

The Study of Factor Related to Service Quality that Affect

Competitive Advantage of Health Spa Business in Bangkok

การศึกษาปัจจัยคุณภาพการให้บริการกับความสามารถทางการแข่งขันของธุรกิจสปาเพื่อสุขภาพในกรุงเทพมหานคร

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Abstract

This academic article aimed to study the concepts and theories related to services, service quality, and competitive advantage of health spa business. The results indicated that service industry management at present requires service quality showing real expertise in business, especially spa business that is facing intense competition in terms of customer responsiveness, customer confidence, attentiveness to customers, image and reliability of health spas, to ensure service business embraces competitive advantage in terms of return on assets, business growth and performance, measured from higher profits from business operations and customer satisfaction.

Keywords: Service Quality, Business Competitiveness, Health Spa Business.

บทคัดย่อ

บทความนี้เป็นบทความวิชาการที่มีการศึกษาเกี่ยวกับแนวความคิดและทฤษฎีการให้บริการและคุณภาพการให้บริการกับความสามารถทางการแข่งขันของธุรกิจสปาเพื่อสุขภาพ พบว่า การจัดการ

ธุรกิจสปาในปัจจุบันนี้ต้องอาศัยคุณภาพการให้บริการที่แสดงถึงความเชี่ยวชาญของธุรกิจอย่างแท้จริง โดยเฉพาะอย่างยิ่งธุรกิจสปาที่มีการแข่งขันที่รุนแรงทั้งในด้านการตอบสนองต่อลูกค้าที่มีความรวดเร็ว การสร้างความเชื่อมั่นให้กับลูกค้า การดูแลเอาใจใส่ต่อลูกค้า ภาพลักษณ์ และ ความน่าเชื่อถือของสปาเพื่อสุขภาพ เพื่อให้ธุรกิจการให้บริการนั้นจะมีความสามารถทางการแข่งขันในด้านอัตราผลตอบแทนต่อทรัพย์สินของธุรกิจ อัตราการเติบโตของผลประกอบการ วัตถุประสงค์ที่ธุรกิจมีกำไรที่เพิ่มขึ้นจากการประกอบธุรกิจและความพึงพอใจของลูกค้า

คำสำคัญ: คุณภาพการให้บริการ ความสามารถทางการแข่งขัน ธุรกิจสปาเพื่อสุขภาพ

Introduction

As work and life have been changed from the old days, the role and responsibility at work of people living in urban areas are greater. They work harder against time and to catch up with the hustle and bustle of life. Meanwhile, they have to confront pressure and pollution. These things are factors making people living and working in a capital have cumulative stress and contributing to long-term bad physical and mental health. People living in a city or capital need to find a way to relax the body and mind. In this regard, spa business is an alternative that provides physical, mental, and spiritual healing. Nowadays, spa business gains popularity across the world.

Health caring in the form of spa treatments was firstly introduced in Thailand by the year 1993. The Mandarin Oriental Hotel was recognized as the first hotel spa in Thailand. Within 1 year, there were resort spas in coastal provinces, i.e. Banyan Tree Spa of Banyan Tree Phuket Hotel and Chiva-som Health Resort Spa at Hua Hin, whose reputation is accepted at international level. Later, resorts and spas gained more popularity. Currently, day spas play a significant role in urban society. A lot of spa services available encourage persons who formerly did not pay attention to spa treatments are curious and would like to try receiving such services increasingly (Sakhonkaruhatdej and Chaimongkol, 2020). In the tourism sector, the spa business is very important. From having a total revenue of about 275 million US dollars. In addition, Thailand has the largest spa centers in Asia. Data from The Standard (2018) showed that the overall spa business worldwide has grown continuously by 6% per year. The value is at 1.69 Billion USD, about 5.4 Trillion Baht between 2015 and 2020, which is in line with the continuously expanding wellness tourism market. Which Thailand's spa business ranks fifth in Asia the investment value reaches 3.5

Billion Baht. At the same time, the spa business is still a business with high market potential. Because the Thai spa business has brought local wisdom to add value. It also creates business continuity, linking to local businesses that are the origin of raw materials. Both the herbs used as the main raw materials for the treatment or maintenance products massage during spa. From the unique smell and the properties to relieve various symptoms, which can meet the needs of foreign customers who have a passion for health in the unique way of Thai herbs (*Thai Spa Association, 2019*).

A health spa is viewed as a business that attracts investors. However, according to the information from Thai Spa Association, competition in spa business is intense every year, caused by a higher number of new operators and stealing market share from competitors using new strategies at all times. In addition, quality standards, including knowledge and understanding may be a final point making health spas newly opened have to be closed down due to a lack of expertise in business, without consideration on costs of investment, which spa business owners or operators need to possess (*Thai Spa Association, 2019*).

It has been found that service quality and safety of service users of some health spas do not meet quality standards. Ministry of Public Health, a relevant agency, issued a ministerial regulation to control the standards of places for health promotion (Health business establishment) separated from Entertainment Act B.E. 2509 (1966) of Ministry of Interior. The essential content of the Ministerial Regulation prescribed the places of health promotion must have the 5 following standards, namely, 1) premise, 2) operator or administrator, 3) service provider, 4) service provision and 5) safety. Inspection and certification are conducted year by year (*Wongwuttisak, 2007*). Besides, a study on service quality of service industry in terms of tangibility in service provision, service reliability, expertise for customer service, building customer confidence, and understanding the customers. These elements enable health spa business and other service business to achieve service efficiency, creating long-term competitive advantage. In Thailand the importance of service quality to improve competitive advantage is to meet international standard criteria. However, the study did not apparently describe a process that shall generate service quality.

According to the reasons mentioned earlier, it can be seen that it is not easy to make spa business maintain competitive advantage since there are various factors affecting business survival. Therefore, spa owners or operators should give importance to every factor, especially service quality that should be associated with the rules and regulations issued by the government sector, attracting people to use services and create customer satisfaction. In this regard, the researcher was interested in studying factors related to service quality of health spa business that affect competitive advantage of health spa business in Bangkok.

Importance and Types of Spa Business

The word spa is derived from the Latin word “Sanus per Aquam” meaning health through water or health caring by water treatment. Based on various relevant belief and concepts, it can be concluded that spa is a kind of therapy under supervision of a therapist, physician, or specialist, including being a place for relaxation to have holistic health and wellness. Commercial consideration brings about the word spa business for health. When the word “business” is combined with “health spa”, the business is characterized by health care and health promotion, such as meditation, yoga, steam for health benefits, exercise for health benefits, therapeutic nutrition diet therapy and diet control, the use of herbs or health products, and alternative medicines (SME Knowledge Center, 2020).

Spa business in Thailand is considerably important to propelling the country economic system. Consideration of the 2018 spa trend found it grew continuously, contributing to a higher competition of health and beauty industry. Information from Thai Spa Association found that in the previous year more than 30 million tourists visiting Thailand, making hotel and spa businesses gain more popularity among foreign. Overall, spa business expanded by 15% or worth more than 3.11 billion baht. Its growth played a vital role in driving Thailand tourism and economy. Consideration of the overall growth rate of service demands from domestic customers and a higher number of international tourists, demands for purchasing spa products increased, contributing to the export of spa products in 2017 worth 2,240 million baht, growing 12% from 2016 (SME Knowledge Center, 2020).

The information from a research study conducted by Unthong (2015) found the overall global health tourism was worth more than 1.7 trillion baht while Asia occupied the largest ratio, 26%. Thailand had 13% market share, ranked the second place of ASEAN

tourism market after Singapore having 26% market share due to a higher degree of technological specialization. Study results on experience of international tourists using spa services in Thailand indicated that tourists travelling to Thailand and used spa services came from Asia (East Asia and ASEAN countries), Oceania, Europe, and United States of America. This group of tourists gave importance to service quality and value they obtained from spa experience (Unthong, 2015).

In Thailand, there are generally various types of spa business, as defined by 3 organizations. Ministry of Public Health, according to the Amended Entertainment Place Act (No.4) B.E. 2546 (2003), specified 3 types of spa business as health spa, health massage, and spa treatments. National Skill Standard Subcommittee on health promoting places, Department of Skill Development classified 3 groups of spa according the applied knowledge as 1) western spa is a place where health promotion services are provided by the use of water under western spa standards, 2) Thai spa or Thai Spaya is a place where Thai holistic health services are provided. Emphasis is placed on herbal steam, Thai herbal compress massage, and traditional Thai massage, 3) Thai spa is a place where similar western spa services are provided while eastern and Thai local wisdom are applied together.

In addition to its economic importance, the health spa business also has an impact on Thai society, including relaxation and stress that working people currently facing. The research results of Harnett (2018) show that spa activities result in improved social quality in terms of reducing crimes and suicides. It is a result of people facing pressure being able to relax from spa activities themselves.

Evolution of Health Spa Business

The history of prevention and treatments of disease dated back to 2,400 B.C. According to ancient Indian culture, a system of body and mind therapy was created by washing away impurities in a sacred river, following the principles of sanitation. In ancient civilization, water was conceived as the great natural spiritual energy. Egyptians, Assyrians, and Muslims used mineral water to treat various diseases. The Japanese, Chinese, Greeks and Romans bathed in warm water to relieve tiredness and muscle tension, promoting wound healing and curing depression. Greeks were the first nationality giving importance to the belief and faith in the association between strong physical health and calm mind.

Therefore, places for body and mind therapy were constructed near a source of hot spring or mineral water. Around 500 B.C. bathing was developed as a therapeutic method for treatment of diseases, with reference to the construction of places or large bathhouses that were too complicated to be used as a place for washing the body only, called Roman bath in the Roman period. In 300 B.C., there were more than 900 baths expanded continuously in the Roman Empire. During the fall of the Roman Empire, Roman baths were less popular, affecting hygiene standards that seemed to be declined to a crisis. Roman baths were less interested in the Middle Ages due to the new belief in fire therapy.

During the 15th to 17th century, some European doctors supported the use of water for therapeutic benefits. One of them was John Wesley who published a book about hydrotherapy as he thought that it was a simple therapy following the principles of nature the most. By the 16th century, spas gained popularity again. They were able to attract a large number of people interested in treatment of diseases. This evolution was carried out uninterruptedly until the 18th century. However, there was difference when European people felt uncomfortable with the idea of bathing naked in front of persons of opposite sex while attending public baths. Consequently, the architectural and interior designs of spas had to meet and adapt to changing demands. There were separate sections for men and women. In the 19th century, spas were developed and constructed more meticulously while service providers had greater knowledge and expertise in correct therapeutic treatments and higher standards. Treatments without standards could not survive. Therapists considered various treatment methods ranging from bathing, soaking, and drinking clean natural water. These spas were highly successful and rapidly developed. Finally, different types of services were offered (Wongwuttisak, 2007).

Based on the provision of therapeutic services, the actual objective of health spas is providing holistic health services to the body, mind and spirit, the central ideal of good health and well-being. Today, it can be seen that the growth of health spas follows a health concern trend, making health spas widely known in terms of physical treatments and other relevant methods that include massage, hydrotherapy, aromatherapy, and beauty treatments (Wongwuttisak, 2007). The competition of health spas in Thailand is intense in line with the business expansion. In this regard, health spas need to adapt themselves to keep pace with the competition.

Concepts and Theories of Service Quality in Health Spa Business

Service Quality is important in terms of delivering quality services to service recipients or customers of the business. To make the service business successful in a highly competitive business environment on a macro scale, providing quality service may be a way to encourage customers to make a decision in choosing a service. This will result in employment and income generation in all sectors, whether it is agriculture that is the main driver of the economy of Thailand or industry including the development of the nation. Therefore, the service business must try to create the product of the service to be different and valuable than the competitors in the industry. It must offer the service value that the customer expects, which may be derived from the customer's experience.

Service quality is assessed by consumer perception of excellence or a higher level of services provided (Zeithaml, Parasuraman and Malhotra, 2000). Service quality is all experiences service receivers are able to assess. An indicator can be set to assess satisfaction levels among service receivers so that the best services or what services receivers are satisfied with the most can be offered. The most important thing is to understand what service receivers demand or expect from services (Exactly Wants), what service receivers like (Preferences), and what service receivers are happy to receive (delight). Feeling of admiration is the status in which expectation does not appear but it becomes the status that is beyond expectation (Parasuraman, Zeithaml and Berry, 1988).

Characteristics of Service Quality in Health Spa Business

The SERVQUAL model is widely used for measuring service quality in service industry. Service businesses need to understand service receivers' perception, including customer goals and expectations in services. The SERVQUAL is a technique used to measure and control service quality of health spa business as well (Thanaiudompat, 2023).

The SERVQUAL is widely used to assess the quality of provided services. According to the literature review, it was found that it has been applied to businesses by Thai scholars. A study conducted by Sakhonkaruhatdej and Chaimongkol (2020) brought the SERVQUAL model for analysis. Soisingh (2016) described further that service quality assessment is to measure customer satisfaction. However, it is difficult to directly measure customer satisfaction. Consequently, service quality assessment can help identify customer

satisfaction as close to the truth as one can get. Thus, it can be said that service quality assessment is a demand to learn about service provider performance. According to Soisingh (2016), each service receiver expects what to receive from service provided at a certain level. In fact, service providers may offer services different from what service receivers expect. The services may meet or exceed customer expectations, making customers assess that they receive quality services. In case they receive services below their expectation, customer assess that they receive low quality service.

In this research service quality can be described by the tangibility of services provided in the form of service reliability, customer responsiveness, customer confidence, and knowing and understanding customers.

Concepts about Competitive Advantage in the Context of Health Spa Business

Competitive advantages shall directly affect health spa business. It is generated from occupying and controlling existing resources. Competitive advantage of health spa business gives a direct effect on health spa business performance, generated from occupying and controlling valuable resources. Competitive advantage can be measured from the position of a business that is higher than that of competitors of the same industry. Competitive advantage of health spa business can be measured by service quality, price, and new service innovation. Success can be measured from costs, service skills, market share, turnover, customer satisfaction, etc.

The competitive advantage of health spa business is related to efficiency and effectiveness of the process by which services are provided and business operations that are better than competitors, contributing to business survival. A competitive advantage is the ability of a firm to produce goods or services of better value or better prices than its competitors. Competitive advantage is considered a resource competency that a business performs better than anyone else in the industry or market. Competitive advantage consists of various aspects, i.e. better management system, more advanced service technology, excellent services, lower costs, and the ability to create customer value (Thanaiudompat, 2023). Thus, competitive advantage is business capacity to differentiate services from competitors by making services to be more unique and value than services of competitors or the ability to produce services at a lower cost than its competitors, or both (Porter,

1985). A Thai scholar explained further that specific strategies shall serve specific markets. Competitive advantage consists of external factors, i.e. strategic positioning that creates competitive advantage from cost leadership or differentiates services from competitors, or internal factors that stress on resources and the ability of an organization in managing resources in the organization to be effective for business performance and customer responsiveness in a fast and high value manner, which can be described in Table 1.

Table 1 Criteria of competitive advantage.

Concept	Types of Competitive Advantage
Daniel, Valmir and Anete (2018)	Financial efficiency, expansion of the customer base, and the ability of management executives or operators.
Nurfadillah, Rachmina and Kusnadi (2018)	Profits earned from investments, marketing skills, quality of goods and services, profitability, and customer satisfaction.
Oliinyk (2018)	Entrepreneurial capacity and entrepreneurship, innovation in service industry, and customer satisfaction.
Kristina and Karnawti (2020)	Cost, quality, customer service response time, distribution reliability, flexibility, characteristics of products, a variety of innovative products, excellent services and customer satisfaction.

From Table 1, most scholars give importance to measuring competitive advantage from customer perceived value, i.e. cost, customer service response time, flexibility of strategies. Besides, competitive advantage can be measured from 3 aspects, i.e. 1) performance competition, 2) organizational resources and 3) the ability of management and management process. This is consistent with Thanaiudompat (2023) stating that competitive advantage can be measured from performance and process. Nurfadillah, Rachmina and Kusnadi (2018) described competitive advantage based on the context of business in Indonesia that covers customer perception and the ability of an organization, which includes profitability, service quality and customer satisfaction, consistent with a

study conducted by Man, Lau and Chan (2002). Therefore, competitive advantage is measured from organizational ability in terms of resources and the process inside an organization. Customer value measured is competitive advantage measured from business performance and business competitiveness. It is the ability of an organization to achieve its goals by creating value in response to customer demands through customer perception, measured from satisfaction of customers who receive services from health spas.

The relationship between service quality, customer responsiveness, customer confidence, attentiveness in customer service, image and reliability of health spas and competitive advantage

Service quality indicates business performance. Efficient service quality brings profitability, higher returns caused by customer satisfaction paid to quality services. A lot of research studies support this idea. Parasuraman, Zeithaml and Berry (1988) described the principles of service quality in the form of SERVQUAL model, a criterion used to measure the quality of services in which importance is majorly given to customer perception. SERVQUAL model is the way service business gives importance to customers in terms of customer service responsiveness, customer confidence, attentiveness to customer service, good image and reliability will attract customer impression to use services. Customer impression from services provided is competitive advantage of health spa business. Thanaiudompat (2023) proposed that business should give importance to service quality so that it will receive returns as expected in terms of profits, returns on investments and customer satisfaction.

Thanaiudompat (2023) stated that service quality is an important factor for service industry in Thailand. A study conducted in Thailand on service quality and business performance found that service quality had an effect on business performance with statistical significance. It goes to the same direction with a study conducted by Soisingh (2016) found satisfaction from service quality based on SERVQUAL model consisting of customer responsiveness, customer confidence, attentiveness to customers, image and reliability had effects on customer higher satisfaction towards services provided. A study conducted by Soisingh (2016) found service quality factors and marketing strategies play an important role in generating customer satisfaction towards services provided and

repurchase. Service quality factors had a direct effect on customer satisfaction, contributing to repurchase, word of mouth, and price tolerance.

Based on the literature review, it can be concluded that service quality, customer responsiveness, attentiveness to customers, image and reliability of health spas have effects on competitive advantage. If health spa business aims to increase competitive advantage, it must generate or improve service quality to meet efficiency for being able to handle completion in the market. The results of the study are also consistent with the study of Harnett (2018) which showed the change in competitive advantage in the spa service industry due to safety and reliability that will make using the service. There is long-term service differentiation which reflects the competitive advantage of the service business.

The Application of Concepts and Theories

According to the literature review to describe the relationship of service quality in health spa business in Thailand, it can be seen that service quality plays a crucial role in service business management. Different types of service business, such as hotel and accommodation business, tourism business, manufacturing industry have to rely on excellent services and services better than its rivals that are provided to customers. In this regard, the service quality concept is employed as a guideline for business operation in manufacturing industry and service industry so as to create competitive advantage better than its competitors.

For the further recommendation, service quality and competitiveness of service business still need to rely on the concept of service quality in all 5 aspects, both in terms of tangible service quality reliable responding to needs and paying close attention to customers and building trust with customers. It may be that the quality of all services can be applied to any business in the service industry or even in the manufacturing business. In terms of creating a focus on the basic quality that customers want. This will lead to a competitive advantage.

Conclusion

Managing a business in today's hospitality sector relies on providing quality services that demonstrate true business expertise. Especially in the spa business, there is intense

competition in terms of fast response to customers. building trust with customers customer care image and credibility of a health spa. That the service business will have the ability to compete. in terms of return on business assets earnings growth rate measured by the business's increased profitability and customer satisfaction. In which the drive in the service business sector has widely used the concept of quality of service and has been adapted to the context of other industry sectors to gain more competitive advantages as well.

SERVQUAL model that consisting of customer responsiveness, customer confidence, attentiveness to customers, image and reliability had effects on the differentiation of the spa business process that serve customers and the value of this differentiation was the feeling of obligation.

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