

## CHAPTER I

### INTRODUCTION

#### 1. Rationale of the Study

Tourism is a dynamic and major industry in many regions of the country and throughout the world. Tourism in many countries is based on the indigenous, distinctive, and unspoiled character of the natural, historical, or cultural environments. Today, the authoritative World Travel and Tourism Council (WTTC, 2003) has declared that tourism is the world's largest industry, surpassing autos, steel, electronics, and agriculture. It is the largest industry in terms of economic activity and as a generator of employment. Tourism is now one of the fastest growing sectors of the economy in many countries as it assumes a dominant role in the service sector (Page et al., 2001).

Basically, the tourism industry is the part of the service industry and is composed of several kinds of businesses that provide products and services for tourists. According to Weaver & Oppermann (2000), it was stated that "the tourism industry is the sum of the industrial and commercial activities that produce goods and services wholly or mainly for tourist consumption". The direct businesses involved in the tourism industry are hotels and accommodations, transportation, restaurants and cafes, and tour agencies and tour operators. The merchandise directly offered to tourism is the service. In addition, the indirect services in the tourism industry include agricultural, manufacturing and handicrafts. The tourism industry provides more work opportunities and professional choices since it needs people who have to perform the service tasks, which are specifically required in direct tourism businesses such as hotels, restaurants and tour companies.

In Thailand, tourism industry is developed and is a steady growth because travel demand is rapidly growing and the number of the world tourists' travel to Asia-Pacific region is increasing (Tourism Authority of Thailand, 2004. Online). It plays a significant role on the economy of a country. Especially, during 1996-2004, tourism industry

generated jobs and distributed income to the community. It also motivated investment and generated cash flow in the whole system. According to the statistics of Tourism Authority of Thailand, it is shown that approximately 73 million domestic tourists and 12 million international tourists travelled in Thailand in 2004. This occurrence generated the income to the tourism industry of a least 320,000 million baht of domestic tourists and 450,000 million baht of international tourists in 2004. It can be seen that the number of domestic tourists and international tourists steadily increased between 1996 and 2004, the statistics on various issues are presented in Table 1 and 2.

Table 1 'Domestic Tourism' Target of Tourism in Thailand 1996 – 2004

Year	Domestic						
	Tourist		Average	Average Expenditure		Revenue	
	Number	Change	Length of Stay	/person/day	Change	Million	Change
	(Million)	(%)	(Days)	(Baht)	(%)	(Baht)	(%)
1996	52.47	+0.04	2.00	1,314	+6.41	157,323	+6.20
1997	52.05	-0.78	2.31	1,466	+11.58	180,388	+14.66
1998	51.68	-0.72	2.37	1,513	+3.18	187,898	+4.16
1999	53.62	+3.02	2.43	1,523	+2.26	203,179	+7.16
2000	54.74	+2.08	2.48	1,718	+12.97	210,516	+3.61
2001	58.62	+7.09	2.51	1,703	-0.88	223,732	+6.28
2002	61.82	+5.45	2.55	1,690	-0.77	235,337	+5.19
2003	69.36	+12.20	2.61	1,895	+7.98	289,987	+23.22
2004	74.80	+7.84	2.60	1,852.33	+1.53	317,224	+9.39

Source: Tourism Authority of Thailand (2004).

Table 2 'International Tourism' Target of Tourism in Thailand 1996 – 2004

Year	International						
	Tourist		Average	Average Expenditure		Revenue	
	Number	Change	Length of Stay	/person/day	Change	Million	Change
	(Million)	(%)	(Days)	(Baht)	(%)	(Baht)	(%)
1996	7.19	+3.46	8.23	3,706	+0.34	219,364	+14.99
1997	7.22	+0.41	8.33	3,672	-0.92	220,754	+0.63
1998	7.76	+7.53	8.40	3,713	+1.12	242,177	+9.70
1999	8.58	+10.50	7.96	3,705	-0.23	253,018	+4.48
2000	9.51	+10.82	7.77	3,861	+4.23	285,272	+12.75
2001	10.06	+5.82	7.93	3,748	-2.93	299,047	+4.83
2002	10.80	+7.33	7.98	3,754	+0.16	323,484	+8.17
2003	10.00	-7.36	8.19	3,774	+0.55	309,269	-4.39
2004	11.65	+16.46	8.13	4,057	+7.51	384,360	+24.28

Source: Tourism Authority of Thailand (2004).

For this economic reason, the government concentrated on the importance of tourism so they included the tourism management plan in the 8<sup>th</sup> National Social and Economic Development Plan. The main purpose of this plan is to "develop the national economy to grow up steadily, systematically and freely and to fortify the opportunity in human development in order for the people to be able to participate in the developing process and receive the output from this process equally".

However, there are the crisis situations of tourism that occurred from tourism around the globe experienced detrimental impact from 2 major incidents; namely, the American–Iraqi conflict and the Severe Acute Respiratory Syndrome (SARS) epidemic in Asia. SARS had the most detrimental impact in Thai tourism history in early 2003. In addition, Avian Influenza or Bird Flu and the 2004 Tsunami also directly impacted tourism in Thailand. These crisis situations also affected the number of international and domestic tourists as can be seen in the Table 1 and 2. During 1996 – 2002, it showed

the number of international tourists increased every year from 7.19 to 7.22, 7.76, 8.58, 9.51, 10.06, and 10.80 million people respectively. However, the number of tourists decreased by 7.36% in 2003. In the same period, the statistic of domestic tourists is not consistent, but in 1999 – 2003 it grew up from 54.74 to 58.62, 61.82, and 69.36 million people. The revenues of Thailand also increase continuously due to the international and domestic tourists, except in 2003.

Although, many crisis situations occurred around the world and affected the numbers of tourists and tourism revenues in Thailand tourism still has a potential to generate a lot of income and jobs because it is the world's largest industry and comprises many direct businesses and other businesses related to the industry. The tourism industry also leads to the development of other businesses related to the industry in both urban and rural areas. Therefore, most countries have realized the importance of tourism and emphasized the development of tourism to be a major industry.

The accommodation business is one sector in the tourism industry which plays a significant role in the whole economic system of Thailand. Accommodation or lodging is, by far, the largest and most ubiquitous subsector within the tourism economy. According to statistics from the Tourism Authority of Thailand, the lengths of stay of international and domestic tourists are approximately 8 and 3 days per trip, respectively. It can be seen that most tourists from overseas are required to stay overnight within the destination. Tourists require a location where they can rest and revive during their travels, or stay within a tourism destination. Rooms, serviced or otherwise, provide a necessary facility that makes it possible, convenient, and comfortable to engage in the primary reason for travel. Therefore, accommodation is an important support facility for destinations and, with few exceptions, commercial accommodation facilities are found wherever tourists venture.

Homestay is one accommodation that is a term related to specific cultural associations. As a generic term it is used variously to refer to types of accommodation where visitors or guests pay directly or indirectly to stay in private homes. It embraces a

range of accommodation types including farmstay accommodation, host families, some small hotels, and bed and breakfasts.

However, the term 'Homestay' which is used widely in Thailand has quite a different meaning from that which is adapted by other countries. In other countries, this term means that tourists have to stay with the house owner and pay for the beds and meals. In this sense, it is quite similar to Bed & Breakfast (B&B) and family stay rather than what it means in Thailand. Homestay in Thailand refers to the situation when the tourist goes into the village and stays overnight there in a short period of time. Their stay may include a cultural exchange with the owner and some payment for their beds and meals.

The concept of homestay became popular in the Thai tourism industry five years ago. The Tourism Authority of Thailand instituted a policy in promoting this in every community, they also set the policy and methodology in managing the homestay. This brought about the standards of service and caused the least destination of the culture. In 1997-1998, the government announced this period as the "Amazing Thailand" year. The Ministry of the Interior has assigned each the duty to manage tourism in his/her sub-district.

At this present time, homestay seemed to be widely accepted and rapidly expanded to many areas and covered many parts of Thailand. There are many homestays that were certified by the Tourism Authority of Thailand as good examples of homestays such as Yao Noi Island Homestay in Pang-nga Province, Kiriwong Community in Nakhon Sri Thammarat Province, Plai Phong Phang Homestay in Samut Songkharm Province, and Mae Kampong Homestay in Chiang Mai Province. The total number of homestays in Thailand is 123 homestays (Office of Tourism Development, 2004. Online). These can be divided into 5 regions of Thailand that are 44 homestays in the north, 25 homestays in the north east, 18 homestays in the central, 25 homestays in the east, and 11 homestays in the south. The number of domestic tourists is 13,574 and generating revenue of 4.4 million baht and the number of international tourists is 8,681 generating

revenue of 570 thousand baht. The total tourism revenue of homestay tourists is 4.97 million baht (Office of Tourism Development, 2004. Online).

In this research, homestay in Chiang Mai Province will be studied because Chiang Mai is the principal northern city and is a well known homestay destination. It is characterized by densely forested mountainous regions, inhabited by Thailand's many colorful hill-tribe people. Also the people of this region are known to be gentle and hospitable making the suited for the hospitality industry. Therefore, the presence of hill-tribes and their wealth of unique cultures enhance Chiang Mai's distinctive diversity. Basically, the homestay tourists need to interact with the community and exchange different culture from the community. Hence, Chiang Mai has a potential to provide homestay accommodations and attract the tourists who would like to learn the cultural of the country they are visiting.

Today, Chiang Mai is the economic, communications, cultural and tourism centre of Northern Thailand complete with excellent infrastructure, good roads, by passes and road tunnels, and a reliable communications infrastructure. There are many sites and locations where tourists can visit to study the lifestyle of the tribal people who live on high hills. The old city of Chiang Mai with its fascinating indigenous cultural identity such as diverse dialects, cuisine, architecture, traditional values, festivals, handicrafts and classical dances is a prime location in its own right (Tourism Authority of Thailand, 2004. Online).

Nowadays, tourism in Chiang Mai has steady growth and generates a lot of revenue to this city from both of Thai and international tourists (Tourism Authority of Thailand, 2004. Online). The Table 3 shows the statistics of tourism in Chiang Mai, including the incomes generated by international and Thai tourists during 2003 and 2004.

Table 3 Domestic Tourism in Chiang Mai 2003-2004

Type of Data	2003	$\Delta$ (%)	2004	$\Delta$ (%)
<b>Tourist</b>	<b>3,146,194</b>	<b>- 1.61</b>	<b>3,623,395</b>	<b>+ 15.17</b>
Thai	1,714,843	+ 4.60	1,877,194	+ 9.47
Foreigners	1,431,351	- 8.15	1,746,201	+ 22.00
<b>Average Expenditure ( Baht/Person/Day )</b>				
<b>Tourist</b>	<b>2,943.30</b>	<b>+ 3.88</b>	<b>3,145.36</b>	<b>+ 6.87</b>
Thai	2,658.51	+ 7.07	2,750.27	+ 3.45
Foreigners	3,284.53	+ 2.58	3,570.09	+ 8.69

Source: Tourism Authority of Thailand (2004).

According to the statistics of the Tourism Authority of Thailand (TAT), the number of Thai tourists increased slightly from 1,714,843 to 1,877,194 during 2003 and 2004, representing an increasing of 9.47 percent and the average expenditure of nearly 2,700 and 2,800 baht per person per day in 2003 and 2004, respectively. In the same period, the average expenditures of foreigners spent about 3,300 and 3,600 baht per person per day. However, the average expenditure of both Thai and foreigners increased moderately during 2003 and 2004. It can be seen that the number of Thai tourists is higher than that of the foreigners. Therefore, this research will emphasize Thai tourists because they are the large group of tourism activity in Thailand. This is supported by the statistic of Office of Tourism Development, reported that the number of domestic and international tourists is 13,574 and 8,681, respectively.

There are 8 homestays in Chiang Mai (see appendix A). Ban Mae Kampong Homestay, Ban Pha Nokkok Homestay, and Ban Tamtabtao – Nongbear Homestay will be selected for this research as representatives because these homestays have the familiar quality standard of services as well as a greater amount of domestic tourists. In addition, Ban Mae Kampong Homestay is a standard quality homestay certified by the Tourism Authority of Thailand in 2004.

However, all homestays in Chiang Mai are situated in a mountainous area with lush jungle surroundings. Tourists can experience real Thai village culture as well as enjoy several activities. Most tourists visit homestays in Chiang Mai Province because they like to enjoy unique tradition and pure natural places. The Tourism Authority of Thailand and the local government of Chiang Mai have tried to promote these homestays as ecotourism villages. Nowadays, there are support services and facilities for tourism in terms of attractions, amenities, access, ancillary services, and infrastructure. Therefore, homestays in Chiang Mai Province have more potential to attract tourists to visit their destinations.

However, the numbers of domestic and international homestay tourists per year are 13,574 and 8,681, respectively. These numbers are very low when compared with the total number of tourist in Thailand. The lower number of homestay tourists is caused by inadequate promotions of homestays in Chiang Mai and other areas by the Thai government and the Tourism Authority of Thailand. Information and details of homestay in Thailand are insufficient for tourists interested in homestays. In addition, there isn't enough marketing research to analyze the needs of tourists and the tourists' satisfaction within the homestay sector. Therefore, the researcher will emphasize on the study of the domestic tourists' satisfaction towards homestay accommodations in order to obtain increasing tourists' satisfaction. The information obtained from this study is necessary for homestays in Chiang Mai and other areas for understanding tourists' satisfaction level and relevant factors toward accommodations as well.

## **2. Purpose of the Study**

2.1 To study the satisfaction levels of domestic tourists towards the homestay accommodations in Chiang Mai Province.

2.2 To study the factors related to domestic tourists' satisfaction towards the homestay accommodations in Chiang Mai Province.



2.3 To study the domestic tourists' satisfaction towards homestay in terms of tangibility, reliability, responsiveness, assurance, and empathy of accommodations.

### **3. Scope of the Study**

This research is the exploration of the domestic tourists' satisfaction towards the homestay accommodations in Chiang Mai Province. Ban Mae Kampong Homestay, Ban Pha Nokkok Homestay, and Ban Tamtabtao – Nongbear Homestay will be selected for this research as the representatives. The scope of this research can be divided into two elements as follows;

#### **1) Demographic Scope**

This research will focus on domestic tourists who stay overnight at Ban Mae Kampong Homestay, Ban Pha Nokkok Homestay, and Ban Tamtabtao – Nongbear Homestay in Chiang Mai Province.

#### **2) Geographic Scope**

The data of domestic tourists who stay overnight at Ban Mae Kampong Homestay, Ban Pha Nokkok Homestay, Ban Tap Tao Community, and will be collected.

#### **3) Temporal Scope**

The data will be collected for 120 days. It can be divided into two periods; low season from 1 August to 30 September 2005 and high season, from 1 October to 30 November 2005.

### **4. Significance of the Study**

4.1 This research will demonstrate the level and relevant factors of tourists' satisfaction towards the homestay accommodations in Chiang Mai Province in order to be a guideline for improving and developing service to gain more satisfaction of domestic tourists in the future.

4.2 This research will display the realization of problems' nature of services from homestays by tourists and opinions for improving any services.

4.3 This research will present the guideline and suggestion for the improvement of homestay for future tourists.

## 5. Research Questions

5.1 What is the satisfaction level of domestic tourists towards homestay accommodations in Chiang Mai Province?

5.2 What are the factors related to the satisfaction of the tourists towards homestay accommodations in Chiang Mai Province?

The assumed variables are personal characteristics such as

- Gender
- Age
- Education level
- Occupation
- Income

5.3 What are the guideline and suggestions for improving homestay accommodations?

## 6. Limitation of the Study

The limitation of this study is the numbers of homestay tourists which are quite low and not definite number when comparing with the mass tourists. Moreover, the information of this study was collected from domestic tourists only, therefore, the sample size for analyses is quite limited. In addition, there is the limitation of the period of time for data collecting. The data should be collected from the domestic tourists in both low and high seasons of tourism in order to provide knowledge for the effective monitoring of tourism in Thailand.

## 7. Definition of Terms

7.1 "Tourist" refers to temporary visitors staying as least twenty-four hours in location visited for a purpose classified as either holiday (recreation, leisure, sport and visit to family or relatives), business, and official mission, convention, or health reasons.

7.2 "Domestic tourist" in this research is defined as persons whose is itinerary confined to their usual country of residence. In this research it specifically refers to Thai people who live in Thailand staying overnight at Ban Mae Kampong Homestay, Ban Pha Nokkok Homestay, and Ban Tamtabtao – Nongbear Homestay

7.3 "Accommodations" mean the locations which accommodate rooms and boards, food and beverages and other facilities for tourists.

7.4 "Homestay accommodations" is defined as the situation when the tourist goes into a village and stays overnight for a short period. Their stay may include cultural exchanges with a proprietor and some payment for their beds and meals. Homestay is the similar to the word of "Village Based Overnight Stays" used in Thailand.

7.5 "Satisfaction" refers to the feelings that tourists have regarding homestay accommodation. Parasuraman, Zeithaml & Berry (1990) identified five principal dimensions that customers use to judge service quality, which are listed in order to declining relative importance to customers. The satisfaction is separated into five levels included of very good, good, average, poor, and very poor.

- Tangibles: the appearance of physical facilities, equipment, personnel, and communication materials.
- Reliability: the ability to perform the promised service both dependably and accurately.
- Responsiveness: the willingness to help customers and provide prompt service.
- Assurance: the knowledge and courtesy of employees as well as their ability to convey trust and confidence.
- Empathy: the provision of caring, individualized attention to customers.

7.6 "Personal factor" means demographic information about tourists, for examples: gender, age, educational level, occupation, income.

7.7 "Service's factor" means the information about the service from the homestay accommodations. These include of the facilities, food, and the activities.

- The facilities include bedrooms, bathrooms, shops, traditional Thai massage, and sauna facilities that are provided to the tourists.

- Food includes the variety of food provided for the tourists such as Thai food and Northern (local) food.

- The activities within the homestay accommodation include the giving of food to the monk, sightseeing, music performances, participating in traditional ceremonies called Baisi Sukuan, learning in local agriculture, trekking, and learning the way of life of hill-tribe people.

## **8. Research Hypothesis**

8.1 Domestic tourists of different genders will have different satisfaction level towards homestay accommodations in Chiang Mai Province.

8.2 Domestic tourists of different ages will have different satisfaction level towards homestay accommodations in Chiang Mai Province.

8.3 Domestic tourists of different education levels will have different satisfaction level towards homestay accommodations in Chiang Mai Province.

8.4 Domestic tourists of different occupations will have different satisfaction level towards homestay accommodations in Chiang Mai Province.

8.5 Domestic tourists of different incomes will have different satisfaction level towards homestay accommodations in Chiang Mai Province.

## 9. Conceptual Framework

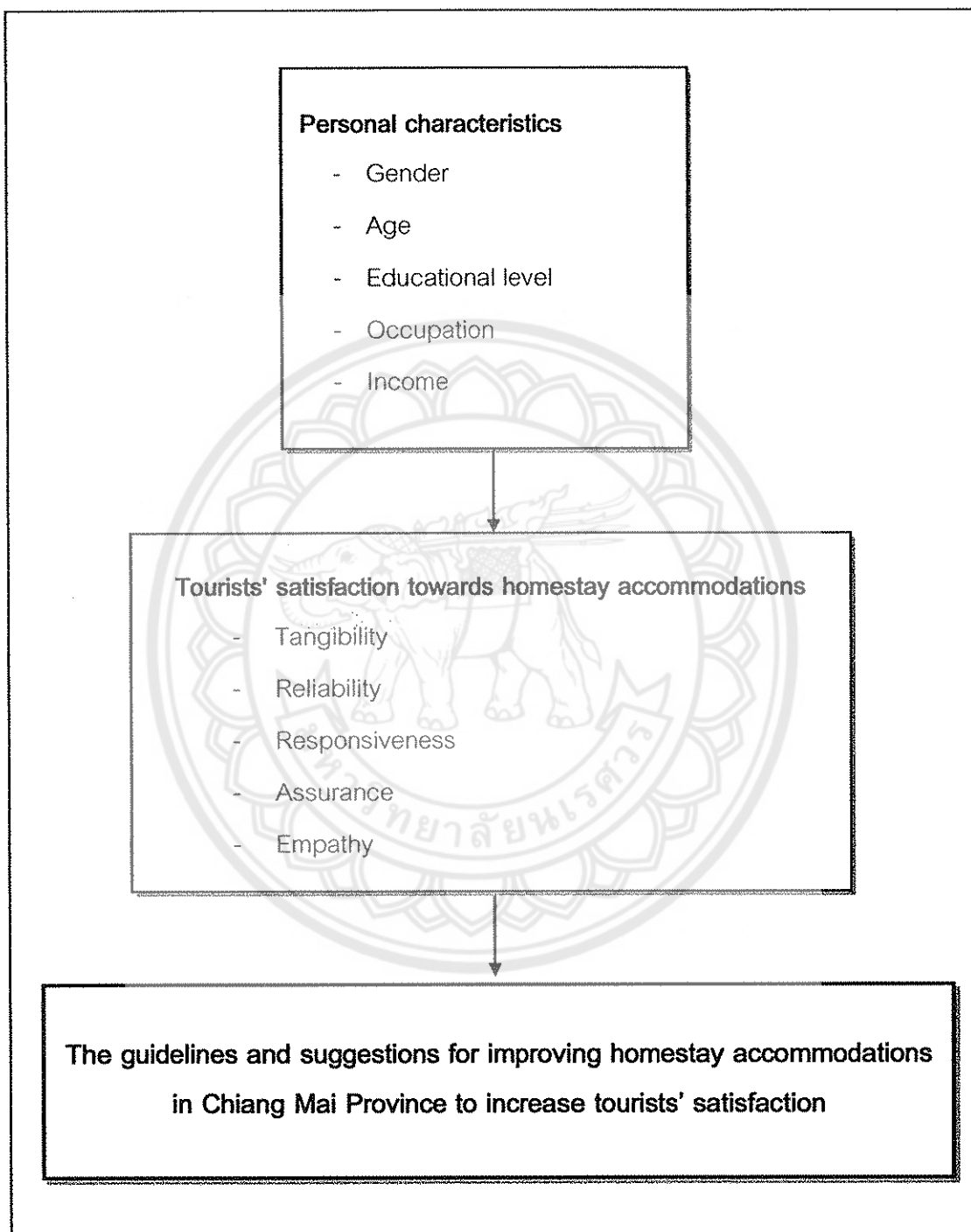


Figure 1 Conceptual Framework