

## **CHAPTER 2**

### **METHODOLOGY**

The aim of this survey research is to recommend marketing strategies to develop value-added products and services for hotels in Bhutan. The primary data was compiled by questionnaires for tourists and face-to-face interviews with managers or owners of hotels. Questionnaires were used to evaluate expectation and performance and to define the important level of marketing mix. Interviews of the managers or owners of the hotels was also done to evaluate the current marketing situation of products and services offered, as well as to identify what they want to develop in the future. Secondary data was obtained from books, documents, journals, newspapers, articles, websites and relevant document sources from the Department of Tourism (DoT).

#### **2.1 Population and Sampling**

The populations selected for this study were non-Indian, Indian tourists, and managers or owners of hotels. The sample method was calculated by using the Taro Yamane method by referring tourist arrivals in year 2004.

**Table 2.1 Annual Arrivals by Nationality 1997-2004**

Nationality	1999	2000	2001	2002	2003	2004	Total % 2004
<b>Non-Indian</b>							
USA	2,122	2,754	2,149	1,913	1,803	3,242	16.00%
Japan	1,102	875	1,038	892	951	1,087	5.00%
U.K	646	595	681	519	605	954	5.00%
Germany	574	662	414	346	497	671	3.00%
Italy	276	156	192	177	331	462	2.00%
France	236	399	287	192	285	434	2.00%
Australia	131	179	138	214	165	315	2.00%
Canada	149	194	197	166	119	257	1.00%
Austria	197	131	128	92	152	223	1.00%
Spain	117	141	70	68	77	198	1.00%
Switzerland	296	137	170	164	177	173	1.00%
Netherland	362	359	180	197	179	163	1.00%
Others	843	977	749	659	920	1,070	5.00%
<b>India</b>						<b>11,000</b>	54.00%
<b>Years total</b>	<b>7,051</b>	<b>7,559</b>	<b>6,393</b>	<b>5,594</b>	<b>6,261</b>	<b>20,249</b>	<b>100%</b>

Source: DoT (2005)

#### Sampling method

From Yamane formula (1967), the result comes upto 400 respondents.

$$n = N / [1 + Ne^2]$$

Where n = Size of sample group

n = Size of target population are 20,249 from 2004 data source.

e = Confidence interval at 95% therefore, e=0.05

#### Formulation

$$n = 20,249 / [1 + 9,249 (0.05)^2]$$

$$n = 399.5$$

Therefore, sample size rounded to 400

### 2.1.1 Sample Selection

In this research, the grade system categorization done by DoT was taken into account according to international benchmarks depending on the quality of products and services offered.

The sample respondents for this study were divided into two groups of tourists, non-Indians and Indians. The groups are differentiated because non-Indian groups pay a tariff of USD 165 - USD 240 per head a day. On the other hand Indian tourists were exempted from the tariff charge. From 400 sample questionnaires, 190 questionnaires were distributed to non-Indians and 210 distributed to Indian tourists. The sampling size was adjusted to 43 questionnaires for the Indian tourists and 39 questionnaires for non-Indians staying in (A) grade hotels. For the B grade hotels 122 questionnaire for Indians and 110 for non-Indians. For C grade hotels, 45 questionnaires were adjusted to Indians and 41 to non-Indians. From Table 2.2, the sample selection was calculated by dividing the number of total size of questionnaire (400) from each grade of hotels.

**Table 2.2 Adjusted Sample Size for Indians and Non-Indians**

Grade	Number of hotel	Percentage (%)	Respondent adjusted	Adjusted questionnaire for Indian	Adjusted questionnaire for non-Indian
A	15	81.10%	81	43	39
B	43	232.40%	232	122	110
C	16	86.50%	87	45	41
Total	74	400.00%	400	210	190

Source: DoT (2005)

**Table 2.3 Adjusted Sample Size of Owners or Managers of Hotels**

Grade	No of hotel	No of interviewee	Adjusted respondents
A	15	2	4
B	43	6	4
C	16	2	2
Total	74	10	10

Source: DoT (2005)

Table 2.3 shows adjusted sample of the managers/owners interviewed selected through observation and information from tourism. Accordingly, four owners/managers from (A) and (B) grade hotel were equally interviewed because majority of tourists stay in these two grade hotels. Moreover, two managers were interviewed from 'C' grade hotels as the least number of tourists stay in this grade.

## **2.2 Type of Research**

This research uses both qualitative and quantitative methods. A method of in- depth interviews with managers or owners of hotels and questionnaires for tourists were used.

## **2.3 Research Instruments**

Sekaran (2003) explained advantages and disadvantages of multi-methods of data collection and suggests questionnaire and interview could establish relationship, motivate respondent, the doubts could clarified, less expensive and almost 100 percentage respond rate ensured.

From the list of data collection method, researcher decided to choose face-to-face interviews with managers or owners of hotels and questionnaires with tourists, because it is very convenient and inexpensive.

## **2.4 Data Collection**

### **2.4.1 Primary Data**

There are two primary sources of data: Questionnaire with tourists and interview with managers, which is for 15 minutes per person. All interviews were recorded and used as an information Source. The respondents for the questionnaire are targeted tourists staying in (A), (B), and (C) category hotels, above 15 years old and who were able to respond to the questionnaire effectively. The respondents were requested to fill up the questionnaire such as personal data, tourists behavior, expectation and performance, and importance of marketing mix. The purposes of questionnaires and interviews are to study:

- Overview of the products and services offered by Bhutan Hotels
- Current marketing strategy of hotels in Bhutan as well as its strengths and weaknesses
- Decision making process and purchasing behavior for accommodation in Bhutan by tourists
- recommendation for developing marketing strategies for creating value added products and services in Bhutan hotels

When the questionnaires are completed, the entire questionnaires are collected and analyzed (Questionnaire in English).

#### **2.4.2 Secondary Data**

The relevant concepts, ideas, theories and research were taken from different sources. Those were from articles, journals, books, website, referring old thesis.

#### **2.5 Data Analysis**

To analyze data by using Statistical Package for the Social Sciences (SPSS) for windows program for this study were as follows:

- Demographic profile of respondents i.e. gender, age, income, and etc were analyzed by descriptive statistics those are frequencies and percentages.
- Tourists behaviour i.e. accompanies, purpose of visit, number of visit, hotel grade were analyzed by descriptive statistics those are frequencies and percentage.
- Service satisfaction levels for hotels in Bhutan were analyzed by Independent-Simples T Test, Paired-Samples T Test, and One-Way ANOVA test.
- Importance of marketing mix was analyzed by Independent Simple T Test.