

**FACTORS RELATING CUSTOMER RETENTION OF
TUTORIAL SCHOOLS IN BANGKOK**



**A THEMATIC PAPER SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF MANAGEMENT
COLLEGE OF MANAGEMENT
MAHIDOLUNIVERSITY
2014**

COPYRIGHT OF MAHIDOLUNIVERSITY

Thematic paper
entitled
**FACTORS RELATING CUSTOMER RETENTIN OF TUTORIAL
SCHOOLS IN BANGKOK**

was submitted to the College of Management, Mahidol University
for the degree of Master of Management

on
May 3, 2014



.....
Mr. Nonphat Dujjanutat
Candidate

.....
Dr. Kiattichai Kalasin,
Ph.D.
Advisor

.....
Asst. Prof. Parisa Rungruang,
Ph.D.
Chairperson

.....
Assoc. Prof. Gerard Tocquer,
Ph.D.
Committee member

ACKNOWLEDGEMENTS

To complete this research, I would like to pay sincere gratitude to my advisor, Dr. Kiattichai Kalasin, who gave me a valuable advice in doing this thematic paper.

Next, I would like to appreciate Mr. Nuttasak Sawasdeesriroj, tutorial entrepreneur of Krunok tutorial school, who gave me the opportunity to conduct the research at his school.

In additional, I would like to appreciate friends in 15B and program coordinators who have supported me and given suggestions during the research.

Finally, I would like to pay sincere gratitude to my family, who always encourage and support me.

Nonphat Dujjanutat



FACTORS RELATING CUSTOMER RETENTION OF TUTORIAL SCHOOLS IN BANGKOK

NONPHAT DUJJANUTAT 5549172

G.M. (GENERAL MANAGEMENT)

THEMATIC PAPER ADVISORY COMMITTEE: DR. KIATTICHAJ KALASIN, Ph.D., ASST. PROF. PARISA RUNGRUANG, Ph.D., ASSOC. PROF. GERARD TOCQUER, Ph.D.

ABSTRACT

Regarding to high competition in tutorial industry, tutorial entrepreneurs in Bangkok were lead to find a way to create customer retention in order to keep current students and create positive word of mouth. The purpose of this study is to ascertain the factors relating to customer retention of tutorial school in Bangkok area. This study aims to collect data by using designated questionnaire with 50 high school students in one tutorial institution along with in-depth interviewing. The results indicated friends were influencing factors of students in choosing a tutorial school. Tutor competency in service quality and location of its school were the key factors that high school students in Bangkok used in deciding to continue or discontinue study. The study also supported the past research finding (1993) by indicating level of customer satisfaction drives customer loyalty in service companies. Implications of these findings for tutorial entrepreneurs and for future research are discussed.

KEY WORDS: Customer Retention / Service Quality / Customer Satisfaction /
Tutorial School / Bangkok

34 pages

CONTENTS

| | Page |
|--|-------------|
| ACKNOWLEDGEMENTS | ii |
| ABSTRACT | iii |
| LIST OF TABLES | v |
| LIST OF FIGURES | vi |
| CHAPTER I INTRODUCTION | 1 |
| CHAPTER II LITERATURE REVIEW | 4 |
| 2.1 Theoretical Foundation | 4 |
| 2.2 Proposed framework | 8 |
| CHAPTER III METHODOLOGY | 10 |
| CHAPTER IV RESEARCH FINDINGS | 13 |
| 4.1 Respondent's Demographic Data | 13 |
| 4.2 Factor 1: Sociocultural influences | 18 |
| 4.3 Factor 2: Service Quality | 19 |
| 4.4 Factor 3: Location, Marketing Mix | 21 |
| 4.5 Factor 4: Level of Customer Satisfaction | 22 |
| 4.6 The Result of Further interview | 24 |
| CHAPTER V DISCUSSION AND CONCLUSION | 26 |
| 5.1 Limitation and Further Research | 26 |
| 5.2 Conclusion | 27 |
| REFERENCES | 29 |
| APPENDICES | 30 |
| Appendix A: Questionnaire | 31 |
| BIOGRAPHY | 34 |

LIST OF TABLES

| Table | | Page |
|--------------|--|-------------|
| 4.1 | Gender of Respondents | 11 |
| 4.2 | Class level of Respondents | 12 |
| 4.3 | School of Respondents | 12 |
| 4.4 | Income Level of Respondents' Families | 13 |
| 4.6 | Average Tutorial Expenditure per Semester | 14 |
| 4.8 | Buyer Role in Tutorial Decision-Making | 16 |
| 4.9 | Decider Role in Tutorial Decision-Making | 16 |
| 4.10 | Influencer Role in Tutorial Decision-Making | 17 |
| 4.12 | Impact of Location in Tutorial Decision-Making | 19 |
| 4.13 | Weight of Important Between Location and Service Quality of a Tutorial school | 19 |

LIST OF FIGURE

| Figure | Page |
|--|-------------|
| 2.1 The Links in The Service-Profit Chain | 4 |
| 2.2 A Satisfied Customer is Loyalty | 5 |
| 3.1 The Porter's 5 Forces | 10 |
| 4.7 Purposes of Studying at Tutorial School | 15 |
| 4.11 Service Quality Factors in Tutorial Business | 18 |
| 4.14 Average Level of Respondent's Satisfaction toward Decision-Making | 20 |



CHAPTER I

INTRODUCTION

Thailand is one of the Asian countries that have the value that is required to send their children to study tutorial classes in order to create a competitive advantage in the university admission exam. This have made today tutorial schools to became one of interesting entrepreneur businesses in Thailand that create satisfied return for an investor without tax collection. According to Kasikorn Research (2013), there are over 1,600 registered tutorial schools under Ministry of Education in Bangkok and other parts of the country. The value of tutorial market is 16,698 million baht in 2013 with 15.43% growth from last year, while student expenditure per capital is estimated to be 12,000 baht a year. However, there is high competition in tutorial market from numeral numbers of existing institution and new entrant, this is necessary to lead tutorial entrepreneurs to adjust strategy in order to be able to response with environment changes.

Problem Statement

Regarding to rising number of students, a tutorial entrepreneur is required to find a way to increase its capability in order to response with increasing demand for service. Changing place or location of a tutorial school will be one of effective solutions to expand capability of tutorial service. However, there is an effect from changing location of tutorial school because location is considered as key success factor of tutorial business in Thailand according to independent study of Silapakorn University (2010). In additional, tutorial entrepreneur is also facing with the challenge from broader choices for students in choosing and switching tutorial service along with strategy from large institutions. These forces motivated a tutorial entrepreneur to find a way to build sustainable relationship with current students in order to influence them come to study at its new place.

Research question

“How can tutorial schools influence current students to study at their new places?”

Regarding to issue of relocating of a tutorial school, we came with the research question to study and find factors that tutorial school can use influence their current students to come to study at their new places.

Research objectives

1. To study what are factors that small or individual tutorial enterprise in Bangkok can use to influence existing students to continue study at new place.
2. To study important between location and service quality of a tutorial school that may have significant impact on consumer's decision-making.
3. To study how level of customer satisfaction can lead to customer retention in tutorial business in Bangkok.

Research Scope

The research will focus on high school students in the local area, who are current student at one tutorial school and have demand to study a tutorial course for next coming semester.

The research will focus on study consumer behavior of high school students in Bangkok in choosing tutorial school to define respective roles and functions in decision making process; User, Influencer, Decider and Purchaser

The research will focus on study how customer satisfaction through different factors can lead to customer retention in tutorial business.

Expected Benefit

1. To understand relationship between level of customer satisfaction and customer retention in a tutorial business.

2. To realize potential factors of individual or small tutorial school that have impact on decision making of high school students in choosing tutorial service.
3. Individual or small tutorial enterprise can use finding and knowledge from this study to develop competitive advantage to overcome threats of high competition.



CHAPTER II

LITERATURE REVIEW & PROPOSED FRAMEWORKS

In this chapter we will discuss the existing literature in order to define available factors that tutorial schools can use to influence existing student to continue study at their schools. In addition, review of literature and related research will be used to support this study to analysis level of customer satisfaction in tutorial business.

2.1 Theoretical Foundation

Sociocultural influences on consumer behavior

Sociocultural influences evolve from formal and informal relationships with other people. In consumer buying behavior, sociocultural influences can play important roles in personal buying. There are different roles of sociocultural influences in buying decision: Actual user, Influencer, Decider and Purchaser.

- Actual user is the person, who actually uses a product or service. User often has own product specification or service requirement.
- Influencer is the person, who may or may not has close relationship with a customer, but whose opinion is valued significantly by the customer.
- Decider is the person who actually makes decision to buy a product or service.
- Purchaser is the person who actually buys or has permission to buying a product or service on behalf.

Benefits of customer satisfaction and service quality

Consumption of service is unlike physical consumption because service is considered as intangible product that customer can't directly see or touch or try before they make a decision to consume. Customers' evaluation of service outcome usually

comes after their consumption to determine level of satisfaction. Level of customer satisfaction from receiving service reflects performance of service quality. Regarding to Anderson, Fornell, and Lehmann (1994), there is evidence that shows strategic links between level of customer satisfaction and firm's service quality.

“Customer Satisfaction is central to the marketing concept. It is now common to find mission statements designed around the satisfaction notion, marketing plans and incentive programs that target satisfaction as a goal, and consumer communications that trumpet awards for satisfaction achievements in marketplace”

The findings suggest that satisfactions or dissatisfactions from other relevant household member can contribute an individual consumer's satisfaction or dissatisfaction. However, customer satisfaction is not an end in itself, this means it can achieve number of key business goals. First, satisfaction is linked to customer loyalty and relationship commitment. Second, delighted or highly satisfied customer spread positive word of mouth and in effect become talking advertisement, thus it can lower cost of service provider for attracting new customer because a quality of most service is difficult to evaluate from purchasing quantity, so positive comments by satisfied client reduce the risk for a new customer.

Service profit chain and customer satisfaction drives customer loyalty

The service profit chain establishes relationship between profitability, customer loyalty, customer satisfaction, and productivity. The links from the service profit chain shows the result of revenue growth and profitability are stimulated by customer loyalty. Loyalty is a direct outcome of customer satisfaction in the process. Satisfaction of customer is influenced by the value of services provided by employee productivity. In conclude, the value of services created by satisfied loyalty customer and satisfied employee.

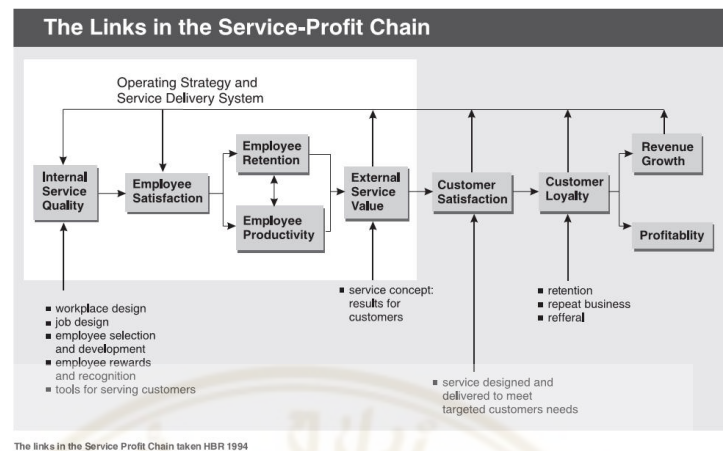


Figure 2.1 The Links in The Service Profit Chain

Customer loyalty drives profitability and Growth

Leading service companies in software and baking industries suggest that customer loyalty is more important than determinant profit for an organization. According to Reichheld and Sasser (1990), There is the study indicates that 5 percent increase in customer loyalty can result increasing of profit from 25 to 85 percent. They also conclude quality of market share can be measured in term of customer loyalty, deserves as much attention as quantity share.

Today service companies are currently trying to quantify customer satisfaction. For example, Xerox has conducted survey in customer satisfaction through their products and services over 480,000 customers a years by using a 5 point scale from 5 (high) to 1 (low). The survey has found relationship between the scores and loyalty level of customers that has significant difference in groups of customer who were very satisfy and satisfy. Customers giving 5 scores were six times more likely to repeat purchasing products from a company than those giving 4 scores. Regarding to this analysis, Xerox and other leading service companies were lead to extend its effort to create very satisfaction customers or apostle by upgrading service level and guaranteeing customer satisfaction. In additional, they also try to avoid creating terrorists (terrorist: customers who are unhappy with product or service and

they will speak out against a firm that poorly delivered service at every opportunity) in order to enhance sustainable profitability.



Figure 2.2 A Satisfied Customer is Loyal

Customers buy goods and services to meet specific needs and their evaluation of outcome is usually based on what they expect to receive from those products and services. Needs are deeply rooted in our unconscious mind, it means when people feel their need, they are motivated to fulfill it.

Factors relating the success of tutorial school business in Bangkok

According to independent study of Silpakorn University (2010), the research indicates factors that relating the success of tutorial schools from surveying 100 tutorial schools in Bangkok area. The finding shows 4 factors that tutorial entrepreneurs mostly use to create success of their schools, quality of service is the factor that tutorial entrepreneurs put highest weight on, following by ability to response to customer need, innovation and creativity in teaching. In addition, the research also studied factors from marketing mix relating the success of tutorial business, the result indicated location as the factor highly related to success of tutorial business through customers' perception. Last, tutor competency is the key in psychological factor influencing the success in tutorial business.

2.2 Proposed Framework

According to above literature, we hypothesized that these following factors may have an impact on consumer behavior of high school students in deciding whether to continue or not continue their study at current tutorial school.

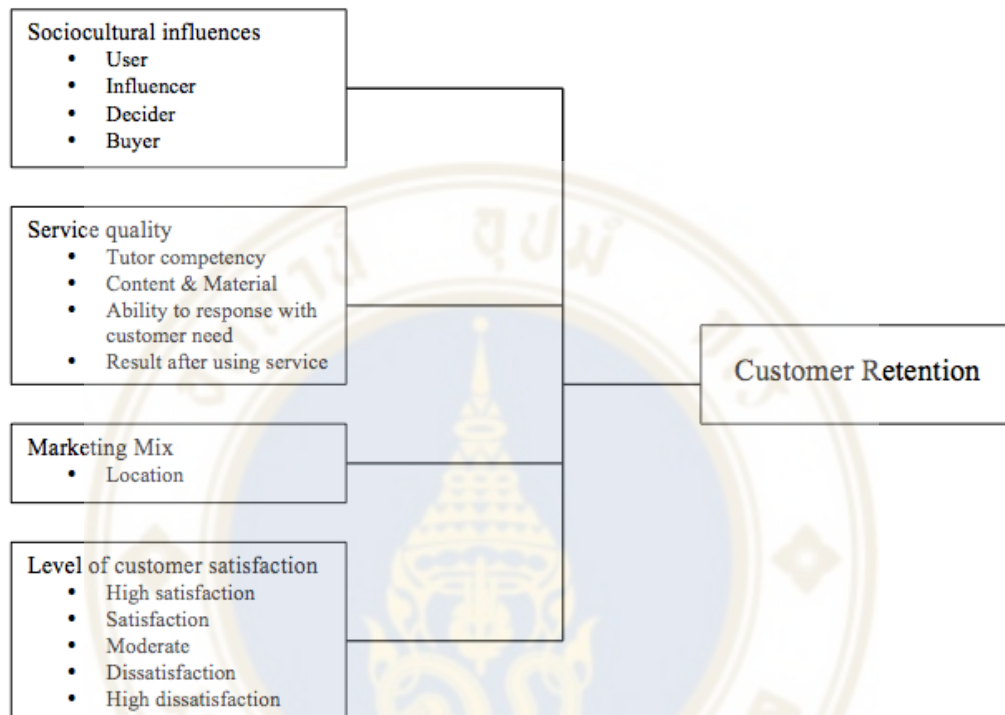


Figure 2.3 Factors Influencing Customer Retention

Sociocultural influences

Sociocultural influences or social influences have an impact on Thai consumer behavior, decision making of consumer tends to be related with different roles in buying. Students are actual user, while parents mainly play buyer role in buying. However, decider role can be played by student or parents depend on each family background and decision making may be influenced by influencers as friends, senior students and etc. This factor may have an impact on students' to continue or not continue study at a current place.

Service Quality

Service quality is considered as factors that is used to determine customer retention of service business because service can be only evaluated after customers have experience. In tutorial business, service quality can be evaluated by existing students in term of tutorial competency, content and teaching material, ability to response to customer need, and a result after taking the course.

Level of satisfaction

Regarding to the above literature, level of satisfaction is the factor that can be used to determine customer retention. Level of service satisfaction is divided into 5 levels which are high satisfaction, satisfaction, neutral, dissatisfaction, and high dissatisfaction. Level of satisfaction in tutorial school may be the factor that influences existing student to continue study.

Location, Marketing Mix

Regarding to the related research, the finding has shown location of tutorial school as strongest factor in marketing mix that relates to the success of tutorial school in Bangkok. In this study, we hypothesized that location may be the factor an impact on consumer behavior of students in deciding whether to continue or not continue study at current tutorial school.

CHAPTER III

METHODOLOGY

Research Setting

- Tutorial industry in Bangkok
- To study consumer behavior of high school students in Bangkok and factors relating customer retention of students.

Sample & Data Collection

This study uses both quantitative and qualitative research approach. The purpose of using quantitative research approach is to collect information of existing students through the survey in order to determine the factors that have significant impact on customer retention of students in the tutorial school. Focus group is current high school students (Matthayom 4 to 6) who are in the same local area. Total sample size is expected to study toward 50 students in one tutorial school. In addition, this study also uses qualitative research approach to analysis factors relating to customer retention of students from the survey in order to understand underlying reasons and motivations when students decide to continue their study at the tutorial school. Specifically, in-depth interview is used as tool in this study with sample size of 5 current high school students who study at the tutorial school.

Company Characteristic

Connic tutorial school is an individual tutorial school that has been operating over 5 years at Ladpraod, Bangkok and it is located closely at the local schools, Satrivitthaya 2 and Bodindecha. This tutorial school mainly offers mathematic courses for Mathayom 1 to 6. The tutorial school has started with only 5 students in one mathematic course, until nowadays the number of students has increased to over 300 students per semester. This year, the school had the plan to increase its capacity by relocating its school around same area. However, there is a

consideration about the new location of school that seems to have less competitive advantage than the current location. In addition, the tutorial entrepreneur is also facing with challenges of threats from direct and indirect competitors as new entrants and franchise school from famous tutorial institution in Ladproad area. According to these problems, Connic entrepreneur needed to adjust its strategy to response with competitive forces along with try to influence current students to continue study at their new place.

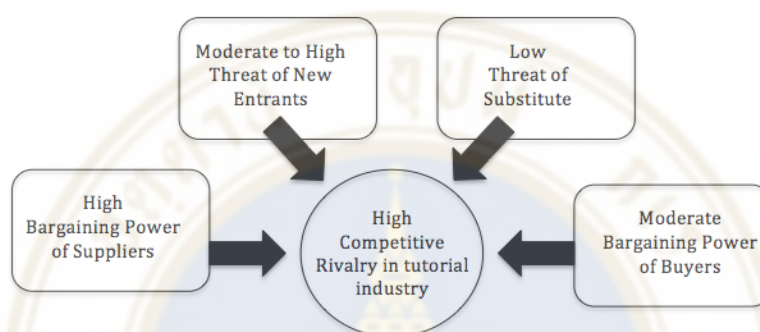


Figure 3.1 Porter's 5 Forces

Regarding to Figure 3.1, the Porter's 5 forces are used to analyze the tutorial industry in Bangkok to understand current business situation through these following forces.

High competitive rivalry: There are numeral numbers of tutorial school in Bangkok, it can be divide into 3 category; Large or franchise tutorial business, individual tutorial school and freelance tutor. Each tutorial business has adopted its strategy to attract numbers of student to use a service.

High bargaining of buyer: There are numeral numbers of tutorial school and service that enable students to have broader choices. The switching cost of students in studying tutorial course is considered to be low to moderate, it depends on length of a course that they have enrolled.

Moderate bargaining of supplier: As each tutorial business uses own developed book or content and related technology in providing tutorial service for students, the bargaining of supplier is considered to be moderate as each tutorial school has differences in conducting teaching material.

Moderate to High threat of new entrants: New entrants can be divided into registered and non-registered tutorial schools. Registered tutorial school under the ministry of education has significant level of barrier for new entrants, while non-registered tutorial school can easily enter into industry due to incautious policy.



CHAPTER IV

RESEARCH FINDINGS

Regarding to the research finding, 50 current students at the tutorial school were asked to complete the questionnaire that consisted of 23 questions related to topics of personal background, sociocultural factor, service quality, marketing mix, and level of satisfaction. There were 100 percent of respondents or 50 students who have accepted to complete the questionnaire. The result has shown significant facts of respondents' demographic below.

4.1 Respondent's Demographic

Table 4.1 Genders of Respondents

| Gender | Number of Respondents | Percentage of Respondents |
|--------------|-----------------------|---------------------------|
| Male | 22 | 44% |
| Female | 28 | 56% |
| Total | 50 | 100% |

According to Table 4.1, the result has shown facts of the research in term of respondents' genders. There are 44% of male students and 56% of female student in total number of study group who accepted to complete the questionnaire.

In term of class level, the research focused on study of high school students' behaviors from Matthayom 4 to 6. Table 4.2 shows different number and percentage in class level of all respondents who completed the questionnaire. There

were 30% of students from Matthayom 4, 42% of students from Matthayom 5 and 28% of student from Matthayom 6.

Table 4.2 Class Level of Respondents

| Class level | Number of Respondents | Percentage of Respondents |
|--------------------|------------------------------|----------------------------------|
| Matthayom 4 | 15 | 30% |
| Matthayom 5 | 21 | 42% |
| Matthayom 6 | 14 | 28% |
| Total | 50 | 100% |

Table 4.3 School of Respondents

| School | Number of Respondents | Percentage of Respondents |
|-----------------|------------------------------|----------------------------------|
| School A | 30 | 60% |
| School B | 11 | 22% |
| Other | 9 | 18% |
| Total | 50 | 100% |

Table 4.3 shows different schools where respondents currently study. School A is located closest to the tutorial school, while School B is located around the district area and Other is any school that is beside from school A and B that is located in different location. School A is the school that majority of respondents study at with 30 respondents or 60% of total respondents. This followed by 22% of all respondents from School B and 18% of all respondents from other schools.

Table 4.4 Income Level of Respondents' Families

| Income Level | Number of Respondents | Percentage of Respondents |
|------------------------------|------------------------------|----------------------------------|
| Below 10,000 Baht | 0 | 0% |
| 10,001 to 20,000 Baht | 4 | 8% |
| 20,001 to 30,000 Baht | 3 | 6% |
| 30,001 to 40,000 Baht | 8 | 16% |
| 40,001 to 50,000 Baht | 9 | 18% |
| Above 50,000 Baht | 26 | 52% |
| Total | 50 | 100% |

Table 4.4 shows different monthly income level of respondents' families from below 10,000 Baht to above 50,000 Baht. 52% or majority of respondents' families has monthly income level above 50,000 Baht. Second and third ranks of income level have closed percentage as 18% has monthly income level of 40,001 to 50,000 Baht and 16% has monthly income level of 30,001 to 40,000 Baht. Fourth and Fifth ranks also have closed percentage as 8% of total respondents' families have monthly income level of 10,001 to 20,000 Baht and 6% of total respondents' families has 20,001 to 30,000 Baht of monthly income level. Lastly, there is no respondents' family who has monthly income level below 10,000 Bath.

In term of respondent's background in using tutorial service, the study has shown than 100% of total respondents have experience in using service or study at a tutorial school. Regarding to Table 4.5, the study shows number of tutorial course that one respondent take per semester. The study shows highest percent of a respondent takes 4 courses per semester at 31%. Secondly, taking 5 courses per semester with 22% and follow by taking 2 courses per semesters at 10%. The average number of tutorial course that one respondent taking is 3.54 or estimated 4 courses per semester.

Table 4.5 Numbers of tutorial course that one respondent taking per semester

| Number of Course | Number of Respondents | Percentage of Respondents |
|------------------|-----------------------|---------------------------|
| 1 | 4 | 9% |
| 2 | 10 | 20% |
| 3 | 7 | 14% |
| 4 | 16 | 31% |
| 5 | 11 | 22% |
| 6 | 1 | 2% |
| 7 | 1 | 2% |
| Total | 50 | 100% |

In term of average expenditure, the study shows highest percent of respondents at 40% spend 5,000 to 10,000 Baht per semester in studying tutorial regarding to Table 4.6. Secondly, 36% of total respondents spend around 10,001 to 15,000 Baht per semester. Thirdly, 18% of total respondents spend over 15,000 Baht for studying tutorial, while only 6% of total respondents spend below 5,000 Baht per semester. According to the K-Bank research 2012, the average expenditure of high school student for studying tutorial is estimated 15,000.

Table 4.6 Average tutorial expenditure per semester

| Average Expenditure | Number of Respondents | Percentage of Respondents |
|------------------------------|-----------------------|---------------------------|
| Below 5,000 Baht | 3 | 6% |
| 5,001 to 10,000 Baht | 20 | 40% |
| 10,001 to 15,000 Baht | 18 | 36% |
| Above 15,000 Baht | 9 | 18% |
| Total | 50 | 100% |

The questionnaire also studied why respondents need to study at tutorial school through various reasons: Better understanding in class, Better grade, Parent's influencing, Pre-study, Friend's Influencing, Pre-admission, and Other reasons. Figure 4.7 shows respondents' purposes of studying at tutorial school in term of frequency and percentage of total respondents. According to the research finding, studying

tutorial for pre-admission is the reason that majority of respondents gave in the questionnaire with 37 as highest frequency. Secondly, studying tutorial for better grade is another top reasons with 28 frequencies. Studying for better understanding lesson in class is third rank of top reasons with 21 frequencies. Pre-study, Parent's influencing, Friend's influencing and Other reason were following top reasons that respondents gave in the questionnaire with frequencies of 17, 11, 8 and 1.

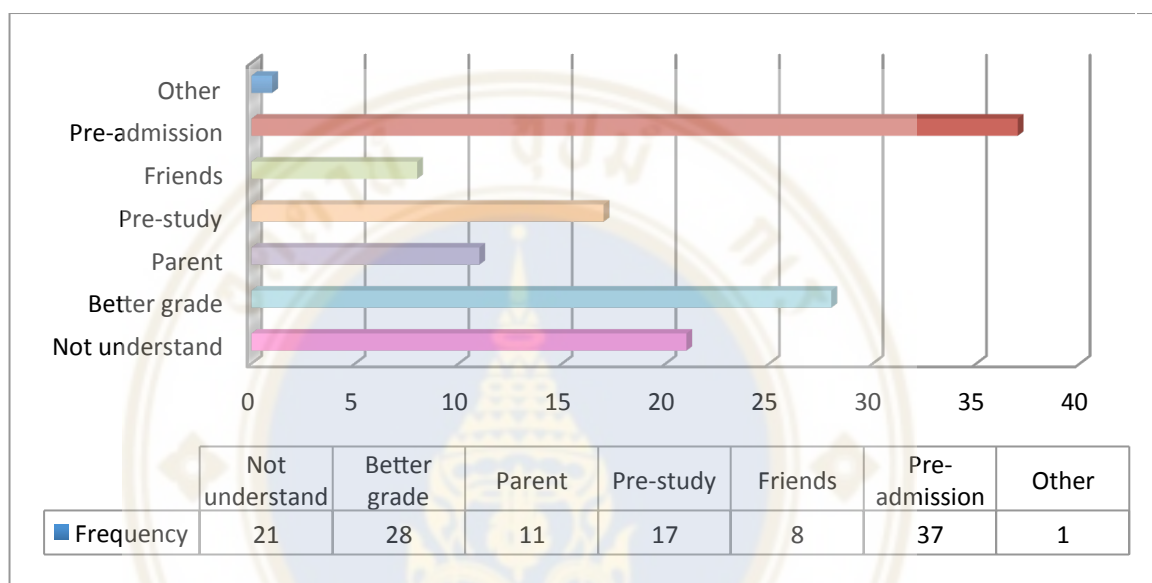


Figure 4.7 Purpose of studying at tutorial school

Sociocultural influences or Social influence consists with 4 main roles in buying decision: User, Influencer, Decider and Buyer. Sociocultural influences were expected to have impact on consumer behavior that may lead to the result of customer retention in this study. In tutorial service, student is considered as user in buying decision, while parent and friend are expected play significant roles as influencer and decider in continuing study at a tutorial school.

4.2 Factor 1: Sociocultural influences

Table 4.8 Buyer role in tutorial decision-making

| Buyer Role | Number of Respondent | Percentage of Respondent |
|------------|----------------------|--------------------------|
| Self | 0 | 0% |
| Parent | 50 | 100% |
| Other | 0 | 0% |

There were 3 alternative choices (Self, Parent and Other) for respondents to determine the buyer in tutorial decision-making. The finding shows 100% of total respondent determine that parent plays role as buyer in tutorial decision-making. The result of this study was not surprise as parent is expected to be buyer in this decision-making because Thai high school students do not have income or part time job to support their own financial. Parent is considered as buyer who provides financial support for their children.

Table 4.9 Decider role in tutorial decision-making

| Decider Role | Number of Respondent | Percentage of Respondent |
|--------------|----------------------|--------------------------|
| Self | 42 | 84% |
| Parent | 6 | 12% |
| Other | 2 | 4% |

Respondents were also asked in the questionnaire to determine the decider in choosing a tutorial school. There were 3 alternative choices (self, parent and other) to determine who is final decider in choosing a tutorial school for respondents. The finding indicated majority or 84% of total respondent has determined that they were decider in tutorial decision-making. 12% of total respondents has determined that parent is decider in this decision, and other were answered by 4% of total respondents who determined that elder sibling and relative are decider in choosing a tutorial school. Surprisingly, the result was not met with our expectation as only 2% of

respondents determined that parent is final decider in this decision-making. The finding shows the fact that high school students play decider role in choosing a tutorial school rather than parent.

Table 4.10 Influencer role in tutorial decision-making

| Influencer Role | Number of Respondent | Percentage of Respondent |
|-----------------|----------------------|--------------------------|
| Parent | 16 | 32% |
| Sibling | 4 | 8% |
| Senior student | 2 | 4% |
| Friend | 25 | 50% |
| Other | 3 | 6% |

There were lists of alternative choices for respondents to determine influencer in tutorial decision-making. The finding indicates that friend is the influencer in choosing a tutorial school at 50% of total respondent determined. Parent is another influencer with 32% of respondent determined. Other alternative choices such as sibling, other, and senior student were following ranks of influencer that respondents have determined with 8%, 6% and 4% of total respondents. The result and expectation are met in this finding as friend and parent are considered as top influencers in choosing a tutorial school for high school students

4.3 Factor 2: Service Quality

The study also focused on the topic related to service quality of tutorial business through customer perception in term of Tutor competency, Content and media, Ability to response with customer need (desired course and schedule), Result after using service. Tutor competency is expected to be most significant factor in tutorial business that can lead to customer retention. Result after using tutorial service likes grade, skill, and admission score is expected to be following significant factor. Content and Ability to response with customer need are following significant factors that can lead student to continue using service at a tutorial school. In the questionnaires, respondents were asked to rank significant level of these 4 factors that

have impact on customer retention by putting number 4 in front of a factor to represent most significant and 1 to represent least significant factor.

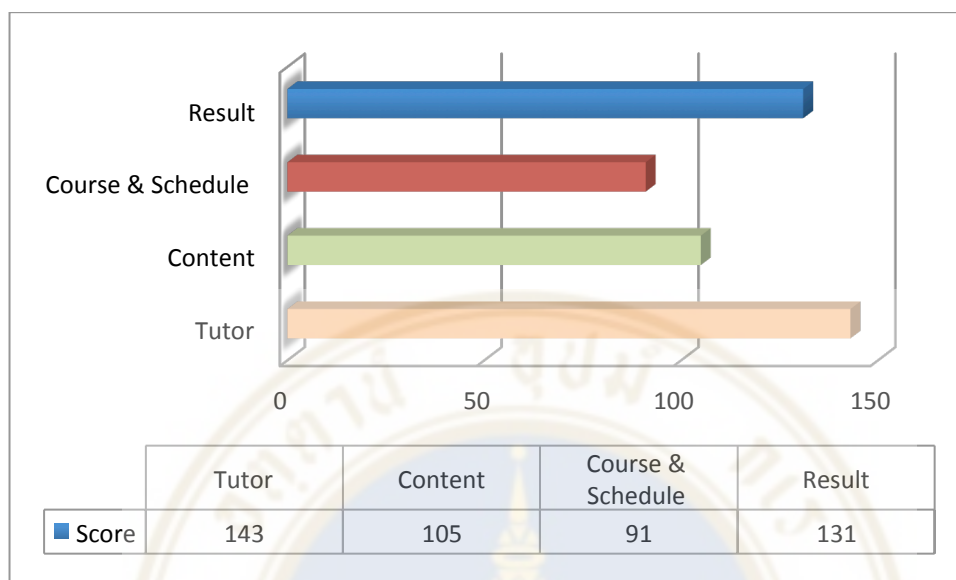


Figure 4.11 Service quality factors in a tutorial business

The finding shows significant level of each service quality factor that respondents consider. The significant level of each factor was determined by score that given by all respondents. According to table 4.11, the study has shown tutor competency as most significant factor that respondent consider with highest score. Result after using service is second most significant factor that respondents put weight on. Content such as book, exercise, sheet, and teaching media is the following significant factor. Ability to response with customer need likes desired course and schedule is least significant for respondent through customer perception that has impact on decision-making of continuing study at a tutorial school. Actual finding and expectation were perfectly met as tutor is the factor that has most significant impact through customers' perception and follow by result, content and ability to response with customer need.

According to previous research, the research finding indicated that location is most significant factor of marketing mix for success of tutorial business.

For this study, there were the questions related to topic of location in marketing mix in order to determine impact of tutorial location on decision-making.

4.4 Factor 3: Location, Marketing Mix

Table 4.12 Impact of Location in tutorial decision-making

| Impact | Number of Respondent | Percentage of Respondent |
|----------|----------------------|--------------------------|
| Agree | 42 | 84% |
| Disagree | 8 | 6% |

The question has asked respondents whether location is significant or insignificant in tutorial decision-making through their perceptions. The finding shows majority of respondents with 84% indicated that location has significant impact in choosing a tutorial school. In contrast, 8% of total respondents indicated that there is no significant of location impact on tutorial decision-making. The finding of this study was met with previous research that tutorial location is important for tutorial business that has significant impact on customer decision-making.

In this study, we also expected that service quality of a tutorial school plays more significant role than location of a tutorial school in customer's decision-making. There was the question that instructed respondents to choose different alternatives of weights of important between service quality and location of the school through their perception in order to test which factor play more significant role through customers' perceptions.

Table 4.13 Weight of important between Location and Service Quality of a tutorial school

| Weight of Important | Number of Respondents | Percentage of Respondents |
|--------------------------------------|------------------------------|----------------------------------|
| Location > Service Quality | 1 | 2% |
| Service Quality > Location | 17 | 34% |
| Location = Service Quality | 32 | 64% |

The finding shows 64% of total respondents put same weight of important between location and service quality of a tutorial school, it meant majority of respondents considered that both factors, location and service quality of the tutorial school, have same level of significant in their decision making. Secondly, 34 % of total respondent considered that service quality of the tutorial school is more important factor than location of the school. There was only 2% of total respondents considered that location of the tutorial school is more important than its service quality. Surprisingly, majority of respondent considered that both factors have same significant level in their decision-making instead of considering service quality is more important than location of the school.

4.5 Factor 4: Level of Customer Satisfaction

Regarding to Christopher L., level of satisfaction of customers is the factor that can be used to determine customer retention. Customers who gave 5 score or high satisfaction to a service company in the survey, they have high possibility and tend to be a group who revisit or repurchase a service of that company. As tutorial school is considered as one of service business, level of satisfaction from customers is expected to be one of factors that drive customer retention in the business. There were scale questions in the survey that allowed respondents to give their level of satisfaction through 5 different level of satisfaction (High satisfaction, Satisfaction, Moderate, Dissatisfaction, and High dissatisfaction) to service quality and location of the current tutorial school. Last question in the survey allowed respondents to make decision in

continuing study at the current tutorial school or not through 3 alternative: will, will not and unsure. This result of this study was expected to follow Christopher's finding.

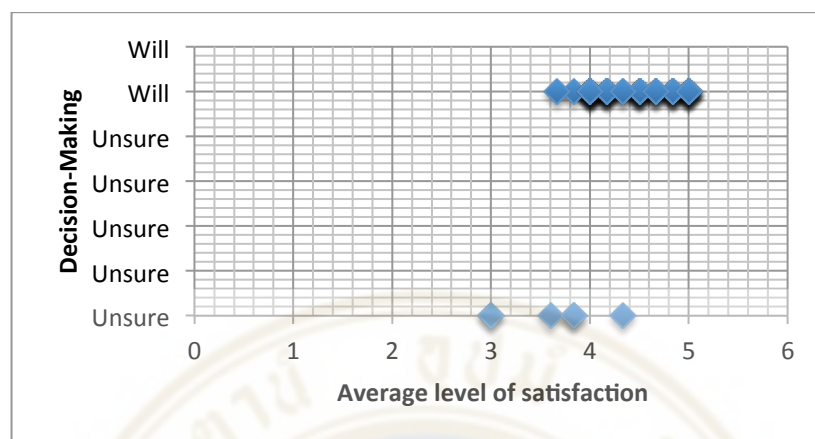


Figure 4.14 Average level of respondent's satisfaction toward their decision-making

The findings show respondents' average satisfaction in the current tutorial school toward their decision-making (Will, Will Not, and Unsure). The finding found 88% of total respondents made the decision to continue study (Will) at the current school, 12% of total respondents were unsure (Unsure) in decision-making, while there is 0% or no respondent made the decision not to continue study (Will Not) at the current school. Moreover, average satisfaction of respondents who will continue study at the current tutorial school is 4.54, and average satisfaction of respondents who were not sure is 3.57. The correlation of these 2 variables is 0.5657, positive correlation reflects relationship between respondent's level of satisfaction and respondent's decision. According to Figure 4.14, the chart consisted with x and y axis, x axis represents decision of respondent in continue study at the current tutorial school, while y axis represents average satisfaction of respondents in the current tutorial school. The dots of respondents who will continue study at the current tutorial school were located primary at 4 to 5 level of satisfaction, while the dots of respondent who were unsure in making decision were located primary at 3 to 4 level of satisfaction. The finding and expectation result were met regarding to positive correlation between respondent's satisfaction and respondent's decision. This means students who gave satisfaction

score above 4, have high possibility to continue study at the current tutorial school. In term of service quality, the finding found that

4.6 The result of further interview

After analyzing quantitative data of this survey, this study also used qualitative research approach to have better understanding in customer's insight and opinion toward their experience in using tutorial service. 5 high school students at the tutorial school were asked to be interviewees in this study, there were 1 students from Matthayom 4, 2 students from Matthayom 5 and 2 students from Matthayom 6. All of them are studying in the same tutorial school. The interview process took 15 to 20 minutes per an interviewee and each of them were asked through structure questions relating to topic of sociocultural influence, service quality, location and overall satisfaction toward their current tutorial school.

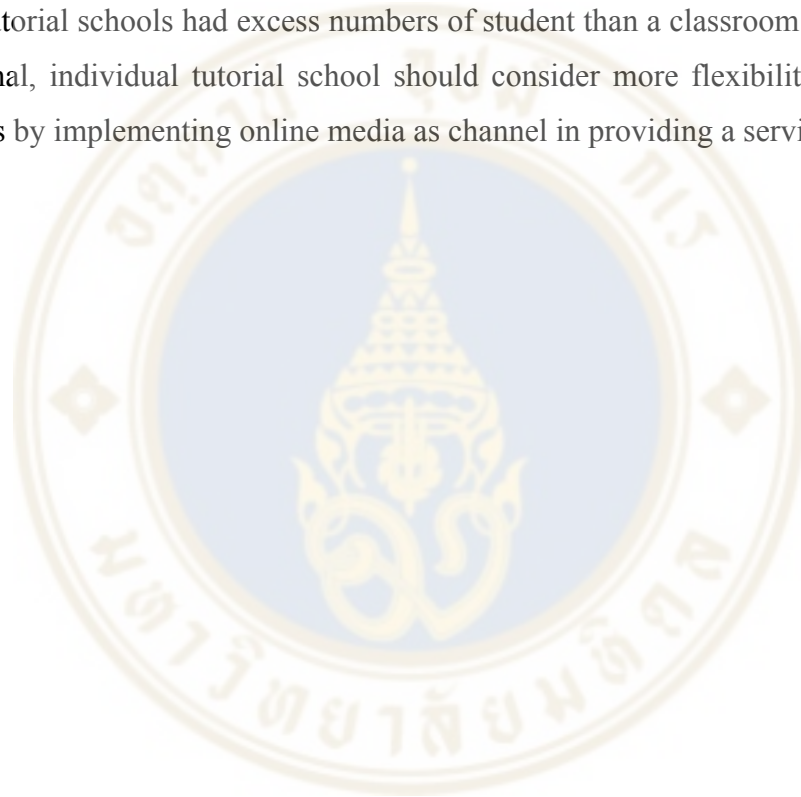
The findings of the interview clarified us about today role in choosing the tutorial school of high school students. Most of interviewees accepted that they were influenced by school's friend in choosing a tutorial school to study, while few students were influenced by their parents. Students preferred to study at tutorial school in familiar group rather than study alone, so most of student will follow their friends to study at same tutorial school. Today student is the decider in tutorial decision-making, parents play buyer role to support their financial.

In term of service quality, 5 students were asked what factors of service quality is mostly significant that can effect their decision to continue or discontinue study at the tutorial school. Tutorial competency seems to be most significant factor of service quality in tutorial school. Teaching technique, trick in studying, fun environment that were provided by a tutor in class made differentiate of the tutorial school toward student's perception. Moreover, result after using service is another significant factors as students expected to get better grade, and desired admission score from study at tutorial school.

Location of the tutorial school is significant for students, students usually preferred to study tutorial course on weekday after school, so they require to find a tutorial school that locates close to their school or resident area in order to save time in

travelling regarding to serious problem of traffic in Bangkok. This made location has almost or equally significant affect to service quality of a tutorial school.

Moreover, these 5 students have relative high overall satisfaction toward the tutorial school, they accepted that satisfaction in tutor competency is the key to determine whether they will continue study or find new tutorial school. These 5 students are willing to continue study at this tutorial school in next semester, if the school has a schedule that meet their available time. There is the suggestion from students to general tutorial schools to have proper amount of students per class as some tutorial schools had excess numbers of student than a classroom can accepted. In additional, individual tutorial school should consider more flexibility in studying to students by implementing online media as channel in providing a service.



CHAPTER V

DISCUSS & CONCLUSION

Today we cannot refuse that studying tutorial school has become a part of value in Thai education especially high school students who have to prepare for the national admission exam. The numbers of registered tutorial school were increased annually at 5.4 % regarding to Kasikorn research 2013, the growth of tutorial institution came from both Bangkok and other parts of the country. Tutorial industry is considered to be relative high competition regarding to various numbers of tutorial schools that resulted in high bargaining power of students in choosing and switching a tutorial school. The impact from strategy of large tutorial institutions that expand their business by franchising and opening a cluster (one stop service), this led individual or small tutorial school to adjust its strategy in order to response with high competition and environment change by focusing on strength and factors that can influence local students to continue study. Factors such as sociocultural influence, service quality, marketing mix, and level of customer satisfaction were studied in this research in order to determine factors that tutorial entrepreneur can use to influence current students to continue study and create positive rumor to attract new students.

5.1 Conclusion

The research finding has determined purpose of high school students in studying at tutorial school because it was considered as pathway to prepare for admission exam, other purposes are studying tutorial school for getting better grade and better understanding lesson in class. In term of sociocultural influence, the finding determined a person who plays different role in making decision for studying tutorial school. The study found that friend and parent play significant as influencer in choosing a tutorial school, the decider role was played by students or themselves to make final decision in choosing the school. In term of service quality, the study

indicated tutor competency is most significant factor in service quality of the tutorial school that high school students considered after experience service, getting better grade and more understanding lesson in class are following significant factors that students used in deciding to continue or discontinue study at the current school. In additional, the study found that location and service quality of the tutorial school have same level of significant in students' decision-making. Lastly, the study has supported positive relationship between level of customer satisfaction and customer retention in tutorial business.

There is rejection of expected outcome in this study, the finding shows that high school students put same weight on location and service quality of the tutorial school in their decision-making because of serious traffic jam problem in Bangkok that became barrier in travelling of students, so students tends to choose a tutorial school that located closely to their residents or nearby their school in order to save time. This made location of the tutorial school has same level of significant equal to service quality of the school through students' perceptions.

5.2 Limitations and Further Research

There is limitation of this study regarding to limited time in collecting data and limitation of information in this study that relied on small sample size from one tutorial school's students. This made information of the survey can be applied to tutorial schools that are located in Ladprao district or nearby area in Bangkok. For those tutorial schools are located outside of Bangkok or central business district, they may not be able to use some parts of information in this survey.

For future research, the limitations of this study that were mentioned above can be used to guide future research to avoid limitation in both time and information by spending appropriated length of time in collecting data to larger sample size from tutorial schools around Bangkok. Moreover, future research may study and focus on other different scopes beside this study in order to get more fact and information of a tutorial business from future survey.

Finally, we hope that the scope of this study can be used to guide current and new tutorial entrepreneurs to adopt the proper strategy to create competitive

advantages toward high competition in the industry to maintain current students and influences new students to study at their schools.



REFERENCES

- Kasikorn Research (2013). *Tutoring Thrives, but Several Challenges Loom*.
(Current Issue No. 2395). Kasikorn Research Center Co., Ltd
- Thanonline (2013, September) ตลาดกวดวิชายังคงเดิมโต: จับตาทางเลือกกว้างขึ้นของนักเรียนแต่ปัจจัยท้าทาย.
Retrieved April 8, 2014, Available from
([http://www.thanonline.com/index.php?option=com_content&view=article
&id=196264&catid=176&Itemid=524#.U2FJLCj7mfR](http://www.thanonline.com/index.php?option=com_content&view=article&id=196264&catid=176&Itemid=524#.U2FJLCj7mfR))
- Anderson. WE, Fornell, C., & Lehmann DR. (1994) *Customer Satisfaction, Market Share, and Profitability: Findings From Sweden*, Journal of Marketing Vol.58, pp. 53-66
- Fournier, S. and Mick, DJ. (1999). *Rediscovering Satisfaction*, Journal of Marketing Vol.63, pp. 5-23
- Nitzan, I. and Libai, B. (2011). *Social Effects on Customer Retention*, Journal of Marketing Vol.75
- Lovelock, C., Wirtz, J., & Tat Keh, H. (2002). *Customer Behavior in Service Setting*, Service Marketing in Asia, Singapore: Pearson Education. pp. 96-107
- Heskett, JL, Thomas OJ, Gary WL, Earl, JR & Leonard AS. (1994). *Putting the Service-Profit Chain to Work*, Harvard Business Review 72, pp. 164-174
- Reichheld, FF, and Sasser, WE, (1990). *Zero Defections: Quality Comes to Services*, Harvard Business Review, pp. 105-111
- Xerox case (1993) *Customer Satisfaction Drives Customer Royalty*, Service Marketing in Asian, Singapore: Pearson Education. pp. 544-545
- Faculty of Economics, Chulalongkorn University (2012) *Entrance Examination, Private Tutoring, and Economic Growth*. Available from
(http://www.mecon.econ.chula.ac.th/e_young/Tutoring_e.pdf)
- Dissertation, Thanakornkul, W. (2010). *Factors Relating The Success of Tutorial Business in Bangkok*, (MBA). Silapakorn University



APPENDIX A: QUESTIONNAIRE

Studied factors relating to customer retention of tutorial business and consumer behavior of high school students in Bangkok.

This questionnaire is the part of research in order to find factors relating to customer retention of tutorial businesses and study consumer behavior of high school students in Bangkok area. This study belongs to College of Management, Mahidol University. The information will be used for the academic purpose and it will be kept in confidentially. Your kindly cooperation would be much appreciated.

Instruction Please fill ✓ into in front of a desired alternative that meet with your opinion

Part 1 Information respondent's background

1. Gender

Male Female

2. What years are you in?

Matthayom 4 Matthayom 5 Matthayom 6

3. Which school are you studying?

School A School B Other (please identify).....

4. How much is your family's monthly income?

Below 10,000 Baht 10,001 - 20,000 Baht 20,001 – 30,000 Baht
 30,001 – 40,000 Baht 40,001 – 50,000 Baht Above 50,000 Baht

Part 2 Information relating to respondent's demand and experience in studying tutorial school

5. Do you want to study a tutorial course in next semester?

Yes, I do (Continue next question) No I don't (Skip this questionnaire)

6. Have you studied other tutorial school before, beside this tutorial school?

Yes, I have No, I have not

7. How many tutorial courses do you take per semester?

- 1 2 3 4
 5 6 over 6 courses

8. How much average cost do you spend in studying tutorial courses per semester?

- Below 5,000 Baht 5,001 – 10,000 Baht
 10,001 – 15,000 Baht Over 15,000 Baht

9. What is your reason in studying at tutorial school? (Able to choose more than 1 choice)

- Better understanding in class Better grade Pre-study
 Pre-admission Parent's influencing Friend's influencing
 Other reason (please identify).....

Part 3 Information relating sociocultural influenced factors that have impact on customer's decision-making.

10. Who pay for your tutorial fees?

- Parent Self Other (please identify).....

11. Who is final decider in choosing a tutorial school?

- Parent Self Other (please identify).....

12. Who is your influencer in choosing a tutorial school?

- Parent Sibling Senior student
 Friend Other (please identify).....

Part 4 Information relating service quality factors of a tutorial school that have impact on customer's decision-making.

13. After you have studied at the tutorial school, Do you think which factor of the school is significant in term of service quality by filling a number into behind each factor (4 = Most important to 1 = Least important)

- Tutorial competency
 Content and Instructor media
 Course and schedule
 Result after using service (Example: better grade, better admission score)

Part 5 Information relating location of a tutorial school that impact on customer decision-making

14. Do you think that a location of a tutorial school has significant impact on your decision-making in choosing a tutorial school or not?

- Yes, it has No, it hasn't

15. In your decision-making, between location of a tutorial school or its service quality which has greater significant impact in choosing a tutorial school based on your opinion.

- Location of a school is more important than its Service quality
- Location of a school is less important than its Service quality
- Both Location and Service quality of a tutorial school have same significant impact on my decision-making
- Neither Location and Service quality do not have significant impact on my decision-making

Part 6 Information relating level of satisfaction of customer in a tutorial school that impact on customer retention.

16. Please fill this symbol ✓ into table of level of satisfactions that reflect your satisfaction in your current tutorial school.

| | Level of satisfaction | | | | |
|--|-----------------------|-----------------|----------|--------------|-------------------|
| | High dissatisfaction | Dissatisfaction | Moderate | Satisfaction | High satisfaction |
| 6.1 Satisfaction toward service quality of the school | | | | | |
| Tutor | | | | | |
| Content and instruction media | | | | | |
| Course and Schedule | | | | | |
| Result after studying | | | | | |
| 6.2 Satisfaction toward location of the school | | | | | |
| Location and convenience of the place in tutorial school | | | | | |

17. Will you study at this tutorial school for next coming semester?

- Will Will not Unsure

18. Suggestion

.....

.....

.....

.....