

Customer Preferences for Coworking Spaces in Chiang Mai

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Abstract

The objective of this research is to study the customer preferences for coworking spaces in Chiang Mai Province as well as to make a comparison among customers of different occupations. This research applies quantitative research methodology and uses an online questionnaire for data collection. The researcher then applied purposive sampling by collecting data only from those who had used coworking space services during May 1, 2021 – August 16, 2021. The data collection was taken place in August – November, 2021. The sample includes 385 coworking spaces customers. The researcher applied descriptive statistics including frequency, mean, and standard deviation to analyze data and also applied Analysis of Variance to analyze the difference among various informant groups. The study showed that most of the respondents were female, aged 21 -25 years, hold a bachelor's degree, and earned average monthly income between 10,000-20,000 baht, had used the coworking service within the past 6 months, visit coworking space around 1 – 5 times per month, spent about 1 – 3 hours per each visit, and usually visit during 9:01 – 12:00 hours. The customer preferences toward service marketing mix of coworking spaces in Chiang Mai are product, place or channel, price, process, physical evidence, promotion, and people, all at the highest level. In comparison of customer preferences among different occupation, it was found that there are 3 factors that showed the statistically significant difference which include price, promotion, and people. As the result revealed that generation Z are the main customers of coworking spaces, the business owners shall focus on applying suitable marketing mix strategies to meet their preferences.

Keywords: Coworking space, Chiang Mai, Preference, Service marketing mix

Introduction

A coworking space is a shared professional-style working space where people can pay a service fee to use a shared workspace. Coworking spaces often foster community, hold networking events, and create ideal solutions for small companies, startups or remote workers, like freelancers (Dan, 2022). Coworking space service providers usually provide a work environment and generally, office equipment and services characteristic of a typical workplace. The features of such an office space typically include shared space to work, round-the-clock access to workplace, conference and board rooms that can be reserved or rented on need basis, Wi-Fi, shared printing, copying, faxing and/or scanning facilities, to mention a few (The Workplace Co, 2021). According to Statista, there is approximately 28,500 coworking spaces worldwide and the number is projected to raise up to approximately 42,9000 by the end of 2024 (Statista, 2022b).

The market for coworking space in Thailand also grows quickly as it has been driven by demand from new generations (Katharangsiporn, 2018). Chiang Mai is a hub of northern Thailand and the second-largest city in Thailand. The province has a population of around 1.2 million in the urban city area as of 2022 (Wikivoyage, 2022). The market for coworking space has also expanded to Chiang Mai. There is no formal statistics on number of coworking spaces in Chiang Mai available. However, people can find out where coworking spaces are by searching from several channels including internet sources. For instance, in 2022, there are 22 coworking space in Chiang Mai on coworkingspace.com list (Coworkingspace, 2022). This number may not reveal the exact amount of all working spaces out there, however, it provides important data that there are a lot of them and the services are well accepted by the customers.

As the coworking space trend is continuous raising, it is important to learn the customer preferences so that the business operators can design the marketing mix strategy appropriately. This research aims to study the customer preferences for coworking spaces in Chiang Mai Province as well as to make a comparison among customers of different occupations. The results of this research would be beneficial for the coworking space service providers in the long run.

Literature Reviews

Customer Preference

This research applied consumer preference concept to explain the behavior of consumers. Consumer preference concept is usually be employed in marketing, strategies. The theory states that consumers are influenced by their own preferences, the preferences of others, and the context in which they make decisions. Many business organizations have recognized the importance of customer preference. In turn, they use customer data to improve their products and services. Customer preference concept helps the marketers to understand what customers want in order to create new products or services based on their preferences (Williams, 2022). Customer preferences are, for example, product categories, price points,

marketing channel, to name a few. Data of customer preferences can be gathered in various ways such as purchase data, focus group, and survey. This research applied survey method to collect data.

Marketing Mix

Marketing Mix is a tool used by businesses and marketers to help determine a product or brands offering. The 4 Ps have been associated with the Marketing Mix since their creation by E. Jerome McCarthy in 1960 (McCarthy, 1960). In the late 70's it was widely acknowledged by Marketers that the Marketing Mix should be updated in order to cover not only product but also services. This led to the creation of the Extended Marketing Mix in 1981 by Booms & Bitner which added 3 new elements to the 4 Ps Principle. This now allowed the extended Marketing Mix to include products that are services and not just physical things. The 7 Ps includes 1) Product 2) Price 3) Place or distribution channel 4) Promotion 5) People 6) Process, and 7) Physical evidence (Professional Academy, 2022). This research applied 7Ps concept in order to explain all service dimensions of the coworking spaces in Chiang Mai.

Methodology

Research framework

1. Content

This study is a quantitative study. It focuses on the customer preferences for coworking spaces in Chiang Mai. The study oriented around the customer preference concept along with service marketing mix (7Ps) concepts. The service marketing mix includes product, price, place or distribution channel, promotion, people, process, and physical evidence.

2. Population and sample

The population in this study included people who had used or have been using coworking space services in Chiang Mai. As the exact number of populations was unknown, the researcher applied W.G. Cochran formula to calculate the appropriate number of sample size at 95 percent confident level and allow 5 percent randomization error. Consequently, the retrieved appropriate sample size was 385 (Uakarn et al., 2021). The researcher then applied purposive sampling by collecting data only from those who, had used or still using coworking space services during May 1, 2021 – August 16, 2021. The data collection was taken place in August – November, 2021.

Research tool

The research instrument used in the study was a questionnaire which consists of 4 parts as follows:

- Part 1 General information about the respondents which includes gender, age, level of education, occupation, and average monthly income.
- Part 2 Customer practices in using coworking space services
- Part 3 Customer preferences toward service marketing mix of coworking spaces in Chiang Mai
- Part 4 Suggestions to improve the coworking space business

Questionnaire development

The researcher developed questionnaire by reviewing related documents and observing coworking spaces in Chiang Mai and develop the first draft of questionnaire. Then, the researcher presented the questionnaire to the 3 experts to check for content validity and to find the Index of Item Objective Congruence (IOC). The 3 experts include a professor who is specialized in research tool development and two frequent coworking space customers who understand coworking spaces services well as they have direct experiences in using the services. Based on the criteria for determining IOC, to accept the content validity, the index must be greater than 0.5 (Rovinelli & Hambleton, 1977). The analysis revealed that all of the IOC values of each question in the questionnaire range from 0.67 to 1.0 which were considered acceptable to use as they indicated the consistency between the questions and the objectives of the questionnaire. Subsequently, the researcher measured confidence or internal concordance with Cronbach's Alpha Coefficient, using the expert-recommended questionnaire tested on 30 informants by the selection criteria questions with an α value of 0.70 or higher were considered confident (Tirakanant, 2012). The analysis obtained Cronbach's alpha coefficient on customer practices and on each of the service marketing mix factors, the obtained values range from 0.72 – 0.99 and the average value is 0.88. Hereafter, all questions are considered confident and can be appropriately used. The researcher then created an online questionnaire and collect data.

Data analysis

Data collected from the questionnaire were analyzed by using descriptive statistics consisting of frequency, percentage and mean. In the part of customer preferences, the preferences of service marketing mix towards coworking spaces in Chiang Mai were rated into 5 levels according to the Rating Scales Method. The scores were interpreted for each level as follows: 4.21-5.00 means highest; 3.41-4.20 means high; 2.61-3.40 means medium; 1.81-2.60 means low and 1.00-1.80 mean lowest.

Results

Part 1 General information of informant

The researcher collected data from 385 informants. The results showed that most of the respondents were female (62.0%), aged 21 -25 years (35.0%), bachelor's degree (67.0%), students (43.1%), and earned average monthly income between 10,000-20,000 baht (34.0%).

Part 2 Customer practices in using coworking space services

Regarding customer practices in using coworking space services, it was found that the majority of the informants had used the coworking service within the past 6 months (52.7%), the frequency of using coworking space range around 1 – 5 times per month (44.2%), and they spent about 1 – 3 hours per each visit (56.1%). The most popular usage hours were 9:01 – 12.00 hours. Most of the informant did not pay to rent the space (45.5%) but they paid for other additional services such as food, beverage, and high-speed internet around 101 – 150 Thai Baht per visit (22.08%). The main purpose of most informants to use the coworking spaces was to do business contact (23.1%). The informants usually visit the coworking space with 2-5 people

at a time (44.0%). The top priority to select coworking space was an appropriate place to work conveniently (22.9%) and they usually chose a space to be able to work privately such as a solo working desk which provide a sense of private space (49.1%).

Part 3 Customer preferences toward service marketing mix of coworking spaces in Chiang Mai

Regarding customer preferences toward service marketing mix of coworking spaces in Chiang Mai, the informants ranked all the service marketing mix (7 Ps) at the highest level. The top 3 preferences toward service marketing mix consists of product (4.58), place or channel (4.51), and price (4.46). The Standard Deviation (SD) is the measure of dispersion or variation of a set of data from its mean. The higher SD reflects the greater dispersion or greater deviation of the value from its mean. For the 5-rating scale, SD above 1.75 means highest dispersion; 1.25 – 1.75 means somewhat high dispersion, and below 1.25 means low dispersion. The results in table 1 revealed that the SDs of all service marketing mix factors range between 0.4 – 0.7 which mean the data are low dispersion from the mean.

Table 1 Customer preferences toward service marketing mix of coworking spaces in Chiang Mai

Order	Service marketing mix	Mean	SD	Interpretation
1	Product	4.58	0.446	Highest
2	Place or Channel	4.51	0.439	Highest
3	Price	4.46	0.548	Highest
4	Process	4.42	0.520	Highest
5	Physical evidence	4.38	0.535	Highest
6	Promotion	4.30	0.602	Highest
7	People	4.21	0.715	Highest

To illustrate the research result in more detail, the researcher presents the top 3 sub-factors of each service marketing mix factor. Such data would provide ideas of what service marketing mix the service providers shall pay particular attention to and in what ways to enhance the strategy. The top 3 sub-factor of each service marketing mix are shown in table 2.

Table 2 Top 3 sub-factors of customer preferences toward service marketing mix of coworking spaces in Chiang Mai

Order	Service marketing mix / Sub-factors of service marketing mix	Mean	SD	Interpretation
Product				
1	The service hours are appropriate	4.67	0.521	Highest
2	Necessary facilities such as high-speed internet, printer, copy machine are provided	4.66	0.587	Highest
2	The place is neat and clean	4.66	0.511	Highest
Price				
1	The price is worth the service received	4.55	0.631	Highest
2	There are a variety of service price range.	4.51	0.621	Highest
3	Service rates are clearly displayed.	4.50	0.633	Highest
Place or Channel				
1	The location is easy to access (e.g. located near residential areas, workplaces, or in the center of the city).	4.60	0.548	Highest
1	There is sufficient parking space for customers	4.60	0.562	Highest
2	It is convenient to get access to information (e.g. contact details, tracking missing items, etc.)	4.54	0.620	Highest
Promotion				
1	Promotional arrangements are organized regularly (e.g. discount, special privileges for members, etc.)	4.47	0.648	Highest
2	A variety of communication channels are accessible (e.g. online media, social media, roadside publicity signs, etc.)	4.34	0.701	Highest
3	Publications are reliable and interesting (e.g. user reviews, PR on social media, etc.)	4.30	0.699	Highest
People				
1	Employees are attentive in providing good service to customers.	4.35	0.747	Highest
2	Staff are courteous and friendly.	4.30	0.769	Highest
3	Employees are reliable and able to solve problems.	4.16	0.870	Highest

Order	Service marketing mix / Sub-factors of service marketing mix	Mean	SD	Interpretation
Process				
1	The security system and theft protection are in place.	4.50	0.629	Highest
2	Service delivery is quick, easy, and uncomplicated (e.g. payment process, troubleshooting for equipment usage, etc.)	4.42	0.616	Highest
3	The regulations, terms and conditions for using the service are appropriately displayed.	4.35	0.648	Highest
Physical Evidence				
1	The facilities are neat and clean.	4.45	0.564	Highest
2	The lighting system in the coworking space is good.	4.43	0.610	Highest
2	The temperature is suitable for customers to sit and work for a long time.	4.43	0.609	Highest

Besides knowing the customer preferences toward service marketing mix of coworking spaces in Chiang Mai, the researcher also analyzed the data to see whether customers of different occupation have different preferences. As they could be classified as different customer sectors, if their preferences are differed, the coworking space service providers shall consider designing different service marketing mix strategy to meet their different demand. By applying Analysis of Variance (ANOVA), it was found that when classified by occupations, the customer preferences toward service marketing mix, there are 3 factors that are different at a significant level of 0.05, which are price, promotion, and people. The results are shown in table 3.

Table 3 Comparison of customer preferences toward service marketing mix of coworking spaces in Chiang Mai, classified by occupation

Service marketing mix	Occupations					F	Sig.		
	Mean								
	Student	Government officer	Private company employee	Business owner	Freelance				
Product	4.56	4.53	4.54	4.67	4.55	1.173	0.322		
Price	4.52	4.20	4.30	4.51	4.41	2.776	0.027*		
Place or Channel	4.54	4.40	4.38	4.58	4.45	2.293	0.059		
Promo-tion	4.39	3.97	4.16	4.37	4.21	3.814	0.005*		
People	4.34	3.97	4.04	4.27	4.02	4.490	0.001*		
Process	4.46	4.30	4.32	4.46	4.35	1.494	0.203		
Physical evidence	4.43	4.21	4.22	4.43	4.34	1.970	0.098		

*Different at significant level of 0.05

Part 4 Suggestions to improve the coworking space business

This part presents suggestions from the informants to improve the coworking space business. The top 3 suggestion was for the coworking space service providers to provide frozen food, snacks, and beverage for sale in the coworking space building (4.41%), to allow food to be delivered to the venue and spaces for dining (2.34%), and to keep the venue quiet and not play loud music as it would disturb the user's concentration (2.08%), respectively. The suggestions are shown in table 4.

Table 4 Suggestions to improve the coworking space business

Suggestions	Count	Percent
Provide frozen food, snacks, and beverage for sale in the coworking space building.	17	4.41
Allow food to be delivered to the venue and spaces for dining.	9	2.34
Keep the venue quiet and not play loud music as it would disturb the user's concentration.	8	2.08
Provide enough chairs for all customers.	7	1.82
Provide sufficient electricity sockets available.	6	1.56
Provide common printer for service.	4	1.04

Discussions

In this research, it was found that most of the respondents were female, aged 21 -25 years old, and hold a bachelor's degree. This finding differed from the statistics from Color Business Center in Luxembourg which stated that coworking space members are typically 36 years old. However, some findings were aligned, as the Color Business Center indicated that the majority of people who work in coworking spaces are highly educated, with 86 percent having earned a higher education degree. Although the number of women using coworking spaces is steadily increasing, men still make up the majority of users (Color Business Center, 2022).

Regarding the findings of customer practices in using coworking space services in Chiang Mai in this research, it was found that most of the informants used coworking space range around 1 – 5 times per month. This finding is different from the data from Statista (2022a), which indicated that the frequency of coworking space usage worldwide in 2016 and 2017 was only one or two times a week. However, it shall be noted the year different of the two data sets. This study found that most popular usage hours was 9:01 – 12.00 hours, whereas the data from the 2017 Global Coworking Survey by Deskmag (2017) stated that most coworking space members work traditional office hours which starts at 9am and ends around 6pm (Deskmag, 2017). This study found that the customers usually chose a space to be able to work privately such as a solo working desk which provide a sense of private space. This result contradicts with the 2017 Global Coworking Survey by Deskmag (2017) which reported that 74% of users used public working areas (Deskmag, 2017). This research indicated that the top priority for the customers to select coworking space was an appropriate place to work conveniently. This information seemed to align with the Global Coworking Survey by Deskmag (2017) which described that most users would prefer a window with a view in front of their computer (70%), only every fourth member would like to face other people in front of their desk, and the most unpopular option is workspaces that are located directly at a wall (Deskmag, 2017).

When considering the customer preferences toward service marketing mix of coworking spaces, the result of this study showed that the top 3 sub-factors of service marketing regardless of the main factors includes: the service hours are appropriate, necessary facilities such as high-speed internet, printer, copy machine are provided and the place is neat and clean, respectively. This finding is different from the study of Appel-Meulenbroek (2021) which indicated that the accessibility of the location is the most important coworking space attribute for coworkers in the Czech Republic and Germany. For coworkers in the Netherlands, the type of lease contract is more important. When these two main attributes meet one's preferences, layout and diversity of tenants are also important for choosing between alternatives. However, other factors seem to align such as reception and hospitality, atmosphere and interior aesthetics and diversity of supply spaces were found to be the least important when choosing between alternative coworking spaces Appel-Meulenbroek (2021).

As this study found some statistical differences among various customers of different occupation in term of their preferences toward coworking space; there are no other research findings revealed direct result on this scenario. However, there are indications that this issue is important. Many coworking space service providers classified their customers by membership types such as corporate customers, small teams, startup teams, hybrid workers, freelance entrepreneurs, remote workers, digital nomad and people on workation, and students and interns. The coworking space service providers offer each type of members with different service and fee packages upon their demands (Moreno, 2022; True, 2022). Moreno (2022) suggested that generic services to all types of members cannot make members happy as they do not resonate their personal and business interests. In turn, they would lose their loyalty to the place. Therefore, to select a target customer and identify the brand positioning is crucial for this business.

Conclusion and suggestions

From the results of the study, it could be concluded that most of the respondents were female, aged 21 -25 years, hold a bachelor's degree, and earned average monthly income between 10,000-20,000 baht. Most of them had used the coworking service within the past 6 months, visit coworking space around 1 – 5 times per month, spent about 1 – 3 hours per each visit, and usually visit during 9:01 – 12.00 hours. It is notable that most of the informant did not pay to rent the space, instead, they pay for other additional services such as food, beverage, and high-speed internet around 101 – 150 Thai Baht per visit. They usually come to the coworking spaces for business contact purpose and always come with 2-5 people. They chose which coworking space to work at based on its convenience. When in the coworking space, they prefer private space such as individual desk.

The customer preferences toward service marketing mix of coworking spaces in Chiang Mai are product, place or channel, price, process, physical evidence, promotion, and people, respectively. It is interesting to learn that the customer rated all of the service marketing mix factors at the highest level. The result also discovered that the top 3 sub-factors of service marketing mix that the informants rated the highest level belongs to “product” factor which includes the service hours are appropriate; necessary facilities such as high-speed internet, printer, copy machine are provided; and the place is neat and clean. In addition, when making a comparison of customer preferences among different occupation, it was found that there are 3 factors that showed the statistically significant difference which include price, promotion, and people.

From the research result, the researcher provides suggestions as follows:

1. Suggestions for the coworking space service providers in Chiang Mai and others interested in coworking space business
 - 1.1 From the result of the study, it was found that many customers are 21 – 25 years old and earned income around 10,000 – 20,000 baht per month. The coworking space service providers may consider offering affordable prices for them as well as match the generation Z lifestyle. For example, they may supply coffee and snack vending

machines to locate in the building. In addition, they may provide spaces for customers to sit and eat their food in which they order from delivery services.

- 1.2 The coworking spaces should provide vibrant atmosphere with nice and clean facilities so that the customers could sit and work comfortably as the research results indicated such customer preferences. Moreover, the coworking spaces which are well equipped with office working appliances such as high-speed and stable internet, good quality printer, and copy machine would make them superior to their competitors.
- 1.3 As it was found that the customers of different occupations have different preferences for coworking spaces in some service marketing mix factors, the service provides may consider classifying their customers and design different service packages for them. From the literature review, many coworking spaces in Europe realized such differences. Therefore, instead of trying to meet all users' preferences, they aim to target for a specific customer group in order to provide appropriate service marketing mix that meet their tastes.

2. Suggestion for future research
 - 2.1 There should be a study focusing on the preferences towards the coworking spaces focusing on different groups of customers such as corporate customers in which the companies purchase memberships for their employees to work at instead of working at the companies' premises. From the literature reviews as well as the researchers' finding, it was found that there are increasing number of this type of customers.
 - 2.2 There should be a comparison study on coworking spaces in other provinces as the business is expanding and well accepted among customers in big cities.
 - 2.3 There should be future research applying gap model of service quality to identify areas for coworking business owners to enhance their customer experiences.

New knowledge and the effects on society and communities

This research generated new knowledge about customer preferences toward service marketing mix of coworking spaces in Chiang Mai. The coworking space business owners in Chiang Mai and other provinces can apply the results of this study to enhance their business marketing strategies. In addition, the growth of coworking spaces would play an important part for the economics of the country.

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