

## INTEGRATED MANAGEMENT MODEL FOR DAY SPAS BUSINESS IN THAILAND

### รูปแบบการบริหารแบบบูรณาการสำหรับธุรกิจเดย์สปาในประเทศไทย

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#### Abstract

The objectives of this research were to study the contexts and vital elements of day spa management in Thailand in order to develop an integrated management model for day spas business in Thailand. The academic gathered of both qualitative and quantitative research methodologies, through a sample of six individuals' staff involved in the day spa business in Thailand; which are managers, receptionists and therapists, as well as 400 customers using day spas in Thailand. The research tools were an interview script and questionnaires based on theorems and principles regarding value chain management, product management, quality management, human resources management, supply chain management and marketing. The interview results shown that the theories used as the foundation of this research are applicable. Further data from the survey were processed for descriptive statistics which included frequencies, percentage, mean, standard deviation and correlation. The studied results showed that the most concerned element is sales & marketing followed by supply chain management, human resource management, quality management and products management, respectively. The correlation coefficients between all of the studied elements were positive correlation.

**Keywords:** Integrated management model, Day spa management model in Thailand

#### บทคัดย่อ

การวิจัยครั้งนี้มีวัตถุประสงค์เพื่อศึกษาบริบทและองค์ประกอบที่สำคัญของการบริหารธุรกิจเดย์สปาในประเทศไทย ทั้งนี้เพื่อใช้ในการพัฒนารูปแบบการบริหารแบบบูรณาการของธุรกิจเดย์สปาในประเทศไทย ผู้วิจัยรวบรวมข้อมูลโดยใช้ระเบียบวิธีวิจัยเชิงคุณภาพและปริมาณ จากกลุ่มตัวอย่างพนักงานของเดย์สปาในประเทศไทยในตำแหน่งผู้จัดการ พนักงานต้อนรับ และพนักงานให้บริการนวด จำนวน 6 ท่าน และผู้ใช้บริการเดย์สปาในประเทศไทย จำนวน 400 ราย เครื่องมือวิจัยที่ใช้คือ บทสัมภาษณ์และแบบสอบถามที่ใช้ฐานข้อมูลจากทฤษฎีและหลักการที่เกี่ยวข้องกับการบริหารห่วงโซ่มูลค่า การบริหารผลิตภัณฑ์ การบริหารคุณภาพ การบริหารทรัพยากรมนุษย์

การบริหารห่วงโซ่อุปทานและการตลาด ผลจากการสัมภาษณ์แสดงว่าทฤษฎีต่างๆ ที่ใช้เป็นพื้นฐานในการศึกษาสามารถนำมาปรับใช้ได้ สถิติที่ใช้ในการวิเคราะห์ข้อมูลคือ สถิติเชิงพรรณนา ประกอบด้วยความถี่ ร้อยละ ค่าเฉลี่ย ส่วนเบี่ยงเบนมาตรฐาน และสหสัมพันธ์ ผลการศึกษาพบว่า ผู้ตอบแบบสอบถามให้ความสำคัญกับองค์ประกอบในด้านการบริหารการตลาดสูงสุด ตามด้วยการบริหารห่วงโซ่อุปทาน การบริหารทรัพยากรมนุษย์ การบริหารคุณภาพ และการบริหารผลิตภัณฑ์ ตามลำดับ ค่าสัมประสิทธิ์สหสัมพันธ์ระหว่างทุกองค์ประกอบที่ศึกษาเป็นสหสัมพันธ์ทางบวก

**คำสำคัญ:** รูปแบบการบริหารแบบบูรณาการ รูปแบบการบริหารธุรกิจเดียวสปาในประเทศไทย

## Introduction

The percentage of Tourism's GDP in Thailand during financial year 1996-2013 represented the continuous growing rate, especially in year 2012 with the growth rate of 44%, in which spa shared this portion of 4% with the revenue achieved at 15,000-16,000 million Thai Baht (Department of Business Development, 2013: 14). Thailand is esteemed as one of the primary countries for spa and wellness tourism in Asia, the Ministry of Public Health (MOPH) worked together with the Ministry of Commerce to inaugurate Thailand as the "Health Tourism Hub of Asia" and the "Wellness Capital of Asia" (Johnston et al., 2011: 9). International Spa Association (ISPA) also reinforced the importance of spa business in Thailand which generated substantial income. In year 2002 this sector produced more than 4,000 employments with revenue of 85 million USD (ISPA, 2006).

Further research stated that since 2002 the total number of spa in Thailand has been increased at a rate of 202% during 2008 of which 46% are day spas and 54% are located in hotels/resorts, destination spas and other type of spas (Cohen & Bodeker, 2008: 23).

Thailand has the uppermost numbers of spas in Asia and this speedy growth rate also created the highly competitive environment in term of management, particularly in the stand-alone or day spas which do not have the same clientele supported as resort or hotel spas.

Additional information from Office of Small and Medium Enterprises Promotion (SMEs, 2015) also stated that spa businesses were lack of capable staff and management skills. Moreover they had limitation of marketing channels and cash flow. While they operated with high cost of payrolls, used low quality of Thai herbal products. In term of cooperation, they neither associated with other health related sectors nor government sectors. As consequence the management model which is specially designed for spa businesses, could be the significant guideline for spa operators to improve overall performance in the competitive environment. Furthermore the management model will also help the entrepreneurs to develop the spas in line with market trend as well as create appropriated profit to the organization in sustainable fashion.

## Literature review

Department of Health and Service Support (Ministry of Public Health, 2012) counsels the 5 standards for spa businesses in Thailand, which cover the major aspects of service quality, staff's skills, product & equipment, organization & management and ambiance. In the correlated theories for integrated management system (IMS) is used by an organization to manage all processes or activities in order to fulfill the business's objectives as well as to satisfy all stakeholders. An integrated management system syndicates all related elements such as human resource, finance, marketing, public relation, safety and environment in relevance to the organization's values, operation and objectives into one system for easier management (SCI QUAL International, 2015: 70). The IMS contributes day spa business to improve overall organization performance.

Another associated model of value chain which is invented by Porter in 1985 also integrated all significant elements of market forecasting, quality management, human resource management, marketing, supply chain management and so on. This model will lead to the decrease of cost/and or the increase of incomes which are considered as the 'added value' (Chain Conveyor Design, 2011: 16). Value chain model assists day spa business to control cost, maintain high standard at the same time create more profit margin to the organization. The management aspects to be deliberated such as product management which Heizer & Render (2010: 90) proposed that the forecasting can

be in the short term, midterm and long term. Short-term forecasting includes the procurement and purchase planning, work force planning and production planning. Medium-term forecasting includes sales planning, finance and alternative production planning. Meanwhile long-term includes new product (service) planning, capital expenditures, facility and location planning and research and development of products (services). Product management aids day spa business to forecast of the tendency of services to be sold, the break-even point, the preparation of finance, the improvement of facilities and products (services).

One of the most vital elements that service providers should focus on, is quality. Hoyle (2007: 69), an expert in quality control, suggested that managers can understand the qualities of their products (services) only when they can understand customer needs. The widely recognized model of service quality called 'SERVQUAL model' (Federoff, 2011) which covers 5 characteristics of tangibles, reliability, responsiveness, assurance, empathy. Service quality theory supports day spa business to ensure the desirable characteristics in all aspects that customers assume to experience.

Human resource management (HRM), compatible employees can be attained when the firm has proper recruitment, selection, knowledge test, interview, training and retain plan (Bateman & Snell, 2007). HRM engages day spa business to hire qualify staff with long term commitment, maintain high service quality and motivate staff to work with extraordinary

productivity.

As for Sales & marketing, Kotler, Bowen & Makens (2006) suggested that the marketing for hospitality businesses should emphasize the creation of direct experiences for customers. Furthermore Drummond & Enson (2005), Kotler & Armstrong (2012) suggested that the organization consider its target customers' gender, ages, socio-economic statues, educations and characteristics in order to find out which customer groups it should regard as its major targets. The reason is customer groups are affected by different marketing tactics. The marketing influences day spa business to concentrate on the right segmentation as well as create suitable physiognomies of the products (services).

In current competitive environment, the business alliances and collaboration management are very essential. Heizer & Render (2010: 52) stated that supply chain management (SCM) is the managerial scheme that includes all the aspects relevant to the production and distribution of a product and/or service such as product management, quality management, collaboration management and sustainability management. Supply chain management places the main focus on the coordination of all parties related to a company such as its suppliers and distributors in order to influence all of them to perform their task in the way expected by the company. SCM benefits day spa business to create effective buyer-supplier relationship, inaugurate valuable business partners and preserve natural resources.

## Methodology

The samples for this study were divided into 2 groups: the day spa operators and the customers of day spa in Thailand. Statistics obtained from Provincial Public Health Office of Phuket (2012) revealed that the highest number of day spas registered with Ministry of Public Health in the southern part of Thailand were Phuket with 18 day spas. Whereas day spa in Ranong, Krabi and Phang-Nga is 1. Furthermore, in the northern part region; Chiang Mai has 14 day spa whereas, none in Mae Hongson, Lampang and Lamphoon. In reaction to this data, the researcher resolved to use Phuket, Bangkok and Chiang Mai as the sample of the study because the greater number of day spas in these provinces to represent the southern, northern and center parts of Thailand. In order to avoid the discrepancy the researcher merely gathered data from day spas which registered with Ministry of public health.

Concerning the sample technique and size, the convenient sampling technique is suitable for the quantitative research on the customers' expectations and opinion on day spas' management elements. As it allows the researcher to use any respondent whose features fit the attributes of the populations and is willing to participate in the research (Boehnke et al., 2011: 75). Figure from Department of Tourism (2010), there are more than 10 million tourists visiting the three studied province in 2010. In the Japanese maestro in statistics Taro Yamane (1973), Leedy & Ormrod (2005) recommended that the suitable sample size is 400 for the number

of the populations of which is larger than 10,000. Consequently this research population contained of 400 customers using Thai day spas in Bangkok, Phuket and Chiang Mai. The proportional of questionnaires distributed to each province based of the statistics obtained from Ministry of Public Health in Bangkok which shown the number of spa business in Bangkok, southern and norther clusters respectively at 321, 270 and 163.

The questionnaire consists of two main parts. The first part involved with the respondents' demographic data. The second part is indicated level of agreement of the significance of the management elements of day spa. The rating scale used for this part was a 5-point scaled rating system where 5 represented the strongly agree, 4 = agree, 3 = neutrality, 2 = disagree, 1 = strongly disagree (Baxter & Babbie, 2004; Marczyk, De Matteo & Festinger, 2005).

At the same time, purposive sampling is appropriate for the qualitative work as the selected samples have actual experiences and knowledge (Boehnke et al., 2011). The contribution of 6 spa experts from Bangkok, Phuket, Chiang Mai contributed to the completion of the designed management model for day spa. All of experts provided the repeated data of the vital elements of the integrated management model of day spa business in Thailand. The interview script is semi-structured which consist of a list of pre-determined open ended questions that allows the researcher to ask for more in-depth questions during the interview to gain a fuller understanding of the issues under

discussion.

The quality of research tools is important as it lead to the attainment of accurate and useful information. One of the most proficient verifications of validity is the test-retest technique; the questionnaire is used with a small group of participant's structures similar to the research population (Leedy & Ormrod, 2005; Marczyk, De Matteo & Festinger, 2005). The reliability test carried out in Pattaya city , Chonburi province, the completed set of 50 questionnaires were used to calculating the Cronbach's alpha. The outcome is .910 consequently this questionnaire is reliable to use as the tool for this survey.

The qualitative data obtained from the interviews was analyzed with the grounded theory technique, in which similar data are grouped, categorized and compared to the theories (Henwood & Pidgeon, 2006). The quantitative data from the questionnaire was processed for descriptive statistics, means and standard deviations; and Pearson's correlation coefficients.

## Results

The results of essential management elements from both interviews and survey were categorized correspondingly as sales & marketing, supply chain management, human resource management, quality management and product (service) management.

### Sales & Marketing

Spa experts in the level of manager/director, senior receptionist stated that sales & marketing



is very significant factor in the current high competitive environment. They mentioned about 7Ps marketing mix which consists of product (service), place, price, promotion, physical evidence, process and people. Moreover they also mentioned about other vital factors; such as creating different type of products to match with clients' preference of which differ from competitors; allows guests to experience the services in order to ensure of the service quality; using technology to create more convenient process as well as social medias to promote spa; designing service (product) in accordance with market trend and customer segmentation. Significantly in line with the result from the survey for the category of sales & marketing, which get the highest average means at 4.07; representing the respondents agreed that the sales & marketing aspect of day spa management is the most significant. The standard deviations lower than 1 shown that there was no significant variation.

### **Supply Chain Management**

For the category of supply chain management, spa experts in all level specified that in order to ensure the consistency of revenue the business alliances are very important for day spa business especially tour agents both local and overseas as they send the great number of customers. Others such as hotels/ resorts, restaurant, taxi, competitors, Thai spa and other related associations as well as the collaboration with suppliers are considered necessary to be well liaised since it can create

more customers sources while decrease the burden stock. It is also essential to focus on the sustainability as the MOPH also concern of waste management, pollution reduction and environment & natural resource conservation meanwhile the energy & water saving helps to reduce the operating cost. Meaningfully the average means of supply chain management in the survey was at 3.90 with the standard deviation lower than 1 which shown that respondents agreed that the supply chain management is important respectively and there was no significant variation in respondents' opinion.

### **Human Resource Management**

Spa experts cited the important of recruitment, training and retain staff processes in order to ensure the efficiency to get the right staff with good attitude and service mind as well as willing to commit to the firm in long term basis. The human resource management involved with many tasks such as recruitment process with job description for all positions in the day spa together with person specification for each level. The selection procedure includes with knowledge test, interviews, attitude test and trial period. In spa business, training is very imperative as all staff need the same standard procedure. Hence consistency the training program will be provided for new comers, in addition to the existing staff who regularly attend the checking standard or retrain program depending on the evaluation platform. One of the attentive factors to run business in the

consistency high standard manner, is to keep the good performance staff in long term based. The career path development program, motivation rewards, social welfare & staff's safety with opportunity to promote to higher level are considered to be good strategy to retain staff with company.

The average means of human resource management in the survey was 3.89 which represented the important and respectively agreed of respondents for this category. Concerning the standard deviation, it was lower than 1 which means that no significant variation.

### Quality Management

Quality management in spa business consisted of quality of products, materials, equipment, facilities, staff and quality improvement. Moreover the service quality also reinforced by spa experts that is necessary to ensure at all services area in both tangible and intangible aspects. The SERVQUAL model is relevant to matters concerned by them such as tangible, responsiveness, reliability, assurance and empathy.

The average means for quality management was 3.86 which indicated the optimistic agreement of the respondents with the standard deviation of one question regarding "The service areas of spa and staff's outfits have to be clean" at 1.02 while those of other questions were lower than 1. From 400 responses of which 31.5% were strongly agreed, 31% agreed, 30.5% neutral and 4% disagreed and 3%

strongly disagreed. It is apparent that the figures of neutral answers, agreed and disagreed with the statement are different from each other thus the opinion (degrees of agreement) of the respondents significant vary.

### Product (service) Management

During the interviews, the spa specialists narrated that currently, planning is one of the major features of day spa operators as it related to gain more profit and good return on investment. Planning contains of break-even analysis which means that the profitability and productivities of cost and staff working hours will be examined in order to proper arrange of man powers and service time slots on daily, weekly, monthly based. Additionally the short term planning of inventory control system (just-in-time) will also help to reduce burden stock. The midterm planning which involved with sales, promotion, finance also important part to run business efficiency. Meanwhile the long-term planning of facilities, product & service development, capital expenditures and return on investment are essential to create the right business direction to the firm.

The average means of product (service) management was at 3.74 which means that this category is respectively important. The standard deviation of 2 questions regarding "The spa should be able to design the products and services that fit the new trend of demand" and "The spa should be able to provide products and services that suit guests' requests all the time" were at 1.08 and 1.02 however; first one

the percentage of strongly agreed at 24.5, agreed at 29.5 and neutral at 34.5 thus the degree of agreement have significant vary. Second one, the strongly agreed was at 27%, agreed at 42% and neutral at 21% hence the degree of agreement have significant vary.

### **Correlations among Aspects of Day Spa Management Model**

Pearson's correlation coefficients from the analysis discovered that all the studied elements are interrelated to each other in the optimistic directions and with a statistical significance of 0.08-0.77. A positive coefficient shows that the two tested variable rises, the other will rise accordingly. This is an indication that if spa operator manages to drive performance of one element to higher level, the other element will be positively raised as well. The efficient management of day spa services will be raised once all the elements are well-managed. From the interviews with spa experts, they stated that in order to create the smooth operation, all of the management elements have to be well associated. They further explained that it is impossible to promote spa if spa staff are not qualified or meet the standard required by the Ministry of Public Health. Hence sales & marketing and human resource elements have to be well coordinated. Moreover, it is also hard to promote spa if spa does not have good products and steady supplies. Additional, in order to survive in the high competitive environment, the consistency of high service qualities have to be maintained. Consequently,

sales & marketing, supply chain management, human resource management, quality management and product management also need to be well connected. Therefore both content and statistical analysis results are synchronized in the same direction that all elements are significant.

### **The Integrated Management Model for Day Spas in Thailand**

Figure 1 below shown the integrated management model which incorporated all the studied elements with specific details for day spa business in Thailand; the sales & marketing and supply chain are designated to be more priorities followed by human resource management, quality management and product (service) management. The average mean of each element respectively at 4.07, 3.90, 3.89, 3.86 and 3.74. In liaison to the data from spa experts which mentioned that, in the high competitive situation sales & marketing is the most concerned. As it helps spa to create products, services in accordance with market trend and customers' segmentation as well as differentiate from the competitors. Once the clear direction of sales & marketing has been settled, it leads to an easier interconnected to the business alliances in various sectors in the supply chain management. Accordingly human resource management in related to the concept, proper recruitment, selection and training processes assist spa to get the right qualified personnel in order to achieve company objectives and direction. Then the quality management supports spa to



operate with the high consistency performance. Besides the planning in short term, midterm and long terms in product (service) management benefits the spa to operate with proper planning in both operational and finance. The model suggested that all the management elements have to be integrated in order to boost up customers' satisfaction moreover it leads to the more effective, practical functional, productive and competitive of overall operation and

performance. Correspondingly it is also capable of transforming and repositioning day spa business to reduce cost, maintain high service consistency, surpass competitors, generate sustainable revenue and the same time maintain environment friendly business practices. Additionally as the model is created for day spa business in Thailand, the compliances with standards set by the Ministry of Public Health and Thai law must be carried on.

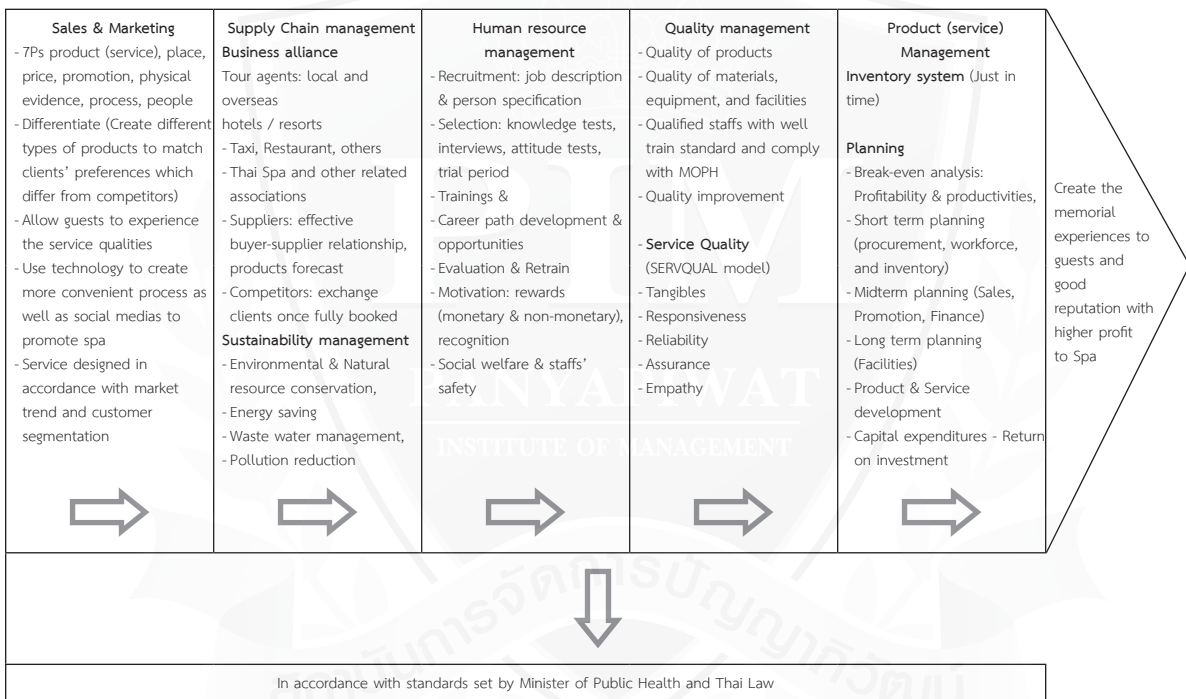


Figure 1 Integrated management model for day spas in Thailand

## Conclusion and suggestions for future study

Spa specialists agreed during the interviews that the integrated management model for day spa in Thailand is proficient and practical. Each element is self-sufficient and worthwhile for spa operators to use and concentrated individually;

however all the elements have to be well connected and synthesized. Sales & marketing helps spa to develop the concept in line with clients' demand and market trends as well as the right strategy to ensure the business survival. Meanwhile supply chain management assists in finding as many alliances as possible for a

better return on investment in sustainable manner that take into consideration of the government, communities and environment conservation. Furthermore, human resource management lead to getting the right personnel with good service minded attitude, as well as training, career path development and mutual benefits to create a long term commitment with the firm. Additionally, quality management focuses on good quality of products, materials, facilities and service quality (SERVQUAL) that help spa operators to ensure a higher services and facilities in all areas are maintained at all time to give the customers a pleasant experience. Also, the product (service) management helps the spa operators to engage in short term, medium term and long term planning especially in term of finance.

In summary, when all the management elements are well integrated, it will positively translate to a higher level of customers' satisfactions, spa operators' satisfaction, environment conservation, increase the profit margin, reduce cost and at the same time practically manage-

ment procedures.

Recommendations for future researchers; the integrated management model for day spa in Thailand incorporates all essential management elements which future researchers can focus deeply on the individual element and also extend to general service industrial sectors. Even this research studied on both qualitative and quantitative research methods, further study can also either focus on data analysis or descriptive statistics. Each element contains necessary factors that spa operators should pay attention to however; other service industries may need a slight change in the content. Therefore, it is advised for further researchers to broaden each element for spa business as well as other businesses in the service sector. Furthermore, this research mainly gathered information from day spa establishments in Thailand thus; further studies can extend to other types of spas such as spa in the hotel/resort, medical spa, destination spa or massage places.

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