

Service Marketing Strategy of Cultural Tourism in Thailand: The Structural Equation Modeling of the 7Ps

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Abstract:

This research aimed to investigate the correlation of 7 aspects of the service marketing mix in Thailand's cultural tourism. The population was the tourists who joined the annual event in Petchabun province, located in the northern area of Thailand. 400 respondents were the sample size that used in the statistical analysis. Descriptive analysis and structural equation modeling were performed. The results showed that the most of respondents were female, aged between 20-30 years, had a bachelor's degree, and monthly income was less than 600 USD. Descriptive results found that the overall marketing mix mean was at a high level. When considering the detail, it showed that every aspect of the service marketing mix was high, except the place aspect that was at the moderate level. From structural equation model evaluation, it revealed that all pairs of 7 aspects of the service marketing mix were highly correlated. Therefore, the study suggested that service businesses or service entrepreneurs should focus on all seven aspects of their marketing mix. This emphasis will allow service businesses to operate smoothly, grow well, and lead to eventual business success.

Key Words: Service Marketing; Marketing Mix; Cultural Tourism; Structural Equation Model

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I. Introduction

Tourism is an important industry for the economies of countries around the world. According to global statistical data, tourism generates a huge income for the country and creates jobs for many people in the country, including Thailand. Thailand's tourism income accounts for a very high percentage of the country's GDP. Therefore, the Thai government has clearly focused on and promoted the country's tourism. It was also found that the promotion of cultural tourism in Thailand was more evident. Because Thailand has many cultures and traditions in every province of Thailand. Therefore, cultural tourism plays a huge role in building service businesses in the country. In the future, it is considered that cultural tourism in Thailand will grow greatly throughout the country. Therefore, the research team is interested in studying all aspects of service marketing strategies that will benefit Thai entrepreneurs in each area where cultural tourism is promoted, such as Phetchabun Province.

Service marketing strategies are essential to the growth and competitiveness of service businesses (Gocłowska & Piatkowska, 2020; Muala, 2012; Saputri & Sari, 2019). The service marketing mix consists of seven aspects including product, price, place, promotion, people, process, and physical evidence (Agung, 2020; Gocłowska & Piatkowska, 2020; Gunawan, 2015; Muala, 2012; Saputri & Sari, 2019; Tjan, 2015). Service businesses must leverage the seven strategies of their marketing mix to ensure their businesses survive and thrive in any situation (Agung, 2020). Past studies and research have found the importance of a service marketing mix to the success of a business in many ways. The study of Gunawan (2015) and Muala (2012) revealed that the service marketing mix has a significant influence on customer loyalty. Also, the study of Saputri and Sari (2019) pointed out that the service marketing mix or 7Ps significantly influenced the satisfaction of customers and the business performance. Mohammad (2015) found that all 7Ps variables of service marketing mix had significantly related to customer satisfaction in the service business. It was consistent with the study of Kalayu (2019) and Verma and Singh (2017) who concluded that the 7Ps of the marketing mix in service business had a significant correlation with customer satisfaction. The study of Amofah, Gyamfi, and Tutu (2016) revealed that 6Ps of marketing mix that significantly influenced the repeat purchase decision of customers were the product, price, promotion, people, process, and physical evidence but the place factor was not affected customers' repurchase decision. While the study of Tjan (2015) concluded that the 7Ps of marketing mix had significantly influenced customer loyalty included product, place, promotion, and physical evidence. However, Anjani, Irham, and Waluyaiti (2018)'s research found the relationship between the 6Ps of the marketing mix (price, place, promotion, people, process, and physical evidence) and the consumer loyalty in service markets but was not found the correlation between product factor of the marketing mix and consumer

loyalty in the service business. The research objective was to study the correlation of 7Ps of the service marketing mix in the service business for cultural tourism in Thailand.

II. Literature Review

Service marketing mix strategy is very important for all types of the service business. Service marketing mix consists of 7Ps: Product, Price, Place, Promotion, People, Process, and Physical evidence.

A product of a service business is simply a “service”, which means any service a business expects to meet the needs of its target customers like cleanliness, comfort, and convenience for hotel customers, etc. (Anjani, Irham, & Waluyaiti, 2018; Gunawan, 2015; Kalayu, 2019; Tjan, 2015). The quality of business services directly affects the decisions of the target customers (Gocłowska & Piatkowska, 2020; Saputri & Sari, 2019). Mohammad (2015) point out that product significantly influenced customer satisfaction in the service industry.

Price refers to the amount a customer is ready to pay to purchase services to meet their needs (Anjani, Irham, & Waluyaiti, 2018; Muala, 2012; Kalayu, 2019). Kalayu (2019) and Wong and Musa (2011) research showed that Price is an important factor in decision making and customer satisfaction. This is consistent with the study of Mohammad (2015) who found that pricing influenced customer satisfaction. While the study of Anjani, Irham, and Waluyaiti (2018) concluded the relationship between the price factor of the marketing mix and consumer loyalty in the service industry.

The distribution channel or place of sale means the source, area, or place where the business provides services to customers. This is to create convenience for customers to use the service (Anjani, Irham, & Waluyaiti, 2018; Gocłowska & Piatkowska, 2020; Tjan, 2015). The place refers to the marketing activities that deliver services from the organization to the target customers (Saputri & Sari, 2019). Mohammad (2015) found the relationship between place and customer satisfaction in the service business. In addition, Anjani, Irham, and Waluyaiti (2018)’s research revealed the correlation between the place factor of the marketing mix and the consumer loyalty in service markets.

Marketing promotion is an attempt to send information to customers or communications between service providers and customers for various purposes, such as providing marketing information, convincing customers, generating interest in customers, making customers demand, etc. (Anjani, Irham, & Waluyaiti, 2018; Gunawan, 2015; Tjan, 2015). Kalayu (2019) and Mohammad (2015)’s research conclude that marketing promotion is sending the core messages about the company products to the targeted customers and also found the correlation between marketing promotion and customer satisfaction in the service firms.

A business service process is a method and continuation of the service action that will create value for the target customer (Gocłowska & Piatkowska, 2020; Gunawan, 2015; Kalayu, 2019; Tjan, 2015). Meanwhile, Kalayu (2019)’s research pointed that process procedure or flow of company activities to service and delivery the company product to targeted customers. Mohammad (2015) pointed out that process is the vital thing for the service industry and found the relationship between the process factor of the marketing mix and customer satisfaction. However, Kalayu (2019) found that process was related to customer satisfaction in service firms but it was not affecting customer satisfaction. In addition, Anjani, Irham, and Waluyaiti (2018)’s research found the relationship between the process factor of the marketing mix and the consumer loyalty in service markets.

The employees of the business are the important resources of the organization. Because the employee is the person who will deliver the service to the customer which affects the perception of customers who use the service (Anjani, Irham, & Waluyaiti, 2018; Gunawan, 2015; Muala, 2012; Tjan, 2015). Kalayu (2019) and Mohammad (2015)’s research revealed that people are very important in the service delivery process and people are the crucial factor for customer satisfaction in the service business.

Physical evidence means something that can be seen, touched, or felt in the place where the business serves, or collectively, the context of the place where the customer is served (Anjani, Irham, & Waluyaiti, 2018; Gunawan, 2015; Kalayu, 2019; Tjan, 2015). Mohammad (2015) pointed out that the physical evidence factor significantly influenced the customer satisfaction of business services. Kalayu (2019) concluded that the physical evidence factor of marketing mix had a close relationship with customer satisfaction in the service business. The study of Anjani, Irham, and Waluyaiti (2018) pointed out the close relationship between the Physical evidence factor of the marketing mix and the consumer loyalty in the service business.

Previous studies have found a clear correlation between the seven variables of the marketing mix. Mohammad (2015)’s research found a statistically significant relationship between the seven variables of the service marketing mix. Amofah, Gyamfi, and Tutu (2016) found that the product factor had significantly correlated with other 6Ps of the marketing mix, The price factor of marketing mix significantly related to promotion and people, the promotion factor significantly related to process and physical evidence, the people factor of marketing mix significantly correlated with the process and physical evidence, and the process factor of marketing mix had a significant relationship with the physical evidence factor. It was consistent with the

study of Aghaei, Vahedi, Kahreh, and Pirooz (2014) who found the same findings that the study concluded the significant correlation among 7Ps of the service marketing mix.

III. Research Methodology

Population and Sample

The population of this research is people who come to cultural tourism in the annual event of Phetchabun Province, Thailand. Since the research does not know the actual population, the research team chose a formula for calculating the sample size of Cochran (Cochran, 1977). According to Cochran’s technique at the confidence level and error of 95% and 5 %, the calculated sample size of this study was 385. However, the research received a total of 400 questionnaires. Therefore, this study uses a sample size of 400.

Research Tool and data collection

The questionnaire for this study was developed from previous research. The questionnaire consists of two parts: the descriptive variable part and the marketing mix variable. The marketing mix variables consist of seven sub-variables developed from previous research as shown in Table 1. And the research team examined the reliability of the questions as measured by the Cronbach's Alpha statistics. The test results showed that all variables were greater than 0.7 (Table 1). Therefore, it can be concluded that the questionnaire is highly reliable (Hair, Black, Babin, & Anderson, 2014).

Table 1 The result of the questionnaire analysis

Constructs	Items	sources	Cronbach’s Alpha
Product	PD1, PD2, PD3	Anjani, Irham, and Waluyaiti (2018), Gunawan (2015), Tjan (2015), Wong and Musa (2011)	0.70
Price	PR1, PR2, PR3		0.70
Place	PL1, PL2, PL3, PL4		0.83
Promotion	PM1, PM2, PM3, PM4		0.71
People	PE1, PE2, PE3, PE4		0.85
Process	PC1, PC2, PC3		0.78
Physical Evidence	PH1, PH2, PH3, PH4		0.82

Research Statistics and evaluation

The descriptive statistical analysis of the research analyzed frequency, percentage, mean, standard deviation, skewness, and kurtosis. To estimate the mean of the variables, this study uses a five-level criterion as shown in Table 2.

Table 2 The criteria for descriptive analysis in key variables

Means	Evaluation criteria
4.21 – 5.00	Highest level
3.41 – 4.20	High level
2.61 – 3.40	Moderate level
1.81 – 2.60	Low level
1.00 – 1.80	Lowest level

As for the inferential statistical analysis, the research team analyzed structural equation models by AMOS software to test the relationship of variables in the marketing mix for the purposes of this research. In terms of the goodness-of-fit assessment criteria, this study was based on Karakaya-Ozyer and Aksu-Dunya (2018)'s criteria as shown in Table 3.

Table 3 The goodness-of-fit criteria for the structural equation model

Criteria	Values	Evaluation
Chi square/df	< 3	Perfect fit
P value	Not significant	Perfect fit
GFI	>0.95	Perfect fit
CFI	>0.95	Perfect fit
RMR	< 0.05	Perfect fit
RMSEA	< 0.05	Perfect fit

IV. Result

The results of the statistical analysis of the research are shown in Tables 4 to Table 8 and the result of the structural equation model analysis is shown in Figure 1.

Table 4 The result of the descriptive data analysis

Variables	Frequencies	%
Gender		
Male	157	39.2
Female	243	60.8
Age		
20-30 years	202	50.5
31-40 years	105	26.3
41-50 years	65	16.3
51-60 years	22	5.5
> 60 years	6	1.5
Education		
Below Bachelor Degree	135	33.8
Bachelor Degree	247	61.7
Above Bachelor Degree	18	4.5
Income per month		
< 600 USD	269	67.2
601 - 900 USD	64	16.0
901 – 1,200 USD	41	10.3
1,201 – 1,500 USD	18	4.5
> 1,500 USD	8	2.0

From table 4, most of the respondents were female, aged between 20-30 years, had a bachelor's degree, and monthly income was less than six hundred dollars.

Table 5 The result of the marketing-mix data analysis

Variables	Means	Standard Deviation	Skewness	Kurtosis
Product	3.74	0.78	-0.59	0.08
Price	3.43	0.75	-0.16	-0.53
Place	3.31	0.78	-0.12	-0.51
Promotion	3.49	0.72	-0.30	-0.40
People	3.47	0.77	-0.08	-0.56
Process	3.46	0.78	-0.17	-0.45
Physical evidence	3.47	0.81	-0.34	-0.51
Marketing Mix	3.48	0.61	-0.22	-0.40

Table 5 presents the analysis of key research variables, the seven areas of the marketing mix. The results of the statistical analysis with mean showed that the mean of the variables was between 3.31 and 3.74. The overall average of the marketing mix is equal to 3.48 which is considered high. The mean of all variables was high except for the place variable which was moderately valued. The result showed the variable with the highest mean was the product. When considering the skewness and kurtosis values, it was found that all variables had normal curves.

Table 6 The evaluation result of the measurement model

Measurement model	Estimate	S.E.	C.R.	P
PD1 <--- Product	1			
PD2 <--- Product	0.935	0.078	12.053	***
PD3 <--- Product	0.671	0.069	9.723	***

PR1	<---	Price	1			
PR2	<---	Price	0.800	0.085	9.443	***
PR3	<---	Price	0.673	0.086	7.846	***
PL1	<---	Place	1			
PL2	<---	Place	1.019	0.085	11.966	***
PL3	<---	Place	1.114	0.097	11.466	***
PL4	<---	Place	0.919	0.089	10.349	***
PM4	<---	Promotion	1			
PM3	<---	Promotion	1.202	0.116	10.381	***
PM2	<---	Promotion	1.173	0.116	10.138	***
PM1	<---	Promotion	1.189	0.114	10.404	***
PE4	<---	People	1			
PE3	<---	People	0.893	0.071	12.635	***
PE2	<---	People	0.802	0.068	11.783	***
PE1	<---	People	0.957	0.079	12.083	***
PC3	<---	Process	1			
PC2	<---	Process	1.093	0.102	10.720	***
PC1	<---	Process	1.279	0.112	11.396	***
PH4	<---	Physical	1			
PH3	<---	Physical	1.165	0.110	10.549	***
PH2	<---	Physical	1.064	0.103	10.365	***
PH1	<---	Physical	1.205	0.106	11.409	***

Note: *** is significant at the 0.001 level

The statistical analysis of the measurement model was represented in Table 6. This table showed the unstandardized regression weight of the study. It revealed that every relationship between the factor and observed variables was significant at the 0.001 level.

Table 7 The result of the covariance analysis

Covariance			Estimate	S.E.	C.R.	P
Product	<-->	Price	0.350	0.047	7.458	***
Product	<-->	Place	0.307	0.043	7.206	***
Product	<-->	Promotion	0.309	0.041	7.612	***
Product	<-->	People	0.381	0.048	7.939	***
Product	<-->	Process	0.282	0.040	7.044	***
Product	<-->	Physical	0.328	0.044	7.435	***
Price	<-->	Place	0.413	0.049	8.509	***
Price	<-->	Promotion	0.302	0.040	7.621	***
Price	<-->	People	0.327	0.044	7.369	***
Price	<-->	Process	0.326	0.042	7.699	***
Price	<-->	Physical	0.298	0.042	7.156	***
Place	<-->	Promotion	0.335	0.041	8.079	***
Place	<-->	People	0.387	0.047	8.329	***
Place	<-->	Process	0.342	0.043	8.014	***
Place	<-->	Physical	0.330	0.043	7.750	***
Promotion	<-->	People	0.346	0.043	8.101	***

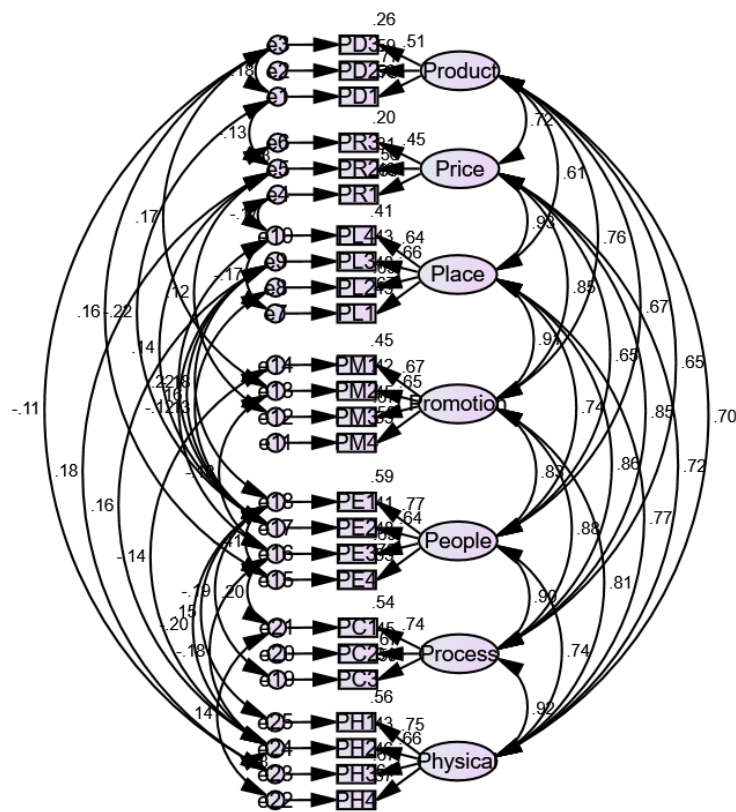
Promotion	<-->	Process	0.279	0.037	7.546	***
Promotion	<-->	Physical	0.278	0.038	7.394	***
People	<-->	Process	0.406	0.048	8.445	***
People	<-->	Physical	0.360	0.046	7.905	***
Process	<-->	Physical	0.340	0.044	7.805	***

Note: *** is significant at the 0.001 level

Table 7 showed the covariance between the marketing-mix variables along with the standard error, critical ratio, and relative p-values. It found that all pairs were significant at the 0.001 level.

Table 8 The correlation result of the model factors

Correlation			Estimate
Product	<-->	Price	0.719
Product	<-->	Place	0.608
Product	<-->	Promotion	0.764
Product	<-->	People	0.666
Product	<-->	Process	0.648
Product	<-->	Physical	0.699
Price	<-->	Place	0.930
Price	<-->	Promotion	0.849
Price	<-->	People	0.650
Price	<-->	Process	0.850
Price	<-->	Physical	0.722
Place	<-->	Promotion	0.908
Place	<-->	People	0.741
Place	<-->	Process	0.861
Place	<-->	Physical	0.770
Promotion	<-->	People	0.826
Promotion	<-->	Process	0.877
Promotion	<-->	Physical	0.810
People	<-->	Process	0.901
People	<-->	Physical	0.741
Process	<-->	Physical	0.920



Chi-square = 260.707, Chi-square/df = 1.154, df = 226, p = .056
 GFI = .951, CFI = .991, RMR = .031, RMSEA = .020

Figure 1 the final structural model of this study

Figure 1 showed the fitted model of the study. From this final structural model, it was found that Chi-square = 260.707, probability level is 0.056, chi-square/df = 1.154, and the goodness-of-fit index included GFI, CFI, RMR, and RMSEA, was the best fit. Therefore, this result indicated the best-fit model in the research.

The correlations of model factors were specified in Table 8 and Figure 1. It showed that the correlation coefficients of all factor pairs were high, the values were between 0.608 and 0.930. There was the highest correlation between Price and Place. Other factor pairs that correlation was higher than 0.9 were Place and Promotion, People and Process, and Process and Physical evidence. However, the researcher concluded that every pair of model factors was highly correlated. This indicated that all aspects of the service marketing mix were interconnected.

V. Discussion

The results showed that the average of the marketing mix variables was high, which indicates that cultural tourists' opinions on the seven aspects of the marketing mix tend to be favorable. As a result, operators in the study area should pay attention to the seven marketing mix strategies: product, price, place, promotion, people, process, and physical evidence. However, when examined in detail, the opinions of tourists towards the place or location are moderate, so business managers should pay special attention to this aspect such as cleanliness, convenience, and safety. In the inferential statistical analysis of the correlation of the variables in the seven aspects of the marketing mix, it was found that all variable pairs were highly correlated. The results of this research are consistent with the previous study of Mohammad (2015) who concluded the significant correlations between the seven aspects of the service marketing mix, and consistent with Amofah, Gyamfi, and Tutu (2016)'s research that revealed many pairs of the aspects of the service marketing mix were correlated. The research indicated the product factor had significantly correlated with other 6 aspects of the marketing mix, the price of marketing mix had related with promotion and people, the promotion factor significantly correlated with the process and physical evidence, the people factor significantly related to the process and physical evidence, and the process factor had related to the physical evidence of the service marketing mix. Also, the results of this study were consistent with Aghaei, Vahedi, Kahreh, and Pirooz (2014)'s research that found the same evidence. The study pointed out the significant correlation among 7 aspects of the service marketing mix.

VI. Conclusion

The service business is different from the general merchandising business in which it is necessary to focus on the marketing strategy, namely the seven aspects of the marketing mix. As the seven aspects are highly correlated, service businesses or service entrepreneurs should focus on all seven aspects of their marketing mix. This focus will allow service businesses to operate smoothly and grow well, leading to eventual business success.

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