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Developing a service marketing strategy for wellness tourism company

Case study: Golden Retreats, Thailand

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<p>Idea for this thesis arose when author was practising yoga with the main owner of golden Retreats in Mexico, where she owns a yoga studio. After variable conversations and mutual interest towards marketing and yoga, decision of the marketing strategy focused research was made.</p> <p>Purpose of this thesis was to understand the mix of suitable marketing strategies for wellness tourism business by approaching the subject by case-study about Golden Retreats. The research questions focused of finding the marketing practices which would help to achieve the competitive advantage, identify the features which yoga practiser are looking from the yoga retreat provider and what are the most important marketing strategies to attract customers from overseas to Thailand.</p> <p>One of the aims of this thesis was to get better understanding of the wellness tourism industry and concept of service marketing. By examining the different features of the service industry, aim was to choose the most efficient and important marketing strategies and then apply them in the process of developing a marketing strategy for a yoga retreat provider, Golden Retreats. Primary data was collected through various conversations and emails with the main owner of Golden Retreats, Narayani. Through these conversations author was given the deeper understanding of the business idea and the future goals of the company. Conversations worked as a base for the research, which was done by various literature sources accessed by internet and library.</p>	
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1 Introduction

The wellness industry is doing well and you can't see the end of this era yet. The size of the global wellness industry was \$1,948.7 US in 2010 and has obviously grown from that in recent years. Global Spa Summit listed in 2010 4 mega trends, ageing people, unhealthy people, failing medical system and globalization and connection to be the reasons why there is growing demand for wellness products and services. Wellness tourism is not a new thing either, but definitely the popularity of wellness in general has also effected on tourism services.

In the thesis we approach the wellness tourism with the frame work of service marketing and try to find the most suitable marketing strategies for a company in wellness tourism industry. The core features of marketing a briefly explain to give a reader the better understanding of the whole concept of marketing, before talking about the special features of service marketing. As a result of a literature review author chose the most relevant marketing strategies, which could be used in the process of building a marketing strategy for case study company Golden Retreats.

Golden Retreats is an organizer of yoga retreats to Thailand. They want to attract yoga practisers from USA for a week-long yoga retreat which is held in north of Thailand, in Chiang Mai. They are offering a full service holiday package which main attribute will be the yoga and meditation practices with the Narayani, who is the main owner and professional yoga teacher.

Based on the research it was obvious that the customer orientated approach to marketing would be the most suitable for the wellness tourist company, as the interaction between the customer and the company has such a big role. In a niche market such as Yoga, it is important to have full understanding of the target market's needs and desires, in order to create a successful company. (Lehto, 2006). Based on his research yoga tourists are driven by the motivations of finding spirituality, enhancing mental well-being and physical condition and control the negative emotions. These are the need which the marketing strategy for a company like Golden Retreats has to consider.

2 What is wellness tourism?

2.1 Terminology

In this research term wellness tourism is used instead of health tourism in order to avoid the confusion between medical tourism. In research conduct by industries of Wellness and Medical tourism (GSS, 2011), argue that the term health tourism is sometimes used to describe medical tourism; other time it is used synonymously with wellness tourism; sometimes it means both; and it is also used to refer to a subset of medical tourism or wellness tourism. This is why it is recommended to avoid the use of health tourism term, especially in marketing purposes and communication with customers.

2.2 Definition of wellness

According to World health organization (WHO, 1948)

“Health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity.”

Important note here in that good physical condition or non-existence of disease doesn't directly mean person is in good health, but the health is balanced combination of all aspects mentioned by WHO; physical, mental and social well-being. National Institute of Wellness (NWI) instead defines wellness as following,

“Wellness is an active process through which people become aware of, and make choices toward, a more successful existence.”
(Nationalwellness.org)

In this definition it is not specified what exactly makes “more successful existence” possible, which leaves room for different approaches. As in this research the case study will be done from Yoga retreat, the definition of NWI will be considered to be more accurate because of its inclusive nature.

2.3 Definition of the wellness tourism and –tourist

2.3.1 Wellness tourism

Activities are called tourism when a person travels outside of his/hers normal environment for business, leisure or other purposes and stay there less than a year. (Gilmore, 2003). Definition of tourist used by Gilmore is a person who stays at least one night in private or collective accommodation in the place visited.

According to GSS report (GSS, 2011) tourism is called wellness tourism when people involved are travelling to place outside of their normal environment to in order to participate activities which maintain or enhance their health and well-being and are looking for unique, authentic or location-based experiences or therapies which are not available at home.

Muller and Lanz definition for wellness tourism is following:

"Wellness tourism is a sum of all the relationships and phenomena resulting from a journey and residence by people whose main motive is to preserve or promote their health. They stay in a specialized hotel which provides the appropriate professional know-how and individual care. They require a comprehensive service package comprising physical fitness/beauty care, healthy nutrition/diet, relaxation/meditation and mental activity/education." (Muller and Lanz, 2001, pp.3).

However their research is based on the idea that wellness tourism is considered as a part of health tourism, therefore their definition is based on the definition of health tourism by Kaspar. They narrowed the Kaspar's definition by adding the specification about hotels in it, as they feel the holistic approach to wellness during the holidays is easiest to observe in hotels specialized in wellness services. (Muller and Lanz, 2001).

2.3.2 Wellness tourist

Global spa summit research summaries the wellness tourism motivation as following:

Generally seeking integrated wellness and prevention approaches to improve their health/quality of life. "

Compared this to definition of a medical tourist, the notable difference is that wellness tourists are not necessarily physically ill or doesn't want any tremendous change as surgical or cosmetic operations. It is more likely that they do want to learn something or looking for ways to prevent possible illnesses or pain. (GSS, 2011).

Müller and Lenz-Kaufmann (2001) defined four different tourist types in wellness tourism:

Demanding health guest: Is generally over 48 years old woman tourist travelling without their partners. She is primarily looking for a health promotion and values highly professional and competent care, availability of relevant information and comprehensive wellness infrastructure.

Independent infrastructure user: Generally men, who appreciate more the extensive and functional wellness facilities than professional know-how or good customer care.

Care-intensive cure guest: 60% of care-intensive customers are women and they are primarily looking for healing, therapy and/or recovery services. They want to get individual, professional care and advices; also are the ones who have the longest average stays.

Relevance of the recreation and/or health: The smallest type group, who also have the lowest expectations regarding the wellness services. They only want to relax and enjoy of their time.

Push and pull factor model is the most widely accepted typology of tourist motivation. This model focuses on two forces- push and pull, which influence on tourist's decision of where to travel. Push factors are so called internal forces or motives which pushes persons from their home to search activities to fulfil their needs. Pull factors are the attributes and features, already existing image and knowledge of the destination what person have and pull one towards it.

The push factors are mostly intangible and intrinsic desires. These factors are useful in explaining the want of travel as they help understand the basis of the tourism behaviour. Pull factors are generally more tangible features and more decisive factors of understanding the choice of destination. (Konu and Laukkanen, 2010, Woodside and Martin 2008)

3 Definition of yoga

Yoga practice developed over 5000 years ago in India and it is now days practiced all over the world. It has become more popular in recent years and for example in 2012 there were 20,4 million people in US practicing yoga and spending \$10.3 billion to it a year. Yoga is a meant for individual growth which aims to physical, emotional intellectual and spiritual balance. Yoga used to be more of a life style with the overall effect to one's way of living and choices they make. However the hectic urban lifestyle has led people to look for a more holistic approach to life and yoga seems to serve this purpose. There is also group of people who tend to practice yoga as a sport, as it is a good way to train your body. (Yogajournal.com, 2012, Lehto and Brown et al. 2006).

3.1 Yoga tourism

Yoga tourism is regarded as sub-category of health and wellness tourism even though it used to be listed in the category of social life and competition or sport sector by World Tourism Organization (WTO). Yoga is also often placed in the same category with spa services, even though idea in Yoga tourism can be very different. However they do share a bunch of similar characteristics e.g. Yoga is offered in many spas as a service, when Yoga retreat can be partly as a spa as they offer additional services as Thai massage, upgraded accommodation or they have swimming pools and saunas in the facility.

As mentioned earlier (2.3.2 Definition of wellness tourist) wellness tourists' goal is to look and feel better inside out. Yoga tourist has generally higher level of education and most of them are middle age women. Lehto (2006) defines the five highest motivations statements for going to yoga vacation in her research and they are: "to renew myself", "to relax", "to be more flexible in body and mind", "to let go of stress from busy life" and to "help me gain a sense of balance". She also examined yoga tourists' motivation by using 18 motivation statements. Base on those they ended up with four motivation factors 1) spirituality seeking, 2) enhancing mental well-being, 3) enhancing physical condition and 4) controlling negative emotions.

4 Wellness markets

There are many reasons why wellness tourism has started booming. Combination of today's consuming life style and people's purchase power has led many people to seek for better ways to take care of themselves. Different wellness theories and practises start to be more widely accepted and people are more open to less "modern" wellness concepts, like spiritual practices. GSS (GSS.2010) listed 3 mega trends which have greatly affected to the growth of wellness markets:

Ageing people: In developed countries 60 years and older people outnumbered children under 15 in 1998 and it is estimate that in 2047 older people will outnumber children worldwide. Older people mean more health problems and these baby boomers are interested to try new ways of prevent, maintain wellness or prevent the illnesses as there is not as many youngster looking after them.

Unhealthy people: Even people are living longer; they more likely live with an illness or die for one, which is often cause at least partly because of their lifestyle habits. World is more industrial and urbanized, which have caused that people diets are unhealthy and lifestyle less active. Often people are also stressed out because of the hectic nature of today's life and technology (e.g. smart phones, tablets, laptops etc.) have made it even harder to take off from the rat race.

Failing medical systems: Partly because of the two reasons mentioned above, providing a functional and equal health care system is becoming more and more challenging in developed countries because of the high demand. It is said that maybe failing to offer proper care by government, people have started more actively search options outside of the normal health-care system.

Globalization and connection: The cost of travelling and time needed to it has decreased, which has obviously made it more attractive for consumer in wellness industry as well. People also have an access to new information easier and they are more likely to meet people from different destinations. It is more likely people are exposed to new approaches to healthiness and wellness and decide to act on it. (GGS, 2010)

Figure 1 Estimated global market size of the wellness industry cluster 2010

Estimated Global Market Size of the Wellness Industry Cluster	
Sector	Estimated Global Market Size (US\$ billions)
Spa	\$60.3
Complementary & Alternative Medicine	\$113.0
Healthy Eating/Nutrition & Weight Loss	\$276.5
Preventive/Personalized Health	\$243.0
Medical Tourism	\$50.0
Wellness Tourism	\$106.0
Workplace Wellness	\$30.7
Fitness & Mind-Body Exercise	\$390.1
Beauty & Anti-Aging	\$679.1
Total Wellness Industry Cluster	\$1,948.7

4.1 Wellness tourism markets

The estimated size of the wellness tourism in wellness industry in 2010 was 106 billion worldwide, which makes it a 6th biggest segment in the industry (see table 1.). Wellness tourism worldwide (WTW) conduct customer and B2B surveys, site visits and collected feedback from tourists, travel suppliers and sellers and made a list of 10 wellness travel trends for 2013. By analysing the list it can be seen that there are few main agendas which divides these trends into groups.

First of all there is demand for wellness services which are easily combined with other activities e.g. combining wellness services with airfare travelling, hotels offering more options for people interested of health and well-being, sleeping booths in the airports where the environment has been made as attractive to sleep as possible. Secondly people look for holidays where the main goal is the physical and mental well-being e.g. yoga and meditation holidays and holidays focusing on getting authentic and traditional medicine treatments. Third existing theme is “running away” from the stressful everyday life to totally different environment and find wellness in that way e.g. Digital

detoxing holidays, where people stay in a resort and aren't allowed to use any digital communication devices or reconnecting with nature-type holidays. Fourthly there is demand for holidays where the wellness is more of a secondary element than a primary e.g. Family holidays where different generations can enjoy the holiday together in a hotel/resort/spa or wellness holidays which are run by celebrity instructors or coaches. (WTW, 2013)

5 Thailand and tourism market

Asia has multiple advantages in health tourism field. Jennifer Lang and Betty Weiler (Laing and Weiler 2008) name four reason why Asia in total is a tempting destination for the people looking for a place to stay and look after their health. First of all many westerns are looking for a way to get closer to the nature and authentic experiences. Asia's image in many consumers mind is equitable to this, which is partly true even the tourism has modified the traditions over there as well.

Secondly the demand of natural treatments has been growing since 90's as well as popularity of the eco-friendly services and products. Asia is known of the natural medicine and the spiritual practises like yoga and meditation.

Third advantage is the natural beauty of Asia, which seems exotic for the Western tourist. It is proven that even the main reason for a holiday is not the natural beauty, it advance the wellness experience. This is the reason why most of the retreats are located in visually pleasing places.

The last advantage of Asia named by Lang and Weiler is that compared to western world it is low cost destination for the customer. As the travelling to Asian countries has increase during the year, over sea flight can be purchased relatively cheaply and the cost of living is remarkably lower. Consequence of this is the professional health services are cheaper to buy and so on tempting for the western consumers. (Lang and Weiler 2008)

Thailand was the first Asian country which started to promote tourism in 1990's and has been working intensively to develop this industry. In the Travel tourism competitiveness index made by WEF 2013 Thailand was ranked in the place 43 (total 140) and was second from the ASEAN countries included in the index (Malaysia, Indonesia, Vietnam,

Philippines and Brunei Darussalam) (Appendix 3.). Thailand's best ranked competitiveness factors were Affinity for travel and tourism (18th), Air transportation infrastructure (21st), Natural resources (23rd), price competitiveness (24th) and tourism infrastructure (31st) (TTCI, 2013).

5.1 Thailand and wellness tourism

Thailand has become famous of its traditional healing techniques and traditions. It is also tempting destination to many because of the beautiful nature and friendly locals, which are one of its strengths in the market as mentioned earlier. Last year (2012) wellness tourism was named to be one of the 4 biggest tourism trend in Thailand. Government of Thailand has lately strongly focused of developing wellness tourism sector, it has invested on creating better healthcare and health related services. Also Thailand has been working intensively in the ASEA tourism project and one of its main goals is to standardize the wellness and medical services to guarantee the level of service in the area. (GSS, 2010)

Wellness tourist heading Thailand is mostly looking for relaxation and pampering, rather than well-being. In the recent years many wellness resort and luxury spas have open their doors and have been able to attract many international tourists. These places can present anything from 5 star luxury hotel to authentic and traditional beach side resort. There is also a big demand for spiritual services, especially people interested of meditation tend to visit Thailand. Meditation and yoga retreats can be found all over Thailand and also in quieter rural areas, where other form of tourism doesn't necessarily exist. (GSS, 2010)

6 Marketing

It is practically impossible to pass a day without seeing some form of marketing around. It is on billboards, on magazines, on media, on people's t-shirts, on stores, more or less everywhere. Advertising is a most obvious part of it for many, and selling is seen as the main goal of marketing. In reality, marketing is way much more and has other purposes as well.

There are numerous definitions of marketing to be found and nearly all of them share the mutual idea of the relationship between the customer and business. Furthermore the definition has also changed over time and a good example of this is the definitions

made by American Marketing Association (AMA). By comparing the first definition from 1935,

“[Marketing is] the performance of business activities that direct the flow of goods and services from producers to consumers”.

and the latest, which was published in 2008,

“Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.” (American Marketing Association, 2008)

there is a big change in the complexity of the main idea of marketing. Now days' marketing is not seen only as a one separate part of business but as a unity of actions which main goal is to great value for the end customers in terms of business. This idea was already said by Ducker in early 60's

“Actually marketing is so basic that it is not just enough to have a strong sales department and to entrust marketing to it. Marketing is not only much broader than selling; it is not a specialised activity at all. It encompasses the entire business. It is the whole business seen from the point of view of the final result that is from the customer's point of view. Concern and responsibility for marketing must therefore permeate all areas of the enterprise.” (Ducker, 1955, pp.38-39)

Armstrong and Kotler (Kotler and Armstrong, 2010) mentions as well that marketing is not any more seen as “telling and selling” as it was by many business owners in the past, but more as a way of understanding the customer's needs and satisfying them. This summarises the direction of where marketing has been heading from the beginning; it has become more and more customer orientated process decade after decade.

6.1 The core elements of marketing concept

In order to understand the whole marketing concept and how to build up a marketing strategy, it is vital to understand the core concepts of marketing. (Kotler and Kettler, 2012)

Needs, Wants and Demands: The basic requirements for living such as air, water and food are called needs. People have need for less vital things such as education but it will become a want when the object of the need is directed to specific object which could satisfy the need. Demand is the wants of certain product/service and that those people would also have the resources to purchase the product/service. (Kotler and Kettler, 2012)

Target markets, Positioning and Segmentation: As customers have different preferences of the same type of product/service, marketers need to identify the special characteristics of the product/service and profile the possible buyers who would value these certain characteristic of the product/service. They profile these customers by examining certain demographical, psychographic and behavioural differences. After dividing the segments, marketer defines the most attractive target market and creates an offering which positions product/service in consumers mind. (Kotler and Kettler, 2012)

Offering and Brands: An offering is a package made of service, product, information or/and experience, which would satisfy the customer needs. Brand is the offering which is coming from the known source. (Kotler and Kettler, 2012)

Value and Satisfaction: Value as a concept in marketing is combination of quality, service and price, where quality and service can increase the value perception when price decreases it. Satisfaction comes from how well the product/service has met the customer expectations. (Kotler and Kettler, 2012)

Marketing channels: In order to reach the target market, businesses use three different channels; communication channel (send and receive the messages to/from the customer), distribution channel (channel used for delivery of the product/service) and service channel (to handle the transactions with the buyer and handling other possible logistics inside the company). (Kotler and Kettler, 2012)

Supply Chain: The chain of different parties who are included of collecting the raw material, transporting it and transmitting it to become a product, which the end user will then buy.

Competition: It covers all the present and possible rival offerings and possible substitute products which buyer could consider buying.

Marketing Environment:

There are two marketing environments to be considered, the task and broad environment. Task environment consist the company, suppliers, distributors, dealers and target customers. Broad environment are the demographic-, economic-, social-cultural-, natural-, technological- and political environments. (Kotler and Kettler, 2012)

6.2 Nature of service marketing

We as consumers are using services on daily basis. Commonly a service is seen as an act, a process or a performance. Services are described as economic activities which are creating “added value” and do provide benefits to its customer. (R.Kapoor, 2011)

Service-sector creates most new jobs as a one sector in developed countries and increasingly contributes to the economic development of many regions. Furthermore many services also contribute a lot in developing countries, like the ones in tourism sector. (Gilmore, 2011, p.3). Services are distinctive from the products and good, even though they are somehow linked on many cases. For example when customer goes to the hairdresser one pays for the shampoo and styling goods which the hairdresser is using while giving the service e.g. making a haircut. (Kapoor, R. 2011).

It is important to identify the unique characteristics of services in order to create a functional marketing strategy for service business. According to Gilmore (Gilmore, 2011, p.10-11) these core features are widely recognized as **intangibility**, **inseparability**, **perishability** and **heterogeneity**. Before going further into actual tourism marketing, it is essential to understand what these features mean.

When people purchases service the benefit which the one is looking for is the experience and the nature of performance, rather than its physical characteristics as in products. These experiences can't be displayed like products in a shop and can't be touched. Because of these **intangible** features of services, it is challenging to evaluate and compare different service providers, which leads to a customer having greater levels of perceived risk. (Gilmore 2011, Kapoor et al, 2011)

Service can't be produced without consumer taking part of the production. Example it would be pretty hard for a cosmetologist to do customer's nails if they would not be in the same place. This **inseparable** nature of services offers great set-up for customer relationship building and promotions, which should be taken into consideration in the company marketing strategy. (Gilmore 2011, Kapoor et al, 2011)

Services cannot be stored or re-used as products, which means that they need to be consumed in the place of their creation and at the same time when they are produced. For example customer takes the train from place A to B, he is offered to use the free Wi-Fi service during the trip. However, one can't save the Wi-Fi service for later or cannot use the service without taking the trip. The intangible nature of services makes them **perishable**. (Gilmore 2011, Kapoor et al, 2011)

Heterogeneous characteristics make it challenging to strictly measure the elements of quality and compare it to other corresponding services. How customer experiences service and how one would rank it, depends largely of the personal background, likes and dislikes, ambience, feelings and other various cultural influences. Also as people are often in a key role of providing the service, it is obvious that they can't operate with the same reliability and sustain the exact same level of actions, which causes the limitations of measuring and controlling the quality. (Gilmore 2011, Kapoor et al, 2011)

Kapoor, Paul and Halder (Kapoor et al, 2011) have divided the characteristics to seven different dimensions, which are mostly covered on Gilmore's model. However, the important addition from Kapoor et al. is the **fluctuating** nature of services, which pinpoints the difficulties of predict the demand. Many services (especially ones in tourist sector) are linked to change of weather or seasons, culturally influenced festival or fairs and rise and falls of general income. Thus, political atmosphere and media in general can influence largely in demand especially internationally, as well as the regional holidays.

6.3 Wellness tourism marketing

Sight (Sight, 2008) throws an idea that maybe tourism marketing must be more vigorous compared to traditional product marketing, as the customers has multiple motivations for travelling and they generally have bunch of choices available as well. Considering the customers' needs and desires is especially important in tourism marketing for this particular reason. His suggestion for the tourism marketing definition would be:

“Systematic and coordinated efforts exerted by National tourist Organisations and/or the tourist enterprises at international, national and local levels to optimise the satisfaction of tourist, groups and individuals, in view of the sustained tourist growth.”

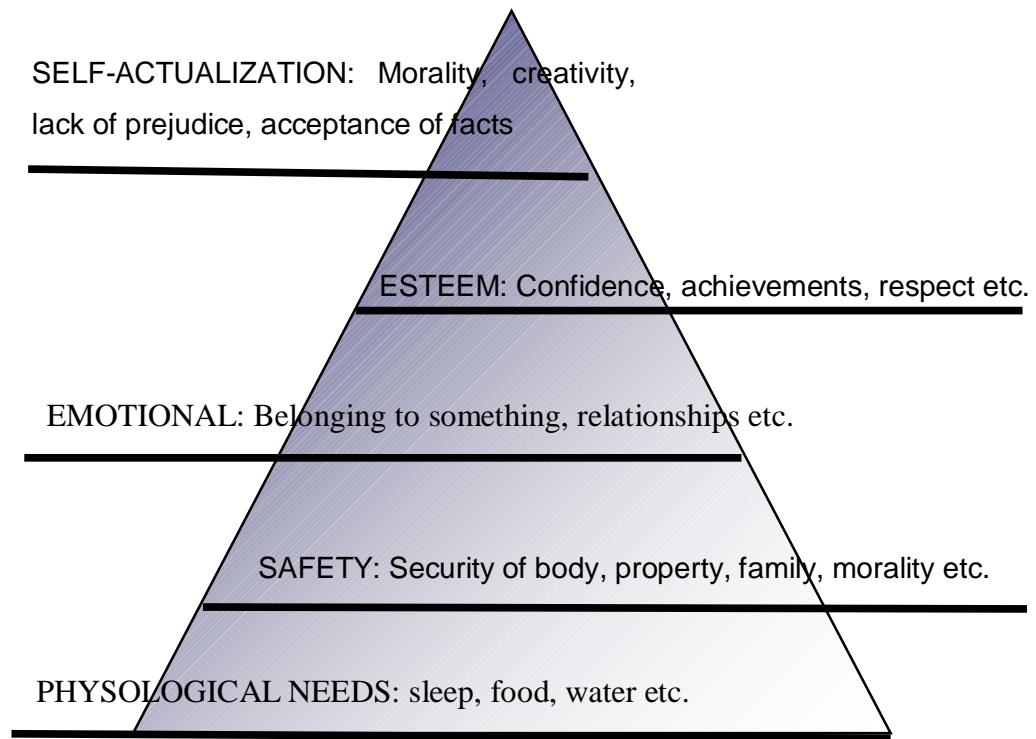
To succeed in decision-making, marketing and formulation of promotional strategies one must have specialized information of customer likes and dislikes. Knowing the characteristic and details of behaviour of potential customers is necessary in marketing of a tourism service and obtaining the qualified data is one of the main tasks. Sight (2008) summarises the reasons of why measurements should be done and what type of data collection would be necessary as following:

- 1) Evaluation of the magnitude and significance of tourism to a particular tourist destination. This data should be used to understand the significance of the tourism for the local economy.
 - 2) Planning and development of physical facilities and for infrastructural requirements, one should collect data of mode of arrival, type of accommodation tourists are staying in, what they buy, how much money they spend and etc.
 - 3) For marketing and promotional reasons, one should understand the profile of the tourists, both actual and potential. There are variable sociological, physiological and psychological attributes of the visitors, which should be considered before launching a marketing campaign.
- 4) Understand the trends and changes in tourist fashion. (Sight, 2008)

6 Maslow's hierarchy of needs

Marketers should understand the customers buying motives and what are their needs in order to create functional marketing strategy. Motive is the internal force which powers individual fulfils their need or achieving the certain goal. Maslow's hierarchy of need is a good tool in order to identify basic nature of the motives which drive the customers to buy the service/product. (Danai, 2008, Kolb 2006).

Figure 2 Maslow's hierarchy of needs



In human behavioural science Maslow's theory is analyse from the bottom down, with the idea that people are moving step by step after satisfying the needs from the previous level. In tourism one can use the Maslow's theory to describe how the provided service can and many times have to satisfy the needs from various levels. In Tourism physiological needs could be shelter, food, water as in any other model. Safety could be the safety of the accommodation and food, political safety, weather and animals. Emotional need can be the feeling of experience something together with your friends, family or even with the other tourists in the place. Self-esteem needs could be the need for an authentic experience and self-authorization could be the

lessons from the professional or do something to over one's comfortable zone limits and feel the best person ever. (Kolb 2006)

7 Customer driven marketing strategy

7.1 Market analyse and segmentation

This is the first step in creating a customer driven marketing strategy. Segmentation was already briefly discussed in the chapter about core elements of marketing but here we go little bit deeper to it. Company has to research the markets they aim to act and segment the customers in the market according the specific need, characteristics or behaviour of the customers which would need a different approach than another group of people. The most common variables to base the segmentation are geographic, demographic, psychographic and behavioural.

Geographic: Market is segmented according customers geographical location.

Demographic: Market is divided in to segments according customers age, gender, family size, income, education etc.

Psychographic: Segmentation is made based on customers' lifestyle, social class or personality characteristics.

Behavioural: Segmentation will be made according the customers knowledge, attitude, uses or response to a product in question. There are 5 sub-variables to consider as well:

Occasion segmentation: Segmented based on when they decide to buy the product/service, when they do it and when they use it.

Benefit segmentation: Segmentation is done based on what benefits customers look for. Marketer needs to identify which are the major benefits which people look for in that product/service category, the type of people looking which benefit and which brand are delivering the image.

User-status segmentation: Market are divided based on the user activity of the product.

Usage-rate segmentation: Segmentation based on the volume of the purchases/visits etc.

Loyalty status segmentation: Markets to be divided to segments based on the level of the loyalty that customers have.

(Kotler & Armstrong, 2010)

There is no need to pick only one segmentation variable, rather it is recommended to use more than only one. When companies choose the multiple segmentation criteria's they normally have better chances to succeed as they can target their product to the ones who are the cream of the cream in the sense of buying their products.

In addition to these four segmentation criteria, in international markets companies have started to use the approach called intermarket segmentation. As generally many companies still use geographic factors as one of the approaches of segmentation, intermarket segmentation ignores totally the geographical factors. Intermarket segmentation forms groups based on their needs and buying behaviour, regardless of which part of the world they are living in. (Kotler and Armstrong, 2010)

7.2 Targeting

After segmentation, company must evaluate the segments and choose the one/ones most attractive for its business. This is when the company decides its target market, which is a set of potential buyers which share the same needs and/or characteristics. In an ideal world company could target every buyer individually with a specified offering, which is practically impossible. Thus, company can choose the level of targeting which would suit for the best. The types of targeting strategies:

Undifferentiated marketing: Company ignores the differences between the segments and focusing more on the common needs of the customers, therefore it has a same offering for whole market. Referred also as mass-marketing.

Differentiated marketing: Company choose to market to specific segments and has a different offer for each of them. They goal is to achieve a better sales with modified offerings than going to target for whole market with general offer. However making different offerings to each market and each product is obviously more costly than just having one. Also called as segment marketing.

Concentrated marketing: company chooses to market for only one or few small segments and try go after large share of that segment. This is often appealing for smaller firms, who have limited resources. Generally there is less competition and smaller companies in the niche market as many larger one are ignoring them as there is not enough purchase power to them. Concentrated marketing is also referred as niche marketing, which some companies can use when starting a business and start targeting more and larger segments after their growth.

Micromarketing: Company chooses to market to individuals and local customers instead of segments. In micromarketing company builds their offering based on individuals' and local market's needs and desires. In local marketing company tailors the marketing activities according local customer groups e.g. cities or neighbourhoods. Individual marketing is the extreme type of micromarketing when company tries to satisfy the need of an individual customer. Self-marketing is a new form of marketing, which simply means the customer find information available normally from internet and compare different competitors independently and is not influenced by any sales person. This brings new challenges to seller in means of communicating with the customer and makes companies finding new ways to maintain the important relationship.

Company should choose the targeting strategy according the resources which it's have and how it can use those resources to achieve the best possible outcome. Before making the target strategy decision, company should also think of the variability of the product and markets and well as competitors marketing strategies. Company should consider variability of the product or service is, for example undifferentiated marketing fits perfectly for marketing potatoes but it would possibly not work well for automatic potato peeler. In case the market variability is low and all the buyer seem to have same preferences, there is no sense to use concentrated marketing. With the competitors company might want to go with totally opposite strategy than they are, but sometimes it would be a bad mistake. This is why the competitor analyse is important. (Kotler and Armstrong, 2010)

7.3 Differentiation and Positioning

In addition to segmentation and targeting, company must create a value proposition to its product/service, which tells how it will differentiate the product/service to create more value for chosen market target segments and what is the position it wants to get in customers' mind-set. By positioning the product company needs to identify the important attributes what costumer is seeking from the product/service and place it in favourable place in their mind compared to its competitors.

The differentiation and positioning involves three steps; identifying those value differences that will provide competitive advantage which also could create the positioning, choose the most suitable competitive advantage and then select the positioning strategy.

7.3.1 Value differences and competitive advantage

Company should be able to understand customer needs and wants better than its existing competitors in order to gain profitable customer relationship. If it can differentiate itself to stand out of the competition and it can position itself in people's minds as providing the best value, it gets competitive advantage. Company can differentiate itself by product, services, channels, people or image. When the company finds those most valuable features of differentiation, it needs to choose the ones it will build its positioning strategy on. To know which one to choose is a tricky thing, as not all the differences can grow to be competitive advantages. Kotler and Armstrong provides following criteria to identify the successful competitive advantage, the product/service must be; Important, distinctive, superior, communicable, hard to copy, affordable and profitable. Company which succeed in choice of these attributes will have a good chance to create a good positioning strategy.

After making the final decision about which strategy to choose to position its brand and product/service, company should form a positioning statement. In the statement it should be mention the target segment and the need, brand, concept and the point of difference. (Kotler and Armstrong, 2010)

7.4 Communication and delivery

After company has positioned its product/service it must decide which way to communicate this to the target market(s). It must make the marketing mix, which will be discussed bit later, support the positioning strategy. (Kotler and Armstrong, 2010)

7.5 Service profit-chain

Earlier in the research (chapter 6.2) we already mentioned the specific characters of service marketing compared to product marketing. The most important different is that in service business customer interacts with the service provider in order to create the service. Therefore service companies need to acknowledge in addition to their customer, their employees. Kotler and Armstrong (2010) present the service-profit chain which links the company profits with satisfied among customer and employees.

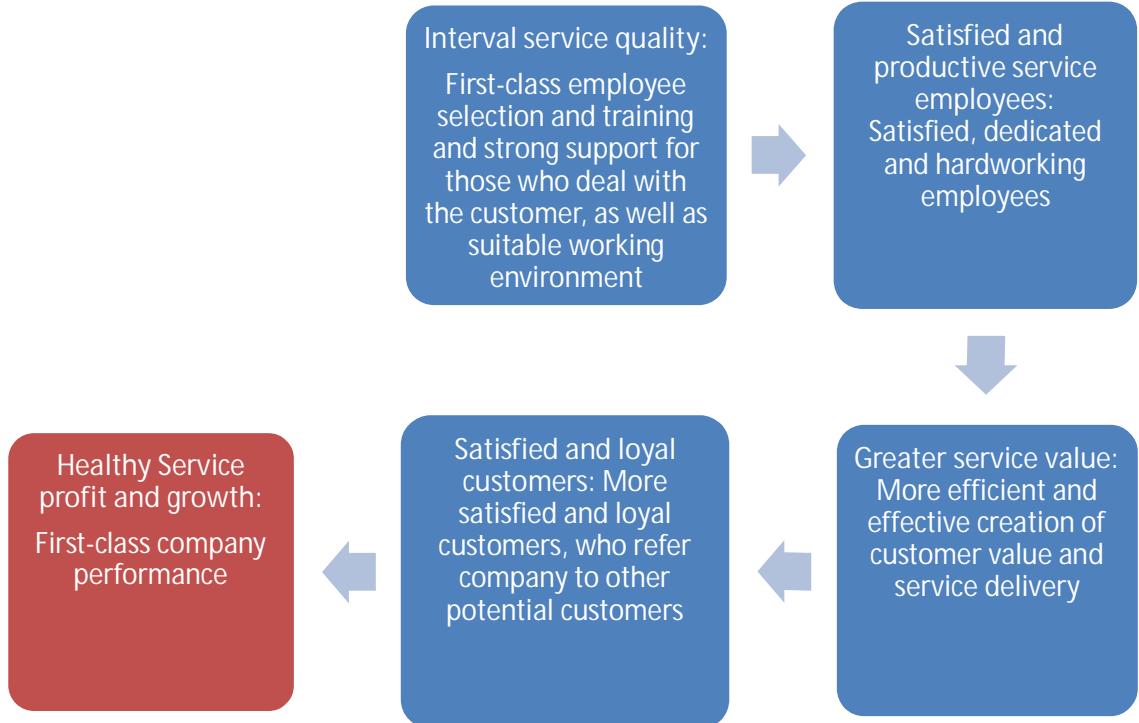


Figure 3 Service profit-chain, Kotler and Armstrong (2010)

As it can be seen from the figure the key of success if the training the staff and looking after them. Actions are linked together and in order reach the goal, first-class company performance, all these steps needs to be implemented successfully.

7.5.1 Trilogy of marketing

To implement the service profit-chain, company needs to identify which kind of marketing practices are needed. Figure 2 illustrates how the external marketing is not enough in service marketing. The marketing needs to cover all the levels of the company, customers, staff and the management. Therefore in addition to external marketing there is also need for interactive and internal marketing. (Kotler and Armstrong 2010)

Interactive marketing: The activity when the service employee makes effort in order to understand the customer's needs and expectations. Company must train their employees the fine art of interacting with their customers and provide high quality of service. (Kotler and Armstrong 2010)

Internal marketing: Interaction which happens between the service employee and the service firm, where the firm need to communicate the customer expectations and need

to its employees, so they could fulfil the needs and expectations. Firm's responsibility is to support and motivate the service employees to work as a team and so they have the same customer orientated approach. Internal marketing must precede external marketing. (Kotler and Armstrong 2010)

External Marketing: The final part of the trilogy of service marketing is when the firm communicates to the customers the arrangements which are made to deliver the service according the customers' needs and expectations. (Kotler and Armstrong 2010)

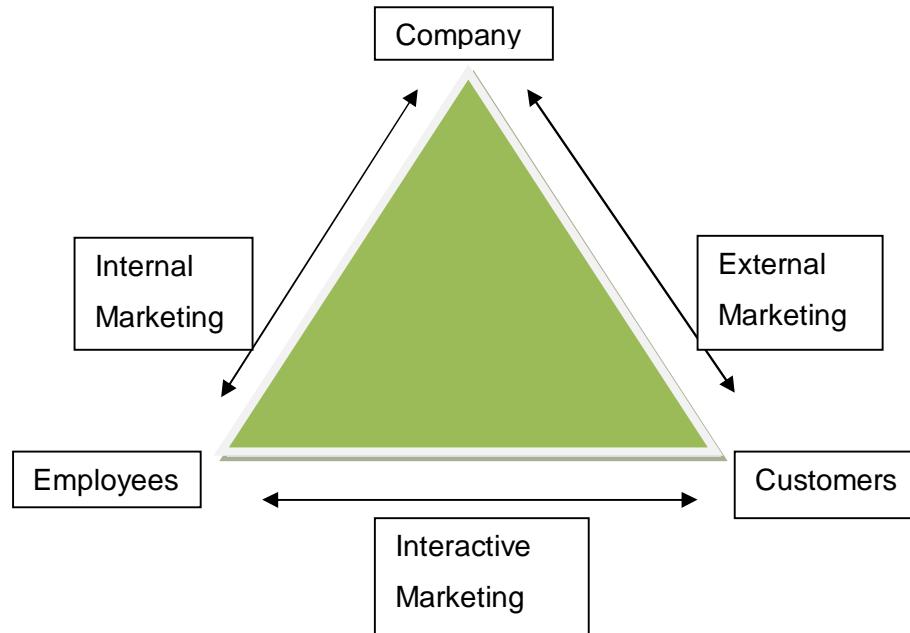


Figure 4 Service marketing trilogy (Kotler and Armstrong 2010)

7.6 Marketing mix

Marketing mix which is more known to people is the traditional 4P's model, product, price, place and promotion. This is used in the product marketing, but because of the different nature of service there is need to add three additional P's to the mix. People, physical Evidence and processes are added to cover the effect of intangibility, inseparability, perishability and heterogeneity features of the services.



Figure 5 Marketing mix (Kotler, 2010)

Here is a brief definition of all of the elements of the marketing mix:

Product: The group of benefits which are offered to the customer. For customer this is an important point, as in the end of the day customer is interested of how this certain product will improve their quality of living. Company must be able to offer a product

which is different from its competitors in order to win customers (Blythe, 2012). There are 4 elements to be considered:

Branding: Personality of the product which customers can identify himself/herself.

Product lines and product ranges: Often firms have more than only one product and marketers' duty is to manage the portfolio.

Packaging: Basic form of packaging is to protect the product, but it can also be used as a factor to make the product more attractive.

Service support: Often used as a way to create additional value for the product. There can be after sales service or customer helpline to offer a customer support after purchase.

Price: The total amount of money company expects to get from the customer as an exchange of the product. There are several different pricing methods which needs to be considered and then choose the one which is the most suitable for the product. (Blythe, 2012)

Place: The space where exchange of product and payment takes place. Place feature of marketing includes the consideration of how to get the product in right time in right place customer to buy. Often there is some intermediate included such as retailers, franchises or selling and purchasing is done by phone or internet. In service marketing this is different, nonetheless the service can be purchased via intermediates, the inseparable nature of service generally requires that customer and the provider are in the same place. (Blythe, 2012)

Promotion: The way how marketers are communicating the offering for the customers. It divides into promotional mix, where new methods of communicating are added non-stop now days. The four elements of promotional mix needs all to be considered when creating a successful marketing promotion. Marketer need to decide also which mediums to use (radio, TV, magazines, internet etc.) in order to transmit the correct image of the product to the customer.

Advertising: It's the most visible element of promotional mix and it is a made message which is forwarded to the customer. Advertising always costs something and should not be confused with word-of-mouth which is part of public relations.

Public relations: Is all about creating a positive fuss around the company and its brand and make it look like a company you want to do business with. PR is all from company twitter account to sponsorships and organizing events.

Personal selling: It's been said it can easily be the most expensive marketing tool for a company who emphasize this approach method. However it is also the most effective one when conducted properly. It is a huge benefit that a sales person can speak directly to the customer and identify their need immediately and solve their problem.

Sales promotion: The offers to give customer discount or extra service or product for free, exchange of a purchase of the service or product within certain time or amount. Sales promotions are a way to boost the sales in short-term, but generally they don't work as a long term strategy. They are good tools to introduce a new product to the markets or blog out competition in seasonal basis.

People: People are involved in marketing of services in three different levels. In the first level there are the staff members who have direct contact with the customer. In the second level people in the back-office and thirdly we have the customers themselves. However the main emphasize is with the frontline staff, as in some services customers have hardly any or no interaction.

Physical Evidence: Is the tangible feature of service production, it can be imagined as an evidence of the service e.g. airplane ticket. Physical evidences are the condition of the accommodation or decoration of the waiting hall, which want to send a planned message of the quality of the service. .

Process: Is the system to handle the creation and delivery of the service to the customer, in order to strengthen the image of the product. It can also help to create additional value for the service and reduce the costs and increase efficiency.

(Blythe, 2012, Kotler 2010)

8 Research Methodologies

There are multiple different research methods available and researcher must to decide which would be the best suitable method for his/hers subject and most suitable to his/hers personality as a researcher. Therefore author chose the structure given in Steven and Wrenn et al., *Marketing Research guide*, 2013 as a main guideline to conduct the research.

8.1 Purpose of the Research

Idea for this research was developed during the winter 2012-2013 when author started practising yoga with the main owner of Golden Retreats, who have a yoga studio in Sayulita, Mexico. As the author has great interest towards marketing activities and Golden Retreats did not have a marketing strategy yet, conducting a research regarding the industry was interesting for both parties. Thus, purpose of this thesis is to cover the mix of suitable marketing strategies for wellness tourism business by approaching the subject by case-study about Golden Retreats.

8.2 Research objectives and Research questions

There is lots of competition in wellness tourism industry now days and most of the businesses are small or medium size companies. Objective of this thesis is to choose the most functional marketing strategies for the yoga retreat to make the company able to survive in this competitive market. Within this there is need to identify the means to communicate with the potential customers overseas who would be interested of coming for a yoga retreat holiday to Thailand. According to these objective the following research questions were made:

“How to reach a competitive advantage via marketing practices in wellness tourism industry?”

“What are the people interested of yoga looking from the Yoga Retreat provider?

“What are the most important marketing strategies for a yoga retreat based in Thailand to attract customers from overseas?

8.3 Research Design

Research objective of this thesis is to make a general exploration of the wellness tourism market and develop an insight of the marketing strategies in the industry. Therefore the most suitable research design for the thesis was exploratory design.

The exploratory researcher is looking for information with great enthusiasm and looks for information which could lead one to the right tracks. One have to have a relax attitude toward the research and always looking for if there is something “hidden” about what they are learning. In exploratory research curiosity is a strength and researcher has to be ready to land to a new territory once in a while. Exploratory approach is useful when the objectives of the research are following (Stevens and Wrenn et al. 2013):

1. To define precisely an ambiguous problem or opportunity
2. Increase one's understanding of an certain issue
3. develop hypotheses which could explain occurrence of certain phenomena
4. Generating ideas
5. Providing insights
6. Establishing priorities for future research
7. Identifying the variables and levels for descriptive or causal research (The other types of research design introduced by Stevens and Wrenn, 2012)

In the thesis in questions, the justification of using exploratory research approach is the gaining understanding of a certain issue as well as objective to providing insights of the marketing actions in wellness tourism industry.

8.4 Data gathering

Stevens and Wrenn introduces 5 different data gathering methods, personal interviews, secondary data, analyse of selected cases, focus groups and projective techniques. In this research author chose to use 3 of these methods, which are briefly explained in following sub-chapters

8.4.1 Personal Interview

Author and the owner of the Golden Retreats had multiple discussions from November 2012 until March 2013 regarding the business idea and about the possibility of making

the thesis about the industry. After the area of research was vaguely decided, the official interview was held and author did write notes regarding the project.

Author decided to interview the owner to get a deeper insight of the business and to understand what the vision for the yoga retreat is. Main areas in the interview were the basic info of the company, management and structure of the company, finance, service portfolio, target markets, channels of marketing and image and brand. The interview acted as a base for other data gathering and helped author to narrow the research area. Additional questions have been asked after the interview in order to clarify some of the areas which weren't covered in the original interview.

8.4.2 Secondary Data

Secondary data has a big role in this research. To get a deeper insight of the subject area, author starts seeking information from the internet first about yoga and wellness industry itself. After having better understanding of the markets, she narrowed it down to what is the role of these activities in tourism industry in Asia. Useful sources were web-pages of different Yoga and wellness association and journals (e.g. www.yogajournal.com, www.globalspaandwellnesssummit.org) and Thailand's official tourism homepages (www.tourismthailand.com).

Second part was to start searching more information about the strategies and theories in marketing field. In this phase most used sources were the google scholar, Ebrary Emerald, Harvard business school's article database and library. These sources were the main secondary data sources during the whole research.

8.5 Analysis and Limitations

The literature concerning the yoga industry was limited and therefore mainly focused on the literature review was searching information about the wellness industry in general. In order to find some detailed tourism data, the most of the information wasn't free and the author or the business owner didn't have resources to purchase this information even though it could have been useful conducting the thesis.

Primary data was only collected via conversations with the main owner of the Golden Retreats, Narayani. This limits the information only to the resource who is very personally attached to the business and might not be able to see the customers point of view entirely. This might cause the analyses about the markets and target customers

are based more in to assumptions than knowledge. Therefore deeper research regarding the customer needs and competitors strategies would be the next step in the project.

9 Case Study: Marketing Strategy for Golden Retreats

9.1 Brief company description

Golden Retreats is a Start-up Company, which is a no profit organization and aims to offer professional Yoga retreats in Thailand targeting to North American customers. . Company is owned half and half between Narayani, yoga teacher and the property owners in Chiang Mai. Narayani, who is the main teacher and organizer of the retreat, has practised yoga for over 15 years and teaching for 10, and have been running a yoga studio/yoga retreat, Paraiso Yoga, in Mexico for over 3 years. (Interview, 2013)

9.2 Service package

Golden Retreas offers yoga retreats for people interested of wellness, especially of yoga and meditation, in Chiang Mai, Thailand. The facility is situated 20 minutes from the old town, place called Doi Saket. Yoga retreats in Chiang Mai will be offered 3 times a year, when other part of the year the facility will offer accommodation to the other visitors in the area. Golden Retreats yoga package is a full-board offering, which includes airport transportation to and from to the resort, accommodation, meals, yoga and meditation practices with Narayani and organized activities to familiarise the retreat participants to local culture. There can be max.12 participants per retreat, which enables the group in not too big and the teacher has possibility to give personal guidance for everyone.

Main emphasize of the retreat is the yoga and meditation practice, which is directed by Narayani. She has been teaching yoga in Argentina, Brazil, England, Thailand and Mexico and is certificated teacher of Hatha and Ashtanga yoga as well have got her Thai massage certificate in Thailand. Therefore she as a teacher will be one of the core elements of the retreats attraction.

9.3 Core features

Intangible nature of the yoga retreat is the interaction between the yoga tourist and yoga /meditation teacher and the other staff. As the main product is the learning

product, it is impossible to "take it" and compare with any competitor or put it in the shelf for marketing purposes.

To succeed in providing the yoga retreat service to customer requires the customer to be present in the place of service production. It is impossible to provide authentic experience in Thailand for a tourism that is not there or give them a Thai massage without they being physically present. Even though the yoga teaching could be done e.g. via Skype, the personal touch of the service would be missing.

Because the reasons mentioned before, makes the yoga retreat service perishable. You can't record the physical guidance of the yoga teacher and use it later, even it could be possible to tape her speech.

Teaching is very interactive process and makes the service highly heterogeneous. One teaching style might be very suitable to another, when one can't stand it. Especially with yoga which is very personal experience, the chemistry between the teacher and student is very important. Furthermore, in tourism services there are plenty of factors which might affect to customer's personal experience about the destination, which some of them are impossible to be covered by the service provider.

Golden Retreats is also influenced of the fluctuating nature of the business. When organizing the retreats it must consider the seasons, common holidays in Thailand and in its target market, as well as the reputation in the media and political atmosphere. However, luckily the seasonal changes are pretty well predicted and the political atmosphere in Thailand is pretty stable.

9.4 Use of Maslow's theory in case study

Author chose to use Maslow's hierarchy theory as a structure to define the specific needs of Golden Retreats target customers. Earlier author presented briefly the basic idea of Maslow's hierarchy (chapter 6) and as mentioned there in tourism industry the service have to serve the needs of various levels. Use of Maslow's theory not only helps identify the segments to serve but it will definitely help building a functional marketing mix. (Kolb, 2008)

Golden Retreats is offering the accommodation and meals part of the retreat. Even there are possibilities to find other accommodation and food providers in Chiang Mai, to covering these features in their offering they make sure the tourist will not have to worry about them. Facility is private and accommodation is safe for the tourists, the food is prepared at the retreat and therefore Golden Retreat can guarantee that the

food will be safe for the visitors. Chiang Mai is considered to be “Low” threat destination and except of pick pocketing and petty crimes, violent crimes like robberies or kidnappings are rare. (Osac.gov, 2013, Narayani, 2013).

Golden Retreats also aim to satisfy customers’ emotional needs. Participating on a retreat where people share the same interest on yoga and meditations, they can feel like they belong to something. When the maximum amount of people per retreat is 12 persons and everything is practically made together, the group become very tight and friendships are easily made. Self-esteem needs are satisfied with the professional teaching of yoga and meditation, where one can achieve one’s personal goals. Other activities as wine tastings, hikes to the monastery nearby will give quests possibility to experience something unique and authentic. (Kolb 2006, Narayani, 2013).

The retreat itself will not aim to satisfy customers’ self-actualization needs, however yoga and meditation as a concept will hopefully help person to achieve that. Therefore this is can be considered when finalizing the marketing strategy, but should not be the main emphasize in the process.

Base on the analysis based on Maslow’s hierarchy of need, Golden Retreats should focus more on the customer groups who are seeking fulfilment to their emotional and self-esteem needs. Many tourist providers can offer services targeted to customer who only hope to fulfil their psychological and security needs, even emotional ones. Therefore it is important to identify those special self-esteem factors, which Golden Retreats can satisfy better than any of the rivals. Most important self-esteem factors would be the professional and personalized teaching, which would aim to help yogi to improve the deeper understanding of the practices. However retreat program has been built with consideration that customers would experience not only the yoga and meditation, but the Thailand as a country as well.

9.5 Market analyse and segmentation

Based on the research conduct about the markets there was made a clear distinction between the wellness and medical tourism (chapter 2). What comes to wellness tourism itself, there is obviously many niche markets. As Golden Retreats wants to stand out specifically as a yoga and meditation retreat and even though it shares

some features similar to spa's (chapter 3) e.g. Thai massage, the market to focus will be the people interested especially of yoga and meditation.

Market segmentation for Golden Retreat are based on geographical and behavioural factors (interview Narayani, 2013). As the yoga is a big trend in states at the moment, there is lots of purchase power and yoga network is really wide. The owner and teacher has participated in trainings and kept lessons especially in yoga studios located in California, so she already has existing connections there. Chiang Mai also have an international airport and good connections to Bangkok which makes it easy to American customers to reach the location. In addition to that flight rates have become down in recent years, which makes Thailand attracting destination. Not forgetting the natural beauty of the destination, which attracts Americans who find the nature so different back home.

Behavioural reasons for segmentation are the benefit seekers and segment with loyalty status. As the interaction between the service provider and customer is very important, the good existing relationship will make these segments attractive for Golden Retreats. Many customers who have already been in Paraiso Yoga, in Sayulita Mexico, have a high returning grade which shows the loyalty of Narayani's previous yoga students. In yoga, segmentation based on the benefits which the customers are looking for is obvious criteria, as the main point of the yoga and meditation retreat is to improve your physical and mental well-being. Golden Retreat want to serve this segment and the people there who actually want only focus on that and not worry about accommodation or meals during their holiday. (Narayni, 2013, Lehto, 2006)

9.6 Competitors analyse and targeting

The direct competitors of Golden Retreats are the other Yoga studios and retreats in Chiang Mai area. Yoga studios and retreats in other parts of Thailand can also be considered as direct competitors, however it is easier to differentiate Golden Retreats service from them based on the location factors (nature, city, tourism attractions in Chiang Mai, transportation etc.). Indirect competitors are the wellness spas in the area, which are also offering yoga training as an additional service for the visitors. All the yoga retreats in the area have very similar service portfolio, therefore it is important for Golden Retreats to build its marketing strategy based on its strengths and opportunities, while considering its weaknesses and threats. (Appendix.1) (Proctor,

2000, (Kuada, 2008). Like mentioned in the literature review, wellness tourism industry is a growing segment and therefore it is attractive for new businesses.

Golden Retreats will choose the concentrated marketing method to approach the chosen target market. The chosen primary target is 30-50 year old single women, who are from USA and have average or higher income level. They practising yoga in their everyday life and are looking for an intensive yoga experience where they can improve their knowledge of yoga practices and meditation. In addition to yoga they value the additional features offered by Golden Retreat as airport transportation, accommodation, meals and extra activities of getting known of the local culture. This demographical group is the most common group of yoga tourists, but Golden retreats want to target for more specific group inside of this segment.

Golden Retreat will firstly target their marketing to the previous and existing students and co-workers of Narayani. This is also part of the communication strategy, as the word of mouth is one of the most effective way of reach potential customer for such specific and small business as Golden Retreats. Second group would be the people who are passionate about yoga and are looking for professional teaching and experience from one's holiday. Retreat can wider their marketing to different segments, with the differentiated offerings for new customers and "loyal" returning customers in the future. (Kotler 2010)

9.7 Differentiation and positioning

As described earlier value proposition needs to describe how business will differentiate itself from the competitors and create value for the customer. Golden Retreats key player is Narayani and her experience as a teacher and well as the beautiful premises in Doi Chaket, Chiang Mai. The value proposition of Golden Resort would be following:

Yogis looking for place to let go of the routines and enjoying the vacation while practising yoga and meditation, Golden Retreats is place to be. Week long yoga retreat includes first-class yoga lessons and meditation practices with Narayani, teacher with over 10 years of experience and with beautiful energy. Resort is located in Doi Saket, Chiang May where recently built bungalows are waiting for yogis to enjoy the sun set over the beautiful landscape. We at Golden Retreats will take care of everything during your holiday from transportation and meals to cultural activities between the yoga and

meditation practices, so you can really enjoy your time and get known with Chiang Mai and the locals.

In addition to value proposition, company needs to define a positioning statement before choosing a positioning strategy. When determining the positioning statement for Golden Retreats, it is important to consider the major needs by Maslow's theory as well as the Swot analyse.

9.8 Service creation

The main staff of the retreat is the owners, Narayani and the facility owners in Chiang Mai. The other staff, chef, cleaners, gardener are hired based on the recommendations and personal interview, which are conducted by the facility owners. As the facility will be open year round and offer long-term rentals, they need a full-time staff which enhance the employer motivation compared the situation they could only provide work during the retreats. Most of the staff will be considered as front-office staff as they will be in contact with the customers. Staff will be provided with working uniforms, which is a benefit for the employees but also strengthens the brand image.

As seen from the service profit-chain it is important that the employees feel committed to the business, as they have to be ready to go over and beyond to make sure the customers feel safe and welcome for the whole retreat. Golden Retreats will look after their staff and make sure they will provide them an opportunity to get more responsibility in the future when the business grows and the owners can't do as much as in the beginning.

Narayani who will be the face of the business, is highly service orientated and has a long experience as a yoga teacher and running a yoga studio with accommodation possibility. She has personal experience from the retreats and is willing to share her knowledge with the rest of the staff as well as with the customers in terms on yoga and meditation. Interaction between the local staff and customers, will strengthen the Thailand-experience for the yogis and therefore creates more value for them.

Narayani has existing a loyal and satisfied customer base, which shows she has been able to deliver the quality service for her previous customers. She believes the personal touch to the business is the important success factor and therefore she will be

handling all the communication between the customers and the business, at least in the beginning.

In order to make the service profit-chain functioning in the company Golden Retreats must establish also their interactive and internal marketing culture, which will be followed by external marketing. Actually these two actions will go hand in hand, e.g. their need to be able to hire right people which can interact with the customer in the manner of understanding their needs and expectations about the retreat. Golden Retreats will try to find employees who have been working in the Chiang Mai region earlier and have a background from service industry. This way they more likely are able to find people who already understand what good service means and how they can deliver this to the customers of Golden Retreats.

Even though Narayani will be in interaction with the customer most of the day, there are situations like airport transportation or during the meals when the staff will probably see the things which will stay unnoticed from the owners. Therefore Golden Retreats should have a staff meeting every morning to exchange information and make sure all the guests are happy. This is also the best way to exchange information from the staff to the owners and other way round. These meetings are great opportunities for owners to motivate their employees and support their actions.

9.9 Marketing mix

To creating a marketing mix for the Golden Retreats it is important to realize the service nature of the business. Therefore the marketing mix which will be used will have the extra 3 P's; people, physical evidence and process. These P's will have the stronger emphasize than traditional 4 P's; product, price, place and promotion. However all these features are important and must be carefully considered.

9.9.1 Product

Golden Retreats need build a strong brand image, which transmit the message of the yoga retreat to the customer. They should focus on the experience factor and about how the customer feels about himself/herself after the retreat and build up their brand image around it. As big part of the business is build up around Narayan and her personal know-how, it would be a beneficial to have that aspect included in the brand.

Golden Retreats will have only one core product what they offer, the 6 nights/7 days yoga retreat. Addition to this their offer additional services, such as Thai massage and trips, as well as products like Narayani's yoga DVD. However the marketing strategy will focus on marketing the core product and the additional products are offered as supporting products.

Yoga retreat offering has been built up from smaller pieces and outcome is a full-service package. The package includes airport transportation, full board, yoga and meditation practices with professional teacher and cultural activities. Airplane tickets must be purchased by the customer, as this would create too much work for the company to handle related to the cash flow what it would bring.

Customer support in Golden Retreat case, needs to focus more to the information seeking phase of the buying process. People, who plan to invest their money to travel other side of the world for a holiday, will highly appreciate the quality information form the company before making the purchase decision. This is also one of the competitive advantages for the Golden Retreats if they can promise to answer inquiries within 24hours and offer possibility to customers to contact them e.g. Skype directly within certain times. After-sales support is way to keep those customer relationships alive and get valuable feedback from the customer. Therefore sending an email to the previous customers after few months of the retreat could be a good and cost-effective way to communicate with the customers.

9.9.2 Price

Golden Retreats can't base their business around the prices and profits, as their main goal is to create experiences and provide quality service for the customers. Nonetheless the expenses should be covered to ensure the company's viability. Based on these notions, Golden Retreats should choose a customer-orientated pricing model which would primary ensure the prices would be set in the level which would enhance the demand but also guarantee that company's objectives would be reached. Price therefore should not be dominating aspect in the marketing mix, more as a one mainstay of the entirety of marketing process. Competitors pricing should be considered but also with the consideration of the features offered and which kind of value those bring for the customer.

9.9.3 Place

Because of the special features of the service (see chapter 6.2) the place feature must be considered differently than in more traditional product marketing. As the service cannot be transported or stored, the location of the service has a great importance. Golden Retreat will organize its' retreat in Chiang Mai, Thailand which is already established itself as wellness tourism destination. It is culturally very rich city in the north of Thailand, so it offers Golden Retreats customers other additional experience as well. As mentioned before, Chiang Mai is considered as a low danger zone for the tourist, which often is one of the main concern of people travelling to other side of the world.

The property where the yoga retreat functions is 20 minutes from the old city in Doi Saket and it is newly build with the focus on creating a suitable environment for the yoga retreat. The location is perfect for the retreat as it is close to the city, but far enough to provide yogis a peaceful environment.

9.9.4 Promotion

As discussed earlier in thesis, the promotion part of marketing mix is built from 4 activities, advertising, public relations, personal sale and sales promotions. These all must be included to the promotional mix, even though they might have different emphasize in it.

Golden Retreats marketing budget is small, so there is no possibility for massive advertisement campaign. Golden retreats have to focus their advertising on the target customers (see chapter 9.4) and consider the mediums which would be most effective to reach them. most effective channels would be the web-sites of the yoga studio's locates in states, social media e.g. Paraiso Yoga's Facebook and home page, paper brochures in the yoga studios, email campaign for the former students and colleagues.

One of the strongest part of the promotional mix for Golden Retreat should be the public relations. Narayani can use her existing company to create and strengthen the customer relationships and put the word out there. As the Golden Retreats is such a small company still, social media should be the medium to put out "press-releases" and keep it as an open communication channels for the existing and potential customers. Narayani participates actively to yoga trainings and excursions, which are perfect way to spread the word.

Personal selling is challenging to Golden Retreat as the target group of the business is located in United States. However in Sayulita Mexico, where Narayani is staying the part of the time when not keeping a retreat in Thailand, are loads of yoga orientated tourists which can be considered as a potential customers. A form of personal selling for the Golden Retreats will be the interaction between the customers who are actually taking the retreat. Retreat staff has key's to market and sell to customers directly and they can identify their needs easier for the future face-to-face than over emails or Skype calls.

Sales promotion can be launch in the beginning in order to attract new customers. As mentioned before, this is still not a solution for long term strategy but can help boost the sale. However, as discussed earlier price will not be a main factor of the marketing mix for the Golden Retreat. This will also mean that there is no need to put too much effort on these, as the service is mostly marketed by its quality, not by price.

9.9.5 People

In the service industry, the interaction what customer have with the staff is the key factor of how they do feel about the service afterwards. The service profit-chain illustrated perfectly how the choosing the right employees can effect to your whole business. As mentioned earlier in chapter 9.6, Golden Retreats need to consider the marketing factors in terms of trilogy of marketing, where the internal and interactional marketing has great significance.

9.9.6 Physical Evidence

Because the yoga retreat itself as a service is intangible in nature, Golden Retreats needs to incorporate some tangible elements into the marketing mix. Physical evidence will have value to the customer and it builds up certain images in their heads, which they can talk about when going back home. Considering these factors, Golden Retreats should make sure e.g. the car for picking up people from the airport is clean and proper, facilities are clean and well maintained, or there will be always fresh flowers it the breakfast table. Other physical evidence can be retreat brochures and business card.

9.9.7 Process

In example of Golden Retreats process part of the marketing also includes the employees and how well they are trained for their jobs. However in processes the responsibility lies with the owners as they need to plan a functional process strategy which describes how the service should be provided. Good example of this would be the offered airport transportation. Generally customers to provide the arrival time for the Golden Retreats so they can organize the pickup. However planes happens to be late time to time, so in this case it should be obvious that Golden Retreat is following the airplane info in order to know this and then arrange the transportation accordingly.

10 Conclusion

Wellness tourism is growing steadily and it seems to be the fashionable thing to do at the moment. This can be also seen from the demand of the wellness services and products in the markets, especially in USA. Main wellness tourism customers from USA are women who are looking for professional guidance to maintain health and highly value quality service. These women mainly travel alone or with the friend, but more rarely with the whole family. (Lenz-Kaufmann, 2001, Lehto 2006).

In this thesis we approach the research questions about how to reach these customers and what would be the competitive advantage to attract them, by first discovering the markets and the marketing processes which would be suitable for the company. As a conclusion based on the literature review and the material examined, the most effective marketing strategy is very customer orientated. When the interaction between the customer and service provider is so important, the customer obviously have lots of power. Based on the case study, the personal crib to the business, especially in the small starting company, is the main features of building a brand and will become as a competitive advantage as no one can clone the person. (Narayani, 2013)

Other way to reach the competitive advantage is to create functional service support, which would already be available in the seeking-information phase of buying. Golden Retreats target customer group appreciate highly the accessibility to relevant and important information, therefore they must create a way to communicate with the customers through the whole decision process. Therefore it is important they are able

to answer to the customer in relatively short time frame and can establish a relationship with them already in this phase. When the head count per retreat is small, this form of customer service would be realistic to arrange. When customers has the opportunity communicate directly with Narayani, will that strengthen the quality image of the service.

Golden retreats needs to make an advertising campaign in order to reach more people. Even though the word-of-mouth is effective way to reach target audience, they should plan an email campaign to contact all previous students and colleagues of Narayani. It would also profitable to make an advertisement which could be shared in the social media mediums, published in specialized yoga web-pages and be printed in small brochures. This way the advertising budget wouldn't need to be big, but would require more personal input.

Thailand is an attractive place for tourists coming from USA as the nature is totally different as wells as the local culture. Golden Retreat needs to market these tangible features of the retreat as well and underline what Chiang Mai itself can offer to it visitors which not can be experienced example in Bangkok. Having local people working in the yoga retreat will also bring the customers bit closer to the culture and gives additional value to the service.

There are not lots of literature concerning yoga tourism; therefore the main focus in the literature was put on publications regarding wellness tourism in general. Most common subject about wellness tourist was the researches about Spa industry, which is the best known and also the most popular form of wellness tourism. Even though there is differences between span and yoga retreat industry, there are plenty on similar features which help understanding the nature of yoga retreats as well.

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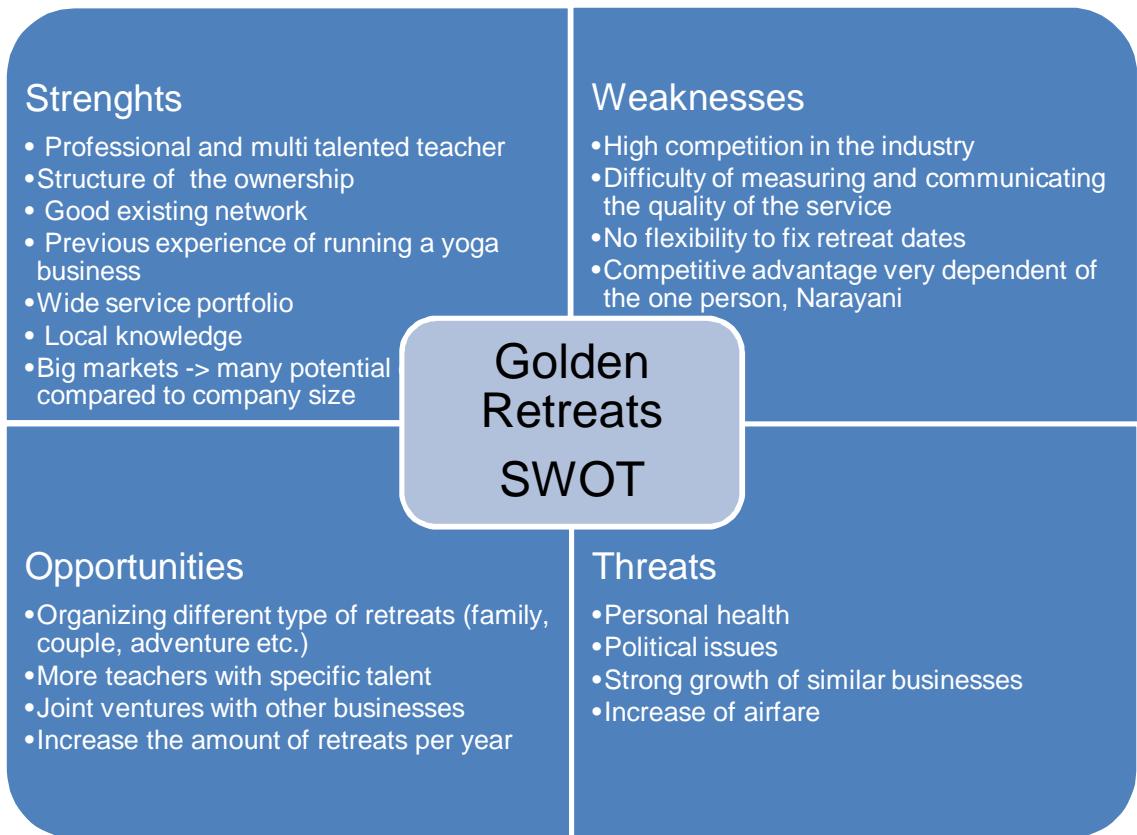
12 Appendices

Appendix 1.

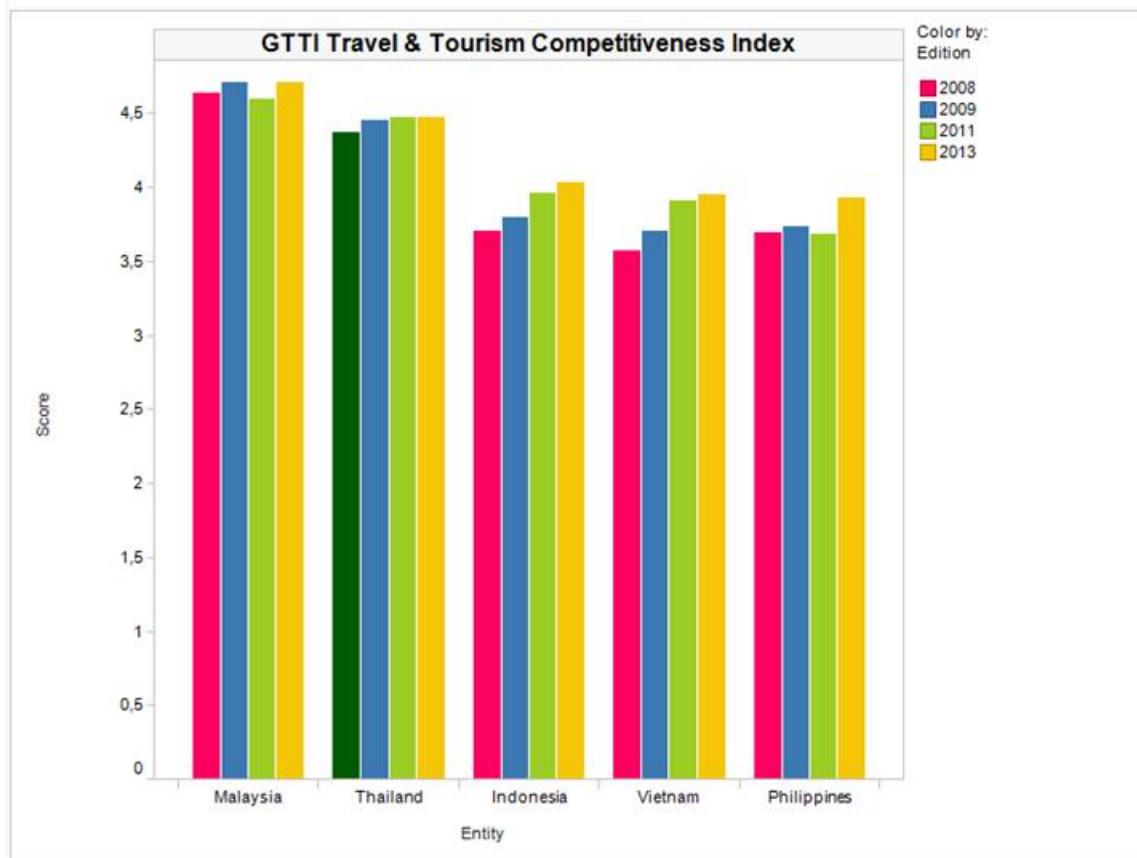
Interview questions for Narayani, the Yoga and Meditation teacher of Golden Retreats and the main owner of the business.

- 1) What is the main concept of Golden Retreats?
 - a. Where is it located?
 - b. What services do you offer?
 - c. How many times a year retreats are planned to organize
- 2) Who are the target customers?
- 3) What is the Golden Retreats main competitive advantage in your opinion?
- 4) How would you market this?
- 5) What are the resources for marketing?
- 6) Would you need outside workers?
 - a. How you recruit them?
 - b. What are the main qualifications you are looking for from them?
- 7) Will the facility have other purposes than acting a home base for yoga retreat?
- 8) Why you chose the Chiang Mai as a retreat destination?
- 9) How you enhance the cultural experience of the guests?
- 10) What will be your role in the management of the company?

Appendix 2 Swot Golden Retreats



Appendix 3. Travel and Tourism competitiveness bar chart /ASEA countries



<http://www.weforum.org/issues/travel-and-tourism-competitiveness/ttci-platform>