

Business plan for a hostel in Thailand

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<p>In this thesis work, you can find detailed business plan for a hostel in Thailand as well as theoretical basis of business planning.</p> <p>First part of the thesis covers such questions as business planning definition, things to do before business planning and business planning process step-by-step. Additionally to theoretical part of business planning in first part tourism industry in Thailand is described and its statistics for last years are analyzed.</p> <p>The second part of the project is a ready business plan for Khapkhunkaa hostel in Phuket. It includes all necessary parts of properly prepared business plan: general information of the hostel, market analysis and SWOT-analysis. The business plan was based on data collected information. The author conducted a survey among guests of hostels, which are potential competitors, to determine their strengths and weaknesses, all data was taken into account in the writing of the thesis.</p>	
Keywords Hospitality industry, business plan, hostel, Thailand	

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1 Introduction

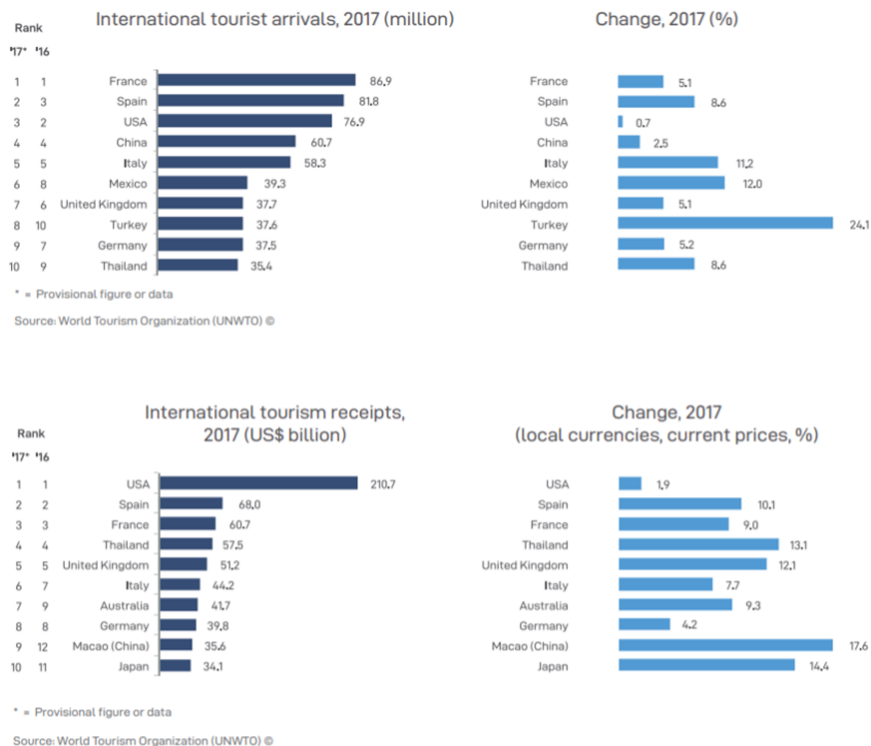
It is essential to have deep knowledge of strategic and business planning for a future entrepreneur. As most of young students, the author has an interest in running her own business, in this case in hospitality industry, so, advancement opportunities of the indicated thesis are fundamental experience for her future potential. The author was resided in Thailand, while writing the thesis. In general, she spent one month in Phuket. While living in Thailand, the author found that this place is the quintessential example of the perfect tourist destination. This factor determined her desire to connect her thesis topic with this country.

In introduction part, firstly, general picture of tourism in Thailand is described, then aims and goals as well as structure of the thesis are explained by the author.

1.1 Tourism in Thailand

Last 10 years Thailand has grown into one of the most attractive places to visit in the world. Although Thailand's tourism industry faced some headwinds in 2018, with the world economy slowing and a boat disaster in Phuket, the country still remains a hugely popular destination.

Table 1.



As you can see on Table 1. Thailand continued to position itself as a destination for travelers to visit by staying in the top 10 in the latest report by the World Tourism Organization (UNWTO) and Thailand remained fourth in tourism earnings, with US\$57.5 billion, while Macao and Japan cracked the top 10 for the first time. (UNWTO Tourism Highlights, 2018, URL: <https://www.e-unwto.org/doi/pdf/10.18111/9789284419876>. Accessed: 2018).

As a result of this fact, the infrastructure of the island looks developed enough for tourists. Everything is in English and almost everyone in customer industry speaks English, there are beaches, waterfalls, mountains, business centers, wild nature, and springs and so on. Due to innumerable possibilities travelers can experience different types of travel: active or recreational travel, leisure or business tourism, honeymoon, package tour and others. An endless stream of tourists in Thailand expands opportunities for entrepreneurs in the field of tourism and hotel service. In 2018 Thailand saw a record 38.27 million tourists, up 7.5% from 2017 according to information provided by the Tourism Ministry. (Record 38.27m tourists in 2018; 41m expected in 2019, 2018, URL: <https://www.bangkokpost.com/business/tourism-and-transport/1619182/record-38-27m-tourists-in-2018-41m-expected-in-2019>. Accessed: 2018). And by the Ministry predicts the number of tourists, visiting the country, will grow to 41.1 million in 2019.

The government sees tourism as a key tool to drive the economy, reduce poverty and lower income inequality. The government will also focus on sustainability by promoting responsible tourism. (Thailand Tourism Statistics, 2018, URL: <https://www.imtj.com/news/thailand-tourism-statistics-10-growth-2019/>. Accessed: 12 August 2018)

Starting from November 1, 2017 to January 1, 2019; there will be spectacular calendar of events and activities throughout Thailand, with a view to reach out to a larger international audience, thus developing the tourism industry in Thailand in line with the current Government's 12th National Economic and Social Development Plan.

This news offers an exciting opportunity to hotels, guest houses and other accommodation providers throughout the country, as a rise in tourists is almost certain given the additional events promised. The popularity of the current Thai festivals such as Loy Krathong and the Songkran celebrations are a testament to show how popular the beautiful Thai cultural activities are with visiting tourists. (Thailand Announces 2018 as the Year of Tourism, 2018, URL: <https://www.acemsthailand.com/thailand-year-tourism/>. Accessed: 2018)

As visitor numbers continue to rise, the government has committed to investing heavily in infrastructure in order to ensure the country maintains its reputation as a key tourism destination. Officials at the MoTS are officially targeting a near doubling of overseas visitors to 68m arrivals within the next decade, an increase that would put huge burdens on the current infrastructure. One of the most high-profile challenges has been the huge waiting lines at Bangkok's major airports, Suvarnabhumi Airport (SA) and Don Mueang International Airport (DMIA), which saw new arrivals in the country waiting for up to five hours to pass through immigration in 2017. That same year, both SA and DMIA were running at 40% beyond capacity to keep up with foreign arrivals. In response, officials have said they plan to upgrade both airports, building new terminals, facilities and another runway so the capital city can handle the 130m passengers it receives per year. However, work is not expected to be completed until at least 2022, meaning that, in the meantime, viable solutions will be needed.

In its 2018 position paper, the European Association for Business and Commerce (EABC) Tourism Working Group proposed possible solutions to improve the experience of visitors when they first arrive at Thailand's main airports. It recommended a shift towards online visas to counter the problem of long immigration queues, coupled with the introduction of digital, app-based airport taxi services to remove any perception of cheating or insecurity from visitors using the regular, metered service. Although app-based taxi services legally operate in Thailand, they are restricted from picking up passengers in airport arrivals areas (Oxford business Group, 2018, Thailand continues to attract growing numbers of visitors as it diversifies its tourism offering, URL: <https://oxfordbusinessgroup.com/overview/tapping-new-sources-visitor-numbers-increase-officials-look-diversify-offering>. Accessed: 2018).

According to the statistics mentioned above, it is clearly seen that tourism industry in Thailand is increasing, attracting more and more tourists every year, Tourism Ministry is expecting even more travelers in 2019, and then the amount of tourists, visiting the country, will grow to 41.1 million this year. Consequently, hotels, hostels and other various types of accommodation will be in higher demand. This statistics based information determines travelers' need in expanding hospitality industry.

1.2 Aims and objectives of the thesis

There are a few main aims and objectives of the thesis. First main objective for the author is to apply theoretical knowledge of business planning, to present a well-structured business plan, which is made step by step according to studied theory, and, as a result, by

performing this task, the main aim will be achieved - the author's competence in this field will be proven.

Next main objective of the thesis work is to make a real business plan for a hostel in a specific location – Thailand, to consider deeper main questions about the author's future hostel, explaining and showing advantages and disadvantages of running own hostel in Thailand. For achieving this aim, the following tasks are determined and presented in the thesis work: to specify potential customers and their needs, to describe customer relationship management, communication strategies, key partners and resources, to write financial plan and SWOT analysis. After completing these tasks, the main goal is achieved. However, for completing the objectives mentioned above, firstly, necessary information such as expectations of tourist travelling to Thailand should be obtained. Therefore, data collection was defined as one of the most important objectives of this project by the author. Questionnaire was identified as a research method. A survey was conducted at competitive hostels at the same location in Thailand.

Consequently, the main objectives of the project are focused on writing the business plan, that will reflect the author's business planning skills, and as a result it will be her proper and ready to start future business plan, which she can use for running her hostel in Thailand in the future.

1.3 Structure of the thesis

Basically, the thesis is divided into three parts. In first part, the author has a closer look at tourism industry in Thailand, business opportunities in this area as well as current problems in certain fields and after analysing tourism market in Thailand, market niche is identified.

Second part of the thesis includes research based on data collection process. In this part, the choice of research method is described, further, data collection process is explained and, in the end, key results and analysis are displayed.

The last part is a real business plan, which covers the following topics: product /services and value proposition, potential customers and their needs, key business activities, customer relationship management, communication strategies, key partners and resources, cost structure and revenue stream, summarizing SWOT analysis.

2. Analysis of Thailand as a tourism market

In this chapter, Thailand is considered as a tourism destination, it is described its future perspectives, opportunities for hospitality industry and current problems in this field.

2.1 Thailand and Tourism industry analysis

Below you can see Thailand's Tourism Industry Outlook 2019 provided by AEC+ Business Provider (Thailand's Tourism Industry Outlook 2019, https://www.kasikornbank.com/international-business/en/Thailand/IndustryBusiness/Pages/201901_Thailand_TourismOutlook19.aspx. Accessed: 28 January 2019).

Tourism is one of the most important sectors driving the Thai economy, which can continuously generate high income for Thailand. The number of international tourist arrivals to Thailand in 2018 reached 38.12 million people, up 7.1 percent YoY. Although the second half of 2018 has shown slow pace of international tourist arrivals due to the different factors from each nationality, the number recovered during the last 2 months of 2018 thanks to the tourist season and the Visa on Arrival fee waved for 21 countries. Hence, in 2018, Thailand received approximately THB 2.01 trillion in revenue from the arrival of international tourists. All statistics are displayed at illustration 1.



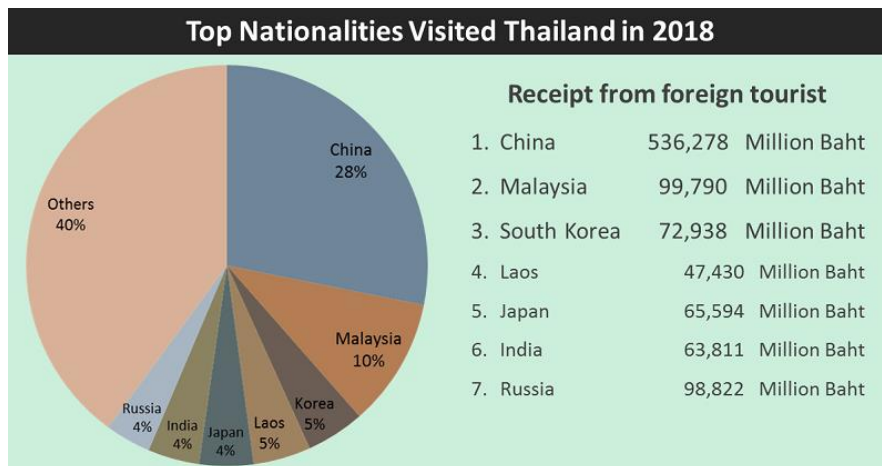
Illustration 1.

Kasikorn Research Centre expects the number of international tourists travelling to Thailand in 2019 to reach 39.00-39.80 million people, up 2.1-4.1 percent YoY and generate tourism receipt of approximately THB 2.16-2.20 trillion, up 6.9-8.9 percent YoY.

Trend of international tourist to Thailand:

1. Tourist from East Asia region: Tourists travelling from ASEAN, South Korea and Japan to Thailand shows promising signs, while clear recovery of Chinese tourists is expected during the second half of this year. However, the number of Chinese tourist arrivals to Thailand still depends on the Chinese economy, the Yuan currency and the highly competitive tourism sector in Japan, South Korea and Vietnam.
2. Tourist from South Asia region: While the number of tourists from India shows promising growth, entrepreneurs in Thailand's hospitality sector may face fierce competition as many other countries strive to attract Indian tourists to their countries as well.
3. Tourist from Europe region: Tourists from Germany and France will continue growing as well, while the growth of Russian tourists may depend on the Rubble currency. Meanwhile, Brexit may negatively impact inbound tourists travelling from U.K. to Thailand due to high expense and long flight duration.
4. Tourist from other regions: Middle East tourists will continue to decline due to a slow-down in the economy. Hence, they are choosing nearer destinations, with the exception of Israel tourists. Moreover, tourists travelling from the US and South Africa to Thailand will continue to see positive growth trend.

Pie chart 1. shows Top Nationalities Visited Thailand in 2018.



Pie chart 1.

Tourism trend in Thailand:

1. Target ASEAN tourists: As Thailand takes over the ASEAN chair for 2019, various opportunities are opened up for hospitality-related businesses to attract tourists from ASEAN countries. These include sales of tourism-related products and services and a chance to cooperate with neighboring countries to develop the best routes for international tourists, whether they are from ASEAN or other countries.

2. Increase popularity in secondary provinces: This will be attributed to the government's policy to promote less visited areas and distribute revenues generated from tourism more evenly across the nation. This will increase marketing and investment opportunities for local business operators. However, business operators should also consider other factors such as the type of tourist to target, potential attractions and the readiness of transport infrastructures and facilities in each province.

3. Digitalizing tourist-related businesses: Technology will be increasingly integrated to uplift the infrastructure of businesses within the tourism industry. We see the rise of online platforms offering products and services that goes beyond hotel room bookings such as tour agent and car rental services. Sharing economy business model is also becoming more widespread. Hence, Thai operators need to be flexible in order to adapt to the changes in the hospitality landscape. This will allow them to grow alongside the booming tourism sector.

And below on illustration 2. key factors that will impact the outlook of international arrivals are described.



2.2 Current problems and business opportunities

For describing current problems and business opportunities in Thailand, first of all, it is necessary to analysis the hostel market in Thailand and its growth during last years. “The hostel market last year experienced skyrocketing growth of 32% in bed inventory, amounting to 63,632 beds in 1,766 properties across Southeast Asia. Thailand, with its prolific tourism numbers, continues to lead the sector with a 41% share.

In past years, hostel developers maximized profits by developing properties with high bed inventory and no private rooms. However, micro-private rooms in hostels are becoming essential and impactful to rate yields. This can best be seen in the growth of hostels with private rooms in Indonesia, Thailand and Vietnam which now exceed 50% of overall room inventory.

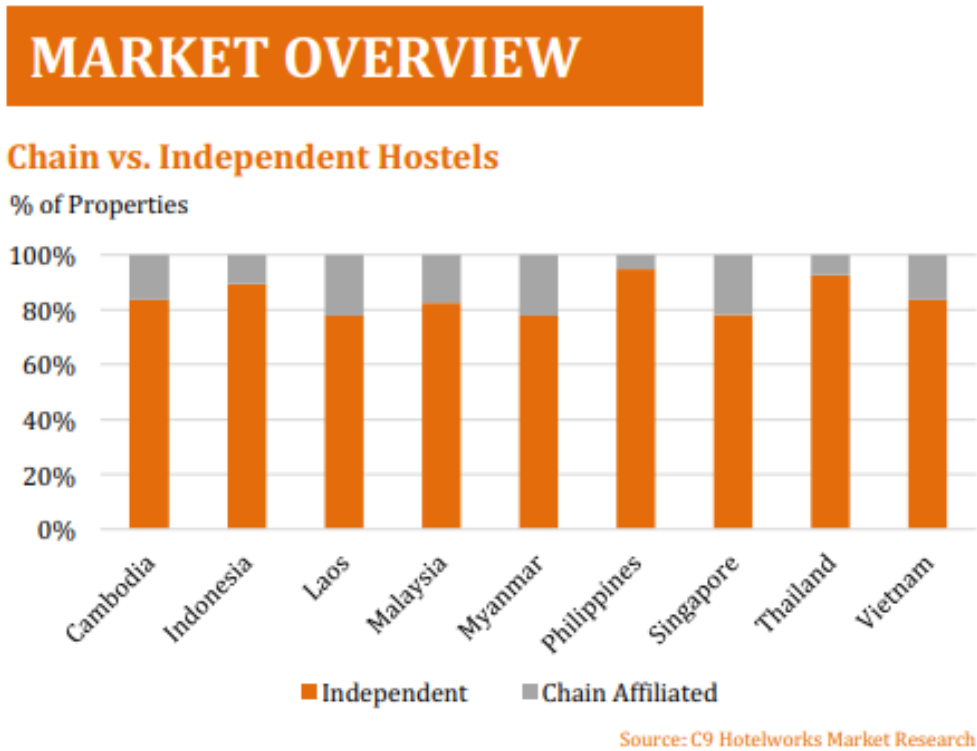
Despite an elevated growth of supply, one considerable complication to the hostel market is the ambiguous rules and regulations; these have become a major concern in leading destinations such as Thailand, Malaysia and even Japan. While government regulation is starting to evolve, this remains a key sector issue.” (Bill Barnett, Managing Director, C9 Hotelworks, C9 Hotelworks Market Research, Southeast Asia, 2018, URL: <https://www.c9hotelworks.com/downloads/southeast-asia-hostel-market-2018-01.pdf>, Accessed: January 2018)

The author was interested in opening a hostel for backpacker tourists as well as for couples, because exactly these types of travel is close to her. After analysing the hostel market in Thailand, she realized that hostel industry is in need of private rooms equally as in dorms. Below you can see Forward Outlook by C9 Hotelworks Market Research:

- Growth of hostel supply in leisure destinations reflecting high demand for budget travelers and changing taste for experiential accommodation.
- Micro accommodation is shifting products, as privacy is becoming indispensable for hostels, and exponential growth in private rooms.

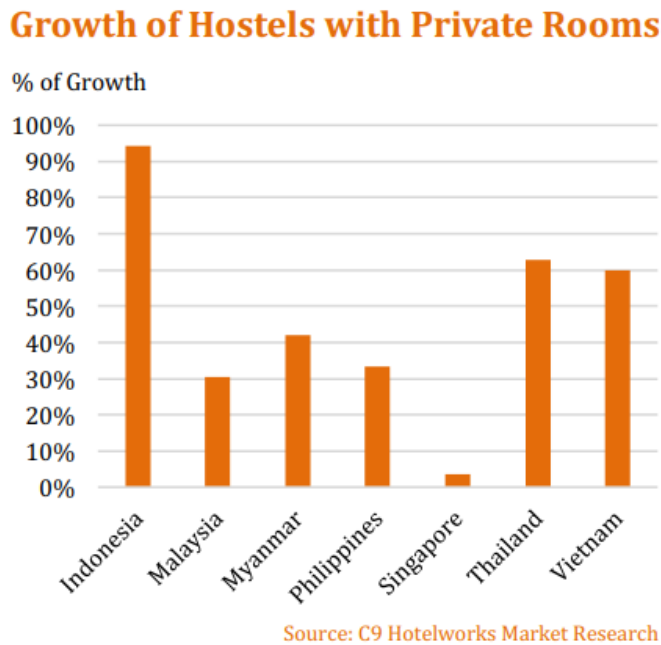
On the table 3. it shows that independent hostels dominate the regional market, with 1532 properties representing 87% of total supply. (C9 Hotelworks Market Research, Southeast Asia, 2018, URL: <https://www.c9hotelworks.com/downloads/southeast-asia-hostel-market-2018-01.pdf>. Accessed: January 2018)

Table 3.



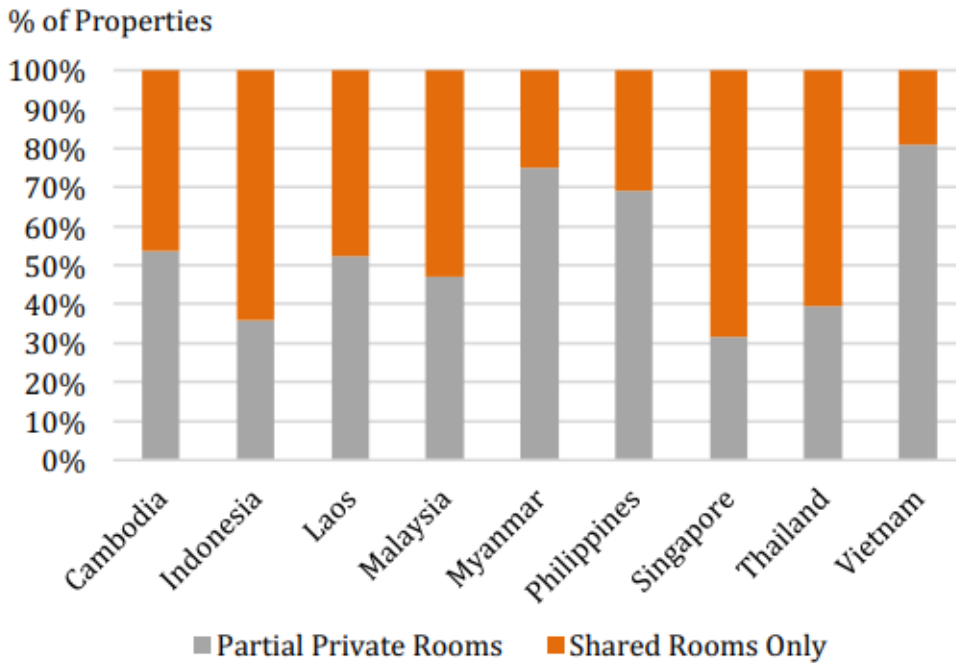
The next graph (Table 4.) illustrates over 60% growth of hostels with private room in Thailand. Consequently, due to the high demand in hostels with private rooms, it is essential to provide this type of accommodation.

Table 4.



Let's take a closer look at the housing needs of travellers. Table 5 shows the ratio of the needs of tourists in individual rooms and common rooms. Despite the obvious growth in demand for private rooms, the share of common rooms still has the largest percentage than private rooms, 60% vs. 40%, respectively.

Private Rooms vs. Shared Rooms Mix

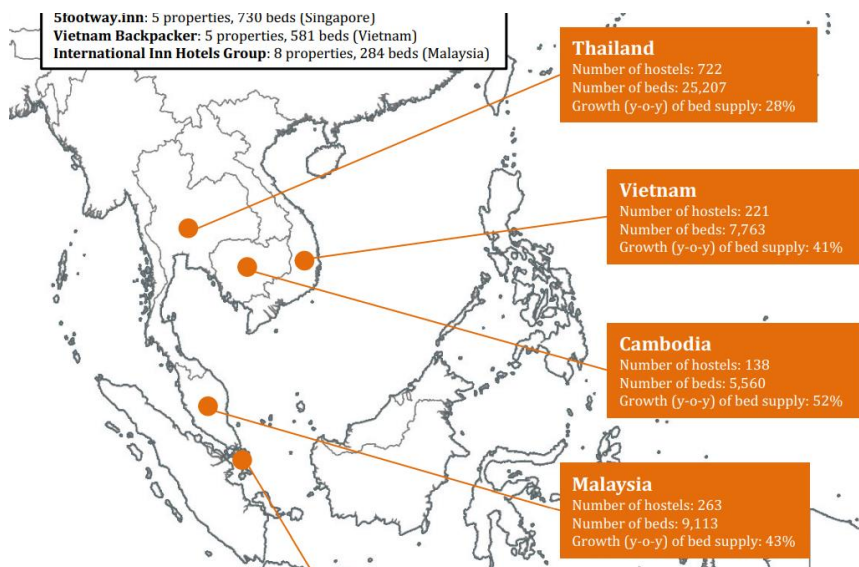


Source: C9 Hotelworks Market Research

Table 5.

As it is displayed on the illustration below (Illustration 1.) overall amount of hostels in Thailand is 722 and number of beds is 25207 with growth of bed supply 28%.

Illustration 1.



Also, we need to have a closer look at Thailand Hotel Industry Outlook 2018-20. For example, Krungsri Research presented one similar outlook:

The forecast for the period 2018 to 2020 is for annual growth of 8-10% in international arrivals (Figure 15) and 5-7% in domestic tourism (Figure 16), while over the same period, occupancy rates should average 66-70%. This healthy outlook will be supported by Thailand's advantages in its environment and natural beauty and its price-competitiveness when compared to other countries in the same region.

The outlook for hotels and other providers of accommodation which are located in major tourist zones is strongly positive, especially for large operators. This is supported by the expectation that there will be increasing numbers of travelers using these services as a consequence of the strengthening world economy. At the same time, however, SMEs in the sector will likely face stiffening competition.

Hotels in major tourist destinations such as Bangkok, Pattaya and Phuket: Turnover should remain high and occupancy rates will remain in the range of 75-80%, with the outlook particularly good for large operators and chains, Thai and international. Investment in hotels at all levels of the market to meet continuing demand is ongoing and the forecast is thus for increasing levels of receipts. However, competition between hotels in the area is likely to increase, and problems with apartments and condominiums which offer daily rates and online marketplaces, such as Airbnb, will add to this. (Thailand Hotel Industry Outlook 2018-20. URL: https://www.krungsri.com/bank/getmedia/5de62d20-1706-48c1-9573-65359fdb76c/IO_Hotel_2017_EN.aspx. Accessed: December 2017).

Summarizing all information above, it is clearly seen, that an increase of tourist arrivals positively effects on hostel rooms demand. On the other side, hospitality industry faces Airbnb as a main competitor; however, it could be turned into advantage for hostels that can offer their accommodation through Airbnb service. For example, the author found one hostel to stay through Airbnb, which means that this service can increase hostel sales. Overall image of hospitality industry in Thailand looks promising. Further, Khapkhunkaa hostel does not have strong competitors due to different target audiences and unique location of the future hostel.

2.3 Identification of market niche

If you want to start up your own business and market it online, you'll need to find your niche market. One of the biggest mistakes that new internet entrepreneurs make is trying to get the general public to notice their website, and not being specific enough with their target audience.

Another big mistake is to find a niche market without a lot of competition. If there's not a lot of competition, chances are you will not make a lot of money. You need to find a happy medium – a market that is specific enough, and that has a good amount of competition. (3 Ways To Identify Your Niche Market. URL: <https://louisem.com/5845/identify-your-niche-market>. Accessed: September 9, 2014)

The main step for identification of market niche is to determine a target group and to explore competitors.

On one hand, there are a few main competitors in Phuket, most of them are hostels located near to Kata beach, which is actually its weakness, because Kata beach is crowded and noisy beach with garbage and annoying salesman. While our ideal customer avoids crowds and noise, but at the same time he is sociable and easy-going. Therefore, the future hostel is focused on people, who prefer to rest in wild and silent environment, that is why the location of the hostel is by Yanui Beach, this point differs the hostel from its competitors at Kata beach and there is no necessary to compare strengths and weaknesses of hostels, because hostels at Kata beach and Khapkhunkaa hostel have different target groups.

Although, the author conducted the survey at one of the hostels at Kata beach area - The Camp Hostel Kata Beach, which is close to the author's hostel idea to make a place which will answer backpackers and couples' needs. Guests of this hostel were interviewed to determine the clear picture of overall customers experience at similar hostel in this region. All results are displayed at Data collection chapter.

On the other hand, there is the main competitor which is located at Yanui Beach. It is Yanui Beach Hideaway Guest House. The concept of this guest house is slightly similar to the author's picture of her future hostel; moreover, it also combines the high level of cleanliness with excellent customer service. However, there is one the biggest different between thesis hostel and its competitor: Yanui Beach Hideaway Guest House offers only private rooms, while the author's future hostel will concentrate on both dorms for backpackers and private rooms for couples. Thus, if to consider this competitor from backpacker's point of view, than he would prefer to stay at Khapkhunkaa hostel, which has suitable accommodation for him and facilities for backpackers.

All in all, market niche defined as a hostel for backpackers, seeking wild nature and peaceful environment, at the same time, they value friendly atmosphere and different types of activities at hostel for making new friends.

3. Expectations of tourists traveling to Thailand

In this chapter a type of a research and its implementation are discussed as well as reasons of choosing the certain method of data collection are justified. In the end of the chapter all data collected through survey is analyzed and presented.

3.1 Data collection process

Quantitative research is primarily a method to quantify the main problem with help of collecting numerical data or data that can be shown in tables, charts, graphics, or other convenient forms for visual perception. In this case, this type of research method was chosen by the author because exactly this way of data collection can provide essential information of tourists' basic needs while staying at hostels. Another advantage of this research method is that it gives an opportunity to gather only important information and then it can be carefully structured and easily displayed in convenient visual forms.

Mostly, survey is a tool of data collection in quantitative research method. During the survey of consumers, they are segmented into groups by gender, place, age and others, which allow organizing the needs of consumers, depending on the group. In addition, the questionnaire is an essential tool to identify the most necessary needs of guests in accommodation, the reasons for which they choose the place to stay, their motives and goals that they pursue during their travels.

In this project, survey was determined as an instrument to collect needed information. The survey was designed after the research problem was defined. Survey was implemented with help of a questionnaire.

In current thesis work, the research problem is to find out accommodation demands of backpackers as well as couples, who travel to Thailand, essential factors in making decision where to stay, to determine what products or services are not provided in current hostels, to define how guests are satisfied with the current level of customer service and how it can be improved. After gathering such information, summarizing it and analysing, the main goals are achieved. The clear image of consumer behaviour and tourists' needs are defined, therefore based on this information the hostel concept can be specified, taking into account all weaknesses of the presented hostels in the hotel business market in Thailand.

In designing the primary questionnaire, the author applied techniques of both open and closed questions. The closed questions were structured with a certain amount of answers between which the respondent could make a choice. Also during the questionnaire the closed questions with a scale from 1 to 5 were used. While the open question, there was only one open question, gave a freedom to the respondent to share his/her opinion and ideas. The closed questions were mostly put into practice, since it allowed structuring the data, additionally, analysing the information obtained from closed questions was easier, and this type of data provided clear answers to the questions of the research problem. Therefore only important information was reached.

3.2 Data analysis process

The questionnaire was designed in April 2019, while the author was staying at Hideaway Hostel, where she supposed to execute the survey. However, she conducted surveys in two other hostels. All in all, responds at three different hostels were collected by the author. In total, the questionnaire included 15 questions and in general it took around 5 minutes for the respondents to answer all questions.

Due to the author's technical issues in Thailand, the questionnaire were printed, so, tourists fulfilled printed copies, and then the author collected it and transferred the obtained data to Google Forms that allowed to organized information carefully. After all, the collected data was analysed and structured in forms with help of Google analytics.

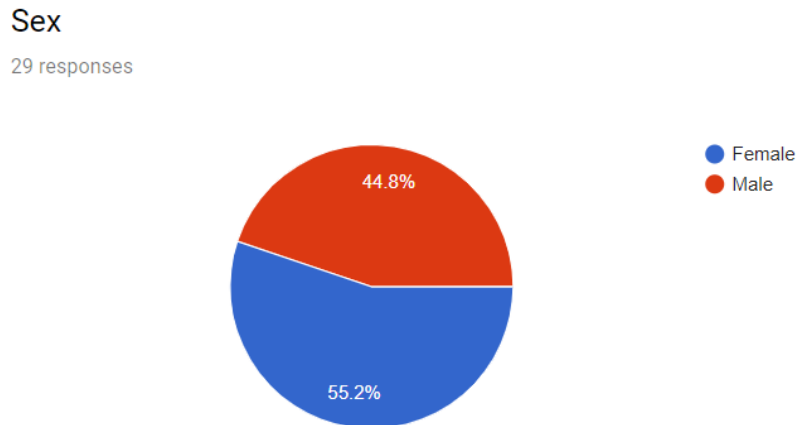
The surveys were given to the respondents at hostels, where they stayed at, since they could provide feedback on a current hostel and its products, services as well as the level of customer service immediately. In the beginning the questionnaire participants were introduced to the main topic of the project and its research problem, and then the significant of their participation in the thesis work was explained. The majority of the potential respondents agreed to assist the author in her research for the thesis and only three people had refused to complete the survey

3.3 Key results and analysis

During the research 29 people were participated, only 3 persons refused to answer the questionnaire, two of whom were in a hurry, and the last one preferred not to explain the reasons for the refusal. The survey was conducted in 3 different hostels for recognizing the overall image of tourists' hostel experience in Thailand.

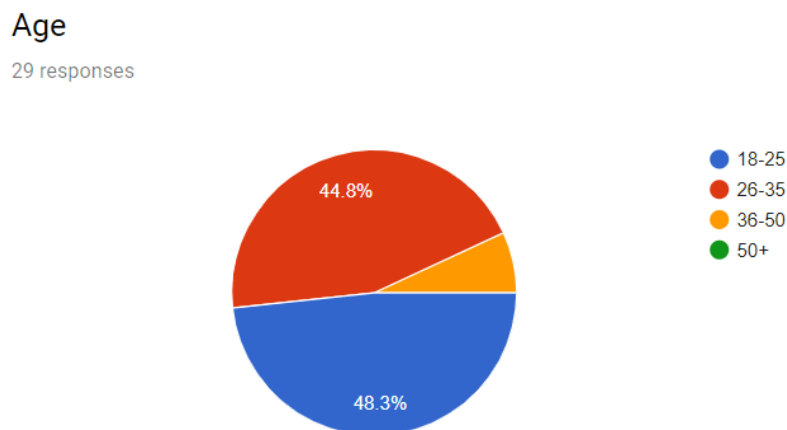
In first three questions the basic information about the respondents received such as gender, age and region of origin. From the pie chart (Figure 1.), sex division is clearly seen, among 29 respondents 44, 8% are males, while the rest 55.2% are females, in other numbers, 13 males and 16 females.

Figure 1.



Next pie chart (Figure 2.) shows age categories, among 29 respondents almost 93% are people between 18-35 years old (48.3% - 18-25 and 44,8% - 26-35), and the smallest amount of travellers are 36-50years old (6.9%).

Figure 2.



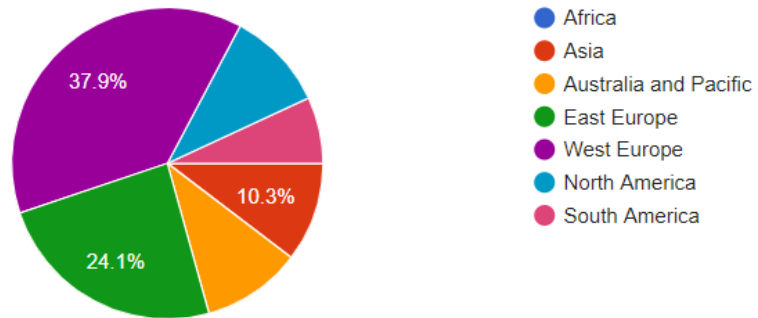
And the last pie chart (Figure 3.) displays where respondents are from. It is clearly seen that 62%(18 respondents) of travellers are from Europe (37.9% West Europe and 24.1%

East Europe), while none guests from Africa, and the rest 38% are from other parts of the world equally (10.3%)

Figure 3.

Where are you from?

29 responses

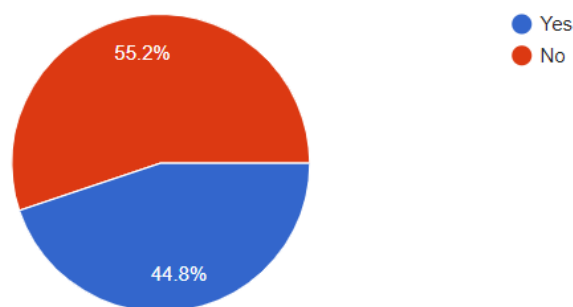


In next question (Figure 4.), it is illustrated that it is not first time in Thailand for 55.2% of respondents, and first time for the rest (44.8%).

Figure 4.

Is it your first time in Thailand?

29 responses

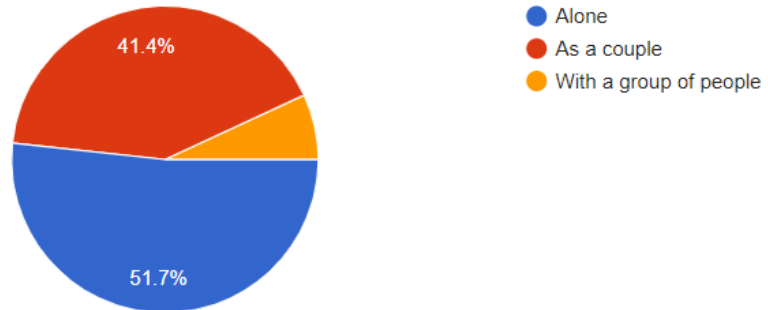


The pie chart below (Figure 5.) gives information about the way of travelling: alone, as a couple or in a group of people. More than a half of respondents prefer to travel alone (51.7%), then the second largest group of travellers are couples, it is 41.4% and only 6.9%(2 respondents) have arrived to Thailand with a group of people.

Figure 5.

Are you travelling...

29 responses

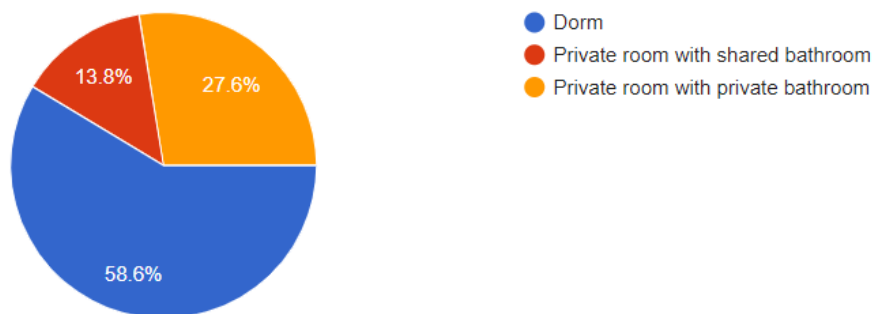


According to the Figure 6, a significant majority of travellers prefer a dorm as an accommodation in Thailand, over a quarter of respondents stay in a private room with private bathroom, and the rest, nearly 14% of travellers, choose a private room with shared bathroom.

Figure 6.

What type of accommodation do you prefer while travelling?

29 responses



The next graph (Figure 7.) illustrates the most important factors in making decisions about accommodation.

What are the most important factors in choosing accommodation?

29 responses

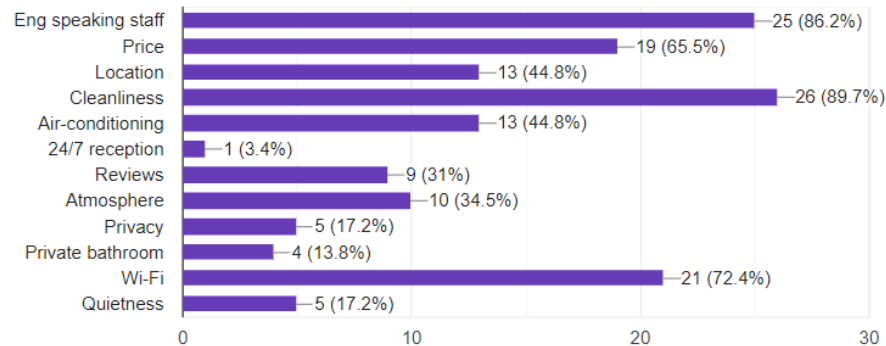


Figure 7.

Most of people answered that the most important factor is cleanliness (26 respondents chose this point), at the same time English speaking staff was chosen by nearly the same number of respondents – 25. While the third place was taken by Wi-Fi (21 votes), which is highly important at any accommodation nowadays. Then, price is also ranged as one of the most important factors in making decision (choice by 19 respondents). Location and air-conditioning on the same level of importance, both were chosen by 13 travellers. Then in a decreasing percentage of votes: privacy (17.2%), quietness (17.2%), private bathroom (13.8%). And only one person answered that 24/7 reception is important for a hostel in Thailand.

Next chart (Figure 8.) displays the ratings of the hostels, where the data was collected. Three main service were rated as well as Overall Service Delivery. Firstly, customer service has great as an average answer (11 respondents), however, 8 respondents answered “Good” and 6 rated it as “Fair”, and only 4 answers “Excellent”. Second point is Bar/Restaurant service. Which has good level of service, but it also has more “Fair” answers that “Great” and “Excellent” altogether.

Quite many people (9) chosen “Fair” while evaluating housekeeping service, then 14 respondents answered “Good”, only 3 “Great” and 1 “Excellent”. And the last one, overall service delivery, is good.

How would you rate the following services at the hostel?



Figure 8.

Let's have a closer look at customer service in Thailand. Next graph (Figure 9.) illustrates what travellers think about customer service at hostel, where they stayed at. The significant majority highlighted that staff speaks English and they are friendly. Nearly equal answers are letting us understand that staff knows their products/services; they are polite and eager to help. However, only 4 respondents chose "Respond quickly to guest requests". And 0% that staff committed fraud.

Describe the customer service at this hostel(Choose one or a few options).

29 responses

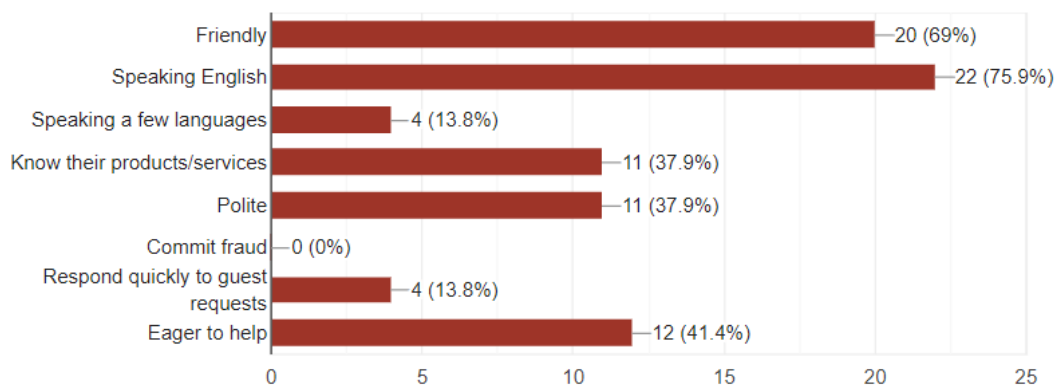


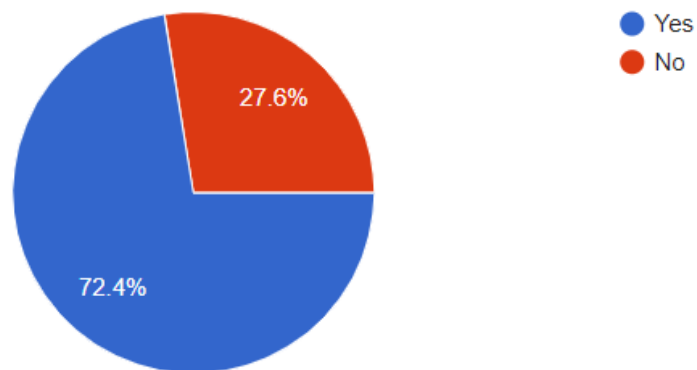
Figure 9.

This pie chart (Figure 10.) shows that 72.4% of respondents think that the price and the quality of the hostel match, while 27, 6% of respondents disagree.

Figure 10.

Do the price and the quality of the hostel match?

29 responses



Next few charts help to figure out the value of different types of accommodation and how much travellers are ready to pay in average per one night. So, it is highly valuable information for pricing formation. Figure 11. Shows that 10 euros or less is an average price for a bed in a 4-6 beds dorm among 18 respondents and other 11 respondents are able to pay from 11 to 15 euros for the same type of accommodation. The next pie chart (Figure 12.) illustrates approximately a half of respondents think that 15 euros or less is a suitable price for a private room with a shared bathroom. 37% chose 15-20 euros and the rest - 11.1%. In the last pie chart with prices (Figure 13.), we can understand that the price range for a private room with private bathroom varies between 15 to 30 euros (more than 80% of answers), only 14.3% would pay 15 euros or less and no one chose 30 euros or more.

How much would you pay for a bed in a 4-6-beds dorm?

28 responses

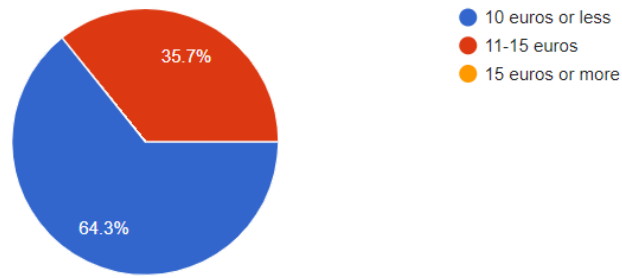


Figure 11.

How much would you pay for a private room with a shared bathroom?

27 responses

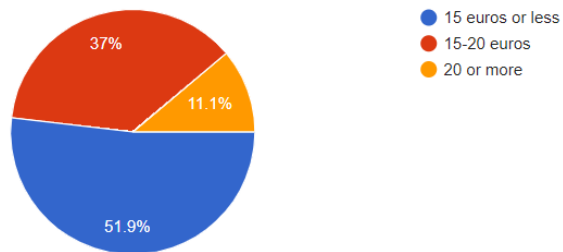


Figure 12.

How much would you pay for a private room with a private bathroom?

28 responses

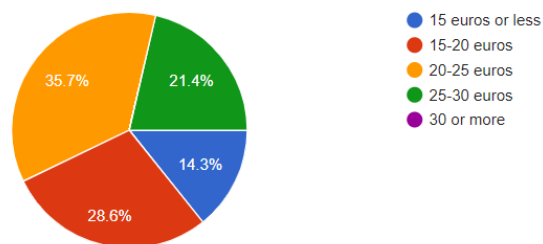


Figure 13.

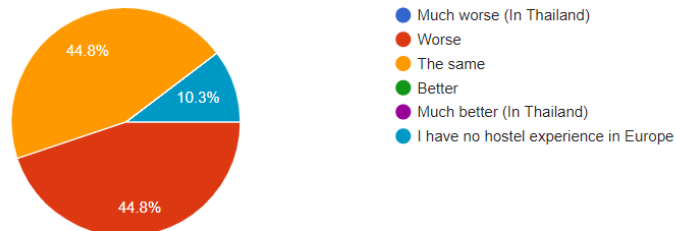
At Figure 14, the general hostel experience in Thailand and in Europe is compared. No one answered "Much better" or "Better", while answers "The same" and "Worse" were

chosen equally by 13 respondents, and only 3 respondents (10.3%) out of 29 have no hostel experience in Europe.

Figure 14.

How would you rate your general hostel experience in Thailand compare to your general hostel experience in Europe?

29 responses



The last question was voluntary and it as the open question for additional comments. 13 respondents left some comments about hostels, where the survey was conducted.

Below you can see these comments:

1. I really like Thai people but sometimes they work and react so slow, they can smile to you and say that they understood everything but then do nothing for fixing a problem.
2. In general it's quite dirty in Thailand, so don't expect to have super clean bed, shower or floor.
3. Free kitchen is the best.
4. Staff is friendly but sometimes they didn't understand what I was asking for.
5. Super friendly guys at the reception! Always smiling.
6. Overpriced.
7. Time to time we had no water.
8. Troubles with Wi-Fi.
9. The food is okayish, could be better.
10. No activities at the hostel.
11. Great hostel with friendly staff.
12. There are better hostels in Phuket for the cheapest price.
13. Staff is nice but common areas and beds are dirty.

Then all data was collected and analysed, the following results were defined: Thai people are very hospitable, they know how to listen to guests needs, however, they do not solve

guests' problems. Despite the fact that staff is friendly, both hostels have a very low level of cleanliness, however, according to the survey results cleanliness is on the first place of the most important factors in choosing accommodation.

According to this information, the key point of the future hostel will be the high level of cleanliness as well as the high level of staff problem solving skills, so future staff of the hostel will solve guests' problems immediately. Exactly on these two key points the author wants to focus, because these factors will be an advantage over other hostels and, as the results of the survey show, there is a high demand among the tourist in Thailand.

4. Business Plan in hotel and hospitality management

This section presents crucial information about the hostel and it explains in details information that are displayed in Business Model Canvas for Khapkhunkaa Hostel (appendix 2).

4.1 Product /services and value proposition

The hostel name is Khapkhunkaa Hostel, which basically means “Thank you” in Thai. It is truly short and clear name, which is simple to remember, moreover, the name of the hostel lets tourists to learn a Thai word that is certainly helpful to get to know while travelling along Thailand.

The hostel location is highly important in customers’ making decisions. Due to this reason, author approached very seriously to this question. She wants to bring guests closer to the nature, consequently, the hostel will be located by one of the best wild beach - Yanui beach, it provides guests an opportunity to enjoy the beach and the nature without noisy groups of tourists, it is very calm and peaceful place, where unity with nature is felt. Additionally, guests can experience snorkeling; the rich underwater world is located directly under the rocks by the shore of Yanui beach. More popular beaches, Nai Harn Beach and Rawai Beach, are located in a walking distance. In 1 kilometer away from the hostel 24/7 store can be found. The nearest airport is Phuket International Airport, 49 km from Khapkhunkaa Hostel. Basically, the hostel is surrounded by many essential places for comfortable staying.

Furthermore, the hostel location gives an advantage over other hostels that are located in a noisy city. In other words, the hostel will provide a unique opportunity for guests to relax in a quiet and cozy place among palm trees and white sand. There is only one competitor, Yanui Hideaway Yanui Beach Guesthouse. However, it differs from the author’s idea, because mentioned above guesthouse offers only accommodation for couples – 1 double bed rooms, while Khapkhunkaa will provide dorms as well as 1 bed room accommodation. The business philosophy combines two most important points which are Thai hospitality and European service comfort.

As it was found out by the author already, most of hostels in Thailand have great ambient, cheap accommodation, great hospitality level, but there is lack of cleanliness and quality of customer service. Considering these shortcomings of typical Thai hostels, the author will focus precisely on achieving a high level of these two factors, which in the future will make the hotel profitable and attractive for tourists from all over the world. Moreover, crea-

tivity and unique location will contribute to developing the profitable hostel business model.

The hostel will have 3 dorms: 1 female dorm with 8 beds, 1 male dorm with 8 beds and 1 mix dorm with 8 beds, and 3 double bed rooms which can be transformed into twin beds rooms. Private rooms will have private bathrooms, while dorms will share common toilets and showers. In total, there will be 4 showers and 4 toilets for dorms. Also, there will be common areas such as a terrace, a kitchen, a lounge zone that can be used by all customers. Khapkhunkaa hostel will have a bar/restaurant, where guests will be able to have a breakfast for additional charge or to order traditional Thai food from a-la carte menu. The reception will be open from 10:00 until 22:00, in some cases – late or early morning check-in, the reception will work for extra hours. The check-out time is 12:00 and the check-in time is 14:00.

The hostel will offer the following services:

1. General
 - Mini-market on site
 - Air conditioning
 - Shops (on site)
 - Bike hire (on site)
 - Beaches in a walking distance.
2. Outdoors
 - Outdoor furniture;
 - Terrace;
 - Lounge zone;
 - Garden.
3. Activities (for additional charge)
 - Cooking class;
 - Yoga classes;
 - Snorkeling Off-site;
 - Diving Off-site;
 - Fishing Off-site.
4. Food & Drink
 - Common kitchen and facilities;
 - Free coffee and tea at the kitchen;
 - Bottle of water every day in private rooms;
5. Internet

- Wi-Fi is available in all areas and is free of charge.
6. Parking
 - Free public parking is possible on site (reservation is needed).
 7. Transport(Additional charge)
 - Airport shuttle;
 - Public transport tickets.
 8. Reception services
 - Lockers;
 - Luggage storage;
 - Ticket service;
 - Tour desk.
 9. Languages
 - English;
 - Thai;
 - Russian.

All products and services were determine based on necessary tourists' needs such as Wi-Fi, parking, transfer and so on and additional services were based on collected data, which is displayed in chapter 3.

4.2 Potential customers and their needs

Potential customers of Khapkhunkaa hostel are defined as international as well as domestic backpackers. As it was mentioned in chapter 2.2, the share of common rooms still has the largest percentage than private rooms on the hostel market, 60% vs. 40%, respectively. This information lets us assume backpackers' accommodation needs have a strong potential. Nearly the same result was shown based on collected data by the author in the figure 6. in the chapter 3.3: a significant majority of travellers(58.8%) prefer a dorm as an accommodation in Thailand.

According to data displayed in figure 7. in the chapter 3.3, we see needs of our potential customers. Top-6 key factors in making decision are cleanliness, English speaking staff, Wi-Fi, price range, air-conditioning and location. Based on this information we had formed our products and services, special attention was paid to cleanliness, since it is the most important factor for our future guests.

4.3 Key Business activities

All business key activities are presented in appendix 2. in Key Activities block. First and the most important key activity is providing accommodation for tourists. Basically, this business activity will consist the largest percent of income. Next most profitable business activity is amenities, which are including taxi service, mostly transfer to the airport, outdoor activities (tours, diving, snorkeling and so on), activities organized by the hostel (cooking classes and yoga classes), luggage storage. Also, bookings as well as housekeeping are defined as key hostel activities.

4.4 Customer relationship management

Customer relationship management determines customers' satisfaction as well as a level of the hostel customer service. Customer Relationship points are also displayed in appendix. 2. Successful customer relationship at Khapkhunkaa hostel will be gained through high-quality customer service, provided during any interactions with guests either at reception or any other places at hostel, by phone and e-mail, on Internet and Social Media. For making guests' time at the hostel memorable, the hostel will make them to feel friendly and cosy atmosphere by providing various types of activities for guests at lounge zone, such as cooking and yoga classes, additionally, loyalty discount system will be organized for regular customers.

4.5 Distribution Channels

Main distribution channels are performed shortly in appendix 2. Distribution channels will be mostly online booking systems such as booking.com, trivago.com, hotels.com. These types of online sources help our hostel to reach a wide range of customers. Additionally, the hostel will be posted on Airbnb reservation system, nowadays, this website is the biggest competitor of all mentioned above online reservation systems, which means customers prefer to look for an accommodation on Airbnb than on different sources. For hostels it is a big advantage, since there is no fee for hostels from Airbnb, they add a fee to the fixed accommodation price for guests and usually this fee is fixed and small percentage (3%), while working with other online booking channels, hostels pay fixed percentage from a room price, which means with increase of the room price, the online booking system percentage also increases.

Another important distribution channel is target Google advertisement. The author used to work with Google ads and knows how to adjust it to target customers. Basic-

ly, Google ads will be adjusted to backpackers, who is searching for accommodation in Thailand in certain area, where the hostel located. Nowadays, Google ads is one of the profitable distribution channel: with small expenses, business gets the best result, because it is easier to reach the target audience through their search queries.

One more highly popular distribution channel is Instagram. It is highly important to create an Instagram profile of the hostel with clear, bright and highly attractive pictures. The author also has experience in Social Media Marketing, especially, in Instagram profiles. Recently, it is quite common among most of travelers to go where their favorite Instagram bloggers travel to. Consequently, goals are to promote the hostel with help of popular travel bloggers, to create an attractive Instagram profile, to upload "instagramable" pictures, it is pictures, that attract people to come to this place and to take the same pictures at the same location, so, they will have also beautiful photo on their Instagram profile, which makes free advertisement for the hostel.

4.6 Key partners and resources

In appendix 2. key partners and key resources are defined as follow:

First of all, Universities and Colleges, which look for internship opportunities for their students. The hostel will post internship advertisement on different internship online sources as well as send the internship offer directly to Universities and Colleges mainly in Europe. Therefore, the hostel will provide the internship to students and in return receive one of the key resource: highly motivated and skilled workers (after training) with different language skills, additionally, the internship will be unpaid, which is a big advantage for the hostel, however, the hostel will provide accommodation and food for the interns.

Secondly, online booking systems are determined as a main key partner as well as a key resource, with help of these systems the hostel will gain customers, while customers will obtain necessary information about the hostel.

Next key partners are suppliers in construction and food& beverages fields. Also, outdoor activities providers by Yanui Beach, tour providers, laundry and taxi services, with all of them the hostel will work on commission base. Talking about key resources, it is important to highlight the main resources of money are own investments, property (the hostel) and guests. Additional key resources are presented by analysis of sales data, customer data, and Google analytics.

4.7 Cost structure and revenue stream

Both cost structure and revenue stream are displayed in Business Model Canvas in appendix 2. Talking about revenue stream, the largest income the hostel will get providing accommodation for travellers both single backpackers as well as couples. Additional income will come from taxi, tour guides, and outdoor activities commissions. The hostel will work with taxi, tour guides and outdoor activities providers based on sales commission, which will be additional revenue for the hostel. Moreover, the hostel will organize paid activities for guests such as cooking and yoga classes, and to sell additional products such as water, drinks, snacks, and to rent out towels, slippers and other swimming units.

Considering cost structure the following items were included: labour, taxes, maintains costs, food and drinks and marketing. As it was mentioned before, the hostel will provide accommodation and pocket money for interns; otherwise, there will not any expenses on receptionists' salaries. However, housekeeping and laundry service will be paid as well as maintain costs. Talking about labor expenses, it is important to highlight that in Thailand a level of salaries in general is low, which is an advantage for businesses. Taxes will also be a necessary expense. And the less amount of money will be spent on the purchase of food and drinks in bulk for retail. The significant part of investments will be used for marketing, especially, in the beginning of running the hostel this expense will be essential, including a professional photographer, creating the hostel web-page, adjusting Google Ads, publishing the hostel on online booking channels and advertising the hostel throughout it.

4.8 Summarizing SWOT analysis

A SWOT-analysis is one of the main part of a business plan that attracts investors' attention, because this is where they can find the most important information which is displayed clear and shortly. In other words, it is essential to pay special attention to SWOT-analysis, by cause of it has a meaningful role in making a decision on sponsoring a project; moreover, it helps entrepreneurs to determine strengths and weaknesses as well as all risks of a business plan.

A SWOT analysis focuses on the four elements comprising the acronym, allowing companies to identify the forces influencing a strategy, action or initiative. Knowing these positive and negative elements can help companies more effectively communicate what parts of a plan need to be recognized. (SWOT Analysis: What It Is and When to Use It, 2018, URL: <https://www.businessnewsdaily.com/4245-swot-analysis.html>. Accessed: March 2, 2018)

On the table 2. You can see the SWOT-analysis which was developed for this project by the author. It displays all strengths, weaknesses, opportunities and threats of the future hostel.

Table 2.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Owners are experienced in hospitality industry as well as in customer service; • One of the owners is Thai; • The growth of tourists every year, and the development of tourist infrastructure in general; • Low-cost rent of buildings; • Low employee salaries; • English-speaking staff; • High level of customer service; • A few competitors. 	<ul style="list-style-type: none"> • Different culture; • Lack of owners' entrepreneurial experience; • Rain season.
Opportunities	Threats
<ul style="list-style-type: none"> • To provide European level of customer service as well as to produce accommodation according to European standards; • Hiring international interns(wide range of languages); • Rooms and beds are clean and tidy; • Atmosphere is cozy and friendly; • Competitive prices. 	<ul style="list-style-type: none"> • All official documentations are in Thai as well as all operations with locals should be made in Thai; • Frequent amendments in laws and legislation; • Corruption.

5. Conclusion

Summarizing the results of the thesis, it is clearly seen that Thailand is one of the most attractive tourist destination among Asian countries, Thailand has positive environment for hospitality industry, and the stream of tourists is increasing every year and at the same time the demand in accommodation for tourists is also increasing. According to statistics, backpackers are remained to be the biggest percentage of travellers to Thailand; it means that hostels are in high demand in Thailand.

There are several big advantages of running the hostel in Thailand: low-cost rent of buildings, low employee salaries, no strong competitors. Additionally, the idea of Khapkhunkaa hostel is to differ from competitors with help of excellent customer service and the high level of cleanliness, which is one of the most important needs of tourists travelling to Thailand, based on data collection collected for writing the thesis. Moreover, it will important to make friendly ambient at hostel with various types of activities for meeting new people and making friends, while travelling alone. Another distinctive feature of Khapkhunkaa hostel will be a unique location by Yanui Beach, which is calm and peaceful, it will be appreciated especially by guests, who prefer to be alone with nature and avoid crowds of people.

There are also a few challenges for opening the hostel in Thailand, for example, all official documentations are in Thai as well as all operations with locals should be made in Thai, frequent amendments in laws and legislation and corruption. First point is not so challenging, because one of the future owners is Thai, so it makes all procedures in Thai are accessible. Additional challenges can be rain season and cultural differences. However, all challenges are acceptable and can be overcome through persistent teamwork.

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Appendices

Appendix 1. The questionnaire

Hostel Survey

Hello, my name is Evgeniia and I am a tourism student at Haaga-Helia University, Helsinki, Finland. Currently, I am writing my thesis, the topic of my work is business plan of a hostel in Thailand. Your precious time and opinions will help me to collect necessary data for analysing hostel customers' needs. The survey is anonymously and all information will be used only for the thesis purposes.

1. Sex
 - Female
 - Male
2. Age
 - 18-25
 - 26-35
 - 36-50
 - 50+
3. Where are you from?
 - Africa
 - Asia
 - Australia and Pacifics
 - South America
 - North America
 - East Europe
 - West Europe
4. Is it your first time in Thailand?
 - Yes
 - No
5. Are you travelling...
 - Alone
 - As a couple
 - With a group of people

6. What type of accommodation do you prefer while travelling?

- Dorm
- Private room with shared bathroom
- Private room with private bathroom

7. What are the most important factors in choosing accommodation? Choose 1-5 (1 - not so important, 5 - highly important)

Eng speaking staff	1	2	3	4	5
Price	1	2	3	4	5
Location	1	2	3	4	5
Cleanliness	1	2	3	4	5
Air-conditioning	1	2	3	4	5
24/7 reception	1	2	3	4	5
Reviews	1	2	3	4	5
Atmosphere	1	2	3	4	5
Privacy	1	2	3	4	5
Private bathroom	1	2	3	4	5
Wi-Fi	1	2	3	4	5
Quietness	1	2	3	4	5

8. How would you rate the following services at the hostel?

Customer Service	Poor	Fair	Good	Great	Excellent
Bar/Restaurant Service	Poor	Fair	Good	Great	Excellent
Housekeeping	Poor	Fair	Good	Great	Excellent
Overall Service Delivery	Poor	Fair	Good	Great	Excellent

9. Describe the customer service at this hostel (Choose one or a few options).

- Friendly
- Speaking English
- Speaking a few languages
- Know their products/services
- Polite
- Commit fraud
- Respond quickly to guest requests
- Eager to help

10. Do the price and the quality of the hostel match?
- Yes
 - No
11. How much would you pay for a bed in a 4-6-beds dorm?
- 10 euros or less
 - 11-15 euros
 - 15 euros or more
12. How much would you pay for a private room with a shared bathroom?
- 15 euros or less
 - 15-20 euros
 - 20 or more
13. How much would you pay for a private room with a private bathroom?
- 15 euros or less
 - 15-20 euros
 - 20-25 euros
 - 25-30 euros
 - 30 or more
14. How would you rate your general hostel experience in Thailand compare to your general hostel experience in Europe?
- Much worse (In Thailand)
 - Worse
 - The same
 - Better
 - Much better (In Thailand)
 - I have no hostel experience in Europe
15. Can you tell me more about your experience at this hostel? Would you like to mention something what you especially liked or didn't?

Thank you for participation!

Appendix 2. Business Model Canvas Khapkhunkaa hostel

Key Partners <ul style="list-style-type: none"> • Hotel Management interns; • Online booking systems; • Construction suppliers; • Food and drinks suppliers; • Outdoor activities providers; • Laundry service; • Taxi service. 	Key activities <ul style="list-style-type: none"> • Providing accommodation; • Booking; • Amenities; • Housekeeping. 	Value Proposition <ul style="list-style-type: none"> • High level of cleanliness; • Competitive room price; • High quality customer service; • Unique location; • Cozy and friendly ambient. 	Customer Relationships <ul style="list-style-type: none"> • Interactions with guests at reception, by phone and e-mail; • Activities for guests at lounge zone; • Social Media Interactions; • Loyalty discount system.
	Key resources <ul style="list-style-type: none"> • Property; • Skilled staff; • Online booking systems; • Guests; • Own investments; • Sales data; • Customer data; • Google analytics. 		Distribution Channels <ul style="list-style-type: none"> • Online booking systems(booking.com , tripadvisor, etc); • Airbnb; • Instagram and Instagram influencers ; • Digital Marketing(Google ads.)
Cost structure <ul style="list-style-type: none"> • Labor; • Laundry; • Taxes; • Maintain costs; • Food and drinks; • Marketing. 		Revenue stream <ul style="list-style-type: none"> • Accommodation income; • Commission from taxi, tour guides, outdoor activities providers; • Selling products; • Activities for guests. 	