

Topic: Factor affecting Thai massage pricing

Introduction

Thai spa industry does not only play a role as heritage preservation, it is also a big contribution to the domestic economy. However, some spa can charge exceptionally expensive while the one located close by can only charge 10% of the price for the same spa service. Here, you will find the answer of what could be the factors that affect spa service price by particularly analyzing Thai massage pricing in Bangkok area. Prior studies have discussed about the factor affecting customer decision to choose particular health and wellness services using quantitative approach through questionnaire surveys or primary data. Yet, there is a lack of studies using the secondary data that could potentially benefits the business sector within the spa industry. This consequently contributes to the research gap of what affect the price of Thai massage or the impact of variety of attributes on the prices charged for health and wellness services.

Even if there is no prior study focusing on factor affecting price of Thai massage, the study of consumer willingness to pay for spa service can then be apply. The basic idea of these studies is that the spa price is linked to some service attributes such as therapists' professional skills, product and service knowledge, sense of privacy, range of facilities, and product branding ([sources](#)). That is, the existence of a certain service attributes will influence Thai massage quality, and the quality will influence customer's willingness to pay or the price. But are there other determinants that can influence Thai massage prices rather than service attributes? Many studies in the tourism and hospitality literature have investigated the key attributes that affects customer's willingness to pay and behavior rather than the characteristic of the service provider. This study looks at how Thai massage provider can price differently given the different factors or attributes of their store not their service. This study poses three questions: (1) What makes up Thai massage pricing model? (2) Does the distance from BTS/MRT affect Thai massage price? and (3) Which attribute of the spa store apart from service quality has the most impact on the prices charged for Thai massage? This study utilized a cross-sectional secondary data from Gowabi website to extract store name, rating score, distance from BTS/MRT, and the price charge by the service provider.

This paper is divided into four sections. 1) Literature review with the finding of prior relevant studies. 2) Methodology, 3) result of the analysis, and 4) conclusion with paper contribution.

Literature review

The study of factors affecting Thai massage price has not been done in the past as the common studies within the spa industry mostly investigate customers' motivation, satisfaction, and perception with regards to their willingness to pay. However, most findings have similar characteristics which can be great guidance to this study. **Gonzalez & Brea (2005)** investigated the relationship among service quality, customer satisfaction and behavioral intention in Spanish health spas. The study revealed that both service quality and customer satisfaction had positive and significant influence on behavioral intention. Meaning that, service quality will improve customer satisfaction which increases behavioral intention and willingness to pay. Examining customer expectation and perception of service quality for spa establishments in eastern region of Thailand, **Chieochankitkan & Sukpatch (2014)** revealed that the level of actual service (perception) was higher than what customers expected producing a "positive gaps". The study indicated that all of the gaps between customer expectation and perception (Reliability, Responsiveness, Assurance, Empathy, Tangibility) were positive; suggesting satisfactory performance which can impact customer willingness to pay. The results from these research imply that high service quality has an impact on the prices charged for Thai massage service. This indicates that we still need to incorporate the service factor into our methodology even if this study looks at how Thai massage providers can charge prices differently given the different attributes apart from service to prevent the endogeneity problem. We will use rating score and number of reviews on Gowabi to represent service quality aspects that may affect price charged by Thai massage providers. Still, the existing research within the spa industry hasn't covered the scope of this study as we would like to analyze other attributes apart from service quality. Therefore, we need to look into prior studies from other industries to see the impact that can affect the price of service.

In the hospitality and hotel industry, prior studies on factors affecting prices have been done and were given very similar results depending on the scope of the study. **Zhang and Ye (2011)** study show how room rates are influenced by quality of hotel attributes in association with customers willingness to pay where the factors such as location, amenities, and numbers of room are also taken into account. The result shows that room quality is the most significant factor for lower range segment where location is the most significant factor for luxury customers. Other researches show several important factors affecting the hotel room price such as location (**Bull, 1994**) (**Zhang, Zhang, Lu, and Cheng, 1994**), customer ratings (**Thrane, 2007**) (**Lee and Jang, 2012**), hotel amenities and services (**Schamel, 2012**), market

accessibility (Yang, 2016), and proximity of competitors (Becerra, Santaló, and Silva, 2013). Previous empirical studies often employed a global regression model, considering only the relationship between hotel room price and explanatory variables on a global level as well as hedonic pricing that treat differentiated products as a bundle of attributes which was used as a model of many prior studies. For instance, Bull (1994) investigated factors such as hotel age, distance, and star on decision making using hedonic pricing, exhibited reduction in room rates as distance from town center increases or star rate decreases. On the other hand, <example of the research that use global regression model>

This paper aims to solely focus on factors affecting Thai massage price by using aforementioned literatures as a guidance. The result must be important and useful for the business sector within the spa industry, especially for Thai massage providers to know the significant determinant influencing their price, hence, could apply and improve to increase their ability to charge higher price.

Methodology

Hedonic Pricing Model is a regression model to influent that various factors have on the price of a good. It is widely used for real estate market, however, it is flexible enough to use with other market. We will, therefore, use this model to find “Factors affecting price of Thai massage in Bangkok” that can indicates the factor which has the most impact on price and can be useful for the future of spa’s strategy.

A.Data

The sample used for this research was collected from Gowabi website that represents potential Thai massage places in all areas in Bangkok. Since the population of the data is Thai massage in Bangkok, plus, we would like to have sample of Thai massage places those can represent all area in Bangkok. Therefore, we used all 485 Thai massage places in every areas spread over Bangkok available on Gowabi website. All Thai massage are located as following.

รูปปกหมุดต่างๆ ดูการกระจุกตัว

Areas are classified as popular-attractive area and attractive area with the criteria of density of Thai massage. The area where has number of Thai massage places located in more than 10 places will be classified as popular-attractive area.

To guarantee that the sample is unbiased, we use cross sectional data by collecting all data at the same time. In addition, although Gowabi website mostly provide discount price and promotion price, we equally consider only full price, regardless any discount price.

The problem of the sample collection is gathering data from Gowabi website might represent only Thai massage places where incorporate with Gowabi. The one where does not incorporate will be excluded from this hypothesis testing.

B. Variables

Since we focus on pricing of Thai massage, dependent variable would be PRICE of Thai massage per person per hour. For independent variables, in the past research, it was mentions that 7Ps factors affected the selecting of spa services of customer. However, to do further analysis, we have collected useful data to set interesting factors. Thai massage prices were collected only for Thai traditional massage per hour from all over Bangkok since we expected that popular-attractive area and attractive area would affect the price of Thai massage pricing. Moreover, there are additional interesting factors which we expected significant impact on Thai massage pricing. Consist of good facilities; PARKING LOT and DISTANCE FROM BTS/MRT, located in MALL and LOCATED IN POPULAR-ATTRACTIVE AREA In addition, the Thai massage places' strategy might have an impact on Thai massage pricing eg. having their own PRODUCT, having their own WEBSITE, active on SOCIAL MEDIA to promote their service, number of REVIEW in Gowabi, SCORE rating on gowabi. However, there is some independent variable which we expected that there might be correlation with other independent variables, that is located in MALL. So we decided to drop out this variable.

The variables that we finally used are shown in table 1.

Table 1.

Factor	Variable	Definition
Dependent Variable		
Price	PRICE	Price of Thai Massage per person per hour(THB)
Independent Variables		
Location	PARKING LOT	The place has parking lot (Yes=1)
	MRTBTS	Kilometers the place away from
	POPAREA	The place is located in popular-attractive area(=1) or attractive area(=0)
Product	PRODUCT	The place has its own spa product brand (yes=1)

Online channel	WEBSITE	The place has its own website
	SOCIAL	Been active on social media within 7 days
	REVIEW	Number of review on Gowabi
	SCORE	Score or star rating on Gowabi