

**THE FACTOR INFLUENCING SUCCESSFUL PARTNERSHIP IN  
HOTEL BUSINESS**



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Teerapat Threepopnartgul



## **THE FACTOR INFLUENCING SUCCESSFUL PARTNERSHIP IN HOTEL BUSINESS**

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### **ABSTRACT**

Due to the significant growth in hotel business, there is an intense on the competition in the market. It is considered that even though the major factors influence the business operation of the hotel is hotel facilities including service perform, there is another concern that could create the competitive advantage to the hotel which is hotel partnership including supply chain and strategic alliance. An exploration of the study use qualitative method to acquire comprehensive and detailed data from in-depth interview. Therefore, this study demonstrates a perspective of the factors influencing successful partnership in hotel business. The research describes the necessary of each factor in hotel business partnership in Thai market. The main objective of the research is to explore the relationship between partnership and business achievement of the hotel. The research is conducted based on the qualitative method in depth interview of the groups of hotel ranges and academic profession. The outcome of the research illustrates that there are different in perspective of each group interview. Besides, the information would be beneficial to hotel owner and those who involve in hotel industry in order to strengthen the business and create sustain their core-value.

**KEYWORDS:** Supplier relation, Outsourcing service, Value Co-Creation, Co-Branding, E-Business Integration, Hotel Partnership , Hotel Supply Chain

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## CHAPTER I

### INTRODUCTION

#### Background

Thailand is one of the most attractive countries in having an unforgettable experience among other country in the world. Most of tourisms consider Thailand to be one of the best countries for the food, place attraction, activities, culture etc. Among those reason, tourism selects Thailand for their vacation or business trip on purpose and seek to find a right accommodation to respond their needs. Nevertheless, Thai people also like travelling along within their country to the north, south, east and west of Thailand to find new experience for their life. The demand of people who loves travelling around the world increases in every year and expect to grow more and more in the future. (Asian Business Research) These have a side effect to hotel industry on expansion business strategy in order to have enough capacity to reserve the increasing of visiting rate or occupancy rate by developing their own capability. By seeing the opportunity, many investors invested and develop hotel in Thailand due to the cheap investment and high opportunity to grow. According to data from the wall of street journal, 21 million tourists visited Thailand on 2013 which it was 15% increased from 2011 and expected to reach at 25 million tourists on 2014 where it could generate income for the county more than 38 billion USD. (Shibani Mahtani)

Causing from the forecasting, many investors developed their hotel and installed new facility to attract both tourism and Thai people around the country. According to the global report, the number of supply in Thailand increased 3.1% from the year 2012 to 2013 and expected to grow more in the future. Thus, the number of hotel increased in every year to serve the risen of demand in Thailand. (Elly Earls , HNN correspondent) However, Thailand faced a political unrest on the last 2014 which effects to decline the sale and occupancy rate down up to 65% (Nak Turagit , ThailandChina)

The consequence of increasing in competition alerts every hotels owner to define the way to survive and sustain their hotel business. Nowadays in Hotel and Tourism industry, not only place and activities are being use to attract customer but promotion and pricing strategies become an important factors for them to sustain their sale revenue against their competitor and the risen of incoming hotel investor in Thailand. However, those strategies can help only in the short run of its business, some place and activities are not always open to serve customer for every season. This nature of the hotel and tourism industry leads to every business owner to find the way to survive in the market especially in a low or off season. During that period, every hotel business owner has to come up with an idea to compete against each other by cutting down their price but some cannot survive in the market because of none of them has a good business partnership helping them. The hotel business cannot run successfully well without a strong partnership which helps to persuade and attract guest to visit and stay in hotel.

As the trend of hotel industry, environment, technology, operation and security are the key roles area impact consumer 'preference. (Chandana Chandi). To handle all the key roles alone requires a huge investment and time to build up a network and manage in order to give a good customer experience and maintain customer retention rate. Thus, the optimal solution to answer and solve the problem is to use a strategic alliance or business partnership that can create more value beyond hotel 'facility which it can be co-branding or strategic alliance with suppliers which can be easily called as business partnership.

Building a partnership hotel business is critical to become a successful such as strategic innovations on both offline and online business, travel, restaurant, security. digital communications and entertainment or tour program including mobile phones, digital television, application on mobile phone can create powerful value added to change customer 'mind and value proposition of its hotel when they select the accommodation through of the performance attributes where it becomes a competitive advantage. (Steven R. Holmberg) . In this research will find out what are the keys' of partnership in hotel industry must have in priority for them.



### **Research Objective**

To study what are the key success factors when making partnership for hotel business in Thailand

### **Purpose**

- To find and select a right partnership method in order to obtain highest revenue and benefits in long run
- To understand what are the criteria that hotel business partner must have for customer journey
- To understand need of customer in extra services when selecting the hotel accommodation



## **CHAPTER II**

### **LITERATURE REVIEW**

Increasing in competition in a hotel industry has affected those entrepreneurs to develop their capability to sustain the business particularly on their internal resources and management. The combination of economic, technology, market force and globalization has effected in increasing the complexity in supply chain network. Hotel supply chain is vulnerable and sensitive for the change in hotel operational performance. In the past, firms were implementing supply chain management with the purpose of achieving operational efficiency and cost reduction. In today's business, however, firms are looking for leveraging competitive advantage to deliver better customer service. In fact, the integrated supply chain management fulfils the firm's requirement (Prasad and Selven 2010). Therefore, ensuring sustainable supply chain performs is crucial in hotel business nowadays. In order to gain competitiveness, collaboration in supply chain partnerships has become a great factor to make business successful in hotel industry. ." (Lee and Whang 2001)

The research found that relationship between partner and hotel owner affects the capability of its business hotel either determine the success or failure. (Rodri'guez-Di'az and Toma's F. 2006 ) Another specific research also showed that selecting the right partner are not enough but needed to find the right sector to select what to outsource and not to outsource. (Cetinkaya 2014 ) meanwhile, another research stated that innovation ( Jayawardena 2012 ), E business integration (Hau L. and Seungjin 2001 )and Co-branding are influenced in selecting the right partnership in hotel business. (Dickinson 2007 , Aaker and Keller 1990).

These research facts can be used to explain how it affects the business partnership in hotel industry and what criteria that makes it successful as below.

## 2.1 Supplier Relation

Supplier relation can be defined as skill to control and manage resource between the firms. The relation among hotel and partner created a result of relationship lasting between them and determine the drive to success in its business. (Rodríguez 2006 ) The hotel owner needs to be aware not only on how to select but to create and strengthen the relationship with their partner in order to gain trust and result in good performance in the long run. Trust and commitment are one of important factors in supplier relation in successful sub-contracting relationship (Van de Ven, 1992 , Gietzmann 1996 , Domberger 1998). A close relationship with a high level of trust and commitment is a must to develop a relational capability between hotel itself and partners. Resource and capability of partnership and hotel are also affected the relationship between them in order to find the fit area and match the performance output.

Without a strong relationship, the firm cannot increase their capability and utilize their competitiveness to reach their ultimate goal. The unique relationship between 2 firms will become a great importance in creating know-how between companies and difficult to imitate which therefore, the development of supplier relation can represent a competitive advantage. (Espino-Rodríguez 2006) The importance of supplier relation will be conducted in the interview data collected to define more explanation of its drive to become successful.

## 2.2 Outsourcing service

Outsourcing today is one of the common strategies in every aspect firm enabling company to increase performance and create value output with their resource and consolidate competitive advantage. (Espino-Rodríguez 2004 ) The hotel owner cannot handle everything by itself as it will become costly and face with a high complexity in control and manage. Outsourcing becomes a strategic function of great importance to the hotel sector. The decision of outsourcing and find partnership has traditionally focused on reduce the cost and stay competitiveness rather than on any

types of strategic motives. Many firm has risen this tactic of outsource to maintain their competitive level respectively. (Johnson 1997 , the Outsourcing Institute 1995).

Another research also stated on outsourcing strategy in hotel sector that it creates functions for 2 main results as brand name and expertise of its outsourcing company. The hotel owner relied on the capability of outsourcing firm to help them in a field of internal management and utilize the facility and resource in organization among hotel and suppliers. (Azurin 2013 ) The expertise in specific field in various suppliers helps hotel owner generate a better service output toward customer. Also, the brand of suppliers influenced in creating demand in selection hotel process which will be explained more in detail in this chapter. Selecting a well-known suppliers brand can dramatically boost up the sale of hotel company and increases hotel reputation toward customer 'mind.

By embarking outsource into it, hotel firms can bring a better service, greater product output, superior atmosphere and significantly manage a better job. (Hamzah 2010) Regarding to the hotel industry context (N-Robaina 2005), it stated that hotels uses outsourcing strategies to obtain a competitive environment and ready for globalization which includes in combination of hotel activities , culture , supply chain management and technologies. The hotel outsources supplier and create partnership not only to reduce the cost but to reduce the risk and to improve their service become more efficiency. The service that hotel might outsource are the ones related to laundry, security and surveillance, leisure activities, gardening services, training, information systems , cleaning (Rodriguez & N-Robaina, 2005) marketing activities , restaurant and tour service operator. With the cost saving and risk reduction, the hotel firm seeks to find the right partner in order to define the success in its hotel. ( Dorasamy, Marimuthu, and Kaliannan 2010) The importance of outsourcing service will be the crucial criteria when conducts in the interview session

### **2.3 Value co-creation**

Regarding to the conventional point of view in value chain, value is given hotel sector in such a way that company contributes and adds value from upstream

company then pass to downstream company. Every business hotel sector competes against each other by offering a value creation and value added to their service through their supply chain to customer. Inside of value chain, there are activities involved in networking between supplier and hotel owner focusing on giving a best service and valuable product to customer. (Hong Xing 2002) the value creation involved innovation and new idea to satisfy customer where it can be created in many area such as food inside the restaurant in the hotel , convenient information , attractive function where customer be ready to explore.

In food and beverage inside restaurant, innovation also have made their way into it especially in the luxury hotel where the hotel provide and significantly concern on quality of food and service the most. The innovation food can be the way of serving the food, design, time of serving and style of restaurant decoration. (Jayawardena 2013). With the value co-creation, the hotel can understand their supplier and create new idea to match along with the hotel theme easily and also help in understanding each other where it brings the hotel gain a competitiveness and successful. Another major innovation also takes place in the area of operational management system such as electronic check – in , light open concept in bedroom and bathroom with related to innovation technology. The combination of value co-creation among hotel and partner enhance the guest experience and provide a memorable service concept to the guest ‘mind. Along with the value creation between partner and hotel owner, the research showed that the partner often seeks suggestion to the hotel owner in giving an idea creation based on market research which helps the firm catch up the trend area. A strong cooperate between partner and hotel will helps the firm find the optimize solution and generate right idea which gives a valuable experience to hotel guest. (Christian 2011 )

## **2.4 Co-Branding**

At present, the globalization caused marketing executive and business owner faced with opportunities and threats when concerned with brand strategies. (Batra 2000. Ueltschy and Laroche 2004) The past research stated that co-branding can be a win-win strategy for one or both partners if it’s appropriated well-plan, manage and executed. The choice of brand name selections significantly becomes even more important and increased in complexity when the guest judged and

perceived the service offers (Ueltschy and Laroche 2004, Alba and Chattopadhyay 1985) with a partner brand for successful partnerships. The research of consumer behavior showed an evidence that (Heilman 2000) that guest with less service experience and low familiarity or knowledge to a market , service or product occasionally focus on the brand names only when selecting the firm with low associated risk in the beginning.

Moreover, if the guest has highly knowledge in specific area or familiar with service experience with one of the partner brands, there is a high possibility that they would also try the other partner brand (Alba and Chattopadhyay 1985). This can lead to the relevant in emerging new market where international guest are usually unfamiliar with domestic brand hotel. Regarding to the tourism industry in China , the guest rather choose the hotel brands that most familiar with the brand in their country based on brand equity , namely awareness and familiar association , value and especially in customer loyalty aspect where links to the brand. (Keller 2003). The co-branding can be referred not only hotel brand name but can be transferred into other internal services inside hotel facilities such co-branding in restaurant where it's give advantage to hotel to increase in building up a brand awareness and reputation to the guest experience. (Boone 1997) The difficulties of doing co-branding not only in selecting the partner and field area but also includes the lack of flexibility and management between partnership which leads to how it becomes successful and will be studied on this research paper.

## **2.5 E-business integration**

E-business is one of most powerful nowadays and compelling enabler of supply chain integration across a wide range of industries especially in hotel and tourism sector. The research from Hau L Lee stated that the company that complied on e-business and supply chain concept have been put in together are much more effective in term of information sharing, multi-party collaboration, operation in supply chain management especially directly effect to outsourcer and hotel partnerships for better performance. E business has given advancement, accelerated in supply chain



movement whereas the company that use e-business to redefine supply chain integration will significantly perceived and increased in efficiency and gain competitiveness over their competitors. (Lee and Whang 2011 ). E business strategies are adapted according to the change in business environment from time to time. The study of e-business has emerged as core strategies to provide an information technology. (Chulwon 2004) According to the research, E –business is likely to play an important role for supply chain management that can raise the company to develop more competitiveness and find opportunity to develop and expand their business. (Swaminathan 2003) The E –business consisted if three areas which are consumer oriented, business oriented activity support and e business technology infrastructure where it will be asked in the interview session to define the important part when make e business integration in hotel industry to become successful. (Geoffrion and Krishnan 2001)

### Conceptual model

As the factors analysis from the literature review, these 5 factors in conceptual model has influenced on the partnership business successful in hotel business.



## **CHAPTER III**

### **RESEARCH METHODOLOGY**

#### **Research Methodology**

Given the high proportion of quantitative studies in hospitality industry research across the world (Lucas and Deery 2004), a qualitative method is utilized in this research and in-depth interviews were chosen as the main vehicle for data collection. The characteristics of such qualitative research are exploratory and descriptive, creating a data set that is not possible to obtain through written questionnaires and surveys. The interview method was designed to be conducted on this research paper which is the effective and suitable tools to obtain intensive resource with a limited of time consuming. With the interviews, it allows people to convey their perspective and able to receive objective information from the interviewees. In addition, the question and conversation structure are defined and controlled by the researcher which can receive information efficient and accuracy.

According to the study of understanding in what are the criteria to have when select partnership to make hotel business successful, the interview method will be conducted to the owner or people who have experience in hotel industry will be selected for 5 candidates and will be deeply ask for a depth-interview.

#### **Interview samples**

In this chapter , the interview were conducted to interview 4 expertise in hotel business filed who have a good experience in hotel management and strategies to make hotel become successful.

Group 1 3 to 4 stars hotel

Mr Viranat Silananda Manager of Chao Praya Hotel & Resort

Mr.Apichone Chayopas Manager of Al's resort



### Group 2 Academic

Dr. Veerades Panvisavas , Program Director in Tourism & Hospitality Management at MUIC

### Group 3 1 to 2 stars hotel

Mr.Thanapat Wongsalangkul Assistance Manager of The Green Beach Resort

Mr.Bavorn Suwanrungrong CEO of Thrive the Hostel

## The Question of Interview

### General

What are the things that make hotel business become successful?

Which hotel segmentation is the most important to have partnership?

### Outsource service

Which area do you think the company should outsource and why?

How do you select and which criteria to look for when outsource partnership?

### Co-Branding

Does branding effect your decision on selecting partnership?

Which hotel sector or department do you aim for Co-branding and why?

What are the most important criteria that you want your partnership to have when applying co-branding?

### Supplier Relation

What are the main criteria to build up a strong relationship with partners?

Why strong relationship with business partner makes your hotel success?

How to build up and sustain the relationship with partner?

### **Value Co- Creation**

Having worked with your business partnership brings out any new solution and what are they?

Does your partnership effect and involve to your value position?

How do you co-operate with partnership to create new value and position to fit with your firm?

### **E- Business Integration**

How does e-business affect to hotel industry and your firm?

Do you consider e business integration with supplier are important and why?

Which area do you mainly focus on e business and how does your partnership help in using e business strategy?

### **Obstacles**

What are the main obstacles factors in selecting hotel partnership?

Which one is the most problematic one in selecting hotel partnership?

**Table 3.1 Summary question interview**

	<b>General</b>	<b>Outsource Service</b>	<b>Co-Branding</b>	<b>Supplier Relation</b>	<b>Value Co-Creation</b>	<b>E-Business Integration</b>	<b>Obstacles</b>
Q 1	What are the things that make hotel business become successful?	Which area do you think the company should outsource and why?	Does branding effect your decision on selecting partnership ?	What are the main criteria to build up a strong relationship with partners?	Having worked with your business partnersh ip brings out any new solution and what are they?	How does e-business affect to hotel industry and your firm?	What are the main obstacles factors in selecting hotel partnership ?
Q 2	Which hotel segmentatio n is the most important to have partnership?	How do you select and which criteria to look for when outsource partnership ?	Which hotel sector or departmen t do you aim for Co-branding and why?	Why strong relationsh ip with business partner makes your hotel success?	Does your partnersh ip effect and involve to your value position?	Do you consider e business integration with supplier are important and why?	Which one is the most problematic one in selecting hotel partnership ?

**Table 3.1 Summary question interview (cont.)**

Q 3			What are the most important criteria that you want your partnership to have when applying co-branding?	How to build up and sustain the relationship with partner?	How do you cooperate with partnership to create new value and position to fit with your firm?	Which area do you mainly focus on e business and how does your partnership help in using e business strategy?	
R e f .	Prasad and Selven 2010 , Lee and Whang 2001	Cetinkaya 2014, Espino-Rodri'guez 2004, Johnson 1997 , the Outsourcin g Institute 1995, N-Robaina 2005	Dickinson 2007 , Aaker and Keller 1990, Batra 2000. Ueltschy and Laroche 2004 , Heilman 2000,	Rodri'gu ez-Di'az and Toma's F. 2006 ,Van de Ven, 1992 , Gietzman n 1996 , Domberg er 1998	Jayaward ena 2012 , Hong Xing 2002, Christian 2011 , Heilman 2000, Ueltschy and Laroche 2004	Hau L. and Seungjin 2001 , Lee and Whang 2011 , Chulwon 2004 , Swaminatha n 2003 , Geoffrion and Krishnan 2001	

**Table 3.1 Summary question interview (cont.)**

			Laroche 2004, Alba and Chattopad hyay 1985				
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## **CHAPTER IV**

### **RESEARCH FINDINGS**

In this chapter, the research finding related to different factors that effects on how to select hotel partnership will be reviewed.

This research contains of five important factors which are; Supplier relation, Outsourcing service, Value co-creation, Co-branding and E business integration. In each factor contains difference question to explore information that impacts in selecting hotel partnership to become successful; Outsourcing service contains 2 questions which to explore in what area and criteria that most impact to hotel success , Co-Branding contains 3 questions to ask which emphasis on effectiveness of Co-branding and criteria in selecting partnership , Supplier relation contains 3 questions on how to make and sustain relationship between hotel and partners in order to become successful , Value co-creation contains 3 questions which explores on how does it effect to hotel ownership and how to cooperate in each other's and E- business integration contains 3 questions which explores on the effectiveness in using E-business and which area that hotel emphasis the most.

The interviews were conducted with 5 expertise in hotel industry which classified into 3 group; 1) 3-4 stars hotel 2) Academic 3) 1-2 stars hotel. All of them pass the screening factor, which specify that they must currently work in a hospitality field or have experience in hotel management. All of them have been involving and participated in selecting hotel partnership on their business. The interviewees are familiar in how to make business hotel partnership become successful.

The following data below are the information that has been collected from their interviewees' perspective.

## 4.1 Supplier Relation

The interview question covered in 3 topics including to seek on main criteria to build up a strong relationship with partners , the causes of strengthen relationship with business partner lead to hotel success and the key to sustain relationship with partner.

### Group 1

Mr. Viranat and Mr. Apichone who manage hotel 3stars hotel and beyond mentioned that” In hotel industry who are categories themselves beyond 3 stars hotel ,trust is the most important factor to create strong relationship between hotel owner and other partners.” The strong relationship with partner can help its hotel performance to drive out customer satisfaction since every sectors or department are related to service which is the core competency that every customer is looking for. Regarding to the position of hotel, the company expects the suppliers to have a readiness to supply good accuracy and servicing customer all the time with a good mind sets. The way to sustain and strengthen relationship is to create trust and keep contacting supplier to maintain our relationship and to take a good care for the key person who has authority which tries to make them become loyalty to us.

### Group2

Another point of view from professor, Dr. Veerades mentioned that “Relationship is important particularly in supply chain management which is one of the drives to make hotel become successful.” Without a good supplier relation, suppliers will not perform service well to the hotel toward the guest which effects to lower the hotel standardize and ruin the hotel reputation. A good relationship is not need to have in supplier chain but also must have in every area. In hotel industry, it mainly focuses on service performance and strong supplier relation will help the hotel to derive better service to the guest such as quality, time etc.

### Group3

Meanwhile, Mr. Thanapat and Mr. Bavorn who are the owner of hotel below 3 stars mentioned that “Supplier relation is important in making hotel business

successful where its need trust in both hotel and supplier chain.” However, both of the interviewee stated that the hotel owner does not have to find the way to build up relationship with supplier. The supplier will naturally try to find the way to keep contacting us as they think hotel business is their customer. Most of suppliers will try their best to keep the business go along with us. Price, quality is the most that hotel business is looking for.

## 4.2 Outsourcing Service

The interview question covered in 2 topics including on the cause of using outsourcing service and to see what criteria in selecting the outsourcing service company for their partnership.

### Group 1

Mr. Viranat who is general manager at Chao Praya Hotel and Resort and have worked experience in manage Holiday Inn hotel and MGM grand hotel in United states mentioned that “Regarding to Chao Praya hotel and other hotel in Bangkok who are considered themselves beyond 3 stars hotel do not outsource the service which most of them has its own capability to control and manage by them.” “If compare to international hotel or chain hotel where he has ever worked and has experience before , outsourcing is mainly use in service catering , shop rental , laundry , security system or any other labour intensive.” The criteria that they look for when outsourcing are position and value whether that outsourcing company are fit with hotel positioning or not. They need to give know-how and have good service mind-sets. Mr. Apichone , the owner of Al’s resort mentioned that “ His hotel is fully operated by itself and it does not do outsourcing service at all due to he wanted to control and manage everything by himself. “ The company has enough capability and fund to manage and worry to lose the core competency if the company outsources the wrong people who do not fit with hotel concept where it can destroy hotel reputation.



### Group 2

Dr. Veerades mentioned that “Hotel need to outsource in order to optimize the cost and performance. Outsourcing service can help hotel owner to leverage the cost and time which mainly focuses on human resource or labour. He also agreed with that outsource the company that has similar and same value to hotel owner would help the hotel owner create core competency and competitive advantage to itself.

### Group 3

Mr.Thanapat and Mr Bavorn who are the owner of hotel below 3 stars has emphasised that “Outsourcing service would help them to manage human resource, time and cost performance.” The criteria to select firm to outsource are price, service quality. As of hotel service who are in low segmentation, the hotel cannot derive the best service to customer due to cost will be high. The hotel can meet only standard service which the hotel try to meet customer satisfaction.

## 4.3 Value Co-Creation

To identify the value co-creation in hotel business between partner and the owner, the interview question covered in 3 topics including the partnership effective on hotel value position , the way to create new value and position to fit with firm and seek out on how to bring out new solution from value co-creation

### All Groups

Most of the interviewees stated that hotel in Thailand does not do value co-creation as other hotel chain or international hotel as other countries. The value and position of hotel in Thailand relies on hotel owner idea mainly which is hard to collaborate or influence by partners. This natural behaviour happens in every hotel segment whether it’s below 3 stars hotel to luxury hotel.

## Group 1 & Group 2

However, Mr. Viranat and Dr. Veerades among group 1 and group 2 have difference perspective as following below.

Mr. Viranat who has been working and studied abroad in United States emphasised that “Developing hotel business become successful, partnership is one of the factor to help firm strengthen the core value by collaborative each other in order to create new value output to the company “Environmental energy saving is one of the new value co-creation that he has been developed this strategy and try to implement with Thai hotel industry. The value is being shared among suppliers and hotel firms to bring out new value such as energy saving. The supplier will share the knowledge or know-how to the hotel owner on how to adapt the new value for their business. This strategy can become powerful tools for the hotel owner to generate new idea and strategy either to increase the hotel performance or cost reduction.

Dr. Veerades also agrees that value co-creation is one of the powerful tools to generate core competency of its hotel to differentiate from other hotel. Collaborative with partnership will help to understand the situation and market well enough in order to come up with the strategy to increase customer satisfaction and hotel core competency. With the new value proposition, it can effect hotel positioning and help to solve the current problem that hotel owner are facing. Although the value sometimes does not fit with the hotel organization, the hotel owner can compare and choose whether they want to change it as a new opportunity or not. At least, the hotel owner acknowledges the new value that can help the hotel increase their capability and service performance output.

## 4.4 Co-Branding

Co-branding is one of the key generic factor that many firm uses to expand the business. The questions were conducted to cover in 3 topics including branding effected decision on selecting hotel partnership, the important hotel sector or area for co-branding and criteria to look for on hotel partnership when applying Co-branding.

### All groups

The result of the interview come out that all of the interviewee disagree that Thai hotel industry used Co-branding for their hotel business whether they are in 5 stars hotel or none stars hotel. Regardless to capital of hotel owner and capability, most of Thai hotel owner believe to use their own potential brand instead of co-operate with others. All of the interviewee stated that the hotel owner rely on their own performance in every sector such as restaurant, hotel brand, sale and marketing etc. Most of the time , people use co-branding strategy when they lack of capital or strong brand name during the start-up business especially for small firm like 1-3 stars hotel.

### Group 1 & Group 2

However, Mr. Viranat who has experience in working with various international hotel chains suggested that co-branding is a good strategy in making business partnership in order to make hotel business become successful. According to his experience which he worked in Holiday inn hotel and MGM grand hotel, those hotels used co-branding to expand their business such as co-operate with well-known restaurant brand , famous shop rental available in hotel ground floor etc. Those well-known brand can impulse and attract people to visit or stay in hotel more and longer which can help the company increase in revenue shared. In addition, Dr. Veerades also agreed that co-branding can help the company to boost up the sale revenue and attract more people to visit hotel. Co-operate with a well-known brand will easily help to expand the business and learn know-how from partners which can benefit hotel owner in both short run and long run. Co-branding can be used effectively in hotel brand name, restaurant, shop rental, cafeteria etc.

### Group 3

Despite of those, Mr. Bavorn and Mr.Thanapat who own the hotel and resort which categorized in low hotel segmentation disagreed to do co-branding due to they want to build up and believe in their own brand. They mentioned that “The hotel prefers to use our own brand to expand the market and want to create and expand our own hotel reputation.”

## 4.5 E-Business Integration

E business is one of the most powerful tools and strategy that every business used nowadays. In hotel business, e commerce and e marketing creates a globalization among firm and customer. The questions for interview session were conducted to ask by 4 following questions cover in 3 topics including the e-business affect on hotel industry, the important of e-business integration with suppliers, the main area for applying e-business integration and the benefit and outcome in using e business integration.

### All groups

All of the interviewees agreed that E business integration is very important nowadays to use in developing new channel in order to interact with the client and contact with people in the organization which can help in generate more sale and reduce the cost and time. The E business integration that mostly use in hotel business are online booking, online travel agency, E commerce and Electronic system and devices such as PDA. All of the interviewee agree that online booking and online travel agency must being used in hotel industry. Customer mostly books hotel via online from their PC, tablet mobile phone etc. Without E business, the hotel will lose opportunity to sell up their room to customer.

### Group

1

Regarding to Mr. Viranat and Mr. Apichone who manage in hotel at 3 stars hotel mentioned that “ E commerce is one of the platforms to generate sale to the company” The service and product that appear online in the website are spa voucher, buffet coupon etc. Since E commerce is quite complicated and difficult to develop a customer database , the hotel require a good IT partner to help in develop and update website which requires time and know-how on this.

### Group 1 & Group 2

For Electronic system and devices such as PDA, The 3 interviewees ( Mr. Viranat , Mr. Apichone and Dr. Veerades) mentioned that “Electronic system and

devices can assist in human resource management to become more effective in cost and time.” This product is commonly used in medium to luxury hotel to help in manage time and service customer while they stay in the hotel.

### Group 3

Mr.Bavorn and Mr. Thanapat disagrees to do E-commerce since their hotel are below 3 starts hotel and do not have capability to do so. They mentioned that “ The hotel below 3 stars hotel mostly disagree to use this system due to high cost and their business size where it do not large enough and have lot of human resource to manage. However, the hotel business on this level is relied on E-Business with the travel agency to help in offering accommodation service to customer in order to create more awareness.



## **CHAPTER V**

### **DISCUSSION & CONCLUSION**

#### **5.1 Conclusion**

According to the interview session in qualitative method, the research conclude that the 3 factors has a positive influences in making partnership business hotel successful which are supplier relation , outsourcing service and E-business integration . For Value co-creation and Co-branding, these 2 factors have not been used to develop strategy for hotel industry in Thailand yet.

For group 1 who is classified into 3- 4 stars hotel and group 2 who is classified to Academic can conclude that trust is the most important thing to concern between hotel owner and supplier in supplier relation factor to strengthen the relationship with hotel partners. The hotel expected their supplier more than price and quality which is they want them to be on time delivery and have shorten payment term. For outsourcing service factor, the hotel do not outsource other company due to they are afraid outsourcing service can destroy their core service value. Most of the time, the outsourcing company cannot deliver value related to hotel positioning which reflect to a bad image and reduce customer retention rate.

On the other hands , group 3 who is considered as 1 – 2 stars hotel expected in supplier relation factor only price and quality mainly which does not have high bargaining power to negotiate. In outsourcing service , it impacts to low stars hotel such as 1 – 3 due to they need time , lack of human resource , know-how and capital to run every by themselves.

The research also concluded that E-business integration, it is a must and the most powerful tools that every hotel segment needs to adapt in their strategy as the world technology changing rapidly. Hotel owner requires developing their own capability and creating new channel platform to increase their sale revenue and customer database which is main key factors to make business become successful.

However, Value co-creation and Co-branding are not being well used and co-operated in business hotel partnership in Thailand. All of the interviewee stated that most of the hotel value and position are relied and based on hotel owner which strongly believes in their own potential and performance. In addition, our interviewee ( Mr.Virant) also suggested that Thai hotel industry should develop and use this strategy to make business become more success and create new core value.

**Table 5.1 Summary the difference between literature review and result**

Factors	Literature Findings	Interview Result Group1 ( 3-4 stars )	Interview Result Group3 ( 1-2 stars )	References
Supplier Relation	Trust creates core-competitive advantages	Focus on only price and quality	Trust is the most important	Espino-Rodri'guez 2006
Outsourcing Service	Outsourcing brings a better service and superior atmosphere not only optimize the cost	Focus on optimize resource only rather than seeking for other strategies motives such as differentiation	None of Outsourcing Service is being used due to high believe on their own capability	Hamzah 2010 , Rodriguez & N-Robaina, 2005
Value Co-Creation	Value Co-Creation can optimize solution and bring valuable experience to the guest.	None of Value Co-Creation is being used due to high believe on their own capability	None of Value Co-Creation is being used due to high believe on their own capability	Christian 2011
Co-Branding	Co-Branding helps to	None of Value Co-Creation is being	None of Co-Branding is being	Boone 1997



**Table 5.1 Summary the difference between literature review and result (cont.)**

	increase hotel reputation and awareness	used due to high believe on their own capability	used due to high believe on their own capability	
E-Business Integration	E - Business Integration is important in creating hotel core competency and efficiency in operational management	E - Business Integration is being used to create awareness and channel to increase the sale.	E commerce is one of the platforms to generate sale to the company and also electronic system and devices can assist in human resource to become more effective in cost and time management	

The research showed that the partnership in each differences segment has it owns choices to select the factor that leads to hotel business success in Thailand. According to literature review in chapter 2, the research stated that other hotel business used those factors to gain competitive advantage and differentiate from competitors. Regardless with the service performance and capability, the hotel requires combination of those elements to sustain and bring out the new value and experience toward hotel guest which significantly differs from our research in Thailand



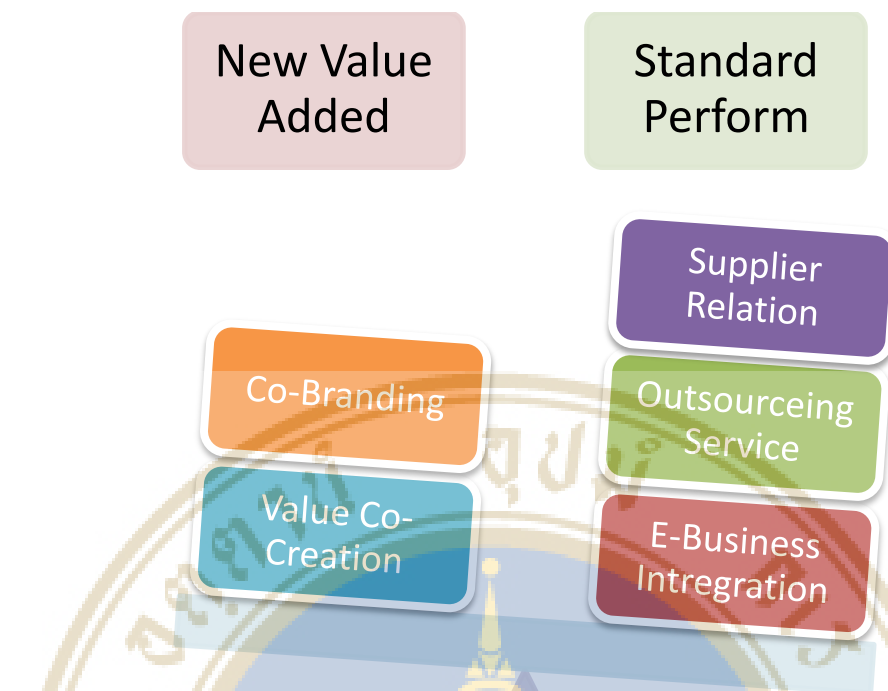
## 5.2 Recommendation

After collect data from the interview session, we can imply that those 3 factors are the drive to make hotel business successful but 2 factors has not been used to adapt in Thai hotel industry.

**Table 5.2 Hotel Segmentation**

<b>Segmentation</b>	<b>Drive Successful Factors</b>	<b>Supplement Factors</b>
1 – 2 stars hotel	Outsourcing Service	Supplier Relation
3 – 4 stars hotel	Supplier Relation , E-Business Integration ,	Value Co-Creation , Co-Branding

According to our literature review, the research stated that co-branding and value co-creation both are the useful tools to drive business hotel partnership become successful. Thai entrepreneur are heavily rely on their brand instead of seeking out and apply the benefit of co-branding and value co-creation on their business. The hotel owner need to explore and utilize their local asset which they need to leverage their mind-set to collaborative more with partner helping each other to create new value and experience toward customer.



The example of value co-creation between suppliers is: Co-operate with supplier to provide a truly unique scent of soap and shampoo smell that fit with hotel position and value. The hotel can start to create a new co- branding and start selling commercial at their hotel shop or front desk which can create another new channel of revenue stream. Another example is environment cost saving. As Mr.Viranat suggestion, the hotel can learn and develop the new saving light tube on their facility to increase the cost performance base.

For Co-branding, the hotel can join venture with a good restaurant brand which can attract customer to come and share profit revenue. Another good advantage of co-branding is to use for expansion strategy. The hotel can co-operate with other hotel chain if the hotel owner are lack of capability to control and manage cash flow, the hotel owner would have options either to franchise their hotel or co-operate each other to come up with a new brand which can reduce the risk assessment and time consuming.

Hence , This research suggest that the combination of those 5 factors ; supplier relation , outsourcing service , value co-creation , co-branding and E-business

integration with partnership would make hotel business run successfully in Thailand.

### **5.3 Limitation**

There are 2 mains limitations on this research paper. Time of investigation for more relevance framework on this research paper may not cover enough insight fully. The sample of data collection method is limited due to the shorten time which the research may find more deep details from the interviewer and customer point of view. The data collection method can be two-way interview method or include a quantitative method to collect more data from customer point of view.

### **5.4 Future Research**

The further research of hotel business partnership successful may seek for the specific criteria in deeper area of each factor on what and how it effects to partner and hotel owner. Understanding and knowing the right method of each factor (Supplier Relation, Outsourcing Service, Value Co-Creation, Co-Branding and E-Business Integration) would help the hotel business owner select the right strategy when they want to make a business partnership in hotel industry.

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