

**POSSIBILITY OF HOTEL BUSINESS OWNERS TO ADOPT
LATEX MATTRESS RENTAL BUSINESS MODEL**



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LATEX MATTRESS RENTAL BUSINESS MODEL**

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POSSIBILITY OF HOTEL BUSINESS OWNERS TO ADOPT LATEX MATTRESS RENTAL BUSINESS MODEL

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ABSTRACT

The objectives of this study is to measure the possibility of hotel business owner to adopt latex mattress new rental model. By providing 3 choices of rental method for business customers to make decision. I have collected data from 2 sources of data which are qualitative method in-depth interviews in the business owners' point of view and quantitative questionnaires on the hotel visitors' side. The questions in questionnaires is derived from the key topic from the hotel business owner interviews. There are twenty questions in questionnaires set were asked the hotel visitors and two business owners were interviewed as a representative of hotel and resort owner in Bangkok city and Ratchburi province. Interview framework was used to be a guideline to guide the interview to arrange the questions in the right sequence to identify what are their key insights. This study has addressed many reasons support why this business model has high opportunity to be adopted by the economic, business cycle, and similarity of hotel business and latex mattress rental business model.

KEY WORDS: Business Model/ Rental Business/ Latex Mattress/ Possibility to Adopt Business Model/ Business Partnership

30 pages

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CHAPTER I

INTRODUCTION

In human life working is somewhat a task of life to make it done to get what they want for their life such as money, honor, respect, acceptance and their self-preference in their daily life when the wake up but about the half of day in life we are all need to sleep for living. It cannot deny that equipment for sleep such bedding products is important. Currently in Thai market have several kind of materials made mattress for example sponge, cotton, spring, foam, coconut fiber, or even latex which is so popular in high end market. When focusing on the latex that use to make mattress, there are many procedures to transform latex fluid to be a mattress. It needs know how which is in specific of chemical and science to operate this job by putting chemical agents to vulcanize the latex fluid until blend and inject into the mold by applied different techniques in different stage of procedures.

The reason behind that I have mentioned earlier make latex mattress too costly even customers can pay in a installments supported from credit card service providers but there is not enough to drive people who have lower income from high end segment to buy. Here is problem for me as a manufacture to have limit demand only in high-end market who can afford this material mattress made and result to limited number of mattress sold to market. Mattresses can only have sold the whole part in a time they are not separable. Nevertheless, there is pay per use system out there in market that I have been seeing in market and seems to be work in many industries and I hope this system can help me break the wall of traditional form of selling mattresses but earn in another way. Introducing this to market is interesting idea for me with win-win benefit for both sellers and buyer also give opportunity for users in market to experiences quality mattress. Applying pay per use system may also widen the area of potential customers who can pay a partial cost from the full cost to use mattress for specific time seems to be sellers' opportunity to gain.

CHAPTER II

LITERATURE REVIEW

When we talking about mattresses it seems to be very close to our daily life that we have been using since we have born but it always off concentrated from our mind. I have researched from all secondary sources that have some traces that I would suggest you to go through all of these information to see the situation in the past that had happen as a whole picture with pay per use method knowledge. The changing trend from the past until now has created opportunity to my business. There are many issues that I need you to discover these below information.

2.1 Shorter Replacement of Durable Goods Expectation of Gen Y Customers That Indicate Opportunity to This Business Model

Back to year, 2007 there had the questionnaires conducted to research about replacement time of mattress in the USA market and them founded out 10.9 years is an average time that customers expected. Nevertheless, nowadays the research has conducted again around end of year 2016 they found out the average time is reduced to be nine years and four months until replacement. In manufacturers view it is somewhat good news for them because the demand in market raises higher due to the shorter expectation range of time so they have to produce more and sell more to serve the demand in market which include demand of new customers and increasing demand form the more frequency of existing users. Mattress life expectation can be divided in to groups by sex, age, income, occupation, and environments but the criteria that shed the lights on why customers have shorter average time is age. The research turnout that customer in age of 18 to 35 years old tend to have shorter bed replacement time than older while if we focus on only group of 18 to 35 age customers the average has dropped a lot to six years and six moths. So there has a research again about what reasons behind and the information was about the environment surrounding they have faced is different from the older people in age of 56+.

Another reason is they have experienced to change new Smartphone every few years to adopt new technologies as well. On the hands, people in opposite side thought that the quality of products introduced in market are design for shorter usage of time.

2.2 Pay Per View Revolution (Emerging Business Model)

Oh (2004) There was a case settle in year2004 Internet service provider in Korea first introduced the pay per use system in market which I see the intercept issues that can be implemented in bedding market as pay per use consumption. After the internet access in Korea had reached saturation point with almost 80 percent of household in Korea in late 2003, pay per use system was introduced and customers had response the feedback in many ways both oppositions and supports. As a result, implementing pay per use system the price paid by users had led to change and affect quite a lot also, they themselves have to prepare for suitable service architecture and business model. (Lee, 2004) Electronic time and M-brain conducted research among 2,000 Internet users both male and female to ask them whether to adopt the pay per use system or not. The result came out about 69 percent response against it however when partial applying with flat rate the result became better rate at 36.1 positive. Users aged 30-40 support the system while 10-20 years old users express the opposite way moreover when focusing on usage time office workers who spend time online not more than 2 hours per day supported while students who spend time online more than 4 hours per day denied this system.

So that you can see the gap, why users think and feel differently when they fell in different conditions. While study also found the insights of those users those users, who supports this system had three main reasons behind which are no over payment when they use for only short time, service was improve due to lower traffic and in long term, addicted users can be decreased by limitation of use. In the other hand, for those who opposed the system give the reasons that they feel more pressure with increasing internet fees and in the final internet, service providers will get the most benefit by gaining more profit from the system. This article also showed concerns about improving others primary activities systems objective to make them go along well with Pay per use system well. For example, billing system, service maintenance, identification security, and investment to prevent overloading.

2.3 Pay Per Use System That Can Apply to My Latex Rental Business

When we talking about business nowadays the competition is intense in the market. Enterprises need to capture variety of demand as much as possible in the market to gain income for operation and growing up. People are all thinking of the value investing when they need to pay to the cost. Therefore, the new selling system driven up in form of “pay per use” and what consumers expected from this are flexibility, choice of services; rate paid difference, per use model, and other requirements. There are some models that we have seen nowadays in field of Technology business company need to optimize their ability for customers to give them a flexibility form of service and easy accessible. Media with this model, consumer behavior have change from owing media to have right to access those media with the specific range of time. Enterprises need to acknowledge all possibility that will happen both negative and positive effects that will influence to the existing system and the whole business model. They first need to understand the current business model and go throughout their products in hand and how they realize revenue. Consumers are demanding to consume products and services in flexible, partial, and scalable form and they are no longer need to pay large amount of payment, which is risky to be in debt, or low liquidity. They just pay for specific amount to specific need and that is why enterprises need new business model to cope with this new demand. By shifting to new business model enterprises may have to changed capabilities or operating model to what new business model they look like to suit the position where they can serve the best to this kind of demand in market. Looking over to future where this new business destination is necessary to visualize them clearly, so it is not just asking whether when to change the model or when to start unbundling.

Changing role of business stakeholders is may be a key set of consideration for enterprise when they shift to the new model. Many companies have the traditional selling system to sell products via their partners but now they have to sell by their own so there will surely cause conflict to business partners that they will cut out from the chain. That is why enterprise have to know what roles they want their partners to play in the future and how to keep partners engaging to the chain and to internal Salesforce. To explain the way to sell that have changed and enterprise design a portion of incentive that will suit to pay per use system. Company introduce them the new compensation and

incentives structure for clear understand and avoiding internal conflict that might happen in the future.



CHAPTER III

RESEARCH METHODOLOGY

Major part in this study I have used “qualitative method” to conduct research in form of interview to study the Hotel business case in depth by using “laddering” techniques to identify real insights of interviewees who are hotel owner toward many perspective of business and how business goes. This will dig deeper in business themselves which are different from each other in the way their business is. They are many factors that make their business different for instance, target customers, position in market, where they located, type of business, decoration style, and how wide range of service they provide.

This qualitative research will help me understand well about market condition and their limitations in hotel market. The proportion of budget they spent on is mandatory to my developing business model because it defines how large space that my rental business model can fill in there and how big potential they will adopt the rental business model. Two entrepreneurs were interviewing by the set of question that derived from the important factors need for hotel business model. This information I have studied from many frameworks how to conduct rental business model. Although there are no exactly framework that I can fully apply to my business model but I have core knowledge of how to do as a guideline for creating my rental business model to strengthen the weak point of business.

Here is my framework that has designed and built to develop the business model that will used to be test in market in the next step. Identified factors that should be concerned gathering from sources online

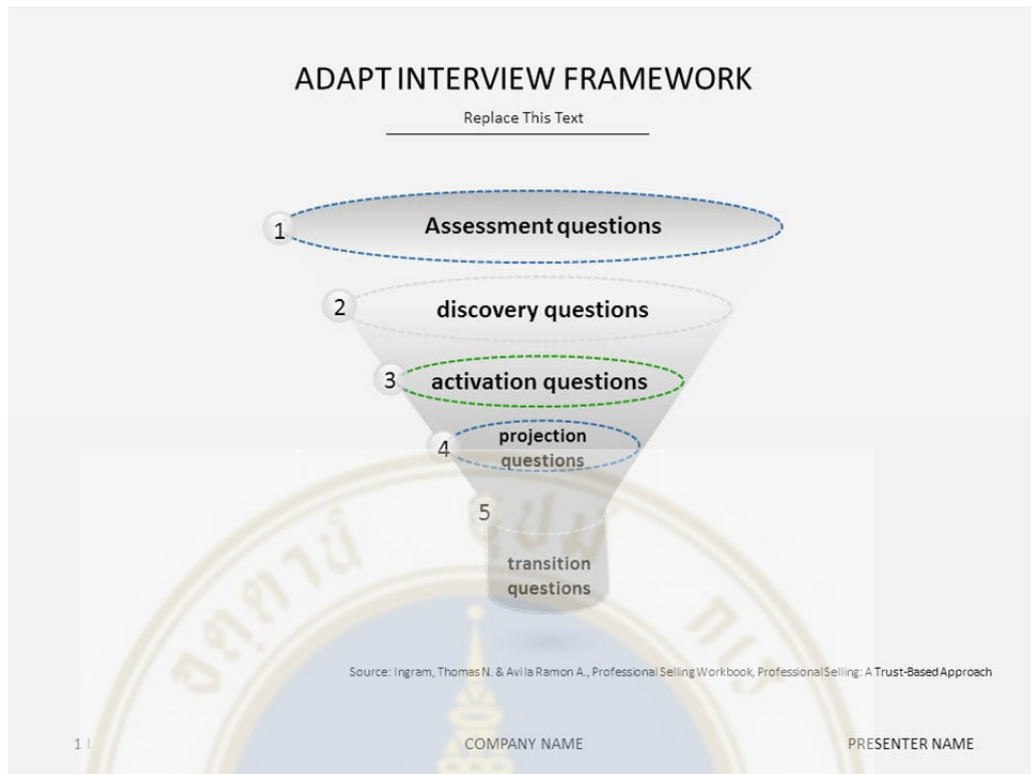


Figure 2.1 Adapt interview framework

Interview is beginning with “what type of their business?” and “where they are located?” follow by “what factors they give important to when operate this kind of business?” Then scope down to specific questions about mattress in details that what materials they are sourcing to serve customers and what budget they plan to allocate. As bellow shows the sequence of questions to scope down to the main topic “rental model”

3.1 What Criteria People Use to Selecting Hotel

One of the most popular recreation in the world after very tired routine working life is taking vacation but when we talking about hotel a question pop up in mind where it should be the hotel for staying during vacation this time. When they think about where to stay so the common criteria to select the hotel are what budget do you have? The very first idea comes up with in what price range is acceptable for them

to stay per night so this will filter choices in their mind where to select. Once they have set of hotels that fall in their specific price range then they will consider about other factors such as hotel Ambience & Environment where the most suitable hotel that have environment surrounding match with their want to feel most compatible with them to be relax in that vacation trips. When talking about vacation, things that make them feel relax during stay must be room facilities they directly experience the most to take a sleep overnight or take a nap or maybe doing in-room activities such as watching movies, having wonderful moment with partner or with their children and family. Therefore, these factors are all important to consider when selecting hotel for vacation. These above factors will apply to be a guideline to make set of questions as below.

3.2 Interview Questions

1. What kind of your business?
2. What you focus on functional or decorative when selecting furniture?
3. What come first to your mind when decorating a room?

Beginning questions are about to identify what factors they give important and concentrate in scope of their product before they delivery to customers in overview

4. What group of customers you focus?
5. What is room rate you offer?
6. How you allocate the budget into decorating room?

Following part are set of questions that measure the buying power of their target customers and what position they would like their business to sit in. How they allocate budget in order to create a complete room that ready for service.

7. Do you separate buying bed and mattress?
8. Do you think materials of mattress are important for yourself?
9. Do you give important of selecting mattress to assign in rooms?
10. What factors do you concentrate on when selecting mattress?
11. Do you think mattress play the important role to satisfy customer?

This third part measures what attitudes they have towards mattress and how possibly they will interest my rental business model.

12. Do you acknowledge something about latex products?

13. What are good things and bad things in your opinion?

Testing their opinion toward latex mattress that they have positive or negative

14. If I recommend you the new business model, which is renting the latex mattress. Do you interest?

15. If I recommend you leasing business model do you prefer this than rent?

Why?

16. What rental cost per month/year that is acceptable in your mind?

17. Let's say if I rent the single size latex mattress for 350 THB per month, do you interested?

18. What range of time for leasing contract is appropriate?

After asking questions from the beginning have tested overall details that I need to know then I started introducing the rental business model by these questions

19. Do you think using latex mattress will benefit your business in some way?

20. How about higher price charging?

Ask them whether they have any expectations from adopting this business model or any price benefits, they will get

CHAPTER IV

DATA ANALYSIS

The findings from my in depth interview method give output that I can find significant information to unlock what I have set hypotheses towards situation and all market components in hotel business and what owner have attitudes toward this business model. Below captured scripts are taken from the full interview script that have significant details indicate the limitation and opportunity for my business model to fit in.



Figure 4.1 Is material of mattress important when considering to stay

“They stay outside for 80% of time but when they come back to home the 90% of time in room they spend on bed so I think I miss the point it is important”

“We use ourselves to be standard represent the customers feeling and thinking”

This implies owners realize importance of mattress that play the important role in hotel business. Travelers have their intentions to travel in many ways they can be vacation, business purpose, meet their beloved person, or maybe just for leave out from

busy day. Customers tend to spend major time on their purposes but once they stay inside the hotel the most comfortable place to live and rest is only on bed. Hotel owners who have experiences in this way they know well how mattress important for their customers and to their business and it can tell that mattress is king of a room for hotel. As I have expected they operate the business with care and they concentrate well on how to satisfy customers in room. I can say a mattress is hotel visitors' best friend that they spend time on mattress the most of time and wake up in the morning with first physical perception on bed when they open their eyes. It cannot deny that mattress is one of importance factors for visitors to have positive thinking and feeling when they stay so business owner put their feelings to source mattresses to their hotel room.

“Latex mattress is more durable and no harmful” & “It is expensive”

One of business owner said she perceived that latex mattress is durable and no harmful and she mention in the business view that it suits for long term using and surely no harmful thing to customers staying. While another hotel owner claimed that, it is expensive stuff and kind of unaffordable in business view. Right here from the interview I see opportunities that fit with this rental business model there are good benefits perceived that will benefit in long term which this kind of business is also operate in long term to get margin because it needs high value of investment so that equilibrium point also high accordingly. To escalate a standard of hotel service to be outperform in terms of customers sleep satisfaction that actually need big investment but this rental model can reduce the gap from starting point to reach equilibrium point is the harmony way achieving the business goal altogether get great buzz.

“Latex products with Chinese visitors they like these kind of products from my neighborhood business owner so I ask him is it necessary? And he said it is not necessary but Chinese like it and from my view latex mattress is Expensive”

Owner who are not latex mattress user know about attitude of their target customers what they interested and what they like. We as Thais cannot reject that nowadays, Chinese travel around the world in increasing numbers every years and with their buying power make them to be good potential visitors that can make economic moves the money expansion. Thailand is one of the best destinations that people wish to visit and stay with caring culture of Thailand which, support particularly in this kind of hospitality business to attract people to come and stay in Thailand. It would be nice if some hotel

can capture Chinese customers' preference to their hotel and that will be competitive advantages to compete to their rivals in market. Moreover, the interviewee also expressed their thinking towards latex mattress that it is expensive. Personally, I see two points that can drive this business model to be reality are their good attitudes toward latex mattress and another point is they feel uncomfortable to buy them at a time because of unaffordable price. Therefore, this rental business model can fulfill this gap to uphold the business to leap forward.

From the research study of CMMU under the "Nihao Marketing" project (brandbuffet, 2017) targeting free independent travelers (FIT) Chinese group found that they have high buying power and from the research of 403 Chinese travelers sampling found that they are 76% female 24% male in age of 18-35 Bachelor degree or higher with range salary of 15,000-60,000 Thai baht. They have average stay for a week and have spending 25,000-50,000 per person per week. The proportion of spending per stay have spitted into seven portions are 5% travelling, 9% Transportation, 11% recreation, 18% Food, 27% Accommodation, and 27% Shopping. As you notice the most biggest two part are accommodation and shopping that is such a big chance for hospitality business as hotel to provide products and service they looking for especially "Latex bedding products" which Chinese raised up this kind of product to be the first rank of most wanted products they are online searching (Praew, 2017)

"I don't think benefit of using latex mattress can do anything with price maybe can help just for advertising and promote my hostel with high quality"

"I don't think latex mattress can benefit us in this way we compete to other hotels in that area and I can't charge higher price. And our main customers are Thai not foreigners they are more price sensitive while foreigners have bigger currency so they barely feel the effect of increasing price"

Business owners think in the same way that their customers are not willing to pay more to get better sleep feeling from latex mattress service. They both describe of how condition and competition in market based on cost and have strong believe that people will not pay additional cost for better quality latex mattress.

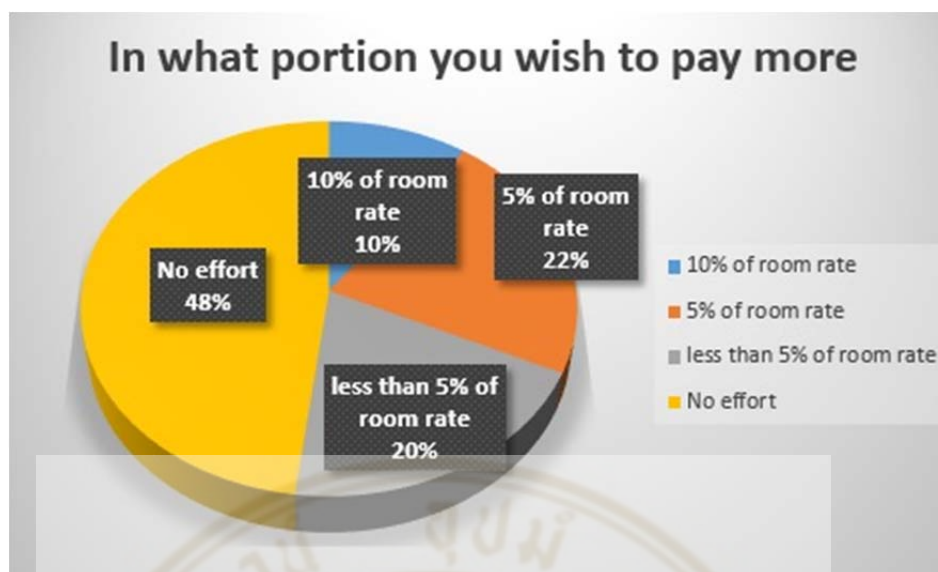


Figure 4.2 In what portion you wish to pay more

But surprisingly I have conduct research among Thai travelers and ask them whether they will pay additional cost for better quality latex mattress or not and the outcome turns out in the opposite way from business owner expectation. Less than half of them will not pay any additional cost at 48% while 20% of them willing to pay less than 5% of room rate, 22% of them will pay additional 5% of room rate, and the rest 10% will pay additional cost for 10% of room rate. This interesting information make business owners have to reanalyze the feasibility of investing on best quality latex mattress for their clients.

“Sure it interesting for business owner who just beginning in this business. This can help them not to put too cost on mattress in the same time they got high quality bed to attract and serve customers. Anyway mattress is a durable goods we use it in long term so it seems not match in long term”

“It was not valuable for me to rent them I need to use them in long term and buy them anyway”

Above messages are feedback from hotel owners when I had first introduced the rental business model. They are interested in the beginning and one of them point out that this model will help business owner manage their financial liquidity easier together with getting quality bed at the same time. However, they both end up with concern of

mismatch in long terms perspective of rental model and long product life cycle of latex mattress.

“It interesting I prefer this one people who do the business can try and also plan to buy in the final”

“Leasing for sure but it has to set up under the justice of buyers and sellers.

After introducing Leasing method to fulfill their wants and it shows that, they are so satisfy with this method. They prefer leasing method than rental because leasing method can transfer ownership to them in final stage. This seems to be win-win strategy for our company and hotel business owner to help each other sustainably grow together.



CHAPTER V

DISCUSSION AND RECOMMENDATIONS

This is the final part to conclude all findings in the practical way to make clear and have better understanding for this study. From both qualitative methods for business, owner view and quantitative method for customer view delivery complete supply and demand in market.

1. Entrepreneurs see the importance of how mattress play as a key component that seems to be the same from customer view.

“They stay outside for 80% of time but when they come back to home the 90% of time in room they spend on bed so I think I miss the point it is important”

“We use ourselves to be standard represent the customers feeling and thinking”

From the chart, it told me that 64% of customers who go away from home for their purposes and have to stay in hotel. They concerned the materials of mattress that is more than half of all samplings.

2. “Latex mattress is more durable and no harmful” & “It’s expensive”

“Latex products with Chinese visitors they like these kind of products from my neighborhood business owner so I ask him is it necessary? And he said it is not necessary but Chinese like it and from my view latex mattress is Expensive”

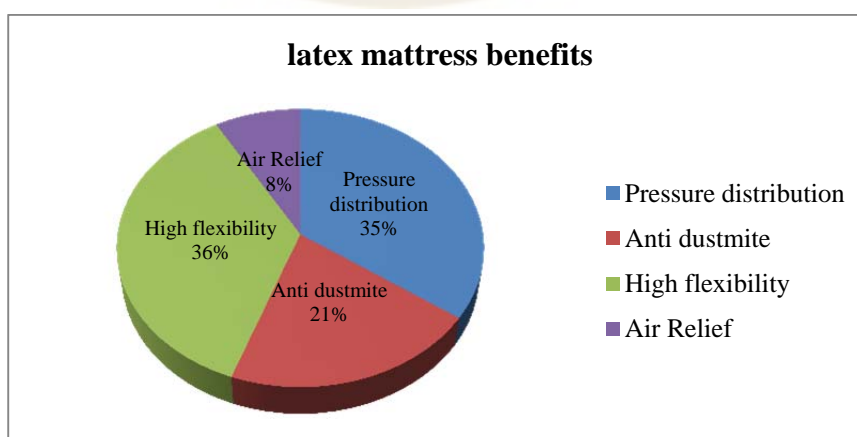


Figure 5.1 Latex mattress benefits

From the business owners view they know well about functional benefits of latex mattress while travelers also know well about that. While there are not only Thai travelers that perceive benefits of latex mattress but also Chinese that seems to be know well and have passion on it to get some latex mattress or prefer to try once.

Chinese travelers is our big potential travelers that have high buying power and as information I have searched Chinese are the most travelers that travel in Thailand in the First rank and numbers of Chinese is growing every year continuously.

3. “I don’t think benefit of using latex mattress can do anything with price maybe can help just for advertising and promote my hostel with high quality”

“I don’t think latex mattress can benefit us in this way we compete to other hotels in that area and I can’t charge higher price. And our main customers are Thai not foreigners they are more price sensitive while foreigners have bigger currency so they barely feel the effect of increasing price”

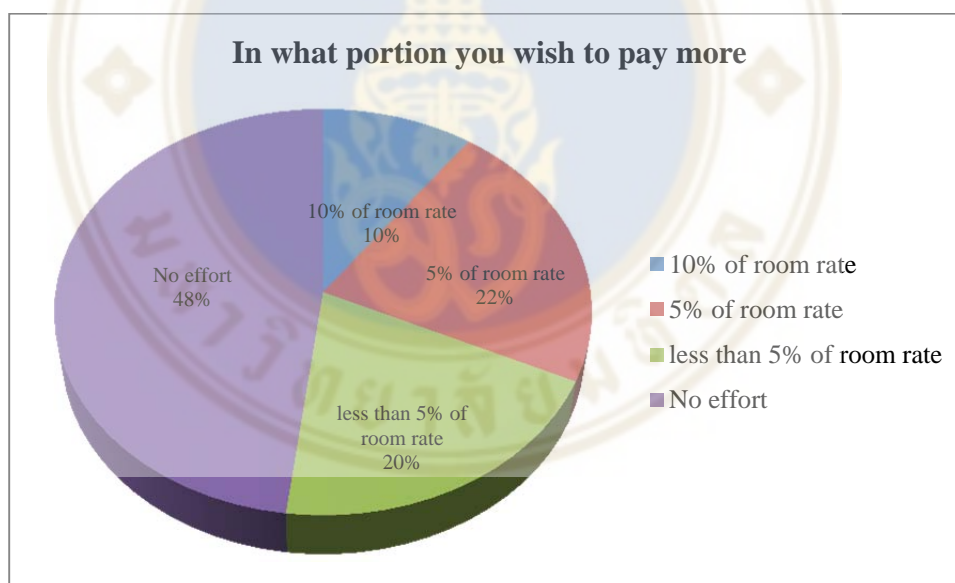


Figure 5.2 In what portion you wish to pay more

This is interesting information that I need to point out to motivate business owner to see how customers’ response surprisingly to what they think in the first place. It turned to opposite way from what business owner think. Travelers really open mind to pay additional cost for what they will get in form of better quality latex mattresses

during their stay. More than half will pay at some cost that seems using latex mattress for their service seems to be able to increase their income per unit.

The method of rent for this business model will design to suit into two stages determined by period of time business owner they desire, which are rent and leasing. In very first stage after business owner acknowledge all condition and process of our goods and service then they will start to try our latex mattress whether match with their target customers wants or not. This introduction process will fall into rent method that is very short time and need few mattresses to try at their hotel. After they have survey feedbacks from their customers and look in details of impacts from using latex mattress. If they feel good to have this latex mattress at their hotel, then we will talk about process shifting from rent method to leasing later on.

5.1 Recommendations

This is rental business model that I have gather all information in market from buyers, users, and customers and finalize to real implementing by chance.

Key Partners		Key Activities		Value Proposition		Customer Relationships		Customer Segments	
<ul style="list-style-type: none"> • Anti-Dust mite service • Mattress delivery • Bed manufactures 		<ul style="list-style-type: none"> • Installment payments • Marketing • Asking customer feedback • Engaged with partners 		<ul style="list-style-type: none"> • Support financial liquidity • Differentiate in sleep experience point • Expanding customers base by network and also source of income 		<ul style="list-style-type: none"> • Financial liquidity • Good selling point 		<ul style="list-style-type: none"> • B2B <ul style="list-style-type: none"> - Hotel who want to serve customers with latex mattress - Tourism especially from China • B2C <ul style="list-style-type: none"> - End users who want to try mattress via Real sleeping experience (RSE) before buying 	
		Key Resources <ul style="list-style-type: none"> • 300 mattresses available for rent (early stage) • OEM mattress for lease • Latex fluid • Lab (R&D) 				Channels <ul style="list-style-type: none"> • In personal • Call center • Auction • Website 			
Cost Structure <ul style="list-style-type: none"> • Marketing • Operation • Annual Service • Human Resources 					Revenue Streams <ul style="list-style-type: none"> • Rent • Leasing • Annually Service • Merchants • Auction 				

Source: www.businessmodelgeneration.com

Bplan: The UC Berkeley Startup Competition

Figure 5.3 The business model canvas

Table 5.1 Business model that gather all information in market

Model	Period(Minimum)	Matt condction	Quntity	Price
Trial	3 monts.	Used	No more than 5	S 350/Q 450/K 550
Rent	1 Year	Used	Minimum 20 Mattreses	S 350/Q 450/K 550
Lease	5 Years	New	Minimum 40 Mattreses	S 350/Q 450/K 550

1. Rental & Trial contract can change to leasing contract within 3 months with special offered rate (Once rent method change to be lease the premium rate will drop to 10%)

2. Leasing will be effective after a year renting (or Trial) passed (Once rent method change to be lease the premium rate will drop to 10%)

3. After they have paid rent for 2 years they can pay the rest of them with balloon afterwards

4. Balloon payments at final

- End of year 3 (10% discount on balloon payment)
- End of year 5 (no discount on balloon payment)

“It still cheaper than soap in restroom (45 Baht Soap, Shampoo and Conditioning 15 Baht each)”

This quote is from one of business owner mention about my latex mattress rental cost is interesting when comparing to their bath set in restroom provided for her customers. This show how they have price sensitivity towards mattress rent 437.5 Baht/month is just 14.5 Baht/day that is equal to just one bottle of soap per day.

5.2 Conclusion

After doing discrete research from the secondary sources, conducting in-depth interview and analyzing the possibility of having synergy in this business model with hotel channel, I would feel confident to say it is possible for this market to adopt this business model. This business model has a core model that compatible and go along well with hotel business entrepreneurs with reasons below.

1. Hotel image and customer satisfaction benefits (Both entrepreneurs and hotel customers give this importance)

Hotel business entrepreneurs found this model interesting to invest because they have been doing business for long time and see the whole picture of business what is mandatory or what ad-on factors is. The finding indicates that mattress is very important in room that affect directly to customers satisfaction during stay besides atmosphere. They hope that they could use latex mattresses in their hotel to gain customers satisfaction. Meanwhile, hotel visitors consider mattress as important factor that can motivate them to change the destination to try at those hotels where offer latex mattress for stay.

2. Entrepreneurs' financial benefits

By having latex mattresses in hotel, entrepreneurs need high investment budget and this is the issue of lack of financial liquidity. This business model give them chances to develop their quality of service in safer conditions. Stability in financial flows make them have opportunity to develop other aspects of their services at the same time.

3. Compatible of the business model and hotel business

Hotel businesses is the business that carries long-term asset as land, building and their brand equity. Once the business started, it will last for many decades if it success. Therefore, entrepreneurs can distribute mattress cost into installments to help diversification with lower interest rate than any other financial institutes can offer.

4. Feasibility

The feasibility study that I have conducted consider as high possibility to be success in short run for about 3 years while the latex mattress life time is claimed for 10 years. While hotel entrepreneurs will reach end of debt in the fourth year.

5.2.1 Implicit benefits

Nowadays, in bedding industry there are so intangible in terms of trial experience in retailing market. When people go to buy some mattress they have to go to store in department or some stand alone for big brand and there are such many models there with nice decorating and full lights spot on their products. However, if you step back and think what should be suitable environment for your sleeping experience this would be so contrast to what it should be. Lights that flare in your eyes, Temperature is so cold, no privacy there and there will have salesperson stand beside and looking at

you, People walk pass by and look at you as you doing something wrong or noisy voice from crowded outside or some public announcement from department unit. It not comfortable at all to test the mattress that you are going to buy and use it for more than ten years because this kind of product is durable goods. So from this causation plus with I am also be a player in this market so I would like to change customers trial experience to be realistic and comfort and cozy to let you have your time to full access to mattress that you choose to try whether it suit to you or not.

Therefore, I would like to introduce “Real sleeping experience (RSE)” to my customers under my brand “latex field” that have the good synergy with this rental business model. I will have my group of customers from renting and leasing my mattress in form of Business to Business (B2B) and sure they are all carry my mattress which means I have got my RSE showroom in their place. The more B2B customer network I have the more RSE show room I will get. My potential “latex field” customers can go to our B2B customer hotel in Thailand to check-in and get fully test RSE as long as you want to make sure you will not regret after buying a ten thousands Baht value mattress that you never know them before. In the other hands, my B2B customer network will also get benefit from still having some income during their low season time because retailing customers will go to their hotel and pay for a night to test the mattress they wish to have in their bedroom. Moreover, B2B can gain their income from selling latex products onsite they can be as my selling agent to sell products at the same time providing their room service.



Figure 5.4 Income from tourism year 2559

5.2.2 Chinese the No.1 travelers in Thailand



Figure 5.5 The trend of Chinese tourists who travel to Thailand

In year 2016, the biggest numbers of travelers come from China, which is rank to be first rank over all travelers travel in Thai with the portion of 26.67% or 8,221,526 in value 439,287 million baht. And they expect the growth rate of all travelers will be growing by 3.75-5.78% comparing with previous year and Chinese travelers will be travelling in Thailand in this year (2017) no less than 9 million people and expect to have money inflow from Chinese travelers roughly 829,500 baht in year 2566.

These hotels not only benefits in terms of customers from trial but they also have a huge opportunity to magnet Chinese travelers who really love latex mattress and have enormous numbers traveling in Thailand and increasing in numbers every year. This group of travelers have high spending power that will stimulate our partner hotels business and local area surrounded them.

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Appendix A: Interview Script

Ta-Luk-Kia in Yaowaraj Raod

1. What kind of your business?
A: 3stars Hotel
2. What comes first to your mind when you want to decorate room
A: Budget
3. Functional or Decoration you focus on when decorating
A: Functional
4. What group of customers do you focus?
A: Foreigners and most of them are Chinese
5. In what portion you allocate for room decoration including furniture
A: 5% (300,000 per room)
6. What is your room rate?
A: It starts from 1,450 Baht to 2,000 Baht
7. Do you think mattress is important?
A: At first we didn't focus on that but I just realized when visitors come for vacation they stay outside for 80% of time but when they come back to home the 90% of time in room they spend on bed so I think I miss the point its important. Many comments mentioned about mattress in negative way everything is perfect except the mattress topic. The preferences depend on what nationality and personal preference hard, soft, high, and low. The meaning of cozy and comfort are not come from good room decoration but it is the feeling of customers when they sleep.
8. Do you hear something about latex products?
A: I have heard about latex products that Chinese visitors like these kind of products from the business owner so I ask him is it necessity and he said it is not necessity but Chinese like it.

9. What materials you currently use for this business
- A: Compress sponge top with sponge it is so cheap about 2,000 THB because we know there are high turnover rate of mattress in this hostel business. (Cost focus)
10. Do you have knowledge of latex mattress?
- A: The only thing I know is “Expensive”
11. If we do not count the cost do you want to buy to serve your customer?
- A: Sure
12. What criteria you rank to consider buying?
- A: cost and functional
13. Sellers claim long-term guarantee for 10 years. Do you prefer that?
- A: Personally, I do not believe that because I have face the problems by myself the guarantee did not help.
14. So far, I got your problems why you did not select latex mattress to serve your customers. Obviously, it is about the cost. Therefore, I want to change the business model from buy to rent, what do you think?
- A: I am interested but honestly, I met people come to offer me this kind of method once
- Me: Really?
- A: Mostly they are old second hand stuffs they want to liquidate their stuffs because of shutting business down. They offered me to rent these stuffs but I rejected because it was not valuable for me to rent them I need to use them in long term and buy them anyway.
15. What rental cost of mattress per month/year in your mind that is acceptable?
- A: Normally I buy for 2,200 for cheapest and 3,900 for pocket spring type I think it should be count the cost in a year not daily or monthly. If cost per year it should be 1,000-1,500 but for latex, I would pay for 2,000-2,500 THB.
16. What range of time in contract is acceptable?
- A: 3-5 year at least and I think it is appropriate for me in 3 years condition and I would add a bit to this.... How about rent for a while and can buy the mattress with the cheaper price...

17. What I need to ask you next is so coincidentally relate to your wants I would ask if you prefer rent or lease?

A: Leasing for sure but it has to set up under the justice of buyers and sellers. I can accept to either buy or reject the deal based on my preference result. If I like your products, then I buy but with special price and for latex products I would try for 1 year.

18. If I have an offer to you to rent my 3.5' mattress for 350 THB per month. What do you think?

A: It's Ok though it near to the price in my mind that I just told you 2,500 THB but you have to persuade what benefits of latex I need to trade off with additional cost.

19. What benefits you think you will get from applying latex mattress in your service?

A: Do you hear some hotel let you select the materials of pillow or mattress you prefer to use? You will notice that most of them are 4-5 stars hotel come with higher cost you need to pay. I think with my business, I do not think benefit of latex can do anything with price maybe can help just advertising and promote my hostel with high quality mattress. Let's say in my location in Yaowaraj road they are many popular hotels that are not our direct competitors they charge about 3,000 while we charge for 1,200 there is just a little gap so customers may turn to others than me.

From my experience, customers will not look just for a bed but they look as a whole the additional price come together with more facility and amenities. If you focus just about mattress and hotel ask you to pay more 1,500 bath for latex mattress will you pay for that? Do you get it? Or let say I offer private family room type that will have their own door and don't share bedroom with others that give you more privacy and have more socket to keep their stuffs and charge 1,500 which 500 THB more expensive than the general room the result is they prefer to rent general room. So do you get my point?

Due to high competition in this area, it is so price sensitive here so I think I cannot do anything with room rate.

Another point of view is the owner of resort that located in Suanpueng.

Location Resort (Suanpueng)

- Q. What come first to your mind when decorating a room?
- A. Concept and functional
- Q. What you focus on functional or decorative when selecting furniture?
- A. We focus both functional and decorative
- Q. What kind of your business?
- A. Resort “the location resort” at Suanpueng province
- Q. What group of customers you focus?
- A. We focus on middle class to high class
- Q. What is room rate you offer?
- A. It starts from 2,500 THB to 19,900 THB depend on how many people you stay so there are single room type with pool access and up to one private house in case groups of customers stay.
- Q. How you allocate the budget into decorating room?
- A. It’s hard to say because we use agency to handle the whole construction project so the cost cannot be separate in portion but it counts as per room with accumulate cost per room I think 40% of the budget fall into decoration.
- Q. Do you separate buying bed and mattress?
- A. Yes, because we select built-in furniture we need to buy mattress after it.
- Q. Do you give important of selecting mattress to assign in rooms?
- A. Actually, we do that too and we use ourselves to be standard represent the customers feeling and thinking. We use high quality mattress that is not too soft with the reason our main customers are Thai.
- Q. What kind of mattress you are using? Moreover, what kind of mattress you plan to use in the first place?
- A. What we are using now is latex mattress that we used to try other materials like spring but it is not safe enough for children who always love to jump on the bed that we actually get familiar with this moment. Therefore, we choose to invest in long-term with latex mattress, which is more durable and no harmful.

Q. Alright.... It seems you already acknowledge the latex mattress information and benefit. What are their difference comparing with other mattress?

A. It is more comfort actually I love hard feeling and latex mattress meet my requirements. It still serves me hard feeling together with comfort so that's why I choose latex and because our customers are middle to high class so they get high expectation when they stay anyway not everybody loves latex.

Q. Do you get any good feedback specific in latex mattress?

A. Yes some customers come to ask for buying mattress from us but we do not have it for sell we have it for serve our customers. Most of customers love it except European customers they seem do not like latex.

Q. Do you think mattress play the important role to satisfy customer?

A. Not really... Mattress may be effect 20% of satisfaction for hotel but also have other factors like decoration, facility, service and cleanliness they need holistic factors to combine as satisfaction.

My family actually is big fans for latex mattress we have using latex mattress for 15years already, which is as long as my house constructed. My dad focus on long-term investment he does not want to change something frequently for example mattress. If we use spring mattresses in my resort, we have to change them in shorter time maybe 5 years then because we cannot control our customers sleep behavior when they are on our mattress during stay. Especially kids always play with spring mattress in room. Once the accidents occur, there would be our responsibility and the entire negative felling and thinking from that group of people will follow by. It is not value for us to take risk of losing our business image with some cost cutting. Therefore, we choose to avoid that risk by sourcing better quality like latex.

Q. What estimate total cost of latex mattress that you have invested?

A. I can't remember but it roughly 9,000 THB and we use 60 mattresses both single and queen size in our resort with 39 double bed rooms and 7 twins bed rooms altogether 46 bed rooms

Q. If I recommend you the new business model that is the mattress rent. Do you interested?

- A. Sure it interesting for business owner who just beginning in this business. This can help them not to put too cost on mattress in the same time they got high quality bed to attract and serve customers. Anyway, mattress is a durable goods we use it in long term so it seems not match in long term
- Q. If I recommend you the leasing method that will solve this topic in long-term?
- A. It interesting I prefer this one. People who do the business can try to plan to buy in the final.
- Q. What factors do you concentrate on when selecting mattress?
- A. Price and feeling but design.
- Q. Let's say if I rent the single size latex mattress for 350 THB per month, do you interested?
- A. Yeah sure it is not bad just 10 Baht per day in average, which is cheaper than soap in restroom (45Baht Soap, Shampoo and Conditioning)
- Q. Do you think using latex mattress will benefit your business in some way?
- A. It would be customers' satisfaction that will lead them to come back to our resort again.
- Q. How about higher price charging?
- A. I do not think latex mattress can benefit us in the way we compete to other hotels in that area and I cannot charge higher price. Moreover, our main customers are Thai not foreigners.