was the questionnaire created from the literature review and related research, and the content was divided into 6 parts as follows;

Part 1: 5 items for general information of the respondents and 8 items for information on the hotel and lodging business operations

Part 2: 11 items for entrepreneurship focus

Part 3: 25 items for digital marketing strategy

Part 4: 20 items for innovative capability

Part 5: 13 items for competitive advantage

#### Part 6: 10 items for success of hotel and lodging business operations

The items in Part 2-6 were in the rating scale according to the Likert concept (1961) comprised; 5 means the highest level, 4 means a high level, 3 means a moderate level, 2 means a low level and 1 means the lowest level

The questionnaire was approved for quality by the experts using the content validity, reliability, and try-out of 30 copies; testing the reliability and the Cronbach's Alpha Coefficient was 0.70; analyzing the Factor Loading Score ( $\lambda$ ), Composite Reliability ( $\rho_c$ ), and Average Variable Extracted ( $\rho_v$ ) where  $\rho_c$  should be more than or equal to 0.60 and  $\rho_v$  should be more than or equal to 0.50 (Diamantopoulos, A., et al., 2000) as shown in Table 1.

**Table 1:** Factor Loading Score ( $\lambda$ ) as a Standardize Score of the latent variable (n = 340)

Variables	$\lambda$	S.E.	t	R <sup>2</sup>
Entrepreneurship focus	0.87	0.05	21.65**	0.76
$\rho_c = 0.90$ $\rho_v = 0.76$				
Digital Marketing Strategy	0.85	0.04	22.29**	0.89
$\rho_c = 0.93$ $\rho_v = 0.73$				
Innovative Capability	0.86	0.04	21.05**	0.74
$\rho_c = 0.92$ $\rho_v = 0.74$				
Competitive Advantage	0.90	0.04	23.17**	0.81
$\rho_c = 0.93$ $\rho_v = 0.81$				
Success of Hotel and Lodging Business Operations	0.94	0.04	30.01**	0.88
$\rho_c = 0.94$ $\rho_v = 0.88$				

#### Data Analysis

The statistical analysis of data gathered from the questionnaire using the statistical package as follows;

1. The analysis of the general information of the respondents using the frequency and percentage.
2. The analysis of the reality level of the variables using the arithmetic mean and standard deviation.
3. The analysis of the model according to the research framework using the Structural Equation Modeling (SEM)

#### Qualitative Research

The sample was 17 persons who had knowledge and understanding of hotel and lodging business operations using purposive sampling, to give adequate information on hotel and lodging management.

## Research Results

The research results according to the objectives were 3 topics as follows;

1. The level of entrepreneurship focus, digital marketing strategy, innovative capability, competitive advantage, and success of hotel and lodging business operations.

**Table 2** Mean ( $\bar{X}$ ), Standard Deviation (S.D.), and interpretation of the results (n = 340)

Variables	$\bar{X}$	S.D.	Interpretation
Entrepreneurship focus	4.01	0.65	High
Digital Marketing Strategy	4.07	0.58	High
Innovative Capability	4.08	0.57	High
Competitive Advantage	4.07	0.65	High
Success of Hotel and Lodging Business Operations	4.24	0.62	Highest

Table 2 revealed that the average of the latent variables was at 4.01-4.24, where the success of hotel and lodging business operations was at the highest average and entrepreneurship focus was at the lowest average.

**Table 3** Checking of the normal distribution of the observation variables in the Structural Equation Modeling (n = 340)

Observation Variables	$\bar{X}$	S.D.	SK	KU
Entrepreneurship focus	4.01	0.65	-0.74	0.88
Digital Marketing Strategy	4.07	0.58	-0.46	-0.18
Innovative Capability	4.08	0.57	-0.38	-0.42
Competitive Advantage	4.07	0.65	-0.61	-0.30
Success of Hotel and Lodging Business Operations	4.24	0.62	-0.50	-0.55

Table 3 Checking of the normal distribution of the observation variables in the Structural Equation Modeling revealed that there were some latent variables with non-normal distribution as Skewness and Kurtosis were +3.00 and -3.00, which was not consistent with the preliminary agreement of the Structural Equation Modeling. Nevertheless, it could be applied for analyzing Structural Equation Modeling without violating the preliminary agreement as the large sample size (n > 340). The large sample size could be deducted from statistics as data gathered from the questionnaire with the rating scale would have a normal distribution (Kelloway, 1998). Then the researcher checked the relationship between the observed variables if there were any multicollinearity issues.

**Table 4** Correlation coefficient of the observation variables in the Structural Equation Modeling

	INA	PAW	RIS	SMM	COB	USI	MOR	BBL	PLC	BCS	KLD	AUC	COS	SQL	SIV	FOP	FFP
INA	1																
PAW	0.768**	1															
RIS	0.740**	0.774**	1														
SMM	0.786**	0.776**	0.796**	1													
COB	0.734**	0.720**	0.761**	0.735**	1												
USI	0.709**	0.692**	0.671**	0.794**	0.774**	1											
MOR	0.600**	0.615**	0.601**	0.694**	0.672**	0.708**	1										
BBL	0.600**	0.630**	0.594**	0.702**	0.683**	0.690**	0.715**	1									
PLC	0.571**	0.571**	0.581**	0.612**	0.604**	0.605**	0.759**	0.741**	1								
BCS	0.574**	0.598**	0.529**	0.616**	0.630**	0.648**	0.798**	0.739**	0.758**	1							
KLD	0.508**	0.516**	0.471**	0.593**	0.580**	0.600**	0.684**	0.692**	0.751**	0.692**	1						
AUC	0.550**	0.570**	0.587**	0.648**	0.651**	0.612**	0.741**	0.748**	0.799**	0.760**	0.702**	1					
COS	0.703**	0.671**	0.708**	0.748**	0.729**	0.713**	0.577**	0.613**	0.632**	0.574**	0.596**	0.617**	1				
SQL	0.648**	0.635**	0.638**	0.679**	0.672**	0.661**	0.542**	0.590**	0.647**	0.571**	0.589**	0.604**	0.759**	1			
SIV	0.658**	0.633**	0.653**	0.703**	0.691**	0.671**	0.548**	0.582**	0.563**	0.556**	0.518**	0.572**	0.720**	0.762**	1		
FOP	0.644**	0.623**	0.642**	0.732**	0.709**	0.706**	0.577**	0.664**	0.604**	0.603**	0.627**	0.658**	0.730**	0.733**	0.720**	1	
FFP	0.622**	0.583**	0.581**	0.701**	0.687**	0.700**	0.524**	0.600**	0.556**	0.554**	0.590**	0.593**	0.737**	0.684**	0.720**	0.778**	1

**Remark \*\*** at a 0.01 level of significance ( $p < .01$ )

Table 4 The maximum correlation coefficient was lower than 0.90 which was consistent with the criteria of correlation coefficient between the observed variables at greater than 0.90, it would be the multicollinearity issues (Kline & Walters, 2016). Therefore, all observed variables of this research had no multicollinearity issues, and there were not too many relationships.

2. The effect of entrepreneurship focus, digital marketing strategy, innovative capability, competitive advantage, and success of hotel and lodging business operations, it revealed that the model according to the hypothesis was not consistent with the empirical data by considering the fit index as follows;  $\chi^2 = 654.497$ ,  $df = 111$ ,  $p\text{-value} = 0.000$ ,  $\chi^2 / df = 5.896$ ,  $GFI = 0.807$ ,  $AGFI = 0.734$ ,  $NFI = 0.898$ ,  $IFI = 0.914$ ,  $CFI = 0.914$ ,  $RMR = 0.024$ ,  $SRMR = 0.059$ ,  $RMSEA = 0.120$ ,  $PCLOSE$  ( $p\text{-value}$  for test of close fit) = 0.000 and  $CN = 71$ . Nevertheless, it revealed that the most important consistent test did not pass the evaluation criteria. The parameter estimation in the Structural Equation Modeling was unreliable and the researcher adjusted the model to be consistent with the empirical data as shown in Table 5.

**Table 5** Results of estimating parameters of the coefficients of Direct Effect, Indirect Effect, and Total Effect from the Adjusted Structural Equation Modeling ( $n = 340$ )

Dependent Variable	$R^2$	Effect	Independent Variable			
			Entrepreneurs hip focus (FETP)	Innovative Capability (INCB)	Digital Marketing Strategy (DGMS)	Competitive Advantage (CPAV)
Innovative Capability (INCB)	0.58	Direct	0.76*** (15.25)	-	-	-
		Indirect	-	-	-	-
		Total	0.76*** (15.25)	-	-	-
Digital Marketing Strategy (DGMS)	0.90	Direct	0.95*** (22.54)	-	-	-
		Indirect	-	-	-	-
		Total	0.95*** (22.54)	-	-	-

Dependent Variable	R <sup>2</sup>	Effect	Independent Variable			
			Entrepreneurship focus (FETP)	Innovative Capability (INCB)	Digital Marketing Strategy (DGMS)	Competitive Advantage (CPAV)
Competitive Advantage (CPAV)	0.81	Direct	0.32* (2.03)	0.13* (2.18)	0.49** (2.95)	-
		Indirect	0.56*** (3.73)	-	-	-
		Total	0.88*** (5.75)	0.13* (2.18)	0.49** (2.95)	-
Success of Hotel and Lodging Business Operations (SHBO)	0.78	Direct	-	0.16* (2.49)	0.15* (2.01)	0.68*** (20.89)
		Indirect	0.78*** (4.64)	0.19** (2.96)	0.33*** (6.58)	-
		Total	0.78*** (4.64)	0.35** (2.80)	0.48* (2.22)	0.68*** (20.89)

$\chi^2 = 99.050$ , df = 88, p-value = 0.198,  $\chi^2 / df = 1.126$ , RMSEA = 0.019, PCLOSE (p-value for test of close fit) = 1.000, GFI = 0.968, AGFI = 0.945, NFI = 0.985, IFI = 0.998, CFI = 0.998, RMR = 0.008, SRMR = 0.017 and CN = 380

\* 0.05 level of significance ( $p < .05$ )

\*\* 0.01 level of significance ( $p < .01$ )

\*\*\* 0.001 level of significance ( $p < .001$ )

**Remark:** a value in the parentheses was a t-value;

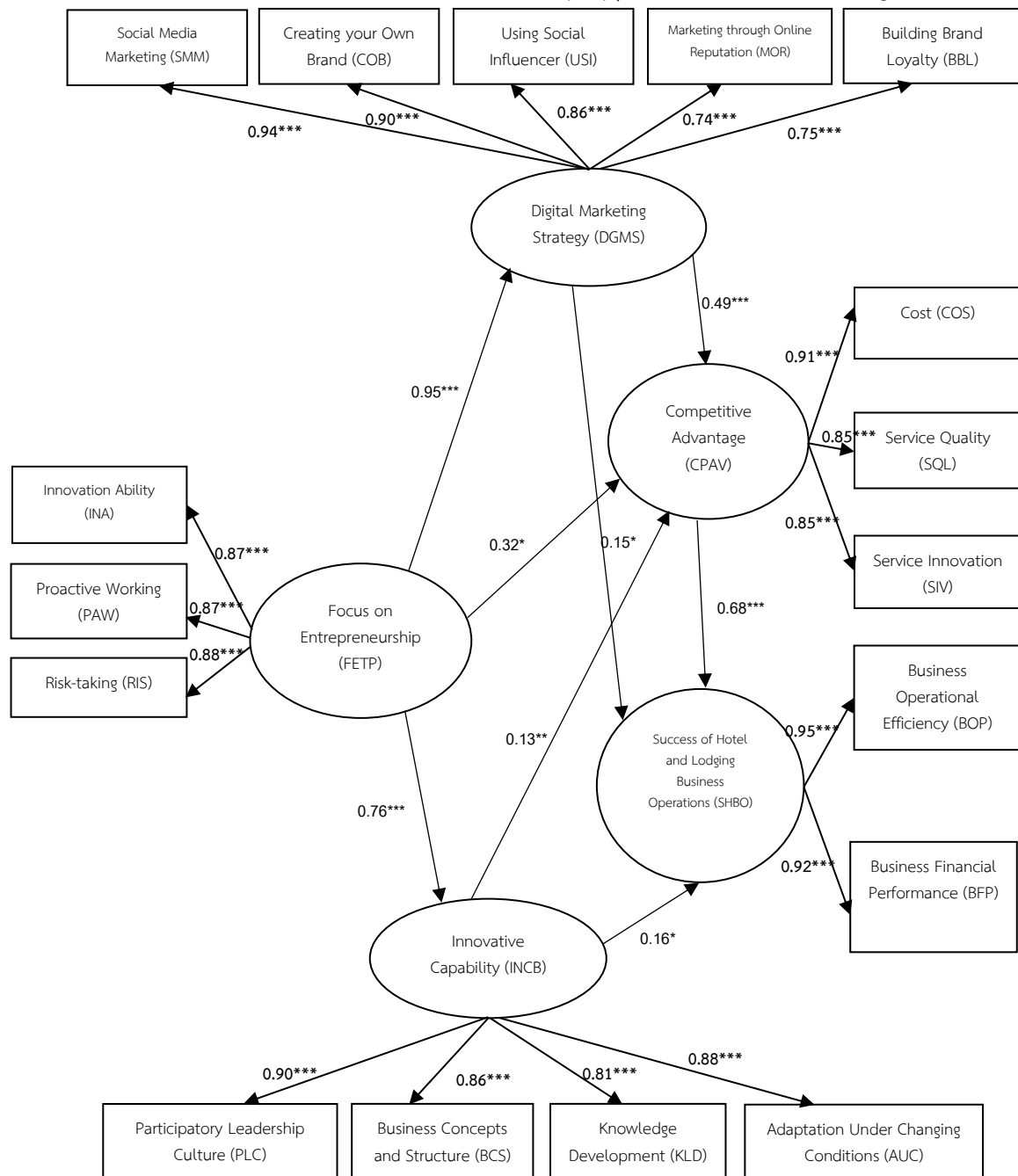
If it was not in a range of -1.96 to 1.96 means a 0.05 level of significance

If it was not in a range of -2.58 to 2.58 means a 0.01 level of significance

If it was not in a range of -3.29 to 3.29 means a 0.00 level of significance

## Results of Hypothesis

The research results are consistent with every hypothesis as shown in Figure 1



**Figure 1** Adjusted Structural Equation Modeling

3. The success model of hotel and lodging business operations in Thailand, it revealed that the success model of hotel and lodging business operations comprised a entrepreneurship focus, digital marketing strategy, innovative capability, and competitive advantage. The researcher created the success model of hotel and lodging business operations, “B-F DIC Model”, where the entrepreneurship focus is a decision-making process of the entrepreneurs comprising the innovative capability, proactive working, and risk-taking that they dare to adjust the business operational model to be updated by using the digital



marketing strategy focusing social media marketing, creating their own brand, using social influencer for public relations, marketing through online reputation via various channels including building brand loyalty with the innovative capability comprising participatory leadership culture, adaptation under changing conditions, and knowledge development continuously for the competitive advantage by considering the service cost, service quality, service innovation differently from the other entrepreneurs that would be the key success factors of hotel and lodging business operations as shown in Figure 2.

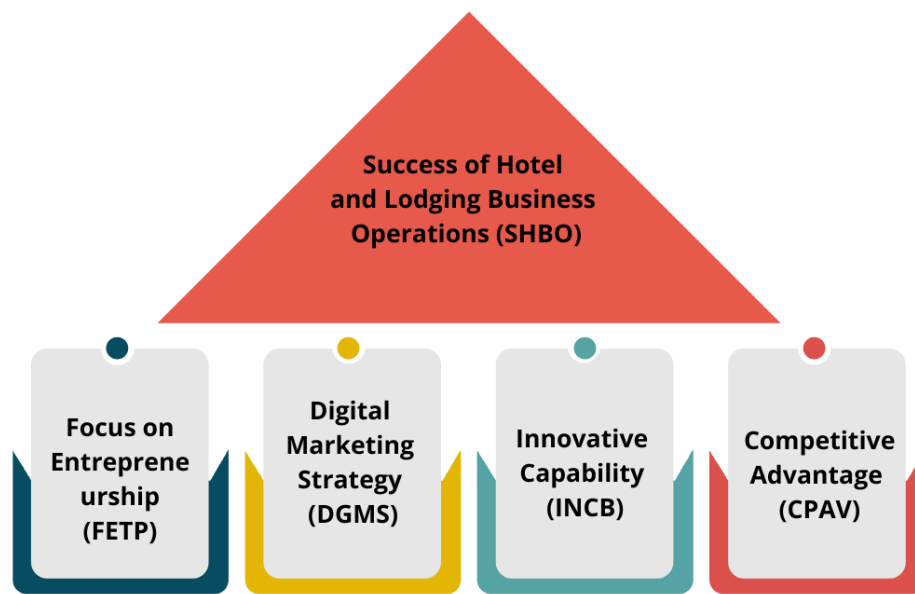


Figure 2 B-F DIC Model

## Discussion

The findings revealed that the level of entrepreneurship focus, digital marketing strategy, innovative capability, and competitive advantage was at a high level, and the success of hotel and lodging business operations was at the highest level. The entrepreneurship focus, digital marketing strategy, innovative capability, and competitive advantage affected the success of hotel and lodging business operations. It was consistent with the research of Wongrat (2021) which revealed that entrepreneurship focus had a direct and indirect effect on the performance; entrepreneurship focus had a direct effect on the innovative capability, and innovative capability had a direct effect on the performance. The development of innovative capability effectively and keeping up with the rapid change would drive the hotel and lodging business performance in prosperity, increase profit and sales volume, respond to consumer needs and satisfaction, reduce cost, and increase quality operation continuously that affected the global competitive advantage sustainably. It was consistent with the research of Sattayopath, Lertpachin & Thechatonmenasakool (2014), a study of the relationship between entrepreneurship, market focus, innovative capability, and business strategy affecting the competitive advantage of small and medium enterprises in the northern region of Thailand revealed that entrepreneurship had a positive direct effect to the market focus and innovative

capability. It was consistent with the research of Leekpai (2023), a study of innovative capability and its effect on organizational performance revealed that innovative capability had a positive direct effect on organizational performance. It was consistent with the research of Anoree (2021), a study of factors affecting competitive advantage, and success of entrepreneurs and small and medium enterprises in Ratchaburi Province revealed that most of the respondents focused on the competitive advantage at a high level when it was considered each aspect revealed that the respondents focused on quick response, creating a difference, cost leadership, and niche market focus. The current success of hotel and lodging business entrepreneurs would be considered various components comprising entrepreneurship focus, digital marketing strategy, innovative capability, and competitive advantage that keep up with trends, respond to consumer needs by using social media in various platforms to access the target consumes quickly and effectively, provide the impressive service for consumer loyalty and further success of hotel and lodging business operations.

### Suggestion

The findings could be applied for academic purposes and related sections in providing policy of hotel and lodging business management and adjustment responding to consumer needs, using social media for public relations to access the target consumers, creating a uniqueness that could not be intimated, and quality service to impress the consumers for further success of business management.

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